

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 Saturday, May 15, 1943, at 3:35 p.m.

PRESENT: Mr. Eccles, Chairman
Mr. Sproul, Vice Chairman
Mr. Ransom
Mr. Evans
Mr. Paddock

Mr. Morrill, Secretary
Mr. Carpenter, Assistant Secretary
Mr. Goldenweiser, Economist
Messrs. John H. Williams, Mackenzie, and
Bryan, Associate Economists
Mr. Wyatt, General Counsel
Mr. Dreibelbis, Assistant General Counsel
Mr. Rouse, Manager of the System Open Market Account
Messrs. Piser and Kennedy, Chief and Assistant Chief, respectively, of the Government Securities Section, Division of Research and Statistics, Board of Governors

Messrs. Szymczak, McKee, Draper, Fleming, McLarin, and Day, members of the Federal Open Market Committee

Messrs. Leach, Young, and Peyton, alternate members of the Federal Open Market Committee

Messrs. Alfred H. Williams, Leedy, and Gilbert, Presidents of the Federal Reserve Banks of Philadelphia, Kansas City, and Dallas, respectively

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

Messrs. Sienkiewicz and Edmiston, Vice Presidents of the Federal Reserve Banks of Philadelphia and St. Louis, respectively

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 March 2, 1943, were approved.

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Upon motion duly made and seconded, and by unanimous vote, the action taken by the members of the executive committee on March 12, 1943, in increasing to \$1,500,000,000 the limitation on the authority of the New York Bank as agent for the System account to purchase short-term certificates of indebtedness for the temporary accommodation of the Treasury, was approved, ratified, and confirmed.

Mr. Rouse made an oral report of the transactions executed for the System open market account on May 13, 14, and 15, 1943, and, upon motion duly made and seconded and by unanimous vote, the transactions in the System account during the period March 2 to May 15, 1943, inclusive, as reported daily by the Federal Reserve Bank of New York to the members of the executive committee, were approved, ratified, and confirmed.

Reference was made to the understanding reached at the last meeting of the Federal Open Market Committee that the executive committee would arrange with the Treasury for full replacement, in the discretion of the executive committee, of maturing securities held in the System account. Chairman Eccles stated that the matter had been brought to the attention of the Treasury but had not been pursued for the reason that, with the large volume of excess reserves resulting from the passage by Congress of legislation relieving deposits held by member banks in war loan accounts from reserve requirements, it had been felt desirable to permit maturing Treasury bills to run off without replacement. He also said that, with the increase in required reserves that would occur in connection with the expenditure of the funds held by member banks in war loan accounts, it would be necessary for the System not only to replace maturing issues held in the System account but to purchase additional

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securities, and that before that time a decision as to the action to be taken with respect to the replacement of System maturities should be made. Chairman Eccles did not know what the attitude of the Treasury would be in connection with the matter.

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


Secretary.

Approved:


Chairman.