you favored making the proposal as the President has done, but not necessarily to have the tax, the surtax, passed now. But you do favor the prompt action by the Congress?

I think we all recognize that ultimately the liquidity of the world will probably require some supplements to gold. Gold came about as an evolution from barter. That is my simple way of looking at it. In this evolutionary process we are going to have to continue some relationship to gold as a measure. If we were to change the price of gold it would lose its usefulness as a monetary standard. In any event, a change in the price of gold would be completely unacceptable.

Representative RUMSFELD. Returning to this question of coordination between the Federal Reserve Board and the administration, I asked Mr. Ackley the following question. I said:

> Would you say that from hindsight the Federal Reserve decision to increase the discount rate in December of 1965 was as bad as was expressed at the time by the Administration?

He responded by saying:

> I think one has to distinguish carefully the nature of the Administration's complaint about the December 5 lowering of the discount rates. It was our feeling then, and I think it remains our feeling that it would have been better if the Reserve Board had waited until the end of December or early January at that time. We could have made coordinated fiscal and monetary policy decisions on the basis of then somewhat better at least information on budget expenditures, and an opportunity for us to consider together what kind of tax proposals the President wished to make in his January message. There is no quarrel with the fact that the developments in late 1965 and the prospects for 1966, particularly after we received at the end of November and really early December the forecast of plant and equipment expenditures made clear additional strain on the economy would require both monetary and fiscal.

I said:

> You do not disagree with the announcement as to the timing of the Administration and the opportunity to take steps.

He said:

> That is correct.

Does this indicate a lack of coordination or, as you suggested, a fundamental difference in the judgment that was made?

Mr. MARTIN. I think there was a difference in judgment at that particular time, a very honest disagreement. I stated earlier, and I so testified in December of 1965, and I will reiterate it, that in my mind it was a market problem. I don't believe the market could have waited another 6 weeks.

Representative RUMSFELD. Is this roughly the view that was expressed to you by the administration at that time, that Mr. Ackley set forth here in his response to me?

Mr. MARTIN. Well, yes. I wouldn't challenge what Mr. Ackley said.

Representative RUMSFELD. No; he was talking from hindsight.

Mr. MARTIN. Yes.

Representative RUMSFELD. It wouldn't be challenging him.

Mr. MARTIN. There is no question about it: I was working on this to the best of my ability—and I have a Board to work with also you know—I was working on this from late September on. I think it is fair to say that I did not have any support from the Secretary of the Treasury or the Chairman of the Council of Economic Advisers or