

The problems of the United States in its international settlements which

1965 N Dak tour { Minot
Bismarck
Fargo

have resulted in our deficit balance of payments have their counter parts in most of the Ninth District. Without belaboring the point there is a usefulness in casting up the accounts in the same fashion.

1965 special files

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 ^{grow} ~~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 - ^{RP} (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, ^{local} ~~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 ^{reason} to be concerned ^{about the supply -} ~~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. ^{time} But ~~is~~ 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

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 ^{at the years} 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 ^a 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, ^{For the long run, we have two prime resources,} ~~4~~ 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 ^{and} in the private sector with a pattern regulated ^{recognized} 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. *has - think small -*

It is a major responsibility of the Federal Reserve Bank of Minneapolis to contribute to the growth of North Dakota, ^{The FRB of Minneapolis} ~~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 ^{an additional national dimension} knowledge of the business community throughout the district, ~~an additional~~ ~~national dimension~~.

2008 1965

1:15
1:30
1:50
2:15
2:30

Riding 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 & knowledge

management succession

Emerging urbanization

Towns are getting bigger

Critical mass concept

Environment - education -
Federal Metropolitan & Research

cultural life

medium sized town

space - water

Inventory

Make do with what is at hand.

camp ground
Master plan concept

Cultural identity - planned expansion

An investment in
knowledge pays well
to best interest

White House
not really there

Why are we here

Bismark
1965

"The Congress shall 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

Start and esp. knowledge

National dimension

Local dimension

Livestock situation - price advance
eating habits

What are the district and national prospects?

National -

GNP

660 000 000

same rate as last year

Inventories - a build up - extent unknown, but generally absorbable

consumer price index - spring spurt
has eased

food component
Loan demand has eased

Construction up generally
capital spending continuing
perhaps 9-11%

Defense spending 1.7 billion

Balance of payments .6 billion
first in 15 quarters

Retail trade has picked up.

District

~~Some~~ Substantially parallel but
somewhat better

ind housing + 2%

multiple housing + 40%

Retail outlets & stores + 75%

Agriculture good -

Dangers - ^{whole west generally green}
^{personal income up} shortage of skilled labor & ^{keeps probably less than} 3%

balance of payments -

Viet Nam

pound sterling

British moves

German ✓