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Congress Must Reform the Federal Reserve

EXTRACT OF SPEECHES

OF

HON. WRIGHT PATMAN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

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Mr. PATMAN. Mr. Speaker, high interest rates and tight money and special interest monetary policy must share a large part of the blame for the frustrations of the people in the slums and the ghettos of this Nation.

It is no wonder that we read of riots, of disturbances, of massive frustrations in the areas occupied by these forgotten Americans. It is no wonder that there is so much talk of unfulfilled promises, unfulfilled hopes, in the slum areas of this Nation.

Mr. Speaker, a large part of the responsibility for these unfulfilled promises rests at the fest of our conimercial banking system and our monetary policies which have priced credit—and the things credit can provide—out of the reach of the poor and the low-income people.

Mr. Speaker, it is a well-known fact that the banks do not provide credit to people who live in what is commonly called the "ghetto areas" of our cities. The banks will not even consider a loan to a person or a business in these areas. The residents of these areas—many of them now riot-torn—are left at the mercy of the loan shark and the other merchants of high and usurious interest rates.

Even such illustrious publications as Life magazine are beginning to recognize the tremendous burden placed on the consumer by high interest rates. The current issue of Life carries an excellent editorial denouncing loan-sharking and demanding stronger laws on credit. This editorial relates a credit transaction in which a worker in Jersey City, N.J., was forced to pay \$297 interest on a \$123 television set.

Incidents like this are all too common throughout this country. They are multiplied in the low-income areas as the unscrupulous credit merchants—backed by the banks—prey on the poor.

One of the country's experts on the poor—Dr. David Caplovitz of Columbia University recently described the problem in this manner:

Much more despicable, I think, are the fly-by-night companies which send their

canvassers into the ghetto to sell such expensive commodities as encyclopedias, pots and pans, deep freezers and vacuum cleaners. These companies specialize in sharp practices. Once they make their dishonest sales, they quickly sell their paper to finance companies and benefit from the immunity that the law now gives them from further responsibility for the sale. And I should point out that these disreputable companies could not long survive without the collusion of the equally disreputable finance companies and banks which buy their paper.

These financial institutions must share the blame for the exploitation of the poor, for they know all too well that they are buying "bad" paper, that is, dishonestly obtained contracts, and yet they do so anyway. And when we ask the further question of where the finance companies get the funds that they need to operate, we soon discover that they often borrow from highly respectable banks. Thus, the so-called respectable financial community is also a party to the exploitation of the poor.

High interest rates—as is always the case—have hit the poor and low-income people the hardest. While the Congress has done nothing on monetary policy—high interest rates have squeezed the people in our slums and have destroyed their hopes. Is it any wonder that they are frustrated and sorely disappointed at a society which allows the Federal Reserve System and the banks to impose such usurious interest rates.

Mr. Speaker, the origin of much of this frustration was contained in the Federal Reserve Board's announcement of December 6, 1965, that it was imposing a 37½-percent increase in interest rates on the American people.

This announcement was a virtual death warrant to the hopes of clearing out the Nation's slums and providing decent housing. It was a death warrant for thousand of public works projects which could not be financed at the high and usurious interest rates demanded by that December 6, 1965, action. Even the construction of schools had to be foregone because of high interest rates. The newspapers and the bond market publications are filled with story after story of bond issues canceled or postponed because of high interest rates.

Mr. Speaker, Newark was forced to cancel a \$15 million bond issue shortly before its slum areas were wracked by a severe riot. The city's finance director is quoted in the Wall Street Journal as saying:

The prime factor in our decision was the increasing interest costs municipalities have had to pay . . . in recent weeks.

City after city is faced with the same problem. They are unable to raise funds because of high interest rates.

For example, New York State, last week, canceled a \$49.9 million bond issue to finance low-rent housing projects. State Comptroller Arthur Levitt was quoted as saying that he "deemed the postponement advisable in view of current conditions in the tax-exempt bond market."

Mr. Speaker, these are but a few examples of how high interest rates—and the resulting tight money—have set this country back in its efforts to do something for the poor, the low income, and moderate income families.

In 1965 alone, the American people paid \$36.2 billion in excess interest charges because of mistaken Federal Reserve Board policies. Mr. Speaker, it takes no great imagination to see what \$36 billion would have done for the slum areas—both in our cities and in our rural areas.

Considering only the Federal budget, the excess interest charges are staggering. Let me quote from the testimony of Charles L. Schultze, the Director of the Bureau of the Budget, before the Ways and Means Committee earlier this year:

We estimate that the increasing shortage of credit funds and rising interest rates experienced last year are adding approximately \$3 billion to the Federal budget for fiscal year 1967 as a whole.

Mr. Speaker, this \$3 billion represents only the increase resulting from the December 1965 Federal Reserve action. It does not take into account the tremendous increases in interest rates since President Truman left office in 1952. If we still had the low interest rates of the Truman administration, we would be paying about \$6.7 billion less in interest on the national debt each year. In other words, we would be paying \$7.5 billion instead of the \$14.2 billion which is listed in the current budget.

Mr. Speaker, I place in the Record a chart which shows what has happened to yields on long-term Government obligations since 1939. This chart shows that for 14 years under Presidents Roosevelt and Truman—from 1939 through 1952—the country was able to finance its long-term obligations at 2½ percent

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and below. Beginning in 1953, under President Eisenhower, the interest yields skyrocketed. This chart shows a startling contrast between the two 14-year periods:

Yields on long-term Government bonds 1939 to present

Years:	Yield [Percent per annum]
1939	2.36
1940	2.21
1941	1.95
1942	2.46
1943	2.47
1944	2.48
1945	2.37
1946	2.19
1947	2.25
1948	2.44
1949	2.31
1950	2.32
1951	2.57
1952	2.68
1953	2.94
1954	2.56
1955	2.84
1956	3.08
1957	3.47
1958	3.43
1959	4.08
1960	4.02
1961	3.90
1962	3.95
1963	4.00
1964	4.15
1965	4.12
1966	4.65

Average for 14-year period (1939-52) 2.36
Average for 14-year period (1953-66) 3.65

Mr. Speaker, the fact is the American people have paid about \$43.2 billion in excess interest charges on the national debt alone since 1951. Again, all of us in the Congress know that this money could have done great things for the cities and the rural areas had it not been wasted on excess and unnecessary interest rates.

Mr. Speaker, many may wonder about the priorities of the U.S. Congress. Here we are willing to accept monetary policies which cost the American taxpayers \$43.2 billion in excess interest charges. Yet, we are unwilling to even consider \$40 million to kill the rats in our slums.

In other words, the 90th Congress is willing to let both the rats and the bankers take their bites out of the American people.

The high interest rates and the tight money reduced new housing starts to 1.2 million in 1966—a drop of more than 20 percent from the previous year. This came at a time when the country needed at least 2 million housing units just to keep up with current demand. So without question, many of the frustrations about poor housing conditions can be traced directly to high interest and tight money. Nothing is more damaging to the construction industry than high interest rates.

Monetary conditions have continued to slow housing in the first 6 months of 1967 and, today, we are building new homes at an annual rate of only 1.3 million. This is much too slow to meet current demand and it is totally inadequate

in correcting the critical housing situations of our urban areas.

Many of the people who live in the slum areas are construction workers and they have been deprived of jobs as well as homes by the high interest, tight money policy that has been in effect for 18 months. For these people the frustration is double-edged.

Since 1951, interest charges have taken an increasing bite out of the wage earners' checks. In 1966, the American people paid about \$82.7 billion for interest. A large part of this can be charged off as excessive and unnecessary interest resulting solely from Federal Reserve policies.

In fact, if interest rates had been kept at their 1951 levels, the American people would have paid only \$46.5 billion in interest—instead of \$82.7 billion—in 1966. This means that they paid \$36.2 billion in excess interest.

Mr. Speaker, I place in the RECORD a chart which shows the excess interest charges which have been imposed each year since 1951:

NET PUBLIC AND PRIVATE DEBT, TOTAL INTEREST PAID, AVERAGE RATE OF INTEREST, TOTAL INTEREST AT 1951 FIGURES, AND EXCESS INTEREST PAID (1951-66)

(1)	(2)	(3)	(4)	(5)	(6)
Year	Total debt (\$billions)	Interest paid (\$billions)	Computed average interest paid (col. 3 divided by col. 2)	Interest costs figured at 1951 computed rate	Excess interest (above 1951 rates)
1951	\$524.0	\$17.8	3.397	\$17.8	0
1952	555.2	19.7	3.548	18.9	\$0.8
1953	586.5	21.9	3.734	19.9	1.0
1954	612.0	23.7	3.873	20.8	2.9
1955	672.3	26.0	3.867	22.8	3.2
1956	707.5	29.8	4.212	24.0	5.8
1957	738.9	34.0	4.601	25.1	9.9
1958	782.6	36.0	4.600	26.6	9.4
1959	846.2	40.8	4.821	28.7	12.1
1960	890.2	45.7	5.134	30.2	15.5
1961	947.7	48.4	5.107	32.2	16.2
1962	1,019.3	53.4	5.238	34.6	18.3
1963	1,096.9	59.8	5.452	37.3	22.5
1964	1,174.3	68.5	5.663	39.9	28.6
1965	1,270.3	74.0	5.825	43.2	30.8
1966	1,368.3	82.7	6.044	46.5	36.2
Total		680.2		468.5	

Note:
Total, col. 3 \$680,200,000,000
Less col. 5 \$468,500,000,000
Excess cost \$211,700,000,000
Average excess interest cost each year \$14,110,000,000

Mr. Speaker, these figures plainly establish that high interest rates have been a burdensome tax on the low- and moderate-income families. High interest rates have deprived these people of huge chunks of their wages and at the same time have prevented the construction of needed housing and other public works.

Under these circumstances, it must be indeed frustrating for the low-income people of this Nation to watch while the Congress sits idly by and lets the Federal Reserve defy the laws of the land. Undoubtedly, it is frustrating to these people when they see the Federal Reserve defy the President and the Congress of the United States and impose monetary policy contrary to the general economic policy of the country.

The Federal Reserve has acted as destructively as the worst of the rioters. And the resulting destruction to the economy has far exceeded the damage from all the riots. The Federal Reserve's December 6, 1965, definance of the President wiped out the chance to build 500,000 new housing units in 1966—far more than have been burned or destroyed in all the riots combined.

The time has come for the Congress to take whatever action is necessary to stop the defiance of the law, both by the rioters in our cities and the Federal Reserve System. It is time that our cities and our monetary policies be operated within the law. We cannot afford open defiance and rebellion in either area.

Mr. Speaker, this Congress must meet its responsibility to lighten the heavy burden of interest rates—especially on the poor and low-income groups. We must meet our responsibility to lower the interest charges on Federal financing so that additional funds will be freed for public housing and other needed public works.

SHORT-TERM INTEREST RATES INCREASED 358 PERCENT AFTER PRESIDENT EISENHOWER TOOK OFFICE

Mr. PATMAN. Mr. Speaker, a few days ago, I inserted in the RECORD a table documenting the \$43.2 billion in excess interest charges paid on the national debt since 1951. These have been excessive, unnecessary, and usurious interest charges which have been allowed under the regime of Chairman William McChesney Martin of the Federal Reserve Board.

Actually, the origin of these present extortionate, excessive, and in some cases usurious interest rates can be traced directly to the administration of President Dwight Eisenhower. It was President Eisenhower who, either through design or bad advice, let the Federal Reserve Board seize its so-called "independence." Today, Mr. Speaker, I want to discuss the tremendous increase in interest rates which has been imposed on short-term borrowings by the Treasury Department.

We do not have a limitation on the interest that may be paid on short-term borrowings and, as a result, the interest rates on this type of Government security have practically gone through the roof.

Since 1939, the U.S. Treasury has issued \$1,664,000,000,000 worth of 3-month Treasury bills. On this sum it has paid almost \$9 billion in interest.

Once again, there is a startling contrast between the 14-year periods—the first from 1939 through 1952 and the second from 1953 through 1966.

For the 14-year period 1939-1952, the Treasury issued \$587.3 billion worth of 91-day Treasury bills and paid a total interest of \$1.147 billion.

For the second 14-year period, from 1953 through 1966, the Treasury issued \$1,007,800,000,000 and paid a total interest of \$7,051 billion.

Mr. Speaker, I place in the RECORD a table showing the average annual yield on 91-day Treasury bills since 1939:

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Average annual yield on 91-day Treasury bills:

Year:	Yield
1939	.023
1940	.014
1941	.103
1942	.326
1943	.373
1944	.375
1945	.375
1946	.375
1947	.594
1948	1.040
1949	1.102
1950	1.218
1951	1.552
1952	1.766
Average yield (14-year period)	.645
1953	1.931
1954	.953
1955	1.753
1956	2.653
1957	3.267
1958	1.839
1959	3.405
1960	2.928
1961	2.378
1962	2.778
1963	3.157
1964	3.549
1965	3.954
1966	4.811
Average yield (14-year period)	2.797

Mr. Speaker, this has been a tragic and unnecessary waste of the taxpayers' money. It is obvious that the Federal Reserve Board—working with the Roosevelt and Truman administrations—was able to keep interest rates down from 1939 through 1952. And we should remember that this was a very difficult period for the country—a time of depression, a time of war, and a time of post-war recovery. We had all types of economic conditions and yet we kept interest rates down.

Therefore, it is obvious that the high interest rates which are imposed on the people today are the result of a calculated design. They have been raised by the manipulations of the Federal Reserve System and no one can contradict the fact that the Federal Reserve could bring these rates down tomorrow morning if it so desired.

However, Mr. Speaker, it is obvious that the Federal Reserve will not do this voluntarily. It will require action by the Congress to get results. It is up to the Congress to wipe out the myth of the "independence" seized by the Federal Reserve under President Eisenhower and to take whatever action is necessary to reduce interest rates.

Mr. Speaker, I place in the RECORD a table showing the interest that has been paid on 91-day Treasury bills since 1939.

Mr. Speaker, translating these figures into everyday terms, it can be shown that the American taxpayer, from 1939 through 1952, paid only \$1.95 in interest on each \$1,000 worth of 91-day Treasury bills. But in 1953—with the advent of the Eisenhower administration—this figure skyrocketed. As a result, in the second 14-year period—1953 through 1966—the Treasury—that is, the American people—had to pay \$6.99 interest for every \$1,000 worth of 91-day bills issued.

AMOUNT OF 3-MONTH TREASURY BILLS ISSUED AND INTEREST PAID BY FISCAL YEARS 1939-66

Fiscal year	Amount issued (billions)	Interest paid (millions)
1st 14-year period:		
1939	\$5.2	30.3
1940	5.4	4
1941	5.3	.6
1942	6.8	4.2
1943	32.6	30.7
1944	54.0	51.2
1945	66.1	52.7
1946	68.1	64.6
1947	66.7	63.4
1948	58.6	132.1
1949	48.9	139.2
1950	50.9	140.1
1951	54.5	190.2
1952	64.1	257.3
Total	587.3	1,147.0
2d 14-year period:		
1953	73.0	351.1
1954	78.9	269.4
1955	79.5	234.3
1956	83.2	484.2
1957	88.8	670.3
1958	88.8	539.5
1959	78.4	497.7
1960	60.1	563.9
1961	55.4	331.3
1962	60.2	722.2
1963	67.1	492.2
1964	66.1	576.7
1965	62.9	594.1
1966	66.3	723.4
Total	1,007.8	7,051.9

Reducing this to percentages, it cost 358 percent more to finance 91-day Treasury bills in the period 1953 through 1966, as compared to the 1939-52 period.

FEDERAL RESERVE SEIZED "INDEPENDENCE" UNDER EISENHOWER

Mr. PATMAN. Mr. Speaker, in recent days I have placed in the RECORD detailed data proving that the American people have been saddled with \$211 billion in excess interest charges over the past 14 years.

The beginning of this upward trend of interest rates can be traced back to the early days of the administration of President Dwight Eisenhower.

President Eisenhower was the first and the only American President who regarded the Federal Reserve as a separate and "independent" arm of the U.S. Government. Mr. Speaker, I quote from a news conference of October 5, 1956, in which President Eisenhower—for the first time—publicly, and mistakenly, labeled the Federal Reserve as an independent agency:

Mrs. McCLENDON. Well, the Treasury Department and the Federal Reserve Board, under your administration, have contributed to raising the interest rates all over the country.

The PRESIDENT. To what extent is the Federal Reserve Board under my control?

Mrs. McCLENDON. Well, I would imagine—I don't know, sir, but I would imagine you would have some influence.

The PRESIDENT. The only thing I am getting at is don't start out with a premise that isn't quite correct. The Federal Reserve Board is not under my control, and I think it is proper that the Congress did set it up as an independent agency.

Mr. Speaker, this excerpt from the news conference plainly shows President Eisenhower's sadly mistaken views about the Federal Reserve System. Mr. Eisen-

hower's views, as expressed in this news conference, gave the Federal Reserve Board and its chairman, William McChesney Martin, the opportunity they had long sought. They moved through this opening and seized their "independence."

As a result, Mr. Speaker, we have had round after round of interest rate increases cloaked in the immunity of this so-called "independence" which was seized during the Eisenhower administration. President Eisenhower's attitude—and the attitude of the Republican leaders—changed the basic thrust of the Federal Reserve System, leading to open defiance of directives from the Congress and the executive branch.

No law has ever conferred independence on the Federal Reserve System. The word "independence" is not mentioned in the Federal Reserve Act. The cold truth is that any "independence" that the Federal Reserve exercised is seized independence—seized from the American people.

The absurdity of the claim of Federal Reserve independence is evident in every basic document from the U.S. Constitution to the Federal Reserve Act, including all of its amendments.

Let me just call the attention of my colleagues to the Constitution. The Constitution clearly, and without question, vests the monetary powers of the Nation in the U.S. Congress. Article I, section 8, clause 2, of the Constitution provides:

The Congress shall have Power . . . To borrow money on the credit of the United States.

Clauses 5 and 6 empower the Congress "to coin money, regulate the value thereof, and of foreign coin." Clause 18, embodying the so-called incidental powers, provides that the Congress shall have the power "to make all laws which shall be necessary and proper for carrying into execution the foregoing powers and all other powers vested by this Constitution in the Government of the United States, or in any department or officer thereof." Article II, section 1, clause 1, states:

The executive Power shall be vested in a President of the United States of America.

This language is crystal clear. There can be no mistake about what the Constitution says in this area. I challenge anyone to show me any interpretation that contradicts the very plain fact that Congress has the responsibility of establishing the laws for carrying out the monetary powers and that the President, vested with the executive powers, has the responsibility of carrying out the laws established by Congress.

Mr. Speaker, the administrations of Franklin D. Roosevelt and Harry S. Truman did not let the Federal Reserve get away with claiming "independence." As a result, interest rates were kept low throughout the Roosevelt and Truman administrations.

Of course, the Federal Reserve did make attempts to seize independence but they were stopped by these Democratic administrations.

In March of 1951, the Federal Reserve Board attempted to completely seize control of the monetary policies of the

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country in defiance of President Truman. President Truman, however, met with the Board and demanded that it maintain the 2½-percent interest rate on long-term Government securities, a rate which had continued in effect since the 1930's. President Truman won that showdown, thus saving the taxpayers billions of dollars. The country is lucky that it had a courageous, Democratic President willing to stand up for the people against the special interests.

The Federal Reserve Board then bided its time until the inauguration of the Eisenhower administration. In 1953, as President Eisenhower was being inaugurated, the Federal Reserve Board laid plans to complete its total seizure of monetary affairs. Later that year, the Federal Reserve Board, with the acquiescence of the Republican administration, started operating on the basis of its seized independence.

The actions—or maybe more correctly, the inactions—of the Eisenhower administration have cost the American people tremendous sums. For example, if the interest had been kept at the 1952 level of the Truman administration, we would be paying only \$7.5 billion annually on the national debt instead of \$14.2 billion. We could have done tremendous good with this sum of money. Certainly, we could have done something more productive than paying interest.

Since the unconditional surrender of the Eisenhower administration in 1953, the Federal Reserve Board has become more and more defiant toward the Government. This shocking state of affairs was clearly illustrated when Federal Reserve Board Chairman William McChesney Martin appeared before the Joint Economic Committee in 1965. At that time, he falsely claimed:

The Federal Reserve Board has the authority to act independently of the President, even despite the President.

This defiance reached its height on December 6, 1965, when the Federal Reserve voted, four to three, to raise interest rates 37½ percent. This act was in complete defiance of President Johnson and his administration.

The Board carried out the 37½-percent increase in secrecy and without consultation with other segments of our Federal Government. The Congress was not notified until the announcement appeared in the press.

In fact, President Johnson and his economic advisers were still preparing the annual budget when the Federal Reserve acted. The Federal Reserve, acting under the urgings of William McChesney Martin, did not wait to see the President's budget figures or the calculations of the Treasury Department and the Council on Economic Advisers. The defiance was total.

Mr. Speaker, this defiance—which has led to our current high level of interest rates—can be traced back to the "independence" which President Eisenhower let the Federal Reserve seize in the 1950's. Since that time it has been impossible for the President to maintain any type

of effective control over the actions of the Federal Reserve.

CONGRESS MUST REFORM THE FEDERAL RESERVE SYSTEM TO PROTECT THE PUBLIC'S INTEREST

Mr. PATMAN. Mr. Speaker, as we discuss the need for new taxes, the unnecessary interest charges imposed by the Federal Reserve take on new meaning for every citizen of this country. The simple fact is that we would not need new tax revenues if the Federal Reserve had performed its function and supported the Government bond markets.

Mr. Speaker, if long-term interest rates had been held at the 2½-percent level existing under the Roosevelt and Truman administrations, from 1939 to 1952, we would have saved many times more than the money which will be raised through the proposed tax increase.

In fact, we are paying about \$6.7 billion in excess interest on the national debt in the current fiscal year. Yet, the President's proposal for new taxes will raise only \$6.3 billion in additional revenue. So, the tax increase does not even wipe out the increased charges that can be traced directly to the increase in interest rates over the last 14 years.

Since the Eisenhower administration, the Federal Reserve has not effectively supported the Government bond market. As a result, today the Federal Government, in effect, pays "retail" prices for the money that it borrows. In contrast, during the Roosevelt and Truman administrations, the Federal Reserve supported the Government bond market and kept the "wholesale" rate for money below 2½ percent on long-term borrowings.

This "wholesale" rate of 2½ percent—and less—provided a yardstick for all interest rates in the country. This benefited everyone—consumers, the workingman, farmers, homeowners—everyone that used credit.

Mr. Speaker, as I have mentioned earlier, this situation must be changed by the Congress. It is our duty to restore the Federal Reserve System to an institution that is responsive to the will of the people and their elected representatives.

To accomplish this, I propose:

First. That the terms of the Members of the Federal Reserve Board be shortened from 14 years to 5 years. As the situation now stands, the President cannot appoint a majority to the Board until his last year in office. This means that the President of the United States is unable to maintain any effective influence over the Board.

Second. That the term of the Chairman of the Federal Reserve Board be coterminous with that of the President of the United States. This will enable the President to name a chairman of his own choosing, thus lessening the prospect of open defiance of the Government as has been exhibited by the Board's present chairman, William McChesney Martin.

Third. That the Federal Reserve System be subject to audits by the General Accounting Office as are other Government agencies.

Fourth. That the Federal Reserve System be required to come to Congress for appropriations. The Federal Reserve System now raises its funds through the \$1.9 billion in interest which the Treasury pays it on the \$45 billion worth of bonds that have already been paid for in full.

Mr. Speaker, I have received thousands of letters from all over the country urging that the Congress meet its responsibilities and enact the necessary reform of the Federal Reserve. I have received letters telling me "please keep up the fight and don't give in to the bankers' lobby."

These letters are from the grassroots of America, and they indicate a growing demand that the elected Representatives of the people do their duty in the field of monetary policy. I hope that these good citizens—who see the dangers of our present Federal Reserve System—will continue this letterwriting campaign. Eventually, the Congress must heed the people's wishes.

Mr. Speaker, the people's interest cannot be protected until they have a voice in monetary affairs. Under the present system, the actions of the members of the Federal Reserve Board indicate they are not accountable to anyone except the bankers.

This must be changed so that the people can hold someone responsible when major mistakes are made in monetary policy. Of course, elected officials—such as Members of Congress and the President of the United States—are directly accountable to the people. That is why it is so important that these elected officials have control and influence over monetary policy and the actions of the Federal Reserve System.

ALTERNATIVE POSITION CALLING FOR THE LIQUIDATION OF THE SYSTEM AS IT NOW EXISTS

Should it be impossible to reform our present Federal Reserve System, then I feel it is essential that we move to an alternative position calling for the liquidation of the System as it now exists.

The System could be liquidated by paying off the \$570 million worth of non-proprietary stock held by various commercial banks. The assets of the Federal Reserve System then would revert to the U.S. Treasury and this sum could be subtracted from our national debt. Under current calculations, these assets amount to at least \$65 billion, including the \$15 billion worth of paid-up bonds held in the New York Federal Reserve Bank.

After the liquidation of the System, a Commission or Board of five to seven public-spirited citizens could be appointed to oversee the day-to-day operations of our monetary policy. The members of this Board would all be appointed with the public interest in mind and would be directly responsible to the President of the United States and the U.S. Congress.