on inside pages:
☆ Foundation Laid for More Cattle
☆ Estimating the Labor Force
☆ Current Topics

FEDERAL RESERVE BANK OF MINNEAPOLIS
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MONEY INCREASED MORE THAN $5 BILLION

Credit and Money Totals Set New Records in 1953

Deposits and currency rose as banks acquired more loans and investments

TOTAL money supply – demand and time deposits together with currency—grew by more than $5 billion last year, reaching the unprecedented level of $201 billion.

This took place despite a slackening in demands for credit late in 1953.

Banks added to their loans and investments and to their deposit liabilities; they also paid out more currency than they received, thereby adding to the public's stock of folding money.

The most active components of our money supply—currency and demand deposits—increased proportionately less in 1953 than did the more inactive components such as time deposits. Statistics on turnover indicate that activity of demand balances was somewhat higher last year than in 1952—that is, the dollar amount of checks written on demand deposits increased somewhat more, proportionately, than did the amount of demand deposits.

Commercial bank credit was expanded last year despite an outflow of gold which amounted to more than $1 billion, and despite an outflow of currency which amounted to more than $300 million.

Effect of gold, currency movements offset

The loss of bank reserves absorbed by these outflows would have induced a reduction of bank loans and investments last year except that other developments worked to offset the effect of gold and currency movements.

Among such developments were substantial additions to the investments of Federal Reserve banks, the monetization of free gold by the U. S. Treasury, and a reduction in reserve requirements for member banks.

Monetization of government securities and "free" Treasury gold by the Reserve banks had the effect of supplying bank reserves sufficient in amount to offset the gold and currency outflow, while the reduction of reserve requirements permitted member banks to hold a smaller amount of reserves per dollar of deposits than formerly.

Hence, with almost no change in the amount of their reserve balances, member banks of the Federal Reserve System added to their loans and investments and deposits last year. Even so, they had accumulated substantial excess reserve by year end. This contrasts with a year earlier when – in the aggregate – member banks were deficient in reserves.

Member banks hold approximately 85 per cent of all commercial bank loans and investments. They acquired approximately the same proportion of the loans and investments added to commercial bank assets last year.

Both members, non-members extended new credit

Altogether, commercial banks added to their loans and investments by $3.6 billion and $.8 billion respectively, in 1953. This compares with respective additions of $6.4 billion and $2.6 billion in the previous year.

The addition to bank loans in 1953 was composed almost entirely of loans to farmers and to purchasers of homes and consumer goods. For the first time since 1949, business loans were lower at the end of the year than at the beginning. A considerable proportion of the increase in farm loans represented the purchase by banks of

Concluded on Page 121

FLUID STATE PREVENTS PRECISE COUNT

Estimating the Labor Force Is Complex Undertaking

RECENT reports on the rise in unemployment have focused attention on methods used in gathering statistics on the labor force.

To anyone who confesses to some confusion on trying to reconcile figures released by various agencies engaged in tabulating such statistics, an explanation of techniques and definitions of terms used doubtless will be welcome.

The agencies, it has been noted, frequently come up with conflicting figures, and so it will be seen that collecting and interpreting the statistics is of a complex nature.

Four federal agencies—Bureau of Agricultural Economics, Bureau of Census, Bureau of Labor Statistics, and Bureau of Employment Security—compile statistics in the employment field. In addition, employment agencies of the states release such information for their respective jurisdictions.

Statistics gathered on employment by the Bureau of Census differ importantly from those assembled by either the Bureau of Agricultural Economics or the Bureau of Labor Statistics. The Census covers employment in all activities, while the other two cover limited areas.

The Bureau of Agricultural Economics covers employment on farms, whereas the Bureau of Labor Statistics limits its coverage to payroll employment in non-agricultural establishments. Accordingly, BLS employment figures exclude proprietors, self-employed persons, unpaid family workers, farm workers, domestic household workers, and the armed forces.

State employment agencies also cover payroll employment in non-agricultural establishments in co-

STEER NUMBERS HAVE BEEN REDUCED

Foundation Laid for More Cattle in '54

THERE are now more cattle on district farms and ranches than ever before. On January 1, this year, there were approximately 11¼ million head of cattle in pastures, barns, or feed-lots in the four district states.

This number represents an increase of 5 per cent during 1953, and a 29 per cent gain from the last cyclical low point in numbers on January 1, 1950.

The particularly significant increase the past year was in number of beef cows, two years old and over. The increase ranged from 6 per cent in Montana to 10 per cent in Minnesota. For the country as a whole it was 6 per cent.

This is important because of the potentially large calf crop in 1954. It means that unless slaughter is stepped up during 1954, cattle numbers may not yet have reached the cyclical peak.

It does not necessarily mean, however, that total beef production will increase proportionately to the increase in numbers during 1954. There is considerable opinion that beef production may not even be as large as it was in 1953.

Number of steers reduced

Slaughter of steers, one year old and older, was particularly large during 1953, and consequently steer

Percentage Change in Livestock Numbers from January 1, 1953, to January 1, 1954, in Ninth District States and for the U. S.

	All Cattle	Beef Cows 2 yrs. & older	Steers 1 yr. & older	Milk Cows 2 yrs. & older	Hogs	All Sheep
Minnesota	+4	+10	+ 3	+4	−10	−5
North Dakota ..	+9	+ 9	+15	+2	− 9	+1
South Dakota ..	+5	+ 8	− 8	0	− 9	+1
Montana	+6	+ 6	− 7	+2	−22	−2
4 States	+5	+ 8	− 1	+3	−10	−2
U. S.	+1	+ 6	−11	+3	−11	−3

Source: "Livestock & Poultry on Farms & Ranches, January 1"—
USDA Agricultural Marketing Service, Washington, D. C.

Gathering of statistics, as done by various agencies, is not a simple technique, and interpretations of the results can lead to confusing conclusions

operation with the Bureau of Labor Statistics, but some states have adopted minor differences in definitions of employment.

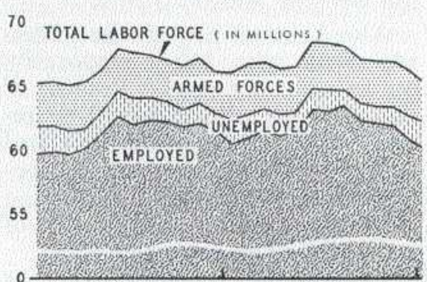
Interviews get information on civilian employment

U. S. Census releases show that the nation's civilian population employed in the week of December 6 to 12 totaled 60.8 million, while in the week of January 3 to 9 it dropped to 59.8 million—a decrease of one million.

This information was obtained by personal interviews with individual members of a sample of about 25,000 households in the country. Recently, the sampling technique was modified by selecting these households in a larger number of geographic areas. These have been expanded from 68 to 230. The new sampling technique reflects more accurately trends in employment and unemployment.

Preliminary figures for January indicated a higher level for both the labor force and unemployment. They are tentative and now are being studied carefully.

THE NATION'S LABOR FORCE 1952-1953 AND JAN. 1954



Source: U. S. Bureau of the Census.

In addition to persons at work for pay during the week the surveys were made, other persons counted as employed were those who worked without pay for 15 hours or more on a family farm or business; those who were temporarily absent from their jobs because of vacation, illness, industrial dispute, bad weather, or layoff with definite instructions to return to work within 30 days of layoff; and those who had new jobs to which they were scheduled to report within 30 days.

Nonfarm employment revealed by payrolls

Employment data reported by the Bureau of Labor Statistics are not comparable with those quoted by the Bureau of the Census. According to the former, the nation's

Continued on Next Page

Increased numbers of beef cows, two years and older, assure larger calf crop

numbers for the country as a whole on January 1 were substantially less (11 per cent), compared with a year earlier.

Steer numbers in the Ninth district, however, were practically the same as a year earlier—which is a reflection of the relatively good range and pasture conditions in this area during 1953.

Milk cow numbers up 3 per cent

Included in total cattle numbers for the district are 2,438,000 head of milk cows, 2 years old and older. Milk cow numbers for both the district and nationally increased 3 per cent during 1953. (See table.) It was the second consecutive year for gains in milk cow numbers.

Furthermore, during 1953 farmers apparently held back substantial numbers of heifer calves, which are potential milk cow replacements and additions in later years.

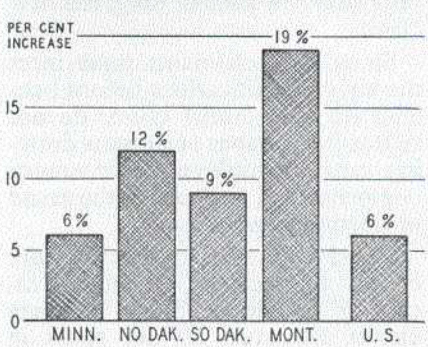
Hog numbers in sharp decline

In contrast to increases in cattle, a substantial decline in hog numbers on district farms occurred again during 1953.

For the district as a whole, hog numbers were 10 per cent fewer compared with a year earlier and nearly 50 per cent less compared with 1944, when hog numbers were at record high levels.

It is expected that 1954 will mark the low point in the current hog-numbers cycle, since farmers plan to increase the number of sows to farrow this spring.

NUMBER OF SOWS EXPECTED TO FARROW THIS SPRING IN PER CENT OF NUMBER FARROWED IN SPRING OF '53



Source: USDA "Pig Crop Report."

Sheep numbers decline; chickens, turkeys increase

A further decline in sheep numbers was registered in the Ninth district during 1953. While the over-all decline was slight this past year, sheep numbers on farms are about 50 per cent fewer compared with record numbers of 12 years ago.

Both chicken and turkey numbers on farms in the Ninth district increased during 1953, but in both cases they are low in relation to numbers on farms during the World War II period. END

ESTIMATING THE LABOR FORCE

Continued from Preceding Page

payroll employment in non-agricultural establishments for December stood at 49.6 million and dropped to 47.7 million for January—a decrease of 1.8 million.

These figures were compiled from payrolls with the pay period ending nearest the fifteenth of each month. They included all full- and part-time employees.

In addition to those at work, persons were counted as employed when they were on paid sick leave, paid holiday, or paid vacations; also included were those who worked during a part of a specific pay period although they were unemployed or on strike during the other part of the period. Persons on the payroll of more than one establishment during a pay period were counted as employed on each payroll.

Questionnaire used for agricultural employment

The Bureau of Agricultural Economics secures its information on farm employment through a questionnaire which is mailed to farmers who have been selected to report crop conditions. Each month from 15,000 to 20,000 farmers report the number of persons working on their farms.

Since crop reporters do not operate a representative sample of farms, the employment data are adjusted for a bias before they are increased by the ratio of farms in the sample and in the nation.

In the definition of employment, the Bureau of Agricultural Economics has no minimum age limit. On the contrary, the Census limits employment to persons 14 years and over. Farm operators and hired workers are required to work one hour during the survey week to be counted as employed. Unpaid family members must work a minimum of 15 hours before they can be counted. In case a person was employed on two or more farms in the survey week, he is reported as being employed on each farm.

According to the estimate of the Bureau of Agricultural Economics, farm employment in the week of January 24 to 30 was 5,951,000 as compared with the Census' estimate in the week of January 3 to 9 of 5,345,000. The former count invariably runs higher than the latter.

'Continued' claims tell extent of unemployment

The unemployed included all persons who did not work at all during the survey week, but who were looking for work. According to the Bureau of the Census, the tentative estimate of the new sample indicated 3,089,000 unemployed in the week of January 3 to 9.

Also counted among the jobless are those who were temporarily out of the labor market because of illness, those who expected to return to jobs from which they had been laid off for an indefinite period, and those who believed no work was available in their line of work or in the community.

Statistics on unemployment of both the Bureau of Employment Security and state agencies are limited to workers covered by unemployment compensation laws. They reported initial claims filed for unemployment benefits averaged 336,585 per week in December and 423,090 in January. These claims included both new and reopened claims.

Validity of new claims must be established after they are filed. To be eligible for unemployment benefits in Minnesota, an applicant must have earned $500 or more in covered employment during the first four of the last five completed quarters, or a minimum of $300 in one calendar quarter and $100 in one other. A reopened claim represents a second or subsequent termination of employment within the benefit year from the time of filing the new claim.

Since new claimants must meet the above qualifications before benefits are paid, initial claims do not reflect the number of persons drawing new unemployment insurance compensation, but rather the trend in unemployment.

Continued claims reflect more closely the number of persons receiving payments. Some of these claims, however, do not result in payments.

The number of beneficiaries receiving unemployment insurance compensation and the sum of the payments made are tabulated by the Bureau of Employment Security and state agencies. In December, beneficiaries in the nation averaged 1,115,000 per week, and the payments totaled $120.8 million for the month.

Accessions, separations show labor 'turnover'

Turnover – the movement of wage and salary workers into and out of the employment of individual firms—is another indicator of changing labor market activity. Statistics compiled by the Bureau of Labor Statistics are divided into two broad categories: accessions (new hirings and rehirings) and separations (terminations of employment initiated by either the employer or the employee). These data are obtained each month from a sample of firms in manufacturing industries by means of a mail questionnaire.

In December the accession rate in manufacturing industries was down to 1.9 per 100 employees, the lowest it had been for any month since the series was started in 1930, with the exception of November 1937.

Accessions are the total number of permanent and temporary additions made to the working force during any calendar month, including both new and rehired employees. Persons returning to work after a layoff or military separation, or other absentees who had previously been counted as separations are included in the total.

In December, separations (terminations of employment) were 4.3 per 100 employees.

Separations are classified according to cause: quits, layoff, discharge, military, and miscellaneous.

In December the quit rate was 1.1 per 100 employees, as low as in any month since World War II.

Quits are defined as terminations of employment during the calendar month initiated by employees for such reasons as acceptance of a job in another company, dissatisfaction, return to school, marriage, maternity, ill health, or voluntary retirement where no company pension is provided. Also included are those who had failed to report after being hired, and persons with unauthorized absences of more than seven consecutive calendar days.

The rate of quits tends to reflect the availability of alternative job opportunities and generally moves in the opposite direction from the layoff rate.

Layoffs greatly exceed quits

Standing in sharp contrast with the very low quit rate of recent months was the very high layoff rate. In December the layoff rate was 2.9 per 100 employees, the highest for this month since World War II.

Layoffs are defined as terminations of employment during the calendar month lasting or expected to last more than seven consecutive calendar days without pay, initiated by the employer without prejudice to the worker, for such reasons as lack of orders or materials, release of temporary help, conversion of plant, introduction of labor-saving machinery or processes, or suspensions of operations without pay during inventory periods.

Other types of separations from a firm are those described as "discharge, military, and miscellaneous." This category includes terminations caused by permanent disability, death, retirement on company pension, and entrance into the armed forces expected to last more than 30 consecutive calendar days.

They are typically a small part of the total number of employees leaving any one firm. In December the rate was .4 per 100 employees.

So it will be understood, from this description of how the statistics are derived, that changes in employment and unemployment are of a complex nature.

Since they are complex, an aggregate figure does not reflect all the relevant changes in the labor force. Armed with this knowledge, the average observer should be left less confused and be less likely to become misled on reading the various reports issued. END

CURRENT
☆ *Business*
☆ *Farming*
☆ *Banking*
TOPICS

Effects of Unemployment on Business are Inconclusive

■ THE NINTH district's economy has stood up well under the impact of growing industrial unemployment of the past several months which has become evident in the district as well as in the nation.

For the first two months of this year, retail trade and incomes of farmers have compared favorably with their performance for corresponding months a year earlier. Bank deposits, and debits to deposit accounts, also have reflected more stability than is indicated by depressive figures on industrial employment.

An important consideration for analysis of Ninth district figures on business activity is that the economy of this region suffered from a rather sharp drop in prices of farm products in fall and winter months of 1952-53.

This development caused business here to be somewhat less buoyant at that time than in more highly industrialized areas. After this setback, Ninth district business activity stabilized at a somewhat lower level.

Meanwhile, business activity in highly industrialized sectors of the nation, more buoyant a year ago, has receded more.

A number of favorable factors are found in support of the observation that the Ninth district's economy has been relatively stable. These include store sales matching those of a year ago, a continued high volume of construction, and prices of farm products holding either slightly above or slightly below year-ago quotations.

It remains to be seen whether the recent rise in unemployment nationally will lead to a spiraling downward movement of production, income, and trade not as yet apparent.

BUSINESS

► *Seasonal and industrial cutbacks lowered employment*

The decline in employment would appear to be the most significant development on the business front. True for the district as well as for the nation, current unemployment this winter has been greater than can be attributed to a seasonal contraction.

In industrial centers, high inventories and a smaller volume of orders have caused some manufacturers to reduce their output, forcing them to lay off workers. In small communities serving primarily rural areas, a lower volume of business also has resulted in some layoffs.

A seasonal contraction in employment generally begins in the latter part of the fourth quarter. It occurs earlier in some years than in others, depending on fall weather conditions. For instance, firms engaged in construction, lumber and logging, food processing, and transportation always reduce their labor forces.

In November and December the seasonal decline in employment is offset, in large measure, by additional workers being hired by retail stores and post offices for the heavy Christmas business.

Extent of the seasonal decline is revealed after the first of the year. This contraction in employment often extends into the latter part of January, and sometimes into February. Again depending on weather conditions, seasonal employment begins to rise in the latter part of February or in March.

EMPLOYMENT DOWN TO YEAR AGO

Only certain areas in the district have had a greater than seasonal decline in employment. From the third quarter of 1953 to November and December, employment in non-agricultural establishments declined more than in previous years in Minnesota and on the upper Michigan peninsula. In the other states—Montana, North and South Dakota, and Wisconsin—the decline was about the same as in previous years.

The larger than seasonal drop in employment was caused by cutbacks in manufacturing. In Minnesota and on the upper Michigan peninsula, manufacturing employment in December was down approximately 5 per cent from the third quarter of 1953. In other states of the district, manufacturing employment also was down somewhat more than in former years, but it was offset by more persons being employed in other industries.

In December 1953, non-agricultural employment in the upper Michigan peninsula, Minnesota, Montana, and North Dakota was very close to the number employed in December 1952. In South Dakota and Wisconsin, it had fallen by about 2½ per cent below the year before level. In the former state, fewer workers were employed in construction and trade, as well as in manufacturing.

SLACK LABOR MARKET IN JANUARY

January employment in district cities continued to follow the usual seasonal pattern. However, the number of unemployed workers was somewhat higher than in the previous three winters. In fact, the Twin Cities have a moderate surplus supply of labor.

The slack labor market was revealed by the decline in placement activity at local employment offices in this region. In Minnesota, the number of workers placed in January was approximately one-third less than in the same months of a year ago. Only one-half as many workers were placed in manufacturing firms and about three-fourths as many were placed in wholesale and retail trade.

In contrast to the lower placement activity in urban firms, placements on farms held up well. Nearly as many farm hands and farm couples were placed in January as a year ago.

Employment service offices in South Dakota reported fewer job openings for January than they had reported for any month of the past six or seven years. The low demand for labor was occasioned by weather conditions, completion of some construction projects, a shutting down of others until spring, and a lower volume of retail business.

A bright side of the employment picture in that state was found in employer reports to the local employment offices. No appreciable cutbacks in working forces were planned for February and March. Construction firms were planning to recall their workers in the spring, when weather becomes favorable for outdoor work.

In other states of the district, developments in the employment market were quite comparable. The number of unemployed workers rose in January. This rise was traced to the cutting down of payrolls in seasonal industries as well as in manufacturing firms holding high inventories.

It remains to be seen how rapidly the surplus of labor accumulating this winter will be employed next spring. According to current reports from employment offices, it is expected that most of it will be absorbed in the general resumption of hiring as seasonal activity expands.

► *Bank debits have reflected a good level of business*

Despite the decline in employment, the dollar amount of business transacted this winter has held up well. After adjustment for one less business day this year, January bank debits for the entire district were equal to those for January 1953. December debits were also equal to those of a year ago.

Debits have been down somewhat from a year ago in western states of the district. However, the decrease has been offset by an increase in eastern states. For instance, with one less business day this year, January debits were down 9 per cent in North Dakota and 6 per cent in Montana, whereas on the upper Michigan peninsula they were the same and in northwestern Wisconsin they were down only 1 per cent.

► *Retail business down somewhat in rural areas*

Consumers in rural areas have been buying more conservatively. The rise in deposits held by country banks during 1953 provides some evidence that farm families have reduced their buying by a larger amount than the decline in their income.

For the entire district, department and general store sales in January were about equal to those for January, 1953 and 1952. Higher sales in the Twin Cities this year

Ninth District Business Indexes

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

	Jan. '54	Dec. '53	Jan. '53	Jan. '52
Bank Debits—93 Cities	122	125	122	118
Bank Debits—Farming Centers	126	125	125	119
Ninth District Dept. Store Sales	103p	107	103	101
City Department Store Sales	108p	113	104	103
Country Department Store Sales	96p	99	102	99
Ninth District Dept. Store Stocks	105p	111	111	106
City Department Store Stocks	108p	115	109	104
Country Department Store Stocks	102p	107	113	108
Lumber Sales at Retail Yards (Bd. Ft.)	68p	75	70	70
Miscellaneous Carloadings	98	100	111	103
Total Carloadings (excl. Misc.)	75	68	81	91
Farm Prices (Minn. unadj.)	93	91	93	103

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offset a decrease elsewhere in the district.

Sales in January were down more from a year ago in the three western states—Montana, North and South Dakota—than they were in the eastern part of the district. For example, North Dakota sales were down as much as 9 per cent; South Dakota sales, 6 per cent; and Montana sales, 5 per cent.

According to weekly figures, department store sales in the first half of February continued above last year's receipts in Duluth, Minneapolis, St. Paul, and Superior. Sales were up 7 per cent in the first week and 3 per cent in the second week. Obviously, the exceptionally mild weather and slight snowfall have had a bearing on consumer shopping.

As far as new car registrations were concerned, figures available for the Twin Cities indicate that sales in January were down from a year ago. Other information suggests that a decline in sales occurred in the entire district.

FARMING

► *Producers plan more turkeys*

Ninth district farmers plan a 14 per cent increase in turkey production for 1954, based on intentions reported in early January. This percentage increase, applying to both heavy and light breeds, compares with a prospective increase of 7 per cent for the country as a whole. (See table.)

Approximately four-fifths of turkeys produced in this district are grown in Minnesota. In this state, a 15 per cent increase is planned for the heavy breeds in 1954, with an 11 per cent increase for the light breeds.

Minnesota, with its production of 5,513,000 turkeys in 1953, was second only to California, with its production of 9,730,000 birds. Virginia was third with 4,725,000 turkeys.

Intentions to Raise Turkeys in 1954

	Heavy Breeds			Light Breeds		
	Number in 1953	Intentions 1954	Per Cent '54 of '53	Number in 1953	Intentions 1954	Per Cent '54 of '53
Minnesota	3,418	3,947	115%	2,095	2,338	111%
North Dakota	417	434	104	93	152	163
South Dakota	381	428	112	33	61	185
Montana	106	109	103	27	19	70
4 States	4,322	4,918	114	2,248	2,570	114
U. S.	42,737	45,513	106	13,009	14,118	108

Source: "Intentions to Raise Turkeys in 1954"—USDA Agricultural Marketing Service

► *Corn acreage allotments to be made soon*

State acreage allotments on corn will not be announced until early March, but farmers in commercial corn-growing counties in this district may be asked to cut back approximately 20 per cent.

The district's commercial corn-growing areas are mostly in 58 counties in southern and central Minnesota and 36 counties in eastern South Dakota. Only one county, Richland, may be involved in North Dakota, and none in Montana.

After state and county acreage allotments are set in the near future, county PMA committees will work out acreage allotments to individual farmers. These individual allotments will be based on a recent three-year history of corn production.

If history repeats itself, only about half the corn producers in Minnesota and South Dakota will comply with acreage restrictions. Many will not comply because they grow corn to feed and not for cash sale or for government loan.

► *Durum acreage allotments to be increased*

Because of unusually short supplies of durum wheat now, action recently has been taken in Congress which will permit easing of acreage restrictions for durum producers.

Both houses of Congress passed bill-HR6665 and sent it to the President on January 25, 1954. This bill would permit the Secretary of Agriculture, with respect to 1954 and 1955 crops of wheat, to increase allotments and marketing quotas for any class or sub-class of wheat determined to be in short supply.

Durum wheat stocks are now the smallest since 1937. This is a reflection of the smallest durum wheat crop in 1953 since the drouth years of 1934 and 1936.

Practically all of the durum wheat is produced in the Ninth district, with 94 per cent of it coming from North Dakota.

BANKING

► *January withdrawals not as great as a year ago*

The seasonal deposit outflow at Ninth district member banks in January amounted to only half as much as the outflow in January of last year.

Of total withdrawals amounting to $69 million in January, city banks lost $64 million and country banks lost $5 million. A year earlier withdrawals had amounted to $131 million and $4 million respectively.

There is evidence that the reduction in January withdrawals from a year ago represents a cutback in spending. Bank debit statistics for January show that spending was down in every district state except Michigan.

City banks financed withdrawals and additional loans of $3 million by borrowing and by liquidating investments and balances due from other banks. Indebtedness of city banks rose $12 million during the month.

Country banks added $8 million to their loan balances in January. Investments worth $5 million were liquidated together with balances due from other banks amounting to $4 million. Loans at country banks have increased in every month since June 1953.

While time deposits at city banks gained the same amount in January as they had a year earlier, namely $2 million, such deposits at country banks were up by $2 million in contrast to a gain of $10 million in January last year.

END

CREDIT and MONEY

Continued from Front Page

Commodity Credit Corporation certificates of interest.

Though commercial banks added more government securities to their investments in 1952 than other securities, the opposite was true last year.

As the banking system acquired more assets in the form of loans and investments last year, so, also, did it acquire more liabilities in the form of currency and deposits, which constitute, of course, our money supply.

The most active money in the hands of the public—currency and demand deposits—increased respectively by $.3 billion and $1.8 billion during 1953. Percentage-wise, these increments amount to 1 per cent and 2 per cent.

Time deposits at commercial banks and at mutual savings banks, which "turn over" much less rapidly than other forms of money, increased by much more—percentage-wise—than did currency and demand deposits. Time deposits were approximately 7 per cent larger at the end of 1953 than at the end of 1952.

Changes in the amount of deposits at mutual savings banks occur independently of changes in the amount of commercial bank credit outstanding.

Rate of growth under '52

Although it is true that the nation's stock of money continued to grow in 1953, the rate of growth was substantially diminished from the previous year. About half the amount added to the public's stock of money in 1952 was added in 1953.

The only important components of the banking system's liabilities which did not rise last year were balances owned by foreigners and the U.S. government.

It is said that a growing economy needs a growing supply of money if reasonable price stability is to exist. The tremendous fall in American prices during the latter half of the Nineteenth century attests to the validity of this statement.

Behavior of prices represents one test of the adequacy of an economy's money supply. Since remarkable price stability was enjoyed by Americans in 1953, it would appear that credit expansion was not excessive during that period. END

ECONOMIC *Briefs*

SIGNIFICANT HAPPENINGS IN THE NINTH DISTRICT

✓ Ft. Randall power due March 15

The first 40,000 KW generating unit at Fort Randall dam, Pickstown, South Dakota, is scheduled to begin output of electrical energy about March 15. Other units will go into operation at three- or four-month intervals, until a final capacity of 320,000 KW is reached. The $197 million project, part of the huge Missouri basin program, is now about three-quarters completed.

✓ Year's highway programs set

South Dakota's highway construction program for the fiscal year beginning July 1 will involve roughly $14 million in state funds and $7 million in matching federal money. Montana's 1954 highway budget has been placed at $14.8 million.

✓ Build river grain terminal

Cargill, Inc., is constructing a 10 million-bushel grain storage elevator at its Minnesota river terminal near Savage. With river transportation having opened new markets for the company in the south and southeast since World War II, Cargill has built storage facilities at several points along the Mississippi and Tennessee rivers. The new elevator should be completed in time for the 1954 grain crop.

The company's grain shipments account for the bulk of river freight leaving the Twin Cities area. (Incoming river traffic, largely coal and oil products, outweighs shipments originating here by 10 to 1). Some northwest grain is barged to New Orleans, where it enters the export trade.

✓ Arsenal cutbacks lay off 2,300

Elimination of the "C" shift at the Twin Cities arsenal, New Brighton, Minnesota, resulted in the layoff of about 1,900 of the installation's 12,000 employees during the final week of February. The move, resulting from cutbacks in production schedules for small arms ammunition, did not affect the "A" and "B" shifts, which continued to operate full strength on a 5-day, 40-hour week.

Donovan, Inc., contract producer of 155-mm. artillery shells at the arsenal, laid off 375 employees earlier the same week as it reduced operations to one shift a day (about 526 employees).

✓ OK $100 million Mackinac bridge

Construction of the 4-mile Mackinac Straits bridge was given the final OK when the Michigan supreme court ruled a $96 million dollar bond issue constitutional. During February, the Mackinac Bridge Authority received a check for $96.4 million from investment bankers in New York, agents for the syndicate underwriting the bonds. Most of the funds will be held in short-term government securities until needed for disbursement.

Construction hiring is expected to begin early in March for Merritt-Chapman & Scott company, who hold a $26 million contract for the substructure of the bridge. Work on the superstructure, under contract to American Bridge Division of U. S. Steel for $44 million, will not start for at least a year. Some 500 to 1,000 workers will be employed when construction gets in full swing, with completion scheduled for the summer of 1957.