

between the Quadriad and this new Cabinet Committee on Economic Policy as an overall group, the overall groups' policy will prevail, is that correct?

Mr. McCracken. The Cabinet Committee and the Quadriad will have somewhat different responsibilities and, of course, they are—

Chairman PATMAN. I know; but suppose there should be a difference between these groups, as it was with President Johnson in 1965 on December 6, and the Quadriad wanted to raise interest rates, and this overall group didn't want to raise interest rates. Who would have the decisionmaking power?

Mr. McCracken. In other words, if there was a difference of opinion on monetary policy—

Chairman PATMAN. I am not talking about that so much. I am talking about who has the power now? Would the overall group have it or would the Quadriad have it?

Mr. McCracken. The Cabinet Committee on Economic Policy is, of course, concerned with policy issues within the administration.

Chairman PATMAN. I am talking about interest rates now, and the supply of money—monetary policy. If that issue comes up now, who will have the decisionmaking power?

Mr. McCracken. The Federal Reserve in this case.

Chairman PATMAN. The Federal Reserve. Why, the Federal Reserve is not even on the overall policy committee.

Mr. McCracken. The Federal Reserve is the organization with the responsibilities for monetary policy.

Chairman PATMAN. Do you believe the Federal Reserve, without regard to the President in power, should fix monetary policy, including interest rates? They are not elected by the people, not one of them. Even a justice of the peace has to be elected. Of course, the President has been elected by the people, and the Congress has been elected by the people, and you are going to say that somebody who never has been elected, have 14-year lifetime terms, will pass upon these important questions like interest rates and supply of money, notwithstanding the objection of the administration in power.

Mr. McCracken. Well, I think there are two questions here. One is the question given the way the Government is currently set up and given the authority which has been delegated to the Federal Reserve by the Congress—

Chairman PATMAN. May I respectfully dispute that. You can read the law, the Federal Reserve Act, you can read all the hearings before Congress at that time, House and Senate, and you will not find one reference to the fact that the Federal Reserve would be independent from the Government and act independently from them. You will not; will you?

Mr. McCracken. No; not independent of the Government.

Chairman PATMAN. All right.

We are in accord with that. So there is nothing said in the legislative history of the Federal Reserve Act that it would be independent. It is not in the law that it is independent. It is just like any other law that is passed by Congress and the Constitution says shall be executed by the President. Wouldn't you agree with that?

Mr. McCracken. Well, I can't speak in regard to the legal aspects of this.