

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 Monday, September 18, 1939, at 9:00 a.m.

PRESENT: Mr. Harrison, Vice Chairman  
Mr. Ransom (alternate for Chairman Eccles)  
Mr. McKee  
Mr. Draper  
Mr. Leach

Messrs. Szymczak and Davis, Members of  
the Federal Open Market Committee

Mr. Morrill, Secretary  
Mr. Carpenter, Assistant Secretary of  
the Federal Open Market Committee  
Mr. Goldenweiser, Economist  
Mr. Williams, Associate Economist  
Mr. Sproul, Manager of the System Open  
Market Account  
Mr. Thurston, Special Assistant to the  
Chairman of the Board of Governors  
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  
June 20-21, 1939, were approved.

It was stated that on September 6 and again on September 11, the members of the executive committee authorized the Secretary to advise the New York bank by wire that the members of the executive committee approved an increase in the authority of the Federal Reserve Bank of New York to make outright purchases of securities for the System open market account under paragraph number 4 of the resolution adopted at the meeting of the executive committee on June 21,

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by \$250,000,000, so that the authority granted to the bank to purchase securities was increased to an aggregate of \$750,000,000.

Upon motion duly made and seconded, and by unanimous vote, the action of the members of the executive committee in granting the additional authority to the Federal Reserve Bank of New York as above stated was approved, ratified and confirmed.

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 action at the meeting of the executive committee on June 20, 1939, to and including September 16, 1939, and including the purchases by the Federal Reserve Bank of New York of obligations guaranteed by the United States Government, were approved, ratified and confirmed.

After discussions of conditions in the market for Government securities, the meeting was recessed, with the understanding that it would be reconvened following the meeting of the Federal Open Market Committee.

Ernest Morrie  
Secretary.

Approved:

W. C. C. C.  
Chairman.

The meeting of the executive committee of the Federal Open Market Committee was reconvened in the offices of the Board of Governors of the Federal Reserve System in Washington on Tuesday, September 19, 1939, at 2:35 p.m.

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

Messrs. Ransom and Davis, Members of  
the Federal Open Market Committee

Mr. Morrill, Secretary  
Mr. Carpenter, Assistant Secretary of  
the Federal Open Market Committee  
Mr. Sproul, Manager of the System  
Open Market Account  
Mr. Thurston, Special Assistant to the  
Chairman of the Board of Governors  
Mr. Piser, Senior Economist in the  
Division of Research and Statistics  
of the Board of Governors

Consideration was given to the details of the resolution to be adopted covering instructions to be given to the New York Bank until the next meeting of the executive committee in the light of the discussions of the full Committee and the resolutions adopted by it.

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 allow Treasury bills in the System open market account to mature without replacement;

(2) To make such shifts of securities in the account (which may be accomplished when desirable through replacement of

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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 bonds held in the account be not increased or decreased by more than \$100,000,000;

(3) To make such outright purchases or sales for the System account as may be 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 nor decreased by more than \$150,000,000; 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 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 of the executive committee was adjourned.

Charles H. Merrill  
Secretary.

Approved:

W. H. C. ...  
Chairman.