

Meeting of Federal Open Market Committee

January 20-21, 1975

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 and Tuesday, January 20-21, 1975, beginning at 4:00 p.m. on Monday.

PRESENT: Mr. Burns, Chairman
Mr. Black
Mr. Bucher
Mr. Clay
Mr. Coldwell
Mr. Holland
Mr. Kimbrel
Mr. Mitchell
Mr. Sheehan^{1/}
Mr. Wallich
Mr. Winn
Mr. Debs, Alternate for Mr. Hayes

Messrs. Baughman, MacLaury, Mayo, and Morris,
Alternate Members of the Federal Open Market
Committee

Messrs. Eastburn, Francis, and Balles, Presidents
of the Federal Reserve Banks of Philadelphia,
St. Louis, and San Francisco, respectively

Mr. Broida, Secretary
Mr. Altmann, Deputy Secretary
Mr. Bernard, Assistant Secretary
Mr. O'Connell, General Counsel

^{1/} Attended Tuesday session only.

Mr. Partee, Senior Economist
Mr. Solomon, Economist (International Finance)
Mr. Axilrod, Economist (Domestic Finance)
Messrs. Brandt, Bryant, Davis, Doll, Hocter,
Parthemos, Pierce, and Reynolds, Associate
Economists

Mr. Holmes, Manager, System Open Market
Account

Mr. Coyne,^{1/} Assistant to the Board of
Governors

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

Mrs. Farar, Economist, Division of Research
and Statistics, Board of Governors

Mrs. Ferrell, Open Market Secretariat
Assistant, Board of Governors

Messrs. Eisenmenger, Scheld, and Jordan, Senior
Vice Presidents, Federal Reserve Banks of
Boston, Chicago, and St. Louis, respectively

Mr. Meek, Monetary Adviser, Federal Reserve
Bank of New York

Messrs. Pardee, Kaminow, and Green, Vice
Presidents, Federal Reserve Banks of
New York, Philadelphia, and Dallas,
respectively

Mr. Kareken, Economic Adviser, Federal
Reserve Bank of Minneapolis

Mr. Keran, Director of Research, Federal Reserve
Bank of San Francisco

Secretary's note: The actions listed immediately
below were taken on Monday, January 20, 1975.

By unanimous vote, the System open market transactions in
foreign currencies during the period December 17, 1974, through
January 20, 1975, were approved, ratified, and confirmed.

^{1/} Attended Tuesday session only.

By unanimous vote, renewal for further periods of 3 months of System drawings on the National Bank of Belgium, the Swiss National Bank, and the Bank for International Settlements, maturing in the period February 4-14, 1975, was authorized.

Secretary's note: All of the following actions were taken on Tuesday, January 21, 1975.

By unanimous vote, the minutes of actions taken at the meeting of the Federal Open Market Committee held on December 16-17, 1974, were approved.

The memorandum of discussion for the meeting of the Federal Open Market Committee held on December 16-17, 1974, was accepted.

By unanimous vote, the open market transactions in Government securities, agency obligations, and bankers' acceptances during the period December 17, 1974, through January 20, 1975, 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 for the System Account in accordance with the following domestic policy directive:

The information reviewed at this meeting suggests that real output of goods and services fell sharply in the fourth quarter of 1974 and that further declines are in prospect for the months immediately ahead. In December declines in industrial production and employment again were sharp and widespread, and the unemployment rate

increased from 6.5 to 7.1 per cent. Average wholesale prices of industrial commodities were unchanged, after having risen much less rapidly from August to November than earlier in the year, and prices of farm and food products declined. In recent months increases in average wage rates have been large, but not so large as in the spring and summer.

In his State of the Union message, the President set forth a program of fiscal stimulus, including tax rebates for individuals and a temporary increase in the investment tax credit for business. The President also proposed a new program to reduce the consumption of energy; the program includes new taxes in the energy area along with measures of tax relief that, on balance, are designed to have a neutral effect on the size of the Federal deficit.

The dollar in December and early January continued the gradual decline against leading foreign currencies that began in September. In November, as in October, the U.S. foreign trade deficit was moderate; sizable inflows of official funds from oil-exporting countries continued, while other capital inflows and outflows reported by banks were roughly offsetting.

The narrowly defined money stock grew at an annual rate of 4 per cent over the fourth quarter of 1974, while the more broadly defined measure of the stock grew at a rate of nearly 7 per cent. In December and early January, however, the narrowly defined money stock changed little. Net inflows of consumer-type time and savings deposits at banks slowed sharply in December, although they continued to improve at nonbank thrift institutions; in early January deposit inflows at banks picked up. Business demands for short-term credit, both at banks and in the commercial paper market, moderated further in December, while demands in the long-term market remained strong. Over recent weeks short-term market interest rates have declined substantially, but yields on long-term securities have changed little, on balance. Federal Reserve discount rates were reduced from

7-3/4 to 7-1/4 per cent in early January, and on January 20 the Board announced a reduction in reserve requirements on demand deposits estimated to release \$1.1 billion in required reserves.

In light of the foregoing developments, it is the policy of the Federal Open Market Committee, while resisting inflationary pressures and working toward equilibrium in the country's balance of payments, to foster financial conditions conducive to cushioning recessionary tendencies and stimulating economic recovery.

To implement this policy, while taking account of the forthcoming Treasury financing, developments in domestic and international financial markets, and the Board's action on reserve requirements, the Committee seeks to achieve bank reserve and money market conditions consistent with more rapid growth in monetary aggregates over the months ahead than has occurred in recent months.

By unanimous vote, Sections 271.4 and 271.6 of the Committee's Rules Regarding the Availability of Information were amended to read as follows, effective February 19, 1975:

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 §§ 271.5 and 271.6. Records falling within the exemptions from disclosure set forth in section 522(b) of Title 5 of the United States Code and in § 271.6 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, 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 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 Committee. In any case in which the records requested, or copies thereof, are available at a Federal Reserve Bank, the Secretary of the Committee 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. The Secretary of the Committee shall determine within ten working days after receipt of a request for access to records of the Committee whether to comply with such request; and he shall immediately notify the requesting party of his decision, of the reasons therefor, and of the right of the requesting party to appeal to the Committee any refusal to make available the requested records of the Committee.

(d) Appeal of denial of access to records of the Committee.--Any person who is denied access to records of the Committee, properly requested in accordance with paragraph (c) of this section, may file, with the Secretary of the Committee, within ten days of notification of such denial, a written request for review of such denial. The Committee, or such member or members as the Committee may designate (pursuant to section 272.4(c) of its Rules of Procedure), shall make a determination with respect to any such appeal within 20

working days of its receipt, and shall immediately notify the appealing party of the decision on the appeal and of the right to seek court review of any decision which upholds, in whole or in part, the refusal of the Secretary of the Committee to make available the requested records.

(e) Extension of time requirements in unusual circumstances.--In unusual circumstances as provided in 5 U.S.C. § 552(a)(6)(b), the time limitations imposed upon the Secretary of the Committee or the Committee or its designated representative(s) in paragraphs (c) and (d) of this section may be extended by written notice to the requesting party for a period of time not to exceed a total of ten working days.

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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

(a) is exempted from disclosure by statute or is specifically authorized under criteria established by an executive order to be kept secret in the interest of national defense or foreign policy and is in fact properly classified pursuant to such executive order;

(b) relates solely to internal personnel rules or practices or other internal practices of the Committee;

(c) relates to trade secrets or commercial or financial information obtained from any person and privileged or confidential;

(d) 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;

(e) 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

(f) 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 reproduce such information or copy thereof, or by any other means, whether the information is located at the offices of the Board, 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.

By unanimous vote, publication for comment in the Federal Register of the following proposed uniform schedule of fees, intended for incorporation in the Committee's Rules Regarding the Availability of Information, was authorized:

Fee Schedule.--A person requesting access to or copies of particular records shall pay the costs of searching and copying such records at the rate of \$10 per hour for searching and 10 cents per standard page for copying. With respect to information obtainable only by processing through a computer or other

information systems program, a person requesting such information shall pay a fee not to exceed the direct and reasonable cost of retrieval and production of the information requested. Detailed schedules of such charges are available upon request from the Secretary of the Committee. Documents may be furnished without charge or at a reduced charge where the Secretary of the Committee or such person as he may designate determines that waiver or reduction of the fee is in the public interest because furnishing the information can be considered as primarily benefiting the general public.

By unanimous vote, responsibility for making determinations with respect to appeals of denial of access to Committee records, under the provisions of 271.4(d) of the Committee's Rules Regarding Availability of Information, was delegated to Mr. Holland, and in his absence, to Mr. Coldwell.

By unanimous vote, transfer to the National Archives of the FOMC memoranda of discussion for 1969, on the basis described in memoranda from the Secretariat dated January 13, 1975, was authorized.

It was agreed that the next meeting of the Committee would be held on Wednesday, February 19, 1975.

The meeting adjourned.


Secretary