

**Governor
of Board**

The position of Governor of the Board should be enhanced. The Board cannot possibly be expected to meet the anticipations of the framers of the Reserve Act while it continues to include the Secretary of the Treasury as its Chairman, overshadowing the Governor. Indeed, we are convinced of the inadvisability of including the Secretary of the Treasury as a member of the Board.

**Treasury
Representation**

On general principles, the exclusion of Treasury representation on the Reserve Board would seem to be desirable because the Treasury is a frequent borrower and is consequently prone to attach major importance in the determination of credit policies to the maintenance of easy conditions in the money market that will facilitate the placing of loans at minimum rates. This consideration, as is well known, was given undue weight for a year and more after the Armistice and, apparently, though with less serious consequences, on some subsequent occasions.

**Reasons for
Independence**

This proposal—to free the Reserve Board from Treasury influence—it should be clearly understood, is not urged on the ground that influence has commonly been exerted in support of unwise policies. By no means! Treasury influence at times undoubtedly has been a factor in securing effective action without unreasonable delay. Even so, it is evident that representation of the Treasury on the Board has not been conducive to realization of that personal responsibility, independence of action, and freedom from administration influence, which the country has the right to expect.

It is hardly going too far to say that since the establishment of the reserve system the Treasury Department to a considerable extent has overshadowed the Board and has tended, consciously or unconsciously, to reduce the Board to the status of a departmental bureau. As members of the Cabinet, holding an historic office of great responsibility, it is to be presumed that Secretaries of the Treasury will be in the future, as they have been in the past, men of wide experience and strong character, enjoying widespread public confidence. It is precisely for this reason that, if a strong Board as a whole is to be secured, the Secretary of the Treasury should not be one of its members.

**Chairmanship
of Board**

More particularly, the Chairmanship of the Secretary must obviously render the post of Governor of the Board less attractive to a man of executive capacity and energetic temperament. In the judgment of your Committee, the dominant personality on the Board should be the Governor and he, not the Secretary of the Treasury, should be its Chairman. The elimination of the Secretary of the Treasury from membership, or at least from the Chairmanship, will surely assist in making the position of Governor of the Board more

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