

## NEW JERSEY BANKERS ASSOCIATION

BANKING AND CURRENCY COMMITTEE

P. O. BOX 589

NEWARK, NEW JERSEY

WALTER M. VAN DEUSEN, NEWARK, CHAIRMAN  
ROBERT D. FOOTE, MORRISTOWN  
BLOOMFIELD H. MINCH, BRIDGETON  
HENRY G. PARKER, NEW BRUNSWICK  
EDWARD C. STOKES, TRENTON

Sept 25, 1914.

Federal Reserve Board,  
Washington, D. C.

Gentlemen:

We beg to transmit herewith, petition duly signed by one hundred and twenty three member banks in Northern New Jersey, asking that the northern part of New Jersey be transferred from Federal Reserve District number 3, (Philadelphia) to Federal Reserve District number 2, (New York).

The aggregate capital and surplus of these banks amount to \$31,226,427. Their deposits to \$156,456,000.

Nine banks in Northern New Jersey with a capital and surplus of \$1,177,500, and with deposits of \$5,310,000, have not signed the petition. We append herewith a list of the banks not signing, and their reasons therefor.

Farmers National Bank, Allentown, N. J., located in the Southern corner of Monmouth County, and somewhat nearer Philadelphia than New York City.

Belvidere National Bank, Belvidere, N. J. This town is in the extreme Western part of the State, and has direct train service to Philadelphia, and is the only town in Warren County which does not have direct train service to New York City.

Hunterdon County National Bank, Flemington, N. J. "It is immaterial to us whether we are in the Philadelphia Reserve District or the New York Reserve District. We are within 50 miles of both cities, and it makes no particular difference to us one way or the other."

Union National Bank, Frenchtown, N. J., located on the Delaware River, in the Western part of the State. Train service to Philadelphia is more direct than to New York.

Lambertville National Bank, Lambertville, N. J., located about one-half way between New York City and Philadelphia, it is immaterial to them which district they are in.

Manasquan National Bank, Manasquan, N. J., located in the lower part of Monmouth County, about equally distant

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from New York City and Philadelphia. When the vote was taken by the organization Committee they voted in favor of Philadelphia.

First National Bank, Milford, N. J., located on the Delaware River with more direct service to Philadelphia than to New York City.

Second National Bank, Phillipsburg, N. J., located on the Delaware River in the extreme Western part of the State somewhat more convenient to Philadelphia.

National Bank of North Hudson, West Hoboken, N. J. They say they would much prefer to be affiliated with the New York District, but fear signing a petition would embarrass your Honorable body.

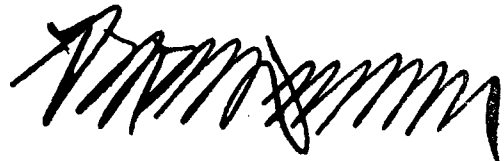
We also transmit herewith twenty copies of a brief setting forth our reasons for desiring to have the change made, and are accompanying it with copies of a map of New Jersey showing the division line which we suggest.

We would appreciate your consideration of our petition at your convenience, and request an opportunity to be heard orally in the matter.

Respectfully yours,

Banking and Currency Committee

New Jersey Bankers Association



Chairman.

**B R I E F**

of the

**Banks of**

**Northern New Jersey**

to the

**Federal Reserve Board**

#109  
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*To the Federal Reserve Board:*

The Banking and Currency Committee of the New Jersey Bankers' Association, acting under authority conferred by that Association, and at the request of the national banks of Northern New Jersey, respectfully petition your honorable body to review the assignment of the banks of Northern New Jersey to the Federal Reserve District No. 3 (Philadelphia) and to alter the district lines so that the banks in New Jersey North of the Northerly line of the Counties of Ocean and Mercer shall be included in Federal Reserve District No. 2 (New York). This would involve transferring the banks in the Counties of

Monmouth,	Somerset,	Passaic,	Morris,
Middlesex,	Union,	Hudson,	Sussex,
Hunterdon,	Essex,	Bergen,	Warren,

in the State of New Jersey, from the Federal Reserve District No. 3 (Philadelphia) to Federal Reserve District No. 2 (New York).

We present to you herewith petitions signed by 123 member banks in the counties above mentioned asking for this change and authorizing us to represent them. The capital and surplus of the banks signing these petitions is \$31,226,427, their deposits \$156,465,000. Nine banks did not sign petitions, the capital and surplus of those not signing being \$1,177,500, and their deposits \$5,310,000. These figures are taken from the

published report of the Comptroller of the Currency for 1913 ,those being the latest official figures available to us.

Northern New Jersey is allied so closely with New York, both commercially and financially, that the banks of that section should be assigned to the New York District in compliance with the Federal Reserve Act, Section 2, which says :

“That the districts shall be apportioned with due regard to the convenience and customary course of business, and shall not necessarily be co-terminous with any State or States.”

The volume of checks drawn on any particular city which are received on deposit by a bank show very accurately the amount of business which is done by the community in which the bank is located with the community on which the checks are drawn. Taking this method as a basis, we find that the commercial business of Northern New Jersey with New York is fully ten times as much as the commercial business of that section with Philadelphia, and throughout that section of the State the ties, both commercial, financial and social are almost entirely with New York City. The industrial enterprises of Northern New Jersey, especially those located in the large cities of Hudson, Passaic, Essex, Union and Middlesex Counties, do a very much greater volume of business with New York than with Philadelphia. Most of these concerns have offices in New York City, while

but few of them have offices in Philadelphia. We append tables showing the population and industrial importance of Northern New Jersey.

We are advised by the banks of Northern New Jersey that of the checks which they receive on deposit drawn on the cities of New York and Philadelphia from 85% to almost 100% are drawn on New York City, and on account of the large volume and amount of these checks payable in New York City it is essential that they be sent directly there in order to insure prompt presentation and prompt notice in case of non-payment. It is impracticable to send these checks to New York by way of the Philadelphia Reserve Bank. This very same question will arise in connection with the very heavy volume of checks payable in Northern New Jersey which are received on deposit by the New York City banks. An analysis of figures which were received by the Comptroller of the Currency from banks of Northern New Jersey during the month of June last will demonstrate the close relationship existing between New York City and Northern New Jersey, and will show that this relationship is much more active and close than that existing between Northern New Jersey and Philadelphia. In taking these figures into consideration it must be borne in mind that the Comptroller's figures separate New York City from New York State, but do not separate Philadelphia from the State of Pennsylvania. We give below figures covering the month of June furnished by five representative institutions in Newark, New Jersey, showing

the volume of checks on Newark received from New York City and from Philadelphia, and the currency shipments between Newark and New York, there being none with Philadelphia:

On local banks, received from New York	
City .....	\$19,096,489
On local banks, received from Philadelphia	
.....	2,351,506
Currency shipments to and from New York	
City .....	2,034,000

At present many of the banks in Northern New Jersey maintain accounts with Philadelphia banks, but these accounts are not maintained by reason of the natural flow of business there, but are due entirely to the fact that New York City banks have for many years charged exchange for the collection of country checks, whereas Philadelphia banks have been willing to collect these checks at par. Prior to the time when the New York Clearing House adopted the rule requiring its member banks to charge exchange on country checks the banks of Northern New Jersey, with very few exceptions, carried no accounts in Philadelphia, and the figures will demonstrate that immediately after the imposition of this exchange charge by the New York Clearing House the deposits of country banks with Philadelphia banks increased very materially. With equal facilities provided by the banks of the two cities, practically all of these accounts kept in Philadelphia by the banks of North-

ern New Jersey' would be eliminated, as there is not a sufficient volume of business on the territory naturally covered by Philadelphia to warrant the maintenance of these accounts. These facts will also account for the considerable volume of business received by the banks of Northern New Jersey from the banks of Philadelphia, as checks on Northern New Jersey from all over the country are by reason of the exchange charge imposed by the New York Clearing House diverted to Philadelphia rather than through their natural course by way of New York.

The relations existing between the banking institutions of Northern New Jersey and the banks of New York City have always been most intimate, and the transactions between that section of New Jersey and New York City are carried on in a very large degree through personal contact, resulting in mutual advantage. On account of this close relationship no artificial barriers should be erected, and if erected, will prove injurious to the banks of Northern New Jersey.

A considerable number of the banks in Northern New Jersey at certain times in the year purchase commercial paper. This is all purchased through New York brokers, and is usually passed upon by New York banks before being purchased.

The bankers of New York City are in very close touch with the credit standing of Northern New Jersey corporations, and are thus in much better position to advise with the directors of the Federal Reserve Bank of New York City regarding conditions

in Northern New Jersey than are the bankers of Philadelphia.

Many of the industries of Northern New Jersey maintain bank accounts in New York City as well as in New Jersey, sell their paper in the New York markets, and are otherwise financed there. This further results in very close and accurate knowledge by the bankers of New York City of the credits and needs of the industries of Northern New Jersey.

The very large commuting element in the population of Northern New Jersey alone causes a very considerable flow of business to and from New York City. Many considerable towns in Northern New Jersey are inhabited almost entirely by people who are in business in New York City. We are advised by the Pennsylvania Railroad Company that during the past year on their lines east of, and including New Brunswick, 11,051,715 passengers were carried to and from New York City. The Central Railroad Company advise us that on their lines in Northern New Jersey they have at least 12,000 commuters from points in Northern New Jersey to New York City, and in addition they carry about 35,000 passengers to and from New York City and New Jersey points each day. The Delaware, Lackawanna & Western Railroad Company advise us that the number of passengers carried between stations in Northern New Jersey and New York City during the month of June, 1914, was 1,421,537. The Erie Railroad Company advise us that in June, 1914, they carried 1,555,314 passengers

between stations in Northern New Jersey and New York City. These figures show that over 60,000,000 passengers per year are carried between New York City and Northern New Jersey points, and this does not include the traffic from points in Hudson County which reaches New York City by other means than the railroads. The retail purchases of a large portion of the commuting element of the population are made in New York City, and much of the wholesale and retail business throughout Northern New Jersey follows the same course.

A large proportion of the business of many banks located in the commuting cities and towns of Northern New Jersey are accounts of New York business men residing in those towns and cities. A recent agreement, which has been entered into by many of the country banks located near New York City, provides that the New York Clearing House banks will take checks on these banks at par, the local bank agreeing to remit for them in New York Clearing House funds at par on receipt. These checks are therefore readily received in New York, but if Northern New Jersey were in another Federal Reserve District than New York City this arrangement would probably be terminated, and it is unlikely that New York City banks would receive these checks freely if they had to collect them through the Federal Reserve Bank in New York City, and from that bank through the Federal Reserve Bank in Philadelphia. This would result in the transfer of many of

these accounts of New York men in the local banks to banks in New York City.

Efforts are already being made by New York City banks to secure the accounts of business men and industrial concerns located in Northern New Jersey, the New York banks using the argument that the New Jersey banks being attached to the Philadelphia Reserve Bank District will interfere with the availability of deposit accounts in New Jersey banks. This will probably result in the diversion of considerable business from New Jersey banks to the banks of New York City if the present assignment of the Northern New Jersey banks is continued.

Access to New York City from Northern New Jersey is rapid and easy, and to Philadelphia is much longer, and frequently more difficult, as few portions of the Northern part of the State have direct train service to Philadelphia, while all have direct train service to New York City. From certain sections in the Northern part of New Jersey it is impossible to reach Philadelphia, transact business and return the same day, whereas New York City can be reached from every part of Northern New Jersey with time for the transaction of business and return within convenient hours of the same day. Thus from Newton, the county seat of Sussex County, a trip to Philadelphia by way of New York, which is the quickest route, would involve leaving Newton at 9:10 A. M., reaching Philadelphia at 3 P. M. The only other route to Philadelphia without going through New York City involves leaving Newton at 9:10 A. M.,

reaching Philadelphia at 4:17 P. M., with three changes of cars. On account of the large number of commuters living throughout Northern New Jersey the train service to New York is very frequent and good, making a trip to that city practically as convenient as going from one part of New York City to another. Hudson County, and to a lesser extent, Essex County, on account of the tube connections with New York City, are practically a part of New York City for banking and business purposes, fully as much so as is Brooklyn, and the same condition is to a very large extent true as regards the other nearby counties.

Six banks in Hudson County are associate members of the New York Clearing House and clear their checks there every day. We give below several examples of the time of transit from down town in New York City to points in New Jersey, as contrasted with the time of transit to points within the city limits of New York City.

Newark, 20 minutes by Hudson & Manhattan R. R.

Exchange Place, Jersey City, 3 minutes by Hudson & Manhattan R. R.

Hoboken, 9 minutes by Hudson & Manhattan R. R.

Bayonne, 26 minutes by Central R. R. from Liberty Street.

Elizabeth, 30 minutes by Central R. R. from Liberty Street.

Passaic, 35 minutes by Erie Railroad from Chambers Street.

Paterson, 45 minutes by Erie Railroad from Chambers Street.

Ninety-sixth Street, New York City, 16 minutes from City Hall by Subway.

Two Hundred and Forty-second Street and Broadway, 42 minutes from City Hall by Subway.

One Hundred and Eighty-first Street and Boston road, 40 minutes from City Hall by Subway.

One Hundred and Twenty-fifth Street and Broadway, 22 minutes from City Hall by Subway.

St. George, Staten Island, 20 minutes from Whitehall Ferry.

Mariner's Harbor, Staten Island, 43 minutes from Whitehall Ferry.

Tottenville, Staten Island, 78 minutes from Whitehall Ferry.

Jamaica, Borough of Queens, 20 minutes from Pennsylvania Station, Thirty-third Street.

Jamaica, Borough of Queens, 40 minutes from down town New York City.

Flushing, Borough of Queens, 22 minutes from Pennsylvania Station, Thirty-third Street.

Flushing, Borough of Queens, 42 minutes from down town New York City.

Far Rockaway, Borough of Queens, 45 minutes from Pennsylvania Station, Thirty-third Street.

Far Rockaway, Borough of Queens, 65 minutes from down town New York City.

The matter of telephone service also enters into this question of convenience, as connections with New York City are much quicker, more satisfactory and cheaper than telephone connections with Philadelphia.

The members of your honorable body fully realize that the money transactions in our section, especially those running into large figures, necessitate the use of checks payable in New York City, resulting in our banks being constantly called upon for New York certifications. Checks which are not made payable through the New York Clearing House will not fulfill the requirements. As a consequence, if our reserve is kept elsewhere than in New York City, large balances will have to be maintained by us in New York banks, not only at a loss in earnings, but also to the detriment of all the manufacturing communities in this section, because of the diminished loaning power of the banks.

Accounts will also have to be kept in New York City to cover currency transactions, most of which are now handled by messenger, and which run into very large amounts. Many of our banks have currency transactions with New York City aggregating in the neighborhood of \$500,000 a month, and the currency shipments of at least two of the banks in

Jersey City average over \$1,000,000 a month, all handled by messenger.

A great bulk of the coupons are payable in New York City, including those of a large number of the municipalities and corporations located in Northern New Jersey, and the collection of these coupons by our banks will necessitate accounts in New York City if we are not connected with that reserve district.

A very considerable amount of foreign exchange is dealt in, both buying and selling, by the banks of our section of New Jersey, and this business has all been done through New York on account of the better facilities and closer rates that can be obtained there, and it would be a serious disadvantage to our banks to interfere in any way with the trend of this business to its natural centre.

If it has been thought to obviate the difficulties which we anticipate will arise through our being put in another than our natural district by some method of clearing checks, why should you not adopt the simpler and surer method of putting us in the district in which we belong through common association, natural trend of business, both banking and commercial, and by physical contiguity? It should not be necessary to devise means of overcoming the difficulties created by our being placed in a district artificially created in direct opposition to the natural flow of trade.

The recent election of directors for the Federal Reserve Bank of Philadelphia demonstrates the im-

possibility of electing any representative banker from New Jersey as a member of the Board of that bank. This is a serious condition for the bankers of Northern New Jersey, as the bankers of Philadelphia and Pennsylvania are not closely in touch with the needs and credits of Northern New Jersey, whereas lack of such representation, if we were affiliated with the New York Reserve Bank, would not be material, owing to the close knowledge of our locality and of its needs and credits by the bankers representing New York City on the Board of the Federal Reserve Bank of New York.

It is most desirable for the success of the Federal Reserve System that the state institutions should become affiliated as members. If the present handicap, due to the assignment of Northern New Jersey banks, continues, it is very improbable that any state institutions will become members. Positive statements to this effect have been made to us by a considerable number of the more important state institutions in the Northern part of the State, and these statements carry all the more weight as their reserves are freed by legislation from restriction to any one locality and follow the natural channels of business. If the state institutions of Northern New Jersey remain out of the system the member banks will be at a serious disadvantage in competition with them under present conditions.

At the time the Organization Committee was holding hearings in New York we took a poll of the

banks of New Jersey and reported to that Committee that the banks of the counties mentioned above desired to be affiliated with the New York City District, and the poll which the Committee later took will confirm the facts which we laid before them at that hearing.

The figures of the banks of Northern New Jersey in accordance with their report to the Comptroller of the Currency on June 30, 1914, are as follows:

Capital .....	\$ 16,307,000
Surplus .....	16,183,500
Undivided Profits .....	7,938,239
Individual Deposits .....	157,522,332
Bank Deposits .....	17,115,557

If the Northern New Jersey Banks are continued in the Philadelphia District it will very seriously interfere with the smooth conduct of their business under the Federal Reserve Act, will take from them many of the advantages which they would otherwise gain through membership in the Federal Reserve System, and will prevent the fullest possible development of the system in this part of the State. It is directly contrary to the currents of trade and banking, and as such cannot help being injurious to the state and its industries. The banking business of a section does not originate with the banks themselves, but arises out of the commerce of their section and follows the course of trade, and anything which tends to disturb the flow of banking business along with the natural flow of general business cannot but be injur-

ious. Any action which places the national institutions at a disadvantage in their competition with the State institutions should not be continued, as it is wise to encourage the greatest possible development of banks under national charters.

Respectfully submitted,

**BANKING AND CURRENCY COMMITTEE  
NEW JERSEY BANKERS' ASSOCIATION.**

**WALTER M. VAN DEUSEN, Chairman,  
National Newark Banking Company,  
Newark, New Jersey.**

**ROBERT D. FOOTE,  
National Iron Bank, Morristown.**

**BLOOMFIELD H. MINCH,  
Bridgeton National Bank, Bridgeton.**

**HENRY G. PARKER,  
National Bank of New Jersey, New Brunswick.**

**EDWARD C. STOKES,  
Mechanics' National Bank, Trenton.**

**MANUFACTURES NEW JERSEY.**  
Statement Showing Number of Wage Earners and Value of Products for the Years 1899-1904-1909 in the Principal Manufacturing Centres of Northern New Jersey.

City, Town or Borough	Average Number of Wage Earners			Value of Products		
	1909	1904	1899	1909	1904	1899
Newark .....	59,965	50,697	42,878	\$202,511,520	\$150,055,227	\$112,728,045
Jersey City.....	25,454	20,353	17,391	128,774,978	75,740,934	72,929,690
Bayonne .....	7,519	7,057	4,670	73,640,900	60,633,761	38,601,429
Perth Amboy.....	5,866	3,950	2,005	73,092,703	34,800,402	14,061,072
Paterson .....	32,004	28,509	28,542	69,584,361	54,673,083	48,502,044
Passaic .....	15,086	11,000	6,399	41,729,257	22,782,725	12,804,505
Elizabeth .....	12,737	12,335	9,498	29,147,334	29,300,801	22,861,375
Hoboken .....	8,100	7,227	5,712	20,413,015	14,077,305	10,483,079
Harrison .....	6,500	4,040	2,850	13,142,377	8,406,924	6,086,477
New Brunswick..	5,264	4,590	3,836	10,004,802	8,916,983	5,791,321
West New York...	1,508	†	†	9,273,717	†	†
Orange .....	4,383	2,450	1,640	9,175,910	6,150,635	2,995,688
Phillipsburg ..	3,432	3,148	2,216	9,150,227	6,684,173	4,584,886
Garfield .....	2,590	†	†	8,893,710	†	†
Kearny .....	2,820	1,308	986	8,306,276	4,427,904	1,607,002
Union .....	2,894	1,856	1,376	7,941,047	3,512,451	3,403,136
Bloomfield .....	2,967	1,893	1,612	5,894,710	4,645,483	3,370,924
West Hoboken...	2,782	3,562	2,733	5,577,439	5,947,267	4,769,436
East Orange.....	1,386	854	690	3,724,879	2,326,652	2,066,910
Plainfield .....	1,758	1,986	1,384	3,648,745	3,572,134	2,437,434
Irvington .....	540	†	†	3,017,824	†	†
Hackensack .....	738	812	487	1,977,966	1,488,358	782,232
Long Branch.....	415	294	96	1,116,663	577,268	280,590
Montclair .....	252	151	169	1,025,586	621,145	663,562
West Orange.....	476	†	†	747,684	†	†
Morristown .....	201	307	252	724,238	704,412	595,592
Asbury Park.....	264	†	†	602,194	†	†

† Figures not available.

**POPULATION NEW JERSEY.**  
Statement Giving the Population for 1900-1910 of 32 Incorporated Places Having a Population of Over 10,000, Located in Northern New Jersey.

City, Town or Borough	1910	1900	City, Town or Borough	1910	1900
Newark .....	347,469	246,070	Plainfield .....	20,550	15,369
Jersey City.....	267,779	206,433	Kearny .....	18,659	10,896
Paterson .....	125,600	105,171	Bloomfield .....	15,070	9,668
Elizabeth .....	73,409	52,130	Harrison .....	14,498	10,596
Hoboken .....	70,324	59,364	Hackensack .....	14,050	9,443
Bayonne .....	55,545	32,722	Phillipsburg .....	13,903	10,062
Passaic .....	54,773	27,777	West New York.....	13,560	5,267
West Hoboken ..	35,403	23,094	Long Branch.....	13,298	8,872
East Orange.....	34,371	21,506	Morristown .....	12,507	11,287
Perth Amboy.....	32,121	17,699	Irvington .....	11,877	5,255
Orange .....	29,630	24,141	West Orange.....	10,996	6,889
New Brunswick..	23,888	20,006	Garfield .....	10,213	3,504
Montclair .....	21,550	13,962	Asbury Park.....	10,150	4,143
Union .....	21,023	15,187			

Table compiled from information furnished by the banks of northern New Jersey, showing time of travel to New York City and Philadelphia, proportion of banking and commercial business as between New York City and Philadelphia, frequency of visits by bank representatives to New York City and Philadelphia, and character of population of the various Counties.

COUNTY	Popula- tion	Time to New York	Time to Philadelphia	Banking with New York	Commercial with New York	Visits by Rep- resentatives to New York	Visits by Rep- resentatives to Phil'd'phia	Character of Population
Bergen	138,002	10 to 50 minutes direct	2½ to 4 hours, not direct	over 90%	practically 100%	2 to 6 times a week	hardly ever	manufacturing commuting
Essex	512,886	20 to 40 minutes direct	1½ to 2½ hours, not direct, except Newark	90%	over 80%	2 to 6 times a week	never to twice a year	manufacturing commuting
Hudson	537,231	3 to 35 minutes direct	2 to 2½ hours, not direct, except Jersey City and Bayonne	over 95%	over 90%	3 times a day	rarely	manufacturing
Hunterdon	33,569	1½ to 2 hours direct except three towns	1½ to 2½ hours, half direct	50 to 90%	50 to 90%	twice a week	seldom	farming
Middlesex	114,426	1 to 1½ hours direct except two towns	1½ to 2½ hours, five towns direct	75 to 90%	80%	twice a week	rarely	manufacturing farming
Monmouth	94,734	1 to 2 hours direct	2 to 4 hours, half direct	90%	90%	twice a week	rarely	summer resort farming
Morris	74,704	60 to 90 minutes direct	3 to 3½ hours, not direct	over 90%	over 90%	daily	rarely	commuting
Passaic	215,902	40 to 60 minutes direct	2½ to 4 hours, not direct	over 90%	over 95%	daily	rarely	manufacturing commuting
Somerset	38,820	One hour direct	1½ to 3 hours, part direct	90%	90%	daily	seldom	commuting farming
Sussex	26,781	2 to 2½ hours direct	6 hours, not direct	90%	90%	twice a week	rarely	farming
Union	140,197	30 to 45 minutes direct	2 hours, direct	90 to 100%	90 to 100%	daily	rarely	manufacturing commuting
Warren	43,187	Two hours direct except one town	3 to 4 hours, 2 places direct	over 95%	95 to 100%	weekly	rarely	farming

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**BRIEF**  
of the  
**Banks of**  
**Northern New Jersey**  
to the  
**Federal Reserve Board**

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*To the Federal Reserve Board:*

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Monmouth,	Somerset,	Passaic,	Morris,
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in the State of New Jersey, from the Federal Reserve District No. 3 (Philadelphia) to Federal Reserve District No. 2 (New York).

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but few of them have offices in Philadelphia. We append tables showing the population and industrial importance of Northern New Jersey.

We are advised by the banks of Northern New Jersey that of the checks which they receive on deposit drawn on the cities of New York and Philadelphia from 85% to almost 100% are drawn on New York City, and on account of the large volume and amount of these checks payable in New York City it is essential that they be sent directly there in order to insure prompt presentation and prompt notice in case of non-payment. It is impracticable to send these checks to New York by way of the Philadelphia Reserve Bank. This very same question will arise in connection with the very heavy volume of checks payable in Northern New Jersey which are received on deposit by the New York City banks. An analysis of figures which were received by the Comptroller of the Currency from banks of Northern New Jersey during the month of June last will demonstrate the close relationship existing between New York City and Northern New Jersey, and will show that this relationship is much more active and close than that existing between Northern New Jersey and Philadelphia. In taking these figures into consideration it must be borne in mind that the Comptroller's figures separate New York City from New York State, but do not separate Philadelphia from the State of Pennsylvania. We give below figures covering the month of June furnished by five representative institutions in Newark, New Jersey, showing

the volume of checks on Newark received from New York City and from Philadelphia, and the currency shipments between Newark and New York, there being none with Philadelphia :

On local banks, received from New York	
City .....	\$19,096,489
On local banks, received from Philadelphia	
phia .....	2,351,506
Currency shipments to and from New York	
City .....	2,034,000

At present many of the banks in Northern New Jersey maintain accounts with Philadelphia banks, but these accounts are not maintained by reason of the natural flow of business there, but are due entirely to the fact that New York City banks have for many years charged exchange for the collection of country checks, whereas Philadelphia banks have been willing to collect these checks at par. Prior to the time when the New York Clearing House adopted the rule requiring its member banks to charge exchange on country checks the banks of Northern New Jersey, with very few exceptions, carried no accounts in Philadelphia, and the figures will demonstrate that immediately after the imposition of this exchange charge by the New York Clearing House the deposits of country banks with Philadelphia banks increased very materially. With equal facilities provided by the banks of the two cities, practically all of these accounts kept in Philadelphia by the banks of North-

ern New Jersey would be eliminated, as there is not a sufficient volume of business on the territory naturally covered by Philadelphia to warrant the maintenance of these accounts. These facts will also account for the considerable volume of business received by the banks of Northern New Jersey from the banks of Philadelphia, as checks on Northern New Jersey from all over the country are by reason of the exchange charge imposed by the New York Clearing House diverted to Philadelphia rather than through their natural course by way of New York.

The relations existing between the banking institutions of Northern New Jersey and the banks of New York City have always been most intimate, and the transactions between that section of New Jersey and New York City are carried on in a very large degree through personal contact, resulting in mutual advantage. On account of this close relationship no artificial barriers should be erected, and if erected, will prove injurious to the banks of Northern New Jersey.

A considerable number of the banks in Northern New Jersey at certain times in the year purchase commercial paper. This is all purchased through New York brokers, and is usually passed upon by New York banks before being purchased.

The bankers of New York City are in very close touch with the credit standing of Northern New Jersey corporations, and are thus in much better position to advise with the directors of the Federal Reserve Bank of New York City regarding conditions

in Northern New Jersey than are the bankers of Philadelphia.

Many of the industries of Northern New Jersey maintain bank accounts in New York City as well as in New Jersey, sell their paper in the New York markets, and are otherwise financed there. This further results in very close and accurate knowledge by the bankers of New York City of the credits and needs of the industries of Northern New Jersey.

The very large commuting element in the population of Northern New Jersey alone causes a very considerable flow of business to and from New York City. Many considerable towns in Northern New Jersey are inhabited almost entirely by people who are in business in New York City. We are advised by the Pennsylvania Railroad Company that during the past year on their lines east of, and including New Brunswick, 11,051,715 passengers were carried to and from New York City. The Central Railroad Company advise us that on their lines in Northern New Jersey they have at least 12,000 commuters from points in Northern New Jersey to New York City, and in addition they carry about 35,000 passengers to and from New York City and New Jersey points each day. The Delaware, Lackawanna & Western Railroad Company advise us that the number of passengers carried between stations in Northern New Jersey and New York City during the month of June, 1914, was 1,421,537. The Erie Railroad Company advise us that in June, 1914, they carried 1,555,314 passengers

between stations in Northern New Jersey and New York City. These figures show that over 60,000,000 passengers per year are carried between New York City and Northern New Jersey points, and this does not include the traffic from points in Hudson County which reaches New York City by other means than the railroads. The retail purchases of a large portion of the commuting element of the population are made in New York City, and much of the wholesale and retail business throughout Northern New Jersey follows the same course.

A large proportion of the business of many banks located in the commuting cities and towns of Northern New Jersey are accounts of New York business men residing in those towns and cities. A recent agreement, which has been entered into by many of the country banks located near New York City, provides that the New York Clearing House banks will take checks on these banks at par, the local bank agreeing to remit for them in New York Clearing House funds at par on receipt. These checks are therefore readily received in New York, but if Northern New Jersey were in another Federal Reserve District than New York City this arrangement would probably be terminated, and it is unlikely that New York City banks would receive these checks freely if they had to collect them through the Federal Reserve Bank in New York City, and from that bank through the Federal Reserve Bank in Philadelphia. This would result in the transfer of many of

these accounts of New York men in the local banks to banks in New York City.

Efforts are already being made by New York City banks to secure the accounts of business men and industrial concerns located in Northern New Jersey, the New York banks using the argument that the New Jersey banks being attached to the Philadelphia Reserve Bank District will interfere with the availability of deposit accounts in New Jersey banks. This will probably result in the diversion of considerable business from New Jersey banks to the banks of New York City if the present assignment of the Northern New Jersey banks is continued.

Access to New York City from Northern New Jersey is rapid and easy, and to Philadelphia is much longer, and frequently more difficult, as few portions of the Northern part of the State have direct train service to Philadelphia, while all have direct train service to New York City. From certain sections in the Northern part of New Jersey it is impossible to reach Philadelphia, transact business and return the same day, whereas New York City can be reached from every part of Northern New Jersey with time for the transaction of business and return within convenient hours of the same day. Thus from Newton, the county seat of Sussex County, a trip to Philadelphia by way of New York, which is the quickest route, would involve leaving Newton at 9:10 A. M., reaching Philadelphia at 3 P. M. The only other route to Philadelphia without going through New York City involves leaving Newton at 9:10 A. M.,

reaching Philadelphia at 4:17 P. M., with three changes of cars. On account of the large number of commuters living throughout Northern New Jersey the train service to New York is very frequent and good, making a trip to that city practically as convenient as going from one part of New York City to another. Hudson County, and to a lesser extent, Essex County, on account of the tube connections with New York City, are practically a part of New York City for banking and business purposes, fully as much so as is Brooklyn, and the same condition is to a very large extent true as regards the other nearby counties.

Six banks in Hudson County are associate members of the New York Clearing House and clear their checks there every day. We give below several examples of the time of transit from down town in New York City to points in New Jersey, as contrasted with the time of transit to points within the city limits of New York City.

Newark, 20 minutes by Hudson & Manhattan R. R.

Exchange Place, Jersey City, 3 minutes by Hudson & Manhattan R. R.

Hoboken, 9 minutes by Hudson & Manhattan R. R.

Bayonne, 26 minutes by Central R. R. from Liberty Street.

Elizabeth, 30 minutes by Central R. R. from Liberty Street.

Passaic, 35 minutes by Erie Railroad from Chambers Street.

Paterson, 45 minutes by Erie Railroad from Chambers Street.

Ninety-sixth Street, New York City, 16 minutes from City Hall by Subway.

Two Hundred and Forty-second Street and Broadway, 42 minutes from City Hall by Subway.

One Hundred and Eighty-first Street and Boston road, 40 minutes from City Hall by Subway.

One Hundred and Twenty-fifth Street and Broadway, 22 minutes from City Hall by Subway.

St. George, Staten Island, 20 minutes from Whitehall Ferry.

Mariner's Harbor, Staten Island, 43 minutes from Whitehall Ferry.

Tottenville, Staten Island, 78 minutes from Whitehall Ferry.

Jamaica, Borough of Queens, 20 minutes from Pennsylvania Station, Thirty-third Street.

Jamaica, Borough of Queens, 40 minutes from downtown New York City.

Flushing, Borough of Queens, 22 minutes from Pennsylvania Station, Thirty-third Street.

Flushing, Borough of Queens, 42 minutes from downtown New York City.

Far Rockaway, Borough of Queens, 45 minutes from Pennsylvania Station, Thirty-third Street.

Far Rockaway, Borough of Queens, 65 minutes from down town New York City.

The matter of telephone service also enters into this question of convenience, as connections with New York City are much quicker, more satisfactory and cheaper than telephone connections with Philadelphia.

The members of your honorable body fully realize that the money transactions in our section, especially those running into large figures, necessitate the use of checks payable in New York City, resulting in our banks being constantly called upon for New York certifications. Checks which are not made payable through the New York Clearing House will not fulfill the requirements. As a consequence, if our reserve is kept elsewhere than in New York City, large balances will have to be maintained by us in New York banks, not only at a loss in earnings, but also to the detriment of all the manufacturing communities in this section, because of the diminished loaning power of the banks.

Accounts will also have to be kept in New York City to cover currency transactions, most of which are now handled by messenger, and which run into very large amounts. Many of our banks have currency transactions with New York City aggregating in the neighborhood of \$500,000 a month, and the currency shipments of at least two of the banks in

Jersey City average over \$1,000,000 a month, all handled by messenger.

A great bulk of the coupons are payable in New York City, including those of a large number of the municipalities and corporations located in Northern New Jersey, and the collection of these coupons by our banks will necessitate accounts in New York City if we are not connected with that reserve district.

A very considerable amount of foreign exchange is dealt in, both buying and selling, by the banks of our section of New Jersey, and this business has all been done through New York on account of the better facilities and closer rates that can be obtained there, and it would be a serious disadvantage to our banks to interfere in any way with the trend of this business to its natural centre.

If it has been thought to obviate the difficulties which we anticipate will arise through our being put in another than our natural district by some method of clearing checks, why should you not adopt the simpler and surer method of putting us in the district in which we belong through common association, natural trend of business, both banking and commercial, and by physical contiguity? It should not be necessary to devise means of overcoming the difficulties created by our being placed in a district artificially created in direct opposition to the natural flow of trade.

The recent election of directors for the Federal Reserve Bank of Philadelphia demonstrates the im-

possibility of electing any representative banker from New Jersey as a member of the Board of that bank. This is a serious condition for the bankers of Northern New Jersey, as the bankers of Philadelphia and Pennsylvania are not closely in touch with the needs and credits of Northern New Jersey, whereas lack of such representation, if we were affiliated with the New York Reserve Bank, would not be material, owing to the close knowledge of our locality and of its needs and credits by the bankers representing New York City on the Board of the Federal Reserve Bank of New York.

It is most desirable for the success of the Federal Reserve System that the state institutions should become affiliated as members. If the present handicap, due to the assignment of Northern New Jersey banks, continues, it is very improbable that any state institutions will become members. Positive statements to this effect have been made to us by a considerable number of the more important state institutions in the Northern part of the State, and these statements carry all the more weight as their reserves are freed by legislation from restriction to any one locality and follow the natural channels of business. If the state institutions of Northern New Jersey remain out of the system the member banks will be at a serious disadvantage in competition with them under present conditions.

At the time the Organization Committee was holding hearings in New York we took a poll of the

banks of New Jersey and reported to that Committee that the banks of the counties mentioned above desired to be affiliated with the New York City District, and the poll which the Committee later took will confirm the facts which we laid before them at that hearing.

The figures of the banks of Northern New Jersey in accordance with their report to the Comptroller of the Currency on June 30, 1914, are as follows:

Capital .....	\$ 16,307,000
Surplus .....	16,183,500
Undivided Profits .....	7,938,239
Individual Deposits .....	157,522,332
Bank Deposits .....	17,115,557

If the Northern New Jersey Banks are continued in the Philadelphia District it will very seriously interfere with the smooth conduct of their business under the Federal Reserve Act, will take from them many of the advantages which they would otherwise gain through membership in the Federal Reserve System, and will prevent the fullest possible development of the system in this part of the State. It is directly contrary to the currents of trade and banking, and as such cannot help being injurious to the state and its industries. The banking business of a section does not originate with the banks themselves, but arises out of the commerce of their section and follows the course of trade, and anything which tends to disturb the flow of banking business along with the natural flow of general business cannot but be injur-

ious. Any action which places the national institutions at a disadvantage in their competition with the State institutions should not be continued, as it is wise to encourage the greatest possible development of banks under national charters.

Respectfully submitted,

**BANKING AND CURRENCY COMMITTEE  
NEW JERSEY BANKERS' ASSOCIATION.**

**WALTER M. VAN DEUSEN, Chairman,**  
National Newark Banking Company,  
Newark, New Jersey.

**ROBERT D. FOOTE,**  
National Iron Bank, Morristown.

**BLOOMFIELD H. MINCH,**  
Bridgeton National Bank, Bridgeton.

**HENRY G. PARKER,**  
National Bank of New Jersey, New Brunswick.

**EDWARD C. STOKES,**  
Mechanics' National Bank, Trenton.

**MANUFACTURES NEW JERSEY.**  
Statement Showing Number of Wage Earners and Value of  
Products for the Years 1899-1904-1909 in the Principal  
Manufacturing Centres of Northern New Jersey.

City, Town or Borough	Average Number of Wage Earners			Value of Products		
	1909	1904	1899	1909	1904	1899
Newark .....	59,955	50,697	42,878	\$202,511,520	\$150,055,227	\$112,728,045
Jersey City.....	25,454	20,353	17,391	123,774,978	75,740,984	72,929,690
Bayonne.....	7,519	7,057	4,670	73,640,900	60,633,761	38,601,429
Perth Amboy.....	5,866	3,950	2,005	73,092,708	34,800,402	14,061,072
Paterson.....	32,004	28,509	23,542	69,684,351	54,673,083	43,502,044
Passaic.....	15,086	11,000	6,309	41,729,257	22,732,725	12,804,505
Elizabeth.....	12,737	12,335	9,498	29,147,334	29,300,801	22,861,375
Hoboken.....	8,100	7,227	5,712	20,413,015	14,077,305	10,483,079
Harrison.....	6,500	4,040	2,859	13,142,377	8,408,924	6,086,477
New Brunswick.....	5,264	4,590	3,836	10,004,302	8,916,983	6,791,321
West New York.....	1,608	†	†	9,273,717	†	†
Orange.....	4,383	2,450	1,640	9,175,910	6,150,635	2,995,688
Phillipsburg.....	3,432	3,148	2,216	9,150,227	6,684,173	4,534,886
Garfield.....	2,530	†	†	8,393,710	†	†
Kearny.....	2,820	1,303	986	8,306,276	4,427,904	1,607,002
Union.....	2,894	1,856	1,376	7,941,047	3,512,451	3,403,136
Bloomfield.....	2,957	1,893	1,612	5,894,710	4,645,433	3,370,924
West Hoboken.....	2,782	3,562	2,733	5,577,439	5,947,267	4,769,436
East Orange.....	1,386	854	600	3,724,379	2,326,552	2,066,910
Plainfield.....	1,758	1,986	1,384	3,648,745	3,572,134	2,437,434
Irvington.....	540	†	†	3,017,824	†	†
Hackensack.....	738	812	487	1,977,966	1,438,358	782,232
Long Branch.....	415	294	96	1,116,663	577,268	280,590
Montclair.....	252	151	169	1,025,685	621,145	663,592
West Orange.....	476	†	†	747,684	†	†
Morristown.....	201	307	252	724,233	704,412	595,592
Asbury Park.....	264	†	†	602,194	†	†

† Figures not available.

**POPULATION NEW JERSEY.**  
Statement Giving the Population for 1900-1910 of 32 Incorporated  
Places Having a Population of Over 10,000,  
Located in Northern New Jersey.

City, Town or Borough	1910	1900	City, Town or Borough	1910	1900
Newark.....	347,469	246,070	Plainfield.....	20,550	15,369
Jersey City.....	267,779	206,433	Kearny.....	18,659	10,896
Paterson.....	125,600	105,171	Bloomfield.....	15,070	9,668
Elizabeth.....	73,400	52,130	Harrison.....	14,498	10,596
Hoboken.....	70,324	59,364	Hackensack.....	14,050	9,443
Bayonne.....	55,545	32,722	Phillipsburg.....	13,903	10,052
Passaic.....	54,773	27,777	West New York.....	13,560	5,297
West Hoboken.....	35,403	23,004	Long Branch.....	13,298	8,872
East Orange.....	34,371	21,506	Morristown.....	12,507	11,267
Perth Amboy.....	32,121	17,699	Irvington.....	11,877	5,255
Orange.....	29,630	24,141	West Orange.....	10,989	6,889
New Brunswick.....	23,383	20,006	Garfield.....	10,213	3,504
Montclair.....	21,550	13,962	Asbury Park.....	10,150	4,148
Union.....	21,023	15,187			

Table compiled from information furnished by the banks of northern New Jersey, showing time of travel to New York City and Philadelphia, proportion of banking and commercial business as between New York City and Philadelphia, frequency of visits by bank representatives to New York City and Philadelphia, and character of population of the various Counties.

COUNTY	Popula- tion	Time to New York	Time to Philadelphia	Banking with New York	Commercial with New York	Visits by Rep- resentatives to New York	Visits by Rep- resentatives to Phil'd'phia	Character of Population
Bergen	138,002	10 to 50 minutes direct	2½ to 4 hours, not direct	over 90%	practically 100%	2 to 6 times a week	hardly ever	manufacturing commuting
Essex	512,886	20 to 40 minutes direct	1½ to 2½ hours, not direct, except Newark	90%	over 80%	2 to 6 times a week	never to twice a year	manufacturing commuting
Hudson	537,231	3 to 35 minutes direct	2 to 2½ hours, not direct, except Jersey City and Bayonne	over 95%	over 90%	3 times a day	rarely	manufacturing
Hunterdon	33,569	1½ to 2 hours direct except three towns	1½ to 2½ hours, half direct	50 to 90%	50 to 90%	twice a week	seldom	farming
Middlesex	114,426	1 to 1½ hours direct except two towns	1½ to 2½ hours, five towns direct	75 to 90%	80%	twice a week	rarely	manufacturing farming
Monmouth	94,734	1 to 2 hours direct	2 to 4 hours, half direct	90%	90%	twice a week	rarely	summer resort farming
Morris	74,704	60 to 90 minutes direct	3 to 3½ hours, not direct	over 90%	over 90%	daily	rarely	commuting
Passaic	215,902	40 to 60 minutes direct	2½ to 4 hours, not direct	over 90%	over 95%	daily	rarely	manufacturing commuting
Somerset	38,820	One hour direct	1½ to 3 hours, part direct	90%	90%	daily	seldom	commuting farming
Sussex	26,781	2 to 2½ hours direct	6 hours, not direct	90%	90%	twice a week	rarely	farming
Union	140,197	30 to 45 minutes direct	2 hours, direct	90 to 100%	90 to 100%	daily	rarely	manufacturing commuting
Warren	43,187	Two hours direct except one town	3 to 4 hours, 2 places direct	over 95%	95 to 100%	weekly	rarely	farming