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August 16, 1928

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A. A. Y.
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Dear Mr. Harrison:

The Board has reviewed carefully the report of the Open Market Investment Committee and its recommendations of August 13, and has also considered the verbal discussion which took place during the meeting, and it is in agreement with the Committee that the seasonal requirements of credit will probably develop a strain upon the future credit situation which may react unfavorably upon commerce and industry, and that if such a situation should develop, the System should take some action to relieve the strain.

The Board would not care to agree to the purchase of Government securities, except as a last resort. We understand from the discussion had with your committee that you favor easing through the bill market, if possible, and through the Government security market only if unavoidable. With this understanding, the Board approves the purchase of Government securities by the committee but limits the amount to \$100,000,000. If a situation should develop which will require reconsideration, the Board will be glad to meet the committee at any time for that purpose.

Very truly yours,

R. A. Young,
Governor

Mr. George L. Harrison, Acting Chairman,
Open Market Investment Committee,
c/o Federal Reserve Bank,
New York, N. Y.