MONTHLY REVIEW

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FEDERAL RESERVE BANK OF MINNEAPOLIS
FEBRUARY 1965

Wheat tasks recall an earlier day

A wheat crop in the bin marks the end of only one segment of the wheat crop year—the physical one. Those concerned with 1964 wheat production must now settle down to the difficult task of advising and recommending new wheat legislation and of coping with the wheat laws already in existence. Indeed, one of the tougher jobs facing the 89th Congress is to formulate wheat legislation for the 1966 crop and for future years. And, while Congress struggles with that problem, many of the district's spring wheat producers must decide for themselves the extent to which they wish to participate in the current program for the 1965 crop year. Today's tasks, in fact, are a replica of those of just four years ago when first the wheat program underwent a major change; and later, when wheat producers were involved in the debate which led to the famous wheat referendum of 1963.

Conditions under which the 1966 wheat crop will be planned are uncertain and obviously open to much speculation. That there will be new legislation is certain, however, because the current program ends with the end of the 1965 crop year. Thus, for the third time since 1961, Ninth district wheat producers face the prospect of relearning the rules and regulations.

The search for a program that will solve the many problems of wheat production and marketing has led to some proposals which vary markedly from the types of programs that have so far been implemented. Each of the past programs registered a definite impact on the district's economy; but an objective evaluation is difficult if not impossible not only because of the differences in the programs themselves, but also because of the problem of weighing the features of the programs against a myriad of causative economic and natural conditions that existed during the crop years. District wheat production, however, has been influenced by three distinct programs since 1961:

1. The year 1961 marked the end of a wheat program that had been in effect with minor variations since the mid-1950s. That program, which in retrospect appears relatively simple, consisted primarily of per-farm acreage allotments based on a national acreage allotment of 55 million acres and a national average price support which in 1961 amounted to $1.79 per bushel.

2. The wheat program underwent considerable change in 1962 when it became obvious that the previous program was inadequate in terms of coping with the surplus production. What developed for 1962 was an admittedly stop-gap program termed the "Emergency Wheat Program." In essence this program reduced the acreage allotment to about 49 million acres, raised the support price to $2.00 per bushel (national average), and, in addition, provided for direct payments to participating farmers for land diversion—an attempt to induce them to take acreage out of production. The Emergency program was continued through 1963 with the same acreage allotment, but with a lower price support ($1.82 per bushel) and some changes in diversion payments.

3. The Emergency program was superseded by

the 1964 program which retained the acreage allotment at 49 million acres and also continued diversion payments, but at a much lower level of payment to the farmer. The crucial additional differences between the 1964 program and its predecessors were, however, the addition of a marketing allotment or certificate scheme, and, while retaining price supports, dropping the support guarantee to $1.30 per bushel (national average).

Acreage ups and downs

As indicated previously, while these programs have had a decided effect on the district's wheat economy, it is difficult to know just how much to attribute to the mechanisms of the programs themselves. For example, the mandatory cutback in acreage allotments, as well as additional voluntary restrictions in 1962, undoubtedly reduced district acreage considerably (see acreage figures in Table 1). In 1963, however, due to a change in the schedule of payments, there was somewhat less incentive to voluntarily reduce acreage, and the total number of harvested acres expanded somewhat. In 1964, when there was still no great incentive within the program to encourage producers to cut back acres further than the required restriction, district acreage expanded to the highest level of the four-year period.

The most important factor characterizing the past four years in terms of wheat production, however, has been the weather. In 1961 the crop was severely reduced by drought, as is shown in the yield figures in Table 1. A complete reversal occurred in weather during the succeeding three years, expanding total output sharply. Thus, in 1964, district wheat production reached over 300 million bushels, an output two-thirds larger than that of 1961.

In evaluating the economic impact of these different programs, the total size of the wheat crop is a crucial consideration. Until 1964 any wheat producer who complied with all the requirements of the programs received support prices on all of his production, a feature which tended to encourage producers to maximize outputs within their allotments. Drafters of the 1964 program, however, sought to reduce the incentive to maximize output through the use of a system of price differentials. More specifically, this plan made use of a certificate scheme whereby the farmers' wheat, in effect, was priced at three different levels—domestic, export, and market. The latter price was generally assumed to be the price at about feed grain level. Farmers who participated in the program

TABLE 1—WHEAT PRODUCTION, 1961-64

	1961	1962	1963	1964*	% Change 1963-64
Minnesota					
Harvested acres (thou.)	1,022	702	877	925	+ 5.5
Yield per acre (bu.)	24.0	24.6	24.7	23.0	— 6.9
Total production (thou. bu.)	24,560	17,286	21,697	21,280	— 2.1
Montana					
Harvested acres (thou.)	3,679	3,465	3,817	3,722	— 2.5
Yield per acre (bu.)	14.7	22.6	23.5	24.1	+ 3.8
Total production (thou. bu.)	54,048	78,297	89,869	90,821	+ 1.1
North Dakota					
Harvested acres (thou.)	5,730	5,452	5,624	6,233	+10.8
Yield per acre (bu.)	12.1	28.7	22.2	24.2	+ 9.0
Total production (thou. bu.)	69,431	156,423	124,862	150,842	+20.8
South Dakota					
Harvested acres (thou.)	2,260	1,721	2,013	2,134	+ 6.0
Yield per acre (bu.)	14.4	17.3	14.6	17.6	+20.5
Total production (thou. bu.)	32,545	29,824	29,368	37,563	+27.9
4 States					
Harvested acres (thou.)	12,691	11,340	12,331	13,014	+ 5.5
Yield per acre (bu.)	14.2	24.9	21.6	23.1	+ 6.9
Total production (thou. bu.)	180,584	281,830	265,796	300,506	+13.1

*Preliminary

were issued certificates based on a "normal" production figure which was based on an adjusted five-year output average. The certificates were issued in the following order: *domestic,* 70 cents a bushel on the first 45 per cent of normal output; *export,* 25 cents on up to the next 45 per cent of the normal production. The remaining 10 per cent of normal production plus any production over normal received only market or support price. Thus in 1964 farmers faced a situation whereby the more wheat they produced, the less the value of the additional output in terms of income.

Given the total output figure, the concept of basing farm support on "normal" production was of great importance. Yet, "normal" output as used in the program was determined on the basis of individual participating farms; and the aggregate figure was and is unavailable. The size of the 1964 crop relative to the 1958-62 average, however, gives some indication of the "above-normal" production that occurred during the past year in the district. In total, district output exceeded the 1958-62 average by about 17 per cent. In 1964 the crop in North Dakota was 26 per cent above the average; in Montana, 16 per cent; and in South Dakota, 3 per cent. The Minnesota crop was 8 per cent under the average. Thus, in the district, particularly in the important wheat producing areas, considerable amounts of wheat were eligible only for the lower support prices. This situation, together with the lower market prices that have prevailed since the program began in July, has in many respects cast the current program in an unfavorable light, at least as far as producers are concerned.

A sharp change in the demand situation during 1963 is another factor which tends to cloud an objective evaluation of the progress of the district's wheat economy. In that year the increase in exports to eastern Europe exerted a marked impact on the market price for wheat during the first half of the crop year. During 1964, however, the demand for wheat was not only down from levels of the previous year, but production was up. The result: market prices reflected support levels much more closely.

Payments increasingly important

Despite the near impossibility of making a meaningful comparison of program impacts, there is one common denominator that seems to allow at least partial judgment to be made concerning the state of the district's wheat economy. That common denominator can be determined by looking at the makeup of district wheat producer income. That income comes from two sources—cash receipts from the marketing of wheat and from direct payments made by the government to the participating farmers. And the latter payments have been becoming increasingly important as a source of wheat income. No direct payments were involved in the 1961 program, although farmers received some of the advance payment for the 1962 program in 1961. Under the Emergency Wheat Program of 1962 and 1963, direct payments to district farmers amounted to $55 million and $61 million respectively. In 1964 the direct payment for land diversion and certificates amounted to nearly $112 million in the district.

The payments for this year's program not only point up the income supplement, but also depict the changed nature of the 1964 program (see Table 2). Moreover, the increase in total payment in 1964 over the earlier years indicates the amount of participation in the programs. For example, due to relatively minor participation in the 1963 program, the amount of direct payment in Montana in 1964 was about 2½ times the 1963 total. On the other hand, the 79 per cent increase in

TABLE 2—DIRECT GOVERNMENT PAYMENT 1964 WHEAT PROGRAM

(thousands of dollars)

	Certificates	Land Diversion	Total
Minnesota	$ 6,525	$ 534	$ 7,059
Montana	27,318	1,567	28,885
North Dakota	53,374	3,744	57,118
South Dakota	17,397	1,361	18,757
4 States	104,614	7,206	111,820

direct payments in North Dakota reflects a continuation of strong program participation. In actual dollar terms the increase in direct payments over 1963 amounted to $25 million in North Dakota, $21 million in Montana, $4 million in South Dakota, and $1 million in Minnesota.

An income comparison not only indicates a shift in the source of wheat income from supported markets to more reliance on direct government payments, but also reflects the shift in policy orientation toward maintenance of farm income as opposed to maintenance of prices. Because 1964 cash receipts are unavailable by commodities, a rough approximation of what has been happening in wheat can be made by weighing and totaling production, normal marketing patterns, and average monthly prices (see Table 3). To the estimates of cash receipts one can add the 1964 direct payments in order to make total return comparisons of the past three years. On the basis of the estimates, direct cash receipts for marketing of wheat show a decline of 20 per cent from 1963 to 1964. An 83 per cent increase in total government payments, however, brings the total wheat income to about 10 per cent of the 1963 total. The estimated 1964 wheat income closely approaches the 1962 level and is well over that of 1961. Wheat income in North Dakota would appear to be sharply cut from 1963, and down to a somewhat lesser extent in Minnesota. The estimate places 1964 wheat income at roughly the same level as in 1963 in Montana and South Dakota.

How much of the estimated decline is due to the program? Undoubtedly some of the loss in income can be attributed to the program, but not all. Any conclusions must be drawn with full recognition that other factors besides program change, particularly the demand and supply and the weather. What the results of the 1965 crop year will be under the current program is difficult to foresee, although they should closely approximate those of this year given the same levels of wheat production. From there and into the future only time and Congress can provide the answers.

TABLE 3—WHEAT INCOME, 1961-64

(thousands of dollars)

	1961	1962	1963	1964*	% Change 1963-64
Minnesota					
Cash receipts	46,610	43,534	42,174	36,361	— 14
Govt. payment	398	6,911	5,599	7,060	+ 26
Total return	47,008	50,445	47,773	43,421	— 9
Montana					
Cash receipts	104,239	143,007	157,552	129,877	— 18
Govt. payment	801	8,899	8,310	28,885	+248
Total return	105,040	151,906	165,862	158,762	— 4
North Dakota					
Cash receipts	185,648	252,131	286,219	213,204	— 26
Govt. payment	2,550	26,470	31,918	57,118	+ 79
Total return	188,198	278,601	318,137	270,322	— 15
South Dakota					
Cash receipts	71,756	68,763	56,721	53,854	— 5
Govt. payment	1,149	12,627	15,112	18,757	+ 24
Total return	72,905	81,390	71,833	72,611	+ 1
4 States					
Cash receipts	408,253	507,435	542,666	433,296	— 20
Govt. payment	4,898	54,907	60,939	111,820	+ 83
Total return	413,151	562,342	603,605	545,116	— 10

*1964 cash receipt figures are estimates based on normal calendar year marketings and monthly prices received by farmers. Thus, the receipts reflect marketings from the 1963 and 1964 wheat crops.

Employment picture 1964

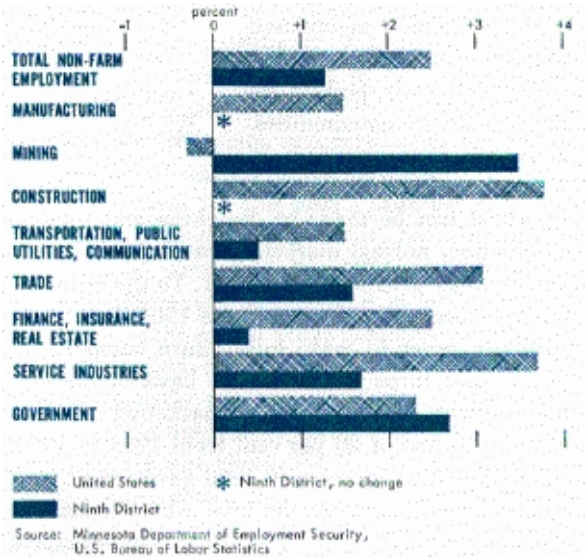
Business cycle students will note 1964 as the fourth year in the expansion phase of the cycle which began in February 1961. During this fourth year, the employment picture brightened along with the general business climate. According to a Department of Labor preliminary announcement, the national unemployment rate for December dropped to 4.7 per cent.[1] Also vigorous business activity in the Ninth district resulted in a correspondingly improved district employment picture.

As one observes the data, it is evident that general improvement has characterized most categories of employment and unemployment. An average unemployment rate of 4.3 per cent was reported in Minnesota, prompting a headline in the Minneapolis *Tribune* in January which read "Jobless Average Lowest Since 1956." With a reported December 1964 figure of 4.8 per cent, Montana improved on its December 1963 unemployment rate of 5.5 per cent. An unemployment rate which averaged 3.4 per cent of the labor force was reported for the Twin City metropolitan area.

Employment growth

Although the total employment picture in the Ninth district has improved, an examination of growth rates by sector reveals that the district has not achieved the growth rates experienced by the entire nation. Chart 1, for example, shows that average employment in nonagricultural establishments increased by 2.5 per cent in the nation and by only 1.3 per cent in the Ninth district. Further, the sector breakdown shows that the Ninth district lagged behind the national growth rates in all sectors except mining and government.

Chart 1—Employment growth by sector, Ninth district and U.S.



Note: The data are for the first 11 months of the year and are compared to the corresponding 11-month averages for 1963. Also, the data are only for wage and salary workers, and thus exclude self-employment, domestics, and armed services personnel.

[1] None of the data presented here, including U.S. figures, are adjusted for seasonal variations. Also none of the district data include the Wisconsin portion of the Ninth district.

Employment in Ninth district mining establishments grew by 3.5 per cent while the national figure decreased by 0.3 per cent. High demand for copper and recent developments in the taconite industry boosted employment particularly in the Montana and Minnesota mines. Labor-management disputes in Michigan, however, have tended to slow the rate of growth in the mining sector there.

The higher growth rate in the Ninth district in the number of government employees was due primarily to increases in state and local government employment rather than in the federal government. The number of federal employees in the Ninth district tended to either stabilize or decline during 1964.

The Ninth district registered zero with regard to increases in both manufacturing and construction employment, while the U.S. showed substantial percentage gains in both categories, particularly construction. North Dakota experienced a substantial over-the-year gain in construction due in part to construction of missile launch facilities in the eastern portion of the state. Minnesota registered a small gain for the year, but Montana and South Dakota construction employment tended to lag behind the 1963 levels.

Employment in the Ninth district transportation, communications, and public utilities sector gained only 0.5 per cent over the number employed in this area in 1963. This sector also experienced the smallest (except for mining) growth rate at the national level. The number of employees in the finance, insurance, and real estate sector also increased slightly.

Since in terms of employment, the trade sector is the largest of the Ninth district nonagricultural employment sectors as compared to the nation where manufacturing is by far the largest, increased employment in trade of 1.6 per cent thus had a significant impact on the growth of total employment.

The service industries, which hold a strong fourth place in size of employment in the Ninth district (behind government and manufacturing), averaged about 230,000 workers during 1964 for a gain of 1.7 per cent.

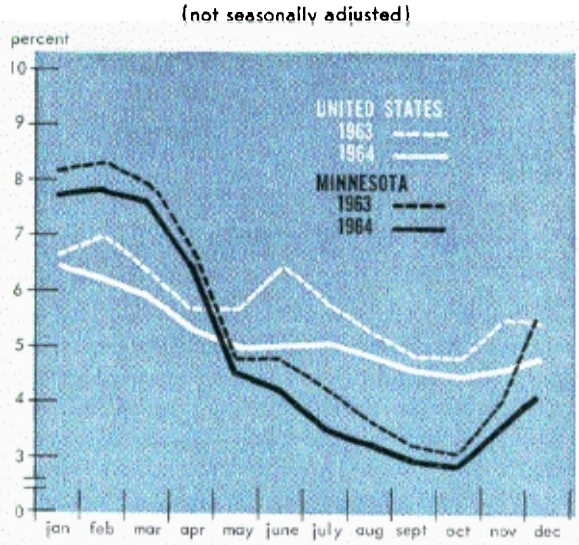
Unemployment down

Although the Ninth district has lagged behind the nation in terms of employment growth, states within the district did at least as well as the nation in handling the unemployment problem. Minnesota, for example, registered an average unemployment rate for 1964 of 4.3 per cent while the national figure was 5.2 per cent.

Other parts of the district also registered examples of solid improvement during the year. The Duluth-Superior area reported 2,800 job-seekers in November 1964 as compared to 3,800 in November 1963. The Upper Peninsula of Michigan reported an unemployment rate of 4.8 per cent in October 1964, a figure which compares quite favorably to October rates of 6.0 in 1963, 6.8 in 1962, and 9.6 per cent in 1961.

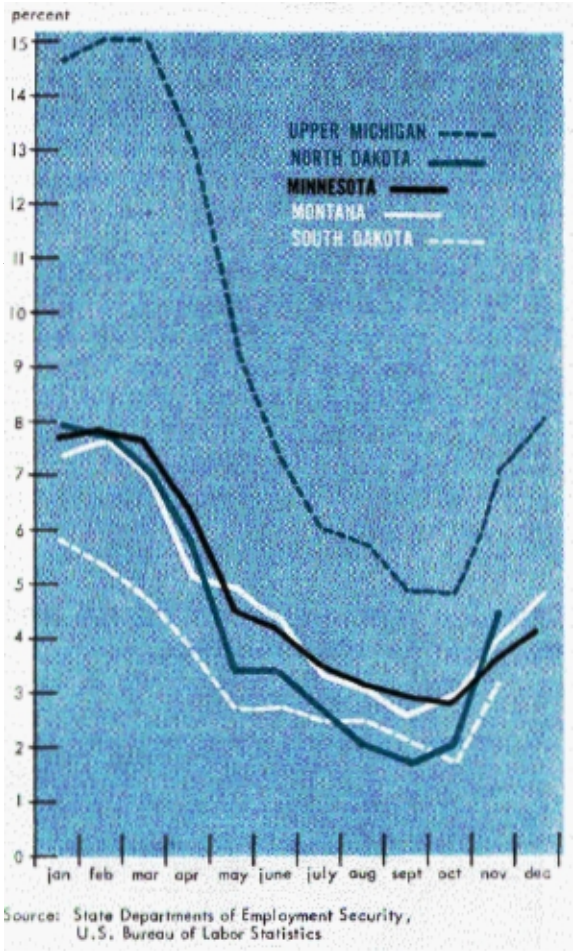
Chart 2—Per cent unemployment, U.S. and Minnesota for 1963 and 1964

(not seasonally adjusted)



Source: Minnesota Department of Employment Security, U.S. Bureau of Labor Statistics

Chart 3—1964 unemployment—Ninth district; Upper Michigan, North Dakota, Minnesota, Montana, South Dakota



Source: State Departments of Employment Security, U.S. Bureau of Labor Statistics

A few reversals may be observed in the year-to-year comparisons, but those which did appear were small. For example, South Dakota reported an unemployment rate of 3.2 per cent for November 1964 which was up from 2.9 per cent in November 1963.

At least two aspects of the unemployment picture are illustrated in Chart 2. First, if Minnesota is used as the representative of the Ninth district (this is partially justified by Chart 3), it is seen that both the Ninth district and the nation showed uniform improvement in 1964 over 1963—the per cent of unemployed workers was lower in each month than for the corresponding month in the previous year. Second, the tremendous seasonal fluctuation in employment in the Ninth district may be observed from Chart 2. Climatic conditions are, of course, principally responsible — conditions which do not necessarily hold for the nation as a whole. Thus, when district unemployment percentages approach those of the nation, a favorable relationship for the district is apparent.

A comparison of the Ninth district states and their unemployment percentage for 1964 is shown in Chart 3. The chart also illustrates why the Minnesota figures are fair representatives of the whole Ninth district. South Dakota has obviously done better than Minnesota and Michigan worse. The total unemployment figures for each state show that Minnesota has 66.7 per cent of all the unemployed workers in the district; Montana, 11.5 per cent; and the other three states, about 7 per cent each. Thus a weighted average (by these percentages) places the district average very close to the Minnesota figure.

Conclusions

The Ninth district economy expanded moderately in 1964, but the employment picture brightened considerably. Weekly initial claims data show that Minnesota bettered year-ago levels in 37 of the 52 weeks, and Michigan and South Dakota exceeded even this. For insured unemployment numbers, Minnesota improved in 44 of the 52 weeks.

Increased levels of income and consequent high levels of demand provided increases in job numbers at a faster rate than the rate of increase in the work force. Thus the average level of unemployment was maintained at below the national levels. An increased level of demand for labor was suggested by the Federal Reserve Bank's monthly "Help Wanted Advertising Index" which registered year-to-year gains every month ranging from 2.2 per cent to 14.9 per cent.

Current conditions . . .

Most of the region's economic and financial indicator series signaled a generally steady growth trend throughout 1964. Nevertheless, the district's economic performance did not quite equal the brilliant record of the nation as a whole. This one-step-behind record is not surprising, however, since district crop output was curtailed by drouth, and farm prices were relatively weak; also, agriculture is a much more significant factor in this region as compared with the nation. Trends in district personal incomes, employment, and industrial output, although favorable, did not quite match those of the nation, partly due to reduced crop output and lower farm incomes.

There is little evidence as yet to indicate any change from 1964's economic patterns during this first quarter of 1965. Reduced farm incomes from year-ago levels may continue to exercise a sobering influence on businesses closely associated with agriculture. A survey of country bankers in the district in late 1964 revealed the opinion that farmers have reduced their spending—especially expenditures for major items. Because of unusually heavy livestock feeding requirements during the winter as a result of the snow cover on fields, pastures, and ranges, farmers were reported to be borrowing heavily at banks in some western areas. Farm debt refinancing was reported to be dominating much of the farm loan demand in the district.

Our survey of opinions of Ninth district business leaders about current business conditions taken in early January, indicates a general consensus that recent economic growth patterns will continue. Some respondents were more pessimistic, particularly those located in the several drouth areas of last summer, and in Montana and the western Dakotas, where extra severe snowstorms recently caused loss among livestock.

Current reports from the state employment offices around the district, but particularly in Minnesota, indicate that a rising number of job openings are available and that unemployment rates are relatively low.

Plant construction following the passage of the "taconite amendment" in Minnesota apparently is beginning to stir new life into the economic body of one of the region's economically depressed areas—northeastern Minnesota.

In the district financial area, recent trends indicate a brisk demand for loans with commercial and industrial loans particularly evident, although the "all other" category has also expanded. Liquidity ratios remain about unchanged from late 1964 levels. At present, there appears to be ample credit availability at commercial banks to meet all reasonable demands.

The district's nonagricultural sector is highly sensitive to national economic trends. Business activity currently is strong, as indicated by such factors as strength in new orders for durable goods, a step-up in inventory investment, and a marked acceleration of production of business equipment over the past year. Many of this area's

business enterprises sell much of their products outside district boundaries and hence favorable national economic trends are reflected back onto the Ninth district. Almost all business forecasts for 1965 indicate a view that further economic expansion is ahead, but perhaps at not quite such an exuberant pace as in 1964.

The following selected topics describe particular aspects of the district's current economic scene:

Livestock feeding pattern mixed

At the beginning of 1965 a mixed feeding pattern characterized livestock enterprises in the district, according to recent U.S. Department of Agriculture reports. The number of cattle on feed on January 1 of this year in four district states was up 4 per cent with the largest relative gain occurring in Montana. Increases of 4 per cent and 6 per cent were experienced in the important feeding states of Minnesota and South Dakota respectively. The number of cattle on feed in North Dakota declined slightly.

Sheep and lamb feeding was at much reduced levels at the first of the year as compared with a year earlier. Decreases occurred in each of the district states except Montana.

The December pig crop report indicated cutbacks in hog production in each of the district states with the largest reduction occurring in Minnesota. Prospects for hog production in the near future are for a continuation of cutback trend. Estimates for the December 1964-May 1965 period indicate an 8 per cent reduction from a year earlier in the number of sows to farrow in the district. Minnesota farmers plan a 12 per cent cutback in farrowings during that period, while farmers in North Dakota and Montana indicate cutbacks of 15 and 5 per cent respectively. No change is expected from a year ago in the number of sows farrowing in South Dakota.

TABLE 1—SHEEP AND LAMBS ON FEED

(thousand head)

	Jan. 1 1964	Jan. 1 1965	1965 as a per cent of 1964
Minnesota	161	109	68%
Montana	92	100	109
North Dakota	122	109	89
South Dakota	273	254	93
4 States	648	563	87
26 Major States	3,673	3,327	91

TABLE 2—CATTLE ON FEED

(thousand head)

	Jan. 1 1964	Jan. 1 1965	1965 as a per cent of 1964
Minnesota	487	506	104%
Montana	85	95	112
North Dakota	166	163	98
South Dakota	329	349	106
4 States	1,067	1,113	104
28 Major States	9,104	9,154	101

TABLE 3—HOGS AND PIGS ON FEED*

(thousand head)

	Dec. 1 1963	Dec. 1 1964	1965 as a per cent of 1964
Minnesota	3,190	2,758	86%
Montana	163	144	88
North Dakota	301	280	93
South Dakota	1,533	1,471	96
4 States	5,187	4,733	92
United States	53,863	49,453	92

*Includes all hogs and pigs not kept for breeding.

City bank credit ends year strongly

City banks in the district ended the year on a strong note: during December loans and investments advanced a substantial $32 million, considerably better than the usual year-end performance (see Table 1). This upsurge in credit, encouraged by a sizable inflow of new deposits during the month, reflected a step-up in the demand for credit by both consumers and business. Outstanding loans rose $30 million to account for the stronger than usual increase in total credit, while city bank investment holdings gained only $2 million. With-

in the loan category the largest advances were recorded in commercial and industrial loans (up $20 million) and in "all other loans" (up $9 million). The gain in commercial and industrial loans, which paralleled a strong rise in business loans throughout the nation, was almost entirely concentrated in the middle week of the month when many corporations borrowed to meet their quarterly income tax and dividend obligations. "All other loans" is a category that largely contains consumer loans, and the $9 million gain in this class of loan resulted, for the most part, from an increase in single payment loans (as opposed to installment loans) in the two weeks just prior to Christmas, most probably to meet the expenses of the holiday.

Credit at country banks during December, unlike that at city banks, declined $10 million. Loans were up $12 million, about the same as in other recent years, but this gain was more than offset by a $22 million reduction in investments which occurred—despite the fact that deposits and reserves were not under pressure.

TABLE 1—CHANGE IN LOANS AND INVESTMENTS DURING DECEMBER

(millions of dollars)

	December 1964	Average December Change*
All Member Banks		
Loans**	$+42	$ +7
Investments	— 20	—12
Total	+22	— 5
City Banks		
Loans	+30	— 4
Investments	+ 2	0
Total	+32	— 4
Country Banks		
Loans	+12	+11
Investments	—22	—12
Total	—10	— 1

*Average based on December figures for the years 1960-63.

**Excludes interbank loans.

Business conditions brightest during 1964's final weeks

General business conditions in the Ninth district remained bright as the final month's data were collected in 1964. The only really disheartening event in the last weeks of the year was the blizzard in the western part of the district which caused some localized livestock losses.

Bank debits (checkbook spending), one of the most current indicators of business activity, capped an exceptional performance year registering year-to-year gains of 11 per cent and 7 per cent respectively for November and December. The November figure was particularly impressive since it is the usual seasonal pattern for November debits to be below October debits. In 1964, however, the pattern was reversed and November bank debits increased by $100 million. The advance was due entirely to Minnesota figures; all other states in the district reported October-November declines.

Consumer installment credit outstanding at commercial banks advanced slightly in November, but the volume of new credit extended showed its usual seasonal decline. Total bank loans plus investments made strong advances in November and December to levels that were almost 8 per cent above the year-ago levels.

Dun and Bradstreet data on business failures show that the Ninth district followed the national pattern: failures were fewer in number, but the total valuation of the firms that did fail was larger. On a year-to-year comparison for November, the number of Ninth district failures was down by almost 25 per cent, but the valuation of failures was up by almost 300 per cent.

Personal income dipped slightly from October to November from $13.247 billion to $13.239 billion (seasonally adjusted annual rate for four full states), but the November figure remained 4 per cent above the year-ago level. Montana was the only one of the four states to register an October-November increase. The decline was for the most part accounted for by a drop in the farm proprietors' income component.

Economic Briefs

1. Kaiser expands cement plant

Kaiser Cement & Gypsum Corporation has launched a $1.1 million expansion of its cement plant at Montana City, Montana. Four new silos are being added to the $10 million plant which was completed in 1963. The new facilities will enable the company to store an additional 150,000 barrels of cement.

2. Minuteman project set for Montana

Contract bids were asked in January for the first-phase construction of 50 Minuteman launch facilities and five launch control centers near Malmstrom Air Force base outside of Great Falls, Montana. Estimated cost of this initial phase of the reinforced concrete underground project is $10 million; for the entire complex, $60 million. The project will add between 1,000 and 1,300 military personnel to the Strategic Air Command at Malmstrom.

3. Sugar beet refinery expected to be ready for 1965 crop

Installation of machinery in the new $19 million plant of the American Crystal Sugar Company at Drayton, North Dakota, is expected to be completed in time for processing the 1965 sugar beet crop. The new plant, North Dakota's first sugar refinery, will have a capacity of 5,000 tons of beets per day.

4. Gas company to extend pipeline

Northern Natural Gas Company has received authorization from the Federal Power Commission to extend its main pipeline from Duluth into the Mesabi Iron Range in Minnesota. Also, 116 miles of branch lines were authorized to enable the company to serve 17 Range communities and their nearby taconite processing plants. Estimated cost: $13.8 million.