

Mr. BRYAN. As you yourself suggested, Mr. Chairman, it would have had an announcement effect in the short market.

Chairman PATMAN. Do you believe this bill that we have reported out of the Banking and Currency Committee of the House, which will come up soon, which, if passed, will permit banks that have foreign deposits to pay a higher rate of interest, will have any material effect on the balance of payments?

Mr. BRYAN. No.

Chairman PATMAN. You don't think it will?

Mr. BRYAN. I am in favor of it, but I don't think that it is going to have any material effect.

Chairman PATMAN. There is one part of the statute here that I often wonder how far it goes. It is section 10, subsection 6, about the reservation of powers of the Secretary of the Treasury. I bring this up because there appears to be occasionally conflict in policies. This law which was written way back when the Secretary of the Treasury was on the Board and was Chairman of the Board. When the law was changed in 1935, and the Secretary of the Treasury and the Comptroller of the Currency were taken off the Board, this section remains a part of the basic law. Subsection 6 (reservation of powers of the Secretary of the Treasury) :

Nothing in this Act contained shall be construed as taking away any powers heretofore vested by law in the Secretary of the Treasury which relate to the suspension, management and control of the Treasury Department and bureaus under such department, and wherever any power vested by this Act in the Board of Governors of the Federal Reserve System or the Federal Reserve Act appears to conflict with the powers of the Secretary of the Treasury, such powers shall be exercised subject to the supervision and control of the Secretary of the Treasury.

Do you ever have any conflicts where this particular statute is applicable?

Mr. BRYAN. Mr. Chairman, I have not studied that section of the act for so long that I have forgotten all about it. I must confess it freely. I have never realized any such conflict as you imply.

Chairman PATMAN. We are grateful to you. Thank you, Mr. Bryan, for your appearance here today.

Mr. BRYAN. I am grateful to you for letting me appear.

Chairman PATMAN. You may elaborate upon your answers and insert any material that you consider germane to the inquiry.

Mr. BRYAN. I will do so.

Chairman PATMAN. Without objection, the committee will stand in recess until 10 o'clock in the morning.

(Whereupon, at 3:40 p.m., the committee recessed, to reconvene at 10 a.m., Thursday, August 16, 1962.)