Now, bringing it down from this academic position into the realm of reality, I think that the thing that perturbs the Federal Reserve System, and I think this is a general view in the System, is that if we open up to investment a particular category of security, whose sellers or whose beneficiaries are having difficulty in selling this security, then we are going to be under a series of pressures from the various agencies and interests to invest in this particular security and to hold it, and to be careful how we sell it, and to avoid coming into the market when the security is being offered or securities of this type are being offered in order to disturb the market.

Chairman PROXMIRE. The pressure won't be against you. It would be on the Congress. Congress would have to pass a law similar to the one that we tried to pass to authorize you to go ahead in your judgment. Then you would be under pressure.

Mr. MITCHELL. Well, we would be under pressure. You said you were going to leave this to our judgment.

Chairman PROXMIRE. You would be under pressure in this particular instance.

Mr. MITCHELL. Yes.

Chairman PROXMIRE. But not with regard to any other kind of securities.

Mr. MITCHELL. Yes; but I think that it then comes down to the opening wedge argument. If you do it for this one, why don't you do it for that one and why don't you do it for the other.

Chairman PROXMIRE. Governor Mitchell, are you saying that the Federal Reserve Board can't stand up to pressure? If there is any organization that can, any kind of pressure, both good and bad, it is the Federal Reserve Board, without reflecting any——

Mr. MITCHELL. No; I think the Congress has given us all the equipment we need to stand up to pressure, I agree, but I still am saying—you asked me to comment on this——

Chairman PROXMIRE. Yes.

Mr. MITCHELL. I am just telling you what I think the thinking is. That this is the reason that they don't think that we ought to qualify for investment in the portfolio additional varieties of debt.

Chairman PROXMIRE. You see, here is the trouble with the proposal you have here. I agree with Congressman Reuss that it could be helpful. But the difficulty is that you have to have an emergency situation for the savings and loans as compared to the ordinary situation for the commercial banks.

My second point is, you have a different rate. I understood you to say that the rate would be higher for the nonfinancial institutions.

Mr. MITCHELL. That is right.

Chairman PROXMIRE. Third, you would use a conduit which would be a competitor, and often would be a competitor for the savings and loan in Madison, Wis., to have to go to the bank with whom they compete, or in Richland Center, your town, with whom they compete isn't exactly the easiest thing in the world. And isn't in my view necessary.

Furthermore, the Home Loan Bank Board, a competent agency that you have worked with closely, knows these savings and loans. They are in a position to exercise real judgment with regard to them. So why isn't this a far better way of doing it? They could eliminate