HEARING
BEFORE THE
COMMITTEE ON BANKING AND CURRENCY
UNITED STATES SENATE
NINETIETH CONGRESS
FIRST SESSION
ON
THE NOMINATION OF WILLIAM W. SHERRILL, TO BE A MEMBER OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

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NOMINATION OF WILLIAM W. SHERRILL

TUESDAY, APRIL 25, 1967

U.S. Senate,
Committee on Banking and Currency,
Washington, D.C.

The committee met at 9:35 a.m. in room 5302, New Senate Office Building, Senator John Sparkman, chairman of the committee, presiding.

Present: Senators Sparkman, Proxmire, Spong, Bennett, and Tower.

The CHAIRMAN. Let the committee come to order.

We are meeting this morning for the consideration of the nomination of William W. Sherrill, of Texas, to be a member of the Board of Governors of the Federal Reserve System for the unexpired term of 14 years from February 1, 1954, in place of Charles Noah Shepardson, resigned.

Mr. Sherrill, we are glad to have you with us this morning.

Mr. SHERRILL. Thank you.

The CHAIRMAN. I see we have Senator Yarborough, from Texas, here with us today. Welcome.

STATEMENT OF RALPH W. YARBOROUGH, A U.S. SENATOR FROM THE STATE OF TEXAS

Senator YARBOROUGH. Senator Sparkman, gentlemen, it is a great honor and privilege to come before this committee to present to you a man whom you already know, because he is now one of the directors of the Federal Deposit Insurance Corporation.

Mr. Sherrill has been nominated by the President to replace a member of the Board of Governors of the Federal Reserve System who is retiring on account of combined age and service, 70 years and 15 years' service. Mr. Sherrill will replace Dr. Shepardson, likewise from Texas.

Mr. Sherrill is known to this committee. This does not take a long introduction because of his past confirmation, but I want to report to the committee that small bankers from Texas have phoned me that they are elated at this appointment. They say that there will, at last be someone on the Board who understands the position of small banks that are making loans.

In other words, he was a banker. You might call him the retailer of the moneylending business; the man out at the end of the line, where the money is funneled out, who had the job of lending it to individuals there. Here will be a man on the Board of Governors—the "Fed Board" as it is frequently called—who knows what it is to get money from a bigger institution and lend the money to the borrower who comes in. It affects the power of this ultimate retail lending agency, you might call it.
NOMINATION OF WILLIAM W. SHERRILL

For that reason, I have had more callers expressing their gratitude, to a man who would understand the position of the small bank actually lending the money to people; more than what they might have had in the past.

He has had public service with the city of Houston; he was city treasurer and chief administrative officer for the mayor of Houston for 4 years—1958-62—with a very progressive administration in Houston.

He has had business experience and has had experience with banks there re savings and loans.

He has been a marine. He served in the Marine Corps in World War II and was wounded on Iwo Jima and received a Purple Heart.

He came back, and his success since then is in the biographical sketch, and in the knowledge of the esteem in which he is held in Houston, his home city, and my State.

I do not believe I have had the privilege of introducing a person appointed to a high office from my State in this six years of the Kennedy-Johnson administration. I had the privilege of bringing several in, but I never appeared before a Senate committee with a man whose appointment had evoked such expressions of esteem and universal approval as Mr. Sherrill. It is a great pleasure to present him to the committee and I am glad my colleague from Texas is a member of this committee.

The CHAIRMAN. Thank you.

Now, Senator Tower?

Senator Tower. Mr. Chairman, I would like to file my statement for the record, if I might, and just informally say I certainly associate myself with everything my distinguished senior colleague from Texas said about Mr. Sherrill. I think the President showed great wisdom in appointing a man to the Federal Reserve System that does have experience with small banks. I know that small bankers will be rejoicing all over the country.

I think the President showed great wisdom in picking a man with such a fine financial background and I am confident that he will be an outstanding member of the System.

The CHAIRMAN. Thank you very much, Senator Tower. The statement will be printed in the record.

(Senator Tower's statement follows:)

STATEMENT OF JOHN G. TOWER, A U.S. SENATOR FROM THE STATE OF TEXAS

The President's decision to nominate Mr. William W. Sherrill to the Board of Governors of the Federal Reserve System was, I certainly believe, a wise and enlightened one. I am particularly gratified that the Board will have the benefit of Mr. Sherrill's demonstrated ability and broad understanding of fiscal affairs.

Only last year, Mr. Sherrill was appointed to the Federal Deposit Insurance Corporation, which position he has filled most competently. He completely understands our banking procedures and is especially knowledgeable regarding small to moderate size financial institutions, having come to the FDIC from Houston where he was President of the Homestead Bank.

He is a graduate of the Harvard University Graduate School of Business, and has served successively as Treasurer, Chief Administrative Officer, and Executive Assistant to the Mayor of Houston.

He has exhibited outstanding ability in his academic work—having graduated with distinction in finance upon receiving his MBA degree from Harvard—in his impressive ability for civic work, and he is noted as an individual of highest integrity with a record of fair dealing by his colleagues in the banking profession.

I am very gratified by this particular nomination and I am sure we, on the Banking and Currency Committee will want to speedily confirm him to the post.
The Chairman. We have your biographical sketch, Mr. Sherrill. It is quite impressive. Do you have any statement you would like to make?

STATEMENT OF WILLIAM W. SHERRILL, NOMINEE

Mr. Sherrill. No, sir; I do not, except that if you see fit to confirm my nomination, I will do my very best to make all the decisions that come before me in the public interest.

The Chairman. Senator Proxmire?

Senator Proxmire. I agree with the Senators from Texas that this appears to be a very felicitous appointment. As you know, Mr. Sherrill, you are getting into an extraordinarily controversial area and, as the Washington Post said this morning, you seem to be "a man for all factions." Anyone who has the support of both the American Bankers Association and Wright Patman is a remarkable person. I can see why.

The Chairman. May I interject at this point?

I had a call this morning from William McChesney Martin expressing regret that he would not be able to be at the hearing, but saying that he is very pleased with the appointment. I said to him: "Do you not think we ought to be a little disturbed? This man is endorsed by both you and Wright Patman."

Senator Proxmire. If you can continue with this kind of support over the next year or 2, you will be not only remarkable, but astonishing.

Mr. Sherrill. Thank you, sir.

Senator Proxmire. Let me say I notice you have a degree with distinction from Harvard Graduate School of Business Administration, which I think is the finest graduate school of business administration in the country.

How long were you actually working with the bank?

Mr. Sherrill. Three years.

Senator Proxmire. Three years?

Mr. Sherrill. As president; yes.

Senator Proxmire. You have a most varied career and you have enough solid experience with this bank to have that as your principle background.

I notice there are now four economists on the Board: A career man in Governor Robertson; a man of stock exchange and so forth in the Chairman; and, then, you are the banking representative.

Mr. Sherrill. Yes, sir.

Senator Proxmire. This seems to be a pretty good balance, in my judgment.

Mr. Sherrill. I am looking forward to it.

Senator Proxmire. I am sure you have considerable knowledge of economics and of the economic problems that are involved that I think are the principle problems, perhaps you agree, in operating the Federal Reserve System.

Mr. Sherrill. Yes.

Senator Proxmire. Have you had a chance to study economic monetary policy?

Mr. Sherrill. I am not a deep student of monetary policy at this point, but I have a businessman's background in economics. I have been interested in economics from the operating level for some time.
In the past year, as a member of the FDIC Board, of course, I have been exposed to the national level of economic and monetary policy, so I have some exposure, but I will require a great deal of study and homework before I am prepared to call myself an expert.

Senator Proxmire. I am sure with your background and ability, in view of your colleagues on the Board who are eminent economists, a number of them, you will undoubtedly pick up a very solid understanding of the policy applications of the job quickly.

Mr. Sherrill. I look forward to working hard at it.

The Chairman. Senator Bennett?

Senator Bennett. Mr. Chairman, I would like to join the chorus expressing great satisfaction with this appointment.

I have had some association with Mr. Sherrill during his year at FDIC and I agree that he will bring not only all that has been described but he will bring his experience in that related bank regulatory organization and, thus, may contribute something to the cooperation that has now become so important.

Chairman Randall, of the FDIC, told me that he hates to lose you from his shop but he feels that you are amply prepared now to get into the broader spectrum of banking problems.

Mr. Chairman, I would like to point out that this is a very happy manifestation of what might be called the great Texas cabal. We have the President of the United States supporting this gentleman; we have Wright Patman, of Texas, approving it; and we have Charles Walker, executive vice president of the ABA, formerly from Texas, agreeing with the appointment.

Maybe it is the strength of the Texas loyalty that will overcome some of these other problems that have separated some of these people in the past. I am delighted with the appointment.

I am happy that you go into your new job without having attracted all the discussion and controversy that usually grows up when there is a vacancy on the Board. I will be very happy to vote for Mr. Sherrill's nomination.

The Chairman. Senator Spong?

Senator Spong. Mr. Chairman, I have no questions.

I think this is an excellent nomination and I certainly intend to support Mr. Sherrill.

Mr. Sherrill. Thank you very much.

The Chairman. Senator Tower?

Senator Tower. I have no questions.

Senator Bennett. I would just like to finish my Texas example by pointing out that he is succeeding another Texan, Mr. Shepardson.

The Chairman. Mr. Sherrill, you have been an FDIC. I suppose that when you were before us the question was asked about your having any holdings that would create a conflict of interest. Have you checked yourself with reference to this job?

Mr. Sherrill. Yes, sir. I divested myself, as a result of the FDIC appointment. There was one contingency at the time—some bank stock that I had acquired very shortly before the appointment that was put into a trust for my children to be held past the 6 months' period. That was disposed of, so I now hold no stocks that would be in conflict.

The Chairman. Nor any other holding that might be in conflict.

Mr. Sherrill. No, sir; nor any other interest.

The Chairman. Thank you very much.
Senator YARBOROUGH. May I ask a question? His biographical sketch will be placed in the record?

The CHAIRMAN. It will be printed in the record.

(The biographical sketch follows:)

BIOGRAPHICAL SKETCH OF WILLIAM W. SHERRILL

William W. Sherrill, Director of the Federal Deposit Insurance Corporation, was appointed by President Johnson to a six-year term on the Corporation's three-man Board of Directors on February 2, 1966. At the time of his appointment he was President of the Homestead Bank and Executive Vice President of the Jamaica Corporation, Houston, Texas.

Mr. Sherrill was born on August 23, 1926 in Houston, Texas. In 1941, at the age of 15, he enlisted in the United States Marine Corps, serving throughout World War II and was wounded in action on Iwo Jima.

In 1946, Mr. Sherrill entered the University of Houston where he received his B.B.A. with Honors in 1950. While attending college, he was employed by Southwestern Bell Telephone Company, where he became Commercial Department Manager.

In 1950, Mr. Sherrill began post-graduate studies at the Harvar Graduate-School of Business Administration, and in 1952, received his M.B.A., with Distinction, in, finance.

Mr. Sherrill first entered public service in 1954 when he became the Administrator of the City Court System of the City of Houston. Other administrative posts included: Executive Assistant to the Mayor, Chief Administrative Officer, and City Treasurer.

Mr. Sherrill has an unusually broad background in finance. He has served as financial analyst for major investors, President of a Federal Credit Union, Vice President of a Savings and Loan Association, Administrator of three major Pension Funds, Treasurer of the Nation's sixth largest city, as well as Bank President.

Active in civil and fraternal affairs. Mr. Sherrill served as Port Commissioner, and on committee assignments for the Boy Scouts of America, YMCA, and the Political Science Faculty Advisory Committee of the University of Houston. He also served the University's Alumni Association as Treasurer and Director. The University of Houston honored him with the Outstanding Alumnus Award in 1955, only five years after graduation.

Married to the former Sue Poot, he has three daughters, Cynthia, age 12; Sandra, age 9; and Suzanne, age 4. Mr. Sherrill and his family presently reside at McLean, Virginia.

Senator YARBOROUGH. The distinguished Senator from Wisconsin noted Mr. Sherrill had a degree from Harvard. I wanted to point out that he has a B.B.A. from the University of Houston, so he was well grounded before he went to Harvard.

The CHAIRMAN. Let me add something for the record, too. If you do not know this, I am sure you will be pleased to know you have a companion on this committee holding the same degree with distinction from Harvard in the person of Senator Proxmire.

Mr. SHERRILL. Wonderful.

The CHAIRMAN. Thank you very much. Our best wishes to you.

(Whereupon, the committee adjourned at 9:40 a.m.)

(The following excerpts outline the authority and responsibilities of the Federal Reserve Board:)

FEDERAL RESERVE ACT

SEC. 10. The Board of Governors of the Federal Reserve System (hereinafter referred to as the "Board") shall be composed of seven members, to be appointed by the President, by and with the advice and consent of the Senate, after the date of enactment of the Banking Act of 1935, for terms of fourteen years except as hereinafter provided, but each appointive member of the Federal Reserve Board in office on such date shall continue to serve as a member of the Board until February 1, 1936, and the Secretary of the Treasury and the Comptroller of the Currency shall continue to serve as members of the Board until February 1, 1936.
NOMINATION OF WILLIAM W. SHERRILL

In selecting the members of the Board, not more than one of whom shall be selected from any one Federal Reserve district, the President shall have due regard to a fair representation of the financial, agricultural, industrial, and commercial interests, and geographical divisions of the country. The members of the Board shall devote their entire time to the business of the Board and shall each receive an annual salary of $15,000,1 payable monthly, together with actual necessary traveling expenses.

The members of the Board shall be ineligible during the time they are in office and for two years thereafter to hold any office, position, or employment in any member bank, except that this restriction shall not apply to a member who has served the full term for which he was appointed. Upon the expiration of the term of any appointive member of the Federal Reserve Board in office on the date of enactment of the Banking Act of 1935, the President shall fix the term of the successor to such member at not to exceed fourteen years, as designated by the President at the time of nomination, but in such manner as to provide for the expiration of the term of not more than one member in any two-year period, and thereafter each member shall hold office for a term of fourteen years from the expiration of the term of his predecessor, unless sooner removed for cause by the President. Of the persons thus appointed, one shall be designated by the President as chairman and one as vice chairman of the Board, to serve as such for a term of four years. The chairman of the Board, subject to its supervision, shall be its active executive officer. Each member of the Board shall serve until their successors are appointed and have qualified. Any person appointed as a member of the Board after the date of enactment of the Banking Act of 1935 shall not be eligible for reappointment as such member after he shall have served a full term of fourteen years.

1 The Federal Executive Salary Act of 1964 fixed the salary of the Chairman at $30,000 and the salaries of other Board members at $28,500.