

# MONTHLY REVIEW

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## Population Changes in the Ninth District

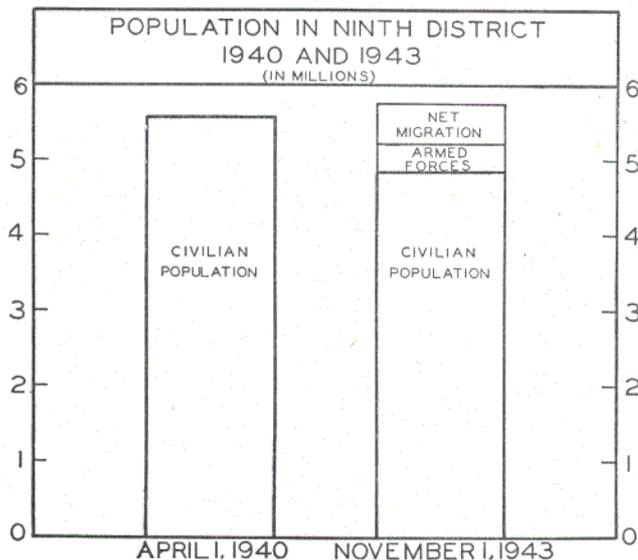
**A**MONG other significant changes the war economy has brought about large shifts in population. Never before in the history of the nation has such a large migration occurred among the forty-eight states within a period of so few years.

The population movement has been from the interior and southern states into the coastal and Great Lakes states where most of the industries needed in the production of war materials are found. Only by the concentration of millions of men and women in factories, shipyards, and key points of our industrial system has it been possible to expand production so markedly beyond the prewar level.

States and parts of states located within the boundary of the Ninth Federal Reserve District have contributed heavily to the supply of manpower in other war production centers. With the data available on population,<sup>(1)</sup> the net migration among the states is readily computed. This information is assembled in the accompanying table.

Approximately 10 per cent of the civilian population residing in the Ninth District during the beginning of 1940 has migrated to other regions. All states or parts of states with the exception of Minnesota lost significantly more population in the migration than the average indicates. For instance, 15.6 per cent of the 1940 civilian population in North Dakota left the state during the three and one-half years and 14.6 per cent of the civilian population in the Upper Peninsula of Michigan emigrated during the same period.

(1) The Bureau of the Census has released estimates of the civilian population on April 1, 1940, and on November 1, 1943, of the natural increase (the number of births in excess of deaths), and of the inductions into the armed forces. Bureau of the Census, Population—Special Reports, Series P-44, No. 3, February 15, 1944. Hope Tisdale Eldridge, "Wartime Migration in United States," Domestic Commerce, Vol. 32, No. 9, pp. 8 and 21.



Population estimates permit some study of the origin of migrants. The figures are based on the number of applications for ration books which were tabulated by counties. To compare roughly the migration from urban and rural areas in the District, a separate tabulation was made for counties with cities of 10,000 population and over, and those with small or no cities. The former counties and a total for the latter are listed by states in the accompanying table.

If it is assumed that between urban and rural areas the net effect on population changes from the natural increase and inductions into the armed forces is small, then the differences in the per cent of decrease can be attributed largely to migration. On the basis of this assumption, in all states of the District a

### POPULATION CHANGES IN THE NINTH DISTRICT

STATES	Civilian Population <sup>(1)</sup>		Natural <sup>(2)</sup> Increase	Factors Producing Changes		Net Migration
	April 1, 1940	November 1, 1943		Net Loss to <sup>(2)</sup> Armed Forces		
Michigan (Upper Peninsula) .....	322,181	265,221	+ 14,262 <sup>(3)</sup>	— 24,080 <sup>(3)</sup>	— 47,142	
Minnesota .....	2,788,956	2,525,558	+111,738	—188,026	—187,110	
Montana .....	558,270	470,033	+ 22,579	— 43,032	— 67,784	
North Dakota .....	641,692	536,510	+ 31,927	— 37,143	— 99,966	
South Dakota .....	642,682	544,866	+ 26,486	— 35,746	— 88,556	
Wisconsin (26 counties).....	582,770	503,422	+ 20,952 <sup>(3)</sup>	— 37,701 <sup>(3)</sup>	— 62,599	
<b>Ninth District .....</b>	<b>5,536,551</b>	<b>4,845,610</b>	<b>+227,944</b>	<b>—365,728</b>	<b>—553,157</b>	

(1) Source: Bureau of the Census, Population—Special Reports, Series P-44, No. 3, February 15, 1944.

(2) Source: Hope Tisdale Eldridge, "Wartime Migration in United States," Domestic Commerce, Vol. 32, No. 9, September 1944, p. 8.

(3) Estimates for parts of states in the Ninth District were made on a proportional basis from the respective state figures.

significantly larger proportion of the farm population than urban migrated to war production centers in other regions. The civilian population in counties with cities of less than 10,000 population decreased 17.1 per cent between April 1, 1940 and November 1, 1943; whereas in counties with 10,000 population and over it decreased only 7.8 per cent.

The decline in population among the urban centers, however, varied greatly. In the Upper Peninsula of Michigan the decline ranges from 2.1 per cent in Chippewa County, which includes Sault Ste Marie, to 21.9 per cent in Gogebic County with the city of

Ironwood. These percentages reflect, in large part, the diverse stimulation war has had on the economic activity in different communities. In Minnesota the range is somewhat less but nevertheless significant. In Hennepin, Ramsey, Anoka, and Washington Counties which cover the Twin Cities area, the civilian population declined only 2.4 per cent between the designated dates. In Crow Wing and Otter Tail Counties, which include respectively the cities of Brainerd and Fergus Falls, the civilian population, on the contrary, declined by 16.4 per cent. In two Montana counties, Deer Lodge and Cascade, the civilian population actually increased. The war pro-

### POPULATION CHANGES IN URBAN AND RURAL AREAS<sup>(1)</sup>

Counties with urban centers of 10,000 or more	NINTH DISTRICT		Civilian Population		Per Cent of Decrease*
	Cities		April 1, 1940	November 1, 1943	
<b>Upper Peninsula of Michigan</b>					
Delta .....	Escanaba .....		34,037	28,098	17.4
Dickinson .....	Iron Mountain .....		28,731	22,664	21.1
Gogebic .....	Ironwood .....		31,797	24,819	21.9
Marquette .....	Marquette .....		47,069	40,741	13.4
Menominee .....	Menominee .....		24,883	21,339	14.2
Chippewa .....	Sault Ste. Marie.....		26,717	26,163	2.1
	Total .....		193,234	163,824	15.2
Counties with urban centers of less than 10,000.....			128,947	101,297	21.4
	Grand Total .....		322,181	265,121	17.7
<b>Minnesota</b>					
Freeborn .....	Albert Lea .....		31,780	28,892	9.1
Mower .....	Austin .....		36,113	34,490	4.5
Crow Wing .....	Brainerd .....		30,226	25,271	16.4
St. Louis .....	Duluth, Hibbing, Virginia.....		206,867	182,944	11.6
Rice .....	Faribault .....		32,160	28,632	11.0
Otter Tail .....	Fergus Falls .....		53,192	44,458	16.4
Blue Earth .....	Mankato .....		36,203	31,915	11.8
Hennepin, Ramsey, Anoka, Washington.....	Mpls., St. Paul, South St. Paul		924,433	902,612	2.4
Olmstad .....	Rochester .....		42,658	37,155	12.9
Stearns .....	St. Cloud .....		67,200	58,296	13.2
Winona .....	Winona .....		37,795	32,705	13.5
	Total .....		1,498,627	1,407,370	6.1
Counties with urban centers of less than 10,000.....			1,290,329	1,118,188	13.3
	Grand Total .....		2,788,956	2,525,558	9.4
<b>Montana</b>					
Deer Lodge .....	Anaconda .....		13,627	14,061	* 3.2
Yellowstone .....	Billings .....		41,182	37,907	8.0
Silver Bow .....	Butte .....		53,207	46,355	12.9
Cascade .....	Great Falls .....		41,999	42,016	* .1
Lewis and Clark.....	Helena .....		22,131	18,083	18.3
Missoula .....	Missoula .....		27,852	24,187	13.2
	Total .....		199,998	182,609	8.7
Counties with urban centers of less than 10,000.....			358,272	287,424	19.8
	Grand Total .....		558,270	470,033	15.8
<b>North Dakota</b>					
Burleigh .....	Bismarck .....		22,505	19,299	14.2
Cass .....	Fargo .....		52,849	45,565	13.8
Grand Forks .....	Grand Forks .....		34,518	29,621	14.2
Ward .....	Minot .....		31,981	27,125	15.2
	Total .....		141,853	121,610	14.3
Counties with urban centers of less than 10,000.....			499,839	414,900	17.0
	Grand Total .....		641,692	536,510	16.4

Counties with urban centers of 10,000 or more	Cities	Civilian Population April 1, 1940	Population November 1, 1943	Per Cent of Decrease*
<b>South Dakota</b>				
Brown .....	Aberdeen .....	29,676	25,344	14.6
Beadle .....	Huron .....	19,648	16,641	15.3
Davison .....	Mitchell .....	15,336	12,711	17.1
Pennington .....	Rapid City .....	23,799	22,864	3.9
Minnehaha .....	Sioux Falls .....	57,697	57,385	.5
Codington .....	Watertown .....	17,014	15,357	9.7
	Total .....	163,170	150,302	7.9
Counties with urban centers of less than 10,000.....		479,512	394,564	17.7
	Grand Total .....	642,682	544,866	15.2
<b>Wisconsin</b>				
Ashland .....	Ashland .....	21,801	17,839	18.2
Chippewa .....	Chippewa Falls .....	40,703	36,207	11.0
Eau Claire .....	Eau Claire .....	46,999	43,093	8.3
La Crosse .....	La Crosse .....	59,653	55,597	6.8
Douglas .....	Superior .....	47,119	45,772	2.9
	Total .....	216,275	198,508	8.2
Counties with urban centers of less than 10,000.....		366,495	304,914	16.8
	Grand Total .....	582,770	503,422	13.6

(1) Source: Bureau of the Census, Population—Special Reports, Series P-44, No. 3, February 15, 1944.

\* Indicates an increase in population.

duction activities in Anaconda and in Great Falls, in all probability, account for the influx of population. The decline in population among the urban centers of North Dakota was quite uniform, approximately 14 per cent. In South Dakota some cities retained a greater proportion of their 1940 civilian population than others. The population in Minnehaha and Pennington Counties decreased only .5 and 3.9 per cent respectively. War activities in Sioux Falls and Rapid City very likely accounted for the smaller decline.

The flow of population out of the Ninth District was greatest during the period from April 1, 1940, to November 1, 1943. Since the latter date the number of releases issued by United States Employment Offices to workers for jobs in other war production centers has fallen off noticeably. In fact a return flow of population has begun. The anticipation of war contract cancellations and the resumption of civilian goods production has caused workers in war industries to seek more permanent jobs. Migration from the Pacific Coast war production centers now has reached nearly 20,000 workers per month. In many cases they are returning to their former state for this purpose. This return flow of workers has developed to such proportions that it has created manpower problems in some war production centers.

What proportion of the total number of migrants will return to the Ninth District is highly problematical. For the past two decades there has been a population movement out of some states. In North and South Dakota the movement reached such proportions as to decrease the number of inhabitants significantly during the Thirties. Even though the emigration from those two states was greatly stimulated by the devastating dust storms, a gradual movement has resulted from the mechanization of farm operations.

Should this trend continue, only a small proportion of the recent migrants may return to those states within the District.

Prosperous or depressed business conditions also have a direct bearing on the return of war workers. In all of the states within the District a decidedly larger proportion of the farm population migrated to war production centers in other regions. During prosperous periods there is a steady movement of labor from farms to urban centers. When a depression occurs, the movement is reversed. Farms have been a haven for unemployed industrial workers. If prosperous conditions continue after the war, the migration from farms to urban centers may be expected to persist and few of the workers in war production centers who came from farms would return to their former occupation. The return of migrants to the Ninth District would depend primarily on the opportunities for industrial employment. If depressed conditions should prevail after the war, a large proportion of the rural migrants may return to their former domiciles to avoid public relief.

A decline in population has important economic implications. It reduces the demand for durable and consumer goods. As a result some retailers are forced to discontinue their business and urban real estate values tend to decline. Moreover, migration is highly selective. As compared with the composition of age groups in the general population, relatively few workers over 45 years of age or with children under 15 years moved to war production centers. According to a census taken on the West Coast this year 32 per cent of the male immigrants and 43 per cent of the female immigrants were from 20 to 34

(2) Monthly Review, Federal Reserve Bank of San Francisco, "Migration to the Twelfth District, 1940-1943," September 1944, pp. 41 and 42.

years old. (2) Hence a larger proportion of children and older people reside in regions such as the Ninth District. This tends to change the nature of the de-

mand for goods and services, for these age groups have different desires and interests than individuals in the prime of life.

### Summary of Business Conditions

Business activity in the Northwest increased moderately according to the seasonally adjusted business indicators.

City member bank holdings of U. S. Government obligations continued to decline.

Most of the expansion in country member bank deposits

was concentrated in Montana and North Dakota banks.

The largest expansion in 1944 cash farm income occurred in Montana.

### Business

**A**N upward trend was observed during October in the general volume of business activity in the Ninth Federal Reserve District. According to the indexes available, the tempo of activity rose more in urban than in rural areas. Usually the expansion in October business is confined primarily to the farming centers. In fact, business in the large cities often contracts during the month.

**Bank debits** in all but two small areas of the District were larger during October than in September. The largest increase of 18 per cent was reported by banks located in the wheat and range region of Montana. Such an increase in the amount of bank debits indicates a significant expansion in the volume of business transacted in the area. Banks in South St. Paul reported the second largest increase in debits over the previous month—13 per cent. This rise reflects in a large measure the greater livestock receipts of South St. Paul packers.

When a longer perspective is taken, the leveling-off of business activity is evident. The daily average of bank debits expanded much less this year as compared with the past few years. In some localities bank debits have been consistently smaller than those for corresponding periods of a year ago. Since February, monthly bank debits of banks in South St. Paul have been significantly smaller as compared with the previous year. Since July the debits of banks in mining and lumbering regions located in the Upper Peninsula of Michigan, northern Minnesota, and western Montana have been below last year's figures. Such, likewise, has been the case in the beef and pork raising area located in the southwestern part of Minnesota and the southeastern part of South Dakota. For the last two months debits have been noticeably below those of a year ago in the wheat and mixed farming region of North Dakota.

**Department store sales** in the Ninth District continue to average approximately 10 per cent above those of a year ago. For October the dollar volume of reporting stores was 9 per cent larger as compared with total sales for the same month of last year. On the same basis of comparison, September sales

were up 11 per cent. For the first ten months of this year, the aggregate sales are 10 per cent above those for the corresponding period of a year ago. Since retail prices during the past year have risen substantially less than this, the higher dollar volume of sales represents a noticeable increase in the quantity of merchandise sold.

### Sales at Department Stores

	Number of stores		% Oct. 1944 of Oct. 1943	% Jan.-Oct. 1944 of Jan.-Oct. 1943
	Increase	Decrease		
Total District .....	106	128	109	110
Mpls., St. Paul, Dul.-Sup....	16	5	114	110
Country Stores .....	90	123	100	109
Minnesota .....	21	47	97	106
Central .....	1	7	99	112
Northeastern .....	5	1	109	106
Red River Valley.....	2	3	96	108
South Central .....	4	15	93	106
Southeastern .....	6	6	101	109
Southwestern .....	3	15	91	102
Montana .....	18	4	106	113
Mountains .....	8	0	109	112
Plains .....	10	4	104	115
North Dakota .....	16	29	98	115
North Central .....	1	9	87	114
Northwestern .....	2	3	98	122
Red River Valley.....	6	11	101	114
Southeastern .....	6	5	100	115
Southwestern .....	*	*	—	—
Red Riv. Val.-Minn. & N.D.	8	14	101	113
South Dakota .....	6	18	94	105
Southeastern .....	2	2	100	103
Other Eastern .....	3	8	94	110
Western .....	1	8	88	101
Wisconsin and Michigan.....	29	25	101	105
Northern Wisconsin .....	7	9	99	107
West Central Wisconsin	17	14	101	105
Upper Pen. Michigan.....	5	2	106	98

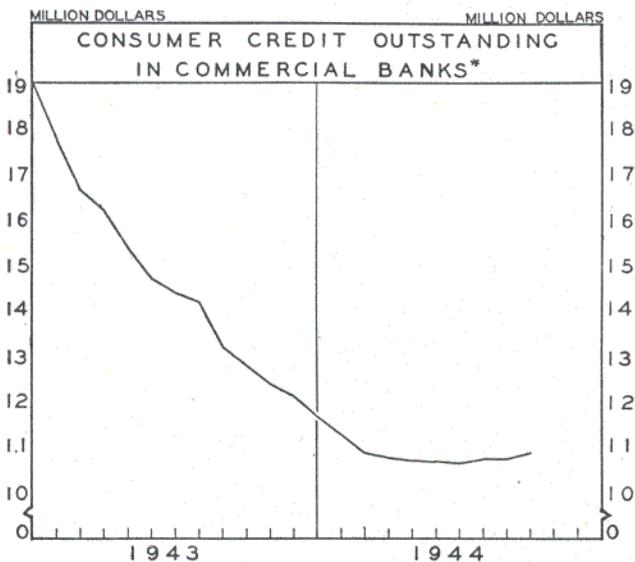
\*Not shown, but included in totals. Insufficient number reporting.

All of the expansion in October sales as compared with a year ago was concentrated in the urban centers. Country stores scattered over the District reported no increase. Stores in North Dakota that have experienced the largest rise in sales during the summer indicated a small decline for October. The explanation for the contraction of retail business in the rural areas very likely is found in the exceptionally fine weather which the people in this territory have enjoyed during the autumn season. Farmers have taken advantage of it and, in many instances,

have completed their fall work. Shopping has been postponed until future days when it is disagreeable to do outdoor work.

Although the expansion in department store sales in the Ninth Federal Reserve District has been rapid since the beginning of the war, it, nevertheless, is much less than the average for all department stores over the nation. By the end of this year it is estimated by the Research Department of the Board of Governors of the Federal Reserve System that total receipts of all stores will be nearly 75 per cent larger than for 1939 whereas total receipts for those stores located in this District will be only 55 per cent greater. This estimate is based on the volume of sales for the first nine months of this year. The decline in civilian population accounts in large measure for the smaller expansion in sales in this territory.

**Consumer credit** apparently has become stabilized under the present wartime conditions. Since the early part of the summer, industrial banks, personal finance companies, and federal and state chartered credit unions have reported either a small percentage rise or decline in the monthly volume of loans outstanding. As may be observed on the accompanying chart, the amount of consumer loans outstanding by commercial banks levelled off last March. The movement since the latter date may be accounted for by the usual seasonal variation.



\* Trend of Consumer Credit outstanding in 25 Ninth District reporting banks.

**Construction activity** has begun the upward trend from the low point of minimum essential activity. In Minneapolis and in St. Paul building permits were issued in October with a dollar value of \$1,126,857; whereas for the same month of 1943 the value of permits issued was only \$306,418. Decidedly more than one-half of the total value of permits issued during the past month was for additions, alterations, and repairs. Permits with a total value of \$130,120 were issued for residential construction.

**Reconversion** to the manufacture of civilian goods is under way in the District. Resumption of civilian

goods production is generally restricted to firms located in labor market areas classified by the War Manpower Commission as possessing labor surpluses. Applications to resume the manufacture of such merchandise are considered by the Regional War Production Board Directors on the basis of the availability of manpower and facilities. Preference is given to the manufacture of the more essential civilian goods.

**Northwest Business Indexes**

Adjusted for Seasonal Variation—1935—1939=100

	Oct. 1944	Sept. 1944	Oct. 1943	Oct. 1942
Bank debits—93 cities.....	197	184	191	153
Bank debits—farming centers.....	194	189	192	159
City department store sales.....	170	161	149	137
City department store stocks.....	153	160	143	145
Country department store sales...	146	164	146	138
Miscellaneous carloadings .....	120	119	111	125
Total carloadings (excl. misc.) .....	126	131	142	133
Farm prices—Minn. (unadj.) .....	170	164	173	151
Employment—Minn. (unadj. 1936=100) 138	142	147	134	
Payrolls—Minn. (unadj. 1936=100) .....	238	235	241	191

In recent weeks applications have been filed in increasing numbers with the Minneapolis Office of the War Production Board. Since September 15 the Directors have approved 64 applications which entail finished goods with a value of \$7,624,247. During the same period 28 applications to manufacture goods valued at \$23,926,100 were denied. As more and more authorizations are granted, the volume of civilian goods will be augmented.

**Iron ore shipments** from the Lake Superior region have declined according to the monthly report issued by the Lake Superior Iron Ore Association. During October, 10,594,988 gross tons were shipped, which is 8.8 per cent less than was shipped during the corresponding month of 1943. The shipments during September were 11.1 per cent less as compared with those of a year ago.

The shipments for the present season are expected to approximate 83 million gross tons.<sup>(1)</sup> This is a decrease of 1.7 per cent from the tonnage shipped last year and a decrease of 9.9 per cent from the peak year of 1942. The contraction in ore mining and shipping accounts for the smaller volume of business activity in those regions as measured by bank debits.

(1) Skillings' Mining Review, November 4, 1944, page 2.

**Banking**

**CITY** member bank deposits in mid-November have remained almost unchanged at \$1,331 million during the past month although they were \$41 million above mid-November of last year. Holdings of U. S. Government obligations, continuing to

decline, reached a level of \$846 million, about \$20 million below October levels. Virtually all of this decline occurred in holdings of certificates of indebtedness, with a very slight decline in Treasury bills. Holdings of U. S. Government bonds actually increased.

Loans, mostly commercial, industrial, and agricultural, increased \$7 million although loans for carrying securities declined slightly.

While reserves carried with the Federal Reserve Bank increased \$4 million, excess reserves declined since required reserves increased \$6 million during the month. This tightening of the reserve position is the inevitable result of the persistent shift from war loan accounts (not subject to reserves) to accounts of individuals and businesses (which are subject to reserves) between war loan campaigns.

### Ninth District City Member Banks

(In millions)

	Nov. 15, '44	July 12, '44
<b>Assets</b>		
Loans .....	\$ 202	\$ 199
U. S. Government obligations.....	790	828
Other investments .....	59	71
Reserves with Federal Reserve Bank.....	183	159
Other cash .....	191	171
Miscellaneous .....	11	30
<b>Total .....</b>	<b>\$1,436</b>	<b>\$1,458</b>
<b>Liabilities</b>		
U. S. Government demand deposits.....	\$ 101	\$ 322
All other deposits.....	1,230	1,053
Borrowings .....	20	.....
Miscellaneous liabilities .....	7	7
Capital accounts .....	78	76
<b>Total .....</b>	<b>\$1,436</b>	<b>\$1,458</b>
<b>Excess Reserves .....</b>	<b>\$ 3</b>	<b>\$ 7</b>

The table indicates a decline in these U. S. Government accounts since July of over \$200 million and an increase in other deposits of about the same amount. Thus a substantial increase in reserve balances has not been sufficient to prevent a decline of excess reserves. The Sixth War Loan will, of course, reverse this trend by building up war loan accounts and thereby freeing reserves again.

Country member banks showed a similar trend of declining excess reserves although these banks always maintain a substantially larger volume of excess reserves than the city banks. During the last half of October total deposits of \$1,201 million averaged \$25 million above the corresponding period for September, and were \$200 million above October last year. Most of the expansion during the month was concentrated in banks in Montana and North Dakota with those in northern Michigan and Minnesota exhibiting a very slight decline.

The reserve position for Ninth District member banks is given in the following table:

### Daily Average Reserve Position for All Ninth District Member Banks for the Sixteen-Day Period Ending October 31, 1944

Type of Bank	Average Reserves Carried (000)	Average Reserves Required (000)	Average Excess Reserves (000)
Reserve City Banks.....	\$157,216	\$154,721	\$ 2,495
Other City Banks.....	23,301	20,969	2,332
<b>Total City Banks.....</b>	<b>\$180,517</b>	<b>\$175,690</b>	<b>\$ 4,827</b>
Total Country Banks.....	156,507	126,782	29,725
Total Ninth District—1944.....	337,024	302,472	34,552
Total Ninth District—1943.....	235,643	193,086	42,557

The Sixth War Loan, which opened on November 20 and continues through December 16, will tend to dominate the monetary and banking picture for the next month. The goal of \$14 billion for the entire country, \$2 billion below the goal for the Fifth War Loan, consists of \$5 billion for individuals and \$9 billion for other nonbank subscribers. During the last war loan individuals actually purchased \$6.3 billion of securities and other nonbank investors \$14.3 billion.

Only sales to individuals will be reported up to December 1 although sales of Savings bonds and Savings notes any time during November and December will apply to the \$5 billion goal for individuals.

The securities to be sold this time are: Series E, F, and G Savings bonds; Series C Savings notes;  $\frac{7}{8}$  per cent certificates of indebtedness due December 1, 1945;  $1\frac{1}{4}$  per cent Treasury notes of 1947; 2 per cent Treasury bonds of 1952-1954; and  $2\frac{1}{2}$  per cent Treasury bonds of 1966-1971.

Banks will again be permitted to subscribe to restricted amounts of Treasury bonds and Series F and G Savings bonds for investment of time deposits, but these purchases will not count toward the goals of the campaign. All banks have been requested to decline speculative loans for purchasing government securities or loans for the purpose of acquiring these securities later for their own account.

## Agriculture

FARMERS' cash income in the Ninth District during the first eight months of the year is estimated at \$1,199,179,000. This was 3 per cent larger than cash farm income for a similar period last year and 177 per cent larger than the 1935-1939 pre-war average. Cash farm income in comparison with a year earlier ranged from an increase of 19 per cent in Montana to a decrease of 1 per cent in North

Dakota. The average increase of 5 per cent was about the same as in the United States as a whole. (See table below.)

### January - August Cash Farm Income <sup>(1)</sup>

State	1935-1939	1943	1944	1944 in per
	Average	(Thousands of Dollars)		cent of 1943
Minnesota .....	\$ 214,452	\$ 541,501	\$ 541,411	100%
North Dakota.....	59,495	197,230	196,713	99
South Dakota.....	65,715	204,660	216,219	106
Montana .....	43,032	95,189	112,887	119
Ninth District <sup>(2)</sup>	433,009	1,159,381	1,199,179	103
United States.....	4,828,651	11,632,000	12,500,000	107

(1) Data from "The Farm Income Situation," United States Department of Agriculture.

(2) Includes 15 counties in Michigan and 26 counties in Wisconsin.

Cash receipts from marketings in the United States are now estimated at 19.8 billion dollars for 1944 according to data from the United States Department of Agriculture. This is 3 per cent above the 19.3 billion dollars in 1943. Receipts from crops are reported about 8 per cent greater than in 1943, while livestock and livestock product receipts may be slightly less than last year. Food grains are expected to show the greatest gains over last year largely because of the record wheat crop. The Government estimates that total receipts from cattle and calves and dairy products will be slightly greater than in 1943, but receipts from hogs, poultry, eggs, sheep and lambs will be smaller.

Cash farm income in 1945 may drop 5 to 10 per cent below 1944 according to Department of Agriculture estimates. Some reduction in marketings and in demand is anticipated. The report states that income from crop sales is not expected to change materially because a substantial proportion of the large 1944 crop production will be marketed in the first half of 1945. A much greater decrease in income from livestock and livestock products is anticipated by the Department largely because of a decline of about 20 per cent in hog marketings, as well as a drop of about 10 per cent in egg and chicken production. Dairy incomes on the other hand are expected to be well maintained.

Prices received by farmers in the Ninth District during the month ended October 15 were slightly higher compared with the previous month, except for corn, potatoes and beef cattle. The price of wheat advanced substantially owing to the recent War Food Administration announcement that 1944 wheat under loan on May 1, 1945, would be purchased at parity less carrying charges. Prices received by farmers for livestock and livestock products were almost double (199 per cent) the 1909-1914 average. The all-crop price index was 187 in mid-October.

The general level of all farm product prices in mid-October was 194 per cent of the August 1909-July 1914 average. This is the same as in October 1943. Most livestock and livestock products except eggs were above parity. However, certain crops (wheat, oats, barley, rye, grain sorghums, and hay) were below parity.

The demand for farm products in 1945 is expected to be slightly lower than in 1944 but still much above prewar levels, according to Department of Agriculture forecasts. Some indication of the present strength of domestic demand is shown by continued high non-agricultural income payments. The reduction in industrial production which will follow the defeat of Germany will cause a substantial decline in the present payments for overtime work with lower non-agricultural incomes probable in 1945, according to Department of Agriculture estimates. The level of farm prices will depend on several factors such as the level of consumer purchasing power, lend-lease and food relief shipments, and agricultural production. Price support programs of the government may be a factor, also, as present legislation provides for extension of price supports at not less than 90 per cent of parity for many important farm products for two full calendar years after the war's end.

### Average Prices Received by Farmers <sup>(1)</sup>

Commodity and Unit	Ninth District			Parity Prices <sup>(2)</sup> United States Oct. 15, 1944
	Oct. 15 1937-1941 Avg.	Sept. 15 1944	Oct. 15 1944	
<b>Crops</b>				
Wheat, bushel .....	\$ .69	\$ 1.30	\$ 1.36	\$ 1.50
Corn, bushel .....	.43	1.01	1.00	1.09
Oats, bushel .....	.24	.51	.54	.678
Potatoes, bushel .....	.40	1.24	1.21	1.23
<b>Livestock and Livestock Products</b>				
Hogs, 100 lbs. ....	7.80	13.50	13.64	12.40
Beef Cattle, 100 lbs.....	7.41	11.26	11.23	9.21
Veal Calves, 100 lbs.....	9.09	12.99	13.06	11.50
Lambs, 100 lbs.....	7.99	11.42	11.68	10.00
Milk, wholesale, 100 lbs.	1.66	2.72	2.76	2.90
Butterfat, lb. ....	.31	.52	.52	.461
Chickens, live, lb.....	.125	.212	.214	.194
Eggs, Dozen .....	.221	.312	.334	.436

(1) Data compiled from "Agricultural Prices," United States Department of Agriculture.

(2) The term parity as applied to the price of an agricultural commodity is that price which will give to the commodity a purchasing power equivalent to the average purchasing power of the commodity in the base period, 1910-1914.

The feed situation in the Ninth District is excellent due to another season of high crop production combined with a downward adjustment in livestock numbers during 1944. The 1944 season was the eighth

season in succession of favorable weather for crop production. Total production of corn, oats, and barley in the Ninth District during 1944 is expected to exceed last year's production by 16 per cent and it is more than a fourth larger than the ten-year average, 1933-1942. Additional factors in the favorable feed situation in this District is the record wheat crop produced this year and excellent pasture and range conditions.

Hay supplies in this area are reported as slightly larger than last year and substantially above the 1938-1942 average. For the United States, hay production and carry-over is considerably less compared with last year and only slightly larger than the recent five-year average.

With numbers of grain-consuming animals being reduced in 1944, the 1944-1945 domestic supply of the four feed grains is indicated to be 13 to 15 per cent larger per animal unit than in 1943-1944, and about the same as the average for 1938-1942, according to the United States Department of Agriculture. The Department also forecast that with reduced numbers of livestock on farms, demand for feed grains in 1944-1945 is expected to decline, and prices are likely to average moderately lower. It was indicated, however, that the decline in prices would be limited by strong demand from the large numbers of livestock still on farms and by Government price supports for corn and wheat.

The great expansion in livestock production during the 1941-1943 period was made possible by favorable feed production, large storage stocks of feed grains, and heavy feeding of wheat, according to a statement in "The Feed Situation" for October. The report shows that on last January 1 the number of grain-consuming animals on farms and ranches was greater than in any other year on record. Hog numbers increased from 1941 to a peak last January 1 of about 85 million head. Cattle numbers have been increasing since 1938 and on January 1, 1944, a record number of 82.2 million head was on farms and ranches in the United States. A record number of 572 million chickens was on farms January 1, 1944, also. Sheep numbers on the other hand reached a peak on January 1, 1942, and at present are below the 1933-1942 ten-year average. Relatively low feed prices in the early years of the war period and favorable feed-price ratios encouraged increases in livestock production.

**Dairy production** during the war has expanded approximately 13 per cent. However, there have been many shifts in the production and utilization of different dairy products to meet wartime needs. For example, the production of dried whole milk has increased several hundred per cent from the 1937-1941 average. Cheese and evaporated and condensed milk production are up a third. On the other hand, butter production is down sharply. Postwar adjustments may be necessary to meet peacetime demands. New or expanded markets may have to

be found for much of the increased dried milk production; otherwise, many plants producing these products are likely to face unfavorable prices. Per capita consumption of butter and cheese is expected to increase substantially when rationing of these products is lifted. Fluid milk consumption has been restricted in many areas. Consumption of fluid milk is relatively high when consumer purchasing power is high.

Production of butter is down sharply from 1939—from about 17 pounds per capita to 14 pounds. Civilian per capita consumption is down from 17 to 12 pounds since 1939, indicating that approximately 15 per cent of butter production in recent months was used by the armed services or exported.

Cheese and other dairy production is up but about 35 per cent of cheese production in 1944 is estimated to go to the armed services or for export. Only about half the condensed and evaporated milk production will be available to civilians in 1944 according to Department of Agriculture estimates. In normal times the United States imports about 60 to 70 million pounds of cheese but usually neither exports nor imports much butter. Condensed and evaporated milk products were the chief dairy products exported in prewar years.

In many ways the dairy industry is in a more favorable position than are other agricultural groups. Total over-all milk production through 1943 increased only about 13 per cent from the prewar 1935-1939 average. This compares with increases of 52 per cent for poultry and poultry products, 51 per cent for meat animals, 26 per cent for feed grains and hay, 24 per cent for vegetables, and 239 per cent for oil bearing crops. Sugar beet and cotton production is down but over-all agricultural production in 1943 was approximately 28 per cent above the prewar average and 1944 production is estimated even higher by the Department of Agriculture.

The demand for dairy products is such that people will eat more of these products when their incomes are high. Therefore, if employment and national income remain high in the postwar years, the dairyman will be able to sell a larger quantity of dairy products at satisfactory prices. The Department of Agriculture estimates in the October "Dairy Situation" that the 1945 demand for dairy products in the aggregate is expected to exceed available supplies at prevailing prices even if military and export needs are reduced. The report states that the demand for manufactured dairy products will continue strong and probably will outrun available supplies at present prices. It is estimated that civilians probably will consume at least 115 billion pounds of milk equivalent in 1945. This amount would be 5 to 15 per cent in excess of the total supply that will be available to civilians in 1945, according to the Department of Agriculture.