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*333.3-a-1
Final Minutes*

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~~TENTATIVE DRAFT - SUBJECT TO CHANGE~~ *(See letter 6-7-35)*

MINUTES OF THE MEETING OF THE EXECUTIVE COMMITTEE
OF THE FEDERAL OPEN MARKET COMMITTEE
HELD AT WASHINGTON, D. O.
FEBRUARY 27, 1935.

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The meeting was called to order at 10:30 a. m., there being present Governor Harrison, chairman, Governors Seay and Schaller, and Deputy Governors Paddock and Burgess, secretary.

✓ Governor Harrison raised the question whether it was wise for the Treasury to continue the procedure of having the Under Secretary visit New York immediately before a new issue. He pointed out the danger that the Treasury might be criticized for unavoidably giving some information concerning the forthcoming issue to those few people who participated in the interviews in advance of a general announcement. There was an informal discussion of this and related questions.

At eleven o'clock the meeting adjourned to the office of the Secretary of the Treasury there being present, in addition to the committee,

Secretary Morgenthau, Governor Eccles, Under Secretary Coolidge, and Messrs. Bell, Haas, and Upham of the Treasury Department.

The Secretary of the Treasury indicated that the Treasury proposed to increase the amount of \$10 silver certificates to be issued, because it had not been possible to put into circulation the full amount of currency required by silver purchases without going beyond the \$1 and \$5 denominations.

There ensued a detailed discussion of proposals for the forthcoming Treasury issue with respect to the character of the offerings, their maturity, and rate.

✓ In the course of this discussion Governor Harrison pointed out that government securities had been rising in price with great rapidity to a record high in spite of an enormous Treasury deficit. As a result the present position might be

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considered in some measure vulnerable and interfered somewhat with the distribution of new issues. He said he had no detailed suggestion to make just now, but believed from time to time consideration should be given to plans which might prevent too rapid increases of prices in brief periods of time and which might insure a more healthy state of the market.

There was also discussion of the desirability of the Under Secretary visiting New York immediately before the issue, and it was agreed that for the future it might be desirable to avoid visits just at these times, with the understanding that the governors of the Reserve banks represented on the committee would be of all possible assistance to the Treasury in exploring market conditions.

At 12:15 p. m. the committee left the Treasury for the offices of the Board, and at 12:50 p. m. reconvened there.

Governor Harrison reported briefly upon the status of the Banking Act of 1935.

The secretary of the committee reported that the results of the first month of operation in 1935 showed that several of the Reserve banks were operating at a deficit or at a very small surplus. He indicated that a request for a further allotment of government securities had been received from the Richmond bank and might be expected from other banks. It was understood that adjustments between banks would be made when requested on the general basis of the computed figures as to the requirements of the several banks for expenses, dividends, and chargeoffs.

The meeting adjourned at 1:15 p. m.

W. Randolph Burgess

Secretary