

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 Wednesday, April 19, 1939, at 12:50 p.m.

PRESENT: Mr. Eccles, Chairman
Mr. Harrison, Vice Chairman
Mr. McKee
Mr. Draper
Mr. Leach

Messrs. Fleming, Martin and Hamilton,
Members of the Federal Open Market
Committee

Mr. Carpenter, Assistant Secretary of
the Federal Open Market Committee
Mr. Wyatt, General Counsel
Mr. Goldenweiser, Economist
Mr. Dreibalbis, Assistant General Counsel
Mr. Thurston, Special Assistant to the
Chairman of the Board of Governors

Upon motion duly made and seconded, and by unanimous vote, the transactions in the System account for the period from April 14 to April 18, 1939, inclusive, were approved, ratified and confirmed.

It was suggested that the existing authority of the New York bank to execute transactions in the System account be renewed with one amendment which would state specifically that only in the event of armed conflict or political developments threatening armed conflict abroad resulting in serious disturbance to the Government securities market in this country, would the New York bank have authority to make outright purchases of securities for the account.

Thereupon, upon motion duly made and seconded, and by unanimous vote, the executive

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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 with the understanding that the total amount of securities in the account maturing within two years shall not be reduced below \$1,000,000,000; 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 in making such shifts the total amount of securities in the account maturing within two years be not reduced below \$1,000,000,000 and that the total amount of bonds held in the account be not increased or decreased by more than \$100,000,000;

(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 the above provisions 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;

(4) In the event that armed conflict or political developments threatening armed conflict abroad result in serious disturbance to the Government securities market in this country, to make such outright purchases for the account as may be

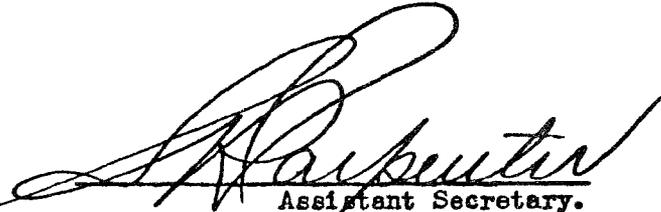
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necessary for the purpose of exercising an influence toward maintaining orderly market conditions, provided that the total amount of securities in the account be not increased by more than \$250,000,000; and

(5) 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 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.


Assistant Secretary.

Approved:


Chairman.