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Statement by

Frederick H. Schultz, Vice Chairman
Board of Governors of the Federal Reserve System
Washington, D.C.

before the

Subcommittee on General Oversight and Minority Enterprise
of the
Committee on Small Business
U.S. House of Representatives

April 17, 1980

I appreciate the opportunity to appear before you today to discuss the difficulties that inflation poses for our economy and, in particular, for small businesses.

There is wide agreement in this country that inflation is our most serious economic problem. It is a problem that we have lived with for more than a decade. Even so, the difficulties encountered in adusting to an inflationary environment, and the costs associated with these adjustments, make it clear that inflation is not a phenomenon that people can learn to live with comfortably.

Inflation breeds economic instability, especially when it accelerates unexpectedly, as it has in recent years. In such an environment, it is particularly difficult to interpret current market developments and plan and forecast future events. For businesses, earning a reasonable return on investment hinges on an ability to spot emerging trends in product demand, to utilize the most efficient method of meeting that demand, and to price products appropriately. Inflation alters spending and saving patterns, requiring businesses to adapt constantly to a varying economic environment. At the same time, the general rise in prices can obscure changes in price relationships and the underlying shifts in supply and demand that they signal.

Inflation impairs the ability of businesses to plan because future income flows are particularly hard to project when prices are being adjusted upward frequently. A major plant expansion, for example, would not be undertaken without some assurance that it would earn an adequate return over its lifetime. This calculation depends on predictions about the cost of the plant as well as the labor and materials used in the production process and the price and volume of its output. In an inflation these projections have a greater chance of being wrong. As a result, profits tend to be more variable, increasing the risks in any capital venture and raising the rate of return that investors will require to finance it. For this reason, some investments that might have been undertaken in a stable price environment would not be attractive in an environment of inflation.

Indeed, even the measurement of income flows from capital investment is a difficult task in an inflationary environment. Under traditional accounting techniques, corporations value the materials and physical capital used in production at

historical prices, which tend to fall increasingly below current costs of production during rapid inflation. The effect of this is to enlarge the reported profits of corporations and also the tax liabilities of these firms. The increase in profits, however, reflects capital gains on inventories and fixed assets rather than income generated from the operations of the firm. These capital gains must be reinvested by the firm if it wishes to maintain its productive capacity. The increased tax burdens associated with these gains, however, tend to reduce internal funds available to corporations.

Many of the problems associated with inflation seem especially acute for small business. Subject as they are to competitive forces, small businesses have little control over many of the factors affecting their profitability. As purchasers, they may lack the influence to make their suppliers absorb a portion of cost increases; as sellers, they may be less able than large businesses to pass through to consumers cost increases as they occur. Moreover, because of their dependence on outside suppliers, small businesses may have trouble anticipating cost increases. This can be especially troublesome when a business must sell products or services at prices contracted for several months in advance.

Dependence on a single or limited line of products increases a small firm's vulnerability to unexpected changes in product demand or production costs. Its size often precludes the flexibility to alter production or sales practices quickly in response to rapid changes in underlying supply and demand conditions. And it is less able to absorb losses that result from a bad guess or a purchase or contract that turns out to be unprofitable.

The financing needs of businesses are increased during an inflation as the dollar volume of transactions rises along with the price level. Moreover, the nominal cost of financing will rise as interest rates increase to compensate lenders for the declining value of the dollars they will be repaid. Small businesses can be especially affected by these developments. Typically, they rely heavily on short-term funds, and thus their financing costs tend to escalate rapidly as inflation boosts interest rates. Rising interest charges may be particularly difficult to pass on in the price of output if competitors are less dependent on short-term credit. Also, fluctuations in rates add an additional element of uncertainty to the planning process. We have heard from many small businesses over the last few years that inflation-enlarged interest expense has squeezed profit margins and deterred expansion. Moreover, most small businesses cannot borrow directly in credit markets, and thus they are especially vulnerable to reduced credit availability at banks and other lenders on which they must rely.

I have only touched upon a few of the problems that inflation can cause for small businesses and others. They serve, however, to underscore the importance of a return to price stability. It is toward this goal that the Federal Reserve's recent actions have been directed. Last October the Federal Reserve took steps to slow the growth of money and credit and to improve its ability to control future expansion of these variables. In February we announced to the Congress target ranges for the monetary aggregates in 1980 designed to produce an appreciable slowing of money growth and bank credit consistent with a move toward a noninflationary economy.

In the near term these actions, taken against a backdrop of strong credit demands, have raised the cost and reduced the availability of credit for all borrowers. Because such restraint works initially through the banking system, it may be having a disproportionate impact on small businesses and others who rely primarily on banks for funds.

Our March 14 initiatives were designed to spread the effects of credit stringency more equitably, as well as to reinforce our earlier actions. As part of the Special Credit Restraint Program, banks and finance companies are encouraged to "meet the basic needs of established customers for normal operations, particularly smaller businesses, farmers," and others "with limited alternative sources of funds." Moreover, the Board expects that in setting interest rates and other lending terms, banks and finance companies will, where possible, take account of the special needs of these borrowers. At the same time, institutions are asked to avoid extensions of credit for speculative or nonproductive purposes or for purposes that may be financed from other sources. We are requiring reports from lenders so that we may monitor their efforts to meet our goals. Other parts of the March 14 program work toward assuring an adequate flow of credit to small businesses by discouraging certain types of consumer loans and by reducing the incentive for depositors to move funds from banks and thrifts into money market mutual funds.

There should be no illusions about this program,

however. It cannot be used to insulate some classes of bank customers from the impact of tight money. The program must be viewed in the context of the Board's and the nation's overriding goal of reducing inflation. I might note that a greater degree of fiscal discipline would speed the return to more stable price behavior. Moreover, a reduction in Federal borrowing would relieve some of the pressures on interest rates and free credit for use in the private sector.

The process of breaking the grip of inflation on our economy will not be a painless one. Nontheless, the effects of inflation are so serious for small business and others that we must persevere on our current course. Delay will only increase the severity of inflation and the costs of eventually bringing it under control.

New national member bank

Angelina National Bank, Lufkin, Texas, a newly organized institution located in the territory served by the Houston Branch of the Federal Reserve Bank of Dallas, opened for business May 5, 1980, as a member of the Federal Reserve System. The new member bank opened with capital of $875,000 and surplus of $875,000. The officers are: Gus C. Boesch, Chairman of the Board; J. Rodney Wood, President; A. J. Hillin, Vice President; and Jackie Hamilton, Cashier.

New state member bank

Community Bank, Fort Bend County, Texas, Richmond, Texas, located in the territory served by the Houston Branch of the Federal Reserve Bank of Dallas, was admitted May 22, 1980, as a member of the Federal Reserve System. The new bank has a capital structure of $1,250,000, consisting of capital stock of $500,000, surplus of $500,000, and undivided profits of $250,000. The officers are: Lawrence G. Fraser, Chairman of the Board; Bill W. Feemster, President; and Charlene B. Woj, Cashier.

Savings Deposits: A Diminishing Source of Bank Funds

By Mary G. Grandstaff

Savings deposits at large weekly reporting banks in the Eleventh Federal Reserve District accounted for more than 21 percent of total time and savings deposits in March 1977. Three years later, in March 1980, this ratio had dropped to 7 percent. During the interim, savings deposits declined almost 50 percent, while time deposits almost doubled.

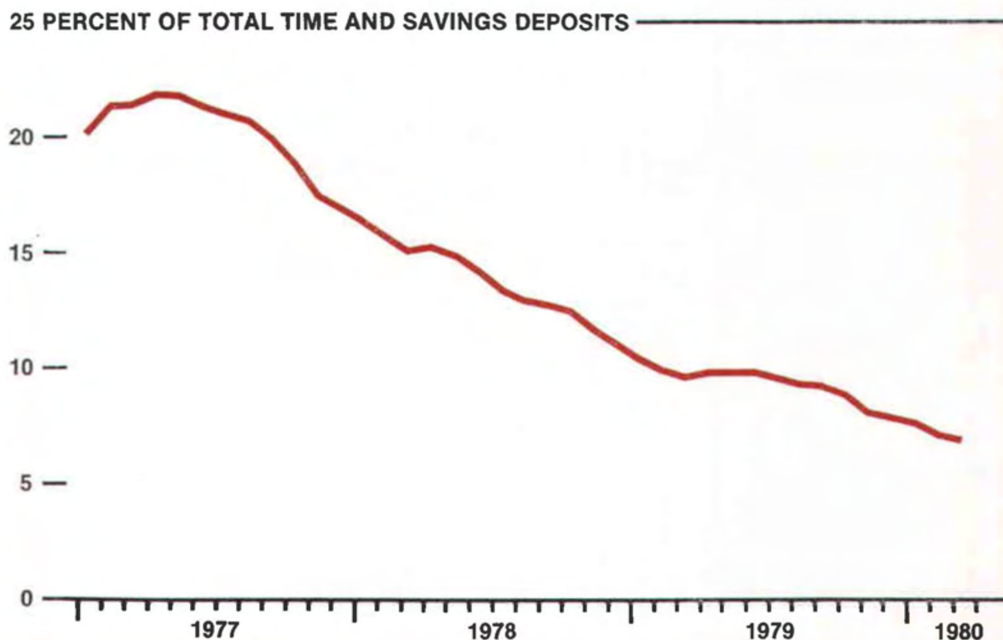
The decline of savings deposits as a source of bank funds has resulted primarily from restrictions on interest rates banks have been permitted to pay on such deposits while interest rates on alternative investments rose to record-high levels. At the beginning of 1977, commercial banks were allowed to pay—and most banks were paying—a maximum interest rate of 5 percent (5.13 percent if compounded daily) on savings deposits. This was somewhat higher than rates on comparable maturities of most money market instruments until after midyear. Consequently, banks had been experiencing sizable increases in savings deposits. Interest rates in the money market, however, began to rise in the final half of 1977.

As interest rates on alternative investments moved higher, many depositors began to move their savings to other investments to acquire the higher yields. In 1977, this movement of funds was slow but steady, and it picked up substantially as rates on alternative investments increased more rapidly. The maximum rate commercial banks were allowed to pay on savings deposits was increased one-fourth of a percent, to 5¼ percent, on July 1, 1979. The net decline of savings deposits moderated slightly for two months but picked up appreciably thereafter, as the ongoing rise of market interest rates made savings accounts increasingly less attractive. By September, rates paid on some alternative investments already were as much as 5 percentage points higher than those permitted on savings deposits and were climbing steadily.

Impact of inflation

Between the first quarters of 1977 and 1980, consumer prices rose about one-third. At the same time, total personal income increased just slightly faster, while personal taxes and similar payments rose over 50 percent. Thus, total disposable personal income in the first quarter of 1980 could purchase only slightly more goods and services than disposable personal income received in the same quarter three years earlier.

Personal consumption expenditures, however, rose almost 12 percent in real terms between those



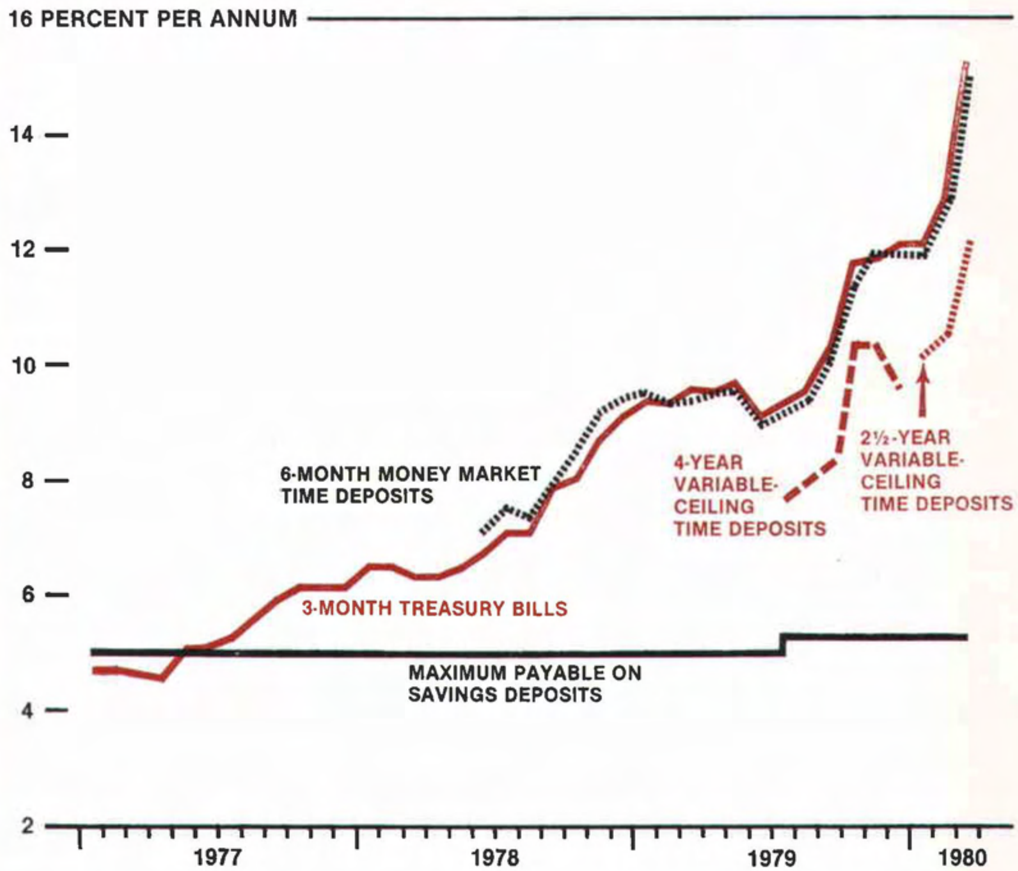
two periods, and home purchases advanced appreciably. Consumers financed the increased consumption by expanding their outstanding debt (consumer installment loans outstanding rose about 68 percent, and residential mortgage debt rose about 50 percent). In addition to boosting their borrowing, consumers reduced their saving rate from 4.2 percent of disposable personal income in the first quarter of 1977 to 3.7 percent in the first quarter of 1980 and, in many instances, made net withdrawals from their previous savings. Moreover, the high rate of inflation and the associated high levels of interest rates have made savers increasingly responsive to interest rate differentials in an attempt to maximize interest income.

Regulatory changes

As stated previously, savings deposit accounts were yielding a relatively attractive rate of return in early 1977. But this was changed with the subsequent rapid increases in money market interest rates. However, holders of small savings accounts were unable to acquire the higher-yielding assets, most of which required sizable minimum investments. Banking regulators responded by making a number of rule changes that authorized new classes of higher-yielding time deposits in minimum denominations attractive to many small savers.

The new time deposits started with the introduction of six-month money market certificates on June 1, 1978, and other new time deposit classes were introduced in both 1979 and 1980. These regulatory changes have contributed to the ongoing decline in savings deposits, while the new classes of time deposits undoubtedly have enabled banks to acquire and retain funds, in the form of time deposits, that otherwise would have been lost to market instruments. And the small saver has been able to obtain somewhat higher yields on his assets.

The money market time deposits that commercial banks were authorized to offer as of June 1, 1978, have a maturity of 26 weeks, require a minimum investment of $10,000, and are nonnegotiable. The maximum rate commercial banks can pay on these deposits is the discount rate on the most recently issued six-month U.S. Treasury bill. (Through com-


Interest rates payable on savings deposits
have not been competitive since mid-1977
16 PERCENT PER ANNUM
14
12
10
8
6
4
2
6-MONTH MONEY MARKET
TIME DEPOSITS
4-YEAR
VARIABLE-
CEILING
TIME DEPOSITS
2½-YEAR
VARIABLE-
CEILING
TIME DEPOSITS
3-MONTH TREASURY BILLS
MAXIMUM PAYABLE ON
SAVINGS DEPOSITS
1977
1978
1979
1980
SOURCE: Board of Governors, Federal Reserve System.

pounding of interest, these deposits once offered savers a rate of return in excess of that available on the Treasury bill. Regulatory changes effective on March 15, 1979, however, prohibited the future compounding of interest on the six-month money market time deposit.)

This new classification of time deposit proved quite attractive, and time deposits grew substantially following its introduction. But the $10,000 minimum denomination precluded acquisition of money market certificates by many small savers.

Effective July 1, 1979, regulatory authorities permitted commercial banks to offer variable-ceiling-rate time deposits with no minimum denomination and with maturities of four years or more. Banks were authorized to pay a maximum interest rate on these deposits 1¼ percentage points below the yield on four-year U.S. Treasury securities.

Small savers, however, did not find these deposits attractive. In an effort to create a more attractive time deposit for small savers, commercial banks were authorized to replace the 4-year variable-ceiling accounts with 2½-year accounts on January 1, 1980. Again, these accounts could be offered with no minimum denomination, and the maximum rate authorized on them was three-fourths of 1 percentage point below the yield on 2½-year Treasury securities. (Compounding of interest is permitted, but on March 1 a temporary ceiling of 11¾ percent was placed on such accounts.) These accounts appear to be somewhat more attractive than the four-year accounts.

The result of these changes and the relatively low rates permitted on savings deposits has been a continuing steady decline in savings deposits. With the rise of market interest rates and the resulting adaptation of regulation of time and savings deposits, the cost of deposits for commercial banks has increased sharply. However, without these changes, deposit funds would have been diverted in even greater volume to outside investments, causing banks to rely more heavily on nondeposit sources of funds—at perhaps an even higher cost.

"Fed Quotes"

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

"In view of the Subcommittee's interest, I would like to summarize recent developments in our concerns relating to the Euro-currency market. In the face of increased OPEC surpluses and corresponding deficits of oil-importing countries, it may well be that the scale of international financial flows will increase relative to purely domestic flows. Many of these flows will originate in domestic financial markets, but a significant proportion will involve the Euro-currency market. These flows, through the Euro-currency market and international bank lending, have been of increasing concern to many central banks and bank regulatory authorities. The central bank governors of the G-10 [Group of Ten] countries and Switzerland recently agreed to improve informational flows on such lending, including a general agreement that major banks of these countries should report their activities on a consolidated basis; they also agreed to increase their monitoring of developments in these markets from the standpoints of prudential considerations, as well as macro-economic and monetary policy concerns. These measures will put supervisory authorities in a stronger position to keep abreast of market developments."

Henry C. Wallich, Member, Board of Governors of the Federal Reserve System (Before the Subcommittee on International Trade, Investment and Monetary Policy, U.S. House of Representatives, April 1, 1980)

"Organized commodity markets perform important economic functions. They provide a means for producers, middlemen, and consumers alike to hedge positions acquired in the ordinary course of business, facilitating production and commerce. They encourage broader participation in markets, including the kind of 'benign' speculation that assures market liquidity and bridges temporary imbalances in ultimate supply and consumption. The markets provide for both buyer and seller a clear set of price quotations established in highly competitive markets."

"The question is how to minimize the dangers—arising rarely—without smothering the markets in their useful—even indispensable—everyday work. I have no specific recommendations to make this morning about the structure and regulation of these markets. Indeed, I would caution against striking out with hastily conceived restrictive legislation with respect to organized futures markets. Those markets already have some considerable financial safeguards embedded in their structure. One danger from excessive regulation or the imposition of heavy costs is that activity will shift to unregulated channels here or abroad, potentially leaving the markets more vulnerable than before to manipulation or credit weakness."

"Finally, I cannot refrain from emphasizing that the environment of inflation, and the uncertainty and doubts about the future that accompany inflation, provided the fertile breeding ground for the recent speculative activity in commodity markets generally—speculation that reached an extreme form in the case of silver. Stable, well functioning markets ultimately depend upon a sense of stability and confidence in our currency—and certainly that sense of stability is at the center of our policy considerations in the Federal Reserve."

Paul A. Volcker, Chairman, Board of Governors of the Federal Reserve System (Before the Subcommittee on Agricultural Research and General Legislation, U.S. Senate, May 1, 1980)

Regulatory Briefs and Announcements

Regulation Z Simplification Proposed

The Federal Reserve Board has issued for public comment proposals to streamline and simplify Regulation Z. Comments may be received through July 31, 1980.

The proposals, covering 11 major changes in the regulation, would:

• Restructure the regulation's format to group together related provisions in separate subparts.

• Incorporate into the regulation the substance of many Board and staff interpretations and clarify several troublesome questions raised by court decisions.

• Include model disclosure forms and language to enhance understanding and compliance and to provide a safe harbor from civil liability for those who make proper use of the models.

• Exempt agricultural credit from disclosure requirements.

• Encourage early disclosure through the use of streamlined closed-end credit disclosures reflecting representative transactions.

• Eliminate 12 of the 24 closed-end credit disclosures currently required for certain transactions, while permitting consumers to request an explanation of how the credit proceeds were disbursed if they desire.

• Require that closed-end credit and consumer lease disclosures be placed together and segregated from other contract provisions and any other Federal or state disclosures.

• Eliminate many of the current format requirements for open-end credit disclosures.

• Conform the open-end credit disclosures to the requirements of Regulation E (Electronic Fund Transfers) wherever necessary and possible.

• Exempt from the right of rescission advances made under an open-end credit account that is secured by the consumer's home.

• Clarify a number of points about open-end credit disclosures and ease several requirements regarding billing statements and error notices.

The proposals also include a number of new definitions intended to facilitate compliance by creditors and to increase the borrower's knowledge of his rights. The proposed revision of Regulation Z is based on the Truth in Lending Simplification and Reform Act, which became law on March 31, 1980.

Deregulation Committee Organized, Takes First Action

The Depository Institutions Deregulation Committee has elected Paul A. Volcker, Chairman of the Federal Reserve Board, as its Chairman. Irvine H. Sprague, Chairman of the Federal Deposit Insurance Corporation, was named Vice Chairman.

The committee was created by the Depository Institutions Deregulation and Monetary Control Act of 1980, signed on March 31. The committee's assignment under the act is to provide for the orderly phaseout of interest rate ceilings over a six-year period and eventually to provide depositors with a market rate of return on their savings.

In its first action, the committee:

1. Adopted a final rule, effective May 6, that allows a depositor to withdraw at any time without penalty all interest earned during the preceding term or terms of an automatically renewed certificate of deposit as well as interest being earned during the new maturity period. To be eligible, the certificate must have been renewed on the same terms (maturity and rate) as for the original deposit.

2. Adopted another final rule, also effective May 6, that authorizes depository institutions to pay interest on certificates of deposit after the maturity date, provided the funds are withdrawn not more than seven days after the maturity date. Payment of interest may be at the original contract

rate or some lower contract rate as long as the specified rate is not less than the savings deposit rate for the institution.

The committee requested comment on a proposal to prohibit any premiums or gifts given by an institution upon the opening of a new account or an addition to an existing account. In addition, the committee requested comment on a proposal to limit any finder's fees to third parties to cash payments and to regard any finder's fees as interest to the depositor. Both proposals were open for comment until June 16.

Credit Restraint Programs Modified

The Federal Reserve Board on May 22 announced an easing of the credit restraint programs initiated in March but emphasized that the actions do not represent any change in basic monetary policy as reflected in the targets for restrained growth in money and credit over 1980.

The Board's actions:

1. Reduced from 10 percent to 5 percent the marginal reserve requirement on managed liabilities of large member banks and agencies and branches of foreign banks and permitted an upward adjustment of $7^1/_2$ percent in the base upon which the reserve requirement is calculated.
2. Reduced from 10 percent to 5 percent the special deposit requirement on managed liabilities of large nonmember institutions and required a similar upward adjustment in their base.
3. Decreased from 15 percent to $7^1/_2$ percent the special deposit requirement that applies to increases in covered consumer credit.
4. Decreased from 15 percent to $7^1/_2$ percent the special deposit requirement that applies to increases in covered assets of money market mutual funds and other similar institutions.
5. Modified the Special Credit Restraint Program to ensure that more urgent credit needs are being met—such as those for small business, auto dealers and buyers, the housing market, agriculture, and energy products and conservation—and to reduce reporting burdens of banks.

Now Available

Recently issued Federal Reserve circulars, speeches, statements to Congress, publications, etc., may be obtained by contacting the Bank and Public Information Department, Federal Reserve Bank of Dallas, Station K, Dallas, Texas 75222, unless indicated otherwise.

Circulars

Revised List of OTC Margin Stocks. 20 pp. Circular No. 80-86 (May 1, 1980).

Additional Questions and Answers Regarding the Credit Restraint Program. 2 pp. Circular No. 80-87 (May 5, 1980).

Proposed Change in Federal Reserve Wire Transfer Operating Hours. 3 pp. Circular No. 80-88 (May 6, 1980).

Amendments to Regulation L—Management Official Interlocks and Rules Regarding Delegation of Authority. 23 pp. Circular No. 80-90 (May 8, 1980).

Additional Questions and Answers Concerning the Credit Restraint Program. 2 pp. Circular No. 80-91 (May 12, 1980).

Rates for Discounts and Advances. 1 p. Circular No. 80-92 (May 7, 1980).

Iranian Assets Control Regulations. 8 pp. Circular No. 80-93 (May 12, 1980).

Interpretation to Regulation D [Reserves of Member Banks] Pursuant to the Monetary Control Act of 1980. 3 pp. Circular No. 80-95 (May 14, 1980).

Regulation K—International Banking Operations: Notice of Proposed Rulemaking Relating to Additional Investments Under General Consent Procedures. 2 pp. Circular No. 80-96 (May 15, 1980).

Revision to Bulletin 11 [Instructions to Collecting and Paying Banks]. 2 pp. Circular No. 80-97 (May 20, 1980).

Title 12—Chapter XII—Interest on Deposits: Proposed Prohibition of Premiums on Deposits; Penalty-Free Withdrawal of Interest Earned During a Preceding Maturity; Payment of Interest on Funds Withdrawn Not More Than Seven Days After a Maturity Date. 11 pp. Circular No. 80-98 (May 20, 1980).

Additional Questions and Answers Regarding Credit Restraint Program. 5 pp. Circular No. 80-99 (May 22, 1980).

Regulation Z—Truth in Lending: New Proposed Regulation. 6 pp. Circular No. 80-101 (May 27, 1980).

Regulation K—International Banking Operations—and Regulation Y—Bank Holding Companies and Change in Bank Control: Notice of Proposed Rulemaking Relating to Nonbanking Activities of Foreign Bank Holding Companies and Foreign Banks. 5 pp. Circular No. 80-102 (May 28, 1980).

Modifications to Credit Restraint Programs. 20 pp. Circular No. 80-104 (May 29, 1980).

Rates for Discounts and Advances. 1 p. Circular No. 80-105 (May 28, 1980).

Regulation Z—Truth in Lending [Three new amendments effective May 21 and a proposed amendment]. 7 pp. Circular No. 80-107 (June 3, 1980).

Amendment to Regulation E—Electronic Fund Transfers. 4 pp. Circular No. 80-108 (June 4, 1980).

Regulation Q Interest on Deposits: Announcement of Rate for Two and One-Half Year Money Market Certificate of Deposit. 1 p. Circular No. 80-109 (May 30, 1980).

Speeches and Statements

Statement by **Henry C. Wallich** before the **Subcommittee on International Trade, Investment and Monetary Policy** of the Committee on Banking, Finance and Urban Affairs, U.S. House of Represenatives. 19 pp. April 1, 1980.

Statement by **Paul A. Volcker** before the **Subcommittee on Taxation and Debt Management** of the Committee on Finance, U.S. Senate. 7 pp. April 2, 1980.

Statement by **Frederick H. Schultz** before the **Subcommittee on Access to Equity Capital and Business Opportunities** of the Committee on Small Business, U.S. House of Representatives. 6 pp. April 2, 1980.

Statement by **Henry C. Wallich** submitted to the **Subcommittee on International Finance** of the Committee on Banking, Housing, and Urban Affairs, U.S. Senate. 6 pp. April 3, 1980.

Statement by **Paul A. Volcker** before the **Subcommittee on International Development Institutions and Finance** of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives. 7 pp. April 16, 1980.

Statement by **J. Charles Partee [on housing and the economy]** before the **Joint Economic Committee** of the U.S. Congress. 6 pp. April 16, 1980.

Statement by **Emmett J. Rice** before the **Subcommittee on Financial Institutions Supervision, Regulation and Insurance** of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives. 12 pp. April 16, 1980.

Statement by **Frederick H. Schultz** before the **Subcommittee on General Oversight and Minority Enterprise** of the Committee on Small Business, U.S. House of Representatives. 5 pp. April 17, 1980.

Statement by **Nancy H. Teeters** before the **Subcommittee on Consumer Affairs** of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives. 10 pp. April 23, 1980.

Statement by **Nancy H. Teeters** before the **Committee on Banking, Housing, and Urban Affairs,** U.S. Senate. 5 pp. April 30, 1980.

Statement by **Paul A. Volcker** before the **Subcommittee on Agricultural Research and General Legislation** of the Committee on Agriculture, Nutrition, and Forestry, U.S. Senate. 13 pp. May 1, 1980.

Remarks by **Emmett J. Rice ("Current Monetary Policy")** before the **Downtown Economists Luncheon Group,** New York, New York. 10 pp. May 7, 1980.

Remarks by **Henry C. Wallich ("A View of Interest Rates")** at a **Seminar with the Central Monetary Authorities of the Gulf States,** Manama, Bahrain. 17 pp. May 10, 1980.

Remarks of **Paul A. Volcker** before the **60th Annual Conference of the National Association of Mutual Savings Banks,** Lake Buena Vista, Florida. 15 pp. May 14, 1980.

Statement by **Paul A. Volcker** before the **Subcommittee on Domestic Monetary Policy** of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives. 10 pp. May 15, 1980.

Statement by **Paul A. Volcker** before the **Subcommittee on Conservation and Credit** of the Committee on Agriculture, U.S. House of Representatives. 9 pp. May 21, 1980.

Statement by **J. Charles Partee** before the **Committee on Banking, Housing, and Urban Affairs,** U.S. Senate. 7 pp. May 21, 1980.

Remarks by **Frederick H. Schultz ("The Position of the Dollar")** at the **41st Assembly for Bank Directors,** Southampton Princess, Bermuda. 11 pp. May 23, 1980.

Pamphlets, Brochures, and Reports

Annual Report of the Federal Reserve Bank of Dallas, 1979. 25 pp.

Annual Report of the Board of Governors of the Federal Reserve System, 1979. 399 pp.

Concordance of Statistics Available in Selected Federal Reserve Publications. Issued by the Board of Governors of the Federal Reserve System. 25 pp. March 1980.

Seventh District Business Data. Issued by the Federal Reserve Bank of Chicago. (A statistical summary of economic activity in the states of the Seventh Federal Reserve District: Illinois, Indiana, Iowa, Michigan, and Wisconsin. Data are on population, employment, income, and production for the states and the nation as a whole.) 21 pp. For a copy write: Public Information Center, Federal Reserve Bank of Chicago, P. O. Box 834, Chicago, Illinois 60690.

Depository Institutions Deregulation Committee Press Release concerning some actions for adjusting interest rate ceilings. 17 pp. May 29, 1980.