



FEDERAL RESERVE BANK  
OF DALLAS

DALLAS, TEXAS, July 19, 1919.

FINANCING THE CATTLE INDUSTRY

TO THE MEMBER BANK ADDRESSED:

Your attention is especially directed to the following telegram, dated July 14th, from the Federal Reserve Board:

“Board is advised of difficulty in placing loans on breeding cattle. While there has been no reduction in cost to consumer, statements from some breeders indicate material drop in price of cattle on hoof. If breeding cattle forced to slaughter heavy losses to stock raisers in your district will result, and greater scarcity of meat next year and year after will be inevitable. Board requests that you call attention of member banks in your district to this situation, and urge that they do whatever they can consistently to aid in carrying loans on cows, pointing out the eligibility of six months cattle paper for rediscount. Regions which suffered from drouth last year have been relieved by heavy rains, and all reports indicate excellent pasturage in those districts. War Finance Corporation is authorized to make loans to responsible parties on beef exported abroad. The slaughter of breeding cattle would be great blow to cattle industry and should be prevented if possible. Board does not, of course, suggest that member banks take undue risks, and they should use their own judgment as to security, but it is important that attention be called to the situation and that any relief which can be safely afforded should be given at once.”

It is probably unnecessary to call the attention of our member banks to the necessity and wisdom of assisting, as far as they can consistently, in financing their customers engaged in the cattle business; at the same time, in view of the fact that many stockmen are finding it extremely difficult to finance themselves, and thus rehabilitate their herds, and are forced to sacrifice their breeding stock, as evidenced by the very heavy runs of cattle to market, I deem it expedient to repeat the warning of the Federal Reserve Board.

You are familiar with our regulations, and doubtless know that cattle paper, well secured, and having a maturity within six months, is eligible for rediscount with this bank. Our facilities are open to member banks for this class of paper, and such offerings will have special consideration. We trust you will assist in every legitimate way to finance your customers engaged in cattle and sheep raising. In view of the excellent prospects which obtain over the range country of the west and southwest, insuring good pasturage for many months to come, it is especially opportune at this time that every possible effort be made to encourage the conservation and rehabilitation of herds.

Within the next few years, at least, there will be an unprecedented demand for cattle, not only for domestic consumption, but for export to those European countries devastated by the war, and unless proper aid is given this very important industry, a serious condition will result.

Very truly yours,

A handwritten signature in cursive script, reading "Chase Hall".

Assistant Federal Reserve Agent.