



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

March 14, 1972

CONFIDENTIAL (FR)

TO: Federal Open Market Committee
FROM: Mr. Broida

Enclosed is a copy of a memorandum from the Secretariat, dated today and entitled "Proposed procedure for making historical Committee records available to public." It is contemplated that this memorandum will be discussed at the meeting of the Committee to be held on March 21, 1972, in connection with agenda item 13.

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

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

Enclosures

To: Federal Open
Market Committee

-2-

March 14, 1972

At the time the open market minutes were placed in the National Archives, it was contemplated that additional materials such as memoranda incorporated in the minutes by reference would be made available on some basis-- perhaps through deposit of copies in National Archives, or perhaps only in response to individual requests here at the Board. Authorization has been granted to several scholars, including Professors Chandler and Wicker, to review such records, although requests thus far approved have related to earlier years than the 1952-1960 period mentioned by Mr. Willes. However, there appears to be little basis for denying Mr. Willes' request simply on the grounds that the staff business memoranda cover later years.

The Board approved Mr. Willes' request and concurrently asked the staff to study the question of transferring various FOMC staff documents to the custody of the National Archives. (Pressure of other duties has prevented the completion of the requested study.) Subsequently, on the basis of this precedent, the staff has granted access to a few researchers to selected FOMC materials (including reports of the Manager) through the year 1960. The number of inquiries, however, has been quite small.

Making the materials in question available to interested persons would be consistent with the spirit of the Public Information Act and would further the purposes that are served by the release of the minutes themselves. Indeed, as in the case cited by Professor Brunner, access to supporting materials often is required for a full understanding of the minutes. Of the two possible means for making the materials available mentioned in Mr. Sherman's memorandum-- depositing copies in the Archives and responding to individual

To: Federal Open
Market Committee

-3-

March 14, 1972

requests at the Board--the staff believes the latter would be preferable. This is mainly because the volume of labor required to prepare the materials for transmittal to Archives would seem disproportionate to the amount of public interest in them that has been evident so far.

In this connection, one of the more time-consuming tasks would be that of reviewing the materials to ensure that they contained no passages of a "sensitive" nature--i.e., of a kind that would qualify for deletion were they contained in the minutes, under the criteria that have been applied in withholding selected passages when the minutes are released. (Briefly, passages have been withheld from the minutes that contain (1) confidential information relating to the affairs of foreign central banks or governments; (2) comments about foreign countries, institutions, or individuals the release of which would not be in the interests of good international relations; (3) information the release of which the U.S. Treasury believes would not be in the interests of the United States; and (4) information about the internal affairs of a named business organization.) The specific procedure we recommend for responding to requests for these materials, described below, is designed to minimize the burden of review, by designating certain records as not requiring review and by examining others only when a request for access to them has been received.

To: Federal Open
Market Committee

-4-

March 14, 1972

Specific recommendation

We recommend that Committee documents be treated as falling in the following two groups:

Group I would consist of all documents that might be considered "regular" reports to the Committee except the weekly and monthly reports of the Special Manager. (The latter are discussed separately below.) Group I would include the green, blue, and red books (and their predecessor and successor documents, if any), the texts of chart presentations not included in full in the minutes, and the Manager's weekly and monthly reports.^{1/}

Documents in this group (through the last year for which minutes have been released) would be held in special files in the Board's offices, where they would be made available for inspection by any interested person on request.

Group II would consist of all other Committee materials, including special staff memoranda, reports of staff committees and subcommittees of the FOMC, and official Committee correspondence. Such materials would be made available for inspection on request only after the Committee's Secretary (or his delegate) had determined, when possible in consultation with the person originating the document or his successor, that no passages in the material in question

^{1/} Although no general review of these documents is deemed necessary, Board staff members have read through the material on international developments contained in the green books for 1962-66. They have identified one passage (shown in an attachment) reporting confidential data received through the BIS which we recommend be deleted.

To: Federal Open
Market Committee

-5-

March 14, 1972

would qualify for deletion were they contained in the minutes. If the document contained such sensitive passages it would be made available only if it were feasible to delete them.

The weekly and monthly reports of the Special Manager represent a special case, since they are "regular" reports of the type included in Group I but may well include sensitive passages, at least occasionally. We would suggest that an examination of these reports be made by the staff as time permits, and that the Secretary and the Special Manager be authorized to decide on the basis of that examination what treatment they should be accorded.

Messrs. Partee, Solomon, Hackley, Holmes, Coombs, and Sherman concur in these recommendations.

Attachments

January 18, 1972

Professor Karl Brunner
The Graduate School of Management
The University of Rochester
Rochester, New York 14627

Dear Professor Brunner:

I have been asked to respond to your letter of January 3 to Chairman Burns, in which you requested access to documents submitted to the Federal Open Market Committee by the Board's staff.

The Committee, as you no doubt are aware, has made public its minutes of discussions and actions for earlier years. In the near future it will be reviewing the question of what additional documents, including staff memoranda and reports, might appropriately be made available for inspection. It is likely that any additional documents made available would relate to the time period for which minutes have already been released.

When the Committee has considered the question, I shall inform you of its decision.

Very truly yours,

Robert C. Holland, Secretary
Federal Open Market Committee

Graduate School of Management

The University of Rochester

Rochester, New York 1

January 3, 1972

Dr. Arthur Burns, Chairman
Board of Governors of the Federal Reserve System
Washington, D.C. 20551

Dear Dr. Burns:

For the next six months I have to work on several chapters covering the target problem. The detailed discussion of "Open Market Policy and Operating Procedures" at the occasion of the Conference on October 21 was exceedingly useful for our work. But the study of the papers in the Board's publication also revealed that it is apparently impossible, or at least very difficult, to evaluate operating procedures and policies without the background information made available to the FOMC. Mr. Axelrod made this point actually most explicitly in his contribution. I request therefore that all documents submitted to the FOMC by the staff of the Board of Governors be made accessible in some form for careful study. It is of course understood that this request does not apply to the most recent material. Your help in this matter is much appreciated.

Sincerely,



Karl Brunner
Professor

KB:jwm



From green book for November 2, 1965
(sensitive passage underlined)

IV - 4

Payments balances of other countries. A sharp improvement occurred in September in the British balance of payments, as measured by the change in official reserves, IMF account, and liabilities to other central banks. Published reserves rose \$171 million after falling \$420 million in the three preceding months. A better measure of the drain on British reserves and related accounts in June-August is a figure of about \$1.0 billion (confidential data received through BIS).

The August-to-September shift of several hundred million dollars in the U.K. monthly balance of payments seems to have had part of its counterpart in the increase of about \$400 million in the U.S. deficit on the "official settlements" basis between August and September. In addition, the reserves of nine Continental European countries (adjusted for related accounts) increased somewhat less in September than they had in August (\$25 million as against \$150+ million on the basis of official settlements accounts only, or \$250+ million as against \$300+ million if increases in the next external short-term assets of commercial banks are also counted as settlement items). None of the figures in these paragraphs is adjusted for seasonal variation, and the usual caveats against giving undue significance to monthly data in this field should be borne in mind.

Quarterly data indicate that most of the nine Continental European countries covered (which include the largest reserve gainers of the recent past) had smaller balance-of-payments surpluses in the third quarter this year than they had a year earlier (as measured in