

(From President's message to Congress 7/27/48)

Second, I recommend that consumer credit controls be restored in order to hold down inflationary credit.

Third, I recommend that the Federal Reserve Board be given greater authority to regulate inflationary bank credit.

(From President's message to Congress 11/17/47)

Our immediate approach to the problems of high prices and inflation should consist of three types of measures: One, to relieve monetary pressures; two, to channel scarce goods into the most essential uses; three, to deal directly with specific high prices.

One way to reduce monetary pressure is by restraining the excessive use of credit. At a time when the economy is already producing at capacity, a further expansion of credit simply gives people more dollars to use in bidding up the prices of goods.

Consumer credit is increasing at a disturbing rate. The amount outstanding has risen from six and one-half billion dollars in 1945 to more than eleven billion dollars today. Even more rapid expansion is under way now, because the controls on consumer credit exercised by the Federal Reserve System expired November 1. These credit controls should be restored. Also, some restraint should be placed on inflationary bank credit.

In summary, the immediate anti-inflation program that I recommend calls for the following legislative active:

One: to restore consumer credit controls and to restrain the creation of inflationary bank credit.