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Final minutes

MINUTES OF THE JOINT MEETING OF THE
FEDERAL OPEN MARKET COMMITTEE WITH THE
FEDERAL RESERVE BOARD
HELD AT WASHINGTON, D. C.
MAY 28, 1935

5/28/35

The meeting was called to order at 11:00 a. m., there being present the following:

From the Federal Reserve Board
Governor Eccles, Chairman, Vice Governor Thomas, and
Messrs. Hamlin, Miller, James, Szymczak, O'Connor, Clayton,
Morrill, Carpenter, and Goldenweiser.

From the Committee
Governors Young, Harrison, Norris, Fleming, Seay, Newton,
Schaller, Martin, Geery, Hamilton, McKinney, and
Deputy Governor Day. Mr. Strater was also present.

Governor Harrison reported to the meeting the action of the committee at its meeting the previous day, and explained that in connection with the motion authorizing purchases or sales after telegraphic approval of the committee and approval of the Federal Reserve Board, it was the unanimous opinion of the committee that no purchases or sales should be undertaken at the present time.

There ensued a general discussion of open market policy, in the course of which question was raised concerning the position of the Federal Reserve Bank of Chicago, and the correspondence between that bank and the Federal Reserve Board was read. Copies of this correspondence are attached to these minutes. ✓

With respect to the distribution of government securities between Federal reserve banks, Governor Harrison reported the discussions of the committee on the preceding day and indicated that the various Federal reserve banks now holding less than their pro rata share were to explore the question of increasing their holdings, and that some shift in securities would probably result. In the course of this discussion Governor Schaller asked Governor Eccles whether the Federal Reserve Board approved the request of the Federal Reserve Bank of Chicago that some of the other banks take over a portion of its holdings of government

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securities. Governor Eccles stated that the Board was not in a position to force the banks to take any of Chicago's holdings, but would have no objection to their doing so.

There ensued further discussion of the policy to be pursued, at the conclusion of which there was unanimous agreement on the part of all those present that no sales of government securities should be made at this time, but there was agreement that the System should be prepared to act promptly when the time came for a change in open market policy.

The meeting adjourned at one p. m.

George L. Harrison,
Chairman, Federal Open
Market Committee.