

Meeting of Federal Open Market Committee

November 20-21, 1972

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 Monday and Tuesday, November 20 and 21, 1972. The meeting began at 2:30 p.m. on Monday and continued at 9:30 a.m. on Tuesday.

PRESENT: Mr. Burns, Chairman
Mr. Hayes, Vice Chairman
Mr. Brimmer
Mr. Bucher
Mr. Daane
Mr. Eastburn
Mr. MacLaury
Mr. Mitchell
Mr. Robertson
Mr. Sheehan
Mr. Winn
Mr. Francis, Alternate for Mr. Coldwell

Messrs. Heflin and Mayo, Alternate Members of
the Federal Open Market Committee

Messrs. Morris, Kimbrel, Clay, and Balles,
Presidents of the Federal Reserve Banks of
Boston, Atlanta, Kansas City, and San
Francisco, respectively

Mr. Holland, Secretary
Mr. Broida, Deputy Secretary
Messrs. Altmann and Bernard, Assistant
Secretaries
Mr. Hackley, General Counsel
Mr. O'Connell, Assistant General Counsel

Mr. Partee, Senior Economist
 Mr. Axilrod, Economist (Domestic Finance)
 Messrs. Boehne, Bryant, Gramley, Green,
 Hersey, Hocter, and Kareken, Associate
 Economists
 Mr. Holmes, Manager, System Open Market Account
 Mr. Coombs, Special Manager, System Open Market
 Account

Mr. Melnicoff, Deputy Executive Director,
 Board of Governors
 Messrs. Coyne and O'Brien, Special Assistants
 to the Board of Governors
 Mr. Reynolds^{1/}, Associate Director, Division of
 International Finance, Board of Governors
 Messrs. Keir, Pierce, Wernick, and Williams,
 Advisers, Division of Research and
 Statistics, Board of Governors
 Mr. Pizer, Adviser, Division of International
 Finance, Board of Governors
 Mr. Zeisel^{2/}, Associate Adviser, Division of
 Research and Statistics, Board of Governors
 Mr. Grimwood^{2/}, Assistant Director, Office of
 Executive Director, Board of Governors
 Mr. Ring^{2/}, Assistant Director, Division of
 Federal Reserve Bank Operations, Board of
 Governors
 Miss Stockwell^{2/}, and Mr. Taylor^{2/}, Assistant
 Advisers, Division of Research and
 Statistics, Board of Governors
 Mrs. Junz^{2/}, Assistant Adviser, Division of
 International Finance, Board of Governors
 Mr. Wendel, Chief, Government Finance Section,
 Division of Research and Statistics,
 Board of Governors
 Messrs. Peret^{2/} and Wetzel^{2/}, Senior Economists,
 Division of Research and Statistics,
 Board of Governors
 Messrs. Enzler^{2/} and Wyss^{2/}, Economists, Division
 of Research and Statistics, Board of Governors
 Miss Morrissee^{2/} and Mr. Promisel^{2/}, Economists,
 Division of International Finance, Board
 of Governors

^{1/} Attended Tuesday session only.

^{2/} Attended part or all of Monday session only.

Mrs. Sherman, Secretary, Office of the
Secretary, Board of Governors
Mrs. Stanier^{1/}, Secretary, Office of the
Secretary, Board of Governors

Mr. Plant, First Vice President, Federal
Reserve Bank of Dallas
Messrs. Eisenmenger, Parthemos, Taylor,
Scheld, Andersen, and Craven, Senior
Vice Presidents, Federal Reserve Banks
of Boston, Richmond, Atlanta, Chicago,
St. Louis, and San Francisco, respectively
Mr. Doll, Vice President, Federal Reserve
Bank of Kansas City
Mr. Garvy, Economic Adviser, Federal Reserve
Bank of New York
Mr. Cooper^{1/}, Assistant Vice Presidents,
Federal Reserve Bank of New York

Secretary's note: All of the actions listed
below were taken on Tuesday, November 21, 1972.

By unanimous vote, the minutes of actions taken at the
meetings of the Federal Open Market Committee on September 19 and
October 17, 1972, were approved.

The memoranda of discussion for the meetings of the Federal
Open Market Committee on September 19 and October 17, 1972, were
accepted.

By unanimous vote, the System open market transactions in
foreign currencies during the period October 17 through November 20,
1972, were approved, ratified, and confirmed.

^{1/} Attended Tuesday session only.

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By unanimous vote, the Committee approved the renewal, for periods of up to one year, of the following swap arrangements having the indicated amounts and maturity dates:

<u>Foreign bank</u>	<u>Amount of arrangement (millions of dollars equivalent)</u>	<u>Term (months)</u>	<u>Maturity date</u>
Austrian National Bank	200	12	December 1, 1972
National Bank of Belgium	600	12	December 22, 1972
Bank of Canada	1,000	12	December 29, 1972
National Bank of Denmark	200	12	December 1, 1972
Bank of England	2,000	12	December 1, 1972
Bank of France	1,000	6	December 28, 1972
German Federal Bank	1,000	6	December 15, 1972
Bank of Italy	1,250	6	December 29, 1972
Bank of Japan	1,000	12	December 1, 1972
Bank of Mexico	130	12	December 1, 1972
Netherlands Bank	300	6	December 29, 1972
Bank of Norway	200	12	December 1, 1972
Bank of Sweden	250	12	December 1, 1972
Swiss National Bank	1,000	12	December 1, 1972
Bank for International Settlements:			
Dollars against Swiss francs	600	12	December 1, 1972
Dollars against other authorized European currencies	1,000	12	December 1, 1972

By unanimous vote, the open market transactions in Government securities, agency obligations, and bankers' acceptances during the period October 17 through November 20, 1972, 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 for the System Account in accordance with the following current economic policy directive:

The information reviewed at this meeting, including recent data for industrial production, employment, and retail sales, suggests that real output of goods and services is growing more rapidly in the current quarter than in the third quarter. However, the unemployment rate has remained substantial. The increase in wages has been larger in recent months than earlier this year. Consumer prices rose considerably in September, but the October rise in wholesale prices was small. In recent weeks, the current account deficit of the U.S. balance of payments has been offset in large part by capital inflows; while the reserves of Japan have increased substantially further, those of other industrial countries have changed little. In September the excess of U.S. merchandise imports over exports remained large.

In October rates of growth in the monetary aggregates changed relatively little from preceding months, with expansion in the narrowly defined money stock again quite moderate. Since mid-October interest rates generally have declined.

In light of the foregoing developments, it is the policy of the Federal Open Market Committee to foster financial conditions conducive to sustainable real economic growth and increased employment, abatement of inflationary pressures, and attainment of reasonable equilibrium in the country's balance of payments.

To implement this policy, while taking account of the effects of recent bank regulatory changes, the Committee seeks to achieve bank reserve and money market conditions that will support more moderate growth in monetary aggregates over the months ahead than recorded in the third quarter.

It was agreed that the authorization for the lending of Government securities from the System Open Market Account should be retained at this time.

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It was agreed that the next meeting of the Federal Open Market Committee would be held on Tuesday, December 19, 1972, at 9:30 a.m.

The meeting adjourned.


Secretary