Senator BROOKE. How many such financial institutions would you say there are that fall in this category?

Mr. HORNE. Taking the mutual savings banks and all the savings and loan associations, there are in excess of 1,300 nationwide.

In addition, there are approximately 422 uninsured members of the Federal Home Loan Bank System which can escape regulation merely by withdrawing from membership.

Senator BROOKE. You say that number is growing?

Mr. HORNE. It is growing to some degree because some who belong to our system have withdrawn in order to avoid our having authority to impose dividend ceilings on them.

Senator BROOKE. You think that Congress can pass legislation that will cover them even though they are not under FDIC or the Federal Reserve System?

Mr. HORNE. In an exploratory conversation with my general counsel, he believes that this could be done. I would have to take another look at it and endeavor to comply with the chairman's request that we submit proposed language that we think would do it.

Senator BROOKE. You don't recall the basis on which your counsel suggested it could be done?

Mr. HORNE. No, sir; I do not recall. I guess it could come under the commerce clause, or it might come under the clause to coin money and regulate the value thereof. I am thinking off the top of my head now. I am not a lawyer and I would like a chance to discuss it further.

Senator BROOKE. If you could give the committee the benefit of counsel's advice, and also the number of the financial institutions we are talking about, it would be very helpful.

Mr. HORNE. Yes, I should be glad to do so. If I may, Senator, make one further comment about the permanency of ceilings on dividend or interest rates. I would like to point out that what all three of us are talking about is that it be on a standby basis, that it be made permanent but on a standby basis so that the agencies could determine among themselves when they apply the dividend ceiling and when they don't. If the law that we are talking about today should not be extended, in any form, then there would be no dividend ceiling at all that could be imposed on savings and loan associations. I think the same thing would apply with regard to mutual savings banks. We would revert then to Federal Reserve Board authority which is mandatory that they apply but which they can also raise to a level that it has no meaning.

I can conceive of a situation like the one in 1966 when we didn't have the authority that we now have, and when, understandably, it takes a little time for Congress to take action. So while we had proposed such authority reasonably early in 1966, it was not enacted for several causes until September 1966. It was during this period of time when disintermediation became an extremely serious problem. Our hands were tied and none of us could do anything about it until after this legislation was enacted.

Senator BROOKE. So you want to avoid the necessity, you and Governor Robertson and Mr. Deming, of coming before this subcommittee every 2 years or worse, every 1 year, asking for an extension of this authority?