

The meeting of the executive committee of the Federal Open Market Committee was reconvened in the offices of the Board of Governors of the Federal Reserve System in Washington on Tuesday, April 20, 1937, at 11:25 a.m.

PRESENT: Mr. Eccles, Chairman  
Mr. Harrison, Vice Chairman  
Mr. Broderick  
Mr. McKee  
Mr. Sinclair

Messrs. Fanson and Davis, Members of the  
Federal Open Market Committee

Mr. Morrill, Secretary  
Mr. Wyatt, General Counsel  
Mr. Goldenweiser, Economist  
Mr. Williams, Associate Economist  
Mr. Carpenter, Assistant Secretary of the  
Board of Governors  
Mr. Piser, Senior Economist, Division of  
Research and Statistics of the Board of  
Governors

Mr. Harrison stated that he had just talked over the telephone with Mr. Sproul, First Vice President of the Federal Reserve Bank of New York, who advised that the market received the news item in this morning's papers regarding the President's budget message somewhat unfavorably and that the Government securities market opened from 1 to 5/32 below yesterday's closing prices. The Treasury bill offering yesterday, Mr. Harrison said, had been fairly well received but the dealers still had on hand today a substantial block of the longer term bills.

There followed a discussion of the authority to be granted to

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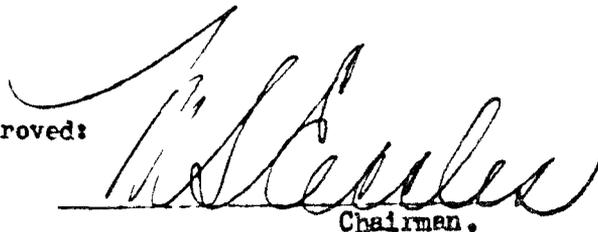
the Federal Reserve Bank of New York to effect transactions for the System open market account. During the discussion Messrs. Ransom and Davis left the meeting.

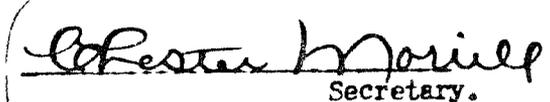
Upon motion duly made and seconded, and by unanimous vote, the executive committee directed the Federal Reserve Bank of New York, until the adjournment of the next meeting of the executive committee and superseding all previous directions and authorizations, (1) to replace maturing securities in the System open market account by purchases of like amounts of bills or of notes maturing within two years, (2) to make such shifts of securities in the account (which may be accomplished when desirable through replacement of maturing securities) as may be necessary or desirable in the administration of the account, up to an aggregate of \$100,000,000, (3) to make purchases and sales in the market of Government securities for the System account, provided that the securities held in the account be not increased as of any weekly statement date to an amount exceeding \$2,530,000,000, and provided further that the amount of securities held in the account be not reduced as of any weekly statement date below the amount of securities held in the account as of the last preceding weekly statement date, and (4) upon approval by a majority of the members of the executive committee, which may be obtained by telephone, telegraph or mail, to make such other shifts, purchases, or sales for the System account as may be found to be desirable and advisable within the limits of the authority granted to the executive committee by the Federal Open Market Committee.

At 12:30 p.m. Mr. Morrill advised Mr. Sproul by telephone of the action taken by the executive committee.

There followed a discussion of matters relating to the Treasury bill market, at the conclusion of which the meeting adjourned.

Approved:

  
Chairman.

  
Secretary.