

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date October 21, 1976

To Board Members (individually addressed)

Subject: _____

From Arthur L. Broida *ALB*

CONFIDENTIAL (FR)
CLASS II FOMC

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

Attachment

T E L E G R A M

FEDERAL RESERVE COMMUNICATIONS SYSTEM

**BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON**

October 21, 1976

CONFIDENTIAL (FR)
CLASS II FOMC

VOLCKER - NEW YORK
BLACK - RICHMOND
KIMBREL - ATLANTA
WINN - CLEVELAND
BALLES - SAN FRANCISCO

As you will recall, it was consensus at Tuesday's FOMC meeting that the Desk should reduce its objective for Federal funds rate to about 4-7/8 per cent within a week, and to decide on objectives in subsequent weeks on basis of incoming data on aggregates. Data that have become available since meeting indicate surprisingly strong growth in latest weeks; for October-November period, M_1 and M_2 are now projected by Board staff to grow at rates of 9 and 12.5 per cent, at about upper limits of Committee's ranges. Accordingly, unless later data provide contrary indications, any reduction in funds rate target this week will have to be reversed next week.

Against this background, and in light of the unexpected spurt in the monetary aggregates, Chairman Burns recommends that Desk be instructed to continue to aim for a Federal funds rate of about 5 per cent during current week, and to decide on subsequent funds rate objectives, within 4-1/2 to 5-1/4 per cent range agreed upon by Committee, on basis of incoming data on aggregates.

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

BROIDA



T E L E G R A M

FEDERAL RESERVE COMMUNICATIONS SYSTEM

**BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON**

October 22, 1976

CONFIDENTIAL (FR)
CLASS II FOMC

VOLCKER - NEW YORK
TIMLEN - NEW YORK
BLACK - RICHMOND
KIMBREL - ATLANTA
WINN - CLEVELAND
MAYO - CHICAGO
BALLES - SAN FRANCISCO

Ten Committee members (with Messrs. Timlen and Mayo responding as alternates for Messrs. Volcker and Winn) concurred in Chairman Burns' recommendation with respect to the Federal funds rate set forth in my telegram of yesterday. Mr. Coldwell did not concur. Mr. Jackson, who is away from his office at present, has not yet responded.

BROIDA



T E L E G R A M

FEDERAL RESERVE COMMUNICATIONS SYSTEM

**BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON**

October 22, 1976

CONFIDENTIAL (FR)
CLASS II FOMC

MORRIS - BOSTON
EASTBURN - PHILADELPHIA
ROOS - ST. LOUIS
GUFFEY - KANSAS CITY
MACLAURY - MINNEAPOLIS
BAUGHMAN - DALLAS

For your information, the following wire was sent to the FOMC members late yesterday:

"As you will recall, it was consensus at Tuesday's FOMC meeting that the Desk should reduce its objective for Federal funds rate to about 4-7/8 per cent within a week, and to decide on objectives in subsequent weeks on basis of incoming data on aggregates. Data that have become available since meeting indicate surprisingly strong growth in latest weeks; for October-November period, M_1 and M_2 are now projected by Board staff to grow at rates of 9 and 12.5 per cent, at about upper limits of Committee's ranges. Accordingly, unless later data provide contrary indications, any reduction in funds rate target this week will have to be reversed next week.

T E L E G R A M

FEDERAL RESERVE COMMUNICATIONS SYSTEM

**BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON**

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"Against this background, and in light of the unexpected spurt in the monetary aggregates, Chairman Burns recommends that Desk be instructed to continue to aim for a Federal funds rate of about 5 per cent during current week, and to decide on subsequent funds rate objectives, within 4-1/2 to 5-1/4 per cent range agreed upon by Committee, on basis of incoming data on aggregates.

"Please advise promptly whether you concur in Chairman's recommendations."

Ten Committee members (with Messrs. Timlen and Mayo responding as alternates for Messrs. Volcker and Winn) concurred in Chairman Burns' recommendation. Mr. Coldwell did not concur. Mr. Jackson, who is away from his office at present, has not yet responded.

BROIDA



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OF THE
FEDERAL RESERVE SYSTEM

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Copies sent to:

Messrs: **Altmann**
Axilrod
Bernard
Coyne
Gramley
Keir
O'Connell
Reynolds
Struble
Mrs. Farar

T E L E G R A M

FEDERAL RESERVE COMMUNICATIONS SYSTEM

**BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON**

October 22, 1976

CONFIDENTIAL (FR)
CLASS II FOMC

HOLMES - NEW YORK
STERNLIGHT - NEW YORK

Eleven Committee members (with Messrs. Timlen and Mayo responding as alternatives for Messrs. Volcker and Winn) concurred in Chairman Burns' recommendation with respect to the Federal funds rate set forth in my telegram of yesterday. Mr. Coldwell did not concur.

BROIDA

OLB

T E L E G R A M

FEDERAL RESERVE COMMUNICATIONS SYSTEM

**BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON**

October 22, 1976

CONFIDENTIAL (FR)
CLASS II FOMC

TO: Presidents of all Reserve Banks

Final tally of responses to my wire of yesterday indicates that eleven FOMC members (including two alternates) concurred in Chairman's recommendation and one did not.

BROIDA

OJB

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

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Date October 22, 1976

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Subject: _____

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