

Meeting of Federal Open Market Committee

April 30, 1968

MINUTES OF ACTIONS

A meeting of the Federal Open Market Committee was held in the offices of the Board of Governors of the Federal Reserve System in Washington, D. C., on Tuesday, April 30, 1968, at 9:30 a.m.

PRESENT: Mr. Martin, Chairman  
Mr. Hayes, Vice Chairman  
Mr. Brimmer  
Mr. Daane  
Mr. Ellis  
Mr. Galusha  
Mr. Hickman  
Mr. Kimbrel  
Mr. Maisel  
Mr. Robertson  
Mr. Sherrill

Messrs. Bopp, Clay, Coldwell, and Scanlon,  
Alternate Members of the Federal Open  
Market Committee

Messrs. Heflin, Francis, and Swan, Presidents  
of the Federal Reserve Banks of Richmond,  
St. Louis, and San Francisco, respectively

Mr. Holland, Secretary  
Mr. Sherman, Assistant Secretary  
Mr. Kenyon, Assistant Secretary  
Mr. Broida, Assistant Secretary  
Mr. Molony, Assistant Secretary  
Mr. Hackley, General Counsel  
Mr. Brill, Economist  
Messrs. Axilrod, Kareken, Link, Mann,  
Partee, Reynolds, and Taylor, Associate  
Economists  
Mr. Holmes, Manager, System Open Market  
Account  
Mr. Coombs, Special Manager, System Open  
Market Account

4/30/68

-2-

Mr. Fauver, Assistant to the Board of  
Governors  
Mr. Wernick, Associate Adviser, Division  
of Research and Statistics, Board of  
Governors  
Mr. Keir, Assistant Adviser, Division of  
Research and Statistics, Board of  
Governors  
Mr. Bernard, Special Assistant, Office of  
the Secretary, Board of Governors  
Miss Eaton, General Assistant, Office of  
the Secretary, Board of Governors  
Miss McWhirter, Analyst, Office of the  
Secretary, Board of Governors

Messrs. Eisenmenger, Eastburn, Baughman,  
Andersen, Tow, Green, and Craven, Vice  
Presidents of the Federal Reserve Banks  
of Boston, Philadelphia, Chicago,  
St. Louis, Kansas City, Dallas, and  
San Francisco, respectively  
Mr. Snellings, Assistant Vice President  
Federal Reserve Bank of Richmond  
Mr. Cooper, Manager, Securities and  
Acceptance Departments, Federal Reserve  
Bank of New York

By unanimous vote, the minutes of actions taken at the meetings  
of the Federal Open Market Committee held on March 14 and April 2, 1968,  
were approved.

The memoranda of discussion for the meetings of the Federal  
Open Market Committee held on March 14 and April 2, 1968, were accepted.

By unanimous vote, the action taken on April 11, 1968, under  
paragraph 3 of the authorization for System foreign currency operations,  
by the Subcommittee designated in paragraph 6 of the authorization,  
approving a purchase from the Netherlands Bank of \$12.84 million

4/30/68

-3-

equivalent of Dutch guilders at a rate other than the prevailing market rate, was ratified.

By unanimous vote, the System open market transactions in foreign currencies during the period April 2 through 29, 1968, were approved, ratified, and confirmed.

By unanimous vote, paragraph 1B(3) of the authorization for System foreign currency operations was amended, effective immediately, to read as follows:

1B(3). Sterling purchased on a covered or guaranteed basis in terms of the dollar, under agreement with the Bank of England, up to \$250 million equivalent.

By unanimous vote, renewal for a further period of three months of the drawing by the Bank of England maturing on May 21, 1968, was authorized.

By unanimous vote, renewal for further periods of three months of the two System drawings on the Belgian National Bank maturing on May 14 and May 28, 1968, respectively, was authorized.

By unanimous vote, the open market transactions in Government securities, agency obligations, and bankers' acceptances during the period April 2 through 29, 1968, were approved, ratified and confirmed.

With Mr. Hickman dissenting, the Federal Reserve Bank of New York was authorized and directed, until otherwise directed by the Committee, to execute transactions in the System Account in accordance with the following current economic policy directive:

4/30/68

-4-

The information reviewed at this meeting indicates that over-all economic activity has expanded at a very rapid pace thus far in 1968, with prices rising substantially, and that prospects are for a continuing rapid advance in activity and persisting inflationary pressures in the period ahead. Since late fall, growth rates of bank credit, the money supply, and time and savings accounts at financial institutions have on balance moderated considerably. Market interest rates have risen in recent weeks, partly in reaction to the firming of monetary policy including the further increase in Federal Reserve discount rates. The U.S. foreign trade balance has worsened further, and the international payments position of the United States continues to be a matter of serious concern. In this situation, it is the policy of the Federal Open Market Committee to foster financial conditions conducive to resistance of inflationary pressures and attainment of reasonable equilibrium in the country's balance of payments.

To implement this policy, while taking account of Treasury financing activity, System open market operations until the next meeting of the Committee shall be conducted with a view to maintaining the firmer conditions prevailing in the money market; provided, however, that operations shall be modified, to the extent permitted by Treasury financing, if bank credit appears to be deviating significantly from current projections.

It was agreed that the next meeting of the Committee would be held on Tuesday, May 28, 1968, at 9:30 a.m.

The meeting adjourned.

  
Secretary