

*Confidential copies
sent to Bd members,
Mr Martin and
Messrs. Wyatt Sinead
and Goldenweiser.*

FEDERAL RESERVE BANK
OF BOSTON

ROY A. YOUNG, GOVERNOR
WILLIAM W. PADDOCK, DEPUTY GOVERNOR
WILLIAM WILLETT, CASHIER
KRICKEL K. CARRICK, SECRETARY

ASSISTANT CASHIERS
ELLIS G. HULT CARL B. PITMAN
ERNEST M. LEAVITT L. WALLACE SWEETSER

FREDERIC H. CURTISS 333.3-
CHAIRMAN OF THE BOARD
AND FEDERAL RESERVE AGENT
ALLEN HOLLIS
DEPUTY CHAIRMAN OF THE BOARD
ASSISTANT FEDERAL RESERVE AGENTS
CHARLES F. GETTEMY
WILLIAM D. McRAE

November 6, 1933

Federal Reserve Board
Washington, D. C.

Dear Sirs:-

Bardeu

I am sending you herewith a copy of a letter which I am sending today to Governor Harrison, Chairman of the Federal Open Market Committee, advising him of this bank's decision not to make at this time a commitment to participate in the System purchases of Government securities covered by the vote adopted at the meeting of the Federal Open Market Committee on October 10, and the Board's telegram of October 12, 1933, authorizing the Executive Committee to proceed with such purchases. I am also enclosing a copy of the resolutions adopted by our board of directors at their meeting on November 1, pursuant to which the notice is given.

As stated in my letter to Governor Harrison, the action of our board of directors was taken after I acquainted them with the discussion which took place at the meeting of the Federal Open Market Committee on October 10, with regard to participation by the Federal Reserve Bank of Chicago, the point being made at such meeting that, inasmuch as Chicago had not notified the committee or the Federal Reserve Board within the prescribed time, they were obligated to participate.

As also stated in my letter to Governor Harrison, this action was taken by our board of directors not because of lack of cooperation in the System's program but to safeguard the bank against any commitment. You will observe that in the last paragraph of the resolutions I have been instructed to advise the Federal Open Market Committee and the Board of this bank's willingness to have offered to it from week to week a share of the purchases made or proposed to be made by the Executive Committee for the System account, and you will note that in my letter to Governor Harrison I have invited the committee to offer this bank its pro rata share or more of each week's purchases made or proposed to be made by the Executive Committee for the System account.

Very truly yours

Noted
AT BOARD MEETING
NOV 1 1933
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Enclosure
see ans 11/9/33

R. A. Young
Governor

Nov 7 - 1933

FEDERAL RESERVE BANK OF BOSTON

30 PEARL STREET

WHEREAS, the Federal Open Market Committee at its meeting on October 10, 1933, unanimously recommended that the Executive Committee of the Federal Open Market Committee be given authority to purchase in its discretion for the System account the unpurchased portion of \$1,000,000,000 of Government securities, the purchase of which was covered by a vote adopted at a meeting of the Open Market Policy Conference on April 22, 1933, and

November 6, 1933

WHEREAS, under date of October 12, 1933, the Federal Reserve Board advised that it authorized the Executive Committee to proceed with the proposed purchases, and on certain qualifications which were properly and wisely made, and

Mr. George L. Harrison, Chairman
Federal Open Market Committee
Federal Reserve Bank of New York
New York City, New York

Dear Governor Harrison:-

You will recall that at the last meeting of the Open Market Committee, which was held on October 10, 1933, the question was raised as to whether the Federal Reserve Bank of Chicago had not committed itself to participate in certain purchases of Government securities for the System account. Fortunately, a compromise satisfactory to everybody was reached, which enabled us to handle the situation, and the question, therefore, was not pressed.

At the regular meeting of our board of directors on November 1, 1933, I read the official minutes of the Federal Open Market Committee meeting on October 10, including the vote with reference to the authority of the Executive Committee to purchase the unpurchased portion of the \$1,000,000,000 of Government securities covered by the vote of the Federal Open Market Policy Conference on April 22, 1933, and also read the Federal Reserve Board's telegram of October 12, 1933, authorizing the Executive Committee to proceed with such purchases. I also acquainted our directors with the discussion in reference to Chicago's position.

Having in mind the question raised in the Chicago case, our directors adopted resolutions, the purpose of which is to safeguard the bank against commitment to participate in the purchases contemplated, and I am sending you herewith a copy of the resolutions adopted.

I am now giving you the notice, which I am directed by the resolutions to give you, that this bank has decided not to make at this time a commitment of such substantial and uncertain proportions, and does not wish to participate to any such undetermined extent in the open-market operations recommended by the Federal Open Market Committee and approved by the Federal Reserve Board, and referred to above.

I wish to add that this action was not taken because of any lack of cooperation, and, furthermore, in line with instructions to me contained in the resolutions, I am pleased to invite the committee to offer this bank its pro rata share or more of each week's purchases which may be made or proposed to be made by the Executive Committee for the System account, and when offers are made, we will, of course, advise the committee promptly whether we will participate in such purchases.

Very truly yours,

R. A. Young
Governor

I, the undersigned, Secretary of the Federal Reserve Bank of Boston, do hereby certify that the foregoing is a true and correct copy of preamble and resolutions which were duly adopted by the board of directors of said bank at a meeting duly called and held on November 1, 1933, a quorum being present, and of the whole of the said preamble and

Enclosure

Resolutions Adopted by the Board of Directors of the Federal Reserve
Bank of Boston at a regular meeting held on
November 1, 1933.

WHEREAS, the Federal Open Market Committee at its meeting on October 10, 1933, unanimously recommended that the Executive Committee of the Federal Open Market Committee be given authority to purchase in its discretion for the System account the unpurchased portion of \$1,000,000,000 of Government securities, the purchase of which was covered by a vote adopted at a meeting of the Open Market Policy Conference on April 22, 1933, and

WHEREAS, under date of October 12, 1933, the Federal Reserve Board advised that it authorized the Executive Committee to proceed with the proposed purchases, with certain qualifications which were properly and wisely made, and

WHEREAS, after allowing for purchases made since October 10, such unpurchased portion of such Government securities is now approximately \$581,000,000, and

WHEREAS, this bank's concurrence in the operations so recommended and approved might constitute a commitment to participate in purchases amounting to as much as \$581,000,000, the extent of such commitment depending upon the number of Federal reserve banks participating and the Executive Committee's basis of allocation of such purchases and being in any event substantial in amount even if all Federal reserve banks should participate, and

WHEREAS, if this bank should fail, within the time prescribed in the Federal Reserve Board's Regulation M, to file notice of its decision not to participate in such operations, it might be deemed, under the Federal Reserve Act and Regulation M of the Federal Reserve Board, to have agreed to participate in such operations on whatever basis of allocation might be validly made by the Executive Committee of the Federal Open Market Committee,

NOW THEREFORE BE IT RESOLVED that in the opinion of this board of directors this bank should not at this time make a commitment of such substantial and uncertain proportions, and be it further

RESOLVED, that the Governor of this bank be and he is hereby instructed (1) to file with the Chairman of the Federal Open Market Committee forthwith written notice of the foregoing decision, with a statement that this bank does not wish at this time to participate to any such undetermined extent in the open-market operations so recommended and approved, and (2) to transmit a copy of such notice to the Federal Reserve Board, and be it further

RESOLVED, that the Governor be and he is hereby instructed to advise the Chairman of the Federal Open Market Committee and the Federal Reserve Board of this bank's willingness to have offered to it from week to week a share of purchases made or proposed to be made by the Executive Committee for the System account, under the recommendations of the Federal Open Market Committee and the approval of the Federal Reserve Board, which offers this bank may in its discretion accept in whole or in part as received.

I, the undersigned, Secretary of the Federal Reserve Bank of Boston, do hereby certify that the foregoing is a true and correct copy of preambles and resolutions which were duly adopted by the board of directors of said bank at a meeting duly called and held on November 1, 1933, a quorum being present, and of the whole of the said preambles and

solutions, as set forth in the minutes of the said meeting.

IN WITNESS WHEREOF I hereunto subscribe my name and affix the corporate seal of the said Federal Reserve Bank of Boston.

K. Amik
Secretary

Boston, Mass., November 4, 1933.

