



-2-

The Chairman observed that he was accompanied to the meeting by Mr. Coombs. President Klasen was accompanied by Mr. Emminger; President Leutwiler came alone. The meeting was held on Saturday morning and lasted about 2-1/2 hours. The discussion was frank and friendly.

Among the conclusions reached was a negative one: no change would be made in the present policy of intervening only for the purpose of helping to maintain orderly exchange markets; in particular, no attempt would be made to peg exchange rates. In that connection, he (Chairman Burns) had even declined to discuss possible numerical targets for the levels of exchange rates in the short run.

The positive conclusions were as follows:

1. Henceforth, the three central banks would follow more concerted intervention policies than in the recent past, when at times they had operated somewhat at cross purposes. To assure coordination, there would be daily consultations among those responsible for market operations.

2. The three central banks would follow a more active intervention policy, operating on a larger scale than in the recent past. Operations would be undertaken only at times when the dollar was showing signs of weakness.

-3-

3. It was agreed that the three central banks would intervene forcefully on the following Monday (February 3) if the dollar showed weakness in the exchange markets.

4. On procedural matters, it was agreed that the group's conclusions would represent informal understandings and would not be reduced to writing, and that they would be subject to change on short notice. It was also agreed that no announcement of the meeting would be made, but that if questions were raised no effort would be made to evade them. In particular, it was understood that if inquiries were made of Chairman Burns, he would issue a brief statement. Such an inquiry was in fact received, and on Monday the Chairman issued the following statement:

"In my judgment, the dollar is basically a very strong currency. The Federal Reserve, together with other Central Banks, is intervening and will intervene, as needed, to maintain orderly exchange markets."