

MONTHLY

REVIEW

Contents:

Federal financing for educational plant
facilities in the Ninth district p. 2

Current conditions p. 9

Economic briefs p. 12

FEDERAL RESERVE BANK OF MINNEAPOLIS

NOVEMBER 1966

Federal financing for educational plant facilities in the Ninth district

The federal government has long played an important role in the development of educational facilities for higher learning. Its participation can be traced back as far as the passage of the Morrill Act of 1862, when each state was granted 30,000 acres of federally owned land (or equivalent in scrip) for each senator and representative it had in Congress for the establishment of land-grant colleges of agriculture and the mechanical arts. Further participation came in 1881 with the passage of the Hatch Act: agricultural experiment stations attached to the land-grant colleges were set up by federal aid through the Department of Agriculture. Other federal funds historically have been granted to colleges and universities for special educational programs, such as agricultural research and extension programs to help develop farming techniques and depression-era grants and loans for construction at public colleges.

After World War II federal financing to higher education expanded into other forms of assistance. For example, the Federal Public Housing Administration sponsored university housing programs to accommodate the veterans returning to the campuses; a Surplus Property Program was set up to help colleges and universities obtain surplus government property at a fraction of its original cost. Later, colleges and universities became eligible to acquire land adjacent to campuses under the Urban Renewal Program; and financing of construction of higher learning institutions in economically depressed areas was initiated under the Area Redevelopment Program. Another aid has been the College Housing Loan Program under supervision of the Housing and Home Finance Agency.

Most recently, government funds have poured at ever increasing rates into research and develop-



ment in the sciences and technology. Since 1960 the National Science Foundation has provided matching grants for construction, renovation and equipping of graduate-level research laboratories in engineering and in the natural sciences and also has financed expensive and specialized equipment for use by groups of universities. The Department of Defense has granted substantial funds to universities for construction, alteration, and equipment of special research programs and centers. Many independent grants or research programs, including capital improvements, have been financed by such agencies as the Department of Agriculture, Federal Aviation Agency, Department of Commerce, and the National Bureau of Standards.

Other funds to assist colleges and universities in science and technology research and teaching have derived from atomic science, space, and health legislation. The Atomic Energy Commission, under the authority of the Atomic Energy Commission Act of 1954, makes grants to educational institutions for acquisition of equipment; the National Aeronautics and Space Administration is authorized to assist colleges and universities in expanding science and engineering facilities; and the Health Research Facilities Act of 1956 opened a road for institutions of higher education to improve on-campus medical and health facilities and to build research facilities in the related fields of biology, zoology, and psychology.

Another more recent agency to become active in federal assistance programs has been the Office of Education, made possible through the passage of the Higher Education Facilities Act of 1963 and the Higher Education Act of 1965. The purpose of the Higher Education Facilities Act was to provide grants and loans for construction, rehabilitation, or improvement of academic and related facilities such as libraries, classrooms, and laboratories for natural or physical sciences. Under the Higher Education Act of 1965, grants were made for the improvement of undergraduate

instruction facilities such as educational television and special laboratory equipment.

Aid for plant facilities

Federal grants for plant facilities in colleges and universities have gradually increased in the Ninth district since the mid-1950s and have ex-

Recent federal laws for improving college and university facilities

Atomic Energy Commission Act of 1954

grants for acquisition of equipment to be used in teaching courses of nuclear fission and technology

Health Research Facilities Act of 1956

grants for improving medical and health facilities on campus and also research facilities in biology, zoology, and psychology

Higher Education Facilities Act of 1963

Title I — grants for construction of undergraduate academic facilities

Title II — grants for construction of graduate academic facilities

Title III — loans for construction of academic facilities

Higher Education Act of 1965

Title VI — Financial assistance for the improvement of undergraduate instruction
Category I — grants for laboratory and other specific equipment and materials
Category II — grants for closed circuit television equipment and materials

Title VII — amendments to the Higher Education Facilities Act of 1963. Restrictions on Title I grants to be used in some limited fields are removed; interest rate of Title III loans was lowered from $3\frac{7}{8}$ per cent to 3 per cent.

panded rapidly in the past two years. Prior to 1955 federal funds for construction and rehabilitation of plants were granted only to Minnesota institutions (Table 1). It was only after 1955 that institutions in other district states started to re-

ceive aid. In the meantime, most federal grants continued only for land-grant colleges in the district: it was not until the enactment of the 1963 and 1965 educational acts that federal aid to private schools was initiated.

TABLE 1 — FEDERAL GRANTS FOR PLANT EXPANSION AT COLLEGES AND UNIVERSITIES IN THE NINTH DISTRICT

(thousands of dollars)

Fiscal year	Minnesota	Montana	North Dakota	South Dakota	Northwest Wisconsin	Upper Michigan	District
1949-50	410						410
1951-52	165						165
1953-54	1,048						1,048
1955-56	48			41			89
1957-58	404		75				479
1959-60	308	575	105				988
1961-62	839	76	550				1,465

Source: "Sources of Plant-Fund Receipts," Biennial Survey of Education 1949-62, U.S. Department of Health, Education, and Welfare, Office of Education.

TABLE 2 — FEDERAL GRANTS AND LOANS IN THE NINTH DISTRICT UNDER THE HIGHER EDUCATION FACILITIES ACT OF 1963 AND THE HIGHER EDUCATION ACT OF 1965

(thousands of dollars)

	Title I grant	Higher Education Facilities Act of 1963		Higher Education Act of 1965, Title VI-A		Total grants	Total loans and grants
		Title II grant	Title III loan	Category I grant for lab. and other spec. equip. and mat'l	Category II grant for CCTV equip. and mat'l		
1964-65							
Minnesota	5,019	2,067	3,338			7,086	10,424
Montana	290					290	290
North Dakota	849					849	849
South Dakota	720					720	720
Upper Michigan	1,577		166			1,577	1,743
Northwest Wisconsin	1,695		400			1,695	2,095
District	10,150	2,067	3,904			12,217	16,121
United States	224,363	60,000	106,937			284,363	391,300
1965-66							
Minnesota	10,010	300		306	34	10,650	10,650
Montana	2,526		480	57	6	2,589	3,069
North Dakota	1,375		596	65	7	1,447	2,043
South Dakota	2,246			63	7	2,316	2,316
Upper Michigan	2,696	545	58	12	13	3,266	3,324
Northwest Wisconsin	2,733			160	32	2,925	2,925
District	21,586	845	1,134	663	99	23,193	24,327
United States	460,000	60,000	110,000	35,000	2,500	557,500	667,500

Source: U.S. Department of Health, Education and Welfare, Office of Education.

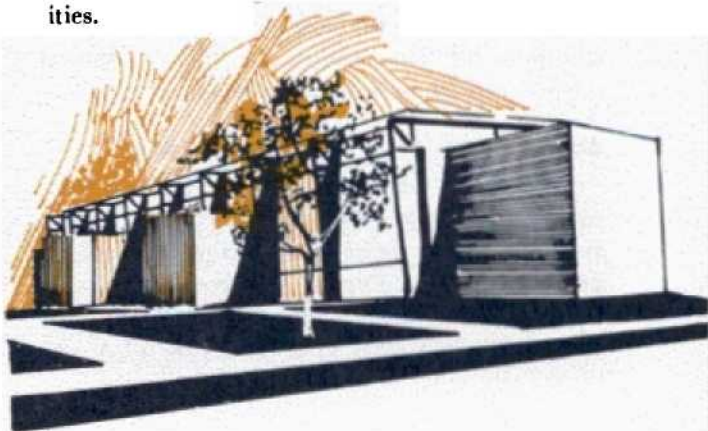
Grants under Title I

Funds resulting from passage of the 1963 Act began to flow into every district state at the start of fiscal year 1965. Title I of this Act authorized \$224 million federal grants to institutions of higher education for construction and improvement of undergraduate academic facilities such as libraries, classrooms, and lecture halls. Colleges and universities in the Ninth district received \$10 million (Table 2). Half of this amount was granted to the schools in Minnesota, about \$1.6 million each to the colleges and universities in Upper Michigan and in northwestern Wisconsin. Institutions in North Dakota, South Dakota, and Montana received a total of \$1.8 million. Initially, following past procedure, the majority of these grants (93 per cent of the district total) was appropriated to public-controlled institutions; but the trend changed somewhat the next year. In fiscal year 1966, when federal aid under Title I doubled both in the nation and the district, private schools received nine times the amount they had received the year before (\$739,000 in 1965; \$6,651,000 in 1966). Further, the increase was 31 per cent of the Title I grant in the district. Congress authorized \$460 million from which about \$22 million was granted to the schools in the Ninth district. Minnesota institutions were still the largest recipients, and the state's private-controlled institutions shared half the grants. Schools in Montana were granted about ten times as much as they received the previous year, but about 99 per cent of these funds were for public colleges and universities. Federal grants to other district states ranged from \$1.4 million in North Dakota to \$2.7 million each in Upper Michigan and northwestern Wisconsin.

One factor that caused public institutions to receive most of the grants was the special provisions established to help community colleges. Congress designated 22 per cent of the Title I money for the improvement of educational facilities in public community colleges and technical institutes, grants which may be used to cover

up to 40 per cent of construction and improvement costs. In fiscal year 1965, \$47 million was appropriated for this purpose. Five junior colleges in the Ninth district (three in Minnesota and one each in Montana and North Dakota) received a total of \$1.6 million for construction and improvement of campuses and academic facilities. For fiscal year 1966 about \$100 million was authorized and \$2 million was granted to eight of the district's junior colleges, or 14 per cent of the funds allocated to public-controlled institutions.

In the Ninth district, most of the Title I grants were used on construction or improvement of libraries, campus buildings, and science laboratories. For fiscal year 1965, \$5.7 million or 56 per cent of the \$10.1 million grants was spent for libraries; about \$2.7 million for undergraduate teaching facilities in natural or physical science, mathematics, and engineering; and about \$1.8 million for classrooms, lecture halls, and other academic facilities. Of the \$21.6 million grant received in 1966, \$3.6 million or 17 per cent was granted for libraries; \$7 million for science buildings and laboratories; \$5.3 million for undergraduate facilities; and about \$4.1 million for general purposes. Under the Higher Education Act of 1965, amendments were made to remove restrictions on Title I grants under the Higher Education Facilities Act of 1963. Schools now may obtain grants in fields other than the limited ones set by the 1963 Act. Thus, \$1.5 million was granted to district schools of higher education for improving teaching facilities in arts and humanities.



Grants under Title II

Title II authorized federal grants to public and private nonprofit universities and colleges and cooperative graduate centers for construction and improvement of graduate academic facilities. The grants provide a matching fund to cover one-third of the construction or improvement cost. In fiscal year 1965, Congress appropriated \$60 million for this purpose, of which only \$2 million was granted in the Ninth district for library facilities. Congress authorized \$120 million the following year, but only half of it was appropriated. Two universities in the district, one in Minnesota and one in Upper Michigan, both public-controlled institutions, received \$845,000 of this appropriation for construction of library and science buildings. No private schools received any Title II grants during the two year period.

Title III financing

Title III provides long-term and low interest rate (3 per cent under the new amendment of Higher Education Act of 1965) construction or improvement loans for both graduate and undergraduate academic facilities. Congress appropriated \$106.9 million for fiscal year 1965 and \$110 million for 1966. A Title III loan may cover up to 75 per cent of the construction or improvement costs, and in fiscal year 1965 in the Ninth district three private colleges and universities obtained a total of \$3.9 million in loans -- 65 per cent for science buildings, 35 per cent for library facilities. In fiscal year 1966, \$1.1 million loans were also offered to three private-controlled institutions for expenditures for library, natural science, and administrative facilities.

Grants under Title VI-A, Act of 1965

Due to the recent progress in teaching techniques, the federal government has taken on some responsibility to improve undergraduate teaching programs by providing aid for promotion of new teaching methods, for modern equipment, and for up-to-date educational materials. Title VI-A was

designed to provide financial assistance for such improvements. A \$35 million grant was authorized in fiscal year 1966, \$50 million for fiscal 1967, and \$60 million for fiscal 1968 (see Category I under Title VI-A of Higher Education Act in Table 2). In fiscal year 1966 about \$663,000 was given to the institutions in this district, the largest share, \$306,000 for schools in Minnesota. Colleges and universities in the northwest portion of Wisconsin received \$160,000. As usual, public institutions received the greatest share, \$505,000. A special grant (Category II under Title VI-A of the Higher Education Act in Table 2) was arranged to improve educational television facilities. A total of \$2.5 million was authorized in fiscal 1966 and \$10 million each year for the following two fiscal years. Schools in the district received \$99,000 for purchase of closed circuit TV equipment and materials, most going to institutions receiving the Category I grant. A Title VI-A grant must be matched by the institutions receiving funds under it.

Impact on the Ninth district

As a consequence of the "baby boom" of the post-war period, a "college student boom" is now occurring in every part of the United States. More young people than ever before are working on baccalaureate or advanced degrees, and often are being given public and organizational financial assistance as they do so. It is predicted by Mushkin and McLoone that future degree-credit enrolment will be 7.7 million in 1970 and 9.5 million in 1975¹ (there were 2.7 million in 1955 and 5.5 million in 1965²).

Ninth district college and university enrolment increased from about 88,000 in 1947 to 113,000 in 1956, and up to 211,000 in 1965. Many problems have accompanied the student boom --

¹Selma J. Mushkin and Eugene P. McLoone, *Public Spending for Higher Education in 1970*, The Council of State Governments in Cooperation with the George Washington University, February 1965.

²Opening Fall Enrollment in Higher Education, 1955 and 1965, U.S. Department of Health, Education, and Welfare, Office of Education.

crowded classrooms, inadequate library facilities, archaic teaching methods, poor scientific research and laboratory equipment, and inferior housing facilities; and the expansion of physical plant facilities has been an obvious necessity. But many institutions have not been able to meet the tremendous challenge from their regular or non-federal incomes, particularly for the construction of specialized scientific research centers. With federal grants or loans to assist or to match part of the construction costs, a great number of institutions have now been able to build or remodel the needed facilities.

As previously indicated, prior to 1955 traditional federal programs did not contribute much to the Ninth district school plant expansions, except in Minnesota. For the nation as a whole, federal grants were mostly concentrated in some Eastern states, California, and a few large universities in the Midwest. Federal figures for 1964 for plant facilities are not available, but an over-all perspective of national federal funds distribution

for education may be gained from a breakdown of all other expenditures for selected states (see Table 3).

In fiscal year 1964, total federal payments for education were estimated at \$4 billion. Most of the grants were distributed to heavily populated states with larger college enrolments and highly developed scientific research centers and laboratories, such as California, New York, and Massachusetts. In California alone the federal government paid \$758 million for education — of which \$566 million was appropriated for research and development purposes. The district total (four whole states) was estimated at \$105 million, about 2.6 per cent of the total expenditure. This vast federal program involved all types of financial assistance through numerous governmental channels, including funds for plant facilities. As indicated, the grants for physical plant facilities would have been relatively small in proportion to the total state share of the federal funds.

TABLE 3 — ESTIMATE OF FEDERAL FUNDS GRANTED FOR EDUCATION AND RELATED ACTIVITIES, FISCAL YEAR 1964

(thousands of dollars)

State	Research and Development	Science & Engineering Training ¹	Health & Related Training ²	Vocational Technical Training	Veterans' Educational Assistance	Student Loans	Institutional Support ³	Others ⁴	Total
Michigan	50,105	4,911	8,184	8,242	2,019	3,706	12,486	27,482	117,135
Minnesota	23,784	3,288	6,133	3,781	1,197	3,490	2,691	15,224	59,588
Montana	1,726	662	280	1,258	259	523	8,188	5,832	18,728
North Dakota	1,135	745	212	1,546	174	691	417	5,225	10,145
South Dakota	1,177	882	147	1,425	187	846	5,517	6,543	16,724
Wisconsin	23,812	1,896	4,994	4,169	1,065	1,990	19,520	15,435	72,881
California	565,692	13,179	19,330	9,406	8,933	8,087	29,540	104,026	758,193
New York	155,630	10,981	27,455	11,632	4,130	9,662	19,714	57,283	296,487
Massachusetts	197,372	7,973	15,277	3,489	2,055	4,051	19,343	27,253	276,813
United States	1,881,918	127,763	208,039	188,363	70,491	111,182	409,004	1,009,981	4,006,741

¹ Includes fellowship and training programs of Atomic Energy Commission, National Aeronautics and Space Administration, and National Science Foundation.

² Includes fellowship, training grant and project grant programs of Public Health Service.

³ Includes support of land-grant colleges, support of language and art centers under the National Defense Education Act, college housing loans, and National Science Foundation institutional grants.

⁴ Includes other training fellowships, grants, institutional supports for elementary-secondary education, school lunch program, public library grants, educational television grants, civil defense training, and estimated value of surplus property transfers. Source: Digest of Educational Statistics, 1965 ed., U.S. Department of Health, Education, and Welfare, Office of Education.

TABLE 4 — PROJECTED GRANTS AND LOANS UNDER THE HIGHER EDUCATION FACILITIES ACT OF 1963, U. S. AND NINTH DISTRICT

(millions of dollars)

Year	Title I	Title II	Title III	U.S. total	Ninth District ¹
1966-67	453	60	300 ²	813 ²	34.6
1967-68	510	90	300	900	38.3
1968-69	510	120	300	930	39.6
1969-70	510	120	300	930	39.6
1970-71	510	120	300	930	39.6
1971-72	510	120	300	930	39.6
1972-73	510	120	300	930	39.6
1973-74	510	120	300	930	39.6

¹ Based on a 2-year (1965, 1966) average percentage of district share, i.e. 4.26 per cent of the U. S. total.

² Consists of \$200 million appropriation and \$100 million derived from proposed new FNMA participating pool.

³ Unauthorized.

Source: U. S. Office of Education.

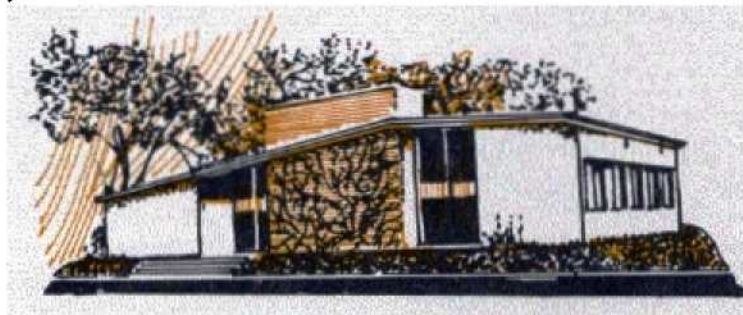
Due to the increasing emphasis on improving college educational facilities by the federal government during the past two years, district colleges and universities received total grants and loans of \$16.1 million under the HEFA of 1963 alone in fiscal year 1965, increased to \$24.3 million in fiscal year 1966 (including \$845,000 under the HEA of 1965). These grants and loans helped 32 campus construction and rehabilitation projects in 1965, and 113 projects (including educational TV programs) in 1966. These grants are expected to increase considerably in the near future as the federal government assumes more responsibility. Since the demand for the 1963 and 1965 types of federal funds has by far exceeded all available

grants, Congress will be pressed to enlarge its authorization. The 1965 report by the Office of Education showed that applications from community colleges for Title I grants exceeded available funds by \$81.3 million, and 4-year colleges and universities applied for more than \$160 million over the amount granted under the Title.

The projected federal aid under HEFA, according to the Office of Education, would be over \$800 million for fiscal 1967 and about \$900 million or over for each of the following seven years (see Table 4).

For the past two fiscal years, the district has been receiving an average of 4.26 per cent of the total grants and loans distributed under the Higher Education Facilities Act. If the same proportion can be realized in the future, the district institutions will receive about \$34.6 million of HEFA funds for fiscal year 1967, \$38.3 million for fiscal 1968, and approximately about \$40 million each year in the 1970s. In the meantime, if the district shares the same portion of 1965 HEA Title VI-A grant in the next two years, an additional \$1.4 million will be injected in this area for fiscal year 1967 and about \$1.6 million will be added to the predicted \$38.3 million HEFA funds in fiscal 1968. Combined with all other future grants and loans under various federal programs, the district should experience increasing construction activity and rapid expansion of college educational facilities over the next ten years.

— LIZBIE G. LIN



Current conditions . . .

In recent weeks the economy of the Ninth district has moved ahead in the generally upward patterns established over the first eight months of 1966. Employment has advanced at substantial rates, and the industrial sector of the economy has grown — particularly mining. The construction sector has continued to follow its established pattern, namely a downtrend, but its over-all impact on the district economy has been small.

District cash farm receipts achieved record highs in late summer and price trends and prospective marketings indicate that receipts should continue to run ahead of those of 1965. Grain prices, while trending downward during the latter part of the third quarter, strengthened in October. Corn prices showed some strength going into mid-October after having fluctuated to a considerable extent during the preceding few months.

Total employment in the district accelerated somewhat during September — in part because of an increase (on a seasonally adjusted basis) in the number of workers on farms. Wage and salary employment was down slightly from the August level but the average gain over the first nine months of the year was about 4 per cent compared with a national rate of 3.8 per cent. (The gap between district and national employment rates has remained fairly constant for two years.)

During September the number of new housing units authorized by building permits within the district was about 50 per cent below that of the year earlier. The decline brought the total number

of housing units authorized for the year to a level almost 20 per cent below that of 1965.

But the impact of current higher interest rates on the district's housing industry does not appear to be significantly different from that of the entire nation — the number of housing units authorized by permits at the national level is down by more than 15 per cent over the year.

Except for South Dakota, district construction employment has held up well this fall: nonresidential and nonbuilding construction has absorbed a large number of workers displaced from residential construction work.

At the end of the third quarter the industrial sector of the district's economy registered a rather low-key upward movement. The index of industrial use of electric power, after a slight dip in August, was up — with the push coming from consumption of electricity for the manufacture of durable goods. The index of production worker manhours declined slightly. As reflected by both indices, however, the mining sector of the economy experienced a substantially greater-than-average advance during September.

Since late summer total credit at district banks has declined slightly — behavior sharply in contrast to the usual fall pattern. Credit usually builds up strongly during early fall, partly because of a heavy demand for loans, and also because of sizable increases in investment portfolios. In September and early October, however, outstanding loans declined while holdings of securities rose only moderately.

The following selected topics describe particular aspects of the district's current economic scene:

Farm sector cash flows at record levels

Farm income. Cash flows into the district farm sector continued at record levels during the third quarter of 1966. Estimated cash receipts from the marketing of farm products totaled \$980 million during the period, a 5 per cent increase over the third quarter of 1965. All of the gain was accounted for by larger receipts from the sale of livestock and livestock products. Crop sales were slightly lower than a year earlier, presumably reflecting the tendency of farmers to hold grains off the market this year. The largest third quarter gains among the district states occurred in Montana where cash receipts were up over 15 per cent. Increases of 5, 3, and 2 per cent were recorded in Minnesota, South Dakota, and North Dakota, respectively. The third quarter figure thrust the district total to \$2.6 billion for 1966, 12 per cent ahead of that of the first nine months of 1965.

Farm product prices. The prices of farm commodities moved to lower levels during the third quarter. Grain prices for the most part peaked out at the end of August and fell off through the month of September. Cash wheat prices in Minneapolis dropped from around \$2.05 per bushel on September 1 to \$1.93 at the end of the month. These prices, however, were well above those of a year earlier when cash wheat prices ranged about a level of \$1.70 per bushel. Corn prices fluctuated to a considerable degree during the quarter, dropping to \$1.33 per bushel at the end of September after reaching \$1.40 in August. Last year corn prices were generally under \$1.20 per bushel. Soybean prices dropped sharply from \$3.55 per bushel in mid-August to \$2.80 per bushel at the end of September. Even with that decline, however, soybean prices were about 50 cents per bushel higher than those of the third quarter of 1965.

Fed cattle prices declined seasonally during the fall months with the drop being a little greater than anticipated earlier in the year. Some of the decline was due to an increase in the average weight of cattle slaughtered. The average market price fell from a high of \$25.75 per cwt. in mid-August to \$25.23 at the end of September, a level slightly below that of 1965. While beef prices were somewhat disappointing, hog prices held to more favorable levels—dropping from about \$25.00 per cwt. on August 1 to \$23.00 at the end of September. These prices were slightly higher than 1965 levels and reflect a \$1 per cwt. gain over last spring's expectations.

Crop production. The October 1 crop report indicated little change from earlier estimates among the small grains. District corn production was estimated at 445 million bushels on October 1, up from the 411 million bushels estimated of July 1. The October estimate makes the corn crop 4 per cent larger than the 1960-64 average and 21 per cent larger than the 1965 crop. Soybean production estimates were also revised upward from 92 million bushels on September 1 to almost 95 million on October 1. The latter figure reflects a 70 per cent increase above the average and a 39 per cent gain from 1965.

Livestock production. District farmers expanded livestock feeding operations this fall, as the number of hogs and cattle on feed exceeded that of a year earlier. The September pig crop report indicated an expansion of market hogs over last year of 9 per cent in Minnesota and South Dakota. The bulk of these hogs are expected to move to market during 1966. The number of cattle on feed on October 1 in the district totaled 703 thousand head, up 7 per cent from a year earlier. The number marketed during the third quarter was 3 per cent larger than a year earlier and marketings during the fourth quarter are expected to be up 4 per cent.

Bank deposits up

Total deposits at district banks increased by 7.4 per cent during the third quarter of 1966, more than double the second quarter rate of growth but considerably less than the 15.4 per cent first quarter pace. The rate of total deposit expansion in the July-September period was not materially different from that recorded during all of 1965. As has been the case in recent third quarters, the growth rate of time deposits exceeded that of demand deposits. The difference in growth rates in recent months narrowed, however, as the expansion of time deposits declined while that of demand deposits increased. Time deposits advanced at an annual rate of 9 per cent during the July-September interval, markedly down from the 12½ per cent and 18 per cent growth rates recorded in the second and first quarters respectively. In 1965 time deposits increased by roughly 12½ per cent. Demand deposits, on the other hand, increased by 5.9 per cent in the third quarter, reversing the 3.7 per cent contraction recorded during the April-June period and exceeding the 1965 demand deposit growth by 50 per cent.

One factor which likely contributed to the slower third quarter growth in time deposits was the sharp contraction at city banks during September in holdings of large negotiable certificates of deposit (CDs). A portion of the maturing CDs were used to meet increased corporate income tax liabilities and an accelerated schedule of payroll withholding remittances. Also, district banks found it more difficult to hold maturing CDs as market rates of interest on comparable types of securities often exceeded the 5½ per cent maximum rate of interest member banks are allowed to pay on large CDs.

A slowdown in the rate of growth of time deposits other than large CDs since early in the year also has been evident, primarily in passbook savings and in small consumer-oriented certificates of deposit. Following the liberalization of maximum interest rates on most types of time deposits early in December 1965, a flurry of interest rate increases occurred at district banks. Concomitant with these increases, an unusually heavy inflow of time deposits occurred, but by the second quarter of 1966 consumer-type time deposit inflow was back to a near normal pattern.

Recent articles **Board of Governors and Federal Reserve banks**

Board of Governors of the Federal Reserve
System, Washington, D.C. 20551

The rise in prices
Federal Reserve Bulletin, August 1966
Interest rates in Western Europe
Federal Reserve Bulletin, September 1966
The labor market in an expanding economy
Federal Reserve Bulletin, October 1966

Federal Reserve Bank of Boston, Massachusetts
02106

Where did those savings deposits go?
Business Review, September 1966

Federal Reserve Bank of Cleveland, Ohio 44101

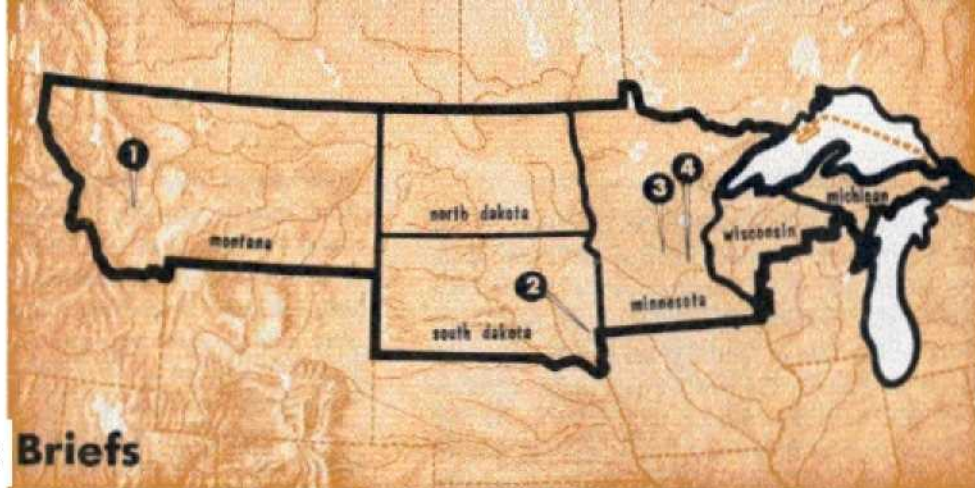
Foreign capital borrowing in the U.S.,
1964-65
Economic Review, September 1966

Federal Reserve Bank of Philadelphia, Pennsylvania
19101

The move to municipals
Business Review, September 1966

Federal Reserve Bank of St. Louis, Missouri 63166

Total demand, credit demand, and interest
rates
Review, September 1966



Economic Briefs

1. Copper recovery plant underway

The Anaconda Company is constructing a multi-million addition to its Clyde E. Weed copper ore concentrating plant in Butte, Montana. The addition, planned for completion early in 1967, will improve recovery of acid soluble copper from ore.

2. Electronics firm plans new products

Otis Radio and Electronic Corp. is expanding its manufacturing operation in Canton, South Dakota. The firm currently manufactures TV coils, but is planning to move into the production of other electronic components. The company located in Canton three years ago and employs 175 persons.

3. Ground broken for nuclear power plant

Northern States Power Company has broken ground for a \$75 million, 472,000-kilowatt nuclear power plant at Monticello, Minnesota. The plant will be the first in the Ninth district designed to meet big city power requirements. Completion is expected for the spring of 1970.

4. Aeronautical division expands

The Aeronautical division of Honeywell, Incorporated, has leased an additional 98,000 square feet of plant space in Roseville, Minnesota for the manufacture of air data computers, displays and fuel measurement systems for commercial jet aircraft, and radar altimeters for helicopters and other military aircraft. A total of 400 employees will be added.