

OFFICE OF ECONOMIC STABILIZATION

WASHINGTON, D. C.

August 23, 1943

FRED M. VINSON  
Director

Dear Mr. Eccles:

I enclose the most recent draft of a proposed executive order regulating credit under the national stabilization program.

I hope that you will be able to attend a conference in my office on Thursday, August 26, at 11 o'clock to consider whether the issuance of the order should be recommended to the President and the most appropriate time and manner of issuing it.

Sincerely yours,

*Fred M. Vinson*  
Director

Honorable Marriner S. Eccles  
Chairman, Federal Reserve Board  
Washington 25, D. C.



Confidential  
Draft  
6-19-43

EXECUTIVE ORDER

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REGULATION OF CREDIT UNDER NATIONAL STABILIZATION PROGRAM

WHEREAS the effective conduct of the present war and the maintenance of the national stabilization program authorized and directed by the Congress in the act of October 2, 1942 (56 STAT. 765), require that means be available readily to control the use of credit for buying, carrying, or trading in commodities, real estate, or securities in order to assist (a) in preventing hoarding and harmful speculation, (b) in curbing profiteering and unwarranted, speculative, and abnormal price advances, (c) in protecting and promoting the sound and constructive interests of commerce, agriculture, and industry, and of consumers, home owners, and investors, and (d) in supplementing and supporting other governmental measures to restrain inflationary tendencies.

NOW, THEREFORE, by virtue of the authority vested in me by the Constitution and the statutes, and particularly by section 5(b) of the act of October 6, 1917 as amended from time to time including the amendment made in the First War Powers Act, 1941, and in order, during the time of the war and the period of the national emergency declared by me on May 27, 1941, to promote the effective conduct of the war and protect the national economy, it is hereby ordered as follows:

Section 1. To carry out the purposes of this order the Board of Governors of the Federal Reserve System (hereinafter called the Board) is hereby designated as the agency through which there shall be investigated, regulated, or prohibited transfers of credit or payments between, by, through, or to any banking institution, which constitute or arise directly or indirectly out of any extension or use of credit for or incidental to buying, acquiring an interest in or control of, carrying, processing, holding, distributing, or trading in commodities, real estate, or securities, or evidences of ownership thereof or interest therein, for immediate or future delivery. The Board, in carrying out the provisions of this order, shall have the powers set forth in paragraph (1) of subdivision (b) of section 5 of the said act of October 6, 1917. In effectuating the purposes of this order the Board may also utilize all other powers vested in it. The Board is authorized to prescribe definitions not inconsistent with this order for any terms which it may use in its directives, orders, or regulations issued pursuant to this order: Provided, that, for the purposes of this order and unless the Board gives more restricted meanings: (1) "extension or use of credit" includes but is not limited to options, demands, liens, pledges, and similar claims against, or for the delivery



of, property or money; (2) "banking institution" means any person as defined in the said act of October 6, 1917, or any agency of the Government engaged, either primarily or incidentally, as principal, agent, broker, or otherwise, in the business of transferring credits or receiving deposits, or of making, receiving, holding, or clearing extensions of credit or payments which constitute or arise out of extensions of credit. Nothing herein shall be construed to amend, supersede, or repeal any powers heretofore delegated to the Board or to any other agency under the aforesaid paragraph (1) of section 5(b) of said act of October 6, 1917. None of the powers conferred by this order shall be exercised by the Board in a way that will interfere with the Treasury Department in the exercise of its functions with respect to the public revenues, borrowings, credits, taxation and finance.

Section 2. In carrying out the provisions of this order the Board shall consider and make due provision for the legitimate and bona fide credit needs of commerce, agriculture, and industry and of consumers, home owners, and investors to the extent that the extension or use of such credit is consistent with the national stabilization program; and any action of the Board shall not apply to credit outstanding on the effective date of this order except to the extent that the Board may deem it necessary in effectuating the purposes of this order.

Section 3. In administering this order, the Board may utilize the services of the Federal Reserve Banks, Federal Deposit Insurance Corporation, Comptroller of the Currency, and any other agencies, Federal or State, which are available and appropriate. It shall delegate to such banks or agencies all or such part of the administration of its directives, orders, or regulations as it or the Economic Stabilization Director determines will promote simple and effective administration; and any such bank or agency, to which such administration has been delegated, may, in order to carry out any functions so delegated, utilize all other powers vested in it.

Section 4. The Board shall, so far as practicable, utilize the information of, and consult with, other Federal departments and agencies which have activities or functions related to the national stabilization program, and in exercising the powers conferred by this order, shall be governed by the general policy directives of the Economic Stabilization Director.

THE WHITE HOUSE,

, 1943.