

Our problem in trying to use the various instruments of monetary policy to help steer the course of the economy to its goals--maximum employment and steady economic growth with relatively stable prices--is comparable to that of a bus driver trying to get to the top of a mountain. If the road were completely straight with a constant slope, it might make sense for him to lock his steering wheel in place and hold his accelerator at a fixed level. If, however, the mountain curves and changes its slope rather frequently, nothing could be more disastrous than an attempt by the driver to lock his steering gear in place and apply a constant flow of gasoline. He would be far more likely to reach his goal by using his steering wheel, his brakes, and his accelerator to help adjust to the variations in his road.

In like vein, it seems to me that the American economy is too dynamic to achieve stability from a single policy rule such as "hold the growth of the money supply constant."