

(The bills and agency reports follow:)

90TH CONGRESS
2d Session

S. 2923

IN THE SENATE OF THE UNITED STATES

FEBRUARY 5, 1968

Mr. SPARKMAN introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

A BILL

To amend section 14 (b) of the Federal Reserve Act, as amended, to extend for two years the authority of Federal Reserve banks to purchase United States obligations directly from the Treasury.

- 1 *Be it enacted by the Senate and House of Representa-*
- 2 *tives of the United States of America in Congress assembled,*
- 3 That section 14 (b) of the Federal Reserve Act, as amended
- 4 (12 U.S.C. 355), is amended by striking out "July 1,
- 5 1968" and inserting in lieu thereof "July 1, 1970" and by
- 6 striking out "June 30, 1968" and inserting in lieu thereof
- 7 "June 30, 1970".

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM,
Washington, D.C., March 1, 1968.

HON. JOHN SPARKMAN,
Chairman, Committee on Banking and Currency,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request of February 6, 1968, for the Board's views on S. 2923, a bill "To amend section 14(b) of the Federal Reserve Act, as amended, to extend for two years the authority of Federal Reserve banks to purchase United States obligations directly from the Treasury." The current authority expires June 30, 1968.

Normally, Federal Reserve purchases of Government securities are made in the open market. Since its original enactment in 1942, the \$5 billion direct-purchase authority of section 14(b) has been used sparingly, from the standpoints of frequency, amount, and duration alike.