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REC'D IN RECORDS SECTION

JUL -2 1968

March 21, 1968.

TO: Board of Governors

SUBJECT:

Treatment of absent members in recording votes in policy

FROM: Office of the Secretary

records

At the Board meeting on March 18, 1968, in connection with discussion of the draft record of Board policy actions for 1967, there was further discussion of the manner in which votes are currently indicated in the policy records of the Board and Federal Open Market Committee. It was noted that present procedures, in which an absent member's name is omitted from the lists of those voting for and against an action, might suggest to some readers of the record that the absent member had been present but had abstained from voting on the action. (Actual abstentions have, of course, always been recorded, but they have been rare.)

The staff was asked to suggest some means for removing this source of possible misunderstanding. Specifically, the staff was asked to consider whether there would be any problems in adding a category for members "Absent and not voting," such as is now used in recording votes on Board orders under the Bank Merger and Holding Company Acts.

In considering this question, the staff has assumed that the Board wishes to continue the present practice of limiting the list of those voting on an action to the members who are physically present (or on the telephone hook-up, in an FOMC telephone conference meeting) at the time the vote is taken. It has also been assumed that any new procedures would be adopted effective with the policy records for 1968.

In the staff's judgment, the addition of a category for members "Absent and not voting," where relevant, would pose no particular problems in the Board's policy record. Nor would it ordinarily pose a problem for Board-members of the FOMC in the Committee's policy record. A question arises, however, with respect to the treatment of absent President-members of the FOMC, since their alternates normally vote in their place.

To illustrate one possible procedure, assume that (a)

Messrs. Robertson, Hayes, and Kimbrel are absent at an FOMC meeting;

(2) Mr. Treiber is serving as alternate for Mr. Hayes, but Mr. Coldwell

(Mr. Kimbrel's alternate) is also absent; and (3) Mr. Mitchell abstains

on the vote in question, but other members vote favorably. The vote

might then be recorded as follows:

Votes for this action: Messrs. Martin, Brimmer, Daane, Ellis, Galusha, Hickman, Maisel, Sherrill, and Treiber. Votes against this action: None. Present but not voting: Mr. Mitchell.

Absent and not voting: Mr. Robertson, Mr. Hayes (Mr. Treiber voted as his alternate), and Mr. Kimbrel.

As indicated, the procedure would call for a second paragraph listing absent members of the Committee and indicating parenthetically, where appropriate, the alternate who voted in place of the absent member. The purpose of placing this information in a separate paragraph would be to preserve an unencumbered first paragraph specifying the position taken on the question by each voter, in a form like

that now used. (There would seem to be no need for paragraphing in the Board's policy record.)

A rather different type of problem is illustrated by the tentative treatment of absent FOMC members on page 10 of the revised draft policy record entry for the Committee meeting of January 9, 1968, distributed under date of March 20. On occasion, when Committee members find it necessary to enter a meeting late or leave early, there are differences in the lists of members voting in different actions taken at the meeting. It might be confusing in such cases to record a member as voting on one action and simply as "absent and not voting" on another. It would seem better to indicate that the member was "Absent at this point in meeting and not voting," as shown in the January 9 entry.