

And it is hardly surprising that the Council of Economic Advisers echoed this view in its 1968 Annual Report, summing up on page 92 the need for the bill in this fashion :

The recent sharp fluctuations in the availability of mortgage funds have demonstrated the need for action to reduce the excessive vulnerability of the mortgage market and the home building industry to variations in monetary conditions. The basic demand for mortgage financing is expected to grow rapidly in the next few years, while the ability of thrift institutions to meet this demand may diminish as commercial banks compete more effectively for time deposits. *Thus both long-term and cyclical considerations suggest the need to strengthen the thrift institutions which supply the bulk of mortgage funds and to devise new means of attracting funds into mortgages.* [Emphasis added.]

The Federal savings institutions bill will not be a panacea for the problems afflicting the residential mortgage market. But it will go a long way toward alleviating many of the worst aspects of these problems. As noted earlier in this statement, other measures will also be required to improve the flow of residential mortgage credit. As the Council notes on page 94 of its report, devising new security-type mortgage instruments that will appeal to pension funds and trust accounts is a highly promising approach. Similarly, as noted by the President on page 22 of his report and by the Council on pages 94-95 of its report, prompt action to remove or relax statutory interest rate limitations on mortgage loans is clearly required. Originally enacted to protect borrowers, these provisions are self-defeating in the new high-interest-rate environment. Their major effect is not to protect borrowers but to prevent them from obtaining the credit they need to provide a home for their family.

Given a tri-part program along the lines outlined by NAMSB and by the Council in its report, there is good reason to hope that the Nation's crucial housing and urban revitalization goals can in fact be realized in the years ahead. Mutual savings banks, as the Nation's leading suppliers of FHA and VA housing credit, have long been in the forefront of urban renewal efforts and of Government programs to provide housing for low- and moderate-income groups. Together with the savings and loan industry, they are currently considering ways in which the joint efforts of both industries can be applied to meeting the problems of our urban society in the years ahead. Passage of the Federal savings institutions bill would provide the logical framework for such a joint thrift industry effort to advance the public interest.