SUPPLEMENTARY VIEWS OF REPRESENTATIVE PATMAN

While I agree with many of the conclusions reached by my colleagues concerning the policies that have been pursued by the Federal Reserve System, I do not think that the remedies proposed go far enough.

I have long believed that a monetary policy directed toward the goals of the Employment Act will not be achieved within the present institutional structure. As long as we allow the Federal Reserve System to act independently, even in defiance, of the Government, and as long as we allow control of our monetary powers to rest in the hands of a self-appointed money trust, we cannot hope to reverse the direction of our current monetary policy.

My views on the so-called "independence" of the Federal Reserve are set forth in detail in the Report of the Joint Economic Committee on the January 1965 Economic Report of the President, and I will not repeat them in detail here. Briefly, the main points raised in that statement were the following:

1. Despite the original intent of the Congress, the Federal Reserve System over the years has become increasingly banker-oriented.

2. Polls and studies have shown heavy preponderance of banking background among the directors of the 12 Federal Reserve banks who, in turn, select the bank presidents.

3. These developments have led to a lessening of public control, as represented by the Federal Reserve Board, and toward increased domination by the banking interests.

4. This unfortunate situation is especially apparent in the representation on the Federal Open Market Committee, which, through the purchase and sale of Government securities, exercises the fundamental monetary powers of the Nation. Although the Committee is made up, on the record, of five Reserve bank presidents and the seven members of the Board, all 12 bank presidents participate in the secret deliberations of the Committee.

5. Public control of the Federal Reserve Board itself is diluted by the length and distribution of members' terms. The members serve for 14-year terms, staggered at 2-year intervals. Consequently, a President serving for two full terms could not appoint a majority of the Board until the end of his second term. He is also restricted in his choice of Chairman to the present membership of the board.

The fact that the existing situation is intolerable and dangerous is underscored by two issues raised in the Committee Report. The first is the need for coordination of all of the Government's economic instruments and policies. Coordination of our economic policies is the first priority toward achievement of the goals set forth in the Employment Act. But the independent and sometimes actually defiant attitude of the Federal Reserve makes coordination of the Government's eco-