

MONTHLY

REVIEW

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FEDERAL RESERVE BANK OF MINNEAPOLIS

APRIL 1966

Urban renewal: a major action program

An increasing number of Ninth district leaders in municipalities, counties, and state governments have been taking a long look at future possibilities for redevelopment of their particular domains. While some are still in the process of developing comprehensive plans,¹ others are turning their plans into action projects to eliminate slum and blighted areas and to expand commercial, industrial, and residential sections in coordination with new layouts of streets and highways.

Why urban renewal?

Renewal of physical structures in a community is a continuous process. Buildings, obviously, begin to age as soon as they are completed; they require maintenance and, eventually, restoration or demolition. When a private owner no longer receives a sufficient return on his properties to cover the cost of restoration either in the form of rentals or in appreciated market values and cannot sell for an alternative use, he often allows his structures to become dilapidated, thus contributing to the growth of blighted areas and, subsequently, slums.

Prior to this century, it was not incompatible with the slow rate of technological change in methods of production and of distribution and in types of services rendered for the usefulness of buildings to be maintained for 50 or a 100 years. However, the speed-up in technology and mobility since World War I has contributed to structures becoming outmoded before wearing out. As a result, many structures even have become liabilities to the owners as well as to the communities in

that the cost of demolition is an added expense in preparing the land for new structures. This situation, as well as the difficulty of assembling separate parcels into adequate sites, has led to the selection of new locations for new structures to obtain floor space and parking areas required for today's needs, while buildings in old locations which satisfied the styles and technology of a past era have been allowed to deteriorate. Some neighborhoods and even whole villages and cities under such a sequence of events, thus, have become dominated by obsolete structures making renewal a community-wide problem.

Urban renewal projects of a public nature are of two general types. In a slum area where most structures are beyond repair and modernization, the *redevelopment* approach may be adopted. Redevelopment involves the purchase and clearance of most of the buildings in the area. The land is then sold to developers for construction of new structures in accordance with a locally approved renewal plan. In areas where many buildings can be salvaged, the concentration may be one of *rehabilitation*. Rehabilitation involves the conservation and improvement of most structures occupying the project area, spot clearance of some dilapidated buildings, and only minor changes in land use.

Federal participation

Usually properties in slum and blighted areas are too expensive for private developers to purchase and to clear for new structures, and, as a result, nothing is done about them. This situation led to the enactment of federal legislation to aid and encourage municipalities to eliminate deteriorated areas and to rebuild. Under the federal

¹The activity in planning was described in the January 1966 issue of the *Monthly Review*.

renewal program, federal grants are made available and technical advice is supplied to buy, clear, and prepare the land, but the projects are locally planned and administered and the building of new structures is financed by private capital with the exception of public structures.

Federal assistance is extended under Title I of the Housing Act of 1949 and through subsequent legislation. The program was expanded by the Housing Act of 1961 to place further emphasis upon helping smaller communities; and, also, \$2 billion was added to the funds authorized for capital grants. Additional funds were authorized in 1964 and 1965. Local public redevelopment authorities must be approved by state and local laws in order to receive such aid. Generally, the local unit is a specially created redevelopment or urban agency, a local housing authority, or the governing body of a city or county.

Urban renewal projects under federal supervision follow a specified procedure for action. The area for renewal within a municipality is established with the advice and consent of the Federal Urban Renewal Administration. Generally, most or all properties in the area are acquired by the local redevelopment agency, using the power of eminent domain if necessary. The structures are cleared and public improvements such as streets, utilities, and educational and recreational facilities are included in the plan. The land is resold to private developers ordinarily at a price considerably less than the cost of acquiring the properties and clearing the structures, often by as much as 50 per cent. This write-off is necessary to arrive at a price for the cleared land that is comparable to other land available in the community. The re-use of the project area is generally planned according to the community-wide scheme for future growth and development, and the local redevelopment agency lays down general specifications for the new structures to be erected in the cleared area.

In effect, federal grants encourage the undertaking of renewal projects by absorbing a part of the "write-off" or net loss to the local develop-

ment authority, that is, the difference between the cost of purchasing the properties, clearing the structures and preparing the land for the intended uses, on the one hand, and the receipts derived from the sale of land, on the other. Municipalities with a population of 50,000 or less and those with a population of up to 150,000 in officially designated distressed areas may secure federal grants equal to three-fourths of the net cost of a project while others are limited to two-thirds. If the latter municipalities elect to bear their own local administrative, legal, and planning expenses, they too may secure federal grants equal to three-fourths of the net cost of a project. Furthermore, FHA insurance may be obtained for mortgages secured on newly constructed residential properties in the area.

Federal renewal projects have been closely linked to the program of eliminating substandard housing and increasing the supply of approved dwelling units. Originally, Title I of the Federal Housing Act prescribed that all projects had to be predominantly residential. To date these projects have resulted mainly in construction of apartment buildings on the fringes of downtown areas. Under recent housing acts, restrictions on commercial redevelopments have been relaxed and a larger percentage of capital grants may be used to finance nonresidential projects.

Self-help approach

The Federal Urban Renewal Administration of the Department of Housing and Urban Development requires that the area for renewal, whether redevelopment or rehabilitation, be specifically defined. Some community leaders with an over-all plan at their disposal have concluded that it is advantageous to subject the entire community to a renewal program. Since this procedure does not qualify under the federal program, they proceed on their own without federal supervision and grants.

Under this approach all business firms and residences benefit from the renewal program and few are forced to relocate. With the over-all plan as

a general guide, detailed plans are drawn up for the improvement of each industrial, commercial, or residential neighborhood that includes slum districts or pockets of blight. Representatives of the business community prepare for the rehabilitation or conversion of specific business properties. Typically, local government officials draw up and enforce modern building and zoning codes for both business and residential areas. Public buildings such as schools, libraries, etc., are rehabilitated or demolished and built anew and public services are improved. Generally, new thoroughfares are needed to accommodate traffic flows among the changing areas. New street patterns may be established within the neighborhoods.

Such extensive undertakings serve as an incentive to private property owners not directly involved in the projects. Home-owners improve their properties and businessmen modernize their properties as the opportunities for greater profits appear. When a community is able to launch a successful improvement program and sound community growth is encouraged, more income is created which, in turn, provides a source of funds for the work being done. Thus the community is less dependent upon local government deficit spending and federal grants.

District urban renewal projects

In the Ninth district urban renewal projects are located mainly in Minnesota. In addition to several in Minneapolis and St. Paul, projects have been undertaken in Chisholm, Duluth, Hibbing, Montevideo, Moorhead, and Winona. In North Dakota, two projects have been undertaken in Fargo and one in southwest Fargo. In northwestern Wisconsin, two projects are in the preliminary stages in La Crosse. The dates the projects in district cities

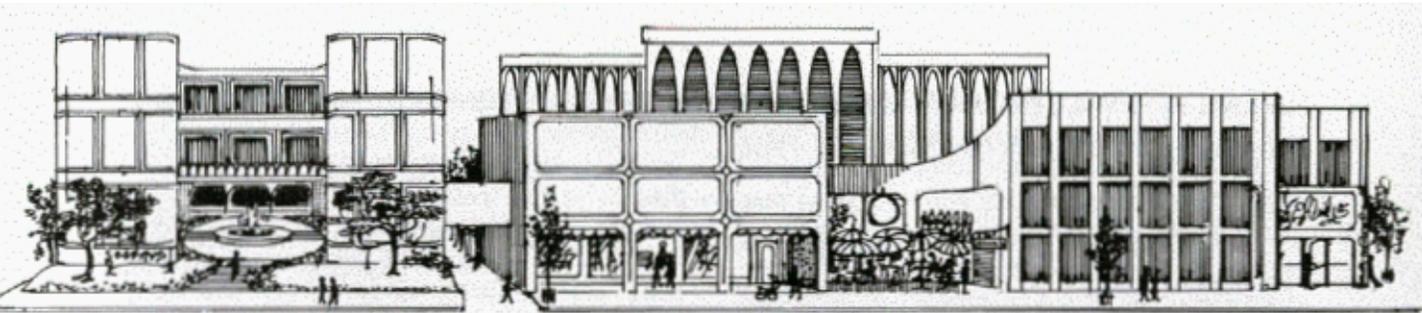
were approved by the Urban Renewal Administration of the Housing and Home Finance Agency and the amount of federal funds involved are shown in the Table. In addition, local leaders in White Bear Lake, Minnesota and Hurley and Montreal, Wisconsin have initiated renewal programs, and in several communities preliminary work is in process for such projects with no federal direction or subsidy.

A brief description of the urban renewal programs undertaken in Minneapolis, Minnesota and in Fargo, North Dakota illustrate the accomplishments under such projects in large and in small cities in this district:

Minneapolis. The Minneapolis Housing and Redevelopment Authority was organized in 1947 under state enabling legislation of that year. This agency has full-time staffs working in the fields of administration, planning, engineering, relocation, and land use and is responsible for the planning and direction of urban renewal projects and the development and management of low-rent housing within the city of Minneapolis. The Authority was authorized to levy a tax within the city which provides about \$400,000 a year in revenue. Under this agency, the worst areas of slum and blight in Minneapolis have been eliminated. Seven renewal and rehabilitation projects have been initiated in addition to those of an exclusively planning nature.

Hi-Low. The first urban renewal project in Minneapolis and also the first in the nation was the 1950-1952 Hi-Low development in northeast Minneapolis. The area consisted of low hills, hollows, and swampy areas and the project obtained its name from the terrain as the earth was moved from high places to low areas. The 19 acres





were replotted into 95 new lots and sold for new residences. Financed entirely out of city funds as the Slum Clearance and Urban Redevelopment Agency had no funds left for grants, it almost paid for itself out of the first year's increase in tax receipts to the city. The total redevelopment cost after the sale of the lots was only \$27,000.

Glenwood. The Glenwood Project comprises 180 acres of what was one of the worst problem areas in the city. Actual land purchases, relocation of the inhabitants, and clearance of the buildings began in 1956. In all, 606 families, 246 single individuals, and 119 business firms were relocated. The Authority spent over \$8 million of federal and local funds in redevelopment. Nearly \$22 million in new buildings have been built in the cleared area and the assessed values have increased annual tax receipts by about \$500,000 over the receipts before the renewal was started. It is estimated that the total renewal costs, including both federal grants and expenditures made by the city, will be repaid in tax receipts in about 16 years. The amount of the city's investment alone is realized in tax receipts about every six years.

Glenwood now is a community with a balanced residential, commercial, and industrial complex. Thirty acres at the eastern end have been developed as an industrial park. In the center is a new shopping center with about 60,000 square feet of commercial space. In addition to 470 low-rent public housing units constructed by the Authority, 166 high-rise apartment units and 184 row-house apartment units have been constructed privately. Important to Minneapolis are the more than 30

industries which have found new locations in Glenwood. These warehousing and light manufacturing firms employing 2,700 persons might otherwise have had to choose suburban locations.

Currently, the Minneapolis Housing and Redevelopment Authority is engaged in four renewal projects in largely residential areas:

Harrison. The Harrison Project is the first in the city in which neighborhood rehabilitation is the goal. It consists of an area of 147 acres in north Minneapolis in which there will be rehabilitation of about 600 of the 750 original buildings. Owners of structures in need of extensive repairs are required to meet certain standards set forth in the plan for the neighborhood, and owners of structures in need of minor repairs are encouraged to make repairs to meet city-wide codes and ordinances. Structures economically beyond repair are being demolished and the cleared lots, beginning May 1965, were placed on sale.

Grant. The Grant Project, also in north Minneapolis, joins the Glenwood Redevelopment Area. It consisted of 321 buildings, mostly substandard, which are being purchased and demolished. The land will be made available for residential rebuilding.

St. Anthony West. The St. Anthony West Project consisting of a 210-acre area is in northeast Minneapolis bounded on the southwest by the Mississippi river. About 217 of the 657 buildings are scheduled for demolition and the remainder will be rehabilitated.

Seward East. The Seward East Project is in south Minneapolis, adjacent to the Mississippi river and

URBAN RENEWAL PROJECTS IN THE NINTH DISTRICT APPROVED BY URBAN RENEWAL ADMINISTRATION AS OF JUNE 30, 1965

State City	Name of Project	Approval Dates			Grants	
		Planning	Execution	Completion	Reservation	Disbursements
MICHIGAN						
Marquette	Downtown Shopping Center	3-65			\$ 666,000	\$
MINNESOTA						
Chisholm	Southside	2-62	5-63		138,281	76,648
Duluth	Gateway	3-61	10-62		1,169,712	723,874
	Saint Croix	4-53	10-55	4-59	72,822	72,822
	West Michigan Street	12-58	1-62		722,737	472,974
Hibbing	Fifth Avenue	4-62	4-64		67,455	39,978
Minneapolis	Community Renewal Program	none	7-61		691,205	531,077
	Gateway Center	4-56	6-58		13,049,992	9,375,532
	Glenwood	3-50	4-55		5,988,598	5,125,277
	Grant	10-60	8-64		4,174,239	1,312,796
	Harrison Avenue	12-58	4-63		2,094,301	1,058,463
	Near North Side (GN)	12-59	none	12-59	none	—
	Saint Anthony (GN)	12-61	none	5-64	none	—
	Saint Anthony East	10-64			2,172,000	
	Saint Anthony West	6-63	8-64		4,244,215	6,735
	Seward (GN)	5-63	none	5-63	none	—
	Seward East	7-63			3,123,969	
Montevideo	Fiesta City Center (GN)	9-62	none	12-63	none	—
	Fiesta City Center	7-63	2-64		1,030,080	211,458
Moorhead	Original Townsite	6-64			2,634,000	
St. Paul	Cathedral (GN)	6-62	none	12-63	none	—
	Cathedral No. 1	4-63	2-64		2,136,724	1,159,681
	Downtown	12-62	8-64		13,105,946	3,733,416
	Eastern	8-50	3-53	8-64	1,321,277	1,321,277
	Riverview (GN)	7-61	none	6-64	none	—
	Riverview Industrial	2-64	7-64		2,837,071	
	Selby-Dale (GN)	9-64			4,300,000	
	Smith Park (FS)	2-62	none	11-62	none	—
	Upper Levee	11-57	6-58		326,622	247,394
	Western	8-50	3-53		2,247,540	1,625,697
Winona	Downtown Winona (GN)	9-64			1,000,000	
NORTH DAKOTA						
Fargo	Fourth Street	3-56	2-58		1,600,194	1,055,452
	Main Avenue	12-61	10-64		2,311,456	
Southwest Fargo	Southdale	12-59	11-61		572,112	360,734
WISCONSIN						
La Crosse	Civic Center	9-64			1,163,000	
	Civic Center (FS)	9-62	none	12-63	none	—

NOTE: (GN) — "General neighborhood renewal plan preparation authorized under amendments in the Housing Act of 1956."
 (FS) — "Project feasibility survey authorized under amendments in the Housing Act of 1956."

SOURCE: Urban Renewal Directory, June 30, 1965, Housing and Home Finance Agency, Urban Renewal Administration, Washington, D. C. 20410.

south of the proposed crosstown expressway. It is largely a rehabilitation operation extending over about 125 acres. About 384 structures will be rehabilitated and 136 structures will be cleared.

In addition, the Authority has received approval from the City Council to proceed with planning activities for three urban renewal areas known as St. Anthony East, Seward South, and Near North Side. These areas are adjacent to current renewal projects.

Gateway Center. The Minneapolis lower loop, or Gateway Center as it has been designated, a largely commercial redevelopment, was approved for planning in 1956 and for execution beginning in 1958. The Authority acquired 209 properties and cleared 190 structures in the area and the 2,900 persons living there were relocated. In 1961 most of the 68 acres in the area were sold to a private developer for \$6 million. However, the Authority retains control of all cleared land until construction of a structure is begun, thus securing an income from automobile parking lots located there in the meantime to offset, in part, the loss of revenue from the property tax. Standards for new buildings in the Gateway Center were adopted and the Authority must approve all plans.

State and federal public buildings were the first to be built in the Gateway Center, providing an incentive for private investment. A wide range of business firms now occupy distinctive buildings. Plans have been completed for several additional structures.

Federal grants cover two-thirds of the residential renewal projects and three-fourths of the Gateway Center (see Table). The city of Minneapolis has financed the remainder which has been in the nature of public improvements such as streets, parks, and utilities within the project areas. The main source of local funds is the one mill tax levied by the Authority.

Low-Rent Program. The Low-Rent Program administered by the Minneapolis Housing and Redevelopment Authority is a separate housing program. By the end of 1964, 2,462 regular,

high-rise and cottage type apartment units had been constructed in Minneapolis for low-income families, individuals, and senior citizens. Rents are paid in accordance with the tenants' income and not according to the size or location of the apartment. Ten per cent of the rental income, exclusive of the cost of the utilities, is paid to the city in lieu of real estate taxes. In most cases, the city receives a larger amount than the real estate taxes paid by former owners on these tracts when the sites were blighted and annual real estate assessments were low. The Minneapolis Housing and Redevelopment Authority issued bonds when the land was purchased and the structures were built. The Public Housing Administration of the Housing and Home Finance Agency has agreed to pay any additional amount needed over rent receipts to cover interest charges and the maturing principal on bonds issued when the land was purchased and the structures were built. Thus, in the Low-Rent housing program, no municipal funds are used for construction or maintenance.

The work of the Minneapolis Housing and Redevelopment Authority to improve the physical and social environment of the city is coordinated by city officials and citizens groups through what is termed a "workable program." Each year a progress report is submitted to the City Council and to the Urban Renewal Administration of the Federal Housing and Home Finance Agency. Closely allied to the urban renewal program is the provision made for housing displaced families and the relocation of business firms. Under legislation passed in April 1965 by the state legislature enabling a city to provide funds for a central information and relocation service, one-tenth of a mill tax has been levied in Minneapolis for this function. The relocation activities are planned and coordinated to provide families and elderly persons displaced by government action with decent, safe, and sanitary housing. A federal grant is provided and the money is administered locally to move to new locations both families and business

firms displaced by federally-aided urban renewal and highway programs. This service has relieved much of the hardships encountered by these displaced persons.

Fargo. Outside of Minneapolis and St. Paul, the first urban renewal project in the Ninth district was undertaken in Fargo, North Dakota. This city had a blighted area between the central business district and the Red river. Homes built in that locality began to deteriorate in value early in the city's history. Some lots remained vacant and were used by business firms for outside storage. The section remained static, an unsightly blot along Fargo's river front, as the city grew and as new additions above and below it along the river were developed into medium-high- and high-value residential areas with extensive boulevards and parks.

When the federal urban renewal program was broadened in 1954 to include clearance of non-residential structures and the re-use of cleared areas for nonresidential purposes, the Fargo Urban Renewal Agency drew up a community-wide plan to eliminate blighted areas and to prevent such areas from developing in the future. In working out the provisions in the plan, particular difficulty was encountered in the formulation of an acceptable housing code and of the procedure for its enforcement.

Following completion of the over-all plan, a detailed sketch was drawn up for the renewal of the one blighted area, designated as the Fourth Street Urban Renewal Area. The properties, appraised by two outside firms, were purchased and the structures were cleared by the Fargo Urban Renewal Agency. The many small lots were combined into 11 large parcels, and 10 were sold to business firms. One large tract was sold to the city of Fargo for a civic center which now includes a city hall-auditorium, a library, off-street parking for more than 1,000 automobiles, open vistas, and a potential river front parkway.

The renewal program has benefited the city financially. Approximately one-half of the total outlay for real estate was recovered from the land

sales. Although almost 70 per cent of the land was devoted to public use, the assessed taxable valuation rose to more than three times the valuation on the old properties.

Evaluation of renewal projects

Many projects in this district as well as in the nation have been well planned and directed involving a minimum dislocation of people, businesses, and institutions. However, where projects have not been well planned and directed, the general procedure adopted in the federal renewal program of selecting a specific area for renewal, of purchasing the properties, clearing the buildings and installing new public improvements, and of selling the improved land to redevelopers has led to some abuses and has elicited severe criticisms from the general public.

The urban renewal program is initiated and directed by community leaders. The Housing Act of 1949 provides federal grants for such programs under prescribed conditions, but state legislatures must adopt enabling laws to give cities the authority to undertake renewal projects, and the elected representatives in city governments must establish local renewal agencies to direct them. Since approval of specific areas for renewal and authorization of local public expenditures to supplement federal grants rests upon these municipal representatives, the responsibility for the acceptability of projects remains with the local officials.

The urban renewal program has extended the power of the state in the acquisition of private property. From colonial days the courts have authorized the use of eminent domain to acquire property for public use and for specific private use such as for flour mills, public utilities, and railroads. In renewal projects, the property is acquired for a new private use which cannot be stated specifically at the time of acquisition. The resale of land to private owners for a multiplicity of uses early in the federal program aroused considerable debate on the constitutionality of such broad powers, but in 1954 the United States Supreme Court broadened the interpretation of

the states' power of eminent domain to include the acquisition of property in renewal projects. The Court reaffirmed the decision in 1957.²

Nearly all slum areas designated for redevelopment encompass some responsible business firms and often many residential inhabitants who must be relocated permanently as these areas are designated for new uses. This in a substantial number of cases results in hardships. Business firms relocating near project areas may be faced with higher rents or higher real estate prices or, if they relocate some distance from the area, they may lose a portion of their market. These circumstances have caused some small business firms to liquidate. Families and individuals forced to relocate their residences have encountered difficulties in acquiring housing meeting the housing codes and located conveniently to their work at rents or prices they can afford to pay. To reduce the hardships encountered in relocation, the Federal Government in 1956 authorized standardized relocation payments to both business firms and to individuals and families displaced.

Financially, all urban renewal projects undertaken in the district have been a success in that the expenditures incurred are being recovered in higher tax revenues to the municipalities. As might be expected, the costs of some projects are being repaid at a faster rate than others. Of course, business firms, individuals, and families displaced by renewal projects, in many instances, still bear a cost that is not covered by relocation payments.

Urban renewal, either by redevelopment, rehabilitation, or a combination of these two

methods are successfully meeting the demands of modern manufacturing, distribution, and service facilities and of current standards of housing. It can be undertaken in small communities as well as in large cities. Since the formulation of plans is so complex, the renewal of central commercial districts, in particular, requires the services of an architect or professional planner. However, in the Ninth district it is possible for leaders in even small communities to secure assistance from numerous agencies. In addition to the Federal Urban Renewal Program, they may obtain technical assistance from land-grant universities and colleges through their extension services, from the Upper Midwest Research and Development Council, and from the United States Chamber of Commerce.

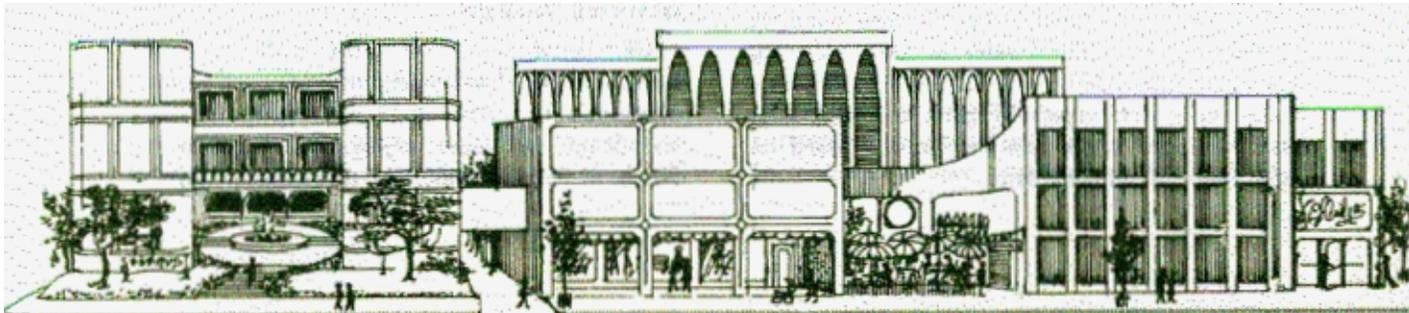
Summary

Rapid technological advances in the last four decades have drawn increasing attention to the obsolescence of structures and to insufficient space for modern needs in urban centers. Since the type of redevelopment required frequently is unprofitable for private enterprise to undertake and even too costly for local government units, the Federal Government has cooperated with local administrations in urban renewal. The inequities created through the dislocation of business firms and residences are gradually being eliminated.

In the Ninth district, urban renewal projects, of the redevelopment, rehabilitation, or community-wide type, have been well planned and efficiently directed under local leadership. These projects already have resulted in a general physical upgrading in numerous municipalities in the district.

— OSCAR F. LITTERER

²348 U.S. 26 (1954) *Berman v. Parker* and in 1957 affirmed in *Starr v. Nashville Housing Authority*.



Current conditions . . .

Although statistical data in the Ninth district covering the entire first quarter are not yet fully available, preliminary information indicates a continued strong upward trend in the region's major economic indicator series. Employment data, particularly, suggest expansion with over-all non-agricultural employment growing at better than a 2 per cent rate. Employment in manufacturing, mining, and construction is particularly strong in relation to year-earlier comparisons. An upsurge in building permit valuation in January averaging about 25 per cent higher than a year earlier may also be significant for construction employment in the succeeding months.

Unemployment, too, registers an exceptionally low figure — an estimated 82,000 unemployed workers in the district in January compared with 97,000 the year earlier. The unemployment rate in February was estimated at below the 3.5 per cent level.

Further evidence of strength in the labor market is the sharp increase in the help-wanted advertising index and an increase in the average hours worked weekly in manufacturing concerns.

Although total retail sales for the district are not yet available for early 1966, a 19 per cent increase in bank debits in the January-February period over year-earlier data indicates booming retail sales. Total retail sales in 1965 were up more than 6 per cent above the 1964 level. Automobile sales were especially good and such sales have continued to be relatively strong based on early 1966 preliminary data.

The district series on the industrial use of electric power and the production worker man-hours in manufacturing showed, too, that the economy in early 1966 was operating at an advanced level.

Extremely severe snowstorms in the Dakotas in mid-March resulted in losses estimated at 1 to 2 per cent of the total cattle population. Aside from this catastrophe, there were no notable new developments in district agriculture. Early 1966 farm income data are not yet available; however, farm prices through March have remained generally at favorable levels and marketings appear to have been normal.

In banking, loan demand at district member banks continues strong. Some lag is exhibited in the growth rates of demand deposits with a resulting further increase through March in the ratio of net loans-to-deposits. This decreased liquidity stimulated many member banks to make increasing use of the discount window at the "Fed" and to increase net purchases of federal funds (the excess reserves of commercial banks).

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

District petroleum activity mixed

Growth of newer oil fields in the Williston basin and the development of a new oil pool in Montana's Cut Bank field constituted the most significant petroleum exploration news in the Ninth district in 1965. At the western edge of

the Williston basin, Montana's deepest producer (12,698 ft., near Fairview) was discovered in October and late-in-the-year activity was noted in the Flat Lake field (see *Economic Briefs*). The new Cut Bank pool, discovered in June, by the end of the year had 35 producers.

Also during 1965 a new wildcat field near Circle, Montana reached developmental stage and important new wells were brought in in the McGregor (Williams county) and Medora (Billings county) areas in North Dakota.

Montana. Estimated recovery of crude oil in Montana represented about 34 per cent of the state's total mineral production value. A total of 32.9 million barrels were produced compared with 30.6 million barrels in 1964. An estimated 60 per cent of the crude oil produced came from the Williston basin. Marketed production of natural gas increased to 27.4 billion cubic feet from 25.2 billion cubic feet in 1964.

Montana well completions were up 18 per cent from 1964. Of a total of 499 wells completed, 194 yielded oil, 10 were gas discoveries, 2 were service wells, and 283 were dry. Ten new fields were discovered from wildcat drilling; 194 new wells resulted from development drilling.

Humble Oil & Refining Company completed installation of a refining-operations-control center, additional water control equipment, and a hydro-cracking unit at its Billings refinery. Sacatra Gasoline Company installed a natural gasoline plant at Melstone to recover LP gases from about 80 producing natural gas wells. Propane, butane, and natural gasoline were produced at the plant which has a capacity to process 6 million cubic feet of natural gas per day.

North Dakota. Estimated recovery of crude oil in 1965 in North Dakota totaled 27.9 million barrels compared with 25.7 million barrels in 1964. Marketed production of natural gas increased to 35.5 billion cubic feet from 34.7 billion cubic feet in 1964.

Drilling activity decreased, with 241 completions of which 136 were development wells and

105 were wildcat wells. (In 1964 a total of 296 wells were completed.) One new oilfield was discovered from wildcat drilling; 90 new wells resulted from development drilling. Recovery of liquefied petroleum gases from the three gas plants in the state increased 11 per cent.

Late in 1965 the state industrial commission issued an order permitting well operators in Marketing District 1 (Williams, McKenzie, Dunn, Mountrail and parts of Burke and Divide counties) to produce without restriction.

South Dakota. Estimated recovery of crude oil in South Dakota during 1965 was 200,000 barrels compared with 247,000 barrels in 1964. A total of 33 wells were completed — 4 yielded oil and 29 were dry.

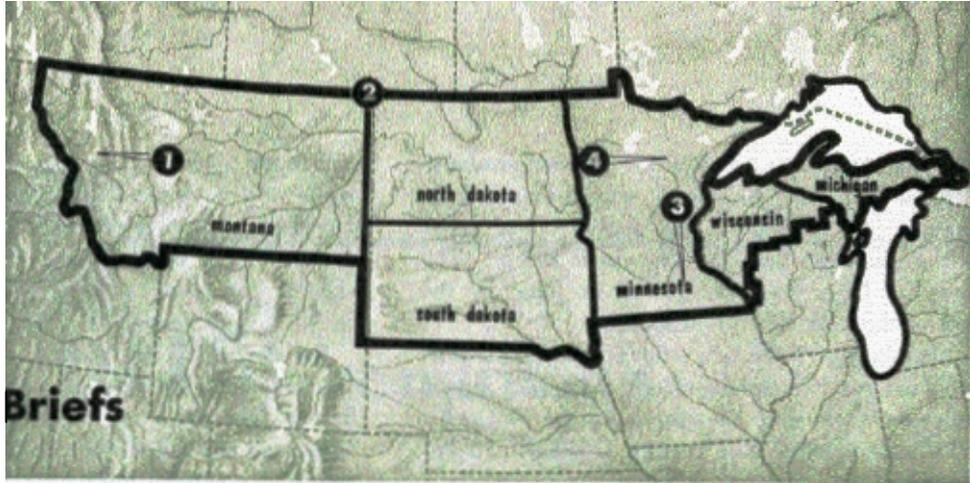
Consumer spending high

Preliminary estimates of Ninth district consumer spending at the retail level for the entire year of 1965 indicate a growth rate of about 6 per cent above the 1964 level. Spending on nondurable goods provided the main impetus for the advance; while spending for durable goods grew at a rate only slightly better than 1 per cent. Within the durable goods category, auto sales were strong; spending on other durables such as furniture and appliances showed little or no advance. The district differed significantly from the nation in the relative contributions to over-all retail spending provided by the durable-nondurable classification; in the nation, spending for durable goods exhibited the larger growth rate during 1965.

District trade employment reports for January and February indicate that consumer spending continued at 1965's advanced level. The growth in consumer instalment credit at commercial banks also pointed up an advanced level of consumer spending; the level of consumer credit in January was 26 per cent above the year-earlier level.

During January and February employment in the trade sector advanced by 3.2 per cent above the corresponding period of 1965 — also indicating increased consumer spending at the retail level.

Economic Briefs



1. Wood-fiber plant expands

An \$11 million expansion of the wood-fiber products plant of the Waldorf-Hoerner Company is under way at Missoula, Montana. The expansion, to extend over a period of two years, involves a change in cooking method for sawdust and shavings, and the addition of a second paper-making machine and the building to house it. Sixty new jobs will be created.

2. Oil operators active on border

Oil operators are busy on five projects in the Flat Lake field in the Williston basin. The activity has been spurred by a new find in a Mississippian formation in an area that straddles the International Boundary of the U.S. and Canada as well as the state lines of Montana and North Dakota. The activity reinvigorates an area which figured as one of the earliest Williston basin developments.

3. Meat packer announces layoff

Geo. A. Hormel & Co. has announced it is laying off 300 employees and reducing hog slaughter at its Austin, Minnesota plant. The layoff will take place over a period of one year. The company blamed the refusal of union employees to make certain improvements in work schedules and to revise the company's incentive program.

4. Experimental plant set for Iron Range

The U.S. Department of Interior has awarded a contract for the design of a \$3 million plant to mix scrap automobiles with taconite. The new facility, to be located in northeastern Minnesota, will test the economic feasibility of a process developed at the U.S. Bureau of Mines laboratory in Minneapolis to reclaim large quantities of non-magnetic taconite existing on Minnesota's iron ranges.