



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

September 19, 1974

CONFIDENTIAL (FR)

TO: Federal Open Market Committee

FROM: Arthur L. Broida *ALB*

Attached for your information is a copy of a memorandum to files by Governor Holland concerning the meeting in Executive Session of Board members and Reserve Bank Presidents on the morning of September 11, 1974.

Attachment

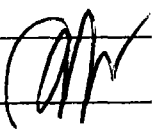
BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date September 11, 1974

To Memo to Files

Subject: Meeting of Board Members
and Federal Reserve Bank
Presidents September 11, 1974

From Robert C. Holland 

At the request of Chairman Burns, all Members of the Board and Presidents of the Federal Reserve Banks met in Executive Session at 8:30 a.m., on Wednesday, September 11.

The purpose of the meeting was to further discuss the subject of attendance at Federal Open Market Committee meetings and related procedural matters. Attention was called to the need for safeguarding confidential Committee information and possible measures that could contribute thereto. In this connection, views were exchanged as to the advantages and disadvantages of excluding all but key staff members from the parts of FOMC meetings devoted to monetary policy determination, as has been done experimentally in yesterday's and the preceding FOMC meetings. Chairman Burns had to leave before the end of this meeting, in order to attend the pre-summit conference of labor leaders. At the conclusion of discussion, the Governors and Presidents reached a consensus of views concerning the following actions to be taken:

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1. FOMC staff members should be allowed to remain during the policy-determination portions of FOMC meetings beginning with the next meeting.

2. Staff attendance from all Federal Reserve Banks except New York should be limited to one person each. It is recognized that the two managers and their support personnel need to attend from the Federal Reserve Bank of New York, as well as the designated economist from the New York Bank staff. Board staff attendance should be reviewed and trimmed down to a "need to know" basis.

3. Each Federal Reserve Bank President should designate, by name, the economic adviser whom he intends to bring regularly to FOMC meetings and an alternate adviser whom he might sometimes call upon to attend as a substitute; it is recognized, however, that there might be infrequent circumstances when the President, in his discretion, would choose another person to attend a particular FOMC meeting as his adviser. Each President is completely responsible for the integrity and discretion of the adviser whom he brings to a FOMC meeting and for any breach in his conduct as to confidentiality.

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4. At the organization meeting of the FOMC each year, every Board Member, Federal Reserve Bank President and staff member expected to attend FOMC meetings during the ensuing year should file a signed statement in writing affirming the confidentiality of all FOMC materials and his or her determination to fully respect such confidentiality.

5. Executive Sessions of the FOMC should be called whenever needed during the course of FOMC meetings, at the request of the Chairman or any other Member. The suggestion was made that any such Executive Session should, if feasible, be fitted into the schedule at the beginning of a FOMC meeting. (The implicit intent in this suggestion is to avoid the inference that an exclusionary policy is being followed at a key point in FOMC policy formulation.)