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# United States Senate

COMMITTEE ON BANKING AND CURRENCY

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May 14, 1957

Hon. William McChesney Martin, Jr.  
Chairman, Board of Governors  
Federal Reserve System  
Washington 25, D. C.

Dear Bill:

As you know, there is considerable interest this year in a bill by Senator Sparkman and others (S. 719), generally known as the National Investment Company bill.

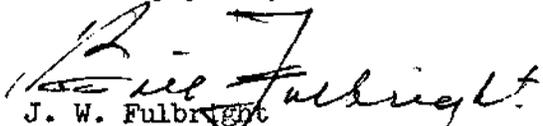
I am very much interested in it for several reasons, not the least of which is a possible alternative to legislation before my Committee to aid "depressed areas." I think the latter is potentially dangerous, and the idea of the Federal government interfering to this degree in the private economy is repugnant to me. As you probably know, under this legislation the Federal government would make loans and grants to relieve local unemployment, as well as to help rural areas of low income. It would also channel procurement into areas of "substantial unemployment."

I am also interested in Senator Sparkman's bill on its own merits. I have re-read Chairman McCabe's testimony in support of similar bills in 1950, and I think he made an excellent case. I was disappointed in your report (dated February 19, 1957) on the Sparkman bill, in that the Board's position is not now so clearly an endorsement of the proposal.

Of course, the policies of the Board have changed in other respects since 1950, and I have supported those changes and have upheld the Board consistently since then. However, I don't understand this one.

The Sparkman bill has been re-drafted to include provision for the conversion of existing State development corporations into "national investment companies." I would appreciate it if you would re-examine this bill, copies of which are enclosed. I should like very much to talk to you about it, as soon as it is convenient to you.

Sincerely yours,

  
J. W. Fulbright  
Chairman

*Handwritten notes:*  
Date 5/23/57  
5/23/57  
4/15/57