

THIRTY-FIRST

ANNUAL REPORT

of the

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM



COVERING OPERATIONS FOR
THE YEAR

1944

of such amounts of special short-term certificates of indebtedness as may be necessary from time to time for the temporary accommodation of the Treasury; provided that the amount of such certificates held in the account at any one time shall not exceed \$1,500,000,000."

The discussions of open market policy at this meeting were in the light of the announced plans of the Treasury for the Fifth War Loan Drive and it was agreed that there should be no change in the existing policies of the Committee. Therefore, the above direction was in the same form as the direction approved at the meeting of the Federal Open Market Committee on March 1, 1944, and was issued for substantially the same reasons as the earlier direction.

MEETING ON SEPTEMBER 21, 1944

Members present: Mr. Eccles, Chairman; Mr. Sproul, Vice Chairman; Mr. McKee, Mr. Ransom, Mr. Draper, Mr. Evans, Mr. Leach, Mr. Young, Mr. Davis, Mr. Peyton.

1. Authority to Effect Transactions in System Account.

Upon motion duly made and seconded, and by unanimous vote, the following direction to the executive committee was approved:

"That the executive committee be directed, until otherwise directed by the Federal Open Market Committee, to arrange for such transactions for the System open market account, either in the open market or directly with the Treasury (including purchases, sales, exchanges, replacement of maturing securities, and letting maturities run off without replacement), as may be necessary in the practical administration of the account, or for the purpose of maintaining about the present general level of prices and yields of Government securities, or for the purpose of maintaining an adequate supply of funds in the market; provided that the aggregate amount of securities held in the account at the close of this date (other than (1) bills purchased outright in the market on a discount basis at the rate of $\frac{3}{8}$ per cent per annum and bills redeemed at maturity and (2) special short-term certificates of indebtedness purchased from time to time for the temporary accommodation of the Treasury) shall not be increased or decreased by more than \$1,500,000,000.

"That the executive committee be further directed, until otherwise directed by the Federal Open Market Committee, to arrange for the purchase for the System open market account direct from the Treasury of such amounts of special short-term certificates of indebtedness as may be necessary from time to time for the temporary accommodation of the Treasury; provided that the amount of such certificates held in the account at any one time shall not exceed \$1,500,000,000."

Since the last meeting of the Federal Open Market Committee on May 4, 1944, there had been no change in the monetary and credit situation that called for any revision of the open market policies adopted by the Federal Open Market Committee. It also appeared that the plans for the Sixth War Loan Drive would be best served by the continuation of the existing policies. The Committee decided, therefore, that these policies should be continued for the reasons previously stated and the above direction, which was in the same form as the directions issued at the meetings on March 1 and May 4, 1944, was issued for that purpose.

MEETING ON DECEMBER 11, 1944

Members present: Mr. Eccles, Chairman; Mr. Sproul, Vice Chairman; Mr. Szymczak, Mr. McKee, Mr. Draper, Mr. Evans, Mr. Leach, Mr. Young, Mr. Davis, Mr. Peyton.

1. Authority to Effect Transactions in System Account.

Upon motion duly made and seconded, and by unanimous vote, the following direction to the executive committee was approved:

"That the executive committee be directed, until otherwise directed by the Federal Open Market Committee, to arrange for such transactions for the System open market account, either in the open market or directly with the Treasury (including purchases, sales, exchanges, replacement of maturing securities, and letting maturities run off without replacement), as may be necessary in the practical administration of the account, or for the purpose of maintaining about the present general level of prices and yields of Government securities, or for the purpose of maintaining an adequate supply of funds in the market; provided that the aggregate amount of securities held in the account at the close of this date (other than (1) bills purchased outright in the market on a discount basis at the rate of $\frac{3}{8}$ per cent per annum and bills redeemed at maturity and (2) special short-term certificates of indebtedness purchased from time to time for the temporary accommodation of the Treasury) shall not be increased or decreased by more than \$1,500,000,000.

"That the executive committee be further directed, until otherwise directed by the Federal Open Market Committee, to arrange for the purchase for the System open market account direct from the Treasury of such amounts of special short-term certificates of indebtedness as may be necessary from time to time for the temporary accommodation of the Treasury; provided that the amount of such certificates held in the account at any one time shall not exceed \$1,500,000,000."

The reasons which formed the basis for the current open market policies of the System continued to exist when this meeting was held and the above direction, which was in the same form as the directions issued to the executive committee at the earlier meetings of the Committee during 1944, was adopted in order to continue these policies in effect.