

Opening Day, Monday, November 16, 1914*

At 10 a.m., Monday, November 16, 1914, the Federal Reserve Bank of New York opened for business. The Bank had been incorporated May 18, 1914 and its directors elected and appointed by September 30. Pierre Jay had become Chairman of the Board of Directors and Federal Reserve Agent. At the first board meeting, on October 5, Benjamin Strong, Jr., President of Bankers Trust Company of New York, was elected Governor of the Bank. An acting deputy governor and a secretary-counsel also were appointed during October. Temporary offices were located at 27 Pine Street.

On October 26, Secretary of the Treasury W. G. McAdoo notified the twelve Reserve Banks that the Comptroller of the Currency planned to authorize their opening on November 16. Chairman Jay replied that he would endeavor to assemble a temporary organization so that the Bank could, in fact, begin to operate that day. Governor Strong wired Secretary McAdoo that the need to provide suitable safeguards for handling the amount of money involved in the Bank's opening might make it impossible to comply literally with the opening date announcement. Mr. Jay and Governor Strong promised, however, to do everything possible to meet the date.

Two weeks before the scheduled opening banking rooms were subleased at 62 Cedar Street. (The site of that building—a block from the Bank's present 33 Liberty Street address—was on what is now the Chase Manhattan Plaza.) The Bank moved into the Cedar Street quarters only one week before opening day. On Saturday, November 14, John Skelton Williams, Comptroller of the Currency, signed the certificates authorizing the twelve Banks to open, as provided for in the Federal Reserve Act.

Secretary McAdoo commented that the opening of the Banks marked a new era in the history of business and finance in this country. Paul M. Warburg, closely identified with the birth of the System and a member of the first

Federal Reserve Board, declared that coming generations would commemorate the date as the beginning of financial emancipation. *The Wall Street Journal* said the openings marked a new banking era and commented, "with the opening of the Federal Reserve Banks throughout the country today the consummation of the long standing agitation for currency reform in the United States may be said to have been attained".

Seven officers and eighty-five employees, mostly borrowed from banks and the subtreasury, made up the New York Bank's opening day staff. A permanent staff was organized during the next eight weeks. The main business during the opening day was accepting reserve deposits from Second District member banks. The National City Bank of New York was the first city member to deposit reserves (\$21 million including \$16 million in gold). By the end of the day, 221 of 480 Second District members had deposited about \$100 million in reserves, including \$82 million in gold and gold certificates and \$11 million in silver and silver certificates.

The Chemical National Bank of New York made the first application for rediscounting for the stated purpose of demonstrating its desire to support and use the facilities of the new reserve banking system. The bills submitted and accepted for rediscount under this application totaled \$2,182,500—the largest such operation by the New York Reserve Bank in its first year. At the close of business the first day the Bank had total assets of \$105 million, including payments on capital subscriptions received earlier in the month. By 8 p.m. the books had been proved and balanced, and the first daily report and balance sheet were sent to Washington. Chairman Jay and Governor Strong were quoted in the newspapers the next morning as commenting that everything had gone off as smoothly as if the Bank had been open for six months.

Years later, Governor Strong recalled the early days of the Bank in these words: ". . . we were a lot of 'green-horns' with no guide or compass, no experience, no cohesion—with everything to learn and, frankly, everything to lose as the result of our inexperience".

* The eleventh in a series of historical vignettes appearing during the System's anniversary year.