

Supposing you were required or were asked, requested to come before the Congress after each quarter in which you had either not increased the money supply at the rate of 2 percent, or had increased the money supply at a rate of more than 6 percent, to explain the reason for it, come before this committee, for example; this would not strain you?

Mr. MITCHELL. No.

Chairman PROXMIRE. You would just come up and tell us why you did it.

Would there be any objection to that?

Mr. MITCHELL. No, I do not think so.

Mr. Brill just reminded me we do it twice a year in the Federal Reserve Bulletin now in effect.

Chairman PROXMIRE. You do it in the Bulletin, but we would prefer to have you come up and question you in detail and in public—a vigorous cross-examination.

Mr. MITCHELL. It would not be onerous, not at all.

Chairman PROXMIRE. The other question is whether or not you think it would be useful for the Board to set forth at the beginning of the year as specifically as it could its notion of what kind of monetary policy the economy called for, similar to the kind of program the President sets forth in his Economic Report.

Mr. MITCHELL. Yes.

Well, this gets to be kind of troublesome. A lot of the meaning, the influence of monetary action is on expectations.

Chairman PROXMIRE. You would not be stuck with it and of course you would be able to come up every quarter anyway to explain why you varied from the general guide rule.

Mr. MITCHELL. Well, I think the Board feels it has an obligation under the Employment Act of 1946 to aim at maximum growth with stability, and these are the words that we use. They are in our directives.

Whether or not you could spell this out, appropriately spell this out publicly against the projections you have for GNP for the year—

Chairman PROXMIRE. I think it would help you, I think it would help the business in this country, I think it would help the Congress to have a much better understanding.

If, for example, at the beginning of this year Mr. Martin comes to us and said, "We expect that we are going to have a very difficult inflationary challenge facing the economy, and therefore we think that the monetary policy must be one of restraint," and indicated to some extent that they were going to try to exercise that restraint, then you see we would be in a position to do a number of things.

One thing, we could study disintermediation; what we could do about that. We would also be in a position to do what we could, as the Congress, to adopt appropriate fiscal policies. It would be consistent with the monetary policy that you called for.

Mr. MITCHELL. Well, if we took the Council's projection of GNP—

Chairman PROXMIRE. Take your own.

Mr. MITCHELL. We would use that one and adapt our projection of the monetary variables to that particular model, but that is not the only model that could be used. You could have other models. But I think the most practical model for us to work with is the Council model. In fact, we are doing the things that you are talking about now, Mr. Chairman. But we are doing them internally.