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THE YEAR'S ECONOMIC SCOREBOARD

1952 Saw Price Stability, Full Employment

Expanding Government and Personal Expenditures for Goods and Services Failed to Raise the Price Level as Economy's Productivity Advanced Further

by J. Marvin Peterson

THE economic "scoreboard" for 1952 has now been displayed for all to see. The play of economic forces was fast and colorful. Most pleasing to public spectators was the play of the offensive forces which scored new records in peacetime employment, income and production. Perhaps more interesting to the more sophisticated observers who watched technical maneuvers was the play of the defensive, representing attempts to hold down scoring that could be attributed solely to price inflation. Those who cheered the defensive did so because they feared that scores "too high" in one annual game might make those of future annual games look comparatively bad.

Last year, the level of wholesale prices fell more than 3 per cent in the face of expanding government and personal expenditures for goods and services. Consumers' prices rose 1.3 per cent. Hence the forces of inflation, which had been slowed in the previous year, were held in check.

Production Efficiency Contributed to Stability

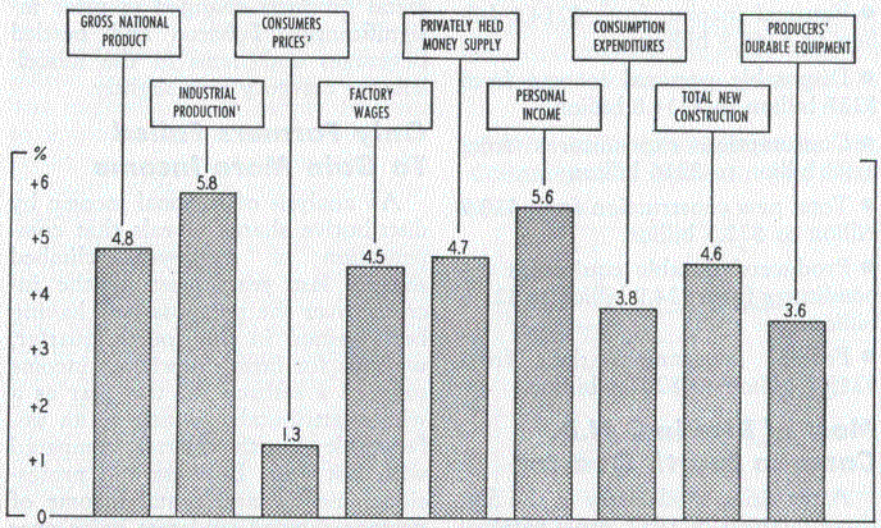
Except for counteracting actions and forces, new records over old would likely have been scored by wider margins. One of these was monetary policy action, which was devised not so much to reverse inflation as to contain it. Strategists sought only to induce tighter money and credit conditions, not to halt economic advances.

Also importantly responsible for price stability last year was the continued progress made by business and farm management toward greater efficiency in production. Previous expenditures on research and on plant and equipment—which had exerted inflationary pressures on available resources during the build-up stages—had not begun to pay off in a big way in the form of plentiful supplies of goods flowing from farms and factories. Promising the appearance of still more goods to come, nearly $200 billion of investment expenditures in seven years had dissipated fears of shortages that not long ago had beset the people. Today, producers face more highly competitive conditions in most markets.

An assist for achieving price stability in the presence of new records

NATIONAL ECONOMIC INDICATORS

Percentage Changes 1952 Over 1951



1—Based on fourth quarter figures. 2—Based on data as of December 15.

in income can be credited to the disposition of the people to save a relatively larger part of their disposable income.

Will the major segments of the economy continue to go forward together? That is the question uppermost in the minds of economic analysts today. They are searching for weaknesses — signs of imbalance —in the economy which would signal trouble ahead. Some of them fear that weakening prices for farm products have already signalled trouble ahead, while others have seen imminent danger in the rising tide of private debt. Most of them confess to an inability to detect serious faults in the structure, but nervously they fear that undetected hidden faults are present.

The scoreboard, graphically presented in the accompanying bar chart, shows increases for the year ended December 31, 1952, in:

- Gross national product from $329.2 billion to an estimated $345.1
- Industrial production, fourth quarters in each year, percentages over 1935-1939, from 218.3 to 231 per cent
- Consumers' price index, November figures each year (1935-1939=100) from 188.6 to 191.1
- Average weekly earnings in manufacturing from $64.88 to $67.79
- Privately held money supply, year-end figures, from $186 billion to $194.8 billion
- Personal income from $254.1 billion to $268.3 billion
- Disposable personal income from $225 billion to $234.8 billion
- Consumption expenditures from $208 billion to $216 billion
- Total new construction from $30.9 billion to $32.3 billion
- Producers' durable equipment expenditures from $24.9 billion to $25.8 billion
- Federal government debt from $259.5 billion to $267.4 billion.

Most of Rise in G.N.P. Came in Fourth Quarter

After rising moderately in the first three quarters of 1952, gross national product spurted spectacularly in the fourth quarter. Of the $18 billion increase from fourth quarter 1951 to fourth quarter 1952, two-thirds of it came in the last three months. For the average of the year as a whole, personal consumption expenditures contributed $8 billion to this increase in gross product. Government purchases of goods and services were $15 billion greater than in the year 1951. These factors of increase were offset by a decline of $8 billion in rate of inventory accumulation.

Industrial production in the first quarter averaged slightly higher than the annual rate for 1951, fell sharply when work stoppages in the petroleum and steel industries took place, and thereafter rebounded to a new peacetime record level.

Consumers' Prices Higher, Wholesale Lower in '52

From December 1951 to December 1952 a rise in rents and costs of utilities and services more than offset falling retail prices of foods and apparel. Consumers found some consolation in the fact that the rise in the consumers' price index was much less than that of the previous year.

Among the major categories, wholesale prices of farm products, processed foods, textile products, chemicals, rubber, and leather products dropped most sharply. Lumber and wood products, paper and allied products, and furniture and other household durables declined slightly at wholesale markets. Fuel, power, and lighting materials and metals and metal products changed in price insignificantly. Tobacco and bottled beverages and items in the miscellaneous category rose slightly.

Only Farmers Failed To Gain More Income

An analysis of national income by distributive shares reveals that compensation of employees climbed sharply last year, most of the increase over the previous year having been gained in the fourth quarter, whereas for farm proprietors income suffered a setback for the year as a whole, attributable mostly to an unfavorable fourth quarter compared with last year. Business and professional income and rental income of persons showed moderate gains over the previous year.

Personal income was $14.2 billion greater than in the previous year. Not all of this added income was spent by its earners. Some of it was taken by tax collectors—$4.4 billion. Of the remainder, $8 billion was spent and $1.8 billion was saved.

Total disposable income divided by a population of nearly 157 million people gave each person $1,496. This was $38 above that for 1951 in current prices. The buying power of per capita income last year was higher than that of any other year, except 1944 when a per capita income of $1,062 had a greater buying power than $1,496 had in 1952. (Earners of income in 1944, however, could not use it to bid up the prices of many products which, due to the war, were absent from the market place.) After falling in earlier postwar years, there has been an increase in the buying power of per capita disposable income in the last four years. In other words, the rise in personal income in these latter years has covered higher tax payments and the higher cost of living with something to spare.

Average gross weekly earnings in manufacturing industries were $3.26 higher in December 1952 than in December 1951, rising from $67.40 to an estimated $70.66.

Equipment Expenditures Up, Inventories Down

A volatile component of total expenditure is that called "gross private domestic investment." It fell by slightly more than $7 billion last year. But new construction held steady and investment in new producers' durable equipment rose slightly. That being the case, the fall in gross investment was attributable solely to a decline in the rate of accumulation of business inventories.

Thus additions to residential and other buildings and to producers' durable equipment last year contributed to economic stability, since these expenditures showed no significant change over the previous year. A paring of inventories, such as took place in nonfarm business in the first half of last year, is counterinflationary in its effects, whereas a building up of inventories tends to be inflationary in its immediate effect, sometimes strongly so. In the last half of the

year inventory accumulation once more was gaining momentum.

Privately-held Money Supply Climbed Higher

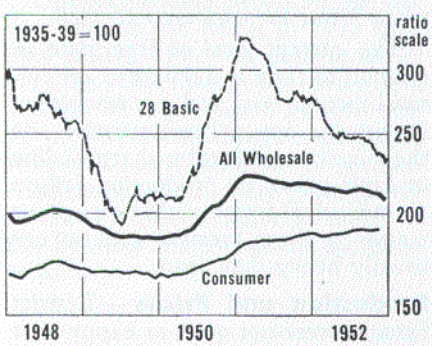
Total money supply—currency outside banks and deposits—at the year's end reached an estimated $200.4 billion. This compares with $42 billion in 1933 and $54.4 billion in the boom year of 1929. The privately-held portion of the December 31, 1952, money supply was $194.8 billion, including $27.9 billion of coins and currency outside banks. U. S. government deposits in banks accounted for $5.4 billion of the grand total. (All figures for Dec. 31, 1952, estimated.)

Loans of commercial banks, which are estimated to have increased by $6.7 billion in the year ending last December 31, and an increase in their security holdings of $2.8 billion offset by minor factors operating to reduce money volume, accounted for the increase of $8.8 billion in the privately held supply.

It is noticeable that the composition of total bank loans and investments changed significantly last year. Whereas in 1951 banks reduced slightly their holdings of U. S. government securities, they added $2 billion to their portfolios last year. In the loan portfolios, additions to business loans were much smaller than in 1951, while consumer loans increased more than in the previous year. Real estate loans continued the steady upward trend of recent years. Thus last year was one in which credit expansion proceeded at a faster rate than in 1951.

Total money supply climbed by about $10.5 billion, and privately-held money supply by about $9 billion. The latter figure is about the same as that for 1951. The composition of the added money, however, differed in the two years. In 1952, demand deposits and currency, the active part of the money supply, increased by about $5 billion, whereas in the previous year the increase was $7 billion. It follows that time deposits rose by a greater amount last year than in 1951. Such deposits, a much less active part of the money supply, increased $4 billion in 1952 compared with $2 billion the previous year.

PRICE CHANGES, 1948-1952



Monetary Policy Sought To Maintain Stability

The figures on bank credit expansion, the money supply, production, income, and employment quoted above indicate that monetary policy actions taken in 1952, and also in the previous year, were not severely restrictive. Nor were other types of control, such as wage and price controls. Direct controls were weakened during the year, whereas indirect—monetary — controls were strengthened.

The strengthening of monetary controls during the past two years consisted chiefly of creating tightness in credit conditions, or, perhaps more accurately, refusing to use Federal Reserve credit to alleviate completely the tightness that developed in the money market. Early in the year the Federal Reserve took positive action to absorb reserve balances of banks which tended to grow as a result of the return flow of money from circulation and net gold inflow. Later, Federal Reserve policy was implemented to supply reserves to accommodate seasonal needs for credit and also to accommodate the Treasury in its debt management operations.

For the year as a whole, tightness in the reserve positions of banks prevailed as required reserve balances rose with the upward trend in bank credit. About $1 billion additional reserve balances were required as a result of deposit expansion and $1.5 billion more to relieve the drain on reserves caused by an outflow of currency into circulation.

Reserve needs were met to the extent of approximately $2 billion by an increase in Federal Reserve bank credit. The expansion of Federal Reserve credit took two forms—namely, purchases of securities (largely under repurchase agreements) by the System on its initiative and Reserve bank advances to member banks on their initiative. Net purchases of government securities amounted to $1 billion and advances averaged about the same amount. Thus the magnitude of each of these two methods of supplying reserves to banks was about equal.

Whereas in earlier post-World War II years practically all additional reserve balances were supplied, as far as Federal Reserve credit was concerned, by purchases of government securities by the System, in 1952 banks were forced to apply for credit at the discount windows of the Reserve banks. Herein lies a significant development. Its importance lies in the consideration that banks, being reluctant to show borrowings on their statements, feel constrained to restrict credit extensions to the most pressing needs of their customers rather than grant credit freely and thereupon incur greater borrowings. Unless the reluctance of banks to borrow has weakened and they are content to remain in debt for long periods, advances from the Federal Reserve banks will be repaid after seasonal or emergency needs for reserves subside.

Interest Rates Turned Upward

The tightness in credit conditions that prevailed last year was reflected in higher interest rates generally. In

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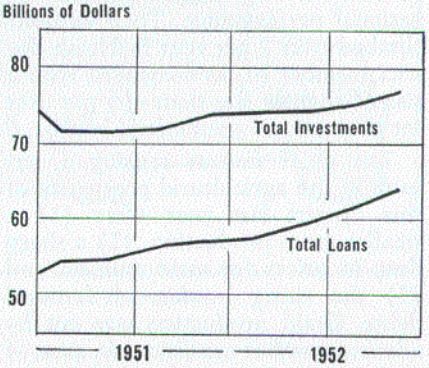
LOANS AND INVESTMENTS, ALL COMMERCIAL BANKS, 1951-52



CURRENT *Farming* • *Banking* • *Business* TOPICS

AGRICULTURE FAILED TO KEEP PACE
with Other Sectors of District's Economy in 1952

THE industrial sector of the Ninth district's economy kept pace with national industrial developments, but the relatively less favorable showing of the nation's agriculture was more noticeable here than in most other areas. Such is the year's picture in retrospect.

As shown by the accompanying bar chart, non-agricultural employment rose by 6 per cent, which is more than the estimated gain for the nation. Also indicative of very satisfactory industrial activity in this district was the 8 per cent greater electric power production.

Trade figures, measured by the index of department store sales, indicate that a slowing of sales in rural areas held the Ninth district total slightly below the national performance, relative to the previous year. For the district, sales showed no change, while an increase of one or two percentage points was recorded for the nation.

Good Gain in Deposits

Banking figures indicate that member bank loans increased, relative to 1951, by a lesser percentage than those for all commercial banks, whereas the percentage rise in the investments of member banks in this district exceeded that for all commercial banks. Debits to individual accounts, which rose by 2 per cent in this district, lagged behind the national performance. Total deposits climbed over 7 per cent in Ninth district member banks compared with a rise of slightly less than 4½ per cent for the nation's commercial banks.

The chief factors causing a setback in the agricultural prosperity of this district last year were (1) a smaller grain production, (2) a sharp drop in prices for meat animals, and (3) the rising burden of farmers' debts. Grain production was cut by adverse weather conditions in most of the wheat-growing areas. Except for favorable conditions for corn production, the over-all record of a decline of 11 per cent in total grain production would certainly have been worse.

The substantial decline in prices for meat animals had its first impact on the producers of cattle in the "range country," who received about one-third less for their feeder cattle, the decline being most sharp for those who sold their stock in the mid-fall marketing season, whereas earliest marketings were made at more favorable prices. Later, the price declines extended to slaughter cattle.

Hog Returns Lower

Hog prices, on the other hand, were most unfavorable to feeders earlier in the year and somewhat more favorable in late December. For the year as a whole, returns on hogs were substantially lower than in 1951.

Although the total dollars received by farmers in the nation last year were not much, if any, below the previous year, their financial position was less good compared with previous postwar years. This can be attributed mostly to rising costs in agricultural operations in the face of declining prices for farm products. As a result, farmers applied for and received more short-term credit throughout the year, thereby raising claims on the next year's income.

This describes in a general way the position of farmers in the Ninth district—and the nation: they faced in 1952, and also at the beginning of 1953, greater claims by the rest of the economy against their incomes, whereas farmers seem less able than in earlier postwar years to exert relatively strong claims against the incomes of other sectors of the economy. In other words, farmers recently have found it necessary to pay out a larger proportion of their gross income than in earlier postwar years.

FARMING

- ***Small crop production and declining prices cut cash farm income approximately 7 per cent in 1952.***
- ***Farm land values were down slightly in the Dakotas—reflecting smaller crops and lower prices.***

Operating Credit—The volume of short-term farm credit reached a new all-time peak during 1952 despite the decline in farm prices, production, and farm income. Year-end data are not yet available, but mid-year figures indicate an over-all 18 per cent increase in farm production credit compared with that of a year earlier.

Short-term farm debt is now more than double what it was only five years ago. This does not necessarily indicate an unhealthy economic agricultural situation. It is partly a reflection of a generally higher price level plus the fact that modern farming requires extensive working capital.

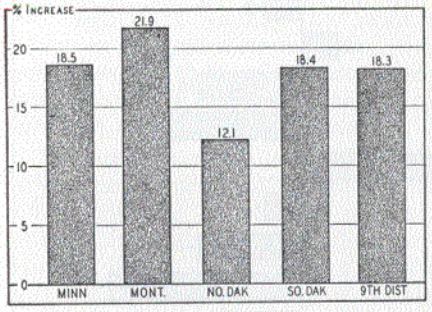
Farmers may continue to use large amounts of credit to keep production high in 1953. However, more moderate livestock prices and a normal replacement program for farm machinery may lessen this demand somewhat. The amount of credit used depends too, in part, on farm income prospects for 1953. Farmers and lenders alike tend to be more conservative when lower incomes are expected.

The current level of farm debt in relation to farm income or to agricultural production and to machinery inventories appears conservative. At the same time, a further sharp decline in farm prices or production failure on individual farms could be a serious matter to those farmers with an unusually heavy debt load.

Production and Prices— District farmers were not quite as happy over

PERCENTAGE INCREASE IN NON-REAL ESTATE FARM LOANS

From June 30, 1950, to June 30, 1952



FARM PRODUCTION loans were at an all-time high in mid-1952. The increase in the Ninth district was slightly higher than for the U. S. as a whole.

Source: Member bank call reports.

their economic returns this past year as they have been in most recent years. An 11 per cent reduction in crop production together with a 12 per cent over-all decline in farm prices put farm income on the skids.

Cash farm income in 1952 was 7 per cent less than it was in 1951. Net income was even less, because costs remained high all through the year. Income would have been substantially less except that livestock marketings were heavy in 1952.

The buildup in livestock numbers in recent years paid off in 1952 with heavy marketings at South St. Paul and other important district livestock markets. These large marketings were effective in preventing a serious decline in income because of smaller crop production.

WHEAT YIELDS DOWN

District farmers produced 86 million bushels less wheat in 1952 than they did in 1951 — a decline of 27 per cent. Also, fewer oats, barley, rye, and flax were produced. Fewer bushels of wheat and other small grains were produced because of drouth conditions, which were particularly severe this past summer in much of the Dakotas and in eastern Montana areas.

Corn farmers, in contrast to small grain growers, had a bonanza year in 1952. Production was the third largest on record. Quality of the corn crop was excellent, and farmers by year's end had placed more than ten times more new corn under government loan compared with the previous year.

CCC Loans—Present indications are that district farmers may put more wheat and corn but fewer bushels of other grains under loan this crop year compared with the 1951-52 crop season.

The increased volume of government crop loans for wheat and corn is chiefly a result of two factors: First, a decline of market prices below loan rates, and second, early maturing and excellent quality wheat and corn crops.

Much of the 1951 crop production was of such poor quality because of a wet growing and harvesting season that much of it did not qualify for storage loans. In contrast, both the growing and harvesting season this year for coarse and small grains were ideal for quality grain production.

In December, the support price for wheat averaged $2.20 a bushel. Prices received by farmers averaged only $2.12. In contrast, a year earlier market prices were several cents above the loan rate. The support price for corn was $1.60, while prices received by farmers averaged $1.50. A year earlier corn prices averaged $1.68 per bushel.

Land Values—For the first time in over a decade, district farm land values leveled off during 1952. In fact, preliminary data indicates that in North and South Dakota land values have declined slightly since mid-year.

The general decline in farm prices, drouth in some areas, and expectation of some further declines in net farm incomes all contributed to the leveling off in farm real estate prices this past year.

Farm real estate values in all Ninth district states, however, are at an all-time high. The increase in values from the 1935-39 average to July 1952 is as follows for Ninth district states:

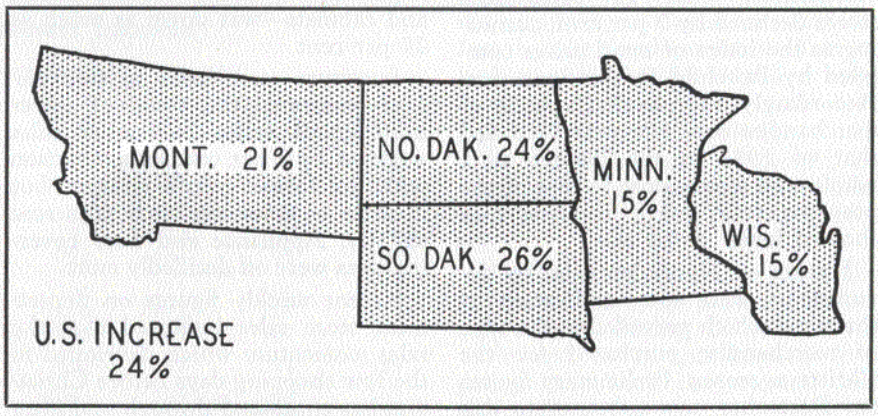
Minnesota	149%
North Dakota	117%
Montana	192%
South Dakota	143%

A substantial advance in farm land prices occurred following the outbreak of war in Korea. Part of this increase was due to the rise in farm commodity prices and part was due to fear of general inflation engendered by the Korean conflict. The increase in land values since July 1, 1950, is indicated in the accompanying chart.

END

PERCENTAGE INCREASE IN FARM LAND VALUES

July 1950 to July 1952



Source: United States Department of Agriculture.

BUSINESS

- ***District department store sales set a new December record.***
- ***Stores serving farm communities had small increases in December sales.***
- ***More merchandise has been sold on instalment contracts.***

Department Store Sales — Christmas gift buying in this district, as in the nation, raised December sales to a new record in terms of both dollar receipts and physical volume. High employment and high average weekly earnings in industrial and mining regions stimulated department store sales. However, heavy Christmas buying was universal in the district.

Exceptionally large December sales have pulled 1952 district sales ahead of the 1951 total by 1 per cent. For the first 11 months, sales were trailing by 1 per cent.

For the year, sales were down in nearly as many trading areas as they were up in others. Lower sales—ranging from 1 per cent to 8 per cent—were concentrated in communities serving primarily agriculture. The largest increase of 13 per cent in sales was reported by stores in western South Dakota.

PHYSICAL VOLUME UP

The downward movement of prices was a minor influence depressing dollar receipts. In 1952, prices of merchandise sold in department stores declined by 2 per cent, according to the index of retail prices compiled by Fairchild Publications, Inc. Accordingly, the physical volume of merchandise sold last year exceeded that of 1951 in the district as a whole, and it was close to that of the previous year, even in areas that showed lower dollar sales.

Figures on November sales by departments were some indication of the trend which prevailed in the type of merchandise purchased for the Christmas season. Preliminary figures for December now substantiate this trend in the women's and misses' ready-to-wear apparel, sales were 5 per cent above the November 1951 sales. Sales of such items as women's and misses' coats were up 22 per cent and that of blouses, skirts, and sportswear, 11 per cent. In the men and boys department, the sale of men's clothing was up 3 per cent.

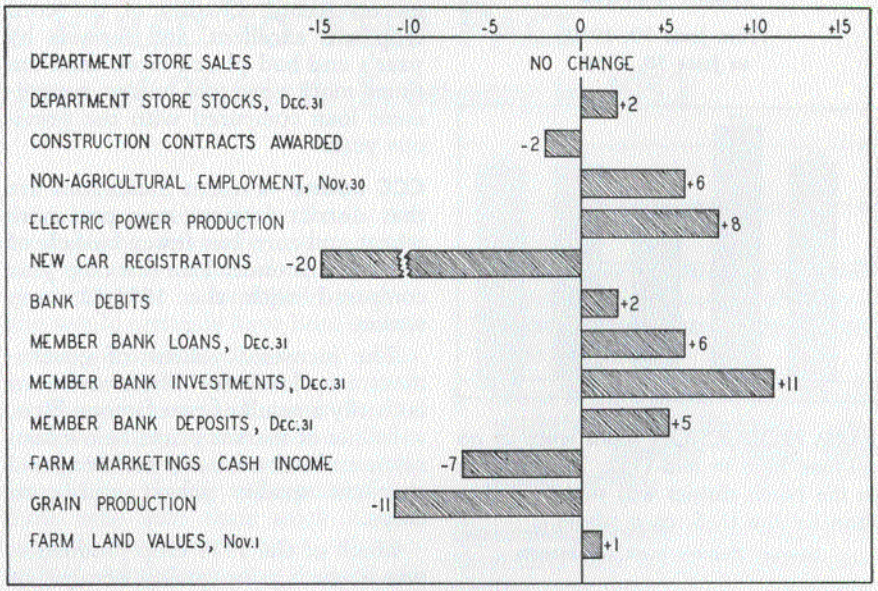
DURABLES LOST GROUND

The sale of hard goods did not show an upward trend as did the sale of soft goods. In the home furnishings department, November sales equaled those of November 1951. The sale of "big ticket" items—refrigerators, washers, ironers, stoves, and cabinets—was down as much as 25 per cent.

Furniture store sales in this district confirmed the trend of lower hard goods sales. November sales were off by 3 per cent in comparison with the former year's receipts, but in some communities such sales rose slightly. Appliance and floor covering sales were off decidedly more.

Recent weekly figures on department store sales indicated that the sales momentum which developed in the few shopping days before Christmas has continued through and after the festive season. In the week ending January 3, 1953, the per cent change in sales from the corresponding week of a year ago was up 6 per cent in the four large cities of this district and in the week ending January 10, it was up 4 per cent.

NINTH DISTRICT BUSINESS INDICATORS, 1952
Percentage Changes 1952 Over 1951



SOURCES: Construction contracts awarded—F. W. Dodge corporation; Non-agricultural employment—BLS; Electric power production—Federal Power commission; New car registration—Automotive News; Farm marketings cash income, grain production, and farm land values—USDA.

Instalment Credit — A significant development in retailing has been the extensive use of credit. Following the abolition of Regulation W early in May 1952, there came a strong upward surge in consumer instalment borrowing.

From the end of April to the end of November 1952, consumer instalment credit outstanding in this nation rose by over $2½ billion. With an increase of $311 million in November, it is safe to assume that the amount outstanding in December rose by another $500 million, which would bring the total increase in excess of $3 billion at the end of the year. This expansion in instalment debt has been one of the largest gains ever experienced in so short a period.

INSTALMENT SALES VARIED

In both department and furniture stores, the larger use of instalment credit in this district has been reflected in the increase of credit sales on the one hand and the decline of cash sales on the other.

Monthly cash sales since April

1952 in department stores have been approximately equal to those in the corresponding period of 1951. In comparison with the stability in cash sales, monthly instalment sales have ranged from 4 per cent to 32 per cent over those in the preceding year. No significant change has taken place in charge account sales. In some months, these sales were somewhat higher in 1952 than in 1951, while in others they were lower.

In furniture stores, monthly cash sales since April 1952 have fallen off as much as 15 per cent in most months from the corresponding period of 1951. Contrariwise, monthly instalment sales were higher in all but one month. In May and July 1952, these sales were higher by as much as 23 per cent and 18 per cent respectively. No change has occurred in the level of charge account sales.

CREDIT TERMS EASED

Retailers have progressively liberalized their terms on instalment contracts to stimulate durable goods sales. Smaller down payments and longer maturities on contracts have brought new marginal buyers into the market for such merchandise.

The rapid rise in the amount of instalment credit outstanding is traced to several variables. First, a larger proportion of durable goods has been sold on instalment contracts. Also, smaller down payments automatically increased the amount of credit extended on contracts. Finally, longer maturities reduced the rate of repayment on contracts.

BANKING

▶ *The 1952 deposit inflow favored city banks.*

Bank Deposits—In the year 1952, resources of Ninth district member banks were enlarged at least as much as were the resources of member banks located in other districts. This is in contrast to the previous year, when Ninth district banks grew less rapidly than banks located elsewhere.

Within the Ninth district, Minnesota member banks grew the most last year, both dollarwise and percentagewise. Although member bank deposit liabilities increased in every district state, 70 per cent of the increase occurred in Minnesota, where 60 per cent of all district member assets are situated.

Since last year's deposit inflow favored the city banks, the experience in Minnesota partly reflects the concentration of city banks in that state.

Per Cent Change in Deposits of District Member Banks

Dec. '51 — Dec. '52

Minnesota	+8.6%
Wisconsin	+8.6%
Montana	+6.7%
South Dakota	+5.1%
Michigan	+3.1%
North Dakota	+2.2%

The relatively small increase in North Dakota deposits stems partly from rather unfavorable agricultural developments. Preliminary estimates by the Department of Agriculture show a greater decline of cash income from farm marketings in North Dakota than in any other district state.

Despite the continued growth of loans outstanding at member banks in every district state, the largest part of the funds supplied by additional deposits was invested in securities. In 1952, for the first time since 1949, investments were larger at the end of the year than at the beginning.

The over-all district loan increase of 6 per cent was composed of increases ranging from 2 per cent at district member banks in Michigan to 17 per cent at member banks in Montana. END

Ninth District Business Indexes

(Adjusted for Seasonal Variation—1947-49=100)

	Dec. '52	Nov. '52	Dec. '51	Dec. '50
Bank Debits—93 Cities	128	112	123	122
Bank Debits—Farming Centers	123	117	119	119
Ninth District Dept. Store Sales	109p	107	104	109
City Department Store Sales	115	110	108	110
Country Department Store Sales	99p	101	98	108
Ninth District Dept. Store Stocks	110p	111	106	112
City Department Store Stocks	111p	112	105	115
Country Department Store Stocks	108p	109	107	109
Lumber Sales at Retail Yards (Bd. Ft.)	85p	97	82	89
Miscellaneous Carloadings	106	105	98	102
Total Carloadings (excl. Misc.)	80	112	87	96
Farm Prices (Minn. unadj.)	91	94	102	97

p-preliminary

Oil Discoveries Have Affected Business in General but Slightly

■ APPRECIABLE business effects from the Williston basin's amazing second-year growth have not yet spread from the immediate centers of development. At least, such is the picture given by the standard business indicators at year's end.

Localities such as Glendive and Williston could point to marked changes, but for the basin in general, trends were quite similar to the remainder of the Ninth district. This is not surprising when one considers the fact that the development is still in its infancy. Oil activity is still a very minor component of the total economic effort in this basin area.

In North Dakota, for example, an examination of year-end business figures presents the following picture:

Total non-agricultural employment in North Dakota has shown considerable stability during the years 1950, 1951, and 1952; and seasonal low points have been progressively less severe from year to year. (Most of the seasonal decline occurs in the construction industry.) The general level of employment has exhibited a slow

gradual increase corresponding to employment trends elsewhere in the district.

EMPLOYMENT INCREASED

There has been a relatively large increase in mining employment, reflecting increased activity in oil well drilling. Mining employment, however, is such a small component of total non-agricultural employment that the increase has had little effect on the total. An estimated 3,000 oil industry personnel are employed or operating in the state, as contrasted with a total labor force of 117,000 people.

One reflection of the localized nature of this early stage of the basin's development is found in building permit figures. Building permits for Williston during 1952 ran well over three times their 1951 value. For other western North Dakota cities however (such as Dickinson and Minot) there was no generalized increase obviously attributable to oil.

Much the same pattern can be seen in banking activity. Total bank debits in five western North Dakota cities reveal a steady growth throughout the three years, 1950-1952. The only marked increases belong to Bismarck (state capital and headquarters for many oil concerns) and Williston (operations center of four oil fields in northwestern North Dakota) and undoubtedly relate to increased local payments by oil development concerns.

However, most other North Dakota cities reporting debits showed little increase from 1951 to 1952.

Williston and Bismarck banks also stand out in deposit growth over the past year, while total deposits of other member banks in western North Dakota followed much the same trend as did the rest of the state —namely, a gradual increase during 1951 and 1952. This trend was characteristic of other states in the district.

SALES TAX REFLECTS GAIN

Retail sales subject to the state's 2% sales tax record a similar picture. Only Williston among the dozen largest trade centers in the state showed a substantial increase—about 45 per cent more sales during 1952 than 1951. With the exception of Bismarck's 11 per cent increase, other trade centers were very close to last year's levels.

Department store sales in western North Dakota during the years 1950-1952 exhibited a slightly greater upward trend than department store sales for the remainder of the state.

There is no question that some localities in the Williston basin can point to very substantial effects on local business due primarily to oil. However, most localities within the basin still remain relatively unaffected business-wise — their experience being very similar to trends in non-oil areas of the district.

Prospects for the year ahead, however, were that the search for oil would expand considerably, both in the number of wells that would be drilled and in a greater dispersion of drilling effort. For example, oil strikes in late autumn focused atention on east central North Dakota, where shallow formations (3,000 feet near Westhope compared to 8,500 feet near Williston) were expected to open areas more suited to rapid development and within financial reach of smaller operators.

Such an extension of development operations would tend to spread out the impact on "business in general" of the estimated $100 million being spent by oil companies in the Williston basin each year. END

1952 SAW PRICE STABILITY, FULL EMPLOYMENT

Continued from Page 3

the market for government securities, yields fluctuated over a wider range than in earlier postwar years. The same was true of corporate bonds. An upward trend was apparent and closing quotations at year's end were very close to the high point.

Treasury Security Yields in 1952

	Low	High
	%	%
2's of 1952-54 (Dec.)	1.61	2.36
2¼'s of 1959-62 (June)	2.28	2.67
2¾'s of 1960-65 (Dec.)	1.37	1.79
2½'s of 1967-72 (Sept.)	2.54	2.81
2½'s of 1967-72 (Dec.)	2.55	2.81
Domestic Corporate Bonds		
Moody's Aaa	2.91	3.03
Moody's Baa	3.48	3.63

The accompanying table for government bonds and high-grade corporate issues sufficiently describes the trend. The average rate on new Treasury bills on December 22 reached 2.23 per cent—a rate higher than that posted in any year since 1933.

Farmers' Debt Heightens, Prices Received Decline

The scoreboard for agriculture shows adverse trends compared with industry. Total production, led by corn, increased slightly for which farmers received substantially lower prices. Livestock took the brunt of price declines, but grain prices also participated. In the case of beef cattle, lower-grade animals fell in price most precipitously as drought conditions forced high marketings of thin animals. A larger number of animals classified as feeders moved into the feed lots in areas where the corn crop was good.

Meanwhile farming costs rose and farmers applied for more credit. Some of these credit demands were met, most of them in the non-real estate category which is estimated to have risen 30 per cent during the year.

The accompanying table shows the major indicators of trends in agriculture in 1951 and 1952.

Agricultural Conditions Indicators 1951-1952

	1951	1952
Agricultural production 1935-39=100	139	144
Prices rec'd by farmers 1910-14=100, Dec. 15 data	305	269
Prices paid by farmers 1910-14=100, Dec. 15 data	284	281
Farm parity ratio	107	96
Realized net income (in billions of dollars)	14.3	14.2 (est.)
Farm real estate debt (in billions of dollars)	6.3	6.7 (est.)
Non real estate debt (in billions of dollars)	7.0	9.2 (est.)

The 1947-49 Average and the Years 1949 to 1952

in the Ninth Federal Reserve District

BUSINESS

Ninth District Business Indexes (Monthly Averages—1947-49 = 100)

	1948	1949	1950	1951	1952
Bank Debits—93 Cities	105	99	109	120	121
Bank Debits—Farming Centers	106	102	110	118	120
Ninth District Department Store Sales	104	99	105	104	104
City Department Store Sales	103	100	108	106	107
Country Department Store Sales	105	96	99	100	99
Ninth Dist. Department Store Stocks	110	100	104	117	107
City Department Store Stocks	108	99	105	120	108
Country Department Store Stocks	112	100	103	113	107
Lumber Sales at Retail Yards (Bd.Ft.)	104	106	101	87	89
Miscellaneous Carloadings	103	95	102	105	104
Total Carloadings (Excl. Misc.)	104	88	92	99	88
Farm Prices—Minnesota	108	88	91	105	101

Index of Department Store Sales by Cities (Monthly Averages—1947-49 = 100)

	1948	1949	1950	1951	1952
Duluth-Superior	105	100	106	105	107
Minneapolis	103	102	110	110	111
St. Paul	103	96	102	97	97

Bank Debts	**1947-49 Av.**	**1949**	**1950**	**1951**	**1952**
			(T-h-o-u-s-a-n-d-s)		
Total—116 Cities	$32,308,911	$32,097,046	$35,350,557	$38,946,437	$39,763,280
Minneapolis	12,532,968	12,135,646	13,675,839	15,162,782	15,675,765
St. Paul	5,627,102	5,604,690	6,207,757	6,864,114	6,993,850
South St. Paul	973,900	948,383	1,031,878	1,082,513	992,387
Duluth-Superior	1,537,509	1,466,990	1,612,025	1,923,561	1,791,077
Michigan—14 cities	758,671	750,123	794,607	866,484	892,584
Minnesota—46 cities	3,049,327	3,048,470	3,291,963	3,559,775	3,653,129
Montana—15 cities	2,467,403	2,676,252	2,952,677	3,221,246	3,355,187
North Dakota—13 cities	2,208,871	2,303,499	2,343,149	2,480,906	2,549,570
South Dakota—16 cities	2,162,281	2,183,742	2,369,380	2,607,511	2,619,925
Wisconsin—7 cities	990,879	979,251	1,071,282	1,177,545	1,239,806

Retail Sales	**1947-49 Av.**	**1949**	**1950**	**1951**	**1952**
			(T-h-o-u-s-a-n-d-s)		
415 Lumber Yards (Board Feet)	152,561	161,431	164,658	139,941	138,981
415 Lumber Yards (Dollar Vol.)	$ 54,251	$ 54,390	$ 58,532	$ 53,873	$ 52,459
Department Store Sales*					
Ninth District	367,697	361,899	383,791	381,739	383,720
Minnesota	286,797	284,659	306,165	302,372	304,221
Montana	16,756	17,063	17,271	17,789	18,273
North Dakota	20,793	19,405	19,048	19,541	20,168
South Dakota	23,246	21,649	21,354	21,041	20,276
Wisconsin and Michigan (Ninth District portion)	20,105	19,123	19,953	20,996	20,782

* 1948 figures are from the Census of Business, sales for other years are estimated.

Inventories, December 31	**1947-49 Av.**	**1949**	**1950**	**1951**	**1952**
			(T-h-o-u-s-a-n-d-s)		
416 Lumber Yards (Board Feet)	63,387	65,876	81,315	78,764	78,301
Department Stores*					
Ninth District	$ 79,643	$ 77,466	$ 89,248	$ 84,160	$ 83,756
Minnesota	59,004	57,798	67,889	62,227	63,195
Montana	4,078	4,025	4,496	4,344	4,561
North Dakota	4,773	4,504	4,773	4,733	5,141
South Dakota	6,601	6,142	6,425	6,872	5,420
Wisconsin and Michigan (Ninth District portion)	5,187	4,997	5,665	5,984	5,439

* Department store stock benchmark data are not available from the 1948 Census of Business. Dollar department store stock estimates appearing in this table were prepared by applying the ratio of year-end stocks to annual sales for a sample of reporting Ninth district department stores to estimates of total annual department store sales.

Freight Carloadings—N. W. District

	1947-49 Av.	1949	1950	1951	1952
			(T-h-o-u-s-a-n-d-s)		
TOTAL	5,757	5,249	5,527	5,839	5,425
Grain and Grain Products	634	621	551	625	606
Livestock	158	141	113	107	107
Coal	341	288	297	275	239
Coke	92	83	84	94	70
Forest Products	503	429	484	513	495
Ore	1,414	1,246	1,441	1,692	1,390
Miscellaneous	1,986	1,881	2,024	2,076	2,071
Merchandise—LCL	630	560	533	457	447

Source: Association of American Railroads.

Electric Power Prod. (KWH)

	1947-49 Av.	1949	1950	1951	1952
TOTAL	7,603,339	8,024,211	8,869,191	9,364,469	10,308,282
Minnesota	3,841,179	4,082,966	4,537,180	4,775,822	5,246,607
Montana	2,850,467	2,915,960	3,135,752	3,303,594	3,780,224
North Dakota	494,913	567,484	661,055	678,835	666,212
South Dakota	416,780	457,801	535,204	606,218	615,239

Source: Federal Power commission.

Life Insurance Sales

	1947-49 Av.	1949	1950	1951	1952
			(T-h-o-u-s-a-n-d-s)		
TOTAL	$ 469,583	$ 455,925	$ 500,985	$ 482,461	$ 533,083
Minnesota	295,663	292,385	333,675	315,592	347,980
Montana	58,183	58,528	63,572	62,418	70,702
North Dakota	54,745	52,105	47,491	47,235	55,306
South Dakota	60,991	52,907	56,247	57,216	59,095

Source: Life Insurance Agency Management association.

Manufacturing and Mining

	1947-49 Av.	1949	1950	1951	1952
Flour Production:			(T-h-o-u-s-a-n-d-s)		
Minneapolis Mills (bbls.)	7,737	6,667	6,801	7,012	7,341
Other N. W. Mills (bbls.)	13,663	11,707	11,649	12,129	11,774
Flour Shipped from Mpls. (bbls.)	7,069	6,852	7,566	6,720	7,367
Linseed Products Shipped (lbs.)	951,820	1,183,800	1,276,320	1,211,760	1,008,240
Iron Ore Shipped (gross ton)	76,797	69,556	78,206	89,092	74,911

Source: Flour data, Northwestern Miller; linseed product data, Minneapolis Grain Exchange; iron ore shipped, Lake Superior Iron Ore association.

Construction Contracts Awarded in Ninth District

	1947-49 Av.	1949	1950	1951	1952
			(T-h-o-u-s-a-n-d-s)		
TOTAL	$ 311,137	$ 392,873	$ 457,666	$ 482,812	$ 453,108
Public Works	99,748	137,186	96,220	106,628	85,491
Public Utilities	27,219	38,333	37,334	45,727	24,496
Total Building	184,169	217,354	324,112	330,457	343,121
Residential	89,786	102,270	163,178	164,317	169,293
Commercial & Industrial	37,022	29,751	45,423	45,430	67,277
Educational	20,103	32,651	34,852	56,447	52,559
All Other	37,258	52,682	80,659	64,263	53,992

Source: F. W. Dodge Corporation.

Business Failures in Ninth District

	1947-49 Av.	1949	1950	1951	1952
Number	76	111	107	113	106
Liabilities	$ 3,895,667	$ 3,866,000	$ 3,235,000	$ 4,023,000	$ 3,124,000

Source: Dun and Bradstreet, Inc.

AGRICULTURE

Cash Income from Farm Marketings*

	1947-49 Av.	1949	1950	1951	1952[1]	1952 in Percent of 1951
		(T-h-o-u-s-a-n-d-s)				
Ninth District—TOTAL	$3,221,743	$2,924,254	$2,789,679	$3,201,630	$2,986,277	93%
Crops	1,305,309	1,132,761	1,030,162	1,114,237	1,064,659	95
Livestock and Livestock Products	1,890,059	1,773,487	1,731,991	2,058,501	1,892,726	92
Government Payments[2]	26,375	18,006	27,526	28,892	28,892	100
Michigan (15 counties)	31,804	29,513	25,687	30,322	30,468	100
Minnesota	1,298,665	1,224,079	1,195,963	1,294,819	1,285,724	99
Montana	388,187	371,153	359,934	441,260	382,382	87
North Dakota	649,095	541,191	503,711	590,397	510,752	86
South Dakota	631,249	559,018	510,315	607,080	538,202	89
Wisconsin (26 counties)	222,743	199,300	194,069	237,752	238,749	100

* SOURCE: USDA—"Farm Income Situation."
[1] Ten months actual and two months estimated.
[2] 1952 Government Payments estimated to be the same as 1951.

Farm Real Estate Mortgage Indebtedness, January 1*

	1947-49 Av.	1949	1950	1951	1952	1952 in Percent of 1951
		(T-h-o-u-s-a-n-d-s)				
Michigan (15 Counties)	$ 11,539	$ 12,279	$ 13,025	$ 14,014	$ 14,984	107%
Minnesota	246,578	237,572	244,853	268,728	285,865	106
Montana	42,910	45,676	49,357	56,301	64,845	115
North Dakota	71,258	67,367	70,026	75,043	79,457	106
South Dakota	73,863	67,847	71,729	77,071	84,378	109
Wisconsin (26 Counties)	73,307	75,495	79,090	84,816	87,496	103
Ninth District	519,456	506,236	528,080	575,973	617,025	107

* SOURCE: USDA—"Farm Mortgage Debt by States."

Ninth District Farm Prices* (Monthly Av.)

	1947-49 Av.	1949	1950	1951	1952	1952 in Percent of 1951
Wheat (Bu.)	$2.18	$1.94	$1.98	$2.07	$2.08	100%
Corn (Bu.)	1.52	1.05	1.23	1.48	1.41	95
Oats (Bu.)	.78	.57	.68	.78	.75	96
Barley (Bu.)	1.44	1.00	1.17	1.17	1.20	102
Rye (Bu.)	1.86	1.13	1.14	1.54	1.65	107
Flax (Bu.)	5.52	4.23	3.42	3.90	3.77	97
Potatoes (Bu.)	1.44	1.42	1.19	1.16	2.42	209
Hogs (Cwt.)	21.80	17.98	17.82	19.90	17.72	89
Beef Cattle (Cwt.)	20.14	19.42	22.81	28.40	24.82	87
Veal Calves (Cwt.)	23.46	24.12	26.95	31.42	28.52	91
Sheep (Cwt.)	8.91	9.27	11.14	16.16	10.50	65
Lambs (Cwt.)	21.18	21.99	24.04	31.10	24.23	78
Chickens (Lb.)	.23	.22	.18	.23	.20	87
Butterfat (Lb.)	.75	.65	.65	.74	.77	104
Milk (Cwt.)	3.62	3.14	3.15	3.82	4.06	106
Eggs (Doz.)	.40	.40	.31	.42	.36	86
Wool (Lb.)	.47	.50	.58	.92	.50	54

* SOURCE: USDA—"Agricultural Prices."

Index of Land Values, March 1*—(1912-1914 = 100)

	1947-49 Av.	1949	1950	1951	1952	1952 in Percent of 1951
Michigan	198	202	199	228	244	107%
Minnesota	155	164	169	197	212	108
Montana	125	130	125	141	152	108
North Dakota	107	118	114	125	142	114
South Dakota	89	98	97	112	126	112
Wisconsin	144	152	145	162	172	106

* SOURCE: USDA—"Current Developments in Farm Real Estate Market."

Livestock Numbers, 4 Full Ninth District States, January 1*

	1947-49 Av.	1949	1950	1951	1952[p]	1952 in Percent of 1951
		(T-h-o-u-s-a-n-d-s)				
All Cattle and Calves	9,339	9,260	8,969	9,147	10,018	109%
Dairy Cows	2,596	2,443	2,410	2,346	2,291	98
Sheep and Lambs	3,944	3,611	3,270	3,383	3,704	109
Hogs	5,555	5,555	5,545	5,824	6,309	108
Chickens	44,062	41,725	44,334	39,800	40,349	101
Turkeys	393	364	307	298	377	126

* SOURCE: USDA—"Livestock on Farms."
p—Preliminary

Farm Production 4 Full Ninth District States*

	1947-49 Av.	1949	1950	1951	1952p	1952 in Percent of 1951
			(T-h-o-u-s-a-n-d-s)			
Wheat (Bu.)	271,405	225,579	$ 264,420	$ 318,047	$ 232,027	73%
Corn (Bu.)	366,013	362,615	326,460	325,532	393,082	121
Oats (Bu.)	333,407	283,716	348,826	396,140	348,280	88
Barley (Bu.)	117,210	75,588	130,184	122,086	85,594	70
Rye (Bu.)	11,427	8,315	10,275	12,270	6,534	53
Flaxseed (Bu.)	37,705	34,007	35,656	31,853	27,714	87
Soybeans for Beans (Bu.)	15,289	14,055	19,099	20,082	23,582	117
Potatoes (Bu.)	40,907	40,240	42,355	29,020	30,117	104
Wool (Lbs.)	30,470	27,312	25,626	29,810	31,599	106
Milk (Lbs.)	12,105,000	11,990,000	11,733,000	11,580,000	.....	...
Butter (Lbs.)	326,990	335,424	336,425	321,621	321,540	100
Eggs (Doz.)	479,889	472,750	531,417	481,750	495,750	103

* SOURCE: USDA—"Crop Production" for Minnesota, Montana, North Dakota, and South Dakota.
p—Preliminary

Non-Real Estate Loans to Farmers, January 1*

	1947-49 Av.	1949	1950	1951	1952	1952 in Percent of 1951
			(T-h-o-u-s-a-n-d-s)			
Minnesota	$ 62,746	$ 80,420	$ 94,770	$ 120,402	$ 146,229	121%
Montana	20,827	26,367	22,626	27,885	34,910	125
North Dakota	14,228	18,759	23,860	27,917	32,699	117
South Dakota	32,002	40,277	42,125	52,585	69,930	133

* SOURCE: USDA—"Agricultural Finance Review." Totals are exclusive of CCC loans.

BANKING

All Member Banks Total Deposits

	1947-49 Av.	Dec. 31, 1949	Dec. 31, 1950	Dec. 31, 1951	Dec. 31, 1952
			(T-h-o-u-s-a-n-d-s)		
TOTAL	$ 3,518,664	$ 3,503,144	$ 3,614,783	$ 3,742,938	$3,962,354
Michigan—15 counties	153,071	149,616	156,562	162,485	167,748
Minnesota	2,083,980	2,071,437	2,181,127	2,233,777	2,375,923
Montana	493,507	507,816	500,880	529,340	561,462
North Dakota	266,089	264,205	259,951	271,867	278,999
South Dakota	339,644	232,855	339,928	357,143	375,729
Wisconsin—26 Counties	182,373	177,215	176,335	188,326	202,493

City Member Banks (Weekly Reporting Banks)

	1947-49 Av.	Dec. 31, 1949	Dec. 31, 1950	Dec. 31, 1951	Dec. 31, 1952
			(T-h-o-u-s-a-n-d-s)		
Loans and Discounts	$ 428,115	$ 427,143	$ 551,620	$ 598,704	$ 627,698
U. S. Government Securities	671,501	703,153	579,366	551,395	647,963
Other Securities	85,241	106,265	142,278	129,746	156,464
Total Deposits	1,591,526	1,591,084	1,677,283	1,713,972	1,820,218
Dem. Dep. Ind., Pt. and Corp.	838,356	833,304	926,558	948,144	1,007,057
Time Dep. Ind., Pt. and Corp.	249,059	247,979	240,455	237,882	255,558
Public Deposits	173,887	185,417	153,513	149,162	170,469
Due to Banks and Other Dep.	330,224	324,384	356,803	378,784	387,134

Country Member Banks (Non-Weekly Reporting Banks)

	1947-49 Av.	Dec. 31, 1949	Dec. 31, 1950	Dec. 31, 1951	Dec. 31, 1952
			(T-h-o-u-s-a-n-d-s)		
Loans and Discounts	$ 414,405	$ 462,790	$ 565,332	$ 631,762	$ 680,565
U. S. Government Securities	1,052,794	1,020,364	919,790	889,200	944,509
Other Securities	123,702	131,914	141,328	150,159	161,189
Total Deposits	1,927,138	1,912,060	1,937,501	2,028,966	2,142,136
Dem. Dep. Ind., Pt. and Corp.	1,051,749	1,028,699	1,061,032	1,133,280	1,164,900
Time Dep. Ind., Pt. and Corp.	678,254	675,656	656,650	669,738	727,676
Public Deposits	136,713	148,646	155,372	158,373	182,909
Due to Banks and Other Dep.	60,422	59,059	64,447	67,576	66,651

Minneapolis Federal Reserve Bank

	1947-49 Av.	Dec. 31, 1949	Dec. 31, 1950	Dec. 31, 1951	Dec. 31, 1952
			(T-h-o-u-s-a-n-d-s)		
Loans to Member Banks*	$ 3,913	$ 1,643	$ 4,552	$ 10,854	$ 15,785
Industrial Advances*	3	10	172	156	110
Total Earnings Assets	666,173	613,216	641,379	749,487	765,802
Mem. Bank Res. Balances	450,708	394,920	391,855	464,389	437,867
Fed. Res. Notes in Circulation	623,512	612,217	610,643	632,029	650,889
Total Gold Certificate Reserve	464,999	446,587	387,581	350,279	353,155

* Daily average of amounts outstanding during the year.