

Demings

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NINTH DISTRICT ECONOMY IN 1963

The growth experienced in the Ninth Federal Reserve District in 1963 depended to some extent on the growth in the nation as a whole. The economic prosperity or growth in the United States has a dominant influence on a particular region. Markets tie together the regional economies. Much of the agricultural products, manufactured goods and minerals produced in this district are sold in national markets. Credit and security markets have become predominantly national in scope. Both consumers and business executives in their decision making are influenced by attitudes and developments transmitted by the news media throughout the nation. The Federal Government through its large revenue collection and expenditure has become a far greater influence on economic activity than either state or local governments.

The economic growth in the United States during the current period of expansion, which began in February 1961, has not been as vigorous nor as consistent as in former ones. The Gross National Product, a conventional measure, rose by about \$29 billion in 1963 or by 5 percent, by 7 percent in 1962 and by 3 percent in 1961. Total personal income, which includes all current receipts received from all sources by individuals and families, rose by about \$20 billion, or by 4.5 percent, by 6 percent in 1962 and by 4 percent in 1961. The new jobs created in 1963, aggregating about 840,000 did little more than match the growth in the expanding labor force resulting in little improvement in the unemployment rate. In recent months, it was still fluctuating between 5.5 percent and 5.9 percent of the civilian labor force.

Although national developments have an important bearing on the district's economy, there are also developments within the district that have resulted in a faster rate of economic growth in some areas and slower in others than in the country as a whole. In considering the growth of a region, these factors are of prime importance.

Weather during 1963 was favorable for both agriculture and resort operations.

Feed crops were ample for livestock raising due to an adequate supply of moisture

in most areas. Crop yields were not a record but better than average due to favorable moisture conditions and temperatures during the growing season. Crop yields in this region not only affect agricultural income but also have a bearing on the volume of food processed in the many manufacturing plants. As a result of temperature extremes in 1963, receipts at resorts were generally higher than in former years. Hot temperatures during the summer stimulated vacationers to move to resorts in this region. The low winter temperatures and sufficient snowfall early in the year improved conditions for skiing and allied winter sports.

In some district localities, U. S. Government projects added to the volume of business activity. This has been the situation in the building of the Oahe Dam at Pierre, South Dakota and the Big Bend Dam below that city. The installation of Minuteman missile bases in Montana and North Dakota has added to business activity in a number of localities and the maintenance of military bases has benefited other urban centers.

Growth in a few centers has resulted from noneconomic factors. College and university communities are the best illustration where the rapid expansion in enrollment has led to an expansion in facilities and services.

The overall economic growth in the district states as a result of both national and regional developments can be described to some degree through the growth occurring in population, employment and income received by individuals and families residing here.

Population

Large numbers of people annually shift their residence, some within the district states and others to distant parts of the United States. The population movement out of the Ninth District states has been substantial ever since the thirties.^{1/} Farm and rural areas have a long history of out-migration; in fact, ever since the homesteading period ended, On the other hand, urban centers in

1/ See Larry A. Sjaastad, Migration and Population Growth in the Upper Midwest: 1930-1960. Upper Midwest Economic Study, p. 20.

district states have been growing rapidly although not fast enough to absorb all of the migrants from the rural areas.

The net out-migration during the decade of the 1950's was 5.39 percent of the 1950 population plus the increase in births during the decade. The rate was well over ten percent in North Dakota, South Dakota and Northwest Wisconsin. In spite of the rapid growth of the large urban centers, the out-migration is continuing in the current decade.

The district states in the period from July 1962 to July 1963 held more of the natural increase in their population than in the previous twelve months' period. The provisional estimates made by the Bureau of the Census on July 1, 1963 shows a significant population growth for all states except North Dakota and in that state the decrease declined from 10,000 in the earlier period to 1,000 in the latter. The increase in the four district states averaged 1.1 percent compared with 1.5 percent in the United States. The recent increase is no indication of the long-term population trend as there is considerable fluctuation in the rate of growth from year to year.

Employment

Ninth District employment during 1963 rose at about the same rate as in the nation. In the first 10 months of the year, employment in nonagricultural establishments rose by 1.3 percent as compared with 1.4 percent in the nation. As is always the case, employment over short periods of time and in certain regions fluctuates more than the total in the nation. The fluctuations are even greater from community to community where economic activity depends primarily on one or two basic industries.

The district's nonagricultural employment growth lagged materially in the first half of the 1950-1960 decade but improved in the latter half.^{2/}

^{2/} See R. Stephen Rodd and James M. Henderson, Employment and Earnings in the Upper Midwest; 1950-1960. Upper Midwest Economic Study, p. 20-22.

Employment in the first half of the decade grew by 8.0 percent and in the nation by 11.4 percent. The growth rate for the district as a whole was slightly higher than the national rate during the second half of the decade, 6.7 percent compared to 6.1 percent.

In the current period of economic expansion, which began in February 1961, district nonagricultural employment rose at a slower rate than in the nation but it also fell less during the mild recession of 1960. As a result, the growth over the entire period is above the national rate.

The total number of workers on district farms--including the farmer and his family--increased in both 1962 and 1963 due to the harvesting of better than average farm crops. Such employment has been declining over many years although not as rapidly as in some of the southern states. The recent increased labor on district farms is temporary and, in fact, the long-term downward trend remained in evidence even in the past two years.

How extensively the labor force is utilized in this district is revealed by the small number of individuals unemployed and seeking work here. Since there continues to be a net out-migration of workers during prosperous periods when there are better employment opportunities elsewhere, in the current period of economic expansion the percent of the civilian labor force unemployed has been quite consistently below that for the United States. During the first ten months of 1963, the rate has ranged from 5.0 to 5.5 percent in the district and from 5.5 to 6.1 percent in the nation, seasonally adjusted.

Although the Ninth District as a whole in the current recovery period has had a relatively low unemployment rate, it, at the same time, has had numerous areas of high unemployment. In October, the district had 52 areas or communities where job seekers were substantially in excess of job openings, the unemployed were 6 percent and over. Fortunately, these areas are not extensive and comprise a small proportion of the district total labor force. They are concentrated in the lumber and mining regions of Upper Michigan, Northern Wisconsin, Northeastern

Minnesota and Western Montana. A few isolated communities in other parts of the district also have appeared in the substantial unemployment classification, frequently due to the temporary or permanent closing of a manufacturing plant with a large work force.

Personal Income

The civilian income, excluding transfer payments and property income, that is, interest, dividends and rental income of persons, provides a more accurate measure of current economic activity by industry classification than does total personal income.

Such income in the four district states rose by 8.0 percent in 1962 and by 3.6 percent in 1963. The comparable increase in the nation was 6.2 percent and 4.0 percent respectively. In Montana, the income was up almost 10 percent in 1963, but in Minnesota and in South Dakota, it was up only slightly over 2 percent and in North Dakota, it was down about 5 percent.

Developments in agriculture influence the aggregate level of personal income to a marked extent in this district. In 1962, net farm income rose by a record 25 percent while in 1963 it declined by 5 percent from this high level. Crop yields in 1963 were above average in most areas of the district but they were not at the record yields harvested in the prior year and prices received by farmers for their products weakened in the first half of the year. On the other hand, prices paid by farmers for equipment, seed, fertilizer, etc. continued to inch upward. These prices averaged about 1 percent higher in 1963 than in the preceding year.

Even in this district where the economy is heavily weighted by agriculture, the largest source of income is derived from manufacturing. This income in 1963 rose by about 5 percent compared with 7 percent one year earlier. The output of durable goods was on a plateau in the first half of 1963 and then broke out on the top side in the latter half of the year. The output of nondurable products rose

quite steadily throughout the year.

District manufacturing since the mid-1950's has expanded faster than in the nation. During the general business recession extending from May 1960 to February 1961, the output remained fairly steady while in the nation it declined, and in the current period of economic expansion, the rate of growth in the district has exceeded slightly that occurring in the nation. It has absorbed a substantial portion of the labor released from agriculture.

Much attention has been devoted to the nature of the industrial growth in this region. A special study released in June 1963 ^{3/} provides detailed information on the expansion in Minnesota during 1962. A total of 62 new manufacturing plants, defined as a new manufacturing or research operation, were placed in service. The employment created was estimated at 4,320 and the estimated valuation placed on these facilities was \$44,350,000. A wide range of soft and hard products are produced in these plants. The expansion was brought about almost entirely by Minnesota-based companies; only two of the establishments were built and placed in operation by out of state companies.

There were 34 expansions, defined as an addition to an existing manufacturing or research operation, including the enlargement or remodeling of an existing building, the construction of a new building or the installation of additional or newer machinery or equipment. These facilities added an estimated 1,661 workers and increased the valuation of the plants by \$19,220,000.

The National Defense Program has had a differential affect on manufacturing in this region. The fundamental change made by the military from conventional weapons to missiles shifted a portion of the military prime contracts from the Upper Midwest to the Southwest and to the East Coast. Midwest manufacturers produced such hard goods items as vehicles and tanks which gave way to the production of electronics and missiles. However, the rapid growth of an electronic industry in Minnesota has resulted in the awarding of some prime contracts for such equipment

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^{3/} Research Division, Department of Business Development, State of Minnesota, Business Growth in Minnesota, 1962

in this state. In recent years, military prime contracts awarded in the four district states has been about 2 percent of the total which was approximately the proportion through both the World War II and Korean War periods.

The total income derived from mining operations in this district has grown only slightly since 1960. The source of income in many iron ore mining communities has been shut off abruptly as mines were closed. However, the expansion in the production of iron ore pellets in Minnesota and in Upper Michigan has offset this decline in income.

Iron ore shipments from U. S. ports in the Lake Superior region through November aggregated 55.4 million gross tons, up almost two million tons from a year earlier. The expanding production of pellets more than offset the decline in the tonnage of other types of ore shipped.

The expansion of taconite pellet capacity in Minnesota has been held up by mining companies until they receive an assurance from the people in the state of equal tax treatment with manufacturing in the state. If the proposed taconite amendment to the state constitution is adopted in November 1964, construction is expected to be started on several new plants. The Oliver Mining Division of the U. S. Steel Corporation has developed plans for a plant of 4 million tons of capacity annually near Mountain Iron, Minnesota. The Ford Motor Company, in association with Oglebay Norton Company, has announced plans to build a taconite plant of about 1.5 million tons capacity near Eveleth. The reserves of taconite ore are between Eveleth and Virginia and the beneficiation plant is to be built at Forbes on the St. Louis River, south of Eveleth. The McClouth Steel Corporation in Detroit announced in February 1963 that out of five possible sites for a taconite plant it has under consideration two in Minnesota. The plant would have a capacity from 2 to 2½ million tons annually.

The copper industry in the district is also/a transitional stage of installing new equipment and utilizing new deposits. A recent discovery of a rich

vein of copper near Mohawk, Michigan on the property of the Calumet and Hecla Mining Company has brought a new future to this community. Preliminary core tests show that the ore contains about 200 pounds of copper per ton whereas the ore mined in recent years has contained from 12 to 20 pounds per ton. A new shaft being sunk by the company is scheduled for completion in 1964.

In 1959, close to the White Pine mine near Ontonagon, Michigan, there was discovered a new ore body for which test cores revealed the ore to be at least 50 percent richer in copper than ore presently mined. The ore body is over 2,000 feet below the surface and must be mined by the more costly method of vertical shaft as opposed to the slope technique now employed. The new ore body is close enough by the present facilities so the ore can be fed into the present crusher and smelter. Mining from the new ore body is expected to begin in 1964.

In Montana, a copper concentrator has been built in Butte and the ore concentrated during 1963 was gradually shifted from Anaconda to Butte.

The other industries listed on the chart are secondary in that their growth depends largely on the number of workers employed and income received in the primary industries just described. Some of these industries are much larger than the primary ones. For instance, in terms of income generated, wholesale and retail trade is the second largest industry in the district.

The growth in income received from services requires a special comment as it includes the receipts derived from the tourist or vacation business. The receipts of hotels, motels and resorts rose sharply during the fifties and, on the basis of fragmentary information, continued in the present decade. The receipts at sporting and recreational camps in both Minnesota and South Dakota from 1954 to 1958 exceeded not only the national average but outperformed many of the states in the Southern and Western regions where large gains have been made in this field.

Summary

In general, the people residing in the Ninth Federal Reserve District enjoyed economic prosperity during 1963. The exception was mainly in the iron ore and copper mining regions where the transition in the mining industry has led to the closing of some mines, only partially offset by the opening of new ore bodies and the application of new mining techniques. The gain in population residing in the district states was greater than in former years. Employment in nonagricultural establishments expanding by about 25,000 increased at a rate comparable to that in the nation as a whole and the number employed on farms rose due to the harvesting of better than average crops. Unemployment, at the same time, was at a relatively low rate in the district. Personal income derived from current economic activity was not as high as in 1962 but approximated the increase in the nation.

IRON ORE SHIPMENTS FROM UPPER U.S. LAKE PORTS 1/
Gross Tons

	<u>1963</u>	<u>1962</u>
Taconite pellets <u>2/</u>	16,675,809	14,212,524
Jaspilite pellets <u>3/</u>	3,600,000	2,700,000
Other ores	<u>35,150,005</u>	<u>36,714,951</u>
Total	55,425,814	53,627,475

1/ Shipments made to December 1 in both years.

2/ Includes an estimated 1,000,000 tons shipped by Oliver Mining Co. Pilotac plant.

3/ Estimated on basis of expanded facilities.

Research Department
Federal Reserve Bank
Minneapolis
December 10, 1963

NINTH DISTRICT^{1/} PERSONAL INCOME FOR 1961, 1962, AND 1963 BY INDUSTRY

(Millions of Dollars)

	<u>1961</u>	<u>1962</u>	<u>1963</u>
Farm and Farm Wages	1,208	1,517	1,441
Mining	160	161	162
Construction	509	575	551
Manufacturing	1,503	1,606	1,680
Trade	1,353	1,391	1,448
Finance, Insurance and Real Estate	304	325	338
Transportation	456	462	462
Communications and Public Utilities	224	222	228
Net Services	691	747	789
Government	1,167	1,251	1,329

^{1/} Four full states (Minnesota, Montana, North Dakota and South Dakota).

Research Department
Federal Reserve Bank
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December 10, 1963



NINTH DISTRICT ECONOMY IN 1963

BY OSCAR LITTERER

The growth experienced in the Ninth Federal Reserve District in 1963 depended to some extent on the growth in the nation as a whole. The economic prosperity or growth in the United States has a dominant influence on a particular region. Markets tie together the regional economies. Much of the agricultural products, manufactured goods and minerals produced in this district are sold in national markets. Credit and security markets have become predominantly national in scope. Both consumers and business executives in their decision making are influenced by attitudes and developments transmitted by the news media throughout the nation. The Federal Government through its large revenue collection and expenditure has become a far greater influence on economic activity than either state or local governments.

The economic growth in the United States during

the current period of expansion, which began in February 1961, has not been as vigorous nor as consistent as in former ones. The Gross National Product, a conventional measure, rose by about \$29 billion in 1963 or by 5 percent, by 7 percent in 1962 and by 3 percent in 1961. Total personal income, which includes all current receipts received from all sources by individuals and families, rose by about \$20 billion, or by 4.5 percent, by 6 percent in 1962 and by 4 percent in 1961. The new jobs created in 1963, aggregating about 840,000, did little more than match the growth in the expanding labor force resulting in little improvement in the unemployment rate. In recent months, it was still fluctuating between 5.5 percent and 5.9 percent of the civilian labor force.

Although national developments have an important bearing on the district's economy, there are also developments within the district that have resulted in a faster rate of economic growth in some areas and slower in others than in the country as a whole. In considering the growth of a region, these factors are of prime importance.

Weather during 1963 was favorable for both agriculture and resort operations. Feed crops were ample for livestock raising due to an adequate supply of moisture in most areas. Crop yields were not a record but were better than average due to favorable moisture conditions and temperatures during the growing season. Crop yields in this region not only affect agricultural income but also have a bearing on the volume of food processed in the many manufacturing plants. As a result of temperature extremes in 1963, receipts at resorts were generally higher than in former years. Hot temperatures during the summer stimulated vacationers to move to resorts in this region. The low winter temperatures and sufficient snowfall early in the year improved conditions for skiing and allied winter sports.

In some district localities, U.S. Government projects added to the volume of business activity. This has been the situation in the building of the Yellow-tail Dam in the Bighorn River Canyon south of Hardin, Montana, the Clark Canyon Dam on the Beaverhead River south of Dillon, Montana and the Big Bend Dam on the Missouri south of Pierre, South Dakota. In addition to these major projects, there were numerous smaller ones at reservoirs, irrigation districts and military bases. For instance,



JOHN DANIELS

CHEMICAL PROCESSING

Several significant developments of the past year could make 1964 a prosperous year for agriculture and the industries such as ADM that are so closely allied with it:

1. Record production of crops in 1963.
2. The prospect that wheat exports may reach one billion bushels in the 1963-64 marketing year.
3. The vote of wheat farmers last spring for the freedom to manage their own affairs and to compete on an even greater scale for world markets.

The all-crop production index for 1963 is 110 percent (1957-59 = 100), which surpasses the previous high of 108 percent in 1960 and 1962. The first corn crop exceeding four billion bushels and the first soybean crop exceeding 700 million bushels contributed substantially to 1963's record production.

If wheat exports during the year reach the billion-bushel level, carry-over supplies will be reduced

about 465 million bushels and will total only 725 million bushels. This is approximately 50 percent of the record wheat carry-over and is about the minimum safe reserve stock for the United States.

Even with the record corn crop produced in 1963, consumption and export are expected to exceed that production, further reducing feed grain stocks. Soybean supplies are in close balance in spite of high production. Domestic processing and exports continue to increase. Increased demand for soybean meal at home and abroad is holding soybean prices above the price support level but, because of low oil prices, processors find their profit margins reduced.

The increased production and widening foreign markets for grain will accelerate merchandising, handling and processing. Grain procurement offices, terminal elevators, mills and plants throughout the Upper Midwest should be unusually active in the year ahead.

The rising production of grains and desire of the farmer to compete for markets throughout the world place an obligation on allied industries to speed that grain to market as rapidly and economically as possible. It also intensifies industry's responsibility to create new uses and new markets for agricultural products.

To facilitate the movement of grain from farm to market in this country and abroad, the grain industry has expanded its merchandising activities in this country and abroad. New export elevators will provide year-around access to world markets for midwestern grain.

The world grain market offers a promising outlet to farmers for their products, but equally important is research for development of new and more profitable uses for agricultural products. From the natural fats and oils derived from agricultural commodities, scientists are developing new materials for uses as diverse as paints, plastics, foundry products, foods, detergents, cosmetics, paper making and ore separation.

The chemical industry, especially that part of it based on agricultural materials, is expected to continue expanding in the year ahead. Competition in this part of the chemical industry will continue to be intense and profit margins will tend to stay narrow.

In view of these conditions which prevail as 1964 opens, it appears that the year ahead will be one of continued high level business activity for agriculture and associated industries, with no boom and no recession. If congress votes a tax cut, the outlook will be even better.

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Growth in a few centers has resulted from non-economic factors. College and university communities are the best illustration where the rapid expansion in enrollment has led to an expansion in facilities and services.

The overall economic growth in the district states as a result of both national and regional developments can be described to some degree through the growth occurring in population, employment and income received by individuals and families residing here.

POPULATION

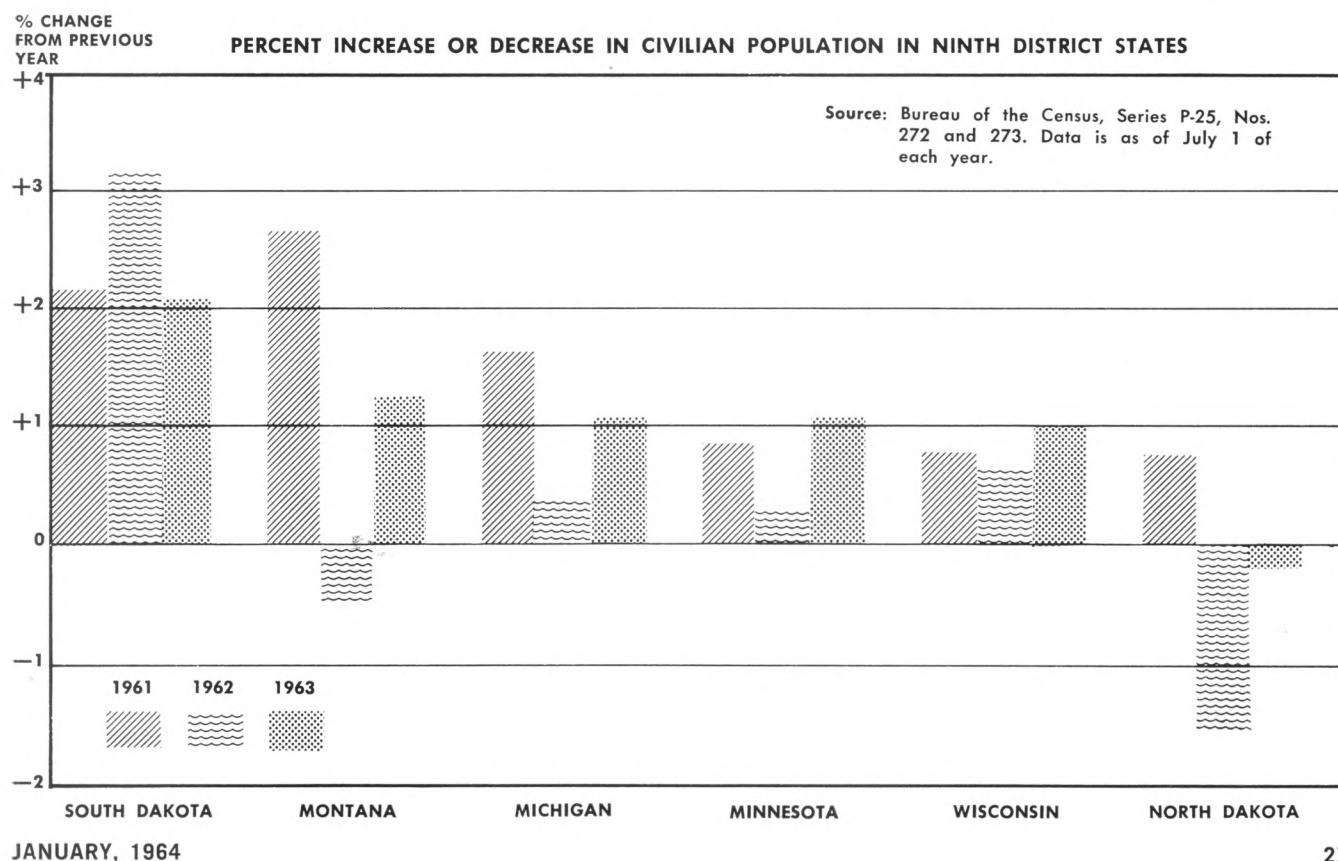
Large numbers of people annually shift their residence, some within the district states and others to distant parts of the United States. The population movement out of the Ninth District states has been substantial ever since the thirties. Farm and rural areas have a long history of out-migration; in fact, they have had ever since the homesteading period ended. On the other hand, urban centers in district states have been growing rapidly, although not fast enough to absorb all of the migrants from the rural areas.

The net out-migration during the decade of the 1950's was 5.39 percent of the 1950 population plus the increase in births during the decade. The rate was well over 10 percent in North Dakota, South Dakota and Northwest Wisconsin. In spite of the rapid growth of the large urban centers, the out-migration is continuing in the current decade.

The district states in the period from July 1962 to July 1963 held more of the natural increase in their population than in the previous twelve months' period. The provisional estimates made by the Bureau of the Census on July 1, 1963 show a significant population growth for all states except North Dakota, and in that state the decrease declined from 10,000 in the earlier period to 1,000 in the latter. The increase in the four district states averaged 1.1 percent compared with 1.5 percent in the United States. The recent increase is no indication of the long-term population trend, as there is considerable fluctuation in the rate of growth from year to year.

EMPLOYMENT

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case, employment over short periods of time and in certain regions fluctuates more than the total in the nation. The fluctuations are even greater from community to community where economic activity depends primarily on one or two basic industries.

The district's nonagricultural employment growth lagged materially in the first half of the 1950-1960 decade but improved in the latter half. Employment in the first half of the decade grew by 8.0 percent and in the nation by 11.4 percent. The growth rate for the district as a whole was slightly higher than the national rate during the second half of the decade, 6.7 percent compared to 6.1 percent.

In the current period of economic expansion, which began in February 1961, district nonagricultural employment rose at a slower rate than in the nation but it also fell less during the mild recession of 1960. As a result, the growth over the entire period is above the national rate.

The total number of workers on district farms — including the farmer and his family — increased in both 1962 and 1963 due to the harvesting of better than average farm crops. Such employment has been declining over many years although not as rapidly

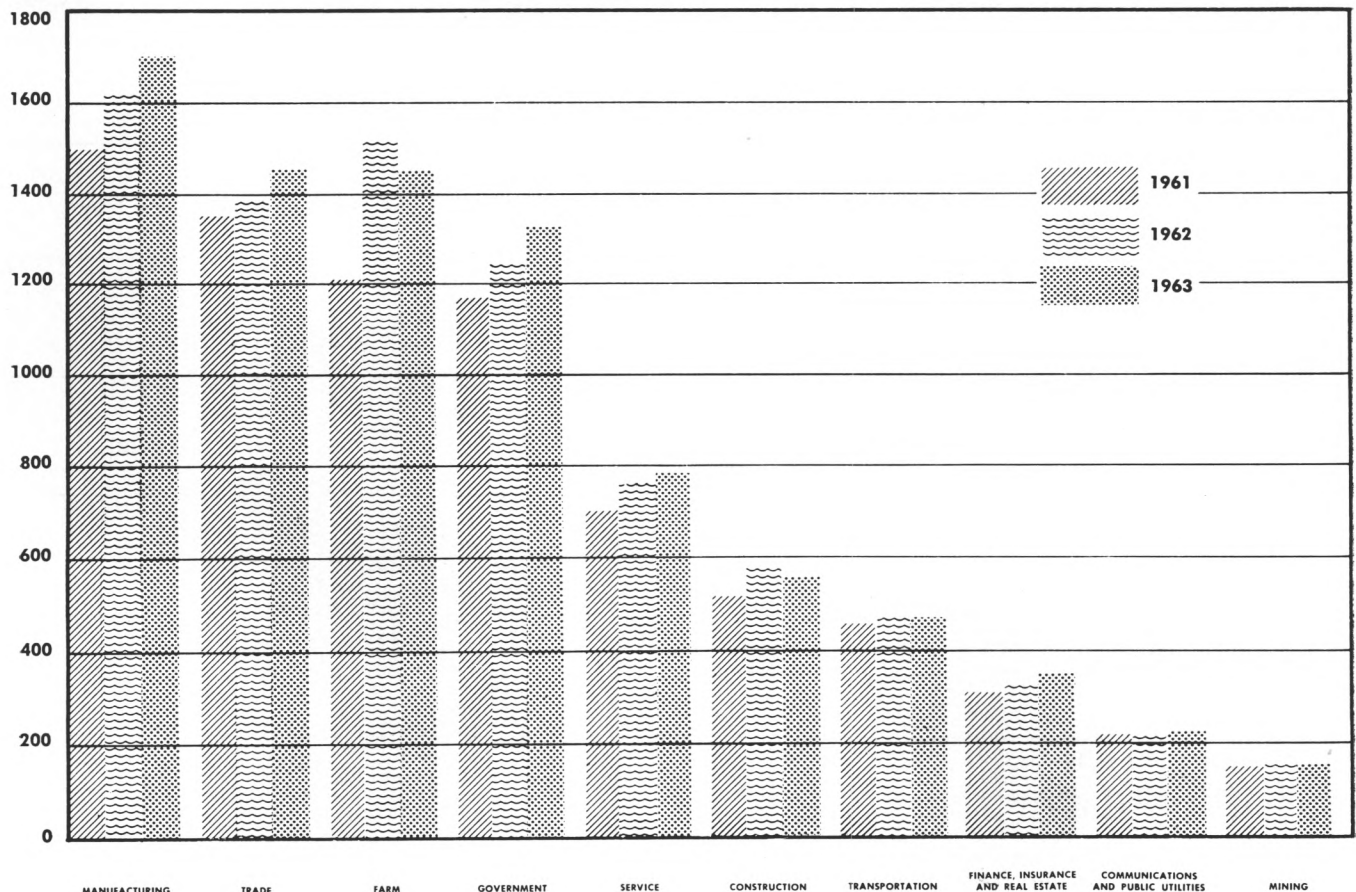
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How extensively the labor force is utilized in this district is revealed by the small number of individuals unemployed and seeking work here. Since there continues to be a net out-migration of workers during prosperous periods when there are better employment opportunities elsewhere, in the current period of economic expansion the percent of the civilian labor force unemployed has been quite consistently below that for the United States. During the first ten months of 1963, the rate has ranged from 5.0 to 5.5 percent in the district and from 5.5 to 6.1 percent in the nation, seasonally adjusted.

Although the Ninth District as a whole in the current recovery period has had a relatively low unemployment rate, it, at the same time, has had numerous *areas* of high unemployment. In October, the district had 52 areas or communities where job seekers were substantially in excess of job openings, the unemployed were 6 percent and over. Fortunately, these areas are not extensive and comprise

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a small proportion of the district total labor force. They are concentrated in the lumber and mining regions of Upper Michigan, Northern Wisconsin, Northeastern Minnesota and Western Montana. A few isolated communities in other parts of the district also have appeared in the substantial unemployment classification, frequently due to the temporary or permanent closing of a manufacturing plant with a large work force.

PERSONAL INCOME

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Developments in agriculture influence the aggregate level of personal income to a marked extent in this district. In 1962, net farm income rose by a record 25 percent while in 1963 it declined by 5 percent from this high level. Crop yields in 1963 were above average in most areas of the district but they were not at the record yields harvested in the prior year and prices received by farmers for their products weakened in the first half of the year. On the other hand, prices paid by farmers for equipment, seed, fertilizer, etc., continued to inch upward. These prices averaged about one percent higher in 1963 than in the preceding year.

Even in this district where the economy is heavily weighted by agriculture, the largest source of income is derived from manufacturing. This income in 1963 rose by about 5 percent compared with 7 percent one year earlier. The output of durable goods was on a plateau in the first half of 1963 and then broke out on the top side in the latter half of the year. The output of nondurable products rose quite steadily throughout the year.

District manufacturing since the mid-1950's has expanded faster than in the nation. During the general business recession extending from May 1960

to February 1961, the output remained fairly steady while in the nation it declined, and in the current period of economic expansion, the rate of growth in the district has exceeded slightly that occurring in the nation. It has absorbed a substantial portion of the labor released from agriculture.

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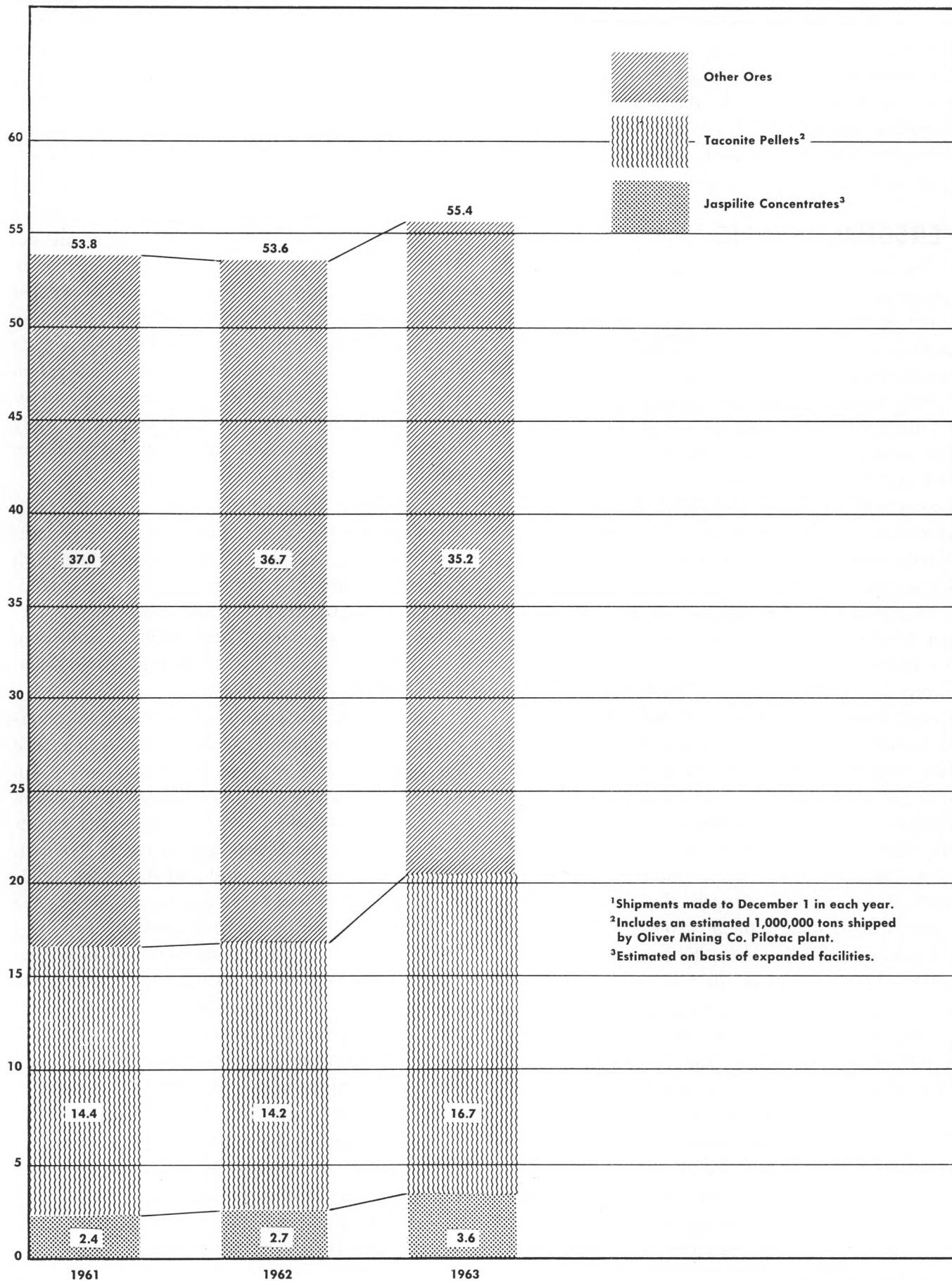
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The total income derived from mining operations in this district has grown only slightly since 1960. The source of income in many iron ore mining communities has been shut off abruptly as mines were closed. However, the expansion in the pro-

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IRON ORE SHIPMENTS FROM UPPER U. S. LAKE PORTS¹



duction of iron ore pellets in Minnesota and in Upper Michigan has offset this decline in income.

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The expansion of taconite pellet capacity in Minnesota has been held up by one mining company and pellet user until they had received an assurance from the elected officials of the state of equal tax treatment with manufacturing in the state. The Ford Motor Company, in association with Oglebay Norton Company, announced plans in February 1963 to build a taconite plant from 1.5 million to 2 million tons capacity near Eveleth. The Ford Motor Company announced in December that ground will be broken for the plant in the spring of 1964. The reserves of taconite ore are between Eveleth and Virginia and the beneficiation plant will be built at Forbes on the St. Louis River, south of Eveleth.

The building of other plants may be held up until companies receive an assurance from the people in the state of equal tax treatment. If the proposed taconite amendment to the state constitution is adopted in November, 1964, construction may be started on several new plants. The Oliver Mining Division of the U. S. Steel Corporation has developed plans for a plant of 4 million tons of capacity annually near Mountain Iron, Minnesota. The Hanna Mining Company also is considering building a plant near Nashwauk, Minnesota. The McClouth Steel Corporation in Detroit announced in February 1963 that out of five possible sites for a taconite plant it has under consideration two in Minnesota. The plant would have a capacity from 2 to 2½ million tons annually.

The copper industry in the district is also in a transitional stage of installing new equipment and utilizing new deposits. A recent discovery of a rich vein of copper near Mohawk, Michigan on the property of the Calumet and Hecla Mining Company has brought a new future to this community. Preliminary test cores show that the ore contains about 200 pounds of copper per ton whereas the ore mined in recent years has contained from 12 to 20 pounds per ton. A new shaft being sunk by the company is scheduled for completion in 1964.

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In Montana, a copper concentrator has been built in Butte and the ore concentrated during 1963 was gradually shifted from Anaconda to Butte.

The other industries listed on the chart are secondary in that their growth depends largely on the number of workers employed and income received in the primary industries just described. Some of these industries are much larger than the primary ones. For instance, in terms of income generated, wholesale and retail trade is the second largest industry in the district.

The growth in income received from services requires a special comment as it includes the receipts derived from the tourist or vacation business. The receipts of hotels, motels and resorts rose sharply during the fifties and, on the basis of fragmentary information, continued in the present decade. The receipts at sporting and recreational camps in both Minnesota and South Dakota from 1954 to 1958 exceeded not only the national average but outperformed many of the states in the Southern and Western regions where large gains have been made in this field.

SUMMARY

In general, the people residing in the Ninth Federal Reserve District enjoyed economic prosperity during 1963. The exception was mainly in the iron ore and copper mining regions where the transition in the mining industry has led to the closing of some mines, only partially offset by the opening of new ore bodies and the application of new mining techniques. The gain in population residing in the district states was greater than in former years. Employment in nonagricultural establishments expanding by about 25,000 increased at a rate comparable to that in the nation as a whole and the number employed on farms rose due to the harvesting of better than average crops. Unemployment, at the same time, was at a relatively low rate in the district. Personal income derived from current economic activity was not as high as in 1962 but approximated the increase in the nation.



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STATEMENT OF CONDITION

December 31, 1963

RESOURCES

Cash and Due from Banks	\$208,739,246.32
U.S. Government Obligations	106,350,306.60
Other Bonds and Securities	35,951,996.12
Loans and Discounts	346,478,014.32
Federal Funds Sold	12,000,000.00
Customers' Liability on Acceptances..	8,523,046.39
Income Earned But Not Collected....	2,614,893.18
Bank Premises, Furniture and Fixtures	10,074,370.02
Other Resources	1,662,486.39

TOTAL RESOURCES\$732,394,359.34

LIABILITIES

Capital Stock	\$ 15,000,000.00
Surplus	25,000,000.00
Undivided Profits	11,686,819.67
Reserve for Possible Future	
Loan Losses	6,235,237.66
Reserve for Interest, Taxes, etc.	5,228,122.92
Income Collected But Not Earned...	5,071,660.71
Letters of Credit and Acceptances....	8,523,046.39
Deposits	655,649,471.99

TOTAL LIABILITIES\$732,394,359.34

NORTHWESTERN NATIONAL BANK OF MINNEAPOLIS

MARQUETTE AVENUE, SIXTH TO SEVENTH STREETS • MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

