presidents of the banks. That is the law. That is the Open Market Committee.

They have to take an oath to faithfully execute the laws, and go according to the Constitution, as members of the Open Market Committee. When you carry the seven members of the Federal Reserve Board into this Open Market Committeeroom, and you permit the five presidents to come in who are part of that organization and who have taken an oath as a part of that organization, it occurs to me that you should exclude everybody else, because anybody else coming in, those other seven presidents, they have not taken an oath at that time as other members have to take.

They are not qualified at that particular time. They alternate different years, as we know, but at that particular time they are not official members of the Open Market Committee.

I deplore the fact that these Open Market Committee meetings are almost like a townhall meeting, it could mean so much to people who have this valuable information, if they cared to use it.

I think I was informed when you were Chairman of the Board that the people who have this information are not obligated not to purchase Government bonds or to sell Government bonds, benefiting from the knowledge that they have at these meetings.

They are only urged not to buy bonds on margin; but it is considered perfectly all right for them to buy bonds outright. I personally think it is in violation of the law to have what is, in effect, a 19-man Open Market Committee insead of a 12-man Open Market Committee. That I shall pursue when I get back to you. My time has expired.

Now, I shall yield to Mr. Curtis of Missouri.

Representative CURTIS. Thank you, Mr. Chairman.

Mr. Eccles, I have had a chance to read your statement. First, I would like to determine, in your recommendation of a tax cut, which philosophy you are following: whether the philosophy of the quickie tax cut, as some people refer to it, or the philosophy of basic and permanent tax reform, or a mix?

Mr. ECCLES. Both. I am thinking of the quickie now which I think is overdue. I think when the economy leveled out that the quickie tax cut should have been passed. I was in favor of the recommendation of the Commission on Money and Credit, of which I was a member. We recommended to give the President the standby power to reduce temporarily certain individual taxes if certain economic conditions developed.

That is the tax I am talking about. I am also in favor of the proposal that the President has made for an overhaul of the tax system. I think taxes generally are too high. We are taking too much out of the economy. There should be some basic adjustments and reform in the tax system. That could wait until after the first of the year. I am in favor of that.

Representative CURTIS. I am personally very strongly in favor of basic tax reform, and tax rates. I point out that should occur regardless of what the economic picture is and that is permanent.

Mr. ECCLES. In general I agree with that. But I think if we are in an inflationary situation we could certainly wait. I do not feel that taxes should be cut if we are fully utilizing our manpower and our productive capacity and inflationary pressures are developing.