

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date December 30, 1946

To Chairman Eccles

Subject: Control of Consumer Credit

From Ronald Ransom

(Regulation W)

At my request, Chester Davis has recently prepared a memorandum embodying the pros and cons of the argument on consumer credit control. Allan Sproul and Alf Williams have done the same. I selected these three because I knew, in the first place, they were favorable to the idea and, in the second place, broad-minded enough to weigh both sides of the argument. Chester Davis' summary seems to me better than anything I have seen said on the subject, and I did not want you to miss it.

"Summary

"On balance, then, consumer credit control seems desirable from the standpoint of national economic policy. Without fairly general public understanding and acceptance, administration will be difficult, and I am doubtful that public support in that form can be developed and maintained. However, in view of the responsibility of the Federal Reserve authorities to seek credit policies that promote the best interests of commerce, industry and agriculture, I cannot escape the conclusion that the Board of Governors should support legislation to continue this form of selective credit control, recognizing clearly as it does so that its recommendations may run counter to prevailing public sentiment."

