

DECLASSIFIED  
 Authority E.O. 12356

MINUTES OF MEETING OF OPEN MARKET INVESTMENT COMMITTEE  
 FOR THE FEDERAL RESERVE SYSTEM, HELD AT THE FEDERAL  
RESERVE BOARD, WASHINGTON, D. C., DECEMBER 3, 1923

333.-6-2  
 Final Minutes  
 12/3/23

PRESENT:

Governor Strong, Chairman  
 Governors Harding, Fancher, McDougal and Norris  
 Mr. W. B. Matteson, Secretary of the Committee

ALSO PRESENT:

Governor Crissinger, Vice Governor Platt  
 Dr. Miller, Messrs. Hamlin, James and Cunningham  
 Honorable Garrard B. Winston, Under Secretary of the Treasury  
 Mr. W. L. Eddy, Secretary of the Federal Reserve Board  
 Mr. Walter W. Stewart, Director of Research and Statistics

At the request of Governor Crissinger, Governor Strong as Chairman of the Open Market Investment Committee reviewed briefly the situation which existed prior to the organization on May 16, 1922 of the Committee of Governors on Centralized Execution of Purchases and Sales of Government Securities, and the manner in which purchases and sales of Government securities were conducted; also, the manner in which such transactions had been handled since the formation of the original committee and its successor.

Governor Strong also stated briefly the present status of open market transactions of the System and the position of the banks at this time, with reference to their investment holdings of various classes. He further stated that the Committee felt it to be expedient at the present time that the Federal reserve banks should consider a change in policy, leading possibly to the purchase (through the Open Market Investment Committee) of a suitable volume of Government securities of short maturities, such purchases to be made with due regard to money market conditions, to the position of the Treasury, and to the market for Government securities, so as to be in a position to exert an influence from time to time by the purchase and sale of such securities in the open market. It was understood that for the present such purchases should not be of such volume as to cause a net increase

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in the System's earning assets.

An extended discussion followed, which was participated in by Governor Crissinger and other members of the Federal Reserve Board, Under Secretary of the Treasury Winston and the members of the Open Market Investment Committee.

The meeting adjourned at 1:00 p. m. for lunch.

The members of the Open Market Investment Committee reconvened at 2:30 p. m., all the members of the Committee being present except Governor Norris. Governor Strong presented the following communication which he received from the Federal Reserve Board:

"You are advised that the Federal Reserve Board at its meeting to-day considered the report of your Committee and adopted the following resolutions:

'WHEREAS, The Open Market Investment Committee of the Federal Reserve System (Governors Strong, Harding, McDougal Fancher and Norris) has reported to the Board that it is expedient at the present time that the Federal reserve banks be given permission to assume a position toward the money market by the purchase of a suitable volume of Government securities of short time maturities, provided such purchases can be made without disturbing the conditions of the money market or of the market for Government securities,

'NOW, THEREFORE, BE IT RESOLVED, That the Federal Reserve Board declares itself in favor of the purchase of a limited volume of short-term Government securities at this time, it being understood that the Board reserves the right to discontinue purchases and to require the sale of any of the securities purchased in pursuance of this resolution at any time it may deem expedient, and

'BE IT FURTHER RESOLVED, That copies of these resolutions be transmitted to the Chairman of the Open Market Investment Committee of the Federal Reserve System and to the Governors of all Federal reserve banks.'

"By direction of the Federal Reserve Board.

Respectfully,

(Signed) Walter L. Eddy  
Secretary"

The Chairman was directed to acknowledge the Board's letter, which was done at once. The Committee also directed the Chairman to send a letter to each reserve bank, reporting the results of the Conference and outlining the procedure

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to be followed, after first informing Under Secretary of the Treasury Winston of the proposed action.

It was understood that the Chairman would ask for the views of the Federal Reserve Board and participating reserve banks, as to further purchases after a total of \$100,000,000 had been acquired. The Committee agreed that only early maturing obligations of the Treasury should be purchased and that the procedure heretofore followed in executing orders would continue.

It was thereupon voted that the Committee should proceed with the purchases of Government securities along the lines set forth in the Federal Reserve Board resolution, such purchases to be made as and when conditions should permit.

The meeting thereupon adjourned.

(Signed) W. B. MATTESON

Secretary