are such as to make general re- . . . undesirable" (1947, p. 38). ng consumer credit control in ar, the authority for which had ..ired, the Board noted that:

> One reason why consumer buying on instal- is subjected to special regulation is that in the volume of such buying has a disturbing influence on business stability. Purchases on an instalment basis are likely to be large at a time of general prosperity [and] are likely to increase still further a demand for goods that is already larger than can be easily supplied. On the other hand, at a time of depression and unemployment . . . the necessity for many purchasers on instalment to meet their payments tends to reduce still further the amount of money available to consumers for current purchases. It is believed by many that regulation of instalment purchases, prescribing stiffer terms in a boom period and permitting easier terms in a depression, would tend to reduce somewhat the swings from prosperity to depression and would therefore support the main purposes of Federal Reserve policy [1947, p. 46].

In addition, it was also noted that consumer-credit controls "tended to cause competitive business forces to take the direction of lowering prices instead of keeping them up by means of offering easier and easier credit terms" (1947, p. 46). The Board concluded that selective controls over stock market and consumer credit had been developed far enough to be "a useful complement to the older and more general instruments. . . . They are flexible in themselves and can help to make credit policy in general more flexible" (1947, p. 47).

By the 1954 edition a considerable degree of disenchantment was evident. This was still two years before the start of the inconclusive Federal Reserve–National Bureau Study of Consumer Credit, three years before its completion. Margin requirements still found favor, although it was no longer a "merit" but merely a flat statement of fact that "selective methods make it possible to reach specific credit areas without imposing stronger credit measures than might otherwise be appropriate" (1954, p. 57). The section on consumer-credit controls still mentioned the "price competition instead of progressive easing of credit terms" point, but the long paragraph reproduced above regarding the cyclically aggravating impact of consumer credit is no longer in evidence. Instead, the reader is warned that before imposing selective credit controls one should be sure that their contribution will be great enough "to outweigh the burdens of regulation, on both those subject to it and those administering it" (1954, p. 67).

By the 1961 edition we have come full circle. Margin requirements are still approved on the grounds, as in 1939, that excessive use of stock market credit may have wide ramifications, and that by way of margin requirements the System can exercise an influence in this area without employing its general controls. "Such use of the general instruments, to be effective, would necessarily run the risk of undesirable, broader effects" (1961, p. 61). Although it would appear that the same argument could be applied in the consumer-credit area, in the 1961 edition, as in 1939, there is no mention whatsoever of selective controls over consumer credit.[11]

[11] In a letter to Senator Douglas in late 1959 Chairman Martin noted that the imposition of consumer-credit controls "would be preferable to either calculated or uncontrolled inflation, but we should recognize that they involve a degree of regimentation never before accepted in this country except in time of war" (*Employment, Growth, and Price Levels*, Hearings before the Joint Economic Committee, Eighty-sixth Congress, 1st sess., [Washington: Government Printing Office, 1959], p. 3455; see also pp. 1490–91).