

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, September 27, 1940, at 2:30 p.m.

PRESENT: Mr. Harrison, Vice Chairman
Mr. Szymczak
Mr. Davis
Mr. Sinclair
Mr. Draper (alternate member)

Mr. Morrill, Secretary
Mr. Wyatt, General Counsel
Mr. Goldenweiser, Economist
Mr. Williams, Associate Economist
Mr. Dreibelbis, Assistant General Counsel
Mr. Rouse, 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

Messrs. Ransom, McKee, Parker, Schaller, and Day, Members of the Federal Open Market Committee

Messrs. Young, Fleming, Leach, Martin, and Peyton, Alternate Members of the Federal Open Market Committee

Messrs. Hamilton and Gilbert, Presidents of the Federal Reserve Banks of Kansas City and Dallas, respectively

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 May 27-28, 1940, were approved.

Upon motion duly made and seconded, and by unanimous vote, the transactions in the System open market account for the

9/27/40

-2-

period since that covered by similar action taken by the executive committee on May 27, 1940, to and including September 26, 1940, were approved, ratified, and confirmed.

The meeting then recessed to reconvene following the meeting of the Federal Open Market Committee.

Chester Morril
Secretary.

Approved:

Wm. S. Harrison
Vice 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 Friday, September 27, 1940, at 4:20 p.m.

PRESENT: Mr. Harrison, Vice Chairman
Mr. Szymczak
Mr. Davis
Mr. Sinclair
Mr. Draper (alternate member)

Mr. Morrill, Secretary
Mr. Wyatt, General Counsel
Mr. Williams, Associate Economist
Mr. Dreibelbis, Assistant General Counsel
Mr. Rouse, 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

Messrs. Ransom, Parker, Schaller, and Day,
Members of the Federal Open Market Committee

Messrs. Fleming, Leach, Martin, and Peyton,
Alternate Members of the Federal Open
Market Committee

Messrs. Hamilton and Gilbert, Presidents of
the Federal Reserve Banks of Kansas City
and Dallas, respectively

Vice Chairman Harrison referred to the change in the language of the resolution containing directions to the executive committee which was adopted at the meeting of the Federal Open Market Committee immediately preceding this session of the executive committee, and suggested that the resolution of the executive committee containing its directions to the Federal Reserve Bank of New York be changed by

9/27/40

-2-

deleting in the second paragraph the sixth and seventh words thereof, "or sales", and by inserting in the same paragraph, after the comma following the words "orderly market conditions", the following:

"or, when market conditions permit, to make such outright sales as may be effected without adversely affecting the market,".

Upon motion duly made and seconded, the following resolution was adopted, Messrs. Harrison, Szymczak, Davis, and Sinclair voting "aye", and Mr. Draper voting "no":

That the Federal Reserve Bank of New York be directed until otherwise directed by the executive committee,

(1) To make such 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 or for the purpose of exercising an influence toward maintaining orderly market conditions, 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;

(2) To make such outright purchases for the System account as may be necessary for the purpose of exercising an influence toward maintaining orderly market conditions, or, when market conditions permit, to make such outright sales as may be effected without adversely affecting the market, provided that the total amount of securities in the account be not increased or decreased through operations under this paragraph by more than \$100,000,000; and

(3) 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

9/27/40

-3-

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.

Walter Morill
Secretary.

Approved:

Ray L. Harrison
Vice Chairman.