

2/12/57

Washington Backgrounds

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A DEAD LION CAN'T HELP BANKERS MUCH

THE FEDERAL RESERVE BOARD is on the spot. Very much so. Its present position on the ever-higher-interest rate pattern may be theoretically correct, but practically and politically it is a lost cause.

The Board's position has nothing sacred about it. It is no part of the Decalog. No moral principle is involved. To choose another course -- to bend to the forces of Big Government -- is a matter of strategy and expediency. It can be one of self-preservation.

Big Government, created by big debt, is certain to win, as it has always won in all history. The national debt is like an atomic bomb which cannot be pushed around and treated like something ordinary. The normalities just don't apply.

What would be tragic-- yet possible-- is that this Federal Reserve Board should be so insistent upon its view that it will sign away its own future. Instead of bending to the power of the political forces that cannot under present conditions be successfully resisted, it will make a suicidal stand.

Already, it has lined up against it the majority party, the leaders of which selected every one of its Members. The President grows irritated over its assumption of omniscience. The Majority Leader of the House makes an unusual address, rejecting the Board's position. Shrewd Senator Robertson seeks to work out a face-saving compromise for the Board. A smart political antagonist such as Rep. Wright Patman is able to advance a position, long held, that the Reserve Banks should be taken over by the Government.

The minority party has not taken up, and made an issue, of the Board's position. The issue, moreover, is not one that can be easily popularized. To the extent that it can be, it involves support for many political liabilities, such as assured profits for the "big bankers".

Many shrewd bankers, remembering other days, would like to avoid the kind of political fights that will stir up radical labor agitators and make the broader issues of economy in Government and elimination of socialistic experiments harder to hold in check.

The bankers of the nation would like to preserve their Federal Reserve System-- a profitable thing to control. They would like to avoid a brawl in the sawdust of politics. They would like to work with Government and not against Government. They have tried the latter and neither the experience nor the memory is pleasant.

Will the Federal Reserve Board choose to go to the stake in a bright blaze that will delight all the enemies of the capitalistic system and leave only blackness afterwards?

A cynic, it can be remembered, once commented about the usefulness of a dead lion!

(719*2*12*51)