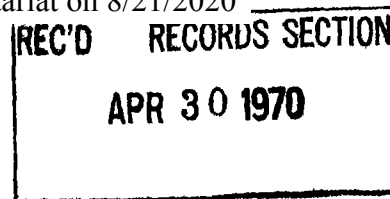




BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551



April 30, 1970

CONFIDENTIAL (FR)

TO: Federal Open Market Committee

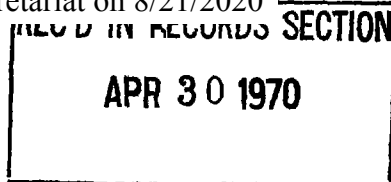
FROM: Mr. Broida

There is enclosed a copy of a memorandum from Mr. Partee, dated today and entitled "Proposed new summary of District developments." It is contemplated that this memorandum will be discussed at the meeting of the Federal Open Market Committee to be held on May 5, 1970, under agenda item 8.

A handwritten signature in cursive script that reads "Arthur L. Broida".

Arthur L. Broida,
Deputy Secretary,
Federal Open Market Committee.

Enclosure



CONFIDENTIAL (FR)

April 30, 1970

To: Federal Open Market Committee Subject: Proposed new summary of
From: J. Charles Partee, Economist District developments.

CARDED

The purpose of this memorandum is to suggest the inauguration of a new report for the use of the Committee as background for its deliberations. Briefly the report would consist of a rundown, District by District, of the most significant economic information that had come to the attention of the Reserve Banks since the last meeting of the Committee. The emphasis would be on qualitative rather than quantitative intelligence, and on company, industry or regional developments rather than national ones. The timing of the report would coincide with that of the green book, so that all Committee members would have a chance to review it prior to the Tuesday meetings.

The Committee has discussed the possibility of such a compendium before, but now the need seems more pressing. First, the change in format of Committee discussion has tended to reduce the opportunity for verbal reporting of significant District developments. Second, the substantial lag and questionable quality of some of the major national statistical series suggest that useful and more current insights might be gained through questioning of leading members of the business and financial community. Finally, the evident importance of attitudes and expectations in shaping important economic trends--wage and price determinations, inventory policies, capital spending, security market conditions, for example--indicate that a more consistent effort to

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uncover changes in such attitudes might help provide additional qualitative depth to the information made available to the Committee.

The most significant inputs to such a report might include the comments on current developments of Reserve Bank and Branch directors, discussions or surveys involving business and financial leaders, the thinking of business and financial economists with District firms, and information on major company or community developments gathered from public sources such as the local press. Interpretive comment on the current regional statistics might also be included, but only when the developments revealed are of topical or unusual significance. The emphasis of the report should be on current opinion and judgment rather than on the presentation of District statistical series that parallel their national counterparts. Toward this end, I would think that individual District reports normally should be kept quite brief--to within, say, three double-spaced pages.

Board staff does not have the resources to handle another report within the pre-FOMC week, in addition to the green book, blue book, green book supplement and, on occasion, chart show presentation. I would suggest instead that the new report (the red book?) should be made the responsibility of the Committee's Associate Economists from the Reserve Banks. These five economists might sit as a review committee, or they might designate one of their members as editor and compiler for each issue. In any event, the Editor or Editorial Board would be responsible for obtaining and editing the District reports, preparing an introductory summary or commentary, and processing and distributing the new document in a timely manner.

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If the Committee agrees that this proposal might provide a useful source of additional information, I would recommend that the Associate Economists--currently Messrs. Link, Hocter, Parthemos, Jones and Craven--be asked to organize and inaugurate it on a trial basis as soon as practicable.