

A meeting of the Federal Reserve Board with the Federal Open Market Committee was held in Washington on Tuesday, February 5, 1935, at 12:40 p. m.

PRESENT: Mr. Eccles, Governor
Mr. Thomas, Vice Governor
Mr. Hamlin
Mr. Miller
Mr. James
Mr. Szymczak

Mr. Morrill, Secretary
Mr. Clayton, Assistant to the Governor

Messrs. Harrison, Norris, Fleming, Seay,
Newton, Schaller, Martin, Geery,
Hamilton, McKinney and Calkins,
Governors of the Federal Reserve Banks
of New York, Philadelphia, Cleveland,
Richmond, Atlanta, Chicago, St. Louis,
Minneapolis, Kansas City, Dallas and
San Francisco.

Mr. Paddock, Deputy Governor of the Federal
Reserve Bank of Boston.

Mr. Burgess, Secretary, Federal Open Market
Committee.

Governor Harrison stated that during the morning the Federal Open Market Committee had held its first meeting of the year, that he had been reappointed chairman, and Mr. Burgess secretary, and that an executive committee had been appointed consisting of the Governors of the Federal Reserve Banks of Boston, New York, Cleveland, Richmond and Chicago; the only change in the membership of the committee being the inclusion of the Governor of the Federal Reserve Bank of Richmond instead of the Governor of the Federal Reserve Bank of Philadelphia. The reason for this change, Governor Harrison stated, was that it was felt there was some advantage to be gained in rotating the members of the executive

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committee when it was possible to do so provided the members were sufficiently accessible to Washington to insure expeditious meetings whenever necessary.

Governor Harrison said that the Federal Open Market Committee, at its meeting this morning, had ratified the action taken by the executive committee at its meeting in Washington on January 25, 1935, and confirmed by telegraphic communication with the other members of the Federal Open Market Committee. He stated that the authority granted by that action, which had been approved by the Federal Reserve Board, expired this morning; that, accordingly, the Federal Open Market Committee considered what it should do for the immediate future; that it was felt that it was almost impossible to determine upon any definite policy at the present time, but that the System should be prepared to act as circumstances might develop; and that, therefore, the Federal Open Market Committee had adopted the following resolution:

VOTED, Subject to the approval of the Federal Reserve Board, and superseding previous authorizations, that the executive committee be authorized to buy, sell, or make shifts between maturities of government securities up to \$250,000,000 and be further authorized to buy, sell, or make shifts between maturities of an additional \$250,000,000 on telegraphic approval of a majority of the open market committee in case of emergency requiring action before a meeting of the full committee could be arranged.

Governor Harrison discussed briefly some of the considerations which led to the adoption by the Federal Open Market Committee of the above resolution. He then stated that there had been submitted to the members of the Committee during its meeting a preliminary memorandum of

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the character usually presented at meetings of the Committee, and Mr. Burgess handed copies of the memorandum to the members of the Federal Reserve Board.

Mr. Hamlin raised the question whether it was contemplated that the executive committee would communicate with the Governor of the Federal Reserve Board before selling securities from the System account. Governor Harrison replied that as a matter of practice the committee has always followed the policy of keeping in close touch with the Governor of the Board and that no change in the direction of the committee's activities had taken place without consulting the Governor.

Governor Eccles commented that he had been in almost daily contact with Mr. Burgess, Secretary of the Federal Open Market Committee, and Mr. Coolidge, Under Secretary of the Treasury, in regard to the Government bond market. He pointed out, however, that no change had taken place in the total amount of securities held in the System account since he became Governor of the Federal Reserve Board.

After further discussion, Governor Eccles announced that the Federal Reserve Board would meet at 2:30 p. m. this afternoon to consider the resolution adopted by the Federal Open Market Committee and that at 3:00 p. m. the Board would be glad to meet again with the members of the Federal Open Market Committee. He said that he had extended an invitation to the Secretary of the Treasury to meet with the Board and the members of the Federal Open Market Committee but that Mr. Morgenthau was unable to do so because of other matters of importance which would

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require his attention during the afternoon, and that Mr. Coolidge would also be engaged in another meeting during the afternoon but would be able to meet with the Board and the members of the Federal Open Market Committee at 4:00 p. m.

Thereupon the meeting adjourned.

Walter Merrill
Secretary.

Approved:

W. C. Coolidge
Governor.