A meeting of the Board of Governors of the Federal Reserve System with the Federal Advisory Council was held in the offices of the Board of Governors in Washington on Tuesday, April 27, 1948, at 10:30 a.m.

PRESENT: Mr. McCabe, Chairman
Mr. Szymczak
Mr. Draper
Mr. Evans
Mr. Clayton

Mr. Carpenter, Secretary

Messrs. Spencer, Burgess, Williams, McCoy, Fleming, J. T. Brown, E. E. Brown, Penick, Atwood, Kemper, Woods, and Odlin, members of the Federal Advisory Council from the First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth, Ninth, Tenth, Eleventh, and Twelfth Federal Reserve Districts, respectively.

Mr. Prochnow, Secretary of the Federal Advisory Council

At the separate meeting of the Council on April 25, 1948, the resignation of Mr. Lichtenstein as Secretary of the Council was presented and accepted, and Mr. Prochnow was elected to succeed him.

Before this joint meeting, the Federal Advisory Council approved statements with respect to the matters which were to be discussed with the Board of Governors and yesterday copies of these statements were furnished to the members of the Board for consideration in accordance with the procedure agreed upon by the Council and the Board on December 3, 1946. At this meeting the discussions with respect to the topics were substantially as follows:
1. It is understood that the Federal Reserve System is now considering a program of allowing, first, immediate credit on all sendings to the Federal Reserve System of transit items, regardless of the number of days it may take to collect either by air mail or train, and second, the possible elimination of sorting transit items by reserve districts and direct sendings to the Federal Reserve banks and their branches. These procedures, if contemplated, involve important changes in the functioning of the banking system, and it would be most desirable for the Board of Governors and the Council to discuss them.

In relation to the first part of this question, the Council wishes to restate its position as expressed on page five of its memorandum to the Board of Governors on November 18, 1947, as follows: "No changes in the check collection processes should result in making items available sooner, on the average, than the period required for their collection. For example, for the Federal Reserve Banks to make all items immediately available would be unsound, as it would make funds available when they were not actually collected. It would be the equivalent of granting a loan without interest and of paying a cash subsidy for deposits in the Federal Reserve banks."

Also, adding the amount of float to bank reserves would be inflationary. Such an unrealistic banking practice invites abuses.

President Brown stated that this matter had been placed on the agenda again at the request of one of the members of the Council and that the Council was of the opinion that a policy of giving immediate credit for all cash items would be subject to certain abuses for the reason that banks which were associated in one way or another could maintain a continuous float by what would amount to a kiting of checks. He added that the Council felt strongly that the practice was entirely unsound for the reasons stated above and that the action would be inflationary and should not be taken at this time. With respect to the
second part of the topic President Brown said that the problem of sorts was not a matter which the Council should take up with the Board as it was a technical problem which affected different banks differently, and in the interest of efficiency and effective operation it would be well if changes of this kind were discussed with the Bank Management Commission of the American Bankers Association and also with bank officers who have responsibility for the operation of the transit departments of the larger banks. He also referred to the discussion of this matter at the meeting of the Council with the Board of Governors in November of last year and stated that the Council would be glad to have any comments that the Board might wish to make.

Chairman McCabe stated that when the Committee on Correspondent Bank Relations of the Reserve City Bankers Association was in Washington last January for an informal conference with members of the Board's staff, the Committee was assured that no decision had been reached to give immediate credit or further to reduce the number of sorts, that before such a decision was reached the whole question would have to be canvassed with the Federal Reserve Banks, and that if such a decision were made it would take the Federal Reserve Banks at least a year or two to make the necessary changes in organization and equipment to put such a plan into actual operation. He also said that, as stated at the meeting with the Council on November 18, 1947, the Council would be given an opportunity to express its views before such a change were made.
President Brown stated that in these circumstances there was no need for further discussion of the matter with the Board at this time.

2. In view of the change in the Government's budgetary prospect which will considerably reduce further retirement of marketable debt and which may mean a cash deficit, what should be the System's recommendation as to types of securities (maturities, yields, eligibility) that should be offered by the Treasury for refunding or for new money?

The Council does not believe it can be assumed that the budget will show a cash deficit. There is as yet no conclusive evidence indicating the direction of the economic trend in the coming months. As to new issues, the following comments are made:

- A. The basic principle to follow is that as much as possible of the short term debt should be funded into securities which will be purchased and retained by non-bank investors.

- B. The markets will not now absorb large amounts of non-eligible securities. However, the Federal Reserve System should sell bonds out of its portfolio, at or near present prices, whenever there is a demand in the market for them.

- C. Emphasis should continue to be placed upon the sale of E, F, and G bonds, and the amount of F's and G's which an investor may acquire should be increased.

- D. Bills and certificates should be sold at slightly higher rates than now prevail as a means of selling to non-bank investors, reducing the incentive for banks to lengthen maturities and as a means also of keeping some pressure on credit.

President Brown stated that while the Council was in full agreement with the general policy of the Board during the last five or six months with regard to the types of issues that should be offered, it was felt that if the limit on the Series F and G bonds could be raised it would result in a substantial amount of additional trust and other funds being invested in these issues. In response to an inquiry from
Chairman McCabe as to how large an increase the Council had in mind, President Brown suggested an increase in the limitation from $100,000 to $200,000 or $250,000. He also said that the Council did not understand why pension trusts could not invest in these issues.

On the question of sales from the System portfolio, President Brown said that it was obvious that the System's holdings of bonds could not be sold while the market was at or near the support prices, but that it was the view of the Council that as the market moved away from these prices System holdings should be sold, and that if the rate on bills were allowed to move up slightly there would be increased interest in bill issues on the part of corporations and other nonbank holders. He added that the increase in the rate on bills and certificates was one of the important factors in the decision of banks to shorten rather than lengthen their maturities and that the psychological effect of a small increase in the rate, even if it were as little as 1/3 per cent, was important.

Chairman McCabe said that he assumed that when the Committee of the American Bankers Association on Government Borrowing (of which Messrs. E. E. Brown, Spencer, Burgess, and Fleming were members) met with the Secretary of the Treasury today at luncheon these points would be discussed and Mr. Fleming stated that that was the purpose of the meeting.

Chairman McCabe inquired whether an increase in the limit on the F and G bonds would result in the sale of long-term market issues to provide funds for the purchase of F and G's and it was the view of
the members of the Council that it would not. Mr. Burgess stated that another reason for increasing the limit on the F and G bonds was that it was going to be difficult to make a success of the current savings bond drive and that an increase in the limit would be helpful in that direction.

In response to an inquiry by Mr. Szymczak, members of the Council made it clear that the suggestion contained in paragraph A above was not intended to propose that maturing short-term securities be refunded into long-term restricted issues but rather the sale of nonmarketable issues and the use of the proceeds to retire short-term marketable securities, and that if the rate on bills and certificates were increased further, more of these issues could be placed in the hands of corporations and other holders. They also said that a year ago the Council advocated that the Treasury issue a long-term 2 1/2 percent bond, which was done, that that issue absorbed the funds available in the market for such investment, and that it would not be possible to sell a new long-term issue at this time.

President Brown said that the Council assumed that there was no fundamental difference between the Council and the Board on these points, and the members of the Board indicated that as they understood the situation there was none.

3. What should be done in the monetary and credit field to counteract the inflationary pressures that may be created by the new defense proposals and the world aid program?

The balance between deflationary forces and inflationary forces is not yet clear. As recently as thirty days ago, the deflationary factors were in the ascendancy. It is too early
to determine whether the new defense proposals and the increase in the program for world aid will lead to a resumption of inflationary forces. Until the trend is clearer, it would not appear necessary or wise to give the Federal Reserve System added powers to increase banks' reserve requirements. The very granting of such powers might in itself have injurious deflationary effects. If the armament program is expanded beyond present estimates, it may require added amounts of bank credit rather than less.

In the meantime the powers which the System and the Treasury already possess, without new legislation, are large. The Board has the power to raise the discount rate, which is an effective method of calling public attention to the desirability of checking credit expansion. The Reserve System has recently demonstrated that through relatively slight changes in open market policy it can greatly influence bank operations, the security markets, and business. Although the Board has raised the reserve requirements of the central reserve city banks from 20 to 22 per cent, the Board still has the power to increase these particular reserve requirements to 26 per cent.

Many foreign nations have given up large amounts of gold reserves in the past year or two, so that our gold imports in the immediate future are unlikely to be as large as they have been. Moreover, the Open Market Committee may sterilize gold imports by selling United States securities or letting them run off without replacement.

The recent trend in bank loans has demonstrated that the banks generally are following a cautious and conservative loaning policy.

President Brown stated that the above comment of the Council was the result of a discussion lasting the greater part of the first day of the Council's separate meeting and that the Council was unanimous in the view that additional powers to increase reserve requirements of banks should not be granted by the Congress at this time. In that connection he referred to the uncertain conditions existing when the Council met in November and developments since that time and stated that no one could say today with assurance that the armament program would dampen the recession or whether it would overcome the deflationary
forces and start the inflationary spiral upward again. He also said that some members of the Council felt that the decline in prices and business activity could continue in spite of the armament program particularly if that program were limited to expansion in aircraft production, guided missiles, and atomic research and if it did not involve an expenditure of more than $3 or $4 billion. He added that, in these circumstances, it was felt that to ask Congress to grant authority to increase reserve requirements, whether in the form of the special reserve plan or an increase in existing primary reserves, would have an immediate injurious deflationary effect at a time when it was not yet apparent which way the economy would go. Furthermore, he said, it was understood that it was planned in a general way to finance the armament program through private credit sources—if need be by reviving the Regulation V procedure—and that if that were done it would not be desirable to increase reserve requirements. He made the further comment that an additional objection was that such an increase would reduce the earning power of banks and their ability to attract new capital and would encourage them to take greater risks in order to obtain higher rates. If the increase resulted, he said, in higher rates on real estate and veterans' loans and on loans to small business there would be increased pressure, which Congress could not resist, to have the credit extended by Government agencies at a lower rate. He went on to say that the Council was in full agreement with the Board that one of the most inflationary factors in the whole situation was the present policy with respect to real estate financing, most of which
as regards new loans was guaranteed by the Government, but that be-
cause of the low rate these loans were not attracting bank funds and
there were proposals before the Congress to establish a secondary
mortgage market, particularly for veterans' loans.

If, he added, the inflationary spiral should begin to move
upward with any rapidity some months hence, the Council would be pre-
pared to reexamine the question with a clean mind. He also said that
it was realized that this was an election year and Congress might ad-
journ, but that it was understood that the present plan of the Con-
gress was to recess for the conventions so that it could reconvene,
if necessary, before the end of the year, and that, therefore, it was
likely that the matter could be reconsidered at this session before
the new Congress convened.

Mr. Burgess outlined the reasons why he thought the present
situation differed from 1940 when the Council joined with the Presidents
of the Federal Reserve Banks and the Board of Governors in recommending
that authority to raise reserve requirements be increased. He also
stated that if he felt the System did not have sufficient authority to
deal with any situation that might arise, he would not take the posi-
tion that existing authority should not be increased, but that in his
opinion the System did have adequate authority because it had been
demonstrated that very modest changes in policy had a tremendous effect
on the thinking of banks and business men. Therefore, he believed that
the situation could be handled under existing powers even if it became
quite severe and that only if it became a "runaway" situation would he
favor any change in the System's authority.
Following a brief discussion of the possible gold inflow during the next year or two and the action that might be taken to offset the effects of the movement on member bank reserves, President Brown called on other members of the Council for their comment.

Mr. Woods stated that the December 24 action of the System in lowering support prices of Government securities had a very marked effect in cooling the enthusiasm of those who had made plans for expansion, particularly those who had invested their funds in Government securities. He also said that banks of the size of his felt that it would be damaging to call for higher reserves unless it was absolutely necessary to do so and that the situation was being handled very well in response to the American Bankers Association's program for curtailing nonproductive loans. He added that if authority were given for further increases in reserve requirements it would be equivalent to raising them because any careful banker would get his institution in a position to meet the new requirements when they were called for. Even discussions about a possible increase, he said, had caused the banks to do a lot of thinking about it and they had shifted long-term securities into shorter maturities as his bank had done.

Mr. J. T. Brown expressed the opinion that there were two objections to granting additional authority over bank reserves. The first was that if it were applied to nonmember banks it would do serious injury to the relations of the System with these banks at a time when everything should be done to sell the System to the banks that had not become members for reasons which, in his opinion, were entirely justified. He said that to give the System authority to
about double reserve requirements of nonmember banks at this time would be like "waving a red flag in my territory and would be equivalent to starting a revolution". Mr. Brown's second objection was that an increase in reserve requirements would result in banks attempting to maintain earnings by taking greater risks of a character that commercial banks should not take.

Mr. Szymczak commented that the problem of the nonmember banks would have to be faced whenever the question of further increases in reserve requirements was raised, and Mr. Brown stated that any such proposal would meet strong resistance from nonmember banks and he questioned whether the present was the time for the Federal Reserve System to waste its efforts in useless arguments on this point.

In connection with Mr. Brown's comments there was a question whether Chairman Eccles in his recent testimony before the Joint Committee on the Economic Report had advocated the granting of authority for the application of the special reserve plan as well as an increase in existing reserve requirements or whether the proposal was that one or the other be authorized. The members of the Council had interpreted his testimony as advocating the special reserve plan on top of the recommendation with respect to an increase in existing requirements. Mr. Fleming read from Mr. Eccles' testimony on this point, including his statement that the increase in existing requirements might be to 25 per cent for country banks, 30 per cent for reserve city banks, and 35 per cent for central reserve city banks.

Members of the Board made it clear that the Board's proposal was an increase of 10 per cent on demand deposits and 4 per cent on
time deposits with the special reserve plan as a supplemental authority in the event banks should persistently follow the practice of selling Government securities to the Federal Reserve Banks in order to expand private loans.

Mr. McCoy made the point that the banks outside of New York and Chicago had to maintain large balances with their correspondent banks in order to be in a position to provide the services expected by their customers; that required reserves, balances with correspondent banks, and cash in vault amounted to between 40 and 45 per cent of the bank's deposits; and that if existing reserve requirements were raised 10 percentage points it would mean that 50 per cent or more of the funds of banks outside of New York and Chicago would be immobilized.

Chairman McCabe inquired whether a straight increase in existing reserves or the special reserve plan would be more onerous, and Mr. McCoy replied that there were banks which did not have sufficient securities to meet the special reserve plan and would have to liquidate loans in order to purchase the securities that would be required.

Mr. Odlin suggested that the System should stop looking so closely at charts and try to see bank loans for what they were. He stated that if the banks were put in a strait-jacket in search for a theoretical cure of a disease, it would be damaging to the country. He also said that the question whether the special reserve plan or an increase in existing reserve requirements was preferable was like asking a man whether he would prefer to have his right or his left leg.
amputated, and that in his opinion there was no justification for increasing the System's authority to raise reserve requirements. He was of the opinion that the banks were not overloaned, that speculative loans were not being made, that there was no time in his experience when the banks had been more careful in their credit policies than they were at the present time, and that if that were the case he would like to know why we should strait-jacket the banks for an academic theory.

Mr. Kemper stated that he was agreeably surprised yesterday when Mr. Young, Associate Director of the Board's Division of Research and Statistics, told the Council that the indications were that the inflationary pressures would be moderate for the next 12 months. In these circumstances, Mr. Kemper felt it would be desirable to postpone authority to increase reserve requirements until such time next year as the trends could be determined. With that in mind, he was of the opinion that the current discussions were germane to a period when it would be timely to consider such an increase, which was not now. He would defer the discussions until next year and felt that when the discussions were had they should refer to an increase in existing reserve requirements and not to the special reserve plan since the latter was subject to too much misunderstanding.

Mr. Williams stated that he did not know the history back of existing law with respect to member bank reserve requirements and that it would be very helpful if that information could be developed and action postponed until a study could be made of the problem in the
light of that information.

Mr. Penick suggested that in the absence of the program of the American Bankers Association to restrain speculative loans there would have been a substantial increase in bank loans during the recent period. He emphasized that for Congress to grant authority to increase reserve requirements would be the same as putting the increase into effect because the banks would immediately undertake to place themselves in a position to meet any increases that might be made under the authority.

Mr. Atwood expressed the view that the present requirement of the law which based reserve requirements on central reserve, reserve, and nonreserve cities was no longer realistic and that it was not logical to add an additional 10 per cent to these outmoded requirements.

In response to Mr. Szymczak's inquiry, Mr. Atwood stated that his suggestion was that the whole basis of bank reserves be revised and brought up to date.

President Brown inquired as to the reasons for the Board's recommendation that authority be granted to increase reserve requirements on time deposits from 6 to 10 per cent. Mr. Szymczak responded that it was for the purpose of maintaining substantially the existing relationship between reserves on time and demand deposits.

Chairman McCabe stated that recently an officer of a large bank stated that it was his opinion that the bank supervisory authorities were not as strong as they should be in their comments on the character
of loans banks were making. In response to Chairman McCabe's inquiry as to whether the Council was in agreement with that statement, Mr. Fleming commented that in the area surrounding Washington there had been a very marked change, beginning about a year ago, in the attitude of examiners with respect to the classification of bank loans and that in his opinion the present policy of the Comptroller of the Currency in that regard was "pretty stiff".

Chairman McCabe said that he was concerned because of the wide difference between the views of the Board and the Council on the need for authority to increase reserve requirements. He also stated that the Board had made a recommendation to the Congress which the Council felt was wrong, that he had very great respect for the views of both groups, and that he expected to be called before the committees of the Congress shortly and would like to have the views of the members of the Council as to what they would do if, not as a banker or as a member of the Federal Advisory Council but as Chairman of the Board of Governors, they were called to testify before a congressional committee in a period when the inflationary spiral had started up again.

President Brown questioned the assumption that the inflationary spiral would continue upward. Other members of the Council concurred in Mr. Brown's comment and there was some discussion of this point.

Reference was made again in that connection to the inflationary character of real estate financing, and Mr. Szymczak suggested that it would be helpful if the Council would adopt a statement which
the Board could send to the committees of Congress which were considering further housing legislation.

President Brown stated that he had presented the position of the Council on his appearances before congressional committees.

Mr. Fleming stated that, without intending to be critical of the Board of Governors or questioning its motives, he did not think the recommendation with respect to authority to increase reserve requirements, submitted by the Board of Governors to the Joint Committee on the Economic Report, should have been presented on the eve of Mr. McCabe's confirmation as a member of the Board.

Mr. Szymczak stated that the recommendation did not change in any fundamental way the position which the Board took in November, that Chairman Eccles had been asked by the Joint Committee to appear, that his appearance had been postponed for a week, and that the Board had no choice other than to appear. He also stated that the matter had been discussed with Mr. McCabe to ascertain whether he wished to join in the discussion and that he had felt that he should not do so until after his confirmation as a member of the Board.

Mr. Odlin stated that, in his opinion, one of the greatest services the System could render would be to get away from the thought that the only thing that could be talked about was bank reserves. In response to Chairman McCabe's inquiry as to what the System should do, Mr. Odlin said there was nothing the System could do because the origin of the inflationary situation was outside the sphere of the System's authority. He added that representatives of the System spent all their
time talking about bank reserves which in his opinion was not the answer, and that we could not counteract inflation by drying up credit that would be useful in the country.

Mr. Fleming stated that in the event of a war, suppliers of war materials probably would be financed largely by private bank credit and that reserve requirements should not be increased at such a time.

Chairman McCabe said that he was sending a letter to the Chairmen of the twelve Federal Reserve Banks stating that he expected to be called before the committees of Congress shortly on the question of credit controls and would like to have the benefits of the views of the directors of the Federal Reserve Banks. He also said that he would like to have the views of the members of the Council in the same connection.

In response to Chairman McCabe's request, Mr. Burgess stated that the Council had been doing a lot of thinking on the matter and that it appeared to him that in testifying before the committees Chairman McCabe would have three problems, (1) the economic problem, (2) the political problem, and (3) his position as titular head of the banking system of the United States. He said that the effectiveness of the banking system and its wholesomeness depended not only on laws but also on cooperation and leadership, that most of the bankers believed that Chairman McCabe's leadership had been accepted and that the banks of the country were ready to work together, and that his relationship to the banks was very important because the job to be
done could be done only if all parts of the banking system worked together. He felt that the weakness of the Board's position was its feeling that its powers were inadequate, and that the Board had "power running out of its ears" with which to handle any situation that might arise. He said that the Board's position grew out of the situation created by war financing and the feeling that that situation should not be changed. He did not believe, he said, in a natural market for Government securities or that the System should step aside, but he was firmly of the opinion that the Government bond market and the economic situation were so closely tied together that the System might not be able to do its duty without affecting that market. He added that the action taken on December 24, 1947, was an example of the kind of actions that the System might find itself being pushed into and that from the standpoint of economics nothing would be lost if the System delayed a decision on the question of additional authority over reserve requirements. On the political question, he said that Congress was talking about adjourning in June, that the chances of getting legislation on reserve requirements at the present session were very poor, and that to make a recommendation that legislation be enacted would destroy some of the System's influence in Congress and create dissension. On the third point he commented that a recommendation for even a modest increase in reserve requirements would jeopardize Chairman McCabe's potential leadership of the banking system. In direct response to Chairman McCabe's inquiry as to what the members of the Council would do if they were Chairman of the Board, Mr. Burgess said he thought it would be a very desirable thing to support the position
that the System had taken on rates as that was a sound position, that it was also very important to support the Board's position with respect to mortgage credit, but that on the question of an increase in reserve requirements he thought Chairman McCabe was thoroughly entitled to say what was the fact, that is, that that question was a controversial subject, that there was a difference of opinion among economists and between the Council and the Federal Reserve System, and that a decision on the question should be deferred.

President Brown referred briefly to conditions as he had observed them in Mexico earlier in the year in connection with the failure of the Mexican Government to meet its problems by a policy of high reserve requirements and high interest rates. He stated that he was one who felt that the Government securities market had to be supported, that a drop in the market to even 99 \(\frac{3}{4}\) per cent on long-term issues would have a tremendous effect on sentiment, and that Government issues could not be permitted to go to 90 or 85 without wiping out the capital of the banking system. He believed that the Government securities market should not be allowed to seek its own level and that if that course were followed it would be the end of the private banking system and result in a panic.

Mr. Evans stated that that was exactly the view of the Board.

President Brown also commented that he had felt that until last fall the support of the Government securities market was too rigid, that the December 24 action was highly desirable and had very beneficial
effects, and that a very small change in that field could make a very substantial difference. He added that he had argued that a very small increase in the discount rate could have very large psychological effects, and that he agreed fully with Mr. Burgess' suggestion that the position of the Board would be stronger if it would state that it felt there were sufficient powers left in the System to deal with any situation that might develop under any moderate degree of inflation that had been anticipated. He concurred in the suggestion made by Messrs. Williams and Atwood that an intensive study be made of how existing reserve requirements came into being because in his opinion the present basis was haphazard and had no application in the current situation.

Mr. Szymczak stated that such a study was being made by members of the staffs of the Board and the Federal Reserve Banks.

President Brown suggested that other ways might be found to approach the problem and that the present method of attempting to control the amount of bank loans and investments by changes in reserve requirements was not a satisfactory one, that he was particularly opposed to the special reserve plan, and that Mr. Sproul's statement in opposition to it was the most effective refutation of the plan that he had heard.

Mr. Odlin emphasized his feeling that if a policy were adopted which would restrict the availability of credit there would be an irresistible demand from the public that the credit be made
available through Government agencies and that if that were done the credit would be granted under conditions which would be more unsound than if the credit were extended through the banking system. Other members of the Council made comments indicating agreement with Mr. Odlin's statement.

Mr. Clayton asked if Mr. Odlin would imply by his statement that because of the demand for credit it would be futile at any time to adopt policies designed to restrict the availability of credit. Mr. Odlin responded in the negative stating that, however, if it were known that the authorities had strait-jacketed the extension of bank credit there would be a flood of requests for credit through Government agencies, and that as long as it was possible to say that the banking system was able to supply legitimate demands for credit there would be a defense against public insistence for the extension of credit through Government agencies.

Mr. Clayton stated that the Council had suggested that there was no occasion for further authority to control reserves because it was not likely that in the coming months there would be any need for such control, and also that if the armament program required additional credit there should be no additional controls because it would be necessary to expand credit. He questioned whether these two positions were entirely consistent.

Mr. Fleming stated that if substantial additional amounts of credit were needed for the armament program it would not be possible
to follow a policy of restricting credit. Mr. Spencer asked the question whether the Government could sell enough long-term securities to finance a rearmament program and stated that the answer to that question was "no". President Brown concurred in that position and stated that controls during a war would have to come in the form of prohibiting the use of scarce materials like steel and other metals for the manufacture of consumers' goods.

Chairman McCabe stated that the Board was very grateful to the Council for its views, and expressed the hope that the members of the Executive Committee of the Council would keep in touch with the Board and give it the benefit of their views on any developments that might occur before the next meeting of the Council.

Mr. Brown stated that the next regular meeting of the Council was scheduled for September 19-21 and that in the absence of objection the meeting would be held at that time.

Mr. Szymczak renewed his suggestion that before the Council left Washington it adopt a statement or resolution which the Board could send to the committees of Congress with respect to real estate financing, and President Brown stated that the Council would meet in separate session at 3 o'clock this afternoon for further consideration of that matter.

Thereupon the meeting adjourned.

Approved:

[Signature]
Secretary.

[Signature]
Chairman.