

Meeting of Federal Open Market Committee

November 26, 1968

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, November 26, 1968, at 9:30 a.m.

PRESENT: Mr. Martin, Chairman
Mr. Hayes, Vice Chairman
Mr. Brimmer
Mr. Daane
Mr. Galusha
Mr. Hickman
Mr. Kimbrel
Mr. Maisel
Mr. Mitchell
Mr. Morris
Mr. Robertson
Mr. Sherrill

Messrs. Bopp, Clay, Coldwell, Scanlon, and
Treiber, Alternate Members of the Federal
Open Market Committee

Messrs. Heflin, Francis, and Swan, Presidents of
the Federal Reserve Banks of Richmond, St.
Louis, and San Francisco, respectively

Mr. Holland, Secretary
Mr. Sherman, Assistant Secretary
Mr. Broida, Assistant Secretary
Mr. Hackley, General Counsel
Mr. Brill, Economist
Messrs. Axilrod, Hersey, Kareken, Mann,
Partee, Reynolds, Solomon, and Taylor,
Associate Economists
Mr. Holmes, Manager, System Open Market
Account
Mr. Coombs, Special Manager, System Open
Market Account

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Mr. Cardou, Assistant to the Board of
Governors
Mr. O'Connell, Deputy General Counsel, Board
of Governors
Mr. Nichols, Special Assistant to the Board
of Governors
Mr. Wernick, Associate Adviser, Division of
Research and Statistics, Board of Governors
Mr. Keir, Assistant Adviser, Division of
Research and Statistics, Board of Governors
Mr. Bernard, Special Assistant, Office of
the Secretary, Board of Governors
Miss Eaton, Open Market Secretariat Assistant,
Office of the Secretary, Board of Governors

Messrs. Eisenmenger, Eastburn, Parthemos,
Baughman, Jones, Tow, Green, and Craven,
Vice Presidents of the Federal Reserve
Banks of Boston, Philadelphia, Richmond,
Chicago, St. Louis, Kansas City, Dallas,
and San Francisco, respectively
Mr. Garvy, Economic Adviser, Federal Reserve
Bank of New York
Mr. Geng, Assistant Vice President, Federal
Reserve Bank of New York

By unanimous vote, the minutes of actions taken at the meet-
ing of the Federal Open Market Committee held on October 29, 1968,
were approved.

The memorandum of discussion for the meeting of the Federal
Open Market Committee held on October 29, 1968, was accepted.

By unanimous vote, the Committee ratified the actions of
members on November 22, 1968, (1) approving an increase from \$700
million to \$1 billion in the Federal Reserve reciprocal currency
arrangement with Bank of France, and the conforming amendment to
paragraph 2 of the authorization for System foreign currency

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operations, effective November 22, 1968; and (2) approving renewal of the French swap arrangement for a period of one year when it matured on December 27, 1968.

By unanimous vote, the System open market transactions in foreign currencies during the period October 29 through November 25, 1968, were approved, ratified, and confirmed.

By unanimous vote, the open market transactions in Government securities, agency obligations, and bankers' acceptances during the period October 29 through November 25, 1968, were approved, ratified, and confirmed.

With Messrs. Hayes, Hickman, Kimbrel, and Morris dissenting, 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 the expansion in over-all economic activity, while still strong, is moderating somewhat further from its very rapid pace earlier in the year. Upward pressures on prices and costs are persisting. Most market interest rates have risen further in recent weeks. Bank credit has continued to expand rapidly. Growth in the money supply has accelerated from the low average rate of recent months, while expansion in commercial bank time and savings deposits has slowed. Savings inflows to thrift institutions increased somewhat further in October but remained moderate. Following discussions among leading industrial countries, France, Germany, and Britain have acted to combat the recent speculation in their currencies by taking steps designed to reduce imbalances in their external payments. The U.S. foreign

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trade balance and over-all balance of payments improved in the third quarter but partial data for recent weeks suggest that the improvement is not being sustained, and the underlying U.S. payments position remains a serious problem. In this situation, it is the policy of the Federal Open Market Committee to foster financial conditions conducive to sustainable economic growth, continued resistance to inflationary pressures, and attainment of reasonable equilibrium in the country's balance of payments.

To implement this policy, System open market operations until the next meeting of the Committee shall be conducted with a view to maintaining about the prevailing conditions in money and short-term credit markets; provided, however, that operations shall be modified if bank credit expansion appears to be exceeding current projections.

It was agreed the next meeting of the Committee would be held on Tuesday, December 17, 1968, at 9:30 a.m.

The meeting adjourned.


Secretary