

**DECLASSIFIED**

Authority *Ex Order 12356*

Form F. R. 567

**END SHEET**

**KIND OF MATERIAL OR NUMBER**

**333.3-a-1**

**NAME OR SUBJECT**

**Federal Open Market Committee  
Meetings  
Open Market Operations**

**DATES (Inclusive)**

**1934**

**PART NUMBER**

**Part 2**

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Authority Ex Order 12356

*December 17.*

*333.3-a-1*

FEDERAL RESERVE BANK  
OF NEW YORK

January 29, 1935.

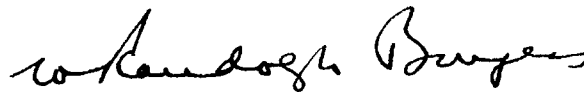
Dear Governor Eccles:

Enclosed herewith are the final copies of the minutes of the meetings of the Executive Committee on November 27, and of the Federal Open Market Committee on December 17.

*12-17-34 filed 333.3-a-1  
Final minutes*

Will you please substitute these for the tentative drafts previously sent you.

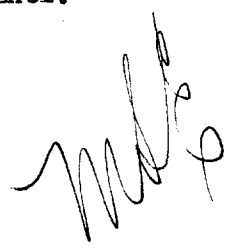
Very truly yours,



W. Randolph Burgess  
Secretary, Federal  
Open Market Committee

Honorable Marriner S. Eccles,  
Governor, Federal Reserve Board,  
Washington, D. C.

WRB.H  
Encl.



*copy filed meeting 11/27/34 - 333.3-a-1*

DECLASSIFIED  
 Authority *EO Order 13356*

*December 17.*

*333.3-a-1*

December 26, 1934.

Mr. W. Randolph Burgess, Secretary,  
 Federal Open Market Committee,  
 c/o Federal Reserve Bank of New York,  
 New York, New York.

Dear Mr. Burgess:

Governor Eccles has handed to me your letter  
 of December 22 and the tentative draft inclosed there-  
 with of the minutes of the meeting of the Federal  
 Open Market Committee held at Washington, D. C. on  
 December 17, and has asked me to say to you that the  
 draft as you have prepared it is satisfactory to him.

Very truly yours,

(Signed) Chester Morrill

Chester Morrill,  
 Secretary.

CM/rkt

*CM*

FILE COPY

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Authority EO Order 12856

333.3-a-1

FEDERAL RESERVE BANK  
OF NEW YORK

December 22, 1934.

Dear Governor Eccles:

I have been working over the minutes <sup>12-17-34</sup> of the meeting of the Federal Open Market Committee last Monday, and am in something of a quandary to know how much to include of your very interesting discussion. I finally prepared a draft attached herewith which includes only a very brief summary of some of the more important points you made, with the thought that you would probably prefer to consider most of what you said as informal and off the record. But I am sending this copy to you first before sending it out to members of the committee, to give you an opportunity to let me know if you feel it would be desirable to enter in the minutes more fully what you said. Perhaps I could discuss this with you by telephone early next week.

Very truly yours,



W. Randolph Burgess  
Secretary, Federal Open  
Market Committee

Honorable Marriner S. Eccles,  
Governor, Federal Reserve Board,  
Washington, D. C.

WRB/H  
enc.

12/26/34

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Authority EO Order 12856CONFIDENTIALTENTATIVE DRAFT - SUBJECT TO CHANGE

MINUTES OF THE MEETING OF THE  
FEDERAL OPEN MARKET COMMITTEE  
HELD AT WASHINGTON, D. C.  
DECEMBER 17, 1934

333.3-a-1

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

Governors, Young, Norris, Seay, Fancher, Geery, and Martin  
Deputy Governors Burgess, Johns, and McKay

On motion Governor Young was elected chairman pro tem.

The secretary's report of operations was distributed and after discussion it was

VOTED that the report be accepted and placed on file.

It was

VOTED to ratify the action of the executive committee in replacing Treasury notes which matured on December 15, with other issues, this action having previously received telegraph approval of all governors.

After discussion the following action was taken with respect to maturities in the portfolio which might have to be dealt with prior to another meeting of the committee.

VOTED that the Executive Committee be given authority to replace the Treasury notes maturing on March 15 and the maturities of called 4th 4 1/4% Liberty Bonds in System Account either in the market or with any securities which the Treasury may offer in exchange.

There was a brief discussion of the desirability of the System's being prepared to make shifts between maturities in the System portfolio, if that should appear desirable as an aid to maintaining stability in the government security market, either in connection with Treasury financing operations or at other times. It was then

VOTED that the Executive Committee be given authority to make exchanges between maturities in the System Account up to a total of \$100,000,000.

The members of the Federal Reserve Board were then invited to join the meeting, and at 11 o'clock they entered the room, the following being

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Authority *Ex Order 12356*

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present in addition to the committee:

From the Federal Reserve Board:

Governor Eccles and Messrs. Hamlin, James, Szymczak,  
and Thomas

From the Federal Reserve Board staff:

Messrs. Goldenweiser, Morrill, Smead, Wyatt, Bethea,  
Carpenter, and Walters

Governor Eccles discussed with those present certain aspects of the banking situation and of the function of the Federal Reserve System under present conditions.

In the course of the discussion Governor Eccles raised the question whether it would not be a mistake for the Federal Reserve System to confine its purchases solely to short term government securities and whether it would not be wise in the interest of public confidence for the Reserve System to exercise leadership by some further purchases of long time government bonds on appropriate occasions.

Governor Eccles also suggested the desirability of a broadening of the eligibility provisions of the Federal Reserve Act which would encourage the private banking system to support the markets for longer term credit.

In reply to questions Governor Eccles said he did not have any specific suggestions to make at this time with respect to the relationship of the Federal Reserve System to the government security markets, but believed that the Reserve System should be prepared if and when necessary to support this market vigorously and independently without waiting for a request from the Treasury.

There was extended general discussion in the course of which Governor Young reported to the members of the Federal Reserve Board the action which had been taken by the Open Market Committee. The meeting adjourned at 12:50 p. m.

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The meeting reconvened at 3:45 p. m. following a meeting of the committee on legislative program. Mr. Coolidge was present in addition to the members of the committee, and Governor Eccles entered the meeting later.

There followed an informal discussion of Treasury financing including a discussion of means of avoiding padding of subscriptions, Federal reserve policy in purchasing long time government securities, etc.

In the course of this discussion Undersecretary Coolidge stated his belief that the Federal Reserve System had done all it properly could in supporting the government market, though he suggested that in the future it might be desirable for the Federal Reserve System to operate directly rather than in behalf of the Treasury in easing off the market at times of decline, with the understanding that the Treasury would then be prepared to exchange securities with the Reserve banks in order to give the Reserve banks a proper distribution of maturities in their portfolio.

The meeting adjourned at 5:15 p. m.

W. Randolph Burgess

Secretary

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333.3-a-1

REPORT OF OPEN MARKET OPERATIONS TO MEETING OF THE  
FEDERAL OPEN MARKET COMMITTEE HELD AT  
WASHINGTON ON ~~DECEMBER~~ 17, 1934

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The present holdings of United States Government securities in the System Special Investment Account amount to - - - - - \$2,223,149,500. There has been no change in this amount since November 8, 1933.

Transactions in Government securities in the System Account since the last meeting of the Executive Committee on November 27, 1934 were as follows:

- (1) Sales and replacement purchases in the market of \$21,000,000 miscellaneous issues of short-term Government securities.
- (2) (a) Sales in the market of \$39,840,000 - 2 1/4 per cent certificates of indebtedness due December 15, 1934 and replacement purchases in the market of various issues of Treasury bills.
- (b) Exchange at maturity on December 15, 1934 of \$100,000,000 - 2 1/4 per cent certificates of indebtedness for \$50,000,000 each, 1 1/8 per cent Treasury notes due June 15, 1936 and 2 1/8 per cent Treasury notes due June 15, 1939.

The operations noted above with respect to the 2 1/4 per cent certificates of indebtedness which matured December 15, 1934 were carried out in accordance with the policy recommended by the Executive Committee at meeting November 27 and approved by all members of the Federal Open Market Committee.

The profit realized on sales of Government securities in the System Account so far this year amounted to \$7,375,874.11 on December 12. Each bank's pro rata share in this profit as held in Suspense Account was as follows:

*See meeting  
held by Fed. Open  
Market Com.*  
MINUTES ON

DEC 17 1934  
*[Signature]*



2

Boston	\$ 520,825.22	Chicago	\$1,225,597.37
New York	2,213,743.22	St. Louis	307,559.20
Philadelphia	543,233.13	Minneapolis	192,606.20
Cleveland	706,763.63	Kansas City	296,429.01
Richmond	325,755.48	Dallas	201,228.60
Atlanta	290,284.90	San Francisco	551,848.15

The table below gives a comparison of the amount and the distribution according to groups of the appreciation on United States Government securities held in the System Account on November 21 and December 12, 1934, as represented by the difference between the market bid prices and book values:

	<u>November 21</u>	<u>December 12</u>
Certificates of Indebtedness	\$ 791,818.97	\$ 0
Liberty Loan and Treasury Bonds	6,418,880.20	7,905,876.22*
Treasury Notes	17,883,213.42	23,594,201.92
Treasury Bills	<u>0</u>	<u>0</u>
Totals	<u>\$25,093,912.59</u>	<u>\$31,500,078.14</u>

\*Includes appreciation of \$843,750 on Treasury notes received in exchange for 2 1/4 per cent certificates of indebtedness on December 15.

There were no purchases or maturities of bankers acceptances during the period November 21 - December 12, 1934 and the System holdings continued unchanged at \$183,000.

Attached are statements showing the following:

- Exhibit "A" - Maturity Distribution of Holdings of Government Securities in the System Account at the End of Each Month 1932, 1933, 1934 and on December 15, 1934.
- Exhibit "B" - Classification of Issues Held in the System Account on December 12, 1934, and the Percentage of Each Issue Held in the Account as Compared With the Amount of the Respective Issue Outstanding.
- Exhibit "C" - Participation by Federal Reserve Banks of Holdings of Government Securities in the System Account on December 12, 1934, and the Amount of Each Bank's Present Holdings Over or Short of Pro Rata Share Based on (1) Expenses, Dividends and Charge-offs, and (2) Reserves in Excess of Amounts Required for a 55 per cent Reserve Ratio.

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- Exhibit "D" - Total Holdings of Government Securities by Federal Reserve Banks on December 12, 1934, and Amount of Each Bank's Present Holdings Over or Short of Pro Rata Share Based on (1) Expenses, Dividends and Charge-offs and (2) Reserves in Excess of Amounts Required for a 55 Per Cent Reserve Ratio.
- Exhibit "E" - Earnings of All Federal Reserve Banks for the Eleven Months Ended November 30, 1934.

## EXHIBIT "A"

MATURITY DISTRIBUTION OF HOLDINGS IN SYSTEM ACCOUNT  
 END OF EACH MONTH - 1932-33-34

(In millions of dollars)

1932	Within Six Months	Per- cent	Within One Year	Per- cent	Within Two Years	Per- cent	3-5 Years Inc.	Per- cent	Call able Bonds	Per- cent	Other Bonds	Per- cent	Totals
Jan.	\$165	29	\$ 355	63	\$ 355	63	\$ -	-	\$212	37	\$ -	-	\$ 567
Feb.	191	32	375	64	375	64	-	-	212	36	-	-	587
Mar.	299	44	475	69	475	69	-	-	212	31	-	-	687
Apr.	583	57	778	76	779	76	-	-	239	24	-	-	1,018
May	716	51	1,058	75	1,115	79	-	-	290	21	-	-	1,405
June	744	48	1,106	71	1,173	75	64	4	322	21	-	-	1,559
July	733	45	1,098	67	1,167	71	132	8	336	21	-	-	1,635
Aug.	622	38	1,029	63	1,194	73	110	6	336	21	-	-	1,640
Sept.	606	37	998	61	1,170	71	134	8	336	21	-	-	1,640
Oct.	651	40	1,051	64	1,229	75	75	4	336	21	-	-	1,640
Nov.	765	47	1,046	64	1,227	75	77	4	336	21	-	-	1,640
Dec.	779	48	1,021	62	1,203	73	101	6	336	21	-	-	1,640
<u>1933</u>													
Jan.	644	41	903	58	1,107	71	116	7	336	22	-	-	1,559
Feb.	577	36	856	53	1,090	67	203	12	336	21	-	-	1,629
Mar.	709	44	856	53	1,090	67	203	12	336	21	-	-	1,629
Apr.	570	35	725	45	958	59	335	20	336	21	-	-	1,629
May	543	32	823	49	962	57	384	23	336	20	-	-	1,682
June	656	37	879	49	1,117	62	335	19	336	19	-	-	1,788
July	659	36	903	50	1,143	63	341	19	336	18	-	-	1,820
Aug.	621	32	1,025	53	1,191	62	394	21	336	17	-	-	1,921
Sept.	706	34	1,102	53	1,278	62	452	22	336	16	-	-	2,066
Oct.	860*	39	1,257	57	1,443	66	498**	23	252	11	-	-	2,193
Nov.	845*	43	1,235	56	1,435	65	511**	23	252	11	25	1	2,223
Dec.	887*	40	1,216	55	1,426	64	520**	24	252	11	25	1	2,223
<u>1934</u>													
Jan.	887*	40	1,216	55	1,426	64	520**	24	252	11	25	1	2,223
Feb.	987*	44	1,190	54	1,415	64	531**	24	252	11	25	1	2,223
Mar.	799*	36	1,034	47	1,287	58	659**	30	252	11	25	1	2,223
Apr.	730*	33	1,008	45	1,476	67	488**	21	195	9	64	3	2,223
May	717*	32	991	44	1,475	66	489**	22	195	9	64	3	2,223
June	765*	34	972	44	1,354	61	550**	24	195	9	124	6	2,223
July	732*	33	939	42	1,321	59	583**	26	195	9	124	6	2,223
Aug.	705*	32	1,018	46	1,365	61	539**	24	195	9	124	6	2,223
Sept.	654	29	868	39	1,258	56	646**	29	195	9	124	6	2,223
Oct.	749*	34	964	43	1,342	60	647**	29	110	5	124	6	2,223
Nov.	752*	34	968	43	1,349	60	640**	29	110	5	124	6	2,223
Dec.15	794*	36	953	43	1,405	63	584**	26	110	5	124	6	2,223

\*Includes Fourth Liberties "called"

\*\*Does not include Fourth Liberties "uncalled" maturing October 1938.

**EXHIBIT "B"**

**CLASSIFICATION OF ISSUES HELD IN THE SYSTEM ACCOUNT ON DECEMBER 12, 1934 AND THE PERCENTAGE OF EACH ISSUE IN THE ACCOUNT AS COMPARED WITH THE AMOUNT OF THE RESPECTIVE ISSUE OUTSTANDING**  
(000 Omitted)

				System Account Holdings	Amount Re- spective Issue Outstanding	Percentage of Issues Held to Amount Outstanding
<b>TREASURY BILLS</b>						
U. S. Treasury Bills due	Dec.	19, 1934	\$	19,230	\$ 75,226	25.56%
" " " " " "	"	26, 1934		21,750	75,353	28.86%
" " " " " Jan.		2, 1935		20,649	75,167	27.47%
" " " " " "	"	9, 1935		17,750	75,235	23.59%
" " " " " "	"	16, 1935		13,200	75,144	17.57%
" " " " " "	"	23, 1935		11,200	75,200	14.89%
" " " " " "	"	30, 1935		17,688	75,025	23.58%
" " " " " Feb.		6, 1935		26,535	75,327	35.23%
" " " " " "	"	13, 1935		20,482	75,320	27.19%
" " " " " "	"	20, 1935		16,650	75,090	22.17%
" " " " " "	"	27, 1935		19,040	75,065	25.36%
" " " " " Mar.		6, 1935		24,650	75,290	32.74%
" " " " " "	"	13, 1935		17,880	75,365	23.72%
" " " " " "	"	20, 1935		29,000	75,041	38.65%
" " " " " "	"	27, 1935		27,700	75,023	36.92%
" " " " " Apr.		3, 1935		18,250	75,038	24.32%
" " " " " "	"	10, 1935		21,532	75,360	28.57%
" " " " " "	"	17, 1935		20,250	75,248	26.91%
" " " " " "	"	24, 1935		20,703	75,102	27.57%
" " " " " May		1, 1935		20,250	75,015	26.99%
" " " " " "	"	8, 1935		19,440	75,075	25.89%
" " " " " "	"	15, 1935		24,287	75,045	32.36%
" " " " " "	"	22, 1935		16,875	75,168	22.45%
" " " " " "	"	29, 1935		18,000	75,287	23.91%
" " " " " June		5, 1935		21,702	75,139	28.88%
<b>TOTALS</b>				<b>\$ 504,694</b>	<b>\$ 1,879,348</b>	<b>26.85%</b>
<b>CERTIFICATES OF INDEBTEDNESS</b>						
2 1/4% Cert. of Ind. due	Dec.	15, 1934	\$	100,000*	\$ 992,496	10.08%
<b>TREASURY NOTES</b>						
2 1/2% Treasury Notes	Mar.	15, 1935	\$	74,350	\$ 528,102	14.08%
3 % " " " "	June	15, 1935		130,395	416,603	31.30%
1 5/8% " " " "	Aug.	1, 1935		85,723	353,865	24.22%
2 1/2% " " " "	Dec.	15, 1935		73,621	418,291	17.60%
2 7/8% " " " "	Apr.	15, 1936		162,385	558,819	29.06%
3 1/4% " " " "	Aug.	1, 1936		79,042	364,138	21.71%
1 1/2% " " " "	Sept.	15, 1936		58,967	514,126	11.47%
2 3/4% " " " "	Dec.	15, 1936		101,368	357,921	28.32%
3 % " " " "	Feb.	15, 1937		64,185	428,730	14.97%
3 % " " " "	Apr.	15, 1937		84,175	502,362	16.76%
3 1/4% " " " "	Sept.	15, 1937		85,250	817,483	10.43%
2 5/8% " " " "	Feb.	1, 1938		58,320	276,680	21.08%
3 % " " " "	Mar.	15, 1938		96,349	455,175	21.17%
2 7/8% " " " "	June	15, 1938		48,400	618,057	7.83%
2 1/2% " " " "	Sept.	15, 1938		80,281	596,691	13.45%
2 1/8% " " " "	June	15, 1939		16,750	528,592	3.17%
<b>TOTALS</b>				<b>\$1,299,561</b>	<b>\$7,735,635</b>	<b>16.80%</b>
<b>LIBERTY LOAN AND TREASURY BONDS</b>						
3 1/2% 1st L/L Bds of 1932/47			\$	25,025	\$1,392,228	1.80%
4 1/4% 1st " " " 1932/47				29,000	535,982	5.41%
4 1/4% 4th " " " called 4/15/35				84,668	1,870,000	4.53%
4 1/4% 4th " " " of 1933/38				56,201	1,245,578	4.51%
3 1/4% Treas. Bonds of 1941				20,000	834,474	2.40%
3 1/4% " " " 1945/45				25,000	1,400,570	1.78%
3 1/4% " " " 1944/46				39,000	1,515,000 (P)	2.57%
3 % " " " 1946/48				40,000	824,508	4.85%
<b>TOTALS</b>				<b>\$ 318,894</b>	<b>\$9,618,340</b>	<b>3.32%</b>
<b>GRAND TOTALS</b>				<b>\$2,223,149</b>	<b>\$20,225,819</b>	<b>10.99%</b>

Total of all issues of Treasury Bills, Certificates, Notes, Liberty Loan and Treasury Bonds outstanding unmatured. . . . . \$25,560,447  
 Percentage held in System Account. . . . . 8.70%  
 (P) Preliminary figure

\* Entered for exchange, \$50,000,000 for 2 1/8% T/N due 6/15/39 and \$50,000,000 for 1 1/8% T/N due 6/15/36.

## EXHIBIT "C"

PARTICIPATIONS BY FEDERAL RESERVE BANKS IN HOLDINGS OF GOVERNMENT SECURITIES IN SYSTEM ACCOUNT ON DECEMBER 12, 1934,  
AND AMOUNT OF EACH BANK'S PRESENT HOLDINGS OVER OR SHORT OF PRO RATA SHARE BASED ON (1) EXPENSES,  
DIVIDENDS AND CHARGE-OFFS AND, (2) RESERVES IN EXCESS OF AMOUNT REQUIRED FOR A 55% RESERVE RATIO.

	Participa- tions in System Account (1)	Ratio of Holdings (2)	Ratio of Expenses, Dividends & Charge-offs Year 1933 (3)	Ratio of Reserves in Excess of Amount Required for a 55% Ratio (4)	Present Holdings Over or Short of Percentage Shown in Col. 3 (5)	Present Holdings Over or Short of Percentage Shown in Col. 4 (6)
BOSTON	\$ 156,982	7.06%	7 1/4%	8 1/2%	\$ 4,196-	\$ 31,986-
NEW YORK	655,818	29.50%	26 3/4%	34 3/4%	61,126+	116,726-
PHILADELPHIA	163,734	7.37%	8 1/2%	4 1/2%	25,234-	63,692+
CLEVELAND	213,025	9.58%	10 %	7 %	9,290-	57,405+
RICHMOND	103,562	4.66%	5 %	3 %	7,595-	36,867+
ATLANTA	94,209	4.24%	4 1/4%	3 1/4%	275-	77,535+
CHICAGO	365,601	16.44%	12 %	23 3/4%	98,823+	162,397-
ST. LOUIS	92,700	4.17%	4 1/2%	3 3/4%	7,342-	9,332+
MINNEAPOLIS	58,054	2.61%	3 1/2%	3 1/4%	19,756-	14,198-
KANSAS CITY	91,659	4.12%	5 1/4%	3 1/4%	25,056-	19,407+
DALLAS	61,475	2.77%	4 %	1 1/2%	27,451-	28,128+
SAN FRANCISCO	166,330	7.48%	9 %	6 %	33,754-	32,941+
TOTALS	\$2,223,149	100 %	100 %	100 %	\$159,949 Adj.	\$325,307 Adj.

(000 Omitted)

+ = over pro rata share

- = short pro rata share

## EXHIBIT "D"

TOTAL HOLDINGS OF GOVERNMENT SECURITIES BY FEDERAL RESERVE BANKS ON DECEMBER 12, 1934  
AND AMOUNT OF EACH BANK'S PRESENT HOLDINGS OVER OR SHORT OF PRO RATA SHARE BASED ON (1) EXPENSES,  
DIVIDENDS AND CHARGE-OFFS AND (2) RESERVES IN EXCESS OF AMOUNTS REQUIRED FOR A 55% RESERVE RATIO.

	Total Holdings Portfolio and Participation in System Account Excluding Self Ins. Reserve (1)	Ratio of Holdings (2)	Ratio of Expenses, Dividends & Charge-offs Year 1933 (3)	Ratio of Reserves in Excess of Amount Required for a 55% Ratio as of Dec. 12/34 (4)	Present Holdings Over or Short of Percentage Shown in Col. 3 (5)	Present Holdings Over or Short of Percentage Shown in Col. 4 (6)
BOSTON	\$ 157,671	6.50%	7 1/4%	8 1/2%	\$ 18,357-	\$ 48,707-
NEW YORK	776,114	31.97%	26 3/4%	34 3/4%	126,631+	67,607-
PHILADELPHIA	167,120	6.88%	8 1/2%	4 1/2%	39,258-	57,861+
CLEVELAND	213,024	8.77%	10 %	7 %	29,773-	43,066+
RICHMOND	103,563	4.27%	5 %	3 %	17,835-	30,724+
ATLANTA	94,257	3.88%	4 1/4%	3/4%	8,932-	76,047+
CHICAGO	428,343	17.64%	12 %	23 3/4%	136,986+	148,300-
ST. LOUIS	93,200	3.84%	4 1/2%	3 3/4%	16,059-	2,151+
MINNEAPOLIS	65,134	2.68%	3 1/2%	3 1/4%	19,845-	13,775-
KANSAS CITY	91,741	3.78%	5 1/4%	3 1/4%	35,728-	12,832+
DALLAS	71,475	2.94%	4 %	1 1/2%	25,644-	35,055+
SAN FRANCISCO	166,331	6.85%	9 %	6 %	52,186-	20,653+
TOTALS	\$2,427,973	100 %	100 %	100 %	\$263,617 Adj.	\$278,389 Adj.

(000 Omitted)

+ = over pro rata share

- = short pro rata share

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Authority *Ex Order 12356*

## EXHIBIT "E"

STATEMENT SHOWING EARNINGS OF ALL FEDERAL RESERVE BANKS  
FOR THE ELEVEN MONTHS ENDED NOVEMBER 30, 1934

Earnings do not include profits on security sales, now held in Suspense Account.

	Gross Earnings	Current Expenses and Net Deductions From Current Net Earnings	Available for Depreciation Allowances, Reserves and Surplus
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Boston	\$ 2,805,067	\$ 2,461,560	\$ 343,507
New York	14,813,174	9,683,914	5,129,260
Philadelphia	3,425,409	2,979,669	445,740
Cleveland	3,808,828	3,387,698	421,130
Richmond	1,795,105	1,765,901	29,204
Atlanta	1,658,569	1,454,476	204,093
Chicago	7,480,641	3,641,739	3,838,902
St. Louis	1,676,634	1,568,815	107,819
Minneapolis	1,298,126	1,265,787	32,339
Kansas City	1,804,449	1,817,950	13,501 (a)
Dallas	1,394,191	1,241,380	152,811
San Francisco	<u>2,958,819</u>	<u>2,914,242</u>	<u>44,577</u>
TOTALS	<u>\$44,919,012</u>	<u>\$34,183,131</u>	<u>\$10,735,881</u>

(a) Deficit

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Authority *Ex Order 19356*

Form 148 b

**ELEGRAM**

*333.3-a-1*

**FEDERAL RESERVE BOARD  
WASHINGTON**

December 12, 1954.

Schaller - Chicago

Your letter seventh to Governor Eccles STOP He does not have in mind any matters which will be presented for consideration at the meeting of the Federal Open Market Committee which as stated in his wire was called solely because of the requirement of the law and the fact that a meeting of the System's Committee on Legislative Program had been arranged for the same date

Morrill

*(S. J.)*

CM-yd

*cm*

FILE COPY



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Authority Ex Order 12356

Form 148b

**TELEGRAM**

**FEDERAL RESERVE BOARD  
WASHINGTON**

333.3-a-1

December 12, 1934.

**Hamilton - Kansas City**

Your letter seventh to Governor Eccles STOP

He does not have in mind any matters which will be presented for consideration at the meeting of the Federal Open Market Committee which as stated in his wire was called solely because of the requirement of the law and the fact that a meeting of the System's Committee on Legislative Program had been arranged for the same date

Morrill (Signed) Chester Morrill  
(initials)

CM-yd

*CM*

**FILE COPY**

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Authority EO Order 12356

Form No. 131

# Office Correspondence

FEDERAL RESERVE BOARD

FEDERAL RESERVE BOARD FILE
Date <u>December 11, 1934</u>
<u>333</u> 01

To Mr. McKinley

Subject: \_\_\_\_\_

From Mr. Bethea

# 11

16-852

*Mr. Carpenter.  
For your information  
JEB*

Governor McKinney called me on the telephone today and said that he would like to be excused from attending the meeting of the Federal Open Market Committee to be held in Washington on December 17. He said that he would make it a point to be here if Governor Eccles particularly desired his presence in order to make a quorum or for any other reason but that he was extremely busy at the bank and wished to avoid making the trip to Washington if possible. Governor McKinney suggested that we wire him within the next forty-eight hours in the event Governor Eccles felt that it was essential for him to attend the meeting and that in the absence of such advice he would not come to Washington for that purpose.

*JEB*

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Authority Ex Order 12356

Form No. 131

# Office Correspondence

FEDERAL RESERVE BOARD

Date December 11, 1934.

To Mr. Morrill *CW*

Subject: \_\_\_\_\_

From Mr. Bethea

*333 /*  
*333.2-2-1*  
16-663

*[Handwritten signature]*

Governor McKinney called me on the telephone today and said that he would like to be excused from attending the meeting of the Federal Open Market Committee to be held in Washington on December 17. He said that he would make it a point to be here if Governor Eccles particularly desired his presence in order to make a quorum or for any other reason but that he was extremely busy at the bank and wished to avoid making the trip to Washington if possible. Governor McKinney suggested that we wire him within the next forty-eight hours in the event Governor Eccles felt that it was essential for him to attend the meeting and that in the absence of such advice he would not come to Washington for that purpose.

*Gov. Eccles does not feel that it is essential. In fact the wire was worded so as to show that the call was made solely because the law requires four calls a year and the governors who are members of the legislative program committee may be keen on that issue.*

*see Trans 2174 - 12/7/34 CW*

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Authority Ex Order 13356

Form 148b

**TELEGRAM**

**FEDERAL RESERVE BOARD  
WASHINGTON**

333.3-a-1

December 8, 1934.

Calkins - San Francisco

Your wire seventh As I do not know of any  
matters requiring action at the meeting of the Federal  
Open Market Committee on December 17 it does not seem  
to me to be necessary for you to make the trip

(Signed) M. S. Eccles

Eccles

*CW* *MS*

Cl-yd

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Authority Ex Order 12356

TELEGRAM

FEDERAL RESERVE SYSTEM

(LEASED WIRE SERVICE)

333,3-a-1

RECEIVED AT WASHINGTON, D. C.

1934 DEC 7 PM 12 50

*M. M. Merrill*

24rhbb

Richmond Va 1245p Dec 7

Governor Eccles

Washington

Twil 2174 <sup>12/7/34</sup> Am prepared to attend meeting of Open Market Committee

on December 17

Seay

1249PM

DECLASSIFIED  
Authority EO Order 12856

*File  
33-23-a-1*

FEDERAL RESERVE BANK  
OF ATLANTA

OFFICE OF  
GOVERNOR

December 7, 1934

Hon. Marriner S. Eccles, Governor,  
Federal Reserve Board,  
Washington, D. C.

My dear Governor:

*Trans 2174*

I have your wire of this date  
advising that a meeting of the Open Market Com-  
mittee has been called for December 17th.

I will be glad to be present and  
have the pleasure of conferring with the Governors  
and the Board.

With my warm regards, I am

Sincerely yours,

*ER Black*  
Governor.

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Authority EO Order 12356

333.3-a-1

## FEDERAL RESERVE BANK OF CHICAGO

230 SOUTH LA SALLE STREET

OFFICE OF THE GOVERNOR

December 7, 1934.

Honorable Marriner S. Eccles, Governor,  
Federal Reserve Board,  
Washington, D. C.

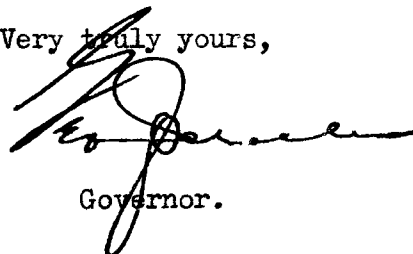
My dear Governor Eccles:

*Trans 2174*

I acknowledge receipt of your telegram of the 7th instant concerning a meeting of the Open Market Committee to be held in Washington under date of the 17th instant.

I had planned to be away from Chicago for possibly ten days, beginning December 15, which plan I shall be glad to change if you feel that there is anything of importance to come up for consideration at the meeting on the above date. I infer from your telegram that this meeting would possibly be more or less of a routine nature, and if so could be handled by the members nearer Washington. I shall, of course, be guided by your suggestion.

Very truly yours,



Governor.

*All ems 12/12/34*

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Authority Ex Order 12356

TELEGRAM

FEDERAL RESERVE SYSTEM

(LEASED WIRE SERVICE)

*J. W. Carpenter*

*333.3-a-1*

175 gnr

RECEIVED AT WASHINGTON, D. C.

Minneapolis Minn Dec 7/123p

Ecoles

1934 DEC 7 PM 2 37

Washington

Will be in Washington December seventeenth as requested.

Geery

237p

*see Trans 2174 - 12/7/34*



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Authority Ex Order 12356

353.3-a-1

FEDERAL RESERVE BANK  
OF KANSAS CITY

GEO. H. HAMILTON  
GOVERNOR

December 7, 1934

Honorable Marriner S. Eccles  
Governor, Federal Reserve Board  
Washington, D. C.

Dear Governor Eccles:

*Trans 2174*

This will acknowledge receipt of your wire of December 7, 1934, relative to the called meeting of the Federal Open Market Committee to be held in Washington, on December 17 next.

I note that there is no special business to be presented for consideration by the committee at that time, but will hold myself in readiness to attend this meeting should it be necessary to constitute a quorum or for any other purpose. I would appreciate an advice from you prior to the time of the meeting if you think it advisable that I attend.

Yours very truly,

*Geo. H. Hamilton*

*see ans 12/12/34*

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Authority Ex Order 12356

TELEGRAM

FEDERAL RESERVE SYSTEM

(LEASED WIRE SERVICE)

333.3-a-1

RECEIVED AT WASHINGTON, D. C.

193got

Sanfranciseo Calif 1151a Dec 7 1954

ECCLES

WASHINGTON

1954 DEC 7 PM 3 03

Replying telegram 2174 this date.

Inasmuch as Mr Male, Cashier, will attend conferences Cleveland December 11, Washington, December 18, dealing with Industrial loans as other senior officers are actively engaged in same connection and as it appears from your telegram that you do not consider it essential that I should attend meeting of Federal Open Market Committee called for December 17 I will not attend unless you advise me that you think I should.

CALKINS

304PM.

see ans 12/8/34

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Authority Ex Order 12356

333.3-a-1

*Trans-2174* - Date: *12/7/34*

FOR ANSWERS SEE:

- 1.
- 2.
- 3.
- 4.
5. *12/7/34*
6. *12/7/34*
7. *12/7/34*
- 8.
9. *12/7/34*
10. *12/7/34*
11. *see memo 12/11/34*
12. *12/7/34*

Form 148b

**TELEGRAM**

333.3-a-1

**FEDERAL RESERVE BOARD  
WASHINGTON**

Young - Boston  
Harrison - New York  
Morris - Philadelphia  
Fancher - Cleveland  
Seay - Richmond  
Black - Atlanta

Schaller - Chicago  
Martin - St. Louis  
Geary - Minneapolis  
Hamilton - Kansas City  
McKinney - Dallas  
Calkins - San Francisco

TRANS 2174

I am informed that Governor Harrison is planning to have a meeting of the System Committee on Legislative Program on December 17 at Washington STOP As you know Section 18a of the Federal Reserve Act requires that meetings of the Federal Open Market Committee be held at Washington at least four times each year and only three have been held so far this year STOP Therefore I am calling a meeting of the Federal Open Market Committee to be held at Washington on December 17 STOP However for your information I do not have in mind any special business to be presented for consideration by the committee at that time

(Signed) M. W. Eccles

Eccles

*Copy to...*

DEC 7 1934

FOR APPROVAL

Mr. Hamlin .....  
Mr. Miller .....  
Mr. James .....  
Mr. Thomas .....  
Mr. Szymanski .....  
Mr. ....

If you approve, please initial and return to Mr. Carpenter

CM-yd

*Handwritten signatures and initials*  
**FILE COPY**

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Authority *EO Order 12856*

*November 27.*

COPY

*333.3-a-1*

FEDERAL RESERVE BANK  
OF NEW YORK

January 29, 1935.

Dear Governor Eccles:

Enclosed herewith are the final copies of the minutes of the meetings of the Executive Committee on November 27, and of the Federal Open Market Committee on December 17.

*11/27/34 filed 333.3-a-1  
Final Minutes*

Will you please substitute these for the tentative drafts previously sent you.

Very truly yours,

(Signed) W. Randolph Burgess

W. Randolph Burgess  
Secretary, Federal  
Open Market Committee

Honorable Marriner S. Eccles,  
Governor, Federal Reserve Board,  
Washington, D. C.

WRB.H  
Encl.

*no answer in file  
orig. filed meeting 12/17/34 - 333.3-a-1*

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Authority *EO Order 12356**333.3-a-1*

*Open Market file*

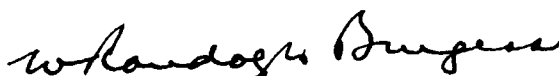
FEDERAL RESERVE BANK  
OF NEW YORK

December 1, 1934.

Dear Governor Eccles:

I am enclosing for your information a tentative draft of minutes *(11-27-34)* of our rather informal meeting of the executive committee of the Federal Open Market Committee on Tuesday, November 27. The suggestion with respect to reserves against possible losses is one which will probably bring reactions from a number of the smaller Federal reserve banks. In fact, I have already heard from Governor Seay, who points out his bank's need of additional earnings. It is also one involving difficult accounting questions.

Very truly yours,



Secretary, Federal Open  
Market Committee

Honorable Marriner S. Eccles,  
Governor, Federal Reserve Board,  
Washington, D. C.

WRB/H  
encl.

*no answer in file*

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Authority *EO Order 12356*CONFIDENTIALTENTATIVE DRAFT - SUBJECT TO CHANGE

MINUTES OF THE MEETING OF THE EXECUTIVE COMMITTEE OF THE  
FEDERAL OPEN MARKET COMMITTEE  
HELD AT WASHINGTON, D. C.,  
NOVEMBER 27, 1934

The meeting was called to order at 10:40 a. m., in the offices of the Federal Reserve Board, the following being present:

Governors Young, Norris, Fancher, and Schaller, and Deputy Governor Burgess.

Governor Black was also present.

In the absence of Governor Harrison, Governor Fancher was elected chairman pro tem.

The report of operations was distributed and reviewed, and there was a preliminary discussion of the problems presented by December 15 financing.

At 11 o'clock the committee left the offices of the Federal Reserve Board and met with the Secretary and Under Secretary of the Treasury at the Treasury Department, Governor Eccles also being present. There ensued an extended discussion of the problem of Treasury financing in December, and various proposals were explored. At 12:45 the meeting left the Secretary's office and met briefly with the Under Secretary in his office where the discussion was continued.

The meeting adjourned at 1:10.

The meeting reconvened at 2:00 in the offices of the Federal Reserve Board, there being present the above mentioned members of the executive committee.

After discussion of the position which the Federal Reserve Banks should take with respect to December 15 operations, the committee

VOTED to telegraph all members of the Federal Open Market Committee requesting approval for exchanging the maturing issues in System Account either by exchange subscription or by operations in the market, the policy of the committee in carrying out exchanges to be determined by the needs of the market as related to the Treasury program and the maintenance of a proper distribution of securities in the System Account.

The committee also

VOTED to request approval for effecting exchanges between maturities in the System Account up to a total of \$100,000,000 if it appears desirable in furtherance of the purposes noted above, with the understanding that there would be no increase in the total portfolio other than a temporary one.

There then ensued a discussion of the disposition of the reserves of \$4,112,611 set up by the Federal reserve banks at the close of 1933 against depreciation in government securities in System Account, and the disposition of \$6,600,000 of realized profits on sales of government securities during 1934 now held in suspense account. In view of the very large holdings of government securities in the Federal Reserve System, many of which are entered on the books at relatively high prices, and in view of the possibility at some time of losses on sales of government securities, the committee

VOTED That it did not favor any distribution to the different Reserve banks of profits realized on sales of government securities this year, and now held in suspense account, and that it favored continuing as reserves the amounts set aside at the end of 1933 as reserves against depreciation.

At 2:45 Governor Black and Under Secretary Coolidge, and later Governor Eccles, entered the meeting and there ensued a further discussion of the Treasury financing program.

At 3:30 those present, with the exception of Governor Norris, adjourned to the Treasury Department where discussions of Treasury financing problems were continued with Secretary Morgenthau.

At 4:15 the committee returned to the Federal Reserve Board offices and the members of the committee discussed informally with Dr. Goldenweiser and Mr. Stark the program of the System committee on legislation.

The meeting adjourned at 4:45 p. m.

W. Randolph Burgess  
Secretary



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Authority EO Order 12356

333.3-a-1

CONFIDENTIAL

EXECUTIVE COMMITTEE OF THE  
REPORT OF OPEN MARKET OPERATIONS TO MEETING OF THE /  
FEDERAL OPEN MARKET COMMITTEE HELD AT WASHINGTON  
ON NOVEMBER 27, 1934

The present holdings of United States Government securities in the System Special Investment Account amount to - - - - - \$2,223,149,500. Since the week completed November 8, 1933, there has been no change in the total amount of holdings.

Transactions in United States Government securities in the System Account since the last meeting of the Federal Open Market Committee on September 21, 1934, were as follows:

- (1) Redemption of \$175,415,000 - Treasury bills at maturity which were replaced by purchases in the market of other issues of Treasury bills.
- (2) Sales and replacement purchases in the market of \$74,715,000 miscellaneous issues of short-term government securities; also sales in the market of \$11,500,000 miscellaneous short-term governments and replacement purchases of \$10,000,000 Treasury bills from the New York Investment Account (replaced in latter account by purchases in market), and \$1,500,000 Treasury notes from the Federal Deposit Insurance Corporation. Included in total sales were \$18,700,000 - 2 1/4 per cent certificates of indebtedness due December 15, 1934.

Of the System Account's holdings of \$140,868,700 Fourth 4 1/4 per cent Liberty Loan bonds, \$84,667,700 were included in the third-call for partial redemption before maturity on April 15, 1935.

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Authority Ex Order 12356

2

The profit realized on sales of government securities in the System Account so far this year amounts to \$6,661,954.63, compared with \$5,706,387.45 on September 19. Each bank's pro rata share in this profit as held in Suspense Account on November 21 was as follows:

Boston	\$ 470,413.94	Chicago	\$1,107,709.84
New York	2,001,684.20	St. Louis	277,783.52
Philadelphia	490,652.96	Minneapolis	173,963.62
Cleveland	638,355.16	Kansas City	267,290.94
Richmond	293,185.96	Dallas	181,591.56
Atlanta	260,888.81	San Francisco	498,434.12

The table below gives a comparison of the amount and the distribution according to groups of the appreciation on United States Government securities held in the System Account on September 19 and November 21, 1934:

	<u>Sept. 19, 1934</u>	<u>Nov. 21, 1934</u>
Certificates of Indebtedness	\$ 778,204.14	\$ 791,818.97
Liberty Loan and Treasury Bonds	4,115,699.16	6,418,880.20
Treasury Notes	7,536,728.09	17,883,213.42
Treasury Bills	0	0
Total appreciation	<u>\$12,430,631.39</u>	<u>\$25,093,912.59</u>

Purchases of bankers acceptances during the period September 19 - November 21, 1934, totalled \$502,000 and maturities \$439,000, reducing the holdings of the System to \$183,000 on November 21, 1934. No allotment of purchases was made during this period.

Attached are statements showing the following:

Exhibit "A" - Maturity Distribution of Holdings of Government Securities in the System Account at the End of Each Month - 1932, 1933, 1934, and on November 21, 1934.

Exhibit "B" - Classification of Issues Held in the System Account on November 21, 1934, and the Percentage of Each Issue Held in the Account as Compared with the Amount of the Respective Issue Outstanding.

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Authority *Ex Order 12356*

- Exhibit "C" - Participations by Federal Reserve Banks in Holdings of Government Securities in the System Account on November 21, 1934, and the amount of Each Bank's Present Holdings Over or Short of Pro Rata Share Based on (1) Expenses, Dividends and Charge-offs, and (2) Reserves in Excess of Amounts Required for a 55 Per Cent Reserve Ratio.
- Exhibit "D" - Total Holdings of Government Securities by Federal Reserve Banks on November 21, 1934, and Amount of Each Bank's Present Holdings Over or Short of Pro Rata Share Based on (1) Expenses, Dividends and Charge-offs, and (2) Reserves in Excess of Amounts Required for a 55 Per Cent Reserve Ratio.
- Exhibit "E" - Earnings of All Federal Reserve Banks for the Ten Months Ended October 31, 1934.

MATURITY DISTRIBUTION OF HOLDINGS IN SYSTEM ACCOUNT  
END OF EACH MONTH - 1932-33-34

EXHIBIT "A"

(In millions of dollars)

1932	Within Six Months	Per-cent	Within One Year	Per-cent	Within Two Years	Per-cent	3-5 Years Inc.	Per-cent	Call-able Bonds	Per-cent	Other Bonds	Per-cent	Totals
Jan.	\$ 165	29	\$ 355	63	\$ 355	63	\$ -	-	\$212	37	\$ -	-	\$ 567
Feb.	191	32	375	64	375	64	-	-	212	36	-	-	587
Mar.	299	44	475	69	475	69	-	-	212	31	-	-	687
Apr.	583	57	778	76	779	76	-	-	239	24	-	-	1,018
May	716	51	1,058	75	1,115	79	-	-	290	21	-	-	1,405
June	744	48	1,106	71	1,173	75	64	4	322	21	-	-	1,559
July	733	45	1,098	67	1,167	71	132	8	336	21	-	-	1,635
Aug.	622	38	1,029	63	1,194	73	110	6	336	21	-	-	1,640
Sept.	606	37	998	61	1,170	71	134	8	336	21	-	-	1,640
Oct.	651	40	1,051	64	1,229	75	75	4	336	21	-	-	1,640
Nov.	765	47	1,046	64	1,227	75	77	4	336	21	-	-	1,640
Dec.	779	48	1,021	62	1,203	73	101	6	336	21	-	-	1,640
<u>1933</u>													
Jan.	644	41	903	58	1,107	71	116	7	336	22	-	-	1,559
Feb.	577	36	856	53	1,090	67	203	12	336	21	-	-	1,629
Mar.	709	44	856	53	1,090	67	203	12	336	21	-	-	1,629
Apr.	570	35	725	45	958	59	335	20	336	21	-	-	1,629
May	543	32	823	49	962	57	384	23	336	20	-	-	1,682
June	656	37	879	49	1,117	62	335	19	336	19	-	-	1,788
July	659	36	903	50	1,143	63	341	19	336	18	-	-	1,820
Aug.	621	32	1,025	53	1,191	62	394	21	336	17	-	-	1,921
Sept.	706	34	1,102	53	1,278	62	452	22	336	16	-	-	2,066
Oct.	860*	39	1,257	57	1,443	66	498**	23	252	11	-	-	2,193
Nov.	845*	43	1,235	56	1,435	65	511**	23	252	11	25	1	2,223
Dec.	887*	40	1,216	55	1,426	64	520**	24	252	11	25	1	2,223
<u>1934</u>													
Jan.	887*	40	1,216	55	1,426	64	520**	24	252	11	25	1	2,223
Feb.	987*	44	1,190	54	1,415	64	531**	24	252	11	25	1	2,223
Mar.	799*	36	1,034	47	1,287	58	659**	30	252	11	25	1	2,223
Apr.	730*	33	1,008	45	1,476	67	488**	21	195	9	64	3	2,223
May	717*	32	991	44	1,475	66	489**	22	195	9	64	3	2,223
June	765*	34	972	44	1,354	61	550**	24	195	9	124	6	2,223
July	732*	33	939	42	1,321	59	583**	26	195	9	124	6	2,223
Aug.	705*	32	1,018	46	1,365	61	539**	24	195	9	124	6	2,223
Sept.	654	29	868	39	1,258	56	646**	29	195	9	124	6	2,223
Oct.	749*	34	964	43	1,342	60	647**	29	110	5	124	6	2,223
Nov. 21	752*	34	969	43	1,350	60	639**	29	110	5	124	6	2,223

\*Includes Fourth Liberties "called"

\*\*Does not include Fourth Liberties "uncalled" maturing October 1938.

DECLASSIFIED  
Authority B Order 19350

DECLASSIFIED  
Authority Ex Order 12356

**CLASSIFICATION OF ISSUES HELD IN THE SYSTEM ACCOUNT ON NOVEMBER 21, 1934 AND THE PERCENTAGE OF EACH ISSUE IN THE ACCOUNT AS COMPARED WITH THE AMOUNT OF THE RESPECTIVE ISSUE OUTSTANDING**  
(000 Omitted)

				System	Sum-	Percentage of	
				Account	pective	Issues Held to	
				Holdings	Outstanding	Amount Outstanding	
<b>TREASURY BILLS</b>							
U. S. Treasury Bills due	Dec.		19, 1934	\$ 19,230	\$ 75,226	25.56%	
" " " " " "	"	"	26, 1934	21,750	75,555	28.86%	E
" " " " " "	Jan.	"	2, 1935	20,649	75,167	27.47%	X
" " " " " "	"	"	9, 1935	17,750	75,255	25.59%	H
" " " " " "	"	"	16, 1935	13,200	75,144	17.57%	I
" " " " " "	"	"	23, 1935	11,200	75,200	14.89%	B
" " " " " "	"	"	30, 1935	17,688	75,025	25.58%	I
" " " " " "	Feb.	"	6, 1935	21,535	75,327	28.59%	T
" " " " " "	"	"	13, 1935	20,482	75,320	27.19%	
" " " " " "	"	"	20, 1935	16,650	75,090	22.17%	"B"
" " " " " "	"	"	27, 1935	19,040	75,065	25.36%	
" " " " " "	Mar.	"	6, 1935	24,650	75,290	32.74%	
" " " " " "	"	"	13, 1935	17,880	75,365	25.72%	
" " " " " "	"	"	20, 1935	28,000	75,041	34.65%	
" " " " " "	"	"	27, 1935	27,700	75,025	36.92%	
" " " " " "	Apr.	"	3, 1935	18,250	75,038	24.52%	
" " " " " "	"	"	10, 1935	21,532	75,360	28.57%	
" " " " " "	"	"	17, 1935	20,250	75,248	26.91%	
" " " " " "	"	"	24, 1935	20,703	75,102	27.57%	
" " " " " "	May	"	1, 1935	20,250	75,015	26.99%	
" " " " " "	"	"	8, 1935	19,440	75,075	25.89%	
" " " " " "	"	"	15, 1935	20,150	75,045	26.85%	
" " " " " "	"	"	22, 1935	16,875	75,168	22.45%	
TOTALS				\$ 452,854	\$ 1,728,922	26.19%	
<b>CERTIFICATES OF INDEBTEDNESS</b>							
2 1/4% Cert. of Ind. due	Dec.		15, 1934	\$ 139,840	\$ 992,496	14.09%	
<b>TREASURY NOTES</b>							
2 1/2% Treasury Notes	Mar.		15, 1935	\$ 75,350	\$ 528,102	14.27%	
3 % " " " "	June		15, 1935	130,395	416,605	31.30%	
1 5/8% " " " "	Aug.		1, 1935	85,723	353,865	24.22%	
2 1/2% " " " "	Dec.		15, 1935	73,621	418,291	17.60%	
2 7/8% " " " "	Apr.		15, 1936	169,386	558,819	30.51%	
3 1/4% " " " "	Aug.		1, 1936	79,042	364,138	21.71%	
1 1/2% " " " "	Sept.		15, 1936	58,967	514,126	11.47%	
2 3/4% " " " "	Dec.		15, 1936	106,368	357,921	29.72%	
3 % " " " "	Feb.		15, 1937	57,185	428,730	13.34%	
3 % " " " "	Apr.		15, 1937	90,175	502,362	17.95%	
3 1/4% " " " "	Sept.		15, 1937	85,250	817,483	10.43%	
2 5/8% " " " "	Feb.		1, 1938	57,820	276,680	20.90%	
3 % " " " "	Mar.		15, 1938	98,349	455,175	21.61%	
2 7/8% " " " "	June		15, 1938	46,900	618,057	7.59%	
2 1/2% " " " "	Sept.		15, 1938	80,281	596,691	13.45%	
2 1/8% " " " "	June		15, 1939	16,750	528,592	3.17%	
TOTALS				\$1,311,561	\$ 7,735,635	16.95%	
<b>LIBERTY LOAN AND TREASURY BONDS</b>							
3 1/2% 1st L/L Bds of 1932/47				\$ 25,025	\$ 1,392,228	1.80%	
4 1/4% 1st " " " 1932/47				29,000	535,982	5.41%	
4 1/4% 4th " " called 4/15/35				84,668	1,870,000	4.53%	
4 1/4% 4th " " of 1933/38				56,201	1,245,578	4.51%	
3 1/4% Treas. Bonds of 1941				20,000	834,474	2.40%	
3 1/4% " " " 1943/45				25,000	1,400,570	1.78%	
3 1/4% " " " 1944/46				39,000	1,515,000 (P)	2.57%	
3 % " " " 1946/48				40,000	824,508	4.85%	
TOTALS				\$ 318,894	\$ 9,618,340	3.32%	
GRAND TOTALS				\$2,223,149	\$20,075,393	11.07%	

Total of all issues of Treasury Bills, Certificates, Notes, Liberty Loan and Treasury Bonds outstanding unmatured. . . . . \$25,334,941  
 Percentage held in System Account. . . . . 8.78%  
 (P) Preliminary figure

## EXHIBIT "C"

PARTICIPATIONS BY FEDERAL RESERVE BANKS IN HOLDINGS OF GOVERNMENT SECURITIES IN SYSTEM ACCOUNT ON NOVEMBER 21, 1934,  
AND AMOUNT OF EACH BANK'S PRESENT HOLDINGS OVER OR SHORT OF PRO RATA SHARE BASED (1) ON EXPENSES,  
DIVIDENDS AND CHARGE-OFFS AND, (2) RESERVES IN EXCESS OF AMOUNT REQUIRED FOR A 55% RESERVE RATIO.

	Participa- tions in System Account (1)	Ratio of Holdings (2)	Ratio of Expenses, Dividends & Charge-offs Year 1933 (3)	Ratio of Reserves in Excess of Amount Required for a 55% Ratio (4)	Present Holdings Over or Short of Percentage Shown in Col. 3 (5)	Present Holdings Over or Short of Percentage Shown in Col. 4 (6)
BOSTON	\$ 156,982	7.06%	7 1/4%	8 1/2%	\$ 4,196-	\$ 31,986-
NEW YORK	655,818	29.50%	26 3/4%	38 1/4%	61,126+	194,536-
PHILADELPHIA	163,734	7.37%	8 1/2%	4 %	25,234-	74,803+
CLEVELAND	213,025	9.58%	10 %	5 3/4%	9,290-	85,194+
RICHMOND	103,562	4.66%	5 %	2 3/4%	7,595-	42,425+
ATLANTA	94,209	4.24%	4 1/4%	1 1/2%	275-	83,093+
CHICAGO	365,601	16.44%	12 %	23 1/4%	98,823+	151,281-
ST. LOUIS	92,700	4.17%	4 1/2%	4 %	7,342-	3,774+
MINNEAPOLIS	58,054	2.61%	3 1/2%	3 %	19,756-	8,641-
KANSAS CITY	91,659	4.12%	5 1/4%	3 %	25,056-	24,965+
DALLAS	61,475	2.77%	4 %	1 1/2%	27,451-	28,128+
SAN FRANCISCO	166,330	7.48%	9 %	5 1/2%	33,754-	44,057+
TOTALS	\$2,223,149	100 %	100 %	100 %	\$159,949 Adj.	\$386,444 Adj.

(000 Omitted)

+ = over pro rata share

- = short pro rata share

EXHIBIT "D"

TOTAL HOLDINGS OF GOVERNMENT SECURITIES BY FEDERAL RESERVE BANKS ON NOVEMBER 21, 1934  
AND AMOUNT OF EACH BANK'S PRESENT HOLDINGS OVER OR SHORT OF PRO RATA SHARE BASED ON (1) EXPENSES,  
DIVIDENDS AND CHARGE-OFFS AND (2) RESERVES IN EXCESS OF AMOUNTS REQUIRED FOR A 55% RESERVE RATIO.

	Total Holdings Portfolio and Participation in System Account Excluding Self Ins. Reserve (1)	Ratio of Holdings (2)	Ratio of Expenses, Dividends & Charge-offs Year 1933 (3)	Ratio of Reserves in Excess of Amount Required for a 55% Ratio as of Nov. 21/34 (4)	Present Holdings Over or Short of Percentage Shown in Col. 3 (5)	Present Holdings Over or Short of Percentage Shown in Col. 4 (6)
BOSTON	\$ 157,671	6.50%	7 1/4%	8 1/2%	\$ 18,352-	\$ 48,701-
NEW YORK	776,115	31.97%	26 3/4%	38 1/4%	126,651+	152,558-
PHILADELPHIA	167,120	6.88%	8 1/2%	4 %	39,252-	70,004+
CLEVELAND	213,025	8.77%	10 %	5 3/4%	29,765-	73,421+
RICHMOND	103,562	4.27%	5 %	3 3/4%	17,833-	36,795+
ATLANTA	94,242	3.88%	4 1/4%	1 1/2%	8,944-	82,102+
CHICAGO	428,343	17.64%	12 %	23 1/4%	136,995+	136,144-
ST. LOUIS	93,200	3.84%	4 1/2%	4 %	16,056-	3,916-
MINNEAPOLIS	65,078	2.68%	3 1/2%	3 %	19,899-	7,759-
KANSAS CITY	91,741	3.78%	5 1/4%	3 %	35,724-	18,904+
DALLAS	71,475	2.94%	4 %	1 1/2%	25,641-	35,056+
SAN FRANCISCO	166,331	6.85%	9 %	5 1/2%	52,180-	32,796+
TOTALS	<u>\$2,427,903</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>\$263,646 Adj.</u>	<u>\$349,078 Adj.</u>

(000 Omitted)

+ = over pro rata share  
- = short pro rata share

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## EXHIBIT "E"

STATEMENT SHOWING EARNINGS OF ALL  
FEDERAL RESERVE BANKS FOR THE  
TEN MONTHS ENDED OCT. 31, 1934

Earnings do not include profits on security sales, now held in Suspense Account.

	<u>Gross Earnings</u>	<u>Current Expenses and Net Deductions from Current Net Earnings</u>	<u>Available for Depreciation Allowances, Reserves and Surplus</u>
BOSTON	\$ 2,556,509	\$ 2,234,294	\$ 322,215
NEW YORK	13,556,552	8,744,222	4,812,330
PHILADELPHIA	3,143,931	2,717,004	426,927
CLEVELAND	3,472,152	3,060,987	411,165
RICHMOND	1,629,264	1,609,491	19,773
ATLANTA	1,505,725	1,312,615	193,110
CHICAGO	6,823,723	3,293,432	3,530,291
ST. LOUIS	1,525,740	1,424,500	101,240
MINNEAPOLIS	1,183,935	1,140,852	43,083
KANSAS CITY	1,644,901	1,663,721	18,820 (a)
DALLAS	1,270,404	1,119,151	151,253
SAN FRANCISCO	<u>2,703,638</u>	<u>2,634,723</u>	<u>68,915</u>
TOTALS	<u>\$41,016,474</u>	<u>\$30,954,992</u>	<u>\$10,061,482</u>

(a) Deficit



*333.3-a-1*

FEDERAL RESERVE BANK  
OF NEW YORK

December 4, 1934.

Dear Governor Eccles:

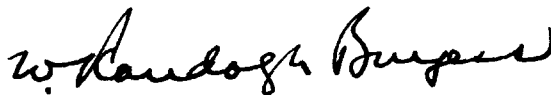
Enclosed herewith are the final copies of the minutes of the meetings of the Executive Committee of the

Federal Open Market Committee, and of the Committee on the Recovery Program, held in Washington on September 6 and 7, 1934. Will you please substitute these for the tentative drafts of the minutes previously sent to Vice Governor Thomas.

*Recovery Program  
minutes in general  
files. all*

*111.1-34  
9/7/34*

Very truly yours,



W. Randolph Burgess  
Secretary, Federal Open  
Market Committee

Honorable Marriner S. Eccles,  
Governor, Federal Reserve Board,  
Washington, D. C.

WRB:h  
encl.

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COPIES OF FEDERAL RESERVE  
MINUTES  
333-31  
9/21/34  
FOMC

FEDERAL RESERVE BANK  
OF NEW YORK

November 30, 1934.

FOR CIRCULATION

- Gov. *Eccles* ✓
- Mr. Hamlin ✓
- Mr. Miller ✓
- Mr. James ✓
- Mr. Thomas ✓
- Mr. Szymczak ✓
- Mr. ✓
- Mr. Martin ✓
- Mr. Merrill ✓
- Mr. Bethea ✓
- Mr. Carpenter ✓
- Mr. Hoell ✓
- Mr. Smead ✓
- Mr. Goldenweiser ✓
- Mr. Paulger ✓
- Mr. Wyatt ✓

Dear Governor Eccles:

In behalf of Governor Harrison, I am enclosing for your information the final copy of the minutes of the meeting of the Federal Open Market Committee, held in Washington, D. C., on September 21, 1934, and the final copy of the minutes of the Governors Conference held in Washington, D. C., on September 21 and 22, 1934. These minutes should be substituted for the preliminary drafts sent to Vice Governor Thomas under cover of our letter of October 9, 1934.

*9/21/34 filed 333.3-a-1  
Final Minutes  
su  
y. 9/21/34*

Please note --- check  
and return to  
Mr. [unclear]

Yours faithfully,

Allen Sproul,  
Assistant to the Governor.

Hon. Marriner S. Eccles,  
Governor, Federal Reserve Board,  
Washington, D. C.

Encs.

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Authority *EO Order 12356*

*333.3-a-1*

FEDERAL RESERVE BANK  
OF NEW YORK

November 28, 1934.

Dear Mr. Szymczak:

I find I carried off the copy of the minutes of the Federal Open Market Committee which you were kind enough to produce yesterday morning for me, so I am returning them with thanks.

*9-21-34 filed  
333.3-a-1  
Final Minutes*

Sincerely yours,

*W. Handogz Burgess*

Honorable M. S. Szymczak,  
Federal Reserve Board,  
Washington, D. C.

WRB/H  
encl.

DECLASSIFIED  
Authority EO Order 12356

333.3-a-1

October 31, 1934.

Mr. George L. Harrison, Governor,  
Federal Reserve Bank of New York,  
New York, New York.

Dear Governor Harrison:

Receipt is acknowledged of your letter of  
October 9, 1934, inclosing a copy of the minutes of the  
meeting of the Federal Open Market Committee held in Wash-  
ington, D. C., on September 21, 1934, and a copy of the  
minutes of the Governors' Conference held on September  
21-22, 1934, and there is attached, for your information,  
a copy of a letter being addressed today to Governor Calkins,  
suggesting certain changes in the minutes of the meetings  
of the Governors' Conference with members of the Federal Re-  
serve Board.

9/21/34 filed 333.3-a-1  
Final Minutes

*See  
general files*

Very truly yours,

(Signed) Chester Morrill

Chester Morrill,  
Secretary.

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Authority *Ex Order 12356*

*333.3-a-1*

COPY

FEDERAL RESERVE BANK  
OF NEW YORK

October 9, 1934.

Dear Governor Thomas:

I am enclosing for your information a copy of  
*9-21-34 filed 333.3-a-1 Final minutes*  
the minutes of the meeting of the Federal Open Market  
Committee held in Washington, D. C., on September 21,  
1934, as well as a copy of the minutes of the Governors  
Conference held in Washington on September 21 and 22,  
1934.

Very truly yours,

(Signed) George L. Harrison

George L. Harrison,  
Governor.

Hon. J. J. Thomas,  
Acting Governor, Federal Reserve Board,  
Washington, D. C.

*10/31/34*

*orig. filed in governors conference*

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Authority *EO Order 12356*CONFIDENTIAL

333.3-a-1

REPORT OF OPEN MARKET OPERATIONS TO MEETING OF THE  
FEDERAL OPEN MARKET COMMITTEE HELD AT WASHINGTON  
ON SEPTEMBER 21, 1934

The present holdings of United States Government securities in the System  
Account amount to ----- \$2,223,149,500.

There has been no change in the total amount of holdings since the week completed  
November 8, 1933.

Transactions in United States Government securities in the Account since  
the last meeting of the Executive Committee on September 6, 1934, were as follows:

- (1) Sales in the market of \$128,645,000 Treasury bills and short-term issues of government securities and replacement purchases in the market of other bills and short-term issues. Included in the purchases were \$31,445,000 - 1 1/2 per cent certificates of indebtedness due September 15, 1934 which were later converted into the new 1 1/2 per cent two-year notes due September 15, 1936.
- (2) On September 15, \$53,967,000 - 1 1/2 per cent maturing certificates were converted into 1 1/2 per cent Treasury notes due September 15, 1936, including \$31,445,000 mentioned above, and \$56,781,100 Second-called Fourth 4 1/4 per cent Liberty Loan bonds were converted into 2 1/2 per cent Treasury notes due September 15, 1938, pursuant to the action agreed upon by the Executive Committee at meeting on September 6, 1934.
- (3) Purchases in the market of \$24,500,000 - 2 1/2 per cent Treasury notes due September 15, 1938 under authorization of the Executive Committee to purchase up to \$25,000,000 of this issue. As completed, these purchases are being offset by the sale of short-term issues.

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The purchase of \$31,445,000 - 1 1/2 per cent certificates due September 15, 1934, which were later converted into the new 1 1/2 per cent two-year notes, and the purchases of \$24,500,000 - 2 1/2 per cent notes due September 15, 1938, outlined above, were made under the authority of the Executive Committee for the purpose of rendering the greatest possible assistance to the Treasury in connection with its quarterly refunding operations.

The amount of profit realized on sales of government securities in the System Account so far this year amounts to \$5,706,387.45. Each bank's pro rata share in this profit held in Suspense Account on September 19 was as follows:

Boston	\$ 402,939.43	Chicago	\$ 951,323.26
New York	1,722,079.31	St. Louis	237,944.94
Philadelphia	420,275.44	Minneapolis	149,010.90
Cleveland	546,791.75	Kansas City	227,428.07
Richmond	247,594.45	Dallas	155,002.60
Atlanta	219,056.80	San Francisco	426,940.50

The table following gives a comparison of the amount and the distribution of the appreciation on United States Government securities held in the System Account on September 4 and September 19, 1934.

	<u>Sept. 4, 1934</u>	<u>Sept. 19, 1934</u>
United States Certificates of Indebtedness	\$ 1,093,263.48	\$ 778,204.14
" " Liberty Loan and Treasury Bonds	7,136,455.24	4,115,699.16
" " Treasury Notes	19,040,530.41	7,536,728.09
" " Treasury Bills	0	0
	<hr/>	<hr/>
Total appreciation	\$27,270,249.13	\$12,430,631.39
	<hr/> <hr/>	<hr/> <hr/>

Transactions in bankers acceptances during the week September 6 - 12 were negligible, and on September 12 the total holdings of the System amounted to \$120,000.

Attached are statements showing the following:

- Exhibit "A"** - Maturity Distribution of Holdings of Government Securities in the System Account at the End of Each Month - 1932, 1933, 1934 and on September 19, 1934.
- Exhibit "B"** - Classification of Issues Held in the System Account on September 19, 1934, and the Percentage of Each Issue Held in the Account as Compared with the Amount of the Respective Issue Outstanding.
- Exhibit "C"** - Participations by Federal Reserve Banks in Holdings of Government Securities in System Account on September 12, 1934 and Amount of Each Bank's Present Holdings Over or Short of Pro Rata Share Based on (1) Expenses, Dividends and Charge-offs, and (2) Reserves in Excess of Amounts Required for a 55% Ratio.
- Exhibit "D"** - Total Holdings of Government Securities by Federal Reserve Banks on September 12, 1934, and Amount of Each Bank's Present Holdings Over or Short of Pro Rata Share Based on (1) Expenses, Dividends and Charge-offs, and (2) Reserves in Excess of Amounts Required for a 55% Reserve Ratio.
- Exhibit "E"** - Earnings of All Federal Reserve Banks for the Eight Months Ended August 31, 1934.



MATURITY DISTRIBUTION OF HOLDINGS IN SYSTEM ACCOUNT  
END OF EACH MONTH - 1932-33-34  
(In millions of dollars)

Exhibit "A"

	Within Six Months	Per- cent	Within One Year	Per- cent	Within Two Years	Per- cent	3-5 Years Inc.	Per- cent	Call- able Bonds	Per- cent	Other Bonds	Per- cent	Totals
1932													
Jan.	\$ 165	29	\$ 355	63	\$ 355	63	\$ -	-	\$ 212	37	\$ -	-	\$ 567
Feb.	191	32	375	64	375	64	-	-	212	36	-	-	587
Mar.	299	44	475	69	475	69	-	-	212	31	-	-	687
Apr.	583	57	778	76	779	76	-	-	239	24	-	-	1,018
May	716	51	1,058	75	1,115	79	-	-	290	21	-	-	1,405
June	744	48	1,106	71	1,173	75	64	4	322	21	-	-	1,559
July	733	45	1,098	67	1,167	71	132	8	336	21	-	-	1,635
Aug.	622	38	1,029	63	1,194	73	110	6	336	21	-	-	1,640
Sept.	606	37	998	61	1,170	71	134	8	336	21	-	-	1,640
Oct.	651	40	1,051	64	1,229	75	75	4	336	21	-	-	1,640
Nov.	765	47	1,046	64	1,227	75	77	4	336	21	-	-	1,640
Dec.	779	48	1,021	62	1,203	73	101	6	336	21	-	-	1,640
1933													
Jan.	644	41	903	58	1,107	71	116	7	336	22	-	-	1,559
Feb.	577	36	856	53	1,090	67	203	12	336	21	-	-	1,629
Mar.	709	44	856	53	1,090	67	203	12	336	21	-	-	1,629
Apr.	570	35	725	45	958	59	335	20	336	21	-	-	1,629
May	543	32	823	49	962	57	384	23	336	20	-	-	1,682
June	656	37	879	49	1,117	62	335	19	336	19	-	-	1,788
July	659	36	903	50	1,143	63	341	19	336	18	-	-	1,820
Aug.	621	32	1,025	53	1,191	62	394	21	336	17	-	-	1,921
Sept.	706	34	1,102	53	1,278	62	452	22	336	16	-	-	2,066
Oct.	860*	39	1,257	57	1,443	66	498**	23	252	11	-	-	2,193
Nov.	845*	43	1,235	56	1,435	65	511**	23	252	11	25	1	2,223
Dec.	887*	40	1,216	55	1,426	64	520**	24	252	11	25	1	2,223
1934													
Jan.	887*	40	1,216	55	1,426	64	520**	24	252	11	25	1	2,223
Feb.	987*	44	1,190	54	1,415	64	531**	24	252	11	25	1	2,223
Mar.	799*	36	1,034	47	1,287	58	659**	30	252	11	25	1	2,223
Apr.	730*	33	1,008	45	1,476	67	488**	21	195	9	64	3	2,223
May	717*	32	991	44	1,475	66	489**	22	195	9	64	3	2,223
June	765*	34	972	44	1,354	61	550**	24	195	9	124	6	2,223
July	732*	33	939	42	1,321	59	583**	26	195	9	124	6	2,223
Aug.	705*	32	1,018	46	1,365	61	539**	24	195	9	124	6	2,223
Sept. 12	662*	30	976	44	1,327	59	577**	26	195	9	124	6	2,223
" 19	654	29	868	39	1,258	56	646**	29	195	9	124	6	2,223

\*Includes Fourth Liberties "called"  
\*\*Does not include Fourth Liberties "uncalled" maturing October 1938.

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CLASSIFICATION OF ISSUES HELD IN THE SYSTEM ACCOUNT ON SEPTEMBER 19, 1934 AND THE PERCENTAGE OF EACH ISSUE IN THE ACCOUNT COMPARED WITH THE AMOUNT OF RESPECTIVE ISSUE OUTSTANDING

		System Account Holdings	Amount re- spective Issue Outstanding	Percentage of Issues Held to Amount Outstanding
<b>TREASURY BILLS</b>				
U.S. Treasury Bills due	Sept. 26, 1934	\$ 50,500	\$ 50,025	60.97%
" " " " "	Oct. 5, 1934	18,015	50,096	55.96%
" " " " "	" 10, 1934	17,552	50,225	54.91%
" " " " "	" 17, 1934	20,450	50,033	40.87%
" " " " "	" 24, 1934	20,705	50,040	41.57%
" " " " "	" 31, 1934	15,750	50,037	27.48%
" " " " "	Nov. 7, 1934	18,740	50,173	57.35%
" " " " "	" 14, 1934	16,550	50,080	55.05%
" " " " "	" 21, 1934	14,375	50,140	28.67%
" " " " "	Dec. 19, 1934	19,230	75,226	25.56%
" " " " "	" 26, 1934	21,750	75,353	28.86%
" " " " "	Jan. 2, 1935	20,649	75,167	27.47%
" " " " "	" 9, 1935	12,750	75,235	16.94%
" " " " "	" 16, 1935	10,200	75,144	13.57%
" " " " "	" 30, 1935	15,688	75,025	20.91%
" " " " "	Feb. 6, 1935	27,535	75,527	56.55%
" " " " "	" 13, 1935	18,482	75,320	24.54%
" " " " "	" 20, 1935	12,650	75,090	16.85%
" " " " "	" 27, 1935	19,040	75,065	25.36%
" " " " "	Mar. 6, 1935	59,650	75,290	52.66%
" " " " "	" 13, 1935	16,600	75,365	22.03%
" " " " "	" 20, 1935	15,000	75,041	19.99%
	<b>TOTALS</b>	<b>\$ 419,839</b>	<b>\$1,428,497</b>	<b>29.39%</b>
<b>CERTIFICATES OF INDEBTEDNESS</b>				
2 1/4% Cert. of Ind. due	Dec. 15, 1934	\$ 158,540	\$ 992,496	15.97%
<b>TREASURY NOTES</b>				
2 1/2% Treasury Notes due	Mar. 15, 1935	75,550	528,102	14.27%
3 % " " "	June 15, 1935	150,395	416,603	31.50%
1 5/8% " " "	Aug. 1, 1935	84,223	355,865	23.80%
2 1/2% " " "	Dec. 15, 1935	70,121	418,291	16.76%
2 7/8% " " "	Apr. 15, 1936	181,100	558,819	32.41%
3 1/4% " " "	Aug. 1, 1936	79,042	364,138	21.71%
1 1/2% " " "	Sept. 15, 1936	58,967	514,126 (a)	11.47%
2 3/4% " " "	Dec. 15, 1936	110,668	337,921	30.92%
3 % " " "	Feb. 15, 1937	56,183	428,730	15.10%
3 % " " "	Apr. 15, 1937	90,175	502,362	17.95%
3 1/4% " " "	Sept. 15, 1937	86,750	617,483	10.61%
2 5/8% " " "	Feb. 1, 1938	58,820	276,680	21.26%
2 5/8% " " "	Mar. 15, 1938	113,949	455,175	25.03%
2 7/8% " " "	June 15, 1938	44,900	618,057	7.26%
2 1/2% " " "	Sept. 15, 1938	68,481	414,000 (P)	16.54%
2 1/8% " " "	June 15, 1939	16,750	528,592	3.17%
	<b>TOTALS</b>	<b>\$1,325,876</b>	<b>\$7,552,944</b>	<b>17.55%</b>
<b>LIBERTY LOAN AND TREASURY BONDS</b>				
3 1/2% 1st L/L Bds of	1932/47	\$ 25,025	\$1,392,228	1.80%
4 1/4% " " " "	1932/47	29,000	555,982	3.41%
4 1/4% 4th " " "	1933/38	140,869	3,115,578	4.52%
3 1/4% Treas. Bonds	1941	20,000	834,474	2.40%
4 1/4-3 1/4% Tr. Bds of	1943/45	25,000	1,400,570	1.78%
3 1/4% Treas. Bonds	1944/46	59,000	1,254,942 (P)	3.11%
3 % " " "	1946/48	40,000	824,508	4.85%
	<b>TOTALS</b>	<b>\$ 318,894</b>	<b>\$9,358,282</b>	<b>3.41%</b>
	<b>GRAND TOTALS</b>	<b>\$2,223,149</b>	<b>\$19,332,219</b>	<b>11.50%</b>

Total of all issues of Treasury Bills, Certificates, Notes, Liberty Loan and Treasury Bonds outstanding unmatured. . . . . \$25,309,716  
 Percentage held in System Account. . . . . 8.78%

(a) Approximate

(P) Preliminary figure, exchange books still open

## EXHIBIT "C"

PARTICIPATIONS BY FEDERAL RESERVE BANKS IN HOLDINGS OF GOVERNMENT SECURITIES IN SYSTEM ACCOUNT ON SEPTEMBER 12, 1934,  
AND AMOUNT OF EACH BANK'S PRESENT HOLDINGS OVER OR SHORT OF PRO RATA SHARE BASED (1) ON EXPENSES,  
DIVIDENDS AND CHARGE-OFFS AND, (2) RESERVES IN EXCESS OF AMOUNT REQUIRED FOR A 55% RESERVE RATIO

	Participa- tions in System Account (1)	Ratio of Holdings (2)	Ratio of Expenses, Dividends & Charge-offs Year 1933 (3)	Ratio of Reserves in Excess of Amount Required for a 55% Ratio (4)	Present Holdings Over or Short of Percentage Shown in Col. 3 (5)	Present Holdings Over or Short of Percentage Shown in Col. 4 (6)
BOSTON	\$ 156,982	7.06%	7 1/4%	8 1/4%	\$ 4,196-	\$ 26,428-
NEW YORK	655,818	29.50%	26 3/4%	34 3/4%	61,126+	116,726-
PHILADELPHIA	163,734	7.37%	8 1/2%	4 1/4%	25,234-	69,250+
CLEVELAND	213,025	9.58%	10 %	6 1/2%	9,290-	68,520+
RICHMOND	103,562	4.66%	5 %	3 %	7,595-	36,867+
ATLANTA	94,209	4.24%	4 1/4%	1/2%	275-	83,093+
CHICAGO	365,601	16.44%	12 %	26 %	98,823+	212,418-
ST. LOUIS	92,700	4.17%	4 1/2%	3 1/2%	7,342-	14,890+
MINNEAPOLIS	58,054	2.61%	3 1/2%	3 1/4%	19,756-	14,198-
KANSAS CITY	91,659	4.12%	5 1/4%	3 %	25,056-	24,965+
DALLAS	61,475	2.77%	4 %	1 1/2%	27,451-	28,128+
SAN FRANCISCO	166,330	7.48%	9 %	5 1/2%	33,754-	44,057+
TOTALS	\$2,223,149	100 %	100 %	100 %	\$159,949 Adj.	\$369,770 Adj.

(000 Omitted)

+ = over pro rata share

- = short pro rata share

## EXHIBIT "D"

TOTAL HOLDINGS OF GOVERNMENT SECURITIES BY FEDERAL RESERVE BANKS ON SEPTEMBER 12, 1934,  
AND AMOUNT OF EACH BANK'S PRESENT HOLDINGS OVER OR SHORT OF PRO RATA SHARE BASED ON (1) EXPENSES,  
DIVIDENDS AND CHARGE-OFFS AND (2) RESERVES IN EXCESS OF AMOUNTS REQUIRED FOR A 55% RESERVE RATIO

	Total Holdings Portfolio and Participation in System Account Excluding Self Ins. Reserve (1)	Ratio of Holdings (2)	Ratio of Expenses, Dividends & Charge-offs Year 1933 (3)	Ratio of Reserves in Excess of Amount Required for a 55% Ratio as of Sept. 12/34 (4)	Present Holdings Over or Short of Percentage Shown in Col. 3 (5)	Present Holdings Over or Short of Percentage Shown in Col. 4 (6)
BOSTON	\$ 157,678	6.50%	7 1/4%	8 1/4%	\$ 18,349-	\$ 42,629-
NEW YORK	776,115	31.97%	26 3/4%	34 3/4%	126,635+	67,602-
PHIL DELPHIA	167,120	6.88%	8 1/2%	4 1/4%	39,257-	63,932+
CLEVELAND	213,025	8.77%	10 %	6 1/2%	29,772-	55,207+
RICHMOND	103,562	4.27%	5 %	3 %	17,836-	30,723+
ATLANTA	94,260	3.88%	4 1/4%	1 1/2%	8,929-	82,120+
CHICAGO	428,343	17.64%	12 %	26 %	136,988+	202,928-
ST. LOUIS	93,200	3.84%	4 1/2%	3 1/2%	16,058-	8,221+
MINNEAPOLIS	65,114	2.68%	3 1/2%	3 1/4%	19,865-	13,795-
KANSAS CITY	91,741	3.78%	5 1/4%	3 %	35,727-	18,902+
DALLAS	71,475	2.94%	4 %	1 1/2%	25,644-	35,056+
SAN FRANCISCO	<u>166,331</u>	<u>6.85%</u>	<u>9 %</u>	<u>5 1/2%</u>	<u>52,186-</u>	<u>32,793+</u>
TOTALS	<u>\$2,427,964</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>\$263,623 Adj.</u>	<u>\$326,954 Adj.</u>

(000 Omitted)

+ = over pro rata share

- = short pro rata share

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## EXHIBIT "E"

EARNINGS OF ALL  
FEDERAL RESERVE BANKS FOR THE  
EIGHT MONTHS ENDED AUG. 31, 1934

Earnings do not include profits on security sales, now held in Suspense Account.

	<u>Gross Earnings</u>	<u>Current Expenses and Net Deductions from Current Net Earnings</u>	<u>Available for Depreciation Allowances, Reserves and Surplus</u>
BOSTON	\$ 2,032,220	\$ 1,766,209	\$ 266,011
NEW YORK	10,974,241	6,935,489	4,038,752
PHILADELPHIA	2,571,145	2,175,729	395,416
CLEVELAND	2,801,923	2,453,936	347,987
RICHMOND	1,280,880	1,285,202	4,322 (a)
ATLANTA	1,206,341	1,032,864	173,477
CHICAGO	5,464,698	2,579,021	2,885,677
ST. LOUIS	1,220,724	1,111,279	109,445
MINNEAPOLIS	945,822	889,455	56,367
KANSAS CITY	1,319,232	1,336,731	17,499 (a)
DALLAS	1,014,018	881,845	132,173
SAN FRANCISCO	<u>2,179,775</u>	<u>2,097,598</u>	<u>82,177</u>
TOTALS	<u>\$33,011,019</u>	<u>\$24,545,358</u>	<u>\$8,465,661</u>

(a) deficit

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Authority *EO Order 12356**333.3-a-1*September 20, 1934.

PRELIMINARY MEMORANDUM FOR THE  
FEDERAL OPEN MARKET COMMITTEE,  
SEPTEMBER 21, 1934.

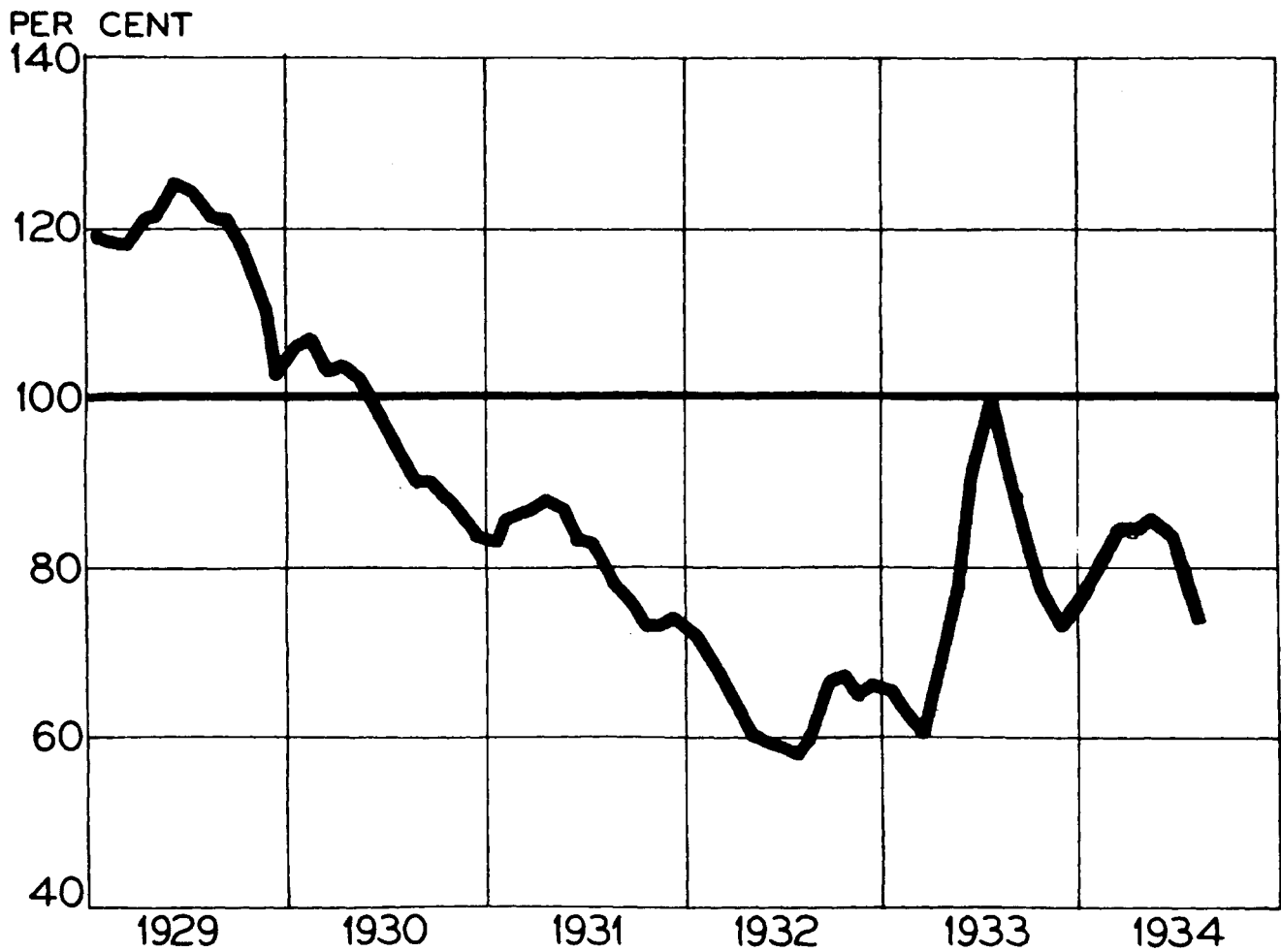
In the period of a little over six months since the spring meeting of the Open Market Committee there have been a number of developments unfavorable to further expansion of business and employment. A drought of unusual severity resulted in almost complete crop failure in extensive sections of the country, so that a number of important crops this year will be the smallest in forty years or more. In some lines of business there have been indications of consumer resistance to higher prices, while, at the same time, costs of doing business have tended to rise further, so that profitable operations have become more difficult. In a number of industries there have been serious labor troubles, culminating in the textile strike now in progress.

In the spring there were indications that business expansion was encountering difficulties, although until June there was little evidence of curtailment except in the form of reduced forward buying of merchandise. Since June, however, there has been a greater than seasonal reduction in the physical volume of production and transportation of goods. In general, consumers goods industries have been operating, during the past two or three months, at levels somewhat below those of a year ago, and thus far there has been no material expansion of activity in privately financed building and equipment purchases such as would give to the capital goods industries the impetus necessary to carry forward the recovery movement. Government financed construction resulted, for several months, in a large expansion of construction contracts, and is continuing to provide work for a considerable number of people who would otherwise be

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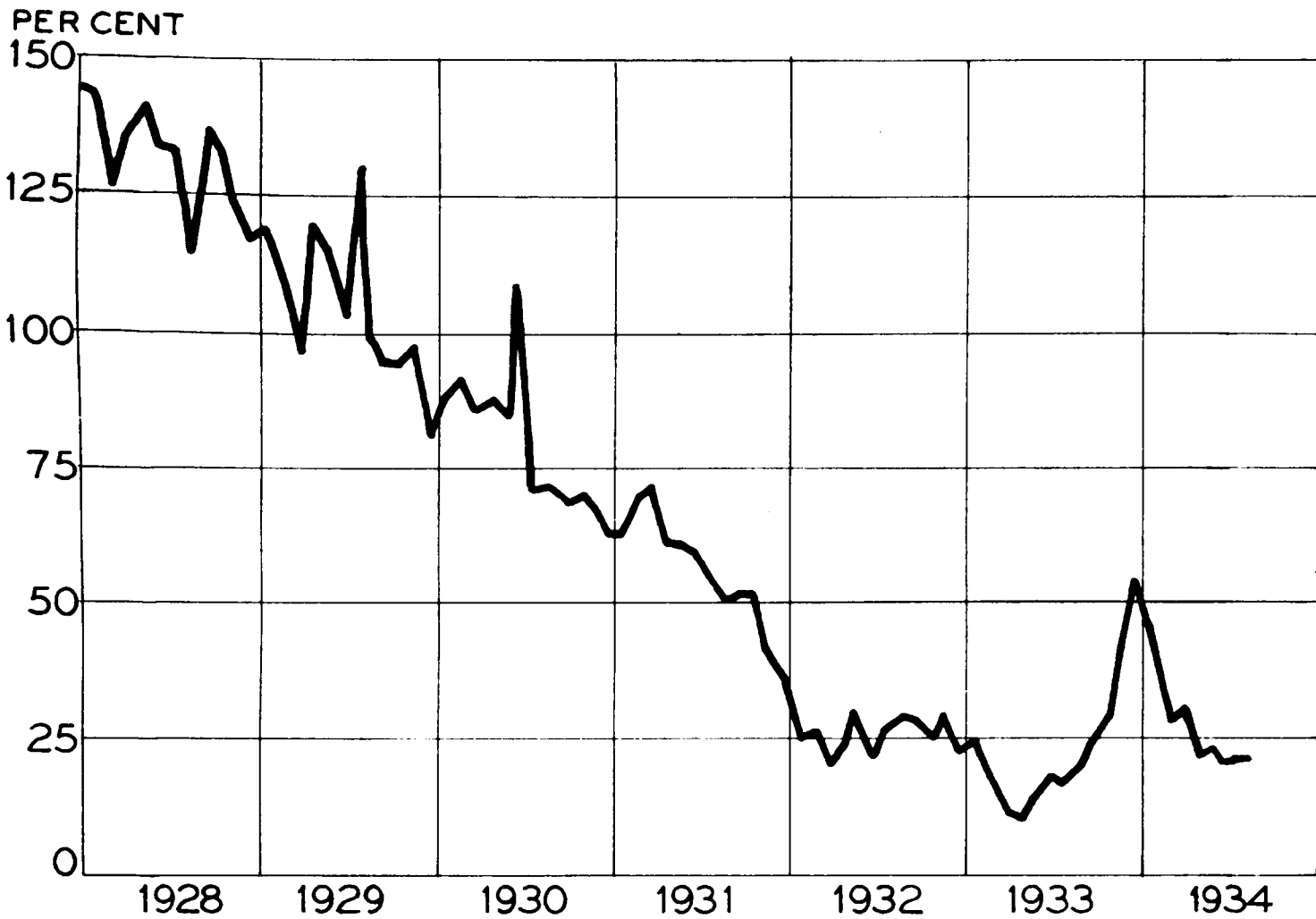
Federal Reserve Bank  
of New York  
Reports Department  
*Jan 24, 1934.*  
*# 1*



Index Number of Production of Manufactures and Minerals Combined, Adjusted for Seasonal Variation (1923-25 average = 100 per cent)

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Federal Reserve Bank  
of New York 2685  
Reports Department  
*May 24, 1934.*



Index of Building and Engineering Contracts Awarded in 37 Eastern States  
(F. W. Dodge Corporation data adjusted for estimated changes in  
construction costs, seasonal variation, and long term growth)



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2

without employment. Renewed uncertainties and shrinking profits have made industries hesitate to go forward with renovation and expansion programs, however, and obstacles to new financing in the capital and mortgage money markets have persisted, so that private demands on the capital goods industries have remained very limited.

As a consequence, the Federal Reserve Board index of industrial production for the past two months has been considerably below the relatively high levels reached a year ago. Private employment has declined gradually during the past few months, and at present is probably little, if any, higher than a year ago, although the August figures still showed a slight increase. Unemployment, despite heavy Government expenditures, remains at a high level. Some of the available data for August are summarized in the following table, which shows comparative figures for March 1934 and August 1933:

Federal Reserve Board Index Numbers

(Adjusted for seasonal variations; 1923-25 average = 100)

	<u>Aug. 1933</u>	<u>Mar. 1934</u>	<u>Aug. 1934</u>
Industrial production, total	91	84	73p
Manufactures, total	91	82	72p
Textiles	114	94	78p
Leather and shoes	102	106	99*
Automobiles	60	78	61p
Iron and steel	80	66	38
Lumber	46	38	36
Minerals	91	100	80p
Construction contracts, value	24	33	27p
Factory employment	76	81	79p
Freight car loadings	61	66	59
Department store sales, value	77	77	79p

p - Preliminary

\* - July

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One moderately favorable aspect of the situation is that retail trade, which in the early stages of recovery lagged behind production of merchandise, has been fairly well sustained, although the margin of increase between this year and last has been diminishing gradually and is now very small. Furthermore, reports for recent months have indicated that the stocks of merchandise that accumulated in distributing channels during the latter part of 1933 and early 1934 have been fairly well liquidated, so that stocks on hand now are not large, and an increased demand for merchandise should develop during the coming months when there is ordinarily a seasonal upturn in business. Recently there have been some slight indications of this autumn revival of business activity, but thus far the increase appears to have been rather less than usual.

#### Commodity Prices

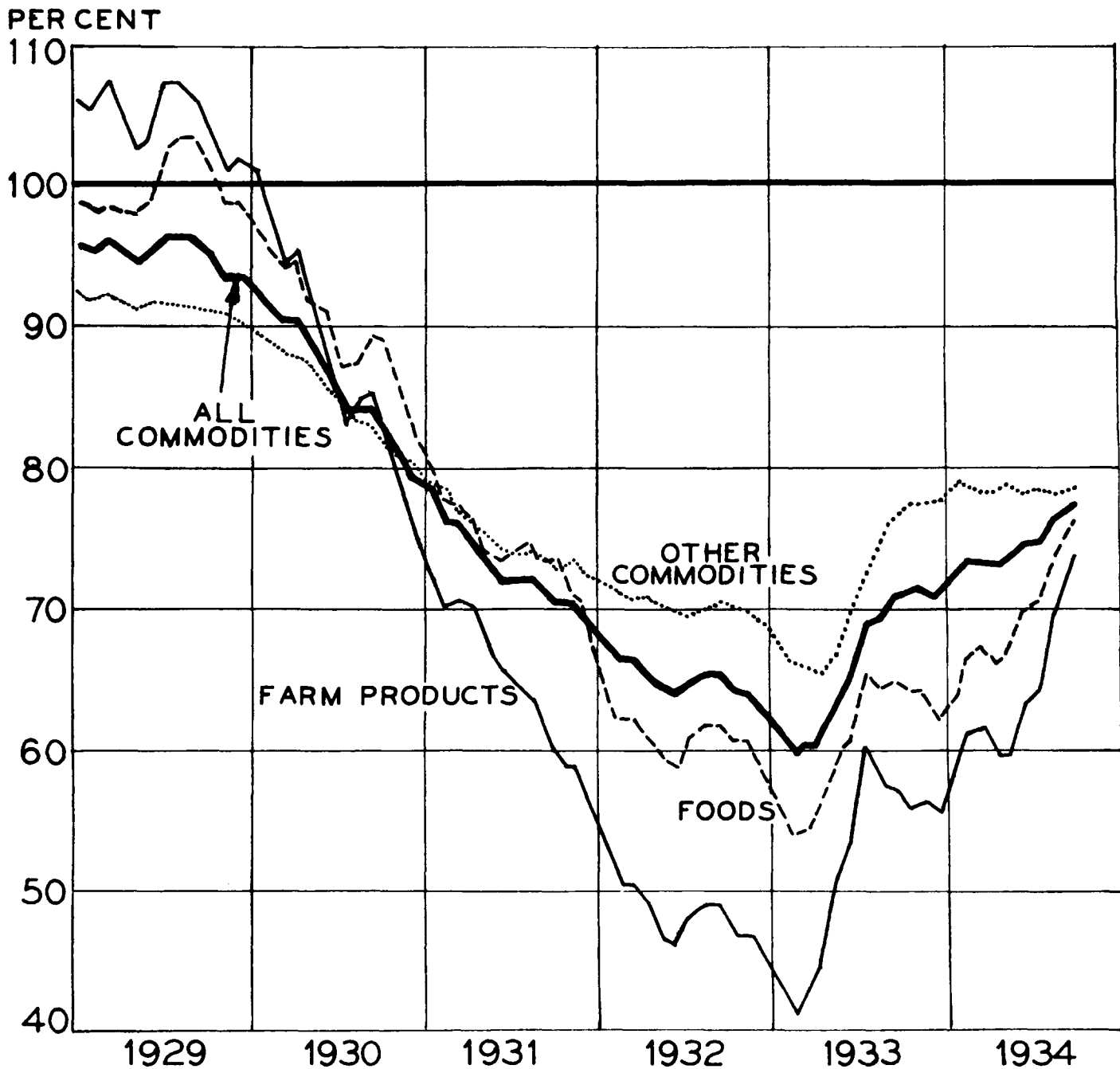
Meanwhile, indexes of commodity prices have risen fairly steadily and the Bureau of Labor Statistics general index of wholesale prices has reached the highest level since early in 1931 -- a level about midway between the lowest point reached last year and that prevailing in 1929. This rise, as the accompanying diagram indicates, has been due almost entirely to higher prices for farm products and foods. Other groups of commodity prices have remained steady, or have declined gradually during the past six months, but in some groups, such as building materials, the preceding rise in prices had been large enough to constitute a deterrent to increased consumption.

The rise in the prices of farm products may be attributed in part to the crop restriction program of the Agricultural Adjustment Administration, but more largely to the effect of the drought. Despite the reduced agricultural production, it is estimated that farm income this year will be the largest since 1930, due partly to higher prices for agricultural products including crops not

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Federal Reserve Bank  
of New York  
Reports Department  
SEPT. 18, 1934.

2744



Group Price Indexes of Bureau of Labor Statistics (1926 average = 100 per cent)

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affected by the drought, and partly to benefit payments received from the Agricultural Adjustment Administration. Conditions vary widely, however, in the different farming sections.

The rise in prices of farm products has also resulted in higher retail food prices, so that the cost of living in urban communities has been advancing gradually. The condition of industry generally is not now such that it will support a materially higher level of wages, and the present tendency, therefore, is toward a reduction in the purchasing power of wage earners as a group.

#### Security Markets and New Issues

During most of the first six months of this year there was a strong bond market, and a marked revival in new security flotations, largely for re-funding purposes but partly to supply new funds, developed in the second quarter of this year. In the four months from April to July, inclusive, the volume of new security issues was the largest for any comparable period since 1931, although still far below the average volume for the years since the War. The funds raised were largely for States and municipalities, and before a real test of the possibility of corporate financing under existing restrictions could be had, a persistent decline began in security prices of all types from Government bonds down to speculative stocks, and further flotations of new securities again have been largely suspended. Consequently, after what appeared to be a promising start in the new financing needed to promote a vigorous business recovery, conditions have become adverse to further progress.

The decline in prices of even the highest grade securities during the past two months apparently has been partly a result and partly a cause of a widespread feeling of uncertainty as to the future. During this period the

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Sept 20, 1934

decline in prices of long term Government bonds has been sufficient to raise the yield from 2.70 per cent to about 3.25 per cent. At the same time, prices of lower grade corporation bonds have lost a considerable part of the ground gained during the first seven months of this year, and stock prices in general are now around the lowest levels of the year.

The Treasury in arranging its financing of September 15 maturities, and of the Fourth Liberty Loan 4 1/4% bonds called for redemption October 15, found it necessary to make an exchange offering of short term notes in addition to its exchange offering of bonds, and the demand has been largely for the short term securities.

#### Bank Credit

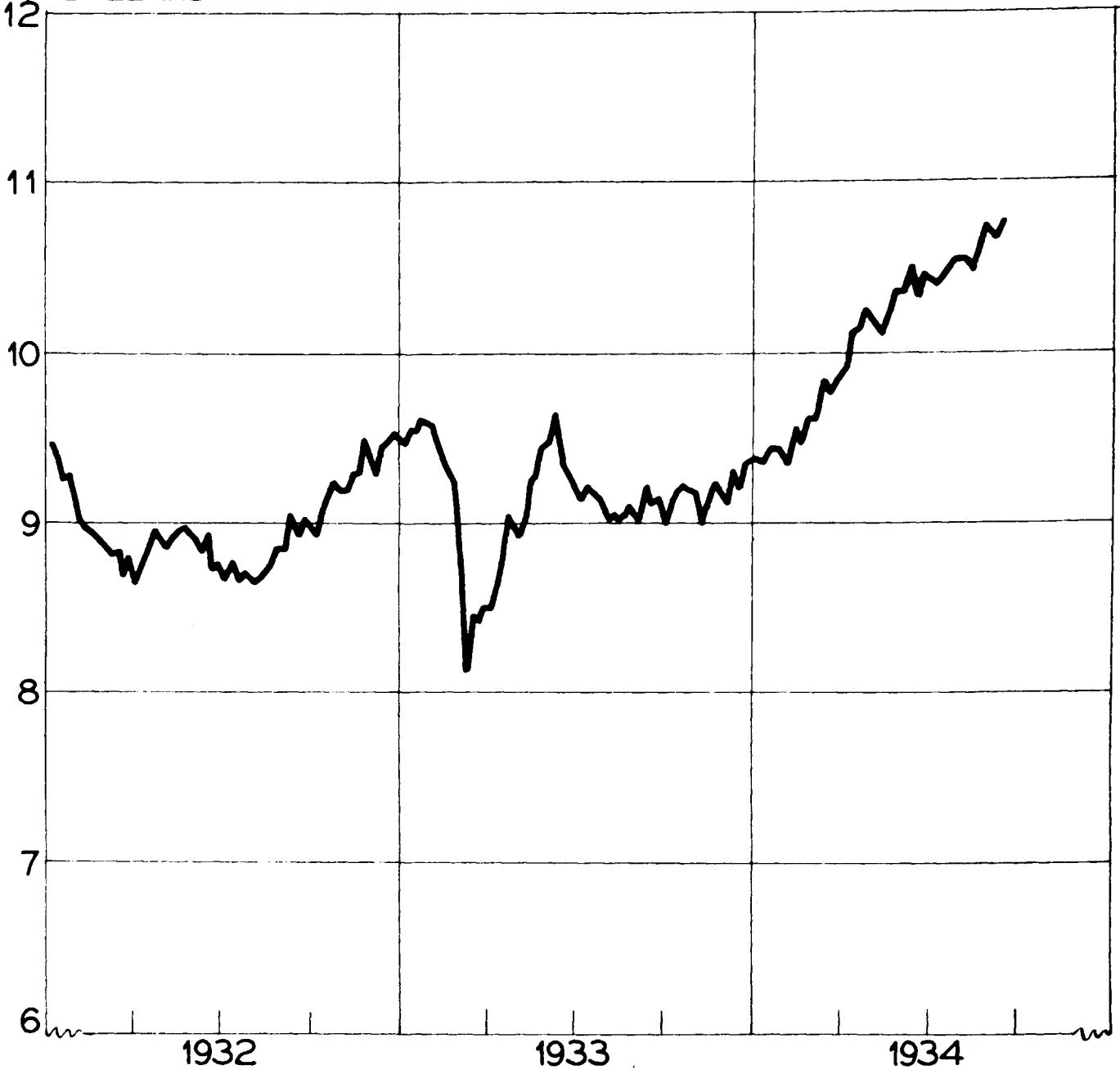
The outstanding development in the banking situation during the past six months has been a further substantial increase in deposits. Part of the increase, shown by weekly reports from member banks, has represented simply the accumulation of idle funds of country banks with their city correspondents, but a large part has reflected an increase in non-bank deposits subject to check. As the accompanying diagram indicates, the increase in deposits other than inter-bank deposits in the reporting banks during the past six months has amounted to nearly \$1,000,000,000, and in the past year has totaled over \$1,500,000,000. Condition reports on June 30 showed that the expansion in deposits had not been confined to banks in the larger cities, but that, in fact, the increase during the past year was even larger proportionately in country banks than in city banks.

This increase in bank deposits represents an enlargement of the money supply sufficient to finance a considerably greater expansion of business than has occurred thus far. The activity of deposits, however, has declined substantially in recent months, and is now not far above the levels of early 1933,

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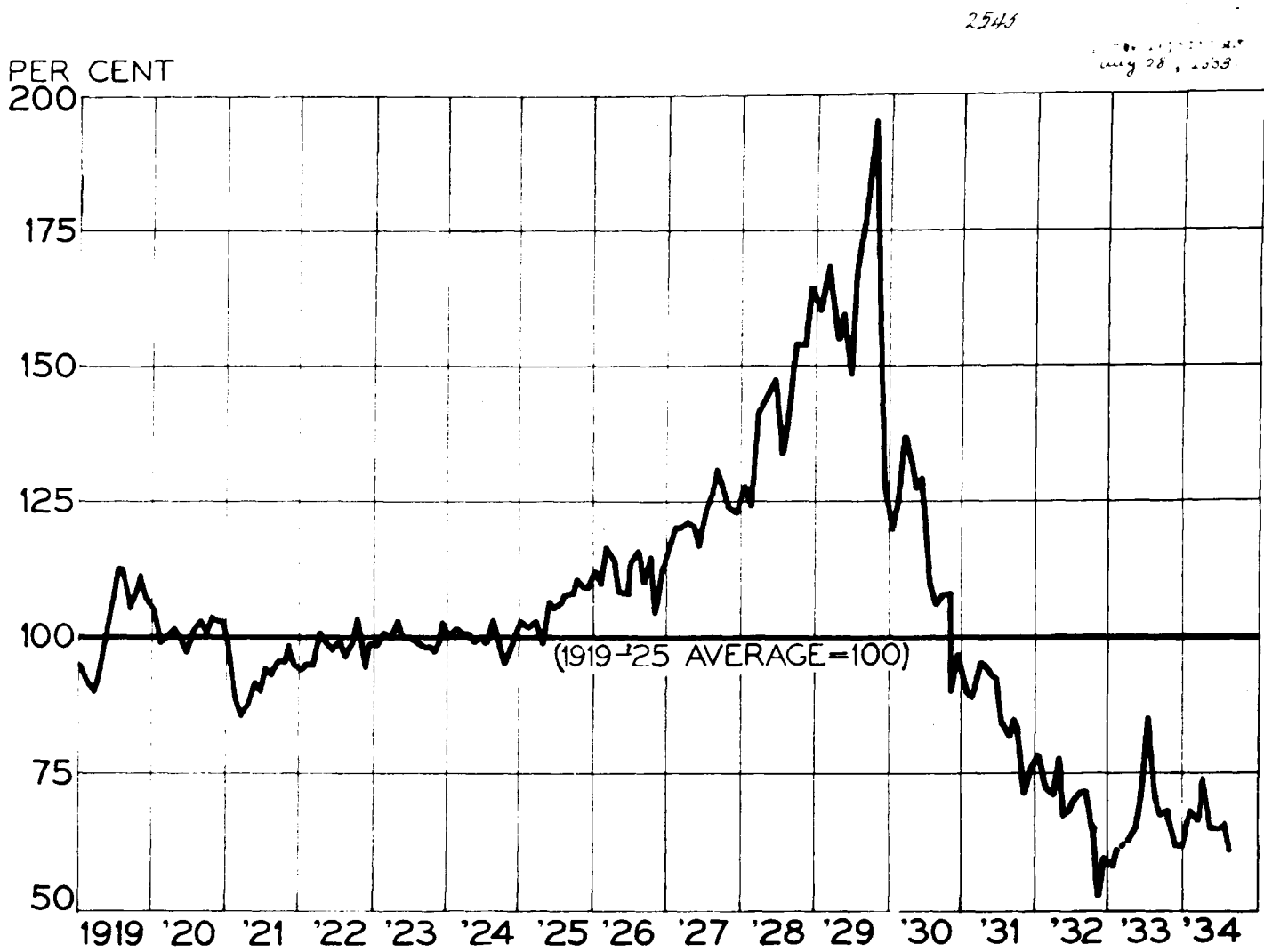
Federal Reserve Bank  
New York  
Reports Department  
SEPT 18, 1934.  
2676.1

BILLIONS  
OF DOLLARS



Net Demand Deposits, Less Net Amounts Due to Banks, Held by Weekly Reporting Member Banks in 41 Cities

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Rate of Turnover of Demand Deposits in Principal Cities

as the second of the accompanying diagrams shows. Past experience has demonstrated that the activity of deposits is a factor in the monetary situation over which it is difficult to exert any direct control; it appears to be a passive factor that reflects the extent to which individuals and business organizations consider it to their advantage to employ their funds, and is therefore largely dependent upon the degree of confidence in the future.

The growth in the volume of deposits has been due chiefly to two factors - Government borrowing and expenditures, and an inflow of funds from abroad in the form of gold imports. Changes in the principal types of loans and investments of reporting banks are summarized in the following table:

(In millions of dollars)

	<u>Sept.13,</u> <u>1933</u>	<u>Mar.14,</u> <u>1934</u>	<u>Sept.12,</u> <u>1934</u>	Change from - <u>6 months</u> <u>ago</u>	Year <u>ago</u>
Security loans	3,773	3,593	3,162	- 431	- 611
All other loans	4,823	4,688	4,693	+ 5	- 130
U. S. securities	5,044	6,229	6,573	+ 344	+1,529
Other securities	<u>2,940</u>	<u>3,003</u>	<u>3,350</u>	<u>+ 347</u>	<u>+ 410</u>
Total loans & investments	16,580	17,513	17,778	+ 265	+1,198

As these data indicate, the expansion in member bank credit that has occurred thus far has been almost entirely in the form of increased holdings of Government securities, including Government guaranteed securities which are grouped with "other securities." Loans on securities have shown a renewed decline during the past few months, and are now at a new low level for recent years. All other loans, representing largely loans to finance commodity transactions and other business operations, showed some decline during the first seven months of this year which was at least partly seasonal, and are now somewhat below a year ago, probably due in part to the fact that some old loans have been



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charged off as losses. Since July, however, there has been a moderate increase in these loans which appears to be at least of the usual seasonal proportions. Thus far, however, there has been no indication of any unusually large demand for short term credit on the part of business, and, as previously indicated, the financing of business through long term security flotations made hardly a beginning before it encountered the adverse security market conditions of the past two months.

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DIVISION OF RESEARCH  
AND STATISTICS.

FEDERAL RESERVE BANK  
OF NEW YORK

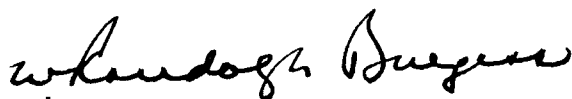
READ IN FILES SECTION  
FEB 28 1934  
*333 • 3-a-1*

December 4, 1934. *1/54*

Dear Dr. Goldenweiser:

Enclosed herewith are the final copies of the *9-6-34 file 333.3-a-1*  
*Final Minutes*  
minutes of the meetings of the Executive Committee of the  
Federal Open Market Committee, and of the Committee on  
the Recovery Program, held in Washington on September 6  
and 7, 1934. Will you please substitute these for the  
tentative drafts previously sent you.

Very truly yours,



W. Randolph Burgess  
Secretary, Federal Open  
Market Committee

Dr. E. A. Goldenweiser,  
Director, Division of Research & Statistics,  
Federal Reserve Board,  
Washington, D. C.

WRB:H  
Encl.

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OUTLINE OF TOPICS SUGGESTED BY  
DR. E. A. GOLDENWEISER

A. Federal Reserve structure

Board - Composition, selection, salaries, function  
 Agents - Should they be separated from chairman?  
 Council - Could it be made useful?  
 Federal Reserve bank directorates - Are any changes  
 needed?  
 Capital of Reserve banks - Should there be any change  
 in ownership, in dividends?  
 Personnel - Are any steps needed to improve it;  
 methods of selection; compensation, etc.  
 Relation to Government - Present status temporary.  
 What form should permanent status take?

B. Federal Reserve functions

I Operations

Problem of earnings  
 Problem of expenses. Service charges? Note  
 issue?  
 Franchise tax? Interest on uncovered notes?

II Credit policy - Instruments of control

Direct action - Under Glass bill, under Se-  
 curities bill, under Thomas Amendment  
 Composition of assets - Open market purchases,  
 long and short term. Discounts  
 Problems of eligibility  
 Reserve and collateral requirements - Federal  
 Reserve banks  
 Reserve requirements - member banks  
 Relation to various standards of stability;  
 prices, production, employment  
 Relation to capital market, foreign exchanges

C. Member and nonmember banks

Unification  
 Insurance of deposits  
 Branch banking  
 Separation of investment from commercial  
 Examination and supervision  
 Relations to Government financing  
 General problem of control (Governmental or otherwise)  
 of volume of means of payment

D. Monetary

E. Publicity or public relations

F. Details of workability of recent loans (Mr. James)

G. Consolidation of credit and supervisory agencies of United  
 States Government (Federal Reserve Board; Reconstruction  
 Finance Corporation; Federal Deposit Insurance Corporation;  
 Comptroller)

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333.3-4-1

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MINUTES OF THE MEETING OF THE EXECUTIVE COMMITTEE  
OF THE FEDERAL OPEN MARKET COMMITTEE  
WASHINGTON, D. C., SEPTEMBER 6 AND 7, 1934,  
HELD IN CONNECTION WITH THE MEETING OF THE  
SYSTEM COMMITTEE ON RECOVERY PROGRAM

The meeting convened informally at 12 noon, at the conclusion of the meeting of the System Committee on Recovery Program, there being present:

Governor Harrison, chairman, Governors Young, Fancher, and Schaller, and Deputy Governors Hutt and Burgess, secretary.

Governors Thomas and Black were also present.

There was a brief informal discussion of the Treasury financing problem on September 15, at the conclusion of which the meeting adjourned to the office of the Secretary of the Treasury, the Secretary and Undersecretary Coolidge being present. The Secretary of the Treasury consulted informally with the members of the committee as to the character and terms of the forthcoming Treasury issues for September 15. After lunch together the meeting adjourned at 2:30 p. m.

The meeting was reconvened at about 10:00 a. m., September 7, a meeting of the Committee on Recovery Program being interrupted for this purpose.

There were present:

Governor Harrison, chairman, Governor Schaller, and Deputy Governor Hutt.

There were also present Governor Thomas and Messrs. Goldenweiser and Williams.

The report of operations was distributed and ordered filed.

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It was moved and carried that in the event that the Treasury offered holders of called Fourth 4 1/4 per cent Liberty Bonds an option of conversion into notes or bonds, that the System holdings of called Fourths be converted into notes rather than into bonds.

The meeting of the executive committee adjourned at about 11:00 a. m.

W. RANDOLPH BURGESS,

Secretary.

CONFIDENTIAL

*M. Hutter*

*333.3-a-1*

REPORT OF OPEN MARKET OPERATIONS TO MEETING OF THE  
EXECUTIVE COMMITTEE OF THE FEDERAL OPEN MARKET COMMITTEE  
HELD AT WASHINGTON ON SEPTEMBER 6, 1934

The present holdings of United States Government securities in the System Account amount to - - - - - \$2,223,149,500

There has been no increase in the total amount of holdings in the Account since the week completed November 8, 1933.

Transactions in United States Government securities in the System Account since the last meeting of the Executive Committee on August 8, 1934, were as follows:

- (1) Redemption of \$131,112,000 Treasury bills at maturity which were replaced by purchases in the market of bills and other short-term issues of government securities.
- (2) Sales and replacement purchases in the market of \$20,655,000 miscellaneous short-term governments.

The amount of profit realized on sales of government securities in the System Account so far this year amounts to \$5,071,635.46. Each bank's pro rata share in this profit on September 5 held in Suspense Account was as follows:

Boston	\$ 358,118.32	Chicago	\$ 846,151.66
New York	1,532,465.65	St. Louis	211,477.08
Philadelphia	373,525.95	Minneapolis	132,435.62
Cleveland	485,969.18	Kansas City	201,739.52
Richmond	219,140.30	Dallas	137,618.83
Atlanta	193,543.75	San Francisco	379,449.62

The following table gives a comparison of the amount and distribution of the appreciation on United States Government securities held in the System Account on August 1, 1934 and September 4, 1934:

	<u>August 1, 1934</u>	<u>September 4, 1934</u>
United States Certificates of Indebtedness	\$ 1,873,866.33	\$ 1,093,263.48
" " Liberty Loan and Treasury Bonds	9,464,654.21	7,136,455.24
" " Treasury Notes	27,454,807.00	19,040,530.41
" " " Bills	0	0
<b>Total appreciation - - - - -</b>	<b>\$36,793,327.54</b>	<b>\$27,270,249.13</b>
	<i>27,270,249.13</i>	
	<i>11,523,078.41</i>	

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There were practically no purchases of bankers acceptances made by the System during the period August 1, 1934 - August 29, 1934. The total holdings of the System on August 29 amounted to \$168,000.

Attached are statements showing the following:

Exhibit "A" - Maturity Distribution of Holdings of Government Securities in the System Account at the End of Each Month - 1932, 1933, 1934 and on September 5, 1934.

Exhibit "B" - Classification of Issues Held in the System Account on September 5, 1934 and the Percentage of Each Issue Held in the Account as Compared With the Amount of the Respective Issue Outstanding.

Exhibit "C" - Earnings of the Federal Reserve Banks for the Seven Months Ended July 31, 1934.

MATURITY DISTRIBUTION OF HOLDINGS IN SYSTEM ACCOUNT  
END OF EACH MONTH - 1932-33-34

EXHIBIT "A"

(In millions of dollars)

1932	Within Six Months	Per-cent	Within One Year	Per-cent	Within Two Years	Per-cent	3-5 Years Inc.	Per-cent	Call-able Bonds	Per-cent	Other Bonds	Per-cent	Totals
Jan.	\$ 165	29	\$ 355	63	\$ 355	63	\$ -	-	\$212	37	\$ -	-	\$ 567
Feb.	191	32	375	64	375	64	-	-	212	36	-	-	587
Mar.	299	44	475	69	475	69	-	-	212	31	-	-	687
Apr.	583	57	778	76	779	76	-	-	239	24	-	-	1,018
May	716	51	1,058	75	1,115	79	-	-	290	21	-	-	1,405
June	744	48	1,106	71	1,173	75	64	4	322	21	-	-	1,559
July	733	45	1,098	67	1,167	71	132	8	336	21	-	-	1,635
Aug.	622	38	1,029	63	1,194	73	110	6	336	21	-	-	1,640
Sept.	606	37	998	61	1,170	71	134	8	336	21	-	-	1,640
Oct.	651	40	1,051	64	1,229	75	75	4	336	21	-	-	1,640
Nov.	765	47	1,046	64	1,227	75	77	4	336	21	-	-	1,640
Dec.	779	48	1,021	62	1,203	73	101	6	336	21	-	-	1,640
<u>1933</u>													
Jan.	644	41	903	58	1,107	71	116	7	336	22	-	-	1,559
Feb.	577	36	856	53	1,090	67	203	12	336	21	-	-	1,629
Mar.	709	44	856	53	1,090	67	203	12	336	21	-	-	1,629
Apr.	570	35	725	45	958	59	335	20	336	21	-	-	1,629
May	543	32	823	49	962	57	384	23	336	20	-	-	1,682
June	656	37	879	49	1,117	62	335	19	336	19	-	-	1,788
July	659	36	903	50	1,143	63	341	19	336	18	-	-	1,820
Aug.	621	32	1,025	53	1,191	62	394	21	336	17	-	-	1,921
Sept.	706	34	1,102	53	1,278	62	452	22	336	16	-	-	2,066
Oct.	860*	39	1,257	57	1,443	66	498**	23	252	11	-	-	2,193
Nov.	845*	43	1,235	56	1,435	65	511**	23	252	11	25	1	2,223
Dec.	887*	40	1,216	55	1,426	64	520**	24	252	11	25	1	2,223
<u>1934</u>													
Jan.	887*	40	1,216	55	1,426	64	520**	24	252	11	25	1	2,223
Feb.	987*	44	1,190	54	1,415	64	531**	24	252	11	25	1	2,223
Mar.	799*	36	1,034	47	1,287	58	659**	30	252	11	25	1	2,223
Apr.	730*	33	1,008	45	1,476	67	488**	21	195	9	64	3	2,223
May	717*	32	991	44	1,475	66	489**	22	195	9	64	3	2,223
June	765*	34	972	44	1,354	61	550**	24	195	9	124	6	2,223
July	732*	33	939	42	1,321	59	583**	26	195	9	124	6	2,223
Aug. 29	705*	32	1,018	46	1,365	61	539**	24	195	9	124	6	2,223
Sept. 5	683*	31	997	45	1,346	60	558**	25	195	9	124	6	2,223

\*Includes Fourth Liberties "called"

\*\*Does not include Fourth Liberties "uncalled" maturing October 1938.



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## EXHIBIT "C"

STATEMENT SHOWING EARNINGS OF ALL  
FEDERAL RESERVE BANKS FOR THE  
SEVEN MONTHS ENDED JULY 31, 1934

Earnings do not include profits on security sales, now held in Suspense Account.

	<u>Gross Earnings</u>	<u>Current Expenses and Net Deductions from Current Net Earnings</u>	<u>Available for Depreciation Allowances, Reserves and Surplus</u>
BOSTON	\$ 1,781,208	\$ 1,524,523	\$ 256,685
NEW YORK	9,646,787	5,984,281	3,662,506
PHILADELPHIA	2,283,703	1,911,459	372,244
CLEVELAND	2,458,689	2,148,291	310,398
RICHMOND	1,112,528	1,117,260	4,732 (a)
ATLANTA	1,040,242	902,123	138,119
CHICAGO	4,770,025	2,236,034	2,533,991
ST. LOUIS	1,066,445	963,898	102,547
MINNEAPOLIS	829,427	771,374	58,053
KANSAS CITY	1,150,605	1,170,442	19,837 (a)
DALLAS	887,187	759,641	127,546
SAN FRANCISCO	<u>1,899,862</u>	<u>1,810,752</u>	<u>89,110</u>
TOTALS	<u>\$28,926,708</u>	<u>\$21,300,078</u>	<u>\$7,626,630</u>

(a) Deficit

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Authority EO Order 12856

333.3-a-1

Mr. W. Randolph Burgess, Secretary,  
Federal Open Market Committee,  
Care Federal Reserve Bank of New York,  
New York, New York.

Dear Mr. Burgess:

Receipt is acknowledged of your letter of  
October 2, 1934, addressed to Vice Governor Thomas,  
inclosing the final draft of the minutes of the meet- <sup>8/8/34 filed 333.3-a-1</sup> ~~Final minutes~~  
ing of the executive committee of the Federal Open  
Market Committee held in Washington on August 8, 1934.  
These minutes will be substituted for the tentative  
draft forwarded to the Board with your letter of  
August 17.

Very truly yours,

L. P. Bethea,  
Assistant Secretary.

FILE COPY

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Authority EO Order 12856

*Mr Carpenter*  
*333.3-a-1*

FEDERAL RESERVE BANK  
OF NEW YORK

*Mr. Walker*  
*check this pl.*  
*SA*

FOR CIRCULATION

October 2, 1934.

- Mr. Black
- Mr. Hamilton
- Mr. Miller
- Mr. James
- Mr. Thomas
- Mr. Sevmczak
- Mr. O'Connor
- Mr. Martin
- Mr. Ford
- Mr. Scobie
- Mr. Carpenter
- Mr. Neill
- Mr. Quinn
- Mr. Golding
- Mr. Patten
- Mr. Wyatt

Dear Governor Thomas:

Enclosed herewith is the final draft of the  
 minutes of the meeting of the executive committee of the  
 Federal Open Market Committee held in Washington on  
 August 8, 1934. Will you please substitute these for  
 the tentative draft previously sent you.

*8-8-34 filed 333.3-a-1*  
*Final Minutes*

*see letter 8/17/34*

Very truly yours,

*W. Randolph Burgess*  
*per W.A.H.*  
 W. Randolph Burgess  
 Secretary, Federal Open  
 Market Committee

Hon. J. J. Thomas,  
 Vice Governor, Federal Reserve Board,  
 Washington, D. C.

WRB/H  
encl.

Please note  
and return to  
Mr. [unclear]  
*File*

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Authority Ex Order 12356

333.3-a-1

FEDERAL RESERVE BANK  
OF NEW YORK

August 27, 1934.

Dear Mr. Morrill:

Thank you for your letter of August 25 containing suggestions with respect to tentative draft of the minutes of the meeting of the Executive Committee of the Federal Open Market Committee held on August 8. The minutes will be changed to avoid the difficulty you suggest.

Very truly yours,



W. Randolph Burgess  
Secretary, Federal  
Open Market Committee

Mr. Chester Morrill,  
Secretary, Federal Reserve Board,  
Washington, D. C.

WRB/H

DECLASSIFIED

Authority *Ex Order 13356*

333.3-a-1

AUG 25 1954

Mr. W. Randolph Burgess,  
Secretary,  
Federal Open Market Committee,  
c/o Federal Reserve Bank of New York,  
New York, New York.

Dear Mr. Burgess:

Mr. Thomas has asked me to write you in response to your letter of August 17 in regard to the tentative draft of the minutes of the meeting of the executive committee of the Federal Open Market Committee held on August 8, 1954.

On page 2 the statement is made that "it was agreed that in order to conduct such studies it would be desirable to place the responsibility on a small group of workers who would be detached from their regular duties for that purpose". Dr. Goldenweiser feels and the Board agrees that in the case of Dr. Goldenweiser it would not be feasible to detach him entirely from his regular duties as director of the Board's division of research and statistics but the Board is glad to have him participate in the proposed work and it is believed that he will be able to give it adequate attention without being detached from his other responsibilities. In this connection, it is understood that Dr. John Williams is in Brazil and that Mr. Walter Stewart will not be available for this work. Therefore, it is assumed that

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8/27/34

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Mr. W. Randolph Burgess - (2)

at the meeting of the special committee on a legislative program, which is to take place in Washington on August 30, further consideration will be given to the subject of the personnel of the group of workers who will function under the direction of the committee and to the necessary details of their procedure.

At the end of the minutes on page 3 the statement is made that Governor Harrison suggested that consideration should be given to the possibility of using one or more of the commercial banks having branches in Havana as agencies of the system. There is no indication that any special action was taken upon this suggestion but it is assumed that it will be brought to the special attention of Governor Black in his capacity as Governor of the Federal Reserve Bank of Atlanta for consideration by that bank in any further recommendations that it may make to the Federal Reserve Board.

Very truly yours,

(Signed) Chester Smith

Secretary.

*appa, ee*  
MEMORANDUM

AUG 25 1934

*seb*

CM-w

*[Handwritten signature]*

*[Handwritten initials]*

*[Handwritten notes and signatures]*

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Authority EO Order 12356

333.3-a-1

FEDERAL RESERVE BANK  
OF NEW YORK

August 17, 1934.

Dear Governor Thomas:

Enclosed herewith is a tentative draft of the minutes of the meeting of the Executive Committee of the Federal Open Market Committee held at Washington on August 8, 1934. I shall be glad to have your suggestions as to any changes which are desirable.

8-8-34

Very truly yours,



W. Randolph Burgess  
Secretary, Federal  
Open Market Committee

Hon. J. J. Thomas,  
Acting Governor, Federal Reserve Board,  
Washington, D. C.

WRB/H  
encl.

333.3-a-1

CONFIDENTIALTENTATIVE DRAFT - SUBJECT TO CHANGE

MINUTES OF THE MEETING OF THE EXECUTIVE COMMITTEE OF THE  
FEDERAL OPEN MARKET COMMITTEE  
HELD AT WASHINGTON, D. C.  
AUGUST 8, 1934

There were present for the meeting

Governor Harrison, chairman, Governors Norris, Fancher, and Schaller, and Deputy Governor Burgess, secretary.

At 10:45 a. m., the committee met with the Federal Reserve Board, there being present

From the Federal Reserve Board  
Governor Black, Messrs. Miller, Hamlin, and Thomas,

Undersecretary Coolidge,

From the Board staff  
Messrs. Morrill, Wyatt, Goldenweiser, Martin and Jones.

Governor Harrison reported informally upon his recent trip abroad.

At 12:00 o'clock the committee adjourned from the Board offices to the Treasury and, in company with Governor Black, met with Secretary Morgenthau, who discussed with them informally the method of handling silver certificates to be issued against purchases of silver by the Treasury. The Secretary stated that his present plan was to issue up to \$100,000,000 of silver certificates, and he trusted the Reserve banks would cooperate by receiving and paying out these silver certificates in the normal course of business.

There was some discussion of the method by which these certificates should be distributed, and it was agreed that further consideration would be given by the individual members of the committee.

There was also discussion of the method of dealing with any shortage of tenders for the \$150,000,000 of bonds of the Home Owners Loan Corporation being offered that afternoon.

The meeting adjourned at one o'clock.



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The meeting reconvened at 2:15 p. m. in the offices of the Federal Reserve Board with Governor Black. Governor Harrison referred to the fact that at the last joint conference in June the members of the Executive Committee of the Federal Open Market Committee had been asked to serve as a continuing committee to study ways and means of aiding the recovery program, as well as to study necessary changes in the banking system. It was recognized that there was probably little specific action, other than what has already been taken by the Federal Reserve System to aid directly in recovery, except through the extension of industrial loans under the Act of June 19, 1934. In this connection, reference was made to the fact that commercial bankers are reported to be hesitant to participate in these 5-year industrial loans for fear that such loans will be criticized by bank examiners. Governors Harrison and Fancher were appointed a committee to discuss this question with the Secretary of the Treasury.

There ensued a discussion of plans for studies of changes in the banking system. It was agreed that in order to conduct such studies it would be desirable to place the responsibility on a small group of workers who would be detached from their regular duties for that purpose, and it was agreed that Dr. Goldenweiser and Dr. John Williams should be designated to that work and that they should associate with themselves Mr. Walter Stewart if he were available and, if not, that some other outsider should be considered. Governor Black indicated that he would like to add to the committee of governors for the purpose of these studies a member of the Federal Reserve Board, in order that the Board might have representation on the committee. It was felt that this would be advisable.

The Secretary's report of operations was distributed and considered. There ensued a discussion of the disposition of profits on securities sold and those present agreed that it would be desirable to use realized profits to write

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3

down the book value of government security holdings rather than to distribute them as income. It was recognized that this procedure involved a number of accounting problems which should be given careful study before the end of the year.

Governor Black reported that the directors of the Federal Reserve Bank of Atlanta had expressed a desire to discontinue the Havana Agency, and reported that both representatives of the State Department and the principal banks having branches in Cuba had expressed themselves as opposed to the discontinuance of the Agency. Governor Black pointed out that the law provided that the Board can require any bank to establish a foreign agency. He raised the question whether some means could be devised by which the expenses and risk of maintaining the agency could be distributed among the twelve Federal reserve banks rather than having it all fall upon the Atlanta bank. Governor Harrison suggested that consideration should be given to the possibility of using one or more of the commercial banks having branches in Havana as agencies of the System.

The meeting adjourned at 3:15 p. m.

W. Randolph Burgess

Secretary

333.3-a-1

CONFIDENTIAL

REPORT OF OPEN MARKET OPERATIONS TO MEETING OF THE  
EXECUTIVE COMMITTEE OF THE FEDERAL OPEN MARKET COMMITTEE  
HELD AT WASHINGTON ON AUGUST 8, 1934

The present holdings of United States Government securities in the System Account amount to - - - - - \$2,223,149,500.

There has been no increase in the total amount of holdings in the Account since the week completed November 8, 1933.

Transactions in United States Government securities in the System Account since the last meeting of the Executive Committee on May 23, 1934, were as follows:

- (1) Redemption of \$126,223,000 Treasury bills at maturity which were replaced by purchases in the market of bills and other short-term issues of government securities.
- (2) Sales and replacement purchases in the market of \$98,529,000 miscellaneous short-term governments.
- (3) Sales and replacement purchases in the market of \$24,163,000 - 1/4% certificates of indebtedness due June 15, 1934 and \$91,867,000 - 2 1/8% Treasury notes due August 1, 1934, of which latter issue \$60,000,000 was sold to a Treasury agency.
- (4) Exchange on June 15 of \$32,000,000 - 1/4% certificates of indebtedness due June 15, 1934 and \$28,000,000 - 2 1/8% Treasury notes due August 1, 1934 for a similar par amount of 3% Treasury bonds of 1946-48. The above sales and exchanges of the June and August maturities were made in accordance with the agreement reached by the Executive Committee and individual views from other Governors.
- (5) Sales to Treasury agencies of \$20,000,000 - 3% Treasury Bonds of 1946-48 and purchases therefrom of \$20,000,000 - 3 1/4% Treasury Bonds of 1941. The 3 1/4% Treasury Bonds of 1941 purchased for the System Account from the Treasury Agencies, as noted above, were part of a block of government securities which this bank was requested by the Farm Credit Administration to sell and to invest the proceeds in 3% Treasury Bonds of 1946-48 or 1951-55. Since the System Account held \$60,000,000 of Treasury 3% bonds of 1946-48 and none of the 3 1/4% bonds of 1941, it seemed to the members of the Executive Committee that an exchange of \$20,000,000 with these Government Agencies, at market prices, would improve the distribution of securities in the System Account and avoid disturbing the market.

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(6) Transfer of participations within the Account as follows:

July 10 - New York to Atlanta	\$2,500,000
" 10 - Chicago " "	2,500,000

The amount of profit realized on sales of government securities in the System Account so far this year amounts to \$4,793,321.28. Each bank's pro rata share in this profit on August 1 held in Suspense Account was as follows:

Boston	\$ 338,466.00	Chicago	\$801,663.81
New York	1,454,207.40	St. Louis	199,871.91
Philadelphia	353,028.11	Minneapolis	125,168.00
Cleveland	459,300.84	Kansas City	189,484.78
Richmond	204,368.05	Dallas	129,644.96
Atlanta	179,490.71	San Francisco	358,626.71

The following table gives a comparison of the amount and distribution of the appreciation on United States Government securities held in the System Account on May 16, 1934 and August 1, 1934:

	<u>May 16, 1934</u>	<u>August 1, 1934</u>
United States Certificates of Indebtedness	\$ 3,157,548.79	\$ 1,873,866.33
" " Liberty Loan and Treasury Bonds	10,076,796.48	9,464,654.21
" " Treasury Notes	23,640,435.99	27,454,807.00
" " Treasury Bills	17,950.28	0
	<hr/>	<hr/>
Total appreciation	\$36,892,731.54	\$38,793,327.54
	<hr/> <hr/>	<hr/> <hr/>

There were practically no purchases of bankers acceptances made by the System during the period May 16, 1934 - August 1, 1934. Maturities during this period reduced the total holdings of the System from \$433,000 to \$124,000 on August 1.

Attached are statements showing the following:

Exhibit "A" - Maturity Distribution of Holdings of Government Securities in the System Account at the End of Each Month - 1932, 1933, 1934 and on August 1, 1934.

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- Exhibit "B"** - Classification of Issues Held in the System Account on August 1, 1934 and the Percentage of Each Issue Held in the Account as Compared with the Amount of the Respective Issue Outstanding.
- Exhibit "C"** - Participations by Federal Reserve Banks in Holdings of Government Securities in the System Account on August 1, 1934, and Amount of Each Bank's Present Holdings Over or Short of Pro Rata Share Based on (1) Expenses, Dividends and Charge-offs, and (2) Reserves in Excess of Amounts Required for a 55% Reserve Ratio.
- Exhibit "D"** - Total Holdings of United States Government Securities by Federal Reserve Banks on August 1, 1934, and Amount of Each Bank's Present Holdings Over or Short of Pro Rata Share Based on (1) Expenses, Dividends and Charge-offs, and (2) Reserves in Excess of Amounts Required for a 55% Reserve Ratio.
- Exhibit "E"** - Earnings of the Federal Reserve Banks for the Six Months Ended June 30, 1934.

MATURITY DISTRIBUTION OF HOLDINGS IN SYSTEM ACCOUNT  
 END OF EACH MONTH 1932-33-34

Exhibit "A"

(In millions of dollars)

1932	Within Six Months	Per-cent	Within One Year	Per-cent	Within Two Years	Per-cent	3-5 Years Inc.	Per-cent	Call-able Bonds	Per-cent	Other Bonds	Per-cent	Totals
Jan.	\$ 165	29	\$ 355	63	\$ 355	63	\$ -	-	\$212	37	\$ -	-	\$ 567
Feb.	191	32	375	64	375	64	-	-	212	36	-	-	587
Mar.	299	44	475	69	475	69	-	-	212	31	-	-	687
Apr.	583	57	778	76	779	76	-	-	239	24	-	-	1,018
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Nov.	765	47	1,046	64	1,227	75	77	4	336	21	-	-	1,640
Dec.	779	48	1,021	62	1,203	73	101	6	336	21	-	-	1,640
<u>1933</u>													
Jan.	644	41	903	58	1,107	71	116	7	336	22	-	-	1,559
Feb.	577	36	856	53	1,090	67	203	12	336	21	-	-	1,629
Mar.	709	44	856	53	1,090	67	203	12	336	21	-	-	1,629
Apr.	570	35	725	45	958	59	335	20	336	21	-	-	1,629
May	543	32	823	49	962	57	384	23	336	20	-	-	1,682
June	656	37	879	49	1,117	62	335	19	336	19	-	-	1,788
July	659	36	903	50	1,143	63	341	19	336	18	-	-	1,820
Aug.	621	32	1,025	53	1,191	62	394	21	336	17	-	-	1,921
Sept.	706	34	1,102	53	1,278	62	452	22	336	16	-	-	2,066
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Dec.	887*	40	1,216	55	1,426	64	520**	24	252	11	25	1	2,223
<u>1934</u>													
Jan.	887*	40	1,216	55	1,426	64	520**	24	252	11	25	1	2,223
Feb.	987*	44	1,190	54	1,415	64	531**	24	252	11	25	1	2,223
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June	765*	34	972	44	1,354	61	550**	24	195	9	124	6	2,223
July	732*	33	939	42	1,321	59	583**	26	195	9	124	6	2,223
Aug. 1	732*	33	1,045	47	1,395	62	509**	23	195	9	124	6	2,223

\*Includes Fourth Liberties "called"  
 \*\*Does not include Fourth Liberties "uncalled" maturing October 1938.

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**Exhibit "B"**

**CLASSIFICATION OF ISSUES HELD IN THE SYSTEM ACCOUNT AS OF AUGUST 1, 1934  
 AND THE PERCENTAGE OF EACH ISSUE HELD IN THE ACCOUNT AS COMPARED WITH  
 THE AMOUNT OF THE RESPECTIVE ISSUE OUTSTANDING**  
 (000 Omitted)

		Amount Respective Issues Outstanding	Percentage of Issues Held to Amount Outstanding
<b>TREASURY BILLS</b>			
U. S. Treasury Bills due Aug. 8, 1934	\$ 27,030	\$ 125,192	21.59%
" " " " " 15, 1934	25,482	125,298	20.34%
" " " " " 22, 1934	11,250	50,457	22.30%
" " " " " 29, 1934	23,750	75,088	31.63%
" " " " " Sept. 5, 1934	43,600	100,236	43.50%
" " " " " " 26, 1934	31,500	50,025	62.97%
" " " " " Oct. 3, 1934	33,015	50,096	65.90%
" " " " " " 10, 1934	17,532	50,225	34.91%
" " " " " " 17, 1934	22,450	50,033	44.87%
" " " " " " 24, 1934	25,203	50,040	50.37%
" " " " " " 31, 1934	40,500	50,037	80.94%
" " " " " Nov. 7, 1934	28,740	50,173	57.28%
" " " " " " 14, 1934	22,000	50,080	43.93%
" " " " " " 21, 1934	14,375	50,140	28.67%
" " " " " Dec. 19, 1934	17,230	75,226	22.90%
" " " " " " 26, 1934	21,750	75,353	28.86%
" " " " " Jan. 2, 1935	20,649	75,167	27.47%
" " " " " " 9, 1935	12,750	75,235	16.94%
" " " " " " 16, 1935	10,200	75,144	15.97%
" " " " " " 30, 1935	15,688	75,025	20.91%
<b>TOTALS</b>	<b>\$ 464,694</b>	<b>\$1,378,270</b>	<b>33.72%</b>
<b>CERTIFICATES OF INDEBTEDNESS</b>			
1 1/2% Cert. of Ind. due Sept. 15, 1934	\$ 22,522	\$ 524,748	4.29%
2 1/4% " " " " Dec. 15, 1934	187,695	992,496	18.91%
<b>TOTALS</b>	<b>\$ 210,217</b>	<b>\$1,517,244</b>	<b>13.85%</b>
<b>TREASURY NOTES</b>			
2 1/2% Treasury Notes due Mar. 15, 1935	\$ 75,350	\$ 528,056	14.27%
3 % " " " " June 15, 1935	132,340	416,603	31.77%
1 5/8% " " " " Aug. 1, 1935	105,723	353,865	29.88%
2 1/2% " " " " Dec. 15, 1935	73,121	418,291	17.48%
2 7/8% " " " " Apr. 15, 1936	202,900	558,819	36.30%
3 1/4% " " " " Aug. 1, 1936	74,092	364,138	20.35%
2 3/4% " " " " Dec. 15, 1936	105,768	357,921	29.58%
3 % " " " " Feb. 15, 1937	32,925	428,730	7.68%
3 % " " " " Apr. 15, 1937	76,375	502,362	15.20%
3 1/4% " " " " Sept. 15, 1937	82,550	817,423	10.10%
2 5/8% " " " " Feb. 1, 1938	57,970	276,680	20.95%
3 % " " " " Mar. 15, 1938	108,899	455,175	23.92%
2 7/8% " " " " June 15, 1938	33,300	618,057	5.39%
2 1/8% " " " " " 15, 1939	11,250	528,592	2.13%
<b>TOTALS</b>	<b>\$1,172,563</b>	<b>\$6,624,772</b>	<b>17.70%</b>
<b>LIBERTY LOAN AND TREASURY BONDS</b>			
3 1/2% 1st L/L Bds. of 1932/47	\$ 25,025	\$1,392,228	1.80%
4 1/4% " " " " 1932/47	29,000	335,982	5.41%
4 1/4% 4th " " " 1933/38 Called	56,781	1,246,232	4.56%
4 1/4% " " " " 1933/38	140,869	3,115,578	4.52%
3 1/4% Tr. Bds. " 1941	20,000	834,474	2.40%
4 1/4-3 1/4% Tr. Bds. of 1943/45	25,000	1,400,320	1.78%
3 1/4% " " " 1944/46	39,000	1,050,000	2.31%
3 % " " " 1946/48	40,000	824,817	4.85%
<b>TOTALS</b>	<b>\$ 375,675</b>	<b>\$10,399,631</b>	<b>3.61%</b>
<b>GRAND TOTALS</b>	<b>\$2,223,149</b>	<b>\$19,919,917</b>	<b>11.16%</b>

Total of all issues of Treas. Bills, Certificates, Notes, Liberty Loan and Treas. Bonds outstanding unmatured - - - - - \$25,279,079  
 Percentage held in System Account - - - - - 8.79%

Exhibit "C"

**PARTICIPATIONS BY FEDERAL RESERVE BANKS IN HOLDINGS OF GOVERNMENT SECURITIES IN SYSTEM ACCOUNT AND AMOUNT OF EACH BANK'S PRESENT HOLDINGS OVER OR SHORT OF PRO RATA SHARE BASED (1) ON EXPENSES, DIVIDENDS AND CHARGE-OFFS AND, (2) RESERVES IN EXCESS OF AMOUNT REQUIRED FOR A 55% RESERVE RATIO AS OF AUGUST 1, 1934**

	Participations in System Account <u>(1)</u>	Ratio of Holdings <u>(2)</u>	Ratio of Expenses, Dividends & Charge-offs Year 1933 <u>(3)</u>	Ratio of Reserves in Excess of Amount Required for a 55% Ratio <u>(4)</u>	Present Holdings Over or Short of Percentage Shown in Col. 3 <u>(5)</u>	Present Holdings Over or Short of Percentage Shown in Col. 4 <u>(6)</u>
BOSTON	\$ 156,982	7.06%	7 1/4%	9 3/4%	\$ 4,196-	\$ 59,775-
NEW YORK	655,818	29.50%	26 3/4%	38 %	61,126+	188,979-
PHILADELPHIA	163,734	7.37%	8 1/2%	5 %	25,234-	52,577+
CLEVELAND	213,025	9.58%	10 %	6 1/4%	9,290-	74,078+
RICHMOND	103,562	4.66%	5 %	2 1/4%	7,595-	53,541+
ATLANTA	94,209	4.24%	4 1/4%	1 %	275-	71,978+
CHICAGO	365,601	16.44%	12 %	24 1/4%	98,823+	173,513-
ST. LOUIS	92,700	4.17%	4 1/2%	3 %	7,342-	26,006+
INDIANAPOLIS	58,054	2.61%	3 1/2%	2 %	19,756-	13,591+
KANSAS CITY	91,659	4.12%	5 1/4%	2 3/4%	25,056-	30,522+
DALLAS	61,475	2.77%	4 %	3/4%	27,451-	44,801+
SAN FRANCISCO	166,330	7.48%	9 %	5 %	33,754-	55,173+
<b>TOTALS</b>	<b>\$2,223,149</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>\$159,949 Adj.</b>	<b>\$422,267 Adj.</b>

(000 Omitted)

+ = over pro rata share

- = short pro rata share

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Authority E.O. 13526



Exhibit "D"

TOTAL HOLDINGS OF UNITED STATES GOVERNMENT SECURITIES BY FEDERAL RESERVE BANKS ON AUGUST 1, 1934 AND AMOUNT OF EACH BANK'S PRESENT HOLDINGS OVER OR SHORT OF PRO RATA SHARE BASED ON (1) EXPENSES, DIVIDENDS AND CHARGE-OFFS AND (2) RESERVES IN EXCESS OF AMOUNTS REQUIRED FOR A 55% RESERVE RATIO

	Total Holdings Portfolio and Participation in System Account Excluding Self Ins. Reserve (1)	Ratio of Holdings (2)	Ratio of Expenses, Dividends & Charge-offs Year 1933 (3)	Ratio of Reserves in Excess of Amount Required for a 55% Ratio as of August 1/34 (4)	Present Holdings Over or Short of Percentage Shown in Col. 3 (5)	Present Holdings Over or Short of Percentage Shown in Col. 4 (6)
BOSTON	\$ 157,679	6.49%	7 1/4%	9 3/4%	\$ 18,346-	\$ 79,045-
NEW YORK	776,114	31.97%	26 3/4%	38 %	126,641+	146,501-
PHILADELPHIA	167,120	6.88%	8 1/2%	5 %	39,255-	45,723+
CLEVELAND	213,025	8.77%	10 %	6 1/4%	29,769-	61,279+
RICHMOND	103,562	4.27%	5 %	2 1/4%	17,835-	48,933+
ATLANTA	94,238	3.88%	4 1/4%	1 %	8,949-	69,959+
CHICAGO	428,343	17.64%	12 %	24 1/4%	136,991+	160,431-
ST. LOUIS	93,200	3.84%	4 1/2%	3 %	16,057-	20,362+
MINNEAPOLIS	65,108	2.68%	3 1/2%	2 %	19,870-	16,549+
KANSAS CITY	91,741	3.78%	5 1/4%	2 3/4%	35,726-	24,973+
DALLAS	71,475	2.95%	4 %	3/4%	25,642-	53,265+
SAN FRANCISCO	<u>166,331</u>	<u>6.85%</u>	<u>9 %</u>	<u>5 %</u>	<u>52,183-</u>	<u>44,934+</u>
TOTALS	<u>\$2,427,936</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>\$263,632 Adj.</u>	<u>\$385,977 Adj.</u>

(000 Omitted)

+ = over pro rata share  
- = short pro rata share

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## Exhibit "E"

**STATEMENT SHOWING EARNINGS OF ALL  
 FEDERAL RESERVE BANKS FOR THE  
 SIX MONTHS ENDED JUNE 30, 1934**

Earnings do not include profits on security sales, now held in Suspense Account.

	<u>Gross Earnings</u>	<u>Current Expenses and Net Deductions from Current Net Earnings</u>	<u>Available for Depreciation Allowances, Reserves and Surplus</u>
BOSTON	\$ 1,524,240	\$ 1,297,095	\$ 227,145
NEW YORK	8,305,517	5,055,185	3,250,332
PHILADELPHIA	1,996,068	1,640,125	355,943
CLEVELAND	2,111,935	1,839,164	272,771
RICHMOND	941,635	953,308	11,673 (a)
ATLANTA	846,652	781,049	65,603
CHICAGO	4,063,552	1,879,721	2,183,831
ST. LOUIS	912,558	822,179	90,379
MINNEAPOLIS	710,208	657,564	52,644
KANSAS CITY	985,239	1,001,705	16,466 (a)
DALLAS	754,519	647,671	106,848
SAN FRANCISCO	<u>1,624,081</u>	<u>1,547,640</u>	<u>76,441</u>
TOTALS	<u>\$24,776,204</u>	<u>\$18,122,406</u>	<u>\$6,653,798</u>

(a) Deficit

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*333.3-a-1*

August 24, 1954.

Mr. W. Randolph Burgess, Deputy Governor,  
Federal Reserve Bank of New York,  
New York, New York.

Dear Mr. Burgess:

Mr. Thomas has asked me to acknowledge receipt  
of your letter of August 23 and the copy of the final  
draft of the minutes of the meeting of the Federal Open  
Market Committee held in Washington on June 26, which is  
to be substituted for the tentative draft previously  
sent to Governor Black.

*6/26/34 filed  
333.3-a-1  
Final Minutes*

These minutes will be brought to the attention  
of the members of the Board for their information.

Very truly yours,

(Signed) Chester Morrill  
Chester Morrill,  
Secretary.

CM/rkt  
*CM*

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Authority EO Order 12356

333.31  
FOMC

- Mr. Boardman ✓
- Mr. Black ✓
- Mr. James ✓
- Mr. Thomas ✓
- Mr. Szymczak ✓
- Mr. ✓
- Mr. Martin ✓
- Mr. Mohr ✓
- Mr. Belton ✓
- Mr. Carpenter ✓
- Mr. Hooper ✓
- Mr. Emswiler ✓
- Mr. Callahan ✓
- Mr. ✓
- Mr. ✓

FEDERAL RESERVE BANK  
OF NEW YORK

August 23, 1934.

Dear Mr. Thomas:

Enclosed herewith is the final draft of the minutes of the meeting of the Federal Open Market Committee held in Washington on June 26. Will you please substitute these for the tentative draft previously sent to Governor Black.

Very truly yours,

*W. Randolph Burgess*  
W. Randolph Burgess  
Deputy Governor

Honorable J. J. Thomas,  
Vice Governor, Federal Reserve Board,  
Washington, D. C.

WRB/H  
encl.

Please note --- check  
and return to  
Mr. Carpenter.  
6/26/34 filed  
333.3-2-1  
Final Minutes

see letter 7/3/34

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333.3-a-1

TENTATIVE DRAFT - SUBJECT TO CHANGECONFIDENTIAL

MINUTES OF THE MEETING OF THE FEDERAL OPEN MARKET COMMITTEE  
HELD AT  
WASHINGTON, D. C., JUNE 26, 1934

The meeting was called to order at 12:45 p. m., there being present:

Governor Harrison, Chairman, Governors Young, Norris,  
Fancher, Seay, Schaller, Martin, Geery, Hamilton,  
McKinney and Calkins, and Acting Governor Johns.

The chairman reported that at the last meeting of the executive committee, held in Washington on May 23, there had been some discussion with the Secretary of the Treasury with respect to the possible utilization of the stabilization fund for the purchase of government securities in the open market. At that time the executive committee had expressed doubt as to the wisdom of such purchases, and the Secretary of the Treasury had advised the committee that he would make no further purchases of government securities out of that fund at least until after June 15. The chairman reported that last week (June 20) the Secretary had advised him that the Treasury Department had no present intention of using the stabilization fund for the purchase of government securities, and that in no event would that fund be used for that purpose in the future without first advising the Chairman of the Federal Open Market Committee and giving him an opportunity to express the Committee's views on the subject.

The chairman then referred to discussions which have taken place from time to time in the past about the possible sale of government securities out of the System account to the Treasury, payment to be made out of the stabilization fund, and stated that on June 20 he had discussed the matter more formally with Treasury officials who expressed considerable interest in the possibility of purchasing up to \$500 million of the System's longer maturities, but felt that in view

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2

of the fact that conditions in the government security market are now most satisfactory and in view of the Secretary's prospective absence until August 1, further consideration of the matter should be postponed until his return in August.

The chairman pointed out that in view of the likelihood that we would not have another meeting of the full committee prior to August, it might be appropriate to consider giving the executive committee some authority in the matter. After discussion it was unanimously

VOTED that subject to the approval of Federal Reserve Board the executive committee be authorized to sell up to \$500 million of the System's holdings of government securities to the Treasury, if and when it seems desirable, it being preferred that any securities so sold should be of the longer maturities.

In the course of the discussion of this matter it was pointed out that in determining the amount of any securities so sold to the Treasury, the earning position of the System should be taken into account, and that the position of individual reserve banks might have to be protected by the usual transfers within the System.

Governor Harrison reported that with the approval of the Federal Reserve Board, he was planning to sail for Europe the end of June to be at Basle during a meeting of the directors of the Bank for International Settlements at Basle on July 9, that he would probably visit Paris and London after that meeting, and expected to be home before the end of July.

The meeting adjourned at

George L. Harrison,  
Chairman.

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333.3-a-1

C  
O  
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Y

August 1, 1934.

Memorandum to Governor Black:

You will recall that just before your departure for Montana you handed me a letter dated July 3 from Dr. Burgess with which he transmitted a tentative draft of the minutes of the meeting of the Open Market Committee held at Washington on June 26, 1934.

You said that you had talked to Dr. Burgess about it and suggested that, while you agreed with the idea of selling governments to the Treasury, you felt that if short-terms were sold the proceeds should be converted so as to preserve the earning assets of the banks and that if long-terms were sold short-terms should be converted into long-terms to maintain the earning assets. You said that Dr. Burgess was to advise you further on these points. I have seen nothing from Dr. Burgess on this subject and I am continuing to hold his letter of July 3 in accordance with your request.

Secretary.

*orig filed 333.3-a*

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Authority *EO Order 12356*

*333.3-a-1*

FEDERAL RESERVE BANK  
OF NEW YORK

July 3, 1934.

Dear Governor Black:

I am transmitting herewith a tentative draft of  
the minutes of the meeting of the Federal Open Market  
Committee held at Washington on June 26, 1934. These  
minutes include a motion authorizing the executive committee  
to sell up to \$500,000,000 of securities to the Treasury.  
This motion is subject to the approval of the Federal Reserve  
Board, and I take this way of submitting the motion to the  
Board for its action.

*6-26-34*

Very truly yours,

*W. Randolph Burgess*

Secretary, Federal Open  
Market Committee

Honorable Eugene R. Black,  
Governor, Federal Reserve Board,  
Washington, D. C.

WRB/H  
encl.

*See*  
AUG 15 1934

*see memo 8/1/34*  
*see letter 8/15/34 filed 333.3-a*  
*see letter 8/23/34*



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333.3-a-1

FEDERAL RESERVE BANK  
OF NEW YORK

June 1, 1934.

Dear Mr. Carpenter:

Replying to your letter of May 31 <sup>5-23-34</sup> I am enclosing herewith a copy of the secretary's report of operations, prepared for the executive committee of the Federal Open Market Committee meeting held on May 23.

Since no suggestions have been received as to these minutes, I am enclosing herewith a final copy <sup>5/23/34 filed 333.3-a-1</sup> for your <sup>Final Minutes</sup> records.

Very truly yours,



W. Randolph Burgess  
Secretary, Federal  
Open Market Committee

Mr. S. R. Carpenter,  
Assistant Secretary, Federal Reserve Board,  
Washington, D. C.

WRB/H  
encls.

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Authority EO Order 12356

333.3-a-1

May 31, 1934.

Mr. W. Randolph Burgess, Secretary,  
Federal Open Market Committee,  
Federal Reserve Bank of New York,  
New York, New York.

Dear Mr. Burgess:

Receipt is acknowledged of your letter of May 25, 1934, inclosing a copy of a tentative draft of the minutes of the meeting of the executive committee of the Federal Open Market Committee, held in Washington, D. C., on May 23, 1934. As your office was advised over the telephone, Governor Black has no suggestions to make with regard to changes in the draft.

It will be appreciated if you will forward to the Board, for its records, a copy of the secretary's report of operations, referred to in the minutes.

Very truly yours,

*(Signed) S. R. Carpenter*

S. R. Carpenter,  
Assistant Secretary.

*SB/sb*

FILE COPY

*see ans. 6/1/34*

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Authority EO Order 12856

*File*  
*H*

*Mr. Mower*

RECEIVED  
MAY 26 1934  
333.3-a-1

FEDERAL RESERVE BANK  
OF NEW YORK

FOR CIRCULATION

- Mr. Black ✓
- Mr. Boardman ✓
- Mr. Miller ✓
- Mr. James ✓
- Mr. Thomas ✓
- Mr. Clegg ✓
- Mr. Glavin ✓
- Mr. Ladd ✓
- Mr. Nichols ✓
- Mr. Rosen ✓
- Mr. Tracy ✓
- Mr. Carson ✓
- Mr. Egan ✓
- Mr. Gurnea ✓
- Mr. Harbo ✓
- Mr. Hendon ✓
- Mr. Pennington ✓
- Mr. Quinn ✓
- Mr. Nease ✓
- Mr. Gandy ✓

May 25, 1934.

Dear Governor Black:

*5-23-34*

I am enclosing a tentative draft of the minutes of Wednesday's meeting. Will you please telephone me promptly if you have any changes to suggest.

Very truly yours,

*W. Randolph Burgess*

W. Randolph Burgess  
Secretary, Federal  
Open Market Committee

Hon. Eugene R. Black,  
Governor, Federal Reserve Board,  
Washington, D. C.

WRB/H  
encl.

Please send check and return to Mr. Carson  
*File*

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333,3-a-1

CONFIDENTIAL

REPORT OF OPEN MARKET OPERATIONS TO MEETING OF THE  
EXECUTIVE COMMITTEE OF THE FEDERAL OPEN MARKET COMMITTEE  
HELD AT WASHINGTON ON MAY 23, 1934

The present holdings of United States Government securities in the System Account amount to \$2,223,149,500. There has been no change in the total holdings in the Account since the week completed November 8, 1933.

Transactions in government securities in the System Account since the last meeting of the Executive Committee on April 2, 1934 were as follows:

- (1) Redemption at maturity of \$286,773,000 Treasury bills which were replaced by purchases in the market of Treasury bills or other short-term government securities.
- (2) Sales and replacement purchases in the market of \$163,028,200 miscellaneous government securities. This amount includes sales of \$19,941,200 Fourth 4 1/4s called for payment on April 15, 1934, and \$68,587,000 - 3% Treasury notes due May 2, 1934, of which latter issue \$40,000,000 was sold to Treasury agencies. These sales of called Fourth 4 1/4's and May 2, Treasury notes were made in accordance with the agreement reached at the meeting of the Executive Committee on April 2.
- (3) Exchange on April 16 of \$39,000,000 called Fourth 4 1/4's for 3 1/4 per cent Treasury bonds of 1944-46.
- (4) Transfers of participation within the Account as follows:

May 7 - \$5,000,000	to	Richmond	from	New York's	participation
5,000,000	"	"	"	Chicago's	"
22 - 1,500,000	"	Atlanta	"	New York's	"
1,500,000	"	"	"	Chicago's	"

These increases in participation were requested by the Richmond and Atlanta banks in order to improve their earning positions.

The amount of profit realized on sales of government securities in the System Account so far this year amounts to \$2,959,574.39. Each bank's pro-rata share in this profit on May 22, held in Suspense Account, was as follows:

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2

Boston	\$208,981.47	Chicago	\$497,924.71
New York	908,980.00	St. Louis	123,408.33
Philadelphia	217,972.65	Minneapolis	77,283.37
Cleveland	283,589.38	Kansas City	114,520.73
Richmond	120,431.00	Dallas	79,168.62
Atlanta	105,887.65	San Francisco	221,426.48

The following table gives a comparison of the amount and distribution of the net appreciation on United States Government securities held in the System Account on March 28, 1934 and May 16, 1934:

	<u>March 28, 1934</u>	<u>May 16, 1934</u>
United States Certificates of Indebtedness	\$ 2,763,308.19	\$ 3,157,548.79
" " Liberty Loan and Treasury Bonds	8,412,498.81	10,076,796.48
" " Treasury Notes	15,982,254.56	23,640,435.99
" " Treasury Bills	181,604.79	17,950.28
Total appreciation	<u>\$27,339,666.35</u>	<u>\$36,892,731.54</u>

There were no purchases of bankers acceptances made by the System during the period March 28, 1934 - May 16, 1934. Maturities amounting to \$23,651,000 during this period reduced the total holdings of the System to \$433,000 on May 16.

Attached are statements showing the following:

- Exhibit "A" - Maturity Distribution of Holdings of Government Securities in the System Account at the End of Each Month - 1932, 1933, 1934 and on May 22, 1934.
- Exhibit "B" - Classification of Issues Held in the System Account on May 16, 1934 and the Percentage of Each Issue Held in the Account as Compared with the Amount of the Respective Issue Outstanding.
- Exhibit "C" - Participations by Federal Reserve Banks in Holdings of Government Securities in the System Account on May 22, 1934, and Amount of Each Bank's Present Holdings Over or Short of Pro Rata Share Based on (1) Expenses, Dividends and Charge-offs, and (2) Reserves in Excess of Amounts Required for a 55% Reserve Ratio.
- Exhibit "D" - Total Holdings of United States Government Securities by Federal Reserve Banks on May 22, 1934, and Amount of Each Bank's Present Holdings Over or Short of Pro Rata Share Based on (1) Expenses, Dividends and Charge-offs, and (2) Reserves in Excess of Amounts Required for a 55% Reserve Ratio.
- Exhibit "E" - Earnings of the Federal Reserve Banks for the Four Months Ended April 30, 1934.

MATURITY DISTRIBUTION OF HOLDINGS IN SYSTEM ACCOUNT  
 END OF EACH MONTH - 1932-33-34  
 (In millions of dollars)

Exhibit "A"

1932	Within Six Months		Within One Year		Within Two Years		3-5 Years Inc.		Call-able Bonds		Other Bonds		Totals
	\$	Per-cent	\$	Per-cent	\$	Per-cent	\$	Per-cent	\$	Per-cent	\$	Per-cent	
Jan.	165	29	355	63	355	63	-	-	212	37	-	-	567
Feb.	191	32	375	64	375	64	-	-	212	36	-	-	587
Mar.	299	44	475	69	475	69	-	-	212	31	-	-	687
Apr.	583	57	778	76	779	76	-	-	239	24	-	-	1,018
May	716	51	1,058	75	1,115	79	-	-	290	21	-	-	1,405
June	744	48	1,106	71	1,173	75	64	4	322	21	-	-	1,559
July	733	45	1,098	67	1,167	71	132	8	336	21	-	-	1,635
Aug.	622	38	1,029	63	1,194	73	110	6	336	21	-	-	1,640
Sept.	606	37	998	61	1,170	71	134	8	336	21	-	-	1,640
Oct.	651	40	1,051	64	1,229	75	75	4	336	21	-	-	1,640
Nov.	765	47	1,046	64	1,227	75	77	4	336	21	-	-	1,640
Dec.	779	48	1,021	62	1,203	73	101	6	336	21	-	-	1,640
<b>1933</b>													
Jan.	644	41	903	58	1,107	71	116	7	336	22	-	-	1,559
Feb.	577	36	856	53	1,090	67	203	12	336	21	-	-	1,629
Mar.	709	44	856	53	1,090	67	203	12	336	21	-	-	1,629
Apr.	570	35	725	45	958	59	335	20	336	21	-	-	1,629
May	543	32	823	49	962	57	384	23	336	20	-	-	1,682
June	656	37	879	49	1,117	62	335	19	336	19	-	-	1,788
July	659	36	903	50	1,143	63	341	19	336	18	-	-	1,820
Aug.	621	32	1,025	53	1,191	62	394	21	336	17	-	-	1,921
Sept.	706	34	1,102	53	1,278	62	452	22	336	16	-	-	2,066
Oct.	860*	39	1,257	57	1,443	66	498**	23	252	11	-	-	2,193
Nov.	845*	43	1,235	56	1,435	65	511**	23	252	11	25	1	2,223
Dec.	887*	40	1,216	55	1,426	64	520**	24	252	11	25	1	2,223
<b>1934</b>													
Jan.	887*	40	1,216	55	1,426	64	520**	24	252	11	25	1	2,223
Feb.	987*	44	1,190	54	1,415	64	531**	24	252	11	25	1	2,223
Mar.	799*	36	1,034	47	1,287	58	659**	30	252	11	25	1	2,223
Apr.	730*	33	1,008	45	1,476	67	488**	21	195	9	64	3	2,223
May 22	717*	32	991	44	1,475	66	489**	22	195	9	64	3	2,223

\*Includes Fourth Liberties "called"

\*\*Does not include Fourth Liberties "uncalled" maturing October 1938.

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 Authority B Order 19350

EXHIBIT "B"

CLASSIFICATION OF ISSUES HELD IN THE SYSTEM ACCOUNT C. MAY 22, 1934  
AND THE PERCENTAGE OF EACH ISSUE HELD IN THE ACCOUNT AS COMPARED WITH  
THE AMOUNT OF THE RESPECTIVE ISSUE OUTSTANDING

				(000 Omitted)	Amount of Respective Issues Outstanding	Percentage of Issues Held to Amount Outstanding
<b>TREASURY BILLS</b>						
U. S. Treasury Bills due	May	23,	1934	\$ 19,825	\$ 75,155	26.38%
" " " "	June	20,	1934	25,380	100,110	24.50%
" " " "	" "	27,	1934	14,260	50,091	28.47%
" " " "	July	3,	1934	17,845	50,151	35.58%
" " " "	" "	11,	1934	11,225	50,257	22.34%
" " " "	" "	18,	1934	12,000	75,047	15.99%
" " " "	Aug.	1,	1934	4,000	75,055	5.33%
" " " "	" "	8,	1934	18,180	125,192	14.52%
" " " "	" "	15,	1934	26,982	125,298	21.53%
" " " "	" "	29,	1934	14,500	75,088	19.31%
" " " "	Sept.	5,	1934	39,600	100,236	39.51%
" " " "	" "	26,	1934	30,500	50,025	60.97%
" " " "	Oct.	3,	1934	32,015	50,096	63.91%
" " " "	" "	10,	1934	17,532	50,225	34.91%
" " " "	" "	17,	1934	20,450	50,033	40.87%
" " " "	" "	24,	1934	25,203	50,040	50.37%
" " " "	" "	31,	1934	40,500	50,037	80.94%
" " " "	Nov.	7,	1934	28,740	50,173	57.28%
" " " "	" "	14,	1934	20,000	50,080	39.94%
<b>TOTALS</b>				<b>\$418,737</b>	<b>\$1,302,389</b>	<b>32.15%</b>
<b>CERTIFICATES OF INDEBTEDNESS</b>						
1/4% Cert. of Ind. due	June	15,	1934	\$ 56,163	\$ 174,905	32.11%
1 1/2% " " " "	Sept.	15,	1934	65,322	524,748	12.45%
2 1/4% " " " "	Dec.	15,	1934	212,424	992,496	21.40%
<b>TOTALS</b>				<b>\$333,909</b>	<b>\$1,692,149</b>	<b>19.73%</b>
<b>TREASURY NOTES</b>						
2 1/8% Treasury Notes due	Aug.	1,	1934	\$ 119,867	\$ 345,293	34.71%
2 1/2% " " " "	Mar.	15,	1935	62,150	528,056	11.77%
3 % " " " "	June	15,	1935	129,590	416,603	31.11%
1 5/8% " " " "	Aug.	1,	1935	108,973	353,865	30.80%
2 1/2% " " " "	Dec.	15,	1935	37,869	418,291	9.05%
2 7/8% " " " "	Apr.	15,	1936	206,900	558,819	37.02%
3 1/4% " " " "	Aug.	1,	1936	69,092	364,138	18.97%
2 3/4% " " " "	Dec.	15,	1936	102,968	357,921	28.77%
3 % " " " "	Feb.	15,	1937	7,800	428,730	1.82%
3 % " " " "	Apr.	15,	1937	75,525	502,362	15.03%
3 1/4% " " " "	Sept.	15,	1937	78,600	817,483	9.61%
2 5/8% " " " "	Feb.	1,	1938	34,770	276,680	12.57%
3 % " " " "	Mar.	15,	1938	100,474	455,175	22.07%
2 7/8% " " " "	June	15,	1938	20,250	618,057	3.28%
<b>TOTALS</b>				<b>\$1,154,828</b>	<b>\$6,441,473</b>	<b>17.93%</b>
<b>LIBERTY LOAN AND TREASURY BONDS</b>						
3 1/2% 1st L/L Bds. of 1932/47				\$ 25,025	\$ 1,392,228	1.80%
4 1/4% 1st " " " 1932/47				29,000	535,982	5.41%
4 1/4% 4th " " " 1933/38 Called				56,781	1,200,000 (Approx)	4.73%
4 1/4% 4th " " " 1933/38 Uncalled				140,869	3,152,000	4.47%
4 1/4-3 1/4% Tr. Bds. of 1943/45				25,000	1,400,320	1.78%
3 1/4% Tr. Bds. of 1944/46				39,000	1,050,000	3.71%
<b>TOTALS</b>				<b>\$ 315,675</b>	<b>\$ 8,730,530</b>	<b>3.62%</b>
<b>GRAND TOTALS</b>				<b>\$2,223,149</b>	<b>\$18,166,541</b>	<b>12.24%</b>
Total of all issues of Treasury Bills, Certificates, Notes, Liberty Loan and Treasury Bonds outstanding unmatured (approximately) - - - - -						\$24,350,000
Percentage held in System Account - - - - -						9.13%

**PARTICIPATIONS BY FEDERAL RESERVE BANKS IN HOLDINGS OF GOVERNMENT SECURITIES IN SYSTEM ACCOUNT ON MAY 22, 1934  
AND AMOUNT OF EACH BANK'S PRESENT HOLDINGS OVER OR SHORT OF PRO RATA SHARE BASED (1) ON EXPENSES, DIVIDENDS  
AND CHARGE-OFFS AND (2) RESERVES IN EXCESS OF AMOUNT REQUIRED FOR A 55% RESERVE RATIO**

	Participa- tions in System Account	Ratio of Holdings	Ratio of Expenses, Dividends & Charge-offs Year 1933	Ratio of Reserves in Excess of Amount Required for a 55% Ratio (as of 5/16/34)	Present Holdings Over or Short of Percentage Shown in Col. 3	Present Holdings Over or Short of Percentage Shown in Col. 4
	(1)	(2)	(3)	(4)	(5)	(6)
BOSTON	\$ 156,982	7.06%	7 1/4%	10 1/2%	\$ 4,196-	\$ 76,449-
NEW YORK	658,318	29.61%	26 3/4%	34 1/4%	63,625+	103,111-
PHILADELPHIA	163,735	7.37%	8 1/2%	6 %	25,233-	30,346+
CLEVELAND	213,024	9.58%	10 %	6 %	9,291-	79,635+
RICHMOND	103,562	4.66%	5 %	4 1/4%	7,595-	9,078+
ATLANTA	89,209	4.01%	4 1/4%	1 1/2%	5,275-	55,862+
CHICAGO	368,101	16.56%	12 %	23 1/4%	101,323+	148,781-
ST. LOUIS	92,700	4.17%	4 1/2%	4 %	7,342-	3,774+
MINNEAPOLIS	58,054	2.61%	3 1/2%	1 3/4%	19,756-	19,149+
KANSAS CITY	91,659	4.12%	5 1/4%	2 1/4%	25,056-	41,638+
DALLAS	61,475	2.77%	4 %	1 1/4%	27,451-	33,686+
SAN FRANCISCO	166,330	7.48%	9 %	5 %	33,753-	55,173+
Totals	\$2,223,149	100 %	100 %	100 %	\$164,948 Adj.	\$328,341 Adj.

(000 Omitted)

+ = over pro rata share

- = short " " "



TOTAL HOLDINGS OF UNITED STATES GOVERNMENT SECURITIES BY FEDERAL RESERVE BANKS ON MAY 22, 1934 AND AMOUNT OF EACH BANK'S PRESENT HOLDINGS OVER OR SHORT OF PRO RATA SHARE BASED ON (1) EXPENSES, DIVIDENDS AND CHARGE-OFFS AND (2) RESERVES IN EXCESS OF AMOUNTS REQUIRED FOR A 55% RESERVE RATIO

	Total Holdings of Governments Portfolio and Participation in System Account Combined Exclud- ing Self-Insur- ance Reserve on May 22, 1934	Ratio of Holdings	Ratio of Expenses, Dividends & Charge-offs Year 1933	Ratio of Reserves in Excess of Amount Required for a 55% Ratio (as of 5/16/34)	Present Holdings Over or Short of Percentage Shown in Col. 3	Present Holdings Over or Short of Percentage Shown in Col. 4
	(1)	(2)	(3)	(4)	(5)	(6)
BOSTON	\$ 157,680	6.49%	7 1/4%	10 1/2%	\$ 18,344-	\$ 97,251-
NEW YORK	778,615	32.07%	26 3/4%	34 1/4%	129,148+	52,945-
PHILADELPHIA	167,120	6.88%	8 1/2%	6 %	39,253-	21,445+
CLEVELAND	213,024	8.77%	10 %	6 %	29,767-	67,349+
RICHMOND	103,563	4.27%	5 %	4 1/4%	17,833-	377+
ATLANTA	89,228	3.68%	4 1/4%	1 1/2%	13,958-	52,809+
CHICAGO	430,843	17.75%	12 %	23 1/4%	139,493+	133,646-
. LOUIS	93,200	3.84%	4 1/2%	4 %	16,056-	3,917-
MINNEAPOLIS	65,093	2.68%	3 1/2%	1 3/4%	19,884-	22,605+
KANSAS CITY	91,741	3.78%	5 1/4%	2 1/4%	35,724-	37,113+
DALLAS	71,475	2.94%	4 %	1 1/4%	25,641-	41,126+
SAN FRANCISCO	166,331	6.85%	9 %	5 %	52,181-	44,935+
Totals	<u>\$2,427,913</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>\$268,641 Adj.</u>	<u>\$287,759 Adj.</u>

(000 Omitted)

+ = over pro rata share

- = short " " "

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## EXHIBIT "E"

STATEMENT SHOWING EARNINGS OF ALL  
FEDERAL RESERVE BANKS FOR THE  
FOUR MONTHS ENDED APRIL 30, 1934.

	<u>Gross Earnings</u>	<u>Current Expenses and Net Deductions from Current Net Earnings</u>	<u>Available for Depreciation Allowances, Reserves and Surplus</u>
BOSTON	\$ 1,026,752	\$ 848,189	\$ 178,563
NEW YORK	5,669,250	3,322,447	2,346,803
PHILADELPHIA	1,309,100	1,075,825	233,275
CLEVELAND	1,430,196	1,202,557	227,639
RICHMOND	606,292	622,110	15,818 (a)
ATLANTA	551,109	525,842	25,267
CHICAGO	2,659,187	1,204,012	1,455,175
ST. LOUIS	612,082	550,612	61,470
MINNEAPOLIS	474,058	438,017	36,041
KANSAS CITY	660,403	654,282	6,121
DALLAS	503,523	408,913	94,610
SAN FRANCISCO	<u>1,087,874</u>	<u>1,010,688</u>	<u>77,186</u>
TOTALS	<u>\$16,589,826</u>	<u>\$11,863,494</u>	<u>\$4,726,332</u>

(a) Deficit

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333.3-a-1

TENTATIVE DRAFT - SUBJECT TO CHANGE

MINUTES OF THE MEETING OF EXECUTIVE COMMITTEE OF THE  
FEDERAL OPEN MARKET COMMITTEE  
HELD AT WASHINGTON, D. C.,  
May 23, 1934

---

The meeting was called to order at 10:15 a. m., the following being present:

Governor Harrison, chairman, Governors Young, Norris, and Schaller and Deputy Governor Burgess, secretary.

Governor Black was also present.

The secretary presented a report of operations which was carefully reviewed. There ensued a discussion of the proper balance of maturities in the System Account. Attention was called to the reduction in yield on the securities in the account and the need of some of the Reserve banks for additional earnings. There was discussion as to whether some shift into longer maturities might exert a wholesome influence toward a reduction in the long term rate of interest. Question was also raised whether there was a possibility of a purchase of government securities from the Federal Reserve System by the Treasury for the account of the stabilization fund. These questions were discussed wholly tentatively without any conclusion being reached.

At 12:20 Secretary Morgenthau, Under Secretary Coolidge, Dr. Viner, and Mr. Bell, joined the meeting. There ensued an extended informal discussion with regard to Treasury financing on June 15.

The meeting adjourned at 1:30 p. m.

W. Randolph Burgess

Secretary

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333.3-a-1

MAY 25 1934

Mr. W. Randolph Burgess, Secretary,  
Federal Open Market Committee,  
Federal Reserve Bank of New York,  
New York, New York.

Dear Mr. Burgess:

Receipt is acknowledged of your letter of May  
14, 1934, addressed to Governor Black, inclosing a copy  
*4/2/34 filed 333.3-a-1 final minutes*  
of the final minutes of the meeting of the executive  
committee of the Federal Open Market Committee held in  
Washington on April 2, 1934.

Very truly yours,

(Signed) Chester Morrill  
Chester Morrill,  
Secretary.

*AM*  
*CV*  
FILE COPY

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*file*

333.3-a-1

FEDERAL RESERVE BANK  
OF NEW YORK

May 14, 1934.

FOR CIRCULATION

Dear Governor Black:

- Gov. Black.....
- Mr. Hamlin.....
- Mr. Miller.....
- Mr. James.....
- Mr. Thomas.....
- Mr. Szymczak.....
- Mr. ....
- Mr. Martin.....
- Mr. Morrill.....
- Mr. Bethea.....
- Mr. Carpenter.....
- Mr. Noell.....
- Mr. Smead.....
- Mr. Gordenweiser.....
- Mr. Pezger.....
- Mr. Wyatt.....

Enclosed herewith are the final minutes of the executive committee meeting of the Federal Open Market Committee held on April 2, 1934. Will you please substitute these for the preliminary draft previously sent you.

*4-2-34 file 333.3-a-1  
Final Minutes*

Very truly yours,

*W. Randolph Burgess*

W. Randolph Burgess,  
Secretary, Federal Open  
Market Committee.

Please note --- check  
and return to

~~Mr. Carpenter~~

*file*

Hon. Eugene R. Black,  
Governor, Federal Reserve Board,  
Washington, D. C.

Enc.

*see letter 4/5/34  
rec'd 5/25/34*



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333,3-a-1

FEDERAL RESERVE BANK  
OF NEW YORK

April 5, 1934.

Dear Governor Black:

I am enclosing preliminary draft of the minutes  
of the executive committee of the Federal Open Market  
Committee, held in Washington on April 2.

4-2-34

Will you please send me any suggestions you may  
have as to changes.

Very truly yours,



W. Randolph Burgess  
Secretary, Federal  
Open Market Committee

Honorable Eugene R. Black,  
Governor, Federal Reserve Board,  
Washington, D. C.

WRB/H  
encl.

*see letter 5/14/34*  
*see ans. 4/13/34*

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333.3-a-1

TENTATIVE DRAFT SUBJECT TO CHANGECONFIDENTIAL

MINUTES OF THE MEETING OF EXECUTIVE COMMITTEE OF THE  
 FEDERAL OPEN MARKET COMMITTEE  
 HELD AT WASHINGTON, D. C.,  
 APRIL 2, 1934

---

The meeting was called to order at 10:35 a. m., there being present:

Governor Harrison, chairman, Governors Young, Norris, and Schaller,  
 and Deputy Governor Burgess, secretary.

From the Federal Reserve Board  
 Governor Black

From the Treasury  
 Secretary Morgenthau, and Messrs. Smith, Coolidge, Bell,  
 Stark, and Lanston.

The Secretary of the Treasury presented the Treasury problem of financing to be carried through in April, and there ensued a general discussion of the questions of the amount of money to be raised, type of securities to be offered, and the program to be followed with respect to calling a portion of Fourth 4 1/4% Liberty Loan Bonds.

At 12:40 this meeting adjourned, and the committee reconvened without the Treasury representatives, though Secretary Morgenthau, Mr. Coolidge, and Mr. Smith were later present during a part of the meeting.

The report of operations and the preliminary memorandum were distributed to those present and were discussed.

Governor Harrison pointed out that the System held \$59,000,000 Fourth 4 1/4% bonds which were called for redemption on April 15, and also held \$57,000,000 of 3% Treasury notes maturing May 2, and that in case the Treasury made an exchange offering on April 15 for these two issues a decision would have to be reached as to



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the extent to which the System would exchange its maturing issues for the new offering. Governor Harrison suggested that as the System has cooperated so closely with the government in its program of financing it should be careful now to avoid any action which might impede or unnecessarily give the impression of impeding Treasury undertakings. Any attempt by the System suddenly to sell its maturities on a large scale and replace them with shorter obligations might interfere with the success of the Treasury refunding issue. Furthermore, the System has a responsibility for the long term money market, upon the revival of which the return of business prosperity depends in considerable measure. Governor Harrison also pointed out that the earnings problem was likely to be increasingly important for the Reserve banks, and some block of bonds with a good yield might be desirable from that point of view. It appeared that for some time to come the Reserve banks would be dependent for earnings on the yield from their government holdings, which was steadily declining. The System was moreover likely to hold a substantial amount of governments for some time to come, some relatively small part of which might both safely and profitably be composed of longer time higher yield securities.

After extended discussion it was agreed by all those present that in connection with the April 15 financing the System should follow the same procedure that was followed on March 15; that is, if favorable opportunity arises, either in the market or with the Treasury itself, maturing issues should be sold and replaced with short governments to the extent that this can be done without disturbance to the market; and that the balance of the maturities not so disposed of should be offered in exchange for the new Treasury issue.

There ensued a general discussion of pending legislation.

The meeting adjourned at 2:00 p. m.

W. Randolph Burgess,

Secretary.

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333.3-a-1

**REPORT OF OPEN MARKET OPERATIONS TO MEETING OF THE  
 EXECUTIVE COMMITTEE OF THE FEDERAL OPEN MARKET COMMITTEE  
 HELD AT WASHINGTON ON APRIL 2, 1934**

The present holdings of United States Government securities in the System Account amount to ----- \$2,223,149,500

There has been no increase in the total amount of holdings in the Account since the week completed November 8, 1933.



Other transactions in government securities in the System Account since the last meeting of the Federal Open Market Committee on March 5, 1934 were as follows:

- (1) Redemption of \$127,854,000 Treasury bills at maturity which were replaced by purchases in the market of bills and other short-term issues of government securities.
- (2) Exchange at maturity of \$113,749,000 - 3/4% certificates of indebtedness due March 15, 1934, for Treasury notes due March 15, 1938.
- (3) Sales and replacement purchases in the market of \$123,276,000 miscellaneous government securities.
- (4) Sales to Treasury Accounts of \$20,000,000 - 3% Treasury notes due May 2, 1934, which were replaced by purchases in the market of bills and other short-term issues of government securities. (Subsequent to March 28, a further sale and purchase of \$10,000,000 was consummated.)
- (5) Sale by New York of its participation in System Account holdings to other Federal Reserve Banks at their request as follows:

March 16	\$ 5,000,000 to Atlanta
" 22	10,000,000 to Kansas City

The following table gives a comparison of the amount and distribution of net appreciation on United States Government securities, as represented by the difference between the market bid prices and book values, held in the System Account on February 28, 1934 and March 28, 1934:

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	<u>Feb. 28, 1934</u>	<u>Mar. 28, 1934</u>
United States Certificates of Indebtedness	\$ 2,168,208.14	\$ 2,763,308.19
" " Liberty Loan and Treasury bonds	6,630,385.71	8,412,498.81
" " Treasury Notes	2,903,664.75	15,982,254.56
" " " Bills	148,601.63	181,604.79
	<hr/>	<hr/>
Total appreciation	\$11,850,860.23	\$27,339,666.35
	<hr/>	<hr/>

The amount of System purchases of bankers acceptances during the period February 28 - March 28 was negligible. Maturities in excess of purchases reduced total holdings of \$56,459,000 on February 28 to \$24,084,000 on March 28.

Attached are statements showing the following:

- Exhibit "A" Maturity distribution of holdings of Government securities in the System Account, end of each month 1932, 1933 and 1934.
- Exhibit "B" Classification of issues held in System Account on March 28, 1934, and the percentage of each issue held in the account as compared with the amount of the respective issues outstanding.
- Exhibit "C" Earnings of Federal Reserve Banks for the two months ended February 28, 1934.

MATURITY DISTRIBUTION OF HOLDINGS GOVERNMENT SECURITIES IN SYSTEM ACCOUNT  
 END OF EACH MONTH - 1932-33-34

Exhibit "A"

(In millions of dollars)

1932	Within Six Months	Per- cent	Within One Year	Per- cent	Within Two Years	Per- cent	3-5 Years Inc.	Per- cent	Call- able Bonds	Per- cent	Other Bonds	Per- cent	Totals
Jan.	\$ 165	29	\$ 355	63	\$ 355	63	\$ -	-	\$212	37	\$ -	-	\$ 567
Feb.	191	32	375	64	375	64	-	-	212	36	-	-	587
Mar.	299	44	475	69	475	69	-	-	212	31	-	-	687
Apr.	583	57	778	76	779	76	-	-	239	24	-	-	1,018
May	716	51	1,058	75	1,115	79	-	-	290	21	-	-	1,405
June	744	48	1,106	71	1,173	75	64	4	322	21	-	-	1,559
July	733	45	1,098	67	1,167	71	132	8	336	21	-	-	1,635
Aug.	622	38	1,029	63	1,194	73	110	6	336	21	-	-	1,640
Sept.	606	37	998	61	1,170	71	134	8	336	21	-	-	1,640
Oct.	651	40	1,051	64	1,229	75	75	4	336	21	-	-	1,640
Nov.	765	47	1,046	64	1,227	75	77	4	336	21	-	-	1,640
Dec.	779	48	1,021	62	1,203	73	101	6	336	21	-	-	1,640
<u>1933</u>													
Jan.	644	41	903	58	1,107	71	116	7	336	22	-	-	1,559
Feb.	577	36	856	53	1,090	67	203	12	336	21	-	-	1,629
Mar.	709	44	856	53	1,090	67	203	12	336	21	-	-	1,629
Apr.	570	35	725	45	958	59	335	20	336	21	-	-	1,629
May	543	32	823	49	962	57	384	23	336	20	-	-	1,682
June	656	37	879	49	1,117	62	335	19	336	19	-	-	1,788
July	659	36	903	50	1,143	63	341	19	336	18	-	-	1,820
Aug.	621	32	1,025	53	1,191	62	394	21	336	17	-	-	1,921
Sept.	706	34	1,102	53	1,278	62	452	22	336	16	-	-	2,066
Oct.	860*	39	1,257	57	1,443	66	498**	23	252	11	-	-	2,193
Nov.	945*	43	1,235	56	1,435	65	511**	23	252	11	25	1	2,223
Dec.	887*	40	1,216	55	1,426	64	520**	24	252	11	25	1	2,223
<u>1934</u>													
Jan.	887*	40	1,216	55	1,426	64	520**	24	252	11	25	1	2,223
Feb.	987*	44	1,190	54	1,415	64	531**	24	252	11	25	1	2,223
Mar. 28	819*	37	1,037	47	1,287	58	659**	30	252	11	25	1	2,223

\*Includes Fourth Liberties "called"

\*\*Does not include Fourth Liberties "uncalled" maturing October 1938.

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Exhibit "B"

**CLASSIFICATION OF ISSUES HELD IN THE SYSTEM ACCOUNT ON MARCH 28, 1934  
 AND THE PERCENTAGE OF EACH ISSUE HELD IN THE ACCOUNT AS COMPARED WITH  
 THE AMOUNT OF THE RESPECTIVE ISSUE OUTSTANDING**

				(000 Omitted)	Amount of Re- spective Issues Outstanding	Percentage of Issues Held to Amount Outstanding
<b>TREASURY BILLS</b>						
U. S. Treasury Bills due				\$	\$	
" " " " " "	Apr.	4,	1934	45,250	100,990	44.80%
" " " " " "	"	11,	1934	15,940	100,050	15.93%
" " " " " "	"	18,	1934	49,398	125,340	39.41%
" " " " " "	"	25,	1934	27,055	125,126	21.62%
" " " " " "	May	2,	1934	72,000	150,320	47.90%
" " " " " "	"	9,	1934	21,550	125,493	17.17%
" " " " " "	"	16,	1934	14,500	75,008	19.33%
" " " " " "	"	23,	1934	17,825	75,155	23.72%
" " " " " "	June	20,	1934	25,380	100,110	24.50%
" " " " " "	"	27,	1934	6,760	50,091	13.50%
" " " " " "	Aug.	8,	1934	11,590	60,078	23.14%
" " " " " "	"	15,	1934	18,057	75,044	21.40%
" " " " " "	"	29,	1934	14,500	75,088	19.31%
" " " " " "	Sept.	5,	1934	39,600	100,236	39.51%
" " " " " "	"	26,	1934	25,000	50,025	49.98%
<b>TOTALS</b>				\$ 402,405	\$ 1,378,154	29.20%
<b>CERTIFICATES OF INDEBTEDNESS</b>						
1 1/4% Cert. of Ind. due	June	15,	1934	\$ 72,663	\$ 174,905	41.54%
1 1/2% " " " " "	Sept.	15,	1934	71,572	524,748	13.64%
2 1/4% " " " " "	Dec.	15,	1934	191,924	992,496	19.34%
<b>TOTALS</b>				\$ 336,159	\$ 1,692,149	19.87%
<b>TREASURY NOTES</b>						
3 % Treas. Notes due	May	2,	1934	\$ 68,587	\$ 244,234	28.08%
2 1/8% " " " " "	Aug.	1,	1934	145,117	345,293	42.03%
2 1/2% " " " " "	Mar.	15,	1935	25,450	528,056	4.82%
3 % " " " " "	June	15,	1935	121,749	416,603	29.22%
1 5/8% " " " " "	Aug.	1,	1935	102,843	353,865	29.06%
2 1/2% " " " " "	Dec.	15,	1935	25,869	418,291	6.18%
2 7/8% " " " " "	Apr.	15,	1936	192,050	558,819	34.37%
3 1/4% " " " " "	Aug.	1,	1936	57,292	364,138	15.73%
2 3/4% " " " " "	Dec.	15,	1936	100,718	357,921	28.14%
3 % " " " " "	Feb.	15,	1937	6,700	428,730	1.56%
3 % " " " " "	Apr.	15,	1937	70,825	502,362	14.10%
3 1/4% " " " " "	Sept.	15,	1937	80,700	817,483	9.87%
2 5/8% " " " " "	Feb.	1,	1938	25,570	276,680	9.24%
3 % " " " " "	Mar.	15,	1938	105,749	455,175	23.23%
2 7/8% " " " " "	June	15,	1938	19,750	618,057	3.19%
<b>TOTALS</b>				\$1,148,969	\$ 6,685,707	17.19%
<b>LIBERTY LOAN AND TREASURY BONDS</b>						
3 1/2% 1st L/L Bds of			1932/47	\$ 25,025	\$ 1,392,228	1.80%
4 1/4% " " " " "			1932/47	29,000	535,982	5.41%
4 1/4% 4th " " " "			1933/38 Called	58,941	1,015,000	5.80%
4 1/4% " " " " "			1933/38 Uncalled	197,650	4,352,000	4.54%
4 1/4-3 1/4% Tr. Bds of			1943/45	25,000	1,400,320	1.79%
<b>TOTALS</b>				\$ 335,616	\$ 8,695,530	3.86%
<b>GRAND TOTALS</b>				\$2,223,149	\$18,451,540	12.05%

Total of all issues of Treasury Bills, Certificates, Notes, Liberty Loan and Treasury Bonds outstanding - - - - - \$24,523,149  
 Percentage held in System Account - - - - - 9.07%

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Authority *Ex Order 13356*

Exhibit "C"

STATEMENT SHOWING EARNINGS OF ALL FEDERAL RESERVE BANKS  
FOR THE TWO MONTHS ENDED FEBRUARY 28, 1934

	<u>Gross</u> <u>Earnings</u>	<u>Current Expenses</u> <u>and</u> <u>Net Deductions</u> <u>From Net Earnings</u>	<u>Available for</u> <u>Depreciation</u> <u>Allowances, Re-</u> <u>serve and Surplus</u>
Boston	\$ 503,334	\$ 456,275	\$ 47,059
New York	2,837,770	1,784,298	1,053,472
Philadelphia	648,770	575,754	73,016
Cleveland	707,741	631,473	76,268
Richmond	275,331	319,844	44,513 (a)
Atlanta	250,806	280,690	29,884 (a)
Chicago	1,276,725	770,751	505,974
St. Louis	298,678	273,903	24,775
Minneapolis	232,521	226,837	5,684
Kansas City	236,219	333,790	37,571 (a)
Dallas	239,262	230,979	8,283
San Francisco	<u>532,230</u>	<u>530,528</u>	<u>1,702</u>
Totals	<u>\$8,099,387</u>	<u>\$6,415,122</u>	<u>\$1,684,265</u>

(a) deficit

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Authority EO Order 12356

383.3-a-1

March 30, 1934.

PRELIMINARY MEMORANDUM FOR THE EXECUTIVE COMMITTEE  
of the  
FEDERAL OPEN MARKET COMMITTEE, APRIL 2, 1934

Within two weeks after the last meeting of the Federal Open Market Committee excess reserves of member banks rose from around \$1,150,000,000 to a level only slightly below the \$1,500,000,000 which was indicated in the memorandum presented at that meeting as a volume which might be attained within the near future. The increase in excess reserves continued to be widely distributed, and new high levels were reached in New York City and in other parts of the country.

This further large increase in excess reserves was due to the continued inflow of gold from foreign countries and to Treasury operations. The total gold inflow at New York since February 1 is now in excess of \$600,000,000, and including some gold which has been received from the Orient on the West Coast and also the proceeds of domestic production, recoveries of scrap gold, and receipts of gold coin from circulation, the monetary gold stock of the United States has risen more than \$660,000,000. The dollar value of the gold stock now is more than 60 per cent above the previous high point in 1931, and is more than double the largest amount held by this country prior to 1922. Even when measured by weight, rather than by value, the gold stock is close to the previous high point reached in 1931. In recent weeks the gold inflow has diminished, but imports of moderate amount continue to be scheduled for the coming weeks.

In addition, during the first half of March the Treasury deposited approximately \$150,000,000 in the gold certificate accounts of the Reserve Banks in exchange for credits of equivalent amounts on the books of the Reserve Banks. Despite these deposits, Government expenditures reduced Treasury balances with the Reserve Banks to unusually low levels just before the March 15 tax date, and increased member bank reserves correspondingly.

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2

Since the middle of March member bank reserves have been reduced slightly, first by income tax collections and then by Treasury withdrawals of funds from depositories which restored Treasury balances in the Reserve Banks to more normal levels. There was also some increase in the amount of free gold held by the Treasury during the latter half of the month. Nevertheless, the amount of excess reserves remained well above \$1,400,000,000 at the end of the month.

Eventually it is to be expected that a substantial part of these excess reserves will be required as the basis for the credit needed in connection with business recovery, but at present outlets for the funds are limited, and the demand for short term Government securities and other high grade paper of short maturity has increased still further. Consequently, it has become increasingly difficult to replace maturities of securities in the System Account by the purchase of other short term Government's in the market. Thus far no Government bonds other than callable issues have been purchased in the market for the account, but the amount of longer dated Treasury notes has been gradually increased. The two accompanying diagrams show a classification of the total Government security holdings of the Reserve Banks by dates of maturity. The first diagram shows the dollar volume maturing within specified periods, and the second shows the percentage of total holdings maturing within each of these periods.

As the first diagram indicates, the securities purchased in the spring of 1932 consisted largely of securities maturing within six months, and the balance was chiefly securities maturing in six months to a year and callable bonds, largely Fourth Liberty Loan bonds. In the summer of that year, however, purchases of Treasury notes were begun in moderate amount, and the volume subsequently has increased considerably. The System Account, however, has continued to include a very substantial proportion of securities that mature within one year or are callable.

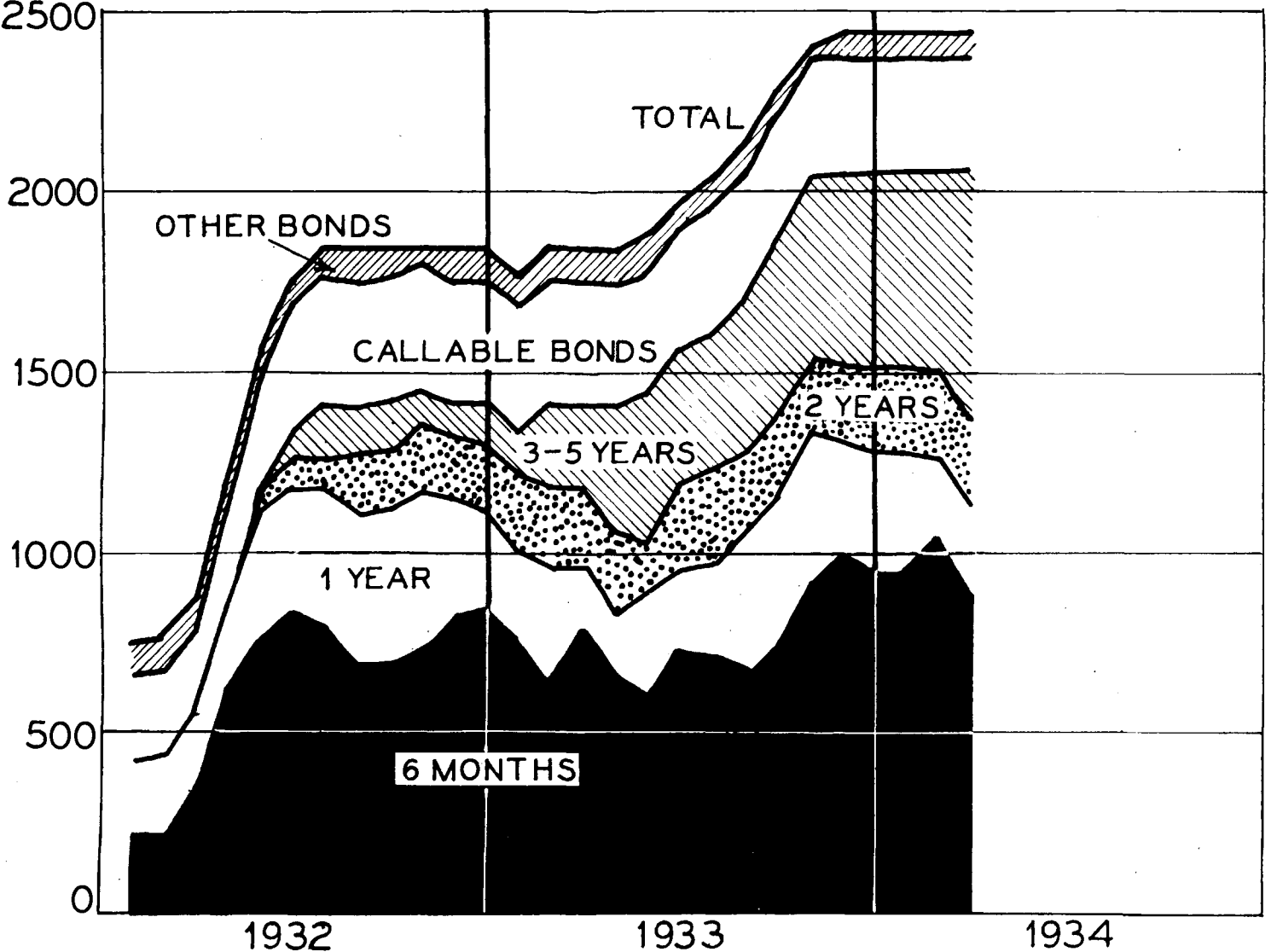


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Authority *Ex Order 13356*

Federal Reserve Bank  
of New York  
Reports Department  
MAR. 29, 1934.

2664

MILLIONS  
OF DOLLARS  
2500

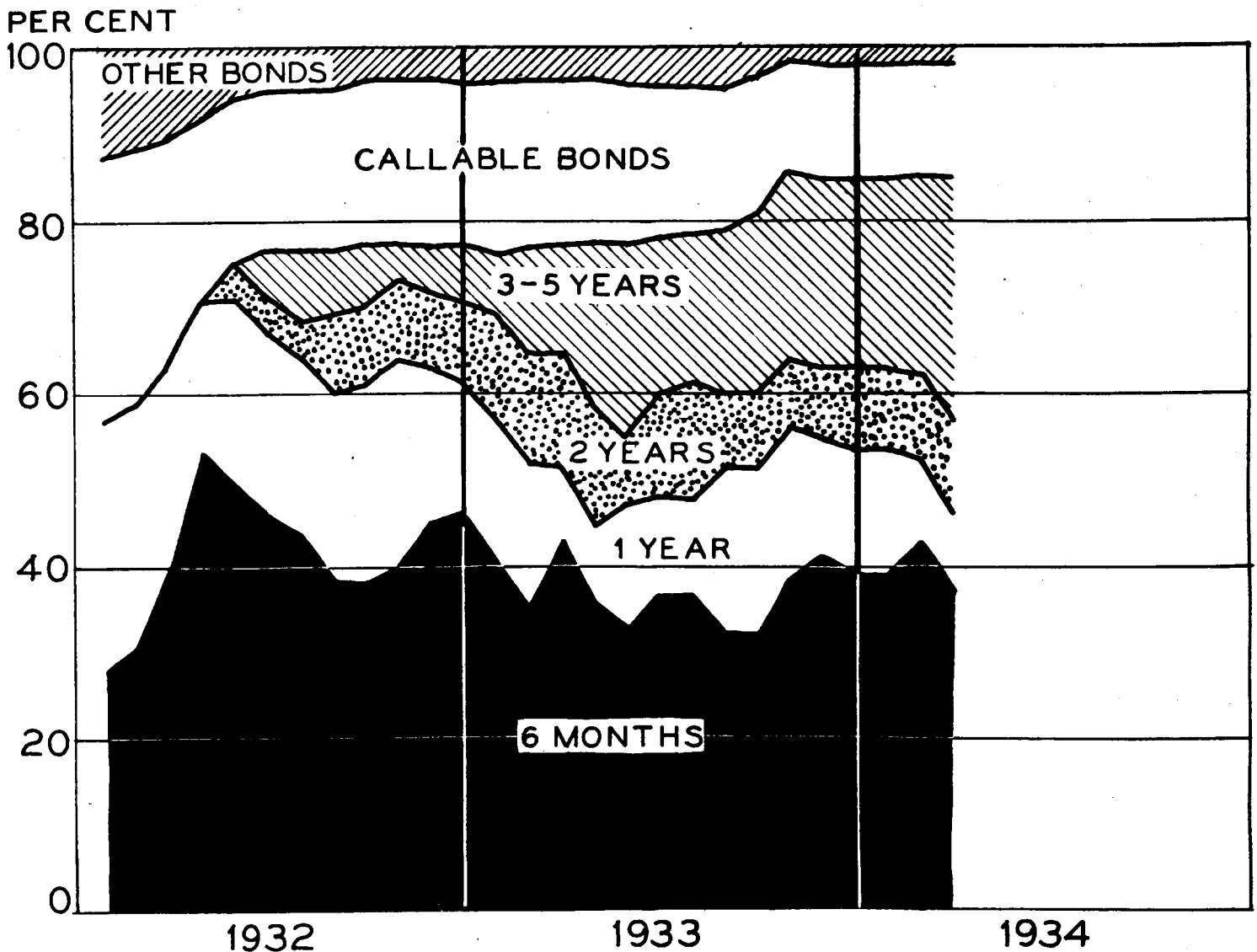


Dollar Volume of F. R. Banks' Holdings of U. S. Government Securities classified by  
Periods within which They Mature

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Authority *Ex Order 13356*

Federal Reserve Bank  
of New York  
Reports Department  
MAR. 29, 1934.

2663



Percentage Distribution of the Holdings of U. S. Government Securities of the Federal Reserve System by Periods within which They Mature

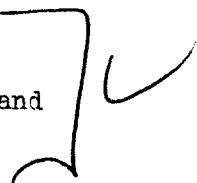
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Authority Ex Order 12356

3

As the second diagram indicates, the percentage of total holdings maturing within six months increased from less than 50 per cent to more than 50 per cent in the spring of 1932, and, after some decline, has fluctuated around 40 per cent for the past year and a half. It will be difficult to maintain this proportion as a substantial volume of called Fourth Liberty Loan bonds is included in this classification. Maturities between six months and one year and callable bonds have diminished in their proportion to the total holdings, while Treasury 2 to 5 year notes have now reached a volume equal to nearly 40 per cent of the total.

The gradual lengthening of maturities in the System's holdings of Government securities reflects a change in the form of Treasury financing as the Treasury has been able to lengthen its maturities. Treasury policy in turn has reflected a gradual resumption of longer term investment. Prices not only of Government bonds but also of other very high grade securities of long maturity have risen within the past two months to levels which compare favorably with the highest prices reached in recent years. Securities of lower grades also have had a substantial recovery, but many bonds, even those of fairly good grade, are still selling at prices far below those of four years ago. A continuation of this movement is clearly in the interest of a wider opening of the capital market and a revival in the greatly depressed capital goods industries.



DECLASSIFIED  
Authority *EO Order 12856*

333.3-a-1

April 5, 1934.

Mr. W. Randolph Burgess, Secretary,  
Federal Open Market Committee,  
Federal Reserve Bank of New York,  
New York, New York.

Dear Mr. Burgess:

Receipt is acknowledged of your letter of March

28, 1934, addressed to Governor Black, inclosing a copy  
*3-5-34 filed 333.3-a-1 Final minutes*  
of the final minutes of the meeting of the Federal Open

Market Committee held in Washington on March 5, 1934.

Very truly yours,

(Signed) Chester Morrill

Chester Morrill,  
Secretary.

*scm*  
*CW*

FILE COPY

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Authority EO Order 12856

333.31  
FOMC

FEDERAL RESERVE BANK  
OF NEW YORK

*W. H. ...*  
*M. Carpenter*

March 28, 1934.

Dear Governor Black:

Enclosed herewith are the final minutes of the <sup>3/5/34 filed 333.3-a-1</sup> Final Minutes

Federal Open Market Committee meeting held on March 5.

Will you please substitute these for the preliminary draft  
previously sent you.

Very truly yours,

*W. Randolph Burgess*

W. Randolph Burgess  
Secretary, Federal Open  
Market Committee

Hon. Eugene R. Black,  
Governor, Federal Reserve Board,  
Washington, D. C.

Enc.

DECLASSIFIED  
Authority Ex Order 12356

333.3-4-1

MAR 12 1934

Mr. W. R. Burgess, Secretary,  
Federal Open Market Committee,  
Federal Reserve Bank of New York,  
New York, New York.

Dear Mr. Burgess:

Receipt is acknowledged of your letter of March 8, 1934, correcting a typographical error in the tentative draft of the minutes of the meeting of the Federal Open Market Committee inclosed with your letter of March 7.

It is assumed that you have also noted the error in the name of Acting Governor Johns of the Federal Reserve Bank of Atlanta.

Very truly yours,

(Signed) Chester Morrill  
Chester Morrill,  
Secretary.

SFJ-jcb  
*CW*

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Authority Ex Order 12356

333.3-a-1

March 10 1954

## CONFIDENTIAL

Mr. W. R. Burgess, Secretary,  
Federal Open Market Committee,  
Federal Reserve Bank of New York,  
New York, New York.

Dear Mr. Burgess:

Receipt is acknowledged of your letter of March 7, 1954, addressed to Governor Black, inclosing a tentative draft of the minutes of the meeting of the Federal Open Market Committee held in Washington on March 5, 1954.

The Federal Reserve Board has given consideration to the resolution adopted by the committee reducing to \$100,000,000 the authorization to the executive committee for the purchase of government securities, and approves the authorization to the executive committee in the reduced amount, with the understanding that the Board will be kept informed currently by the executive committee of its program of purchases and as to any development in the situation which may affect the application of the program. ✓

The Board has noted with approval the further action taken by the Federal Open Market Committee at its meeting in voting to convert the whole or any part, as might be determined by the executive committee, of the \$150,000,000 of government securities held in System account, which mature on March 15, into any new note offering which might be offered by the Treasury, and that the executive committee was given authority to replace the whole or any part of the System holdings of  $4\frac{1}{2}\%$  Fourth Liberty Loan bonds, called for redemption on April 15, 1954, with such other securities as the committee may determine.

orig. filed 333.3-a

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Authority *Ex Order 12356*

Mr. W. E. Burgess - 2 -

A copy of this letter is being sent to each Federal reserve bank for its information.

Very truly yours,

Chester Morrill,  
Secretary.



DECLASSIFIED  
Authority EO Order 12856

333.3-a-1

*Mr. Black*  
*Mr. Carpenter*

FEDERAL RESERVE BANK  
OF NEW YORK

March 8, 1934.

Dear Governor Black:

I find one correction should be made in the  
tentative draft of the minutes <sup>3-5-34</sup> of the Federal Open  
Market Committee, which was sent out hurriedly last night.  
About the middle of the first page the word "not" should  
be changed to "noted" in the sentence, "It was noted in  
this connection that" etc.

Very truly yours,

*W. Randolph Burgess*

W. Randolph Burgess  
Secretary, Federal  
Open Market Committee

Honorable Eugene R. Black,  
Governor, Federal Reserve Board,  
Washington, D. C.

WRB/H

*see letter 3/7/34*

*see memo 3/12/34*

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Authority Ex Order 12356

MAR 8<sup>th</sup> 1934  
333.3-a-1

FEDERAL RESERVE BANK  
OF NEW YORK

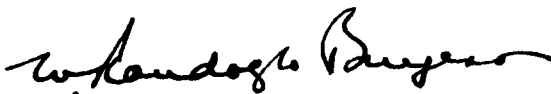
March 7, 1934.

Dear Governor Black:

As a means of reporting to you the action of the  
Federal Open Market Committee at its meeting on March 5,  
I am enclosing herewith a tentative draft of the minutes  
of that meeting.

3-5-34

Very truly yours,



W. Randolph Burgess  
Secretary, Federal  
Open Market Committee.

Honorable Eugene R. Black,  
Governor, Federal Reserve Board,  
Washington, D. C.

WRB:H  
encl.

see letter 3/8/34

see letter 3/12/34

see ans. 3/9/34

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Authority Ex Order 12356

TENTATIVE DRAFT SUBJECT TO CHANGE

323.3-a-1

CONFIDENTIAL

MINUTES OF THE MEETING OF THE FEDERAL OPEN MARKET COMMITTEE  
HELD AT  
WASHINGTON, D. C., MARCH 5, 1934

The meeting was called to order at 4:00 p. m., there being present:

Governors Young, Norris, Seay, Schaller, Martin, Geery,  
Hamilton, McKinney, and Calkins,  
Acting Governor St. Johns, and  
Deputy Governors Fleming and Burgess, secretary.

In the absence of Governor Harrison, Governor Calkins was elected chairman pro tem.

The preliminary memorandum and report of the operations were distributed.

There ensued a discussion of the maturities of securities held in the System Account. It was pointed out that approximately \$150,000,000 of the holdings would mature on March 15, and that at that time the Treasury would probably issue in exchange a Treasury note of several years' maturity. The question was raised whether the System should be prepared to reduce its holdings of nearby maturities by exchanging the maturing issue for notes. It was not in this connection that nearby holdings were unusually large in view of the uncertainties of the recent period. In the course of this discussion the opinion was expressed by a number of those present that the exchange suggested should not be considered a precedent to be followed so far as to reduce below a round amount the nearby maturities in the account. It was agreed that it would be desirable to continue to maintain a large amount of very short issues, so as to be prepared to dispose of securities rapidly if the occasion should arise. It was then

VOIED to convert the whole or any part, as might be determined by the executive committee, of the \$150,000,000 of March maturities into any new note offering which might be offered by the Treasury.

It was then pointed out that the System held \$59,000,000 of Fourth 4 1/4 Liberty bonds which had been called for redemption on April 15 next, and in view

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of the possibility that a bond issue might be offered by the Treasury in replacement of these maturing bonds the System's policy with respect to maintaining its bond holdings might be considered. After discussion it was

VOTED that the executive committee be given authority to replace the whole or any part of the Fourth 4 1/4s called for redemption on April 15 with securities of such maturities as the committee may determine.

The secretary reported that, in view of considerable difficulty that was being experienced in replacing current maturities of Treasury bills with short obligations, the executive committee had agreed when necessary to replace a small portion of the maturities with longer term issues.

In view of the fact that the amount of holdings in the System Account had not been changed for some weeks and in view of the very large and increasing excess of reserves of member banks question was raised as to continuation of authority for purchases remaining in the hands of the executive committee, and after consideration it was

VOTED that the authorization to the executive committee for the purchase of government securities, renewed last on October 10, be reduced to \$100,000,000. „

The meeting adjourned at 5:00 p. m.

W. Randolph Burgess,

Secretary.

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 Authority *Ex Order 12356*

333.3-a-1

CONFIDENTIAL

REPORT OF OPEN MARKET OPERATIONS TO MEETING OF THE  
 FEDERAL OPEN MARKET COMMITTEE HELD AT WASHINGTON  
 ON MARCH 5, 1934

On October 25, 1933, the date of the last meeting of the Executive Committee of the Federal Open Market Committee, holdings of government securities in the System Account amounted to - - - - - \$2,193,149,500.

During the two weeks following this meeting, additional purchases of \$30,000,000 government securities under the April 22 resolution, as amended, approved and reaffirmed, increased the total holdings in the Account on November 8, 1933 to - - - - - \$2,223,149,500. This total amount has remained unchanged.

Other transactions in System Account holdings during the period October 25, 1933 - February 28, 1934 were as follows:

- (1) Redemption of \$628,525,000 Treasury bills at maturity which were replaced by purchases in the market of bills or other issues of short-term government securities.
- (2) Exchange of \$197,774,000 government securities at maturity or callable date for new offerings of the Treasury.
- (3) Sales and replacement purchases in the market of \$62,110,000 miscellaneous government securities.
- (4) Sales by New York of its participation in System Account holdings to other Federal Reserve Banks at their request as follows:

February 10	\$15,000,000	to	Richmond
" 27	5,000,000	"	Dallas
" 28	10,000,000	"	Atlanta

At the close of the year 1933, the holdings of U. S. Government securities in the System Account showed a net depreciation, as represented by the difference between the market bid prices and book values, of \$8,406,539.19, of which amount \$4,112,611.00 was set up as a reserve by the System. At the present

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2

time the holdings in the System Account show an appreciation, which on February 28, amounted to \$11,850,860.23, made up as follows:

United States Certificates of Indebtedness	\$ 2,168,208.14
" " Liberty Loan & Treasury bonds	6,630,385.71
" " Treasury Notes	2,903,664.75
" " " Bills	<u>148,601.63</u>
Total appreciation	\$11,850,860.23

Purchases of bankers acceptances by the System during this same period, October 25, 1933 - February 28, 1934, totaled \$167,410,000, of which amount \$144,252,000 was purchased in the New York market. Regular allotments amounting to \$115,976,000 and special allotments to Federal Reserve Bank of Boston and Federal Reserve Bank of Dallas totaling \$11,492,000 and \$10,526,000 respectively, were made by New York. In addition to these allotments, special sales of \$12,626,000 to Boston and \$3,006,000 to Dallas were made from New York's portfolio.

Attached are statements showing the following:

- Exhibit "A" - Maturity Distribution of Holdings in System Account End of Each Month, 1932, 1933, 1934.
- " " "B" - Classification of Issues Held in System Account on February 28, 1934, and the Percentage of Each Issue Held in the Account as Compared with the amount of the Respective Issues Outstanding.
- " " "C" - Participation by Federal Reserve Banks in holdings of government securities in System Account and amount of each bank's present holdings over or short of pro-rata share based on (1) Expenses, dividends and charge-offs and (2) Reserves in excess of amount required for a 55% reserve ratio as of February 28, 1934.
- " " "D" - Earnings of Federal Reserve Banks for month of January 1934.

MATURITY DISTRIBUTION OF HOLDINGS IN SYSTEM ACCOUNT  
END OF EACH MONTH - 1932-33-34

Exhibit "A"

(In millions of dollars)

1932	Within Six Months	Per- cent	Within One Year	Per- cent	Within Two Years	Per- cent	3-5 Years Inc.	Per- cent	Call- able Bonds	Per- cent	Other Bonds	Per- cent	Totals
Jan.	\$ 165	29	\$ 355	63	\$ 355	63	\$ -	-	\$212	37	\$ -	-	\$ 567
Feb.	191	32	375	64	375	64	-	-	212	36	-	-	587
Mar.	299	44	475	69	475	69	-	-	212	31	-	-	687
Apr.	583	57	778	76	779	76	-	-	239	24	-	-	1,018
May	716	51	1,058	75	1,115	79	-	-	290	21	-	-	1,405
June	744	48	1,106	71	1,173	75	64	4	322	21	-	-	1,559
July	733	45	1,098	67	1,167	71	132	8	336	21	-	-	1,635
Aug.	622	38	1,029	63	1,194	73	110	6	336	21	-	-	1,640
Sept.	606	37	998	61	1,170	71	134	8	336	21	-	-	1,640
Oct.	651	40	1,051	64	1,229	75	75	4	336	21	-	-	1,640
Nov.	765	47	1,046	64	1,227	75	77	4	336	21	-	-	1,640
Dec.	779	48	1,021	62	1,203	73	101	6	336	21	-	-	1,640
<u>1933</u>													
Jan.	644	41	903	58	1,107	71	116	7	336	22	-	-	1,559
Feb.	577	36	856	53	1,090	67	203	12	336	21	-	-	1,629
Mar.	709	44	856	53	1,090	67	203	12	336	21	-	-	1,629
Apr.	570	35	725	45	958	59	335	20	336	21	-	-	1,629
May	543	32	823	49	962	57	384	23	336	20	-	-	1,682
June	656	37	879	49	1,117	62	335	19	336	19	-	-	1,788
July	659	36	903	50	1,143	63	341	19	336	18	-	-	1,820
Aug.	621	32	1,025	53	1,191	62	394	21	336	17	-	-	1,921
Sept.	708	34	1,102	53	1,278	62	452	22	336	16	-	-	2,066
Oct.	860*	39	1,257	57	1,443	66	498**	23	252	11	-	-	2,193
Nov.	945*	43	1,235	56	1,435	65	511**	23	252	11	25	1	2,223
Dec.	887*	40	1,216	55	1,426	64	520**	24	252	11	25	1	2,223
<u>1934</u>													
Jan. 31	887*	40	1,216	55	1,426	64	520**	24	252	11	25	1	2,223
Feb. 21	1,034	46	1,216	55	1,426	64	520**	24	252	11	25	1	2,223
" 28	987	44	1,190	54	1,415	64	531	24	252	11	25	1	2,223

\*Includes Fourth Liberties "called"

\*\*Does not include Fourth Liberties "uncalled" maturing October 1938.

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 Authority Ex Order 12356

Exhibit "B"

CLASSIFICATION OF ISSUES HELD IN THE SYSTEM ACCOUNT ON FEBRUARY 28, 1934 AND THE  
 PERCENTAGE OF EACH ISSUE HELD IN THE ACCOUNT AS COMPARED WITH THE  
 AMOUNT OF THE RESPECTIVE ISSUE OUTSTANDING

Amount of Issues Held in System Account by Classification				Amount of Re- spective Issues Outstanding	Percentage of Issues Held to Amount Outstanding
<u>TREASURY BILLS</u>					
U. S. Treasury Bills due	Mar.	7, 1934	\$ 35,874	\$ 100,050	35.86%
" " " " " "	"	21, 1934	47,135	100,263	47.01%
" " " " " "	"	28, 1934	44,845	100,890	44.45%
" " " " " Apr.	4, 1934	45,250	100,990	44.80%	
" " " " " "	"	11, 1934	15,940	100,050	15.93%
" " " " " "	"	18, 1934	49,398	125,340	39.41%
" " " " " "	"	25, 1934	19,855	125,126	15.87%
" " " " " May	2, 1934	55,500	150,320	36.92%	
" " " " " "	"	9, 1934	20,350	125,493	16.21%
" " " " " "	"	16, 1934	13,500	75,008	17.92%
" " " " " "	"	23, 1934	14,825	75,155	19.73%
" " " " " Aug.	8, 1934	11,590	50,078	23.14%	
" " " " " "	"	15, 1934	16,057	75,044	21.40%
" " " " " "	"	29, 1934	2,500	75,088	3.33%
TOTALS			\$392,619	\$1,378,895	28.47%
<u>CERTIFICATES OF INDEBTEDNESS</u>					
3/4% Cert. of Ind. due	Mar.	15, 1934	\$150,125	\$ 460,099	32.63%
1/4% " " " "	June	15, 1934	134,563	174,905	76.93%
1 1/2% " " " "	Sept.	15, 1934	21,222	524,748	4.44%
2 1/4% " " " "	Dec.	15, 1934	182,024	992,496	18.34%
TOTALS			\$487,934	\$2,152,248	22.67%
<u>TREASURY NOTES</u>					
3 % Treas. Notes due	May	2, 1934	\$ 90,587	\$ 244,234	37.09%
2 1/8% " " " "	Aug.	1, 1934	160,117	345,293	46.68%
2 1/2% " " " "	Mar.	15, 1935	9,100	528,056	1.72%
3 % " " " "	June	15, 1935	115,749	416,603	27.78%
1 5/8% " " " "	Aug.	1, 1935	94,003	353,865	26.56%
2 1/2% " " " "	Dec.	15, 1935	5,719	418,291	1.37%
2 7/8% " " " "	Apr.	15, 1936	161,500	558,819	32.48%
3 1/4% " " " "	Aug.	1, 1936	52,292	364,138	14.36%
2 3/4% " " " "	Dec.	15, 1936	96,468	357,921	26.95%
3 % " " " "	Feb.	15, 1937	5,200	428,730	1.21%
3 % " " " "	Apr.	15, 1937	70,825	502,362	14.10%
3 1/4% " " " "	Sept.	15, 1937	80,100	817,483	9.80%
2 5/8% " " " "	Feb.	1, 1938	25,570	276,630	9.24%
2 7/8% " " " "	June	15, 1938	19,750	618,057	3.19%
TOTALS			\$1,006,980	\$6,230,532	16.16%
<u>LIBERTY LOAN AND TREASURY BONDS</u>					
3 1/2% 1st L/L Bds. of 1932/47			\$ 25,025	\$1,392,228	1.80%
4 1/4% 1st " " " 1932/47			29,000	535,982	5.41%
4 1/4% 4th " " " 1935/38 Called			58,941	1,015,000	5.80%
4 1/4% 4th " " " 1935/38 Uncalled			197,650	4,352,000	4.54%
4 1/4-3 1/4% Tr.Bds. of 1943/45			25,000	1,400,320	1.73%
TOTALS			\$ 335,616	\$3,695,530	3.36%
GRAND TOTALS			\$2,223,149	\$18,457,205	12.04%
Total of all issues of Treasury Bills, Certificates, Notes, Liberty Loan and Treasury Bonds outstanding - - - - -				\$24,529,000	
Percentage held in System Account - - - - -				9.06%	



## EXHIBIT "C"

PARTICIPATIONS BY FEDERAL RESERVE BANKS IN HOLDINGS OF GOVERNMENT SECURITIES IN SYSTEM ACCOUNT AND  
 AMOUNT OF EACH BANK'S PRESENT HOLDINGS OVER OR SHORT OF PRO RATA SHARE BASED ON (1) EXPENSES,  
 DIVIDENDS AND CHARGE-OFFS AND (2) RESERVES IN EXCESS OF AMOUNT REQUIRED FOR A 55%  
 RESERVE RATIO AS OF FEBRUARY 28, 1934

	(1) Participations in System Acct. Feb. 28, 1934	(2) Ratios of Holdings	(3) Ratios of Expenses, Dividends & Charge-offs Year 1933	(4) Ratios of Reserves in Excess of Amount Required For a 55% Ratio	(5) PRESENT HOLDINGS OVER or SHORT of Percentage Shown in Column 3	(6) PRESENT HOLDINGS OVER or SHORT of Percentage Shown in Column 4
Boston	\$ 156,982,000	7.06%	7 1/4%	8 1/2%	\$ 4,196,500-	\$ 31,985,500-
New York	679,818,000	30.58%	26 3/4%	24 1/4%	85,125,500+	140,704,000+
Philadelphia	163,734,500	7.37%	8 1/2%	5 1/4%	25,233,000-	47,019,000.
Cleveland	213,024,500	9.58%	10 %	8 %	9,290,500-	35,172,500+
Richmond	93,562,500	4.21%	5 %	4 %	17,595,000-	4,636,500+
Atlanta	81,209,000	3.65%	4 1/4%	3 %	13,275,000-	14,514,500+
Chicago	374,601,000	16.85%	12 %	27 1/4%	107,823,000+	231,207,500-
St. Louis	92,700,000	4.17%	4 1/2%	5 %	7,341,500-	18,457,500-
Minneapolis	58,053,500	2.61%	3 1/2%	2 1/2%	19,756,500-	2,475,000+
Kansas City	81,659,000	3.67%	5 1/4%	5 1/2%	35,056,500-	40,614,000-
Dallas	61,475,000	2.77%	4 %	1 1/4%	27,451,000-	33,685,500
San Francisco	166,330,500	7.48%	9 %	5 1/2%	33,753,000-	44,057,500+
TOTALS	<u>\$2,223,149,500</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>\$192,948,500 Adj.</u>	<u>\$322,264,500 Adj.</u>

+ = over pro rata share  
 - = short pro rata share

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## EXHIBIT "D"

STATEMENT SHOWING EARNINGS OF ALL FEDERAL RESERVE BANKS  
FOR JANUARY, 1934

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	<u>Gross Earnings</u>	<u>Current Expenses and Net Deductions From Current Net Earnings</u>	<u>Available for Depreciation Allowances, Reserves and Surplus</u>
Boston	\$ 265,596	\$ 228,817	\$ 36,779
New York	1,505,634	899,795	605,839
Philadelphia	351,449	289,424	62,025
Cleveland	383,529	328,024	55,505
Richmond	137,745	162,301	24,556 (a)
Atlanta	129,974	138,833	8,859 (a)
Chicago	669,046	391,242	277,804
St. Louis	155,013	139,635	15,378
Minneapolis	122,506	113,956	8,550
Kansas City	152,019	173,026	21,007 (a)
Dallas	129,030	114,356	14,674
San Francisco	<u>278,139</u>	<u>264,992</u>	<u>13,147</u>
Totals	<u>\$4,279,680</u>	<u>\$3,244,401</u>	<u>\$1,035,279</u>

(a) deficit

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333.3-a-1

March 2, 1934.PRELIMINARY MEMORANDUM FOR THE FEDERAL  
OPEN MARKET COMMITTEE, MARCH 6, 1934.

During the past two months the estimated volume of member bank excess reserves has risen from a little over \$300,000,000 to about \$1,150,000,000, a far larger amount than ever before. In January the increase was due to the seasonal return flow of currency to the banks and, to a smaller extent, to the investment of capital funds of the Federal Deposit Insurance Corporation which were contributed by the Reserve Banks. A larger part of the increase, however, has occurred during the past three weeks and has been caused by the heavy inflow of gold from abroad following the formal devaluation of the dollar. The following table summarizes the principal factors that have affected the reserve position of member banks since the end of December.

(In millions of dollars)

Dec. 27, 1933  
to  
Feb. 28, 1934Sources of additional reserve funds:

Increase in U. S. gold stock* - - - - -	370
Return flow of currency - - - - -	182
Investment of F. R. Bank contribution to capital of the F. D. I. C. - - - - -	70
Total - - - - -	<u>622</u>

Uses of reserve funds:

To retire discounts at F. R. Banks - - - - -	47
To retire bills held by F. R. Banks - - - - -	49
To meet increased reserve requirements** - - - - -	93
To meet net Treasury withdrawals - - - - -	97
All other - - - - -	<u>11</u>
Total - - - - -	<u>297</u>

Net addition to excess reserves - - - - -	325
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\*Exclusive of the increase in the gold stock due to devaluation of the dollar, and to F. F. C. and Treasury purchases of gold prior to devaluation.

\*\*Estimated.

The return flow of currency in January represented approximately the normal seasonal movement; whatever return flow of hoarded money occurred as the result of the insurance of bank deposits was apparently offset by unseasonal payroll requirements, due to the C. W. A. program and increased activity in a few important industries.

The gold import movement of the past month was the largest on record measured by weight, and was far above the gold inflow of any previous month in dollar value. The inflow still is continuing, but in diminished volume, as the profit on gold shipments has been greatly reduced by a rise in the exchanges of gold standard countries to levels only slightly below the new parities against the dollar.

The excess member bank reserves which have resulted from these movements are now widely distributed. The principal New York City banks had their excess reserves almost wiped out at the middle of February by payments for new Government securities, but due to the gold inflow at New York their excess reserves at the end of the month were approximately equal to the previous high record of January 1933. The percentage of excess reserves in New York, however, remained below the general average for all member banks, as the following table indicates. Chicago banks have had no material change in their reserve position recently, but at the end of February they had more than 100 per cent of excess reserves, in addition to a substantial net amount of funds due from other banks. For all other member banks excess reserves have risen gradually but steadily for nearly a year, and at the end of February were equal to approximately 61 per cent of their requirements.

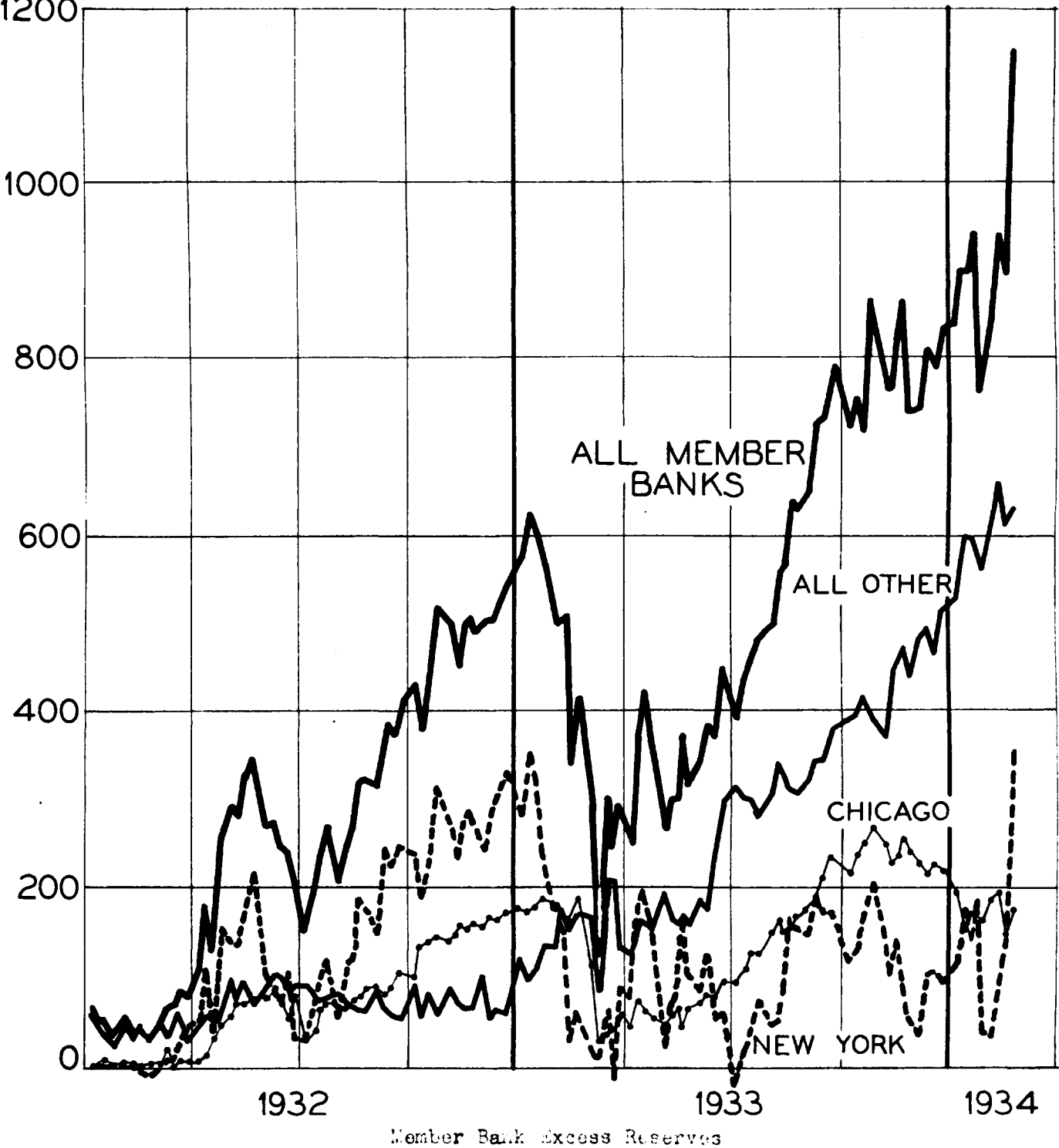
	<u>Required Reserves</u>	<u>Excess Reserves</u>	<u>Per cent excess over required</u>
New York - - - - -	758	357	47
Chicago - - - - -	161	172	107
All other* - - - - -	<u>1,020</u>	<u>625</u>	<u>61</u>
Total *	1,939	1,154	60

\*Estimated.

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Federal Reserve Bank  
of New York  
Reports Department  
, 1934

MILLIONS  
OF DOLLARS  
1200



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The present prospect is that there will be a still further increase in excess member bank reserves during the coming months. Gold is still coming in at a moderate rate, and the Treasury has a very large amount of unexpended funds in the form of gold. In addition to the stabilization fund of \$2,000,000,000, and nearly \$800,000,000 of additional gold representing the further profits of devaluation, the Treasury has also about \$300,000,000 of other free gold. This free gold represents in part the gold acquired by the R. F. C. and the Treasury prior to devaluation, and to a smaller extent free gold previously accumulated, chiefly as a result of the retirement of mutilated gold certificates. The employment of even this small part of the gold holdings of the Treasury, together with further gold imports, might easily carry excess member bank reserves to around \$1,500,000,000 within the near future.

The principal movement toward an expansion of the money supply, based on the huge volume of excess reserves, has been through the purchase of Government securities by member banks. Since the first week of January the Government security holdings of weekly reporting member banks have increased approximately \$1,000,000,000 to about \$6,200,000,000, a far larger amount than was held by all member banks at any time during the financing of the world war. Thus far the principal element in the active money supply of the country - demand deposits in individual accounts - has not increased in proportion to the increase in total loans and investments, as a large part of the proceeds of recent Government borrowing is still in unexpended balances in depository banks. When these funds are paid out, however, a substantial increase in active demand deposits is to be expected, with an accompanying stimulus to business.

The effects of the recovery program have been apparent in increased retail trade, especially in the agricultural districts and to a smaller extent in the industrial districts, and also in the placing of large contracts

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for construction work and for the purchase of railroad equipment. Actual expenditures under these contracts, however, are for the most part still to be made.

Private financing of construction work and equipment purchases is still at a very low ebb, and in addition there is a large volume of maturing corporation securities to be refunded or retired during the coming year - the total is estimated at close to a billion dollars. Thus far only a beginning of the revival of the corporation financing required to meet this situation is in sight. It is encouraging to note, however, that following the strong bond market of the past two months a \$60,000,000 issue of New York Central R. R. convertible bonds (subject to the jurisdiction of the Interstate Commerce Commission and not of the Federal Trade Commission under the Securities Act) has been announced and has been very well received. In addition, the Federal Trade Commission has announced the filing for registration of a proposed \$15,000,000 issue of bonds, and 2,500,000 shares of common stock of the American Water Works & Electric Company. This represents the first public utility financing of any considerable size to be filed for registration under the Securities Act.