FEDERAL RESERVE BANK OF NEW YORK

[Circular No. 3848
May 5, 1952]

PROGRAM FOR VOLUNTARY CREDIT RESTRAINT

Suspension of All Screening

*To all Financing Institutions in the
Second Federal Reserve District:*

The Board of Governors of the Federal Reserve System met jointly with the national Voluntary Credit Restraint Committee on Friday, May 2, 1952, to discuss the status of the Voluntary Credit Restraint Program. As a result of that meeting, the Board of Governors has issued the following statement for release today:

> The Board of Governors of the Federal Reserve System has concurred unanimously in the recommendation of the national Voluntary Credit Restraint Committee that the screening of applications for financing, in accordance with the principles established by the Voluntary Credit Restraint Program, be suspended in the light of current circumstances. The Voluntary Credit Restraint organization will continue on a standby basis so that the Voluntary Program may be reinstated should subsequent developments require.

The Board of Governors has accordingly withdrawn the requests previously made by it to all financing institutions in the United States to act pursuant to the Program for Voluntary Credit Restraint. A copy of the Board's formal withdrawal, which becomes effective May 12, 1952, is printed on the reverse side of this circular.

Additional copies of this circular will be furnished upon request.

Allan Sproul,
President.

(OVER)

WITHDRAWAL BY BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM OF ITS REQUEST TO FINANCING INSTITUTIONS TO ACT PURSUANT TO PROGRAM FOR VOLUNTARY CREDIT RESTRAINT

Pursuant to the provisions of Section 708 of the Defense Production Act of 1950 and Executive Order No. 10161, the Board of Governors of the Federal Reserve System, on March 9, 1951, requested every financing institution in the United States to act, and to refrain from acting, pursuant to and in accordance with the provisions of a "program for voluntary credit restraint" which had been prepared and approved in accordance with the procedures and requirements prescribed by the said section 708 and by the said Executive Order. The Voluntary Credit Restraint Committee created pursuant to the Program, every subcommittee created pursuant to the Program, and every individual member of the said Committee and of said subcommittees were also requested by the said Board, on March 9, 1951, to act and to refrain from acting pursuant to and in accordance with the provisions of the Program. Subsequently, on April 20, 1951, and on April 17, 1952, the said Board requested every financing institution in the United States, the said Committee, the said subcommittees, and the individual members thereof, to act and to refrain from acting pursuant to and in accordance with the provisions of an amended "program for voluntary credit restraint" which had been prepared, amended and approved in accordance with the procedures and requirements prescribed by the said section 708 and by Executive Order No. 10161.

On May 2, 1952, the Voluntary Credit Restraint Committee recommended to the Board of Governors of the Federal Reserve System that the screening of applications for financing, in accordance with the principles established by the Voluntary Credit Restraint Program, be suspended in the light of current circumstances. The Board of Governors of the Federal Reserve System is unanimously in agreement with this recommendation of the Voluntary Credit Restraint Committee. Accordingly, effective May 12, 1952, the Board of Governors of the Federal Reserve System hereby withdraws the requests which it addressed to all financing institutions, the Committee, the subcommittees, and members thereof, on March 9, 1951, April 20, 1951, and April 17, 1952, to act and to refrain from acting pursuant to and in accordance with the provisions of the Program.

Under the provisions of section 708 of the Defense Production Act of 1950, acts or omissions to act pursuant to the requests above referred to and the Program for Voluntary Credit Restraint which occur while said section 708 is in effect and before the withdrawal of such requests are not construed to be within the prohibitions of the anti-trust laws or of the Federal Trade Commission Act of the United States. As the result of this withdrawal by the Board of the requests previously made by it, the provisions of said section 708 will not apply to any act or omission to act by reason of such requests on or after May 12, 1952.

By order of the Board of Governors of the Federal Reserve System, this 2nd day of May, 1952.

(Signed) S. R. CARPENTER,
Secretary.