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United States Senate

COMMITTEE ON BANKING AND CURRENCY

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July 25, 1957

Small Business

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

Dear Mr. Chairman:

You will recall our discussions in my office and during your testimony before this Committee on June 20 about the financing problems of small business and the proposed study by the Federal Reserve Board.

This matter was discussed at the meeting of the Committee on July 9. No formal action was taken by the Committee, but I think it is the general consensus, and certainly it is my view, that we welcome the proposed study by the Federal Reserve Board.

You will also recall that the Committee has had before it a number of bills dealing with this problem, including S. 2160 (Senator Sparkman and others) and S. 2286, which I introduced. These bills were the subject of hearings, along with legislation extending and otherwise dealing with the Small Business Administration. The Committee has reported a bill providing for a one year extension of the Small Business Administration on the understanding that the House-passed bill on the same subject and other legislation dealing with the general problem will be considered again early in the next session of Congress. For this reason, it would be very helpful if we could have a report from you on the results of your study by March 1, 1958.

It is my view that there is already in existence a great body of information showing a gap in the credit structure of this country in the availability of equity and long term capital for small- and medium-size business. I would hope, therefore, that the study which you undertake will devote itself primarily to finding a means by which this gap may be filled and that you will be able to recommend to the Committee specific legislation for this purpose. My personal opinion is that S. 2160 and S. 2286 constitute a basis for such legislation.

Sincerely yours,

J. W. Fulbright
Chairman

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