

**Concurrent Resolution Expressing the  
Sense of the Congress with Respect to  
the Interrelationship of Federal Re-  
serve Monetary Policy and the Manage-  
ment of the Public Debt**

Whereas the interest charge on the national debt has grown progressively higher, and now stands at more than \$8 billion annually; and

Whereas the administration has been unable to reduce the amount of the debt held by the commercial banks below the amount held in 1953; and

Whereas the proportion of the national debt which is short-term, and thus of greater inflationary potential, has increased since 1953; and

Whereas the Federal Reserve System has consistently followed, and stated its intention to continue to follow, a policy of creating necessary increases in the money supply by lowering reserve requirements, rather than by purchases of Government securities, and necessary decreases through sales of Government securities rather than by raising reserve requirements; and

Whereas this method makes Government securities unattractive to investors by bringing about undue downward fluctuations in the prices of Government securities, adds to the interest burden on the taxpayer, and exposes the Treasury to almost constant refunding operations; and

Whereas greater reliance on purchase or retention of Government obligations by the Federal Reserve System, where sound monetary policy permits, is essential: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That the Federal Reserve System, while pursuing its primary mission of administering a sound monetary policy, should, to the maximum extent consistent therewith, utilize such means as will assist in the economical and efficient management of the public debt; that purchases of Government securities rather than further lowering of reserve requirements should be utilized to the greatest extent possible for attaining needed monetary expansion: and that the Federal Reserve System should promptly and fully explore methods whereby use of the power to set reserve requirements may become a more useful and effective anti-inflationary tool.