

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 28, 1942, at 10:00 a.m.

PRESENT: Mr. Eccles, Chairman  
Mr. Sproul, Vice Chairman  
Mr. Szymczak  
Mr. Draper  
Mr. Alfred H. Williams

Mr. Morrill, Secretary  
Mr. Carpenter, Assistant Secretary  
Mr. Goldenweiser, Economist  
Mr. John H. 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. Smead, Chief of the Division  
of Bank Operations of the Board  
of Governors  
Mr. Thomas, Assistant Director of  
the Division of Research and Sta-  
tistics of the Board of Governors  
Mr. Piser, Chief, Government Securities  
Section, Division of Research and  
Statistics of the Board of Governors  
Mr. Berntson, Clerk in the Office of the  
Secretary of the Board of Governors

Messrs. McKee, Ransom, Evans, Gilbert, Young,  
and Leedy, members of the Federal Open  
Market Committee.

Messrs. Paddock, Fleming, McLarin, Davis,  
and Day, alternate members of the Fed-  
eral Open Market Committee

Messrs. Leach and Peyton, Presidents of  
the Federal Reserve Banks of Richmond  
and Minneapolis, respectively.

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Mr. Sienkiewicz, Secretary of the Presidents' Conference

Mr. Edmiston, Assistant Vice President of the Federal Reserve Bank of St. Louis

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 August 18, 1942, were approved.

It was stated that, it having appeared on September 15 that it might be necessary for the System to purchase special short-term certificates of indebtedness from the Treasury in an amount between \$300,000,000 and \$500,000,000 to prevent Treasury overdrafts during the tax payment period, the members of the executive committee on that date unanimously agreed to increase to \$500,000,000 the limit on the authority of the Federal Reserve Bank of New York to purchase such short-term certificates for the System account.

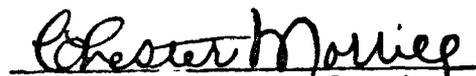
Upon motion duly made and seconded, and by unanimous vote, the action taken by the members of the executive committee to increase the authority of the New York Bank with respect to the purchase of special short-term certificates of indebtedness was approved, ratified, and confirmed.

Upon motion duly made and seconded, and by unanimous vote, the transactions in the System account during the period from August 18 to September 26, 1942, inclusive, as reported daily by the Federal Reserve Bank of New York to the members of the executive committee, were approved, ratified, and confirmed.

Thereupon, the meeting recessed to reconvene following the meeting of the Federal Open Market Committee.

Approved:

  
Chairman.

  
Secretary.

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 Monday, September 28, 1942, at 6:30 p.m.

PRESENT: Mr. Eccles, Chairman  
Mr. Sproul, Vice Chairman  
Mr. Szymczak  
Mr. Draper  
Mr. Alfred H. Williams

Mr. Morrill, Secretary  
Mr. Carpenter, Assistant Secretary  
Mr. Goldenweiser, Economist  
Mr. John H. 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. Smead, Chief of the Division of Bank Operations of the Board of Governors  
Mr. Thomas, Assistant Director of the Division of Research and Statistics of the Board of Governors  
Mr. Piser, Chief, Government Securities Section, Division of Research and Statistics of the Board of Governors

Messrs. McKee, Ransom, Evans, Gilbert, Young, and Leedy, members of the Federal Open Market Committee

Messrs. Paddock, Fleming, McLarin, Davis, and Day, alternate members of the Federal Open Market Committee

Messrs. Leach and Peyton, Presidents of the Federal Reserve Banks of Richmond and Minneapolis, respectively.

Mr. Sienkiewicz, Secretary of the Presidents' Conference

Mr. Edmiston, Assistant Vice President of the Federal Reserve Bank of St. Louis

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Mr. Rouse stated that, in view of the contemplated larger purchases for the System open market account during the interim before another meeting of the executive committee, it would be desirable to raise the limit on the authority of the Federal Reserve Bank of New York to increase or decrease the amount of securities held in the System account to \$400,000,000, but that inasmuch as large purchases of special certificates of indebtedness from the Treasury were not anticipated during the period the authority to hold such certificates in the account could be limited to \$300,000,000 at any one time.

Thereupon, 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 make such purchases, sales, or exchanges (including replacement of maturing securities and allowing maturities to run off without replacement) for the System account, either in the open market or directly from, to, or with the Treasury, 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, of maintaining an adequate supply of funds in the market, or of granting temporary accommodation to the Treasury; provided (a) that the total amount of securities in the account at the close of September 28, 1942, shall not be increased or decreased by more than \$400,000,000 (exclusive of special short-term certificates of indebtedness purchased for the temporary accommodation of the Treasury), (b) that the amount of such short-term certificates in the account at any one time shall not exceed \$300,000,000, and (c) that this paragraph shall not limit the amount of Treasury bills purchased pursuant to the directions of the Federal Open Market Committee issued under dates of April 30, August 3, and September 28, 1942, or the redemption of such bills; and

(2) 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 purchases, sales, or exchanges for the account as may be found to be desirable

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within the limits of the authority granted to the executive committee by the Federal Open Market Committee.

Thereupon the meeting adjourned.

Chester M. White  
Secretary.

Approved:

W. H. C. ...  
Chairman.