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Final minutes
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MINUTES OF THE MEETING OF THE
EXECUTIVE COMMITTEE OF THE
FEDERAL OPEN MARKET COMMITTEE
HELD AT WASHINGTON, D. C.
JANUARY 3, 1936.

*Final
see letter
3/11/36*

The meeting was called to order at 10:37 a. m., there being present
Governors Young, Fleming, Seay, and Schaller, and
Deputy Governor Burgess, Secretary.

Mr. Burgess explained that Governor Harrison was unable to be present
because of illness. On motion Governor Young was designated chairman pro tem.

Mr. Burgess reported that the Federal Reserve Bank of St. Louis was
desirous of increasing its participation in the System account by \$15,000,000 in
order to better its earnings. It was agreed that the committee would have no
objections if the New York and Chicago banks, which had a considerable overage in
their holdings on the basis of the formula now used, were willing to reduce their
participations by this amount.

There ensued a brief discussion of Treasury financing in anticipation
of a later meeting with the Treasury.

There was also a brief discussion of the practice which might be followed
by the Treasury with respect to government deposits in the Reserve banks.

At 11:00 o'clock the meeting adjourned to meet with the Secretary of the
Treasury in his office, there also being present;

Governor Eccles, Under Secretary Coolidge, and
Messrs. Viner, Bell and Upham in behalf of the Treasury.

There was first an informal discussion with respect to the amount of
balances the Treasury should keep with the Reserve Banks and the relation of that
question to Federal reserve policy concerning excess reserves. It was generally
agreed that it should not be the function of the Treasury to manage excess reserves,
but Dr. Viner raised the question whether the Treasury should not stand ready to

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increase or decrease its balances at the request of the Federal Reserve System as a means of supplementing their credit policy. It was agreed, however, that this question needed mature consideration in view of the possible difficulties or public misunderstandings which might arise with respect to such an undertaking. It was suggested that the question might well be discussed by the next meeting of the Federal Open Market Committee.

In the meantime Secretary Morgenthau indicated that the Treasury intended to keep its balances in the Reserve Banks as nearly as possible between \$500,000,000 and \$600,000,000. Those present were in agreement with this.

There then ensued an informal discussion of the Treasury financing program and especially the question of sales of additional Treasury bills. No final conclusion was reached.

The meeting adjourned at 12:05 p. m.

W. Randolph Burgess

Secretary.