

eral Reserve System would give for this divergence. Periodic reports on the reasons for action taken within the desired range should also be made.

If, after several years' experience with a rule, refinements in the guidelines seem warranted, they could, and should, of course, be made.

IV

Finally, as a regular procedure, the Federal Reserve authorities should, at the beginning of each year, set forth publicly as specifically as possible their notion of what kind of monetary policy the expected state of the economy calls for. This would supplement in the monetary field the review of the Federal Government's economic programs which the President is now required to set forth in the Economic Report. Such a public projection (which we understand is already available internally) would present a picture of what the financial world—money supply, flows through financial intermediaries, the appropriate course of interest rates—would look like. This would also tie in with the gross national product projection indicated in the report of the Council of Economic Advisers. It would certainly help Congress to adopt the necessary fiscal policies and to foresee and forestall potential problems such as those resulting from disintermediation, oppressive interest rates in the housing field, international capital flows, and the like.