

**FEDERAL RESERVE BANK
OF DALLAS**

Dallas, Texas, August 19, 1941

**To all Banking Institutions in the
Eleventh Federal Reserve District:**

On August 9, 1941, the President of the United States issued an Executive Order which made instalment credit subject to regulation by the Federal Reserve System. The regulation of such credit is one of the several measures in the Government's program to combat inflation, among them being price regulation, priorities control, the sale of Defense Savings Bonds, and taxation.

The initial regulation of instalment credit is a step towards carrying out the purposes of the Executive Order by assisting in the adjustment of public demand to the available supply of automobiles, household electrical equipment and other similar articles the production of which requires defense materials—especially metals—now urgently needed for military and naval purposes. By regulating the terms of instalment credit for the purchase of such articles, it is contemplated that demand will be dampened so that greater effectiveness will be given to other means adopted for checking price advances and devoting materials, manufacturing facilities, and man-power more intensively to the defense effort. Another objective is to assist in building up a backlog of demand for such articles until defense needs are lessened.

A regulation which is now being prepared by the Board of Governors of the Federal Reserve System will be issued within a few days and will become effective at an early date. Its administration is to be decentralized through the Federal Reserve banks and their branches, and copies of the regulation will be distributed in this district as soon as they are available. The regulation will be amended by the Board of Governors from time to time as the need develops in the light of experience in its administration and of changing conditions. For the purpose of assisting the Board of Governors in this respect and of assisting this bank and its branches in the administration of the regulation, any suggestions that your bank may wish to offer will be welcomed. Any information your bank may desire with respect to the regulation will be gladly furnished as promptly as possible. All inquiries should be addressed to this bank or to the branch serving the territory in which your bank is located.

Yours very truly,

R. R. GILBERT

President