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FEDERAL RESERVE BANK OF MINNEAPOLIS

NINTH DISTRICT

MONTHLY REPORT OF
CROP AND BUSINESS CONDITIONSJOHN H. RICH
CHAIRMAN AND FEDERAL RESERVE AGENT
CURTIS L. MOSHER
ASSISTANT FEDERAL RESERVE AGENTMARCH

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The present volume of business in the Ninth Federal Reserve District is satisfactory, but is less than the volume which is justified by important underlying conditions. Construction, which is vital to thousands of men engaged in a number of different trades, is still slow, and in a great many lines there are evidences of hesitation and some questioning as to the future. Except as this may result from high prices for material and raw products, it is not justifiable. Some reduction in material prices has already occurred. The best opinion seems inclined to the view that the general average of construction costs will decline by perhaps as much as ten percent during the spring.

Prospects for the future are excellent, and the slogan for business in the Ninth District throughout the remainder of 1919 should be "Forward, The War is Over"!

The most vital element in the future business outlook of this district is agriculture. The prospects are for a substantially increased wheat acreage, and increased barley acreage if the farmers do not decide when planting time comes, to turn the proposed barley increase into a wheat increase, and also for increased corn production. Soil and moisture conditions throughout the district are excellent. The outlook at this date is far better than it was a year ago at this time, and is fully as promising as could be expected at this time of the year. Back of this is the fact that there are still on the farms large quantities of grain and livestock yet to be marketed, while the inflow of wealth from dairy products is unchecked and prices continue high.

The anticipated problem of re-employment of returned soldiers has not developed the seriousness that was looked for. Returning men are being rapidly absorbed, and there is no reason to believe that those who are still to come will not find satisfactory opportunities without serious delay. Wage rates continue to be satisfactory to the wage earner, and will likely change little during the year. The war period brought large industrial production. There is no possible reason why peace should not bring equal or even greater activities, as soon as industries can make the necessary readjustments. The Northwest has hardly touched the export field, and it is a matter of great satisfaction that some of the leading producing concerns have already taken steps to secure representation in South America, conform to the requirements and the conditions in those countries, and expand the market for their products through resident agents and permanent agencies.

There was a shortage of labor in the United States before the war. Immigration has been practically suspended for four years, Thousands of Germans and Austrians returned to their native countries at the outbreak of the war, and were followed by large numbers of English, French, Canadians, Italians, Greeks, and other nationalities, the total exodus running into large figures. This was important, in an economic sense, since the Greeks, Austrians and Italians, particularly, and the returning men of other nationalities appreciably depleted the available common labor supply and decreased to some extent the supply of skilled artisans and mechanics. The drafting of nearly 4,000,000 men made still further inroads upon the producing man power of the country. Nearly 70,000 of those who went across will never come home, and there will be many among the wounded who will not be fitted to again resume their old occupations. These facts do not point to unemployment or a surplus of labor. On the other hand, they indicate that we must have more efficient organization than before, that we shall have to increase the efficiency of the available man power, and that unit costs will have to be reduced. Within a year there probably will be a shortage of labor to properly man our industries. Industrial efficiency has greatly

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The demand on the banks has quickened somewhat during the month, and rates are firm, with no changes of consequence. With the promise of an extremely early spring, it is likely that the demand will increase rapidly, and that the banks that serve the agricultural sections will shortly feel the strain of extensive crop planting activities.

Subscriptions to the War Finance Corporation's railroad bond issue are very satisfactory, and the outlook for the Liberty Loan, which is the big problem of the present, is such as to give encouragement to the belief that the Northwest's allotments will be promptly taken with the same large over-subscriptions that have characterized previous loans. The territory is in funds and is enjoying prosperity, and there is no reason why the response should not be in keeping with that made to the previous calls from the Government.

Business at the live stock markets dropped off a little during the 30 day period, but will probably build up rapidly during the spring months.

Reports from the farming sections are encouraging, and there appears to be ample moisture for the planting season which in the southern portion of the district has already commenced.