

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

RE	IN RECORDS SECTION
Date:	MAR 20 1975 February 9, 1975
FOMC: General	

Office Correspondence

To Board Members (individually addressed)

Subject: _____

From Arthur L. Broida *ALB*

Attached is a copy of a telegram being sent today to the President-Members of the FOMC. If you concur in the Chairman's recommendation, please indicate by initialing below and returning this memorandum to my office.

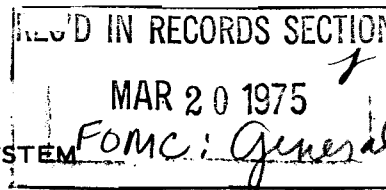
ALB:OK

DATE ^{DM} COPY

T E L E G R A M

FEDERAL RESERVE COMMUNICATIONS SYSTEM

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON



February 5, 1975

CONFIDENTIAL (FR)
CLASS II-FOMC

DEBS - NEW YORK
BLACK - RICHMOND
WINN - CLEVELAND
KIMBREL - ATLANTA
CLAY - KANSAS CITY

According to estimates prepared last week, in January M_1 declined at about a 7 per cent annual rate and M_2 grew at a rate of less than 3.5 per cent. Growth rates for January-February period appeared to be well below the lower limits of Committee's ranges of tolerance. Latest incoming data indicate further weakening in these monetary aggregates, wholly reflecting the behavior of demand deposits; growth in consumer-type time deposits remains relatively strong. Desk is currently aiming at Federal funds rate of 6-1/2 per cent, the lower limit of its range of tolerance.

In light of these developments and of the reduction in discount rates effective today, Chairman Burns recommends that lower limit of funds rate constraint be reduced to 6-1/4 per cent at this time.

Please advise promptly whether you concur in Chairman's recommendation.

Date *IM* file

BROIDA

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BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

CONFIDENTIAL (FR)
CLASS II - FOMC

REC'D	V RECORDS SECTION
Date	February 6, 1975
	MAR 20 1975
	<i>7</i>
<i>FOMC general</i>	

Office Correspondence

To Board Members (individually addressed)

Subject: _____

From Arthur L. Broida *ALB*

In reply to yesterday's telegram, all Committee members except Governor Sheehan have concurred in Chairman Burns' recommendation for a reduction in the lower limit of the Federal funds rate constraint to 6-1/4 per cent. Mr. Debs responded as alternate for Mr. Hayes.

Governor Sheehan did not concur because he considers 6-1/4 per cent inadequate; his preference would be for a lower limit of 6 per cent now and 5-3/4 per cent shortly if the aggregates remain below the ranges specified at the last meeting. Governors Bucher, Holland, and Mitchell, while concurring, also would have preferred reducing the lower limit to 6 per cent.

ALB:ck

DATE DM COPY

CONFIDENTIAL (FR)
CLASS II - FOMC

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

D IN RECORDS SECTION	
Date	February 6, 1975 <i>1</i>
MAR 20 1975	
FOMC: <i>General</i>	

To _____
From Arthur L. Broida

Subject: _____

For your information attached is a telegram sent yesterday to FOMC members. All Committee members except Governor Sheehan have concurred in Chairman Burns' recommendation for a reduction in the lower limit of the Federal funds rate constraint to 6-1/4 per cent. Mr. Debs responded as alternate for Mr. Hayes.

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Attachment

- cc: Messrs. Altmann
- Bernard
- O'Connell
- Coyne
- R. Solomon
- Keir
- Bryant
- Mrs. Farar

ALB:ck

DATE COPY

T E L E G R A M
FEDERAL RESERVE COMMUNICATIONS SYSTEM
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

IN RECORDS SECTION
MAR 20 1975
FOMC: General

February 6, 1975

CONFIDENTIAL (FR)
CLASS II-FOMC

MORRIS - BOSTON
HAYES - NEW YORK
EASTBURN - PHILADELPHIA
MAYO - CHICAGO
FRANCIS - ST. LOUIS
MACLAURY - MINNEAPOLIS
BAUGHMAN - DALLAS
BALLES - SAN FRANCISCO

For your information, the following wire was sent yesterday to
FOMC members:

"According to estimates prepared last week, in January M_1 declined at about a 7 per cent annual rate and M_2 grew at a rate of less than 3.5 per cent. Growth rates for January-February period appeared to be well below the lower limits of Committee's ranges of tolerance. Latest incoming data indicate further weakening in these monetary aggregates, wholly reflecting the behavior of demand deposits; growth in consumer-type time deposits remains relatively strong. Desk is currently aiming at Federal funds rate of 6-1/2 per cent, the lower limit of its range of tolerance.

"In light of these developments and of the reduction in discount rates effective today, Chairman Burns recommends that lower limit of funds rate constraint be reduced to 6-1/4 per cent at this time.

"Please advise promptly whether you concur in Chairman's recommendation."

DATE OM COPY

T E L E G R A M

FEDERAL RESERVE COMMUNICATIONS SYSTEM

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

IN RECORDS SECTION

MAR 20 1975

-2-

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DATE COPY