August 12th, 1948

Mr. Marrner S. Eccles
Federal Reserve Board
Washington, D.C

Dear Sir:

I would like to urge the reimposition of credit controls as affecting jewelry to the extent of the original Regulation W basis.

Accounts receivable in the typical instalment jewelry operation are now from four to six times the amount outstanding at the time the Reg. W was in effect. Maturities are being stretched and down payment requirements reduced to bring about the "loading" of customers. Peak prices are maintained, and merchandise is moved with the bait of cheap terms. The typical instalment buyer, paritcularly in non-essential lines, who can only acquire such merchandise on the "no-money-down long term basis is severely penalized for his improvidence, particularly on unbranded lines and goods that are known as "blind" items, -- such as diamonds, stone rings, and misc. jewelry.

This pyramiding and loading of the consumer on non-essentials is distinctly inflationary. The regulation of such purchases under which they may be reasonably acquired would work no hardship to those people for whom such expenditures are justifiable, and would exert a downward influence on prices that are now maintained on the strength of "selling terms". Indeed it would protect great numbers of low wage earners against having to pay off cheap money commitments at a later rainy day pay level.

It is likely that this would cut into volume, but lower operating costs and reduced charge-offs would offset to some degree the drop in business. It would serve the two-fold purpose of protecting the "terms" buyer against his own folly, and the high mark up instalment merchant against his own greed.

The writer who is field auditor covering the jewelry trade over a wide area would like his name to be withheld, if these contents can serve any purpose. I feel that it is in the public interest to offer these comments.

Yours very truly,