

Meeting of Federal Open Market Committee

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, January 16, 1973, at 9:30 a.m.

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

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

Messrs. Morris, Kimbrel, and Clay, Presidents
of the Federal Reserve Banks of Boston,
Atlanta, and Kansas City, 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. Bryant, Gramley, Green, Hersey, and
Hocter, Associate Economists
Mr. Holmes, Manager, System Open Market Account

Mr. Melnicoff, Deputy Executive Director,
Board of Governors

Mr. Coyne, Special Assistant to the Board
of Governors

Mr. Chase, Associate Director, Division of
Research and Statistics, 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. Wendel, Chief, Government Finance Section,
Division of Research and Statistics,
Board of Governors

Mrs. Rehanek, Open Market Secretariat Assistant,
Office of the Secretary, Board of Governors

Mrs. Sherman, Secretary, Office of the
Secretary, Board of Governors

Mr. Leonard, First Vice President, Federal
Reserve Bank of St. Louis

Messrs. Eisenmenger, Debs, Parthemos, Taylor,
Scheld, and Andersen, Senior Vice
Presidents, Federal Reserve Banks of
Boston, New York, Richmond, Atlanta,
Chicago, and St. Louis, respectively

Messrs. Bodner and Doll, Vice Presidents,
Federal Reserve Banks of New York and
Kansas City, respectively

Mr. Davis, Adviser, Research and Statistics,
Federal Reserve Bank of New York

Mr. Feldberg, Secretary and Assistant Counsel,
Federal Reserve Bank of New York

Mr. Kaminow, Research Officer and Economist,
Federal Reserve Bank of Philadelphia

Mr. Sandberg, Manager, Acceptance and Securities
Departments, Federal Reserve Bank of New York

Mr. Bisignano, Economist, Federal Reserve
Bank of San Francisco

Mr. Miller, Economist, Federal Reserve Bank
of Minneapolis

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By unanimous vote, the minutes of actions taken at the meeting of the Federal Open Market Committee on November 20-21, 1972, were approved.

The memorandum of discussion for the meeting of the Federal Open Market Committee on November 20-21, 1972, was accepted.

By unanimous vote, the System open market transactions in foreign currencies during the period December 19, 1972, through January 15, 1973, were approved, ratified, and confirmed.

By unanimous vote, renewal for further periods of 3 months of the eight System drawings on the National Bank of Belgium, the two drawings on the Swiss National Bank, and the drawing on the Bank for International Settlements maturing at various dates in the period February 2-23, 1973, was authorized.

By unanimous vote, the open market transactions in Government securities, agency obligations, and bankers' acceptances during the period December 19, 1972, through January 15, 1973, 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 suggests that real output of goods and services expanded much more rapidly in the fourth quarter than in the third quarter, and the unemployment rate declined. Wage

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rates have increased more rapidly in recent months than earlier in the year. Consumer prices rose considerably again in November. Wholesale prices of farm and food products advanced sharply in December but those of industrial commodities increased little. On January 11 the President announced Phase III of the economic stabilization program, which has among its major objectives a further reduction in the rate of inflation. The overall deficit in the U.S. balance of payments has remained substantial in recent months, and U.S. merchandise imports rose more than exports in November.

Growth in the narrowly and broadly defined money stock was exceptionally rapid in December, after having been moderate on average during the preceding 4 months. In recent weeks interest rates on both short- and long-term securities have risen moderately. Effective January 15, Federal Reserve discount rates were raised one-half of a percentage point to 5 per cent.

In light of the foregoing developments, it is the policy of the Federal Open Market Committee to foster financial conditions consonant with the aims of the economic stabilization program, including further abatement of inflationary pressures, sustainable growth in real output and employment, and progress toward equilibrium in the country's balance of payments.

To implement this policy, while taking account of the forthcoming Treasury financing and possible credit market developments, the Committee seeks to achieve bank reserve and money market conditions that will support slower growth in monetary aggregates over the months ahead than occurred in the second half of last year.

By unanimous vote, the Committee's By-Laws were rescinded.

By unanimous vote, the Committee's Regulation Relating to Open Market Operations of Federal Reserve Banks was revised, effective February 1, 1973, to read as follows:

REGULATION RELATING TO OPEN MARKET OPERATIONS
OF FEDERAL RESERVE BANKS

SECTION 270.1 - AUTHORITY

This Part is issued by the Federal Open Market Committee (the "Committee") pursuant to authority conferred upon it by sections 12A and 14 of the Federal Reserve Act (12 U.S.C. §§ 263, 355).

SECTION 270.2 - DEFINITIONS

(a) The term "obligations" means Government securities, U. S. agency securities, bankers' acceptances, bills of exchange, cable transfers, bonds, notes, warrants, debentures, and other obligations that Federal Reserve Banks are authorized by law to purchase and sell.

(b) The term "Government securities" means direct obligations of the United States (i.e., U. S. bonds, notes, certificates of indebtedness, and Treasury bills) and obligations fully guaranteed as to principal and interest by the United States.

(c) The term "U. S. agency securities" means obligations that are direct obligations of, or are fully guaranteed as to principal and interest by, any agency of the United States.

(d) The term "System Open Market Account" means the obligations acquired pursuant to authorizations and directives issued by the Committee and held on behalf of all Federal Reserve Banks.

SECTION 270.3 - GOVERNING PRINCIPLES

As required by section 12A of the Federal Reserve Act, the time, character, and volume of all purchases and sales of obligations in the open market by Federal Reserve Banks are governed with a view to accommodating commerce and business and with regard to their bearing upon the general credit situation of the country.

SECTION 270.4 - TRANSACTIONS IN OBLIGATIONS

(a) Each Federal Reserve Bank shall engage in open market operations under section 14 of the Federal Reserve Act only in accordance with this Part and with the authorizations and directives issued by the Committee from time to time, and no Reserve Bank shall decline to engage in open market operations as directed by the Committee.

(b) Transactions for the System Open Market Account shall be executed by a Federal Reserve Bank selected by the Committee. The participations of the several Federal Reserve Banks in such Account and in the profits and losses on transactions for the Account shall be allocated in accordance with principles determined by the Committee from time to time.

(c) In accordance with such limitations, terms, and conditions as are prescribed by law and in authorizations and directives issued by the Committee, the Reserve Bank selected by the Committee is authorized and directed -

(1) To buy and sell Government securities and U. S. agency securities in the open market for the System Open Market Account, and to exchange maturing securities with the issuer;

(2) To buy and sell bankers' acceptances of the kinds made eligible for purchase under Part 202 of this chapter [Regulation B] in the open market for its own account;

(3) To buy Government securities, U. S. agency securities, and bankers' acceptances of the kinds described above, under agreements for repurchase of such obligations, in the open market for its own account; and

(4) To buy and sell foreign currencies in the form of cable transfers in the open market for the System Open Market Account and to maintain for such Account reciprocal currency arrangements with foreign banks among those designated by the Board of Governors of the Federal Reserve System under § 214.5 of this chapter [Regulation N].

(d) In accordance with such limitations, terms, and conditions as are prescribed by law and in authorizations and directives issued by the Committee, the Reserve Bank

selected by the Committee (or, if that Bank is closed, any other Federal Reserve Bank) is authorized and directed, for its own account or the System Open Market Account, to purchase directly from the United States such amounts of Government securities as may be necessary from time to time for the temporary accommodation of the Treasury Department.

(e) The Federal Reserve Banks are authorized and directed to engage in such other operations as the Committee may from time to time determine to be reasonably necessary to the effective conduct of open market operations and the effectuation of open market policies.

By unanimous vote, the Committee's Rules of Organization were revised, effective February 1, 1973, to read as follows:

RULES OF ORGANIZATION

SECTION 1 - AUTHORITY

These rules are issued by the Federal Open Market Committee (the "Committee") pursuant to the requirement of section 552 of Title 5 of the United States Code that every agency shall publish in the Federal Register a description of its central and field organization.

SECTION 2 - COMPOSITION OF COMMITTEE

(a) Members. - The Committee consists of the seven members of the Board of Governors of the Federal Reserve System (the "Board") and five representatives of the Federal Reserve Banks, each of whom is a President or a First Vice President of a Reserve Bank.

(b) Reserve Bank representatives. - The representatives of the Federal Reserve Banks, and an alternate for each representative, are elected by the boards of directors of the Reserve Banks in accordance with section 12A of the Federal Reserve Act (12 U.S.C. § 263) for terms of one year commencing on March 1 of each year. Prior to the first meeting of the Committee on or after March 1 of each year, each member of the Committee representing the Federal Reserve Banks shall cause a record of his election and of the election of his alternate to be forwarded to the Secretary of the Committee. If any question is raised as to the election or eligibility of a member or alternate,

the Committee determines such question before such member or alternate participates in a meeting of the Committee. In the event a member is absent from a meeting of the Committee, his alternate, in attending the meeting, shall have the same status as the member for whom he is serving. If a member or alternate ceases to be a President or First Vice President of a Reserve Bank, a successor may be chosen in a special election by the boards of directors of the appropriate Reserve Bank or Banks and such successor serves until the next annual election.

(c) Oath of office. - Each member of the Committee and each alternate take the same oath of office as that prescribed by statute to be taken by officers of the United States.

SECTION 3 - CHAIRMAN AND VICE CHAIRMAN

At its first meeting on or after March 1 of each year, the Committee elects a Chairman and a Vice Chairman from among its membership. The Chairman presides at all meetings of the Committee and performs such other duties as the Committee may require. The Vice Chairman performs the duties of the Chairman in the absence of the Chairman. In the absence of both the Chairman and the Vice Chairman of the Committee, the Vice Chairman of the Board acts as Chairman of the Committee; and, in the absence of the Chairman and the Vice Chairman of the Committee and the Vice Chairman of the Board, the member of the Board present with the longest service as a member of the Board acts as Chairman of the Committee.

SECTION 4 - STAFF

(a) Selection of staff officers. - At its first meeting on or after March 1 of each year, the Committee selects, from among the officers and employees of the Board and the Federal Reserve Banks, the following staff officers to serve until the first meeting on or after March 1 of the next following year: Secretary, Deputy Secretary, and one or more Assistant Secretaries; General Counsel and one or more Assistant General Counsel; and Economists, one or more of whom may be designated as Senior or Associate Economists or given titles reflecting their areas of particular specialization.

(b) Secretary and Deputy and Assistant Secretaries. - The Secretary keeps minutes of actions and records of discussions at all meetings of the Committee; he maintains a complete record of the actions taken by the Committee upon all questions of policy relating to open market operations; and he records the votes taken in connection with the determination of open market policies and the reasons underlying each such action. He has custody of such minutes and records, and he performs such other duties as the Committee may require. In the absence of the Secretary of the Committee, the Deputy Secretary or an Assistant Secretary acts as Secretary pro tem.

(c) Economists. - The Economists prepare for the use of the Committee and present to it such information regarding business and credit conditions and domestic and international economic and financial developments as will assist the Committee in the determination of open market policies, and they perform such other duties as the Committee may require.

(d) General Counsel and Assistant General Counsel. The General Counsel furnishes such legal advice as the Committee may require. In the absence of the General Counsel, an Assistant General Counsel acts as General Counsel pro tem.

(e) Filling of vacancies. - At any meeting the Committee may fill any vacancy in the offices described in this section.

(f) Other staff assistance. - The services of any officers and employees of the Board and the Federal Reserve Banks are made available and are utilized by the Committee as required.

SECTION 5 - MANAGER AND SPECIAL MANAGER

The Committee selects a Manager of the System Open Market Account and a Special Manager for Foreign Currency Operations for such Account, both of whom shall be satisfactory to the Federal Reserve Bank selected by the Committee to execute open market transactions for such Account, and both of whom serve at the pleasure of the Committee. The Manager and Special Manager keep the Committee informed on market conditions and on transactions they have made and render such reports as the Committee may specify.

By unanimous vote, the Committee's Rules regarding the Availability of Information were amended, effective February 1, 1973, to read as follows:

RULES REGARDING AVAILABILITY OF INFORMATION

SECTION 271.1 - AUTHORITY

This Part is issued by the Federal Open Market Committee (the "Committee") pursuant to the requirement of section 552 of Title 5 of the United States Code that every agency shall publish in the Federal Register for the guidance of the public descriptions of the established places at which, the officers from whom, and the methods whereby, the public may obtain information, make submittals or requests, or obtain decisions.

SECTION 271.2 - DEFINITIONS

(a) "Information of the Committee". - For purposes of this Part, the term "information of the Committee" means all information coming into the possession of the Committee or of any member thereof or of any officer, employee, or agent of the Committee, the Board of Governors of the Federal Reserve System (the "Board"), or any Federal Reserve Bank, in the performance of duties for, or pursuant to the direction of, the Committee.

(b) "Records of the Committee". - For purposes of this Part, the term "records of the Committee" means rules, statements, opinions, orders, memoranda, letters, reports, accounts, and other papers containing information of the Committee that constitute a part of the Committee's official files.

SECTION 271.3 - PUBLISHED INFORMATION

(a) Federal Register. - To the extent required by sections 552 and 553 of Title 5 of the United States Code, and subject to the provisions of §§ 271.5 and 271.6, the Committee publishes in the Federal Register, in addition to this Part,

- (1) a description of its organization;
- (2) statements of the general course and method by which its functions are channeled and determined;
- (3) rules of procedure;
- (4) substantive rules of general applicability, and statements of general policy and interpretation of general applicability formulated and adopted by the Committee;
- (5) every amendment, revision, or repeal of the foregoing; and
- (6) general notices of proposed rule making.

(b) Policy record. - In accordance with section 10 of the Federal Reserve Act (12 U.S.C. § 247a), each annual report made to Congress by the Board includes a complete record of the actions taken by the Committee during the preceding year upon all matters of policy relating to open market operations, showing the votes taken and the reasons underlying such actions.

(c) Other published information. - From time to time, other information relating to open market operations of the Federal Reserve Banks is published in the Federal Reserve Bulletin, issued monthly by the Board, in such Board's annual report to Congress, and in announcements and statements released to the press. Copies of issues of the Bulletin and of annual reports of the Board may be obtained upon request.

SECTION 271.4 - RECORDS AVAILABLE TO THE PUBLIC ON REQUEST

(a) Records available. - Records of the Committee are made available to any person, upon request, for inspection or copying in accordance with the provisions of this section and subject to the limitations stated in §§ 271.5 and 271.6. Records falling within the exemptions from disclosure set forth in section 552(b) of Title 5 of the United States Code and in § 271.6 may nevertheless be made available in accordance with this section to the fullest extent consistent, in the

Committee's judgment, with the effective performance of the Committee's statutory responsibilities and with the avoidance of injury to a public or private interest intended to be protected by such exemptions.

(b) Place and time. - In general, the records of the Committee are held in the custody of the Board, but certain of such records, or copies thereof, are held in the custody of one or more of the Federal Reserve Banks. Any such records subject to this section will be made available for inspection or copying during regular business hours at the offices of the Board in the Federal Reserve Building, 20th and Constitution Avenue, Washington, D. C., 20551, or, in certain instances as provided in paragraph (c) of this section, at the offices of one or more designated Federal Reserve Banks.

(c) Obtaining access to records. - Any person requesting access to records of the Committee shall submit such request in writing to the Secretary of the Board. In any case in which the records requested, or copies thereof, are available at a Federal Reserve Bank, the Secretary of the Board may so advise the person requesting access to the records. Every request for access to records of the Committee shall state the full name and address of the person requesting them and shall describe such records in a manner reasonably sufficient to permit their identification without undue difficulty; and such person shall pay a fee in an amount based upon \$5 per hour for the time required to locate such records and prepare them for inspection plus 10 cents per standard page for any copying thereof.

SECTION 271.5 - DEFERMENT OF AVAILABILITY OF CERTAIN INFORMATION

(a) Deferred availability of information. - In some instances, certain types of information of the Committee are not published in the Federal Register or made available for public inspection or copying until after such period of time as the Committee may determine to be reasonably necessary to avoid the effects described in paragraph (b) of this section or as may otherwise be necessary to prevent impairment of the effective discharge of the Committee's statutory responsibilities. For example, the Committee's current economic policy directive adopted at each meeting of the Committee is

published in the Federal Register approximately 90 days after the date of its adoption; and no information in the records of the Committee relating to the adoption of any such directive is made available for public inspection or copying before it is published in the Federal Register or is otherwise released to the public by the Committee.

(b) Reasons for deferment of availability.

Publication of, or access to, certain information of the Committee may be deferred because earlier disclosure of such information would

- (1) interfere with the orderly execution of policies adopted by the Committee in the performance of its statutory functions;
- (2) permit speculators and others to gain unfair profits or to obtain unfair advantages by speculative trading in securities, foreign exchange, or otherwise;
- (3) result in unnecessary or unwarranted disturbances in the securities market;
- (4) make open market operations more costly;
- (5) interfere with the orderly execution of the objectives or policies of other Government agencies concerned with domestic or foreign economic or fiscal matters; or
- (6) interfere with, or impair the effectiveness of, financial transactions with foreign banks, bankers, or countries that may influence the flow of gold and of dollar balances to or from foreign countries.

SECTION 271.6 - INFORMATION NOT DISCLOSED

Except as may be authorized by the Committee, information of the Committee that is not available to the public through other sources will not be published or made available for inspection, examination, or copying by any person if such information

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(a) is exempted from disclosure by statute or executive order;

(b) relates solely to internal personnel rules or practices or other internal practices of the Committee;

(c) relates to trade secrets or commercial or financial information obtained from any person and privileged or confidential;

(d) is contained in inter-agency or intra-agency memoranda or letters, including records of deliberations and discussions at meetings of the Committee and reports and documents filed by members or staff of the Committee that would not be routinely available to a private party in litigation with the Committee;

(e) is contained in personnel, medical, or similar files (including financial files) the disclosure of which would constitute a clearly unwarranted invasion of personal privacy; or

(f) is contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of any agency responsible for the regulation or supervision of financial institutions.

Except as provided by or pursuant to this Part, no person shall disclose, or permit the disclosure of, any information of the Committee to any person, whether by giving out or furnishing such information or copy thereof, by allowing any person to inspect, examine, or reproduce such information or copy thereof, or by any other means, whether the information is located at the offices of the Board, any Federal Reserve Bank, or elsewhere, unless such disclosure is required in the performance of duties for, or pursuant to the direction of, the Committee. Any person who may be denied access to records of the Committee may, within 5 days thereafter, file with the Committee a written request for review of such action.

SECTION 271.7 - SUBPOENAS

(a) Advice by person served. - If any person, whether or not an officer or employee of the Committee, of the Board, or of a Federal Reserve Bank, has information of the Committee that may not be disclosed by reason of § 271.5 or § 271.6 and in connection therewith is served with a subpoena, order, or other process requiring his personal attendance as a witness or the production of documents or information upon any proceeding, he should promptly inform the Secretary of the Committee of such service and of all relevant facts, including the documents and information requested and any facts that may be of assistance in determining whether such documents or information should be made available; and he should take action at the appropriate time to inform the court or tribunal that issued the process, and the attorney for the party at whose instance the process was issued, if known, of the substance of this Part.

(b) Appearance by person served. - Except as disclosure of the relevant information is authorized pursuant to this Part, any person who has information of the Committee and is required to respond to a subpoena or other legal process shall attend at the time and place therein mentioned and decline to disclose such information or give any testimony with respect thereto, basing his refusal upon this Part. If, notwithstanding, the court or other body orders the disclosure of such information, or the giving of such testimony, the person having such information of the Committee shall continue to decline to disclose such information and shall promptly report the facts to the Committee for such action as the Committee may deem appropriate.

By unanimous vote, the Committee's Rules of Procedure were revised, effective February 1, 1973, to read as follows:

RULES OF PROCEDURE

SECTION 272.1 - AUTHORITY

This Part is issued by the Federal Open Market Committee (the "Committee") pursuant to the requirement of section 552 of Title 5 of the United States Code that every agency shall publish in the Federal Register its rules of procedure.

SECTION 272.2 - FUNCTIONS OF THE COMMITTEE

The procedures followed by the Committee are designed to facilitate the effective performance of the Committee's statutory functions with respect to the regulation and direction of open market operations conducted by the Federal Reserve Banks and with respect to certain direct transactions between the Reserve Banks and the United States. In determining the policies to be followed in such operations, the Committee considers information regarding business and credit conditions and domestic and international economic and financial developments, and other pertinent information gathered and submitted by its staff and the staffs of the Board of Governors of the Federal Reserve System (the "Board") and the Federal Reserve Banks. Against the background of such information, the Committee takes actions from time to time to regulate and direct the open market operations of the Reserve Banks. Such policy actions ordinarily are taken through the adoption and transmission to the Federal Reserve Banks of regulations, authorizations, and directives.

SECTION 272.3 - MEETINGS

(a) Place and frequency. - The Committee meets in Washington, D. C., at least four times each year and oftener if deemed necessary. Meetings are held upon the call of the Chairman of the Board or at the request of any three members of the Committee. Notices of calls by the Chairman of the Board to other members are given by the Secretary of the Committee in writing or by telegram. Requests of any three members for the calling of a meeting shall state the time therefor and shall be filed in writing or by telegram with the Secretary who shall forthwith notify all members of the Committee in writing or by telegram. When the Secretary has sent notices to all members of the Committee that a meeting has been requested by three members and of the time therefor, a meeting is deemed to have been called. If, in the judgment of the Chairman, circumstances require that a meeting be called at such short notice that one or more members cannot be present in Washington, such members may participate in the meeting by telephone conference arrangements.

(b) Alternates. - Whenever any member of the Committee representing Federal Reserve Banks shall find that he will be unable to attend a meeting of the Committee, he shall promptly notify his alternate and the Secretary of the Committee in writing or by telegram, and upon receipt of such notice the alternate shall advise the Secretary whether he will attend such meeting.

(c) Quorum. - Seven members (including alternates present and acting in the absence of members) constitute a quorum for the transaction of business; but less than a quorum may adjourn from time to time until a quorum is in attendance.

(d) Attendance at meetings. - Attendance at Committee meetings is restricted to members and alternate members of the Committee, the Presidents of Federal Reserve Banks who are not at the time members or alternates, staff officers of the Committee, the Manager and Special Manager, and such other advisers as the Committee may invite from time to time.

(e) Meeting agendas. - The Secretary, in consultation with the Chairman, prepares an agenda of matters to be discussed at each meeting and the Secretary transmits the agenda to the members of the Committee within a reasonable time in advance of such meeting. In general, the agendas include approval of minutes of actions and acceptance of memoranda of discussion for previous meetings; reports by the Manager and Special Manager on open market operations since the previous meeting, and ratification by the Committee of such operations; reports by Economists on, and Committee discussion of, the economic and financial situation and outlook; Committee discussion of monetary policy and action with respect thereto; and such other matters as may be considered necessary.

SECTION 272.4 - COMMITTEE ACTIONS

(a) Actions at meetings. - Actions are taken at meetings of the Committee except as described below.

(b) Actions between meetings. - Special circumstances may make it desirable in the public interest for Committee members to consider an action to modify an outstanding Committee authorization or directive at a time when it is not feasible to call a meeting. Whenever, in the judgment

of the Chairman, such circumstances have arisen, the relevant information and recommendations for action are transmitted to the members by the Secretary, and the members communicate their votes to the Secretary. If the action is approved by a majority of the members, advice to that effect is promptly given by the Secretary to the members of the Committee and to the Reserve Bank selected to execute transactions for the System Open Market Account. All communications of recommended actions and votes under this paragraph shall be in writing or by telegram; provided that, in exceptional cases when that is not feasible, such communications may be made orally, either in person or by telephone, and the Secretary shall cause a written record to be made without delay. An action taken between meetings has the force and effect of an action at a meeting; provided, however, that if a meeting is held before the execution of any operations pursuant to the action, the action is null and void unless it is ratified and confirmed by the Committee at such meeting.

(c) Delegations of authority. - In special circumstances, the Committee may delegate authority to take an action, subject to such instructions or guidelines as the Committee deems proper. Such delegations of authority may be made to the Chairman; to a subcommittee consisting of the Chairman and the Vice Chairman of the Committee and the Vice Chairman of the Board (or in the absence of the Chairman or of the Vice Chairman of the Board the members of the Board designated by the Chairman as alternates, and in the absence of the Vice Chairman of the Committee his alternate); or to any other member or members of the Committee. An action taken pursuant to such a delegation of authority has the force and effect of an action taken by the Committee.

(d) Effective date. - Committee action ordinarily is made effective as of the time it is taken because the nature of the subject matter and the action taken is such that the public interest and the proper discharge of the Committee's responsibilities so require. Occasionally, however, the Committee may specify that an action is to be effective at some different time.

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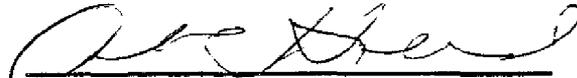
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SECTION 272.5 - NOTICE AND PUBLIC PROCEDURE

There ordinarily is no published notice of proposed action by the Committee or public procedure thereon, as described in section 553 of Title 5 of the United States Code, because such notice and procedure are impracticable, unnecessary, or contrary to the public interest.

It was agreed that the next meeting of the Federal Open Market Committee would be held on Tuesday, February 13, 1973, at 9:30 a.m.

The meeting adjourned.


Secretary