



FEDERAL RESERVE

press release

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April 21, 1978

The Board of Governors of the Federal Reserve System and the Federal Open Market Committee today released the attached record of policy actions taken by the Federal Open Market Committee at its meeting on March 21, 1978.

Such records for each meeting of the Committee are made available a few days after the next regularly scheduled meeting and are published in the Federal Reserve Bulletin and the Board's Annual Report. The summary descriptions of economic and financial conditions they contain are based solely on the information that was available to the Committee at the time of the meeting.

Attachment

RECORD OF POLICY ACTIONS
OF THE FEDERAL OPEN MARKET COMMITTEE

Meeting held on March 21, 1978

1. Domestic policy directive

The information reviewed at this meeting suggested that growth in real output of goods and services in the first quarter of 1978 had been adversely affected by unusually severe weather and by the lengthy strike in coal mining but that the underlying economic situation had changed little. It now appeared that growth in the current quarter had slowed from the pace in the fourth quarter of 1977, estimated by the Commerce Department to have been at an annual rate of 3.8 per cent. Staff projections suggested, however, that the shortfall in growth from the rate expected at the time of the February meeting would be about made up over the next quarter or two and that on the average over the four quarters of 1978 output would grow at a good pace.

The rise in average prices--as measured by the fixed-weighted price index for gross domestic business product--appeared to have stepped up in the first quarter from the annual rate of 5.4 per cent estimated for the fourth quarter of 1977, mainly because of large increases

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in prices of farm products and foods. It was expected that over the remaining quarters of 1978 the rate of increase in prices would be below that of the first quarter but would remain above that of the fourth quarter of 1977. It was also anticipated that the unemployment rate would move downward gradually over the year.

In the first quarter, according to staff estimates, expansion in final sales in real terms had slowed much more than growth in output, and the rate of business inventory accumulation had picked up from the sharply reduced pace in the final quarter of 1977. Consumer expenditures for goods in real terms--which had grown at a rapid pace in the fourth quarter--apparently declined in the first quarter, at least in part because of the severe weather. Moreover, construction activity--public as well as private--was adversely affected by the weather.

The staff projections for the rest of 1978 suggested that consumer spending for goods in real terms would rebound in the second quarter and would continue to grow thereafter--particularly in the fourth quarter, following the reduction

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in personal income taxes assumed to take effect on October 1. It was anticipated that business fixed investment would expand moderately, owing in part to stimulative modifications of the investment tax credit that were assumed to be retroactive to the beginning of the year, but that residential construction would begin to edge down after midyear in response to the less favorable mortgage market conditions that appeared to be developing.

In February the index of industrial production rose 0.5 per cent, recovering more than half of the decline in January that was attributable in large part to the severe weather and to the coal strike. Unfavorable weather in some parts of the country continued to restrict output in February, and the ongoing strike held coal mining at a reduced level. Dwindling supplies of coal in some areas caused limitations on industrial use of electric power, but secondary effects of the strike appeared to have been small.

Nonfarm payroll employment increased considerably further between mid-January and mid-February. Employment in the service-producing industries continued to grow at about

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the average rate of the second half of 1977. In manufacturing the gain in employment was sizable for the third successive month, and the average workweek recovered part of the weather-induced decrease of January. As measured by the survey of households, total employment edged up in February while the labor force changed little, and the unemployment rate declined 0.2 of a percentage point to 6.1 per cent--1.5 percentage points below a year earlier and the lowest figure since late 1974.

According to the Census Bureau's advance estimate, total retail sales in February had recovered only a small portion of the substantial decline of the month before, at least in part because of continuing unfavorable weather. Unit sales of new automobiles--domestic and foreign combined--rose 5 per cent, retracing half of the January drop, and sales rose further in early March.

Private housing starts--which had declined from an annual rate of 2.20 million units in December to 1.55 million units in January--recovered only to 1.53 million units in February, as adverse weather apparently remained a significant

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inhibiting factor. Regionally, changes from January to February were quite diverse: Starts rose 43 per cent in the North Central States and 5 per cent in the West, while they declined 10 per cent in the South and 39 per cent in the Northeast.

The latest Department of Commerce survey of business spending plans, taken in late January and February, suggested that spending for plant and equipment would expand 10.9 per cent in 1978, whereas the survey taken in late November and December had suggested an increase of 10.1 per cent. However, the increment of 0.8 of a percentage point reflected a downward revision in the estimated level of spending for 1977. The expansion in 1977 now was indicated to have been 12.7 per cent, compared with the previous estimate of 13.7 per cent.

The index of average hourly earnings for private non-farm production workers was unchanged in February, after having increased sharply in January when higher minimum wage rates became effective. Over the 2-month period the index rose at an annual rate of 7.6 per cent, about the same as the average rate of increase during 1977.

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The wholesale price index for all commodities rose 1.1 per cent in February, compared with 0.9 per cent in January and an average rise of 0.6 per cent in the preceding 3 months. In February the increase in the index for prices of farm products and processed foods was more than twice as large as the average for the preceding 4 months. Average prices of industrial commodities continued to rise at a somewhat faster pace than in the latter part of 1977.

In foreign exchange markets the trade-weighted value of the dollar against major foreign currencies rose sharply on March 9 and 10 in anticipation of the conclusion of discussions between the governments of the United States and Germany. In a joint statement on March 13, 1978, U.S. and German authorities announced that continued forceful action would be taken to counter disorderly conditions in exchange markets and that close cooperation to that end would be maintained. Included in the cooperative effort were an increase of \$2 billion in the System's swap arrangement with the German Federal Bank, an arrangement for the U.S. Treasury to sell SDR 600 million (approximately \$740 million)

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to purchase German marks, and a willingness of the United States to draw on its reserve position in the IMF (automatically available in amounts up to approximately \$5 billion) if and as necessary to acquire additional foreign exchange. The authorities also announced that developments during the first quarter of 1978 would be particularly important in determining the course of economic policies in Germany directed toward the objective of non-inflationary growth and that in the United States high priority would be given to swift and resolute action to conserve energy and to develop new sources. Nevertheless, market participants apparently were disappointed by the announcements, and the value of the dollar receded to about its level in the last few days of February.

The U.S. foreign trade deficit remained very large in January. Interpretation of the data for recent months had been complicated by the 2-month dock strike that had ended on November 29 and by changes in the method for compiling the statistics, but it appeared that imports had continued to rise along with expansion in economic activity in the United States, while exports had shown no upward momentum.

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At U.S. commercial banks growth in total credit during February was close to the sizable rate in January and about in line with the average for 1977. In February bank holdings of Treasury securities expanded substantially following a series of monthly declines. However, growth of total loans slowed, reflecting a sharp contraction in loans to finance holdings of securities. Growth in real estate and consumer loans apparently slowed a little, while expansion in business loans remained at about the average pace in 1977. Large banks significantly expanded their lending to manufacturing companies and to wholesale and retail trade concerns, but their lending to public utilities declined as the utilities drew down their inventories of coal.

For nonfinancial businesses the general pattern of short-term borrowing in February was little changed from that in January. Continued strong expansion in borrowings from banks was offset only in part by a further net run-off of outstanding commercial paper. Utilities accounted for much of the further decline in outstanding commercial paper issued by nonfinancial businesses.

At this meeting revised measures of the monetary aggregates incorporating the effects of new benchmark data for deposits at nonmember banks and revised seasonal factors were available to the Committee. These revised data, scheduled for publication on March 23, indicated that in February M-1 had contracted at an annual rate of about 1 per cent. On the basis of the revised series, M-1 had grown at an annual rate of about 4-1/4 per cent during the first 2 months of 1978 and about 7-3/4 per cent during 1977. After revisions M-2 had grown at rates of about 4-1/2 per cent in February, 6-3/4 per cent over the January-February period, and 9-1/4 per cent during 1977.

Inflows to commercial banks of the interest-bearing deposits included in M-2 were about maintained in February, but they consisted almost entirely of large-denomination time deposits (in amounts of \$100,000 or more) exempt from Regulation Q ceilings on interest rates. Inflows of time and savings deposits subject to such ceilings slowed to a low rate, as yields on market instruments of comparable maturities remained above the ceiling rates throughout the month. To finance credit expansion in the

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face of the slowing in over-all inflows of deposits included in M-2, large banks issued a substantial volume of negotiable CD's and raised a sizable amount of funds from nondeposit sources.

Deposit growth at nonbank thrift institutions remained slow in February. Like the savings and smaller time accounts at commercial banks, deposits at the thrift institutions continued to be adversely affected by competition from market securities. Only the longest-term deposits at the thrift institutions provided effective yields above those available on competitive market securities.

At its February meeting the Committee had decided that operations in the period immediately ahead should be directed toward maintaining about the prevailing money market conditions, provided that the monetary aggregates appeared to be growing at approximately the rates then expected. Specifically, the Committee had sought to maintain the weekly-average Federal funds rate around 6-3/4 per cent, so long as M-1 and M-2 appeared to be growing over the February-March period at annual rates within ranges of 1 to 6 and 4-1/2 to 8-1/2 per cent,

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respectively. The members also agreed that if growth in the aggregates appeared to be approaching or moving beyond the limits of their specified ranges, the operational objective for the weekly-average Federal funds rate should be varied in an orderly fashion within a range of 6-1/2 to 7 per cent. It was understood that in assessing the behavior of the aggregates, the Manager of the System Open Market Account should give approximately equal weight to the behavior of M-1 and M-2.

As the inter-meeting period progressed, it became evident that in February M-1 had contracted somewhat and M-2 had increased relatively little. Staff projections for the February-March period suggested that M-1 would grow at a rate below the lower limit of the range specified by the Committee and that M-2 would grow at a rate close to its lower limit. It also appeared, however, that the weakness in the aggregates might reflect the prolongation of the coal strike and the severe winter weather and thus would prove to be temporary. Against this background, and in view of recent developments in foreign exchange markets, the Committee voted on March 10

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to instruct the Manager to continue aiming at a Federal funds rate of 6-3/4 per cent for the time being. For the full inter-meeting period, the funds rate averaged 6-3/4 per cent.

Market interest rates in general changed little over the inter-meeting period, reflecting the stability in the Federal funds rate and, apparently, more or less of a balance among developments affecting the public's expectations concerning monetary policy--namely, some slowing of the economic expansion and of growth in the monetary aggregates on one side, and some pick-up in the rate of increase in prices and continuing uncertainties in foreign exchange markets on the other. However, Treasury bill rates declined somewhat, in large part because of demands for bills from foreign central banks.

Borrowing by the U.S. Treasury remained relatively strong during the inter-meeting period. In addition to regular debt rollovers, \$3.3 billion of securities were auctioned to raise new money--\$3.0 billion of short-term cash-management bills and \$300 million of bills added to the regular weekly and monthly auctions. Incoming data on Treasury receipts and expenditures and on the cash balance implied, however, that

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Federal financing through the first quarter would be significantly smaller than had been suggested in late January. Borrowing by Federally sponsored credit agencies rose to \$1.6 billion in February from the already expanded volume of \$1.0 billion in January, in large part because of the midquarter financing of the Federal Home Loan Bank System.

Mortgage lending by private institutions apparently continued to slacken in February from the record pace of late 1977. At commercial banks the increase in mortgage loans was the smallest in about a year. In January, the latest month for which data were available, mortgage acquisitions by savings and loan associations slowed significantly. Also, mortgage lending commitments outstanding at these associations declined for the first time in 3 years.

In the Committee's discussion of the economic situation and prospects, the members agreed--as they had at other recent meetings--that the expansion in activity was likely to be sustained throughout 1978. The range of views with respect to the average rate of growth in real GNP over the four quarters of the year was not wide. Half of the members present believed

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that real output would grow at about the rate projected by the staff; of the remainder, some thought that output would grow somewhat less than projected, and some thought that it would grow somewhat more.

One of the members who thought that growth in real GNP would fall somewhat short of the rate projected by the staff believed that the shortfall would be concentrated in the second half of the year. In his view, the second-quarter rebound in growth from the weather-retarded pace in the first quarter might be greater than projected by the staff, and the magnitude of that rebound--in conjunction with some acceleration in the rate of inflation--might generate forces that would adversely affect construction activity and consumer spending in the second half.

Attention was drawn to the considerable improvement in the employment situation in recent months. The pace of growth in payroll employment over the past 6 months was regarded as indicative of near-term strength in the expansion of output. One member remarked that the unemployment rate had come close to the zone that he would characterize as reflecting full

employment, suggesting that there was less time than he had anticipated earlier for growth in output to diminish toward a rate that could be sustained for the longer-term. However, another member noted that the substantial decline in the unemployment rate in recent months--from 6.7 per cent in November to 6.1 per cent in February--reflected in part a sharp deceleration in growth of the civilian labor force. If, as he suspected, that deceleration proved to be an aberration in the statistics, the decline in the unemployment rate might well be reversed to some degree in coming months.

The Committee members agreed that the rate of price advance was likely to remain relatively rapid in 1978, and they expressed a great deal of concern about this prospect. The comment was made that the pace of increase in prices appeared to be accelerating in this country while decelerating in European countries. Several members observed that inflation led to recession, and it was suggested that the greater the inflation, the worse the ensuing recession. For that reason, it was suggested, special emphasis should be given to the Committee's long-standing objective of helping to resist

inflationary pressures while simultaneously encouraging continued economic expansion. It was noted that an effective program to reduce the rate of inflation had to extend beyond monetary policy.

At its meeting in February the Committee had agreed that from the fourth quarter of 1977 to the fourth quarter of 1978 average rates of growth in the monetary aggregates within the following ranges appeared to be consistent with broad economic aims: M-1, 4 to 6-1/2 per cent; M-2, 6-1/2 to 9 per cent; and M-3, 7-1/2 to 10 per cent. The associated range for the rate of growth in commercial bank credit was 7 to 10 per cent. It had also been agreed that the longer-run ranges, as well as the particular aggregates for which such ranges were specified, would be subject to review and modification at subsequent meetings.

In the Committee's discussion of policy for the period immediately ahead, it was suggested that an easing of money market conditions would be inappropriate in light of the outlook for prices, the recent behavior of the dollar in foreign exchange markets, and the likelihood that the demand for money would

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strengthen substantially again as growth of nominal GNP picked up. It was also suggested that a firming of money market conditions in the absence of actual evidence of excessive growth of the monetary aggregates would be premature, given the weakness of recent economic statistics, the still unsettled coal strike, and uncertainty about the strength of the prospective rebound in economic activity. However, a number of members favored some firming of money market conditions during the inter-meeting period with a view to keeping under control the anticipated pick-up in monetary growth, unless data for the first 2 weeks of the period suggested that monetary growth over the March-April period was likely to be significantly weaker than expected. There was also some sentiment for a slight easing if the incoming data suggested unexpected weakness in monetary growth.

These differences of emphasis notwithstanding, members of the Committee did not differ greatly in their preferences for operating specifications for the period immediately ahead, and all favored a return to basing decisions for open market operations between meeting dates primarily on the behavior of

the monetary aggregates. In its previous five directives the Committee had called for giving greater weight than usual to money market conditions in conducting operations in the period until the next meeting.

For the annual rate of growth in M-1 over the March-April period most members favored ranges with an upper limit of 8 or 9 per cent and a lower limit of 4 or 4-1/2 per cent; one member indicated a preference for a range of 2 to 7 per cent. For the growth rate in M-2 over the 2 months, the members' preferences for the upper limit ranged from 9 to 10 per cent and for the lower limit from 5 to 6 per cent.

All of the members favored directing open market operations during the coming inter-meeting period initially toward the objective of maintaining the Federal funds rate at about the prevailing level of 6-3/4 per cent. Views differed somewhat with respect to the degree of leeway for operations during the inter-meeting period in the event that growth in the aggregates appeared to be deviating significantly from the midpoints of the specified ranges. Some members favored retaining the present range of 6-1/2 to 7 per cent for the

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funds rate but others preferred 6-3/4 to 7-1/4 per cent and one advocated 6-3/4 to 7 per cent. Some who wished to retain the 6-1/2 to 7 per cent range suggested an understanding to the effect that operations would not be directed toward a rate below 5-3/4 per cent before the Committee had had an opportunity for further consultation.

At the conclusion of the discussion the Committee decided that growth in M-1 and M-2 over the March-April period at annual rates within ranges of 4 to 8 per cent and 5-1/2 to 9 per cent, respectively, would be appropriate. It was understood that in assessing the behavior of these aggregates the Manager should continue to give approximately equal weight to the behavior of M-1 and M-2.

It was the Committee's judgment that such growth rates were likely to be associated with a weekly-average Federal funds rate of about 6-3/4 per cent. The members agreed that if growth rates of the aggregates over the 2-month period appeared to be deviating significantly from the midpoints of the indicated ranges, the operational objective for the weekly-average Federal funds rate should be modified in an orderly fashion within a range

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of 6-1/2 to 7 per cent. It was also agreed, however, that a reduction in the rate below 6-3/4 per cent would not be sought until the Committee had had an opportunity for further consultation.

As customary, it was understood that the Chairman might call upon the Committee to consider the need for supplementary instructions before the next scheduled meeting if significant inconsistencies appeared to be developing among the Committee's various objectives. The members also agreed that in the conduct of day-to-day operations, account should be taken of emerging financial market conditions, including the conditions in foreign exchange markets.

The following domestic policy directive was issued to the Federal Reserve Bank of New York:

The information reviewed at this meeting suggests that growth in real output of goods and services has been adversely affected in the current quarter by unusually severe weather and the lengthy strike in coal mining but that there has been little change in the underlying economic situation. In February industrial production recovered much of the decline of the preceding month, and nonfarm payroll employment increased considerably further. The unemployment rate declined from 6.3 to 6.1 per cent. Retail sales picked up somewhat from the sharply reduced level

of January. The pace of the rise in prices stepped up in February, reflecting large increases in farm products and processed foods. The index of average hourly earnings was unchanged, after having advanced sharply in January when higher minimum wages became effective.

The trade-weighted value of the dollar against major foreign currencies rose sharply in anticipation of the U.S.-German announcements on March 13. Subsequently, the dollar declined to about the level at the end of February. The U.S. trade statistics reported for January showed a continuing large deficit.

M-1 declined and M-2 increased relatively little in February, apparently in part because of the economic effects of the coal strike and the severe weather. Inflows to banks of the interest-bearing deposits included in M-2 were about maintained, but the inflows were almost entirely into large-denomination time deposits exempt from ceilings on interest rates. Inflows to nonbank thrift institutions remained slow. Market interest rates have changed little in recent weeks.

In light of the foregoing developments, it is the policy of the Federal Open Market Committee to foster bank reserve and other financial conditions that will encourage continued economic expansion and help resist inflationary pressures, while contributing to a sustainable pattern of international transactions.

At its meeting on February 28, 1978, the Committee agreed that growth of M-1, M-2, and M-3 within ranges of 4 to 6-1/2 per cent, 6-1/2 to 9 per cent, and 7-1/2 to 10 per cent, respectively, from the fourth quarter of 1977

to the fourth quarter of 1978 appears to be consistent with these objectives. These ranges are subject to reconsideration at any time as conditions warrant.

The Committee seeks to encourage near-term rates of growth in M-1 and M-2 on a path believed to be reasonably consistent with the longer-run ranges for monetary aggregates cited in the preceding paragraph. Specifically, at present, it expects the annual growth rates over the March-April period to be within ranges of 4 to 8 per cent for M-1 and 5-1/2 to 9 per cent for M-2. In the judgment of the Committee such growth rates are likely to be associated with a weekly-average Federal funds rate of about 6-3/4 per cent. If, giving approximately equal weight to M-1 and M-2, it appears that growth rates over the 2-month period will deviate significantly from the midpoints of the indicated ranges, the operational objective for the Federal funds rate shall be modified in an orderly fashion within a range of 6-1/2 to 7 per cent. In the conduct of day-to-day operations, account shall be taken of emerging financial market conditions, including the conditions in foreign exchange markets.

If it appears during the period before the next meeting that the operating constraints specified above are proving to be significantly inconsistent, the Manager is promptly to notify the Chairman who will then decide whether the situation calls for supplementary instructions from the Committee.

Votes for this action: Messrs. Miller, Volcker, Baughman, Coldwell, Eastburn, Jackson, Partee, Mallich, Willes, and Winn. Votes against this action: None. Absent and not voting: Messrs. Burns and Gardner.

2. Authorization for foreign currency operations

Paragraph 1D of the Committee's authorization for foreign currency operations authorizes the Federal Reserve Bank of New York, for the System Open Market Account, to maintain an over-all open position in all foreign currencies not to exceed \$1.0 billion, unless a larger position is expressly authorized by the Committee. On February 28, 1978, the Committee had authorized an open position of \$2.0 billion.

At this meeting the Committee authorized an open position of \$2.25 billion. This action was taken in view of the scale of recent and potential Federal Reserve operations in the foreign exchange markets undertaken pursuant to the Committee's foreign currency directive.

Votes for this action: Messrs. Miller, Volcker, Baughman, Coldwell, Eastburn, Jackson, Partee, Wallich, Willes, and Winn. Votes against this action: None. Absent and not voting: Messrs. Burns and Gardner.

3. Procedural instructions with respect to operations under the foreign currency documents

Paragraph 1B of the procedural instructions with respect to the conduct of operations under the Committee's foreign currency

authorization and directive instructed the Manager to clear with the Foreign Currency Subcommittee or, under certain circumstances, with the Chairman of the Committee any transactions that would result in gross transactions (excluding swap drawings and repayments) in a single foreign currency exceeding \$100 million on any day or \$300 million since the most recent regular meeting of the Committee.

At this meeting the Committee amended paragraph 1B to raise the levels of gross transactions beyond which clearance is required to \$200 million on any day and to \$500 million since the most recent regular meeting, and to clarify its intention that the measure of gross transactions used for this purpose should exclude not only swap drawings and repayments but also purchases and sales of currencies incidental to such repayments. This action was taken to relax the dollar limits on gross transactions, which had on occasion hampered ongoing operations, and to remove an ambiguity in the language,

As amended, paragraph 1B read as follows:

1. The Manager shall clear with the Subcommittee (or with the Chairman, if the Chairman believes that consultation with the Subcommittee is not feasible in the time available):

* * *

B. Any transaction which would result in gross transactions (excluding swap drawings and repayments, and purchases and sales of any currencies incidental to such repayments), in a single foreign currency exceeding \$200 million on any day or \$500 million since the most recent regular meeting of the Committee.

Votes for this action: Messrs. Miller, Volcker, Baughman, Coldwell, Eastburn, Jackson, Partee, Wallich, Willes, and Winn. Votes against this action: None. Absent and not voting: Messrs. Burns and Gardner.

4. Review of continuing authorizations

This being the first regular meeting of the Federal Open Market Committee following the election of new members from the Federal Reserve Banks to serve for the year beginning March 1, 1978, the Committee followed its customary practice of reviewing all of its continuing authorizations and directives. The Committee reaffirmed the authorization for domestic open market operations, the authorization for foreign currency operations, and the foreign currency directive, in the forms in which they were presently outstanding. The Committee also reaffirmed the procedural instructions with respect to operations under the foreign currency documents not affected by the action described in the preceding section.

Votes for these actions: Messrs. Miller, Volcker, Baughman, Coldwell, Eastburn, Jackson, Partee, Wallich, Willes, and Winn. Votes against these actions: None. Absent and not voting: Messrs. Burns and Gardner.

In reviewing the authorization for domestic open market operations, the Committee took special note of paragraph 3, which authorizes the Reserve Banks to engage in the lending of U.S. Government securities held in the System Open Market Account under such instructions as the Committee might specify from time to time. That paragraph had been added to the authorization on October 7, 1969, on the basis of a judgment by the Committee that in the existing circumstances such lending of securities was reasonably necessary to the effective conduct of open market operations and to the effectuation of open market policies, and on the understanding that the authorization would be reviewed periodically. At this meeting the Committee concurred in the judgment of the Manager that the lending activity in question remained reasonably necessary and that, accordingly, the authorization should remain in effect subject to periodic review.

5. Agreement to "warehouse" currencies for the Exchange Stabilization Fund (ESF)

At its meeting of January 17-18, 1977, the Committee had agreed to a suggestion by the Treasury that the Federal Reserve undertake to "warehouse" foreign currencies held by the ESF--that is, to make spot purchases of foreign currencies from the ESF and simultaneously to make forward sales of the same currencies to the ESF--if that should prove necessary to enable the ESF to deal with potential liquidity strains. Specifically, the Committee had agreed that the Federal Reserve would be prepared, if requested by the Treasury, to warehouse up to \$1-1/2 billion of eligible foreign currencies, of which half would be for periods of up to 12 months and half for periods of up to 6 months. It was noted that the agreement to warehouse currencies would be subject to review by the Committee at its organizational meeting each March in connection with the regular review of all outstanding authorizations. At this meeting the Committee reaffirmed the agreement.

Votes for this action: Messrs. Miller, Volcker, Baughman, Eastburn, Jackson, Partee, Wallich, Willes, and Winn. Vote against this action: Mr. Coldwell. Absent and not voting: Messrs. Burns and Gardner.