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United States Senate

COMMITTEE ON THE JUDICIARY

July 3, 1947

Honorable Marriner S. Eccles
Chairman, Board of Governors
Federal Reserve System
Washington, D. C.

Dear Marriner:

I enclose a letter for your information. You need not bother to return it. They sent it to me because I raised the question in the meeting yesterday that the position of the Federal Reserve Board was for one year's extension and that they were not supporting permanent enactment of Regulation W.

With kindest regards, I am

Sincerely yours,


J. W. Fulbright

JWF:dw

*for Sr
no reply*

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917 Fifteenth St. N.W., Washington 5, D. C.

July 2, 1947

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Honorable J. W. Fulbright
Senate of the United States
Washington, D. C.

Dear Senator Fulbright:

You asked this morning whether there was any proof or evidence that the Reserve Governors are really fighting to make Regulation W permanent whereas they have only asked your Committee for a one-year extension. Mr. Behrens who was testifying did not have enough data to be precise in his reply, but he asked me to send you the following additional information.

We feel sure that there are almost countless other proofs of Mr. Eccles' intent in existence if you really would like a detailed survey made.

1. On page 23 of Mr. Eccles' testimony to your Committee on June 25, he advocated permanent control.
 2. You will find by examining Mr. Eccles' testimony before the House Committee in June that on his first appearance before the Committee he spoke in general terms of permanent control, referring to a recommendation made to Congress last August to this effect.
- On his second appearance, apparently sensing that the Committee was leaning unfavorably, he introduced two alternative suggestions; one was for a joint resolution to continue the authority for two years, and the other was for a bill likewise to continue the authority for two or three years, and he mentioned that this would give the Congress an opportunity to study permanent controls.

Hon. J. W. Fulbright

July 2, 1947

Then to your Committee his request is for one year's extension. A definite pattern is clearly distinguishable in this step-down process, and it coincides with the reception the idea got in Congress. (I presume your Committee knows that the opinion of Federal Reserve Governors themselves is not unanimous, that there is some definite opposition to the Regulation there and also that the Board's Advisory Committee coming from the twelve Federal Reserve Districts is said to have strongly urged its discontinuance.)

3. Mr. Eccles -- to the **BANK MANAGEMENT CONFERENCE OF THE NEW ENGLAND COUNCIL**, October 25, 1946, (see particular reference on page 1234, November issue, Federal Reserve **BULLETIN**.)

4. The Annual Report of the Federal Reserve Governors to the Congress, June or July, 1946. I think it was the permanent control recommendation in this report that occasioned speeches in Congress by Mr. Wolcott in the House and Mr. Bridges in the Senate opposing the suggestion.

5. A little over a year ago Ronald W. Ransom, Vice Chairman of the Board of Governors, asked the Directors of the National Retail Furniture Association whether they would sponsor legislation in Congress providing permanent controls, indicating that it would be a little embarrassing for the Reserve Governors themselves to do so at that time, but that they desired it.

6. November 27, 28, or 29 in 1941 Dr. Carl E. Parry of the Reserve Board (in charge of Regulation W operation), told a conference at the University of Minnesota: ". . . I was asked by the staff of the Board to direct studies in this general field of consumer credit -- direct them particularly as to how it could be regulated not only in time of war, but in time of peace; in fact, primarily in time of peace."

This probably takes the answers to your question as far back in the past as you care go go.

We in the business field who have been in touch with the Reserve System all during the life of Regulation W were often told personally that as soon as the war was over the Regulation would be thrown out the window because it was a war measure only. We were also told that the Reserve System was not interested in getting into industry squabbles smacking of "reform" -- that it was not set up to regulate competition in business.

Hon. J. W. Fulbright

July 2, 1947

Then after the war ended, there was a sudden reversal of such statements from the Reserve offices and a very obvious return to the original earlier "permanent control" philosophy culminating in the Reserve System's official request of Congress for permanent control last summer (see above), and the step-down process evidenced in Mr. Eccles' recent appearances before the House and Senate Committees, but always with the reservation that he seeks a temporary extension during which to argue further for permanent authority.

It is noteworthy that the business organizations which were asked by Reserve Governors to sponsor legislation for permanent authority have not done so -- even those which, like the National Retail Furniture Association, have taken no position one way or the other in the recent discussions because of the many varied types of business in which their members are involved, many of them not doing a consumer credit business.

As I said before, this is not a complete study of your question, but I believe you will find it substantially correct and may give you the information you wish.

Sincerely yours,


William J. Cheyney

WJC:mj