

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 Monday, June 22, 1942, at 5:10 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. 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

It was stated that the suggestion had been made that it was no longer necessary to continue authority in the New York Bank to make shifts, as such, in the System open market account, that the necessary authority for the Bank would be included in the direction to execute purchases, sales, and exchanges for certain purposes, and that provision should be made for the purchase of special short-term certificates of indebtedness for the temporary accommodation of the Treasury. Question was raised as to the limitation to be imposed by the direction issued to the New York Bank on special certificates of indebtedness purchased from the Treasury, and there was general agreement that the authority with respect to such certificates should be in addition to the authority to effect other transactions in the account.

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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 make such purchases, sales, or exchanges (including replacement of maturing securities and allowing maturities to run off without replacement) for the System account, either in the open market or directly from, to, or with the Treasury, as may be necessary in the practical administration of the account or for the purpose of maintaining about the present general level of prices and yields of Government securities, of maintaining an adequate supply of funds in the market, or of granting temporary accommodation to the Treasury; provided (a) that the total amount of securities in the account at the close of this date shall not be increased or decreased by more than \$200,000,000 (exclusive of special short-term certificates of indebtedness purchased for the temporary accommodation of the Treasury), (b) that the amount of such short-term certificates in the account at any one time shall not exceed \$300,000,000, and (c) that this paragraph shall not limit the amount of Treasury bills purchased pursuant to the direction of the Federal Open Market Committee issued under date of April 30, 1942, or the redemption of such bills; and

(2) 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 purchases, sales, or exchanges 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 Morris  
Secretary.

Approved:

W. H. Wood  
Chairman.