A meeting of the Board of Governors of the Federal Reserve System with the Federal Advisory Council was held in Washington on Tuesday, June 6, 1939, at 10:15 a.m.

PRESENT: Mr. Ransom, Vice Chairman
Mr. Szymczak
Mr. McKee
Mr. Davis
Mr. Draper

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary
Mr. Clayton, Assistant to the Chairman
Mr. Thurston, Special Assistant to the Chairman
Mr. Wyatt, General Counsel
Mr. Smead, Chief of the Division of Bank Operations
Mr. Goldenweiser, Director of the Division of Research and Statistics
Mr. Parry, Chief of the Division of Security Loans
Mr. Dreibelbis, Assistant General Counsel
Mr. Leonard, Assistant Chief of the Division of Examinations

Messrs. Thomas M. Steele, Leon Fraser, Howard A. Loeb, T. J. Davis, Edward Ball, Edward E. Brown, Walter W. Smith, John Crosby, John Evans, R. E. Harding and Paul S. Dick, Members of the Federal Advisory Council representing the First, Second, Third, Fourth, Sixth, Seventh, Eighth, Ninth, Tenth, Eleventh and Twelfth Federal Reserve Districts.

Mr. Walter Lichtenstein, Secretary of the Federal Advisory Council

Mr. Ransom stated that Chairman Eccles had received a call to the White House and had requested that he be excused from attending this meeting.

Mr. Lichtenstein read the following letter which had been approved by the Council at its separate meeting this morning and addressed to the Board of Governors under date of June 6, 1939:

"In a letter addressed to the Secretary of the Council by Mr. Bethea, for the Board of Governors, on March 31, 1939, it was suggested that the Council expand its answer submitted to the Board on February 14 last to certain specific questions which had been propounded to the Council for consideration at the February meeting. These questions all had to do with certain administrative and practical functions of the System, grouped generally under the several headings: (1) Check Collection System, (2) Examination, (3) Reserve Requirements, and (4) Report Requirements. All these topics had developed out of prior reports and statements made from time to time by the Council to the Board as the result of the topic originally submitted by the Board in December 1937 entitled: 'How can the Federal Reserve System increase the value or scope of its services to member banks in practicable or desirable ways?'

"Upon the submission of this question, the Council at once undertook what it believed to be a reasonably comprehensive survey of the opinions and suggestions of member banks throughout the country. Although, for reasons not now important, no data was obtained from some of the districts and the surveys in some districts were much more satisfactory than in others, the Council did succeed in obtaining the confidential opinions of a large number of banks which it felt were extremely valuable and probably fairly representative of a cross section of nation-wide views upon this important and interesting question. These various replies were carefully tabulated and digested, and were presented to the Board on May 17, 1938, but without opinion of the Council as to the soundness or unsoundness of the varied and sometimes conflicting points of view which were expounded.

"Thereafter, on August 3, 1938, the Board asked the Council for a statement of its own views in regard to the problems discussed by the various banks which had sent in replies. In the effort to comply with the request, the Council made a careful re-examination of the material "which had been submitted, selected what seemed to it to be the more important of the problems and, after prolonged discussion, agreed upon a reply which was submitted to the Board on November 29, 1938.

"Subsequently, on January 3, 1939, the Board, through its secretary, submitted a request that the Council answer certain specific questions placed before it, giving its own views upon each of the several matters. The Council responded by another full discussion during which it made every possible effort to agree upon answers which represented the unanimous views of the Council's membership, but as the questions were all, or nearly all, questions of administrative policy or mechanical procedure, it endeavored to make its answers brief and concise. In developing these answers it became obvious that many different points of view are held as to the reasoning upon which the several conclusions are reached. It is believed that this is inevitable in any gathering of representatives of banks from different sections of the country where different conditions and customs prevail, where banks of different size and types prevail, and where competitive conditions vary widely. Therefore, it was impossible for the Council to agree unanimously upon identical reasons for its conclusions upon a number of the answers submitted and it is not believed that further deliberation will result in any greater agreement as to reasons, even though the Council had no difficulty in unanimously agreeing upon its conclusions.

"It is therefore, respectfully requested that the Board excuse the Council from further consideration of this topic as a whole, although it will now, or at any time, gladly undertake to consider and reach conclusions upon single and specific questions upon any topics which the Board may desire to place before it."

In connection with the above matter Mr. McKee inquired as to the basis for one of the answers of the Council that as much discretion and authority should be given to the examining departments of the twelve Federal Reserve banks as is given by the office of the Comptroller of the Currency to its chief national bank examiners. President Smith replied that the suggestion had come to the Council in the comments received from banks. Mr. McKee then said that he would like very much to be advised as to what could be done further to decentralize examination procedure in the Federal Reserve System and for the information of the Council pointed out that practically all letters with respect to matters in connection with examination reports of national banks are written in the office of the Comptroller of the Currency in Washington and that representatives of national banks frequently find it necessary to come to Washington to discuss matters with the Comptroller of the Currency, whereas letters in connection with reports of examination of State member banks are written at the Federal Reserve banks and whenever State member banks wish to discuss matters with the representatives of the Federal Reserve System they almost without exception take such matters up with the officers of the Federal Reserve bank of their district.

Mr. Ransom suggested that Mr. Lichtenstein review the letters received by the Council from banks and advise the Board by letter of the number of banks which felt that the examining departments of the Federal Reserve banks did not have as much discretion in connection with examination matters as do chief national bank examiners and the reasons given by the banks for this opinion.

Mr. Lichtenstein then read the following statement approved by the Council at its separate meeting this morning:

"At the meeting of the Federal Advisory Council "with the Board of Governors of the Federal Reserve System held on February 14, 1939, the Council submitted a resolution expressing the opinion that many of the fundamental effects of the continuing 'cheap money' policy have not been fully appreciated and recommending that the Board conduct a study of the long range consequences of this policy upon the accumulation and investment of the savings of the people, and upon the financial structure of the country, with especial reference to its effects upon the maintenance of a sound banking system.

"At that meeting some members of the Board informally expressed regret that the Council had not made its recommendation more concrete. Other members expressed doubts whether any such special study as recommended would add to the knowledge already possessed and constantly being acquired through the medium of current studies now being made not only by the Board but by other official bodies. In a letter from the Assistant Secretary of the Board to the Secretary of the Council dated March 31, 1939, the latter view was formally expressed and the Council interprets this letter as meaning that the special study recommended is not to be undertaken.

"In this situation, and in view of what the Council believes to be the dangerous condition toward which the country appears to be moving, the Council conceives it to be its duty to place formally upon the record its general opinion concerning the results of the 'easy money' policy to date and some of the probable results of its further continuance.

"The so-called 'easy money' policy has been followed since 1929 upon the theory, as the Council understands it, that 'easy money' would act as a stimulant to business and that it would cause business to borrow and impel banks to lend. It has done neither; but it has done and is doing undeniable economic injury to the whole savings class of the American people.

"The Council believes that the 'easy money' policy, through its failure to bring to the banks normal rates on their loans and investments, is tending to weaken the capital position of banks and is encouraging an essentially unhealthy position of the bond portfolios of the banking system through its inducement toward lengthened maturities at progressively lower rates.

"In addition the Council believes that the operation of the 'easy money' policy, by lessening the current cost "of Government financing, has made the people, and even Congress itself, indifferent to the steadily mounting government debt and is tending to create illusions as to the eventual burden of carrying a constantly increasing debt.

"It has become evident during the past two or three years that the cumulative effect of the policy in question is profoundly and adversely affecting that large group of industrious and thrifty persons who are, by virtue of their character and habits, the backbone of the country's social and economic structure. Steadily they have seen the returns on their accumulated savings decrease as savings institutions, faced with constantly diminishing earnings, have been forced, step by step, to decrease the rate of interest paid on savings deposits. Steadily, year by year, they are meeting increased discouragement in their attempts, through the purchase of life insurance, to provide for their own old age and for the protection of their families, as the cost of insurance slowly mounts and as the dividends payable on policies steadily diminish. Schools, colleges, churches, hospitals and educational and charitable institutions of all sorts see the returns on their accumulated endowments constantly lessening, the salaries of their staff members reduced and their promotions delayed, services to students, patients and dependents curtailed, and more and more of the functions which are normally and most efficiently performed by private or semi-private agencies necessarily taken over by public boards at the expense of the taxpayers unless essential social needs are to be neglected.

"So far as the banking system is concerned, the Council recognizes that it is only a part, but an essential part, of the economic structure taken as a whole. It believes, nevertheless, that the time has come to face squarely the fact that the entire banking system is confronted with a distinct menace to the soundness of its capital structure through the continuation of an abnormally 'easy money' policy. A prolongation of this situation threatens the existence of private banking and with it the whole system of private enterprise.

"The Council is not unmindful that the long continued 'easy money' policy has created a condition, the correction of which can only be gradually attained. But it is now a serious problem portending critical consequences. The Council, therefore, urges upon the Board as one of "the greatest single services which it can render to the country as a whole, the modification of the policy of extreme 'easy money'."

Mr. Ransom asked what policies of the Government the Council felt were primarily responsible for existing money market conditions.

President Smith called on Mr. Steele to reply to Mr. Ransom's question and Mr. Steele stated that, not expecting to be called on, he had not prepared a reply, but that he did not think in the present situation the Board could confine itself to the specific matters under its jurisdiction and that in the past members of the Board had expressed themselves on matters of important national policy. He stated that the Board could take definite action in connection with (1) open market operations and could allow short-term securities in the System portfolio to run off, (2) changes in reserve requirements of member banks and (3) exercising its influence on legislation. He suggested that the Board recommend the termination of the power of the President to further devalue the dollar. He felt that nothing would be more effective to create confidence on the part of the public than the resumption of the coinage and circulation of gold and an assurance to the public that there would be no further devaluation of the dollar. He felt that the System should use its prestige to bring these things about.

Mr. Loeb, in response to a request of President Smith, stated that he concurred in Mr. Steele's views. He also said that the Council's statement was intended to suggest a change in the present trend rather than a substantial change upward in existing rates. He said that the basis of the economic system was the confidence of the elements making up the system and that when confidence was lacking an orthodox easy money policy would not work. He felt that a change in the present trend did not necessarily mean an increase in existing money rates, although that would result in time, but that if the direction of the trend could be changed many of the necessary corrections would be accomplished gradually.

When asked by President Smith for his comments, Mr. Fraser stated that it was generally felt, perhaps erroneously, that the Federal Reserve System was lending its influence on the side of the continuation of the abnormally easy money conditions and that any indication on the part of the Board, however slight, that would tend to correct that impression would have a very important effect. He said that if the System should sell as much as $100,000,000 of long-term securities from the System account or allow some bills to run off without replacement it would have a very beneficial effect. He referred to the agreement between the British Treasury, the Bank of England, and English commercial banks that the banks will not bid less than 1/2% for British Treasury bills as a recognition of the fact that the Government should not continue to borrow at the lowest possible rate. He thought that the System might influence the Treasury to withdraw the deposits maintained with commercial banks and that, while it was difficult to say how effective a policy of gold desterilization would be when forces beyond the control of the System had created the existing situation, the System could use the powers it has to reverse the present trend. He felt that this latter point was of considerable importance and that it would be more effective than anything else to prevent the undesirable movement toward lower rates.

In connection with Mr. Fraser's comments Mr. Ransom referred to the action taken by the Board in 1937 in increasing reserve requirements and to the view which had been expressed in some quarters that this action was a contributory cause of the decline in business activity that later developed. He stated that while this was not his opinion he wanted to raise for discussion the question of whether the Board should take action for the purpose of reversing the present movement of rates at this time, when there is no indication of undue expansion, and business conditions did not improve during the remainder of the year it might again unjustifiably be held responsible for such a decline in business activity as might result from other causes.

With respect to the suggestion that desterilization of gold imports be resumed, Mr. Ransom raised the question whether the System should take the position of recommending that the Treasury engage in a major central banking function and said that the existing condition of divided responsibility in the monetary field had led him to concur in the recommendation of the Board that Congress study the entire matter. He said that all of these problems raised important questions that he felt could be solved most effectively by a study where they could be discussed and responsibility allocated to the proper units of Government for their solution.

Mr. Loeb said that the Board alone could not be completely effective in correcting the existing situation but should have a plan on which it must obtain the cooperation of other Government agencies and that what the country needed was an indication that the collective opinion of the Board had changed and that it would devote itself to some reversal of policy.

Mr. Ransom responded by saying that it appeared that the Board was being called upon more and more to produce results by rhetoric and what might be called psychological action and that he doubted the wisdom of any central banking agency trying to influence the monetary and credit situation in that manner.

Mr. Brown stated that he felt that action by the System in the nature of allowing a large part of the bills in the System account to run off or the sale of $100,000,000 of bonds from the account would be accepted by the entire banking and financial community as an indication that the Board wanted to stop the policy of extremely easy money, that other possible actions might be difficult to explain at this particular time, that any action taken should be a very gentle action at the beginning with a statement regarding the action, and that there were several actions which, while not having a marked effect on money rates, would check the continued tendency of increasing prices for long-term Government securities. While he did not agree that gold should be returned to circulation he felt the withdrawal from banks of Government deposits would have a very powerful sentimental effect.

In connection with the latter point it was stated that this matter had been discussed with the Treasury from time to time and that the Treasury now has a policy of withdrawing such deposits on request.

Following a comment by Governor Davis that an increase in money rates might precipitate a general selling of Government securities, Mr. Loeb suggested that it would be better to have a gradual adjustment of security prices from their present high levels than to have a drastic adjustment later which might be disastrous.

Mr. McKee suggested that members of the Council express any opinion that they might have with respect to allowing bills in the System account to run off and the gradual sale of bonds from the account and whether the present is the proper time for such action. Mr. Ransom suggested that in the discussion of Mr. McKee's question the members of the Council bear in mind that, as long as member banks have constantly increasing excess reserves resulting from gold imports, the important question before the System was whether there was any action that it might take effectively to meet this situation. He also suggested that before the opinions of the members of the Council were given, Mr. Goldenweiser make a general statement with respect to the timing of a reduction in the System open market account.

Mr. Goldenweiser stated that the prevailing excessively low short-time money rates were a reflection of fundamental conditions, which could not be corrected by attempts to cause some rates to become a little firmer.

He said that the reasons for the present money market situation were (1) the country had changed from a debtor to a creditor nation, from an expanding economy to one that for the time being was resting on its oars, with the result that the accumulating savings of the people were not finding adequate outlets and were exerting a downward pressure on money rates; (2) private business had not functioned satisfactorily and had collapsed in the early thirties, so that the Government was under the necessity of spending a lot of money and creating a vast amount of deposits through the sale of securities to banks, with the result that the volume of bank deposits is now the largest in the history of the country; and (3) because of disturbed world conditions, tremendous amounts of gold had been sent to this country and had furnished a basis for a possible expansion of credit far beyond any reasonable requirements of business. A minor but substantial additional reason had been the silver policy. In view of these conditions he did not think the Federal Reserve System alone or in cooperation with the Treasury could do anything that would increase money rates to any material extent and that the only circumstances that would bring this about would be the revival of business and investment by the public in new and existing enterprises.

He expressed the opinion that what is commonly termed the easy money policy of the System has not been an active policy for five or six years. The System actively pursued an easy money policy beginning in 1932 in order to help the banks get out of debt and to build up a moderate amount of excess reserves by the end of 1933, but since that time the System had not pursued an active policy for the reason that conditions which developed subsequent to that time and which resulted in further ease in the market had carried the situation beyond the System's control. He said that the only important policy actions taken by the System since 1933 were the increases in reserve requirements of member banks in 1936 and 1937. At the same time the Treasury was sterilizing gold. These policies were intended to place the Federal Reserve System in a position to control an injurious credit expansion if one should develop. Since a substantial volume of excess reserves remained throughout the period, it was not a policy of restraint, but a preliminary precautionary action to bring the System in touch with the market. The action taken by the Board in 1938 to reduce reserve requirements was taken as a part of a general program in the face of declining business activity and, in his opinion, with full realization that the reduction did not make any particular difference in view of the large amount of excess reserves that had been created.

With that background, he said, the minor things that might be done in the System portfolio would not bring about a condition in which the banks would be able to lend or invest at rates that would seem reasonable to them. Banks suffer from nostalgia for the good old times when they were besieged by borrowers, when they could pick and choose, and could charge rates that assured good returns. Such a condition will not return, he thought, until the business picture assumes a different complexion than it has today. He said that if the entire System portfolio were disposed of - which was something the Council would not recommend - it would absorb only a part of existing excess reserves leaving a balance of approximately $1,500,000,000, and that with continued gold imports it would be only a year or two before the volume of excess reserves would be once more at the point where it is today, and, incidentally, the System would be deprived of its ability to do anything in the future to affect the situation and would have no source of income with which to pay its expenses. Lack of expense money for the System, he said, would mean loss of all semblance of independence.

He felt that the present was a phase in the development of the country when it was not possible by monetary action to accomplish any considerable results and that the real problems lay outside of any minor actions that the System might take. If that were recognized, he said, and money and credit were placed in their proper perspective in our thinking there would be more likelihood of a united front in the consideration of the fundamental problems of the country.

When we think of interest rates today and what we can do about them, he concluded, we are focusing our attention on things that are symbolic of the existing situation, that reflect it rather than cause it, and cannot be remedied independently of it.

Additional statements were then made by members of the Council in response to the question asked by Mr. McKee.

Mr. T. J. Davis said that, while action allowing a portion of the bills in the System account to run off would not affect the existing situation greatly, he felt the sale of bonds from the account if pursued rapidly might produce panicky selling of Government securities by banks and other holders and for that reason would be undesirable. He said the Government securities market was being closely watched by investors and it would be very easy to create a precipitous selling of securities.

Mr. Fraser expressed the opinion that the System should allow bills in the System account to run off without replacement as an indication of a view that the existing situation is abnormal and the System was acting to stop the downward trend of money rates. He also said he would like to see a moderate selling of long-term bonds from the System account since he did not anticipate that the consequences of such action would be as suggested by Mr. Davis, and that he thought it would be a desirable thing if the current prices of Government securities fell as much as two points. He added that the System's failure to take any of the actions that are within its power to stop the present trend, is being interpreted as an indication that it favors the continuation of existing abnormal money market conditions. In response to a question, Mr. Fraser agreed that the existence of a larger amount of bills in the market would be a desirable thing.

Governor Davis stated that the System had suggested to the Treasury several times that a larger amount of bills be issued and that the members of the Council might make a similar recommendation.

Mr. Harding felt that a moderate run off of bills in the System account would not affect the market to any considerable extent and that while the sale of bonds might result in a temporary selling of long-term bonds the banks would purchase the short-term securities sold by the System which might result in a healthy readjustment between short- and long-term rates.

Mr. Crosby concurred in the views expressed by Mr. Fraser.

Mr. Evans said that in his opinion it was the responsibility of the System to represent the interests of its member banks and to use its influence with the Treasury and other Government agencies to place some slight and gradually applied brake to the existing trend toward easier money rates which threatens the long range solvency of the member banks. He felt that if bills in the System account were allowed to run off to some extent such action would have little effect but would be interpreted as a protective action, that the solvency of the banks was a very important factor in the situation, and that the problem should be considered by the System from that point of view. He suggested that precipitate action would be more harmful than no action, but that some slight change in the direction of the tendency would be interpreted by the entire country as a warning and an attempt on the part of the System to put a bottom on the current movement of rates. He added in response to a question that gold sterilization would be a wise step and further that if the System does not have authority to effect a general reversal of the present trend of money rates it should meet with the other agencies of Government and as a representative of the member banks seek a means of taking the necessary action. He also expressed the opinion that the purchase of foreign silver was an unwise thing and that the authority of the Government to issue $3,000,000,000 of greenbacks should be terminated. He concluded with the question whether if the interests of member banks are at stake it is not the responsibility of the Board to take a definite position to protect those interests.

Mr. Steele doubted that action to reduce the System portfolio would have a bad effect but felt that it would be effective in preventing a further rise and would constitute a warning which he felt would be salutary. He said that, while a few banks might have difficulty if the Government securities market should decline somewhat, most banks had sufficient appreciation in their investment accounts to take care of a moderate reduction.

Mr. Dick said the market was very sensitive and that any action by the System to reduce its holdings of securities would have an effect on the market. He also said that there would be a drop in the prices of Government securities, especially the longer ones, which might have a good effect in that it would require bankers to watch their investments more closely. He referred to the large increase in deposits in his bank over the recent period and stated that these funds had been invested to an increasing extent in Government securities, that any recession in current prices would affect the portfolio of the bank, but that he did not think a drop in the price of long-term securities of a point or two would be at all serious. He made the further statement that the problem should be carefully considered by the Board in cooperation with the Treasury as the situation was developing to a point where it was fraught with a great deal of danger.

Mr. Ball said that allowing short-term securities in the System account to run off would not seriously affect money rates, that such action would affect quotations on long-term Government bonds, and that the existing rates were the result of conditions beyond the control of the Board. He added that as long as there was an unbalanced budget and deficit financing he did not see how it would be possible to bring about anything other than easy money conditions and that if the Board had taken action to create anything other than an easy money situation it was conceivable that Congress would have abolished it. He felt that the most encouraging development recently was the statement of the Secretary of the Treasury with respect to revision of the tax laws to permit private enterprise to function and that as long as the Government takes as taxes such a large proportion of the profits of business he did not see how private industry could function properly in competition with the Government. He added that if the Government would reduce its costs and adjust the tax laws, private industry would function and money rates would rise.

Mr. Loeb said that what he had in mind was not to turn the tide back but to prevent it rising further to a point where it could be destructive. On the matter of timing, he said, it was his experience both in public and private affairs that the time for action never appears to be completely appropriate and that if the System should wait until what appears to be the proper time for action no action would be taken. With respect to the effect of a reduction in the System account on the Government securities market he felt that the present situation would have to be reversed some day and that it would be more comfortable to make the change by small steps than by large ones.

Mr. Brown felt that in banking psychology plays a very important part, that many bankers were buying bonds because they thought prices were going higher and that if they had any idea that the Government or any agency thereof was not in favor of a continuation of the policy of the lowest possible money rates, they would either not buy bonds or sell some of their present holdings and would operate with larger excess reserves. He said that the bills in the System account should be allowed to run off to the extent of approximately 50% of maturities, and that the effect of that action on the minds of the bond dealers and banks would result in a check on the rise in bond prices which in his opinion would be a desirable thing.

Mr. Smith expressed the thought that no harm whatever would result from allowing bills in the System account to run off, that such action should be taken, and that it would also be helpful to sell some of the long-term securities in the account. He advanced the opinion that if war should break out the resulting drop in quotations on Government securities would break most of the banks in the United States. On the other hand if action could be taken to reduce present prices of Government securities from two to four points it would not be harmful to banks unless they had taken profits on securities and had reinvested at current levels.

Mr. Ransom stated that advice had been received by the Board that the subcommittee of the Senate Committee on Banking and Currency had favorably reported to the full committee the bill (S. 2150) introduced by Senator Glass to amend Section 8 of the Clayton Act to extend the time within which interlocking bank directorates which were lawfully in existence at the time of the passage of the Banking Act of 1935 would have to be terminated.

Mr. Ransom also said that the bill (S. 1886) to amend section 22(g) of the Federal Reserve Act to extend the time within which loans to executive officers of member banks made prior to June 16, 1933, could be renewed or extended, had passed the Senate and that the Banking and Currency Committee of the House of Representatives had authorized the chairman of the Committee to report the bill out with two changes which would (1) eliminate the provision for amortization and increase the period of extension from three to five years, and (2) add a section for the purpose of repealing paragraph 1 of subsection (y) of Section 12B of the Federal Reserve Act which requires that State banks with average deposits of $1,000,000 during the calendar year 1941 join the Federal Reserve System in order to continue to have their deposits insured after July 1, 1942. Upon inquiry whether the Board would take any action with respect to the change last referred to, Mr. Ransom stated that the Board had not had an opportunity to consider the matter but that if the study which the Board had recommended be made was undertaken by Congress the matter could be considered at that time.

Mr. Lichtenstein read a draft of statement which had been prepared by the Council at its separate meeting with respect to the Mead

Bill (S. 2343) relating to industrial loans, and President Smith said that the statement was not in final form and that the Council would like to have any suggestions that the members of the Board might have to make with respect thereto with the understanding that the Council would meet again following this meeting for the purpose of considering the statement further. The last paragraph of the draft of statement contained a request that a copy thereof be sent by the Board to the subcommittee of the Senate Committee on Banking and Currency which was considering the bill. During the ensuing discussion of the draft of statement and the general question of industrial loans it was stated for the information of the members of the Council that the Board of Governors as such had not taken a position on the Mead Bill. At the conclusion of the discussion the meeting adjourned.

Chester Morrill
Secretary.

Approved:

Ronald Ransom
Vice Chairman.