

Reading

THE CATASTROPHIC SITUATION OF TEXAS CATTLE RANCHERS IN 1866 AND HOW IT RELATES TO WHAT WE ARE EXPERIENCING RIGHT NOW IN OUR CORONAVIRUS WORLD

During the fourteen years between the time we see them first brand their (sic) cattle, Tom and Matt's herd has grown from a bull and a cow to ten thousand head of cattle making it one of the largest herds in Texas at the time. Yet, as Dunson explains, the cattle are almost worthless because there isn't any money in the South. Why not? The Civil War (1861-1865) had been won as much by the Union North's larger economy as it had been by their larger army. The Confederate South had used up all its financial resources fighting a hopeless war. Not only was there no money in the south by 1865, there was also a huge oversupply of cattle

The Union armies of the North had blockaded the Confederate South, including Texas for fully four years. Texas was unable to export their cattle to any markets. The only reliable customer for Texas cattle was the Confederate army...which didn't actually *pay* the ranchers money but issued them promissory notes...which became worthless when the South lost the war! During those four years of war the oversupply of cattle reached a staggering 200,000 animals.

It is interesting to compare that crisis over one hundred and fifty years ago with the crisis in the United States right now. Some of the most dangerous places in America today are meat packing plants, the places that process animals for food. The workers in these places are packed tightly together in cool environments where the Coronavirus can spread easily. Thousands of these workers have become infected with the virus leading to many meat packing plants being closed by

state and local governments. But this also stops the supply



chain. The price of meat has gone up of course, but this has not helped the farmers at all because they are stuck with an oversupply of their animals: cows, pigs and chickens mostly. There is no place for the farmers to send their animals to be processed so they have to keep them on their farms. These animals, which cannot be sold, are worthless to the farmers. In fact, they are *worse* than worthless because they still have to be fed, watered, given medicines and places to live. It is expensive to raise animals and if the farmer cannot sell them he actually loses money by keeping them. The result is that rather than continue to feed and keep these animals on their farms the farmers are killing them and burning or burying their bodies! This isn't what the farmers want to do. But they have almost no choice. They simply cannot afford to keep the animals as pets.



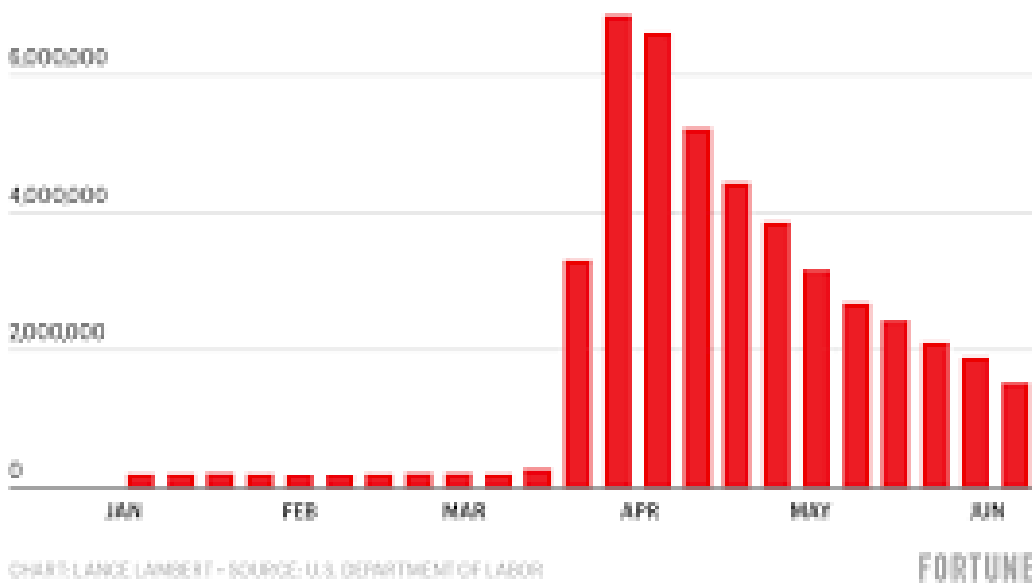
Texas in 1866 was in a similar situation. How could a cattle rancher afford to feed and pay his cowboys if he could not sell his cattle? A cowboy typically earned a dollar a day and was fed and housed by the rancher. It usually took three or four cowboys to look after a thousand cattle. With 10,000 head of cattle Dunson would need thirty or forty cowboys on his ranch each costing him \$1 a day. Figure that over one year and he would need to pay his men at the very least \$10,000 per year if he were paying the usual wage. The war lasted four years which would mean he would have needed \$40,000. Now consider that even if Dunson could sell his cattle, the most they would bring in Texas would be \$2 per head or \$20,000 for the entire herd! Of course, the ranchers were not paying their men a dollar a day under these circumstances. Some ranchers simply stopped paying the men and just fed and housed them. But what about cowboys who had wives and children to feed? This is what economic collapse looks like. No money moving through an economy hurts everyone.

Even if Dunson wasn't paying his men, he was probably losing money just by trying to stay in business. He would have had to feed the men, keep them housed, buy equipment for the ranch, keep a supply of horses. No wonder Dunson looked scared!



Any businessman in his situation would have been scared! A lot of people in the world today are just as scared as Thomas Dunson. Think for all the businesses that are closed and have had to fire their employees; hotels, airlines, travel agencies restaurants, bars, clubs, recreation centers, sports clubs, gyms, beauty salons, barber shops and thousands of other businesses.

Weekly initial unemployment claims in 2020



Probably a lot of us today are just as scared as Thomas Dunson was. Maybe we can learn something about how to survive our current circumstances by seeing how people coped

with a similar crisis a long time ago. As you continue to watch *Red River* think about how relevant it is to our lives today.



Unemployed people waiting in line