

REGIONAL MEETINGS
1976

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PRESIDENT'S OFFICE

REGIONAL MEETINGS

1976

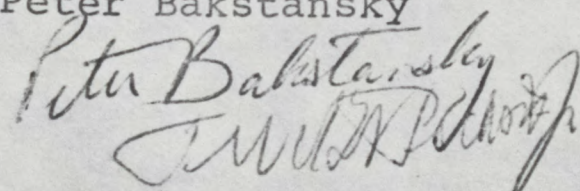
Background memoranda
prepared for meetings
held on

October 22, 1976
November 15, 1976
November 17, 1976

FOX RIVER BOND
25% COTTON

Background memos - mgs. held
10/22/76, 11/15/76, 11/17/76

OFFICE CORRESPONDENCE

DATE December 21, 1976TO Secretary's OfficeSUBJECT: Regional Meetings - 1976FROM Fred W. Piderit, Jr.
Peter Bakstansky

The Bank Relations and Public Information Departments recently conducted four regional meetings in New York State. The meetings are a continuation of a program planned to strengthen our relationship with bankers and community leaders and to enhance our visibility in the District in keeping with one of the objectives of this Bank's Mission 9. The recent meetings were:

October 22, 1976	Colonie (Albany)
November 15, 1976	Tarrytown
November 17, 1976	Batavia (Buffalo)
November 17, 1976	Syracuse

These meetings, plus the two held in New Jersey in April 1976, enabled us to invite all member banks (except the large New York City banks) to a regional meeting this year. Each member bank was invited to have its chief executive officer or his alternate and a nonbanker director attend. For the meetings in Tarrytown, Batavia and Syracuse the banks were given the option of inviting a local legislator.

The format at each of the New York meetings included brief introductory remarks, formal presentations on (1) Economics, Monetary Policy, Legislation and Other Issues, (2) Access to Federal Reserve Services and Membership, and (3) The Changing Competitive Environment for Banking. Each talk was followed by a discussion period with a general discussion after the last presentation. During the discussion periods the questions covered a wide range of subjects and, in most cases, the responses by our speakers were frank and to the point. The discussions continued through the social and meal periods.

The attached tables indicate the location, attendance, and this Bank's participants at each of the sessions held this fall. Our memorandum dated May 13, 1976 provides similar information relating to the New Jersey meetings. The fact that 70 per cent of all member banks invited to the 1976 meetings were represented by an average of 1.7 attendees per bank attests, in our view, to the success of this endeavor. Total estimated cost for the 1976 regional meetings was \$7,800, including \$6,000 for the four New York State meetings.

The Public Information Department feels that despite the limited interest on the part of the press in attending these meetings there are a number of benefits to the Federal Reserve in publicly

announcing these meetings and inviting journalists to them. Importantly, these occasions provide Public Information with exposure to journalists outside of New York City that the Bank seldom has reason to be in contact with. While Public Information fully realizes there are very few financial journalists in the areas in which we hold our regional meetings, those journalists that have attended have often been important and well-known editors locally. The exposure received has been uniformly favorable and there has been no evidence that the presence of the press has inhibited comments or discussion at the meetings. In addition, Public Information feels that the act of announcing these meetings and having them open to the press avoids postmeeting accusations of the Fed having "secret" gatherings, potentially reinforcing negative impressions of the general public.

The other side of the coin is that the small press attendance at the meeting and the very limited number of articles that has resulted from our efforts makes it questionable as to whether these are efficient press contacts. In addition, Mr. Volcker's feeling that the presence of journalists changes the nature of the meeting is an important consideration.

CONCLUSIONS AND RECOMMENDATIONS

1. We feel the meetings accomplished their objectives of giving this Bank's senior officers first-hand exposure to the problems and concerns of member bankers, as well as providing a forum for presenting our views on current economic and banking developments to member bankers and community leaders.

2. In view of the above, and considering the written and verbal comments received from bankers, we believe such meetings fill a need in this District. Therefore, we recommend that this Bank continue to hold regional meetings on an annual basis throughout this District.

3. We further suggest that the next series of regional meetings held by this Bank not be announced or open to the press. As an alternative, Public Information will increase its efforts to have contact with journalists in the upstate and New Jersey areas, particularly when members of senior management are traveling to those areas and we might tie in press interviews with those trips. While the press will not be invited to the next round of regional meetings, the attendance of at least one and perhaps two people from Public Information is recommended. The exposure to bankers, directors and legislators and the involvement in the questions facing the bank relations area are important reasons for the presence of the public information function. There is also the possibility that local journalists become aware of the meeting through a banker and show up without invitation.

CHA:FTL:PB:RBG/dm

Attachments

REGIONAL MEETINGS OCTOBER 22
NOVEMBER 15 AND 17, 1976
RECAPITULATION OF BANKERS ATTENDING

	MEMBER BANKS INVITED	MEMBER BANKS EXPECTED	MEMBER BANKS ATTENDED	PERCENT BANKS ATTENDED	GUESTS EXPECTED	GUESTS ATTENDED	DIRECTORS	CHIEF EXECUTIVE OFFICERS	OTHER BANK OFFICERS
TARRYTOWN	60	46	40	67	81	68	12	30	26
BATAVIA (BUFFALO)	38	30	26	68	54	44	14	16	14
SYRACUSE	46	36	32	70	64	55	14	25	16
COLONIE (ALBANY)	45	32	29	64	56	47	11	22	14
Totals	189	144	127	67	255	214	51	93	70

PARTICIPANTS - ATTENDANCE RECAPITULATION

	Colonie (Albany)	Tarrytown	Batavia (Buffalo)	Syracuse
Welcome and Introduction			Mr. Keane	
Opening Remarks	Mr. Piderit	Mr. Piderit	Mr. Piderit	Mr. Piderit
General	Mr. Volcker	Mr. Volcker	Mr. Volcker	Mr. Volcker
Federal Reserve Services and membership	Mr. Sloane	Mr. Sloane	Mr. Sloane	Mr. Sloane
Changing Competitive Environment	Mr. Schadrack	Mr. Schadrack	Mr. Schadrack	Mr. Schadrack
Other FRB Officers and Staff in Attendance	Mr. Gray Mr. Love Mr. Allen Mr. Bevacqua Mr. Branch Mr. Cassella Mr. Laverty Mr. Samansky	Mr. Bakstansky Mr. Gray Mr. O'Connell Mr. Love Mr. Allen Mr. Bevacqua Mr. Branch Mr. Cassella Mr. Laverty Mr. Samansky	Mr. Bakstansky Mr. Gray Mr. Love Mr. McDonnell (Buffalo Branch) Mr. Allen Mr. Bevacqua Mr. Laverty Mr. Samansky Mr. Gatgens (Buffalo Branch)	Mr. Bakstansky Mr. Gray Mr. Love Mr. Allen Mr. Branch Mr. Cassella Mr. Samansky
FRB Personnel	12	14	14	11
Bankers and Directors	47	68	44	55
Press	1	2	1	3
Grand Total	<u>60</u>	<u>84</u>	<u>59</u>	<u>69</u>

NOTE: A state senator and an assemblyman attended the Syracuse meeting.

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Citation Information

Document Type: Newspaper articles

Number of Pages Removed: 2

Citations: Riemann, Robert. "Economy In a Lull, Fed Chiefs Tell Bankers." *Times Herald-Record* (Middletown, NY), November 21, 1976.

Callahan, William F. "FRB Official Doubts Carter Magic Solution to State Ills." *Buffalo Courier-Express*, November 18, 1976.

FEDERAL RESERVE BANK OF NEW YORK

Date 11/26/76

To

Mr. Volcker

Of

From

PETER BAKSTANSKY

Please:

- ☐ Attend to
- ☐ Note and return
- ☐ Note and forward
to Files
- ☐ See (phone) me
re attached
- ☐ Prepare reply for
my signature

- ☒ For your information
- ☒ For your files
- ☐ As per conversation
- ☐ As requested
- ☐ For your comments
and suggestions
- ☐ Does attached meet
with your approval?
- ☐ For signature, if
you approve

Other remarks:

OFFICE CORRESPONDENCE

DATE November 26, 1976

TO Mr. Piderit

SUBJECT Regional meetings - 1976

FROM Peter Bakstansky

Peter Bakstansky

The public information department feels that despite the limited interest on the part of the press in attending these meetings there are a number of benefits to the Federal Reserve in publicly announcing these meetings and inviting journalists to them. Importantly, these occasions provide public information with exposure to journalists outside of New York City that the Bank seldom has reason to be in contact with. While public information fully realizes there are very few financial journalists in the areas in which we hold our regional meetings, those journalists that have attended have often been important and well-known financial editors locally. The exposure we have received has been uniformly favorable and there has been no evidence that the presence of the press has inhibited comments or discussion at the meetings. Further, public information feels that the act of announcing these meetings and having them open to the press avoids post-meeting accusations of the Fed having "secret" gatherings, potentially reinforcing negative impressions of the general public.

The other side of the coin is that the small press attendance at the meeting and the very limited number of articles that have resulted from our efforts makes it questionable as to whether these are efficient press contacts. In addition, Mr. Volcker's persistent feeling that the presence of journalists changes the nature of and inhibits the meeting is an important consideration.

The public information department therefore suggests that the next series of regional meetings held by this Bank not be announced or open to the press. As an alternative we will increase our efforts to have contact with journalists in the upstate and New Jersey areas, particularly when members of senior management are traveling to those areas and we might tie in press interviews with those trips. While there will be no journalists present at the next round of regional meetings, the attendance of at least one and perhaps two people from public information is recommended. The exposure to bankers, directors and legislators and the involvement in the questions facing the bank relations area are important reasons for the presence of the public information function. There is also the possibility that local journalists become aware of the meeting through a banker and show up without invitation.

The lack of press activity in relation to the regional meetings brings to question the level of involvement of the public information staff in the organizing of these meetings. I believe these questions to be minor and can easily be resolved on a staff level.

PB/mdm

cc: Messrs. Volcker

Timlen

Hoenig

Love

Allen

Samansky

Noted by DMW

FEDERAL RESERVE BANK OF NEW YORK

Date 10/18/76To Mr. Bakstansky

Of _____

From Lawrence D. Fruchtman

As you requested, attached hereto is a briefing memorandum regarding Federal legislation. Owing to the multitude of bills of interest to the banking community and the Federal Reserve System which were enacted, or considered and rejected, by the Congress, the memorandum is substantial. Accordingly, Mr. Volcker may wish to direct his attention to the following bills which would appear to be of greatest interest to the regional bankers:

Enacted Legislation

- 1) Public Law 94-329--the Equal Credit Opportunity Act Amendments of 1976 pp. 1-2.
- 2) Public Law 94-240--the Consumer Leasing Act of 1976 p. 2.
- 3) Public Law 94-200--containing the Home Mortgage Disclosure Act of 1976 p. 2

CC - Legislation

FEDERAL RESERVE BANK OF NEW YORK

Date 10/18/76

To Mr. Bakstansky

Of _____

From Lawrence D. Fruchtman

-2-

Significant Bills Which Failed
in the 94th Congress

- 1) H.R. 13077--the proposed Financial Reform Act of 1976 p. 6.
- 2) S. 1267--the proposed Financial Institutions Act of 1976 p. 6.
- 3) H.R. 3035--Interest on Treasury Tax and Loan Accounts, and Governmental demand deposits pp. 6-7.
- 4) S. 2304 Civil penalties for banking law violations p. 7.

LDF:hmb

Lawrence D. Fruchtman

OFFICE CORRESPONDENCE

DATE October 18, 1976

TO Mr. Bakstansky

FROM James H. Oltman
Lawrence D. Fruchtman

SUBJECT: Briefing memorandum on
pending Federal legislation.

Reference is made to your request that we prepare background material regarding pending Federal legislation for Mr. Volcker's reference during regional bankers' meetings to be held on October 22, November 15, and November 17, 1976. The 94th Congress adjourned sine die on October 1, 1976 having completed action on a number of major bills, some of which have been signed by the President, while others await his signature. In addition, the 94th Congress failed to act on several bills of substantial interest to the banking community and the Federal Reserve System. In many cases, these bills will be reintroduced in the 95th Congress, which is scheduled to convene on Tuesday, January 4, 1977. The bills which would be of greatest interest to regional bankers are marked with an asterisk (*).

Enacted Legislation

The following bills, arranged by topic, were either enacted during the 94th Congress, or were cleared by Congress and await the President's signature.

Banking and Financial Regulation

(1) S. 249, now Public Law 94-29--the Securities Acts Amendments of 1975--was signed by the President on June 4, 1975. The Act provides for, among other things, regulation of clearing agencies, securities depositories and transfer agents (enforcement responsibility with respect to banks which act in these capacities is shared by the SEC and the appropriate bank regulatory agency). The Act authorizes the SEC to regulate municipal securities dealers, including banks; and requires persons who handle securities, subject to regulations of the SEC, to make reports of missing, lost, counterfeit or stolen securities, and to authenticate securities used in certain financial transactions.

*(2) H.R. 6516, now Public Law 94-239--the Equal Credit Opportunity Act Amendments of 1976--was signed by the President on March 23, 1976. The Act, which will take effect on March 23, 1977, expands the prohibitions of the Equal Credit Opportunity Act to include discrimination based upon race, color, religion, national origin, age (if the applicant has capacity to contract), receipt of public assistance benefits, or the exercise of rights

OFFICE CORRESPONDENCE

DATE October 18, 1976

To Mr. Bakstansky

SUBJECT: _____

FROM James H. Oltman
Lawrence D. Fruchtman

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under the Consumer Credit Protection Act, in addition to sex and marital status. The Board of Governors has proposed a revision of its Regulation B to implement the Act.

*(3) H.R. 8835, now Public Law 94-240--the Consumer Leasing Act of 1976--was signed by the President on March 23, 1976. The Act, which will take effect on March 23, 1977, requires certain disclosures in consumer lease transactions and consumer lease advertising, and limits a lessee's ultimate liability under a consumer lease. The Board of Governors has issued proposed amendments to its Regulation Z to implement the Act.

*(4) S. 1281, now Public Law 94-200, which was signed by the President on December 31, 1975, contains anti-redlining provisions (the Home Mortgage Disclosure Act of 1975), which beginning June 28, 1976, require, for 4 years, Federally regulated mortgage lending institutions with offices in Standard Metropolitan Statistical Areas to compile and make available, in accordance with regulations of the Board of Governors, a public record file disclosing the location by census tract (or, if the Board determines that such information is not readily available at reasonable cost, by zip code) of their mortgage investments. The Board of Governors has promulgated a new Regulation C to implement the Act. Public Law 94-200 also contains provisions requiring maintenance of the 1/4 percent interest rate limitation differential between commercial banks and thrift institutions; extending the flexible interest rate control authority (Regulation Q) until March 1, 1977; and extending the authority of the National Commission on Electronic Funds Transfers for an additional year.

(5) S. 2327, now Public Law 94-205--the Real Estate Settlement Procedures Act Amendments of 1975--was signed by the President on January 2, 1976. The Act repealed certain of the more onerous requirements imposed on mortgage lenders by the Real Estate Settlement Procedures Act.

(6) S. 2672, now Public Law 94-222, was signed by the President on February 27, 1976. The Act amended Public Law 93-100 to permit financial institutions in Connecticut, Maine,

OFFICE CORRESPONDENCE

DATE October 18, 1976To Mr. Bakstansky

SUBJECT: _____

FROM James H. OltmanLawrence D. Fruchtman

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Rhode Island and Vermont, in addition to Massachusetts and New Hampshire, to offer NOW accounts. It also amended the Fair Credit Billing Act with respect to discounts and surcharges in credit card transactions; permitted the Board of Governors to implement a procedure pursuant to which lenders could rely on interpretations and approvals given by authorized System personnel under the Truth in Lending Act; and extended the State Taxation of Depositories Act through September 12, 1976. (The 94th Congress failed to enact a further extension of the State Taxation of Depositories Act, which bars States and localities from levying income, gross receipts or other doing business taxes on out-of-state financial institutions.)

Federal Reserve System

(1) House Concurrent Resolution 133, on which Congress completed action on March 24, 1975, in effect requires the Chairman of the Board of Governors to appear at quarterly hearings regarding the conduct of monetary policy held alternately before the House and Senate Banking Committees. Chairman Burns is tentatively scheduled to again testify pursuant to H. Con. Res. 133 at hearings before the Senate Banking Committee on November 11, 1976.

Taxation

(1) H.R. 10612, now Public Law 94-455--the Tax Reform Act of 1976--was signed by the President on October 4, 1976. The Act extends or makes permanent certain of the antirecession individual and business tax cuts made by the Tax Reduction Act of 1975 (Public Law 94-12, signed March 29, 1975) and the Revenue Adjustment Act of 1975 (Public Law 94-164, signed December 23, 1975). The Act also, among other things, limits the tax benefits which may be derived from certain "tax shelter" investments; lengthens the holding period required for long term capital gain treatment and increases the amount of capital loss which may be offset against ordinary income; permanently exempts

OFFICE CORRESPONDENCE

DATE October 18, 1976

TO Mr. Bakstansky

FROM James H. Oltman

Lawrence D. Fruchtman

SUBJECT: _____

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from taxation earnings from U.S. bank deposits held by foreigners; denies certain tax benefits to companies which participate in an international boycott or make illegal payments to foreign officials; requires IRS to notify taxpayers when it issues an administrative summons for their tax records to a third party (including banks and other financial institutions); and substantially revises estate and gift taxation.

(2) H.R. 11997, now Public Law 94-452, was signed by the President on October 2, 1976. The Act provides tax relief to bank holding companies which have been required by the Bank Holding Company Act Amendments of 1970 to divest certain holdings.

Aid to New York City

(1) H.R. 10481, now Public Law 94-143--the New York City Seasonal Financing Act of 1975--was signed by the President on December 9, 1975. The Act authorizes the Secretary of the Treasury to make annual loans not exceeding \$2.3 billion to New York City or the Municipal Assistance Corporation through June 30, 1978, which must be repaid at the end of each fiscal year.

(2) H.R. 10624, now Public Law 94-260--was signed by the President on April 8, 1976. The Act amends Chapter IX of the Bankruptcy Act (dealing with municipal adjustments) to permit large cities such as New York to enter into a plan of composition. The Act reduces or eliminates certain onerous requirements of prior law which in effect barred large municipalities from filing for bankruptcy, and broadens and clarifies the powers available under the Bankruptcy Act to insolvent municipalities.

Government Reform

(1) S. 5, now Public Law 94-409--the Government in the Sunshine Act--was signed by the President on September 13, 1976. The Act requires most Federal agencies to open their meetings to the public and to maintain verbatim transcripts or electronic

OFFICE CORRESPONDENCE

DATE October 18, 1976

TO Mr. Bakstansky
FROM James H. Oltman
Lawrence D. Fruchtman

SUBJECT: _____

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recordings of meetings which are closed pursuant to ten listed exceptions to the open meeting requirement. The Board of Governors would be able to close many of its meetings under exceptions relating to disclosures of certain trade secrets or financial or commercial information; disclosures of information contained in reports of examination, operation or condition of financial institutions; or disclosures of actions by the Board which, if disclosed, would lead to significant financial speculation or endanger the stability of a financial institution. In many cases, the Board would be authorized to keep detailed minutes of its closed meetings rather than a verbatim transcript or electronic recording.

(2) H.R. 3884, now Public Law 94-412--the National Emergencies Act--was signed by the President on September 14, 1976. The Act provides for the termination of existing states of national emergency and certain Presidential powers based upon their existence. It also establishes procedures for Congressional review and termination of future states of national emergency.

Anti-trust Legislation

(1) H.R. 8532, now Public Law 94-435--the Hart-Scott-Rodino Anti-trust Improvements Act of 1976--was signed by the President on September 30, 1976. The Act, among other things, increases the investigative powers of the Justice Department in anti-trust matters; permits State attorneys general to bring civil anti-trust actions on behalf of State residents; and requires advance notice of certain mergers to be given to the Federal Trade Commission and the Justice Department. Although institutional portfolio investments and bank mergers and bank holding company acquisitions are exempt from the premerger notification provisions of the Act, in the case of acquisitions by bank holding companies under Section 4 of the Bank Holding Company Act, a duplicate of the application filed with the Board of Governors must be filed simultaneously with the Federal Trade Commission and the Justice Department at least 30 days prior to the consummation of the transaction.

OFFICE CORRESPONDENCE

DATE October 18, 1976TO Mr. Bakstansky

SUBJECT: _____

FROM James H. Oltman

Lawrence D. Fruchtman

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International Monetary System

(1) H.R. 13955, which was cleared for the President's signature on October 1, 1976, would, among other things, authorize U.S. approval of amendments to the Articles of Agreement of the International Monetary Fund concerning members' exchange arrangements, reduction in the role of gold in the international monetary system, changes in the characteristics and uses of Special Drawings Rights, and simplification and modernization of the IMF's financial operations and transactions. The bill would also authorize U.S. consent to an increase of 1.705 billion SDR (approximately \$2 billion) in the U.S. quota in the IMF.

Significant Bills which Failed in the 94th CongressFinancial Reform

(1) H.R. 13077, the proposed Financial Reform Act of 1976, was re-referred by House Banking Committee Chairman Reuss (D.-Wis.) to the Subcommittee on Financial Institutions Supervision, Regulation and Insurance, defeating the bill in the 94th Congress. The bill was one of three to arise from the Financial Institutions and our Nation's Economy (FINE) Study and contained provisions aimed at making commercial banks and thrift institutions (including credit unions) more highly competitive. In December 1975, the Senate passed a bill (S. 1267--the proposed Financial Institutions Act of 1975) which contained certain similar provisions.

*(2) H.R. 3035, a bill which would have (i) enabled the Treasury to earn interest on funds held for it by commercial banks; (ii) authorized banks to pay interest on demand deposits of Federal, State and local governments; (iii) authorized non-interest bearing, and interest bearing NOW accounts for Federal savings and loan associations in New York and New Jersey if similar accounts were permitted to like State chartered institutions; and (iv) extended the State Taxation of Depositories

OFFICE CORRESPONDENCE

DATE October 18, 1976

TO Mr. Bakstansky
FROM James H. Oltman
Lawrence D. Fruchtman

SUBJECT: _____

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Act through June 30, 1977; failed in the last weeks of the 94th Congress when the Senate on September 20, 1976 voted 34 to 33 against debating the measure.

Bank Regulation

(1) H.R. 13876, the proposed International Banking Act of 1976, was passed by the House on July 29, 1976. However, owing to strong opposition to certain of its provisions by foreign banks, State bank regulators, and the New York clearing house banks, the bill was not reported by the Senate Banking Committee prior to the end of the 94th Congress. The bill would have provided for Federal regulation of United States bank subsidiaries, branches, agencies and investment company subsidiaries of foreign banks. Although H.R. 13876 arose from the FINE Study, its provisions were in many respects similar to the Board's proposed Foreign Bank Act of 1975 (S. 958, H.R. 5617).

*(2) S. 2304, a bill which was introduced at the request of the Board of Governors, the Comptroller of the Currency and the FDIC to deal with problem bank situations, would have imposed civil penalties for violations of various provisions of the Federal Reserve Act, the Federal Deposit Insurance Act, the Bank Holding Company Act and the Financial Institutions Supervisory Act, as well as granted bank regulators authority to remove bank managers and directors who had been grossly negligent in the conduct of their duties. The Senate Banking Committee favorably reported the bill with an amendment which would have required the Comptroller of the Currency, the FDIC, and the National Credit Union Administration to obtain budgetary approval from the House and Senate Appropriations Committees. However, the amendment was viewed as controversial and the Senate refused to take up the bill in the last weeks of the 94th Congress.

(3) S. 890, a bill which was introduced at the request of the Board of Governors to facilitate emergency bank acquisitions, mergers and consolidations under the Bank Holding Company Act, was the subject of hearings by the Senate Banking Committee, which

OFFICE CORRESPONDENCE

DATE October 18, 1976

To Mr. Bakstansky
FROM James H. Oltman
Lawrence D. Fruchtman

SUBJECT: _____

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reported a bill (S. 2209) that was subsequently passed by the Senate. S. 2209 contained certain of the provisions of the Board's bill, but deleted a key provision that would have authorized the Board to approve bank acquisitions across State lines in emergency situations. The provisions of S. 2209 were included in H.R. 13077, the proposed Financial Reform Act of 1976.

(4) S. 2050, the proposed Reserve Requirements Act of 1975, which was introduced at the request of the Board of Governors and would have authorized the Board to set uniform ranges of reserve requirements for member and nonmember institutions, was not acted upon in the 94th Congress. However, similar provisions were included in S. 1267--the proposed Financial Institutions Act of 1975.

Reform of Bank Regulators

(1) H.R. 12934, the proposed Federal Reserve Reform Act of 1976, was passed by the House on May 10, 1976 and reported by the Senate Banking Committee with amendments on July 30, 1976. However, on September 20, 1976 the Senate voted 38 to 30 against a motion to debate the bill, thereby defeating the measure. The bill was the third to arise from the FINE Study, and in the version reported by the Senate Banking Committee would have provided for Senate confirmation of the Chairman of the Board of Governors, as Chairman and not merely as a member of the Board; broadened the representation of the Board of Governors; increased the number of Class C Reserve Bank directors from 3 to 6 and required them to be appointed without discrimination; and stated Congressional policy regarding monetary policy and required the Chairman to continue to appear at quarterly hearings regarding the conduct of monetary policy held alternately before the House and Senate Banking Committees. The bill also contained two non-germane provisions which would have extended the State Taxation of Depositories Act through June 30, 1977, and authorized Federally chartered savings and loan associations in New York and New Jersey to offer non-interest bearing, and interest bearing, NOW accounts to the same extent as similar State chartered institutions. A provision of the House-passed bill which would have

OFFICE CORRESPONDENCE

DATE October 18, 1976To Mr. Bakstansky

SUBJECT: _____

FROM James H. Oltman

Lawrence D. Fruchtman

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required the terms of the Chairman and Vice Chairman of the Board of Governors be coterminous (with a six month lag) with the term of the President who appoints them, was deleted by the Senate Banking Committee.

(2) H.R. 7590, to provide for a comprehensive audit of the Federal Reserve System by the Government Accounting Office, was favorably reported by the House Banking Committee on June 25, 1975, but was defeated in the House Rules Committee, which voted on September 24, 1975 to indefinitely postpone consideration of the bill.

Foreign Boycotts

(1) H.R. 15377, passed by the House on September 22, 1976, and S. 3084, passed by the Senate on August 27, 1976, which would have extended the Export Administration Act for one year, each contained provisions barring compliance by U.S. companies with foreign boycotts, the House version being somewhat stronger than the Senate version. Notwithstanding strong support for the measure in both the House and Senate, Senator John Tower (R.-Texas) was able to block the appointment of a conference committee to reconcile the House and Senate bills in the last week of the 94th Congress, defeating the measure.

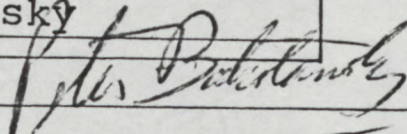
LDF:JHO:hmb

Lawrence D. Fruchtman

FEDERAL RESERVE BANK OF NEW YORK

Date 10/15/76To Mr. Volcker

Of _____

From Peter Bakstansky

The Legal Department has prepared the attached summary of important state and national legislative activities regarding banking. I thought it would be helpful to you for the Regional Meetings with bankers that will be held in the coming month.

Attachment

cc: Messrs. Piderit
Sloane
Schadrack

cc - Legislation

OFFICE CORRESPONDENCE

DATE October 12, 1976TO Mr. BakstanskySUBJECT: Pending State legislation.FROM James H. Oltman
Walker F. Todd

Reference is made to your request dated September 23, 1976, that we prepare background material in regard to pending State legislation for Mr. Volcker's reference during regional meetings to be held on October 22, November 15, and November 17, 1976.

The New York Legislature has adjourned for the remainder of this calendar year and will not reconvene, except on an emergency basis, before January 1977. Any bill introduced in the 1975-76 session of the Legislature expired upon the Legislature's adjournment on July 30, 1976. Any bill which was not enacted and which a sponsor wishes to carry forward into the new legislative session will have to be reintroduced and submitted to the same procedures as if it were an entirely new bill during the 1977-78 legislative session. Therefore, there are no bills currently pending before the New York Legislature. However, the laws mentioned below, which were enacted during the 1976 session of the Legislature, may be of interest to Mr. Volcker.

The 1975-76 session of the New York Legislature formally adjourned sine die, effective at 3 P.M., July 30, 1976. There was a one-day extraordinary session on August 4, 1976, which enacted the judicial reform law, Chapter 966 of the Laws of 1976. The following are some of the Laws of 1976 which are of major interest to bankers (the more important laws are marked with an asterisk):

1. Chapter 78 amended the Abandoned Property Law to shorten the time after which bank deposits would be deemed abandoned from 10 years to 5 years; the same time period for items placed in safe deposit boxes was shortened from 10 years to 3 years after the opening of the boxes.
2. Chapter 121 changes the designation of the Memorial Day public holiday from the last Monday in May to May 30.
- *3. Chapter 136 extends until May 1, 1977, the authority of the Banking Board to permit the legal interest rate to rise to 8.5 percent in times of shortages of funds for mortgage lending.

OFFICE CORRESPONDENCE

DATE October 12, 1976To Mr. Bakstansky

SUBJECT: _____

FROM James H. Oltman
Walker F. Todd

2

- *4. Chapter 225 authorizes savings banks and State-chartered savings and loan associations to offer checking accounts, together with overdraft loan privileges in amounts up to \$1,000 per customer.
- 5. Chapter 386 authorizes the Superintendent of Banking to appoint the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or the Administrator of the National Credit Union Association as receiver or liquidator of any banking organization, with authorization to sell, assign, or otherwise dispose of the assets of any banking organization without court or shareholder approval.
- 6. Chapter 417 appears to authorize any trust company to deposit the securities investments of its common trust fund with a clearing corporation or a Federal Reserve Bank.
- 7. Chapter 536 imposes penalties payable by banking organizations to the Superintendent of Banking for violations of the Banking Law and the Superintendent's regulations similar to those previously payable by licensed lenders and increases the maximum penalties from \$1,000 to \$5,000 and aggregate penalties in any one proceeding from \$5,000 to \$15,000.
- 8. Chapter 618, effective July 21, 1977, requires all banking institutions and credit unions to obtain insurance on deposits and share accounts from the appropriate Federal entity or from such other insurers as the Superintendent of Banking may approve. Banking organizations which do not receive deposits from the public may be exempted from this requirement, but any insured bank may not voluntarily terminate its insured status after the effective date.

OFFICE CORRESPONDENCE

DATE October 12, 1976To Mr. Bakstansky

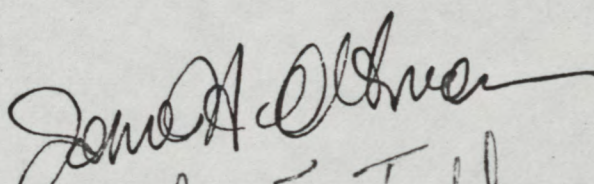
SUBJECT: _____

FROM James H. Oltman
Walker F. Todd

3

9. Chapter 655 extends the expiration date of the statutory prohibition against sales of credit-related property and casualty insurance by banking institutions and credit unions from August 1976 to August 1977; however, this law requires a report to the Governor and the Legislature on the effects of this prohibition by the supervisory authorities before February 1, 1977.
- *10. Chapter 718 increases the personal loan limits for banks and trust companies from \$10,000 to \$15,000 per customer.
- *11. Chapter 721 authorizes variable interest rate demand loans in initial principal amounts in excess of \$5,000; previously, whenever a lender wished to raise or lower the effective interest rate on a demand loan, it was necessary to call that loan and have the borrower execute a new note at the different rate.

WFT:JHO:hmb


Walker F. Todd

October 14, 1976

To: Mr. Samansky
From: Walker F. Todd

Subject: Pending Federal and
State legislation: Federal
loan to New York City.

Reference is made to your request that I provide you with a summary of the legislation which provided New York City with a Federal emergency loan. Because that loan was authorized by Federal law, Mr. Fruchtman will summarize the provisions of the loan legislation.

I spoke with Mr. Kenneth Hartman in the office of the City Deputy Comptroller, and he told me that in the 1975-76 fiscal year the City was authorized to borrow \$1.3 billion from the Treasury but only borrowed \$1.26 billion. The City loan matures each June 30. For subsequent fiscal years the loan ceiling is \$2.3 billion. The City has projected borrowing \$2.175 billion for the current fiscal year, but recent trends indicate that the maximum borrowing will not exceed \$2 billion. The City has borrowed \$1.075 billion thus far in this fiscal year, with the next advance from the Treasury expected to occur in December 1976.

Walker F. Todd

WFT:hmb

Outline for Regional Meeting
November 1976

I. The Current Recovery and Outlook

A. Review of the Current Recovery

1. Real output, as measured by the GNP data, has increased 9.6 percent since the start of the recovery (Chart 1: Real GNP in Postwar Recoveries).
 - a. This is close to the average growth experienced in previous postwar recoveries.
2. The growth has been anything but steady. Instead, the recovery has displayed the unevenness to be expected, alternating between unsustainably rapid and sluggish growth (Chart 2: Changes in Real GNP).
3. The rebound was initiated by consumers (Chart 3: Changes in Real Consumption).
 - a. Consumer spending turned up in early 1975 while other components of GNP continued to plunge.
4. In subsequent quarters, inventory investment turned around and began to contribute positively to the economic recovery. Inventory liquidation slowed sharply in the second half of 1975 and was followed by renewed inventory accumulation (Chart 4: Real Inventory Investment).
5. Residential construction also rebounded early in the recovery--from a severely depressed level--although the rate of gain tapered off during the first three quarters of this year (Chart 5: Changes in Real Residential Construction).
6. Business fixed investment has begun to rise, following a normal lag (Chart 6: Changes in Real Business Fixed Investment). Nonetheless, plant and equipment spending has provided less of an impetus to the recovery than usual (Chart 7: Real Business Fixed Investment in Postwar Recoveries).

B. The Recent Slowdown

1. Consumer spending turned rather sluggish last spring after an unsustainable burst in the early months of the year (Chart 8: Retail Sales).
 - a. This sluggishness seems to have carried through October, with sales in October up only marginally from September. Department store sales were strong, but sales of autos and other consumer durables declined (Chart 9: Retail Sales Excluding Automotive).

- b. The UAW strike against Ford curtailed auto production in September and October and has undoubtedly held down auto sales (Chart 10: Domestic Automobile Sales and Production).
- 2. Since spring, the housing sector has contributed little to economic growth. Housing starts in August were no higher than housing starts in February (Chart 11: Housing Starts).
 - a. There were some encouraging signs of late, however.
 - i. Housing starts jumped in September to an annual rate of 1.8 million units, the highest level of activity in 3 years.
 - ii. Much of the gain of the past two months has been concentrated in the depressed multi-family sector.
 - iii. Building permits shot up in August and September--for both single-family and multi-family units. This is an indication that housing activity is likely to contribute to economic growth in the near future.
- 3. Now that inventory investment has returned to more normal levels, this sector's contribution to the recovery has dropped off.
- 4. As mentioned earlier, capital spending has failed to pick up as much as hoped for.
- 5. These developments have all contributed to a slowdown in the growth of output (Chart 12: Industrial Production).
 - a. In September, production actually failed to advance. But, to a considerable extent this reflected the impact of the Ford strike.
- 6. The unemployment rate has also increased since last spring, (Chart 13: Unemployment Rates).
 - a. The rise in unemployment reflects in part the impact of the recent slowdown.
 - b. It is also linked to the behavior of the labor force. While employment growth has kept up with the average of past recoveries, labor force growth has been unusually rapid (Chart 14: Labor Force and Employment).

C. Outlook for the Recovery

1. The continued sluggishness of the recovery has raised questions over whether the recovery is ending. However, there is no reason to anticipate that the current recovery may soon abort. The recovery has been under way only 20 months, which is not long by postwar standards (Chart 15: Length of Recoveries).
2. Moreover, there are no signs of the strains that have in the past precipitated economic downturns.
 - a. Inventories do not appear out of line with sales (Chart 16: Inventory/Sales Ratios).
 - b. Capacity is ample (Chart 17: Measures of Capacity Utilization).
 - c. Financial markets do not appear strained. Indeed interest rates have on balance drifted downward during the recovery, instead of rising as normal (Chart 18: Interest Rates).
 - d. And with major strikes ending in the rubber, coal, and automotive sectors, the drag which these strikes have had on production should be over.
3. The economy clearly has the potential for a long sustained advance. How much of this potential is realized will depend in large part on the strength of future spending by consumers and businesses.
 - a. Personal income has continued to grow, although the sharp decline in farm proprietors' income held down the overall increase in the third quarter. Personal income in the fourth quarter will be boosted by the Federal government pay raise and by the settlement of several major strikes that plagued the third quarter.
 - b. Recent capital spending surveys point to a considerable pickup in expenditures in 1977 (Chart 19: Plant and Equipment Spending Surveys).

Before turning to price and monetary developments, I would like to explore

II. What the National Recovery Has Meant for the Region

A. New York City

1. Employment in New York City has been declining since the 1969-70 recession (Chart 20: New York City: Payroll Employment).

2. Government Employment, after edging higher in the '70's, has dropped sharply since 1975. These highly publicized cutbacks, of course, were mandated by the City's fiscal crisis (Chart 21: Government Employment).
3. Private employment has also fallen. There are currently about 600,000 fewer workers on private payrolls in the City than in 1970 (Chart 22: Private Employment).
 - a. While employment has risen nationally during the recovery, it has continued to fall in the City.
 - b. In recent months, private sector employment appears to have levelled off--suggesting that a tenuous stability may be emerging.
4. Although the City's job loss has been partially offset by a reduction in the labor force, the City's unemployment rate has risen relative to the national rate. As of September, the City rate stood at 10.2 percent (Chart 23: Unemployment Rates).
5. The job loss has depressed personal income and prevented retail sales in the City from keeping pace with sales nationally (Chart 24: Retail Sales).
 - a. Measured in current dollars, August retail sales were roughly equal to sales at the start of 1975.
 - b. Some preliminary evidence, however, indicates a pickup in retail sales around the Labor Day weekend and continuing into October and November.
 - c. The growing emergence of Sunday openings may add impetus to retailing.
6. Construction activity has come to a virtual standstill (Chart 25: New Housing Units).

B. New York State

1. The rest of the state has fared better than New York City in recent years.
 - a. Employment outside the City has increased while City employment was falling (Chart 26: New York State Civilian Employment).
 - b. The unemployment rate outside New York City has stayed below the City rate (Chart 27: New York State Unemployment Rates).

- c. Reflecting the relatively greater strength of the state, retail sales in New York State have been stronger than City sales (Chart 28: New York State Retail Sales).
2. Nonetheless, New York State's recovery has not matched the national recovery.
 - a. The decline in the City offset advances elsewhere in the state and payroll employment has declined (Chart 29: New York State Payroll Employment).
 - b. The State unemployment rate has recently been well above the national rate. In September, the State's rate was 1.2 percentage points above the national rate (Chart 30: Unemployment Rate).
 - c. Consumer spending in the State has fallen behind spending nationwide.
3. The overall outlook for the State may be improving.
 - a. Private employment in the City appears to be levelling off and may be gaining in the State.
 - b. There are some indications that retail sales are picking up, especially in the City.
 - c. With signs of tenuous stability emerging in the City, the prospects for the State's economy appear to be improving.
 - d. Indeed, while the differential between the state and national unemployment rates remains high, this differential has contracted in recent months.

III. The Price Situation

- A. The GNP deflator, which provides the broadest gauge of inflation, grew at a 4.4 percent rate in the third quarter. This represents an improvement over the second quarter rate, and is quite modest by recent standards (Chart 31: Implicit GNP Price Deflator).
- B. Consumer Prices
 1. Consumer prices rose at a 4.9 percent rate in September, which is slightly below the rate of the previous 5 months (Chart 32: Consumer Prices).
 2. The 12-14 percent inflation rate of 1974 has been cut in half.
 3. Food price movements have been somewhat volatile, but overall this year food prices have increased only modestly. Indeed, early this year they were actually falling (Chart 33: Consumer Prices: Food).

4. Energy prices have risen sharply in recent months.
5. Consumer prices excluding food and energy have been in the 6 percent range throughout the year (Chart 34: Consumer Prices Excluding Food and Energy).

C. Wholesale Prices

1. Wholesale prices increased substantially in September and October, but have still risen at less than a 5 percent rate this year (Chart 35: Wholesale Prices).
2. The recent pickup in industrial price increases was certainly unwelcome, but it does not signal a rebuilding of inflationary pressures (Chart 36: Industrial Wholesale Prices).
 - a. Some of the October increase in industrial prices resulted from the FPC's order allowing natural gas prices to rise; but the FPC has recently cut back the size of the permissible increase.
 - b. Furthermore, the wholesale price index may not fully reflect actual transactions prices. Recently, there has been evidence in some sectors of heavy price discounting.
3. Another positive sign on the inflation front is that a number of major industries, including steel, copper, and zinc, have experienced difficulty in making recent price increases stick. In the same vein, General Motors recently announced rebates on its small car line.
4. Moreover, spot prices for raw industrial commodities have fallen in recent months, which should mitigate future increases in industrial prices (Chart 37: Spot Commodity Prices).
5. Spot prices for foodstuffs have also been falling, and with this year's bountiful harvest the nearterm outlook for food prices looks favorable.

IV Monetary Policy

A. Recent History

1. The money supply generally grew rather rapidly in the 1964-71 period and by 1972 had clearly become excessive (Chart 38: Money Supply Growth).
2. Therefore, the Federal Reserve began moving toward monetary restraint in the closing months of 1972. This led to slower monetary growth in 1973 and 1974.
 - a. The basic strategy of this policy was to moderate over time the expansion in money and bank credit to rates of growth compatible with reasonable price stability in the longer run.
3. In 1975 and early 1976, this pattern was interrupted. In an effort to end the recession and foster the subsequent recovery, the rate of monetary growth was increased.

B. Current Situation

1. The narrowly defined money stock (M1) has generally increased at a moderate rate over recent months... In spite of a sharp upward spurt in October, M1 has grown over the past year by about 5 1/2 percent, which is the midpoint of the FOMC's current longer run target range (Chart 39: Narrow Money Supply).
2. The broadly defined money stock (M2) has been growing relatively rapidly. Over the past twelve months, M2 has risen about 10 1/2 percent (Chart 40: M2: Broad Money Supply).
 - a. This is because the growth in consumer-type time deposits has remained strong.
3. Since early 1975, business loans have generally drifted lower.
 - a. This is unusual for a recovery and appears to be due in part to business' increased attention on liquidity and their shift from short-term debt to long-term debt.
 - b. The decline in business loans has apparently now ended, and in recent weeks business loans have expanded.
 - c. Business loans at banks outside of New York City reached their trough in early May and increased at a modest rate thereafter, with some acceleration in September and October. In contrast, business loans at New York City banks continued to decline through early September but have registered significant gains since that time (Charts 41 and 42: Business Loans: Banks in New York City, Banks Outside New York City).
4. With inflation moderating and credit demand remaining soft, interest rates have drifted lower over the past few months-- both long term and short term rates (Charts 43 and 44: Long Term and Short Term Interest Rates).

REGIONAL MEETINGS ITINERARY
FOR
MR. VOLCKER

November 15, 1976

2:30 p.m.	Leave Bank by automobile
3:30 p.m.	Arrive Hilton Inn, Tarrytown, New York (914-631-5700)
3:30 p.m.	Registration for guests and coffee
4:00 p.m.	Meeting starts
6:00 p.m.	Formal meeting concludes
6:30 p.m.	Dinner
7:30 p.m.	Leave Tarrytown for home by Bank automobile

November 17, 1976

7:00 a.m.	Leave home by Bank automobile for LaGuardia
7:55 a.m.	Leave LaGuardia on Allegheny Airline Flight 127
8:56 a.m.	Arrive Buffalo
9:00 a.m.	Leave Buffalo Airport in Branch automobile for Batavia. (Mr. Sloane arrives at Buffalo at 8:58 a.m. on Allegheny Airline Flight 189 and will ride to Batavia with Mr. Volcker).
9:45 a.m.	Arrive Holiday Inn, Batavia, New York (716-343-1440)
10:00 a.m.	Meeting starts
12:00 Noon	Formal meeting concludes
12:30 p.m.	Lunch
1:30 p.m.	Leave by automobile en route to Syracuse
4:00 p.m.	Arrive Ramada Inn, Syracuse, New York (315-457-8670)

4:00 p.m.	Registration for guests and coffee
4:30 p.m.	Meeting starts
6:30 p.m.	Formal meeting concludes
7:00 p.m.	Dinner
8:15 p.m.	Leave Ramada Inn by automobile to Syracuse Airport
9:23 p.m.	Leave Syracuse on Allegheny Airline Flight 486
10:20 p.m.	Arrive Kennedy, Protection Division will provide transportation from airport to home

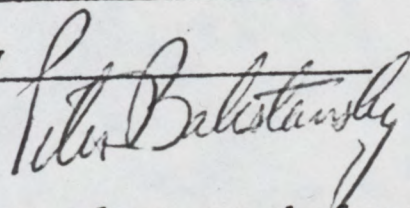
OFFICE CORRESPONDENCE

DATE September 23, 1976

TO Mr. Volcker

SUBJECT Regional Meetings

FROM Peter Bakstansky



I wanted to alert you before you left that we have been planning for the Regional Meetings to be held October 22, November 15 and November 17. As we discussed, I think it desirable for you not to speak from a prepared text but rather discuss a number of broad topics, as you did at the New Jersey meetings.

We think it would be appropriate for you to cover the following general areas:

1. Regional and national economics,
2. monetary policy,
3. pending national and state legislation,
4. other current concerns of the System.

I am sending copies of this memorandum to Messrs. Davis and Oltman and am asking them to prepare background material for you.

The other speakers on the program will be Mr. Timlen, whom we are asking to discuss "The Question of Membership: Pricing Access and Services" and Mr. Schadrack, whom we are asking to discuss "The Changing Competitive Banking Situation in New York". Mr. Timlen will not be at the November 15 meeting and we are asking Mr. Sloane to substitute for him on that date.

PB/mdw

cc: Messrs. Timlen
Guy
Piderit
Sloane
Davis
Gray
Oltman
Schadrack
Hoenig
Love
Allen
Samansky

FEDERAL RESERVE BANK OF NEW YORK

Date

11/3

Of

Mrs. Kirby

From

FRED W. PIDERIT, JR.

Please:

- | | |
|--|--|
| <input type="checkbox"/> Attend to | <input type="checkbox"/> For your information |
| <input type="checkbox"/> Note and return | <input type="checkbox"/> For your files |
| <input type="checkbox"/> Note and forward
to Files | <input checked="" type="checkbox"/> As per conversation |
| <input type="checkbox"/> See (phone) me
re attached | <input type="checkbox"/> As requested |
| <input type="checkbox"/> Prepare reply for
my signature | <input type="checkbox"/> For your comments
and suggestions |
| | <input type="checkbox"/> Does attached meet
with your approval? |
| | <input type="checkbox"/> For signature, if
you approve |

Other remarks:

OFFICE CORRESPONDENCE

DATE August 23, 1976TO Messrs: Piderit and BakstanskySUBJECT: Regional Meetings - Fall 1976FROM F. T. Love

Meeting facilities have been confirmed and other arrangements are being made for the fall regional meetings as follows:

✓ October 22, 1976 - Turf Inn, Colonie, New York

This meeting, in an Albany suburb, will start at 10:30 a.m. and conclude after lunch no later than 2:00 p.m.

15
November 8, 1976 - Site to be confirmed later this week.

This will be an afternoon meeting followed by dinner in either Westchester County or Queens County (LaGuardia Airport area). It will start at 4:00 p.m. and adjourn between 7:30 and 8:00 p.m..

✓ November 17, 1976 - Holiday Inn, Batavia, New York

The meeting will start at 10:00 a.m. Participants will leave at 1:30 p.m. (after lunch) by automobile for Syracuse, approximately a two hour trip.

November 17, 1976 - Ramada Inn, Syracuse, New York

To allow ample time for travel from Batavia, this meeting will start at 4:30 p.m., concluding about 8:00 p.m.

We understand that both Mr. Volcker and Mr. Timlen will give informal presentations at each meeting. Also, Mr. Schadrack will talk on a timely subject related to Bank Supervision. We suggest that Mr. Sloane be asked to attend the meetings to serve as back-up to any of the speakers and to be available to respond to any comments relating to the Operations Group that may arise during the discussion.

FTL/dm

cc: Messrs: Sloane, Gray, Keane, Schadrack, Hoenig, McDonnell, Allen and Samansky.

F. T. Love

*hvi: Syracuse 9:01 PM AL 486
ari: JTFK 9:58 PM*

New York to Syracuse

7:25 a.m.	Leave LaGuardia	AA 517	(Every day,
8:20 a.m.	Arrive Syracuse		except Sunday)

8:27 a.m.	Leave Newark	AL 439	(Daily)
9:16 a.m.	Arrive Syracuse		

Wednesday, November 17, 1976

5:00 p.m. Leave Syracuse AA #428
5:53 p.m. Arrive LaGuardia

8:15 p.m. Leave Syracuse AA #590
9:06 p.m. Arrive LaGuardia

5:45 p.m. Leave Syracuse AL #106
6:32 p.m. Arrive Newark

9:23 p.m. Leave Syracuse AL #486
10:20 p.m. Arrive Kennedy

Fox River Bond
25% COTTON

November 17, 1976

Syracuse, New York

NOVEMBER 17, 1976
Syracuse, New York

REGIONAL MEETING - RAMADA INN
SYRACUSE, NEW YORK
NOVEMBER 17, 1976

PROGRAM SCHEDULE

4:00 - 4:30 p.m.	Registration - Coffee and Soda
4:30 - 4:35 p.m.	Welcome Remarks and Introduction - Mr. Piderit
4:35 - 4:55 p.m.	Presentation - Mr. Schadrack "The Changing Competitive Environment for Banking in New York State"
4:55 - 5:05 p.m.	Discussion
5:05 - 5:25 p.m.	Presentation - Mr. Sloane "Access to Federal Reserve Services and Membership"
5:25 - 5:35 p.m.	Discussion
5:35 - 6:05 p.m.	Presentation - Mr. Volcker General - "Economics, Monetary Policy, Legislation and Other Issues"
6:05 - 6:15 p.m.	Discussion
6:15 - 6:30 p.m.	Open Discussion
6:30 p.m.	Formal meeting concludes
6:30 - 7:00 p.m.	Reception
7:00 - 8:00 p.m.	Dinner and closing comments

NOTE: In addition to the chief executive officer or his alternate bankers were asked to invite one of their nonbanker directors or a local legislator.

REGIONAL MEETING - RAMADA INN
SYRACUSE, NEW YORK
NOVEMBER 17, 1976

<u>Bank</u>	<u>Attendees</u>	<u>Title</u>
The National Bank of Auburn Auburn	Frederick E. Mider, Jr. Francis J. McGarry	President Senior Vice Pres. and Cashier
First-City National Bank Binghamton	Stuart McCarty John F. Russell	President Director
The St. Lawrence National Bank Canton	Edwin J. Lyons Richard C. Cummings	President Director
Hayes National Bank Clinton	Gordon M. Hayes Nicholas K. Burns	President Director
First National Bank of Cortland Cortland	T. V. Miller John B. Folmer	Exec. Vice Pres. and Cashier Director
The First National Bank of Dryden Dryden	F. H. Stafford	President
Chemung Canal Trust Company Elmira	Boyd McDowell II Robert E. Dalrymple	President Director
The First National Bank of Groton Groton	Merle L. Metzgar Gary Lee	President N.Y. State Assemblyman
The First National Bank of Hermon	Harvey E. Ayers Warren A. Dittes	President Director

<u>Bank</u>	<u>Attendees</u>	<u>Title</u>
Homer National Bank Homer	John R. Ryan	Vice President and Cashier
First National Bank and Trust Company Ithaca	George W. Miller	Senior Vice Pres. and Cashier
	Paul Crance, Jr.	Senior Vice Pres.
Tompkins County Trust Company Ithaca	Raymond Van Houtte	President
	James J. Clynes, Jr.	Vice Chairman of the Board
First National Bank of Lisbon Lisbon	Donald Nelson	President
	Milton Skiff	Executive Officer/ Cashier
First National Bank of Mexico Mexico	Edith M. Jackson	President
	J. W. Lavoie	Assistant Treasurer
	R. E. Lavoie, 3rd.	Assistant Treasurer
The First National Bank Moravia	Gerald K. Atwater	President
The First National Bank of Norfolk Norfolk	Byron J. Short	Executive Vice Pres. and Cashier
	Albert B. Crabb	President
The National Bank and Trust Company of Norwich Norwich	Everett A. Gilmour	Chairman of the Board
	Harrison Edwards or Jack Weinman	Director Director
Fingerlakes National Bank Odessa	Stanley Youngman	President
The Oneida Valley National Bank of Oneida Oneida	Robert H. Fearon, Jr.	President and Trust Officer
	Robert H. Fearon	Chairman of the Board

<u>Bank</u>	<u>Attendees</u>	<u>Title</u>
First National Bank of Ovid Ovid	John R. Reynolds Benjamin Franklin	President Chairman of the Board
Owego National Bank Owego	Edward J. Wood, Jr. Stephen M. Lounsberry, Jr.	President Vice President
The State Bank of Seneca Falls Seneca Falls	Joseph J. Doyle Allan F. Woodmancy	Chief Executive Officer President
Solvay Bank Solvay	Arthur Tarolli Frank Fernandez	President Director
Tioga State Bank Spencer	Robert A. Scott J. Dickson Edson, Jr.	Vice President and Director Director
Chemical Bank of Syracuse Syracuse	Philip J. McElynn Michael S. Collura	President Vice President
First Trust & Deposit Company Syracuse	Parke W. Wicks H. Douglas Barclay	President Director - Senator
Lincoln First Bank- Central Syracuse	Robert J. Theis William Balderston III	Director Chairman and Pres.
Merchants National Bank and Trust Company Syracuse	James D. Taylor, Jr. John W. Finlay	Director President
Cayuga Lake National Bank Union Springs	G. William Ryan	President

<u>Bank</u>	<u>Attendees</u>	<u>Title</u>
The Oneida National Bank and Trust Company of Central New York Utica	H. Russell Johnson	Chairman and President
The National Bank of Vernon Vernon	Richard Thaler George Trost	Cashier President
First National Bank of Waterloo Waterloo	Joseph B. Jacobs	Vice President
The National Bank of Northern New York Watertown	Donald J. Veniard Edmund J. Keane, Jr.	President Exec. Vice Pres.
Seaway National Bank Watertown	Carmen A. Palumbo Kareta A. Noone	President Exec. Vice Pres.
Glen National Bank and Trust Company Watkins Glen	William R. Clark	President
Chemical Bank of Binghamton Binghamton	Robert W. Aber	President

Regional Meeting, Ramada Inn, Syracuse, New York
November 17, 1976

FEDERAL RESERVE BANK OF NEW YORK

ATTENDEES

Paul A. Volcker	President
Fred W. Piderit, Jr.	Senior Vice President
Thomas C. Sloane	Senior Vice President
Peter Bakstansky	Vice President
Ronald B. Gray	Vice President
Frederick C. Schadrack	Vice President
Franklin T. Love	Manager
Carl A. Allen	Special Assistant
Robert J. Branch	Special Representative
Bruce A. Cassella	Special Representative
Arthur W. Samansky	Special Assistant

FEDERAL RESERVE BANK OF NEW YORK

Date <u>6/30/76</u>	
To	<u>Those Listed Below</u>
Of	<u></u>
From	<u>F.C. Schadrack</u>

Copies to: Mr. Volcker ✓
Mr. Timlen
Mr. Guy
Mr. Piderit
Mr. Gray
Mr. Frey

Attached is a list supplied
by Jack Ryan (of the Board's staff) of
the State member banks in this District
to be included in the GAO study of bank
supervision.

DISTRICT 2

Manufacturers Hanover Trust Co.	New York City, NY
Chemical Bank	"
Bankers Trust Co.	"
Morgan Guaranty Trust Co. of New York	"
Irving Trust Co.	"
Marine Midland Bank	"
European American Bank and Trust Co.	"
Marine Midland Bank - Western	Buffalo, New York
The Bank of New York	New York City, NY
Manufacturers and Traders Trust Co.	2) Buffalo, New York
The County Trust Co.	White Plains, New York
Lincoln First Bank of Rochester	Rochester, New York
United Jersey Bank	Hackensack, New Jersey
Fidelity Union Trust Co.	Newark, New Jersey
State Bank of Albany	Albany, New York
Marine Midland Bank - Central	Syracuse, New York
Long Island Trust Co.	Garden City, New York
United States Trust Company of New York	New York City, NY
Security Trust Company of Rochester	Rochester, New York
First Trust and Deposit Co.	1) Syracuse, New York
The Trust Company of New Jersey	Jersey City, New Jersey
United Counties Trust Co.	Elizabeth, New Jersey
Central Trust Company Rochester, NY	Rochester, New York
Marine Midland Bank - Southern	Elmira, New York

DISTRICT 2 (continued)

Barclays Bank of New York	New York City
Commercial Trust Company of New Jersey	Jersey City, New Jersey
Valley Bank of New York	Valley Stream, New York
American Bank and Trust Co.	New York City, NY
Hempstead Bank	Hempstead, New York
Marine Midland Bank - Northern	Watertown, New York
Bank of Buffalo	Buffalo, New York
The Schenectady Trust Co.	Schenectady, New York
Nassau Trust Co.	Glen Cove, New York
Bankers Trust Co. of Western New York	Jamestown, New York
Schroeder Trust Co.	New York City, NY
Tompkins County Trust Co.	Ithaca, New York
Chemung Canal Trust Co.	Elmira, New York
The Exchange Bank of Olean	Olean, New York
The Columbus Trust Co.	Newburgh, New York
Dundee State Bank	Dundee, New York

GROUND TRANSPORTATION ARRANGEMENTS
REGIONAL MEETINGS
NOVEMBER 17, 1976

Sheraton-East to Batavia

Car 1 - Mr. Gatgens (Buffalo)
(Leave Sheraton-East at 8:00 a.m.)

1. Mr. Love
2. Mr. Allen
3. Mr. Samansky

Car 2 - Mr. Bavacqua
(Leave Sheraton-East at 8:30 a.m.)

1. Mr. Piderit
2. Mr. Schadrack

Car 3 - Mr. Branch
(Leave Sheraton-East at 8:30 a.m.)

1. Mr. Bakstansky
2. Mr. Gray

Car 4 - Mr. McDonnell (Buffalo)
(Leave Buffalo Airport at 9:00 a.m.)

1. Mr. Volcker
2. Mr. Sloane
3. Mr. Keane

Batavia to Syracuse

Car 1 - Mr. Gatgens (Buffalo)
(Leave Batavia at 1:30 p.m.)

1. Mr. Love
2. Mr. Allen
3. Mr. Samansky

Car 2 - Mr. Bevacqua
(Leave Batavia at 1:30 p.m.)

1. Mr. Volcker
2. Mr. Piderit
3. Mr. Bakstansky

Car 3 - Mr. Branch
(Leave Batavia at 1:30 p.m.)

1. Mr. Sloane
2. Mr. Gray
3. Mr. Schadrack

November 17, 1976

Batavia, New York

NOVEMBER 17, 1976
Batavia, New York

FOX RIVER BOND
25% COTTON

REGIONAL MEETING - HOLIDAY INN
BATAVIA, NEW YORK
NOVEMBER 17, 1976

PROGRAM SCHEDULE

9:30 - 10:00 a.m.	Registration - Coffee and Danish
10:00 - 10:03 a.m.	Welcome Remarks and Introduction - Mr. Keane
10:03 - 10:05 a.m.	Remarks - Mr. Piderit
10:05 - 10:25 a.m.	Presentation - Mr. Schadrack "The Changing Competitive Environment for Banking in New York State"
10:25 - 10:35 a.m.	Discussion
10:35 - 10:55 a.m.	Presentation - Mr. Sloane "Access to Federal Reserve Services and Membership"
10:55 - 11:05 a.m.	Discussion
11:05 - 11:35 a.m.	Presentation - Mr. Volcker General - "Economics, Monetary Policy, Legislation and Other Issues"
11:35 - 11:45 a.m.	Discussion
11:45 - 12:00 noon	Open Discussion
12:00 noon	Formal meeting concludes
12:00 - 12:30 p.m.	Reception
12:30 - 1:30 p.m.	Luncheon and closing comments

NOTE:

In addition to the chief executive officer or his
alternate bankers were asked to invite one of their
nonbanker directors or a local legislator.

LIST OF ATTENDEES

Buffalo Branch
Federal Reserve Bank of New York
Regional Meeting
Holiday Inn - Batavia, New York
November 17, 1976

Mr. Herbert D. Allison, President
Mr. Jeffrey Smith, Jr., Director
Community National Bank
Addison, New York

Mr. Charles A. Marks, President
Mr. Hans W. Jordans, Director
Alden State Bank
Alden, New York

Mr. Carl F. Ulmer, President
Mr. David M. Ianni, Director
The Evans National Bank of
Angola
Angola, New York

Mr. R. Carlos Carballada, President
Mr. Russell Miller, Director
The Citizens Central Bank
Arcade, New York

Mr. Charles Houser, Sr., Cashier
Bank of Avoca
Avoca, New York

Mr. Herbert Fort, President
Mr. John Stenson, Chairman of
the Board
The Bath National Bank
Bath, New York

Mr. John F. Furey
Vice President
Mr. Edward T. O'Connell, Controller
Chemical Bank - Buffalo
Buffalo, New York

Mr. William F. Farley, President
Citibank (New York State), N.A.
Buffalo, New York

Mr. Robert J. Donough, President
Mr. Harold A. Egan, Director
Liberty National Bank & Trust Co.
Buffalo, New York

Mr. Claude F. Shuchter
Chairman and Chief Executive Officer
Andrew B. Craig, III, President
Manufacturers and Traders Trust Company
Buffalo, New York

Mr. Arthur S. Hamlin, President
Mr. Frank H. Hamlin, Chairman of Board
Canandaigua National Bank and Trust Company
Canandaigua, New York

Mr. John E. Nugent, President
Mr. Roy W. Rogers, Vice President
First State Bank
Canisteo, New York

Mr. L. E. Cullen, President
Mr. P. J. Cullen, Vice President
Bank of Cattaraugus
Cattaraugus, New York

Mr. Donald W. Castor, President
Mr. Raymond Tyman, Director
Ontario National Bank of Clifton Springs
Clifton Springs, New York

Mr. Charles F. Hartung, President
Mr. J. Kenneth Scott, Vice Chairman
Genesee Valley National Bank and Trust Company
of Geneseo
Geneseo, New York

Mr. Martin E. Hayes, President
Mr. Robert W. Anania, Director
National Bank of Geneva
Geneva, New York

Mr. Robert K. Hynes, Vice Chairman
Mr. Justin L. Vigdor, Director
Bankers Trust Company of Western New York
Jamestown, New York

Mr. Paul B. Sullivan, President
Mr. Carl M. Fredeen, Executive Vice President
First National Bank of Jamestown
Jamestown, New York

Mr. David Baroody, Senior Vice
President
Mr. Peter Roberts, Vice President
Manufacturers Hanover Trust Company/
Genesee Region
Rochester, New York

Mr. James J. Young, Group Vice
President

Mr. H. Scott Norris, Director
Central Trust Company
Rochester, New York

Mr. Wilbur Beh, Vice President and
Cashier

Mr. John Leach, Vice President
First National Bank of Rochester
Rochester, New York

Mr. William B. Webber, Chairman of
the Board and Chief Executive
Officer
Lincoln First Bank of Rochester
Rochester, New York

Mr. Arthur M. Richardson, President
and Chief Executive Officer
Security Trust Company and Security
New York State Corporation
Frederic J. Buse, First Executive
Vice President
Security New York State Corporation
Rochester, New York

Mr. Harry J. Sullivan, President
Mr. John F. Vosburg, Director
Salamanca Trust Company
Salamanca, New York

Mr. William M. Thompson, Senior Vice
President
Mr. William G. Thompson, Director
The National Bank of Savannah
Savannah, New York

Mr. Theodore P. Capron, President
The First National Bank of Wayland
Wayland, New York

Mr. Donald E. Cielewich, Regional
President
Mr. Gerald C. Saltarelli, Director
Marine Midland Bank (Western Region)
Buffalo, New York

Mr. Harry F. Martin, President
Chase Manhattan Bank, N.A. (Buffalo)
Buffalo, New York

Mr. Martin F. Birmingham, President
(Possibly a director, also)
Marine Midland Bank (Rochester Region)
Rochester, New York

Mr. Vincent J. Nielsen, Regional President
Mr. Paul M. Branch, Director
Bank of New York (Southwest Region)
Olean, New York

Federal Reserve Bank of New York

Mr. Paul A. Volcker, President
Mr. Fred W. Piderit, Jr.
Senior Vice President
Mr. Thomas C. Sloane
Senior Vice President
Mr. Peter Bakstansky, Vice President
Mr. Ronald B. Gray, Vice President
Mr. Frederick C. Schadrack, Jr., Vice
President
Mr. Franklin T. Love, Manager
Bank Relations Department
Mr. Carl H. Allen, Special Assistant
Mr. Arthur W. Samansky, Special Assistant
Mr. Alfred A. Bevacqua, Jr., Special
Representative
Mr. Raymond C. Laverty, Special Repre-
sentative

Buffalo Branch

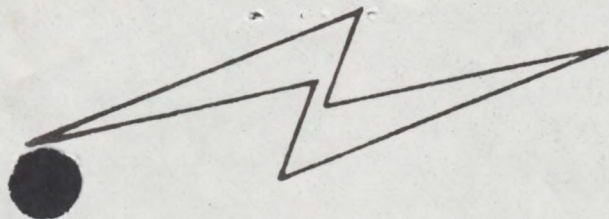
Mr. John T. Keane, Vice President & Branch
Manager
Mr. Robert J. McDonnell, Assistant Cashier
Mr. W. Raymond Gatgens, Special Repre-
sentative

Press

No count at this time.

Bankers and/or directors	54
Federal Reserve Bank of NY	11
Buffalo Branch	3
Total	68

Mr. McDonnell made arrangements for 63
to eat. This will be changed the first
part of the week.



FEDERAL RESERVE BANK OF NEW YORK

33 Liberty Street, New York, New York 10045

Public Information 212-791-6141 or 6143

No. 1156

FOR RELEASE: WEDNESDAY, NOVEMBER 17, 1976

NEW YORK FED SPONSORS MEETINGS FOR MEMBER BANKERS IN NORTHWESTERN NEW YORK

NEW YORK--The Federal Reserve Bank of New York on Wednesday will hold meetings in Batavia and Syracuse for member commercial banks in the northwestern portion of the Second Federal Reserve District.

The meetings are part of a continuing series held throughout the district to enable Reserve Bank officials and senior commercial bankers to exchange views on a variety of current topics.

At Batavia and Syracuse, Paul A. Volcker, president of the New York Fed, will review recent economic conditions and monetary policy; Thomas C. Sloane, senior vice president, will discuss New York Reserve Bank services and Federal Reserve membership, and Frederick C. Schadrack, vice president, bank supervision and relations, will focus on the current banking situation in the state.

-0-

REGIONAL MEETINGS ITINERARY
FOR
MR. VOLCKER

November 15, 1976

2:30 p.m. Leave Bank by automobile
3:30 p.m. Arrive Hilton Inn, Tarrytown, New York
(914-631-5700)
3:30 p.m. Registration for guests and coffee
4:00 p.m. Meeting starts
6:00 p.m. Formal meeting concludes
6:30 p.m. Dinner
7:30 p.m. Leave Tarrytown for home by Bank automobile

November 17, 1976

7:00 a.m. Leave home by Bank automobile for LaGuardia
7:55 a.m. Leave LaGuardia on Allegheny Airline
Flight 127
8:56 a.m. Arrive Buffalo
9:00 a.m. Leave Buffalo Airport in Branch automobile
for Batavia. (Mr. Sloane arrives at
Buffalo at 8:58 a.m. on Allegheny Airline
Flight 189 and will ride to Batavia with
Mr. Volcker).
9:45 a.m. Arrive Holiday Inn, Batavia, New York
(716-343-1440)
10:00 a.m. Meeting starts
12:00 Noon Formal meeting concludes
12:30 p.m. Lunch
1:30 p.m. Leave by automobile en route to Syracuse
4:00 p.m. Arrive Ramada Inn, Syracuse, New York
(315-457-8670)

4:00 p.m.	Registration for guests and coffee
4:30 p.m.	Meeting starts
6:30 p.m.	Formal meeting concludes
7:00 p.m.	Dinner
8: ⁰⁰ 15 p.m.	Leave Ramada Inn by automobile to Syracuse Airport
^{8:15} 9:23 p.m.	Leave Syracuse on Allegheny Airline Flight 486 AA 590
^{9:06} 10:20 p.m.	Arrive ^{LaGuardia} Kennedy , Protection Division will provide transportation from airport to home

November 15, 1976

Fox River Bond
25% Cotton

November 15, 1976

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FEDERAL RESERVE BANK OF NEW YORK

CIRCULATE:

Mr. Timlen
Mr. Piderit
NEW YORK, NEW YORK 10045
Mr. Schadrack
Mr. Sloane
Mr. Bakstansky
CORRES. FILES

November 24, 1976

Mr. William T. Leese
President
First National Bank
of East Hampton
East Hampton, New York 11937

Dear Bill:

I appreciate your taking the time to write us regarding our communication efforts among member banks. Needless to say, we benefit greatly from gatherings such as the one in Tarrytown, but it is always encouraging to hear reports from the other side.

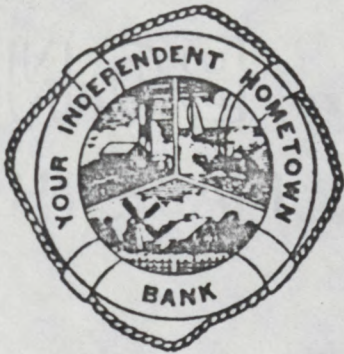
It was a pleasure to meet you, Tom Behringer, et al, and we look forward to more regular visits with you.

Sincerely,

PAUL

Paul A. Volcker

MLK/jkz



FIRST NATIONAL BANK

EAST HAMPTON • NEW YORK 11937

Circulate

*Mr. J. Miller
Mr. Pident
Mr. Schodde
Mr. Sloane
Mr. Bokostansky
Carres. files
of East Hampton*

516.324.2000

WILLIAM T. LEESE
PRESIDENT

November 23, 1976

Mr. Paul Volcker, President
Federal Reserve Bank of New York
33 Liberty Street
New York, N.Y. 10045

Dear Paul:

On behalf of Tom Behringer and myself may I express our appreciation for having been invited to the meeting at Tarrytown on November 15th.

Meetings of this type definitely help improve the communication link between the Fed and the membership. Possibly we can look forward to getting together on a regular basis.

Our thanks to you and your associates.

Sincerely,

Bill

President

WTL/brs

RECEIVED

NOV 24 1976

P. A. V.

ANSWERED

ATTENDED TO

REGIONAL MEETING - THE HILTON INN
TARRYTOWN, NEW YORK
NOVEMBER 15, 1976

PROGRAM SCHEDULE

3:30 - 4:00 p.m.	Registration - Coffee and Soda
4:00 - 4:05 p.m.	Welcome Remarks and Introduction - Mr. Piderit
4:05 - 4:25 p.m.	Presentation - Mr. Schadrack "The Changing Competitive Environment for Banking in New York State"
4:25 - 4:35 p.m.	Discussion
4:35 - 4:55 p.m.	Presentation - Mr. Sloane "Access to Federal Reserve Services and Membership"
4:55 - 5:05 p.m.	Discussion
5:05 - 5:35 p.m.	Presentation - Mr. Volcker General - "Economics, Monetary Policy, Legislation and Other Issues"
5:35 - 5:45 p.m.	Discussion
5:45 - 6:00 p.m.	Open Discussion
6:00 p.m.	Formal meeting concludes
6:00 - 6:30 p.m.	Reception
6:30 - 7:30 p.m.	Dinner

NOTE: In addition to the chief executive officer or his alternate bankers were asked to invite one of their nonbanker directors or a local legislator.

REGIONAL MEETING - HILTON INN
TARRYTOWN, NEW YORK
NOVEMBER 15, 1976

CONNECTICUT

<u>Bank</u>	<u>Attendees</u>	<u>Title</u>
The City National Bank of Connecticut Bridgeport	Norman Schaff, Jr.	Chairman of the Board
	George F. Taylor	Exec. Vice Pres.
The Connecticut National Bank, Bridgeport	Frederick R. Miller	Exec. Vice Pres.
	David W. P. Jewitt	Senior Vice Pres.
The State National Bank of Connecticut Bridgeport	Maureen M. Smith	Senior Vice Pres. and Comptroller
Connecticut Bank and Trust Company, N. A. Norwalk	Roger M. Keefe	Chairman
	Charles E. Poulin	President
Liberty National Bank Stamford	Richard M. Sontag	President
	Charles J. Menge	Vice President
Westport National Bank Westport	Robert E. Murray	President

NEW YORK

<u>Bank</u>	<u>Attendees</u>	<u>Title</u>
The Fishkill National Bank Beacon	Foster S. Cunningham	President
	Edward vK. Cunningham, Jr.	Counsel
United National Bank Callicoon	Valleau C. Curtis	Chairman of the Board
	Vincent Zanetti	President
Putnam County National Bank, Carmel	Marigrace Blanks	Exec. Vice Pres.
	Wayne Blanks	Vice President
Peninsula National Bank Cedarhurst	Nicholas Balzano	Exec. Vice Pres.
The Chester National Bank Chester	W. Terry Malloy	Senior Vice Pres./ Cashier
	Donal O'Sullivan	Vice President
Dover Plains National Bank, Dover Plains	Thomas J. Boyce	President
First National Bank of East Hampton East Hampton	William T. Leese	President
	Thomas E. Behringer, Jr.	Director
The First National Bank of East Islip East Islip	Richard J. Gray	Exec. Vice Pres.
	Henry Hocker	Director
Hempstead Bank Garden City	Robert E. Scheuing	President
Long Island Trust Company Garden City	Arthur Hug, Jr.	Chairman and Pres.
	Willard G. Hampton	Chairman of Exec. Committee
Nassau Trust Company Glen Cove	Jim Bolster	President and Chairman of Board

<u>Bank</u>	<u>Attendees</u>	<u>Title</u>
The First National Bank of Glen Head Glen Head	Anthony D. Famighetti	Chairman of the Board
	Edward F. McAdams	President
Vanguard National Bank Hempstead	C. Merolla	President
	Howard Cohen	Director
Long Island Bank Hicksville	James C. Dinkelacker	President
	Richard Mace	Vice President
The First National Bank of Jeffersonville Jeffersonville	August Lott	Director
	Gilbert E. Weiss	Exec. Vice Pres.
The Sullivan County National Bank Liberty	Robert J. Ernst	President
	Glenn H. Hanson	Senior Vice Pres.
The Mahopac National Bank Mahopac	J. Halsey Decatur	President
	William D. Spain	Director
Orange County Trust Company Middletown	Eugene H. Morrison	Chairman of the Board
	Albert J. Juliano	President
	Edward M. Mitchell	Director
Manufacturers Hanover Trust, Monroe	John Luft	Vice President
Nanuet National Bank Nanuet	James D. Raglan	President
	John E. Stefan	Exec. Vice Pres.
The Columbus Trust Company Newburgh	Harold Saf	President
	David E. Tower	Bank Attorney

<u>Bank</u>	<u>Attendees</u>	<u>Title</u>
Empire National Bank Newburgh	Arthur W. Schmidt, Jr.	Chairman of the Board
	Norman MacBeth	Director
Highland National Bank of Newburgh Newburgh	Robert F. Macfarland	President
	Paul H. Engels	Exec. Vice Pres. and Cashier
Barclays Bank of New York, New York City	John H. C. Whicker	President
	Thomas W. Cashel	Director
Bessemer Trust Company, N. A. New York City	John R. Whitmore	President
	Robert C. Elliott	Vice President
Capital National Bank of New York New York City	Raymond S. D. Yoh	Chairman of the Board
	Carlos A. Cordova	President
Chelsea National Bank New York City	Victor F. Condello	Chairman of the Board
	Merton Corn	President
Freedom National Bank New York City	M. Frederick Brown	Vice President/ Cashier and Director
Hartford Trust Company of New York New York City	Michael T. Curley	Vice President
Schroder Trust Company New York City	Mark J. Maged	Vice Chairman
	Burgis B. Coates	Senior Vice Pres.
Sterling National Bank and Trust Company New York City	Jerome D. Twomey	President
	John J. Fowler, Jr.	Exec. Vice Pres.

<u>Bank</u>	<u>Attendees</u>	<u>Title</u>
The First National Bank of North Tarrytown North Tarrytown	John J. Hughes	President
Chemical Bank Hudson Valley, N. A. Nyack	J. Gordon Compton Kenneth M. Mueller	President Senior Vice Pres. and Cashier
The National Bank of Pawling Pawling	H. B. Twombly, Jr.	Exec. Vice Pres.
Bank of Smithtown Smithtown	Irving Schechter William Bowen	President Vice President and Comptroller
Bank of Suffolk County Stony Brook	Thomas A. Doherty Fred C. Zorn	President Director
The Valley National Bank, Wallkill Wallkill	Fred. C. Terwilliger S. LaVerne Hastings	President Exec. Vice Pres. and Cashier
National Bank of Westchester White Plains	James R. Hand Stephen A. Matuszak	Chairman President
Hudson Valley National Bank Yonkers	Sidney O. Thompson John A. Pratt, Jr.	Chairman of the Board President

Regional Meeting, Hilton Inn, Tarrytown, New York
November 15, 1976

FEDERAL RESERVE BANK OF NEW YORK

ATTENDEES

Paul A. Volcker	President
Fred W. Piderit, Jr.	Senior Vice President
Thomas C. Sloane	Senior Vice President
Peter Bakstansky	Vice President
Ronald B. Gray	Vice President
Frederick C. Schadrack	Vice President
Joseph M. O'Connell	Assistant Vice President
Franklin T. Love	Manager
Carl H. Allen	Special Assistant
Alfred A. Bevacqua, Jr.	Special Representative
Robert J. Branch	Special Representative
Bruce A. Cassella	Special Representative
Raymond C. Lavery	Special Representative
Arthur W. Samansky	Special Assistant

GROUND TRANSPORTATION ARRANGEMENTS
REGIONAL MEETINGS
NOVEMBER 15, 1976

New York City to Tarrytown

Car 1 - Mr. Allen
(Leave Bank at 1:00 p.m.)

1. Mr. Love
2. Mr. Samansky

Car 2 - Mr. Lavery
(Leave Bank at 1:00 p.m.)

1. Mr. Branch
2. Mr. Cassella

Car 3 - Mr. Gray
(Leave Bank at 2:30 p.m.)

1. Mr. Piderit
2. Mr. Schadrack

Car 4 - Protection
(Leave Bank at 2:30 p.m.)

1. Mr. Volcker
2. Mr. Sloane
3. Mr. Bakstansky

Tarrytown to Home

Car 1 - Protection
(Leave Tarrytown at 7:30 p.m.)

1. Mr. Volcker
2. Mr. Bakstansky
3. Mr. Schadrack

Car 2 - Protection
(Leave Tarrytown at 7:30 p.m.)

1. Mr. Piderit
2. Mr. Samansky

Car 3 - Mr. Lavery
(Leave Tarrytown at 7:30 p.m.)

1. Mr. Sloane
2. Mr. Cassella

Car 4 - Mr. Allen
(Leave Tarrytown at 7:45 p.m.)

1. Mr. Love
2. Mr. Branch

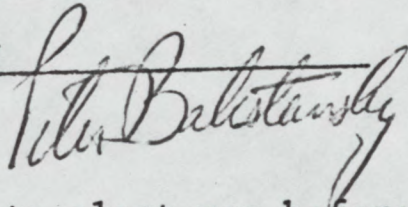
OFFICE CORRESPONDENCE

DATE September 23, 1976

TO Mr. Volcker

SUBJECT Regional Meetings

FROM Peter Bakstansky



I wanted to alert you before you left that we have been planning for the Regional Meetings to be held October 22, November 15 and November 17. As we discussed, I think it desirable for you not to speak from a prepared text but rather discuss a number of broad topics, as you did at the New Jersey meetings.

We think it would be appropriate for you to cover the following general areas:

1. Regional and national economics,
2. monetary policy,
3. pending national and state legislation,
4. other current concerns of the System.

I am sending copies of this memorandum to Messrs. Davis and Oltman and am asking them to prepare background material for you.

The other speakers on the program will be Mr. Timlen, whom we are asking to discuss "The Question of Membership: Pricing Access and Services" and Mr. Schadrack, whom we are asking to discuss "The Changing Competitive Banking Situation in New York". Mr. Timlen will not be at the November 15 meeting and we are asking Mr. Sloane to substitute for him on that date.

PB/mdw

cc: Messrs. Timlen
Guy
Piderit
Sloane
Davis
Gray
Oltman
Schadrack
Hoenig
Love
Allen
Samansky

OFFICE CORRESPONDENCE

DATE September 13, 1976To Those Listed BelowSUBJECT: Regional Meetings - Fall 1976FROM F. T. Love*F. T. Love*

In view of a change in Mr. Volcker's schedule, the regional meeting originally scheduled for November 8, 1976 in the New York City area is now scheduled for Monday, November 15, 1976 at 4:00 p.m. Arrangements have been made to hold this meeting at the Hilton Inn, Tarrytown, New York.

Since it is our understanding that Mr. Timlen will not be able to attend the November 15 meeting, we suggest that Mr. Sloane be asked to fill in for him.

FTL/dm

cc: Messrs: Piderit
Sloane
Bakstansky
Gray
Keane

Schadrack
Hoenig
McDonnell
Allen
Samansky

REGIONAL MEETING
October 22, 1976

OCTOBER 22, 1976

Was going to my
husband but
sat here & wrote
two pieces of notes.

Stonehenge Room -
 Being accused of both mysticism & being behind the times,
 to the Stonehenge Room maybe appropriate.

There ^{random} thoughts help illustrate what is on my mind.
I want to touch upon several matters briefly, but I am at least as
interested in what is on your mind.

climate -
Not the details of circulation - but whether we are in
this in common.

1. Transparence on public accountability

3. Breath of representation -

4. ^{Women} ~~Complications~~ ^{unusually +} ~~gettin~~ ^{new} concern about safety + procedure.

Enormous problem in implementation
a. Detailed regulation that stifles & add to costs, rather than

lost.
GAO audit - appropriate - Appointment process, open
meetings + Congressional directives.
+ + + + + ball game passed.

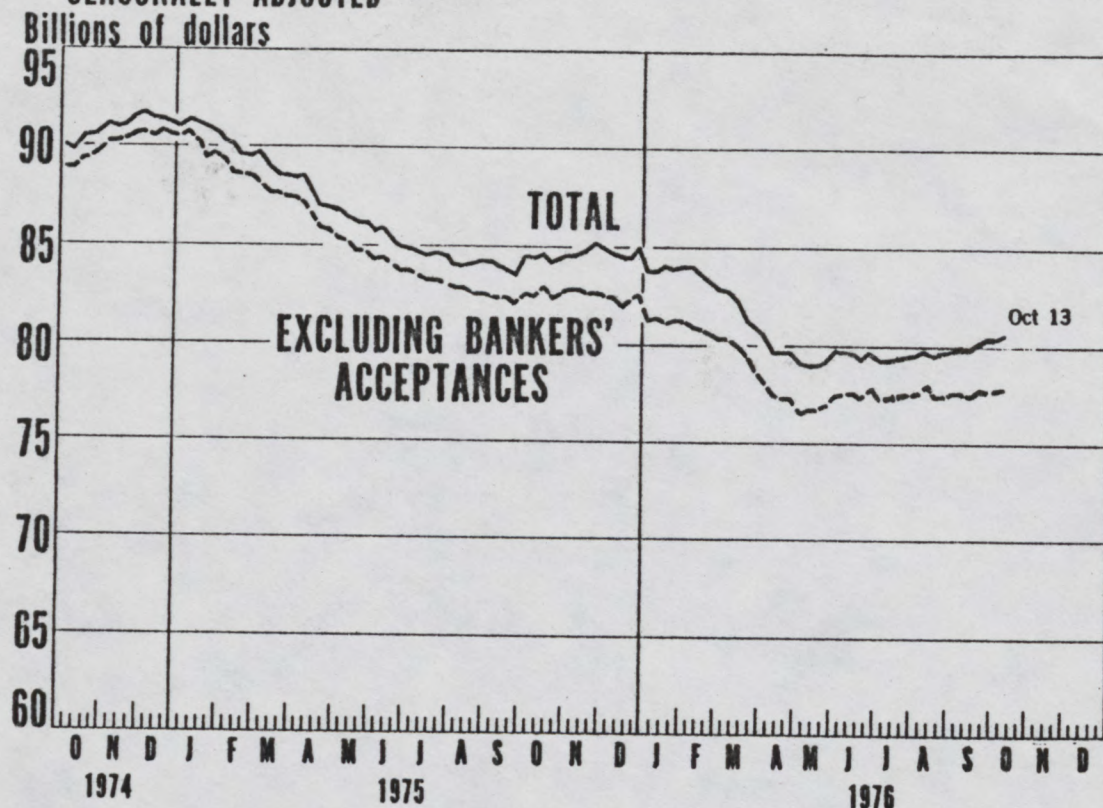
But will be continuing time -

4. Fairly normal expansion in aggregate. 9-10%
But started low - conditions hardly satisfactory

B. Expansion has slowed.
Invertment unclear.

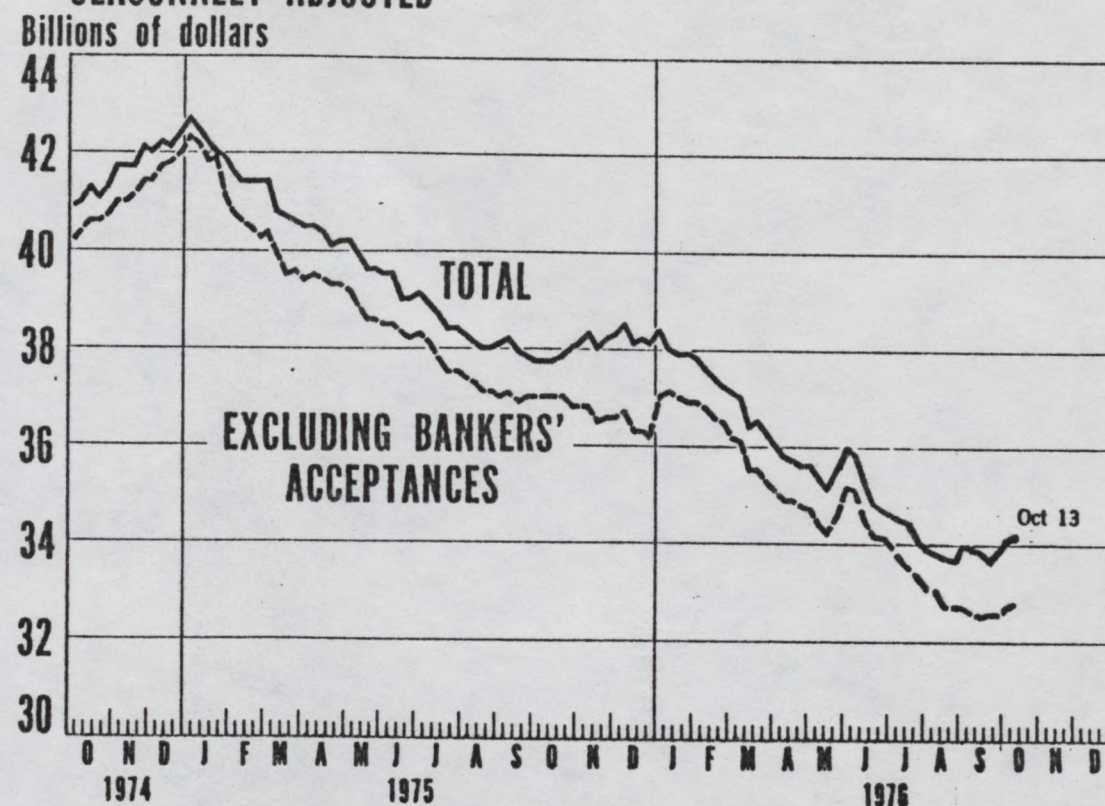
BUSINESS LOANS INCLUDING LOAN SALES TO AFFILIATES

WEEKLY REPORTING BANKS OUTSIDE NEW YORK CITY
SEASONALLY ADJUSTED



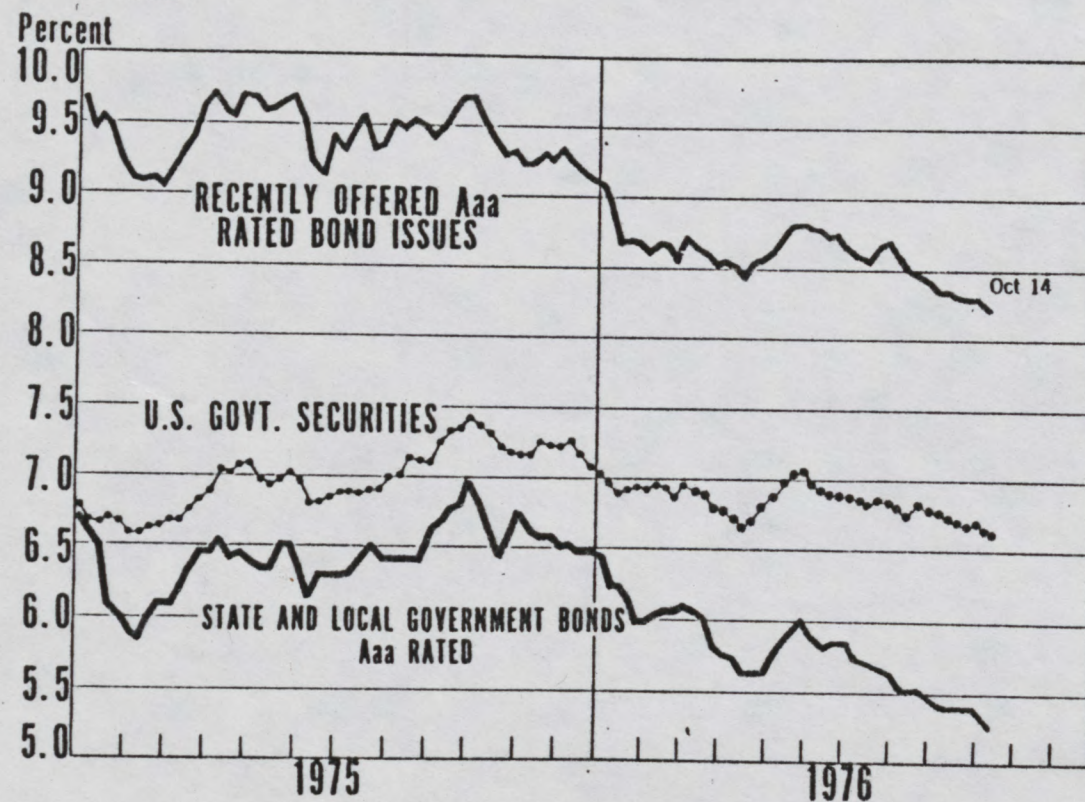
BUSINESS LOANS INCLUDING LOAN SALES TO AFFILIATES

WEEKLY REPORTING BANKS NEW YORK CITY
SEASONALLY ADJUSTED



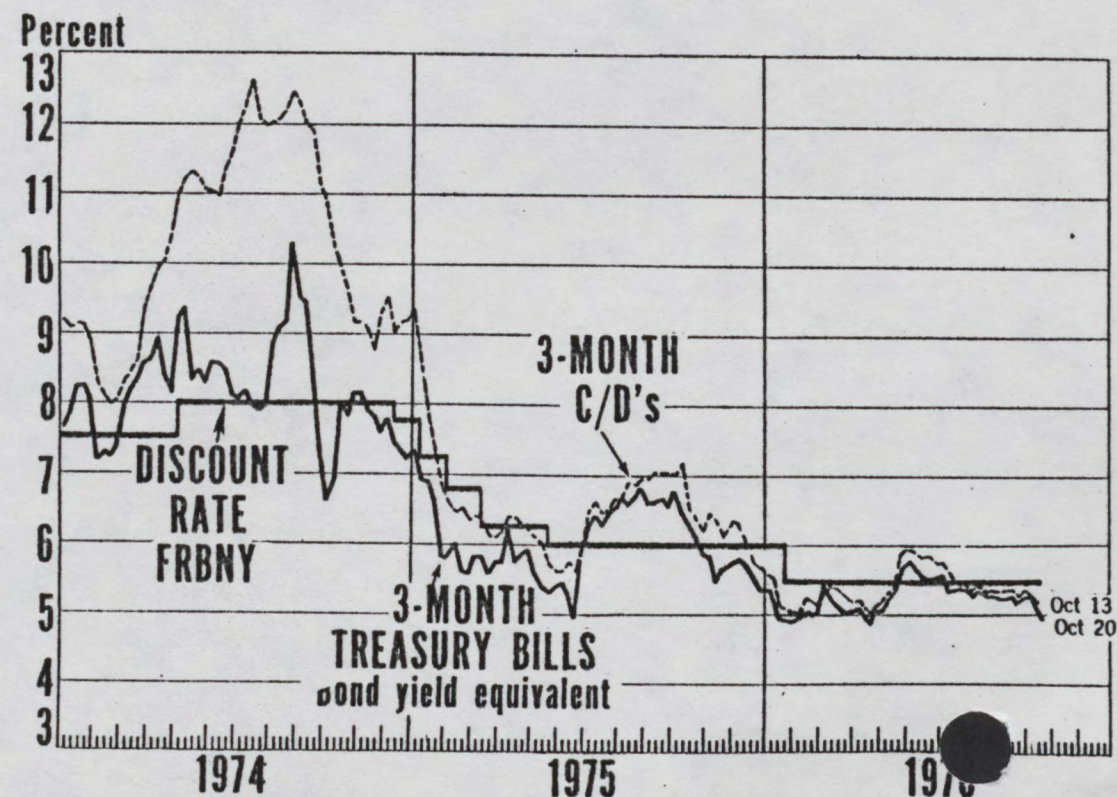
LONG-TERM INTEREST RATES

WEEKLY



SELECTED MONEY RATES

WEEKLY



C. Inflation still problem

D. More cautious attitudes - not entirely bad.

New York City + State have problems in grade.

No magic solution - however:

1. Steadiness of purpose + policy
2. Dealing with inflation

3. Federal Reserve approach.

New Association

hit targets for money supply.

Resisted at first.

But helpful -

1. informed debate
2. narrower range of disagreement
3. Discipline on Fed itself.

Money moving within targets.

Some things will have to be reduced.

Problems - but encouraged.

Can't promise elimination of either unemployment or inflation -

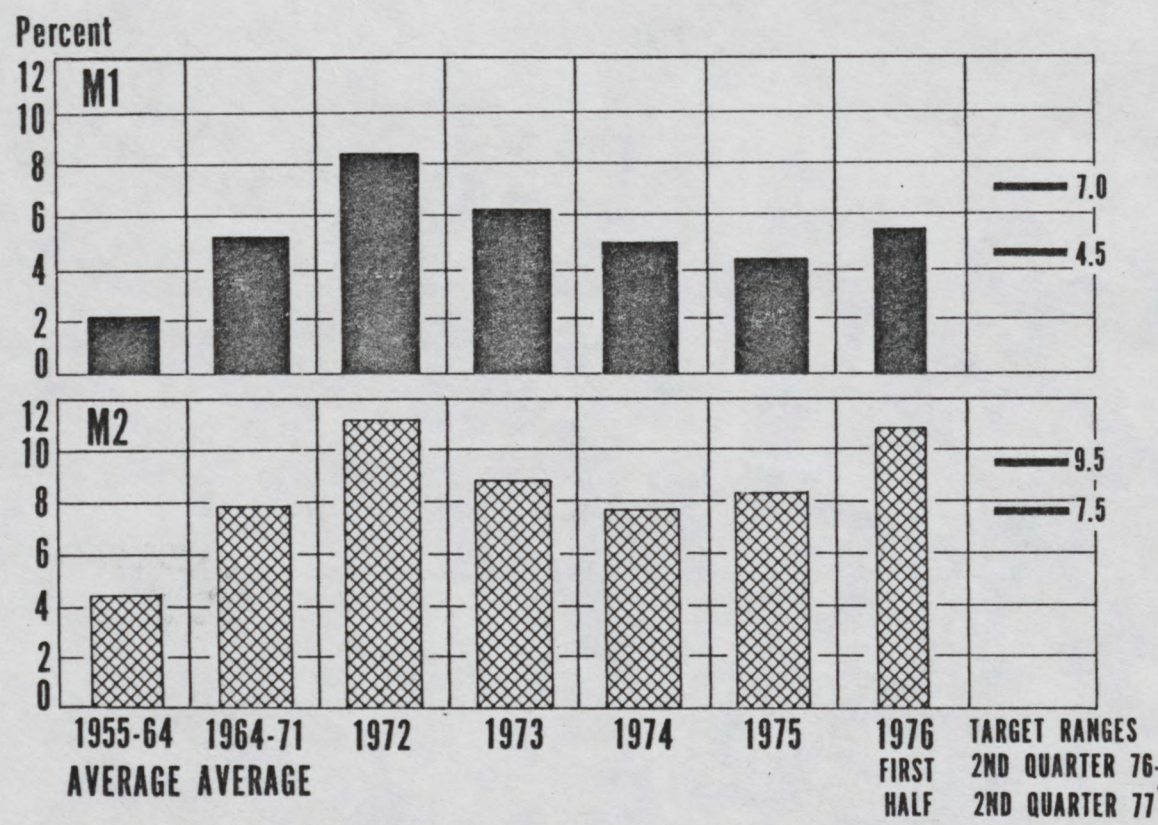
nor is there any magic elsewhere.

But if we stick at it, it can be done.

Don't have deep pessimism about inflation + can't change policy on that basis.

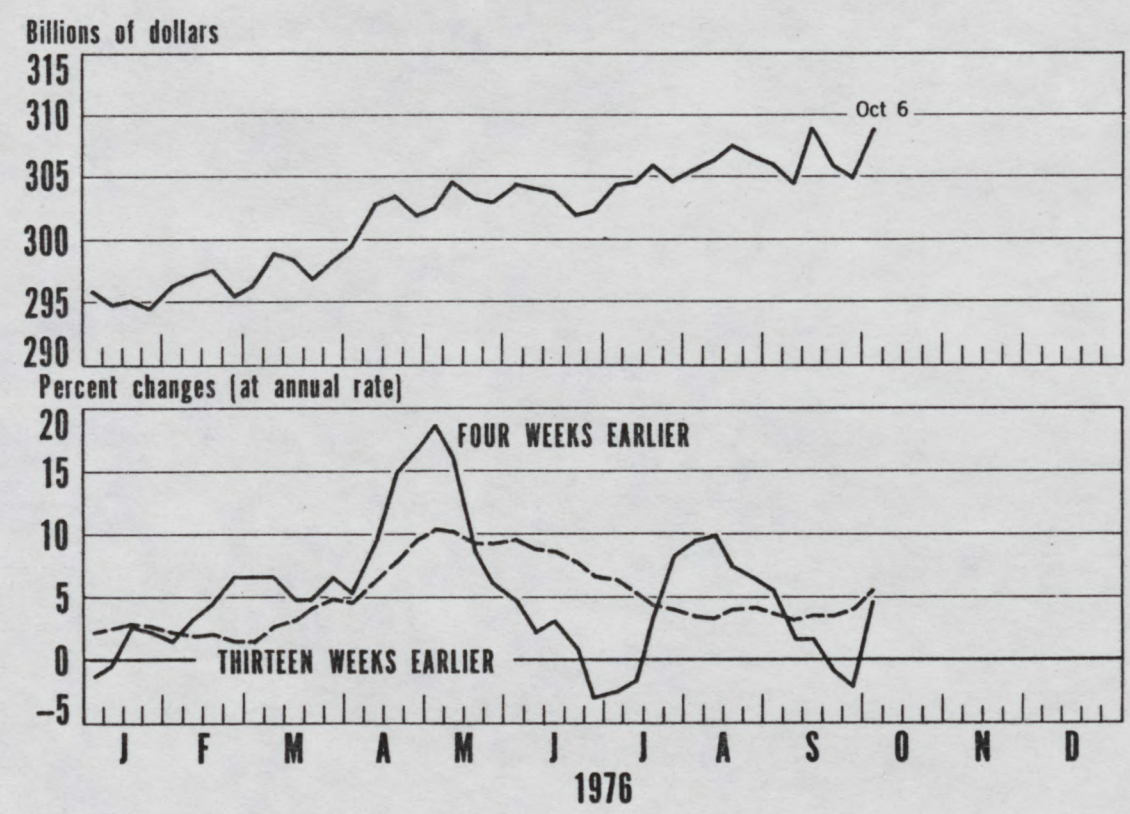
MONEY SUPPLY GROWTH RATE

38



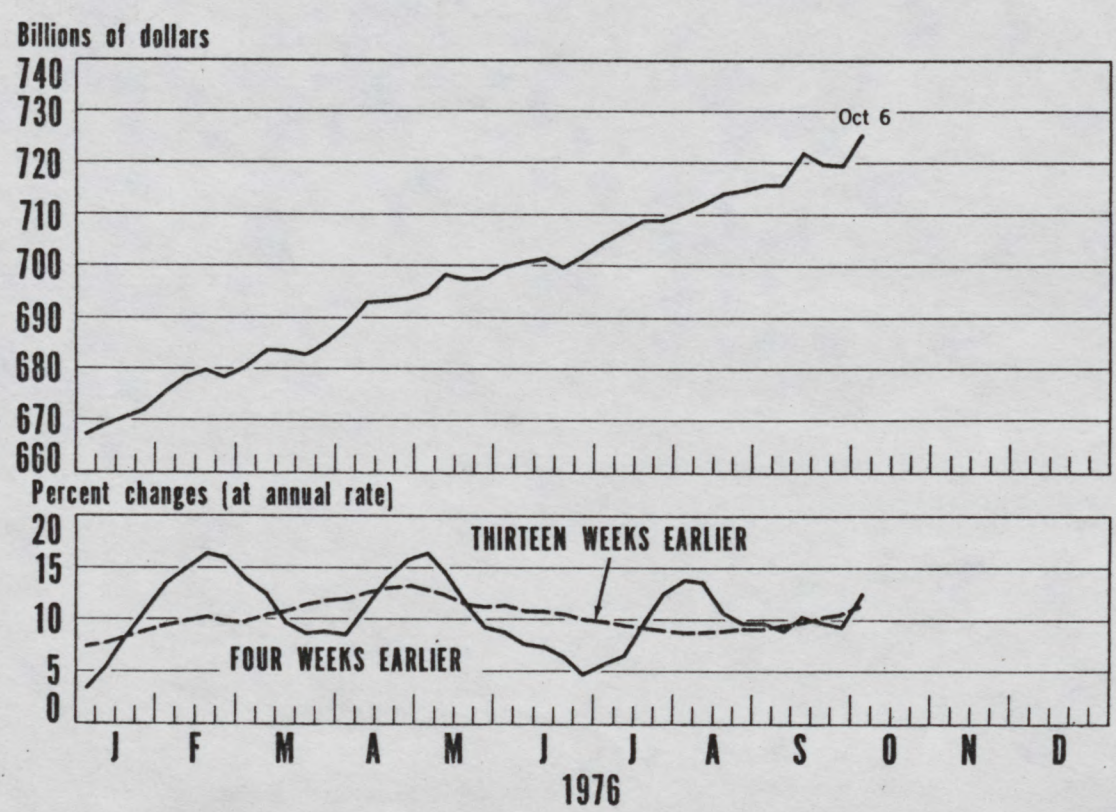
M1: NARROW MONEY SUPPLY SEASONALLY ADJUSTED

39



M2: BROAD MONEY SUPPLY SEASONALLY ADJUSTED

40



REGIONAL MEETING - TURF INN
COLONIE (ALBANY) NEW YORK
OCTOBER 22, 1976

PROGRAM SCHEDULE

10:00 - 10:30 A.M.	Registration - coffee and danish
10:30 - 10:35 A.M.	Welcome remarks and introduction - Mr. Piderit
10:35 - 10:55 A.M.	Presentation - Mr. Schadrack "The Changing Competitive Banking Situation in New York"
10:55 - 11:05 A.M.	Discussion
11:05 - 11:25 A.M.	Presentation - Mr. Sloane "The Question of Membership: Pricing Access and Services"
11:25 - 11:35 A.M.	Discussion
11:35 - 12:05 P.M.	Presentation - Mr. Volcker General - "Economics, monetary policy, legislation and other issues"
12:05 - 12:15 P.M.	Discussion
12:15 - 12:30 P.M.	Open Discussion
12:30 P.M.	Formal meeting concludes
12:30 - 1:00 P.M.	Reception
1:00 - 2:00 P.M.	Luncheon

REGIONAL MEETING - TURF INN
COLONIE (ALBANY) NEW YORK
OCTOBER 22, 1976

<u>Bank</u>	<u>Attendees</u>	<u>Title</u>
Bankers Trust Company of Albany, N.A. Albany	George E. Hanner Charles Buchman	Executive Vice Pres. Director
Chemical Bank Eastern, N. A. Albany	John J. Brunner	President
First Commercial Banks, Inc. Albany	Curtis M. Carlson	Executive Vice Pres. and Treasurer
State Bank of Albany Albany	Frank H. Odell Martin H. Heck	President Executive Vice Pres.
Union National Bank Albany	William C. Schutt Walter K. Murray	President Director
The First National Bank Amenia	Robert E. Cook Paul B. Thompson	President Vice President
Ballston Spa National Bank Ballston Spa	James Whelden LeRoy N. Hodsoll	President Vice President and Trust Officer
Central National Bank Canajoharie	William Lathers, Jr. Herbert R. Kling	Chairman of the Board and President Director
The National Bank of Coxsackie Coxsackie	John A. MacNaughton	Executive Vice President

<u>Bank</u>	<u>Attendees</u>	<u>Title</u>
Delaware National Bank of Delhi Delhi	Howard S. Dickson Raymond G. Roach, Jr.	Vice President President
Ellenville National Bank Ellenville	Clifford K. Calhoun J. William Lempka	President Executive Vice Pres.
Deak National Bank Fleischmanns	Richard Lynch R. F. Heyler	Director Vice President
First National Bank of Glens Falls Glens Falls	William T. Clark William L. Bitner III	President Director
Glens Falls National Bank and Trust Company Glens Falls	Robert P. Larson John J. Goetz	President Director
City National Bank and Trust Company Gloversville	Lloyd Politsch Paul E. Smith	President First Vice President and Trust Officer
The First National Bank of Highland Highland	Joseph Alfano George A. Alfano	President Executive Vice Pres.
Bankers Trust Company of Hudson Valley, N.A. Kingston	Robert H. Brome Edward S. Finnegan	Chairman and President Executive Vice Pres.
Kingston Trust Company Kingston	Robert L. Walker John Shults, Jr.	Treasurer Director
Rondout National Bank Kingston	James F. Dwyer	President and Trust Officer

<u>Bank</u>	<u>Attendees</u>	<u>Title</u>
National Union Bank of Kinderhook Kinderhook	Allen J. Thomas Jr.	President
The Herkimer County Trust Company Little Falls	William E. Cotter	Executive Vice Pres.
	Richard L. Collins	Vice President
The Little Falls National Bank Little Falls	Frederick G. Teall	President
	G. Ruport Palmer, Jr.	Director
Citizens National Bank Malone	O. K. Guerin	Executive Vice Pres.
	John C. Kimberley	Vice President
Bank of Millbrook Millbrook	Paul V. Knoblauch	Vice President
Wilber National Bank Oneonta	Robert W. Moyer	President
Dutchess Bank and Trust Company Poughkeepsie	Gerard E. Dahowski	Vice President and Controller
	Matthew D. Lampell	Director
First National Bank of Red Hook Red Hook	Lloyd Hapeman	President
	Donald E. Norton	Chairman
First National Bank of Rhinebeck Rhinebeck	Michael A. Fichera or Ronald W. Miller	President
		Vice President and Cashier
Mohawk National Bank Schenectady	John W. Reid	President
	J. Lynn Kellam	Director

<u>Bank</u>	<u>Attendees</u>	<u>Title</u>
The Schenectady Trust Co. Schenectady	Peter D. Marquis	Vice President
	Lewis Golub	Director
First National Bank of Scotia Scotia	K. E. Buhrmaster	Chairman
	L. H. Buhrmaster	President
First National Bank in Sidney Sidney	Borden C. Getman	Acting President
	Robert K. Perkins	Vice President

Regional Meeting, Turf Inn, Colonie (Albany) New York
October 22, 1976

FEDERAL RESERVE BANK OF NEW YORK

ATTENDEES

Paul A. Volcker	President
Fred W. Piderit, Jr.	Senior Vice President
Thomas C. Sloane	Senior Vice President
Ronald B. Gray	Vice President
Frederick C. Schadrack	Vice President
Franklin T. Love	Manager
Carl H. Allen	Special Assistant
Alfred A. Bevacqua, Jr.	Special Representative
Robert J. Branch	Special Representative
Bruce A. Cassella	Special Representative
Raymond C. Lavery	Special Representative
Arthur W. Samansky	Special Assistant

CHARTS

presented at

**REGIONAL MEETING OF
SECOND FEDERAL RESERVE DISTRICT MEMBER BANKS
IN COLONIE, NEW YORK**

October 22, 1976

Prepared by
Federal Reserve Bank of New York

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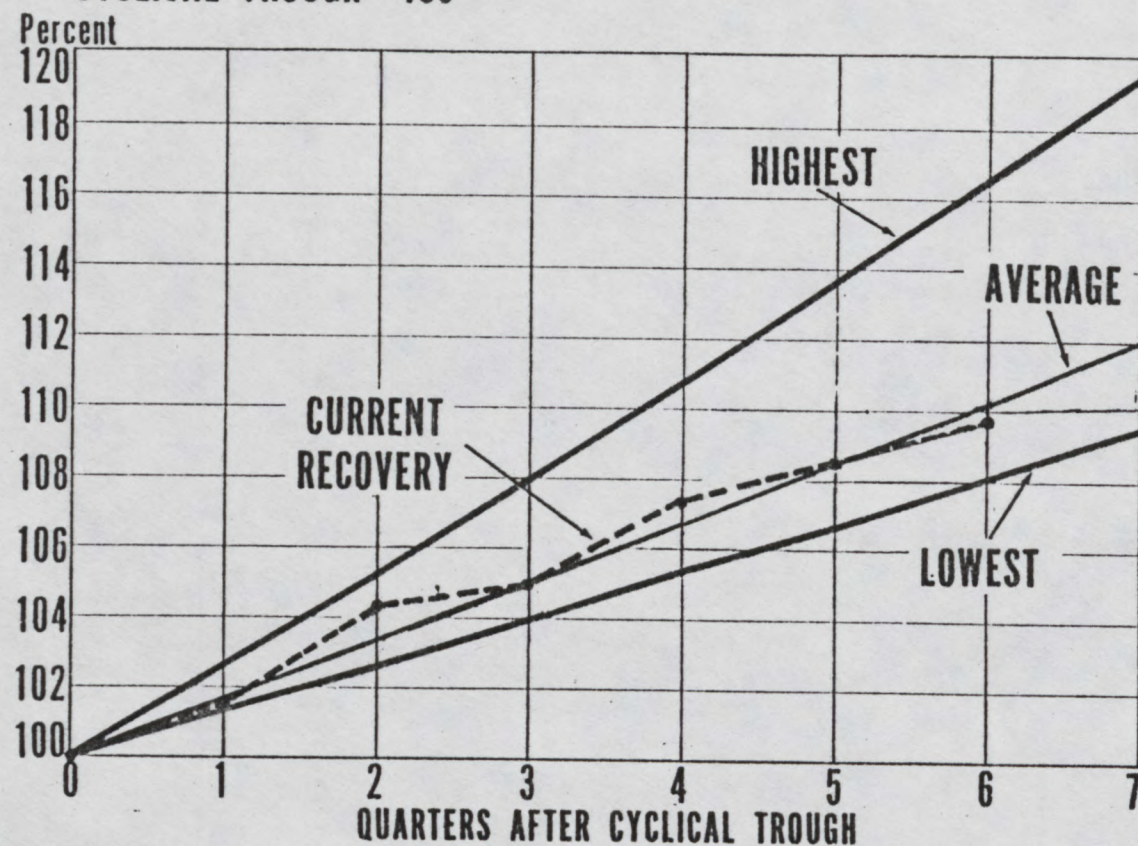
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REAL GNP IN POSTWAR RECOVERIES

CYCLICAL TROUGH =100

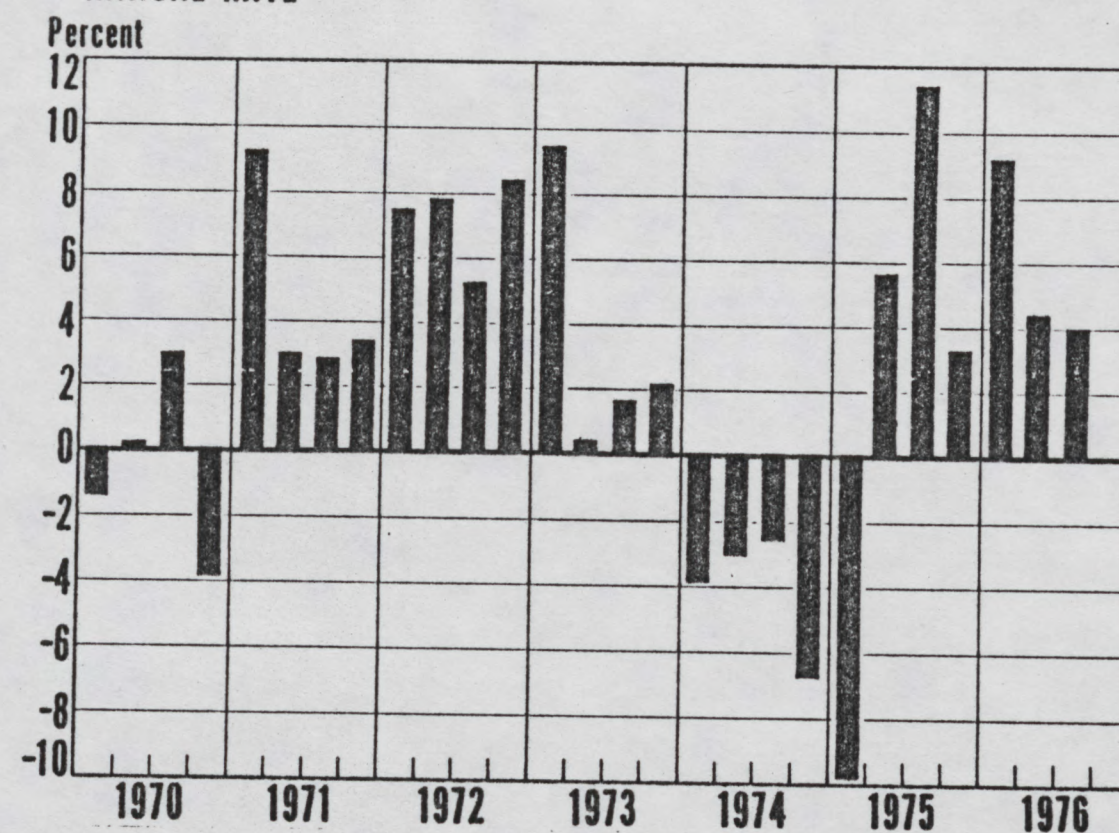
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CHANGES IN REAL GNP

ANNUAL RATE

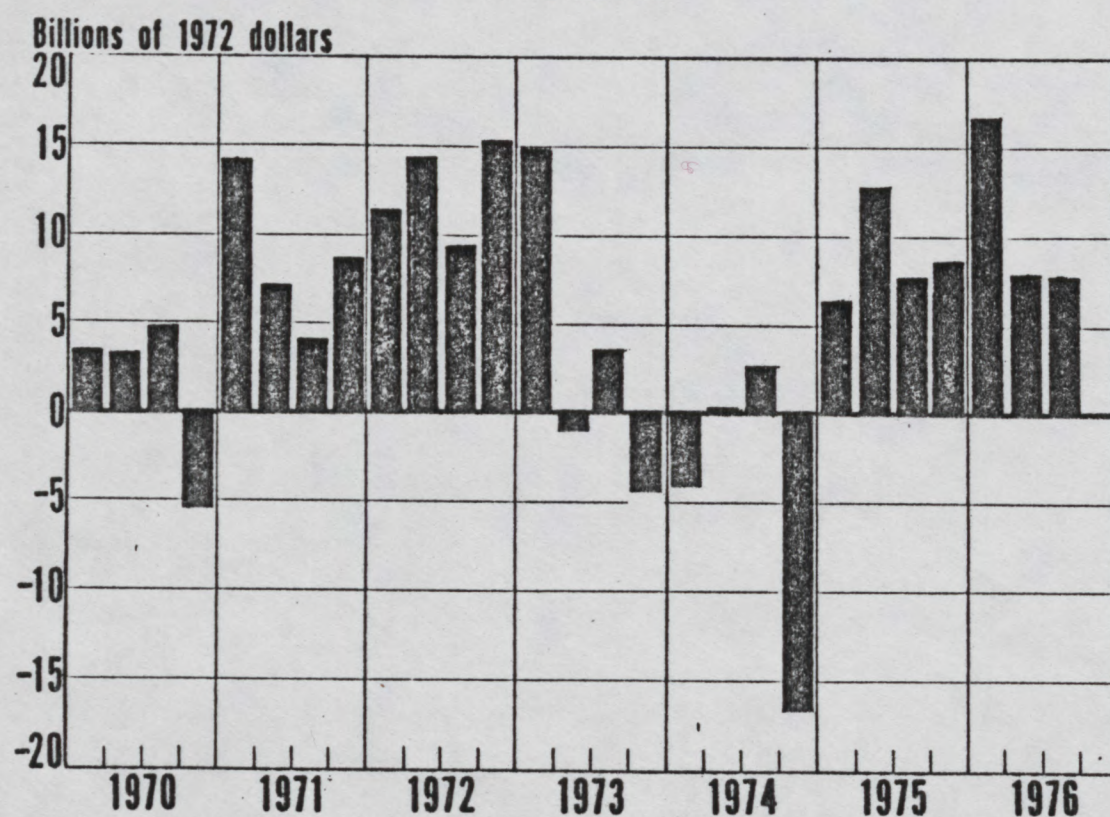
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CHANGES IN REAL CONSUMPTION

SEASONALLY ADJUSTED ANNUAL RATES

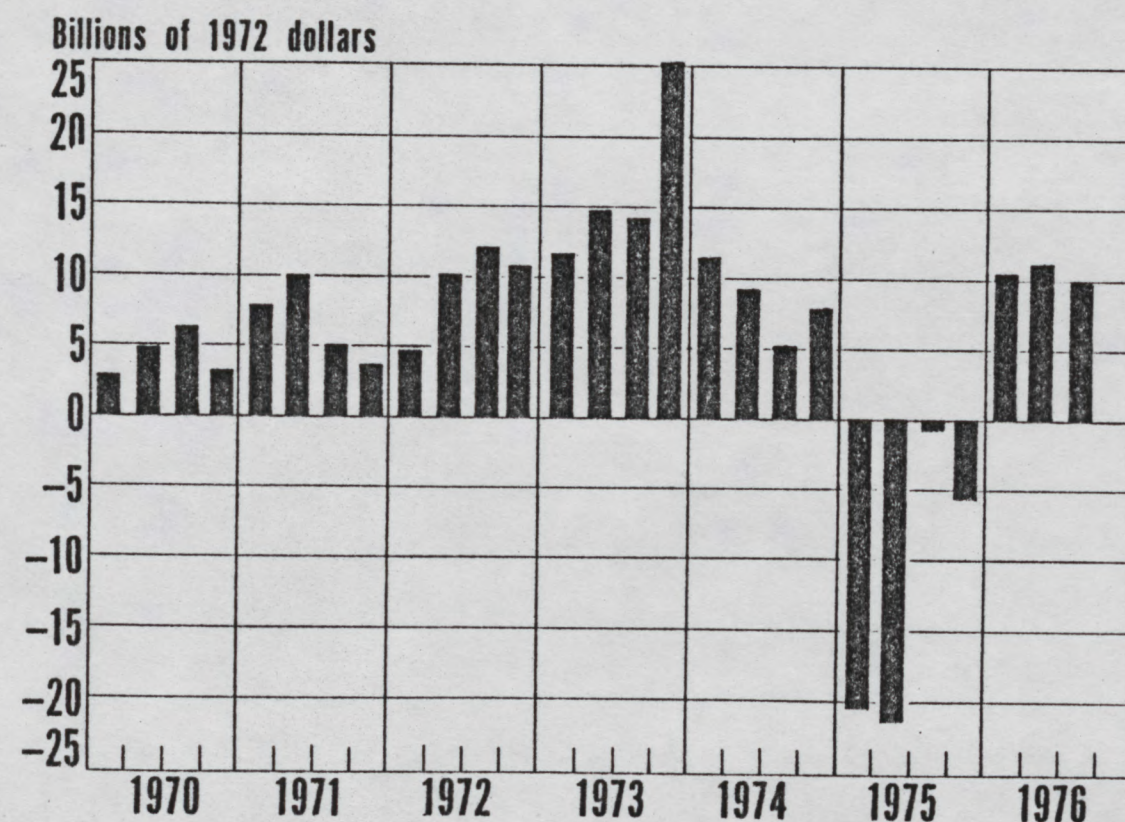
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REAL INVENTORY INVESTMENT

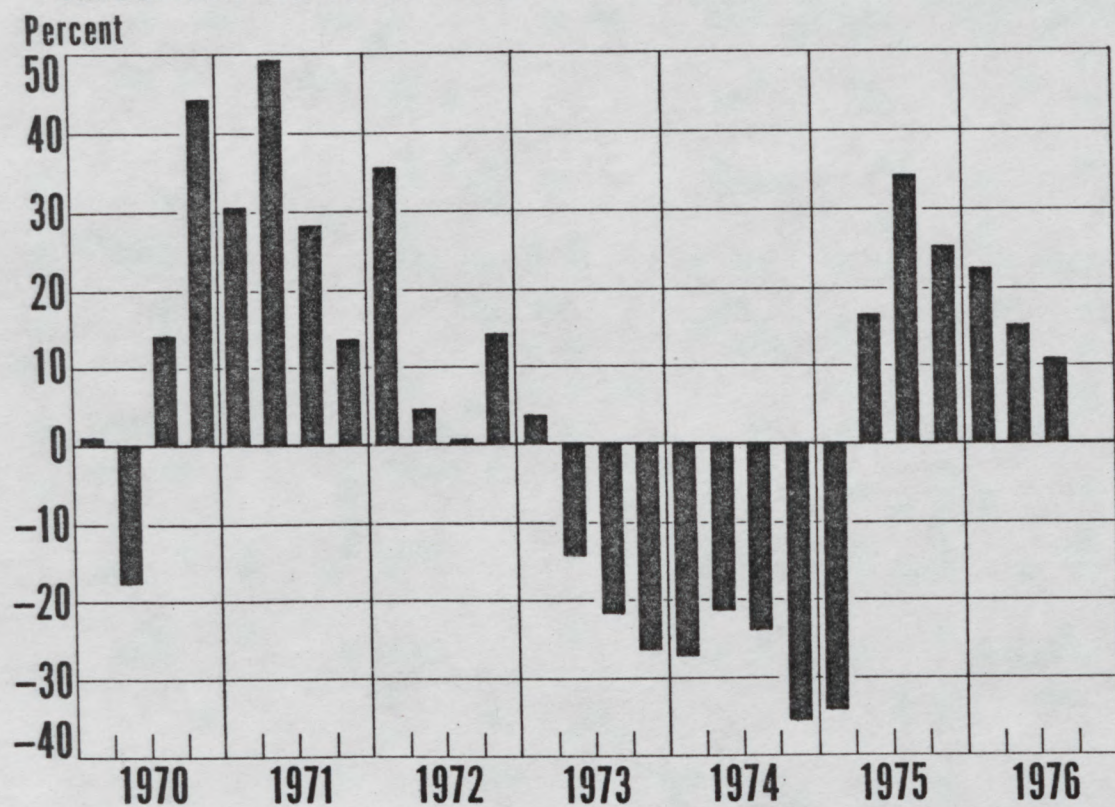
SEASONALLY ADJUSTED ANNUAL RATES

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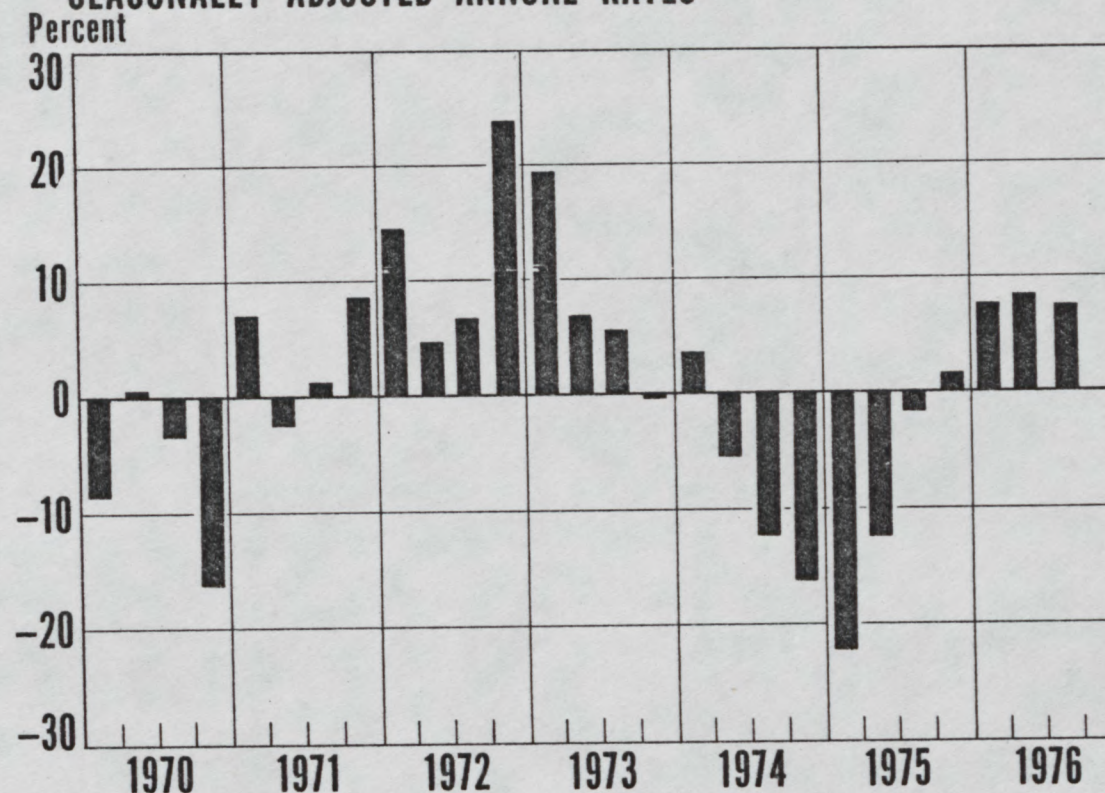
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CHANGES IN REAL RESIDENTIAL CONSTRUCTION SEASONALLY ADJUSTED ANNUAL RATES



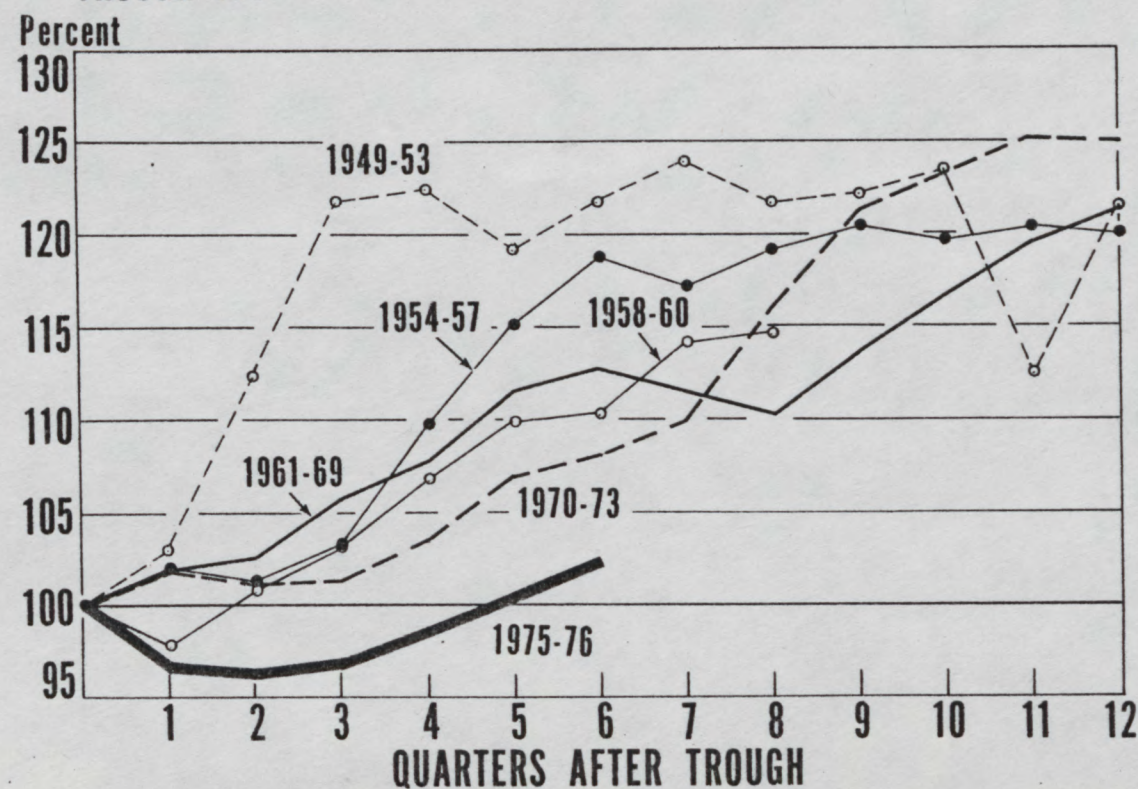
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CHANGES IN REAL BUSINESS FIXED INVESTMENT SEASONALLY ADJUSTED ANNUAL RATES

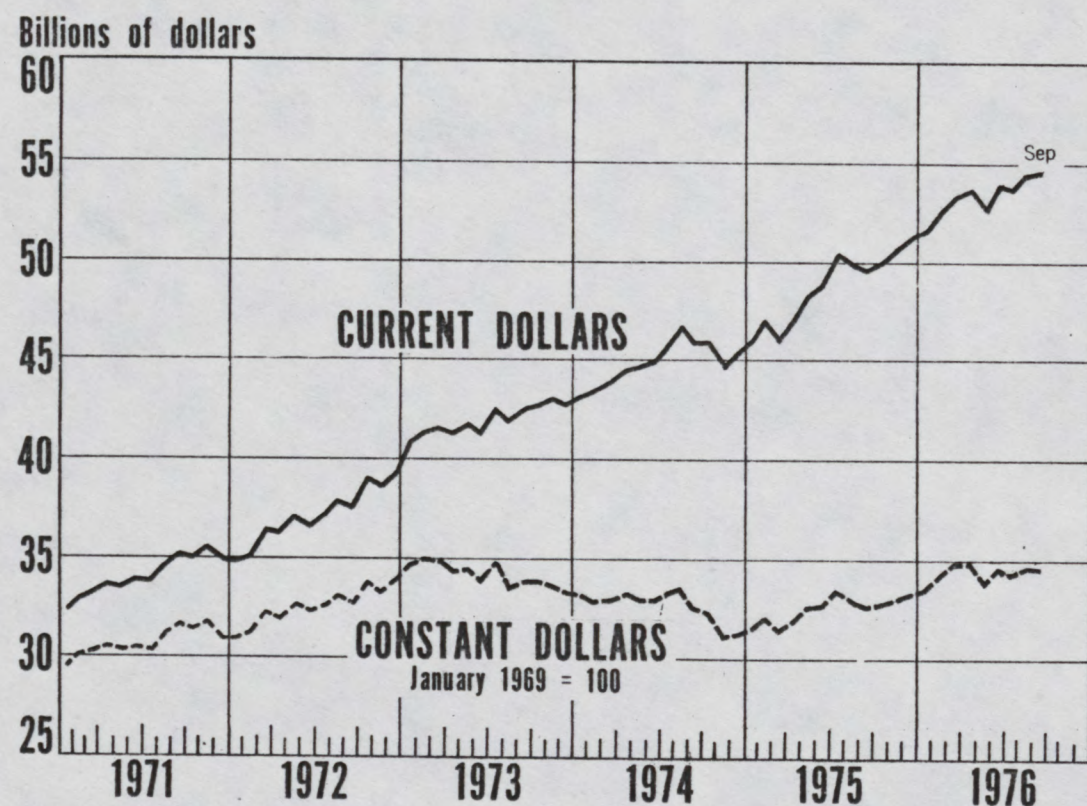


REAL BUSINESS FIXED INVESTMENT IN POST WAR RECOVERIES TROUGH=100

7

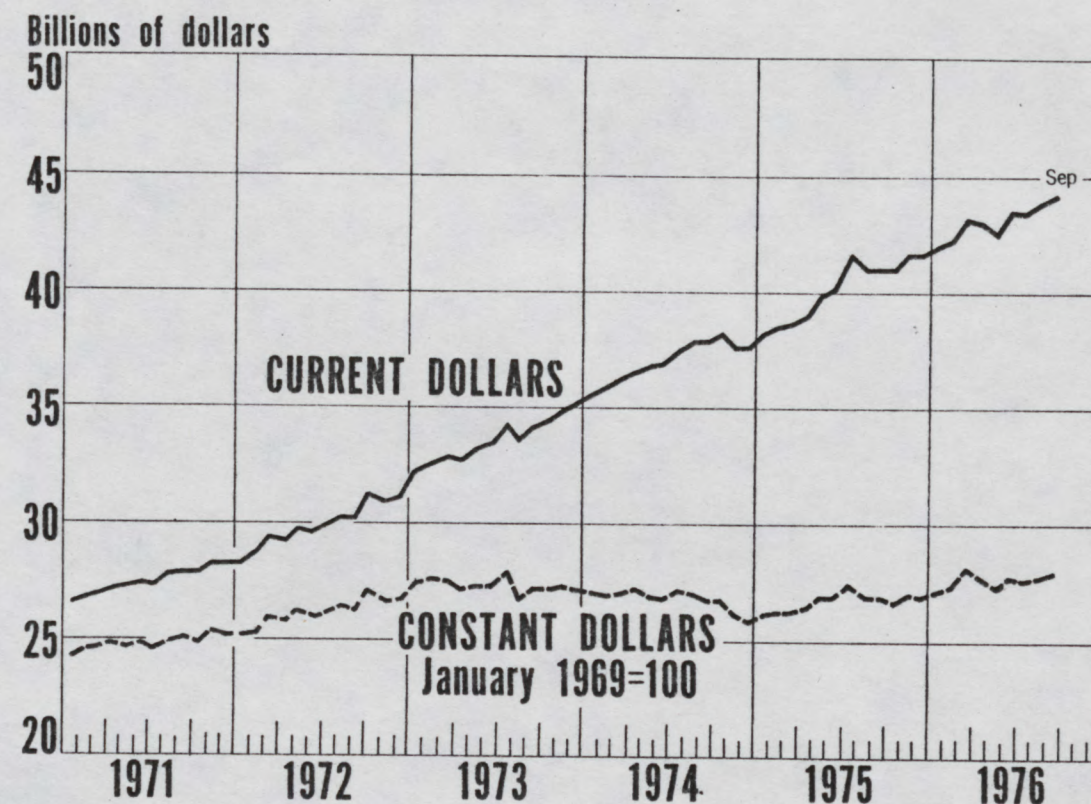


RETAIL SALES SEASONALLY ADJUSTED



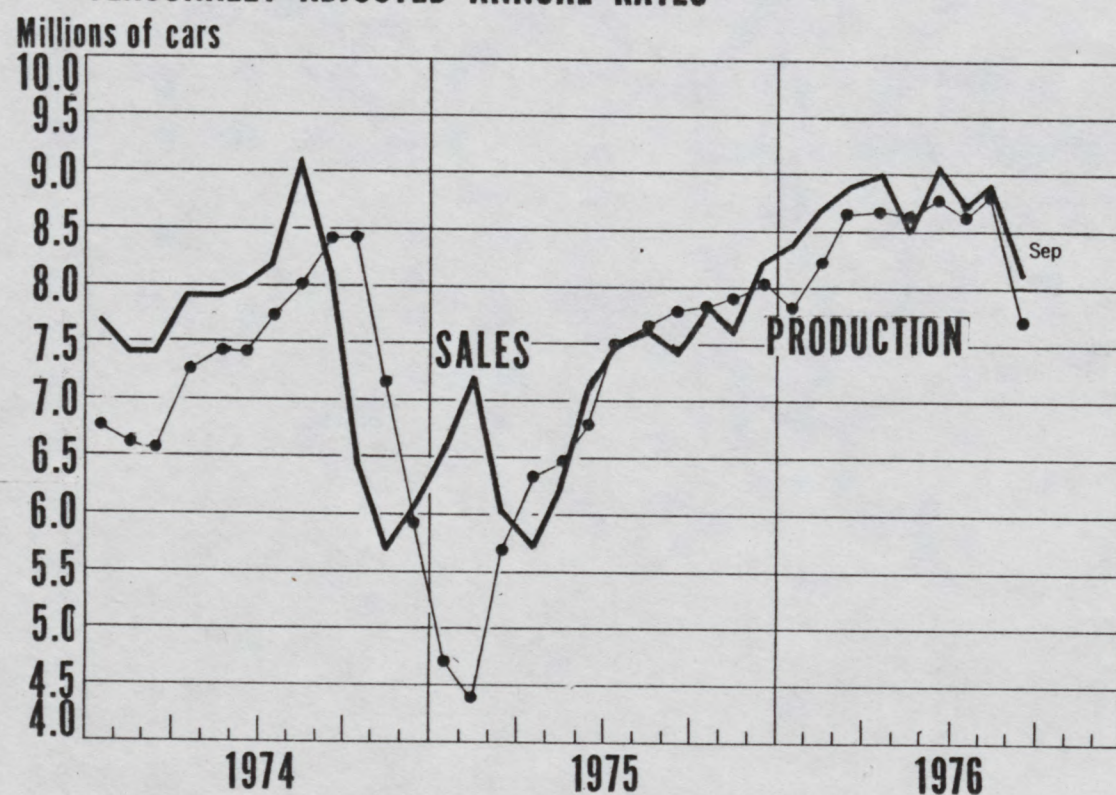
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RETAIL SALES EXCLUDING AUTOMOTIVE SEASONALLY ADJUSTED



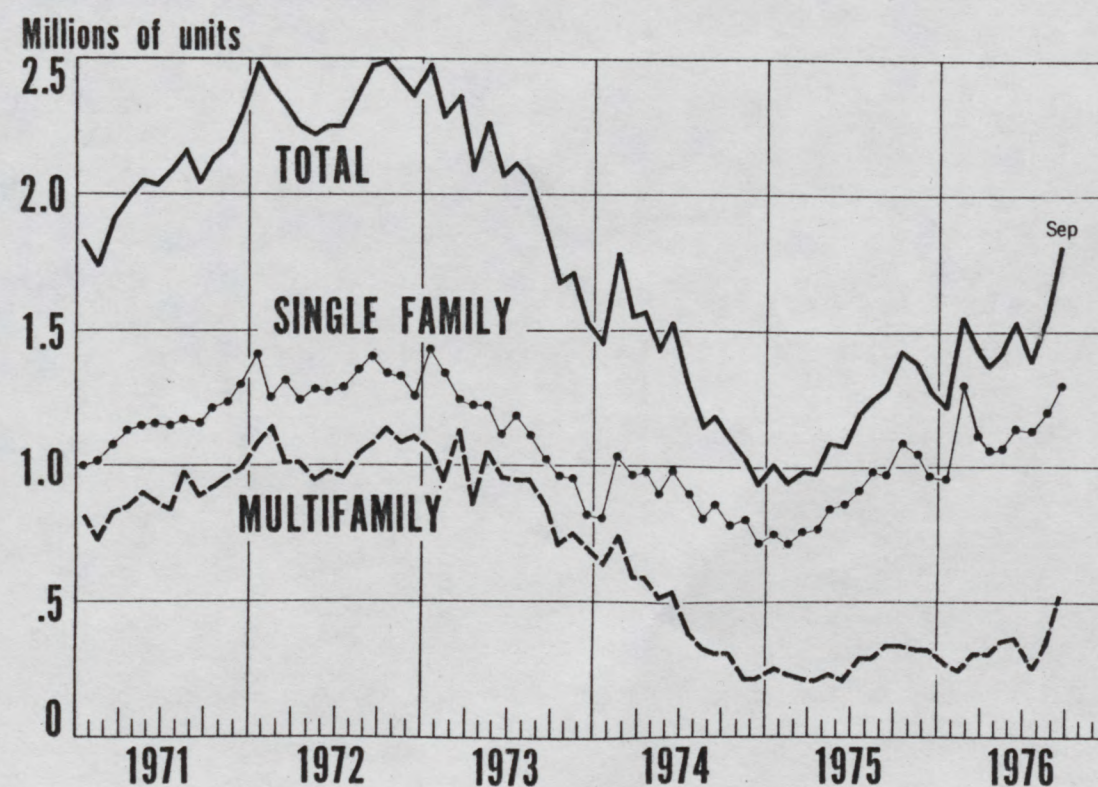
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DOMESTIC AUTOMOBILE SALES AND PRODUCTION SEASONALLY ADJUSTED ANNUAL RATES



10

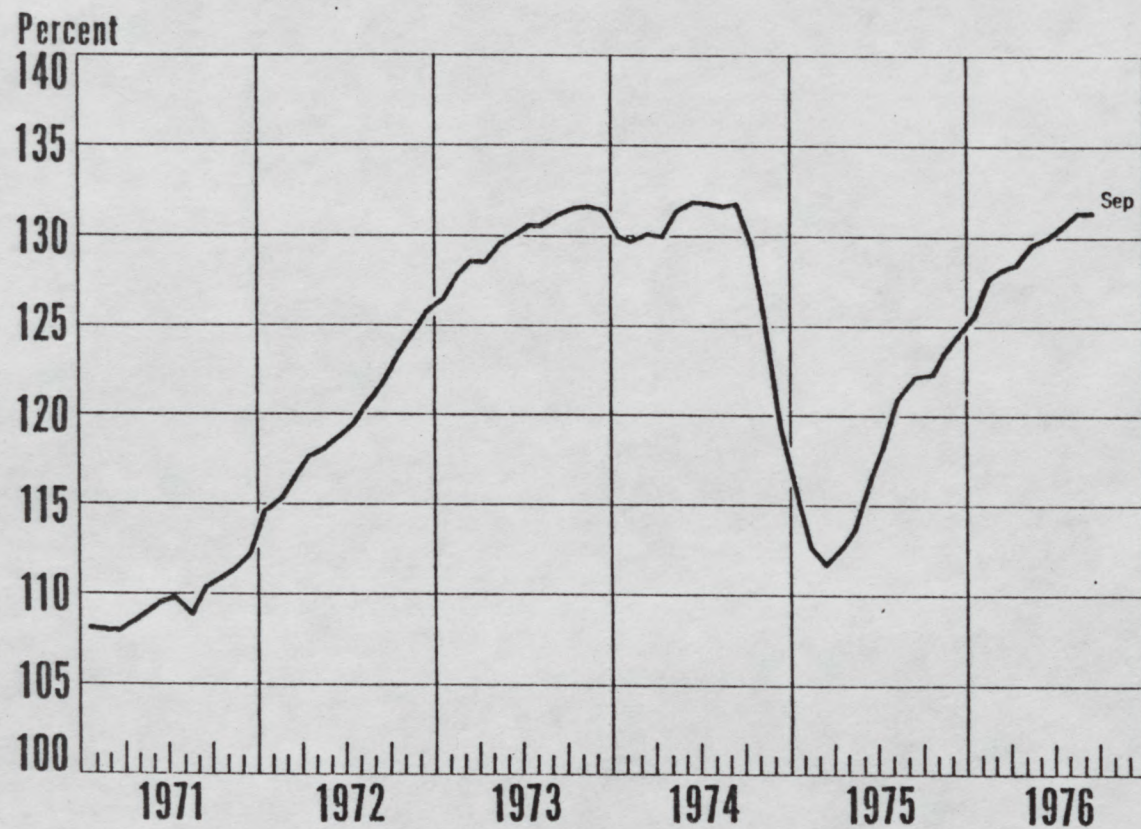
HOUSING STARTS SEASONALLY ADJUSTED ANNUAL RATES



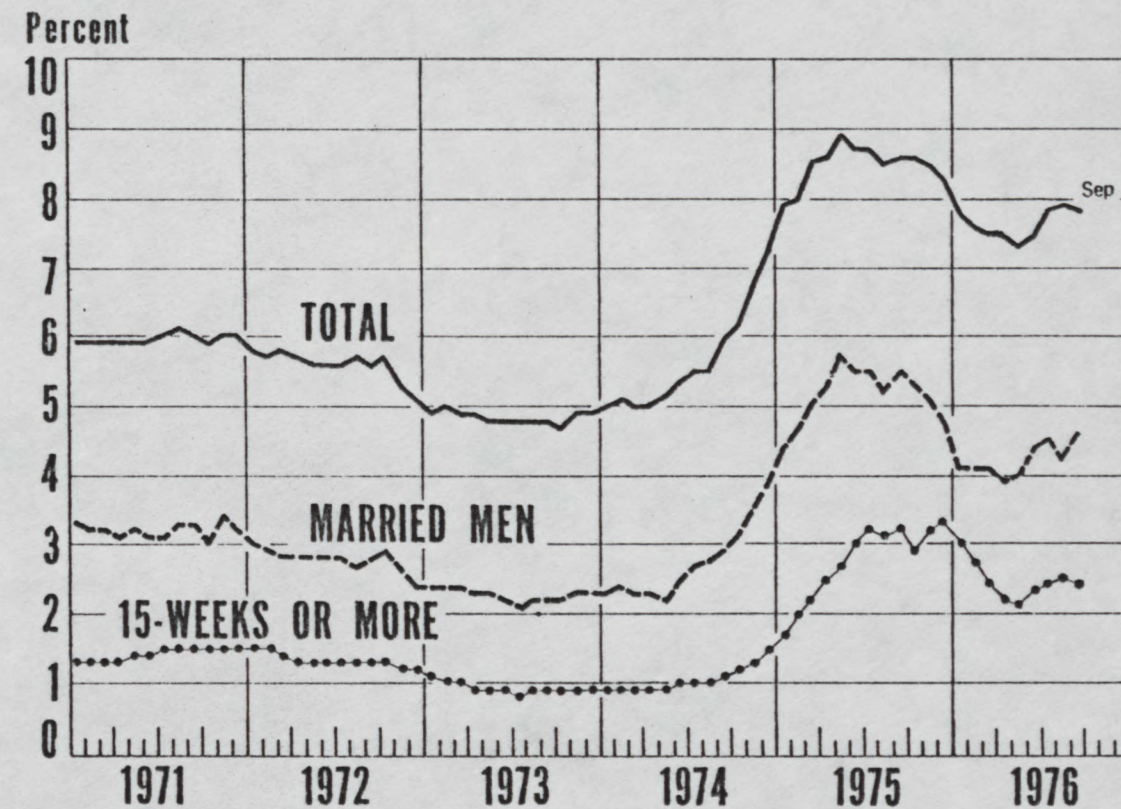
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INDUSTRIAL PRODUCTION

SEASONALLY ADJUSTED, 1967=100

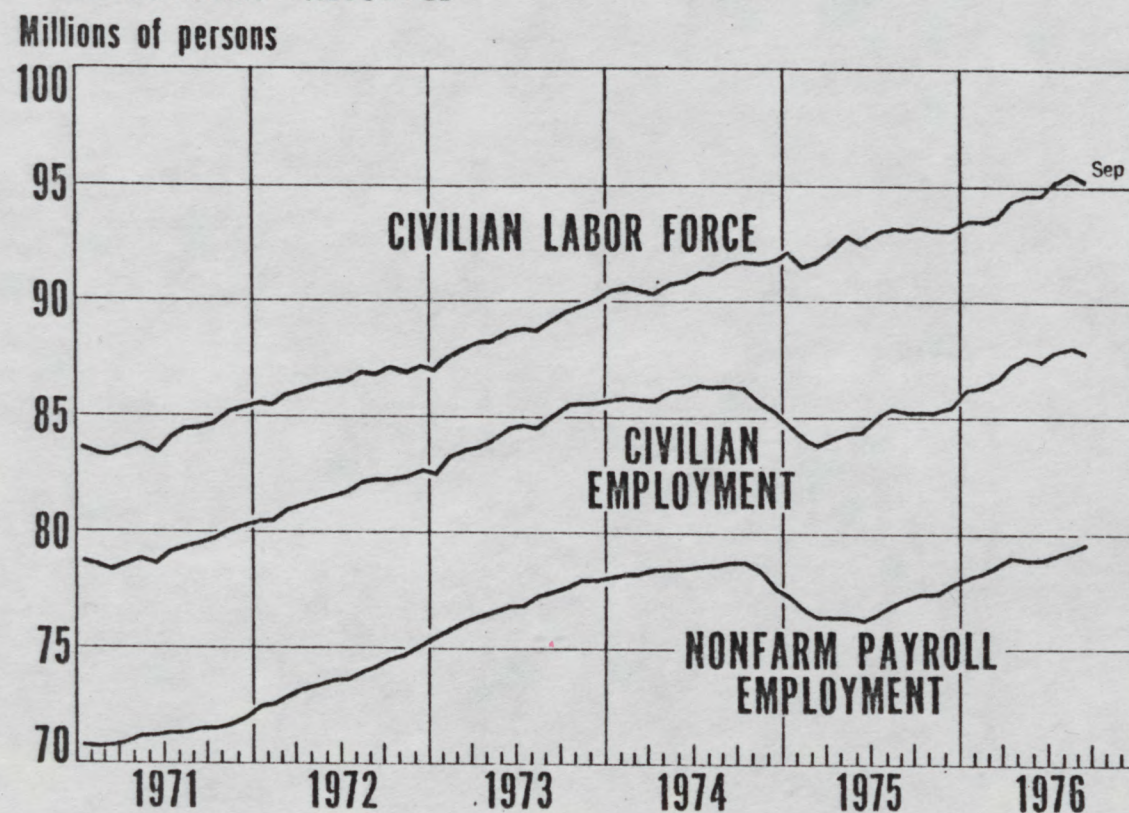


UNEMPLOYMENT RATES

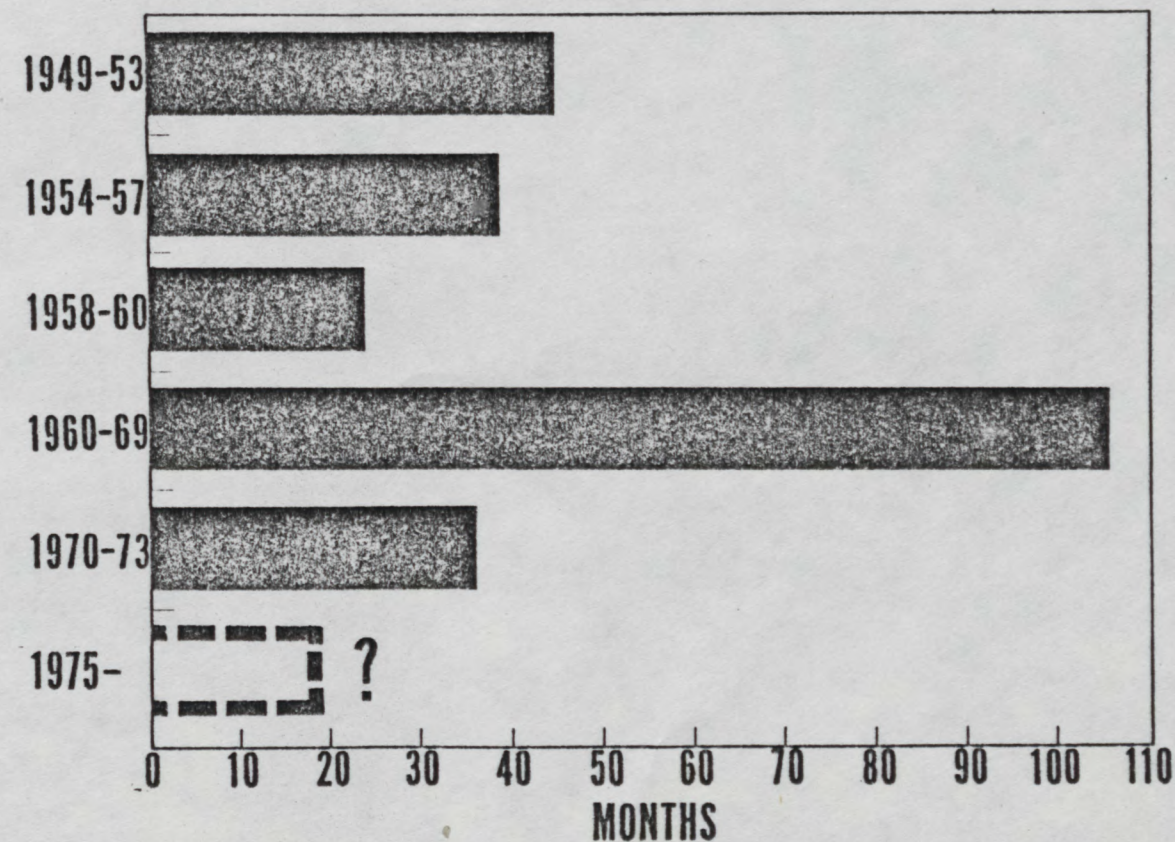


LABOR FORCE AND EMPLOYMENT

SEASONALLY ADJUSTED

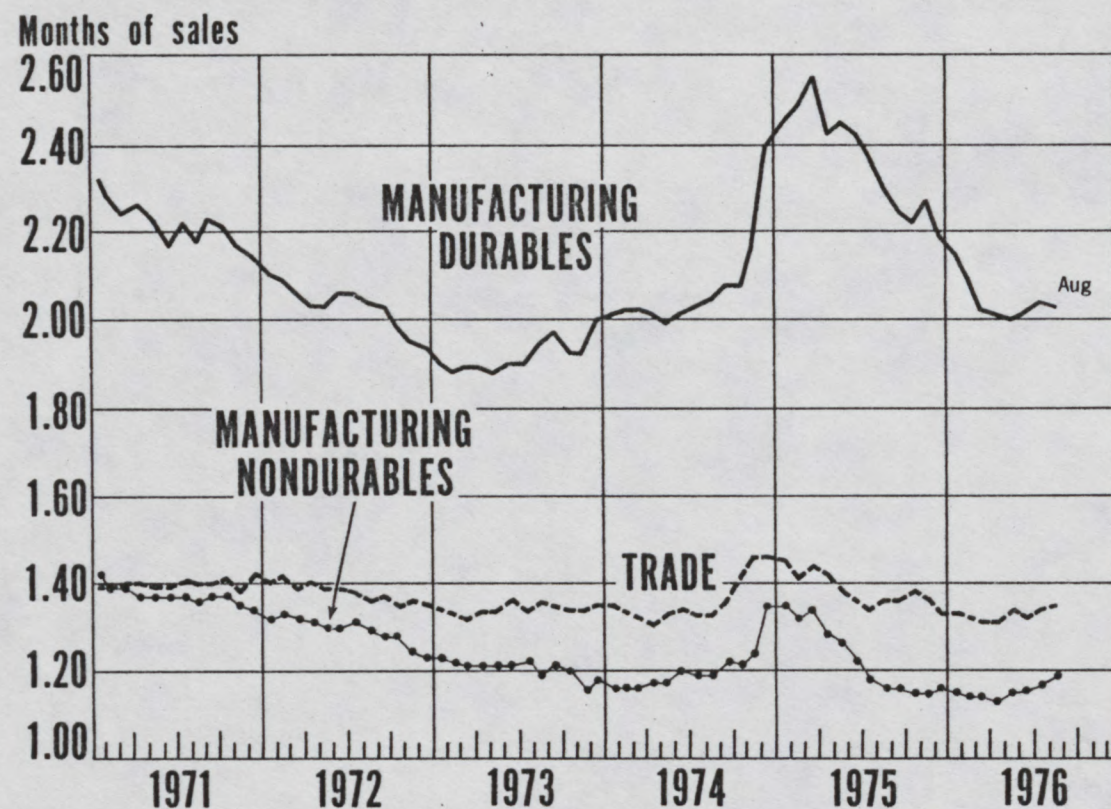


LENGTHS OF POSTWAR CYCLICAL EXPANSIONS



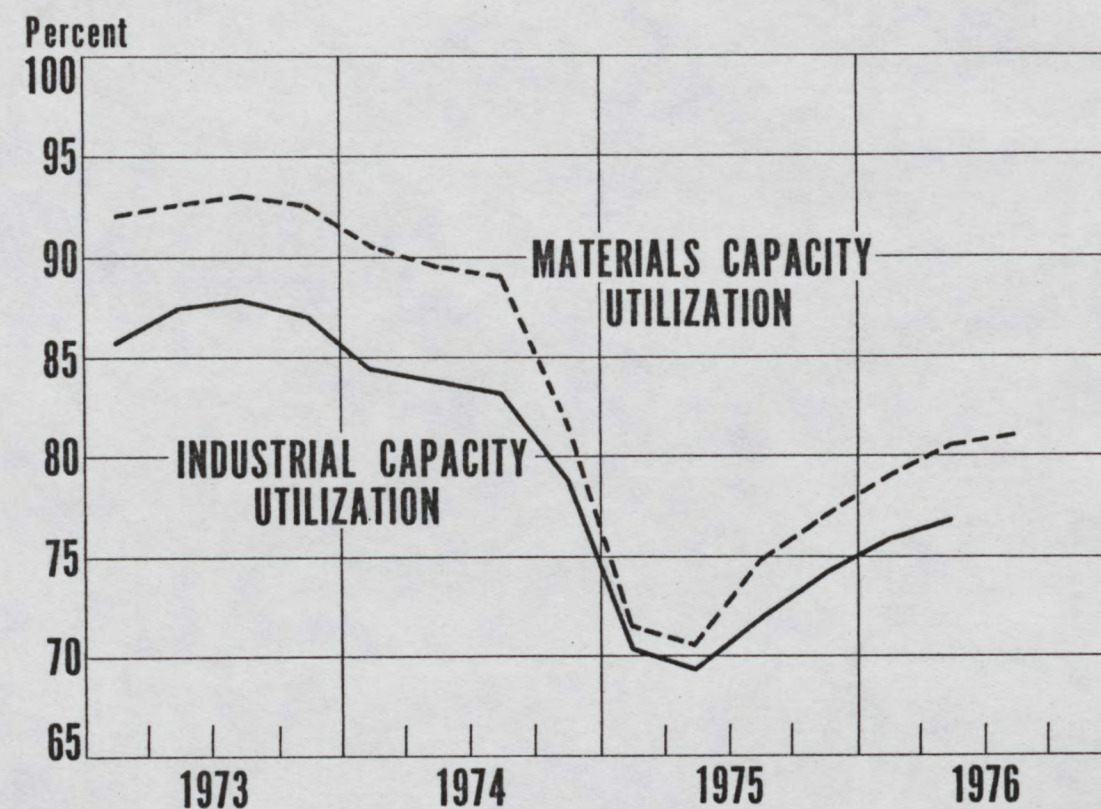
INVENTORY-SALES RATIOS SEASONALLY ADJUSTED

16



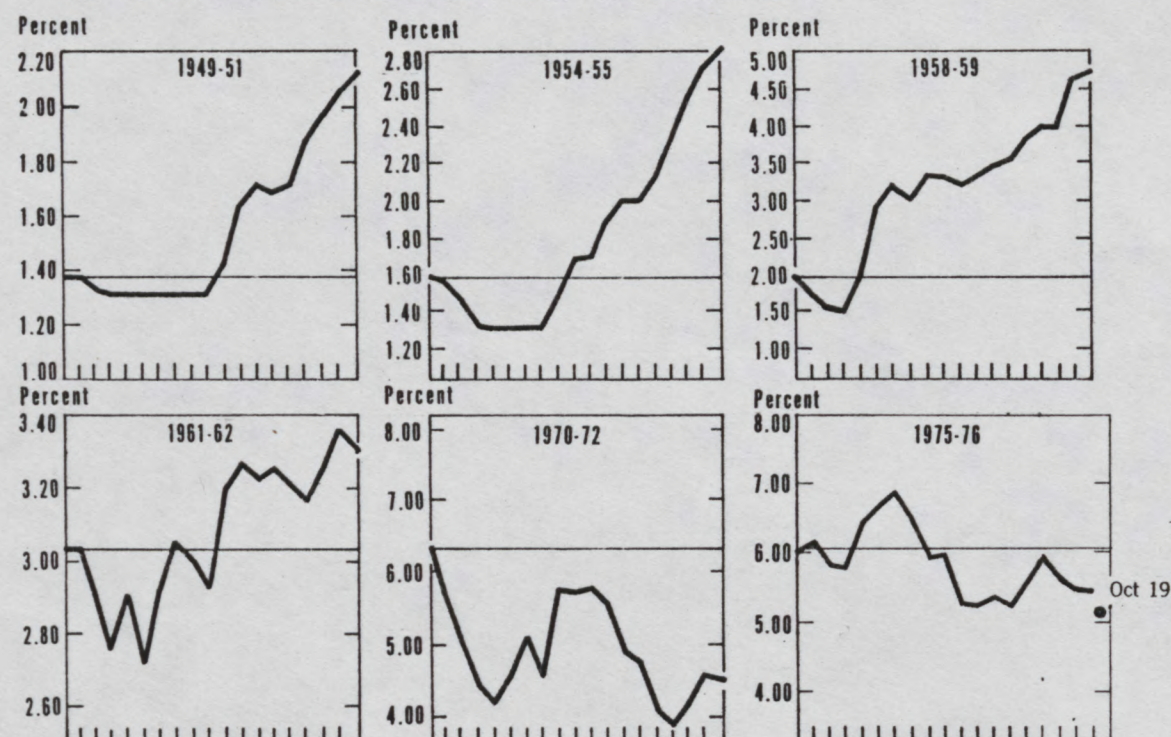
MEASURES OF CAPACITY UTILIZATION SEASONALLY ADJUSTED

17



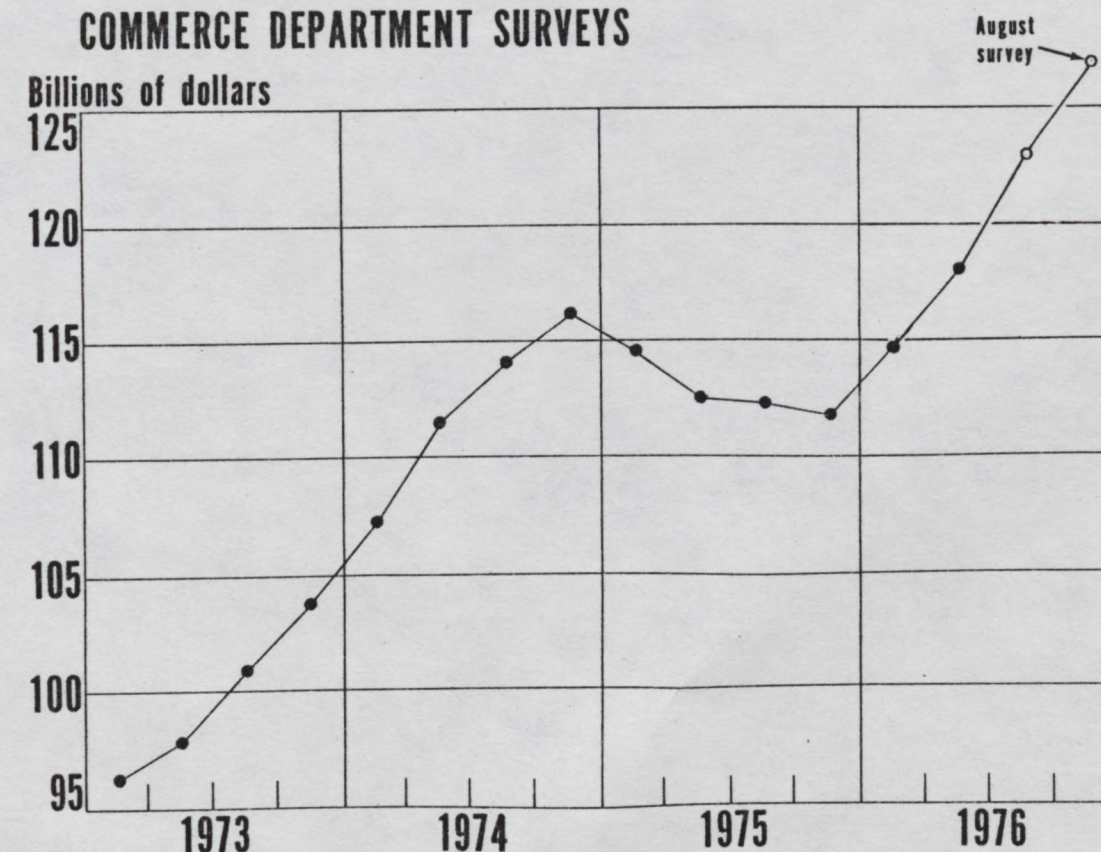
SHORT-TERM INTEREST RATES IN FIRST 18 MONTHS OF RECOVERY 4-6 MONTH PRIME COMMERCIAL PAPER RATE

18

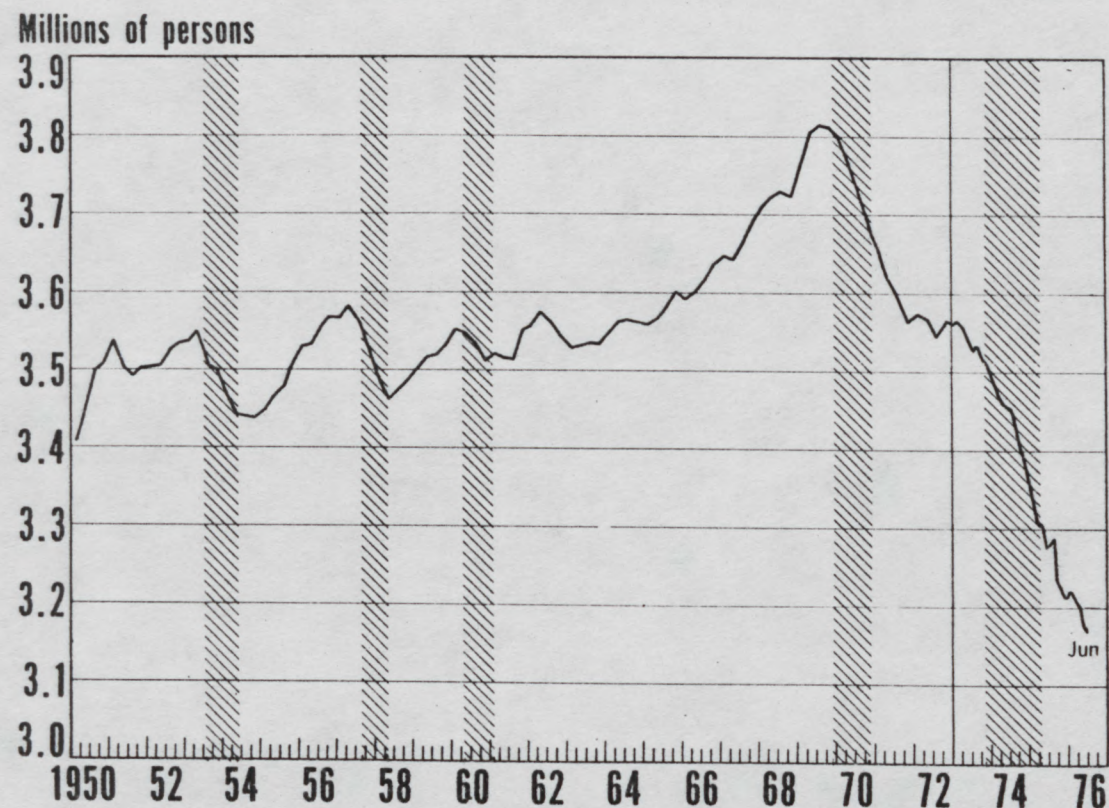


PLANT AND EQUIPMENT EXPENDITURES COMMERCE DEPARTMENT SURVEYS

19

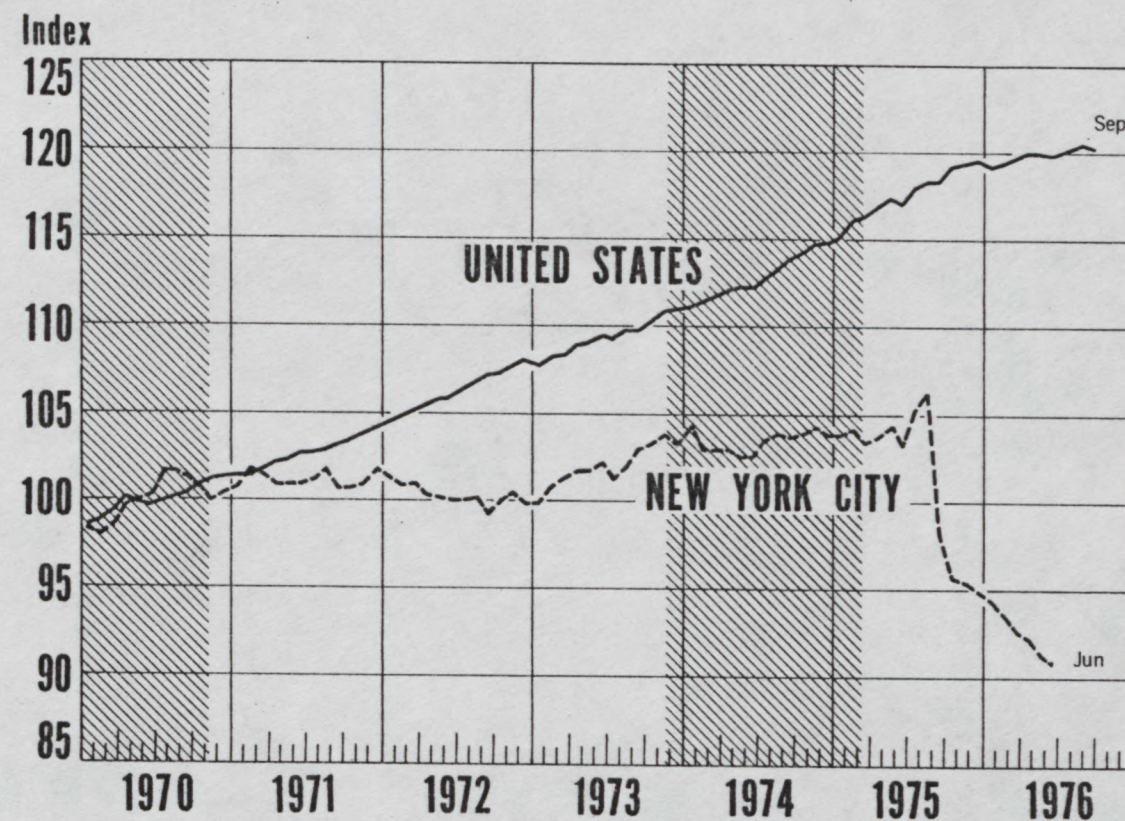


NEW YORK CITY: PAYROLL EMPLOYMENT SEASONALLY ADJUSTED



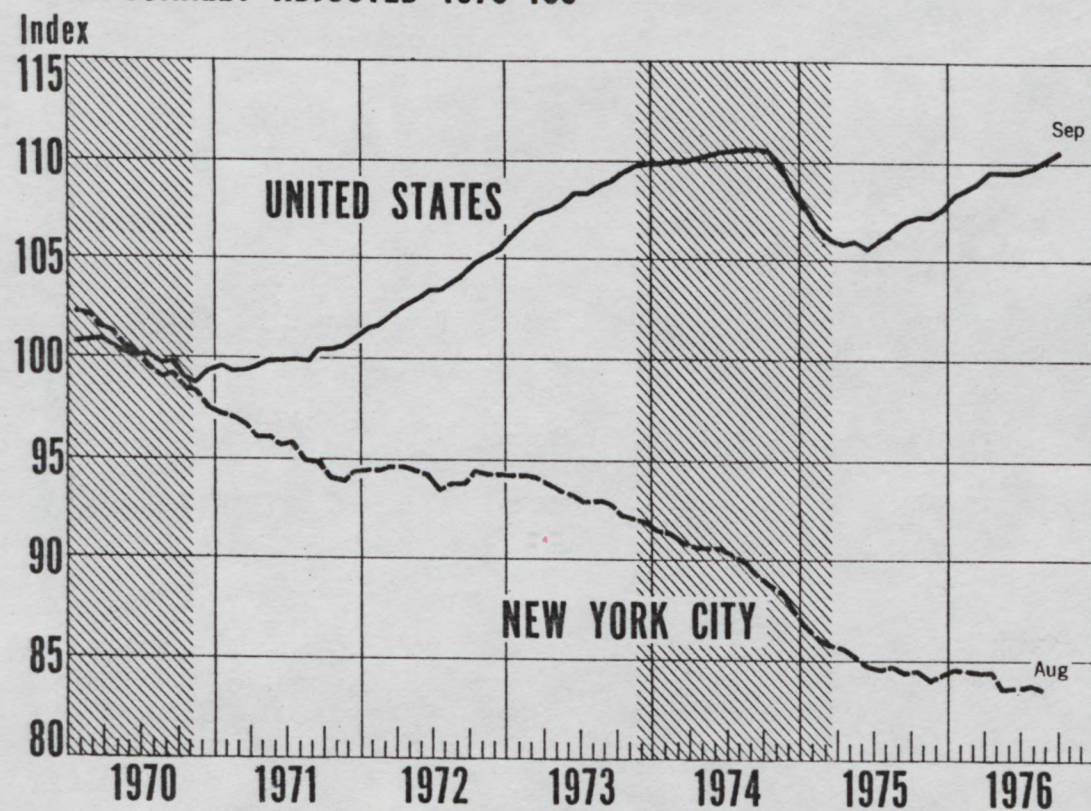
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GOVERNMENT EMPLOYMENT SEASONALLY ADJUSTED 1970=100



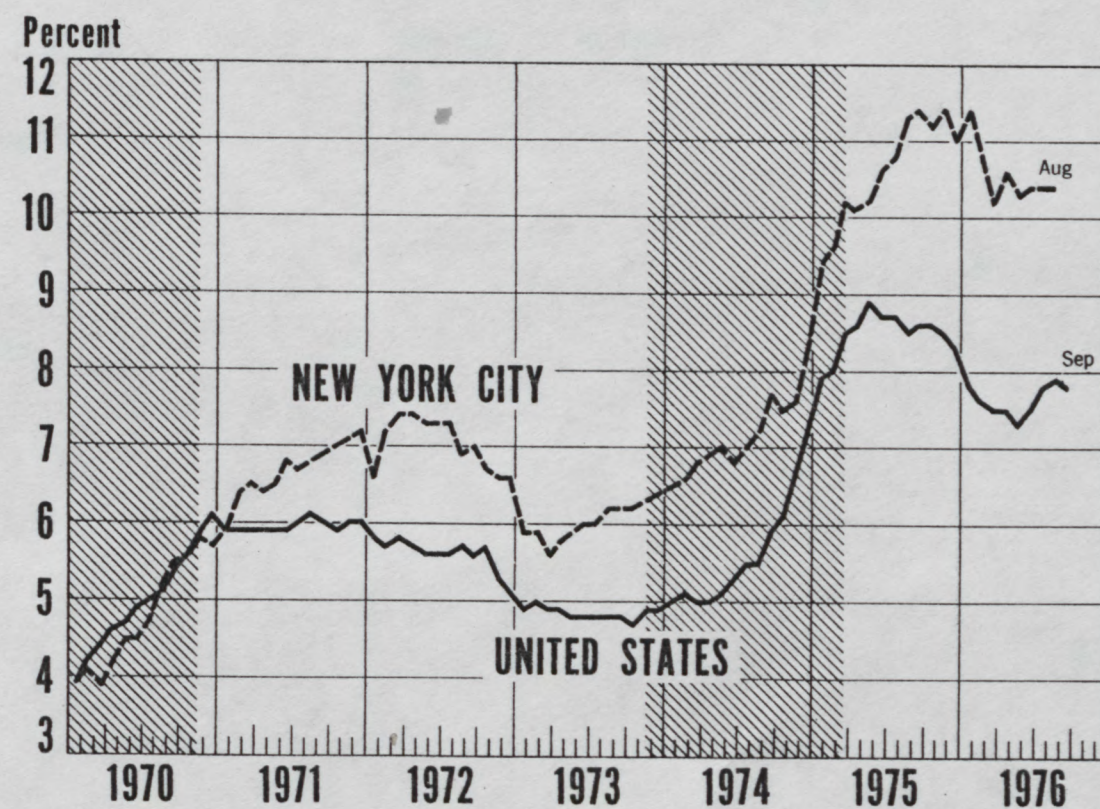
21

PRIVATE EMPLOYMENT SEASONALLY ADJUSTED 1970=100



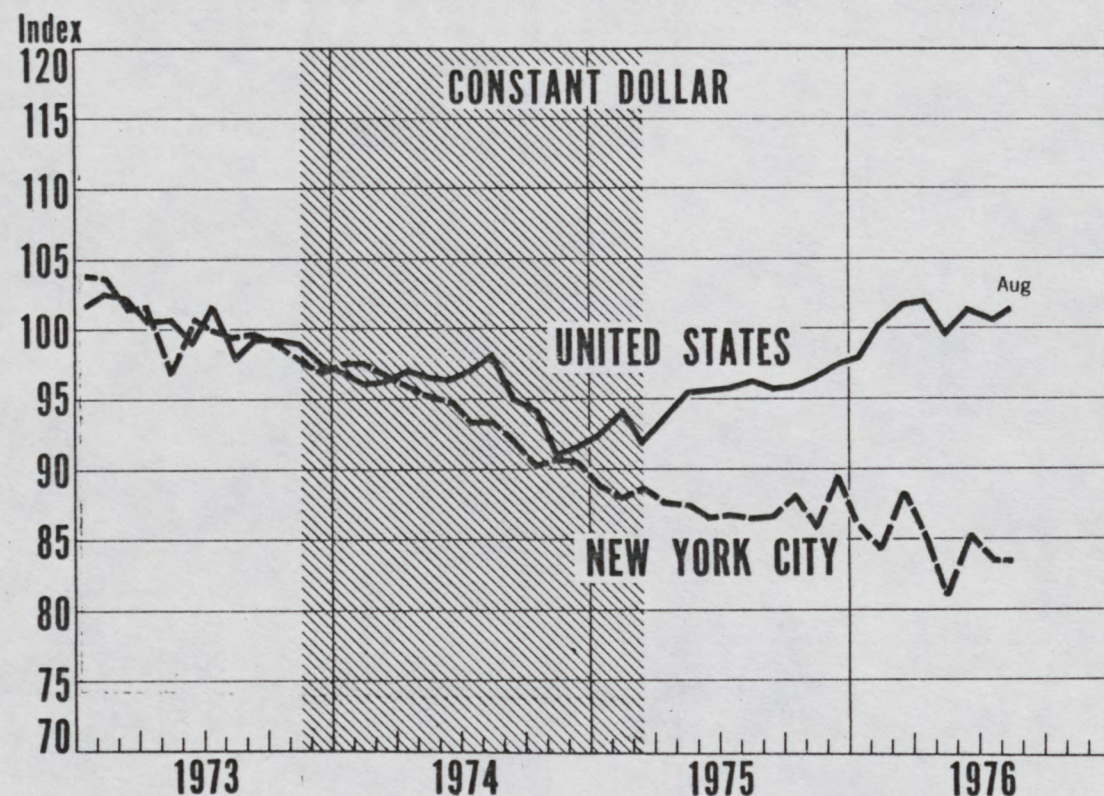
22

UNEMPLOYMENT RATES SEASONALLY ADJUSTED



23

RETAIL SALES SEASONALLY ADJUSTED 1973=100

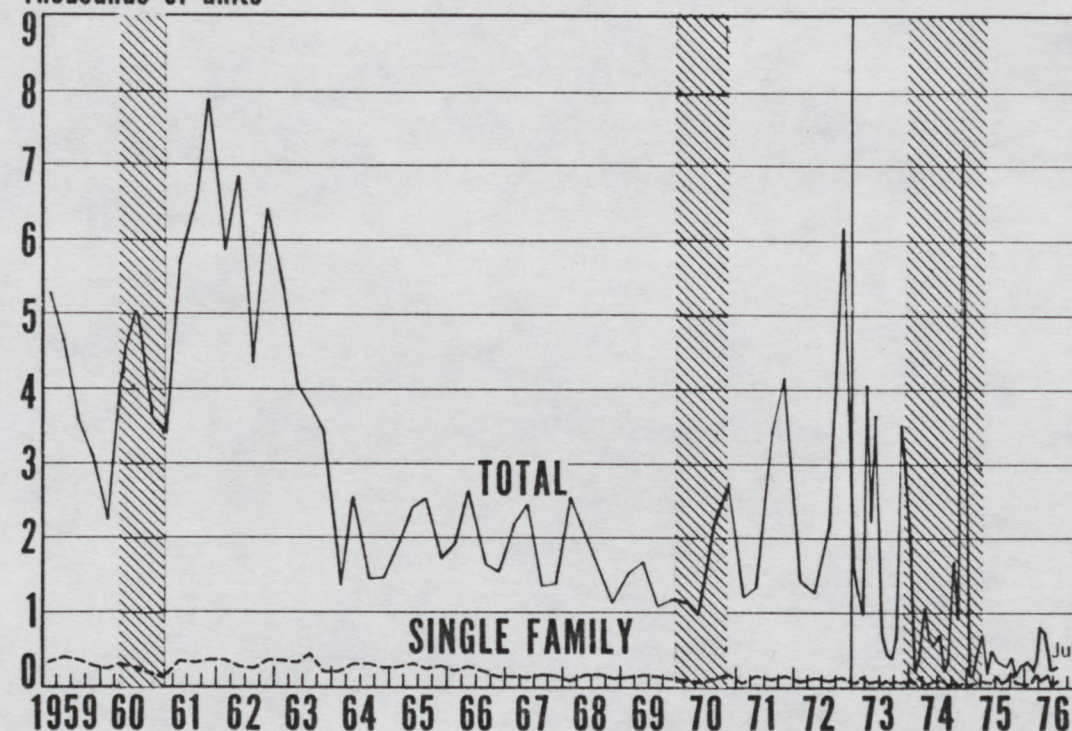


24

NEW YORK CITY: NEW HOUSING UNITS BASED ON PERMITS ISSUED

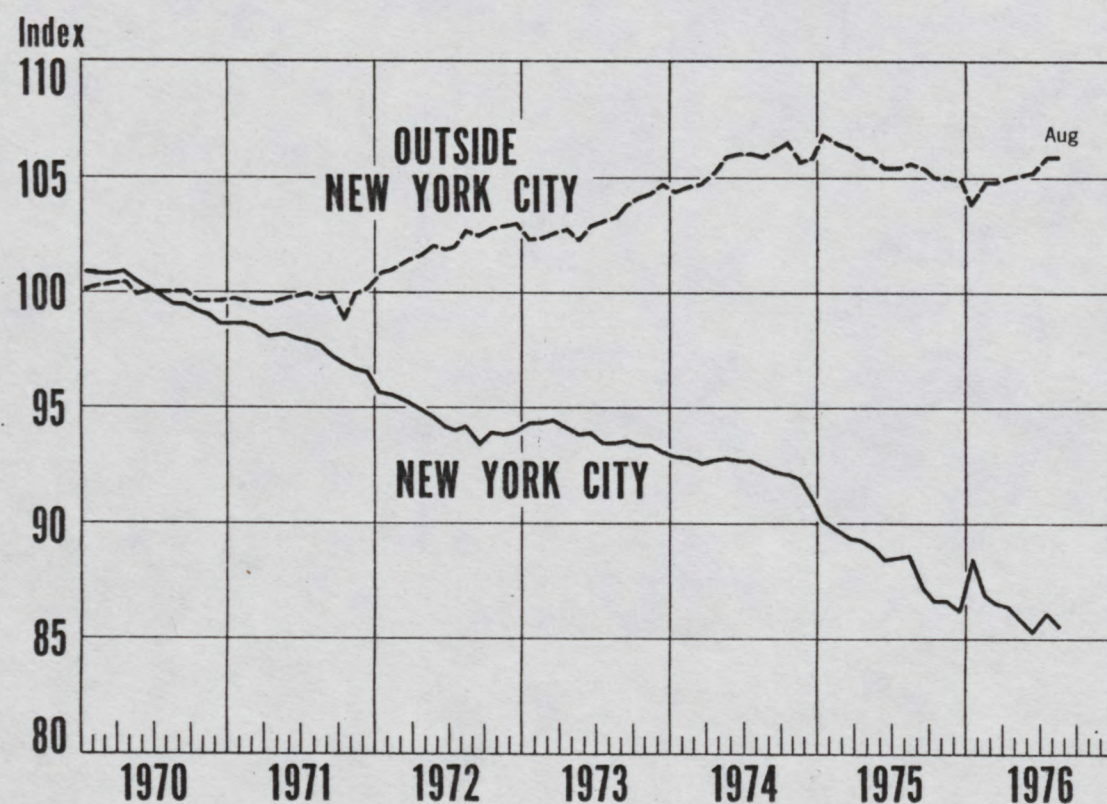
NOT SEASONALLY ADJUSTED

Thousands of units



25

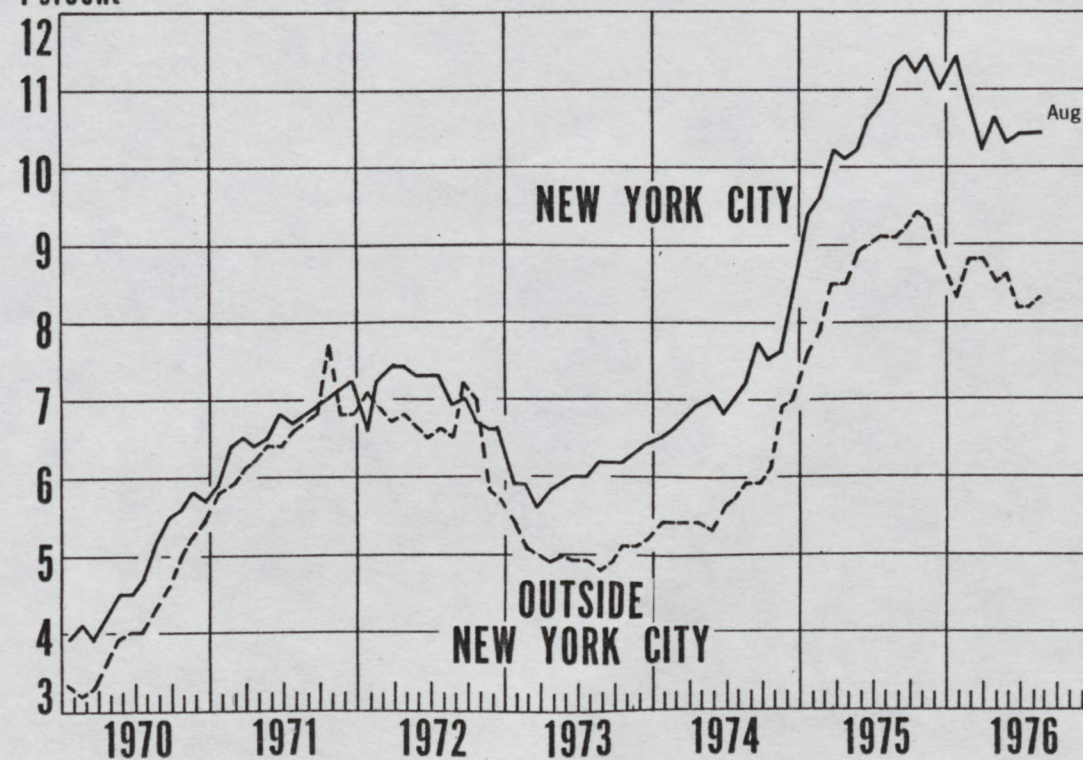
NEW YORK STATE CIVILIAN EMPLOYMENT SEASONALLY ADJUSTED 1970=100



26

NEW YORK STATE UNEMPLOYMENT RATES SEASONALLY ADJUSTED

Percent

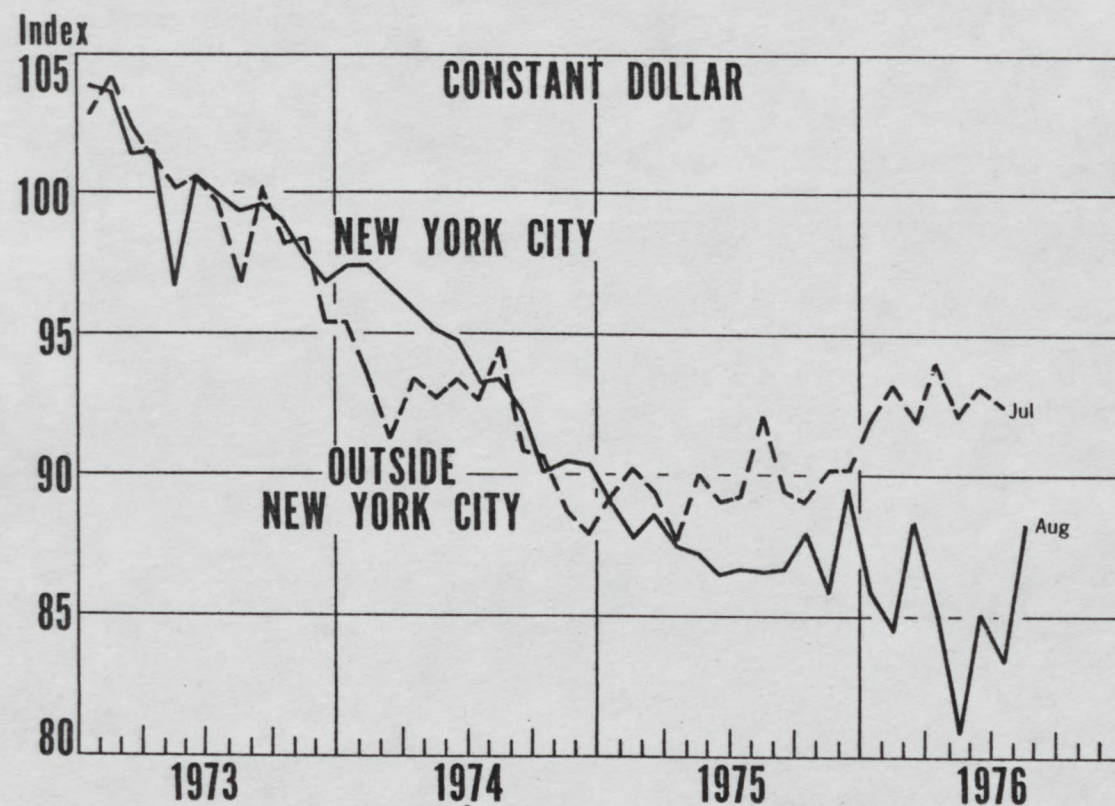


27

NEW YORK STATE RETAIL SALES

SEASONALLY ADJUSTED, 1973=100

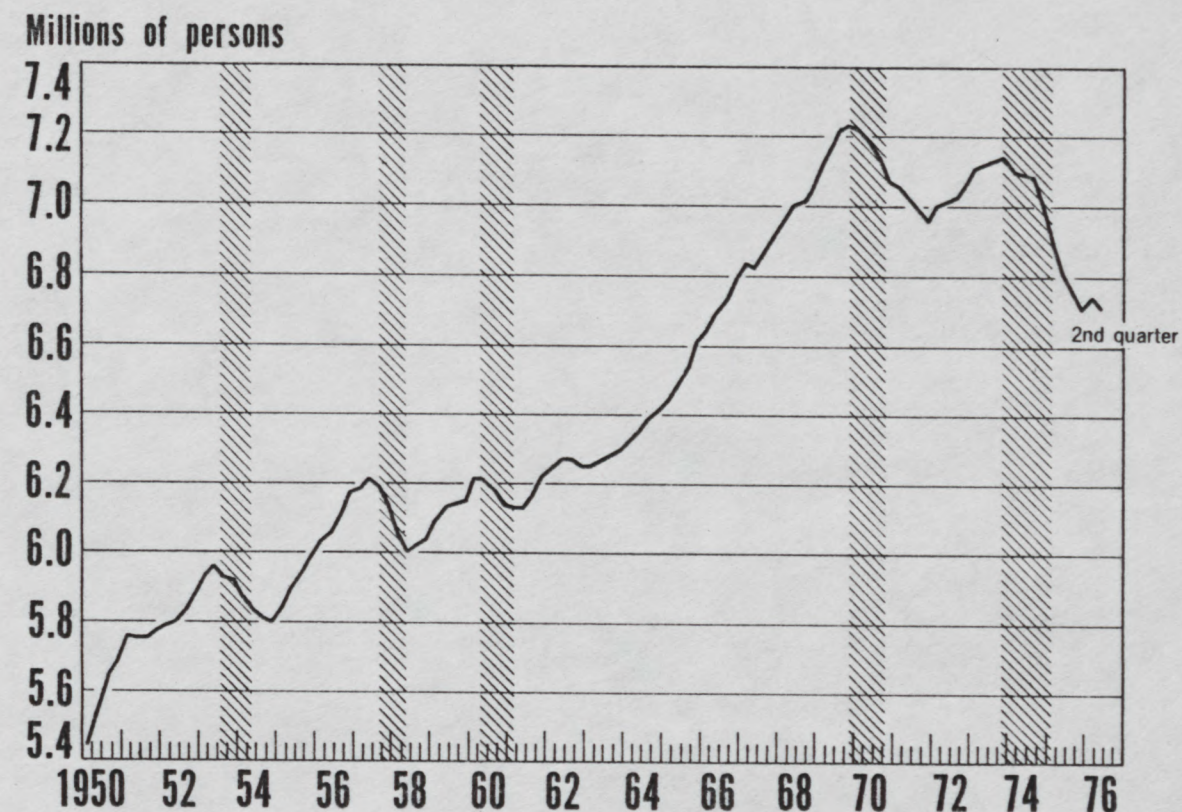
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NEW YORK STATE PAYROLL EMPLOYMENT

SEASONALLY ADJUSTED

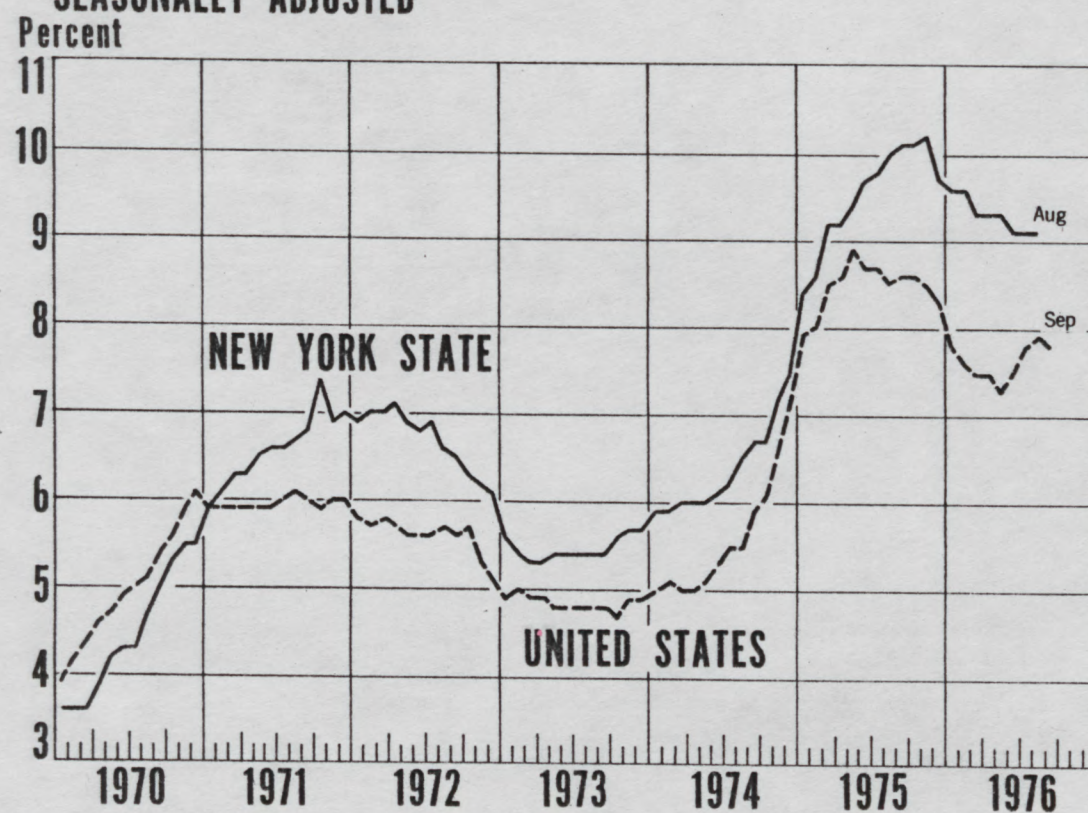
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UNEMPLOYMENT RATE

SEASONALLY ADJUSTED

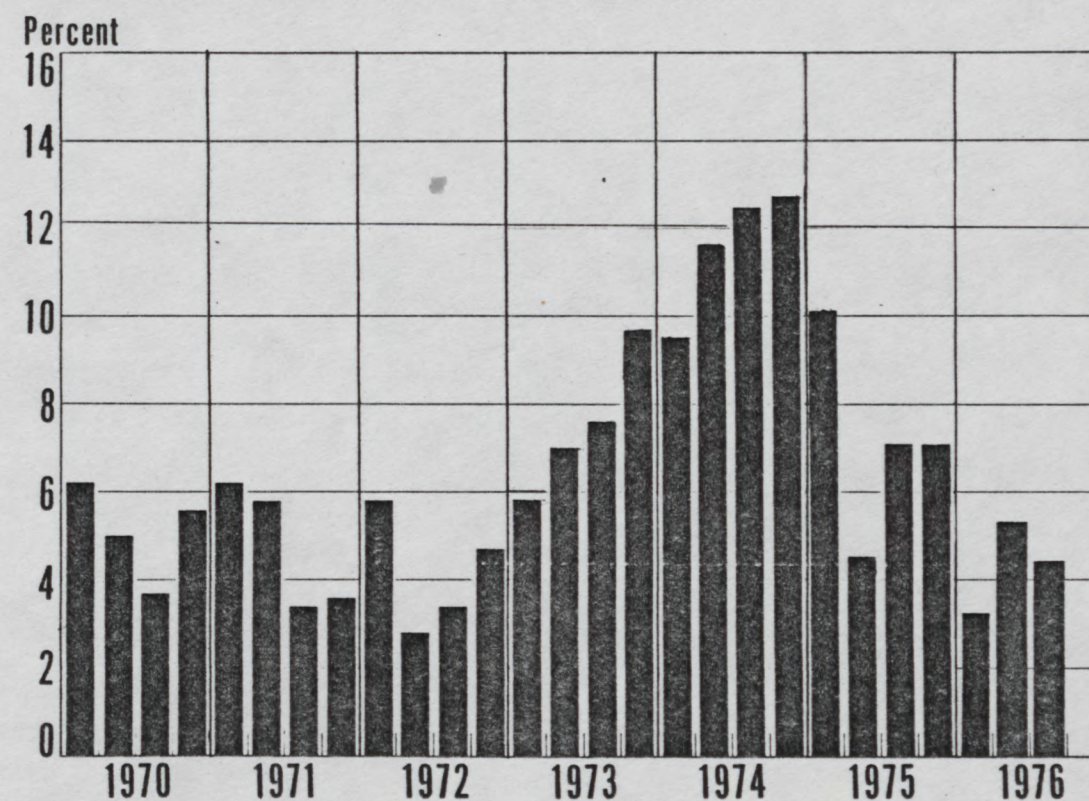
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IMPLICIT GNP PRICE DEFLATOR

SEASONALLY ADJUSTED ANNUAL RATES OF CHANGE

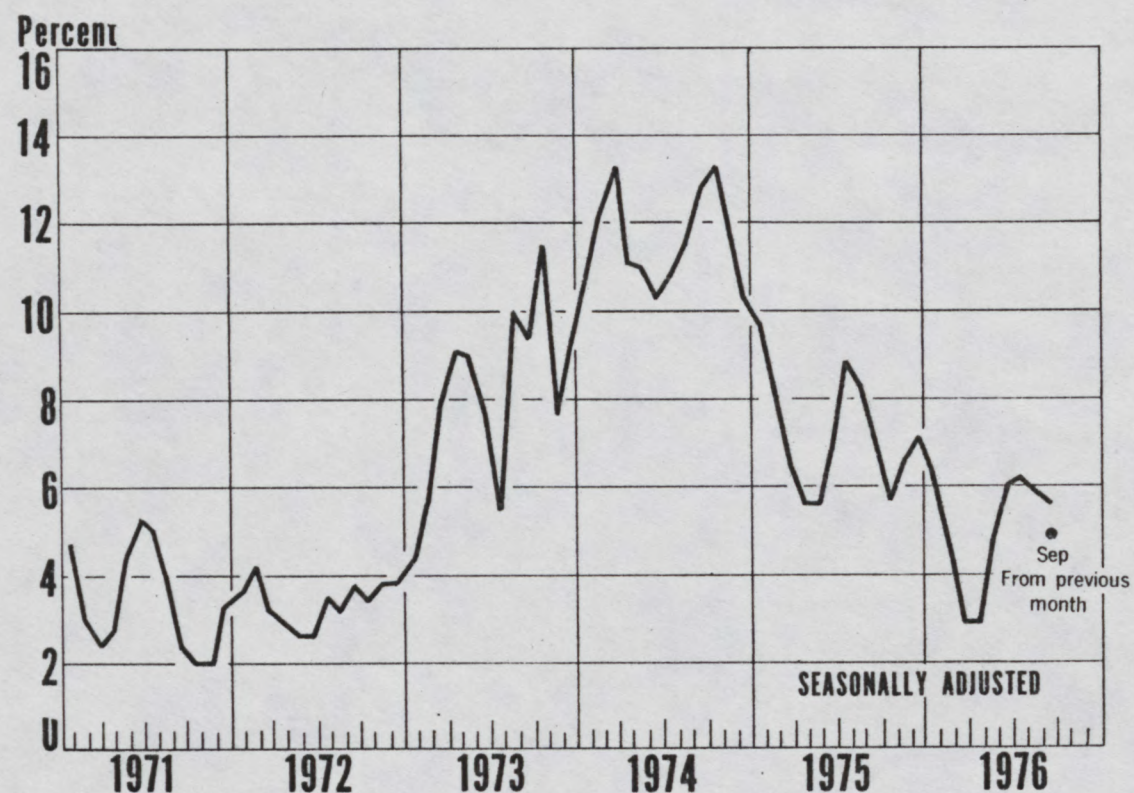
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TOTAL CONSUMER PRICES

CHANGE FROM 3 MONTHS EARLIER

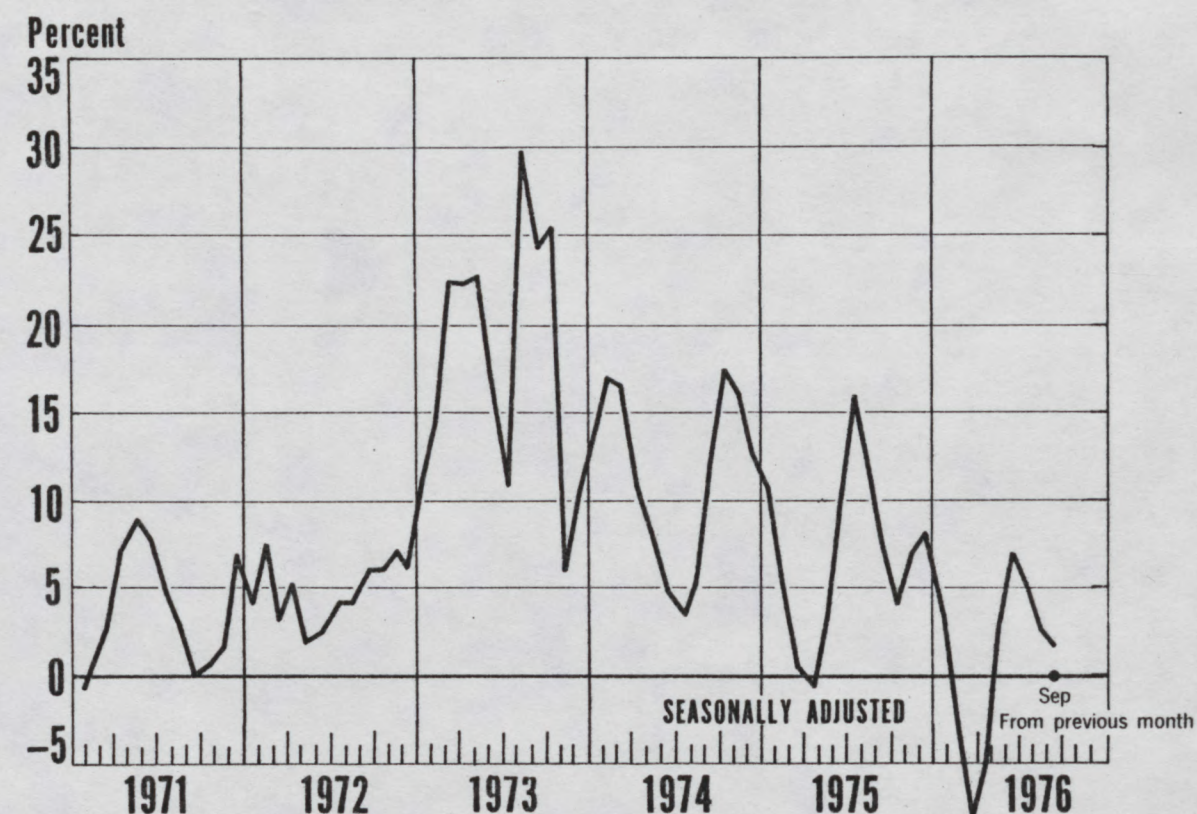
32



CONSUMER PRICES: FOOD

CHANGE FROM 3 MONTHS EARLIER

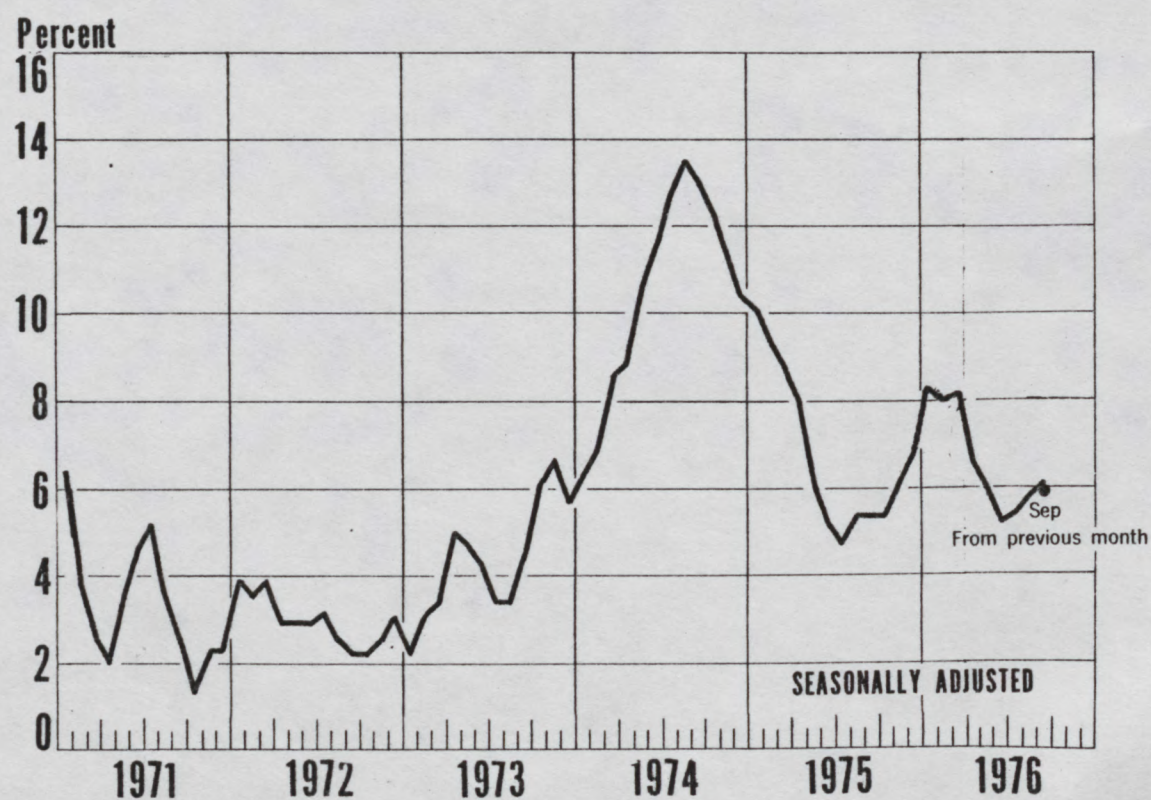
33



CONSUMER PRICES: EXCLUDING FOOD AND ENERGY

CHANGE FROM 3 MONTHS EARLIER

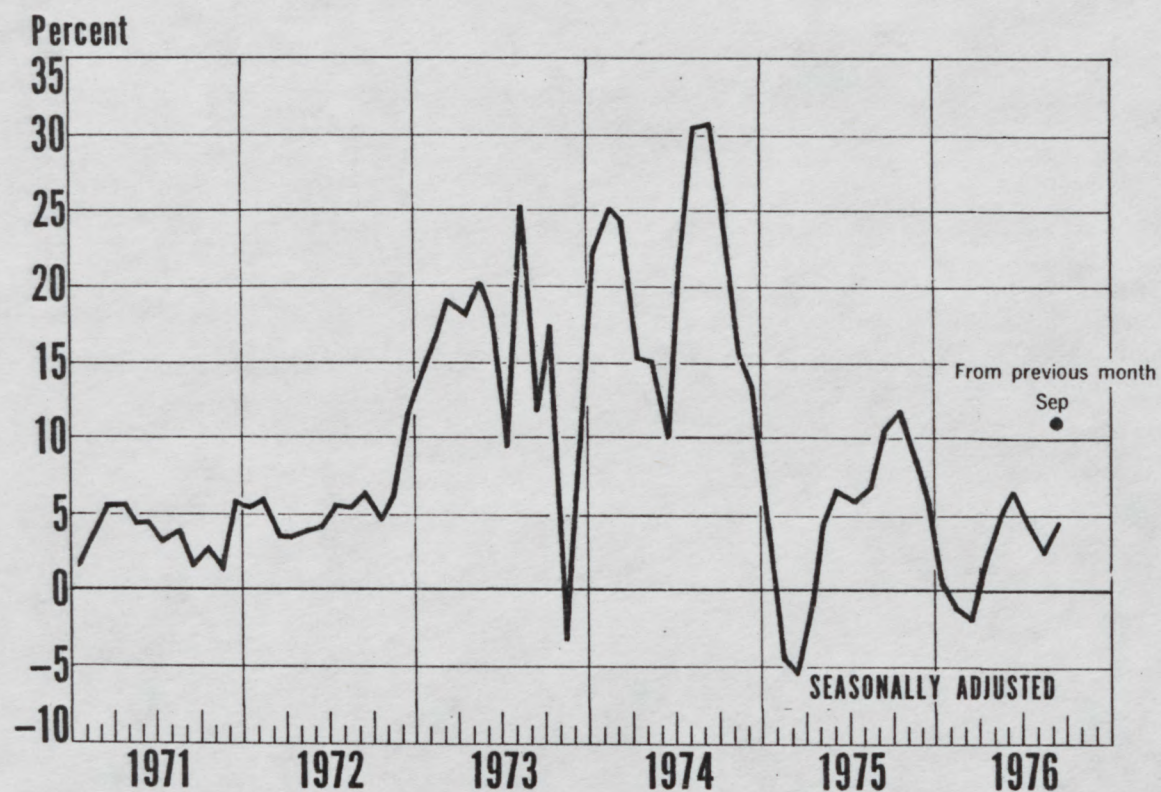
34



WHOLESALE PRICES: TOTAL

CHANGE FROM 3 MONTHS EARLIER

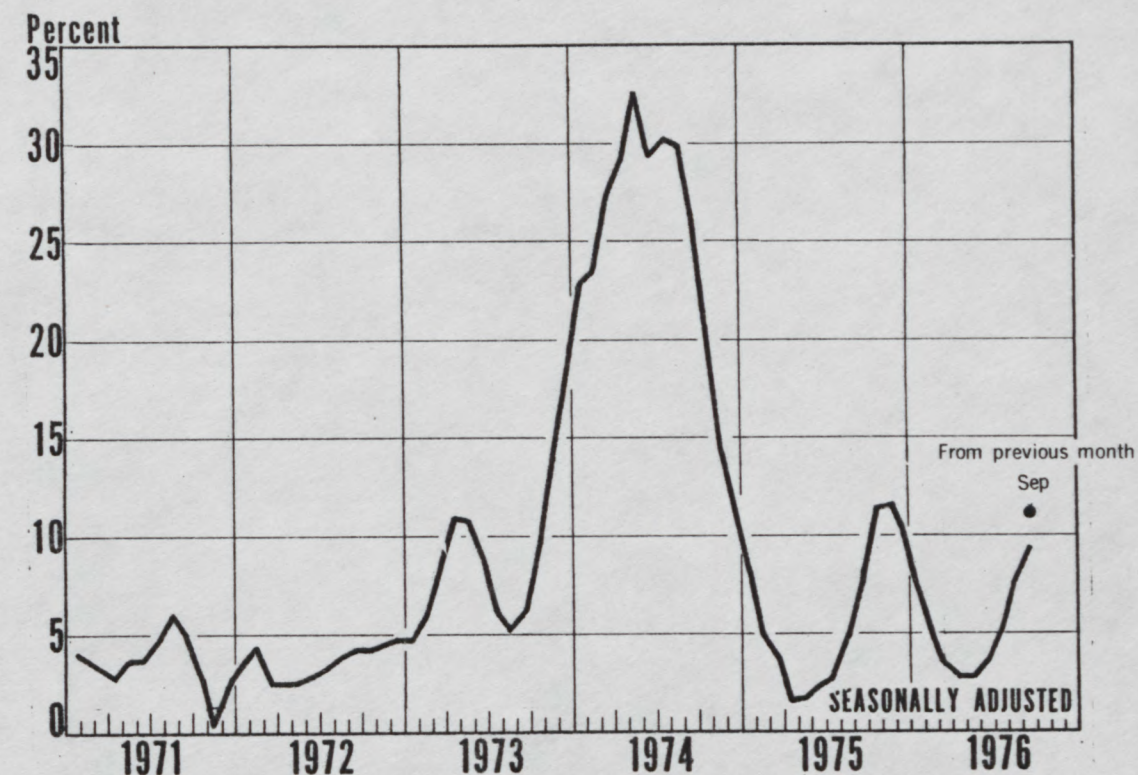
35



INDUSTRIAL WHOLESALE PRICES

CHANGE FROM 3 MONTHS EARLIER

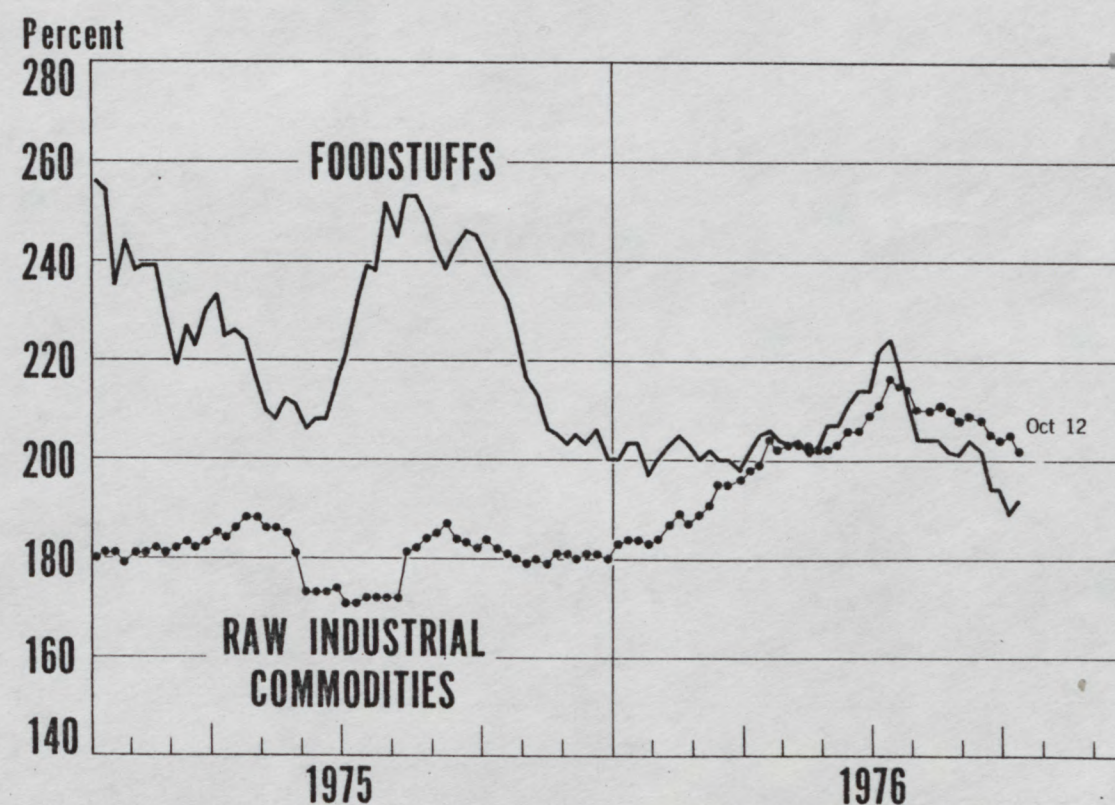
36



SPOT COMMODITY PRICES

WEEKLY; 1967=100

37



Questions for Meeting with representatives of Federal Reserve of N.Y.

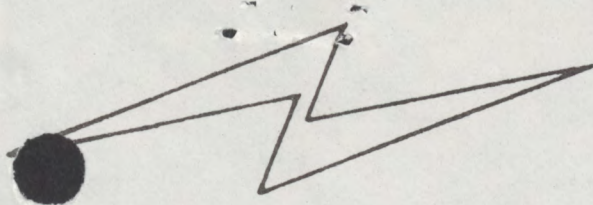
10/22/76

1. Does the Federal Reserve of New York support the view of the Fed of Boston that the time has come to seek legislation to either provide for payment of interest on legal reserves or investment of such funds in short term U.S. Government obligations held in lieu thereof or reduction in reserve requirements, particularly for time deposits. What action will the Federal Reserve of N.Y. take?
2. It can be said that non-payment of interest on member banks' reserves is the next thing to government appropriation of private bank assets with inadequate remuneration in the form of federal services to stockholders. Because of the inequality existing vs. thrifts re reserve requirements and their use of federal services, why should commercial banks maintain their membership in the Fed if relief isn't provided to earn interest on these reserves?
3. What would the Federal Reserve do if several member banks paid 5 1/4% on regular savings after Public Law 94-200 expires March 1, 1977 if Reg. Q is continued by the Fed?

PUBLIC INFORMATION DEPARTMENT

Master list for the intra-bank
distribution of press releases

✓ Mr. Volcker	Mr. Keane (2)
Mr. Timlen	Mr. Irwin
Mr. A. Holmes	Mr. O'Connell
Mr. Guy	Mr. Thieke
Mr. Piderit	Mr. Anderson
Mr. Sloane	Mr. Bossy
Mr. Braun	Ms. Cutler
Mr. Cooper	Mr. Levin
Mr. Corrigan	Mr. Lucas
Mr. Davis	Mr. Oppenheimer
Mr. Ege	Ms. Burns
Mr. Fousek	Ms. Deuss (4)
Mr. Gray	Mr. Backlund (5)
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Mr. Schadrack	Ms. Cantwell
Mr. Thoman	Ms. Cahn
Mr. Willey	Ms. Whack



FEDERAL RESERVE BANK OF NEW YORK

33 Liberty Street, New York, New York 10045

Public Information 212-791-6141 or 6143

No. 1151

FOR RELEASE: FRIDAY, OCTOBER 22, 1976

NEW YORK FED SPONSORS MEETING FOR MEMBER BANKERS IN NORTHEASTERN NEW YORK

NEW YORK--The Federal Reserve Bank of New York Friday will hold the first of a series of four conferences in New York State for member commercial banks in the Second Federal Reserve District.

The meeting, in Colonie, near Albany, is part of a continuing series held throughout the district to enable Reserve Bank officials and senior commercial bankers to exchange views on a variety of current topics.

At Colonie, Paul A. Volcker, president, New York Fed, will review current economic conditions and monetary policy; Thomas C. Sloane, senior vice president, will discuss New York Reserve Bank services and Federal Reserve membership, and Frederick C. Schadrack, vice president, bank supervision and relations, will focus on the current banking situation in the state.

Additional meetings are currently planned in November in Tarrytown, Batavia and Syracuse.

-0-

MISC. 136-10- 4/76

FEDERAL RESERVE BANK OF NEW YORK

Date 10/20/76

To Mr. Volcker

Of _____

From RUDOLF THUNBERG

Please:

- | | |
|--|--|
| <input type="checkbox"/> Attend to | <input type="checkbox"/> For your information |
| <input type="checkbox"/> Note and return | <input type="checkbox"/> For your files |
| <input type="checkbox"/> Note and forward
to Files | <input type="checkbox"/> As per conversation |
| <input type="checkbox"/> See (phone) me
re attached | <input type="checkbox"/> As requested |
| <input type="checkbox"/> Prepare reply for
my signature | <input type="checkbox"/> For your comments
and suggestions |
| | <input type="checkbox"/> Does attached meet
with your approval? |
| | <input type="checkbox"/> For signature, if
you approve |

Other remarks:

Attached is a proposed outline for your remarks at the regional bankers' meeting on Friday. The charts are still in preparation.

Proposed Outline for Regional Meeting
October 22, 1976

I. The Current Recovery and Outlook

A. Review of the Current Recovery

1. Real output, as measured by the GNP data, has increased 9.6 percent since the start of the recovery (Chart 1: Real GNP in Postwar Recoveries).
 - a. This is close to the average growth experienced in previous postwar recoveries.
2. The growth has been anything but steady. Instead, the recovery had displayed the unevenness to be expected, alternating between unsustainably rapid and sluggish growth (Chart 2: Changes in Real GNP).
3. The rebound was initiated by consumers (Chart 3: Changes in Real Consumption).
 - a. Consumer spending turned up in early 1975 while other components of GNP continued to plunge.
4. In subsequent quarters, inventory investment turned around and began to contribute positively to the economic recovery. Inventory liquidation slowed sharply in the second half of 1975 and was followed by renewed inventory accumulation (Chart 4: Real Inventory Investment).
5. Residential construction also rebounded early in the recovery--from a severely depressed level--although the rate of gain tapered off during the first three quarters of this year (Chart 5: Changes in Real Residential Construction).
6. Business fixed investment has begun to rise, following a normal lag (Chart 6: Changes in Real Business Fixed Investment). Nonetheless, plant and equipment spending has provided less of an impetus to the recovery than usual (Chart 7: Real Business Fixed Investment in Postwar Recoveries).

B. The Recent Slowdown

1. Consumer spending turned rather sluggish last spring after an unsustainable burst in the early months of the year (Chart 8: Retail Sales).
 - a. While overall sales in September were up only marginally from August's, sales in the nonautomotive sector posted a good gain (Chart 9: Retail Sales Excluding Automotive).

- b. The UAW strike against Ford curtailed auto production in September and October and has undoubtedly held down auto sales this month (Chart 10: Domestic Automobile Sales and Production).
- 2. Since spring, the housing sector has contributed little to economic growth. Housing starts in August were no higher than housing starts in February (Chart 11: Housing Starts).
 - a. There were some encouraging signs of late, however.
 - i. Housing starts jumped in September to an annual rate of 1.8 million units, the highest level of activity in 3 years.
 - ii. Much of the gain of the past two months has been concentrated in the depressed multi-family sector.
 - iii. Building permits shot up in August and September--for both single-family and multi-family units. This is an indication that housing activity is likely to contribute to economic growth in the near future.
- 3. Now that inventory investment has returned to more normal levels, this sector's contribution to the recovery has dropped off.
- 4. As mentioned earlier, capital spending has failed to pick up as much as hoped for.
- 5. These developments have all contributed to a slowdown in the growth of output (Chart 12: Industrial Production).
 - a. In September, production actually failed to advance. But, to a considerable extent this reflected the impact of the Ford strike.
- 6. The unemployment rate has also increased since last spring, although there was a slight downturn in September (Chart 13: Unemployment Rates).
 - a. The rise in unemployment reflects in part the impact of the recent slowdown.
 - b. It is also linked to the behavior of the labor force. While employment growth has kept up with the average of past recoveries, labor force growth has been unusually rapid (Chart 14: Labor Force and Employment).

C. Outlook for the Recovery

1. The continued sluggishness of the recovery has raised questions over whether the recovery is ending. However, there is no reason to anticipate that the current recovery may soon abort. The recovery has been under way only 19 months, which is not long by postwar standards (Chart 15: Length of Recoveries).
2. Moreover, there are no signs of the strains that have in the past precipitated economic downturns.
 - a. Inventories do not appear out of line with sales (Chart 16: Inventory/Sales Ratios).
 - b. Capacity is ample (Chart 17: Measures of Capacity Utilization).
 - c. Financial markets do not appear strained. Indeed interest rates have on balance drifted downward during the recovery, instead of rising as normal (Chart 18: Interest Rates).
 - d. And with major strikes ending in the rubber, coal, and automotive sectors, the drag which these strikes have had on production should be over.
3. The economy clearly has the potential for a long sustained advance. How much of this potential is realized will depend in large part on the strength of future spending by consumers and businesses.
 - a. Consumer sentiment surveys suggest an increase in consumer confidence, despite the recent sluggishness.
 - b. Personal income has continued to grow, although the sharp decline in farm proprietors' income held down the overall increase in the third quarter.
 - c. Capital spending surveys generally point to some pick-up in spending plans, although the outlook remains a bit cloudy (Chart 19: Plant and Equipment Expenditures).

Before turning to price and monetary developments, I would like to explore

II. What the National Recovery Has Meant for the Region

A. New York City

1. Employment in New York City has been declining since the 1969-70 recession (Chart 20: New York City: Payroll Employment).

2. Government Employment, after edging higher in the '70's, has dropped sharply since 1975. These highly publicized cutbacks, of course, were mandated by the City's fiscal crisis (Chart 21: Government Employment).
3. Private employment has also fallen. There are currently about 600,000 fewer workers on private payrolls in the City than in 1970 (Chart 22: Private Employment).
 - a. While employment has risen nationally during the recovery, it has continued to fall in the City.
 - b. In recent months, private sector employment appears to have levelled off--suggesting that a tenuous stability may be emerging.
4. Although the City's job loss has been partially offset by a reduction in the labor force, the City's unemployment rate has risen relative to the national rate. As of August, the City rate held at 10.4 percent for the third consecutive month (Chart 23: Unemployment Rates).
5. The job loss has depressed personal income and prevented retail sales in the City from keeping pace with sales nationally (Chart 24: Retail Sales).
 - a. Measured in current dollars, August retail sales were roughly equal to sales at the start of 1975.
 - b. Some preliminary evidence, however, indicates a pickup in retail sales around the Labor Day weekend and continuing into October.
 - c. The growing emergence of Sunday openings may add impetus to retailing.
6. Construction activity has come to a virtual standstill (Chart 25: New Housing Units).

B. New York State

1. The rest of the state has fared better than New York City in recent years.
 - a. Employment outside the City has increased while City employment was falling (Chart 26: New York State Civilian Employment).
 - b. The unemployment rate outside New York City has stayed below the City rate (Chart 27: New York State Unemployment Rates).

- c. Reflecting the relatively greater strength of the state, retail sales in New York State have been stronger than City sales (Chart 28: New York State Retail Sales).
2. Nonetheless, New York State's recovery has not matched the national recovery.
 - a. During the early part of this year, the decline in the City offset advances elsewhere in the state and payroll employment declined (Chart 29: New York State Payroll Employment).
 - b. The State unemployment rate has recently been well above the national rate. In August, the State's rate was 1.2 percentage points above the national rate (Chart 30: Unemployment Rate).
 - c. Consumer spending in the State has fallen behind spending nationwide.
3. The overall outlook for the State may be improving.
 - a. Private employment in the City appears to be levelling off and may be gaining in the State.
 - b. There are some indications that retail sales in the City are picking up.
 - c. With signs of tenuous stability emerging in the City, the prospects for the State's economy appear to be improving.
 - d. Indeed, while the differential between the state and national unemployment rates remains high, this differential has contracted in recent months.

III. The Price Situation

- A. The GNP deflator, which provides the broadest gauge of inflation, grew at a 4.4 percent rate in the third quarter. This represents an improvement over the second quarter rate, and is quite modest by recent standards (Chart 31: Implicit GNP Price Deflator).
- B. Consumer Prices
 1. Consumer prices rose at a 5 percent rate in September, which is below the rate of the previous 4 months (Chart 32: Consumer Prices--September data due 10/21).
 2. The 12-14 percent inflation rate of 1974 has been cut in half.
 3. Food price movements have been somewhat volatile, but overall this year food prices have increased only modestly. Indeed, early this year they were actually falling (Chart 33: Consumer Prices: Food--September data due 10/21).

4. Energy prices have risen sharply in recent months.
5. Consumer prices excluding food and energy have been in the 6 percent range throughout the year (Chart 34: Consumer Food Prices Excluding Food and Energy--September data due 10/21).

C. Wholesale Prices

1. Wholesale prices increased sharply in September, but have still risen at less than a 6 percent rate this year (Chart 35: Wholesale Prices).
2. The September pickup in industrial price increases was unwelcome (Chart 36: Industrial Wholesale Prices).
3. On a more positive note, a number of major industries, including steel, copper, and zinc, have experienced difficulty in making recent price increases stick.
4. Moreover, spot prices for raw industrial commodities have been falling in recent weeks, which should mitigate future increases in industrial prices (Chart 37: Spot Commodity Prices).
5. Spot prices for foodstuffs have also been falling, and with this year's bountiful harvest the nearterm outlook for food prices looks favorable.

IV Monetary Policy

A. Recent History

1. The money supply generally grew rather rapidly in the 1964-71 period and by 1972 had clearly become excessive (Chart 38: Money Supply Growth).
2. Therefore, the Federal Reserve began moving toward monetary restraint in the closing months of 1972. This led to slower monetary growth in 1973 and 1974.
 - a. The basic strategy of this policy was to moderate over time the expansion in money and bank credit to rates of growth compatible with reasonable price stability in the longer run.
3. In 1975 and early 1976, this pattern was interrupted. In an effort to end the recession and foster the subsequent recovery, the rate of monetary growth was increased.

B. Current Situation

1. The narrowly defined money stock (M1) has generally increased at a modest rate over recent months. This represents a slow-down from earlier in the year (Chart 39: Narrow Money Supply).
2. The broadly defined money stock (M2) has not displayed the same tendency to fall. Its rate of increase remains relatively high (Chart 40: M2: Broad Money Supply).
 - a. This is because the growth in consumer-type time deposits has remained strong.
3. Since early 1975, business loans have generally drifted lower.
 - a. This is unusual for a recovery and appears to be due in part to business' increased attention on liquidity and their shift from short-term debt to long-term debt.
 - b. The decline in business loans appears to have levelled off in recent months, and in September business loans expanded.
 - c. Business loans continue to move lower at New York City banks, but demand seems to have stopped falling at weekly reporting banks outside the City (Charts 41 and 42: Business Loans: Banks in New York City, Banks Outside New York City).
4. With inflation moderating and credit demand remaining soft, interest rates have drifted lower over the past few months--both long term and short term rates (Charts 43 and 44: Long Term and Short Term Interest Rates).

ITINERARY FOR MR. VOLCKER

REGIONAL MEETING
TURF INN
COLONIE, NEW YORK

October 22, 1976

Leave home by bank automobile (Protection)

8:35 a.m. Leave Kennedy on Alleghany Airlines
Flight No.320

9:32 a.m. Arrive Albany Airport

Bank Relations Special Representative will meet Mr. Volcker at the Albany Airport and provide transportation to the Turf Inn, Colonie, New York (518-458-7250).

10:00 a.m. Registration for guests and coffee

10:30 a.m. Meeting starts.

12:30 p.m. Formal meeting concludes.

1:00 p.m. Luncheon

2:30 p.m. Leave Turf Inn by bank automobile (Bank Relations)

3:25 p.m. Leave Albany Airport on Alleghany Airlines
Flight No.325

4:19 p.m. Arrive Kennedy Airport

A protection automobile will meet Mr. Volcker at Kennedy Airport and take him to his home.

FEDERAL RESERVE BANK OF NEW YORK

Date 9/29/76

o Mr. Volcker

Of _____

From FRED W. PIDERIT, JR.

Please:

- | | |
|--|--|
| <input type="checkbox"/> Attend to | <input type="checkbox"/> For your information |
| <input type="checkbox"/> Note and return | <input type="checkbox"/> For your files |
| <input type="checkbox"/> Note and forward
to Files | <input type="checkbox"/> As per conversation |
| <input type="checkbox"/> See (phone) me
re attached | <input type="checkbox"/> As requested |
| <input type="checkbox"/> Prepare reply for
my signature | <input type="checkbox"/> For your comments
and suggestions |
| | <input type="checkbox"/> Does attached meet
with your approval? |
| | <input type="checkbox"/> For signature, if
you approve |

Other remarks:

Please advise Mr. Love
of your plans.

OFFICE CORRESPONDENCE

DATE September 28, 1976TO Those Listed BelowSUBJECT: Travel Arrangements-RegionalFROM F. T. LoveMeetings*F. T. Love*

In order to complete the necessary arrangements for travel and accommodations in connection with the regional meetings in October and November, we need to know the travel preferences of the participants. Attached are lists of available flights based on current schedules. Please let me know the flights you prefer, and we will make the necessary airline and motel reservations. In view of the uncertain weather conditions that might be expected in mid-November, we suggest that participants plan to arrive in Buffalo the evening of November 16 rather than the morning of the Batavia meeting.

We will arrange the necessary ground transportation to and from the motels as well as from Batavia to Syracuse. Also, transportation to and from Albany and Tarrytown will be available by Bank automobile.

Since we are holding blocks of rooms at the various locations, please let me know your travel preferences for each meeting at your earliest convenience.

CHA/FTL/dm

Attachments

cc: Messrs:	Piderit	Schadrack
	Sloane	Hoenig
	Bakstansky	McDonnell (Buffalo)
	Gray	Allen
	Keane (Buffalo)	Samansky

AVAILABLE AIR TRANSPORTATION
FOR
COLONIE - REGIONAL MEETING
October 22, 1976

New York to Albany

<u>Date</u>		<u>Leave</u>		<u>Arrive</u>
10/21/76	Kennedy	5:50 p.m.	Albany	6:47 p.m.
10/21/76	Kennedy	8:10 p.m.	Albany	8:56 p.m.
10/21/76	Newark	9:35 p.m.	Albany	10:20 p.m.
10/21/76	Kennedy	9:45 p.m.	Albany	10:42 p.m.
10/22/76	Kennedy	8:35 a.m.	Albany	9:32 a.m.

Albany to New York

10/22/76	Albany	3:25 p.m.	Kennedy	4:19 p.m.
10/22/76	Albany	5:05 p.m.	Kennedy	5:59 p.m.

All above flights are non-stop on Allegheny Airlines.

AVAILABLE AIR TRANSPORTATION
FOR
BATAVIA - SYRACUSE REGIONAL MEETINGS
November 17, 1976

New York to Buffalo

<u>Date</u>		<u>Leave</u>		<u>Arrive</u>	<u>Stops</u>
11/16/76	LaGuardia	6:00 p.m.	Buffalo	7:01 p.m.	0
11/16/76	Newark	6:25 p.m.	Buffalo	7:23 p.m.	0
11/16/76	Newark	8:30 p.m.	Buffalo	10:06 p.m.	1
11/16/76	Kennedy	9:35 p.m.	Buffalo	11:26 p.m.	1
11/17/76	LaGuardia	7:55 a.m.	Buffalo	8:56 a.m.	0
11/17/76	Newark	8:00 a.m.	Buffalo	8:58 a.m.	0

Syracuse to New York

11/17/76	Syracuse	9:01 p.m.	Kennedy	9:58 p.m.	0
11/18/76	Syracuse	8:40 a.m.	Newark	9:25 a.m.	0

All above flights are via Allegheny Airlines.

OFFICE CORRESPONDENCE

DATE September 23, 1976

TO Mr. Volcker

SUBJECT Regional Meetings

FROM Peter Bakstansky

Peter Bakstansky

I wanted to alert you before you left that we have been planning for the Regional Meetings to be held October 22, November 15 and November 17. As we discussed, I think it desirable for you not to speak from a prepared text but rather discuss a number of broad topics, as you did at the New Jersey meetings.

We think it would be appropriate for you to cover the following general areas:

1. Regional and national economics,
2. monetary policy,
3. pending national and state legislation,
4. other current concerns of the System.

I am sending copies of this memorandum to Messrs. Davis and Oltman and am asking them to prepare background material for you.

The other speakers on the program will be Mr. Timlen, whom we are asking to discuss "The Question of Membership: Pricing Access and Services" and Mr. Schadrack, whom we are asking to discuss "The Changing Competitive Banking Situation in New York". Mr. Timlen will not be at the November 15 meeting and we are asking Mr. Sloane to substitute for him on that date.

PB/mdw

cc: Messrs. Timlen
Guy
Piderit
Sloane
Davis
Gray
Oltman
Schadrack
Hoenig
Love
Allen
Samansky