

MINUTES OF THE MEETING OF THE OPEN MARKET INVESTMENT COMMITTEE
FOR THE FEDERAL RESERVE SYSTEM HELD AT THE FEDERAL RESERVE
BANK OF NEW YORK, JUNE 24, 1925

333.-6-2

Final Minutes

6/24/25

The following members of the Committee were present:

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

There were also present:

Honorable D. R. Crissinger, Governor of the Federal Reserve Board
Mr. John R. Mitchell, Chairman of the Board, Federal Reserve Bank
of Minneapolis
Mr. Pierre Jay, Chairman of the Board, Federal Reserve Bank of
New York
Mr. J. H. Case, Deputy Governor, Federal Reserve Bank of New York
Mr. E. R. Kenzel, Deputy Governor, Federal Reserve Bank of New York
Mr. W. R. Burgess, Assistant Federal Reserve Agent, Federal Reserve
Bank of New York.

The meeting was called to order by Governor Strong, Chairman, at
10:30 a. m.

In view of the probable absence of Governor Strong for some weeks during
the summer it was

VOTED that Mr. Case be appointed to serve on the Committee and be
acting chairman of the Committee pro tem during the absence of Governor Strong.

The report of the Chairman was presented and after full discussion it
was

VOTED to accept the report with minor revisions (revised report with
accompanying exhibits herewith).

The Chairman reported that the Bank of England had recently acquired a
small balance here by purchase from a foreign bank of earmarked gold, and
desired to employ it by the purchase of \$2,000,000 short term certificates of
indebtedness; and that a further balance might be built up for which similar
employment would be desired. In order that additional Federal reserve funds
might not be put in the market at this time it was

VOTED that \$2,000,000 Treasury certificates, due September 15, 1925,

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be sold to the Bank of England from the holdings in the Special Investment Account, and that the Committee authorizes further such sales up to the total holdings of this maturity amounting to \$5,000,000.

Mr. Case reported that the Treasury in order to employ a part of its unusually large balance in the Federal reserve banks, had requested the purchase of \$10,000,000 Third Liberty Loan 4 1/4 per cent bonds and \$10,000,000 3 per cent Treasury certificates, due June 15, 1926. In order that these purchases might likewise be made without introducing further Federal reserve funds into the market at this time it was

VOTED that a sale of \$10,000,000 Third Liberty Loan bonds be made to the Treasury from the Special Investment Account, and that as far as possible the \$10,000,000 3 per cent Treasury certificates, due June 15, 1926, (since the Committee holds none of this issue) be purchased in other districts than New York.

There followed a discussion with regard to further sales from the Special Investment Account and the Committee was in agreement that further sales might be necessary, under existing authority, for an amount which might bring the account down to \$200,000,000, if there appeared to be a large flow of out-of-town funds to New York during the summer dull period. No vote was taken, however, and it was agreed that the members of the Committee would be consulted before any sales were made.

Consideration was also given to the suggestions in the Chairman's report with regard to the purchase or sale of securities at the September tax period, purchases during the autumn, and the seasonal movement at the end of the year and after the first of next year. The tentative proposals contained in the report were approved and it was agreed that definite action should be determined later as occasion arose.

With regard to making allotments of purchases of bills after July 1, the Secretary explained that figures had been requested from all the banks as

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of June 30, 1925, showing earnings, expenses, dividends, etc. for the first half year. It was, thereupon,

VOTED that future allotments of bills be based upon earnings required to meet expenses and dividends, (exclusive of charge-offs) as shown by the new figures. And, if necessary, that such allotments be made to the Federal reserve banks of Minneapolis, Kansas City, Dallas, and Atlanta, (which are either short of earning assets or unable to take their full share of securities because of shortage of collateral for note issues) so as to enable them to maintain continuously their needed proportion of open market investments.

The usual report on foreign accounts was submitted.

On action the meeting adjourned.

(Signed) W. B. Matteson,
Secretary.