

speeches

BANK RELATIONS FIELD MEETINGS  
Spring 1952

THE PATMAN INQUIRY

I. Inquiry always appropriate. Why should you be interested?

A. You are most directly affected

1. Who shall regulate our money and banking system?  
Impression it is only Federal Reserve that is involved.

2. And how shall it be regulated?  
Suggestions:

- a. 100% reserves
- b. Government security reserves
- c. Reserves against assets
- d. Detailed selective controls
- e. Direct controls vs. indirect controls

B. Others are interested

- 1. C.I.O.
- 2.

C. You want to think your way through

II. Origin of Inquiry

A. Conflict between Treasury and Federal Reserve

Should the Treasury tailor its issues to the market?  
or  
Should the Federal tailor the market to Treasury issues?

B. Post-war compromise

C. Douglas Inquiry and Report

D. Post Korean monetary policy

August 1950  
March 1951 accord

E. Patman theories

### III. Method of Inquiry

#### A. Membership of Committees

Douglas	Patman
Patman	Douglas
Flanders	Flanders
Wolcott	Wolcott
Buchanan	Bolling
<hr/> Chandler	<hr/> Murphy

#### B. Questionnaires

##### Treasury Question 17

#### C. Hearings

1. Confusion in House caucus room  
Income tax sign on door  
Acoustics
2. Snyder
3. Martin
4. Sproul
5. Bryan
6. Harris
7. Keyserling

### IV. Basic Issues

#### A. The role of Government in economic life

1. Prime reliance on monetary-fiscal policy with the market-place as distributor
2. Prime reliance on direct controls
3. Implications of flexible monetary policy - flexible rates

#### B. Who shall resolve conflicts?

1. The executive
2. The Congress

V. Possible Results of Patman Inquiry

- A. The appropriateness of Inquiries
- B. Joint Committee not a "legislative" committee
- C. Outcome
  - 1. More specific directive
  - 2. Audit, budget, appropriations control

KRB