

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 Saturday, May 15, 1943, at 3:35 p.m.

PRESENT: Mr. Eccles, Chairman
Mr. Sproul, Vice Chairman
Mr. Ransom
Mr. Evans
Mr. Paddock

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

Messrs. Szymczak, McKee, Draper, Fleming, McLarin, and Day, members of the Federal Open Market Committee

Messrs. Leach, Young, and Peyton, alternate members of the Federal Open Market Committee

Messrs. Alfred H. Williams, Leedy, and Gilbert, Presidents of the Federal Reserve Banks of Philadelphia, Kansas City, and Dallas, respectively

Mr. Hitt, First Vice President of the Federal Reserve Bank of St. Louis

Messrs. Sienkiewicz and Edmiston, Vice Presidents of the Federal Reserve Banks of Philadelphia and St. Louis, 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 March 2, 1943, were approved.

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Upon motion duly made and seconded, and by unanimous vote, the action taken by the members of the executive committee on March 12, 1943, in increasing to \$1,500,000,000 the limitation on the authority of the New York Bank as agent for the System account to purchase short-term certificates of indebtedness for the temporary accommodation of the Treasury, was approved, ratified, and confirmed.

Mr. Rouse made an oral report of the transactions executed for the System open market account on May 13, 14, and 15, 1943, and, upon motion duly made and seconded and by unanimous vote, the transactions in the System account during the period March 2 to May 15, 1943, inclusive, as reported daily by the Federal Reserve Bank of New York to the members of the executive committee, were approved, ratified, and confirmed.

Reference was made to the understanding reached at the last meeting of the Federal Open Market Committee that the executive committee would arrange with the Treasury for full replacement, in the discretion of the executive committee, of maturing securities held in the System account. Chairman Eccles stated that the matter had been brought to the attention of the Treasury but had not been pursued for the reason that, with the large volume of excess reserves resulting from the passage by Congress of legislation relieving deposits held by member banks in war loan accounts from reserve requirements, it had been felt desirable to permit maturing Treasury bills to run off without replacement. He also said that, with the increase in required reserves that would occur in connection with the expenditure of the funds held by member banks in war loan accounts, it would be necessary for the System not only to replace maturing issues held in the System account but to purchase additional

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securities, and that before that time a decision as to the action to be taken with respect to the replacement of System maturities should be made. Chairman Eccles did not know what the attitude of the Treasury would be in connection with the matter.

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


Secretary.

Approved:


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 Saturday, May 15, 1943, at 4:45 p.m.

PRESENT: Mr. Eccles, Chairman
Mr. Sproul, Vice Chairman
Mr. Ransom
Mr. Evans
Mr. Paddock

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
Messrs. Piser and Kennedy, Chief and Assistant Chief, respectively, of the Government Securities Section, Division of Research and Statistics, Board of Governors

The suggestion was made that in view of a contemplated meeting of the Federal Open Market Committee in the latter part of June it would be advisable to place smaller limitations on the authority granted to the Federal Reserve Bank of New York to effect transactions for the System account in the period before the next meeting.

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

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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 May 15, 1943, shall not be increased or decreased by more than \$250,000,000 (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 September 28, 1942, and March 2, 1943, 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 \$500,000,000; 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.

Robert Morrie

Secretary.

Approved:

W. H. C. C. C.

Chairman.