banks go to the discount window with a greater opportunity. Now, why is that?

Mr. GIES. I am not——

Chairman PROXMIRE. Why do you not have better competition if you have them both go? Mr. Robertson suggested that there might be a way in which you do not send them to the window necessarily but there be a way for the Federal Reserve to provide funds to the housing industry through the Home Loan Bank Board.

Mr. GIES. I am not sure I can give you a good answer by saying one industry, commercial banks, should have access to the Federal Reserve discount window and no one else but the justification that is usually given, and it is the only one I can offer, is that banks feel the immediate and direct impact of monetary policy because they are the—they are subject to a Federal Reserve reserve requirement and no one else is. Hence, it is justifiable that if we are going to push them against the legal reserve requirement wall from time to time, that we should give them a little bit of extra maneuvering room.

I have also already said, but I will repeat, that there are other private conduits for accomplishing this.

Chairman PROXMIRE. Do any of you other gentlemen—yes, Mr. Ritter.

Mr. RITTER. Mr. Chairman, I hope, by the way, when I made my statement verbally, I changed it considerably from my prepared statement, so I hope the prepared statement will go in as read.

Chairman PROXMIRE. I should have made that clear. I appreciate very much your very good summary of your prepared statement. Your statement without objection, will be printed in full in the record as read.

Mr .RITTER. Thank you. I wanted to again mention that in my statement I agree with you. I state there that if there is any part of this porposal that I do not like, it is the sharp differentiation between member banks and other financial institutions in periods of financial crisis, and I do not understand—and no justification is given in the Federal Reserve's Report—why other than member banks would be able to borrow but only at a significantly higher rate.

Chairman PROXMIRE. Right.

Mr. RITTER. I might say, by the way, that this might solve itself over time because it appears as though all financial institutions are moving closer and closer together, that savings banks and savings and loans are becoming more like each other and both of them are becoming more like commercial banks.

Chairman PROXMIRE. Do not S. & L.'s have to go to the bank hat in hand, the banks often their competitors, particularly in a smaller town? Maybe in the big city it might not be quite the same relationship but they are both competing hard for savings.

Mr. RITTER. They are, but my point——

Chairman PROXMIRE. If savings and loans need the additional funds so they can get them from their friendly bank, they are not exactly the customer that the bank is going to take care of first when they have got an important manufacturing firm which is their regular customer that needs the money, wants to expand. What choice are they going to make?