

At a special meeting of the Federal Reserve Board held in the office of the Governor on Thursday, February 28, 1918, at 11 a. m.,

PRESENT:

Mr. Harding, presiding, Mr. Delano,  
Mr. Warburg, Mr. Willis, Secretary.  
Mr. Hamlin,

Present also, Mr. Asa E. Ramsey, Federal Reserve Agent at Kansas City and the following representatives of the Cattle Loan Banks: Mr. Ford E. Hovey, Vice-President of the Stock Yards National Bank, Omaha, Nebraska; Mr. L. M. Lord, President of the Live Stock National Bank, Omaha, Nebraska; Mr. J. L. Freeland, President of the Stock Yards Loan Company, Kansas City, Missouri; Mr. George S. Hovey, President of the Interstate National Bank, Kansas City, Missouri; Mr. Wirt Wright, President of the National Stock Yards National Bank, St. Louis National Stock Yards, Illinois.

Present also, Mr. William H. Heath, Federal Reserve Agent at Chicago.

Mr. Ramsey said that the delegation were representatives of the Cattle Loan Banks of the Western States and that they had visited the Board for the purpose of

stating the condition of their industry at the present time and its need for loans. It was their wish to facilitate the operations of the Federal Reserve Banks and of the Government by enlarging or decreasing their loans on cattle paper, whichever might be deemed most expedient.

The cattle loans were made by the cattle raisers and a part of them were placed with banks in the Eastern States.

Some were financed through the Federal Reserve Banks by the rediscount process, and this year a good deal of financing would have to be done by the Federal Reserve Banks.

The question further arose how far they could rely on the aid of the Federal Reserve Banks.

Mr. George S. Hovey made a brief statement in which he estimated the probable amount needed to finance the cattle industry, - not however including Chicago, Fort Worth, or Dallas, - at about \$215,000,000. Federal Reserve Agent Heath said that the cattle loan companies in Chicago probably needed about the same amount for their financing as those in Kansas City. About \$50,000,000 would cover their requirements.

Mr. Hovey said that \$50,000,000 to \$75,000,000 was needed in the Dallas district, but that there was a good deal of variation between districts so that no ab-

solutely positive estimate could be made. He thought the rates to the cattle men this year would probably be about 7% and that the paper would be sold at about 6% to the Eastern lender. He further stated that the Kansas City Federal Reserve Bank had already assured the cattle men of all the aid that was needed so far as it could render aid, but the bankers wanted to be sure of getting more assistance in case it should be required.

Governor Harding told the delegation that it would be the policy of the Board to do everything possible to take care of the industry, it being undoubtedly an essential industry.

Mr. Warburg inquired how many banks could be classed as Cattle Loan Banks.

Mr. Hovey replied that probably 15 to 20 could be so classified.

Mr. Warburg called attention to the necessity of saving and careful adjustment of expenditures on the part of the community, and Mr. Hovey said that it was unfortunately true that there had been little curtailment of outlay in the West on account of the War. The Cattle Loan Banks, however, had few or no loans on unessential industries.

Mr. Warburg called attention to the fact that there was a limit to what the Federal Reserve system could do, and that it was necessary to have the aid and cooperation of the community in order to carry through the present financial requirements of the country.

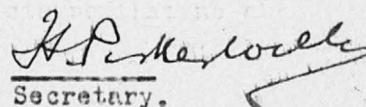
Mr. Hovey said that the bankers did not expect anything unreasonable but only wanted assurance of due consideration.

Mr. Delano called attention to the fact that the high point in income and excess profits tax payments would come early in June, thus tending to produce a period of stringency at that time; and Mr. Hovey noted the fact that the peak of the load in the cattle loan borrowing season would come between June 1 and 15. He thought it was necessary to have all preparations carefully made in advance so that there would be no need of conference, and no doubt as to policy, after the cattle loan period had opened.

On motion, at 11:50 a. m., Governor Harding declared the meeting adjourned.

APPROVED:

  
Chairman

  
Secretary.