

how they expected to meet them, what their program was on the monetary basis, giving us a basis for evaluating what they do in the course of the year, and criticizing what they propose, and not holding them to it necessarily, because of course when they come in, as the President's economic people do, they could say why they are changing the position during the year.

At least then we would have them setting forth their own targets, their own reason for following certain policies.

Do you think this would be a constructive and useful device or not?

Mr. NOYES. I do not see any harm in it, Senator. I think you would probably find that it would suffer from one of the same problems that you find in the President's Economic Report, and that is that no responsible public official is ever inclined to predict disaster, even if he may feel in his bones that there is a little disaster out ahead, and these projections all tend to take on a little "pie in the sky" quality.

That is, you tend to get projections of desirable relationships, which one would hope would materialize.

Chairman PROXMIRE. In in January of 1968, William McChesney Martin was presenting a report to the people and to the Congress on monetary policies for 1968, would he not have said that we need monetary restraint as well as fiscal restraint and we would have spelled out how he expected to—

Mr. NOYES. Yes, but he would probably have assumed that the fiscal restraint that he thought was necessary would materialize and have built you a nice model based on the that assumption, which would have looked like a nice, well-balanced 1968.

Chairman PROXMIRE. This would be a very good forum for him to make a pitch for this kind of fiscal policy, it might have had a desirable effect.

Mr. NOYES. I said I have no objection to it. I just wouldn't want you to expect too much of it. I think people in any such reports are inclined to project idealized conditions as emerging, rather than perhaps being fully realistic about the problems that confront us.

Chairman PROXMIRE. Right now the monetary policy does not seem to come from anywhere or go anywhere. To some extent the monetary authorities can say they cannot do very much about it. Their conditions, fiscal policy conditions or other conditions take it out of their hands.

If they were required to do what the President has to do and the Council of Economic Advisers has to do, and what most boards of directors of corporations insist that their officials do for them, set forth a plan for the year and how they intend to go about it, it seems to me that this committee and the Congress would be in a much better position to influence monetary policy.

Mr. NOYES. As I say, I have no objection, but I think you will find that this will not be perhaps quite as productive as you might hope, because of the fact that there is a natural and understandable tendency to assume the best of all worlds in such a project, that is, to assume that all the other right things are done, that peace comes early in Vietnam and that military expenditures can be cut down and so on, so that you get the thing so it fits together with a nice 4 percent real growth trend over the year.