

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 Friday, July 28, 1944, at 10:10 a.m.

PRESENT: Mr. Eccles, Chairman
Mr. Sproul, Vice Chairman
Mr. McKee
Mr. Leach
Mr. Evans (alternate for Mr. Draper)

Mr. Carpenter, Assistant Secretary
Mr. Goldenweiser, Economist
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 of the Board of Governors
Mr. Berntson, Clerk in the Office of the Secretary of the Board of Governors

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 May 4, 1944, were approved.

Mr. Rouse presented a summary of the reports which had been sent to the members of the executive committee covering transactions in the System account since the last meeting of the committee up to and including commitments as of the close of business on July 26, 1944, and the redemption of Treasury bills on July 27. A copy of a report of open market operations, prepared at the Federal Reserve Bank of New York and used by Mr. Rouse as the basis for his summary, has been placed

7/28/44

-2-

in the files of the Federal Open Market Committee.

Upon motion duly made and seconded, and by unanimous vote, the transactions in the System account during the period May 4 to July 27, 1944, inclusive, were approved, ratified, and confirmed.

There was then presented a letter received under date of May 31, 1944, from Mr. Sproul as President of the Federal Reserve Bank of New York reading as follows:

"Referring to Secretary Morrill's letter of May 6, transmitting to this bank the instructions of the executive committee of the Federal Open Market Committee concerning the formalization of the terms on which this bank transacts business with brokers and dealers for System Open Market Account, I wish to advise you that:

(1) This bank has furnished each broker and dealer in United States Government securities, with whom this bank has been transacting business, a copy of the statement of terms on which this bank will transact business with brokers and dealers in United States Government securities for the System Open Market Account. At the opening of business on May 15, 1944, executed agreements and oral acceptances of the statement of terms had been received from the principal dealers so that beginning on that day there was no question of this bank's ability to function under the instructions issued to it by the executive committee of the Federal Open Market Committee. Since that time executed agreements have been received from all of the dealers and brokers who in our opinion meet the qualifications set forth. The bank-dealers generally signed the statement on the understanding that requirement 2 (d) was not applicable to member banks, and two of the brokers whose business in United States Government securities is primarily as brokers on the New York Stock Exchange signed on the understanding that the requirements listed in 2 (a) 1 to 4 were not

7/28/44

-3-

"applicable in their case. In addition, one of the dealer-banks, acting under advice of its counsel, substituted the words 'buy and sell' for 'make markets' in paragraph 1 (c) owing to a feeling that the term 'make markets' has the connotation of pegging the market, and deleted the words 'both long and short' in paragraph 2 (a)(3) inasmuch as a bank legally could not go short. All these exceptions appear reasonable to us. The dealers, without exception, accepted the terms as being a fair presentation of their oral understanding with this bank, although a number expressed the view that the formalization of this understanding was unnecessary.

(2) On May 16, I met with representatives of the press and made the statement of terms available for their reading and inspection, and discussed with them the reasons for their formalization. So far the press has handled the matter well.

(3) There is enclosed data descriptive of each qualified broker and dealer with whom this bank is prepared to transact business on behalf of the System Open Market Account. These contain a summarization of the information on which this bank based its qualification of such dealers and brokers. The list of dealers and brokers covered is as follows:

(a) For over-the-counter business

Govt. Bond Dept. - Bankers Trust Company - New York City
C. F. Childs and Company - Chicago, Ill.
Govt. Bond Dept. - Continental Illinois National Bank and Trust Company of Chicago - Chicago, Ill.
C. J. Devine and Company - New York City
Discount Corporation of New York - New York City
The First Boston Corporation - New York City
Govt. Bond Dept. - The First National Bank of Chicago, Chicago, Ill.

7/28/44

-4-

"Govt. Bond Dept. - Guaranty Trust Company of
New York - New York City
Harriman Ripley & Co. Incorporated - New York City
D. W. Rich & Company, Incorporated - New York City
Salomon Brothers & Hutzler -
New York City

(b) Brokers on New York Stock Exchange

Asiel & Co. - New York City
Mabon & Co. - New York City
Chas. E. Quincey & Co. - New York City
Salomon Brothers and Hutzler - New York City

There are five other dealers with whom this bank has done business, occasionally and in limited volume, who do not clearly qualify because of the relatively small volume and restricted scope of their business and the limited amount of capital at the risk of their business. They have been advised that they do not qualify, although there may be situations in the future when, with the knowledge of the executive committee, we shall find it to the advantage of the System Open Market Account to deal with them. These dealers are:

Briggs, Schaedle and Company, Inc.
Harvey Fisk and Sons, Inc.
R. W. Pressprich and Company
Chas. E. Quincy and Company
J. B. Roll and Company, Inc.

The firm of Charles E. Quincey and Company, however, does qualify for the transaction of business as a broker on the New York Stock Exchange and has executed the required agreement as indicated above. The only other dealer in United States Government securities with whom this bank had occasionally done business is Blair and Company, Inc. (Blair Securities Corporation). However, there have been no transactions since December 1943 with this concern, other than the purchase of Treasury bills at the 3/8 per cent rate, as in the opinion of the officers of this bank, its portfolio consistently has been too large in relation to its capital, and it failed to report promptly a large contingent liability that appeared in its annual statement.

"It was considered undesirable to include even dealers with whom some business has been transacted at times in the past, if they do not clearly qualify under the written terms and conditions now effective. The line of demarcation must be as clearly defined as possible, if our practice is to

7/28/44

-5-

"be understood and defensible, and if future requests for qualification are to be capable of determination.

"We believe it is important that the names of the qualified dealers and brokers be held in strict confidence, in order that our action may not adversely affect the business or reflect in any way upon the integrity, knowledge, and capacity and experience of management of the firms that do not qualify."

In a discussion of the reaction to the formalized procedure, Mr. Rouse stated that there had been no important developments since the date of Mr. Sproul's letter, that the procedure had been accepted without question and had worked very well, and that the Bank had received several inquiries from people who were considering entering the field. One firm, Schroder Rockefeller & Co., Incorporated, a company with substantial capital, had already gone into business and, upon inquiry, had been informed that when the officers of the firm thought it could meet the qualifications prescribed in the statement of terms they should communicate with the Federal Reserve Bank again. Mr. Rouse also said that the officers had felt that the company should have further experience before undertaking to comply with the statement of terms and were keeping the Bank advised of their progress.

There was unanimous agreement that no further action needed to be taken by the committee in this matter at the present time.

At this point, Mr. Smead, Director of the Division of Bank Operations of the Board of Governors, joined the meeting.

7/28/44

-6-

Following the meeting of the Federal Open Market Committee on May 4, 1944, the memorandum which had been prepared by Messrs. Smead and Rouse and which was presented at that meeting, with respect to possible procedures that might be adopted for the allocation among the Federal Reserve Banks of securities in the System open market account, was read by all of the members of the full Committee, and the matter was given further consideration by Messrs. Smead and Rouse in the light of the suggestions made by the Committee members. Thereafter, a second memorandum was prepared by them outlining a suggested procedure which provided for separate allocations of interest-bearing securities and Treasury bills in the System account quarterly in each year until October 1 and monthly for the remainder of the year and for adjustments of participations in Treasury bills in the System account and option accounts weekly or more often when necessary to adjust reserve ratios. Copies of this memorandum were distributed, and Messrs. Smead and Rouse explained the details of the plan, stating that it contemplated (1) the allocation of interest-bearing securities in the account to cover operating expenses and dividends and the balance on the basis of average daily holdings of interest-bearing securities for the five-year period ending on the last day of the preceding month, and (2) the distribution of bills in the System account, after giving effect to holdings in option accounts, on the basis of the average daily holdings of interest-bearing securities for the same five-year period,

7/28/44

-7-

except that bills would not be allocated to a Bank in an amount which would reduce its reserve ratio below a percentage agreed upon from time to time by the Federal Open Market Committee and the Banks.

During a discussion of the suggested procedure, Chairman Eccles raised the question whether the continuation of the repurchase option on Treasury bills was justified. It appeared to be the feeling of a majority of the members present that the option privilege was so well established that it would be undesirable to discontinue it at this time.

Mr. Rouse suggested that the open market operation of the Reserve Banks would be simplified if the option accounts were discontinued at the individual Reserve Banks and the procedure were resumed that was followed prior to the action of the Federal Open Market Committee on September 28, 1942, when the option accounts were established for the purpose of making Treasury bills available at the Federal Reserve Banks for immediate delivery when repurchase was desired. The effect of this change, he said, would mean that the sellers of bills could continue to get immediate credit upon sale to the Federal Reserve Banks but that when the bills were repurchased the transaction would be for regular delivery, i.e., the next full business day.

There was unanimous agreement with this suggestion, and it was agreed that at the meeting of the full Committee, which it was contemplated would be held on September 21, 1944, the executive committee would recommend

7/28/44

-8-

that this change be made.

In connection with this action Messrs. Smead and Rouse were requested to prepare a memorandum covering a procedure for the re-allocation of securities in the System account in the event the recommendation of the executive committee were adopted, it being understood that as soon as the memorandum was completed it would be sent to the Presidents of all the Federal Reserve Banks for consideration at the next meeting of the full Committee as a recommendation of the executive committee. It was also understood that the memorandum presented by Messrs. Smead and Rouse at this meeting would be sent to the Presidents as an alternative procedure to be followed in the event the recommendation of the executive committee was not approved by the full Committee.

At this point Messrs. Smead and Dreibelbis withdrew from the meeting.

Mr. Rouse stated that in so far as he could see at this time the Federal Reserve Bank of New York had ample authority under the existing direction of the executive committee to effect transactions in the System open market account between now and the next meeting of the full Committee, and that the only reason for any increase in that authority was the concern of the Treasury expressed by Mr. Bell that the Bank have whatever authority might be necessary to meet any situation that might arise. The members of the executive committee were in agreement that, in accordance with the customary procedure, the existing direction to the New York Bank should be renewed.

7/28/44

-9-

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 July 28, 1944, shall not be increased or decreased by more than \$750,000,000 [exclusive of bills purchased outright in the market on a discount basis at the rate of 3/8 per cent per annum and bills redeemed at maturity, and 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 March 1, 1944, 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 \$750,000,000; 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.

7/28/44

-10-

The meeting recessed at this point and reconvened at 2:15 p.m. with the same attendance as at the beginning of the morning session except that Governor Ransom and Mr. Thomas, Assistant Director of the Division of Research and Statistics of the Board of Governors, were in attendance.

Chairman Eccles reported that the Board of Governors had received a request from the Chairman of the Senate Banking and Currency Committee for a report on S. 1892, a bill introduced by Senator Thomas of Oklahoma, which provided in effect that United States obligations owned by banks, insurance companies, or institutions receiving deposits should be deemed, for the purposes of Federal law or regulation, to have a value equal to par, regardless of the market value thereof, and also required Federal Reserve Banks to purchase such obligations or accept them for credit at not less than par. The Chairman went on to say that it was the practice of the Board not to make reports in response to such a request until it appeared that the bill involved was to be given active consideration, and that the Board would have followed that procedure in connection with this request except for the fact that the Treasury had received a similar request to which it proposed to submit a reply. He also said that the matter had been discussed by members of the Board's staff with representatives of the Treasury and that, while the matter had not been considered by Secretary Morgenthau or Under Secretary Bell, there was a difference of

7/28/44

-11-

opinion in the Treasury staff as to the position that should be taken and an indication of the possibility that the Treasury might wish to submit a report which would not be in agreement with the position that the Board might wish to take. The Chairman made the further statement that, inasmuch as the subject matter of the bill and any report that the Board might make in connection with it were of interest to the Federal Open Market Committee, he had suggested that the matter be presented for consideration by the executive committee of the Open Market Committee at this meeting.

During the luncheon recess Messrs. Sproul and Leach had read a memorandum covering the discussion of the Treasury and a draft of report which had been prepared but which had not received consideration by the Board.

Mr. Ransom stated that the questions involved were (1) the timing of the Board's report, and (2) what further action should be taken in the interest of a uniform report by the Treasury and the Board.

In the consideration of these points, Mr. Sproul expressed the opinion that a much broader ground for objection to the bill than that stated in the draft of the Board's report was that nothing could be done more effectively to increase possible fears as to the future of Government security prices than to attempt to hold such prices at par or above by a legislative mandate.

7/28/44

-12-

At the conclusion of the discussion, it was agreed unanimously that, if a report had to be made on S. 1892, it should be opposed without compromise and that the suggestion would be made to the Board of Governors that the Treasury be informed that the Board believed that it would be better not to make a report on the bill unless and until it became clear that it was to be given active consideration in hearings or otherwise, that in that event it was hoped that the Treasury and the Board could submit reports which would be in agreement, and that, if the Treasury should decide to make a report before it appeared that the bill was to be given active consideration, the Board would like to have an opportunity to discuss the Treasury draft of report before it was sent.

At this point Messrs. Ransom and Dreibelbis withdrew from the meeting and Mr. Robinson, Economist in the Board's Division of Research and Statistics, joined the meeting.

Copies were distributed of a memorandum prepared in the Board's Division of Research and Statistics which indicated that in the absence of further developments the combined reserve ratio of the Reserve Banks would decline to about 50 per cent, or slightly less, by the end of 1944 and to 40 per cent by the end of 1945. The memorandum also discussed possible solutions of the problem of the declining ratio and stated that a decision did not have to be made at this time but could be deferred until the prospects were somewhat clarified and that waiting had the advantage that with an early termination of the war the problem might never actively arise.

Mr. Sproul stated that the computations made at the Federal

7/28/44

-13-

Reserve Bank of New York were in substantial agreement with the conclusions reached by the Board's staff with respect to the possible rate of decline in the reserve ratio.

In the discussion which ensued, all of the members present indicated the feeling that, if action should become necessary, it should take the form of legislation by Congress to reduce the present Federal Reserve Bank reserve requirements on Federal Reserve notes and deposits. Mr. Sproul suggested a uniform requirement on notes and deposits of perhaps 25 per cent. Chairman Eccles expressed the opinion that the requirement of such reserves should be eliminated altogether. There was a question, however, whether the public was prepared to go that far. An alternative suggestion was that Congress might vest authority in the Board of Governors to change the requirements within limits which would be stated in the law.

Mr. McKee suggested that any legislation to change the requirements might be coupled with an amendment to the existing law to continue the authority of the Federal Reserve Banks to pledge Government securities as collateral for Federal Reserve notes, which expires on June 30, 1945.

The statement was also made that if the reserve ratio continued to decline there might be public discussion of the matter in such a vein as to require comment with respect to it, and that the Reserve System should be prepared to issue a statement and to take such other steps

7/28/44

-14-

as would make it clear to the public that, because of the nature of the problem and the ways available for meeting it, it was not one that should cause concern.

Mr. Goldenweiser stated that Mr. Robinson had prepared an article on the subject which it was thought might be published in the Federal Reserve Bulletin and that this could be edited and released whenever it was thought desirable to do so.

At the conclusion of the discussion, upon motion duly made and seconded, it was voted unanimously to recommend to the full Committee at its meeting in September that no action be taken with respect to this matter until after the first of next year, that if action should become necessary at a later date the position should be taken that it should be in the form of a reduction by Congress in existing Federal Reserve Bank reserve requirements, and that the executive committee be authorized to make or to join in any public statement or statements that may appear to it to be necessary to counteract any unfavorable comment that might be made on the continuing decline in the reserve ratio.

Messrs. Goldenweiser and Robinson withdrew from the meeting at this point.

Chairman Eccles stated that he had talked with Under Secretary of the Treasury Bell by telephone regarding decisions that are to be made in the near future with respect to Treasury financing, that Mr. Bell had no plans for a meeting of Federal Reserve representatives with the Treasury, and that, unless some member of the Committee felt

7/28/44

-15-

that a meeting was necessary, one would not be held but the decisions made by the executive committee with respect to financing plans would be sent to Mr. Bell. Chairman Eccles also said that the Treasury was thinking of increasing the weekly offering of Treasury bills by two hundred million dollars and that Mr. Bell would like to have as promptly as possible any views that the executive committee might have in that connection. Among the reasons given by Mr. Bell for increasing the weekly offering were (1) the desire of the Treasury to keep its balances above from eight to ten billion dollars so that the Treasury would be prepared to meet any situation that might occur in the event of an early termination of the war in Europe and an accelerated settlement of terminated war contracts, and (2) the System would have to purchase approximately four billion dollars of securities between now and the next drive to furnish required member bank reserves, and if bills were not increased the System would have to purchase something other than bills. Mr. Bell had also reported that the Treasury expected to set 14 billion dollars as the goal for the next drive, which was another reason for its desire to increase the weekly bill offering, that it was anticipated that about 16 billion dollars of securities would be sold in the drive, and that fewer securities would be taken by banks so that the total increase in bank holdings in 1944 would not be far out of line with estimates at the beginning of the year.

Before this meeting copies had been distributed of a memorandum prepared by Mr. Piser under date of July 25, 1944, which stated that the

7/28/44

-16-

Fifth War Loan Drive had established a new record in speculation, with loans on Government securities to brokers and dealers between June 7 and 28 increasing by 677 million dollars and loans on Government securities to others between June 7 and July 5 increasing by 1.3 billion dollars, and that there was evidence that a considerable part of these loans represented subscriptions that were made for the purpose of quick resale and that banks arranged for subscriptions with the understanding that they would purchase the securities after the drive. Between June 7 and July 12 Government security holdings of weekly reporting member banks increased by 4.9 billion dollars. The memorandum also discussed ways in which this situation might be met in the next drive.

Chairman Eccles pointed out that the large volume of sales in the Fifth War Loan Drive had been made possible by the banks taking a substantial amount of Government securities but that it appeared that the increase in holdings by the banking system for the calendar year would be about 20 billion dollars as compared to the Treasury estimate at the beginning of the year of about 22 billion dollars.

Mr. Leach said that the total purchases by banks were not out of line but that there was a big question as to how it was being done, that in the Fifth Federal Reserve District for the first time speculative loans were made in volume during the last drive, that the practice of making such loans had become widespread throughout the country, and that banks which did not make speculative loans felt that they were being

7/28/44

-17-

discriminated against and forced to pay a premium for the securities they bought. He suggested that, if market issues eligible for bank purchase were included in the next drive, consideration should be given to (1) making the issues available to commercial banks at the end of the drive in stated amounts and (2) requiring banks to certify that each subscriber had paid 25 per cent of his subscription in cash without borrowing for the purpose from the institution entering the subscription.

Ways of meeting the speculative situation in the next drive were discussed, and Chairman Eccles suggested that the executive committee submit to the Treasury a statement of its views on this point and the program for the next drive.

This suggestion was agreed to, and it was understood that Messrs. Thomas, Piser, and Kennedy would prepare such a statement for transmission to the Treasury after approval by the members of the executive committee.

Following consideration of a memorandum prepared by Mr. Piser under date of July 25 and sent to the members of the executive committee on the question whether the weekly offering of Treasury bills should be increased, it was agreed unanimously that a statement of the committee's views should be prepared and sent to the Treasury as promptly as possible. It was also agreed that the question of an increase in the rate or yield on Treasury bills would not be raised again with the Treasury at this time.

7/28/44

-18-

Secretary's note: In accordance with this action a memorandum was prepared and sent to Under Secretary Bell on July 31, 1944, in the following form:

"The Executive Committee of the Federal Open Market Committee discussed at a meeting held July 28, 1944, the suggestion that the Treasury increase its offering of Treasury bills by 200 million dollars a week beginning with the weekly offering to be dated August 10. After discussion, the Committee voted unanimously to recommend that the Treasury make no further increase at this time in outstanding Treasury bills. The principal reasons for the Committee's recommendation are as follows:

"1. There is no net market demand for bills. Between the end of October 1943 and the end of February 1944, marking in both cases the end of war loan drives, Federal Reserve holdings of bills increased by about 800 million dollars, while holdings by other investors declined by about the same amount. Between the end of February 1944 and the end of July 1944, Federal Reserve holdings of bills increased by 2.6 billion dollars, while holdings by others declined by about 100 million. Holdings outside the Federal Reserve Banks are likely to decline further between now and the next war loan drive.

"2. A further increase in outstanding bills would be inflationary, in that it would call Reserve Bank credit into use regardless of the needs of individual banks and thus would tend to swell the amount of financing done through the banks. In supplying bank reserves, it is generally preferable for the Federal Reserve to purchase securities from banks that are short of reserves and that need to replenish them. When the Federal Reserve purchases new offerings of bills, the reserves thus created go in part to banks that already have sufficient reserves. These banks are, therefore, encouraged to expand credit. During the recent drive, the shift of deposits to war loan accounts released nearly 3 billion dollars of funds to banks. They utilized these funds in part by increasing their holdings of Government securities by large amounts. At weekly reporting member banks, the increase was 5.4 billion dollars, of which bills accounted for 1.6 billion. All banks needing reserves before the next drive can obtain them by selling to the Federal Reserve from their existing holdings of Government securities or by borrowing from the Reserve Banks.

"3. A further increase in outstanding bills would increase the existing difficulty in maintaining the pattern of rates, in that it would tend to force up prices and to reduce yields of longer-term securities for which the banks are showing a growing appetite. A premium has been established on the new issues included in the drive, and this premium has created substantial profits for speculators in Government securities. The existing pressure has made it necessary for the Federal Reserve to sell bonds and notes in the market. If the Federal Reserve forces reserves into the market by purchasing the increase in outstanding bills rather than purchasing from the banks' existing holdings, banks will be encouraged to add further to their holdings of longer-term securities. In our opinion, the proper time to issue additional bills is when they are needed by the Federal Reserve for purposes of supplying reserves and of maintaining the pattern of rates. This time will arrive when banks have reduced their portfolio of bills to the smallest amount that they wish to hold and are finding it necessary to sell bonds and notes.

"4. A further increase in outstanding bills at this time would unnecessarily diminish the Treasury's capacity to use in time of need its best instrument for emergency financing. We understand that the Treasury's present estimates show that at the end of October the Treasury's balance will be 9.3 billion dollars if there is a further increase of 200 million a week in outstanding bills. If no further increase is made, the balance will be 6.9 billion. In our opinion, the latter balance would be adequate to carry the Treasury through to payment date on whatever securities are offered in the sixth war loan drive and to meet any emergencies. If, however, a greater need for funds did arise, the Treasury would still be able to raise sufficient funds by offering additional bills at the time. In the interim, the Treasury would save interest costs.

"We feel strongly that the Treasury should permit all holders of maturing bills to exchange their holdings for newly-issued bills. We understand counsel has agreed that it is within the authority of the Treasury to provide for such exchange and that the exercise of such rights by the Federal Reserve would not come within the statutory limitation on direct purchases. The increase in outstanding bills is going to the Federal Reserve through the medium of Government security dealers, who place tenders at the request of the Treasury, such request being conveyed to the dealers by

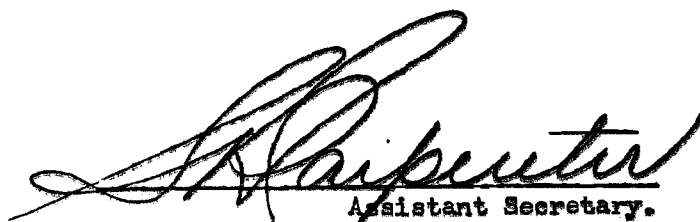
7/28/44

-20-

"the Federal Reserve. In our opinion, this procedure is open to the criticism that, in substance, the bills are not being sold in the open market and that their purchase by the Federal Reserve is, in the circumstances, at least an avoidance of the intent and spirit of the law."

Consideration was then given to the views of the members of the executive committee on the problem of refunding the 4.1 billion dollars of certificates maturing on September 1, 1944, and the two issues of notes totaling about nine hundred million dollars and maturing on September 15, and the unanimous decision was reached that a memorandum should be prepared on this subject for submission to the Treasury after approval by the members of the executive committee.

Thereupon the meeting adjourned.


Assistant Secretary.

Approved: 
Chairman.