

Meeting of the Federal Open Market Committee

February 24, 1981

Minutes of Actions

A meeting of the Federal Open Market Committee was held on Tuesday, February 24, 1981, at 12:00 noon, at the call of Chairman Volcker. This was a telephone conference meeting, and each individual was in Washington, D. C., except as otherwise indicated in parentheses in the following list of those participating.

PRESENT: Mr. Volcker, Chairman
Mr. Solomon 1/, Vice Chairman (New York)
Mr. Gramley
Mr. Guffey (Kansas City)
Mr. Morris (Boston)
Mr. Partee
Mr. Rice
Mr. Roos (St. Louis)
Mr. Schultz
Mrs. Teeters
Mr. Winn (Cleveland)

Messrs. Boykin (Dallas), and Mayo (Chicago), Alternate
Members of the Federal Open Market Committee

Messrs. Black (Richmond), and Corrigan (Minneapolis),
Presidents of the Federal Reserve Banks of Richmond
and Minneapolis, respectively

Mr. Altmann, Secretary
Mr. Bernard, Assistant Secretary
Mr. Oltman (New York), Deputy General Counsel
Mr. Axilrod, Economist

Messrs. Balbach (St. Louis), J. Davis (Cleveland),
R. Davis (New York), T. Davis (Kansas City),
Eisenmenger (Boston), Ettin, Henry, Keir, Kichline,
Truman, and Zeisel, Associate Economists

1/ Left the meeting prior to the vote to adopt a modification of the domestic policy directive.

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Mr. Pardee (New York), Manager for Foreign Operations,
System Open Market Account

Mr. Sternlight (New York), Manager for Domestic
Operations, System Open Market Account

Mr. Coyne, Assistant to the Board of Governors
Mr. Prell, Associate Director, Division of Research and
Statistics, Board of Governors
Mrs. Steele, Economist, Open Market Secretariat, Board
of Governors

Mr. Smoot (Philadelphia), First Vice President, Federal
Reserve Bank of Philadelphia

Messrs. Burns (Dallas), Danforth (Minneapolis) Keran
(San Francisco), Koch (Atlanta), Parthemos (Richmond),
Scheld and Syron, Senior Vice Presidents, Federal
Reserve Banks of Dallas, Minneapolis, San Francisco,
Atlanta, Richmond, Chicago, and Boston, respectively

Mrs. Nichols (Chicago), Vice President, Federal Reserve
Bank of Chicago

Mr. Campbell (New York), Assistant Secretary, Federal
Reserve Bank of New York

With Mr. Roos dissenting, the Committee adopted the following
modification of policy directive adopted on February 3, 1981:

"In light of the relatively strong growth of M-2 and
M-3 and the substantial easing recently in money market
conditions, as well as uncertainties about the interpretation
of the behavior of M-1, the Committee on February 24 agreed
to accept some shortfall in growth of M-1A and M-1B from
the specified rates in the domestic policy directive adopted
on February 3 as consistent with developments in the
aggregates generally and the objectives for the year."

The meeting adjourned.

Secretary