

June 15, 1955

Internal Memorandum

Interview with Mr. White, Vice President of the Kansas City Bank

Mr. White says that the Kansas City region was hit violently by a cattle market crash about 1921. Previously the town had been overloaded with banks, one street alone holding 7 or 8 of them. In outlying towns banks were as common as drug stores. They started buying cattle paper from cattle loan companies and got more and more deeply involved. Finally, when the crash came, the Kansas City Federal Reserve Bank built up a big "failed banks" department.

In spite of the severity of this early crash the banking holiday, when it came, was not to be regarded lightly. The Federal Reserve Bank of Kansas City could apparently do nothing to stop the difficulty. Men went to jail whose only crime was that they had tried at all costs to save their banks and the depositors in those banks.

The Fiscal Agency Department in 1921 was located at 8th and Delaware Streets. In those days pensions were paid to the old soldiers ("old" then meant men from the Civil War and the Spanish American War) every ninety days. They came in from the Old Soldiers' Home at Leavenworth, Kansas by street-car, heading immediately to the saloons with their paychecks. The next day the checks would be in the Federal Reserve Bank. This was a regular monthly progression, recognized and visible.

The small farms and the small farm houses have pretty well disappeared in this district. The combines have done away with any possibility of small farming, and with them have disappeared the groups of college boys who used to earn their summer money in the wheat fields. By and large the land is owned by tenants whose property consists of their own machinery and their operating methods. "Custom combining" does exist, but it goes mostly to the smaller farms. These custom combines start in Texas with the early crops and move on across the countryside up to Minnesota as the summer comes on and the wheat ripens further north. They are mostly owned by individual operators.

The farmers live in town these days and drive out to their farms. They no longer live on farms, and the lonely life of the farm woman so vividly pictured in

certain early fiction of this region is no longer to be feared. She lives on a street in the lively town, farm town.

Until very recently prices for farm material had been such that farmers had been growing rapidly wealthy after a long period of distress. One county in western Kansas is said to have raised more than \$50,000 worth of wheat a year (in a single year?), for every man, woman and child in the county. It has been better than oil. Young farm lads have been making as much as \$200,000 in a single season but losing it just as fast. The present big ~~XXXXXX~~ agricultural operation calls for big capital to sow the grain, to reap it and for machinery replacements.

This has not meant entirely the disappearance of the older type. Mr. White illustrated by the story of brothers meeting in Emporia who made their money in cattle. One asked the other about his wife, and the second man said, "Oh, she's home making soap." In other words, the change has come so fast that some of the women still stick to their more primitive domestic occupations.

The Dust Bowl ^{of the 1930's} is now said to be teeming with Cadillacs. The present dust storms which attracted attention in the spring of 1955 are by no means comparable with the dust storms in the 1920's. Then things were so bad that the farmers deeded their farms back to the banks from which they had borrowed and which they could not pay. Land then sold for \$5 an acre which is now selling for \$150 to \$200. The banks consequently have made considerable money and are riding high on the wave of present prosperity.

Mr. White came to the bank on June 8th of 1918 for ten days. The then new income tax rule had hit the small wage earner for the first time, and checks piled in. He was asked to come and do temporary work. He never did get the vacation which he was anticipating and has stayed with the bank ever since. He had a separate Transit Department for this income tax operation, and one time the Internal Revenue Collector sent in a bundle of reports without endorsement, and Mr. White had to get hold of the

revenue stamp and stamp them himself as a faster way than sending them back to the collector.

There was no coding number for Federal Reserve Banks or for member banks in those days. 5:00 p.m. was quitting time on July 4th, and 50¢ supper money was allowed men who worked overtime.

Speaking of the bank holiday situation, Mr. White said that the stress was such that funds had to go out by all possible means. The Kansas City Federal Reserve Bank had railroads holding trains for funds to be sent out. Funds were flown to Omaha. Guards were put on trains to Wichita. The vault was kept open all night in order to serve member banks, and private planes were flown in and out of the region in a day when private planes were fewer than they are now.

Mr. White has a clear memory and a much clearer way of talking than Mr. Phillips. He might be useful at another time.

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