

MONEY COMMITTEE 1917 - 19

(Extracts from N.Y. Times articles:

Sept. 19, 1917; December 31, 1918; and Jan. 25,
1919)

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ACTIVITIES OF THE MONEY COMMITTEE (SUBCOMMITTEE ON MONEY RATES
OF THE LIBERTY LOAN COMMITTEE)

References in New York Times, September 1, 1917 to
January 31, 1919.

Note: "Press release" indicates quotation either direct or indirect from an official statement given out for publication by the Committee either through Governor Strong, Chairman, or other members such as Mr. McGarrah of the Stock exchange.

September 11, 1917, p.17, col.3. (Press release)

Daily reports on transactions with out-of-town institutions will be required by Federal Reserve Bank in cooperation with Liberty Loan Committee in order to facilitate loan financing and aid money market.

September 12, 1917, p.17, col.3. (Comment)

Bankers approve plan to stabilize money market.

September 15, 1917, p.14, col.6. (Press release)

Additional membership of Liberty Loan Committee was announced yesterday by Governor Strong.

September 16, 1917, p.6, col.5. (Press release)

- First meeting will be September 17 to examine reports on call loans and balances of out-of-town institutions in compliance with request of Reserve Bank.

September 17, 1917, p.17, col.2.

Loan campaign opened by Governor Strong.

September 18, 1917, p.13, col.2. (Comment)

No statement was given out concerning proceedings of yesterday's meeting of money committee but money was considerably easier as a result.

September 19, 1917, p.16, col.2. (Comment)

Exchange of views in meeting of Money Committee yesterday has lead to placing large sums in market.

September 19, 1917, p.18, col.2. (Press release)

Additional members of sub-committee of liberty loan committee (otherwise Money Committee) were announced yesterday by Governor Strong.

September 23, 1917. Sec.3. p.2. col.6. (Comment)

To curbe active speculation is desire of money committee.

October 1, 1917. p.16. col.2. (Comment)

Rates charged on loans no longer show relation between supply and demand in money market due to cooperative action of Federal Reserve Bank and Money Committee.

October 2, 1917. p.3. col.4.5. (Press release)

Arrangements have been made with large banks to form pool of \$200,000,000 and more to be loaned at discretion of Money Committee in order to float government loan without disturbing business.

October 2, 1917. p.16. col.2. (Comment)

\$200,000,000 pool to be loaned at discretion of Money Committee is considered to mean that rates will be controlled with view to avoiding severe fluctuations to which market would become subject in process of floating government loans.

October 6, 1917. p.7. col.3.4. (Press release)

Money Committee approves suggestion of Federal Reserve Board that commercial paper be limited to 4 months duration.

August 5, 1918. p.10. col.2. (Comment)

Knowledge that strong control exercised by Money Committee has kept call funds at level of 6 and 6 1/2% has served to limit speculative activity.

August 6, 1918. p.17. col.3. (Press release)

Federal Reserve Bank approves views of Board in regard to necessity of conserving credit.

August 7, 1918. p.14. col.5. (Comment)

Announcement of Bank's approval of Board's views on credit did not cause much comment because New York banks and trust companies have for some time been exercising discretion in making loans.

August 22, 1918. p.13. col.4. (Quoted from Bulletin August 1918)

Essentiality and non-essentiality of loan must be determined in each case by local bankers after consultation with the business men and study of existing conditions.

August 23, 1918, p.12, col.2. (Comment)

Ruling covering essentiality of loans would have to be very general or might easily prove unworkable.

August 26, 1918, p.12, col.2. (Comment)

Facit understanding in the Street that in acting as it has the Bankers' Committee has met the wishes of the Federal Reserve Board.

August 27, 1918, p.13, col.2. (Press release)

Letter from Pierre Jay to banks and trust companies requests restriction of loans not made in connection with government financing or the production or distribution of things for maintenance of health and efficiency of our armed forces and civil population.

August 29, 1918, p.10, col.2. (Comment)

- In face of new government loan, Banks show no disposition to remove check placed on speculation through agency of Money Committee.

August 30, 1918, p.13, col.4. (Press release)

Statement of Gates W. McGarrah warns that disposition to indulge in speculative commitments will be accompanied by a corrective rise in rates.

August 31, 1918, p.8, col.2. (Comment)

McGarrah's warning has met with general approval among bankers.

September 4, 1918, p.14, col.5. (Comment)

No statement resulted from yesterday's meeting of Money Committee but it is rumored that corrective rates will be instituted if warranted.

September 5, 1918, p.14, col.5. (Comment)

Easing of rates following Money Committee's meeting Tuesday caused comment.

September 7, 1918, p.10. (Press release and Comment)

Governors of Stock-Exchange pass resolution requiring members to submit daily statements showing money borrowed on time and call in compliance with request of Governor Strong.

September 8, 1918, p.4, col.2. (Comment)

Bank statement throws light on Money Committee's refusal to grant any further leeway to stock market loans.

September 10, 1918, p.14, col.2. (Comment)

Money Committee's statement of last week is considered as invitation to sell stocks.

September 10, 1918, p.14, col.7. (Press release)

Daily statement of Stock Exchange members showing amount of time and demand loans to be filed with Business Conduct Committee will be submitted to-day for first time.

September 11, 1918, p.16, col.2. (Comment)

There has been no evidence of pressure on liquidation of speculative accounts as Money Committee has not yet had time to formulate fair idea of extent to which stock market trading has been absorbing bank funds.

September 11, 1918, p.16, col.5. (Comment)

Regular meeting of Money Committee was held yesterday but no statement was given out.

September 14, 1918, p.14, col.2. (Comment)

Reductions by brokers of stock holdings which had figured too prominently in the loan accounts, have been gradual and meets the views of the bankers.

September 16, 1918, p.14, col.2. (Comment)

There seems to be no further need of regulation now for the stock market has met the requirements of the Money Committee.

September 16, 1918, p.16, col.2. (Comment)

The reform aimed at by Money Committee has been attained with little actual interference with brokers' loans.

September 19, 1918, p.16, col.2. (Comment)

Dealing on Exchange were confined to narrower range with no indication of break in deadlock which has existed since the work of Money Committee became affective.

September 22, 1918, p.4, sec.2, col.2. (Comment)

Money Committee's restrictions on call loans will be less burdensome when Fourth Liberty Loan campaign gets underway.

September 24, 1918, p.16, col.2. (Comment)

Steel, though a market leader, is considerably below point held when Governor Strong's letter to Stock Exchange was issued some weeks ago.

September 28, 1918, p.16, col.2. (Comment)

Money Committee will not lighten its restrictions in face of heavy government loan requirements.

October 1, 1918, p.16, col.2. (Comment)

Money Committee acts as a damper to speculative tendency which would be a normal result of encouraging war news.

October 23, 1918, p.16, col.5. (Comment)

Money Committee held meeting yesterday. Rumor is afloat that sufficient supply of money for general purposes will be available for some days.

October 24, 1918, p.16, col.5. (Comment)

Meeting of Head of Stock Exchange with Money Committee yesterday caused traders to be cautious fearing decrease of loan funds.

October 24, 1918, p.17, col.2. (Comment)

Two long meetings of the Money Committee are followed by rumors as to further restrictions on loans and higher rates.

October 25, 1918, p.14, col.2. (Comment)

Money Committee's letter to President of Stock Exchange yesterday contained no new regulations or suggestions that might be looked upon as drastic.

October 25, 1918, p.15, col.2. (Press release)

Thirty per cent margin instead of 20% is required on all regular loans in the hopes that higher rates will not be necessary.

October 26, 1918, p.12, col.2. (Comment)

Recommendation of 30% margin depressed the market somewhat but selling pressure eased rather quickly.

October 28, 1918, p.14, col.2,3. (Comment)

Idea of increasing margins is to control credits for essential use and if necessary 50 or 75% margins may be required.

October 29, 1918, p.14, col.2. (Comment)

Trading expanded yesterday to volume prevailing for several days before Committee's extra margin requirement.

October 30, 1918, p.14, col.3. (Comment)

New ruling of Money Committee yesterday providing that persons from out of town trading in New York must get their financing done in their home town.

Several firms were asked to materially reduce their loans. Loans were permitted to be shifted to other firms and liquidation was not demanded.

November 1, 1918, p.16, col.2. (Comment)

Need of preventing undue diversion of credit into speculative channels remains in spite of increased market activity following favorable war news.

November 7, 1918, p.16, col.5. (Comment)

Money Committee held meeting yesterday. Special committee appointed Monday to cooperate with Money Committee is expected to begin joint deliberations with the latter in a few days.

November 10, 1918, p.1, 2d. Sec.3, col.2. (Comment)

Inflation is always helped and contraction hindered. There is no note of alarm in cautions of Federal Reserve Bank but simply the teachings of experience expressed in practical ways.

November 20, 1918, p.16, col.5. (Comment)

* Money Committee held meeting yesterday but deliberations were kept secret.

November 27, 1918, p.17, col.4. (Press release)

Governor Strong announced that business at yesterday's meeting of Money Committee was largely routine and would not comment as to whether recent conference had been held with Stock Exchange authorities.

December 2, 1918, p.16, col.2. (Comment)

In some quarters complaint is heard that Money Committee is too cautious and too much inclined to act with an iron hand.....

Considered broadly the Money Committee's consent last Friday to the increase of loans to Stock Exchange members when used for purchase and resale of bonds and notes has for its purpose the stimulation of peace undertakings.

December 4, 1918, p.16, col.5. (Comment)

It was rumored yesterday that Money Committee has considered the advisability of restoring the old 20% margin requirement on Stock Exchange loans.

December 5, 1918, p.16, col.2. (Comment)

Brokers are encouraged by Money Committee's decision yesterday to decrease necessary margin to 20%.

December 5, 1918, p.16, col.5. (Comment)

Withdrawal of 30% margin requirement indicates change of attitude on part of Money authorities.

December 5, 1918, p.17, col.4. (Press release)

Money Committee reduces margin requirement to 20% at suggestion of President of Stock Exchange, who maintains control will be exercised voluntarily.

December 16, 1918, p.18, col.4. (Comment)

Confirmation could not be obtained of rumor that current restrictions on brokers' loans would be removed soon.

December 31, 1918, p.15, col.3. (Press release)

Money Committee would automatically cease functioning January 10, but will continue control of credits at government's request.

January 24, 1919, p.14, col.2. (Comment)

It seems more than coincidence that Money Committee met yesterday at time when announcement was made of a new offering of Treasury Certificates of indebtedness. Banks were tacitly urged to make their subscriptions large.

January 24, 1919, p.15, col.3. (Comment)

Subject of yesterday's meeting is understood to be matter of financing government's requirements.

January 25, 1919, p.1, col.2. (Press release)

At meeting yesterday it was announced that control by stock exchange committee may for the present be suspended, daily reports from members of exchange are to be continued, and that \$200,000,000 money pool should be terminated.

January 25, 1919, p.12, col.2. (Comment)

Announcement of Money Committee yesterday signifies careful study of speculative transactions and realization that activity great enough to disturb the market is not likely.

January 26, 1919, p.6, col.5. (Comment)

Money Committee's announcement Friday does not mean that all the call or time money asked for will be allotted.

January 27, 1919, p.14. (Comment)

Stock exchange authorities in urging that Money Committee let down bars believed that influences for marked increase of speculation were not present. Actually, removal of control is accompanied by tacit understanding that supervision will be voluntarily exercised by bankers and stock exchange leaders.

MONEY COMMITTEE 1917 - 19

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ACTIVITIES OF THE SUBCOMMITTEE ON MONEY RATES
OF LIBERTY LOAN COMMITTEE

Reprint from N.Y. Times, September 19, 1917, p.18

Benjamin Strong, Governor of the Federal Reserve Bank of New York, announced yesterday that James S. Alexander, President of the National Bank of Commerce, and Albert H. Wiggin, President of the Chase National Bank, had been added to the special sub-committee of the Liberty Loan Committee, which is otherwise known as the Money Committee. The committee held its second meeting yesterday, and at its close Mr. Strong issued a statement, in part as follows:

"The two meetings were principally devoted to a study of data assembled as the result of reports now being made every day to the Federal Reserve Bank by almost all the banks of New York City and Brooklyn. As a result of the discussions at these meetings, but without any formal action being taken, certain of the larger New York banks and trust companies have put out a considerable amount of time money, the loans being made by each institution for its own individual account on such terms and collateral as it may determine for itself.

"Frequent meetings of the committee will be held, but no statement can be made as to future proceedings or plans, which must necessarily depend upon the information before the committee and the conditions prevailing at the time."

ACTIVITIES OF THE SUBCOMMITTEE ON MONEY RATES
OF LIBERTY LOAN COMMITTEE

Reprint from N.Y. Times, October 2, 1917, p.3

The committee, after its meeting, authorized the following statement:

"Daily reports are now being received from all the banks and trust companies in New York City in response to the request recently sent them.

"In view of the approaching period during which large payments will be made on account of the new issue of Government bonds, the committee has considered it prudent to make arrangements with a large number of the banks and trust companies which are now filing these reports to place at the disposal of the committee a fund to be loaned in their discretion as needed.

"The committee has pledged that a very large sum will be provided, of which over \$200,000,000 is immediately available. It is expected that by this means the credit resources of the Federal Reserve Bank will be made available as needed."

ACTIVITIES OF THE SUBCOMMITTEE ON MONEY RATES
OF LIBERTY LOAN COMMITTEE

Reprint from N.Y. Times, October 6, 1917, p.7

FAVORS SHORT-TERM PAPER.

Gov. Strong Urges Limitation of Maturity to Four Months.

Benjamin Strong, Governor of the Federal Reserve Bank of New York, and Chairman of the Liberty Loan Committee of this district, sent out a letter yesterday to all banks and trust companies directing their attention to the fact that the limitation of the maturity of current commercial paper to a period not exceeding four months would go far toward strengthening money market conditions. The following statement was issued by the Money Committee, of which he is also Chairman:

"A recent letter from Governor Harding of the Federal Reserve Board to the Governors of the Federal Reserve Banks states that the board looks with approval upon the suggestion that commercial paper be made to run for not longer than four months instead of six months, as is frequently the case at the present time.

"The committee, in analyzing the present financial situation, considers it of utmost importance to emphasize this suggestion in every possible way. It should be made certain that the amount of commercial paper eligible for rediscount is the maximum that can be provided.

"This committee believes that the financial machinery of the United States is sufficiently sound and elastic to meet the strain incident to the forthcoming war loan and subsequent loans. It feels, however, that the handling of such vast sums as are required by the present situation calls for the most careful preparation and forethought. Any method which will obviously strengthen the money situation should be adopted. If current commercial paper is made to run for not more than four months instead of six months, as is the present general practice, the credit situation will be greatly improved."

ACTIVITIES OF THE SUBCOMMITTEE ON MONEY RATES
OF LIBERTY LOAN COMMITTEE

Reprint from N.Y. Times, August 30, 1918, p.13

Supplementing the recent statements of the Federal Reserve Bank of New York regarding the need for the conservation of credit, Gates W. McGarrah, President of the Mechanics and Metals National Bank, President of the New York Clearing House Association, and Acting Chairman of the so-called Money Committee, issued yesterday, through the medium of the two Wall Street news tickers, a brief warning against excessive speculation in securities. It read as follows:

"The efforts to stabilize money rates made since the First Liberty Loan was offered have met with a cheerful and sincere co-operation on the part of borrowers and lenders. The Government in prosecuting the war requires a constantly increasing amount of money, and while every effort will continue to be made to maintain rates at the present level, it is thought wise, in view of the present progress of the allied armies, to point out that any disposition to indulge in speculative commitments, based on borrowed money, must of necessity lead to an increase in rates that will prove corrective."

ACTIVITIES OF THE SUBCOMMITTEE ON MONEY RATES
OF LIBERTY LOAN COMMITTEE

Reprint from N.Y. Times, December 31, 1918, p.15

MONEY COMMITTEE TO STAY

Will Continue Control of Credits at Government's Request.

An agreement between the Treasury Department at Washington and the Money Committee of bankers, it was announced yesterday at the Federal Reserve Bank, had been reached whereby the Money Committee would continue its operation in aid of Government financing and in curtailing the expansion of loan accounts. The Money Committee would automatically have ceased functioning on Jan. 10, but it was deemed wise to confer with the Treasury Department on the matter with the result that the committee may continue to exercise a directing power over money and the stabilizing of rates on the New York Stock Exchange at least until the close of the forthcoming Liberty Loan, and perhaps for even a longer time.

The announcement as issued at the Federal Reserve Bank yesterday read as follows:

In view of the approach of the time when the arrangement on the part of the banks to furnish money for the purpose of stabilizing rates on Stock Exchange loans would expire by limitation, namely Jan. 10, 1919, it was deemed wise by the Sub-Committee on Money of the Liberty Loan Committee to confer with the officials of the Treasury, that their wishes as to an extension of the present arrangement might be known.

Such conference was had, and the Treasury has written as follows:

"The Treasury requests the Sub-Committee on Money of the Liberty Loan Committee to continue its operations in aid of the Government's financial requirements, on the one hand to prevent an increase in the rate for call money, and on the other hand to prevent expansion of the loan account."

Acting in accordance with the expressed wish of the Treasury, the Sub-Committee on Money has arranged with the banks to continue the present arrangement and has arranged with the authorities of the Stock Exchange that they shall continue to exercise control to prevent expansion of the aggregate loan account.

ACTIVITIES OF THE SUBCOMMITTEE ON MONEY RATES
OF LIBERTY LOAN COMMITTEE

Reprint from N.Y. Times, January 25, 1919, p. 1

At a meeting of the Sub-Committee on Money of the local Liberty Loan Committee, held at the Federal Reserve Bank yesterday afternoon, it was decided to remove the restrictions which have been in force on the money borrowings for stock market purposes for some months past. It was also decided to terminate the \$200,000,000 "money pool", notice to which effect will reach the members of the pool this morning.

The Stock Exchange authorities are requested to continue to receive from members the daily reports of their borrowings until after the next Liberty Loan is placed.

"Last December when the arrangement whereby the New York banks have been furnishing funds to stabilize rates on loans on Stock Exchange collateral was about to expire," said a statement issued by the committee, "the committee inquired whether the Treasury Department wished an extension of the arrangement then in force, and were requested by it to continue their operations in aid of the Government's financial requirements.

"Acting in accordance with the wish of the Treasury, thus expressed, the Sub-Committee on Money arranged with the New York banks to continue the arrangement then existing until after the next Government loan, and with the authorities of the Stock Exchange to continue exercising control of the loan account to prevent its expansion in the aggregate.

"This week, however, the officials of the Stock Exchange, in a written communication to the Money Committee, having stated that the conditions have so changed that 'there is now nothing to indicate the probability of a speculative movement which would absorb large amounts of money,' the sub-committee on Money at its meeting to-day gave full consideration to this statement and after consultation with and the approval of the Treasury Department reached the following conclusions:

1. - That control by the Stock Exchange Committee may for the present be suspended.

2. - That the Stock Exchange authorities be requested to continue to receive from members of the Exchange daily reports of their borrowings until after the next Liberty Loan is placed.

3. - That the definite arrangements made with a large group of New York banks to furnish funds for Stock Exchange loans, if and as required, should not be terminated.

"The Money Committee desires to acknowledge and record its appreciation of the hearty co-operation which the members of the Stock Exchange and the New York banks have given it during the past months, and feels confident that should it hereafter become necessary, in the interest of Government financing, to re-establish the control of money for Stock Exchange loans and for the stabilization of money rates, the Stock Exchange authorities and the New York banks will again unite, with a patriotic purpose, to lend full support to the Treasury Department."