7. *The consequences of monetary policy for the homebuilding industry should be taken into account by including Federal National Mortgage Association and Federal Home Loan Bank Board securities in the Federal Reserve System's portfolio in meaningful amounts, and by lengthening its portfolio, whenever homebuilding finance is unduly retarded by overall monetary stringency.*

I have transmitted this proposed guideline to the Fed for its comments. The Fed obviously does not agree with the Joint Economic Committee's "advice." Perhaps the advice has been too tersely stated, with insufficient regard for other factors than the money supply, narrowly defined. The above proposed guidelines are designed to elicit precisely what the Federal Reserve regards as proper monetary criteria. Perhaps the resulting exchange can enable both parties to make their future dialog more meaningful.

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