tion—for example, in Mr. Reuss' exceptions—are, in large measure, the product of, and the response of the public to, the actions of the monetary authorities.

Mr. SELDEN. I think that is correct.

Mr. HENDERSON. In other words, the stabilization in your sense would eliminate or at least very considerably reduce some of the things that are the excuse for contingency exceptions.

Mr. SELDEN. Precisely.

When he mentions corporations borrowing to build up liquidity, that whole syndrome came out of uneven Federal Reserve policy in 1965–66.

Chairman PROXMIRE. Thank you very much for a very enlightening—did you have a final point?

Mr. CHRIST. Could I make a proposal on something you said earlier?

Chairman PROXMIRE. Yes.

Mr. CHRIST. I would make this proposal: Let us encourage the Federal Reserve to let the money stock grow between 2 and 6 percent a year, and when we find them in a depression making it grow at 6 percent and saying that is not fast enough, then I would be happy to consider whether they ought not to have more latitude. So far I think they have been on the wrong side in depressions. When they are on the right side and want to go further then I would like to reconsider giving them more freedom.

Chairman PROXMIRE. You see one of the arguments made by one of the distinguished economists yesterday was that Congress would not stand still for that. Congress would insist in a period of recession or depression that they have a more expansionist policy, and in a period of inflation a more restrained policy.

Mr. SELDEN. Thank God for Congress.

Chairman PROXMIRE. When you recognize what they have done, and with very little congressional outcry, at least nothing that is very broad or deep in Congress, I think that you would get a Congress that would abide by this rule and have more influence on the Federal Reserve Board than you have ever had before.

Mr. SELDEN. As a bare minimum, and I think the panelists from yesterday would surely agree to this, too, the Federal Reserve should never, never let the money stock decline under any circumstances. If we could even have that much of a guideline I think that would be a clear gain.

Chairman PROXMIRE. Never let the money stock decline?

Mr. SELDEN. Decline. Well, we realize that the weekly series are going to be jagged.

Chairman PROXMIRE. Over a period longer than a month.

Mr. SELDEN. Over a period longer than, say, a month; yes.

Chairman PROXMIRE. Regardless of how inflationary the situation is?

Mr. SELDEN. I would say so.

Mr. CHRIST. The longrun nature of this rule comes in here. I think if the money stock had just gone up 20 percent the preceding month there might be a case for letting it decline 19 percent this month. But, you see, we are proposing that there should be a steady rate of change here, and if we can——

Chairman PROXMIRE. It would not be a steady rate of change.