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**MONTHLY REPORT
CROP AND BUSINESS CONDITIONS IN THE
NINTH FEDERAL RESERVE DISTRICT.**

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**John H. Rich
Federal Reserve Agent.**

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War production is continually demanding the larger share of attention from industrial concerns of the district, which during the month has had the satisfaction of knowing that a single firm was able to ship more heavy gun carriages than all other private plants in the United States together, for the same period. The same plant is producing a steadily increasing output of high explosive shells, and is also engaged in the manufacture of ship winches and other miscellaneous material for the Government.

St. Paul is making large contributions of finished material for war work, some of which is of particular importance at this season. Stillwater has in successful operation the first large plant in the district capable of turning out forge blanks for six inch explosive shells, and is also engaged in the production of finished high explosives and anti-submarine shells. At a number of the smaller cities of the district, local concerns have also taken up war work, and are steadily increasing their deliveries to the Government of supplies and material needed to force back the Huns. Although not a manufacturing district, the Ninth District is providing a very substantial weekly output of finished manufactured material, while the steel mills and industries of Duluth are contributing iron and steel supplies and ships, the mines in northern Minnesota large quantities of ore, and the farming country a large crop of highly important and necessary food stuffs.

The work of further organizing the industrial resources of these states is being carefully and systematically developed, and wherever concerns are found to have proper organization and management, and adequate manufacturing experience, they are being brought in touch with Government orders for such materials as they can best supply.

The present policy of the Government is apparently to encourage the development of existing manufacturing resources and speed up the quantity of war material produced in existing concerns. Considering the district as a whole, and remembering that dairy products, live stock, grain, and other food stuffs are quite as essential as manufactured products, the total that can be classified as war production is very large, and at this season of the year is putting back into circulation large disbursements of Government fund. With a comparatively small manufacturing output, this district has not been in a position, except in the crop moving period, to receive the benefit of disbursements similar to those made by the Government in the more important manufacturing districts of the country. With the present heavy demand upon the Northwestern grain supplies, the Government's expenditures have, however, become important, and will continue to be an important factor for the remainder of the year. Considerable amounts of wheat are being stored subject to Government order at terminal elevators to be drawn upon as future demands may necessitate.

In line with the slow adaptation of the industrial resources and producing capacity of the country to the needs of the Government, parallel work of very great importance is also in progress. It is the evident intention of the Government that funds that are available for investment in development and industrial enterprises should not be wasted or diverted. Government supervision of the issue of securities is gradually increasing in effectiveness, and as the problem is studied and analyzed, Federal authority is reaching out more and more effectively to put an end to the dissipation of the resources of private individuals through bad investments in the stocks or securities of enterprises that are without merit or without hope of success.

Excellent as is the supervision of the various state Blue Sky Commissions, there are still a large number of enterprises selling stock and offering bonds, participating shares, contracts or other forms of investment securities which if not fraudulent, are, at least, highly, and sometimes hopelessly speculative, or on the other hand, based upon unsound assumptions and under poor business or financial management.

Whether such stocks and securities were issued with fraudulent intent or not, it is obvious that they waste funds and compete with the Government at a time when it is carrying an extremely heavy burden of financing. Under the control of the Capital Issues Committee such projects are being subjected to more and more rigid supervision, with the promise that a condition will shortly be created under which the greater part of the worthless or doubtful forms of investment of this general character will be eliminated. What the saving to the Government and people would be of any plan which is effective in driving these investments out of the market, it is impossible to estimate, but within this district alone, it would unquestionably run into many millions of dollars.

Banking and business conditions remain about the same. Deposits show the influence of seasonal liquidation, with a corresponding deduction in the outstanding obligations of banks scattered throughout the district. Rates are still firm with no prospect of material change. A satisfactory year and extremely favorable fall have produced excellent conditions throughout the rural districts where trade is in satisfactory volume and the outlook promising. Very favorable weather has permitted farmers to do a large amount of fall work.

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