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79TH CONGRESS
1ST SESSION

S. 510

IN THE SENATE OF THE UNITED STATES

FEBRUARY 12, 1945.

Mr. WAGNER introduced the following bill; which was read twice and referred to the Committee on Banking and Currency.

A BILL

To amend sections 11 (c) and 16 of the Federal Reserve Act, as amended, and for other purposes.

1. *Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*
2. *That (a) the third paragraph of section 16 of the Federal*
3. *Reserve Act, as amended, is amended by changing the*
4. *first sentence of such paragraph to read as follows:*

6. *“Every Federal Reserve bank shall maintain reserves*
7. *in gold certificates of not less than 25 per centum against*
8. *its deposits and reserves in gold certificates of not less*
9. *than 25 per centum against its Federal Reserve notes in*
10. *actual circulation: *Provided, however,* That when the Fed-*
11. *eral Reserve agent holds gold certificates as collateral for*

1 Federal Reserve notes issued to the bank such gold certificates
2 shall be counted as part of the reserve which such bank is
3 required to maintain against its Federal Reserve notes in
4 actual circulation."

5 (b) The first sentence of the fourth paragraph of sec-
6 tion 16 of the Federal Reserve Act, as amended, is amended
7 by striking therefrom the words "40 per centum reserve
8 hereinbefore required" and by inserting in lieu thereof the
9 words "25 per centum reserve hereinbefore required to
10 be maintained against Federal Reserve notes in actual
11 circulation".

12 (c) Subsection (c) of section 11 of the Federal Reserve
13 Act, as amended, is amended to read as follows:

14 "(c) To suspend for a period not exceeding thirty days,
15 and from time to time to renew such suspension for periods
16 not exceeding fifteen days, any reserve requirements speci-
17 fied in this Act: *Provided*, That it shall establish a gradu-
18 ated tax upon the amounts by which the reserve require-
19 ments of this Act may be permitted to fall below the level
20 hereinafter specified: *And provided further*, That when the
21 reserve held against Federal Reserve notes falls below 25
22 per centum, the Board of Governors of the Federal Reserve
23 System shall establish a graduated tax of not more than
24 1 per centum per annum upon such deficiency until the
25 reserves fall to 20 per centum, and when said reserve falls

1 below 20 per centum, a tax at the rate increasingly of not
2 less than $1\frac{1}{2}$ per centum per annum upon each $2\frac{1}{2}$ per centum
3 or fraction thereof that such reserve falls below 20 per
4 centum. The tax shall be paid by the Reserve bank, but the
5 Reserve bank shall add an amount equal to said tax to the
6 rates of interest and discount fixed by the Board of Governors
7 of the Federal Reserve System:"

8 SEC. 2. The second paragraph of section 16 of the Fed-
9 eral Reserve Act, as amended, is amended to read as follows:

10 "Any Federal Reserve bank may make application to
11 the local Federal Reserve agent for such amount of the Fed-
12 eral Reserve notes hereinbefore provided for as it may
13 require. Such application shall be accompanied with a tender
14 to the local Federal Reserve agent of collateral in amount
15 equal to the sum of the Federal Reserve notes thus applied
16 for and issued pursuant to such application. The collateral
17 security thus offered shall be notes, drafts, bills of exchange,
18 or acceptances acquired under the provisions of section 13
19 of this Act, or bills of exchange endorsed by a member
20 bank of any Federal Reserve district and purchased under
21 the provisions of section 14 of this Act, or bankers' accept-
22 ances purchased under the provisions of said section 14, or
23 gold certificates, or direct obligations of the United States.
24 In no event shall such collateral security be less than the
25 amount of Federal Reserve notes applied for. The Federal

1 Reserve agent shall each day notify the Board of Governors
2 of the Federal Reserve System of all issues and withdrawals
3 of Federal Reserve notes to and by the Federal Reserve
4 bank to which he is accredited. The said Board of Governors
5 of the Federal Reserve System may at any time call upon a
6 Federal Reserve bank for additional security to protect the
7 Federal Reserve notes issued to it."

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By Mr. WAGNER

February 12, 1945
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