

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, October 18, 1943, at 10:10 a.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,  
Bryan, and Wheeler, Associate  
Economists  
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  
Messrs. Piser and Kennedy, Chief and As-  
sistant Chief, respectively, of the  
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. Szymczak, McKee, Draper, McLarin, and  
Day, members of the Federal Open Market Com-  
mittee

Messrs. Leach, Young, Davis, 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, re-  
spectively

Mr. Hays, First Vice President of the Federal  
Reserve Bank of Cleveland

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Messrs. Sienkiewicz, Edmiston, and Upgren,  
Vice Presidents of the Federal Reserve  
Banks of Philadelphia, St. Louis, and  
Minneapolis, respectively

Mr. Langum, Assistant Vice President of the  
Federal Reserve Bank of Chicago

Messrs. Robb and Rice, Managers of the Re-  
search and Statistical Departments at the  
Federal Reserve Banks of Kansas City and  
Dallas, respectively

Mr. Kincaid, Consulting Economist at the  
Federal Reserve Bank of Richmond

Mr. Dolley, Economic Adviser at the Federal  
Reserve Bank of Dallas

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 Sep-  
tember 7, 1943, were approved.

Upon motion duly made and seconded,  
and by unanimous vote, the transactions in  
the System account during the period Sep-  
tember 7 to October 16, 1943, inclusive,  
as reported daily by the Federal Reserve  
Bank of New York to the members of the ex-  
ecutive committee, were approved, ratified,  
and confirmed.

Pursuant to the understanding reached at the meeting of the Fed-  
eral Open Market Committee on June 28, 1943, the members of the executive  
committee conferred informally on October 13, 1943, and at that time  
agreed upon a report to be made to the Federal Open Market Committee  
with respect to the relationship of the Government security dealers to  
the Government security market.

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It was agreed to present the report at the meeting of the full Committee which was to be held immediately following this meeting of the executive committee.

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

Chester Morris  
Secretary.

Approved:

W. H. Wood  
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, October 18, 1943, at 5:00 p.m.

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

Mr. Morrill, Secretary  
Mr. Carpenter, Assistant Secretary  
Mr. John H. Williams, Associate Economist  
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  
Messrs. Piser and Kennedy, Chief and Assistant Chief, respectively, of the 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

Mr. Rouse stated that it might be necessary between now and the end of the year to purchase as much as \$2,500,000,000 of Government securities and that, therefore, the authority of the New York Bank to increase or decrease the total amount of securities held in the System account should be increased to meet this situation.

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 October 18, 1943, shall not be increased or decreased by more than \$750,000,000 (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 direction of the Federal Open Market Committee issued under date of June 28, 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.

In taking this action, it was understood that the limitations contained in the direction included commitments for purchases or sales of securities for the System account.

Upon motion duly made and seconded, and by unanimous vote, Mr. Rouse was requested to prepare and submit to the members of the executive committee for consideration a draft of rules and regulations covering the relationships with the Government security dealers. It was understood that as soon as possible after the draft was available a meeting of the members of the executive committee would be held for the purpose of reaching a decision on the draft of rules and regulations to be submitted to the full Committee.

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Thereupon the meeting adjourned.

Chester Morie  
Secretary.

Approved:

W. C. ...  
Chairman.