

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, December 12, 1941, at 10:10 a.m.

PRESENT: Mr. Eccles, Chairman
Mr. Sproul, Vice Chairman
Mr. Ransom
Mr. McKee
Mr. Leach

Mr. Morrill, Secretary
Mr. Carpenter, Assistant Secretary
Mr. Wyatt, General Counsel
Mr. Goldenweiser, Economist
Mr. Williams, Associate Economist
Mr. Dreibelbis, Assistant General Counsel
Mr. Piser, Senior Economist in the
Division of Research and Statistics
of the Board of Governors

Messrs. Szymczak, Draper, Fleming, Davis, and
Peyton, members of the Federal Open Market
Committee

Mr. Clayton, Assistant to Chairman Eccles

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 November 24, 1941, were approved.

There were distributed copies of a report prepared at the Federal Reserve Bank of New York of open market operations covering the period from September 24 to December 6, 1941, inclusive, as well as copies of a supplementary report prepared at the Bank covering the period from December 8 to December 10, 1941, inclusive. Mr. Sproul reported the transactions that were effected for the System account

12/12/41

-2-

yesterday and discussed the important points referred to in the two written reports. The transactions effected in the System account for the purpose of exercising a stabilizing influence in the market since the outbreak of war with Japan on December 7, 1941, included purchases of \$45,270,000 of the new bonds of 1967-72 and 1951-55, \$12,370,000 of Treasury bills of which \$2,000,000 had been resold, and \$13,700,000 of shifts.

Upon motion duly made and seconded, and by unanimous vote, the transactions in the System account during the period from November 24 to December 11, 1941, both dates inclusive, were approved, ratified, and confirmed.

Chairman Eccles stated that after a review on December 8, 1941, of conditions in the Government securities market resulting from the entry of the United States into the war, the members of the executive committee felt that it was desirable to authorize the Federal Reserve Bank of New York to make purchases or sales of securities for the System account to the total amount of the authority which had been granted to the executive committee at the last meeting of the Federal Open Market Committee, and that, accordingly, approval was given by the members of the executive committee to a change in paragraph (2) of the resolution adopted at the meeting of the executive committee on November 24, 1941, to authorize the Bank to make such outright purchases or sales for the System account as might be necessary for the purpose of exercising an influence toward maintaining orderly market conditions, provided that

12/12/41

-3-

the total amount of securities in the account be not increased or decreased by more than \$200,000,000.

Upon motion duly made and seconded, and by unanimous vote, this action of the members of the executive committee was approved, ratified, and confirmed.

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

Brester Morris
Secretary.

Approved:

[Signature]
Chairman.

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 Friday, December 12, 1941, at 4:45 p.m.

PRESENT: Mr. Eccles, Chairman
Mr. Sproul, Vice Chairman
Mr. Ransom
Mr. McKee
Mr. Leach

Mr. Morrill, Secretary
Mr. Carpenter, Assistant Secretary
Mr. Wyatt, General Counsel
Mr. Goldenweiser, Economist
Mr. Williams, Associate Economist
Mr. Dreibelbis, Assistant General Counsel
Mr. Piser, Senior Economist in the
Division of Research and Statistics
of the Board of Governors

Messrs. Szymczak, Draper, Fleming, Davis, and
Peyton, members of the Federal Open Market
Committee

There was unanimous agreement that, because of continued uncertainty with respect to the amount of support that might be required in the Government securities market, the authority of the New York Bank to effect transactions for the System account as enlarged by the action of the members of the executive committee on December 8, 1941, should be continued, and that the limit of \$100,000,000 on the amount by which total bonds in the account could be increased or decreased by means of shifts should be removed.

Thereupon, upon motion duly made and seconded, and by unanimous vote, the executive committee directed the Federal Reserve

12/12/41

-2-

Bank of New York, until otherwise directed by the executive committee,

(1) To make such shifts of securities in the account (which may be accomplished when desirable through replacement of maturing securities) as may be necessary in the practical administration of the account or for the purpose of exercising an influence toward maintaining orderly market conditions, up to an aggregate of \$200,000,000 of purchases and a like amount of sales or redemptions;

(2) To make such outright purchases or sales for the System account as may be necessary for the purpose of exercising an influence toward maintaining orderly market conditions, provided that the total amount of securities in the account be not increased or decreased through operations under this paragraph by more than \$200,000,000; 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 shifts or such purchases or sales (which would include authority to allow maturities to run off without replacement) 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.

Thereupon the meeting adjourned.

Robert Morrie
Secretary.

Approved:

W. C. C. C.
Chairman.