

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

REC'D IN RECORDS SECTION

Date MAR 14 1978  
March 10, 1978

*Fome: For Cur Oper*

*General*

# Office Correspondence

To Board Members (individually addressed)

Subject: \_\_\_\_\_

From Arthur L. Broida *ALB*

STRICTLY CONFIDENTIAL (FR)  
CLASS I 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 return this memorandum to my office.

\_\_\_\_\_

Attachment

DATE

REC'D IN RECORDS SECTION  
MAR 14 1978  
*FOMC: For Cur Open*  
*General*

**T E L E G R A M**

FEDERAL RESERVE COMMUNICATIONS SYSTEM

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON

March 10, 1978

STRICTLY CONFIDENTIAL (FR)  
CLASS I FOMC

VOLCKER - NEW YORK  
EASTBURN - PHILADELPHIA  
KIMBREL - ATLANTA  
WILLES - MINNEAPOLIS  
WINN - CLEVELAND

Chairman Miller recommends that, as a part of cooperative effort between the United States and the Federal Republic of Germany, he be authorized to conduct negotiations and to conclude an agreement to increase the System's standby ("swap") agreement with the German Federal Bank by an amount up to \$2 billion. It would be understood first, that the additional facility would include terms and conditions with respect to loss-sharing, interest rates, repayment, and other provisions similar to those in the current \$2 billion arrangement with the German Federal Bank; second, that if swap drawings outstanding at the present date are funded or repaid, the availability of new drawings under the extended line will be reduced by a corresponding amount; and third, that in the course of discussions concerning this matter with the U.S. Treasury the System's interests will be stressed in (a) the continuation of active participation by the Treasury along with the Federal Reserve in any exchange market intervention in marks by the U.S. authorities, and (b) in providing for a possible Treasury take-out if it appears unlikely that the drawings can be funded or repaid by the System in a reasonable period.

Date

**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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In light of the foregoing, please advise promptly whether you vote to approve the delegation of authority to Chairman Miller to negotiate an increase in the System's swap arrangement with the German Federal Bank in an amount up to \$2 billion if he determines that the detailed arrangements with the German authorities and the U.S. Treasury are satisfactory; and whether you vote to approve a concurrent amendment to paragraph 2 of the authorization for System foreign currency operations to raise the amount specified there for the swap arrangement with the German Federal Bank correspondingly.

BROIDA



BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

# Office Correspondence

REC'D IN RECORDS SECTION  
MAR 14 1978  
March 10, 1978  
FOMC: For Carl [unclear]  
General

To Board Members (individually addressed)

Subject: \_\_\_\_\_

From Arthur L. Broida *ALS*

With respect to the wire sent earlier today concerning the German swap line, responses have been received from a majority of Committee members, all of which are favorable. Accordingly, the Chairman's recommendation has been approved.

DATE

REC'D IN RECORDS SECTION  
MAR 14 1978  
*Fomc: For Con by*  
*General*

**T E L E G R A M**

FEDERAL RESERVE COMMUNICATIONS SYSTEM

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
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March 10, 1978

STRICTLY CONFIDENTIAL (FR)  
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VOLCKER - NEW YORK  
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With respect to my wire today concerning the German swap line, responses have been received from a majority of Committee members, all of which are favorable. Accordingly, the Chairman's recommendation has been approved.

BROIDA

*Ans*

DATE