

Meeting of Federal Open Market Committee

April 20, 1976

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, April 20, 1976, at 9:00 a.m.

PRESENT: Mr. Burns, Chairman  
Mr. Volcker, Vice Chairman  
Mr. Balles  
Mr. Black  
Mr. Coldwell  
Mr. Gardner  
Mr. Holland<sup>1/</sup>  
Mr. Jackson  
Mr. Kimbrel  
Mr. Partee  
Mr. Wallich  
Mr. Winn

Messrs. Baughman, Guffey, Mayo, and Morris,  
Alternate Members of the Federal Open Market  
Committee

Messrs. Eastburn, MacLaury, and Roos, Presidents  
of the Federal Reserve Banks of Philadelphia,  
Minneapolis, and St. Louis, respectively

Mr. Broida, Secretary  
Mr. Altmann, Deputy Secretary  
Mr. Bernard, Assistant Secretary  
Mr. O'Connell, General Counsel  
Mr. Guy, Deputy General Counsel  
Mr. Axilrod, Economist (Domestic Finance)  
Mr. Gramley, Economist (Domestic Business)  
Messrs. Brandt, Hocter, Keran, Kichline,  
Parthemos, Reynolds, and Zeisel,  
Associate Economists

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<sup>1/</sup> Left meeting at point indicated.

Mr. Holmes, Manager, System Open Market Account  
Mr. Pardee, Deputy Manager for Foreign  
Operations  
Mr. Sternlight, Deputy Manager for Domestic  
Operations

Mr. Coyne, Assistant to the Board of Governors  
Mr. Keir, Adviser, Division of Research and  
Statistics, Board of Governors  
Mr. Gemmill, Adviser, Division of International  
Finance, Board of Governors  
Mrs. Farar, Economist, Open Market Secretariat,  
Board of Governors  
Miss Klaput, Secretary, Open Market Secretariat,  
Board of Governors

Messrs. Boehne, Doll, Eisenmenger, and Scheld,  
Senior Vice Presidents, Federal Reserve  
Banks of Philadelphia, Kansas City, Boston,  
and Chicago, respectively

Messrs. Balbach and Burns, Vice Presidents,  
Federal Reserve Banks of St. Louis and  
Dallas, respectively

Messrs. Fousek and Kareken, Economic Advisers,  
Federal Reserve Banks of New York and  
Minneapolis, respectively

Mr. Sandberg, Assistant Vice President, 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 March 15-16,  
1976, were approved.

By unanimous vote, System open market transactions in  
foreign currencies during the period March 16 through April 19,  
1976, were approved, ratified, and confirmed.

By unanimous vote, renewal for further periods of 3 months  
of System drawings on the National Bank of Belgium and the Swiss  
National Bank, maturing on May 6 and May 13, 1976, was authorized.

By unanimous vote, System open market transactions in Government securities, agency obligations, and bankers' acceptances, during the period March 16 through April 19, 1976, were approved, ratified, and confirmed.

Mr. Holland left the meeting prior to the following action.

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 domestic policy directive:

The information reviewed at this meeting suggests that growth in real output of goods and services picked up in the first quarter. In March retail sales rose sharply further and recovery in industrial production continued. Gains in non-farm employment were again widespread and the unemployment rate declined from 7.6 to 7.5 per cent. Over the first quarter wholesale prices of farm products, foods, and fuels declined appreciably, but average wholesale prices of other commodities rose almost as rapidly as during the second half of 1975. Over recent months, the advance in the index of average wage rates has moderated somewhat.

The average value of the dollar against leading foreign currencies has been relatively steady in recent weeks, while the British pound and the Italian lira have remained under considerable downward pressure. In February the U.S. foreign trade balance registered a second successive monthly deficit; reported net outflows of private capital remained moderate.

Monetary aggregates expanded moderately in March. At commercial banks, inflows of time and savings deposits other than negotiable CD's fell substantially from the exceptional pace of February; inflows to nonbank thrift institutions remained strong. Since mid-March, both short- and long-term market interest rates have declined.

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In light of the foregoing developments, it is the policy of the Federal Open Market Committee to foster financial conditions that will encourage continued economic recovery, while resisting inflationary pressures and contributing to a sustainable pattern of international transactions.

To implement this policy, while taking account of developments in domestic and international financial markets, the Committee seeks to achieve bank reserve and money market conditions consistent with moderate growth in monetary aggregates over the period ahead.

It was agreed that the next meeting of the Committee would be held on May 18, 1976.

The meeting adjourned.

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Secretary