



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

December 5, 1969

CONFIDENTIAL (FR)

TO: Federal Open Market Committee  
FROM: Mr. Broida

There is enclosed a copy of a memorandum from the Secretariat dated today and entitled "Possible means for handling sensitive passages in releasing FOMC minutes for years after 1961." This memorandum was prepared pursuant to the request of the Committee at the meeting held on November 25, 1969. It is contemplated that it will be discussed at the meeting on December 16, along with a forthcoming memorandum concerning specific passages in the minutes for 1962 and 1963 that the Committee might wish to consider withholding at the time the minutes are initially transmitted to Archives. A memorandum similar to the latter but covering 1964 and perhaps 1965 should be available before the January meeting.

A handwritten signature in cursive script that reads "Arthur L. Broida".

Arthur L. Broida,  
Deputy Secretary,  
Federal Open Market Committee.

Enclosure

CONFIDENTIAL (FR)

December 5, 1969

TO: Federal Open Market Committee      SUBJECT: Possible means for  
FROM: The Secretariat                      handling sensitive passages in  
   releasing FOMC minutes for years  
   after 1961.

At its meeting on November 25, 1969, when the Committee discussed the proposal to transmit its minutes for the years 1962-65 to the National Archives, the staff was asked to continue its review of those minutes and, without waiting for the completion of that work, to consider alternative means for treating any passages which the Committee might decide should be withheld at this time. One purpose of this memorandum is to comply with the latter request. In addition, certain information is provided regarding the procedures the State Department follows in dealing with "sensitive" material of various types in preparing the Department's official records for publication. This information, which may be useful to the Committee for background purposes, is presented first.

State Department procedures.

According to information obtained from the State Department, the official records of that Department are published in the series Foreign Relations of the United States.<sup>1/</sup> Selection of the appropriate documents is done by a team of professional historians working in the

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<sup>1/</sup> At present no volumes in this series have been published beyond the year 1946. We understand that this primarily reflects the amounts budgeted for the work rather than a policy position with respect to appropriate lags.

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Department's Historical Office under the Chief of the Foreign Relations Division. Guidance for their efforts is provided by an advisory committee of seven prominent historians, political scientists, and international lawyers, which meets in the Department once a year as a body.

Once the materials to be published are set up in galley proofs, these are sent to the appropriate Department bureaus, or other Federal agencies, for clearance for publication, which is tantamount to declassification. Friendly foreign governments are also consulted.

If deletions proposed by clearing offices are minor, and do not interfere with historical objectivity, documents are printed with an indication (a row of dots) that a part has been removed. Occasionally, when a deletion renders subsequent material unclear, a footnote describing the general nature of the omitted material is added; where this proves impossible, the whole document is omitted. Documents originating with friendly foreign governments are omitted in their entirety if the government involved objects to their publication. In such cases, the gist of the document is usually presented in a footnote or in an editorial note. If clearance cannot be obtained for a document considered vital to the history of a given period, publication of the particular volume involved may be delayed until it can be included.

The principles which guide the compilation and editing of the publication are set forth in Department of State Regulation 1350 of June 15, 1961. The text of the regulation (taken from the preface to a recent volume in the series) is as follows:

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1350 Documentary Record of American Diplomacy

1351 Scope of Documentation

The publication Foreign Relations of the United States, Diplomatic Papers, constitutes the official record of the foreign policy of the United States. These volumes include, subject to necessary security considerations, all documents needed to give a comprehensive record of the major foreign policy decisions within the range of the Department of State's responsibilities, together with appropriate materials concerning the facts which contributed to the formulation of policies. When further material is needed to supplement the documentation in the Department's files for a proper understanding of the relevant policies of the United States, such papers should be obtained from other Government agencies.

1352 Editorial Preparation

The basic documentary diplomatic record to be printed in Foreign Relations of the United States, Diplomatic Papers, shall be edited by the Historical Office, Bureau of Public Affairs of the Department of State. The editing of the record shall be guided by the principles of historical objectivity. There shall be no alteration of the text, no deletions without indicating where in the text the deletion is made, and no omission of facts which were of major importance in reaching a decision. Nothing shall be omitted for the purpose of concealing or glossing over what might be regarded by some as a defect of policy. However, certain omissions of documents are permissible for the following reasons:

- a. To avoid publication of matters which would tend to impede current diplomatic negotiations or other business.
- b. To condense the record and avoid repetition of needless details.
- c. To preserve the confidence reposed in the Department by individuals and by foreign governments.
- d. To avoid giving needless offense to other nationalities or individuals.

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- e. To eliminate personal opinions presented in dispatches and not acted upon by the Department. To this consideration there is one qualification--in connection with major decisions it is desirable, where possible, to show the alternatives presented to the Department before the decision was made.

1353 Clearance

To obtain appropriate clearances of material to be published in Foreign Relations of the United States, Diplomatic Papers, the Historical Office shall:

- a. Refer to the appropriate policy offices of the Department and of other agencies of the Government such papers as appear to require policy clearance.
- b. Refer to the appropriate foreign governments requests for permission to print as part of the diplomatic correspondence of the United States those previously unpublished documents which were originated by the foreign governments.

Possible treatments of passages to be withheld from FOMC minutes.

There would appear to be at least three general means for treating any particular passages which the Committee concludes should be withheld when minutes for years after 1961 are initially transmitted to Archives. Together with variants under each, they are as follows:

1. Paraphrasing the affected passage in a manner that avoids the problem of sensitivity but preserves the sense of the original text. In variant (a) of this procedure a general statement would be made that the text had been edited at certain points (following criteria that would be described), but the individual paraphrased passages would not be identified. In variant (b) each passage so treated would be identified, perhaps by bracketing the passage and appending a standard footnote.

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2. Blanking out the affected passages but leaving the rest of the typescript on the page unchanged, so that the amount of material deleted would be evident. Presumably something should be placed in the blank spaces, to make clear that they do not involve a vagary of format. In variant (a) the last word shown before the deleted passage would be followed by a symbol--perhaps an asterisk enclosed in parentheses; alternatively, a set of asterisks could be centered in the space. The significance of such symbols would be explained in a prefatory statement, but no specific explanations of the individual deletions would be provided. In variant (b) a footnote key would be placed in the blank space, and a footnote inserted at the bottom of the page that employed standard language to explain the deletion. In variant (c) the standard footnote would be supplemented (in some or all cases) by a statement giving the general sense, or describing the subject matter, of the deleted material.

3. Deleting the affected passages, but retyping the text to "close it up" and thus avoid blank spaces. In variant (a) there would be no indication of the specific deletions; in variant (b) a symbol would be introduced at the point of deletion; in (c) a standard footnote would be used to explain the deletion; and in (d) the standard footnote would be supplemented in some or all cases by information on the nature of the deleted material.

Examples of how each of these procedures, and some of the variants, would work out are shown in the appendix. For this

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illustrative purpose, we have selected four passages from the list of passages in the 1962 and 1963 minutes that have been tentatively identified by the staff of the New York Bank as potentially sensitive. We should note that not all of the passages used in the illustrations will necessarily be included in the final list to be recommended for deletion; they are subject to further staff review, and for some it may be possible to obtain clearance from the other party involved.

#### Recommendation

After considering these various alternative procedures, the Secretariat would recommend the last of the variants listed above under alternative 2. Specifically, we recommend blanking out the affected passage but not retyping the rest of the page; and using a footnote employing standard language to explain the deletion and (where necessary) adding a statement to explain the general nature of the deleted material. Messrs. Coombs and Solomon concur in this recommendation.

We believe this procedure is preferable to paraphrasing mainly because it would carry less of a connotation of "tampering with the text" than paraphrasing would. In addition, the footnote form offers greater flexibility, since it does not require the formulation of substitute language that fits into the "flow" of the text.

We suggest that each deletion be specifically identified mainly to preserve the sense of objectivity in processing the record for publication. To fail to identify the individual deletions might

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well lead to questions regarding the grounds for deviating from the practice of the State Department.<sup>1/</sup>

Finally, our recommendation that pages not be retyped to "close up" the space left blank by deletion of material is made mainly with an eye to the fact that the text of the deleted passages presumably will be released at some later time. Closing up the text for a single deletion would often probably involve retyping a number of pages in each set to achieve the appearance of "normal" page length; there would be little point in retyping a page simply to shift a blank space from the middle to the bottom. Closing up would also require repaging the whole set of minutes for a year after the first substantial deletion for that year.<sup>2/</sup> If the layout and pagination of the minutes initially sent to Archives were so modified, it probably would be necessary to transmit the whole set of minutes in their original form to the Archives at the time the withheld passages were released. Under the recommended procedure, the page layout and numbering would be preserved, so that it would be necessary later to transmit to Archives only the individual pages on which deleted passages occurred.

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<sup>1/</sup> And also from that of Congressional committees in publishing hearings at which information classified for security reasons was discussed. The volumes reporting such hearings indicate omitted material by the symbol "(Deleted)."

<sup>2/</sup> Each page of the official signed minutes carries two page numbers: one set beginning with the first page for the meeting in question, and a second running from the beginning of the year. The need for renumbering would obviously arise where deleted passages are of a page or more in length (of which there are several in the New York Bank's tentative list for 1962) and probably also in a number of cases of shorter deletions. For an illustration of the latter situation, see appendix, example IV.

Appendix

Examples showing alternative possible procedures for handling sensitive passages in FOMC minutes are given on the following pages.

Example I - Potentially sensitive passage underlined.

5/29/62

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that Bank and the U. S. Treasury. However, it had developed that the Treasury could not commit more than \$25 or \$30 million out of the Stabilization Fund at the present time. The reaction of the Bank of Canada was one of appreciation that this had been suggested as a token of cooperation, but the Canadians were doubtful that an arrangement of such magnitude would have much impact. It appeared that they might be interested in a swap arrangement in a much larger figure, such as \$200 or \$250 million, as a backstop to the recent action in establishing a par value for the Canadian dollar.

Mr. Coombs raised the question whether the Open Market Committee would be interested in exploration of the possibility of a swap arrangement between the Federal Reserve and the Bank of Canada, having in mind that the Canadians might be interested only in an arrangement of substantial size. He noted that the establishment of a par value for the Canadian dollar had been a long-sought objective of American policy. That having been done, it appeared appropriate to give some support to the Canadians. He was not sure, however, whether this might best be done through a Federal Reserve-Bank of Canada swap arrangement or through a Canadian drawing on the Monetary Fund.

In discussion, it was noted that a Canadian drawing on the Monetary Fund would subject the Canadians to the discipline of the Fund. It was also noted, however, that the Canadians might hesitate to go to the Monetary Fund until after the forthcoming elections and that they had been subjected to a speculative outflow of funds of rather substantial proportions during the past two or three months.

Example I

Procedure 1(a)--Paraphrase without identification.

5/29/52

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that Bank and the U. S. Treasury. However, it had developed that the Treasury could not commit more than \$25 or \$30 million out of the Stabilization Fund at the present time. The reaction of the Bank of Canada was one of appreciation that this had been suggested as a token of cooperation, but the Canadians were doubtful that an arrangement of such magnitude would have much impact. It appeared that they might be interested in a swap arrangement in a much larger figure, such as \$200 or \$250 million, as a backstop to the recent action in establishing a par value for the Canadian dollar.

Mr. Coombs raised the question whether the Open Market Committee would be interested in exploration of the possibility of a swap arrangement between the Federal Reserve and the Bank of Canada, having in mind that the Canadians might be interested only in an arrangement of substantial size. He noted that the establishment of a par value for the Canadian dollar had brought Canadian exchange rate policy into line with that of other major countries, but it also meant that the Canadians would have to defend a fixed rate. Under the circumstances he was not sure whether it would be best to negotiate a Federal Reserve-Bank of Canada swap arrangement or for the Canadians to make a drawing on the Monetary Fund.

In discussion, it was noted that a Canadian drawing on the Monetary Fund would subject the Canadians to the discipline of the Fund. It was also noted, however, that the Canadians might hesitate to go to the Monetary Fund until after the forthcoming elections and that they had been subjected to a speculative outflow of funds of rather substantial proportions during the past two or three months.

Example I  
Procedure 1(b)--Paraphrase with identification.

5/29/62

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that Bank and the U. S. Treasury. However, it had developed that the Treasury could not commit more than \$25 or \$30 million out of the Stabilization Fund at the present time. The reaction of the Bank of Canada was one of appreciation that this had been suggested as a token of cooperation, but the Canadians were doubtful that an arrangement of such magnitude would have much impact. It appeared that they might be interested in a swap arrangement in a much larger figure, such as \$200 or \$250 million, as a backstop to the recent action in establishing a par value for the Canadian dollar.

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In discussion, it was noted that a Canadian drawing on the Monetary Fund would subject the Canadians to the discipline of the Fund. It was also noted, however, that the Canadians might hesitate to go to the Monetary Fund until after the forthcoming elections and that they had been subjected to a speculative outflow of funds of rather substantial proportions during the past two or three months.

<sup>1/</sup> The bracketed passage has been paraphrased for one of the reasons cited in the preface.

Example I

Procedure 2(a)--Deletion without specific explanation.

5/29/62

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that Bank and the U. S. Treasury. However, it had developed that the Treasury could not commit more than \$25 or \$30 million out of the Stabilization Fund at the present time. The reaction of the Bank of Canada was one of appreciation that this had been suggested as a token of cooperation, but the Canadians were doubtful that an arrangement of such magnitude would have much impact. It appeared that they might be interested in a swap arrangement in a much larger figure, such as \$200 or \$250 million, as a backstop to the recent action in establishing a par value for the Canadian dollar.

Mr. Coombs raised the question whether the Open Market Committee would be interested in exploration of the possibility of a swap arrangement between the Federal Reserve and the Bank of Canada, having in mind that the Canadians might be interested only in an arrangement of substantial size.

\* \* \*

In discussion, it was noted that a Canadian drawing on the Monetary Fund would subject the Canadians to the discipline of the Fund. It was also noted, however, that the Canadians might hesitate to go to the Monetary Fund until after the forthcoming elections and that they had been subjected to a speculative outflow of funds of rather substantial proportions during the past two or three months.

Example 1

Procedure 2(c)--Deletion with explanation.

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that Bank and the U. S. Treasury. However, it had developed that the Treasury could not commit more than \$25 or \$30 million out of the Stabilization Fund at the present time. The reaction of the Bank of Canada was one of appreciation that this had been suggested as a token of cooperation, but the Canadians were doubtful that an arrangement of such magnitude would have much impact. It appeared that they might be interested in a swap arrangement in a much larger figure, such as \$200 or \$250 million, as a backstop to the recent action in establishing a par value for the Canadian dollar.

Mr. Coombs raised the question whether the Open Market Committee would be interested in exploration of the possibility of a swap arrangement between the Federal Reserve and the Bank of Canada, having in mind that the Canadians might be interested only in an arrangement of substantial size.<sup>1/</sup>

In discussion, it was noted that a Canadian drawing on the Monetary Fund would subject the Canadians to the discipline of the Fund. It was also noted, however, that the Canadians might hesitate to go to the Monetary Fund until after the forthcoming elections and that they had been subjected to a speculative outflow of funds of rather substantial proportions during the past two or three months.

<sup>1/</sup> Three sentences have been deleted at this point for one of the reasons listed in the preface. The deleted material related to the establishment of a par value for the Canadian dollar, the consequent need for Canada to support the fixed exchange rate, and the question of whether a Federal Reserve-Bank of Canada swap arrangement or a Canadian drawing on the Monetary Fund would be preferable.

Note: Under procedure 2(b) the footnote would be limited to the first sentence. This also holds for the three remaining examples.

Example I

Procedure 3(b)--Deletion with identification but retyping of page.

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that Bank and the U. S. Treasury. However, it had developed that the Treasury could not commit more than \$25 or \$30 million out of the Stabilization Fund at the present time. The reaction of the Bank of Canada was one of appreciation that this had been suggested as a token of cooperation, but the Canadians were doubtful that an arrangement of such magnitude would have much impact. It appeared that they might be interested in a swap arrangement in a much larger figure, such as \$200 or \$250 million, as a backstop to the recent action in establishing a par value for the Canadian dollar.

Mr. Coombs raised the question whether the Open Market Committee would be interested in exploration of the possibility of a swap arrangement between the Federal Reserve and the Bank of Canada, having in mind that the Canadians might be interested only in an arrangement of substantial size.<sup>(\*)</sup>

In discussion, it was noted that a Canadian drawing on the Monetary Fund would subject the Canadians to the discipline of the Fund. It was also noted, however, that the Canadians might hesitate to go to the Monetary Fund until after the forthcoming elections and that they had been subjected to a speculative outflow of funds of rather substantial proportions during the past two or three months.

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Note: Under procedure 3(a) the (\*) symbol would be omitted. Under procedures 3(c) and 3(d) that symbol would be replaced by a footnote key; under 3(c) the footnote would read identically with the first sentence of the footnote shown under 2(c); under 3(d) it would include the full footnote shown under 2(c). Similar statements would apply for the three remaining examples.

Example II - Potentially sensitive passage underlined.

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legal difficulties. Here again, particularly in view of the willingness and desire of the National Bank to be as helpful as possible, Mr. Cocmbs would be inclined to make rather liberal use of the proceeds of any swap that might be negotiated.

Mr. Cocmbs turned next to the continued heavy selling pressure on the Canadian dollar. The Bank of Canada had lost \$560 million in reserves from January to May, and a heavy speculative onslaught had cost the Bank \$245 million thus far this month. It had been financing the deficit by running down dollar balances and also by selling gold; the gold loss in the past month amounted to \$140 million.

Mr. Cocmbs reported that he had talked with the Governor of the Bank of Canada by telephone on three or four occasions about the possibility of a swap arrangement. The Governor had appeared hopeful that a move could be made on some such arrangement once the Canadian elections were over; he continued to feel that a swap of roughly \$250 million would be required to have a real impact on confidence. It also appeared that the Canadians might seek recourse to a drawing on the International Monetary Fund. Unfortunately, Mr. Cocmbs pointed out, the results of the recent Canadian elections were not clean cut, leading to the likelihood of a coalition government. It would remain to be seen whether an effective financial program could be developed.

After further comments on the Canadian situation, Mr. Cocmbs said he had found it difficult to decide what recommendation to make to the Committee. On balance, however, he would recommend that the Federal Reserve wait a little and see what developed, that is, whether the Canadians decided to go to the Monetary Fund and what sort of financial program they

Example II  
Procedure 1(a)--Paraphrase without identification.

6/19/62

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legal difficulties. Here again, particularly in view of the willingness and desire of the National Bank to be as helpful as possible, Mr. Coombs would be inclined to make rather liberal use of the proceeds of any swap that might be negotiated.

Mr. Coombs turned next to the continued heavy selling pressure on the Canadian dollar. The Bank of Canada had lost \$560 million in reserves from January to May, and a heavy speculative onslaught had cost the Bank \$245 million thus far this month. It had been financing the deficit by running down dollar balances and also by selling gold; the gold loss in the past month amounted to \$140 million.

Mr. Coombs reported that he had talked with the Governor of the Bank of Canada by telephone on three or four occasions about the possibility of a swap arrangement. The Governor had appeared hopeful that a move could be made on some such arrangement relatively soon; he continued to feel that a swap of roughly \$250 million would be required to have a real impact on confidence. It also appeared that the Canadians might seek recourse to a drawing on the International Monetary Fund. Unfortunately, Mr. Coombs pointed out, the results of the recent Canadian elections were not clean cut, leading to the likelihood of a coalition government. It would remain to be seen whether an effective financial program could be developed.

After further comments on the Canadian situation, Mr. Coombs said he had found it difficult to decide what recommendation to make to the Committee. On balance, however, he would recommend that the Federal Reserve wait a little and see what developed, that is, whether the Canadian decided to go to the Monetary Fund and what sort of financial program they

Example II

Procedure 1(b)--Paraphrase with identification.

6/19/62

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legal difficulties. Here again, particularly in view of the willingness and desire of the National Bank to be as helpful as possible, Mr. Coombs would be inclined to make rather liberal use of the proceeds of any swap that might be negotiated.

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Mr. Coombs reported that he had talked with the Governor of the Bank of Canada by telephone on three or four occasions about the possibility of a swap arrangement. [The Governor had appeared hopeful that a move could be made on some such arrangement relatively soon; he continued to feel that a swap of roughly \$250 million would be required to have a real impact on confidence.]<sup>1/</sup> It also appeared that the Canadians might seek recourse to a drawing on the International Monetary Fund. Unfortunately, Mr. Coombs pointed out, the results of the recent Canadian elections were not clean cut, leading to the likelihood of a coalition government. It would remain to be seen whether an effective financial program could be developed.

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<sup>1/</sup> The bracketed passage has been paraphrased for one of the reasons cited in the preface.

Example II  
Procedure 2(a)--Deletion without specific explanation.

6/19/62

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legal difficulties. Here again, particularly in view of the willingness and desire of the National Bank to be as helpful as possible, Mr. Coombs would be inclined to make rather liberal use of the proceeds of any swap that might be negotiated.

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Mr. Coombs reported that he had talked with the Governor of the Bank of Canada by telephone on three or four occasions about the possibility of a swap arrangement.

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It also appeared that the Canadians might seek recourse to a drawing on the International Monetary Fund. Unfortunately, Mr. Coombs pointed out, the results of the recent Canadian elections were not clean cut, leading to the likelihood of a coalition government. It would remain to be seen whether an effective financial program could be developed.

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Example II  
Procedure 2(c)--Deletion with explanation.

6/19/62

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legal difficulties. Here again, particularly in view of the willingness and desire of the National Bank to be as helpful as possible, Mr. Coombs would be inclined to make rather liberal use of the proceeds of any swap that might be negotiated.

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After further comments on the Canadian situation, Mr. Coombs said he had found it difficult to decide what recommendation to make to the Committee. On balance, however, he would recommend that the Federal Reserve wait a little and see what developed, that is, whether the Canadians decided to go to the Monetary Fund and what sort of financial program they

<sup>1/</sup> A sentence has been deleted at this point for one of the reasons cited in the preface. The sentence indicated that the Governor was hopeful that a move could be made on a swap arrangement relatively soon, and that he continued to feel that a swap of roughly \$250 million would be required to have a real impact on confidence.

Note: See note for Example I--Procedure 2(c).

Example II

Procedure 3(b)--Deletion with identification but retyping of page.

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legal difficulties. Here again, particularly in view of the willingness and desire of the National Bank to be as helpful as possible, Mr. Coombs would be inclined to make rather liberal use of the proceeds of any swap that might be negotiated.

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Mr. Coombs reported that he had talked with the Governor of the Bank of Canada by telephone on three or four occasions about the possibility of a swap arrangement. (\*) It also appeared that the Canadians might seek recourse to a drawing on the International Monetary Fund. Unfortunately, Mr. Coombs pointed out, the results of the recent Canadian elections were not clean cut, leading to the likelihood of a coalition government. It would remain to be seen whether an effective financial program could be developed.

After further comments on the Canadian situation, Mr. Coombs said he had found it difficult to decide what recommendation to make to the Committee. On balance, however, he would recommend that the Federal Reserve wait a little and see what developed, that is, whether the Canadians decided to go to the Monetary Fund and what sort of financial program they

Example III--Potentially sensitive passage underlined.

10/22/63

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In response to a question as to whether a condition was contemplated under which drawings under the swap arrangement would not be made until Japan had achieved Article VIII status, Mr. Coombs replied that he thought the Japanese would be fully agreeable to such a condition. The basic advantage of the swap arrangement, he noted in response to another question, was that it would increase Japan's international liquidity. He thought the arrangement would minimize internal pressures on the Japanese authorities to increase their gold ratio from its low present level of 17 per cent.

Mr. Mills said he felt that the staff memorandum on the Japanese situation was somewhat overdrawn as to the extent of Japan's progress and the effectiveness with which the authorities there had dealt with their problems. He thought the Japanese economy had been sustained very largely by borrowing on both short-and long-term, and asked whether drawings under the proposed swap agreement might not serve simply as a substitute for the private capital inflows the Japanese had enjoyed in recent years. Mr. Coombs replied that in his opinion the swap arrangement was not a substitute for long-term capital. It was a short-term facility, and if the Japanese needed long-term money, they would have to find it elsewhere.

Mr. Mills' second comment related to the suggestion that the swap arrangement be approved on a conditional basis, to be effective only when the Japanese achieved Article VIII status. He doubted that

Example III

Procedure 1(a) - Paraphrase without identification.

10/22/63

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In response to a question as to whether a condition was contemplated under which drawings under the swap arrangement would not be made until Japan had achieved Article VIII status, Mr. Coombs replied that he thought the Japanese would be fully agreeable to such a condition. The basic advantage of the swap arrangement, he noted in response to another question, was that it would increase Japan's international liquidity. He also referred in this connection to the low Japanese gold ratio.

Mr. Mills said he felt that the staff memorandum on the Japanese situation was somewhat overdrawn as to the extent of Japan's progress and the effectiveness with which the authorities there had dealt with their problems. He thought the Japanese economy had been sustained very largely by borrowing on both short-and long-term, and asked whether drawings under the proposed swap agreement might not serve simply as a substitute for the private capital inflows the Japanese had enjoyed in recent years. Mr. Coombs replied that in his opinion the swap arrangement was not a substitute for long-term capital. It was a short-term facility, and if the Japanese needed long-term money, they would have to find it elsewhere.

Mr. Mills' second comment related to the suggestion that the swap arrangement be approved on a conditional basis, to be effective only when the Japanese achieved Article VIII status. He doubted that

Example III

Procedure 1(b)--paraphrase with identification.

10/22/63

-12-

In response to a question as to whether a condition was contemplated under which drawings under the swap arrangement would not be made until Japan had achieved Article VIII status, Mr. Coombs replied that he thought the Japanese would be fully agreeable to such a condition. The basic advantage of the swap arrangement, he noted in response to another question, was that it would increase Japan's international liquidity. (He also referred in this connection to the low Japanese gold ratio.)<sup>1/</sup>

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<sup>1/</sup> The bracketed passage has been paraphrased for one of the reasons cited in the preface.

Example III

Procedure 2(a)--Deletion without specific explanation.

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In response to a question as to whether a condition was contemplated under which drawings under the swap arrangement would not be made until Japan had achieved Article VIII status, Mr. Coombs replied that he thought the Japanese would be fully agreeable to such a condition. The basic advantage of the swap arrangement, he noted in response to another question, was that it would increase Japan's international liquidity.

\* \* \*

Mr. Mills said he felt that the staff memorandum on the Japanese situation was somewhat overdrawn as to the extent of Japan's progress and the effectiveness with which the authorities there had dealt with their problems. He thought the Japanese economy had been sustained very largely by borrowing on both short- and long-term, and asked whether drawings under the proposed swap agreement might not serve simply as a substitute for the private capital inflows the Japanese had enjoyed in recent years. Mr. Coombs replied that in his opinion the swap arrangement was not a substitute for long-term capital. It was a short-term facility, and if the Japanese needed long-term money, they would have to find it elsewhere.

Mr. Mills' second comment related to the suggestion that the swap arrangement be approved on a conditional basis, to be effective only when the Japanese achieved Article VIII status. He doubted that

Example III

Procedure 2(c)--deletion with explanation.

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-12-

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Mr. Mills' second comment related to the suggestion that the swap arrangement be approved on a conditional basis, to be effective only when the Japanese achieved Article VIII status. He doubted that

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<sup>1/</sup> A sentence has been deleted at this point for one of the reasons cited in the preface. The sentence related to Japanese gold policy.

**Example III**

**Procedure 3(b)--deletion with identification and retyping of page.**

10/22/63

-12-

In response to a question as to whether a condition was contemplated under which drawings under the swap arrangement would not be made until Japan had achieved Article VIII status, Mr. Coombs replied that he thought the Japanese would be fully agreeable to such a condition. The basic advantage of the swap arrangement, he noted in response to another question, was that it would increase Japan's international liquidity. (\*)

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Mr. Mills' second comment related to the suggestion that the swap arrangement be approved on a conditional basis, to be effective only when the Japanese achieved Article VIII status. He doubted that

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Note: See note for example I--procedure 3(b)

Example IV - Potentially sensitive passage underlined.

12/3/63

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the past few months the Russian gold acquired by the Stabilization Fund had been quickly absorbed in purchases by the French, the Argentines, and the Austrians. In fact, on Thursday, November 21, the day before President Kennedy's assassination, the Stabilization Fund was out of gold completely, although there was in prospect a sizable distribution from the London Gold Pool early in December. To bridge the gap, the Federal Reserve Bank of New York arranged for the Treasury a gold swap with the Bank for International Settlements in the amount of \$30 million, which was paid into the Stabilization Fund on Friday, November 22. Consequently, it was possible to avoid a reduction in the gold stock on the following Wednesday. This gold swap would be reversed today, Mr. Coombs said, when the Stabilization Fund took delivery on the U. S. share of the Gold Pool's November acquisitions, amounting to \$68 million.

Mr. Coombs commented that temporary gold swaps with the Bank for International Settlements had proved to be another useful piece of machinery. There had been no idea that gold swaps would serve a purpose such as this when they first had been developed on an exploratory basis a year or so ago.

Over the past ten days, Mr. Coombs continued, the System's gross drawings on the swap network had built up still further. The Account was now in debt to the Swiss to the extent of \$150 million, the Dutch for \$80 million, the Germans for \$102 million, the Canadians for \$20 million, and the Belgians for \$10 million, making a gross total of \$362 million. The swap drawing with France was excluded from this accounting since it was fully covered by forward purchases of French francs. The

Example IV

Procedure 1(a)--Paraphrase without identification.

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-3-

the past few months the Russian gold acquired by the Stabilization Fund had been quickly absorbed in purchases by the French, the Argentines, and the Austrians. Mr. Coombs then reported on certain recent transactions in gold between the U.S. Treasury and the Bank for International Settlements.

Over the past ten days, Mr. Coombs continued, the System's gross drawings on the swap network had built up still further. The Account was now in debt to the Swiss to the extent of \$150 million, the Dutch for \$80 million, the Germans for \$102 million, the Canadians for \$20 million, and the Belgians for \$10 million, making a gross total of \$362 million. The swap drawing with France was excluded from this accounting since it was fully covered by forward purchases of French francs. The

Example IV - Procedure 1(b) - paraphrase with identification.

12/3/63

-3-

the past few months the Russian gold acquired by the Stabilization Fund had been quickly absorbed in purchases by the French, the Argentines, and the Austrians. [Mr. Coombs then reported on certain recent transactions in gold between the U. S. Treasury and the Bank for International Settlements.]<sup>1/</sup>

Over the past ten days, Mr. Coombs continued, the System's gross drawings on the swap network had built up still further. The Account was now in debt to the Swiss to the extent of \$150 million, the Dutch for \$80 million, the Germans for \$102 million, the Canadians for \$20 million, and the Belgians for \$10 million, making a gross total of \$362 million. The swap drawing with France was excluded from this accounting since it was fully covered by forward purchases of French francs. The

<sup>1/</sup> The bracketed passage has been paraphrased for one of the reasons cited in the preface.

Example IV - Procedure 2(a) - deletion without specific explanation.

12/3/63

-3-

the past few months the Russian gold acquired by the Stabilization Fund had been quickly absorbed in purchases by the French, the Argentines, and the Austrians.

\* \* \*

Over the past ten days, Mr. Coombs continued, the System's gross drawings on the swap network had built up still further. The Account was now in debt to the Swiss to the extent of \$150 million, the Dutch for \$80 million, the Germans for \$102 million, the Canadians for \$20 million, and the Belgians for \$10 million, making a gross total of \$362 million. The swap drawing with France was excluded from this accounting since it was fully covered by forward purchases of French francs. The

Example IV  
Procedure 2(c) - deletion with explanation.

12/3/63

-3-

the past few months the Russian gold acquired by the Stabilization Fund had been quickly absorbed in purchases by the French, the Argentines, and the Austrians.<sup>1/</sup>

Over the past ten days, Mr. Coombs continued, the System's gross drawings on the swap network had built up still further. The Account was now in debt to the Swiss to the extent of \$150 million, the Dutch for \$80 million, the Germans for \$102 million, the Canadians for \$20 million, and the Belgians for \$10 million, making a gross total of \$362 million. The swap drawing with France was excluded from this accounting since it was fully covered by forward purchases of French francs. The

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<sup>1/</sup> Six sentences have been deleted at this point for one of the reasons listed in the preface. The deleted material related to certain recent transactions between the U.S. Treasury and the Bank for International Settlements.

Example IV

Procedure 3(b) - deletion with identification but retyping of page.

12/3/63

-3-

the past few months the Russian gold acquired by the Stabilization Fund had been quickly absorbed in purchases by the French, the Argentines, and the Austrians. (\*)

Over the past ten days, Mr. Coombs continued, the System's gross drawings on the swap network had built up still further. The Account was now in debt to the Swiss to the extent of \$150 million, the Dutch for \$80 million, the Germans for \$102 million, the Canadians for \$20 million, and the Belgians for \$10 million, making a gross total of \$362 million. The swap drawing with France was excluded from this accounting since it was fully covered by forward purchases of French francs. The

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NOTE: See note for example I--procedure 3(b).