

Meeting of Federal Open Market Committee

September 10, 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, September 10, 1968, at 9:30 a.m.

PRESENT: Mr. Martin, Chairman
Mr. Hayes, Vice Chairman
Mr. Brimmer
Mr. Daane
Mr. Galusha
Mr. Hickman
Mr. Kimbrel
Mr. Maisel
Mr. Mitchell
Mr. Morris
Mr. Robertson
Mr. Sherrill

Messrs. Bopp, Clay, Coldwell, Scanlon, and
Treiber, 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. Kenyon, Assistant Secretary
Mr. Broida, Assistant Secretary
Mr. Molony, Assistant Secretary
Mr. Hackley, General Counsel
Messrs. Axilrod, Hersey, Kareken, Reynolds,
Solomon, and Taylor, Associate Economists
Mr. Coombs, Special Manager, System Open
Market Account

Mr. Cardon, Assistant to the Board of Governors
Mr. Williams, Adviser, Division of Research
and Statistics, Board of Governors

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Mr. Keir, Assistant Adviser, Division of
Research and Statistics, Board of
Governors
Mr. Bernard, Special Assistant, Office of
the Secretary, Board of Governors
Miss Eaton, Open Market Secretariat Assistant,
Office of the Secretary, Board of
Governors

Messrs. Eisenmenger, Sternlight, Eastburn,
Parthemos, Baughman, Jones, Tow, Green,
and Craven, Vice Presidents of the Federal
Reserve Banks of Boston, New York,
Philadelphia, Richmond, Chicago, St.
Louis, Kansas City, Dallas, and San
Francisco, respectively
Mr. Garvy, Economic Adviser, Federal Reserve
Bank of New York
Mr. Geng, Assistant Vice President, Federal
Reserve Bank of New York
Mr. Shotwell, Senior Economist, Federal
Reserve Bank of Cleveland

By unanimous vote, the minutes of actions taken at the
meetings of the Federal Open Market Committee held on August 13 and
19, 1968, were approved.

The memoranda of discussion for the meetings of the Federal
Open Market Committee held on August 13 and 19, 1968, were accepted.

By unanimous vote, the System open market transactions in
foreign currencies during the period August 13 through September 9,
1968, were approved, ratified, and confirmed.

By unanimous vote, renewal for a period of up to one year
of the \$700 million swap arrangement with Bank of France, maturing
September 27, 1968, was approved.

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By unanimous vote, the open market transactions in Government securities, agency obligations, and bankers' acceptances during the period August 13 through September 9, 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 suggests that, although consumer demands have been strong this summer, reduced rates of inventory accumulation and tapering growth of Government expenditures are being reflected in a slowing of expansion in over-all activity. Industrial prices have been increasing less rapidly in recent months, but consumer prices have continued to rise substantially and wage pressures remain strong. Most market interest rates have changed little on balance following reductions in Federal Reserve Bank discount rates. Growth in bank credit and time and savings deposits has been rapid this summer; growth in the money supply slowed in August as U.S. Government deposits were built up following an extended decline. The earlier improvement in the U.S. balance of payments was not maintained in August, according to preliminary indications, and the foreign trade balance and underlying payments position continue to be matters of serious concern. In this situation, it is the policy of the Federal Open Market Committee to foster financial conditions conducive to sustainable economic growth, continued resistance to inflationary pressures, and attainment of reasonable equilibrium in the country's balance of payments.

System open market operations until the next meeting of the Committee shall be conducted with a view to maintaining about the prevailing conditions in money and short-term credit markets; provided, however, that

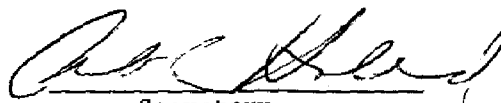
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operations shall be modified if bank credit appears to be deviating significantly from current projections.

It was agreed the next meeting of the Committee would be held on Tuesday, October 8, 1968, at 9:30 a.m.

The meeting adjourned.


Secretary