

Great Caution Should Be Used in Filling Vacancies on Federal Reserve Board

EXTENSION OF REMARKS

OF

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OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

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Mr. SHAFER. Mr. Speaker, President Truman will soon be called upon to fill two vacancies on the Federal Reserve Board. This will be a great responsibility for the Chief Executive. The importance of his action is well stated in a press release which appeared in Washington newspapers over the week end. The release, I understand, was issued by a highly respected Member of the other body and should be available to every Member of Congress. Therefore, under permission to extend my remarks, I include this statement which I commend to all Members:

FEDERAL RESERVE VACANCIES

There are two vacancies to be filled on the present Federal Reserve Board. This Board, as you know, was set up to act as an independent regulator of the country's financial policies and was never designed to be a tool of the executive branch. It is supposed to be nonpolitical and nonpartisan. The Board is designed to serve as a traffic light in national fiscal policy.

It is important for the American people and our democratic institutions that these very fine and important positions, paying \$15,000 a year for 14-year terms, should be filled by men of independence and caution. The credit of the Nation is nothing to be trifled with. We must be strong financially to stand the strains from within and without nowadays.

There has been a tendency of late on the part of the Board to move closer to the orbit of the White House. That is against the spirit of the law which created the Board. This Board could very well be packed to agree to the fiscal policies laid down by the White House and the Treasury. There are reports in Washington that this is a possibility. Let me point out that the line of control from the White House to the Treasury to the Board could well have as its ultimate result the control of the banks through the Board's credit policies and through the banks to the industries of the country.

The Board has embarked in recent years on some radical actions which are more or less questionable. If we do not get independent men as new appointees these questionable actions might well become rules of future action. The subject of the consumer's dollar is a precious one in this country. I am sure the President will realize that a strong, independent Federal Reserve Board, acting according to the intent of Congress and not moving in the White House orbit at all, is an asset which the American people cannot well afford to lose.

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