For release in morning papers
Tuesday, March 20, 1951. March 19, 1951.

STATEMENT OF VOLUNTARY CREDIT RESTRAINT COMMITTEE

The Voluntary Credit Restraint Committee held its initial meeting in Washington on March 14 and 15. The Committee reviewed various aspects of credit granted by private institutions in relation to commodity prices and the defense effort.

Work was started on organizing the subcommittees as provided in the Program. These subcommittees are the groups to which lenders may submit questions as to the appropriateness of loans which are not readily classified as desirable or undesirable under the terms of the Voluntary Credit Restraint Program. The Committee reviewed the scope of banking, credit and other statistics now available to measure the changes in credit conditions and laid plans for obtaining further statistics where necessary.

The Committee felt that it would be desirable to send bulletins to the subcommittees from time to time on specific credit problems. To avoid delay while the subcommittees are being organized, bulletins will be mailed directly to the 90,000 private financing institutions of all kinds in the United States. The first bulletin, being mailed today, reads as follows:

"BULLETIN NUMBER 1 OF VOLUNTARY CREDIT RESTRAINT COMMITTEE

"The Voluntary Credit Restraint Committee at its meeting on March 14 and 15 in Washington gave consideration to the functioning of the Program as developed by the financing institutions and approved by the appropriate Government agencies.

"Regional committees are in the process of formation to be available for consultation by lenders who have specific questions on the application of the Credit Restraint Program.

"The Committee recognizes that there are many inflationary influences at work. The Committee expects to issue further bulletins from time to time on various phases of the Voluntary Credit Restraint Program. This bulletin deals with the matter of inventory financing.

"Inventories in the United States, particularly at wholesale and retail establishments, are at peak levels even after allowance is made for the sharp increase in prices at which inventories are carried. An important part of this abnormal increase in inventories has been financed by borrowed money.

"Excess inventory accumulation has already contributed directly to the rise of wholesale and retail prices beyond any level justified by the supply situation. It obviously has created undue competition in scarce materials.

"In the light of the above, the Voluntary Credit Restraint Committee expressed the hope that all financing institutions would, in carrying out the terms of the Program

"(1) Refrain from financing inventory increases above normal levels relative to sales, or reasonable requirements by other conservative yardsticks.

"(2) Encourage borrowers who already have excess inventories to bring these commitments and inventory positions in line as promptly as is reasonably practical, thereby reducing the amount of credit being used in this manner.

THE COMMITTEE ON VOLUNTARY CREDIT RESTRAINT "

Committee action of
March 15, 1951.

The Committee membership follows:

National Voluntary Credit Restraint Committee

Oliver S. Powell, Chairman
Member, Board of Governors of the Federal Reserve System

Commercial Banks

George S. Moore, Vice President, The National City Bank, New York, New York.

Carlisle R. Davis, Vice President, State-Planters Bank and Trust Company, Richmond, Virginia.

Kenton R. Cravens, Vice President, Mercantile-Commerce Bank & Trust Company, St. Louis, Missouri.

Everett D. Reese, President & Trust Officer, Park National Bank, Newark, Ohio.

Insurance Companies

George L. Harrison, Chairman, New York Life Insurance Company, New York, New York.

Carrol M. Shanks, President, Prudential Insurance Company of America, Newark, New Jersey.

E. B. Stevenson, Jr., Executive Vice President, National Life and Accident Insurance Company, Nashville, Tennessee.

Claude L. Benner, President, Continental American Life Insurance Company, Wilmington, Delaware.

Investment Bankers

Lee M. Limbert, Vice President, Blyth & Co., Inc., New York, New York.

Rudolf Smutny, Senior Partner, Salomon Bros. & Hutzler, New York, New York.

Francis Kernan, Partner, White, Weld & Co., New York, New York.

William K. Barclay, Jr., Partner, Stein Brothers & Boyce, Philadelphia, Pennsylvania.