Senator PROXMIRE. The limits of monetary policy, the regulations of economy—maybe that is an improper word—the influence of the monetary authorities on the economy is concerned very deeply with the domestic situation. You would try to regulate the economy.

Mr. ECCLES. Entirely so if it was not for the balance-of-payments situation. I think it is the balance of payments that causes the problem. Otherwise your particular concern would be the domestic situation.

Senator PROXMIRE. So you have domestic goals as to what you are shooting for?

Mr. ECCLES. Absolutely.

Another thing that the Federal Reserve cannot ignore at all, and that is fiscal policy. Monetary policy is supplemental to fiscal policy. They have to work hand in glove. There has to be the closest possible relationship in my opinion between the central bank and the Treasury, and the White House, for that matter.

I was a strong advocate that the Chairman of the Federal Reserve Board should be appointed coterminous with that of the President. I think there must be a liaison maintained between the central bank and any government in power because the Federal Reserve possibly has the most important tool in the kit to deal with economic and social matters. Therefore, a President can't be elected and have his hands tied so he has no freedom at all in connection with the problems of monetary credit and fiscal policy. This idea of independence that we talk about is not realistic; independence, yes, to state your case, but not the freedom to enforce your will.

Senator PROXMIRE. I think that is an excellent statement. Thank you, Mr. Chairman.

Chairman PATMAN. Yes, sir.

Mr. Eccles, we appreciate your testimony, sir. If we were to submit a few questions to you in writing, would you mind answering them when you look over your transcript?

Mr. ECCLES. Yes, sir.

Chairman PATMAN. With that understanding, we will let you go.

Mr. ECCLES. Thank you.

Chairman PATMAN. Mr. Bryan, would it be all right for 2 o'clock this afternoon?

Mr. BRYAN. Perfectly all right, sir.

Chairman PATMAN. The committee will stand in recess until 2 o'clock this afternoon.

(Whereupon, at 12 noon, the committee recessed, to reconvene at 2 p.m. the same day.)

AFTERNOON SESSION

(Whereupon, at 2 p.m. the committee reconvened, Hon. Wright Patman, chairman, presiding.)

Chairman PATMAN. The committee will come to order, please.

Will you come around, Mr. Bryan, please?

We are happy to welcome as our second witness today Mr. Malcolm Bryan, President of the Federal Reserve Bank of Atlanta. Mr. Bryan has long been a member of the Open Market Committee and before that had a distinguished career as an economist and professor