

*John C. ...*

Section 10 of the Federal Reserve Act specifically provides that upon the expiration of their terms of office, members of the Board shall continue to serve until their successors are appointed and have qualified. The same paragraph provides that of the members appointed to the Board, one shall be designated by the President as Chairman and one as Vice Chairman of the Board to serve as such for a term of four years.

Members of the Board are appointed by the President by and with the advice and consent of the Senate but the Chairman and Vice Chairman are merely designated by the President to serve as such for a term of four years. Prior to the Banking Act of 1935 the Federal Reserve Act provided for the designation by the President of a Governor (now Chairman) and Vice Governor (now Vice Chairman) and the provision was consistently interpreted as meaning that they served at the pleasure of the President. The Banking Act of 1935 added language providing for the Chairman and Vice Chairman to serve for a term of four years, the purposes of the addition being to clarify the existing law and to make plain its purpose of enabling the administration in office to maintain a liaison and responsive relation with the Board.

Other than to act as the Board's executive officer with the right to call meetings of the Federal Open Market Committee the Chairman and the Vice Chairman, in his absence, perform no statutory duties different from any other member of the Board. The office of Chairman is an incident to membership upon the Board and the characteristics of membership radiate through the member to the office of Chairman. Thus, a member of the Board whose term has expired by specific language of the statute would continue to serve and perform all of his duties as a member until his successor has been appointed and qualified and it would follow that if such member also was Chairman he would continue to perform all of the duties of the office, including the duties of Chairman.

Furthermore, the hold-over provision refers to "terms of office" and the Chairman and Vice Chairman are appointed for a "term". Therefore, it would appear that the hold-over provision in the paragraph in question relates both to the terms of office of members of the Board and to the terms of office of the Chairman and Vice Chairman. This is emphasized by the fact that the hold-over provision is but a part of the general paragraph and follows the provisions dealing with appointment of the members of the Board and the provisions dealing with the designation of a Chairman and Vice Chairman, thus indicating its general application.