

*Mr. Clayton*

December 28, 1934

Governor Eccles  
Mr. Goldenweiser

Attached hereto is a copy of the latest revision of the legislative proposals and a draft of a brief statement of the reasons for the proposals, which has been reduced to three pages.

Confidential

A &amp; B

PROPOSALSFederal Reserve Banks

1. The offices of Chairman of the Board and Governor of a Reserve bank shall be combined. The Chairman and Governor shall be appointed annually by the Federal Reserve Board. He shall be relieved of the detailed duties of Federal Reserve Agent, shall be ex officio Chairman of the Executive Committee, and all other officers and employees shall be directly responsible to him. His salary shall be fixed by the Board. The provision of the law requiring that he be a resident of his Federal Reserve District shall be repealed. He shall be a Class C director, but his term as director shall terminate whenever he is not reappointed as Chairman; this provision shall apply to present Chairmen.

2. Provide for a vice-governor for each Federal Reserve bank to be appointed annually by the Federal Reserve Board. He shall exercise all the powers of the Governor during his absence and perform such duties as may be assigned to him by the Governor or the board of directors. He shall not be required to be a resident of his district. In the discretion of the Federal Reserve Board, he may be a Class C director and may be designated deputy chairman of the board of directors. In case he is appointed a Class C director, his term as director shall terminate whenever he is not reappointed vice-governor.

3. Members of the Board of a Federal Reserve bank shall not be eligible for more than two full consecutive three-year terms as directors. This provision shall not apply to the Governor or vice-governor and shall not apply to any director now in office until the expiration of his present term.

Federal Reserve Board

4. The qualifications for appointive members of the Federal Reserve Board shall be changed to be as follows: They shall be persons well qualified by education or experience or both to participate in the formulation of national economic and monetary policies. At least two appointive members of the Board should be qualified by experience as executive officers of Federal Reserve banks, but this qualification should not prevent reappointment of present members of the Board and should not be mandatory but should be a declaration of general policy. The President shall, as now, designate the Governor of the Board to serve at his pleasure. The Governor's membership on the Board shall also be at the pleasure of the President and his term shall expire when he is no longer designated as Governor by the President.