

February 19, 1947.

Chairman Eccles:

At Governor Draper's request, I attach an excerpt from today's issue of the American Banker, stating that Undersecretary of Commerce Foster has endorsed the bill introduced by Senator Tobey to authorize guarantees of business loans by Federal Reserve Banks.

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Excerpt from the American Banker for
February 19, 1947.

FORSTER BACKS BILL FOR RESERVE SECURED SMALL BUSINESS LOANS

Washington, Feb. 18.--William C. Forster, Undersecretary of Commerce, today gave support to the Reserve Board approved bill of Senator Tobey, New Hampshire, to provide small business men with long-term credit through their commercial banks.

Addressing the American Small Business Organizations here, he said small business "needs more easily available sources of credit. Small business men," he said, "often find that suppliers are unwilling to sell them goods on credit terms as generous as the terms granted to bigger business."

"It may also be appropriate that our commerce banks be encouraged to extend loans to small business by the institution of some type of guarantee by the Federal Reserve System such as the Tobey Bill contemplates."

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