

Congress of the United States  
JOINT ECONOMIC COMMITTEE  
WASHINGTON, D.C

July 9, 1970

Hon. Casper W. Weinberger  
Chairman, Federal Trade Commission  
Washington, D. C.

Dear Mr. Chairman:

Chairman Patman has asked me to send you a number of questions in which he is particularly interested. It is his hope that you may see fit to present your views on these matters in a subsequent statement for the printed record.

Sincerely yours,

John R. Stark  
Executive Director

Lg

TO BE  
QUESTIONS/SUBMITTED TO ALL WITNESSES BY CHAIRMAN PATMAN

1. The recent bankruptcy of the \$7 billion Pennsylvania Railroad and the reported high liquidity problems of many other businesses raises a serious question of whether we should have a special way of providing financial help to businesses that find themselves in trouble by reason of tight money, whether or not these businesses are big or small. I have in mind something generally similar to the old Reconstruction Finance Corporation but not necessarily like it; an institution that would if credit is not available locally through financial institutions be able to extend help in the form of loans at reasonable rates of interest. Is it your opinion that we should have such a Federal National Development Bank, or similar institution?

2. Is it your view that interest rates at the present time are too high? If so, what are your recommendations to lower these rates?

3. Our housing industry is in a serious state of depression and we are falling far short of our housing goals -- goals that a few years ago were set forth as fundamental to our national interest. Under present interest rates, a person who buys a \$20,000 home with a traditional mortgage term of 30 years under present rates of interest would be compelled to pay not only the \$20,000 for the home but \$38,000 for the interest, a total of \$58,000. It has been proposed that in order to channel more vitally needed funds into housing, some provision be made for utilizing pension funds. I have introduced a proposal in the Congress that would require them to invest a small percentage of their assets in a public bank which in turn would be able to make housing loans. What is your opinion of some such means of using pension funds?

4. Under present law, Delaware corporations are able to participate in far reaching mergers and formation of conglomerates and to get around state laws on such questions as branch banking and other reasonable limitations. Should not the Congress take some action to restrict the power of such corporations in order to bring them more in conformity with the laws of the states in which they operate?

5. Unemployment is already too high and is in danger of increasing further. Millions of people have been thrown out of work. What is your opinion should be done to alleviate unemployment?

6. What should be done about the trend toward forming one bank holding companies? Do you believe that this should be restrained? In view of the fact that banks are franchised by public authority to carry out monetary functions that are basic legislative powers, should they not be required to stay exclusively in the banking business and not be permitted to engage in other forms of business and in effect go into competition with their own depositors?

7. What do you believe to be the best course of action to deal with the inflation that now afflicts our economy so badly?