

Meeting of Federal Open Market Committee

December 17, 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, December 17, 1968, at 9:30 a.m.

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

Messrs. Bopp, Clay, Coldwell, and Scanlon,  
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. Kenyon, Assistant Secretary  
Mr. Broida, Assistant Secretary  
Mr. Molony, 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

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Mr. Cardon, Assistant to the Board  
of Governors  
Mr. Coyne, Special Assistant to the  
Board of Governors  
Mr. Williams, Adviser, Division of  
Research and Statistics, 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 As-  
sistant, Office of the Secretary,  
Board of Governors

Mr. Lewis, First Vice President, Federal  
Reserve Bank of St. Louis  
Messrs. Eisenmenger, MacLaury, Eastburn,  
Jones, Tow, Green, and Craven, Vice  
Presidents of the Federal Reserve  
Banks of Boston, New York, Philadelphia,  
St. Louis, Kansas City, Dallas, and San  
Francisco, respectively  
Mr. Garvy, Economic Adviser, Federal Reserve  
Bank of New York  
Messrs. Wallace and Scheld, Assistant Vice  
Presidents of the Federal Reserve Banks  
of Richmond and Chicago, respectively  
Mr. Cooper, Manager, Securities and  
Acceptance Departments, Federal Reserve  
Bank of New York

By unanimous vote, the minutes of actions taken at the  
meeting of the Federal Open Market Committee held on November 26,  
1968, were approved.

The memorandum of discussion for the meeting of the Federal  
Open Market Committee held on November 26, 1968, was accepted.

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By unanimous vote, the System open market transactions in foreign currencies during the period November 26 through December 16, 1968, were approved, ratified, and confirmed.

By unanimous vote, the open market transactions in Government securities, agency obligations, and bankers' acceptances during the period November 26 through December 16, 1968, were approved, ratified, and confirmed.

By unanimous vote, 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 over-all economic activity is expanding rapidly and that upward pressures on prices and costs are persisting. Market interest rates have risen considerably further in recent weeks. Bank credit growth has been sustained by continuing strong expansion of time and savings deposits, while growth in the money supply has accelerated and U.S. Government deposits have declined. The U.S. foreign trade surplus remains very small and the over-all balance of payments apparently worsened in October and November. In this situation, it is the policy of the Federal Open Market Committee to foster financial conditions conducive to the reduction of inflationary pressures, with a view to encouraging a more sustainable rate of economic growth and attaining 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 attaining firmer conditions in money and short-term credit markets, taking account of the effects of other possible monetary policy action;

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provided, however, that operations shall be modified if bank credit expansion appears to be deviating significantly from current projections.

It was agreed that the next meeting of the Committee would be held on January 14, 1969, at 9:30 a.m.

The meeting adjourned.

  
Secretary