



**First Security Bank of Idaho**  
NATIONAL ASSOCIATION  
HEAD OFFICE

**Boise, Idaho**

November 25, 1947

Personal

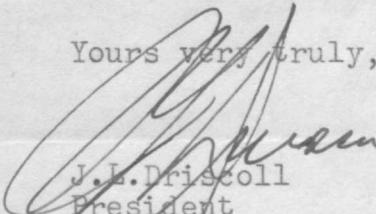
Marriner S. Eccles  
c/o Board of Governors  
Federal Reserve System  
Washington 25, D.C.

Dear Marriner:

You probably don't recall it, but when I had lunch with you at the Federal Reserve Board dining room in October, one of the members of the Board spoke about the attitude of the American Bankers Association on the question of discontinuing Regulation W. I couldn't at that time believe that the Association as such had taken any such action, so on my return to Boise I wrote Needham asking him for information on this. I enclose herewith copy of his reply and copy of a letter I have written to him today. It seems that the Committee on Consumer Credit is the one that gave this statement and that the Association itself has never officially approved that attitude. Personally, I don't think the members of the Association would if they were polled on this subject.

Yours very truly,

JLD:mce

  
J.L. Driscoll  
President

November 25, 1947

Delos J. Needham, General Counsel  
The American Bankers Association  
719 Fifteenth Street, N.W.  
Washington 5, D.C.

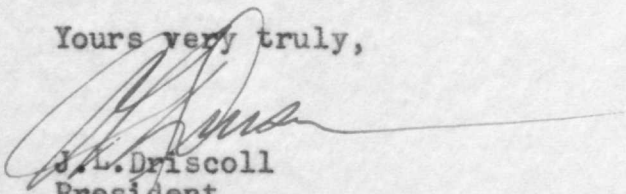
Dear Mr. Needham:

Thank you very much for your letter of November 19th with the attached copies of the various resolutions of the ABA on Consumer Credit Controls. I could go along with the original resolution, that is, the one adopted by the Administrative Committee in April 1945; but I cannot approve the statement of the Committee on Consumer Credit issued on December 12, 1946. The original resolution of April 1945 specified that Regulation W should be abolished 'when the supply of such goods meets the demand'; and I cannot, by any stretch of imagination, figure out how anyone could conclude that that condition exists now or has existed at any time since the close of the war, or is apt to exist in the near future. If there ever was or has been a time when we needed restrictive measures against inflation it has been for the past two years and now. The time will no doubt come when business will need stimulation and relaxation at that time of such measures as Regulation W might be a very helpful outset to deflation but the elimination of it at this time seems to me is just adding to the inflationary pressure which we are endeavoring to remove by the sale of savings bonds and the destruction of another possible source of assistance to business when the time comes that such stimulants will be needed; and I most certainly think that time will come.

To my way of thinking, the ABA has done itself, the bankers of the country, and business in general, a great injustice by the position it has taken in this matter.

Yours very truly,

JLD:mce

  
J.L. Driscoll  
President

C O P Y

The American Bankers Association

719 Fifteenth Street, N.W.

Washington 5, D.C.

Delos J. Needham

General Counsel

November 19, 1947

Mr. J. L. Driscoll, President  
First Security Bank of Idaho  
Boise, Idaho

Dear Mr. Driscoll:

You wrote me last month regarding the position of the Association on Regulation W. It so happens that I have been absent on vacation trying to get a little pleasure and rest and have just recently returned to the office.

Am enclosing a memorandum which will give you the lowdown on the position of the Association on consumer credit controls. Am sorry this has been delayed, but it has been due entirely to my absence on vacation.

Kindest personal regards,

Yours sincerely,

s/ D.J.NEEDHAM

DJN:TB

Encl.



MEMORANDUM:

Re: A.B.A. Position on Consumer Credit Controls

The Administrative Committee in April 1945 adopted the following resolution submitted by the Committee on Consumer Credit:

"Now, therefore be it resolved by the Committee on Consumer Credit that the restrictions imposed by Regulation W be gradually relaxed in relation to the production of consumers durable goods, and, furthermore, that Regulation W be abolished when the supply of such goods meets the demand, and that the foregoing principles be adopted as the official position of the Association on selective credit controls."

This resolution also contained a lengthy preamble which was to the effect that while consumer credit controls can be used effectively to combat inflation that such inflationary trends can be curbed by a continued savings program through the purchase of savings bonds and otherwise, and that selective credit control in a peacetime economy is undemocratic and contrary to the principles of free enterprise.

The resolution adopted in 1945 was reaffirmed at the annual convention of the Association in Chicago in September 1946 at which time a resolution was adopted recommending that "consideration be given to the proper timing for the elimination of all war controls and activities that hamper the functioning of the private enterprise system. Among such controls and activities are those applying to the limitation of the use of consumer credit; government loaning and guaranteeing agencies; and governmental price controls."

On December 12, 1946, at a meeting of the Committee on Consumer Credit at Chicago the chairman of the committee issued a statement with regard to Regulation W, the last paragraph of which was as follows:

"With the elimination of controls on prices and wages there is no longer any justification for the existence of Regulation W. The Board of Governors of the Federal Reserve System suggested in a recent report to Congress that this regulation be made a permanent credit control. Regulation W was a war emergency measure. It was never intended to be a permanent government control and should be abolished now. It is hoped that the new Congress will agree with this view."

The foregoing resolution and the statement of the chairman of the Consumer Credit Committee were set forth in a statement filed by the Association with the Senate Banking and Currency Committee in connection with hearings held by that committee on July 2, 1947, on a joint resolution providing for the termination of Regulation W.