

someone could work out such a scheme, but it would be very difficult.

I would like to comment also on the wage-price control. I do think with some feeling, having spent three hectic years of my life as a price controller and we just barely held on until the war was over—almost as soon as the war was over, the whole thing collapsed.

Chairman PROXMIRE. Which war was that?

Mr. CHANDLER. World War II.

Chairman PROXMIRE. I meant by that—

Mr. CHANDLER. By the end of that war, I thought I had been in it since World War I. We had the most favorable possible conditions—a feeling of natural unity, of patriotism, and the rest. The thing worked very well during the war, given the pressures, but it could not survive peacetime conditions.

Given the divided opinion we have in this country and the nearness to violence that we experience all the time, wage and price controls do not have a prayer.

Chairman PROXMIRE. I take it that is the unanimous position.

Mr. MODIGLIANI. That is right.

Also, I would indicate I am very much against this idea of the credit ceiling. I think there are other devices by which we control the banks—namely, through the Federal Reserve—and possibly controls on the interest rate they can offer to their depositors on the time deposits and on CD's. I think that is somewhat less discriminatory.

I think Mr. Chandler is quite right in pointing out the problem, particularly with so many banks, that you will have a poor allocation of credit and it will just be working against an improved efficiency.

It does not seem to me that the present emergency is in any way that serious.

I also would argue that to some extent the balance-of-payment problem is now complicated by the gold problem and the problem of the dollar as a reserve currency. I very much hope that the new administration will try to organize and arrange an international conference like Bretton Woods in which there will be a chance of changing radically the international monetary arrangements and in which the United States will give up its privileged position as a reserve currency. Then I think certain other things will be easier to handle because we will have more goodwill and cooperation.

Chairman PROXMIRE. Senator Miller?

Senator MILLER. Thank you, Mr. Chairman.

First let me say that I have enjoyed very much the discussion by the panel. It is my observation that this is about the most agreeable panel among themselves we could find.

Professor Chandler, I take it from what you have said that you would conclude it would be whistling in the dark to suggest a fixed rule on monetary policy without taking into account the gyrations of fiscal action—not just fiscal policy, but fiscal action.

Mr. CHANDLER. That is true.

Mr. MODIGLIANI. True.

Senator MILLER. Now, all of you seemed to agree that we ought to go for about a \$14 billion package, although Professor Chandler suggested it may be more than that. But looking at fiscal 1969 with a \$29 billion deficit in the offing, and this does not take into account possible supplemental appropriation requests, a \$14 billion package