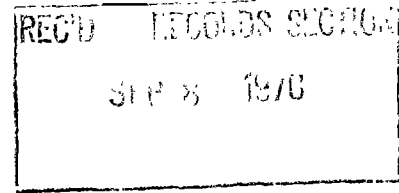




BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D C 20551



September 4, 1970

CONFIDENTIAL (FR)

TO: Federal Open Market Committee

FROM: Mr. Broida

There is enclosed a copy of a memorandum from the Secretariat dated today and entitled "FOMC meeting schedules for 1971 and later years." It is contemplated that this memorandum will be discussed at the meeting of the Committee on September 15, 1970.

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

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

Enclosure

REC'D IN RECORDS SECTION

SEP 8 1970

September 4, 1970

CONFIDENTIAL (FR)

To: Federal Open Market Committee Subject: FOMC meeting schedules
From: The Secretariat for 1971 and later years.

The purposes of this memorandum are (1) to set forth two possible FOMC meeting schedules for 1971 for Committee consideration at this time, and (2) to show how similar schedules would work out for 1972 and 1973.

The two possible schedules, which are shown in Appendix I, might be described as follows:

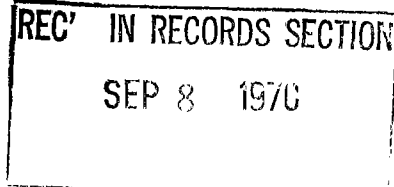
A. Four-weekly. This schedule, like that being employed for 1970, calls for 13 meetings a year, mostly at four-week intervals but with an occasional three- or five-week interval when necessary to avoid some problem.

B. Monthly. This schedule calls for 12 meetings a year, mostly on the third Tuesday of the month but occasionally on some other Tuesday when necessary to avoid a problem.

These two types of schedules were among the three considered by the Committee at its meeting on October 28, 1969, when it decided upon its 1970 meeting schedule. An extract from the memorandum of discussion for that meeting is shown as Appendix II. Appendix III consists of a copy of the Secretariat's memorandum of September 29, 1969, on which the Committee's discussion was based.

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There would appear to be no need to review here the considerations bearing on the choice between the possible meeting schedules, since they are treated extensively in the appendix material. It might be noted that with one exception the schedules captioned "A-four weekly" and "B-monthly" in Appendix I are identical to those captioned "C-four weekly" and "B-monthly" in the 1969 memorandum comprising Appendix III. The exception involves the meeting date in May 1972 in the monthly schedule; that date has been shifted from May 16 to May 23, because we have recently learned that the ABA tentatively plans to hold its 1972 International Banking Conference on May 14-18 (in Quebec). In this connection, we might again call attention to the ABA's request that we respect the confidentiality of its tentative dates for future annual conventions and conferences.



Appendix I

* * *

ALTERNATIVE POSSIBLE FOMC MEETING SCHEDULES FOR 1971-73

* * *

Notes: Inter-meeting intervals are of four weeks except as otherwise indicated. The following symbols are used in the first column of the attached tables:

BIS - the preceding day is the date of a Basle meeting.

EK - a meeting on this date would result in a substantial number of days in both the preceding and following periods during which even keel considerations would be important. (Allowance is made only for refunding operations, and it has been assumed that these will be at regular quarterly intervals. Dates close to the beginning or end of the "even keel" period--i.e., before the 30th of the month in which the announcement is made or after the 12th of the month in which there is a mid-month settlement date--are not so marked.)

Fund-Bank (abroad) or (D.C.) - date occurring during annual Fund-Bank meeting according to present tentative schedules for latter, with indication of meeting location.

ABA - date occurring during annual convention of ABA, according to present tentative schedules for latter. The ABA considers these dates to be highly confidential and asks that they be guarded closely.

ABA International Conference - date occurring during International Banking Conference of ABA, with indication of location, according to present tentative schedules. Such information currently is available only for 1971 and 1972. The preceding comment regarding confidentiality applies to these conferences also.

1971			
Problem dates	Dates of Tuesdays	Alternative Schedules	
		A (four-weekly)	B (monthly)
Friday is holiday	Jan. 5		
BIS	12	X	X
	19		
	26		
EK	Feb. 2		
BIS; EK	9	X	X
Monday is holiday	16		
	23		(5 weeks)
	Mar. 2		
BIS	9	X	
	16		X
	23		
	30		
	Apr. 6	X	
BIS	13		X
	20		
	27		(5 weeks)
EK	May 4	X	
BIS; EK	11		
	18	(5 weeks)	X
ABA International Conference (Abroad)	25		
Monday is holiday	June 1		
	8	X	
BIS	15		X
	22	(3 weeks)	
	29	X	(5 weeks)
Monday is holiday	July 6		
BIS	13		
	20		X
	27	X	
EK	Aug. 3		
EK	10		
	17		X
	24	X	
	31		(5 weeks)
Monday is holiday	Sept. 7		
BIS	14		
	21	X	X
Fund-Bank (D.C.)	28		
	Oct. 5		
Monday is holiday; BIS	12		
ABA	19	X	X
Monday is holiday	26		
EK	Nov. 2		
BIS; EK	9		
	16	X	X
	23		
	30		
	Dec. 7		
BIS	14	X	X
Holiday period	21		
Holiday period	28		

Problem dates	Dates of Tuesdays	Alternative Schedules	
		A (four-weekly)	B (monthly)
Friday is holiday	Jan. 4		(5 weeks)
BIS	11	X	
	18		X
	25		
EK	Feb. 1		
EK	8	X	
BIS	15		X
Monday is holiday	22		
	29		
	Mar. 7	X	(5 weeks)
BIS	14		
	21		X
	28		
	Apr. 4	X	
BIS	11		
	18		X
	25		
EK	May 2	X	(5 weeks)
EK; BIS	9	(3 weeks)	
ABA International Conference (Abroad)	16		
	23	X	X
Monday is holiday	30		
	June 6		
BIS	13		
	20	X	X
	27		
Holiday	July 4		
BIS	11		
	18	X	X
	25		
EK	Aug. 1		
EK	8		
	15	X	X
	22		
	29		(5 weeks)
Monday is holiday	Sept. 5		
BIS	12	X	
	19		X
Fund-Bank (D.C.)	26	(5 weeks)	
	Oct. 3		
Monday is holiday; BIS; ABA	10		
	17	X	X
Monday is holiday	24		
EK	31		(5 weeks)
EK; Election Day	Nov. 7		
BIS	14	X	
	21		X
	28		
	Dec. 5		
BIS	12	X	
	19		X
Holiday period	26		

Problem dates	Dates of Tuesdays	Alternative Schedules	
		A (four-weekly)	B (monthly)
Monday is holiday	Jan. 2		
BIS	9	X	
	16		X
	23		
EK	30		
EK	Feb. 6	X	
BIS	13		X
Monday is holiday	20		
	27		(5 weeks)
	Mar. 6	X	
BIS	13		
	20		X
	27		
	Apr. 3	X	
BIS	10		
	17		X
	24		
EK	May 1	X	
EK	8	(3 weeks)	
BIS	15		X
	22	X	
Monday is holiday	29		(5 weeks)
	June 5		
BIS	12		
	19	X	X
	26		
	July 3		
BIS	10		
	17	X	X
	24		
EK	31		
EK	Aug. 7		(5 weeks)
	14	X	
	21		X
	28		
Monday is holiday	Sept. 4		
BIS	11	X	
	18		X
Fund-Bank (Abroad)	25		
	Oct. 2	(5 weeks)	
Monday is holiday; BIS; ABA	9		
	16	X	X
Monday is holiday	23		
EK	30		
EK	Nov. 6		(5 weeks)
BIS	13	X	
	20		X
	27		
	Dec. 4		
BIS	11	X	
	18		X
Holiday period	25		

Appendix II

* * *

EXTRACT FROM MEMORANDUM OF DISCUSSION FOR FOMC MEETING OF OCTOBER 28, 1969

* * *

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Mr. Holland observed that in a memorandum dated September -- 29, 1969,^{1/} the Secretariat had presented three alternative types of schedules and commented on the pros and cons of each. Schedule A, which called for fourteen meetings a year, was similar to those the Committee had followed in recent years. Schedule B called for twelve meetings a year, mostly on the third Tuesday of the month, and involved four or five 5-week inter-meeting intervals each year. Schedule C called for thirteen meetings a year, generally at 4-week intervals.

Mr. Daane said that for several reasons he had a strong preference for schedule B, calling for twelve monthly meetings. First, the demands being placed on the staff had been steadily increasing. This morning, for example, Mr. Morris had suggested that greater emphasis be placed on formulating policy for the longer run. While he (Mr. Daane) sympathized with that view, it was clear that if the Committee were to undertake to do so on a regular basis the burden on the staff would increase further. Secondly, shifting to a twelve-meeting schedule would reduce the number of occasions on which Committee members and staff invested time and energy in meetings that did not need to be held; he considered today's meeting to be a good illustration of the point.

^{1/} A copy of this memorandum, which was entitled "FOMC meeting schedules for 1970 and later years," has been placed in the files of the Committee.

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Finally, he thought there was merit in the argument that monthly meetings held at about the same time each month would have advantages in that there would be a relatively uniform and reasonably complete body of data for the previous month before the Committee at each meeting. It would be understood, of course, that interim meetings could always be called if circumstances warranted them.

Mr. Daane noted that the Secretariat's memorandum listed as a possible disadvantage of a monthly meeting schedule the fact that it would involve four or five 5-week intervals each year, and would thus lengthen somewhat the average time period for which the Committee formulated policy at each meeting. He personally did not see why that was a disadvantage. The memorandum also suggested that--because members' statements in the go-around often reflected their reaction to issues raised at the preceding meeting--longer inter-meeting intervals would tend to increase the "internal lag in the operations of the Committee." That problem would be considerably less important if the format of the meetings was changed to permit a greater amount of interchange of views. On that as well as other grounds, he thought it would be desirable to consider ways of providing more flexibility in the Committee's discussions.

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Mr. Hayes said he agreed entirely with Mr. Daane's observations, and would add a few comments. He was impressed by the points made in the Secretariat's memorandum regarding the advantages of a monthly schedule on grounds of available data, and regarding the advantages of some reduction in the number of meetings in producing a better perspective in staff reports and Committee deliberations. He agreed with Mr. Morris that it would be desirable for the Committee to consider policy for a longer period, and he thought a review of the format of meetings would be helpful in that connection as well as in the one Mr. Daane had suggested.

Two other advantages of the monthly schedule were worth noting, Mr. Hayes continued. First, that schedule would be considerably better than alternative A--the present type of schedule--and somewhat better than C--the four-weekly schedule--in minimizing the number of meetings held during periods of even keel associated with Treasury refundings. Schedule B was not perfect in that regard, since some meetings would be called for around the announcement dates for refundings. However, it tended to avoid meetings during periods in which the subscription books were open. Finally, a third-Tuesday schedule would tend to avoid the conflicts with the Basle meetings that would frequently arise under both of the other alternatives. While only a few participants in Committee meetings were subjected to the strains

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that such conflicts created, he thought that consideration deserved some weight.

In concluding, Mr. Hayes noted that a third-Tuesday schedule was now feasible because the Federal Advisory Council had expressed willingness to shift its regular meeting dates to first Fridays. He hoped the Committee would take the opportunity provided by the Council's decision to adopt schedule B.

Mr. Brimmer commented that in the past he had expressed some reluctance to shift to a monthly schedule because he thought there were important disadvantages in five-week inter-meeting intervals at the frequency that would be involved. While he still considered frequent long intervals to be a disadvantage, he was prepared to accept schedule B if that was the preference of other members. He agreed that the Committee should give some weight to the desirability of minimizing the number of meetings held during even keel periods, although he would not limit that consideration to Treasury refundings.

If the Committee adopted a monthly schedule, Mr. Brimmer said, he would hope that the staff would put the time so freed to good use. Specifically, he thought it would be helpful to the Committee if the staff presented chart shows like that of today more often--perhaps every third meeting.

Mr. Maisel noted that schedule B involved only one less meeting each year than C, the four-weekly schedule. At the same time, it introduced a relatively large number of 5-week intervals.

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While he did not feel strongly on the matter, it was not clear to him why the Committee had to move to the extreme represented by B. He would prefer adopting schedule C, on the grounds that it would offer many of the advantages seen in B and would represent much less of a break with tradition.

Mr. Clay said he also would favor C, partly because he thought the monthly schedule would involve too many 5-week intervals. In addition, he had some question about the argument that B was preferable from the point of view of data availability. If the Committee met at about the same time each month, those monthly statistics which were regularly released shortly before the meeting date were likely to get undue attention in the Committee's deliberations, at the expense of data released much earlier in the inter-meeting periods.

Mr. Robertson remarked that he had no strong preferences between B and C. He did think, however, that there would be disadvantages in reducing the number of meetings from fourteen to twelve in 1970, which was likely to be a difficult year for monetary policy. As far as the burden on the staff was concerned, some of the comments in the discussion thus far suggested that it might be increased rather than reduced by a shift to a monthly schedule. On balance, he thought it would be desirable to adopt C, the thirteen-meeting schedule, for 1970 and see how it worked out. If no particular problems arose he would not object to considering a twelve-meeting schedule for later years.

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Mr. Mitchell remarked that the nature of the proceedings at meetings seemed to him to be far more important than the question of their frequency. In his judgment the sessions were much too long at present. He would favor abridging the length of at least some meetings by shortening the agenda. It might also be desirable for the staff to cut back on the size of the green book. As to the question of frequency, he thought there were important advantages in having the Reserve Bank Presidents and the members of the Board meet relatively often, and also advantages in public awareness of the fact that they did so.

Mr. Hayes noted that he had not heard any criticism from outside observers of the reduction in recent years--from about ~~eighteen~~ to fourteen a year--in the number of scheduled Committee meetings.

Mr. Brimmer observed that, as he had indicated earlier, he did have some continuing concern about the frequency of 5-week intervals under the monthly schedule, and he thought Mr. Robertson's comment had merit. He also noted from the Secretariat's memorandum that the staff's views were divided between schedules B and C. On balance, he was now inclined to favor schedule C if the staff felt that such a four-weekly schedule would not pose serious problems for its work.

Mr. Partee commented that from the staff's point of view either B or C would be a substantial improvement over A, the present type of schedule; it was in connection with the 3-week intervals in

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the latter that the staff had experienced the greatest difficulty. In his judgment the choice between B and C depended mainly on a decision by the Committee as to whether it was willing to have four or five 5-week intervals each year.

Mr. Sherrill asked whether there were grounds for preferring either B or C from the point of view of the Desk's operations.

Mr. Holmes replied that there would not appear to be any major difference between the two from his standpoint. However, Mr. Coombs no doubt would find B preferable, since it would avoid the burden placed on him when Committee meetings were held on the day following meetings in Basle.

Mr. Sherrill then said he would favor some lengthening in the average intervals between Committee meetings. When meetings were held too close together an erroneous impression was created that the Committee was attempting over-fine control.

Mr. Hayes asked whether a monthly meeting schedule would not have some advantages from the staff's standpoint.

Mr. Partee replied that in some respects the staff's work would be facilitated under schedule B. For example, the fact that the blue book would be prepared at the same time each month would probably prove helpful in developing the bank credit projections, and it should be possible to include projections for both the current and coming months in each issue of the blue book. At the same time, he had some sympathy for Mr. Clay's point that under a

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monthly schedule some economic series were likely to get more attention than others, which would regularly be close to one month old at the time the Committee met.

Chairman Martin then proposed that the Committee agree that its tentative schedule for 1970 should be that shown under the heading "C-four weekly" in the Secretariat's memorandum. If the resulting reduction in the frequency of scheduled meetings from fourteen to thirteen a year was found to pose no particular problems, the Committee might plan on moving to a monthly schedule in later years.

No objections were raised to the Chairman's proposal.

The Chairman then indicated that the Board had been considering possible regulatory action in the area of commercial paper issuance by bank affiliates and that it would be considering that question further at its meeting this afternoon. He indicated that it would be helpful to the Board to have any views that the Reserve Bank Presidents might care to express.

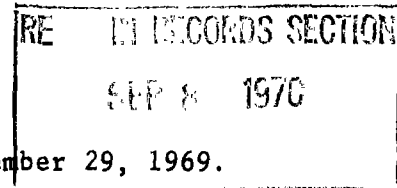
A number of Presidents offered comments on the subject, and the Chairman remarked that their views would be kept in mind during the Board's discussion later today.

It was agreed that the next meeting of the Federal Open Market Committee would be held on Tuesday, November 25, 1969, at 9:30 a.m.

Thereupon the meeting adjourned.

Secretary

Appendix III



CONFIDENTIAL (FR)

September 29, 1969.

To: Federal Open Market Committee Subject: FOMC meeting
From: The Secretariat schedules for 1970 and
later years.

The purposes of this memorandum are (1) to discuss the general considerations that underlie the choice among alternative types of meeting schedules for the Federal Open Market Committee; (2) to present three specific types of schedules; and (3) to comment on the pros and cons of the alternatives in light of the underlying considerations.

The three alternatives are shown in the appendix for the years 1970-73.^{1/} As will be noted, one (labeled "B--monthly") calls for 12 meetings a year, (generally) on the third Tuesday of each month. The possibility of adopting a monthly schedule has been discussed by the Committee on several occasions, most recently at the meeting on November 26, 1968. At that time the staff was asked to undertake a new review of the desirability of this type of schedule, and such a review is incorporated in the discussion below. The other two alternatives considered are a 14-meeting schedule of the type the Committee has followed in 1967-69 (labeled "A--conventional"), and a 13-meeting schedule (labeled "C--four-weekly").

^{1/} The schedules are shown for four years ahead simply to indicate how they would work out over an extended period. No implication is intended that the Committee should depart from its customary practice of adopting a tentative schedule for only one calendar year at a time.

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As you know, the Federal Advisory Council has expressed a willingness to shift its regular meeting dates from the third Tuesday (and preceding Monday) of the months of February, May, September, and November of each year to the first Friday (and preceding Thursday) of those months, beginning in 1970; and the Board has indicated that it concurs in such a change. The Council has indicated that, if the Reserve Banks also concur, it will amend its by-laws to that effect at its meeting on November 17-18, 1969.

Such action by the Council would be required, of course, if the Committee were to begin to schedule its meetings for the third Tuesday of each month. It would also facilitate other types of FOMC schedules, simply because it frees four additional Tuesdays during the year for possible Committee meetings.

General considerations

The considerations that underlie the choice among alternative FOMC meeting schedules can be grouped conveniently under the headings of frequency and timing. These are discussed separately below.

Frequency.

By way of background, it might be noted that schedules approved by the Committee in recent years have involved fewer meetings, and thus

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longer average inter-meeting intervals, than was the case earlier.

This is shown by the following table:

<u>Year</u>	<u>No. of FOMC meetings</u> ^{1/}		<u>Intervals between scheduled meetings</u>		
	<u>Scheduled</u>	<u>Other</u>	<u>4 weeks</u>	<u>3 weeks</u>	<u>2 weeks</u>
1956 ^{2/}	19	0	2	11	6
1957	18	0	0	16	2
1958	18	4	0	16	2
1959	18	0	0	16	2
1960	17	0	3	12	2
1961	18	0	3	11	4
1962	18	1	0	16	2
1963	18	1	0	16	2
1964	18	1	0	16	2
1965	16	1	5	10	1
1966	15	1	7	8	0
1967	14	1	10	4	0
1968	14	3 ^{3/}	11	3	0
1969	14	0	10	4	0

^{1/} Usually held by telephone.

^{2/} First full year after change from quarterly meetings.

^{3/} Thus far in 1969.

Perhaps the main disadvantage of any reduction in the frequency of scheduled Committee meetings is that it lengthens the average time period for which the Committee must formulate policy at each meeting, and during which the Manager must operate under a particular policy directive. (Reductions in the frequency of regular meetings would at some point increase the probability that the need will arise more often for an interim meeting, which probably would be held by telephone conference.) A consideration of a different kind that has been advanced in this connection

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is that--because members' comments during the go-around often reflect their reactions to issues raised at the preceding meeting--lengthening the inter-meeting intervals would tend to increase the internal lag in the operations of the Committee. In the past, some Committee members have expressed the view that 4 weeks might be about as long a period as should be permitted to elapse between meetings, whereas others have indicated that occasional 5-week intervals would be acceptable to them.

The disadvantages of fewer meetings must, of course, be weighed against the advantages. Most members of the Committee no doubt would agree that the recent reduction in the frequency of scheduled meetings--from about 18 to 14 a year--has had a number of significant advantages. For Reserve Bank Presidents and staff, it has meant a lighter burden of travel and of enforced absences from their offices; and for all participants it has reduced the strain of preparing for meetings and/or permitted more thorough preparation. In addition, the increase in the number of 4-week intervals--and the discontinuance of 2-week intervals--undoubtedly have resulted in a better perspective in staff reports and in Committee deliberations. A further reduction in the number of scheduled meetings would offer additional advantages of these types.

With respect to staff work, the documentation provided to the Committee before each meeting at present is considerably more elaborate than it was during the period when most meetings were at three-week

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intervals. Most senior members of the Board's staff with responsibilities in the FOMC area now find that when three-week intervals occur they are faced with serious overlapping burdens of work stemming from their FOMC and other responsibilities.

Timing.

A relatively large number of timing considerations have been involved in developing FOMC meeting schedules in the past, or have been adduced in favor of particular alternative schedules. These are listed below, together with brief comments on each.

1. Date of organization meeting. The Committee traditionally has held its organization meeting on the first Tuesday in March. In a memorandum dated October 18, 1967, the Committee's General Counsel expressed the opinion that there was no specific statutory or regulatory requirement that the organization meeting be held on or shortly after March 1 of each year; but that it would seem desirable that such meeting be the first meeting after March 1 and that it be held reasonably soon after that date. Mr. Hackley also suggested that, to avoid any possible problem, the Committee consider a change in procedures under which newly-elected members and their alternates would take their oaths of office prior to March 1, rather than at the time of the organization meeting, as was the practice then. This procedural change was adopted beginning in 1968 and presumably offers the Committee somewhat more flexibility with respect to the timing of its organization meeting.

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2. Timing of short inter-meeting intervals. In recent years, in which Committee schedules have involved 3 or 4 three-week intervals each year, an effort has been made to space these shorter intervals reasonably well throughout the year. In particular, it has been sought to avoid consecutive three-week intervals.

3. Holidays. No meetings have been scheduled on Tuesdays that were national holidays or Election days. Also, meetings have been avoided in the period shortly before Christmas^{1/} and between Christmas and New Year's Day. Finally, in recent years an effort has been made to avoid scheduling meetings in weeks in which Monday or the preceding Friday is a holiday. Such timing results in disruption of the normal pre-meeting schedule (involving both the preparation of Committee documents and the briefing sessions) and requires many participants to forego part or all of a holiday. Avoiding weeks in which Monday is a holiday also facilitates the scheduling of Presidents' Conferences, which ordinarily are held quarterly (in March, June, September, and December) on the Monday before an FOMC meeting.

Mention should be made of legislation relating to the dates of public holidays in the United States that was enacted in June 1968. Under the terms of this legislation, which becomes effective January 1, 1971, the following will be legal public holidays:

^{1/} No Committee meetings have been held later than December 19.

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New Year's Day, January 1.
Washington's Birthday, the third Monday in February.
Memorial Day, the last Monday in May.
Independence Day, July 4.
Labor Day, the first Monday in September.
Columbus Day, the second Monday in October.
Veterans Day, the fourth Monday in October.
Thanksgiving Day, the fourth Thursday in November.
Christmas Day, December 25.

It will be noted that the second Monday in October will be a new national holiday (Columbus Day) and that three holidays (Washington's Birthday, Memorial Day, and Veterans Day) that presently may fall on any day of the week will be on Mondays beginning in 1971. These changes will increase the number of weeks in which it is not desirable to schedule Committee meetings.^{1/}

4. FAC meeting dates. Conflicts with FAC meetings will remain a problem, of course, only if the Council decides not to shift away from Tuesdays. If the FAC should retain Tuesday meetings, it might want to shift away from the third Tuesday in February in 1971 and later years, because of the Washington birthday holiday. (As you know, the FAC holds a preliminary meeting in Washington on the day before its regular meeting with the Board.) This would make two Tuesdays in February undesirable dates for the FOMC and in some years might result in awkward scheduling problems.

^{1/} The new timing of the Washington birthday holiday beginning in 1971 was one of the considerations Council members had in mind in reviewing scheduled FAC meeting dates although, as indicated above, their tentative decision was to change those dates beginning in 1970.

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5. Dates of other meetings. FOMC meeting dates have been influenced by the timing of such events as the Annual Conventions and Monetary Conferences of the ABA and the Annual Bank and Fund meetings. An effort has been made to avoid scheduling FOMC meetings concurrently with such other meetings except when the latter are held in Washington.

* * *

(The following three considerations have usually been adduced in support of proposals for a monthly meeting schedule, on third Tuesdays. While they might also have been brought to bear to some extent in developing the non-monthly schedules the Committee has followed in the past, in fact they have been given relatively little weight. This is primarily because there typically has been relatively little choice left with respect to possible meeting dates after the preceding considerations were applied. As constraints on the scheduling process are multiplied the "degrees of freedom" tend to become exhausted relatively soon.)

6. Considerations relating to the availability of data. It has been suggested from time to time that it would be desirable to hold at least the majority of FOMC meetings shortly after the middle of the month because the bulk of the economic data for the preceding month are available at that time, and because the Committee would

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tend to have a similar body of monthly data before it at each meeting.

In a memorandum dated July 24, 1964, Mr. Brill made the following comments on this subject:

"A principal reason usually advanced in support of a change to a monthly basis is that meeting dates could then be adjusted to the point in the month when most of the important factual information for the preceding month becomes available....at any meeting date before the middle of the month the staff is essentially guessing at most of the preceding month's data. While there are variations in the dates when the statistics become available, we usually don't get a good "fix" on the bulk of monthly statistics until about the 15th of the following month, with most becoming available between the 14th and 22nd of the month. Some, such as the household reports on unemployment and employment are available earlier; others, such as consumer prices and producer sales and inventories come toward the end of the month. The banking series tend to come in the last week of the month and many of the nonbank financial series tend to be distributed more widely but with some concentration after the third week of the month. The international financial data become available rather continuously and no one time during the month is clearly preferable to another.

"On balance, however, meetings after the third week of the month would have available more major series than meetings earlier than that. In this connection...it is important to keep in mind that much of the staff preparation must be completed nearly a week earlier and it is quite difficult to give adequate attention to information becoming available after the Friday noon preceding a Tuesday meeting.

"While this might seem to be a powerful argument for delaying meeting dates until firmer measures of recent activity are available, it overlooks the fact that whenever in the month Committee meetings are held, the staff is obliged to estimate the current economic situation. There will always be the need to estimate the latest developments from whatever fragmentary evidence is available, and setting meeting dates later in the month would still mean estimating developments for the first two or three weeks of the month. Thus, the statistical argument for shifting FOMC dates can be overstated and, while not without some merit, should not be regarded as overpowering."

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The staff's current assessment of this consideration would be essentially similar to that offered by Mr. Brill in 1964.

7. Dates of Treasury financings. It has been suggested that it would be desirable to minimize the number of meetings held during Treasury financing operations, in order to reduce the number of inter-meeting periods during which "even keel" considerations would be important. (If a Committee meeting is held in the midst of a financing, even keel considerations may be considered relevant in both the preceding and following inter-meeting periods.)

8. Dates of Basle meetings. The Basle meetings are held in most months of the year, on the second Monday of the month. It has been suggested that it would be desirable to avoid FOMC meetings on the days following Basle meetings because of the strain such timing imposes on those attending the latter. Without minimizing this consideration, a contrary consideration has also been noted: that it may frequently be advantageous to the Committee to have reports on developments at the Basle meetings immediately following them.

Alternative meeting schedules

In the light of the above considerations, three alternative FOMC meeting schedules are set forth in the appendix. They might be described as follows:

A. Conventional. This schedule is similar to those used in 1967-69. It calls for 14 meetings a year, with 10 or 11 four-week intervals and 3 or 4 three-week intervals each year, and with the

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shorter intervals reasonably well spaced. The organization meeting would continue to be held on the first Tuesday in March, and there are no conflicts with holidays. If the FAC should finally decide to retain its present general meeting schedule rather than shift to Fridays, no conflicts would arise in three of the four years covered but some adjustments would be needed in the schedule shown for 1971.^{1/} The only other apparent problem date is October 19, 1971, when (under current plans) the ABA will be holding its annual convention.^{2/} This conflict (which arises under all three schedules) is difficult to avoid because the preceding and following weeks have holidays on Monday.

B. Monthly. This schedule calls for 12 meetings a year, mostly on the third Tuesday of the month. Meetings are called for on second Tuesdays in February of 1971 and 1973 to avoid weeks in which Monday is a holiday; in January 1971, to achieve successive four-week intervals in the December-February period rather than a five-week interval followed by one of three weeks; in April 1971, to avoid successive five-week intervals in the February-April period; and in December 1971, to avoid a date as close to Christmas as December 21. About two-thirds

^{1/} However, as noted earlier, it might be that beginning in 1971 the FAC would want to shift the date of its February meeting even if it retains its present schedule in other months, in order to avoid the Washington birthday holiday. If it shifts to the first Tuesday in February there would be conflicts in 1971 and 1973. A second-Tuesday date for the FAC's February meeting would produce a conflict in 1972.

^{2/} See note in appendix regarding the strict confidentiality of ABA meeting dates.

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of all intervals would be of four weeks, with 4 or 5 each year of five weeks. By the nature of the schedule, the organization meeting would be held on the third Tuesday in March and there would be conflicts with nearly all FAC meetings should the Council not change its present schedule. A meeting would be scheduled on May 19, 1970, in the period when the ABA Monetary Conference will be in session, but since that Conference will be held close to Washington--in Hot Springs, Virginia--that may be considered acceptable.

C. Four-weekly. This schedule calls for 13 meetings a year, all at four-week intervals except where such scheduling would lead to conflicts. As it happens, conflicts with Friday or Monday holidays (and with ABA meetings in 1970 and 1971) can be avoided by introducing 1 three-week and 1 five-week interval each year. The organization meeting would be held on the second Tuesday in March in 1970 and 1971, and on the first Tuesday in the two following years. There would be conflicts with two FAC meetings in each of 1970 and 1971 if the Council does not change its present schedule, but these would disappear if the change now contemplated by the Council is made.

Evaluation of alternatives

Any assessment of the relative merits of the three alternative schedules depends, of course, on the weight given to individual considerations of the types listed earlier. Some pros and cons of the alternatives are noted below.

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With respect to the choice between A (conventional) and C (four-weekly), A has the advantage of avoiding five-week intervals entirely. (It would also permit continued use of the statement that the FOMC meets at "three- or four-week intervals," which some may consider desirable.) A would involve a slightly greater frequency of review of economic conditions and policy by the Committee in calling for 14 meetings per year rather than 13, or--to put it another way--in providing for 3 or 4 three-week intervals rather than 1. On the other hand, it might be noted that five-week intervals would be quite infrequent under C--only about 1 per year; and that--since the Committee usually tends to hold to the schedule for the calendar year that it approved in the preceding autumn--the timing of the three-week intervals ordinarily is arbitrary relative to any needs for more frequent reviews of policy that may arise out of the immediate economic situation. The most significant advantage of C over A is that, by virtually eliminating 3-week intervals, it would avoid the strain on members and staff that such short intervals impose.

Schedule B (monthly), which calls for only 12 meetings a year, would reduce further the burden on members and staff in preparing for meetings and traveling to them. Holding (most) meetings on the third Tuesday of the month would reduce the number of intervals in which even keen considerations were important and would have advantages over meeting dates earlier in the month with respect to completeness of available data for the preceding month. It would

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also tend to avoid meetings on days following Basle meetings, but as noted earlier that may have disadvantages as well as advantages. Holding meetings at about the same time each month would result in a high degree of uniformity in the body of monthly data available at each meeting.

The main disadvantage of B is, of course, the fact that it involves 4 or 5 five-week intervals each year.

* * *

On balance, the staff feels that the arguments in favor of alternative A are relatively weak, and would recommend that consideration be given to alternatives B and C. As between the latter two, views of staff members are divided. Those who are inclined toward alternative B place primary weight on workload and data considerations; those who are inclined toward C are impressed with the disadvantages of 4 or 5 five-week intervals each year.

Appendix

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ALTERNATIVE POSSIBLE FOMC MEETING SCHEDULES FOR 1970-73

* * *

Notes: Inter-meeting intervals are of four weeks except as otherwise indicated. The following symbols are used in the first column of the appendix tables:

BIS - the preceding day is the date of a Basle meeting.

EK - a meeting on this date would result in a substantial number of days in both the preceding and following periods during which even keel considerations would be important. (Allowance is made only for refunding operations, and it has been assumed that these will be at regular quarterly intervals. Dates close to the beginning or end of the "even keel" period--i.e., before the 30th of the month in which the announcement is made or after the 12th of the month in which there is a mid-month settlement date--are not so marked.)

(FAC)-meeting date of the Federal Advisory Council, if present schedule is not changed.

Fund-Bank (abroad) or (D.C.) - date occurring during annual Fund-Bank meeting according to present tentative schedules for latter, with indication of meeting location.

ABA - date occurring during annual convention of ABA, according to present tentative schedules for latter. The ABA considers these dates to be highly confidential and asks that they be guarded closely.

ABA Mon. Conf. - date occurring during Monetary Conference of ABA, with indication of location, according to present tentative schedules. Such information currently is available only for 1970 and 1971. The preceding comment regarding confidentiality applies to these conferences also.

1970

Problem dates	Dates of Tuesdays	Alternative schedules		
		<u>A</u> (conventional)	<u>B</u> (monthly)	<u>C</u> (four-weekly)
	Jan. 6		(5 weeks)	
BIS	13	X		X
	20		X	
	27	(3 weeks)		
EK	Feb. 3	X		
BIS; EK	10			X
(FAC)	17		X	
	24			
	Mar. 3	X		
BIS	10			X
	17		X	
	24			
	31	X	(5 weeks)	
	Apr. 7			X
BIS	14			
	21		X	
	28	X		
EK	May 5			X
BIS; EK	12			(3 weeks)
ABA Mon. Conf.-Hot Springs; (FAC)	19		X	
	26	X		X
Friday is holiday	June 2	(3 weeks)		
BIS	9			
	16	X	X	
	23			X
	30		(5 weeks)	
Friday is holiday	July 7			
BIS	14	X		
	21		X	X
	28			
EK	Aug. 4			
EK	11	X		
	18		X	X
	25	(3 weeks)		
	Sept. 1	X		
Monday is holiday	8			
BIS; (FAC)	15		X	X
Fund-Bank (abroad)	22			
	29	X	(5 weeks)	(5 weeks)
	Oct. 6			
BIS; ABA	13			
	20		X	X
	27	X		
Election Day; EK	Nov. 3			
BIS; EK	10			
(FAC)	17		X	X
	24	X		
	Dec. 1	(3 weeks)		
	8			
BIS	15	X	X	X
Holiday period	22			
Holiday period	29			

1971

1971

Problem dates	Dates of Tuesdays	Alternative schedules		
		<u>A</u> (conventional)	<u>B</u> (monthly)	<u>C</u> (four-weekly)
Friday is holiday	Jan. 5			
BIS	12	X	X	X
	19	(3 weeks)		
	26			
EK	Feb. 2	X		
BIS; EK	9		X	X
Monday is holiday; (FAC)	16			
	23		(5 weeks)	
	Mar. 2	X		
BIS	9			X
	16		X	
	23			
	30	X		
	Apr. 6			X
BIS	13		X	
	20			
	27	X	(5 weeks)	
EK	May 4	(3 weeks)		
BIS; EK	11			
(FAC)	18	X	X	(5 weeks)
ABA Mon. Conf. (abroad)	25			
Monday is holiday	June 1			
	8			X
BIS	15	X	X	(3 weeks)
	22			
	29		(5 weeks)	X
Monday is holiday	July 6			
BIS	13	X		
	20	(3 weeks)	X	
	27			X
EK	Aug. 3	X		
EK	10			
	17		X	
	24			X
	31	X	(5 weeks)	
Monday is holiday	Sept. 7			
BIS	14			
(FAC)	21		X	X
Fund-Bank (D.C.)	28	X		
	Oct. 5	(3 weeks)		
BIS; Monday is holiday	12			
ABA	19		X	X
Monday is holiday	26			
EK	Nov. 2			
BIS; EK	9			
(FAC)	16	X	X	X
	23			
	30			
	Dec. 7			
BIS	14	X	X	X
Holiday period	21			
Holiday period	28			

1972

Problem dates	Dates of Tuesdays	Alternative schedules		
		<u>A</u> (conventional)	<u>B</u> (monthly)	<u>C</u> (four-weekly)
Friday is holiday	Jan. 4		(5 weeks)	
BIS	11	X		X
	18		X	
	25			
EK	Feb. 1			
EK	8	X		X
BIS; (FAC)	15		X	
Monday is holiday	22			
	29		(5 weeks)	
	Mar. 7	X		X
BIS	14	(3 weeks)		
	21		X	
	28	X		
	Apr. 4			X
BIS	11			
	18		X	
	25	X		
EK	May 2			X
EK; BIS	9			(3 weeks)
(FAC)	16		X	
	23	X		X
Monday is holiday	30	(3 weeks)	(5 weeks)	
	June 6			
BIS	13	X		
	20		X	X
	27			
Holiday	July 4			
BIS	11	X		
	18	(3 weeks)	X	X
	25			
EK	Aug. 1	X		
EK	8			
	15		X	X
	22			
	29	X	(5 weeks)	
Monday is holiday	Sept. 5			
BIS	12			X
(FAC)	19		X	
Fund-Bank (D.C.)	26	X		(5 weeks)
	Oct. 3	(3 weeks)		
Monday is holdiaiy; BIS; ABA	10			
	17	X	X	X
Monday is holiday	24			
EK	31		(5 weeks)	
EK; Election day	Nov. 7			
BIS	14	X		X
(FAC)	21		X	
	28			
	Dec. 5			
BIS	12	X		X
	19		X	
Holiday period	26			

1973

Problem dates	Dates of Tuesdays	Alternative schedules		
		<u>A</u> (conventional)	<u>B</u> (monthly)	<u>C</u> (four-weekly)
Monday is holiday	Jan. 2			
BIS	9	X		X
	16		X	
	23			
EK	30			
EK	Feb. 6	X		X
BIS	13		X	
Monday is holiday; (FAC)	20			
	27			
	Mar. 6	X	(5 weeks)	X
BIS	13			
	20		X	
	27			
	Apr. 3	X		X
BIS	10			
	17		X	
	24			
EK	May 1	X		X
EK	8			
BIS; (FAC)	15	(3 weeks)	X	(3 weeks)
	22	X		X
Monday is holiday	29			
	June 5		(5 weeks)	
BIS	12			
	19	X	X	X
	26			
	July 3			
BIS	10			
	17	X	X	X
	24			
EK	31			
EK	Aug. 7		(5 weeks)	
	14	X		X
	21		X	
	28			
Monday is holiday	Sept. 4			
BIS	11	X		X
(FAC)	18	(3 weeks)	X	
Fund-Bank (abroad)	25			(5 weeks)
	Oct. 2	X		
Monday holiday; BIS; ABA	9			
	16		X	X
Monday is holiday	23			
EK	30	X		
EK	Nov. 6		(5 weeks)	
BIS	13			X
(FAC)	20		X	
	27	X		
	Dec. 4	(3 weeks)		
BIS	11			X
	18	X	X	
Holiday period	25			