

Meeting of Federal Open Market Committee

June 18, 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, June 18, 1968, at 9:30 a.m.

PRESENT: Mr. Martin, Chairman
Mr. Brimmer
Mr. Daane
Mr. Galusha
Mr. Hickman
Mr. Kimbrel
Mr. Maisel
Mr. Mitchell
Mr. Robertson
Mr. Sherrill
Mr. Bopp, Alternate for Mr. Ellis
Mr. Treiber, Alternate for Mr. Hayes

Messrs. Clay, Coldwell, and Scanlon, Alternate
Members of the Federal Open Market Committee

Messrs. Heflin, Francis, and Swan, Presidents
of the Federal Reserve Banks of Richmond,
St. Louis, and San Francisco, respectively

Mr. Holland, Secretary
Mr. Sherman, Assistant Secretary
Mr. Broida, Assistant Secretary
Mr. Molony, Assistant Secretary
Mr. Hackley, General Counsel
Mr. Brill, Economist
Messrs. Axilrod, Hersey, Kareken, Link,
Mann, Partee, Reynolds, Solomon, and
Taylor, Associate Economists
Mr. Holmes, Manager, System Open Market
Account
Mr. Coombs, Special Manager, System Open
Market Account

Mr. Williams, Adviser, Division of Research
and Statistics, Board of Governors

6/18/68

-2-

Mr. Wernick, Associate Adviser, Division
of Research and Statistics, Board of
Governors

Mr. Keir, Assistant Adviser, Division of
Research and Statistics, Board of
Governors

Miss Eaton, General Assistant, Office of
the Secretary, Board of Governors

Mr. Latham, First Vice President, Federal
Reserve Bank of Boston

Messrs. Eisenmenger, Eastburn, Parthemos,
Baughman, Andersen, Tow, Green, and
Craven, Vice Presidents of the Federal
Reserve Banks of Boston, Philadelphia,
Richmond, Chicago, St. Louis, Kansas
City, Dallas, and San Francisco,
respectively

Mr. Geng, Assistant Vice President, Federal
Reserve Bank of New York

By unanimous vote, the minutes of actions taken at the
meeting of the Federal Open Market Committee held on May 28, 1968,
were approved.

The memorandum of discussion for the meeting of the Federal
Open Market Committee held on May 28, 1968, was accepted.

By unanimous vote, the System open market transactions in
foreign currencies during the period May 28 through June 17, 1968,
were approved, ratified, and confirmed.

By unanimous vote, renewal for a further period of three
months of the System drawing on the Bank of Italy, maturing July 26,
1968, was authorized.

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

6/18/68

-3-

during the period May 28 through June 17, 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 the very rapid increase in over-all economic activity is being accompanied by persisting inflationary pressures. Enactment of fiscal restraint measures now under consideration in Congress, however, would be expected to contribute to a considerable moderation of the rate of advance in aggregate demands. Growth in bank credit and time and savings deposits has been relatively small on average in recent months, although the money supply has expanded considerably as U.S. Government deposits have declined. Both short- and long-term interest rates have receded from the advanced levels reached in May, mainly in reaction to enhanced expectations of fiscal restraint. The U.S. foreign trade balance and over-all payments position continue to be a matter of serious concern. In this situation, it is the policy of the Federal Open Market Committee to foster financial conditions conducive to resistance of inflationary pressures and attainment of reasonable equilibrium in the country's balance of payments, while taking account of the potential impact of developments with respect to fiscal legislation.

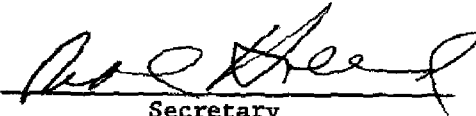
To implement this policy, System open market operations until the next meeting of the Committee shall be conducted with a view to maintaining generally firm but orderly conditions in the money market; provided, however, that if the proposed fiscal legislation is enacted operations shall accommodate tendencies for short-term interest rates to decline in connection with such affirmative congressional action on the pending fiscal legislation so long as bank credit expansion does not exceed current projections.

6/18/68

-4-

It was agreed the next meeting of the Committee would be held on Tuesday, July 16, 1968, at 9:30 a.m.

The meeting adjourned.


Secretary