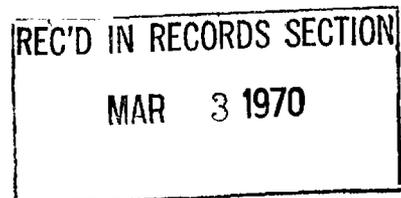




BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551



March 2, 1970.

To: Federal Open Market Committee

From: Chairman Burns

Since February 10, the date of my first Open Market Committee meeting, I have been reflecting on the procedure the Committee follows in discussing the factors bearing on monetary and credit policy and in arriving at a consensus on policy.

One difficulty with the present procedure, as I see it, is that it requires each Reserve Bank President and Governor to make his full contribution--including an expression of his conclusions as to policy--in a single statement, and without having the benefit of the views of those following him in the speaking rotation. It seems to me that the Committee's deliberations might be more fruitful if there were greater opportunity for "open" discussion, of the type that may now occur in the limited time available after the go-around.

The procedure I have in mind would begin, immediately following the reports of the Managers and Economists, with a free discussion

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of current and prospective economic and financial conditions, focussed primarily on how the developing situation should be interpreted. Such a discussion would give participants the opportunity to react to one another's views in the process of isolating and analyzing the key issues to be resolved; and it would give each member the benefit of the others' preliminary thinking before he was required to express his own conclusions on the appropriate course for policy.

Following these deliberations--and a coffee break--there would be a go-around for the specific purpose of permitting each Reserve Bank President and Governor to express his judgment as to proper monetary policy and appropriate instructions to the Manager. If necessary, there might then be further open discussion of specific directive language; and this would be followed by the formal vote on the directive.

I propose that the Committee experiment with the procedure I have outlined for a meeting or two, beginning with that to be held next week. As a result of such experimentation we may find it desirable to revert to our earlier procedure, to introduce modifications or, perhaps, to try different approaches. But I know we would all agree that efforts to improve the Committee's effectiveness in discharging its statutory responsibilities are worthwhile.