NOMINATION OF WILLIAM W. SHERRILL

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

JANUARY 22, 1968

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MONDAY, JANUARY 22, 1968

U.S. SENATE,
COMMITTEE ON BANKING AND CURRENCY,
Washington, D.C.

The committee met at 10:00 a.m., pursuant to notice, in room 5302, New Senate Office Building, Senator John Sparkman (chairman of the committee) presiding.

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

The CHAIRMAN. Let the committee come to order, please.

We have several items to attend to this morning. I think we could move right along.

First, we have before us the nomination of Hon. William W. Sherrill for a full 14-year term as a member of the Board of Governors of the Federal Reserve System. This is a reappointment. He was before us on April 26, 1967, at which time we recommended his confirmation to finish out the term of a vacancy. We are glad to have Mr. Sherrill before us this morning accompanied by Senator Ralph Yarborough.

Senator Yarborough, both of you have a seat, and we will be glad to hear from you.

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

Senator YARBOROUGH. Mr. Chairman, I appreciate the honor this committee has given me of introducing a constituent of mine. It is a special pleasure to introduce this constituent whom I have known for a number of years, considering the disparity in our ages. I have the great privilege of presenting William W. Sherrill who has been nominated by President Johnson for a full term on the Board of Governors of the Federal Reserve System as the chairman has mentioned.

Last year, Mr. Sherrill's nomination was approved by this committee unanimously and overwhelmingly approved by the Senate. And I appear here again to give my wholehearted support to the reappointment and to sincerely request that last year's action be repeated.

He is a great Texan and a great American. He has compiled an outstanding record as a student, soldier, banker, and government administrator on the local and national level. He has, for his age, one of the most enviable records that I know.

He was born in 1926. He was graduated from the University of Houston with a BBA degree with honors. He received his master of business administration degree with distinction in finance from the Harvard Business School 2 years later. During World War II, he served in the Marine Corps, was wounded at Iwo Jima, receiving the Purple Heart for that.

His public service for the city of Houston included 4 years as city treasurer and chief administrative officer for Mayor Lewis Cutrer from 1958 to 1962. He has banking experience as a former president
of the Homestead State Bank of Houston and as a former director of Colonial Savings & Loan Association.

Many bankers in Texas have expressed to me their strong approval of the nomination of Mr. Sherrill as one who understands monetary policy from the standpoint of the small banker's position as a lender, having his experience as a small bank president in a great city—sixth largest city in America.

Before his appointment last year, he had ably served as one of the three directors of the Federal Deposit Insurance Corporation.

Mr. Chairman, I endorse the action of the President in this reappointment. I commend President Johnson for his wisdom in finding this man and appointing him in the first place. In his brief tenure on the Federal Reserve System, I think that Mr. Sherrill has demonstrated the fine abilities that qualify him for this position, and the Nation should look forward to continuance of his fine service.

I thank you, Mr. Chairman and members, for the privilege of appearing here again.

The CHAIRMAN. Thank you, Senator Yarborough. Senator Tower?

Senator Tower. Mr. Chairman, I would like to associate myself with the remarks of my distinguished senior colleague and express my pleasure in being able to support this nomination. It is my understanding that Mr. Sherrill is held in very high regard by those with whom he has been closely associated in the past few months. And although his advancement in policymaking circles has been pretty speedy, he has handled every assignment in an excellent way and brought credit to himself.

As you know, when Mr. Sherrill was originally named to the Federal Reserve Board, it was expressed by several of us that we felt his small bank experience was a very strong point in his favor. And I think that point should be reemphasized again here today. I am very pleased to support this nomination.

The CHAIRMAN. Thank you, Senator Tower.

Senator YarbouROUGH. Mr. Chairman, may I say one more word?

The CHAIRMAN. Yes, Senator.

Senator YARBOROUGH. I think with my distinguished colleague here from Texas, we have no objection to a man's relatively rapid advance in financial circles, considering his own meteoric rise in political circles.

The CHAIRMAN. A nice parallel.

Senator YARBOROUGH. Thank you, Mr. Chairman.

Senator Tower. I might note further, Mr. Chairman, we are delighted Mr. Yarborough is going to stay with us and not run for Governor.

Senator YARBOROUGH. I thank my colleague, Mr. Chairman.

The CHAIRMAN. Actually, my curiosity is aroused as to which one overbalances the other.

Senator YARBOROUGH. Thank you, Mr. Chairman. I appreciate the kindness of the committee. If the committee has no questions of me, I would like to be excused to go to another assignment.

The CHAIRMAN. Let me add that I am sure all of us share with Senator Tower the good feeling that you are going to stay with us.

Senator YARBOROUGH. I appreciate that very much, Mr. Chairman. Frankly, it is harder work here.

The CHAIRMAN. We all admit that.
Senator Tower. But you only have to run for it every 6 years.

The Chairman. Let me say, for the benefit of the committee, that there is a printed hearing before you on the nomination of Mr. Sherrill last April. His biographical information is given in that (see p. 4). Any questions, gentlemen?

Senator Bennett. Mr. Chairman, I would just like to add my voice in approval of Mr. Sherrill's nomination. I have been very pleased with his economic philosophy which we might expect, as a member of the Board from Texas. And I think he has justified the confidence of the President in giving him this added appointment. And I would be happy to vote for it.

Senator Proxmire. I, too, am happy to join. I am pleased to join the other Senators in stating my very strong approval of Mr. Sherrill. He has done a fine job, a tremendously important job, as I know. And has qualified for the very, very long term of 14 years—I guess about the longest term for which we make an appointment.

Senator Percy. Mr. Chairman, I would like to ask a question, not in any sense to detract——

The Chairman. Senator Yarborough expressed a desire to leave if we did not want to question him further. Does anyone want to question the Senator?

You feel free to go when you wish.

Senator Yarborough. May I go off the record one moment?

The Chairman. Certainly.

(Discussion off the record.)

The Chairman. Any questions of Mr. Sherrill, Senators?

Senator Percy. I would like to say first, I enthusiastically support Governor Sherrill's appointment; he is outstanding. But I would like to give him a chance to put on the record one point of difference in philosophy approaching the Federal Reserve System. My very distinguished predecessor on this committee, Paul Douglas, and I differed in our approach to the Fed.

I think his approach was that it should be more subject to the fiscal and monetary policy of the administration. It is my belief it should be absolutely independent in judgment. They should listen to the administration, to the Secretary of the Treasury, and so forth, and Budget Director, but they should make their judgment based on absolutely independent judgment as governors with their responsibility as they see it.

And I would appreciate very much your statement as to your own personal philosophy.

Mr. Sherrill. Yes, Senator.

Personally, I think that the concept of the independence of the Federal Reserve is a pretty complicated one. It is a part of Government, and must respect its membership in the Government. But its responsibilities are such that there are times when it must, I think, exercise independent judgment on the issues at hand. That would be the approach I would take—I would search my own conscience, and I would review the issues very carefully, then cast the vote I felt would be in the best interest of our Nation.

Senator Percy. Thank you, sir.

The Chairman. Any further questions, gentlemen?

Thank you very much, Mr. Sherrill. We wish you a very successful and happy tenure of office.
Mr. SHERRILL. Thank you very much, Mr. Chairman.
(Whereupon, at 10:20 a.m., the committee went into executive session.)

(A reprint of the biographical sketch of Mr. Sherrill and section 10 of the Federal Reserve Act follow:)

**BIOGRAPHICAL SKETCH OF WILLIAM W. SHERRILL**

William W. Sherrill was appointed by President Johnson to a six-year term on the Federal Deposit Insurance 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 Harvard 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.

On August 18, 1967, Mr. Sherrill was appointed by the Secretary of State to be a Member of the United States National Commission for the United Nations Educational, Scientific, and Cultural Organization.

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

**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. 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, payable monthly, together with actual necessary traveling expenses.

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 $26,500.
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 within fifteen days after notice of appointment make and subscribe to the oath of office. Upon the expiration of their terms of office, members of the Board shall continue to 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.