

Mr. Eccles stated that while he voted for the program which had been negotiated with the Treasury he did so reluctantly because he felt strongly that before any new, refunding, or conversion issues of Government securities were offered to the public the market should be permitted to make price adjustments which more nearly reflect the real public market, always taking into account the need of maintaining an orderly market. He felt the proposed conversion was a case of prejudging the market. However, he said, he realized that the compromise program was the best that could be had in the circumstances, that it was a very important step in the direction of a more flexible market and greater freedom in the determination of System open market policies that failure of the Federal Open Market Committee to approve the program may have continued the unsatisfactory working relationship with the Treasury that had existed in the recent period, and in these circumstances he felt justified in voting for it along with all other members of the Committee.

Controversy
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