

1. A SERIES ON THE STRUCTURE OF THE FEDERAL RESERVE SYSTEM

# The Board of Governors of the Federal Reserve System



Board of Governors  
of the Federal Reserve System  
Washington, D.C. 20551  
Official Business  
Penalty for Private Use, \$300

**J. Charles Partee**

Former Director of the Division of Research and Statistics, Adviser to the Board and Managing Director for Research and Economic Policy of the Board of Governors. Sworn into office on January 5, 1976, to fill an unexpired term ending January 31, 1986.

**Nancy H. Teeters**

Former Assistant Staff Director and Chief Economist of the House Budget Committee. Sworn into office on September 18, 1978, to fill an unexpired term ending January 31, 1984.

**Emmett J. Rice**

Former Senior Vice President of the National Bank of Washington, and advisor to the Central Bank of Nigeria. Sworn into office June 20, 1979, to an unexpired term ending January 31, 1990.

**Lyle E. Gramley**

Former member of the Presidents' Council of Economic Advisors and Director of the Board's Division of Research and Statistics. Sworn into office May 28, 1980 to a full term ending January 31, 1994.

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Board of Governors  
of the Federal Reserve System



First Class



**The Federal Reserve System — the nation's central bank — was created by Act of Congress on December 23, 1913. The System consists of a seven-member Board of Governors, with headquarters in Washington, D.C., and a nationwide network of 12 Federal Reserve Banks and 25 branches.**

## Appointments to the Board

Members of the Board of Governors are appointed by the President and confirmed by the Senate to serve fourteen-year terms of office. This length of service helps to insulate the decisions of Board members from day-to-day political pressure.

Terms are staggered, with one term expiring every two years. Upon death or resignation of a Board member, the President appoints a new Governor to fill the unexpired term of office. A Governor serving a partial term may be reappointed to a full term of office. A Governor serving a full term may not be reappointed. The President designates one member of the Board as Chairman and another as Vice-Chairman, for terms of four years.

## Representation

Not more than one member of the Board may be selected from any one of the twelve Federal Reserve Districts. In making appointments, the President is directed by law to select a "fair representation of the financial, agricultural, industrial, and commercial interests and geographical divisions of the country." These aspects of selection are intended to ensure representation of regional interests, and of the interests of various sectors of the public. Governors have come to the Board from a variety of backgrounds, including the academic world, banking, government, business, and agriculture.

## Responsibilities of Board Members

The prime responsibility of Board members is in the field of monetary policy. The seven Board members constitute a majority of the 12-member Federal Open Market Committee, the group which makes the key decisions affecting the cost and availability of money and credit. (The other five members are presidents of Federal Reserve Banks.) The Board also establishes reserve requirements—the percentage of deposits that depository institutions must maintain with the Federal Reserve or as vault cash. The Board issues rules concerning

how and when the 12 Reserve Banks may make "discount" loans to depository institutions. Changes in the interest rate for such loans, proposed by the boards of directors of the Reserve Banks, are subject to the Board's approval. The Board also sets margin requirements for the use of credit in securities markets.

In addition to its money and credit responsibilities, the Board has broad supervisory and regulatory authority over the activities of its member banks, including their foreign activities. It also supervises the operations of the Federal Reserve Banks, and regulates all holding companies that control one or more banks.

The Board also has responsibility for implementing by regulation the major Federal consumer credit laws, such as Truth in Lending and Equal Credit Opportunity.

## Meetings

The Board meets several times a week. Its meetings are conducted in compliance with the Government in the Sunshine Act. Certain meetings of the Board to consider such matters as confidential financial information are closed to public observation, but many meetings are open to the public. All consumer credit protection matters are discussed in public session.

## Reports

The Board's monetary and other policies are designed to promote the nation's broad economic goals, and the Board reports to and accounts for its actions to the Congress.

Twice a year, the Board submits a written report to Congress on the state of the economy and the course of monetary policy, and it may be called to consult with Congress on this report. The Chairman and other Governors also appear frequently before congressional committees to comment on the condition of the banking system, on pending banking and economic legislation, and on budgetary and other economic matters.

An annual report on the Board's operations is also submitted to Congress. On a weekly, monthly, and quarterly basis, the Board makes available statistical reports on a broad range of economic subjects, including the money supply, interest rates, banking, industrial production, and consumer credit. Most of these reports are summarized in the monthly *Federal Reserve Bulletin*.

## Contacts Within Government

As they carry out their duties, the Governors are in continuous contact with officials of other government agencies. For example, frequent meetings are held with the Treasury, the Council of Economic Advisers, and the Office of Management and Budget to help evaluate the economic climate and to discuss objectives. The Chairman is a voting member of the Depository Institutions Deregulation Committee, which is charged with phasing out limitations on the maximum rates of interest that may be paid on deposits. Governors also discuss the international monetary system with central bankers from other countries and are in close contact with the heads of the other U.S. agencies that make foreign loans or conduct foreign financial transactions.

## Members of the Board, as of June 1981

**Paul A. Volcker**, Chairman  
Former President of the Federal Reserve Bank of New York and Under Secretary of the Treasury. Sworn into office August 6, 1979, to an unexpired term ending January 31, 1992 and designated Chairman of the Board for a four year term.

**Frederick H. Schultz**, Vice Chairman  
Former Chairman of the Board of Barnett Investment Services, Inc., and Director of Barnett Bank of Florida, Inc. Sworn into office July 27, 1979, to an unexpired term ending January 31, 1982 and designated Vice Chairman of the Board.

**Henry C. Wallich**  
Former Professor of Economics at Yale University, Assistant to the Secretary of the Treasury, and member of the Council of Economic Advisers. Sworn into office March 8, 1974, to a full term ending January 31, 1988.