

A meeting of the Federal Open Market Committee was held in the offices of the Board of Governors of the Federal Reserve System in Washington on Tuesday, January 26, 1937, at 10:30 a. m.

PRESENT: Mr. Eccles, Chairman
Mr. Harrison, Vice Chairman (latter part
of meeting)
Mr. Broderick
Mr. Szymczak
Mr. McKee
Mr. Ransom
Mr. Davis
Mr. Fleming
Mr. McKinney
Mr. Schaller
Mr. Hamilton

Mr. Morrill, Secretary
Mr. Dreibelbis, Assistant General Counsel
Mr. Burgess, Manager of the System Open
Market Account
Mr. Carpenter, Assistant Secretary of the
Board of Governors
Mr. Thurston, Special Assistant to the
Chairman of the Board of Governors

Mr. Hamilton suggested that, as it was anticipated that on March 1, 1937, Messrs. John S. Sinclair, William McC. Martin and William A. Day, Presidents of the Federal Reserve Banks of Philadelphia, St. Louis and San Francisco, would succeed Messrs. Fleming, Schaller, and Hamilton, respectively, as members of the Federal Open Market Committee, it would be desirable to invite the three Presidents to attend this meeting in order that they might obtain the benefit of the discussions and thereby become better prepared to take over their new duties.

During a discussion, the opinion was expressed that to adopt Mr. Hamilton's suggestion would set a precedent which might be an undesirable one, and one which would be contrary to the existing policy of restricting attendance at meetings of the Committee. It was pointed out that, if the

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fact that the three Presidents probably would attend the next meeting of the Committee were regarded as a sufficient reason for inviting them to attend this meeting, the position might be taken also that the alternate members of the Committee should be invited to attend all meetings of the Committee because of the possibility that they might be called upon at any time to attend a meeting of the Committee, whereas the by-laws of the Committee provided that an alternate shall be entitled to attend meetings only in the absence of the member for whom the alternate was elected.

Mr. McKee suggested that, instead of inviting the prospective new members of the Committee to attend this meeting, an arrangement be approved under which they would be furnished with copies of the minutes of the meetings of the Committee during the preceding year.

Mr. Ransom suggested that a possible answer to the problem would be for the retiring Presidents to turn over their files of minutes to their successors with the understanding that such a procedure would be followed in the future.

Chairman Eccles made the further alternative suggestion that it be the sense of this meeting that a retiring member of the Committee should transfer the file maintained by him as a member of the Committee to the new member, and, in the event a retiring member of the Committee did not turn over his file, the Secretary of the Federal Open Market Committee would be authorized to furnish the new member with a copy of the minutes of the meetings of the Committee for the preceding year.

Mr. Hamilton stated that he was in favor of inviting all alternate members of the Committee to attend the meetings of the Committee and that,

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as it was anticipated that the three Presidents referred to by him would be the new members of the Committee after March 1, 1937, he felt they should be invited into this meeting.

Thereupon, Mr. Hamilton moved that Messrs. Sinclair, Martin and Day be invited to attend this meeting.

The motion, after being duly seconded, was put by the chair and lost, the members voting as follows: "Aye" - Messrs. Fleming, Hamilton and McKinney; "No" - Messrs. Eccles, Broderick, Szymczak, Ransom, McKee, Davis and Schaller.

Mr. Broderick stated that he had voted "no" on the above motion for the reason that he believed that to invite Presidents who were not members of the Committee to attend meetings of the Committee would set an undesirable precedent, and that he felt the question raised by Mr. Hamilton could be met by giving the new members of the Committee access to the minutes of the Committee so that they might inform themselves with respect to actions of the Committee which were taken prior to March 1, 1937.

Vice Chairman Harrison, who had been at a conference in the Treasury, joined the meeting during a discussion of the alternative suggestions made by Messrs. McKee, Ransom and Eccles.

While the discussion was in progress, Mr. Fleming moved that the Secretary of the Federal Open Market Committee be authorized, in the event a retiring member does not turn over the records maintained by him as a member of the Committee to his successor, to furnish to the new member, upon request, copies of the minutes of the meetings of the Committee for the previous year.

This motion was duly seconded.

Mr. McKee moved as a substitute for Mr. Fleming's motion that the records maintained by each member of the Committee be regarded as the records of the group of Federal reserve districts from which the member is elected and be made available to the member serving at the time as a member of the Committee.

Mr. McKee's motion was not seconded.

Mr. Goldenweiser, Economist of the Federal Open Market Committee, entered the room at this point, having just returned from a conference at

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the Treasury.

Mr. Szymczak moved as a substitute for Mr. Fleming's motion that, in the event a retiring member of the Committee does not turn over the records maintained by him as a member of the Committee to his successor, the Secretary of the Federal Open Market Committee be authorized to give the new member access to the records of the Secretary.

Mr. Szymczak's substitute motion, having been duly seconded, was put by the chair and lost, the members voting as follows: "Aye" - Messrs. Szymczak, Broderick and Schaller; "No" - Messrs. Eccles, Harrison, Ransom, McKee, Davis, Fleming, McKinney and Hamilton.

Mr. Fleming's motion was then put by the chair and carried, the members voting as follows: "Aye" - Messrs. Eccles, Harrison, Ransom, Davis, Fleming, McKinney, Schaller and Hamilton; "No" - Messrs. Broderick, Szymczak and McKee.

Thereupon the meeting adjourned to afford the executive committee of the Federal Open Market Committee an opportunity to hold a session prior to the consideration of other matters by the full Committee.

Chester Morice
Secretary.

Approved:

W. C. Eccles
Chairman.