

relevant data. Where the influence of these agencies upon thought is great, this may prevent our learning from the past and developing the better defined guides required to bring policy under effective control.

One basic problem, then, is that of knowledge, of objective information, and of possible undesirable effects of excessive influence of the policymaking agencies. Even in the prosaic task of continuous provision of policy-related data, our present position seems inadequate. Current data on the high-employment surplus are not widely available. Perhaps this committee could assume a larger role in that connection.

Beyond the problem of knowledge is the problem of implementation. It appears that to achieve a better controlled monetary and fiscal policy will require institutional reform. In the case of the Federal Reserve, the necessary powers seem to exist to achieve a controlled behavior of the money supply, but without some change in institutional arrangements, there seems to be no reason to expect that the Federal Reserve will behave differently than it has in the past.

In the case of fiscal policy, there seems to be not only the problem of knowledge and guidance but a problem of machinery needed to achieve any close control over fiscal policy in an environment in which expenditures change erratically. To do so would seem to require much closer control over either tax receipts or certain marginal expenditure programs than presently exists. In other words, in order to bring fiscal policy under effective control so that the high employment surplus could be made to behave in a defined way would seem to require modification of the existing machinery.

I would like to conclude with some specific suggestions as to the present position of policy. I take it that our goal for our gross national product during the coming year, which conforms to the Council's interpretation, would involve continued growth in total demand at a rate less than that of last year, but the avoidance of a recession. In terms of our international position and the balance-of-payments problem, I am generally sympathetic to the posture adopted in the Council report. Drastic action does not seem called for. But it does seem quite important to get total demand under control.

But the particular suggestions that I would make are that we should push ahead for rapid development of a new international monetary system, an arrangement through the IMF to create international reserves.

Second, I suggest that it would be helpful in this connection if we could at this time abolish the gold reserve requirement behind Federal Reserve obligations, thereby making our gold holdings available for international use, and strengthening the dollar and any new international monetary unit in relation to the position of gold.

While the proposed measures to limit capital outflow and changed interest equalization tax are far from ideal, under the circumstances, they seem to me perhaps appropriate.

It seems important also to have some sort of a program in relation to the problem of cost push. I am not happy with the idea of resumption of the guideposts and making them a longrun policy. I would hope that in tackling the shortrun policy problem, we could move in a direction that would be more constructive for the longer run by attempting to act against those barriers to particular markets that are associated with excessive wage and price increases.