

The meeting of the Federal Open Market Committee was reconvened in the offices of the Board of Governors of the Federal Reserve System in Washington on December 1, 1937, at 2:30 p.m.

PRESENT: Mr. Eccles, Chairman  
Mr. Harrison, Vice Chairman  
Mr. Szymczak  
Mr. McKee  
Mr. Ransom  
Mr. Davis  
Mr. Sinclair  
Mr. McKinney  
Mr. Martin  
Mr. Day

Mr. Morrill, Secretary  
Mr. Wyatt, General Counsel  
Mr. Goldenweiser, Economist  
Mr. Williams, Associate Economist  
Mr. Dreibelbis, Assistant General Counsel  
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

There was presented for consideration by the full Committee the recommendation of the executive committee of the Federal Open Market Committee that, in view of the fact that circumstances had changed very considerably since the meeting of the Federal Open Market Committee on June 9, 1937, when the executive committee was requested to study the proposed plan for purchases of Treasury bills by Federal reserve banks, the entire matter be laid on the table.

Upon motion duly made and seconded, and by unanimous vote, the recommendation of the executive committee was approved.

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At this point Mr. Piser, Senior Economist in the Division of Research and Statistics of the Board of Governors of the Federal Reserve System, entered the room.

In view of the discussions which had taken place during the meeting the Committee agreed unanimously upon the following statement for the minutes:

The Committee gave full consideration to general business and credit developments which had taken place since its last meeting in September, 1937, and to the reviews of the economic situation presented by Dr. Williams and Dr. Goldenweiser. The Committee also discussed the effects of the various actions taken under authority of the Committee and by the Board of Governors during this period.

It was the general opinion in the Committee that the existing volume of excess reserves and of supplies of private capital is abundant at this time at low rates for continuance of easy credit conditions and for meeting all credit requirements of commerce, business and agriculture.

In the light of existing business and credit conditions, the Committee felt that effective action to meet and overcome the present business recession should be taken outside the field of the System's various monetary powers and that the System could best contribute to the furtherance of economic recovery by being prepared to meet promptly any developments in the credit situation which might require a further exercise of its authority.

In order to place the System in position to meet such developments in business and credit conditions as might require further

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open-market operations in accordance with the System's policy during the period before another meeting of the full Committee, it was decided to continue the authority of the executive committee to engage in open-market operations.

Accordingly, upon motion duly made and seconded, the following resolution was adopted by unanimous vote:

RESOLVED, That, until the adjournment of the next meeting of the Committee, the executive committee is authorized to direct the purchase in the open market from time to time of sufficient amounts of Treasury bills or other short-term Treasury obligations to provide funds to meet seasonal withdrawals of currency from the banks and other requirements of commerce, business and agriculture by keeping at member banks an aggregate volume of excess reserves adequate for the continuation of the System's policy of maintaining credit conditions conducive to economic recovery; and the executive committee is authorized from time to time to direct a reduction of the holdings of such obligations to the extent that their retention is found to be unnecessary for the purposes of this resolution. It is understood that the executive committee, in the exercise of this authority, shall not increase or decrease by more than \$300,000,000 the amount of securities now in the System open market account.

Upon motion duly made and seconded, it was agreed unanimously that a meeting of the Federal Open Market Committee should be held in Washington on January 10-11, 1938.

The members of the Committee agreed that the authority granted to the executive committee at the last meeting of the full Committee to replace maturing securities and to make shifts in the System open market account should be continued for the same reasons as prompted the existing authority.

Upon motion duly made and seconded, and by unanimous vote, the Committee instructed the executive committee to direct the replacement of

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maturing securities in the System open market account with other Government securities and to make such shifts between maturities in the account as may be necessary in the proper administration of the account, provided that the amount of securities maturing within two years be maintained at not less than \$1,000,000,000 and that the amount of bonds having maturities in excess of five years be not over \$850,000,000 nor less than \$500,000,000.

Thereupon the meeting adjourned.

Robert Morris  
Secretary.

Approved:

W. C. C. C.  
Chairman.