

Eleventh Annual Report

# Federal Reserve Bank of New York

For the Year Ended December 31, 1925



Federal Reserve Agent  
Second Federal Reserve District

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of New York**

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Second Federal Reserve District**

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**FEDERAL RESERVE BANK  
OF NEW YORK**

*New York, January 30, 1926.*

**SIRS:**

I have the honor to submit herewith the eleventh annual report of the Federal Reserve Bank of New York, covering the year 1925.

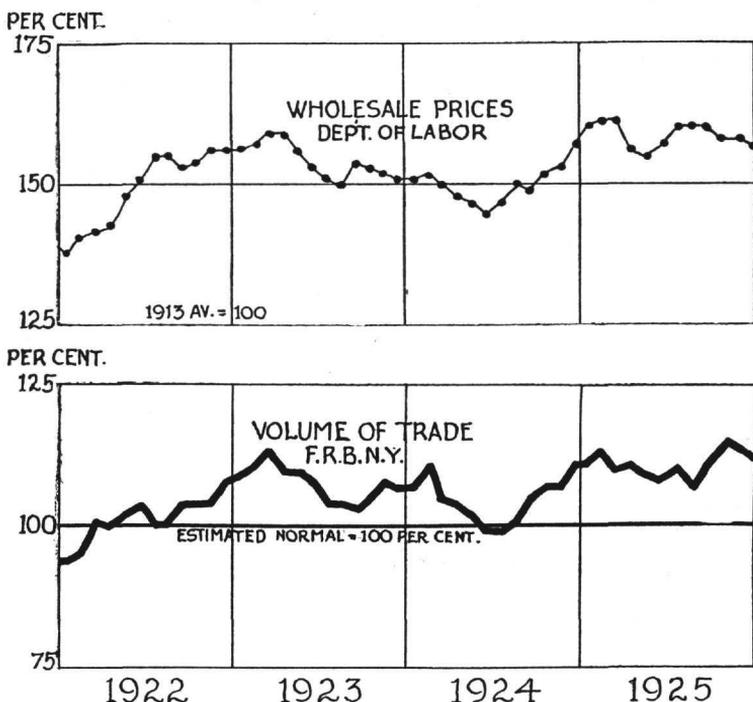
Respectfully,

**PIERRE JAY,**  
*Chairman and Federal Reserve Agent.*

**FEDERAL RESERVE BOARD,**  
*Washington, D. C.*

## Business Conditions in 1925

The tendencies in business and credit in the Second District during the past year have generally reflected conditions in the country as a whole. Nineteen twenty-five was a year of exceptional business activity. An index of the total volume of trade throughout the country, shown in diagram 1, indicates a larger volume of business than in any other recent year. It was a year of good business profits, as a result partly of the large volume of business and partly of the rapid introduction into business in the past few years of various economies in operation. Industrial employment increased during the year and earnings of factory workers were at a high level. Commodity prices remained with some fluctuations at a level between 55 and 60 per cent. above the 1913 average.



1. The Volume of Trade was maintained at a high level during 1925 and prices after some fluctuations showed little net change for the year.

While business was largely free from speculative tendencies the volume of trading in the stock market reached new high levels and the prices of stocks rose to new high points, under the impetus of wide participation in the market and a large flow of funds from out-of-town to New York for employment in the stock exchange money

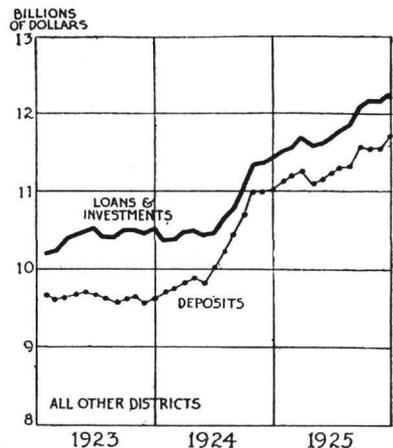
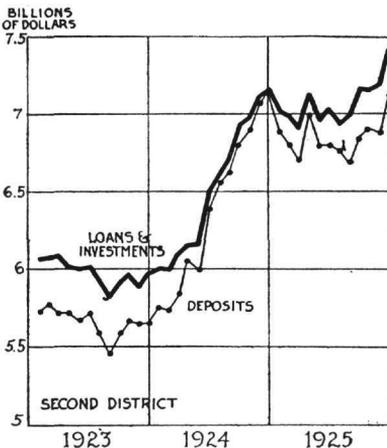
market. During the summer there was heavy trading in grain, but with that exception speculation was not unusually active in the commodity markets. There was, however, evidence of large speculative undertakings in real estate in various parts of the country.

### Banking Conditions

The large volume of business in 1925 was carried forward with a somewhat smaller additional extension of bank credit than in 1924 when business was less active. The figures now available indicate an increase during the year of about  $1\frac{3}{4}$  billion dollars, or 6 per cent., in the loans and investments of all member banks throughout the country, as compared with an increase in 1924 of about  $2\frac{1}{2}$  billion dollars, or 9 per cent.

The increase in bank credit in 1925 may be largely ascribed to a growth of about one billion dollars in time deposits, which reflects the normal accumulation of funds from year to year, rather than the extension of additional credit for business use. The funds received by banks as time deposits were largely employed by banks in loans on stocks and bonds. There were much smaller increases in demand deposits and in loans directly for commercial purposes.

In the Second Federal Reserve District, in contrast with the rest of the country, bank loans and deposits showed no increase until the last few weeks of the year. Early in the year, accompanying gold exports, banks lost about 400 million dollars of deposits and liquidated a substantial amount of their investments. An additional factor in this reduction of bank deposits was a reduction of about 200 million dollars in balances of out-of-town banks in New York City.



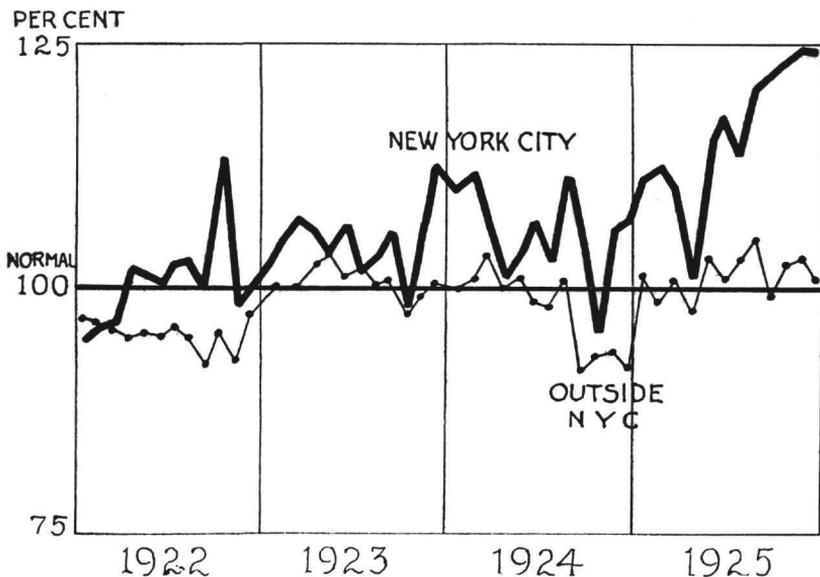
2. Bank loans and investments and deposits in the Second District showed little net change during 1925, but in other districts continued to increase.  
(Reporting member banks in principal cities)

There was an interesting contrast during 1925 in the growth of bank credit in cities of different sizes. In general, smaller towns and cities showed a more rapid increase in deposits than did the larger centers. Changes during the year through November in total time and demand deposits of all member banks were as follows:

Deposits in all member banks (In millions of dollars)

DATE	SECOND DISTRICT		OTHER 11 DISTRICTS		TOTAL UNITED STATES	
	Cities and Towns Under 100,000 Population	Cities and Towns Over 100,000 Population	Cities and Towns Under 100,000 Population	Cities and Towns Over 100,000 Population	Cities and Towns Under 100,000 Population	Cities and Towns Over 100,000 Population
Dec. 24, 1924	1,391	7,155	8,160	10,977	9,551	18,132
Nov. 25, 1925	1,537	7,054	8,805	11,658	10,342	18,712
Change	+146	-101	+645	+681	+791	+580

The comparative stability of demand deposits during the year in the face of active business may be partly accounted for by the fact that the increase in deposits in 1924 had been larger than usual. During the year 1925, moreover, there was a steadily more active utilization of the available deposits, as is indicated by the following diagram showing the velocity, or rate of turnover, of bank



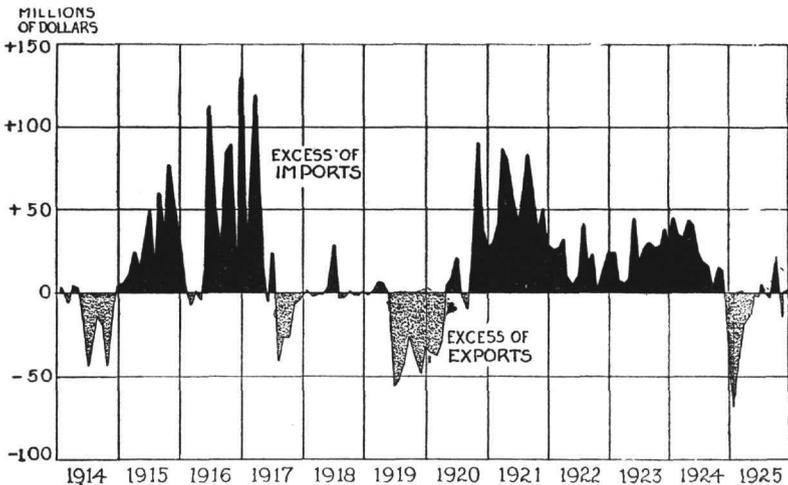
3. The velocity, or rate of turnover, of bank deposits was more rapid in 1925 than for some years previous. (Estimated normal equals 100 per cent.)

deposits. Velocity is computed by finding the ratio between the amount of checks drawn each month and average demand deposits. The figures are shown in the diagram as percentages of an estimated normal velocity determined from past experience.

In New York City there was a greater increase in velocity of deposits than in the rest of the country, probably reflecting activity in the security markets.

#### GOLD MOVEMENT

An important influence in the credit situation in 1925 was the reversal of the gold movement from an import movement in 1924 to an export movement in 1925. The total figures for the year show a net export movement of about 135 million dollars, the major part of which was exported from New York. The largest amount of the exported gold went to Germany, representing part of the proceeds of the \$110,000,000 German loan provided for in the Dawes Plan, together with gold which had been held under earmark in this bank. This gold was transferred to the vaults of the Reichsbank to serve as reserve for the reestablished currency of Germany. Considerable amounts were also exported to India and Australia, reflecting a position of the exchanges of those countries which made gold imports profitable. Most of this gold export movement took place in the early months of the year.



4. The gold movement in 1925 resulted in a net export total for the first year since 1919.

After the return of Great Britain to the gold standard, gold movements to and from this country began to reflect much more nearly than for some years past the readjustments of exchange positions which were usual prior to the European war. In October sterling exchange dropped below the British gold export point and more than 40 million dollars of gold was shipped to this country, a movement somewhat similar in time and amount to the seasonal movement in many years prior to the war. This import movement, however, was offset by a movement of gold from this country to Canada, which resulted from a rise in Canadian exchange above their import point at the time when considerable shipments of wheat were being received in this country from Canada.

Gold Movement, 1925 (In thousands)

Country	Imports	Exports	Excess of	
			Imports	Exports
France.....	\$ 6,606	\$ 1,339	\$ 5,267	.....
Germany.....	2	68,270	.....	\$ 68,268
Netherlands.....	10,085	4,318	5,767	.....
England.....	49,294	6,160	43,134	.....
Canada.....	32,833	45,658	.....	12,825
Mexico.....	5,387	8,810	.....	3,423
Argentina.....	2	7,573	.....	7,571
Australia.....	2	26,925	.....	26,923
Straits Settlements.....	14	7,377	.....	7,363
Japan.....	11,008	.....	11,008	.....
China and Hong Kong.....	120	13,478	.....	13,358
British India.....	.....	58,775	.....	58,775
All other.....	12,920	13,957	.....	1,037
Total.....	\$128,273	\$262,640	.....	\$ 134,367

### Improvement in European Monetary Conditions

The year 1925 was a year of notable progress in the recovery of the nations of Europe to monetary stability. The inauguration of the Dawes Plan in the autumn of 1924 paved the way for the restoration of Germany to a gold basis, and the program laid down at that time for 1925 was successfully carried through. In January 1925, South Africa announced the intention to resume gold payments; in March Austria adopted a new currency; and on April 28 Great Britain reestablished a free gold market and its action was accompanied by similar action on the part of Holland, Australia, New Zealand, and the Dutch East Indies. Eighteen countries, constituting a considerable proportion of Europe, have now taken definite

action to return to the gold standard or a gold exchange standard, or have reached substantial stability. Important steps taken in these directions by European countries are shown in the following calendar.

## 1922

- September Bank of Lithuania established and new currency unit adopted, based upon gold.  
 October Russian Soviet State Bank authorized to issue the chervonetz, based upon gold.  
 November Bank of Latvia established and new currency created, to become convertible into gold one year after the resumption of gold payments by the Bank of England.

## 1923

- January Austrian National Bank established.  
 October German Rentenbank established, and currency stabilized.

## 1924

- January Bank of Danzig established and currency stabilized with reference to sterling.  
 April Sweden removes restrictions upon gold exports and resumes specie payments.  
 Bank of Poland established, and new currency introduced, based on gold.  
 June Hungarian National Bank established and currency stabilized with reference to sterling.  
 October German Reichsbank reorganized under the Dawes Plan and new reichsmark introduced.  
 December Germany removes restrictions on the export and import of gold and silver.

## 1925

- January South Africa announces intention to resume gold payments July 1, 1925.  
 March Austria announces adoption of new currency.  
 April Great Britain reestablishes free gold market. Holland, Australia, New Zealand, and Dutch East Indies withdraw embargo on gold exports.  
 Czecho-Slovakia passes act providing for a new currency unit based on gold and the establishment of the National Bank of Czecho-Slovakia to open in January 1926 to replace the Banking Office of the Ministry of Finance under whose operations substantial monetary stability had been secured.  
 July Albania passes laws providing for a national currency based upon the gold franc and a central bank to open in January 1926.  
 November Hungary adopts new currency unit.  
 December Finland passes law providing for revalorization of the currency on gold basis, effective January 1, 1926.

These formal steps which have been taken by different countries to restore their monetary positions do not mark a complete return to monetary stability. Certain of the countries have had difficulty in maintaining the programs which they had laid down. Many of the countries are short of liquid capital and will require additional extension of credit by other countries.

### Foreign Financing

A continued large volume of foreign financing in the United States has undoubtedly been an important factor in the improvement in financial conditions abroad and has facilitated the marketing

abroad of American exports. During the year 1925 a total of \$1,326,900,000 of new foreign securities was sold in this country, as compared with about \$1,250,000,000 in 1924, which had up to that time been the largest amount of new foreign financing ever placed in this country, if we except the war issues of 1916. A classification of the 1925 issues by countries is shown in the following table.

FOREIGN LOANS ISSUED IN THE UNITED STATES 1925

COUNTRY	GOVERNMENT AND MUNICIPAL AND GUARANTEED BY THE GOVERNMENT	CORPORATE	TOTAL
<b>EUROPE</b>			
Austria.....	\$10,500,000	\$7,400,000	\$17,900,000
Belgium.....	50,000,000	.....	50,000,000
Czecho-Slovakia.....	21,500,000	4,000,000	25,500,000
Denmark.....	38,500,000	4,000,000	42,500,000
Germany.....	162,700,000	70,500,000	233,200,000
Italy.....	100,000,000	19,600,000	119,600,000
Norway.....	40,100,000	5,800,000	45,900,000
Poland.....	35,000,000	15,800,000	50,800,000
Other.....	46,000,000	19,100,000	65,100,000
Total	\$504,400,000	\$146,200,000	\$650,600,000
<b>CANADA AND NEWFOUNDLAND</b>			
	\$184,500,000	\$82,000,000	\$266,500,000
<b>LATIN AMERICA</b>			
Argentina.....	\$121,400,000	.....	\$121,400,000
Chile.....	20,000,000	\$16,500,000	36,500,000
Other.....	33,100,000	50,000,000	83,100,000
Total	\$174,500,000	\$66,500,000	\$241,000,000
<b>ASIA AND AUSTRALIA</b>			
Japan.....	.....	\$66,500,000	\$66,500,000
Australia.....	75,000,000	.....	75,000,000
Other.....	6,400,000	200,000	6,600,000
Total	\$81,400,000	\$66,700,000	\$148,100,000
<b>INTERNATIONAL.....</b>			
	.....	\$20,700,000	\$20,700,000
Grand Total.....	\$944,800,000	\$382,100,000	\$1,326,900,000

In addition to purchasing long term securities the United States has provided a certain amount of short term credit through the medium of bankers acceptances and other temporary credits, and by maintaining balances abroad. The amount of such extensions of credit cannot be estimated with any degree of accuracy.

### Gold Credit to the Bank of England

In April 1925, this bank, in association with all other Federal Reserve Banks, entered into an agreement to place \$200,000,000 of gold at the disposal of the Bank of England for a period of two years, in connection with England's return to gold payments.

The exact provisions of the arrangement were described as follows in the Federal Reserve Bulletin for June 1925:

"Under its arrangement with the Bank of England the Federal Reserve Bank of New York undertakes to sell gold on credit to the Bank of England from time to time during the next two years, but not to exceed \$200,000,000 outstanding at any one time. The credit is to bear interest to the extent that it is actually used at a rate 1 per cent. above the New York Reserve Bank's discount rate, with a minimum of 4 per cent. and a maximum of 6 per cent., or, if the Federal Reserve discount rate exceeds 6 per cent., then at the discount rate of the bank. . . . Upon the purchase of gold the Bank of England will place on its books to the credit of the Federal Reserve Bank of New York an equivalent deposit in pounds sterling. This deposit may be used from time to time by arrangement with the Bank of England in the purchase of eligible sterling commercial bills which shall be guaranteed by the Bank of England, and in that case discount earned on the bills will be applied to the payment of interest.

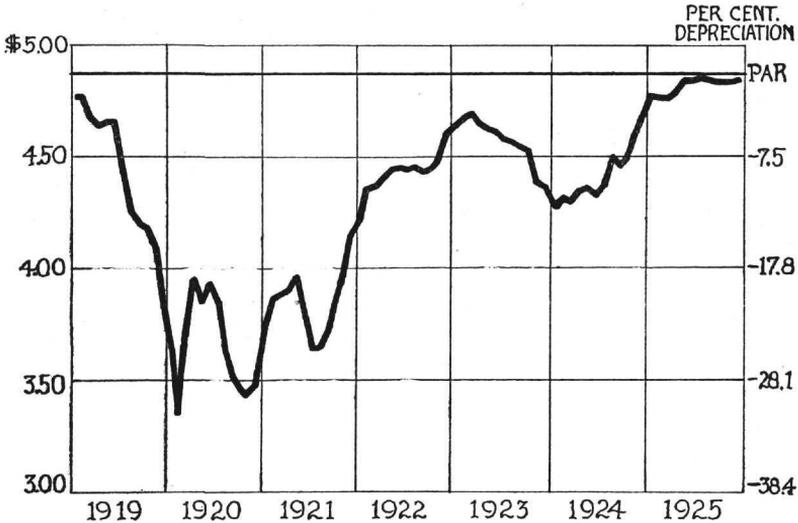
"If occasion arises for the use of this credit, support can be given to sterling exchange either through the purchase of sterling bills in New York or abroad, or gold can be shipped to other countries on British account. Thus the Bank of England could meet a foreign demand for gold without reducing its own reserves, or it could replenish its reserves by withdrawing gold from this country or by earmarking it in New York. The form in which the credit would be used would depend upon the circumstances at the time."

The repayment, within a period of two years, of such portion of the credit as may be used by the Bank of England is guaranteed by the British Treasury under the terms of the Gold Standard Act passed by Parliament early in May 1925. This guarantee protects the Federal Reserve Banks against any governmental act which might operate to restrain the Bank of England from meeting its obligation, by the shipment of gold or otherwise. The transaction, however, is not with the British Government, but is solely with the Bank of England. In this respect it differs from the contemporaneous 100 million dollar credit which Messrs. J. P. Morgan & Company arranged for the British Government with commercial banks in the United States, which is solely a Government credit.

The arrangements between the Bank of England and the Federal Reserve Bank of New York involve no commitment as to the policies to be pursued by this bank in dealing with domestic credit conditions. While it is the intention of this bank to exchange information fully with the Bank of England and to avoid any un-

necessary action which would be detrimental to the maintenance of a free gold market, the Federal Reserve Bank of New York and the Bank of England are both absolutely free and uncommitted as to any action whatever relative to discount rates.

Thus far no use of the credit has been made by the Bank of England.



5. Fluctuations in Sterling Exchange

### Arrangements with Poland and Belgium

Arrangements have been made during the past year in which all other Federal Reserve Banks have participated, to make loans secured by gold to the Bank of Poland and to buy prime commercial Belgian bills from the National Bank of Belgium, if desired. These arrangements were for the purpose of facilitating efforts which were being made to stabilize the currency or improve the monetary position of the countries involved.

## Reports of Operation

As complete statistics of the operations of each Reserve Bank are published in the annual report of the Federal Reserve Board, detailed figures of the operations of this bank are omitted from this report, with the exception of the following pages showing the statement of condition at the beginning and end of the year, the income and disbursements during the year, and a table on the volume of operations in principal departments.

RESOURCES	Dec. 31, 1924	Dec. 31, 1925
<b>CASH RESERVES</b> held by this bank against its deposits and note circulation:		
Gold held by the Federal Reserve Agent as part of the collateral deposited by the bank when it obtains Federal Reserve notes. This gold is lodged partly in the vaults of the bank and partly with the Treasurer of the United States.....	\$384,306,965.61	\$329,996,016.59
Gold redemption fund in the hands of the Treasurer of the United States to be used to redeem such Federal Reserve notes as are presented to the Treasury for redemption	11,557,070.44	13,516,129.74
Gold and gold certificates in vault.....	277,262,589.82	331,225,694.40
Gold in the gold settlement fund lodged with the Treasurer of the United States for the purpose of settling current transactions between Federal Reserve districts	286,475,438.52	254,226,803.87
Legal tender notes, silver, and silver certificates in the vaults of the bank (available as reserve only against deposits).....	21,867,394.00	27,256,282.00
<b>Total cash reserves.....</b>	<b>\$981,469,458.39</b>	<b>\$956,220,926.60</b>
<b>NON-RESERVE CASH</b> , consisting largely of National Bank notes and minor coin.....	<b>\$18,517,186.90</b>	<b>\$16,966,978.42</b>
<b>LOANS AND INVESTMENTS:</b>		
Loans to member banks:		
On the security of obligations of the United States.....	\$68,744,642.50	\$197,709,000.00
By the discount of commercial or agricultural paper or acceptances.....	12,577,441.02	35,234,620.12
Acceptances bought in the open market...	101,823,154.40	42,019,937.59
United States Government bonds, notes, and certificates of indebtedness.....	169,898,350.00	57,199,050.00
Foreign loans on gold.....	1,746,000.00	2,106,000.00
<b>Total loans and investments.....</b>	<b>\$354,789,587.92</b>	<b>\$334,268,607.71</b>
<b>MISCELLANEOUS RESOURCES:</b>		
Bank premises.....	\$16,242,897.76	\$16,617,060.69
Checks and other items in process of collection.....	156,377,299.73	170,992,612.34
All other miscellaneous resources.....	8,656,803.63	4,162,451.27
<b>Total miscellaneous resources.....</b>	<b>\$181,277,001.12</b>	<b>\$191,772,124.30</b>
<b>Total resources.....</b>	<b>\$1,536,053,234.33</b>	<b>\$1,499,228,637.03</b>

LIABILITIES	Dec. 31, 1924	Dec. 31, 1925
<b>CURRENCY IN CIRCULATION:</b>		
Federal Reserve notes in actual circulation, payable on demand. These notes are secured in full by gold and discounted and purchased paper.....	\$387,352,885.00	\$393,036,812.50
Total currency in circulation.....	\$387,352,885.00	\$393,036,812.50
<b>DEPOSITS:</b>		
Reserve deposits maintained by member banks as legal reserves against the deposits of their customers.....	\$883,861,349.67	\$847,248,505.07
United States Government deposits carried at the Reserve Bank for current requirements of the Treasury.....	16,904,418.11	3,183,106.57
Other deposits including foreign deposits, deposits of non-member banks, etc.....	28,194,141.08	11,282,630.44
Total deposits.....	\$928,959,908.86	\$861,714,242.08
<b>MISCELLANEOUS LIABILITIES:</b>		
Deferred items, composed mostly of uncollected checks on banks in all parts of the country. Such items are credited as deposits after the average time needed to collect them elapses, ranging from 1 to 8 days.....	\$129,054,958.09	\$150,262,580.52
All other miscellaneous liabilities.....	1,769,392.67	1,856,109.53
Total miscellaneous liabilities.....	\$130,824,350.76	\$152,118,690.05
<b>CAPITAL AND SURPLUS:</b>		
Capital paid in, equal to 3 per cent. of the capital and surplus of member banks....	\$30,166,800.00	\$32,394,500.00
Surplus—that portion of accumulated net earnings which the bank is legally permitted to retain.....	58,749,289.71	59,964,392.40
Total capital and surplus.....	\$88,916,089.71	\$92,358,892.40
Total liabilities.....	\$1,536,053,234.33	\$1,499,228,637.03

The principal changes between December 31, 1924 and December 31, 1925 were as follows:

A decrease of 25 millions in cash reserves

An increase of 152 millions in loans to member banks

A decrease of 60 millions in holdings of acceptances bought in the open market

A decrease of 113 millions in holdings of Government securities

A decrease of 37 millions in the reserve deposits maintained by member banks

Practically no change in the volume of notes in circulation

The decrease in gold holdings reflects gold exports and the payment of gold certificates into circulation, partly offset by a considerable transfer of gold from other districts to New York.

The changes in loans to member banks and in holdings of bills and securities reflect in part the sale by the Federal Reserve Banks of about 200 millions of Government securities between January 1 and March 31. The participation of the Federal Reserve Bank of New York in this sale is represented by the decrease in its holdings of U. S. Government securities. The sale of securities had the result of increasing the direct borrowing by member banks at the Reserve Bank, a tendency which was further advanced by active business conditions and gold exports.

The decrease shown by the statement in the amount of holdings of acceptances bought in the open market is not significant of any marked change in the acceptance market, since acceptance holdings by all the Reserve Banks were only slightly less than a year ago. It rather represents a more widespread distribution of acceptance holdings among the Reserve Banks.

The decrease in reserve deposits reflects a decrease in the deposits of member banks, as commented upon earlier in this report.

#### DISCOUNT RATE

Accompanying an increase in loans to member banks and an increase in open market money rates, the discount rate of the bank for all discounts and advances was increased from 3 to  $3\frac{1}{2}$  per cent. on February 27. The  $3\frac{1}{2}$  per cent. rate was maintained throughout the balance of the year.

#### INCOME AND DISBURSEMENTS

The following table shows the income and disbursements for the years 1924 and 1925. Total earnings in 1925 were over a million dollars larger than in the preceding year, due largely to increased borrowing by member banks. Expenses of current bank operations were slightly smaller than in 1924, notwithstanding the fact that 1925 was the first full year in the new building and that there was also a continued increase in the volume of operations of the bank. Earnings for the year were sufficient to pay the 6 per cent. dividend on capital stock provided by the Federal Reserve Act, and to add \$1,200,000 to surplus.

EARNINGS	1924	1925
From loans to member banks and paper discounted for them.....	\$2,613,565.96	\$5,188,505.53
From acceptances owned.....	1,446,693.25	1,469,858.04
From United States Government obligations owned.....	4,165,856.35	2,984,698.11
Other earnings.....	343,234.80	574,111.85
<b>Total earnings.....</b>	<b>\$8,569,350.36</b>	<b>\$10,217,173.53</b>
<b>DEDUCTIONS FROM EARNINGS</b>		
For current bank operation. These figures include most of the expenses incurred as fiscal agent of the United States.....	\$6,155,270.43	\$6,044,925.67
For Federal Reserve currency, mainly the cost of printing new notes to replace worn notes in circulation, and to maintain supplies unissued and on hand.....	195,550.43	280,276.07
For depreciation, self-insurance, and other reserves, etc.....	1,601,677.18	788,673.37
<b>Total deductions from earnings.....</b>	<b>\$7,952,498.04</b>	<b>\$7,113,875.11</b>
Net income available for dividends, additions to surplus, and payment to the United States Government.....	\$616,852.32	\$3,103,298.42
<b>DISTRIBUTION OF NET INCOME</b>		
In dividends paid to member banks, at the rate of 6 per cent. on paid-in capital....	\$1,796,529.82	\$1,888,195.73
In additions to surplus—The bank is permitted by law to accumulate out of net earnings, after payment of dividends, a surplus amounting to 100 per cent. of the subscribed capital; and after such surplus has been accumulated to pay into surplus each year 10 per cent. of the net income remaining after paying dividends. ....	.....	1,215,102.69
Any net income remaining after paying dividends and making additions to surplus (as above) is paid to the United States Government as a franchise tax. No balance remained for such payments in 1924 and 1925.....	.....	.....
Deficit of net income after dividend payments, which has been charged to surplus account.....	1,179,677.50	.....
<b>Total net income distributed.....</b>	<b>\$616,852.32</b>	<b>\$3,103,298.42</b>

VOLUME OF OPERATIONS

The table on page 16 gives the average daily transactions during the year in the principal departments and indicates that the bank's transactions have continued to increase in volume. Aside from its credit operations, the transactions of the bank tend to show a steady increase from year to year.

## DAILY AVERAGES

NUMBER OF PIECES HANDLED	1923	1924	1925
<b>Bills discounted:</b>			
Applications.....	58	41	51
Notes discounted.....	239	130	120
Bills purchased for own account	251	203	209
Currency received and counted	1,580,320	1,684,529	1,828,790
Coin received and counted....	2,702,412	3,017,043	3,239,783
Telegraphic transfers of funds.	939	942	971
Checks handled.....	425,151	447,914	470,369
Collection items handled:			
U. S. Government coupons paid.....	58,555	46,235	40,118
All other.....	7,208	7,990	6,733
U. S. securities—issues, redemptions, and exchanges by Fiscal Agency department...	27,307	9,826	7,586
<b>AMOUNTS HANDLED</b>			
Bills discounted.....	\$59,443,190	\$23,127,772	\$56,329,370
Bills purchased for own account	3,899,494	3,553,236	3,848,107
Currency received and counted	9,954,580	10,450,748	11,682,250
Coin received and counted....	415,583	375,926	884,915
Telegraphic transfers of funds.	92,819,536	115,269,461	128,123,044
Checks handled.....	216,947,121	224,992,547	290,473,130
Collection items handled:			
U. S. Government coupons paid.....	1,117,032	1,093,319	1,028,536
All other.....	6,359,997	6,163,628	6,881,294
U. S. securities—issues, redemptions, and exchanges by Fiscal Agency department...	10,426,723	11,587,125	13,231,618

## ELECTION OF DIRECTORS

In October and November an election was held for two directors to succeed Gates W. McGarrah, of Class A, and Owen D. Young, of Class B, whose terms expired at the end of 1925. Mr. McGarrah, believing that a Class A director should serve but one term, asked that his name should not be considered for reelection. Only the banks in Group 1, that is, banks having a capital and surplus in excess of \$1,999,000, participated in the election.

On December 3 the election was announced of:

**Jackson E. Reynolds**, Class A director, President of the First National Bank of the City of New York

**Owen D. Young**, Class B director, Chairman of the Board of the General Electric Company

Each is to serve for a term of three years from January 1, 1926. Of the 67 banks in Group 1, 60 cast votes for Mr. Reynolds and 59 for Mr. Young. No other votes were cast. The Federal Reserve Board has reappointed Pierre Jay as Class C director, for a term of three years, beginning January 1, 1926, and has also redesignated him for the year 1926 as Chairman of the Board and Federal Reserve Agent. The Federal Reserve Board has also redesignated W. L. Saunders as Deputy Chairman of the Board.

#### MEMBER OF ADVISORY COUNCIL

At a meeting of the board of directors held on January 8, 1925, Paul M. Warburg of New York City, was reelected a member of the Federal Advisory Council from the Second Federal Reserve District for the year 1925.

#### OFFICERS AND STAFF

During the year 1925 the following members of the official staff resigned to accept other positions:

January 31—William H. Dillistin, Manager, Bank Examinations Department

April 30—Alan K. Lauckner, Manager, Methods and Supplies Department

December 31—Gilbert E. Chapin, Controller of Loans

December 31—Joseph L. Morris, Manager, Credit and Discount Department

George B. Roberts, Manager of the Reports Department, has tendered his resignation, effective February 1, 1926.

Readjustments in departmental organization have made it possible to carry forward the work of the bank without as yet replacing these officers, and the number of officers in the New York office therefore shows a reduction from 32 to 27.

Howard M. Jefferson, Manager of the Personnel Department, was granted leave of absence from the bank from July 1, 1925 to March 1, 1926 to be a member of a mission to study the banking and financial system of Chile, make recommendations, and supervise the installation of a new monetary system.

The total staff of the bank was reduced from 2,653 on December 31, 1924, to 2,447 on December 31, 1925, and the annual salary

liability from \$4,380,711 to \$4,045,919. These figures include the staff of the Buffalo Branch and the officers. This reduction of more than 200 workers is largely a consequence of the greater ease and safety of operations in the new building.

#### BUILDING AND ANNEX

The bank moved into its new building during the summer and fall of 1924. Therefore 1925 has been the first full year of operations in the new building, which has proved itself well adapted to the business of the bank. The additional cost of maintaining and operating the building has been more than absorbed by the economies in operation which it has made possible. In addition the major part of one floor of the building has been leased to tenants, thus providing an income pending the time when the bank may need this space for its own use.

In 1921 the bank erected an annex building primarily for the storage of records and other bank property. The building was used during the construction of the main bank building for the housing of many of the departments of the bank. Following the transfer of all departments of the bank into the new building, practically all of the space in the annex building has been leased to tenants. The bank has reserved certain space in the basement for storage purposes and has arranged its leases in such a way that the building will be available for storage or other purposes when it may be needed by the bank.

#### CONFERENCES WITH BANKERS

In the spring of 1925 a series of conferences with the officers of member and nonmember banks in the Second District outside of New York City was held, for the purpose of discussing with them their relations with the Federal Reserve Bank and some of their own problems, and of giving them an opportunity to see the bank in operation in its new building. In all, 26 conferences were held, from March 31 to June 12. The average attendance at each conference was 28, and the number of banks represented at the conferences was 703, out of a total of about 1,100 banks in the district outside of New York City. Representatives of 71 per cent. of the member banks and 40 per cent. of the nonmember banks attended the conferences, which lasted the major part of the day.

In addition, conferences to serve a similar purpose were arranged for the senior officers of nearby banks in New York City. These were attended by 270 officers, representing 42 member and 9 non-member banks.

These gatherings not only gave visiting bankers an opportunity to become better acquainted with the work of the Federal Reserve Bank, but afforded the officers of the Reserve Bank a means for renewing their personal acquaintance with many of the bankers in the district and for becoming more familiar with their problems.

ELEVENTH ANNUAL REPORT

DIRECTORS AND OFFICERS

		DIRECTORS		<i>Term Expires Dec. 31</i>
<i>Class</i>	<i>Group</i>			
A	1	JACKSON E. REYNOLDS, New York City . . . . .	President, First National Bank	1928
A	2	ROBERT H. TREMAN, Ithaca, N. Y. . . . .	President, The Tompkins County National Bank	1926
A	3	DELMER RUNKLE, Hoosick Falls, N. Y. . . . .	President, Peoples National Bank	1927
B	1	OWEN D. YOUNG, New York City . . . . .	Chairman, General Electric Company	1928
B	2	THEODORE F. WHITMARSH, New York City . . . . .	President, Francis H. Leggett & Company	1926
B	3	SAMUEL W. REYBURN, New York City . . . . .	President, Associated Dry Goods Corporation and Lord & Taylor	1927
C		PIERRE JAY, New York City, <i>Chairman</i> . . . . .		1928
C		W. L. SAUNDERS, Plainfield, N. J., <i>Deputy Chairman</i> . . . . .	Chairman, Ingersoll-Rand Company	1926
C		CLARENCE M. WOOLLEY, New York City . . . . .	Chairman, American Radiator Company	1927

MEMBER OF FEDERAL ADVISORY COUNCIL

JAMES S. ALEXANDER, New York City

OFFICERS

General Officers

BENJ. STRONG, *Governor*

J. HERBERT CASE, *Deputy Governor*

GEORGE L. HARRISON, *Deputy Governor*

LOUIS F. SAILER, *Deputy Governor*

EDWIN R. KENZEL, *Deputy Governor*

JESSE HOLLADAY PHILBIN, *Secretary*

JAY E. CRANE, *Assistant Secretary*

L. RANDOLPH MASON, *General Counsel*

JESSE HOLLADAY PHILBIN, *Assistant General Counsel*

Senior Officers

RAY M. GIDNEY,  
*Controller of Loans*

LAURENCE H. HENDRICKS,  
*Controller of Fiscal Agency Function*

ARTHUR W. GILBERT,  
*Controller of Cash and  
Controller of Collections*

J. WILSON JONES,  
*Controller of Administration*

LESLIE R. ROUNDS,  
*Controller of Accounts*

DIRECTORS AND OFFICERS—(Continued)

Junior Officers

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|---|---|
| DUDLEY H. BARROWS,<br><i>Manager, Administration Department</i>   | WALTER B. MATTESON,<br><i>Manager, Securities Department</i>  |
| CHARLES H. COE,<br><i>Manager, Check Department</i>               | ROBERT M. O'HARA,<br><i>Manager, Bill Department</i>          |
| JAY E. CRANE,<br><i>Manager, Foreign Department</i>               | JAMES M. RICE,<br><i>Manager, Accounting Department</i>       |
| EDWIN C. FRENCH,<br><i>Manager, Cash Department</i>               | STEPHEN S. VANSANT,<br><i>Manager, Safekeeping Department</i> |
| HOWARD M. JEFFERSON,<br><i>Manager, Personnel Department</i>      | I. WARD WATERS,<br><i>Manager, Collection Department</i>      |
| ADOLPH J. LINS,<br><i>Manager, Credit and Discount Department</i> |   |

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EDWARD L. DODGE, *General Auditor*

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FEDERAL RESERVE AGENT

PIERRE JAY, *Federal Reserve Agent*

W. RANDOLPH BURGESS,  
*Assistant Federal Reserve Agent*

CARL SNYDER  
*General Statistician*

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BUFFALO BRANCH

DIRECTORS

	<i>Term Expires</i> <i>Dec. 31</i>
FRANK W. CRANDALL . . . . . President, National Bank of Westfield, Westfield, N. Y.	1928
ARTHUR HOUGH, Batavia, N. Y. . . . . President, Wiard Plow Company	1927
JOHN A. KLOEFFER, Buffalo . . . . . President, Liberty Bank of Buffalo	1928
ELLIOTT C. MCDUGAL, Buffalo . . . . . President, Marine Trust Company	1927
JAMES H. MCNULTY, <i>Chairman</i> . . . . . President, Pratt and Lambert, Inc., Buffalo	1926
HARRY T. RAMSDELL, Buffalo . . . . . Chairman, Manufacturers and Traders Trust Company	1926
WALTER W. SCHNECKENBURGER, <i>Managing Director</i> . . . . .	1926

OFFICERS

WALTER W. SCHNECKENBURGER,  
*Managing Director*  
HALSEY W. SNOW, JR.,  
*Cashier*

CLIFFORD L. BLAKESLEE,  
*Assistant Cashier*  
ELMER L. THEOBALD,  
*Assistant Cashier*