



# NEWS RELEASE

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For Immediate Release

November 20, 2008

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## **Dallas Federal Reserve Bank President Discusses Nation's Economy With Cattle Feeders**

The current economic mess is evidence of a problem that government officials were too slow to address, according to Richard Fisher, the president and CEO of the Federal Reserve Bank of Dallas. Fisher gave an overview of the Fed's efforts to assist in the recovery at the Texas Cattle Feeders Association Annual Convention in Grapevine.

In describing the role of the nation's central bank, Fisher referred to a former Fed chairman who said the Federal Reserve's responsibility is to "take away the punch bowl just as the party gets going."

"We are in the midst of experiencing the consequences of the failure to take away the punch bowl," Fisher said. "We must never allow this to happen again. But first we must deal with the situation at hand," Fisher said.

Fisher said the Federal Reserve has made a robust effort to help keep credit flowing.

"We have reached deep into our tool kit to 'lend by every possible means and in modes, never adopted before.' We have been neither 'scanty' nor 'slow.' In rapid order, the Federal Reserve has stretched out the terms with which we lend to bankers; accepted new forms of collateral; (and) broadened access to our lending window to securities dealers," Fisher said. Recognizing that the global economy is "inextricably interwoven," Fisher said the Fed has also established swap lines to "help meet the dollar-funding needs of 14 central banks" around the world. He also noted that the Fed is providing "substantial intellectual input" to assist other regulators such as the FDIC and the U.S. Treasury Department.

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“This combination of measures, together with an effective fed funds rate of less than 1%, is unprecedented. We believe they are a necessary antidote to what ails the economy and a needed impetus for the restoration of confidence,” Fisher said. He added that “there are limits to what the central bank can do. Our efforts must be complemented by fiscal policy and by initiatives undertaken by other regulators. And we also know that it will take time before confidence is reestablished.”

The crisis at hand is troubling, but Fisher concluded his speech with the reassurance that Americans are “a resilient people” and our economy will bounce back.

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