

The problem of an independent agency of the United States Government is again being highlighted by the current discussions about the relative roles of the Federal Reserve System and the U.S. Treasury. A great deal of nonsense is being talked about. No agency is made independent in order to make it possible to alter or sabotage the policies of the government of which it is a part.

The Federal Reserve is not seeking independence in the sense of being apart from political responsibility, which was the original concept, but is seeking an active role in the management of the public debt, without any commensurate responsibility for the outcome.

Would the Chairman of the Board of Governors of the Federal Reserve System like to be a member of the President's Cabinet? Would the Federal Reserve like to go to Congress and request the taxes to balance the Federal Budget? Would the Federal Reserve like to assume responsibility for the Federal Budget?

It is quite clear to me that the independence Woodrow Wilson wished to see the System acquire was in no way related to these responsibilities. If the statutory powers of the Federal Reserve are inadequate to meet the current situation, then the Congress and the Treasury should be seriously concerned with the matter, but the approach of the Federal Reserve

in the first instance should be to obtain the support of the Secretary of the Treasury for the changes deemed desirable, rather than to attempt to change the policies of the Treasury by means of the authority which it now has on issues which are clearly matters of judgment and not matters that can be demonstrated in black and white.