

Meeting of Federal Open Market Committee

January 15, 1970

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 Thursday, January 15, 1970, at 9:30 a.m.<sup>1/</sup>

PRESENT: Mr. Martin, Chairman  
Mr. Hayes, Vice Chairman  
Mr. Bopp  
Mr. Brimmer  
Mr. Clay  
Mr. Coldwell  
Mr. Daane  
Mr. Maisel  
Mr. Mitchell  
Mr. Robertson  
Mr. Scanlon  
Mr. Sherrill

Messrs. Francis, Heflin, Hickman, and Swan,  
Alternate Members of the Federal Open  
Market Committee

Messrs. Morris, Kimbrel, and Galusha, Presidents  
of the Federal Reserve Banks of Boston,  
Atlanta, and Minneapolis, respectively

Mr. Holland, Secretary  
Mr. Broida, Deputy Secretary  
Messrs. Kenyon and Molony, Assistant  
Secretaries  
Mr. Hackley, General Counsel  
Mr. Partee, Economist  
Messrs. Baughman, Gramley, Green,  
Hersey, and Tow, Associate Economists

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<sup>1/</sup> This meeting, originally planned for January 13, 1970, had been postponed two days because adverse weather conditions prevented several members of the Committee and staff from reaching Washington by the former date.

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Mr. Holmes, Manager, System Open Market Account  
Mr. Coombs, Special Manager, System Open Market Account

Mr. Bernard, Assistant Secretary, Office of the Secretary  
Mr. Cardon, Assistant to the Board of Governors  
Messrs. Coyne and Nichols, Special Assistants to the Board of Governors  
Messrs. Wernick and Williams, Advisers, Division of Research and Statistics, Board of Governors  
Mr. Keir, Associate Adviser, Division of Research and Statistics, Board of Governors  
Mr. Wendel, Chief, Government Finance Section, Division of Research and Statistics, Board of Governors  
Miss Ormsby, Special Assistant, Office of the Secretary, Board of Governors  
Miss Eaton, Open Market Secretariat Assistant, Office of the Secretary, Board of Governors

Messrs. Eisenmenger, Parthemos, Jones, and Craven, Senior Vice Presidents of the Federal Reserve Banks of Boston, Richmond, St. Louis, and San Francisco, respectively  
Mr. Hocter, Vice President, Federal Reserve Bank of Cleveland  
Messrs. Garvy and Kareken, Economic Advisers of the Federal Reserve Banks of New York and Minneapolis, respectively  
Messrs. Meek and Honea, Assistant Vice Presidents of the Federal Reserve Banks of New York and Atlanta, respectively  
Mr. Willes, Senior Economist, Federal Reserve Bank of Philadelphia

By unanimous vote, the minutes of actions taken at the meeting of the Federal Open Market Committee held on December 16, 1969, were approved.

The memorandum of discussion for the meeting of the Federal Open Market Committee held on December 16, 1969, was accepted.

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By unanimous vote, the System open market transactions in foreign currencies during the period December 16, 1969, through January 14, 1970, were approved, ratified, and confirmed.

By unanimous vote, the open market transactions in Government securities, agency obligations, and bankers' acceptances during the period December 16, 1969, through January 14, 1970, 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 real economic activity leveled off in the fourth quarter of 1969 and that little change is in prospect for the early part of 1970. Prices and costs, however, are continuing to rise at a rapid pace. Most market interest rates have receded from highs reached during December. Bank credit and the money supply increased slightly on average in December and also over the fourth quarter as a whole. Outstanding large-denomination CD's held by domestic depositors have continued to contract in recent months while foreign official time deposits have expanded considerably. Flows of consumer-type time and savings funds at banks and nonbank thrift institutions have remained weak, and there apparently were sizable net outflows after year-end interest crediting. U.S. imports and exports have both grown further in recent months but through November the trade balance showed little or no further improvement from the third-quarter level. At the year end the over-all balance of payments statistics were buoyed by large temporary inflows of U.S. corporate funds. In light of the foregoing developments, it is the policy of the Federal Open Market Committee to foster financial conditions conducive to the orderly

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reduction of inflationary pressures, with a view to encouraging sustainable economic growth and attaining reasonable equilibrium in the country's balance of payments.

To implement this policy, while taking account of the forthcoming Treasury refunding, possible bank regulatory changes and the Committee's desire to see a modest growth in money and bank credit, System open market operations until the next meeting of the Committee shall be conducted with a view to maintaining firm conditions in the money market; provided, however, that operations shall be modified if money and bank credit appear to be deviating significantly from current projections.

By unanimous vote, transfer to the National Archives of the minutes of the Committee for the years 1962-65, inclusive, on the basis described in a memorandum from the Secretariat dated January 8, 1970, was authorized.

It was agreed that the next meeting of the Federal Open Market Committee would be held on Tuesday, February 10, 1970, at 9:30 a.m.

The meeting adjourned.

  
Secretary