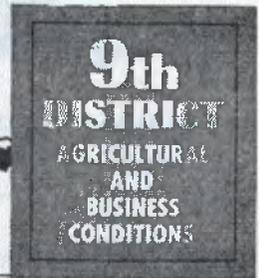




# MONTHLY REVIEW



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## NATIONAL TRENDS SHOWED STABILITY

### *Arrested Inflation Characterized 1951*

#### Consumer Restraint, More Efficient Production, and Monetary Tightening Reduced Pressures on Economy

**C**AN we spend more for defense without bringing about more inflation? That's the big economic question for the year ahead.

No one can know what lies ahead for business and the economy as a whole, but one can look back over the past year and find some facts that are reassuring. Most reassuring in the record of 1951 is that government expenditures for national security increased from an annual rate of \$28 billion in the first quarter to a \$45 billion rate in the fourth quarter without inflationary pressures being intensified.

Restraint in consumer spending, failure of expected shortages to develop, advances in production efficiency, and stabilization efforts—including the Federal Reserve System's monetary policy appropriately changed to meet prevailing conditions—were probably the most important factors holding inflation in check last year.

To hold together in 1952 some such happy combination of factors as accomplished a desirable result for most of 1951, is the big economic planning job we face—especially in view of a forthcoming \$20 billion expansion in the annual rate of expenditures for national security.

#### **Most Components of Gross Product Rose in 1951**

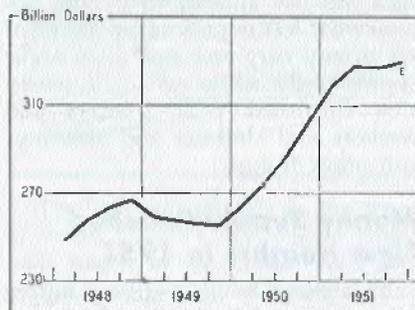
The record of 1951 is indeed impressive. The federal government was provided goods and services for national security valued at \$37.8 billion, including military services, international security and foreign re-

**By J. MARVIN PETERSON**

lations, development and control of atomic energy, promotion of the merchant marine, promotion of defense production and economic stabilization, and civil defense. This figure was about \$19 billion above the amount spent on these items in 1950.

In addition, there was spent in 1951 an estimated \$58.8 billion for private domestic investment, including nonfarm producers' plant and equipment, farm equipment and construction, residential construction, other private construction, and additions to business inventories. This was almost \$10 billion above 1950.

**GROSS NATIONAL PRODUCT**  
Adjusted for Seasonal Variation



GROSS national product, estimated at the annual rate of \$330 billion in the fourth quarter, averaged \$44 billion higher for the year 1951 than in 1950.

At the same time, personal consumption expenditures exceeded those of the previous year by more than \$10 billion, rising from \$194 billion in 1950 to an estimated \$204 billion in 1951.

All these items, plus federal, state, and local government expenditures of \$25.7 billion for purposes other than "national security" and a small amount of net foreign investment, add up to an estimated \$327 billion. This figure is "gross national product"—a valuation in dollars of all goods and services produced. This grand total was \$44 billion above that for 1950.

As almost everyone knows, the dollars spent for the items enumerated were depreciated dollars. About half of the increase in dollar volume represented a greater number of physical units, the other half represented higher prices.

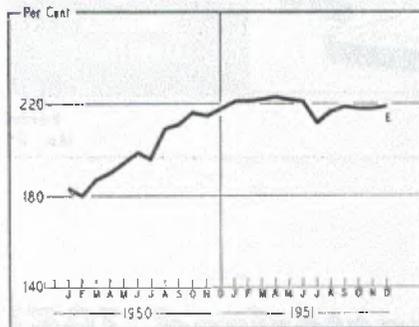
To use a figure of speech which has become almost trite, we got more "guns and butter" in the past year, although not as many more guns as the plans projected at the beginning of the year indicated.

#### **Fears of Shortages Were Allayed Early in 1951**

Perceiving the worsening international situation at the close of 1950 and studying the defense program, most consumers in the early weeks of 1951 rushed into the market places to buy goods which they feared might

## INDUSTRIAL PRODUCTION

Adjusted for Seasonal Variation



THE ANNUAL average of industrial production remained relatively stable throughout 1951, at a level about 20 per cent above the annual '51 average.

soon be in short supply. They then observed that the shelves were quickly refilled with merchandise. In fact, there was more on the shelves than ever before.

Their awareness of this made people less eager to spend and more willing to save. Beginning in February, consumer spending fell from the high levels reached in July and August 1950 and January 1951. Consumer expenditures were fairly steady in the last three quarters of the year, rising only moderately after a sharp drop from the first to the second quarter.

Personal net saving rose sharply from an annual rate of \$8.5 billion in the first quarter to annual rates of \$20.1 billion in the second quarter and \$23 billion in the fourth quarter. These figures represent slightly less than 4 per cent of disposable personal income in the first quarter and slightly more than 10 per cent in the fourth quarter.

Two observations might appropriately be made on the personal saving of last year. One is that many families had become rather well stocked with consumers' durable goods in the period June 30, 1950, to February or March of 1951, and were in a strong position to postpone further purchases.

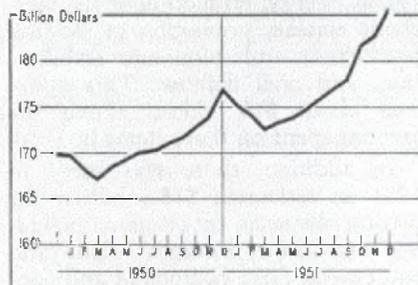
The other pertinent observation is that much of the increase in personal saving might better be described as a decrease in dissaving—which means that fewer families spent money in

excess of their current incomes.

In 1950 quite a large number of families spent more than their current incomes, whereas in 1951 that number was apparently smaller. An implication is that most spending units are again in a strong position to engage in another scare buying movement if something prompts them to do so. Their net worth having improved in 1951 due to moderate spending and rising disposable incomes, they can, unless curbed by controls, again increase their spending and reduce their saving sharply.

It would not, however, surprise most observers of marketing conditions if in the period ahead most consumers would respond less quickly than in two previous periods of "scare buying" to news indicating forthcoming possible shortages of goods. Having heard the cry of

## TOTAL DEPOSITS ADJUSTED AND CURRENCY OUTSIDE BANKS



THE PRIVATELY-HELD money supply increased almost \$9 billion in 1951, compared with \$7 billion in 1950. This was attributable mostly to the continued expansion in bank credit.

"Wolf! Wolf!" and the wolf of shortages did not appear, they now are somewhat less impressed by the menace of any very real wolf that might approach the cabin which is pretty well furnished with freezers and washers and clothing and sheetings and other things.

## Money Supply Reached New Heights in 1951

The privately held money supply (currency outside banks and deposits adjusted) expanded approximately \$8.8 billion in 1951 compared with \$7.1 billion in 1950. In the first half of 1951, the privately held money

supply declined \$2.2 billion, reflecting a drop of \$2 billion in U. S. government securities held by the banking system, an increase in Treasury deposits of \$3 billion, and a loss of \$1 billion of monetary gold stock—offset by an expansion in bank loans and investments other than U. S. government securities of \$3.9 billion.

In the second half of 1951, the privately held money supply expanded approximately \$11 billion, attributable to an expansion in bank loans and investments, a decline in Treasury deposits, and net gold inflow.

The major factor in the rise in the money supply last year was an expansion of bank loans. Total loans of commercial banks were increased by approximately \$6 billion as compared with \$9.3 billion in 1950. Commercial and industrial loans increased by about the same amount in each of these two years, whereas real estate and consumer loans increased by lesser amounts in 1951.

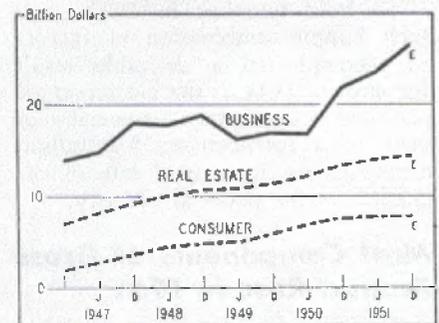
A factor contributing to the continued expansion of commercial and industrial loans, which was not operative in other major bank credit categories, was the rising demand for credit to finance defense-supporting facilities.

## Industrial Production Was Relatively Stable Last Year

The Federal Reserve index of industrial production, which measures the output of goods in the industrial

Continued on Page 256

## LOANS AT INSURED U. S. COMMERCIAL BANKS



BUSINESS LOANS rose almost \$5 billion in 1951, the same as in the last half of 1950. Real estate loans were up \$1 billion, half as much as in 1950. Consumer loans remained unchanged.

1951'S EVENTS PROMISE ECONOMIC GROWTH

# Confirmation of Oil Deposits and Taconite's Value Marked Historic Year for District

- Oil discovery in district's Williston basin triggers intensive exploration by petroleum interests.
- Large-scale investments in taconite processing were given the green light by the steel industry.
- Private plant expansion and defense spending evidenced a steady growth during 1951.

THE SAGE who said that people are hardly ever aware of history while it is being made could have been referring to the developments which made 1951 such a newsworthy year in the Ninth district.

It gave birth to several whose full significance has not yet been grasped by many. Economic history was being made in ways with far-reaching effects as the district's natural resources took center stage.

The area served by the Federal Reserve Bank of Minneapolis was thrust into the national spotlight with the first oil discovery in North Dakota, and the national defense program accentuated the value of Minnesota's extensive deposits of low-grade iron ore as well as Michigan's low-grade copper ore.

The first oil discovery in North Dakota's history was an event of April. By year's end enough had happened to make the prospects of more discoveries a virtual certainty.

In brief, five wells in northwestern North Dakota had struck oil by the end of January 1952. Source of the wells, all compactly located on a 15-mile line, has been given the name, "Beaver Lodge Pool."

Taking the five wells together, tests suggest there may be production from at least three levels. A worm's-eye view of the news reports to date (given in chart I) indicates how deep these discoveries lie underground.

Leasing, exploration, and drilling, in that order, are concrete evidence of the oil companies' interest in this area. No new oil area has been subjected to as intensive a leasing program as the Williston basin has undergone in the past year.

Exploration crews (the fore-runners of drilling operations) have in-

creased in numbers throughout the Williston basin right up to the threshold of the winter, a fact made all the more significant in view of the severity of winters in this area. In North Dakota in particular, there

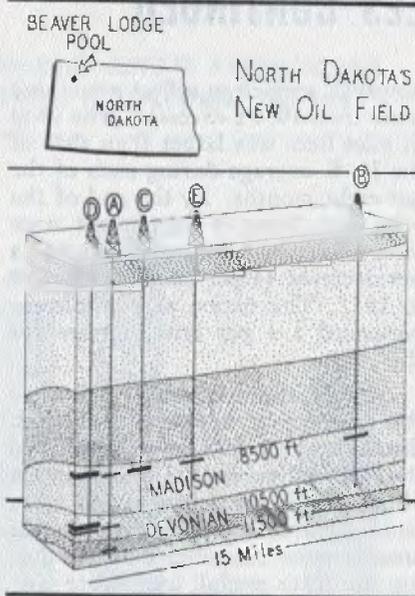
were less than a dozen crews in the field prior to the second strike September 7 ("B" on the chart), but by the end of November there were 27.

The number of active rotary drilling rigs increased steadily throughout the year from two in April to ten by the end of December.

This activity gave definite assurance that 1952 would see more of everything—particularly exploration, but discoveries, too. Problems only faintly in view last year will grow more in complexity—the economic marketing of crude oil, for example. Conservation and production practices will be increasingly in the news; well-spacing is already in dispute in North Dakota. Courts and lawyers will be busy with legal disputes over titles, mineral rights and royalties; some court rulings in North Dakota on these matters have already been called into question. But in spite of the many questions that discovery of oil has raised, there remains one established fact—oil will flow from the Williston basin, to become an important influence on the district's economy.

## Steel Interests Turned To Low-Grade Iron Ores

Iron ore, which has been important in this district for a good many years before oil became a reality, assumed a new significance during the past year.



WITH FIVE wells already in, the scope of North Dakota's new Beaver Lodge pool began to be known. Tests suggested there were three separate levels from which oil might flow.

A: C. Iverson No. 1, April, 1951. B: Bakken No. 1, September, 1951. C: Dilland No. 1, October, 1951. D: M. Iverson No. 1, November, 1951. E: North Dakota "A" No. 1, January, 1952.

The rich, high-grade iron ore that has been the economic main-spring of this district's range communities is only one particularly blessed variety of ore deposit. But high-grade ores are distinctly "limited" in quantity. By 1960, it is believed, the mines of this district will be unable to produce the tremendous volume of high-quality ore that the country's insatiable appetite for steel demands—and has been getting.

Rich ores of today are a product of the timeless agents of nature working on a "primitive ore source." Neglecting the usual fine distinctions, we can call the primitive ore source, "taconite." Taconite, a hard rock of low iron content, is relatively limitless in natural occurrence. The rate at which the bottom of the rich-ore barrel has been approached in recent years, made it inevitable that some way to use taconite had to be found if the U. S. was not to become greatly dependent on foreign ore sources.

Experiments with taconite pre-date World War I, but the plant-sized test is only beginning to come into its own. Apparently the problem (at least for some kinds of taconite) is surmounted because construction was begun during 1951 on a \$75 million taconite treating plant on the eastern end of Minnesota's Mesabi range, with the stated intention of expanding it to large-scale operation within a few years.

The construction of other preliminary, small-scale plants to process taconite, made it apparent that the steel industry has given a general go-ahead signal to extensive investment. There is no doubt that taconite will be processed and that it will supply a substantial portion (one-third to one-half) of the nation's ore needs in 10 to 20 years. Some quarters have expressed the belief that taconite will be the "backbone of this country's iron ore supply" for at least a half-dozen generations to come.

How well taconite would compete with other ore sources, should demand sag, remains a question only the future can answer. For the present, the fact is that range communities are faced, not with the prospect of decline but of growth—and quite possibly the momentary discomforts that sudden expansion can bring.

### **Copper and Aluminum Also in the News**

The shortage of critically needed copper set the stage for two other potentially large Ninth district developments.

The RFC granted its largest loan since the end of World War II for the development of one of the largest low-grade copper ore deposits on the continent—the White Pine copper properties in Upper Michigan.

Aluminum, which can be used as a substitute for copper in many applications, brought the other develop-

*Continued on Page 258*

## **DIVERGENCE BETWEEN DISTRICT, NATIONAL DEPARTMENT STORE SALES CONTINUED**

**Department store sales** in the Ninth district during the four weeks ended January 19 were 14 per cent below those of a year ago. For the country as a whole, sales were down 10 per cent.

Beginning last summer, department store sales figures all over the country were punctuated with minus signs. The reason was not so much that the figures reflected a big slump, but that the period against which comparisons were made was one of abnormally high sales. This period of "abnormally high" sales began in June 1950 (the Korean invasion) and tapered to a close in about February of 1951—after two rather spectacular buying waves.

Later months (June 1951 through February 1952) were almost doomed to make a poor showing in comparison with the emergency period. However, if future sales follow normal trends, we can expect the predominance of minus signs to disappear within the next few months.

The Ninth district's sales declines,

however, seemed to reflect something more than 1950's excesses. The drop in sales here was larger than that of the U. S. average during each of the last eight months. By the end of the year, this district's department store sales index was alone in registering a net decrease (1 per cent) from 1950 to 1951. The nation as a whole experienced a 4 per cent increase for the year.

Among the suggested causes of this divergence between the Ninth district and the U.S. have been listed the following: smaller increases in Ninth district employment and wage levels; less defense spending in this area; greater consumer excesses during the scare period; and larger consumer savings at the present time. Whatever the causes, the effects have been quite marked during the past year and there is no way of foreseeing how long they might be with us.

**Department store stocks** were watched closely last year. After the two 1950 buying sprees, sales sub-

sided to below year-ago levels while stocks built up to uncomfortably large proportions. Caught between the two diverging movements, retailers began a universal program of inventory reduction.

By the end of December, stocks at Ninth district department stores had been reduced from their April high point to a level well below any previous month of the year. This reduction, by the way, was largely an achievement of the city department stores. Stocks are now more typical of the levels that prevailed during the period immediately preceding the Korean emergency.

**Employment** at urban centers in Minnesota was maintained at very high levels during December, although not quite breaking last year's record. Throughout the district, there were no very marked changes in the number of persons employed—the reports showed the usual seasonal lay-offs and the expected shortages of some specialists as the defense program and plant expansion began to be felt.

Almost everywhere throughout the district, however, average weekly earnings in manufacturing industries were substantially (5 to 10 per cent) above a year ago. **END**

DISTRICT CASH INCOME AT PEAK

**Farmers Turned in Good Performance in 1951**

**N**INTH district farmers may have thought they were running some sort of obstacle race during the past year, but when they crossed the finish line they found their 1951 performance wasn't so bad after all.

It was a good year in terms of total agricultural production despite adverse weather conditions; it was an especially good year for livestock producers because of favorable prices and abundant feed; and wheat farmers fortunate enough to have their grain harvested ahead of the rainy season in late summer also found 1951 had been good to them.

Once they had safely passed their first hurdle, a cold wet spring which followed heavy winter snows, farmers were hopeful in mid-summer that they would harvest a bumper crop of small grain. Excessive rain, however,

caused a deterioration in quality. Some of the grain stood overripe and shattered in the field before it could be harvested.

Corn producers faced equal handicaps when killing frosts caused failure of many fields of corn to mature properly. Much of it contained 25 to 50 per cent moisture, and price discounts as a result were heavy. As an anti-climax, before all of the corn ground could be plowed, it froze solid in advance of the first of November.

**Wheat Quality Poor, but Good Prices Up Income**

Although much of the wheat crop was low in quality, wheat production was a near record. Wheat, as many know, is the most important single cash crop grown in the Ninth dis-

▶ **Total 1951 crop production was a near record, but much small grain and corn was of poor quality.**

▶ **Good prices, abundant grass and forage boosted livestock production in 1951.**

▶ **Farm land values were up sharply in response to high prices and high farm income.**

trict. Only barley, flaxseed, and potatoes were produced in lesser quantities in 1951, compared with 1950 volume. Prices received for good wheat and other cash grain crops in 1951 were higher compared with 1950—which helped in boosting farm income to record levels.

In spite of the over-all favorable agricultural income situation for most farmers in 1951, there were some whose experiences were definitely unfavorable.

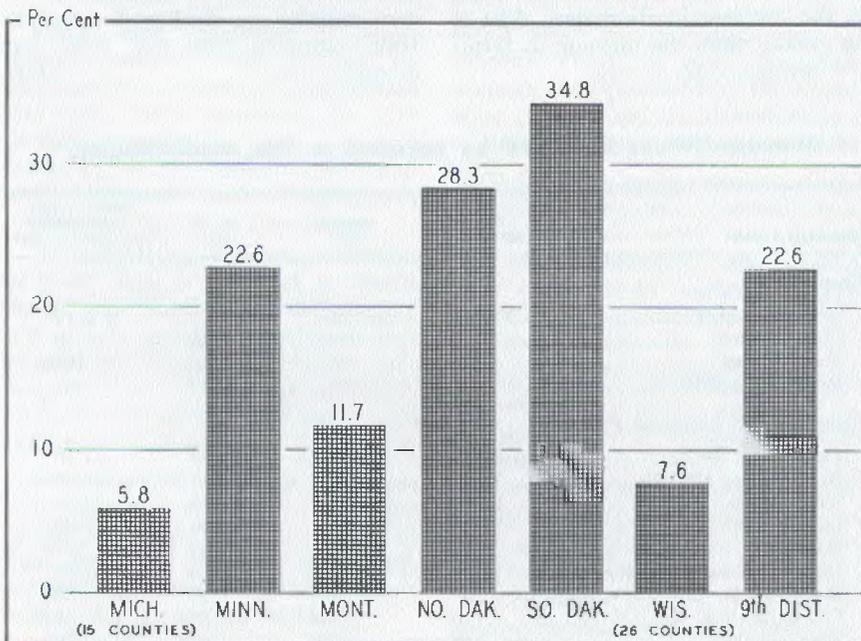
Producers of corn were one such group. Cash returns from the corn crop have been disappointing. Also, farmers with soft corn will have difficulty in keeping it for needed feed reserves next spring and summer. Farmers with livestock and inadequate feed reserves face a critical situation, especially if severe weather continues during the next several months, or if feed crops are below normal next summer.

**Livestock Producers Had Their Problems**

Lush grass, abundant forage, and adequate supplies of most feeds, along with favorable livestock prices, caused farmers generally to increase livestock production during 1951.

Many ranchers kept back breeding stock to utilize range grass more fully. The soft corn crop encouraged farmers to purchase heavily of feeder cattle in the latter part of the year

**PERCENTAGE INCREASE IN NON-REAL ESTATE FARM LOANS OUTSTANDING, OCTOBER 4, 1950, TO OCTOBER 10, 1951**



INCREASED costs of production, heavy purchases of livestock, machinery, and equipment resulted in a sharp increase in the use of farm production credit in 1951.

\*Data from call reports of member banks.

at prices \$5 to \$9 per cwt. higher than in 1950.

Along with the favorable features of the 1951 livestock picture there were also some problems. To start with, price controls were instituted, resulting in uncertainty, confusion, and some shifts in marketing patterns. Early in the year, some cattle were marketed prematurely in order to escape anticipated further "price roll-backs."

Later in the year, many cattle were held off the markets to utilize abundant grass and to take advantage of anticipated higher market prices. Many large packers were unable to purchase their normal share of slaughter cattle at compliance prices. Strikes and floods also inconvenienced some large livestock markets in 1951.

Livestock and grain farmers ended the year 1951 with some major problems which will be left as a legacy for 1952:

- (1) Livestock numbers increased to the point where feed grain supplies per animal unit were reduced to uncomfortably low levels. Feeding ratios were also less favorable compared with a year earlier.
- (2) Production costs on farms increased to record levels by late 1951.
- (3) Skilled labor on farms was in short supply.
- (4) Fertilizer, machinery and some types of equipment were difficult to procure, although no critical or widespread shortages occurred.

### Farmers' Credit Costs Also Were Up

Farmers used more production credit and also more real estate mortgage credit in 1951. Interest rates rose, reflecting a tighter credit supply.

Farm real estate mortgage credit outstanding a year ago for the district was 9 per cent higher compared with the previous year. Preliminary estimates for 1951 indicate another 6 to 7 per cent increase occurred during the year just ended.

District farm mortgage credit volume has increased steadily in the past three years, but it is still 35 to 40 per cent below levels prior to World War II. Considering the four-fold increase in farm income and the

cheaper dollar, the farmer's real estate debt position is definitely on the optimistic side in comparison with his prewar situation.

In contrast to the relatively small amount of farm mortgage debt outstanding, short-term production loans to farmers were at a postwar peak. It is believed that 1951 year-end figures, when available, will show such loans nearly four times the prewar 1935-39 volume.

The increase in short-term loans made to farmers was nearly 25 per cent during 1950 and an equivalent increase is anticipated for 1951, although final data are not yet available.

The increase in district short-term credit is important in that it involves larger repayment commitments each year compared with a similar volume of real-estate credit. Modern farming methods, with emphasis on mechanization, specialized equipment, and hybrid seeds, are partly responsible for higher operating costs and also are the reason for a growing volume of credit.

The increase in farm production loans, although large, apparently is not out of line with the increase in farmers' net worth position, or with farmers' current cash income. That is, the increase in short-term debt is no greater than the increase in farmers' income, cash or net.

### Cash Farm Income At New Peak in 1951

Prices received by farmers in 1951 were at or near record levels. This, together with an all-out production effort, resulted in farmers collecting more dollars than in any other year on record.

Cash income from farm marketings is estimated at nearly \$3½ billion for the district—19 per cent above 1950.

The farmer may have taken in more dollars than ever before, but he also had to "fork over" more money to cover the higher costs of production. The amount left over, or his net income, was somewhat larger than a year earlier, but it was not as much as he had left for net income in 1947 and 1948.

### Land Values Go Up

With higher prices for farm products, rising farm incomes, and a depreciating dollar, it was no surprise that land values increased again in 1951, by 7 to 11 per cent in the several district states. There are many who feel, however, that barring further world political and military upheavals, land values may level off at or near present levels during 1952. At least the rate of advance in recent months has slackened considerably compared with late 1950 and in early 1951. END

### Average Prices Received by Farmers in the Ninth District\*

Commodity & Unit	Dec. 15 1937-41 AVE.	Dec. 15 1950	Dec. 15 1951	Parity Prices <sup>1</sup> United States December 15, 1951
<b>Crops</b>				
Wheat, bushel .....	\$ .75	\$ 2.00	\$ 2.12	\$ 2.43
Corn, bushel .....	.44	1.35	1.40	1.77
Oats, bushel .....	.28	.77	.86	.990
Potatoes, bushel .....	.48	.83	1.77	1.83
<b>Livestock and Livestock Products</b>				
Hogs, 100 lbs.....	6.88	17.45	17.06	21.50
Beef Cattle, 100 lbs. ....	7.23	25.41	26.92	19.90
Veal Calves, 100 lbs.....	8.61	29.56	31.42	22.30
Lambs, 100 lbs.....	8.04	26.91	28.30	21.90
Wool, lb. ....	.27	.83	.64	.571
Milk, wholesale, 100 lbs.....	1.75	3.50	4.20	4.83
Butterfat, lb. ....	.34	.68	.75	.772
Chickens, live, lb.....	.118	.178	.198	.315
Eggs, dozen .....	.238	.467	.419	.532

\*SOURCE: USDA—"Agricultural Prices"—December 29, 1951.

<sup>1</sup>The term parity as applied to the price of an agricultural commodity is that price which will give to the commodity a purchasing power equivalent to the average purchasing power of the commodity in the base period, 1910-14.

## ARRESTED INFLATION CHARACTERIZED 1951

Continued from Page 251

sector in physical rather than in dollar terms, was higher by approximately 10 per cent for the year 1951 as compared with the year 1950. However, this index which was 218 in December 1951, was about the same as that for December 1950. The range for the year was 212 at its lowest and 223 at the highest point.

This relatively stable performance of industrial production last year does not mean that all components remained stable. The most significant variation within the sidewise trend of the over-all figure was that output of such items as machinery, aircraft manufacture, shipbuilding and railroad equipment exceeded substantially that of the previous year. A falling output of both durable and semi-durable consumer goods, such as automobiles, textiles, and leather

products, was noticeable after the first quarter of the year.

Thus, the increased production of items for national security offset the decline in production of goods for the civilian economy. The effect was to lend stability to production as a whole during the year.

### Price Stability Matched 1951 Stability in Production

In sharp contrast with the uninterrupted rising level in 1950, wholesale prices displayed remarkable stability last year. After continuing the upward trend of the previous year and reaching a new all-time high level in March, the index of wholesale prices fell in the second and third quarters about 3 per cent and remained virtually unchanged in the last quarter. At the close of the year, this index was, nevertheless, around 18 per cent above the figure for January 1950 and about 13.5 per cent higher than June 30.

But consumers' prices, which are

often used in measuring changes in the cost of living, displayed a slow, persistent upward trend throughout 1951. At the close of the year, such prices were about 11 per cent above June 15, 1950, and 4 per cent above January 15, 1951.

The index of 28 basic commodities, most sensitive of all price indexes, rose more sharply than others in 1950 and fell by a greater number of percentage points last year. From the high level that prevailed in February, when the general ceiling regulation was issued, this index first reflected a drop of over 15 per cent in the prices of basic or primary market commodities, and remained fairly stable during the last six months.

### Monetary Policy Helped Arrest Inflation

The inflationary boom which had carried over from 1950 began to abate noticeably in March last year. One explanation would be that the restraint in consumer spending had lessened inflationary pressures. Another would be that various control measures were effective in restraining inflationary tendencies.

Of these measures, monetary and credit policies adopted last year deserve special attention. Their importance stems from the fact that much of the private spending which sparked the inflationary upsurge in the last half of 1950 and early 1951 was financed by credit expansion. It became urgently necessary, therefore, that the availability of credit should be restricted.

Three types of restrictions on credit have been adopted since the outbreak of war in Korea. They may be identified as selective credit controls, general credit controls, and voluntary credit controls. Examples of selective credit controls are the well-known Regulation W and Regulation X, which restricted the amount of credit that can be granted for the purchase of consumer durables and for construction.

General monetary measures include changes in bank reserve requirements, in the rates charged on borrowings at the Federal Reserve banks, and in open market operations of the Federal Reserve System. Their aim is to limit the supply and cost of

## BUSINESS LOANS AT DISTRICT CITY BANKS WERE DOWN IN DECEMBER, COUNTER TO U. S.

**Loans and discounts** at Ninth district member banks declined by \$26 million in December. The decline was split evenly between the city (weekly-reporting) and country banks. At the city banks a contraction in the consumer credit category was responsible for all of the decline.

In contrast to this loan reduction of more than 2 per cent at Ninth district city banks, city banks in the rest of the country reported a loan increase of more than a billion dollars, or 3 per cent, most of which went to commercial, industrial, and agricultural borrowers.

**Government security** purchases were confined entirely to the city banks, which added \$26 million to their holdings of bills, certificates, and notes. At the country banks there was no change in total holdings

**Deposit** withdrawals (net) at country banks amounted to \$19 million in December. The withdrawals mark the reversal of a seasonal up-

trend which has prevailed in recent months. Funds to meet the withdrawals were provided by the liquidation of loans and the drawing down of cash and balances at other banks.

At the city banks, where a slight deposit increase was reported, these two sources of funds, loan payoffs and cash balances at other banks, were sufficient to finance the purchase of the government securities mentioned previously.

The small (\$3 million) increase in deposits at city banks was made up almost entirely of additions to time deposit accounts, with an \$11 million decrease in demand deposits owned by banks being almost sufficient to offset a \$12 million increase in other demand deposits.

Latest data (January 16) from reporting banks disclose that loans continued to decline through the first two weeks of the new year, while deposits at these banks registered a substantial (\$42 million) increase. END

**Assets and Liabilities of Member Banks in the Ninth Federal Reserve District**  
(In Millions of Dollars)

ITEM	All Member Banks		City Banks (weekly reporting)		Country Banks (non-weekly reporting)	
	Dec. 28, 1951	Change Since Nov. 28	Dec. 28, 1951	Change Since Nov. 28	Dec. 28, 1951	Change Since Nov. 28
Loans and discounts.....	\$1,229	- 26	\$ 605	- 13	\$ 624	- 13
U. S. Government obligations.....	1,449	+ 26	553	+ 26	896	....
Other securities.....	278	+ 1	129	+ 1	149	....
Cash and due from banks.....	948	- 16	494	- 9	454	- 7
Other assets.....	34	- 1	16	- 2	18	+ 1
Total assets.....	\$3,938	- 16	\$1,797	+ 3	\$2,141	- 19
Due to Banks.....	\$ 397	- 11	\$ 344	- 11	\$ 53	....
Other demand deposits.....	2,360	- 11	1,079	+ 12	1,281	- 23
Total demand deposits.....	2,757	- 22	1,423	+ 1	1,334	- 23
Time deposits.....	912	+ 6	238	+ 2	674	+ 4
Total deposits.....	\$3,669	- 16	\$1,661	+ 3	\$2,008	- 19
Borrowings.....	4	....	3	....	1	....
Other Liabilities.....	30	....	22	....	8	....
Capital funds.....	237	....	111	....	124	....
Total Liabilities and Capital Accounts.....	\$3,938	- 16	\$1,797	+ 3	\$2,141	- 19

Reporting bank data are from balance sheets submitted weekly. Non-reporting bank data are in part estimated. Data on loans and discounts, U. S. government obligations, and other securities are obtained by reports directly from the member banks.

Balances with domestic banks, cash items in the process of collection, and data on deposits are largely taken from semi-monthly reports which member banks make to the Federal Reserve bank for the purpose of computing required reserves.

Reserve balances and data on borrowings from the Federal Reserve banks are taken directly from the books of the Federal Reserve bank. Data on other borrowings are estimated. Capital funds, other assets, and the other liabilities are extrapolated from call report data.

lendable funds, and they operate chiefly on the availability of reserve balances upon which commercial bank credit is based. They differ from selective controls because they do not restrict credit for particular uses or purposes. Instead they restrict over-all or general credit availability.

Reserve requirements of member banks were raised in January. This action limited the lending power of banks, but its effectiveness could be minimized by the sale of a portion of the banks' great holdings of government securities to the Federal Reserve. By the same token, the effectiveness of increases in reserve requirements could be enhanced by a refusal on the part of the Federal Reserve to buy government securities.

The Treasury-Federal Reserve "accord" announced on March 4 was an important step designed "to minimize the monetization of the public debt." Following this announcement, Federal Reserve purchases of government securities declined, although purchases were made when necessary "to assure the successful financing of the government's requirements." At the end of January 1952, Federal Reserve holdings of government securi-

ties were at about the same level as in April 1951.

As consequences of reduced purchases of government securities by the Federal Reserve, the market prices of such securities fell, general interest rates rose, and the availability of credit tightened. With the fall in government bond prices to points considerably below par, holders became reluctant to sell them as a means of gaining funds to spend or to lend. As interest rates rose, borrowing was discouraged to some extent and saving or investment was encouraged.

Prior to the Treasury-Federal Reserve accord, institutional lenders were able to gain funds by selling government securities to the Federal Reserve, without depressing market prices. Thereafter they suffered losses on such sales. The result has been that these lenders have adjusted the volume of new loans into better balance with funds derived from the acquisition of new savings and repayments on old loans.

In general, the money markets have operated more nearly in accordance with the supply of and the de-

mand for funds and without much new money being injected into those markets by the processes of monetization of the public debt.

The third type of credit control used in 1951 was that undertaken by the Voluntary Credit Restraint Program under which banks and other institutional lenders agreed voluntarily to restrict credit for non-essential purposes. Although much could be said on the success enjoyed by this program, it is generally admitted that general monetary measures contributed immeasurably to that success.

Not to be overlooked, of course, as contributing factors to the abatement of inflationary pressures in the economy in 1951 were such direct controls as wage and price controls and fiscal measures. Also important were allocations of scarce materials. But the burden placed on such direct controls is always unnecessarily great if the monetary factor is allowed to contribute to inflationary pressures.

From all this it can be seen that monetary policy can contribute importantly to strength and stability in the economy when inflation threatens to weaken it.

END

## CONFIRMATION OF OIL DEPOSITS AND VALUE OF TACONITE MARKED YEAR

Continued from Page 253

ment into the news when Anaconda Copper Mining company and the Harvey Machine company announced intentions of constructing a \$40 million aluminum plant at Kalispell, Montana.

Defense needs have clearly underscored the importance of Ninth district resources during 1951. But whether they were brand new, like oil, or near depletion, like high-grade iron and copper ores, 1951's big developments have one thing in common—they assure large investments in, and new wealth for, Ninth district communities.

### National Defense Inspires Most Capital Expansion

Two other general features of the past year, to be reckoned with in appraising the 1952 business outlook, are (1) the capital expansion program of businesses, and (2) the delayed impact of the defense program.

Figures on the dollar amount of contracts awarded for industrial building in this district during October and November place these months well above any other month during the year. In other words, the greatest part of the building—largely defense-inspired plant expansion—is yet to come.

But the impact of defense spending by the government itself will be even bigger. Since the beginning of the Korean war emergency, the staggering sum of \$94 billion has been made available to buy defense goods. Of this amount, better than 30 per cent is yet to be awarded in contracts, while nearly 80 per cent remains to be delivered. In other words, the payments—delayed longer than many inflation-watchers anticipated—will be felt more in the year to come than in the past year.

In one sense, at least, the effect of this spending will be to the relative disadvantage of this district. The purchase of war materials quite naturally injects most funds at those geo-

graphical points that have long produced the types of goods that are now needed.

More money (per capita) will be introduced in areas other than the Ninth district because of the greater (per capita) manufacturing plant capacity located in other areas—particularly the eastern, southern, and west coast industrial regions.

Here are some figures to illustrate the situation. The Ninth district has 3.8 per cent of the nation's population, while it has only about 1.5 per cent of the nation's industrial capacity.\* Actually it may be that we do not have even 1.5 per cent of the nation's ability to produce the types of goods needed—in other words, our capacity isn't entirely a suitable kind.

The fact that the average size of manufacturing plant here is considerably less than that for the nation as a whole suggests some difference in the general scope of our industry.

Considering only "prime" contracts awarded (neglecting all subcontracting to firms within the district) this district has received less than 1 per cent of the total military contract awards to date, whereas on

\* Based on these three items from the 1947 Census of Manufacturers: value added to manufacture, factory employment and factory payrolls.

the basis of our "paper capacity" it should perhaps be closer to 1.5 per cent.

This situation would bring relatively less "new money" into the local markets of this district than elsewhere in the United States, and this in turn will have its effect on such activities as retail trade. The relatively poor showing of this district's department store sales in 1951 was possibly due to such an effect beginning to operate during 1951.

Furthermore, there may be some tendency for labor to emigrate, although labor needs within the district will grow due to developments previously discussed. And possibly a pinch will be put on some local businesses faced by slow civilian markets, insufficient defense business, and shortages of materials. The effect might be to lead some businesses to migrate—as illustrated by the recent decision of a Minneapolis textile firm.

This suggests that the Ninth district economy will not be directly stimulated by the defense program as much as that of the United States as a whole. However, district business in general should continue at as high a level as in 1951, or higher, while the major developments within the district should contribute concretely to the health of the Ninth district economy. **END**

### Ninth District Business Indexes

(Adjusted for Seasonal Variation—1947-49=100)

	Dec. '51	Nov. '51	Dec. '50	Dec. '49
Bank Debits—93 Cities.....	123	118	122	95
Bank Debits—Farming Centers .....	119	120	119	98
Ninth District Dept. Store Sales.....	104	107	109	100
City Department Store Sales.....	108	109	110	102
Country Department Store Sales.....	98	102	108	96
Ninth District Dept. Store Stocks.....	106	107	112	99
City Department Store Stocks.....	105	108	115	98
Country Department Store Stocks.....	107	106	109	99
Lumber Sales at Retail Yards (Bd. Ft.)	82	85	89	117
Miscellaneous Carloadings .....	98	100	102	91
Total Carloadings (excl. Misc.).....	87	94	96	78
Farm Prices (Minn. unadj.).....	102	102	97	82

p—preliminary.

## NATIONAL SUMMARY OF BUSINESS CONDITIONS

COMPILED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, JAN. 30, 1952

● **OVER-ALL** stability in economic activity continued in December and January. Prices of some basic commodities have weakened in recent weeks, while prices of finished goods have generally been maintained. Bank loans to business expanded considerably in December and showed some decline in early January. Easing in money market conditions in January was reflected in reduction of Federal Reserve holdings of government securities to the lowest level since early July 1951.

**Industrial Production** — The Board's index of industrial production in December was 218 per cent of the 1935-39 average, about the same as in the preceding 4 months and in December the year before. The index averaged 220 for the year 1951, up 10 per cent from 1950. Durable goods output expanded further in December and topped the previous postwar high reached in April. There were offsetting declines, however, in nondurable goods and minerals.

Activity in producers' equipment and munitions industries generally increased in December. Gains were particularly marked for machine tool, electrical power equipment, and aircraft industries. Output of steel and nonferrous metals held close to the high November rates. In January a rise in steel capacity to 108.6 million tons per year was announced; output was scheduled close to the level of the preceding month but somewhat below the new rated capacity.

Curtailed production of building materials in December reflected large inventories and the reduced level of residential construction. Output of household durable goods continued at a level moderately above the summer low and close to the 1947-49 average rate. Auto assemblies were considerably reduced in late December and early January, partly because of model changeovers.

The decline in nondurable goods production in December largely reflected moderate cuts in cotton textiles, paperboard, and newsprint consumption and a more than seasonal decline in manufactured foods.

**Employment** — Seasonally adjusted employment in non-agricultural establishments continued unchanged in December. The average workweek at factories in mid-December, however, rose to 41.2 hours, more than half an hour above the level in other recent months. Average factory hourly earnings showed a slight further gain and average weekly earnings advanced considerably to \$67.36. Unemployment at 1.7 million was down about 150,000 from November to a level 550,000 below a year ago.

**Construction** — Value of new construction work put in place showed no change in December, after allowance for seasonal influences. The total for the year rose to \$30 billion as building costs were at new record levels and the construction of industrial and military facilities increased sharply.

The number of housing units started declined seasonally in December to 62,000, bringing the 1951 total to 1,090,000 as compared with the record 1,396,000 in 1950 and with 1,025,000 in 1949.

**Distribution** — In the first three weeks of January, seasonally adjusted dollar sales at department stores were close to the high December level, although about one-sixth below the record January 1951 rate. Sales of apparel and other nondurable goods have been maintained in recent months.

Sales by automotive and building materials and hardware stores continued to decline in December. Value of department store stocks was reduced less than seasonally in December, according to preliminary estimates.

**Commodity Prices** — Prices of hides declined sharply and there were moderate decreases in textiles, chemicals and grains from the early part of December to the latter part of January. Foreign prices of metals, which had been far above domestic levels, also decreased, while the domestic price for tin was advanced. Prices of most foods and other finished goods have continued to change little.

The consumers price index advanced slightly further from mid-November to mid-December, reflecting mainly higher food prices, offset in part by declines in apparel and housefurnishings.

**Money and Bank Credit** — Bank credit, particularly business loans, expanded more sharply than usual in December and then contracted somewhat early in January.

The December credit expansion contributed to a substantial rise in the private money supply — the amount of currency and bank deposits held by businesses and individuals. The money supply has not experienced its usual decline in January mainly because of a large transfer of bank balances from Treasury to private accounts.

Member bank reserve positions tightened sharply in the last half of December and eased considerably in January. Federal Reserve holdings of government securities have declined sharply in January and are now below the level of a month ago and at about the level of April 1951 following the Treasury-Federal Reserve accord.

**Security Markets** — Accompanying an easing in money market conditions, yields on short- and medium-term U. S. government securities declined during the first three weeks of January. Yields on long-term governments showed little change, while yields on high grade corporate bonds declined substantially, returning to their November levels.

## The 1947-49 Average and the Years 1948 to 1951 in the Ninth Federal Reserve District

### BUSINESS

#### Ninth District Business Indexes (Monthly Averages — 1947-49 — 100)

	1947	1948	1949	1950	1951
Bank Debits—93 Cities .....	96	105	99	109	120
Bank Debits—Farming Centers .....	93	106	102	110	118
Ninth District Department Store Sales .....	98	104	99	105	104
City Department Store Sales .....	97	103	100	108	106
Country Department Store Sales .....	98	105	96	99	100
Ninth Dist. Department Store Stocks .....	91	110	100	104	117
City Department Store Stocks .....	93	108	99	105	120
Country Department Store Stocks .....	88	112	100	103	113
Lumber Sales at Retail Yards .....	89	104	106	101	87
Miscellaneous Carloadings .....	102	103	95	102	105
Total Carloadings (Excl. Misc.) .....	108	104	88	92	99
Farm Prices—Minnesota .....	105	108	88	91	105

#### Index of Department Store Sales by Cities (Monthly Averages — 1947-49 — 100)

	1947	1948	1949	1950	1951
<b>MINNESOTA</b>					
Duluth-Superior .....	96	105	100	106	105
Fairmont .....	97	107	96	96	90
Mankato .....	95	105	100	102	103
Minneapolis .....	96	103	102	110	110
Rochester .....	96	102	101	97	90
St. Cloud .....	101	106	93	89	82
St. Paul .....	101	103	96	102	97
Willmar .....	99	103	97	101	99
Winona .....	94	104	102	107	106
<b>MONTANA</b>					
Great Falls .....	96	102	102	98	103
<b>NORTH DAKOTA</b>					
Bismarck .....	95	105	100	95	102
Grand Forks .....	100	102	98	94	96
Minot .....	100	103	97	95	98
Valley City .....	108	103	88	86	87
<b>SOUTH DAKOTA</b>					
Aberdeen .....	104	108	89	86	86
Rapid City .....	92	112	96	97	105
Sioux Falls .....	96	105	99	99	97
Yankton .....	106	105	90	90	94
<b>WISCONSIN</b>					
La Crosse .....	100	104	97	101	108

	1947-49 Av.	1948	1949	1950	1951
<b>Bank Debits</b>					
Total—108 Cities .....	\$31,841,749	\$33,501,180	\$31,620,966	\$34,803,774	\$38,364,192
Minneapolis .....	12,532,968	13,128,906	12,135,646	13,675,839	15,161,782
St. Paul .....	5,601,177	5,890,987	5,573,759	6,167,761	6,818,275
South St. Paul .....	973,900	988,449	948,383	1,031,878	1,082,513
Duluth-Superior .....	1,537,509	1,650,383	1,466,990	1,612,025	1,923,561
Michigan—14 cities .....	758,671	801,120	750,123	794,607	866,484
Minnesota—38 cities .....	2,608,090	2,757,280	2,603,321	2,785,176	3,024,359
Montana—15 cities .....	2,467,403	2,628,348	2,676,252	2,952,677	3,221,256
North Dakota—13 cities .....	2,208,871	2,340,817	2,303,499	2,343,149	2,480,906
South Dakota—16 cities .....	2,162,281	2,277,133	2,183,742	2,369,380	2,607,511
Wisconsin—7 cities .....	990,879	1,037,757	979,251	1,071,282	1,177,545

	1947-49 Av.	1948	1949	1950	1951
<b>Retail Sales</b>					
(T-h-o-u-s-a-n-d-s)					
416 Lumber Yards (Board Feet) .....	152,561	159,811	161,431	164,658	140,249
416 Lumber Yards (Dollar Volume) \$ .....	54,251	\$ 60,630	\$ 54,390	\$ 58,532	\$ 53,873
<b>Department Store Sales*</b>					
Ninth District .....	367,697	382,245	361,899	383,791	381,739
Minnesota .....	286,797	296,761	284,659	306,165	302,372
Montana .....	16,756	17,226	17,063	17,271	17,789
North Dakota .....	20,793	21,756	19,405	19,048	19,541
South Dakota .....	23,246	25,295	21,649	21,354	21,041
Wisconsin and Michigan .....	20,105	21,207	19,123	19,953	20,996
(Ninth District portion)					

\* 1948 figures are from the Census of Business, sales for other years are estimated.

Inventories, December 31	1947-49 Av.	1947	1948	1949	1950	1951
416 Lumber Yards (Board Feet)	63,387	56,726	67,561	65,876	81,315	78,764
(T-h-o-u-s-a-n-d-s)						
Department Stores*						
Ninth District	\$ 79,643	\$ 76,733	\$ 84,735	\$ 77,466	\$ 89,248	\$ 84,160
Minnesota	59,004	56,459	62,758	57,798	67,889	62,227
Montana	4,078	3,863	4,346	4,025	4,496	4,344
North Dakota	4,773	4,827	4,989	4,504	4,773	4,733
South Dakota	6,601	6,597	7,065	6,142	6,425	6,872
Wisconsin and Michigan	5,187	4,987	5,577	4,997	5,665	5,984
(Ninth District portion)						

\* Department store stock benchmark data are not available from the 1948 Census of Business. Dollar department store stock estimates appearing in this table were prepared by applying the ratio of year-end stocks to annual sales for a sample of reporting Ninth district department stores to estimates of total annual department store sales.

### Freight Carloadings — N. W. District

	1947-49 Av.	1948	1949	1950	1951
TOTAL	5,757	5,997	5,249	5,527	5,839
(T-h-o-u-s-a-n-d-s)					
Grain and Grain Products	634	599	621	551	625
Livestock	158	151	141	113	107
Coal	341	364	288	297	275
Coke	92	95	83	84	94
Forest Products	503	524	429	484	513
Ore	1,414	1,560	1,246	1,441	1,692
Miscellaneous	1,986	2,050	1,881	2,024	2,076
Merchandise—LCL	630	654	560	533	457

Source: Association of American Railroads.

### Electric Power Prod. (KWH)

	1947-49 Av.	1948	1949	1950	1951
TOTAL	7,603,339	7,740,967	8,024,211	8,869,191	9,364,469
Minnesota	3,841,179	3,944,388	4,082,966	4,537,180	4,775,822
Montana	2,850,467	2,871,059	2,915,960	3,135,752	3,303,594
North Dakota	494,913	499,109	567,484	661,055	678,835
South Dakota	416,780	426,411	457,801	535,204	606,218

Source: Federal Power commission.

### Life Insurance Sales

	1947-49 Av.	1948	1949	1950	1951
TOTAL	\$ 469,583	\$ 465,349	\$ 455,925	\$ 500,985	\$ 482,461
(T-h-o-u-s-a-n-d-s)					
Minnesota	295,663	290,349	292,385	333,675	315,592
Montana	58,183	58,066	58,528	63,572	62,418
North Dakota	54,745	54,310	52,105	47,491	47,235
South Dakota	60,991	62,624	52,907	56,247	57,216

Source: Life Insurance Agency Management association.

### Manufacturing and Mining

	1947-49 Av.	1948	1949	1950	1951
(T-h-o-u-s-a-n-d-s)					
Flour Production:					
Minneapolis Mills (bbls.)	7,737	7,063	6,667	6,801	7,012
Other N. W. Mills (bbls.)	13,663	13,346	11,707	11,649	12,129
Flour Shipped from Mpls. (bbls.)	7,069	6,196	6,852	7,566	6,720
Linseed Product Shipped (lbs.)	951,820	980,820	1,183,800	1,276,320	1,211,760
Iron Ore Shipped (gross ton)	76,797	82,937	69,556	78,206	89,092

Source: Flour data, Northwestern Miller; linseed product data, Minneapolis Grain Exchange; iron ore shipped, Lake Superior Iron Ore association.

### Construction Contracts Awarded in Ninth District

	1947-49 Av.	1948	1949	1950	1951
TOTAL	\$ 311,137	\$ 299,249	\$ 392,873	\$ 457,666	\$ 482,812
(T-h-o-u-s-a-n-d-s)					
Public Works	99,748	95,520	137,186	96,220	106,628
Public Utilities	27,219	18,762	38,333	37,334	45,727
Total Building	184,169	184,967	217,354	324,112	330,457
Residential	89,786	89,217	102,270	163,178	164,317
Commercial & Industrial	37,022	39,981	29,751	45,423	45,430
Educational	20,103	18,987	32,651	34,852	56,447
All Other	37,258	36,782	52,682	80,659	64,263

Source: F. W. Dodge Corporation.

### Business Failures in Ninth District

	1947-49 Av.	1948	1949	1950	1951
Number	76	70	111	107	113
Liabilities	\$ 3,895,667	\$ 2,107,000	\$ 3,866,000	\$ 3,235,000	\$ 4,023,000

Source: Dun and Bradstreet, Inc.

AGRICULTURE

Cash Income from Farm Marketings\*

	1947-49 Av.	1948	1949	1950	1951 <sup>1</sup>	1951 in Per- cent of 1950
		(T-h-o-u-s-a-n-d-s)				
Ninth District—TOTAL.....	\$3,221,743	\$3,393,169	\$2,924,254	\$2,884,757	\$3,446,475	119%
Crops.....	1,305,309	1,420,525	1,132,761	1,060,083	1,264,986	119
Livestock and Livestock Products	1,890,059	1,942,687	1,773,487	1,797,081	2,153,896	120
Government Payments <sup>2</sup> .....	26,375	29,957	18,006	27,593	27,593	100
Michigan (15 counties).....	31,804	33,089	29,513	30,397	36,476	120
Minnesota.....	1,298,665	1,338,571	1,224,079	1,222,349	1,369,030	112
Montana.....	388,187	416,579	371,153	382,336	458,803	120
North Dakota.....	649,095	704,366	541,191	529,377	645,840	122
South Dakota.....	631,249	655,060	559,018	513,626	677,986	132
Wisconsin (26 counties).....	222,743	245,504	199,300	206,672	258,340	125

\* SOURCE: USDA—"Farm Income Situation"  
<sup>1</sup> Ten months actual and two months estimated.  
<sup>2</sup> 1951 Government Payments estimated to be the same as 1950.

Farm Real Estate Mortgage Indebtedness, January 1\*

	1947-49 Av.	1948	1949	1950	1951	1951 in Per- cent of 1950
		(T-h-o-u-s-a-n-d-s)				
Michigan (15 Counties).....	\$ 11,539	\$ 11,440	\$ 12,279	\$ 13,025	\$ 14,014	107%
Minnesota.....	246,578	244,465	237,572	244,853	268,728	110
Montana.....	42,910	42,143	45,676	49,357	56,301	114
North Dakota.....	71,258	70,261	67,367	70,026	75,043	107
South Dakota.....	73,863	70,632	67,847	71,729	77,071	107
Wisconsin (26 Counties).....	73,307	73,798	75,495	79,090	84,816	107
Ninth District.....	519,456	512,739	506,236	528,080	575,973	109

\* SOURCE: USDA—"Farm Mortgage Debt by States"

Ninth District Farm Prices\* (Monthly Av.)

	1947-49 Av.	1948	1949	1950	1951	1951 in Per- cent of 1950
Wheat (Bu.).....	\$2.18	\$2.20	\$1.94	\$1.98	\$2.07	104%
Corn (Bu.).....	1.52	1.76	1.05	1.23	1.48	120
Oats (Bu.).....	.78	.87	.57	.68	.78	115
Barley (Bu.).....	1.44	1.57	1.00	1.17	1.17	100
Rye (Bu.).....	1.86	1.77	1.13	1.14	1.54	135
Flax (Bu.).....	5.52	5.80	4.23	3.42	3.90	114
Potatoes (Bu.).....	1.44	1.55	1.42	1.19	1.16	97
Hogs (Cwt.).....	21.80	22.97	17.98	17.82	19.90	112
Beef Cattle (Cwt.).....	20.14	21.98	19.42	22.81	28.40	124
Veal Calves (Cwt.).....	23.46	25.11	24.12	26.95	31.42	116
Sheep (Cwt.).....	8.91	9.35	9.27	11.14	16.16	145
Lambs (Cwt.).....	21.18	21.87	21.99	24.04	31.10	129
Chickens (Lb.).....	.23	.24	.22	.18	.23	128
Butterfat (Lb.).....	.75	.83	.65	.65	.74	114
Milk (Cwt.).....	3.62	4.10	3.14	3.15	3.82	121
Eggs (Doz.).....	.40	.41	.40	.31	.42	135
Wool (Lb.).....	.47	.48	.50	.58	.92	159

\* SOURCE: USDA—"Agricultural Prices"

Index of Land Values, March 1\*—(1912-1914 = 100)

	1947-49 Av.	1948	1949	1950	1951	1951 in Per- cent of 1950
Michigan.....	198	198	202	199	228	114%
Minnesota.....	155	157	164	169	197	116
Montana.....	125	129	130	125	141	113
North Dakota.....	107	110	118	114	125	110
South Dakota.....	89	91	98	97	112	115
Wisconsin.....	144	145	152	145	162	112

\* SOURCE: USDA—"Current Developments in Farm Real Estate Market."

Livestock Numbers, 4 Full Ninth District States, January 1\*

	1947-49 Av.	1948	1949	1950	1951 <sup>p</sup>	1951 in Per- cent of 1950
		(T-h-o-u-s-a-n-d-s)				
All Cattle and Calves.....	9,339	9,187	9,260	8,969	9,107	101%
Dairy Cows.....	2,596	2,564	2,443	2,410	2,371	98
Sheep and Lambs.....	3,944	3,880	3,611	3,270	3,455	106
Hogs.....	5,555	5,317	5,555	5,545	5,948	107
Chickens.....	44,062	44,619	41,725	44,334	43,196	97
Turkeys.....	393	276	364	307	321	104

\* SOURCE: USDA—"Livestock on Farms"  
<sup>p</sup>—Preliminary

## Farm Production 4 Full Ninth District States\*

	1947-49 Av.	1948	1949	1950	1951 <sup>p</sup>	1951 in Per- cent of 1950
		(T-h-o-u-s-a-n-d-s)				
Wheat (Bu.)	273,580	303,514	231,236	264,420	326,245	123%
Corn (Bu.)	362,406	436,688	356,698	326,460	326,386	100
Oats (Bu.)	337,707	382,672	296,777	348,826	396,140	114
Barley (Bu.)	118,272	149,395	78,048	130,184	122,464	94
Rye (Bu.)	11,261	13,506	7,930	10,275	12,162	118
Flaxseed (Bu.)	37,939	44,690	35,053	35,656	30,899	87
Soybeans for Beans (Bu.)	14,692	16,263	13,379	19,099	20,082	105
Potatoes (Bu.)	42,027	42,590	42,230	42,355	31,280	74
Wool (Lbs.)	31,396	31,078	28,395	26,617	30,235	114
Milk (Lbs.)	12,105,000	11,826,000	11,990,000	11,971,000	-----	-----
Butter (Lbs.)	326,990	307,662	335,424	336,425	322,535	96
Eggs (Doz.)	479,889	480,583	472,750	531,417	515,583	97

\* SOURCE: USDA—"Crop Production" for Minnesota, Montana, North Dakota, and South Dakota.  
p—Preliminary

## Non-Real Estate Loans to Farmers, January 1\*

	1947-49 Av.	1948	1949	1950	1951	1951 in Per- cent of 1950
		(T-h-o-u-s-a-n-d-s)				
Minnesota	\$ 62,746	\$ 58,893	\$ 80,420	\$ 95,656	\$ 121,202	127%
Montana	20,827	21,432	26,367	22,626	27,885	123
North Dakota	14,228	13,612	18,759	24,433	28,657	117
South Dakota	32,002	29,858	40,277	42,125	52,585	125

\* SOURCE: USDA—"Agricultural Finance Review." Totals are exclusive of CCC loans.

## BANKING

## All Member Bank Total Deposits

	1947-49 Av.	Dec. 31, 1948	Dec. 31, 1949	Dec. 31, 1950	Dec. 31, 1951
		(T-h-o-u-s-a-n-d-s)			
TOTAL	\$ 3,518,664	\$ 3,500,998	\$ 3,503,144	\$ 3,614,783	\$ 3,742,938
Michigan—15 counties	153,071	154,545	149,616	156,562	162,485
Minnesota	2,083,980	2,059,313	2,071,437	2,181,127	2,233,777
Montana	493,507	495,248	507,816	500,880	529,340
North Dakota	266,089	269,497	264,205	259,951	271,867
South Dakota	339,644	339,252	332,855	339,928	357,143
Wisconsin—26 Counties	182,373	183,143	177,215	176,335	188,326

## City Member Banks (Weekly Reporting Banks)

	1947-49 Av.	Dec. 31, 1948	Dec. 31, 1949	Dec. 31, 1950	Dec. 31, 1951
		(T-h-o-u-s-a-n-d-s)			
Loans and Discounts	\$ 428,115	\$ 439,273	\$ 427,143	\$ 551,620	\$ 598,704
U. S. Government Securities	679,501	639,932	703,153	579,366	551,395
Other Securities	85,241	78,645	106,265	142,278	129,746
Total Deposits	1,591,526	1,566,116	1,591,084	1,677,283	1,713,972
Dem. Dep. Ind., Pt. and Corp.	838,356	822,725	833,304	926,558	948,144
Time Dep. Ind., Pt. and Corp.	249,059	249,677	247,979	240,455	237,882
Public Deposits	173,887	185,817	185,417	153,513	149,162
Due to Banks and Other Dep.	330,224	307,897	324,384	356,803	378,784

## Country Member Banks (Non-Weekly Reporting Banks)

	1947-49 Av.	Dec. 31, 1948	Dec. 31, 1949	Dec. 31, 1950	Dec. 31, 1951
		(T-h-o-u-s-a-n-d-s)			
Loans and Discounts	\$ 414,405	\$ 444,552	\$ 462,790	\$ 565,332	\$ 631,762
U. S. Government Securities	1,052,794	1,006,474	1,020,364	919,790	889,200
Other Securities	123,702	123,918	131,914	141,328	150,159
Total Deposits	1,927,138	1,934,881	1,912,060	1,937,501	2,028,966
Dem. Dep. Ind., Pt. and Corp.	1,051,749	1,059,531	1,028,699	1,061,032	1,133,280
Time Dep. Ind., Pt. and Corp.	678,254	679,826	675,656	656,650	669,738
Public Deposits	136,713	138,805	148,646	155,372	158,373
Due to Banks and Other Dep.	60,422	56,719	59,059	64,447	67,576

## Minneapolis Federal Reserve Bank

	1947-49 Av.	Dec. 31, 1948	Dec. 31, 1949	Dec. 31, 1950	Dec. 31, 1951
		(T-h-o-u-s-a-n-d-s)			
Loans to Member Banks*	\$ 3,913	\$ 2,004	\$ 1,643	\$ 1,549	\$ 11,001
Industrial Advances*	3	0	10	172	150
Total Earnings Assets	666,173	719,119	613,216	641,379	749,487
Mem. Bank Res. Balances	450,708	506,653	394,920	391,855	464,389
Fed. Res. Notes in Circulation	623,512	631,349	612,217	610,643	632,029
Total Gold Certificate Reserve	464,999	493,555	446,587	387,581	350,279

\* Daily average of amounts outstanding during the year