

our success so far, a very favorable balance of trade, \$4.8 billion so far this year in the first half on an annually adjusted basis, it looks as if we will be able to do it.

The President's trade bill perhaps will encourage that. However, if we are going to follow a policy of some restraint and credit rationing and no free reserves, then it will be difficult for business to expand if the capital is not readily available. I recognize the monetary policy can't and should not be expected to do all these things.

I can't see why the answer to the problems you raise is to go along on the basis of what I would feel is a rationing of credit because the money supply is not being made available.

Mr. BRYAN. I hate to disagree. Well, I just hate to disagree. But I don't see that we have credit rationing at the present time.

Senator PROXMIRE. Certainly where we have no free reserves except in country banks, it would seem we would have in some areas restraint exercised by bankers, and they have to decide to whom to make loans and to whom they won't make loans. When we have a situation which provides, as I pointed out, for a relatively quite high conventional 20-year rate, 5.95 percent, this must be as the result of borrowers bidding up the rate.

Let me ask you this, because I want to apologize both to the chairman and to you, Mr. Bryan, you have been very patient and very cooperative and very responsive. I do want to ask this one final series of questions, and these relate to something that was raised by Mr. Eccles this morning. He said that monetary policy is the most effective economic tool that we have. He felt that it was unfortunate that the President of the United States is deprived of being able to use that tool.

We have a bill pending in our Senate Banking Committee, of which I am a member, to provide that the term of the Chairman of the Federal Reserve Board shall coincide with that of the President of the United States, so he can make his own appointment when he comes in and have this opportunity to influence our monetary policy.

This was recommended by a very distinguished and very well balanced group of experts, the Commission on Money and Credit, including David Rockefeller of the Chase Manhattan Bank, and Frazar B. Wilde of the Connecticut Life Insurance Co., and a number of other outstanding businessmen and labor leaders and farm people, as I say, well balanced and certainly could not be considered to be overbalanced in any direction.

Would you favor this kind of opportunity for the President to have more influence over monetary policy?

Mr. BRYAN. Completely.

Senator PROXMIRE. You support that?

Mr. BRYAN. Completely.

Senator PROXMIRE. That would be very helpful to us.

Mr. BRYAN. Without the slightest reservation. Total economic policy, whether monetary or otherwise, can't be going in opposite directions for very long. I would say that, subject only to the circumstance that the Congress has a certain responsibility in the field of money—it is a vital constitutional responsibility—the President certainly ought to have that power to appoint the Chairman.