

The University of Wisconsin



DEPARTMENT OF ECONOMICS
STERLING HALL

Madison 6

November 10

Hon. Marriner S. Eccles, Chairman,
Board of Governors of the Federal Reserve System,
Washington 25, D.C.

Dear Sir:

Until September of this year, I was a financial economist at the Federal Reserve Bank of Chicago. A principal reason for my resignation at that time in favor of my present position was extreme discouragement, amounting practically to disgust, regarding the Board's and the Banks' failure and refusal to put up a fight for the 1945-46 credit control proposals, or to put teeth into Regulation W, or even to exert "moral suasion" against the extension of commercial bank lending for inventory accumulation, real estate speculation, or extension of consumer credit.

Your address on "Postwar Bank Credit Problems", published in the Federal Reserve Bulletin for October, was a welcome sign that my despair may have been premature. It was an excellent speech; I only wish you had delivered it not once but many times during the last 18 or 24 months. Keep at it, Sir, and by all means supplement your advice to State supervisors of banks with positive anti-inflationary instructions where you have power to give them -- i.e. to the Federal Reserve examiners and, in conjunction with the F.D.I.C. and the Comptroller of the Currency, to other Federal examiners as well. As for increased reserve proposals and consumer credit controls, do not simply let them fail by default.

Meanwhile please send me 10 or 20 reprints of your talk, for distribution among my colleagues and students here at Wisconsin.

Just another politically naive
economist,

M. Bronfenbrenner

M. Bronfenbrenner,
Associate Professor

November 21, 1947.

Mr. M. Bronfenbrenner,
Associate Professor,
The University of Wisconsin,
Madison 6, Wisconsin.

Dear Mr. Bronfenbrenner:

I have noted with interest what you said in your letter of November 10, 1947, with regard to credit control proposals and, in accordance with your request, there will be sent to you under separate cover a number of copies of the address on Postwar Bank Credit Problems to which you refer. This is only one of a number of occasions on which I have discussed the problems involved in the proposals submitted in the Board's Annual Reports for 1945 and 1946. They were laid very fully before Congressional committees during the last session, but it must be remembered that the problem of obtaining legislative action is not one which can be solved merely by action on the part of the Board of Governors or the Federal Reserve Banks. It is, however, again receiving the consideration of Congressional committees at this session, and I am being called upon to express my views on the credit and monetary aspects of the present situation, but the outcome will be wholly dependent upon the point of view of the majority of the public's representatives in Congress with respect to the necessities of the situation and the desirability of proposed remedies.

Very truly yours,

M. S. Eccles,
Chairman.

CM: am