

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 Friday, May 8, 1942, at 10:00 a.m.

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

Mr. Morrill, Secretary
Mr. Carpenter, Assistant Secretary
Mr. Wyatt, General Counsel
Mr. Goldenweiser, Economist
Mr. John H. Williams, Associate Economist
Mr. Rouse, Manager of the System Open Market Account
Mr. Piser, Chief, Government Securities Section, Division of Research and Statistics of the Board of Governors
Mr. Bermtson, Clerk in the Office of the Secretary of the Board of Governors

Messrs. McKee, Ransom, Evans, Gilbert, Young, and Leedy, members of the Federal Open Market Committee

Messrs. Paddock, Fleming, McLarin, and Day, alternate members of the Federal Open Market Committee

Messrs. Leach and Peyton, Presidents of the Federal Reserve Banks of Richmond and Minneapolis, respectively

Mr. Attebery, Vice President of the Federal Reserve Bank of St. Louis

Mr. Sienkiewicz, Secretary of the Presidents' Conference

Chairman Eccles stated that it was contemplated that a committee representing the Board and the Presidents would meet with representatives

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of the Treasury and a committee representing the investment bankers' group at the Treasury at 1:00 o'clock today for the purpose of formulating recommendations relating to an organization to promote the distribution of Government securities, other than Series E war savings bonds, and that following the meeting of the Federal Open Market Committee this morning there would be a meeting of the Board and the Presidents for a discussion of that matter before the meeting at the Treasury.

Upon motion duly made and seconded, and by unanimous vote, the minutes of the meetings of the executive committee of the Federal Open Market Committee held on February 28 and March 2, 1942, were approved.

As of the close of May 4, 1942, the holdings in the System account had been increased by the net amount of \$169,435,000 through purchases and sales of Government securities under the authority of the resolution adopted at the last meeting of the executive committee, and on May 5, in order that the Federal Reserve Bank of New York might have ample authority to deal with the situation pending another meeting of the executive committee, the members of the committee, in accordance with paragraph (3) of the resolution adopted at the last meeting, authorized an increase from \$200,000,000 to \$400,000,000 in the amount stated in paragraph (2) of the resolution so as to authorize the New York Bank to make such outright purchases or sales (which would include authority to allow maturities to run off without replacement) for the

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System account as might be necessary for the purpose of exercising an influence toward maintaining orderly market conditions, provided that the total amount of securities in the account be not increased or decreased through operations under that paragraph by more than \$400,000,000.

Upon motion duly made and seconded, and by unanimous vote, the action taken by the members of the executive committee to increase the authority granted to the New York Bank to effect transactions in the System account was approved, ratified, and confirmed.

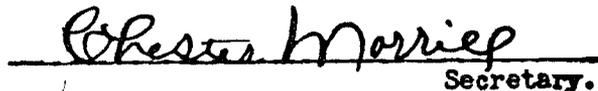
Copies of a report prepared at the Federal Reserve Bank of New York covering open market operations during the period from March 2, 1942, to May 6, 1942, inclusive, were distributed, and Mr. Rouse read the more important sections of the report. He also stated that on May 7, 1942, the New York Bank purchased \$3,170,000 of Treasury bills, and \$4,980,000 of Treasury bills were purchased by two other Reserve Banks for the System account.

Upon motion duly made and seconded, and by unanimous vote, the transactions in the System account during the period from March 2 to May 7, 1942, inclusive, were approved, ratified, and confirmed.

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

Approved:


Chairman.


Secretary.