

Charles Elliott Argast

7345 NORTH MERIDIAN
INDIANAPOLIS 44, IND.

January 27, 1949

Hon. Marriner Eccles
Member of the Board of Governors
Federal Reserve System
Washington, D.C.

Dear Sir:

I would like to take a few moments of your time in regards to current discussions abroad on the matter of "Regulation W" of credit restrictions now enforced or under consideration by your group.

I am an employee-member of a local wholesale electrical jobbing house. We job electrical wiring and related materials, as well as fixtures. We stock only limited appliances, such as clocks, irons, toasters; and in very limited quantities. I mention this latter because "Regulation W" does not affect us. This fact simply because we do not do business on long term credit basis. I do not mean to criticize this method of business; merely to make it quite clear that I wish to state my opinion here on a matter not directly affecting me, or the company for whom I work, and an opinion that is personal rather than representing our company.

The reason that I have for taking your time is prompted by the enclosed memo issued to our company by the National Electrical Wholesalers Association, commonly referred to as NEWA. Its contents are satisfactorily presented. I concur with the general purpose of contacting such bodies as your's regarding such common issues as it presents. However, I must personally disagree with the "proof" it prescribes to present to you and the members of your board. And for this reason I urge you to consider my opinion as one acquainted with some of the facts of sales and purchasing in the electrical and appliance field.

In this city, electrical wholesale and retail stores are flooded with a complete price range of radios, of all makes and kinds. We have ample supply of television equipment here, but at this date no adequate reception of television from Chicago or Cincinnati. In almost every other kind of electrical appliance there is a sufficient and adequate supply, if not actual overstock. Business or purchases by customers in all these lines was extremely poor or slow during the Christmas holidays. This can be attributed to satisfaction of the post-war demand in these items which was finally reached last year. In some travels throughout parts of Indiana I have found that trade has definitely slackened in these commodities; that many stores have several models of radios, television sets (reception is considered as good in the state away from this city), and iceboxes, stoves, and general appliances with not tremendous demands.

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Hon. Marriner Eccles

Jan. 27, 1949

NEWA urges the member jobbers, particularly those jobbers with "appliance divisions," to urge your board to extend credit restrictions in the purchases of appliances. They desire that you decrease the amount required as down-payments and extend the period for payment of the balance owed. As I understand it the present restrictions demand one-third (1/3) down payment and final payment in twelve months. NEWA perhaps would prefer twenty-five (25) or ten (10) percent down payment and two (2) years to pay the balance. I am opposed to such extension; nor can I find reasons for any extensions at all. uo

NEWA wired your board (copy enclosed on memo) that such extensions (though they named no specific kind) would be for the "greater comfort, convenience and financial benefit" of consumers. The argument of NEWA is based upon the premise that radios, television sets, electrical appliances, stoves, iceboxes are necessities without which normal citizens cannot exist. I disagree with such implied contentions. Such consumer-items are luxuries and nothing more. If a person cannot afford to pay a substantial down-payment on a restricted basis of terms as now in force then he is risking not only his investment but his security in so buying. I REFER TO SIMPLE MEMORY OF THE CREDIT BUST OF THE 1920's WHEN ABUSE OF CREDIT WAS CONSIDERED "SOUND BUSINESS". I plead the case of credit controls that a reasonable man should accept as just; controls that protect the economy of the nation by placing a watchdog at the purse strings of consumer America whose heart always will yearn for treasures beyond its means. ✓

NEWA represents a splendid section of the electrical appliance outlet for this particular phase of the electrical industry. It is no doubt true that the radio and television industries as well as industries producing other appliances have reached production levels that cannot be maintained at the present selling levels.. As was true after World War I, these industries produced beyond the demands. Demands require new sales approach; not 1946-1948 "allocations" and "order taking". Demand will not be honest on pauper-credit level.

It is not my honest belief that NEWA's suggestion is sound. I urge you to stand by whatever credit controls you think reasonable and best for the common good, not certain industries or their outlets.

Thank you for your time.

Very truly yours,

Charles E. Argast

National Electrical Wholesalers Association

500 FIFTH AVENUE



NEW YORK 18, N. Y.

January 20, 1949

TO MEMBERS OF THE
APPLIANCE DIVISION

IS REGULATION W HAMPERING SALES?

Gentlemen: -

Except for the automobile industry, who have registered stiff complaints, other fields have offered only scattered dissents against Regulation W's credit restrictions. So says a Federal Reserve Board's spokesman, according to a report on page 1 of January 14th's RETAILING DAILY.

That spokesman is quoted in that report also, as follows:

"We expect that we'll be getting some protests now from the household furnishing trades, and when we do, these will be given fair hearings at the Board."

In consideration of developments in the radio, television, and major electrical appliance fields during the past two months, a telephone poll of your N.E.W.A. Executive Committee was taken this week. Opinion was unanimous that Regulation W as it now restricts installment selling, is severely hampering these two industries. Reductions in down payments and an extension in terms of payment are vitally needed, in the light of present conditions. Regulation W requires prompt amendment in both these respects in order to keep increasing production moving steadily into consumer hands, and to maintain employment at the highest possible levels.

These views, on behalf of the Executive Committee of N.E.W.A., have been relayed officially to the Federal Reserve Board at Washington.

But - that is by no means enough, if any relief is to be forthcoming. Every member should take direct, personal action. He should telegraph his views, and include his specific recommendations for changes in Regulation W, to a member of the Federal Reserve Board at Washington, D.C. If every member will do that much, then the Board will have concrete protests, in numbers, which as its spokesman has stated - "will be given fair hearings at the Board." That Board needs overwhelming proof that a change is imperative. Just a handful of protests will mean nothing.

Below is a list of the members of the Federal Reserve Board. Send your telegram to one of this group - either the Chairman or one of the others whom you may happen to know.

Members of the Board of Governors of the Federal Reserve System

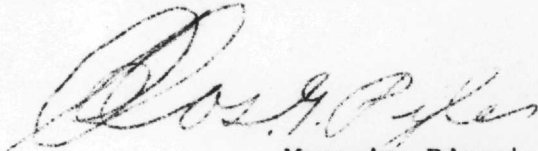
Thomas B. McCabe, Chairman

Marriner Eccles
M. S. Szymczak
Ernest G. Draper

R. M. Evans
James K. Vardaman, Jr.
Lawrence Clayton

N.E.W.A. alone can't do this job for you. The Association has already gone as far as it can in your interest - the rest is up to you personally, now. If you want some action taken at Washington - - send your telegram today!

Very sincerely yours,



Managing Director

CGP/al

P.S. For your information, I am quoting below the telegram sent to the Chairman of the Board of Governors of the Federal Reserve System, on behalf of the Executive Committee: -

"MR. THOMAS B. McCABE, CHAIRMAN
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D. C.

"IT IS THE CONSIDERED OPINION OF THE EXECUTIVE COMMITTEE OF NATIONAL ELECTRICAL WHOLESALERS ASSOCIATION, AN ORGANIZATION OF MORE THAN 40 YEARS CONSECUTIVE SERVICE TO THE MUTUAL WELFARE OF ELECTRICAL WHOLESALE AND APPLIANCE DISTRIBUTING INDUSTRY AND CONSUMING PUBLIC, AND NUMBERING NEARLY 900 HOUSES IN ITS MEMBERSHIP, COAST TO COAST, THAT CHANGES IN THE PROVISIONS OF REGULATION W ARE NOW VITALLY NEEDED SO FAR AS RADIO, TELEVISION AND ELECTRICAL APPLIANCES ARE CONCERNED. SPECIFICALLY, REDUCTION IN THE AMOUNT OF DOWN-PAYMENTS AND EXTENSION OF PAYMENT TERMS ARE RECOMMENDED.

"UNIT PRODUCTION RATES IN THESE TWO FIELDS ARE STEADILY MOUNTING, TO THE POINT WHERE SUPPLY IS NOW AMPLY ADEQUATE TO CONSUMER REQUIREMENTS. MODERN RADIO, TELEVISION AND APPLIANCES PROVIDE CONSUMERS NEW AND MORE ADVANTAGES. PRESENT REGULATION W PROVISIONS DETER CONSUMERS FROM REPLACING WORN AND OBSOLETE UNITS TO THE DETRIMENT OF THEIR GREATER COMFORT, CONVENIENCE AND FINANCIAL BENEFIT.

"ADOPTION OF RECOMMENDED CHANGES WOULD ALLEVIATE THIS CONDITION. THE INDUSTRY WOULD, THEREBY, BE AIDED IN MAINTAINING HIGH-LEVEL EMPLOYMENT; AND THE PUBLIC IN GREATER NUMBERS COULD AVAIL THEMSELVES OF THE ENJOYMENT AND THE MORE HEALTHFUL, COMFORTABLE LIVING THESE MODERN ELECTRICAL CONVENIENCES SO ECONOMICALLY PROVIDE.

"YOUR EARLY FAVORABLE CONSIDERATION OF THESE RECOMMENDATIONS, IN THE PUBLIC'S INTEREST, IS MOST EARNESTLY AND RESPECTFULLY URGED."

C.G.P.

February 1, 1949.

Mr. Charles E. Argast,
7345 North Meridian,
Indianapolis 44, Indiana.

Dear Mr. Argast:


Your thoughtful letter of January 27 is very much appreciated. I have taken the liberty of passing it on to Governor Evans as the member of the Board to whom Regulation W matters are assigned and also to the other Board members.

Your comment is especially impressive because of your experience and knowledge of the appliance business. Under the Regulation as it stands the present terms specified call for down payments of 20 per cent and paying off the balance in 15 months if the unpaid balance is \$1,000 or less. If it is \$1,500 or more it may be paid off in 18 months. Indebtedness between these two figures is taken care of by provision that in any case the monthly payments shall not be less than \$75. I mention the foregoing as your letter assumes that the terms are even more restrictive.

Let me thank you again for taking the time and trouble to communicate with us. It is especially refreshing to have expressions of opinion like yours which are based, it seems to me, on broad sound considerations.

Sincerely yours,

M. S. Eccles

 ET: [illegible]