

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, September 21, 1938, at 4:10 p.m.

PRESENT: Mr. Harrison, Vice Chairman  
Mr. Szymczak  
Mr. Davis  
Mr. Sinclair  
Mr. Ransom (alternate for Chairman Eccles)

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. Thurston, Special Assistant to the  
Chairman of the Board of Governors  
Mr. Piser, Senior Economist in the Division  
of Research and Statistics of the Board  
of Governors

Upon motion duly made and seconded, and by unanimous vote, the transactions in the system open market account during the period from September 15 to September 20, 1938, inclusive, were approved, ratified and confirmed.

In a discussion of the authority to be granted by the executive committee to the Federal Reserve Bank of New York to effect transactions in the system open market account it was agreed that in the light of continued disturbed conditions the amount to which the System's holdings of bonds may be reduced should be lowered in accordance with the suggestion made by Mr. Harrison at the meeting of the full Committee earlier today.

Thereupon, upon motion duly made and seconded, and by unanimous vote, the executive committee directed the Federal Reserve Bank of New York until

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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 below \$700,000,000 and that the total amount of bonds in the account having maturities over five years be not increased above \$850,000,000;

(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.

Robert M. Morice  
Secretary.

Approved:

Ernest L. Harrison  
Vice Chairman.