

Meeting of Federal Open Market Committee

February 6, 1968

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, February 6, 1968, at 9:30 a.m.

PRESENT: Mr. Martin, Chairman
Mr. Hayes, Vice Chairman
Mr. Brimmer
Mr. Daane
Mr. Francis
Mr. Maisel
Mr. Mitchell
Mr. Robertson
Mr. Scanlon
Mr. Sherrill
Mr. Swan
Mr. Wayne

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

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

Mr. Holland, Secretary
Mr. Sherman, Assistant Secretary
Mr. Kenyon, Assistant Secretary
Mr. Broida, Assistant Secretary
Mr. Molony, Assistant Secretary
Mr. Hackley, General Counsel
Mr. Brill, Economist
Messrs. Baughman, Garvy, Hersey, Partee,
Parthemos, and Solomon, Associate
Economists
Mr. Holmes, Manager, System Open Market Account

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Messrs. Cardon and Fauver, Assistants to
the Board of Governors
Messrs. Axilrod and Gramley, Advisers,
Division of Research and Statistics,
Board of Governors
Mr. Reynolds, Associate Director, Division
of International Finance, Board of
Governors
Mr. Wernick, Associate Adviser, Division
of Research and Statistics, Board of
Governors
Mr. Keir, Assistant Adviser, Division of
Research and Statistics, Board of
Governors
Mr. Bernard, Special Assistant, Office of
the Secretary, Board of Governors
Miss Eaton, General Assistant, Office of
the Secretary, Board of Governors
Miss McWhirter, Analyst, Office of the
Secretary, Board of Governors

Mr. Heflin, First Vice President of the
Federal Reserve of Richmond
Messrs. Eastburn, Mann, Taylor, Andersen,
Tow, and Green, Vice Presidents of the
Federal Reserve Banks of Philadelphia,
Cleveland, Atlanta, St. Louis, Kansas
City, and Dallas, respectively
Messrs. Bodner and Meek, Assistant Vice
Presidents, Federal Reserve Bank of
New York
Mr. Anderson, Financial Economist, Federal
Reserve Bank of Boston
Mr. Runyon, Economist, Federal Reserve
Bank of San Francisco
Mr. Kareken, Consultant, Federal Reserve
Bank of Minneapolis

By unanimous vote, the minutes of actions taken at the
meeting of the Federal Open Market Committee held on January 9,
1968, were approved.

The memorandum of discussion for the meeting of the Federal
Open Market Committee held on January 9, 1968, was accepted.

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By unanimous vote, the System open market transactions in foreign currencies during the period January 9 through February 5, 1968, were approved, ratified, and confirmed.

By unanimous vote, the open market transactions in Government securities, agency obligations, and bankers' acceptances during the period January 9 through February 5, 1968, 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 information reviewed at this meeting indicates that over-all economic activity has been expanding rapidly, with both industrial and consumer prices rising at a substantial rate, and that prospects are for continuing rapid growth and persisting inflationary pressures in the period ahead. The imbalance in U.S. international transactions worsened further in late 1967, primarily because of a sharp reduction in the surplus on merchandise trade. Although day-to-day money market rates have remained firm, rates on other short-term instruments have declined recently; meanwhile, long-term bond yields have fluctuated irregularly below the peaks reached late last year. Growth in bank credit resumed in January, reflecting both loan expansion around the year end and Treasury financing. The money supply expanded sharply following earlier slackening, but flows into time and savings accounts at bank and nonbank financial intermediaries have continued to moderate. In this situation, it is the policy of the Federal Open Market Committee to foster financial conditions conducive to resistance of inflationary pressures and progress toward reasonable equilibrium in the country's balance of payments.

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To implement this policy, while taking account of Treasury financing activity, System open market operations until the next meeting of the Committee shall be conducted with a view to maintaining firm conditions in the money market, and operations shall be modified to the extent permitted by Treasury financing if bank credit appears to be expanding as rapidly as is currently projected.

It was agreed that the next meeting of the Committee, which would be the annual organizational meeting, would be held on Tuesday, March 5, 1968, at 9:30 a.m.

The meeting adjourned.


Secretary