more savings and loan associations than there are savings and loan managers, I mean people who really manage.

Chairman PROXMIRE. Yes, but this is—it sounds great and it is a fine——

Mr. GIES. I live in this industry.

Chairman PROXMIRE. It is an idealistic notion. It would be great if we had fine managers in our savings and loan. We do have very fine people. People I have met at savings and loan impressed me very much. But you say if they had the right ideas as far as risk is concerned, as far as borrowing, moving ahead, if they had the kind of faith in this wonderful economy of ours, and so forth, then we would not have any problem. The fact is you do not have Professor Gieses operating all our savings and loans. You just have people who have a good amount of ability and competence and judgment, but not outstanding geniuses and you are going to continue to have that in the next few years.

If we adopt our policies on the notion that we just ought to have better management even though we know we are not going to have it, it seems to me, we are going to continue to have our problem with the housing in the future, are just not going to get housing built, and this seems in my view and members of this committee and Congress and many economists, to be a principal economic problem we have facing us. We have misallocated our resources, pushed more into business investment and plant and equipment than perhaps we should have. I think we may well be overcapitalized although that is subject to debate, but we certainly have pushed too little into the housing area.

Your answer is, well, that is because we just do not have people with the right kind of attitude, right kind of training, right kind of understanding in the savings and loan. What do you do about it?

Mr. GIES. You are making a value judgment when you say we have not put enough resources into housing during the last 20 years. We put a rather impressive amount into housing.

Chairman PROXMIRE. Oh, now, come on.

Mr. GIES. Consider the most rapidly growing area of credit over the last 20 years. I think that I am correct, Ross, am I not, that housing—that mortgage credit has grown more rapidly than any other major form of credit? Is that right?

Mr. ROBERTSON. Yes.

Chairman PROXMIRE. I do not know whether it has grown rapidly or not. Is it not the level of housing starts we should have in view of our family formations? We certainly do not have housing for low-income, middle-income people.

Mr. GIES. That becomes a value——

Chairman PROXMIRE. Upper-income people are doing very well.

Mr. GIES. I cannot refute it because I am not capable of making better value judgments than you are but if you ask me if the mechanism is right I can say "Yes, the mechanism is right," and I am not sure you will improve the mechanism by sheltering it from the variations that the market imposes upon it. I think it is capable of surviving without the strong arm of the Federal Reserve.

Chairman PROXMIRE. Shelter-skelter. Here we have—you call it sheltering when savings and loans would go to the discount window but you call it vigorous competition and wholesome when you have the