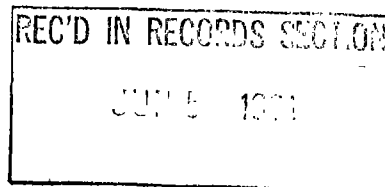




BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON



June 5, 1961.

CONFIDENTIAL (FR)

TO: Federal Open Market Committee

FROM: Mr. Young

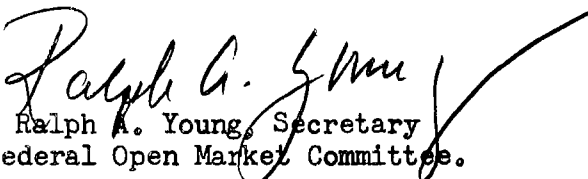
In connection with the meeting of the Federal Open Market Committee to be held on Tuesday, June 6, at 10:00 a.m., there are attached the following:

1. Memorandum referring to agenda Item No. 1 and containing an excerpt from a letter from Mr. Wayne regarding the minutes of the meeting held on May 9, 1961.

2. Copy of a memorandum dated June 1, 1961 addressed to Secretary Dillon by Under Secretary of the Treasury Roosa relating to the Treasury's financing schedule.

3. Excerpt from the transcript of the hearings on the Board's Annual Report before the Joint Economic Committee on Friday, June 2, 1961, presenting

- (a) Remarks of Chairman Martin in response to questions by Senator Bush
- (b) Request by Chairman Patman (pp. 11 and 12) that there be submitted for the use of the Joint Economic Committee the minutes covering meetings of the Federal Open Market Committee held during 1960.


Ralph A. Young, Secretary
Federal Open Market Committee.

Enclosures

June 5, 1961. 1961

Agenda Item No. 1--FOMC Meeting June 6, 1961

Following is an excerpt from a letter from Mr. Wayne dated June 1, 1961, regarding the preliminary draft of the minutes of the meeting held on May 9, 1961:

"I find myself disturbed by certain implications of the statement submitted by Mr. Robertson subsequent to the meeting and included in the preliminary draft at page 55. The second paragraph of the statement opens with the following sentence:

'In his view this is a time when the American economy ought to move upward toward a more satisfactory rate of employment and toward a fuller use of its resources.'

"Certainly, this view is not limited to any one member of the Committee. On the contrary, it is, I suspect, held by each and every member of the Committee and the official record of our deliberations should not contain implications of disagreements in objectives which do not exist. I have no recollection of this line of argument having been expressed during the meeting on May 9, when, I am persuaded, it would have been challenged.

"The same concern is felt about the following expression found in the third paragraph:

' . . . he believed that the Open Market Committee should make certain that the System does its full part in stimulating recovery to more nearly satisfactory levels of production and employment, . . .'

"Mr. Robertson has on several occasions recently, when appearing before groups of bankers and others, argued most persuasively the limited effectiveness of monetary policy in solving our current unemployment problem. He was one of the first public officials to propose a fresh approach toward the reduction of 'structural' unemployment by retraining of workers. While I do not believe the implications which disturb me are deliberate, I feel compelled to record an objection to the inclusion of the statement on page 55 as now worded in the minutes of the Committee's meeting of May 9, 1961.

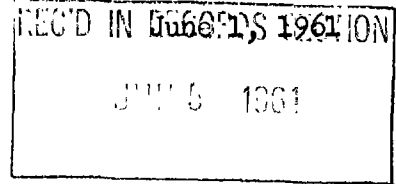
"With these exceptions, I am prepared to approve the minutes."

OFFICIAL USE ONLY

Secretary Dillon

Robert V. Roosa (Initialed) R.V.R.

Financing Schedule ahead.



Recent worsening of our cash position by more than * 3/4 billion and the desirability of offering Tax and Loan Account credit to assist the distribution of a strip of bills in the present market, have required a change in the amount and timing of the next offering, as well as some slight sliding forward of the cash offering of the Tax Anticipation Bill in July. On the new basis, the following schedule has been worked out, subject to the uncertainties of our cash position and market developments. (If our estimates are further distorted by additional cash expenditures or a weakening of revenues during June or July, we might have to make a brief use of the authority for special borrowing directly from the Federal Reserve System -- perhaps by a few hundred million dollars.)

June 2 (Friday) -- Announce the offering of a strip of \$1.8 billion of Treasury bills, of maturities running from August 3 through November 30 (100 million per week), for payment through Tax and Loan Account.

June 8 (Thursday) -- Auction of the \$1.8 billion strip of 2- to 6-month bills.

June 14 (Wednesday) -- Payment date for the bills.

July 5 (Wednesday) -- Announce an auction of \$2 billion in a 1-year Treasury bill to replace the \$1.5 billion maturing on July 17.

July 10-12 (Monday-Wednesday) -- Meetings with 5 different advisory committees concerning the August refunding.

July 11 (Tuesday) --Tenders received for \$2 billion 1-year Treasury bill.

July 12 (Wednesday) -- Announce terms for the refunding of \$10 billion of certificates and notes maturing August 1, and include, if possible, the \$2-1/4 billion bond maturing September 15. As an option, also include the \$1/3 billion of 1-1/2% notes maturing October 1. Mention also that a cash offering of a Tax Anticipation Bill will be announced on Monday, July 17, for subscription on Friday, July 21, and payment on Wednesday, July 26.

July 17 (Monday) -- Receive payment for the \$2 billion 1-year Treasury bill auctioned on July 11 and announce offering of \$3 to \$3-1/2 billion Tax Anticipation Bill payable March 1962.

July 14 and 17-18 (Friday, Monday and Tuesday) -- Books open for the refunding.

July 21 (Friday) -- Tenders received for the March TAB.

July 26 (Wednesday) -- Payment date for the March TAB.

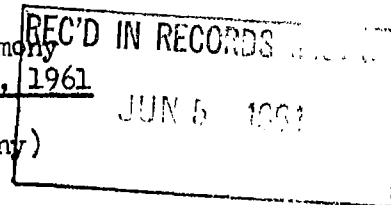
August 1 (Tuesday) -- Settlement date for all issues involved in the refunding completed July 14, 17-18.

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* More precisely, the cash loss against earlier estimates for May was \$850 million. Apart from other minor ups and downs, the principal items were \$400 million in tax refunds (partly attributable to the speed-up of disbursements and partly to a larger absolute volume than had been anticipated in the budget); \$300 million in accelerated defense expenditures; \$85 million in higher Commodity Credit Corporation disbursements; and a short fall of \$85 million below estimates for corporate and individual income taxes.

Excerpts from Chairman Martin's testimony
before Joint Economic Committee, June 2, 1961

(From unedited transcript of testimony)



* * * * *

Senator Bush. Governor Martin, I think you know, and the Committee knows, that I am one who believes very much in the independence of the Federal Reserve System and its responsibility to the Congress, and it is a creature of the Congress, so to speak, and I approach this question in that point of view, as one who respects the independence of the Federal Reserve Board very much, and believes it is very important.

But in President Kennedy's recent message in connection with our urgent national needs, and those three words are from his address, he made this statement, and I will read it:

"The full financial influence of Government must continue to be exerted in the direction of general credit ease and further monetary growth while the economy is recovering. Some further downward adjustments in interest rates, particularly those which have been slow to adjust in the recent recession, are clearly desirable, and certainly to increase them would choke off recovery."

The President has also indicated that he thinks that we are definitely moving out of the recession, and other statements which he has made indicate that the Administration believes that the gross national product will be attaining new high levels toward the end of this year, and maybe substantially higher than were attained last year.

And so confident are they in that belief that this is at least a partial justification in their minds for some largely increased spending

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programs which, it is said, would result in increasing tax income to the government and, therefore, we can go ahead with these larger spending programs because of not being fearful of the deficit, because the increase in gross national product will produce greater earnings and we will not have a deficit. That is the general idea.

Now, he says, "The full financial influence of government must continue to be exerted in the direction of general credit ease and further monetary growth while the economy is recovering."

I do not know how long he means, whether to the very end of the recovery, but it is a statement that disturbs me somewhat, feeling as I do that monetary policy should be used with great restraint, if any, in respect of stimulating a recovery that already appears to be well under way, and gives promise of going quite far in a favorable direction.

I wonder whether you would care to comment on that from the point of view of the Federal Reserve Board, and especially whether you feel that some further downward adjustment in interest rates, particularly those which have been slow to adjust in the recent recession "are clearly desirable and certainly to increase them would choke off recovery," would you care to comment on this, sir?

Mr. Martin. Yes, I will be glad to comment on it.

In the first place, the Open Market Committee and the Federal Reserve will carefully consider anything that the President of the United States says at any time, and we welcome his views.

Now, when it comes to this matter of forecasting the future --

Senator Bush. The what?

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Mr. Martin. When it comes to the matter of forecasting the future, you have got a great many imponderables that nobody can state precisely.

Now, our interest rates, as I have stated a great number of times, our role in the Federal Reserve -- and he is talking there about the full financial resources of the government, which there are many resources outside the Federal Reserve -- take the home credit field, for example, on various things -- but the Federal Reserve has the obligation to supply reserves to the economy, not to fix any levels of interest rates but to supply reserves to the economy, in such a way as to help the economy have stability and growth.

Whatever level of reserves in the judgment of the Federal Reserve Board is appropriate to that, that is what we should seek.

Now, you cannot have high or low interest rates per se without relating them to the flow of funds, and when you talk about interest rates in this sense, levels of interest rates, you have got to relate them to the flow of funds.

I have used the word picture of a stream. If you pump money into the money stream faster than it can dig a river bed to contain it, then that money stream overflows its banks and floods the river on either side, and I think that creates inflationary pressures.

Likewise, if you want to create artificially high interest rates you just starve the economy for money, and you will get artificially higher rates.

But what we have been trying to do here is to adapt this flow of money to produce the dual operation of encouraging the flow of capital for private domestic expansion where it is called for in this country and, at

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the same time, to minimize the outflow of capital abroad, and I want to reiterate here what has been the Federal Reserve Board's position and what I understand to be the position of those in the Administration that I have consulted with on this also, that we do not intend to peg interest rates. At no time have we intended to peg interest rates.

Now, I cannot forecast what the future is going to be. But, generally speaking, against this background, if business continues to rise, and it may not continue to rise, I am not forecasting it will here, interest rates will tend to rise.

We can, perhaps, moderate them, but we cannot control them. If business stays about where it is under present conditions, interest rates will stay about where they are.

If business declines, interest rates will decline. That is the best I can do with the --

Senator Bush. And, conversely, if business improves interest rates should improve; is that right?

Mr. Martin. Yes, somewhat.

Senator Bush. Yes.

I do not want to be too persistent on this, but the President speaks of in spite of the recovery that he mentions, of the desirability, clearly desirable, it is clearly desirable that some further downward adjustment in interest rates take place -- this would not seem to me to fit in with the statement you have just made.

Mr. Martin. I think it depends entirely on what happens in the business picture, and I think that -- I want to make my position on interest rates clear again, as I have many times, I have repeatedly stated, that

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I would like to see as low interest rates as you can have without producing inflationary pressures.

But I do not think the Federal Reserve Board ought to be asked to force interest rates or to peg interest rates. It is self-defeating and does not help in putting unemployed back to work.

Senator Bush. That is a very satisfactory answer to this question. I am very glad to hear you say that, and I certainly agree you have been consistent in this position over the years that you have been coming before these committees.

I have no other questions, Mr. Chairman.

Chairman Patman. I would like to pursue that for just a little, Mr. Martin.

I read this statement this morning to Mr. Hayes, and Mr. Hayes' answer was that although the members of the Federal Open Market Committee are all aware of this statement, it has not been taken up, although he said he was not speaking for the Open Market Committee, had not been taken up with the committee, and I did not press him for what the Open Market Committee would probably do, because you were coming on this afternoon, and since you are the chairman, I would like to ask you what you propose to do about this.

Will you ask the Open Market Committee to take into consideration this statement of the President's?

Mr. Martin. I will be very glad to see that every member of the Open Market Committee has a copy of the statement.

Chairman Patman. I know; it was delivered to the Congress. It was important enough to where the President of the United States came before

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a Joint Session of Congress and delivered a message, the title of which was "Urgent National Needs," and among the urgent national needs he said:

"The full financial influence of government must continue to be exerted in the direction of general credit ease and further monetary growth while the economy is recovering. Some further downward adjustment in interest rates, particularly those which have been slow to adjust in the recent recession, are clearly desirable, and certainly to increase them would choke off recovery."

That is the President of the United States,

In other words, if I understand that correctly, he is saying to you and everyone else connected with monetary policy or monetary affairs to adjust your business so there will be some easing of interest rates.

Now, will the Federal Reserve respect that in any way, I mean the Open Market Committee of the Federal Reserve Board, in an attempt to carry out his objective here?

Mr. Martin. The Federal Reserve will consider that, Mr. Patman, as I have answered Senator Bush here in the light of all of the circumstances.

The President followed that with an announcement of a reduction in FHA rates to 5-1/4 per cent. That is well within his prerogative and his program and, of course, there is a difference between clearly desirable at a given time and whether it actually will come about or is needed.

Now, I would like to see, as I reiterate, as low interest rates as we can have, without producing inflationary pressures.

But I do not want to see pegging develop, and I do not want to see artificially low interest rates.

I want interest rates to be related to the flow of money into the economy; that is what it is. It is an equilibrating factor.

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Chairman Patman. Let me ask you this then: I understood from Mr. Rouse's testimony yesterday that your February 20th announcement was misunderstood, and that, in truth, the Open Market Committee has not made any decision to try to reduce long-term interest rates; is that correct?

Mr. Martin. Mr. Patman, I made a very full statement on that when I was up here on March 7 -- I recall that to you -- I think, in answer to a question that you put to me.

We have made a bona fide effort to endeavor to bring about a meaningful decline, although I pointed out how difficult it is to bring about a meaningful decline in long-term interest rates and, at the same time, to maintain the short rate in view of the balance of payments difficulty that we had, and I pointed out at some length in the statement that I made on March 7 what the difficulties and problems were. And we have made a conscientious, sincere, earnest and continuing effort to carry out both the spirit and intention of that February 20 statement.

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* * * * *

Chairman Patman. Mr. Martin, we were asking Mr. Hayes some questions this morning about how these policy statements of the Federal Open Market Committee were interpreted, and I will ask you, you take, for instance, the statement by the Open Market Committee on March 1, 1960, where it said:

"The directive that had been in effect since May 26, 1959, calling for operations with a view 'to restraining inflationary credit expansion in order to foster sustainable economic growth and expanding employment opportunities was changed to read to fostering sustainable growth in economic activity and employment while guarding against excessive credit expansion."

How do you expect the manager of the account in New York to take this statement here alone and interpret it just from this statement? Would you expect him to do?

Mr. Martin. Yes, I would, if he is the competent man I think he is; I think that that gives him adequate information.

Chairman Patman. Well, of course, he testified that he had written notes himself at the meeting of the Federal Open Market Committee when this was agreed upon, and he used those notes.

Mr. Martin. Well, we have had him participate in the meetings of the Committee because I think that is helpful to him.

Chairman Patman. Yes, sir; I am sure it is.

Mr. Martin. But I am sure, as a specialist in this field, that this language means something to him.

Chairman Patman. But an outsider could not take this language and interpret it without that, could he?

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Mr. Martin. Well, it is not that -- outsiders are not the ones who are concerned with that particular point, and I think you are dealing here with the specialist, and it is very difficult to write --

Chairman Patman. Maybe I should not have used the word "outsider," but if he had not had other information than just the directive itself, it would be difficult of interpretation, would it not?

Mr. Martin. If he took over in a vacuum, yes.

Chairman Patman. That is right. In other words, as a stranger, he came in and took charge of the desk, he would have difficulty interpreting this, if that was all the information he had, the language itself.

Mr. Martin. Standing on its own, yes. But I think that it is a --

Chairman Patman. Therefore, he is necessarily dependent upon his notes that he made at the meeting partly, and also doesn't he have the benefit and advantage of the minutes made for the Federal Open Market Committee at the meeting?

Mr. Martin. Well, we have minutes of these meetings, Mr. Patman.

Chairman Patman. That is what I mean, and you make those minutes, one of the purposes being to give it to the manager of your accounts so as to help him in interpreting what you mean by this language, is it not?

Mr. Martin. Not only the manager of the account but every member of the Committee.

Chairman Patman. I know, but he is the one who carries it into execution, as I understand it, and he is the person who actually takes action, and he is the only one who actually takes action, isn't that right?

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Mr. Martin. Well, we are working constantly, and I welcome your raising it, to try to get a directive which is more informative to outsiders as well as insiders, but I can assure you that the language is --

Chairman Patman. That is the point I am getting, Mr. Martin. I have considered this language, I have read these directives you have gotten up, and I am not expected to be able to interpret them myself, but I do not see how the ordinary, average person could possibly interpret what the language means. It is really, and I say this respectfully, it is gobbledygook, you just cannot tell what it is, and I do not believe you could tell if you just had this alone unless you had the minutes of Federal Reserve Open Market Committee.

Mr. Martin. Well, we will certainly try to improve on any gobbledygook we have.

Chairman Patman. I am sincere about that. I have read them, and the testimony here seems to be very plain that you have a language in the Street or in the financial community or in the Federal Reserve that means a lot to the Federal Reserve like this language, and you understand it after attending the meeting of the Federal Reserve Open Market Committee and making your own notes and having the minutes of the meeting.

But people generally cannot understand it. But the traders, these sophisticated people, the dealers, they immediately, when you go into action on this, know exactly what you are doing, and they can profit from it, as they should, because of their knowledge.

But people generally do not understand it, and cannot participate in anything that is done that would be helpful by reason of this directive.

The point is, don't you think that language should be plain enough for anybody to understand, and not restricted to people who are specialists in the market?

Mr. Martin. Well, I would like to see the language, and we are glad to get suggestions -- that is one of the benefits of this hearing -- I would like to see the language as clear as it can be.

So far as it meaning more to sophisticates or to those who are experts than it does to a farmer, let us say, in Nebraska, I think that applies to anybody who reads the baseball box scores or anything else.

Chairman Patman. That is quite different, Mr. Martin.

Mr. Martin. A man absorbed in baseball can get anything out of the box score, more so than somebody who is not.

Chairman Patman. Well, you voluntarily go into this sport. You are in this, whether you want to be or not. This affects everybody.

Mr. Martin. All right. I asked for it.

Chairman Patman. These minutes, you could understand this a lot better if you had those minutes, couldn't you, of the Federal Reserve Open Market Committee?

Mr. Martin. You mean the general public?

Chairman Patman. This committee, for instance, we can understand it better if we had your minutes, the Open Market Committee minutes. Where are those minutes, Mr. Martin?

Mr. Martin. Those minutes are in the custody of the Open Market Committee.

Chairman Patman. Are you willing to give us the minutes for last year, 1960, so that we can use them in connection with these directives and see whether or not we can suggest improvements on the language?

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Mr. Martin. Well, Mr. Patman, if your committee, if you want to write me and request those, I will put it before the Open Market Committee, and I will certainly do it in the most sympathetic way. I want to -- and I have no -- listen, I have never withheld anything from you, as you know.

Chairman Patman. No, sir; you have been --

Mr. Martin. I have rolled up five years of audits.

Chairman Patman. You have been very good, and I am not going to write you any letter, Mr. Martin, but I am asking you now to let us have the minutes for 1960.

Mr. Martin. I think an orderly procedure -- it is not that I in any way distrust you, Mr. Patman -- but in orderly procedure, that I have to put this to the Committee because what is involved here --

Chairman Patman. This transcript will be available.

Mr. Martin. It is in the public interest.

Chairman Patman. I am asking you now to furnish us the minutes for 1960. That is long behind us, it certainly cannot be current information, and it could not be dangerous or harmful, and I am asking you now to furnish us the minutes for 1960. When can you let us know about that?

Mr. Martin. I cannot let you know about that until after the Open Market Committee meeting next week.

Chairman Patman. When does it meet?

Mr. Martin. It meets June 6.

Chairman Patman. June 6. All right, sir, I shall not press it until after June 6. Will you let me know then?

Mr. Martin. I will be glad to let you know.

Chairman Patman. All right, fine.

EXCERPTS FROM MR. HAYES' TESTIMONY
BEFORE JOINT ECONOMIC COMMITTEE, JUNE 2, 1961

(From unedited transcript of testimony)

* * * * *

Representative Reuss. Thank you, Mr. Chairman.

I want to congratulate you, Mr. Hayes, on a very able and helpful statement.

Mr. Hayes. Thank you, sir.

Representative Reuss. You persuade me here, or come close to persuading me here on your two points about the length of a given monetary policy, and also the unwisdom of contemporaneous announcement of what lines you are taking.

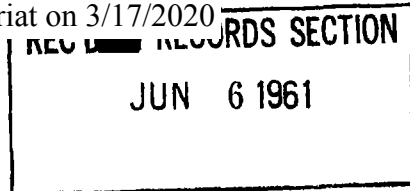
I note that you say that the Open Market Committee has not yet considered the matter of whether quarterly publications with a suitable time lag might not be in the public interest, and I would ask you, as Vice Chairman of the Committee, if you would ask your colleagues to consider this at a proper meeting.

I think it should be given consideration.

Mr. Hayes. Well, I would be glad to pass that wish along. I would suggest that you express that wish also to the Chairman, who is more of a spokesman for the Committee than I am.

Representative Reuss. We will. But in case he was not there at the next meeting, and you were presiding, you would have it in your mind, too.

Mr. Hayes. Yes, I would be glad to do that; yes, sir.



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Representative Reuss. I would like you to direct your attention to me with respect to the meeting of the Open Market Committee of March 1, 1960, as reported on pages 47 and following of the Report, and it was there presented to you the policy directives which have been in existence basically since 1953. They are set forth on pages 47 and 48, and they boil down to the following, as I read them:

a. The Open Market Committee is supposed to concern itself just with monetary and credit policy and not with such other matters as debt management.

b. You are supposed to deal only in, it was usually said, bills -- I guess the word of art here is short-term securities.

c. You are not supposed to swap securities so that you can change the maturity pattern.

Is that a fair rough paraphrase of what those three commands require?

Mr. Hayes. I think so; yes, sir.

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* * * * *

Mr. Hayes. Well, I think, as we say, we exist to operate on the reserve position of the banks, that is our sole way or our major way --- I won't say our sole way -- our major way of influencing the economy, and by the nature of our operations, we are a central bank, which means we are the holders of the reserves of the banks, and as we try to influence their reserve position, it frequently is convenient to, from the standpoint of market balance and market conditions, and again I say I am not a technician on this, to be dealing in the same types of maturity which they are using to balance their position.

Representative Reuss. I find this somewhat inconsistent with my sensing of what you said before, and I agreed with it, but the main instrument for open market operations should be in the very short-term, 90-day bills, and so on.

The fact that banks happen to hold, and I guess they do, considerable amounts of one to five year securities does not seem to me to militate in favor of making one to five-year securities an important instrument of open market day-to-day operations, does it, in your mind?

Mr. Hayes. Well, I still stick to my original statement that the main thing is to deal in the shortest securities, the bills, for a variety of reasons, and this is purely a secondary consideration.

Representative Reuss. Yes. If so, then I cannot, for the life of me, see why it should be the unalterable law of the Medes and Persians as far as the Federal Reserve is concerned, that you have got to have \$10 billion worth of one to five-year, and only \$7 billion worth of one to 90-day notes.

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Mr. Hayes. I quite agree with you, Mr. Reuss. I did not mean it was an unalterable law of the Medes and Persians.

Representative Reuss. One more question in this connection: You mentioned, Mr. Hayes, that long-term Federal securities, of course, tended to fluctuate more than short-term, and that this was a fact to be taken into account, and I certainly agree with you.

However, no one, certainly not I, is suggesting that the Federal Reserve should suddenly go in and out of the market with long-term securities.

If a long-term security is held until maturity, of course, then there is no problem, is there? It pays off, and always has, 100 cents on the dollar.

Mr. Hayes. That is correct.

Representative Reuss. So if it is possible to keep long-term securities, if need be, in the Federal Reserve portfolio until they mature, then there is no problem as to fluctuation; is that not so?

Mr. Hayes. That is correct.

Representative Reuss. What this all boils down to, it seems to me, Mr. Hayes, is a consensus between you and me, at least, that there might be much good in greater flexibility in the Federal Reserve's portfolio consistent always with the major monetary credit objectives, that there is no law of nature which says that the current portfolio distribution that we have on the blackboard there is the one and only.

Mr. Hayes. I would quite agree with that statement, Mr. Reuss, and I would think that the composition of it results to a considerable extent from war financing. It is just happenstance.

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Representative Reuss. Well, if that is so, why is it not a matter of urgency for the Open Market Committee at its next meeting to address itself to the request of this Joint Economic Committee majority made a year ago in January 1960 in its report in which it asked the Federal Reserve System to abandon its inflexible portfolio policy and, at least, weigh the desirability of changing its portfolio alignment?

If this request of the Joint Economic Committee is followed, it seems to me, that it is up to the Open Market Committee promptly to repeal paragraph c on page 48 of the report, and I would hope that this matter would be brought up very promptly, and that the Open Market Committee will give the Joint Economic Committee the benefit of its views on this.

In other words, if you agree with the Joint Economic Committee, then you ought speedily to repeal paragraph (3).

If you do not agree, then it seems to me you ought to tell us why, and your answer on that ought to be directed at the issues that have been raised in our conversation here this morning.

Mr. Hayes. Well, Mr. Reuss, obviously I cannot speak for the Committee, and also quite obviously from the record I am not always in agreement, I have not always agreed entirely with the Committee on this subject of flexibility.

I am entirely in agreement that we should have maximum flexibility, but I would still like to stress that the reason I want that flexibility is primarily so that we can deal in the most efficient manner with the monetary problems day to day, week to week, and month to month, and I regard the portfolio composition as a decidedly secondary consideration.

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I would think that subject to that proviso there are opportunities, perhaps, for having a better portfolio distribution than the one we have. I see nothing ideal or God-given about that particular structure.

Representative Reuss. Well, I agree with you perfectly, Mr. Hayes, and I accept your primary emphasis on monetary and credit policy, with debt management definitely in secondary position, but nevertheless entitled to consideration where it does not interfere with your primary monetary interest.

But the fact is that the law of the Medes and Persians now on the Federal Reserve statute books says that you cannot do this, and while I appreciate your position and applaud your vote on March 1, 1960, I would hope that as Vice Chairman, you would bring to the attention of its next meeting and successive meetings until some action is taken, the views that have been expressed here today which, I believe, are the views of the majority of the Joint Economic Committee, as well as my own views, because this has been substantially embodied in our report of a year ago, with a request that the Open Market Committee which is, as you have pointed out this morning, a creature of Congress, that they either adopt the suggestion of the majority of the Joint Economic Committee or tell us why they have not.

That seems to me to be a reasonable request to pass on. I appreciate your position, but will you be able to pass that onto your colleagues?

Mr. Hayes. I would be glad to try to pass that on, Mr. Reuss.

Representative Reuss. Thank you very much.