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FG 11-3

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

November 23, 1966

MEMORANDUM FOR THE PRESIDENT

Subject: Federal Reserve Policy

Bill Martin called me this morning to report that the Fed Open Market Committee yesterday shifted its policy slightly toward easier money.

This information is highly confidential. However, the market will gradually become aware of it as they see smaller "negative free reserves" in the weeks ahead.

By itself it has little significance. Perhaps it's a means of telling us that -- if we do move on taxes -- the Fed is ready to move on money.

Gardner Ackley

Gardner Ackley

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