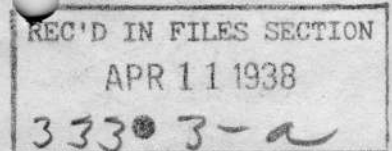


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**FEDERAL RESERVE BANK  
OF NEW YORK**



December 16, 1935.

Dear Governor Eccles:

As I believe you know, the board of directors of this bank has devoted the major part of its consideration of matters of credit policy, during the past year or more, to the questions created by the tremendous expansion of this country's monetary gold stock, and by the consequent increase of excess reserves of member banks, since January 1934. A memorandum adopted by our board of directors in March 1935, as an expression of its then existing views, was, I believe, transmitted to your Board and, in October, a statement of views which had been thoroughly discussed here was made the so-called preliminary memorandum for submission to the Federal Open Market Committee at its meeting on October 22, 1935.

These questions naturally have continued to occupy the attention of our directors since that time, and today a special meeting of the directors was held for the sole purpose of considering a memorandum on the subject of Excess Reserves and Federal Reserve Policy which had been prepared as a result of earlier discussions. At that meeting this memorandum, copy of which is enclosed, was unanimously adopted as an expression of the present views of our board of directors.

In transmitting this memorandum to you, in accordance with the wishes of our directors and in the belief that your Board is interested in receiving such expressions of opinion from the individual reserve banks, I should emphasize that this is a statement of present views which, of course, might be altered by changing circumstances in the future.

Faithfully yours,

*George L. Harrison*

George L. Harrison,  
Governor.

Honorable Marriner S. Eccles,  
Chairman, Board of Governors of the  
Federal Reserve System,  
Washington, D.C.