

Miss Egbert

July 11, 1947

Mr. E. F. Bartelt,
Fiscal Assistant Secretary,
Treasury Department,
Room 3446,
Washington 25, D. C.

Dear Mr. Bartelt:

I am attaching for your information a copy of the Chairman's letter addressed to Secretary Snyder and containing the recommendations of the Executive Committee of the Federal Open Market Committee.

Sincerely,

Richard A. Musgrave,
Chief, Government Finance Section.

Attachment
RAM:mv

July 11, 1947

Honorable John W. Snyder,
Secretary of the Treasury,
Washington, D. C.

Dear John:

In response to Mr. Bartelt's inquiry regarding our views on the August 1 certificate issue, the Executive Committee of the Federal Open Market Committee recommends that it be refunded in full into certificates maturing within eleven months and bearing a coupon rate of $7/8$ per cent.

This recommendation is based on the considerations expressed to you by Mr. Sproul and myself in our recent discussion and restated in our memorandum transmitted to you on July 1. As developed in that memorandum, issuance of an eleven months certificate at this time would be a step towards consolidation of the eleven outstanding certificate issues into a smaller number and thereby permit raising the certificate rate gradually while minimizing the effect of the rising rate upon the price of outstanding certificates. Beginning this program now paves the way for refunding the September maturities of Treasury notes which represents the crux of the immediate problem.

Sincerely yours,

(Signed) ~~Marriner~~

M. S. Eccles, Chairman,
Federal Open Market Committee.