



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

December 5, 1979

CONFIDENTIAL (FR)  
CLASS II-FOMC

TO: Federal Open Market Committee                      SUBJECT: Release of FOMC  
FROM: Murray Altmann *M. A.*    memoranda of discussion  
for 1974

The staff recommends that the Committee authorize the release of its memoranda of discussion for the calendar year 1974 in mid-January, in the same manner as has been employed for earlier years--namely, by transmitting the original signed copies to the National Archives and placing bound volumes containing reproductions in the libraries of all Federal Reserve offices. The attached memorandum from the Secretariat concerns the review that has been made to determine whether any passages should be recommended for deletion when these minutes are initially released.

Several months will be required for the reproduction and binding of the copies to be placed in System libraries and, on the basis of past experience, it is likely that some time will elapse before the National Archives will be in a position to meet requests for microfilm copies of the originals. Accordingly, the staff suggests that, if the Committee approves the release of these memoranda of discussion, a few Xerox "work copies" be made available for inspection at the Board and the New York Bank

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during the period from mid-January until the time when the bound copies are available. A similar procedure was employed when the memoranda for 1962-1973 were released.

It is contemplated that release of the 1974 memoranda will be discussed by the Committee at the next meeting.

Attachments



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December 5, 1979

CONFIDENTIAL (FR)  
CLASS II - FOMC

TO: Federal Open Market Committee  
FROM: The Secretariat

SUBJECT: Passage recommended for  
deletion when FOMC memoranda  
of discussion for 1974 are  
initially released

As you know, when the Committee's memoranda of discussion for the years 1962 through 1973 were released to the public a number of passages deemed to be "sensitive" were withheld. A prefatory note included with the memoranda for each of those years, shown in appendix A to this memorandum, explained that (1) deletions were made only for certain specified reasons, (2) the point at which each deletion occurred was noted, and (3) the general nature of the omitted material was indicated by footnote. The preface concluded with a statement that the deleted passages would be reviewed from time to time to determine whether they could be released.

On the assumption that the Committee would want to follow the same procedure when it released its 1974 memoranda of discussion, the staffs at the Board and the New York Bank have reviewed those memoranda for the purpose of identifying potentially sensitive passages. Parts of the memoranda also have been reviewed by a representative of the U.S. Treasury Department, Mr. Frederick Springborn.

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As a result of this review, we recommend a deletion, shown in appendix B, from a report on the July 8, 1974, BIS meeting that was included as an attachment to the memorandum of discussion for July 16, 1974.<sup>1/</sup>

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<sup>1/</sup> When the memoranda for the full year are sent to the National Archives the words enclosed in brackets would be omitted and the footnote would be added.

APPENDIX A

(Text of note included at front of volume of FOMC minutes for each year in period from 1962 through 1973)

Prefatory note

Certain pages in the minutes of the Federal Open Market Committee for the years 1962 through 1973 have been replaced in the materials transmitted to the National Archives by substitute pages on which particular passages contained in the original minutes are deleted. In each such case, the point at which the deletion has been made is noted and the general nature or subject of the omitted passage is indicated by footnote.

Deletions have been made only for the following reasons:

1. The passage contains information relating to the affairs, policies, or views of particular foreign central banks or governments which they wish to have held in confidence at this time.
2. The passage contains comments about foreign countries, institutions, or individuals of such a nature that its release at this time was deemed not to be in the interest of good international relations.
3. The passage contains information of such a nature that, in the judgment of the U.S. Treasury Department, its release at this time would not be in the interest of the United States.
4. The passage contains information about the internal affairs of a named business organization.

It is anticipated that the originals of all pages for which substitutes have been introduced will be reviewed from time to time to determine whether they can be released.

Appendix B

Passage recommended for deletion

1974

against forward. No limits are placed on positions in currencies other than sterling, but this might have to be explored in future.

Clappier (France) indicated that France had tight control over its banks but that foreign currency transactions still remained in part uncontrolled. The Bank of France is working with the commercial banks on an information procedure covering the foreign currency position as well as the relation between the maturity structure of assets and of liabilities. Commercial banks are interested in and receive the resulting composite information on a voluntary basis.

Vandeputte (Belgium) said that Belgian controls over the capital ratios of banks had become more lenient in recent years. The spot and forward position in each currency for each bank was watched by the authorities. Controls are maintained only on the over-all open position in Belgian francs but not for each currency.

Zijlstra, Richardson, Clappier, and Vandeputte expressed an interest in developing more information on exchange positions and in possibly coordinating this information internationally.

(2) Lender-of-Last-Resort Function <sup>1/</sup>

[Richardson laid out in detail what he considered proper policy with respect to particular banks.

(a) For British banks the Bank of England would assume full responsibility if it considered support to be justified.

<sup>1/</sup> About a page has been deleted at this point for one of the reasons cited in the preface. The deleted material reported views of British and German officials on responsibilities and policies with respect to the lender-of-last-resort function.

(b) For consortium banks, he saw no way of assigning responsibility but hoped that the prestigious banks participating in the consortium banks would stand back of their subsidiary.

(c) For wholly or majority owned foreign subsidiaries, the Bank of England would feel a certain responsibility to enlist support to insure a healthy banking system within its own country. This responsibility would be met, however, by seeking to enlist the help of the central bank of the majority shareholder.

(d) In cases where the difficulties experienced were in dollars, Richardson hoped that assistance would be forthcoming from the Federal Reserve if the amounts in dollars required proved an embarrassment to the Bank of England.

Klasen (Germany) agreed with Richardson's assignment of responsibility to central banks as lender of last resort in cases where assistance was justified. He entered general reservations, however, regarding the appropriateness of assistance. ]

I pointed out that it was difficult to generalize about lender-of-last-resort responsibilities, referring to the difference between liquidity and solvency problems, between branches and subsidiaries, to problems of availability of collateral, of the degree of supervision that a foreign central bank could exercise over branches and subsidiaries of its banks abroad, and of the supervision and regulation applied by the host country authorities. I added

