

TRANSCRIPT

FEDERAL OPEN MARKET COMMITTEE CONFERENCE CALL

October 15, 1993

Prefatory Note

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**FEDERAL OPEN MARKET COMMITTEE  
CONFERENCE CALL  
October 15, 1993**

**PRESENT:** Mr. Greenspan, Chairman  
Mr. McDonough, Vice Chairman  
Mr. Angell  
Mr. Boehne  
Mr. Keehn  
Mr. LaWare  
Mr. Lindsey  
Mr. McTeer  
Mr. Stern

Messrs. Broaddus, Jordan, and Parry, Alternate Members of  
the Federal Open Market Committee

Messrs. Hoenig, Melzer, and Syron, Presidents of the Federal Reserve Banks of  
Kansas City, St. Louis, and Boston respectively

Mr. Kohn, Secretary and Economist  
Mr. Bernard, Deputy Secretary  
Mr. Coyne, Assistant Secretary  
Mr. Mattingly, General Counsel

Staff attendance at this meeting was not recorded in the Committee's files. The above attendance, which is incomplete, lists staff who spoke during this conference call.

Transcript of Federal Open Market Committee Conference Call  
October 15, 1993

CHAIRMAN GREENSPAN. Good afternoon, everyone. The subject of this discussion is the extravaganza we're all going to participate in on Tuesday. I gather at the moment that we have six Governors and how many Presidents who will appear?

SPEAKER(?). Ten.

CHAIRMAN GREENSPAN. Ten. So, it's going to be rather large. What I want to do is to go over a number of points, and I'd like to get a sense of where the Committee is on some of these questions because [my testimony] this past Wednesday, in a technical sense, went very well. That is, I was successful as best I can judge in fending off criticisms. The arguments on the other side were, frankly, quite weak. In a debating society it would have been the Fed 1, House of Representatives 0. The trouble, unfortunately, is that I walked away from that meeting [feeling] very uncomfortable. I was uncomfortable because I sensed a certain very peculiar view, and not only amongst those who have historically been concerned about the Federal Reserve as an elite, secretive temple of monetary manipulation but also from a number of people who have generally been very supportive of the Federal Reserve or were somewhat uncertain. Jim Leach, of course, was the one who concerned me the most because his view is that there will be some markup of some form on some legislation. And one gets the impression that the presumption we might have that the logic of the case is very clearly on our side and that, therefore, we will win is a non sequitur in government. I don't know how the issues will emerge on Tuesday, but what I do want to do is to suggest to you a few of the problems that are likely to occur and get some guidance on how, at least from the point of view of the FOMC as a whole, I particularly should be responding and [how] those who are related to this issue should respond. The main problem that we have, as I think most if not all of you know by now, is that fairly recently [we became aware that] we have raw, unedited transcripts going back--what is it--10 years?

MR. BERNARD. Since 1976.

CHAIRMAN GREENSPAN. That's 10+ years. These transcripts are made in conjunction with [the preparation of] the minutes and essentially are not transcripts for the purpose of publication. They are transcripts which probably have a lot of mistakes in them; they are transcripts in which individuals are misinterpreted because a secretary who might have been transcribing did not understand what it was the person was saying. And they are clearly wholly inappropriate things to make available. One can make that argument and assume that it would be sustainable in the courts. The trouble, unfortunately, is that we do not have that capability because, as the Department of Justice has just very recently indicated, in these areas where the security of a particular agency is not at stake, unlike past practice, the Department of Justice would not under the Freedom of Information Act be on our side in the court to protect these particular transcripts and prevent [their release]. We do not have the capability legally to do [so] on our own under the [law]. Under the Freedom of Information Act, as I understand it, the Department of Justice is the sole means by which those particular cases are adjudicated.

So the interesting question that we have is how we handle the problem that will inevitably emerge. I think we can [engage in] some wishful thinking that it might not emerge on Tuesday, and there is a possibility it might not. I wouldn't bank on it. But if it doesn't happen on Tuesday, at some point it's going to become an issue. I think we have to have a particular strategy here which delimits the problems that could emerge. I think we were on very safe ground earlier this year when we discussed this issue at great length [when] the presumed threats to the Federal Reserve System were clearly far less. I can't say to the Committee at this particular point that I am anywhere near as confident as I would have been six or nine months ago that we are not at risk for certain changes. The basic problem that I sensed in the Wednesday meeting was that even though I would give what I thought were conclusive answers, I never got the impression that it made any difference. For example, there was Toby Roth out there, a Republican, who was saying that we don't publish our budget. I pick up a blue [document, a] budget of 66 pages and I look through it and I say: "This is the most detailed budget of expenses I have seen of a federal agency." Did Toby Roth say to me "Oh, I didn't know [about] that. May I take a look at it?" He went on as though I had not made a single remark. What we are confronted with here is a very peculiar degree of nonrationality. It's not irrational; it's nonrational. And I'm very much concerned that in the areas where it really matters to us we can become very vulnerable if we mishandle how we respond to this particular problem that we have with respect to these transcripts. Virgil Mattingly's view, and I hope I get you correctly on this, Virgil, is that the chances of our being able to withhold materials which are more than three years old, for example--assuming that we can argue with some directness that three years is crucial to maintain the integrity of the deliberations--[are slim]. The real issue is: What is it that we can bring forth, not as arguments--. We can bring forth lots of arguments as to why these should be withheld. Indeed, we could say they should be withheld under the law; and up until the most recent shift in the position of the Department of Justice, that was the position that I thought, on the basis of Virgil's views, gave us full protection. I don't want to speak for Virgil at this stage, and maybe he ought to speak for himself. We'll just take a minute [for you] to give us your view of what is really a fundamental change in the position we're going to have relative to this because of the Department of Justice's switch.

MR. MATTINGLY. Mr. Chairman, I think you have it just about right. The position prior to last week in the government was that these kinds of materials--transcripts that reflect deliberations of an agency--were exempt from disclosure. They were privileged and need not be disclosed to the public. Last week the Department of Justice and the President changed the government-wide policy. Under the prior policy, the Justice Department would defend an agency's decision not to release those kinds of materials, if the non-release was authorized by law. And, of course, the Freedom of Information Act does specifically authorize non-release of deliberative materials. Last week the Justice Department and the President said that is no longer the policy of the country; we want to have a presumption in favor of disclosure. And in the event an agency denies the public access to materials, we will review that on a case-by-case basis and make a determination whether the release would harm the agencies. That is the new policy.

So in order to prevail, you would have to show that the release of the information would somehow harm the agency or harm a public or private entity. We've talked to the Department of Justice, and the new policy is aimed specifically at Exemption 5. The Justice Department's view is that agencies in this town have placed too much reliance on Exemption 5, which is the exemption for deliberative materials. They've used it too much, and they've used it inappropriately; and that is exactly what this new policy is aimed at. We asked them informally what their view would be regarding materials that we had that were notes and so forth that were used in the preparation of minutes. They indicated that certainly with respect to meetings where the persons who attended the meeting were no longer at the agency, or where the issues were no longer in front of the agency, they felt the agency would have a very difficult time persuading them that those materials should be kept confidential. That is the state of the policy as far as I understand it. The policy was just changed last week.

CHAIRMAN GREENSPAN. There are arguments against the release of the transcripts over and above this in the sense that transcripts that are raw material are effectively hearsay. That is, they are transcriptions of a third party of what went on in a meeting, and there is no technical means to know whether or not those transcripts are accurate or not.

MR. ANGELL. Whereas minutes that have been presented and voted on thereby have the consent of all the parties.

CHAIRMAN GREENSPAN. Exactly, [as are] edited transcripts in which the parties who do the editing are essentially signing off that those transcripts are accurate. Now, I don't know--and I've asked Virgil--what standing that might have here, if any.

MR. MATTINGLY. Well, I think this exemption that I'm talking about is designed to protect those kinds of materials also--drafts of documents and things like that that are prepared in the course of decisionmaking. My understanding is that the Department's view is that the policy that I've outlined would be applied to those materials as well as to [transcripts].

CHAIRMAN GREENSPAN. The only thing we could suggest in that context is that we lightly edit [these transcripts] in the form in which one would do so for a congressional transcript and try where possible to be authoritative. But we can never guarantee that because we do not know effectively what a person may or may not have said. We would be surmising what an individual said.

MR. ANGELL. Let me ask a question about the members present. I don't know, has Ed Boehne been a member of the FOMC the longest? Well, whoever it was, would that mean then that we wouldn't have to release [raw transcripts] as long as--. So it would really go back beyond his time?

MR. MATTINGLY. Well, we have transcripts back to '76.

CHAIRMAN GREENSPAN. No, no, that's not the question. You stipulated that [it would be difficult to withhold] a particular transcript if the people who were there were no longer here and--

MR. MATTINGLY. Or the issue was no longer in front of the agency. This is just the informal advice--

CHAIRMAN GREENSPAN. Well, but then reverse that. Does that mean that any transcript in which a member who participated is still around is enough to control? That's the question that Governor Angell is asking.

MR. MATTINGLY. No, I don't think so. No, I think that we would--

MR. ANGELL. That's my question.

MR. MATTINGLY. No, I don't think so, Governor. I think we would have to go to the Justice Department. This all presumes that someone asks for the transcript, we turn it down, and there's a lawsuit.

CHAIRMAN GREENSPAN. Let's stipulate that that will occur. It is utter naivete to believe that with this change at the Justice Department this issue will not arise. It may not arise on Tuesday but if we have any presumption that it's never going to arise, we're smoking something.

MR. MATTINGLY. If that arises, then the decision on the release of those documents is effectively taken from the FOMC and given into the hands of the Attorney General. And what they have said is that this agency would have to prove to them that the release would harm this agency. I think we could make a fairly respectable argument that certainly transcripts for the period of the last year, two years, three years, would have that effect.

MR. ANGELL. But not five or six?

MR. MATTINGLY. I don't know. We can try to make the best argument that we can.

MR. ANGELL. Do we have a better chance of winning if we are not too ambitious?

MR. MATTINGLY. Absolutely. I think the Justice Department would think it was very reasonable for this agency to make the cut at three or four or five years, and say that anything older than that should be released.

MR. ANGELL. So there might be an advantage for us to have a strategy of getting on board and doing it before someone compels us to do it.

MR. MATTINGLY. That would be a very good argument. Now I want to add a footnote--

CHAIRMAN GREENSPAN. No, let me--

MR. MATTINGLY. May I add footnote, Mr. Chairman?

CHAIRMAN GREENSPAN. Sure, go ahead.

MR. MATTINGLY. When I say "release of the transcript," there are materials in that transcript that we could withhold because they would damage private corporations, for example, or would damage the ability of this agency to obtain information in the future. One example is central bank information. I think we could make a very good argument that names of specific companies and that kind of thing can be redacted because we can show harm there.

CHAIRMAN GREENSPAN. Irrespective of how far back?

MR. MATTINGLY. Exactly. But we all know that the bulk of the transcript basically is going to be debate back and forth--[that is], of a deliberative nature. And that material, I think, would be subject to this new rule.

MR. MELZER. Alan, Tom Melzer. Could I ask a quick question? I can understand why the Justice Department would defend this [type of case] for a full-fledged government agency but would this also apply to quasi-independent agencies? What is the status of [the FOMC]? Of course, this doesn't necessarily help us in the context that is coming up, but the FOMC itself is a different type of animal. But in any case, my initial question was: Would we be prohibited from defending ourselves as an independent government agency or however you would characterize it?

MR. MATTINGLY. That's correct. The FOMC has taken the position, and the Supreme Court has agreed with it, that the FOMC-- whose records these are--is an agency subject to the Freedom of Information Act. And that places the defense of this [type of] lawsuit squarely with the Justice Department. In fact, they have defended the FOMC. The Merrill case, the Melcher case, and the Riegler case all were cases against the FOMC.

MR. MELZER. And sometimes we had options--. Well, I don't know about the Merrill case, but I know on Melcher we debated whether or not we wanted them representing us and there were--

MR. MATTINGLY. The Melcher case was against each individual [Reserve Bank] President.

MR. MELZER. Yes.

MR. MATTINGLY. Whereas the Merrill Case was against the FOMC as an agency.

MR. MELZER. I just wanted to confirm that there's no room on that score.

MR. MATTINGLY. I don't think so.

CHAIRMAN GREENSPAN. Well, Tom, I think the difference here is FOIA versus other types of litigation. As I understand it, individually in non-FOIA cases [we do] not have to use the Justice Department. Is that correct?

MR. MATTINGLY. The Reserve Banks can defend themselves. A lawsuit against the Reserve Banks is defensible by the Reserve Banks themselves, not by the Justice Department. In a lawsuit against the

Federal Reserve Board, the Justice Department has the right to defend the Board. Most of the time they let the Board defend itself, but the final judgment is--

CHAIRMAN GREENSPAN. That is not true in FOIA.

MR. MATTINGLY. In FOIA it's the Justice Department.

CHAIRMAN GREENSPAN. So, Tom, that's the thing that has got us here. In other words, it's not as though we could defend ourselves; we do not have that capability under the statute.

MR. MELZER. Yes, I just wanted to doubly confirm that. I understand.

MR. ANGELL. [What] if we were open to doing our own determinations of releasing what we know to be already edited notes? That is, as I understand it, in the transcripts if you took the Lord's name in vain it's not in there; and if you used some other swear word it is in there. So they are edited, are they not?

MR. MATTINGLY. You'd have to ask Mr. Kohn.

CHAIRMAN GREENSPAN. You are using an arcane piece of information; I think people are aware of what you're talking about.

MR. ANGELL. Well, what I'm saying is that Henry Wallich is dead. If we act too quickly, is this kind of a disregard for [him] in some sense? We would be releasing something that he might have said [but maybe] he didn't say it that way or it was interpreted incorrectly. What responsibilities do we have to individuals as well as to the public?

CHAIRMAN GREENSPAN. I think that's the crucial question because we can't argue that it's a policy question that inhibits the functioning of the FOMC, but we can argue--and should--that there are individual rights out there which are being infringed upon. Now, whether or not that carries any legal water, if I may put it that way, I haven't a clue.

MR. ANGELL. Does it?

MR. MATTINGLY. Unfortunately, the decision is the Justice Department's. That would be one of the arguments that we would strongly urge if the Committee decided not to release this information.

MR. ANGELL. But on the one hand we might gain strategic advantage by saying ourselves that we're going to release everything up to five years ago.

MR. MATTINGLY. Correct.

MR. ANGELL. And we might think by doing that that the Justice Department might think we're reasonable. But on the other hand, doing that may show a kind of disdain for individual rights, which is bothersome.



MR. MATTINGLY. Well, I don't know what the Justice Department would say, but my suspicion is that they would probably say that we are fully able to put a disclaimer on those transcripts saying that they are rough and unedited and they may or may not reflect what the person actually said.

CHAIRMAN GREENSPAN. You know, that's like taking the National Enquirer and putting that on the front of it. [Laughter]

MR. ANGELL. And every newspaper that quoted it would run the full disclosure as the lead!

CHAIRMAN GREENSPAN. Let me ask you this. This is not a pejorative thing; it's a real question. Do we wish to put ourselves into the hands of the Justice Department on this question and say we would leave the decision up to the Justice Department as to whether or not in their view, with modest editing of the transcripts in the way they're usually edited, those are appropriate things to release or are they in violation of the rights of individuals who have no redress?

MR. KEEHN. Alan, this is Si Keehn. Could Virgil list the alternatives on that question?

MR. MATTINGLY. I think that if you got a request and you offered to make an edited transcript available, that would probably satisfy the requester and it would be deemed to be reasonable. If you wanted to withhold the document on the grounds that you're unable to edit it--you're unable to verify whether what was transcribed accurately reflects what the individual said--that would be the argument that we would use with the Justice Department. But their response would probably be that they can understand that for transcripts of recent meetings--whatever recent means--but why would anyone care for a meeting that was 20 years old, for example? Or the late ['70s] meetings--

MR. LINDSEY. Because the person spoke on the assumption that what he was saying was confidential.

MR. MATTINGLY. Well, when the person spoke, the person knew that that meeting was being transcribed.

MR. KOHN. No, no he didn't.

MR. MATTINGLY. Well, in 1977 Chairman Burns testified that it was the policy of the Committee to record those meetings.

MR. KOHN. But then to [record] over the recordings. I don't think most people around this table or out among the Presidents knew until recently that these transcripts existed and that they were kept.

MR. KEEHN. I was just going to raise that point. You may remember that in Gonzalez's letter to the Presidents, the number two question is to answer the question of whether we keep notes or are aware of notes being kept by others. Until 10 minutes ago I had no awareness that we did have these detailed transcripts. In fact, in my [draft] testimony I very specifically say that I do not keep notes and I have no direct knowledge of notes that others may take. I guess I'd ask Virgil: Do I now have direct knowledge of other notes?

MR. MATTINGLY. Yes.

MR. ANGELL. You should change that to "had."

MR. MATTINGLY. The way to answer that is--

MR. KEEHN. [Unintelligible] Tuesday, I wonder how we ought to handle that question to try to deal with it.

MR. MATTINGLY. The way that some of the Governors are answering that question is to say that the Chairman will describe the records that are maintained by the Secretariat.

MR. BOEHNE. Let me just [say], since I may be one of the few people who was around when the Memorandum [of Discussion] was still being done and when the change was made, that to the very best of my recollection I don't believe that Chairman Burns or his successors ever indicated to the Committee as a group that these written transcripts were being kept. What Chairman Burns did indicate at the time when the Memorandum was discontinued was that the meeting was being recorded and the recording was done for the purpose of preparing what we now call the minutes but that it would be recorded over at subsequent meetings. So there was never any indication that there would be a permanent, written record of a transcript nature. And I think that--

MR. MATTINGLY. That accurately describes what Chairman Burns told the Congress.

MR. BOEHNE. So I think most people in the subsequent years proceeded on that notion that there was not a written transcript in existence. And I suspect that many people on this conference call may have acquired this knowledge at about the same time that Si Keehn did. Wayne made the point: The rules, as it has turned out, are different from what people have proceeded on for roughly the last 15 years. Now, whether or not that would have made a difference in terms of what people said, who knows? But the point is that this is essentially "new news" and at least violates, I think, what was common knowledge or what was thought to be common knowledge by the Committee as to how we were proceeding in the post-Memorandum days.

CHAIRMAN GREENSPAN. Well, let me just say that I first became aware that there were transcripts about a year or so ago. I must tell you, I learned about them in a sort of indirect way at the time and my presumption was that it was common knowledge; I did not become aware that it was not common knowledge until very recently.

MR. ANGELL. I think I learned about it much earlier than that and pondered the question. I thought immediately, when I knew of it, that there was a very significant risk that this would be a problem in the future. But it also seemed to me that to change the procedures would also be a significant risk.

MR. SYRON. Mr. Chairman, this is Dick Syron. I think we have two separable issues here. One issue, as Wayne said, is that it would have been problematical to change this. But as Ed Boehne said, I think very few of us knew that this was going on. But that has to do with what we said during a period in which we did not believe the

rules were that we might have to disclose something. On the other hand, going forward--and this is what makes it awkward--as Don Winn's memo indicates, we are on the record indicating that we would be comfortable--we've testified and supported legislation several times-- [releasing] something that had the redaction of individual names or foreign countries and a time lag period that is similar to what Virgil indicates the Justice Department might be willing to defend us on. So even [though] we didn't have knowledge that precise transcripts were being kept, we're still in a very difficult position--unless we want to say: Well, gee, our individual rights were frustrated in the last several years--[in terms] of how we go forward with this, given that earlier testimony.

MR. LINDSEY. Isn't that prospective?

MR. SYRON. That's prospective.

MR. KOHN. Yes.

MR. LINDSEY. Right, it's prospective from the time when that law was changed. That would be the case.

MR. KOHN. And it was a Memorandum of Discussion, not a transcript; and the Memoranda of Discussion were edited pretty thoroughly.

MR. SYRON. That's a fair point.

MR. MATTINGLY. Well, in 1979 the Board agreed that it would support an edited transcript. They didn't object to that, as long as it was edited in the fashion of the Congressional Record.

MR. SYRON. Well, if we supported that in the past, we might want to take that into consideration as an alternative approach to yielding pure transcripts from the past--if that would seem to be a reasonable approach to those who have asked or potentially would ask for this information in the Congress.

MR. ANGELL. Dick, of course, one of the problems is that you're talking about reams and reams of material. And to go back through that and reduce it to a form and have everyone agree--or everyone who is still living agree--that the reduction fairly represents what [they said] is a pretty tough task.

CHAIRMAN GREENSPAN. Well, let me raise what I think are the decisions that we as a Committee have to make at this particular point. First let me just make a stipulation, which one can argue with, but let me assume that this is the view of the Committee: That we will very strenuously argue that release of transcripts in any form, or Memoranda of Discussion in any form, in a period of less than three years would significantly inhibit the ability of this organization to meet its required functions under the law. That would significantly undercut the efficiency of what we are doing.

We are then left with the question of what is the status in our views relevant to two questions. One is: Do we or do we not object to the Congress's request, which will inevitably come, for raw transcripts or edited transcripts in the context of the way

congressional transcripts are made or the much further refined editing involved in Memoranda of Discussion? And the question that I have for everyone out there is: What capability do you think, granted what we have discussed so far, this Committee has in withholding those? I think the argument that we would have made up until very recently, when the Justice Department switched [its policy on this], was that we felt very secure in that we were withholding these materials wholly within the context of the intent and letter of the law. And none of us really gave it very much concern because there is no question that these documents are exactly what [Exemption] 5 of the law [covers]. What has happened and what is a materially different event is the change in the Justice Department and the collateral issue that we have no capability under the law of protecting these documents without the assistance and protection of the Department of Justice. Now, I would say we would very strenuously argue against [the release of] the raw transcript and my guess is we probably could prevail on that. I would gather--

MR. ANGELL. Virgil, your opinion?

MR. MATTINGLY. I'd go along with the Chairman on that.

CHAIRMAN GREENSPAN. I gather from what Virgil said to me at an earlier stage--and in fact as he just said--that he does not believe that an edited transcript would leave us in the same position. And clearly one step back, a Memorandum of Discussion, is in the same vein. We could argue that the physical amount of work involved in any of this is extraordinarily costly and prodigious. And were we to go forward and say that we might allow some of this [to be released] we could try to give some cost estimates of what this [involves], and it's large, and if the Congress--

MR. ANGELL. You mean it seems large to us.

CHAIRMAN GREENSPAN. No, the point here is that there are two types of numbers in the Congress. There are global numbers and people numbers. I mean if 246 or so marines get killed in Lebanon it is a different order of magnitude than one guy gets captured in Somalia. It's a fascinating social commentary how both of those issues are handled. I'm saying to you that we're talking about a person-type expense and it has a very important meaning. But leaving that aside, what I need from the Committee at this stage are views--granted what our various options are--regarding a recommendation on where we should come out. Virgil, before we ask the Committee members themselves, I think it would be useful to get your view--which I'm not fully aware of at this point--as to your guesses of those three alternatives prevailing.

MR. MATTINGLY. As I said, the Justice Department will decide these things on a case-by-case basis and they haven't made any decision, obviously, with respect to the FOMC transcripts; and I haven't discussed that with them. My discussions with them have been of a general nature. So I think the FOMC would retain the ability to try to protect those raw transcripts for the reasons that the Chairman has outlined. I think it enhances our case a lot if we're able to say that we have tried to edit those--if we make some sort of disclosure [that is] forthcoming in some respect, for example, by editing the transcripts to the extent that we're able to do that. They might be

persuaded that that's a reasonable compromise position. I think they will also be persuaded that the more recent meetings should be withheld. So we're only talking about meetings--. There's no guarantee about anything that I say; it's all speculation on my part. The Committee may very well be able to persuade the Justice Department to defend the past records entirely; but just based upon what [Justice officials] have said, that seems unlikely to me.

MR. BOEHNE. Virgil--

CHAIRMAN GREENSPAN. Could I just [continue]. Let me put the question very explicitly. We have the choice of what to do with respect to all of those records back to 1976. And [secondly], what recommendations do I hear from the Committee on what we do now? I mean, for example, do we go to the Memorandum of Discussion now and the first release is three years from now? Do we continue to do transcripts and make them available three years from now? Confront both of these issues in the answers; I think that would be helpful.

MR. LAWARE. Why couldn't we argue, in trying to perfect or make available an historical record up to, let's say, three years ago --and in the interest of making them intelligible and clarifying the points and also eliminating things we legitimately can protect--that we would be prepared to make edited transcripts available. And that on a prospective basis we would prepare a Memorandum of Discussion that would be similarly edited for the sensitive things that we can protect and we would try to make it a more manageable document. And we would make those documents available [after] whatever time anybody doesn't get paranoid about being a reasonable delay.

CHAIRMAN GREENSPAN. What do you do about the last three years as time passes?

MR. LAWARE. Well, I think we have to edit those transcripts and make them available at the future date we feel comfortable with.

CHAIRMAN GREENSPAN. In other words, a year from now we would make another set [available].

MR. LAWARE. Yes.

CHAIRMAN GREENSPAN. And then another.

MR. LAWARE. Yes, and whatever that--

CHAIRMAN GREENSPAN. And then three years from now start with the Memorandum of Discussion?

MR. LAWARE. Right, right.

MR. ANGELL. I think--excuse me, Ed, go ahead.

MR. BOEHNE. Since this is a change in the Justice Department's policy, the Open Market Committee can not be the only operation in Washington that must be worried about this. And I just wonder if the Justice Department is going to find that this is a lot more complicated than they may have thought. What are the advantages, to the extent we can, of lying back some on this and letting some

other departments and agencies in Washington have to run this gauntlet first. Now unfortunately, we have this hearing coming up, so we may be forced into an out-front position. But, Virgil, is it your sense that the Justice Department has really thought through all of the practical implications for this for all of the agencies in Washington that will be caught up in this in much the same way that we are or in some cases in situations that may be more acute?

MR. LAWARE. They probably haven't, Ed, but the point is that with all the attention that's being focused on the Open Market Committee and on the Federal Reserve in general, I think our attitude and the image that we project to the public ought to be one of cooperation to make information available.

VICE CHAIRMAN MCDONOUGH. Mr. Chairman, this is Bill McDonough. Could I suggest a viewpoint?

CHAIRMAN GREENSPAN. By all means.

VICE CHAIRMAN MCDONOUGH. I think the thing we have to be most aware of is that we should protect our ability to carry out monetary policy as best we can. And at the same time we shouldn't feed our critics by seeming to be excessively--and they might say even pathologically--secretive. Now, I would translate that into the following: That as of now we go to a Memorandum of Discussion to be released after, I would suggest, three years, although as a negotiating position one might wish to start with four with the thought that we could then retreat to three, but I think that's a tactical issue. That we state to the world that going forward we do not think that a raw tape and a raw transcription of a tape serves any particular purpose and that after the MOD is prepared we would destroy the raw material. I don't think we can do that going backward but I think we could state it as something we would do going forward. For the last three years--let's say we picked the number three--we would say that we would go back and prepare MODs and release them on the three-year lag [schedule]. So at the end of this year, if we got the work done in time, we would release the MODs for the meetings of 1990. [As for] the period before three years ago, I think we could probably give ourselves some protection by just stating that the amount of work involved [is substantial]. Going back from three years ago--to pick a number, say, eight years ago, and as the work could be done because I think all the world should understand it would take a while--we would prepare MODs for those meetings because we probably still have enough people around who could actually prepare them and more or less remember what happened. Prior to that period, I think we could either say it's too old to be interesting and see if that would fly, or have edited versions of the transcripts of the kind that are now used for congressional hearings.

MR. SYRON. Mr. Chairman, this is Dick Syron. I like very much the suggestion Bill McDonough just made. I would make one slight change, which I think is implicit in what he said. Going forward we would be consistent with the testimony that we've given in the past on this issue, which has been very explicit, including on the bill that passed the House--was it '83 or '84?--by saying that we could do Memoranda of Discussion going back X years--I'm leaving the three-year period out of it--but that the cost of that would be quite high. And you would be getting them on a one-year lag basis for [meetings prior

to] three years ago. But if you want, even though the cost is quite high, we would prepare these. But let us do it one year at a time going back and let you look at them and see if they really are of any use. And even if we had to do that, once we've gone through iterations--and I would suggest we give them one iteration, a year at a time--after a couple of years back people would find that these things are not very interesting and hopefully we could stop there.

MR. PARRY. This is Bob Parry. I have a point of clarification. Do we still have concern about being able to stick to three years, or whatever it is, without specific legislation granting that?

MR. KOHN. Yes.

MR. MATTINGLY. That's an excellent point, President Parry. The legislation that was considered in '79 and '84 had an explicit provision by statute saying that those documents couldn't be released for three to four years. Without a statute we wouldn't have that kind of protection.

MR. PARRY. I'm afraid that if we offer up something too quickly here, we may find that we have every intention of having a three-year tripwire but it may end up that it's much, much shorter.

MR. SYRON. Well, that seems to me a very valid point and it raises the thorny, thorny issue of opening up the Act. Do we require legislation to do this? I thought--and let me ask for clarification here on what Virgil said before--that his impression was that the Justice Department might be more comfortable defending us on a FOIA issue on the basis of some sort of three-year lag. So the rationale we would have is that we're going forward doing a three-year lag with an MOD; that's the same [way] we would be treating, if it seems justified from a cost basis, some of the past [transcripts]. Then if a FOIA request came along, one would hope we would get--this is a whole separate question--Justice Department defense.

CHAIRMAN GREENSPAN. I'd just ask one clarification question. The Act that is being opened up is FOIA, not the Federal Reserve Act. Is that correct?

MR. MATTINGLY. No sir, it is the Federal Reserve Act.

CHAIRMAN GREENSPAN. The Federal Reserve Act.

MR. MATTINGLY. There would be a specific provision in the Federal Reserve Act that would mandate the Memorandum of Discussion and protect it for three to five years.

CHAIRMAN GREENSPAN. Okay.

MR. ANGELL. Our starting point has to be the existence of those transcripts from the tapes, and those transcripts cannot be destroyed. We as an organization [have a] need to be open. There's historical material that would be sought after and I would prefer us to change the boundaries of the time that we're thinking about. To me three years doesn't work at all. We really ought to be talking about 14 years because what we have here, it seems to me, [is a situation in

which it is] impossible for fairness in editing for the living and the dead on those that go back; and once you've edited them, then it really does take on more danger in some sense. I think we're better off, and I would prefer, to release the raw transcripts as originally transcribed. It's hearsay and it's historical and we would go back 14 years. The reason I'd use 14 years [relates to] those of us who are officers of the United States and are subject to appointment. We might have some person serving a term who, at the end of that term, might be subject to reappointment. Now, do you want such raw unedited transcripts to be a part of the discussion in a confirmation hearing? It seems to me it's ludicrous to have that happen. So, it seems to me that if we don't go back 10 to 14 years, it's going to have a quieting effect upon the behavior of [meeting] participants. So I would prefer to start off with that grand reach for years to recognize they are there and I'd prefer to do nothing in regard to any decision until we find out the outcome of our determination. If we found the outcome was that we had to release that information earlier and it's not to be used for historical purposes but could have some other use, then I'd want to stop the process immediately.

CHAIRMAN GREENSPAN. Tom Hoenig.

MR. HOENIG. If I understand, you're not talking about a legislative proposal here, going back, but how we should approach the likelihood that someone is going to request or require us to release these transcripts. It's how we approach that issue. I would agree with Governor Angell that 14 years would be an appropriate time for the transcripts, but I have the impression from Virgil and from you that the sense was that we are going to be challenged on this very quickly and that we are not going to be able to rely very much on the Justice Department to protect us. So what preemptive [measures] do we take based on that? I'm quite discouraged by this because, as many have said in their statements already, I think it will discourage open discussion in these meetings. But given what you've said, I don't know that we have any other alternative than what Bill McDonough suggested, with some modifications from Dick Syron, as to how we approach this inevitability.

MR. ANGELL. Tom, I believe legislation to protect us is now out the window. It seems to me that the Congress was willing to deal with us when they couldn't get anything. But now that the Congress believes they may get a lot, they're not going to want to protect us.

MR. MELZER. Alan, this is Tom Melzer. Could I offer a somewhat different view while we're fairly early in this discussion?

CHAIRMAN GREENSPAN. Certainly.

MR. MELZER. I can make a distinction in my own mind in terms of what has transpired in the past with respect to the transcripts and what we ought to do going forward. If I understand what Ed Boehne said, it was never official policy of the FOMC or even knowledge of [most] FOMC [members] that the transcripts were being kept. Now, they clearly exist; but that doesn't mean we need to continue that practice into the future. I personally feel very strongly that the minutes of the meeting are an adequate record of the meeting; I have argued that before and would argue that in my testimony. And in effect what we could do is simply to continue the practice of taping the meetings,



preparing a transcript, preparing the minutes, and then destroying the transcripts once the minutes are approved as a practice going forward. [The transcribing] was not something anybody knew was going on and I continue to think if we lock ourselves into a Memorandum of Discussion going forward, we will have no assurance that the Justice Department would defend any kind of three-year lag on that. So we'd have to assume that an MOD would be available immediately, [and that] is going to seriously impair the deliberative process. With respect to the other transcripts, I think we [should deal with] the FOIA request when that comes. My own feeling is that those will end up being released; that's just the way it is and we have to live with that. But I'd be very reluctant to let that drive us into a process going forward that could ruin fundamentally the deliberative process as I think an MOD with immediate release would.

MR. KEEHN. Alan this is Si Keehn. I certainly want to support Tom Melzer on this. It does seem to me that--

CHAIRMAN GREENSPAN. Incidentally, can I interrupt for just a second? I got diverted for a second. Tom Melzer, would you just repeat your going forward recommendation, succinctly, for me?

MR. MELZER. My going forward recommendation would be this: You're going to acknowledge the existence of the transcripts. I don't think this is something we would necessarily say at this time, but I don't view those as official records of the FOMC in the sense that the FOMC didn't direct that they be kept and apparently didn't know that they were being kept. They do exist and that's fine; we have to admit to that. But that should not compromise our position going forward. My view going forward is that the minutes of the FOMC meeting are an adequate record of the meeting and that any offer to prepare an MOD, I think, runs a serious risk [in that] we have no knowledge whether any delay in release would be defensible. I think we just have to assume going forward that they would become available immediately and would seriously impair the deliberative process. So I personally would like to separate the existence of those transcripts from what an appropriate policy is going forward. I view them as quite separable. It would be much more difficult if we as a Committee had been keeping those transcripts for some purpose of the Committee and if they were used in some way. But they're not; people didn't know they existed. I don't know, but I think I did better the first time; I'm not sure that was succinct.

CHAIRMAN GREENSPAN. Si Keehn, I'm sorry.

MR. KEEHN. I was simply going to support Tom in that view. It does seem to me that in your letter of December 24th to Mr. Gonzalez and also in the concluding part of your testimony last week you very well made the case against a more detailed record than we now have. And it seems to me that we ought to try to support that, as Tom suggested, as a way of separating the existence of those transcripts from what we're going to do on a forward basis.

MR. PARRY. This is Bob Parry. I think what Tom has proposed makes a great deal of sense. I might just mention that in my testimony, which I sent yesterday to Chairman Gonzalez, I looked a little more favorably on the possibility of non-verbatim minutes after

a long delay--of five years I say in my testimony. But I basically think that what Tom has outlined is a very good approach.

MR. HOENIG. This is Tom Hoenig. The only comment I have on that--in many ways I agree with Tom--is that the difficulty is that these transcripts are known [to exist] and if we now say we're not going to keep those any longer either, I think it is an explosive issue. Given some of what the Chairman has said already, I think it would give tremendous fodder for those on that Committee who want to anger others. I think it would give them a powerful tool. And that's why I think Bill McDonough has a legitimate point in how we approach this.

MR. MELZER. Remember, the Committee never knew they were being kept, Tom.

MR. HOENIG. But do they know now or will they find out or are--

MR. MELZER. I mean the FOMC.

CHAIRMAN GREENSPAN. Let me put it to you this way. The issue of--

MR. BROADDUS. This is Al Broaddus. I think the point that Tom Hoenig just made is a very good one. I think it's going to be very difficult to separate the existence of the transcripts of the past from what we decide to do going forward.

MR. KEEHN. If we need to do that, can't we get there later rather than doing it so soon? Can't we initially try to take the view that Tom is putting forward? And as we get down the trail a bit, if it's not working, then we can rethink the position. But if we get there right away, we've lost right off the bat.

CHAIRMAN GREENSPAN. Well, let me suggest the following. First of all, I think we can stipulate that this is an issue we've been discussing for quite a long while. We've said that we have been discussing it; in fact, I indicated in the text of my remarks on Wednesday that we're discussing it. I think what we [should] do, which makes sense to me, is to raise the pros and cons of a lot of this. I wouldn't go terribly far into the Department of Justice issue because that's conjecture. Indeed, it really isn't relevant to this issue at all. But what we ought to be discussing on Tuesday are the pros and cons of this whole issue. I think it will be a rather interesting meeting in that regard because what will come out is why we have these concerns about disclosure and the interaction that occurs within the Committee and the efficiency of this [process]. We do not have to come to a conclusion on Tuesday. If somebody makes a recommendation, we could reiterate [the point], for example, that when the bill came up in 1984 which had the protection in it under FOIA, the FOMC supported it. I suspect we probably support it today. But if we can find a way in which that could be brought forward clearly, I think [I would say that] I will ask the FOMC to discuss it and we will try to be responsive to that. I don't think that we can or should come to a conclusion on Tuesday, but it would be very useful to the whole deliberative process--in making our case as to why this is so important--to put on the table the various concerns that we all have.

There is a presumption that we're hiding something, that there is some secret stuff going on that we don't want anyone to know. We have very legitimate concerns with respect to how this system works. And if we make that plain on Tuesday, I think we will do a considerable amount of good in this area.

MR. ANGELL. But we have to decide whether we are or are not going to release any of these [transcripts] for which there are going to be FOI [requests]. And it seems to me that we are better off releasing some, according to their age, and not releasing others. It seems to me we have to make up our minds on that.

SPEAKER(?). It's irrelevant.

CHAIRMAN GREENSPAN. I disagree. We do not have to make up our minds either today or Tuesday. The last thing I would want--

MR. KEEHN. In fact, aren't we better off not making up our minds today or Tuesday?

CHAIRMAN GREENSPAN. Well, I don't think we can; I don't think there's a consensus in this Committee right at this moment. And I don't think we have--

MR. MELZER. Also, in terms of what Wayne is saying, until we have a [FOIA] request there is nothing--. I think that's the point at which we decide.

CHAIRMAN GREENSPAN. Well, I may very well get a request right at the Committee [hearing].

MR. MELZER. Yes, I understand.

CHAIRMAN GREENSPAN. And the question essentially is: What is our response to that? That's the only question I think we have to have an answer for. One answer can be: We'll think about it, we'll call you back, what's your phone number, that sort of stuff. Or we can basically stipulate that we have great concerns about this and we want to think about it. Or [we could say] that we would have no objection if we could edit them; we have a concern but we think we could largely [reduce] that if we could give you edited [versions] of "some of those transcripts" because trying to do them all is a physically impossible task.

MR. PARRY. This is Bob Parry. There's something that Si brought up that bothers me a great deal. In answering question two, what is a part of my testimony is what I clearly thought I knew at the time [I prepared my written statement]. And if I were to sit in front of that Committee on Tuesday and read the answer that I had there, I'm now troubled by that because it is not complete.

CHAIRMAN GREENSPAN. I'm sorry, what was your answer at that point?

MR. PARRY. Well, I said I don't take notes. I said that my research director takes handwritten notes and I get briefed--there's a briefing document prepared for me, etc. But there's something that I now know that I learned in the last hour that is very significant.

And quite frankly I'd like to ask Virgil what to do on this. It seems to me that we're in a little different position. And if I'm correct on that, maybe the first person who testifies ought to say something about it.

MR. MATTINGLY. Well, if I understand your question, [since] you're going to make an oral statement on Tuesday, you could say that the Chairman has described the recordkeeping practices of the Secretariat.

MR. PARRY. Oh, he is going to do that?

MR. MATTINGLY. Yes, he is.

CHAIRMAN GREENSPAN. Oh, yes.

MR. MATTINGLY. The Chairman--go ahead, Don.

MR. KOHN. I was going to say--at least the way the testimony reads now--the Chairman is not highlighting these transcripts. He's saying that the transcripts and detailed notes are made in the process of preparing the minutes, period. We're not waving red flags. Now, maybe we'll change our minds.

CHAIRMAN GREENSPAN. Can I say something? Why don't I literally read [the draft testimony].

MR. KOHN. Yes, so--

CHAIRMAN GREENSPAN. Okay. This is what I propose to say: "I am also aware that the meetings are recorded by the FOMC Secretariat. These audio tapes are used to assist in the preparation of the minutes that are released to the public following the subsequent meeting. Thereafter the tapes are erased. In the process of putting together the minutes an unedited transcript is prepared from the tapes as are detailed notes on selective topics discussed in the course of the meeting. These notes and transcripts generally are seen only by the staff involved in preparing the minutes. And the documents are kept under lock and key by the FOMC Secretariat."

MR. MCTEER. Mr. Chairman, will you be speaking before the rest of us?

CHAIRMAN GREENSPAN. Yes.

MR. MCTEER. Let me just say that I find the timing of this conversation very awkward because I'm going to sound very naive, as will many others I think, not knowing this in advance. It seems to me that because of this we're going to have to be more forthcoming on minutes and decisions in the future than we might have had to be in the past. I think if we keep stonewalling, we're going to be in great trouble.

CHAIRMAN GREENSPAN. I'm afraid that is an accurate statement. Look, remember that these transcripts were recorded by the staff for the purpose of creating the minutes. They were done under the law, which excluded them from public disclosure. And the staff was functioning in a context in which it had every reason to believe

what it was doing was perfectly appropriate and necessary for the records that we need to run this Committee. The issue is not that somehow all of this was being done clandestinely. It never entered anybody's mind that it was an issue. I must say when I ran into it, it struck me as sort of a perfunctory activity which everyone was aware of and it wasn't very important because of the protection of the law.

MR. MCTEER. I'm satisfied now. I assume that all those tapes do not still exist, that they have been taped over?

MR. LINDSEY. No, they exist. That is the point which I--

MR. BERNARD. They've been taped over.

CHAIRMAN GREENSPAN. Tapes don't exist; the tapes have been erased. [To keep all of them] would be too expensive.

MR. SYRON. Mr. Chairman, I wouldn't use the word "erase;" I'd say "taped over." I'm just afraid of a quote being taken out of context.

CHAIRMAN GREENSPAN. Yes, I've already made that editorial change. I don't care whether they're erased. You don't tape over it? Don't you use the same tapes?

MR. BERNARD(?). We use the same tapes.

CHAIRMAN GREENSPAN. They're taped over.

MR. SYRON. Taped over is more accurate and pedagogically better.

MR. MCTEER. And if there is a gap, it should not be an eighteen minute gap!

CHAIRMAN GREENSPAN. You bet.

VICE CHAIRMAN MCDONOUGH. Mr. Chairman, this is Bill McDonough again. First of all, clearly the more that you set the line out, the less the other people there have to give their own versions of how they feel about this. The other people can in effect either remain silent or, as was suggested earlier, just refer to the fact that you've discussed the recordkeeping of the Secretariat. And after about three people say that, it stops being interesting to anybody. But again, I would suggest that the Chairman say that we are aware of the need for the Committee to be able to operate with a degree of confidentiality for a reasonable period of time in order to carry out the best possible monetary policy. And then there is the related issue of [after] what period and in what degree of detail the discussion of the meeting should be made available to scholars and the American public. If we have to go beyond the present minutes, I think the MOD is a considerably better alternative than a raw or edited transcript. But as you suggested, Alan, you can certainly say that this is something that we need to discuss [and] we avoid the notion of sounding paranoid about our secrecy. At the same time, I think you're quite right that my suggestion or any other would need a great deal of discussion in a face-to-face meeting of the FOMC so we can form a

consensus of the Committee. There's no way in the world we could do that by Tuesday.

CHAIRMAN GREENSPAN. You know, the more I listen to this conversation, strangely, the more I feel comfortable about discussing this sort of thing. Let me tell you why. What was disturbing me in Wednesday's meeting is this extraordinary view--unexpressed, really--that there is something clandestine about the FOMC. It's interesting that Bill Greider in his book conveys that; but in his most recent testimony, somehow after talking to a number of people of the FOMC, he has changed his mind. In fact, he was basically arguing before the Banking Committee the other day that one of the reasons why this should be eventually released, even though with a lag, is that it is very educational for the public as to what in fact the crucial choices are on the issues of economic policy. What a discussion by us of the pros and cons of making transcripts, Memoranda of Discussion, or other things available would bring forth very clearly, as indeed it has today, is the crucial nature of the give-and-take we have [at FOMC meetings] and the means by which we reach a consensus for the directive to the Desk up in New York. My impression is that the nature of the debate and the differences amongst us are all in the context of proper public policy. The fundamental premise underlying all of it is what in fact is the case--namely, that there is no special interest stuff going on in this group. It's not an issue of there being representatives of private interests or public interests. It does not sound, I must tell you, like some of the caucus meetings that go on up on the Hill or other things in which exactly that is going on. This is literally an academic endeavor to get at the best policy. I personally see no down side in our discussing that on Tuesday since we cannot and should not come to a conclusion on this--if for no other reason we don't know where this is all going. We should just honestly respond as best we can. I wouldn't be hypothetical and I wouldn't get involved in strategies of how the Congress might behave if we do this or [that]. Obviously, that is not appropriate for this type of discussion. But [stating] your own concerns about the nature of this problem and the necessity for protection of some form or for the withholding of information because it is crucial for the effective deliberation within the Committee is all for the good. Look, we can't negotiate a law with that Committee on Tuesday; that's ridiculous. It doesn't work that way. I think the sole purpose of the Tuesday meeting is basically for each member to express his concerns and his judgments about broader questions, which indeed, as best I can judge, we've done.

MR. MELZER. Alan, this is Tom Melzer. Can I make a suggestion with respect to the concerns that some others expressed? It seems to me that if all 15 people, or however many there are, say that the Chairman has covered the practices of the Secretariat in his statement, that's going to [sound] a little suspicious after a while. You may have the opportunity to say something along the lines of: "I have spoken to the practices of the Secretariat and have suggested that the Reserve Bank Presidents speak to the practices with respect to their institutions that they're familiar with." You said something along those lines the other day when we had the earlier call in suggesting to us that that's how we approach this. While I don't have the language for you, I just wanted to float out the idea that you might in your statement be able to take everybody else off the hook

and in effect avoid a situation where this becomes peculiar because everybody feels compelled to say it.

CHAIRMAN GREENSPAN. I think that's an excellent suggestion and I'll do it. Anybody else have any other issues they want to raise relative to Tuesday's meeting?

MR. MCTEER. Bob McTeer here.

CHAIRMAN GREENSPAN. Yes, Bob.

MR. MCTEER. I said the other day in the meeting that I found these questions that Chairman Gonzalez asked in our letter to be awfully odd. Is this the answer? Is this what he was fishing for, do we know?

MR. KOHN. I think he was fishing for leaks.

CHAIRMAN GREENSPAN. Don Winn, would you want to hold forth on that?

MR. WINN. I think the answer is no. I don't have any sense that they have any knowledge whatever of what we've been talking about.

MR. MCTEER. Okay.

CHAIRMAN GREENSPAN. I think the issue there is basically the leak question.

MR. MCTEER. Well, I assume the only way we're all going to get our stories straight is to tell the truth. That's what I plan to do.

CHAIRMAN GREENSPAN. Let me emphasize, as I've done time and time again: We have nothing to hide. What we have been doing by any standard that I'm aware of is precisely what this organization should be doing. We do it well; we should be proud of it; and we should stipulate why we are proud of it. And the presumption that somehow we should sort of not tell it the way it is I think is ridiculous. Don.

MR. WINN. I have a few words about arrangements on housekeeping matters on Tuesday. They seem pretty mundane after the previous discussion.

CHAIRMAN GREENSPAN. Before you do that, just let me repeat this. Does anyone else have anything they wish to raise? Does anyone object to the summary that I've put forth on the table as to the appropriate procedures on Tuesday?

MR. JORDAN. This is Jerry Jordan. I don't object at all. I think that's appropriate. I thought what Tom Melzer said was appropriate. I would support what Bill McDonough proposed earlier. But I want to re-emphasize what is awkward. As was mentioned earlier, the FOMC is legally a separate body from the Board of Governors and the Banks. Some members of the FOMC who happen to be members of the Board of Governors knew about the transcripts. Other members who happen to be Reserve Bank Presidents didn't know and now have

submitted to Washington statements saying that they didn't know. And that's going to come out on Tuesday and that's awkward.

CHAIRMAN GREENSPAN. No, I disagree with that, Jerry. The facts are that the existence of the tapes and transcripts was never considered to be a particularly important issue by the staff that was doing it. They were merely employing them as a means to get appropriate minutes done. It certainly was not communicated to me as Chairman when I arrived on the scene six years ago, and the reason it wasn't was because it wasn't considered to be an important issue. It was a mechanical question of how the ultimate results were achieved. The presumption that there is something that was disclosed to Board members and [not] to Presidents is factually false. Most of the Board members didn't know about it. Wayne says he knew about it before I did. I didn't learn about it until about a year ago, indirectly. Some of the other Board members here didn't know about it until very recently. And the reason was that it was never considered an important question.

MR. ANGELL. I want everyone to know that the Secretary did not provide me, ever, any notes or transcripts of anything anyone else said but only the words that I had said which I wished to use in order to be sure that I didn't say in my dissent what I had not said in the meeting. I thought it very appropriate that the Secretary not provide me with other people's words because in some sense other people hadn't seen and verified that those were their words.

MR. LINDSEY. Yes. Jerry, I didn't know about the tapes either until this process. What I am surprised about is that there's not enough concern about changing the rules of the game, [although] it came up in some of the conversations. But what we're doing is retroactively changing the rules of the game. And I think the relevant date is today. We all now know that in the future what we say at the FOMC will soon be broadcast to the world.

CHAIRMAN GREENSPAN. Not soon, in three years.

MR. LINDSEY. No, I don't believe that. I think they're going to get it; we no longer have any bargaining chips. The Congress was willing to give us three years before, but we don't have any bargaining chips now.

CHAIRMAN GREENSPAN. But don't--

MR. LINDSEY. Well, but that's irrelevant. The more important point is that prior to today the vast majority of the members of the FOMC did not know that what they were saying was being taken down in anything like a literal form and kept. Now that material is suddenly going to be released. I find that objectionable. I think it is nothing more than another abuse of personal liberty. I don't care if people read what I say, but I think [this abuse of personal liberty] is appalling. And I really think we should make a stand on this ground. But I'm the only one who feels this way, so I'm certainly willing to be outvoted.

CHAIRMAN GREENSPAN. Anybody else have anything else to say?  
Don Winn.



MR. WINN. I have a few points on arrangements. We will have 16 witnesses on Tuesday. At this point all of the Governors except Vice Chairman Mullins will be there and all of the Presidents except Bob Forrestal and Bill McDonough will be present. I am being told by the Committee staff that they are planning to have one large table at which all 16 witnesses will be [seated]. Chairman Greenspan will testify first. The other members of the Board of Governors will be at the center of the table and the Presidents on either end of the table. The other Governors will testify after Chairman Greenspan and then the Presidents will testify. They will be asking that you summarize your written statement in a two or three minute time period. They will have eight microphones at the table; each of you will have to share a microphone with one other. After the initial statements they will have questions. They are hoping to adjourn this first panel [around lunch time]. They're hoping it won't go later than 12:30; it might go to 1:00. But as you know, they have other witnesses. They have Anna Schwartz and Jim Miegs and they have a bond trader from the West Coast who will be talking about the effects of leaks in the market. Some of you may be bringing a staff person. I believe that I can secure enough seats so that if you do have a staff person we'll be able to accommodate that, but not more than one. We will provide transportation to the Rayburn Building from the Board for anyone who wishes to do it that way. You may also wish to take a cab directly from your hotel. But if you want us to transport you to the Hill, if you are in the Board's garage by 9:30 we'll be able to get you there. We'll leave shortly after 9:30. We'll also bring you back from the Hill to the Board; we'll have transportation to do that. We will be able to provide lunch here at the Board for you.

In terms of areas of questioning, I think they plan to try to focus on what they said would be the subject matter of the hearing. But it would be well for all of you to have in mind ahead of time and to be able to respond, say, in a paragraph--if anyone were to ask--on what's going on in the economy in your area,. Also, I think it's almost inevitable that you will be asked about your view on the provision in Gonzalez's bill that the President of the United States appoint the Reserve Bank Presidents and that they be confirmed by the Senate; it's almost inevitable that people will ask that question.

CHAIRMAN GREENSPAN. I'm sorry, has everyone gotten a copy of the testimony of Wednesday?

SEVERAL. Yes.

MR. COYNE. We sent it by pouch.

CHAIRMAN GREENSPAN. But there were no transcripts available?

MR. WINN. I believe that we now do have a transcript and it will be in this evening's pouch, so you should have it on Monday. I think you should also note that in Gonzalez's initial announcement of these hearings he did say that he would ask the Federal Reserve witnesses about diversity, so that subject could come up.

MR. HOENIG. Don, if we won't be there to get [the transcript] in the pouch, can we stop by your office and get it Monday?

10/15/93

-24-

MR. WINN. We'll make some extra copies so that they'll be available.

CHAIRMAN GREENSPAN. Okay. Don are you finished?

MR. WINN. Yes.

CHAIRMAN GREENSPAN. Well, this has been an hour and a half meeting. I appreciate your taking the time on a Friday afternoon and I look forward to seeing you all on Tuesday.

END OF SESSION