Our Situation Today—A Country-Wide Economic Survey

The Second Economic Survey of the American Bankers Association, Reported at the Convention of the Association in Los Angeles, October 4, 1921, by John S. Drum, President

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American Bankers Association Second Economic Survey, October, 1921

LAST SPRING, when I gathered the opinions of bankers and business men throughout the country and consolidated the information received in the Economic Survey that was reported to the Executive Council, the nation's business had just experienced a rapid fall from the height of war-time activity.

The countries that for six years had been eager markets for American products of all kinds had reached the point at which they could no longer consume and pay for our excess production. Costs of production had mounted steadily for years, and at length had become so high that they could not be absorbed by foreign consumers; foreign countries, which had created great debts and destroyed great wealth, simply did not have the means to pay.

The sudden decline of foreign demand inevitably resulted in a reduction of the prices of our products, regardless of what the cost of producing them had been. This reduction in values did not uniformly affect all products, and brought about a reduction in domestic purchasing power that resulted in decreased consumption, a reduction of the output of manufactured goods, and unemployment.

The debt-making period had ended and the debt-paying period had begun. Changed conditions had made necessary a readjustment of the entire economic machine, and readjustment had started.

In many quarters, naturally, there was a tendency to resist the forces working toward readjustment. There was a natural unwillingness to take losses, and men were unwilling to give up favored positions that had come to them through the flush of war-time prosperity.

Systems of taxation devised to meet war conditions, but obstructive of business in normal times, were in effect.

Great industries were operating under restrictions and regulations that the Government had found it necessary to impose for the successful conduct of the war.

Business, in short, was out of joint, and men contemplated its condition with uncertainty. They were groping for the facts.

It was with the idea of getting at the facts, of getting a true picture of conditions in this country today, that this second survey was undertaken. I sought the opinions of the bankers and men representative of the industries of the country, and the information these men possessed by reason of their close contact with the nation's business. More than one thousand bankers and others replied to the questionnaires sent out and, in addition to reporting the progress of readjustment, discussed the situation in their communities.

This picture of our situation is prepared from these reports. They come from the ranges of New Mexico and Wyoming and Texas; from the mines of Montana and Arizona and Utah, from the coal mining regions of Pennsylvania and West Virginia and Ohio, from the industrial centers in New York and Pennsylvania and New England, from the tier of industrial and agricultural and mining states extending from the Atlantic Ocean to the Great Lakes, from the cotton regions of the South, from the great grain states of the Middle West, from the forests of the Northwest—from every part of the country.

The Volume of Manufacturing.

The output of finished goods throughout the country is considerably smaller than it was a year ago, and measurably smaller than it was six months ago. Although production as measured by employment has decreased progressively throughout the year, our reports show there has been a slight increase in the output of some manufactured products in the last few months. This increase has been most noticeable in industries devoted to the production of essential articles of food and clothing, and is commonly ascribed in reports received in this survey to two causes:

First, the gradual depletion of surplus stocks of these goods that had accumulated a year ago; and

Second, a seasonal increase in the demand for them.

Whatever slight increase in the output of finished goods as a whole has taken place has not been shared by iron and steel products, heavy machinery and farm implements, if production of these commodities in the country as a whole is considered as a unit.

The reasons commonly given by the men whose reports make up this survey for the steady decline in the output of these articles throughout the year are:

First, comparative stagnation of activity in construction;

Second, delay in railroad repair and replacement work;

Third, comparatively small reduction in the prices of iron and steel and their products; and

Fourth, lessened purchases of new equipment and supplies by farmers.

Surplus Stocks Reduced.

Taking the country as a whole and considering all classes of finished goods there is a surplus of manufactured commodities in the hands of the producers. These surplus stocks have been reduced gradually throughout the year and, as replacements have become increasingly necessary, more rapidly in the last six months. In many industrial centers manufacturers are limiting production to orders received. This is reported to be due partly to the inability to obtain credit to carry surplus stocks and partly to uncertainty caused by fluctuations in the prices of raw materials.

Costs of Manufacturing.

A progressive decline in the costs of manufacturing has taken place during the year. In industry as a whole, the costs of materials, labor and construction have declined in the order named.

The larger part of the drop in the cost of materials took place during the first six months of the year. Recently this decline has been checked and prices have steadied. The recent revival in the clothing industry in New York presents a good example of the effects of reduced production. When activity in the clothing industry declined production of wool textiles was decreased accordingly. When the demand for clothing sharply increased a short time ago, and manufacturing took an upward turn, a shortage of woolen cloth soon developed. The price of woolen textiles increased, but clothing manufacturers, unable to get cloth, found themselves after a long period of reduced activity in a position where they were unable to fill orders.

The reduction in the cost of labor, reports considered in this survey show, has been due to two causes:

First, reduced wages or longer hours for the same wages; and

Second, increased efficiency.

Wages.

In industry as a whole the greater part of the wage reduction has occurred in the last six months. Wage reductions in many instances have been effected by the voluntary acceptance by labor of decreased rates of pay or longer hours of work. In other instances labor has returned to work after trying by strikes to resist wage cuts, and in still others manufacturers have shut down their plants and then opened them again, re-employing part of their forces at reduced wages.

Increased efficiency of labor has been the natural result of unemployment on a large scale. Competition for employment, largely eliminated during the war and for eighteen months after the armistice, has been restored during the last year and particularly in the last six months, and in many industries in which wage reductions have been slight the cost of labor has been decreased by reason of greater efficiency and a greater volume of per man production.

Reports received in this survey are that notable exceptions to the common reduction of the cost of labor are apparent in three great industries, railroading, coal mining and the building trades. Railroad wage scales still are fixed by the Railroad Labor Board, a Government agency, and the continued enforcement of shop rules made during the period of Government control have made difficult an increase in the efficiency of skilled railroad labor. These shop rules have compelled the use of a number of men for work that could be performed by one. Besides increasing costs by causing much lost motion, these rules, in effect, limit the work a man is permitted to do and in many cases force payment for work that actually is not done.

In the coal mines wages are fixed by agreements that will not expire until next spring and are kept at war levels while wages in metal mining have come down. There have been some slight reductions in the wages of skilled laborers in the building trades, but in most cases these have been made only after costly strikes that have offset to a great degree any reduction in cost that might have accrued from reduced wages. The efficiency of men in the building trades in the country as a whole has not increased, although there are exceptions to this.

In neither railroading, coal mining nor the building trades have the hours of work been increased.

The decreased price of lumber and some other building materials, however, has been responsible for some slight decline in construction costs.

Taxation and Transportation.

Taxation in the industrial sections has either increased or remained stationary during the year; in no case is a decrease reported. Increased taxation is due largely to greater state, county and municipal levies.

On the whole, reports received in this survey attribute no part of the reduction in the costs of production to any decrease in the cost of transportation. Freight rates, of course, follow the decisions of the Interstate Commerce Commission and none but minor changes have taken place since increased rates were made effective in August, 1920.

Prices of Finished Goods.

Wholesale prices of manufactured goods have decreased steadily throughout the year. Food products, which declined more rapidly than most other finished goods in the early part of the year, have dropped in price at a less rapid rate during the last six months, and recently the fall has been checked altogether and there has been a slight upward turn in some food products. Considering manufactured goods as a whole, however, the price decline has been uniform and progressive from month to month.

Retail prices on the whole also have declined steadily throughout the year, although not in the same proportion as wholesale prices. Costs of transportation and selling, entering into retailing to a greater extent than into manufacturing and wholesaling, undoubtedly have been factors in causing the disparity between the decline of wholesale and retail prices.

Lumber and Metals.

Natural products such as lumber and metals, whose output may be regulated at the will of the producer, are produced in smaller quantities today than they were a year ago and in smaller quantities than six months ago. Reports in this survey attribute this decrease in production to:

First, lack of demand;

Second, prices so low as to make production at prevailing costs and prevailing freight rates unprofitable; and

Third, the existence of large surplus stocks that have been reduced at a very slow rate during the year.

Inactivity in construction at home and a decided fall in the foreign demand have greatly reduced the consumption of copper, lead, iron and lumber. At the peak of war-time and post-war activity all these metals and lumber were produced in great quantities, and when the demand slackened miners and lumber producers found themselves overstocked. The metals had been mined and the lumber had been cut at peak costs of labor and materials, and consequently when demand fell off and prices declined it was impossible to sell these stocks except at prices that would not net a profitable return over the costs of production.

In view of these conditions continued production was of course out of the question, and last year many mines and lumber mills were shut down altogether, while the output of those that remained in operation was greatly reduced. During the year the surplus stocks of metals and lumber have been gradually cut down, but they remain abnormally large.

In the last few months an increasing Oriental demand has operated to increase production in the lumber district in the Pacific Northwest, but the output of lumber in the Southeast remains low. Copper and zinc production is very low.

Labor costs in the metal mines and in the lumber industry have been reduced in the last year and in the last six months, according to our reports. As in the manufacturing industries, this has been due to competition for work resulting from unemployment, and to the consequent reduction in wages and increase of efficiency. Costs of machinery and supplies used in metal mining and lumber producing have declined during the year, but not as much as the costs of labor. Transportation costs and taxation, of course, remain high.

The prices received by producers for metals and lumber, while considerably lower than they were in 1920, have not declined greatly in the last six months. Retail prices of lumber, however, have declined more rapidly in the last six months than in the preceding half year.

Agricultural Products.

Except for a very much smaller output of cotton resulting from a great reduction in acreage, and eliminating from consideration the effects of climatic conditions, the production of agricultural products is as great as it was last year. Our reports are that surplus stocks that existed after the harvest last autumn have been gradually decreased throughout the year, but the new harvest, of course, produces another surplus.

The great carry-over of cotton has been steadily reduced, and the quickened demand that has developed quite recently indicates reduction at a more rapid rate from now on.

The sustained output of agricultural products does not find a parallel in the livestock industry. Low prices and curtailed markets for cattle, hogs, sheep and wool have operated to decrease activity in breeding and fattening livestock. Reports received in this survey are that in a large number of cases the reduction in values and the difficulty of obtaining adequate credit to finance their operations have forced livestock men to sell their cattle for slaughter, breeding herds along with the rest. In some ranging states this condition has been an important factor in causing the accumulation of surplus stocks of hay and other feed. The $50,000,000 livestock pool and the Agricultural Relief Bill were largely designed to remedy these conditions.

Labor costs in agriculture and stock-raising have declined steadily throughout the year, more rapidly in the last six months than in the first. Comparatively little of this reduction had taken place at the time crops were planted, but the steady and material decline in the costs of labor for cultivating and harvesting have effected a great reduction in agricultural costs as a whole.

Farm implements and supplies have not declined in cost at a rate comparable to the reduction in labor costs, and whatever reduction in these items has taken place has come in the last six months. Transportation costs have not been reduced.

While the prices received by farmers and ranchers for agricultural products and livestock have, of course, fallen greatly in the last year, the decline in the last few months has not been appreciable, and common opinion is that natural products on the whole have dropped about as far as they are going to drop, and in some cases are tending to rebound. Retail prices of these basic products and of commodities manufactured from them have fallen steadily in the last year and in the last six months, but the rate of decline has not been commensurate with that of the prices paid to the farmers.

Credits.

Throughout the country the demand for short-time credits has decreased in the last year and in the last six months. This lessened demand is ascribed in reports received in this survey to two causes:

First, the lessened volume of business; and

Second, the increase in the value of the dollar.

The volume of credits carried by the banks of the country, both liquid and non-liquid, still is greater than normal, but has declined steadily during the last year and during the last six months. The volume of "frozen credits" in the country as a whole has decreased substantially in the last six months, although the reduction in agricultural, metal mining and livestock regions has not been as great as that in the industrial districts, and "frozen credits" growing out of export loans have been reduced very little.

Credits that remain non-liquid consist chiefly of those extended before 1920 and believed, at the time they were extended, to be liquid. Sharp depressions in some lines, however, have "frozen" credits that were extended this year.

Exports of finished goods, taken as a whole, have declined steadily throughout the year. Very recently exports of cotton and certain other agricultural products have taken an upward turn.

The Nation's Business.

That is the picture of our situation today, drawn along national lines. To take the place of the chart that accompanied the first Economic Survey, I have prepared and appended to this report brief summaries of conditions in each of the states from which reports were received. Broadly, this is what the reports show:

In the great cotton states of the South, in the agricultural states of the Middle West and the West, in the Western mining and cattle-raising states, in the lumber producing regions of the Northwest and the Southeast, there has been a great reduction in buying power consequent upon a slackened demand for natural products and a reduction in their value without a commensurate decrease in the prices of finished goods.

In the industrial regions of New England, the Middle Atlantic states and the tier of states extending from the Atlantic Ocean to the Great Lakes and the Mississippi River there has been a reduction of production consequent upon reduced foreign purchasing and reduced buying by producers of natural products at home.

This reduction in the output of manufactured goods in the industrial centers has thrown millions of men out of employment and consequently has operated to reduce further the national buying power. Thus increased consumption of natural products is prevented, increased purchasing by producers of natural products is prevented, increased production of finished goods is prevented, increased employment of labor is prevented, and the circle revolves.

Jones, the farmer, millions strong, is not getting enough for his crops to enable him to buy the farm implements and clothes and shoes and other finished goods that he and his family need and normally consume. Brown, the cattle man, and Smith, the miner, are in the same fix. Green, the manufacturer, cannot sell the quantity of goods he normally produces, so he has cut down production. And White, the laborer, is out of work and cannot buy either the farm products or the finished goods that he and his family normally use.

Changed Problems.

What has caused this situation? To understand it clearly it is well to consider briefly the development of production and consumption and marketing in the United States since the nation's birth.

We have a country that in one hundred and fifty years has spread from thirteen colonies crowded together on the Atlantic seaboard until now it stretches broadly across a great continent, possessed of great natural wealth, a highly developed industrial structure, and one hundred and five millions of highly intelligent people.

Steadily for one hundred and fifty years the United States has expanded, territorially, industrially, economically. Except for the South in the years after the Civil War, every part of the country has developed steadily, increasing its productivity, increasing its marketing facilities, increasing its common prosperity from year to year. Farms have grown out of the wilderness. Towns have sprung into cities and great industrial centers. Railroads have been built across the country and up and down. Products of one part of the country have been traded for those of other parts and for foreign products in an intricate system of exchange that, for all its complexity, and for all the factors of finance and transportation and marketing and production that were involved in it, in normal times operated exceedingly smoothly.

True, the progress of prosperity has been halted at times. We had our period of readjustment after the Civil War. We have had poor crop years, followed by financial stringencies and temporary business depression. We had the period of railroad receiverships. Several times some parts of our economic machine have broken, and we have had to stop to repair them.

But on the whole, before the great war, the country moved steadily forward, unperplexed by any except internal problems, producing more and more each year, always trading products for one another at home and abroad, and never concerned very much with foreign affairs that had no direct effect on the United States.

We continued along this line until the great war broke out. Then the world began to call on this country to take a larger part in world production and a larger part in world affairs. New conditions changed the old ways for all time. Our country has become the great creditor nation of the world, the reservoir of the world's gold and the world's credit ability. Our problems are no longer merely problems caused by bad weather and poor crops and domestic financial stringencies. They are international and world problems.

If world influences in the process of readjustment could be divorced from domestic influences this country would not now be considering the problems of readjustment; it would have solved them and would be walking in the old path. But this could not and cannot be; world influences now and henceforth must have a powerful bearing even on the problems that in former years were considered purely domestic.

Fundamental Principles.

Intelligent study and discussion of conditions in our country today must be based upon full recognition of these fundamental principles:

First: The world is recovering from the most serious and far-reaching economic and social upheaval in modern times, and the most essential element in the restoration of stable conditions is time.

Second: The United States is economically so interdependent with the rest of the world that it cannot have full and permanent prosperity without world prosperity.

Third: While time is the most essential element in the restoration of normal conditions, it lies within the power of men and governments to assist the operation of natural economic forces working toward readjustment by removing artificial obstructions from their path and by so conducting their affairs that they move with those forces instead of vainly trying to oppose them.

Fourth: The power of one man or one small group of men to aid the curative work of natural economic forces is small; if the full power of men to improve conditions is to be exercised it must be through the awakening of a universal economic consciousness and through actions guided by that consciousness.

Fifth: There is no panacea for the economic ills of the time, nor can artificial measures hasten the restoration of normal conditions.

Sixth: Delay in the removal of legislative restrictions on business that may have been necessary in time of war, but serve now only to hamper and to harass, is preventing the operation of natural economic laws that are working to restore stable conditions.

Seventh: The natural functioning of natural laws, and not artificial legislation, will remedy business conditions. Legislation that seeks to bolster any element in our economic structure by artificial means, or is prompted by political exigency rather than by economic requirement, cannot improve the situation, but in the long run must result harmfully.

Eighth: The "normal conditions" toward which the country is progressing are not necessarily the same as those that existed before the war.

Three Prerequisites of Stability.

In the light of these principles should be considered the three principal prerequisites of stability and prosperity, as they have been clearly recognized and forcefully stated by the men whose opinions have been consolidated in this survey:

First: There must be re-established such a harmonious relationship between prices and costs, and between prices of natural products on one hand and finished goods and services on the other, as will give to each group of producers the purchasing power—which means simply the ability to trade—to which its product is naturally entitled.

Second: There must be a restoration of social, financial and economic order and stability in the nations of the old world that were disrupted by the war. They must reconstruct their productive machinery and restore the wealth that was wasted and destroyed in the war, so that the normal exchange of products of one country for those of another—the normal international trade relations—may be resumed.

Third: When economic, financial and social stability abroad shall have been restored, the United States must find in those stabilized foreign countries markets for the excess products of her farms and her forests, her mines and her factories.

The simple fact is that the farmers and other producers of raw materials do not receive enough for their products to enable them to buy, at prevailing prices of manufactured goods, the finished products that they need and normally buy. In other words, the reduction in the price of finished goods has not been commensurate with the decline in the price of natural products, and the purchasing power of the farmer, the miner, the livestock man and the lumber producer therefore has been greatly reduced.

Domestic Problems.

This survey has shown that the movement toward a proper and equitable relationship between the prices of natural products and finished goods, while slow and in some cases erratic, nevertheless on the whole has proceeded steadily during the last year, and at an accelerated rate during the last six months. The reports that I have received have also shown that the three great domestic influences that more than all others are retarding this readjustment of prices and costs are these:

First: The delayed adjustment of the cost of labor, which prevents adequate reduction of the prices of the innumerable commodities and services in the cost of which the cost of labor is the most important factor, and also serves to prevent full employment of labor. This is due both to slow adjustment of the compensation of labor and to the continuation of shop rules that impair its efficiency.

Second: The sustained high costs of transportation, which prevent the natural and normal movement of commodities of all kinds to market and operate to reduce the net return for natural products at the same time that they increase the costs and therefore the prices of finished goods.

Third: The continuation of an unsound system of taxation that diverts working capital from its proper channels and thereby prevents the accumulation of working capital that is necessary for increased production, for the installation of improved methods of production, and for full employment of labor.

Common opinion, as it is expressed in the hundreds of reports that make up this survey, is that when these three deterrent influences have been eliminated the chief obstacles to a restoration of a proper and equitable price equilibrium will have been removed, trading between one group of producers and the others will proceed naturally, and labor and capital will be more fully employed in productive enterprise.

The Railway Situation.

Whenever men get together and discuss the railway situation, the question most frequently asked is this: "When are railroad rates going to come down?"

Instead of that question, these might better be asked:

"When is the Government going to recognize the importance of making the financial settlements to which the railways are entitled?

"When is the policy of 'less Government in business' going to be applied to the railways, which have suffered more than any other industry from the effects of too much Government in business?

"When are the labor costs that are the most important factor in the costs of railway operation going to be adjusted to a point in keeping with the common reduction in values of services, and when are shop rules that prevent railway employes from giving full value for their wages going to be eliminated?"

Upon the answers to these last three questions depends the answer to the first. As long as the Government delays the enactment of the railway relief legislation that common sense demands; just as long as the Government continues to control the operations of the railways in vital respects, and just as long as the cost of railway labor remains out of line with the common price tendency—just so long will it be before railroad rates come down.

In effect, this is what the Government said when it took over the railways:

"The exigencies of war require that control of your properties be centralized in the Government. The Interstate Commerce Commission says they are worth $18,900,000,000. Your average earnings in the last three years have been $900,000,000 a year, and we shall guarantee to you an annual return of that amount. The managers whom we place in control of your properties will see that they are properly maintained. From time to time we may find it necessary or desirable to make certain additions or betterments, and we shall do so at your expense. When the time comes we will do the fair thing in the way of adjustments."

That was the understanding. The Government owes the roads hundreds of millions of dollars, and Congress is hesitating about paying the debt. The roads owe the Government millions of dollars on account of additions and betterments made during the period of Federal control, and in some quarters there is apparent a desire, based on the assumption that capital expenditures should be absorbed by current income, to offset the debt of the roads to the Government against the Government's debt to the roads.

The effects of withholding the payments to which the railways are entitled are manifest. Many roads are forced to borrow at high rates of interest to meet their current expenses; others must purchase supplies and equipment on credit extended by the manufacturers, and very few have been able to accumulate a sufficient surplus of working capital to make necessary repairs and replacements.

The result has been unnecessarily to tie up huge amounts of credits at a time when the banks of the country and business generally can ill afford to carry such an additional burden. It has made it impossible for the roads to make needed repairs, and has deprived thousands of men of employment. There can be no doubt that the employment of these men at this time would give an impetus to business that would be reflected in greater consumption, greater production, and a greater volume of railway traffic. And it has been the experience of railroading in this country that when the volume of traffic increases rates decrease.

Railway Wages.

And while it has delayed paying its debts to the railways, the Government has continued to impose many restrictions that take away from the railway management the freedom of action that is necessary for efficient operation of any business. When the Government turned back the railways to their owners it handed to them also the burden of enormous wage increases that had been made during the period of Federal operation. The Government retained the Railroad Labor Board, a cost-determining agency entirely divorced from the Interstate Commerce Commission, the rate-fixing body.

After steadily rising for several years, railway wages were reduced 12 per cent last July. Compared with the decrease in the value of the commodities that the roads carry, that decrease is very small, and does not permit the reduction of rates to a point in keeping with the lower level of other services and commodities.

The common depression of trade, of which railway rates are one of the causes, has reduced the volume of railway traffic so considerably that a short time ago 25 to 30 per cent of railway workers were out of employment. As the element in purchasing power is total wages and not rates of wages, railway employes have therefore already suffered the reduction in purchasing power which they have been resisting.

What is true of railroad labor is true also of labor as a whole. Attempts to maintain wage scales based on prices and values that no longer exist cannot be permanently successful, but while they continue they cannot do otherwise than work injury to industry, to a very large part of the employes themselves, and to the entire public.

Compensation of Labor.

I have received reports in this survey of groups of workmen that have recognized that their full employment depended upon reasonable compensation for their labor and have voluntarily accepted wage reductions. This is true notably of farm labor, of workmen in the metal mines, and in some instances of men in manufacturing industries, who have either accepted wage cuts or have agreed voluntarily to work longer hours for the same wage per day.

The common tendency, however, has been to resist wage reductions, and it has been based on a natural unwillingness to relinquish the "higher standard of living" that inflated wages are supposed to have established, and on the argument that the cost of living must come down before wage rates can come down.

With regard to the first point, the position of labor is fundamentally the same as that which for a long time prompted some farmers to withhold their crops from market because they believed prices would recover. It is the same as the reasoning that made some retailers and some manufacturers resist for many months the demand for lower prices.

When those farmers found they could not sell at the prices they wanted, they sold at the prices they could get; to a lesser degree the manufacturers and retailers marked down their prices to a point nearer to that which the public was able to pay. So it must naturally be with labor.

It is becoming more and more evident to labor, as well as to the public in general, that labor cannot find full employment at the wages it wants, and must accept work at a wage proportionate to the value of the goods it produces and in keeping with the average level of values.

Wages are an integral and inseparable factor in the cost of living, and both the common good and economic law require that they come down together. Labor occupies the dual position of producer and consumer, and disproportionate rates of wages therefore have a double effect upon labor itself:

First: They are a factor in causing unemployment, and thereby reduce the consuming power of a large part of labor.

Second: They keep up the prices of finished goods, and thereby reduce the purchasing power of all labor, employed or unemployed.

A general reduction in so important a factor in the costs of production as the wages of labor could not fail to bring about a corresponding decline in the costs of manufactured goods. The purchasing power of the farmers would be increased, workmen would find more employment, the cost of living would come down, and all business would receive an impetus that would carry us far toward normal conditions. Labor's standard of living would not be impaired.

A notable example of the effects of disproportionately high rates of wages is found in the building situation. A shortage of hundreds of thousands of homes exists in the United States. For social as well as economic reasons relief from this shortage is necessary, but in spite of this great need for new dwellings and in spite of the readiness of hundreds of thousands of persons to build houses as soon as the cost of construction resumes its proper relationship to other values and prices, a large percentage of workmen in the building trades remain idle rather than accept a reduction in the wage rate.

Wage rates are of course not the only factors that require adjustment. Shop rules that impair the efficiency of labor by restricting its output and increase the cost of production in industry are an important influence working to keep up the prices of finished goods.

The Excess Profits Tax.

The hundreds of well-informed and experienced men throughout the country whose opinions I asked in preparing the First Economic Survey that was made last spring were almost unanimous in their condemnation of the excess profits tax, and in this Second Survey it has been shown that as the disastrous effects of the tax have been more and more widely felt the protest against its continuation is even more emphatic.

It is difficult to understand why, for the sake of raising a relatively small amount of revenue, Congress should disregard a promise that amounted almost to a party pledge, the recommendations of the President and the Secretary of the Treasury and the demands of public opinion, and consider legislation that would continue this universally harmful tax a year longer than is necessary.

The tax is actually not a tax on profits, but a confiscation of working capital. It is apparent to everyone who has observed its operation that it impairs the working capital of the country and makes impossible that full development of productive enterprise which is essential to reasonable and equitable prices and full employment of labor.

The tax helps to maintain the higher cost of finished products as compared with those of farm products and raw materials. It restricts the volume of manufactured goods that can profitably be made and sold, and therefore it becomes another very potent cause of unemployment.

These three great obstacles to readjustment—the railway situation, the slow adjustment of the compensation of labor and the continued enforcement of shop rules that impair its efficiency, and the continuation of the excess profits tax—vary in importance, but the injury they work is so widespread and they are so alike in their manifestations that a discussion of the effects of one parallels to a large extent a discussion of the effects of the others.

Progress of Readjustment.

But in spite of these problems the process of readjustment is going on, and there have been undeniable signs of at least a modicum of improvement in the last few months. Domestically, we are setting our house in order and approaching the day when the restoration of normal consuming power shall carry with it a return of normal production, normal consumption and full employment of labor.

The people of the United States need food, fuel, clothing, shelter, transportation, and many other commodities and services that, with the social development of the population, have come to be necessaries of life. It would be fantastic to assume that the maladjustments resulting from the war would permanently lower the consuming power of the people and the demand for these necessaries. Every step in the process of readjustment is doing its bit to restore the normal volume of purchasing power to the entire people, and in the nature of things there is no room for anything but confidence in the gradual improvement of business.

In the extent of its recovery from the world-wide stagnation that grew out of the waste and destruction of war the United States has fared better than any other belligerent nation. It is free from the social disturbances that stand in the way of restoration of stability in many other countries. Its money has escaped the demoralizing depreciation that the currencies of other nations have suffered. Despite its own indebtedness it has become pre-eminently the creditor nation of the world, while other countries have accumulated huge national debts. Its loss of man power resulting from the war has been small as compared to the losses of other nations. There is room within its borders for a greatly increased population and there are almost unlimited sources of wealth to support that population.

World Conditions and Our Production.

The United States is fortunate in the rapidity of its recovery, but at the same time it is unfortunate in the comparative slowness of the recovery of other nations. The enhanced value of the dollar abroad may be a matter for pride, but it is also an influence that makes it impossible for the war-stricken foreign countries that are struggling to restore their full productive powers to buy and to pay for the quantities of American raw materials and finished goods which they naturally would absorb.

Reports received in this survey show that as surplus stocks of necessaries abroad are consumed, as European conditions gradually improve, and as readjustment at home proceeds, the value of exports of foodstuffs and cotton is gradually increasing, and the partial restoration of foreign markets undoubtedly has been a very potent force in checking the decline of the prices of natural products.

It has reacted to improve somewhat the condition of the farmer, helping him to liquidate his products, and so has been an influence tending to work an improvement in business as a whole. The effect of the increase in the volume of exports of foodstuffs illustrates very well the importance of foreign markets and their influence on domestic prosperity.

The United States produces more than it consumes, and it is essential to our full prosperity that our excess production be absorbed in the markets of the world. And upon the United States, as the pre-eminent creditor nation of the world, rests a large part of the responsibility for creating financial machinery that will help to restore foreign markets for our goods.

There is nothing in either the domestic or the foreign situation to give rise to the pessimistic conclusion that the world is riding straight to ruin. Rational examination of our condition today must prove to the greatest doubter that our problems are but the natural manifestations of a world-wide maladjustment that great natural forces are working to remedy.

We can serve our interest best if, instead of cowering in pessimistic fear or going to the other extreme and preaching that everything will be all right if we think it is all right, we recognize the facts, face them honestly and courageously, and consider how we may best support the forces that are operating to restore stable conditions.

False Gods.

Three influences whose effects have become more pronounced in the last year have served more than all others to obscure the facts, and, by obscuring them, to prevent the proper functioning of that intelligent, united, co-operative effort that is necessary to be made by the American people if we are going to exercise our full power to help in the solution of our problems.

The first is the mistaken idea that the process of readjustment is a struggle between groups of producers, and that each group is capable of improving its own condition at the expense of the others and is striving to attain prosperity by keeping the other fellow down.

The second is the mistaken idea that legislation can deflect the operation of economic laws so as to benefit particular groups, and the tendency to let the enactment of legislation be guided by political expediency rather than by sound economic requirements.

The third is the tendency to coin slogans and catch-phrases and to substitute them for sound reasoning, preaching that they describe economic conditions and pretending that they express fundamental economic forces and movements which in the nature of things they cannot express. These slogans serve only to obscure the vision and befog the reason, and their effects are evident in antagonisms between producing groups that in the end can only work to the common injury.

"Buyers' strike" has been a catch-phrase of the year. It is popularly understood to mean that millions of people in the United States are showing their displeasure at retailers by refusing to buy, designing to force prices down by their refusal to purchase commodities that they need. It is as if some pervasive power had suddenly acted upon the minds of millions of people, customers of retail stores, and directed them not to buy.

Of course the phenomenon that resulted in reduced purchasing was not a "buyers' strike" in any way. It was not that the people did not want to buy; it was simply that war-time prosperity was at an end, values were being reduced, and people did not have the money to buy. Nevertheless the phrase "buyers' strike" could not fail to create a certain mistrust of and antagonism to retailers as a group and the retailers themselves could not help looking for the mysterious power that had caused the supposed "strike." The natural tendency to personify forces made the retailers believe some powerful "they" had caused it. And not long ago some of them discovered who "they" were; and in national publicity charged that the banks had advised the people not to buy!

Thus the wide and thoughtless, not to say malicious, use of one little phrase has created at least a measure of antagonism in and toward three groups—the retailers, the banks and the entire consuming public.

We need look no farther than the halls of Congress for illustrations of the mistaken ideas that this is a struggle between groups and that legislation can change the course of economic laws so as to help one class at the same time as it injures others.

Intelligent and informed public opinion is aware of the widespread harm that is done by the continuation of the excess profits tax. The President is aware of it, the Secretary of the Treasury is aware of it, and experts in the Treasury Department are aware of it. And public opinion and official advice demanded the retroactive repeal of the tax, so that its harmful effects might end with the year 1921, and not go on through the year 1922.

Uneconomic Legislation and Its Effect.

There exists in Congress, however, a group known as "the agricultural bloc." It was organized to serve the best interests of the farmer. This bloc is convinced, or at least asserts it is convinced, that the excess profits tax is a just tax that places upon corporations their proper share of the tax burden; that it does not hurt anybody in particular or business in general, and that efforts to repeal it are an attempt to "put one over" on the farmer whose interests it is the bloc's purpose to guard.

The agricultural bloc has turned deaf ears to the arguments that the excess profits tax actually is not a tax at all, but a confiscation of working capital; that by impairing capital it prevents that full development of productive enterprise which is essential to reasonable and equitable prices of manufactured goods and to full employment of labor; that by keeping up the costs of production of manufactured goods it is restricting the purchasing power of the farmers; that by restricting the purchasing power of the farmers it is restricting the volume of finished goods that profitably can be made and sold; that by restricting manufacturing it is restricting employment; and that by restricting employment it is restricting the markets for the farmer's products.

These arguments have been iterated and reiterated until all the members of the agricultural bloc must be aware of them, and they have not been controverted. There were, indeed, members of the Senate and House committees that considered the tax bill who favored the repeal of the excess profits tax so as to make it effective as of January 1, 1921. But "to prevent friction in the ranks," to use the words of a member of the Senate committee, the committee gave way to the House and to the agricultural bloc, and has recommended that a measure that must result in the infliction of higher prices for finished goods, reduced purchasing power for the farmer, and a restricted market for farm products be continued for a year longer than is necessary. Thus, if the tax is continued another year, the agricultural bloc will have defeated the very purpose for which it was formed.

It is acts and policies like these that do more than anything else to prevent the restoration of stable conditions and common prosperity. It is this pitting of producing groups against groups, this following of delusive standards, this shouting of misleading slogans, that prevents the unified and co-operative effort of the entire people of the country toward the common good.

Action Based On the Facts.

In this survey I have tried to give you the facts as I have learned them from the reports of bankers and others in all parts of the country who are in close touch with business of all kinds. I have tried to picture the progress of readjustment and to outline the influences that are retarding it.

But knowledge of the facts means nothing unless it is made the basis for action. And our immediate concern should be this: How can the American Bankers' Association, with its 24,000 members in thousands of communities in the United States, consolidate its strength and unify its efforts so as to make the banking system of the country an effective agent in the restoration of normal conditions and common prosperity?

The intensely democratic development of the American banking system has been such that we have not, as they have in Europe, a banking strength consolidated in a few large institutions, each with its branches spread among all the communities of the nation. Fortunately or unfortunately, the strength of our banks does not lie in the hands of a few men, capable by their actions of exercising a powerful and unified influence on financial and economic affairs of the country.

We have instead a banking system that consists of nearly 32,000 independent units dotted over an area of more than three million square miles and operating under half a hundred different systems of banking laws. These 32,000 banks range in strength from a few thousands of dollars to a billion dollars, and nearly 24,000 of them, representing fully 90 per cent of the banking strength of the entire system, are included in the American Bankers' Association.

As society has progressed through the period of barter to present-day systems of currency, credit and exchange, banking has become a more and more important factor in the economic life of nations, and today it is so fundamental a need that without it our whole economic structure would break down.

Growth of Bankers' Responsibilities.

The increasing importance of the banking system has carried with it a corresponding increase in the public responsibilities of men engaged in banking. It is no longer sufficient for them to stand behind the counter and make loans and receive deposits. Be his bank a $50,000 bank or a $1,000,000 bank or a $1,000,000,000 bank, be the community in which it is situated ever so small or ever so large, every banker in this country owes to that community a duty of economic education and economic leadership that he must discharge in his own interest as well as in the public interest.

The question is, how are we as bankers going to discharge that responsibility? How are we going to get that unified action that is necessary to make the force and power of our banking system fully effective?

It is not enough to have 32,000 banks in widely separated communities working, each alone and each along its own lines, ignorant of the thoughts of the thousands of other bankers, ignorant perhaps of the direction which their efforts are taking. To become fully effective, the latent power for public good that lies in the 32,000 banking units must be united in a common policy and a common effort that will find expression both in group action and individual action.

We have today all the necessary media through which the banking strength of the country may be consolidated and made a great force in active economic leadership. We have the American Bankers' Association, in which the national strength of the banks is represented. We have the various state associations, each with its intensive machinery well equipped and ready for use in creating a union of banking thought and action. We have the State Secretaries' Section, establishing a contact between the national organization and the state organizations and thus between all the bankers of the country.

We have our commissions and committees, our sections and divisions, our Executive Council meetings three times a year and our convention once a year. All these agencies are constantly giving careful consideration to the problems that arise from time to time and to means of solving them. They can work out policies, but they cannot put them into effect. That can be done only by all the banks of the country.

The Bankers' Opportunities.

Merely to indicate the possibilities that lie within our bankers' associations, I want to say that in the last year I have three times tried to make use of the unified banking strength of the country in efforts of a public character. Twice I have called on the banks, in connection with the First Economic Survey and again in connection with this Second Survey, to provide accurate information from which a country-wide picture of business conditions might be prepared, so that facts on which to base action might be obtained.

Both times the response was instant. The banks of the country, recognizing the effort of public service that was intended and in which they were asked to assist, gave their best judgment and opinions in answers to questionnaires and in discussions of conditions in their communities.

Within the last six weeks I have asked the banks of the country to join in a common effort to bring about the repeal of the disastrous excess profits tax. The response was again instant and country-wide, and the unified banking strength of the country expressed itself. Whether this initial effort to consolidate the influence of the banks has been or will be successful is immaterial; the point is that the banks have joined in a public effort; the way has been pointed; an indication of the possibilities that lie in union of thought and action has been had, and we should now press forward to exercise the full influence of our united strength.

There has always been in this association an aversion to going into "politics." If by "politics" is meant "partisan politics," of course the aversion is well founded. But in the larger sense of the word, in the sense of "the science of government," there is no matter with which the banks of the country might better concern themselves.

This great American Bankers Association should have an eye always not to class welfare, but to the economic and financial welfare of the entire people. We should go into politics with the purpose of being helpful, of placing such facts as we may be able to gather at the disposal of legislative bodies, and of having them make such use as they may wish of the information we provide, for upon them rest the primary responsibilities of government.

The banks can have no greater duty than that of acquainting the people and the legislative bodies of the country with the facts, of guiding their own actions and public actions as far as possible in the light of sane consideration of those facts, of dispelling mistaken ideas that any measure of prosperity can come to any class out of class antagonisms, of preventing as far as possible by educational methods the enactment of laws through political expediency rather than for sound economic reasons.

And they can discharge that duty best not by sporadic individual action, but by a community of action through the medium of this, their great association.

Conclusion.

In closing, it is well to say that there is nothing in our domestic situation nor in the international situation that can sustain a pessimistic outlook or a despondent view that the world has sunk into permanent depression.

Gradually influences preventing the restoration of stable conditions are disappearing. As prices move toward stability on an equitable basis the full purchasing power that is a necessary prerequisite of normal prosperity is being recovered. Steadily, as social and political conditions abroad improve, the wealth wasted in war is being replaced and foreign countries are working to rebuild the productive capacity that measures their ability to consume, and as foreign production increases world markets for American goods are being reopened.

It is true that many problems, both domestic and foreign, are standing in the way of a restoration of stable conditions and normal domestic and world prosperity. But the forces that are working to solve these problems are irresistible.

If we face conditions as they are; if we consider our situation in the light of sound fundamental economic laws; if we realize that our problems are but the natural and necessary results of the world-wide disturbances attendant upon the war; if we recognize that time after all is the greatest healer; if we do not seek vainly to obstruct natural forces by artificial measures designed to serve as panaceas or palliatives; if we as bankers and as an association use to the fullest degree our power to create an enlightened public opinion and to awaken and direct an economic consciousness that will wipe out producing group antagonisms and political expediencies and bring the country to work sanely, intelligently and in union with the great economic forces that are operating to restore normal conditions and normal prosperity—then we need not fear the future, but may face it confidently and may be sure that it holds no difficulties that we cannot overcome.

The Trend of Readjustment as reported by The Banks of the United States

The following brief summaries of conditions in the various states are based upon answers to the questionnaire used in this Second Economic Survey and represent the opinions and the best judgment of the bankers and a number of men representative of the industries of those states, as expressed both in the answers and in the comments that accompanied them.

The statements contained in these summaries are not intended to be statistically exact, and no attempt has been made to use statistics compiled by various federal, state and private agencies. Wherever percentages are used they are approximate, indicating, however, as close an estimate as could be obtained by the reporting bank after careful observation. These reviews will accomplish the purpose for which they are intended if they present a broad picture of the trend of readjustment in the various states.

The purpose in giving the rural and urban population in each state is to give a definite idea of how large a part of the population has been primarily affected by the reduced purchasing power incident to the common decline in the value of natural products.

Irregular changes in values have made it impossible to determine exactly the relative financial importance of either the manufactured or the natural products of a given state, and for that reason no attempt is made to list these products in the order of their value. Only the more important products of each state are listed.

Statements in these summaries which are enclosed in quotation marks are taken verbatim from reports received in making this survey.

ALABAMA

Population

Rural, 1,839,857
Urban, 509,317

PRODUCTS

Manufactured

a. Cotton goods
b. Lumber products
c. Iron and steel products
d. Cottonseed oil and cake

Natural

a. Cotton
b. Corn
c. Lumber
d. Livestock
e. Coal
f. Iron

Production of iron and steel, iron and steel products, cotton goods and finished lumber in Alabama suffered a 60 per cent decline in the six months following the sharp break in business last year, but the decline was checked a few months ago and recently an improvement has been noticeable. While there is a surplus of pig iron, coal by-products and cotton and steel products in the hands of manufacturers, the surplus has been reduced about ten per cent in the last six months.

Manufacturing costs have decreased about one-fourth in the last year, the greater part of the drop coming since spring. Labor, material and construction costs have decreased measurably in the order named, while interest rates have dropped a little. There has been no decline in taxation nor the cost of transportation. Average wholesale prices of manufactured goods produced in Alabama dropped steadily throughout the last twelve months. Retail prices of these goods showed an average decline of 25 per cent in the first six months and of 10 per cent in the second six months.

There has been a decrease in the production of coal, cotton, fruits and vegetables, cattle, hogs, sheep and hay—the principal natural products of the state—and an increase of 25 to 50 per cent in the production of corn, which in many parts of the state was planted in acreage formerly devoted to cotton.

On September 7 the price of cotton, of course the great product of the state, was 80 per cent above the low point it had reached six months before, and this increase was being felt in a noticeable recovery of business. Improved conditions in the last few months have been reflected in a greater demand for short-time credits, the volume of which, however, was less at the end of September than at the end of the same month in 1920. Country banks are carrying a large volume of "frozen credits" on cotton, lumber and coal. Opinion is, however, that sufficient credit is available to take care of normal production.

Foreign sales of raw materials and manufactured goods have been increased in the last six months "through the organization of export corporations and the willingness of strong financial concerns to back legitimate exports of cotton and lumber."

ARIZONA

Population

Rural, 216,376
Urban, 117,527

PRODUCTS

Natural

- **a. Copper and other metals**
- **b. Livestock**
- **c. Cotton**
- **d. Hay and grain**

Southeastern Arizona is a section devoted largely to copper, silver, gold and lead mining and to raising cattle. At the end of August virtually no metals were being produced, but there had been no noticeable decline from a year ago in cattle raising. Six months ago production of metals was about one-half of normal. Considerable surpluses of copper, lead and cattle are in the hands of the producers, although in the last six months there has been a small reduction in copper stores.

There have been pronounced decreases in the cost of mine labor and supplies, which have been offset to some extent by increases in taxation. Copper could be produced now at a cost 25 per cent lower than that of a year ago. Prices of both copper and cattle have fallen sharply from the peak, but the percentage of decrease in the last six months has been less than that in the first six.

The volume of liquid credits carried by the banks has decreased steadily for a year, but the demoralization of the mining industries has resulted in an increase in the volume of "frozen credits", most of which, however, consist of loans extended in 1920. The feeling is that railroad rates and taxes are operating to keep the mines closed. The cost of labor in this district has been adjusted. Increases in foreign sales have been inconsiderable.

Southwestern Arizona is largely agricultural, producing long and short staple cotton, alfalfa seed, hay and grain. There has been a considerable reduction in the output of cotton, but some increase in hay. The surplus of cotton that existed a year ago has been reduced 75 per cent. Agricultural costs are 50 per cent less than they were a year ago.

The demand for short-time commercial credits, while not so great as it was a year ago, is greater than it was six months ago. An indication of improved conditions is found in the fact that while last year the banks had to carry the alfalfa seed crop, this year's crop was sold.

In this part of the state "frozen credits," consisting chiefly of those extended in 1920, have decreased, but the feeling is that liquidation has not progressed to a point at which sufficient credit exists to take care of normal production. Railway rates and the comparatively slow decline in the prices of finished goods are considered to be the principal influences working against the farmers in this part of Arizona. Encouragement is found in the recent upward turn in cotton prices and steady improvement is expected in the next year.

Conditions throughout the state correspond to those in the southwestern and southeastern parts, as Arizona, except for a few small manufactories, is entirely an agricultural, mining and livestock-raising state.

ARKANSAS

Population

Rural, 1,461,707
Urban, 290,497

PRODUCTS

Manufactured

a. **Lumber products**
b. **Cotton-seed oil and cake**

Natural

a. **Cotton**
b. **Corn**
c. **Lumber**
d. **Livestock**

A great reduction in the output of cotton and lumber produced in Arkansas has been the natural consequence of a lessened demand for these commodities. Considerable surpluses of these two products are held in the state.

Except for the output of a few industries of comparatively small importance, the state produces none but natural products.

The cost of production has been reduced considerably, the principal decline taking place in labor and materials. Cotton acreage throughout the state has been reduced 25 to 30 per cent, and fields formerly planted to cotton have been planted to corn and other food and feed crops. Corn now ranks as the second crop of the state.

Foreign sales of natural products have decreased in the last year, and at a lesser rate in the last six months. **"Inasmuch as a large part of our production is exported, we think the general demoralization of Europe is one of the conditions holding back the readjustment of prices."**

Demand for short-time commercial credits has decreased, but the volume of "frozen credits" remains large. Production of finished lumber has decreased 35 per cent in the last year; of coal, zinc and bauxite 30 per cent, and of manganese 60 per cent. Conditions in these industries in the last six months, however, have shown some improvement.

A measurable decline in costs of agricultural production has taken place in the last year. Manufacture of wood products has increased about 25 per cent in the last six months.

CALIFORNIA

Population

Rural, 1,095,132
Urban, 2,331,729

PRODUCTS

Manufactured

a. **Canned Goods**
b. **Petroleum products**
c. **Iron and steel products**
d. **Building materials**
e. **Flour**

Natural

a. **Fruits and vegetables**
b. **Petroleum**
c. **Grains**
d. **Minerals**
e. **Livestock**
f. **Lumber**

Throughout California the volume of manufacturing, although less than it was at the peak, is greater than it was six months ago, except in the metal trades, shipbuilding and oil refining. The considerable surplus of finished goods that existed a year ago has been largely reduced to normal size, except in the case of canned goods and building materials. Costs of production have decreased as far as labor and materials are concerned, but there has been little decline in construction costs, and none in taxation nor transportation. There has been a general decrease in the wholesale prices of manufactured goods, the rate of decline being more rapid in the last six months.

Natural products in the northern part of the state, consisting largely of hay, fruit, grains, oil, cattle and sheep, lumber and minerals, are produced on the average in quantities very little, if any, below those of a year ago. Surpluses of some fruits, wool, beans, rice and oil exist, but they are less than they were a year ago and less than they were six months ago. The costs of production are 20 to 30 per cent below those of a year ago, the principal decline coming in the last six months. Wholesale prices of natural products, which are far below prices a year ago, have declined very little in the last six months.

The demand for short-time credits is less than it was a year ago and less than it was six months ago, although recently the demand has shown a tendency to increase. "Frozen credits" in northern California have been liquidated to a large extent and those remaining consist chiefly of loans extended last year. Foreign sales have increased considerably in the last six months.

In southern California the principal natural products, citrus fruits, petroleum, hay, cattle and garden crops, are produced in virtually the same quantities as a year ago. There is some surplus of olives and beans and a heavy surplus of cotton, but these surpluses have been materially reduced, particularly in the last six months. Labor costs are down about one-quarter, but other costs have not been materially reduced. Wholesale price reductions of natural products in the last year range up to 50 per cent, but there has been no decline to speak of in the last six months.

Surpluses of manufactured goods produced in southern California have been reduced in the last year so that now they are little greater than normal. Demand for short-time credits has decreased and "frozen credits" have been reduced approximately 30 per cent. **"High railroad rates, maladjustment between farm and retail prices, resisting of wage reductions, foreign exchange situation,"** are characterized as influences holding back readjustment.

There has been some increase in the exportation of raw materials produced in southern California to the Orient in the last few months.

COLORADO

Population

Rural, 486,370
Urban, 453,259

PRODUCTS

Manufactured

a. **Metal products**
b. **Canned Meats**
c. **Canned fruits**
d. **Flour mill products**
e. **Beet sugar**

Natural

a. **Sugar beets**
b. **Livestock**
c. **Hay and grains**
d. **Gold, silver, lead, zinc and copper**
e. **Fruits and vegetables**

Colorado's production of beet sugar, meat products, canned fruits and vegetables, flour and various other commodities is on the whole 60 to 80 per cent of the production a year ago, but there has been a 20 per cent increase in the last six months. The surpluses of finished goods that existed a year ago have been largely wiped out. There was a 10 per cent reduction in the cost of production in the first six months of the last twelve, and a 15 per cent reduction in the last six. Taxation has increased, but materials, construction costs, labor, and to a slight extent money, have decreased. Wholesale prices of goods produced in Colorado have decreased 20 per cent in the last year and 10 per cent in the last six months. Meats are down to pre-war prices and flour almost to pre-war prices.

Livestock, sugar beets, hay, wheat, precious metals and the other natural products of the state were produced in 1921 in the same volume on the whole as in 1920. Considerable surpluses of wheat, corn and wool are in the hands of producers. One-quarter of the 1920 wheat crop remained unsold in the middle of August, 1921, and one-half the 1920 corn crop was in the hands of the farmers. Wholesale prices of natural products dropped steadily throughout the year, but the rate of decline was not so great in the last six months as in the first.

There has been considerable liquidation of "frozen credits" in agricultural loans, but not so much in wool and livestock loans. "When people learn the difference between true constructive credit and spending money there will be enough credit in Colorado for all legitimate credit demands. **We are climbing the hill, but the grade** is steep, the road is narrow and our vision is blurred by our own interests and our lack of confidence in what the other man is trying to do."

CONNECTICUT

Population

Rural, 444,292
Urban, 936,339

PRODUCTS

Manufactured	**Natural**
a. Metal products	a. Tobacco
b. Foundry products	b. Corn
c. Arms and ammunition	c. Hay and forage
d. Hardware	d. Fruits and vegetables

Connecticut's metal products are reported to be manufactured this year in quantities 50 per cent smaller than a year ago. Production is less than it was six months ago, although the decline since spring has not been as rapid as it was last fall and winter. Surpluses of manufactured goods, except in the case of some kinds of machines and parts and some sorts of tools, are not greater than normal. Many large concerns, however, have adopted the policy of producing only to order.

Declines in the prices of labor and materials and the increased efficiency of labor have worked toward a reduction of the cost of production, which is less than it was a year ago and less than it was six months ago. In Hartford County "our average running time is 39 hours, compared with the normal running time of 52 hours, with corresponding reduction in working force." Production of tobacco, fruit, garden truck and dairy products on the whole is as great as it was a year ago.

In some parts of the state a slight decline in the demand for short-time credits is reported, but "frozen credits" have been gradually liquidated.

Connecticut, being largely a manufacturing state, feels, generally speaking, all the conditions that lessened demand has brought about in industry.

DISTRICT OF COLUMBIA

Population

437,571 (entirely urban)

As the District of Columbia has little manufacturing and no farming, except in a small way, most of the questions asked in connection with the Second Economic Survey were not applicable.

Those factories that do exist in the District, however, are producing less than half the quantities of finished goods that they manufactured a year ago, although there has been no decline in the last six months. A 20 per cent decrease in the cost of production, confined almost entirely to the cost of materials, is reported. Wholesale and retail prices of these products are reported to have dropped about one-fourth in the last year.

FLORIDA

Population

Rural, 612,645
Urban, 355,825

PRODUCTS

Manufactured

a. **Naval stores**
b. **Tobacco products**
c. **Fertlizers**

Natural

a. **Phosphates**
b. **Corn**
c. **Tobacco**
d. **Lumber**
e. **Fruits and vegetables**

"Florida's phosphate mines and lumber mills are virtually all closed down because of the lack of export demand in the phosphate business and of both export and domestic demand in the lumber business."

In southern Florida, where the manufacture of cigars is an industry of great importance, production has decreased more than one-half in the last year, although very little change has taken place in the last six months. Large surpluses of cigars, lumber, naval stores and phosphate are reported and these surpluses have increased in the last year.

There have been material reductions in the cost of labor in the sawmills and phosphate mines and a large reduction in the cost of production of naval stores, "but the naval stores operators say they have not yet been able to reduce the cost of production so that they can operate on the present market except at a loss. The surplus of phosphate is held for sale at practically any price at all." Wholesale prices of naval stores, lumber and phosphate are reported to be much less than half the prices a year ago, "but there has been very little recession in the prices of lumber and naval stores during the last six months". Retail prices of these commodities are reported to have been reduced 50 to 60 per cent in the last year and less than 25 per cent in the last six months.

In western Florida a large carry-over of many kinds of farm products is reported. This surplus has not been reduced considerably in the last year. In the agricultural section is noted a fall of 40 per cent in the cost of production, of which fully 90 per cent has taken place in the last six months. Exports of lumber, naval stores and phosphates have decreased steadily during the last year.

"The local situation is marked by a certain re-establishment of public confidence in the future, a firm morale among debtors with apparently hopeless indebtedness, substantial building operations incident to the low costs of materials and labor, and the apparent certainty of a sure market at more satisfactory prices than last fall for agricultural products that were produced at a minimum of cost."

GEORGIA

Population

Rural, 2,167,973
Urban, 727,859

PRODUCTS

Manufactured

a. Cotton goods
b. Cotton-seed oil and cake
c. Naval stores
d. Fertilizers

Natural

a. Cotton
b. Corn
c. Lumber
d. Fruits
e. Phosphates

Like all southern states, Georgia has felt the serious effects of the great decline in the price of cotton. A 40 per cent decrease in the production of cotton in the central part of the state, due chiefly to a reduction of cotton acreage, has been offset to some extent by an increase of 25 per cent in the production of grain. In the last year there has been a considerable decrease in livestock, and in production of timber and clays, with an increase of one-third in horticultural products. In this central part of the state there is a surplus of feedstuffs, of lumber, and, of course, of cotton, but in the last six months the surplus of cotton has been reduced 15 per cent.

Costs of production of agricultural commodities have been reduced greatly in the last year. On the last of August the sale price of cotton showed an increase of 30 per cent in six months and a similar improvement was reported in the price of feedstuffs.

In southern Georgia an increase of 25 per cent in the six months ending September 15 was reported to have taken place in the production of lumber and lumber products, oil mill products, fertilizers and feed mill products. The costs of production in these industries were reported to have decreased 50 per cent. Surplus stocks of agricultural products and lumber in this part of the state are reported to have been reduced almost 50 per cent in the last six months. "High taxes and low prices of commodities produced in Georgia, coupled with freight rates, are holding us back."

The demand for short-time credits throughout the state is reported to be less than a year ago, but the liquidation of "frozen credits" has been inconsiderable. "The reduction of the cotton acreage and diversification of crops is expected to prevent a recurrence of the demoralization that in the past has accompanied a low price for cotton."

IDAHO

Population

Rural, 312,829
Urban, 119,037

PRODUCTS

Natural

a. **Hay**
b. **Wheat and other grains**
c. **Lead, silver, gold and zinc**
d. **Lumber**
e. **Livestock**
f. **Fruits and vegetables**

Productive Idaho is divided into three districts of unequal size. The mining section lies in the north and the lumber producing district in the northwest; the broader southern part of the state is largely devoted to agriculture and livestock-raising.

Reports are that because of the state's distance from primary markets, and the consequent effect of high freight rates, farm prices of agricultural products in the last year have fallen possibly to a greater degree than they have in some other parts of the country. A report dated September 9 says: "Wheat is worth here about 40 per cent of the price it commanded last year, hay about 30 per cent of last year's price, cattle about 50 per cent and hogs about 60 per cent."

Another report is that "grain is moving slowly on account of the high freight rate to Portland, Oregon, the primary market. There is little market for hay at any price, as sheep and cattle have been and are being shipped out of the country." A large part of the 1920 wool clip remains unsold in the warehouses. There are also surpluses of grain and hay.

Conditions in the mining district are described as follows, in a report dated two weeks ago: "The lead producer is selling his pig lead at pre-war prices, but is still paying peak freight rates, and for white lead, manufactured from his cheap pig, he still pays war prices. The lead miner is working for $4.25 a day producing this commodity and paying the railroad worker $10 to $15 a day for hauling it to market. When it is manufactured into white lead he pays 13½ cents a pound wholesale for it and $8 to $12 a day to a painter for spreading it on his house. The mines, which normally produce one-third of the income of the state, are working on a fifty per cent basis."

The lumber mills in northwestern Idaho are operating on a greatly reduced scale, but the surplus stocks of lumber existing a year ago have been reduced considerably, it is reported.

Costs of production throughout the state have been greatly reduced, the principal decline being in the cost of labor, with materials and construction costs following in the order named. Transportation costs have remained stationary and taxation has increased.

In many districts a shortage of credit is reported, despite a lessened demand for short-time credits and a gradual reduction in the volume of "frozen credits." "Many of the credits which we thought were liquid a year ago have become frozen. We have an abundance of feed and little available credit to buy animals to feed it to."

ILLINOIS

Population

Rural, 2,079,602
Urban, 4,405,678

PRODUCTS

Manufactured

a. **Packed meats and meat products**
b. **Iron and steel and their products**
c. **Agricultural implements**
d. **Wood products**
e. **Clothing**

Natural

a. **Corn**
b. **Coal**
c. **Wheat**
d. **Hay**
e. **Livestock**

Virtually without exception the varied manufacturing industries of Illinois have reduced production in the last year. Common opinion is, however, that the rate of reduction in the last six months has not been as great as it was last fall and winter. "Unusually large inventories, which are not moving at the rate producers would like, are reported in the case of farm implements, automobile tires and automobiles. About other commodities it is difficult to make precise statements, although there are reports indicating that there is a tendency for inventories to be reduced." An authority in Chicago says, "There has been considerable sale of all types of goods so that the surplus in the hands of manufacturers is not as large as it was six months ago in most lines of industry."

The largest reduction in the cost of manufacturing has been in the cost of materials. In the steel industry there have been three successive reductions of wages, and in many lines, while wage rates have not decreased, greater efficiency of labor is reported to have reduced costs. Construction costs in the Chicago district are reported not to have declined to any material extent in the last year. Transportation costs have not decreased.

"It is generally reported that wholesale prices of manufactured goods produced in this district have greatly receded from the high point reached in the early part of 1920. The decrease has been gradual and steady. Retail prices, on the other hand, have decreased on an average only 20 per cent, and most of the reduction has come within the last six months."

Surplus stocks of coal, corn, oats and other natural products in Illinois have been gradually decreasing for a year, more particularly in the last six months. "The extent of this liquidation is not exactly known, but we do know that the farmers have been selling their corn in fairly large quantities in recent months and as a result have been liquidating their bank debts somewhat." Production of agricultural products this year is expected to equal that of 1920.

"Last year a hired man on the farm in this part of the country received $60 to $75 a month, while at present he is receiving $30 to $35. On the other hand, the farmer is paying for everything except labor about as much as he did a year ago or six months ago. In fact, this is the chief difficulty of the situation: **The farmer is receiving only about pre-war prices for his products, while in most cases he is still paying prices far above those he was accustomed to paying before the war. In the last month or so the prices of agricultural products have gone up a little, although the price of livestock is still exceedingly low.**"

Throughout the state a lessened demand for all kinds of commercial credits is reported. The decrease in "frozen credits" is reported to have been small. Taxation, the railway situation, the tariff and government interference with business are characterized as influences retarding readjustment, "but fundamentally the chief difficulty which prevents speedier readjustment is still to be found in the foreign situation."

INDIANA

Population

Rural, 1,447,535
Urban, 1,482,855

PRODUCTS

Manufactured

a. Meats
b. Automobiles and accessories
c. Metal castings, machinery and tools
d. Flour and feeds
e. Lumber and wood products

Natural

a. Corn
b. Cattle
c. Hogs
d. Hay and forage
e. Small grains
f. Petroleum

Conditions in the central part of the state and in the highly developed industrial section in the northwest are typical of those throughout Indiana. One report dealing with finished goods says that in the last year there has been a decline in production ranging from 15 to 50 per cent. The last six months, however, have shown an increase of 15 per cent in the quantity of meat products, 10 per cent in automobiles and accessories and 10 per cent in drugs and chemicals and furniture. A small surplus of automobiles and accessories that existed a year ago is reported to have been absorbed, but a considerable surplus of agricultural implements and many steel products is reported in northwestern Indiana.

Costs of production in industry have declined steadily throughout the year, but at a greater rate in the last six months. Costs of materials, labor and construction are reported to have declined in the order named, but taxes have increased and transportation costs have not declined. The decline of wholesale prices of finished goods in the last year has ranged from 8 per cent to 45 per cent. Reductions in retail prices of commodities produced in Indiana range from 30 per cent in food products to an average of 15 per cent in other articles. Most of the decline in food prices took place in the first six months of the year, while two-thirds of the retail price decline of other articles occurred in the last six months.

Decreases ranging from 3 per cent in wheat to 40 per cent in oats are reported to have taken place in the output of a number of agricultural products in the last year. There has been no decrease in the production of cattle and a slight increase in the production of hogs. A surplus of corn, oats and wheat is reported. The greatest decrease in the costs of agricultural production has been in the cost of labor, although materials and construction costs have declined somewhat. This reduction has been offset to a considerable extent by an increase in taxation, transportation costs and interest rates. "There has been an average decrease of about one-half in prices paid to the farmer, but virtually none of this recession has taken place in the last six months."

Banks are reported to be carrying a larger volume of liquid credits than normal, but the demand for short-time credits is less than it was a year ago and less than it was six months ago. The volume of "frozen credits" has steadily decreased. **"The reduced cost of both labor and materials, more economical methods of manufacturing, reduced overhead and increased efficiency,"** are characterized as influences working to restore normal conditions, while **"high taxes, transportation costs, slow deflation of labor costs and the continuation of government restrictions on business,"** are named as deterrent influences. Foreign sales of Indiana products have decreased in the last year.

IOWA

Population

Rural, 1,528,526
Urban, 875,495

PRODUCTS

Manufactured

- **a. Meat products**
- **b. Flour mill products**
- **c. Foundry products and machinery**
- **d. Wood products**

Natural

- **a. Corn**
- **b. Cattle**
- **c. Hogs**
- **d. Oats and other grains**
- **e. Hay and small grains**
- **f. Dairy products**

A great reduction in the cost of labor, coupled with the return of a large number of workmen from the cities to the farms and an early and favorable season has enabled the farmers of Iowa to harvest their crops this year at a cost of production considerably less than that which prevailed during the cultivating and harvesting period last year. Farm rentals, which high values of farm products had brought to a peak in the summer of 1920, are reported to have decreased greatly.

Surpluses of corn and other farm products that existed a year ago had not been entirely liquidated as the harvest of 1921 approached. Cheaper production and the gradual consumption of world surpluses of agricultural commodities, however, lend color to the opinion of one banker "that the 1921 crops will move more readily than those of last year and the farmers will be enabled to liquidate some of their indebtedness and buy larger quantities of manufactured goods."

Natural products throughout the state will be equal in volume to the production of last year, although a report from the northwest corner of the state says that low prices have resulted in a 15 per cent reduction in that district.

Many reports from Iowa iterate the statement that **"our grains are selling at prices 50 to 75 per cent below the peak, while virtually all the things our farmers buy have fallen relatively little in price. We cannot catch up until these price levels get together."** Influences tending to retard this price adjustment are enumerated as follows: "Excessive transportation charges, excessive taxation and lack of suitable financial organization to handle exports of agricultural products."

An average reduction of 25 to 30 per cent in the output of manufactured goods produced in Iowa is reported. Almost all this reduction, however, took place last fall and winter, and in the last six months there has been virtually no retrogression in industry. The surplus stocks of manufactured goods are not excessive and were reported to be less on September 1 than at any time in six months.

Costs of production have decreased steadily throughout the year, the decrease being apparent in materials, labor and construction costs in the order named. Transportation costs have not been reduced and taxation has increased. Prices of manufactured goods produced in Iowa are reported to have decreased steadily, but not in the same proportion as those of agricultural products. The price of coal in central Iowa is reported to be 50 cents a ton higher than it was a year ago.

In the last six months, due to seasonal buying, the demand for short-time credits has increased slightly and the decrease of "frozen credits," consisting chiefly of loans extended before 1921, is variously estimated at from 5 to 15 per cent. "Foreign sales of manufactured goods and raw materials have decreased during the last year because of lack of capital to extend long-time foreign credits and because of unfavorable exchange rates."

KANSAS

Population

Rural, 1,151,293
Urban, 617,964

PRODUCTS

Manufactured

a. Flour
b. Packed meats
c. Butter

Natural

a. Wheat
b. Corn
c. Petroleum
d. Oats
e. Cattle
f. Hogs

A moderate surplus of agricultural products and a large surplus of livestock is reported in central, southern and northwestern Kansas. Production is reported to be as great in 1921 as in 1920. Reductions in the cost of labor, and to a smaller extent of materials are reported to have brought about a decrease of about one-fourth in the cost of agricultural products. Kansas farmers have experienced, of course, the common reduction in the price of agricultural products. The reduced price of oil is reported to have resulted in a curtailment of production.

An increase in the output of many flour mills and packing houses is reported to have taken place in the last few months. Costs of production have declined in the last year and in the last six months, the items decreasing in the following order: materials, labor, money, construction costs. An increase in taxation and stationary transportation costs are reported in the manufacturing districts. **High freight rates and taxes and slow adjustment of labor conditions are characterized as "millstones around the neck of business."**

Foreign sales of wheat and flour are reported to have increased about one-fourth in the last year, largely within the last six months. The volume of "frozen credits" has been considerably reduced and the demand for short-time credits is reported to be less than it was a year ago.

"There is a better feeling in business circles; there is a gradual liquidation of loans and commodities, but few retailers have taken their losses and are selling goods at prices based on the present wholesale prices."

KENTUCKY

Population

Rural, 1,783,087
Urban, 633,543

PRODUCTS

Manufactured

- a. **Flour mill products**
- b. **Lumber products**
- c. **Tobacco products**
- d. **Foundry and machine-shop products**

Natural

- a. **Corn**
- b. **Tobacco**
- c. **Small grains**
- d. **Hay**
- e. **Coal**
- f. **Livestock**

Production of tobacco, corn and livestock in western Kentucky is reported to have been reduced to some extent in the last year. Surpluses of corn and cattle existing a year ago have not declined considerably. In the agricultural districts of the state a reduction of one-third in the cost of production, due to declines in the costs of labor, construction and materials in the order named is reported. A 15 per cent increase in the volume of shoe manufacturing is reported by one banker to have taken place in one part of Kentucky within the last few months. Production of cigars and other tobacco products has decreased in the last year, but not very much in the last six months. Manufacturing costs are reported to have decreased in the following order: materials, construction costs, interest rates and labor.

The demand for short-time credits is reported to be less than it was a year ago, but greater than it was six months ago. There has been no considerable decrease in the volume of "frozen credits." An omen of better times is seen by one banker in "a growing willingness on the part of the public to forget the losses of the past and work like fury to improve the present; a tendency to come after business instead of waiting for it to come as we did at the peak. About 10 per cent of the people are still holding back and endeavoring to avoid losses by getting war-time prices for both goods and labor. When this is eliminated we believe there will be a speedy readjustment."

LOUISIANA

Population

Rural, 1,170,346
Urban, 628,163

PRODUCTS

Manufactured

a. Oil products
b. Refined sugar and molasses
c. Canned goods
d. Wood products
e. Cotton goods

Natural

a. Sugar
b. Cotton
c. Rice
d. Corn
e. Oil
f. Lumber
g. Livestock

In the last twelve months, it is reported, there has been a reduction of about one-fourth in the output of finished goods in Louisiana, but a slight increase in most lines has taken place in the last few months. Surpluses of some products that existed a year ago have been almost entirely eliminated. Almost three-fourths of the average reduction of 25 per cent in the costs of manufacturing has taken place in the last six months. Factors in the cost of production have declined in the following order: materials, labor and money; transportation costs have remained stationary and taxation has increased.

Wholesale prices of goods made in Louisiana have declined considerably in the last year and in the last six months. Retail prices of these goods show a considerable decrease for the year, but not much of a decline for the last six months.

Corn and sugar crops are reported to be very much better this year than last, but there is a decline in the production of cotton, rice, lumber and sulphur. A surplus of naval stores, lumber, rice and cotton is reported, but the surplus is smaller than it was a year ago and smaller than it was six months ago. The costs of agricultural production are reported to have decreased about 30 per cent, labor, material and money declining in the order named. Wholesale prices of natural products of Louisiana are very much lower than they were a year ago, but not so much lower than they were six months ago.

Generally speaking, the demand for short-time credits is less than it was a year ago and the volume of "frozen credits" has decreased a little. Common opinion is that sufficient credit is available to take care of normal production. Foreign sales of Louisiana products have declined in the last year. "High wages, high taxes and the stagnation of foreign trade are injuring everybody in Louisiana. The effect of extraordinary Federal taxation discourages individual effort. As an example of this: **Last year there were two rice farmers side by side; one with 200 acres of rice, the other with 1,000. Both made good crops and received good prices, but by reason of taxes imposed the man with the 1,000 acres made no more than the man with 200 acres. Naturally, the 1,000 acre man thereafter curtailed his activities."**

MAINE

Population

Rural, 468,445
Urban, 299,569

PRODUCTS

Manufactured	Natural
a. Cotton and woolen cloth	a. Hay
b. Paper and pulp	b. Potatoes and other vegetables
c. Finished lumber	c. Oats and other grains
d. Wood products	d. Granite, lime and slate
e. Ships	e. Fish

Maine has felt in company with the rest of New England the industrial depression that resulted from decreased purchasing, domestically and abroad. Woolen and felt mills in the district bordering Penobscot Bay are reported to be producing less than they were a year ago, but there has been no reduction of output as compared with six months ago. A large part of the goods produced in this district are manufactured on order, and the fact that there has been no decrease in production in the last few months is taken to indicate a checking of the decrease in consumption.

The paper industry is improving, although rather slowly. Costs of materials, labor, money and construction are reported to have decreased in the last year in the order named. **"The decrease in the cost of labor has been apparent to some extent in reduced wages, but more particularly in increased efficiency."** Production of lumber and wood products has been reduced about one-fifth and a surplus of long lumber, shingles and laths is reported. The decrease in the cost of lumber production in Maine is reported to be almost entirely in the item of labor. Transportation costs remain stationary and taxation has increased. A steady reduction in both wholesale and retail prices of Maine products is reported.

Foreign sales have not increased in the last year. In some parts of the state an increased demand for short-time credits has been noticed in the last few months. The volume of "frozen credits" in Maine is reported to be inconsiderable.

MARYLAND

Population

Rural, 580,239
Urban, 869,422

PRODUCTS

Manufactured	Natural
a. Clothing	a. Corn
b. Iron and steel	b. Wheat
c. Ships	c. Fruits and vegetables
d. Canned goods	d. Livestock
e. Metal products	e. Coal
	f. Sea foods

"While the quantity of the 2,000 different commodities manufactured in Maryland shows a marked reduction since last year, the decrease is not so great as would be indicated by the difference in value." It is reported that the diminution of production has been "progressive from month to month since January, but June and July presented an approach to equilibrium. August showed a slight tendency to increase production in several lines, but the output still is less than it was six months ago." A surplus of manufactured goods in a great many lines has grown appreciably less in the last few months. The hold-over of canned goods, however, is reported to be very large.

"There has been some reduction in wages and some drop in the cost of basic raw materials, but the decline in wages has not been commensurate with the decline in raw materials." A reduction of from 10 to 60 per cent in the cost of all materials used in Maryland factories, except coal, is reported, compared with a reduction of 10 to 20 per cent in the wages of men employed in the various industries. "There has been a reduction of 30 to 50 per cent in the wholesale prices of goods produced in this state in the last year, the greater part of the reduction taking place in the first six months." Retail prices have not dropped commensurately with wholesale prices.

On the whole, agricultural production in Maryland will equal that of 1920, although the weather has been unfavorable to some crops. Surpluses of wheat and tobacco existing a year ago have been reduced considerably. Farm labor is reported to be more plentiful and its wage has been reduced one-fifth, "but prices of farm implements have not some down enough and construction costs have not been reduced to a point sufficiently low to induce building operations."

The volume of "frozen credits" in the state has decreased somewhat and the demand for credits is less than it was a year ago and less than it was six months ago.

MASSACHUSETTS

Population

Rural, 202,108
Urban, 3,650,248

PRODUCTS

Manufactured

a. Textiles
b. Boots and shoes
c. Leather goods
d. Electrical machinery
e. Foundry and machine shop products
f. Paper products

Natural

a. Hay and forage
b. Fruits and vegetables
c. Lumber
d. Building and monumental stone

Production in the cotton textile industry in Massachusetts is reported to be on a basis 20 per cent below that of a year ago, but the output of woolen and worsted goods factories, which were suffering a great depression a year ago, has been improved fully 75 per cent. Production was at a high level in the boot and shoe industry in September, 1920, but has since declined more than one-fourth. "There may be some cause for optimism in the showing of a 75 per cent increase in the cotton consumption as compared with six months ago and in the fact that our consumption of woolen is almost double what it was six months ago and that production in the boot and shoe industry shows an increase of 50 per cent during the same period."

The textile industries have accumulated surplus stocks, which during the last six months have been gradually decreased. The absorption of surplus stocks of boots and shoes has progressed at an increasingly rapid rate during the past six months. "It may be stated broadly that the greatest decrease as affecting the cost of production has occurred in the cost of raw materials. Labor would come next, then money; while the items of transportation, taxation and construction costs have shown no decline. Wage reductions on varying scales have been general throughout the textile trade. There is also to be considered the fact that limited production, which has been the rule during the past six months, has been a factor in cost. It is, of course, evident that mill operation on part time must be uneconomical and result in increased cost per unit of production."

Wholesale prices of manufactured products of Massachusetts show a decline of 40 per cent in a year. "Cotton goods prices, while they are 60 per cent below the level one year ago, are 10 per cent above the low for the entire year, which occurred about six months ago." Wholesale prices of woolen goods, which reached the peak about the middle of 1920, declined 50 per cent in the next six months and there has been virtually no change in recent months. The decline of boot and shoe prices has not been as great as that of textiles, "but it should be noted that while there has been a large shrinkage in the price of raw materials, there has been practically no reduction in labor costs, the most important item in the manufacture of these goods."

Because a large part of its output consists of fruits and vegetables agricultural Massachusetts has not suffered to the same extent as many other states through the reduction of prices of farm products. "Fruits and vegetables of all sorts stand at about the same wholesale price now as a year ago." Production of lumber in Massachusetts is reported to be about 50 per cent of normal. "Operating costs have fallen about 40 per cent since 1919-20 and were it not for increased freight rates, native lumber would sell for practically pre-war prices."

An appreciable decrease in the volume of "frozen credits" throughout Massachusetts is reported to have taken place within the last year. **"The European situation, the wage question, high freight rates and the excess profits tax are working against speedy readjustment."**

MICHIGAN

Population

Rural, 1,426,852
Urban, 2,241,560

PRODUCTS

Manufactured	Natural
a. Automobiles and accessories	a. Corn
b. Furniture and wood products	b. Wheat
c. Machinery	c. Lumber
d. Drugs and chemicals	d. Iron
e. Pulp and paper	e. Oats
f. Prepared foods	

The output of the many kinds of commodities produced in the industrial part of Michigan is reported to have increased one-fourth to one-half in the last six months, and production on the whole is within 20 per cent of that a year ago. Gradual reduction of surplus stocks of all kinds is reported to have taken place within the last six months, and at the beginning of September an increasing demand for a large variety of manufactured articles produced in Michigan was noticeable.

"An average reduction in costs of about one-fifth has been effected in the last six months. Labor has decreased most, then materials, then construction costs; transportation costs are as high and taxation higher than a year ago." "Considering reduced wages and the increased efficiency of labor, it is my opinion that labor is returning to industry today perhaps 100 per cent more than a year ago." A large part of the increased efficiency of labor and a large percentage of wage decreases have occurred in the last six months.

Wholesale prices of manufactured goods produced in the Detroit district are reported to have decreased from 20 to 35 per cent in the last year, "excepting in the special lines where the raw commodity has suffered a great depression. The drop in copper and other metals, for instance, has had a tremendous effect upon the prices of all metal consuming industries."

Abnormal surpluses of agricultural and other natural products of Michigan have been largely reduced, although small holdings of cereals were in the hands of the farmers before the 1920 crop was harvested, and the movement of sugar was reported to be slow. Labor in the beet-growing district is much more plentiful than it was a year ago, wages are lower and production costs as a whole are reported to have fallen off more than 30 per cent. Copper and metal prices "have not declined in the last six months and now there is a prospect of advance."

The demand for short-time credits in some parts of Michigan has strengthened considerably in the last six months; six months ago production was at a very low ebb. Some decrease in the volume of "frozen credits" is reported. "The foreign trade situation and the slow reduction of retail prices are holding back readjustment."

MINNESOTA

Population

Rural, 1,335,532
Urban, 1,051,593

PRODUCTS

Manufactured

a. **Flour and grist mill products**
b. **Wood products**
c. **Steel products**
d. **Meat products**

Natural

a. **Wheat**
b. **Corn**
c. **Iron ore**
d. **Lumber**
e. **Varied farm crops**
f. **Livestock**

Production of virtually all natural products of Minnesota, except iron ore and lumber, is as great in 1921 as in 1920. Reports from the northeastern part of the state are that a demand for lumber and iron ore existing in January has largely disappeared, and "now there is a large surplus of ore and the yards are full of lumber that cannot move." Mines are reported to be operating at about one-third capacity. Costs in the mining and lumber producing districts, which were the same six months ago as they were a year ago, have since been reduced one-third. A price of iron made last spring is reported not to have been maintained and "if the producers wish to sell they are cutting $1 a ton from the price made six months ago."

A surplus of grain, which has been steadily reduced throughout the year, is reported in the agricultural section. A report from the south central part of the state is that crops will be smaller this year than last. The cost of farm labor has declined greatly, materials a little and construction costs slightly. Stationary transportation costs and higher taxes are reported.

Production of flour, meat products, agricultural implements and most other commodities manufactured in the industrial districts is less than it was a year ago, but not materially less than six months ago. Surplus stocks of virtually all manufactured products are reported. Costs of materials, construction and labor have decreased in the order named, and wholesale prices of most finished goods have declined steadily throughout the year.

"Among the factors that require readjustment I should name first, taxes; second, the railroad situation; third, labor costs, and fourth, the prices of natural products. The government should leave legitimate business alone."

MISSISSIPPI

Population

Rural, 1,550,497
Urban, 240,121

PRODUCTS

Manufactured

- a. Cotton-seed oil and cake
- b. Lumber products

Natural

- a. Cotton
- b. Corn
- c. Lumber
- d. Hay and small grains
- e. Fruits and vegetables

The reduction of cotton acreage prevalent throughout the south of course affected Mississippi. Fields formerly sown to cotton were planted to corn this year and the increased production of corn in most parts of the state is reported to have offset the reduced size of the cotton crop. Lack of demand has resulted in a great reduction in the output of lumber. The surplus of cotton in southwestern Mississippi is reported to have been reduced 50 per cent during the last six months. **"We believe the recent entry of Great Britain into the cotton market, together with unusually small crops, has strengthened cotton prices and is an indication of permanently better times for cotton planters."**

Costs of production of cotton are reported to have decreased greatly, the principal item being the reduced cost of labor. A report dated September 9 said: "Cotton has more than doubled in price in six months and has therefore doubled the value of Mississippi's great staple."

"Prices received by the farmer are ridiculously low. However, after his products have passed through the packing houses, factories and wholesalers and retailers the price to the farmer is ridiculously high."

MISSOURI

Population

Rural, 1,817,152
Urban, 1,596,903

PRODUCTS

Manufactured	Natural
a. Meat products	a. Corn
b. Flour and grain products	b. Livestock
c. Petroleum products	c. Small grains
d. Metal products	d. Fruits and vegetables
e. Wood products	e. Lead and zinc
f. Shoes and leather products	f. Lumber
g. Railway cars	

A gradual decrease in the production of metal and wood products has taken place during the year. Boot and shoe factories and clothing manufacturers were reported to be active at the end of August. Production of building materials and wood products has decreased progressively throughout the year. The output of packing houses, soap factories and flour and grist mills has been steadily increasing in the last six months. Production of oil refineries has been reduced. In most manufacturing lines surplus stocks have been reduced greatly in the last six months.

Costs of production and manufacturing are reported to be 25 per cent lower than they were six months ago and 35 per cent lower than a year ago. "This reduction is based principally upon reductions in prices of raw materials and labor and upon the increased efficiency of labor. Transportation and taxation remain high." A progressive reduction in wholesale prices of finished goods has been accelerated during the last six months, although a report from the St. Louis district is that "there have been reductions in fewer lines in the last six months than in the first six." Sixty per cent of the reduction in retail prices of clothing, food and finished lumber in the last year has taken place in the last six months. Flour production in the Kansas City district was very much larger in July than in June.

Stocks of meats and packing products are reported to be about normal, but "stocks of petroleum products at refineries at this date are the largest of record."

Corn, wheat, oat and hay crops in 1921 are smaller than those of last year and there has been a slight decrease in the number of head of livestock on the farms and ranges. Coal production is about one-fourth less and lead production one-third less. Surpluses of wheat, corn, oats, barley, crude oil, lead and zinc ore and coal are reported. Costs of labor and materials used in agriculture and mining in Missouri have decreased in the last year in the order named, bringing about an average reduction ranging from 10 per cent in mining to 25 per cent in agriculture. "Farm prices for wheat and corn are about 48 per cent less than they were a year ago, but the price of corn is slightly greater than it was six months ago. As this is written hog prices are 15 per cent above the low level and sheep prices 25 per cent above it. Prices of lead and zinc ores are 50 per cent less than they were a year ago, but only 7 per cent less than they were six months ago."

The demand for short-time credits is reported to be less than it was a year ago, but slightly heavier than it was six months ago. "Missouri has sufficient credit available for all legitimate needs." "Frozen credits" have decreased considerably in the industrial sections, but an increase is reported in some agricultural districts. "The major part of the 'frozen credits' are those which we had to carry beginning in October, 1920, and I should say more than half of them will have to be carried another eighteen months."

"If the government will fund the railroad debt and labor in the building trades will come down it will do much to quicken business."

MONTANA

Population

Rural, 376,878
Urban, 172,011

PRODUCTS

Natural

a. Cattle
b. Sheep
c. Wool
d. Grain
e. Copper
f. Silver
g. Gold

A heavy reduction in the production of copper, Montana's great metal product, has been consequent upon contracted markets at home and abroad and greatly reduced prices. In some parts of the state a complete shut-down of mines and smelters is reported, although on the whole the decrease in production in the last six months has not been great. "The output of metals is not 40 per cent as large as it was last year." Low prices of virtually all Montana's products and slow liquidation of these natural products have resulted in holding up the volume of "frozen credits", which consisted largely of credits extended in 1920. "Favorable changes are expected in the next ninety days, due to sales of matured farm products."

Costs of production have been decreased 10 to 30 per cent in the last year, the greater part of the decline taking place in the last six months. Factors in the cost of production have decreased in the following order: labor, materials and construction. Wholesale prices of metals, cattle and agricultural products, of course, have declined greatly from the peak, but many reports from various parts of thc state indicate that the decline in the last six months has been relatively slight.

"Caring for the surplus production of Montana will tax the ability of almost every bank in the state."

NEBRASKA

Population

Rural, 891,066
Urban, 405,306

PRODUCTS

Manufactured	Natural
a Meats and livestock products	a. Corn
b. Flour mill products	b. Wheat
	c. Livestock
	d. Hay and small grains
	e. Dairy products.

The output of packing house, dairy and flour mill products in Nebraska shows an increase over six months ago, although the volume of flour and other mill products is materially less than that produced a year ago. The surplus stocks of manufactured goods that existed at the end of 1920 are reported to have been disposed of. Cotton goods and leather used in Omaha factories have declined materially in cost in the last year and decreased costs of labor and construction also are reported. "Freight rates and taxes are excessively high." Wholesale prices of Omaha products are considerably lower than they were a year ago, but the rate of decline in the last six months has not been as rapid as it was in the preceding six months. "Retail prices of our products have been reduced all along the line, but there has not been the same reduction in retail prices as there has been in wholesale prices."

Corn, wheat and oat crops throughout the state are uniformly larger than they were last year, but in some parts of Nebraska a decrease in the number of head of cattle is reported. There is a surplus of corn larger than the requirement for feeding and a surplus of oats also is reported. Foreign sales of breadstuffs and meat products have increased. Costs of production in the agricultural districts have been reduced one-fourth to one-half, the items of materials, labor, construction costs and money having declined in the order named. Land values have also declined.

"This state does not need the amount of credit it has used for the last five or six years. We believe there is a sufficient amount of capital available within the state to care for Nebraska's legitimate demands." "Frozen credits" have decreased in volume and the demand for short-time credits is reported to be less than it was a year ago and less than it was six months ago.

"The adjustment of international credit is necessary before normal conditions can be restored. We are so closely related to the rest of the world that one part of the machine cannot operate unless the entire machine is mechanically correct. We in Nebraska would be living in sod houses, clothed in hemp and eating cornbread, meat and potatoes if it were not for our relations with the rest of the world."

NEW HAMPSHIRE

Population

Rural, 163,322
Urban, 279,761

PRODUCTS

Manufactured

a. Cotton goods
b. Woolen and felt goods
c. Boots and shoes
d. Wood products
e. Paper and pulp

Natural

a. Hay
b. Fruits and vegetables
c. Grains

Conditions in New Hampshire's cotton industries are reported to have improved so much during the last six months that production now is three-fourths of normal. Large surpluses of cotton goods and shoes are reported to be held in storehouses in the industrial district in the southern part of the state. Wage cuts and increased efficiency have greatly reduced the cost of labor, and prices of materials have also fallen considerably.

In common with those of other New England states, New Hampshire industries have been affected by influences felt in all industrial centers in the country.

NEW MEXICO

Population

Rural, 295,390
Urban, 64,960

PRODUCTS

Natural

a. Cattle
b. Sheep and wool
c. Varied farm crops
d. Coal
e. Metals

A considerable surplus of wool is reported in the western and southwestern livestock sections, and abnormally large numbers of beef cattle and sheep ready for sale can find no market. There is also a surplus stock of hay and other feeds. Farm crops larger than those of a year ago are reported in this district. Prices of all the natural products of New Mexico, except coal, of course have declined greatly in the last year, but the decrease has not been great in the last six months. In the Santa Fe district a decline in the production of farm crops, wool, sheep, cattle, coal and lumber is reported to have taken place in the last year.

Costs of production in the agricultural and stock-raising districts have declined on the average one-third in the last year. The decreases have taken place in the items of labor, materials and construction costs in the order named. Taxation has increased.

The great decline in the value of livestock and wool is reported to have severely strained the available credit within the state and the volume of "frozen credits" has increased in the last year, but **"we would be in good shape to enter the new year if the ordinary channels would take care of our products at reasonable figures."**

"High freight rates are holding our products back more than any other factor; it takes half a man receives for his sheep and cows to pay the freight to market."

NEW YORK

Population

Rural, 1,794,985
Urban, 8,589,844

PRODUCTS

Manufactured

a. Clothing
b. Printed matter
c. Textiles
d. Meat products
e. Foundry and machine-shop products
f. Varied finished goods of all kinds
g. Bakery products

Natural

a. Hay and forage
b. Fruits and vegetables
c. Cereals
d. Livestock
e. Minerals

Influences generated throughout the country and throughout the world are reflected in conditions in New York, the manufacturing and industrial center of the country. So many kinds of commodities are manufactured in New York, and the extent to which the various industries are affected by country-wide and world-wide conditions varies so greatly, that in a brief summary anything more than a general discussion of the industrial situation is impossible.

As in all parts of the country, the output of goods manufactured in New York has decreased greatly since 1920, although the output of some kinds of clothing and furnishings is reported to have increased slightly very recently. There are no great surpluses of these commodities in the hands of manufacturers, and on the whole surplus stocks of all kinds of manufactured goods have been largely absorbed within the last year. Reduced output, of course, has prevented the accumulation of large surplus stocks.

Costs of production have declined steadily throughout the year, the costs of materials, labor, money and construction falling in the order named. There has been no decrease in the cost of transportation, and taxes are slightly higher. Wholesale prices have declined steadily throughout the year, although the rate of reduction in the last six months probably has been slightly less than that in the preceding six months. Substantial reductions in retail prices have been made in the last year and in the last six months.

The demand for short-time credits is reported to be less than it was a year ago and less than it was six months ago. The volume of "frozen credits" has been decreased substantially in the last six months. Exports have decreased in the last year and in the last six months. "The main reason is that Europe already owes over $4,000,000,000 in open account and we have difficulty in extending more credits. There is no fundamental solution except the financial monetary and industrial rehabilitation of continental Europe."

The principal influences retarding readjustment are: **"(1) prices of finished manufactures as compared with prices of raw materials, (2) retail prices, (3) wages, especially on the railroads, in the building trades and in the coal fields, (4) costs of building materials, (5) steel prices, and (6) railroad rates on bulky goods and especially on building materials and steel."**

Because of its proximity to great consuming centers, agricultural New York has not suffered so much from price declines as have the great farming sections of the country. Costs of agricultural labor have been reduced somewhat in the last year, but "the price of farm machinery remains high."

NEVADA

Population

Rural, 62,153
Urban, 15,254

PRODUCTS

Natural

a. Livestock
b. Copper
c. Silver and gold
d. Hay and grain

In the last year copper production in many parts of Nevada has virtually ceased. The surplus of copper is reported to be almost twice as great as a year ago, although the gradual reduction of production has, of course, decreased the rate of accumulation in the last six months. Copper could be produced at a cost one-third lower than that of a year ago.

Hay, wheat and barley in the Carson Valley are reported to have been produced in greater quantities this year than last and there is a surplus of wheat and barley.

Labor costs in agriculture have decreased more materially than those of materials and construction. The decline in the prices of Nevada cattle and hogs is reported to have been checked within the last six months, but sheep prices are still on the down grade. Retail prices of beef, pork and mutton have declined at about one-half the rate of decrease of cattle, hop and sheep prices.

In some localities the demand for short-time credits is said to have increased in the last six months. "Long and short-haul railroad rates prove a big detriment to local production. Increased federal, state and county taxes, coupled with increased assessment values, are not commensurate with the earning capacity of the property."

NORTH CAROLINA

Population

Rural, 2,068,753
Urban, 490,370

PRODUCTS

Manufactured	Natural
a. Cotton goods	a. Cotton
b. Cotton-seed oil	b. Tobacco
c. Wood products	c. Lumber
d. Tobacco products	d. Corn and other grains

Reduced values of cotton, tobacco and lumber, accompanied by a decrease in the demand for these commodities as compared with that which existed last year, have operated to reduce the volume of production of North Carolina's great natural products. As in a number of southern states, acreage formerly devoted to cotton was planted this year to corn. One of the cotton producing counties in the southern part of the state reports a carry-over decreased slightly in the last few months, a 40 per cent reduction in the cost of production, due chiefly to the reduced cost of labor, and a strengthening price just beginning to be apparent at the time the report was prepared. As the season progressed a greater demand for short-time credits was noticeable in the southern part of the state. In central North Carolina a slight decrease in the volume of "frozen credits" has taken place in the last six months, but a report from the southern part of the state is that "frozen credits" have increased.

Great decreases in the price of cotton, tobacco and lumber have made possible materially reduced costs of production in the woodworking, textile and tobacco industries, and the output in the central part of the state is reported to be 20 per cent greater than it was six months ago. Surplus stocks of cotton goods and hosiery are reported to be smaller than a year ago and smaller than six months ago. Wholesale prices of these manufactured goods are reported to have fallen one-third in the last year, most of the reduction taking place in the last six months. "Recent advances in the price of tobacco and cotton are helping greatly."

NORTH DAKOTA

Population

Rural, 557,446
Urban, 88,234

PRODUCTS

Manufactured	Natural
a. Flour and grist mill products	a. Wheat
	b. Hay and forage
	c. Livestock
	d. Oats
	e. Rice
	f. Barley

North Dakota, as an essentially agricultural district whose great products have uniformly declined sharply in value in the last year, is typical of agricultural, livestock producing and metal mining sections throughout the country. The following quotations from reports received in this survey illustrate the situation throughout the state:

"There is too great a difference between the amount our farmers are obliged to pay for manufactured articles in comparison with the amount they receive for their products. For example, North Dakota farmers get 9 to 10 cents a pound for hogs and must pay the butchers 65 to 70 cents a pound for bacon."

"Although wheat has fallen less than other farm products it does not return the cost of production. We must have either less wages and lower freight rates or higher prices for farm products."

"Too many persons are trying to pass the buck and let the other fellow take the loss. We need a tremendous educational program conducted by the big men of the country. Organization and intelligent effort did the business during the war. There is just as much reason for such organization and effort now as then."

"Present costs and prices are so badly out of harmony that the farmer is and has been losing money."

"Liquidation of loans to farmers is slow because prices of the things they have to sell have decreased more than one-half, while prices of commodities they have to buy have remained comparatively too high."

Large reductions in the cost of farm labor throughout the state are reported. There has been no substantial reduction in the price of agricultural implements, and taxes are higher than they were a year ago. The volume of "frozen credits" in most parts of the state has increased rather than decreased in the last six months. "Frozen credits" consist in greater part, however, of loans extended before 1921.

OHIO

Population

Rural, 2,082,258
Urban, 3,677,136

PRODUCTS

Manufactured

a. **Iron and steel**
b. **Foundry and machine-shop products**
c. **Packed meats and meat products**
d. **Automobiles and parts**
e. **Rubber goods**
f. **Clothing**

Natural

a. **Coal**
b. **Iron**
c. **Cereals**
d. **Dairy products**
e. **Cattle**

The output of iron and steel and their products in Ohio has been greatly decreased within the last year and even during the last six months, and now is far below the output a year ago. Production of automobiles and rubber goods, however, has increased in the last six months. Surplus stocks of tools, machinery, hardware and many other kinds of metal products are reported, but the surplus of manufactured metal goods, although greater than it was a year ago, is less than it was six months ago.

Costs of production in the manufacturing districts have been reduced steadily throughout the year, costs of materials, labor and construction falling in the order named. Taxation and transportation costs are higher than they were a year ago. Wholesale prices of manufactured goods have declined at a uniform rate throughout the year and now average 40 per cent less than they did in the fall of 1920. Retail prices of these products are reported to have decline about one-fourth, six-tenths of the drop coming in the last six months. "Some articles produced in this state have declined very little, but others have dropped clear to the bottom."

Activity in the mining industries has slackened throughout the year. Coal, iron and limestone production is less than it was six months ago. The output of oil and natural gas has not greatly decreased during the year. In the agricultural districts some surplus stocks of corn, wheat and wool are reported. Wholesale prices of farm products, of course, have dropped greatly during the year, but the rate of decrease in the last six months has not been great. The principal item in the reduction of agricultural costs has been the decreased cost of labor. Foreign sales of commodities manufactured in Ohio have decreased during the year and during the last six months.

Although the volume of "frozen credits" in the state as a whole has decreased, some parts of Ohio report an actual increase in the last six months. The demand for short-time credits is less than it was a year ago and slightly less than it was six months ago.

"The railroad situation, taxation, high labor costs in some lines and lack of harmony in prices and costs" are retarding the process of readjustment.

OKLAHOMA

Population

Rural, 1,488,803
Urban, 539,480

PRODUCTS

Manufactured

a. Flour and mill products
b. Refined petroleum
c. Cotton-seed oil and cake
d. Packed Meats

Natural

a. Petroleum
b. Cotton
c. Wheat
d. Corn
e. Oats
f. Fruits and vegetables
g. Livestock
h. Lead and zinc

Slow movement of large surplus stocks of petroleum and cotton have prevented any great reduction in the volume of "frozen credits" in Oklahoma banks within the last six months, although in some parts of the state a small reduction is reported. Because of reduced acreage, this year's cotton crop is not much more than half as large as that of 1920, but an increase of more than one-fifth in the corn crop is reported. Because of climatic conditions small grain production will be lower than that of last year.

In the agricultural and lead and zinc mining districts a considerable fall in the costs of production is reported, labor, materials and construction costs declining in the order named. The oil industries report a very slight reduction in the cost of labor and a greater fall in the cost of materials and construction. Transportation costs and taxation have not decreased.

Meat packing and milling industries and factories making cottonseed products have reduced their output one-tenth to one-third in the last year, but there has been no change in the last six months. Wholesale prices of commodities manufactured in Oklahoma have dropped steadily at a uniform rate throughout the year. Costs of materials, money, construction and labor have fallen in the order named. Wholesale prices of natural products declined steadily until recently, but the fall is reported to have been checked within the last few months. **"We recognize that the decreased demand for Oklahoma products is due to lessened purchasing power in domestic and world markets, but if labor costs were reduced, the taxation system revised and transportation rates decreased there would be an immediate revival of purchasing."**

OREGON

Population

Rural, 392,370
Urban, 391,019

PRODUCTS

Manufactured	Natural
a. Lumber and wood products	a. Lumber
b. Flour and cereal products	b. Wheat and other grains
c. Canned foods	c. Fruits and vegetables
d. Woolen goods	d. Livestock
e. Metal products	e. Wool
	f. Fish
	g. Dairy products

While there have been great price declines in lumber, grain and livestock, important natural products of the state, Oregon has experienced, during the depression in the last year, increasing foreign sales of lumber, wheat and barley and vastly greater domestic sales of wheat, barley, oats and flour.

Oriental purchases of lumber have enlivened an industry that not long ago was greatly depressed, and although in some parts of the state mills are reported to be operating at one-half capacity, the average output is not more than one-fourth below normal. Domestic shipments of wheat out of Portland in the first eight months of this year were ten times as large as in the first eight months of 1920, and foreign shipments were more than four times as large. An increase ranging from 150 per cent to 1000 per cent in domestic shipments of flour, barley and oats is reported for the same period.

A uniform increase over 1920 in the production of all Oregon grains and vegetables is reported. Grain receipts in Portland, the shipping center, have been more than twice as great this year as last. At the same time surplus supplies of natural products that existed a year ago have been almost entirely cleared, although in some sections a surplus of lumber and livestock is reported. Fruit and berry production in the Willamette Valley is reported to be below normal, but counties bordering the Columbia River in north central Oregon report larger fruit crops than those of last year.

Reduced costs of labor and materials and increased efficiency of labor are reported both in agriculture and in industry. One lumber manufacturer reports **"the greatest output for August in the history of his business, with the least number of men."** Production in woodworking industries is less than normal, but in cereal milling, factories making woolen goods and furniture factories production is large. The salmon pack is below normal.

"Frozen credits" have decreased, but "banks have realized within the year that many credits considered liquid a year ago are not liquid." Demands for short-time credits have decreased in the last year.

"Lumber is the predominating industry in Oregon, and, excepting cotton, copper and livestock, has fallen to a greater extent than most basic commodities. **We feel that the corner has been turned toward that point at which prices and costs will be harmonious on a new and probably stable level."**

"Exorbitant freight rates are holding back readjustment in this part of the country. Prices of our products are down to a proper level, but due to the distance from

the center of population high freight rates make it impossible for us to compete with other producing centers of the country."

PENNSYLVANIA

Population

Rural, 3,112,202
Urban, 5,607,815

PRODUCTS

Manufactured	Natural
a. Iron and steel products	a. Coal
b. Cotton and wool textiles	b. Wheat
c. Silk and silk goods	c. Corn
d. Hosiery and knit goods	d. Livestock
e. Leather goods	e. Petroleum and natural gas
f. Tobacco products	

Surplus stocks of many kinds of iron and steel products, electrical equipment and food products are reported in the industrial centers of western Pennsylvania. Production in these lines has decreased about one-fifth in the last year. The reduction of output in the last six months has been slight, and in some lines a revival has taken place very recently. Costs of production in the industrial centers are reported to have declined almost one-fifth in the last six months, materials, labor and interest rates dropping in the order named. Wholesale prices of manufactured goods produced in the Pittsburgh district have decreased 15 per cent in the last six months and 25 per cent in the last year. Retail prices of these products have not decreased at the same rate.

Production of coal, natural gas, petroleum and sand and gravel in western Pennsylvania has declined steadily throughout the year. Costs of production have not decreased materially in the last six months, although slight declines in the cost of materials and money are reported. Exports of finished goods have decreased in the last year and in the last six months. There has been a slight decrease in the volume of "frozen credits."

Although the output of locomotives, steel products, street cars, textiles, hats and numerous other products of the Philadelphia region is reported to be considerably less than it was a year ago, some increase in production in some lines has taken place in the last few months. There are considerable surplus stocks of steel and steel products. Costs of production have decreased steadily throughout the year, principally in the item of materials.

Taxation has increased. **"Because of lack of credits exports of products of this part of Pennsylvania have decreased in the last year and in the last six months."** Demand for short-time credits is less than it was a year ago and less than it was six months ago, but "frozen credits" have decreased.

"Manufactured goods are too high in proportion to farm products. Manufacturing costs must be lowered very much. Retailers must dispose of their high-priced stocks at replacement values and buy on a lower basis."

The output of coal in the anthracite region is on the whole 25 per cent smaller than it was a year ago. There is a surplus of "steam" sizes of anthracite and a small surplus of prepared sizes. There was no surplus a year ago. **"The coal operators are under agreement to pay the present scale of wages until April 1, 1922, but there has been some slight decrease in the cost of production, by reason of increased efficiency and lower material costs."** Wholesale and retail prices of coal are reported to be a very little lower than they were a year ago. In this district the volume of "frozen credits" has been reduced considerably in the last six months. A recent increase in the volume of silk manufacturing is reported.

In the agricultural sections a 30 per cent decrease in the costs of production and almost complete elimination of surplus stocks of farm products is reported to have taken place since the first of the year. The decline in prices paid to Pennsylvania farmers has been checked within the last few months and the volume of "frozen credits" is reported to have been substantially reduced.

RHODE ISLAND

Population

Rural, 15,217
Urban, 589,180

PRODUCTS

Manufactured	Natural
a. Cotton goods	a. Hay and forage
b. Woolen goods	b. Fruit and vegetables
c. Silk fabrics	c. Milk
d. Machinery and tools	d. Poultry
e. Jewelry	
f. Rubber goods	

Production of cotton and woolen goods in Rhode Island has increased nearly one-third in the last six months. The output of woolens two weeks ago was as great as it was a year before, while cotton production had recovered to three-fourths of its normal volume. Production of silk fabrics and machine tools has declined steadily during the year, but at a slower rate during the last six months. Employment in Providence decreased steadily from February to July and took an upward turn in August.

There is a large surplus of machinery and machine tools in the hands of manufacturers "because of cancellation of orders and continued production after the demand had fallen off." Costs of production have decreased 25 per cent during the year, the principal items being materials and labor. "The only reduction in taxation is that caused by the shrinkage in value of inventories. There has been virtually no construction in Rhode Island in the last year."

"The volume of 'frozen credits' seems to have remained about the same, but their status has changed somewhat. 'Frozen credits' representing loans to manufacturers and producers have decreased, but those consisting of loans to small retailers have increased."

Natural products of Rhode Island, of course, are of relatively small importance. Fruit crops this year are smaller than in 1920, but other crops are about the same. A considerable surplus of dairy products is reported. Agricultural costs have decreased in the following order: labor, materials and construction costs.

"The repeal of the excess profits tax will help as much as any one thing to restore normal conditions in this state. Readjustment of labor conditions has been slow."

SOUTH DAKOTA

Population

Rural, 534,675
Urban, 101,872

PRODUCTS

Manufactured	Natural
a. Flour and mill products	a. Corn
b. Meat products	b. Wheat
	c. Livestock
	d. Various grains and vegetables
	e. Dairy products

Comparatively large surplus stocks of corn are reported in most parts of South Dakota. The state normally markets about one-fifth of its corn crop and feeds the rest to cattle and hogs. Reports are that in most parts of the state the number of head of livestock is unusually small this year, and to this fact is ascribed the surplus stock of corn. Grain crops in 1921 are as large, if not larger, than those of 1920. The decrease in livestock in the state as a whole is reported to range from 10 per cent in sheep to one-fifth in hogs. The number of steers has also declined.

In the last year there has been a reduction of more than one-third in the cost of labor and of about one-tenth in the cost of machinery and farm implements. One-fourth of a 40 per cent decline in prices paid to South Dakota farmers has taken place in the last six months. **"On account of high freight rates to Minneapolis, South Dakota farmers are receiving considerably less for their products than those in states nearer the milling centers."** "Oats at 15 to 18 cents are not worth hauling, while steers at prices South Dakota livestock men receive hardly pay the freight, commission and yardage charges when shipped to market."

"The demand for farm credits is considerably greater than it was a year ago, but it is not being supplied. Were credit obtainable for the purchase of cattle, hogs and other livestock there would be some use for the big amount of rough feed and feed grains that remains in the farmers' hands and is practically valueless on the market." The reduction of "frozen credits" in the last six months is reported to have been very slight.

Surplus stocks of meat products in the Sioux Falls district are reported to have been absorbed within the last year, most of the movement taking place in the last six months. Costs have been reduced 15 per cent in the last six months, materials, construction costs and labor falling in the order named. Wholesale prices are reported to have declined one-third in the last six months and about 40 per cent in the last year.

TENNESSEE

Population

Rural, 1,726,659
Urban, 611,226

PRODUCTS

Manufactured	Natural
a. Wood products	a. Grains
b. Textiles and cotton products	b. Cotton
c. Cotton-seed products	c. Lumber
d. Metal products	d. Minerals
e. Flour and mill products	e. Tobacco
	f. Livestock

Manufacturing industries in the Chattanooga district, with the exception of those engaged in iron fabricating, report an output one-fourth to one-half greater than that of six months ago, although production of textiles and furniture and other wood products still is considerably less than it was at the peak in 1920. Surplus stocks of most commodities produced in the Chattanooga region have declined one-third to two-thirds in the last year. The reduction on the whole has been steady from month to month. In the northeastern part of the state there is a surplus of textiles, although stocks are smaller than they were a year ago and smaller than they were six months ago.

Costs of production have dropped one-third, materials, construction costs and labor declining in the order named. Taxation has increased. Wholesale prices of manufactured goods produced in the eastern part of the state have declined on the average 50 per cent in the last year. The fall in the price of cotton textiles has done much to bring about this average reduction. Textile price declines have been slight in the last six months. "The consensus of opinion is that the reduction of retail prices of all products has not kept pace with the reduction of wholesale prices."

Production of coal, iron ore, bauxite and other metals in the Chattanooga district is about the same as it was six months ago. "Coal production costs practically what it did a year ago, on account of the fixed wages of labor and the high cost of transportation." The cost of production of clays, bauxite and other minerals is probably one-third less, except where wages are fixed. Surplus stocks of lumber, corn, cattle and wool considerably larger than those that were held a year ago are reported in the northeastern part of the state.

A slight increase in the output of wood products, grain products and textiles in the last few months is reported in central Tennessee.

"Virtually every manufacturer in this territory is overstocked. Most manufacturers have run their plants either full time or part time, while sales were falling off. In some lines there has recently been a noticeable improvement in sales."

One report from Nashville is that "the cost of production to manufacturers in this district is greater than one year ago. The cost of labor remains the same, and in some lines there has been a noticeable decline in per man production. This, coupled with a slight increase in freight rates and a material increase in taxes, has brought costs to a point above the level of even one year ago. Nevertheless, wholesale prices of commodities produced in this section have declined somewhat."

Production of lumber and minerals in central Tennessee is reported to have declined in the last year and in the last six months. Surplus stocks of hay and corn are held by the farmers. In agriculture costs of labor, materials and construction have declined in the order named.

All manufactories in the industrial district about Memphis have decreased production in the last year, although the output has not declined materially in the last six months. Surplus stocks of finished lumber are reported. Wholesale prices of finished products in this part of the state have declined one-fourth to one-half in the last year, although there has been no appreciable change in the last few months. Retail prices of these products have declined on the average a little more than one-fourth, most of the decrease taking place in the last six months. Surplus stocks of cotton and rough lumber are reported. A decline in the items of labor and materials has reduced the cost of agricultural production almost one-half in the last year.

In most parts of the state there has been a reduction in the volume of "frozen credits" and a lessened demand for short-time credits. **"The lack of export demand, high freight rates and high taxes are the principal problems of Tennessee industries."**

TEXAS

Population

Rural, 3,150,539
Urban, 1,512,689

PRODUCTS

Manufactured	Natural
a. Meat and meat products	a. Oil and natural gas
b. Oil products	b. Lumber
c. Cotton-seed oil and cake	c. Cotton
d. Flour and mill products	d. Livestock
e. Finished lumber	e. Corn
	f. Miscellaneous agricultural products

In Texas as a whole a 40 per cent decrease in the output of lumber and cotton and a reduction of one-tenth in the production of rice and sulphur is reported to have occurred in the last year. Crude oil production has not changed materially, the output of salt has increased and livestock on the ranges number more than they did a year ago. Surplus stocks of lumber, cotton and rice, somewhat greater than those of a year ago and about the same as those of six months ago, are reported in many parts of the state.

Labor costs in the agricultural districts of eastern Texas have dropped two-fifths in the last year and "apparently have reached the low level. This augurs well for next year's crops, but small grain was largely put in before wages declined and very few farms in this district produced enough wheat to make a profit at present prices." Throughout the agricultural and livestock districts of the state costs of material and labor have declined ln the last year in the order named. **Prices paid for natural products of Texas have dropped almost 50 per cent in the last year, but the decrease in the last six months has been slight.** Retail prices of these products have declined about two-fifths, although the fall in the last six months is reported to be slight.

The output of oil refineries, sugar refineries, packing houses and cottonseed oil mills is reported to be one-fourth to one-half less than it was a year ago. Production of burlap and bags has fallen off amost one-third. On the whole, however, the output of Texas industries has increased slightly in the last six months. Surplus stocks of packing house products, kerosene and fuel oil and some cottonseed products are reported in the northeastern part of the state. Abnormal stocks of machinery used in the oil fields, the oil refineries, the cotton mills and the cottonseed oil mills have been gradually reduced in the last six months. Costs of production in industry have declined on the average one-fifth in the last year, two-thirds of the fall taking place in the last six months. Wholesale prices of the manufactured goods produced in Texas have decreased steadily throughout the year. Retail prices of these products also have decreased steadily, but not at the same rate.

The volume of "frozen credits" has been gradually reduced during the last six months, the reduction being chiefly in industrial loans. Large amounts of credit are reported to be tied up in livestock and agriculture. The demand for short-time credits has decreased in the last year and in the last six months. **"Through Congressional legislation and the action of government boards extraordinary and impossible scales of railroad wages have been established and theoretical rules by which laborers obtain compensation for work which is not done have been set up. These standards have operated not only to injure railroads, but their evil influence has extended to all branches of industry, so increasing cost of production as necessarily to retard industrial effort."** Foreign sales of some Texas products are reported to have increased slightly in the last six months.

UTAH

Population

Rural, 233,812
Urban, 215,584

PRODUCTS

Manufactured

- a. Refined copper
- b. Refined lead
- c. Flour and grist
- d. Canned fruits and vegetables

Natural

- a. Hay and forage
- b. Cereals
- c. Copper
- d. Lead
- e. Sugar beets
- f. Livestock
- g. Fruits and vegetables

Utah has larger crops this year than in 1920, but production of metals, cattle and cattle products, sheep and wool is less, although there has been no decline in these items in the last six months. Surplus stocks of copper and other metals, wool and cattle products are reported. These surpluses represent accumulations during the last year, although there has been no material increase in the last six months. Large stocks of beet sugar also have accumulated. Costs of production have declined one-tenth to one-fifth in the last six months, the factors of materials, labor and construction costs dropping in the order named.

"High costs of transportation have tied us up in many ways. We are unable profitably to ship cattle to market or to bring building materials in at reasonable costs. Building this year was the lightest in years." Consensus of opinion in Salt Lake City is that sufficient credit is available within the state to carry producers on a proper basis. Except in a few cases "frozen credits" have not decreased in the last six months. They consist largely of loans extended before 1921.

VERMONT.

Population

Rural, 242,452
Urban, 109,976

PRODUCTS

Manufactured

- **a. Stone products**
- **b. Finished lumber and wood products**

Natural

- **a. Granite, marble and slate**
- **b. Dairy products**
- **c. Lumber**
- **d. Varied agricultural products**

Production of granite, marble, slate and lumber in Vermont has decreased in the last year and in the last six months. A surplus of roofing slate in the Rutland district has been cut down steadily throughout the year. Most products of the slate, granite and marble districts are manufactured to order and consequently no large surpluses have been accumulated. Lumber production in the state has decreased. A lessened demand for short-time credits and a reduction of "frozen credits" is reported.

VIRGINIA

Population

Rural, 1,635,203
Urban, 673,984

PRODUCTS

Manufactured	Natural
a. Tobacco products	a. Corn
b. Cotton textiles	b. Tobacco
c. Wood products	c. Coal
d. Paper and paper products	d. Lumber
e. Shoes and leather goods	e. Vegetables
f. Metal products	f. Peanuts
g. Fertilizers	g. Fruits

In nearly all parts of Virginia except the south central a moderate increase in the output of manufactured commodities, not altogether due to seasonal influences, has occurred within the last few months.

Increasing activity in the lumber business and a larger output of iron and steel manufactures, cigars and cigarettes, vegetable oils and creosoted products is reported in the southeastern part of the state. There has been no recent reduction of output in any of the industries in the Richmond district, and production in some lines has increased within the last few months. In central Virginia an increase of more than 50 per cent in the output of shoe factories is reported, and production of iron and steel, while less than a year ago, is a little greater than six months ago. Textile production is one-fifth greater than it was six months ago and almost equal to that of a year ago.

Surplus stocks of finished products are reported in none of the industrial sections of Virginia except the extreme southwestern, where abnormal stocks of furniture, chemicals and alkali products are in the hands of manufacturers, and the south central part of the state, where surpluses of cotton goods and wood products are held.

Wages in manufacturing have been reduced one-fifth to one-third in the last year, except in tobacco factories, and costs of raw materials are considerably lower, but taxation and transportation costs have not been reduced. Wholesale prices of goods manufactured in Virginia, except tobacco products, have decreased in varying degrees, but at uniformly steady rates throughout the year.

Surplus stocks of raw cotton, lumber, corn, cattle and wool are reported in south central and southwestern Virginia, but abnormal supplies of natural products in the eastern part of the state have been absorbed during the year. Most crops are short this year as compared with 1920, and the output of lumber and wool has been curtailed.

On the whole, prices received for natural products of Virginia have declined little, if any, in the last six months, although prices are uniformly much lower than in October, 1920. "Farm labor is materially cheaper than last year, but other farm expenses were not much lower when crops were planted. Farmers have made crops much more cheaply by rigid economy and personal labor."

The volume of "frozen credits" has decreased somewhat, "but the banks are carrying a large volume of credits that would normally be liquid but are not, because of the severe decline in the value of farm products."

"It is commonly recognized that America must have foreign markets for her surplus products, both manufactured and agricultural."

WASHINGTON

Population

Rural, 607,886
Urban, 748,735

PRODUCTS

Manufactured	Natural
a. Lumber products	a. Lumber
b. Cereal products	b. Wheat and other grains
c. Meat products	c. Fruits and vegetables
d. Canned fruits	d. Hay and forage
e. Canned fish	e. Livestock
f. Metal products	f. Fish
	g. Dairy products

In the manufacturing section of western Washington, which lies largely in the district bordering Puget Sound, production of virtually all finished goods has increased materially during the last few months. Improvement has been noticeable in the clothing and textile industries, which were operating on a very low plane a year ago. "The volume is now larger than at any time during the past year." Production of steel and iron goods, wood products, meat products and confections has shown a slight improvement recently. Prices of all finished goods produced in the Puget Sound district are reported to have declined about one-third in the last year, two-thirds of the reduction taking place in the last six months. Retail prices of these goods have declined about one-fifth, the drop in the last six months being twice as great as that in the preceding six months. Industrial costs have dropped on an average 20 per cent, the items of materials, construction and labor falling in the order named. In some industries "absolutely no cut has been made in wage scales."

A surplus of steel products and a stock of furniture slightly greater than normal are reported, but "generally speaking stocks have been worked down until at present there is no great surplus."

During the summer of 1921 western Washington produced less lumber than in the summer of 1920, but "during the past few weeks production has been increased and there is now a better demand and a larger production than six months ago. A marked increase in foreign demand for lumber, salmon, flour, milk and canned goods has come in the last two months." In the middle of September the condition of all crops in western Washington was reported to be uniformly good and at an output at least as great as that of 1920 was expected. A surplus stock of canned fruits that existed a year ago has been gradually reduced. In the farming section a decline in the costs of labor, materials and construction in the order named is reported to have been progressive throughout the year, while the rapid decline of prices paid to farmers for their products has been checked.

The volume of "frozen credits" in western Washington is reported to have been decreased one-fifth to one-third in the last six months. "The transportation problem has been a material factor in producing the unsatisfactory situation in the lumber industry. Some of the building trades have been working on a reduced wage scale for several months, and quite recently there has been a revival of residence building."

There have been bumper crops in the fruit-raising district in central Washington, and this year's production will greatly exceed that of 1920. Agricultural costs in the Yakima and Wenatchee valleys have been greatly reduced, while fruit prices have not declined in the last year, and in some instances have increased. Hay and grain prices have decreased. The demand for short-time credits has increased considerably as a consequence of the harvest. "There has been some decrease in the volume of 'frozen credits,' but the greatest reduction will be within the next three months." Industrial production in eastern Washington is about the same as it was six months ago, although the output of wood products, packed meats, flour, clothing and other commodities is less than it was a year ago. Surplus stocks of manufactured goods are about one-third less than they were a year ago and are not much above normal. Wholesale prices of finished goods produced in eastern Washington are reported to have declined almost one-half in the last year, with no considerable change in the last six months. Retail prices of these goods have dropped one-third.

Agricultural production in eastern Washington is 10 per cent greater than a year ago. A surplus of soft wheat very much greater than that a year ago is reported, but this is largely seasonal. Agricultural costs are reported to have declined one-fourth in the last year, the principal reduction being in the cost of labor. While prices paid for wheat on eastern Washington farms have been reduced about one-half since August, 1920, there has been no reduction in the last few months.

The output of lumber in eastern Washington is reported to be less than one-half as large as that a year ago and about 70 per cent of the production six months ago. There is a considerable surplus of lumber. Copper and zinc production, far less than it was a year ago, has not decreased in the last six months and a slight improvement in lead production is reported to have taken place recently. There are large surplus stocks of copper and zinc and a small surplus of lead. Generally speaking, the cost of mining has been reduced steadily during the year, due principally to wage reductions. Copper, zinc and lead prices in eastern Washington have declined about 40 per cent in the last year, but not more than 10 per cent in the last six months. "Frozen credits" in this part of the state have been reduced considerably in the last six months.

WEST VIRGINIA

Population

Rural, 1,094,694
Urban, 369,007

PRODUCTS

Manufactured	Natural
a. Lumber products	a. Coal
b. Steel products	b. Natural gas
c. Glass	c. Petroleum
	d. Corn and other grains
	e. Livestock
	f. Lumber
	g. Tobacco

Coal production throughout West Virginia is reported to be less than half as great as it was a year ago. The output of lumber also has been reduced about 50 per cent and the decline in oil and gas production has been great, although the output of all three commodities has not fallen materially in the last six months. Surplus stocks of oil and of lumber are reported in some parts of the state. Rates of wages of mine labor fixed by the government will be effective until the spring of 1922. The cost of production of coal has not decreased in the last year, although the price received by the operators at the mines is reported to be much less than it was a year ago. Oil, lumber and cattle prices in the state have been cut in two in the last year, but have declined little in the last six months.

Production of steel, tin-plate, window glass and potteries has declined on the whole more than two-thirds since the fall of 1920, but there has been no reduction in the last few months. Reports from the Charleston district are that nearly all chemical plants are closed and woodworking plants have reduced their output 50 per cent. Surpluses of chemicals and wood products are reported. Costs of production in industry have declined in the following order: materials, construction and labor. Taxation and transportation costs remain high, and in some parts of the state the reduction in other items is reported to have been very small. **"One manufacturer has not made a reduction in wages, but feels that the greater efficiency of his employees is working to reduce his costs of production."** Wholesale and retail prices of goods manufactured in West Virginia are reported to have dropped steadily throughout the year, the greater part of the retail decline coming in the last six months.

"I believe the most serious thing we have to face is the wage readjustment. Prices of all materials and of transportation will drop as soon as a readjustment of the wage scale becomes general in industry."

In some parts of the state a shortage of credit is reported, although the volume of "frozen credits" has decreased one-fifth in the last six months and the demand for short-time credits is not so great as it was last spring.

WISCONSIN

Population

Rural, 1,387,499
Urban, 1,244,568

PRODUCTS

Manufactured

- a. Iron, steel and heavy machinery
- b. Leather and leather products
- c. Textiles
- d. Meats and meat products
- e. Motor vehicles and accessories
- f. Chemicals and drugs
- g. Wood products
- h. Flour and cereal products

Natural

- a. Hay and forage
- b. Cereals
- c. Livestock
- d. Dairy products
- e. Vegetables and fruits
- f. Lumber

Production of motor vehicles and accessories, leather and leather goods, knit and woven goods, clothing, flour and cereals, and rubber goods has increased one-fourth to three-fourths in the last six months, according to reports from the industrial section centering in Milwaukee. The output of iron, steel and heavy machinery and electrical supplies has declined somewhat in the same period, and production of agricultural implements, farm equipment, motor vehicles and accessories and most other commodities manufactured in this region is far lower than it was a year ago. Surplus stocks of most kinds of goods produced in the Milwaukee district have been almost entirely absorbed in the last six months.

On the whole, manufacturing costs have decreased 25 to 35 per cent, most of the reduction coming in the last six months. Materials, labor and construction costs have declined in the order named. An average reduction of almost two-fifths in wholesale prices of manufactured articles is reported. Retail prices of these commodities have also declined, principally in the last six months.

Production of lumber and metals in Wiscinsin is considerably less than it was a year ago, but the dairying industry throughout the state remains firm. Surplus stocks of some grains and of wool are reported. Labor costs in agriculture have been cut almost in half, and materials have declined somewhat, although the costs of farm machinery remain high. Taxation has increased. Farm products of Wisconsin, of course, have shared the common price decline, but prices have fallen very little in the last few months.

"Wisconsin is a dairy state of the first magnitude, and although the price of dairy products to the farmer has shrunk about 50 per cent, there is no foundation for the feeling that the farmers are going to slaughter or abandon their herds, as is evidenced by the fact that the Milwaukee market is receiving from 15 to 25 per cent more milk and butter now than a year ago."

Throughout the state a material reduction in the volume of "frozen credits" is reported, although in certain rural districts there has been an increase and some of the larger industries "still lean heavily on the banks."

Factors working against readjustment are **"slow readjustment of wages to the prevailing price levels, the attempt to maintain prices in certain lines, disproportionate costs of transportation, continuation of high level of governmental expenditure in the face of a drastic fall in prices and difficulties in the way of export trade."** Foreign sales of products manufactured in Wisconsin have decreased in the last year and in the last six months.

WYOMING

Population

Rural, 137,054
Urban, 57,348

PRODUCTS

Manufactured

a. **Flour and grist**

Natural

a. **Sheep and wool**
b. **Cattle**
c. **Hay**
d. **Wheat**
e. **Minerals**
f. **Dairy products**

A severe drought that caused heavy shipments of livestock in the fall of 1919, a hard winter in 1919-20 and a great depreciation in livestock values in the last eighteen months have demoralized cattle and sheep production throughout Wyoming. "The shortage of breeding stock is so acute that the whole industry will be greatly injured unless some means is found to provide financial relief that will save the cattle remaining on the ranges from the market."

There are a large number of reports of forced sales of cattle and sheep and wool at prices far below the costs of production. Costs of production, however, are reported to have declined greatly in the last year and particularly in the last six months, and "if railroad rates would come down it would be possible to sell at a profit." **"With hides selling here at 50 to 75 cents each and shoes little below peak prices and with fat cattle at 8 cents a pound and cuts of steak at 35 to 45 cents a pound, there is too great a difference between the price the cattleman receives for his products and the prices he has to pay for them when he buys them back in other forms."**

Surplus stocks of beet sugar and oil are reported in the Big Horn Basin. Costs of materials and labor in the oil fields of this district have been reduced in the order named, while in the beet fields and on the farms the order of reduction has been reversed. Oil production has fallen off about one-half. The reduction in the number of head of livestock has resulted in the accumulation of a large surplus of hay.

Credit shortages are reported in virtually every part of the state. On the whole the volume of "frozen credits" has increased rather than decreased in the last year.