MONTHLY REVIEW

OF

AGRICULTURAL AND BUSINESS CONDITIONS

IN THE

NINTH FEDERAL RESERVE DISTRICT

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THE YEARS 1920 TO 1924 IN THE NINTH FEDERAL RESERVE DISTRICT

Volume of Business	1920	1921	1922	1923	1924
Debits to individual accts. (16 cities)	$9,283,445,000	$7,036,150,000	$7,423,963,000	$8,007,882,000	$8,728,965,000
Securities sold (12 firms)	....	....	133,113,074	147,621,716	230,820,050
Retail Sales					
General Merchandise (23 stores)	....	....	$30,691,036	$32,730,654	$32,184,050
Lumber (622 yards) (bd. ft.)	204,458,000	167,324,637	185,773,399	176,319,900	160,892,000
Wholesale Sales					
Shoes (5 firms)	$10,618,439	$6,902,671	$7,661,094	$8,004,200	$6,694,930
Hardware (13 firms)	....	20,940,406	20,087,367	24,159,770	23,236,480
Groceries (54 firms)	....	61,458,000	62,282,991	66,547,081	65,589,210
Agricultural Implements (8 firms)	....	....	17,555,953	16,724,280	19,958,480
Manufacturing					
Lumber (9 firms) (bd. ft.)	233,713,820	166,215,689	194,811,792	266,515,370	250,331,000
Mining					
Copper (5 firms) (lbs.)	308,124,765	128,984,503	284,787,800	358,968,800	374,027,000
Silver (4 firms) (oz.)	8,342,773	3,788,777	8,820,456	9,984,571	8,478,942
Gold (3 firms) (oz.)	243,450	311,796	326,995	336,768	331,772
Coal (2 firms) (tons)	1,422,451	1,024,300	764,130	1,152,100	847,025
Building Permits					
Number (18 cities)	14,889	21,970	24,091	25,495	22,006
Valuation (18 cities)	$44,007,658	$49,852,603	$71,185,618	$84,626,543	$59,970,900
Stocks of Goods on December 31					
Lumber Mfgrs. (9 firms) (bd. ft.)	161,003,284	197,117,082	132,919,148	149,287,200	139,993,000
Retail Stores (22 firms)	....	....	$6,746,009	$7,098,804	$7,036,200
Lumber Retailers (585 yards) (bd. ft.)	171,147,700	121,642,468	110,215,260	105,267,900	105,107,000

Prices

Median Cash Grain Prices at Minneapolis—	Dec. 1920	Dec. 1921	Dec. 1922	Dec. 1923	Dec. 1924
Wheat No. 1 D. N. S. (bu.)	$1.81½	$1.33	$1.30⅛	$1.19¼	$1.69
Corn, No. 3, Yellow (bu.)	.72	.40	.66	.64¾	1.20
Oats, No. 3 White (bu.)	.46	.30¼	.40	.39¾	.54⅝
Barley, No. 3 (bu.)	.83	.45	.59	.57	.85½
Rye, No. 2 (bu.)	1.48	.78½	.83½	.65¼	1.30
Flax, No. 1 (bu.)	2.30	1.89½	2.62	2.46½	2.84
Median Livestock Prices at South St. Paul					
Butcher Cows (Cwt.)	5.50	4.00	4.50	5.00	4.50
Butcher Steers (Cwt.)	7.75	5.25	6.50	6.75	6.50
Stock and Feeder Steers (Cwt.)	7.00	4.75	5.25	5.25	5.00
Veal Calves (Cwt.)	12.00	7.00	7.75	7.75	7.75
Hogs (Cwt.)	11.33	6.50	8.00	6.50	8.85
Lambs (Cwt.)	10.50	9.50	14.00	12.25	15.00
Wholesale Produce Prices at Minneapolis—					
Butter, extra creamery (lb.)	.53	.37	.49	.52	.42
Eggs, U. S. No. 1 (doz.)	.58	.38	.38	.34	.48
Hens, over 4 lbs. (lb.)	.24	.21	.18	.18	.20
Potatoes, U. S. No. 1 (Cwt.)	1.80	2.25	1.10	1.00	1.10

DISTRICT SUMMARY FOR THE MONTH

The total dollar value of business transacted in the Ninth Federal Reserve District during December as shown by the individual debits at banks in seventeen selected cities was more than one-fourth greater than a year ago. The December total of debits was 5 per cent less than in November, whereas a seasonal decline is to be expected of not to exceed 2 per cent. There is now taking place a secondary turnover of crop money through the hands of merchants, collections of back taxes by county treasurers, heavier than normal collections by wholesalers, the payment of delinquent mortgage interest and some re-financing. This turnover, coupled with the heavy movement of livestock, has contributed substantially toward offsetting the effect on debits of the precipitate decline of grain receipts.

The high tide of wheat marketing which prevailed in October and November has receded. Indeed, the December receipts were slightly below normal, having regard to the estimated size of this year's crop. Marketings of all other grains were seasonably lower, except corn, owing to its late ripening, and oats, which came out in larger supply and piled up in terminal elevator stocks.

There was a record-breaking run of hogs at South St. Paul in December, exceeding by about 100,000 head the highest point heretofore reached. This continued in January and is to be explained by the short corn crop and high prices for corn. Under these circumstances, light weight hogs have sold at prices particularly attractive to those able to buy for feeding purposes. This has resulted in unseasonably large shipments of feeder hogs in December. There was also a heavier than normal marketing of calves and sheep.

The median prices of all grains, as well as all kinds of livestock, except feeder steers, advanced. The strength in hog prices is remarkabe in view of the heavy movement to market.

Banks in this district experienced the customary demand for currency to be used in Christmas trade. Our Federal reserve note circulation expanded 1¾ millions between November 26 and December 24, reaching the highest point of the year on the later date. Banks in the larger cities lost in demand deposits and gained in time deposits. Rediscounts owing to this bank were reduced about 1 million dollars. Commercial paper outstanding in this district increased nearly one-fifth during the month and was about double the volume outstanding a year ago.

Manufacturing activity in important industries of this district exhibited little change. The flour mills outside the Twin Cities and the linseed and lumber industries have enjoyed increased volume; but flour production at Minneapolis and St. Paul was in an extremely depressed condition. Increased unemployment was reported at Duluth.

Prospective building activity as reflected by building permits granted in eighteen important cities of this district, was nearly halved in both number and valuation as compared with November and with December a year ago, owing to the very low temperatures which prevailed throughout nearly all of this month.

Retail trade in cities of this district showed a marked change for the better. Retail sales by representative department stores were larger in December than in any other single month since our records began four years ago. There was also a more than seasonal decrease in their merchandise stocks. Sales by retail lumber yards were above normal, and their stocks on hand were increased during the month.

Wholesalers report sales above last year. The increase for farm implements is particularly noteworthy. Shipments of automobiles and automobile tires declined.

TOPICAL REVIEWS

The volume of check payments at seventeen centers was 27 per cent greater in December than in the same month last year and larger than any other December on record. Only four cities reported declines in check payments in December from the record of last year. These four cities were Fargo, Sioux Falls, Red Wing and Superior. The increase in the volume of business over a year ago varied considerably in different parts of the district. The greatest increase was at Duluth, where 83 per cent more business was transacted in December than last year in the same month. For Minneapolis, the increase was 33 per cent, and for St. Paul 7 per cent. At South St. Paul, where the marketing of hogs has been in large volume and at well sustained prices, the increase was 32 per cent. In the wheat belt, the increase in the volume of business was 12 per cent, and in the Mississippi Valley, represented by Winona, LaCrosse, and Red Wing, the increase was 11 per cent. Owing to the close of navigation on the Great Lakes, the rush of grain to seaports, which had been abnormal in October and November, was suspended. The volume of check payments was, therefore, 5 per cent smaller in December than in November, as compared with a customary seasonal decline of less than 2 per cent.

The record marketing of hogs at South St. Paul in December over-shadowed all other developments in the livestock industry during the month. A total of 582,514 hogs reached the South St. Paul market in December. The receipts in December a year ago were 430,104 hogs. The previous high point for all time was 483,783 hogs, in January, 1924. The short corn crop selling at high prices was responsible for this record run of hogs to market. The heavy run of hogs continued into January, as the week January 5-10, with a total of 162,000 head, brought the highest weekly receipts on record.

The Department of Agriculture writes in "Crops and Markets" of December 13 with regard to the national situation as follows: "The liberal proportion of lightweights and pigs included in the current receipts suggests aversion to feeding in the face of the scarcity and high market price of corn, being indicative also of the reported low feeding value of much of the latter grain crop." Average weights of hogs marketed in December at northern markets were smaller than average weights of hogs marketed a year ago, bearing out the foregoing statement. For example, during the four weeks ending December 27, the average weight of hogs marketed at Chicago was 214 pounds, as compared with 232 pounds in the same week of 1923; at Omaha the average weight was 219 as compared with 246; and at St. Paul the weight was 285, as compared with 212. There has been a wide spread in price between hogs of high finish and the unfinished lightweight hogs, which have been marketed in such large quantities. This wide variation in price has made the feeding of hogs profitable to some farmers, especially since there is such a broad market from which to select feeders. The result has been that shipments of feeder hogs to the country during December were 10 per cent larger than shipments a year ago and only 3 per cent smaller than shipments in November, although there is usually a rather sharp decline in feeder shipments towards the close of the year.

Calves and sheep reached the South St. Paul market in much larger quantities during December than in the same month last year. There was an unseasonal increase over November receipts in the case of calves. Receipts of calves at South St. Paul have been increasing since the war as a result of the rapid growth of the dairy industry in these northwestern states. In 1918, receipts of calves in December were only 16,000 head. In 1919, the number marketed in December increased to 24,000 head, and there has been a steady advance in December marketings until the present time. In December, 1923, more than 34,000 head were marketed, and in the December just passed, nearly 50,000 head reached South St. Paul.

In the case of sheep, the marketings were 64 per cent more than in December a year ago, which is rather remarkable in view of the fact that marketings throughout the heavy marketing months, from August to November, were at about the same level as a year ago.

The movement of cattle to market was a little more than half as large in December as in November, which is a seasonal occurrence; but receipts in December were 7 per cent smaller than in December a year ago, giving further evidence of the decline in the proportions of the beef cattle industry in this district.

Feeder shipments of all classes showed seasonal declines in December from the November volume, but shipments of feeder sheep, and of hogs, as before mentioned, were somewhat larger than in December a year ago, while shipments of feeder cattle and calves were only about one-half as large.

Pig Survey, December 1, 1924:—Under date of January 14, the United States Department of Agriculture states "A hog production in 1925 probably as small as in any year in the last ten, and an acute shortage of hog products in 1926 are indicated in the December 1 pig survey.

"The survey shows a decrease of 28.2 percent in the number of sows farrowing in the fall of 1924 in the country as a whole from the number farrowed in the fall of 1923. Because of a somewhat higher average number of pigs saved per litter, the decrease in pigs is only 22.2 per cent.

"The number of sows bred or to be bred to farrow in the spring of 1925 is shown as 94.3 per cent of the number of sows that actually farrowed in the spring of 1924. Based upon the results of previous surveys, which have shown about how much the number of sows farrowed has fallen short of breeding intentions, the present survey indicates a reduction of from 15 to 25 per cent in sows that will farrow in the spring of 1925 from the spring of 1924.

"The reduction in sows bred this fall for spring farrow compared to a year ago is indicated at around 2 million head in the corn belt. These will go to increase the winter market supply and to decrease the marketings next summer and fall, thus making the decreased supplies of the marketing year the more marked in the second half of the year."

The marketing of grains from the Northwest slackened materially during December. The volume of grains reaching Minneapolis and Duluth-Superior during December was 48 per cent less than the volume in November. Last year, the reduction in December from the November volume was 18 per cent. Marketings continued heavier than last year, however, owing to the larger crops harvested this year. In wheat, which is the largest cash crop in the Northwest, the reduction in receipts in December was 54 per cent from the November volume, as compared with a reduction last year in the same period of 37 per cent and a normal reduction of 23 per cent.

The small corn crop, and the even smaller marketable portion of the crop, has affected the marketing of this grain. Only 29 per cent as much corn reached Minneapolis and Duluth-Superior in December this year as in December a year ago. Corn marketing was delayed this fall by the late ripening of the crop. December was the first month of corn receipts in good volume, whereas there is usually a considerable amount marketed in November. Receipts of rye, barley and flax showed pronounced reductions in December from the November volume, but all three grains were received in larger quantities than in December a year ago.

Receipts of oats were the only exception, other than corn, to the seasonal decrease in receipts. Nineteen per cent more oats reached market in December than in November and 65 per cent more than in December a year ago. Supplies of oats are not being absorbed as rapidly as they are offered. Terminal elevator stocks of oats at the end of December at Minneapolis and Duluth-Superior amounted to nearly 33 million bushels, which was more than half of the stocks of all grains in store at that time. Stocks of oats increased 11 per cent during December and were 5 times as large at the close of the month as a year ago.

Terminal elevator stocks of corn increased nearly one-fifth during December, but were only one-third as large as last year. Stocks of wheat, barley and rye remained about stationary during December and stocks of flax were reduced one-fourth. As compared with a year ago, stocks of wheat were about the same, stocks of barley were twice as large, stocks of flax were two-thirds larger, and stocks of rye were two-thirds smaller.

Prices of agricultural products advanced in December. Livestock prices were higher during December than during November, according to medians computed from the records of sales at South St. Paul. Hogs increased 60 cents per hundredweight in spite of the record run to market. Butcher steers and butcher cows increased 50 cents per hundredweight. Veal calves increased 75 cents, and there was a rise of $1.50 in the price of lambs, which equaled the high median price of last spring. The only group of livestock that did not increase in price was feeder steers, for which the price remained unchanged and reflected the present general apathy of farmers toward the cattle feeding business. All cash grain prices advanced in the Minneapolis market during December. The median price of wheat was 14½ cents higher in December than in November. Corn advanced 11½ cents, oats and barley more than 6 cents, rye 4½ cents and flax 19½ cents.

Retail sales by twenty-four reporting city stores increased 46 per cent in December over the November volume. The merchandise stocks of these stores declined 20 per cent during the month of December. These changes were greater than the normal seasonal amount in both cases. The improvement is particularly noticeable when a comparison is made with last year. It will be remembered that November sales by these stores were slightly smaller this year than last and merchandise stocks at the end of November this year were 2 per cent larger than at the same time a year ago. In December, on the other hand, sales were 4 per cent larger than in December last year, and stocks of merchandise at the end of December were 2 per cent smaller than a year ago. The reduction in stocks was so pronounced that many lines were evidently greatly depleted. This condition caused a rise in the volume of outstanding replacement orders of 10 per cent on December 31 over the volume at the end of November and an increase of 9 per cent as compared with the end of December a year ago.

Lumber sales at retail yards in this district declined by more than the seasonal amount in December. Undoubtedly the unfavorable weather conditions were largely responsible for this decline. In spite of the sub-zero weather which prevailed throughout a portion of the month, December sales were 107 per cent of normal as compared with the June record of 72 per cent of normal. As compared with a year ago, December sales were 1 per cent smaller.

Lumber retailers were preparing during December for a better year in 1925. Since the yards reporting to this office are scattered over the whole district, the impressions of their managers as to future business conditions, as evidenced by their plans for future sales, are of great practical value. In December, they increased their stocks by 6 per cent. Ten of the twenty-one companies reported increases. This is the first time in the six years for which we have figures that there has been an increase in stocks of lumber in retailer's hands during December. After allowing their stocks to decline early in 1924 and to stay at a low level throughout the year, their stocks, as a result of the increase in December, were about as large as at the end of 1923.

Collection reports at the end of the year from important lines of trade in this district give further evidence of the debt-paying disposition of northwestern farmers, which has been more or less definitely in evidence since the good small grain crop was harvested and marketed this fall at favorable prices. Improved collections by retailers in the farming sections of the territory are shown very concretely by the reduction in accounts and notes receivable of 22 companies operating 681 retail lumber yards in the Northwest. On December 31, their outstanding receivables amounted to only $5,218,000, the smallest figure reported at the end of any year since these firms commenced reporting this item four years ago. At the close of 1923, outstanding receivables of these firms amounted to $6,206,000. At the close of 1922 their receivables amounted to $6,920,000, and at the close of 1921, they totaled $7,399,000. More indirectly, wholesalers have been experiencing the effects of the improved retail position with regard to outstanding receivables. Farm implement dealers selling throughout this district, reported accounts and notes receivable on January 1, 1925, 28 per cent smaller than a year ago. Wholesale hardware dealers reported their receivables 13 per cent smaller than a year ago. The receivables of wholesale grocers were 16 per cent smaller than a year ago and receivables of wholesale shoe and dry goods firms were respectively 9 and 5 per cent smaller than a year ago.

Banking operations in this district during December reflect both the demand for currency incidental to Christmas trade and the continued reduction of borrowings by country banks. Our Federal reserve notes in circulation reached a peak on December 24, which was the highest weekly figure of the year. During the last week of the month, the volume of Federal reserve notes in circulation declined to a level about the same as at the end of November. Bills discounted for member banks were reduced about 1 million dollars during the month. Member banks withdrew 2½ millions from their reserve accounts, presumably to supply cash for their customers. Other earning assets of this Federal Reserve Bank were simultaneously reduced about 2 million dollars. Total figures for twenty-five member banks in selected cities of this district at the beginning and at the end of the month show a withdrawal of 7 millions from their demand deposits, partly offset by an increase of 4½ millions in time deposits. To meet this net reduction in their deposits, reserves with this Federal Reserve Bank were reduced 3 million dollars. Government deposits increased 1 million dollars during December at these banks and their security holdings were enlarged 1½ millions.

Commercial paper outstanding in this territory at the end of the month of December was at the highest level since April, 1920. There has been a rapid increase in such holdings since August and this continued into January. There was an expansion of 17 per cent in commercial paper in December, and the volume at the close of December was 93 per cent larger than a year previous.

Later reports indicate that member banks built up their reserve accounts early in January, mainly by selling securities, but partly by borrowing from this bank and by a reduction in their loans. Our group of twenty-five selected member banks increased their reserve accounts 2 million dollars in the first week of January and added two-thirds of a million dollars to their vault cash. Their borrowings from this bank increased $200,000, and their security holdings were reduced more than 1 million dollars. Their loans were reduced one-half million dollars, demand deposits declined about three-fourths of a million dollars and time deposits increased about one-half million.

During the first two weeks of January, this Federal Reserve Bank experienced a decline of 3 million dollars in Federal reserve notes, accompanied by an increase of 1 million dollars in member bank reserve deposits, a decrease of 1½ millions in cash reserves and small declines in member bank borrowings from this bank and in government security holdings.

Interest rates at Minneapolis commercial banks were practically unchanged during the month ending January 15. There were minor declines in the rates charged customers on prime commercial paper which is eligible for rediscount at this bank, and small increases in the rates on demand and time loans secured by stock exchange collateral.

Savings deposits at fourteen banks in Minneapolis, St. Paul and Duluth on January 1 reached the highest total in the four-year period for which this office has records. At these banks the total savings deposits on January 1, 1925, amounted to $90,774,000, which was 2 per cent larger than the December 1 total and 2½ per cent larger than the total on January 1 a year ago. Part of this increase has been due to an increase in the number of savings accounts, some of which have undoubtedly been transferred to these banks from other banks. It is significant, however, that the average savings balance was also larger than the average balance on any other reported date in our four-year record. This furnishes good evidence of the satisfactory financial condition of those citizens of the three cities who patronize the savings department of banks.

Financing Long Term Credits for Agriculture by the Use of State Credit in South Dakota and Minnesota

In 1917 South Dakota and in 1923 Minnesota passed laws authorizing the issue and sale of state bonds, the proceeds of which should be used to make loans upon farms within these respective states. Owing to a recent revival of interest in the subject, there have been many inquiries for information concerning these operations. A summary follows containing the important points in the statutes of these two states and some maps indicating graphically the facts regarding loans actually made, as taken from the most recently available published statements.

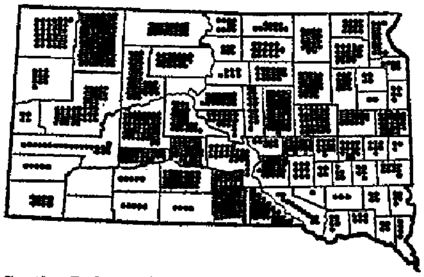
The South Dakota statute of 1917 provided, among other things, the following:

1. Management by a Board of five members.
2. Loans to be made only on recorded first mortgages, which, however, may be subject to liens for drainage, reclamation or irrigation.
3. Amortization plan of repayment to be used with installments extending over not less than five nor more than thirty years.
4. Loan proceeds to be used by borrower to:
   a. Purchase farm land,
   b. Purchase equipment, fertilizer or livestock,
   c. Provide for buildings or improvements, or
   d. Pay debts.

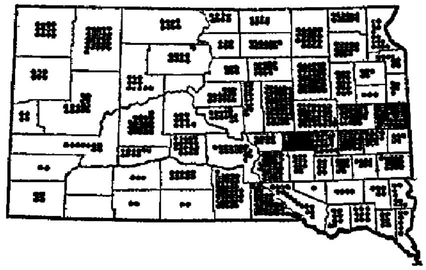
5. Loans not to exceed 70 per cent of the value of the land, plus 40 per cent of insured value of improvements, with limitations of:
   a. No improvements to be valued to exceed one-half of the value of the land.
   b. No improvements to be valued at more than $5,000.
6. Loans not to exceed the average assessed valuation during the three preceding years.
7. Maximum loan $10,000, minimum $500.
8. Loans to be made only to those engaged or about to become engaged in the cultivation and development of farm land mortgaged.
9. State bonds to be issued for specific periods "not exceeding twenty years, subject to such prior payments and retirement as the Board shall determine" such option to be expressed in the bonds. (As amended in 1919.)
10. Bonds to bear a rate of interest fixed by the Board.
11. Loans to bear rate to the borrower fixed by the Board and to be not less than one-half per cent, nor more than 1½ per cent above the rate contracted for when issuing state bonds. The differential obtained, less expenses, to be put into a reserve fund.
12. Board to designate depositories within the state and fix the amount to be deposited in each bank; but such deposits are not to exceed 40 per cent of the paid up capital and surplus of any such bank, and to bear a minimum rate of interest fixed by the Board.
13. Tax Commission, upon request of the Board, to levy a tax to pay the bonds or the interest thereon when they become due, if other money is not available for their payment. The receipt of such taxes may be anticipated by the Board requesting the state auditor to issue warrants bearing not to exceed 5 per cent interest, the Board selling the same.
14. The whole amount of bonds and warrants outstanding at any time shall not exceed the total of cash on hand, cash in banks and mortgages held by and in possession of said Board. (Amended in 1919 permitting cash and mortgages held to be but 95 per cent of bonds and warrants outstanding.)
15. The mortgages, notes and evidences of title to real or other property acquired by the Board shall be held in trust for the payment of money borrowed, but the proceeds may be re-invested when these are not required for immediate payment of warrants or bonds, or interest on bonds.
16. There is no limit in the statute as to the total amount of bonds that may be issued. Bonds outstanding on June 30, 1923 were $44,500,000, and the Board has expressed an opinion that the total should not exceed $60,000,000.

The Minnesota statute of 1923 provided, among other things, the following:

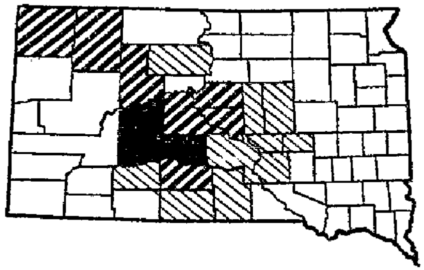
1. Management by a Bureau with three members.
2. Loans to be made only on first mortgages, subject to liens or assessments for drainage and outstanding mineral reservations.
3. Amortization plan of repayment to be used with periods not to exceed 40 years.
4. Loan proceeds to be used only to:
   a. Purchase equipment and livestock,
   b. Provide for buildings and improvements,
   c. Pay debts, or
   d. Pay part of purchase price of improved farm land.
5. Loans not to exceed 60 per cent of value of land, plus 33⅓ per cent of the value of improvements, with the limitations:
   a. That improvements shall not exceed one-half of the value of the land.
   b. No improvements to be valued in excess of $8,000.
6. Maximum loan $15,000, minimum $500.
7. Loans to be made only to those "at the time in good faith occupying and engaged in the cultivation and development of the farm land mortgaged."
8. State bonds to be issued of such denominations and maturities and terms of redemption as Bureau may determine.
9. Bonds to bear a rate of interest not exceeding 5 per cent.
10. Loans to cost borrower not less than one-fourth of 1 per cent, nor more than three-fourths of 1 per cent above the interest rate paid by the Bureau for money borrowed, plus an examination fee fixed by the Bureau, which shall not exceed $15.00. It was made the duty of the Bureau to estimate, as accurately as possible, the costs of operation, giving the borrower full advantage of the rate obtained in selling bonds.
11. State Treasurer is made the custodian of all the funds of the Bureau, and disbursements are made as for other state funds.
12. The Bureau may issue certificates of indebtedness with maturities not exceeding two years, in an amount not exceeding $500,000, for the purpose of meeting interest requirements in excess of the cash held by the Bureau. In addition, the Bureau may issue tax levy certificates in a sufficient amount to cover interest due on bonds or certificates and to pay maturing bonds and certificates; certifying the amount of the same to the state auditor who shall make a tax levy to pay the same and interest thereon at maturity.



South Dakota—Number of loans by Rural Credits Board from beginning of operations to June 30, 1923. Each dot represents 10 loans.



South Dakota—Dollar amount of loans by Rural Credits Board from beginning of operations to June 30, 1923. Each dot represents $50,000, or a major fraction of that amount.



Percentage of total number of farms in 1920 which have received assistance from Rural Credits Board in South Dakota from the beginning of its operations to June 30, 1923.

Unshaded areas .... 0 to 20.0%
Lightly shaded areas......20.1 to 40.0%
Heavily shaded areas......40.1 to 60.0%
Black areas ....60.0% and over

13. The mortgages, notes and real estate titles in the possession of the Bureau are to be held in trust for the payment of the money borrowed.
14. Maximum amount of bonds outstanding set at $40,000,000. Up to October 31, 1924, nearly $29,000,000 had been loaned and requests filed for the remainder.

A comparison of the two foregoing statutes will show that in some respects the Minnesota plan is more carefully safeguarded. The essential differences in favor of the Minnesota plan: are

1. A limit on the maximum bond issue.
2. The use of the State Treasury instead of private depositories.
3. Lower limits on the amount to be loaned as compared with valuations.
4. The restriction of loans to occupants who are cultivating and developing the land mortgaged.

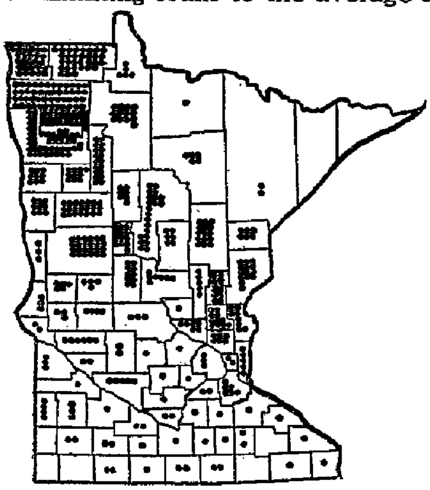
However, the South Dakota statute has certain safeguards not contained in the Minnesota plan, such as:

1. Limiting loans to the average assessed valuation of the preceding three years.
2. Provision for a reserve fund to be obtained from interest charged in excess of interest paid and costs of operation.

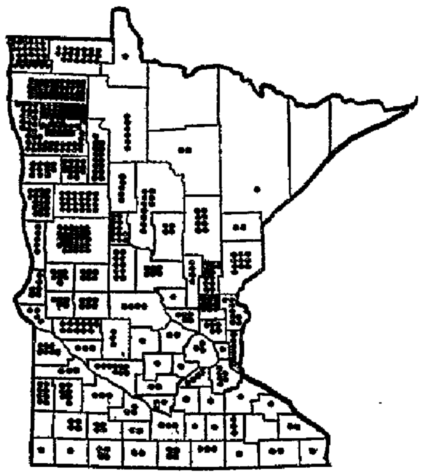
No attempt will be made in this article to describe or express an opinion upon the manner in which these statutes have worked out practically in their administration. Certainly the Minnesota plan is too new to provide a history for purposes of comparison.

The number of loans and the amount loaned in the several counties of these two states are shown graphically in the accompanying charts.

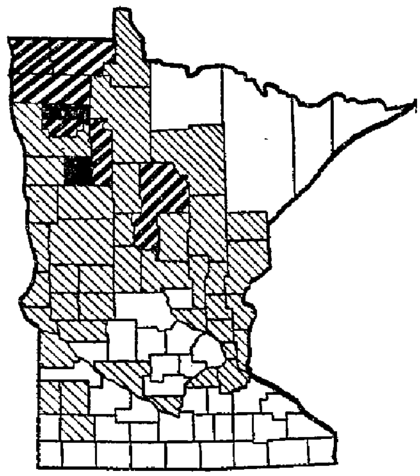
Also, the number of loans made in each county as a percentage of the total number of farms in 1920 is shown by convenient groupings, in order to measure the extent to which private lending agencies have been supplanted. If the number of farms has declined, as there is some reason to believe, since 1920, the percentages would be even greater. At least these percentages will be symptomatic of the extent to which these two loan funds have been used in different sections.



Minnesota—Number of loans by Rural Credits Bureau from beginning of operations to October 31, 1924. Each dot represents 10 loans.

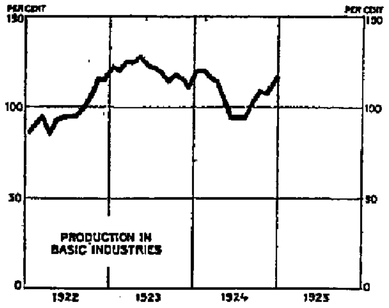


Minnesota—Dollar amount of loans by Rural Credits Bureau from beginning of operations to October 31, 1924. Each dot represents $50,000, or a major fraction of that amount.

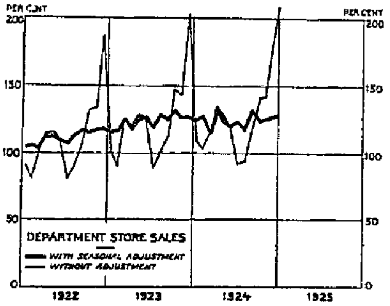


Percentage of total number of farms in 1920 which have received assistance from Rural Credits Bureau in Minnesota from the beginning of its operations to October 31, 1924.

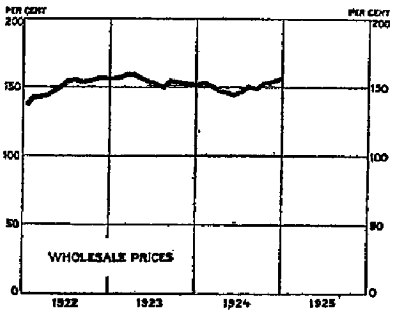
Unshaded areas .... 0 to 1.0%
Lightly shaded areas...... 1.1 to 10.0%
Heavily shaded areas......10.1 to 20.0%
Black areas ....20.1% and over



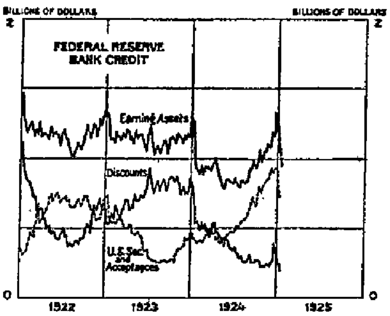
Index of 22 basic commodities. Corrected for seasonal variations (1919 = 100). Latest figure—December, 117.



Index of sales of 333 stores in 117 cities (1919 = 100). Latest figures, December, sales with seasonal correction, 129; sales without correction, 207.



Index of United States Bureau of Labor Statistics (1913 = 100, base adopted by Bureau). Latest figure—December, 157.



Weekly figures for 12 Federal reserve banks. Latest figures in millions: January 21, total earning assets, 945; discounts, 203; acceptances and United States securities, 730.

Summary of National Business Conditions

(Compiled January 24 by Federal Reserve Board)

Production and employment in December continued the increase which began in the autumn and wholesale prices advanced further to the highest level for the year. Railroad shipments of goods continued in large volume, and trade, both at wholesale and retail, was larger than a year ago.

PRODUCTION. The index of production in basic industries advanced about 10 per cent in December to a point 25 per cent higher than last summer, but was still below the level of the opening month of 1924. Practically all of the twenty-two industries included in the index shared in the advance, and the increases were particularly large in iron and steel, cotton manufacturing, coal mining and meat packing. Among the industries not represented in the index, the output of automobiles declined in December and was the smallest for any month in more than two years. Increased industrial activity was accompanied by an advance of about two per cent in factory employment, with larger increases in the metal and textile industry, and by a growth of nearly 5 per cent in total factory payrolls. Volume of building, as measured by contracts awarded, was less in December than in November, but continued unusually large for the season of the year.

TRADE: The distribution of goods was greater in December than in the same month of 1923, as indicated by larger railroad shipments and increased volume of wholesale and retail trade. Christmas trade at department stores was greater than in the previous year, and sales by mail order houses and chain stores were the largest on record. Wholesale trade was seasonally less than in November, but in practically all lines was larger than a year ago. Marketing of agricultural products was greater than for the corresponding month of any recent year.

PRICES: A further advance of more than 2 per cent in the Bureau of Labor Statistics index of wholesale prices carried the average in December 8 per cent above the low point of June and to the highest level since April, 1923. Prices of all groups of commodities were higher, the principal increases being in farm products and foods. In the first half of January, prices of grains, wool, coal and metals increased further, while sugar, dairy products, silk, coke and rubber declined.

BANK CREDIT: At the Federal Reserve banks the rapid return flow of currency after the holiday trade resulted, during the four weeks ending January 21, in a reduction of earning assets about equal to that for the same season a year earlier. The net outflow of currency from the Reserve banks during the month preceding Christmas amounted to more than $200,000,000 and the return flow after the Christmas peak, reflected both in the increase in reserves and in the decline of Federal Reserve note circulation, was in excess of $300,000,000. Fluctuations in the earning assets of the Reserve banks during the past two months have reflected chiefly these seasonal changes in the demand for currency. The decline in discounts brought their total on January 21 to a smaller volume than at any time in 1924, and acceptances also showed a seasonal decrease. Holdings of United States securities, which have declined for more than two months, were about $175,000,000 below the level of last autumn and in about the same amount as at the middle of 1924. Net exports of gold, which gave rise to a demand for Reserve bank credit, amounted to $30,000,000 in December and were in larger volume during the first three weeks in January.

The growth of demand deposits at member banks in leading cities during the three weeks ending the middle of January which has been greater than the increase in their total loans and investments has reflected the return of currency from circulation. In the same period there was some increase in commercial loans and a continued growth in loans secured by stocks and bonds. Holdings of investment securities have decreased somewhat since the middle of November, particularly at the banks in New York City. Firmer conditions in the money market in December and the first few days in January were followed later in the month by declines in rates on commercial paper to 3½ per cent.