

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 Wednesday, June 9, 1937, at 4:45 p.m.

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

Messrs. Ransom, Davis, Szymczak, Martin
and Day, Members of the Federal Open
Market Committee

Mr. Morrill, Secretary
Mr. Wyatt, General Counsel
Mr. Goldenweiser, Economist
Mr. Williams, Associate Economist
Mr. Burgess, Manager of the System Open
Market Account
Mr. Carpenter, Assistant Secretary of the
Board of Governors of the Federal Reserve
System
Mr. Thurston, Special Assistant to the
Chairman of the Board of Governors of the
Federal Reserve System

It was suggested that the directions given to the Federal Reserve Bank of New York at the meeting on June 2, 1937, to execute transactions in the System open market account be renewed in somewhat different form which would state more clearly the authority granted.

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,

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(1) To replace maturing securities in the System open market account by purchases of like amounts of Treasury bills or Treasury 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 in the practical administration of the account, up to an aggregate of \$100,000,000 of purchases and a like amount of sales or redemptions;

(3) To increase or decrease temporarily the amount of securities in the account between weekly statement dates by not more than \$25,000,000 when necessary in making replacements or shifts pursuant to the above provisions of this resolution, provided that the amount of securities in the account as of any weekly statement date shall not be changed from that of the preceding weekly statement date except in accordance with the following clause of this resolution; 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 of such purchases or sales (which would include authority to allow maturities to run off without replacement) for the account as may be found to be desirable within the limits of the authority granted to the executive committee by the Federal Open Market Committee.

An understanding was reached that Mr. Goldenweiser, with the assistance of Mr. Sneed, Chief of the Division of Bank Operations of the Board of Governors, would begin immediately to assemble material for the executive committee to consider in connection with the preparation of a report to the full Committee on a plan for purchases of Treasury bills by the Federal reserve banks, which the Federal Open Market Committee at its meeting today had requested the executive committee to submit for consideration prior to the meeting of the full Committee to be held on August 5, 1937, that Mr. Williams would also develop

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data on the historical aspects of the proposal for use in the preparation of the report, and that Mr. Burgess would consider various market aspects of the matter.

Chairman Eccles advised the members of the executive committee of a call for a meeting of the committee in Washington on Tuesday, June 15, 1937, at 2:30 p.m. for the purpose of studying the Treasury bill program prior to a discussion with the Secretary of the Treasury on June 16, 1937.

Thereupon the meeting adjourned.

Chester Morley
Secretary.

Approved:

W. A. Eccles
Chairman.