

MINUTES OF THE MEETING OF THE FEDERAL ADVISORY COUNCIL

November 14, 1966

The fourth statutory meeting of the Federal Advisory Council for 1966 was convened in the Board Room of The Madison, Washington, D.C. on November 14, 1966, at 9:30 A.M.

Present:

John Simmen	District No. 1
William H. Moore	District No. 2
William L. Day	District No. 3
L. A. Stoner	District No. 4
John F. Watlington, Jr.	District No. 5
Sam M. Fleming	District No. 6
Henry T. Bodman	District No. 7
A. M. Brinkley, Jr.	District No. 8
John A. Moorhead	District No. 9
Roger D. Knight, Jr.	District No. 10
Robert H. Stewart, III	District No. 11
Ransom M. Cook	District No. 12
Herbert V. Prochnow	Secretary
William J. Korsvik	Assistant Secretary

On motion duly made and seconded, the mimeographed notes of the meeting of the Council held on September 19-20, 1966, copies of which had been sent previously to the members of the Council, were approved.

A complete list of the items on the Agenda and the conclusions of the Council are to be found in the *Confidential Memorandum to the Board of Governors from the Federal Advisory Council*, which follows on pages 30, 31, 32 and 33 of these minutes.

The meeting adjourned at 12:25 P.M.

HERBERT V. PROCHNOW
Secretary

WILLIAM J. KORSVIK
Assistant Secretary

MINUTES OF THE MEETING OF THE FEDERAL ADVISORY COUNCIL

November 14, 1966

At 2:30 P.M., the Federal Advisory Council convened in the Board Room of the Federal Reserve Building, Washington, D.C.

Present: Mr. John A. Moorhead, President; Messrs. John Simmen, William H. Moore, William L. Day, L. A. Stoner, John F. Watlington, Jr., Sam M. Fleming, Henry T. Bodman, A. M. Brinkley, Jr., Roger D. Knight, Jr., Robert H. Stewart, III, and Ransom M. Cook.

The members of the Board's staff, Division of Research and Statistics, reported on current economic and financial developments.

HERBERT V. PROCHNOW
Secretary

WILLIAM J. KORSVIK
Assistant Secretary

At 5:30 P.M., the Federal Advisory Council reconvened in the Board Room of The Madison, Washington, D.C.

Present: Mr. John A. Moorhead, President; Messrs. John Simmen, William H. Moore, William L. Day, L. A. Stoner, John F. Watlington, Jr., Sam F. Fleming, Henry T. Bodman, A. M. Brinkley, Jr., Roger D. Knight, Jr., Robert H. Stewart, III, Ransom M. Cook, Herbert V. Prochnow, Secretary, and William J. Korsvik, Assistant Secretary.

The Council reviewed its conclusions regarding the items on the Agenda and sent to the office of the Secretary of the Board of Governors the *Confidential Memorandum* which follows on pages 30, 31, 32 and 33, listing the Agenda items with conclusions reached by the Council. The *Memorandum* was delivered to the Federal Reserve Building at 7:50 P.M. on November 14, 1966.

The meeting adjourned at 6:50 P.M.

HERBERT V. PROCHNOW
Secretary

WILLIAM J. KORSVIK
Assistant Secretary

CONFIDENTIAL

MEMORANDUM TO THE BOARD OF GOVERNORS

FROM THE

FEDERAL ADVISORY COUNCIL
RELATIVE TO THE AGENDA FOR THE JOINT MEETING
ON NOVEMBER 15, 1966

1. Economic conditions and prospects.
 - A. How does the Council appraise the general economic outlook for the remainder of 1966 and the year 1967?

The members of the Council anticipate that general business activity will continue to rise during the remainder of 1966 and into the new year. However, there is evidence that the rate of growth in retail sales has slowed. This development, together with a possible topping out in capital investment in 1967, suggests a more moderate advance in the private sector. On the other hand, military operations in Vietnam point to a rise in defense expenditures. Nondefense federal spending may also increase. Moreover, expenditures by State and local governments seem certain to rise as they have annually in the postwar period.

Because of the uncertainty of developments in Vietnam, the outlook for the latter part of 1967 is particularly obscure.

- B. Do Council members have the impression, from information received by bank loan officers, that any significant number of firms have been cutting back on actual or planned capital expenditures and inventories because of stringent bank lending terms or tight credit conditions in general? Because of the temporary suspension of the investment tax credit and accelerated depreciation allowances?

The members of the Council believe stringent lending terms or tight credit conditions in general have had some restraining impact on planned capital expenditures. Actual outlays on previously planned projects have not been significantly altered. However, there are reports of business firms which are reducing their 1967 capital budgets. The temporary suspension of the investment tax credit and accelerated depreciation allowances may be contributing factors, but these have not so far been as significant as the Council believes they will be.

- C. In the judgment of Council members, have the reductions in housing starts in their respective regions resulted primarily from the reduced flows of funds into mortgage markets through nonbank depositary institutions and life insurance companies, or has there also been some significant weakening in the demand for housing for other reasons?

The decline in housing starts resulted in part from a reduced flow of funds into mortgage markets. However, rising building costs, the scarcity of construction funds from commercial banks, a lessening of demand for housing, and overbuilding in some regions, particularly the west, have all been significant factors in the reduction in housing starts.

2. Banking Developments.

- A. How strong does the Council expect business loan demand to be over the remainder of 1966? Does the recent slackening in growth of business loans at banks primarily reflect bank lending policies, or is there also evidence of some moderation of demands? If the latter, is the moderation due mainly to a less expansive outlook for sales, or to earlier anticipatory borrowing?

The Council expects business loan demand to continue strong over the remainder of 1966. The slackening in the growth of business loans that has appeared in recent weeks largely reflected bank lending policies rather than any important moderation of demands. The widely publicized tight money situation appears to have discouraged some would-be borrowers from submitting loan requests.

- B. What does the Council foresee as to the ability and willingness of banks in coming months to attract time deposits through large-and-small-denomination CD's? Do banks expect their main competition for time-deposit funds to come from other depositary institutions or from market instruments?

The members of the Council anticipate continued difficulty in the coming months in holding present balances and in attracting new time deposits through large and small denomination CD's. This will result from the inability of the commercial banks to compete effectively for funds not only with other depositary institutions, but also with other market instruments, particularly the obligations of the U.S. government and its agencies.

3. Balance of payments.

- A. How strong and widespread are current foreign demands for term loans, short-term loans, and acceptance credits from U.S. banks? Have such demands shown recent signs of changing significantly?

Current foreign demands for term loans, short-term loans, and acceptance credits from U.S. banks continue strong, though demand may not be as intense as it was a year ago before the sharp increase in the interest rate structure in the U.S. With the exception of Japan, the members of the Council are not aware of any major change in these demands in recent months.

- B. Have Council members observed any significant changes in recent months in foreign attitudes towards maintaining deposits in banks in the United States and/or in the foreign branches of U.S. banks.

The members of the Council have not observed any significant changes in recent months in foreign attitudes toward maintaining deposits in banks in the United States and/or any foreign branches of U.S. banks. The relatively high rates which U.S. banks are presently willing to pay for such funds probably have helped maintain the volume of these balances.

- C. Does corporate liquidity, or lack of liquidity, seem to be a factor now influencing corporate decisions to finance direct investments abroad by borrowing abroad?

The relative lack of corporate liquidity is perhaps having some influence on decisions to finance direct foreign investments by borrowing abroad.

4. What are the Council's views on monetary and credit policy under current circumstances?

The members of the Council favor a continuation of a restrictive monetary and credit policy as they believe that inflationary pressures are likely to increase in the months ahead because of higher wages and a probable large budget deficit. Moreover, because of these pressures, the Council is hopeful that more restrictive fiscal measures also will be employed, including a reduction in nondefense spending, and, if necessary, a temporary, across-the-board increase in federal taxes.

In the Council's memorandum to the Board in September, it expressed apprehension "about the impact on the credit and financial markets and the resulting distortions in the economy if monetary policy alone is to continue to be relied on to restrain demand." This undue reliance on monetary policy has already resulted in (1) a substantial decline in negotiable certificates of deposit outstanding, accompanied by an undesirable shortening of maturities, (2) the administration of the discount window by a kind of selective-credit-control, and (3) the inability of the commercial banks to compete effectively in the money markets. These developments have not lessened the apprehension of the Council as expressed in the September memorandum.

MINUTES OF JOINT CONFERENCE OF THE FEDERAL ADVISORY COUNCIL
AND THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

November 15, 1966

At 10:30 A.M., a joint conference of the Federal Advisory Council and the Board of Governors of the Federal Reserve System was held in the Board Room of the Federal Reserve Building, Washington, D.C.

Present: Members of the Board of Governors of the Federal Reserve System:

Chairman Wm. McC. Martin, Jr.; Vice Chairman J. L. Robertson, Governors Chas. N. Shepardson, George W. Mitchell, Sherman J. Maisel, and Andrew F. Brimmer; also Mr. Merritt Sherman, Secretary, and Mr. Kenneth A. Kenyon, Assistant Secretary, of the Board of Governors.

Present: Members of the Federal Advisory Council.

Mr. John A. Moorhead, President; Messrs. John Simmen, William H. Moore, William L. Day, L. A. Stoner, John F. Watlington, Jr., Sam M. Fleming, Henry T. Bodman, A. M. Brinkley, Jr., Roger D. Knight, Jr., Robert H. Stewart, III, Ransom M. Cook, Herbert V. Prochnow, Secretary, and William J. Korsvik, Assistant Secretary.

President Moorhead read the first item on the Agenda and the conclusions of the Council as given in the *Confidential Memorandum to the Board of Governors from the Federal Advisory Council*, as printed on pages 30, 31, 32 and 33. A brief discussion followed. He reported that forecasting the future was even more difficult than usual because of the inability to accurately project prospective expenditures for Vietnam.

President Moorhead then read the second item on the Agenda and the Council's conclusions. Several members emphasized that because banks were holding loans down, it did not necessarily follow that the demand was not there.

In the discussion of money market conditions in general, Chairman Martin observed that this got back to the problem discussed at the previous Board-Council meeting – how to supplement the savings of the community when they were not adequate to support effective performance of the economy.

The President read the third item and the conclusions of the Council. The discussion included a review of the activities of some U.S. banks in the Euro-dollar Market.

Mr. Moore said that if the outlook for deposits in the United States stabilized and business activity moderated, banks would tend to cut back on their borrowing in the Euro-dollar market as these funds were the most expensive they were currently using.

The fourth item and the conclusions of the Council were then read by President Moorhead.

In the discussion which followed, Governor Mitchell suggested that if credit demands moderated, and if fiscal policy were tightened slightly, it might be possible to ease monetary restraint.

The meeting adjourned at 12:35 P.M.

HERBERT V. PROCHNOW
Secretary

WILLIAM J. KORSVIK
Assistant Secretary

NOTE: This transcript of the Secretary's notes is not to be regarded as complete or necessarily entirely accurate. The transcript is for the sole use of the members of the Federal Advisory Council. The concise official minutes for the entire year are printed and distributed later.

H.V.P.
W.J.K.

The Secretary's notes of the meeting of the Federal Advisory Council on November 14, 1966 at 9:30 A.M. in the Board Room of The Madison, Washington, D.C. All members of the Federal Advisory Council were present.

The Council approved the Secretary's notes for the meeting of September 19-20, 1966.

ITEM I A, B AND C

ECONOMIC CONDITIONS AND PROSPECTS.

- A. HOW DOES THE COUNCIL APPRAISE THE GENERAL ECONOMIC OUTLOOK FOR THE REMAINDER OF 1966 AND THE YEAR 1967?
- B. DO COUNCIL MEMBERS HAVE THE IMPRESSION, FROM INFORMATION RECEIVED BY BANK LOAN OFFICERS, THAT ANY SIGNIFICANT NUMBER OF FIRMS HAVE BEEN CUTTING BACK ON ACTUAL OR PLANNED CAPITAL EXPENDITURES AND INVENTORIES BECAUSE OF STRINGENT BANK LENDING TERMS OR TIGHT CREDIT CONDITIONS IN GENERAL? BECAUSE OF THE TEMPORARY SUSPENSION OF THE INVESTMENT TAX CREDIT AND ACCELERATED DEPRECIATION ALLOWANCES?
- C. IN THE JUDGMENT OF COUNCIL MEMBERS, HAVE THE REDUCTIONS IN HOUSING STARTS IN THEIR RESPECTIVE REGIONS RESULTED PRIMARILY FROM THE REDUCED FLOWS OF FUNDS INTO MORTGAGE MARKETS THROUGH NONBANK DEPOSITARY INSTITUTIONS AND LIFE INSURANCE COMPANIES, OR HAS THERE ALSO BEEN SOME SIGNIFICANT WEAKENING IN THE DEMAND FOR HOUSING FOR OTHER REASONS?

President Moorhead read Item I A, B and C and invited the members of the Council to report conditions in their respective districts. The discussion disclosed wide agreement that business activity will continue to rise during the remainder of 1966 and into the new year. However, a number of members mentioned the slowdown in the rate of growth of consumer buying. Evidence was also cited of a possible topping out of capital investment in 1967. These developments suggest a more moderate rate of advance in the private sector. On the other hand, the military operations in Vietnam point to a rise in defense expenditures. In addition, nondefense spending also may increase while outlays by state and local governments seem certain to rise as they have annually in the postwar period.

Because of the uncertainty of developments in Vietnam, the members of the Council noted that the outlook for the latter part of 1967 is particularly obscure.

The members of the Council also were of the opinion that stringent lending terms or tight credit conditions in general have had some restraining impact on planned capital expenditures. Actual outlays on previously planned projects, however, have not been significantly altered. A few members were aware of reports of business firms showing reductions in their 1967 capital budgets. The Council noted that the temporary suspension of the investment tax credit and accelerated depreciation allowances may be contributing factors but these have not so far been as significant as the Council believes they will be.

A discussion of the causes of the decline in housing starts disclosed regional differences. It was acknowledged, however, that the reduced flow of funds into the mortgage market was an important factor. However, several members emphasized that rising building costs, the scarcity of construction funds from commercial banks, a lessening of demand for housing, and overbuilding in some regions, particularly the west, have all been significant in the decline in housing starts.

ITEM II A

BANKING DEVELOPMENTS.

- A. HOW STRONG DOES THE COUNCIL EXPECT BUSINESS LOAN DEMAND TO BE OVER THE REMAINDER OF 1966? DOES THE RECENT SLACKENING IN GROWTH OF BUSINESS LOANS AT BANKS PRIMARILY REFLECT BANK LENDING POLICIES, OR IS THERE ALSO EVIDENCE OF SOME MODERATION OF DEMANDS? IF THE LATTER, IS THE MODERATION DUE MAINLY TO A LESS EXPANSIVE OUTLOOK FOR SALES, OR TO EARLIER ANTICIPATORY BORROWING?

President Moorhead read Item II A. The members reported that they expected business loan demand to continue strong over the remainder of the year. In general, there was agreement that the slackening in growth of business loans in recent weeks largely reflected bank lending policies rather than any important moderation of demands. The tight money situation which characterizes most lending institutions appears to have discouraged some would-be borrowers from submitting loan requests.

ITEM II B

- B. WHAT DOES THE COUNCIL FORESEE AS TO THE ABILITY AND WILLINGNESS OF BANKS IN COMING MONTHS TO ATTRACT TIME DEPOSITS THROUGH LARGE-AND-SMALL-DENOMINATION C/D'S? DO BANKS EXPECT THEIR MAIN COMPETITION FOR TIME-DEPOSIT FUNDS TO COME FROM OTHER DEPOSITARY INSTITUTIONS OR FROM MARKET INSTRUMENTS?

The President of the Council then read Item II B.

Although conditions varied somewhat from district to district, all members of the Council anticipate continued difficulty in the next few months in holding present balances and in attracting new time

deposits through large and small denomination C/D's. This will result from the inability of the commercial banks to compete effectively for funds not only with other depository institutions, but also with other market instruments, particularly the obligations of the U.S. government and its agencies.

ITEM III A, B AND C

BALANCE OF PAYMENTS.

- A. HOW STRONG AND WIDESPREAD ARE CURRENT FOREIGN DEMANDS FOR TERM LOANS, SHORT-TERM LOANS, AND ACCEPTANCE CREDITS FROM U.S. BANKS? HAVE SUCH DEMANDS SHOWN RECENT SIGNS OF CHANGING SIGNIFICANTLY?
- B. HAVE COUNCIL MEMBERS OBSERVED ANY SIGNIFICANT CHANGES IN RECENT MONTHS IN FOREIGN ATTITUDES TOWARDS MAINTAINING DEPOSITS IN BANKS IN THE UNITED STATES AND/OR IN THE FOREIGN BRANCHES OF U.S. BANKS?
- C. DOES CORPORATE LIQUIDITY, OR LACK OF LIQUIDITY, SEEM TO BE A FACTOR NOW INFLUENCING CORPORATE DECISIONS TO FINANCE DIRECT INVESTMENTS ABROAD BY BORROWING ABROAD?

President Moorhead read Item III A, B and C.

The members of the Council reported continued strong foreign demands for term loans, short-term loans and acceptance credits from U.S. banks though demand may not be as intense as it was a year ago before the sharp increase in the interest rate structure. With the exception of Japan, the members were not aware of any major change in foreign demands in recent months.

The members also reported that they had not observed any recent change in foreign attitudes toward maintaining deposits in banks here or in U.S. foreign branches. Several observed that the relatively high rates which U.S. banks are presently willing to pay for such funds probably have helped maintain the volume of these balances.

The relative lack of corporate liquidity is perhaps having some influence on decisions to finance direct foreign investments by borrowing abroad.

ITEM IV

WHAT ARE THE COUNCIL'S VIEWS ON MONETARY AND CREDIT POLICY UNDER CURRENT CIRCUMSTANCES?

The President of the Council read Item IV and a long discussion followed. It disclosed that in general the members of the Council favor a continuation of restrictive monetary and credit policy as they believe inflationary pressures are likely to increase in the months ahead because of higher wages and a probable large budget

deficit. In these circumstances, the Council is hopeful that more restrictive fiscal measures also will be employed, including a reduction in nondefense spending and if necessary, a temporary across-the-board increase in federal taxes. In its reply to the Board, the Council decided to again express apprehension, as it did in September, "about the impact on the credit and financial markets and the resulting distortions in the economy if monetary policy alone is to continue to be relied on to restrain demand." The Council observed that this undue reliance on monetary policy had already resulted in (1) a substantial decline in negotiable certificates of deposit outstanding, accompanied by an undesirable shortening of maturities, (2) the administration of the discount window by a kind of selective-credit-control, and (3) the inability of the commercial banks to compete effectively in the money markets. These developments have not lessened the Council's apprehension.

The meeting adjourned at 12:25 P.M.

THE COUNCIL CONVENED IN THE BOARD ROOM OF THE FEDERAL RESERVE BUILDING, WASHINGTON, D.C., AT 2:30 P.M., ON NOVEMBER 14, 1966. ALL MEMBERS OF THE COUNCIL WERE PRESENT.

The members of the Board's staff, Division of Research and Statistics, reported on current economic and financial developments.

THE COUNCIL RECONVENED AT 5:30 P.M., ON NOVEMBER 14, 1966, IN THE BOARD ROOM OF THE MADISON. ALL MEMBERS OF THE COUNCIL WERE PRESENT.

The Council prepared and approved the attached Confidential Memorandum to be sent to the Board of Governors relative to the Agenda for the joint meeting of the Council and the Board on November 15, 1966. The Memorandum was delivered to the Federal Reserve Building at 7:50 P.M.

The meeting adjourned at 6:50 P.M.

CONFIDENTIAL

MEMORANDUM TO THE BOARD OF GOVERNORS
FROM THE
FEDERAL ADVISORY COUNCIL
RELATIVE TO THE AGENDA FOR THE JOINT MEETING
ON NOVEMBER 15, 1966

1. Economic conditions and prospects.

- A. How does the Council appraise the general economic outlook for the remainder of 1966 and the year 1967?

The members of the Council anticipate that general business activity will continue to rise during the remainder of 1966 and into the new year. However, there is evidence that the rate of growth in retail sales has slowed. This development, together with a possible topping out in capital investment in 1967, suggests a more moderate advance in the private sector. On the other hand, military operations in Vietnam point to a rise in defense expenditures. Nondefense federal spending may also increase. Moreover, expenditures by State and local governments seem certain to rise as they have annually in the postwar period.

Because of the uncertainty of developments in Vietnam, the outlook for the latter part of 1967 is particularly obscure.

- B. Do Council members have the impression, from information received by bank loan officers, that any significant number of firms have been cutting back on actual or planned capital expenditures and inventories because of stringent bank lending terms or tight credit conditions in general? Because of the temporary suspension of the investment tax credit and accelerated depreciation allowances?

The members of the Council believe stringent lending terms or tight credit conditions in general have had some restraining impact on planned capital expenditures. Actual outlays on previously planned projects have not been significantly altered. However, there are reports of business firms which are reducing their 1967 capital budgets. The temporary suspension of the investment tax credit and accelerated depreciation allowances may be contributing factors, but these have not so far been as significant as the Council believes they will be.

- C. In the judgment of Council members, have the reductions in housing starts in their respective regions resulted primarily from the reduced flows of funds into mortgage markets through nonbank depository institutions and life insurance companies, or has there also been some significant weakening in the demand for housing for other reasons?

The decline in housing starts resulted in part from a reduced flow of funds into mortgage markets. However, rising building costs, the scarcity of construction funds from commercial banks, a lessening of demand for housing, and overbuilding in some regions, particularly the west, have all been significant factors in the reduction in housing starts.

2. Banking Developments.

- A. How strong does the Council expect business loan demand to be over the remainder of 1966? Does the recent slackening in growth of business loans at banks primarily reflect bank lending policies, or is there also evidence of some moderation of demands? If the latter, is the moderation due mainly to a less expansive outlook for sales, or to earlier anticipatory borrowing?

The Council expects business loan demand to continue strong over the remainder of 1966. The slackening in the growth of business loans that has appeared in recent weeks largely reflected bank lending policies rather than any important moderation of demands. The widely publicized tight money situation appears to have discouraged some would-be borrowers from submitting loan requests.

- B. What does the Council foresee as to the ability and willingness of banks in coming months to attract time deposits through large-and-small-denomination CD's? Do banks expect their main competition for time-deposit funds to come from other depository institutions or from market instruments?

The members of the Council anticipate continued difficulty in the coming months in holding present balances and in attracting new time deposits through large and small denomination CD's. This will result from the inability of the commercial banks to compete effectively for funds not only with other depository institutions, but also with other market instruments, particularly the obligations of the U.S. government and its agencies.

3. Balance of payments.

- A. How strong and widespread are current foreign demands for term loans, short-term loans, and acceptance credits from U.S. banks? Have such demands shown recent signs of changing significantly?

Current foreign demands for term loans, short-term loans, and acceptance credits from U.S. banks continue strong, though demand may not be as intense as it was a year ago before the sharp increase in the interest rate structure in the U.S. With the exception of Japan, the members of the Council are not aware of any major change in these demands in recent months.

- B. Have Council members observed any significant changes in recent months in foreign attitudes towards maintaining deposits in banks in the United States and/or in the foreign branches of U.S. banks?

The members of the Council have not observed any significant changes in recent months in foreign attitudes toward maintaining deposits in banks in the United States and/or any foreign branches of U.S. banks. The relatively high rates which U.S. banks are presently willing to pay for such funds probably have helped maintain the volume of these balances.

- C. Does corporate liquidity, or lack of liquidity, seem to be a factor now influencing corporate decisions to finance direct investments abroad by borrowing abroad?

The relative lack of corporate liquidity is perhaps having some influence on decisions to finance direct foreign investments by borrowing abroad.

4. What are the Council's views on monetary and credit policy under current circumstances?

The members of the Council favor a continuation of a restrictive monetary and credit policy as they believe that inflationary pressures are likely to increase in the months ahead because of higher wages and a probable large budget deficit. Moreover, because of these pressures, the Council is hopeful that more restrictive fiscal measures also will be employed, including a reduction in nondefense spending, and, if necessary, a temporary, across-the-board increase in federal taxes.

-4-

In the Council's memorandum to the Board in September, it expressed apprehension "about the impact on the credit and financial markets and the resulting distortions in the economy if monetary policy alone is to continue to be relied on to restrain demand." This undue reliance on monetary policy has already resulted in (1) a substantial decline in negotiable certificates of deposit outstanding, accompanied by an undesirable shortening of maturities, (2) the administration of the discount window by a kind of selective-credit-control, and (3) the inability of the commercial banks to compete effectively in the money markets. These developments have not lessened the apprehension of the Council as expressed in the September memorandum.

ON NOVEMBER 15, 1966, AT 10:30 A.M., THE FEDERAL ADVISORY COUNCIL HELD A JOINT MEETING WITH THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM IN THE FEDERAL RESERVE BUILDING, WASHINGTON, D.C. ALL MEMBERS OF THE COUNCIL WERE PRESENT.

THE FOLLOWING MEMBERS OF THE BOARD OF GOVERNORS WERE PRESENT: CHAIRMAN MARTIN, VICE CHAIRMAN ROBERTSON, GOVERNORS SHEPARDSON, MITCHELL, MAISEL AND BRIMMER. MR. SHERMAN, SECRETARY, AND MR. KENYON, ASSISTANT SECRETARY, OF THE BOARD OF GOVERNORS, ALSO WERE PRESENT.

The minutes of the joint meeting are being prepared in the office of the Secretary of the Board of Governors of the Federal Reserve System. Their content will be compared with the notes of the Secretary of the Council. Assuming they are in substantial agreement, they will be reproduced and distributed to the members of the Council.

The meeting adjourned at 12:35 P.M.

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The next meeting of the Council will be held on February 20-21, 1967.