

Chairman PROXMIRE. Thank you, Mr. Wallich. I want to commend all three of you gentlemen for a superlative performance. I am sure you understand that, for Members of Congress, this is not an area in which we are expert. Some of us know a little bit about it, some of us know a little less. But you have certainly given us, I think, a wonderful picture of the tremendous complications involved here and some very helpful caveats.

I might point out here that although all of us have the greatest respect, approaching almost reverence for Henry Reuss, he is a very fine person and a kind of expert in these areas, he did not set forth the view of the committee when he set forth the seven exceptions. That was his idea, not ours. The committee's position is without these exceptions.

I would agree with you that if you ran these exceptions, as Governor Maisel and Congressman Reuss would advise us, you might as well throw the whole thing out. You do not have any rule at all, just exceptions that give the Federal Reserve Board discretion to operate as they wish.

I would like to call your attention to what you gentlemen who have indicated are, after all, mistakes, and your assurance we are not going to make mistakes like that in the future. Since 1960 or so, the Federal Reserve Board has made what appear to be, in hindsight, three very serious and conspicuous mistakes. In the period of 1962, at a time when we had relatively low economic activity and relatively high unemployment, the Federal Reserve Board increased the money supply almost not at all. It was almost stable. I am looking now at the money credit and security market section on page 29 of the April 1968 Economic Indicators.

(Page of Economic Indicators referred to follows:)