

FEDERAL RESERVE SYSTEM

# Office Correspondence

REC'D IN RECORDS SECTION

Date Dec 21 1978

To Board Members (individually addressed)

Subject: *James For Council*  
*Shoreland*

From Murray Altmann *M. A.*

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 recommendations, please indicate by initialing below and returning this memorandum to my office.

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Attachment

*Orig. filed as attachment  
to 12/19/78  
Altmann - James Records Date File*

FOR FOMC FILES  
S. Dalton

REC'D IN RECORDS SECTION  
DEC 21 1978  
*Fomic: For Com Op*  
*General*

**T E L E G R A M**  
FEDERAL RESERVE COMMUNICATIONS SYSTEM  
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON

December 14, 1978

STRICTLY CONFIDENTIAL (FR)  
CLASS I - FOMC

VOLCKER - NEW YORK  
EASTBURN - PHILADELPHIA  
WINN - CLEVELAND  
WILLES - MINNEAPOLIS  
BAUGHMAN - DALLAS

At its meeting of March 21, 1978, the Committee reaffirmed an earlier agreement with the Treasury under which the Federal Reserve would be prepared, if requested by the Treasury, to "warehouse" up to \$1-1/2 billion of eligible foreign currencies held by the Exchange Stabilization Fund (ESF), of which half would be for periods of up to 12 months and half for periods of up to 6 months. Tomorrow, the Treasury will receive payment of somewhat more than 1-1/2 billion dollars equivalent of German marks in its first issuance of securities denominated in foreign currencies. The Treasury has requested that the agreement be broadened to provide for warehousing of currencies held directly by the Treasury as well as by the ESF and that the amount be raised to \$1-3/4 billion at this time.

Chairman Miller recommends that paragraph 1A of the authorization for foreign currency operations be amended to provide for foreign currency transactions with the U.S. Treasury as well

*Original filed as attachment  
to 12/14/78 memo from  
Altman to Fomic Recs as Date file*

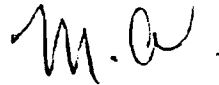
FOR FOMC FILES  
S. Eshen

-2-

as ". . . with the U.S. Exchange Stabilization Fund. . . , with foreign monetary authorities, and with other international financial institutions." He also recommends that the Committee agree to warehouse up to \$1-3/4 billion of eligible foreign currencies. A further increase in the limit and possibly other modifications in the agreement with the Treasury will be discussed at the meeting of the Committee next Tuesday.

Please advise promptly whether you vote to approve the Chairman's recommendations.

ALTMANN

A handwritten signature in cursive script, appearing to be "M.A.", written in black ink.

FOR FOMC FILES  
J. L. Allen

T E L E G R A M

FEDERAL RESERVE COMMUNICATIONS SYSTEM

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON

REC'D IN RECORDS SECTION  
DEC 21 1978  
*Em. For C. 17.*  
*General*

December 14, 1978

STRICTLY CONFIDENTIAL (FR)  
CLASS I - FOMC

- MORRIS - BOSTON
- BLACK - RICHMOND
- KIMBREL - ATLANTA
- MAYO - CHICAGO
- ROOS - ST. LOUIS
- GUFFEY - KANSAS CITY
- BALLES - SAN FRANCISCO

For your information, the following message was sent to FOMC members today.

"At its meeting of March 21, 1978, the Committee reaffirmed an earlier agreement with the Treasury under which the Federal Reserve would be prepared, if requested by the Treasury, to "warehouse" up to \$1-1/2 billion of eligible foreign currencies held by the Exchange Stabilization Fund (ESF), of which half would be for periods of up to 12 months and half for periods of up to 6 months. Tomorrow, the Treasury will receive payment of somewhat more than 1-1/2 billion dollars equivalent of German marks in its first issuance of securities denominated in foreign currencies. The Treasury has requested that the agreement be broadened to provide for warehousing of currencies held directly by the Treasury as well as by the ESF and that the amount be raised to \$1-3/4 billion at this time.

*to 12/14/78 memo of [unclear]  
attached - to [unclear] [unclear] [unclear]*

FOR FOMC FILES  
8 5 78

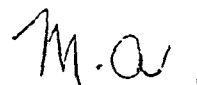
-2-

"Chairman Miller recommends that paragraph 1A of the authorization for foreign currency operations be amended to provide for foreign currency transactions with the U.S. Treasury as well as ". . . with the U.S. Exchange Stabilization Fund. . . , with foreign monetary authorities, and with other international financial institutions." He also recommends that the Committee agree to warehouse up to \$1-3/4 billion of eligible foreign currencies. A further increase in the limit and possibly other modifications in the agreement with the Treasury will be discussed at the meeting of the Committee next Tuesday.

"Please advise promptly whether you vote to approve the Chairman's recommendations."

All Committee members have voted to approve the recommendations.

ALTMANN

A handwritten signature in dark ink, appearing to be the initials 'M.A.' followed by a period.

FOR FOMC FILES

FEDERAL RESERVE SYSTEM

FILED IN RECORDS SECTION	
Date:	December 11 1978
<i>File. For Audit</i> <i>[Signature]</i>	

# Office Correspondence

To Board Staff (see attached list)  
 From Murray Altmann *M. A.*

Subject: *File. For Audit*  
*[Signature]*

STRICTLY CONFIDENTIAL (FR)  
CLASS I - FOMC

For your information, the following message was sent to FOMC members today.

"At its meeting of March 21, 1978, the Committee reaffirmed an earlier agreement with the Treasury under which the Federal Reserve would be prepared, if requested by the Treasury, to "warehouse" up to \$1-1/2 billion of eligible foreign currencies held by the Exchange Stabilization Fund (ESF), of which half would be for periods of up to 12 months and half for periods of up to 6 months. Tomorrow, the Treasury will receive payment of somewhat more than 1-1/2 billion dollars equivalent of German marks in its first issuance of securities denominated in foreign currencies. The Treasury has requested that the agreement be broadened to provide for warehousing of currencies held directly by the Treasury as well as by the ESF and that the amount be raised to \$1-3/4 billion at this time.

"Chairman Miller recommends that paragraph 1A of the authorization for foreign currency operations be amended to provide for foreign currency transactions with the U.S. Treasury as well

*Original filed as attch a - 11  
 at 12/11/78 in Murray Altmann  
 Altmann to Gene Records*

FOMC FILES  
 & Cotton

*Date File*

as ". . . with the U.S. Exchange Stabilization Fund. . ., with foreign monetary authorities, and with other international financial institutions." He also recommends that the Committee agree to warehouse up to \$1-3/4 billion of eligible foreign currencies. A further increase in the limit and possibly other modifications in the agreement with the Treasury will be discussed at the meeting of the Committee next Tuesday.

"Please advise promptly whether you vote to approve the Chairman's recommendations."

All Committee members have voted to approve the recommendations.

Mr. Axilrod  
Mr. Bernard  
Mr. Coyne  
Mr. Kichline  
Mr. Ettin  
Mr. Keir  
Mr. O'Connell  
Mr. Truman  
Ms. Farar

FOR FOMC FILES  
S. Dutton

OF THE  
FEDERAL RESERVE SYSTEM

# Office Correspondence

REC'D IN RECORDS SECTION  
Date: Dec 21, 1978  
From: Joe C. ...  
Re: ...

To Board Members (individually addressed)

Subject:

From Murray Altmann *M A.*

STRICTLY CONFIDENTIAL (FR)  
CLASS I - FOMC

All Committee members have voted to approve the recommendations, described in my message earlier today, to amend the authorization for foreign currency operations to provide for foreign currency transactions directly with the Treasury and to raise to \$1-3/4 billion the amount of eligible foreign currencies that the Federal Reserve would be prepared to warehouse for the Treasury.

*Original filed as attached to 12/14/78 memo from Alt. to FOMC Members*

*Date file*

FOR FOMC FILES



TELEGRAM

FEDERAL RESERVE COMMUNICATIONS SYSTEM

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON

REC'D IN RECORDS SECTION  
DEC 21 1978  
*Some. For Cur. Office*  
*General*

December 14, 1978

STRICTLY CONFIDENTIAL (FR)  
CLASS I - FOMC

- VOLCKER - NEW YORK
- EASTBURN - PHILADELPHIA
- WINN - CLEVELAND
- WILLES - MINNEAPOLIS
- BAUGHMAN - DALLAS

All Committee members have voted to approve the recommendations, described in my message earlier today, to amend the authorization for foreign currency operations to provide for foreign currency transactions directly with the Treasury and to raise to \$1-3/4 billion the amount of eligible foreign currencies that the Federal Reserve would be prepared to warehouse for the Treasury.

ALTMANN

*M-CJ*

*Page 10 filed as attachment to 12/14/78 memo from altman to FOMC Records Date File*

FOR FOMC FILES  
S. Helton

TELEGRAM

FEDERAL RESERVE COMMUNICATIONS SYSTEM

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON

RECD IN RECORDS SECTION  
DEC 21 1978  
*For Cur. Op.*  
*General*

December 14, 1978

STRICTLY CONFIDENTIAL (FR)  
CLASS I - FOMC

HOLMES - NEW YORK  
PARDEE - NEW YORK

All Committee members have voted to approve the recommendations, described in my message earlier today, to amend the authorization for foreign currency operations to provide for foreign currency transactions directly with the Treasury and to raise to \$1-3/4 billion the amount of eligible foreign currencies that the Federal Reserve would be prepared to warehouse for the Treasury.

ALTMANN

*M. A.*

*Original filed as attach. to R/14/78 memo from Altman to FOMC Records*

*Not file*

FOMC FILES