in the old year just ended with satisfaction. Many of them express the opinion that the economic momentum at year's end warrants sustained optimism, at least into the spring period.

Bank earnings in 1956 were the highest on record. Earnings were augmented in most banks by reducing investments in favor of larger loan portfolios which, because of their greater risk factors, carry higher rates of return. Interest rates tended to rise during the year as the demand for loans became even stronger. Bank costs also mounted, particularly as interest rates on time and savings accounts advanced along with loan rates.

Counting up the sum-total of all economic developments, it is evident that welcome additions were made not only to personal incomes during 1956 but to the district's total wealth. Continued capital investments as well as steady industrial development during the year augur well for the area's immediate economic outlook.

A pressing problem: avoiding inflation

Perhaps the most disturbing economic feature in the year just ended was the steady build-up of inflationary pressures, a tendency which has national as well as regional significance. During 1956 the average wholesale price of all commodities advanced 4 percent. Consumer prices (cost of living) increased nearly 3 percent. The U.S. Department of Labor reports that over 5 million workers will get automatic wage increases of 5 to 11 cents per hour some time this year. Rising wages, along with continued new investment in plant and equipment and an expected stronger automobile market may rekindle the pressure on prices with many key resources already near full use.

The current upswing in the business cycle has been a long one, running now about 2½ years. Often the very things which stimulate the boom eventually bring about a leveling-off or even a downturn. Sooner or later inventory accumulation levels off and no longer adds to demand. (Inventory accumulation has not been a significant expansive factor during the past year.) A buyers' market emerges as new and expanded plant capacity turns out more goods than are consumed at existing prices. Investments in new plants and equipment slacken off. Profits decline. Debts rise. Liquidity positions of businesses become less favorable.

Just when or how the current boom will reach a crest is, of course, not now known. It will depend largely on the forces at work in the market place as well as on monetary and fiscal policy. Contrary to some belief, the Federal Reserve System did not reduce the supply of money during 1956. In fact, the money supply increased but not at as fast a pace as the demand for money and credit. The fast-moving economy was the real cause of tight money—not a reduction in money supply by the monetary authorities.

We now find ourselves launched into 1957 with considerable impetus. The immediate problem is one of continuing restraint on the boom to maintain a stable price level and to prevent, as much as possible, sharp gyrations in the business cycle. Rising prices and wages, increasing debts, tight money, bottlenecks in labor and materials, and widespread optimism are the symptoms of a booming economy. At such times it becomes the duty of the monetary authorities to check speculative excesses and unsound credit practices. This is not, however, the responsibility of the monetary authorities alone. The whole community—consumers, government, labor and management—share the responsibilities and consequences. All have a job to do in avoiding excesses which tend to push the economy too fast. Sufficient physical materials and monetary savings to support expansion must be available. Moderation now, even though it may put a crimp in some industries, may give us a more enduring prosperity and assure a steadier buying power in the dollars we spend. These are economic values we want to preserve. Whatever the outcome, we know that the year 1957 will be one of significant challenge to our economy.

Drouth shadows high farm output

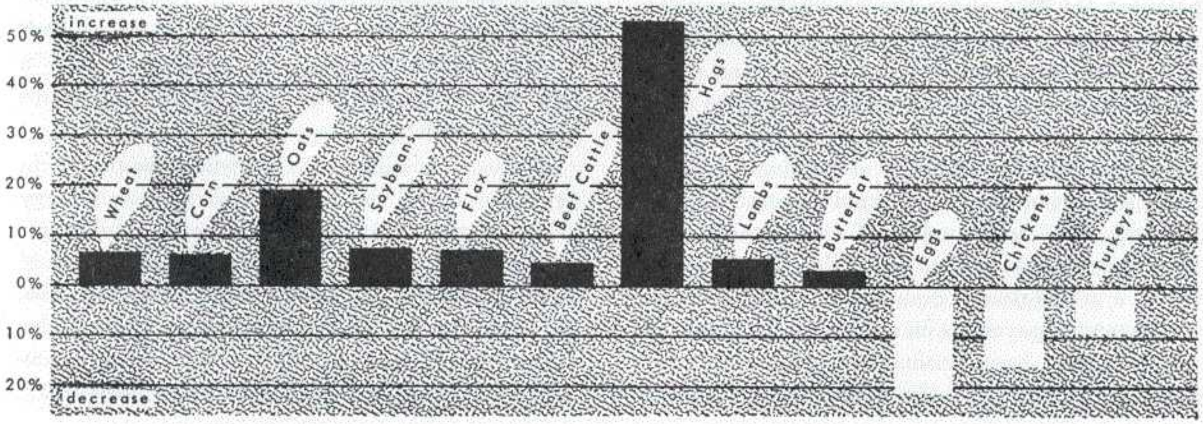
District farmers experienced both good and bad crop conditions during 1956—with weather and moisture accounting for most of the differences. Such differences took on a distinctly regional pattern for the most part. Across the western Dakotas and eastern Montana, drouth or the threat of drouth was a major concern during the spring and the summer months. Particularly damaging was a siege of hot, searing winds about mid-June which caught early seeded small grains, particularly oats, at a tender stage and cut yields over a wide area, including parts of southern Minnesota. The 1956 season was unusual in that late-seeded small grains on spring plowing seemed to suffer considerably less damage than early seedings on fall plowing—contrary to the usual experience.

Early-season dryness cut hay yields sharply in many western areas of the district, with the result that winter feed supplies were reduced from normal.

Even where early heat and dryness hurt hay and small grains, however, many of these same areas got enough moisture at just the right time to produce one of the best corn crops in several years. Further east, Minnesota produced a record corn crop, even with about 1 percent fewer acres planted to corn than in 1955 and despite some conversion of land to the Soil Bank. In fact, most of the eastern district, including much of North Dakota and some areas of eastern South Dakota, enjoyed excellent crops, while western areas of the district were reduced well below normal.

Despite area extremes, however, crop production for the district as a whole was relatively large, about 6 percent below 1955 output. Most of the reduction was in wheat, down 12 percent from 1955. Production of durum wheat was the exception—good crop yields throughout much of North Dakota, helped by newly-developed rust resistant varieties along with weather conditions favorable to rust-free development, produced a durum crop

PERCENT CHANGES IN FARM COMMODITY PRICES DECEMBER 1955 TO DECEMBER 1956



of 39 million bushels, the largest in recent years.

Although some cattle liquidation occurred in severely dry areas, cattle production continued large for the district as a whole. Numbers on feed were down about 9 percent from a year ago on October 1, but by the end of the year had increased, more than seasonally, to 5 percent more cattle on feed than a year ago.

Hog production, on the other hand, was cut back even further in district states than the estimated national cutback of 8 percent. Reductions in 1956 spring pig farrowings in district states ranged from 17 to 26 percent, and farrowings for the year were down 16 to 23 percent. With reduced marketings, however, hogs enjoyed significant price improvement during the latter half of 1956. In fact, it can probably be said that the turning point in farm prices was reached about mid-1956.

Soil bank payments

Many district farmers received soil bank payments for the first time in 1956 following the activation of the new farm legislation early in the summer. Because of the difference in corn acreage allotment and the 'corn base acreage' under the soil bank program, many farmers who had planted within their corn acreage allotments were able to plow up a limited acreage of other cropland (usually oats or other small grains which had been hurt by hot June winds) and receive payment for this under the soil bank program. This provided substantial benefits to many farmers within the commercial corn growing area. Wheat producers were also able to receive payment under the soil bank program where yields have been hurt by drouth or other damage.

Total payments of the soil bank program ranged from about ½ to 3 percent of cash farm income in various district states. While this does not constitute a major part of cash income, in many cases it represented payments on crop acres which would not otherwise have produced much income. By the same reasoning, the reduction in output brought about by the soil bank in 1956 was materially less than the number of acres involved would suggest.

District prices up 10 percent

At year's end, prices of the major farm commodities contributing to the Ninth district farm income averaged 10 percent higher than the year previous. Among them, only eggs, chickens and turkeys were selling at prices lower than a year ago. Although sharply reduced hog marketings touched off the most striking improvement in prices, the price resurgence was a good deal more general, involving prices of oilseeds, wheat, corn and other feed grains. This is particularly significant considering that total crop production for the nation as a whole equalled the record output of 1948, despite widespread drouth over much of the central and southern Great Plains farming regions.

District income better than 1955

Even with reduced crop production in South Dakota and Montana, farm cash income for the Ninth district totaled slightly higher for the year than in 1955. Preliminary income estimates indicate that cash receipts from marketing farm products may be up 3 to 4 percent in Minnesota and North Dakota compared with 1955. The same estimates indicate a slight drop in Montana cash receipts and a more substantial decline from a year ago in South Dakota cash receipts, perhaps about 10 percent.

While it is difficult to measure the trends in farm costs, and the adoption of new technology within a given year, it is clear that rapid changes in the use of equipment and in the application of improved farming methods continued during 1956. Whether this was enough to reduce costs under current conditions is difficult to measure accurately, but it has helped to make many farm operations more efficient and better geared to produce at low cost per unit during the years ahead. It has also continued the trend toward larger, more economical farming units operating on a commercial scale, with a further decline in both the number and effectiveness of the smaller, noncommercial units. The latter are probably becoming less able to maintain adequate income under the highly competitve conditions in agriculture.

Both the costs of manufactured materials and equipment, as well as the costs of marketing, processing and distribution continued to rise during 1956—as the highly active industrial sectors of the national economy kept wages and material costs under upward pressure. Since these conditions are determined largely by nonfarm elements of the economy rather than by agricultural production or prices, farmers had little choice but to adjust as best they could to the continuing price-cost squeeze.

Debts continue to rise

During the year, farmers continued to expand their debts, but at a more moderate rate than during the past two years. Further advances in farm real estate debt probably reflect some refinancing of short-term debts into long-term real estate financing during the year. Short-term non-real-estate debts, on the other hand, increased only moderately for the district, with most of the increase coming in the states where farm income shows an increase over 1955 income.

The same highly active elements in the economy which edged industrial prices and marketing costs higher were also responsible for a very strong demand for money and credit. This resulted in a generally higher interest rate structure throughout our national economy. At district banks where farmers do most of their borrowing, this so-called 'tight money' condition did not affect interest rates on farm loans significantly until late in the year. Finally, in the closing months of 1956, there were some upward adjustments in interest rates at a scattering of district banks. In most cases, this represented higher rates on just some of farm loans. In a few cases it meant across-the-board increases of ½ or 1 percent on farm loans. While this increase was frequent enough to represent a significant change in interest rate patterns, at year's-end most district banks were still meeting the needs of farm borrowers with no major change in their interest rates.

Tight money helps hold costs in line

While the so-called tight money policy may ultimately result in some increase in interest cost to farmers, it is generally recognized that these same forces tend to reduce price rises in manufactured equipment and other supplies which farmers buy and which make up the major portion of cash operating costs. Thus, in the long run, the policy of monetary restraint operates to curb the rise of farm operating costs rather than contribute to them. The small rise in farm interest rates is a small price to pay for a policy which restrains the very substantial cost increases that would result from further price advances in industrial and manufactured lines.

The price-cost squeeze undoubtedly will continue in substantial degree in 1957, but there is perhaps some hope in the adjustment of relationships between production and demand in agriculture. Although farmers have demonstrated their ability to increase output in line with our rapid population increase over the past several years, the fact that we do have a rapidly expanding population and a fully employed, expanding national economy provides important 'elbow room' for making adjustments in agriculture.

1956 REVIEWED . . .

Profitable year for banks

Judging by the profit and loss statements of district member banks for the first half of 1956 (last half not yet available) the year just concluded was the most prosperous in history for member banks in the Ninth Federal Reserve district. Four aspects of district banking in 1956 are worthy of particular comment: earnings, loans, interest rates, and the behavior of deposits. The latter rose above the previous record level set in the year of 1954.

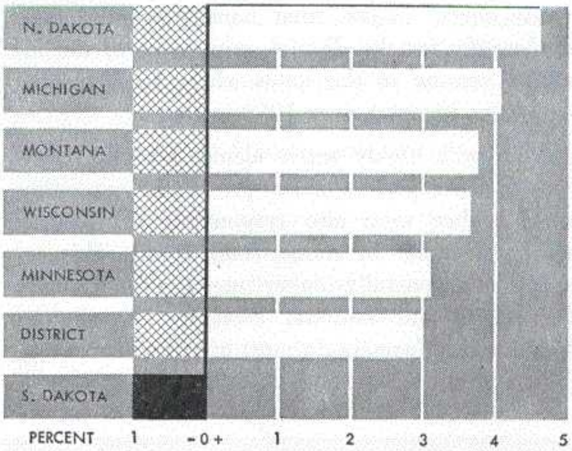
Earnings, loans and deposits at new highs

Factors responsible for the improvement of earnings included the substitution of loans for lesser-yielding investments and a boosted average rate of return on both loans and investments. In 1955 the proportion of total earning assets represented by loans averaged 46 percent; in 1956 this proportion averaged 52 percent. The effect of this change in the composition of earning assets was to raise the average rate of return on earning assets as a whole.

This is because the average yield on loans held by district banks is more than double the yield on securities held. It is estimated that the average yield of loans and investments respectively was 5.22 percent and 2.40 percent in early 1956 and 4.99 percent and 2.06 percent in early 1955. These estimates are based on averages of amounts reported monthly for holdings of loans and investments and on semiannual reports of earnings from loans and investments submitted by the banks.

The upward movement of interest rates generally has added to bank expense as well as to revenue. Thus, in the first half of 1956 interest expense reported by district member banks amounted to 1.41 percent of average time deposits, while a year earlier the ratio was 1.34 percent. The upward trend of interest on time deposits is likely to continue. Beginning January 1, 1957, member banks and other insured commercial banks were permitted higher *maximum* rates on time deposits and certificates than was true previously. The highest rate which can now be paid is 3 percent for savings or for time deposits and certificates of deposits with a duration of six months or more.

DEPOSIT CHANGE AT DISTRICT MEMBER BANKS DURING THE YEAR 1956



More credit for business, homes, autos

Not since 1932 has the ratio of loans to deposits been so high at district member banks. The loan growth, which occurred in every district state and part state last year, was a phenomenon common to banks throughout the nation. A comparison of the autumn (most recent available) Call Reports with those for a year earlier discloses that almost half the indicated $159 million loan increase at district banks represented additional commercial and industrial loans.

Loan increase in millions

10-5-55 to 9-26-56

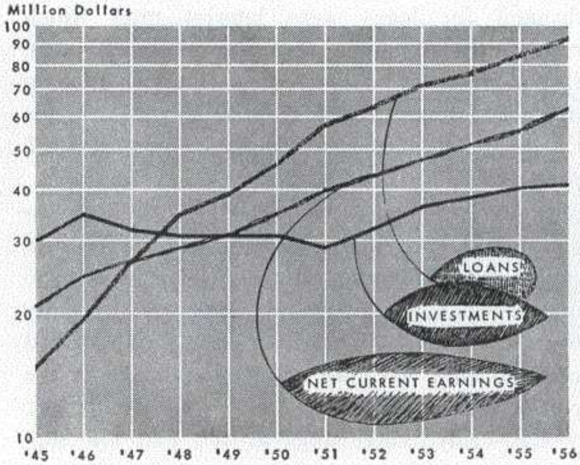
Commercial and industrial loans	$ 74
Real estate loans	49
Automobile paper	21
Other loans	15
Total loans	$159

Many lenders found real estate loans of fixed yield less attractive in 1956 than in 1955 owing to the rising interest yielded by other types of loans. Although real estate loans have increased in every postwar year at district member banks, the rate of increase declined markedly in 1956. Real estate loans rose $49 million in the year ended October 1956, while in the previous year an increase of $74 million was reported.

The rate of increase in auto paper held by district banks also fell in 1956, but only slightly. Paper worth $21 million was added in the year ended October 1956, while $25 million was added in the previous year. Of course, new car sales in the district also fell from 1955 to 1956.

At the end of 1956 district member bank loans were $181 million higher than a year earlier; this was a gain of 10.6 percent. In 1955 loans rose 14.6 percent. The loan growth in 1956 was financed mostly with additional deposits but partly with the liquidation of investments and with borrowing. Holdings of U. S. government securities were reduced by $78 million while other securities were acquired in the amount of $4 million.

NET CURRENT EARNINGS
AND EARNINGS FROM LOANS, INVESTMENTS
(ratio scale)



Renewed deposit growth in 1956

District member banks added almost 3 percent to total deposits in 1956. This increase compares favorably with the 2 percent gain reported by member banks in the rest of the nation and represents a reversal of the *net outflow* of deposits sustained in 1955. Deposits were up in every district state (or part state) except South Dakota.

The South Dakota experience reflected in part the fact that—farm incomewise—that state fared least well of any in the district last year largely because of drouth conditions. In the rest of the district cash farm income was up and other business continued at the prosperous level of 1955. Of course, the reversal of the previous decline in farm product prices was helpful to deposits at country banks in particular.

Percentagewise, country bank deposits (55 percent of the member bank total) were up 3.5 percent while city banks reported a 2.3 percent gain. Country bank loans were up 7 percent while loans at city banks rose almost 15 percent.

Borrowings at the Fed

Biggest news in the financial community last year was, of course, the growing competition for a limited supply of credit. Attesting to the great demand for loans were interest rates which reached the highest levels in more than 20 years. In April, with interest rates generally moving up, the Federal Reserve Bank of Minneapolis lifted the discount rate from 2.5 percent to 3 percent.

Despite the increased cost of accommodation at the Fed, the volume of borrowings continued very heavy. During the first seven months of 1956 member banks in the Ninth district consistently borrowed a much higher fraction of their required reserves than was true of member banks in the rest of the nation.

After July, borrowings at the Fed fell rapidly. The decline was associated with a larger-than-seasonal inflow of deposits. These provided cash to many banks which had been borrowing. Federal Reserve loans to member banks in the Ninth district averaged $35 million a day in 1956; in 1955 such loans averaged $42 million a day. Member banks availing themselves of the borrowing privilege numbered 106 in 1956 and 101 in 1955.

Our member banks face the new year with more loans relative to deposits than at any time in the past quarter century. While this development has benefited bank earnings, it has also reduced the amount of liquid assets in banks. Problems of bank liquidity are likely to occupy more attention of bankers in the future than in the recent past—particularly if loan trends of 1956 continue unchanged.

1956 REVIEWED . . .

Business good in year of contrasts

The year 1956 was one of widespread general economic growth in the district, but with contrasts in the degree of prosperity realized by the different sectors of the business community. Some categories of business or commerce considered the year just past as approaching the 'best ever.' Others faced a declining market. The business 'geography,' therefore, had its low spots, as well as its peaks, but the over-all district picture shows an expanding economy.

High employment a keynote

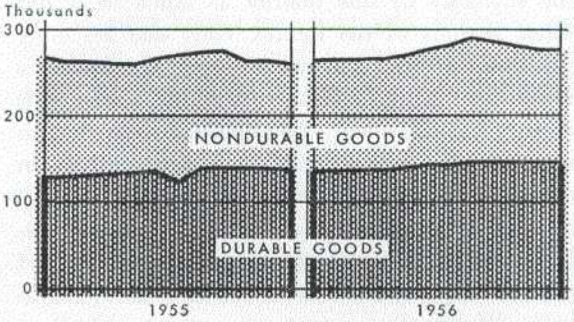
Rising employment* reflected this prosperity. In all district states employment rose during the year; in the greater part of the district (Minnesota, Montana, North Dakota and South Dakota) a new postwar record was established. In Upper Michigan and northwestern Wisconsin employ-

*Full and part-time employment — proprietors, self-employed persons, domestic servants, agricultural workers and personnel of the armed forces excluded.

ment rose from the relatively low level of 1955. It did not equal the level which prevailed from the period of 1950-1955.

While growth in employment indicates that the nation's current economic boom had its impact in the district, the expansion—at least in terms of employment—has not been quite as rapid as in other regions of the nation. The increase in employment from 1955 to 1956 in this district was 2 percent, nationally, 3 percent.

MANUFACTURING EMPLOYMENT IN NINTH DISTRICT STATES



Residential building below '55

Not all industries enjoyed prosperity. One industry to face a declining market was residential building. The number of new housekeeping units authorized by permits in Ninth district cities was down 19 percent from the number authorized in 1955. During the autumn builders in the larger cities cut back sharply on their building and laid off some of their workers.

The magnitude of the cutbacks made in home building is revealed by the number of starts. Generally, there is a decline in starts during the fall and winter months, but this year the decrease exceeded the usual seasonal trend. In the Twin Cities metropolitan area, housing starts in the fourth quarter of 1956 were down over 30 percent from the same quarter in 1955. The number of starts builders at the beginning of this year were planning to make during the first quarter was down another 25 percent from the number started in the fourth quarter of last year.

Sales of new houses in the fourth quarter exceeded the number of starts. Even so, in the Twin Cities more unsold houses were overhanging the market at the end of the year than in former years.

Iron mining nipped by strikes

The mining of iron ore was interrupted by labor disputes in the steel industry and, later, in the Pittsburgh Steamship division of the United States Steel Corporation. These disputes drastically reduced shipments of ore to lower lake ports in July and August. Shipments in these two months totaled 10.7 million gross tons as compared with over 12.5 million gross tons each in May and in June. During the strike period employees lost substantial amounts of income so that it became necessary for many firms to adjust repayments on charge accounts and instalment loans. Before the end of the shipping season part of the lost income was recovered through overtime pay. In the 1956 season 77.6 million gross tons were shipped as compared with 87.5 million in 1955 and 60.8 million in 1954.

Sag in durable goods

Slow farm-implement sales caused layoffs by manufacturers in this field. Because of the strong demand for workers in industrial centers, some of these workers secured either temporary or permanent employment with other firms. This shortened the period of idleness and, thereby reduced the loss of income for many laid-off workers and their families. The mild upturn in cash farm income has created some confidence that the sales prospects for farm implements will be brighter this spring.

The slump in automobile sales did not affect the economy of this district as much as it did other regions of the nation. Only one assembly plant and a small number of parts-manufacturers are located here. Obviously, however, automobile dealers and salesmen were affected by the drop in sales. In the four district states the decrease in sales, according to registrations, ranged from 9 percent in Minnesota to 19 percent in South Dakota. Even the latter percentage is small compared with a 34 percent decrease in the state of Michigan. Nationally, passenger car registrations dropped from 7.2 million in 1955 to an estimated 6.0 million in 1956, a decrease of 16 percent.

Nonresidential construction—source of strength

The volume of nonresidential construction, which proved to be a main prop to the nation's economy in 1956, set another record during the year. The expansion in this type of construction more than offset the contraction in home building. The amount of contracts awarded for all types of nonresidential construction—industrial, commercial, educational, public, and heavy engineering—aggregated $608 million in this district, *an increase of $99 million from 1955.*

The district boom in nonresidential construction was less marked than the national expansion. Industrial plant expansion, in particular, was not as strong here in 1956 as in the more industrialized areas. The smaller bulge in construction activity is reflected in the relatively moderate employment rise in this field—3 percent above the average monthly total in 1955 for both residential and nonresidential projects—compared with the national figure of 9 percent.

Manufacturing employment up

A strong district rise in manufacturing employment compensated for the moderate rise in construction. In this field the hiring of additional labor exceeded the national rate. The increase in the average monthly total in 1956 was 4 percent; in the whole nation it was only 2 percent. Most of the additional district workers were engaged in the manufacture of durable goods.

In Minnesota, where nearly 90 percent of the total district workers in the manufacture of durable goods are employed, the large increase in employment in 1956 was concentrated in the manufacture of electrical and nonelectrical machinery, excluding agricultural machinery. (In the latter industry, the average monthly employment in 1956 was down almost 10 percent from 1955.) Smaller increases in employment occurred in lumber and wood products, fabricated metal products, stone, clay and glass, and in primary metals.

In the field of government service, which ranks third among the employment categories in the Ninth district, the 1956 increase averaged 3 percent, due largely to the hiring of additional teachers in schools and colleges, one result of the steadily growing school population. In the other major industry divisions—mining, transportation and utilities, trade, finance, insurance and services—the increases in employment ranged from a fraction of 1 percent to a maximum of 2 percent.

Retail sales volume expands

A part of the rise in personal incomes during 1956 was directed into savings. Nationally, the proportion of personal disposable income saved rose from 6.8 percent in the fourth quarter of 1955 to 7.4 percent in the third quarter of 1956.

Consumers, at the same time, increased their purchases of goods and services. Sales in all retail stores in the nation were up 3 percent in 1956 from the preceding year, bringing sales to a record high of more than $191 billion, according to the U. S. Department of Commerce report. In December sales were up 4 percent from a year ago. Last minute Christmas buying boosted sales materially.

In this district the increase in department store sales from 1955 to 1956 was 6 percent, which was slightly above the national increase. December sales were up 11 percent from a year ago. Although the dollar volume of sales rose during the year, many merchants were disappointed with the volume during the Christmas season, which was due, in no small part, to a shift in sales from downtown stores to suburban shopping centers.

Upward pressure on prices

Prices in 1956 edged upward to new peaks. In the last half of 1955, the index of wholesale prices showed only a small increase to 111.3 percent of the 1947-49 base period, as rising prices of industrial commodities were largely offset by a sharp decline in farm products. In 1956, as farm product prices first recovered and then stabilized and industrial commodities continued to rise, the wholesale price index showed a large rise—to 116.2 percent in December, an increase of 4.5 percent in 12 months. Consumer prices also edged up. In the 12-month period ending November 1956, the index of consumer prices had risen by 2.4 percent with all of the increase occurring after April 1956.

Even in the declining housing market, prices rose during the year. The cost of labor, materials, profits and overhead for residential building in the Twin Cities metropolitan area continued to rise by 3.8 percent in the 1956 building season.* With profit margins of many builders squeezed by cost-price events of former years, in large part the recent cost increases were passed on to buyers. In the annual survey made on prices of houses in the Minneapolis metropolitan area last summer, it was noted that prices of new houses were up.

*E. H. Boeckh and Associates

Some observers report that the prices of existing houses began to sag in 1956. This may be the situation in the Minneapolis metropolitan area, but the *average* price paid by home buyers continued to rise at the end of the year. In a slow real estate market buyers have a greater selection, so the better houses may have sold, while the less desirable ones remained in the market. Under these circumstances, buyers may have purchased better quality houses for the prices paid.

Outlook is favorable

Employment in this district often declines in January to a seasonal low due to layoffs in construction, food processing and retail trade. This year the demand for labor has remained strong in the nonseasonal industries. In some industrial centers it has been difficult to fill all job openings.

The strong demand for labor in industrial centers is a good omen for the spring months. When seasonal industries again rehire their crews, employment in this district once more may be at a record level. With personal disposable income continuing high, the outlook for consumer purchases remains favorable.

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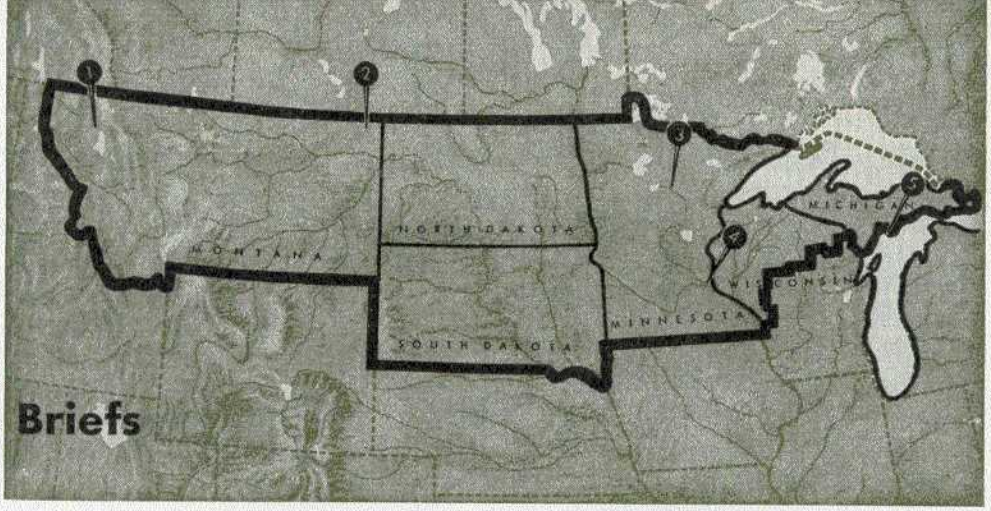
STATISTICAL REVIEW OF 1956

A four-page summary of statistical information which collates recent trends in various indicators of Ninth district economic activity—business, banking and agriculture—is now being prepared in mimeographed form. In past years these statistics appeared as part of the January issue of the *Monthly Review*.

This statistical information may be secured without charge by writing to the Research Department, Federal Reserve Bank, Minneapolis 2, Minnesota.

Subscriptions to the *Monthly Review* are available to the public, also without charge. To place your name on our mailing list write to the above address.



Economic Briefs

1. New plywood mill at Whitefish, Mont.

The new Whitefish Plywood Corp. will begin construction this spring of a $650,000 plywood plant at Whitefish, Montana to employ about 150 workers at an estimated annual payroll of $500,000. The plant site will be the present location of the Whitefish Lumber Co. which becomes part of the new corporation.

2. High volume Williston basin oil strike

An oil strike of high productivity was brought in by Amerada Petroleum Corp. during December near Outlook, Sheridan county, Montana. The well tested through a half-inch choke at a daily flow rate of 2,742 barrels from a Silurian reef formation at a depth of about 9000 feet.

3. Minnesota utility doubling plant

Minnesota Power and Light Co. of Duluth plans to double the size of its new Cohasset, Minn. power plant, now under construction. To the $13 million being spent for the 65,000 kilowatt plant a supplementary $12 million expenditure will add facilities furnishing an additional 65,000 kilowatts. The first 65,000-kilowatt generator is expected to be in operation in early 1958.

The utility's contemplated expansion and modernization costs for the next four years are estimated at $30 million.

4. Oil firm adds to T. C. facility

Socony Mobil Oil Co., Inc., St. Paul, has begun a $720,000 expansion to include: a $300,000, nine-mile products pipeline from the Great Northern refinery at Pine Bend to St. Paul; a 520,000-barrel increase in oil storage facilities; a new truck garage and dispatcher's office in St. Paul; new barge unloading facilities on the Mississippi river.

5. New ore dock to speed shipping

Lake Superior & Ishpeming Railroad will build a $10 million, 1,600 foot conveyer-type ore loading dock opposite Gladstone, Michigan on Lake Michigan. The project will be in operation for the 1959 season.

LS & I's present iron ore loading dock at Marquette (on Lake Superior) will be continued in its regular operation. The purpose of the new dock is to save vessel time by loading ships on Lake Michigan with ore destined for furnaces on that lake.