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

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Chairman and Federal Reserve Agent.

September.

October 2, 1918.

Late crop returns from the greater part of the Ninth District are extremely satisfactory. They indicate that total yields of practically all fine and coarse grains have run somewhat beyond expectations, and that the crop production of the district has, if anything, been under-estimated rather than over-estimated. This applies to the district as a whole rather than to particular localities, although in some of the sections, such as western North Dakota, where the crops suffered from unfavorable conditions, the actual yields are better than was anticipated.

The Federal Reserve Bank has had ample evidence of the large money value of this year's crops in the fact that it has issued more than twice the currency required for last year's crop moving. This is partly accounted for by the increased cost of farm operations, but reflects as well in the present high market prices, not alone for grains, but for live stock and everything else the farmer has to sell.

The farmer is not alone the recipient of unusual returns from his labor. The present wage scales throughout the entire district are higher than in any previous year. Wages have advanced to a point where artisans and laborers are obtaining a return comparing well with the income received by those in desirable salaried positions. This is evidenced by a rather remarkable increase in the buying power of the wage earning classes, which has been accompanied by a falling off in purchases by the salaried classes and by those ordinarily considered well-to-do. Whether extremely high wage rates are resulting in any permanent good to those who are benefiting by them, it is hard to determine, since with the advance of wages, has come a radical advance in the cost of living, and in the price of all food stuffs and commodities, bringing such important items as meat, flour, staple groceries, and fuel, to the highest levels that have been known in many years. Wage earners are receiving more

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money, but they are of necessity spending more, and the margin of net profit from their labor is probably not appreciably greater.

To the salaried classes, and all of those who work upon the basis of a fixed compensation, this situation is burdensome, since the advance in the cost of living is not offset by a commensurate increase in income.

It is probably true that the farmers as a class are receiving a permanent benefit from high price levels. The evidence available tends to show that the cost of farming has not advanced as rapidly as the price of farm products. While wages of farm labor have been high, a less amount of outside farm labor was employed this year than in a normal year. This year's operations will show an increased net return to the farmer, out of which many of those in the agricultural sections will be able to proceed with necessary and desirable permanent improvements, liquidate their indebtedness, and put their operations upon a more satisfactory basis.

Banking and business conditions during the month show no appreciable change. The demand upon the banks is active, and interest rates are very firm, at about the same levels. The volume of merchandising business is good, and all industrial concerns are very active.

The outlook for the late fall and early winter is very good.