

OFFICE OF STABILIZATION ADMINISTRATOR

WASHINGTON 25, D. C.

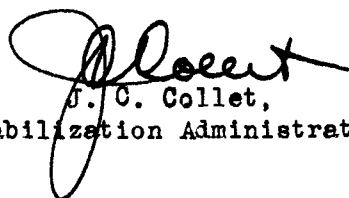
January 18, 1946

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

Dear Mr. Eccles:

There will be a meeting of the Stabilization Board on January 23, at 11 o'clock, in the Conference Room, 1202 Federal Reserve Building. At this meeting I should like to take up questions relating to the extension of stabilization legislation and I hope that you will be able to be present.

Sincerely yours,

A handwritten signature in black ink, appearing to read "J. C. Collet", written in a cursive style with a large loop at the end.

J. C. Collet,
Stabilization Administrator

PRICE CONTROL AND STABILIZATION ACTS

The Emergency Price Control Act of January 30, 1942 established the Office of Price Administration as an independent agency. The Act gave the Price Administrator authority: (a) to establish maximum prices of commodities; (b) to designate "defense-rental areas" and to establish maximum rents for accommodations in such areas; (c) to regulate or prohibit speculative or manipulative practices in connection with any commodity or in connection with renting practices; and (d) to buy and sell commodities and to make subsidy payments to domestic producers in order to obtain maximum production of such commodities. The Act also contained provisions limiting the establishment of prices for agricultural commodities, authorizing voluntary agreements with producers, and setting up the Emergency Court of Appeals for the review of decisions of the Price Administrator.

The so-called Stabilization Act of October 2, 1942 authorized the President generally to stabilize wages, prices and salaries on the basis of levels existing on September 15, 1942. This Act also made certain amendments to the Price Control Act, particularly with respect to the fixing of maximum prices for agricultural commodities.

Since the two acts are so closely interrelated, they have always been considered together. After two previous extensions of the time limit, both Acts will expire on June 30, 1946.

The Second War Powers Act of March 27, 1942 contains provisions with respect to priorities; and that Act likewise will terminate on June 30, 1946.

Pursuant to the Stabilization Act, the President by Executive Order on October 3, 1942, established the Office of Economic Stabilization in the Office for Emergency Management, and also provided for the Economic Stabilization Board of which the Chairman of the Board of Governors of the Federal Reserve System was made a member. By an Executive Order of September 20, 1945, the Office of Economic Stabilization and the Economic Stabilization Board were transferred to the Office of War Mobilization and Reconversion which had been created by the Act of October 3, 1944.

Chairman Eccles has twice testified in favor of the extension of the Price Control Act, once before the Senate Banking and Currency Committee on March 24, 1944, and, more recently, before the House Banking and Currency Committee on June 15, 1945. In connection with the Board's recent action in increasing margin requirements, the Chairman stated that "price controls, rationing, allocations, etc., are vitally necessary for holding the line until the danger is past".

(Gov. Ransom attended meeting and delivered this memo to Chairman Eccles)