

# FEDERAL RESERVE BANK OF SAN FRANCISCO

SAN FRANCISCO, CALIFORNIA 94120

November 10, 1982

**JOHN J. BALLEs**  
PRESIDENT

The Honorable Paul A. Volcker  
Chairman  
Board of Governors of the  
Federal Reserve System  
Washington, D.C. 20551

Dear Paul:

## Timing of Release of Domestic Policy Directive

We recently received from Governor Teeters a copy of her memo to you of November 4, proposing a serious consideration of the immediate release of the domestic policy directive following each FOMC meeting. Generally, I would support that move, for the reasons she cited, assuming that a full-scale review of the pros and cons does not indicate any serious problems.

If some remedial measure is necessary in view of recent leaks of FOMC information to various newspapers, I believe that the immediate release of the directive would lessen both the incentive and opportunity for leaks. Moreover, I believe that it would be a more effective step than the one suggested in your letter of October 19 -- i.e., a reduction in the number of staff members permitted to attend meetings or to have access to FOMC records.

I have had my staff undertake a hasty review of the arguments we used in the Merrill case against immediate release of FOMC decisions and policy actions. It seems to me that those arguments have much less relevance to the period subsequent to October, 1979, when we now have a non-borrowed reserve target with a very wide Federal Funds range, in contrast to the narrow Federal Funds range prior to October, 1979.

There is, however, at least one risk associated with an immediate release of the domestic policy directive that needs to be considered. If such a release also resulted in irresistible demands from the Congress for even more immediate information, such as detailed minutes of the type we used to have ("Memorandum of Discussion"), there could be some adverse consequences. This and similar risks need to be evaluated before a final decision is made.

Sincerely,



John J. Balles  
President

cc: Members of the Board of Governors  
Reserve Bank Presidents  
Stephen H. Axilrod  
Murray Altmann  
Joseph R. Coyne