

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, December 18, 1940, at 11:00 a.m.

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

Mr. Carpenter, Assistant Secretary  
Mr. Wyatt, General Counsel  
Mr. Rouse, Manager of the System Open Market Account

Messrs. McKee, Parker, Schaller, and Day,  
Members of the Federal Open Market Committee

Messrs. Young, Fleming, Leach, Martin, and  
Peyton, Alternate Members of the Federal  
Open Market Committee

Messrs. Hamilton and Gilbert, Presidents of  
the Federal Reserve Banks of Kansas City  
and Dallas, respectively

Mr. Kimball, Secretary of the Conference of  
Presidents

Mr. Clayton, Assistant to the Chairman of the  
Board of Governors

Mr. Bethea, Assistant Secretary of the Board  
of Governors

Chairman Eccles said that Mr. Davis was attending a meeting of the National Defense Advisory Commission and for that reason could not be present at this meeting.

Upon motion duly made and seconded,  
and by unanimous vote, the minutes of the

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meeting of the executive committee of the Federal Open Market Committee held on November 1, 1940, were approved.

Reference was made to action taken by members of the executive committee of the Federal Open Market Committee on November 15, under the authority of paragraph numbered 3 of the resolution adopted at the meeting of the committee on November 1, 1940, in authorizing the Federal Reserve Bank of New York, when market conditions permitted, to make such outright sales of securities from the System open market account as might be effected without adversely affecting the market, provided that the total amount of securities in the account be not decreased through operations under paragraph numbered 2 of the resolution adopted at the meeting of the committee on November 1 by more than \$100,000,000 in addition to the authority already granted by that paragraph. It was stated that the additional authority was granted for the reason that through November 14 the bank had sold \$86,200,000 of securities under the November 1 authorization and it was believed that the additional authority to make sales from the account was justified in the light of the prevailing market conditions.

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 New York Bank was approved, ratified, and confirmed.

Reference was made to the weekly reports of operations in the System account which had been submitted to the members of the committee

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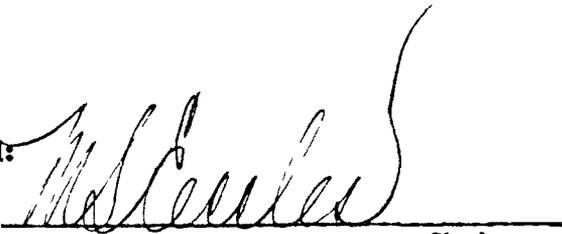
by the Federal Reserve Bank of New York, including the report for the period ended December 11, 1940, and it was stated that there had been no transactions in the account since that date.

Upon motion duly made and seconded, and by unanimous vote, the transactions in the System open market account for the period since that covered by similar action taken by the executive committee on November 1, 1940, to and including December 17, 1940, were approved, ratified, and confirmed.

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

  
Assistant Secretary.

Approved:

  
Chairman.