

Meeting of Federal Open Market Committee

June 23, 1970

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, June 23, 1970, at 9:00 a.m.

Present: Mr. Burns, Chairman
Mr. Brimmer
Mr. Daane
Mr. Francis
Mr. Heflin
Mr. Hickman
Mr. Maisel
Mr. Mitchell
Mr. Robertson
Mr. Sherrill
Mr. Swan
Mr. Treiber, Alternate for Mr. Hayes

Messrs. Kimbrel and Morris, Alternate Members of the Federal Open Market Committee

Messrs. Eastburn, Clay, and Coldwell, Presidents of the Federal Reserve Banks of Philadelphia, Kansas City, and Dallas, respectively

Mr. Holland, Secretary
Mr. Broida, Deputy Secretary
Messrs. Kenyon and Molony, Assistant Secretaries
Mr. Hackley, General Counsel
Mr. Partee, Economist
Messrs. Craven, Gramley, Hersey, Hocter, Jones, Parthemos, and Solomon, Associate Economists
Mr. Holmes, Manager, System Open Market Account
Mr. Coombs, Special Manager, System Open Market Account
Mr. Bernard, Assistant Secretary, Office of the Secretary, Board of Governors

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Messrs. Wernick and Williams, Advisers,
Division of Research and Statistics,
Board of Governors
Mr. Keir, Associate Adviser, Division of
Research and Statistics, Board of
Governors
Mr. Wendel, Chief, Government Finance
Section, Division of Research and
Statistics, Board of Governors
Miss Ormsby, Special Assistant, Office of
the Secretary, Board of Governors
Miss Eaton, Open Market Secretariat
Assistant, Office of the Secretary,
Board of Governors

Messrs. Baughman and Strothman, First Vice
Presidents, Federal Reserve Banks of
Chicago and Minneapolis, respectively
Messrs. Eisenmenger, Taylor, and Tow, Senior
Vice Presidents, Federal Reserve Banks of
Boston, Atlanta, and Kansas City,
respectively
Messrs. Scheld and Green, Vice Presidents,
Federal Reserve Banks of Chicago and
Dallas, respectively
Messrs. Gustus and Kareken, Economic Advisers,
Federal Reserve Banks of Philadelphia and
Minneapolis, respectively
Mr. Davis, Adviser, Federal Reserve Bank of
New York
Mr. Meek, Assistant Vice President, Federal
Reserve Bank of New York

By unanimous vote, the minutes of actions taken at the meeting
of the Federal Open Market Committee held on May 26, 1970, were
approved.

The memorandum of discussion for the meeting of the Federal
Open Market Committee held on May 26, 1970, was accepted.

By unanimous vote, the System open market transactions in
foreign currencies during the period May 26 through June 22, 1970,
were approved, ratified, and confirmed.

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By unanimous vote, the open market transactions in Government securities, agency obligations, and bankers' acceptances during the period May 26 through June 22, 1970, were approved, ratified, and confirmed.

By unanimous vote, 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:

The information reviewed at this meeting suggests that real economic activity is changing little in the current quarter after declining appreciably earlier in the year. Prices and costs generally are continuing to rise at a rapid pace, although some components of major price indexes recently have shown moderating tendencies. Since late May market interest rates have shown mixed changes following earlier sharp advances, and prices of common stocks have recovered part of the large decline of preceding weeks. Attitudes in financial markets continue to be affected by uncertainties and conditions remain sensitive, particularly in light of the insolvency of a major railroad. In May bank credit changed little and the money supply rose moderately on average, following substantial increases in both measures in March and April. Inflows of consumer-type time and savings funds at banks and nonbank thrift institutions have been sizable in recent months, but the brief spring upturn in large-denomination CD's outstanding at banks has ceased. The over-all balance of payments was in heavy deficit in April and May. In light of the foregoing developments, it is the policy of the Federal Open Market Committee to foster financial conditions conducive to orderly reduction in the rate of inflation, while encouraging the resumption of sustainable economic growth and the attainment of reasonable equilibrium in the country's balance of payments.

To implement this policy, in view of persisting market uncertainties and liquidity strains, open market

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operations until the next meeting of the Committee shall continue to be conducted with a view to moderating pressures on financial markets. To the extent compatible therewith, the bank reserves and money market conditions maintained shall be consistent with the Committee's longer-run objective of moderate growth in money and bank credit, taking account of the Board's regulatory action effective June 24 and some possible consequent shifting of credit flows from market to banking channels.

It was agreed that the next meeting of the Federal Open Market Committee would be held on Tuesday, July 21, 1970, at 9:30 a.m.

Thereupon the meeting adjourned.


Secretary