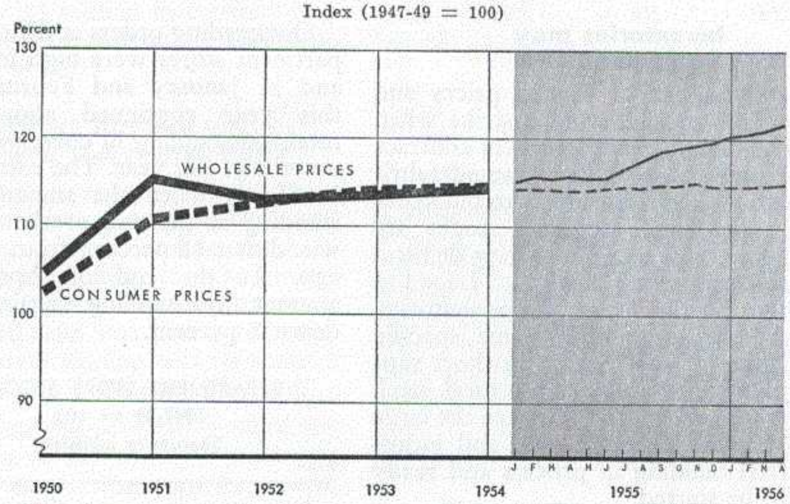
MONTHLY Review
FEDERAL RESERVE BANK OF MINNEAPOLIS
SERIAL NO. 17 MAY 31, 1956 VOL. 12

Current conditions . . . .

Record business activity seen for first half 1956

WHOLESALE PRICES (OTHER THAN FARM PRODUCTS AND FOODS) AND CONSUMER PRICES

Index (1947-49 = 100)



Prices have been advancing in recent months. Wholesale prices (excluding farm products) established a new high in April. Consumer prices were at a near record. Even farm prices have risen some since late 1955.

CONTINUING STRENGTH appears to be the best description of the current economic situation in the Ninth district. Business activity, with the exception of automobile sales, has been especially good in most areas since the first of the year. Perhaps the most convincing proof of the district's economic vitality is the employment picture. Employment is the highest in history in the Ninth district. Unemployment in April was down 18 percent from a year ago. In fact, some industries are hiring more older people than usual because of the tight labor market. This high employment is associated with a slight lengthening in the work week and some increase in hourly and weekly wages. Nonfarm personal income is therefore expected to be the best on record for the first half of 1956.

Current evidence shows that even the laggard cash farm income during the first half of 1956 will nearly equal that of the same period in 1955. What this figure will be like for the last half of the year will depend, of course, on the summer records of rain and temperature.

Mining and processing of iron ore for the 1956 season, another strong note in the district situation, have begun on a larger scale than that of last year. Production schedules in most other district industries have also expanded, in response to continued heavy demands for most goods. A notable exception, however, is farm machinery production, which in recent weeks has undergone cutbacks.

Farmers seem to be buying frugally of new machinery and equipment but they are buying more frequently at used machinery lots. Such sales are reported brisk. That district farmers have confidence in their future, however, is indicated by the continued high level of land prices.

'Soft spots' in the area's economy, although not substantial at the moment, are concentrated in automobile sales and, to a lesser extent, in residential building and department store sales. District department store sales in April were down 5 percent from year-ago levels, but January through April sales registered a gain of 4 percent. May sales thus far (through May 12) turned upward with a plus-2 percent.

Some concern is felt over the rising trend of inventory accumulation and of bank lending. Some credit is being used to finance inventory accumulation as well as for increased production. The demand for credit in the Ninth district since the first of the year has been especially strong and it has increased here at a slightly faster rate than for the country as a whole. On May 2 the ratio of loans to deposits at weekly reporting banks in this district was 55 percent, compared with 46.5 percent a year earlier.

On balance, factors of strength in the district economy, as typified by the high levels of employment and production, appear to more than offset the few soft spots that have developed. The rising trend in bank loans and inventory buildup have also provided an important stimulus to the economy in recent months.

One criterion of the current 'tightness' of the economy is found in the movement of prices in recent months. Wholesale prices of all commodities have advanced more than 2 percent since the first of the year. The Consumer Price Index is near an all-time high. Even prices received by farmers have been moving upward in recent months.

Following are summaries that highlight the current economic scene in the Ninth district:

Inventories may be at peak

Steel—Fear of higher prices and the possibility of a strike when the United Steel Workers contract expires June 30 have caused fabricators of steel products to bid keenly for steel. Regional stocks are being built up. The strong demand for bank credit is, in part, traced to this accumulation of inventories. At the same time, some specific items of steel remain in short supply, for example, structural steel. It is in short supply due to the large volume of commercial and industrial building in process and ready to be started.

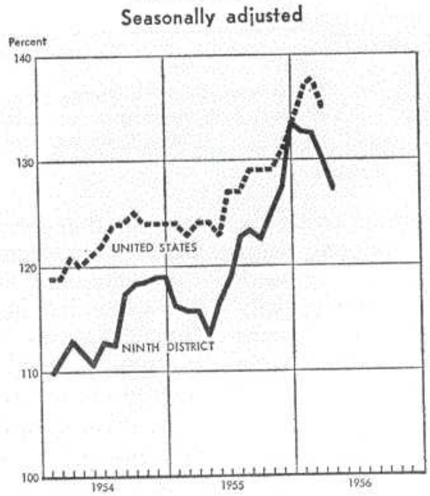
Automobiles—Automobile inventories in the district are up more than seasonally, paralleling the national situation. Dealers, stocking as many of the various models and color combinations as they could, found that spring sales were not as high as anticipated. One result was that many dealers sought loans in excess of their normal requirements.

For the first time in several years, some dealers found the 'floor planning' system of furnishing loan collateral necessary.

Department stores — Stocks carried by Ninth district department stores rose sharply, on a seasonally adjusted basis, in the latter eight months of 1955, as may be observed on the chart. After the first of this year the inventory amount carried leveled off, and in recent months has declined. In March, seasonally adjusted stock declined 2 percent, and in April, another 2 percent.

Outstanding orders at district department stores were high in 1955, and in January and February of this year continued above the totals outstanding in corresponding months of last year. The turn came in March when the amount outstanding at the end of the month was down 11 percent from a year ago. At the end of April the amount outstanding again was down 8 percent.

DEPARTMENT STORE STOCKS
1947-49 = 100
Seasonally adjusted



Labor market remains tight

NONFARM EMPLOYMENT in this district was exceedingly high during the past winter. New records were set in Minnesota, Montana, North Dakota and Wisconsin. High total employment is the result of more individuals at work in *all* major industry categories.

The gain in employment in other industries is expected to be greater than in manufacturing. Construction and service industries are expanding rapidly. Construction activity is the key to the heavy gains anticipated in employment. A large volume of commercial and industrial construction is in process, and a large backlog of new projects are ready to go.

In South Dakota and in Upper Michigan, nonfarm employment was less buoyant. Construction activity in South Dakota was cut back more than usual, which reduced to a relatively low figure the number of workers employed on construction projects. Employment in wholesale and retail trade was also down in the state. In the Upper Michigan peninsula, nonfarm employment in the fall of 1954 declined from the level prevailing since 1949. Employment was low in 1955, but began to recover last winter. More workers again are employed in mining and manufacturing, which, in turn, has boosted the volume of business and employment in secondary industries.

The current outlook is for a tight labor market in the early part of the summer. Many employment offices in this district report that job openings are increasing daily.

Manufacturers, especially producers of durable goods, have bid heavily for labor in recent weeks. The seasonal food-processing industry soon will be in the market for labor.

Total loan rise is slighter

A CALL FOR condition statements on April 10 has afforded another opportunity to observe recent changes in the district banking picture. A comparison of asset and liability amounts reported for April 10, with those reported on the December 31, 1955 Call date, indicates the character of changes in banking between the two dates.

The upswing in loans this year —exclusive of CCC loans—was less than during the same period last year—$50 million compared with $55 million a year ago. This year's rise was slighter in spite of rapid gains in some loan categories such as the rise of $38 million in commercial and industrial loans compared with $29 million for the 1955 period. Auto instalment loans increased at $3 million for both the 1955 and 1956 periods, but the increase in the 1956 loans secured with residential properties dropped to $5 million in 1956 from the $8 million figure for the 1955 period.

The increases mentioned were accompanied in both the 1955 period and the 1956 period by a decline in loans guaranteed by the Commodity Credit Corporation; these declines amounted to $26 million and $36 million in the respective periods.

Thus, while total loans continued to increase during the early months of 1956, the rate of increase was less than in the same period of 1955. For commercial and industrial loans only, the rate of increase in 1956 has been somewhat greater than in the comparable 1955 period.

Twelve-month changes

From April 11, 1955 to April 10, 1956, total loans at district member banks increased by $211 million or 13.6 percent; commercial and industrial loans accounted for $125 million of the increase, loans secured by residential properties rose $56 million, auto instalment paper was up $29 million.

Since total loans grew by almost 14 percent and since total deposits grew by less than 1 percent in the year ended April 10, 1956, the ratio of loans to deposits rose substantially. The proportion of total deposits represented by loans went from 38.5 to more than 43 percent.

Half the deposit gain in the year ended April 10 was registered in time deposit accounts. In early 1956, balances in these accounts rose by $5 million in contrast to a gain of $13 million in the same period of 1955.

District farmers use more short-term credit

FOR THE DISTRICT as a whole, member banks reporting in the April Call report were lending about 10 percent more short-term and intermediate-term credit to farmers on April 10 than was true a year ago. Real estate lending was up about 9 percent above the previous year.

During this time the level of deposits at district member banks was almost exactly the same (1 percent higher) as the previous year. There was, however, a more than 50-percent reduction in the volume of CCC loans held by district member banks on April 10 (wheat loans matured on March 31), the decline totalling about $41 million. This more than offset a $15 million increase in the volume of non-real-estate loans (from the listing 'other loans to farmers' in the quarterly Call reports) and a $2-million rise in real estate credit outstanding to farmers.

The strong demand for loans—both farm and commercial loans—was partly offset by a reduction in the amount of CCC paper being held by banks. This is significant in face of the fact that in Minnesota —where corn loans are the most important CCC paper—something like 2½ times as much corn had gone under loan with the CCC by April 15th of this year than was true a year ago.

Thus, while total amount of corn and other crops being placed under loan was greater than last year, banks held less of such paper in order to provide the normal credit needs of their communities.

	Non-real-estate loans	Real estate loans	CCC loans
	percent change		
Minn.	+ 7%	+ 6%	—50%
N. D.	+16%	+22%	—61%
S. D.	+ 3%	+12%	—47%
Mont.	+21%	+ 8%	—75%
Total All Banks	+10%	+ 9%	—54%
Dollar Change (millions)	+$15	+$2	—$41

Summer resorts active

THE RESORT industry in this district has a very bright outlook for the coming season. Reservations received by resort owners to date exceed significantly the number received in previous years. In many areas resort owners already have hired labor to repair, remodel and expand facilities for the anticipated larger number of guests.

The weather

FARM INCOME prospects for the coming year in the Ninth Federal Reserve district bear particularly close weather watching at the moment. One of the main factors which helped to maintain district farm income in 1955 was the unusually good wheat crop in North Dakota and Montana. The prospect of maintaining district income at comparable levels during the current year depends to a very considerable extent upon moisture, weather and crop success.

Spring weather has been as much as two to three weeks behind schedule. Subsoil moisture is scant in many areas, although surface moisture has been generally adequate to support germination. The late, cold spring, coupled with relative dryness, made early pastures particularly slow. This has resulted in greater-than-normal feed use during the late winter and spring.
END

Savings Bond anniversary

ON MAY 1, 1941, the first United States Savings Bond, Series E, was issued. The E Bond was destined to become the most widely distributed security in the history of finance, in the hands of some 40 million owners. The aggregate redemption value of E bonds outstanding on May 1, 1956—15 years after the first issue—was in excess of $37 billion. At the end of 1955 the amount invested in Series E Bonds was larger than the combined share-capital of all savings and loan associations ($32 billion), or the amount of deposits in all mutual savings banks ($28 billion).

Few vehicles have served so well for mobilizing the savings of the small investor. The reasons for the success of the E Bond are many. Not the least important is the fact that the E Bond is almost the equivalent of cash, yet, it yields an interest return which compares very favorably with less 'liquid' assets.

After two months from the date of purchase, the owner of an E Bond may redeeem it for at least the amount of the purchase price. The longer he waits, the greater the excess of the redemption value over the purchase price. There is complete assurance of redemption; the owner of an E Bond is thus freed from the usual concern of the creditor. Also, since the bond may be redeemed at any time after 60 days from issue, and since the redemption values are known before hand, the risk of fluctuations in market value which attaches to other debt instruments is absent in the case of Savings Bonds.

The bonds are registered at the U. S. Treasury. This eliminates the risks of theft, loss or destruction. Hence, in addition to financial safety, physical safety is another important feature of the bond. Many duplicate bonds have been issued for those lost by their owners.

Original purpose was war finance

The E Bond was intended to serve primarily as a device for financing the large wartime Treasury deficits in a non-inflationary manner. To the extent that the growing government debt was lodged with non-bank investors, bank credit creation was unnecessary to absorb new Treasury issues, and an inflationary growth in the money supply was thereby minimized.

But even after the war, when patriotic motives for the purchase of E Bonds lost some force, the aggregate value of such bonds outstanding continued to rise. Most of the increase during the postwar years was the result of interest accruals. The volume of redemptions has been in fair balance with the volume of new bonds sold during the past 10 years.

The important point about the bond picture in these post war years, however, is that *the people kept right on buying savings bonds*, even without the patriotic fervor of wartime. Savings Bonds were here to stay.

Volunteer sales organization

E Bond sales have benefitted greatly from the efforts of individual and group volunteers who work under the direction and guidance of the U. S. Treasury. Each state has such a volunteer organization. It is headed by a state chairman appointed by the Secretary of the Treasury, usually for a two year period.

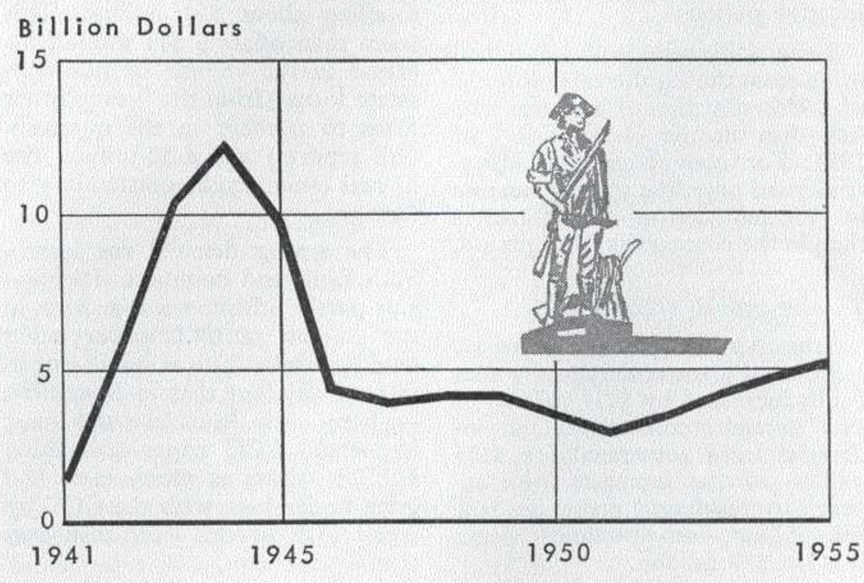
The U. S. Savings Bonds Chairman for Minnesota has announced that the U. S. Savings Bonds Division is cooperating with the Minnesota Bankers Association in a joint "YOUR BANK FOR AMERICA" promotion. This activity will start on Flag Day, June 14, and will continue through June 21.

County Savings Bond Committees will coordinate their promotional efforts with the county bank plans for the observance of this week. Savings Bond publicity will feature the 15th anniversary of the E Bond and the indestructibility of Savings Bonds.

The bankers of America are the biggest single group of volunteers. Through their banks about 80 percent of all series E Bonds are sold. Not only do they handle over-the-counter sales, they process bonds for numerous companies which issue them through the Payroll Savings Plan. Currently more than 8 million people have elected to buy Savings Bonds through the Payroll Deduction Plan.

Thanks largely to these volunteers almost 15 percent of the U. S. Treasury debt is represented by the E Bonds owned by 40 million Americans. END

ANNUAL SALES OF SERIES E AND H BONDS



Housing and mortgage markets in the Ninth district: part I.

Because of the impact of home building on the district economy, a housing and mortgage study was undertaken about a year ago. Some findings on housing markets are reported here. Part II, dealing with mortgage credit, will be published next month.

BECAUSE OF the great importance of fluctuations in the volume of home building to the economy in general, residential construction and mortgage debt are subject to constant scrutiny. The size of the industry, and the many complementary demands it creates, give it an important role in the nation's economy. Should home construction slump, total employment may also slump.

Traditionally, home building has been a boom and bust industry. The number of houses built has fluctuated more widely than the swings of the business cycle. These wide swings in home building result in part from the durable nature of houses and the fact that at all times there is a large standing stock of houses which seldom is fully utilized.

Boom in residential building

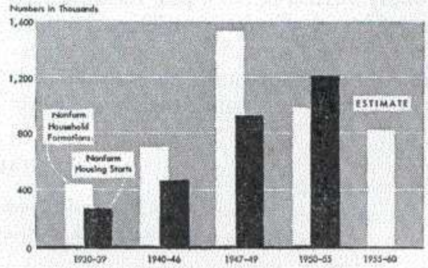
For the most part the Ninth district has shared, though erratically, in the protracted housing boom of the past 10 years. In 1946, the first year following the removal of restrictions on building materials, there was a burst of activity in nearly all communities, both large and small, of this district.

From 1947 through 1949, unlike the national trend, the number of dwelling units authorized in this area declined significantly, although about twice as many houses were built annually as in the latter thirties. Not until 1950 did authorizations of new units exceed the number in 1946. Following 1950 the home building industry again settled back to the level of activity prevailing between 1946 and 1950. A third burst of high activity in home building began in 1954 and extended through 1955. New records in dwelling-unit authorizations were established in the district in both of these years.

Between these peaks, home building declined more than in many other regions of the nation. Periodically this provoked apprehension about possible overbuilding which could subsequently cause vacancies to rise, rents to drop and prices of existing houses to decrease. These developments, as we now know, have not as yet materialized in the housing market of the Ninth district.

AVERAGE ANNUAL NUMBER OF NONFARM HOUSEHOLD FORMATIONS AND NONFARM HOUSING STARTS

Selected time periods, 1930-60



Sources: Housing and Home Finance Agency; U. S. Bureau of Census, **Population Estimates.**

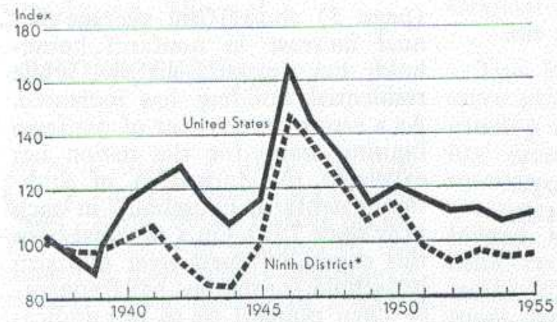
People and housing

Following World War II, the growth in households—which are defined as one or more persons occupying a dwelling unit—was faster than home builders could build houses. The average annual increase in the nation's nonfarm households between 1947 and 1949 was 1,500,000, which was 600,000 more than the average annual number of housing starts during this period. Since then, as the accompanying chart (page 5) shows, the average annual increase in nonfarm households has dropped sharply, while residential building has increased. As a result the number of nonfarm housing starts for the nation has exceeded the formation of additional nonfarm households in each year since 1950. On a national basis this excess of starts over nonfarm household formations has frequently been pointed to as one indication of overbuilding. This simple approach, however, fails to take into account changes in several important determinants of demand, which require analysis and evaluation to appraise the outlook for the housing market.

The basic need for housing springs from the number of people to be housed in a given area and how these people divide themselves into household units. Need for housing, however, does not constitute demand in the market place. The market demand for housing depends on many factors. Among these are: the quantity and quality of existing houses, consumers' preference for housing, the level and distribution of personal income, the accumulation of savings, and the terms offered on mortgage loans. These physical, economic and monetary components in combination create the effective demand for housing.

Over the last 35 years population in this district has grown more slowly than in the nation. Since 1920 the nation's population has increased by 60 million or 57 percent. By contrast, the district's population during this same period has increased by about 1 million, or 20 percent. Thus, the need for additional housing has not received as great an impetus from an increasing number of people in this district as it has in the nation as a whole.

Over-all population growth, consequently, absorbs a smaller proportion of the annual supply of new houses in this district than in the nation. Therefore, other sources of demand must hold the answer to the continued strong housing market here.



INDEX
of the
NUMBER of MARRIAGES
UNITED STATES
and
four
NINTH DISTRICT STATES
1937-1955
(1937-39 = 100)

Source: U. S. Dept. of Commerce, **Statistical Abstract.**
*Minnesota, Montana, N. and S. Dakota.

The local nature of housing markets

Housing markets are local in character; consequently, population growth in a local area is a significant factor in demand. Migration from rural areas to urban centers, as farms are consolidated into larger units, has added materially to the urban population growth. In the decade of the forties, for example, migration from farms in the four states wholly in the Ninth district aggregated about 332,000. Not all of these people migrated to district cities and towns, but many of them did and, as urban residents, created a demand for more housing. Since 1950 the number of district farms has declined 6 percent.

This migration from farms together with natural population growth have kept district cities growing. For illustrative purposes the estimated population growth from 1950 to 1955 for the 12 district cities that in 1950 had a population of 25,000 to 50,000 is shown in Table 1. As may be noted in the table, the increase ranged from 1.3 percent in Superior, Wisconsin to 41.1 percent in Rapid City, South Dakota.

From the last two columns in Table 1, it is evident that those cities with greater population growth tended to add more dwelling units per 100 persons during the period 1950 through 1955. However, there were numerous exceptions. Butte, Montana, for example, showed the same population growth as Rochester, Minnesota. Yet Butte built only .6 houses per 100 people during this period, while Rochester built 5.1 houses. Similarly, the population of Billings, Montana grew more than twice as fast as 10 of the other cities, yet, between 1950 and 1955, 6 of these other 10 cities built more houses per 100 people than did Billings.

Many factors could account for the differences among cities shown in Table 1. For example, some cities annexed subdivisions which added to their population during this time period. Yet no building permits for new dwelling units would have been granted by the city involved. Vacancy rates at the beginning of the period would also need to be considered. Among these cities the net vacancy rate in 1950 (census data) varied from 4 per 1000 houses in Grand Forks to 19 per 1000 houses in Butte. With more vacancies at the beginning of the period, more people could be housed by merely using existing houses rather than building new ones.

Similarly, the anticipated permanence of population growth would be important. If people are located in an area on a temporary basis, the housing arrangements of many folk are likely to be of a temporary nature. Likewise, the quality of existing houses in 1950 may explain some of the variation in the quantity of building in subsequent years. The poorer existing accommodations are, the greater the incentive to add new units if other considerations are comparable. The accumulation of savings, high employment and people's expectations would also bear upon their action in housing markets.

From the above data and discussion it is evident that developments in a local housing market depend on many factors. While continued population growth in these centers has created a basic demand for more housing, a combination of many elements affects the volume of residential construction for any given time period.

Other factors suggesting a continuing strong demand

In addition to the basic demand created by population growth in district urban centers, various other facts also suggest a continuing strong demand for housing. Among

TABLE I

Population and Number of Units Authorized, Twelve Ninth District Cities, 1950 to 1955

	Population 1950	Population 1955	No. of Dwelling Units Added '50-'55	Population Growth	Dwelling Units Added per 100 Persons*
Superior, Wisconsin	35,325	35,800	536	1.3%	1.5
Winona, Minnesota	25,031	25,700	483	2.7%	1.9
LaCrosse, Wisconsin	47,535	49,100	990	3.3%	2.0
St. Cloud, Minnesota	28,410	29,600	1,033	4.2%	3.6
Eau Claire, Wisconsin	36,058	37,600	1,421	4.3%	3.9
Butte, Montana	33,251	35,600	208	7.1%	.6
Rochester, Minnesota	29,885	32,000	1,579	7.1%	5.1
Grand Forks, North Dakota	26,836	29,100	986	8.4%	3.5
Great Falls, Montana	39,214	43,800	2,233	11.7%	5.4
Fargo, North Dakota	38,256	42,800	2,034	11.9%	5.0
Billings, Montana	31,834	40,900	1,076	28.5%	3.0
Rapid City, South Dakota	25,310	35,700	3,202	41.1%	10.5

*Mid-population between 1950 and 1955 was used as denominator of the fraction.

Source: Bureau of Census, **Census of Population: 1950**; Bureau of Labor Statistics, **New Dwelling Units Authorized by Local Building Permits**; and Sales Management, **Survey of Buying Power, 1955.**

these is the desire for more housing space.

In a prosperous period such as the present, when housing is available many people choose to establish their own households rather than live with relatives. In the Ninth district there were 3.8 persons per dwelling unit in 1940 but only 3.4 in 1950. This decrease in the density of occupancy implies that perhaps more than 177,000 additional dwelling units were needed to house the population in 1950. 'Undoubling' has continued since 1950 and has been encouraged by the increased size of many families due to the high birth-rate.

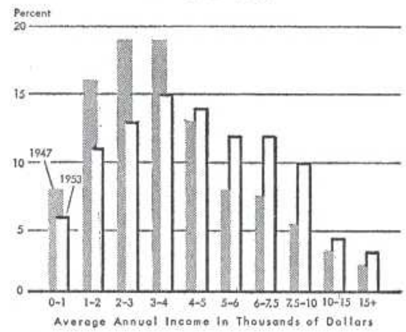
The age of existing houses in this district is a further fact which suggests a continuing strong demand for housing. The 1950 Housing Census showed that houses were older in the Ninth district states than in the nation as a whole. At that time about 54 percent of the houses in the district had been built before 1920; for the whole nation only 45 percent were of this vintage.

Changes in our mode of living have also kindled an interest in better housing. Many of the older houses are not adaptable to the new living patterns. Consequently, new types of housing, as well as those of better quality, are gaining in popularity. Larger families, improvements in home construction and the addition of an increasing variety of home appliances have all contributed to the desire for new and better houses. In view of these factors, the demolition of old housing units should be an important factor in Ninth district housing markets in the years ahead.

Finally, the annual number of marriages in this district apparently reached a low point in 1952. In the past three years no further decline occurred. Assessing the number of persons approaching marriageable age suggests this sidewise movement may be expected to continue for the next few years. After 1960, when the first war babies reach marriageable age, there should be a sharp increase in the number of marriages and in household formations. This increase may be expected to rise in magnitude during the decade of the sixties.

FAMILIES AND UNATTACHED INDIVIDUALS BY INCOME BRACKETS IN U.S.

1947 and 1953



The upward shift in the distribution of income is shown in the accompanying chart. In 1947, only 38 percent of the families and unattached individuals had incomes of more than $4000. By 1953, however, 55 percent were above this level.

Source: U. S. Dept. of Commerce, **Survey of Current Business.**

Housing boom rests on economic prosperity

Need or desire for housing is only one aspect of the demand. Financial resources are of paramount importance. Regardless of desire, houses would not sell if would-be purchasers did not possess the financial resources or were unable to obtain credit on suitable terms. The improved income status of the American people and ready availability of mortgage funds have brought home ownership within reach of many families living in urban centers. Higher incomes and longer maturities have made it possible for many more families to qualify for conventional and federally-underwritten mortgage loans than before the war.

Growth in real income or purchasing power in recent years is traced to an advancing economy with relatively stable prices. Rising productivity and steady employment for the vast majority of persons in the labor force are the bases for their current high incomes.

The growth in incomes, especially among young married couples, which has so materially stimulated the demand for housing in recent years, is not totally confined to a rise in productivity and high employment. Between 1940 and 1950 there was a marked change in the distribution of wage and salary income. The average income rose considerably in all occupations but more in the lower income brackets than in the higher ones. Wages and salaries were increased by larger relative amounts in the lowest-paid occupations.

Housing demand responds more to changes in family income than to changes in per capita income. Family incomes have risen 22 percent in constant dollars from 1947 to 1954, while per capita disposable personal income rose only 11 percent. An increasing number of wives have entered the labor market to improve the economic welfare of their families. Should the labor market tighten at any time to reduce the number of working wives, it would adversely affect the incomes and purchasing power of thousands of families in this district. It would naturally reduce the demand for housing.

Conclusions

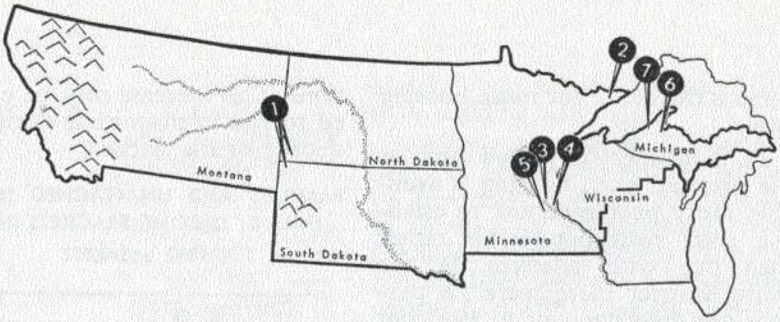
In this district home construction will continue to receive less stimulus from over-all population growth than in many other parts of the nation.

However, growth in urban centers, the old age of existing houses in this area, the desire for better quality houses and an anticipated increase in the number of marriages a few years hence all suggest a continuing strong demand for new houses.

If the economy of the nation and the district continue to operate at high levels of production and employment, many families will be able to improve their housing facilities. Nevertheless, even in periods of high prosperity, most potential home buyers must obtain mortgage credit to enter a housing market. Because of the importance of mortgage credit to home buyers, to builders and suppliers and to lenders, some developments in the nonfarm mortgage field will be considered in the next issue of this *Review*. END

ECONOMIC *Briefs*

SIGNIFICANT HAPPENINGS IN THE NINTH DISTRICT



1 - Uranium from Dakota lignite?

Preliminary work is underway on plans for two new uranium-ore processing plants in the Dakotas. The plans are predicated upon final development of commercially satisfactory ore-treating methods, as well as agreements from the Atomic Energy Commission to purchase uranium concentrate derived from lignite-type ore.*

Standard Pipeline Company of Atlanta, Georgia is reported as planning a $7 million uranium-ore processing plant near Bowman, North Dakota.

Ohio Oil Company, holding South Dakota leases, is reported ready to build a processing plant in that state in the fall of 1957 if piloting operations are satisfactory. As yet, no specific site has been chosen.

*For further information about these ores see p. 197, Nov. 1954 **Monthly Review.**

2 - Paper firm gets logging rights

Consolidated Water Power & Paper Company of Wisconsin Rapids, Wisconsin announced on May 9 that its effective bid of $414,000 has bought from the U. S. Forest Service the logging rights on 11,700 acres of Superior National Forest (Cook county, northeastern Minnesota).

The lumber is to be paid for as it is taken out. The firm expects to cut 4.8 million board feet of saw logs and 100,000 cords of pulpwood over a 10-year period.

Twenty-five miles of primary roads and 70 miles of connecting trails must be cleared and built to get the timber out.

3 - First A-power utility in Minn.

Elk River, Minnesota is expected to be the site of the world's first atomic-power plant for rural electrification. The Atomic Energy Commission gave preliminary approval on April 19 of the Elk River plan proposed by the Rural Cooperative Power Association of Elk River.

The AEC approval opened the way for a federal grant of as much as $6.7 million, approved on May 14 by the Rural Electrification Administration. The co-op plans to assume the capital costs of $2.5 million (including the site) and to eventually buy the AEC-built reactor.

The utility co-op proposal calls for the construction by AEC of a 22,000-kilowatt, closed-cycle boiling water reactor. Estimated as a two-year building job, the finished reactor could be generating electricity late in 1959 if the present plans for beginning construction early in 1958 are followed. The co-op serves rural customers in 14 Minnesota counties.

Included in the REA loan is $1.2 million to build conventional-type boilers, which would be installed only if the A-power plan is turned down. With final approval from AEC of the reactor project, the REA loan would be reduced to $5.5 million.

4 - Minn. highways building started

In the Capitol-approach area of St. Paul, construction has begun on the new $7 million building which will house the Minnesota Highways Department. Estimates are that the building will be ready for occupancy in two years.

5 - Mpls-Moline closes foundry unit

Minneapolis-Moline Company, farm equipment manufacturer, suspended foundry operations at its Hopkins, Minnesota plant for 'an indefinite period.' Foundry castings will be transferred to the company tractor plant in Minneapolis.

About 100 workers are affected by the shut-down. The company said as many as possible will be transferred to the tractor-plant foundry, or absorbed in other, continuing operations at Hopkins.

On April 30 Minneapolis-Moline announced the transfer of the major part of its smaller-farm-implement production from Moline, Illinois to Minneapolis, as of June 1. The transfer, the company explains, will result in the expansion and streamlining of manufacturing operations at the Minneapolis and Hopkins plants.

6 - New Celotex plant at L'Anse

Celotex Corporation has bought 242,000 acres of timber lands in Baraga and Marquette counties, Michigan for $6.8 million and will build a $6 million insulation-board plant at L'Anse, Michigan.

The plant will use northern hardwoods in the manufacture of its fiber board products, and expects to employ about 450 persons in the plant and to supply work for an additional 400 to 500 in the woods.

7 - New firm buys idle Mich. mill

The newly-incorporated Ontonagon Pulp and Paper Company has bought the now-idle National Container Company mill at Ontonagon, Michigan for an undisclosed sum. Plans are to spend about $2.5 million to install a new semichemical pulping operation. The pulpwood is expected to be used in the manufacture of corrugated cardboard cartons.

Formerly a softwoods mill, the National Container operation has been idle since 1954. Some 200 to 300 persons will be employed in the proposed new operation.