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FEDERAL RESERVE BANK OF MINNEAPOLIS

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TAXES AND COSTS TEMPER OPTIMISM

# Land Price Decline Halted in Early '54

## Fewer farm sales have added strength to market; more sales credit financed

FARM real estate values in the Ninth district appear to have leveled off in early 1954 following the four- to five-percent drop that has occurred since 1952.

High hog prices, stabilized cattle values, and effective price support programs for grains thus far this year have given some support to the land market.

The trend that land values will take during the second half of 1954 is as yet obscure. However, the possibility of some increase in defense program expenditures and a continuing favorable level of activity in general business would, if these materialize, impart some additional support to the land market. At least, such factors may tend to moderate the price-depressing effect of possible further declines in farmers' net income during 1954.

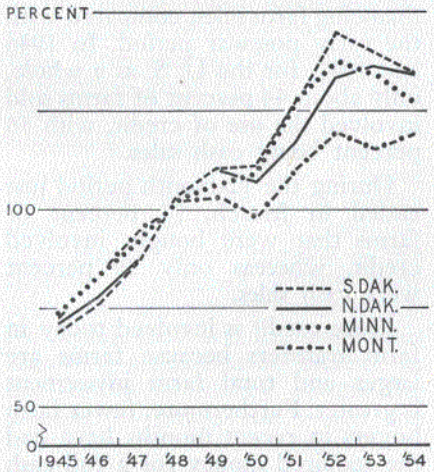
Farm land values in Ninth district states are now only slightly below the postwar peak periods of late 1952 and early 1953—not more than 5 percent in most areas. In fact, the land market in the Ninth district within the past three years has been at the highest point on record with the exception of the wildly speculative land market that prevailed during 1920 and early 1921.

Following the speculative land boom of the early 1920's, values in the Ninth district declined precipitously to a low point just prior to World War II. During the war, prices advanced substantially, but the really big boom in district land values occurred after the cessation of hostilities in 1945. (See chart.)

### *Values vary by area*

The price of farm land per acre varies greatly of course from state to state and even from farm to farm. This is understandable since great differences exist in soil, topography, and climatic conditions within the district.

**VALUE PER ACRE OF FARM REAL ESTATE: MARCH 1954 WITH COMPARISONS 1947-49 = 100**




Source: USDA "The Farm Real Estate Market, 1954."

For example, land values per acre in southern Minnesota are higher than are values per acre in most northern sections of the state. Montana land values are quite different from Wisconsin land values. It is because of such variations that state or even county average values per acre can be misleading.

Prices of farms are usually quoted on the basis of so much per acre (shown in table, next page). This price is a composite of both land and building values. Some farms have few if any improvements, other farms are well improved with a substantial building investment per acre. Where such improvements are in line with functional requirements of the farm, these values are reflected in the quoted land values per acre.

In Minnesota and Wisconsin, on a state average basis, the value of buildings as a percent of total farm value is much higher than it is in the Dakotas and Montana. This is true for at least two reasons: 1) The average sized farm in the eastern area is much smaller than is the case in the west, and 2) building investment per farm is much higher in the more intensive live-

stock farming enterprise areas of Minnesota and Wisconsin.

In other words, more buildings and improvements are usually required for a diversified dairy, hog, and poultry farm in Minnesota than for a cattle or wheat ranch in Montana. (See chart.)

### Fewer farms offered for sale

Immediately following World War II there was a flurry of voluntary farm sales. Many farmers were ready and able to retire at that time. There existed, too, a strong demand because returning veterans and other young men (many tenants) were bidding for the available farms.

This sales activity reached a peak during 1946 and 1947 in the Ninth district. Since then a sharp decline has occurred. The volume of voluntary farm sales declined more than 50 percent from this peak. The decline in volume of sales during the year ending on March 15, 1954, also was substantial. In Montana it was over 20 percent, but the decline for the area as a whole was approximately 12 percent.

North Dakota was an exception —in fact the only exception in the U. S., because farm transfers actually increased in that state during this 12-month period. One reason was that farm owners in North Dakota for several years had been extremely reluctant to sell following the discovery of oil in 1951 in the Williston basin until oil-bearing lands were more clearly defined.

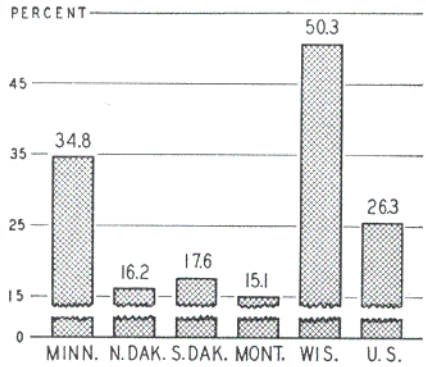
Even though land transfers in North Dakota were 1 percent higher for the year ending last March compared with the previous year, land transfers continue at a very low rate, particularly in the western half where the oil activity is centered.

**Average Value of Farm Land and Buildings per Acre on March 1, 1952 and 1954**

| State | 1952 | 1954 |
|---|---|---|
| Minnesota | $105.83 | $98.06 |
| North Dakota | 35.96 | 36.08 |
| South Dakota | 40.73 | 37.84 |
| Montana | 20.37 | 18.65 |
| Wisconsin | 104.88 | 99.30 |

SOURCE: USDA, "Farm Real Estate Market." March—1954.

**VALUE OF BUILDINGS PER FARM AS A PERCENT OF THE FARM'S TOTAL WORTH, AS OF MARCH 1954**




Source: "The Farm Real Estate Market," March 1954.

There are a number of reasons why voluntary sales of farms have declined in recent years, some of which are: 1) The favorable returns from farming in recent years; 2) The relatively high capital gains tax; 3) Mechanization and improved living conditions on farms; 4) Low rates of return on alternative investments; 5) Keeping farm property as a hedge against inflation; and 6) Increases in availability and variety of all kinds of durable goods.

All these factors have played a part in the slowing of voluntary transfers of farm land in recent years. They also account for the present relatively high price level on farm land.

### More farms sold on credit

In recent months credit has been used much more extensively in financing farm sales, compared with the early postwar period. In 1946 and 1947, for the U. S. as a whole, only about 44 percent of farms sold involved the use of credit, with 56 percent being cash sales.

During the 12-month period just ended in March, 71 percent of farms that were bought involved credit, whereas only 29 percent were cash sales.

More credit is involved today in farm transfers because farms are larger and total farm investment is greater. Furthermore, fewer farm buyers in recent months have had the required money for a full-cash settlement.

Those close to the land market report that more and more prospective buyers of farms lack even the necessary down payment requirements of lenders. This is due in part to lenders becoming more conservative in their lending policies. That is, many lenders may be unwilling to lend a substantial proportion of the sale price because farm values are so near record-high levels and because of fear of further declines in farmers' net income.

It is believed, however, that credit has not tightened to the extent that it is an appreciable influence in depressing farm land values. Lower land values are substantially a reflection of the substantial decline in net farm income of recent years.

### Taxes and costs modify land values

While a growing population and a constant land supply give strength to farm land values in the longer view, there are some offsetting factors that apply to the shorter-run situation. One of these is the ever-increasing operating costs associated with modern farming.* Still another is the tendency for improved research and technology to increase farm production to the point where farm surpluses are a problem. Also, foreign markets for farm products have declined.

Farm real estate taxes are also a factor. They are now the highest on record. Higher taxes and other fixed charges reduce net income and therefore land capitalization values. Taxes of $400 to $900 per year on moderate-sized southern Minnesota farms are not uncommon in 1954. Ten years ago, taxes were about half these amounts. • • •

*See the May Monthly Review, page 140.

**Taxes Levied on Farm Real Estate Amount per Acre, by States**

| State | 1940 | 1945 | 1950 | 1952 |
|---|---|---|---|---|
| Minnesota | $ .66 | $ .85 | $1.33 | $1.47 |
| Montana | .11 | .13 | .21 | .25 |
| North Dakota | .22 | .25 | .43 | .43 |
| South Dakota | .28 | .32 | .47 | .51 |
| Wisconsin (Entire State) | .78 | .96 | 1.57 | 1.74 |

SOURCE: USDA, "Agricultural Finance Review," Vol. 16, Nov. 1953—page 110.

Note: Farm real estate taxes have increased substantially since 1940. Although not shown, reports indicate a further substantial rise in farm taxes during 1953 and 1954.

*Monetary policy has been important in halting erosion of the dollar, but . . .*

# Consequences of a Change in THE QUANTITY OF MONEY Cannot Always Be Predicted

MONETARY authorities can never be certain that changes in the money supply will always have the same effect. Nor can they be certain that action to promote spending will do so or that, when successful, the appropriate kinds of spending will be stimulated.

Despite such limitations, however, monetary policy – together with other weapons in the arsenal of national economic policy—has proved effective in halting the erosion of the dollar since 1951 and promises to be an important aid to the continuation of prosperity.

Actually, it will be seen that money, spending, prices, and prosperity are closely inter-related in the economic process.

If the stock of money in the United States were distributed in equal amounts to every American man, woman, and child, each would receive slightly more than $800.

● DEMAND deposits at banks, together with currency and coin, make up our money supply. Frequently, we hear other liquid assets such as time deposits and government bonds described as money, but since these assets cannot be used to make payments without first being converted to demand deposits or currency, they are excluded from the money statistics discussed here. Also, liquid assets other than money have been known to lose their liquidity when offered for sale in large amounts.

Fifteen years ago, in 1939, the money supply of the United States amounted to something like $275 per capita.

In the past decade and a half, therefore, our money has increased much more rapidly than our population relatively.

The money supply also has grown much more rapidly than the supply of goods and services available for purchase, despite the tremendous strides which have occurred in productivity during recent years and the large addition to the number of people at work.

In 1939 the public owned demand deposit liabilities of banks amounting to $29.8 billion and held currency worth $6.4 billion. At the end of last year, these two components of our money supply totaled $102.4 billion and $28.0 billion respectively.

During the intervening years our population grew from 131 million to 160 million. Thus, while the nation's stock of money grew by more than three and one-half times, its population grew by less than one-fourth.

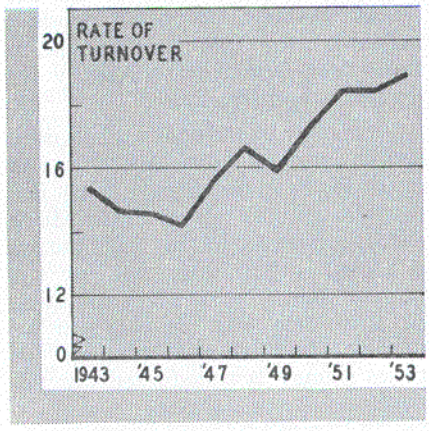
Some students of the subject regard the value of money as being determined by the same forces which set the value of commodities. Hence, as an increase in the supply of potatoes lowers their price—the amount of other goods for which they will exchange—this reasoning states that an increase in the supply of money lowers the amount of goods for which the monetary unit will exchange.

If an increase in the supply of potatoes, however, is accompanied by additions to the supply of other commodities, then the exchange value of a bushel of potatoes will fall by less than otherwise. Similarly, if an expansion of the money supply is accompanied by an enlargement of the physical volume of goods and services available for purchase, the exchange value of money will fall by less than otherwise.

### *Prices and production up in recent years*

It is no secret that the exchange value or purchasing power of the dollar has been reduced since 1939. The Bureau of Labor Statistics estimates that, at present, the consumer dollar will buy little more than half of what it would 15 years ago. It is doubtless true that prices in America would have increased much

**ANNUAL RATE OF TURNOVER OF DEMAND DEPOSITS AT 338 REPORTING CENTERS IN THE UNITED STATES**




Source: Federal Reserve Bank of New York.

more rapidly during this period were it not for the tremendous gains in real output which have been accomplished.

The Department of Commerce estimates that the physical volume of goods and services produced last year was almost twice as great as in 1939*, when many workers were idle. Besides reflecting the employment of formerly idle resources, production gains since 1939 also reflect a constantly rising level of hourly worker productivity made possible by better technology and the use of more capital.

But the over-all level of prices is also determined by other things than the amount of money in existence and the amount of goods and services available for purchase.

Historically, for example, economic progress has been characterized by increasing specialization. This implies more transactions per unit of output which in turn require a rising total level of money expenditures for a constant level of production.

It is reasonable to expect, therefore, that more money will be required by an economic system of increasing specialization, even in an environment of stable prices.

To an uncertain degree, part of the monetary expansion of recent years has financed the growing specialization being practiced in our society and thus has not raised the price level by as much as it would have in the absence of the "specialization" demand for money.

"Other things constant," this demand would be deflationary in a double-edged sense because of its requirement for constantly rising expenditures and because of the larger amount of final product available for purchase resulting from the superior efficiency of greater specialization.

This type of influence is felt only gradually over time, however, and is not likely to be quantitatively important in the short run. Much more important in the short run as a factor other than *size* of the money supply in the determination of the price level is *turnover* of money—the average number of times money is transferred per period.

*Gross national product in constant dollars.

## Federal Reserve estimates deposit turnover

For years, the Federal Reserve System has published statistics relating to deposit turnover at a large sample of banks in the United States. Recently these statistics were revised to show turnover of demand deposits** only and to exclude deposits owned by the U. S. government and by banks. These statistics do not show currency turnover, but payments made by currency are estimated to account for only a minor fraction of the dollar value of all payments.

An inspection of the turnover pattern, portrayed graphically in the chart, throws much light on the way the post-Korean boom was financed. In 1951, the turnover of demand deposits at the sample banks was 16 per cent higher than in 1949. Meanwhile, between the end of 1949 and the end of 1951, the money supply had expanded by only 12 per cent.

While the turnover figure is taken from only a sample of banks, it is believed to be sufficiently representative of deposit activity at all banks in the period to justify the conclusion that turnover, to a more important degree than monetary expansion, financed the additional spending which followed the outbreak of hostilities in Korea.

Since 1950, both interest rates and deposit turnover have been higher generally than in the Forties and late Thirties. This suggests that the willingness of people to hold money might possibly have been diminished by higher interest rates. This possibility is logical in view of the fact that the "opportunity cost" of holding money goes up with interest rates. That is, owners of idle money forego higher interest returns when rates are up than when rates are down.

Other factors which bear on the rate of money turnover include expectations concerning the availability of goods and the level of prices and profits in the future. Doubtless all these factors were at work in 1950 and 1951, since many expected higher prices and shortages to result from the war and were thus encouraged to part with money in exchange for goods faster than they otherwise would.

**Turnover is computed by dividing the dollar amount of debits to deposit accounts at sample banks by the average amount of deposit balances at those banks in the period under consideration.

## Turnover statistics don't show types of spending

Considerable attention has been focused by economists, especially since the depression, on the total of spending for final new products, as distinguished from spending on intermediate products and old assets. This is because the output of final product varies so closely with employment, which, before World War II, was at extremely low levels.

At times, spending for new production has expanded when such production was already at a physical maximum; the result of such increased spending was to bid prices higher rather than to call forth more product.

At other times, when our resources were less than fully employed, additional spending was reflected mostly by higher physical production and only partly by higher prices. This was true in the early days of World War II.

The importance of this particular kind of spending is apparent. It is unfortunate that estimates of total spending derived from Federal Reserve turnover and money supply statistics do not indicate the course of spending for new production only. Instead, other methods are to estimate such spending.

Also, within the range of spending for new products, debits statistics tell us nothing about the composition of the demand reflected by such spending. Often, shifts in the *kinds* of demand—from consumer goods to investment goods, for example—rather than the *size* of total demand, have produced economic disturbance.

But these considerations do not destroy the usefulness of total spending estimates. Because the prices of old assets, together with physical output, are influenced by total spending, information concerning its size is valuable in appraising economic conditions.

## Money supply influenced by Federal Reserve

The direct influence of the Federal Reserve System on spending—which is the product of money sup-

ply and turnover—is largely confined to the money supply factor. When banks are "loaned up" as they have been, and when an unsatisfied demand for loans exists, the money supply can be raised or lowered by Federal Reserve action by raising or lowering the amount of reserves available to banks or by changing reserve requirements.

In an effort to stimulate spending during the recession which began last year, both of these devices were employed. Reserve requirements and the rate of interest charged on loans to member banks were reduced while reserves have been supplied by open market operations.

The subsequent decline of interest rates has prompted the undertaking of some long-term debt-financed capital formation which had formerly been postponed because of higher interest costs. This, of course, tended to retard the decline in employment.

In contrast, Federal Reserve action to stimulate credit expansion during the Thirties was largely ineffective because many banks preferred to accumulate excess reserves rather than loans and investments.

Also, the demand for credit, and the supply, too, was depressed by the pessimistic outlook for the profitable employment of borrowed funds. At the same time, lenders were apprehensive because of uncertainty as to persistence of then prevailing low interest rates. • • •

## CURRENT TOPICS ☆ *Business* ☆ *Banking* ☆ *Farming*

# District Moves Forward on Fairly Even Keel

■ Despite some unfavorable experience in a few segments of the economy, the Ninth district sailed along on a fairly even keel during the first half of the year.

Agricultural prices, which rocked the economic boat during 1953, had about stabilized in early 1954. District cash farm income during the first four months of the year actually exceeded that of the same period a year ago by about 3 percent.

Spending has continued at a high level, as indicated by bank debits, which for the first five months were 2 percent above a year ago.

Department store sales at 104 in May (1947-49 = 100) were up from the March low of 95 and the May figure was equivalent to that at the beginning of the year. (All figures are seasonally adjusted.) Department store stock inventories have held constant in recent months.

Lumber sales at retail yards have picked up substantially since the beginning of the year. Preliminary May figures at 88 were 10 points ahead of the May index a year earlier.

Data from railroads indicated that carloadings, while still short of last year's volume, in May reached the highest point this year on a seasonally adjusted basis.

In general, employment, allowing for fluctuations by area or industry, has been well maintained during the first half.

Although labor difficulties in the Twin Cities area undoubtedly curtailed over-all June building, construction activity has provided a healthy impetus to business.

Perhaps the most important single influence on the district's economy during the first half of 1954 has been the relatively stabilized agricultural situation. Farm marketings have been large and farm prices as a group have held up better than expected.

Spending in the farming areas, as measured by bank debits, during May was at 130 compared with 124 a year earlier (1947-49 = 100).

## BUSINESS

### ► *Industrial production in district was down slightly in first half*

Output of industrial plants in the Ninth district during the first half of this year apparently was better maintained than it was in the nation as a whole.

Evidence that only a small contraction has occurred in output of the district's factories can be found in the fact that kilowatt hours of electrical energy used by industrial firms did not decline but continued to rise, and that factory employment declined less than in more industrialized regions of the nation.*

Kilowatt hours used by industrial firms in the eastern part of this district during the first four months of this year exceeded by over 5 percent the amount used in the same period of last year.

*Electrical energy used by industrial firms is an approximate measure of output for relatively short periods of time.

Although this increase was somewhat smaller than in former years, it still was significant. For instance, the increase from the preceding year in the first four months of 1953 was 7 percent; in the same periods of 1952 and 1951 the increase had been close to 8 percent and 10 percent respectively.

The expansion in 1951, of course, was due to production of Korean war materials and equipment.

In the United States, electrical energy used by industrial firms in the first three months of this year was down more than 3 percent from the same period of last year. In previous years the increases were comparable to those for the eastern part of this district. For example, in the first four months of 1953 and 1952 the increases from the same periods of preceding years were 8.5 percent and 7.0 percent respectively.

Factory employment has held up better in this district than in many other parts of the nation. On the upper Michigan peninsula and in North Dakota, employment in factories in the first four months was equal to the number employed in the same period of last year.

On a year-ago comparison, South Dakota factory employment in the same months was down 2½ percent, in Montana slightly more than 3 percent, and in Minnesota 3½ percent. In the entire state of Wisconsin, including heavy industrialized areas in the southern part, such employment was down 9 percent.

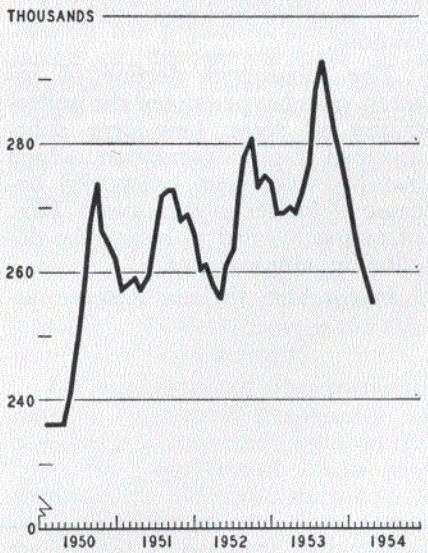
U. S. factory employment in the first five months of this year averaged 6 percent below the number employed in the corresponding period of last year. Compared with the trend in 1953, this type of employment has declined since the first of the year.

For example, such employment in January was down about 4 percent from the total for January 1953, whereas in May it was about 7 percent below the same month of last year.

### ► *Residential building activity was up in first half*

Residential building in this district during the first half of the year may have exceeded activity in the first half of 1953. The amount of contracts awarded in the first four months was up 5 percent over the amount awarded in the same months of last year.

**MANUFACTURING EMPLOYMENT IN THE NINTH DISTRICT***




*Includes Minnesota, Montana, North Dakota, South Dakota, and upper Michigan peninsula.

Source: Employment reports of the various states.

The home building industry in recent months has been invigorated by more readily available mortgage credit on easier terms. A high rate of savings has increased the supply of funds. Furthermore, the declining yield on bonds has prompted financial institutions to shift more of their funds to the mortgage field.

In this district, more financial institutions again are in the market for FHA and VA loans. Eastern insurance companies also have been bidding for such loans in this region.

In the Twin Cities, GI loans with a 5 percent down payment and 30-year maturity have been selling for about 98. Rates on conventional mortgage loans to date have held fairly firm. Only in exceptional cases have lower rates been granted.

### ► *Nonresidential building continues to bolster economy*

While the labor difficulties in the Twin Cities area undoubtedly curtailed June building, nonresidential construction has continued to be a source of strength in the economy —this while industrial production was being cut back to liquidate inventories.

In this district the amount of contracts awarded for all types of such construction in the first four months was almost 50 percent larger than in corresponding months of last year.

As a result of the greater activity, significant increases occurred in employment on construction projects during the first four months of this year compared with the number employed in the same months of last year.

For instance, in North and South Dakota this type of employment was up 16 percent and 18 percent respectively, and 6 percent in Minnesota. On the upper Michigan peninsula and in Montana, such employment about equaled the total of a year ago.

If it had not been for the expansion in construction activity, unemployment in past months would have reached a higher figure.

### ► *Retail sales holding firm*

District department and general store sales in the first half of this year have paralleled closely last year's receipts. In the first five months, sales were down only 1 percent.

Sales for May also lagged only 1 percent behind those for a year ago. June sales continued on this level, according to weekly figures for the four large cities.

Furniture store sales, like department and general store sales, have held up well in the first half of this year. In the first five months, district sales were only 2 percent lower.

New automobile sales, on the other hand, have fallen off in most states of this district. In Montana and North Dakota, registrations in the first four months of this year were down 24 percent and 20 percent respectively from those for the same period in 1953.

On the same basis, registrations were down 14 percent and 10 percent in the entire states of Wisconsin and Michigan and 5 percent in Minnesota. Contrary to this general trend, registration in South Dakota was up 13 percent.

### ► *Unemployment insurance claims have shown a general rise*

Initial and continued unemployment insurance claims in Minnesota for May were more than twice as high as a year ago. This reflected principally the reduction in defense and civilian goods manufacturing and the closing of marginal mines in the Lake Superior iron ore region.

A seasonal decline in the number of claims occurred this spring, but it was less than last year's.

Despite continued high employment in the western half of the district, unemployment insurance claims also have risen in those states. However, the number of claims remains low. In North Dakota, for example, 76 initial and 866 continued claims were recorded in local offices during the week ending June 10, 1954.

### ► *First quarter business failures were double the year-ago total*

While workers have been feeling the effects of a tightening of the labor market, businessmen have encountered greater competition and suffered more business failures. In the first quarter of this year, 43 firms with a total of over $2¼ million in current liabilities failed in this district.

This was more than twice the number of firms that failed in the first quarter of 1953. Even so, the total is not out of line with the number of failures in some of the preceding years, as may be observed on the accompanying chart.

## FARMING

### ► *More fertilizer being used*

The West North Central states, including Minnesota and the Dakotas, increased their use of fertilizer more, percentage-wise, during the year ending June 30, 1953, than any other area of the U. S., according to the U. S. Department of Agriculture.

United States consumption of unmixed fertilizer materials last year totaled 7,690,000 tons—an increase of roughly 5 percent from the previous year.

Because of limited fertilizer use in areas where moisture is a limiting factor in crop production, Ninth district states are not among the heaviest users of commercial fertilizers. Minnesota and Wisconsin typically use more than the dryer Dakotas.

In percentage terms, however, use of primary nutrients in fertilizers—nitrogen, phosphate, and potash—increased 75 percent in South Dakota, 38 percent in North Dakota, and 20 percent in Minnesota during 1953.

For the nation, consumption of these primary nutrients increased 9 percent compared with only a 4 percent rise in tonnage of fertilizers containing them—indicating a continued trend toward use of higher analysis fertilizers.

### ► *More corn under loan*

Ninth district farmers had placed 89 million bushels of their 1953 crop under the support program by May 16 of this year. Minnesota was the third largest state in terms of support operations with 56 million bushels going under support. South Dakota was fifth largest with 32 million bushels.

For the nation, farmers had placed more than 406 million bushels of their 1953 corn under price support loans and purchase agreements through May 15, 1954. This volume compares with 345 million bushels under support on May 15 a year ago.

### ► *Milk production shifts east*

Eastern areas of the Ninth district now produce more milk compared with that of the pre-World War II period, whereas western areas produce much less.

Based on the three-year average, 1938-1940 total milk production in Minnesota registered a 4 percent advance during 1953. Wisconsin showed a 31 percent increase. For the country as a whole the increase was 11.7 percent.

In South Dakota and Montana, a 22 percent decline was registered compared with pre-war production. In North Dakota the decline was 13 percent.

These statistics point up the fact of increasing specialization in dairy production within the district.

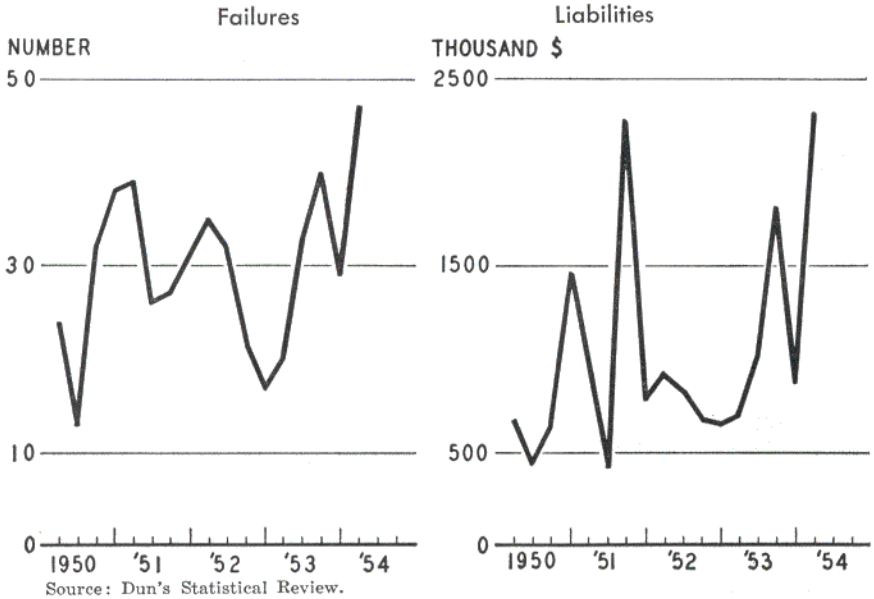
### ► *Larger durum crop in prospect*

The district's durum wheat crop was forecast at 19 million bushels in early June, based largely on planting acreage. This is 6 million bushels more than the "failure" crop of last year, but the prospective crop this year looks small in comparison with the 35 million bushels average of 1943-52.

Production of other spring wheat this year may be reduced approximately 18 percent—which, if it occurs, would be in line with wheat acreage restrictions for 1954.

Growing conditions during July and early August will be most im-

**BUSINESS FAILURES IN THE NINTH DISTRICT, 1950 TO 1954**




Source: Dun's Statistical Review.

portant in the final outturn of the spring wheat crop.

► ***Despite lower farm income, country bank deposits have shown rise***

Cash farm income payments have declined over the past three years among Ninth district farms. During that time, however, deposits at country banks throughout the Ninth district have experienced a steady rise.

Since much of the deposit level in country banks is related to the income of farmers, either directly or indirectly, the divergent trend between deposits and farm income in rural communities is of special interest.

Undoubtedly, several factors contribute to this condition. It is so general, however, as to suggest that farmers, over the past two or three years, have cut back their purchases more than their incomes have been reduced. • • •

# ECONOMIC *Briefs*

**SIGNIFICANT HAPPENINGS IN THE NINTH DISTRICT**

## ✓ Montana gets oil products line

A more than $5 million contract was awarded earlier this month for construction of a 240-mile pipeline between the Laurel-Billings area and Glendive in Montana.

The 8-inch finished petroleum products line will serve the Central Exchange refinery at Laurel and the Carter Oil company and the Continental Oil company refineries in Billings.

The finished products will be used in eastern Montana and western North and South Dakota.

## ✓ Fargo airport being improved

Work has been started on a $1.5 million project at Fargo's Hector airport. Included in the project are a $742,899 contract for construction of a hangar and other buildings, and contracts for an apron in front of the hangar, a taxiway, drainage ditches, and other incidental projects.

## ✓ New uranium finds in So. Dakota

The Edgemont Mining company announced this month that it has discovered the largest uranium ore deposit found so far in South Dakota in the Marty Hill area 10 miles northeast of Edgemont.

Exploratory drilling already has blocked out about 20,000 tons of ore valued at about $500,000.

Another deposit has been found near Dewey, 10 miles northwest of Edgemont, which may prove to be as large as the Marty Hill deposit.

## ✓ Cambridge hospital addition begun

At Cambridge, Minnesota, construction has started on a $1,744,000 three-building addition to the state hospital there. The addition includes an infirmary with space for 100 patients and two one-story women's dormitories with space for 150 patients.

The project is scheduled for completion in the fall of 1955.

## ✓ Pine Bend refinery contracts let

The main contracts for construction of Great Northern Oil company's 25,000 barrel-a-day refinery at Pine Bend, Minnesota, were awarded in June. The refinery is expected to cost about $20 million.

Work on the project is to be started immediately, and the refinery is scheduled to begin operating in August, 1955.

Earlier in the month a million dollar contract was awarded and construction was begun on tank storage facilities at the refinery site. There will be 41 tanks of various types with an aggregate capacity of 1.5 million barrels.

## ✓ Standard expands its T. C. division

Standard Oil of Indiana has announced a reorganization program under which the Twin Cities will become one of nine regional accounting offices in 15 mid-western states. This reorganization will result in a net gain of 309 employes and 10,600 square miles of marketing area for the Twin Cities division.

## ✓ Grant's new store to cost million

A six-story store and office building in downtown Minneapolis is being torn down to make room for a million-dollar store for the W. T. Grant company. The new building will have 110 feet of frontage on Nicollet and will be 164 feet deep.

A block away, work was recently started on a $500,000 remodeling plan for the lower floors of the Andrus building.

## ✓ MCMT adds ore research unit

Contracts totaling nearly a half-million dollars were awarded for the construction of a new ores research building at the Michigan College of Mining and Technology in Houghton, Michigan. These contracts include general construction, mechanical work, and electrical work.