

## THE CONTROL OF INSTALMENT CREDIT

By Executive Order Number 8843, dated August 9, 1941, President Roosevelt has directed the Board of Governors of the Federal Reserve System to establish controls over instalment buying. The President acted under the authority vested in him by Section 5 (b) of the Act of October 6, 1917, as amended, and in order, in the national emergency declared on May 27, 1941, "to promote the national defense and protect the national economy."

▶ The purposes that the new controls are to effectuate are described in the Executive Order. The thought is that the conditions under which instalment credit is available to consumers importantly influence both the effective demand for the durable consumers' goods so widely purchased on the instalment plan and, through the intricate interrelationships of the price system, the demand for goods and services as a whole.

At the present time, under the stimulus of defense expenditures, demand is pressing against the limits of productive capacity in various fields, and this is particularly true of the durable consumers' goods industries whose sales are responsible—excepting real estate—for the bulk of instalment credit outstandings. In the sort of situation now prevailing, liberal instalment credit terms increase the demand for durable consumers' goods and heighten the competition between civilian and military buyers for the scarce supplies of raw materials, skilled labor, and industrial know-how. Expanded instalment credits thus have a two-fold undesirable effect at the moment; they interfere with armament procurement, and they stimulate the rise in the price level.

That such adverse effects would probably continue to develop unless brought under control, may be assumed from the fact that instalment debt ordinarily expands with increasing business activity. For instance, instalment credits outstanding originally used to purchase retail goods have risen steadily in recent years. They were 16 per cent above December 31, 1938, at the end of 1939 and 43 per cent above the 1938 figure on December 31, 1940. While no figures solely related to the Sixth Federal

Reserve District are available, certain fragmentary data would seem to indicate that the situation prevailing nationally is also true of the District. In recent months the increase for the country generally has been more rapid than in the periods indicated above.

So it is that the tightening of consumer credit terms at the present time, through the requirement of larger down payments and shorter repayment periods, appears necessary to supplement more direct price controls. The procedure will also tend to lessen the impact of priorities by achieving a reduction in the demand for scarce materials in the durable consumer goods industries.

Aside from the present situation, the institution of instalment credit controls now may affect business conditions when armament production begins to taper off. According to the Executive Order, the restriction of instalment credit sales at this time will "aid in creating a back-log of demand for consumers' durable goods and . . . restrain the development of a consumer debt structure that would repress effective demands for goods and services in the post-defense period."

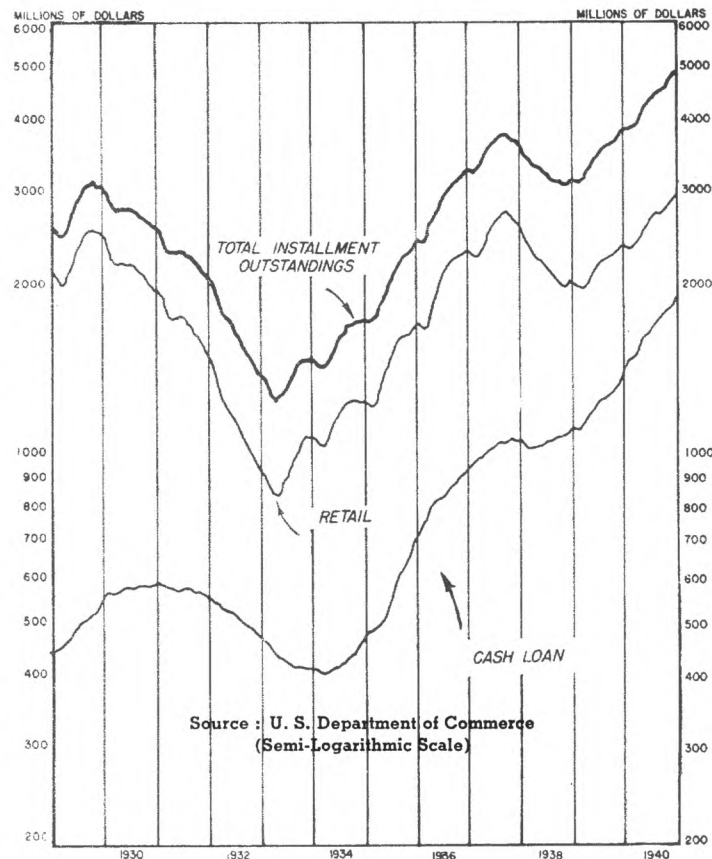
▶ Pursuant to the Executive Order, a new regulation has been issued by the Board of Governors under date of August 21, known as Regulation W. Its effective date is September 1,

except for some sections of an administrative nature which become effective at later dates.

The Regulation, generally speaking, applies to any person engaged in the business of extending instalment credit or discounting or purchasing obligations arising out of extensions of instalment credit. It applies whether the person so engaged is acting as principal, agent, broker, or otherwise, and whether the person is a bank, loan company, finance company, or dealer.

The responsibility for the determination of policy problems connected with the new Regulation vests in the Board of Governors but—in harmony with and in order to take advantage of the regional organization of the Federal Reserve System—the detailed administration is to be handled through the Federal Reserve Banks and their branches. For this purpose, the Federal Reserve Bank of Atlanta has established a

MONTH-END TOTALS OF INSTALMENT OUTSTANDINGS, 1929-1940



## CONDITION OF FEDERAL RESERVE BANK OF ATLANTA

	(In Millions of Dollars)			Per Cent Change Aug. 13, 1941, from	
	Aug. 13 1941	July 16 1941	Aug. 14 1940	July 16 1941	Aug. 14 1940
Bills discounted.....	\$ .06	\$ .04	\$ .2	— 0	— 0
Industrial advances.....	.2	.2	.2	— 0	— 0
U. S. securities.....	92.1	92.1	89.7	+ 0	+ 3
Total bills and securities.....	92.3	92.3	90.1	+ 0	+ 2
F. R. note circulation.....	228.5	222.2	171.7	+ 3	+ 33
Member bank reserve deposits.....	288.1	284.4	230.7	+ 1	+ 25
U. S. Gov't general deposits.....	38.1	30.2	32.8	+ 26	+ 16
Foreign bank deposits.....	41.9	41.5	29.4	+ 1	+ 43
Other deposits.....	6.8	6.4	5.1	+ 6	+ 33
Total deposits.....	374.9	362.4	298.0	+ 3	+ 25
Total reserves.....	514.9	497.4	385.0	+ 4	+ 34
Industrial advance commitments.....	.9	.05	.5		

CONDITION OF 22 MEMBER BANKS IN SELECTED CITIES  
(In Millions of Dollars)

	(In Millions of Dollars)			Per Cent Change Aug. 13, 1941, from	
	Aug. 13 1941	July 16 1941	Aug. 14 1940	July 16 1941	Aug. 14 1940
Loans and Investments—Total.....	\$743.3	\$731.5	\$634.4	+ 0	+ 16
Loans—Total.....	379.6	381.1	312.1	+ 0	+ 22
Commercial, industrial, and Open market paper.....	189.7	192.4	151.9	+ 1	+ 25
agricultural loans.....	5.6	5.2	2.8	+ 8	+ 100
Loans to brokers and dealers in securities.....	6.9	6.4	4.5	+ 8	+ 53
Other loans for purchasing and carrying securities.....	11.2	11.3	10.6	+ 1	+ 6
Real estate loans.....	38.0	37.4	32.5	+ 2	+ 17
Loans to banks.....	1.8	1.5	2.0	+ 20	+ 10
Other loans.....	126.5	126.9	107.6	+ 0	+ 18
Investments—Total.....	354.7	350.4	322.3	+ 1	+ 10
U. S. direct obligations.....	171.0	167.8	148.8	+ 2	+ 15
Obligations guaranteed by U. S.....	70.0	69.3	67.1	+ 1	+ 4
Other securities.....	113.7	113.4	106.4	+ 0	+ 7
Reserve with F. R. Bank.....	186.9	182.2	148.1	+ 3	+ 26
Cash in vault.....	16.9	15.4	14.4	+ 10	+ 17
Balances with domestic banks.....	257.8	265.8	202.2	+ 3	+ 27
Demand deposits—adjusted.....	536.9	528.4	438.6	+ 2	+ 22
Time deposits.....	193.2	191.3	191.2	+ 1	+ 1
U. S. Gov't deposits.....	47.7	48.9	42.1	+ 2	+ 13
Deposits of domestic banks.....	353.3	365.1	272.2	+ 3	+ 30
Borrowings.....					

DEBITS TO INDIVIDUAL ACCOUNTS  
(In Thousands of Dollars)

	(In Thousands of Dollars)			Per Cent Change July 1941 from	
	July 1941	June 1941	July 1940	July 1941 June 1941	July 1940
<b>ALABAMA</b>					
Birmingham.....	\$ 129,927	\$ 122,459	\$ 93,615	+ 6	+ 39
Dothan.....	4,073	3,544	2,717	+ 15	+ 50
Mobile.....	62,913	60,043	43,613	+ 5	+ 44
Montgomery.....	27,532	24,953	21,946	+ 10	+ 25
<b>FLORIDA</b>					
Jacksonville.....	105,245	106,195	79,110	+ 1	+ 33
Miami.....	59,658	56,279	46,893	+ 6	+ 27
Pensacola.....	13,060	12,086	10,700	+ 8	+ 22
Tampa.....	39,083	41,539	30,258	+ 6	+ 29
<b>GEORGIA</b>					
Albany.....	7,114	6,693	4,808	+ 6	+ 48
Atlanta.....	281,404	283,864	228,993	+ 1	+ 23
Augusta.....	26,274	25,661	18,224	+ 2	+ 44
Brunswick.....	3,525	3,381	2,943	+ 4	+ 20
Columbus.....	24,907	23,476	15,872	+ 6	+ 57
Elberton.....	1,357	1,376	1,080	+ 1	+ 26
Macon.....	23,890	23,479	15,010	+ 2	+ 59
Newnan.....	2,868	2,726	1,952	+ 5	+ 47
Savannah.....	36,489	37,234	28,076	+ 3	+ 37
Valdosta.....	4,685	4,207	3,330	+ 11	+ 41
<b>LOUISIANA</b>					
New Orleans.....	315,155	280,385	213,853	+ 12	+ 47
<b>MISSISSIPPI</b>					
Hattiesburg.....	10,094	8,860	4,461	+ 14	+ 126
Jackson.....	34,970	29,911	30,070	+ 17	+ 16
Meridian.....	18,135	16,073	12,231	+ 13	+ 48
Vicksburg.....	7,812	8,060	7,152	+ 3	+ 9
<b>TENNESSEE</b>					
Chattanooga.....	57,966	58,910	46,054	+ 2	+ 26
Knoxville.....	38,949	38,410	32,096	+ 1	+ 21
Nashville.....	116,644	109,737	83,850	+ 6	+ 39
<b>SIXTH DISTRICT</b>					
26 Cities.....	1,455,729	1,389,540	1,078,907	+ 5	+ 35
<b>UNITED STATES</b>					
274 Cities.....	44,808,000	45,942,000	35,959,000	+ 2	+ 25

## RETAIL TRADE — JULY 1941

(Cities for which no indexes are compiled)  
Sales for July compared with:

	June 1941	July 1940	June 1941	July 1940	
Baton Rouge.....	— 4	+ 15	Knoxville.....	— 8	+ 29
Chattanooga.....	— 10	+ 34	Macon.....	— 16	+ 24
Jackson.....	— 17	+ 27	Montgomery.....	— 3	+ 35
Jacksonville.....	— 5	+ 32	Tampa.....	— 9	+ 29

## District Summary of

Sixth District department store sales declined in July but by only about half the usual amount, and on a seasonally adjusted basis were at a new high level in the twenty-two year series. Wholesale distribution increased in July much more than it usually does, building permits increased substantially, and another new high record was reached in textile activity in the District. Construction contracts awarded in July declined somewhat in comparison with the totals for April, May, and June, and production of coal and pig iron were also down from June. With the exception of construction contract awards, however, all of these series were well above the levels of the corresponding period last year.

► Department store sales, in actual dollar value, declined somewhat in July as they have always done in past years. In all but three of the past twenty-one years included in the Bank's retail trade index, July sales have been less than in any other month. This year, however, the decline from June to July was much smaller than might have been expected on the basis of the experience of past years. The unadjusted index of daily average sales in July was higher than it had ever been in that month, and after allowance for seasonal influences, the adjusted index for July, at 148 per cent of the 1935-1939 average, establishes a new record, higher than it has ever been in any month. Increases over July last year were reported from all of the cities where three or more reporting stores are located. Leading with increases of more than 30 per cent were Birmingham, Chattanooga, Jacksonville, and Montgomery; these were followed by increases of between 25 and 30 per cent at Atlanta, Jackson, Knoxville, New Orleans, and Tampa. Total sales in the January-July period have been 17 per cent larger than in that part of last year. For the United States, the Board's seasonally adjusted index rose 8 per cent in July and was 23 per cent higher than in July, 1940. Reported figures indicate that in this District the larger increases over July a year ago were in sales of ladies' coats and suits, furniture, household appliances, girls' dresses, and domestics.

Inventories at the end of July were slightly larger than for June, and 25 per cent larger than a year ago. On a seasonally adjusted basis, July inventories were the largest reported for any month in the past twelve years. Wholesale sales in the District increased 11 per cent in July, when there is usually only a slight increase, and were 48 per cent greater than a year ago. Inventories at wholesale firms also increased slightly in July, and were 15 per cent larger than for July last year. Business failures increased in July, and were greater in point of liabilities than in July 1940, but the total for the seven months of 1941 was 20 per cent less than for that part of last year.

► The Sixth District total of construction contracts awarded declined further in July. Residential contracts were about the same as in June, but "all other" awards, which include those for non-residential building, public works, and utilities, were 31 per cent less. Total awards were 17 per cent less than in July last year, residential awards were down 22 per cent, and "all other" contracts were 13 per cent smaller. For the January-July period, however, total contracts awarded in the Sixth District have amounted to \$259 million, 24 per cent greater than in the corresponding part of last year. In July an unusually large total of more than \$19 million was reported for the state of Tennessee.

# Business Conditions

The year ending July 31 was a record season for cotton textile manufacturing in the Sixth District. In this twelve-month period cotton mills in Alabama, Georgia, and Tennessee consumed 3,295,407 bales of cotton. This represents an increase of 26 per cent over the amount used in the preceding cotton year, and means that, on the average, 10,699 bales of cotton were consumed on each of the 308 working days of the year. Actually the daily rate of consumption was less than this average during the last five months of 1940, but well above it in the first seven months of 1941. For July the mills consumed an average of 12,009 bales for each working day, the largest for any month on record, 57 per cent greater than it was in July last year. The increase over June was small, and the index in even figures was the same as that for June, but actual consumption in July, which had one more working day, was 12,184 bales larger than in June. For the United States as a whole, the Board's index of cotton consumption was up 1 per cent in July and 49 per cent above the July 1940 level.

Steel mill activity in the Birmingham-Gadsden area averaged 95 per cent of capacity during most of July and the early part of August, and for the country it has been at close to 100 per cent, according to *The Iron Age*. Press reports continue to indicate a growing back-log of orders largely, of course, connected with the national defense program. July production of pig iron in Alabama declined 4 per cent, on a daily average basis, from June, while in the United States the rate increased 1 per cent. In the third week of August press reports indicate that the two Alabama furnaces that have recently been out of production for repairs are being returned to operation, one of them with an increase in annual capacity of 75,000 tons, and that all of the 18 furnaces in the area are now in production. Steel mill operations have been retarded somewhat in recent months by a shortage of basic iron. It will be recalled that three blast furnaces were temporarily shut down by an accident in April, and more recently one furnace has been out for repairs.

The daily rate of coal production in Alabama and Tennessee declined 8 per cent in July, after reaching in June the highest level, on a seasonally adjusted basis, in more than 14 years. July output was 19 per cent greater, however, than it was a year ago. For the country, July production was down 3 per cent from June but 21 per cent larger than in July 1940.

After reaching a record level in April, electric power production in the six states of this District declined 1 per cent in May and 5 per cent further in June. The seriousness of the drought is indicated by the fact that the production of hydro-generated power declined 39 per cent between March and June, while production by use of fuels was increased in almost the same proportion. June production in this District was 17 per cent greater than a year ago, and in the United States it was up 15 per cent.

▶ Cotton production in the six states of this District, estimated by the United States Department of Agriculture on the basis of August 1 conditions, is expected to amount to 4,005,000 bales, a slight decline from the 1940 crop and the smallest since 1934. Increases indicated for Alabama, Mississippi, and Tennessee are slightly more than offset by declines in Georgia, Louisiana, and Florida. Wet weather in the growing season promoted weevil activity, and damage to the crop from weevils is more extensive than it has been in any recent year.

## SIXTH DISTRICT BUSINESS INDICATORS

Indexes

(1923-1925 Average = 100, except as noted)

	Adjusted			Unadjusted		
	July 1941	June 1941	July 1940	July 1941	June 1941	July 1940
<b>RETAIL SALES*</b> (1935-1939 Av. = 100)						
DISTRICT (47 Firms).....	148	134	118	102	114	81
Atlanta.....				104	114	81
Birmingham.....				114	121	86
Nashville.....				89	110	73
New Orleans.....				106	114	86
<b>RETAIL STOCKS</b>						
DISTRICT (21 Firms).....	96	87	72	88	82	67
Atlanta.....	201	165	139	183	158	126
Birmingham.....	85	77	65	80	76	62
Nashville.....	65	64	53	60	62	50
New Orleans.....	77	76	58	74	71	55
<b>WHOLESALE SALES</b>						
TOTAL.....				87	78	60
Groceries.....				69	63	50
Dry Goods.....				66	54	40
Hardware.....				176	153	100
Drugs.....				122	103	98
<b>CONTRACTS AWARDED</b>						
DISTRICT.....	95	121r	115			
Residential.....	103	104	132			
Others.....	91	132r	104			
Alabama.....	99	183	160			
Florida.....	68	78	127			
Georgia.....	129	98	96			
Louisiana.....	140	113	101			
Mississippi.....	149	462	117			
Tennessee.....	346	99	79			
<b>BUILDING PERMITS</b>						
20 Cities.....				141	86	90
Atlanta.....				50	36	134
Birmingham.....				42	28	24
Jacksonville.....				294	154	98
Nashville.....				100	35	26
New Orleans.....				517	30	69
<b>PIG IRON PRODUCTION*</b>						
Alabama.....				123	128	122
<b>COAL PRODUCTION</b> (1935-1939 Av. = 100)						
TWO STATES.....	169	184	143	144	156	121
Alabama.....				147	160	124
Tennessee.....				139	152	115
<b>COTTON CONSUMPTION*</b>						
THREE STATES.....				253	253	162
Alabama.....				305	309	190
Georgia.....				231	227	150
Tennessee.....				249	261	158
<b>EMPLOYMENT</b> (1932 Av. = 100)						
SIX STATES.....				151	149	125
Alabama.....				168	165	135
Florida.....				98	102	83
Georgia.....				170	168	139
Louisiana.....				136	135	120
Mississippi.....				124	120	97
Tennessee.....				151	146	128
<b>PAYROLLS</b> (1932 Av. = 100)						
SIX STATES.....				241	236	174
Alabama.....				360	348	230
Florida.....				103	106	83
Georgia.....				273	273	195
Louisiana.....				191	185	151
Mississippi.....				190	180	128
Tennessee.....				242	235	165
<b>ELECTRIC POWER PRODUCTION*</b> (1935-1939 Av. = 100)						
TOTAL.....				164	173	140
By Water Power.....				99	136	113
By Fuel.....				248	220	175

Statistics (000 Omitted)

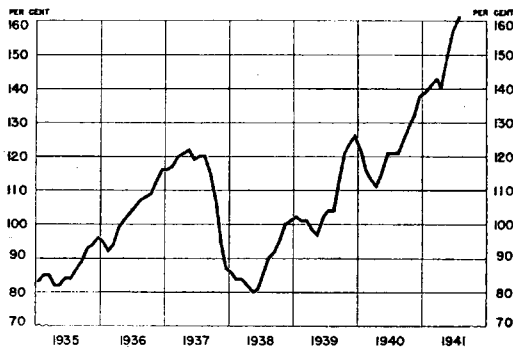
	July 1941	June 1941	July 1940	Year to Date 1941	Year to Date 1940
<b>COMMERCIAL FAILURES</b>					
Number (Actual, not thousands).....	39	38	64	292	414
Liabilities.....	\$ 551	\$ 319	\$ 466	\$ 3,262	\$ 4,098
<b>FARM INCOME**</b>					
SIX STATES.....	55,733	68,460	39,253	368,408	317,024
Alabama.....	7,167	12,140	4,181	46,370	41,754
Florida.....	8,275	16,119	4,875	87,656	70,699
Georgia.....	8,775	6,861	8,940	52,424	46,531
Louisiana.....	11,456	11,968	9,306	55,793	49,098
Mississippi.....	7,883	10,666	4,434	56,566	50,296
Tennessee.....	12,177	10,706	7,517	69,599	58,646

\*Indexes of retail sales, electric power and pig iron production, and of cotton consumption are on a daily average basis.

\*\*Includes Government benefit payments.

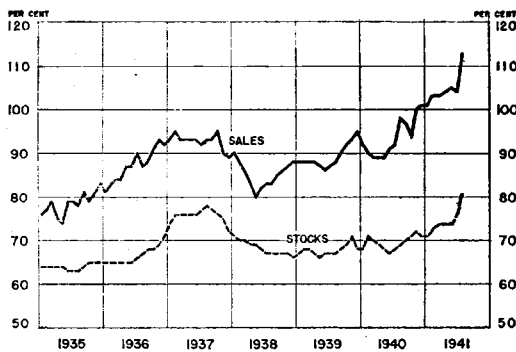
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## INDUSTRIAL PRODUCTION



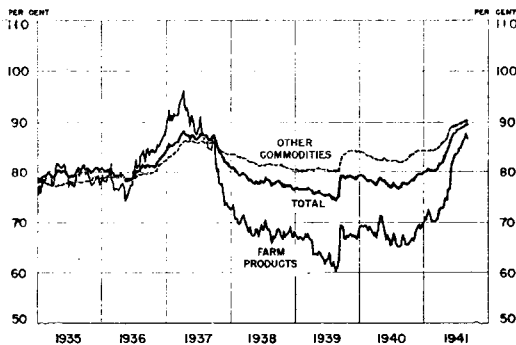
Federal Reserve index of physical volume of production, adjusted for seasonal variation, 1935-1939 average = 100. By months, January 1935 to July 1941.

## DEPARTMENT STORE SALES AND STOCKS



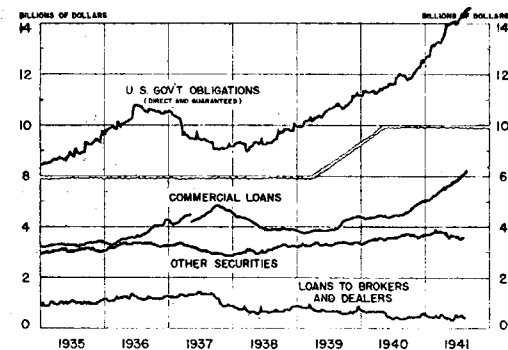
Federal Reserve indexes of value of sales and stocks, adjusted for seasonal variation, 1923-1925 average = 100. By months, January 1935 to July 1941.

## WHOLESALE PRICES



Bureau of Labor Statistics' indexes, 1926 = 100. "Other" includes commodities other than farm products and food. By weeks, January 5, 1935, to Aug. 16, 1941.

## MEMBER BANKS IN 101 LEADING CITIES



Wednesday figures, January 3, 1935, to Aug. 13, 1941. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937, so-called "Other Loans" as then reported.

# National Summary of Business

Prepared by the Board of Governors of the Federal Reserve System

Industrial activity in July and the first half of August was maintained at the high level reached in June. Wholesale commodity prices advanced further and distribution of commodities to consumers was in exceptionally large volume.

## Production

Volume of industrial output showed little change from June to July. Reductions in activity at automobile factories and steel mills were largely offset in the total by further increases in the machinery, aircraft, shipbuilding, and lumber industries. The Board's adjusted index, which includes allowance for a considerable decline at this season, advanced from 157 to 162 per cent of the 1935-1939 average.

Steel production, which in June had been at about 98 per cent of capacity, declined to 96 per cent in July, owing in part to holiday shutdowns at some mills. In the first half of August steel output was again at about 98 per cent of capacity. Automobile production in July declined less than usual but in the first half of August there was a sharp reduction as most plants were closed to prepare for the shift to new model production. Activity in the nonferrous metals industries continued at a high rate. Early in August copper, pig iron, and all forms of steel were placed under complete mandatory priority control as it became evident that actual demand for these metals could not be fully met.

In the wool, cotton, and rayon textile industries and at shoe factories activity in July was maintained at or near the peak levels of other recent months and production of chemicals rose further. Output of manufactured foods increased less than seasonally from the high level reached in June.

Coal production declined slightly in July but as in June was unusually large for this time of year. Crude petroleum production was maintained at about the high rate that has prevailed in the previous two months.

Value of construction contract awards in July increased further to a level more than two-fifths higher than a year ago, according to F. W. Dodge Corporation reports. The rise reflected chiefly a continued increase in contracts for public construction, mostly defense projects. Private residential building contracts increased somewhat, although there is usually some decline at this season, while awards for other private building declined further from earlier high levels.

## Distribution

Sales at department stores and in rural areas declined by much less than the usual seasonal amount in July and variety store sales increased further. In the first half of August department store sales rose sharply.

Total loadings of revenue freight in July and early August showed little change from the advanced level reached in June. Grain shipments, which had been larger than usual in May and June, increased less than seasonally and loadings of coal declined somewhat.

## Commodity Prices

The general index of wholesale prices advanced about 2 per cent further from the middle of July to the middle of August, reflecting sharp increases in prices of a number of agricultural and industrial commodities. Federal action to limit price increases was extended to additional basic materials, including burlap, silk, rayon fabrics, rubber, and sugar, and in the early part of August prices of these commodities in domestic markets showed little change or were reduced. On the other hand, prices for paper-board, automobile tires, and cotton yarns and gray goods were advanced with Federal approval; prices of textile products not under Federal control continued to rise; and there were considerable increases in prices of lumber, other building materials, and chemicals. On August 16 it was announced that for Southern pine maximum prices somewhat below recent high levels would become effective on September 5.

## Agriculture

Agricultural production in 1941 may exceed that in any previous year, according to indications on August 1, and carryovers of major crops are unusually large. Crops of wheat and other leading foodstuffs are expected to be exceptionally large, while substantial declines in production are indicated for the major export crops—cotton and tobacco. Although the cotton crop is estimated at 10,600,000 running bales, or 1,800,000 bales less than last season, total supplies of cotton will be about the same owing to a larger carryover on August 1. Marketings of livestock and livestock products, except hogs, will be substantially above last year.

## Bank Credit

Total loans and investments at reporting banks in 101 leading cities rose further during the five weeks ending August 13. Commercial loans continued to increase substantially, while holdings of United States Government obligations showed little change. Bank deposits remained at a high level.

## United States Government Security Prices

After advancing to the highest levels on record, prices of both taxable and partially tax-exempt Treasury bonds declined somewhat in the first part of August. On August 15 the partially tax-exempt 2¾ per cent 1960-65 bonds yielded 2.06 per cent, compared with the all-time low of 2.02 per cent of July 29. Yields on Treasury notes showed little change in the period.

CONSUMERS' DURABLE GOODS WITHIN THE SCOPE OF THE REGULATION

Articles of Consumers' Durable Goods  
(Whether new or used)

Maximum Maturity in Months

Maximum Credit Value in per cent of Basis Price<sup>1</sup>

Group A

- |   |    |            |
|---|----|------------|
| 1. Automobiles (passenger cars designed for the purpose of transporting less than 10 passengers, including taxicabs)..... | 18 | See Note 2 |
|---|----|------------|

Group B

- |  |    |     |
|--|----|-----|
| 1. Aircraft (including gliders).....   | 18 | 66% |
| 2. Power driven boats, and motors designed for use therein, other than boats or motors designed specifically for commercial use..... | 18 | 66% |
| 3. Outboard boat motors.....   | 18 | 66% |
| 4. Motorcycles (two or three-wheel motor vehicles, including motor bicycles).....  | 18 | 66% |

Group C

- |  |    |    |
|--|----|----|
| 1. Mechanical refrigerators of less than 12 cubic feet rated capacity..... | 18 | 80 |
| 2. Washing machines designed for household use.....                        | 18 | 80 |
| 3. Ironers designed for household use.....                                 | 18 | 80 |
| 4. Suction cleaners designed for household use.....                        | 18 | 80 |
| 5. Cooking stoves and ranges with less than seven heating surfaces.....    | 18 | 80 |
| 6. Heating stoves and space heaters designed for household use.....        | 18 | 80 |
| 7. Electric dishwashers designed for household use.....                    | 18 | 80 |
| 8. Room-unit air conditioners.....   | 18 | 80 |
| 9. Sewing machines designed for household use.....                         | 18 | 80 |
| 10. Radio receiving sets, phonographs, or combinations.....                | 18 | 80 |
| 11. Musical instruments composed principally of metals.....                | 18 | 80 |

Group D

- |  |    |    |
|--|----|----|
| 1. Household furnaces and heating units for furnaces (including oil burners, gas conversion burners, and stokers).....   | 18 | 85 |
| 2. Water heaters designed for household use.....   | 18 | 85 |
| 3. Water pumps designed for household use.....   | 18 | 85 |
| 4. Plumbing and sanitary fixtures designed for household use.....  | 18 | 85 |
| 5. Home air conditioning systems.....  | 18 | 85 |
| 6. Attic ventilating fans.....   | 18 | 85 |
| 7. New household furniture (including ice refrigerators, bed springs, and mattresses but excluding floor coverings, wall coverings, draperies, and bed coverings) <sup>2</sup> ..... | 18 | 90 |
| 8. Pianos and household electric organs.....   | 18 | 90 |

Group E

- |   |    |               |
|---|----|---------------|
| 1. Materials and services (other than materials listed in Group C or D) in connection with repairs, alterations, or improvements upon urban, suburban, or rural real property in connection with existing structures, provided the deferred balance does not exceed \$1,000 | 18 | No limitation |
|---|----|---------------|

1. **Basis Price of Listed Articles Other Than Automobiles.**—The *basis price* of any listed article other than an automobile shall be the *bona fide* cash purchase price of the article and accessories purchased, including any sales taxes thereon and any *bona fide* delivery and installation charges, *minus* the amount of any allowance made by the seller for any article traded-in by the purchaser (including as such a trade-in anything which the seller buys or arranges to have bought from the purchaser at or about the time of the purchase of the listed article).

2. **Maximum Credit Value of Automobiles.**

(a) The maximum credit value of a new automobile shall be 66% per cent of the *bona fide* cash purchase price of the automobile and accessories (including any sales taxes thereon and any *bona fide* delivery charges) but in no event to exceed 66% per cent of the sum of the following items:

- (1) The advertised delivered price of the automobile (with standard equipment) at the factory;
- (2) Transportation charges established by the manufacturer from factory to point of delivery;
- (3) Any Federal, State, or local taxes not included in the foregoing; and
- (4) Any *bona fide* charges for delivery or accessories not included in the foregoing items.

In case the automobile is sold for delivery at the factory, by a dealer in a given place to a resident of such place or its vicinity who actually intends to bring the automobile to such place or vicinity and use it there, an amount equal to the freight from the factory to such place may be included.

(b) For any used automobile the maximum credit value, until otherwise provided, shall be 66% per cent of the *bona fide* cash purchase price (including any sales taxes thereon).

3. An article is not new if it has been used by a consumer.

## The Control of Instalment Credit

Continued from Page 41

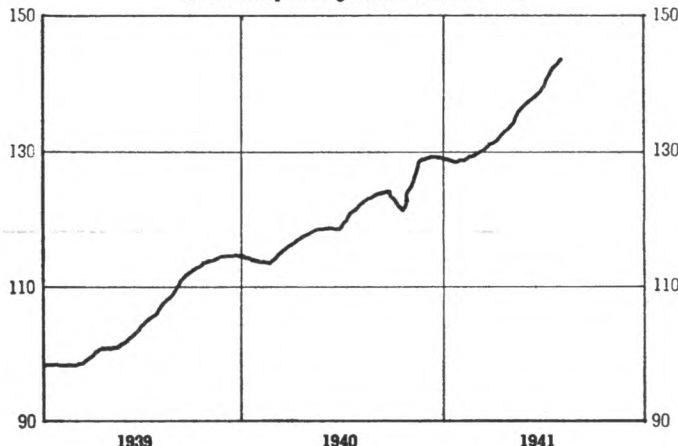
Consumer Credit Department; and it is urged that those who are within the scope of the Regulation, or believe their business activities affected by it, promptly request a copy of the Regulation from the Federal Reserve Bank of Atlanta or from its branches in Birmingham, Jacksonville, Nashville, or New Orleans. The Bank and its branches will be glad to answer questions regarding the Regulation and the interpretation of its provisions and to cooperate fully with affected businesses and with the public in a cordial endeavor to assist in the smooth application of the Regulation's requirements.

In connection with the foregoing paragraph, the Federal Reserve Bank of Atlanta would like to say, on its own behalf, that it will be very happy to receive from the public or from affected businesses any suggestions or comments regarding the Regulation or its administration. The Bank also desires to say, on behalf of the Board of Governors—as has already been emphasized in its circular communication to all banking institutions in the Sixth District—that the Board will likewise be pleased to receive suggestions regarding problems related to the Regulation. Suggestions intended for the Bank should be addressed to the main office in Atlanta or to one of its branches, and suggestions intended for the Board of Governors may be sent either to the Federal Reserve Bank of At-

lanta for transmittal or addressed directly to the Board in Washington.

▶ Perhaps two additional points concerning the new regulation on consumer credit are of sufficient importance as matters of public information to be noticed in the limited comment that can here be made. The first point is that the Executive Order and, hence, the Regulation—among other exceptions—except from control instalment credit arising out of the purchasing or carrying of a residential building in its entirety. Repairs on existing structures, however, are within the scope of the Regulation if the deferred balance occasioned by the repairs is less than \$1,000 or in case—if the deferred balance amounts to more than \$1,000—the listed articles subject to the Regulation comprise more than 50 per cent of the repair cost. The second point is that the Board of Governors, though possessed of power to do so under the Executive Order, has not at this time brought open book accounts within the scope of the Regulation.

INSTALMENT OUTSTANDINGS OF 22 DEPARTMENT STORES IN THE SIXTH FEDERAL RESERVE DISTRICT  
The Corresponding Month of 1938 = 100



### ANNOUNCEMENT

The Federal Reserve Bank of Atlanta will be glad to furnish copies of the Executive Order of the President and the Regulation of the Board of Governors concerning instalment selling.

## Reconnaissance

PER CENT DECREASE ▼ PER CENT INCREASE



Sixth District Statistics for July 1941 compared with July 1940