Title II of H.R. 7062 would implement the third point in the President's program. This point reads as follows: "I recommend that the Federal Reserve Board be given greater authority to regulate inflationary bank credit." The expansion of bank credit, except in the fields of consumer and real estate financing, has not, in my opinion, been a major contributing force to present inflationary pressures. We must, however, attack the problem of inflation on all fronts.

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I have always believed that our chief reliance for the control of inflationary bank credit lies in the good judgment of the individual bankers in the 15,000 banks in the United States. The Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Executive Committee of the National Association of Supervisors of State Banks, representing the Federal and State supervisory authorities, have urged bankers to confine the extension of bank credit under existing conditions, as far as possible, to loans that would help production, rather than increase consumer demands. The banks, in general, have been most cooperative. I should like to take this occasion to commend their public spirit, and particularly to commend the American Bankers Association for its program to secure the maximum voluntary curtailment in the extension of bank credit.

But, in the present situation, I think it is clear that prudence requires that additional instruments — to supplement the voluntary action of the bankers — be placed in the hands of the Federal Reserve System.