

4

76TH CONGRESS
1ST SESSION

S. 31

IN THE SENATE OF THE UNITED STATES

JANUARY 4, 1939

Mr. LOGAN introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

A BILL

To amend the Federal Reserve Act, to restore and maintain a stable price level, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That (a) the Board of Governors of the Federal Reserve
4 System is hereby declared to be the agency of the Congress
5 to create money and regulate the value thereof, as authorized
6 by the Constitution of the United States; and the individual
7 members of such Board shall hold office subject to the will
8 of the Congress of the United States; and either the Senate
9 or the House by resolution may authorize and request the
10 President of the United States to nominate a successor to a
11 member of the Board from any Federal Reserve district

1 regardless of the term for which he was appointed, where-
2 upon the office of such member upon the passage of such
3 resolution shall be vacated.

4 (b) It shall be the duty of the Board of Governors of
5 the Federal Reserve System to raise the all-commodity
6 index, or the so-called price level until the price level shall at
7 least reach the all-commodity index of 100 as established by
8 the Department of Labor for the year 1926. Thenceforth
9 such price level shall be standardized and maintained as
10 nearly as possible. It shall be the duty of the Board of
11 Governors of the Federal Reserve System in accomplishing
12 these ends to expand demand bank deposits by the purchase
13 of United States bonds and notes, or bonds secured by the
14 United States, or bonds of States and subdivisions thereof,
15 or other sound bankable assets; and to contract demand bank
16 deposits by the sale of the securities aforesaid.

17 (c) The Board of Governors of the Federal Reserve
18 System shall have complete control over the Federal Reserve
19 banks with the right to remove officers or employees and
20 shall cause said banks to be operated as one institution in
21 carrying out the purposes of this Act.

22 (d) The Board of Governors of the Federal Reserve
23 System shall exclusively control all open-market operations.

24 (e) In order to keep the money supply equal to the
25 expansion of physical producton, the Board of Governors

1 is hereby authorized and directed to expand demand bank
2 deposits and currency in an amount not to exceed 4 per
3 centum per annum of the total demand bank deposits and
4 currency estimated as outstanding during the last day of the
5 preceding year.

6 (f) The Board of Governors is directed in the annual
7 expansion of the money supply above provided to issue the
8 credit through the payment of social payments to the
9 Nation's dependent old people, the blind, the crippled,
10 dependent children, and other beneficiaries provided for in
11 the Social Security Act through the Social Security organiza-
12 tion, and any additional expansion of the circulating medium
13 of exchange, whether of money or currency, necessary to
14 maintain the price level above referred to, and as contem-
15 plated in this Act, shall be put into circulation through the
16 financing of farms and homes for the lower-income groups,
17 through such governmental agencies as are now or hereafter
18 may be organized.

THE BOARD OF GOVERNORS
FEDERAL RESERVE SYSTEM
2.31

A BILL

76TH CONGRESS
1ST SESSION

S. 31

A BILL

To amend the Federal Reserve Act, to restore and maintain a stable price level, and for other purposes.

By Mr. LOGAN

JANUARY 4, 1939

Read twice and referred to the Committee on Banking and Currency