

Chairman PATMAN. Well, I am getting older.

And second, include with it a commentary indicating for each particular time period whether or not the flow of funds was satisfactory or unsatisfactory and your reasoning as to why the flow was satisfactory or unsatisfactory. Also, if you will, state what steps the Open Market Committee took in an effort to prevent an unsatisfactory funds flow or to correct an unsatisfactory funds flow.

Mr. MARTIN. We will do the best we can, Mr. Patman.

(The material referred to follows:)

HON. WRIGHT PATMAN,
Chairman, Joint Economic Committee,
Washington, D.C.

DEAR MR. CHAIRMAN: You will recall that at the Joint Economic Committee's recent hearing you asked that we supply statistical information with regard to flows of funds for the past decade, together with a commentary indicating for each period of time whether the flow of funds was satisfactory or unsatisfactory, and our reason as to why the flow was satisfactory or unsatisfactory; and, also, what steps the Open Market Committee took in an effort to prevent or correct unsatisfactory conditions.

We are presently in the process of developing seasonal adjustment factors for the quarterly flow of funds data, which will make it much easier to analyze and discuss this information in terms of quarter-to-quarter changes. It will be highly advantageous from both the point of view of the authors and the readers if the analysis can be expressed in terms of these new seasonally adjusted figures, which should be developed within a few weeks, rather than the cumbersome unadjusted figures which require repeated comparisons with changes in the same quarter of earlier years in order to describe the current quarter-to-quarter movements.

We would like to do a very thorough and careful job of responding to your question, both because we feel it will be helpful to those outside the Federal Reserve System who are interested in studying financial developments over the past decade and the role monetary policy has played in these developments, and because such a careful review will undoubtedly add to our own insight into the workings of financial markets.

We will proceed as expeditiously as possible, but we will probably need at least 90 days to provide you with the sort of painstaking analysis I am sure you want and for which we should wish to take responsibility.

Sincerely yours,

(Signed) Wm. McC. Martin, Jr.

AUGUST 31, 1962.

HON. WILLIAM MCCHESENEY MARTIN, JR.,
Chairman, Board of Governors, Federal Reserve System,
Washington, D.C.

DEAR CHAIRMAN MARTIN: This is in response to your letter of August 29 stating that you will probably need at least 90 days to provide an answer to the question I raised while you were testifying, concerning proper and improper flow of funds.

Frankly, I am somewhat puzzled by this advice, because when I raised this question I thought I made it clear that I was not asking that you undertake research to develop new information or make new analyses; rather, I was asking that you supply the data that were considered, and the analyses that were made and on which Federal open market policy was based.

If you continue to feel, however, that the kind of analysis for which you would wish to take responsibility will require several months, or even several weeks, it will be necessary that we plan to publish your analysis as a separate document. We would not wish to delay printing of the committee's hearing record for any such length of time; in fact, we feel that because of the interest in this record it should be published within the next week or 10 days.

I am,

Sincerely,

WRIGHT PATMAN.