

maybe at a 10 percent rate if you expect the monetary authorities to adopt a philosophy that would lead to that.

One of the stabilizing factors would be a solid expectation that the money supply would increase at a regular rate, somewhere between 2 and 6 percent or 3 and 5 percent, something of that kind.

Mr. MITCHELL. But if you had not had some difference in the rate—

Chairman PROXMIRE. Money supply cannot do everything, but it can stabilize itself.

Mr. MITCHELL. I think this is tantamount to saying that you do not want to use monetary policy for stabilizing purposes.

Chairman PROXMIRE. Well, you would like to use it for stabilizing purposes, but you cannot foresee the future, and there are lags involved, and under these circumstances you think that about the best you can do is to use it, but use it within limitations?

Mr. MITCHELL. Yes.

Chairman PROXMIRE. That are moderate?

Mr. MITCHELL. Yes. I just do not agree with this, because I think we are learning to use it better all the time. I think the farther you go into monetary archeology, you know, the less helpful it is.

The thing to do is to be looking at the tools, and the equipment and the statistical improvements that are being made, and the improved knowledge that we have of the behavior of these monetary variables. That is why I come back to what you said in the first place.

Could you not share with us the kind of analysis that you are making of the movement of monetary variables against the projection of GNP? This is the type of analysis that is being improved, and though it is far from perfect it is better than it was and every year it gets better than it was the year before.

Chairman PROXMIRE. You see what we are getting at, however, now, is that I think at least somebody of economic competence in the universities and elsewhere feels that the Board's policies in the past have not been as good as they should be, and in the future they are unlikely to be good for reasons of lags, the state of the art and so forth. No criticism of the people involved.

Mr. MITCHELL. Yes.

Chairman PROXMIRE. And it seems to me we probably cannot have a rigid rule, at least I do not think Congress will adopt it, and I know the Federal Reserve Board would fight it, and it might not be wise.

However, how about stressing once again this compromise notion, that the Congress could suggest a gradual increase of the kind we have here. We could have regular public hearings in which we could ask questions, not just a report in some document that nobody reads, but hearings with the press present and members of the committee here to ask questions on it, and then in addition to this, we could have at the beginning of the year an expression by the Board of what their intention is with regard to monetary policy, recognizing the President's Economic Report and recognizing the needs of the economy prospectively.

Mr. MITCHELL. Well, I do not see any objection to any of this except the part about a regular increase in the money supply. I think that this prejudices the—