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U.S. HOUSE OF REPRESENTATIVES

SUBCOMMITTEE ON DOMESTIC MONETARY POLICY

OF THE

COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS
NINETY-EIGHTH CONGRESS
WASHINGTON, D.C. 20516

October 3, 1983

The Honorable Paul A. Volcker Chairman - Board of Governors Federal Reserve System 20th and Constitution Avenue N.W. Washington, D.C. 20551

Dear Paul:

On Monday, October 17, 1983, the Subcommittee on Domestic Monetary Policy will meet to consider several bills which would affect the operations of the Federal Reserve. I would be most pleased if you could visit with the Subcommittee at that time to share your thoughts in the efficacy of any or all of them to the extent you have given them consideration.

H.R. 3868, a bill to amend the Federal Reserve Act to provide a new class of directors for Federal Reserve Banks, would establish an additional class of directors to be composed of three representatives serving staggered three-year terms to be chosen, one each from the savings banks, the credit unions, and the savings and loans, for the expressed purpose of providing thrift representation. Hearings on this bill were held on Thursday, September 15, 1983, with representatives of the trade associations. The thrifts, understandably, were in support of the bill; the American Bankers Association and the Independent Bankers Association of America were less enthusiastic. If you are prepared to comment on this legislation, I would be most pleased to receive your views at this time.

H.R. 3869, a bill to retire Federal Reserve stock, is legislation which probably should be considered along with H.R. 3868 inasmuch as H.R. 3868 would provide thrifts with representation on Reserve Bank Boards of Directors without imposing a membership requirement of the nature now imposed on those who elect the Class A and B Directors. There are other issues raised by the retirement of the Federal Reserve stock which you may wish to defer for another time if you have not had an opportunity to fully consider them. If, however, you can minimally address yourself to the issues associated with the concept of membership and an expansion of institutional representation in your comments on H.R. 3869, that would be most helpful in deciding how to further proceed on H.R. 3868.

GEORGE HANSEN, IDAKO RON PAUL, TEX. BILL McCOLLUM, FLA. BILL LOWERY, CALIF. JOHN HILER, IND. The Honorable Paul A. Volcker Page Two October 3,1983

H.R. 4009, a bill to modernize the Federal Reserve, is essentially a housekeeping bill. It does, however, deal with an issue directly affecting the office of Chairman inasmuch as it seeks to resolve questions surrounding succession in the event of absence or unavailability; the fixing of the term of the Chairman; and the removal of the District requirement on the appointment of the Chairman. The bill also contains provisions providing for the keeping of detailed minutes which would be outside of the FOIA provisions, elimination of the printing of the Annual Report by the Speaker of the House, and removal of the cap on branch building construction.

I know you have been anxious to personally comment on H.R. 4009. I look forward to hearing your views on that bill. If, additionally, you will advise me of your availability to comment on the other bills at the time of the hearing, I will prepare the hearing notices to my colleagues appropriately.

The Subcommittee will meet at 10:00 a.m. in Room 2128 of the Rayburn House Office Building. Committee Rules provide that witnesses should provide 100 copies of their testimony at least 24 hours before the hearing. Witnesses should also bring with them additional copies if they want to be sure that members of the press and the public who may be in attendance are to be provided with copies of their testimony. If you have any questions, please contact Howard Lee at 226-7315.

Thank you very much for your cooperation. I look forward to seeing you on the 17th.

Sincerely yours,

Walter E. Fauntroy Subcommittee Chairman

enclosures: H.R. 3868, 3869 and 4009

Statements from 9/15/83 hearing

IBAA and ABA letters

98TH CONGRESS H. R. 4009

To modernize the Federal Reserve System.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 28, 1983

Mr. FAUNTROY introduced the following bill; which was referred to the Committee on Banking, Finance and Urban Affairs

A BILL

To modernize the Federal Reserve System.

- Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

 SHORT TITLE

 SECTION 1. This Act may be cited as the "Federal Reserve System Modernization Act".

 DETAILED MINUTES

 SEC. 2. (a) Section 12A of the Federal Reserve Act (12

 U.S.C. 263) is amended by adding at the end thereof the following:
- 10 "(d)(1) The Board of Governors of the Federal Reserve
- 11 System shall take and maintain detailed minutes of all meet-
- 12 ings of the Committee.

- 1 "(2) Subject to paragraph (3), the minutes of each such
- 2 meeting shall contain a detailed record of the proceedings of
- 3 such meeting and shall be prepared in accordance with pub-
- 4 licly available guidelines prescribed by the Board. Such
- 5 guidelines may authorize the inclusion of staff reports. Views
- 6 expressed by any member of the Committee shall be attribut-
- 7 ed to such member in such minutes.
- 8 "(3)(A) Before the publication of any minutes in accord-
- 9 ance with the provisions of paragraph (4), the Board may
- 10 delete from such minutes any information regarding any for-
- 11 eign country, central bank of a foreign country, or any inter-
- 12 national institution which has a majority of members who are
- 13 foreign countries or central banks of foreign countries. Any
- 14 such deletion shall be indicated in such minutes.
- 15 "(B) Not later than fifteen years after the date of each
- 16 meeting with respect to which information is deleted under
- 17 subparagraph (A), the Board shall review such information to
- 18 determine whether such information should be published.
- 19 "(C) Not later than thirty years after the date of each
- 20 meeting with respect to which information is deleted under
- 21 subparagraph (A) and withheld from publication under sub-
- 22 paragraph (B), the Board shall publish such information.
- 23 "(4) The minutes of each meeting of the Committee,
- 24 prepared pursuant to paragraphs (1) through (3), shall be
- 25 published and be made publicly available by the Board on,

1	but not before, the last business day of December of the
2	fourth calendar year following the calendar year in which the
3	meeting involved occurs.".
4	(b) The amendments made by subsection (a) shall apply
5	only to meetings of the Federal Open Market Committee
6	which are held after the date of the enactment of this Act.
7	AT-LARGE APPOINTMENT OF THE CHAIRMAN
8	SEC. 3. The first paragraph of section 10 of the Federal
9	Reserve Act (12 U.S.C. 241) is amended—
10	(1) in the second sentence—
11	(A) by striking out "not more than one of
12	whom shall be selected from any one Federal Re-
13	serve District,"; and
14	(B) by inserting after the second sentence the
15	following: "The President shall not appoint more
16	than one member of the Board from any one Fed-
17	eral Reserve district, except that when appoint-
18	ing, under the following paragraph, a member
19	who is also designated to serve as chairman of the
20	Board, the President shall not be bound by this
21	restriction.".
22	ANNUAL REPORT
23	SEC. 4. The seventh paragraph of section 10 of the Fed.
94	eral Reserve Act (12 U.S.C. 247) is amended by striking ou

- 1 ", who shall cause the same to be printed for the information2 of the Congress".
- 3 APPOINTMENT OF THE CHAIRMAN AND VICE CHAIRMAN
- 4 SEC. 5. (a) The second paragraph of section 10 of the
- 5 Federal Reserve Act (12 U.S.C. 242) is amended by striking
- 6 out the third sentence and inserting in lieu thereof the follow-
- 7 ing: "The President shall appoint, by and with the advice and
- 8 consent of the Senate, one member of the Board to serve as
- 9 chairman. The term of such member as chairman shall expire
- 10 on January 31 of the first calendar year beginning after the
- 11 calendar year during which the term of the President who
- 12 appointed such member as chairman is scheduled to expire.
- 13 In the event a chairman does not complete his entire term as
- 14 chairman, his successor shall be appointed to complete the
- 15 unexpired portion of such term as chairman and shall serve
- 16 as chairman until January 31 of the first calendar year begin-
- 17 ning after the calendar year during which the term of the
- 18 President who appointed him as chairman is scheduled to
- 19 expire. The President also shall appoint, by and with the
- 20 advice and consent of the Senate, one member of the Board
- 21 to serve as vice chairman for a term of four years. Upon the
- 22 expiration of the term of the chairman or vice chairman, the
- 23 chairman or vice chairman, as the case may be, shall contin-
- 24 ue to serve in such capacity until his successor is appointed
- 25 and has qualified.".

(b) The second paragraph of section 10 of the Federal 1 Reserve Act (12 U.S.C. 242) is amended by inserting the following before the sentence which prior to the amendment made by subsection (a) of this section was the fourth sentence of such paragraph: "In the event of the absence or unavailability of the chairman, the vice chairman or (in the vice chairman's absence) another member of the Board may be designated by the chairman to perform the duties of the office of the chairman. In the event of the death or resignation of the chairman or a vacancy in the office of the chairman, the vice chairman shall perform the duties of the chairman until a successor is appointed and has qualified. In the event of the death or resignation of the chairman and the vice chairman or a vacancy in the office of the chairman and a vacancy in the office of the vice chairman, the member of the Board with the most years of service on the Board shall perform the duties of the chairman until a successor is appointed and has qualified.". 18 (c) The amendments made by this section shall take 19 effect on the date of the enactment of this Act, except that 20 the amendment made by subsection (a) shall be applicable to 2122 any person who was Chairman of the Board of Governors of the Federal Reserve System immediately prior to such effec-24 tive date only upon the expiration of the full four-year term 6

- 1 as chairman which such person was serving immediately
- 2 prior to such effective date.
- 3 BRANCH BUILDINGS
- 4 SEC. 6. The ninth paragraph of section 10 of the Feder-
- 5 al Reserve Act (12 U.S.C. 522) is repealed.

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