

Meeting of Federal Open Market Committee

August 15, 1967

MINUTES OF ACTIONS

A meeting of the Federal Open Market Committee was held in the offices of the Board of Governors of the Federal Reserve System in Washington, D. C., on Tuesday, August 15, 1967, at 9:30 a.m.

PRESENT: Mr. Robertson, presiding
Mr. Brimmer
Mr. Daane
Mr. Maisel
Mr. Mitchell
Mr. Scanlon
Mr. Sherrill
Mr. Swan
Mr. Ellis, Alternate for Mr. Wayne
Mr. Patterson, Alternate for Mr. Francis
Mr. Treiber, Alternate for Mr. Hayes

Messrs. Hickman and Galusha, Alternate Members of the Federal Open Market Committee

Messrs. Bopp, Clay, and Irons, Presidents of the Federal Reserve Banks of Philadelphia, Kansas City, and Dallas, respectively

Mr. Sherman, Assistant Secretary
Mr. Kenyon, Assistant Secretary
Mr. Broida, Assistant Secretary
Mr. Molony, Assistant Secretary
Mr. Hackley, General Counsel
Mr. Brill, Economist

Messrs. Jones, Partee, and Solomon,
Associate Economists

Mr. Holmes, Manager, System Open Market Account
Mr. Coombs, Special Manager, System Open Market Account

Mr. Fauver, Assistant to the Board of Governors
Mr. Reynolds, Adviser, Division of International Finance, Board of Governors

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Mr. Axilrod, Associate Adviser, Division of
Research and Statistics, Board of Governors
Mr. Weiner, Assistant to the Director,
Division of Research and Statistics,
Board of Governors
Mr. Bernard, Economist, Government Finance
Section, Division of Research and
Statistics, Board of Governors
Miss Eaton, General Assistant, Office of the
Secretary, Board of Governors
Miss McWhirter, Analyst, Office of the Secretary,
Board of Governors

Messrs. Heflin and Lewis, First Vice Presidents
of the Federal Reserve Banks of Richmond
and St. Louis, respectively
Messrs. Eisenmenger, Link, Mann, Parthemos,
Taylor, Moffatt, Tow, and Green, Vice
Presidents of the Federal Reserve Banks
of Boston, New York, Cleveland, Richmond,
Atlanta, Chicago, Kansas City, and Dallas,
respectively
Mr. Lynn, Director of Research, Federal Reserve
Bank of San Francisco
Mr. Geng, Manager, Securities Department,
Federal Reserve Bank of New York
Mr. Gustus, Research Officer and Economist,
Federal Reserve Bank of Philadelphia
Mr. Kareken, Consultant, Federal Reserve Bank
of Minneapolis

By unanimous vote, Mr. Robertson was elected to serve as
Acting Chairman for the meeting.

By unanimous vote, the minutes of actions taken at the meet-
ing of the Federal Open Market Committee held on July 18, 1967, were
approved.

The memorandum of discussion for the meeting of the Federal
Open Market Committee held on July 18, 1967, was accepted.

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By unanimous vote, the action of members of the Federal Open Market Committee on August 4, 1967, approving renewal of the \$400 million swap arrangement with the German Federal Bank from August 9 to December 15, 1967, was ratified.

By unanimous vote, the System open market transactions in foreign currencies during the period July 18 through August 14, 1967, were approved, ratified, and confirmed.

By unanimous vote, the open market transactions in Government securities, agency obligations, and bankers' acceptances during the period July 18 through August 14, 1967, were approved, ratified, and confirmed.

By unanimous vote, the Federal Reserve Bank of New York was authorized and directed, until otherwise directed by the Committee, to execute transactions in the System Account in accordance with the following current economic policy directive:

The economic and financial developments reviewed at this meeting indicate that economic activity has been expanding more rapidly in recent weeks. With strengthening of private demands for final products and further curtailment of inventory investment, a better balance between inventories and sales is emerging. Upward pressures on costs persist and the over-all indexes of both wholesale and consumer prices have risen further. The balance of payments deficit has remained substantial and is a serious national problem. Bank credit expansion has continued large, while most short- and long-term interest rates have fluctuated close to their highs of the year, under the combined pressure of heavy private security

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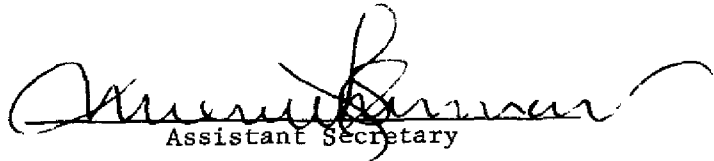
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market financing and of current and prospective Federal financing. A new fiscal program has been proposed by the President, including a sizable increase in income taxes, which would make a substantial contribution to balanced economic growth. In this situation, it is the policy of the Federal Open Market Committee to foster financial conditions, including bank credit growth, conducive to continuing economic expansion, while recognizing the need for reasonable price stability for both domestic and balance of payments purposes.

To implement this policy, while taking account of expected Treasury financing activity, System open market operations until the next meeting of the Committee shall be conducted with a view to maintaining about the prevailing conditions in the money market; but operations shall be modified, insofar as Treasury financing permits, to moderate any apparent tendency for bank credit to expand more than currently expected.

It was agreed that the next meeting of the Federal Open Market Committee would be held on Tuesday, September 12, 1967, at 9:30 a.m.

The meeting adjourned.


Assistant Secretary