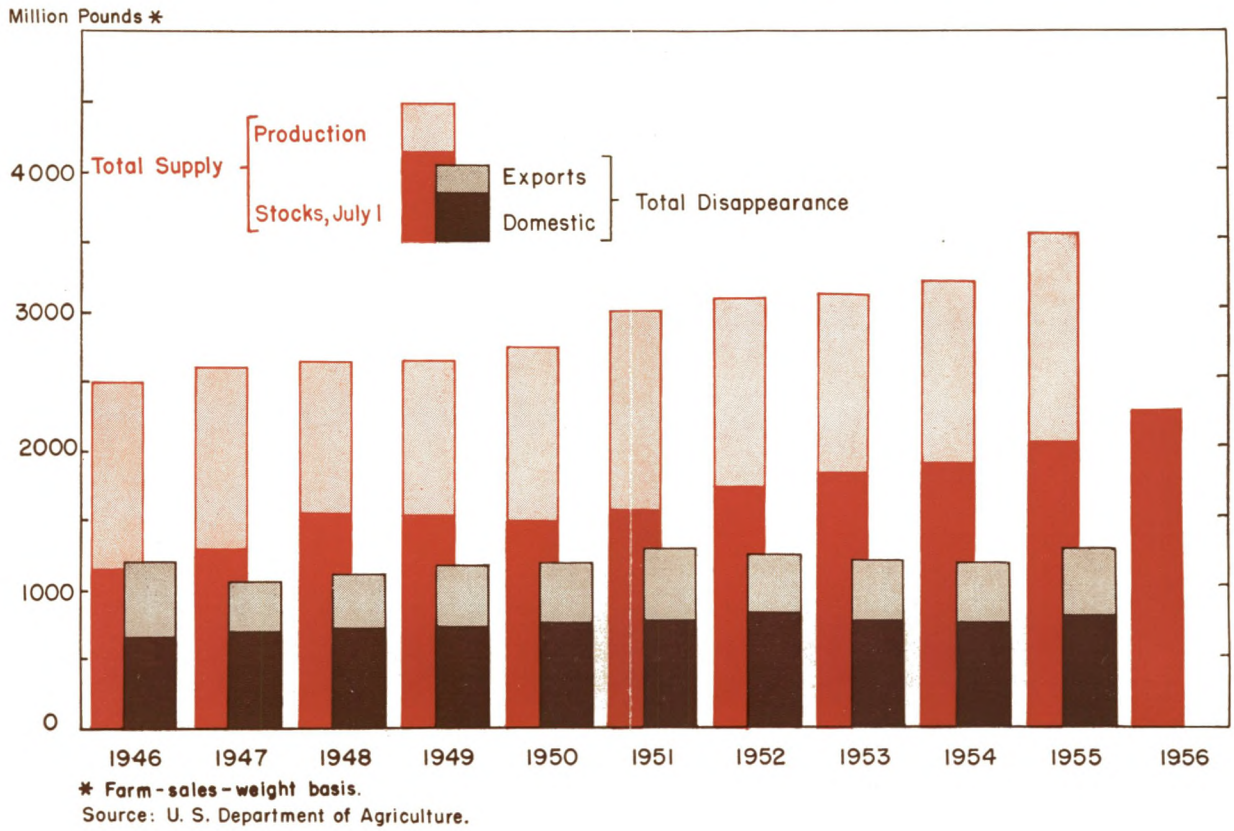
FEDERAL RESERVE BANK OF RICHMOND

# Monthly Review

January 1956

## FLUE-CURED TOBACCO SUPPLIES CONTINUE TO MOUNT



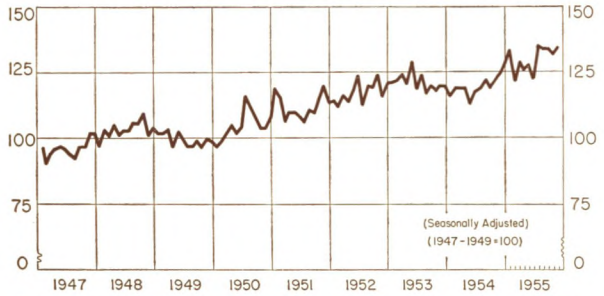

* Farm-sales-weight basis.
Source: U. S. Department of Agriculture.

*Flue-cured tobacco farmers begin 1956 with supplies very large in relation to expected disappearance. These and other factors in the 1956 agricultural outlook are discussed in the article beginning on page 3.*

### *Also In This Issue - - -*

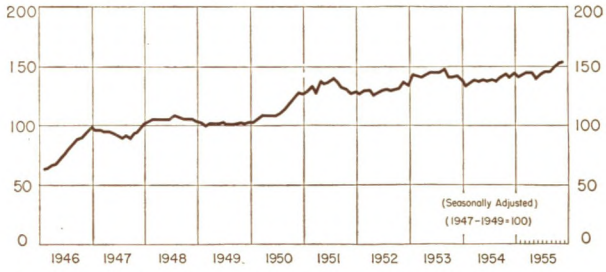
# FIFTH DISTRICT TRENDS

## DEPARTMENT STORE SALES



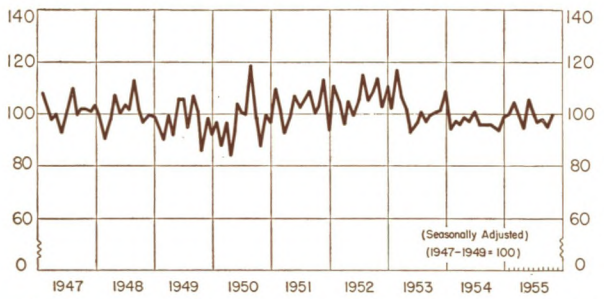

Department store sales, seasonally adjusted, regained in November the ground lost from September to October to move back up on the plateau in existence since mid-Summer. November sales were 2% above October (adjusted), 7% ahead of a year ago, and the eleven months' figure was up 9%.

## DEPARTMENT STORE INVENTORIES



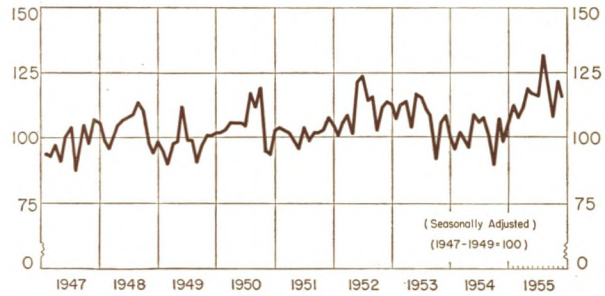

Department store inventories at the end of November were at an all-time high level, but their growth over the past year has been just in line with sales. November inventories were 1% higher than October on a seasonally adjusted basis and 8% higher than a year ago.

## CIGARETTE PRODUCTION



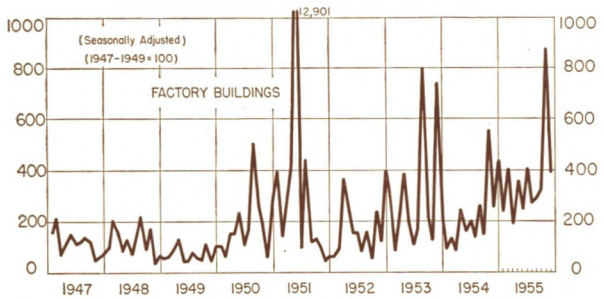

The tide appears to have turned in the cigarette business in 1955. The October output in the Fifth District was 5% higher than the previous month on a seasonally adjusted basis and 5% higher than a year ago. In the first ten months of the year, the gain was 3% over a year earlier.

## RETAIL FURNITURE STORES NET SALES



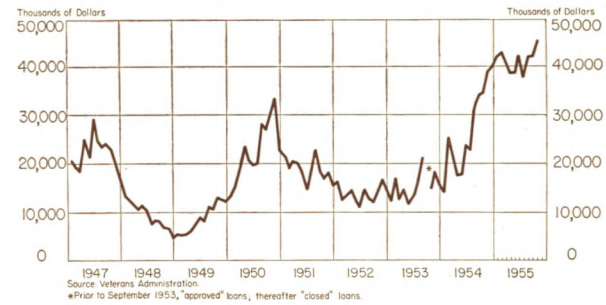

After recovering substantially from September to October, retail furniture store sales declined 5% in November from October on a seasonally adjusted basis. The November level of sales, however, is still high—17% above last year—with the accumulated eleven months up 15%. The November level has been exceeded only by four or five months in years other than 1955.

## CONSTRUCTION CONTRACT AWARDS




From a very high level in October, November contract awards for construction of manufacturing buildings dropped 55% after seasonal correction but still held 55% higher than in November 1954. In the first eleven months of 1955, awards for this type of construction were 78% ahead of the same period of last year, for the largest gain of any of the construction categories.

## VALUE OF G. I. HOME LOANS

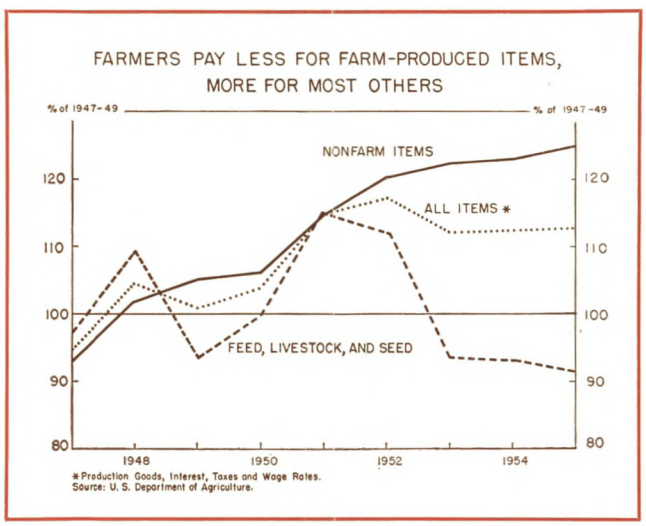



The number of GI home loans closed for Fifth District borrowers in October totaled 4,043, an increase of 4% over September and an increase of 26% over October 1954. In the first ten months of 1955 a gain of 57% was shown. The valuation of the entire amount of the loans in October was $45,690,000, an increase of 8% over September and an increase of 32% over October a year ago. Ten months' valuation was up 68%.

# *Farm Outlook for 1956 . . .*
# *More of the Same*

"LOOKING ahead to 1956, we again expect business conditions to be very good. We again expect agricultural prices and incomes to lag behind." This statement by one of the principal speakers at the 33rd Annual Outlook Conference pretty well sums up the outlook as seen by economists of the United States Department of Agriculture.

For the country as a whole, USDA's economists forecast that livestock producers may get about the same incomes in 1956 as in 1955, provided the expansion in hog production comes to a halt some time during the year. On the other hand, they expect further declines in the prices of major crops. Despite some reductions in acreage allotments, if weather is average or better, total crop output will again be large and there will be no significant reductions in the present high level of carry-over stocks. Thus, a further drop in cash returns from farm marketings is in prospect.




The accompanying chart shows that the index of prices paid by farmers for production items dropped from 1952 to 1953 and has since tended to increase slightly. This index, however, is the average of two divergent trends. Prices paid for farm-produced items—feed, livestock, and seed—have fallen substantially, while prices paid for nonfarm items have continued to rise. These same divergent patterns are in prospect for 1956.

While total production expenses may decline in 1956, the decline will be due almost entirely to lower prices of feed and other farm-produced cost items. However, the decrease in production expenses is expected to be smaller than the drop in gross farm income. Current indications are that the nation's gross farm income will be about $32 billion in 1956, or approximately $1 billion lower than in the year just ended and around one-seventh below the peak which occurred in 1951. Net farm income may total about $10 billion in 1956. This would be roughly 5% lower than in 1955, one-third below 1951, and the lowest since 1942. In other words, the cost-price squeeze is expected to continue its slow tightening in 1956.

### General Business Conditions

General business activity rose to record levels in 1955, and an apparent majority of the forecasters of general business conditions expect it to rise even higher in 1956. There is quite general agreement that the first half of 1956 will show continued growth, but there is considerable divergence of opinion regarding the second half, with most forecasts made before the holidays recognizing that there may be some moderate decline.

Projections of general business conditions used as the basis for the forecasts of agricultural conditions in 1956 were to the effect that further gains in the economy as a whole are expected in 1956, with some increases from current record rates of employment and incomes. It was recognized that with many sectors of the economy now close to capacity levels the rate of gain in 1956 would be smaller than in 1955. Futhermore, the point was made that it would not be surprising if the very high demands in some sectors—the business inventories, residential construction, and automobiles which contributed so greatly to the economic gains during 1955—were to level off in 1956.

### Supply and Demand Considerations

It is against this favorable business outlook for 1956 that the continued cost-price squeeze and lower incomes in agriculture are projected. While the latter part of 1956 is so far away that many forecasters prefer not to be too definite concerning it, the fact remains that farmers must make business decisions which run as far and even farther ahead. About 55% of District income from the sale of farm products is received during the last four months of the calendar year. Thus, the general level of business conditions and attitudes concerning short-run trends in the Fall months are always of great importance to Fifth District farmers. If total business activity in the latter part of 1956 slides to the lower levels some of the more pessimistic forecasters now envision, farmers who receive most of their returns from farm marketings in the Fall months might find 1956 even less favorable than indicated in the introductory section, despite such "built-in" stabilizers as support prices.

Disposable personal income—both total and per capita—is at the highest level on record and is expected to rise further in 1956. High consumer income has

resulted in a strong demand for food, and food expenditures have gone up in proportion to consumers' disposable income. Yet, while the dollar volume of retail food sales has risen sharply in recent years and may continue to rise in 1956, there has been only a very moderate increase in the physical volume of food consumed. This means that increases in processing and marketing costs over the past few years—increases which partly reflect strong consumer demand for additional services—have absorbed most of the increased expenditures for food. Except for seasonal variations, retail food prices next year are not expected to change significantly from current levels. Plentiful food supplies are in prospect, and consumption of food per person will not differ much from the 1955 rate.

Exports represent another important category of demand for farm products. Total exports of agricultural products increased in both 1953-54 and 1954-55. In the current year it is expected that the volume will be maintained at about the levels reached in the year just ended. Business is good in most foreign countries, and the demand for agricultural products is strong. However, foreign supplies of farm products are increasing, and competition in foreign markets is active. Consequently, those attending the Outlook Conference were told that "we can maintain our farm exports only by vigorous Government programs"—such programs as already are in effect and which are in the process of being strengthened.

Carry-over stocks of some of the principal farm products—wheat, cotton, and tobacco—are expected to be larger at the end of the current marketing season than at the beginning. Large carry-over stocks of these and other major farm commodities are one of the most difficult aspects of the farm outlook. Their rapid growth in recent years is an indication that American agriculture has not brought production and consumption into balance. Obviously, some means must be found to reduce production of some commodities, to stimulate greater use of them—including both domestic consumption and exports—or to employ some combination of the two if the present maladjustment is to be corrected.

## Commodity Highlights

A brief summary of the five major farm-product groups—the five which produce four-fifths of all District cash farm income—is given below:

*Tobacco:* Domestic use of principal cigarette tobaccos —flue-cured and burley—is expected to be larger in 1955-56 than in 1954-55. For other type tobaccos, domestic use will probably hold about even. Exports will be significantly higher—about 15% above last year and largest since the early postwar period. Supplies of most kinds of tobacco, however, are very large in relation to prospective disappearance. Flue-cured, burley, Maryland, fire-cured, and Virginia sun-cured tobaccos will be grown under acreage allotments and marketing quotas. Where quotas are in effect, prices of 1956-crop tobaccos will be supported on the same basis as in past years.

*Cotton:* The 1956 outlook for cotton is one of very large supplies and increasing stocks. Expectations are for a record supply of 25.8 million bales; disappearance at less than 12 million bales, with domestic mill consumption probably 5% larger and exports considerably smaller than in 1954-55; and a carry-over next August 1 of about 14 million bales—more than a year's disappearance at levels of recent years. Announced 1956 acreage allotments for the Fifth District are 6% below 1955 allotments, but 1% above acreage in cultivation July 1, 1955. Under provisions of present legislation, there could be some reduction in the price-support level for 1956-crop cotton.

*Poultry and Eggs:* Production of eggs, chickens, and turkeys is expected to be larger than in 1955; prices may average a little lower. Broiler and turkey production will likely increase more than egg production, so price changes for these commodities will probably be larger than for eggs. There will be little net change in demand for poultry products. Feed costs will be lower, but gross income from poultry enterprises probably will decline.

*Dairy Products:* The income position of many dairymen improved in 1955, and some further improvement is likely in 1956. Milk production promises to reach a new high; demand probably will be at least as strong as in 1955; and prices again will be influenced by the level of price supports. Though it is likely that supply will again exceed demand at support levels, cash receipts from dairying may increase moderately. With lower feed costs, net returns from the dairy enterprise may be a little larger than in any of the past three years.

*Meat Animals:* Strong consumer demand for meat and increased supplies and lower prices of feed will help keep 1956 production of meat animals very nearly as large as in 1955. Hog numbers may level out or turn down, and cattle production may show a slight decrease. The two-year decline in hog prices is expected to end during the year, and the year's average price is likely to be close to that of 1955. If cattle slaughter turns downward, and it may, cattle prices generally would likely begin a gradual cyclical recovery.

# Undoing And Rebuilding

SOMEONE—Mark Twain is generally credited—once pointed out that everybody talks about the weather, but nobody does anything about it. There has also always been a lot of talk about slums, but very little has ever been done about them—until quite recently, that is. Currently, there are programs being formulated—and being carried out—in cities all over the country aimed at doing something not only about slums and blighted areas but also about many of the other marks and causes of city deterioration. "Urban renewal" is the self-explanatory term given to such vital and belated programs.

Urban renewal is overdue because most of our cities were so busy growing and trying to grow faster that they neglected to do very much about how they were growing or about what was happening in side streets and up back alleys. When finally deterioration, obsolescence, and congestion began to appear, or to show their effects, on the main streets and in the better sections and neighborhoods, talk was put into plans, and plans into action.

Future historians may well point to the second half of the Twentieth Century as the time when something was done by cities about correcting their very bad growth of the first half. This is not a particularly difficult prediction to make—cities generally have reached the point where they are practically compelled to do something about the problems that have been allowed to accumulate and feed upon themselves for many decades. As has been pointed out recently by A. M. Cole, head of the Housing and Home Finance Agency, the city that fails to be on the firing line against slums and blight in the next few years will "face municipal bankruptcy by 1965." The reason is elementary, he goes on to explain: "The tax structure will not be able to support the demands imposed upon it. This is especially true of the city whose tax structure has already been weakened by net tax deficits in slums and blight."

A study of Baltimore in 1948 by the Citizens Planning and Housing Association disclosed that blighted areas comprising only 9½% of the city's total area received 40% of the total budget. Property assessments had dropped about $10 million in just the few years from 1938 to 1945. The net loss—the excess of service costs over tax income—was estimated at about $14.3 million annually. It was obvious that eradicating slum conditions and causes would free a lot of tax money for badly needed public works in other parts of the city.

## A Workable Program

Urban renewal, as incorporated into the Housing Act of 1954, is a city-wide or metropolitan region program "to prevent and eliminate the causes of slums and blight." The principal requirement for a city to receive Federal aid is a "workable program," which must include the following: a general plan for the city covering land use, streets and expressways, public facilities; adequate minimum housing and building codes; adequate zoning ordinances and subdivision regulations; effective machinery for enforcing these codes; means for meeting the program's financial obligations; a plan for relocation of families displaced from renewal areas; and community-wide participation of individuals and civic organizations.

The concept of urban renewal was actively promoted by the President's Advisory Committee on Government Housing Policies and Programs, which reported in December, 1953. The Committee recommended that project definitions in the Housing Act of 1949 be broadened to include expenditures to rehabilitate existing structures, erect new structures, and provide necessary public improvements. Under the 1949 Housing Act the program had called for aid for slum clearance and redevelopment only.

Until the passage of the 1949 Act, the Federal Government had not established an active program for slum clearance. In 1892 a resolution was introduced in Congress to provide $20,000 for the Secretary of Labor to investigate slum conditions in cities of 200,000 people or more. A Division of Housing was established in the Department of Commerce in 1926 to investigate financial problems of Federal aid to home ownership and slum clearance. The Reconstruction Finance Corporation was authorized during the 1930's to make loans for slum clearance. And under the National Housing Act of 1937, provision was made for relocating slum residents and other low-income families in public housing projects.

The Housing Act of 1949 was the first Federal legislation to deal directly with the problem of slum clearance and urban redevelopment. The Act was intended to encourage the appropriate local bodies to undertake redevelopment projects to aid the local housing situation. Private enterprise was to take part by purchasing land which had been assembled by the local agencies through their power of eminent domain, and then by redeveloping it for residential or commercial use. A site was required to be residential either before or after redevelopment.

Loans and advances of $1 billion were authorized, with $250 million available each year through 1953. Capital grants of $500 million were provided, with $100 million available each year. Funds were earmarked as capital grant reservations in advance of actual disbursement to local agencies.

These reservations of capital grants for slum clearance and urban renewal had accumulated up to the $500 million limit by June 1955, leading to an increase of $500 million under the Housing Amendments of 1955. This act provides $200 million instalments on July 1,

1956 and July 1, 1957, with $100 million to be used at the discretion of the President.

The advances are provided to assist local public agencies in planning and making surveys, and loans are made to help localities acquire land in slum and blighted areas and to prepare this land for private redevelopment. The Housing and Home Finance Administrator is also authorized to make long-term loans to localities which lease the land rather than sell it to investors, as is done in Baltimore. Loans and advances are to be repaid with interest at the "going Federal rate."

The Federal Government can contribute up to two-thirds of the net cost of acquiring slum property. The net cost is the difference between the price the agency paid—sometimes inflated due to the owners' expectations of a good return from their downtown property—and the price at which it is sold to the redevelopers, who may not be able to use the site for very high rent purposes. Under the 1954 Act, capital grants can also cover the cost of public improvements installed by the city in the area. The 1954 Act also provides for FHA mortgage insurance to assist property owners in rehabilitating slum-area housing.

In November 1955, Housing and Home Finance Agency Administrator Cole announced that workable programs had been approved in about 70 cities and towns, and "some 50 other cities have projects in various stages of planning or execution." As of mid-1955, the project with the largest capital grant reservation was in Washington, D. C.—Southwest Project Area "C", which is to receive $20,898,200. A loan of $325,000 has been approved, and $70,390 has been disbursed for planning, as is shown in the accompanying table. Since then several other cities, including Richmond, Virginia, have had their programs approved as workable and have qualified as urban renewal cities.

### Baltimore Pioneered in Urban Renewal

Before World War II Baltimore took the first step toward renewal by adopting a minimum housing standard code and starting a program of enforcement. Wartime needs interrupted the program, but it was renewed after the war. The work of the city's various housing and sanitation agencies was strengthened by the establishment in 1947 of a Housing Court.

A neighborhood rehabilitation movement started about 1951 in an effort to find some less costly way than slum clearance to improve the conditions of blighted areas. The neighborhoods designated for study and rehabilitation are homogeneous areas bounded by major streets. Some demolition of existing struc-

(Continued on page 12)

**FIFTH DISTRICT SLUM CLEARANCE AND URBAN RENEWAL PROJECTS**

**As of June 30, 1955**

| Location and Project Name | Program | Advances and Loans | | Capital Grants | |
|---|---|---|---|---|---|
| | | Approved | Disbursed | Reserved | Disbursed |
| District of Columbia: | | | | | |
| Washington—Southwest Project Area "B" | U | $ 9,153,076 | $ 7,518,459 | $ 6,385,186 | $2,868,500 |
| Southwest Project Area "C" | R | 325,000 | 70,390 | 20,898,200 | |
| Maryland: | | | | | |
| Baltimore—Redevelopment Area No. 12 | U | 99,570 | | 4,933,498 | |
| Broadway | U | | | 3,373,861 | 2,363,325 |
| Waverly | U | | | 1,115,807 | 657,761 |
| South Carolina: | | | | | |
| Columbia—Assembly-Main Street | U | 23,700 | | 1,000,000 | |
| Virginia: | | | | | |
| Alexandria—Prince St. Shopping Center | U | 51,647 | 45,408 | 360,554 | |
| Bristol—Sullins Street | U | 1,531,350 | 41,350 | 822,320 | |
| Danville—Industrial Ave. | U | 20,880 | 600 | 386,157 | |
| Ridge Street | U | 513,177 | 272,391 | 95,277 | |
| Newport News—Project A | U | 25,540 | 22,370 | 273,539 | |
| Project B | U | 19,844 | 14,564 | 778,904 | |
| Norfolk—Redevelopment Project No. 1 | U | 7,498,781 | 7,483,750 | 3,799,801 | 2,442,000 |
| Redevelopment Project No. 2 | U | 50,000 | 35,350 | 5,000,000 | |
| Portsmouth—Redevelopment Project No. 1 | U | 69,860 | 68,675 | 1,272,960 | |
| Richmond—Carver | U | 79,102 | 63,637 | 2,107,968 | |
| Roanoke—Commonwealth | U | 62,131 | 59,293 | 2,010,170 | |
| South Norfolk—Redevelopment Project No. 1 | U | 28,000 | 8,500 | 100,000 | |
| West Virginia: | | | | | |
| Charleston—Project Area No. 1 | U | 24,675 | 18,900 | 419,860 | |
| Fifth District Total | | $19,576,333 | $15,660,000 | $55,134,062 | $8,331,586 |

Source: Urban Renewal Project Directory, June 30, 1955, HHFA, Urban Renewal Administration.
U Slum clearance projects initiated under Title I, Housing Act of 1949.
R Urban renewal projects initiated under Title III, Housing Act of 1954.

# Credit In 1955

THE financial scene in 1955 may best be characterized by the phrase "growing tightness." A flood of funds, much of it newly created, passed from lenders to borrowers during the course of the year—and the gauge of availability, interest rates, responded commensurately. Short-term interest rates moved up sharply, especially in the last half of the year, reaching levels not seen since 1933. Intermediate and long-term rates responded similarly, in varying degree. The familiar barometer of banking tightness, borrowings from the Federal Reserve, climbed in the latter part of the year to levels reminiscent of early 1953. A monetary policy of gradually increasing restraint found expression at times in actions designed to release growing tensions while still maintaining an effective curb on incipient inflationary growth.

The recovery from the mild recession of 1953-54 developed the buoyancy of a boom to be reckoned with in its own right early in 1955. The financial facilities of the nation responded to the increasing demands for funds generated by the strong upward momentum of the economy; and in their response gave added stimulus to the growth. Federal Reserve policy shifted early in the year away from its previous "ease" to one of moderate restraint, in recognition of potential inflationary forces being awakened by the upward economic thrust. In carrying out this policy, the Federal Reserve discount rate was increased in April, August, September, and again in November for an over-all change from 1½% to 2½%—the highest discount rate since 1933. Open market operations provided the necessary flexibility in policy execution, being employed principally as a brake to over-optimism but serving, too, as the safety valve for sudden releases of pent-up market forces.

## The Use of Credit and Banking Developments

The outstanding characteristic of the over-all demand for bank credit in 1955 was its persistence throughout the year. Total loans outstanding at all member banks dropped in January, but by much less than might normally be expected at this season of the year. During each of the remaining eleven months of the year, total loans increased. The banks' participation in a record consumer and mortgage credit expansion tended to smooth out the seasonal loan patterns that generally appear over the course of a year. These demands do not have as clear-cut or strongly felt seasonal characteristics as do demands from business firms and farmers, and their volume in 1955 was sufficient to take up the usual seasonal slack of other types of borrowers.

To raise the funds needed to meet 1955's unusually strong loan demands, the nation's member banks sold to nonbank investors some $6.5 billion of Government securities over the course of the year. In addition, as the demand by banks for funds to meet the intensifying needs for credit by their customers grew, member banks' borrowings from the Federal Reserve banks increased. As the year developed, Federal Reserve monetary actions continued to encourage conditions of increased money tightness while guarding against the development of any serious strains in the money markets. Among these actions were the increases in the discount rate mentioned at the beginning of the article.

This tightness, inherent in the high level of demands for credit accompanying the strong upward sweep of economic activity and encouraged by the monetary authorities in large measure by the absence of easing actions rather than by the familiar tightening actions, was reflected in well-pronounced interest rate movements over the year. The average rate on new issues of Treasury Bills reached 2.62% toward the end of December. The highest previous average rate on new issues since 1933 was 2.42% in early June 1953, the culmination of a period of unusual money tightness. Other short-term interest rates responded in a similar manner, and these rate changes were diffused in varying degree throughout the other credit areas.

The year 1955 thus ended with the nation's financial resources under considerable pressure; a pressure which had intensified particularly in the last few months of the year. In spite of these pressures, funds were forthcoming throughout the year in a volume which both permitted and encouraged an economic expansion of boom proportions.

## Consumers in the Limelight

Consumers used more borrowed money in 1955 to attain steadily rising standards of living than ever before recorded. With a record level of consumer debt already outstanding and its repayment already dipping deep into total personal income, borrowing this year was, nevertheless, sufficiently greater than repayments to lift the total of consumer debt outstanding by one-sixth—by over $5 billion. The accompanying table reveals the magnitude of this year's borrowings in excess of repayments as compared with each of the years since the end of World War II.

**SHORT-AND INTERMEDIATE-TERM CONSUMER CREDIT**
Annual Increase in Amount Outstanding
(Millions of Dollars)

| Year | Total | Instalment | Noninstalment |
|---|---|---|---|
| 1946 | 2,719 | 1,710 | 1,009 |
| 1947 | 3,186 | 2,523 | 663 |
| 1948 | 2,841 | 2,273 | 568 |
| 1949 | 2,693 | 2,548 | 145 |
| 1950 | 3,709 | 2,974 | 735 |
| 1951 | 655 | 347 | 308 |
| 1952 | 4,359 | 3,847 | 512 |
| 1953 | 3,710 | 3,503 | 207 |
| 1954 | 588 | 280 | 308 |
| 1955 (through October) | 4,515 | 4,496 | 19 |

Source: Board of Governors of the Federal Reserve System.

Although latest figures are available only through October of 1955, they have already shattered the previous record set in 1952. It will be recalled that the sharper than usual increase in borrowings by consumers in 1952 was the result in large measure of the relaxation and subsequent removal of restraints on credit stemming from the inflationary pressures generated by the Korean War. In 1955, on the other hand, the upsurge was sparked, not by pent-up demands from the immediate past, but rather by high and rising levels of personal income, by bright expectations for the foreseeable future, and by the sales pressures generated in a highly competitive economy. Cause and effect are so intermingled that separation is impossible: Increased personal consumption expenditures provided the demand for profitable increases in economic output; higher output provided the incomes to support additional borrowing; while sales pressures and more lenient borrowing terms provided the incentive to enjoy today the benefits of anticipated future income.

Loans for the purchase of automobiles accounted for 82% of the total increase in consumer credit in the first ten months of 1955. Since approximately three-fifths of all automobile sales involve the use of credit, the ability of the automotive industry to chalk up another record year in 1956 will rest in large measure on the availability of credit on enticing terms; and the demand for credit for this purpose will be strongly influenced by the product and the sales methods used. The year 1955 saw an easing of new automobile credit with "standard" terms going to 30 months with 30% down from an earlier maximum of 24 months with one-third down. A recent survey of opinions in the District indicates that these easier terms are now widely accepted.

If this easing of terms was needed to make the record sales of automobiles in 1955, will further easing be needed for a similar level of sales in 1956? Certainly many pressures for easier lending terms will develop as dealers try harder and harder to maintain sales records. Current lender opinion in the District, however, is that terms have reached their maximum leniency; that further increasing maturities or decreasing down payments would be imprudent from the point of view of normal credit risk.

Consumer instalment credit is extended by a great variety of organizations, including in addition to financial institutions such firms as department stores, household appliance stores, furniture stores, and automobile dealers. Financial institutions, however, handle about 85% of all consumer instalment credit and, among the financial institutions, commercial banks have in the postwar years handled the largest volume of such credit. This usual pattern was interrupted in 1955 by the sales finance companies. Over the first ten months of the year these companies accounted for 54% of the total increase in consumer instalment loans outstanding at financial institutions while commercial banks accounted for only 34% of the growth. The accompanying table shows the changes in instalment loans outstanding at the principal financial institutions over each of the years since World War II.

**INSTALMENT LENDING BY FINANCIAL INSTITUTIONS**
Annual Change in Amount Outstanding*
(Millions of Dollars)

| Year | Total | Commercial Banks | Sales Finance Companies | Credit Unions | All Other |
|---|---|---|---|---|---|
| 1946 | 1,459 | 822 | 377 | 49 | 211 |
| 1947 | 2,020 | 1,058 | 678 | 84 | 200 |
| 1948 | 1,837 | 904 | 635 | 99 | 199 |
| 1949 | 2,155 | 910 | 960 | 104 | 181 |
| 1950 | 2,573 | 1,359 | 835 | 152 | 227 |
| 1951 | 257 | —27 | —16 | 45 | 255 |
| 1952 | 3,333 | 1,753 | 1,064 | 202 | 314 |
| 1953 | 3,348 | 1,474 | 1,314 | 287 | 273 |
| 1954 | 177 | —365 | 274 | 169 | 99 |
| 1955 (through October) | 4,389 | 1,512 | 2,350 | 254 | 273 |

* Increases except where indicated.
Source: Board of Governors of the Federal Reserve System.

It will be noticed that in the slack year 1954 sales finance companies increased their instalment loans outstanding modestly while commercial banks experienced greater repayments on existing loans than the sum of new loans made during the year. Again, in 1949—another "recovery" year—instalment loans at sales finance companies increased by slightly more than those at commercial banks. Otherwise, the general pattern has been for the commercial banks, as ultimate lenders, to acquire larger amounts of consumer instalment paper than other financial institutions.

### Home Buyers Also Demanded A Record Volume of Credit

Mortgage debt on one- to four-family homes totaled $85.6 billion at the end of September 1955, the latest date for which information is available. Net new borrowing for home purchase (new loans minus repayments on existing loans) over the first nine months of the year exceeded the increase in mortgage debt in any calendar year since the end of World War II. The year 1954 held the previous record with a $9.7 billion increase. But estimates for the full year 1955 put new borrowings at from $12.5 to $13 billion, in spite of evidence of some tightening of availability of mortgage funds in the last quarter of the year. Some portion of this huge volume of funds went to support the construction of approximately 1,330,000 new houses, just under the record number of 1,396,000 starts in 1950.

Savings and loan associations provided almost half the new funds put into home buying in 1955. Additions to their mortgage portfolios over the first nine months of the year totaled more than double the increase in mortgage holdings by any other single class of lender. The following table shows the yearly increases in residential mortgage loans held by each of the four principal institutional lenders in this field.

(Continued on page 10)

# Business Conditions and Prospects

"You have to run as fast as you can to stay in the same place," the Red Queen told Alice, and the economy of the Fifth District seemed to be doing just that as it headed for the last lap of 1955. On the turn into December optimism remained high; business continued good; bank credit was at its all-time high level. Cash income from farm marketings in the three months ended October was ahead of the same period of 1954. By and large, however, the question was not one of outdistancing previous levels but rather of maintaining a rapid pace.

November figures (the latest available for many sectors) showed adjusted department store sales in the Fifth District moving back up to the top of the plateau prevailing most of the time since July. A glance at preliminary December figures indicated that sales would continue on the same seasonally adjusted plateau. Adjusted sales of retail furniture stores during November slipped a bit from the October level, as did sales of household appliance stores and automobile registrations.

The output of mines of the District was not quite as active in November as in October; and construction contract awards, though varying among types of construction, were down from October more than seasonally on an over-all basis. Activity in the manufacturing industries of the District still showed some expansion when seasonal considerations are taken into account.

## Construction

A drop of 55% in seasonally adjusted contract awards for factory construction was responsible for carrying total construction contract awards in November 9% below October. All other types of construction showed better than seasonal performance between October and November, with commercial awards up 24%, apartments and hotels up 3%, one- and two-family houses up 11%, and public works and utilities up 10%.

Total construction contract awards in November were also 9% smaller than in the same month of 1954, with losses of 41% in apartments and hotels and 24% in public works construction more than offsetting increases of 5% in commercial construction, 55% in factory construction, and 1% in one- and two-family houses.

It must be remembered that the November figures are compared with very high figures for 1954, and that 1955, in the final analysis, will show a new high record for construction contract awards by a wide margin. In eleven months total contract awards were 29% higher than in the 1954 period with apartment and hotel construction, down 24%, being the only type showing a reduction. Outstanding in the eleven-month comparison are: commercial construction, up 64%; factory construction, up 78%; one- and two-family houses, up 31%. Construction of educational facilities in this District through November did not keep apace of the industry's progress. That month's awards for this type of construction were down 38% from 1954, and in the first eleven months the gain over the same period of 1954 was but 2%.

## Trade

November adjusted department store sales were 2% higher than in October, moving back to the level which had prevailed from July through September. They were 7% higher than in November 1954 and for the first eleven months of the year showed an increase of 9%. Department store inventories kept apace of the sales level by showing approximately the same increases as sales in the current month compared with a year ago.

In the forefront of the November sales performance were: major household appliances, up 14% from the like 1954 month; silverware and jewelry, up 10%; domestic floor coverings, up 7%; women's accessories and women's and misses' dresses, each up 6%.

Although the level of sales in retail furniture stores was very good in comparison with 1954, up 17%, the November seasonally adjusted figure was down 5% from October, and interestingly enough, cash sales declined 9% compared with a drop of 4% in credit sales. Furniture store inventories dropped 1% on an adjusted basis from October, but were 12% ahead of November 1954, thus indicating a continued conservative inventory position.

Household appliance stores showed a non-adjusted drop of 1% from October to November to a level 7% higher than the previous year. This was not as good a performance as the furniture stores showed and not nearly as good as the major household appliance departments in department stores.

Latest complete figures available on new automobile registrations show October, without seasonal correction, down 17% from September, but 51% ahead of the poorest 1954 month. In the first ten months of 1955, new passenger automobile registrations were 35% higher than in the same period of 1954.

November registrations for three states of the District and the District of Columbia dropped 15% from October, but rose 38% over November 1954, one of the lowest months that year.

Figures available for all types of independent stores in the Fifth District for October showed an unadjusted decline of 0.4% from September, but a gain of 10.7% over October 1954. Declines from September to October occurred in eating and drinking establishments, 3.6%; automotive, 14.2%; drug and proprietary, 0.7%; and "other", 1.2%, which more than offset increases in food stores, 2.5%; general merchandise, 15.3%; apparel, 17.3%; furniture, furnishings, and household

appliances, 2.1%; lumber, building materials, and hardware, 1.6%; and gasoline service stations, 9.0%. The 10.7% year-to-year change in total sales of these stores was second highest of the twelve Federal Reserve Districts.

### Manufacturing

Seasonal factors in food, tobacco, and apparel industries were responsible for lowering the man-hours in manufacturing industries of all states of the District, except Maryland, 0.8%, between October and November. Non-seasonal industries, for the most part, continued to show small gains in this period. November man-hours in all manufacturing industries were 6.6% higher than in 1954 with durable goods industries showing a gain of 9.5% and nondurable goods industries a gain of 5.1%.

Lumber, furniture, metals, cigarettes, textile mills, paper and chemical industries expanded their operations during the month. Nonseasonal declines occurred in the machinery industries of West Virginia and in the furniture, yarn and thread, and paper industries of South Carolina.

Cotton consumption in the mills of the District declined 2% after seasonal correction from October to November. The November level was 6% higher than the year-earlier month, and for the first eleven months consumption was up 8%. Cotton spindle hours adjusted rose 1% from October to November, with November 8% higher than 1954 and the first eleven months up 9%. Order backlogs continued heavy enough to assure a high level of operations for the first quarter of 1956.

### Banking

Loans and investments of all member banks on November 30 rose $19 million from a month earlier and $160 million from November 1954. From October to November, loans and discounts were up $42 million, other security holdings up $12 million, and holdings of U. S. Government obligations down $35 million. Relative to the end of November 1954 loans and discounts were up $393 million, other security houldings up $29 million and holdings of U. S. Government obligations down $262 million.

Total deposits of all member banks on November 30 totaled $7,174 million, a drop of $24 million from a month earlier, but $40 million higher than the year-earlier date.

Time deposits of all member banks dropped $22 million in the month ended November 30, but at $1,774 million stood $44 million higher than on the comparable 1954 date. Demand deposits dropped $2 million during November and were $4 million lower than the previous year with the drop coming in interbank deposits. These dropped $16 million during November to a point $49 million under the 1954 month. Other demand deposits, however, rose $14 million during November and were $45 million higher than in November 1954.

Seasonally adjusted bank debits in the District returned to the all-time high established in May 1955, and the annual rate of turnover in November, at 22.4 times, held at the October level, but was above the 20.8 rate of November a year ago. The November rate of turnover of demand deposits was at the highest level since the new series began in 1952, with the exception of a rate of 22.7 in December 1954.

## *Credit In 1955*

(Continued from page 8)

The data indicate that commercial banks, though providing a substantial amount of credit to home buyers, have been accounting for a steadily declining share of the total made available in the post World War II years. In 1954, and again in 1955, however, banks put more new money into this kind of investment than in any year since 1950. In addition, the nation's commercial banks supplied a substantial volume of short-term funds to mortgage lenders in 1955 to enable these lenders to acquire a larger amount of mortgages than would otherwise have been possible.

**RESIDENTIAL MORTGAGE LENDING BY FINANCIAL INSTITUTIONS**

Annual Increase in Amount Outstanding
(Billions of Dollars)

| Year | Commercial Banks | Sav. & Loan Associations | Insurance Companies | Mutual Savings Banks |
|---|---|---|---|---|
| 1946 | 1.8 | 1.8 | 0.5 | 0.2 |
| 1947 | 1.8 | 1.7 | 1.4 | 0.3 |
| 1948 | 1.1 | 1.4 | 2.1 | 0.8 |
| 1949 | 0.6 | 1.3 | 1.9 | 0.8 |
| 1950 | 1.8 | 2.0 | 3.0 | 1.5 |
| 1951 | 0.8 | 1.9 | 3.0 | 1.5 |
| 1952 | 0.9 | 2.8 | 1.8 | 1.3 |
| 1953 | 0.7 | 3.5 | 1.9 | 1.5 |
| 1954 | 1.2 | 4.3 | 2.5 | 1.9 |
| 1955 (through September) | 1.4 | 4.5 | 2.1 | 1.8 |

Source: Board of Governors of the Federal Reserve System.

This particular aspect of bank credit in the mortgage field received special notice in 1955 because it represented a considerably larger commitment of future funds to current mortgage acquisition, primarily by insurance companies, than in the immediately preceding years. By borrowing from banks on their own notes, generally secured by mortgages, or by selling mortgages to the banks under an agreement to repurchase them from six to eighteen months later, other mortgage lenders were able to swell the immediately available supply of funds for this use. Although a marginal factor in the availability of mortgage funds, this means of financing had an important bearing on the record amount of credit extended to home buyers in 1955.

# FIFTH DISTRICT STATISTICAL DATA

## FURNITURE SALES*

(Based on Dollar Value)

| STATES | Percentage change with corresponding period a year ago: Nov. 1955 | 11 Mos. 1955 |
|---|---|---|
| Maryland | — 4 | + 2 |
| Dist. of Columbia | + 9 | +10 |
| Virginia | + 5 | + 8 |
| West Virginia | + 6 | +24 |
| North Carolina | +30 | +15 |
| South Carolina | +17 | +12 |
| District | +10 | +11 |
| **INDIVIDUAL CITIES** | | |
| Baltimore, Md. | — 4 | + 2 |
| Washington, D. C. | + 9 | +10 |
| Richmond, Va. | + 3 | +10 |
| Charleston, W. Va. | + 2 | +24 |
| Greenville, S. C. | +13 | + 7 |

*Data from furniture departments of department stores as well as furniture stores.

## WHOLESALE TRADE

| LINES | Sales in Nov. 1955 compared with Nov. 1954 | Sales in Nov. 1955 compared with Oct. 1955 | Stocks on Nov. 30, 1955 compared with Nov. 30, 1954 | Stocks on Nov. 30, 1955 compared with Oct. 31, 1955 |
|---|---|---|---|---|
| Auto supplies | +29 | — 7 | NA | NA |
| Electrical, electronic and appliance goods | —13 | —13 | NA | NA |
| Hardware, plumbing and heating goods | + 5 | — 8 | + 5 | — 1 |
| Machinery equipment supplies | +16 | — 1 | +11 | 0 |
| Drugs, chemicals, allied products | 0 | + 1 | + 1 | + 1 |
| Dry goods | —11 | —77 | NA | NA |
| Grocery, confectionery, meats | + 8 | + 2 | + 9 | — 1 |
| Paper and its products | NA | NA | NA | NA |
| Tobacco products | — 7 | — 3 | NA | NA |
| Miscellaneous | +14 | + 8 | + 1 | + 1 |
| District Total | — 7 | —19 | + 4 | — 2 |

NA Not Available.

Source: Bureau of the Census, Department of Commerce.

## DEPARTMENT STORE OPERATIONS

(Figures show percentage changes)

| | Rich. | Balt. | Wash. | Other Cities | Dist. Total |
|---|---|---|---|---|---|
| Sales, Nov. '55 vs Nov. '54 | +10 | + 1 | +12 | + 7 | + 7 |
| Sales, 11 mos. ending Nov. 30, '55 vs 11 Mos. ending Nov. 30, '54 | + 9 | + 4 | + 8 | +10 | + 9 |
| Stocks, Nov. 30, '55 vs '54 | + 9 | + 5 | +12 | + 5 | + 8 |
| Outstanding Orders, Nov. 31, '55 vs '54 | + 4 | +17 | +15 | +11 | +13 |
| Open account receivables Nov. 1, collected in Nov. '55 | 35.5 | 51.0 | 46.2 | 40.8 | 44.4 |
| Instalment receivables Nov. 1, collected in Nov. '55 | 11.8 | 14.8 | 13.7 | 16.5 | 14.1 |

| | Md. | D.C. | Va. | W.Va. | N.C. | S.C. |
|---|---|---|---|---|---|---|
| Sales, Nov. '55 vs Nov. '54 | + 1 | +12 | + 7 | + 9 | + 5 | +13 |

## BUILDING PERMIT FIGURES

| | Nov. 1955 | Nov. 1954 | 11 Months 1955 | 11 Months 1954 |
|---|---|---|---|---|
| **Maryland** | | | | |
| Baltimore | $ 5,897,345 | $ 2,543,075 | $ 82,337,372 | $ 69,051,068 |
| Cumberland | 266,025 | 61,410 | 1,477,186 | 670,086 |
| Frederick | 289,090 | 134,000 | 3,043,405 | 1,293,106 |
| Hagerstown | 248,535 | 566,070 | 2,253,341 | 3,164,554 |
| Salisbury | 74,660 | 246,135 | 1,777,878 | 1,637,386 |
| **Virginia** | | | | |
| Danville | 410,452 | 142,978 | 5,730,537 | 2,675,802 |
| Hampton | 912,743 | 1,475,990 | 13,942,098 | 10,752,370 |
| Hopewell | 258,296 | 216,813 | 3,341,960 | 2,304,165 |
| Lynchburg | 423,343 | 276,126 | 9,119,486 | 8,704,123 |
| Newport News | 145,304 | 69,977 | 9,317,009 | 2,672,877 |
| Norfolk | 566,045 | 482,410 | 12,745,007 | 12,315,347 |
| Petersburg | 81,600 | 119,400 | 3,240,000 | 1,966,036 |
| Portsmouth | 220,573 | 371,827 | 4,530,051 | 6,140,090 |
| Richmond | 3,927,536 | 2,212,805 | 22,408,642 | 28,579,987 |
| Roanoke | 1,029,737 | 614,232 | 12,776,880 | 10,684,595 |
| Staunton | 100,815 | 264,320 | 3,070,625 | 2,323,360 |
| Warwick | 672,321 | 310,752 | 12,083,462 | 6,589,622 |
| **West Virginia** | | | | |
| Charleston | 462,474 | 576,998 | 6,900,306 | 9,459,659 |
| Clarksburg | 126,700 | 27,320 | 1,764,997 | 1,817,547 |
| Huntington | 178,853 | 394,280 | 5,617,925 | 6,959,192 |
| **North Carolina** | | | | |
| Asheville | 132,563 | 189,653 | 3,306,656 | 3,385,112 |
| Charlotte | 1,320,491 | 1,346,959 | 25,513,409 | 20,717,397 |
| Durham | 543,704 | 342,021 | 9,548,681 | 5,490,212 |
| Greensboro | 501,150 | 1,013,725 | 10,403,076 | 10,431,355 |
| High Point | 204,075 | 463,500 | 6,665,838 | 5,659,842 |
| Raleigh | 1,191,680 | 596,463 | 18,545,198 | 12,610,279 |
| Rocky Mount | 136,466 | 94,740 | 3,129,618 | 2,589,438 |
| Salisbury | 127,107 | 89,290 | 1,408,471 | 1,732,374 |
| Wilson | 238,550 | 284,200 | 4,223,021 | 2,718,150 |
| Winston-Salem | 557,731 | 642,720 | 12,374,734 | 11,685,054 |
| **South Carolina** | | | | |
| Charleston | 68,706 | 93,466 | 2,908,222 | 2,703,024 |
| Columbia | 553,769 | 717,343 | 8,365,938 | 9,204,927 |
| Greenville | 426,228 | 488,315 | 6,871,298 | 7,425,689 |
| Spartanburg | 138,151 | 81,150 | 2,937,481 | 2,399,779 |
| **Dist. of Columbia** | | | | |
| Washington | 1,805,380 | 2,947,026 | 65,585,148 | 49,997,063 |
| District Totals | $24,238,198 | $20,497,489 | $399,264,956 | $338,510,667 |

## FIFTH DISTRICT INDEXES

Seasonally Adjusted: 1947-1949=100

| | Nov. 1955 | Oct. 1955 | Nov. 1954 | % Chg.—Latest Mo. Prev. Mo. | % Chg.—Latest Mo. Yr. Ago |
|---|---|---|---|---|---|
| New passenger car registration* | ..... | 166 | 119r | —17 | +51 |
| Bank debits | 176 | 172 | 159 | + 2 | +11 |
| Bituminous coal production* | 99 | 104 | 84r | — 5 | +18 |
| Construction contracts | 253 | 277r | 277 | — 9 | — 9 |
| Business failures—number | 306 | 154 | 242 | +99 | +26 |
| Cigarette production | ..... | 100 | 94 | + 5 | + 5 |
| Cotton spindle hours | 122 | 121 | 113 | + 1 | + 8 |
| Department store sales | 134 | 132 | 125r | + 2 | + 7 |
| Electric power production | ..... | 189 | 172 | + 1 | +11 |
| Manufacturing employment* | ..... | 113 | 108r | 0 | + 5 |
| Furniture store sales | 116 | 122 | 99 | — 5 | +17 |
| Life insurance sales | 227 | 203 | 188 | +12 | +21 |

* Not seasonally adjusted.

r Revised.

Back figures available on request.

# FIFTH DISTRICT BANKING STATISTICS

## DEBITS TO DEMAND DEPOSIT ACCOUNTS*

(000 omitted)

| | Nov. 1955 | Nov. 1954 | 11 Months 1955 | 11 Months 1954 |
|---|---|---|---|---|
| Dist. of Columbia | | | | |
| Washington | $1,428,343 | $1,193,837 | $14,877,861 | $12,790,986 |
| Maryland | | | | |
| Baltimore | 1,743,149 | 1,474,169 | 17,466,462 | 15,660,258 |
| Cumberland | 26,383 | 25,018 | 283,841 | 262,529 |
| Frederick | 26,067 | 22,462 | 264,415 | 245,618 |
| Hagerstown | 45,553 | 39,734 | 484,881 | 400,365 |
| Salisbury** | 35,614 | 32,597 | 376,823 | 363,291 |
| Total 4 Cities | 1,841,152 | 1,561,383 | 18,499,599 | 16,568,770 |
| North Carolina | | | | |
| Asheville | 69,646 | 65,729 | 749,687 | 684,339 |
| Charlotte | 443,903 | 390,139 | 4,608,966 | 3,899,508 |
| Durham | 99,728 | 100,261 | 981,761 | 1,065,936 |
| Greensboro | 159,831 | 140,063 | 1,666,753 | 1,341,870 |
| High Point** | 54,038 | 47,232 | 552,256 | 474,996 |
| Kinston | 32,691 | 30,865 | 337,461 | 314,166 |
| Raleigh | 213,915 | 201,603 | 2,439,812 | 2,113,660 |
| Wilmington | 52,335 | 48,661 | 582,545 | 521,035 |
| Wilson | 43,219 | 47,761 | 359,534 | 362,078 |
| Winston-Salem | 216,917 | 173,597 | 2,001,574 | 1,718,411 |
| Total 9 Cities | 1,332,185 | 1,198,679 | 13,728,093 | 12,021,003 |
| South Carolina | | | | |
| Charleston | 88,085 | 76,075 | 944,922 | 813,053 |
| Columbia | 184,705 | 162,148 | 2,001,957 | 1,826,046 |
| Greenville | 140,754 | 122,986 | 1,432,750 | 1,234,232 |
| Spartanburg | 75,560 | 67,270 | 748,690 | 709,717 |
| Total 4 Cities | 489,104 | 428,479 | 5,128,319 | 4,583,048 |
| Virginia | | | | |
| Charlottesville | 37,583 | 36,706 | 406,950 | 353,067 |
| Danville | 71,433 | 62,250 | 520,552 | 470,560 |
| Lynchburg | 68,597 | 55,212 | 626,555 | 546,795 |
| Newport News | 62,170 | 52,863 | 628,350 | 522,672 |
| Norfolk | 322,929 | 462,594 | 3,219,393 | 2,982,210 |
| Portsmouth | 38,227 | 34,670 | 395,621 | 355,669 |
| Richmond | 710,260 | 742,743 | 7,547,177 | 6,907,352 |
| Roanoke | 155,266 | 129,961 | 1,494,714 | 1,296,306 |
| Total 8 Cities | 1,466,465 | 1,576,999 | 14,839,312 | 13,434,631 |
| West Virginia | | | | |
| Bluefield | 53,360 | 40,939 | 506,565 | 424,756 |
| Charleston | 189,158 | 160,308 | 1,872,768 | 1,816,908 |
| Clarksburg | 35,919 | 33,238 | 395,902 | 342,946 |
| Huntington | 75,045 | 65,475 | 802,909 | 750,559 |
| Parkersburg | 36,934 | 29,248 | 366,441 | 328,215 |
| Total 5 Cities | 390,416 | 329,208 | 3,944,585 | 3,663,384 |
| District Totals | $6,947,665 | $6,288,585 | $71,017,769 | $63,061,822 |

* Interbank and U. S. Government accounts excluded.
** Not included in District totals.

## WEEKLY REPORTING MEMBER BANKS

(000 omitted)

| Items | Dec. 14, 1955 | Changes in Amount from Nov. 16, 1955 | Changes in Amount from Dec. 15, 1954 |
|---|---|---|---|
| Total Loans | $1,768,437** | + 27,847 | +244,436 |
| Bus. & Agric. | 808,101 | + 27,019 | +117,234 |
| Real Estate Loans | 332,271 | — 4,867 | + 32,682 |
| All Other Loans | 650,439 | + 5,741 | + 98,546 |
| Total Security Holdings | 1,673,422 | — 55,564 | —252,172 |
| U. S. Treasury Bills | 32,749 | — 27,895 | — 73,461 |
| U. S. Treasury Certificates | 50,919 | + 10,740 | — 46,425 |
| U. S. Treasury Notes | 306,543 | — 38,184 | — 43,806 |
| U. S. Treasury Bonds | 1,004,063 | — 890 | — 90,766 |
| Other Bonds, Stocks & Secur. | 279,148 | + 665 | + 2,286 |
| Cash Items in Process of Col. | 382,913 | — 10,131 | + 14,783 |
| Due from Banks | 192,361* | + 2,109 | — 3,245 |
| Currency and Coin | 89,165 | + 10,545 | + 5,008 |
| Reserve with F. R. Banks | 537,674 | — 30,893 | — 3,984 |
| Other Assets | 72,646 | + 3,345 | + 7,962 |
| Total Assets | $4,716,618 | — 52,742 | + 12,788 |
| Total Demand Deposits | $3,564,507 | — 40,850 | — 9,790 |
| Deposits of Individuals | 2,708,016 | + 55,580 | + 74,570 |
| Deposits of U. S. Government | 69,282 | — 46,643 | — 67,503 |
| Deposits of State & Local Gov. | 207,818 | + 357 | + 9,008 |
| Deposits of Banks | 521,497* | — 27,926 | — 26,362 |
| Certified & Officers' Checks | 57,894 | — 22,218 | + 497 |
| Total Time Deposits | 729,323 | — 9,185 | — 7,415 |
| Deposits of Individuals | 658,208 | — 4,833 | + 12,781 |
| Other Time Deposits | 71,115 | — 4,352 | — 20,196 |
| Liabilities for Borrowed Money | 47,755 | — 495 | + 11,920 |
| All Other Liabilities | 51,718 | — 1,900 | — 8,309 |
| Capital Accounts | 323,315 | — 312 | + 26,382 |
| Total Liabilities | $4,716,618 | — 52,742 | + 12,788 |

* Net figures, reciprocal balances being eliminated.
** Less losses for bad debts.

# *Undoing And Rebuilding*

(Continued from page 6)

tures for a new street and land use pattern may be necessary, but voluntary rehabilitation by owners and residents is emphasized. Baltimore has a large proportion of old housing—about 60% of the dwelling units in 1950 were built before 1920—and thus has felt the acute need to improve the housing inventory of the central area.

Another Fifth District city with a large proportion of older homes is Norfolk, where 50% of the dwelling units were built before 1920. The Norfolk Redevelopment and Housing Authority has incorporated a renewal project within its second redevelopment area.

Norfolk has made considerable progress with enforcement of its minimum housing code, effective in 1953. As of August 1955, 35 full blocks had been rehabilitated and about 700 dwelling units were being repaired. Housing code enforcement has improved living conditions in other Fifth District cities, such as Charlotte, High Point, and Wilson, North Carolina, and Arlington, Virginia.

So far progress has been slow under the Federal program for urban renewal, particularly in the provision of Section 220 mortgage insurance for housing of displaced families and improvement of blighted-area property. A subcommittee, headed by Representative Albert Rains, of the House Banking and Currency Committee, has been holding a series of hearings in several major cities to get the views of local housing officials on Government aid for rehabilitation and public housing. Further hearings will be held in Washington when Congress convenes. When the investigation is concluded, the subcommittee should be able to recommend to Congress ways of making the Federal program for renewal of our urban centers more workable.