FEDERAL RESERVE BANK OF MINNEAPOLIS

MONTHLY REVIEW

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ON THE INSIDE:

√ Fewer Farms in Minnesota Mortgaged

√ Capital Expenditures Amazing

SPRING CALL REPORTS DISCLOSED . . .

District Credit Demand Continues Strong

Rise in loans by member banks in early months of 1953 was at a greater rate than for the nation

TABULATION of spring call reports has disclosed that between the end of last year and April 20—date of the last call—new loans exceeded repayments at district member banks by $51.2 million.

During the same period, deposit withdrawals amounted to $311 million while $4 million was added to capital accounts and $21 million of indebtedness was incurred on bills payable.

Government obligations valued at $177 million were liquidated as other securities worth $3 million were also sold from district member bank investment portfolios.

In addition to the cash acquired from the liquidation of securities, district member banks withdrew $158 million from balances maintained at other banks.

Loans Turn Upward

Last year member banks in the rest of the country expanded their loans more rapidly than did member banks in this district. In the first three months and 20 days of 1953, however, this situation was reversed as member banks here enlarged loans by 3.8 per cent compared to an increase of 1.1 per cent at all other member banks.

In the three months preceding the spring call last year, district member banks actually reduced their loans slightly.

These comparisons suggest that the demand for loans has strengthened recently in the Ninth district.

Nationally, member banks reported that consumer loans accounted for virtually all of the total loan increase since December 31, while in this district half the increase went to commercial and industrial borrowers with loans to consumers and loans secured by real estate composing the rest of the increase.

Loans to farmers declined slightly in the district, while loans secured by real estate moved up $10 million in contrast to an increase of $4 million in the somewhat shorter call report period last year.

Private Demand Balances Declined

Ninth district member banks, in the aggregate, always lose deposits in the early months of the year. This loss is seasonal in character and is counterbalanced, more or less, by net inflows which accompany expanded agricultural marketings later in the year.

Between the end of last year and the spring call date, demand balances owned by individuals, partnerships, and corporations and demand balances owned by banks and the U. S. government were drawn down (net) by $245 million, $97 million, and $29 million respectively.

Since time deposits and deposits of state and political subdivisions were increased by $17 million and $43 million respectively, the total deposit loss was limited to $311 million.

In the first four months of last year, time deposits increased by $18 million; the increase this year in the same period was almost identical.

The decline in the asset item "balances at other banks" is partly reflected by the reduction in the liability item "balances of banks." This is true because many member banks in the district maintain balances with other district member banks.

Also, balances maintained by member banks at the Federal Reserve Bank of Minneapolis declined as required reserve balances and deposit liabilities of the member banks were reduced.

Bills Payable Higher

The increase in borrowing by member banks which was disclosed by the $21 million change in bills payable between the end of last year and the spring call date does not measure accurately the extent to which district member banks relied

Banks adjusted investments to cash needs, deposit changes

on this source of funds in the early months of this year.

On any one day — such as the call date — random factors might cause the total of bills payable to differ substantially from the average amount outstanding in the preceding period. Also, comparisons with the end of December are not adequate because of efforts by the banks to minimize borrowings for the year-end statement.

A better measure of the extent to which banks have employed borrowed funds is provided by entries on the books of this bank which show the average daily volume of loans granted to its member banks.

An inspection of these accounts shows that loans granted by this bank in the first three and one-half months of 1953 provided district member banks with an average daily volume of funds approximately nine times greater than the amount provided in this manner during the same period a year ago. The amounts were $45 million and $5 million respectively.

Investments Declined

Despite the large increase over last year, borrowing remained a less important source of cash than investment liquidation. Cash was supplied to meet withdrawals and to finance new loans between the last two call dates by the sale of securities amounting to $180 million, by the reduction of amounts due from other banks totaling $158 million, and by borrowings which had increased to $21 million on the last call date.

Since World War II, when they acquired large amounts of government securities, district member banks have relied heavily on the purchase and sale of these investments to adjust to deposit fluctuations and other needs for cash. The result has been that—much of the time—holdings of government obligations move up or down with deposits.

Because the seasonal deposit outflow has been somewhat larger this year than last year and because loans were expanded this year in contrast to a decline last year, district banks sold securities in the months this year preceding the spring call amounting to more than three times the value of securities sold in the comparable call period last year.

Part of this difference doubtless results from the fact that this year's spring call was made 20 days later than last year's, thereby covering a larger period of deposit outflow.

Geographic Differences Disclosed by Call

Loans were added by member banks in every district state. Additions ranged from almost imperceptible increases of less than 1 per cent in Michigan and Wisconsin to 6 per cent in Montana. Loans in Minnesota and North Dakota were up 4 per cent, while in South Dakota an increase of 2 per cent was reported.

Deposit changes disclosed by the April 20 condition statements also varied from state to state within the district. Ninth district member banks in Michigan reported a slight deposit gain; in Minnesota a deposit loss of 10 per cent occurred.

Between these extremes, losses of 7 per cent were reported for Montana and South Dakota, while member banks in North Dakota and Wisconsin reported deposits down by 6 per cent and 2 per cent respectively.

It is to be expected that deposits should decline in the district during the first half of the year, because such movement coincides with the national trend. In each of the past several years, bank deposits have fallen in the first half and risen by a greater amount in the second half, and at the year's end have reached a level higher than that of a year earlier. If this same pattern is followed this year, a rise in deposits may be anticipated in the second half. END

District Member Bank Loans on Selected Call Report Dates

(In Thousands of Dollars)

	April 20, 1953	Dec. 31, 1952	Change	March 31, 1952	Dec. 31, 1951	Change
1. Commercial and Industrial Loans	428,851	403,608	+25,243	410,791	410,008	+ 783
2. Loans to Farmers Guaranteed by CCC	46,274	50,504	— 4,230	39,761	50,606	—10,845
3. Other Loans to Farmers	140,974	143,358	— 2,384	145,222	144,173	+ 1,049
4. Loans to Brokers and Dealers in Securities	2,059	2,816	— 757	2,648	2,682	— 34
5. Other Loans to Purchase or Carry Securities	13,763	13,358	+ 405	12,818	12,737	+ 81
6. Real Estate Loans						
(a) Secured by Farm Land	22,289	22,274	+ 15	22,262	22,448	— 186
(b) Secured by Residential Property	313,935	305,991	+ 7,944	277,704	271,723	+ 5,981
(c) Secured by Other Property	51,047	49,665	+ 1,381	47,916	49,636	— 1,720
7. Other Loans to Individuals						
(a) Retail Auto Instalment Paper	94,947	84,481	+10,466	67,212	67,614	— 402
(b) Other Retail Instalment Paper	58,758	54,395	+ 4,363	43,829	44,553	— 724
(c) Repair and Modernization Instalment Loans	73,541	72,031	+ 1,510	53,082	53,500	— 418
(d) Instalment Cash Loans	29,538	27,173	+ 2,365	24,263	23,156	+ 1,107
(e) Single Payment Loans	64,861	60,313	+ 4,548	54,069	53,117	+ 952
8. Loans to Banks	482	1,001	— 519	1,006	5	+ 1,001
9. All other Loans (Includes overdrafts)	35,455	34,555	+ 900	43,359	40,960	+ 2,399
10. Gross Loans and Discounts	1,376,773	1,325,523	+51,250	1,245,942	1,246,917	— 976

U. S. Census of Agriculture Reveals

Fewer Minnesota Farms Mortgaged

Mortgage debt—down 10 per cent from 1940—was low in relation to income and farm value

IN TERMS of farm real estate debt, Minnesota farmers are relatively well off, according to data from the U. S. Census of Agriculture for 1950.

An indication of this is that total Minnesota farm mortgage debt in 1950 was the smallest of any census period since 1910.

This debt was at a record low in relation to the value of farms. Also, fewer farms carried mortgages in comparison with other recent census periods.*

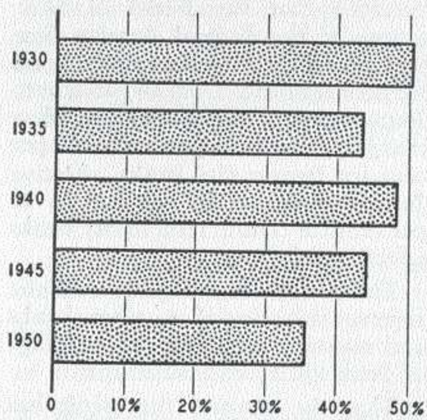
It is recognized that farmers with real estate debts have, for the most part, been able to carry them without great hardship in recent years. This is true because agricultural prices and net farm incomes have been unusually favorable for over a decade.

For example, Minnesota cash farm income in 1950 was almost $1,200 million and mortgage debt only $277 million. In contrast, during every year of the 1930's the outstanding farm mortgage debt exceeded total cash farm income; in some years the debt was more than double the cash income. In 1940 for the first time in over a decade, Minnesota cash farm income exceeded the debt. (See chart at right.)

Decline 10 Per Cent

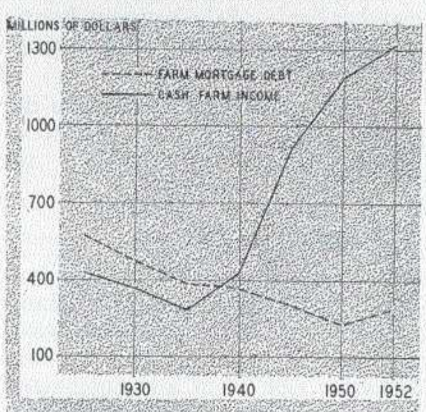
There were 197,351 farms of all sizes in Minnesota in 1940, according to the census. This compared with only 179,101 farms in 1950—a decline of approximately 10 per cent. This trend towards fewer but larger farms is typical not only in Minnesota but also for the United States as a whole. In fact, this trend is even more noticeable in the western states of this district, where mechanization of wheat production has made larger farm units economically desirable.

PROPORTION OF MINNESOTA FARMS HAVING REAL ESTATE MORTGAGES, 1930-1950



Source: U. S. Census data.

FARM MORTGAGE DEBT AND CASH FARM INCOME IN MINNESOTA, 1925-1952



Source: USDA "Agricultural Finance Review," and "Farm Income Situation."

There were not only fewer farms in Minnesota in 1950, according to the census, but among those fewer farms a smaller proportion were mortgaged compared with other census periods of record.

In the depression years of the early 1930's, approximately one-half of all Minnesota farms carried a real estate mortgage. In 1950, approximately one out of three farms were mortgaged. (See chart at left.)

In spite of the fact that Minnesota farms were fewer in number but larger in size in 1950, the average mortgage debt per farm has varied little in recent census periods. In fact, the average debt in 1950 was even smaller compared with the 1930 and 1935 census period and only slightly larger compared with 1940 and 1945.

These data by census periods for Minnesota farms are as follows:

Year	Average Debt Per Farm
1930	$5,070
1935	4,523
1940	3,933
1945	3,659
1950	4,259

The current mortgage debt per farm in 1950 was unusually low when measured in terms of recent prices of farm products, farm income, and farm land values.

Furthermore, the cost (interest rate) of carrying farm debt had fallen substantially from prewar rates. A smaller volume of debt plus lower rates reduced interest charges per acre in 1950 to less than half such costs in 1930, for the U. S. as a whole. (Similar data for Minnesota is not available.)

Concluded on Page 50

* It is known that real estate mortgage debts of farmers have risen since 1950 and that their short-term indebtedness has risen even more. It also is known that net cash income as a percentage of gross income has fallen during the past year. Thus, the debt position of farmers relative to net income has deteriorated since these 1950 census figures were collected. Nevertheless, the trends of the intercensal period are worthy of analysis.

Capital Expenditures Amazingly High

FOR the Ninth district, as for the nation, the spring and early summer season has been as active for most lines of business as the area has ever enjoyed. Production, trade, employment, and wage incomes have held at record or near-record levels. These indicators are so high that some analysts doubt that they can be maintained indefinitely.

Industrial production, measured by the Federal Reserve's index, is at least 20 per cent above the spring months of last year. Sales of department stores in this district—and nationwide—are better than a year-ago performance. Full employment, with some overtime work occasionally called for has characterized the labor market. And wage rates in manufacturing firms are higher than ever before.

Since personal incomes have risen and the price level has remained stable, the purchasing power of those incomes is a little higher than a year ago.

Price Drops Hurt

Farmers, however, are complaining that they are "taking a beating" because prices of such big items as cattle and milk have fallen. Grains, too, have fallen in price in cash markets. Hogs are an exception—prices have risen, reflecting reduced numbers and marketings.

But there is a bright side to the farmers' clouded outlook — namely, the weather. Many cloudy days in May in this region brought adequate rainfall. Behind the clouds the sun was shining and crops made very satisfactory progress in June. Farmers whose lands were flooded with excessive rain can't agree, but for the district as a whole the 1953 crop season has gotten off to a good start.

Meanwhile, developments in national money markets have attracted attention. During May and early June the demand for funds pressed hard on the available supply, resulting in depressed bond prices, rising interest rates, and generally tight conditions. The Federal Reserve thereupon entered the market with open market purchases of short-term government securities.

This action alleviated the tightness in the markets, and supplied reserve funds to the banks, a part of which were used to reduce indebtedness of member banks to the Reserve banks —which declined to the lowest average for the year in the week ended June 24.

A further step to relieve tightness in the reserve positions of banks was taken when on June 24 it was announced that the Board of Governors of the Federal Reserve System has reduced reserve requirements for country banks from 14 per cent to 13 per cent of demand deposits, effective July 1; from 20 per cent to 19 per cent for reserve city banks, effective July 9; and from 24 per cent to 22 per cent for central reserve city banks effective July 9.

This action freed a portion of the reserve balances of member banks and makes possible greater holdings of bank loans and investments.

That the demand for credit has continued great in the Ninth district is disclosed by recent tabulations of the call reports submitted by member banks. These reports indicate that the rise in loans by member banks in the early months of this year was at a greater rate than that for all member banks of the nation, whereas last year in the same period the opposite was the case.

While bank loans to farmers declined, those made to commercial borrowers and to consumers increased in this district.

Capital Use Heavy

One of the most spectacular economic developments in our national economy during the past seven years has been expenditures by business firms for new plant and equipment. Such expenditures have created jobs, promoted efficiency in production, raised the standard of living of the people, and enhanced the national wealth.

The build-up of productive capacity in the Ninth district has paralleled that of the nation as a whole. Attesting to this are some items mentioned under "Economic Briefs" (page ....) which when added to many other earlier capital investments present an imposing picture of the growth in the Ninth district's wealth in recent years.

BUSINESS

High construction activity slackens to more normal pace

The unusually high volume of construction activity reflected in Ninth district building permit statistics earlier this year appears to be receding somewhat. In May the dollar value of permits issued was actually less than in May last year. Although earlier months this year recorded gains over a year ago, the amount of gain has been declining since February.

Building Permits Issued in 1953 % of 1952

Jan.	115	Apr.	111
Feb.	152	May	99
Mar.	146		

Other evidence of subsiding strength in the building boom here can be found in data relating to construction contract awards. Reasons for this development cannot easily be ascertained; one may be found in the lesser availability of funds in the face of a relatively greater demand and a resultant higher price for credit.

Borrowing is discouraged by rising interest rates. The rationing effect of higher interest rates was illustrated recently by the action of a bridge authority in Upper Michigan. A $96 million bond issue to finance construction of the Mackinac bridge proved unacceptable to the market at the proposed interest rates. A higher rate had become necessary to place this issue in the present tight money market.

First half department store sales were equal to a year ago

During the first half of 1953, consumers continued to purchase goods at the very high levels of last year. Preliminary estimates indicate that department store sales will be equal to or slightly above those of the first six months of 1952.

District sales for the first five months remained unchanged from a year earlier because a sales increase of 1 per cent in the larger cities was offset by a corresponding decline in country store sales.

Based on the experience of city stores, where sales for the first three weeks of June were 8 per cent above the corresponding period of last year, it would appear that the totals for the month would compare favorably with a year ago.

Ninth District Business Indexes

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

	May '53	Apr. '53	May '52	May '51
Ninth District Dept. Store Sales	105p	96	104	100
City Department Store Sales	110p	100	105	102
Country Department Store Sales	97p	91	102	97
Ninth District Dept. Store Stocks	118p	114	105	123
City Department Store Stocks	122p	116	106	128
Country Department Store Stocks	114p	111	104	116
Lumber Sales at Retail Yards (Bd. Ft.)	84p	82	91	86
Miscellaneous Carloadings	114	109	110	114
Total Carloadings (excl. Misc.)	103	108	95	103
Farm Prices (Minn. unadj.)	97	90	105	110

p — preliminary.

June sales were influenced by an early arrival of hot weather which buoyed sales of seasonal apparel.

Available data on sales by departments indicates that purchases of homefurnishings have served to sustain total store sales at year-ago levels. For the first four months furniture sales at large department stores were 20 per cent above a year ago, and May sales for this same department were up 10 per cent. Consumers were willing to satisfy their demands for these items even though it required them to assume additional indebtedness.

Accounts receivable at the end of May were 10 per cent larger than a year earlier. This reflects in part a larger proportion of instalment sales.

Comparisons with a year ago reveal that during the first five months of 1953 instalment sales increased 6 per cent, while charge account sales increased only 2 per cent. Sales for cash had a 3 per cent decline.

FARMING

Hope bill to ease wheat marketing quota burden

The Secretary of Agriculture is required by law to set wheat marketing quotas whenever supplies reach certain prescribed levels. Wheat supplies may exceed this level in the new crop season beginning July 1, but Representative Hope of Kansas has introduced legislation to ease acreage cutbacks, when and if they are announced.

The bill would raise the minimum wheat acreage allotment to 66 million acres for 1954. Present law sets 55 million acres as a minimum. In 1952, 78 million acres of wheat actually were planted.

Representative Hope's bill also exempts from marketing quotas any farm with 25 acres of wheat or less, or a production of 400 bushels or less. Farmers whose production falls below these minima would not be allowed to vote in a referendum. This would exclude approximately 61 per cent of the wheat farms — most of them east of the Mississippi river.

If wheat farmers were to vote unfavorably on marketing quotas in July, supports would automatically fall from 90 per cent to 50 per cent of parity to around $1.20 a bushel.

District is completely free of drouth spots

District crop prospects are now rated as good to excellent. Early June rains were above normal in all areas. As of mid-June, there was not a single "drouth spot" reported in the entire Ninth district.

In fact, rains have been of torrential proportions in some areas, particularly in southern Minnesota, where thousands of acres of newly emerged corn, soybeans, and other crops have been drowned out in the low spots.

Bumper spring wheat crop is in prospect

The nation's spring wheat, including durum, is produced almost entirely within Ninth district boundaries. The Department of Agriculture has indicated a production of 363 million bushels for 1953, based on

Cash Farm Income for Ninth District—January-April*

(Thousands of Dollars)

State	1935-39 Average	1952	1953	1952 in Per Cent of 1953
Minnesota	$ 102,257	$ 393,441	$ 414,216	105%
North Dakota	23,566	130,571	112,154	86
South Dakota	30,533	166,479	149,879	90
Montana	17,082	80,520	75,276	93
Ninth District[1]	197,391	855,028	830,484	97
United States	2,238,447	8,760,536	8,486,211	97

* Source: "Farm Income Situation" — April-June 1953.

1/ Includes 15 counties in Michigan and 26 counties in Wisconsin.

June 1 conditions. This is a 52 per cent increase from last year's 239 million bushels.

Wheat prospects are currently favorable, but the six-week weather period starting July 1 often is the most critical period for spring wheat production. Hot, dry winds in this period or a rust epidemic could wither the crop within a week or two.

Almost all of the durum wheat production in the U. S. comes from a small area in central and north central North Dakota. The durum crop is now forecast at 30.7 million bushels. The crop last year was low at 21.4 million bushels compared with a recent 10-year average of 37.4 millions.

Short term farm credit is up slightly from a year ago

In spite of the lower cattle and grain prices and continued high farming costs, district farmers were using only slightly more credit from member banks in late April than they had outstanding a year earlier.

In some states the amount of agricultural credit in member bank portfolios was larger than a year ago; in others it was less. Minnesota, for example, had about a 10 per cent gain.

On the other hand, 6 per cent decreases were tallied for both North Dakota and Wisconsin. In South Dakota and Montana, there was practically no change during this 12-month period.

Milk prices decline

Competition with dairy substitutes and a near-record flow of milk has put heavy pressure on milk prices in recent months. In fact, dairymen in this area have seen seven consecutive months of lower prices for fluid milk both at producer and retail levels.

In the west north-central states, which area includes Minnesota and Wisconsin, the average price of standard grade milk for city use was $4.15 this mid-June compared with $4.46 last year.

In Minneapolis the price was only $3.88 this June compared with $4.19 a year earlier.

BANKING

Seasonal deposit outflow at district member banks ended in May.

Deposit gains aggregating $26 million in May were reported by member banks located in all district states except the Dakotas. The withdrawal of deposits amounting to $9 million in the Dakotas limited the district gain to $17 million.

The addition to district member bank deposit liabilities in May signaled the end of a seasonal decline which originated last December and which carried away deposits totaling $308 million. Last year's seasonal outflow was less than half this amount.

The deposit increase and repayment of loans by customers were among factors which contributed to an improvement in the cash position of district member banks. District banks in Michigan and Wisconsin added small amounts to loans during May, but repayments in other states brought the district loan total down by $20 million for the period.

City banks, in the aggregate, were the exclusive beneficiaries of May's deposit inflow. These funds, together with those supplied by commercial and industrial loan repayments (net) and sales of securities, were used to build up cash and to pay off borrowings from the Federal Reserve Bank of Minneapolis. Time deposit accounts registered no change, as was true in May a year ago.

Country banks, where loans declined by $12 million—half again as much as declines in the cities — reported total deposit withdrawals of $3 million for May. This outflow was the smallest for any month this year. Most of the decline in loans and investments was offset by an increase in amounts due from other banks.

May was the third consecutive month in which time deposits increased by $3 million at the country banks. Demand deposits were down $6 million. END

Assets and Liabilities of Member Banks in the Ninth Federal Reserve District

(In Millions of Dollars)

ITEM	All Member Banks May 27, 1953	All Member Banks Change Since April 29, 1953	City Banks (weekly reporting) May 27, 1953	City Banks Change Since April 29, 1953	Country Banks (non-weekly reporting) May 27, 1953	Country Banks Change Since April 29, 1953
Loans and discounts	$1,332	— 20	$ 648	— 8	$ 684	— 12
U. S. Government obligations	1,400	— 17	498	— 10	902	— 7
Other securities	319	+ 4	158	+ 1	161	+ 3
Cash and due from banks	897	+ 35	469	+ 25	428	+ 10
Other assets	41	+ 1	18	....	23	+ 1
Total assets	$3,989	+ 3	$1,791	+ 8	$2,198	— 5
Due to Banks	342	+ 28	301	+ 25	41	+ 3
Other demand deposits	2,293	— 14	1,050	— 5	1,243	— 9
Total demand deposits	2,635	+ 14	1,351	+ 20	1,284	— 6
Time deposits	1,017	+ 3	261	....	756	+ 3
Total deposits	$3,652	+ 17	$1,612	+ 20	$2,040	— 3
Borrowings from F. R. B.	43	— 15	35	— 14	8	— 1
Other liabilities	41	+ 1	27	+ 2	14	— 1
Capital funds	253	....	117	....	136	....
Total Liabilities and Capital Accounts	$3,989	+ 3	$1,791	+ 8	$2,198	— 5

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.

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

FARM MORTGAGE DEBT

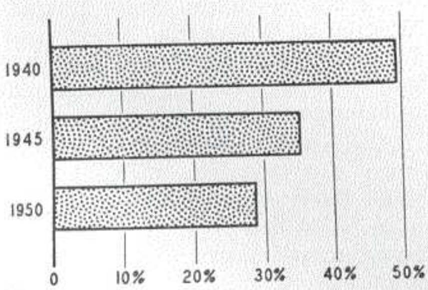
Continued from Page 46

Equity Is High

The asset value of Minnesota farm land and farm buildings has appreciated greatly since 1940 in response to general inflationary trends. This, together with the decline in total farm mortgage indebtedness, has tended to reduce sharply the ratio of mortgage debt to farm values. Census data for Minnesota is available only since 1940, but during the decade of the 1940's the ratio of farm debt to value of farms dropped from nearly 50 per cent in 1940 to 28.6 per cent in 1950. (See chart below.)

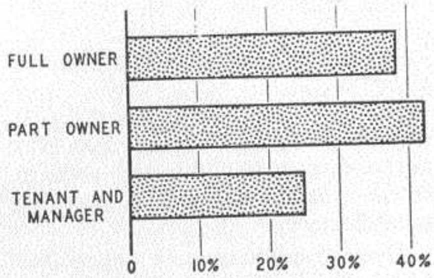
As mortgage indebtedness declined in relation to farm values, the farmer's equity position improved substantially. In 1940 the average equity per Minnesota mortgaged farm was $4,064. In 1950 it was $10,607. It should be noted, however, that the debt-value ratio trend has been reversed since 1950 as mortgage debts

RATIO OF MORTGAGE DEBT TO VALUE OF FARMS IN MINNESOTA, 1940, 1945, 1950



Source: U. S. Census data.

PROPORTION OF MINNESOTA FARMS MORTGAGED, BY TENURE OF OPERATOR, IN 1950



Source: U. S. Census data.

have tended to increase and land values have declined.

Landlords Relatively Free of Debt

Most farms in Minnesota are owner-operated. In fact, four out of five farmers either own all or part of the land they farmed in 1950. It was not always that way. Ten years earlier, in 1940, only two out of three owned in full or part the land operated. Another way of saying this is that farm tenancy declined substantially during the 1940's. This development gives evidence of a desire on the part of farmers to own the land they operate if this can be done without too heavy debt involvement.

When a tenant makes the step into land ownership, he usually needs credit—in some cases a lot of it. That is why a larger share of full-owner and of part-owner operated farms have mortgages on them compared with farms that are tenant operated.

THIS STUDY of farm mortgage debt is the first of two articles. A similar analysis on such debt in other district states will appear in a future issue.

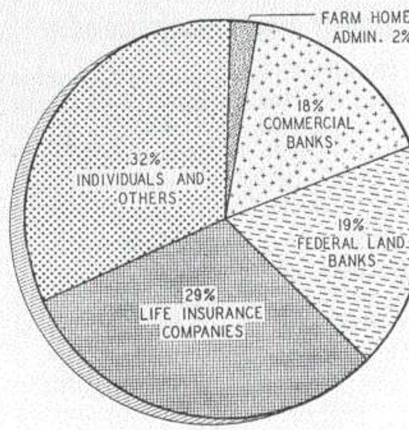
Tenant operated farms are usually owned either by retired farmers or others. A larger share of such farms are free of indebtedness.

Individuals Largest Owners of Mortgages

Individuals owned a larger share of all farm mortgages in 1950 than any other single class of lender. Individuals together with other miscellaneous lenders owned nearly one out of every three farm mortgages.

Life insurance companies were a close second with 29 per cent of the total. Federal land banks and commercial banks were third and fourth with 19 per cent and 18 per cent respectively. The Farmers Home administration held 2 per cent of the total in 1950. (See chart below.)

PROPORTION OF MINNESOTA FARM MORTGAGES HELD BY DIFFERENT LENDING AGENCIES IN 1952



Source: USDA — Agricultural Finance Review.

ECONOMIC *Briefs* SIGNIFICANT HAPPENINGS IN THE NINTH DISTRICT

✓ Anaconda projects up employment

Initial construction began in June on Anaconda Aluminum company's new $50 million reduction works to be built at Columbia Falls, Montana. From 600 to 1,000 workers will be employed in construction—with this year's payroll estimated to reach $2,500,000. The plant will employ about 450 persons on a production basis after completion in 1954.

The Anaconda company also announced that it will expand its facilities at Great Falls for the manufacture of aluminum wire and cable; and that copper precipitates from the company's $33 million mine at Yerrington, Nevada, will be shipped to its smelting facilities at Anaconda, Montana.

✓ Hungry Horse near completion

Hungry Horse dam near Columbia Falls, Montana, is now 98 per cent completed, with about 420 men working. This will dwindle to about 70 full-time employees when all construction work is completed.

Construction payrolls, which have run about $8.5 million annually for the past two years, will drop to about $1 million during 1953 and shortly thereafter.

The dam will supply power for the aluminum plant and the lake created by it is already being used to transport logs cut from forests around the reservoir.

✓ Flood damage hits $5 million

Swollen rivers caused flood damage in the Sun-Missouri-Milk rivers area of north central Montana, where an estimated $4.8 million damage to bridges, roads, and private properties occurred.

Perhaps hardest hit was Cascade county, though a 14-county area was declared a major disaster area in which federal funds will be used for rehabilitation.

Flood conditions were aggravated by rapidly thawing snow in mountain areas.

✓ Oil centers add housing units

ODM removed the "critical defense housing area" classification from Anaconda, Williston, and several Minnesota iron range communities. Rent controls in these localities will end on July 31 unless local or state laws extend them.

Housing units are being added to expanding Williston basin towns—14 at Fairview, 40 at Sidney, and 90 at Glendive, Montana.

Others were authorized by FHA for North Dakota towns—32 in Williston, 48 in Tioga, and 38 in Ray.

✓ Pay increases ended strikes

Strikes were settled in several industrial communities, with pay increases ranging from 5c to 20c an hour.

Upper Michigan construction activity resumed as carpenters settled for a 15c-an-hour increase (after a two-week strike) and other construction groups received a 17½c settlement. Among the major projects affected was the 850-man White Pine copper development.

In the Twin Cities, settlements in several building trades were in the neighborhood of 7c-10c an hour. The eight-week strike of 640 men at Archer-Daniels-Midland in Minneapolis was settled, and in North Dakota the two-month strike at the Union Stockyards of West Fargo was ended.

✓ Beetle infestation hurts spruce

Spruce bark beetles are doing serious forest damage near the Libby area in western Montana and northern Idaho. An estimated 800,000 spruce trees (600 million board feet) have already been killed. Stumpage value of the threatened spruce in this area is estimated at $50 million.

The insect burrows under tree bark, so it is not affected by standard chemical spraying.

Projects underway for removal of infested timber are expected to cost $1.8 million.

✓ Start major Mill City buildings

Work on two major commercial developments in Minneapolis is underway.

The Prudential Insurance company started preliminary grading for a $6 million regional headquarters which will serve North and South Dakota, Wisconsin, Minnesota, Iowa, and Nebraska. Training has already begun for some of the 1,500 expected to be employed.

Also underway is work on a five-story, 150,000-square foot addition to the Baker Arcade building in Minneapolis. When completed this will be the second largest office structure in the city.

✓ Oahe dam funds restored

Eight million dollars in funds for the Oahe dam project in north-central South Dakota, previously cut from the federal budget in the administration's economy drive, were restored.