Wednesday, April 20:

Morning (9:00 A.M.)

I. The Concept of Liquidity

A. Role in Economic Analysis -- Leonall Anderson, Federal Reserve Bank of St. Louis

Comment: Richard Davis, Federal Reserve Bank of New York
Arthur Broida, Board of Governors

B. Bank Liquidity -- Martin Blyn, Federal Reserve Bank of Cleveland
James Pierce, Board of Governors

Comment: John Zoellner, Federal Reserve Bank of Kansas City

Luncheon (12:30 P.M. to 1:30 P.M.)

Informal remarks by Mr. Karl R. Bopp, President, Federal Reserve Bank of Philadelphia

Afternoon (2:00 P.M. to 5:00 P.M.)

C. Corporate Liquidity -- Hugh Chairnoff, Federal Reserve Bank of Philadelphia

Comment: George Cloos, Federal Reserve Bank of Chicago
Thursday, April 21:

Morning (9:00 A.M. to 1:00 P.M.)

II. The Significance of Total Credit

A. Bank Credit and Total Credit -- Marshall Puckett, Federal Reserve Bank of New York

Comment: Lyle Gramley, Board of Governors
James Duprey, Federal Reserve Bank of Minneapolis

B. Total Credit Flows -- Concept, Measurement, and Estimation
Stephen Taylor, Board of Governors

Comment: Ronald Cooper, Federal Reserve Bank of San Francisco

Luncheon (1:30 P.M. to 2:30 P.M.)

-- Informal remarks by academic guests

Afternoon (2:00 P.M. to 4:00 P.M.)

-- Recapitulation and planning for future meetings

Maurice Mann, Chairman
Committee on Financial Analysis
April 25, 1966.

System Committee on Financial Analysis
Summary Minutes of Meeting Held in Philadelphia, Pennsylvania
April 19-21, 1966

Present for all or part of the meeting:

Boston       Messrs. Anderson and Murphy
New York     Messrs. Davis and Puckett
Philadelphia Messrs. Bopp, Rothwell, Aff, Alderfer,
               Chairnoff, Eastburn, O'Leary, Staats,
               and Miss Deutermann
Cleveland    Messrs. Mann (Chairman) and Blyn
Richmond     Mr. Haymes
Atlanta      Messrs. Wyand, Crowe, and Brandt
Chicago      Messrs. Stiles and Cloos
St. Louis    Messrs. Bowsher and Anderson
Minneapolis  Mr. Duprey
Kansas City  Messrs. Zoellner and Struble
Dallas       Mr. Saylor
San Francisco Mr. Cooper
Board        Messrs. Partee, Gramley, Broida, Pierce,
             and Taylor
Guests       Professors A. G. Hart, Columbia University,
             Albert Ando, University of Pennsylvania,
             and Lawrence R. Klein, University of
             Pennsylvania.

The Spring meeting of the Committee on Financial Analysis was
convened at 9:00 a.m., April 20, 1966, at the Federal Reserve Bank of
Philadelphia. Mr. Mann presided.

The first day of the session was concerned with the concept
of liquidity and its relevance for economic activity and central
banking. Leonall Anderson (Federal Reserve Bank of St. Louis) opened
this part of the program with a paper on the concept of liquidity and
its role in economic analysis, focusing particularly on the consumer
sector. Richard Davis (Federal Reserve Bank of New York) and Arthur
Broida (Board of Governors) provided formal comments. Following this
were two papers on bank liquidity given by Martin Blyn (Federal Reserve
Bank of Cleveland) and James Pierce (Board of Governors). The
discussant for these two papers was John Zoellner (Federal Reserve Bank
of Kansas City). The question of corporate liquidity was treated
in a paper by Hugh Chairnoff (Federal Reserve Bank of Philadelphia),
with formal discussion by George Cloos (Federal Reserve Bank of Chicago).
At lunch on the first day the group was greeted by Mr. Karl Bopp (President, Federal Reserve Bank of Philadelphia) who spoke informally on the role and prospects for research in the formulation and implementation of monetary policy.

On the second day the Committee's attention focused on the significance of credit flows for evaluation of financial market developments. Marshall Puckett of the Federal Reserve Bank of New York evaluated the significance of differing growth rates of bank credit as a potential indicator of credit availability and as a proxy for total credit flows. The formal discussants for his paper were James Duprey (Federal Reserve Bank of Minneapolis) and Lyle Gramley (Board of Governors). Stephen Taylor (Board of Governors) then discussed the concept, measurement, and estimation of total credit flows in the context of the flow-of-funds accounting system. Ronald Cooper (Federal Reserve Bank of San Francisco) discussed a paper by himself and Robert J. Oster, in which an attempt was made to utilize flow-of-funds data for sectoral analysis of cyclical changes in flows of funds.

The first day's session on liquidity was attended by Professor A. G. Hart of Columbia University and Professor Lawrence R. Klein of the University of Pennsylvania. The second day's session was attended by Professor Albert Ando of the University of Pennsylvania.

The latter part of the second day was devoted to Committee business and planning for the fall meeting, tentatively scheduled to be held at the Federal Reserve Bank of Minneapolis during the week of October 17-21. The specific date will be announced later. The first day of that session will deal with recent progress in the linkage research area. Selected members of Mr. Mann's working group on linkage research will provide papers. There will be three invited papers on the second day, by Professor Albert Ando of the University of Pennsylvania, Fred Struble of the Federal Reserve Bank of Kansas City, and Thomas Thomson of the Board of Governors. Ando's paper will be on a special purpose model for monetary policy. Struble will provide a survey paper on the term structure of interest rates. Thomson will give a paper on short-run reserve adjustments of commercial banks.

The Committee decided to continue the policy of soliciting short formal commentaries on the principal papers. Specific discussants will be announced later, along with the more detailed agenda for the fall meeting. It is the sense of the Committee that all papers to be presented at the fall meeting should be distributed to Committee members as far in advance as possible.

The Committee accepted with regret the resignation of J. Charles Partee as Secretary, offering its sincere thanks for a task well done.

The meeting was adjourned at 2:45 p.m. on April 21.

Lyle E. Gramley,
Secretary,
System Research
Committee on Financial Analysis.
Listing for Meeting of
Committee on Financial Analysis
Federal Reserve Bank of Philadelphia
April 20-21, 1966

MEMBERS- COMMITTEE ON FINANCIAL ANALYSIS

Maurice Mann, Chairman (Cleveland)
Paul Anderson (Boston)
Richard Davis (New York)
J. C. Rothwell (Philadelphia)
Harmon Haymes (Richmond)
Robert R. Wyand, II (Atlanta)
Lynn A. Stiles (Chicago)
Norman N. Bowsher (St. Louis)
James N. Duprey (Minneapolis)
John F. Zoellner (Kansas City)
R. Gerald Saylor (Dallas)
Ronald Cooper (San Francisco)
J. Charles Partee, Secretary (Board)

OTHER PARTICIPANTS

Neil Murphy (Boston)
Edward A. Aff (Philadelphia)
Clay J. Anderson (Philadelphia)
Evan B. Alderfer (Philadelphia)
Hugh Chairnoff (Philadelphia)
Elizabeth P. Deutermann (Philadelphia)
David P. Eastburn (Philadelphia)
David C. Meinicoff (Philadelphia)
Lawrence C. Murdoch (Philadelphia)
John F. O'Leary (Philadelphia)
Kenneth M. Snader (Philadelphia)
William F. Staats (Philadelphia)
Bertram W. Zumeta (Philadelphia)
Martin Blyn (Cleveland)
Harry Brandt (Atlanta)
Paul Crowe (Atlanta)
George Cloos (Chicago)
Leonall C. Anderson (St. Louis)
Fred Struble (Kansas City)
Arthur Broida (Board)
James Eckert (Board)
Lyle E. Gramley (Board)
James Pierce (Board)
Stephen Taylor (Board)
GUESTS

Prof. Albert Ando
Department of Economics
University of Pennsylvania
Philadelphia, Pennsylvania

Prof. Irwin Friend
Department of Economics
University of Pennsylvania
Philadelphia, Pennsylvania

Prof. Lawrence R. Klein
Department of Economics
University of Pennsylvania
Philadelphia, Pennsylvania

Prof. John G. Gurley
Department of Economics
Stanford University
Stanford, California

Prof. A. G. Hart
Department of Economics
Columbia University
New York