

Handwritten initials

SPECIFIC PROPOSALS

1. Retire and abolish stock in Federal Reserve Banks by paying stockholders face value with accrued dividends. ✓

2. Reconstitute the boards of directors of the Federal Reserve Banks by providing for a board of seven directors representative in their district of commerce, industry, agriculture or labor, none of whom shall be an officer, director, employee, or stockholder of any bank. Provide for the appointment of three of such directors by the Board of Governors and for the election of three by banks of the district. Make the President of the Bank an ex officio member of the board and provide for his election for a term of three years by the other six directors with the approval of the Board of Governors and with the Board of Governors authorized to cast a vote in the event of a tie.

3. Require all Federal Reserve Banks, when their capital funds remaining after the retirement of their stock have been doubled, to pay all net earnings to the Treasury as a franchise tax.

4. In order to provide means for absorbing a large part of existing reserves:

(a) Increase the statutory reserve requirements for demand deposits in banks in central reserve cities to 26%; for demand deposits in banks in reserve cities to 20%; for demand deposits in country banks to 14%; and for time deposits in all banks to 6%.

(b) Empower the Federal Open Market Committee to make further increases of reserve requirements sufficient to absorb excess reserves, subject to the limitation that reserve requirements shall not be increased to more than double the respective percentages specified in paragraph (a).

(c) Authorize the Federal Open Market Committee to change reserve requirements for central reserve city banks, or for reserve city banks, or for country banks, or for any combination of these three classes.

(d) Make reserve requirements applicable to all banks receiving demand deposits regardless of whether or not they are members of the Federal Reserve System. (A suggested alternative would limit this proposal to banks with deposits of over \$1,000,000. See memorandum to the Chairman, January 30, 1941.)

(e) Reduce the assessment base of banks for the purpose of assessments by the Federal Deposit Insurance Corporation by the amount of reserves required under paragraphs (a), (b) and (d).

(f) Empower the President to require the Federal Open Market Committee to increase or decrease reserve requirements within the limits of their powers under paragraph (b).

5. Authorize Federal Reserve Banks to purchase Government securities with maturities not in excess of ninety days privately from the Treasury.

6. Prohibit the use of the Stabilization Fund as an open market instrument, permitting it to be spent in the retirement of public debt or used in the purchase of securities only from the Treasury but permitting the sale in the open market of securities so purchased.

7. Write off present silver seigniorage in the approximate amount of one and one-half billion dollars and remove the power to monetize silver purchased abroad.

8. Eliminate the power to devalue the dollar in terms of gold.

9. Eliminate the power to devalue the dollar in terms of silver.

10. Eliminate the power to issue three billion dollars of green backs.

11. Insulate gold imports. (How?)

12. Reorganize the banking agencies.