

TWENTY-EIGHTH

ANNUAL REPORT

of the

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM



COVERING OPERATIONS FOR
THE YEAR

1941

RECORD OF POLICY ACTIONS FEDERAL OPEN MARKET COMMITTEE

MEETING ON MARCH 17, 1941

Members present: Mr. Eccles, Chairman; Mr. Sproul, Vice Chairman; Mr. Szymczak, Mr. McKee, Mr. Ransom, Mr. Davis, Mr. Draper, Mr. Fleming, Mr. Leach, Mr. Peyton, Mr. C. S. Young (Alternate for Mr. Davis who had been selected by the Federal Reserve Banks of Chicago and St. Louis as a representative member of the Federal Open Market Committee, but who had not yet assumed his duties).

Upon motion duly made and seconded, the following resolution, which was in the same form as the resolution adopted at the meeting of the Federal Open Market Committee on December 18, 1940, was adopted by unanimous vote:

"That the executive committee be directed until otherwise directed by the Federal Open Market Committee to arrange for such transactions for the System open market account (including purchases, sales, exchanges, replacement of maturing securities, and letting maturities run off without replacement) as in its judgment from time to time may be advisable in the light of existing conditions; provided that the aggregate amount of securities held in the account at the close of this date shall not be increased or decreased by more than \$200,000,000."

When this meeting of the Federal Open Market Committee was held the unsettled conditions resulting from the war, which are discussed elsewhere in this report, continued to exist and were becoming more intensified. In these circumstances, the members of the Committee were agreed that it was essential that its executive committee continue to be in a position to act in accordance with its best judgment within the limits established by the above resolution and in the light of developments from time to time and that, therefore, the existing authority of the executive committee should be renewed.

During the discussion of the resolution, question was raised whether, because of possible emergencies that might develop, the \$200,000,000 limit in the resolution should be increased, but there was unanimous agreement that if it should appear likely that occasion would arise for the purchase or sale of securities beyond that limit another meeting of the Committee should be called.

MEETING ON JUNE 10, 1941

Members present: Mr. Eccles, Chairman; Mr. Sproul, Vice Chairman; Mr. Szymczak, Mr. McKee, Mr. Ransom, Mr. Draper, Mr. Fleming, Mr. Leach, Mr. Davis, Mr. Peyton.

Upon motion duly made and seconded, and by unanimous vote, the following resolution was adopted:

"That the executive committee be directed until otherwise directed by the Federal Open Market Committee to arrange for such transactions for the System open market account (including purchases, sales, exchanges, replacement of maturing securities, and letting maturities run off without replacement) as in its judgment from time to time may