

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 Wednesday, October 17, 1945, at 9:30 a.m.

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

Mr. Morrill, Secretary  
Mr. Carpenter, Assistant Secretary  
Mr. Wyatt, General Counsel  
Mr. Vest, Assistant General Counsel  
Mr. Rouse, Manager of the System  
Open Market Account  
Mr. Thomas, Associate Economist of the  
Federal Open Market Committee  
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. Connell, General Assistant,  
Office of the Secretary of the  
Board of Governors

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 June  
20, 1945, were approved.

During August and September the Federal Reserve Bank of New York, in carrying out the direction issued by the executive committee, purchased large amounts of securities for the purpose of supplying funds to the market and on August 22, September 12, and September 28, 1945, the members of the executive committee approved increases,

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each in the amount of \$500 million, in the limitation on the authority granted to the Reserve Bank as contained in the first paragraph of the direction issued at the meeting of the executive committee on June 20, 1945, which advanced the limitation to \$2 billion.

Upon motion duly made and seconded, and by unanimous vote, the actions of the members of the executive committee on August 22, September 12, and September 28, 1945, were approved, ratified, and confirmed.

Upon motion duly made and seconded, and by unanimous vote, the transactions in the System account during the period from June 20, 1945, to October 16, 1945, inclusive, as reported to the individual members of the executive committee, were approved, ratified, and confirmed.

Upon motion duly made and seconded, and by unanimous vote, the letter addressed by Chairman Eccles to Secretary Morgenthau under date of July 9, 1945, enclosing a memorandum on Treasury financing which was prepared following a conference of the members of the executive committee and discussions with representatives of the Treasury on July 6, 1945, was approved, ratified, and confirmed.

Consideration was then given to whether the executive committee should undertake at this meeting to formulate any recommendations, with respect to future System open market policy and Treasury financing policy, for submission at the meeting of the Federal Open Market Committee which was to follow this meeting. There was agreement that no change could be made in existing policies until after the close of the pending Victory Drive, but that it should be understood by the full Committee that after the Drive the executive committee would continue

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discussions with the Treasury of policies to be followed during the reconversion and postwar periods.

Chairman Eccles stated that sometime after the Victory Drive inquiry undoubtedly would be made by Congressional committees with respect to the effect on the credit and monetary situation in this country, particularly the effect on bank earnings, of the Treasury financing policies which have been followed during the war period, and that he felt that the Federal Open Market Committee and its staff should continue the studies which were being made with a view to suggesting a practicable solution to the difficult problems in the field of Treasury financing and System credit policies resulting from the high level of the Government debt.

There was unanimous agreement that the views of the executive committee as set forth above should be stated at the meeting of the full Committee to be held this morning.

Further reference was made to the matters set forth in the memorandum addressed to Chairman Eccles by Mr. Piser on February 8, 1945, with respect to brokers and dealers in Government securities, and Chairman Eccles suggested that this item be placed on the agenda for the next meeting of the executive committee which is not held on the same day as a meeting of the full Committee and that at that meeting of the executive committee sufficient time be given to the questions involved so that it will not be necessary to continue to carry the item on the executive committee agenda. This suggestion was approved unanimously.

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

Chester Morrie  
Secretary.

Approved:

W. A. R. [Signature]  
Chairman.