of economics. His comments are always welcome and enlightening. We are happy to have you with us again. You may proceed in your own way.

After you have completed your opening statement, the members of the committee may wish to propound questions to you under the 10-minute rule.

STATEMENT OF MALCOLM BRYAN, PRESIDENT OF THE FEDERAL RESERVE BANK OF ATLANTA

Mr. BRYAN. The statement is brief. I will read it if I may, and then do my best with the excellent questions that the committee has been putting to witnesses.

It is flattering to have been asked to appear before you today. After an examination of conscience, however, I find my sense of self-esteem greatly reduced by the necessity of confessing that I have no new figures and no new and revealing arrangement of old figures. I think I should also confess—and this is done out of no sense of false modesty—that I do not know the answers to the problems that beset us.

At the moment, without trying to support the point with figures, it seems to me that we are churning around at a high level of economic activity, perhaps even edging upward a little, all without going anywhere in a hurry. Whether this slowdown in our rate of expansion will be followed by a breakout on the upside, with continued recovery, or on the downside, I do not know; but I am sure that when the facts are in, it will appear to everyone, including myself, that I ought to have known.

Let me state a few convictions for whatever they may be worth:

1. If we break out of this pause on the downside, there is no presently visible, objective, rational reason why the period of adjustment should be long and deep. It will only be long and deep if we take counsel of our fears and frighten each other into panic. If we do this, then we are stupid.

2. It is inevitable, in the normal misjudgments of human beings, especially when correct judgments are made the more difficult by a long inflationary cycle such as this country has had, that there will appear a thousand and one misapplications of capital and manpower that find a less-than-expected market for their products and services.

It is possible, to be sure, that we shall be unpleasantly surprised by the magnitude and extent of the adjustments that may be necessary. I myself believe that they are of a size and magnitude small enough that our dynamic economic system can accommodate itself to them.

What chiefly scares me is that we shall attempt to overmanage the economy, wherein I think our last case may well be worse than our first. What is continuously needed is not a single adjustment but a myriad of adjustments. These can only be made by a flexible economy whose decisions related to manpower and capital are under the day-to-day guidance of free consumer and free investor choices.

I realize that an economy guided by a free market is often an uncomfortable thing to have around; a free market often seems to behave miserably. Unfortunately, in my judgment, there is no substitute for it.