

A meeting of the Federal Open Market Committee was held Monday, September 26, 1955, at 3:30 p.m. This was a telephone conference meeting and the location of each individual is indicated in parenthesis after his name in the following list of those in attendance:

PRESENT: Mr. Sproul, Vice Chairman (New York)  
Mr. Balderston (Chicago)  
Mr. Earhart (Chicago)  
Mr. Fulton (Chicago)  
Mr. Irons (Chicago)  
Mr. Leach (Chicago)  
Mr. Mills (Washington)  
Mr. Robertson (Washington)  
Mr. Shepardson (Chicago)  
Mr. Szymczak (Washington)  
Mr. Vardaman (Washington)

Messrs. C. S. Young and Powell, Alternate Members  
of the Federal Open Market Committee (Chicago)

Mr. Treiber, Alternate Member of the Federal Open  
Market Committee (New York)

Mr. Williams, President, Federal Reserve Bank of  
Philadelphia, and Mr. Leedy, President,  
Federal Reserve Bank of Kansas City (Chicago)

Mr. Riefler, Secretary (Washington)

Mr. Vest, General Counsel (Washington)

Mr. Thomas, Economist (Washington)

Mr. Ralph A. Young, Associate Economist (Washington)

Mr. Rouse, Manager, System Open Market Account  
(Chicago)

Mr. Sherman, Assistant Secretary, Board of  
Governors (Washington)

Mr. Miller, Chief, Government Finance Section,  
Division of Research and Statistics, Board  
of Governors (Washington)

Mr. Roosa, Assistant Vice President, Federal  
Reserve Bank of New York (New York)

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Arrangements for this meeting were made for the purpose of discussing the potential economic effects of the President's illness over the past week end and what, if any, change should be made at this time in credit policy. Expressions of views were exchanged by individual members of the Committee as to policy that should be pursued in the light of developments in the market today.

It was agreed unanimously that no change be made in the existing general program of restraint, excepting the elimination from it of the special instruction given at the meeting on September 14, 1955, that, in conducting operations in pursuit of such policy, allowance for errors be on the side of greater restraint.

The meeting adjourned at 4:10 p.m.

Secretary's note: A copy of notes used during the telephone meeting by Mr. Sproul in reporting to the Committee, as its agent, has been placed in the files of the Federal Open Market Committee. Subsequent to the meeting, the Secretary received from Mr. Sproul the following telegram, copies of which were furnished to the members of the Committee and other Presidents who participated in the meeting:

"Figures I used in today's telephone conference were illustrative of what maintaining degree of pressure existing before last week's temporary easing might mean during period of Treasury financing. Did not intend to suggest that we should try to bring up average free reserves to minus \$250 million for statement week ending Wednesday, September 28th, since estimated average negative free reserves for four days of statement week already elapsed may be around \$400 million. Important thing from psychological standpoint, however, is probably to show some outright purchases to market tomorrow and in the later published figures for this statement week. This would be in accord with general consensus of telephone meeting that

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since there has been no change in fundamental economic situation we should aim at maintaining about same degree of credit pressure as existed before last week's temporary easing but giving management of account sufficient leeway to counter adverse psychological developments and removing from its instructions the admonition to try to make errors on the side of restraint."

  
Secretary