STANDARDS FOR GUIDING MONETARY ACTION

THURSDAY, MAY 16, 1968

CONGRESS OF THE UNITED STATES,
JOINT ECONOMIC COMMITTEE,
Washington, D.C.

The committee met at 10:10 a.m., pursuant to recess, in room S-407, the Capitol, Hon. William Proxmire (chairman of the joint committee) presiding:

Present: Senator Proxmire; and Representatives Reuss and Rumsfeld.

Also present: John R. Stark, executive director; William H. Moore, senior staff economist; John B. Henderson, staff economist, and Donald A. Webster, minority staff economist.

Chairman PROXMIRE. The Joint Economic Committee will come to order. Today's hearing is the fourth and final hearing of the Joint Economic Committee study, "Standards for Monetary Management."

Having had the testimony of distinguished academic economists, many of whom have had direct experience with the problems of policymaking and yesterday having heard Governor Mitchell and Dr. Brill of the Federal Reserve System on the viewpoints of the policymakers themselves, we now turn to the representatives of the financial community.

We welcome today three outstanding analysts of the money and Government securities market, Mr. Guy Noyes, Mr. Tilford Gaines, and Mr. Orson Hart.

Mr. Noyes, who is senior vice president and economist of the Morgan Guaranty Trust Co. of New York, has a fairly recent experience in seeing policy from the inside. Until late 1965 he was Director of Research and Statistics of the Board of Governors of the Federal Reserve System and economist to the Open Market Committee.

Mr. Gaines, too, has been at one time a central banker. He went from the Federal Reserve Bank of New York to the position of vice president in charge of Government bond operations of the First National Bank of Chicago, and he is now vice president and economist at the Manufacturers Hanover Trust Co. of New York.

Among the biggest participants in the Government securities market are the insurance companies. Mr. Orson Hart, vice president and director of economic research for the New York Life Insurance Co., will explain how he advised on the management of an insurance company's portfolio.

Gentlemen, I might say that I think it is proper and desirable at this point that I make some kind of recapitulation of the reason for the proposed guideline limitations which the Joint Economic Committee is considering and may well propose.