The problems of the United States in its international settlements which have resulted in our deficit balance of payments have their counterparts in most of the Ninth District. Without belaboring the point there is a usefulness in casting up the accounts in the same fashion. 

There are these elements -

(a) balance of trade - not only is the relative position of imports and exports important, but the mix has to be reviewed as well - Do the values of the imports and the exports tend to move in the same direction? Is there a broad diversified list of exports or is there a dangerous reliance on a few items? What are competing areas doing - are our costs vis a vis theirs trending up or down? What are our customers doing - are they developing new sources of their own?

Of all the elements this is one of the most important, for only through selling more than you buy can a nation, a state, or a private business long survive. Lord knows there are a number of ways to prolong the agony but unless this fundamental economic fact is observed, the end is certain -

(b) The flow of investment funds - While in the long run, the outflow of investments capital is offset, and more, by the return of investment income, the short run effect is to increase the deficit position to the degree it reflects a lack of opportunity, locally, whether it be real or imagined,
it contributes to a general feeling of pessimism within a state.

(c) Federal government funds - the flow of federal funds has continued to increase in importance to our states in this district. Man proposes but Washington disposes is a valid paraphrase. The level of federal spending within a state and its relationship to the level of tax collection is a major element of the settlement of accounts for a state. This is a volatile factor to the extent it involves single term capital items but as long as the number and variety of federal projects continues to expand as rapidly as it has in the history of this country, we have little to be concerned with on this score.

(d) Human being - an essential statistic in the list of accounts is the relative position of population number, their location, and most important of all, their mix. Are we keeping up with the rest of the nation? Are the productive ages staying in the area or is there a net out migration?

(e) Emotional climate - Out of all these factors comes an emotional climate - the gnomes of Zurich who were blamed for the attack on the British pound last fall is just another phrase to describe the judgement of the market place - failure begets failure even as success grows upon itself. Attitudes about a state, like attitudes about a country, are composed of many things;
the statistical facts and the trends they may reveal, preconceptions which are
often misconceptions about the physical characteristics, and the attitudes and
responses of the people inside the so-called establishment of the state or
country. How the leaders of a state look at the state contributes significantly
to the attitudes of those outside its borders.

The analogy could be extended, but I think this much establishes the
parallel - just as in the case of the b of p accurate and quick information is
essential. There is a continuing imperative for research. Fortunately there is
no dearth of researchers able and willing to undertake the task. There are days
when the flow of paper becomes such that I suspect the total investment in time
and paper, if diverted from pure research, would build a fair sized industrial
plant in one of the areas being researched. But is an essential part of the
investigative process. There are many agencies, public and private, studying
our economy generally and the several states specifically to develop social and
economic models of the existing structures. Of these agencies, two that have
contributed much are the Upper Midwest Research and Development Council and
the Federal Reserve Bank of Minneapolis. Both have published extensively and
to both must go much credit for our knowledge of the District and the states that
compose it. Being so new to the Federal Reserve Bank of Minneapolis, I can
still speak objectively of its contributions in this area.

North Dakota has come in for its share of scrutiny. The position of North Dakota in relation to most of the b of p factors mentioned earlier is fairly well established and probably known to all of you. May I direct your attention to the last of these, however - that of the emotional climate. It is axiomatic that many of the things we believe as a matter of conviction about ourselves and our neighbors are simply not so. A periodic re-examination of old and new facts is instructive. A degree of skepticism is an important ingredient both as a curb and as a supplement to imagination. Having come from Montana I am well aware of the defensive attitude we in this area have developed over the jeers about our weather, the failure to keep pace with the national population and economic trends. If we could just persuade United States Steel to start an x million dollar plant in our state - or multi-million dollar atomic reactor plant - to aspire for a bigger and better state economy is important, but it should not blind us to what we have. Numbers of people bring as many social and economic problems as they solve. An economy built on an agricultural base is not necessarily a limiting factor. Agriculture as it is emerging today is a growth industry in the eyes of many, Water and space are two
Both resources that are in short supply in much of the United States. There is growing awareness nationally that we need both. Both are present in this District.

The Federal Reserve Bank of Minneapolis is going to start a study of the water resources of the District, for not only is this perhaps our most valuable resource, but the one about which we know the least on a District basis. Economic and population growth will come. Ideally, it will come on the basis of national necessity in the private sector with a pattern regulated freely by the market place with a generous assist from the leadership of the business community within the state -- and not by government decree, state or federal -- but come it will.

It is a major responsibility of the Federal Reserve Bank of Minneapolis to contribute to the growth of North Dakota, for it is a regional bank, and each state within its region or district is of equal importance. Our contribution will be to assist in the research of the basic resources, and economic trends within the District and within each state within the District; and to add to the general knowledge of the business community throughout the district, an additional

national dimension.
Rising shotgun
these are the facts
the agric operations will and must get larger
capital costs
diversification
increasing production
agriculture is a growth industry
agriculture is a business
record keeping
cost analysis
market at knowledge
management succession

Emerging urbanization
towns are getting bigger
critical mass concept
environment - education
medium sized town
space - water
inventory
make do with what is at hand
living ground
mean, plan concept

cultural identity - planned expansion
Why are we here

"The Congress shall have Power to coin Money, regulate the Value thereof, and of foreign Coin." Art I Sect 8, Clause 5 of the Constitution

To foster a flow of credit and money that will facilitate orderly economic growth, a stable dollar, and a long-run balance in our international payments.

Regional bank -
Upper Midwest
Several and less knowledge
National dimension
Local dimension

Livestock situation - price advances
Eating habits
What are the distinct and national prospects?

National -
660,000,000
some rate as last year
Inventories - a build-up - extent unknown, but generally absorbable
Consumer price index - spring spent

food component

loan demand has eased

construction up generally
capital spending continuing

perhaps 9 - 11%

Defence spending 1.7 billion
Balance of payments, 6 billion

first in 15 quarters

Retail trade has picked up

District

Substantially parallel but

somewhat better

ind housing + 7%

multiple housing + 40%

Retail outlets 1 already + 75%

agriculture good

wholesale generally green

danger of skilled labor skimp, probably less than

balance of payments

Viet Nam

pound sterling

British moves

German