Senator PROXMIRE. What kind of goals does the Open Market Committee have for the economy? That is, do you have specific unemployment level goals, capacity operation goals, and goals of this kind?

Mr. HAYES. We have general goals such as the achievement of sustainable economic growth and reasonable price stability and a viable international balance of payments.

Senator PROXMIRE. In terms of arithmetic.

Mr. HAYES. We don't set specific goals ahead of time with figures that we are shooting for in those areas.

Senator PROXMIRE. Yes, sir, Mr. Eccles, who was formerly Chairman of the Federal Reserve Board, was very emphatic in insisting on the absolute imperative necessity of having goals. The great importance of monetary policy for the health of the economy and the deep and profound influence on it.

Mr. HAYES. I think in that connection I have always been impressed by the fact that monetary policy is one of the few measures of governmental action that is exceedingly flexible. It can be varied from day to day even. Certainly from week to week. We have a meeting every 3 weeks and we are in constant touch with each other even every day during the week.

It seems to me in the light of that it would be undesirable for us to get too fixed a notion at any one time of a definite goal that may turn out to be quite impractical and quite undesirable a month later. I think these general goals are constantly before us.

We are always trying to achieve them. We never lose sight of what we are supposed to be trying to do. The idea of spelling out a specific figure as a target, I think, has some drawbacks aside from this loss of flexibility. It may also lead to disappointment if you fail to measure up to it. I would question the wisdom of that technique as applied to our activities.

Senator PROXMIRE. Thank you very much.

Thank you, Mr. Chairman.

Chairman PATMAN. Mr. Hayes, I just want to make this observation: If you are restraining private debt and thereby keeping down the expansion of private economic activity, as many people believe, then you are making it necessary for the Government to make more expenditures for public works, for purposes of giving people jobs, and to assume more debt—the President has already warned us that we will have to do something. If our money supply were greater, and the people had more money and more credit, they could do a lot more for themselves. But if you gentlemen restrain the supply of money and credit, they cannot do for themselves, and that forces a greater burden on the Government.

I note that you are not in a position that the members of this committee are in. You have no constituents to go before and ask for their votes. You have a constituency but they are understanding, sophisticated people, and they will go along with you people.

Senator PELL. They are captive constituents.

Chairman PATMAN. I guess you could call them that. Naturally you are satisfying them, Mr. Hayes.

I am not impugning your motives or discrediting you in the least. I have confidence in you, Mr. Hayes. I have observed you as a witness