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MINUTES OF THE MEETING OF THE EXECUTIVE COMMITTEE OF THE *Final Minutes*  
 OPEN MARKET POLICY CONFERENCE HELD AT THE OFFICES OF THE  
 FEDERAL RESERVE BOARD, WASHINGTON, D. C., DECEMBER 20, 1930. 12/20/30

The meeting was called to order at 10:30 a. m., there being present

Governor Meyer and Messrs. Hamlin and James of the Federal Reserve Board.  
 Undersecretary Mills  
 Mr. McClelland  
 Governors Young, Harrison and Fancher, and  
 Deputy Governors McKay and Burgess, secretary.

At 10:40 Messrs. Goldenweiser and Smead entered the meeting, and at  
 10:45, Governor Norris.

Governor Harrison reported concerning the developments in recent weeks in the New York banking situation, including a review of the events preceding the failure of the Bank of United States, and of the events since that time affecting other institutions. He indicated that on Saturday, December 13, when one of the large institutions in New York was having heavy withdrawals of currency, the Reserve bank had purchased from this institution about \$40,000,000 par amount of government securities in order that that bank might acquire sufficient reserve funds without unduly increasing its borrowing. These securities were purchased for the account of the Federal Reserve Bank of New York as a temporary emergency purchase.

Governor Harrison then reviewed his European trip and his conversations with representatives of central banks and others in France, England, and Germany.

At 12 p. m. the representatives of the Federal Reserve Board and Mr. Ogden Mills retired from the meeting which reconvened with Messrs. Young, Harrison, Norris, Fancher, McKay, and Burgess present.

Governor Meyer rejoined the meeting at 1:00 o'clock.

The preliminary memorandum dealing with the credit situation was distributed and read by those present. An informal discussion of the memorandum ensued.

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Governor Harrison then summarized the credit position, indicating that, owing to some tenseness in the banking situation, the public state of mind was now more sensitive than when the program of the Open Market Policy Conference meeting on September 25 had been adopted, which provided for a possible purchase of up to \$100,000,000 Government securities if necessary, as a supplement to bill purchases, to prevent any tightening of the money market due to seasonal or other causes. It was his view that if there was any difficulty in securing an adequate amount of bankers acceptances to take care of all seasonal needs for the next ten days, the committee should be prepared promptly to buy governments rather than have any increase in nervousness arise from any indication of strain in the money situation.

This question was then discussed by the members of the committee. In the course of discussion reference was made to the banking situation at different important centers, the probable currency and window dressing demands over the first of the year, and problems which had arisen in connection with some discrimination against certain names existing in the market for bankers acceptances.

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Those present agreed that if any real need arose they would be willing to leave it to the judgment of the Federal Reserve Bank of New York whether some additional amount of government securities should be purchased within the \$100,000,000 authority with the understanding that the New York bank would keep in close communication with the members of the committee.

With reference to the question as to whether any governments purchased at this time or other governments in the portfolio should be sold after the turn of the year, while it seemed to be the sense of the committee that this would prove undesirable or difficult in all the circumstances, it was agreed that a meeting of the open market policy conference should be held early in January to consider future policies at that time. January 12 was suggested as a satisfactory date.

The meeting adjourned at 1:15 p. m.

George L. Harrison,  
Chairman.