

A meeting of the executive committee of the Federal Open Market Committee was held in the offices of the Board of Governors of the Federal Reserve System in Washington on Friday, December 30, 1938, at 5:15 p.m.

PRESENT: Mr. Eccles, Chairman  
Mr. Harrison, Vice Chairman  
Mr. Szymczak  
Mr. Davis  
Mr. Sinclair

Mr. Morrill, Secretary  
Mr. Carpenter, Assistant Secretary of the  
Federal Open Market Committee  
Mr. Wyatt, General Counsel  
Mr. Goldenweiser, Economist  
Mr. Williams, Associate Economist  
Mr. Dreibelbis, Assistant General Counsel  
Mr. Sproul, Manager of the System Open  
Market Account  
Mr. Piser, Senior Economist in the Division  
of Research and Statistics of the Board  
of Governors

Upon motion duly made and seconded, and by unanimous vote, the minutes of the meeting of the executive committee of the Federal Open Market Committee held on December 7, 1938, were approved.

Upon motion duly made and seconded, and by unanimous vote, the transactions in the system open market account during the period from December 6 to December 29, 1938, inclusive, were approved, ratified and confirmed.

It was agreed that in view of the action taken by the Federal Open Market Committee at its meeting this afternoon directing the executive committee to allow maturing bills to run off without replacement under certain conditions, appropriate changes should be made in the

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instructions of the executive committee to the Federal Reserve Bank of New York to effect transactions in the System open market account.

Thereupon, upon motion duly made and seconded, and by unanimous vote, the executive committee directed the Federal Reserve Bank of New York until otherwise directed by the executive committee,

(1) To replace maturing Treasury bills in the system open market account by purchases of like amounts of Treasury bills or Treasury notes, or, from time to time, to allow such bills to mature without replacement or pending subsequent replacement (a) when market conditions are such as to make it impossible to procure other bills or notes without paying a premium over a no-yield basis, or (b) when such notes are not obtainable without undue disturbance to the market; provided that if Treasury bills in the account are allowed to mature without replacement the total amount of securities in the account be not decreased by more than \$100,000,000;

(2) To make such other shifts of securities in the account (which may be accomplished when desirable through replacement of maturing securities) as may be necessary in the practical administration of the account, up to an aggregate of \$200,000,000 of purchases and a like amount of sales or redemptions, provided that the total amount of bonds held in the account be not reduced below \$700,000,000 and that the total amount of bonds in the account having maturities over five years be not increased above \$850,000,000;

(3) To increase or decrease temporarily the amount of securities in the account between weekly statement dates by not more than \$50,000,000 when necessary in making replacements or shifts pursuant to paragraph (2) of this resolution, provided that the amount of securities in the account as of any weekly statement date shall not be changed from that of the preceding weekly statement date except pursuant to the other provisions of this resolution; and

(4) Upon approval by a majority of the members of the executive committee, which may be obtained by telephone, telegraph, or mail, to make such other shifts or such purchases or sales (which would include authority to allow maturities to run off without

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replacement) for the account as may be found to be desirable within the limits of the authority granted to the executive committee by the Federal Open Market Committee.

Thereupon the meeting adjourned.

Robert Moriel  
Secretary.

Approved:

W. H. H. H.  
Chairman.