



FEDERAL RESERVE BANK
OF DALLAS

March 15, 1924.

FEED PROSPECTS

To the Bank Addressed:

Referring to my letter of December 10, 1923, in which I called attention to the serious shortage in the feed supply, may I ask that you favor me at this time with such information as you have been able to obtain with reference to the acreage that will be planted to feedstuffs in your section this season?

I should also be interested in knowing what success has attended the efforts which I assume you have made to interest your farmer customers in the subject of limiting their 1924 cotton acreage to such reasonable proportions as will enable them to produce an adequate supply of feed this year.

We are gratified to note, from chattel mortgages attached to rediscount offerings recently received from member banks, that in some sections, at least, due provision is being made for growing a satisfactory supply of feedstuffs. At the same time, the banks from which we have received such reports represent only a small percentage of our total membership, and we believe that the seriousness of this problem justifies us in asking you for specific information relative to the acreage plans of your farmer customers and the general outlook for the feed crops in your vicinity.

Awaiting your reply with much interest, I am,

Yours very truly,

A handwritten signature in cursive script, appearing to read "H. M. ...", written in black ink.

Federal Reserve Agent.

For the information of the readers of the Review there is reprinted below a letter recently issued by the Federal Reserve Agent of this bank to member banks in the Eleventh Federal Reserve District, on the subject of "Feed."

F E E D

"Recent reports received by this bank, both from its own field men and from government sources, indicate that the Eleventh Federal Reserve District is again confronted with a seriously deficient feed crop. While the farmers in some sections of the district have produced sufficient feed to supply their needs until the next crop is harvested, it is apparent that an unusually short crop has been produced in the district as a whole.

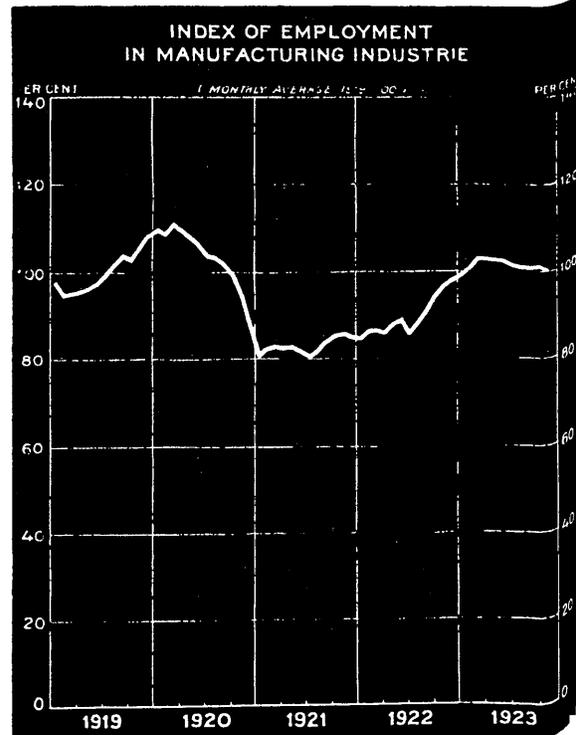
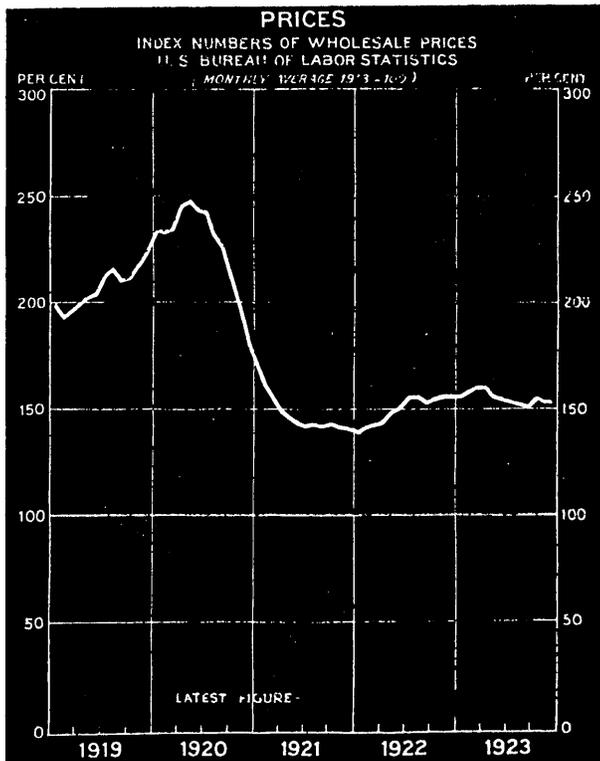
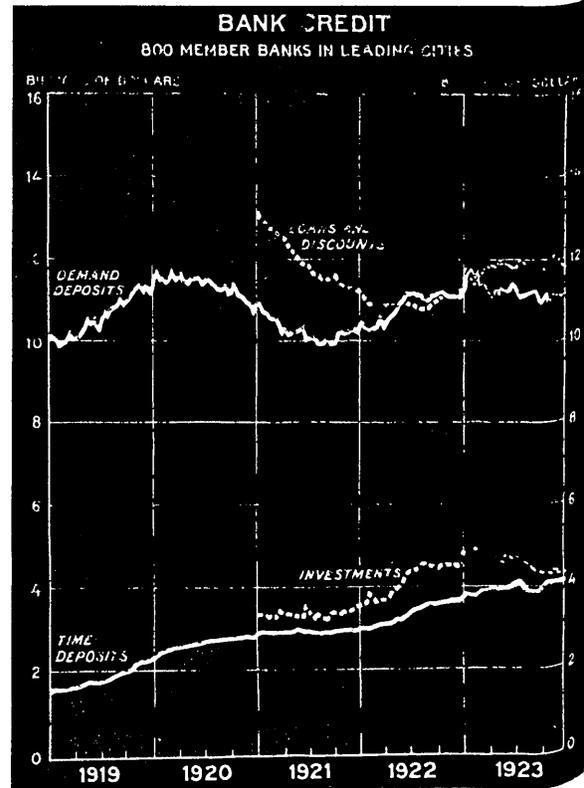
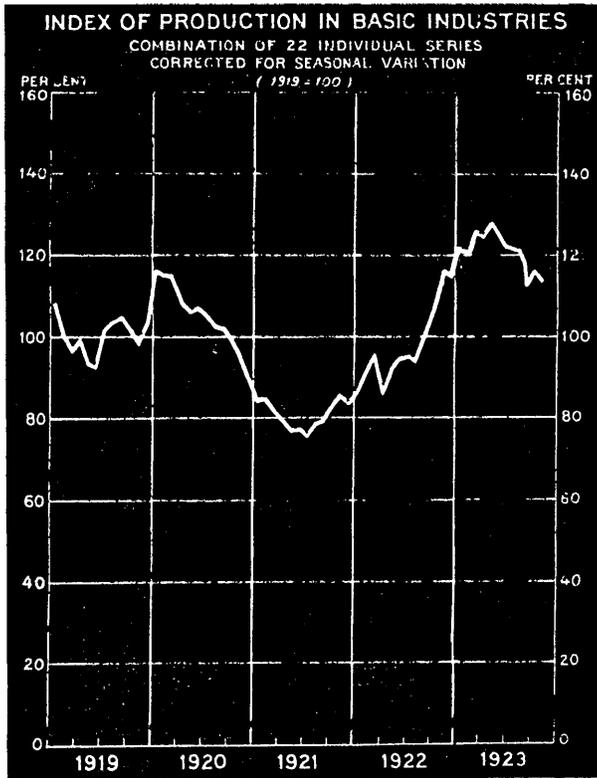
"We realize, of course, that in a few sections of the district the soil is not adapted to the production of feedstuffs in needed kinds and quantities. The fact still remains, however, that even in those sections in which soil and climatic conditions offer superior advantages for the growing of corn, oats, hay, and other feedstuffs the production of these staples has been gradually diminishing from year to year, and in a large part of this area the cotton acreage has shown a steady expansion.

"The upward trend in the cotton market during recent years has probably had as much to do with the steady decline in feedstuff production in the Southwest as have the unfavorable weather conditions to which the feed crops have been subject. The theory that high cotton prices justify enlargement of the cotton acreage at the expense of essential feed crops is a dangerous fallacy. No community can afford the economic loss involved in paying the freight and profit upon a supply of feed which it can produce at home. What the Southwest needs is not a larger cotton acreage at the expense of

the feed crop acreage, **but a larger yield of cotton lint per acre, which can be accomplished by intensive cultural methods**, aided and encouraged by the credit facilities of our banks.

"The time has come, in our opinion, when this matter should receive the serious attention of our member banks in those communities which do not produce feedstuffs in commercial quantities. As a matter of sound banking policy, recognition should be given, to a greater degree than has apparently been given heretofore, to the obligation that rests upon a bank to establish a definite relation between its policy in dispensing credit to agricultural producers and the policy of these producers themselves as to the use of the credit so dispensed. I therefore earnestly commend to your serious consideration the importance of discussing the feed problem with your farmer customers in connection with their plans for the coming year. After giving due consideration to their feed requirements for the approaching winter and spring and to the adaptability of their soil for feed production you can doubtless formulate a credit policy that will encourage them to adopt a diversified and intensive production program that will enable them to produce on their own land as large a portion as possible of the feed and other products that they will need for home consumption. Credit dispensed to our agricultural producers upon any other basis than **that which will tend to reduce their operating costs to a minimum** cannot be said to serve their best interest nor contribute to their permanent prosperity."

MONTHLY REVIEW OF BUSINESS AND INDUSTRIAL CONDITIONS



Note: Base Adopted by United States Bureau of Labor Statistics