

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 Monday, December 14, 1942, at 10:10 a.m.

PRESENT: Mr. Eccles, Chairman
Mr. Sproul, Vice Chairman
Mr. Draper
Mr. Alfred H. Williams
Mr. McKee (Alternate for Mr. Szymczak)

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

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

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

Since the last meeting of the executive committee it had been necessary to purchase substantial amounts of securities for the System account for the purpose of maintaining the pattern of rates on Government securities which had been agreed upon and to supply additional

12/14/42

-2-

reserves to member banks. For this purpose, the members of the Federal Open Market Committee on October 9, 1942, increased to \$2,500,000,000 the limitation on the authority of the executive committee to increase or decrease the amount of securities in the System account, and on December 9, 1942, the members of the full Committee agreed to increase the limitation to \$3,000,000,000. Under this authority, the members of the executive committee on October 7, 1942, increased to \$700,000,000 the limitation on the authority of the Federal Reserve Bank of New York to increase or decrease the System account, and on October 9, 1942, the members of the executive committee increased this amount to \$2,200,000,000. On November 30, 1942, they increased this limit to \$2,500,000,000 and removed the specific limitation of \$300,000,000 on the authority of the Bank to purchase special short-term certificates of indebtedness for the temporary accommodation of the Treasury, with the understanding that any such purchases would be governed by the general limitation on the authority of the Bank.

Total holdings of securities in the System account on a commitment basis as of the close of business on December 12, 1942, amounted to \$5,530,614,000, exclusive of \$70,504,000 of bills purchased by the Federal Reserve Banks under repurchase options and held in their individual accounts.

Upon motion duly made and seconded, and by unanimous vote, the actions taken by the members of the executive committee to increase the authority of the New York Bank with respect to purchases of securities for the System account were approved, ratified, and confirmed.

12/14/42

-3-

Upon motion duly made and seconded, and by unanimous vote, the transactions in the System account during the period from September 28 to December 12, 1942, inclusive, as reported daily by the Federal Reserve Bank of New York to members of the executive committee, were approved, ratified, and confirmed.

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

Chester Morris
Secretary.

Approved:

W. S. Steeles
Chairman.