

MINUTES OF THE MEETING OF THE OPEN MARKET INVESTMENT COMMITTEE  
FOR THE FEDERAL RESERVE SYSTEM, HELD AT THE FEDERAL RESERVE BOARD  
IN WASHINGTON, APRIL 22, 1924.

333-b-2  
Final Minutes

4/22/24

PRESENT:

Governors Norris and McDougal  
Deputy Governor Bullen, representing Governor Harding  
Deputy Governor Case, representing Governor Strong  
Mr. D. C. Wills, Chairman, Federal Reserve Bank of  
Cleveland, representing Governor Fancher  
Mr. Matteson, Secretary of the Committee

There were also present:

Honorable D. R. Crissinger, Governor of the Federal  
Reserve Board  
Dr. A. C. Miller of the Federal Reserve Board  
Honorable G. B. Winston, Under Secretary of the Treasury  
Mr. Walter W. Stewart, Director, Bureau of Research and  
Statistics, Federal Reserve Board  
Mr. W. R. Burgess, Assistant Federal Reserve Agent,  
Federal Reserve Bank of New York

The meeting was called to order at 11 a. m. and in the absence  
of Governor Strong, Chairman, Mr. Case was, on motion, made Chairman  
of the meeting.

The report of the Secretary reviewing the activities of the  
Committee since the last meeting, with accompanying statements, was  
thereupon submitted, (copy herewith).

Limit of  
Purchases  
for Special  
Investment  
Account

[ The Chairman stated that in accordance with authorization at  
the meeting on February 25 purchases for the special investment account  
had almost reached the \$200,000,000 mark and asked the views of the  
Committee and others present with regard to further purchases. A  
general discussion followed. Whereupon on motion duly made and  
seconded, it was

VOTED that additional purchases for the special investment  
account of the Federal Reserve system be authorized up to an amount  
[not exceeding in the aggregate \$250,000,000.]

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Mr. Winston stated that the Treasury Department, while interposing no objection to the above plan, felt that it would assist the Treasury in its program of financing if the Committee should place a definite limit on the amount to be acquired for the System Special Account. After some discussion it was agreed that this question should be placed on the calendar for the next meeting.

Policy  
Regarding  
Price  
Limits

The question of the price limits on purchases of Government securities was discussed and it was the consensus of opinion that, due to the rapid changes in the Government security market, purchases could be made to better advantage if the Committee was allowed more discretion as to prices. Whereupon, on motion duly made and seconded, it was

VOTED that up to the \$250,000,000 limit the Committee be authorized to make purchases at its discretion at current market prices. \* 5

Change in  
Bill Rates

The Chairman read a memorandum (copy attached) from Mr. E. R. Kenzel of the New York bank, pointing out that authorized buying rates for bills were out of line with current market quotations and suggesting a modification in buying rates. After discussion, it was, on motion

VOTED that the Committee authorize a reduction in the minimum buying rates of the Federal Reserve Banks from 4 1/8 per cent. to 4 per cent. for long bills, and from 4 per cent. to 3 7/8 per cent. and 3 3/4 per cent. on short bills, the short rates not to be put into effect immediately but in the discretion of the Federal Reserve Banks.

Policy  
Regarding  
Requests  
for Special  
Investments

The Chairman read a telegram from the Federal Reserve Bank of Dallas stating that in view of large maturities they were in need of additional earning assets. This was carefully considered and it was the sense of the meeting that under existing conditions there was no special action which the Committee could take at this time, as the

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situation in the Dallas district was no different than that existing in many of the other districts.

A report on Foreign Accounts, with accompanying statement submitted by the New York bank, was presented to the Committee.

Effect of  
Treasury  
Operations  
On Money  
Market

Mr. Winston brought up for discussion the problems raised by Treasury operations on March 15, 1924, and their effect on the money market. Various means were discussed for avoiding disturbance to the money market as a result of Treasury operations at times when discounts at reserve banks are small and the suggestion was advanced that Federal reserve banks might at such times temporarily sell short Governments to member banks to an amount that would equalize their excess reserves during the few days pending the collection of tax checks. No definite decision, however, was reached. In connection with temporary accommodations to the Treasury Mr. Winston stated that, in line with a suggestion made by the New York bank, the Treasury favored placing the rate on special certificates issued to cover the Treasury overdrafts at one point under the rate on Treasury certificates or notes concurrently issued.

On motion the meeting adjourned at 4:00 p. m.

(Signed) W. B. MATTESON

Secretary