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AND FISCAL AGENT

ADDRESS REPLY TO
FEDERAL RESERVE BOARD

July 3, 1918.

X1039.

Dear Sir:

The attention of the Federal Reserve Board has been called to the fact that because of the limitations of Section 5200 of the Revised Statutes, many of the ~~smaller~~ national banks are unable to take care of the needs of their customers engaged in the canning business. The canning season is now about to begin and the Board is informed that additional accommodation covering a period of about four months, will be required by many concerns engaged in this business.

It appears that although the canning industries have sold their output in advance, they are unable to realize on these sales until deliveries can be made. In the meantime they are in need of funds with which to purchase materials and to meet payrolls. The increased cost of labor and materials and the demands for larger production make their needs greater than usual. As the canning industries are located mainly in the small towns, few of them have established connections with larger banks in the cities, and have relied hitherto upon local accommodation.

The suggestion has been made that the city banks extend direct credits to the canners upon the recommendation of local banks. While the Federal Reserve Board does not feel warranted in recommending to member banks in the financial centers that credits be extended to customers of other member

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banks in the circumstances recited, it does feel however, that it would be desirable to have the facilities of the Federal Reserve System made available as far as practicable in the present emergency. In order, therefore, to afford some measure of relief, it is suggested that you communicate with some of the larger banks in your district and ascertain if they would be willing to cooperate with the smaller banks in the canning districts by extending temporary credits to such canning enterprises as may be able to make a satisfactory showing as to their financial condition.

Very truly yours,

Governor,

The Governor,
Federal Reserve Bank,