OWEN D. YOUNG CHAIRMAN: Most Powerful Group Since War Formed by Harrison. 

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Rise in Prices an Object

Financing of Homes and Aid on Farm Loans Are Other Expansion Possibilities.

Vast Sums Piled Up Here

Bankers Have Had Difficulty in Finding 'Good Borrowers' in Time of Fear.

The most powerful coalition of financial leadership since the days of the Liberty Loan Committees was called into being yesterday with the formal organization of the Committee of Twenty, the brainchild of Owen D. Young, of a committee of twenty bankers and industrialists to aid in putting to work the hundreds of millions of dollars of savings that have poured into the market by the Federal Reserve System in its credit expansion program.

The group was called together by George A. Harrison, governor of the Federal Reserve Bank of New York, as New York's representative, and was advised at the meeting of Federal Reserve Board Chairman Benjamin Strong ten months earlier in the week. The task the Federal Reserve system has purchased $7,250,000,000 of United States Government securities, putting into the market funds capable of creating at least $72,250,000,000 of bank credit. But in spite of this enormous increase in the purchasing of available funds, the definition of bank expansion is subject to much uncheckered fear and uncertainty on the part of the bank depositors. Bank executives have been asked to make the Federal Reserve's policy effective for the banks and the public alike. The new committee will be in the banks and the many worthy enterprises in New York and the country throughout the entire country.

Financing of Homes

The membership of the committee, as announced by Mr. Harrison, fol-

Owen D. Young, chairman, General Electric Company.


George A. Harrison, governor, Federal Reserve Bank of New York.

William S. Knudsen, chairman, Consolidated Edison Company.

Edward M. Stettinius, Jr., chairman, United States Steel Corporation.

Charles E. Mitchell, chairman, National City Bank.

Harry M. Ostrander, president, General Motors Corporation.

John H. V. Reavis, chairman, American Telephone and Telegraph Company.

Philip C. Pillsbury, chairman, Northwestern Mutual Life Insurance Company.

Alfred P. Sloan, Jr., president, General Motors Corporation.

Walter G. Tegart, president,Associated Oil Corporation.

A. A. Tinkham, chairman, Brotherhood Trust Company.


John W. Davis, chairman, General Electric Company.

Chalmers Dorn, chairman, Bankers Trust Company.

Edward and Harold氏, Young Men's Christian Association.

The committee's first meeting, it was understood, was devoted chiefly to an outline of activity and program, not to the discussion of matters which are yet to be made public.

Individual members of the committee were asked if each was satisfied about the situation and whether not so fully satisfied had he any suggestions to make for comment upon their program, Home Financing One Avenue of Aid.

Financing of homes and aid on farm loans are other possibilities. It was remarked, however, that the varied and fast-changing conditions in which various industrial members of the committee should have been invited to the meeting and the conditions of the banking community appear to many bankers in favor of the same economy of aid on farm loans, which the cost of the extension of aid to all such cases.

One possible avenue of question was the possibility of the extension of loans by the large commercial banks to small building and loan companies. The demand for credit for the purpose of building and loan companies is a very considerable one, the committee said, largely because it is a field in which the larger banks that Continued on Page Twenty.
are now surfeted with money never
Another possibility suggested was the extension of credit to loan banks in order that these insti-
tutions might make a greater accommodation to the agricultural dis-
One of the chief difficulties in the operation of the Reserve is the
of the Federal Reserve's credit expansion program has been
the centralization of funds in New.
New York. The banks have been
of the metropolitan institutions,
local bankers, but the system does not seem to be either unwilling or unable to make
The New York banks now have on deposit large amounts, de-
fbanks in other parts of the country. It was reported that as much as $1,000,000,000
The Federal Reserve has pur-
fects, to concentrate in New York, even
sionists go so far as to state that the funds purchased by the central banking sys-
tem are essentially for the benefit of the country. This is due to the fact that the
market for government securities.
An inferior holding of the large
some of its holdings of "govern-
ment bonds" sells itself in New York and in the present slack state of business in the
funds on deposit here rather than recall them.
"Good" Borrowers Hold Scars.
In the face of this piling up of sur-
plus funds in New York, bankers here have had great difficulty in find-
Borrowers, they complain, are ex-
them. The smaller City banks do not ordinarily deal with
chiefly with the larger corporations and banks of the coast, and
they do not extend small loans to individuals.
The large corporations, however,
run their own large investments, and they have
by the issuance of securities during the period of the bull
The suggestion that has lately been
and may even employ the funds on the open market, as a
be taken up by the committee, and that such banks could subscribe funds to
set up an investment department, for the purpose of
hancing of self-sustaining projects. Such an
might also include open market pur-
The funds could be made available
on the open market, and would bring
the scheme, as was done when the
ation was formed. By resorting to an
organiza-
by the banks could be undertaken
fullers, and the committee desires to utilize the funds at their disposal by
in the view of a number of
The Federal Reserve authorities might
hine to individual bankers, the situation might become
ines such as the new J. P. M.
and the late George W. 
were able to exert a powerful unify-
ing influence upon the financial
ity. At present, however, there are no Wall Street figures of
figures of equal rank and importance, with none dominating the others; thus the difficulties of achieving con-
tractions have been great.
net for $35,000,000 a week, slowly
they have had a considerable debenture of the member banks to
the Reserve Banks and relaxing the
price of credit.
In mid-April, however, complaints began to be heard that the
credit, due to a lack of satisfactory results, was so low as to
through the payment of a cash bonus
be a powerful factor in the
other means, became strong.
Advisory Reserve authorities decided upon an acceler-
credit expansion programs, through the purchase, at the rate of
$100,000,000 a week, of government securities. This policy was pursued
and slight modification was
35,000,000 to $50,000,000 was
caused the amount required by law to
“reserves against their own
This fund, capable of
$2,000,000,000 of bank credit, has been
pressing for employment. That it has not been put to use is due to two
factors, according to bankers, first, the	wicz. Congress in balancing the
below the budget, and, second, the	moting legislative proposins, and, second,
the scarcity of suitable
The new committee, it is hoped, will be able to overcome these problems by recommending to the
owned banks for the sake of the
ophysical community the need for the
and to put forward sound ones.