That leads to a further question. Do I believe that additional injections of easy money would help the economy at this time? I do not.

Now, I want to say——

Senator PROXMIRE. May I interrupt at this point to say, Mr. Chairman, there is a vote downstairs, and I will be back in about 3 minutes. I hesitate to run, but I will be right back.

Mr. BRYAN. I want to say, Mr. Chairman, that I do not mean tight money. I say additional injections of easy money.

Chairman PATMAN. What about your views on higher interest?

Mr. BRYAN. I don't think they are called for at the present time.

Chairman PATMAN. Mr. Bryan, I don't think everything the Fed has done is wrong. For example, I believe the recent requirements on stock margins have been generally good. If it had not been for the fact that the Fed maintained generally high margins prior to the crash on Black Monday, I suspect today we would be in the kind of depression we were in after the 1929 crash. In other words, if there had been as much bank-created money supporting the market directly, there would have been a tremendous contraction of the money supply as the banks called loans.

Do you believe that such a contraction of the money supply would have caused serious economic difficulty, Mr. Bryan?

Mr. BRYAN. Whenever, sir, you have a massive readjustment in any major market, whether it is the security market, the real estate market or any other, you have repercussions in other markets. I would agree, I think, that if we had not had restraint at least some degree of restraint, on the speculation in the stock market, our problem would have been worse today than it is.

Chairman PATMAN. Mr. Bryan, let me call your attention to a couple of relationships. At the end of 1953, the money supply on a seasonally adjusted basis was $128.1 billion. That amounted to 36 percent of the gross national product of 1953. During the second quarter of 1962, the money supply has averaged $145.5 billion. The gross national product is estimated at $552 billion for this quarter on an annual basis, so it appears that the money supply is down from 36 percent in 1953 to 26 percent of the gross national product in 1962. Do you think that this relative shrinkage in the money supply since 1953 has had any causal influence on the relatively slow rate of economic growth and the high unemployment of recent years?

Mr. BRYAN. That is a fine question, Mr. Chairman, if I may say so, I do not believe that it has had. What I think we have had, as I have tried to emphasize in my paper, is a great many misapplications of capital and labor. We have continued to have a rather substantial inflation in the price level.

Now I suspect that a fall of the sort you have mentioned would not have been possible if we had not come out of the war with a vast liquidity. That may not be a very satisfactory answer. It is the best I can do with it, sir.

Chairman PATMAN. Has the Open Market Committee ever considered the possibility that it might be able to bring about a decline in the general price level by following a tight money policy?

Mr. BRYAN. Mr. Chairman, to my recollection, nobody in the Open Market Committee has ever discussed the idea of trying to deflate the economy. I, myself, lived through, as you did also, sir, one of the