

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 Thursday, September 25, 1952, at 11:35 a.m.

PRESENT: Mr. Martin, Chairman  
Mr. Sproul, Vice Chairman  
Mr. Hugh Leach  
Mr. Robertson, Alternate  
Mr. Vardaman

Mr. Riefler, Secretary  
Mr. Vest, General Counsel  
Mr. Thomas, Economist  
Mr. R. A. Young, Associate Economist  
Mr. Rouse, Manager, System Open Market Account  
Mr. Sherman, Assistant Secretary, Board of Governors  
Mr. Youngdahl, Assistant Director, Division of Research and Statistics, Board of Governors  
Mr. R. F. Leach, Acting Chief, Government Finance Section, Division of Research and Statistics, Board of Governors  
Mr. Willis, Assistant Secretary, Federal Reserve Bank of New York

Upon motion duly made and seconded, and by unanimous vote, the minutes of the meeting of the executive committee held in Washington on August 29, 1952 were approved.

Upon motion duly made and seconded, and by unanimous vote, the transactions in the System open market account for the period September 15 to September 24, 1952, inclusive, were approved, ratified, and confirmed.

Chairman Martin referred to the action of the full Committee at its meeting this morning in approving a procedure whereby special Treasury certificates of indebtedness would be sold direct to, and

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carried in the account of, the Federal Reserve Bank of New York, rather than to the System open market account, with the understanding that, when it seemed desirable, the New York Bank would be authorized to issue participations in such certificates to one or more Federal Reserve Banks. He suggested that Mr. Rouse be asked to consider whether any other changes would be required in this connection, such as the possible revision or elimination of the authority approved at the meeting on June 19, 1952, concerning weekend or holiday transactions in special Treasury certificates, and to submit for the consideration of the executive committee at its next meeting any additional changes he believed to be necessary or desirable.

Chairman Martin's suggestion was approved unanimously with the understanding that the wording of the general direction to be issued to the Federal Reserve Bank of New York at this meeting would be changed to carry out the action approved at the meeting of the full Committee this morning.

Mr. Rouse stated in response to a question from Chairman Martin that no change in the limitations contained in the general direction to the Federal Reserve Bank of New York was necessary at this time.

Thereupon, upon motion duly made and seconded, the executive committee voted unanimously to direct the Federal Reserve Bank of New York until otherwise directed by the executive committee:

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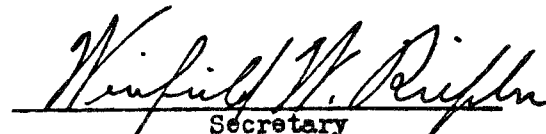
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(1) To make such purchases, sales, or exchanges (including replacement of maturing securities and allowing maturities to run off without replacement) for the System account, either in the open market or directly from, to, or with the Treasury, as may be necessary in the light of current and prospective economic conditions and the general credit situation of the country, with a view of exercising restraint upon inflationary developments, to maintaining orderly conditions in the Government security market, to relating the supply of funds in the market to the needs of commerce and business, and to the practical administration of the account; provided that the total amount of securities in the System account (including commitments for the purchase or sale of securities for the account) at the close of September 25, 1952 shall not be increased or decreased by more than \$1 billion exclusive of special short-term certificates of indebtedness purchased for the temporary accommodation of the Treasury pursuant to paragraph (2) of this direction;

(2) To purchase direct from the Treasury for the account of the Federal Reserve Bank of New York (with discretion, in cases where it seems desirable, to issue participations to one or more Federal Reserve Banks) 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 by the Federal Reserve Banks shall not exceed in the aggregate \$1 billion.

It was agreed that the next meeting of the executive committee would be held at 10:30 a.m. on Wednesday, October 8, 1952, and that the following meeting of the executive committee would be held at 10:30 a.m. on Friday, October 24, 1952.

Thereupon the meeting adjourned.

  
Secretary