

Fiftieth Anniversary of the Federal Reserve System

December 23, 1963, marked the fiftieth anniversary of President Wilson's signing of the Federal Reserve Act. This action by the President followed many years of concern over the problem of freeing our growing and increasingly complex economy from the inflexible currency and credit structure that existed under the National Banking Act. The money panic of 1907 underscored the problem and the need for action. Less than seven months after the peak of the crisis, Congress passed the Aldrich-Vreeland Act, which created a commission to study and report on central banking systems. By 1912 a commission proposal—the Aldrich Bill—was introduced into Congress. This first legislative effort was unacceptable, primarily because it called for a single central bank.

In 1913 Representative Carter Glass, Chairman of the House Banking and Currency Committee, introduced what became the Federal Reserve Act—providing for a system of regional reserve banks with supervisory power vested in a Board in Washington. On September 18, 1913, this bill passed the House, and on December 19 it received approval of the Senate.

The work of organizing the Federal Reserve System took almost the full year 1914. By April 2, a committee

consisting of the Secretary of the Treasury, the Secretary of Agriculture, and the Comptroller of the Currency had determined that there were to be twelve Reserve Banks, had designated the twelve cities in which the Reserve Banks would be located, and had defined their districts.

The district to be served by the New York Bank originally included only the State of New York (the northern counties of New Jersey were added in 1915 and Fairfield County, Connecticut, in 1916). By mid-August 1914, the national banks in New York had elected six directors of the full nine-man board of the New York Bank. The remaining three directors of the New York Bank were appointed by the Federal Reserve Board on September 30.

The Federal Reserve Board had been fully constituted on August 10, following Senate approval of five members appointed by the President; the other two members were the Secretary of the Treasury and the Comptroller of the Currency.

All the Reserve Banks opened on November 16, 1914. At the close of business on that first day the balance sheet of the New York Bank showed assets of \$105 million, consisting of \$103 million in gold and lawful money and \$2 million in bills discounted for member banks.