

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

Wm. H. H. H. H.

DEC 5 - 1921

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Federal Reserve Agent.  
January.

February 5th, 1919.

A substantial fall of snow, and a sharp drop in temperature following one of the mildest Januarys on record, has already done much to improve outlook preparatory to the spring crop, particularly as the snowfall was preceded by rain and sleet. The frost line up to the end of January had reached only a moderate depth, after a period of extraordinary mild weather. The beneficial action of deep frost is necessary, and the general storm which terminated the mild weather will probably prove to be quite as beneficial and valuable as are widespread rains coming during the planting and growing season.

Although it is still far in advance of spring planting, winter conditions have an important effect on spring prospects, and are usually watched by those interested in agricultural matters with keen interest. The coming year will be in many respects quite as unusual, from an agricultural standpoint, as was 1918. With a guaranteed wheat price, with an extraordinary foreign demand for rye, and with no prospect of any substantial falling off in the demand for other grains, live stock and dairy products, the outlook is for a continuation of extremely satisfactory returns for the produce of the farms and ranches. Undoubtedly some items will show a price reduction as compared with last year, but important staples, such as wheat and live stock, promise nearly as large a profit as during last season. Farmers did well last year, and one more season of high prices will go a long way toward reducing their outstanding obligations and putting them on a much more satisfactory financial basis.

The outpouring of wealth from last season's operations is not yet at an end. A large amount of live stock will come into the market between now and spring. A very considerable amount of wheat and other small grains is still on the farms, and for one cause and another, has not yet been put on the market. The 1919 crop, with favorable weather conditions, will be large, and will probably show, so far as wheat and rye are concerned, a substantially increased acreage, and a heavy production, if the season is favorable. If marketing conditions, particularly transportation, do not improve, the new crop will move before a large part of the old crop is cleaned up, and marketing of the production of this year will extend well into the following twelfth month.

DEC 5 - 1921

128

In a district, where financial conditions are largely dependent on agricultural conditions, this outlook is encouraging, and if it is not impaired by a bad spring, ought to mean the continuation of a very satisfactory and prosperous trade in both retail and wholesale lines, and active business conditions throughout the entire year.

The banks of the district have the burdens of one more Liberty Loan in prospect, with the financing that accompanies such a campaign. The outlook for the Fifth or Victory Loan is satisfactory. While the opinion has been expressed that the distribution of bonds may not be as widespread as in the Fourth Loan, it may prove that this view is shortsighted. A people who have been spared the sacrifices and the loss of our best men that would surely have come if the war had continued for 12 to 18 months, as was the prospect prior to the signing of the Armistice, cannot and will not refuse to pay their just obligations to the Government. They should and will consider that the Victory Loan is a small thing compared with the suffering and sacrifice they have been spared. The immediate excitement and inspiration of the war has been to a considerable degree lost, but it is undoubtedly true that the deeper patriotism that has been stirred by what the nation has gone through will prove to be a sufficient foundation upon which to anticipate that the Ninth District will do in the Fifth Loan what it has already done in the preceding Loans, and that whatever allotment is made, the subscriptions will be made promptly, liberally and freely.

There is grave danger that one of the greatest benefits of the war to the people at home will be lost if banks and bankers do not promptly realize that there is a disposition to slight the war savings certificates and thrift stamps, and if they do not take steps to educate the people of their communities to the splendid opportunities these little Government obligations offer to anyone who will adopt habitual thrift. No result could possibly be so valuable to the American people as that which would be obtained if every boy and girl, and every man and woman, could be made to regularly buy war savings and thrift stamps, even if only in small amounts. Saving has been difficult to the greater part of the American people only because they have not made it a habit. If they could be induced to adopt the policy of putting aside a little something and of buying regularly each week or each month a definite amount of these small Government obligations, they would lay the foundations for a competence and a comfortable old age. It is astonishing to realize that the amount of money thrown away from day to day on trifling luxuries and non-essentials, that people really care nothing for, would represent, in the Ninth District, in the course of a year, a considerably larger amount than the district's entire contribution to War Saving Stamps last year.

It is unquestionably true that the money the average individual spends in small sums, and which brings him little or nothing of any consequence, and usually nothing out of which he obtains any partic-

ular satisfaction, represents in the course of a month or a year, an amount sufficient to make a satisfactory savings payment for thrift stamps. The war did not continue long enough to thoroughly entrench the war saving stamps, and such savings habits as have resulted from the war savings campaign are apt to be of a temporary and illusory character unless they are persistently and carefully followed up by sound educational work. Banks and bankers should consider that there is a moral responsibility to the people in encouraging habits of saving and that in a district such as this, which has been extremely prosperous, that there will be little excuse, if this opportunity to establish habits of thrift generally among the people, is allowed to pass and result in nothing. The war savings campaign, fortunately, is to be continued during 1919 and will be under competent and able management. It is to be hoped that some of the disadvantages which have been the result of the Government's attempt to market thrift stamps as practically the equivalent of bonds will be overcome in the reorganization of the campaign for the current year, with more emphasis on thrift and saving and less emphasis on allotments and the amount of individual purchases. Thrift stamps can be made to absorb what is now wasted money. If they can perform this function they will render an extremely valuable service, not only in the Ninth District, but throughout the nation.

Banking conditions show comparatively little change. The demand was somewhat more active during the early part of the year than it was a year ago. There is a prospect that with a satisfactory spring period, the call on the banks will be heavy.

Wages and the cost of farm operations have not decreased and whatever decreases are likely to occur by spring will probably be offset by larger planting operations. This, plus the marketing of farm products that have been held over, will necessitate a large amount of financing, the burden of which will fall upon the banks.

Business in all lines continues active, and there has so far been no appreciable decrease in opportunities for employment.

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