

Meeting of Federal Open Market Committee

June 20, 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, June 20, 1967, at 9:30 a.m.

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

Messrs. Ellis, 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. 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. Craven, Hersey, Jones, Koch, and Partee, Associate Economists  
Mr. Holmes, Manager, System Open Market Account  
Mr. Coombs, Special Manager, System Open Market Account

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Mr. Cardon, Legislative Counsel, Board of  
Governors  
Mr. Fauver, Assistant to the Board of  
Governors  
Mr. O'Connell, Assistant General Counsel,  
Legal Division, Board of Governors  
Mr. Williams, Adviser, Division of Research  
and Statistics, Board of Governors  
Mr. Axilrod, Associate Adviser, 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  
  
Mr. Lewis, First Vice President, Federal  
Reserve Bank of St. Louis  
Messrs. Eisenmenger, Link, Eastburn, Mann,  
Parthemos, Taylor, Tow, and Green, Vice  
Presidents of the Federal Reserve Banks  
of Boston, New York, Philadelphia,  
Cleveland, Richmond, Atlanta, Kansas  
City, and Dallas, respectively  
Mr. Nelson, Director of Research, Federal  
Reserve Bank of Minneapolis  
Mr. Deming, Manager, Securities Department,  
Federal Reserve Bank of New York  
Mr. Stiles, Senior Economist, Federal Reserve  
Bank of Chicago

By unanimous vote, the minutes of the meeting of the Federal  
Open Market Committee held on May 23, 1967, were approved.

By unanimous vote, the System open market transactions in  
foreign currencies during the period May 23 through June 19, 1967,  
were approved, ratified, and confirmed.

By unanimous vote, renewal until December 22, 1967 of the  
\$50 million supplementary swap arrangement with the National Bank of  
Belgium, scheduled to mature on June 30, 1967, and its consolidation

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with the basic \$100 million arrangement maturing on December 22, 1967, was approved, on the understanding that the combined arrangement would have a twelve-month term after December 22, 1967.

By unanimous vote, renewal for a further period of six months of the \$150 million standby swap arrangement with the Netherlands Bank, scheduled to mature on June 30, 1967, was approved.

By unanimous vote, the open market transactions in Government securities, agency obligations, and bankers' acceptances during the period May 23 through June 19, 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 suggest that economic activity is rising modestly, and that prospects for economic expansion later in the year have strengthened. Output is still being retarded by adjustments of excessive inventories, but growth in final demands continues strong, reflecting substantial further increases in Government expenditures and also some strengthening of consumer buying. Prices of farm products have turned up recently, but average prices of industrial commodities have remained stable. The pace of bank credit expansion has increased in recent weeks, but is still well below the rapid rate of earlier in the year. Most long-term interest rates have tended to rise further under the influence of heavy securities market financing, and most short-term yields have also increased. The balance of payments deficit has remained substantial despite some improvement in the foreign trade

surplus. In this situation, it is the Federal Open Market Committee's policy to foster money and credit conditions, including bank credit growth, conducive to renewed economic expansion, while recognizing the need for progress toward reasonable equilibrium in the country's balance of payments.

To implement this policy, while taking account of expected Treasury financing activity, the timing and quantity of which are still uncertain, System open market operations until the next meeting of the Committee shall be conducted with a view to maintaining about the same conditions in the money market as have prevailed since the preceding meeting of the Committee, while continuing to utilize operations in coupon issues in supplying part of reserve needs.

By unanimous vote, the Federal Open Market Committee's rules regarding the availability of information were revised effective July 4, 1967, to read as follows:

#### RULES REGARDING AVAILABILITY OF INFORMATION

##### SECTION 271.1--BASIS AND SCOPE

This Part is issued by the Federal Open Market Committee (the "Committee") pursuant to the requirement of section 552 of Title 5 of the United States Code that every agency shall publish in the Federal Register for the guidance of the public descriptions of the established places at which, the officers from whom, and the methods whereby, the public may obtain information, make submittals or requests or obtain decisions.

##### SECTION 271.2--DEFINITIONS

(a) "Information of the Committee". - For purposes of this Part, the term "information of the Committee" means all information coming into the possession of the Committee or of any member thereof or of any officer, employee, or agent of the Committee, the Board of Governors

of the Federal Reserve System, or any Federal Reserve Bank, in the performance of duties for, or pursuant to the direction of, the Committee,

(b) "Records of the Committee". - For purposes of this Part, the term "records of the Committee" means rules, statements, opinions, orders, memoranda, letters, reports, accounts, and other papers containing information of the Committee that constitute a part of the Committee's official files.

#### SECTION 271.3--PUBLISHED INFORMATION

(a) Federal Register. - To the extent required by sections 552 and 553 of the U.S. Code, and subject to the provisions of sections 271.5 and 271.6 of this Part, the Committee publishes in the Federal Register, in addition to this Part,

- (1) a description of its organization;
- (2) statements of the general course and method by which its functions are channeled and determined;
- (3) rules of procedure;
- (4) substantive rules of general applicability, and statements of general policy and interpretations of general applicability formulated and adopted by the Committee;
- (5) every amendment, revision, or repeal of the foregoing; and
- (6) general notices of proposed rule making.

(b) Policy record. - In accordance with section 10 of the Federal Reserve Act (12 U.S.C. 247a), each annual report made to Congress by the Board of Governors of the Federal Reserve System includes a complete record of the actions taken by the Committee during the preceding year upon all matters of policy relating to open market operations, showing the votes taken and the reasons underlying such actions.

(c) Other published information. - From time to time, other information relating to open market operations of the Federal Reserve Banks is published in the Federal Reserve Bulletin, issued monthly by the Board of Governors of the Federal Reserve System, in such Board's annual report to Congress, and in announcements and statements released to the press. Copies of issues of the Bulletin and of annual reports of the Board may be obtained upon request.

SECTION 271.4--RECORDS AVAILABLE TO THE PUBLIC  
ON REQUEST

(a) Records available. - Records of the Committee are made available to any person, upon request, for inspection or copying in accordance with the provisions of this section and subject to the limitations stated in sections 271.5 and 271.6 of this Part. Records falling within the exemptions from disclosure set forth in section 552(b) of Title 5 of the United States Code and in section 271.6 of this Part may nevertheless be made available in accordance with this section to the fullest extent consistent, in the Committee's judgment, with the effective performance of the Committee's statutory responsibilities and with the avoidance of injury to a public or private interest intended to be protected by such exemptions.

(b) Place and time. - In general, the records of the Committee are held in the custody of the Board of Governors of the Federal Reserve System, but certain of such records, or copies thereof, are held in the custody of one or more of the Federal Reserve Banks. Any such records subject to this section will be made available for inspection or copying during regular business hours at the offices of the Board of Governors of the Federal Reserve System in the Federal Reserve Building, 20th and Constitution Avenue, Washington, D. C., 20551, or, in certain instances as provided in paragraph (c) of this section, at the offices of one or more designated Federal Reserve Banks.

(c) Obtaining access to records. - Any person requesting access to records of the Committee shall submit such request in writing to the Secretary of

the Board of Governors of the Federal Reserve System. In any case in which the records requested, or copies thereof, are available at a Federal Reserve Bank, the Secretary of the Board may so advise the person requesting access to the records. Every request for access to records of the Committee shall state the full name and address of the person requesting them and shall describe such records in a manner reasonably sufficient to permit their identification without undue difficulty; and such person shall pay a fee in an amount based upon \$5 per hour for the time required to locate such records and prepare them for inspection plus 10 cents per standard page for any copying thereof.

SECTION 271.5--DEFERMENT OF AVAILABILITY  
OF CERTAIN INFORMATION

(a) Deferred availability of information. - In some instances, certain types of information of the Committee are not published in the Federal Register or made available for public inspection or copying until after such period of time as the Committee may determine to be reasonably necessary to avoid the effects described in paragraph (b) of this section or as may otherwise be necessary to prevent impairment of the effective discharge of the Committee's statutory responsibilities. For example, the Committee's current economic policy directive adopted at each meeting of the Committee is published in the Federal Register approximately 90 days after the date of its adoption; and no information in the records of the Committee relating to the adoption of any such directive is made available for public inspection or copying before it is published in the Federal Register.

(b) Reasons for deferment of availability. - Publication of, or access to, certain information of the Committee may be deferred because earlier disclosure of such information would

- (1) interfere with the orderly execution of policies adopted by the Committee in the performance of its statutory functions;

- (2) permit speculators and others to gain unfair profits or to obtain unfair advantages by speculative trading in securities, foreign exchange, or otherwise;
- (3) result in unnecessary or unwarranted disturbances in the securities market;
- (4) make open market operations more costly;
- (5) interfere with the orderly execution of the objectives or policies of other Government agencies concerned with domestic or foreign economic or fiscal matters; or
- (6) interfere with, or impair the effectiveness of, financial transactions with foreign banks, bankers, or countries that may influence the flow of gold and of dollar balances to or from foreign countries.

#### SECTION 271.6--INFORMATION NOT DISCLOSED

Except as may be authorized by the Committee, information of the Committee that is not available to the public through other sources will not be published or made available for inspection, examination, or copying by any person if such information

- (1) is exempted from disclosure by statute or executive order;
- (2) relates solely to internal personnel rules or practices or other internal practices of the Committee;
- (3) relates to trade secrets or commercial or financial information obtained from any person and privileged or confidential;



- (4) is contained in inter-agency or intra-agency memoranda or letters, including records of deliberations and discussions at meetings of the Committee and reports and documents filed by members or staff of the Committee that would not be routinely available to a private party in litigation with the Committee;
- (5) is contained in personnel, medical, or similar files (including financial files) the disclosure of which would constitute a clearly unwarranted invasion of personal privacy; or
- (6) is contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of any agency responsible for the regulation or supervision of financial institutions.

Except as provided by or pursuant to this Part, no person shall disclose, or permit the disclosure of, any information of the Committee to any person, whether by giving out or furnishing such information or copy thereof, by allowing any person to inspect, examine or produce such information or copy thereof, or by any other means, whether the information is located at the offices of the Board of Governors of the Federal Reserve System, any Federal Reserve Bank, or elsewhere, unless such disclosure is required in the performance of duties for, or pursuant to the direction of, the Committee. Any person who may be denied access to records of the Committee may, within 5 days thereafter, file with the Committee a written request for review of such action.

#### SECTION 271.7--SUBPOENAS

(a) Advice by person served. - If any person, whether or not an officer or employee of the Committee, of the Board of Governors of the Federal Reserve System, or of a Federal Reserve Bank, has information of the Committee that may not be disclosed by reason of sections 271.5 or 271.6 of this Part and in connection therewith is served with a subpoena, order, or other process requiring his personal attendance as a witness or the production of documents or information upon any proceeding, he should promptly inform the Secretary of the Committee of such

service and of all relevant facts, including the documents and information requested and any facts that may be of assistance in determining whether such documents or information should be made available; and he should take action at the appropriate time to inform the court or tribunal that issued the process, and the attorney for the party at whose instance the process was issued, if known, of the substance of this Part.

(b) Appearance by person served. - Except as disclosure of the relevant information is authorized pursuant to this Part, any person who has information of the Committee and is required to respond to a subpoena or other legal process shall attend at the time and place therein mentioned and decline to disclose such information or give any testimony with respect thereto, basing his refusal upon this Part. If, notwithstanding, the court or other body orders the disclosure of such information, or the giving of such testimony, the person having such information of the Committee shall continue to decline to disclose such information and shall promptly report the facts to the Committee for such action as the Committee may deem appropriate.

By unanimous vote, section 1 of the Federal Open Market Committee's rules of organization was revised, effective July 4, 1967. The amended rules of organization read as follows:

#### RULES OF ORGANIZATION

##### SECTION 1--BASIS AND SCOPE

These rules are issued by the Federal Open Market Committee (the "Committee") pursuant to the requirement of section 552 of Title 5 of the United States Code that every agency shall publish in the Federal Register a description of its central and field organization.

##### SECTION 2--COMPOSITION AND MEETINGS OF COMMITTEE

(a) Members. - The Federal Open Market Committee consists of the members of the Board of Governors of the Federal Reserve System and five representatives of

the Federal Reserve Banks who are Presidents or First Vice Presidents of such Banks. The representatives of the Federal Reserve Banks, and an alternate for each representative, are elected in accordance with section 12A of the Federal Reserve Act for terms of one year commencing on March 1 of each year.

(b) Chairman and Vice Chairman. - At its first meeting on or after March 1 of each year, the Committee selects a Chairman and a Vice Chairman from among its membership.

(c) Meetings. - The Committee meets at Washington, D. C., on call by the Chairman of the Board of Governors of the Federal Reserve System or at the request of three members of the Committee, at least four times each year and oftener if deemed necessary.

### SECTION 3--PERSONNEL

(a) Official Staff. - The official staff of the Federal Open Market Committee includes its Secretary and Assistant Secretaries, General Counsel and Assistant General Counsel, and Economist and Associate Economists, who perform the duties indicated by their titles. These staff members are selected from among the officers and employees of the Board of Governors of the Federal Reserve System and the Federal Reserve Banks. In addition, one of the Federal Reserve Banks is selected by the Committee to execute transactions for the System Open Market Account; and the Committee selects a Manager of the System Open Market Account and a Special Manager for foreign currency operations for such Account, both of whom shall be satisfactory to such Federal Reserve Bank.

(b) Others. - The services of other officers and employees of the Board of Governors of the Federal Reserve System and Federal Reserve Banks are made available and are utilized by the Committee as required.

By unanimous vote, sections 272.1 and 272.3 of the Federal Open Market Committee's rules of procedure were revised, and section 272.5 repealed, effective July 4, 1967. The amended rules of procedure read as follows.

## RULES OF PROCEDURE

## SECTION 272.1--BASIS AND SCOPE

This part is issued by the Federal Open Market Committee (the "Committee") pursuant to the requirement of section 552 of Title 5 of the United States Code that every agency shall publish in the Federal Register its rules of procedure.

## SECTION 272.2--COMMITTEE ACTION

The function of the Committee is the direction and regulation of open market operations which are conducted by the Federal Reserve Banks. This involves the determination of the policies which are to be pursued with respect to open market operations by the Federal Reserve Banks with a view to accommodating commerce and business and with regard to their bearing upon the general credit situation of the country, together with consideration and action upon incidental matters relating to the manner in which such operations are to be conducted. The discharge of the Committee's responsibilities requires the continuous gathering of information and study of changing financial, economic, and credit conditions and other pertinent considerations by the members of the Committee and its personnel. These activities are closely interrelated with other activities of the Board of Governors of the Federal Reserve System and the Federal Reserve Banks and all relevant information and views developed by these organizations are available to the Committee. With this background, action is taken by the Committee upon its own initiative at periodic meetings held at least four times each year and oftener if deemed necessary. Attendance at Committee meetings is restricted to members of the Committee and its official staff, including the Manager of the System Open Market Account and the Special Manager for foreign currency operations for such Account, the Presidents of Federal Reserve Banks who are not at the time members of the Committee, and such other advisers as the Committee may invite from time to time. The Committee acts through the adoption and transmittal of directives and regulations to the Federal Reserve Banks. Operations in the System Open Market Account are conducted pursuant to directives issued by the Committee.

## SECTION 272.3--NOTICE AND PUBLIC PROCEDURE

There ordinarily will be no published notice of proposed action by the Committee or public procedure thereon, as described in section 553 of Title 5 of the United States Code, because such notice and procedure are impracticable, unnecessary, or contrary to the public interest.

## SECTION 272.4--EFFECTIVE DATE

Committee action ordinarily will be made effective on the date the action is taken because the nature of the subject matter and the action taken is such that the public interest and the proper discharge of the Committee's responsibilities so require.

By unanimous vote, the Committee approved the release to the press and to other interested persons of the entries prepared for the record of policy actions of the Committee approximately 90 days after the meetings at which the policy actions were taken, and the release of the entries prepared for the meetings held in 1967 through April 4 at about the time the Committee's rules, as revised today, were transmitted to the Federal Register.

By unanimous vote, the Committee approved the release to any person on request of certain documents held at the Federal Reserve Bank of New York containing information of the Committee, described in the list dated May 17, 1967, prepared by the staff, with time lags as indicated therein.

By unanimous vote, the Committee authorized a staff committee consisting of the Committee's General Counsel, the Manager of the System Open Market Account, the Secretary of the Committee, and the

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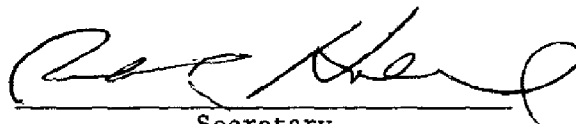
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Secretary of the Board of Governors, to authorize release to any person on request documents held at the Federal Reserve Bank of New York containing information of the Committee of types similar to those for which the Committee had authorized release, with such time lags as were considered appropriate by the staff committee in light of the time lags the Committee had authorized for other documents.

By unanimous vote, the Committee approved the transfer of the original copy of the minutes for the Committee meetings held in the calendar year 1961 to the National Archives, on the same basis as the minutes for prior years had been transferred in 1964.

It was agreed that the next meeting of the Federal Open Market Committee would be held on Tuesday, July 18, 1967, at 9:30 a.m.

The meeting adjourned.

  
Secretary