

74TH CONGRESS
1ST SESSION

S. 2162



IN THE SENATE OF THE UNITED STATES

MARCH 4 (calendar day, MARCH 5), 1935

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

A BILL

To restore to Congress its constitutional power to issue money and regulate the value thereof; to provide for the orderly distribution of the abundance with which a beneficent Creator has blessed us; to establish and maintain the purchasing power of money at a fixed and equitable level; to restore the values of property to just and equitable levels; to increase the prices of agricultural products to a point where they will yield the cost of production plus a fair profit to the farmer; to provide a living and just annual wage which will enable every citizen willing to work and capable of working to maintain and educate his family on an increasing level or standard of living; to repay debts with dollars of equal value; to lift in part the burden of taxation; and for other purposes.

Whereas the Constitution of the United States in article 1, section 8, clause 5, provides that Congress shall have the power to

letter 3/6/35 see letter 3/11/35

coin money and regulate the value thereof and of foreign coins; and

Whereas the present practice of issuing book credits by commercial banks, and transferring the title of said credits by check, provides a supplementary medium of exchange, abrogating the said constitutional provision and establishing a separate, private, and independent monetary system; and

Whereas the permanent welfare of the people and the protection of the economic life of the Nation are dependent on the establishment of a monetary system wholly subject to the control of Congress which will promote the interests of agriculture and labor, of industry, trade, commerce, and finance for the economic well-being of all citizens by the maintenance of price levels which will avoid excessive expansion or disastrous contraction and which will protect the national credit and currency at home and in the world markets:
Now, therefore

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That there is hereby created a central bank, which shall be
4 known as the "Bank of the United States of America",
5 which may be abbreviated as the Bank of the U. S. A.

6 SEC. 2. The Bank of the U. S. A., so created, shall be
7 the sole agency of the Congress of the United States to issue
8 the money of the United States, to control the value thereof,
9 and the value of foreign moneys, and it shall be the custodian
10 of all monetary stocks and of all moneys and the guardian of
11 the public credit of the United States. It shall be the

1 central depository of all reserve funds of all banks, banking
2 institutions, and banking firms under the jurisdiction of the
3 United States. It shall be the sole fiscal agent of the United
4 States Government. All Acts of Congress providing for
5 the issue of circulating notes by national banks are hereby
6 repealed.

7 SEC. 3. (a) There is hereby created a governing board
8 of the Bank of the U. S. A. which shall be known as the
9 Board of Directors of the Bank of the U. S. A., which shall
10 be the monetary authority and agent of Congress of the
11 Government of the United States. The Board of Directors
12 of the Bank of the U. S. A. shall be composed of one rep-
13 resentative from each State, elected by the people thereof
14 at the same time and by the same method as Representatives
15 in Congress, for a period of twelve years. Immediately
16 after they shall be assembled in consequence of the first
17 election, they shall be divided by lot equally into six classes;
18 the seats of the directors of the first class shall be vacated
19 at the expiration of the second year; the seats of the second
20 class at the expiration of the fourth year; the third class at
21 the expiration of the sixth year; the fourth class at the
22 expiration of the eighth year; the fifth class at the expira-
23 tion of the tenth year; the sixth class at the expiration of
24 the twelfth year; so that one-sixth may be chosen every
25 second year; and if vacancies happen by resignation or

1 otherwise the executive of the State affected may make a
2 temporary appointment until the next general election to
3 fill the vacancy. The Board of Directors shall choose from
4 among their own number an executive board consisting of
5 seven members and including a governor and a vice governor
6 selected by a majority of the forty-eight directors. The
7 salary of each director shall be the same as that of an
8 Associate Justice of the Supreme Court of the United
9 States and be paid out of the funds of the United States
10 Treasury not otherwise appropriated. The directors shall
11 not during their term of office hold any direct or indirect
12 financial interest in any bank, banking institution, banking
13 firm, financial institution, or any firm or corporation as
14 stockholder, director, or officer either in the United States
15 or in any foreign country. The Board of Directors shall
16 assemble on the first Monday in December and remain in
17 session at least nine months during each year. A majority
18 shall constitute a quorum. The Board may determine the
19 rules for its proceedings; and Congress may, by the process
20 of impeachment, remove a director. No director shall, dur-
21 ing the term for which he is elected, be appointed to any
22 civil office under the authority of the United States or of
23 the States or Territories or possessions, nor be a Member
24 of either house of Congress. Any director shall be eligible
25 for reelection. Upon attaining the age of seventy years,

1 each director shall retire, with an annual pension for the
2 rest of his natural life equal to \$1,000 per year for each
3 year of service or major fraction thereof: *Provided*, That
4 the maximum annual pension shall be \$12,000, which shall
5 be paid out of the funds of the United States Treasury not
6 otherwise appropriated.

7 (b) The Secretary of the Treasury and the Comptrol-
8 ler of the Currency shall be ex-officio members of the Exec-
9 utive Board of the Bank of the U. S. A.

10 (c) The members of the Federal Reserve Board at
11 the time of the enactment of this Act shall serve as mem-
12 bers of the Executive Board of the Bank of the U. S. A.
13 until their successors are elected and qualify, as herein
14 specified.

15 SEC. 4. (a) The Board of Directors of the Bank of
16 the U. S. A. is authorized to appoint and fix the com-
17 pensation of a president and vice president and such other
18 executive officers, examiners, economists, and other experts
19 as may be necessary to carry out its functions under this
20 Act, without regard to provisions of other laws applicable
21 to the employment and compensation of officers and em-
22 ployees of the United States; and, in addition thereto, the
23 Board may, subject to the civil-service laws, appoint such
24 further officers and employees as in their judgment may be

1 necessary, and fix their salaries in accordance with the
2 classification Act of 1923, as amended.

3 (b) The Board of Directors of the Bank of the U. S. A.
4 shall have its principal office in Washington, District of
5 Columbia. It shall establish branch offices in each State
6 of the United States and in its Territories and possessions
7 and may establish agencies to conduct a general business
8 of banking and to provide banking facilities in any recog-
9 nized trading center of the United States which is denied
10 adequate banking facilities by private institutions. It shall
11 formulate policies and regulations for the management of
12 such branch offices and agencies. Branch offices shall be
13 designated by States, as Maine branch, Bank of the U. S. A.,
14 California branch, Bank of the U. S. A., and so forth.

15 SEC. 5. (a) After the passage of this Act no currency
16 shall be issued under the authority of the United States, ex-
17 cept notes of the Bank of the U. S. A. of the same size
18 as the present Federal Reserve notes and of such denomina-
19 tions as may be determined by the Executive Board of the
20 Bank of the U. S. A., which said bank notes shall be full
21 legal tender at face value for all debts public and private
22 within the United States or its Territories or possessions.

23 (b) Within one year from the passage of this Act,
24 all present Federal Reserve notes, Federal Reserve bank
25 notes, national bank notes, gold certificates, silver certifi-

1 cates, Treasury notes of 1890, and United States notes is-
2 sued and outstanding, shall be recalled for redemption, and
3 those turned in for redemption shall be retired and destroyed,
4 and notes of the Bank of the U. S. A. herein provided shall
5 be issued in exchange, it being the purpose of this Act to
6 substitute the notes of the Bank of the U. S. A. herein pro-
7 vided for all other forms of paper currency of the United
8 States.

9 SEC. 6. In the exercise of its jurisdiction as agent of the
10 Congress of the United States to issue money and to control
11 the value thereof, the Executive Board of the Bank of the
12 U. S. A. may from time to time order and direct the Secre-
13 tary of the Treasury of the United States to engrave or
14 cause to be engraved, and to print or cause to be printed,
15 United States bank notes as provided in this Act, in such
16 quantities and denominations as the said Board may deem
17 necessary, and to hold the said United States bank notes
18 subject to further order of the said Board.

19 SEC. 7. The Secretary of the Treasury of the United
20 States shall, upon receipt of directions or instructions or
21 orders from the Executive Board, duly authenticated in such
22 manner as may be prescribed by the Board of Directors, exe-
23 cute the said directions, instructions, or orders, forthwith,
24 by engraving, printing, and disposing of the said notes of
25 the Bank of the U. S. A. as specified in said duly authenti-

1 cated directions, instructions, or orders, and the said duly
2 authenticated directions, instructions, or orders, shall at all
3 times be considered and construed to be the direct acts of
4 the Congress of the United States, through its duly author-
5 ized agent, the Bank of the U. S. A.

6 SEC. 8. (a) Immediately upon the passage of this
7 Act, the Bank of the U. S. A. is hereby authorized and
8 directed as soon as possible to purchase the capital stock
9 of the twelve Federal Reserve banks and branches, and
10 agencies thereof, and to pay to the owners thereof in the
11 notes of the Bank of the U. S. A. the paid-in value of said
12 stock, with 6 per centum per annum interest from the last
13 dividend date.

14 (b) That all member banks of the Federal Reserve
15 System are hereby required and directed to deliver forth-
16 with to the Bank of the U. S. A. all the stock of the said
17 Federal Reserve banks owned or controlled by them, to-
18 gether with any and all claims of any kind or nature in and
19 to the capital assets of the said Federal Reserve banks, it
20 being the intention of this Act to vest in the Government
21 of the United States the absolute and unconditional owner-
22 ship of the said Federal Reserve banks.

23 SEC. 9. Upon the purchase of the stock of any Fed-
24 eral Reserve bank by the Bank of the U. S. A. as herein
25 provided, the said Federal Reserve bank shall immediately

1 become a branch of the Bank of the U. S. A. and subject
2 in every respect to the jurisdiction of the Board of Directors
3 of the Bank of the U. S. A. herein provided for, and the
4 terms of the officers of the Board of Governors of the said
5 Federal Reserve bank shall immediately cease and ter-
6minate: *Provided, however,* That the chairman of the Board
7 of Governors of the said Federal Reserve bank and all the
8 executive officers or employees thereof shall continue to
9 perform their customary duties and obligations in the oper-
10 ation of said Federal Reserve bank until their successors
11 shall be appointed by the elected Board of Directors of
12 the Bank of the U. S. A.

13 SEC. 10. (a) All individuals, firms, associations, or
14 corporations engaged in the business of banking as defined
15 by law and among other things receiving deposits of money
16 or credit from the citizens or firms, corporations, or asso-
17 ciations of any State and transferring or transporting said
18 money or credit or the title thereto to other banks or indi-
19 viduals, firms, associations, or corporations of any other
20 State or States, Territories, and possessions of the United
21 States, are hereby declared to be engaged in interstate
22 commerce, and as such are subject to Federal jurisdiction
23 and to the jurisdiction of the Bank of the U. S. A. and all
24 the provisions of this Act.

1 (b) Within one year after the passage of this Act,
2 all banking institutions under the jurisdiction of the Bank
3 of the U. S. A. shall be required to keep on deposit with
4 the Bank of the U. S. A., or in its vaults, United States
5 bank notes herein provided for a full 100 per centum of
6 its deposits which are subject to check and payable on de-
7 mand; and, in addition thereto, it shall keep within its
8 vaults the further sum equal to 5 per centum upon all sav-
9 ings or investment deposits commonly known as "time"
10 deposits.

11 (c) For the purpose of creating the lawful money
12 reserve hereinabove required, the Bank of the U. S. A. shall
13 purchase from banks in the United States bonds of the
14 United States Government.

15 SEC. 11. The Bank of the U. S. A. is hereby
16 authorized to purchase or sell gold, silver, and foreign ex-
17 change in the financial markets of the United States, at
18 such times and in such quantities as in its discretion is nec-
19 essary to carry out the purposes of this Act, namely, to
20 regulate the value of money of the United States and of
21 foreign countries.

22 SEC. 12. (a) The Bank of the U. S. A. shall have
23 jurisdiction over and shall control and supervise all banking
24 institutions whatsoever of the United States and territories
25 and possessions thereof, subject to law, and shall have the

1 power to prescribe such rules and regulations not inconsis-
2 tent with the law as it may deem desirable for the safe and
3 proper conduct of the banks and banking institutions within
4 its jurisdiction.

5 (b) The Comptroller of the Currency and all officers
6 of the Government of the United States exercising any
7 supervisory powers or duties over the banks of the United
8 States, or any of them, shall carry out and perform such
9 rules and regulations for the conduct of banks and banking
10 institutions in the United States or territories or possessions
11 thereof as may, from time to time, be prescribed by the
12 Bank of the U. S. A. through its duly designated officers.

13 SEC. 13. Directly upon the passage of this Act, the
14 Bureau of Labor Statistics of the Department of Labor shall
15 be transferred to the Bank of the U. S. A., and such Bureau
16 shall thereafter be under the supervision of the Board of
17 Directors of the Bank of the U. S. A. The statistical de-
18 partment of the present Federal Reserve Board, together
19 with the statistical departments of the Comptroller of the
20 Currency, together with the statistical department of the
21 Bureau of Foreign and Domestic Commerce and the Bureau
22 of Agricultural Economics, Secretary of the Treasury, and
23 of the Treasurer of the United States, shall all be consolidated
24 with the Bureau of Labor Statistics, and the name of the
25 consolidated bureau and departments shall be the Bureau

1 of United States Statistics. The duties of said Bureau for
2 bureaus and departments consolidated therein, in addition to
3 all those now prescribed by law, shall be to collect, assemble,
4 and analyze authentic data, for the purpose of determining
5 the true and correct relation of the total amount of money in
6 actual circulation, including both currency and credit money
7 commonly called demand deposits, to prices, wages, indus-
8 try and commerce, the standard of living, employment and
9 unemployment, to the end that the Board of Directors of the
10 Bank of the U. S. A. and the Executive Board thereof may
11 scientifically and accurately determine the rate at which
12 progressive additions to the stock of circulating money, in-
13 cluding coin, currency, and credit, must be made in order to
14 maintain an even and stable purchasing power, and to pro-
15 mote a constantly rising standard of living for the people of
16 this Nation, unlimited except by the extent of natural
17 resources and the willingness of the people to work.

18 SEC. 14. It is hereby made mandatory upon the Board
19 of Directors of the Bank of the U. S. A. and the Executive
20 Board thereof to provide such stable purchasing power of
21 money and such equitable price levels, first, by the progres-
22 sive purchase of the bonds of the United States and the
23 creation of the 100 per centum reserves behind demand de-
24 posits, and, further, if necessary, by increasing the money in
25 circulation by paying the extraordinary and then the ordinary

1 expenses of government by currency issue until the average
2 commodity price level reaches the index of the Bureau of
3 Labor Statistics for 1926. The Board of Directors of the
4 Bank of the U. S. A. will determine a true and equitable
5 commodity price level to succeed that of 1926, and it is
6 made mandatory on the Board of Directors to provide
7 issues of currency which will maintain this level.

8 SEC. 15. The Board of Directors of the Bank of the
9 U. S. A. shall recommend to Congress the retirement
10 through taxation of such excesses of currency as may be
11 necessary to keep the price level from rising above the
12 level prescribed by section 14 of this Act.

13 SEC. 16. All laws or parts of laws in conflict with
14 this Act are hereby repealed.

15 SEC. 17. If any provision of this Act or the applica-
16 tion of such provision to any person or circumstance shall
17 be held invalid, the remainder of this Act or the application
18 of such provisions to persons or circumstances other than
19 those as to which it is held invalid shall not be affected
20 thereby.

21 SEC. 18. This Act shall take effect July 1, 1935, or
22 sooner by proclamation of the President.

23 SEC. 19. This Act may be cited as the "National
24 Banking and Monetary Control Act of 1935."

A BILL

To restore to Congress its constitutional power to issue money and regulate the value thereof; to provide for the orderly distribution of the abundance with which a beneficent Creator has blessed us; to establish and maintain the purchasing power of money at a fixed and equitable level; to restore the values of property to just and equitable levels; to increase the prices of agricultural products to a point where they will yield the cost of production plus a fair profit to the farmer; to provide a living and just annual wage which will enable every citizen willing to work and capable of working to maintain and educate his family on an increasing level or standard of living; to repay debts with dollars of equal value; to lift in part the burden of taxation; and for other purposes.

By Mr. NYE

MARCH 4 (calendar day, MARCH 5), 1935

Read twice and referred to the Committee on
Banking and Currency