

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 September 12, 1937, at 1:45 p. m.

PRESENT: Mr. Eccles, Chairman
Mr. Harrison, Vice Chairman
Mr. Broderick
Mr. McKee
Mr. Sinclair

Messrs. Ransom, Davis, Szymczak, McKinney,
Martin and Day, Members of the Federal
Open Market Committee

Mr. Morrill, Secretary
Mr. Wyatt, General Counsel
Mr. Goldenweiser, Economist
Mr. Williams, Associate Economist
Mr. Dreibelbis, Assistant General Counsel
Mr. Furgess, Manager of the System Open
Market Account
Mr. Carpenter, Assistant Secretary of the
Board of Governors of the Federal Reserve
System
Mr. Thurston, Special Assistant to the
Chairman of the Board of Governors of
the Federal Reserve System

Consideration was given, in the light of the actions taken by the Federal Open Market Committee at its meeting today, to the instructions to be issued by the executive committee to the Federal Reserve Bank of New York to execute transactions in the System open market account during the period before another meeting of the full Committee. It was agreed that the usual authority should be renewed and that inasmuch as it was not contemplated that action would be taken by the executive committee to direct the purchase or sale of

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securities for the System account, in accordance with the first resolution adopted by the full Committee, until after the completion of the desterilization by the Treasury of \$300,000,000 of gold, there was no necessity for the issuance of additional directions to the New York bank at the present time; it being understood that, if action in accordance with the resolution became necessary before another meeting of the executive committee, it could be taken in the manner provided in the paragraph numbered (4) of the directions set forth below.

Thereupon, upon motion duly made and seconded, and by unanimous vote, the executive committee directed the Federal Reserve Bank of New York, until the adjournment of the next meeting of the executive committee and superseding all previous directions and authorizations,

(1) To replace maturing securities in the System open market account by purchases of like amounts of Treasury bills or Treasury notes maturing within two years;

(2) To make such other shifts of securities in the account (which may be accomplished when desirable through replacement of maturing securities) as may be necessary in the practical administration of the account, up to an aggregate of \$100,000,000 of purchases and a like amount of sales or redemptions;

(3) To increase or decrease temporarily the amount of securities in the account between weekly statement dates by not more than \$25,000,000 when necessary in making replacements or shifts pursuant to the above provisions of this resolution, provided that the amount of securities in the account as of any weekly statement date shall not be changed from that of the preceding weekly statement date except in accordance with the following clause of this resolution; and

(4) 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 shifts or such purchases or sales (which

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would include authority to allow maturities to run off without replacement) for the amount as may be found to be desirable within the limits of the authority granted to the executive committee by the Federal Open Market Committee.

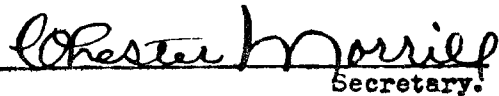
Mr. Morrill reviewed briefly the status of the study of the proposed plan for purchases of Treasury bills by the Federal reserve banks, which was discussed at the meeting of the Federal Open Market Committee on June 9, 1937, and Mr. Broderick suggested that action on the matter be deferred until the next meeting of the committee.

This suggestion was approved unanimously.

Thereupon the meeting adjourned.

Approved:


Chairman.


Secretary.