Representative PATMAN. Dr. Heller, if you were to evaluate the present monetary policy of the Federal Reserve, would you say that you were satisfied with it, or would you say it should be more aggressive or less aggressive?

Mr. HELLER. Congressman Patman, I tried to indicate in my statement that I think it should be more aggressive.

Representative PATMAN. More aggressive. That is the answer to my question.

Now then, I haven't had the privilege of interrogating you before congressional committees since the action of the Federal Reserve on December 6, 1965, which raised the interest rates 37½ percent. Think back to that time, Dr. Heller, if you will. There was the Federal Reserve Board telling the President of the United States that they were going to raise the rates—did raise them—without consulting with him. They insisted on doing it, although the President pleaded with them to at least wait until they could see his budget and pass on the question of raising interest rates at that time and not do it before then.

Do you believe the Federal Reserve did the right thing, in effect, defying the President and going ahead and raising the rates 37½ percent, or do you think that they should have waited as the President requested?

Mr. HELLER. Clearly, they should have waited, as a matter of cooperation and coordination of policy. There are two separate questions. One is the matter of propriety and cooperation, and what I think has been over the years, since 1961, a rather close, not always agreement, but rather close cooperation in exchange of views, and so forth, between the Federal Reserve and the administration.

Here, the Federal Reserve, it seems to me, slipped out of harness. They did move ahead. They felt that inflationary forces were gathering. The prospects both on the budget, plant and equipment expenditures, and so forth, seemed to make the move substantively desirable, and I think as part of an integrated, balanced policy, tighter money made sense. But it certainly did not make sense to step out ahead, in effect, to take the pressure off of fiscal policy, which might otherwise have been different, and to violate the spirit of the quadriad, which is, as you know, a spirit of cooperation in that group.

Representative PATMAN. We have a lot of confusion in that field, as you know. It occurs to me that we have reached the point when we must decide whether elected representatives of the people, like the President, should represent the people or whether unelected representatives of the people, who really have no obligation directly to the people, and the people are helpless to hold them accountable, should make these decisions.

They can hold the President accountable, because he must seek reelection, or election if he wants to, but the members of the Federal Reserve Board, the unelected officials, can't be dealt with by the people if they make a mistake. The people are just helpless.

So in effect, don't we have two governments here in Washington, Dr. Heller? We have one that is operated by elected representatives of the people, the 435 Members of the House and the 100 Members of the U.S. Senate, and the President of the United States, but we have another government here which seems to have much more power sometimes than the one elected by the people; the government that controls