

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 Tuesday, May 10, 1955, at 12:42 p.m.

PRESENT: Mr. Martin, Chairman
Mr. Sproul, Vice Chairman
Mr. Balderston, Alternate for Mr. Vardaman
Mr. Leach
Mr. Mills

Messrs. Earhart, Fulton, Irons, Robertson,
Shepardson, and Szymczak, Members of the
Federal Open Market Committee

Mr. Riefler, Secretary
Mr. Thurston, Assistant Secretary
Mr. Solomon, Assistant General Counsel
Mr. Thomas, Economist
Messrs. Daane, Hostetler, and Young,
Associate Economists
Mr. Carpenter, Secretary, Board of Governors
Mr. Sherman, Assistant Secretary, Board of
Governors
Mr. Koch, Assistant Director, Division of
Research and Statistics, Board of Governors
Mr. Miller, Chief, Government Finance Section,
Division of Research and Statistics, Board
of Governors
Mr. Roosa, Assistant Vice President, Federal
Reserve Bank of New York
Mr. Gaines, Securities Department, Federal Re-
serve Bank of New York

Upon motion duly made and seconded,
and by unanimous vote, the minutes of the
meeting of the executive committee held
on April 26, 1955, were approved.

Upon motion duly made and seconded,
and by unanimous vote, the transactions
in the System open market account for the
period since that covered by similar ac-
tion of the executive committee on April
26, 1955, were approved, ratified, and con-
firmed.

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It was understood that operations for the System account would be carried on in accordance with the general program agreed upon at the meeting of the Federal Open Market Committee which immediately preceded this meeting, namely, that such operations would be directed toward maintaining an "even keel" until the next meeting of the executive committee.

Chairman Martin suggested that the wording of the first paragraph of the directive to be issued to the New York Bank be changed to make it conform to that adopted today for the directive from the full Committee to the executive committee, which would mean deleting from clause (b) the words "encourage recovery and" to make that clause read "to fostering growth and stability in the economy by maintaining conditions in the money market that would avoid the development of unsustainable expansion."

Thereupon, upon motion duly made and seconded, the executive committee voted unanimously to direct the Federal Reserve Bank of New York until otherwise directed by the executive committee:

(1) To make such purchases, sales, or exchanges (including replacement of maturing securities and allowing maturities to run off without replacement) for the System account in the open market or, in the case of maturing securities, by direct exchange with the Treasury, as may be necessary in the light of current and prospective economic conditions and the general credit situation of the country, with a view (a) to relating the supply of funds in the market to the needs of commerce and business, (b) to fostering growth and stability in the economy by maintaining conditions in the money market that would avoid the development of unsustainable expansion, and (c) to the practical administration of the account; provided that the total amount of securities in the System account (including commitments for the purchase or sale of securities for the account) at the close of this date shall not be increased or decreased by more than \$750 million;

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(2) To purchase direct from the Treasury for the account of the Federal Reserve Bank of New York (with discretion, in cases where it seems desirable, to issue participations to one or more Federal Reserve Banks) 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 total amount of such certificates held at any one time by the Federal Reserve Banks shall not exceed in the aggregate \$750 million;

(3) To sell direct to the Treasury from the System account for gold certificates such amounts of Treasury securities maturing within one year as may be necessary from time to time for the accommodation of the Treasury; provided that the total amount of such securities so sold shall not exceed in the aggregate \$500 million face amount, and such sales shall be made as nearly as may be practicable at the prices currently quoted in the open market.

Thereupon the meeting adjourned.


Secretary