Businessmen's expectations—All concerns

Percent expecting—	1957				1958			
	1st quarter	2d quarter	3d quarter	4th quarter	1st quarter	2d quarter	3d quarter	4th quarter
Increase	--------	63	54	58	--------	40	41	55
No change	--------	32	36	33	--------	37	40	33
Decrease	--------	5	10	9	--------	23	19	12
Index	--------	58	44	49	--------	17	22	43
	1959				1960			
Increase	72	77	74	76	65	70	67	54
No change	24	20	24	21	30	27	28	35
Decrease	4	3	2	3	5	3	5	11
Index	68	74	72	73	60	67	62	43
	1961				1962			
Increase	49	46	67	67	76	72	75	62
No change	39	41	29	29	21	25	23	33
Decrease	12	13	4	4	3	3	2	5
Index	37	33	63	63	73	69	73	57

Chairman PATMAN. Senator Proxmire.

Senator PROXMIRE. Apropos of what the chairman has been reading from Dun & Bradstreet, Governor Martin, what do you expect for the next two quarters?

Mr. MARTIN. I think you already know, Senator, that I avoid forecasting like the plague. I have indicated in this statement as far as I would care to go.

Senator PROXMIRE. Do you avoid forecasting in determining policy for the Open Market Committee? You gentlemen are concerned with the present state of the economy and simply act on the basis of what the present situation is rather than to take into account the opinions of business executives and others who might indicate what the economy might be like in the ensuing months?

Mr. MARTIN. No; we try to take those into account, and we certainly take our historical tendencies and developments into account and we take into account this element of growth in money that Congressman Reuss has been speaking about. We take all of those factors into consideration. That is why we meet so frequently—at 3-week intervals.

Senator PROXMIRE. This is an implicit forecast. You have to make some kind of assumption on the basis of the historical experience, on the basis of opinions of leading business executives, on the basis of their announced plans.

There is some basis for forecasting.

Mr. MARTIN. To that extent, yes. But it is not forecasting in the sense that we say we expect the GNP to be a certain level at such and such a time and it would therefore require such and such a level of reserves in order to get to that point. We don't make that type of forecast. We let the free market forces determine the level of activity that is achieved.