

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, October 18, 1943, at 5:00 p.m.

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

Mr. Morrill, Secretary  
Mr. Carpenter, Assistant Secretary  
Mr. John H. Williams, Associate Economist  
Mr. Dreibelbis, Assistant General Counsel  
Mr. Rouse, Manager of the System Open Market Account  
Mr. Clayton, Assistant to the Chairman of the Board of Governors  
Messrs. Piser and Kennedy, Chief and Assistant Chief, respectively, of the 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

Mr. Rouse stated that it might be necessary between now and the end of the year to purchase as much as \$2,500,000,000 of Government securities and that, therefore, the authority of the New York Bank to increase or decrease the total amount of securities held in the System account should be increased to meet this situation.

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, or of maintaining an adequate supply of funds in the market; provided (a) that the total amount of securities in the account at the close of October 18, 1943, shall not be increased or decreased by more than \$750,000,000 (exclusive of special short-term certificates of indebtedness purchased for the temporary accommodation of the Treasury pursuant to paragraph (2) of this direction), and (b) 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 June 28, 1943, or the redemption of such bills;

(2) To purchase direct from the Treasury for the System open market account such amounts of special short-term certificates of indebtedness as may be necessary from time to time for the temporary accommodation of the Treasury; provided that the total amount of such certificates held in the account at any one time shall not exceed \$500,000,000; 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 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.

In taking this action, it was understood that the limitations contained in the direction included commitments for purchases or sales of securities for the System account.

Upon motion duly made and seconded, and by unanimous vote, Mr. Rouse was requested to prepare and submit to the members of the executive committee for consideration a draft of rules and regulations covering the relationships with the Government security dealers. It was understood that as soon as possible after the draft was available a meeting of the members of the executive committee would be held for the purpose of reaching a decision on the draft of rules and regulations to be submitted to the full Committee.

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Thereupon the meeting adjourned.

Chester Morie  
Secretary.

Approved:

W. C. ...  
Chairman.