worsened the decline in the money stock which had been proceeding from 1929 onward.

Yesterday, Mr. Wallich made one statement, or at least it is in his printed statement here, saying that the Federal Reserve should have the authority to depart from any preassigned rule, and he said in a depression, for example, when the Federal Reserve would be inclined to inflate would we want to restrict them by preventing them from increasing the money stock beyond any certain rate? Well, there never has been a depression so far when they have not permitted the money stock to decline, and I think if as soon as a downturn is detected they begin purchasing bonds massively in the open market, there is no doubt that the stock of money could be kept from falling.

Chairman PROXMIRE. This is a good point of departure because you say never before, this is one of the things the three economists yesterday disagreed with you gentlemen on. For instance, they attacked with great vehemence the Friedman analysis going all the way back to the middle of the 19th century which they said was just irrelevant, just a completely different kind of a situation.

Now, another element that occurred to me and I think is significant is we have changed the quality of the Federal Reserve Board. Until recently people were appointed to the Federal Reserve Board without much reference as to whether they had any economic knowledge at all. They may be a businessman and very successful businessman, but without any understanding of how the money market works or the impact of monetary policy on the economy. The appointments recently have been far different.

If you have people of ability who have devoted their lives and are recognized scholars and experts in this area, as members of the Federal Reserve Board and, therefore, able to evaluate the staff which has always been professional, don't you have a much different situation?

What I am getting at is aren't you putting handcuffs, this would be their objection, I suppose, aren't you putting handcuffs, on the Federal Reserve in the event you do have a recession by saying you should not increase the supply of money or a depression, more than 6 percent a year. You say in the past they haven't done it.

Mr. CHRIST. Right.

Chairman PROXMIRE. Well, in the future you have got some real professionals here who are dedicated, as all of us are, to eliminating heavy unemployment by whatever means we have to use. Why shouldn't they be allowed to go ahead with an 8-percent, 10-percent—whatever seemed appropriate—increase in the supply of money if this is going to help us reduce unemployment?

Mr. CHRIST. It is a very good question and I think that in 1933 I probably would have been, if I had been old enough and known what I know now, in favor of permitting an increase in the money stock at greater than 6 percent. But my point is that I think it is extremely unlikely that we will get into severe depressions if we don't permit the money supply to decline in a depression. Now, it has been 6 or 7 years since we have had a test here, it has been 6 or 7 years since there has been a recession, and Mr. Maisel and Mr. Brimmer have been appointed to the Board, these are two professional economists, and you say the composition of the Board has changed and maybe