

A meeting of the executive committee of the Federal Open Market Committee was held in the offices of the Board of Governors of the Federal Reserve System in Washington on Saturday, September 4, 1937, at 9:30 a. m.

PRESENT: Mr. Harrison, Vice Chairman  
Mr. Broderick  
Mr. Ransom (alternate for Chairman Eccles)  
Mr. Szymczak (alternate for Mr. McKee)  
Mr. Sinclair

Mr. Carpenter, Secretary pro tem  
Mr. Wyatt, General Counsel  
Mr. Williams, Associate Economist  
Mr. Burgess, Manager of the System Open Market Account  
Mr. Thomas, Assistant Director of the Division of Research and Statistics of the Board of Governors  
Mr. Piser, Senior Economist in the Division of Research and Statistics of the Board of Governors

Upon motion duly made and seconded, and by unanimous vote, the minutes of the meeting of the executive committee of the Federal Open Market Committee held on August 18, 1937, were approved.

Mr. Burgess outlined the transactions which had been carried out by the Federal Reserve Bank of New York for the System open market account since the meeting of the executive committee on August 18, 1937, as set forth in the weekly reports sent by the New York bank to the members of the executive committee. He also reported the transactions which had been effected since September 1, the last weekly report date.

Upon motion duly made and seconded, and by unanimous vote, the transactions in the account since the period covered by similar action taken by the executive committee at its meeting on August 18, 1937, up to and including September 3, 1937, were approved, ratified and confirmed.

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Mr. Burgess then reviewed developments in the money and securities markets since the last meeting of the executive committee as well as present conditions in the markets. Mr. Burgess' statement was followed by a discussion of the authority to be granted to the New York bank to effect transactions in the System open market account during the period before another meeting of the committee. Consideration was given to the question whether the committee should issue instructions to the New York bank to carry out transactions in the account designed to meet substantial reductions in excess reserves of member banks, particularly in the New York market. It was agreed that such instructions were not necessary at the present time and that the present situation would be met adequately by a renewal of the authority granted at the meeting of the executive committee on August 18, 1937, except that the authority to make shifts of securities in the account should be increased to \$150,000,000 to enable the New York bank to effect (in addition to such other transactions as may be necessary in the practical administration of the account) the replacement of the approximately \$71,000,000 of Treasury notes held in the account which mature on September 15, 1937. It was pointed out that such additional authority was necessary in view of the fact that one of the issues of securities to be offered in exchange for the maturing notes would undoubtedly have a maturity in excess of two years.

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 Treasury bills or Treasury notes maturing within two years;

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(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 \$150,000,000 of purchases and a like amount of sales or redemptions;

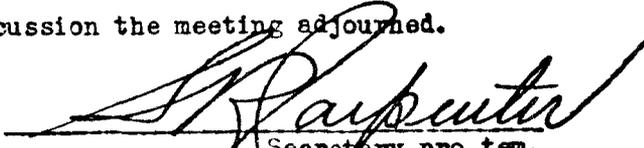
(3) To increase or decrease temporarily the amount of securities in the account between weekly statement dates by not more than \$25,000,000 when necessary in making replacements or shifts pursuant to the above provisions of this resolution, provided that the amount of securities in the account as of 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 or 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.

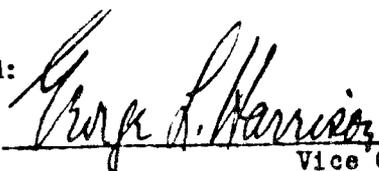
The above resolution was adopted with the understanding that should any member of the committee feel at any time that a meeting of the executive committee should be held for the purpose of considering action to be taken to meet fluctuations in excess reserves of member banks, such a meeting would be called.

Mr. Ransom stated that the Secretary of the Treasury had requested that the members of the executive committee meet with him at 11:00 a. m. this morning for the purpose of discussing the Treasury financing program. There ensued a discussion of the suggestions which had been made as to possible maturities and rates of the securities to be issued by the Treasury to replace the issue of Treasury notes maturing on September 15, 1937.

At the conclusion of the discussion the meeting adjourned.

  
Secretary pro tem.

Approved:

  
Vice Chairman.