

STANDARDS FOR GUIDING MONETARY ACTION

WEDNESDAY, MAY 8, 1968

CONGRESS OF THE UNITED STATES,
JOINT ECONOMIC COMMITTEE,
Washington, D.C.

The Joint Economic Committee met at 10 a.m., in room S-407, the Capitol, Hon. William Proxmire (chairman of the joint committee) presiding.

Present: Senators Proxmire, Miller, and Jordan; and Representatives Griffiths, Moorhead, and Rumsfeld.

Also present: John R. Stark, executive director; James W. Knowles, director of research; William H. Moore, senior staff economist; John B. Henderson, staff economist, and Donald A. Webster, minority staff economist.

Chairman PROXMIRE. The Joint Economic Committee will come to order.

Gentlemen, I might explain that one of the reasons why we have relatively small attendance this morning is due to the fact that the Ways and Means Committee is meeting, and the House Banking Committee is meeting. Some of the members of this committee are also on these committees.

I want to stress the fact that what you say will, of course, be in the record and referred to many times, because this is an issue of the greatest importance to the economic future of this country, and we consider you gentlemen the Nation's outstanding experts in this area.

This is the first of a series of four hearings on monetary policy.

We welcome as witnesses in the first hearing, Prof. Lester V. Chandler of Princeton, Prof. Franco Modigliani of MIT, and Prof. Henry C. Wallich of Yale, all outstanding economists well known to this committee.

At this point in the record we will insert the press release announcing the hearing and the schedule of witnesses.

HEARINGS ON STANDARDS FOR GUIDING MONETARY ACTION

Senator William Proxmire (D., Wis.), Chairman of the Joint Economic Committee, today announced hearings by the full Committee on the operational aspects of monetary management, one of the major instruments in economic stabilization policy. The hearings will be held on May 8, 9, 15, and 16. The schedule of witnesses is attached.

In announcing the hearings, Chairman Proxmire noted that:

"Under the Constitution, the Congress has been given the responsibility for determining matters involving coinage and the stock of money. The Congress has chosen to delegate the exercise of this authority to the Federal Reserve authorities, giving them a considerable degree of independence both from the Congress and from the Chief Executive. For their part, representatives of the Federal Reserve System have repeatedly acknowledged before the Joint Economic Committee and elsewhere that the Declaration of Policy contained in the