[In percent]

	Annual rate of increase	
	Last 3 months ending Jan. 31, 1968	Previous 9 months
Time deposits at all commercial banks	6.0	17.0
Large commercial banks	7.0	15.0
Larger denomination CD's	13.0	21.0
Other CD's	10.0	26.0
Savings deposits	1.4	5.3

	Percent
Ceilings on rates:	
On savings deposits	4
On CD's of 90 days or more maturity	5
On CD's of $100,000 or more	5½

Chairman PROXMIRE. Thank you, Mr. O'Leary.
Professor Hart?

STATEMENT OF ALBERT G. HART, PROFESSOR OF ECONOMICS, COLUMBIA UNIVERSITY

Mr. HART. May I say a few words before I get to my brief statement?

In the first place, I would like to express appreciation from the standpoint of the economic profession of the way the joint committee works as a point of contact between the economists and the responsibile policymakers in Congress.

This is an extremely valuable thing. It raises the prospects of the profession making a real contribution, and the fact we know from time to time we are called upon is I think healthy for our way of looking at things. It keeps us a little bit more in touch with policy problems in a very healthy way.

If I may, I would like to comment also briefly on a point raised by Mr. Olsen, which I think might well be worth more discussion later.

He mentions a competition between two theories of the effect of policy on the economy, one of which stresses monetary forces, while the other stresses fiscal forces.

It seems to me this competition is real, and that the fact that these theories are in competition, rather than being brought together to work harmoniously in our analysis, reflects a point of weakness in the work of the economists up to date.

The so-called fiscal theory leaves too much of the monetary side of things out of account. It has a pro forma way of dealing with interest rates which I think is decidedly artificial and does not really serve our purposes.

On the other hand, the so-called modern quantity theory, which puts the stress on money, relies entirely too much on mere numbers and algebra, and it has not produced the right kind of demonstration of a mechanism through which the monetary forces work.

One must respect the kind of feel of the financial situation represented by Mr. Olsen but lacking either formal analytical reasoning or definite quantitative analysis which relates the theories to the evidence, the so-called modern quantity theory remains weak.

A major contribution to the integration of these views has just been printed in the form of an interim report in the Federal Reserve Bul-