the period 1947–67 is highly misleading. Suppose, for example, that the Fed staff had taken 30-year trends instead of 20 years. I have not bothered to make the computations but it is clear that a rather different picture would emerge. And as stated in the preceding paragraph, there is no reason why the guideline could not be adjusted gradually to conform more accurately to the growth trends in output and velocity.

The Fed staff has rightly criticized, Mr. Reuss' recommendation that monetary growth be accelerated during periods of cost-plus inflation. Identifying such periods is an extremely tricky business and certainly could not be done quickly enough to assure reasonable results, even in the absence of significant monetary lags.

Most of the remainder of the Federal Reserve Board staff comment deals with the specific qualifications that Mr. Reuss has built into his proposed guidelines. In general I find myself in agreement with the positions taken by the staff.

In summary, I would like to state my recommendations with respect to the guidelines issue. I certainly would oppose any attempt to set up a rigid x percent per year guideline for all future monetary growth. At the same time I feel strongly that the U.S. economy has been subjected to excessive fluctuations in the growth of money and bank credit, in the recent as well as more distant past, and I would welcome adoption by the Fed of a 3 to 5 percent per year guideline—without the loopholes contained in Mr. Reuss' proposal. In addition I would like to see a willingness on the part of the Federal Open Market Committee to announce exact growth goals in the money stock within the 3- to 5-percent band—for example, 4.6 percent—these targets to be sought over periods of 2 or 3 months. There would, of course, be random weekly deviations from the desired trend but the public would not mistakenly interpret these as harbingers of change. The targets could be adjusted at any time, preferably in small steps, and a public announcement to this effect would be made. Hopefully, however, the FOMC would resist the temptation to attempt a fine tuning of the economy as in 1965–67.

Thank you.

Chairman PROXMIRE. Well, thank you, gentlemen. These are three more very, very fine papers, more helpful and most enlightening.

Yesterday, as I say, we had witnesses who disagreed with you, and I have discussed with the staff why they didn't have panels who disagreed among themselves. I think we would have had a more lively discussion but they say that professors don't like to disagree. They like consensus.

Mr. DEWALD. Who says——

Chairman PROXMIRE. Whether it is good judgment or not, I don't think it is.

Mr. SELDEN. I am sure we will find something to disagree about.

Chairman PROXMIRE. I am sure you will. Anyway, I will try to raise some of the arguments. One of the arguments that might appeal to a good many people, is that in 1967 we were confronted with a situation in which interest rates were high and seemed to be rising and represented a terrific burden on borrowers, on the homebuilding industry, and so forth. They have been worse in 1966 but in 1967 they were still bad.