

great deflationary cycles of this country. I never want to live through another one.

Chairman PATMAN. Do you think that in recent years some members of the Open Market Committee have hoped to achieve a price rollback? I believe you said they never wanted to deflate the economy, but I wonder if some of the members have thought a moderate price rollback might be possible?

Mr. BRYAN. I am not sure, Mr. Chairman, that I get the distinction you make between a deflation and a price rollback.

Chairman PATMAN. I believe that I will not pursue that further in view of your answer to the first question.

When the Council of Economic Advisers presented their report in January, they made projections through the remainder of this year for the GNP they expected, for the amount of investment in plant equipment they expected, for the volume of income, the level of employment, and so on. But when Chairman Heller was before the committee last week, I asked him whether or not the Council had made any projection of money supply or of the reserve base. And he said "No."

Is it your opinion that economists can make projections of the gross national product, personal income, employment, and so on without also having a projection of what they expect in the way of a money supply or a reserve base?

Mr. BRYAN. I would love to avoid that one, but I won't. I think that if I were doing it, Mr. Chairman, I would want to have some idea of what I thought the reserve base was going to be.

Chairman PATMAN. That would influence the money supply?

Mr. BRYAN. It would influence it, yes. You may get me in terrible trouble, Mr. Chairman.

Chairman PATMAN. If you desire to elaborate on your answers when you look over your transcript, you may do so.

Mr. BRYAN. All right.

Chairman PATMAN. And insert anything that you consider germane.

Mr. BRYAN. Can I cut out something?

Chairman PATMAN. Does the Federal Open Market Committee consider projections of the money supply or the reserve base for some future period ahead?

Mr. BRYAN. The staff makes some projections, yes.

Chairman PATMAN. Who makes these projections, the staff?

Mr. BRYAN. The Board staff.

Chairman PATMAN. Mr. Bryan, we have heard a great deal about the so-called operations "nudge" and the fact that the long-term rate is supposed to have been lowered compared to the 90-day bill rate. I invite your attention to the chart on the easel over there. It was prepared by Prof. John G. Gurley. It shows that since 1958 the yield on long-term Government bonds has been extraordinarily high and out of line with yields on 90-day bills, as compared to the average relationship that has prevailed over the years.

Do you have any explanation for that phenomenon?

Mr. BRYAN. I have not had a chance to study the chart. I would like to be excused.

Chairman PATMAN. All right, sir. The chart will be in the record, and if you would like to elaborate on it, you may do so.

Mr. BRYAN. Thank you.