

Upon call of the Vice Governor, a meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Federal Reserve Board on Thursday, April 11, 1929, at 3:00 p. m.

PRESENT: Vice Governor Platt  
Mr. James  
Mr. Cunningham  
Mr. McClelland, Assistant Secretary.

The Vice Governor reported advice received over the telephone from the Governor of the Federal Reserve Bank of New York that the board of directors of the bank, at its meeting today, unanimously voted to establish a rediscount rate of 6 per cent, with the understanding, however, that their action is predicated upon approval or disapproval by the Federal Reserve Board today. The New York directors, Mr. Platt reported, acted on the basis of the facts and reasons set out in Governor Harrison's letter of April 9th, presented at the meeting of the Board this morning, and for the following further reasons communicated to him by Governor Harrison:

The present rate is getting more and more out of line with the market and is making increasingly difficult the bank's problems of administration, particularly in the matter of cooperation with the policy of the Board. The New York directors feel that an increase in rate is a proper means of administration. They emphasize the fact that the time element is getting more important and that the foreign situation is becoming more and more tense. The gold movement is an unfavorable factor. This country is now exporting farm produce and other goods at the rate of \$1,000,000,000 a year more than it imports, and the only way these exports can be paid for, until foreign countries can become better stabilized financially, is by floating loans in America. The bond market is in such condition at the present time that there is no apparent possibility of floating such loans, so the export trade of the country is likely to suffer.

After a brief discussion, the Vice Governor stated that he would, in accordance with the action of the Board at its meeting this morning, advise the

directors of the Federal Reserve Bank of New York  
"that the Board disapproves their action and has  
determined that the rate of the bank be 5%."

The meeting adjourned at 3:15 p. m.

*C. M. McCalland*

Assistant Secretary

Approved:

*Edmund Platt*

Vice Governor