

TENTATIVE OUTLINE FOR THE CREATION OF
A NATIONAL CREDIT AND MONETARY AUTHORITY

- I. Definitions
 - A. Bank
 - B. Authority
 - C. Reserve Bank
 - D. District
- II. Provisions for purchase of stock of Federal Reserve Banks
- III. The new powers of Federal Reserve Banks
- IV. Method of control of Federal Reserve Bank directors and officials.
- V. Provisions requiring all banks--both commercial banks and savings banks--to become members of the Federal Reserve Banks and to meet Reserve and other requirements which the National Credit and Monetary Authority may set up.
- VI. Provisions for creation of a National Credit and Monetary Authority
 - A. Composition of Authority
 - 1. How selected and qualifications of members
 - 2. Number of members
 - 3. Term
 - 4. Retirements and conditions of removal
 - 5. Salary
 - 6. Connection with banking institutions
 - 7. Affiliations with other businesses
 - B. Powers of Authority
 - 1. The customary type of powers as given to any board of control.

2. Complete control over issue of currency
3. Powers for control of credit
 - a. Total volume of credit by open-market operations, by power to change rediscount rates of Reserve Banks, and by power to modify at any time the Reserve requirements of banking institutions.
 - b. The qualitative use of credit by power to examine the loans and investments of member banks and eliminating loan and investment practices which are deemed to be undesirable whether by cautioning the officers and directors of member Banks or, if advice is not heeded, by actually removing such officers or directors and by withholding the credit accommodations of the central Bank.
 - c. Provisions dealing with the question as to whether or not the Authority shall be given definite instructions as to credit policies by mandatory provisions written into the law by Congress.

VII. Provisions setting up Reserve requirements that must be held by the banks in the Federal Reserve Banks

- A. Possible alternatives in designating amount of required reserves
 1. Reserve requirements similar to those of the present by designating a fixed per cent. against demand and time deposits
 2. 100% reserves against demand deposits
 3. The Federal Reserve plan of Reserve requirements based upon the velocity of circulation of individual deposit accounts

VIII. Provisions relating to the problem of branch banking

IX. Provisions taking up the problem as to what type of loans and

investments should be eligible for bank acquisition

- X. Possibility of having a segregation of assets which are to be made from demand deposits on the one hand, and from savings or true time deposits on the other.
- XI. Provisions relating to the problems of bank examination and supervision. What shall be the future role of the office of Comptroller of Currency?
- XII. The problem of liquidation of failed institutions
 - A. Possible changes in the Federal Deposit Insurance laws
 - B. Control of funds collected by the Federal Deposit Insurance
- XIII. Provisions which would provide for the handling of unemployment of insurance reserves by the National Credit and Monetary Authority in case there is a governmental program which sets up compulsory unemployment insurance in the United States