Voice of the Federal Reserve Bank of Dallas

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Food Consumption Patterns: More Change or Less?

By Don A. Riffe

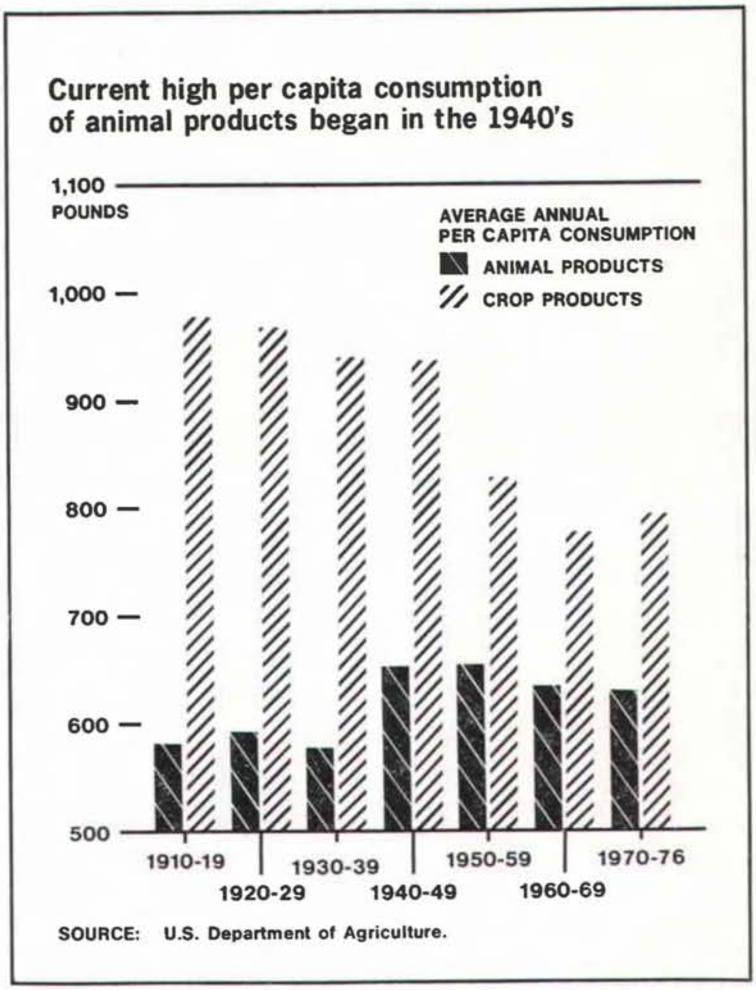
The commodity composition of the American diet is constantly changing. The seemingly slow changes in consumption patterns have actually been relatively rapid in recent years. Per capita consumption of fluid whole milk, for example, dropped about 35 percent between 1960 and 1976. This particular change was largely due to a decline in the number of young children, children being the biggest consumers of whole milk. However, food consumption patterns are affected by many factors, including changes in relative prices, income, tastes, information on nutrition, technology, regulations, population characteristics, and so on. Some of the factors causing food consumption patterns to change in the past, such as the maturing of post-World War II baby-boom children, will be less influential in the years ahead. But others, like information on nutrition and food safety, could become much more important.

Food consumption is difficult to measure with precision. The U.S. Department of Agriculture reports estimates of per capita "consumption" for major food categories in terms of retail-weight equivalents disappearing through the marketing system. There are no reliable estimates of pounds of food actually ingested by the populace, but the amounts are undoubtedly lower than "market disappearance" because of spoilage, shrinking, and waste beyond the retail level. Nevertheless, estimates of consumption based on market disappearance do provide good indications of *changes* in per capita food consumption over time.

Growth in importance of animal products after World War II

Per capita consumption of food has trended downward since the turn of the century, but much of the reduction in pounds has been due to increased processing and a shift away from bulky foods. While production cycles and weather have caused short-run variations in total pounds available for consumption, animal products have gradually increased in importance relative to crop products. Crop products have accounted for a larger proportion of total per capita consumption, but the proportion is slowly diminishing.

Consumption of animal products increased substantially during the forties. The higher level of consumption was probably influenced to a great extent by World War II and related shifts in employment and income, but per capita consumption of animal products has remained well above pre-World War II levels. The mix of animal products has continued to vary, however, as per capita con-



sumption of meats like beef and poultry has increased and per capita consumption of dairy products and eggs has declined.

As one would expect, consumption of individual foods has shown much greater year-to-year variation than the broader measures of consumption. However, an annual change in consumption for a specific commodity may only indicate an abnormal amount of production. This is especially true with nonstorable commodities, where there is a tendency to consume whatever is produced. Thus, comparisons of per capita consumption averaged over several years may be more indicative of a change in consumption patterns than comparisons of particular years.

More beef, poultry, vegetable oils; fewer potatoes, grain products

Average per capita consumption of meat has increased at least 10 pounds in each succeeding decade since the 1930's, but only beef and poultry have made steady gains, as indicated in the accompanying table. Average per capita pork consumption has declined only slightly over the years, but as a proportion of total meat consumed, it has declined significantly. Lamb and mutton consumption has dropped to less than half the level of earlier decades. And though relatively stable for a long period of time, average per capita consumption of fish has been rising in the seventies.

The persistent rise in per capita beef consumption is most often attributed to rising incomes and a taste preference for beef over other meats. The increase in per capita poultry consumption from an annual average of 15.9 pounds in the 1930's to 49.9 pounds in 1970-76 appears largely due to technological advances in production, which have lowered costs and, thus, prices of poultry relative to other meats. Turkey continues to break away from its traditional role of being solely a holiday food. And if trends continue, chicken may become

Beef and poultry are the only meats steadily gaining in per capita consumption

Meat	Average annual pounds consumed per capita, retail weights[1]						
	1910-19	1920-29	1930-39	1940-49	1950-59	1960-69	1970-76
Beef and veal[2]	56.7	51.7	49.4	56.3	65.9	77.3	88.9
Pork[2]	60.4	63.4	58.0	66.2	61.4	59.0	59.8
Lamb and mutton[2]	5.6	4.8	6.1	5.5	3.8	3.8	2.4
Fish[3]	11.3	11.4	10.1	10.1	10.9	10.7	12.3
Chicken[4]	14.4	14.2	14.0	18.8	23.7	33.0	41.2
Turkey[4]	1.2	1.3	1.9	3.1	5.2	7.5	8.7
Total meats	149.6	146.8	139.5	160.0	170.9	191.3	213.3

1. Excludes game and edible offals.
2. Retail-cut equivalent.
3. Edible weight.
4. Ready-to-cook weight.
SOURCE: U.S. Department of Agriculture.

more important in the American diet than pork within a few years. Pork is generally considered to be the number one substitute for beef but has failed to compete effectively with beef and poultry in recent years for a larger share of the expanding consumer appetite for meat. The declining popularity of lard beginning in the fifties has been partially responsible.

Lamb and mutton have never accounted for a very large proportion of per capita meat consumption in the United States. The demand for lamb has been rather limited, and high costs of producing lamb for meat have encouraged shifts to production of cattle. Many Americans do not acquire a taste for lamb at an early age, and relatively high prices discourage experimentation later in life. Per capita consumption of fish has apparently been boosted in the seventies by the growth of fast-food restaurants and by larger catches of tuna.

Some foods have experienced more dramatic changes in per capita consumption than meats. Associated with the long-term decline in consumption of animal fats has been a tremendous increase in consumption of vegetable oils. Consumers have increasingly substituted margarine and shortening for butter and lard, respectively, since the early 1900's. Margarine has traditionally been priced lower than butter, and lard has typically had a lower price than shortening. Health concerns and, possibly, relative cooking qualities have caused consumers to switch from lard to higher-priced vegetable shortenings. Average annual per capita consumption of vegetable oils in 1970-76 was 35 percent greater than in 1960-69. Vegetable oils not only have been substituted for animal fats but also have boosted total per capita consumption of fats and oils.

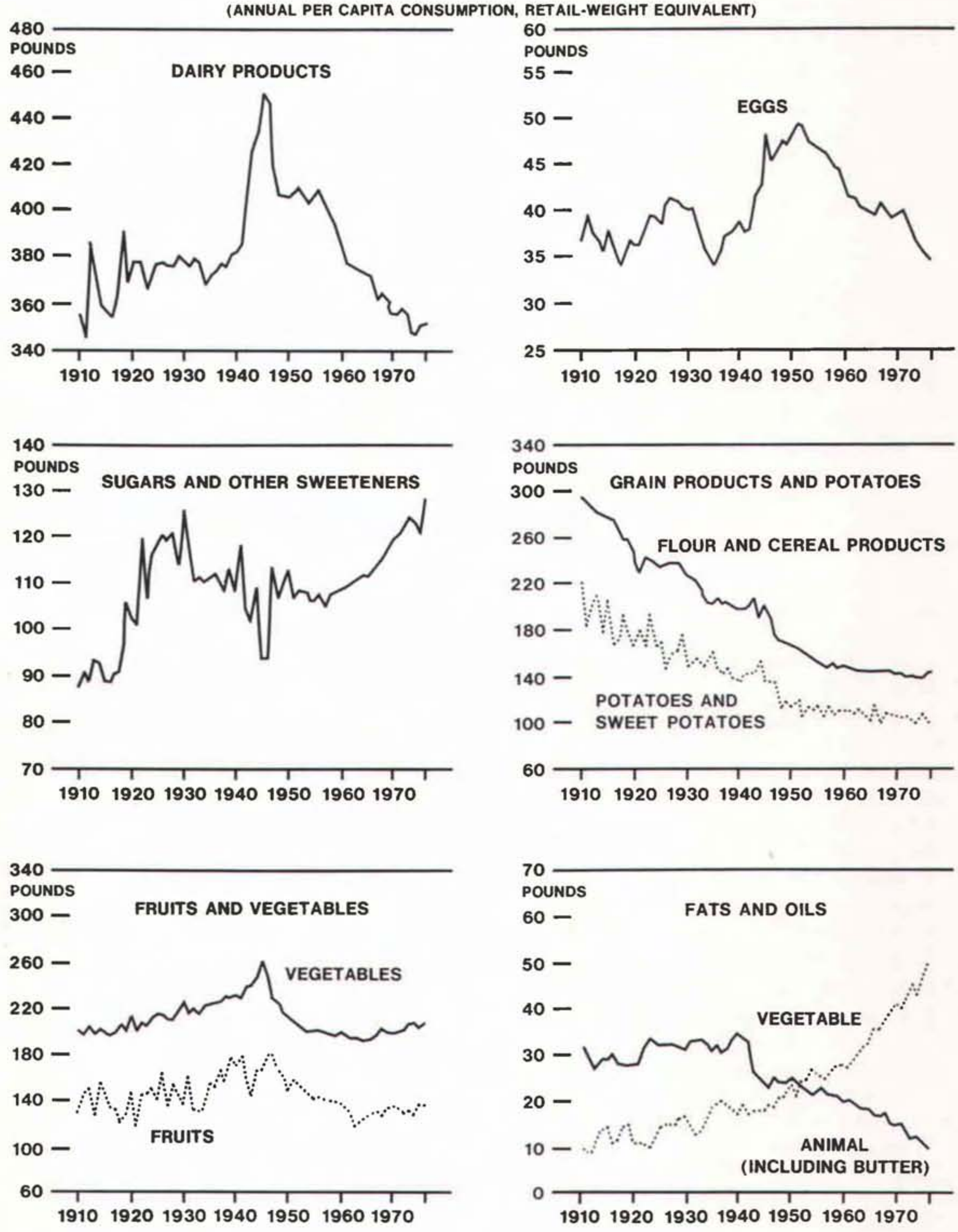
Per capita consumption of dairy products (including butter) trended upward for many years before reaching an average of 417 pounds in the forties. Since then, consumption has trended downward to near-record low levels in the seventies. Average annual per capita consumption in 1970-76 was 353 pounds, down 18 pounds from the 1960-69 average. Per capita consumption of low-fat milks, cheeses, and frozen dairy products has increased since the midforties but not enough to offset the declines in butter and whole milk. The changing age distribution of the population has had a significant impact on the types of dairy products consumed.

If trends continue, chicken may become more important in the American diet than pork within a few years.

Egg consumption over time resembles that of dairy products. Per capita egg consumption trended upward during the first half of the century, peaked with an annual average of 47 pounds in the 1950's, and declined to an average of 38 pounds in 1970-76. Consumption of eggs has been affected by concerns over their cholesterol content and possibly by the substitution of less time-consuming break-

The commodity composition of the American diet changes substantially over time

(ANNUAL PER CAPITA CONSUMPTION, RETAIL-WEIGHT EQUIVALENT)



SOURCE: U.S. Department of Agriculture.

fast foods as a higher proportion of wives have entered the labor force.

The consumption of grain products has declined consistently but at a relatively moderate pace in recent years. Per capita consumption of grain products dropped from an annual average of 278 pounds in 1910-19 to 140 pounds in 1970-76. Potatoes and sweet potatoes have followed a similar course. These trends appear to be the result of many factors, one of the most important being the tendency to substitute "more preferred" foods as incomes rise.

Vegetable consumption trended upward from an average of 202 pounds per capita in 1910-19 to a peak average of 238 pounds in 1940-49. Per capita consumption of vegetables has remained relatively stable since 1950, with increases in canned and frozen vegetables balancing most of the decline in consumption of fresh vegetables.

Fruit consumption has been highly variable, especially prior to 1950, but has followed the same general pattern as for vegetables. Per capita consumption of processed fruits has increased as consumption of fresh fruits has declined. At least part of the decline in per capita fruit and vegetable consumption during the fifties and early sixties may be explained by relatively higher prices than for other foods. Added convenience and less rapidly rising prices in a number of years account for much of the increased substitution of processed for fresh fruits and vegetables.

Consumption of sugars and other sweeteners increased from an annual average of about 108 pounds per capita in the 1950's to 123 pounds in 1970-76. Greater consumption of soft drinks, especially among the unusually large number of young people, has been largely responsible.

Income, age structure, technology—forces of change

Rapidly rising per capita income, the maturing of post-World War II baby-boom children, and advances in food-related technology have been the primary forces behind changing food consumption patterns since 1950. Since then, per capita disposable personal income, measured in constant dollars, has nearly doubled. As incomes rise, it is only natural that "more desirable" foods be substituted for "less desirable" foods. At some point, further increases in income have little or no effect on the amounts or types of foods consumed; however, as families move up the income scale, certain foods are more responsive to changes in income than others.

Several studies have examined the relationship between food consumption and income. One analysis, using cross-section data from the 1965 household food consumption survey by the U.S. Department of Agriculture, indicates that foods such as lard, dry vegetables, and grain products tended to be "less desirable" foods in 1965.[1] That is, per capita consumption of these foods tended to decline in response to an increase in income. Conversely, per capita consumption of foods like beef, lamb, turkey, lettuce, and frozen fruits and vegetables responded positively to an increase in income. Thus, changes in real income and the distribution of those changes among income groups have exerted an influence on the types of food consumed.

The age distribution of the population has had an unusual impact on per capita food consumption during the past 20 years.

The age distribution of the population has had an unusual impact on per capita food consumption during the past 20 years. Approximately 60 million children were born in the 15-year span from 1947 to 1961, compared with only about 53 million born in the 15-year period from 1963 to 1977. As the baby-boom children have matured and gone through a time of rapidly changing consumption patterns, the effects of the changes have been magnified by the relatively large number of people involved. Items like whole milk, baby foods, cereals, and candy have been adversely affected, while "adult" foods such as shellfish, broccoli, and lettuce have shown increases in per capita consumption.

Technology has obviously improved the processing, storage, and distribution of many highly perishable foods. Although the effects of technology are difficult to measure, technological advances in

1. P. S. George and G. A. King, *Consumer Demand for Food Commodities in the United States, with Projections for 1980*, Giannini Foundation Monograph no. 26 (Berkeley: California Agricultural Experiment Station, 1971), pp. 67-75.

every segment of the food system have affected the types and quantities of foods available for consumption.

Rising importance of consumer characteristics, health concerns, regulation

Of the many factors that will shape food consumption patterns in the years ahead, a few appear to be taking on new significance. Even in middle-aged adulthood, members of the baby boom will exert a strong influence on food consumption by magnifying the effects of changing consumer habits and characteristics. Another important factor is the growing interest in nutrition and food safety. Past experience with eggs and animal fats has shown that consumers do adjust food purchases to reflect current information (or perhaps misinformation) on nutrition. Also, Government regulation of the food system appears to be increasing, which could have an impact on the types of foods produced and consumed.

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One of the most significant changes in consumer characteristics is the trend toward smaller households. Average household size has declined from 3.33 persons in 1960 to 2.81 persons in 1978. Young adults are postponing marriage longer and having fewer children than in the past. In 1978, almost 48 percent of the women between 20 and 24 years of age had never been married, compared with 28 percent in 1960.

There is some evidence that small households consume somewhat different types and quantities of foods than larger households. Based on survey data collected in 1965, Le Bovit found that small households tended to be high consumers of poultry, vegetables, ice cream, cheese, and fruits while larger households tended to consume more potatoes and grain products.[2] Small households also consume more food per person than larger households, primarily because of the absence of small children.

The proportion of the population over age 60 is growing and contains relatively more women than men. Analysis of the 1965 food expenditure data indicates that older people consumed less in all major food categories except fruits than the middle-aged.[3] And as would be expected, women consumed less in each major food category than men.

Added services have become very important to consumers as more women hold jobs and the number of one-person households is increasing. If the food marketing system is slow to respond in certain areas, consumption of some foods could be affected. Fast-food establishments have become popular with a large number of consumers. Fast-food restaurants increased their share of the "away-from-home" food market from 10.5 percent in 1965 to 26.0 percent in 1975. Since certain foods, like ground beef, fish, pickles, and potatoes, lend themselves to this type of service more than some others, any change in the popularity of fast-food restaurants will affect the food product mix.

Public interest in human nutrition is evidenced by the fact that Dietary Goals have been proposed by the Senate Select Committee on Nutrition and Human Needs. These goals are merely recommendations, but the fact that they were developed and published illustrates Government concern about nutrition-related health problems.

Dietary Goals for the United States, published in December 1977, recommends that the average American diet be modified to include less refined sugar, fat, cholesterol, and sodium and more "naturally occurring" sugars and complex carbohydrates. The goals also recommend that individuals consume only as much energy (calories) as expended. Reaching these goals would likely increase per capita consumption of fruits, vegetables, whole grains, low-fat milk, lean meats, poultry, and fish while decreasing consumption of processed sugars, animal fats, eggs, and foods high in salt content.

The association of certain dietary patterns with several of the leading causes of death and the considerable difference of opinion among scientists about the validity of these associations open the

2. Corinne B. Le Bovit, "The Impact of Some Demographic Changes on U.S. Food Consumption 1965-75 and 1975-90," *National Food Situation*, no. NFS-156 (May 1976), pp. 25-29.

3. Larry Salathe and Rueben Buse, "The Relationship Between Household Food Expenditures and Household Size and Composition," *National Food Review*, no. NFR-1 (January 1978), pp. 25-28.

door for increasing Government involvement in nutrition and food safety issues. More (or less) regulation would normally be expected to change relative costs and, thus, affect food consumption patterns primarily through changes in relative prices. However, in the area of food safety, choosing to pay a higher price for one food over another is not always an alternative. It is unlikely that factors influencing personal choice could affect consumption of any food as quickly and completely as a regulation that bans a specific food or significantly alters its perceived quality. The potential for incorrect or misleading information on food safety seems to be particularly great, since there is little opportunity to experiment with humans.

Over the long term, food consumption patterns will be shaped by a myriad of factors, including a population with a disproportionately large number of young adults, a rising median age, and a disproportionate number of women in the older age categories. Changing life-styles are already having an effect with the move toward smaller households and more two-income families. Government also appears to be expanding its regulatory role, which could have a profound effect on some foods and services. Even if Government does not increase its regulation of the food system, consumer food purchases are likely to be increasingly influenced by information on nutrition and food safety. These factors, together with ongoing trends, suggest that food consumption patterns will continue to change fairly rapidly in the years ahead. Poultry, fish, beef, processed fruits and vegetables, and low-fat dairy products seem to have the edge over other foods.

Consumer Pamphlets Available

Three new consumer education pamphlets, entitled "If You Use a Credit Card," "Consumer Handbook to Credit Protection Laws," and "How to File a Consumer Credit Complaint," are now available free of charge to banks, other businesses, and individuals.

"If You Use a Credit Card" explains credit-card protection under Federal laws, including how to limit risk if a card is lost or stolen, and what to do if goods or services purchased with a credit card are not satisfactory. The pamphlet also explains how to compare credit-card costs.

"Consumer Handbook to Credit Protection Laws" outlines consumer rights under the major credit protection laws and how borrowers can use the laws to shop for credit, apply for it, keep up credit standings, and complain about possible abuses. The booklet also points out the laws' solutions to credit practices used in the past to discriminate against women and minorities.

"How to File a Consumer Credit Complaint" briefly describes the various consumer credit laws and what a consumer can do if he feels his rights under the laws have been violated. The pamphlet includes a tear-off form that can be used by consumers in making complaints involving commercial banks. However, the pamphlet encourages the consumer to first deal directly with the bank to try to resolve the misunderstanding.

Requests for the pamphlets may be directed to the Bank and Public Information Department of this Bank, (214) 651-6267.

"Fed Quotes"

Brief Excerpts from Recent Federal Reserve Speeches, Statements, Publications, Etc.

"We are now only at the beginning of the process of restoring equilibrium to international financial markets. What happens in those markets is important to us because uncertainties there feed back into our economy, holding down investment and driving up our inflation rate. An improved trade balance would also directly support our economy as we move to slow the rate of growth of domestic demand. It is sometimes overlooked that our exports are now an important part of total U.S. production accounting for over 11 per cent of all goods produced. More broadly, however, sustained reduction in our trade deficits would be a signal to the market that we are making progress on the fundamental problems of our economy. There is an especially delicate balance of risks in slowing the growth of the economy and slowing the rate of inflation. But in my view, slowing inflation is critically needed not only to restore equilibrium internationally but also as a precondition for continued healthy growth at home.

"Therefore, I repeat before this audience some of the actions I recommended in early summer and again in October.

"First, additional fiscal restraint must be applied not only because it is needed to reduce inflationary pressures but also because it has become a domestic and international flag bearer for market confidence."

"Second, spending cuts should permit a margin of revenue to be used to spur new investment in plant and equipment to modernize our productivity capacity and generate new jobs and to encourage a lower rate of wage increase.

"Third, we should lift the straight jacket of interest rate controls both at federal and state levels so that our people can be paid a positive rate for savings not the negative rates presently evident."

"Fourth, the United States needs a strong energy program of conservation and new production of both old and new types of energy preferably financed by the private sector and stimulated by rapid investment tax write-offs and lower capital gains taxes."

"Finally we must have the political and public strength and support to sustain monetary restraint even in the face of modest reverses of growth rate or unemployment, for the strength of the dollar at home and abroad is critical to our place in the economic world."

Philip E. Coldwell, Member, Board of
Governors of the Federal Reserve System
(At Miami, Florida, December 6, 1978)

International Banking Act Now Being Implemented

The International Banking Act, signed into law on September 17, 1978, gives Federal bank regulatory agencies authority to supervise U.S. branches and agencies of foreign banks. Generally, the act brings foreign banks operating in the United States through branches, agencies, and so on, under the same bank regulatory controls that apply to domestic banks. Under the act, some 250 foreign bank branches and agencies, with assets of $92 billion, that are operating in the United States will be subject, for the first time, to reserve requirements and deposit insurance.

The Federal Reserve Board, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have primary responsibility for implementing the International Banking Act. Although certain aspects of the act are self-implementing, others require administrative action by the agencies.

One such action was recently taken by the Board of Governors. The Board eliminated the 10-percent minimum reserve requirement on U.S. deposits of Edge Act corporations, which are U.S. corporations engaged in international banking and finance. With this amendment to Regulation K, Edge corporations are now subject to the same reserve requirements on domestic deposits as member banks. The new rule was effective with the reserve computation period beginning November 16, 1978.

Other aspects of the act are being implemented. The three agencies are preparing regulations, procedures, and forms required by the following provisions of the act.

One provision allows foreign ownership of Edge corporations and permits foreign citizens to serve on their boards of directors.

Another provision subjects branches and agencies of foreign banks with total worldwide consolidated bank assets in excess of $1 billion to Federal Reserve reserve requirements and interest rate ceilings.

The law authorizes the Comptroller of the Currency to license and supervise Federal branches or agencies of a foreign bank in any state in which the parent foreign bank is not operating a state branch or agency and in which the establishment of a foreign branch or agency is not prohibited by state law.

Under the act, deposit insurance is required for branches of foreign banks that receive deposits of $100,000 or more. In addition, foreign banks operating a branch, agency, or commercial lending company in the United States must register with the Federal Reserve, and foreign banks maintaining other offices in this country must register with the Treasury.

Remote Disbursement Policy Adopted

A policy discouraging remote disbursement—the use of remote banks by businesses, usually corporations, to delay payment of bills—has been adopted by the Board of Governors. "The Board believes the banking industry has a public responsibility not to design, offer, promote or otherwise encourage the use of a service expressly intended to delay final settlement," the policy states. "The Board is calling on the nation's banks to join in the effort to eliminate remote disbursement practices."

Federal Reserve bank examiners have been alerted to "pay particular attention to the check services offerings of banks to their customers." If banks do not voluntarily comply with the policy, legislative or regulatory action could be taken to bar the practice.

Remote disbursement is the practice of a corporation writing checks on a zero-balance account in a distant bank. As checks are presented to the bank for payment, the corporation is notified and funds are transferred to the account to cover the checks. Corporations use the system to control cash disbursements, take advantage of float, and maximize use of cash resources.

The Board is concerned that some remote disbursement plans may constitute unsafe and unsound banking. The primary risk is that the system could lead to unsecured extensions of credit by the remote banks. In addition, the practice delays funds availability, thus depriving suppliers and consumers of timely use of funds owed to them. Furthermore, the practice creates inefficiencies in the check clearing system by slowing collections.

Dallas Reserve Bank Reports 1978 Earnings

Current gross earnings of the Federal Reserve Bank of Dallas amounted to $434.8 million in 1978. Current expenses for the Bank and its three branches totaled $34.3 million, leaving current net earnings of $400.5 million.

Net earnings after net additions or deductions and assessments and before payments to the U.S. Treasury totaled $361.9 million. Of this, payments of $353.7 million were made to the Treasury as interest on Federal Reserve notes, statutory dividends of $3.6 million were paid to member banks, and $4.5 million was added to surplus. The Federal Reserve pays the Treasury all net earnings in excess of the statutory dividend to member banks and additions to surplus to bring the surplus to the level of paid-in capital. In 1978 the Federal Reserve System made payments of $7,006 million to the Treasury. Of this, 5 percent was paid by the Federal Reserve Bank of Dallas.

Assessment for expenditures of the Board of Governors amounted to $3 million for the Dallas Bank. There was a $35.7 million net deduction in the profit and loss account, mainly because of a net loss of $28.8 million on foreign exchange operations and a net loss of $6.7 million on sales of U.S. Government securities.

Earnings of the Federal Reserve System are derived primarily from U.S. Government securities that the Federal Reserve has acquired through open market operations, one of the tools of monetary policy.

Mathews Redesignated Chairman, Hines Designated Deputy Chairman of the Board of Directors

Irving A. Mathews, Chairman of the Board and Chief Executive Officer of Frost Bros., Inc., San Antonio, Texas, was redesignated Chairman of the Board of Directors of the Federal Reserve Bank of Dallas for 1979 by the Board of Governors. Gerald D. Hines, Owner, Gerald D. Hines Interests, Houston, Texas, was appointed by the Board of Governors as a Class C director for a three-year term and was designated Deputy Chairman for 1979. In both capacities, Hines succeeds Charles T. Beaird, Publisher, *Shreveport Journal*, Shreveport, Louisiana.

Mathews has been a director of the Dallas Federal Reserve Bank since January 1, 1974, and Chairman of the Board of the Bank since January 1, 1977. Prior to his appointment to the Head Office Board, Mathews served a three-year term as a director of the San Antonio Branch. In addition to his position with Frost Bros., Mathews is President of the Retail Division of Manhattan Industries, Inc., is a former director of the San Antonio Symphony and the San Antonio United Way, and is active in other business and community affairs.

Hines had served as a Class B director of the Federal Reserve Bank of Dallas since January 1, 1975. He is a governor advisor to Rice University, Secretary of the Urban Land Institute, and a director of the Urban Land Research Foundation, the Houston Symphony Society, the Society for the Performing Arts, and the Texas Medical Center and is active in other business and community affairs. He was elected Key Houstonian of the Year in 1967 by the Houston Board of Realtors and was named Houston Businessman of the Year by the Houston Chapter of the Stanford Business School Alumni in 1975. That same year, he was named a Distinguished Engineering Alumnus by Purdue University's School of Engineering.

The nine directors of the Dallas Reserve Bank are grouped into three classes, which reflect a wide range of business and public interests in the Eleventh Federal Reserve District. Class A and Class B directors are elected by member banks, and Class C directors are appointed by the Federal Reserve Board of Governors. Each year the Board of Governors designates the Chairman and Deputy Chairman from among the Class C directors.

Regulatory Briefs

Review of Recent Actions of the Board of Governors of the Federal Reserve System

• **AN AMENDMENT LIMITING A BANK'S LOANS TO INSIDERS** has been proposed for public comment by the Board of Governors. Required by the Financial Institutions Regulatory and Interest Rate Control Act of 1978, the amendment to Regulation O would limit lending to an insider (other than a director) and all related interests of the insider to 10 percent of the bank's capital and surplus. The proposed rules would also prohibit payment by the bank of certain insiders' overdrafts, require that loans to insiders or their related interests be made on substantially the same terms available to others, and require that all loans to insiders in excess of $25,000 be approved in advance by a majority of the bank's board of directors, with the interested party abstaining.

• **A REGULATION IMPLEMENTING THE ELECTRONIC FUND TRANSFER ACT** has been proposed for public comment by the Board. Designed to protect consumers using electronic funds transfer (EFT) services, the proposed rules would limit a consumer's liability for unauthorized use of an EFT card and restrict the unsolicited issuance of the cards. These rules would implement sections of the act that became effective February 8, 1979. Other sections, including the provision giving the Board general rulemaking authority for the statute, are scheduled to go into effect in May 1980.

• **SECURITIES REGISTRATION AND DISCLOSURE RULES,** similar to those issued by the Securities and Exchange Commission, have been adopted by the Board of Governors, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation. The rules, which affect banks with more than 500 stockholders, became effective January 29, 1979. For further information, contact the Bank Supervision and Regulations Department of this Bank, (214) 651-6274.

• **IMPLEMENTATION OF AN AMENDMENT TO REGULATION Z HAS BEEN DELAYED** by the Board. The amendment, enacted last July, exempted mortgage-related open-end credit transactions from the three-day right of rescission provided by the Truth in Lending Act in order to establish a new credit source for consumers. The exemption was available only to the third-party creditors and not to sellers of goods. In response to protest by consumer groups, the Board has postponed implementation of the amendment and has published it as a proposal for comment.

• **UNIFORM GUIDELINES ENFORCING THE TRUTH IN LENDING ACT** have been adopted by the five Federal financial institution regulators. Under the guidelines, effective January 4, 1979, lenders are required to reimburse individuals for overcharges of $1 or more on outstanding loans consummated after October 28, 1974. Proposed guidelines were published in October 1977, and over 300 comments were received. Final guidelines were adopted by the five agencies in December 1978. For additional information, contact the Consumer Affairs Division, (214) 651-6169.

• **TWO AMENDMENTS AFFECTING BANK HOLDING COMPANIES** have been adopted by the Board. One permits publication in the *Federal Register,* instead of local newspapers, of a bank holding company's intent to engage in nonbanking activties. The second, also an amendment to Regulation Y, clarifies and formalizes practices already in use by permitting domestic bank holding companies and their subsidiaries to conduct previously approved nonbanking activities overseas 45 days after informing the appropriate Reserve Bank. For further information, contact the Holding Company Supervision Department of the Federal Reserve Bank of Dallas, (214) 651-6120.