

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, December 14, 1942, at 10:10 a.m.

PRESENT: Mr. Eccles, Chairman  
Mr. Sproul, Vice Chairman  
Mr. Draper  
Mr. Alfred H. Williams  
Mr. McKee (Alternate for Mr. Szymczak)

Mr. Morrill, Secretary  
Mr. Carpenter, Assistant Secretary  
Mr. Goldenweiser, Economist  
Mr. John H. Williams, Associate Economist  
Mr. Wyatt, General Counsel  
Mr. Rouse, Manager of the System Open Market Account  
Mr. Clayton, Assistant to the Chairman 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. Ransom, Evans, Gilbert, Young, and Leedy, members of the Federal Open Market Committee

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 September 28, 1942, were approved.

Since the last meeting of the executive committee it had been necessary to purchase substantial amounts of securities for the System account for the purpose of maintaining the pattern of rates on Government securities which had been agreed upon and to supply additional

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reserves to member banks. For this purpose, the members of the Federal Open Market Committee on October 9, 1942, increased to \$2,500,000,000 the limitation on the authority of the executive committee to increase or decrease the amount of securities in the System account, and on December 9, 1942, the members of the full Committee agreed to increase the limitation to \$3,000,000,000. Under this authority, the members of the executive committee on October 7, 1942, increased to \$700,000,000 the limitation on the authority of the Federal Reserve Bank of New York to increase or decrease the System account, and on October 9, 1942, the members of the executive committee increased this amount to \$2,200,000,000. On November 30, 1942, they increased this limit to \$2,500,000,000 and removed the specific limitation of \$300,000,000 on the authority of the Bank to purchase special short-term certificates of indebtedness for the temporary accommodation of the Treasury, with the understanding that any such purchases would be governed by the general limitation on the authority of the Bank.

Total holdings of securities in the System account on a commitment basis as of the close of business on December 12, 1942, amounted to \$5,530,614,000, exclusive of \$70,504,000 of bills purchased by the Federal Reserve Banks under repurchase options and held in their individual accounts.

Upon motion duly made and seconded, and by unanimous vote, the actions taken by the members of the executive committee to increase the authority of the New York Bank with respect to purchases of securities for the System account were approved, ratified, and confirmed.

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Upon motion duly made and seconded, and by unanimous vote, the transactions in the System account during the period from September 28 to December 12, 1942, inclusive, as reported daily by the Federal Reserve Bank of New York to 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.

Chester Morris  
Secretary.

Approved:

W. S. Steeles  
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 Monday, December 14, 1942, at 4:30 p.m.

PRESENT: Mr. Eccles, Chairman  
Mr. Sproul, Vice Chairman  
Mr. Draper  
Mr. Alfred H. Williams  
Mr. McKee (Alternate for Mr. Szymozak)

Mr. Morrill, Secretary  
Mr. Carpenter, Assistant Secretary  
Mr. Goldenweiser, Economist  
Mr. John H. Williams, Associate Economist  
Mr. Wyatt, General Counsel  
Mr. Dreibelbis, Assistant General Counsel  
Mr. Rouse, Manager of the System Open Market Account  
Mr. Clayton, Assistant to the Chairman of the Board of Governors  
Mr. Piser, Chief, Government Securities Section, Division of Research and Statistics of the Board of Governors

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

It was suggested that, during the interval before the next meeting of the executive committee, the Federal Reserve Bank of New York should have authority to increase or decrease by \$500,000,000 the amount of securities held in the System account and that, while it was not anticipated that the amount of special certificates purchased for the temporary accommodation of the Treasury during that period would exceed \$500,000,000, it would be well to give the Bank authority to purchase up to \$1,000,000,000 of such certificates so that it would be in a position to act in the event

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it became necessary to purchase such certificates in excess of the amounts anticipated at this 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, or of maintaining an adequate supply of funds in the market; provided (a) that the total amount of securities in the account at the close of December 14, 1942, shall not be increased or decreased by more than \$500,000,000 (exclusive of special short-term certificates of indebtedness purchased for the temporary accommodation of the Treasury pursuant to paragraph (2) of this direction), and (b) 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;

(2) To purchase direct from the Treasury for the System open market account 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 in the account at any one time shall not exceed \$1,000,000,000; 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 purchases, sales, or exchanges 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.

Approved:

  
Chairman.

  
Secretary.