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Mr. Arthur Okun
Council of Economic Advisers
Washington, D. C.

Dear Mr. Okun:

As requested I would like to comment on the White House meeting between members of the Administration and representatives of the investment community.

There has been little contact between the Administration and representatives of the investment community. The Administration spends a great deal of time talking to leaders of industry, commercial banking and investment banking at the Business Council and on many other occasions, but it does not reach investment managers. There has apparently been almost no contact with the heads of mutual funds, a \$40 billion industry. There is ample contact with the heads of commercial banks but not with the heads of the investment operations of those banks. One large New York commercial bank, for instance, has \$6 billion in assets, but it manages investments of over \$15 billion. Decisions on these investments are not made by the head of the bank but by the head of the Trust Department.

It is important for the Administration and the investment community to understand each other. Investments are becoming increasingly concentrated in institutions. Investment managers channel funds into and out of stocks and greatly influence the \$500 billion equity market. They guide money into and out of various industries, companies and countries. They advise foreign investors and influence their judgments.

They could be an excellent source of intelligence. Their careers are based on understanding and judging economic and political developments around the world. Their background and viewpoint, different from both the academic one of the Council of Economic Advisers and the industrial one of the Business Council, can be helpful.

The format for a meeting between representatives of the Administration and the investment community should not resemble Business Council meetings where the former deliver prepared inforamatory speeches. Investment managers and advisers have to be

already well informed on all significant economic developments. There should be a give-and-take of thoughts on both sides on considerations affecting the principal current policy questions. Six to eight people on each side should be sufficient. The investment people can report the chief concerns and problems worrying investors here and abroad. They are very close students of business and industry conditions, sufficiently removed to have perspective, and should be able to comment helpfully on them. In turn, comments by the Administration on its policies should reassure investor representatives and through them the investment community.

When senior investment people come from all over the country, it is only polite to serve them a meal.

Sincerely,

Peter Vermilye

copies: Mr. James Jones
 Mr. Robert Wallace
 Mr. Charles Ravenel