ought to be, might go, in one direction and fiscal policy in the other?

Mr. DEWALD. Hopefully that is what we mean by mixtures of policy. During a period such as 1967 when we just happened to have inherited a budget deficit because of one thing or the other that was in the works—the war and other factors, the effects of which could not be readily predicted—presumably a flexible monetary policy should have been expected to take an independent stand to achieve the objectives of price stability, sustainable levels of economic growth, et cetera.

Chairman PROXMIRE. Again may be it is just the word that is confusing me somewhat, an independent stand. You would argue in which inflation is the principal problem that both fiscal policy and monetary policy should be restrained, we ought to have a fiscal policy which tends to slow down the economy to some extent, and a monetary policy that would do the same thing. They ought to work together, they should not go in opposite directions.

There have been so many periods when they have charged in opposite directions, and that kind of independence, it seems to me, is counterproductive. That is, if you have monetary policy expanding the economy while fiscal economy is contracting it.

Representative GRIFFITHS. I think he is suggesting, Mr. Chairman, that central bankers are all first cousins. [Laughter.]

Mr. SELDEN. I wonder if I could add my 2 cents on the qualifications for membership on the Federal Reserve Board, and I do not wish to be disrespectful to any of the Ph. D.'s or non-Ph. D.'s on the Board at present. I think they are very able people. But, personally, speaking as a Ph. D. in economics and a monetary theorist, I do not welcome the presence of Ph. D.'s on the Federal Reserve Board any more than I would welcome a five-star general as the Secretary of Defense.

Chairman PROXMIRE. That is very interesting. You want incompetence rather than competence on the Board; is that correct?

Mr. SELDEN. No; not at all.

I think, as Mr. Dewald has said, that a review of the last 2 or 3 years does not do anything to shed a feeling of confidence among us that——

Chairman PROXMIRE. You fellows are too defensive. All of you are Ph. D.'s.

Mr. SELDEN. I do not want to denigrate Ph. D.'s, but when it comes to forming public policy, I would trust the intelligent layman to have competence in these things.

Chairman PROXMIRE. It is awfully hard to find the intelligent layman. I do not know why it should be such a handicap for somebody to have been trained in this area of monetary policy, who can have certain limitations and have certain opportunities, and so forth—why should this be——

Mr. SELDEN. I think, perhaps——

Chairman PROXMIRE. This is a strange kind of anti-intellectualism.

Mr. SELDEN. All I do say is that I do not think we ought to bias it one way or the other. I do not think we ought to go out of our way to find professional economists to serve in this capacity, although I am sure that some of them are able to make a fine contribution to problems of monetary policy.

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