

TWENTY-FOURTH ANNUAL REPORT

OF THE

BOARD OF GOVERNORS

OF THE

FEDERAL RESERVE SYSTEM

COVERING OPERATIONS
FOR THE YEAR 1937



UNITED STATES OF AMERICA
WASHINGTON: 1938

place maturing securities and to make shifts between maturities within certain reasonable limitations. It was felt, however, that inasmuch as the action authorizing the executive committee to increase the amount of securities held in the account contemplated an immediate increase in the account with a view to preserving an orderly market and facilitating the adjustment of member banks to increased reserve requirements, it would be advisable not to authorize the reduction of the amount of securities held with maturities within two years to less than \$1,000,000,000 (the amount of such securities held in the account at the time was in excess of \$1,100,000,000).

MEETING ON MAY 5, 1937

Members present: Mr. Eccles, Chairman; Mr. Harrison, Vice Chairman; Mr. Broderick, Mr. Szymczak, Mr. McKee, Mr. Ransom, Mr. Davis, Mr. Sinclair, Mr. McKinney, Mr. Martin, Mr. Day.

1. Authority to Replace Maturing Securities and to Make Shifts of Securities in the System Open Market Account.

By unanimous vote, the Committee instructed the executive committee to direct the replacement of maturing securities in the System open market account with other Government securities and to make such shifts between maturities in the account as may be necessary in the proper administration of the account, provided that the amount of securities maturing within two years be maintained at not less than \$1,000,000,000 and that the amount of bonds having maturities in excess of five years be not over \$850,000,000 nor less than \$500,000,000.

This action continued authority previously granted to the executive committee to enable it to replace maturing securities and to make shifts between maturities in the System account, including authority to increase or decrease the holdings of bonds with maturities in excess of five years, within the specified limits, in order to meet changing market conditions and to improve the distribution of maturities in the account.

2. Authority to Increase or Decrease System Account.

By unanimous vote, the Committee directed the executive committee to make purchases and sales (including authority to allow maturities to run off) of United States Government securities for the System open market account to such extent as may be necessary before the adjournment of the next meeting of the Federal Open Market Committee, for the purpose of preventing disorderly market conditions, provided that the aggregate amount of securities held in the account be not increased to an amount exceeding \$2,680,000,000 nor decreased to an amount less than \$2,180,000,000; the kinds and maturities of the securities acquired or sold to be determined in the light of current market developments.

This action was taken in order that the executive committee might continue to have authority to act promptly when conditions warranted the purchase or sale of Government securities for the System open market account for the purpose of preventing disorderly market conditions.

MEETING ON JUNE 9, 1937

Members present: Mr. Eccles, Chairman; Mr. Harrison, Vice Chairman; Mr. Broderick, Mr. Szymczak, Mr. McKee, Mr. Ransom, Mr. Davis, Mr. Sinclair, Mr. McKinney, Mr. Martin, Mr. Day.

1. Authority to Replace Maturing Securities and to Make Shifts of Securities in the System Open Market Account.

By unanimous vote, the Committee instructed the executive committee to direct the replacement of maturing securities in the System open market account with other Government securities and to make such shifts between maturities in the account as may be necessary in the proper administration of the account, provided that the amount of securities maturing within two years be maintained at not less than \$1,000,000,000 and that the amount of bonds having maturities in excess of five years be not over \$850,000,000 nor less than \$500,000,000.

It was agreed that the reasons for the authority granted to the executive committee at the meeting on May 5, 1937, to replace maturing securities and to make shifts between maturities in the System account still applied and that, therefore, such authority should be renewed.

2. Authority to Increase or Decrease System Account.

By unanimous vote, the Committee directed the executive committee to make purchases or sales (including authority to allow maturities to run off without replacement) of United States Government securities for the System open market account to such extent as may be necessary before the adjournment of the next meeting of the Federal Open Market Committee for the purpose of preventing disorderly market conditions, provided that the aggregate amount of securities held in the account be not increased or decreased from the amount now held in the account by more than \$250,000,000; the kinds and maturities of securities acquired or sold to be determined in the light of current market developments.

The reason for this action was the same as that which prompted similar action by the Committee at its meeting on May 5, 1937.

MEETING ON SEPTEMBER 12, 1937

Members present: Mr. Eccles, Chairman; Mr. Harrison, Vice Chairman; Mr. Broderick, Mr. Szymczak, Mr. McKee, Mr. Ransom, Mr. Davis, Mr. Sinclair, Mr. McKinney, Mr. Martin, Mr. Day.

1. Authority to Increase or Decrease System Account and Recommendation that Treasury Be Requested to Desterilize \$300,000,000 of Gold.

The following resolutions were adopted by unanimous vote:

"RESOLVED, that, until the adjournment of the next meeting of the Committee, the executive committee is authorized to direct the purchase in the open market from time to time of sufficient amounts of Treasury bills or other short-term Treasury obligations to provide funds to meet seasonal withdrawals of currency from the banks and