

January
Seventh
1952

F. R. B.

Dear Mr. Fichtner:

There has never been a moment in which I didn't feel strongly that the Federal Reserve System should maintain its independence from domination by the Federal Government. I think that when the testimony is all in that you will find that this has been my position. We must not lose sight of the fact, however, that the Treasury Department has the responsibility of managing a huge debt and must rely heavily upon cooperation from the Federal Reserve System in carrying out those responsibilities.

I must confess that I believe the last paragraph of your statement requires considerable analysis before being accepted as written, for we must face the fact that our entire fiscal picture is entirely different than it was at the time the Federal Reserve was created and the Federal Reserve Act revised in the 1930's.

Warm good wishes,

Sincerely,

(Signed) JOHN W. SNYDER

Mr. Charles C. Fichtner
Executive Vice President
Buffalo Chamber of Commerce
Buffalo, New York

Buffalo Chamber of Commerce

OFFICE OF
EXECUTIVE VICE-PRESIDENT

December 27, 1951

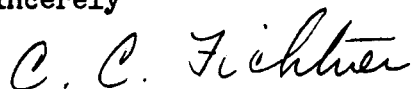
The Honorable John W. Snyder
Secretary of the Treasury
Washington, D. C.

Dear Secretary Snyder:

The enclosed statement relating to the independence of the Federal Reserve System was adopted by the Board of Directors of the Buffalo Chamber of Commerce at its December meeting.

✓ We should appreciate having your comments on the statement.

Sincerely



Charles C. Fichtner
Executive Vice President

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STATEMENT OF THE BUFFALO CHAMBER OF COMMERCE
ON THE INDEPENDENCE OF THE FEDERAL RESERVE SYSTEM

The investigation by the Congressional subcommittee of the Joint Committee on the Economic Report which will study credit control and debt management will have far reaching implications. Because the Chairman of the subcommittee has repeatedly declared that he feels that the Federal Reserve System is too independent and must be brought more closely under the control of the administration, citizens who understand the relationship between the banking and credit structure and the national welfare are fearful that an attempt will be made to put the Federal Reserve Board under political control.

The Buffalo Chamber of Commerce favors the continuance of the American central banking system guided by principles and policies delegated to the system by Congress. To meet those responsibilities, the Federal Reserve System must be independent of the executive branch of the Federal government.

The Buffalo Chamber particularly feels that there should be no continuation of recent fiscal and monetary policies which have required the subordination of the Federal Reserve to the United States Treasury. Under such subordination, the Treasury, instead of being forced to bid in the open market for loan funds to finance deficits and refinance maturing obligations, can largely predetermine the interest rate it will pay. The Treasury's insistence on fixing that interest rate at a level lower than would be established by factors of supply and demand in a free money market has promoted inflation and presents grave implications on the future stability of the dollar and the progress of the economy.

We believe that the Federal Reserve should be free to pursue the purposes for which it was created and that the further the System is removed from political control, the better it is for the country.

mlj

12/28/51