

# FEDERAL RESERVE BANK OF CHICAGO

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## REPORT OF BUSINESS CONDITIONS IN THE SEVENTH FEDERAL RESERVE DISTRICT

JULY 25, 1919

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There is in evidence in some of the principal industrial centers of the Seventh Federal Reserve District a rather pronounced feeling of labor unrest; nor is this confined to skilled labor, but apparently involves all classes. In some instances it has resulted in strikes involving several thousand wage earners, or in cessation of plant activity because of a refusal to meet the labor demands for a higher wage scale.

Chicago is just now in the center of this unrest, which appears to be an outcropping of the effect of the continued high cost of living. Disappointment over the absence of a general decline in prices of articles entering into the household budget, and the actual advances in retail prices in some instances are contributing to a decidedly disturbed labor situation.

In the industrial districts this unrest has manifested itself in the usual form. Some of the largest plants in Chicago have ceased operation because of labor troubles. One plant in which there had not been a labor strike in nearly three decades closed down, while demands for increased wages are pending in other industrial plants.

### **Traction Demands at Chicago.**

Demands were made by the employes of the Chicago elevated and surface street railway lines for a sharp increase in the wage scale. This met with opposition on the part of the employers, who did not oppose the increase in wages but took the position that such an increase in wages without a corresponding increase in fares spells bankruptcy for the elevated and the street railway companies which, because of the high costs of operation, have been showing earnings insufficient to meet the usual normal time fixed and dividend charges. The State Utilities Commission had refused an increase in fare for the surface lines, although an increase of one cent (to a six-cent fare) was granted the elevated companies about a year ago.

Failure to appease the street railway employes necessarily would seriously menace Chicago's industries, because so large an element of the population is dependent upon this class of transportation to reach their places of business or employment. This led to bringing to bear every possible effort to avoid an interruption in intra-mural transportation at this time.

### **Building Operations Hampered.**

The building industry, which has been progressing since the Armistice, although in a hesitating manner, has been interfered with by the labor situation. The high cost of materials and high wages have been retarding factors since the Government restrictions were removed from building operations, but despite this, these operations continue to show substantial gains from month to month over the corresponding period of the previous year, until in June Chicago's building permits showed an increase of 130 per cent. over June of 1918.

The requirements for housing, in consequence of the long period of limited building, were sufficient to insure active construction throughout the year, weather conditions permitting. The same situation prevails in nearly all of the important cities throughout the district. During the last fortnight the building trades in Chicago demanded an increase in wages varying in percentages. The demand of \$1 an hour by the carpenters and the offer of the employers of 92½ cents an hour caused unrest elsewhere in the building trades it is claimed by throwing wage scales out of line with each other, consequently certain trades became more insistent in their demands for further increases, running from 25 to 50 cents an hour.

Furthermore, lumber has advanced in price, and the building situation, therefore, was very much disturbed. Carpenter contractors, upon the failure of the carpenters' union to accept the 92½ cents an hour minimum wage, locked out the carpenters, forcing out upwards of 100,000. The carpenters and other building trades, however, have asked for a conference with the building employers.

**Miners Want Big Pay.**

There is another feature in the labor situation which has a bearing on the future industrial activities of the district. Miners in the Indiana coal fields are demanding \$7.00 a day minimum for a six-hour day and five-day week, with price and a half for overtime and double price for Saturdays, Sundays and holidays. It is reported that a similar demand will be made in the Illinois coal fields.

The campaign to induce the early purchase of next winter's supply of coal, to relieve the congestion at the mines and thus stimulate production for a time, is finding a better response; all classes of consumers now seem to realize the danger of a coal shortage this winter. There has been an unusually heavy summer movement of the better grades for domestic purposes. Large users of steam coal who have been withholding the placing of contracts in the hope of securing lower prices now have abandoned that policy and are making arrangements for their year's supply.

**Strong Demand for Packing House Products.**

Packing house stocks are heavier than a year ago but are being heavily drawn upon, consequently are diminishing somewhat. The domestic demand in all lines of packing house products shows a steady increase, while the foreign demand is also stimulated and the movement to the interior countries and Central Powers of Europe is now on. Arrangements for financing seem to be progressing satisfactorily. The packers agreed to continue the war-time wages for a period of one year subsequent to the signing of the Peace Treaty, but there is some agitation for a demand by labor for a 30 to 50 per cent. increase.

**High Record Prices for Hogs Prevailing.**

Record prices on hogs are prevailing, while the market for cattle holds strong. There are some in the packing industry who look forward to a further 10 per cent. increase in hogs this fall, and 8 to 10 per cent. increase in cattle prices.

Receipts during June at the principal markets compared with the corresponding month of the previous year showed a decrease of 21 per cent. in cattle, 9 per cent. in calves, and an increase of 20 per cent. in sheep. Prices for cattle in June, compared with a year ago, showed a decline of 9 per cent. for choice and 14 per cent. for common cattle. Prices for sheep showed a decline of 30 per cent. and for lambs 16 per cent. compared with the previous June.

**What Six Months Has Brought About.**

Receipts for the six months ended July 1 compared with the corresponding period of the previous year showed a decrease of 7 per cent. in cattle, an increase of 1 per cent. in calves and an increase of 18 per cent. in sheep. Prices for cattle for the first six months of 1919 showed an increase of 20 per cent. for choice and 11 per cent. for common cattle, while the prices for sheep and lambs in the first six months showed a decline of 12 per cent. and 4 per cent. respectively.

The average price of beef and mutton for the month of June compared with the corresponding month of 1918 showed a decline of 14 per cent. in beef, 28 per cent. in mutton and 11 per cent. in lambs. This decline in live meat animals and the result in produce is attributed to the decreased prices in the local market, caused by cessation of demand to feed the armies of our Government and its Allies and the decrease in the domestic demand, due to the widespread desire to conserve inculcated in the previous months.

The demand for pork, however, is very heavy. The receipts of hogs in June, compared with a year previous, at Chicago, Omaha, St. Joe, Milwaukee, St. Louis and East St. Louis, were 1,967,091; 1,451,028 in the previous June.

Receipts of live stock at Chicago for the four weeks ended July 12, compared with the corresponding period of 1918, are as follows:

	Cattle	Calves	Hogs	Sheep
1919 .....	229,179	49,318	648,312	328,042
1918 .....	245,286	55,618	568,068	285,478
Increase .....	*16,107	*6,300	80,244	42,564

\*Decrease.

The trend of prices of live hogs and their products compared with a year ago for Chicago alone follows:

Average price of live hogs June, 1918, \$16.60; June, 1919, \$20.40.

Cash lard, June, 1918, ranged from \$23.87½ to \$25.35, while in June, 1919, the range was from \$35.67½ to \$38.85.

Cash ribs in June, 1918, ranged from \$21.35 to \$23.50, while in June, 1919, the range was from \$28.12½ to \$30.

#### **Merchandising and Manufacturing Conditions Active.**

Stocks of merchandise are comparatively low, being moved from merchants' shelves about as rapidly as they can produce them. There is a shortage especially in the finer quality of materials and goods, for which there is an immense demand. This demand reflects itself in the rapid movement of inferior goods, "seconds," and in substitutes which can be used to fill the gap.

The public continues to buy heavily, regardless of price, and the demand seems to be for quality, notwithstanding that in many instances prices have trebled compared with 1912 and 1913. Raw materials are on hand in many plants, manufacturers being compelled to provide themselves with large stocks during the war, but apparently there is not much over-stocking and there is a healthy demand for manufactured products, which is rapidly assuming a pre-war basis. General business conditions are good in this district and there is a marked activity in all lines.

#### **Adverse Weather Conditions Affect Crop Yield.**

Reports of agricultural conditions throughout the district indicate that the expected yield of some grains will not be entirely realized, due to rust and adverse weather conditions. The winter wheat crop is somewhat disappointing, averaging about 20 bushels per acre on threshings at date of report, while the spring wheat crop in this district is far from satisfactory. The acreage of both is very large, and this in part will offset the decline in yield.

The corn crop is reported in good condition, and the promise is for a large production, while hay and forage crops have been exceptionally good.

#### **Foreigners Withdrawing Savings.**

There is a distinct movement on the part of the foreign element to withdraw savings from the banks and remit it to their native countries. Ordinarily this would be regarded as an unfavorable feature, but when consideration is given to the enormous requirements of those countries, in the way of loans, such funds as are sent abroad by aliens from this country tend to reduce the amount which may have to be covered by credits later on.

Bank deposits as a whole, however, are increasing, and while the withdrawals by aliens have tended to hold down savings deposits, they are still making a satisfactory showing in the aggregate compared with a year ago.

Activity in the farm land movement continues, with acre prices in all sections of the district steadily advancing as farmers reinvest the proceeds of previous sales, and necessarily this demand is attended by some participation by land speculators.

There is a good and steady demand for money. The credit situation is regarded as generally good and collections are prompt. Investment bankers report a much better inquiry for municipal securities and wide selling of good bonds at attractive prices, with a prospect of improvement in the buying demand.

#### **How Banking Statistics Compare.**

Gross deposits of the twelve leading member banks in Chicago aggregated \$1,027,900,000 on July 17, compared with \$991,000,000 on June 17 last, an increase of \$36,900,000. Loans, exclusive of bonds, aggregated \$635,300,000 on July 17, compared with \$634,200,000 a month previous, an increase of \$1,100,000.

Chicago bank clearings for the first eighteen days of July (comprising fourteen business days), aggregated \$1,500,300,000, an increase of \$173,443,000 compared with a year ago, while the exchanges at the nineteen leading clearing houses, outside of Chicago, for the first fifteen days of July aggregated \$2,010,695,000, an increase of \$11,415,000 compared with a year ago.

**SELECTED MEMBER BANK STATISTICS—SEVENTH DISTRICT**

(000's Omitted)

	Chicago —44 Member Banks—			Detroit —12 Member Banks—			Other —44 Member Banks—		
	Jan. 3.	June 6.	July 11.	Jan. 3.	June 6.	July 11.	Jan. 3.	June 6.	July 11.
Loans—									
Secured by U. S. war obligations.	\$61,160	\$74,950	\$76,399	\$ 8,720	\$10,620	\$12,517	\$13,420	\$16,369	\$15,608
All other loans and investments.	846,008	887,760	895,200	244,085	261,098	281,407	280,939	291,708	293,074
Reserve Balance with Federal.....									
Reserve Banks .....	108,825	113,957	118,061	21,886	23,303	25,004	25,241	26,584	29,434
Cash in vault .....	44,555	40,011	43,268	13,821	12,425	14,513	15,811	14,567	14,705
Deposits—									
Net demand .....	794,396	830,932	865,443	162,048	174,849	187,922	209,707	228,232	243,232
Time .....	149,859	164,762	166,357	155,896	173,487	175,530	89,211	97,573	97,800
Government .....	13,962	98,499	50,262	13,964	15,204	11,213	6,189	15,298	10,642
Bills Payable and Rediscounts—									
Collateral Notes .....	37,735	37,348	55,630	12,154	22,980	31,317	18,380	20,974	10,086
Bills Rediscounted .....	10,186	5,215	12,215	412	811	407	16,191	3,355	1,904

**RECEIPTS AND SHIPMENTS OF IMPORTANT COMMODITIES AT CHICAGO**

(000's Omitted)

	Receipts				Shipments			
	—May—		—June—		—May—		—June—	
	1919	1918	1919	1918	1919	1918	1919	1918
Flour, barrels .....	901	659	747	487	497	376	501	280
Wheat, bushels .....	1,727	190	856	126	7,760	356	1,040	211
Corn, bushels .....	3,334	5,894	8,077	7,656	2,964	3,203	2,228	2,370
Oats, bushels .....	5,833	9,030	10,113	8,208	7,032	7,436	6,211	3,162
Cured Meats, pounds.....	19,081	27,301	16,764	29,835	96,561	63,612	118,564	80,983
Fresh Meats, pounds.....	107,948	100,527	125,734	96,826	190,121	139,341	256,126	107,112
Lard, pounds .....	24,142	10,057	23,355	9,753	51,322	22,404	58,736	12,660
Cheese, pounds .....	18,961	12,028	22,807	17,411	11,252	7,410	16,186	5,598
Butter, pounds .....	29,266	20,780	46,331	36,173	31,692	18,992	33,700	20,519
Eggs, cases .....	1,212	926	1,080	732	404	194	243	215
Hides, pounds .....	20,897	14,495	18,420	14,883	21,153	14,984	16,021	14,088
Lumber, 1,000 feet.....	162	252	184	230	66	121	80	111
Potatoes, bushels .....	1,505	1,102	1,191	935	592	369	454	314

**BUILDING PERMITS OF SEVENTH FEDERAL RESERVE DISTRICT CITIES**

City.	—June, 1919—		—June, 1918—		Per Cent. Gain.	Per Cent. Loss.
	No. of Buildings.	Estimated Cost.	No. of Buildings.	Estimated Cost.		
Cedar Rapids, Iowa.....	52	\$ 190,000	25	\$ 153,000	24	...
Chicago, Ill. ....	900	11,415,600	277	4,062,500	180	...
Davenport, Iowa .....	110	245,750	67	69,837	251	...
Decatur, Ill. ....	84	230,925	33	54,960	320	...
Des Moines, Iowa .....	143	532,140	66	143,099	271	...
Detroit, Mich. ....	2,411	6,649,045	899	3,012,975	120	...
Dubuque, Iowa .....	46	285,695	4	2,680	10560	...
Fort Wayne, Ind. ....	97	245,143	42	123,155	99	...
Grand Rapids, Mich.....	225	637,010	108	91,580	595	...
Indianapolis, Ind. ....	804	1,044,260	420	541,651	92	...
Jackson, Mich. ....	97	149,315	59	58,916	153	...
Lansing, Mich. ....	159	234,260	20	20,470	1044	...
Milwaukee, Wis. ....	495	1,407,640	301	635,898	121	...
Peoria, Ill. ....	111	1,127,765	26	103,430	990	...
Saginaw, Mich. ....	233	246,235	22	22,309	1003	...
Sioux City, Iowa.....	118	820,475	35	139,150	489	...
South Bend, Ind.....	168	961,878	91	63,148	1421	...
Springfield, Ill. ....	88	173,390	49	63,285	174	...
Terre Haute, Ind.....	73	80,545	75	77,745	3	...

**COMPARATIVE STATISTICS OF BUILDING AND ENGINEERING OPERATIONS**

Contracts awarded in States north of the Ohio and east of the Missouri Rivers, from January 1 to July 1, 1919.

1919.....	\$989,904,000	1916.....	\$596,583,586	1913.....	\$472,372,500
1918.....	911,714,000	1915.....	413,532,600	1912.....	406,011,000
1917.....	831,402,000	1914.....	382,532,000	1911.....	416,227,813

Contracts awarded in Seventh Federal Reserve District States—Illinois, Indiana, Iowa, Michigan and Wisconsin—also Northern Missouri and Eastern Kansas.

1919.....	\$401,195,000	1916.....	\$219,237,086	1913.....	\$106,531,000
1918.....	188,343,000	1915.....	119,020,600	1912.....	59,402,000
1917.....	344,419,000	1914.....	104,656,000	1911.....	80,822,313

Note: Building and Construction statistics compiled by the F. W. Dodge Company.