

RECORDS SECTION
APR 10 1974
March 1, 1974
Arthur L. Broida

Board Members (individually addressed)

Arthur L. Broida

Attached for your information is a copy of a telegram being sent today to the President-Members of the FOMC. If you concur in the Chairman's recommendation, please indicate by initialing below and returning this memorandum to my office.

ALB:ck

DATE FILE

REC'D RECORDS SECTION

APR 10 1974

John C. ...

March 1, 1974

CONFIDENTIAL (FR)

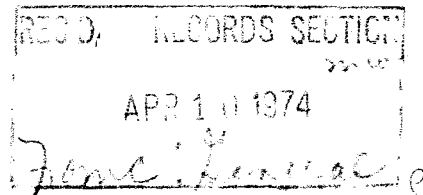
HAYES - NEW YORK
WINN - CLEVELAND
BLACK - RICHMOND
GOLDWELL - DALLAS
CLAY - KANSAS CITY

According to latest estimates, both M_1 and M_2 have grown in February at about a 14 per cent annual rate. For February-March period, M_1 growth is estimated at about a 10-1/2 per cent rate, 1 percentage point above upper limit established by Committee at February meeting, and growth in both RFD's and M_2 is estimated at a rate equal to their upper limits. In view of this behavior Desk would, in the absence of new instructions, have to become more restrictive in reserve-supplying operations, expecting weekly average funds rate to rise toward the upper limit of the range of tolerance--namely, 9-1/2 per cent. However, in light of the recent marked rise in the market interest rates and the highly sensitive state of financial markets, Chairman Burns recommends that the Manager be instructed to conduct reserve operations in a manner expected to be consistent with a Federal funds rate of about 9 per cent, for time being.

Please advise promptly whether you concur in Chairman's recommendation.

DATE *M* FILE ^{NOIDA}

ALB:ck



March 1, 1974

MORRIS - BOSTON
EASTBURN - PHILADELPHIA
KIMBREL - ATLANTA
MAYO - CHICAGO
FRANCIS - ST. LOUIS
MACLAURY - MINNEAPOLIS
BALLES - SAN FRANCISCO

For your information, the following wire was sent earlier today to FOMC members, including newly-elected President-members and in one case an alternate: "According to latest estimates, both M_1 and M_2 have grown in February at about a 14 per cent annual rate. For February-March period, M_1 growth is estimated at about a 10-1/2 per cent rate, 1 percentage point above upper limit established by Committee at February meeting, and growth in both RPD's and M_2 is estimated at a rate equal to their upper limits. In view of this behavior Desk would, in the absence of new instructions, have to become more restrictive in reserve-supplying operations, expecting weekly average funds rate to rise toward the upper limit of the range of tolerance--namely, 9-1/2 per cent. However, in light of the recent marked rise in the market interest rates and the highly sensitive state of financial markets, Chairman Burns recommends that the Manager be instructed to conduct reserve operations in a manner expected to be consistent with a Federal funds rate of about 9 per cent, for time being."

DATE ^{on} FILE

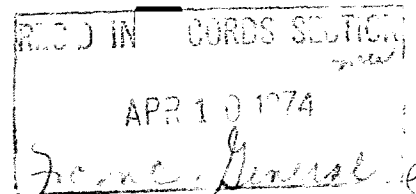
-2-

Replies were received today from a majority of members of FOMC indicating that they concur in Chairman Burns' recommendation. President Caldwell, replying as alternate for President Kimbrel, did not concur and Governor Brimmer was absent.

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ALB:ck

DATE FILE



March 1, 1 74

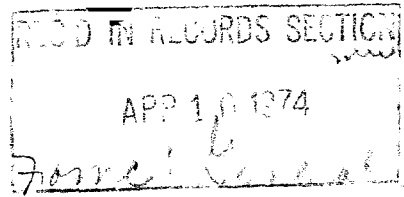
HOLMES - NEW YORK

Replies were received today from a majority of members of FOMC indicating that they concur in Chairman Burns' recommendation that the Manager be instructed to conduct reserve operations in a manner expected to be consistent with a Federal funds rate of about 9 per cent, for time being. President Coldwell, replying as alternate for President Kimbrel, did not concur and Governor Brimmer was absent.

BROIDA

ALB:ck

DATE FILE



March 1, 1974

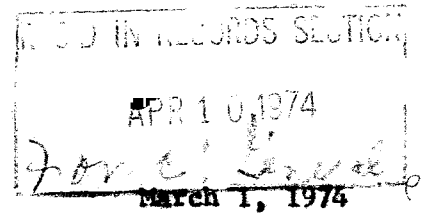
HAYES - NEW YORK
WINN - CLEVELAND
BLACK - RICHMOND
COLDWELL-- DALLAS
CLAY - KANSAS CITY

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BRGIDA

ALB:ck

DATE FILE



Chairman Burns

Arthur L. Broida

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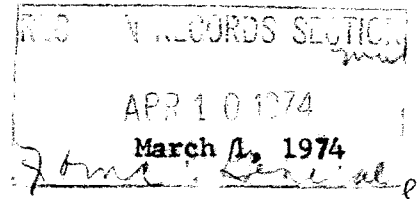
President Coldwell, replying as alternate for President Kimbrel, did not concur and Governor Brimmer was absent.

Presidents Hayes and Winn offered supplementary comments. Copies of their wires are attached.

Attachments

ALB:ck

DATE FILE



FOMC Records

Arthur L. Broida

The attached telegram was sent today to President Coldwell, as alternate for President Kimbrel, who was away from his Bank today. President Coldwell advised me by telephone that he did not concur in the Chairman's recommendation.

Attachment

ALB:ck

DATE *MB* FILE

FILED IN RECORDS SECTION
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March 1, 1974

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Arthur L. Broida

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President Caldwell, replying as alternate for President Kimbrel, did not concur and Governor Brimmer was absent.

cc:

Mr. Partee
Mr. Axilrod
Mr. Granley
Mr. Keir
Mr. Reynolds
Mr. Wendel
Mr. O'Connell
Mr. Coyne
Mr. Pierce
Mr. Bernard
Mr. Bryant
Mr. Melnicoff
Mr. Feldberg
Mr. Altmann

ALB:ck

DATE FILE