

Honorable Robert A. Taft, Chairman,
Joint Committee on the Economic Report,
United States Senate,
Washington, D. C.

Attention: Mr. John Lehman, Clerk.

My dear Mr. Chairman:

In accordance with the request contained in your letter of December 4, 1947, I am glad to enclose herewith a draft of a bill to carry out the proposal regarding special reserve requirements for banks, which I mentioned before your Committee, together with a summary of the more important provisions of the proposed bill. I have furnished copies of this draft of bill to the Chairmen of the Banking and Currency Committees of the Senate and the House of Representatives.

I also enclose a draft of a proposed bill to reinstitute consumer credit controls, which is identical with a draft that I transmitted to the Chairmen of the Banking and Currency Committees in June of this year, together with a memorandum stating the reasons why a bill of this kind is preferable to the enactment of a joint resolution. Even if it should be decided not to consider permanent legislation on consumer credit, this bill would still be appropriate with the addition of such time limitation as might be decided upon. If, however, it should be determined to use merely a joint resolution, I enclose a copy of a draft of such a resolution which could be used for this purpose.

I trust that the bill providing for special reserves and the bill to reinstitute consumer credit controls will receive the careful and favorable consideration of the Congress. I am sending you under separate cover for your convenience a number of the various documents mentioned above.

Sincerely yours,

(Signed) M. S. Eccles

M. S. Eccles,
Chairman.

Enclosures

(11/25/47)

A B I L L

To provide for special reserves to be held by banks, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Federal Reserve Act is hereby amended by inserting therein immediately following section 19 thereof a new section reading as follows:

"Sec. 19A. (a) Effective Date and Time Limit. - This section shall become effective on the first day of the third calendar month following the month in which it is enacted (except that percentages and other regulations hereunder may be prescribed in advance of the effective date to take effect on or after such date) and shall expire at the end of three years after its effective date.

"(b) Purposes. - As a result of necessary war financing, the banks of the country own large amounts of short-term Government securities. Substantial amounts of such securities have already been converted into bank reserves and large additional amounts can be converted into such reserves with resulting multiple increases in bank credit and in deposits that serve as money. Such monetary and credit expansion, at a time when total effective demand for goods

and services is in excess of the supply which can be produced by the nation's productive capacity and labor force, would further aggravate inflationary pressures on prices and thus produce burdens upon and dislocations in interstate and foreign commerce and the nation's monetary, banking and credit structure. Efforts to avoid such consequences through the use of methods of credit control available under existing law are seriously handicapped because, with the present large volume of the public debt, they would tend to produce such declines in the prices of Government securities (and securities in general) as to cause disturbances to the Government credit, interstate and foreign commerce, and the nation's monetary, banking and credit structure.

"The purposes of this section, in the light of which its provisions shall be construed and applied, are to require banks to hold short-term Government securities or other specified liquid assets in such amounts as may be necessary to protect interstate and foreign commerce and the nation's monetary, banking and credit structure from the above-mentioned burdens, disturbances and dislocations.

"(c) Holding of 'Special Reserve Assets'. - (1) Every bank shall own 'special reserve assets', as described in subsection (d) hereof, in an amount equal to the sum of such percentage of its demand

deposits and such percentage of its time deposits as the Federal Open Market Committee (created by section 12A of this Act and hereinafter called the 'Committee') may by regulation prescribe from time to time as necessary to accomplish the purposes of this section, but in no event shall the percentage so prescribed with respect to demand deposits exceed 25 per centum or the percentage so prescribed with respect to time deposits exceed 10 per centum.

"(2) The Committee shall not initially prescribe a percentage in excess of 10 per centum with respect to demand deposits or in excess of 4 per centum with respect to time deposits and shall not thereafter at any one time increase such percentages by more than 5 percentage points in the case of demand deposits or by more than 2 percentage points in the case of time deposits. No initial percentage or subsequent increase thereof shall become effective until the expiration of a period of at least 60 days after notice thereof shall have been published in the Federal Register; but no other notice or procedure shall be required in connection with the prescribing of any percentage under this subsection notwithstanding any other provision of law.

"(3) In prescribing any percentages under this subsection, the Committee shall consider among other factors (A) the volume and ownership of securities and other assets eligible for holding as special reserve assets or readily convertible into such special reserve assets, (B) gold movements, currency fluctuations, and other factors affecting the available supply of bank reserves, (C) conditions in the Government securities market, and (D) the general credit situation of the country.

"(d) Description of 'Special Reserve Assets'. - 'Special reserve assets' shall consist of any one or more of the following assets:

"(1) Obligations of the United States in the form of Treasury bills, certificates of indebtedness, and notes having a maturity not exceeding two years at the time of issue.

"(2) The aggregate amount of the following assets which a bank owns in excess of the sum of 20 per centum of its demand deposits and 6 per centum of its time deposits: (A) Coin and currency in its vault or on hand, (B) demand deposits due from other banks to the extent that they exceed demand deposits due to other banks, (C) deposits with a Federal Reserve Bank (and the Reserve Banks are authorized to receive such deposits from any bank), and (D) cash items received in the ordinary course of business which are in process of collection and are payable immediately upon presentation in the United States.

"(e) Computations. - For the purpose of determining the amounts and percentages specified in subsections (c) and (d) of this section, each bank shall compute all such amounts on an average daily basis covering monthly computation periods or such other computation periods, not shorter than weekly periods, as the Committee may prescribe; and the Committee may prescribe different computation periods for different classes of banks, classified according to size or location or other

reasonable basis. The amount by which the average daily amount of special reserve assets owned by a bank in any computation period falls below the amount required by this section or regulations pursuant thereto shall be considered a 'deficiency' for such computation period.

"(f) Penalty for Deficiencies. - Any bank having in any computation period a 'deficiency' as defined in subsection (e) of this section shall pay to the United States a penalty at the rate of one-half of one per centum per month upon the amount of such deficiency for such period. If such penalty is not paid to the Treasurer of the United States by the end of the month succeeding that in which such computation period ended, such penalty, together with interest thereon at the rate of six per centum per annum from the end of such succeeding month until paid, may be sued for and recovered by the United States in a suit to be brought by the United States District Attorney in the District Court of the United States of the judicial district in which the principal place of business of such bank in the United States is located, and the District Courts of the United States shall have jurisdiction of such suits. If and when the Committee shall so request, it shall be the duty of the several District Attorneys in their respective districts, under the supervision of the Attorney General, to institute proceedings to collect such penalties including interest. In unusual cases, when a bank has a deficiency which results from excusable error made in good faith, a certificate

may be issued in the discretion of the Committee excusing such bank from payment of a penalty on account of such deficiency.

"(g) Reports. - The Committee may require banks to furnish from time to time such reports and other information as it may prescribe, but no such reports or information shall be required except such as the Committee may find to be necessary to obtain information as to compliance with this section or otherwise to enable it to carry out its functions under this section. Any person who shall knowingly make any false statement or report or give any false information or wilfully fail to furnish any report or information required under this subsection shall be guilty of a misdemeanor, and upon conviction shall be fined not more than \$5,000, or imprisoned not more than one year or both; and the expiration of the provisions of this section shall not prevent prosecution for any such offense committed prior to such expiration.

"(h) Regulations and Administration. - The Committee may from time to time prescribe, amend or revoke regulations to effectuate the provisions of this section or to prevent evasion or circumvention of its purposes either by abnormal accumulations of deposits due to or from other banks or by other devices; and such regulations may, among other things, include definitions of the terms used in this section not inconsistent with the definitions contained herein or with the purposes of this section. Any function of the Committee under this

section other than the prescribing of regulations and the determination of matters of general policy may be performed by such member, officer, or representative of the Committee as it may designate for the purpose; and in the administration of this section, the Committee may utilize the services of the Federal Reserve Banks and any other agencies, Federal or State, which are available and appropriate.

"(i) Definitions. - When used in this section, unless otherwise required by the context --

"(1) 'Person' means any individual, partnership, corporation, business trust, association, or other similar organization.

"(2) 'Bank' means any person having a place of business in any State or in the District of Columbia which is (A) a national bank, or (B) a person engaged in the business of receiving demand deposits and subject to supervision or examination by the State authority having supervision over banks (or by the Comptroller of the Currency in the case of the District of Columbia); but the Committee may by regulation exclude from such term persons which it deems not to be substantially engaged in the performance of functions customarily performed by banking institutions receiving demand deposits and also not to be within the scope of the purposes of this section.

"(3) The amount of any obligation of the United States in the form of a Treasury bill, certificate of indebtedness, or note means the amount of the book value thereof as determined in accordance with regulations of the Committee.

"(4) 'Demand deposit' and 'time deposit' have the meanings given such terms by regulations prescribed from time to time by the Board of Governors of the Federal Reserve System pursuant to section 19 of this Act.

"(5) 'Month' and 'monthly' refer to calendar month."

A B I L L

To regulate consumer credit, to protect interstate and foreign commerce, to protect the monetary, banking and credit structure of the nation, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Federal Reserve Act is amended by adding the following new section 20A between sections 20 and 21 thereof:

"SECTION 20A. CONSUMER CREDIT

"(a) Purposes of Section. - For the reasons hereinafter enumerated and in the light of which this section shall be interpreted and applied, the use of instalment credit is affected with a national public interest which makes it necessary to provide for appropriate regulation of such credit:

"Instalment credit is an important factor in financing the purchase of large volumes of goods, particularly consumers' durable goods, that move through the channels of interstate commerce. The terms and conditions on which instalment credit is available have a direct and important effect on changes in the amount of such credit and consequently on the volume and timing of demand for, and flow in interstate commerce of, not only consumers' durable goods and related components and manufacturing equipment but also goods in general.

"Because of the inherent nature of instalment credit and the purposes for which it is largely used, (1) such credit has a dangerous tendency, if unregulated, to expand unduly in certain periods and, in consequence, to contract unduly at other periods, and (2) such over-expansion and overcontraction are of material importance in initiating and intensifying excessive fluctuations and dislocations in national levels of purchasing power, prices, credit and interstate commerce,

"Both directly and through their impact on interstate commerce and the national economy, such excessive or untimely fluctuations in instalment credit interfere with the maintenance of high and stable levels of production and employment, burden interstate and foreign commerce, interfere with the power of Congress to regulate the value of money, threaten the stability of the nation's monetary, banking and credit structure, hamper the Federal Reserve System in maintaining sound credit conditions, and are important contributing causes to emergencies which put the Federal Government to great expense and burden the national credit.

"The purposes of this section are to provide appropriate regulation of instalment credit and thereby to prevent, so far as practicable by this means, excessive or untimely fluctuations of such credit and the resulting national dangers and burdens mentioned above.

"(b) Definitions. - For the purposes of this section, unless the context otherwise requires, the following terms shall have the following meanings, but the Board of Governors of the Federal Reserve

System (hereinafter called the Board) may in its regulations give such terms more restricted meanings, and may define technical, trade, and accounting terms in so far as such definitions are not inconsistent with the provisions of this section;

"(1) 'Instalment credit' means credit which the obligor undertakes to repay in two or more payments, or as to which he undertakes to make two or more payments or deposits usable to liquidate the credit, or which has a similar purpose or effect: Provided, however, That it shall not include (i) any credit to finance or refinance the construction or purchase of an entire residential building or other entire structure, (ii) any credit extended to a business enterprise to finance the purchase of goods for resale, or (iii) any other credit extended to a business or agricultural enterprise for any business or agricultural purpose unless the credit is secured by or is for the purpose of purchasing or carrying consumers' durable goods.

"(2) 'Credit' means any loan, advance, or discount; any instalment purchase or conditional sale contract; any sale of property or services or contract of such sale, either for present or future delivery, under which part or all of the price is payable subsequent to the making of such sale or contract; any rental-purchase contract, or any contract for the bailment or leasing of property under which the bailee or lessee has the option of becoming the owner thereof, obligates himself to pay as compensation a sum substantially

equivalent to or in excess of the value thereof, or has the right to have all or part of the payments required by such contract applied to the purchase price of such property or similar property; any option, demand, lien, pledge or similar claim against, or for the delivery of, property or money; any purchase, discount, or other acquisition of, or any credit upon the security of, any obligation or claim arising out of any of the foregoing; and any transaction or series of transactions having a similar purpose or effect.

"(3) 'Person' means any individual, partnership, association, business trust, corporation, or unincorporated organization; and, except that the criminal penalties shall not be applicable thereto, it includes the United States, any State or subdivision thereof, and any agency of one or more such authorities.

"(c) Regulations. - The Board of Governors of the Federal Reserve System is authorized from time to time by regulation to prescribe maximum maturities, minimum down payments, maximum loan values, and amounts and intervals of payments, for such kind or kinds of instalment credit as it may in the judgment of the Board be necessary to regulate in order to prevent or reduce excessive or untimely use of or fluctuations in such credit. Such regulations may classify transactions and may apply different maximum maturities, minimum down payments, maximum loan values, or amounts and intervals of payments thereto. Such regulations may contain such administrative provisions as in the judgment of the Board are reasonably necessary in order to effectuate the purposes of this section or to prevent evasions thereof.

"In prescribing such regulations the Board shall consider, among other factors, (1) the level and trend of instalment credit and the various kinds thereof, (2) the effect of fluctuations in such credit upon (i) the purchasing power of consumers and (ii) the demand for and the production of consumers' durable and other goods which move in interstate commerce, and (3) the need in the national economy for the maintenance of sound credit conditions.

"(d) Compliance. - No person engaged in the business of extending or maintaining instalment credit, or of refinancing, purchasing, selling, discounting, or lending on, any obligation arising out of any such credit, shall extend or maintain any credit, or renew, revise, consolidate, refinance, purchase, sell, discount, or lend on, any obligation, in contravention of any regulation prescribed by the Board pursuant to this section. Every person engaged in such business shall keep such records or documents in such form, and make such reports, as the Board may by regulation require.

"(e) Penalties. - Any person who wilfully violates any provision of this section or any regulation thereunder the observance of which is required under the terms of this section shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined not more than \$5,000, or imprisoned not more than one year, or both; but no person shall be subject to imprisonment under this section for the violation of any regulation if he proves that he had no actual knowledge of such regulation.

"(f) Investigations, Court Orders. - (1) The Board is authorized to make such investigations as it deems necessary in order to aid in the prescribing of regulations under this section or in order to determine whether any person has violated or is about to violate any provision of this section or any regulation thereunder, and may require or permit any person to file with it a statement in writing, under oath or otherwise as the Board shall determine, as to all the facts and circumstances concerning the matter to be investigated.

"(2) For the purpose of any investigation or other proceeding under this section, any member of the Board, or any representative thereof designated by it, is empowered to administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any books, records, or other papers which are relevant or material to the inquiry. Such attendance of witnesses and the production of any such papers may be required from any place in any State or in any Territory or other place subject to the jurisdiction of the United States at any designated place where such a hearing is being held or investigation is being made.

"(3) In case of refusal to obey a subpoena issued to, or contumacy by, any person, the Board may invoke the aid of any court of the United States within the jurisdiction of which such investigation is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of witnesses and the production of

books, records, or other papers. And such court may issue an order requiring such person to appear before the Board or member or officer designated by the Board, there to produce records, if so ordered, or to give testimony touching the matter under investigation or in question; and any failure to obey such order of the court may be punished by such court as a contempt thereof. All process in any such case may be served in the judicial district whereof such person is an inhabitant or wherever he may be found. No person shall be excused from attending and testifying or from producing books, records, or other papers in obedience to a subpoena issued under the authority of this section on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to a penalty or forfeiture; but no individual shall be prosecuted or subject to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled to testify or produce evidence, documentary or otherwise, after having claimed his privilege against self-incrimination, except that such individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying. Any person who without just cause shall fail or refuse to attend and testify or to answer any lawful inquiry or to produce books, records, or other papers in obedience to the subpoena of the Board, if in his or its power so to do, shall be guilty of a misdemeanor and upon conviction shall be subject to a fine

of not more than \$1,000 or to imprisonment for a term of not more than one year, or both.

"(4) Whenever in the judgment of the Board any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of this section or of any regulation thereunder, the Board may make application to the proper district court of the United States, or the United States Courts of any Territory or other place subject to the jurisdiction of the United States, for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the Board that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order shall be granted without bond.

"(5) The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of offenses and violations under this section or the regulations thereunder, and of all actions to enjoin any violation of this section or the regulations thereunder or to enforce any duty created under this section. Any criminal proceeding may be brought in the district wherein any act or transaction constituting the violation occurred. Any action to enjoin any violation of this section or regulations thereunder or to enforce any duty created under this section may be brought in any district wherein the defendant is

found or is an inhabitant or transacts business, and process in such cases may be served in any other district of which the defendant is an inhabitant or transacts business or wherever the defendant may be found. Judgments and decrees so rendered shall be subject to review as provided in sections 128 and 240 of the Judicial Code, as amended (U.S.C., title 28, secs. 225 and 347).

"(g) Administration. - In administering this section, the Board may act through its duly designated representatives and may utilize the services of the Federal Reserve Banks and any other agencies, Federal or State, which are available and appropriate. The Board shall include in its annual report to the Congress such information, data, and recommendations as it may deem advisable with regard to matters within its jurisdiction under this section."

5-28-47

SUMMARY OF PROPOSED BILL TO PROVIDE
SPECIAL RESERVE REQUIREMENTS FOR BANKS

The attached bill proposes that, for a temporary period of three years, an authority be provided under which all commercial banks could be required, as an anti-inflationary measure, to hold a so-called special reserve in addition to existing requirements. This special reserve could be held in the form either of cash, cash items, interbank balances and deposits with Federal Reserve Banks or in short-term Government securities, that is, bills, certificates and notes. It is proposed that the Federal Open Market Committee of the Federal Reserve System administer the authority within the limitation that the special reserve would not exceed 25 per cent of demand deposits and 10 per cent of time deposits.

Under existing conditions there are no effective limitations upon the ready availability of reserves, which the banking system obtains from three principal sources. First, when the banks sell some of their large holdings of Government securities in the open market and those securities are purchased by Federal Reserve Banks, reserves are thereby created on which the lending power of the banking system is increased by a ratio of about six to one. That is, for each dollar of reserves about six additional dollars of deposits can be created. Second, gold acquisitions automatically increase the reserves and deposits of the banking system. Third, when nonbank investors sell Government securities which are purchased by the Federal Reserve Banks, this likewise creates additional bank reserves.

The broad purpose of this legislation is to provide under present and prospective conditions some restraint on the creation of bank credit beyond what is essential for the maintenance of full production. Proponents of this measure state that it should be closely integrated with Government fiscal policy and should be flexible in order to meet changing conditions.

The principal features of the proposed legislation are as follows:

Temporary Period. - The law would be effective for a period of three years only.

Banks Affected. - The requirement would apply to all banks receiving demand deposits, including member banks of the Federal Reserve System and nonmember banks -- insured and noninsured. It would not apply, however, to banks that do exclusively a savings business.

Special Reserve Requirement. - A special reserve would be required against both demand and time deposits. The percentage of such special reserve could be varied from time to time by the Federal Open Market Committee (which consists of the members of the Board of Governors

of the Federal Reserve System and Presidents of five Federal Reserve Banks) but would be subject to a maximum limit of 25 per cent with respect to demand deposits and 10 per cent with respect to time deposits.

Special Reserve Assets. - Special reserve assets which all banks may be required to maintain, in the percentage fixed by the Open Market Committee, would include (a) obligations of the United States in the form of Treasury bills, certificates and notes with original maturities of two years or less, and (b) the excess of specified cash assets over an allowance for existing reserve requirements and for customary operating funds of the banks. This allowance would be fixed by statute at 20 per cent of demand deposits and 6 per cent of time deposits; and the specified cash assets which would be eligible for use in meeting the special reserve requirement would consist of the following assets to the extent that they exceed the amount of this allowance: Balances with Federal Reserve Banks, the net amount of interbank deposits, coin and currency on hand, and cash items in process of collection.

Fixing of Percentages. - In prescribing the percentages of special reserve assets required, the Committee must consider certain economic factors specified in the bill. Percentages initially fixed could not be greater than 10 per cent with respect to demand deposits or 4 per cent with respect to time deposits and could not thereafter be increased at any one time by more than 5 points as to demand deposits or 2 points as to time deposits. Sixty days' notice would be required before any increase could become effective.

Computations and Deficiencies. - The amount of its required special reserve would be computed by each bank over a monthly period (or such shorter period as might be fixed by the Open Market Committee) and any deficiency in the amount of its special reserve during any month would be subject to a penalty of one-half of one per cent. The penalty would be payable to the United States and if not paid could be recovered in a suit brought by the United States District Attorneys upon request of the Committee. The Committee could waive the payment of penalties where the deficiency results from excusable error made in good faith.

Reports. - Banks would be required to furnish to the Open Market Committee such reports as the Committee deems necessary to obtain information as to compliance with the law and otherwise to enable it to carry out its functions. False reports would be subject to criminal penalties.

Regulations. - The Open Market Committee would be given power to prescribe regulations to effectuate the law and prevent evasions, as well as authority to define terms. Administrative functions could be performed by officers or representatives of the Committee; and the Federal Reserve Banks and other Federal or State agencies which are available could be used in the administration of the law.

FULL CONSUMER CREDIT BILL PREFERABLE TO
JOINT RESOLUTION OR SHORTER BILL MERELY
REVIVING EXECUTIVE ORDER

A comprehensive bill fully and explicitly authorizing consumer credit controls, somewhat along the lines of a draft prepared by the Board of Governors several months ago, is much preferable to a joint resolution or a brief form of bill which would merely authorize the Board to reinstitute consumer credit controls pursuant to the terms of Executive Order 8843 which was issued in August 1941. A comprehensive bill would not require more than a few pages.

The Executive Order, and the statute under which it was issued, are sorely lacking in appropriate enforcement provisions. They contain only criminal penalties and authority to suspend licenses. Both penalties are so drastic that it is difficult to apply them in actual practice. Accordingly, they tend to make enforcement either too lax or unduly severe. To provide enforcement that is both equitable and effective, it is essential that there be specific provision for courts of equity to aid enforcement through their power to enforce subpoenas and enjoin violations. That is a sound type of enforcement machinery that Congress has adopted in connection with other Government agencies.

A general provision giving the Board of Governors authority to obtain such aid from the courts in connection with all of its functions would be desirable. Such a provision, however, is especially needed in connection with the exercise of consumer credit controls.

Six years of experience with consumer credit controls under the Executive Order have also shown the need for other changes in the underlying authority. For one thing, the statute should now prescribe clearer and more appropriate standards or guides to be followed by the Board in prescribing its regulations on this subject. In addition, it should place clearer and more precise limits on the Board's authority. The Executive Order covers all consumer credit, whether or not it is instalment credit. Experience has shown that present purposes can be served by a somewhat narrower statute applying only to the instalment portion of consumer credit, and it is desirable that the Board's authority be so limited.

In addition, it is most desirable to have explicit and precise authority from Congress contained in one legislative enactment. If Congress should merely revive the Executive Order, it would be necessary, in considering the scope of the authority granted, to look at at least three basic documents -- the Trading with the Enemy Act on which the Executive Order was based, the Executive Order itself, and the action of Congress in reviving the Executive Order. This is not merely a matter of inconvenience for the persons affected by consumer credit controls but makes for uncertainty as to the exact scope of the authority granted and just what provisions are applicable.

For the reasons stated, a comprehensive bill is preferable. Even if Congress should decide not to enact permanent legislation but to make it effective only for a limited period, such a bill could be utilized with a limitation as to time included. If, however, Congress should determine to reject the idea of a comprehensive bill on this subject and to enact merely a joint resolution or very brief bill, it is most important that any such brief enactment include authority for subpoenas and injunctions with the aid of the courts. If necessary, this authority could be given in a one sentence provision through the incorporation by reference of provisions on this subject already applicable to other agencies.

11/20/47

12/8/47

JOINT RESOLUTION

To provide for the regulation of consumer credit for a temporary period.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That in order to protect the Nation's monetary, banking, and credit structure, and interstate and foreign commerce, against increased inflationary pressures, the Board of Governors of the Federal Reserve System is authorized, up to and including _____ to exercise consumer-credit controls in accordance with and to carry out the purposes of Executive Order Numbered 8843 (August 9, 1941) in so far as it relates to instalment credit; and no such consumer-credit controls shall be exercised after such date except in time of war which begins after the date of enactment of this joint resolution or any national emergency which is declared by the President after such date of enactment. All the present provisions of sections 21 and 27 of the Securities Exchange Act of 1934 as amended (relating to investigations, injunctions, jurisdiction and other matters) shall be as fully applicable with respect to the exercise by the Board of Governors of consumer credit controls as they are now applicable with respect to the exercise by the Securities and Exchange Commission of its functions under that Act, and the Board shall have the same powers in the exercise of such consumer credit controls as the Commission now has under the said sections.

Sec. 2. Public Law 386, Eightieth Congress (terminating consumer-credit controls after November 1, 1947), is hereby repealed.

(12/8/47)