The Fed - The FOMCs Committee on the Directive Behind Volckers New Operating Procedures

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Abstract:

On October 6, 1979, Chairman Volcker announced that the Federal Reserve was embarking on a new, forceful, and ultimately successful campaign to lower the rampant inflation of that time. At the center of this campaign were new operating procedures for conducting monetary policy—procedures that focused daily open market operations on controlling the quantity of monetary reserves and on the quantity of nonborrowed reserves in particular. This was a dramatic shift from the prior focus on targeting the federal funds rate.

**Url:**<https://www.federalreserve.gov/econres/feds/the-fomcs-committee-on-the-directive-behind-volckers-new-operating-procedures.htm>