

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 Tuesday, August 2, 1938, at 10:25 a.m.

PRESENT: Mr. Eccles, Chairman .  
Mr. Harrison, Vice Chairman  
Mr. Szymczak  
Mr. Davis  
Mr. Sinclair

Messrs. McKee, Ransom, Draper, Newton,  
Schaller and Peyton, Members of the  
Federal Open Market Committee

Mr. Morrill, Secretary  
Mr. Carpenter, Assistant Secretary of the  
Federal Open Market Committee  
Mr. Wyatt, General Counsel  
Mr. Williams, Associate Economist  
Mr. Dreibelbis, Assistant General Counsel  
Mr. Thomas, Assistant Director of the  
Division of Research and Statistics 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

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 May 31, 1938, were  
approved.

Reference was made to the action of the members of the executive committee on June 8, 1938, in granting to the Federal Reserve Bank of New York authority to make such shifts of securities in the system account as were necessary in connection with the exchange of system holdings of June 15 and September 15 notes for new securities offered by the Treasury, and it was stated that in accordance with this authority \$173,705,000 of such

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notes were exchanged for \$86,852,500 of 1 1/8% Treasury notes due on June 15, 1943, and \$86,852,500 of 2 3/4% Treasury bonds of 1958-63.

Upon motion duly made and seconded, and by unanimous vote, the action of the members of the executive committee in granting the additional authority to the Federal Reserve Bank of New York was approved, ratified, and confirmed.

Mr. Harrison outlined the transactions which had taken place in the system open market account since the meeting of the executive committee on May 31, 1938, and up to and including August 1, 1938.

Upon motion duly made and seconded, and by unanimous vote, the transactions in the account during the period from May 31 to August 1, 1938, inclusive, were approved, ratified and confirmed.

Thereupon the meeting recessed and reconvened at 4:15 p.m. following the meeting of the Federal Open Market Committee, with Messrs. Eccles, Harrison, Szymczak, Davis, Sinclair, Morrill, Carpenter, Williams and Thomas in attendance.

It was agreed that since the Federal Open Market Committee at its meeting today had directed the executive committee to replace maturing bills in the system open market account with Treasury bills or notes of any maturity to the extent that they could be purchased without paying a premium over a no-yield basis, the executive committee should issue similar directions to the Federal Reserve Bank of New York with respect to the replacement of maturing securities.

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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,

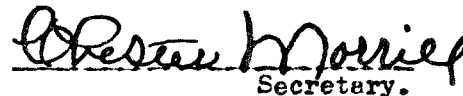
(1) To replace maturing securities in the system open market account by purchases of like amounts of Treasury bills or Treasury notes provided such purchases can be made without paying a premium above a no-yield basis;

(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 \$200,000,000 of purchases and a like amount of sales or redemptions, provided that the total amount of bonds held in the account be not reduced;

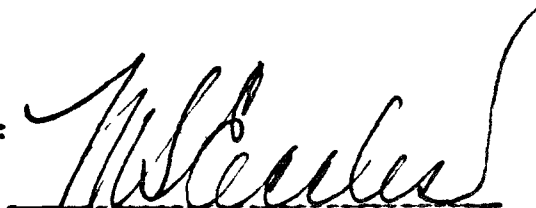
(3) To increase or decrease temporarily the amount of securities in the account between weekly statement dates by not more than \$50,000,000 when necessary in making replacements or shifts pursuant to the above provisions of this resolution, provided that the amount of securities in the account as of any weekly statement date shall not be changed from that of the preceding weekly statement date except pursuant to the other provisions 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 would include authority to allow maturities to run off without replacement) 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.

  
Secretary.

Approved:

  
Chairman.