

nearly nine thousand member banks. It can take action within the district only on important matters of an inter-district or national character.

District  
Management

No matter how judiciously the Board functions, however, efficient administration of the reserve system depends to an important extent upon the activities of the district directorates and their officers. Their functions as regards the determination of rediscount rates and open-market operations are of the greatest importance, and the large degree of autonomy wisely permitted them must be zealously guarded in the interest of proper servicing of district situations. It is encouraging that the district directors, representative of industry and commerce, as well as of banking, are developing special knowledge and experience in these and other system matters.

Board's Task

Emphasis upon the necessity of an efficient district administration does not mean that an able Federal Reserve Board is not of the highest importance. Although the Board's executive powers are exercised chiefly in emergency situations, its very detachment from daily district administration and its sources of general information, both domestic and foreign, furnish a background which should prove of great value in judging financial trends and in exercising its persuasive, interpretative and harmonizing influences which are always imperative in the continuous task of adapting the total volume of reserve credit to the requirements of the country as a whole.

Board Membership

Some objection is encountered to increasing the attractiveness of Board membership on the ground that in the interest of district bank autonomy a weak Board is actually to be preferred. There is also another view that it is impracticable to develop the conditions that are conducive to the existence of a strong Board and that the inevitable had better be expected. This committee, however, does not accept the opinion that even with the most competent district management the system can be properly administered without the assistance of a strong and able Board. Even a cursory review of the broad powers of the Board indicates that membership upon it offers the opportunity for public service of the greatest importance to the whole country and that relatively simple adjustments will increase its attractiveness to able men. It must not be overlooked that a weak Board would be more inclined to interfere with the autonomy of the reserve banks than a strong Board, and that the policies it would favor would be more likely to work injury to the country than those sponsored by a capable Board. The specific recommendations listed below are intended to assist in developing the dignity and independence of the Board and to improve its working conditions.

Strong Board

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