

FOURTH ANNUAL REPORT
OF THE
FEDERAL RESERVE BANK
OF NEW YORK

FOR THE YEAR ENDED DECEMBER 31, 1918



WASHINGTON
GOVERNMENT PRINTING OFFICE
1919

LETTER OF TRANSMITTAL.

FEDERAL RESERVE BANK,
New York, January 15, 1919.

SIR: I have the honor to submit herewith the fourth annual report
of the Federal Reserve Bank of New York, covering the year 1918.

Respectfully,

PIERRE JAY,
Chairman and Federal Reserve Agent

Hon. W. P. G. HARDING,
Governor, Federal Reserve Board,
Washington, D. C.

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FEDERAL RESERVE BANK OF NEW YORK.

Officers.

BENJAMIN STRONG, Governor.

ROBERT H. TREMAN, Deputy Governor.	ADOLPH J. LINS, Assistant Cashier.
WM. WOODWARD, Deputy Governor (inactive).	WALTER B. MATTESON, Assistant Cashier.
J. HERBERT CASE, Deputy Governor.	LESLIE R. ROUNDS, Assistant Cashier.
JAMES F. CURTIS, Deputy Governor and Counsel.	I. WARD WATERS, Assistant Cashier.
LOUIS F. SAILER, Deputy Governor.	JOHN E. RAASCH, Assistant Cashier.
LAURENCE H. HENDRICKS, Cashier.	C. H. COE, Assistant Cashier.
EDWIN R. KENZEL, Manager of Investments.	J. E. CRANE, Assistant Cashier.
JOSEPH D. HIGGINS, Assistant Cashier.	W. A. HAMILTON, Assistant Cashier.
ARTHUR W. GILBART, Assistant Cashier.	DUDLEY H. BARROWS, Secretary.
GILBERT E. CHAPIN, Assistant Cashier.	HOWARD M. JEFFERSON, Auditor.
J. WILSON JONES, Assistant Cashier.	J. EMISON, Assistant Auditor.
	G. M. Hayward, Assistant Auditor.
	W. G. SIMPSON, Assistant Auditor.

PIERRE JAY, Federal Reserve Agent.
R. M. GIDNEY, Assistant Federal Reserve Agent.

Directors.

Class A:	Term expires.
WILLIAM WOODWARD, New York City.....	December 31, 1919
ROBERT H. TREMAN, Ithaca, N. Y.....	December 31, 1920
CHARLES SMITH, Oneonta, N. Y.....	December 31, 1921
Class B:	
HENRY R. TOWNE, New York City.....	December 31, 1919
WILLIAM B. THOMPSON, Yonkers, N. Y.....	December 31, 1920
LESLIE R. PALMER, Croton on Hudson, N. Y.....	December 31, 1921
Class C:	
PIERRE JAY, Chairman, New York City.....	December 31, 1919
W. L. SAUNDERS, New York City.....	December 31, 1920
GEORGE FOSTER PEABODY, Deputy Chairman, Saratoga Springs, N. Y.....	December 31, 1921

FOURTH ANNUAL REPORT OF THE FEDERAL RESERVE BANK OF NEW YORK.

RESULTS OF OPERATION.

BALANCE SHEET

Schedule 1 shows the condition of the Federal Reserve Bank of New York on December 31, 1918, 1917, and 1916.

The increase in nearly every item in the balance sheet for 1918 is an indication of the increased use by member banks of the facilities of the Federal Reserve Bank in order to maintain their reserves and to provide the loan expansion which the financing of the war has necessitated. The various items will be commented on in detail under the appropriate headings. A table and chart showing, by weeks the volume of notes and deposits, together with the course of the reserve percentage, are given on pages 72 and 73.

INCOME AND EXPENSE.

The income and expenses of the bank during the years 1918 and 1917 are shown in Schedule 2.

The great expansion in the business of the bank during 1918 has been reflected not only in increased income, but also in increased expenses, although earnings naturally increased far more than expenses. Most of the items of income are self-explanatory. The amount of service charges received decreased because these charges, imposed to cover the cost of collecting checks, were abandoned on June 15.

The items of expense have been further subdivided during 1918, many items heretofore included under general expense having been placed under separate headings. Almost every item reflects the expansion in staff, space and equipment which the immense volume of business transacted during the year has necessitated.

At the close of the year, with the approval of the Federal Reserve Board, a further amount of \$299,375 was set aside in the depreciation reserve account to provide against certain penalties for canceling leases in the Equitable Building should the bank erect its own building, and to provide against possible unascertained losses. Also, under the same approval, \$803,800 was charged off, representing the estimated value of buildings now standing on the site pur-

chased during the year. Dividends at the rate of 6 per cent for the year were paid; \$7,672,676.44 was carried to surplus, bringing the surplus up to the 40 per cent of paid-in capital which the present law permits; and \$12,795,214.57, being the balance of the net earnings, was set aside as a franchise tax payment subject to the call of the Treasury Department, pending the consideration by Congress of a bill recommended by the Federal Reserve Board which would permit larger amounts of the net earnings of Federal Reserve Banks to be retained as surplus.

The expenses shown in the foregoing statement do not include the expenses of the departments of the bank performing its fiscal agency functions or the expenses of the Liberty loan and certificate of indebtedness selling and publicity organizations, all of which are reimbursed directly by the Treasury Department.

DISCOUNT RATES.

The discount rates established by the bank during the year and the rates at which bankers' acceptances have been purchased in the open market are shown in Schedule 3.

Throughout the year the rate policy of the bank has been necessarily influenced by the policy of the Treasury Department with respect to the interest rates on the bonds and certificates of indebtedness which it has sold. The only change occurred on April 6, when an understanding was reached, with the approval of the Federal Reserve Board, under which all of the Federal Reserve Banks established a rate of 4½ per cent for discounting 90-day paper secured by United States Government obligations. This rate, conforming to the coupon rate of the third and fourth Liberty bonds, was continued for the balance of the year. At the same time the rate of this bank on 90-day commercial paper was advanced to 4½ per cent, at which level it was still below the market rate for such paper, as it has been ever since the United States entered the war. While the rates of the Federal Reserve Bank normally should remain at or above the market rate, under prevailing abnormal conditions this was impracticable, since it was felt that a further advance in the 90-day rate on commercial paper might affect unfavorably the rates at which the Government was financing and that, in view of the Government's policy of financing at low rates of interest, the Federal Reserve Bank should maintain steady and correspondingly low discount rates and endeavor in individual cases to check any tendency toward taking advantage of the low rates for the mere purpose of profit making.

Owing to the differential of one-half of 1 per cent between the rate on commercial paper and the rate on Government-secured paper, the bulk of the paper held by the bank has been of the latter class, which was natural in any event, since it was primarily the Govern-

ment borrowings which compelled the banks to discount so heavily at the Federal Reserve Bank.

Since early in 1915 the bank has established maximum and minimum rates within which it has purchased bankers' acceptances. This policy was adopted at the inauguration of open-market transactions, as it did not seem wise at that time to establish a fixed discount rate on these bills. During the past year, however, the development of the market has reached a point at which a stabilizing influence was necessary and fixed rediscount rates as shown in the table for bankers' acceptances were accordingly established on October 1, under authority of section 13 of the Federal Reserve Act. While the banks have not yet needed to exercise their rediscounting privilege under this rate, as the market rate has been steadily lower, its establishment has undoubtedly exercised a beneficial influence on the stability of open-market operations.

During the year member banks, especially those in New York City, have continued to use the 15-day rate very extensively. In fact, the great bulk of their accommodations has been for periods of 15 days or less and many of the largest banks borrow for from one to three days only. By providing for these "day-to-day" loans, the Federal Reserve Bank has furnished its members a recourse as quick and flexible as the call-money market, which, in view of the wide fluctuations in their liabilities caused by Government financing, has been of great service to them and enabled them not merely to secure promptly such large accommodations as they have required from time to time, but to pay them off with equal promptness and facility. The arrangements made permitted these short discounts and advances to be effected on either commercial or Government-secured paper and at the same rate.

INVESTMENTS OF THE FEDERAL RESERVE BANK OF NEW YORK DURING 1918.

DISCOUNTS, ADVANCES, AND PURCHASES, AND THEIR RELATION TO RESERVES.

As the war progressed it became increasingly necessary for the banks to have recourse to the Federal Reserve Bank. The following figures show the maximum use of its credit facilities in each of the Liberty loan financing periods to date:

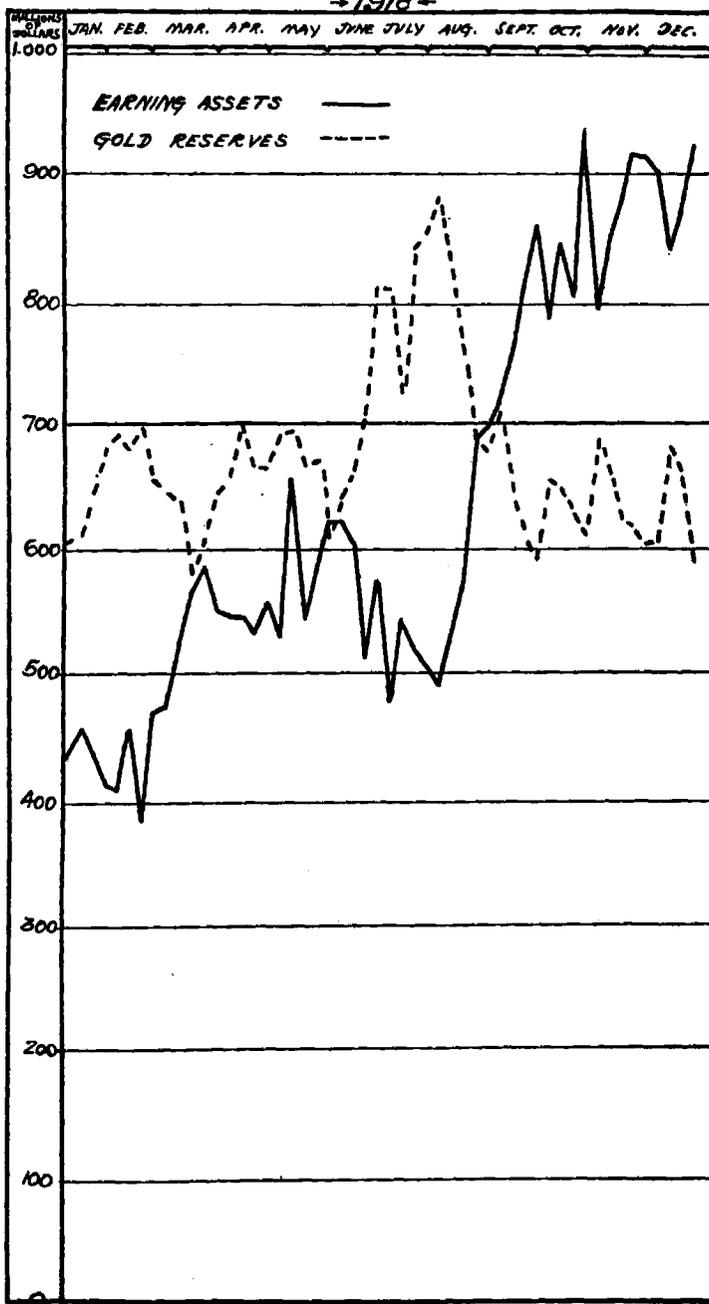
Financing period.	Maximum discounts, advances, and investments.	
	Amount.	Date.
First Liberty loan.....	\$278,649,000	June 19, 1917
Second Liberty loan.....	522,363,000	Nov. 30, 1917
Third Liberty loan.....	655,587,000	May 10, 1918
Fourth Liberty loan.....	968,293,000	Dec. 30, 1918

Each of these high points was followed by a period of contraction which, however, never reached the preceding base, so that the expansion was progressive, though not continuous.

While this heavy borrowing from the Federal Reserve Bank was caused fundamentally by Government financing, its direct relation was to the condition of the reserves of member banks rather than to the sales of Government securities. As the Government deposits created by the sales of securities and not requiring reserves to be maintained against them were transformed through Government disbursement into private deposits upon which reserves had to be maintained, the banks had to borrow to create these additional reserves. Furthermore, interior banks throughout the year continued to meet withdrawals of Government deposits by drafts on their New York correspondents, thereby causing a constant flow of funds from New York to the interior and requiring the New York banks to replenish their reserves at the Federal Reserve Bank until the funds thus withdrawn were returned again through Government transfers.

The following chart shows the gold holdings of the bank during the year and the aggregate amount of its loans and discounts. Aside from the gradual but steady increase of the gold held by the system, the fluctuations in the amount of gold held by this bank represent its gains or losses through the settlement of balances with other Federal Reserve Banks. The closeness with which the borrowings of member banks follow the fluctuations in the gold holdings of this bank clearly substantiates the views expressed in the foregoing paragraph.

EARNING ASSETS % GOLD RESERVES
 FEDERAL RESERVE BANK OF NEW YORK
 → 1918 ←



The increase in the note and deposit credits granted by the Federal Reserve Bank of New York during the year has at times reduced the reserve of the bank very materially. At the close of 1917 the average reserve against all liabilities was 61.7 per cent. At the close of 1918 this had fallen to 44.5 per cent. The corresponding figures for the entire Federal Reserve system are 61.8 per cent and 50.6 per cent. These figures are far more significant than those of any individual Federal Reserve Bank, since through rediscounting or the sale of bills or other securities, the reserves of the various Federal Reserve Banks are so readily equalized. Twice during the year, in order to strengthen its reserve position, this bank sold bills, aggregating in all \$97,274,364.32, to other Federal Reserve Banks. At other times during the year it rediscounted paper totaling \$67,680,848.93 for other Federal Reserve Banks in order to strengthen their reserves. These transactions indicate the effectiveness of the transfer of reserves through the Federal Reserve system as a whole concurrently with the operation of the system as twelve separate units, each especially equipped to understand and care for the needs of its own district.

The figures of the reserves of this bank and of the Federal Reserve system when the United States entered the war and at the close of 1918 are as follows:

Cash reserves of—	Dec. 27, 1918.		Apr. 6, 1917.	
	Per cent.	Amount.	Per cent.	Amount.
Federal Reserve Bank of New York.....	42.5	\$637,295,000	92.9	\$426,814,000
All Federal Reserve Banks.....	50.6	2,146,219,000	84.7	962,662,000

The following is a statement of member bank discounts and advances during 1918 and 1917:

	1918		1917	
	Number of items.	Amount.	Number of items.	Amount.
January.....	5,552	\$299,141,079.59	148	\$598,162.06
February.....	7,441	267,801,380.25	171	1,925,351.05
March.....	7,882	321,342,092.09	237	3,062,583.13
April.....	6,446	1,460,681,317.41	267	2,439,223.25
May.....	10,802	2,181,143,351.44	523	6,545,273.25
June.....	11,653	2,290,684,904.35	2,034	552,976,458.11
July.....	14,323	1,935,041,787.56	1,346	262,366,105.28
August.....	15,016	2,306,086,869.85	1,254	53,024,394.21
September.....	11,993	2,893,616,075.93	1,625	319,543,993.34
October.....	13,498	3,713,305,674.14	2,544	2,382,893,110.97
November.....	15,457	2,948,291,085.09	3,213	2,663,667,291.90
December.....	8,975	3,918,402,840.07	9,122	262,232,974.93
Total.....	129,038	24,535,538,457.77	22,484	6,511,274,921.48

The immense volume of discounts and advances shown arises from the practice which many member banks pursue of borrowing for a few days, often only one day, with renewals, as required, for varying amounts.

On several occasions the bank has purchased from the Treasury special certificates of indebtedness payable within a few days, aggregating in all \$3,133,000,000, in order to supply the special needs of the Treasury pending the transfer of funds from other Federal Reserve Banks or the withdrawal of funds from depository banks. The largest amount thus held at any one time was \$195,000,000.

In order to facilitate the purchase of certificates of indebtedness by nonmember banks, the bank has been ready to purchase such certificates, with an agreement on the part of the nonmember Bank to repurchase within 15 days. The largest amount thus held at any one time was \$12,313,500 on November 19.

In order to assist in making a more stable carrying market for bankers' acceptances for houses which deal in such bills, the bank has from time to time during the year purchased bills at slightly above current rates from such houses with an agreement on their part to repurchase within 15 days, the largest amount of such purchases at any one time having been \$8,222,000, on October 9. This, however, has been considered as a purely temporary policy during the development period of the discount market.

The following figures give certain data concerning the discounts and advances of 1918 and 1917:

	1918	1917
Number of applications received.....	14,831	2,513
Amount of applications received.....	\$24,552,063,650.44	\$6,528,455,050.30
Amount of applications accepted and discounted or advanced upon.....	\$24,535,538,457.77	\$6,513,225,285.60
Largest application.....	\$135,000,000.00	\$187,000,000.00
Smallest application.....	\$5.02	\$50.00
Number of pieces of paper discounted or advanced upon.....	129,038	22,484
Largest piece of paper discounted or advanced upon.....	\$135,000,000.00	\$147,000,000.00
Smallest piece of paper discounted or advanced upon.....	\$5.02	\$25.00
Average size of notes discounted or advanced upon.....	\$190,141.96	\$289,682.67
Number of banks rediscounting.....	522	322

BANKERS' ACCEPTANCES AND THE DISCOUNT MARKET.

The monthly purchases of bankers' acceptances and indorsed trade bills by this bank for itself and other Federal Reserve Banks during 1918 have been as follows:

Month.	For account of Federal Reserve Bank of New York.		For account of other Federal Reserve Banks.	
	Number of items.	Amount.	Number of items.	Amount.
January.....	4,154	\$30,010,607.18	819	\$13,137,089.64
February.....	3,910	91,970,831.83	540	11,618,374.90
March.....	3,175	75,850,840.39	447	8,294,522.94
April.....	2,775	57,952,753.91	286	3,175,214.24
May.....	2,866	61,379,509.85	320	4,024,431.26
June.....	1,573	39,567,561.89	442	7,540,528.48
July.....	2,172	62,862,728.00	430	11,714,855.80
August.....	3,190	91,862,018.00	574	14,002,126.66
September.....	4,211	115,774,488.26	849	18,735,191.24
October.....	3,414	105,567,788.66	1,605	42,586,604.09
November.....	3,519	100,177,148.45	1,018	21,587,604.22
December.....	2,202	62,521,143.43	812	18,454,071.11
Total.....	37,161	945,497,423.54	8,142	174,864,544.58
CLASSIFICATION.				
Import and export.....		609,705,533.69		113,870,892.74
Domestic.....		246,957,105.74		59,348,612.76
Indorsed trade bills of foreign origin.....		16,224,317.49		1,331,552.93
Bills drawn to furnish dollar exchange.....		5,452,702.24		246,400.00
Domestic trade acceptances.....		3,513,134.62		7,086.15
Repurchase agreement.....		63,614,629.76		
Total.....		945,497,423.54		174,864,544.58

Increased and more general use of the bankers' acceptance has been a striking development of the past year, especially in financing domestic transactions and in the storage and movements of the grain and cotton crops. The volume of foreign drawn bills appearing in this market, while reflecting the increased trade with the Orient, has not increased proportionately with the volume of domestic bills, due in part to shipping difficulties and in part to the settlement of a greater volume of both imports and exports by cash rather than by drawing bills.

As compared with estimates of \$400,000,000 to \$500,000,000 of bankers' acceptances and foreign trade bills on American merchants outstanding at the end of 1917, it is now believed that there are between \$700,000,000 to \$800,000,000 of bankers' acceptances alone outstanding in the United States.

The following figures, taken from published reports of institutions in this Federal Reserve district, show the amounts of acceptance liabilities of national banks, trust companies, and State banks on the dates indicated:

	September, 1918.	September, 1917.	September, 1916.
National banks.....	\$141,934,391.42	\$73,717,000	\$44,300,877
Trust companies.....	124,038,547.88	91,424,509	65,588,558
State banks.....	9,841,533.62	7,355,910	2,787,995
Total.....	275,814,472.92	172,497,419	115,677,430

These figures, however, do not indicate the full measure of increase for the country. The number of well-known banks located in other cities that are now accepting is greatly increased and much of their paper comes to New York for discount.

With the increase in number of accepting banks and volume of bills circulating, the number of bill buyers has likewise increased. Out-of-town banks are buying more freely, and many of those which are now acceptors have also become buyers. Dealers report increased activity and interest in almost all parts of the country. The turnover of some houses has more than doubled that of last year. One house reports sales of \$720,000,000 for this year as against \$358,000,000 in 1917.

During the year there have been accessions to the number of houses that specialize as dealers in bankers' acceptances. Also several corporations organized to operate as discount houses have been formed. Some of them are in operation and others are still in process of organization. Also several important foreign trade banks have come into existence and are operating. Perhaps, however, more significant of the trend of intelligent opinion as to the future of New York as an international financial center is the number of foreign banks and bankers that have already established or are about to establish branches or relations here.

The outstanding development of the year 1918 toward the firmer establishment of an open discount market in America was recognition of the fundamental necessity for a stable volume of call and short time money available to dealers and discount houses at rates related to the open-market rates for bills as distinguished from rates for loans against investment securities or so-called brokers' loans. While money of this character has occasionally been available, it was not until a leading banking house publicly announced its policy of lending freely on bills at preferred rates—a policy subsequently adopted by several other institutions and houses—that money in sufficient volume was available to enable dealers to carry portfolios of bills without the risk of such interest losses as to render it impracticable for them to operate other than as mere traders. As has already been stated, the Federal Reserve Bank has from time to time purchased bills from dealers, under their agreement to repurchase within short periods, at a rate of 4½ per cent per annum. Their recourse to this

aid has been moderate and not continuous. It is hoped that more and more banks, recognizing the advantages to the country and to themselves of a broad and active open market, and the important relation of dealers in bills to the development of such a market, will add their support by providing dealers normally with the necessary funds at rates closely related to the current bill rates, as is customary in foreign markets.

Bill rates in the open market have been the most stable and the lowest of all money rates. As compared with short-time United States certificates of indebtedness bearing interest at from 4 per cent to $4\frac{1}{2}$ per cent, the primary market discount rates on bills of the best-known names has not exceeded $4\frac{1}{2}$ per cent for the 90-day maturity and has ranged down to $3\frac{7}{8}$ per cent. The ruling rates were, during January and February, 4 per cent; from February to July, $4\frac{1}{2}$ per cent to $4\frac{1}{4}$ per cent, the higher rate being reached during the period of Federal income tax payments; after slight recessions rates advanced gradually to from $4\frac{3}{8}$ per cent to $4\frac{1}{2}$ per cent in October when fourth Liberty loan financing was at the peak; later, rates declined, on easier money conditions, to $4\frac{1}{4}$ per cent at the year's end. Generally speaking, the rates referred to were those quoted for unindorsed bills which are offered for resale to investors at slightly lower rates of yield.

The Federal Reserve Bank has maintained its policy, established last year, of buying practically only indorsed bills and at rates related to those established by competition and supply and demand in the open market. In purchasing it has continued to emphasize its preference for short bills by paying rates graduated down to published minima, according to maturities. While its purchases have supported and stabilized the market, its rates have been generally above the market for maturities other than the shortest period. Consequently the average maturity of bills held by the bank has been reduced and a wider distribution of bills to an increased number of buyers has been effected, with a correspondingly increased diversification of indorsers on bills held by the bank.

The Federal Reserve Bank as a further stabilizing step, and in addition to its open-market purchases, established special rediscount rates for the rediscount of bankers' acceptances under section 13 of the act. These rates, established October 1, remain unchanged and are: Maturities up to 15 days, 4 per cent; maturities 16 to 60 days, inclusive, $4\frac{1}{4}$ per cent; maturities 61 to 90 days, inclusive, $4\frac{1}{2}$ per cent.

During the year other Federal Reserve Banks did not participate as freely as heretofore in the open-market purchases of the New York bank, owing to increased demands in their respective districts and also to the greater activity of their own member banks in both accepting and buying bills, many of which found their way to their district banks. Nevertheless there have been many transactions between

Federal Reserve Banks, the Federal Reserve Bank of New York having bought from and sold to other Federal Reserve Banks, as well as having bought in the market for their account.

During the year the banking laws of the State of New York were modified to permit savings banks to invest in bankers' acceptances. While a few of them have purchased from time to time in the open market, the volume of their purchases has not been in proportion to their indicated desire to carry portfolios of bills, as funds which otherwise would have been employed in this way have been largely invested in United States Treasury certificates of indebtedness.

TRADE ACCEPTANCES.

The increased number of domestic trade acceptances offered for rediscount at the Federal Reserve Bank not only is evidence of the progress of the movement, but indicates also that commercial banks are discounting them for customers more freely and are purchasing them in the open market. The amount rediscounted and purchased by the Federal Reserve Bank during 1918 was \$31,903,092.74.

Much progress has been made during the year in the development of the trade acceptance plan of closing accounts in domestic merchandise transactions. Under the direction of the American Trade Acceptance Council many informal meetings were held at which plans for adapting the system to particular lines of trade were discussed and developed. Much was also accomplished through economic discussions at more formal gatherings.

Trade associations, chambers of commerce, and credit associations have formally recommended the use of the trade acceptance and emphasized the importance of the movement. Many trade and business associations have formally recommended that their members adopt the system, and in some lines selling terms have been modified to include settlement by trade acceptances in all transactions not settled by spot cash or short discounts. In others modified terms, attractive to the buyer, have been offered as inducements to their use. It has been estimated that more than 4,000 representative concerns now use the system.

Domestic trade acceptances have appeared in the open discount market more generally this year than before, and where the names are well known they find ready sales at favorable rates. These bills usually come in fair-sized pieces—say, from \$5,000 up—and to avoid too large pieces several bills of marketable size are often drawn to cover in their aggregate larger transactions. A new development this year has been the offering in the open market of trade acceptances bearing banking indorsements. This class of bill resembles more nearly the bankers' acceptance as to the credit involved and commands a lower rate than those not so indorsed.

The character, form, and manner of execution of bills offered as trade acceptances for rediscount at the Federal Reserve Bank indicate that merchants and bankers would do well to give more careful consideration both to the inherent limitation of the instrument to current bona fide transactions between buyer and seller and to technical details, such as legal or official signatures of drawers, acceptors, and indorsers, and the avoidance of change or alteration in date, domicile, or any other of the terms of the bill as drawn. Any such irregularities render the paper practically unsalable in the open market and ineligible for rediscount at Federal Reserve Banks. It is perhaps not unnatural that with many presentations from different points of view of the theories and practices involved in the establishment of the trade acceptance system some misinformation and misunderstanding has developed, but it is expected that with continued study of its problems these will be overcome and disappear.

The American Trade Acceptance Council is in process of reorganization into The Acceptance Council, and in its new organization will combine trade acceptances and bankers' acceptances as the dual subject of its activities.

UNITED STATES BOND OPERATIONS.

In 1917 the Federal Reserve Board did not require Federal Reserve Banks to purchase United States 2 per cent bonds bearing the circulation privilege from member banks. This policy has been continued during 1918. During the year the Treasury has paid off \$4,492,000 of 1-year 3 per cent notes previously received by the bank in exchange for United States 2 per cent bonds. The Federal Reserve Bank has purchased \$34,955,000 United States 2 per cent certificates of indebtedness of a special character which it has hypothecated as security for Federal Reserve bank notes.

MUNICIPAL WARRANTS.

During 1918 only one purchase of a municipal warrant was made, the amount being \$50,000.

MATURITIES.

The following statement shows the maturities of discounts and advances held by the bank on December 31, 1918:

	Discounts or advances based on commercial paper.	Discounts or advances based on United States securities.	Bankers' acceptances.	Total.
Within 15 days.....	\$32,804,406.83	\$498,635,511.87	\$32,258,211.94	\$563,698,130.64
16-30 days.....	4,168,348.13	106,051,692.49	13,011,993.37	123,232,033.99
31-60 days.....	5,866,121.59	34,093,216.75	27,073,880.31	67,033,198.65
61-90 days.....	1,934,028.42	13,787,253.61	5,282,567.32	20,953,849.35
Over 90 days.....	876.00			876.00
Total.....	44,773,780.97	652,567,674.72	77,576,632.94	774,918,088.63

NOTE ISSUES AND THE ACCUMULATION OF GOLD.

Throughout the year Federal Reserve notes have been freely issued, as required by member banks, and the interchangeability of Federal Reserve bank deposits and notes has been maintained as heretofore.

The net circulation of Federal Reserve notes of this bank rose during the year from \$397,000,000 to \$729,000,000, an increase of \$332,000,000. While some part of the increase is due to the policy of exchanging Federal Reserve notes for gold or gold certificates, which has been consistently pursued since the bank began business, the chief cause of the expansion was the demand for more notes with which to carry on the constantly increasing volume of trade at rising price levels. Higher prices and higher wages, with the larger pay rolls and larger amounts of till and pocket money which they necessitate, inevitably cause a large demand for circulating media, and during the war this phenomenon has been common to all the belligerent countries, even in Great Britain, where, as in the United States, settlements are made mainly by checks. A considerable quantity of Federal Reserve notes has been shipped during the year to Central American and West Indian countries for circulation purposes, and since the signing of the armistice the War Department has sent considerable amounts of Federal Reserve notes to France, in order that our returning soldiers may be supplied with American instead of French currency. The note expansion has been perfectly natural and not in any way forced; the notes have been redeemable at all times in gold; and the aggregate increase in the amount of Federal Reserve notes outstanding does not represent a net addition to our circulating media, since a large part of the increase represents merely an exchange of Federal Reserve notes for gold.

The amendment of September 26, 1918, now permits the issue of Federal Reserve notes in denominations of \$500, \$1,000, \$5,000, and \$10,000. These notes, of which a supply of the \$1,000 denomination has already been received, will be of service in enabling the banks to avoid the necessity of paying out gold certificates of large denominations.

The redemption of Federal Reserve notes of this bank unfit for circulation during 1918 amounted to \$226,722,730.

Since August, in order to cooperate with the Treasury Department in its desire to secure silver certificates and break up the silver which they represent for export to India and other countries, the bank, by authority of the Federal Reserve Board, has issued Federal Reserve bank notes in denominations of \$1, \$2, \$5, and \$10. These notes, which are similar to national-bank notes, are secured by special 1-year 2 per cent certificates of indebtedness issued for the purpose to the Federal Reserve banks by the Treasury and held by it

as security for the notes. The amount of Federal Reserve bank notes of this bank issued and outstanding on December 31 was \$33,034,000, of which \$10,585,000 were fives, \$1,434,800 tens, and the balance ones and twos. The total amount of silver notes shipped by this bank to the Treasury Department during the same period was \$21,528,000. Both member and nonmember banks have cordially cooperated by sending in silver certificates for exchange into Federal Reserve bank notes at the expense of this bank.

In order to assist in accumulating gold, since America entered the war this bank has asked its member banks to sort out gold certificates from incoming cash and send them to the Federal Reserve Bank in exchange for Federal Reserve notes. In this way this bank and its member banks have been able to contribute their share to the increased gold holdings of the Federal Reserve System. Furthermore, the United States Treasury has continued its policy of returning Federal Reserve notes to banks forwarding gold certificates for redemption.

No premium has arisen on gold in this district, and this bank has at all times been ready to pay out gold to its member banks as required by them for purposes consistent with the policy of the Government.

Under the provisions of the President's embargo proclamation of December 7, 1917, the Federal Reserve Bank of New York during 1918 forwarded to the Federal Reserve Board 1,163 applications for permission to export gold, silver, or currency aggregating \$295,000,000, of which it recommended that 349 applications aggregating \$26,000,000 should be granted.

COLLECTIONS AND CLEARINGS.

THE COLLECTION SYSTEM.

The following table shows the various classes and amounts of checks handled during 1918 by this bank and its check-collection department:

(000's omitted in columns headed "amount.")

	Items on other Federal Reserve Banks.		Items on banks in other Federal Reserve districts.		Items on banks in district No. 2.		Items on New York Clearing House.	
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.
January.....	388	\$4,111	551,505	\$360,051	1,037,390	\$843,307	144,012	\$1,614,331
February.....	314	4,543	490,797	286,902	910,890	736,730	136,040	1,484,633
March.....	557	5,460	614,882	384,265	1,144,571	935,942	173,025	1,617,768
April.....	513	6,391	687,963	411,076	1,266,645	1,026,071	202,939	1,927,746
May.....	419	6,638	686,939	421,714	1,336,806	1,085,440	240,871	1,894,094
June.....	330	3,706	704,897	414,156	1,520,043	1,110,744	350,557	1,849,555
July.....	286	2,016	867,169	438,666	1,907,089	1,227,186	295,222	1,903,747
August.....	240	1,300	891,802	443,513	2,059,871	1,286,131	254,256	1,952,715
September.....	216	1,277	910,132	484,428	1,985,111	1,256,126	267,919	2,092,561
October.....	191	203	941,333	426,656	3,086,818	1,900,815	363,993	2,593,787
November.....	240	177	810,338	394,011	3,335,218	1,620,297	349,557	2,214,451
December.....	165	376	849,363	401,835	3,560,669	1,263,356	408,968	2,238,028
Total.....	3,859	36,399	9,007,320	4,869,273	23,151,121	14,292,145	3,187,301	23,384,016

The growth of the check-collection department may best be illustrated by the following figures:

Period.	Number of items handled.	Amount.
1915 (June 1-Dec. 31).....	1,262,211	\$1,334,015,772
1916.....	6,841,364	5,160,192,000
1917.....	19,408,179	20,104,527,000
1918.....	35,349,601	42,581,833,000

The development of the collection department showed greater progress in 1918 than any preceding year. This was due to several reasons: (a) The elimination on June 15 of the service charge of 1 cent per item for collecting checks and cash items; (b) the rule adopted by the New York Clearing House, effective October 1, providing that its members should neither pay a higher charge for the collection of checks on banks on the Federal Reserve par list than would be incurred in collecting such items through the Federal Reserve Bank, nor allow the paying bank to hold back the remittance beyond the day on which the item is received; (c) the abandonment by the New York Clearing House on November 15 of its out-of-town collection system; (d) the increase in the number of banks throughout the United States on which checks could be collected by the Federal Reserve banks at par, from 17,144 in January, to 18,997 in December.

The Federal Reserve Bank of New York has continued to accept at par checks on every national bank, State bank, and trust company in the district, although, as stated in the last report, a few of the banks are not yet willing to remit at par and the Federal Reserve Bank has been obliged to collect checks drawn upon them either through express companies or by the establishment of local collecting agencies. The number of these banks on January 1 was 76; on December 31 it had been reduced to 42.

The result of the change in the constitution of the New York Clearing House, above referred to, was to make it advantageous to the members of the association to send to the Federal Reserve Bank their out-of-town items on banks that were on its par list. This caused the number of checks handled on banks outside of New York City to increase from 2,895,243 in September to 4,028,151 in October. The prevalence of the influenza epidemic during these months made it impossible to augment the staff of the transit department, even with inexperienced clerks, sufficiently to handle this immense volume of items with promptness and efficiency, and for a few weeks the work fell below the normal standard. Contemporaneously with the great increase during October in the volume of checks actually handled by the department, a large volume o

checks began to be sent by New York City banks direct to other Federal Reserve Banks for their credit with this bank. While this saved one handling, it complicated the accounting considerably, especially with respect to "returned items," and for a time added to the difficulties caused by the increased volume. To meet this situation, a staff of about 60 clerks was engaged to begin work at 5 p. m. and to continue until midnight in addition to the normal staff working from midnight to 8 a. m., and the main day staff. These three shifts, together with further subdivision of the work of the department, have solved the main difficulties encountered, and the increased volume of checks, averaging in December 186,706 per day, is now being handled in a satisfactory manner. The staff of the department increased from 152 in January to 445 in December.

The facilities of the Federal Reserve Bank are also being increasingly used for the collection of notes and drafts, both in and out of New York City, the number of such items having increased from 6,201 in January to 13,695 in December. The machinery of the New York Clearing House has facilitated the collection of these items in certain parts of the city, and plans are under consideration which will enable the bank to collect more satisfactorily in other parts of the city. The volume of noncash items, payable in New York City, to be collected by presentation, has been greatly reduced by the action of the New York Clearing House on August 1, which permitted bankers' acceptances and notes to be cleared on the morning of the maturity date.

The two rules of the New York Clearing House above referred to, effective August 1 and October 1, respectively, had the effect of reducing substantially the "float" carried by the banks and trust companies, as well as that which the Federal Reserve Bank had been compelled to carry. The action of the New York Clearing House on August 12, further reducing the charges which its members are required to impose for the collection of out-of-town checks for their customers, is evidence that the commercial and industrial interests of the country are receiving the benefit of the par collection system. Charges on most items which were receivable formerly at a charge of one-tenth of 1 per cent are now discretionary, and on items formerly subject to a charge of one-fourth of 1 per cent the present charges vary from one-fortieth to one-eighth of 1 per cent.

GOLD SETTLEMENT FUND.

Transactions through the gold settlement fund have naturally grown in volume as Government fiscal operations increased and general business expanded. Banks in other Federal Reserve districts have continued to make their payments on account of deposits

arising from subscriptions to certificates of indebtedness and Liberty loan bonds to a very large extent by drawing upon their New York correspondents, thus temporarily drawing funds away from New York. On the other hand, the Treasury has transferred enormous amounts to this bank, which, together with the natural return of funds for redeposit, has substantially balanced the outward flow just mentioned. Payments by this bank to other Federal Reserve Banks through the gold settlement fund amounted to \$16,438,319,755.03 during 1918, as compared with \$8,692,024,000 during 1917, and payments received from other reserve banks totaled \$16,499,256,210.79, as compared with \$8,426,893,000 the previous year, a net gain by this bank during the year of \$60,936,455.76.

Instead of weekly settlements, which had previously sufficed, daily settlements were inaugurated July 1, 1918, and these have practically eliminated interim telegraphic settlements through the gold settlement fund except transfers made for Government account. A summary of gold settlement fund operations is given in the appendix (Schedule 17).

The importance of this fund, not only for the immense transfers which Government operations have necessitated, but for the daily settlement at par of all interdistrict balances, can not be over-emphasized.

THE TELEGRAPHIC TRANSFER SYSTEM.

Telegraphic transfers of available funds have been made for member banks without limit as to amount, and no charge whatever has been made for the service since the installation of private telegraph wires connecting the Federal Reserve Board, the Treasury Department, and every head office and branch of a Federal Reserve Bank. The volume of these transfers has been as follows:

	Daily average.	
	Number of transfers.	Amount.
January.....	65	\$49,137,729.59
February.....	80	50,063,542.32
March.....	88	42,893,293.87
April.....	101	54,739,515.64
May.....	112	55,045,753.84
June.....	110	70,847,040.30
July.....	135	67,710,105.00
August.....	142	54,046,227.58
September.....	168	55,839,814.09
October.....	188	98,785,077.26
November.....	187	68,017,973.77
December.....	209	86,148,696.73

The transfers handled include not only transactions between banks, but also payments through member banks to individuals. With telegraphic facilities thus made available without charge of private wires, mail transfers have been greatly lessened. The telegraphic transfer system has greatly reduced the buying and selling of domestic exchange, since funds actually available are transferable at par by telegraph.

RELATIONS WITH BANKS IN THE DISTRICT.

RELATIONS WITH MEMBER BANKS.

In Federal Reserve District No. 2 the number of member banks during the year has increased from 667 to 723, the location and character of the members being as follows:

Location.	National banks.	State banks.	Trust companies.	Total.
Connecticut.....	14	2	2	16
New Jersey.....	128	2	22	152
New York (Manhattan).....	32	14	16	62
New York (elsewhere).....	445	16	29	493
New York, total.....	480	30	45	555
Total.....	622	32	69	723

During the year 59 State banks and trust companies were admitted to membership, a list of these members being shown in Schedule 4. Four national institutions in the district were liquidated, all for the purpose of combining with other institutions, which either were or became members of the Federal Reserve Bank.

Relations with member banks have been necessarily close and constant. The selling of two issues of Liberty bonds, the numerous sales of certificates of indebtedness, together with the payments by book credit, the withdrawals of these credits, the custody of securities, the correspondence, the accounting and the deliveries in connection therewith, all have served to bring the Federal Reserve Bank into intimate touch with every banking institution in the district, member and nonmember alike. In all of these dealings for account of the Treasury Department there has been no distinction whatever between member banks and nonmember banks; all have been on exactly the same footing. While the Federal Reserve Bank could not discount directly for nonmember banks, it has freely purchased from them whenever necessary, at the same rate at which it was discounting for its member banks, certificates of indebtedness with an agreement on their part to repurchase within 15 days, and under authority of the Federal Reserve Board has offered to rediscount their paper when secured by Government obligations, with the indorsement of

a member bank. The response of the banks throughout the district to the requests of the Treasury Department for the purchase of certificates and for assistance in selling and financing Liberty loans has been almost without exception of the most generous and enthusiastic nature. The distribution of Liberty bonds effected during 1918 was more general throughout the country than during 1917. The sale of certificates in other districts was markedly better, as the Second Federal Reserve District was called upon during 1918 to take only 38 per cent of the certificates issued, whereas in 1917 it absorbed 64 per cent of the total issued, and the burden on the banks of this district, especially on those in New York City, has been lightened proportionately. There has been no diminution in the patriotic readiness of the banks in New York City during 1918 as during 1917 to do everything in their power to assist the financing of the war.

Member banks in New York City and certain other cities have also cooperated with the Federal Reserve Board by sending to this bank weekly reports of condition and of checks paid by them, to form part of the statistics published by the board each week upon banking conditions and transactions.

The banking facilities of the Federal Reserve Bank were used very freely by member banks during 1918. More banks rediscounted, used the collection system, transferred funds by wire, and relied on this bank for supplies of currency than ever before. In order to equalize the service given to all member banks and to give all banks in the district facilities as nearly as possible equal to those enjoyed by banks in the same city with the Federal Reserve Bank, this bank on October 8, under authorization from the Federal Reserve Board, paid the cost of shipping currency to and from member banks and undertook to pay charges on all telegrams received from or sent to member banks in connection with currency, exchange transfers, and deposit transactions. There are still many member banks, however, who have never used any of the facilities of this bank and do not appear to understand the advantages of so doing.

FIDUCIARY POWERS FOR NATIONAL BANKS.

Following the amendment to the Federal Reserve Act, enacted September 26, a considerable number of national banks in this district filed applications for authority to exercise fiduciary powers. The number of applications received to the end of the year was 54, of which 34 were approved, 1 disapproved, and 19 were pending. The list of banks which have been granted authority during 1918 to exercise fiduciary powers will be found in the appendix (Schedule 18).

CHANGES IN RESERVE REQUIREMENTS.

Under the provisions of the amendment of September 26 to section 19 of the Federal Reserve Act, the Federal Reserve Board in October reduced the reserves of member banks in the boroughs of Brooklyn and Bronx to 10 per cent of demand and 3 per cent of time deposits; and the reserves of member banks in the boroughs of Richmond and Queens to 7 per cent of demand and 3 per cent of time deposits; but an institution having branches in a more populous borough is obliged to carry the reserves required for institutions in such borough.

RESERVE PENALTIES.

Throughout the year, under regulations of the Federal Reserve Board, member banks which have failed properly to maintain their reserve deposits with this bank have been required to pay a penalty upon the amount of the deficiency. The penalty rate, fixed by the Federal Reserve Board at 2 per cent in excess of the 90-day discount rate has been as follows: January, 6 per cent; February to April, inclusive, 6½ per cent; May to November, inclusive, 6¾ per cent.

The amount collected was \$27,191.89, as compared with \$18,585.29 during 1917, and the average number of banks penalized each month has been 21, as compared with 12 during the preceding year. The increase in the number of banks penalized is due to the increased number of members, to mail and clerical difficulties, and to the general preoccupation of the banks with Government work.

The Federal Reserve Bank has recently adopted the practice of sending a representative to visit banks which do not appear to understand completely the requirement for the maintenance of reserves, and it is expected that this will result in smaller deficiencies in the future.

RELATIONS WITH NONMEMBER BANKS.

As the war progressed and its financial burdens increased, with a corresponding decline in the reserve percentage of the Federal Reserve system, the officers of the Federal Reserve Bank felt it their duty to call to the attention of the nonmember banks the importance of their contributing their strength to the system which was compelled to furnish the entire amount of additional credit required to carry on the war. Accordingly, during the spring and summer a series of conferences were held at the Federal Reserve Bank, attended in all by officers of 134 out-of-town nonmember institutions, at which the operations of the Federal Reserve Bank were explained and the needs of the Government emphasized. These conferences permitted the establishment of personal relations with the officers of the banks in attendance, and resulted in a considerable number of applications for membership.

The State institutions which became members of this bank during 1918 are given in Schedule 4.

At the close of the year, the Federal Reserve Bank of New York had 101 State bank and trust company members, with total resources of \$3,488,611,000; or 28.4 per cent in number and over 75 per cent in resources of the eligible State banks and trust companies in the district. Figures which have recently been published in the Federal Reserve Bulletin indicate that with regard to the percentage of both the number and the total resources of its eligible State institutions now included within its membership, the New York Reserve District leads all the other districts.

As already indicated, the fiscal agency functions of the Federal Reserve Bank have brought it into relationship with all nonmember banks, and their readiness to cooperate in assisting Government financing has been in continuous evidence throughout the year.

The cordial relations which have hitherto prevailed have continued throughout the year with the chiefs of the banking departments of the States within the district, who have given many evidences of their desire to assist in the development of the system and to recommend legislation for the purpose when necessary.

RELATIONS WITH NEW YORK CLEARING HOUSE ASSOCIATION.

In respect to both measures which would assist Government financing and measures which would make for progress in banking conditions, the relationship of the New York Clearing House Association with the Federal Reserve Bank has continued to be of a most cooperative nature.

During the early months of the year, it became evident that the increasing pressure for credit was leading in some directions toward competitive bidding for deposits which might become injurious to Government financing and to the general banking situation. The New York Clearing House Association invited the Governor of the Federal Reserve Board to address its members upon the subject, and after considerable study, it adopted, effective October 1, the following schedule of maximum rates which members of the clearing house might pay upon deposits, which were also concurred in by the important institutions not members of the clearing house:

(a) On deposits of all banks, trust companies, and private bankers (except mutual savings banks in this district), a rate not in excess of one-half of the 90-day rate of the Federal Reserve Bank of New York;

(b) On other demand deposits, not in excess of 3 per cent;

(c) On time deposits, not in excess of 3½ per cent.

Similar action was subsequently taken by a number of other important clearing house associations throughout the country, resulting in the curbing of practices undesirable at any time, and peculiarly unsettling under war conditions.

During the summer the Federal Reserve Bank discussed with the New York Clearing House Association the desirability of the payment of bankers' acceptances in cash on the day of maturity instead of by check collectible through the clearing house on the following day. After due consideration the association adopted a ruling, effective August 1, permitting members to clear on the morning of the maturity date not only bankers' acceptances, but notes payable at clearing banks. This action saved an immense amount of labor heretofore expended in obtaining checks for accepted drafts and certifications of notes, and eliminated from banking statements a considerable volume of one day "float."

On August 12 the New York Clearing House Association reduced substantially the exchange charges which its rules compelled its members to impose for collecting out-of-town checks, and on October 1 made effective a rule in substance limiting in accordance with the time schedule of the Federal Reserve collection system the maximum compensation its members might pay out-of-town banks for collecting checks on banks on the Federal Reserve par list. The effect of these rules has already been commented upon on pages 20-22.

On November 15, by agreement between the Federal Reserve Bank and the New York Clearing House, the latter abandoned its out-of-town collection department and the former its collection by messenger of items on bankers and firms, not members of the association, who were willing to settle daily for items drawn upon them, through machinery established by the association. This eliminated duplication of services by the two institutions and tended toward consolidation of effort in spheres for which each of the two institutions was respectively especially equipped.

Throughout the year there have been a number of joint meetings between the clearing house committee and the executive committee of this bank, and at several other meetings of the clearing house committee the governor or a deputy governor of this bank has been present by invitation.

RELATIONS WITH FOREIGN BANKS AND THE PROGRESS OF FOREIGN BANKING.

With the prospect during 1919 of a return to more natural and normal conditions in international commerce and exchange, it seems appropriate to outline briefly (a) the arrangements which the Federal Reserve Bank of New York has entered into with foreign banks or

Governments: and (b) the progress which America has made, since the beginning of the European War, in the establishment of international banking relations.

The following relationships, with the approval of the Federal Reserve Board, have been concluded between the Federal Reserve Bank of New York and foreign banks or Governments:

Bank of England.—This is an arrangement of a formal character, covered by written agreement, ratified by the directors of the two institutions, covering in detail the basis of the principal operations and making a close, effective, and complete agency. The business thus far transacted has been very limited, but under the agreement can be extended whenever the need arises. In June, 1917, the Federal Reserve Bank of New York, acting for itself and other Federal Reserve Banks, paid for account of certain English banks a loan of \$52,500,000 with interest, maturing in New York, and accepted in return earmarked sovereigns of equivalent value in the Bank of England. During 1918 all but a small amount of this gold was either shipped to New York or furnished to the Treasury Department for the use of the United States Government or its allies in Europe.

Bank of France.—A somewhat limited agreement has been effected with the Bank of France which it is hoped and expected by both institutions will soon ripen into a closer relationship.

Bank of Italy.—A mutual arrangement has been entered into between this institution and the Federal Reserve Bank of New York, whereby each has appointed the other its correspondent. No business has been or is likely to be transacted between the two institutions as long as arrangements for dealing with exchange problems growing out of the war are dealt with by the Governments of the two nations.

Bank of Japan.—Mutual arrangements, similar to those established with the Bank of Italy, have been concluded with the Bank of Japan, and although no active business has yet been transacted, it is hoped that, as in the case of other foreign agents and correspondents, a more active relationship will develop when international commerce resumes its natural course.

Philippine National Bank.—In May, 1917, mutual agency appointments were effected between the Philippine National Bank and this bank, but as the former has an active branch of its own in New York, the relationship, while ready for operations at any time, is likely to be largely of an emergency character.

De Nederlandsche Bank.—During 1918, at the request of the Treasury Department, this bank opened a current account with de Nederlandsche Bank for the purpose of receiving therein, for the use of the Treasury Department, the proceeds in guilders of wheat and other commodities.

Sveriges Riksbank and Norges Bank.—During 1918 accounts were also opened with the Sveriges Riksbank of Stockholm and the Norges Bank of Christiania for purposes analogous to those mentioned in the foregoing paragraph.

Argentina.—Early in 1918 an important arrangement was entered into between the United States and the Argentine Governments whereby the Federal Reserve Bank of New York and the Banco de la Nacion appointed each other as correspondents, and the former undertook to receive deposits not exceeding \$100,000,000 exportable in gold coin after the proclamation of peace and the deposit of over \$16,000,000 of gold coin then on deposit, earmarked, in New York and since then withdrawn and exported. The purpose of this agreement, which has proved successful in operation, was to stabilize the badly demoralized exchange situation between the two countries.

Bolivia.—A somewhat similar agreement has been entered into between the Governments of the United States and of Bolivia whereby this bank agrees to receive not exceeding \$5,000,000 on deposit which may be exported in gold six months after the proclamation of peace.

Peru.—Another similar agreement for the stabilization of exchange has been entered into between the Governments of the United States and of Peru with this bank as banker, and with a maximum of \$15,000,000 to be received on deposit subject to export at the termination of the present embargo. The agreement is not yet in actual operation pending the conclusion of certain minor details.

Indian Government.—A very comprehensive arrangement has been made between the United States and the British Government whereby the latter supplies the Federal Reserve Bank of New York, acting for all Federal Reserve Banks, with sufficient rupee exchange each month to enable importers in the United States to pay for necessary imports from India. Up to December 31 the Federal Reserve Bank of New York had received credits aggregating Rs. 192,500,000, of which Rs. 187,476,132 have been sold and transferred, with a most satisfactory result in the stabilization of exchange between the United States and the East.

Prior to the passage of the Federal Reserve Act, national banks were not permitted to establish branches or agencies abroad, although some of the State institutions had enjoyed this privilege. During the past four years some of the State institutions have extended their foreign branches. The National City Bank of New York with its affiliated institution, the International Banking Corporation, has established many branches abroad, and two banking corporations organized in the United States to carry on banking in foreign countries have established a large number of branches and relations, particularly with Latin-American countries. It is probable that further development along these lines will occur during the coming year.

A list of these institutions with their foreign branches and affiliations is given in Schedule 5, those marked with a footnote reference being branches which were established prior to the outbreak of the European War.

It has been estimated that in July, 1914, not less than 150 foreign banking institutions maintained branches or agencies in London in addition to the home offices of many British banks doing business in all parts of the world. The closest kind of banking contact was thus maintained between London and foreign countries, and conduits were established through which money flowed into and out of London in accordance with the movements of trade and the relation of London rates to those prevailing in other centers. The number of such branches and agencies of foreign banks in New York and other American cities has increased considerably during the European War, but the limited nature of the business which the law of New York State permits branches or agencies of foreign institutions to transact, undoubtedly acts as a deterrent to the progress of the movement. A branch of a foreign bank may receive no deposits in New York State, and several foreign institutions, in order to obtain broader banking privileges than the New York law would permit their branches to exercise have acquired substantial ownership or control of American institutions conducting business in New York City. Among these may be mentioned the Royal Bank of Canada with its interest in the Merchants National Bank of New York; the Banca Commerciale Italiana of Milan with a branch of its own in New York and control of the Lincoln Trust Company of New York, and The Banco di Sconto del Circondario, owning jointly with the Guaranty Trust Company the Italian Discount & Trust Company of New York.

A list of the foreign banking institutions having branches or agencies in New York and other American cities at the close of 1918 is given in Schedule 6, those established before the outbreak of the European War being indicated by a footnote.

Many of these banks are large lenders of money and purchasers of bills in the United States. Many others are large buyers of bills drawn in foreign countries on American banks, the market for which in such countries is doubtless much facilitated by the existence of branches of local institutions in the United States through which such bills can be readily negotiated. While it may be said that the establishment of such branches or agencies of foreign banks in the United States constitutes competition of a certain kind with American banks, nevertheless the undoubted widening of banking contact between the United States and foreign countries which they bring, and the beneficial effect of such contact upon the development of dollar exchange and of our discount market, would seem to justify

a reconsideration of the situation from a broad point of view and possibly some liberalization of the operations which such institutions may conduct in New York State.

REGISTRATION OF DEALERS IN FOREIGN EXCHANGE.

Under the operation of the Executive order of the President, dated January 26, 1918, all dealers in foreign exchange, including bankers, brokers, and exporters and importers who carry accounts in foreign countries or carry accounts in the United States for foreign correspondents, are required to register with the Division of Foreign Exchange of the Federal Reserve Board through the Federal Reserve Banks of their respective districts. Two thousand six hundred and sixteen such dealers registered through this bank. These dealers were required to apply through this bank for permission to carry out a number of classes of operations and to file weekly or monthly reports with this bank covering their foreign business. Passing upon these applications and recording these reports has required a large amount of consideration and work.

ORGANIZATION OF THE BANK.

INTERNAL MANAGEMENT.

The problems of management and operation of the Federal Reserve Bank have become increasingly complex and difficult during the past year by reason of the many and important problems arising in connection with war finance. The directors have given close attention and study to these problems, meeting 53 times during the year. The executive committee, consisting of the governor or deputy governor, the chairman and four directors (all the directors serving in turn), held 246 meetings, and other committees held 57 meetings.

The directors, at their first meeting held in 1918, reelected the officers of the bank for the ensuing year. With the increased activities of the bank, many additions to and promotions in the staff, both official and clerical, have become necessary. The following officers have been appointed during the year:

Officer.	Elected.	Date.	Formerly—
L. F. Sailer.....	Deputy governor (in addition to cashier).	Jan. 3	Cashier.
J. F. Curtis.....	Deputy governor (in addition to secretary ¹ and counsel).	Jan. 23	Secretary and counsel.
D. H. Barrows.....	Assistant secretary.....	Feb. 6	With Farmers Loan & Trust Co.
L. H. Hendricks.....	Cashier.....	June 26	Assistant cashier.
F. R. Kenzel.....	Manager of investments.....	June 26	Assistant cashier.
L. R. Rounds.....	Assistant cashier.....	June 26	Acting assistant cashier.
I. W. Waters.....	Assistant cashier.....	June 26	Chief clerk.
J. E. Raasch.....	Assistant cashier.....	June 26	Manager of partial payment division.
J. Emison.....	Assistant auditor.....	Sept. 12	Head of division, auditing department.
G. M. Hayward.....	Assistant auditor.....	Sept. 12	Head of division, auditing department.
W. G. Simpson.....	Assistant auditor.....	Sept. 12	Head of division, auditing department.

¹ Resigned as secretary to take effect Dec. 31, 1918.

On December 31, 1917, the bank, including the fiscal agency departments, had 16 officers and 829 clerks, 351 of the clerks being women; at the end of 1918 the staff consisted of 23 officers and 2,630 clerks, and 1,495 of the clerks were women. To maintain the efficiency of its organization as a necessary war instrumentality of the Government the directors of the bank took the steps contemplated under the regulations of the selective service act to have deferred classification on industrial grounds granted those of its employees whose services were regarded as essential to the adequate and effective operation of the bank.

A list of the departments of the bank and the number of employees in each is given in Schedule 7.

The employees have responded effectively and in fine spirit to the extraordinary demands upon their time and energy during the year. In spite of heavy tasks, inadequate, crowded, and scattered quarters, and the large number of inexperienced clerks, the work of the bank has been kept up, and in the departments handling Liberty-bond work the apparently impossible has often been accomplished. Owing to the very long hours imposed upon many departments, the earlier practice of allowing supper money to employees working into the evening was discontinued in February, and a fixed allowance for overtime substituted.

Living costs having continued to increase because of war conditions, the directors at the end of June and at the close of the year, with the approval of the Federal Reserve Board, supplemented the normal compensation of employees by additional payments as follows: Period January 1 to June 30: 15 per cent on salaries up to and including \$1,500; 10 per cent on salaries of more than \$1,500, up to and including \$5,000. Period July 1 to December 31: 25 per cent on salaries up to and including \$1,500; 20 per cent on salaries of more than \$1,500 and up to and including \$3,000; 15 per cent on salaries of more than \$3,000 up to and including \$5,000.

To keep pace with the growth of the bank and to meet changing conditions, several new departments have been organized and existing departments subdivided, as will be noted from the foregoing list. The growing work of the transit department has already been described, and the activities of the discount and other departments may be inferred from the figures which have been given to show the volume of the bank's business.

The money department, which handles all currency received on deposit, now has 74 regular employees, of whom 39 are women, and in addition receives assistance from some 60 other employees from this and other banks when overtime work is necessary. Federal Reserve notes handled in this department during the year and paid out again as fit for use have amounted to about \$423,816,000, while

unfit notes shipped to Washington for cancellation were 23,164,000 in number and \$204,160,000 in amount.

The activity of the money-shipping department during the year may also be taken as a fair indication of the enormous increase in the volume of transactions of purely banking character. In the month of January, 1918, the department handled 1,760 shipments, which included currency shipments amounting to \$13,091,655, security shipments amounting to \$22,342,499, and notes shipped to Washington for cancellation amounting to \$11,420,000. In December the number of shipments was 5,227, which included currency shipments amounting to \$34,391,694, security shipments amounting to \$41,576,948, and notes shipped to Washington for cancellation amounting to \$19,260,000.

The Federal Reserve agent's department has been enlarged to include a Federal Reserve examiner, whose duties will include the custody of examination reports and reports of condition of all member banks; investigation and recommendation in connection with applications of national banks for permission to exercise fiduciary powers, or of member banks to accept drafts and bills of exchange up to 100 per cent of capital and surplus; investigation of reports and data submitted with applications made by State banks for membership; examinations, in cooperation with State authorities, of State member banks or banks applying for membership; and special credit investigations of either national or State member banks. An assistant has also been employed to develop work of statistical character in the bank, and to report on business and economic conditions.

The duties of the auditing department have been increased, both in importance and extent, by the rapid expansion of the bank's activities. The number of employees in the department has increased from 29 to 106, though some portion of this increase is no doubt temporary, having been necessary to bring up to date work which had fallen behind during the influenza epidemic in October.

The custody department was inaugurated at the close of 1917 to take custody of all securities held for the securities department, including the securities of this bank and those held for other Federal Reserve Banks, for member banks, for the Government deposit department, for the bond issue division, and for the third and fourth Liberty loan partial payment associations of New York City banks and trust companies. The department also has custody of the collateral to loans and discounts held by the bank's discount department. The securities received by the department during the year totaled about \$28,000,000,000, deliveries about \$26,000,000,000, and the balance held December 31, almost \$2,000,000,000.

A department has been organized to control all purchases of supplies and the payment of all bills and salaries, and to make reports upon and analyze all expenses for the directors and officers of the bank and the Federal Reserve Board. By the organization of this department substantial economies in buying have been effected, and unnecessary expenditures avoided.

A complaint and fraud department, organized in June, has handled several hundred cases of complaint or fraud, principally in connection with Liberty loan campaigns and other war-time matters.

An employment department, in charge of an assistant cashier, has been created. All applicants for clerical positions are interviewed, and their qualifications and records carefully inquired into, as appointments are made entirely upon the basis of merit and no effort is spared to insure the best selections possible. About 100 applicants for positions, many of whom have called in response to advertisements inserted from time to time, have been interviewed daily.

An efficiency engineer was employed by the bank during the latter part of the year to study the office methods of the larger departments of the bank, and suggest changes where needed.

On March 1 a department was organized at the 50 Wall Street office to promote the welfare of the women employes of the bank. Early in September the department was moved to attractive quarters in the main office at 15 Nassau Street, and enlarged to include a welfare office and a rest room and library. A medical department was established, with a visiting woman physician, a head nurse and two assistants. A cafeteria has also been opened in which about 750 women lunch daily. Well-balanced menus of first quality food are supplied at prices based on actual cost of food plus the cost of service, without allowance for overhead charges. The checks average 24 cents and the cafeteria is proving an unqualified success. Official visitors from the welfare department call upon all absent employees, both men and women, who fail to communicate their reasons for absence from the bank, and this practice has appreciably reduced the number of absentees.

The Federal Reserve Club, which was originally organized among the employees of the bank in 1914, has grown in membership and the scope of its activities. Its objects have been the promotion of social relations, of good fellowship among the employees of the bank, and educational advancement. The membership now numbers 1,400, including many of the women employees of the bank. The first issue of a monthly magazine, to be called "Federal Reserve Club Magazine," will appear early in January, 1919.

BANK PREMISES.

The great expansion of the staff during 1918 has made necessary the occupation of additional space. The bank, including the Liberty loan organization, has occupied not only its office on the ground floor, portions of the third, fourth, fifth, eleventh, twenty-third, and thirty-first floors, and the entire twenty-fourth and twenty-fifth floors of the Equitable Building, but the entire building at 50 Wall Street, six floors at 37 Liberty Street, and space at 39 and 41 Liberty Street and 19 West Forty-fourth Street, amounting altogether to 203,258 square feet, as compared with 65,000 at the close of 1917 and 21,625 at the close of 1916.

The most unsatisfactory working conditions under which the bank has been operated led the directors of the bank in May, with the approval of the Federal Reserve Board, to purchase a plot of land extending from Liberty Street to Maiden Lane and running eastward from Nassau Street, covering 33,509 square feet, at a cost of \$3,121,492.39, upon which the bank will erect its own building in due time.

On September 3 a consulting architect was engaged to study the special requirements of the various departments of the bank, in order to obtain data for the preparation of a basis for a competition among architects when the bank is ready to ask for plans for a building. This preliminary work is expected to require almost a year of study.

ELECTION OF DIRECTORS.

The amendment to section 4 of the Federal Reserve Act, approved September 26, 1918, provided that for the purpose of the election of directors the Federal Reserve Board should classify the member banks of the district into three groups, each group to consist as nearly as may be of banks of similar capitalization, the earlier requirement that the groups should be of approximately equal numbers having been eliminated. The Federal Reserve Board classified the banks of this district as follows: Group 1, banks having capital and surplus in excess of \$1,999,000; group 2, banks having capital and surplus not exceeding \$1,999,000 and not below \$201,000; group 3, banks having capital and surplus below \$201,000.

The result of this classification was to place in group 1, which will elect directors at the end of 1919, 55 banks, of which all but 5 are in New York City or adjacent territory. Group 2, which will elect directors at the end of 1920, includes 180 banks located in the larger and medium-sized cities of the district, and group 3, which participated in the 1918 election, includes 479 banks located for the most part in the smaller towns and villages.

To fill the vacancies caused by the expiration on December 31, 1918, of the terms of Franklin D. Locke and Leslie R. Palmer, as directors of class A and class B, respectively, an election was held from November 19 to December 10. Of the 479 banks in the group which were entitled to vote this year 337, or 70 per cent, voted, a much higher percentage than in any previous election. The following candidates were nominated:

For class A director: William S. Gavitt, of Lyons, N. Y.; Robert J. Gross, of Dunkirk, N. Y.; Charles Smith, of Oneonta, N. Y.

For class B director: George Alfred Cluett, Troy, N. Y.; Manton B. Metcalf, of Orange, N. J.; Leslie R. Palmer, of Croton-on-Hudson, N. Y.

At the closing of the polls it appeared that the following votes had been cast in the column of first choice: For class A director: William S. Gavitt, 109; Robert J. Gross, 21; Charles Smith, 197. For class B director: George Alfred Cluett, 65; Manton B. Metcalf, 71; Leslie R. Palmer, 195. Mr. Smith was declared elected class A director and Mr. Palmer class B director, each for a term of three years, beginning January 1, 1919.

George Foster Peabody, class C director, whose term expired December 31, 1918, has been reappointed by the Federal Reserve Board for a three-year term ending December 31, 1921, and designated deputy chairman of the board for 1919. On December 11 the Federal Reserve Board designated Pierre Jay as chairman of the board and Federal Reserve agent for 1919.

MEMBER OF ADVISORY COUNCIL.

On January 9 the directors reelected J. P. Morgan, of New York City, a member of the Federal Advisory Council from Federal Reserve District No. 2 for the year 1918.

FISCAL AGENCY OPERATIONS.

The major financial undertaking of the war was the floating of Liberty loans. The problem was not limited to selling bonds; it involved the creation of a new public state of mind toward investments. The Federal Reserve Banks of the country were the chief agencies through which the Secretary of the Treasury operated in meeting this problem. To them at all times and in all circumstances the Treasury Department gave the fullest support within its power, thereby lightening materially the burden of their obligations. They were the administrative centers for the work of numberless local Liberty loan committees, which, under the leadership of the director of war loan organization in Washington, formed the greatest bond selling organization ever created. To the Second Federal Reserve District fell the necessity of

absorbing nearly a third of all the bonds and nearly one-half of all the certificates of indebtedness issued by the Treasury. In the 19 months of our participation in the war the banks and organizations working with the Federal Reserve Bank of New York sold \$4,942,374,000 of Liberty bonds, and up to December 31, 1918, certificates of indebtedness amounting to \$6,512,835,500.

On the Federal Reserve Banks, also, rested the responsibility of so administering the financing of the loans that the expansion of credits should be no greater than necessary to insure successful flotation and that the money markets of the country should not suffer dislocation. These problems have been met with measurable success. In the main the Liberty loans have been sold to investors, thus sparing bank funds for commercial and other Government necessities.

CERTIFICATES OF INDEBTEDNESS.

The sale of certificates of indebtedness in anticipation of the Liberty loans provided the Treasury with funds to meet the current requirements of the war. The Liberty loans converted these short credits into long-time credits and spread them among individual investors.

In the 12 months of 1918 the Federal Reserve Bank of New York sold a total of \$4,091,260,000 of these certificates of indebtedness. This total includes both the issues made in anticipation of Liberty loans and the issues of tax certificates. On February 8, in anticipation of the third loan, the Secretary of the Treasury notified the banks that its requirements probably would be \$3,000,000,000, and therefore requested every bank and trust company to set aside each week 1 per cent of its total resources for investment in certificates. The plan, as he then outlined it, was to continue for 10 weeks. On June 12, in anticipation of the fourth loan, the weekly quota was fixed at 1½ per cent of the total resources of each bank and trust company. The anticipated requirements were \$6,000,000,000. The same rate of subscription was requested during the month of December in anticipation of the fifth loan.

The record of subscriptions in the Second Federal Reserve District during 1918 is given in Schedule 8.

The largest volume of these loan certificates outstanding at any one time in this district in the third Liberty loan financing period was \$835,938,000. In the fourth Liberty loan financing period the corresponding figure was \$1,680,989,000.

The banks of the district gave the heartiest response to the call of the Secretary of the Treasury. Of the 1,234 banks, all but 45 subscribed to the issues. The list of subscribers included even a great majority of the savings banks. Further, the sales were far more

general throughout the district and the country than in 1917, when the New York City banks subscribed far in excess of their quota. The satisfactory change to a wider distribution of the fourth loan certificates was the result of intensive work by a newly developed sales organization established along county lines, with a county director as supervisor of sales in his neighborhood. The county directors, each of whom was a representative banker in his own community, met in New York and received the details of the plan from the deputy governor of the bank and the director of sales. Similar meetings were held in the local communities at the call of the county directors, who prosecuted their work with the greatest energy, and in many cases organized county bankers' associations.

In addition to discussing with the banks the Government's necessities, and the fairness of the plan by which its temporary credit should be supplied by the banks ratably in proportion to their resources, the organization explained to the bankers the method of paying by book credit and of obtaining advances from the Federal Reserve Bank, which many of them had not understood.

Stated in tabulated form, the subscriptions allotted to the various classes of banks were as follows:

Class of bank.	Number in second district.	Number subscribing.	Allotment.	Per cent of total allotment.
National.....	625	616	\$2,429,518,000	59.4
State.....	229	225	272,319,500	6.6
Trust companies.....	202	195	1,222,246,500	29.9
Savings.....	178	153	40,529,000	1.0
Individuals and firms.....			126,647,000	3.1
Total.....	1,234	1,189	4,091,260,000	100.0

The amounts shown as purchased by individuals and firms are very largely tax certificates purchased in anticipation of the payment of income taxes.

The banks outside New York City subscribed to fourth loan certificates 108 per cent of their total quota, as against 53 per cent to third loan certificates; the New York City banks subscribed 139 per cent of their quota to fourth loan certificates as against 129 per cent to third loan certificates, despite the fact that the quotas assigned were materially increased.

Although advances against certificates purchased by both member and nonmember banks were made, the volume which the Federal Reserve Bank was called upon to carry was comparatively moderate. On October 23, for example, when the certificates preceding the fourth loan were at their maximum \$1,681,000,000, the amount carried by the Federal Reserve Bank was \$424,000,000, or about 26 per cent of the total.

THE LIBERTY LOANS.

The record of sales of Liberty bonds in the Second Federal Reserve District shows, in common with other districts, that quotas assigned have been generally exceeded. In the report of the Federal Reserve Bank of New York for last year it was shown that the subscriptions received far exceeded the informal apportionments made by the Treasury Department, and were also in excess of the amounts ultimately allotted. Subscriptions made in 1918 were accepted in full.

The comparative statement showing the results of all loans reflects a remarkable increase in amounts, as well as in the number of individual subscribers. The second district's total sales in the fourth loan were greater than the entire sum accepted by the Treasury from all districts in the first loan. Further, and of greater importance to the financial position of the country is the fact that the subscribers to the third loan were 50 per cent more numerous than in the second. By this fact it is possible to measure the success with which the third loan, as compared with previous loans, was sold to individual investors.

The more widely extended sale is also indicated in the reduction of the size of the average subscription of \$1,212.29 in the first loan to \$366.47 in the third, a figure which, however, was increased in the fourth loan, when the quotas for the country and district were twice as great.

The record of the Second Federal Reserve District is as follows:

	Quota.	Amount subscribed.	Amount allotted.	Number of subscribers.	Average subscription.	Amount per capita.
First loan.....	\$800,000,000	\$1,186,788,400	\$617,831,650	978,959	\$1,212.29	\$94.67
Second loan.....	900,000,000	1,550,453,450	1,164,366,950	2,182,017	710.55	123.69
Third loan.....	900,000,000	1,115,243,650	1,115,243,650	3,043,123	366.47	88.98
Fourth loan.....	1,800,000,000	2,044,901,750	2,044,901,750	3,604,101	567.39	163.14

Hardly less significant than the great growth of the individual subscriptions from loan to loan is the increase in the number of large subscriptions in the fourth Liberty loan as compared with the third. The number of subscriptions in excess of \$10,000 more than doubled, and the number of subscribers in amounts exceeding \$200,000 increased from 430 to 967. Part of this great increase is attributable to the willingness of the banks to extend generous credits to subscribers. The "borrow and buy" campaign, adopted from necessity, was very productive of large subscriptions. The terms made by New York banks allowed the investor to borrow at 4½ per cent for 90 days; thereafter the banks made varying agreements with subscribers, some to carry on successive renewals for a year at the coupon rate; others at one-half of 1 per cent above the Federal Reserve Bank rate. The figures

for the third and fourth loans are given in Schedule 9 for purposes of comparison.

The work of the banks of the district in the loan campaigns was most enthusiastic. The tabulation of results shows a very even ratio of subscriptions received through the several classes of banks in the two loans. In Schedule 10 are stated in tabulated form the subscriptions, classified accordingly to the kind of bank through which they were made.

The record made by the different geographic subdivisions of the district is given in Schedule 11. It should be understood in considering the figures for the city of New York, that many persons living in other parts of New York have subscribed in Manhattan and have paid for their subscriptions with funds drawn from Manhattan banks; hence the low apparent per capita subscriptions in certain of the other boroughs. Further, the per capita for Manhattan is materially increased because of the immense corporation subscriptions placed with Manhattan banks.

FIXED ORGANIZATION ESTABLISHED.

The progression of the Liberty loans forced this bank to modify radically its plan of administration. In the first loan, so rapid were the steps from the announcement to the close of the sale that the Federal Reserve Bank of New York depended almost exclusively upon volunteers whom bond houses, banks, and corporations could spare for the emergency. This plan of organization applied not only to the selling force but to that division of the bank which received subscriptions and made deliveries of bonds. It became apparent very soon that a closer organization was necessary, and the bond-issue division was created accordingly, with its staff of fixed employees.

During the second Liberty loan the principal responsibility for selling bonds in this district again rested upon volunteers, who served with unabated industry during the period of the campaign and for some time before it. But with the mapping out of plans for the third loan, it was seen that there was little or no interval between the close of one loan and the preparation for the next. Conditions were changing. In the earlier loans the patriotism of the country carried the campaign through successfully. But with the diminution of surpluses and the necessity of striking deeper, of enlisting the support of every American, a more intensive campaign was requisite, and for it a more closely knit organization. A fixed establishment of paid employees was therefore built up, which enlarges and contracts as the demands of the campaign prescribe. At the close of 1918 the paid personnel of the Liberty loan organization in this district numbered 1,210 persons, including the employees

in the fiscal-agency departments of the bank working on the Liberty loan and certificates of indebtedness activities.

A great many volunteers nevertheless remain, but save for a few executives permanently associated with the central organization, they are engaged in the work of the loan only during the campaign and the period just before it. Among them are not only those who act as chief advisers in framing and carrying out the policies of the campaign but a great number of chairmen and members of Liberty loan committees, who have the hard task of carrying to a successful finish the loan campaigns in the local communities.

In the early loans local committees assumed many of the expenses of their work, but because of the succession of campaigns and the recognition of Liberty loan activities as a continuous operation of the Government, these expenses have become more and more a charge upon the Treasury. Further, because of the very fact that Liberty loan campaigns by their repetition have ceased to be novelties, it has been necessary to carry on at once a more extensive and a more intensive canvass. The results have been apparent in the vastly increased volume of individual subscriptions and also in the amount of bonds sold. But the expenses, especially as between the second and third loans, have increased materially.

To administer the disbursement of funds in more systematic fashion, the comptroller's department early in 1918 became a part of the continuing organization. It purchases all equipment and supplies, pays all salaries, reimburses local committees for their expenses, maintains all accounts and is the custodian for the committee's property. Its disbursements in 1918, including the costs of the fiscal agency divisions of the bank, amounted to about \$4,250,000, all of which it paid with Federal Reserve Bank funds. These expenditures in turn are revouchered to the Treasury Department, by which the bank is repaid. A closely segregated budget for the regular organization and separate budgets for the campaign activities have been framed. Through a system of weekly reports of liabilities registered the comptroller is advised at all times whether the various branches of the organization are living within their appropriations.

The Federal Reserve Bank of New York wishes here to record and acknowledge the services rendered to the Government by all those who labored for the success of Government financing in its fixed and its volunteer organizations. Regardless of their own convenience, interests and health, they worked for the successful performance of whatever tasks were assigned to them with the utmost devotion and patriotism.

THE CENTRAL LIBERTY LOAN COMMITTEE.

The central Liberty loan committee in this district is the dynamic center of the whole organization. It was established at the opening of the first Liberty loan campaign, was enlarged prior to the second, and is now composed of 15 bankers, with the governor of the Federal Reserve Bank of New York as chairman. Its membership includes the responsible heads of many of the largest banks and banking houses in New York. The committee meets frequently during the progress of the loans and at such other times as business of importance develops. It is far more than an advisory committee; it is the body which determines the policies to be followed in selling the loan, the nature of the appeal to be made to the buyers, and the financial measures of an extraordinary nature to be taken for insuring the success of the loan. The attitude of these bankers has at all times been of the most patriotic nature and their services have been of incalculable value to the success of the Government's financial programme.

THE SALES ORGANIZATION.

Immediately in charge of sales is the distribution organization, of which a member of the central Liberty loan committee has been chairman. Its members are bankers or partners in bond houses. Eight of their number act as chairmen, respectively, of the eight subdistricts into which the Second Federal Reserve District (with the exception of three boroughs of the City of New York) is divided.

Working at headquarters is the permanent staff of the distribution committee, at the head of which is the director of distribution, whose function is that of a responsible executive in charge of an immense and very active bond-selling organization. The headquarters' business of the distribution committee is handled by a staff which numbers 99 persons, including the executive secretaries who act as assistants to the subdistrict chairmen.

ORGANIZATION OUTSIDE METROPOLITAN DISTRICT.

The subdistrict chairmen establish the connection between the central organization and the local Liberty loan committees. Each is the adviser of the local chairmen within his subdistrict, and is responsible for the success of the loan within its limits. He transmits and adapts to the requirement of local communities the plans prepared at headquarters, and sees that the local committees make full use of material prepared there, in so far as it is fitted to local requirements. The local committees develop ideas and plans of their own with the greatest ingenuity, making their campaigns personal and direct to their own citizens.

The highly creditable showing made in the subdistricts is directly attributable to the energy and capacity of the chairmen of the local committees, who have served with a high sense of patriotism, entirely forgetting their personal affairs during the loan campaigns and devoting themselves to their success. In the small towns the local chairman has worked with limited resources, but has covered his territory personally and with his committee, soliciting subscriptions and arousing people to a full sense of their obligation.

In the larger towns the methods have been similar to those employed in the metropolitan district. Many of the chairmen responsible for large or populous areas have made card indexes of all possible subscribers, working out in detail the plan of assigning quotas to component communities. Subscriptions have been sought, however, on a purely voluntary basis.

In the third loan campaign there were 1,425 local men's committees, each with its chairman and members drawn from the leading citizens of the neighborhood, numbering in all 21,200. The number of men's committees in the fourth loan rose to 2,075, with a total membership of 30,800, to which should be added a vast army of volunteers composed of associate members, members of allied organizations, canvassers, speakers and workers, all serving with the single purpose of achieving this district's share of the Liberty loan.

ORGANIZATION IN METROPOLITAN DISTRICT.

Only two of the five boroughs of the city of New York were included in the subdistrict organization. These were Queens and Richmond, which were regarded as parts of the Long Island subdistrict. The other three boroughs, Manhattan, Brooklyn, and The Bronx, because of their immense population and special character, were treated separately as constituting the Metropolitan District. Brooklyn and The Bronx each had its own borough organization. Manhattan was covered by many organizations, some of which inevitably overlapped, and was in many ways the center for the whole campaign in the Second Federal Reserve District.

The organizations which concentrated on the Borough of Manhattan were not for the most part limited by geographic lines, but Manhattan was the chief field of activity. These organizations included an advisory trades committee, which alone accounted for half of the subscriptions secured in the Second Federal Reserve District; a metropolitan canvass committee, composed of 90,000 workers, which devoted itself to the house-to-house and man-to-man campaign; the commercial banks and trust companies committee, which was organized for the first time shortly before the third loan for the purpose of coordinating the Liberty loan work of the financial institutions of the city; the municipal employees committee,

which canvassed the 100,000 employees of the city of New York; the insurance committee; the New York Stock Exchange committee; the Consolidated Stock Exchange committee; the public utilities committee; the New York Cotton Exchange committee, and the religious organizations committee. Of these, the two largest in point of membership were the advisory trades committee and the Metropolitan canvass committee.

The advisory trades committee.—This committee, composed of 14 executive members, each of whom in turn was responsible for the campaign among five to twelve groups of trades, aimed to secure corporation and firm subscriptions, and the subscriptions of employes. In the fourth loan every effort was made to have the employees of large concerns control their own Liberty loan committees, thereby removing the element of employer's compulsion in securing subscriptions. The quota assigned to the advisory trades committee in the third loan was arbitrarily fixed at half the total quota for the Second Federal Reserve District. A week before the end of the campaign the committee passed its second loan total, and on the day before the close exceeded its quota. Over 5,000 industrial honor flags were awarded to individual firms or plants where 60 per cent or more of the employees subscribed. In the fourth loan a complete card index of all industrial concerns was prepared, forming a list of prospects which was allotted among 85 subcommittees, having an aggregate membership of 3,485 and an organization of 18,000 volunteer workers, which canvassed approximately 125,000 concerns in the greater city. The quota, fixed at 90 per cent above the quota assigned for the third loan, was greatly exceeded. The committee's record was:

	Quota.	Amount of subscriptions.
Third loan.....	\$450,000,000	\$564,767,950
Fourth loan.....	865,205,000	1,083,891,000

The metropolitan canvass committee.—This committee undertook the house-to-house canvass in the Boroughs of Manhattan, Brooklyn, and The Bronx. It was organized according to the precincts of the municipal police department, with a borough chairman, and a captain and lieutenants in each precinct. Aside from the intensive work within the precincts it carried on a campaign through the public schools, held innumerable street meetings, many large mass meetings in public halls and armories, and supervised a flying squadron of "traveling banks" which took subscriptions in many parts of the city. In the fourth loan it augmented its plan of organization by making use of the extraordinary ability of the police and fire depart-

ments to sell bonds. The total number of subscriptions received through the committee was:

	Number of subscribers.	Amount of subscriptions.
Third loan.....	1,099,367	\$145,475,500
Fourth loan.....	1,296,511	378,480,030

WOMAN'S COMMITTEE.

This committee was developed from the comparatively haphazard association of workers in the first Liberty loan to a closely knit well-administered organization in the fourth Liberty loan. The activity of women in support of the Liberty loan has been one of the particular features of the campaigns in this district. They have shown an increasing desire to work for the loans and in many cases have regarded it as a privilege.

In preparation for the third loan campaign 1,310 local committees were organized in 70 counties, with about 18,500 volunteer workers—a threefold increase from the second loan. The returns indicate that the woman's committee procured at least \$110,000,000 of subscriptions. This figure is probably considerably less than the actual total secured, because in many cases the results were merged with reports of the men's local committees.

In the fourth loan campaign they were still more intensively organized, with commensurate results. There were 1,861 local committees in 72 counties, and about 35,000 workers. The subscriptions secured amounted to \$203,383,850, almost all in small amounts. More than 562,000 individual subscriptions were in amounts of less than \$500. In other words, the woman's organization was responsible for 16 per cent of the number of subscriptions, and 10 per cent of the amount of bonds sold in this district.

PARTIAL PAYMENTS.

From the first of the Liberty loans there was a very general demand throughout the country for installment purchases on an easier basis than that provided in the Government plan. Various expedients were resorted to. In many cases employers carried the bonds for their employees. In others, banks agreed to carry bonds for subscribers in their neighborhoods on the basis of weekly or monthly payments. A duplicate card system, enabling banks by a single punch to record payments made by subscribers, was made available for free distribution to the banks generally in this district, besides which a number of banks developed their own plans. In the first campaign, in so far as figures are available, the number of partial

payment subscribers was comparatively small. But as greater efforts were made in the second campaign, a large number of small subscribers was secured, the estimated number for Greater New York being 318,000, with an aggregate subscription of \$29,500,000. The result, from the standpoint of both banks and subscribers, was far from satisfactory. Subscribers found that paying week after week at the same bank during the usual banking hours cost them time and carfare equal perhaps to the value of the bonds which they were purchasing. Further, banks and branches of banks in outlying districts and in centers of dense population carried by far the greatest part of the burden, while the large banks in the financial district whose resources and staff were best able to take care of the work had comparatively little to do.

With the approach of the third loan, the Liberty loan organization had to choose between discontinuing partial payments in the Metropolitan district or providing a mechanism whereby the operation could be handled under the supervision of the Federal Reserve Bank. The latter alternative was taken and, with the approval of the Treasury Department, the Liberty Loan Association of banks and trust companies of New York City was formed. This was a syndicate of 130 banks, which agreed to subscribe for and carry a total of not over \$100,000,000 in bonds for the benefit of small subscribers. Coupon books were sold at \$2 each for \$50 bonds and \$4 each for \$100 bonds with the understanding that payments should be made once a week for 48 weeks. The subscriber presented his book at any one of the 680 banks or payment stations throughout the greater city, which received the payment, stamped a coupon, detached it, and sent it to the administration office of the Liberty loan association where the payment was recorded, and through which, when the payments had been completed, the bond was delivered. This undertaking involved the handling of more than 800,000 active accounts, some of which are constantly being closed out with adjustments of interest and the return of the principal, and many of which are delinquent and require a notification and adjustment. The staff required to handle this operation is at present 317 persons. When the books were first opened work went on in two shifts through most of the 24 hours of the day.

In the fourth loan, the plan was again adopted, but with important administrative changes reducing materially the cost of the operation. Instead of the detachable coupon, the subscriber purchases gummed receipts which are placed in the books as a record of payments. The plan also provided for a follow-up method of reaching delinquent subscribers. The cost of administration has been materially less and the number of employees required to handle it is about 130.

The smaller number of subscriptions received in the fourth loan plan is undoubtedly accounted for because the initial payment was 8 per cent., and because payments were to be completed in 23 instead of 48 weeks. The comparison is as follows:

	Third loan.	Fourth loan.	Total.
Books sold.....	836,363	786,000	1,622,363
Value of bonds.....	\$46,700,000	\$44,100,000	\$90,800,000

The two plans require the handling of upward of 1,600,000 current accounts. The number of persons calling at the office of the association to pay up in full and receive their bonds or to make inquiry about their subscriptions has reached in a single day as high as 15,000.

PUBLICITY.

Hand in hand with the sales organization, and as an essential accompaniment to its purpose of selling bonds is the publicity organization. But the publicity department has had before it a purpose not limited to the sale of the Liberty loan, nor even limited to the immensely greater object of producing in the minds of the American people a desire to save and to invest. Liberty loan publicity has consistently worked to spread the ideas America had in entering the war and to declare the need for attaining a decisive victory. In every newspaper and magazine, on every billboard, on every fence, on almost every lamppost, vehicle, and flagstaff, and in almost every store and householder's window the message of the Liberty loan and of America has been carried.

The publicity of the first and second loans laid the groundwork of a genuinely American appeal, showing the necessity for winning the war and the obligation of every American to participate in its high purposes. With the opening of the third loan our active part in the armed conflict had begun. The German spring campaign was in its full flood, and everywhere was a lurking fear as to how far it might go. The note of danger, of the very serious menace confronting the free nations of the world, together with the determination of the United States to see it through, was the burden of the printed and spoken word carried in the publicity material. The events in France furnished the visible support to all that was said and written, and the selective service act had brought the fact of war to every neighborhood in a most concrete way. These things, dwelt upon in pamphlet, poster, and public speech, were reflected in the immensely increased volume of popular subscriptions.

When the early preparations were under way for the fourth loan it seemed likely that similar conditions would prevail and that the ideas behind fourth loan publicity should be to the same effect as

before. The designs for posters selected in Washington in June for the whole country depicted war in its grimmest aspects, and even went to the point of warning America against German invasion of our own shores. Some of the advertising and pamphlets prepared in that early time reflected the same thought. But by the time the campaign had arrived the face of the war had completely changed—to a degree far greater than the most optimistic in June had dared to hope. Added to the tendency toward relaxation of concrete efforts which victories on all fronts induced was the German peace proposal, launched in the midst of the loan campaign. The complete shift in conditions forced a corresponding change of methods in the very heat of the campaign. This district threw out a last-minute appeal to "Double the third," the effect of which was to put the campaign in competition with its forerunner, and on a domestic basis.

Special acknowledgment should be made of the invaluable services rendered to this district by the publicity bureau of the Treasury Department.

PUBLICITY ORGANIZATION AND RESULTS.

The publicity department in this district carries on its work along five lines, each administered by a separate bureau—press bureau, feature bureau, advertising bureau, the bureau of speakers and meetings, and the foreign language bureau.

The press bureau is established on the plan of a modern newspaper office with editors, editorial writers, writers of special articles, and reporters. Prior to the campaign it supplies articles of a general nature to magazines throughout the United States and prepares special material for production in Sunday newspapers during the period of the campaign. Included in this material are cartoons, editorials, poems, articles for trade, technical, and financial magazines, farm periodicals, theater programs, and labor magazines. During the campaign it gives daily news, not only of the results of sales, but of the numerous activities carried on by various Liberty loan organizations throughout the city and district, including a very considerable amount of plate matter sent out to weekly newspapers. All told, during the third loan the press bureau records show that 26,850 columns of matter was printed in the form furnished; in the fourth loan the total rose by 7,000 columns. The total number of Liberty loan articles printed in the district increased from 111,207 to 141,443, with a total of 59,932 columns.

The feature bureau, which has the work of preparing and producing special Liberty loan features of a publicity nature, undertook the direction of all parades, indoor and outdoor exhibits, the production of moving pictures, and the supply of flags, banners, badges, and novelties. In the third loan it had as the principal feature of its New

York City campaign, "Liberty land," a war exhibit in the Sixty-ninth Regiment Armory, where the first veterans to return to this country from Gen. Pershing's forces and a detachment of French chasseurs, the "Blue Devils," were presented in a dramatic way to audiences aggregating 250,000 in 19 days. In the fourth loan it made the "Liberty altar" at Madison Square the center of Liberty loan activities. It was at the foot of "The Avenue of the Allies" into which Fifth Avenue was transformed. This great center for Liberty loan pageantry was an expression of the idea of unity among the free nations of the world. Members of the French Foreign Legion, the Italian Bersaglieri, the Alpini, the French Army Band, and the Italian Grenadier Band participated in the campaign under the direction of the bureau. Certain of them appeared in the Liberty day parade led by President Wilson, in which 35,000 persons marched. Others served throughout the district, singly and on special trains.

The advertising bureau, the largest branch of the publicity organization, prepared all newspaper advertising put out from headquarters, secured advertising space, and developed advertising printed matter in great variety, which it distributed through the district. The value of the advertising space obtained through the generosity of merchants, bankers, manufacturers, and private contributors for the third loan between January 1 and June 1 was estimated at \$1,750,000; in the fourth loan at more than \$2,000,000. For the third loan the bureau distributed nearly 85,000,000 pieces of printed matter, of which 47,000,000 were published in this district; in the fourth loan 96,000,000 pieces were distributed. In the fourth loan the services of many artists known throughout the country were used in the production of special canvasses for window display and for billboard reproduction.

In response to requests made to the speakers' bureau, many members of the diplomatic corps and officers of the Federal and State governments, as well as many hundred men and women of prominence, spoke at Liberty loan meetings throughout the district. The chief of these was held at the Metropolitan Opera House in New York City just prior to the opening of the fourth loan campaign, when President Wilson made his last public address before Germany entered upon the discussion of peace.

The work of the foreign language bureau, coordinated with the other bureaus of the publicity department and with the distribution committee, carried the work of the Liberty loan among the foreign-born residents of the district. The increase of their interest is shown by the fact that in the second loan about 25 per cent of the foreign-born residents subscribed to Liberty bonds, in the third 55 per cent, and in the fourth 80 per cent.

The publicity department, in addition to many volunteers, had a personnel of 664 paid employees in the fourth loan campaign, including 201 persons in its fixed organization.

RECEIPTS, DELIVERIES, EXCHANGES, AND CONVERSIONS.

An index to the size of the Second Federal Reserve District's participation in the Liberty loans appears in the record of transactions of the bond issue division of the Federal Reserve Bank; but to comprehend their volume it is necessary to imagine a corporation with over 3,000,000 bondholders, with bonds in many denominations, of seven different issues, and distributed among holders unaccustomed to financial practices. As a matter of fact the bond issue division, which handles this vast volume of business, deals also with bonds sold in other districts which find their way to New York for exchange or conversion.

Through the ability of the Treasury Department to supply definitive bonds early in each of the two campaigns of 1918, it has been possible for the bond issue division to give far more prompt service than during 1917. In the case of bonds sold for cash during the campaign deliveries have been made immediately. In the third Liberty loan the number of pieces so delivered was 999,378. This figure rose to 1,352,586 in the fourth Liberty loan. At the close of business Monday, November 4, the day on which payments and deliveries should be made on coupon bonds of the fourth loan paid for in full, a total of certificates of indebtedness, credits, and cash had been received against subscriptions amounting to \$1,484,329,895. On that day also 2,560,473 pieces were available for delivery by banks throughout the district and out-of-town banks were able, because of prior receipts of bonds, to make deliveries to subscribers on exactly the same footing as banks in New York City.

The following table shows the comparative transactions in the third and fourth loans, the transactions in the latter running only to December 31:

	Third Liberty loan.	Fourth Liberty loan.
Cash sales during campaign	\$144,276,250.00	\$224,640,050.00
Total receipts, including cash sales:		
Principal	1,115,243,650.00	1,854,038,500.00
Accrued interest	2,048,165.46	920,626.41
Method of payment:		
Certificates of indebtedness	187,223,000.00	712,758,500.00
Advice of credit	797,301,916.55	999,295,804.89
Cash	132,766,898.91	142,904,821.52
Bonds full-paid with:		
First installment date	796,884,900.00	1,422,001,550.00
Second installment date	58,266,650.00	151,405,500.00
Third installment date	78,823,300.00	91,112,400.00
Fourth installment date	181,266,800.00	
Bond deliveries:		
Coupon bonds	1,049,020,350.00	1,517,611,800.00
Registered bonds	66,223,300.00	5,201,150.00
Number of pieces delivered:		
Coupon bonds	4,149,163	4,145,150
Registered bonds	71,814	8,721

Throughout the year exchanges were freely made from one denomination to another of the same issue, immediate deliveries being made in every case. The exchanges indicate that a large number of small denomination bonds which have been sold by subscribers are in constant process of exchange into bonds of \$1,000 denomination. The total volume exchanged during 1918 was in excess of \$1,100,000,000. The number of pieces handled was: Received, 4,103,229 pieces; delivered, 1,637,490 pieces.

The conversion privilege attaching to the two earlier issues has also resulted in large deliveries of new bonds. The bank made every effort by repeated transmission of circulars to the banks of the district and by advertising in the newspapers to induce holders of the earlier issues to convert within the time prescribed by the Secretary of the Treasury, which terminated on November 9, 1918. The following is a statement of the conversions to December 31, a small number of items still remaining unadjusted:

Converted from one interest rate to another:

First 3½ per cent bonds to 4 per cent (Nov. 8, 1917-May 15, 1918).....	\$113,385,650
Number of deliveries, pieces.....	737,852
First 3½ per cent bonds to 4¼ per cent.....	\$1,806,600
First 4 per cent bonds to 4¼ per cent.....	\$74,117,750
Number of deliveries, including deliveries made on converting first 3½ per cent to 4¼ per cent, pieces.....	262,173
Second 4 per cent bonds to 4¼ per cent.....	\$1,045,931,500
Number of deliveries, pieces.....	1,596,990
Aggregate number of pieces handled, incoming and outgoing.....	4,098,205

Special provision was made for converting bonds without delay for owners who called in person. The largest number of such applications received in any one day was 2,161. In the last eleven days of the conversion period approximately 25 per cent of the total number of conversions handled in this way were made.

GOVERNMENT DEPOSITS.

The depositing of the proceeds of sales of Liberty loans and certificates of indebtedness was undertaken in accordance with law at the request of the Secretary of the Treasury. Depositories were appointed by the Federal Reserve Bank, which had the responsibility of receiving and approving collateral, depositing and withdrawing funds and collecting interest on deposits, all under the instruction and supervision of the Treasury Department. The duly qualified depository banks were permitted under the law to pay for certificates of indebtedness and Liberty bonds by opening book credits in favor of the Treasury. Because a large proportion of the deposits were created in this way possible disturbances to the money market were reduced to a minimum.

The withdrawal of deposits from depositary banks, created by the opening of credits resulting from the sale of Liberty bonds or certificates of indebtedness, has been uniformly made on instructions from the Treasury Department on a pro rata basis which has been the same for all banks in the district, and a notice of 48 hours has been given whenever possible. In order to assist in stabilizing the money market, funds transferred by the Treasury Department from other Federal Reserve Banks to the Federal Reserve Bank of New York in excess of the amounts needed for immediate disbursement have on several occasions been redeposited at interest with qualified depositaries in New York City, subject to withdrawal without notice, and as far as possible have been placed in banks to which disbursements for account of loans to foreign Governments were likely soon to be made.

In order to minimize disturbances due to the withdrawal of funds representing payments of income and excess profit taxes during June, 1918, arrangements were made whereby the seven collectors of internal revenue in the district deposited their receipts of cash, checks, and certificates of indebtedness with this bank and all checks on banks which had been designated United States depositaries were forwarded to such banks for credit in the "war loan deposit account" of the Government, subject to withdrawal gradually in accordance with the Government's requirements. The number of such checks received was about 300,000, aggregating about \$600,000,000.

During the first loan 306 banks qualified as depositaries; in the second 533, in the third 801, and in the fourth 867. In order to facilitate the pledging of collateral, local custodians were appointed in 49 cities, but the number was later reduced to 36.

The Government deposit division of the Federal Reserve Bank, with a personnel of 63 employees, administered this function. The following shows the magnitude of the deposits and the volume of securities pledged against them:

LIBERTY LOAN FUNDS.

Third loan, largest amount on deposit, May 14.....	\$517, 537, 883. 00
Fourth loan, largest amount on deposit, Nov. 4.....	609, 182, 509. 63

CERTIFICATES OF INDEBTEDNESS FUNDS.

Third loan, largest amount on deposit, Apr. 4.....	370, 500, 000. 00
Fourth loan, largest amount on deposit, July 10.....	496, 300, 000. 00

SECURITIES IN VAULT.

Third loan, largest amount, May 21.....	754, 230, 106. 65
Fourth loan, largest amount, Oct. 26.....	754, 633, 510. 49

SECURITIES WITH CUSTODIANS.

Third loan, largest amount, June 18.....	379, 241, 241. 88
Fourth loan, largest amount, Oct. 26.....	309, 849, 331. 41

GOVERNMENT DISBURSEMENTS.

Prior to America's entry into the war the only function undertaken by the Federal Reserve Bank as fiscal agent for the Treasury Department was the payment of Government checks. With the coming of war this work has increased manifold. Checks are of all sorts and sizes, varying from checks of less than \$1 for interest on \$50 registered bonds to Treasury drafts for large sums on war contracts. The growing volume of work handled in this department has necessitated the employment of an increasing number of clerks. The following table shows the number of checks handled each month, their amount and the average number of employees:

	Number of checks handled.	Amount.	Average number of employees.
January.....	513,383	\$217,659,000	15
February.....	583,719	209,917,000	15
March.....	689,958	298,885,000	20
April.....	729,716	356,249,000	20
May.....	901,319	377,466,000	20
June.....	975,381	389,225,000	25
July.....	1,023,146	425,430,000	25
August.....	1,063,603	561,663,000	30
September.....	1,066,270	413,990,000	30
October.....	1,128,706	515,999,000	35
November.....	1,101,626	553,637,000	40
December.....	1,331,154	616,472,000	40
Total.....	11,107,981	4,936,592,000	.....

The record day was December 26, when 102,175 checks were handled.

The payments of the Treasury through this bank, since April 1, 1917, exclusive of maturing certificates and coupons, have included \$7,400,000,000 of advances to foreign governments and \$5,900,000,000 in miscellaneous Treasury checks, aggregating \$13,300,000,000 in all, or about one-half of the entire Treasury payments, exclusive of certificates and coupons, during the 21 months.

EXPENSES OF LOANS.

The cost of conducting the two campaigns of 1918, of maintaining the regular sales and publicity organizations of the Liberty loan, and of carrying on the fiscal agency operations of the Federal Reserve Bank, in so far as they relate to the third and fourth Liberty loans, amounted on December 31 to \$4,244,822.12. The detailed figures, as reported by the comptroller of the Liberty loan organization, are shown in Schedule 12. The cost of operating the two partial payment plans are included in the figures for the distribution organization, and amount to date for the third and fourth loans, respectively, to \$460,076.18 and \$205,817.21.

NEW GOVERNMENT LOAN ORGANIZATION.

At the close of the year, following instructions from the Secretary of the Treasury, arrangements were made to consolidate the work of the Liberty loan committee and the war savings organizations within the district under the control of the governor of the Federal Reserve Bank of New York as a unified Government loan organization. The war savings staff has been incorporated with the headquarters departments of the Liberty loan committee with a prospect of material reduction in administration costs, and with the expectation of coordinating the activities of the two committees more closely together than heretofore. The consolidated organization will have as its head a director of Government loan organization for the district with several vice directors. The operations of the new organization begin on January 1, 1919.

WAR SAVINGS AND THRIFT STAMPS.

From December 7, 1917, to December 31, 1918, the Federal Reserve Bank of New York sold war savings and thrift stamps as follows:

	War savings stamps (pieces).	Thrift. stamps (pieces).
Greater New York	2,043,486	10,992,771
New York State	929,208	2,682,448
New Jersey	335,305	2,570,566
Connecticut	11,394	31,734
Philippine Islands	5,000	.....
Haiti	12	200
Total	3,324,405	16,277,719

STABILIZATION OF THE MONEY MARKET.

Before the close of the first Liberty loan campaign, in May, 1917, it became apparent to the officers of the Federal Reserve Bank and to the members of the Liberty loan committee that steps must be taken to stabilize interest rates in the stock exchange loan market in order that rates on such loans might not reach such levels as to embarrass the Treasury. The natural result of the increasing volume of Government borrowing from New York City and interior banks was the calling of loans secured by stock exchange collateral, a tendency which was increased by the desire of the banks of the country to accumulate larger amounts of paper available for discount at the Federal Reserve Bank.

For some months the institutions represented on the Liberty loan committee undertook from day to day to find the large amounts of money required to be loaned on the exchange in order to avoid disturbed conditions.

By September, 1917, however, the amount had become too large for these institutions to assume without injustice to themselves and to their customers, and a subcommittee of the Liberty loan committee was appointed, with the governor of the Federal Reserve Bank as chairman, for the purpose of effecting a more equitable distribution of the loans and devising plans for providing the funds required for the needs of the stock exchange.

Under the general supervision of the Federal Reserve Bank this so-called "money committee" perfected an organization of 63 of the banks and trust companies in New York City which agreed to place at the committee's disposal a fund to be used when necessary in making loans on stock exchange collateral, the participation of each institution being determined according to its assets. This arrangement, undertaken at first in consultation with the Secretary of the Treasury, has been renewed from time to time at his request.

As experience was obtained changes were effected in the plan of participation, and an arrangement was finally reached which reapportioned among the participating banks, on the basis of their assets, the aggregate volume of stock exchange call loans which they were then carrying in the aggregate and provided for an additional loaning fund of \$200,000,000 to be used when necessary.

In October owing to military and political developments it became evident that a large speculation in securities was developing, notwithstanding the fact that the fourth Liberty loan was in course of being placed and the Government requirements for credit were at a maximum. Under these circumstances the committee felt it necessary to adopt some positive measures of restriction and arranged with the banks participating in the fund to increase the margins required for stock exchange loans from the customary minimum of 20 per cent to a minimum of 30 per cent. At the same time, by arrangement with the officers and a committee of the stock exchange, to which all members of the exchange were reporting the total amount of their borrowings, such reports were made available to the money committee. During this period the demands upon the additional loaning fund were very heavy, due primarily to the calling of loans by out-of-town institutions and by local lenders not in the group of participant banks.

Upon the representation of the committee of the stock exchange that the continued enforcement of the requirements for additional margin might work hardship and in some cases even injustice, the arrangement was withdrawn on December 5 upon the assurance of the committee that the exchange would take steps to prevent any considerable increase in the total of the loan account of its members.

The activities of the money committee were undertaken solely to insure the Government against developments in the money market

in New York which would in any way militate against the success of its borrowing program. Its aims may be summarized as follows:

First. To maintain a free market for securities and thereby protect the investment situation and the integrity of a great volume of bank loans made upon stock-exchange collateral.

Second. To prevent high rates and wide fluctuations in the money market.

Third. To prevent an increase in the total amount of credit employed in stock-exchange transactions.

The records indicate that the work was successfully done after the formation of the committee. The rates for call loans on stock-exchange collateral, set forth in full on page 376, have ranged principally between 4 per cent and 6 per cent, never exceeding the latter figure; a free market for securities has been maintained and the amount of stock-exchange loans has been held within reasonable bounds. It seems clear that if some agency of this character had not been functioning the Government's financial plans might have been seriously embarrassed. The New York banking institutions participating in the arrangement, as well as the officers and members of the stock exchange, have at all times accorded the money committee their support and evidenced their readiness to cooperate in rendering this important assistance to Government finance; while the members of the money committee undertook a difficult and responsible piece of work in a most public-spirited manner, and in carrying it out gave generously of their time and consideration.

CAPITAL ISSUES COMMITTEE.

On January 11, 1918, the Secretary of the Treasury requested the Federal Reserve Board, "pending action by Congress," to pass upon capital expenditures and issues of new securities from the standpoint of their necessity as compared with the Government's large needs of capital, labor, material, and transportation facilities. The Board accordingly appointed from its membership a Capital Issues Committee, which secured the assistance of an advisory committee of bankers and caused subcommittees to be organized in each of the Federal Reserve districts.

In the War Finance Corporation Act, approved April 5, 1918, Congress sanctioned by law the continuance of the work of the committee, and pursuant to that act the President appointed a permanent Capital Issues Committee, which in turn appointed permanent district committees in each of the Federal Reserve districts.

The district committee for the Second Federal Reserve District, of which, as in other districts, the chairman of the Federal Reserve Bank was chairman and the governor vice chairman, consisted of 30 bankers, manufacturers, officers of public utilities, and others.

It held regular meetings, usually twice and sometimes three times weekly, usually lasting from three to five hours and attended by five or more members, in rotation, from the date of its organization until December 31, 1918, when by vote of the central committee, and with the concurrence of the Secretary of the Treasury, the active work of the committee was discontinued.

Nine hundred and seventy-two applications, totaling \$2,069,613,-048.66, have been formally considered by the district committee, and in the majority of cases hearings were granted to applicants. With respect to 181 of these applications the district committee took final jurisdiction. Detailed reports were rendered to the Capital Issues Committee at Washington with respect to 791 applications, aggregating \$1,875,123,043.80. Out of this total the district committee recommended approval of applications aggregating \$1,775,343,629.80, and recommended disapproval of \$99,779,414. The action of the central committee with respect to these applications was as follows: It approved \$1,722,404,611.50 and disapproved \$119,368,795.25, and on or about December 31, 1918, when the committee discontinued its operations, it dismissed applications still pending aggregating \$33,349,637.05.

The various matters considered by the district committee have covered every variety of security issue, including issues by States, counties, and municipalities, by public utility companies, by industrial corporations, by banks, insurance and trust companies, by syndicates and membership associations. Inasmuch as the fundamental purpose of the committee was to conserve capital, labor, materials, and transportation facilities for purposes contributing directly to the prosecution of the war, the district committee asked for and obtained from practically all public and private organizations within the Second Federal Reserve District statements of their construction programs prior to the letting of contracts for such programs. By this means much construction work which would ultimately have led to the issuance of securities was deferred, labor and materials have been released for war purposes, and the investment market has been relieved of the necessity of absorbing large amounts of securities.

This committee has also obtained reports on private construction as well as on public construction to be paid for by taxation or assessment, as distinguished from the sale of securities. In this connection the district committee reviewed the tax budgets of all municipalities in the Federal Reserve District which had been prepared prior to the signing of the armistice. It also followed up all advertised construction of churches, clubs, private residences, etc., prior to the date when machinery was instituted by the War Industries Board requiring the licensing of all nonwar construction costing more than \$2,500.

The committee's usefulness should not be measured only by the applications formally presented to it and approved or disapproved by it, since the mere fact of the committee's existence in itself constituted a strong restraint upon the issuance of new securities, and few, if any, applications were presented to the committee except by those who believed that their applications would be approved.

The members of the committee gave most generously of their time and enjoyed the heartiest cooperation from public and private officials, from bankers, investment houses, lawyers, manufacturers, and merchants, as well as from the Investment Bankers' Association, the American Bankers' Association, the New York Stock Exchange, and the New York Curb Market Association. Without the cooperation of these individuals and associations the work of the committee would have been almost impossible.

FINANCIAL CONDITIONS.

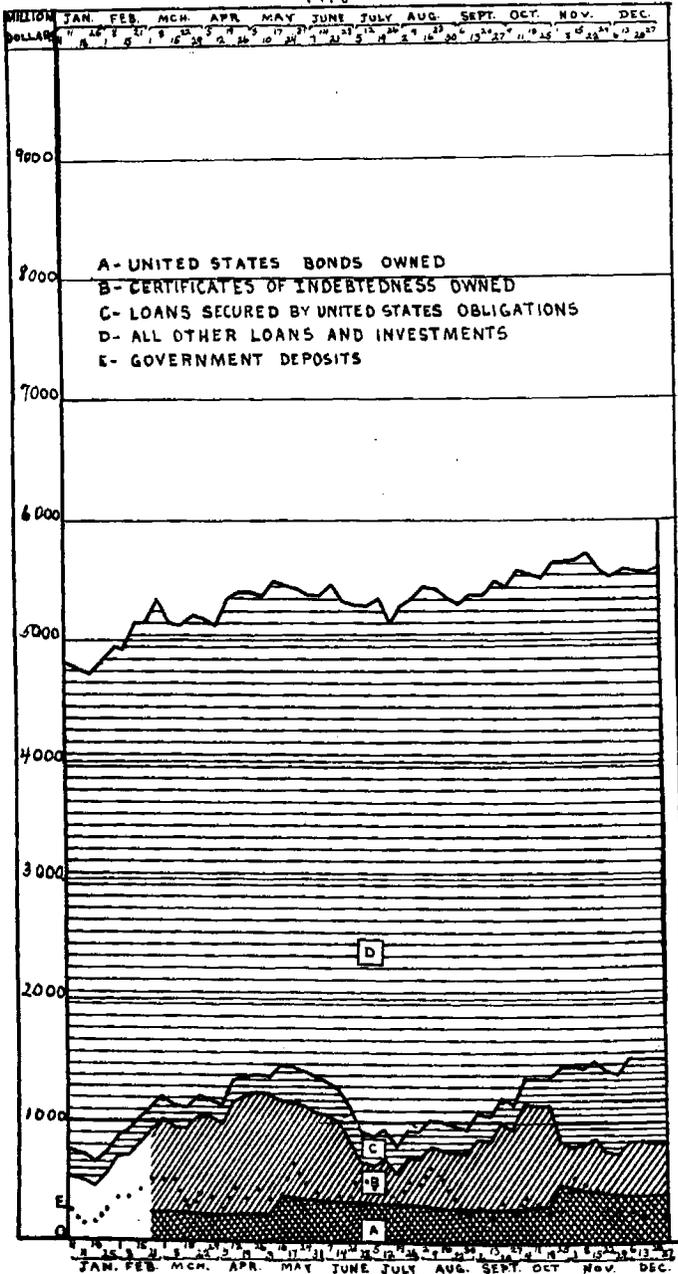
BANKING IN THE SECOND FEDERAL RESERVE DISTRICT.

The chart on the following page shows certain significant figures from the weekly reports of 107 banks in this district, being all the member banks in New York City, Brooklyn, Buffalo, Rochester, Newark, Albany, and Syracuse, N. Y.; Jersey City, N. J.; and Bridgeport, Conn. This chart probably gives the best picture obtainable of banking conditions in this district throughout the year. With the exception of January and February when the reports did not distinguish between Government bonds and certificates of indebtedness, the chart shows, week by week, the volume of (a) United States bonds owned, (b) certificates of indebtedness owned; (c) loans secured by United States obligations; (d) all other loans and deposits. The dotted line (e) indicates the volume of Government deposits in the reporting banks throughout the year.

It will be noted that the volume of "other loans and investments" was almost exactly the same at the beginning of the year as at the end; namely, \$4,100,000,000. In fact the volume actually decreased somewhat, as 11 institutions with resources of about \$350,000,000 were added to the list of reporting banks during the year. The expansion is entirely in Government securities and loans thereon. The Government bonds owned rose substantially at the close of both the third and fourth loan campaigns, with a tendency to decrease slightly thereafter. The certificates of indebtedness show the usual increases before bond sales and decreases thereafter; the volume of loans on Liberty bonds was fairly steady up to the close of the fourth loan campaign, when it increased sharply, indicating clearly the heavy borrowing which had to be resorted to in order to subscribe the quota assigned to this Federal reserve district.

CLASSIFICATION OF LOANS AND INVESTMENTS
 REPORTING MEMBER BANKS, SECOND FEDERAL RESERVE DISTRICT

1918



In the following chart the two upper lines show the movements of the loans and deposits of New York Clearing House banks, while the lower line shows the course of the loans and investments of the Federal Reserve Bank. The close relationship of the two is quite apparent.

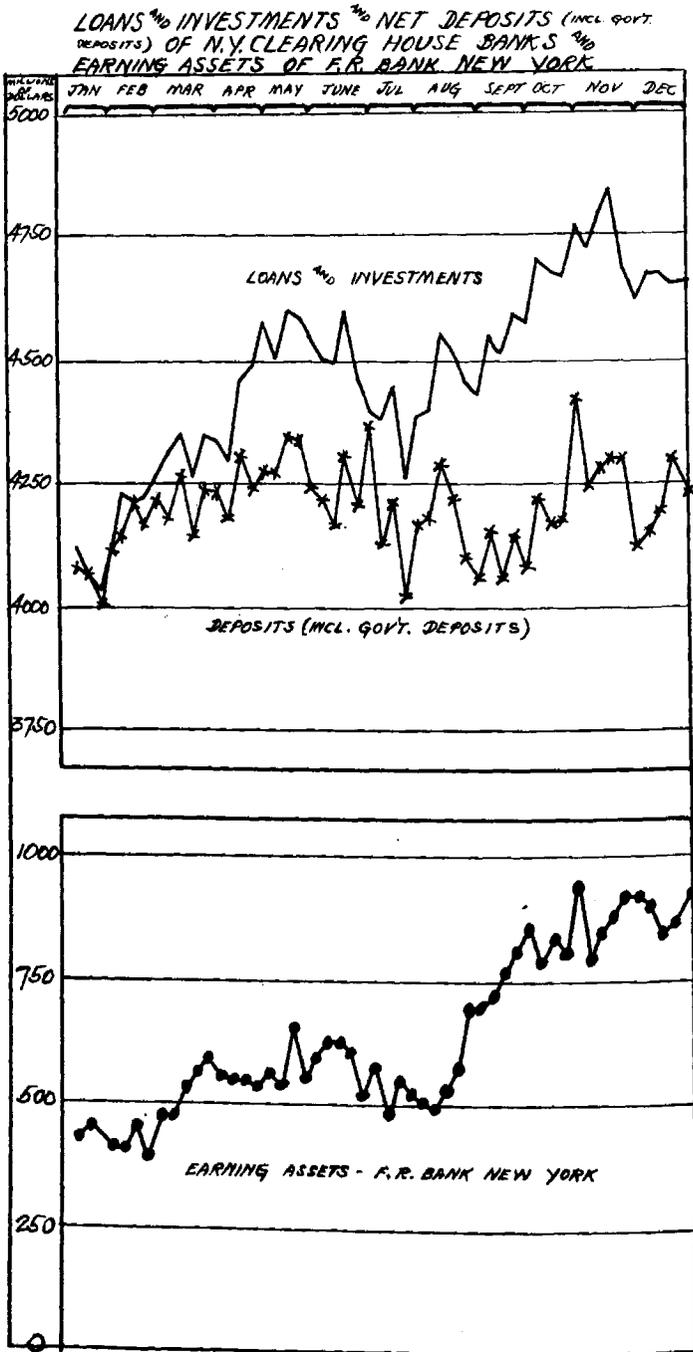
Government financing and the resulting expansion of banking figures are so clearly portrayed in these two charts and have so completely overshadowed all other banking developments as to make further comment unnecessary.

The action of the New York Clearing House, however, in fixing maximum rates of interest on deposits was a step of such importance toward sounder banking that the extension of similar control to other communities in the district is much to be desired.

The high interest rates prevailing in many parts of this district are a constant element of danger in our banking situation. Often the banks and trust companies, paying such rates, have felt impelled to invest largely in bonds of high yield. The depreciation in the market value of these securities has been so heavy during the past two years that it is believed that the institutions in which high interest rates prevail may be more ready now than in the past for a reconsideration of this whole subject. It is hoped that some substantial progress in this direction may be made during 1919.

GENERAL BUSINESS CONDITIONS.

During January and February business and industry in this district were hampered seriously by congestion in railroad transportation and acute fuel shortage, a condition which was aggravated by extremely severe weather. Conditions improved in March, traffic began to move more freely, production increased, and, until October, industry was at its maximum capacity, with civilian needs more and more subordinated to the requirements of war. A steadily increasing proportion of manufacturing capacity was utilized for the production of war supplies, and Government supervision over industry was constantly increased, especially through control of raw materials and transportation. Of basic materials, such as iron and copper, only a very small percentage was available for other than war needs. In the textile trade, with almost no wool available for manufacture for civilian use, approximately 50 per cent of knit goods, 75 per cent of denim, and 100 per cent of cotton duck were being applied to war purposes. In every line, similar developments occurred to a greater or lesser extent.



An influenza epidemic swept over the district in October, keeping many people from work and slowing up business in general. This was fairly well checked by November, and business was proceeding at top speed with most of the necessary adjustments to war conditions effected when, on November 11, the armistice was signed. Then followed a period of uncertainty and hesitation with regard to the steps necessary to readjust business to a peace basis. Gradually Government restrictions, such as priority rules, were removed, and many lines were able promptly to return to approximately their prewar bases. Many other industries, however, felt obliged to pursue a waiting policy pending announcement of the Government's program for cancellations and the disposal of Government-owned stocks of raw materials. While the general attitude at the close of the year is one of caution, with buying limited to immediate requirements, jobbers and merchants are inclined to cooperate in effecting a gradual rather than a sudden decline in prices, and many manufacturers are disposed to retain their labor in spite of lessened output.

Prices, as indicated by Bradstreet's commodity index, rose from \$17.5996 on December 1, 1917, to \$19.0376 on December 1, 1918, an increase of 8 per cent, indicating the decline in the purchasing power of the dollar during the period.

LABOR.

During the first 10 months of 1918 all lines of business and industry experienced great difficulty in obtaining and holding a sufficient supply of labor. The great scarcity of both skilled and unskilled labor led to high competitive wage offers, resulting in a large turnover. The increasing flow of women into industry helped somewhat to supply the demand, but the shortage, nevertheless, was great. The "work or fight" order in July and Federal supervision of employment of unskilled labor helped the situation to some extent, but by the time these measures had become really effective matters were made worse again by the October influenza epidemic and the prospective operation of the enlarged draft law.

Very soon after the armistice was signed the labor shortage practically disappeared. Here and there unemployment became noticeable, especially where cancellation of Government contracts resulted in closing down important plants. Unemployment was evidently on the increase throughout the month of December, and some unrest was apparent.

Reports of the New York State Department of Labor, based on returns from 1,648 representative firms employing one-third of the factory workers in New York State, show that while the number of employees decreased 1 per cent during the year ending November, 1918, aggregate wages increased 21 per cent, and that for the two-year

period ending November, 1918, aggregate wages increased 43 per cent, while the number of employees increased only 6 per cent.

INDUSTRIES AND STAPLES.

Although limited during the winter by bad traffic, fuel, and weather conditions, and throughout the year by labor scarcity, the more essential industries in general operated at their maximum capacity up to the armistice. Less essential production was curtailed to a considerable extent, but such plants were often able to produce essential articles. The building trades were quieter than for many years, little construction other than necessary alteration and repairs being done, except for the Government or war industries.

Steel production lagged somewhat through the first months of the year, due to the bitter weather and the fuel shortage. After that it began to approach the standard set in 1917 and gained an impetus which continued till well toward the end of the year. The present situation in the steel industry, however, is in marked contrast with that of a year ago. Then every effort was being made to meet war requirements; now the Government has practically retired from the market and steel makers face the necessity of readjusting to a peace basis, with great dullness in the building trades and the expected foreign demand not yet materializing. Maximum price-fixing by the Government was stopped January 1, 1919; before that time steel producers had made a reduction which averaged about \$4 a ton on the various grades quoted, yet prices were still about \$30 above those of 1907, the highest of recent prewar years. Pig-iron production during 1918 is estimated at 38,506,249 tons, which is slightly above that of 1917, and ingot production at 42,212,000 tons, which is substantially above that of 1917.

For a variety of reasons the stock of copper in process was large at the end of 1916, despite the heavy demand throughout the year. The price was lowered from 26 cents to 23 cents in December, and at the close of the year to 20 cents, though these prices were really nominal and trading was at a standstill.

Cotton prices fluctuated widely during 1918, ranging from 23 cents to 37.5 cents, the spot price at the year's end being 32.6 cents. The crop was larger than that of either 1917 or 1916. Mills worked at full capacity, largely on Government orders, and netted profits in excess of expectations.

Woolen mill output was taken almost exclusively for Government purposes until toward the end of November. A decided fall in prices of woolen goods occurred during December.

The country's wheat production for 1918 was 917,000,000 bushels, as against 636,600,000 bushels in 1917, and the Government's guaranteed price of \$2.28 per bushel, which is to continue up to June,

1920, gave to the crop an extraordinarily high value. Corn production, on the other hand, was 2,582,814,000 bushels, as against 3,000,000,000 bushels in 1917, and prices rose from \$1.279 per bushel to \$1.366. Other grains, with the exception of barley and rye, showed similar price tendencies.

LOCAL CROPS.

The total value of farm products, including milk, in New York State is estimated at \$801,840,360 for 1918, as compared with \$659,787,980 for 1917. In many crops the actual yield increased as well as the value. The wheat crop, valued at \$18,900,000, showed a production of 9,000,000 bushels as compared with 8,286,000 bushels in 1917. In corn the increase was nearly 10,000,000 bushels, the production being 30,852,000 bushels, valued at \$55,065,000. Other crops showing a substantial increase in actual yield over 1917 were oats, onions, and cabbage. Buckwheat, rye, potatoes, beans, peaches, and grapes showed a decrease as compared with 1917, while hay decreased in tonnage but increased \$14,000,000 in value.

Similar data for northern New Jersey are not available.

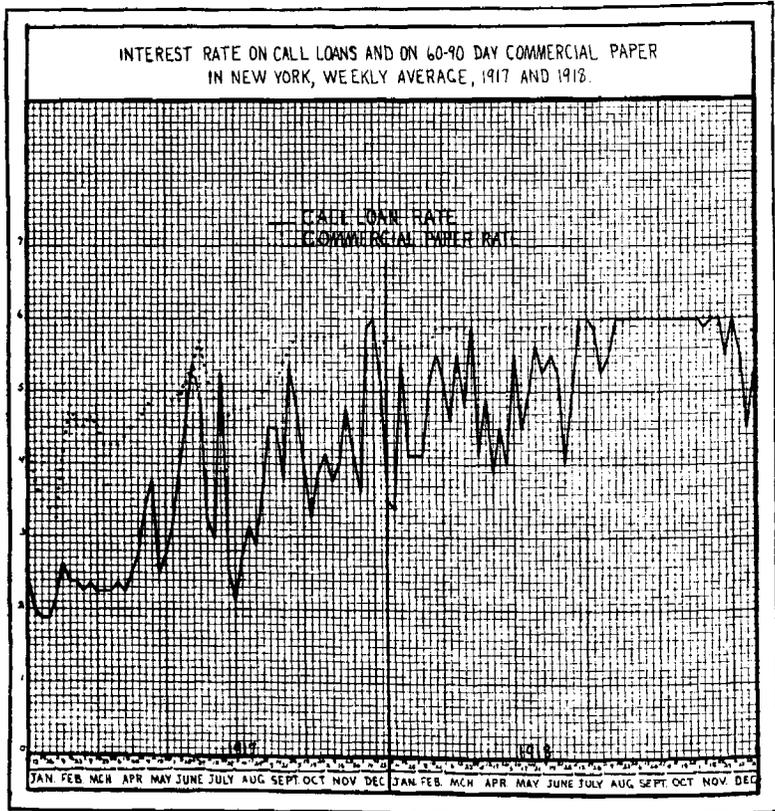
MERCHANDISING.

Merchandising was fairly active throughout the year. During the first ten months, retail sales of less essential articles were considerably curtailed due to war conditions, while demand for staples continued strong. The influenza epidemic caused a very excessive slackening in business during October. Following the signing of the armistice, retail sales increased decidedly in nearly all lines, due partly to the decrease of influenza, but principally to the relaxation of the rigid economies practiced during the war. The result was a holiday trade of record proportions. Up to the time of the armistice the purchases of jobbers and retailers seemed limited only by inability to obtain supplies. With the certainty of peace, however, buying became extremely conservative because of large stocks on hand and the belief that declining prices were to be anticipated.

MONEY RATES.

Money rates averaged firmer throughout the year than during 1917. During the first half of the year the call loan rate was subject to frequent fluctuations, ranging between 4 per cent and 6 per cent from January to August. From the middle of August until the beginning of November it remained steadily at 6 per cent and was only prevented from going higher by the cooperation of the money committee and its associated banks. After the armistice the rate fluctuated, declining to 4 per cent at times, but returning to 6 per cent at the close of the year.

Rates on time loans secured by stock exchange collateral were somewhat nominal as demands for loans of this kind exceeded supply during most of the year. The rates quoted in January were $5\frac{3}{4}$ per cent to 6 per cent for two to four months' maturities; from late February to the middle of April 6 per cent was the uniform quotation. A slightly easier tendency then set in, which continued through August, carrying rates as low as $5\frac{1}{2}$ per cent to 6 per cent. Rates then rose again to 6 per cent and continued so until the last week of



December, when distinctly easier conditions prevailed which carried rates down to $5\frac{1}{2}$ per cent to $5\frac{1}{2}$ per cent.

The rate on commercial paper was consistently higher than during 1917, ranging from $5\frac{1}{2}$ per cent to 6 per cent throughout the year.

The rates on bankers' acceptances have already been referred to.

The chart above shows the rates on call money and commercial paper during the years 1917 and 1918.

THE SECURITIES MARKET.

Following a sharp upward turn in stock prices in the closing week of 1917, a fairly continuous rise continued throughout 1918, reaching its high point about the middle of November, since which time prices have showed a declining tendency, although they retained at the end of the year a very substantial gain from the low point of December a year ago. In May and November there was trading in very heavy volume and indication of a strong upward movement. These movements, however, were not long continued, and the general course of the market has been a moderate upward rise with trading for the most part in moderate volume, the total number of shares of stock sold during the year being approximately 141,000,000, as against 184,000,000 in 1917.

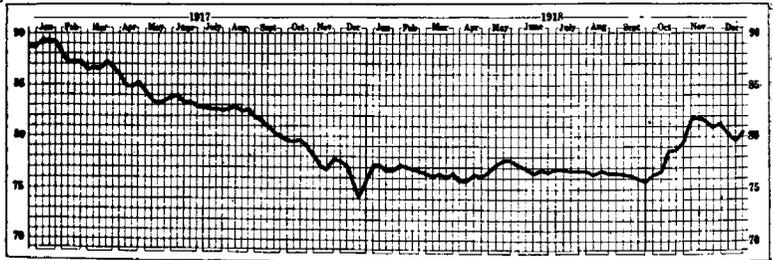
Unlike stock prices, prices of bonds listed on the exchange showed a declining tendency from January to April, a rather marked rise during May, followed by a further downward movement until the end of September, when apparently because of increased certainty of early victory for the allies, prices began a strong upward movement which continued well into November. Though there was a slight fall between that date and the end of the year, the level reached was over three points above that of January, and about six points above the low point reached in December, 1917. Over four-fifths of the total volume of bond sales consisted of Liberty bonds.

With the improvement in bond prices toward the end of the year it became possible in a limited way for railroad and other corporations with good credit to place bond issues of fairly long maturity, instead of borrowing on short term issues. Several important issues were offered and oversubscribed during the closing weeks of the year.

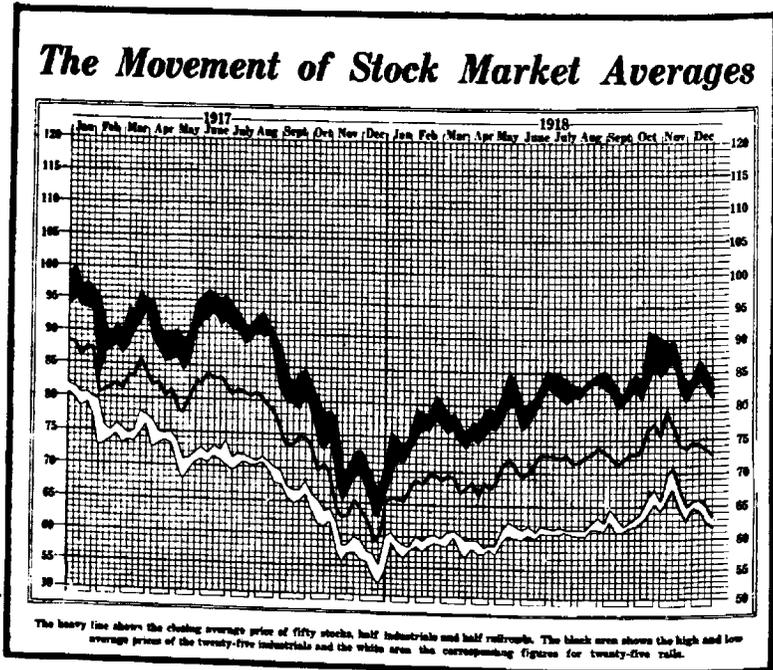
The charts on the following page, reproduced from "The Annalist," show the movement of average prices for 50 stocks, half industrials and half railroads, and the trend of bond prices during 1917 and 1918. Following are figures, also taken from "The Annalist," showing the volume of stock and bond sales, by months, during the year.

	Shares.	Government bonds.	Total all bonds (including Government).
January	13,504,774	\$73,928,500	\$107,265,000
February	11,316,152	61,281,500	84,708,500
March	8,207,918	99,552,500	119,636,000
April	7,436,714	110,783,000	128,271,500
May	21,104,078	135,966,500	166,478,000
June	11,598,715	120,382,000	143,519,000
July	8,347,851	102,688,500	120,489,000
August	6,864,812	147,339,000	167,288,500
September	8,030,449	156,175,000	179,696,500
October	20,285,334	176,390,500	233,984,500
November	14,720,163	202,558,500	256,211,000
December	11,961,135	310,058,000	385,711,000
Total	143,378,095	1,697,041,500	2,093,257,500

The Trend of Bond Prices—Average of 40 Listed Issues



The Movement of Stock Market Averages



FOREIGN TRADE.

Total exports from the United States during 1918 are estimated at \$6,100,000,000, a decrease of about \$100,000,000 from the preceding year; while imports are estimated at \$3,100,000,000, an increase of about \$100,000,000 over 1917. Exports from this customs district, excluding Government shipments, aggregated \$3,834,677,239, a decrease of \$432,727,353 from 1917, and imports were \$1,296,345,823, a decrease of \$66,081,165. If exports carried on Government vessels, which did not clear at, or report to the customs house, were included, exports through this port would doubtless exceed those of 1917.

New York's decrease in foreign trade was shared with other ports on the Atlantic coast, this whole division showing a decrease of 14 per cent in exports and 7 per cent in imports, while the Pacific coast gained 70 per cent in exports and 30 per cent in imports. This shifting in trade is the result of the slight decrease in exports to Europe, other than Government exports, coupled with the decided decrease in imports from that continent and on the other hand, of the large gain in both exports to and imports from Asia and Oceania. Total imports from Europe are estimated at \$350,000,000, compared with \$550,000,000 in 1917 and \$900,000,000 in 1912, a representative prewar year. Imports from Asia are estimated at \$900,000,000 against \$758,000,000 in 1917 and from Oceania \$165,000,000 against \$100,000,000 in 1917. Exports to Asia are estimated at \$450,000,000 as compared with \$430,000,000 in 1917 and to Oceania \$150,000,000 as compared with \$117,000,000 in 1917. There was little change in the amount of either exports to or imports from South America as a whole. Imports from Mexico increased about 12 per cent while exports decreased slightly. There was a considerable increase in trade with Canada.

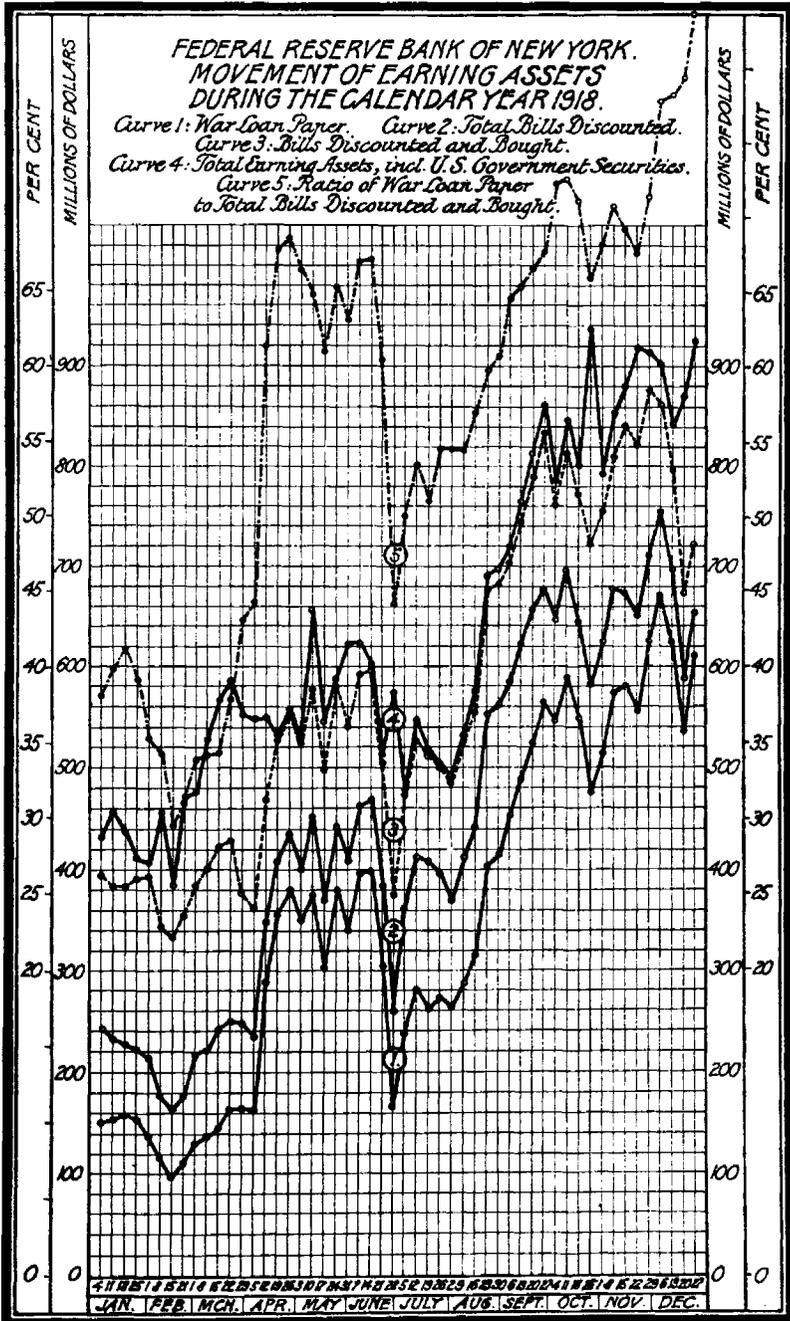
Our excess of exports over imports during the European war totaled about \$11,000,000,000.

70 ANNUAL REPORT OF FEDERAL RESERVE BANK OF NEW YORK.

EXHIBIT A.—*Movement of principal earning assets of the Federal Reserve Bank of New York during the calendar year 1918.*

[In thousands of dollars: i. e., 000 omitted.]

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Discounted paper secured by United States war obligations.	Other discounted paper.	(1+2)	Bills bought in open market.	Total bills discounted and bought.	Per cent (1+5)	Total earning assets.
Jan. 4.....	150,325	92,293	242,618	152,377	394,995	38.1	432,786
11.....	152,525	79,905	232,430	150,982	383,412	39.8	457,188
18.....	157,625	69,689	227,314	155,570	382,884	41.2	437,696
25.....	152,421	70,199	222,620	168,278	390,898	39.0	411,742
Feb. 1.....	138,450	77,079	215,529	177,407	392,936	35.2	407,792
8.....	117,450	59,787	177,237	166,237	343,474	34.2	455,671
15.....	97,488	63,918	161,396	170,760	332,156	29.3	383,419
21.....	110,008	67,322	177,330	176,737	354,067	31.1	471,441
Mar. 1.....	129,739	88,062	217,801	165,545	383,346	33.8	475,894
8.....	137,025	86,271	223,296	178,256	401,552	34.1	528,073
15.....	144,570	96,576	241,146	182,116	423,262	34.2	565,452
22.....	161,618	87,662	249,280	179,905	429,185	37.7	386,637
28-29.....	162,968	84,949	247,917	130,887	378,804	43.0	550,915
Apr. 5.....	160,427	74,086	234,513	127,743	362,256	44.3	547,488
12.....	288,119	58,388	346,507	123,108	469,615	61.4	547,422
19.....	356,477	52,895	409,372	117,406	526,778	67.7	532,803
26.....	379,846	34,410	414,256	121,027	535,283	68.4	559,196
May 3.....	348,867	52,225	401,092	124,463	525,555	66.4	529,660
10.....	373,301	76,723	450,024	126,650	576,674	64.7	655,586
17.....	304,298	64,416	368,714	130,439	499,153	61.0	544,203
24.....	380,004	62,171	442,175	138,983	581,158	65.4	587,389
31.....	340,803	67,472	408,275	133,420	541,695	62.9	621,690
June 7.....	385,970	66,129	452,099	130,580	592,679	66.8	622,776
14.....	399,341	69,194	468,535	127,966	596,501	66.9	603,324
21.....	306,311	76,992	383,303	123,458	506,761	60.4	512,797
28.....	165,469	93,796	259,265	115,513	375,078	44.1	574,590
July 5.....	237,382	124,640	362,022	112,416	474,438	50.0	478,623
12.....	280,342	132,659	413,001	113,256	526,257	53.3	546,062
19.....	261,718	147,452	409,170	104,561	513,731	50.9	518,519
26.....	272,185	124,210	396,395	104,033	500,428	54.4	305,584
Aug. 2.....	264,326	104,832	369,158	116,722	485,880	54.4	491,445
9.....	285,454	127,001	412,455	113,106	525,561	54.3	530,650
16.....	316,593	126,472	443,065	112,692	554,757	56.9	574,996
23.....	405,029	147,380	552,409	125,276	677,685	59.8	689,296
30.....	415,221	146,418	561,639	121,875	683,514	60.7	697,404
Sept. 6.....	453,900	130,199	584,099	120,762	704,861	64.4	720,192
13.....	487,811	134,034	621,845	129,016	744,861	65.5	764,640
20.....	524,966	132,421	657,387	131,978	789,365	66.5	813,092
27.....	564,288	113,074	677,362	155,575	832,937	67.7	860,446
Oct. 4.....	548,522	99,157	647,679	152,506	798,185	72.1	785,051
10-11.....	589,817	106,391	696,208	118,702	814,910	72.4	845,594
18.....	547,420	96,543	643,963	127,040	771,003	71.0	802,387
25.....	476,068	104,749	580,817	142,156	722,973	65.8	937,343
Nov. 1.....	514,153	110,459	624,612	129,944	754,556	68.1	791,894
8.....	574,655	103,678	678,333	134,045	812,378	70.7	850,867
15.....	580,548	94,444	674,992	166,938	841,930	69.0	880,356
22.....	555,534	95,312	650,846	172,204	823,050	67.5	919,007
29.....	626,905	84,263	711,168	166,732	877,900	71.4	914,721
Dec. 6.....	669,840	83,704	753,544	107,883	861,427	77.8	901,158
13.....	624,953	73,314	698,267	99,521	797,788	78.3	840,973
20.....	534,748	54,114	588,862	84,491	673,353	79.4	869,299
27.....	610,770	41,605	652,375	69,323	721,698	84.6	925,424

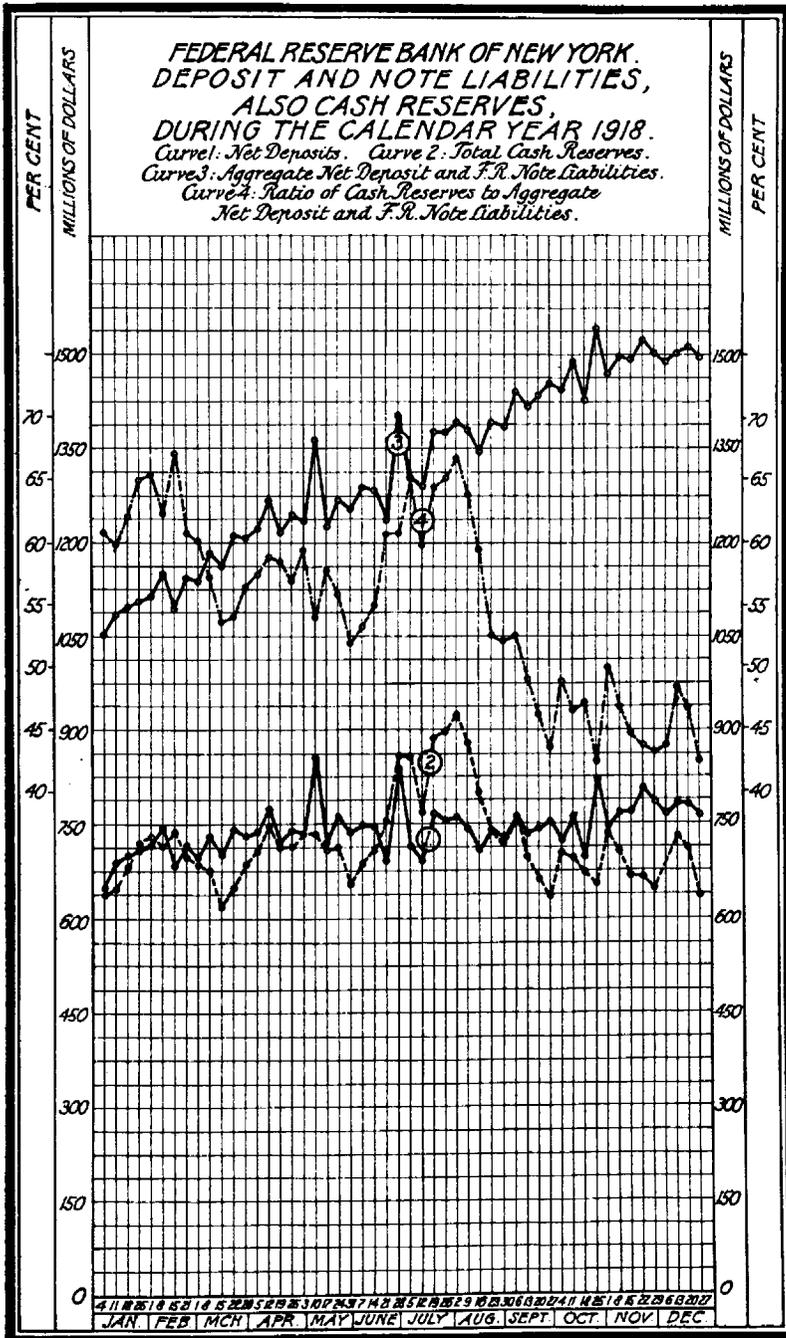


72 ANNUAL REPORT OF FEDERAL RESERVE BANK OF NEW YORK.

EXHIBIT B.—*Movement of cash reserves, net deposits, Federal reserve note liabilities and the reserve percentage of the Federal Reserve Bank of New York during the calendar year 1918.*

[In thousands of dollars; i. e., 000 omitted.]

	(1) Total cash reserves.	(2) Net de- posits.	(3) Federal Reserve notes in actual cir- culation.	(4) (2+3)	(5) Ratio of cash re- serves to net de- posits and Federal Reserve note liab- ilities com- bined.
Jan. 4.....	\$640,449	\$649,728	\$402,900	\$1,052,628	60.8
11.....	647,594	689,642	394,466	1,084,108	59.7
18.....	681,512	699,814	699,610	1,097,924	62.1
25.....	716,683	709,060	397,462	1,106,522	64.8
Feb. 1.....	728,939	715,718	398,933	1,114,651	65.4
8.....	716,255	745,540	404,131	1,149,671	62.3
15.....	734,370	682,224	412,449	1,094,673	67.1
21.....	694,694	716,017	426,557	1,142,574	60.8
Mar. 1.....	684,538	695,370	441,025	1,136,395	60.2
8.....	678,705	730,452	451,781	1,182,233	57.4
15.....	620,106	699,005	461,719	1,150,724	53.4
22.....	650,091	741,594	469,752	1,211,346	53.7
29.....	684,332	732,152	477,598	1,209,750	56.6
Apr. 5.....	703,264	739,605	485,233	1,224,838	57.4
12.....	744,828	774,289	491,776	1,266,065	58.8
19.....	711,656	720,948	496,636	1,217,584	58.4
26.....	711,038	742,478	500,640	1,243,118	57.2
May 3.....	735,128	731,083	508,560	1,239,623	59.3
10.....	735,903	852,880	511,004	1,363,884	54.0
17.....	708,919	717,333	507,826	1,225,159	57.9
24.....	710,674	763,313	506,342	1,269,655	56.0
31.....	652,310	736,719	517,108	1,253,827	52.0
June 7.....	684,387	749,376	536,784	1,286,140	53.2
14.....	705,992	745,005	537,918	1,282,923	55.0
21.....	751,183	690,637	546,707	1,237,344	60.7
28.....	853,123	837,944	562,848	1,400,792	60.9
July 5.....	851,681	711,714	591,791	1,303,505	85.3
12.....	768,413	689,972	598,007	1,287,979	59.7
19.....	884,969	768,761	607,890	1,376,651	64.3
26.....	896,063	755,235	620,439	1,375,674	65.1
Aug. 2.....	926,410	762,001	628,402	1,390,403	66.6
9.....	876,985	740,875	638,917	1,379,792	63.6
16.....	798,687	704,423	640,879	1,345,302	59.4
23.....	728,728	738,765	649,650	1,388,415	52.5
30.....	721,916	726,035	659,766	1,385,801	52.1
Sept. 6.....	755,426	761,648	678,298	1,439,946	52.5
13.....	691,481	730,560	686,399	1,416,959	48.8
20.....	682,477	740,561	693,083	1,433,644	46.2
27.....	635,562	753,465	699,650	1,453,115	43.7
Oct. 4.....	700,831	721,785	719,317	1,441,102	48.6
10.....	693,328	762,126	727,384	1,489,510	46.5
15.....	672,474	696,141	728,859	1,425,000	47.2
25.....	655,720	819,690	721,939	1,541,629	42.5
Nov. 1.....	730,124	746,415	722,067	1,468,482	49.7
8.....	703,461	768,139	730,483	1,498,622	46.9
15.....	667,630	769,217	723,355	1,492,572	44.7
22.....	664,232	805,863	718,784	1,524,647	43.6
29.....	648,654	783,288	720,294	1,503,582	43.1
Dec. 6.....	649,955	767,534	721,544	1,489,078	43.6
13.....	726,168	784,023	718,518	1,502,541	48.3
20.....	709,809	791,452	734,065	1,515,517	46.8
27.....	637,295	763,230	736,552	1,499,782	42.5



SCHEDULE 1.—Balance sheet.

	Dec. 31, 1918.	Dec. 31, 1917.	Dec. 31, 1916.
RESOURCES.			
Reserves:			
Gold with Federal Reserve agent.....	\$274,392,165.00	\$250,598,565.00	\$107,003,765.00
Gold redemption fund for Federal Reserve notes.....	25,000,000.00	10,000,000.00	250,000.00
Gold settlement fund.....	66,790,455.76	5,854,000.00	20,570,000.00
Gold bullion.....	79,101,340.83	68,113,616.99	
Gold coin and certificates.....	179,674,646.70	275,130,455.00	159,321,257.50
Legal tender notes.....	43,038,200.00	31,322,275.00	11,188,200.00
Silver certificates and coin.....	4,531,976.85	8,925,743.85	4,077,274.80
Total reserves.....	672,528,785.14	649,944,655.84	302,410,497.30
Loans and discounts:			
Bills discounted for member banks.....	697,341,455.69	225,117,913.30	7,071,158.55
Acceptances purchased.....	77,576,632.94	148,770,185.44	41,457,184.04
Rediscunts for other Federal Reserve Banks.....		25,191,033.66	
United States bonds.....	1,447,700.00	5,168,599.64	1,042,550.00
United States one-year Treasury notes.....	521,000.00	4,493,000.00	1,205,000.00
United States certificates of indebtedness.....	93,374,500.00	15,000,000.00	
United States securities held to secure Federal Reserve bank notes.....	34,955,000.00		
Municipal warrants.....		510,701.32	972,311.62
Total investments.....	905,216,288.63	424,251,433.36	51,748,204.21
Other resources:			
Federal Reserve notes and other cash.....	97,048,219.95	59,752,685.24	13,865,897.46
Federal Reserve bank notes.....	751,000.00		
Redemption fund Federal Reserve bank notes.....	1,689,250.00		
Items in process of collection.....	145,736,177.53	48,091,790.20	29,077,418.64
Exchanges for clearing house and sundry cash items.....	36,401,491.78	26,429,660.74	2,503,168.21
Due from foreign banks.....	6,770,374.11		
Interest accrued on United States bonds.....	172,878.27	73,620.28	12,501.85
Deferred charges and prepaid expenses.....	150,194.29	20,458.22	8,733.52
Advances made for Treasurer United States, account expenses Liberty loan and war savings committees.....	3,023,724.56	360,350.01	
Real estate.....	2,317,692.39		
Cost of unissued Federal Reserve notes.....			235,598.86
Total other resources.....	294,061,002.88	134,728,564.69	39,703,338.57
Total resources.....	1,871,806,076.65	1,208,924,663.89	393,862,040.08
LIABILITIES.			
Capital:			
Capital paid in.....	20,820,100.00	18,695,950.00	11,865,750.00
Surplus.....	8,322,040.00	649,363.56	
Profit and loss.....			163,063.98
Total capital fund.....	29,142,140.00	19,345,313.56	12,028,813.98
Deposits:			
Due to United States Government.....	5,705,629.16	11,870,767.74	3,571,391.94
Due to foreign governments and banks.....	95,976,172.85	3,335,930.00	
Due to member banks, reserve balances.....	705,062,061.27	652,791,808.26	237,907,354.87
Due to member banks, uncollected funds.....	72,173,899.90	35,553,478.43	18,552,984.84
Due to nonmember banks, deposit account.....	5,382,207.29	10,317,630.16	
Due to other Federal Reserve Banks, collected funds.....	78,986,137.26	7,610,609.86	12,373,721.91
Due to other Federal Reserve Banks, uncollected funds.....	6,934,425.41	5,156,779.75	2,085,975.49
Cashiers' checks outstanding.....	4,998,919.04	4,821,683.09	188,275.81
Gross deposits.....	975,219,452.18	731,458,687.29	274,679,704.86
Notes:			
Federal Reserve notes outstanding.....	819,015,835.00	456,338,565.00	107,003,765.00
Federal Reserve bank notes outstanding.....	33,785,000.00		
Total.....	852,800,835.00	456,338,565.00	107,003,765.00
Other liabilities:			
Depreciation reserve account.....	505,255.00	205,880.00	
Unearned discount and interest.....	1,308,769.90	1,348,238.04	149,756.24
Participation certificates Liberty loan bonds.....	34,410.00	227,970.00	
Reserve for franchise tax.....	12,795,214.57		
Total other liabilities.....	14,643,649.47	1,782,088.04	149,756.24
Total liabilities.....	1,871,806,076.65	1,208,924,663.89	393,862,040.08

SCHEDULE 2.—Income and expense statement.

	1918	1917
INCOME.		
Bills discounted for members.....	\$17,736,260.94	\$2,455,532.87
Acceptances bought.....	5,411,820.70	1,843,324.87
United States securities.....	1,561,839.17	378,068.40
Municipal warrants.....	2,621.23	66,470.41
Profit realized on United States bonds.....		14,335.50
Commissions received.....	22,645.93	38,537.54
Profit on bills sold.....	10,393.07	8,077.03
Penalties for deficient reserves.....	27,191.89	18,565.29
Service charges.....	50,167.06	80,922.53
Sundry profits.....	491,795.99	24,779.51
Total.....	25,314,735.98	4,929,213.95
EXPENSE.		
Directors' fees, outside conferences, and Federal Advisory Council.....	22,618.96	18,301.61
Salaries.....	1,298,474.26	398,282.81
Rent.....	139,007.62	55,550.91
Cost of furniture and equipment.....	170,933.02	
Repairs and alterations.....	42,145.52	
Stationery and printing.....	137,960.30	
Telephone and telegraph.....	33,053.49	
Postage.....	99,439.80	
Expressage.....	47,204.28	
Insurance.....	35,294.48	
Employees' supper allowance, due to late work.....	48,459.52	
Postage and insurance on our Federal Reserve notes returned.....	20,491.24	
General expense.....	121,779.43	
Cost of Federal Reserve notes.....	335,043.65	329,096.98
Cost of Federal Reserve bank note plates.....	27,920.93	343,764.88
Assessment for expenses of Federal Reserve Board.....	100,876.18	50,252.09
Total.....	2,680,702.68	1,195,249.28
Net earnings.....	22,634,033.30	3,733,964.67
Net credits to profit and loss during year.....	132,058.91	
Net debits to profit and loss during year.....		158,708.77
Total.....	22,766,092.21	3,892,673.44
Deductions December 31, 1918:		
Additional transfer to depreciation reserve account.....	\$299,375.00	
Estimated value of buildings now standing on site, charged off.....	803,800.00	
	1,103,175.00	
Dividends paid during 1918:		
Jan. 1 to June 30.....	586,271.98	
July 1 to Dec. 31.....	608,754.22	
	1,195,026.20	
Reserve for franchise tax.....	12,795,214.57	
Carried to surplus.....	7,672,676.44	
Total.....	22,766,092.21	

SCHEDULE 3.—Discount rates.

Months.	15 days or less (including collateral loans).		16 to 90 days, inclusive.		Agricultural paper, 91 days to 6 months.		Special secured by Liberty bonds or United States certificates of indebtedness, 16-90 days.		Special 1-day collateral notes in connection with Government financing.		Trade acceptances, 16 to 90 days.		Rediscounts of bankers' acceptances, 15-60-90 days.		Open-market purchases, bankers' acceptances.	
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
January.....	3½	4½	5	4	4	4	3-4½	4	.....	.....	.....	.....	3-4½	3½-4½	.....	.....
February.....	3½	4½	5	4	4	4	3-4½	4	.....	.....	.....	.....	3-4½	3½-4½	.....	.....
March.....	3½	4½	5	4	4	4	3-4½	4	.....	.....	.....	.....	3-4½	3½-4½	.....	.....
April 1-5.....	3½	4½	5	4	4	4	3-4½	4	.....	.....	.....	.....	3-4½	4-4½	.....	.....
April 6-30.....	4	4½	5	4½	4½	4½	.....	.....	.....	.....	.....	.....	Min.	4	4	4-4½
May.....	4	4½	5	4½	4½	4½	.....	.....	.....	.....	.....	.....	Min.	4	4	4-4½
June.....	4	4½	5	4½	4½	4½	.....	.....	.....	.....	.....	.....	Min.	4	4	4-4½
July.....	4	4½	5	4½	4½	4½	.....	.....	.....	.....	.....	.....	Min.	4	4	4-4½
August.....	4	4½	5	4½	4½	4½	.....	.....	.....	.....	.....	.....	Min.	4	4	4-4½
September.....	4	4½	5	4½	4½	4½	.....	.....	.....	.....	.....	.....	Min.	4	4	4-4½
October.....	4	4½	5	4½	4½	4½	.....	.....	.....	.....	.....	.....	Min.	4	4	4-4½
November.....	4	4½	5	4½	4½	4½	.....	.....	.....	.....	.....	.....	Min.	4	4	4-4½
December.....	4	4½	5	4½	4½	4½	.....	.....	.....	.....	.....	.....	Min.	4	4	4-4½

Special rate, Apr. 6-Dec. 31.—For rediscounting for member banks, for periods not exceeding 15 days, eligible paper having a maturity at time of rediscount of more than 15 days, 4 per cent.

SCHEDULE 4.—State banks admitted to system during 1918.

Admitted to membership, 1918.	Bank or trust company.	Location.	Resources.
January	Bloomfield Trust Co.	Bloomfield, N. J.	\$3,980,809.35
	Trust Company of Fulton County.	Gloversville, N. Y.	1,096,337.04
	Hudson Trust Co.	Hoboken, N. J.	24,834,270.11
	Lincoln Trust Co.	New York, N. Y.	22,716,183.28
February	Peoples Bank & Trust Co.	Passaic, N. J.	6,354,559.68
	Peoples Bank & Trust Co.	Westfield, N. J.	2,206,055.70
	Farmers Loan & Trust Co.	New York, N. Y.	195,244,763.59
	Peoples Trust & Guaranty Co.	Hackensack, N. J.	6,178,884.38
	The Bank of Hammondsport.	Hammondsport, N. Y.	928,171.87
March	Rutherford Trust Co.	Rutherford, N. J.	1,467,624.92
	Peoples Trust Co.	Binghamton, N. Y.	5,142,020.30
April	Commercial Trust Co. of New Jersey	Jersey City, N. J.	32,340,202.34
	Trust Co. of Wyoming County	Warsaw, N. Y.	752,403.25
	Glen Ridge Trust Co.	Glen Ridge, N. J.	1,176,459.86
	Ithaca Trust Co.	Ithaca, N. Y.	3,150,215.03
May	Workers Trust Co.	Johnson City, N. Y.	1,923,885.43
	Nassau County Trust Co.	Mineola, N. Y.	2,430,346.92
	Montclair Trust Co.	Montclair, N. J.	3,960,638.14
	Power City Bank.	Niagara Falls, N. Y.	9,365,827.67
	Schenectady Trust Co.	Schenectady, N. Y.	6,956,030.22
	Savings Investment & Trust Co.	East Orange, N. J.	9,894,876.94
	Fulton Trust Co.	New York, N. Y.	9,288,016.24
	New Jersey Title Guarantee & Trust Co.	Jersey City, N. J.	16,135,179.24
	Montgomery County Trust Co.	Amsterdam, N. Y.	2,734,794.60
	First State Bank.	Canisteo, N. Y.	552,322.09
June	Commercial Exchange Bank.	New York, N. Y.	8,920,147.25
	Fifth Avenue Bank of New York.	New York, N. Y.	25,436,952.05
	New Netherland Bank.	New York, N. Y.	7,031,510.21
	Bank of Suffolk County.	Stony Brook, N. Y.	394,929.61
	The County Trust Co.	White Plains, N. Y.	3,045,852.76
	Bank of Amityville.	Amityville, N. Y.	599,358.88
	Cranford Trust Co.	Cranford, N. J.	1,489,602.24
	Erie County Trust Co.	East Aurora, N. Y.	1,092,579.59
	Jefferson Trust Co.	Hoboken, N. J.	4,363,259.33
	Oyster Bay Bank.	Oyster Bay, N. Y.	1,270,314.21
August	Mutual Trust Co. of Westchester County.	Port Chester, N. Y.	2,242,711.20
	Westfield Trust Co.	Westfield, N. J.	2,202,034.48
	Seacoast Trust Co.	Asbury Park, N. J.	1,978,786.27
	Bayonne Trust Co.	Bayonne, N. J.	4,159,396.89
	State Bank of Chatham.	Chatham, N. Y.	1,534,480.35
	Herkimer County Trust Co.	Little Falls, N. Y.	4,660,440.77
	Bank of Millbrook.	Millbrook, N. Y.	677,703.27
	Rockland County Trust Co.	Nyack, N. Y.	2,124,275.39
	South Norwalk Trust Co.	South Norwalk, Conn.	3,049,727.25
	The State Bank.	Trumansburg, N. Y.	368,934.77
September	Bank of Westbury.	Westbury, N. Y.	481,839.34
	Yorkville Bank.	New York, N. Y.	10,885,255.90
	Farmers & Merchants Bank.	Boonton, N. J.	480,869.99
	Bank of Hicksville.	Hicksville, N. Y.	986,407.62
	Federal Trust Co.	Newark, N. J.	9,793,898.23
	Columbia Bank.	New York, N. Y.	18,293,353.40
	Citizens Bank.	Perry, N. Y.	1,330,203.89
	Alliance Bank.	Rochester, N. Y.	15,518,076.66
	Floral Park Bank.	Floral Park, N. Y.	706,034.53
	October	Morristown Trust Co.	Morristown, N. J.	9,225,186.77
Mutual Bank.		New York, N. Y.	10,872,924.46
Trust Co. of Orange.		Orange, N. J.	957,837.10
Syracuse Trust Co.		Syracuse, N. Y.	17,821,127.40
Trust & Deposit Co. of Onondaga.		Syracuse, N. Y.	24,364,091.32

SCHEDULE 5.—Foreign branches of American banks, December 31, 1918.

American Foreign Banking Corporation:	Equitable Trust Co.:
Branches—	Branches—
Port au Prince, Haiti.	Paris, ¹ France.
Panama City, Republic of Panama.	London, ¹ England.
Cristobal, Canal Zone.	Farmers Loan and Trust Co.:
Havana, Cuba.	Branches—
Empire Trust Co.:	London (2), ¹ England.
Branch—	Paris, ¹ France.
London, ¹ England.	Bordeaux, France.
	St. Nazaire, France.
	Neufchateau, France.

¹ Branches established before August, 1914.

SCHEDULE 5.—Foreign branches of American banks, December 31, 1918—Continued.

Guaranty Trust Co.:

Branches—

London,¹ England.
 Paris, France.
 Tours, France.
 Brussels, Belgium.
 Buenos Aires, Argentina.

International Banking Corporation:

Branches—

London,¹ England.
 Yokohama,¹ Japan.
 Kobe,¹ Japan.
 Shanghai,¹ China.
 Peking,¹ China.
 Hankow,¹ China.
 Tientsin,¹ China.
 Hong Kong,¹ China.
 Canton,¹ China.
 Manila,¹ Philippine Islands.
 Cebu,¹ Philippine Islands.
 Singapore,¹ Straits Settlements.
 Batavia, East Indies.
 Sourabaya, East Indies.
 Calcutta,¹ India.
 Bombay,¹ India.
 Panama,¹ Republic of Panama.
 Colon,¹ Republic of Panama.
 Medellin, Colombia.
 Santo Domingo, Dominican Republic.
 San Pedro de Macoris, Dominican Republic.
 Santiago, Dominican Republic.
 Puerto Plata, Dominican Republic.

Mercantile Bank of the Americas (Inc.):

Branches—

Paris, France.
 Barcelona, Spain.

Affiliated Institutions—

American Mercantile Bank of Brazil—
 Para, Brazil.
 Pernambuco, Brazil.
 Banco Mercantile Americana de Caracas—
 Caracas, Venezuela.
 La Guayra, Venezuela.
 Banco Mercantile Americano del Peru—
 Lima, Peru.

Mercantile Bank of the Americas—Con.

Affiliated Institutions—Continued.

Banco Mercantile Americano del Peru—Continued.

Arequipa, Peru.
 Chiclayo, Peru.
 Callao, Peru.

Banco Mercantile Americano de Colombia—

Bogota, Colombia.
 Barranquilla, Colombia.
 Cartagena, Colombia.
 Medellin, Colombia.
 Cali, Colombia.
 Manizales, Colombia.

Banco Mercantile Americano de Cuba—

Havana, Cuba.

Mercantile Overseas Corporation—

Guayaquil, Ecuador.
 Maracaibo, Venezuela.

National Bank of Nicaragua—

Managua, Nicaragua.
 Bluefields, Nicaragua.
 Leon, Nicaragua.
 Granada, Nicaragua.

Panama Banking Corporation:

Branches:

Colon,¹ Republic of Panama.
 Panama,¹ Republic of Panama.

National City Bank:

Branches—

Havana,¹ Cuba.
 Cienfuegos, Cuba.
 Matanzas, Cuba.
 Santiago, Cuba.
 Sagua la Grande, Cuba.
 San Juan, Porto Rico.
 Caracas, Venezuela.
 Bahia, Brazil.
 Rio de Janeiro, Brazil.
 Sao Paulo, Brazil.
 Santos, Brazil.
 Santiago, Chile.
 Valparaiso, Chile.
 Buenos Aires,¹ Argentina.
 Montevideo, Uruguay.
 Genoa, Italy.
 Moscow, Russia.
 Petrograd, Russia.
 Vladivostok, Russia.

¹ Branches established before August, 1914.

SCHEDULE 6.—*American branches of foreign banks, December 31, 1918.*

African Banking Corporation: New York. ¹	Commercial Bank of Spanish America: New York. ¹ San Francisco.
Anglo-South American Bank (Ltd.): New York. ¹	Credito Italiano: New York (agency).
Banca Commerciale Italiana: New York.	Hongkong & Shanghai Banking Corporation: New York. ¹ San Francisco. ¹
Banca di Napoli: New York. ¹ Chicago.	London & Brazilian Bank (Ltd.): New York. ¹
Banco Nacional de Cuba: New York. ¹	London & River Plate Bank (Ltd.): New York. ¹
Bank of Montreal: New York. ¹ San Francisco. ¹ Chicago. ¹ Spokane.	Merchants Bank of Canada: New York. ¹
Bank of Nova Scotia: New York. ¹ Boston. ¹ Chicago. ¹	National Bank of Santo Domingo: New York. ¹
Bank of British West Africa (Ltd.): New York.	National Bank of India: New York. ¹
Bank of Taiwan (Ltd.): New York (agency).	National Bank of South Africa: New York.
Banque Belge Pour l'Etranger: New York.	Philippine National Bank: New York.
Banque Nationale de la Republique d'Haiti: New York.	Royal Bank of Canada: New York. ¹
Canadian Bank of Commerce: New York. ¹ Portland, Oreg. ¹ San Francisco. ¹ Seattle, Wash. ¹	Standard Bank of South Africa (Ltd.): New York. ¹
Chartered Bank of India, Australia, and China: New York. ¹	Sumitomo Bank (Ltd.): San Francisco. Seattle. New York (agency).
Colonial Bank of London: New York. ¹	Union Bank of Canada: New York. ¹
	Yokohama Specie Bank (Ltd.): San Francisco. ¹ Seattle. Los Angeles. ¹ New York. ¹

¹ Branches established before August, 1914.

SCHEDULE 7.—*Employees of the bank.*

	Men.	Women.	Total, 1918.	Total, 1917.
BANK DEPARTMENTS.				
Accounting and reconciling	11	1	12	
Accounting reference files	1	19	20	
Adjustment	15	4	19	
Architectural	2		2	
Auditing	60	46	106	29
Bookkeeping	23	18	41	16
Cafeteria		26	26	
Chief clerk	4	4	8	7
City collection	34	1	35	
Code	1	1	2	
Complaint and fraud	3	2	5	
Comptroller	4	8	12	
Country collection	11	37	48	11
Coupon collection	12	12	24	
Credit	25	8	33	11
Custody	11	2	13	
Discount	50	33	83	21
Distributing	9	4	13	5
Employment	2	9	11	
Federal Reserve agent	3	2	5	5
Filing and library		19	19	18
Float force	1		1	
Foreign exchange	6	1	7	
Gold shipments	3		3	
Mail—officers'	1		1	2
Mail—outgoing	11	1	12	
Mail teller—day	28	8	36	17
Mail teller—night	13		13	13
Miscellaneous				8
Money	35	39	74	37
Money shipments	7		7	
Note teller	6	2	8	8
Officers' assistants	3		3	
Pages	11		11	9
Paving teller	3		3	2
Porters	21		21	17
Protection	21		21	25
Protection—night	15		15	
Purchasing	3	5	8	
Receiving teller	3	2	5	3
Reserve penalties	3	2	5	
Return items	8	12	20	17
Secretaries	1	8	9	3
Signatures	1		1	
Special statements	6	4	10	
Stenographers	2	24	26	23
Supply	2	2	4	2
Telegraph	2	2	4	
Telephone		12	12	6
Transit—day	32	308	340	167
Transit (5 p. m. to 12 p. m.)	10	63	75	
Transit (12 p. m. to 8 a. m.)	32		32	
Vault	4		4	2
Warehouse	4		4	
Welfare		11	11	
Wire transfer	6	3	9	7
Total	585	765	1,350	496
GOVERNMENT DEPARTMENTS.				
Bond issue and exchange	115	105	220	228
Capital issues committee	4	1	5	
Coupon payment	4	19	23	
Custody	40	2	42	
Government check	31	11	42	19
Government deposit	44	19	63	52
Certificate of indebtedness:				
Clerical	38	35	73	34
Sales	4		4	
Total	280	192	472	333
LIBERTY LOAN ORGANIZATION.				
Administration	33	28	61	
Distribution	36	63	99	
Partial payment—third	45	272	317	
Partial payment—fourth	53	77	130	
Publicity	103	98	201	
Total	270	538	808	
Grand total	1,135	1,495	2,630	829

SCHEDULE 8.—Certificates of indebtedness.

Loan.	Date of issue.	Maturity date.	Rate.	Total sale.	Total allotment, second district.
			<i>Per cent.</i>		
Third	Jan. 2, 1918	June 25, 1918	1 4	\$491,822,500	\$239,954,000
Third	Jan. 22, 1918	Apr. 22, 1918	4	400,000,000	209,685,000
Third	Feb. 8, 1918	May 9, 1918	4	500,000,000	241,322,000
Third	Feb. 15, 1918	June 25, 1918	1 4	74,100,000	14,007,500
Third	Feb. 27, 1918	May 28, 1918	4 1/2	500,000,000	172,666,500
Third	Mar. 20, 1918	June 18, 1918	4 1/2	543,032,500	193,700,500
Third	Mar. 15, 1918	June 25, 1918	1 4	110,962,000	10,252,500
Third	Apr. 10, 1918	July 9, 1918	4 1/2	551,226,500	215,448,000
Third	Apr. 22, 1918	July 18, 1918	4 1/2	517,826,500	222,489,000
Fourth	Apr. 15, 1918	June 25, 1918	1 4	71,880,000	12,000,500
Fourth	May 15, 1918	do.	1 4	183,767,000	61,188,000
Fourth	June 25, 1918	Oct. 24, 1918	4 1/2	839,646,500	312,844,500
Fourth	July 9, 1918	Nov. 7, 1918	4 1/2	753,938,000	273,219,500
Fourth	July 23, 1918	Nov. 21, 1918	4 1/2	584,750,500	211,714,000
Fourth	Aug. 6, 1918	Dec. 5, 1918	4 1/2	575,705,500	207,287,000
Fourth	Aug. 20, 1918	July 15, 1919	1 4	157,552,500	44,766,000
Fourth	Sept. 3, 1918	Jan. 2, 1919	4 1/2	639,493,000	210,068,500
Fourth	Sept. 17, 1918	Jan. 16, 1919	4 1/2	625,216,500	216,264,500
Fourth	Oct. 1, 1918	Jan. 30, 1919	4 1/2	641,069,000	249,591,000
Fourth	Nov. 7, 1918	Mar. 15, 1919	1 4 1/2	794,172,500	350,817,500
Fifth	Dec. 5, 1918	May 6, 1919	4 1/2	613,438,000	222,830,000
Fifth	Dec. 19, 1918	June 20, 1919	4 1/2	572,494,000	199,117,000
				10,742,094,000	4,091,260,000

¹ Tax certificates.

² Subscription of \$239,017,000.

³ Subscription of \$197,715,000.

SCHEDULE 9.—Liberty loan subscriptions.

THIRD LOAN.

Class.	Amount of subscriptions.	Number of subscribers.
\$50.....	\$96,284,350	1,925,587
\$100.....	57,711,700	577,117
\$150 to \$450.....	69,651,100	298,921
\$500.....	46,789,500	93,579
\$550 to \$950.....	3,072,300	4,417
\$1,000.....	106,447,000	106,447
\$1,050 to \$4,950.....	35,509,650	15,800
\$5,000.....	38,175,000	7,635
\$5,050 to \$9,950.....	9,533,050	1,371
\$10,000.....	60,060,000	6,006
\$10,050 to \$50,000.....	127,456,850	4,628
\$50,050 to \$100,000.....	68,557,600	763
\$100,050 to \$200,000.....	30,145,050	322
Over \$200,000.....	345,830,500	430
Total.....	1,115,243,650	3,043,123

FOURTH LOAN.

\$50.....	\$113,958,250	2,279,165
\$100.....	88,741,300	887,413
\$150 to \$450.....	33,005,800	138,509
\$500.....	43,682,000	87,364
\$550 to \$950.....	9,733,100	14,333
\$1,000.....	118,376,000	118,376
\$1,050 to \$4,950.....	81,242,250	35,570
\$5,000.....	68,225,000	13,645
\$5,050 to \$9,950.....	32,927,400	4,710
\$10,000.....	104,830,000	10,483
\$10,050 to \$50,000.....	279,570,800	10,596
\$50,050 to \$100,000.....	156,613,950	1,886
\$100,050 to \$200,000.....	145,827,950	933
Over \$200,000.....	768,167,950	967
Total.....	2,044,901,750	2,069,806.17

SCHEDULE 10.—Ratio of subscriptions received, third and fourth loans.

THIRD LOAN.

Class of bank.	Number in second district.	Number subscribing.	Amount of subscriptions.	Per cent of total subscription.
National banks.....	625	624	\$541,400,250	48.6
State banks.....	229	228	147,024,900	13.2
Trust companies.....	202	193	393,092,200	35.2
Savings banks.....	178	105	21,990,850	2.0
Individuals (including foreign and private bankers).....			11,736,450	1.0
Total.....			1,115,243,650	100.0

Quota, \$900,000,000.

FOURTH LOAN.

National banks.....	625	622	\$962,662,650	47.1
State banks.....	229	228	272,686,300	13.3
Trust companies.....	202	196	739,660,100	37.2
Savings banks.....	178	89	26,440,250	1.3
Individuals (including foreign and private bankers).....			23,452,450	1.1
Total.....			2,044,901,750	100.0

Quota, \$1,800,000,000.

SCHEDULE 11.—Subscriptions, third and fourth loans, by geographic subdivisions.

THIRD LOAN.

Division.	Quota.	Amount of subscriptions.	Number of subscribers.	Average size.	Subscriptions per capita.
Subdistrict No. 1 (Buffalo and vicinity).....	\$43,626,500	\$57,525,500	288,428	\$201	\$56.51
Subdistrict No. 2 (Rochester and vicinity).....	20,969,400	24,777,450	115,090	215	41.74
Subdistrict No. 3 (Utica and Syracuse and vicinity).....	29,071,800	35,669,550	183,152	194	41.66
Subdistrict No. 4 (Binghamton and vicinity).....	9,449,900	13,248,550	74,474	178	33.53
Subdistrict No. 5 (Albany and Troy and vicinity).....	34,691,000	48,346,150	201,346	240	40.69
Subdistrict No. 6 (Long Island).....	10,872,100	12,527,500	50,966	245	38.98
Subdistrict No. 7 (Northern New Jersey).....	71,925,000	114,867,200	495,041	232	52.14
Subdistrict No. 8 (Westchester County, N. Y., and Fairfield County, Conn.).....	17,666,300	34,539,850	181,750	190	56.25
Total outside of Greater New York.....	238,272,000	341,500,750	1,588,245	215	48.18
Manhattan.....	618,794,000	701,167,700	1,248,327	561	276.42
Brooklyn.....	39,616,900	53,001,950	116,855	453	29.46
Bronx.....	3,317,100	5,361,150	24,417	219	8.70
Richmond ¹	1,032,900	3,386,800	19,262	176	34.33
Queens ¹	4,364,400	10,825,300	47,493	228	27.29
Total, Greater New York.....	661,728,000	773,742,900	1,456,354	531	142.07
Total for the district.....	900,000,000	1,115,243,650	3,044,599	366	88.98

¹ Parts of, but not included in figures for subdistrict No. 6.

SCHEDULE 11.—Subscriptions, third and fourth loans, by geographic subdivisions—Con.

FOURTH LOAN.

Division.	Quota.	Amount of subscriptions.	Number of subscribers.	Average size.	Subscriptions per capita.
Subdistrict No. 1 (Buffalo and vicinity).....	\$87,253,400	\$95,231,250	324,310	\$293	893.55
Subdistrict No. 2 (Rochester and vicinity).....	42,214,800	45,628,100	191,997	237	76.87
Subdistrict No. 3 (Utica and Syracuse and vicinity).....	58,143,600	63,054,850	219,833	296	73.84
Subdistrict No. 4 (Binghamton and vicinity).....	18,900,000	22,225,900	100,851	220	56.25
Subdistrict No. 5 (Albany and Troy and vicinity).....	69,392,000	77,653,100	224,847	345	65.36
Subdistrict No. 6 (Long Island).....	10,841,400	19,228,950	62,077	309	86.94
Subdistrict No. 7 (Northern New Jersey).....	143,850,000	199,131,150	607,089	327	90.39
Subdistrict No. 8 (Westchester County, N. Y., and Fairfield County, Conn.)....	35,332,400	53,029,700	215,310	246	86.37
Total outside of Greater New York.....	465,917,600	575,183,000	1,946,314	295	81.14
Manhattan.....	1,236,605,800	1,339,841,950	1,168,270	1,146	528.17
Brooklyn.....	79,233,800	101,032,950	290,453	347	56.17
Bronx.....	6,634,200	5,812,300	34,140	170	9.44
Richmond ¹	2,173,900	5,109,650	33,020	152	51.80
Queens ¹	9,434,700	17,951,900	131,263	136	45.25
Total, Greater New York.....	1,334,082,400	1,469,748,150	1,657,786	886	289.86
Total for the district.....	1,800,000,000	2,044,901,750	3,604,100	567	163.14

¹ Parts of, but not included in figures for subdistrict No. 6.

SCHEDULE 12.—Expenses of third and fourth Liberty loans to December 31, 1918.

THIRD LOAN.

Expense classification.	Fiscal agency organization.			Liberty loan organization.			Total.
	Bond issue.	Certificates of indebtedness.	Government deposit.	Distribution.	Publicity.	Administration.	
Salaries, regular.....	\$144,649.81	\$41,476.45	\$53,031.35	\$396,974.97	\$225,401.28	\$25,159.65	\$886,693.51
Salaries, overtime.....	8,292.31	5,560.62	7,226.29	50,799.10	13,833.52	2,284.64	87,906.48
Printing, stationery, and forms.....	15,017.47	4,138.73	2,391.77	199,640.02	16,331.22	24,365.57	251,884.78
Printing circulars and descriptive matter.....	2,650.00	756.58	491.62	83,302.32	143,270.82	9,859.80	239,731.14
Traveling expenses.....	1,106.54	2.40	.....	45,677.08	20,485.22	24.14	67,295.38
Telephone and telegraph.....	2,964.56	1,627.75	792.11	17,009.65	8,357.85	747.55	31,499.47
Expressage.....	247.88	22.26	.....	8,239.03	14,030.73	2,984.47	25,524.37
Postage.....	6,560.38	10.00	71.08	4,542.26	357.06	8.77	11,549.55
Equipment.....	23,736.48	4,038.25	2,013.19	40,871.03	18,226.33	8,372.75	97,258.03
Rent.....	12,687.43	2,585.13	3,172.33	42,628.30	8,774.74	10,778.60	80,626.53
Newspapers and directories.....	1.50	.....	103.65	276.50	3,533.11	7.00	3,921.76
Bands, music, and speeches.....	.....	.....	.....	18,932.63	21,617.83	.....	40,550.46
Banners, booths, and signs.....	.....	.....	.....	34,993.31	75,781.86	174.25	110,949.42
Miscellaneous supplies.....	11,705.31	1,648.32	395.42	31,250.95	17,017.01	11,859.12	73,376.13
General plant service.....	57,750.74	1,331.45	810.24	70,708.28	34,534.56	1,113.67	166,248.94
Total.....	286,680.41	63,197.94	70,499.05	1,035,845.43	621,553.14	97,239.98	2,175,015.95

SCHEDULE 12.—*Expenses of third and fourth Liberty loans to December 31, 1918—Continued.*

FOURTH LOAN.

Expense classification.	Fiscal agency organization.			Liberty loan organization.			Total.
	Bond issue.	Certificates of indebtedness.	Government deposit.	Distribution.	Publicity.	Administration.	
Salaries, regular.....	\$107,606.02	\$41,746.17	\$34,033.57	\$217,384.11	\$246,655.45	\$37,626.24	\$685,051.56
Salaries, overtime.....	15,386.39	5,925.51	1,630.66	41,085.07	31,576.62	4,396.89	100,001.14
Printing, stationery, and forms.....	11,048.08	3,758.39	3,163.26	272,667.06	27,865.34	14,424.71	332,926.84
Printing circulars and descriptive matter.....	536.73	4,380.09	135.00	41,188.24	235,983.61	2,480.83	284,704.50
Traveling expenses.....	11.30			37,744.19	20,432.59	97.91	58,285.99
Telephone and telegraph.....	18.28	197.77		12,215.25	1,060.14	1,851.27	15,342.71
Expressage.....	204.66		.61	7,882.60	19,619.16	4,233.39	31,940.42
Postage.....	5,023.17			50,521.34	347.59	171.50	56,063.60
Equipment.....	8,713.94	2,230.73	654.00	51,188.65	21,347.91	7,374.50	91,509.73
Rent.....	7,021.32	1,801.64	1,248.34	33,604.74	14,808.59	3,135.65	61,640.28
Newspapers and directories.....		53.25	13.65	1,150.12	3,170.67	3.78	4,391.47
Bands, music, and speeches.....				51,347.01	95,048.35		146,395.36
Banners, booths, and signs.....		35.00		48,616.07	68,294.56	267.72	117,213.35
Miscellaneous supplies.....	3,262.76	388.69	90.07	9,892.19	8,440.52	7,210.36	29,284.59
General plant service.....	4,035.46	1,215.44	168.91	36,084.45	12,133.52	1,416.85	55,054.63
Total.....	162,868.11	61,732.68	41,138.07	912,571.09	806,784.62	84,711.60	2,069,806.17

SCHEDULE 13.—*Capital account reconciliation, Jan. 1 to Dec. 31, 1918.*

Capital paid in Jan. 1, 1918.....	\$18,684,850
Sundry increases:	
Due to increase of capital and surplus of member banks.....	\$1,221,850
Due to organization of new national banks.....	1,350
Due to admission of State banks and trust companies.....	1,071,350
	2,294,550
Sundry decreases:	
Due to decrease in capital and surplus of member banks.....	300
Due to banks liquidated.....	174,000
	174,300
Paid in capital Dec. 31, 1918.....	20,805,100

SCHEDULE 14.—*Summary of Federal Reserve notes.*

Total issued to bank:	
1914, 1915, 1916, 1917.....	\$601,513,000
1918.....	589,400,000
	1,190,913,000
Less notes unfit for circulation retired 1914, 1915, 1916, 1917.....	¹ \$145,174,435
Less notes unfit for circulation retired 1918.....	226,722,730
	371,897,165
Amount outstanding Dec. 31, 1918.....	819,015,835
As follows:	
In actual circulation.....	729,824,330
Held by Federal Reserve Bank Dec. 31, 1918.....	89,191,505
	819,015,835
On Dec. 31, 1918, the Federal Reserve agent held against Federal Reserve notes:	
Gold certificates.....	274,392,165.00
Commercial paper.....	774,918,088.63
Total.....	1,049,310,253.63

¹ Includes \$26,033,000 of notes fit for circulation returned by the bank and by the United States Treasurer.

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SCHEDULE 15.—Total of Federal Reserve notes paid out by the Federal Reserve Bank of New York, by months, 1918.

	To member banks.	To nonmember banks
January.....	\$41,763,000	\$3,129,000
February.....	61,278,000	2,022,000
March.....	69,386,000	2,605,000
April.....	67,543,000	2,342,000
May.....	55,262,000	1,776,000
June.....	77,418,000	2,983,000
July.....	92,593,000	1,413,000
August.....	89,244,000	755,000
September.....	88,573,000	1,019,000
October.....	86,150,000	1,203,000
November.....	73,627,000	1,547,000
December.....	104,185,000	2,352,000
Total paid to nonmember banks.....	907,022,000	23,146,000
Total received from Federal Reserve agent.....	930,168,000	589,400,000

SCHEDULE 16.—Movement of Federal Reserve notes between Federal Reserve Bank of New York and other Federal Reserve Banks, Jan. 1 to Dec. 31, 1918.

From Federal Reserve Bank of—	Notes of Federal Reserve Bank of New York received.	To Federal Reserve Bank of—	Their notes shipped.
Atlanta.....	\$8,165,750	Atlanta.....	\$9,300,050
Boston.....	28,023,300	Boston.....	16,415,400
Chicago.....	11,226,000	Chicago.....	14,083,950
Cleveland.....	9,517,450	Cleveland.....	13,639,700
Dallas.....	2,989,850	Dallas.....	1,977,800
Kansas City.....	691,050	Kansas City.....	3,406,000
Minneapolis.....	1,001,300	Minneapolis.....	2,312,750
Philadelphia.....	43,178,000	Philadelphia.....	31,085,350
Richmond.....	9,742,900	Richmond.....	17,519,100
St. Louis.....	4,274,050	St. Louis.....	3,013,150
San Francisco.....	1,240,820	San Francisco.....	5,873,950
Total.....	118,050,470		118,629,200

SCHEDULE 17.—Summary of gold settlement fund operations, Jan. 1 to Dec. 31, 1918.

From or to Federal Reserve Bank of—	Amounts received and paid by the New York Federal Reserve Bank in settlement of accounts due.		Net gain.	Net loss.
	Received.	Paid.		
Boston.....	\$2,653,341,793.38	\$2,677,384,815.43		\$24,043,022.05
Philadelphia.....	3,120,296,067.46	2,981,806,142.38	\$138,489,925.08	
Cleveland.....	2,170,184,540.50	1,836,466,723.75	333,717,816.75	
Richmond.....	1,221,227,283.37	1,364,498,290.70		143,270,977.33
Atlanta.....	501,450,567.06	752,163,009.71		250,712,441.75
Chicago.....	2,700,218,462.26	3,248,800,605.65		548,582,143.39
St. Louis.....	791,185,425.53	582,125,736.46	209,059,689.07	
Minneapolis.....	631,171,389.45	725,818,906.49		94,647,517.04
Kansas City.....	763,295,709.41	594,527,787.62	168,767,921.79	
Dallas.....	433,858,198.13	448,527,571.69		14,669,373.56
San Francisco.....	1,180,968,773.34	1,071,180,195.15	109,788,578.19	
Federal Reserve agent.....	172,000,000.00	101,000,000.00	71,000,000.00	
Treasurer of United States.....	159,058,000.00	53,020,000.00	106,038,000.00	
Total.....	16,498,256,210.79	16,437,319,755.03	1,136,861,930.88	1,075,925,475.12
Gain.....		60,936,455.76		60,936,455.76

SCHEDULE 18.—*Fiduciary powers granted national banks during 1918 in Second District by Federal Reserve Board.*

Powers granted—Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics:

Asbury Park, N. J., Merchants National Bank.
 Morristown, N. J., National Iron Bank.
 Paterson, N. J., Second National Bank.
 Phillipsburg, N. J., Phillipsburg National Bank.
 Albany, N. Y., National Commercial Bank.
 Buffalo, N. Y., Manufacturers & Traders National Bank.
 Canandaigua, N. Y., Canandaigua National Bank.
 Canton, N. Y., St. Lawrence County National Bank.
 Catskill, N. Y., Catskill National Bank.
 Cooperstown, N. Y., Second National Bank.
 Dunkirk, N. Y., Lake Shore National Bank.
 Elmira, N. Y., Second National Bank.
 Geneva, N. Y., First National Bank.
 Glens Falls, N. Y., Merchants National Bank.
 Hudson, N. Y., First National Bank.
 Jamestown, N. Y., National Chautauqua County Bank.
 Lockport, N. Y., Niagara County National Bank.
 New York, N. Y., American Exchange National Bank.
 New York, N. Y., Atlantic National Bank.
 New York, N. Y., Chemical National Bank.
 New York, N. Y., Citizens National Bank.
 New York, N. Y., First National Bank.
 New York, N. Y., Hanover National Bank.
 New York, N. Y., Irving National Bank.
 New York, N. Y., Lincoln National Bank.
 New York, N. Y., Mechanics & Metals National Bank.
 New York, N. Y., National Park Bank.
 Nyack, N. Y., Nyack National Bank.
 Oneonta, N. Y., Citizens National Bank.
 Utica, N. Y., Utica City National Bank.
 Watertown, N. Y., Watertown National Bank.

Powers granted—Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, receiver:

Bridgeport, Conn., City National Bank.

Powers granted—Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver:

Elmira, N. Y., Merchants National Bank.

Powers granted—Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, receiver:

Greenwich, Conn., Greenwich National Bank.

Powers granted—Trustee, registrar of stocks and bonds:

Frenchtown, N. J., Union National Bank.

Powers granted—Registrar of stocks and bonds:

Paterson, N. J., First National Bank.

SCHEDULE 19.—Honor roll of employees in the military or naval service of the United States.

Name.	Entered service.	Branch of service.
Aliken, Harold R.	Apr. 6, 1918	Marines.
Anderson, Harry A.	May 10, 1918	Navy.
Anderson, William C.	Mar. 9, 1918	Army.
Bedell, Henry M.	Apr. 5, 1918	Naval Reserve.
Behari, William F.	Mar. 1, 1918	Do.
Berger, Harry A.	Aug. 15, 1918	Signal Corps.
Black, Norman P.	Apr. 5, 1918	Army.
Blackford, Eugene G.	Jan. 15, 1918	Do.
Blackman, Harry B., jr.	Dec. 15, 1917	Do.
Blumberg, Leo.	Sept. 21, 1918	Student Army Training Corps, Harvard.
Bowen, Harold J.	Apr. 13, 1918	Navy.
Brennan, Thomas S.	Apr. 23, 1918	Army.
Byrne, Edmund J.	Apr. 12, 1918	Do.
Cameron, Donald J.	Aug. 31, 1918	Do.
Carey, Jack H.	July 15, 1918	Canadian Royal Flying Corps.
Carnahan, Robert S.	Sept. 14, 1918	Student Army Training Corps, Columbia.
Cokelet, William Van.	May 25, 1918	Army.
Conover, William H.	June 22, 1918	Do.
Cook, James R.	July 19, 1918	Do.
Curtis, Frank M.	Sept. 4, 1918	Do.
Cuyler, Theodore J.	Dec. 15, 1917	Navy.
Dackerman, Frank.	Aug. 9, 1918	Do.
Dencker, Rudolph R.	Aug. 3, 1918	Signal Corps.
Denny, Daniel.	May 24, 1918	Army.
Donaldson, Guy.	Dec. 15, 1917	Navy.
Doyle, Frank P.	July 20, 1918	Army.
Drew, Earl.	May 1, 1918	Do.
Dunn, John A.	Apr. 27, 1918	Do.
Duvall, Steele.	Apr. 23, 1918	Do.
Ehm, William A.	July 16, 1917	National Guard.
Ermete, Martin C.	Sept. 28, 1918	Student Army Training Corps, St. John's.
Ernest, Frank, jr.	Sept. 15, 1918	Naval Reserve.
Farrell, Frank.	May 28, 1918	Army.
Felton, William.	Mar. 1, 1918	Do.
Ferens, Albert W.	June 30, 1918	Do.
Flanagan, James K.	Oct. 15, 1918	Do.
Fleming, John.	Mar. 19, 1918	Navy.
Foulon, Clement.	July 27, 1918	Do.
Furnald, George.	Sept. 1, 1918	Merchant Marine.
Gardner, Douglas F.	May 22, 1918	Army.
Gha, Arthur.	July 27, 1918	Do.
Gilechrist, William J.	July 15, 1918	Do.
Gleason, Parker A.	June 6, 1918	Naval Reserve.
Goddard, L. W.	Oct. 1, 1918	Navy.
Gorman, Wilbur B.	Aug. 3, 1918	Naval Reserve.
Griffis, Frederick.	Nov. 30, 1917	Royal Flying Corps.
Griffiths, Wilbur C.	May 5, 1918	Army.
Guy, Earl.	Dec. 31, 1917	Do.
Hamilton, Charles C.	July 12, 1918	Navy.
Hannett, Arthur.	Aug. 31, 1918	Do.
Hanson, Michael A.	June, 1917	Do.
Hart, William.	Nov. 30, 1917	Army.
Haviland, Roger M.	Dec. 15, 1917	Navy.
Heltrich, Henry W. A.	July 15, 1918	National Guard.
Henry, Thomas.	Sept. 4, 1918	Army.
Hughes, George Y.	Dec. 8, 1917	Navy.
Jacobus, Joseph L.	Sept. 3, 1918	Army.
O'Grady, Robert.	Aug. 15, 1918	Do.
Lange, William.	Sept. 23, 1918	Student Army Training Corps.
Steiger, Geo.	July 31, 1918	Merchant Marine.
Johnson, Adolf.	July 24, 1918	Army.
Johnson, Frank.	May 20, 1918	Do.
Judge, Joseph A.	Oct. 31, 1918	Student Army Training Corps.
Judson, Henry.	Aug. 24, 1918	Army.
Keeler, Charles J.	Nov. 15, 1917	Navy.
Keyes, Howard E.	Nov. 4, 1918	Army.
Klauser, Joseph.	Sept. 4, 1918	Do.
Klein, Ralph.	Mar. 31, 1918	Do.
Kniffin, Frederick.	Mar. 26, 1918	Do.
Lackaye, George J.	June 22, 1918	Do.
Langran, William, jr.	July 10, 1918	Navy.
Leger, Louis Wm.	Apr. 30, 1918	Army.
Leonard, William J.	July 27, 1918	Navy.
Lewis, Conrad B.	Dec. 15, 1917	Do.
Lewis, Donald J.	do.	Do.
Lewis, Ernest E.	Sept. 1, 1918	Merchant Marine.
Lord, Lyman C., jr.	May 28, 1918	Army.
Lowell, Charles.	Nov. 21, 1917	Navy.
McCormick, George J.	Dec. 1, 1917	Army.
McPherson, William.	Apr. 15, 1918	Do.
Maloney, Raymond.	Feb. 18, 1918	Do.
Manee, Basil.	Feb. 28, 1918	Do.

SCHEDULE 19.—*Honor roll of employees in the military or naval service of the United States—Continued.*

Name.	Entered service.	Branch of service.
Marcus, Warren, jr.	Dec. 10, 1917	Army.
Markert, Russell E.	Mar. 15, 1918	Do.
Mellor, Walter	Nov. 30, 1917	Navy.
Meyran, George D., jr.	Nov. 23, 1917	Army.
Miller, Edward A.	Apr. 30, 1916	Do.
Moore, W. B. J.	July 15, 1917	National Guard.
Muller, Carl	Mar. 14, 1918	Army.
North, James C.	June 15, 1918	Navy.
Pannick, Frank, jr.	Mar. 2, 1918	Army.
Peper, John L.	Sept. 15, 1918	Student Army Training Corps, Columbia.
Prescott, Harvey B.	Dec. 31, 1917	Navy.
Pronek, Lawrence J.	Oct. 24, 1918	Army.
Quirk, William A.	Sept. 21, 1917	Do.
Reimbrecht, Downing A.	Dec. 1, 1917	Do.
Ross, Irwin G.	Sept. 30, 1918	Do.
Schultz, George W.	May 1917	Navy.
Schwartz, Roland J.	Sept. 7, 1918	Army.
Scott, Joseph D.	June 3, 1918	Navy.
Seifert, Louis J.	May 23, 1918	Army.
Senior, Charles, jr.	Sept. 15, 1917	Do.
Simpson, James L.	Feb. 27, 1918	Do.
Somers, Sutphen M.	June 2, 1918	Naval Reserve.
Stieess, Henry F.	May 21, 1918	Army.
Suker, George	Sept. 1, 1918	Do.
Tomkins, Edward J.	Nov. 24, 1917	Do.
Weaver, Luther O.	June 1916	Navy.
Wiese, Rudolph E.	Dec. 15, 1916	Army.
Wightman, Walter H.	May 15, 1918	Marines.
Wills, Ralph G.	July 27, 1918	Navy.
Wiaget, Clifford	July 21, 1917	New Jersey National Guard.
Wise, John B.	Oct. 1, 1918	Navy.
Wonsor, Edward	Dec. 28, 1917	Do.
York, Clarence S.	July 20, 1918	Army.

Two of those named above died in the performance of their duty. William Fraser Behan, a cadet flyer, in training at Bay Shore, Long Island, was killed in the fall of a hydroplane, and Luther Oberlin Weaver was among those lost with the United States patrol boat *Alcedo*, which was sunk by an enemy submarine.

SCHEDULE 20.—*Schedule showing when the proceeds of items will become available.*

Immediate credit:

New York (Manhattan); when received by 9. a. m.

One day after receipt:

Boston. †Baltimore.
 Philadelphia. †Pittsburgh.
 Richmond.
 Roanoke, Va. (see par list).

Two days after receipt:

Cleveland;	Connecticut.	Banks in—	New Jersey.
†Cincinnati.	Delaware.		*New York.
Chicago.	District of Columbia.		*Pennsylvania.
†Detroit.	Maine.		Rhode Island.
Atlanta.	*Maryland.		Vermont.
Minneapolis.	*Massachusetts.		*Virginia.
St. Paul.	New Hampshire.		
St. Louis.			
Kansas City, Mo.			
Kansas City, Kans.			
†Louisville.			

† Branch banks.

* Except banks in cities referred to in first column.

Four days after receipt:

Dallas.	Alabama.	Banks in—	*Minnesota.
†New Orleans.	Arkansas.		Mississippi.
†Denver.	Florida.		*Missouri.
†Omaha.	*Georgia.		North Carolina.
†Spokane.	*Illinois.		*Ohio.
†Salt Lake City.	Indiana.		South Carolina.
†Portland, Oreg.	Iowa.		Tennessee.
†Seattle.	*Kansas.		West Virginia.
San Francisco.	*Kentucky.		Wisconsin.
	*Michigan.		

Eight days after receipt:

Arizona.	Banks in—	North Dakota.
*California.		Oklahoma.
*Colorado.		*Oregon.
Idaho.		South Dakota.
*Louisiana.		*Texas.
Montana.		*Utah.
*Nebraska.		*Washington.
Nevada.		Wyoming.
New Mexico.		

† Branch banks.

* Except banks in cities referred to in first column.

NOTE.—Two day items we forward on Saturday will be available Tuesday.
 Four day items we forward Thursday will be available Tuesday and those forwarded Friday and Saturday on Wednesday.

To obtain quickest availability of funds, sort and list checks in accordance with above time schedule, with a separate cash letter for each separate time group.

Banks desiring to send checks direct to other Reserve Banks or their branches will please secure from us the circulars showing the territory handled by the branches.

JUNE 1, 1918.

