

S I X K E Y S T O T H E C I T Y

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The Ninth Federal Reserve District is composed of four full states: Montana, North and South Dakota, and Minnesota; plus parts of two others, Wisconsin and Michigan. The Twin Cities are the major gateway to this area, which is a big area, indeed -- 1,800 miles long and 475 miles deep, or 13.9% of the continental United States, exclusive of Alaska. For many years of the history of the district, the gateway role was almost literally true, because of the railroad and highway pattern. Today, while airlines and expanding highway networks have assisted in the reorientation of the peripheral communities toward rival emerging metropolitan areas outside the district, like Salt Lake City, Denver, Omaha, and the West Coast, to much of the district the Twin Cities are still at the center of the social and economic life of the district. There is no other area of similar size where there exists such a concentration of the economic and demographic factors -- where one community (and to most of the district, like most of the United States, the Twin Cities are a single community, regardless of the intensity of local feeling in the Cities to the contrary) looms so very much larger by most standards than any of the other communities in the district.

Certainly the figures are impressive:

---- Population. The Twin City population was 1,482,000 in 1960, and has grown at an estimated annual rate of 25,000 to a total of 1,609,600. In 1960, the population of the district was 6,288,000, which was 6,480,000 at

year end 1964. Approximately 25% of the population of the district is to be found in the Twin Cities -- and the percentage is probably increasing.

---- City rank. The next largest cities are the Duluth-Superior and the Fargo-Moorhead complexes; the first with 282,600 in 1965, and the second with 114,000. From here, the rank dips below 100,000, to Sioux Falls, Billings, and Great Falls, in that order. Nationally, the Twin Cities are 14th, with Duluth-Superior at 102nd, and Fargo-Moorhead at 190th. Sales Management estimates that from 1960 to 1962, the Twin Cities had the fastest rate of growth in suburban population among the first fifteen; the percentage gain of the metropolitan area itself was among the highest.

---- Employment. With 632,700 individuals employed in 1965, the Twin Cities accounted for 39.4% of all non-agricultural employment in the district, and 54.4% of all manufacturing jobs.

---- Value added to industrial products through manufacture. This index is a rough reflection of industrial production. In 1963, the Twin Cities with \$1.9 billion accounted for 60% of the total for the four full states of the district. The estimated manufacturing growth rate of 21.5% from 1962 to 1965 ranks first in the nation.

---- Consumer market. At \$2.4 billion, the Twin Cities rang up an impressive 29% of the total sales in the district. With a buying power of \$8,836 per household, the Twin Cities placed ninth in 1964 among the first fifteen.

---- Bank debits. These are checks drawn against depositors' accounts. In 1964 the Twin Cities accounted for 62% of the district total, and 63.2% in 1965.

---- Bank deposits. Total deposits in all insured commercial banks

in the district on 12/31/64 were \$9,474.1 million; of this total, Twin City banks held \$3,355 million, or 35.4%. They held 59.8% of all deposits in Minnesota.

---- Cultural. The Twin Cities have ten accredited four-year colleges, one of which is the nation's fifth largest; museums, the Guthrie Theatre, and a number of little theatres; fine musical groups, including a nationally famed symphony orchestra, plus a Metropolitan Opera "season" -- even those essential elements of American culture, the professional ball clubs, are represented with the Twins and the Vikings.

The list could be extended, but this much is more than enough to establish that the Twin Cities have passed what a physicist would call a critical mass -- which means simply that the Twin Cities may have reached a point of self-generation of population, financial, and cultural growth. This hardly means that the community leaders can relax their efforts to consciously direct the growth of the community; to the contrary, the increase in responsibility is in direct proportion to the growth. Now is the time to take steps that will prevent problems from becoming crises. This responsibility has more than an intra-city scope, for to a considerable degree the growth of the Twin Cities has been at the expense of the rest of the district. One out of city banker criticized feelingly the gateway analogy, likening it instead to a squeeze chute. In defense, this has not been a conscious process, but one that simply mirrors the changes taking place all over the United States.

Obvious to all are the shifts from a rural society to an urban one; from an agriculture-based economy in the district to one where manufacturing and processing are occupying increasingly important roles. This has caused a defensive attitude to develop in the district, for while

these changes may be recognized intellectually by other communities in the district, they are neither welcomed nor accepted.

Obligation and size go hand in hand. A considerable responsibility is imposed upon the successful in our society to become involved with the less successful and less fortunate. This has always been an accepted pattern of the American life -- although much of the emphasis has shifted from the private sector to the public sector. This has not been a welcome shift to many of us, but it has come about partly through the enormity of forces of change, and partly through default.

The phrase, "enlightened self interest", might well be the credo of private enterprise. It is with this spirit the Twin Cities should pursue an active program designed to help the smaller areas of the district. There are many advantages this district has to offer national corporations and federal agencies. United effort and broad political support are necessities. This means some degree of mutual assistance and concern is essential, if any community, including this one, is to be successful in attracting further growth.

Just one example, close to home -- the range of personal income in Minnesota is from \$3,953 in Mahnommen County to \$9,089 in Hennepin County. The average for all counties in the state was \$7,230. Personal income is personal purchasing power. Much of the low income bias is because of under-employment in old agricultural areas. Where light industry has moved into some of the smaller towns of southern Minnesota to take advantage of this stable work force potential, the community improvement has been dramatic. Space, water, and under-employed people on small farms are major attractions

of many places in the district -- attractions that are enhancing in value as they disappear in older areas of the country. The growth out in the district must have an immediate spiralling effect on the Twin Cities, which cannot be otherwise because of the financial, trade, and transportation relationships within the district.

In economic circles, linkage research is receiving major attention. This is no more than the determination of cause and effect. We are all pretty much in the same boat. The excellent research work of the Upper Midwest Research and Development Council was born of this recognition, and its current action phase is designed to take advantage of this fact. The outlines of the Ninth Federal Reserve District were influenced by the remarkable homogeneity of the area, and this is still largely true. It is no accident of convenience that the Upper Midwest Research and Development Council chose as its sphere of interest the entire district. While there have been dramatic differences emerge in the statistics, as indicated earlier, the lines of inter-dependence, of mutual reliance, have become an incredibly intricate network -- stronger rather than weaker; more numerous rather than fewer.

We all tend to move in steps. This is true of business development and social awareness alike. Every program has latent within it the seeds of its own decay, and the speed of the decay is usually in proportion to the initial impetus of the program. In an evolving society, there can be no rest; never can we afford the luxury of complacency at having done our part by solving yesterday's problems. Those problems have been quickly replaced by new ones never dreamed of yesterday. It is a process that is gradual,

continuous, and inexorable -- a straight line rather than steps.

The pattern of leadership in the Twin Cities has many high water marks, of which, certainly, the wholehearted support of the Upper Midwest Research and Development Council is one of the highest. This effort, in which businessmen, educators, and community leaders across the district joined was the first organized approach to the common problems and an uncommon future for the whole district. It is with some temerity, then, this assignment was approached; but new, fresh looks at our spheres of influence are important, because, to paraphrase the late Senator Barkley's story -- someone is always going to ask -- "Yes, but what have you done lately?"