

WILLOW RUN, MICHIGAN NO 51 2/28/49 11:43PM

MR. CHAD F. CALHOUN - WASHINGTON

PLEASE HAVE THE FOLLOWING LETTER FROM EDGAR KAISER DELIVERED TO FEDERAL RESERVE BOARD CHAIRMAN, THOMAS B. MCCABE.

MR. THOMAS B. MCCABE, CHAIRMAN
FEDERAL RESERVE BOARD
WASHINGTON 25, D. C.

DEAR MR. MCCABE,

WE WANT TO EXPRESS TO YOU, THREE OF YOUR FELLOW GOVERNORS OF THE FEDERAL RESERVE SYSTEM AND STAFF MEMBERS OUR APPRECIATION FOR THE COURTEOUS HEARING AND DISCUSSION YOU GAVE US THIS AFTERNOON.

WE SINCERELY HOPE THAT YOUR BOARD WILL FIND SOME WAY OF CORRECTING THE INESTIMABLE DAMAGE ALREADY DONE KAISER-FRAZER CORPORATION BY PUBLISHED STATEMENTS ATTRIBUTED TO YOUR BOARD AND STATEMENTS CIRCULATED FROM FEDERAL RESERVE TO THE EFFECT THAT OUR CARS ARE OVERPRICED.

WE TRUST YOU WILL EXAMINE THE CHART AND TABULATION WE LEFT YOU SHOWING THE COMPARISON OF THE O.P.A. 1946 APPROVED AUTOMOBILE PRICES, INCLUDING KAISER-FRAZER'S WITH PRESENT DAY AUTOMOBILE PRICES OF ALL AUTO MANUFACTURERS. THE OPA ESTABLISHED 1946 PRICES WERE BASED ON MECHANICAL ANALYSIS AND STRICT SPECIFICATIONS PREPARED AND ANALYZED BY THE BUREAU OF STANDARDS BUT MADE NO ALLOWANCE TO KAISER-FRAZER FOR COSTS OF STARTING A NEW BUSINESS.

A REVIEW OF THIS DATA WILL BEAR OUT A FINDING ON YOUR PART THAT KAISER-FRAZER'S PRICES TODAY ARE ACTUALLY LOWER ON A COMPARISON OF PRODUCTS THAN THOSE OF ANY OTHER MANUFACTURER IN THE INDUSTRY. THIS COMPARISON, BASED ON FACTS, NOT ONLY ESTABLISHES CLEARLY THAT WE ARE NOT OVERPRICED, BUT RATHER ENTITLED TO COMMENDATION FOR THE FACT THAT WE HAVE BEEN ABLE TO KEEP THE PRICE OF OUR PRODUCT DOWN, WHILE AT THE SAME TIME SUBSTANTIALLY INCREASING THE VALUE OF THE PRODUCT WITH THE CHANGES AND IMPROVEMENTS IN OUR NEW 1949 LINE.

WE CANNOT OVEREMPHASIZE OUR SINCERE CONVICTION THAT EVERY DAY THAT YOUR BOARD DELAYS MODIFYING REGULATION W, WITH RESPECT TO BOTH NEW AND USED CARS, YOU ARE INCREASING THE GRAVE RISK YOU ARE TAKING WITH THE BUSINESS LIVES OF INDEPENDENT AUTO COMPANIES, AS WELL AS THOUSANDS OF NEW AND USED CAR DEALERS.

WE CAME AWAY WITH NO ANSWER TO THE QUESTION WE REPEATED SO MANY TIMES ---

WHY, WHEN AUTO CREDIT NOW IS ONLY ABOUT THE SAME TOTAL DOLLARS IT WAS IN 1941 ---

YET WHEN THE AVERAGE FACTORY WHOLESALE PRICE IN 1941 WAS \$700 AGAINST AN AVERAGE OF \$1300 NOW ---

WHEN, THEREFORE, THE BOARD'S OWN FIGURES INDICATE PRESENT AUTO CREDIT IS ONLY ABOUT ONE HALF THE 1941 RATIO OF AUTO CREDIT TO AUTO SALES ---

WHEN THE BOARD KNOWS THAT AUTO INVENTORIES ARE AT A CRITICALLY HIGH LEVEL AND THAT THE VERY LIVES OF INDEPENDENTS AND DEALERS ARE AT

WHY THEN DOES THE BOARD CONTINUE ITS HAZARDOUS CONTROL ON
AUTO CREDIT?

THE NATIONAL AUTOMOBILE DEALERS ASSOCIATION HAS PUBLICLY STATED ITS PLEA FOR IMMEDIATE LIBERALIZING OF THE 18 MONTH AUTO CREDIT LIMITATION ON BEHALF OF 35,000 DEALERS FOR ALL MAKES OF CARS -- MANY OTHERS ARE ON RECORD AGAINST CONTINUING THE PRESENT RESTRICTIONS, AND SO IRRESPECTIVE OF THE FACT THAT THOSE WHO PRODUCE IN THE LOWEST PRICE FIELD MAY HAVE TAKEN NO POSITION, OR EVEN URGED CONTINUANCE OF THE CONTROL, IT SEEMS TO US THAT IF THERE IS ANY QUESTION AT ALL, YOU SHOULD RELAX THE REGULATION AT ONCE.

IF A GREAT INJURY IS DONE, YOU WOULD HAVE NO STATISTICAL GROUNDS TO JUSTIFY YOUR HAVING CONTINUED THE DAMAGING REGULATION TOO LONG.

WE URGE YOU TO REALIZE THE SERIOUSNESS AND IMMEDIACY OF THIS MATTER. YOU HAVE THE AUTHORITY TO MODIFY REGULATION W -- THEN SHOULD BUSINESS SWING UP AND AUTO CREDIT START GOING TO HIGH, YOU COULD QUICKLY RE-IMPOSE THE REGULATION.

WE CANNOT BUT BELIEVE THAT YOU AGREE WITH US THAT THE TIME IS NOW. EVERY DAY'S DELAY IS INCREASING THE RISK.

RESPECTFULLY YOURS,
KAISER-FRAZER CORPORATION,

EDGAR F. KAISER
VICE PRESIDENT AND GENERAL MANAGER

February 28, 1949

CHART

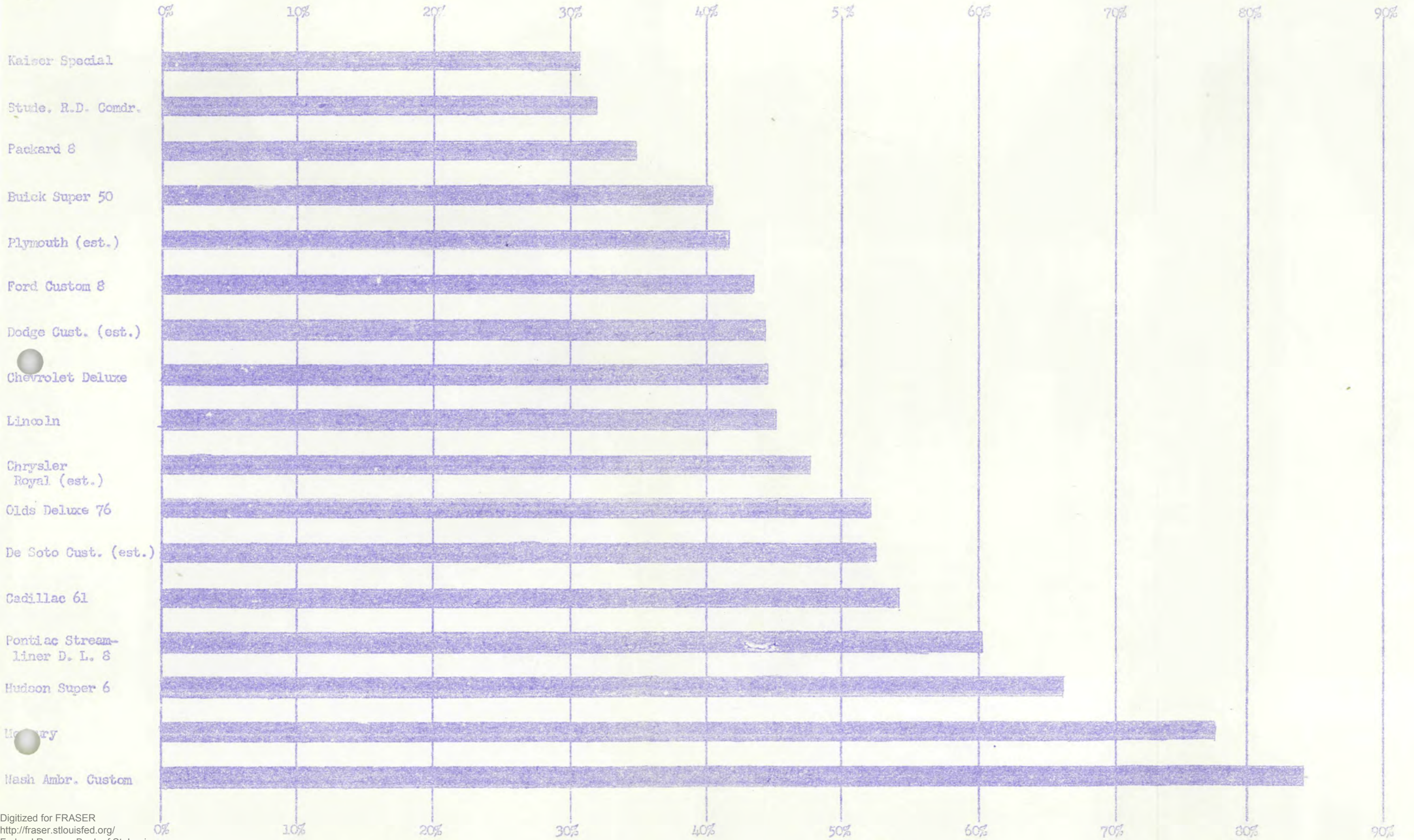
Showing comparison of O.P.A. August 1946 established prices of four-door model of each make of automobile with percentage increase in prices since that time to date.

The zero line on the attached chart represents the base price for the model for each manufacturer approved in 1946 by O.P.A. The bars on the chart represent the percentage increase in price from that O.P.A. established price to date.

This shows that Kaiser-Frazer price increases have been proportionately less than any other auto manufacturers.

Kaiser-Frazer Corporation

Percentage Increase In Retail Factory Price
 August 1946 (OPA) - February 1949
 Comparing One Model of Each Make



PRICE DATA

COMPARABLE MODELS

FEB. 1949 VS AUG. 1946 (OPA)
(4-DOOR SEDAN)

CONFIDENTIAL

MAKE	RETAIL FACTORY PRICE 1949	1946	DOLLAR INCREASE	PERCENTAGE INCREASE
CHEV. STYLELINE & FLEETLINE SPECIAL	\$ 1481.00	\$ 1011.00	\$ 470.00	46.5
FORD (6)	1499.15	1073.24	425.91	39.7
CHEV. STYLELINE & FLEETLINE DELUXE	1560.00	1081.00	479.00	44.3
FORD (8)	1585.65	1110.08	475.57	42.8
PLYMOUTH DELUXE (EST)	1588.78	1156.55	432.23	37.4
FORD CUSTOM (6)	1630.60	1152.76	477.84	41.5
PLYMOUTH SPECIAL DELUXE (EST)	1667.78	1179.00	488.78	41.5
FORD CUSTOM (8)	1704.60	1189.60	515.00	43.3
STUDEBAKER DELUXE CHAMPION	1780.05	1418.50	361.55	25.5
STUDEBAKER REGAL DELUXE CHAMPION	1853.55	1488.00	365.55	24.6
DODGE DELUXE (EST)	1881.85	1312.15	569.70	43.4
NASH 600 SUPER	1910.55	---	---	---
NASH 600 SUPER SPECIAL	1958.55	1253.15	705.40	56.3
DODGE CUSTOM (EST)	2030.20	1403.80	621.40	44.1
STUDEBAKER DELUXE COMMANDER	2117.40	1578.25	539.15	34.2
DE SOTO DELUXE (EST)	2125.19	1449.95	675.24	46.6
BUICK SPECIAL '40'	2129.70	1354.00	775.70	57.3
PONTIAC STREAMLINER (6)	2199.15	---	---	---
PONTIAC CHIEFTAIN (6)	2220.15	---	---	---
OLDSMOBILE '76'	2225.65	---	---	---
STUDEBAKER REGAL DELUXE COMMANDER	2238.35	1698.25	540.10	31.8
PONTIAC STREAMLINER (8)	2259.35	---	---	---
PONTIAC CHIEFTAIN (8)	2280.00	---	---	---
CHRYSLER ROYAL (EST)	2281.32	1546.80	734.52	47.5
PONTIAC STREAMLINER DELUXE (6)	2281.60	1435.75	845.85	58.9
PACKARD (8)	2299.00	1707.55	591.45	34.6
PONTIAC CHIEFTAIN DELUXE (6)	2302.60	---	---	---
KAISER SPECIAL	2328.57	1783.23	545.34	30.6
PONTIAC STREAMLINER DELUXE (8)	2341.80	1462.75	879.05	60.1
OLDSMOBILE DELUXE '76'	2347.65	1544.19	803.46	52.0
NASH AMBASSADOR SUPER	2358.60	---	---	---
PONTIAC CHIEFTAIN DELUXE (8)	2362.80	---	---	---
DE SOTO CUSTOM (EST)	2364.05	1551.45	812.60	52.4
BUICK SUPER '50'	2404.90	1713.59	691.31	40.3
MERCURY	2405.10	1355.76	1049.34	77.4
STUDEBAKER REGAL DELUXE LAND CRUISER	2425.60	---	---	---
NASH AMBASSADOR SUPER SPECIAL	2427.60	---	---	---
HUDSON SUPER (6) 481	2464.14	1483.91	980.23	66.1
CHRYSLER WINDSOR (EST)	2476.33	1648.30	828.03	50.2
OLDSMOBILE '88'	2483.40	---	---	---
KAISER DELUXE	2509.01	---	---	---
PACKARD DELUXE (8)	2543.00	1747.37	795.63	45.5
NASH AMBASSADOR CUSTOM	2552.05	1386.95	1165.10	84.0
OLDSMOBILE DELUXE '88'	2594.40	---	---	---
HUDSON SUPER (8) 483	2624.92	1610.66	1014.26	63.0
FRAZER	2673.12	1941.95	731.17	37.7
OLDSMOBILE '98'	2712.90	---	---	---
CHRYSLER SARATOGA (EST)	2786.27	1836.80	899.47	49.0
HUDSON COMMODORE (6) 482	2740.88	1593.96	1146.92	72.0
OLDSMOBILE DELUXE '98'	2806.90	1827.54	979.36	53.6
PACKARD SUPER (8)	2827.00	2135.43	691.57	32.4
CHRYSLER NEW YORKER (EST)	2852.02	1919.30	932.72	48.6
HUDSON COMMODORE (8) 484	2861.16	1660.21	1200.95	72.3
BUICK ROADMASTER '70'	2961.60	1982.59	979.01	49.4
FRAZER MANHATTAN	2990.98	---	---	---
LINCOLN	3006.35	2073.10	933.25	45.0
CADILLAC '61'	3458.65	2244.76	1213.89	54.1
CADILLAC '62'	3616.65	2414.76	1201.89	49.8
LINCOLN COSMOPOLITAN	3650.75	---	---	---
PACKARD CUSTOM	3750.00	2837.55	912.45	32.2
CADILLAC '60-S'	4385.15	3082.02	1303.13	42.3
CHRYSLER CROWN IMPERIAL	4711.75	---	---	---
CHRYSLER IMPERIAL LIMOUSINE	4816.75	---	---	---
CADILLAC '75'	5361.65	4203.19	1158.46	27.6

NOTE:

LOWEST PRICED KAISER-FRAZER CAR IN 1949 (FEB.)
IS IN 28TH PLACE OF THE 64 CARS.
OF THE 64-1949 CARS LISTED THERE WERE 45 COM-
PARABLE CARS IN 1946 (AUG.). KAISER-FRAZER'S
LOWEST PRICED CAR IN 1946 WAS IN THE 33RD PO-
SITION OF THESE 45 CARS.

MARKET RESEARCH & ANALYSIS

FEB. 24, 1949

CHRYSLER DELIVERED PRICES ARE ESTIMATED BASED ON PUBLISHED LIST PRICES.

PRICE DATA

COMPARABLE MODELS

FEB. 1949 VS AUG. 1946 (OPA)

(4-DOOR SEDANS)

CONFIDENTIAL

CURRENT MODELS

1946 COMPARABLE MODELS

LIST PRICE
2-24-1949

LIST PRICE DOLLAR
8-1-46 INCREASE

PERCENT
INCREASE

<u>CURRENT MODELS</u>	<u>1946 COMPARABLE MODELS</u>	LIST PRICE 2-24-1949	LIST PRICE DOLLAR 8-1-46 INCREASE	PERCENT INCREASE
FORD (6)	FORD DELUXE (6)	\$ 1368.00	\$ 985.00	\$ 383.00 38.9
CHEVROLET STYLELINE OR FLT.-SPCL.	CHEVROLET STYLEMASTER	1385.00	936.00	449.00 48.0
FORD (8)	FORD DELUXE (8)	1450.00	995.00	455.00 45.7
CHEVROLET STYLELINE OR FLT.-DLX.	CHEVROLET FLEETMASTER	1460.00	1002.00	458.00 45.7
PLYMOUTH DELUXE	PLYMOUTH DELUXE	1465.00	1069.00	396.00 37.0
FORD CUSTOM (6)	FORD SUPER DELUXE (6)	1480.00	1047.00	433.00 41.4
PLYMOUTH SPECIAL DELUXE	PLYMOUTH SPECIAL DELUXE	1540.00	1097.00	443.00 40.4
FORD CUSTOM (8)	FORD SUPER DELUXE (8)	1550.00	1057.00	493.00 46.6
STUDEBAKER DELUXE CHAMPION	STUDEBAKER DELUXE CHAMPION	1577.00	1238.00	339.00 27.4
STUDEBAKER R.D. CHAMPION	STUDEBAKER R.D. CHAMPION	1647.00	1304.00	343.00 26.3
PONTIAC STREAMLINER (6)	--	1652.00	--	-- --
PONTIAC CHIEFTAIN (6)	--	1672.00	--	-- --
NASH 600 SUPER	--	1713.00	--	-- --
PONTIAC STREAMLINER (8)	--	1717.00	--	-- --
BUICK SPECIAL '40'	BUICK SPECIAL '40'	1735.00	1250.00	485.00 38.8
PONTIAC CHIEFTAIN (8)	--	1737.00	--	-- --
OLDSMOBILE '76'	--	1740.00	--	-- --
PONTIAC STREAMLINER DELUXE (6)	PONTIAC STREAMLINER (6)	1742.00	1194.00	548.00 45.9
DODGE DELUXE	DODGE DELUXE	1750.00	1176.00	574.00 48.8
NASH 600 SUPER SPECIAL	NASH 600	1758.00	1061.00	697.00 65.7
PONTIAC CHIEFTAIN DELUXE (6)	--	1762.00	--	-- --
PONTIAC STREAMLINER DELUXE (8)	PONTIAC STREAMLINER (8)	1807.00	1219.00	588.00 48.2
DODGE CUSTOM	DODGE CUSTOM	1825.00	1235.00	590.00 47.8
PONTIAC CHIEFTAIN DELUXE (8)	--	1827.00	--	-- --
OLDSMOBILE DELUXE '76'	OLDSMOBILE '66'	1875.00	1163.00	712.00 61.2
DE SOTO DELUXE	DE SOTO DELUXE	1881.00	1251.00	630.00 50.4
STUDEBAKER DELUXE COMMANDER	STUDEBAKER DELUXE COMMANDER	1887.00	1467.00	420.00 28.6
MERCURY	MERCURY	1975.00	1241.00	734.00 59.1
STUDEBAKER R.D. COMMANDER	STUDEBAKER R.D. COMMANDER	2002.00	1581.00	421.00 26.6
CHRYSLER ROYAL	CHRYSLER ROYAL	2021.00	1353.00	668.00 49.4
BUICK SUPER '50'	BUICK SUPER '50'	2050.00	1459.00	591.00 40.5
DE SOTO CUSTOM	DE SOTO CUSTOM	2059.00	1316.00	743.00 56.5
HUDSON SUPER (6)	HUDSON SUPER (6)	2075.00	1257.00	818.00 65.1
KAISER SPECIAL	KAISER	2091.00	1645.00	446.00 27.1
NASH AMBASSADOR SUPER	--	2134.00	--	-- --
FRASER	PACKARD 2101	2140.00	1565.00	575.00 36.7

KATSER DELUXE	--	2240.00	--	--	--
OLDSMOBILE DELUXE '88'	--	2265.00	--	--	--
FRAZER	FRAZER	2321.00	1795.00	526.00	29.3
NASH AMBASSADOR CUSTOM	NASH AMBASSADOR	2334.00	1152.00	1182.00	102.6
HUDSON COMMODORE (8)	HUDSON COMMODORE (8)	2348.00	1447.00	901.00	62.3
OLDSMOBILE '98'	--	2380.00	--	--	--
PACKARD DELUXE (8)	PACKARD 2111	2395.00	1624.00	771.00	47.5
OLDSMOBILE DELUXE '98'	OLDSMOBILE '98'	2470.00	1458.00	1012.00	69.4
CHRYSLER SARATOGA	CHRYSLER SARATOGA	2473.00	1636.00	837.00	51.2
LINCOLN	LINCOLN	2495.00	1919.00	576.00	30.0
FRAZER MANHATTAN	--	2573.00	--	--	--
CHRYSLER "NEW YORKER"	CHRYSLER "NEW YORKER"	2583.00	1714.00	869.00	50.7
BUICK ROADMASTER '70'	BUICK ROADMASTER '70'	2585.00	1699.00	886.00	52.1
PACKARD SUPER (8)	PACKARD 2103	2659.00	1986.00	673.00	33.9
CADILLAC '61'	CADILLAC '61'	2765.00	1794.00	971.00	54.1
CADILLAC '62'	CADILLAC '62'	2915.00	1951.00	964.00	49.4
LINCOLN COSMOPOLITAN	--	3125.00	--	--	--
PACKARD CUSTOM	PACKARD 2106	3532.00	2654.00	878.00	33.1
CADILLAC '60-S'	CADILLAC '60-S'	3655.00	2590.00	1065.00	41.1
CHRYSLER CROWN IMPERIAL	--	4428.00	--	--	--
CHRYSLER CROWN IMPERIAL LIMOUSINE	--	4528.00	--	--	--
CADILLAC '75'	CADILLAC '75'	4540.00	3633.00	907.00	25.0

MARKET RESEARCH & ANALYSIS

FEB. 24, 1949

PRICE DATA - COMPARABLE MODELS
AUGUST 1946 (O.P.A.) versus FEBRUARY 1949

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If you were to purchase at FACTORY RETAIL PRICE all of the 1949 four-door sedans that are comparable to the four-door sedans that were available in 1946, you would pay 46.2% more for the 1949 models.

If you were able to purchase at LIST PRICE all of the 1949 model four-door sedans that are comparable to those available in 1946, you would pay 45% more for the 1949 models.