

EXPENSES OF FEDERAL RESERVE BANKS

LETTER

FROM THE

GOVERNOR OF THE FEDERAL RESERVE BOARD

TRANSMITTING

IN RESPONSE TO A SENATE RESOLUTION OF
OCTOBER 14, 1921, CERTAIN INFORMATION REL-
ATIVE TO THE NUMBER AND SALARIES OF EM-
PLOYEES OF THE FEDERAL RESERVE BANKS;
EXPENDITURES IN THE ERECTION OF BUILD-
INGS; EXPENSES OF GENERAL ADMINISTRATION,
AND THE AMOUNT OF NET EARNINGS PAID TO
THE GOVERNMENT AS FRANCHISE TAX



OCTOBER 20 (Calendar day, NOVEMBER 1), 1921.—Referred to the
Committee on Banking and Currency and ordered
to be printed with illustrations

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EXPENSES OF FEDERAL RESERVE BANKS.

FEDERAL RESERVE BOARD,
OFFICE OF THE GOVERNOR,
Washington, October 31, 1921.

Subject: Response to S. Res. 153.

SIR: On October 18, 1921, the Federal Reserve Board received from the Secretary of the Senate a resolution of the Senate (S. Res. 153), dated October 14, 1921, reading as follows:

Whereas, it is charged in the public press of the country and upon the floor of the Senate that the Federal Reserve Board has been guilty of an amazing waste of public money in increase of salaries to officers and employees of the New York Federal Reserve Bank; and

Whereas, since 1918 in the New York branch alone they have increased the number of officers and employees 279, or about 10 per cent, while they have increased the salaries about 50 per cent, paying its officers and employees all the way from \$10,000 \$12,000, \$25,000, \$30,000 and one as high as \$50,000, and that prior to 1918, 60 per cent of these officers never received over \$1,500 to \$2,500, but are now drawing salaries as high as \$10,000; and

Whereas, the official reports of the Federal Reserve Board show that in the calendar year of 1920 the Federal Reserve Bank of New York's pay roll amounted to \$4,639,273, and for the calendar year 1918 the pay roll was \$3,104,830, showing an actual increase in pay roll since the close of the war of \$1,534,443; and

Whereas, it is charged that the governor of the Federal Reserve Board has stated that the employees of the Federal reserve banks are not paid by the Government nor paid out of revenue derived from taxation, but are private business men and in the banking business to make money; and

Whereas, under the provisions of section 7 of the Federal reserve act a large per cent of the net receipts made and saved by the Federal board shall be paid into the Federal Treasury, and if the allegations herein made are true the Treasury of the United States has been deprived of a vast sum of money; Therefore be it

Resolved, That the Federal Reserve Board, as early as practicable, be, and it is hereby, directed to furnish to the Senate the number of employees, together with their respective salaries, employed by the Federal Reserve Bank in New York, as well as in the other Federal reserve banks in the country, and the expenditures made by each branch bank in the erection of public buildings and the general expenses in the administration of each Federal reserve bank, and how much of the net earnings have been paid to the United States as a franchise tax.

The board begs leave to call attention to a clause in section 10 of the Federal reserve act, which reads: "The Federal Reserve Board shall annually make a full report of its operations to the Speaker of the House of Representatives, who shall cause the same to be printed for the information of the Congress."

In compliance with the law the Federal Reserve Board has submitted reports for the years 1914 to 1920, both inclusive. These reports have described in detail and at great length the operations of the Federal reserve banks, and there have been transmitted with them exhibits showing the salaries paid by the several Federal reserve banks to officers and employees, except that the report for 1914 shows the salaries paid senior officers only. In that report

(p. 190) the board stated that while it had in a few cases approved the salaries fixed by banks for officers other than the governor, as the banks in several districts had not yet completed their organizations, it was "not deemed advisable to give, at this time, a list, which would necessarily be incomplete of the salaries paid to the subordinate officials of all the banks."

In the report for the year 1915 a detailed list of the salaries of all officers and employees, names omitted, is given for each of the Federal reserve banks as Exhibit J on pages 97 to 99. In the report for the year 1916 this information appears as Exhibit N on pages 182 to 184. In the report for 1917 it appears as Exhibit N on pages 194 to 196. It appears in the report for 1918 as Exhibit N on pages 244 to 246. In the text of the report for that year (p. 29) attention was called to the great expansion of the business of the Federal reserve banks with the consequent necessity of making large additions to their working forces. The number of officers and employees in all departments at each of the Federal reserve banks at the close of the year was summarized on the same page. In the report for the year 1919 a statement of personnel and salaries at all Federal reserve banks appeared as Exhibit M on pages 274 to 277. In the text of that report, on page 34, a table was given showing the number of officers and employees at each Federal reserve bank at the close of the year 1919 as compared with the number at the end of the previous year, and attention was called also to the average salary paid officers and employees by each Federal reserve bank (p. 35). The report for the year 1920 shows the salaries of officers and employees of the Federal reserve banks, as of December 31, 1920, on pages 272 to 274. These tables have, in each instance, since the establishment of branches of Federal reserve banks, included the salaries paid at the branches.

In its annual report for the year 1918 (p. 30-31), the board called attention to the fact that the great increase in volume of business had rendered it necessary for all Federal reserve banks to arrange for the acquisition of permanent quarters and gave in detail the expenditures that had been made by several of the banks for building sites and the erection of buildings. Similar information was given in the report for 1919 (pp. 37-38) and in the report for 1920 (pp. 93-96). In addition to this the sum total of these investments, as carried on the books of all Federal reserve banks, covering both their head offices and their branches, appears in the statement which the Federal Reserve Board publishes each week for the 12 Federal reserve banks combined. This item appears also each week in the separate statements published by each Federal reserve bank.

AUTHORITY OF DIRECTORS OF FEDERAL RESERVE BANKS AND SUPERVISORY POWERS OF FEDERAL RESERVE BOARD.

Inasmuch as the resolution of the Senate refers to the "New York Branch" and to "the expenditures made by each branch bank in the erection of public buildings," the board respectfully submits a brief statement regarding the character of the Federal reserve banks. In doing so the board disclaims any intention of seeking to evade responsibility in the matters referred to in the resolution of the Senate,

but merely desires to avoid any possible grounds for misunderstanding the nature of its responsibility.

The Federal reserve act did not establish a central bank. On the contrary, it made possible the establishment of as many as 12 Federal reserve banks, each almost wholly independent of the others in operation as well as in local policies. From a legal standpoint these banks are private corporations organized under a special act of Congress, namely, the Federal reserve act. They are not in a strict sense of the word Government banks, but are only quasi governmental institutions in that they are under the general supervision of the Federal Reserve Board and have on their boards of directors three men representing the Government, who are appointed by the Federal Reserve Board.

Each bank has nine directors, and the other six are chosen by the member banks, which are the sole stockholders of the Federal reserve bank. Section 4 of the Federal reserve act provides that each Federal reserve bank after receiving its charter from the Comptroller of the Currency "shall become a body corporate and as such * * * shall have power—

First. To adopt and use a corporate seal.

Second. To have succession for a period of 20 years from its organization unless it is sooner dissolved by an act of Congress or unless its franchise becomes forfeited by some violation of law.

Third. To make contracts.

Fourth. To sue and be sued, complain and defend in any court of law or equity.

Fifth. To appoint by its board of directors such officers and employees as are not otherwise provided for in this act, to define their duties, require bonds of them and fix the penalty thereof, and to dismiss at pleasure such officers or employees.

Sixth. To prescribe by its board of directors by-laws not inconsistent with law, regulating the manner in which its general business may be conducted and the privileges granted to it by law may be exercised and enjoyed.

Seventh. To exercise by its board of directors or duly authorized officers or agents all powers specifically granted by the provisions of this act and such incidental powers as shall be necessary to carry on the business of banking within the limitations prescribed by this act.

Section 4 further provides that "every Federal reserve bank shall be conducted under the supervision and control of a board of directors. The board of directors shall perform the duties usually appertaining to the office of directors of banking associations and all such duties as are prescribed by law." It is also provided in section 4 that "any compensation that may be provided by boards of directors of Federal reserve banks for directors, officers, or employees shall be subject to the approval of the Federal Reserve Board."

Section 11 of the Federal reserve act authorizes and empowers the Federal Reserve Board—

(f) To suspend or remove any officer or director of any Federal reserve bank, the cause of such removal to be forthwith communicated in writing by the Federal Reserve Board to the removed officer or director and to said bank.

(g) To require the writing off of doubtful or worthless assets upon the books and balance sheets of Federal reserve banks.

(h) To suspend, for the violation of any of the provisions of this act, the operations of any Federal reserve bank, to take possession thereof, administer the same during the period of suspension, and, when deemed advisable, to liquidate or reorganize such bank.

(j) To exercise general supervision over said Federal reserve banks.

Section 21 of the Federal reserve act prescribes that "the Federal Reserve Board shall, at least once each year, order an examination

of each Federal reserve bank, and upon joint application of 10 member banks the Federal Reserve Board shall order a special examination and report of the condition of any Federal reserve bank."

Other sections of the act empower the Federal Reserve Board to prescribe rules and regulations governing various transactions which may be engaged in by Federal reserve banks, but the foregoing quotations embody all the authority which has been given the board over the routine business and the administration of the banks. The board is not empowered to select the officers and employees of the Federal reserve banks, for it can appoint only the Federal reserve agent and his assistants, nor does it initiate the salaries paid the officers and employees of the Federal reserve banks. These are matters which come within the scope of the authority delegated to the directors of the Federal reserve banks in section 4 of the act.

The law makes it clear that in approving compensation proposed by the directors the board must necessarily be governed in large measure by their representations. The directors are immediately responsible for the administration of the bank and are familiar with the requirements for its efficient operation, with the qualifications of the officers and employees, with local conditions, such as cost of living, competition for services by member and other banks of the community, and the fair value of the services rendered. The duty of the directors as to the management of a Federal reserve bank is quite analogous to that of directors of national banks with respect to those institutions. The Federal Reserve Board has not approved in a perfunctory way salaries proposed by Federal reserve bank directors, but has always called for full information before taking action. In some cases it has withheld approval pending the personal presentation of the matter by a committee of the directors, and in other instances it has declined to approve compensation proposed. But the board has taken the position generally that as the directors are primarily responsible for the operation of the banks, great weight must be given to their representations. There is appended, as Exhibit A, a list of the directors of all Federal reserve banks and branches.

FEDERAL RESERVE BANK BUILDINGS.

The buildings owned by the Federal reserve banks, or which are now in course of construction, are not, in the view of the board, "public buildings." They constitute a part of the invested assets of the respective banks, the funds for their acquisition or construction were not provided by a congressional appropriation, the title is vested in the Federal reserve bank and not in the United States, and they are subject to State and local taxation. ("Federal reserve banks, including the capital stock and surplus therein, and the income derived therefrom shall be exempt from Federal, State, and local taxation, except taxes upon real estate." Sec. 7.)

At the instance of the Federal Reserve Board a bill was introduced during the third session of the Sixty-fifth Congress to amend section 7 of the Federal reserve act by permitting Federal reserve banks to create a maximum surplus out of earnings equal to 100 per cent of their paid-in capital, instead of 40 per cent, as originally provided. When the Committees on Banking and Currency of the Senate and House of Representatives were considering this bill early in the year

1919, the governor of the Federal Reserve Board called the attention of the committees to the fact that all Federal reserve banks would be obliged to acquire or construct their own buildings as it was not practicable to lease adequate quarters and otherwise provide suitable vaults for the custody of the large amounts of cash and securities held by the banks. Especial attention was called to the large expenditures which would have to be made in providing buildings, and one argument made in favor of the bill was that the banks should be permitted to increase their surplus in order to reduce the proportion to the banks' capital account of the fixed assets represented by the buildings. The committees were so impressed with this argument that the bill as reported, which became the act of March 3, 1919, amending section 7, went beyond the board's recommendations and provided that Federal reserve banks might create a surplus out of earnings equal to 100 per cent of their subscribed capital, plus 10 per cent of the net earnings annually, after such a surplus had been created.

There does not appear to be any specific requirement anywhere in the Federal reserve act that the board should approve the expenditures made by the Federal reserve banks in their building operations, but under its power of general supervision the board informed the banks that they would be required to submit for the consideration of the board all options for the purchase of real estate, all plans and specifications for buildings and vaults, and that they should not enter into any contracts involving expenditures for these purposes until authorized to do so by the board.

In order that the board might be in position more intelligently to pass upon these various matters, it decided to employ a consulting architect who should devote his entire time to Federal reserve building projects. In the interest of economy it was determined to engage as consultant the same architect who had already been employed in a similar capacity by the Federal Reserve Bank of New York. Mr. Alexander B. Trowbridge, of the firm of Trowbridge & Ackerman, architects, of New York City, was induced to sever his connection with his firm and to enter into the employ of the Federal Reserve Board as consulting architect, at an annual salary of \$6,666.66, which has not been increased. This is one-third of his total salary of \$20,000, the other two-thirds being paid by the Federal Reserve Bank of New York.

He began his work in April, 1919. At that time only one Federal reserve bank building—that at Atlanta—had been completed (p. 38, annual report for 1919) and the working plans and specifications for the Richmond and Dallas buildings were finished. Since then, the consulting architect has appeared as consultant in connection with the projects for New York, Boston, Chicago, Kansas City, Cleveland, San Francisco, Minneapolis, and St. Louis, and with the new vault at Philadelphia, the bank there being the only one which is housed in a purchased building. He has also been consulted in connection with the additions to the Atlanta bank, the annex buildings in Richmond and New York, and with branch banks in Buffalo, New Orleans, El Paso, Houston, Louisville, Nashville, and Oklahoma City.

As consulting architect he has—

(1) Discussed with bank officers the property under consideration for purchase, and advised as to its advantages and disadvantages.

(2) Advised bank officers in the matter of selecting an architect.

(3) Consulted with the banks and their architects as to the size, design, and planning of the proposed buildings, during the preliminary stages.

(4) When working drawings and specifications were completed, examined them for the purpose of detecting and having eliminated any wasteful or extravagant features.

(5) Advised the banks and their architects as to the best methods of vault construction, so as to obtain the maximum amount of protection for the money expended.

(6) Consulted with and advised the banks in connection with the selection of contractors.

(7) Assisted the banks in drawing up contracts, both by preparing contracts and by studying and analyzing contracts prepared by others for the signatures of the banks.

(8) Acted as arbiter in case of disputes where contractors claimed extras which the banks did not consider justified.

(9) Advised as to the necessity for changes, additions, and omissions during the course of construction of the buildings.

(10) Reported to the Federal Reserve Board from time to time in connection with the above activities.

There has been no attempt to exercise centralized control. The services have been advisory and not mandatory in character. It has been possible, through a tactful presentation, to apprise bank officers and their architects of the wishes of the Federal Reserve Board to keep designs simple and to avoid the use of meaningless ornament and costly material. Good material simply designed and detailed has been recommended. The underlying purpose of the board in the employment of a consulting architect has been to secure well constructed, serviceable buildings of dignified aspect but without any display of costly finish which is unnecessary and in questionable taste.

The board has recognized the necessity of adequate provision for future growth and can cite numerous instances in growing cities where great expense has been incurred because of shortsightedness in omitting preparation of this kind. The office of the consulting architect has at all times been open to bank officers and their architects. A great many conferences of importance have taken place there and the consulting architect has personally visited a number of the banks and has conferred with building committees in their own cities.

All of this has been done at a very small expense to the Federal Reserve System. The consulting architect has given up his private practice and has devoted all of his time to the work of the board. His staff consists of one assistant, his secretary and stenographer, with occasional help from a draftsman who is in the employ of the Federal Reserve Bank of New York. It is estimated that the total sum paid in salaries to the consulting architect and his staff during the two and one-half years he has been in the board's service amounts to one-twentieth of 1 per cent of the approximate amount of all sums set apart for Federal reserve bank buildings during that period.

There are attached hereto (Exhibit B) tables relating to the real estate purchased by the Federal reserve banks and the building

operations which have been engaged in. These tables show for each Federal reserve bank the original investment in property purchased, the amount expended in remodeling and in the construction of new buildings, the amounts charged off on account of depreciation and amortization, and the book value of bank premises accounts as of September 30, 1921. Explanatory data have also been added showing the dates on which real estate was purchased by each Federal reserve bank, the number of square feet of ground purchased, amounts paid therefor, the cost of building operations to date, and the estimated cost to complete buildings in course of construction. It will be noted from these tables that the total amount expended for banking houses by all Federal reserve banks and branches to the end of September, 1921, was \$36,158,000, or about 60 per cent of the amount of franchise taxes paid to the Government at the end of 1920 and about the same proportion of the amount which it is estimated will be paid to the Government at the end of the year 1921.

It should be borne in mind, however, in considering building operations that the Federal reserve banks in acquiring building sites and constructing bank buildings are making capital expenditures and consequently these operations do not diminish in any way the amount of franchise taxes payable to the United States Government. The amount of the franchise tax is adversely affected only to the extent that the Federal reserve banks are authorized to charge depreciation and amortization allowances on their bank premises to current net earnings.

As the Federal Reserve Bank of New York has engaged in the largest and most expensive of all the building projects, and as it has been made the subject of especial criticism, the board submits herewith (Exhibit C) copy of a statement which has already been submitted by the governor of that bank to the Joint Commission of Agricultural Inquiry of Congress. This statement sets forth in minute detail all facts regarding the acquisition of the real estate, employment of architects, preparation of plans and specifications, letting of contracts, and scope of the building. There are appended also tables showing the large volume of routine operations of the bank, which call for the employment of a large force of employees, whose number in turn renders a large building necessary.

The board wishes to add that like care has been taken in the preparation of plans and specifications for all other Federal reserve bank buildings, but elaborate statements giving details of all Federal reserve bank buildings are not included in this response to the Senate because of the added length such statements would give to this communication.

SALARY POLICY OF FEDERAL RESERVE BANKS.

There have been prepared for use in this communication certain tables which appear as Exhibit D. These tables show the number of officers and employees of all Federal reserve banks, with officers' salaries in detail and employees' salaries in the aggregate, and, in addition, the general expenses in the administration of each Federal reserve bank. They also give for purposes of comparison data as to the increase in the routine operations of the banks. In connection with these tables, the board begs to remark that the officers of Fed-

eral reserve banks are not officers of the United States Government or of any of its departments. Each Federal reserve bank is now the largest banking institution in its district and the conduct of the business of a Federal reserve bank, which has transactions many times greater than those of the largest of its member banks, with great responsibilities to the member banks, to the public, and to the Treasury of the United States, requires the services in executive and other capacities of trained and competent officials, who will devote all of their time to the work of the bank, not only in the ordinary routine but in the study of a great variety of technical subjects. It is essential that the services be obtained of men who can be relied upon to measure up to their duties and responsibilities.

The officers and employees of Federal reserve banks are not permitted to engage in any other business, to take part in political activities, nor to hold public office. Their service in the Federal reserve bank is not a stepping-stone to a political career nor does it afford means of outside financial profit. The directors of Federal reserve banks have repeatedly pointed out to the board that it would be impossible to secure the services of competent and efficient officials for the Federal reserve banks were their salaries to be measured by the salaries paid to the political officers of the Government.

With few exceptions, all officers and employees of the Federal reserve banks are dependent upon their salaries for livelihood. During the year 1919 the rate of compensation at Federal reserve banks was generally advanced, both as to officers and employees. This was due to greater competition for services, increased cost of living, and to a very great increase in the volume of transactions. In its annual report for 1918 (p. 29) the board discussed the necessity, particularly with respect to junior officers and employees, of paying salaries approximating the salaries paid by the large member banks in the cities where the Federal reserve bank are located. Experience has shown that many of the larger members banks are disposed to draw upon the Federal reserve banks for men to fill high official positions. During the past six years five governors of Federal reserve banks have resigned in order to accept executive positions with other banking institutions at much higher salaries than they were receiving at the Federal reserve banks, and the same is true with respect to a considerable number of deputy governors and junior officers. In order to retain the services of officers who are constantly being tempted with outside offers at high salaries, it has become necessary to recognize this competition, and while the board has in no case approved salaries for senior officers of Federal reserve banks as high as those paid officers of similar rank by the larger member banks in the principal cities of the country, it has recognized from the outset that the salaries paid junior officers, heads of departments, and clerks must be in line with those paid by the larger member banks in the various Federal reserve cities. If, in order to reduce expenses, the policy should be adopted of making the Federal reserve banks mere training schools for bank officers, it does not seem possible, because of the frequent changes involved, that the banks would have the degree of efficiency in administration and smoothness of operation which they would have if the compensation paid be sufficiently liberal to retain the services of trained and capable men.

The board does not for a moment believe that the directors of any Federal reserve bank, in fixing salaries or in authorizing expenditures in developing the business, have been actuated by the slightest desire to deprive the Government of the revenue which it is entitled to receive under the terms of section 7 of the Federal reserve act, and most assuredly the Federal Reserve Board would not be a party to such undertaking.

In this connection the board invites attention to the views of a former Secretary of the Treasury, and ex officio chairman of the Federal Reserve Board, Hon. W. G. McAdoo. At a meeting of the Federal Reserve Board on December 14, 1918, he advocated approval of a salary of \$50,000 per annum, which the directors of the Federal Reserve Bank of New York had voted for the governor of that institution, and stated that his attitude had been that during the formative period of the Federal reserve system comparatively low salaries should be paid until the business of the banks could be established and a fair measure obtained of their operations and a more accurate realization reached of the dimensions of the problems and responsibilities of the banks' officers, stating that previously he had opposed an increase in the salary under consideration only because the country was at war. He said, now that the business of the banks had been well established and they were making large earnings for the Government, the time had come when the office of governor of a Federal reserve bank should command on its merits a fair and just compensation, and that he would vote to fix the salary of the governor of the Federal Reserve Bank of New York at the amount proposed by the directors of the bank, to wit, \$50,000 per annum. He stated it as his view that the principle governing the fixing of salaries of officers of Federal reserve banks should be that the salary be made sufficiently attractive to make a man willing to adopt the Federal reserve system as a permanent career, having its rewards in the way of promotion like any other institution. He opposed the view that the office of head of a Federal reserve bank should be considered on a parity with high Government office, stating that heads of Federal reserve banks could not be said to enjoy that magnitude of power and prestige pertaining to high Government office, while the bank officers were yet placed in a different position from those engaged in private institutions in that they were affected by the mutations of public life and controlled by a changing public board.

There is transmitted herewith as Exhibit E copy of a letter, dated October 11, 1921, touching upon the subject of salaries, which was addressed by the governor of the Federal Reserve Board to the chairman of the Joint Commission of Agricultural Inquiry of the United States Congress.

Since the close of the year 1918 three other distinguished men have filled the office of Secretary of the Treasury. In view of their votes and expressed opinions on questions relating to the salaries paid officers of Federal reserve banks the board has no reason to believe that they take the view that there has been "an amazing waste of public money" in the increase of salaries to officers and employees of Federal reserve banks or that by reason of such increases "the Treasury of the United States has been deprived of a vast sum of money."

It will be noted from the tables above referred to (Exhibit D) that the salaries of the presidents of the larger banks in New York City

are in several cases from 50 per cent to 100 per cent in excess of the salary paid the governor of the Federal reserve bank and that in the case of three of these banks there is a vice president whose salary exceeds that of the governor of the Federal Reserve Bank of New York. It is proper to state that while the senior officers of the Federal reserve bank have never received any extra compensation or bonuses, very substantial bonuses have been paid to the higher officers by some of the national banks in various parts of the country. For example, the examination report for 1920 of Bank A of New York City shows that the chairman of the board received a bonus of \$35,000, the president a bonus of \$30,000, one of the vice presidents a bonus of \$25,000, and other officers received smaller amounts in proportion to salaries paid, while all the senior officers of Bank F received a bonus equal to 25 per cent of their annual salaries.

The salaries paid vice presidents of the larger national banks and trust companies in New York City are much in excess of those paid to the deputy governors and controllers of the Federal Reserve Bank of New York, the highest salary paid to a deputy governor of the Federal Reserve Bank of New York being \$30,000, while the salaries of vice presidents of the six New York City banks listed in Exhibit D range from \$30,000 to \$75,000 per annum.

If the average annual salaries paid are considered, it will be found that the Federal Reserve Bank of New York, with 40 officers and with a total official pay roll as of October 1, 1921, of \$509,800 per annum, paid its officers an average annual salary of \$12,745, while the average annual salary paid to officers of the six national banks listed in Exhibit D, some with a larger and others with a smaller number of officers than the Federal reserve bank, ranged from \$11,466 to \$28,792, the average annual salary paid by Bank E being considerably more than twice that paid by the Federal Reserve Bank of New York. While the average annual salary paid by Bank A appears as \$11,466, or slightly less than that paid by the Federal reserve bank, it will be found, as above stated, that the chairman of the board of that bank received a bonus of \$35,000, bringing his total compensation for the year up to \$100,000; the president a bonus of \$30,000, one vice president a bonus of \$25,000, and other officers smaller amounts in proportion to their salaries. If bonus payments were included in arriving at average annual salaries, the average salary paid by Bank A would be materially in excess of that paid by the Federal Reserve Bank of New York.

As will be seen from the tables included in Exhibit D, extra compensation or bonus payments made by the Federal reserve banks have in most cases been limited to officers and employees receiving \$5,000 per annum or less. In a few cases bonuses have been paid to officers receiving somewhat higher salaries, but in only two instances have bonuses been paid to officers receiving more than \$7,500 per annum. It is proper to state that the bonuses which have been paid to junior officers and employees have been approved by the board upon representations from the respective boards of directors of Federal reserve banks that their object in recommending the bonuses was to enable the recipients to meet abnormal costs of living without making specific increases in salary. Bonuses have been paid with the understanding that such policy was temporary only and that the payment of bonuses would eventually be discontinued. During the present

year they have all been materially reduced and in some cases abolished entirely.

The following table brings out clearly the difference in the average salaries, exclusive of bonuses, paid by the Federal reserve banks and by the larger member banks in the Federal reserve bank cities:

Average annual salaries paid to officers by each Federal reserve bank and by three of the larger member banks in each Federal reserve bank city as of October, 1921.

[Bonus excluded.]

Federal reserve district.	Federal reserve bank.	Member bank.	Federal reserve district.	Federal reserve bank.	Member bank.
Boston.....	\$9,679	\$14,745	St. Louis.....	\$7,078	\$11,675
New York.....	12,745	17,331	Minneapolis.....	6,478	10,621
Philadelphia.....	10,125	15,733	Kansas City.....	6,147	10,313
Cleveland.....	7,792	10,061	Dallas.....	5,512	8,767
Richmond.....	6,696	8,473	San Francisco.....	6,459	11,409
Atlanta.....	5,877	7,828			
Chicago.....	7,946	15,440	System.....	7,743	13,092

¹ Six national banks.

It will be seen from this table that the average salary of officers in all Federal reserve banks is \$7,743, while the average salary paid by the larger member banks in Federal reserve bank cities is \$13,092, or 69 per cent in excess of that paid by the Federal reserve banks.

With reference to the statement frequently made that salaries paid by the Federal reserve bank of New York increased 50 per cent between the years 1918 and 1920, while at the same time the number of officers and employees increased only 10 per cent, the board would state that during this period the total salaries of officers and employees increased by \$1,534,443, of which amount \$1,336,443 represented the increase in salaries paid to employees and only \$198,000 the increase in salaries paid to officers. In explanation of the higher aggregate salaries paid to employees of the Federal Reserve Bank of New York, which increased 47 per cent during the two years as compared with an increase in number of only 10 per cent, there is given below a table showing the average annual salary paid to employees by that bank, as of the last day of December of each year from 1915 to 1920, both inclusive, and as of July 1, 1921, as well as by each other Federal reserve bank.

Average salaries payable to employees of each Federal reserve bank (including branches).

[Bonus excluded.]

Bank.	Dec. 31.						July 1, 1921.
	1915	1916	1917	1918	1919	1920	
Boston.....	\$1,086	\$985	\$991	\$929	\$1,184	\$1,271	\$1,401
New York.....	1,152	934	1,003	1,095	1,206	1,456	1,471
Philadelphia.....	1,000	838	796	983	1,133	1,258	1,266
Cleveland.....	1,242	883	1,020	1,183	1,206	1,360	1,383
Richmond.....	1,044	691	794	996	1,030	1,190	1,233
Atlanta.....	1,005	869	1,053	998	1,054	1,149	1,281
Chicago.....	1,142	949	1,120	1,094	1,115	1,310	1,408
St. Louis.....	1,068	986	953	1,028	1,051	1,214	1,326
Minneapolis.....	1,289	881	942	646	1,091	1,262	1,288
Kansas City.....	936	961	1,063	1,024	1,194	1,209	1,442
Dallas.....	1,382	1,017	919	1,110	1,168	1,270	1,447
San Francisco.....	1,496	925	1,144	1,227	1,268	1,366	1,521
System.....	1,128	912	1,004	1,062	1,163	1,319	1,402

It will be observed that the average salary paid to employees by the Federal reserve banks was very low in 1918, being practically on a level with salaries paid bank employees prior to the war, when prices were about one-half of what they were in 1919 and 1920, when the increase in the average salary paid to employees took place.

An investigation made by the Federal Reserve Bank of New York in 1919 showed that the average annual salary, including bonus, paid to employees by the bank was \$1,440, while the average annual salary, including bonus, paid to employees by 10 of the large New York City banks ranged from \$1,620 to \$2,265. In fact, it was found that in 6 of the banks the average salary paid employees was in excess of \$2,100. It was represented to the board that if the Federal Reserve Bank of New York was to retain its employees it would have to increase salaries to a level more nearly approaching salaries paid for similar work by other banks in New York City. The fact that the average salary paid employees by the Federal reserve bank at the end of 1918 was only \$1,095, when the cost of living index as published by the Bureau of Labor Statistics of the Department of Labor was 77 per cent above the prewar level, gradually increasing to 119 per cent in December, 1920, would seem to justify the increase in salaries granted employees during the years 1919 and 1920.

In order that the Senate may be informed as to whether the number of officers of Federal reserve banks has increased relatively more than the number of employees, and whether the number and salaries of officers and employees of the Federal reserve banks have increased more rapidly than the volume of business and routine operations of those banks, the following table is submitted showing the changes in personnel and salaries, the growth in the principal items of assets and liabilities of the banks, and the increase in the volume of their operations by years from 1915 to 1920:

Index of growth, 1915-1920, in number and salaries of officers and employees, and in business transacted, for each Federal reserve bank.

[1915=1.]

Federal reserve bank.	Officers.		Officers and employees.		Assets and liabilities.		Volume of discount and open market operations.	Transactions through gold settlement fund.
	Number.	Salaries.	Number.	Salaries.	Earning assets.	Federal reserve notes in circulation.		
Boston.....	3	4	39	21	20	31	225	37
New York.....	5	5	40	29	95	12	989	88
Philadelphia.....	3	3	19	15	35	32	281	38
Cleveland.....	5	4	31	21	39	33	244	238
Richmond.....	5	5	22	16	17	10	77	60
Atlanta.....	4	4	11	9	18	10	66	41
Chicago.....	9	5	35	25	47	263	281	45
St. Louis.....	5	3	22	14	42	17	224	36
Minneapolis.....	3	3	23	13	23	6	107	111
Kansas City.....	7	5	22	20	21	11	113	70
Dallas.....	5	4	20	13	14	5	53	63
San Francisco.....	8	5	51	26	93	53	263	74
System.....	5	4	28	20	39	18	314	50

From this table it will be seen that while both the number and salaries of officers of the New York Federal Reserve Bank were five times as large in 1920 as they were in 1915, the number of officers and employees combined was 40 times as large and the aggregate salaries paid officers and employees 29 times as large in 1920 as they were in 1915, thus indicating that the number of officers increased relatively much less than the number of employees, and that in consequence of the decrease in the ratio of officers to employees the aggregate salaries paid to officers and employees increased much less relatively than their number.

The table below shows the gradual increase in the average number of employees per officer for each Federal reserve bank.

Average number of employees per officer for each Federal reserve bank, including branches.

Bank.	December 31—						July 1, 1921.
	1915	1916	1917	1918	1919	1920	
Boston.....	4	13	34	52	62	59	51
New York.....	10	18	68	115	92	78	85
Philadelphia.....	14	21	31	46	58	83	76
Cleveland.....	7	12	25	44	41	47	39
Richmond.....	6	15	17	51	50	56	36
Atlanta.....	6	10	25	19	18	18	23
Chicago.....	12	21	39	40	44	47	39
St. Louis.....	9	12	17	25	33	42	38
Minneapolis.....	6	17	24	32	40	45	38
Kansas City.....	12	12	24	33	33	38	36
Dallas.....	7	12	27	39	29	31	27
San Francisco.....	5	11	22	26	22	36	38
System.....	8	15	31	45	44	47	44

The earning assets of the Federal Reserve Bank of New York, composed largely of bills discounted for member banks, were 95 times as large in 1920 as in 1915; Federal reserve circulation 12 times as large; the volume of discount and open-market operations, which were very heavy in 1919 and 1920, 989 times as large; and transactions through the gold settlement fund, maintained in Washington by the Federal Reserve Board for the purpose of settling interbank transactions, 88 times as large. For all Federal reserve banks combined, total earning assets were 39 times as large in 1920 as in 1915; Federal Reserve Circulation 18 times as large; total discount and open-market operations, 314 times as large; and transactions through the gold settlement fund, 50 times as large, while the number of officers was 5 times and their aggregate salaries 4 times as large at the close of 1920 as they were at the end of 1915; and the number of officers and employees combined, 28 times, and the salaries of all officers and employees combined, 20 times as large.

The table given below shows that the average number of employees per officer in 6 New York City banks ranged from 14 to 57, while the number of employees per officer in the Federal Reserve Bank of New York, exclusive of the Buffalo branch, was 80. The proportion of the total pay roll represented by officers' salaries in the 6 member banks ranged from 20 to 38 per cent, while the proportion obtaining at the Federal Reserve Bank of New York was 10 per cent. It will be noted also from this table that if officers' salaries are related to total resources, the proportion for the larger New York

City member banks ranges from about 3 to 15 times as high as that obtaining at the Federal reserve bank.

Comparison of personnel of Federal Reserve Bank of New York with personnel of six of the large New York City member banks about the end of 1920.

	Number of officers.	Number of employees.	Average number of employees per officer.	Per cent of total pay roll represented by officers' salaries.	Per cent of officers' salaries to total resources.
Federal reserve bank (excluding Buffalo branch).....	34	2,734	80	10	0.024
Bank 1.....	74	4,259	57	25	.36
Bank 2.....	122	3,222	26	21	.22
Bank 3.....	32	946	29	38	.27
Bank 4.....	14	726	51	20	.068
Bank 5.....	37	1,093	29	30	.15
Bank 6.....	73	1,054	14	32	.29

If the ratio of total salary payments to total resources of each Federal reserve bank be compared with corresponding percentages for all national banks in each Federal reserve district it will be found that the percentages for the Federal reserve banks are materially less than those for the national banks, as will be seen from the following table:

Ratio of total salary payments to total resources at Federal reserve banks and at all national banks.

Federal reserve district.	Federal reserve bank.	National banks.	Federal reserve district.	Federal reserve bank.	National banks.
	<i>Per cent.</i>	<i>Per cent.</i>		<i>Per cent.</i>	<i>Per cent.</i>
Boston.....	0.19	0.71	St. Louis.....	0.37	0.90
New York.....	.23	.59	Minneapolis.....	.30	1.08
Philadelphia.....	.24	.67	Kansas City.....	.36	1.08
Cleveland.....	.21	.72	Dallas.....	.47	1.18
Richmond.....	.31	.82	San Francisco.....	.31	1.00
Atlanta.....	.26	1.00			
Chicago.....	.23	.77	Total.....	.25	.79

NOTE.—Based on salaries paid by Federal reserve banks during 1920 as related to their condition on June 25, 1920, and on salaries paid by national banks during the year ended June 30, 1920, as related to their resources on June 30, 1920. Figures for Federal reserve banks include head office and branches.

The fiscal agency work of the Federal reserve banks assumed very large proportions during the war and has continued on a large scale since. As an example of the volume of such transactions by the Federal reserve banks, it may be stated that during the four years ended December, 1920, the Federal Reserve Bank of New York alone paid 37,816,000 Government checks and warrants, handled 159,530,000 pieces of Liberty bonds, coupons, and thrift securities in its Government bond department, received over 90,000,000 payments on Liberty bonds sold, issued and redeemed \$27,238,000,000 of certificates of indebtedness, and handled \$49,394,000,000 of deposits and withdrawals of collateral pledged as security for Government war loan deposits with depositary banks. The statement given below, which is taken from the records of the Treasury Department, shows that for the period beginning with the first Liberty loan

in 1917 and ending June 30, 1921, the 12 Federal reserve banks, in the discharge of their fiscal agency functions, handled nearly 1,000,000,000 pieces of Government securities valued at more than \$286,000,000,000.

Liberty bonds, Victory notes, certificates of indebtedness, Treasury notes, and war savings securities handled by the 12 Federal reserve banks, April, 1917, to June 30, 1921.

	Number of pieces.	Amount.
Stock shipped to Federal reserve banks by Treasury Department.....	332,492,222	\$86,864,790,706
Stock returned by Federal reserve banks unissued.....	39,404,439	7,117,492,880
Delivered to public.....	285,946,770	79,594,958,704
Received from public for exchange, conversion, redemption, etc.....	144,202,924	57,494,860,598
Returned to Treasury Department canceled, account exchanges, conversions.....	133,602,847	55,041,636,342
Total.....	935,649,202	286,113,739,230

The board transmits herewith as Exhibit F copy of a letter addressed to it by the governor of the Federal Reserve Bank of New York, under date of October 6, 1921, in which he discusses in detail some of the operations of the bank and the reasons which actuated the directors in voting the increases in salary for officers and employees which have been approved by the board. Much publicity has been given recently to a statement purporting to show the present salaries of certain officers of the Federal Reserve Bank of New York as compared with their initial salaries at the time of employment and with salaries obtained by them previous to their engagement by the Federal reserve bank.

The board invites particular attention to the discussion of this matter in Exhibit F and desires to point out that in the case of nine of these officers whose salaries have been especially criticized their connection with the Federal Reserve Bank of New York has extended over a period of seven years, 2 of them have been with the bank six years, 6 four years, 1 three years, 4 two years, and 2 for one year. Seven of these men who entered the service of the bank seven years ago at salaries ranging from \$1,500 to \$6,000 per annum have been advanced from time to time on their merits and are now receiving salaries ranging from \$8,000 to \$22,000 per annum.

In all other Federal reserve banks there have been similar instances of deserved promotion. It seems to the board that the directors of the Federal reserve banks should be commended rather than condemned for a policy which recognizes merit and promotes loyal and efficient employees.

There is also transmitted, as Exhibit G, copy of a letter, dated October 26, 1921, signed by each of the nine directors of the Federal Reserve Bank of New York which presents the views of these directors as to their duties and responsibilities and reviews the salary policy of that bank.

FRANCHISE TAXES PAID TO THE UNITED STATES.

In reply to that part of the resolution of the Senate which calls for information as to "how much of the net earnings have been paid

to the United States as a franchise tax," the board would state that until March 3, 1919, section 7 of the Federal reserve act provided that "after all necessary expenses of a Federal reserve bank have been paid or provided for, the stockholders shall be entitled to receive an annual dividend of six per centum on the paid-in capital stock, which dividend shall be cumulative. After the aforesaid dividend claims have been fully met, all the net earnings shall be paid to the United States as a franchise tax, except that one-half of such net earnings shall be paid into a surplus fund until it shall amount to forty per centum of the paid-in capital stock of such bank."

Until the year 1917 the earnings of the Federal reserve banks were comparatively small and it was not until June 30, 1918, that all accrued dividends had been paid by all banks. As the net earnings of the Federal reserve banks were not sufficient during 1914, 1915, and 1916 to enable them to pay all accrued dividends no franchise taxes were paid to the United States for those years. During the year 1917, however, six of the Federal reserve banks had earnings sufficient to pay all accrued dividends and they paid a franchise tax to the Government at the end of the year amounting to \$1,134,234 and carried a like amount to their surplus accounts (annual report for 1917, p. 28). At the end of the year 1918, all accrued dividends having been paid, all the Federal reserve banks were prepared to pay franchise taxes to the United States amounting in the aggregate to \$26,728,440 (annual report for 1918, p. 29) but in view of legislation then pending the Treasury Department agreed to withhold demand for these franchise taxes until the adjournment of Congress on March 4. The act of March 3, 1919, amended section 7 of the Federal reserve act so that it now reads: "After the aforesaid dividend claims have been fully met, the net earnings shall be paid to the United States as a franchise tax except that the whole of such net earnings, including those for the year ending December thirty-first, nineteen hundred and eighteen, shall be paid into a surplus fund until it shall amount to one hundred per centum of the subscribed capital stock of such bank, and that thereafter ten per centum of such net earnings shall be paid into the surplus." In conformity with the law as thus amended, the Federal Reserve Bank of New York paid into the Treasury at the end of the year 1919 as its franchise tax the sum of \$2,703,894 (annual report for 1919, p. 37). The other Federal reserve banks paid no tax as they had not then accumulated the maximum surplus allowed by law. At the end of the year 1920 nine Federal reserve banks paid to the United States as a franchise tax the sum of \$60,724,742 (annual report for 1920, p. 90). The Federal reserve banks of Cleveland, St. Louis, and Dallas paid no tax as they had not yet accumulated the maximum surplus.

The following table shows the amount of franchise taxes paid to the United States by each Federal reserve bank as of December 31, 1917, 1919, and 1920.

Franchise taxes paid to the United States Government.

Federal reserve bank.	1917	1919	1920	Total.
Boston.....	\$75,000	.....	\$2,473,499	\$2,548,599
New York.....	649,363	\$2,703,894	39,318,511	42,671,768
Philadelphia.....	.....	.....	363,662	363,662
Richmond.....	116,472	.....	204,585	321,057
Atlanta.....	40,000	.....	2,136,288	2,176,288
Chicago.....	215,799	.....	10,394,480	10,610,279
Minneapolis.....	37,500	.....	524,234	561,734
Kansas City.....	.....	.....	2,240,228	2,240,228
San Francisco.....	.....	.....	3,069,255	3,069,255
Total.....	1,134,234	2,703,894	60,724,742	64,562,870

During the past year the Federal reserve banks have set up a reserve for franchise tax, the total of which was on October 27, 1921, \$53,938,000 (weekly statement Federal reserve banks combined, Oct. 27, 1921). This tax reserve is adjusted weekly and the total amount shown to be due the Government at the close of business December 31, 1921, will be paid to the Treasury on January 3, 1922.

The board trusts that this communication contains the information desired and will cheerfully furnish at any time any additional facts which may be called for by the Senate.

Respectfully submitted.

W. P. G. HARDING, *Governor.*

The PRESIDENT OF THE SENATE.

EXHIBIT A.

LIST OF DIRECTORS OF FEDERAL RESERVE BANKS AND BRANCHES.

District No. 1, Federal Reserve Bank of Boston.—Edward S. Kennard, Rumford, Me.; Frederick S. Chamberlain, New Britain, Conn.; Thomas P. Beal, Boston, Mass.; Charles G. Washburn, Worcester, Mass.; E. R. Morse, Proctor, Vt.; Philip R. Allen, East Walpole, Mass.; Allen Hollis, Concord, N. H.; Jesse H. Metcalf, Providence, R. I.; Frederic H. Curtiss, Boston, Mass.

District No. 2, Federal Reserve Bank of New York.—Charles Smith, Oneonta, N. Y.; Jas. S. Alexander, New York City; R. H. Treman, Ithaca, N. Y.; Leslie R. Palmer, Croton-on-Hudson; Chas. A. Stone, New York City; Richard H. Williams, Madison, N. J.; Geo. Foster Peabody, Lake George, N. Y.; Wm. L. Saunders, New York City; Pierre Jay, New York City.

Buffalo Branch: Clifford Hubbell, Buffalo, N. Y.; Elliott C. McDougal, Buffalo, N. Y.; Harry T. Ramsdell, Buffalo, N. Y.; Frank L. Bartlett, Olean, N. Y.; E. J. Barcalo, Buffalo, N. Y.; Thos. E. Lannin, Rochester, N. Y.; R. M. Gidney, Buffalo, N. Y.

District No. 3, Federal Reserve Bank of Philadelphia.—Francis Douglas, Wilkes-Barre, Pa.; M. J. Murphy, Clarks Green, Pa.; Jos. Wayne, jr., Philadelphia, Pa.; Charles K. Haddon, Camden, N. J.; Alba B. Johnson, Philadelphia, Pa.; Edwin S. Stuart, Philadelphia, Pa.; Chas. C. Harrison, Philadelphia, Pa.; H. B. Thompson, Wilmington, Del.; R. L. Austin, Philadelphia, Pa.

District No. 4, Federal Reserve Bank of Cleveland.—O. N. Sams, Hillsboro, Ohio; Chess Lambertson, Franklin, Pa.; Robert Wardrop, Pittsburgh, Pa.; John Stambaugh, Youngstown, Ohio; R. P. Wright, Erie, Pa.; Thomas A. Combs, Lexington, Ky.; H. P. Wolfe, Columbus, Ohio; L. B. Williams, Cleveland, Ohio; D. C. Wills, Cleveland, Ohio.

Cincinnati branch: Judson Harmon, Cincinnati, Ohio; Chas. A. Hinsch, Cincinnati, Ohio; W. S. Rowe, Cincinnati, Ohio; Geo. D. Crabbe, Cincinnati, Ohio; L. W. Manning, Cincinnati, Ohio.

Pittsburgh branch: Chas. W. Brown, Pittsburgh, Pa.; Jas. D. Callery, Pittsburgh, Pa.; Harrison Nesbit, Pittsburgh, Pa.; R. B. Mellon, Pittsburgh, Pa.; Geo. De Camp, Pittsburgh, Pa.

District No. 5, Federal Reserve Bank of Richmond.—Charles E. Rieman, Baltimore, Md.; John F. Bruton, Wilson, N. C.; L. E. Johnson, Alderson, W. Va.; Edmund Strudwick, Richmond, Va.; Edwin C. Graham, Washington, D. C.; D. R. Coker, Hartsville, S. C.; Frederic A. Delano, Washington, D. C.; James A. Moncure, Richmond, Va.; Caldwell Hardy, Richmond, Va.

Baltimore branch: Chas. C. Homer, jr., Baltimore, Md.; Wm. Ingle, Baltimore, Md.; Waldo Newcomer, Baltimore, Md.; Henry B. Wilcox, Baltimore, Md.; M. M. Prentiss, Baltimore, Md.

District No. 6, Federal Reserve Bank of Atlanta.—John K. Ottley, Atlanta, Ga.; Oscar Newton, Jackson, Miss.; P. R. Kittles, Sylvania, Ga.; J. A. McCrary, Decatur, Ga.; W. H. Hartford, Nashville, Tenn.; Leon C. Simon, New Orleans, La.; Edward T. Brown, Atlanta, Ga.; W. H. Kettig, Birmingham, Ala.; Joseph A. McGord, Atlanta, Ga.

New Orleans branch: P. H. Saunders, New Orleans, La.; A. P. Bush, Mobile, Ala.; R. S. Hecht, New Orleans, La.; John E. Bouden, jr., New Orleans, La.; F. W. Foote, Hattiesburg, Miss.; H. B. Lightcap, Jackson, Miss.; Leon C. Simon, New Orleans, La.

Birmingham branch: W. H. Kettig, Birmingham, Ala.; Oscar Wells, Birmingham, Ala.; T. O. Smith, Birmingham, Ala.; W. W. Crawford, Birmingham, Ala.; John H. Frye, Birmingham, Ala.

Jacksonville branch: John C. Cooper, Jacksonville, Fla.; Edward W. Lane, Jacksonville, Fla.; Bion H. Barnett, Jacksonville, Fla.; Giles L. Wilson, Jacksonville, Fla.; Fulton Saussey, Jacksonville, Fla.

Nashville branch: W. H. Hartford, Nashville, Tenn.; Jas. E. Caldwell, Nashville, Tenn.; E. A. Lindsey, Nashville, Tenn.; T. A. Embry, Winchester, Tenn.; Paul M. Davis, Nashville, Tenn.

District No. 7, Federal Reserve Bank of Chicago.—George M. Reynolds, Chicago, Ill.; Chas. H. McNider, Mason City, Iowa; E. L. Johnson, Waterloo, Iowa; A. H. Vogel, Milwaukee, Wis.; J. W. Blodgett, Grand Rapids, Mich.; A. R. Erskine, South Bend, Ind.; Wm. A. Heath, Chicago, Ill.; F. C. Ball, Muncie, Ind.; James Simpson, Chicago, Ill.

Detroit branch: John Ballantyne, Detroit, Mich.; Emory W. Clark, Detroit, Mich.; Julius H. Haas, Detroit, Mich.; Charles H. Hodges, Detroit, Mich.; Robert B. Locke, Detroit, Mich.

District No. 8, Federal Reserve Bank of St. Louis.—J. C. Utterback, Paducah, Ky.; Sam A. Ziegler, Albion, Ill.; John G. Lonsdale, St. Louis, Mo.; Rolla Wells, St. Louis Mo.; W. B. Plunkett, Little Rock, Ark.; Le Roy Percy, Greenville, Miss.; C. P. J. Mooney, Memphis, Tenn.; John W. Boehne, Evansville, Ind.; Wm. McC. Martin, St. Louis, Mo.

Louisville Branch: Geo. W. Norton, Louisville, Ky.; F. M. Sackett, Louisville, Ky.; W. C. Montgomery, Elizabethtown, Ky.; Embry L. Swearingen, Louisville, Ky.; W. P. Kincheloe, Louisville, Ky.

Memphis branch: R. B. Snowden, Memphis, Tenn.; John D. McDowell, Memphis, Tenn.; T. K. Riddick, Memphis, Tenn.; S. E. Ragland, Memphis, Tenn.; John J. Heflin, Memphis, Tenn.

Little Rock branch: J. E. England, jr., Little Rock, Ark.; Moorhead Wright, Little Rock, Ark.; Geo. W. Rogers, Little Rock, Ark.; C. A. Pratt, Little Rock, Ark.; A. F. Bailey, Little Rock, Ark.

District No. 9, Federal Reserve Bank of Minneapolis.—Wesley C. McDowell, Marion, N. Dak.; Theodore Wold, Minneapolis, Minn.; J. C. Bassett, Aberdeen, S. Dak.; F. P. Hixon, La Crosse, Wis.; F. R. Bigelow, St. Paul, Minn.; N. B. Holter, Helena, Mont.; Wm. H. Lightner, St. Paul, Minn.; C. Harry Benedict, Lake Linden, Mich.; John H. Rich, Minneapolis, Minn.

Helena branch: R. O. Kaufman, Helena, Mont.; Chas. J. Kelly, Butte, Mont.; H. W. Rowley, Billings, Mont.; L. M. Ford, Great Falls, Mont.; Thomas Marlow, Helena, Mont.

District No. 10, Federal Reserve Bank of Kansas City.—J. C. Mitchell, Denver, Colo.; W. J. Bailey, Atchison, Kans.; E. E. Mullaney, Hill City, Kans.; T. C. Byrnes, Omaha, Nebr.; M. L. McClure, Kansas City, Mo.; Harry W. Gibson, Muskogee, Ok'a.; R. H. Malone, Denver, Colo.; F. W. Fleming, Kansas City, Mo.; Asa E. Ramsay, Kansas City, Mo.

Denver branch: John Evans, Denver, Colo.; Alva B. Adams, Pueblo, Colo.; C. C. Parks, Denver, Colo.; A. C. Foster, Denver, Colo.; C. A. Burkhardt, Denver, Colo.

Omaha branch: P. L. Hall, Lincoln, Nebr.; R. O. Marnell, Nebraska City, Nebr.; W. J. Coad, Omaha, Nebr.; Geo. E. Abbott, Cheyenne, Wyo.; L. H. Earhart, Omaha, Nebr.

Oklahoma City branch: Wm. Mee, Oklahoma City, Okla.; E. K. Thurmond, Oklahoma City, Okla.; Dorset Carter, Oklahoma City, Okla.; T. P. Martin, jr., Oklahoma City, Okla.; C. E. Daniel, Oklahoma City, Okla.

District No. 11, Federal Reserve Bank of Dallas.—John T. Scott, Houston, Tex.; B. A. McKinney, Dallas, Tex.; Howell E. Smith, McKinney, Tex.; Frank Kell, Wichita Falls, Tex.; Marion Sansom, Fort Worth, Tex.; J. J. Culbertson, Paris, Tex.; W. B. Newsome, Dallas, Tex.; H. O. Wooten, Abilene, Tex.; Wm. F. Ramsey, Dallas, Tex.

El Paso branch: W. W. Turney, El Paso, Tex.; A. P. Coles, El Paso, Tex.; A. F. Kerr, El Paso, Tex.; U. S. Stewart, El Paso, Tex.; W. C. Weiss, El Paso, Tex.

Houston branch: R. M. Farrar, Houston, Tex.; J. J. Davis, Galveston, Tex.; Frank Andrews, Houston, Tex.; Guy M. Bryan, Houston, Tex.; E. F. Gossett, Houston, Tex.

District No. 12, Federal Reserve Bank of San Francisco.—M. A. Buchan, Palo Alto, Calif.; C. K. McIntosh, San Francisco, Calif.; John W. Baer, Pasadena, Calif.; J. A. McGregor, San Francisco, Calif.; E. H. Cox, Madera, Calif.; A. B. Dohrmann, San Francisco, Calif.; Walton N. Moore, San Francisco, Calif.; Wm. Sproule, San Francisco, Calif.; John Perrin, San Francisco, Calif.

Portland branch: Edward Cookingham, Portland, Oreg.; J. C. Ainsworth, Portland, Oreg.; Nathan Strauss, Portland, Oreg.; Jos. N. Teal, Portland, Oreg.; F. Greenwood, Portland, Oreg.

Seattle branch: M. F. Backus, Seattle, Wash.; M. A. Arnold, Seattle, Wash.; Chas. H. Clarke, Seattle, Wash.; Chas. E. Peabody, Seattle, Wash.; C. R. Shaw, Seattle, Wash.

Spokane branch: D. W. Twohy, Spokane, Wash.; R. L. Rutter, Spokane, Wash.; Peter McGregor, Hooper, Wash.; G. I. Toevs, Spokane, Wash.; W. L. Partner, Spokane, Wash.

Salt Lake branch: L. H. Farnsworth, Salt Lake City, Utah; Chapin A. Day, Ogden, Utah; G. G. Wright, Salt Lake City, Utah; Lafayette Hanchett, Salt Lake City, Utah; R. B. Motherwell, Salt Lake City, Utah.

Los Angeles branch: A. J. Waters, Los Angeles, Calif.; J. F. Sartori, Los Angeles, Calif.; Henry M. Robinson, Pasadena, Calif.; I. B. Newton, Los Angeles, Calif.; C. J. Shepherd, Los Angeles, Calif.

EXHIBIT B.

Cost of bank premises of Federal reserve banks to September 30, 1921.

[Figures include cost at head office and branches.]

Federal reserve banks.	Original investment.	Cost of remodeling bank buildings.	Cost of new buildings in course of construction.	Total cost to Sept. 30, 1921.	Depreciation allowances charged off.	Book value Sept. 30, 1921.
Boston.....	\$1,296,380	.....	\$3,160,183	\$4,456,563	\$200,000	\$4,256,563
New York:						
Banking house.....	4,797,882	.....	758,072	5,555,954	1,841,618	3,714,336
Annex building.....	681,531	.....	1,528,925	2,210,456	147,891	2,062,565
Philadelphia.....	600,000	\$1,099,638	.....	1,699,638	1,166,848	532,790
Cleveland.....	1,806,235	406,150	1,197,872	3,410,257	384,235	3,026,022
Richmond.....	658,922	.....	2,103,014	2,762,936	228,434	2,534,502
Atlanta.....	1,568,750	.....	505,743	1,074,493	213,248	861,245
Chicago.....	2,936,149	.....	2,900,535	5,836,684	849,062	4,987,622
St. Louis.....	1,311,197	560	.....	1,311,757	685,000	626,757
Minneapolis.....	615,000	.....	252,886	867,886	177,738	690,148
Kansas City.....	730,000	32,974	2,791,827	3,554,801	100,000	3,454,801
Dallas.....	399,749	39,246	1,775,180	2,214,175	159,344	2,054,831
San Francisco.....	520,785	232,895	448,776	1,202,456	530,795	671,661
Total.....	16,923,580	1,811,463	17,423,013	36,158,056	6,684,213	29,473,843

¹ Net.

EXPENSES OF FEDERAL RESERVE BANKS.

Cost of bank premises of branches of Federal reserve banks to Sept. 30, 1921.

Branches.	Original investment.	Cost of remodeling bank buildings.	Cost of new buildings in course of construction.	Total cost to Sept. 30, 1921.	Depreciation allowances charged off.	Book value Sept. 30, 1921.
Buffalo.....	None.					
Cincinnati.....	\$380,744			\$380,744	\$113,744	\$267,000
Pittsburgh.....	515,000	\$406,150		921,150		921,150
Baltimore.....	451,193			451,193	70,000	381,193
Birmingham.....	None.					
Jacksonville.....	None.					
Nashville.....	85,000			85,000		85,000
New Orleans.....	¹ 201,250		\$1,710	202,960	44,887	158,073
Detroit.....	None.					
Little Rock.....	85,008			85,008		85,008
Louisville.....	175,275	560		175,835	40,000	135,835
Memphis.....	None.					
Helena.....	15,000		² 161,438	176,438	77,738	98,700
Denver.....	None.					
Oklahoma City.....	65,000			65,000		65,000
Omaha.....	165,000	32,975		197,975		197,975
El Paso.....	39,004		² 107,796	146,800		146,800
Houston.....	65,843		143,323	209,166		209,166
Los Angeles.....	None.					
Portland.....	None.					
Salt Lake City.....	115,080			115,080		115,080
Seattle.....	None.					
Spokane.....	None.					
Total.....	2,358,397	439,685	414,267	3,212,349	346,369	2,865,980

¹ Net.² Completed buildings.

BOSTON.

July, 1918: Purchased property at Pearl and Milk Streets, covering 14,333 square feet, for \$1,000,000. Property sold in November, 1919, for \$1,150,000.

August, 1919: Purchased property bounded by Pearl, Franklin, and Oliver Streets, covering 40,330 square feet (on which stood old buildings razed in 1920), for \$1,411,500. The net cost of property to the bank, after paying preliminary expenses connected with purchase and deducting profits on property at Pearl and Milk Streets, was \$1,296,379.78.

Total cost to September 30, 1921, of building in course of construction, \$3,160,182.79; estimated additional cost to complete building, \$900,000.

NEW YORK.

June, 1918: Purchased property for banking house site at corner of Liberty, Nassau, and Maiden Lane.

February-June, 1919: Purchased adjoining properties running through from Liberty Street to Maiden Lane. Total cost of property purchased in 1918 and 1919, which covers 45,950 square feet, was \$4,797,881.72.

Total cost to September 30, 1921, of new building in course of construction is \$758,071.97; estimated additional cost to complete, including vault equipment, \$17,880,000.

April-July, 1920: Purchased, for annex building site, properties at corner of Gold Street and Maiden Lane and at 10 Gold Street and at 89 Maiden Lane at a total cost of \$681,531.17. Construction of annex building started in fall of 1920; total cost, \$1,528,925.

PHILADELPHIA.

December, 1917: Purchased Horner Building on Chestnut Street, covering 19,205 square feet, which is now occupied as banking house, for \$600,000.

Cost of remodeling and building vault to September 30, \$1,099,637.92. Estimated cost to complete vault in course of construction, \$115,000.

CLEVELAND.

February, 1919: Purchased Masonic Temple property at Superior and Rockwell Streets, consisting of one five-story and two four-story buildings and covering 29,763 square feet, for \$910,491, including preliminary expenses connected with purchase.

Total cost to September 30, 1921, of new building in course of construction was \$1,197,871.95. Estimated additional cost to complete building in course of construction, approximately, \$5,000,000.

July, 1920: Bank contracted for purchase of adjoining property, covering 13,000 square feet, for \$375,000.

CINCINNATI.

October, 1920: Purchased property at Fourth and Race Streets, covering 13,172 square feet, for \$380,744, including preliminary expenses connected with purchase. Building operations not begun.

PITTSBURGH.

February, 1920: Purchased property at Ninth and Liberty Avenue, covering 4,144 square feet, for \$515,000, on which is a 10-story building now occupied by the branch as a banking house. Total cost to September 30, 1920, of remodeling, \$406,150.19.

RICHMOND.

July, 1916: Purchased property at Ninth and Franklin Streets, covering 11,444 square feet, for \$128,435, including preliminary expenses connected with purchase.

May, 1919: Purchased Virginia Hotel property at Eighth and Franklin Streets, covering 4,455 square feet, and separated from above property by a 20-foot alley, for \$80,293.90.

Total cost to September 30, 1921, of building in course of construction, \$2,103,014.19. Estimated cost to complete building in course of construction, \$260,000.

BALTIMORE.

Fall of 1917: Purchased the National Mechanics Bank building, covering 4,840 square feet, for \$200,000, which is now occupied as banking house.

June, 1920: Purchased property, covering 12,500 square feet, at corner of Calvert and Lexington Streets, for \$251,192.90. This consists of three pieces of property rented to various tenants, possession to be had at end of 1921, except from one tenant whose lease runs to October, 1924.

Branch will probably sell the National Mechanics Bank building after building proposed banking house on the Calvert Street property.

ATLANTA.

October, 1916: Purchased the First Presbyterian Church property, covering 18,180 square feet, on Marietta Street, for \$102,500. The old church building on back of lot was utilized in new bank building, which was constructed at a cost of \$417,400.

January, 1921: Purchased the adjoining ground, covering 18,000 square feet, for \$180,000. Cost to September 30 of addition to building in course of construction, \$86,632.04. Estimated additional cost to complete building in course of construction, \$923,000.

JACKSONVILLE.

October, 1921: Federal Reserve Board authorized bank to purchase property covering 4,770 square feet at corner of Hogan and Church Streets for \$45,000.

NASHVILLE.

July, 1921: Purchased two-story building and lot on Third Avenue, covering 5,267 square feet, for \$85,000, possession to be had in January, 1922. It is intended to remodel present building for branch banking house.

NEW ORLEANS.

July, 1919: Purchased the Commercial National Bank building, on lot covering 8,475 square feet, for \$238,750, including preliminary expenses connected with purchase. Old building on property was sold by branch for \$37,500 to dismantle and remove. Preliminary expenses in connection with new building contracts, \$1,710. Building operations not begun.

CHICAGO.

December, 1918: Purchased the Shedd property, covering 26,400 square feet, bounded by La Salle, Jackson, and Quincy Streets, for \$2,936,149.26.

Total cost to September 30, 1921, of new building in course of construction, \$2,900,-534.70; estimated additional cost to complete building \$4,629,000.

ST. LOUIS.

January, 1919: Purchased property occupied by the St. Louis Union Trust Co., corner Locust and Fourth Streets, and three adjoining properties on Fourth Street, covering 20,367 square feet, for \$540,461.50.

January, 1920: Purchased adjoining property, covering 8,274 square feet, on Locust Street, running north from alley to Broadway, for \$510,678.50; purpose being to build on this site an addition to the banking house on the above property or to sell this second property if found that a larger building is not required. Old elevator parts were sold for \$225.

LITTLE ROCK.

January, 1921: Purchased vacant lot covering 8,000 square feet at corner of Third and Louisiana Streets, for \$85,007.50. Building operations not begun.

LOUISVILLE.

May, 1919: Purchased National Bank of Commerce Building, Fifth and Market Streets (5,550 square feet), including vaults, furniture, and fixtures, for \$150,275, which is now occupied by branch as banking house.

August, 1920: Purchased adjoining vacant lot, covering 2,340 square feet, for \$25,000, for purpose of building addition to above banking house. Building operations not begun.

MINNEAPOLIS.

November, 1919: Purchased property, covering 25,575 square feet, at corner of Marquette Avenue and Fifth Streets, for \$600,000. Expenses to September 30, 1921, in connection with construction of foundation for building started in July, \$91,448.23. Final plans for new building not completed.

HELENA.

January, 1920: Purchased property of Independent Telephone Co., covering 2,475 square feet, including modern, fireproof one-story building, for \$15,000. Cost of remodeling building and constructing vault, \$161,437.64.

KANSAS CITY.

July, 1918: Purchased property, covering 16,675 square feet, at corner Tenth Street and Grand Avenue, for \$500,000. Cost to September 30, 1921, of banking house in course of construction, \$2,791,826.69. Estimated additional cost to complete building, \$1,280,000.

DENVER.

September, 1921: Federal Reserve Board authorized bank to purchase property covering 25,785 square feet at corner Eighteenth and Curtiss Streets, for \$100,000.

OKLAHOMA CITY.

August, 1921: Purchased property, covering 10,500 square feet, at corner of Third and Harvey Streets, for \$65,000. Building operations not begun.

OMAHA.

May, 1920: Purchased the Farnum Building, a five-story and basement stone and brick building, covering 8,712 square feet, then leased by branch as banking quarters, for \$165,000. Cost of remodeling to September 30, 1921, \$32,974.50.

DALLAS.

August, 1915: Purchased for \$112,500 five-story and basement fireproof building at Commerce and Martin Streets, covering 2,500 square feet, which had been leased by the bank since April, 1915. Cost of remodeling building, \$39,246.

November, 1918: Purchased property at corner of Wood and Akard Streets, covering 29,233 square feet, for \$145,783.39.

August: Federal Reserve Board approved purchase of Thomas property, adjoining above, on Wood Street and covering 4,500 square feet, for \$36,619.40.

Cost to September 30 of new building in course of construction, \$1,524,060.26. Estimated additional cost to complete, \$30,000.

EL PASO.

July, 1919: Purchased lot, covering 6,000 square feet, on Myrtle Avenue, for \$39,-003.50, on which a two-story building, costing to September 30, 1921, \$107,796.03 was erected as permanent banking house and occupied by branch in August, 1920.

HOUSTON.

October, 1920: Purchased site covering 10,000 square feet at Fannin Street and Prairie Avenue, for \$65,842.74. Cost to September 30, 1921, of buildings in course of construction, \$143,323.60. Estimated cost to complete building, \$195,000.

SAN FRANCISCO.

Summer of 1917: Purchased end of block bounded by Commercial, Sansome, and Sacramento Streets, and in Spring of 1918 purchased remainder of block to Battery Street. Total property purchased covers 32,863 square feet and cost, \$405,705.37. Remodeled and occupied part of property as banking house. Cost to September 30, 1921, of new building in course of construction, \$448,775.85. Estimated additional cost to complete, \$3,100,000.

SALT LAKE CITY.

January, 1921: Purchased for \$115,080.36 property covering 27,225 square feet at corner of South Temple and State Streets. Building operations not begun.

EXHIBIT C.

NEW BANK BUILDING, FEDERAL RESERVE BANK OF NEW YORK.

The criticism of the building operation now being conducted by the Federal Reserve Bank of New York is contained in the following paragraph of an address made by John Skelton Williams in Augusta, Ga., on July 14, 1921, which appears in the record of the hearings of the Joint Commission of Agricultural Inquiry.

"These high-salaried officials of the reserve bank, men not particularly conspicuous either for talent or constructive achievement, have luxurious tastes. You probably saw in the newspapers that plans were filed in New York by the reserve bank there last Thursday for a temple of banking in New York City to cost, including land, it is estimated, \$16,000,000, probably more than the combined cost of the White House and Treasury Buildings at Washington and the State capitals of a dozen States of the Union. This building, with its luxurious and lavish appointments of marble and brass, its auditoriums, gymnasium, club quarters, restaurant de luxe, and objects of art, will make Solomon's Temple of old seem quite cheap by comparison."

Since April 1, 1919, the Federal Reserve Board has shared the employment of our advising architect, who makes his office in New York, but who reports regularly to the Federal Reserve Board in regard to the building operations of all Federal reserve banks.

Early in 1918 it became obvious to the officers and directors of the Federal reserve bank that a bank building was essential to the safe, economical, and efficient operation of the bank. It could not perform the important services required of it by the Government of the United States, by the member banks, and by the public generally, unless it secured adequate and safe accommodations.

It appeared that the time was opportune to acquire the real estate. Real estate conditions in New York had become greatly depressed, even demoralized, as a result of the war. After examining all possible sites, and taking the advice of experts, it was decided to acquire the property, or such portion as could be acquired, bounded by Nassau, Liberty, and Williams Streets and by Maiden Lane. Purchases were gradually made until the entire block, with the exception of one small building at the eastern end of the property, which is not essential, was purchased, at a total cost, including all fees and incidental payments, of \$4,797,381.72, a little over \$100 a square

foot for a total of 45,950 square feet. The value of all the buildings acquired, after careful appraisal by experts, was written off, as the buildings would have to come down to make way for the new structure. This resulted in charging down the real estate by \$1,703,831.72, leaving the present book value \$3,094,050.

As to the care and wisdom with which this real estate was acquired, one of the owners from whom a large portion of the block was purchased told me some months ago that we had made a remarkably advantageous purchase, as he had recently sold an exactly similar but smaller piece of land across the street from ours at about double the price per square foot which we had paid for our property.

As to the cost of the building, various estimates have been made. By a rigid and exacting reduction of everything in the nature of unnecessary ornament or adornment for the building (which always had been planned to serve utilitarian purposes only), more expensive types of material, or more expensive forms of construction, estimates which were made in the winter of 1920-21 have been reduced something like \$4,000,000 in the most recent estimate made last March. This March estimate—the most recent—indicated a possible outside cost for the entire building, equipment, all fees and incidental costs, solely excepting vault equipment, which will be gradually installed over a period of years, of \$17,990,347. Deducting equipment, which should not be charged as a part of the building cost, such as vaults, fixtures, wiring systems, furniture, equipment, etc., makes the cost of the building proper \$14,855,705, as estimated last March, an average cost per cubic foot of \$1.08 for a building of about 14,000,000 cubic feet, which we are advised by architects and contractors is a moderate cost at this time for a building such as we require for the bank.

It will take at least two years to complete the construction, and probably longer. It will be sufficiently large to cover from 50 per cent to 75 per cent expansion over our present requirements.

The commission is first asked to consider the facts in regard to the character of the building in contrast with the fantastic language quoted above, namely, that high-salaried officials of the bank have luxurious tastes; that they have filed plans for a temple of banking to cost \$16,000,000, probably more than the combined cost of the White House, the Treasury Building, and a dozen State capitols. (Observe that there is no reference to the differences in costs of to-day and those which prevailed when such buildings were erected.) This building, it is asserted, with its luxurious and lavish appointments of marble and brass, its auditorium, gymnasium, club quarters, restaurant de luxe, and objects of art, will make Solomon's Temple of old seem quite cheap by comparison.

There will be no marble and brass in this building, except the very moderate amount of ordinary grades of marble required for floors, toilets, wainscots, and possibly marble with some kind of metal to be used for the bank screen on the first floor of the building only, where transactions are conducted with the public. There will be no great marble banking room; the officers' quarters will be on the tenth floor and be plain plaster or wood rooms. The bank does not require an ornate and monumental building; it requires a building especially constructed to meet the peculiar and unusual character of the business which it conducts, and especially a building which will meet the permanent needs of the bank and can be maintained in upkeep at a minimum cost.

The "auditoriums" consist, in fact, of one assembly room of 4,600 square feet, which will accommodate about 1,000 people out of a force of 3,000, and it is to be built in order that the bank may continue to conduct educational work now in progress for the betterment of the service by the employees to the bank, and to enable them to gain promotion. Many of our clerks take extension courses in universities in New York, and it is intended to conduct regular lectures at the bank, where necessary, illustrated by charts and other graphic means upon a screen. A suitable room such as this is also needed in which to hold meetings of the officers of the member banks of the district, to which reference has already been made. In addition to large meetings, this room will be capable of being divided into smaller rooms by the use of movable partitions, for the various uses of the bank, when needed.

As to the gymnasium, the bank maintains a medical department for the benefit of the health and morale of the force, with service alternating between three doctors and several nurses, and a small dispensary. About a thousand cases a month are treated. The confining character of the work of the bank is liable to be detrimental to the health of the employees. Some part of this may be described as occupational defectiveness. Three thousand six hundred square feet have been set aside on the top of the building, where the medical department at their recommendation can conduct certain simple corrective exercises to overcome the consequences, for instance, of all day operation of an adding machine, which sometimes results in neuritis. This is the only "gymnasium."

The club quarters consist of two rooms, one for men and one for women, each with an area of 2,200 square feet. These rooms will be plainly furnished and maintained in connection with the bank's library, which will enable those who desire a brief period of rest after luncheon, or to pursue their studies, to have a satisfactory place for the purpose. These are the "extravagant club quarters."

The restaurant de luxe, in fact, is a cafeteria. Experience in our present quarters has shown that the employees of the bank, possibly because they are rushed with their work, or possibly because they have not the means, get inadequate and frequently unwholesome lunches in restaurants. To overcome this a small cafeteria has been operated for some years in which the clerks serve themselves with a simple but thoroughly wholesome luncheon, with one hot course. The space occupied, 1,492 square feet, is too small now to permit of serving any but the women employees. For the first six months of this year the cost of operating this cafeteria was \$53,210.54. Of this amount, the rental of the space furnished by the bank, plus the wages of servants, was \$5,722.32. The balance of the cost, \$48,132.22, was paid by the employees for their luncheons, which averaged in cost 32 cents. It is now only possible to serve less than one-quarter of the force, but those who are served get a well-prepared luncheon at from one-half to one-third of what it would cost in a restaurant. In the new building two cafeterias will be provided, one for men and one for women, each with an area of 8,000 square feet, including kitchen and service, that will be operated upon the self-service plan. Meals will be served exactly at cost, and in this space 550 people can be served at one time in each room. It will enable all employees to lunch in the building at moderate cost. It is the least amount of space which can be employed to cover the possible capacity of the building, which is about 5,000 people. There will be one or two small rooms where luncheon may be served to the officers of the bank, or for officers of member banks, either when attending meetings at the bank, or when visiting the bank from out of town to transact necessary business. This is the "restaurant de luxe."

There are no objects of art to be provided for this building.

The commission's attention is called to the fact that in the opinion of the officers of the bank and in the opinion of those who are at work on this problem, no large building operation in New York has been conducted upon the basis of a more scientific study of the subject than has ours. The bank has had a consulting architect, under salary, working upon the problem, since September, 1918, and an efficiency engineer since August, 1918. The architects' competition was started in July, 1919. During the year 1919 engineers to study vaults, foundations, power plant, heating, electricity, ventilation, and plumbing were all started at work. The general contractor was selected in December, 1919. These men have been, ever since, devoting themselves to a thorough study of the problem. The result will show the care with which the work has been done.

In order to obtain for the information of the commission an unprejudiced expression of views as to the general character of the organization and the work which it is performing, a letter was sent on September 30, 1921, to the six principal architects, engineers, and contractors to whom this work was intrusted, making such inquiry as would bring forth a frank expression of their views without disclosing the purpose for which the report was desired. A copy of the letter asking for the reports, together with the original letters received in reply, are herewith submitted to the commission for their information, with the request, however, that they be not printed in the record because of their rather confidential nature. If these letters can be returned to the bank, copies will be substituted for the records of the commission.

The bank was unwilling to let the contract for this building at a fixed sum to one contractor in a market where all building costs were declining. The possibility of profit to a contractor on such a large building, containing nearly 14,000,000 cubic feet, under present conditions would be considerable. The general contractors, Messrs. Marc Eidlitz & Son, are undertaking the work for a very moderate fixed fee, and all savings in declining costs will accrue to the benefit of the bank. The same is true of the foundations, which are a costly and difficult job, the contract for which has been let to a leading contractor in the country for a fixed fee. All subcontracts on the building will be let by competition, subject to approval by the directors of the bank. Large savings have already been effected due to the care and foresight with which these arrangements were made.

In the case of the security vaults, which will be the largest ever constructed in the United States, and the most secure, it some time ago appeared possible that the development of vault construction had proceeded upon a wrong theory in view of the discovery of new processes for attacking and destroying steel. Last year arrangements were made with the Bureau of Standards, through the Federal Reserve Board, to conduct an experimental test in Washington. A great variety of sample vaults of all types

of construction were built at a cost of \$75,000, and they were attacked by every known means of breaking down concrete and steel, such as cutter burners, explosives, etc. This test was for the benefit of, and the cost was borne by all reserve banks, in proportion to their resources. The estimate of the cost of the vault, prior to this test, was \$3,272,000. The plans now developed, as the result of the test, will produce a larger vault than we had planned, probably 5 to 10 times as secure as any previously constructed, at a cost of about \$1,500,000, or a saving of over \$1,700,000.

As an indication of the wisdom of the decision to commence building in a declining market, I wish to submit the following list of savings over the costs estimated as of last March upon the contracts already let:

Wrecking old buildings.....	\$135,997
Steel (exclusive of vault protection).....	372,300
Steel (for vault protection, estimated).....	350,000
Cartage (for excavation work).....	45,000
Foundation subcontracts so far as let.....	9,886
Stone work, estimated (by reason of certain rearrangement of construction).....	300,000

Those reductions being actual savings over estimated costs, principally due to price reductions, relate to only a few of the contracts, but considerable further reductions in actual cost over estimated cost are anticipated.

No part of the building will be erected without competition. No extravagant materials will be used for the facade or interior of the building. It is proposed to obtain competitive bids for a great variety of materials, including brick, limestone, sandstone, and other materials which can be obtained in sufficient quantity. There is no thought of employing marble or even granite for the facade, which would be too costly.

My statement in regard to this building would not be complete without reference to its necessity. The motives actuating the directors of the bank (with the Federal Reserve Board's approval) in commencing building operations are principally the following:

The bank now occupies offices and vaults in six separate buildings in New York City, scattered all the way from Wall Street to Forty-fourth Street, with a warehouse formerly in Brooklyn, but now on Maiden Lane, New York City. This destroys efficiency and economy in operation. The force being so scattered causes serious inconvenience to the member banks and to the public. The cost of building is declining, and the most advantageous time to build is on a declining market. The health and morale of the clerks is in danger of being impaired by overcrowding, insufficient light and ventilation. And not least is the fact that there is just now considerable unemployment, and the erection of this building will give employment to some thousands of workmen who are badly in need of work.

A brief description of certain practical reasons for immediate construction will serve to make clear why it can not be deferred. The bank's offices and vaults are now located in six different buildings. Employees and officers make an average of 368 visits a month to vaults outside of the main office, which consumes the equivalent of 2,366 working days per year. Members of the auditing department, located two blocks from the main office, make an average of 57 trips daily, consuming time equivalent to 814 working days a year. The distribution of material from the main vaults in the Equitable Building to the nine floors occupied in that building consume time equivalent to 15,000 hours per year. Examples of costly inefficiency of this character could be multiplied without number.

As to the inconvenience to banks and the public, this scattered location makes it difficult for those doing business with the bank to ascertain where they should go. To illustrate an instance of this inconvenience, the average number of people who call at the Government bond department, located on the twenty-fourth floor of the Equitable Building, during periods of activity is 9,963 a day. The maximum number who have called at the partial payment department of the Government bond section of the bank, which was until recently at Forty-fourth Street, was 17,516 in one day. The member banks are called upon to do business at the bank on six or seven different floors of the Equitable Building, as well as with departments located in other buildings and at the Subtreasury.

As to the health of the force and the morale of the organization the building code of New York sets a minimum of 50 square feet in a room with a 10-foot ceiling for clerical workers. The bank has been so overcrowded that practically all departments of the bank violate this provision of the code. The average area per employee in the Equitable Building is now only 38 square feet. In certain divisions it is much less. In the transit department, employing 300 people, it averages 29.2 square feet. In the stenographic department, with 56 people, it averages 21.7 square feet. The

money department, with 198 people, averages 32 square feet. The country collection department, with 153 employees, averages 31.4 square feet. The Equitable Building was designed as an office building and not to be used in large areas for large organizations. Ventilation is inadequate for the purposes of the bank, and it is believed that this is a cause of illness among the employees. Of the total force, 700 employees, are crowded into 30 square feet per person. The amount of light available is insufficient and can not be increased with the building's present equipment. The bank has over 1,000 machines in use in various departments, a large number of which are adding machines, which should be operated electrically in order to protect the clerks from occupational disorders. This can not be done without added electrical equipment. Since the medical department has kept a record of employees we have diagnosed 31 cases of tuberculosis in the force.

As to unemployment in New York City, this has been markedly the case in the building trade. Certain labor organizations with which our contractors are now dealing in connection with our building have shown a disposition to cooperate in adjusting wages where definite wage agreements do not exist. I have been advised that on foundation work alone, in which at the peak about 2,500 men will be engaged, substantial reductions in wages have been agreed upon. The contractors of the building have estimated that an average of 2,000 workmen per day, for a period of three years, will be employed at the building and in the mills, quarries, and shops fabricating the material required for the building. It is estimated that the amount of wages paid for labor, not only in the actual construction work at the building, but in the mills and plants where materials are fabricated, will total over \$11,000,000. The work will be actively prosecuted throughout the winter, when the problem of unemployment is most serious. There is attached to this report a separate communication giving various statistical material relating to the need for the bank building.

The bank is also fortunately in position to conduct this building operation with respect to present leases. During a period of great depression in renting in the lower part of New York favorable leases for space were made in the Equitable Building, taking only small quarters at first in 1916, but obtaining options on further very large areas in the building. The bank now occupies 117,907 square feet, scattered over nine floors, the annual rental of which is \$305,959, an average of \$2.60 per square foot. The estimated annual rental, on the basis of existing rental values, would be \$739,334, an average of \$6.27 per square foot. In other words, this space costs the bank \$435,000 less than it would pay at present rental rates. Most of the leases extend for some years and contain clauses which give the bank the right to cancel (upon making a moderate payment, which decreases each year), in the event (1) that it moves into the Subtreasury, (2) that it is dissolved by act of Congress, and (3) that it erects its own building.

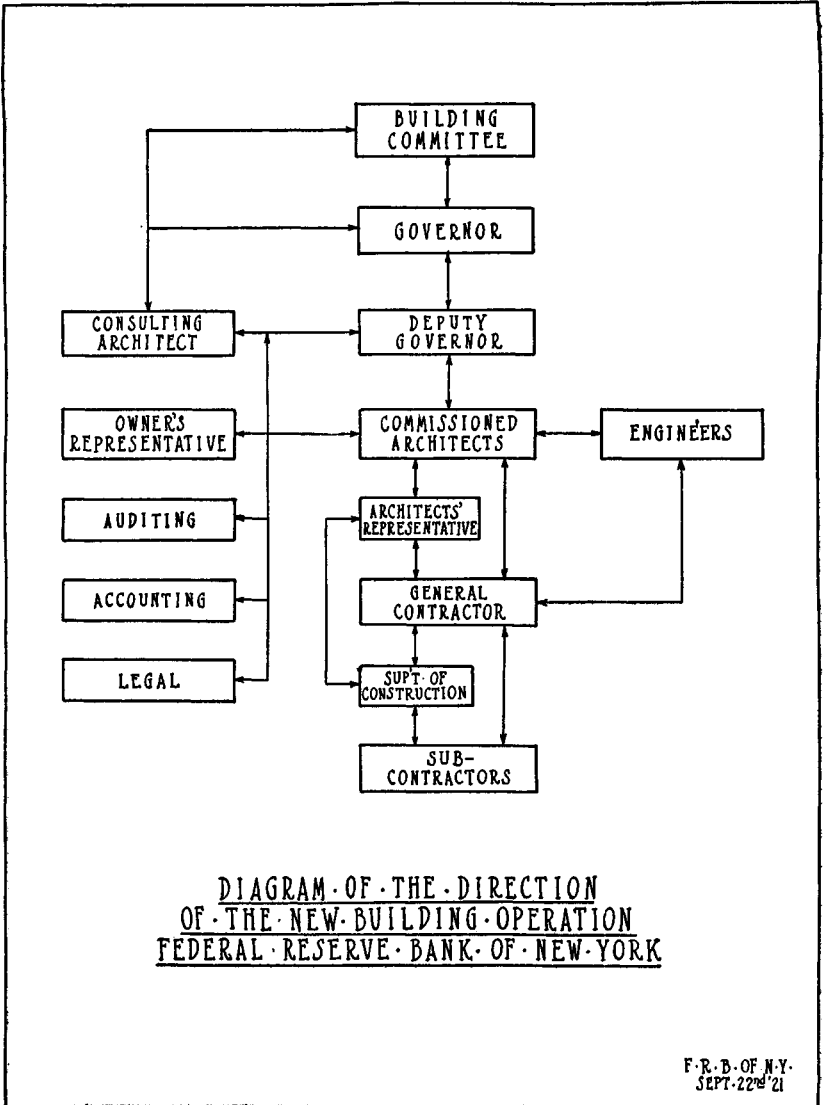
It can hardly be considered that this record gives evidence of want of forethought or of laxness and extravagance in the management of the Federal Reserve Bank of New York.

The data submitted in support of these general statements on the subject of our building was not especially prepared as a reply to criticism. Most of it was already in existence and simply represents the studies which have been made as the basis of the decision to start building operations and consists principally of material which has, from time to time, been submitted to the Federal Reserve Board.

The detailed records of all of these matters, together with tables and charts showing the growth of the business of the bank which necessitated constructing this building, are herewith submitted to the commission. They include:

1. A blue print giving diagram of the organization for directing the building operation.
2. A statement of the method employed in the direction and control of the construction of the bank.
3. A description of the method employed in the matter of audit and control of all expenditures.
4. A table analyzing the cost of all real estate purchased.
5. A summary of the estimated cost, as of March, 1921, including all construction and equipment; of the net cost, deducting equipment; and the same reduced to cubic foot basis.
6. A detailed analysis of operating conditions in various of the departments of the bank.
7. A report of the American Institute of Banking upon the work of clerks of the bank who take extension courses in banking. (This does not include work conducted at the bank or in other extension courses in New York educational institutions.)

8. A statement of the dates of engagement of architects, engineers, and contractors.
 9. A statement of space occupied by the bank.
 10. A statement to indicate the growth in the volume of the business of the bank.
 11. A chart showing the relation between the total number of employees, total pay roll, and volume of work covering the year 1920 and the first six months of 1921.
 The acquisition of all real estate purchased by the bank was under the supervision of a committee appointed by the directors, and all building operations have been conducted under the supervision of another subcommittee of the board of directors.



These committees, together with a committee consisting of an officer or officers of the bank, with the architects, engineers, and contractors, met regularly, and minutes and careful records of their proceedings are contained in the records of the bank, as are also audited vouchers covering all expenditures made. They are at the disposal of the commission if it is desired to examine them.

BENJ. STRONG,
Governor, Federal Reserve Bank of New York.

DIRECTION AND CONTROL OF THE CONSTRUCTION OF THE NEW BANK BUILDING.

SEPTEMBER 14, 1921.

Building committee.—All policies, plans, and proposals are subject to the approval of a building committee of the board of directors, five in number. This committee controls the letting of contracts.

Commissioned architects and officers' group.—The work of the commissioned architects in designing and planning the building is done subject to the immediate direction of a small group consisting of the governor of the bank; a deputy governor, who has been specifically assigned to the work; and the consulting architect, who is also the consulting architect of the Federal Reserve Board. Conferences are had with controllers and managers relative to the space requirements and the detail arrangements in the various departments.

Direction of the work, supervision, and inspection.—Under their contract with the bank the responsibility for the direction of the whole operation is, as shown on the attached chart, vested in the commissioned architects. All instructions to the general contractor are issued by or through the office of the commissioned architects. They are responsible for adequate supervision and inspection of the work; to see that the work is performed in a workmanlike manner and that labor and materials are of proper quantity and quality.

General contractor.—Under its contract with the bank, the general contractor is to provide all labor and material and to do all things necessary for the proper and economical construction of the building. It is to furnish efficient business administration and adequate superintendence. All portions of the work which the general contractor's organization has not been accustomed to perform are to be executed under separate subcontracts, the award of which is determined by the building committee.

Job meetings.—Weekly meetings are held at the office of the commissioned architects for the purpose of discussing and deciding the construction problems, receiving bids, and determining the recommendations to be made to the building committee as to contract awards and other matters requiring decision. Arrangements are made at the meeting for emergency or minor contracts and purchases. The meetings are attended by the following persons: The governor of the bank, or, in his absence, the designated deputy governor; the consulting architect and his assistant; two or three representatives of the general contractor's office; two or three representatives of the commissioned architects; and such consulting engineers and subcontractors as may be required for the discussion of specific questions.

Decisions confirmed.—All actions taken by the job meetings are reported to the building committee, and when approved are confirmed in writing by the deputy governor or the secretary of the bank upon special serial forms addressed to the commissioned architects. Copies are issued to the auditing and accounting departments and to the consulting architect.

Securing of bids and the award of contract—Control of estimates and securing of competition.—All plans and specifications are issued to the consulting architect at the time they are sent to the contractors; and in case the work called for is more elaborate in design or more costly in material than in the opinion of the consulting architect is justified, a request is made for revised figures. The general contractor endeavors to secure wide competition among subcontractors in all trades, but it is the policy to invite only bidders of such character as would be acceptable in the event that they submitted the lowest bids. In cases such as that of the general contractor and of the Foundation Co., where the contracts are on a cost-plus basis, wide competition is secured in the purchase of all supplies, building materials, and tools.

Action on bids.—The general contractor submits to the commissioned architects a schedule of dates on which he proposes to call for bids on all subcontracts. Before inviting tenders he submits a tentative list of subcontractors for the approval of the commissioned architects. When bids have been received from the approved bidders, they are opened by the general contractor at the job meetings, are tabulated, and copies are furnished the owner and the commissioned architects. When bids for the work in charge of the engineers are received, such as foundations, steelwork, heating and ventilating, vaults, etc., the several consulting engineers are present. All bids are analyzed at the job meetings and an agreement reached covering the recommendations to be made to the building committee. Before action by that committee, the general contractor certifies in a written statement whether in his opinion the bid of the subcontractor under consideration is bona fide, fair, and reasonable. Awards are made to the low bidder, except in cases (which so far have been rare) where the conditions imposed by the bidder are of a character to make the acceptance of his bid undesirable.

Extra work, change orders, etc.—Extras are not allowed unless authorized in writing by a duly authorized representative of the bank. Change orders covering additions or deductions are issued only by the commissioned architects. When in an emergency a special order for an addition or deduction is required and prompt action is imperative, the question is presented by the commissioned architects to the owner (the designated deputy governor or the consulting architect) for approval and the action taken is submitted to the building committee at its next meeting.

Payments—Control, inspection, and audit.—Requisitions for payments are prepared periodically by the general contractor and submitted with vouchers to the commissioned architects who examine them and, if they find them correct, issue certificates which are presented to the owner for payment. Certificates are made on the basis of expenditures only when approved in writing. After presentation to the owner the certificates are checked with the vouchers by the consulting architect. They are then submitted to the auditor of the bank, whose approval is required before a payment is made. (The procedure followed and the files maintained by the auditor's office is indicated by the attached memorandum.) As far as possible all checking of bills and pay rolls is completed day by day as they are received, in order to avoid delays at the regular periods when the general contractor presents certificates for payments.

Supervision at the building.—In addition to the supervisors and inspectors of the commissioned architects, the consulting architect has representatives on the job, namely, his assistant and three timekeepers or checkers. It is the duty of the representatives of the commissioned architects and of this latter group to keep track of the delivery of materials and supplies and to check the pay rolls, and in general to observe whether or not the decisions and desires of the building committee are being carried out. Material and labor records are inspected, so that there may be assurance that the bills presented for payment are correct and in proper form.

History.—A complete record is maintained by the consulting architect's office showing the budget allowance for each trade, the amount of each contract let, the savings and excesses, and the costs to date. This record, which is intended as a history of the operations, also shows the dates of the start and finish of the various subcontracts and contains a tabulation of all estimates received for subcontracts, together with a notation of the action at the job meeting in each case.

AUDIT OF CONSTRUCTION, NEW BANK BUILDING, OFFICE ORGANIZATION AND PROCEDURE.

Organization.—The personnel of the office is as follows: Mr. Gleason, in charge; Mr. Knight, assistant; Mr. Roberts, representative "on the job."

Records maintained.—1. Furnished by contractor, currently: (a) Daily check list of labor, showing employee's number, time, rate, and amount earned each day; (b) copy of bills of material; (c) blue prints requested; (d) copy of field requisition; (e) copy of purchase orders; (f) copy of receiving tickets; (g) copy of shipping tickets; (h) daily progress reports; (i) advice of pay-roll changes.

2. Compiled by this office: (a) Register of authorities and contracts; (b) index of authorities and contracts; (c) register of invoices; (d) register of requisitions for payment on contracts; (e) distribution of requisition amounts: (1) to budget account, (2) to cost and expense account, (3) to contractor account.

3. Files maintained: (a) Purchase orders: (1) awaiting invoices; (2) cleared (receiving tickets attached); (b) receiving tickets: (1) awaiting invoices; (c) contracts; (d) "instructions;" (e) "official actions;" (f) Marc Eidlitz "orders."

Procedure—Authorities.—(1) The minutes of the building committee are read, notes taken, and indexed; (2) "Instructions" registered, filed numerically, and indexed; (3) "official action" registered, filed numerically, and indexed; (4) "order" (Marc Eidlitz & Son) registered, filed in order of registration, and indexed.

The index card not only directs to the desired authority, but shows whether or not all the required steps have been taken.

Preliminary verification.—At the job office (51 Maiden Lane) by Mr. Roberts: (1) Labor check lists as to number of men working; (2) receiving tickets as to material received on job, calculations, weights of steel, board measure of lumber, etc.; (3) shipping tickets for material sent from the "job;" (4) purchase orders: (a) that they are properly approved as to the requirements and prices by Marc Eidlitz & Son; (b) that they call for material or service specified on drawings or on bills of material, or, if made from a field requisition, that the latter is properly approved; (c) that prices are in agreement with authorized price schedule, or are equal to best bids and quotations, if there are no price schedules.

Audits of pay rolls and invoices, general office.—Invoices and pay rolls pass through the hands of Marc Eidlitz & Son and the office of the consulting architect, by whom they are examined and approved in accordance with procedure previously determined upon.

They are then delivered to this office, where they are verified in detail with "authorities," purchase order, receiving ticket, and other data, etc., on file; all of which have been verified. The invoices are then marked for identification, registered (pay rolls included), and returned to Marc Eidlitz & Son for inclusion in the regular requisition certified by the architect. Purchase orders and receiving tickets cleared are transferred to a permanent record file.

Labor.—A skeleton pay roll is produced from the daily check list of time furnished by Foundation Co. The total of the pay roll is known before the actual pay roll is received. The actual pay roll is verified in its extensions, footing, and signatures.

Material and service.—Invoices are verified as to quantities and prices, by check to the "authorities," purchase orders, and receiving tickets, etc., on file, and previously verified as to prices, necessity, compliance with specifications, etc.

Register of invoice and pay roll.—All invoices and pay rolls for which the chain of evidence is complete are marked for identification (numbered), registered, and returned to Marc Eidlitz & Son. Any invoice for which the evidence is incomplete or not satisfactory is returned without registration, to come through again after the lacking support is supplied.

Certified requisitions for payment.—As the result of the above-described procedure, the certified requisition contains only invoices and pay rolls previously audited and identified. Upon receipt its items are checked to the register of invoices and approved for payment. The requisition as a whole is then registered and distribution of its items is made to the ledger accounts, after which it passes to the expense division for payment. Provision has also been made that should items appear in any requisition that had not been previously passed upon and are not satisfactorily supported, to throw them out and pass the requisition without the excepted items; that is, the amount of the requisition will be reduced and the corrected amount approved.

Auditing of contractor's account.—Examinations of the books and records of the contractor will be made periodically, including such records as are maintained at yards and shops under the control of the contractor.

Unused material and scrap.—Material recovered and scrap can only be disposed of after listing by the general contractor and upon his authority. The procedure set up for controlling charges for labor and material will apply in all such cases.

Small tools.—Tools not designated in contract as part of the plant will be subject to store records and periodical inventory appraisals by the general contractor and the bank's representatives.

Charge for plant.—The amount is specified specifically in the foundation company's contract, and the general contractor is required to certify that the plant was furnished during the rental period. If, subsequently, cases occur where the charge for use of plant is not a stated amount, procedure will be established to verify the charge made by the contractor for its use.

Payments and receipts.—All requisitions for payments must be certified by the architect and the owner's representative. Each contractor is required to execute receipts on each payment made to him, and at the time of final payment will state specifically that the payment is in full of all demands and (except in special cases) guarantee the owner against any claims. Where the guaranty is not customary because of the nature of the work a specially worded receipt has been provided in accordance with the recommendation of the bank's legal department.

COST AND NEED OF NEW BUILDING.

Analysis of real estate purchased and cost thereof: Total amount paid to date for real estate to provide a site for the new building is \$4,797,891.72. The following schedule shows the parcels purchased and cost thereof:

S. Doc. 75, 67-1—3

Property purchased prior to Dec. 31, 1918.

Date.	Square feet.	Purchase price.	Cost per square foot.	Appraised value of buildings and foundations written off Dec. 31, 1918.	Present book value.
June 1, 1918:					
Mutual.....	23,000	\$1,600,000.00	\$69.57	\$249,000.00	\$1,351,000.00
33-35 Liberty Street.					
41-49 Liberty Street.					
48-50 Nassau Street.					
30-40 Maiden Lane.					
44 Maiden Lane.					
48-50 Maiden Lane.					
Lawyers, Title.....	5,600	610,000.00	108.92	458,000.00	152,000.00
37-39 Liberty Street.					
44-46 Maiden Lane.					
Ziegler.....	2,700	575,000.00	212.97	67,000.00	508,000.00
51 Liberty Street.					
42-46 Nassau Street.					
Ruhnstruck.....	580	180,000.00	310.34	20,800.00	159,200.00
52-54 Nassau Street.					
Delafield.....	1,300	121,500.00	94.23	9,000.00	112,500.00
42 Maiden Lane.					
	33,180	3,086,500.00	.....	803,800.00	2,282,700.00

Property purchased since Dec. 31, 1918.

Date.	Square feet.	Purchase price.	Cost per square foot.	Appraised value of buildings and foundations, etc., written off Dec. 31, 1919.	Present book value.
Feb. 10, 1919:					
Fahys.....	5,260	\$715,000.00	\$135.93	\$466,000.00	\$249,000.00
29-31 Liberty Street.					
52-54 Maiden Lane.					
Mar. 1, 1919:					
Penfield.....	4,530	663,000.00	146.36	309,000.00	354,000.00
25-27 Liberty Street.					
56-58 Maiden Lane.					
Apr. 1, 1919:					
Bishop.....	920	76,350.00	82.92	22,500.00	53,850.00
23 Liberty Street.					
June 26, 1919:					
Ely.....	1,860	200,000.00	107.53	45,500.00	154,500.00
21 Liberty Street.					
Total.....	12,770	1,654,350.00	.....	843,000.00	811,350.00
Total of incidental payments made in connection with the purchase of the above property, including \$24,268.67 accrued taxes. The balance is made up entirely of title and other fees.....		57,031.72	.....	57,031.72	.....
Total.....		1,711,381.72	.....	900,031.72	.....
Grand total.....	45,950	4,797,881.72	104.00	1,703,831.72	3,094,050.00

Estimated cost of new building, submitted Mar. 22, 1921.

Foundation.....	\$1,838,000
Building (including builder's fee).....	12,170,528
Vault.....	¹ 1,556,550
Equipment.....	1,319,269
Total.....	16,884,347
Architect's and engineers' fees.....	1,106,000
Total.....	17,990,347

¹ Does not include vault equipment, estimated at \$650,000.

Cost, less vault and equipment, not strictly building.

Total estimated cost, as above.....	\$17,990,347
Less:	
Vault	\$1,556,550
Equipment—	
Acoustic treatment.....	\$67,619
Book-vault doors, etc.....	16,500
Lighting fixtures and reflectors.....	94,000
Low tension.....	150,000
Toilet accessories.....	33,500
Sprinkler system.....	750
Refrigerating plant.....	20,000
Dumb waiters and directional signal.....	14,900
Letters conveyer.....	37,000
Hospital equipment.....	15,000
Kitchen equipment.....	50,000
Furniture, etc.....	800,000
Fireplace and mantels.....	5,000
Shades.....	15,000
	1,319,269
Total.....	2,875,819
Proportionate part of contractor's, engineers', and architect's fees.....	258,823
	3,134,642
	14,855,705

Cubic-foot contents of building, 13,870,000; average cost per cubic foot, \$1.08.

Thirty and odd departments of the bank are scattered in six separate buildings. The departments in the Equitable are on nine floors from the basement to the twenty-fifth.

These conditions result in lost motion; in some departments 30 per cent of operating effort could be saved if proper working space were available; it is estimated that 5 per cent of the present operating effort of the bank as a whole could be saved, which if spelled in dollars would amount to \$200,000 per annum.

THE RESPONSIBILITY OF THE BANK IN CONNECTION WITH HEALTH OF EMPLOYEES.

The building code of New York sets as a minimum 50 square feet per person for clerical workers. Because of the impossibility of obtaining additional space in this building, we have been forced to overcrowd practically all of our departments, thereby violating the building code. The average area per employee in this building is only 38 square feet and is even less in certain of our larger divisions, namely the following:

Name of division.	Number of employees.	Area occupied in square feet.	Square feet per person.
Transit.....	300	8,730	29.2
Stenographic.....	56	1,216	21.7
Money.....	198	6,332	32.0
Country collection.....	153	4,812	31.4

The conditions under which many of the employees must work in our main vault and in the small space adjacent to the vault are dangerous to health.

The Equitable Building was designed purely as an office building, and the upper floors were never intended to be used for banking quarters. Consequently, no provisions were made for properly ventilating large areas occupied by numbers of people. It has therefore been necessary for us to install a limited system of ventilation which is not and can not be entirely satisfactory. We feel that much of the illness among our employees is directly due to poor ventilation.

Many of our divisions are insufficiently illuminated but this condition can not be corrected because the fixture layout was originally designed for private offices, and the current consumption of the building has now reached the peak load.

GENERAL FACTORS.

The following are general factors which have an important bearing on the erection of the new building:

(1) The tenants in the buildings on the property which the bank now owns are in an unsettled state of mind regarding their leases. This condition has resulted in a number of vacancies, and on May 1 there will be a general exodus. It will be practically impossible to procure new tenants due to the fact that we are not able to grant leases for any definite periods.

(2) Our member banks are greatly inconvenienced in their business transactions with us because of the widely scattered locations of our various departments.

(3) The constant changing and shifting of departments and divisions involves frequent expensive alterations, the amount expended for these changes to date being in excess of \$120,000.

Congestion.—The average area for an employee is 30 square feet. Seven hundred employees are crowded into 30 square feet per person.

New York building code requires 50 square feet per person.

The Equitable Building is designed as an office building and not for the use of persons working in large areas; the light and ventilating system is unsuited to such use.

Since the medical department have kept record of employees 31 cases of tuberculosis alone have been detected.

Inconvenience to public.—Scattered location and necessary constant shifting of departments greatly inconveniences everybody dealing with the bank.

As illustration of the necessity for providing ample facilities for handling the public the following figures are given:

Average number of people who called at the Government bond department daily (twenty-fourth floor, Equitable Building) during the maximum periods, 9,963.

Maximum number of people who called at the partial payment department in one day, 17,516.

Cost of present space occupied.—Total space occupied in Equitable Building 117,907 square feet, scattered on 9 floors.

Annual rental \$305,959, average cost per square foot \$2.60.

Estimated annual rental on basis of existing values \$739,334, estimated average cost per square foot, existing rates \$6.27.

Options.—No option on any additional space in this building.

All space occupied except 11,300 square feet (Morris Plan space 8,000 square feet) may be held under present leases until 1933 or 1934.

Buildings occupied since the organization of the bank.—62 Cedar Street, 120 Broadway,¹ 50 Wall Street, 35 Liberty Street, 37 Liberty Street, 43 Liberty Street, 19 West Forty-fourth Street, Pioneer Warehouse, 39 Whitehall Street, Subtreasury,¹ Clearing House,¹ Guaranty Trust (Forty-fourth Street),¹ 91 Maiden Lane,¹ 10 Gold Street.¹

VAULTS IN NEW BUILDING.

Vault test.—Experiments conducted in Washington last year cost \$75,000, borne by all the Federal reserve banks.

Test demonstrating vault construction, lining, etc., obsolete.

Vault test to be conducted this fall at Sandy Hook on new aggregates will cost about \$25,000, to be borne by the Federal reserve banks of New York, Cleveland, Chicago, St. Louis, Minneapolis, and Richmond, pro rata on the basis of total resources.

Cost of proposed vaults.—The vaults required, if constructed in accordance with the plan of existing practice and methods, would cost \$3,272,000. If constructed in accordance with our plan arrived at as a result of the vault test, the proposed vaults would cost \$1,500,000, which means that the tests proved that \$1,700,000 could be saved in vault construction.

This saving of \$1,700,000 consists of two parts, namely: \$1,250,000 on account of eliminating linings, \$450,000 by using foundation walls on three sides of the vault.

CAFETERIA.

Present facilities.—1. Provision now only for women. 2. Space occupied 1,493 square feet. 3. Cost of operation \$53,210.54 for 6 months ending June 30, 1921, of which \$5,722.32 was paid by the bank, \$48,138.22 was paid by employees. Total, \$53,210.54. 4. Average price per meal paid by employees, \$0.32; average number of persons served daily in June, 658.

¹ At present being occupied.

Proposed facilities of new building.—Two cafeterias would be provided, one for men and one for women, each with an area of 8,000 square feet.

Service.—To be operated self-service plan. Proposed plan is to serve meals at cost. Seating capacity 550 for each.

RECREATION ROOM.

Proposed facilities for recreation—Reading room.—Two rooms set aside, one for men and one for women. Area of each 2,200 square feet. These rooms are to be plainly furnished.

GYMNASIUM.

The area set aside, 3,600 square feet for simple corrective exercises. No expensive equipment.

ASSEMBLY ROOM.

Area set aside, 4,600 square feet to accommodate 1,000 people. Arranged for educational purposes.

New York Chapter, Incorporated, American Institute of Banking (Section American Bankers Association), 138 East Thirty-fifth Street.]

NEW YORK, July 14, 1921.

MR. BENJAMIN STRONG, Governor,

Federal Reserve Bank, 120 Broadway, New York, N. Y.

DEAR MR. STRONG: I believe you will be interested to learn of the successful records made by our student members from your bank in the educational courses in the year just ended.

Mr. John J. Golden, a student in the second year, standard course, was awarded the prize for the highest average in the course for the year.

Mr. D. E. Gillmore has satisfactorily completed the work of the preparatory course, and thereby has qualified for entrance into the standard course.

The following were "Honor Students" in the courses mentioned: Robert S. Carnahan, elementary Spanish; John S. Creighton, credits; John J. Golden, money and banking; Elizabeth Hicks, economic history; R. L. Smith, credits, reserves and rediscounts; Russell Tweed, money and banking; Maude Voris, bank bookkeeping.

In addition, members from the Federal reserve bank completed courses listed opposite their names as follows: Margaret S. Bleecker, principles of economics; Wilbur D. Browne, economic history; Henry M. Burnett, second year, standard course; Marguerite Burnett, money and banking; Robert S. Carnahan, elementary Spanish; Norman C. Cooper, first year, standard course; Robert J. Dickey, second year, standard course; John C. Dieckert, second year, standard course; Albert P. Fallon, first year, standard course; Fred J. Fox, banking organization; John J. Golden, second year, standard course; Phyllis Hall, bank bookkeeping; Clifford H. Hawkins, first year, standard course; Elizabeth Hicks, banking practice, economic history; Rebecca Holmes, principles of economics; Alfred H. Kirkpatrick, first year, standard course; Anna Reis, business English; Charles F. Rourke, second year, standard course; George A. Shannon, economic history; Marion Schultes, bank accounting; Russell Tweed, second year, standard course.

Very truly, yours,

WILLIAM FEICK,
President, New York Chapter, American Institute of Banking.

DATES OF ENGAGEMENT OF ARCHITECTS, ENGINEERS, AND CONTRACTORS.

1. Consulting architect: A. B. Trowbridge. Employed by the bank September 1, 1918. Employed by the Federal Reserve Board April 1, 1919. Salary, one-third charged to Federal Reserve Board and two-thirds to bank.

2. Industrial engineer: H. A. Hopf. Employed, part time, August 1, 1918. Whole time April 1, 1919. Appointed organization counsel September 1, 1919.

3. Architects competition: Specifications for competition issued July 23, 1919. Drawings received October 9, 1919. Award made to York & Sawyer, November 5, 1919. Final contract with York & Sawyer, October 21, 1920.

4. Engineers (fees paid by architect): Vault engineer, Frederick Holmes employed March 12, 1919, 3 per cent. Foundation engineer, Daniel C. Moran, employed De-

ember 27, 1919, \$25,000 plus 1 per cent on cost. Heating and electrical engineer, Henry C. Meyer, employed December 27, 1919, 5 per cent. Equipment engineer, Abell, Smalley & Meyers, employed December 31, 1919, 6 per cent.

5. General contractor: Marc Eidlitz. Informal arrangement. December 22, 1919. Formal contract executed January 25, 1921.

6. Preliminary examination for foundation work: Borings and test started by Phillips & Worthington April 4, 1919. Informal negotiations with Foundation Co. May 26, 1921. Contract with them July 1, 1921.

Statement of space occupied by bank.

Year.	Bank.	Government loan organiza- tion.	Total.
	<i>Square feet.</i>	<i>Square feet.</i>	<i>Square feet.</i>
1914	14,855		
1915	14,855		
1916	17,109		
1917	28,424	31,749	60,173
1918	124,153	94,450	218,603
1919	116,625	86,060	202,685
1920	139,130	54,352	193,482

Percentage of increase in volume of business, in the number of employees, and in expenses.

Volume of business.	Period.	Increase.
		<i>Per cent.</i>
1. Check collections	1915-1920	6,851
2. Noncash collections	1915-1920	14,546
3. Telegraphic transfers	1916-1920	4,858
4. Gold settlement fund transfers (including telegraphic)	1915-1920	8,076
5. Federal reserve notes paid out by bank	1915-1920	1,769
6. Federal reserve notes redeemed	1916-1920	407
7. Pieces of money counted (money division)	1916-1920	3,868
8. Money shipments	1916-1920	2,462
9. Discounts and advances	1915-1920	7,881
10. Open market purchases:		
(a) For New York	1915-1920	5,560
(b) For other Federal reserve banks	1915-1920	2,122
Increase volume of business in those departments of the bank in which it is possible to establish a unit of measurement for work done		6,475
Increase in number of employees in bank exclusive of fiscal agency departments		3,058
Increase in expenses of bank		1,601

Number of employees in bank.

	Employees.	Officers.	Bank total.	Fiscal.	Grand total.
Jan. 1, 1916	71	7	78		78
Jan. 1, 1917	164	9	173		173
Jan. 1, 1918	547	16	563		580
Jan. 1, 1919	1,414	27	1,441	267	2,657
Jan. 1, 1920	2,222	32	2,254	636	2,890
Jan. 1, 1921	2,426	37	2,463	433	2,896

	Per cent.
Increase in number of bank employees	3,058
Increase in number of fiscal agency employees	62

NOTE BY FEDERAL RESERVE BOARD.—Figures given in the above table are based on the bank's records as of January 1 of each year and include the changes in the number of officers and employees effective as of the first of the year, whereas figures given in the Federal Reserve Board's statement represent the number of officers and employees as of Dec. 31 of each year before the above changes took place.

Growth of business in bank.

COLLECTION SYSTEM.

Year.	Check collection.		Noncash collections, number of items.	Amount of coupon collection
	Number of items.	Amount.		
1915.....	1,262,211	\$1,334,015,772	4,417	.....
1916.....	6,841,364	5,160,192,000	23,617	.....
1917.....	19,408,179	20,104,527,000	54,153	.....
1918.....	46,458,000	47,518,425,000	229,548	.....
1919.....	74,463,917	56,540,748,116	309,362	\$39,748,000
1920.....	87,727,000	55,729,013,000	646,942	60,115,335
Increase for period (per cent).....	6,851	4,077	14,546	51

TRANSFER OF FUNDS.

Year.	Telegraphic transfers.		Amount of gold settlement, including telegraphic transfers.
	Number.	Amount.	
1915.....	.....	.....	¹ \$556,432,000
1916.....	2,971	\$484,500,000	2,335,225,000
1917.....	10,302	6,768,400,000	17,118,917,000
1918.....	39,099	19,384,371,849	32,935,576,000
1919.....	82,321	18,245,250,181	41,932,723,000
1920.....	147,302	17,021,509,374	48,840,900,000
Increase for period (per cent).....	4,858	3,413	8,676

¹ 1915 figures include period from May 20 to Dec. 31 only.

CURRENCY.

Year.	Amount issued to bank by agent.	Federal reserve notes.		Number of pieces of money counted.
		Amount paid out by bank.	Amount re-deemed.	
1915.....	\$89,440,000	\$96,133,200	.....	.....
1916.....	71,273,000	117,985,800	\$54,509,235	14,070,188
1917.....	415,000,000	479,934,550	65,685,200	53,051,334
1918.....	589,400,000	930,168,000	26,722,730	206,902,600
1919.....	753,120,000	1,134,822,000	632,419,880	477,476,000
1920.....	373,080,000	1,788,222,000	276,441,725	558,397,400
Increase for period (per cent).....	317	1,760	407	3,868

COIN.

Year.	Disbursements.	Received.	Counted and wrapped.
1920 (March to Dec. 31).....	.....	.....	\$2,450,113
1921 (6 months).....	\$24,753,632	\$46,346,232	45,681,497

SHIPMENTS (CURRENCY AND COIN).

Year:	Number.
1916.....	2,631
1917.....	9,689
1918.....	34,937
1919.....	63,194
1920.....	67,405
Increase during period (per cent).....	2,462

EXPENSES OF FEDERAL RESERVE BANKS.

Growth of business in bank—Continued.

REDISCOUNTS, INVESTMENTS, ETC.

Year.	Discounts and advances.		Open-market acceptances purchased.			
	Number of items.	Amount.	For New York bank.		For other Federal reserve banks.	
			Number of items.	Amount.	Number of items.	Amount.
1915.....	2,261	\$4,820,000	1,236	\$25,838,632	1,632	\$22,312,094
1916.....	2,505	22,329,582	6,296	123,406,550	8,667	126,487,939
1917.....	22,484	6,511,274,921	23,876	464,965,601	10,895	152,919,831
1918.....	129,038	24,535,538,458	37,161	945,497,424	8,142	174,864,545
1919.....	127,721	42,449,491,133	43,572	1,211,000,000	28,584	740,000,000
1920.....	180,462	50,539,428,847	69,961	1,697,000,000	36,276	731,000,000
Increase during period (per cent).....	7,881	1,048,400	5,560	6,467	2,122	3,176

PRINCIPAL RESOURCE AND LIABILITY ITEMS AND DISTRIBUTION OF NET INCOME.

Year.	Total reserves.	Total earning assets.	Total resources.	Total deposits.	Total circulation Federal reserve notes and Federal reserve bank notes.
1915.....	\$270,121,914	\$10,981,069	\$211,328,388	\$200,093,110	\$73,300,000
1916.....	302,410,497	51,748,204	393,862,040	274,679,705	93,426,000
1917.....	649,944,656	424,251,433	1,208,924,654	731,458,687	397,354,000
1918.....	672,528,785	905,216,289	1,871,806,077	975,219,452	762,858,000
1919.....	595,355,279	1,062,734,198	1,915,864,187	976,066,177	862,288,970
1920.....	618,170,690	1,046,362,877	1,814,170,174	819,181,412	906,313,830
Increase during period (per cent).....	129	9,430	758	309	1,136

Year.	Total income.	Total expense.	Government franchise tax.	Addition to surplus.
1915.....	\$331,108	\$411,510	.....	.....
1916.....	971,026	556,962	.....	.....
1917.....	4,929,214	1,655,507	\$649,364	\$649,364
1918.....	25,314,736	2,680,703	.....	20,467,891
1919.....	35,332,412	5,734,345	2,703,894	23,964,678
1920.....	60,525,321	6,999,255	39,318,511	12,332,523
Increase during period (per cent).....	18,179	1,601	.....	.....

SECURITIES—PURCHASES AND SALES FOR ACCOUNT OF GOVERNMENT AND MEMBER BANKS.

Year:	
1917.....	\$320,000,000
1918.....	3,133,000,000
1919.....	2,605,500,000
1920.....	3,835,500,000
Increase during period (per cent).....	1,098

TREASURER'S GENERAL ACCOUNT.

GOVERNMENT CHECKS AND WARRANTS PAID.

Year.	Number.	Amount.
1916.....	1,356,265	\$220,476,739
1917.....	3,029,189	1,069,458,000
1918.....	11,107,981	4,936,592,000
1919.....	12,967,138	6,805,805,746
1920.....	10,712,243	2,437,759,148
Increase during period (per cent).....	689	1,005

Growth of business in bank—Continued.

TOTAL ANNUAL TURNOVER IN TREASURER'S GENERAL ACCOUNT.

Year:	
1916.....	\$518,313,000
1917.....	23,790,869,000
1918.....	52,570,509,000
1919.....	38,498,501,000
1920.....	23,808,383,000
Total for period.....	<u>139,088,575,000</u>
Increase (per cent).....	4,493

FISCAL AGENCY OPERATIONS.

GOVERNMENT BOND DEPARTMENT.

Year.	Number of pieces handled.	Amount.
1917.....	5,599,917	\$4,374,285,000
1918.....	54,226,055	9,522,954,000
1919.....	51,906,278	7,873,914,000
1920.....	47,797,417	6,955,101,000
1921 (6 months).....	21,470,001	4,168,044,000
Total.....	180,999,668	32,894,298,000

CERTIFICATES OF INDEBTEDNESS DEPARTMENT—TOTAL TRANSACTIONS, INCLUDING ISSUES AND REDEMPTIONS.

Year:	
1917.....	\$4,371,387,000
1918.....	7,993,048,000
1919.....	9,975,306,000
1920.....	4,897,941,000
1921 (6 months).....	1,922,592,000
Total.....	<u>29,160,274,000</u>

WAR LOAN DEPOSIT DEPARTMENT—DEPOSITS, WITHDRAWALS, COLLATERAL PLEDGED—RELEASED.

Year:	
1917.....	\$7,431,515,000
1918.....	17,486,634,000
1919.....	18,143,540,000
1920.....	6,332,248,000
1921 (6 months).....	2,981,147,000
Total.....	<u>52,375,084,000</u>

PARTIAL PAYMENT DEPARTMENT.

Par value bonds sold.....	\$144,798,050
Number of accounts.....	2,432,441
Number of separate payments (over).....	90,000,000

Year.	Number of payments received (approximate).	Bonds delivered (pieces).	Bonds redeemed (pieces).
1918.....	41,000,000	398,036	13,085
1919.....	42,544,500	1,396,068	47,695
1920.....	6,473,000	293,000	6,730
1921 (6 months).....	32,500	1,508	1,181
Total.....	90,050,000	2,088,612	68,691

Certificates of indebtedness transactions.

Certificates of indebtedness and treasury notes issued:

1917.....	\$2,422,075,500
1918.....	4,091,260,000
1919.....	4,506,155,500
1920.....	1,716,680,500
1921 (6 months).....	865,824,200
	<u>\$13,601,995,700</u>

Certificates of indebtedness redeemed:

1917.....	\$1,949,311,768	
1918.....	3,423,903,000	
1919.....	4,337,017,000	
1920.....	2,115,600,000	
1921 (6 months).....	655,042,000	
		\$12,480,873,768

Purchases of Liberty bonds and Victory notes from War Finance Corporation, account Treasury Department:

1918.....	477,885,000	
1919.....	1,132,001,000	
1920.....	279,236,000	
		1,889,122,000

Receipt of Liberty loan bonds and notes in payment of estate and inheritance taxes:

1919.....	133,000	
1920.....	2,955,950	
1921 (6 months).....	4,954,850	
		8,043,800

Miscellaneous purchases of Liberty loan bonds, Victory notes, and certificates of indebtedness, account Treasury Department:

1920.....	183,469,050	
1921 (6 months).....	396,772,050	
		580,241,100

Miscellaneous safe-keepings on account of Treasury Department:

1920.....		600,000,000
		29,160,276,368

Government bond department transactions.

1. PAYMENTS RECEIVED.

	1917	1918	1919
First Liberty loan.....	\$618,654,795.20		
Second Liberty loan.....	1,109,510,870.00	\$55,683,720.88	
Third Liberty loan.....		1,117,291,815.46	
Fourth Liberty loan.....		1,854,710,725.00	\$193,845,591.02
Victory Liberty loan.....			1,321,140,846.95
Total.....	1,728,165,665.20	3,027,686,261.34	1,514,986,437.97

Grand total, \$6,270,838,364.51.

2. BONDS DELIVERED ON ALLOTMENT.

Year.	3½ per cent interim certificates.		Second Liberty loan.		Third Liberty loan.	
	Pieces.	Amount.	Pieces.	Amount.	Pieces.	Amount.
1917.....	1,621,516	\$617,831,650	2,836,932	\$1,027,226,750		
1918.....			423,910	137,140,200	4,220,777	\$1,115,243,650
Total.....	1,621,516	617,831,650	3,260,842	1,164,366,950	4,220,777	1,115,243,650
Year.	Fourth Liberty loan.		Victory Liberty loan.			
	Pieces.	Amount.	Pieces.	Amount.		
1918.....	3,995,492	\$1,470,172,950				
1919.....	1,825,816	545,788,800	3,259,364	\$1,316,198,250		
1920.....			6,055	1,842,900		
Total.....	5,821,308	2,044,961,750	3,265,419	1,318,041,150		

Grand total, pieces, 18,189,862; amount, \$6,260,385,150.

Government bond department transactions—Continued.

3. TEMPORARY—PERMANENT EXCHANGE.

Year.	Pieces.	Amount.
1917.....	1,141,469	\$1,001,060,900
1918.....	151,363	76,978,700
1919.....	12,199	1,548,700
1920.....	7,424,426	3,363,193,900
1921 (6 months).....	5,792,930	2,828,818,700
Total.....	14,522,387	7,271,600,900

4. CONVERSIONS.

Year.	Pieces.	Amount.
1918.....	5,775,517	\$2,474,839,700
1919.....	796,426	727,628,400
1920.....	1,915,003	726,059,000
1921 (6 months).....	187,005	154,669,600
Total.....	8,673,951	4,083,196,700

5. EXCHANGE OF DENOMINATIONS.

Year.	Pieces.	Amount.
1918.....	5,382,529	\$1,077,444,900
1919.....	13,682,900	2,887,689,100
1920.....	4,772,787	1,574,803,200
1921 (6 months).....	1,368,421	553,112,200
Total.....	25,206,637	6,093,049,400

6. UNITED STATES COUPONS PAID.

Year.	Pieces.	Amount.
1918.....	14,670,383	\$93,736,327.80
1919.....	27,834,731	187,516,023.37
1920.....	31,301,783	305,033,953.18
1921 (6 months).....	13,134,971	145,418,052.11
Total.....	86,941,868	731,704,356.46

7. REGISTERED EXCHANGE, COUPON EXCHANGE AND TRANSFER.

Year.	Pieces.	Amount.
1919.....	617,625	\$681,554,600
1920.....	803,332	980,272,850
1921 (6 months).....	330,746	479,638,300
Total.....	1,751,703	2,141,465,750

8. THRIFT SECURITIES DELIVERED.

Year.	Pieces.	Amount.
1918.....	19,606,084	\$20,711,254.75
1919.....	2,295,408	4,625,634.50
1920.....	938,690	1,542,682.75
1921 (6 months).....	129,248	270,421.25
Total.....	22,969,430	27,149,993.25

Government bond department transactions—Continued.

9. THRIFT SECURITIES REDEEMED.

Year.	Pieces.	Amount.
1919.....	237,746	\$1,262,066.22
1920.....	164,332	468,347.00
1921 (6 months).....	419,144	5,686,299.31
Total.....	871,222	7,416,712.53

10. THRIFT CARDS RECEIVED AND DESTROYED.

Year.	Pieces.	Amount.
1919.....	1,294,063	\$5,176,252.00
1920.....	471,009	1,884,036.00
1921 (6 months).....	107,536	430,144.00
Total.....	1,872,608	7,490,432.00

Grand total for department, pieces, 180,999,668; amount, \$32,894,298,000.

Purchases and sales of Liberty bonds, Victory notes, and other miscellaneous securities for the year 1920 and six months ending June 30, 1921, for the account of other than the Treasury Department.

	Firm A.		Firm B.		Firm C.		Total.
	1920	1921	1920	1921	1920	1921	
January.....	563,110	991,550	1,077,250	2,151,000	1,142,600		
February.....	537,100	927,000	1,481,900	1,374,500	918,635		
March.....	627,760	1,248,450	834,950	18,000	1,551,550		
April.....	822,220	2,056,900	2,227,950		2,110,604		
May.....	399,740	1,011,600	1,271,250	80,000	1,017,000		
June.....	479,190	995,050	3,155,760		2,723,700		
July.....	186,380				418,350		
August.....	88,170				978,200		
September.....	120,370				481,300		
October.....	66,240				925,200		
November.....	51,310				791,150		
December.....	292,260				2,668,160		
Total.....	4,233,850	7,230,550	10,049,030	9,885,860	9,464,089		

	Firm D.		Firm E.		All others.		Total.
	1920	1921	1920	1921	1920	1921	
January.....	187,500	1,234,000	530,000	7,877,010			
February.....	167,500	1,953,630	554,000	7,914,285			
March.....		1,298,150	7,000	5,585,860			
April.....		1,201,800	15,000	8,434,474			
May.....		972,650	798,700	5,550,940			
June.....		1,053,250	382,000	8,788,950			
July.....		1,517,000	200,000	2,321,730			
August.....		1,067,550	5,000	2,138,920			
September.....		1,465,800		2,067,470			
October.....		2,447,000		3,438,440			
November.....		2,249,400		3,091,860			
December.....		5,580,490		8,540,910			
Total.....	355,000	22,040,740	2,491,700	65,750,849			

Purchases and sales, 1920.....	\$39,007,150
Purchases and sales, 6 months 1921.....	26,743,699
Total.....	65,750,849

These figures do not include purchases or sales of certificates of indebtedness or Treasury notes.

NOTE.—In addition to the above, the bank purchased upon orders of the United States Government during 1920 Liberty bonds and Victory notes aggregating \$23,769,000 and for the first six months of 1921 \$39,392,000.

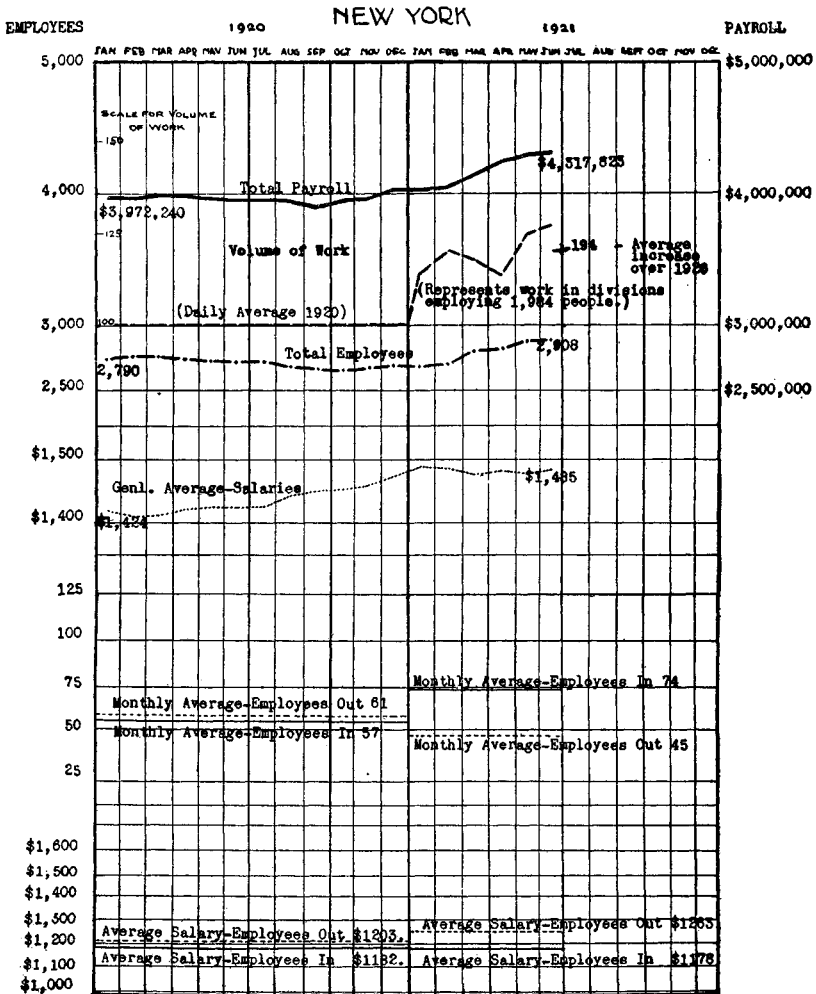


EXHIBIT D, PART 1.

FEDERAL RESERVE BANK OF BOSTON.

Comparison of salaries paid to officers of the Federal reserve bank as of Oct. 1, 1921, with salaries paid to officers of three of the large national banks in Boston as of Sept. 6, 1921.

	Annual salary.
Governor.....	\$25,000
Chairman and Federal reserve agent.....	18,000
Deputy governor.....	16,000
Do.....	12,000
Cashier.....	10,000
Assistant Federal reserve agent.....	6,500
Secretary.....	6,000
Auditor.....	6,000

	Annual salary.
Assistant cashier.....	\$6,000
Do.....	6,000
Do.....	6,000
Do.....	6,000
Do.....	6,000
Do.....	6,000
Total.....	135,500

National banks in Boston.

Position.	Annual salary.		
	Bank A.	Bank B.	Bank C.
Chairman.....	\$25,000		
President.....	50,000	\$75,000	\$40,000
Vice president.....	25,000	42,000	17,500
Do.....	25,000	32,000	9,500
Do.....	25,000	30,000	
Do.....	20,000	27,500	
Do.....	15,000	25,000	
Do.....	15,000	20,000	
Do.....	13,000	18,000	
Do.....		18,000	
Do.....		12,500	
Do.....		12,000	
Do.....		12,000	
Do.....		9,000	
Do.....		9,000	
Other officers.....	85,000	69,200	34,750
Total.....	298,000	411,200	101,750

SUMMARY.

	Number of officers.	Annual salaries.	
		Total.	Average.
Federal reserve bank.....	14	\$135,500	\$9,679
Bank A.....	21	298,000	14,190
Bank B.....	25	411,200	16,448
Bank C.....	9	101,750	11,306

Index of growth in number of officers and employees, in their aggregate salaries, and in business of the bank.

[1915=1.]

Year.	Personnel.				Assets and liabilities.		Volume of business.	
	Officers.		Officers and employees.		Earning assets.	Federal reserve note circulation.	Discount and open-market operations.	Gold settlement fund.
	Number.	Salaries.	Number.	Salaries.				
1915.....	1	1	1	1	1	1	1	
1916.....	1	1	4	2	2	4	2	
1917.....	2	1	12	6	7	8	9	
1918.....	3	2	29	12	15	17	18	
1919.....	3	3	38	19	21	26	27	
1920.....	3	4	39	21	20	31	37	

Number of officers and employees.

	Dec. 31—						July 1, 1921.
	1915	1916	1917	1918	1919	1920	
Officers:							
Chairman and Federal reserve agent.....	1	1	1	1	1	1	1
Governor.....	1	1	1	1	1	1	1
Deputy governor.....				1	2	2	2
Other officers.....	2	3	5	8	8	9	10
Total officers.....	4	5	7	11	12	13	14
Employees:							
Banking department.....	4	13	55	160	223	241	237
Bookkeeping department.....	3	12	17	29	32	40	45
Transit department.....	3	25	30	126	187	214	214
Federal reserve agent's department.....	2	3	4	15 ¹	14	22	29
Auditing department.....						18	19
Fiscal agency department.....			112	211	262	179	130
General.....	4	13	23	33	25	49	46
Total employees.....	16	66	241	574	743	763	720
Total officers and employees.....	20	71	248	585	755	776	734
Average number of employees per officer.....	4	13	34	52	62	59	51

Salaries of officers and employees.

	Dec. 31—						July 1, 1921.
	1915	1916	1917	1918	1919	1920	
Officers:							
Chairman and Federal reserve agent.....	\$10,000	\$10,000	\$12,000	\$12,000	\$15,000	\$18,000	\$18,000
Governor.....	15,000	20,000	20,000	20,000	25,000	25,000	25,000
Deputy governors.....				11,000	124,000	127,000	128,000
Other officers.....	8,500	10,900	17,500	32,975	38,500	50,500	64,500
Total (bonus excluded)...	33,500	40,900	49,500	75,975	102,500	120,500	135,500
Employees:							
Banking department.....	6,100	15,260	57,700	134,283	265,200	299,600	370,980
Bookkeeping department.....	3,100	11,360	16,530	27,343	33,240	50,000	63,300
Transit department.....	2,100	24,460	24,964	75,635	188,240	248,240	277,040
Federal reserve agent's department.....	2,500	3,680	7,100	17,400	21,780	46,180	57,000
Auditing department.....						34,200	29,820
Fiscal agency department.....			106,200	252,873	347,980	227,100	184,880
General.....	3,580	10,280	26,378	25,372	23,460	64,500	65,660
Total (bonus excluded)...	17,380	65,040	238,872	533,133	879,900	969,820	1,008,680
Total officers and employees.....	50,880	105,940	288,372	609,081	982,400	1,090,320	1,144,180
Average salary payable to—							
All officers.....	8,375	8,180	7,071	6,907	8,542	9,269	9,678
Officers other than chairman and Federal reserve agent, governor, and deputy governors.....	4,250	3,633	3,500	4,122	4,812	5,611	6,450
Employees.....	1,085	985	991	929	1,184	1,271	1,401

¹ Two deputy governors.

Extra compensation paid by the Federal Reserve Bank of Boston for the years 1916-1921.

[Salaries shown are annual salaries. Per cent of extra compensation based on actual salary received during period.]

Jan. 1 to Dec. 31, 1916:		July 1 to Dec. 31, 1919:	Per cent.
To persons in the employ of the bank prior to July 1, 1916, receiving an annual salary of—		Less than \$1,000.....	40
Less than \$1,000.....	\$50.00	\$1,000 to \$1,999.....	30
\$1,000 to \$2,500.....	100.00	\$2,000 to \$4,999.....	20
To persons in the employ of the bank after July 1, 1916, receiving an annual salary of—		Jan. 1 to June 30, 1920:	
Less than \$1,000.....	25.00	Less than \$1,000.....	20
\$1,000 to \$2,500.....	50.00	\$1,000 to \$1,999.....	15
		\$2,000 to \$4,999.....	10
		July 1 to Dec. 31, 1920:	
		Less than \$1,000.....	40
		\$1,000 to \$1,999.....	30
		\$2,000 to \$4,999.....	20
Jan. 1 to Dec. 31, 1917:	Per cent.	Jan. 1 to June 30, 1921:	
Up to \$5,000 ¹	10	Less than \$1,000.....	10
Jan. 1 to Dec. 31, 1918:		\$1,000 to \$1,999.....	8
Up to \$5,000.....	10	\$2,000 to \$4,999.....	5
Jan. 1 to June 30, 1919:			
Less than \$1,000.....	20		
\$1,000 to \$1,999.....	15		
\$2,000 to \$4,999.....	10		

¹ Maximum bonus paid, \$300.

Principal asset and liability items at end of year.

	Total cash reserves.	Bills discounted.	Bills bought.	Total earning assets.
1915.....	\$28,760,000	\$235,000	\$6,493,000	\$10,755,000
1916.....	40,458,000	3,746,000	12,725,000	19,683,000
1917.....	85,814,000	65,882,000	9,637,000	77,724,000
1918.....	110,851,000	133,575,000	15,084,000	156,613,000
1919.....	155,786,000	188,039,000	18,049,000	229,052,000
1920.....	217,516,000	173,368,000	20,678,000	216,109,000
Index of growth, 1915-1920 (1915=1).....	8	738	3	20

	Capital and surplus.	Gross deposits.	Federal reserve notes in circulation.
1915.....	\$5,158,000	\$28,352,000	\$9,311,000
1916.....	4,990,000	68,810,000	12,896,000
1917.....	5,933,000	102,933,000	73,199,000
1918.....	8,228,000	160,153,000	160,726,000
1919.....	15,467,000	191,454,000	244,093,000
1920.....	23,429,000	161,828,000	238,780,000
Index of growth, 1915-1920 (1915=1).....	5	6	31

Volume of business transacted during the year.

	Bills discounted.	Bills bought.	United States securities bought.	Total discount and open-market operations.
1915.....	\$2,087,000	\$14,105,000	\$1,000,000	\$25,452,000
1916.....	33,922,000	52,378,000	2,332,000	96,254,000
1917.....	350,919,000	86,482,000	11,418,000	438,946,000
1918.....	1,760,285,000	194,158,000	85,149,000	2,039,592,000
1919.....	4,675,398,000	360,784,000	60,702,000	5,096,884,000
1920.....	4,876,556,000	304,445,000	553,163,000	5,734,164,000
Index of growth 1915-1920 (1915=1).....	2,337	22	553	225

¹ Exclusive of certificates of indebtedness.

Volume of business transacted during the year—Continued.

	Federal reserve notes issued by agent.	Federal reserve notes redeemed by agent.	Currency received from member and other banks.	Currency paid out to member and other banks.
1915.....	¹ \$10,520,000	² \$500,000	.....	.....
1916.....	10,425,000	6,926,000	.....	.....
1917.....	75,720,000	11,942,000	.....	.....
1918.....	130,080,000	38,390,000	.....	.....
1919.....	225,500,000	139,768,000	\$505,853,000	\$402,341,000
1920.....	225,680,000	178,844,000	698,979,000	688,624,000
Index of growth 1915-1920 (1915=1).....	21	358	.....	.....

	Number of checks cleared.	Amount of checks cleared.	Transactions through gold settlement fund.
1915.....	.....	.....	³ \$440,259,000
1916.....	.....	.....	1,022,016,000
1917.....	13,482,000	\$6,951,311,000	4,118,966,000
1918.....	18,783,000	12,778,762,000	7,941,426,000
1919.....	36,234,000	13,054,799,000	12,102,189,000
1920.....	43,821,000	14,727,346,000	16,203,081,000
Index of growth 1915-1920 (1915=1).....	.....	.....	37

¹ Nov. 16, 1914, to Dec. 31, 1915.² Represents daily average for the period May 20, 1915 (date of first settlement) to Dec. 31, 1915, multiplied by 365.

Expenses of the Federal Reserve Bank of Boston.

	Nov. 16 to Dec. 31, 1914.	1915	1916	1917	1918	1919	1920
Expenses of operation:							
Salaries—							
Bank officers.....	\$3,217	\$32,050	\$33,916	\$43,550	\$75,975	\$105,097	\$116,600
Clerical staff.....	3,136	18,641	43,169	100,893	264,942	606,345	781,904
Special officers and watchmen.....		322		604	9,115	12,278	20,988
All other.....						12,111	7,207
Federal advisory council, governors' and Federal reserve agents' conferences.....	59	1,177	1,648	992	744	853	1,123
Directors' meetings, legal fees, officers' and clerks' traveling expenses, life insurance and fidelity bond premiums.....	2,987	12,680	11,631	12,643	24,144	38,980	45,785
Assessments for Federal Reserve Board expenses.....		¹ 26,876	17,704	21,226	32,190	45,619	52,584
Taxes and fire insurance.....				495	25,035	3,554	1,180
Telephone and telegraph.....	81	1,142	1,678	5,131	10,729	19,813	22,606
Rent, light, heat and power.....	583	14,371	16,629	25,523	38,444	75,138	78,287
Printing and stationery.....	2,499	2,788	8,480	13,354	39,348	41,478	63,667
All other, including postage and insurance on mail, security and currency shipments, repairs and alterations, etc.....	² 14,147	9,652	22,430	65,252	170,446	259,698	253,788
Total expenses of operation.....	26,709	119,699	157,285	289,663	691,112	1,220,964	1,445,719
Federal reserve currency (original cost, including shipping charges).....		11,902	15,141	102,621	167,828	285,917	345,151
Miscellaneous charges, account note issues.....			675		7,558	31,774	112,162
Taxes on Federal reserve bank note circulation.....						89,422	82,000
Furniture and equipment.....		1,752	21,852	14,974	41,622	43,748	24,585
Bank premises.....					61,895		28,673
Total expenses.....	26,709	133,353	194,953	407,258	970,015	1,671,825	2,038,290

¹ Total assessment for Federal Reserve Board expenses to Dec. 31, 1915.² Includes \$12,999 expenses prior to Nov. 16, 1914.

EXHIBIT D, PART 2.

FEDERAL RESERVE BANK OF NEW YORK.

Comparison of salaries paid to officers of the Federal reserve bank as of Oct. 1, 1921, with salaries paid to officers of six of the large national banks in New York City as of Sept. 6, 1921.

	Annual salary.
Governor.....	\$50,000
Chairman and Federal reserve agent.....	30,000
Deputy governor.....	30,000
Do.....	30,000
Do.....	25,000
Do.....	22,000
Acting general auditor.....	20,000
Organization counsel.....	18,000
Controller at large.....	18,000
Do.....	15,000
Assistant Federal reserve agent.....	15,000
General counsel.....	15,000
Controller of administration.....	12,500
Controller of accounts.....	12,500
Controller of cash and custodies.....	12,000
Manager credit department.....	12,000
Controller of fiscal agency.....	10,000
Manager loan department.....	10,000
Manager at large.....	10,000
Manager certificates of indebtedness and securities departments.....	10,000
Manager statistics department.....	10,000
Manager bill department.....	8,400
Manager personnel development department.....	8,000
Secretary.....	7,500
Manager foreign department.....	7,500
Manager personnel service department.....	7,200
Manager check department.....	7,200
Manager cash department.....	7,000
Manager bank examinations department.....	6,600
Assistant general counsel.....	6,500
Manager auditing department.....	6,500
Manager methods and supplies department.....	6,000
Manager collection department.....	6,000
Manager Government securities sales department.....	6,000
Manager custody department.....	6,000
Manager Government bond department.....	5,500
Manager discount department.....	5,000
Manager Buffalo branch.....	7,500
Cashier Buffalo branch.....	4,800
Assistant cashier Buffalo branch.....	3,000
Total.....	509,800

National banks in New York City.

Position.	Annual salary.					
	Bank A.	Bank B.	Bank C.	Bank D.	Bank E.	Bank F.
Chairman of board.....	\$65,000				\$75,000	
Vice chairman of board.....	20,000					
Do.....	32,000					
Do.....	40,000					
President.....	40,000	\$75,000	\$100,000	\$100,000	75,000	\$75,000
Vice president.....	30,000	75,000	54,500	75,000	36,000	45,000
Do.....	24,000	50,000	38,000	23,000	36,000	40,000
Do.....	20,000	50,000	38,000	21,000	36,000	40,000
Do.....	20,000	50,000	23,000	20,000	36,000	40,000
Do.....	20,000	50,000		20,000		40,000
Do.....	20,000	45,000				30,000
Do.....	18,000	40,000				25,000
Do.....	15,000	35,000				25,000
Do.....	15,000	35,000				25,000
Do.....	15,000	35,000				20,000
Do.....	15,000	35,000				15,000
Do.....	13,000	35,000				15,000
Do.....	12,000	35,000				15,000
Do.....	12,000	30,000				12,000
Do.....	12,000	30,000				12,000
Do.....	10,000	30,000				11,000
Do.....	10,000	25,000				11,000
Do.....	10,000	25,000				10,000
Do.....	10,000	25,000				
Do.....	10,000	25,000				
Do.....	10,000	25,000				
Do.....	10,000	12,500				
Do.....	10,000					
Do.....	10,000					
Do.....	9,000					
Do.....	8,500					
Do.....	8,000					
Do.....	5,500					
Other officers.....	189,200	702,000	132,700	59,880	51,500	121,500
Total.....	768,200	1,574,500	386,200	318,880	345,500	627,500

SUMMARY.

	Number of officers.	Annual salaries.	
		Total.	Average.
Federal reserve bank.....	40	\$509,800	\$12,745
Bank A.....	67	768,200	11,466
Bank B.....	82	1,574,500	19,201
Bank C.....	23	386,200	16,791
Bank D.....	12	318,880	26,573
Bank E.....	12	345,500	28,792
Bank F.....	36	627,500	17,431

Index of growth in number of officers and employees, in their aggregate salaries, and in business of the bank.

[1915=1.]

Year.	Personnel.				Assets and liabilities.		Volume of business.	
	Officers.		Officers and employees.		Earning assets.	Federal reserve notes and Federal reserve bank notes in circulation.	Discount and open-market operations.	Gold-settlement fund.
	Number.	Salaries.	Number.	Salaries.				
1915.....	1	1	1	1	1	1	1	1
1916.....	1	1	2	2	5	1	3	4
1917.....	2	2	11	6	39	5	122	31
1918.....	3	3	36	19	82	10	534	59
1919.....	5	4	40	24	97	12	819	75
1920.....	5	5	40	29	95	12	989	88

Number of officers and employees.

	Dec. 31—						July 1, 1921.
	1915	1916	1917	1918	1919	1920	
Officers:							
Chairman and Federal reserve agent.....	1	1	1	1	1	1	1
Governor.....	1	1	1	1	1	1	1
Deputy governor.....		1	2	4	2	4	4
Other officers.....	5	6	8	17	28	31	34
Total officers.....	7	9	12	23	32	37	40
Employees:							
Banking department.....	47	88	287	892	1,297	1,075	1,113
Bookkeeping department.....	5	10	15	42	79	126	173
Transit department.....	9	57	168	446	614	522	613
Federal reserve agent's department.....			6	8	30	74	106
Auditing department.....						109	115
Fiscal agency department.....			209	1,219	741	461	343
General.....	6	9	42	27	170	532	584
Total employees.....	67	164	817	2,634	2,931	2,899	3,047
Total officers and employees.....	74	173	829	2,657	2,963	2,936	3,087
Average number of employees per officer.....	10	18	68	115	92	78	76

Salaries of officers and employees.

	Dec. 31—						July 1, 1921.
	1915	1916	1917	1918	1919	1920	
Officers:							
Chairman and Federal reserve agent.....	\$16,000	\$16,000	\$20,000	\$20,000	\$30,000	\$30,000	\$30,000
Governor.....	30,000	15,000	30,000	30,000	50,000	25,000	50,000
Deputy governor.....		¹ 20,000	² 45,000	³ 81,000	⁴ 51,000	⁵ 95,000	⁶ 107,000
Other officers.....	37,000	42,000	56,200	89,400	219,200	268,400	317,600
Total (bonus excluded)...	83,000	93,000	151,200	220,400	350,200	418,400	504,600

¹ Governor ad interim.

² Governor ad interim and one deputy governor.

³ Four deputy governors.

⁴ Two deputy governors.

⁵ Half pay account leave of absence.

Salaries of officers and employees—Continued.

	Dec. 31—						July 1, 1921.
	1915	1916	1917	1918	1919	1920	
Employees:							
Banking department.....	60,588	97,552	301,648	945,360	1,608,220	1,609,610	1,660,590
Bookkeeping department....	4,620	10,700	15,360	47,680	101,766	202,320	282,420
Transit department.....	6,430	36,480	94,480	338,430	580,700	590,700	714,040
Federal reserve agent's department.....			9,520	17,860	54,804	145,120	201,800
Auditing department.....						210,650	225,540
Fiscal agency department....			360,932	1,501,840	989,656	723,690	557,560
General.....	5,540	8,460	37,440	33,260	200,118	738,793	842,153
Total (bonus excluded)...	77,178	153,192	819,380	2,884,430	3,535,264	4,220,873	4,484,103
Total, officers and employees.....	160,178	246,192	970,580	3,104,830	3,885,464	4,639,273	4,988,703
Average salary payable to—							
All officers.....	11,857	10,333	12,600	9,582	10,944	11,308	12,615
Officers other than chairman and Federal reserve agent, governor, and deputy governors.....	7,400	7,000	7,025	5,259	7,830	8,658	9,341
Employees.....	1,152	934	1,003	1,095	1,206	1,456	1,471

Extra compensation paid by the Federal Reserve Bank of New York for the years 1916-1921.

[Salaries shown are annual salaries. Per cent of extra compensation based on actual salary received during period.]

	Per cent.		Per cent.
Jan. 1 to Dec. 31, 1916:		Oct. 1 to Dec. 31, 1919:	
Up to \$1,200.....	10	Up to \$1,500.....	50
\$1,201 to \$3,000.....	7½	\$1,501 to \$3,000.....	40
\$3,001 to \$12,000.....	5	\$3,001 to \$6,000.....	25
Jan. 1 to June 30, 1917:		Jan. 1 to Dec. 31, 1920: ¹	
Up to \$1,200.....	20	On first \$1,500 or part thereof..	20
\$1,201 to \$3,000.....	15	On next \$500 or part thereof..	15
\$3,001 to \$7,200.....	10	On next \$500 or part thereof..	10
July 1 to Dec. 31, 1917:		No additional per cent on amounts between \$2,501 and \$5,000.	
Less than \$1,500.....	15	Jan. 1 to Mar. 31, 1921: ¹	
\$1,500 to \$5,000.....	10	On first \$1,500 or part thereof..	20
Jan. 1 to June 30, 1918:		On next \$500 or part thereof..	15
Less than \$1,500.....	15	On next \$500 or part thereof..	10
\$1,500 to \$5,000.....	10	No additional per cent on amounts between \$2,501 and \$5,000.	
July 1 to Dec. 31, 1918:		Apr. 1 to June 30, 1921: ¹	
Up to \$1,500.....	25	On the first \$1,500 or part thereof.....	10
\$1,501 to \$3,000.....	20	On the next \$500 or part thereof.....	7½
\$3,001 to \$5,000.....	15	On the next \$500 or part thereof.....	5
Jan. 1 to June 30, 1919:		No additional per cent on amounts between \$2,501 and \$5,000.	
Up to \$1,500.....	25		
\$1,501 to \$3,000.....	20		
\$3,001 to \$5,000.....	15		
July 1 to Sept. 30, 1919:			
Up to \$1,500.....	25		
\$1,501 to \$3,000.....	20		
\$3,001 to \$5,000.....	15		

¹ Extra compensation applies only to salaries or portions of salaries up to \$2,500.

EXPENSES OF FEDERAL RESERVE BANKS.

Principal asset and liability items at end of year.

	Total cash reserves.	Bills discounted.	Bills bought.	Total earning assets.
1915.....	\$270,122,000	\$238,000	\$8,715,000	\$10,981,000
1916.....	302,410,000	7,071,000	41,457,000	51,748,000
1917.....	649,945,000	250,309,000	148,770,000	424,251,000
1918.....	672,528,000	697,342,000	77,577,000	905,216,000
1919.....	595,355,000	790,803,000	202,903,000	1,062,734,000
1920.....	618,171,000	871,439,000	113,740,000	1,046,363,000
Index of growth, 1915-1920 (1915=1).....	2	3,662	13	95

	Capital and surplus.	Gross deposits.	Total circulation, Federal reserve notes and Federal reserve bank notes.
1915.....	\$11,063,000	\$200,093,000	\$73,309,000
1916.....	11,866,000	274,680,000	93,426,000
1917.....	19,345,000	731,459,000	397,354,000
1918.....	29,142,000	975,219,000	762,858,000
1919.....	67,473,000	976,066,000	862,289,000
1920.....	82,787,000	819,181,000	906,314,000
Index of growth, 1915-1920 (1915=1).....	7	4	12

Volume of business transacted during the year.

	Bills discounted.	Bills bought.	United States securities bought.	Total discount and open-market operations.	Federal reserve notes paid out by bank.
1915.....	\$4,820,000	\$25,839,000	.....	\$57,119,000	\$96,133,000
1916.....	22,330,000	123,406,000	\$7,819,000	191,986,000	117,988,000
1917.....	6,511,275,000	464,965,000	110,884,000	6,973,790,000	479,935,000
1918.....	24,535,538,000	945,497,000	5,028,024,000	30,509,110,000	930,168,000
1919.....	42,449,491,000	1,211,399,000	3,132,983,000	46,793,873,000	1,134,822,000
1920.....	50,539,429,000	1,697,330,000	4,281,561,000	56,518,320,000	1,788,222,000
Index of growth, 1915-1920 (1915=1).....	10,485	66	.....	989	19

	Federal reserve notes redeemed by bank.	Money counted, number of pieces.	Number of checks cleared.	Amount of checks cleared.	Transactions through gold-settlement fund.
1915.....	.....	.....	1,262,000	\$1,334,016,000	¹ \$556,432,000
1916.....	\$54,509,000	14,070,000	6,841,000	5,160,192,000	2,335,225,000
1917.....	65,665,000	53,051,000	19,408,000	20,104,527,000	17,118,917,000
1918.....	26,723,000	206,903,000	46,458,000	47,518,425,000	32,935,576,000
1919.....	632,420,000	477,476,000	74,464,000	56,540,748,000	41,932,723,000
1920.....	276,442,000	558,397,000	87,727,000	55,729,013,000	48,840,900,000
Index of growth, 1915-1920 (1915=1).....	.....	.....	70	42	88

¹ Exclusive of certificates of indebtedness.² May 20, 1915, to Dec. 31, 1915.

Expenses of the Federal Reserve Bank of New York.

	Nov. 16 to Dec. 31, 1914.	1915	1916	1917	1918	1919	1920
Expenses of operation:							
Salaries—							
Bank officers	\$10,367	\$68,033	\$92,650	\$129,247	\$189,901	\$302,030	\$383,760
Clerical staff	3,636	66,708	103,699	287,356	1,082,719	2,555,388	3,479,270
Special officers and watchmen	90	2,860	7,248	11,017	23,854	82,110	166,449
All other			11,737	29,534		180,579	199,213
Federal advisory council, governors' and Federal reserve agents' conferences Directors' meetings, legal fees, officers' and clerks' traveling expenses, life in- surance, and fidelity bond premiums	2,306	17,272	9,999	23,494	61,234	166,812	110,821
Assessments for Federal Reserve Board expenses		163,209	39,029	50,252	100,876	181,875	221,868
Taxes and fire insurance					2,423		3,328
Telephone and telegraph	91	2,024	2,751	10,082	33,054	65,725	81,979
Rent, light, heat, and power	6,500	39,497	45,810	62,141	146,005	293,102	304,874
Printing and stationery	686	10,782	20,067	46,009	137,960	236,653	270,383
All other, including postage and insurance on mail, security and currency shipments, repairs and alterations, etc.	23,736	24,618	40,391	201,040	364,988	547,341	558,701
Total expenses of op- eration	57,412	297,710	378,077	851,484	2,146,805	4,613,220	5,782,204
Federal reserve currency (orig- inal cost, including shipping charges)		113,800	95,240	789,013	335,044	642,430	648,392
Miscellaneous charges, account note issues			12,938	15,010	27,921	105,167	159,787
Taxes on Federal reserve bank note circulation						169,514	207,401
Furniture and equipment			70,707		170,933	204,014	201,491
Bank premises							
Total expenses	57,412	411,510	556,962	1,655,507	2,680,703	5,734,345	6,999,255

¹ Total assessment for Federal Reserve Board expenses to Dec. 31, 1915.² Includes \$32,408 expenses prior to Nov. 16, 1914.*Current expenses of the Buffalo branch of the Federal Reserve Bank of New York.*

	1919 ¹	1920
Salaries:		
Bank officers	\$8,600	\$17,544
Clerical staff	68,213	123,028
Special officers and watchmen	5,418	11,334
All other	4,085	14,275
Directors' meetings, legal fees, officers' and clerks' traveling expenses, life insurance and fidelity bond premiums	12,741	3,937
Taxes and fire insurance		418
Telephone and telegraph	4,186	11,006
Rent, light, heat, and power	10,457	18,024
Printing and stationery	8,399	13,277
Furniture and equipment	33,518	19,486
All other, including postage and insurance on mail, security and currency shipments, repairs and alterations, etc.	52,615	42,102
Total current expenses	208,232	274,431

¹ Branch opened for business May 15, 1919.

EXHIBIT D, PART 3.

FEDERAL RESERVE BANK OF PHILADELPHIA.

Comparison of salaries paid to officers of the Federal Reserve Bank as of Oct. 1, 1921, with salaries paid to officers of three of the large national banks in Philadelphia as of Sept. 6, 1921.

	Annual salary.
Governor.....	\$25,000
Deputy governor.....	15,000
Chairman and Federal reserve agent.....	15,000
Cashier and secretary.....	12,000
Assistant Federal reserve agent.....	8,000
Assistant cashier.....	8,000
Do.....	8,000
Do.....	7,000
Do.....	6,500
Do.....	6,500
Do.....	6,500
Acting comptroller.....	4,000
Total.....	121,500

National banks in Philadelphia.

Position.	Annual salary.		
	Bank A.	Bank B.	Bank C.
Chairman.....		\$6,000	\$12,000
President.....	\$80,000	36,000	45,000
Vice president.....	40,000	20,000	25,000
Do.....	25,000	12,500	13,500
Do.....	20,000	12,000	.....
Do.....	15,000	.....	.....
Do.....	15,000	.....	.....
Other officers.....	56,500	18,000	20,500
Total.....	251,500	104,500	116,000

SUMMARY.

	Number of officers.	Annual salaries.	
		Total.	Average.
Federal reserve bank.....	12	\$121,500	\$10,125
Bank A.....	15	251,500	16,767
Bank B.....	8	104,500	13,063
Bank C.....	7	116,000	16,571

Index of growth in number of officers and employees, in their aggregate salaries, and in business of the bank.

(1915=1)

Date.	Personnel.				Assets and liabilities.		Volume of business.	
	Officers.		Officers and employees.		Earning assets.	Federal reserve note circulation.	Discount and open market operations.	Gold settlement fund.
	Number.	Salaries.	Number.	Salaries.				
1915.....	1	1	1	1	1	1	1	
1916.....	1	1	2	1	3	2	4	
1917.....	2	1	4	3	10	11	14	
1918.....	3	2	9	6	31	26	90	
1919.....	4	3	14	11	40	27	489	
1920.....	3	3	19	15	35	32	281	

Number of officers and employees.

	Dec. 31—						July 1, 1921.
	1915	1916	1917	1918	1919	1920	
Officers:							
Chairman and Federal reserve agent.....	1	1	1	1	1	1	1
Governor.....	1	1	1	1	1	1	1
Deputy governor.....	1	1	1	1	1	1	1
Other officers.....	1	2	3	6	8	7	8
Total officers.....	3	4	6	9	11	10	11
Employees:							
Banking department.....	8	12	38	143	134	126	236
Bookkeeping department.....	4	10	17	36	26	25	27
Transit department.....	6	35	74	98	186	211	252
Federal reserve agents' department.....	5	5	6	6	11	22	40
Auditing department.....						26	27
Fiscal agency department.....			26	98	63	105	94
General.....	19	23	25	33	216	316	264
Total employees.....	42	85	186	414	636	831	940
Total officers and employees.....	45	89	192	423	647	841	951
Average number of employees per officer.....	14	21	31	46	58	83	85

Salaries of officers and employees.

	Dec. 31—						July 1, 1921.
	1915	1916	1917	1918	1919	1920	
Officers:							
Chairman and Federal re- serve agent.....	\$10,000	\$10,000	\$10,000	\$10,000	\$15,000	\$15,000	\$15,000
Governor.....	20,000	20,000	20,000	20,000	25,000	25,000	25,000
Deputy governor.....			12,000	9,000	12,000	15,000	15,000
Other officers.....	5,000	10,200	9,250	28,000	39,500	57,000	62,500
Total (bonus excluded)...	35,000	40,200	51,250	67,000	91,500	112,000	117,500
Employees:							
Banking department.....	14,400	15,940	34,084	137,740	173,060	176,420	319,610
Bookkeeping department...	3,300	9,360	18,080	47,540	29,700	34,520	38,920
Transit department.....	5,880	24,180	47,790	79,560	176,904	244,240	286,220
Federal reserve agents' de- partment.....	5,976	7,140	8,060	7,880	27,130	47,900	85,418
Auditing department.....						48,190	52,440
Fiscal agency department...			23,160	102,240	76,640	132,950	118,530
General.....	12,480	14,672	16,848	32,080	237,440	361,868	289,190
Total (bonus excluded)...	42,036	71,292	148,022	407,040	720,874	1,046,088	1,190,328
Total officers and em- ployees.....	77,036	111,492	199,272	474,040	812,374	1,158,088	1,307,828
Average salary payable to—							
All officers.....	11,666	10,050	8,541	7,444	8,318	11,200	10,682
Officers other than chair- man and Federal reserve agent, governor, and deputy governors.....	5,000	5,100	3,083	4,667	4,938	8,142	7,812
Employees.....	1,000	838	796	983	1,133	1,258	1,266

Extra compensation paid by the Federal Reserve Bank of Philadelphia for the years 1917-1921.

[Salaries shown are annual salaries. Per cent of extra compensation based on actual salary received during period.]

	Per cent.	Jan. 1 to June 30, 1920:	Per cent.
Jan. 1 to Dec. 31, 1917:		Up to \$1,500.....	20
\$3,500 or less.....	10	\$1,501 to \$3,000.....	15
Jan. 1 to June 30, 1918:		\$3,001 to \$4,000.....	10
Up to \$4,500.....	20	July 1 to Dec. 31, 1920:	
July 1 to Dec. 31, 1918:		Up to \$1,500.....	20
Up to \$5,000.....	20	\$1,501 to \$3,000.....	15
Jan. 1 to June 30, 1919:		\$3,001 to \$4,000.....	10
Up to \$1,500.....	20	Jan. 1 to June 30, 1921:	
\$1,501 to \$2,500.....	15	Up to \$1,500.....	10
\$2,501 to \$4,000.....	10	\$1,501 to \$3,000.....	7½
July 1 to Dec. 31, 1919:		\$3,001 to \$4,000.....	5
Up to \$1,500.....	30		
\$1,501 to \$3,000.....	20		
\$3,001 to \$4,000.....	10		

Principal asset and liability items at end of year.

	Total cash reserves.	Bills discounted.	Bills bought.	Total earning assets.
1915.....	\$27,392,000	\$172,000	\$2,543,000	\$6,226,000
1916.....	41,367,000	1,563,000	13,656,000	18,509,000
1917.....	121,476,000	35,912,000	18,390,000	63,962,000
1918.....	134,022,000	178,820,000	3,011,000	193,081,000
1919.....	141,364,000	209,855,000	5,177,000	247,104,000
1920.....	205,390,000	172,383,000	12,689,000	216,967,000
Index of growth 1915-1920 (1915=1).....	7	1,002	5	35

	Capital and surplus.	Gross deposits.	Federal reserve notes in circulation.
1915.....	\$5,270,000	\$26,371,000	\$8,759,000
1916.....	5,228,000	66,202,000	16,906,000
1917.....	6,142,000	121,855,000	92,977,000
1918.....	8,866,000	171,500,000	229,112,000
1919.....	16,689,000	200,721,000	237,051,000
1920.....	25,495,000	165,007,000	278,321,000
Index of growth 1915-1920 (1915=1).....	5	6	32

Volume of business transacted during the year.

	Bills discounted.	Bills bought.	United States securities bought.	Total discount and open-market operations.
1915.....	\$5,137,000	\$7,565,000	\$2,000,000	\$22,102,000
1916.....	22,328,000	53,122,000	2,500,000	85,772,000
1917.....	223,416,000	70,710,000	12,274,000	308,622,000
1918.....	1,833,598,000	77,687,000	67,172,000	1,978,467,000
1919.....	10,736,435,000	14,048,000	52,922,000	10,803,405,000
1920.....	7,820,258,000	41,232,000	357,432,000	6,218,922,000
Index of growth 1915-1920 (1915=1).....	1,133	5	179	281

Volume of business transacted during the year—Continued.

	Federal reserve notes issued by agent.	Federal reserve notes redeemed by agent.	Currency received from member and other banks.	Currency paid out to member and other banks.
1915.....	\$9,800,000	\$640,000		
1916.....	14,158,000	6,248,000		
1917.....	93,600,000	13,344,000		
1918.....	191,460,000	46,915,000		
1919.....	195,660,000	189,635,000	\$444,475,000	\$389,239,000
1920.....	177,420,000	134,017,000	570,094,000	643,235,000
Index of growth 1915-1920 (1915=1).....	18	209		

	Number of checks cleared.	Amount of checks cleared.	Transactions through gold settlement fund.
1915.....			¹ \$472,389,000
1916.....			1,580,311,000
1917.....	11,728,000	\$7,363,095,000	6,676,287,000
1918.....	17,134,000	11,292,410,000	10,885,905,000
1919.....	37,004,000	14,766,937,000	15,267,158,000
1920.....	49,217,000	16,855,904,000	17,880,707,000
Index of growth 1915-1920 (1915=1).....			38

¹ Exclusive of certificates of indebtedness.² Nov. 16, 1914, to Dec. 31, 1915.³ Represents daily average for the period May 20, 1915 (date of first settlement), to Dec. 31, 1915, multiplied by 365.

Expenses of the Federal Reserve Bank of Philadelphia.

	Nov. 16 to Dec. 31, 1914.	1915	1916	1917	1918	1919	1920
Expenses of operation:							
Salaries—							
Bank officers.....	\$3,461	\$32,580	\$39,100	\$46,206	\$64,285	\$96,929	\$123,338
Clerical staff.....	2,777	31,309	52,398	97,749	283,624	577,104	799,385
Special officers and watchmen.....	667	5,384	6,012	8,311	14,976	44,688	70,921
All other.....						59,228	80,412
Federal advisory council, governors' and Federal reserve agents' conferences	31	1,473	1,335	524	512	591	714
Directors' meetings, legal fees, officers' and clerks' traveling expenses, life insurance and fidelity bond premiums.....	1,160	10,342	10,908	14,198	26,582	59,197	63,588
Assessments for Federal Reserve Board expenses.....		¹ 28,919	18,362	22,057	33,929	49,059	56,804
Taxes and fire insurance.....				48		15,775	20,033
Telephone and telegraph.....	70	1,022	1,243	3,128	9,949	22,001	26,057
Rent, light, heat, and power.....	1,294	8,858	10,397	12,361	9,851	19,116	40,671
Printing and stationery.....	730	3,291	6,648	11,091	34,366	78,477	113,644
All other, including postage and insurance on mail, security and currency shipments, repairs and alterations, etc.....	² 13,871	6,153	18,580	45,165	115,387	238,078	224,570
Total expenses of operation.....	24,061	129,331	164,983	260,838	593,464	1,260,243	1,620,167
Federal reserve currency (original cost, including shipping charges).....		12,600	16,600	70,340	243,857	209,419	292,540
Miscellaneous charges, account note issues.....			1,003	1,887	3,081	45,411	77,508
Taxes on Federal reserve bank-note circulation.....						98,132	110,904
Furniture and equipment.....			15,653	8,600	215,043	100,868	75,065
Bank premises.....					31,471	61,112	90
Total expenses.....	24,061	141,931	198,239	341,665	1,086,916	1,775,185	2,176,274

¹ Total assessment for Federal Reserve Board expenses to Dec. 31, 1915.² Includes \$13,305 expenses prior to Nov. 16, 1914.

EXHIBIT D, PART 4.

FEDERAL RESERVE BANK OF CLEVELAND.

Comparison of salaries paid to officers of the Federal reserve bank as of Oct. 1, 1921, with salaries paid to officers of three of the large member banks in Cleveland.

	Annual salary.
Governor.....	\$30,000
Chairman and Federal reserve agent.....	25,000
Deputy governor.....	12,000
Do.....	12,000
Cashier.....	9,000
Secretary.....	9,000
Assistant cashier.....	6,500
Do.....	6,500
Do.....	6,000
Do.....	5,400
Auditor.....	5,400
Chief bank examiner.....	5,000
Manager bank relations.....	4,800
Assistant cashier.....	4,500
Do.....	4,200
Assistant secretary.....	3,900
Manager Pittsburgh branch.....	11,000
Cashier Pittsburgh branch.....	7,500
Assistant Federal reserve agent, Pittsburgh branch.....	4,300
Assistant cashier, Pittsburgh branch.....	4,200
Do.....	3,300
Manager Cincinnati branch.....	8,500
Cashier Cincinnati branch.....	5,000
Assistant Federal reserve agent, Cincinnati branch.....	3,300
Assistant cashier, Cincinnati branch.....	3,300
Do.....	3,000
Total.....	202,600

Member banks in Cleveland.

Position.	Annual salary.		
	Bank A.	Bank B.	Bank C.
Chairman.....	\$35,000	\$20,000	\$25,000
President.....	35,000	50,000	18,000
Vice president.....	35,000	30,000	16,000
Do.....	30,000	25,000	14,000
Do.....	30,000	24,000	12,000
Do.....	30,000	15,000	12,000
Do.....	25,000	15,000	12,000
Do.....	25,000	15,000	6,000
Do.....	24,000	12,000	.....
Do.....	24,000	12,000	.....
Do.....	24,000	12,000	.....
Do.....	24,000	12,000	.....
Do.....	22,000	10,000	.....
Do.....	22,000	10,000	.....
Do.....	22,000	9,000	.....
Do.....	20,000	7,000	.....
Do.....	20,000	6,000	.....
Do.....	20,000	5,000	.....
Do.....	20,000	.....	.....
Do.....	20,000	.....	.....
Other officers.....	200,000	97,600	33,000
Total.....	707,000	392,600	148,000

Member banks in Cleveland—Continued.

SUMMARY.

	Number of officers.	Annual salaries.	
		Total.	Average.
Federal reserve bank	26	\$202,600	\$7,792
Bank A	70	707,000	10,100
Bank B	40	392,600	9,815
Bank C	14	148,000	10,571

Index of growth in number of officers and employees, in their aggregate salaries, and in business of the bank.

[1915=1.]

Year.	Personnel.				Assets and liabilities.		Volume of business.	
	Officers.		Officers and employees.		Earning assets.	Federal reserve note circulation.	Discount and open market operations.	Gold settlement fund.
	Number.	Salaries.	Number.	Salaries.				
1915.....	1	1	1	1	1	1	1	1
1916.....	1	1	2	1	3	1	3	8
1917.....	2	2	7	4	16	10	16	59
1918.....	3	2	19	11	27	24	103	118
1919.....	4	3	20	12	36	25	221	156
1920.....	5	4	31	21	39	33	244	238

Number of officers and employees.

	Dec. 31—						July 1, 1921.
	1915	1916	1917	1918	1919	1920	
Officers:							
Chairman and Federal reserve agent.....	1	1	1	1	1	1	1
Governor.....	1	1	1	1	1	1	1
Deputy governor.....						2	2
Other officers.....	2	3	6	11	13	16	22
Total officers.....	4	5	8	13	15	20	26
Employees:							
Banking department.....	9	7½	21	129	175	262	343
Bookkeeping department.....	4	4	15	39	38	50	79
Transit department.....	2	36½	73	169	211	353	285
Federal reserve agent's department.....	2	2	5	10	17	22	29
Auditing department.....						30	26
Fiscal agency department.....			70	203	105	141	165
General.....	10	10	19	26	65	91	95
Total employees.....	27	60	203	576	611	949	1,023
Total officers and employees.....	31	65	211	589	626	969	1,049
Average number of employees per officer.....	7	12	25	44	41	47	39

Salaries of officers and employees.

	Dec. 31—						July 1, 1921.
	1915	1916	1917	1918	1919	1920	
Officers:							
Chairman and Federal reserve agent.....	\$10,000	\$10,000	\$12,000	\$15,000	\$20,000	\$23,250	\$25,000
Governor.....	18,000	20,000	20,000	20,000	25,000	30,000	30,000
Deputy governors.....						¹ 18,000	¹ 24,000
Other officers.....	7,000	10,750	21,050	48,850	65,199	83,500	123,600
Total (bonus excluded)...	35,000	40,750	53,050	83,850	110,199	154,750	202,600
Employees:							
Banking department.....	16,900	13,430	23,800	155,418	232,819	404,268	495,472
Bookkeeping department...	5,160	4,380	19,080	35,280	41,580	74,772	120,789
Transit department.....	1,080	23,370	52,710	130,150	179,620	386,532	305,596
Federal reserve agent's department.....	3,500	3,780	7,820	16,080	32,480	43,992	63,072
Auditing department.....						60,872	52,068
Fiscal agency department.....			87,180	321,884	184,589	200,156	242,732
General.....	6,900	8,040	16,440	22,800	66,045	120,447	135,553
Total (bonus excluded)...	33,540	53,000	207,030	681,612	737,133	1,291,039	1,415,273
Total officers and employees.....	68,540	93,750	260,080	765,462	847,332	1,445,780	1,617,873
Average salary payable to—							
All officers.....	8,750	8,150	6,631	6,450	7,346	7,737	7,792
Officers other than chairman and Federal reserve agent, governor and deputy governors.....	3,500	3,583	3,508	4,441	5,015	5,219	5,618
Employees.....	1,242	883	1,020	1,183	1,206	1,360	1,383

¹ 2 deputy governors.*Extra compensation paid by the Federal Reserve Bank of Cleveland for the years 1916-1921.*

[Salaries shown are annual salaries. Per cent of extra compensation based on actual salary received during period.]

Jan. 1 to Dec. 31, 1916:	Per cent.	July 1 to Sept. 30, 1920:	Per cent.
Up to \$3,250.....	10	Up to \$1,500.....	20
Jan. 1 to Dec. 31, 1918:		\$1,501 to \$3,000.....	15
Up to \$1,500.....	20	\$3,001 to \$5,500.....	10
\$1,501 to \$3,000.....	15	Oct. 1 to Dec. 31, 1920:	
\$3,001 to \$5,000.....	10	Up to \$1,500.....	20
Jan. 1 to Dec. 31, 1919:		\$1,501 to \$3,000.....	15
Up to \$1,500.....	20	\$3,001 to \$5,500.....	10
\$1,501 to \$3,000.....	15	Jan. 1 to Mar. 31, 1921:	
\$3,001 to \$5,500.....	10	Up to \$1,500.....	16
Jan. 1 to Mar. 31, 1920:		\$1,501 to \$3,000.....	12
Up to \$1,500.....	20	\$3,001 to \$5,500.....	8
\$1,501 to \$3,000.....	15	Apr. 1 to June 30, 1921:	
\$3,001 to \$5,500.....	10	Up to \$1,500.....	12
Apr. 1 to June 30, 1920:		\$1,501 to \$3,000.....	9
Up to \$1,500.....	20	\$3,001 to \$5,500.....	6
\$1,501 to \$3,000.....	15	July 1 to Sept. 30, 1921:	
\$3,001 to \$6,000.....	10	Up to \$1,500.....	10
		\$1,501 to \$3,000.....	7
		\$3,001 to \$5,500.....	4

Principal asset and liability items at end of year.

	Total cash reserves.	Bills discounted.	Bills bought.	Total earning assets.
1915.....	\$32,812,000	\$539,000	\$804,000	\$6,546,000
1916.....	44,114,000	1,007,000	10,153,000	21,825,000
1917.....	127,249,000	42,896,000	21,112,000	103,554,000
1918.....	206,679,000	127,334,000	37,445,000	177,590,000
1919.....	191,342,000	164,517,000	48,607,000	237,551,000
1920.....	283,679,000	201,343,000	27,211,000	253,197,000
Index of growth 1915-1920 (1915=1).....	9	374	34	39

Principal asset and liability items at end of year—Continued.

	Capital and surplus.	Gross deposits.	Federal reserve notes in circulation.
1915.....	\$5,941,000	\$25,366,000	\$10,708,000
1916.....	6,022,000	75,442,000	10,272,000
1917.....	8,026,000	156,980,000	101,883,000
1918.....	10,849,000	173,951,000	251,782,000
1919.....	18,622,000	208,822,000	264,738,000
1920.....	31,008,000	209,916,000	348,951,000
Index of growth 1915-1920 (1915=1).....	5	8	33

Volume of business transacted during the year.

	Bills discounted.	Bills bought.	United States securities bought.	Total discount and open market operations.
1915.....	\$4,526,000	\$2,963,000	\$2,357,000	\$16,651,000
1916.....	6,793,000	27,542,000	8,403,000	53,398,000
1917.....	211,176,000	51,007,000	¹ 6,786,000	271,918,000
1918.....	1,396,118,000	122,800,000	257,547,000	1,766,465,000
1919.....	3,125,856,000	261,751,000	284,617,000	3,672,224,000
1920.....	2,895,670,000	294,602,000	878,589,000	4,068,861,000
Index of growth 1915-1920 (1915=1).....	640	99	373	244

	Federal reserve notes issued by agent.	Federal reserve notes redeemed by agent.	Currency received from member and other banks.	Currency paid out to member and other banks.
1915.....	² \$11,080,000	² \$80,000		
1916.....	3,480,000	3,648,000		
1917.....	100,100,000	5,262,000		
1918.....	190,220,000	29,370,000		
1919.....	163,565,000	146,283,000	\$383,296,000	\$362,123,000
1920.....	249,000,000	154,109,000	579,048,000	657,982,000
Index of growth 1915-1920 (1915=1).....	22	1,926		

	Number of checks cleared.	Amount of checks cleared.	Transactions through gold settlement fund.
1915.....			³ \$74,245,000
1916.....			629,229,000
1917.....	5,901,000	³ \$3,932,057,000	4,359,064,000
1918.....	14,008,000	9,422,430,000	8,794,203,000
1919.....	29,789,000	12,456,799,000	11,555,908,000
1920.....	43,213,000	15,517,119,000	17,700,473,000
Index of growth 1915-1920 (1915=1).....			238

¹ Exclusive of certificates of indebtedness.² Nov. 16, 1914, to Dec. 31, 1915.³ Represents daily average for the period May 20, 1915 (date of first settlement), to Dec. 31, 1915, multiplied by 365.

Expenses of the Federal Reserve Bank of Cleveland.

	Nov. 16 to Dec. 31, 1914.	1915	1916	1917	1918	1919	1920
Expenses of operation:							
Salaries—							
Bank officers	\$3,750	\$30,083	\$39,767	\$50,241	\$81,307	\$99,815	\$143,171
Clerical staff	4,443	36,089	39,044	84,811	237,579	494,639	872,339
Special officers and watchmen	917	1,133	716	4,357	16,901	17,444	35,149
All other	200		176	2,769	9,049	71,687	112,492
Federal advisory council, governors' and Federal reserve agents' confer- ences	325	1,404	2,660	1,071	1,117	1,789	1,384
Directors' meetings, legal fees, officers' and clerks' traveling expenses, life insurance and fidelity bond premiums	2,971	* 11,593	9,994	16,070	43,467	57,911	61,725
Assessments for Federal Reserve Board expenses		133,412	20,825	25,783	43,073	58,676	63,246
Taxes and fire insurance				204	1,939	533	3,183
Telephone and telegraph	337	1,084	1,313	2,598	12,169	21,529	35,656
Rent, light, heat, and power	538	6,398	7,243	19,720	40,016	57,462	84,093
Printing and stationery	172	1,375	12,246	13,334	46,566	46,952	120,652
All other, including postage and insurance on mail, security and currency shipments, repairs and alterations, etc.	* 17,361	6,990	10,370	42,795	124,557	147,841	259,901
Total expenses of op- eration	31,014	129,561	144,354	263,753	717,740	1,076,278	1,792,991
Federal reserve currency (orig- inal cost, including shipping charges)		9,014	3,738	91,256	182,092	168,867	334,679
Miscellaneous charges, account note issues			2,132	3,069	6,569	16,981	63,519
Taxes on Federal reserve bank note circulation						80,491	93,322
Furniture and equipment			8,097	45,986	85,784	53,414	141,008
Bank premises							45,166
Total expenses	31,014	138,575	158,321	404,064	992,185	1,396,031	2,470,685

¹ Total assessment for Federal Reserve Board expenses to Dec. 31, 1915.² Includes \$15,866 expenses prior to Nov. 16, 1914.*Current expenses of the Cincinnati branch of the Federal Reserve Bank of Cleveland.*

	1918 ¹	1919	1920
Salaries:			
Bank officers	\$10,533	\$13,303	\$15,931
Clerical staff	39,507	75,211	110,730
Special officers and watchmen	234	1,006	4,192
All other	467	6,883	12,162
Directors' meetings, legal fees, officers' and clerks' traveling expenses, life insurance and fidelity bond premiums	4,003	6,466	2,864
Taxes and fire insurance	53	118	234
Telephone and telegraph	1,838	2,337	6,611
Rent, light, heat, and power	4,902	6,955	9,106
Printing and stationery	9,152	8,066	17,064
Furniture and equipment	28,848	7,470	12,297
All other, including postage and insurance on mail, security and currency shipments, repairs and alterations, etc.	18,569	27,655	35,736
Total current expenses	118,106	155,470	226,927

¹ Branch opened for business Jan. 10, 1918.

Current expenses of the Pittsburgh branch of the Federal Reserve Bank of Cleveland.

	1918 ¹	1919	1920
Salaries:			
Bank officers.....	\$10,368	\$14,578	\$19,550
Clerical staff.....	46,824	91,288	168,171
Special officers and watchmen.....	1,835	3,715	11,216
All other.....	362	9,194	18,813
Director' meetings, legal fees, officers' and clerks' traveling expenses, life insurance and fidelity bond premiums.....	2,896	7,978	6,155
Taxes and fire insurance.....	245		724
Telephone and telegraph.....	1,336	2,634	6,966
Rent, light, heat, and power.....	7,539	10,097	2,149
Printing and stationery.....	11,940	10,217	23,173
Furniture and equipment.....	18,805	9,603	34,811
All other, including postage and insurance on mail, security and currency shipments, repairs and alterations, etc.....	19,485	40,428	65,849
Total current expenses.....	121,635	199,732	357,577

¹ Branch opened for business Apr. 22, 1918.

EXHIBIT D, PART 5.

FEDERAL RESERVE BANK OF RICHMOND.

Comparison of salaries paid to officers of the Federal reserve bank as of Oct. 1, 1921, with salaries paid to officers of three of the large national banks in Richmond as of Sept. 6, 1921.

	Annual salary.
Governor.....	\$18,000
Chairman and Federal reserve agent.....	15,000
Deputy governor.....	15,000
Do.....	10,000
Assistant to governor.....	7,500
Do.....	7,500
Assistant Federal reserve agent.....	7,000
Do.....	7,000
Cashier.....	7,500
Counsel.....	5,000
Auditor.....	5,000
Assistant cashier.....	4,500
Do.....	4,500
Do.....	4,500
Do.....	4,500
Assistant auditor.....	3,600
Manager, Baltimore branch.....	10,000
Cashier, Baltimore branch.....	5,400
Assistant cashier, Baltimore branch.....	4,500
Assistant Federal reserve agent, Baltimore branch.....	4,200
Assistant cashier, Baltimore branch.....	4,000
Do.....	3,600
Do.....	3,600
Assistant Federal reserve agent, Baltimore branch.....	3,000
Auditor, Baltimore branch.....	3,000
Total.....	167,400

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National banks in Richmond.

Position.	Annual salary.		
	Bank A.	Bank B.	Bank C.
Chairman.....	\$15,000		
President.....	20,000	\$15,000	\$25,000
Vice president.....	6,500	7,500	12,000
Do.....	6,500	6,500	8,000
Do.....	6,000	6,000	8,000
Do.....	600	3,000	5,500
Do.....		5,000	5,000
Other officers.....	11,400	15,000	26,100
Total.....	66,000	58,000	89,600

SUMMARY.

	Number of officers.	Annual salaries.	
		Total.	Average.
Federal reserve bank.....	25	\$167,400	\$6,696
Bank A.....	10	66,000	6,600
Bank B.....	10	58,000	5,800
Bank C.....	13	89,600	6,892

Index of growth in number of officers and employees, in their aggregate salaries, and in business of the bank.

[1915=1.]

Year.	Personnel.				Assets and liabilities.		Volume of business.	
	Officers.		Officers and employees.		Earning assets.	Federal reserve note circulation.	Discount and open market operations.	Gold settlement fund.
	Number.	Salaries.	Number.	Salaries.				
1915.....	1	1	1	1	1	1	1	1
1916.....	1	1	2	1	1	1	1	4
1917.....	2	1	4	2	6	4	10	11
1918.....	2	2	8	5	13	9	50	19
1919.....	3	3	13	9	17	10	93	43
1920.....	5	5	22	16	17	10	77	60

Number of officers and employees.

	Dec. 31—						July 1, 1921.
	1915	1916	1917	1918	1919	1920	
Officers:							
Chairman and Federal reserve agent.....	1	1	1	1	1	1	1
Governor.....	1	1	1	1	1	1	1
Deputy governor.....	1	1	1	1	2	2	2
Other officers.....	1	1	3	5	9	14	16
Total officers.....	4	4	6	8	13	18	20
Employees:							
Banking department.....	10	11	18	63	82	146	169
Bookkeeping department.....	3	5	6	12	13	30	30
Transit department.....	7	36	43	79	157	276	292
Federal reserve agent's department.....	1	1	2	4	9	15	33
Auditing department.....						24	23
Fiscal agency department.....			20	40	54	71	48
General.....	5	6	14	48	73	87	115
Total employees.....	26	59	103	246	388	649	710
Total officers and employees.....	30	63	109	254	401	667	730
Average number of employees per officer.....	6	15	17	31	30	36	36

Salaries of officers and employees.

	Dec. 31.						July 1, 1921.
	1915	1916	1917	1918	1919	1920	
Officers:							
Chairman and Federal reserve agent.....	\$10,000	\$10,000	\$10,000	\$10,000	\$12,000	\$15,000	\$15,000
Governor.....	10,000	12,000	15,000	15,000	18,000	18,000	18,000
Deputy governor.....	4,000	5,000	6,000	7,500	17,000	24,000	125,000
Other officers.....	3,500	3,500	8,500	14,000	33,800	69,250	85,200
Total (bonus excluded)...	27,500	30,500	39,500	46,500	80,800	126,250	143,200
Employees:							
Banking department.....	12,742	13,956	22,880	76,953	93,410	185,900	221,760
Bookkeeping department...	4,748	5,520	4,980	9,640	14,540	37,410	38,160
Transit department.....	2,278	11,599	21,954	59,485	125,228	266,848	288,090
Federal reserve agent's department.....	945	916	2,400	7,202	19,900	38,960	52,640
Auditing department.....						46,050	43,770
Fiscal agency department.....			21,024	54,930	63,330	85,728	60,440
General.....	6,439	8,819	8,540	36,810	83,560	110,932	140,900
Total (bonus excluded)...	27,152	40,810	81,778	245,020	399,968	771,726	875,760
Total officers and employees.....	54,652	71,310	121,328	291,520	480,768	897,976	1,018,960
Average salary payable to—							
All officers.....	6,875	7,625	6,592	5,812	6,215	7,014	7,160
Officers other than chairman and Federal reserve agent, governor, and deputy governor.....	3,500	3,500	2,850	2,800	3,756	4,946	5,325
Employees.....	1,044	691	794	996	1,030	1,190	1,233

¹ Two deputy governors.

Extra compensation paid by the Federal Reserve Bank of Richmond for the years 1917-1921.

[Salaries shown are annual salaries. Per cent of extra compensation based on actual salary received during period.]

Jan. 1 to Dec. 31, 1917:	Per cent.	Jan. 1 to June 30, 1920:	Per cent.
Less than \$1,500.....	15	Less than \$1,500.....	25
\$1,500 to \$3,600.....	10	\$1,501 to \$3,000.....	20
Jan. 1 to Dec. 31, 1918:		\$3,001 to \$7,500.....	15
Less than \$1,500.....	15	July 1 to Dec. 31, 1920: ¹	
\$1,500 to \$5,000.....	10	On the first \$1,500 or part thereof.	25
Jan. 1 to Dec. 31, 1919:		On the next \$500 or part thereof.	20
Up to \$1,500.....	25	On the next \$500 or part thereof.	15
\$1,501 to \$3,000.....	20	On the next \$500 or part thereof.	10
\$3,001 to \$7,500.....	15		

Principal asset and liability items at end of year.

	Total cash reserves.	Bills discounted.	Bills bought.	Total earning assets.
1915.....	\$25,049,000	\$7,507,000	\$150,000	\$7,739,000
1916.....	41,198,000	2,890,000	4,334,000	10,537,000
1917.....	62,506,000	29,657,000	13,156,000	46,018,000
1918.....	85,399,000	86,242,000	5,465,000	97,725,000
1919.....	81,442,000	105,002,000	16,405,000	134,902,000
1920.....	87,152,000	115,473,000	5,048,000	134,017,000
Index of growth 1915-1920 (1915=1)....	3	15	34	17

¹This payment to apply to officers and employees receiving up to \$5,000 per annum. No extra compensation to apply on that portion of salaries in excess of \$3,000. Extra compensation not paid to war loan organization.

Principal asset and liability items at end of year—Continued.

	Capital and surplus.	Gross deposits.	Federal Reserve notes in circulation.
1915.....	\$3,354,000	\$16,830,000	\$14,816,000
1916.....	3,346,000	44,833,000	19,293,000
1917.....	3,780,000	66,781,000	56,564,000
1918.....	5,218,000	99,972,000	137,478,000
1919.....	10,213,000	144,490,000	145,765,000
1920.....	15,830,000	100,474,000	155,169,000
Index of growth 1915-1920 (1915=1).....	5	6	10

Volume of business transacted during the year.

	Bills discounted.	Bills bought.	United States securities bought.	Total discount and open market operations.
1915.....	\$44,891,000	\$250,000	.....	\$45,262,000
1916.....	34,377,000	11,313,000	\$4,335,000	50,555,000
1917.....	401,221,000	53,098,000	¹ 1,593,000	456,027,000
1918.....	2,159,845,000	70,766,000	32,723,000	2,263,334,000
1919.....	4,130,943,000	52,977,000	40,441,000	4,224,361,000
1920.....	3,346,322,000	51,712,000	84,002,000	3,482,036,000
Index of growth 1915-1920 (1915=1).....	75	207	.....	77

	Federal reserve notes issued by agent.	Federal reserve notes redeemed by agent.	Currency received from member and other banks.	Currency paid out to member and other banks.
1915.....	² \$16,680,000	² \$1,050,000	.....	.....
1916.....	14,336,000	9,535,000	.....	.....
1917.....	51,770,000	11,430,000	.....	.....
1918.....	125,365,000	35,138,000	.....	.....
1919.....	162,777,000	162,070,000	\$169,276,000	\$177,321,000
1920.....	179,004,000	169,675,000	194,500,000	243,979,000
Index of growth 1915-1920 (1915=1).....	11	162	.....	.....

	Number of checks cleared.	Amount of checks cleared.	Transactions through gold settlement fund.
1915.....	.....	.....	³ \$269,636,000
1916.....	.....	.....	1,027,139,000
1917.....	5,688,000	\$3,403,950,000	2,968,062,000
1918.....	11,519,000	6,983,383,000	5,069,655,000
1919.....	20,934,000	9,304,180,000	13,032,545,000
1920.....	33,732,000	11,505,945,000	16,157,994,000
Index of growth 1915-1920 (1915=1).....	.....	.....	60

¹ Exclusive of certificates of indebtedness.

² Nov. 16, 1914, to Dec. 31, 1915.

³ Represents daily average for the period May 20, 1915 (date of first settlement), to Dec. 31, 1915, multiplied by 365.

Expenses of the Federal Reserve Bank of Richmond.

	Nov. 16 to Dec. 31, 1914.	1915	1916	1917	1918	1919	1920
Expenses of operation:							
Salaries—							
Bank officers	\$4,783	\$25,978	\$31,428	\$36,200	\$48,455	\$74,796	\$105,945
Clerical staff	2,592	24,736	38,388	64,557	173,118	326,746	617,525
Special officers and watchmen	20	1,026	648	700	4,868	7,497	15,066
All other	181	1,389	1,774	1,882	5,008	16,283	34,749
Federal advisory council, governors' and Federal reserve agents' confer- ences	75	1,140	1,916	701	681	1,033	1,072
Directors' meetings, legal fees, officers' and clerks' traveling expenses, life in- surance, and fidelity bond premiums	2,567	10,349	11,578	9,427	17,819	25,196	49,368
Assessments for Federal Reserve Board expenses		¹ 18,266	11,743	14,256	19,814	29,535	34,555
Taxes and fire insurance				2,629	1,823	11,452	9,699
Telephone and telegraph	114	577	617	1,343	5,070	12,479	31,019
Rent, light, heat, and power	964	6,495	7,300	8,574	11,854	13,034	17,599
Printing and stationery	312	4,039	6,852	11,994	36,516	39,083	84,345
All other, including post- age and insurance on mail, security and cur- rency shipments, repairs and alterations, etc.	² 13,195	9,080	12,525	37,330	83,241	124,976	143,552
Total expenses of operation	24,803	103,075	124,769	189,593	408,267	682,110	1,144,494
Federal reserve currency (orig- inal cost including shipping charges)		14,398	18,248	58,903	118,822	119,347	170,101
Miscellaneous charges, account note issues				3,626	6,700	28,582	45,749
Taxes on Federal reserve bank note circulation						32,468	52,605
Furniture and equipment		2,349	4,514	28,414	91,786	49,420	108,126
Bank premises					18,245		
Total expenses	24,803	119,822	147,531	280,536	643,820	911,927	1,516,075

¹ Total assessment for Federal Reserve Board expenses to Dec. 31, 1915.² Includes \$12,012 expenses prior to Nov. 16, 1914.*Current expenses of the Baltimore branch of the Federal Reserve Bank of Richmond.*

	1918 ¹	1919	1920
Salaries:			
Bank officers	\$6,659	\$13,490	\$21,770
Clerical staff	41,830	90,833	173,606
Special officers and watchmen	2,891	5,742	10,122
All other	1,655	4,121	5,538
Directors' meetings, legal fees, officers' and clerks' traveling expenses, life insurance and fidelity bond premiums	3,210	5,511	5,645
Taxes and fire insurance	94	10,098	6,878
Telephone and telegraph	1,051	1,331	4,948
Rent, light, heat, and power	1,607	2,788	3,378
Printing and stationery	8,649	12,202	22,316
Furniture and equipment	27,181	21,473	34,129
All other, including postage and insurance on mail, security and currency shipments, repairs and alterations, etc.	21,876	29,547	35,910
Total current expenses	116,703	197,135	324,260

¹ Branch opened for business Mar. 1, 1913.

EXHIBIT D, PART 6.

FEDERAL RESERVE BANK OF ATLANTA.

Comparison of salaries paid to officers of the Federal reserve bank as of Oct. 1, 1921, with salaries paid to officers of three of the large national banks in Atlanta as of Sept. 6, 1921.

	Annual salary.
Governor.....	\$18,000
Chairman and Federal reserve agent.....	12,000
Deputy governor.....	12,000
Do.....	7,500
Cashier.....	6,900
Secretary.....	6,900
General auditor.....	6,000
Assistant Federal reserve agent.....	6,000
Assistant cashier.....	5,000
Assistant Federal reserve agent.....	4,500
Assistant cashier.....	4,200
Do.....	4,200
Do.....	4,200
Do.....	4,000
Manager, Birmingham branch.....	6,000
Cashier, Birmingham branch.....	4,200
Assistant Federal reserve agent and auditor, Birmingham branch.....	2,700
Manager, Jacksonville branch.....	5,500
Cashier, Jacksonville branch.....	3,600
Assistant Federal reserve agent and auditor, Jacksonville branch.....	2,700
Manager, Nashville branch.....	4,800
Cashier, Nashville branch.....	3,200
Assistant Federal reserve agent and auditor, Nashville branch.....	2,700
Manager, New Orleans branch.....	11,000
Assistant manager, New Orleans branch.....	5,000
Cashier, New Orleans branch.....	4,500
Assistant cashier, New Orleans branch.....	4,000
Do.....	3,000
Assistant Federal reserve agent and auditor, New Orleans branch.....	4,000
Manager, Savannah agency.....	4,000
Assistant manager, Savannah agency.....	3,700
Total.....	176,000

National banks in Atlanta.

Position.	Annual salary.		
	Bank A.	Bank B.	Bank C.
Chairman.....	\$17,500		
President.....	17,500	\$20,000	\$15,000
Vice president.....	14,500	18,000	12,500
Do.....	10,000	15,000	6,300
Do.....	7,500	6,250	
Other officers.....	28,900	39,550	29,820
Total.....	95,900	98,800	63,620

SUMMARY.

	Number of officers.	Annual salaries.	
		Total.	Average.
Federal reserve bank.....	31	\$176,000	\$5,677
Bank A.....	12	95,900	7,992
Bank B.....	10	98,800	9,880
Bank C.....	11	63,620	5,784

Index of growth in number of officers and employees, in their aggregate salaries, and in business of the bank.

[1915=1.]

Year.	Personnel.				Assets and liabilities.		Volume of business.	
	Officers.		Officers and employees.		Earning assets.	Federal reserve note circulation.	Discount and open-market operations.	Gold settlement fund.
	Number.	Salaries.	Number.	Salaries.				
1915.....	1	1	1	1	1	1	1	1
1916.....	1	1	2	1	1	1	1	3
1917.....	1	1	3	3	3	4	4	10
1918.....	3	2	8	6	12	7	29	21
1919.....	3	3	9	8	15	9	60	29
1920.....	4	4	11	9	18	10	66	41

Number of officers and employees.

	Dec. 31—						July 1, 1921.
	1915	1916	1917	1918	1919	1920	
Officers:							
Chairman and Federal reserve agent.....	1	1	1	1	1	1	1
Governor.....	1	1	1	1	1	1	1
Deputy governor.....							2
Other officers.....	4	4	3	14	17	20	18
Total officers.....	6	6	5	16	20	23	22
Employees:							
Banking department.....	23	21	35	85	98	112	149
Bookkeeping department.....	3	5	6	15	32	44	47
Transit department.....	2	24	28	68	109	104	102
Federal reserve agent's department.....	2	3	3	5	10	17	16
Auditing department.....							25
Fiscal agency department.....			51	93	71	60	72
General.....	5	6	4	35	46	64	89
Total employees.....	35	59	127	301	366	423	500
Total officers and employees.....	41	65	132	317	396	446	522
Average number of employees per officer.....	6	10	25	19	18	18	23

Salaries of officers and employees.

	Dec. 31—						July 1, 1921.
	1915	1916	1917	1918	1919	1920	
Officers:							
Chairman and Federal reserve agent.....	\$7,500	\$9,000	\$10,000	\$10,000	\$10,000	\$12,000	\$12,000
Governor.....	9,000	9,000	10,000	10,000	15,000	18,000	18,000
Deputy governor.....					7,500	10,000	19,500
Other officers.....	13,100	12,060	11,380	53,400	69,100	84,800	78,800
Total (bonus excluded)...	29,600	30,060	31,380	73,400	101,600	124,800	128,300
Employees:							
Banking department.....	23,928	21,828	37,660	92,770	113,850	125,568	195,370
Bookkeeping department.....	3,600	5,100	6,480	17,100	33,000	45,600	57,420
Transit department.....	1,260	15,900	20,180	53,790	98,400	106,010	111,530

12 deputy governors.

Salaries of officers and employees—Continued.

	Dec. 31--						July 1, 1921.
	1915	1916	1917	1918	1919	1920	
Employees—Continued.							
Federal reserve agent's department.....	\$3,200	\$4,380	\$5,220	\$9,180	\$21,250	\$30,277	\$39,120
Auditing department.....						34,080	44,860
Fiscal agency department.....			61,010	102,240	82,980	79,820	100,700
General.....	3,180	4,080	3,120	25,598	36,288	64,568	91,996
Total (bonus excluded)...	35,168	51,288	133,700	300,678	385,768	485,923	640,996
Total officers and employees.....	64,768	81,348	165,080	374,078	487,368	610,723	769,296
Average salary payable to:							
All officers.....	4,933	5,010	6,276	4,587	5,090	5,426	5,832
Officers other than chairman and Federal reserve agent, governor, and deputy governors.....	3,275	3,015	3,793	3,814	4,065	4,240	4,378
Employees.....	1,005	869	1,053	998	1,054	1,149	1,281

Extra compensation paid by the Federal Reserve Bank of Atlanta for the years 1918-1921.

[Salaries shown are annual salaries. Per cent of extra compensation based on actual salary received during period.]

Jan. 1 to Dec. 31, 1918:	Per cent.	July 1 to Dec. 31, 1920:	Per cent.
Up to \$1,500.....	20	Up to \$1,500.....	25
\$1,501 to \$3,000.....	15	\$1,501 to \$3,000.....	20
\$3,001 to \$5,000.....	10	\$3,001 to \$6,000.....	15
Jan. 1 to Dec. 31, 1919:		Jan. 1 to June 30, 1921:	
Up to \$1,500.....	25	Up to \$1,500.....	10
\$1,501 to \$3,000.....	20	\$1,501 to \$3,000.....	8
\$3,001 to \$5,000.....	15	\$3,001 to \$6,000.....	6
Jan. 1 to June 30, 1920:			
Up to \$1,500.....	25		
\$1,501 to \$3,000.....	20		
\$3,001 to \$6,000.....	15		

Principal asset and liability items at end of year.

	Total cash reserves.	Bills discounted.	Bills bought.	Total earning assets.
1915.....	\$23,282,000	\$8,131,000	\$72,000	\$8,533,000
1916.....	34,786,000	2,964,000	4,448,000	10,348,000
1917.....	72,010,000	15,028,000	6,497,000	25,697,000
1918.....	63,839,000	84,035,000	12,515,000	103,189,000
1919.....	104,908,000	93,052,000	16,639,000	125,736,000
1920.....	89,340,000	132,600,000	3,571,000	152,961,000
Index of growth, 1915-1920 (1915=1)....	4	16	50	18
	Capital and surplus.	Gross deposits.	Federal reserve notes in circulation.	
1915.....	\$2,422,000	\$13,702,000	\$17,656,000	
1916.....	2,450,000	31,509,000	24,269,000	
1917.....	2,853,000	51,776,000	64,915,000	
1918.....	3,966,000	72,586,000	120,672,000	
1919.....	8,123,000	101,005,000	155,511,000	
1920.....	12,396,000	73,551,000	173,406,000	
Index of growth, 1915-1920 (1915=1).....	5	5	10	

Volume of business transacted during the year.

	Bills dis- counted.	Bills bought.	United States securities bought.	Total discount and open- market opera- tions.
1915.....	\$34,209,000	\$72,000	.....	\$34,611,000
1916.....	22,324,000	12,544,000	\$2,596,000	37,834,000
1917.....	95,115,000	25,387,000	18,275,000	129,193,000
1918.....	930,130,000	45,478,000	40,238,000	1,016,113,000
1919.....	2,095,778,000	51,661,000	28,823,000	2,086,263,000
1920.....	2,231,946,000	39,577,000	18,897,000	2,290,420,000
Index of growth 1915-1920 (1915=1).....	65	550	.....	66

	Federal reserve notes issued by agent.	Federal reserve notes redeemed by agent.	Currency received from member and other banks.	Currency paid out to member and other banks.
1915.....	\$21,226,000	\$2,276,000	.....	.....
1916.....	17,705,000	10,736,000	.....	.....
1917.....	54,893,000	13,945,000	.....	.....
1918.....	117,510,000	60,757,000	.....	.....
1919.....	183,598,000	147,110,000	\$219,365,000	\$175,453,000
1920.....	196,035,000	176,383,000	335,485,000	288,976,000
Index of growth 1915-1920 (1915=1).....	9	77	.....	.....

	Number of checks cleared.	Amount of checks cleared.	Transactions through gold settlement fund.
1915.....	.....	.....	\$153,964,000
1916.....	.....	.....	433,980,000
1917.....	4,031,000	\$1,636,315,000	1,585,108,000
1918.....	7,449,000	3,588,293,000	3,292,553,000
1919.....	14,256,666	5,487,105,000	4,418,973,000
1920.....	17,884,000	6,131,660,000	6,322,511,000
Index of growth 1915-1920 (1915=1).....	.....	.....	41

¹ Exclusive of certificates of indebtedness.

² Nov. 16, 1914, to Dec. 31, 1915.

³ Represents daily average for the period May 20, 1915 (date of first settlement), to Dec. 31, 1915, multiplied by 365.

Expenses of the Federal Reserve Bank of Atlanta.

	Nov. 16 to Dec. 31, 1914.	1915	1916	1917	1918	1919	1920
Expenses of operation:							
Salaries—							
Bank officers.....	\$2,663	\$26,444	\$31,867	\$36,940	\$70,643	\$116,952	\$156,996
Clerical staff.....	1,872	24,674	39,738	58,172	124,938	289,855	433,196
Special officers and watchmen.....	170	2,484	3,258	3,424	5,290	10,037	15,631
All other.....	.....	.....	.....	.....	3,060	12,934	24,502
Federal advisory council, governors' and Federal reserve agents' confer- ences.....	63	1,522	1,637	779	667	1,178	1,771
Directors' meetings, legal fees, officers' and clerks' traveling expenses, life insurance, and fidelity bond premiums.....	948	15,641	11,517	11,083	16,075	32,612	57,310
Assessments for Federal Reserve Board expenses.....	.....	13,174	8,547	10,154	15,369	22,391	27,882
Taxes and fire insurance.....	.....	.....	.....	1,211	3,276	8,268	10,774
Telephone and telegraph.....	67	795	935	1,429	5,796	27,314	54,335

¹ Total assessment for Federal Reserve Board expenses to Dec. 31, 1915.

EXPENSES OF FEDERAL RESERVE BANKS.

Expenses of the Federal Reserve Bank of Atlanta—Continued.

	Nov. 16 to Dec. 31, 1914.	1915	1916	1917	1918	1919	1920
Expenses of operation—Contd.							
Rent, light, heat, and power.....	\$813	\$7,943	\$13,005	\$15,226	\$19,484	\$17,907	\$25,528
Printing and stationery.....	74	4,729	5,473	9,357	23,782	46,294	80,240
All other, including postage and insurance on mail, se- curity and currency ship- ments, repairs and altera- tions, etc.....	* 15,709	7,252	17,627	38,471	90,553	137,341	158,444
Total expenses of operation.....	22,379	104,658	133,604	186,246	378,923	723,083	1,046,609
Federal Reserve currency (origi- nal cost, including shipping charges).....		24,574	12,167	69,128	149,390	148,735	126,009
Miscellaneous charges, account note issues.....					9,314	11,536	72,808
Taxes on Federal Reserve bank note circulation.....						41,561	63,958
Furniture and equipment.....		2,317	4,442	18,923	89,846	46,844	76,057
Bank premises.....						458	
Total expenses.....	22,379	131,549	150,213	274,297	627,473	972,217	1,385,441

* Includes \$15,255, expenses prior to Nov. 16, 1914.

Current expenses of the Jacksonville branch of the Federal Reserve Bank of Atlanta.

	1918 ¹	1919	1920
Salaries:			
Bank officers.....	\$5,545	\$10,920	\$13,369
Clerical staff.....	6,270	19,963	32,760
Special officers and watchmen.....	57	304	1,200
All other.....	33	203	2,423
Directors' meetings, legal fees, officers' and clerks' traveling expenses, life insurance and fidelity bond premiums.....	834	2,411	1,606
Taxes and fire insurance.....	24		22
Telephone and telegraph.....	261	4,162	7,989
Rent, light, heat, and power.....	1,039	4,831	6,431
Printing and stationery.....	2,588	3,239	6,254
Furniture and equipment.....	5,300	895	5,686
All other, including postage and insurance on mail, security and currency shipments, repairs and alterations, etc.....	4,482	12,852	18,199
Total current expenses.....	26,423	59,780	95,939

¹ Branch opened for business Aug. 5, 1918.*Current expenses of the Nashville branch of the Federal Reserve Bank of Atlanta.*

	1919 ¹	1920
Salaries:		
Bank officers.....	\$2,500	\$11,267
Clerical staff.....	5,297	30,986
Special officers and watchmen.....	47	376
All other.....	687	431
Directors' meetings, legal fees, officers' and clerks' traveling expenses, life insurance and fidelity bond premium.....	1,690	1,405
Taxes and fire insurance.....	110	
Telephone and telegraph.....	567	7,119
Rent, light, heat, and power.....	467	3,217
Printing and stationery.....	5,269	6,496
Furniture and equipment.....	5,658	6,485
All other, including postage and insurance on mail, security and currency shipments, repairs and alterations, etc.....	3,347	14,682
Total current expenses.....	25,639	82,464

¹ Branch opened for business Oct. 21, 1919.

Current expenses of the New Orleans branch of the Federal Reserve Bank of Atlanta.

	1915 ¹	1916	1917	1918	1919	1920
Salaries:						
Bank officers.....	\$2,139	\$7,108	\$10,566	\$20,426	\$26,530	\$28,439
Clerical staff.....	2,572	7,237	9,630	20,072	46,807	66,956
Special officers and watchmen.....	434	1,411	1,476	1,845	3,069	4,759
All other.....				687	1,823	3,685
Directors' meetings, legal fees, officers' and clerks' traveling expenses, life insurance, and fidelity bond premiums.....	1,365	1,349	2,118	4,190	5,741	9,064
Taxes and fire insurance.....				598	4,532	4,738
Telephone and telegraph.....	97	396	449	1,219	4,078	8,238
Rent, light, heat, and power.....	953	3,093	3,171	3,746	4,721	5,994
Printing and stationery.....	732	547	1,184	6,138	9,468	16,283
Furniture and equipment.....	2,279	1,947	2,524		7,748	10,726
Bank premises.....					116	
All other, including postage and insurance on mail, security and currency shipments, repairs and alterations, etc.....	712	3,122	6,001	17,508	21,833	31,705
Total current expenses.....	11,283	26,210	37,119	76,429	136,466	190,587

¹ Branch opened for business Sept. 10, 1915.*Current expenses of the Birmingham branch of the Federal Reserve Bank of Atlanta.*

	1918 ¹	1919	1920
Salaries:			
Bank officers.....	\$5,350	\$11,698	\$13,878
Clerical staff.....	5,913	16,320	23,155
Special officers and watchmen.....	300	1,165	1,041
All other.....		418	1,886
Directors' meetings, legal fees, officers' and clerks' traveling expenses, life insurance, and fidelity bond premiums.....	612	1,155	630
Telephone and telegraph.....	400	3,328	6,344
Rent, light, heat, and power.....	2,400	5,295	6,657
Printing and stationery.....	1,894	2,405	3,386
Furniture and equipment.....	682	2,846	3,003
All other—including postage and insurance on mail, security and currency shipments, repairs and alterations, etc.....	4,316	10,728	16,310
Total current expenses.....	21,867	55,358	76,290

¹ Branch opened for business Aug. 1, 1918.*Current expenses of the Savannah agency of the Federal Reserve Bank of Atlanta.*

	1919 ¹	1920
Salaries:		
Bank officers.....	\$4,510	\$6,908
Clerical staff.....	247	457
All other.....	638	1,100
Directors' meetings, legal fees, officers' and clerks' traveling expenses, life insurance and fidelity bond premiums.....	839	1,232
Telephone and telegraph.....	647	758
Rent, light, heat, and power.....	54	2
Printing and stationery.....	556	328
Furniture and equipment.....	768	683
All other, including postage and insurance on mail, security and currency shipments, repairs and alterations, etc.....	1,765	975
Total current expenses.....	10,024	12,443

¹ Agency opened for business Feb. 4, 1919.

EXHIBIT D, PART 7.

FEDERAL RESERVE BANK OF CHICAGO.

Comparison of salaries paid to officers of the Federal reserve bank as of Oct. 1, 1921; with salaries paid to officers of three of the large national banks in Chicago as of Sept. 6, 1921.

	Annual salary
Governor.....	\$35,000
Chairman and Federal reserve agent.....	24,000
Deputy Governor.....	20,000
Do.....	18,000
Do.....	13,800
Controller, loans and credits.....	10,000
Assistant Federal reserve agent and secretary.....	10,000
Assistant Federal reserve agent.....	9,000
Counsel.....	8,000
Auditor.....	7,000
Controller, fiscal agency.....	7,000
Controller, investments.....	6,500
Controller, collections.....	6,500
Controller, cash and custodies.....	6,500
Controller, accounting.....	6,500
Controller, administration.....	6,500
Controller, member bank accounts.....	6,500
Manager, bank relations department.....	6,000
Manager, loans (Illinois and Indiana).....	5,500
Manager, securities department.....	5,500
Manager, cash department.....	5,500
Manager, Government bond department.....	5,500
Manager, personnel department.....	5,500
Manager, statistical department.....	5,500
Assistant auditor.....	5,000
Manager, service department.....	5,000
Manager, disbursing department.....	5,000
Manager, cash custody department.....	5,000
Manager, credit department.....	5,000
Manager, loans (Michigan and Wisconsin).....	4,500
Manager, member bank accounts.....	4,500
Manager, accounting department.....	4,500
Manager, investment department.....	4,000
Manager, collection department.....	4,000
Manager, planning department.....	4,000
Manager, Detroit branch.....	11,000
Cashier, Detroit branch.....	6,000
Assistant cashier, Detroit branch.....	5,500
Assistant Federal reserve agent, Detroit branch.....	5,500
Assistant cashier, Detroit branch.....	4,500
Acting assistant Federal reserve agent, Detroit branch.....	3,000
Total.....	325,800

National banks in Chicago.

Position.	Annual salary.		
	Bank A.	Bank B.	Bank C.
Chairman.....		\$75,000	\$60,000
President.....	\$38,000	50,000	8,333
Vice president.....	25,000	37,500	20,000
Do.....	20,000	37,500	18,000
Do.....	18,000	37,500	18,000
Do.....	15,000	28,000	14,000
Do.....	12,000	28,000	12,000
Do.....	9,000	18,000	
Do.....	9,000	18,000	

National banks in Chicago—Continued.

Position.	Annual salary.		
	Bank A.	Bank B.	Bank C.
Vice President—Continued.			
Do.....	\$9,000	\$15,000	.....
Do.....	8,000	12,000	.....
Do.....	7,500	9,000	.....
Do.....	6,000	.....	.....
Other officers.....	34,500	65,000	\$38,500
Total.....	209,000	420,500	188,833

SUMMARY.

	Number of officers.	Annual salaries.	
		Total.	Average.
Federal reserve bank.....	41	\$325,800	\$7,946
Bank A.....	19	209,000	11,000
Bank B.....	22	420,500	19,114
Bank C.....	12	188,833	15,736

Index of growth in number of officers and employees, in their aggregate salaries, and in business of the bank.

[1915=1.]

Year.	Personnel.				Assets and liabilities.		Volume of business.	
	Officers.		Officers and employees.		Earning assets.	Federal reserve note circulation.	Discount and open market operations.	Gold-settlement fund.
	Number.	Salaries.	Number.	Salaries.				
1915.....	1	1	1	1	1	1	1	1
1916.....	1	1	2	2	2	2	3	3
1917.....	2	2	7	5	11	67	23	15
1918.....	5	3	16	10	21	160	132	27
1919.....	7	4	24	15	37	186	213	39
1920.....	9	5	35	25	47	203	281	45

Number of officers and employees.

	Dec. 31—						July 1, 1921.
	1915	1916	1917	1918	1919	1920	
Officers:							
Chairman and Federal reserve agent.....	1	1	1	1	1	1	1
Governor.....	1	1	1	1	1	1	1
Deputy governor.....	1	1	1	1	1	2	3
Other officers.....	1	2	6	17	24	32	39
Total officers.....	4	5	9	20	27	36	44
Employees:							
Banking department.....	18	33	36	155	274	370	455
Bookkeeping department.....	4	9	10	24	31	40	72
Transit department.....	9	40	61	124	299	458	444
Federal reserve agent's department.....	2	2	5	11	17	37	71
Auditing department.....	.....	.....	.....	.....	27	32	34
Fiscal agency department.....	.....	.....	166	292	277	300	257
General.....	13	21	77	189	247	458	404
Total employees.....	46	105	355	795	1,172	1,695	1,737
Total officers and employees.....	50	110	364	815	1,199	1,731	1,781
Average number of employees per officer.....	12	21	39	40	44	47	39

EXPENSES OF FEDERAL RESERVE BANKS.

Salaries of officers and employees.

	Dec. 31—						July 1, 1921.
	1915	1916	1917	1918	1919	1920	
Officers:							
Chairman and Federal reserve agent.....	\$10,000	\$10,000	\$10,000	\$12,000	\$18,000	\$24,000	\$24,000
Governor.....	20,000	20,000	24,000	24,000	30,000	35,000	35,000
Deputy governor.....	10,000	10,000	11,000	12,000	15,000	¹ 26,000	² 51,800
Other officers.....	4,000	7,500	22,500	67,000	117,000	141,950	222,600
Total (bonus excluded)...	44,000	47,500	67,500	115,000	180,000	226,950	333,400
Employees:							
Banking department.....	21,426	31,880	47,880	180,910	352,782	561,180	673,400
Bookkeeping department...	4,100	8,700	9,520	25,100	38,580	54,620	105,480
Transit department.....	8,700	30,240	49,280	109,160	207,236	510,460	557,620
Federal reserve agents' department.....	7,200	7,800	13,800	17,120	33,460	72,560	138,450
Auditing department.....					34,900	48,080	58,280
Fiscal agency department...			215,930	354,370	365,538	432,200	388,880
General.....	11,134	20,985	61,130	183,800	274,091	541,400	522,820
Total (bonus excluded)...	52,560	99,605	397,540	870,460	1,306,587	2,220,500	2,444,930
Total officers and employees.....	96,560	147,105	465,040	985,460	1,486,587	2,447,450	2,778,330
Average salary payable to—							
All officers.....	11,000	9,500	7,500	5,750	6,666	6,304	7,577
Officers other than chairman and Federal reserve agent, governor, and deputy governors.....	4,000	3,750	3,750	3,941	4,875	4,436	5,708
Employees.....	1,142	949	1,120	1,094	1,115	1,310	1,468

¹ Two deputy governors.² Three deputy governors.*Extra compensation paid by the Federal Reserve Bank of Chicago for the years 1916-1921.*

[Salaries shown are annual salaries. Per cent of extra compensation based on actual salary received during period.]

Jan. 1 to Dec. 31, 1916:	Per cent.	Jan. 1 to Sept. 30, 1919:	Per cent.
Up to \$3,500.....	5	Up to \$1,500.....	20
Jan. 1 to Dec. 31, 1917:		\$1,501 to \$3,000.....	15
Up to \$6,000.....	10	\$3,001 to \$5,000.....	10
Jan. 1 to Dec. 31, 1918:		Jan. 1 to Dec. 31, 1920:	
Up to \$1,500.....	20	Up to \$1,500.....	20
\$1,501 to \$3,000.....	15	\$1,501 to \$3,000.....	15
\$3,001 to \$5,000.....	10	\$3,001 to \$6,500 ¹	10

Principal asset and liability items at end of year.

	Total cash reserves.	Bills discounted.	Bills bought.	Total earning assets.
1915.....	\$41,428,000	\$4,005,000	\$2,016,000	\$11,495,000
1916.....	61,563,000	4,438,000	10,337,000	26,478,000
1917.....	230,834,000	105,119,000	9,182,000	124,688,000
1918.....	423,574,000	164,090,000	62,880,000	247,091,000
1919.....	381,345,000	286,909,000	92,650,000	423,824,000
1920.....	311,520,000	475,583,000	25,741,000	545,406,000
Index of growth 1915-1920 (1915=1).....	8	119	13	47

¹ Only 1 officer received more than \$6,000, his compensation being at the rate of \$6,500 per annum.

Principal asset and liability items at end of year—Continued.

	Capital and surplus.	Gross deposits.	Federal reserve notes in circulation.
1915.....	\$6,645,000	\$55,067,000	\$2,685,000
1916.....	6,684,000	111,987,000	4,536,000
1917.....	9,308,000	201,245,000	180,628,000
1918.....	14,501,000	289,488,000	428,820,000
1919.....	26,639,000	369,130,000	500,139,000
1920.....	42,893,000	320,081,000	545,395,000
Index of growth 1915-1920 (1915=1).....	6	6	203

Volume of business transacted during the year.

	Bills dis- counted.	Bills bought.	United States securities bought.	Total discount and open market operations.
1915.....	\$9,239,000	\$5,782,000	\$4,026,000	\$26,731,000
1916.....	23,178,000	27,061,000	8,644,000	68,616,000
1917.....	521,872,000	61,143,000	141,379,000	626,558,000
1918.....	3,265,850,000	122,787,000	146,389,000	3,536,026,000
1919.....	4,556,312,000	292,012,000	848,524,000	5,696,848,000
1920.....	6,305,492,000	345,021,000	847,954,000	7,498,467,000
Index of growth 1915-1920 (1915=1).....	682	60	211	281

	Federal reserve notes issued by agent.	Federal reserve notes redeemed by agent.	Currency received from member and other banks.	Currency paid out to member and other banks.
1915.....	² \$5,140,000	³ \$760,000	.....	.....
1916.....	4,381,000	1,578,000	.....	.....
1917.....	188,600,000	4,994,000	.....	.....
1918.....	305,840,000	45,691,900	.....	.....
1919.....	324,320,000	239,799,000	\$648,102,000	\$614,188,000
1920.....	345,330,000	246,552,000	971,684,000	1,037,095,000
Index of growth 1915-1920 (1915=1).....	67	324	.....	.....

	Number of checks cleared.	Amount of checks cleared.	Transactions through gold settlement fund.
1915.....	.....	.....	³ \$526,575,000
1916.....	.....	.....	1,573,807,000
1917.....	7,532,000	\$5,363,610,000	7,661,187,000
1918.....	17,845,000	10,957,230,000	13,993,659,000
1919.....	37,592,000	14,125,543,000	20,733,397,000
1920.....	60,520,000	18,793,460,000	23,714,809,000
Index of growth 1915-1920 (1915=1).....	.....	.....	45

¹ Exclusive of certificates of indebtedness.² Nov. 16, 1914, to Dec. 31, 1915.³ Represents daily average for the period May 20, 1915 (date of first settlement), to Dec. 31, 1915, multiplied by 365.

Expenses of the Federal Reserve Bank of Chicago.

	Nov. 16 to Dec. 31, 1914.	1915	1916	1917	1918	1919	1920
Expenses of operation:							
Salaries—							
Bank officers.....	\$6,200	\$50,000	\$52,385	\$63,761	\$105,819	\$158,083	\$216,541
Clerical staff.....	5,027	42,225	65,311	120,907	405,610	881,142	1,672,550
Special officers and watchmen.....	414	4,777	5,846	10,289	32,550	64,752	94,494
All other.....	588	3,434	4,198	5,138	11,958	80,785	123,324
Federal advisory council, governors' and Federal reserve agents' confer- ences.....	414	2,004	2,022	1,502	1,468	1,423	2,079
Directors' meetings, legal fees, officers' and clerks' traveling expenses, life insurance and fidelity bond premiums.....	606	13,846	12,748	13,621	42,144	49,137	102,368
Assessments for Federal Reserve Board expenses.....		136,565	23,329	30,021	49,378	80,170	101,568
Taxes and fire insurance.....					513	253	4,535
Telephone and telegraph.....	62	1,793	1,780	3,087	19,092	34,009	83,158
Rent, light, heat, and power.....	2,894	26,470	28,830	30,925	57,977	105,564	163,950
Printing and stationery.....	2,849	7,507	9,964	24,159	75,877	101,466	219,420
All other, including postage and insurance on mail, security and currency shipments, repairs, and alterations, etc.....	\$20,929	11,651	25,683	75,519	274,238	296,514	477,514
Total expenses of operation.....	39,983	200,272	232,096	378,929	1,070,624	1,853,298	3,261,501
Federal reserve currency (origi- nal cost, including shipping charges).....		5,329	5,113	202,826	388,682	400,418	550,291
Miscellaneous charges, account note issues.....			522	2,314	13,004	62,558	102,672
Taxes on Federal reserve bank note circulation.....						133,970	174,252
Furniture and equipment.....		3,210	25,000	32,225	172,365	98,080	289,064
Bank premises.....							75,460
Total expenses.....	39,983	208,811	262,731	616,294	1,650,675	2,548,324	4,453,240

¹ Total assessment for Federal Reserve Board expenses to Dec. 31, 1915.² Includes \$16,641 expenses prior to Nov. 16, 1914.*Current expenses of the Detroit branch of the Federal Reserve Bank of Chicago.*

	1918 ¹	1919	1920
Salaries:			
Bank officers.....	\$11,250	\$18,750	\$26,966
Clerical staff.....	21,334	40,660	178,707
Special officers and watchmen.....	4,446	7,516	13,563
All other.....	1,089	5,804	14,807
Directors' meetings, legal fees, officers' and clerks' traveling expenses, life insurance and fidelity bond premiums.....	4,707	4,102	12,123
Taxes and fire insurance.....	231	190	1,375
Telephone and telegraph.....	2,427	3,819	14,666
Rent, light, heat, and power.....	6,610	9,153	14,718
Printing and stationery.....	2,278	3,882	26,767
Furniture and equipment.....		6,079	44,881
All other, including postage and insurance on mail, security and currency shipments, repairs and alterations, etc.....	44,987	24,585	58,849
Total current expenses.....	99,359	124,540	407,422

¹ Branch opened for business Mar. 18, 1918.

EXHIBIT D, PART 8.

FEDERAL RESERVE BANK OF ST. LOUIS.

Comparison of salaries paid to officers of the Federal reserve bank as of Oct. 1, 1921, with salaries paid to officers of three of the large national banks in St. Louis as of Sept. 6, 1921.

	Annual salary.
Governor.....	\$25,000
Chairman and Federal reserve agent.....	18,000
Deputy governor.....	12,000
Counsel and secretary.....	8,500
Cashier.....	7,000
Auditor.....	7,000
Assistant Federal reserve agent.....	7,000
Assistant cashier.....	6,000
Do.....	5,400
Do.....	4,500
Do.....	4,000
Do.....	3,750
Do.....	3,500
Manager Little Rock branch.....	6,000
Cashier Little Rock branch.....	4,000
Assistant cashier Little Rock branch.....	3,000
Manager Louisville branch.....	7,500
Cashier Louisville branch.....	5,000
Assistant cashier Louisville branch.....	2,750
Manager Memphis branch.....	7,500
Cashier Memphis branch.....	5,000
Assistant cashier Memphis branch.....	3,300
Total.....	155,700

National banks in St. Louis.

Position.	Annual salary.		
	Bank A.	Bank B.	Bank C.
President.....	\$50,000	\$45,000	\$25,000
Executive manager.....	40,000		
Do.....	35,000		
Vice president.....	25,000	20,000	15,000
Do.....	25,000	18,000	12,000
Do.....	18,000	16,500	7,500
Do.....	18,000	12,000	
Do.....	16,000	11,500	
Do.....	15,000	10,000	
Do.....	15,000	9,000	
Do.....	15,000		
Do.....	15,000		
Do.....	12,500		
Do.....	12,000		
Do.....	12,000		
Do.....	12,000		
Do.....	7,000		
Other officers.....	114,500	46,000	21,000
Total.....	457,000	198,000	80,500

SUMMARY.

	Number of officers.	Annual salaries.	
		Total.	Average.
Federal reserve bank.....	22	\$155,700	\$7,078
Bank A.....	37	457,000	12,351
Bank B.....	18	198,000	11,000
Bank C.....	8	80,500	10,063

Index of growth in number of officers and employees, in their aggregate salaries, and in business of the bank.

[1915=1.]

Year.	Personnel.				Assets and liabilities.		Volume of business.	
	Officers.		Officers and employees.		Earning assets.	Federal reserve note circulation.	Discount and open-market operations.	Gold settlement fund.
	Number.	Salaries.	Number.	Salaries.				
1915.....	1	1	1	1	1	1	1	1
1916.....	1	1	1	1	4	2	3	3
1917.....	3	2	5	3	14	7	18	10
1918.....	4	2	10	6	27	15	98	17
1919.....	4	2	14	8	41	18	194	30
1920.....	5	3	22	14	42	17	224	36

Number of officers and employees.

	Dec. 31—						July 1, 1921.
	1915	1916	1917	1918	1919	1920	
Officers:							
Chairman and Federal reserve agent.....	1	1	1	1	1	1	1
Governor.....	1	1	1	1	1	1	1
Deputy governor.....	1	1	1	1	1	1	1
Other officers.....	1	1	7	12	13	17	18
Total officers.....	4	4	10	15	16	20	21
Employees:							
Banking department.....	8	12	43	117	225	284	256
Bookkeeping department.....	5	6	7	11	23	54	59
Transit department.....	14	24	50	60	114	265	243
Federal reserve agent's department.....	3	3	2	5	8	10	11
Auditing department.....						30	21
Fiscal agency department.....			59	126	104	136	116
General.....	5	4	6	51	51	52	84
Total employees.....	35	49	167	370	525	831	790
Total officers and employees.....	39	53	177	385	541	861	811
Average number of employees per officer.....	9	12	17	25	33	42	38

Salaries of officers and employees.

	Dec. 31—						July 1, 1921.
	1915	1916	1917	1918	1919	1920	
Officers:							
Chairman and Federal reserve agent.....	\$10,000	\$10,000	\$10,000	\$10,000	\$15,000	\$16,000	\$18,000
Governor.....	20,000	20,000	20,000	20,000	20,000	20,000	25,000
Deputy governor.....	7,500	7,500	7,500	9,000	8,400	10,800	12,000
Other officers.....	6,000	6,000	28,000	46,500	57,900	83,400	93,700
Total (bonus excluded).....	43,500	43,500	65,500	85,500	101,300	130,200	148,700
Employees:							
Banking department.....	12,820	17,180	44,500	123,292	261,850	423,270	364,370
Bookkeeping department.....	6,200	6,260	5,900	12,000	25,650	67,420	87,960
Transit department.....	9,660	16,140	34,620	57,540	72,350	227,230	269,760
Federal reserve agents' department.....	5,900	5,900	3,340	7,920	10,950	25,980	31,060

Salaries of officers and employees—Continued.

	Dec. 31—						July 1, 1921.
	1915	1916	1917	1918	1919	1920	
Employees—Continued.							
Auditing department.....						\$48,560	\$36,180
Fiscal agency department.....			\$65,840	\$132,620	\$156,700	163,380	157,600
General.....	\$2,820	\$2,820	4,920	47,000	24,100	53,380	100,764
Total (bonus excluded).....	37,400	48,300	159,120	380,372	551,600	1,009,220	1,047,694
Total officers and employees.....	80,900	91,800	224,620	465,872	652,900	1,139,420	1,196,394
Average salary payable to—							
All officers.....	10,875	10,875	6,550	5,700	6,331	6,510	7,081
Officers other than Federal reserve agent and chairman, governor and deputy governors.....	6,000	6,000	4,000	3,875	4,454	4,906	5,206
Employees.....	1,068	985	953	1,028	1,051	1,214	1,326

Extra compensation paid by the Federal Reserve Bank of St. Louis for the years 1917-1921.

[Salaries shown are annual salaries. Per cent of extra compensation based on actual salary received during period.]

	Per cent.		Per cent.
Jan. 1 to Dec. 31, 1917:		Jan. 1 to Dec. 31, 1919:	
Up to \$1,500.....	15	Up to \$1,500.....	20
\$1,501 to \$6,000.....	10	\$1,501 to \$3,000.....	15
Jan. 1 to Dec. 31, 1918:		\$3,001 to \$5,000.....	10
Up to \$1,500.....	20	Jan. 1 to Dec. 31, 1920:	
\$1,501 to \$3,000.....	15	Up to \$1,500.....	20
\$3,001 to \$5,000.....	10	\$1,501 to \$3,000.....	15
		\$3,001 to \$5,000.....	10

Principal asset and liability items at end of year.

	Total cash reserves.	Bills discount- ed.	Bills bought.	Total earning assets.
1915.....	\$18,108,000	\$1,255,000	\$661,000	\$3,178,000
1916.....	28,730,000	1,301,000	7,037,000	12,008,000
1917.....	59,136,000	34,027,000	7,363,000	45,067,000
1918.....	89,257,000	70,703,000	7,293,000	85,717,000
1919.....	96,928,000	77,680,000	32,804,000	128,875,000
1920.....	88,876,000	114,932,000	1,200,000	133,308,000
Index of growth 1915-1920 (1915=1).....	5	92	2	42

	Capital and surplus.	Gross deposits.	Federal reserve notes in circulation.
1915.....	\$2,781,000	\$14,105,000	\$8,133,000
1916.....	2,800,000	45,855,000	16,459,000
1917.....	3,475,000	97,677,000	59,923,000
1918.....	4,601,000	103,251,000	120,037,000
1919.....	7,788,000	131,964,000	145,298,000
1920.....	12,711,000	104,269,000	135,785,000
Index of growth 1915-1920 (1915=1).....	5	7	17

Volume of business transacted during the year.

	Bills discounted.	Bills bought.	United States securities bought.	Total discount and open market operations.
1915.....	\$6,317,000	\$1,801,000	\$970,000	\$11,353,000
1916.....	8,843,000	20,681,000	2,419,000	35,562,000
1917.....	181,118,000	22,788,000	1,650,000	205,574,000
1918.....	1,085,137,000	26,096,000	6,568,000	1,117,801,000
1919.....	2,100,631,000	87,503,000	18,788,000	2,206,922,000
1920.....	2,438,041,000	36,019,000	74,488,000	2,548,548,000
Index of growth 1915-1920 (1915=1).....	386	20	77	224

	Federal reserve notes issued by agent.	Federal reserve notes redeemed by agent.	Currency received from member and other banks.	Currency paid out to member and other banks.
1915.....	\$89,197,000	\$247,000		
1916.....	11,811,000	3,871,000		
1917.....	55,260,000	10,287,000		
1918.....	102,605,000	35,348,000		
1919.....	134,025,000	98,426,000	\$288,738,000	\$205,447,000
1920.....	106,470,000	115,798,000	443,427,000	370,335,000
Index of growth 1915-1920 (1915=1).....	12	469		

	Number of checks cleared.	Amount of checks cleared.	Transactions through gold settlement fund.
1915.....			\$360,325,000
1916.....			1,124,901,000
1917.....	2,648,000	\$1,206,631,000	3,620,747,000
1918.....	6,105,000	1,799,306,000	6,109,256,000
1919.....	19,414,000	6,110,660,000	10,847,104,000
1920.....	31,691,000	7,644,600,000	13,094,883,000
Index of growth 1915-1920 (1915=1).....			36

¹ Exclusive of certificates of indebtedness.

² Nov. 16, 1914, to Dec. 31, 1915.

³ Represents daily average for the period May 20, 1915 (date of first settlement), to Dec. 31, 1915, multiplied by 365.

Expenses of the Federal Reserve Bank of St. Louis.

	Nov. 16 to Dec. 31, 1914.	1915	1916	1917	1918	1919	1920
Expenses of operation:							
Salaries—							
Bank officers.....	\$6,687	\$51,858	\$46,699	\$49,413	\$72,573	\$95,040	\$126,916
Clerical staff.....	4,056	35,164	37,264	71,104	206,763	400,860	747,312
Special officers and watchmen.....	148	1,650	1,620	2,127	7,218	13,408	22,984
All other.....	158	1,185	1,200	2,095	5,212	20,289	30,693
Federal advisory council, governors' and Federal reserve agents' conferences.....		1,503	1,998	1,116	1,134	1,932	1,759
Directors' meetings, legal fees, officers' and clerks' traveling expenses, life insurance and fidelity bond premiums.....	2,006	9,767	9,352	12,493	21,737	53,541	65,986
Assessments for Federal Reserve Board expenses.....		¹ 15,426	9,750	12,733	18,397	24,981	26,618
Taxes and fire insurance.....						701	3,220
Telephone and telegraph....	75	1,430	1,132	1,831	7,098	19,157	51,429

¹ Total assessment for Federal Reserve Board expenses to Dec. 31, 1915.

Expenses of the Federal Reserve Bank of St. Louis—Continued.

	Nov. 16 to Dec. 31, 1914.	1915	1916	1917	1918	1919	1920
Expenses of operation—Contd.							
Rent, light, heat and power.....	\$1,784	\$16,725	\$14,900	\$19,640	\$25,739	\$37,965	\$55,885
Printing and stationery.....	3,780	4,833	5,278	4,945	25,386	34,676	76,743
All other, including postage and insurance on mail, security and currency shipments, repairs and al- terations, etc.....	17,026	6,621	12,007	35,133	80,789	131,215	209,770
Total expenses of op- eration.....	25,720	146,162	141,200	212,630	472,046	833,765	1,419,315
Federal Reserve currency (orig- inal cost including shipping charges).....		12,120	10,720	49,363	147,347	188,617	238,051
Miscellaneous charges, account note issues.....			1,656	1,229	4,597	20,313	32,988
Taxes on Federal reserve bank note circulation.....						58,300	58,000
Furniture and equipment.....			3,355	7,728	102,031	73,798	176,102
Bank premises.....							
Total expenses.....	25,720	158,282	156,931	270,950	726,021	1,174,793	1,924,453

¹ Includes \$5,854 expenses prior to Nov. 16, 1914.

Current expenses of the Little Rock branch of the Federal Reserve Bank of St. Louis.

	1919 ¹	1920
Salaries:		
Bank officers.....	\$10,719	\$10,796
Clerical staff.....	29,256	65,858
Special officers and watchmen.....	2,022	3,324
All other.....	2,493	3,915
Directors' meetings, legal fees, officers' and clerks' traveling expenses, life-insurance and fidelity-bond premiums.....	5,200	6,178
Taxes and fire insurance.....	145	263
Telephone and telegraph.....	1,469	7,420
Rent, light, heat, and power.....	3,721	4,648
Printing and stationery.....	6,674	11,051
Furniture and equipment.....	23,488	19,510
All other, including postage and insurance on mail, security and currency shipments, repairs and alterations, etc.....	13,776	24,497
Total current expenses.....	98,963	157,460

¹ Branch opened for business Jan. 6, 1919.

Current expenses of the Louisville branch of the Federal Reserve Bank of St. Louis.

	1918 ¹	1919	1920
Salaries:			
Bank officers.....	\$8,190	\$9,960	\$14,125
Clerical staff.....	16,151	40,482	82,307
Special officers and watchmen.....		1,316	3,279
All other.....	586	1,379	3,498
Directors' meetings, legal fees, officers' and clerks' traveling expenses, life- insurance and fidelity-bond premiums.....	1,333	5,292	8,365
Taxes and fire insurance.....		168	2,335
Telephone and telegraph.....	1,383	2,101	7,104
Rent, light, heat, and power.....	2,109	2,599	4,297
Printing and stationery.....	2,727	3,728	11,310
Furniture and equipment.....	11,628	5,691	22,178
All other, including postage and insurance on mail, security and currency shipments, repairs and alterations, etc.....	9,692	19,991	28,553
Total current expenses.....	53,799	92,707	187,351

¹ Branch opened for business Dec. 3, 1917.

Current expenses of the Memphis branch of the Federal Reserve Bank of St. Louis.

	1918 ¹	1919	1920
Salaries:			
Bank officers.....	\$2,983	\$11,687	\$14,025
Clerical staff.....	13,337	57,882	102,683
Special officers and watchmen.....	772	3,441	4,423
All other.....	496	3,642	6,854
Directors' meetings, legal fees, officers' and clerks' traveling expenses, life-insurance and fidelity-bond premiums.....	1,093	7,166	9,118
Taxes and fire insurance.....		184	225
Telephone and telegraph.....	216	2,413	8,645
Rent, light, heat, and power.....	1,964	8,453	13,689
Printing and stationery.....	4,681	7,441	11,564
Furniture and equipment.....	7,380	11,534	52,975
All other, including postage and insurance on mail, security and currency shipments, repairs and alterations, etc.....	14,562	23,062	51,374
Total current expenses.....	47,484	136,905	275,575

¹ Branch opened for business Sept. 3, 1918.

EXHIBIT D, PART 9.

FEDERAL RESERVE BANK OF MINNEAPOLIS.

Comparison of salaries paid to officers of the Federal reserve bank as of Oct. 1, 1921, with salaries paid to officers of three of the large national banks in Minneapolis as of Sept. 6, 1921.

	Annual salary.
Governor.....	\$16,000
Chairman and Federal reserve agent.....	15,000
Deputy governor.....	13,000
Do.....	6,000
Assistant Federal reserve agent.....	6,000
Controller.....	6,000
Cashier.....	5,000
Assistant cashier.....	4,800
Assistant Federal reserve agent.....	4,500
Assistant cashier.....	4,000
Do.....	3,250
Do.....	3,000
Manager, Helena branch.....	6,000
Cashier, Helena branch.....	4,000
Assistant Federal reserve agent, Helena branch.....	3,600
Assistant cashier, Helena branch.....	3,500
Total.....	103,650

National banks in Minneapolis.

Position.	Annual salary.		
	Bank A.	Bank B.	Bank C.
Chairman executive committee.....	\$25,000		
Chairman board of directors.....	25,000		
President.....	40,000	\$45,000	\$21,000
Vice president.....	19,000	25,000	16,000
Do.....	17,000	21,500	6,500
Do.....	16,000	16,000	
Do.....	13,000	16,000	
Do.....	10,500	13,000	
Do.....	10,500		
Do.....	9,000		
Do.....	6,800		
Do.....	2,000		
Other officers.....	35,000	60,700	29,700
Total.....	228,800	197,200	73,200

National bank in Minneapolis—Continued.

SUMMARY.

	Number of officers.	Annual salaries.	
		Total.	Average.
Federal reserve bank.....	16	\$103,650	\$6,478
Bank A.....	18	228,800	12,711
Bank B.....	18	197,200	10,955
Bank C.....	11	73,200	6,654

Index of growth in number of officers and employees in their aggregate salaries, and in business of the bank.

[1915=1.]

Year.	Personnel.				Assets and liabilities.		Volume of business.	
	Officers.		Officers and employees.		Earning assets.	Federal reserve note circulation.	Discount and open-market operations.	Gold settlement fund.
	Number.	Salaries.	Number.	Salaries.				
1915.....	1	1	1	1	1	1	1	1
1916.....	1	1	3	2	3	1	3	6
1917.....	2	2	6	3	6	4	9	37
1918.....	3	2	13	5	15	7	52	78
1919.....	2	2	14	7	24	7	84	103
1920.....	3	3	23	13	23	6	107	111

Number of officers and employees.

	Dec. 31—						July 1, 1921.
	1915	1916	1917	1918	1919	1920	
Officers:							
Chairman and Federal reserve agent.....	1	1	1	1	1	1	1
Governor.....	1	1	1	1	1	1	1
Deputy governor.....				1	1	2	2
Other officers.....	1	1	3	5	4	6	9
Total officers.....	3	3	5	8	7	10	13
Employees:							
Banking department.....	10	14	30	71	38	128	168
Bookkeeping department.....	3	6	6	12	13	13	20
Transit department.....	1	29	37	78	101	192	181
Federal reserve agents' department.....	3	2	2	3	14	18	19
Auditing department.....						11	13
Fiscal agency department.....			47	95	64	87	65
General.....							27
Total employees.....	17	51	122	259	280	449	493
Total officers and employees.....	20	54	127	267	287	459	506
Average number of employees per officer.....	6	17	24	32	40	45	38

Salaries of officers and employees.

	Dec. 31—						July 1, 1921.
	1915	1916	1917	1918	1919	1920	
Officers:							
Chairman and Federal reserve agent.....	\$7,500	\$9,000	\$10,000	\$10,000	\$12,000	\$15,000	\$15,000
Governor.....	15,000	15,000	18,000	18,000	12,000	16,000	16,000
Deputy governors.....				6,000	7,500	17,500	118,000
Other officers.....	3,000	3,500	12,500	16,210	10,400	23,900	39,550
Total (bonus excluded)...	25,500	27,500	40,500	50,210	41,900	72,400	88,550
Employees:							
Banking department.....	11,940	15,850	29,120	56,629	104,380	166,880	207,308
Bookkeeping department.....	2,460	5,540	6,040	6,078	14,560	18,600	28,244
Transit department.....	2,000	19,460	24,040	33,243	85,860	202,836	199,408
Federal reserve agent's department.....	5,520	4,080	4,580	5,636	28,300	40,320	46,860
Auditing department.....						16,020	20,900
Fiscal agency department.....			51,180	65,721	72,360	121,816	91,336
General.....							40,724
Total (bonus excluded)...	21,920	44,939	114,960	167,307	305,460	566,472	634,780
Total officers and employees.....	47,420	72,439	155,460	217,517	347,360	638,872	723,330
Average salary payable to:							
All officers.....	8,500	9,166	8,100	6,275	5,986	7,240	8,812
Officers other than chairman and Federal reserve agent, governor, and deputy governors.....	3,000	3,500	4,167	3,242	2,600	3,983	4,394
Employees.....	1,289	881	942	646	1,091	1,262	1,288

¹ Two deputy governors.

Extra compensation paid by the Federal Reserve Bank of Minneapolis for the years 1919-1921.

[Salaries shown are annual salaries. Per cent of extra compensation based on actual salary received during period.]

	Per cent.
Jan. 1 to Dec. 31, 1919:	
Up to \$1,500.....	20
\$1,501 to \$3,000.....	15
\$3,001 to \$5,000.....	10
Jan. 1 to Dec. 31, 1920:	
Up to \$1,500.....	25
\$1,501 to \$3,000.....	20
\$3,001 to \$6,000.....	15
Jan. 1 to June 30, 1921: .	
Up to \$1,500.....	15
\$1,501 to \$6,000.....	10

Principal asset and liability items at end of year.

	Total cash reserves.	Bills discounted.	Bills bought.	Total earning assets.
1915.....	\$21,104,000	\$1,299,000	\$478,000	\$3,942,000
1916.....	36,503,000	1,985,000	6,200,000	11,896,000
1917.....	70,748,000	14,031,000	7,167,000	24,451,000
1918.....	93,220,000	36,672,000	17,994,000	59,933,000
1919.....	52,811,000	73,857,000	12,599,000	95,052,000
1920.....	46,928,000	81,654,000	1,313,000	91,563,000
Index of growth 1915-1920 (1915=1).....	2	63	3	23

Principal asset and liability items at end of year—Continued.

	Capital and surplus.	Gross deposits.	Federal reserve notes in circulation.
1915.....	\$2,547,000	\$13,867,000	\$13,182,000
1916.....	2,609,000	34,716,000	18,296,000
1917.....	2,658,000	59,946,000	49,414,000
1918.....	3,657,000	61,384,000	96,571,000
1919.....	6,643,000	70,865,000	87,187,000
1920.....	10,441,000	63,100,000	79,498,000
Index of growth 1915-1920 (1915=1).....	4	5	6

Volume of business transacted during the year.

	Bills discounted.	Bills bought.	United States securities bought.	Total discount and open-market operations.
1915.....	\$5,207,000	\$1,455,000	\$1,329,000	\$10,387,000
1916.....	6,474,000	13,539,000	2,553,000	26,301,000
1917.....	80,155,000	16,397,000	¹ 616,000	87,345,000
1918.....	433,793,000	13,902,000	96,090,000	543,785,000
1919.....	661,521,000	108,714,000	102,215,000	872,450,000
1920.....	953,392,000	18,059,000	141,696,000	1,113,147,000
Index of growth 1915-1920 (1915=1).....	183	12	107	107

	Federal reserve notes issued by agent.	Federal reserve notes redeemed by agent.	Currency received from member and other banks.	Currency paid out to member and other banks.
1915.....	² \$14,002,000	² \$2,000		
1916.....	9,880,000	3,396,000		
1917.....	42,230,000	11,708,000		
1918.....	57,140,000	9,422,000		
1919.....	39,990,000	50,272,000	\$57,347,000	\$52,823,000
1920.....	39,450,000	46,507,000	64,830,000	78,995,000
Index of growth 1915-1920 (1915=1).....	3	23,254		

	Number of checks cleared.	Amount of checks cleared.	Transactions through gold settlement fund
1915.....			³ \$39,789,000
1916.....			238,091,000
1917.....	4,385,000	\$1,097,635,000	1,476,679,000
1918.....	6,048,000	2,112,894,000	3,114,805,000
1919.....	10,748,000	2,770,009,000	4,083,210,000
1920.....	21,589,000	3,908,858,000	4,413,640,000
Index of growth 1915-1920 (1915=1).....			111

¹ Exclusive of certificates of indebtedness.² Nov. 16, 1914, to Dec. 31, 1915.³ Represents daily average for the period May 20, 1915 (date of first settlement) to Dec. 31, 1915, multiplied by 365.

Expenses of the Federal Reserve Bank of Minneapolis.

	Nov. 16 to Dec. 31, 1914.	1915	1916	1917	1918	1919	1920
Expenses of operation:							
Salaries—							
Bank officers.....	\$3,419	\$27,542	\$26,625	\$37,101	\$49,125	\$61,014	\$77,637
Clerical staff.....	1,182	20,745	29,277	55,725	123,402	208,171	363,724
Special officers and watchmen.....	197	1,799	1,311	1,667	.....	8,726	10,766
All other.....	53	.....	78	816	120	3,530	23,686
Federal advisory council, governors' and Federal reserve agents' confer- ences.....	329	2,069	2,552	888	1,608	1,698	1,372
Directors' meetings, legal fees, officers' and clerks' traveling expenses, life- insurance and fidelity- bond premiums.....	2,998	9,045	9,952	10,773	17,512	24,418	47,285
Assessments for Federal Reserve Board expenses.....	.....	13,286	8,962	10,196	14,117	20,209	22,520
Taxes and fire insurance.....	.....	.....	.....	134	167	851	1,186
Telephone and telegraph.....	119	817	867	1,778	5,406	4,975	16,612
Rent, light, heat, and power.....	780	5,968	6,955	8,660	11,298	14,295	21,760
Printing and stationery.....	901	3,808	6,198	11,596	13,361	25,228	62,488
All other, including postage and insurance on mail, security and currency shipments, repairs and alterations, etc.....	² 14,874	4,751	12,578	27,128	67,794	61,263	149,967
Total expenses of operation.....	24,852	88,900	105,355	166,462	308,910	434,378	799,003
Federal reserve currency (origi- nal cost including shipping charges).....	.....	18,701	9,866	42,381	114,287	56,273	62,627
Miscellaneous charges, account note issues.....	.....	.....	.....	1,355	10,734	17,002	15,959
Taxes on Federal reserve bank note circulation.....	.....	.....	.....	.....	.....	24,912	36,792
Furniture and equipment.....	.....	.....	5,353	44,164	59,977	23,926	100,817
Bank premises.....	.....	.....	.....	.....	.....	.....	.....
Total expenses.....	24,852	107,601	120,574	254,662	493,908	556,491	1,015,198

¹ Total assessment for Federal Reserve Board expenses to Dec. 31, 1915.² Includes \$13,205 expenses prior to Nov. 16, 1914.

EXHIBIT D, PART 10.

FEDERAL RESERVE BANK OF KANSAS CITY.

Comparison of salaries paid to officers of the Federal reserve bank as of Oct. 1, 1921, with salaries paid to officers of three large national banks in Kansas City as of Sept. 6, 1921.

	Annual salary.
Governor.....	\$20,000
Chairman and Federal reserve agent.....	15,000
Deputy governor.....	12,000
Cashier.....	8,000
Auditor.....	7,200
Assistant Federal reserve agent and secretary.....	6,600
Assistant cashier.....	6,300
Do.....	5,400
Do.....	4,800
Do.....	4,800
Assistant auditor.....	4,500
Assistant cashier.....	4,200
Do.....	4,000
Do.....	4,000
Assistant auditor.....	3,600
Manager Omaha branch.....	7,500
Cashier Omaha branch.....	5,400

	Annual salary.
Assistant cashier Omaha branch.....	\$3, 720
Do.....	3, 600
Do.....	3, 300
Manager Denver branch.....	7, 500
Cashier Denver branch.....	4, 000
Assistant cashier Denver branch.....	3, 300
Assistant Federal reserve agent Denver branch.....	2, 400
Manager Oklahoma City branch.....	5, 400
Cashier Oklahoma City branch.....	3, 300
Total.....	159, 820

National banks in Kansas City.

Position.	Annual salary.		
	Bank A.	Bank B.	Bank C.
President.....	\$25, 000	\$26, 000	\$25, 000
Vice president.....	15, 000	15, 000	15, 000
Do.....	15, 000	7, 500	5, 500
Do.....	10, 000	7, 500	-----
Do.....	10, 000	-----	-----
Do.....	10, 000	-----	-----
Other officers.....	16, 600	17, 800	16, 300
Total.....	101, 600	73, 800	61, 800

SUMMARY.

	Number of officers.	Annual salaries.	
		Total.	Average.
Federal reserve bank.....	26	\$159, 820	\$6, 147
Bank A.....	9	101, 600	11, 289
Bank B.....	8	73, 800	9, 225
Bank C.....	6	61, 800	10, 300

Index of growth in number of officers and employees, in their aggregate salaries, and in business of the bank.

[1915=1.]

Year.	Personnel.				Assets and liabilities.		Volume of business.	
	Officers.		Officers and employees.		Earning assets.	Federal reserve note circulation.	Discount and open-market operations.	Gold settlement fund.
	Number.	Salaries.	Number.	Salaries.				
1915.....	1	1	1	1	1	1	1	
1916.....	1	1	1	1	2	2	5	
1917.....	2	2	4	3	7	5	17	
1918.....	5	4	12	10	13	11	32	
1919.....	6	4	15	14	21	10	50	
1920.....	7	5	22	20	21	11	70	

Number of officers and employees.

	Dec. 31—						July 1, 1921.
	1915	1916	1917	1918	1919	1920	
Officers:							
Chairman and Federal reserve agent.....	1	1	1	1	1	1	1
Governor.....	1	1	1	1	1	1	1
Deputy governor.....			1	1		1	1
Other officers.....	1	2	3	11	15	19	21
Total officers.....	3	4	6	14	17	22	24
Employees:							
Bookkeeping department.....	6	4	4	16	18	33	36
Transit department.....	16	26	26	139	199	315	333
Federal reserve agent's department.....	3	3	5	5	6	13	15
Auditing department.....						33	44
Fiscal agency department.....			85	201	157	206	171
General.....	12	15	27	105	186	241	274
Total employees.....	37	48	147	466	566	841	873
Total officers and employees.....	40	52	153	480	583	863	897
Average number of employees per officer.....	12	12	24	33	33	38	36

Salaries of officers and employees.

	Dec. 31—						July 1, 1921.
	1915	1916	1917	1918	1919	1920	
Officers:							
Chairman and Federal reserve agent.....	\$7,500	\$7,500	\$7,500	\$9,000	\$12,000	\$15,000	\$15,000
Governor.....	7,500	10,000	12,500	15,000	18,000	20,000	20,000
Deputy governor.....		6,000	9,000			10,000	12,000
Other officers.....	6,000	8,800	11,400	51,000	64,400	68,473	103,820
Total (bonus excluded).....	21,000	26,300	37,400	84,000	94,400	113,473	150,820
Employees:							
Bookkeeping department.....	6,120	4,500	5,340	20,180	26,860	44,321	58,560
Transit department.....	10,980	18,780	22,960	108,360	206,160	330,153	415,540
Federal reserve agent department.....	4,680	4,380	7,680	5,760	9,100	28,140	35,280
Auditing department.....						46,442	81,080
Fiscal agency department.....			93,190	219,810	194,890	277,140	254,580
General.....	13,460	18,400	27,020	122,880	239,060	290,318	413,440
Total (bonus excluded).....	34,640	46,120	156,190	476,990	676,070	1,016,514	1,258,480
Total officers and employees.....	55,640	72,420	193,590	560,990	770,470	1,129,987	1,409,300
Average salary payable to—							
All officers.....	7,000	6,575	6,233	6,000	5,553	5,158	6,284
Officers other than chairman and Federal reserve agent, governor, and deputy governor.....	6,000	4,400	3,800	4,636	4,293	3,604	4,944
Employees.....	936	961	1,063	1,024	1,194	1,209	1,442

Extra compensation paid by the Federal Reserve Bank of Kansas City for the years 1917-1921.

[Salaries shown are annual salaries. Per cent of extra compensation based on actual salary received during period.]

Jan. 1 to Dec. 31, 1917:	Per cent.	Jan. 1 to Dec. 31, 1920:	Per cent.
Up to \$6,000.....	10	Up to \$1,500.....	20
Jan. 1 to Dec. 31, 1918:		\$1,501 to \$3,000.....	15
Up to \$1,500.....	20	\$3,001 to \$5,000.....	10
\$1,501 to \$3,000.....	15	Jan. 1 to June 30, 1921:	
\$3,001 to \$5,000.....	10	Up to \$1,500.....	16
Jan. 1 to Dec. 31, 1919:		\$1,501 to \$3,000.....	12
Up to \$1,500.....	20	\$3,001 to \$5,000.....	8
\$1,501 to \$3,000.....	15		
\$3,001 to \$5,000.....	10		

Principal asset and liability items at end of year.

	Total cash reserves.	Bills discounted.	Bills bought.	Total earning assets.
1915.....	\$20,071,000	\$3,581,000	\$429,000	\$6,418,000
1916.....	47,391,000	515,000	3,945,000	14,080,000
1917.....	84,189,000	35,055,000	1,338,000	47,025,000
1918.....	81,858,000	57,454,000	14,203,000	84,901,000
1919.....	76,576,000	93,380,000	18,692,000	136,007,000
1920.....	76,497,000	110,341,000	2,171,000	134,201,000
Index of growth, 1915-1920 (1915=1).....	4	31	5	21

	Capital and surplus.	Gross deposits.	Federal reserve notes in circulation.
1915.....	\$3,038,000	\$14,788,000	\$10,478,000
1916.....	3,074,000	54,809,000	21,735,000
1917.....	3,397,000	92,458,000	55,373,000
1918.....	4,870,000	102,680,000	112,445,000
1919.....	10,132,000	163,678,000	104,089,000
1920.....	13,614,000	127,536,000	111,578,000
Index of growth, 1915-1920 (1915=1).....	4	9	11

Volume of business transacted during the year.

	Bills discounted.	Bills bought.	United States securities bought.	Total discount and open-market operations.
1915.....	\$10,875,000	\$1,788,000	\$2,152,000	\$16,065,000
1916.....	6,817,000	8,191,000	8,362,000	25,367,000
1917.....	237,691,000	17,561,000	11,187,000	256,879,000
1918.....	833,521,000	14,690,000	11,131,000	859,342,000
1919.....	1,555,597,000	26,086,000	31,792,000	1,613,475,000
1920.....	1,667,943,000	17,174,000	128,079,000	1,813,196,000
Index of growth, 1915-1920 (1915=1).....	153	10	60	113

	Federal reserve notes issued by agent.	Federal reserve notes redeemed by agent.	Currency received from member and other banks.	Currency paid out to member and other banks.
1915.....	² \$11,330,000	² \$330,000	.....	.....
1916.....	16,090,000	4,855,000	.....	.....
1917.....	56,008,000	20,360,000	.....	.....
1918.....	79,900,000	17,466,000	.....	.....
1919.....	57,900,000	67,662,000	\$133,234,000	\$103,168,000
1920.....	72,570,000	65,000,000	184,098,000	165,849,000
Index of growth, 1915-1920 (1915=1).....	6	197	.....	.....

	Number of checks cleared.	Amount of checks cleared.	Transactions through gold settlement fund.
1915.....	.....	.....	³ \$147,960,000
1916.....	.....	.....	676,433,000
1917.....	4,559,000	\$1,537,781,000	2,574,700,000
1918.....	12,055,000	7,552,840,000	4,692,478,000
1919.....	30,891,000	10,112,923,000	7,387,308,000
1920.....	54,758,000	12,669,535,000	10,429,318,000
Index of growth, 1915-1920 (1915=1).....	.....	.....	70

¹ Exclusive of certificates of indebtedness.² Nov. 16, 1914, to Dec. 31, 1915.³ Represents daily average for the period May 20, 1915 (date of first settlement), to Dec. 31, 1915, multiplied by 365.

Expenses of the Federal Reserve Bank of Kansas City.

	Nov. 16 to Dec. 31, 1914.	1915	1916	1917	1918	1919	1920
Expenses of operation:							
Salaries—							
Bank officers.....	\$3,321	\$25,500	\$25,973	\$37,782	\$68,045	\$91,604	\$116,274
Clerical staff.....	3,234	31,681	40,223	67,404	188,680	453,258	794,286
Special officers and watchmen.....	135	2,319	805	1,419	5,609	14,423	25,275
All other.....	138	.....	1,599	1,068	784	11,698	35,694
Federal advisory council, governors' and Federal reserve agents' conferences.	256	1,742	1,974	1,035	1,028	1,159	1,077
Directors' meetings, legal fees, officers' and clerks' traveling expenses, life- insurance and fidelity- bond premiums.....	2,056	13,773	12,257	16,202	28,144	54,865	79,367
Assessments for Federal Re- serve Board expenses.....	.....	¹ 15,808	10,575	13,118	17,998	28,151	34,221
Taxes and fire insurance.....	.....	.....	.....	.....	169	646	4,217
Telephone and telegraph.....	283	896	858	1,401	6,936	15,967	42,937
Rent, light, heat, and power.....	1,294	9,486	9,618	11,939	23,786	36,366	47,046
Printing and stationery.....	1,451	7,721	4,361	10,447	25,370	49,782	94,787
All other, including postage and insurance on mail, security and currency shipments, repairs and alterations, etc.....	² 15,996	13,355	16,399	45,987	120,410	160,701	238,935
Total expenses of opera- tion.....	28,164	122,281	124,642	207,802	486,959	918,620	1,514,116
Federal reserve currency (origi- nal cost, including shipping charges).....	.....	13,805	20,436	91,187	98,542	131,339	97,477
Miscellaneous charges, account note issues.....	.....	.....	.....	20,886	57,017	16,493	33,905
Taxes on Federal reserve bank note circulation.....	.....	.....	5,791	.....	.....	65,327	83,422
Furniture and equipment.....	.....	5,000	4,350	40,794	46,710	54,290	126,707
Bank premises.....	.....	.....	.....	.....	.....	.....	2,333
Total expenses.....	28,164	141,086	155,219	360,669	689,228	1,186,069	1,857,960

¹ Total assessment for Federal Reserve Board expenses to Dec. 31, 1915.² Includes \$14,612 expenses prior to Nov. 16, 1914.*Current expenses of the Denver branch of the Federal Reserve Bank of Kansas City.*

	1918 ¹	1919	1920
Salaries:			
Bank officers.....	\$6,671	\$9,135	\$12,282
Clerical staff.....	20,766	53,546	93,560
Special officers and watchmen.....	2,236	3,283	5,370
All other.....	.....	1,323	3,147
Directors' meetings, legal fees, officers' and clerks' traveling expenses, li- e- insurance and fidelity-bond premiums.....	3,914	6,726	6,642
Taxes and fire insurance.....	77	83	233
Telephone and telegraph.....	810	1,266	2,335
Rent, light, heat, and power.....	2,700	4,800	5,592
Printing and stationery.....	4,825	7,132	12,618
Furniture and equipment.....	11,430	8,238	8,719
All other, including postage and insurance on mail, security and currency shipments, repairs and alterations, etc.....	11,633	23,024	27,043
Total current expenses.....	65,062	118,556	180,541

¹ Branch opened for business Jan 14, 1918.

Current expenses of the Oklahoma City branch of the Federal Reserve Bank of Kansas City, 1920.¹

Salaries:	
Bank officers.....	\$5, 077
Clerical staff.....	52, 048
Special officers and watchmen.....	388
All other.....	2, 931
Directors' meetings, legal fees, officers' and clerks' traveling expenses, life insurance, and fidelity bond premiums.....	9, 907
Taxes and fire insurance.....	242
Telephone and telegraph.....	4, 712
Rent, light, heat, and power.....	3, 050
Printing and stationery.....	9, 361
Furniture and equipment.....	52, 487
All other, including postage and insurance on mail, security and currency shipments, repairs, and alterations, etc.....	16, 330
Total current expenses.....	156, 533

¹ Branch opened for business Aug. 2, 1920.*Current expenses of the Omaha Branch of the Federal Reserve Bank of Kansas City.*

	1917 ¹	1918	1919	1920
Salaries:				
Bank officers.....	\$2, 567	\$9, 800	\$13, 781	\$16, 333
Clerical staff.....	4, 395	25, 088	83, 756	179, 452
Special officers and watchmen.....	260	814	3, 559	6, 257
All other.....	233	3, 294	2, 577	8, 221
Directors' meetings, legal fees, officers' and clerks' traveling expenses, life insurance and fidelity bond premiums.....	683	3, 183	9, 545	14, 973
Taxes and fire insurance.....		92	284	2, 979
Telephone and telegraph.....	190	1, 036	1, 990	9, 747
Rent, light, heat, and power.....	2, 001	6, 388	6, 909	4, 549
Printing and stationery.....	1, 054	6, 066	12, 925	21, 312
Furniture and equipment.....	104	10, 084	17, 698	28, 267
Bank premises.....				
All other, including postage and insurance on mail, security and currency shipments, repairs and alterations, etc.....	3, 953	13, 004	29, 444	53, 702
Total current expenses.....	15, 443	78, 847	182, 468	345, 792

¹ Branch opened for business Sept. 4, 1917.

EXHIBIT D, PART 11.

FEDERAL RESERVE BANK OF DALLAS.

Comparison of salaries paid to officers of the Federal reserve bank as of Oct. 1, 1921, with salaries paid to officers of three of the large national banks in Dallas as of Sept. 6, 1921.

	Annual salary.
Governor.....	\$18, 000
Chairman and Federal reserve agent.....	18, 000
Acting deputy governor.....	7, 500
Cashier.....	9, 000
Assistant Federal reserve agent.....	6, 000
Assistant cashier.....	6, 000
General auditor.....	5, 000
Assistant cashier.....	4, 500
Legal counsel.....	4, 200
Assistant cashier.....	4, 200
Do.....	4, 200
Assistant general auditor.....	3, 600
Assistant cashier.....	3, 600
Do.....	3, 600
Do.....	3, 300
Legal counsel.....	1, 200

	Annual salary.
Manager, El Paso branch.....	\$6, 000
Cashier, El Paso branch.....	3, 600
Assistant cashier, El Paso branch.....	2, 400
Assistant Federal reserve agent and auditor, El Paso branch.....	2, 700
Manager, Houston branch.....	6, 000
Cashier, Houston branch.....	4, 000
Assistant cashier, Houston branch.....	2, 400
Assistant Federal reserve agent and auditor, Houston branch.....	3, 300
Total.....	132, 300

National banks in Dallas.

Position.	Annual salary.		
	Bank A.	Bank B.	Bank C.
Chairman.....			\$6, 000
President.....	\$15, 000		20, 000
Vice president.....	25, 000	\$25, 000	12, 500
Do.....	15, 000	12, 500	10, 000
Do.....	15, 000	7, 000	9, 000
Do.....	12, 500	7, 000	
Do.....	6, 000	6, 000	
Do.....	6, 000	6, 000	
Do.....	6, 000		
Other officers.....	52, 800	40, 000	27, 600
Total.....	153, 300	103, 500	85, 100

SUMMARY.

	Number of officers.	Annual salaries.	
		Total.	Average.
Federal reserve bank.....	24	\$132, 300	\$5, 512
Bank A.....	16	153, 300	9, 581
Bank B.....	14	103, 500	7, 393
Bank C.....	9	85, 100	9, 456

Index of growth in number of officers and employees, in their aggregate salaries, and in business of the bank.

[1915=1.]

Year.	Personnel.				Assets and liabilities.		Volume of business.	
	Officers.		Officers and employees.		Earning assets.	Federal reserve note circulation.	Discount and open-market operations.	Gold settlement fund.
	Number.	Salaries.	Number.	Salaries.				
1915.....	1	1	1	1	1	1	1	
1916.....	1	1	2	1	2	1	3	
1917.....	2	1	5	3	5	3	12	
1918.....	3	2	13	8	10	4	23	
1919.....	4	3	16	10	13	5	45	
1920.....	5	4	20	13	14	5	53	

Number of officers and employees.

	Dec. 31—						July 1, 1921.
	1915	1916	1917	1918	1919	1920	
Officers:							
Chairman and Federal reserve agent.....	1	1	1	1	1	1	1
Governor.....	1	1	1	1	1	1	1
Deputy governor.....	1	1	1	1	1	1	1
Other officers.....	1	2	3	7	14	16	21
Total officers.....	4	5	6	10	17	19	23
Employees:							
Banking department.....	11	12	31	113	165	120	124
Bookkeeping department.....	2	5	7	13	23	32	27
Transit department.....	2	27	39	86	173	189	168
Federal reserve agent's department.....	2	2	2	5	16	20	21
Auditing department.....						36	34
Fiscal agency department.....			75	162	89	78	58
General.....	10	12	10	14	22	119	200
Total employees.....	27	58	164	393	488	594	632
Total officers and employees.....	31	63	170	403	505	613	655
Average number of employees per officer.....	7	12	27	39	29	31	27

Salaries of officers and employees.

	Dec. 31—						July 1, 1921.
	1915	1916	1917	1918	1919	1920	
Officers:							
Chairman and Federal reserve agent.....	\$7,500	\$9,000	\$10,000	\$10,000	\$14,000	\$18,000	\$18,000
Governor.....	10,000	10,000	12,000	12,000	15,000	18,000	18,000
Deputy governor.....	6,000	6,000	7,500	8,400	10,000	12,000	12,000
Other officers.....	5,000	9,000	12,200	29,800	52,800	64,000	88,800
Total (bonus excluded).....	28,500	34,000	41,700	60,200	91,800	112,000	124,800
Employees:							
Banking department.....	17,140	17,760	39,300	136,200	202,460	151,018	195,700
Bookkeeping department.....	1,620	5,100	6,360	12,840	24,780	36,370	38,550
Transit department.....	2,100	20,760	33,140	74,400	178,000	226,973	222,490
Federal reserve agent's department.....	7,400	3,700	3,700	10,860	25,260	50,342	52,980
Auditing department.....						45,908	63,060
Fiscal agency department.....			60,690	191,104	118,260	120,475	90,480
General.....	9,060	11,680	7,580	10,960	21,000	123,704	251,330
Total (bonus excluded).....	37,320	59,000	150,770	436,364	569,760	754,790	914,590
Total officers and employees.....	65,820	93,000	192,470	496,564	661,560	866,790	1,039,390
Average salary payable to—							
All officers.....	7,125	6,800	6,950	6,020	5,400	5,895	5,426
Officers other than chairman and Federal reserve agent, governor, and deputy governor.....	5,000	4,500	4,066	4,256	3,771	4,000	4,229
Employees.....	1,382	1,017	919	1,110	1,168	1,270	1,447

Extra compensation paid by the Federal Reserve Bank of Dallas for the years 1917–1921.

[Salaries shown are annual salaries. Per cent of extra compensation based on actual salary received during period.]

	Per cent.		Per cent.
Jan. 1 to Dec. 31, 1917:		Jan. 1 to Dec. 31, 1919:	
Less than \$1,500.....	15	Up to \$1,500.....	20
\$1,500 to \$4,000.....	10	\$1,501 to \$3,000.....	15
Jan. 1 to Dec. 31, 1918:		\$3,001 to \$5,400.....	10
Up to \$1,500.....	20	Jan. 1 to June 30, 1920:	
\$1,501 to \$3,000.....	15	Up to \$1,500.....	20
\$3,001 to \$5,000.....	10	\$1,501 to \$3,000.....	15
		\$3,001 to \$5,000.....	10

Principal asset and liability items at end of year.

	Total cash reserves.	Bills discounted.	Bills bought.	Total earning assets.
1915.....	\$24,875,000	\$4,957,000	.....	\$5,899,000
1916.....	42,717,000	831,000	\$2,202,000	8,193,000
1917.....	65,292,000	8,740,000	14,140,000	29,638,000
1918.....	38,768,000	45,525,000	2,148,000	56,363,000
1919.....	59,411,000	58,316,000	6,421,000	77,768,000
1920.....	45,538,000	70,696,000	247,000	83,222,000
Index of growth 1915-1920 (1915=1).....	2	14	.....	14

	Capital and surplus.	Gross deposits.	Federal reserve notes in circulation.
1915.....	\$2,753,000	\$14,975,000	\$14,726,000
1916.....	2,696,000	33,528,000	23,589,000
1917.....	2,795,000	60,530,000	46,788,000
1918.....	3,746,000	50,204,000	59,239,000
1919.....	6,451,000	107,662,000	74,930,000
1920.....	10,132,000	76,460,000	79,453,000
Index of growth 1915-1920 (1915=1).....	4	5	5

Volume of business transacted during the year.

	Bills discounted.	Bills bought.	United States securities bought.	Total discount and open market operations.
1915.....	\$26,757,000	.....	\$870,000	\$27,703,000
1916.....	18,512,000	\$3,543,000	4,163,000	26,371,000
1917.....	52,052,000	9,744,000	¹ 1,395,000	63,883,000
1918.....	587,678,000	25,024,000	22,663,000	635,747,000
1919.....	1,224,946,000	12,415,000	19,413,000	1,256,774,000
1920.....	1,280,178,000	8,348,000	176,704,000	1,465,230,000
Index of growth 1915-1920 (1915=1).....	48	.....	203	53

	Federal reserve notes issued by agents.	Federal reserve notes redeemed by agents.	Currency received from member and other banks.	Currency paid out to member and other banks.
1915.....	² \$16,180,000	² \$1,035,000	.....	.....
1916.....	22,079,000	13,461,000	.....	.....
1917.....	40,086,000	16,132,000	.....	.....
1918.....	40,795,000	28,017,000	.....	.....
1919.....	55,730,000	37,581,000	\$75,788,000	\$94,718,000
1920.....	69,245,000	63,135,000	159,382,000	126,741,000
Index of growth 1915-1920 (1915=1).....	4	61	.....	.....

	Number of checks cleared.	Amount of checks cleared.	Transactions through gold settlement fund.
1915.....	.....	.....	³ \$112,672,000
1916.....	.....	.....	345,940,000
1917.....	3,717,000	\$990,202,000	1,300,820,000
1918.....	6,323,000	2,741,224,000	2,267,990,000
1919.....	14,149,000	4,865,992,000	4,922,618,000
1920.....	29,360,000	7,307,341,000	7,101,179,000
Index of growth 1915-1920 (1915=1).....	.....	.....	63

¹ Exclusive of certificates of indebtedness.² Nov. 16, 1914 to Dec. 31, 1915.³ Represents daily average for the period May 20, 1915 (date of first settlement), to Dec. 31, 1915, multiplied by 365.

Expenses of the Federal Reserve Bank of Dallas.

	Nov. 16 to Dec. 31, 1914.	1915	1916	1917	1918	1919	1920
Expenses of operation:							
Salaries—							
Bank officers	\$4,125	\$32,373	\$33,942	\$43,220	\$68,544	\$87,212	\$117,768
Clerical staff	2,897	26,255	37,885	67,232	170,134	390,993	649,100
Special officers and watchmen	1	1,146	1,771	2,762	4,314	6,363	20,177
All other	116	1,806	2,835	3,636	5,464	11,883	39,456
Federal advisory council, governors' and Federal re- serve agents' conferences		2,080	2,668	756	2,548	1,889	1,115
Directors' meetings, legal fees, officers' and clerks' traveling expenses, life- insurance and fidelity- bond premiums	1,952	14,292	8,514	11,727	25,188	34,733	71,070
Assessments for Federal Re- serve Board expenses		¹ 15,675	9,665	11,439	15,223	20,362	21,695
Taxes and fire insurance				1,212	1,211	1,746	3,476
Telephone and telegraph	97	927	1,629	1,606	11,551	24,961	60,838
Rent, light, heat, and power	1,258	8,583	1,378	1,708	3,072	8,891	21,800
Printing and stationery	4,296	5,116	2,900	17,104	25,072	41,009	67,998
All other, including postage and insurance on mail, se- curity, and currency ship- ments, repairs and altera- tions, etc.	² 15,577	11,786	24,102	32,512	73,809	145,500	236,735
Total expenses of op- eration	30,319	120,039	127,289	194,914	406,130	775,542	1,311,228
Federal reserve currency (orig- inal cost, including shipping charges)		18,920	14,443	30,911	82,730	85,719	86,514
Miscellaneous charges, account note issues						8,028	22,825
Taxes on Federal reserve bank note circulation			1,566			42,829	46,397
Furniture and equipment			9,528	35,171	52,758	70,718	82,883
Bank premises					4,806		
Total expenses	30,319	138,959	152,826	260,996	546,424	982,836	1,549,847

¹ Total assessment for Federal Reserve Board expenses to Dec. 31, 1915.² Includes \$14,556 expenses prior to Nov. 16, 1914.*Current expenses of the El Paso branch of the Federal Reserve Bank of Dallas.*

	1918 ¹	1919	1920
Salaries:			
Bank officers	\$6,650	\$12,338	\$15,904
Clerical staff	16,098	49,494	65,183
Special officers and watchmen	670	191	3,810
All other	393	732	4,456
Directors' meetings, legal fees, officers' and clerks' traveling expenses, life- insurance and fidelity-bond premiums	2,599	4,692	8,200
Taxes and fire insurance	61	61	1,292
Telephone and telegraph	470	1,726	16,141
Rent, light, heat, and power	188	1,226	1,877
Printing and stationery	5,072	6,064	8,403
Furniture and equipment	20,163	3,793	15,385
All other—including postage and insurance on mail, security, and currency shipments, repairs and alterations, etc.	9,108	19,776	33,009
Total current expenses	61,472	100,093	173,660

¹ Branch opened for business June 17, 1918.

Current expenses of the Houston branch of the Federal Reserve Bank of Dallas.

	1919 ¹	1920
Salaries:		
Bank officers.....	\$9,338	\$13,651
Clerical staff.....	28,545	95,270
Special officers and watchmen.....	966	5,324
All other.....	778	5,457
Directors' meetings, legal fees, officers' and clerks' traveling expenses, life-insurance and fidelity-bond premiums.....	6,835	13,348
Taxes and fire insurance.....		460
Telephone and telegraph.....	536	8,047
Rent, light, heat, and power.....	1,002	6,474
Printing and stationery.....	10,182	13,829
Furniture and equipment.....	42,832	19,316
All other, including postage and insurance on mail, security, and currency shipments, repairs and alterations, etc.....	20,153	47,012
Total current expenses.....	121,167	228,183

¹ Branch opened for business Aug. 4, 1919.

EXHIBIT D, PART 12.

FEDERAL RESERVE BANK OF SAN FRANCISCO.

Comparison of salaries paid to officers of the Federal reserve bank as of Oct. 1, 1921, with salaries paid to officers of three of the large national banks in San Francisco as of Sept. 6, 1921.

	Annual salary.
Governor.....	\$24,000
Chairman and Federal reserve agent.....	24,000
Deputy governor.....	15,000
Assistant Federal reserve agent and chief examiner.....	12,000
Assistant deputy governor.....	12,000
Do.....	10,000
Cashier.....	7,000
Assistant cashier.....	5,500
Assistant Federal reserve agent.....	5,100
Assistant cashier.....	4,800
Do.....	4,800
Do.....	4,500
Do.....	4,500
Do.....	4,000
Do.....	3,600
Do.....	3,300
Do.....	3,300
Manager, Los Angeles branch.....	8,000
Assistant manager, Los Angeles branch.....	4,200
Assistant cashier, Los Angeles branch.....	4,000
Acting assistant cashier, Los Angeles branch.....	2,700
Manager, Portland branch.....	6,000
Assistant manager, Portland branch.....	4,000
Assistant cashier, Portland branch.....	2,880
Manager, Salt Lake City branch.....	8,000
Assistant manager, Salt Lake City branch.....	4,500
Assistant cashier, Salt Lake City branch.....	3,600
Do.....	3,300
Manager, Seattle branch.....	6,000
Assistant manager, Seattle branch.....	3,300
Acting assistant cashier, Seattle branch.....	3,000
Manager, Spokane branch.....	5,000
Assistant manager, Spokane branch.....	4,500
Assistant cashier, Spokane branch.....	3,300
Acting assistant cashier, Spokane branch.....	2,400
Total.....	226,080

National banks in San Francisco.

Position.	Annual salary.		
	Bank A.	Bank B.	Bank C.
Chairman of board and president.....			\$50,000
President.....	\$50,000	\$38,000	
Vice president.....	18,000	15,000	30,000
Do.....	18,000	15,000	15,000
Do.....	12,000	11,000	13,200
Do.....	12,000	9,000	12,400
Do.....	12,000	9,000	
Do.....		9,000	
Do.....		7,200	
Other officers.....	64,800	36,900	35,100
Total.....	186,800	148,100	155,700

SUMMARY.

	Number of officers.	Annual salaries.	
		Total.	Average.
Federal reserve bank.....	35	\$228,080	\$6,459
Bank A.....	17	186,800	10,988
Bank B.....	15	148,100	9,873
Bank C.....	11	155,700	14,155

Index of growth in number of officers and employees, in their aggregate salaries, and in business of the bank.

[1915=1.]

Year.	Personnel.				Assets and liabilities.		Volume of business.	
	Officers.		Officers and employees.		Earning assets.	Federal reserve note circulation.	Discount and open-market operations.	Gold settlement fund.
	Number.	Salaries.	Number.	Salaries.				
1915.....	1	1	1	1	1	1	1	
1916.....	1	1	3	1	7	3	3	
1917.....	3	2	12	6	19	13	11	
1918.....	5	3	24	11	50	41	80	
1919.....	6	4	26	13	78	47	168	
1920.....	8	5	51	28	93	53	263	

Number of officers and employees.

	Dec. 31—						July 1, 1921.
	1915	1916	1917	1918	1919	1920	
Officers:							
Chairman and Federal reserve agent.....	1	1	1	1	1	1	1
Governor.....	1	1	1	1	1	1	1
Deputy governor.....	1	1	1	1	1	1	1
Other officers.....	1	2	9	17	22	28	31
Total officers.....	4	5	12	20	25	31	34

EXPENSES OF FEDERAL RESERVE BANKS.

Number of officers and employees—Continued.

	Dec. 31—						July 1, 1921.
	1915	1916	1917	1918	1919	1920	
Employees:							
Banking department.....	10	31	77	157	176	429	579
Bookkeeping department.....	2	5	17	27	33	54	52
Transit department.....	1	15	31	64	100	250	246
Federal reserve agent's department.....	3	2	3	10	18	23	38
Auditing department.....					33	53	61
Fiscal agency department.....			122	207	129	183	206
General.....	2	4	11	46	53	109	122
Total employees.....	18	57	261	511	542	1,101	1,304
Total officers and employees.....	22	62	273	531	567	1,132	1,338
Average number of employees per officer.....	5	11	22	26	22	36	38

Salaries of officers and employees.

	Dec. 31—						July 1, 1921
	1915	1916	1917	1918	1919	1920	
Officers:							
Chairman and Federal reserve agent.....	\$12,000	\$12,000	\$14,000	\$14,000	\$18,000	\$24,000	\$24,000
Governor.....	15,000	15,000	18,000	18,000	18,000	24,000	24,000
Deputy governor.....	6,000	5,000	10,000	10,000	10,000	12,000	15,000
Other officers.....	4,200	7,200	29,500	58,280	98,000	113,020	151,480
Total (bonus excluded)...	37,200	39,200	71,500	100,280	144,000	173,020	214,480
Employees:							
Banking department.....	14,820	30,230	101,046	190,560	237,380	581,592	887,060
Bookkeeping department.....	2,520	4,620	18,240	30,960	40,740	71,340	76,260
Transit department.....	780	11,640	28,740	62,940	108,720	305,760	326,100
Federal reserve agent's department.....	7,000	1,620	3,420	16,224	43,460	59,780	96,380
Auditing department.....					49,900	88,380	112,800
Fiscal agency department.....			146,100	253,140	128,340	245,280	288,740
General.....	1,800	4,620	980	72,920	79,000	152,100	195,600
Total (bonus excluded)...	26,920	52,730	298,526	626,744	687,540	1,504,232	1,982,940
Total, officers and employees.....	64,120	91,930	370,026	727,024	831,540	1,677,252	2,197,420
Average salary payable to—							
All officers.....	9,300	7,840	5,958	5,014	5,760	5,581	6,308
Officers other than chairman and Federal reserve agent, governor, and deputy governors.....	4,200	3,600	3,278	3,428	4,455	4,036	4,886
Employees.....	1,496	925	1,144	1,227	1,268	1,366	1,521

Extra compensation paid by the Federal Reserve Bank of San Francisco for the years 1916-1921.

[Salaries shown are annual salaries. Per cent of extra compensation based on actual salary received during period.]

Jan. 1 to Dec. 31, 1916:

One-half of 1 month's salary to all officers and employees up to deputy governor, who have been in service 1 year or more; one-fourth of 1 month's salary to those employed 6 months but less than a year; one-eighth of 1 month's salary to those in service over 3 months but less than 6 months.

Minimum payment to any employee..... \$10

Jan. 1 to Dec. 31, 1917:

Less than \$1,500..... 15
\$1,500 to \$6,000..... 10

	Per cent.
Jan. 1 to Dec. 31, 1918:	
Up to \$1,500.....	20
\$1,501 to \$3,000.....	15
\$3,001 to \$5,000.....	10
Jan. 1 to June 30, 1918:	
Up to \$1,500.....	20
\$1,501 to \$3,000.....	15
\$3,001 to \$5,000.....	10
July 1 to Dec. 31, 1919:	
Up to \$1,800.....	25
\$1,801 to \$3,000.....	20
\$3,001 to \$5,000.....	15
Jan. 1 to June 30, 1920:	
Up to \$1,800.....	25
\$1,801 to \$3,000.....	20
\$3,001 to \$5,000.....	15
July 1 to Dec. 31, 1920:	
Up to \$1,800.....	20
\$1,801 to \$3,000.....	15
\$3,001 to \$5,000.....	10
Jan. 1 to June 30, 1921:	
Up to \$1,800.....	15

Principal asset and liability items at end of year.

	Total cash reserves.	Bills discounted.	Bills bought.	Total earning assets.
1915.....	\$20,540,000	\$450,000	\$652,000	\$2,448,000
1916.....	35,894,000	251,000	12,462,000	16,584,000
1917.....	94,427,000	25,780,000	17,082,000	46,818,000
1918.....	151,491,000	78,759,000	36,280,000	123,224,000
1919.....	184,539,000	73,896,000	102,558,000	190,930,000
1920.....	183,095,000	167,598,000	46,798,000	227,514,000
Index of growth 1915-1920 (1915=1).....	9	372	72	93

	Capital and surplus.	Gross deposits.	Federal reserve notes in circulation.
1915.....	\$3,942,000	\$17,568,000	\$5,149,000
1916.....	3,929,000	44,506,000	13,137,000
1917.....	4,162,000	88,650,000	67,744,000
1918.....	5,861,000	95,366,000	212,245,000
1919.....	13,289,000	162,446,000	242,462,000
1920.....	21,121,000	157,955,000	272,463,000
Index of growth 1915-1920 (1915=1).....	5	9	53

Volume of business transacted during the year.

	Bills discounted.	Bills bought.	U. S. securities bought.	Total discount and open-market operations.
1915.....	\$7,288,000	\$3,230,000	\$1,010,000	\$14,335,000
1916.....	1,973,000	32,776,000	2,624,000	43,336,000
1917.....	102,681,000	48,017,000	12,143,000	153,927,000
1918.....	941,441,000	150,654,000	56,654,000	1,148,749,000
1919.....	1,951,062,000	345,827,000	116,699,000	2,413,588,000
1920.....	2,965,647,000	364,845,000	445,745,000	3,776,237,000
Index of growth, 1915-1920 (1915=1).....	407	113	441	263

¹ Exclusive of certificates of indebtedness.

Volume of business transacted during the year—Continued.

	Federal reserve notes issued by agent.	Federal reserve notes redeemed by agent.	Currency received from member and other banks.	Currency paid out to member and other banks.
1915.....	\$6,760,000	\$310,000		
1916.....	12,840,000	4,509,000		
1917.....	66,820,000	4,503,000		
1918.....	165,380,000	13,240,000		
1919.....	186,330,000	135,544,000	\$225,034,000	\$215,581,000
1920.....	181,970,000	148,850,000	378,750,000	498,819,000
Index of growth, 1915-1920 (1915=1).....	27	480		

	Number of checks cleared.	Amount of checks cleared.	Transactions through gold settlement fund.
1915.....			\$90,029,000
1916.....			245,511,000
1917.....	3,047,000	\$2,059,361,000	2,339,177,000
1918.....	9,116,000	4,763,955,000	3,746,196,000
1919.....	16,209,000	7,305,341,000	5,366,032,000
1920.....	30,218,000	8,668,570,000	6,703,541,000
Index of growth, 1915-1920 (1915=1).....			74

¹ Nov. 16, 1914, to Dec. 31, 1915.

² Represents daily average for the period May 20, 1915 (date of first settlement), to Dec. 31, 1915, multiplied by 365.

Expenses of the Federal Reserve Bank of San Francisco.

	Nov. 16 to Dec. 31, 1914.	1915	1916	1917	1918	1919	1920
Expenses of operation:							
Salaries—							
Bank officers.....	\$5,133	\$40,750	\$41,208	\$56,657	\$94,605	\$136,807	\$188,017
Clerical staff.....	5,543	24,032	33,553	85,813	287,608	491,627	1,018,812
Special officers and watchmen.....	7	113	123	434	1,595	13,757	33,150
All other.....				160	1,117	19,005	38,691
Federal advisory council, governors' and Federal reserve agents' conferences.....	301	4,267	4,160	1,309	3,998	6,197	4,372
Directors' meetings, legal fees, officers' and clerks' traveling expenses, life-insurance and fidelity-bond premiums.....	1,784	3,791	7,062	12,553	32,242	47,787	84,034
Assessments for Federal Reserve Board expenses.....		¹ 21,688	13,786	16,560	22,277	33,790	45,964
Taxes and fire insurance.....				104	7,768	5,672	8,222
Telephone and telegraph.....	186	610	973	4,996	16,575	32,841	81,030
Rent, light, heat, and power.....	2,460	15,916	12,164	15,249	21,266	9,108	30,409
Printing and stationery.....	879	4,875	8,472	23,484	50,933	88,080	178,489
All other, including postage and insurance on mail, security and currency shipments, repairs and alterations, etc.....	² 21,723	6,988	20,837	50,222	236,993	163,022	282,364
Total expenses of operation.....	38,016	123,030	142,338	267,541	776,977	1,047,693	1,993,554
Federal reserve currency (original cost, including shipping charges).....		7,273	49,031	34,998	238,746	187,486	219,398
Miscellaneous charges, account note issues.....			981	8,077	9,678	28,411	40,600
Taxes on Federal reserve bank note circulation.....						35,400 ¹	46,283
Furniture and equipment.....			12,589	28,142	45,169	119,671	202,751
Bank premises.....						13,094	
Total expenses.....	38,016	130,303	204,939	338,758	1,070,570	1,431,755	2,502,586

¹ Total assessment for Federal Reserve Board expenses to Dec. 31, 1915.

² Includes \$19,809 expenses prior to Nov. 16, 1914.

Current expenses of the Los Angeles Branch of the Federal Reserve Bank of San Francisco, 1920.^a

Salaries:	
Bank officers	\$12, 133
Clerical staff	207, 102
Special officers and watchmen	7, 450
All other	2, 518
Directors' meetings, legal fees, officers' and clerks' traveling expenses, life insurance and fidelity bond premiums	6, 874
Taxes and fire insurance	557
Telephone and telegraph	10, 485
Rent, light, heat, and power	12, 954
Printing and stationery	28, 118
Furniture and equipment	68, 962
Bank premises	
All other, including postage and insurance on mail, security and currency shipments, repairs and alterations, etc.	68, 581
Total current expenses	425, 734

Current expenses of the Portland branch of the Federal Reserve Bank of San Francisco.

	1917 ¹	1918	1919	1920
Salaries:				
Bank officers	\$1, 617	\$6, 245	\$9, 037	\$11, 542
Clerical staff	3, 544	21, 887	40, 155	71, 498
Special officers and watchmen	10	62	1, 343	1, 761
All other		38	1, 335	2, 990
Directors' meetings, legal fees, officers' and clerks' traveling expenses, life insurance and fidelity bond premiums	2 16	1, 739	2, 500	2, 715
Taxes and fire insurance			23	
Telephone and telegraph	186	2, 089	3, 409	8, 525
Rent, light, heat, and power	903	3, 638	3, 781	3, 845
Printing and stationery	2, 352	4, 154	7, 885	9, 374
Furniture and equipment		2, 570	3, 990	13, 802
All other, including postage and insurance on mail, security and currency shipments, repairs and alterations, etc.	1, 664	13, 055	13, 937	17, 635
Total current expenses	10, 292	55, 478	87, 395	143, 687

¹ Branch opened for business Oct. 1, 1917.² Credit.*Current expenses of the Salt Lake City branch of the Federal Reserve Bank of San Francisco.*

	1918 ¹	1919	1920
Salaries:			
Bank officers	\$4, 986	\$10, 745	\$16, 335
Clerical staff	34, 056	74, 403	151, 023
Special officers and watchmen	907	826	3, 584
All other	317	1, 595	4, 736
Directors' meetings, legal fees, officers' and clerks' traveling expenses, life insurance and fidelity bond premiums	1, 572	2, 373	5, 081
Taxes and fire insurance	44		56
Telephone and telegraph	811	4, 874	11, 920
Rent, light, heat, and power	3, 580	7, 337	9, 798
Printing and stationery	5, 942	10, 489	23, 892
Furniture and equipment	20, 237	9, 666	33, 581
All other, including postage and insurance on mail, security and currency shipments, repairs and alterations, etc.	12, 984	17, 874	20, 694
Total current expenses	85, 436	140, 182	280, 700

¹ Branch open for business Apr. 1, 1918.² Branch opened for business Jan. 2, 1920.

Current expenses of the Seattle branch of the Federal Reserve Bank of San Francisco.

	1917 ¹	1918	1919	1920
Salaries:				
Bank officers.....	\$1,882	\$7,902	\$10,290	\$12,895
Clerical staff.....	5,207	24,388	46,416	8,983
Special officers and watchmen.....	77	157	1,640	3,759
All other.....		72	771	1,729
Directors' meetings, legal fees, officers' and clerks' traveling expenses, life-insurance and fidelity-bond premiums.....	222	3,832	1,607	3,663
Taxes and fire insurance.....				94
Telephone and telegraph.....	367	2,109	3,453	7,420
Rent, light, heat, and power.....	1,129	3,900	4,099	5,044
Printing and stationery.....	1,927	3,421	7,218	12,500
Furniture and equipment.....		3,859	8,360	19,040
All other, including postage and insurance on mail, security and currency shipments, repairs and alterations, etc.....	3,457	14,552	23,699	15,439
Total current expenses.....	14,288	64,192	107,553	171,566

¹ Branch opened for business Sept. 19, 1917.*Current expenses of the Spokane branch of the Federal Reserve Bank of San Francisco.*

	1917 ¹	1918	1919	1920
Salaries:				
Bank officers.....	\$2,694	\$6,412	\$11,249	\$12,519
Clerical staff.....	7,011	25,474	46,540	78,971
Special officers and watchmen.....	224	120	681	2,093
All other.....	160	300	1,050	2,177
Directors' meetings, legal fees, officers' and clerks' traveling expenses, life-insurance and fidelity-bond premiums.....	1,549	1,729	2,537	3,005
Taxes and fire insurance.....	64			269
Telephone and telegraph.....	559	2,238	3,624	7,788
Rent, light, heat, and power.....	2,116	4,169	5,637	6,036
Printing and stationery.....	2,299	3,807	7,024	10,076
Furniture and equipment.....		3,540	19,749	11,147
All other, including postage and insurance on mail, security and currency shipments, repairs and alterations, etc.....	2,989	6,986	14,130	14,000
Total current expenses.....	19,665	54,775	112,221	148,081

¹ Branch opened for business July 26, 1917.

EXHIBIT E.

OCTOBER 11, 1921.

HON. SYDNEY ANDERSON,
*Chairman Joint Commission of Agricultural Inquiry,
United States Congress.*

DEAR MR. CHAIRMAN: In the record of the statements made by a former Comptroller of the Currency and ex officio member of the Federal Reserve Board to the commission on August 2 and 3, there are included two addresses made by him, one in Washington on April 15, 1921, and the other in Augusta, Ga., on July 14, 1921, in which certain allegations are made reflecting upon the intelligence and efficiency, and, by innuendo, upon the probity of members of the Federal Reserve Board. Other statements with which the board takes issue appear in various communications to the board which the former comptroller introduced in his testimony.

Many of these allegations are so trivial and irrelevant as to be unworthy of notice, and others, particularly those which relate to credit policies, it is believed have been fully answered in the statements made by Gov. Strong and myself before your commission on August 4 and subsequent days, and in letters which have been introduced in the record. Having in mind the desire of the commission to assemble as promptly as possible facts more directly related to the purposes for which it was organized, I did not deem it opportune when I was before the commission to take up its time in answering the general charges made by the former comptroller that the board had approved or permitted reckless waste of money in the operations of the Federal reserve banks, particularly with respect to the building of the Federal Reserve Bank of New York, now in course of construction, and to the salaries paid to the officers of the Federal Reserve Bank of New York.

In each annual report of the Federal Reserve Board to Congress an exhibit has been made of the number of officers and employees of all Federal reserve banks and of their salaries.

In its annual report for the year 1918, the board called the attention of Congress to the necessity of providing adequate quarters for the Federal reserve banks and reported purchases of building sites which had been made by 10 of the 12 banks. In each subsequent report a frank statement has been made to Congress of the progress of the building operations by the respective banks.

When the Committees on Banking and Currency of the Senate and House of Representatives were considering, early in the year 1919, the board's recommendation that section 7 of the Federal reserve act be amended by permitting the banks to create a maximum surplus out of earnings equal to 100 per cent of their paid-in capital, instead of 40 per cent as previously provided, I called the attention of the committees to the fact that all Federal reserve banks would be obliged to construct their own buildings, as it was not practicable to lease adequate quarters and otherwise to provide suitable vaults for the custody of the large amounts of cash and securities held by the banks. I called attention also to the large expenditures which would have to be made in these building operations, and urged that the banks be permitted to increase their surplus in order to reduce the proportion of fixed assets represented by the buildings to their capital account. The committees appeared to be impressed with this argument, for the act of March 3, 1919, went beyond the board's recommendations and provided that Federal reserve banks might create a surplus out of earnings equal to 100 per cent of their subscribed capital, plus 10 per cent of net earnings annually, after such a surplus had been created.

As no criticism has been made to the commission by the former comptroller, however, of any of the Federal reserve bank buildings except that of the Federal Reserve Bank of New York, it seems unnecessary at this time to present further data relating to any of them except the one in New York. The board understands that the governor of the Federal Reserve Bank of New York has submitted to the commission a full statement regarding the building operations of that bank, every important detail of which has been submitted from time to time to the Federal Reserve Board.

Since he appeared before the commission, the former comptroller has given to the press a letter directing his criticism especially to the salaries paid to officers and employees of the Federal Reserve Bank of New York, and this letter has recently been inserted in the Congressional Record.

Each Federal reserve bank is by law placed under the supervision and control of a board of directors who are authorized to appoint such officers and employees as are not otherwise provided for in the Federal reserve act and to define their duties. The law also requires that any compensation that may be provided by the board of directors of a Federal reserve bank for directors, officers, or employees shall be subject to the approval of the Federal Reserve Board.

I transmit herewith copy of a letter, dated October 6, 1921, from the governor of the Federal Reserve Bank of New York, in which he discusses not only the salaries of officers which have been specifically criticised by the former comptroller, with the exception of his own and that of the Federal reserve agent, but also the increase in the number of employees and in their compensation. The board has, in approving salaries and increases in salaries from time to time, been advised of all the facts set forth in this letter, and its approval of the salaries proposed by the directors has been based upon an appreciation of these facts. This letter contains a detailed review of the principles governing the salary policies of the Federal Reserve Bank of New York, the approval of which by the members of the Federal Reserve Board is evidenced by their action in approving from time to time specific salaries and increases voted by the bank's directors. Inasmuch as Governor Strong's sense of propriety does not permit him to discuss in his letter the salaries paid the Federal reserve agent and himself, particular reference will be made to these salaries in this communication.

The Federal reserve agent is appointed by the Federal Reserve Board and his salary is fixed by the board. All other officers and employees of the Federal reserve bank, except those in the Federal reserve agent's department, are appointed by the board of directors and the salaries fixed by them, subject to the approval of the Federal Reserve Board.

The officers of Federal reserve banks are not officers of the United States. They are private citizens, just as officers of national banks, which are, like Federal reserve banks, chartered under an act of Congress, are private citizens.

The conduct of the business of a Federal reserve bank, and of the Federal Reserve Bank of New York especially, which is now the largest banking institution in the country, with transactions many times greater than those of the largest member banks, with great responsibilities to its member banks, to the public, and to the Treasury

of the United States, requires the services in executive and other capacities of trained officials and experts who will devote all of their time to the work of the bank, not only in the ordinary routine but in the study of a great variety of technical subjects, and it is highly desirable that men be obtained who can always be relied upon to show good judgment and all other necessary qualifications.

These officers are not permitted to engage in any other business or in political activities or to hold public office. Their service in the Federal reserve bank is not a stepping stone to a political career nor does it afford means of outside financial profit. It would be impossible to secure the services of competent and efficient officials for the Federal reserve banks were their salaries to be measured by the salaries paid to the political officers of the Government.

In the former comptroller's letter, above referred to, and in his Augusta speech, which is a part of the record of the commission, he appears to take the position that the salary of a United States Senator is the standard upon which salaries of Federal reserve bank officials should be based. He did not himself, however, while he was in office, observe this principle, but on the contrary recognized the fact that in order to obtain competent national bank examiners, who, by the way, are officers of the Government, he would be obliged to pay regard to the technical skill and ability of these men and to what they could earn in the employ of private banking institutions and corporations.

These examiners are appointed by the Comptroller of the Currency, with the approval of the Secretary of the Treasury, and their salaries are fixed by the Federal Reserve Board "upon the recommendations of the Comptroller of the Currency." The board does not regard these salaries as excessive, and in what follows no such inference should be drawn.

The report of the Comptroller of the Currency for 1920 gives in one item (page 22, second volume) the total of the "expenses on account of the national bank examining service," which includes salaries and other expenses incurred in making examinations, including traveling expenses, but does not give any statement, either in detail or in the aggregate, of salaries paid national-bank examiners. The report of the Federal Reserve Board for the same year, however, gives a complete detailed list of salaries paid national-bank examiners (pages 278-280). These salaries were initiated and recommended, in each instance, by the Comptroller of the Currency, just as salaries of Federal reserve bank officers and employees are initiated by the directors of the Federal reserve banks.

The report shows that 10 examiners are paid salaries equal to or in excess of that of a United States Senator; that 1 examiner is paid a salary in excess of that of 2 United States Senators; and that the aggregate of salaries paid these 10 examiners is more than the salaries paid 13 United States Senators. It shows also that the total salaries of all national-bank examiners on the pay roll as of December 31, 1920, aggregate \$637,900, an amount equal to the salaries of 85 United States Senators. In addition to this, during the year 1920, two national-bank examiners were, for a time, each paid a salary at the rate of \$30,000 per annum, an amount equal to that paid 4 United States Senators, but it is only fair to state that these examiners were detailed to examine foreign branches of national banks and that these salaries were designed to cover ocean transportation and all traveling and living expenses while they were engaged in making these examinations abroad.

The foregoing comparisons are made merely to show the absurdity of attempting to draw conclusions from totally unrelated facts.

In its annual report for 1918 the board said:

"It is evident that the Federal reserve banks, in order to insure the proper conduct of their business and to protect the interests of the Government, the member banks, and the public, must employ men of exceptional experience and ability. Experience has shown that the larger member banks are disposed to draw upon the Federal reserve banks for men to fill high official positions, and in order to retain the services of officers who are constantly being tempted with outside offers at high salaries it has become necessary to recognize this competition. While the board has in no case approved salaries for Federal reserve bank officers as high as those paid officers of similar rank by the larger member banks in the various Federal reserve cities, it has approved salaries approximating the average salaries paid by the larger local banks. In the case of junior officers, heads of divisions, and clerks, the board has recognized from the outset that the compensation paid them must be in line with that paid by the larger member banks. The board does not believe that the Federal reserve banks should become training schools for future officers of member banks. It feels, on the contrary, that sufficient inducements should be offered by the Federal reserve banks to make service with them attractive as a career."

During the past seven years four governors of Federal reserve banks have resigned in order to accept executive positions with other banking institutions at much higher

salaries, and the same is true with respect to a considerable number of deputy governors and junior officers.

The board does not regard the salaries paid the governor of the Federal Reserve Bank of New York and the Federal reserve agent as being excessive. No one who is familiar with the qualifications of these gentlemen, their long experience in banking, their established position in the banking community before the Federal reserve bank was organized, the magnitude of their responsibilities, and the opportunities which are constantly afforded them to make other and more profitable engagements, would assert for a moment that they are being paid more than they are worth.

The only question, therefore, to be considered is: Does the business of the Federal Reserve Bank of New York require the services, as its two senior officers, of men of their type? The board believes that it does, and it believes, furthermore, that it would be false economy to depend upon less able and experienced men.

I am inclosing for the information of the commission copy of a letter from Governor Strong, which outlines the history of his connection with the Federal Reserve Bank of New York. The statements made therein were already familiar to some members of the board who have served continuously since 1914.

The directors of the Federal Reserve Bank of New York voted in September, 1917, to increase the governor's salary from \$30,000 to \$50,000 per annum, and the question of approval was considered by the Federal Reserve Board. Upon being informed, however, that Mr. Strong would not then accept this increase, and in view of the fact that the country was at war, the board took no action. The records of the Treasury Department will show what was done by the Liberty loan organization of the Federal Reserve Bank of New York, under the leadership and supervision of Gov. Strong, in the placing of Government securities during and after the war. In the prosecution of this work, in connection with his other duties, his health broke down and necessitated his absence from the bank during the year 1920, to which reference is made in his letter.

In December, 1918, the directors of the Federal Reserve Bank of New York again voted to increase the salary of Gov. Strong to \$50,000 per annum. The following is an extract from the minutes of the meeting of the Federal Reserve Board on December 14, 1918:

"Present: The chairman (Mr. McAdoo), the governor, Mr. Strauss, Mr. Miller, Mr. Hamlin, Mr. Williams, Mr. Broderick, secretary.

"Mr. Strauss stated that he had reviewed the recommendations of the Federal Reserve Bank of New York of increases in salaries of and bonuses to its officers and employees, and submitted the following report, which was ordered spread upon the minutes of the meeting:

(Here follows report of Mr. Strauss on a letter from Mr. George F. Peabody, deputy chairman of the board of directors of the Federal Reserve Bank of New York, on the subject of increased compensation for employees of the bank.)

"The chairman expressed himself as heartily in accord with the principles propounded by Mr. Strauss. He then explained to the board his views as to the principles that should be observed in determining compensation to officers of Federal reserve banks. He stated that his attitude had been that in the beginning and during the formative period of the system he advocated comparatively low salaries until the business of the banks could be established, and a fair measure obtained of their operations and a more accurate realization reached of the dimensions of the problems and responsibilities of the banks' officers, adding that last year he had opposed an increase in the salary of the governor of the Federal Reserve Bank of New York only because the country was at war. He said, now that the business of the banks had been well established and they were making large earnings for the Government, the time had come when the office of governor of a Federal reserve bank should command on its merits a fair and just compensation, and that he would vote to fix the salary of the governor of the Federal Reserve Bank of New York at \$50,000 per annum, this salary to prevail not only for the present incumbent, but for his successors. The chairman stated it as his view that the principle governing the fixing of salaries of officers of Federal reserve banks should be that the salary be made sufficiently attractive to make a man willing to adopt the Federal reserve system as a permanent career having its rewards in the way of promotion like any other institution. He opposed the view that the office of head of a Federal reserve bank should be considered on a parity with high Government office, stating that heads of Federal reserve banks could not be said to enjoy that magnitude of power and prestige pertaining to high Government office, while the bank officers were yet placed in a different position from those engaged in private institutions in that they were affected by the mutations of public life and controlled by a changing public board.

"The chairman stated that he had conferred with the Secretary of the Treasury-elect, Mr. Carter Glass, who concurred in the substance of the principles recited by him, leaving it to the board, of course, to make, under such principles, reasonable adjustments of salaries throughout the system in its discretion.

"The chairman stated as a further principle that the salary of a Federal reserve agent should be at least as high as that of any deputy governor of the Federal reserve bank of which such agent may be chairman.

"Mr. Miller pointed out that the tremendous earnings of the Federal reserve banks had accrued this year largely out of Government business, and asked the chairman if he had that factor in mind in expressing his opinion on the question.

"The chairman replied that he did not think the percentage basis of earnings of banks is a fair guide for the measure of compensation to be paid, stating it as his judgment that the questions of salaries at the several banks should be dealt with each on its own merits with respect to the responsibility assumed by the governor when taking office.

"Mr. Strauss stated that the board should not consider the earnings of a bank in fixing compensation; that at future periods it might well be the business of the banks not to make money.

"The chairman concurred in this view, stating that it might be necessary to operate a bank at a loss as a result of a general plan of combining the resources of all banks as a common fund, in which event, the responsibilities of the governor of a bank forced to operate at a loss would be even greater than when large earnings were accruing. He said the problem was to ascertain what is a just compensation, taking into consideration all the elements of the problem—the size of the bank, the cost of living in the community, and the responsibility assumed by the chief executive officer of the bank.

"Mr. Williams pointed out that there were certain governors of Federal reserve banks whom the board felt were not the strongest men for their positions.

"The chairman stated that if the board undertook the responsibility of keeping in office incompetent men as governors of Federal reserve banks the salaries of such governors should nevertheless have a relation to the responsibility assumed.

"On motion, duly seconded, it was voted unanimously that the salary of the governor of the Federal Reserve Bank of New York for the ensuing year be approved if fixed at \$50,000 per annum, and that the recommendations of the board of directors of the Federal Reserve Bank of New York, as submitted by Deputy Chairman Peabody in his letter of December 11, 1918, as modified in principles by the memorandum submitted by Mr. Strauss, above, be approved with the understanding that the board will review same in detail and make such adjustments as may be necessary at its meeting on Monday, December 16.

"At this point the chairman (Mr. McAdoo) stated that it was necessary for him to withdraw from this, the last meeting of the Federal Reserve Board which he would attend, and expressed to the members of the board his appreciation of the work they had done during his incumbency of the office of chairman, stating that he would always have a keen interest in the personal welfare of members of the board, as well as in their official work."

For the further information of the commission, and in order that it may better determine what weight, if any, should be given to the criticisms made by the former comptroller of the salaries paid by the Federal Reserve Bank of New York, I transmit a memorandum made up from the minutes of the Federal Reserve Board showing the dates of the various meetings at which increases in salaries of officers and employees of the Federal Reserve Bank of New York were considered, and the vote of the comptroller on these proposals. It will be noted that the minutes show that he voted affirmatively on 80 per cent of the salary increases, including those which he now criticizes, that he did not vote against any of them, but was absent from meetings at which the other 20 per cent were considered.

The board requests that this letter and the memorandum attached be made a part of the record of the commission. If the commission desires any further statement regarding any other allegation made by the former comptroller, which appears in the record, the board will be pleased to furnish it without delay.

In view of the fact that the allegations made by the former comptroller are a part of the official record of the commission and are being constantly reiterated by him, the board respectfully requests that the commission make public its findings regarding them.

Very truly, yours,

W. P. G. HARDING, *Governor.*

EXHIBIT F.

OCTOBER 6, 1921.

DEAR GOV. HARDING: Mr. John Skelton Williams, former Comptroller of the Currency, in an address made in Augusta on July 14, 1921, printed in the Congressional Record under date of July 20, 1921, and printed on pages 36-48 of part 13 of the hearings before the Joint Commission of Agricultural Inquiry, has made certain charges involving the salary policy of the Federal Reserve Bank of New York. In an open letter dated September 12, 1921, published on the cover page of the Manufacturers' Record of September 22, 1921, he has enlarged upon those charges and has made certain statements that are wholly inaccurate or purposely misleading. In a speech before the United States Senate on October 1, 1921, Senator Heflin introduced into the Congressional Record (see p. 6645 of the Oct. 3, 1921, issue) a complete copy of that letter, suggesting "a clean-up of the high salary scandal at the reserve bank in New York," and intimating that the Republican Party should ask for "an immed ate investigation of this whole disgraceful affair," which he states was "permitted" by the Federal Reserve Board without protest by the Senate.

All of the present salaries in effect at the Federal Reserve Bank of New York were approved by the Federal Reserve Board under the terms of the Federal reserve act, and in a general way they are, of course, familiar with the necessities for those increases. But for the convenience of the board, and for such disposition as it might deem proper, I wish to submit herewith a complete review of the conditions and circumstances upon which the salary policy of the bank has been based and to answer concretely the charges which have been made against increases heretofore granted.

In brief, the criticisms may be summarized in these two statements appearing in the Augusta speech just referred to, one, that "the total pay roll of the Federal Reserve Bank of New York in the period of acute deflation from 1919 to 1920 actually increased \$778,000 in that one year" and, two, that the salaries paid to all officers of the Federal Reserve Bank of New York in 1916 "aggregated \$93,000, while the amount paid for officers' salaries for the same bank in 1920 was over \$400,000."

The letter appearing in the Manufacturers' Record, which is an elaboration of previous critical statements, is printed on the cover page of that paper and is directed solely as an attack against the Federal reserve bank in the matter of salaries. This letter has been distributed widely throughout the country. It is obviously designed to create a most incomplete and misleading picture, presenting in absolute terms the amounts of increase in the pay roll to officers and employees of the Federal reserve bank without relating those increases to the growth in the volume of work performed by that institution and without referring in any way to the general average of individual salaries or to other pertinent factors. I would like to discuss these matters in detail and on their merits.

The statement is made that the Federal Reserve Bank of New York has been "distinctly extravagant" and that "despite the reticence of the officials" he can give some facts and figures of interest to the readers of the periodical to which his letter was addressed. This inference that the Federal reserve bank has attempted improperly to conceal anything is wholly unfounded. There is not now, and never has been, any undue "reticence" on the part of the Federal Reserve Bank of New York concerning any of the details of its expense account, whether salaries or other items of expense. So far as salaries are concerned, and that seems to be the chief item on which his charge of extravagance is based, section 4 of the Federal reserve act provides that "any compensation that may be provided by boards of directors of Federal reserve banks for directors, officers, or employees shall be subject to the approval of the Federal Reserve Board." Every increase in the salary of any officer or employee of the Federal Reserve Bank of New York has been approved by the Federal Reserve Board, and it, in its annual report to Congress, under the caption "Personnel and Salaries," reviews the number of officers and employees of every Federal reserve bank for each year, reciting the amount of the salary received by the "chairman and Federal reserve agent," the "governor," the "deputy governor," and "other officers," stating how many there are in each group where there are more than one, and giving the aggregate for each group.

Under these circumstances, it is difficult to understand how Mr. Williams, an ex officio member of the Federal Reserve Board, whose duty it was to approve of salaries of all officers of all Federal reserve banks, and who, himself, approved of several different annual reports of the Federal Reserve Board to Congress, including the present form and method of reporting the salaries of the Federal reserve banks, can now with honesty or fairness make the statement that there is "any secrecy as to the salaries or compensation paid to the officers and other employees of the Federal reserve banks." If he believed that there is any "secrecy" in the reports of the

Federal Reserve Board, it must be because he now regards as inadequate for his own private purposes reports which he himself approved when he was a member of the Federal Reserve Board, and which he apparently at that time thought were sufficiently frank and explicit for the purposes of Congress and the public. While it is true that the annual reports of the board to Congress do not now mention the names of the individual officers of the various Federal reserve banks, it is obvious that the reason for that is solely one of convenience and economy. There is sufficient data given in each annual report with respect to the salaries of those banks not only to furnish a very definite picture of salary payments as a whole, but also to form the basis of an intelligent request for more detailed information on the part of any Member of Congress who may be interested in learning further details. The charge that there is any "secrecy" must, therefore, be disregarded both as an inaccurate criticism of a practice which Mr. Williams himself was a party to for several years. It would be interesting to know how far as a member of the board he actually approved of the salary increases in the Federal reserve bank of New York which he now flaunts before the public as an example of extravagance and waste in the expenditure of what he erroneously terms "public money."

But independently of his own action in all of these matters, it is the belief of the officers of the bank that the salaries paid by it have not been and are not now in excess of the value of the services rendered, and an examination of the records and statistics which have been prepared for and considered by the officers will, I believe, be determinative of the fact that the salaries of both officers and employees of the Federal reserve bank have, on the whole, been much lower, rather than higher, than the market for such services in the city of New York. What are the facts?

Employees' salaries.—Mr. Williams has said that the total payroll of the Federal Reserve Bank of New York "in the period of acute deflation from 1919 to 1920 actually increased \$778,000 in that one year." It is needless to comment upon the inaccuracy of the statement that the period from 1919 to 1920, when the increase of \$778,000 in the salary roll of the Federal Reserve Bank took place, was a period of "acute deflation," since it was at that time, in January of 1920, that prices were rising at their most rapid rate. An inspection of the chart hereto attached, indicating the trend of wholesale commodity prices in four countries, shows graphically how rapid was the rise in these prices in the winter of 1919-20, when the increase in the salary roll to which Mr. Williams refers took place. The general index shows an increase from 207 per cent to 238 per cent of the prewar level between June, 1919, and December, 1919. So, also, the report of the National Industrial Conference Board on the cost of living in the United States, and particularly the report of the Department of Labor showing the cost of living in the city of New York, which are attached hereto, show conclusively that the greatest increase in living costs took place in the fall of 1919, when the index shows an increase in the city of New York of 17 per cent from 176 per cent in July, 1919, to 206 per cent on January 1, 1920. Furthermore, from the 1st of January, 1920, to the high point, in May, 1920, living costs increased still further by 7 per cent. It seems, therefore, that the statement that has been made on numerous occasions, and which even as late as September 12, 1921, was presented to the public in an open letter to the Manufacturers Record, concerning the great increase in the salary roll of the bank during what is called "the years of acute deflation from 1919 to 1920," is wholly misleading and obviously calculated to deceive the public as to the true state of facts.

Furthermore, in all of the criticisms with reference to the increase in the bank's salary roll, no mention is made of the tremendous growth in the work of the bank during the period referred to. In considering the propriety of salary expenditures it is necessary to bear in mind these two factors, first, the relation of the number of employees to the volume of business done, and second, the general average salary for each individual. If it can be demonstrated, as I believe the statistics and charts submitted herewith do demonstrate, that the bank's force has not increased out of proportion to the volume of work done, the only other question for consideration is whether the general average salary has increased out of proportion to the general wage scale in the same vicinity.

The Federal Reserve Bank of New York was organized in November, 1914. On January 1, 1915, the total number of employees (exclusive of officers) was 36; the total annual payroll (exclusive of officers) was \$48,014; and the general average of all salaries paid was \$1,334. Following is submitted a table showing the change in the number of employees at the bank, the total annual payroll, and the general average salary for the first of each year from 1915 to 1921, inclusive.

January 1—	Number of employees.	Total annual pay roll.	Average salary, exclusive of any bonus.
1915.....	36	\$48,014	\$1,334
1916.....	71	85,987	1,211
1917.....	164	160,460	978
1918.....	814	853,256	1,048
1919.....	2,630	3,007,550	1,144
1920.....	2,768	3,965,060	1,433
1921.....	2,734	4,056,783	1,484

NOTE BY FEDERAL RESERVE BOARD.—Figures given in the above table are based on the bank's records as of January 1 of each year and include the salary increases effective as of January 1 and the changes in the number of employees effective as of the first of the year, whereas figures given in the Federal Reserve Board's statement represent the number of employees and their aggregate annual salaries as of December 31 of each year before the above changes took place. Employees of the Buffalo branch are included in the board's figures but not in the bank's figures.

It will be observed from this table that while the salary roll as a whole has increased rapidly the increase is due principally to the large increase in the number of employees on the bank's pay roll, an increase necessitated by the very rapid growth in the bank's business from the shell of an organization in 1914 to what is now the largest bank in the United States, with over \$1,500,000,000 in resources, doing billions of dollars of business a year, and frequently \$1,000,000,000 in transactions in one day. I am submitting herewith for the information of the board a table showing the growth in the bank's work during this period. Summarized, this table shows that the volume of work done by the bank during the year 1920 was over 64 times what it was during the calendar year 1915. In spite, however, of this extraordinary increase in the volume of the work done by those departments of the bank in which it is possible to measure the volume of work, nevertheless the number of employees in those same departments increased only 31 times between December 31, 1915, and December 31, 1920, and only 38 times for the entire bank during the same period. Admitting that the total pay roll has not increased out of proportion to the work performed by the employees (in fact it is relatively many times less), the next question is whether the average individual salary is consistent with the general wage scale in the community. The figures heretofore presented indicate that the general average salary¹ on January 1, 1915, was \$1,334; on January 1, 1916, \$1,211; on January 1, 1917, \$978; on January 1, 1918, \$1,048; on January 1, 1919, \$1,144; on January 1, 1920, \$1,433; and on January 1, 1921, \$1,484. The figures covering the general average salary, graphically portrayed in a chart submitted herewith, indicate that the increase in the average salary¹ of the bank's employees was 8 per cent from January 1, 1915, to and including January 1, 1920, when the increase of \$665,321 in the employees' salary roll, to which Mr. Williams refers, was made. It was then that the first large increase (\$240) in the average salaries of the Federal reserve bank employees took place.

What was the justification for this increase? It became apparent to the officers of the bank during the latter part of 1919 that the financial distress of many of the clerks was very acute. Many requests had been received from the employees for salary increases and, upon investigation, it was found that in most cases accumulated savings had been exhausted; many employees had contracted necessary debts and were unable to pay them; and some could not afford to buy requisite clothing and food. The conditions disclosed by this investigation were such as to constitute a source of real danger to the bank in the handling of cash and securities, and demanded that a general salary increase be made. Before that increase was recommended, however, the Federal reserve bank officials made a thorough and careful analysis of the conditions of the employees, not only in their relation to the increased cost of living, but also in their relation to other bank employees in New York City. A very lengthy and careful report was prepared and submitted to the Federal Reserve Board. It contained an analysis of the salaries paid to employees of 10 other banks located in the city of New York, itemizing not only the general average salary but the amount of extra bonus and high cost of living bonus paid by each bank. It showed that while the average salary paid at that time, that is, in 1919, to the employees of the Federal Reserve Bank of New York, including the bonus of 20 per cent was \$1,440, nevertheless the average salary paid to the employees of each of the other 10 banks, including the bonus, ranged from a minimum of \$1,620 in the case

¹ Exclusive of bonus.

of one bank to \$2,265 in the case of another. In fact, the average salary of 6 of these banks, including the bonus, was over \$2,100. Independently of bonuses, it was seen that our average salary was only \$1,200 which was lower than that of all the other banks except one which paid a bonus of 70 per cent.

It was also found that the United States Bureau of Labor Statistics for September, 1919, showed that food prices for the city of New York increased 75 per cent over 1914, and that from 1914 to June, 1919, clothing had increased 152 per cent; housing 13 per cent; fuel and light 45 per cent; furniture, household goods, etc., 137 per cent; and miscellaneous or sundry items 75 per cent. While the United States Bureau of Labor reports show that food prices for New York City had increased only 75 per cent, and while the Federal Reserve Bank of New York in its own report on business conditions dated October 20, 1919, stated that the expenditures for food for a typical family in New York City had increased 70.7 per cent since 1914, nevertheless figures published by the State Industrial Commission on September 23, 1919, showed that food prices averaged 90 per cent higher than in June, 1914, and the investigation of the conditions of our own employees revealed the fact that their rents had increased on the average about 30.6 per cent for the year 1919.

The results of these conditions were obvious. The high wages that were being paid at that time to skilled and unskilled mechanics, longshoremen, truck drivers, common laborers, and other workers were given much publicity in the press and caused our employees to compare their salaries with the salaries received by those of other classes of wage earners. Much dissatisfaction resulted among the clerical force generally, and this prompted several attempts to organize the bank clerks and other employees into unions for the purpose of correcting the unfavorable scale of wages which they were being paid.

Under all these circumstances and conditions the directors were forced to the conclusion that a very substantial revision in the salary scale was imperative in order to maintain the morale and necessities of the force and a continuance of the successful operation of the bank. The recommendations made by the directors for salary increases on January 1, 1920, amounted to \$665,321. These increases which were approved by the Federal Reserve Board on December 19, 1919, increased the average salary, independent of bonus, from \$1,193 to \$1,433, and since that time the average has varied between \$1,424 and a high of \$1,491 in February of 1921. At the present time (Sept. 15, 1921) it is \$1,489, but the bonus of 20 per cent which was being paid for the first quarter of 1921 was reduced to 10 per cent in the second quarter and has since been entirely eliminated.

It may be well at this time briefly to refer to the fact that in 1916 owing to increases in the cost of living which took place during that year (see chart on cost of living attached hereto) the directors of the bank recommended the payment of a bonus of extra compensation on a graded scale of 10 per cent, 7½ per cent, and 5 per cent. The purpose of this action was to enable the bank's employees to meet rapidly increasing living costs without at the same time adding to their salaries a permanent increase. There is inclosed herewith a table showing the amount of annual salary roll and extra compensation payments from 1915 to July 1, 1921, when the last extra compensation was paid. As previously remarked, it has now been omitted entirely. The figures, charts, and tables already submitted have made appropriate references to the so-called bonus or extra compensation payments, and clearly indicate how relatively low has been the average salary of the bank's employees even including the extra compensation.

Official salaries.—The next charge which Mr. Williams makes concerning the administration of salaries by the Federal Reserve Bank is that with respect to the salaries of the bank's officers. The comparisons which have already been made of the employees' salaries, and the necessity for increases in those salaries, are pertinent to a consideration of the changes in the salaries of the officers of the bank, although there are other considerations perhaps even more so.

In his letter of September 12, 1921, appearing in the *Manufacturers' Record*, he lays particular stress upon the increases in the salaries paid to certain officers of the bank "indicating increases in salaries from the time of their employment to 1920-21." While he qualifies the figures which he gives by the statement that he believes they are substantially correct, he adds that he believes that they probably understate, rather than overstate, the salaries paid at the time. This list of figures is inaccurate in part, and misleading in whole. It refers to the salaries of only a few more than half of the entire list of officers and is inaccurate even in many of those which it does recite.

There follows a revised list of the salaries paid to those officers selected by Mr. Williams, together with a correct statement of the initial salary paid to each of them

by the bank. For the sake of convenience the percentage of increase has also been given, together with the number of years over which that increase is spread. Inasmuch as Mr. Williams makes the charge that 60 per cent of the 24 officers mentioned by him never received over \$1,500 to \$2,500 before they came to the reserve bank, there is another column indicating the salary of each officer received prior to his employment by the bank, whether as an officer or an employee. This particular reference will be discussed later.

Officer.	Salary prior to Federal reserve bank employment.	Initial salary.	Present salary.	Increase since employment.	Increase since made officer.	Years in Federal reserve bank.
				<i>Per cent.</i>	<i>Per cent.</i>	
Benjamin Strong.....	¹ \$60,000	\$30,000	\$50,000	66.0	66.0	7
Pierre Jay.....	¹ 16,500	16,000	30,000	87.5	87.5	7
J. H. Case.....	20,000	25,000	30,000	20.0	20.0	4
E. E. Kenzel.....	3,000	4,200	22,000	423.8	423.8	7
L. F. Sailer.....	6,500	10,000	30,000	200.0	200.0	6
G. L. Harrison.....	² 10,000	22,000	25,000	13.6	13.6	1
Francis Oakey.....	20,000	20,000	20,000	.....	.....	2
L. H. Hendricks.....	9,500	6,000	18,000	200.0	200.0	7
H. A. Hopf.....	20,000	³ 7,000	18,000	.....	.....	3
Shepard Morgan.....	7,500	11,000	15,000	36.4	36.4	2
E. H. Hart.....	² 4,800	12,000	15,000	25.0	25.0	2
A. W. Gilbert.....	3,000	2,400	12,500	420.8	247.2	7
J. D. Higgins.....	3,000	3,000	12,000	300.0	140.0	7
J. W. Jones.....	2,600	4,800	10,000	108.3	108.3	4
L. R. Rounds.....	2,800	2,400	12,500	420.8	247.2	4
J. L. Morris.....	12,500	9,000	12,000	33.3	.....	1
Carl Snyder.....	10,000	10,000	10,000	.....	.....	2
W. B. Matteson.....	2,200	2,400	10,000	316.6	150.0	7
A. J. Lins.....	1,320	1,500	10,000	566.6	316.6	7
G. E. Chapin.....	3,000	3,600	10,000	177.7	108.3	4
H. M. Jefferson.....	3,000	3,500	8,000	128.5	128.5	7
J. E. Crane.....	1,320	1,080	7,500	594.5	108.3	6
W. A. Hamilton.....	4,000	2,400	7,000	191.6	75.0	4
R. M. O'Hara.....	3,500	3,000	8,400	180.0	40.0	4

¹ Includes bonus and directors' and committee fees.

² Federal Government service.

³ Half time.

This table illustrates the cases of those officers of the bank whose salaries are specifically criticized by Mr. Williams, and accounts in part for the increase in the total official salary roll from \$93,000 in 1916 to \$400,000 in 1920. But the real explanation of that increase is attributed, not so much to individual increases as to the extraordinary growth in the work of the bank, resulting in consequent additions both to the number of employees and officers. It has always been the policy of the bank wherever possible to fill new offices or vacancies by promoting those in its service, whether they be employees or officers. Thirteen of the 24 men listed above entered the employ of the bank as clerks and at relatively small salaries, so that their present salaries as responsible officers of the largest bank in the country may seem large as compared with their initial salary in a newly organized institution with relatively little business. Owing, however, to the rapid increases in the bank's business and the increasing necessity for additional employees and officers, the promotion of those in the service was at times rapid, but it is believed that no promotion was ever made that was not fully merited in the circumstances. An examination of the percentage of increase in individual salaries will show that the greatest increase was in those cases where the officers started in the employment of the bank as clerks. The percentage of increase in official salaries as such is relatively much less, and in those cases where it seems large by way of percentage, it will be seen to have been spread over a number of years. In order more clearly to explain these individual increases, it may be well to read a chart by years showing the number of officers in the service of the bank on the first of each year, their aggregate salaries, and the general average of all official salaries, together with the proportion of officers to employees in each year.

EXPENSES OF FEDERAL RESERVE BANKS.

	Number of officers.	Aggregate official salaries.	Average official salaries.	Ratio of officers to employees.
Jan. 1, 1915.....	5	\$65, 700	\$13, 140	1 to 7
Jan. 1, 1916.....	7	83, 000	11, 857	1 to 10
Jan. 1, 1917.....	9	116, 200	12, 911	1 to 18
Jan. 1, 1918.....	16	185, 200	11, 575	1 to 51
Jan. 1, 1919.....	27	303, 700	11, 248	1 to 97
Jan. 1, 1920.....	30	387, 100	12, 903	1 to 92
Jan. 1, 1921.....	34	456, 400	13, 423	1 to 80
Oct. 1, 1921.....	37	493, 900	13, 349	1 to 75

NOTE BY FEDERAL RESERVE BOARD.—Figures given in the above table are based on the bank's records as of January 1 of each year and include the salary increases effective as of January 1 and the changes in the number of officers effective as of the first of the year, whereas figures given in the Federal Reserve Board's statement represent the number of officers and their aggregate annual salaries as of December 31 of each year before the above changes took place. Officers of the Buffalo branch are included in the board's figures but not in the bank's figures.

This table speaks for itself. As already pointed out, the work of the bank from the year 1915 through the year 1920 increased 64 times; the number of employees increased 31 times; the number of officers increased 6 times; but during the same period the employees' salary roll has increased 49 times and the officers' salary roll 5 times—nowhere near in proportion to the growth of the work in the bank. Furthermore, in spite of the necessary increase in the aggregate of the bank's official pay roll, it should be pointed out in this case, as in the case of employees, how relatively steady has been the average official salary except for the increase heretofore discussed that took place in 1920. Since January, 1920, the average salary has remained fairly constant at a little over \$13,000.

The last column of the table submitted above also bears an important relation to this discussion; that is, the number of employees as compared to the number of officers in the bank. Our investigations have shown that, based upon figures compiled as of October 1, 1920, the Federal Reserve Bank of New York had fewer officers in comparison to the number of employees than any of the other Federal reserve banks; that is, 1 officer to each 80 employees. In the case of the other reserve banks the proportion ranges from 1 officer to 65 employees all the way down to 1 officer for each 21 employees. From the tables submitted herewith it will also be seen that while the Federal Reserve Bank of New York has only 1 officer to 80 employees, the other New York City banks which were investigated ranged from 1 officer to 57 employees, the smallest percentage, to 1 officer for each 14 employees, the largest percentage.

The records submitted will also, upon examination, disclose the fact that while the officers' salaries in the Federal Reserve Bank of New York is 0.024 per cent of the total resources of the bank only one other Federal reserve bank has a lower ratio of officers' salaries to total resources, and that is in the case of the Federal Reserve Bank of Boston, where it is 0.023 per cent. The ratio in the case of the Federal Reserve Bank of Chicago is the same as that in New York, and in all other Federal reserve banks it is higher, running up to a percentage of 0.074 per cent in the case of one reserve bank. In other words, the percentage of officers' salaries to total resources of the Federal Reserve Bank of New York is not only next to the lowest in the whole system, but is only about one-third of the highest of the system. A similar comparison with seven of the largest New York City banks and trust companies is even more favorable to the reserve bank, since the percentages of salaries to total resources in the case of those city banks range from 0.07 per cent, the lowest (which is about three times our percentage) to a maximum of 0.36 per cent, which is approximately 15 times that of the Federal Reserve Bank of New York. The chart showing the percentage of total pay roll represented by the officers' salaries is also most favorable to the New York bank. The Federal Reserve Banks of New York and Kansas City pay 9.5 per cent of their total pay roll to officers. These are the lowest percentages in the Federal reserve system; the others range from 10.5 per cent to as high as 19.1 per cent, or twice the proportion that is paid in New York. In the case of the New York City banks the officers' salaries range from 20 per cent to 38 per cent of the total pay roll; that is, from twice as much to over four times as much as the percentage in the case of the Federal Reserve Bank of New York.

While it is not practicable to attempt to review the reasons for the increase in the individual salaries for each of the officers on the pay roll, I shall discuss some of those salaries in detail, inasmuch as they are repeatedly compared with the salaries of the President of the United States, the Vice President, Senators, and members of the Cabinet.

Mr. Jay, Federal reserve agent and chairman of the board of directors, receives \$30,000 a year; but as his salary is fixed by the Federal Reserve Board and not by the directors of the bank, I shall make no further mention of it at this time.

The salary of one of our four deputy governors is now \$30,000. Our directors recommended that it be increased to \$40,000 on January 1, 1921, but the recommendation was not approved by the Federal Reserve Board. The officer of the bank to whom I refer, within the past six months, has declined an offer of \$55,000 a year to become vice president of one of the largest national banks in New York City. He has had other offers almost, if not quite, as attractive, which he has likewise declined.

Another deputy governor, who has been with the bank since its organization, receives \$30,000, recently increased from \$25,000. He has declined an offer of \$38,500 a year from one of the largest national banks in New York City, and has received other offers, but states that he prefers for the present to remain in the service of the bank.

Another deputy governor of the bank whose salary was increased within the last few months from \$22,000 to \$25,000 has a position awaiting him in New York at any time he cares to take it with one of the largest and most prosperous national banks, and at a larger salary than he now receives from the Federal reserve bank.

Another of the deputy governors, who receives a salary of \$22,000 (increased last January from \$18,000), has declined at least one offer of an important position at a salary of \$25,000, and with a brilliant prospect of advancement.

I have mentioned these few instances to illustrate what has taken place with respect to almost every important officer of the bank and to emphasize the fact that we are laboring in a competitive market in which the demand for services of men of exceptional ability is intense. In fact, most of the important officers of the bank have received and declined attractive offers at salaries in excess of those which they now receive from the bank. It is necessary, therefore, that the bank, in order to retain the services of men of ability, essential to the successful conduct of the business of a bank with resources exceeding \$1,500,000,000 and doing a business of many billions of dollars a year, pay salaries somewhat commensurate with, even if not equal, to the market value of their services. These men have devoted themselves without reservation, without sparing their health, frequently without vacation, and without regard to hours of service or compensation, to the service of their Government during the war and to the service of their country in building up the Federal reserve system since the war ended. The charge that they are overpaid is wholly unfounded and ill-becoming one who it is understood has himself approved of a great percentage of the increases which he now attacks. The board is, of course, familiar with and might deem it proper in view of this letter to furnish a summary of the votes cast by Mr. Williams with respect to these increases.

In summarizing this discussion of the question of officers' salaries it appears—

(1) That while the bank's volume of work from the year 1915 through 1920 has increased 64 times, and the number of employees has increased 38 times, nevertheless, the number of officers has increased only 6 times.

(2) That the average salary of all officers has remained extraordinarily constant around \$13,000.

(3) That the proportion of officers to employees (1 to 80) is less than that obtaining in any of the other Federal reserve banks, which range from 1 to 65, the lowest, to 1 to 21, the highest, and smaller than the proportion of officers to employees in eight of the largest commercial banks in New York City, which range from 1 to 57 to 1 to 14.

(4) That the proportion of officers' salaries to total resources in the Federal Reserve Bank of New York (0.024 per cent) is smaller than in any of the other Federal reserve banks except one, which is 0.023 per cent, the others running as high as 0.074 per cent, and it is also smaller than the proportion of officers' salaries to total resources in seven of the largest commercial banks in New York City, which range from 0.07 per cent, the lowest, to 0.36 per cent, the highest.

(5) That the proportion of officers' salaries to the total pay roll of the Federal Reserve Bank of New York (9.5 per cent) is smaller than that in any of the other Federal reserve banks except one, which is precisely the same, the others ranging from 10.5 per cent to as high as 19.1 per cent, and it is also smaller than the proportion of officers' salaries to the total pay roll of seven of the largest commercial banks in New York City, which range from 20 per cent to 38 per cent.

Before finally passing from this subject there are several incidental points emphasized at much length in public discussions by Mr. Williams, to which reference might be made.

First. Mr. Williams says that he had "been told" that 60 per cent of the 24 officers to whom he referred never received over \$1,500 to \$2,500 before they came to the reserve bank and stated that they are now receiving salaries as high as Cabinet officers.

An examination of the table heretofore submitted will indicate that of the officers mentioned precisely three received less than \$2,500 prior to their employment by the Federal reserve bank—that is, one-eighth, or 12½ per cent, and not 60 per cent—and of those three not one is receiving a salary as high as a cabinet officer. This is simply another instance where Mr. Williams, either through a lack of information or through intentional deception, distorts the facts to suit his own purposes. While it may be that he "had been told" that 60 per cent of these officers never received over \$1,500 to \$2,500 before they came to the Federal reserve bank, he must have known that his informant lacked that authoritative knowledge that is usually an essential prerequisite to such a public statement of abuse.

Second. A majority of Mr. Williams's criticisms of the salary policy of the bank take the form of comparisons between the official salaries at the bank and the salaries of certain governmental officers, such as the President, the Vice President, members of the cabinet, and Senators. As has been ably stated by a prominent ex-member of the Federal Reserve Board, salaries of officers of Federal reserve banks should not be considered in relation to the salaries of high Government officials, since the "heads of Federal reserve banks could not be said to enjoy that magnitude of power and prestige pertaining to high Government office," and since the reserve officers are also "placed in a different position from those engaged in private institutions in that they were affected by the mutations of public life and controlled by a changing public board."

The fact that the Government can not for various reasons pay to its higher executive officers salaries comparable to the executive salaries of private corporations is not a sound logical argument against the payment of proper salaries to the officers of banking corporations chartered under Federal law, which have to compete for personal services in a market with other private banking institutions.

Third. So far as the particular charge that employes of the reserve bank receive more than \$5 a day while traveling on official business of the bank is concerned, I can only say that the expenses of any person traveling for the bank or anyone else in these days are often in excess of \$5 per day, and that there is no reason in justice that they should not be reimbursed for their actual and reasonable traveling expenses. It is unnecessary, however, to state that a careful watch is kept over the individual expense accounts of employes and officers by the officers themselves, by the auditing department of the bank, and by the examiners of the Federal Reserve Board in order that items not reasonably a part of one's traveling expenses might not be contained in any expense voucher.

Fourth. Mr. Williams comments that "it also seems to me ridiculous for a reserve bank to employ at a salary exceeding that paid to a United States Senator or the editor-in-chief of many important newspapers in big cities, a man for whose employment an urgent argument was made by the reserve bank employing him that he was needed to touch up and give literary style to the press statements which the bank had occasion to give out from time to time, although high-priced men were already employed in the bank's publicity department who were supposed to be fully competent for such work."

NOTE BY FEDERAL RESERVE BOARD.—On page 45 of part 13 of the hearings before the Joint Commission of Agricultural Inquiry, Mr. Williams stated: "It also seems to me ridiculous for a reserve bank to employ at a salary exceeding that paid to a United States Senator or to the editor-in-chief of many important newspapers in big cities, a man for whose employment an urgent argument was made by the reserve bank employing him that he was needed to touch up and give literary style to the press statements which the bank had occasion to give out from time to time, although high-priced men were already employed in the bank's publicity department who were supposed to be fully competent for such work."

In a letter addressed by him to Chairman Anderson of the commission, under date of October 17, 1921, he says: "I do not think—and so expressed myself at the time—that it is in accord with the principle of administration of government at the lowest possible cost to the people to pay a man with no claim to banking knowledge \$12,000 a year, the salary of a Cabinet officer, to put literary finish on the public outgivings of the New York Reserve Bank."

On November 16, 1920, the Federal Reserve Board received a letter, dated November 15, from the chairman of the board of directors of the Federal Reserve Bank of New York requesting its approval of the employment of Mr. W. Randolph Burgess as chief of the division of reports, statistical department of the Federal Reserve Bank of New York, at an annual salary of \$4,500. In the letter referred to the chairman stated: "I have felt for some time that we needed the right sort of man to study the texts of our reports, particularly the monthly report and the annual report, so that the conditions of good English and conservative and consistent statement could be met. We have found a man who seems admirably fitted by experience and temperament to comply with these qualifications, and at a salary which is by no means excessive. The managing committee and the executive committee both acted favorably upon the recommendation approved by me, for the employment of W. Randolph Burgess as chief of the division of reports, statistics department, at \$4,500 a year."

I deny categorically that the Federal Reserve Bank of New York has now, or ever has had, a publicity department. There is issued once a month a "Monthly review of credit and business conditions in the second Federal reserve district" under the direction of Mr. Jay, chairman of the board of directors and Federal reserve agent. This review is a pamphlet of about 10 or 12 pages and is reputed to be one of the most

valuable compilations of current business conditions that is prepared for the use of manufacturers, business men and bankers within the district. I submit that the effort and expense incident to its preparation and issue can not be charged "unjustified" or "extravagant."

The bank engages in no other form of publicity and can not be subjected to a charge of indulging in any kind of propaganda. Such a statement is wholly unfounded and the author knows it to be so. It might even be commented that the bank has at times been severely criticized because it has failed to take steps to educate the public by circulars, articles, or even "propaganda," if that is the proper word; to advise the public of the scope and purpose of the system in order that a more complete knowledge of functions on the part of the public might itself be the best answer to the vicious and false criticism of such opponents as Mr. Williams has himself proved to be.

Fifth. The charge is also made that "the expense allowance of officers and employees, including bank examiners, of the Federal reserve banks are practically unlimited," although cabinet officers and other high officials of the Government, and national bank examiners, are limited in their expenses to \$5 per day," and that "an inspection of some of the expense accounts of the Federal reserve banks would be decidedly edifying to a congressional committee if they should be looked into."

For the information of the board, I wish to say that at the time of my appearance before the Joint Commission of Agricultural Inquiry, I showed to the chairman of that commission a copy of the complete expense account of the Federal Reserve Bank of New York since its organization, and, as I stated to him then, I am prepared and anxious at any time to present it to the commission or, in fact, to any committee of Congress which may see fit to interest itself in the matter, with the assurance that a careful and critical inspection of it will only be conclusive of the care and conservatism with which it is administered. It is, of course, available at any time for the inspection of the Federal Reserve Board. For the further information of the board, I wish briefly to review the steps which have been taken at various times by the bank officers with a view to maintaining a careful and effective control over the expense account.

Shortly after the war it was realized that the work of the bank had developed more rapidly than its organization, and after a careful study by the officers and directors a new plan of organization was made effective on September 1, 1919, definitely fixing the responsibility of each officer of the bank and placing each department of the bank's activity under the direct charge of an officer responsible for its efficient operation. A monthly record was established for each department of the bank, showing the number of employees engaged and the expense incurred. These figures have been carefully analyzed to ascertain whether the increased expenses were warranted.

Coincident with the development of the new organization there was created the administration function which was charged with the responsibility of engaging all new employees, after fully satisfying itself that such employees were actually required because of increased work. This department is also charged with the responsibility of properly placing the employees and of shifting them from one department to another as the occasion may require.

Under the new plan of organization there was also created the methods and supplies department for the purpose of more efficiently controlling expenses by the establishment of a centralized authority over the ordering of all supplies and equipment and also over changes in the mechanical operation of the various departments. No purchases are made by the purchasing agent unless the requisition bears the visé of this department. Many economies resulted from the establishment of this department such as: First, the installation of air-drying equipment in wash rooms replacing the linen and paper towels formerly used; second, the establishment of the post-office station and elimination of the express charges on shipments of currency and securities. The printed forms have been standardized as to size and style and the number of forms in use reduced, effecting very considerable savings in the use of paper. The work of this department has resulted in a large number of other economies of this character.

It was deemed advisable in the latter part of 1920 to make a more intensive study of each department in the bank and the managing committee therefore established the procedure committee for this purpose, composed of three of the senior officers of the bank, to actively engage in this work for the purpose of simplifying the operations of each department, eliminating unnecessary effort and expense, so that the work of the bank will be accomplished at the lowest cost consistent with safety and efficiency of operation. This committee has already completed the study of some three or four departments, and it is expected that a very considerable saving in operation will result from the recommendations made by the committee.

The current expense account has been constantly under close scrutiny by the directors and senior officers of the bank. Department heads and chiefs have been cautioned that no expenses are to be incurred except for the purpose of securing greater efficiency of operation. Department heads have been called together in meetings, the situation thoroughly canvassed, and managers and controllers were requested by the governor to advise him what economies have been effected in their respective departments. In this way the necessity of economical and efficient operation of the bank has been impressed upon those in charge of operations.

Every purchase requisition or current-expense voucher requires the approval of an officer of the bank, and if the amount is more than \$100 the approval must be that of a senior or general officer.

Any division requiring equipment, printed forms, supplies, or services of any kind is required to prepare a purchase-order requisition. All requisitions, regardless of prior approval, are routed to the planning division of the methods and supplies department for visé:

First, as to the necessity of the purchase. Second, as to the standard. Third, as to the quantity. Fourth, in the case of "rush" requisitions, whether or not the necessity warrants the incurring of any additional expense.

Such requisitions as are approved are then routed to the purchasing division where actual purchase is negotiated. In the case of all purchases of any consequence, bids are secured from several different suppliers or manufacturers, after which orders are placed based upon bids received.

The expense division receives all invoices and makes a complete examination to determine that the bill is regular in every way, that the material or service invoiced has been received, that the price appears to be reasonable, and that the charge is a proper one for the bank to pay. In this way there is secured first, a visé of all requisitions before purchase, and, second, a review of all bills rendered before payment, this review acting as a check upon the first visé as well as upon the purchasing agent. No member of the organization is permitted to make any purchase or incur any expense except through the regular channels specified above.

All divisions are supplied with stationery and supply cabinets in charge of a supply clerk who is permitted to requisition only such supplies as are actually necessary for the work of the bank.

Monthly departmental expense reports are prepared giving a comparison of the expenses for the month and the period this year with last, and all officers have been urged to do everything possible to hold down the expense account, not only in the usage of equipment, supplies, etc., but also in the use of the labor element, so that the expansion of the force may be held at the lowest possible minimum.

Special meetings of all of the officers of the bank were called on June 13 and September 16, 1921, particularly to review the expense of each department of the bank and to have each officer report all actions taken and proposed by his department to effect further economies in operation. For the information of the board I am inclosing a copy of a report of those meetings which is in itself illuminative not only of the care with which all of the officers watch the expense account, but also of the actual reduction in the cost of operation in proportion to the volume of work done.

Before concluding, it seems necessary briefly to comment upon the limitations and character of the the service and compensation of an officer of a Federal reserve bank.

As is well known, the salaries of all officers and employees of Federal reserve banks (with the exception of the Federal reserve agent) are fixed by the directors of each bank, subject to the approval of the Federal Reserve Board as required by the Federal reserve act. Every salary now paid by the Federal Reserve Bank of New York has been passed upon by a committee of the directors, approved by the directors of the bank, submitted to the Federal Reserve Board for approval, and all approved salaries finally reported to Congress. The assertion that the salaries paid are too large has already been discussed in detail, but it may be proper to mention our understanding of the principles which underlie the salary policy of the bank. It is, I believe, no different from that prevailing in the system as a whole.

When the present officers of the Federal reserve bank were engaged, and all of them have been engaged since I became the governor of the bank, they were told that their sole opportunities in the bank were for advancement in the service of the bank, for earning larger salaries, and for making successful banking careers, and that if they displayed satisfactory ability it would be the policy of the bank to enlarge the staff as the business grew by promotion rather than by getting men from outside. This policy has been pursued as fully as possible, although not in every instance, because the growth of the bank has been so rapid as to make it necessary at times to draw men from other sources than our own organization.

The conduct of the business of a bank such as the Federal Reserve Bank of New York, with transactions many times exceeding those of the largest banks in the country, with great responsibilities to its member banks, to the public, and to the Treasury of the United States, requires services of men of a high degree of skill who are willing to devote all of their time to the bank not only in the ordinary routine in the day's work but in study and acquiring knowledge of a great variety of technical subjects, and who can be relied upon at all times to show breadth of judgment, untiring effort, and unselfish loyalty.

They are not permitted to engage in any kind of commercial or political activities, to hold public office, or to make their service in the Federal reserve bank a stepping stone to a political career or a means of financial profit. In short, they are bank officers like the officers of any other banking institution whose duty it is to serve the bank wholeheartedly and singly for a salary, but who, unlike the officers in other banking institutions, must do so without the possibility of any other profit in either a commercial or political sense. In fact, the regulations of the Federal Reserve Board expressly provide that no officer of a Federal reserve bank shall hold any public or political office during his term of service with the bank, and the rules of the Federal Reserve Bank of New York itself prohibit any officer or employee from engaging in any kind of business or commercial enterprise for profit.

It is apparent, therefore, that comparison of the salaries paid to these officers with those received by public officials is not only misleading but calculated to obscure the real problem with which the management of the reserve banks are faced. Men who enter public life do so with the knowledge that they abandon the rewards of business for the rewards and prestige afforded by a political career, although it is true that Members of Congress and many other political officers are not necessarily denied the pursuit of other business occupations for profit.

Under all these conditions it would be impossible to procure services of men of the ability required by the Federal reserve banks, men precluded from the possibility of profit other than their salaries, if their salaries are to be limited or measured by the salaries paid to the political officers of the Government. In order to retain such men in the service of the Federal reserve system it is essential that the Federal reserve banks be able to pay salaries fairly commensurate with, though not necessarily as high as, the standard of salaries fixed by the competitive demands of other private banking institutions located in the same vicinity.

It has been the purpose of this letter to submit facts and figures which it is believed will be convincing that the salaries in the Federal Reserve Bank of New York are not only not extravagantly high, as has been asserted, but are much lower than the general level of salaries for similar services in the community.

Very truly, yours,

BENJ. STRONG, *Governor.*

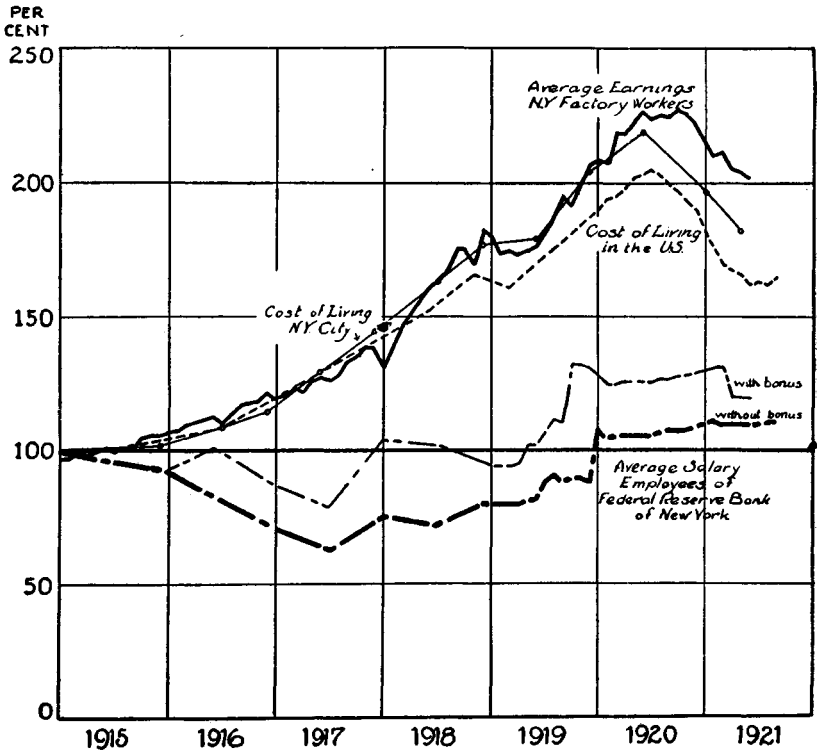
LIST OF INCLOSURES CONTAINED IN LETTER OF OCTOBER 6, 1921, GOV. STRONG TO GOV. HARDING.

1. A chart of wholesale commodity prices in four countries.
2. A chart comparing wholesale commodity prices and the cost of living.
3. A chart comparing New York factory workers' earnings, Federal reserve bank employees' salaries (with and without bonus), cost of living in New York, and cost of living in the United States.
4. A table showing the number of employees, amount of pay roll; average salary, and extra compensation.
5. A list of all officers showing initial salary, present salary, number of years with bank, and other data.
6. Tables comparing—
 - (a) Percentage of officers' salaries to total resources in New York Reserve Bank with other reserve banks and certain New York City banks.
 - (b) Percentage of officers' salaries to total pay roll in New York Reserve Bank with other reserve banks and with certain New York City banks.

(c) Number of officers to employees in the New York Reserve Bank with other reserve banks and with certain New York City banks.

7. A report of a meeting of the officers of the Federal Reserve Bank of New York concerning the control of expense.

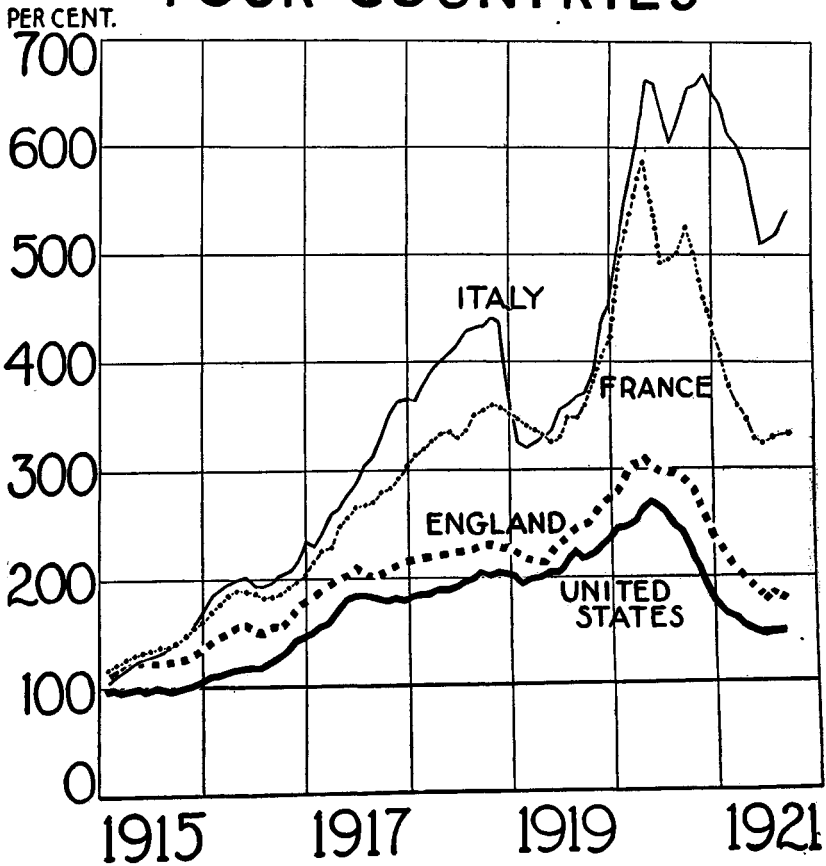
8. A table showing the percentage of increase in volume of business, in the number of employees, and in expense (with supporting tables).¹

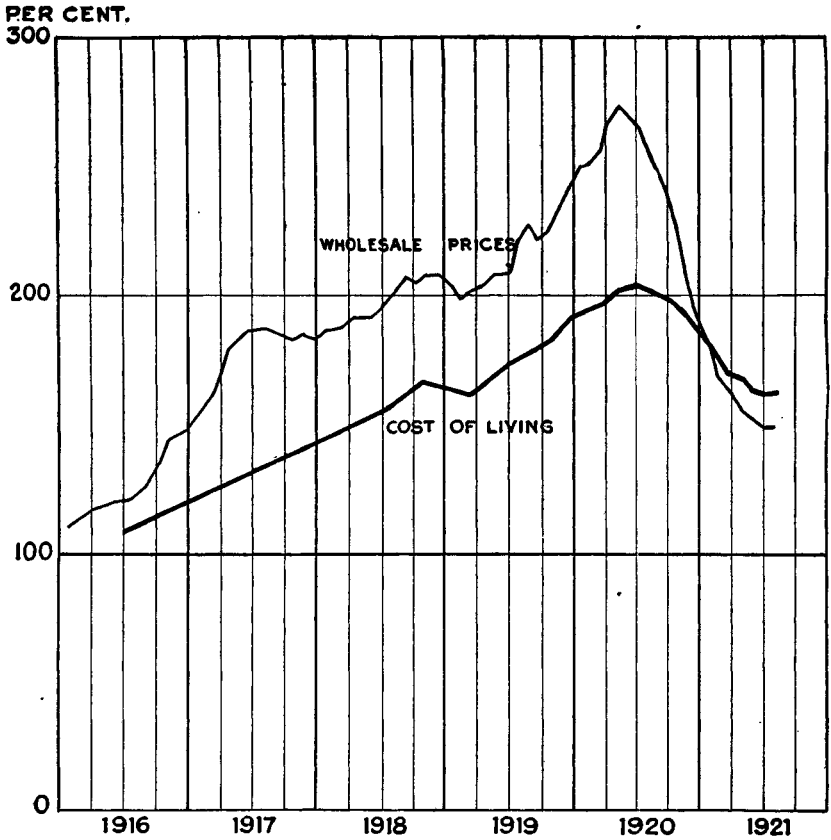


Earnings of factory workers in New York State, the cost of living, and average salaries of employees of the Federal Reserve Bank of New York. (Figures for December, 1914=100 per cent.)

¹ Printed as part of Exhibit C (pages 38-44).

WHOLESALE PRICES FOUR COUNTRIES





Wholesale prices and the cost of living expressed as percentages of figures July, 1914.

Table showing the number of employees, amount of pay roll, average salary, and extra compensation of the Federal Reserve Bank of New York (exclusive of Buffalo branch).

	Number of employees.			Amount of increase.	Total annual pay roll (exclusive of officers).	General average salary.	Average salaries (not including extra compensation).		Extra compensation.	
	Men.	Women.	Total.				Men.	Women.	Amount.	Per cent.
Jan. 1, 1915			36		\$48,014.00	\$1,334.00				
Jan. 1, 1916			71	\$7,437.00	85,987.00	1,211.00				
June 1, 1916			85	15,120.00	95,640.00	1,125.00			\$9,387.50	10 per cent on salaries up to and including \$1,200; 7½ per cent on salaries from \$1,200 up to and including \$3,000; 5 per cent on salaries over \$3,000, except governor, deputy governors, and Federal reserve agent.
Jan. 1, 1917			164	7,268.00	160,460.00	978.00			47,489.05	20 per cent up to \$1,200; 15 per cent, \$1,201 to \$3,000; 10 per cent, \$3,001 to \$7,200.
July 1, 1917			287	8,640.00	242,244.00	844.00				15 per cent less than \$1,500; 10 per cent, \$1,500 to \$5,000.
Jan. 1, 1918			814	53,876.00	853,256.00	1,048.00				Do.
July 1, 1918			1,339	70,218.00	1,290,944.00	964.00			423,075.81	25 per cent up to \$1,500; 20 per cent, \$1,501 to \$3,000; 15 per cent, \$3,001 to \$5,000.
Jan. 1, 1919			2,630	143,720.00	3,007,550.00	1,144.00				
July 31, 1919	1,281	1,312	2,593	254,440.00	3,069,233.00	1,184.00	\$1,474.00	\$900.00	248,072.00	25 per cent up to \$1,500; 20 per cent, \$1,501 to \$3,000; 15 per cent, \$3,001 to \$5,000.
Oct. 31, 1919	1,391	1,356	2,747	17,700.00	3,306,511.00	1,204.00	1,479.00	924.00	186,824.00	50 per cent up to \$1,500; 40 per cent, \$1,501 to \$3,000; 25 per cent, \$3,001 to \$6,000.
									392,362.00	
Jan. 1, 1920	1,437	1,331	2,768	665,321.00	3,965,660.00	1,433.00				
Jan. 31, 1920	1,464	1,326	2,790		3,972,240.00	1,424.00	1,690.00	1,129.00		
Feb. 29, 1920	1,483	1,332	2,815		3,986,080.00	1,416.00	1,678.00	1,124.00		
Mar. 31, 1920	1,486	1,325	2,811		3,988,480.00	1,418.00	1,681.00	1,123.00	184,648.00	20 per cent on first \$1,500; 15 per cent on next \$500; 10 per cent on next \$500. No additional per cent on amounts between \$2,501 and \$5,000.
Apr. 30, 1920	1,479	1,303	2,782	4,420.00	3,963,220.00	1,425.00	1,688.00	1,125.00		
May 31, 1920	1,463	1,283	2,746	3,760.00	3,926,360.00	1,429.00	1,696.00	1,126.00		
June 30, 1920	1,478	1,264	2,742	3,540.00	3,913,920.00	1,427.00	1,683.00	1,126.00	182,140.00	Do.
July 31, 1920	1,490	1,260	2,750	17,240.00	3,941,510.00	1,433.00	1,701.00	1,117.00		
Aug. 31, 1920	1,462	1,241	2,703	13,760.00	3,906,670.00	1,445.00	1,720.00	1,122.00		
Sept. 30, 1920	1,440	1,244	2,684	11,700.00	3,893,590.00	1,452.00	1,737.00	1,121.00	179,451.00	Do.
Oct. 31, 1920	1,440	1,241	2,681	29,500.00	3,908,390.00	1,457.00	1,747.00	1,121.00		
Nov. 30, 1920	1,450	1,249	2,699	19,360.00	3,943,770.00	1,461.00	1,750.00	1,125.00		
Dec. 31, 1920	1,511	1,263	2,774	16,460.00	4,083,723.00	1,472.00	1,472.00	1,129.00	184,532.00	Do.
Jan. 1, 1921	1,490	1,244	2,734	23,840.00	4,056,783.00	1,484.00	1,768.00	1,133.00		
Feb. 1, 1921	1,494	1,231	2,725	10,790.00	4,063,393.00	1,491.00	1,783.00	1,137.00		
Mar. 1, 1921	1,505	1,228	2,732	16,320.00	4,068,823.00	1,490.00	1,773.00	1,222.00	187,290.00	Do.
Apr. 1, 1921	1,508	1,254	2,822	15,280.00	4,172,083.00	1,478.00	1,744.00	1,139.00		
May 1, 1921	1,610	1,246	2,856	21,490.00	4,230,343.00	1,481.00	1,740.00	1,146.00		
June 1, 1921	1,645	1,261	2,906	30,120.00	4,296,623.00	1,479.00	1,733.00	1,147.00		
July 1, 1921	1,666	1,250	2,916	22,420.00	4,331,143.00	1,485.00	1,733.00	1,156.00	97,743.00	10 per cent on first \$1,500; 7½ per cent on next \$500; 5 per cent on next \$500. No additional per cent on amounts between \$2,501 and \$5,000.

¹ Effective July 1, 1916.

² Dec. 31, 1919.

List of officers, showing initial salary, present salary, number of years with bank, and other data—Federal Reserve Bank of New York.

Name and official title.	Previous experience.	Salary previous to entering employ of bank.	Initial salary with bank.	Salary when appointed officer.	Present salary.	Increase since entering bank.	Time.	Increase since appointment as officer.	Time.
Benjamin Strong, governor.	President Bankers Trust Co.....		\$30,000	\$30,000	\$50,000	<i>Per cent.</i> 66.0	7 years.....	<i>Per cent.</i> 66.0	7 years.
J. Herbert Case, deputy governor.	7 years vice president, Farmers Loan & Trust Co.	\$20,000	25,000	25,000	30,000	20.0	4 years.....	20.0	4 years
Louis F. Sailer, deputy governor.	24 years with National Park Bank, New York, assistant cashier.	6,500	10,000	10,000	30,000	200.0	6 years, 3 months..	200.0	6 years, 3 months.
Geo. L. Harrison, deputy governor.	.....		22,000	22,000	25,000	13.6	1 year, 3 months..	13.6	1 year, 3 months.
E. R. Kenzel, deputy governor.	26 years with Chemical National Bank (auditor).	3,000	4,200	4,200	22,000	423.8	7 years.....	423.8	7 years.
D. H. Barrows, secretary..	2 years with Farmers Loan & Trust Co. (chief clerk, corporate trust department).	3,000	4,000	4,000	7,500	87.5	3 years, 7 months..	87.5	3 years, 7 months.
E. H. Hart, general counsel	2 years attorney for Associated Railway and Steamship Cos. in the South; 2 years in United States Army (captain); 4 months with American relief administration (American secretary to supreme economic council at Paris); 7 months member war loan staff Treasury Department, attached to office of Assistant Secretary of Treasury Leffingwell.	4,800	12,000	12,000	15,000	25.0	1 year, 6 months..	25.0	1 year, 6 months.
Lucius R. Mason, assistant general counsel	6 years practicing attorney; 2 years special attorney, Department of Justice, Washington, D. C. (salary and fees from private practice).	6,000	6,500	6,500	6,500	.....	9 months.....	.....	8 months.
Francis Oakey, acting general auditor.	12 years public accountant (income from practice).	20,000	20,000	20,000	20,000	.....	1 year, 10 months..	.....	1 year, 10 months.
Harry A. Hopf, organization counsel.	15 years in life insurance (chief underwriter); 3 years industrial engineer (annual income).	20,000	18,000	18,000	18,000	.....	2 years, 5 months..	.....	2 years, 5 months.
L. H. Hendricks, controller at large.	19 years with Commercial National Bank of Albany, assistant cashier; 10 years with National State Bank of Albany (cashier); 2 years with National Nassau Bank of New York (vice president).	9,500	6,000	6,000	18,000	200.0	7 years.....	200.0	7 years.
Ray M. Gidney, controller at large.	7 years' bank experience in California; 3 years secretary to member of Federal Reserve Board.	2,500	4,000	4,500	15,000	275.0	4 years, 5 months..	233.33	3 years, 6 months.
A. W. Gilbert, controller of administration.	10 years with National Nassau Bank of New York (cashier); 8 months with Irving National Bank of New York (assistant cashier).	3,000	2,400	3,600	12,500	420.8	7 years.....	247.2	4 years, 3 months.

L. R. Rounds, controller of accounts.	7 years with Hiram Ricker & Sons, Portland, Me (accountant and office manager).	2,800	2,400	3,600	12,500	420.8	4 years.....	247.2	3 years, 9 months.
Jos. D. Higgins, controller of cash and custodies.	23 years with American Exchange National Bank of New York (assistant to officers).	3,000	3,000	5,000	12,000	300.0	7 years.....	140.0	5 years.
J. W. Jones, controller of fiscal agency function.	4 years manager Long Island City branch of Broadway Trust Co.	2,600	4,800	4,800	10,000	108.3	3 years, 9 months..	108.3	3 years, 9 months.
Jos. L. Morris, manager credit department.	9 years with Farmers Loan & Trust Co. (loaning officer and credit manager).	12,500	9,000	12,000	12,000	33.3	9 months.....		6 months.
G. E. Chapin, manager loan department.	20 years with Westinghouse Electric & Manufacturing Co. (treasury accounting representative in charge of credits and collections; also acting assistant treasurer Westinghouse Electric Export Co.)	3,000	3,600	4,800	10,000	177.7	4 years, 5 months..	108.3	3 years, 9 months.
Adolph J. Lins, manager at large.	9½ years with Bankers Trust Co. (assistant manager, transfer and registration department).	1,320	1,500	2,400	10,000	566.6	7 years.....	316.6	4 years, 3 months.
W. B. Matteson, manager securities and certificates of indebtedness departments.	15 years with National City Bank of New York (acting head securities department).	2,200	2,400	4,000	10,000	316.6	.....do.....	150.0	3 years, 9 months.
Carl Snyder, manager statistics department.	2 years with International Co. (business manager, \$15,000 plus royalties); 1 year with Encyclopedia Britannica (advertising manager, \$25,000); 1 year with Harper Bros. (editorial director, \$10,000 plus royalties).	10,000	10,000	10,000	10,000		1 year, 7 months..		1 year, 7 months.
R. M. O'Hara, manager bill department.	14 years with Canadian Bank of Commerce (accountant); 5 years with Farmers Loan & Trust Co. (auditor); 5 years with Chubb & Sons (office superintendent).	3,500	3,000	6,000	8,400	180.0	4 years.....	40.0	2 years.
H. M. Jefferson, manager personnel development department.	7 years with Chase National Bank; 1½ years bank examiner State of New York; 3½ years with Bank of Coney Island (vice president and cashier); 1½ years with Windsor Trust Co. (secretary and treasurer).	3,000	3,500	3,500	8,000	128.5	7 years.....	128.5	7 years.
Jay Crane, manager foreign department.	1 year on staff of editor of Commercial and Financial Chronicle.	1,320	1,080	3,600	7,500	594.5	6 years.....	108.3	2 years, 9 months.
I. W. Waters, manager personnel service department.	8 years with Gallatin National Bank, New York; 3 years with Hanover National Bank, New York.	1,800	2,250	4,000	7,200	220.0	7 years.....	80.0	3 years, 2 months.
Chas. H. Coe, manager check department.	20 years with National Nassau Bank (chief clerk); 2 years with Irving National Bank.	2,200	1,500	4,000	7,200	380.0	5 years, 2 months..	80.0	2 years, 9 months.
Wm. A. Hamilton, manager cash department.	6 years with J. P. Morgan & Co.; 3 years with Studabaker Corporation.	4,000	2,400	4,000	7,000	191.6	4 years.....	75.0	Do.
W. H. Dillistin, manager, bank examinations department.	10 years with Silk City Trust Co., Paterson, N. J.; 5 years with State of New Jersey (bank examiner).	3,800	4,500	5,000	6,600	46.6	3 years, 2 months..	32.0	2 years.
John Raasch, manager, methods and supplies department.	5 years with Liberty National Bank, New York.	1,000	1,000	3,000	6,000	500.0	7 years.....	100.0	3 years, 2 months.
H. R. Murray.....	24 years with American Exchange National bank.	1,600	2,400	3,400	6,000	150.0	4 years, 2 months..	76.5	2 years.

List of officers, showing initial salary, present salary, number of years with bank, and other data—Federal Reserve Bank of New York.

Name and official title.	Previous experience.	Salary previous to entering employ of bank.	Initial salary with bank.	Salary when appointed officer.	Present salary.	Increase since entering bank.	Time.	Increase since appointment as officer.	Time.
B. M. Grant, manager Government securities sales department.	1 year with Alexander Brown & Co., Baltimore, Md.; 1 year with Liberty loan committee for Maryland.	2,400	2,700	3,000	6,000	<i>Per cent.</i> 122.2	3 years.....	<i>Per cent.</i> 100.0	2 year.
E. C. French, manager custody department.	16 years with National Nassau Bank; 3 years with Irving National Bank (paying teller).	2,500	3,000	4,800	6,000	100.0	4 years.....	25.0	1 year, 9 months.
James Rice, manager Government-bond department.	7 years with Ward Line (accountant).....	1,700	1,800	4,500	5,500	205.5	.....do.....	22.2	1 year, 4 months.
S. S. Vansant, manager discount department.	11 years with Chemical National Bank.....	1,100	1,500	5,000	5,000	233.3	5 years, 7 months.....		7 months.
E. L. Dodge, manager auditing department.	16 years examiner and special deputy, New York State banking department.	4,200	5,000	6,500	6,500	30.0	1 year, 4 months.....		9 months.
Pierre Jay, Federal reserve agent.	Commissioner of banking, State of Massachusetts; Bank of the Manhattan Co. (vice president).	16,500	16,000	16,000	30,000	87.5	7 years.....	87.5	7 years.
Shepard Morgan, assistant Federal reserve agent.	24 years secretary to department of finance, city of New York, \$6,000; 14 months deputy controller, city of New York.	7,500	11,000	11,000	15,000	36.4	2 years, 2 months..	36.4	2 years, 2 months.
BUFFALO BRANCH.									
W. W. Schneckenburger, manager Buffalo branch.	5 years with Wyoming County National Bank; 5 years with Wyoming County Banking Co.; and Pavilion Banking Co. (cashier and manager).	4,000	4,800	4,800	7,500	56.3	2 years.....	56.3	2 years.
Halsey W. Snow, cashier Buffalo branch.	17 years with National Commercial Bank, Albany (assistant transit manager).	1,800	2,400	3,400	4,800	100.0	2 years, 7 months..	41.2	1 year, 4 months.
Clifford Blakeslee, assistant cashier Buffalo branch.	10 years with National Bank of Commerce, Rochester (assistant cashier).	2,800	2,400	3,600	3,600	50.0	2 years, 4 months.....		4 months.

Percentage of officers' salaries to total resources, Federal reserve banks (including branches).

	Per cent.
Boston.....	0.023
New York.....	.024
Philadelphia.....	.027
Cleveland.....	.025
Richmond.....	.046
Atlanta.....	.047
Chicago.....	.024
St. Louis.....	.051
Minneapolis.....	.050
Kansas City.....	.042
Dallas.....	.074
San Francisco.....	.036

Officers' salaries for Philadelphia, St. Louis, and San Francisco are as of June 30, 1920, and were obtained from the cards sent in by the banks in connection with the pension study.

The resource figures for these three banks are as of June 25, 1920, the nearest weekly report date.

All other figures are as of December 30, 1920.

New York City banks.

	Per cent.
Bank 1.....	0.36
Bank 2.....	.22
Bank 3.....	.27
Bank 4.....	.068
Bank 5.....	.15
Bank 6.....	.13
Bank 7.....	.29

Percentage of total pay roll represented by officers' salaries.

Federal reserve banks.	Exclud- ing branches.	Including branches.
Boston.....	11.0	.....
New York.....	9.5	9.6
Philadelphia ¹	10.9	.....
Cleveland.....	11.7	10.7
Richmond.....	15.5	14.6
Atlanta.....	19.1	21.2
Chicago.....	10.5	9.8
St. Louis ¹.....	.....	12.2
Minneapolis.....	12.8	.....
Kansas City.....	9.5	9.3
Dallas.....	14.9	14.9
San Francisco ¹	11.1	11.0

¹ Total salaries for these banks were obtained from statements (as of Oct. 1, 1920, in the case of Philadelphia and St. Louis, and as of June 30, 1920, in the case of San Francisco) sent in by the banks in connection with the pension study. Officers' salaries for these banks were obtained from the pension record cards and are as of June 30, 1920. Figures for the St. Louis bank, exclusive of branches, are not available.

Figures for all banks except those marked ¹ are as of December 31, 1920.

New York City banks.²

	Per cent.
Bank 1.....	25
Bank 2.....	21½
Bank 3.....	33
Bank 4.....	20
Bank 5.....	30
Bank 6.....	33½
Bank 7.....	32

² Figures as of Jan. 1, 1921.

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Comparative statement showing ratio of officers to employees in Federal reserve bank.

Bank.	Number of employees.	Number of officers.	Ratio of officers to employees.
Boston.....	763	13	1 officer to 58 employees.
New York.....	2,734	34	1 officer to 80 employees.
Philadelphia ¹	851	13	1 officer to 65 employees.
Cleveland.....	628	14	1 officer to 44 employees.
Richmond.....	474	13	1 officer to 36 employees.
Atlanta.....	273	13	1 officer to 21 employees.
Chicago.....	1,262	36	1 officer to 35 employees.
St. Louis ²	877	22	1 officer to 39 employees.
Minneapolis.....	447	12	1 officer to 37 employees.
Kansas City.....	529	12	1 officer to 44 employees.
Dallas.....	460	15	1 officer to 30 employees.
San Francisco ²	1,015	34	1 officer to 29 employees.
Representative New York City banks: ³			
Bank 1.....	4,259	74	1 officer to 57 employees.
Bank 2.....	3,222	122	1 officer to 26 employees.
Bank 3.....	946	32	1 officer to 29 employees.
Bank 4.....	726	14	1 officer to 51 employees.
Bank 5.....	1,093	37	1 officer to 29 employees.
Bank 6.....	490	20	1 officer to 24 employees.
Bank 7.....	1,054	73	1 officer to 14 employees.
Bank 8.....	938	26	1 officer to 36 employees.

¹ Figures for these banks were obtained either from (a) figures compiled by the several banks as of Oct. 1, 1920, for the pension study or (b) figures sent in by the banks in connection with the personnel study. In all cases the larger of these two figures has been used.

² Figures for St. Louis and San Francisco include branches. Branches are not included in the case of other banks.

³ Figures as of last week of December, 1920, or first week of January, 1921.

MEETING OF OFFICERS IN RESPECT TO CONTROL OF EXPENSES.

On June 13 a special meeting of officers was held, called by Gov. Strong, at which the subject of controlling the expenses of the bank was discussed and certain instructions and suggestions were given by Gov. Strong to those present.

On September 16 a second special meeting of officers was held, called by Gov. Strong, for the purpose of giving the officers an opportunity to report the progress made and the plans formulated pursuant to carrying out the instructions given at the first meeting.

Every department of the bank was represented and each officer made a report stating the methods followed in controlling expenditures and specifying economies that had been effected as compared with the expenses for the years 1919 and 1920 and outlining the plans that had been formulated toward further economies that might be effected without sacrificing safety, efficiency, and service to member banks.

Special consideration was given to the following subjects:

(a) Controlling expenditures for supplies, material, and equipments; first, through the authority of approval or disapproval of requisitions vested in controllers and managers, and, second, by the final examination given to all requisitions by the department of methods and supplies.

(b) Controlling expenditures for salaries; first, by the consideration of work requirements on the part of managers and, second, by the transfer of employees from departments from which they can be spared to departments in which the volume of work has increased, thereby avoiding additions to the total force of the bank, and, third, by surveys of departments by the committee on procedure, in order to obtain an independent opinion as to the number of persons required.

(c) The making of a special study of statements and reports prepared, with a view to reducing to a minimum the number prepared; first, by eliminating those which do not contain information of vital importance and, second, by consolidating and standardizing those which are deemed to be essential.

(d) Controlling the cost of electric light by constant care on the part of the operating officers and chiefs of divisions and also by independent inspection of the bank's premises.

At the close of the meeting Gov. Strong informed the officers that a subsequent meeting would be held, approximately three months from September 16, for reconsidering the subject of controlling the expense account of the bank, with particular reference to the progress made in carrying out plans for effecting further economies.

A schedule based on the reports made is attached hereto, showing the economies effected by certain departments during the first six months of 1921, as compared with the expenses of operation for the years 1919 and 1920. The departments that do not appear in the schedule are those which did not report specific savings; in some of these, such as the legal, foreign, and investment departments, material savings probably can not be made; in others, such as the cash department, the volume of work has greatly increased.

Plans for effecting economies in the near future are outlined in several of the reports.

Discount department—Loan function.

Salaries, month of December, 1920.....	\$14,344.02
Salaries, month of August, 1921.....	11,828.88
Monthly savings.....	2,515.14
Annual saving.....	30,181.68

Check department—Collection function.

Transit division.—While the total cost of the transit division has increased each year, the unit cost has decreased as follows:

Year.	Number of items handled.	Total cost.	Unit cost per 1,000 items.
1919.....	48,778,466	\$602,704.08	<i>Cents.</i> 12.36
1920.....	55,839,481	616,908.45	11.05
6 months, 1921.....	30,756,324	306,801.99	9.98

At the unit cost of 1919 (12.36 cents), the total cost for the first six months of 1921 would have been \$380,148.16, or \$73,346.17 more than the actual cost.

At the unit cost of 1920 (11.05 cents), the total cost for the first six months of 1921 would have been \$339,857.38, or \$33,055.39 more than the actual cost.

Incoming mail division.—While the total cost of this division has increased each year, the unit cost has decreased as follows:

Year.	Number of items handled.	Total cost.	Unit cost per 1,000 items.
1919.....	7,387,433	\$114,405.23	<i>Cents.</i> 15.49
1920.....	11,961,039	167,509.43	14.00
6 months, 1921.....	7,537,966	87,618.03	11.62

At the unit cost of 1919 (15.49 cents), the total cost for the first six months of 1921 would have been \$116,763.09, or \$29,145.06 more than the actual cost.

At the unit cost of 1920 (14 cents), the total cost for the first six months of 1921 would have been \$105,531.52, or \$17,913.49 more than the actual cost.

Collection department.

Division.	Number of items, 1921.	Cost on basis of 1920.	Total actual cost.	Saving.
Government check.....	6,521,348	\$20,998.74	\$24,758.49	¹ \$3,759.75
Coupon collection.....	178,132	78,762.85	37,714.65	41,048.20
City collection.....	1,962,506	75,262.11	59,615.92	15,646.19
Country collection.....	423,948	154,516.33	148,120.91	6,395.42

¹ Increase.

Auditing department.

On January 1, 1921, the number of employees was 124 and the salaries in effect amounted to \$204,940 per annum.

On September 15, 1921, the number of employees was 92 and the salaries in effect amounted to \$176,580 per annum. In order to perform the balance sheet examinations the regular force of 92 people will have to be temporarily increased twice a year, at an estimated cost of \$8,200 per annum, making the total estimated annual salary cost \$184,780, or \$20,000 less than the salaries in effect January 1, 1920.

Government securities sales department.

Estimated cost:

First six months, 1921.....	\$70,000
Last six months, 1921.....	14,000
	56,000
Reduction on annual basis.....	112,000

Government bond department.

Since July 1 the number of clerks in the department has been reduced by 66, whose salaries amounted annually to.....	\$95,299.68
Floor space has been released, costing annually.....	5,914.00
	101,213.68
Total saving.....	101,213.68

Methods and supplies department.

Purchasing division and expense division.—The force of the purchasing division has been reduced by three people and that of the expense division increased by one person during the last few months.

EXHIBIT G.

FEDERAL RESERVE BANK OF NEW YORK,
October 26, 1921.

Hon. W. P. G. HARDING,
Governor Federal Reserve Board, Washington, D. C.

SIR: The board of directors of the Federal Reserve Bank of New York, having been requested by the Federal Reserve Board to present to it a statement setting forth the basis upon which the scale of salaries of the bank has been determined, hereby respectfully submits the following:

Nature and organization of the Federal reserve banks.—The 12 Federal reserve banks are separate and distinct corporations chartered under the provisions of an act of Congress. Their stock is owned not by the Government or the public but by national banking associations, State banks, and trust companies, all of which are private corporations owned by private citizens. With the exception of a few specified and optional open-market purchases, the Federal reserve banks are not permitted to have direct transactions with the public; they may deal only with their stockholding member banks and with the Government of the United States, for which they act as fiscal agents. Consequently the great majority of the transactions of the Federal Reserve Bank of New York are with its member banks, which contribute the entire capital stock of the bank, provide about 95 per cent of its total deposits, and to which about 80 per cent of its loans or discounts are made. It is apparent, then, that the member banks have a very real and direct interest in the efficient and safe management of the Federal reserve bank of which they are stockholders. Congress recognized this interest and provided in the act that of the nine directors of each reserve bank six should be elected by the member banks, the other three being appointed by the Federal Reserve Board. Of the six elected by the member banks, three must be bankers and the other three must be engaged in commerce, agriculture, or some other industrial pursuit, representing the interest which business and agriculture also have in the effective management of the reserve bank.

Responsibilities of directors.—The act provides that the reserve bank "shall be conducted under the supervision and control of a board of directors." It requires the directors "to perform the duties usually appertaining to the office of directors of banking associations." It gives them all powers necessary "to carry on the business of banking," including the power "to appoint * * * such officers and employees

as are not otherwise provided for in this act." It is quite evident from the provisions of the act and the discussions in Congress at the time of its passage that the Federal reserve banks were expected to be conducted not merely as mechanical agencies for the dispensing of credit, but as banking institutions exercising wide powers and discretion and intrusted with large responsibilities. Besides making loans to their member banks they were expected to furnish the country with an elastic currency, a matter of vital importance to every individual and every business undertaking in the country. They were expected to develop more scientific and economical methods of collecting checks, notes, and drafts, of transferring funds throughout the country, and of clearing the balances resulting from these transactions. They were expected to develop and support a discount market through which bankers' acceptances drawn to facilitate our foreign and domestic trade would find a ready sale and through which, at times of heavy credit requirements, foreign banking funds would readily flow to this country. They are given broad powers to deal in gold at home or abroad, and to appoint agents and maintain accounts in foreign countries in order that they may have a steady influence on the periodical movements of gold to and from the United States. As fiscal agents for the Treasury Department they have been able to assist the Treasury in conducting the finances, managing the public debt, and maintaining the credit of the United States, and have been instrumental in creating an open market for Treasury certificates of indebtedness, thereby greatly facilitating their sale. Finally, as custodians of the gold reserves and the ultimate credit power of the country, they are expected at all times, and particularly in sudden emergencies, to administer their trust in such a manner as to insure the maintenance of the gold standard in the United States and to prevent the periodical panics from which the country has suffered so severely in the past.

The development and management of such an institution, having responsibilities of a much wider nature than those of the member banks, requires the selection as officers of men trained in banking, with imagination, constructive ability, and sound judgment, courageous and able to lead; men capable not only of administering the routine functions of the bank, involving frequently a turnover of a billion dollars in a single day, and of safeguarding its many billions of dollars in cash and securities, but capable also of the difficult task of formulating and carrying out policies affecting both national and international finance.

Appended to this letter is a brief summary showing the enormous volume of some of the routine transactions of the bank, but it may be mentioned here that the total loans and discounts made by the bank since its organization aggregated about \$159,000,000,-000.

Policy in appointing officers.—It was recognized by the directors of the Federal Reserve Bank of New York from the outset that the effective organization and development of the bank depended largely upon the character of its personnel, and they have selected as its officers men of banking experience with a view to the assumption and exercise of the wide responsibilities with which it is charged. These officers have organized and are administering a bank with a staff of 2,896, a bank whose resources and transactions are far larger than those of any other bank in the United States.

The directors have also from the outset followed the policy of filling vacancies, both official and clerical, as far as possible by promotions from within the staff as the only sound method of developing and maintaining a high esprit de corps throughout the organization. This has been markedly successful, and the rapid growth of the institution during the past few years has afforded unusual opportunities for the display of individual initiative and ability, which have been recognized by promotion in rank and salary.

The period of seven years during which the bank has been in existence has been probably the most difficult period in the history of banking in the United States. It has been no time for experimenting with inexperienced officers or with men who had not demonstrated their ability to command the normal salaries of bank officers. Errors of judgment or defects in the organization might easily have resulted in losses far exceeding any savings that might have been made through the payment of lower salaries to less competent men to manage the affairs of the bank.

Besides carrying on immense routine transactions the officers of the Federal reserve bank of New York have also shown themselves able to grasp and deal with the larger functions and responsibilities of the bank. They have devoted themselves with enthusiasm and single mindedness to their work, have gained the confidence of the member banks and the public, have recommended wise measures and policies, and have shown themselves resourceful in meeting the many new and unexpected situations which have arisen during the past seven years.

Salary policy.—In order to procure and retain officers capable of discharging these responsibilities the directors from the outset have followed the policy of fixing salaries at a level fairly commensurate with the salaries paid to officers of corresponding rank in the larger member banks in New York City. The range of salaries paid is frequently tested, (a) by comparison with the salaries actually paid by the larger New York City member banks, and (b) by invitations extended to the officers to join the staffs of other banks at higher salaries.

Many of the officers have had opportunities to go to other institutions at higher salaries than they receive from the Federal reserve bank and the directors are convinced that the range of officers' salaries is generally below what might be considered their earning power and below the average salaries paid to officers of similar rank in the larger New York City member banks. Many of the officers whose promotion has been the most rapid have been among those most sought after by other institutions at higher salaries. The officers of Federal reserve banks are not engaged in public or governmental service, but, like the officers of national banks, they are private citizens engaged in banking as a means of making a livelihood. They are forbidden to engage in other business, and their only remuneration is the salary paid them by the Federal reserve bank. As long as they serve the bank they have a right to expect remuneration for their services in accordance with the local value of such services.

The details of the circumstances and conditions governing the increases in the salary roll of the bank, both official and clerical, and the proportion of officers' salaries to the total salary roll and to the total resources of the bank, which is much less than in the larger commercial banks in New York City, are dealt with very fully in the letter addressed by the governor of the bank to the Federal Reserve Board under date of October 6, 1921, copy of which is attached hereto.

The undersigned directors of the Federal Reserve Bank of New York fully appreciate the responsibilities which the law imposes upon them for the successful operation of the bank, for the safe custody of its immense resources, and for the fulfillment of its obligations to the Treasury, to the member banks, and to the public. In addition to carrying on the routine work we must look ahead and prepare for the discharge of the new obligations which are falling upon the Federal Reserve System as a result of our larger participation in world finance. The directors are unanimously of the opinion that the only sound policy for the bank to pursue is to procure and retain men capable of discharging these obligations in the most complete and effective manner, and that to carry out such a policy it is necessary to pay salaries, both official and clerical, which are fairly commensurate with those paid by the larger member banks in the city of New York. Under any other policy the present type of officers could not be retained and the spirit and work of the organization would degenerate. Nothing could be more dangerous to the permanence of the system than to have the Treasury, the member banks, or the public lose confidence in its management.

This statement is submitted merely as a brief review of the salary policy of the bank. If at any time information is desired regarding duties, responsibilities, and salaries of individual officers and employees, the directors will be very glad to furnish it either to the Federal Reserve Board or to some appropriate committee of Congress.

Respectfully submitted,

JAMES S. ALEXANDER.
PIERRE JAY.
LESLIE R. PALMER.
GEORGE FOSTER PEABODY.
CHARLES SMITH.

WM. L. SAUNDERS.
CHARLES A. STONE.
ROBERT H. TREMAN.
RICHARD H. WILLIAMS.

VOLUME OF SOME OF THE TRANSACTIONS OF THE FEDERAL RESERVE BANK OF NEW YORK DURING 1920.

Discounts and advances, 180,462 items, aggregating \$50,539,423,847.

Acceptances purchased for New York and other Federal reserve banks, 106,237 items, aggregating \$2,428,000,000.

Federal reserve notes and other paper money handled and counted, 558,397,400 pieces, aggregating \$2,291,785,688.

Shipments of currency and coin, 67,405 shipments.

Checks collected, 87,727,000 items,¹ aggregating \$55,729,013,000.

¹ Includes items sent between Buffalo branch and main bank at New York; figures shown in our annual report for 1920 excludes these items.

Notes and drafts collected, 563,814 items, aggregating \$1,994,713,245.

Telegraphic transfers of funds, 147,302 transfers, aggregating \$17,021,509,734.

Balances settled through gold settlement fund, \$48,840,900,000.

United States Government checks and warrants paid, 10,712,243 items, aggregating \$2,437,759,148.

Government bond department transactions, 47,797,417 pieces, aggregating \$6,955,-101,000.

Total certificates of indebtedness department transactions, including issues and redemptions, \$4,897,941,000.

Securities handled in custody department for United States Treasury and member banks, \$100,759,404,785.



