

Meeting of Federal Open Market Committee

November 27, 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 Monday, November 27, 1967, at 9:30 a.m., at the call of Chairman Martin.

PRESENT: Mr. Martin, Chairman^{1/}
Mr. Brimmer
Mr. Francis
Mr. Maisel
Mr. Mitchell
Mr. Robertson
Mr. Scanlon
Mr. Sherrill
Mr. Swan
Mr. Wayne^{1/}

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

Mr. Irons, President of the Federal Reserve Bank
of Dallas

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

^{1/} Left the meeting at the point indicated.

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Mr. Cardon, Legislative Counsel, Board of
Governors
Mr. Fauver, Assistant to the Board of Governors
Mr. Williams, Adviser, Division of Research and
Statistics, Board of Governors
Mr. Reynolds, Adviser, Division of International
Finance, 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

Messrs. Bilby, Eastburn, Mann, Brandt, and Tow,
Vice Presidents of the Federal Reserve Banks
of New York, Philadelphia, Cleveland,
Atlanta, and Kansas City, respectively
Mr. MacLaury, Assistant Vice President, Federal
Reserve Bank of New York
Mr. Deming, Manager, Securities Department,
Federal Reserve Bank of New York
Mr. Anderson, Financial Economist, Federal
Reserve Bank of Boston
Mr. Kareken, Consultant, Federal Reserve Bank
of Minneapolis

By unanimous vote, the System open market transactions in
foreign currencies during the period November 14 through 26, 1967,
were approved, ratified, and confirmed.

By unanimous vote, paragraphs 1B(3) and 1C(3) of the
authorization for System foreign currency operations were amended,
effective immediately, to read as follows:

1B(3). Sterling purchased on a covered or
guaranteed basis in terms of the dollar, under
agreement with the Bank of England, up to \$200
million equivalent.

* * *

1C(3). Other forward commitments to deliver
foreign currencies, up to \$550 million equivalent.

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By unanimous vote, the table contained in paragraph 2 of the authorization for System foreign currency operations was amended, effective immediately, to read as follows:

Foreign bank	Amount of Arrangement (millions of dollars equivalent)
Austrian National Bank	100
National Bank of Belgium	225
Bank of Canada	500
National Bank of Denmark	100
Bank of England	1,350
Bank of France	100
German Federal Bank	400
Bank of Italy	750
Bank of Japan	450
Bank of Mexico	130
Netherlands Bank	225
Bank of Norway	100
Bank of Sweden	200
Swiss National Bank	250
Bank for International Settlements	
System drawings in Swiss francs	250
System drawings in authorized European currencies other than Swiss francs	600

Secretary's note: The effect of the action indicated above was to change the amounts of the reciprocal currency arrangements with (1) the National Bank of Belgium, from \$150 million equivalent to \$225 million equivalent; (2) the Bank of Italy, from \$600 million equivalent to \$750 million equivalent; (3) the Netherlands Bank, from \$150 million equivalent to \$225 million equivalent; (4) the Bank of Sweden, from \$100 million equivalent to \$200 million equivalent; and (5) the Bank for International Settlements (the arrangement providing for System drawings in authorized European currencies other than Swiss francs) from \$300 million equivalent to \$600 million equivalent.

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By unanimous vote, the table contained in paragraph 2 of the authorization for System foreign currency operations was amended to change (1) the amount of the reciprocal currency arrangement with the Bank of England from \$1,350 million equivalent to \$1,500 million equivalent; (2) the amount of the arrangement with the German Federal Bank from \$400 million equivalent to \$750 million equivalent; and (3) the amount of the arrangement with the Bank of Japan from \$450 million equivalent to \$750 million equivalent, in each case to become effective upon a determination by Chairman Martin that the negotiations looking toward such change had been satisfactorily completed.

Secretary's Note: Chairman Martin determined that negotiations had been satisfactorily completed with respect to the increases described above in the reciprocal currency arrangements with (1) the Bank of England, on November 28, 1967; (2) the Bank of Japan, on November 28, 1967; and (3) the German Federal Bank, on November 30, 1967. Also on November 30, 1967, Committee members approved a recommendation by the Special Manager that the amount of the reciprocal currency arrangement with the Bank of Canada be increased from \$500 million equivalent to \$750 million equivalent. Accordingly, the table contained in paragraph 2 of the authorization for System foreign currency operations was amended, effective on the indicated dates, to give effect to the indicated increases in the four reciprocal currency arrangements.

Mr. Wayne left the meeting.

By unanimous vote, the open market transactions in Government securities, agency obligations, and bankers' acceptances during

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the period November 14 through 26, 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:

System open market operations until the next meeting of the Committee shall be conducted with a view to facilitating orderly market adjustments to the increase in Federal Reserve discount rates; but operations may be modified as needed to moderate any unusual pressures stemming from international financial uncertainties.

Chairman Martin left the meeting in the course of the discussion of the directive, after casting his vote.

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

The meeting adjourned.


Secretary