

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 Friday, May 8, 1942, at 4:35 p.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. Rouse, Manager of the System Open Market Account  
Mr. Piser, Chief, Government Securities Section, Division of Research and Statistics 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. Clayton, Assistant to the Chairman of the Board of Governors

Mr. Sienkiewicz, Secretary of the Presidents' Conference

Consideration was given to the directions to be issued to the Federal Reserve Bank of New York to execute transactions for the System

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open market account, and it was agreed that the existing instructions should be revised to conform them to the instructions to the executive committee adopted by the Federal Open Market Committee at its meeting this morning.

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 make such shifts of securities in the System open market account (which may be accomplished when desirable through replacement of maturing securities) as may be necessary in the practical administration of the account or for the purposes stated in paragraph (2) below, up to an aggregate of \$200,000,000 of purchases and a like amount of sales or redemptions;

(2) To make such outright purchases or sales (which would include authority to allow maturities to run off without replacement) for the System account, either in the open market or directly from or to the Treasury, as may be necessary for the purpose of maintaining about the present general level of prices and yields of Government securities or for the purpose of maintaining an adequate supply of funds in the market; provided that the total amount of securities held in the account at the close of this date (other than Treasury bills purchased pursuant to the direction of the Federal Open Market Committee issued under date of April 30, 1942) be not increased or decreased through operations under this paragraph by more than \$200,000,000; and

(3) 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

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desirable within the limits of the authority granted to the executive committee by the Federal Open Market Committee.

In taking the action set forth above, there was unanimous agreement that, inasmuch as the Federal Open Market Committee had directed the Federal Reserve Banks to purchase for the System account all Treasury bills that might be offered to such Banks on a discount basis at the rate of  $3/8$  per cent per annum and no limitation as to amount had been placed on such purchases by the full Committee, the foregoing directions to the New York Bank should be without limitation as to amount of such purchases of Treasury bills.

Thereupon the meeting adjourned.

Chester Morris  
Secretary.

Approved:

W. C. Clegg  
Chairman.