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Central File

THE PRESIDENT HAS SEEN....

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20506

September 21, 1974

MR

MEMORANDUM FOR THE PRESIDENT

Subject: Monetary and Financial Conditions, September 20, 1974

Any reasonable interpretation of Federal Reserve policy suggests that it is based on the sound conception that the growth of the money aggregates should be kept well below the rates which would accommodate the present rate of price inflation along with a growth of output. For the 52-week period ending on September 12 the money supply including time deposits in the commercial bank but excluding large Certificates of Deposits (the money supply defined as M_2) grew by 8.3 percent; in the same interval the money supply excluding time deposits (M_1) grew by 5.5 percent. For shorter recent periods these growth rates were much smaller at an annual rate, but the Fed has no means of regulating the money supply for short intervals with any degree of precision. Some short-term interest rates declined substantially last week.

William J. Fellner

William J. Fellner
Member



Alan Greenspan
Chairman

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September 21, 1974

NR 7

MEMORANDUM FOR THE PRESIDENT

Subject: International Financial Developments

The value of the dollar declined slightly this week relative to major world currencies largely in reflection of some easing of interest rates in the United States.

The markets were quiet and orderly but the underlying nervousness created by the collapse of four relatively small German banks over the past two months, and by reports of large losses suffered by several major international banks persisted, keeping down the volume of trading in the world's foreign exchange markets.

William J. Fellner

William J. Fellner
Member

Alan Greenspan

Alan Greenspan
Chairman