

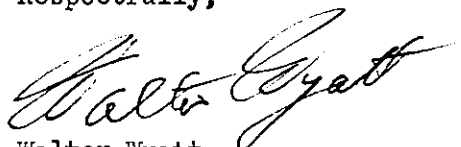
BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

## Office Correspondence

Date March 29, 1938To Chairman EcclesSubject: Patman Bill - MandateFrom Mr. Wyatt, General Counsel

In accordance with the request made during the meeting of the Board this morning, I am handing you herewith for your information in connection with the forthcoming discussion of the Patman Bill, a copy of the mandate contained in the Banking Act of 1935 when it passed the House of Representatives, and also copies of compromise amendments prepared subsequently with a view of possibly submitting them for consideration by the Senate Committee or by the conferees on the bill.

Respectfully,

Walter Wyatt,  
General Counsel.

Attachments

**MANDATE CONTAINED IN SECTION 204(b) OF H.R. 7617  
(THE BANKING ACT OF 1935) AS IT PASSED THE  
HOUSE OF REPRESENTATIVES ON MAY 9, 1935.**

**"(o) It shall be the duty of the Federal Reserve Board to exercise such powers as it possesses in such manner as to promote conditions conducive to business stability and to mitigate by its influence unstabilizing fluctuations in the general level of production, trade, prices, and employment, so far as may be possible within the scope of monetary action and credit administration."**

**BANKING ACT OF 1935**

**Compromise Mandate Drafted June 22, 1935**

**"(c) It shall be the duty of the Federal Reserve Board to use its powers toward the maintenance of sound banking and credit conditions and to exert such influence as lies within the scope of monetary action and credit administration (1) toward the restoration of employment and production to the highest level consistent with economic stability and, thereafter, (2) toward the moderation of such fluctuations in the general level of production, trade, prices, and employment as conflict with continued stability of economic conditions."**

BANKING ACT OF 1935

Compromise Mandate drafted June 27, 1935-

"(c) It shall be the duty of the Federal Reserve Board to use its powers toward the maintenance of sound banking and credit conditions and to exert such influence as lies within the scope of monetary action and credit administration (1) toward the restoration of employment and production to the highest level consistent with economic stability and, thereafter, (2) toward the moderation of such fluctuations in the general level of production, trade, prices, and employment as conflict with continued stability of economic conditions."

(Note: This is not intended as a fundamental change in policy but only to eliminate the argument that the statement of objectives contained in the House bill might be interpreted as requiring the Board to stabilize at present levels instead of restoring business to normal levels and then stabilizing on that basis.)