Monthly Review

FEDERAL RESERVE BANK OF ST. LOUIS

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Manufacturing In The Eighth District 1939 to 1947

A fundamental characteristic of most Americans is an innate desire for something better than that which they already have. It finds expression in the conviction that today's economic conditions are all right for today—but tomorrow's must be better. This American dissatisfaction with existing conditions—the drive toward higher living standards—sometimes results temporarily in developments that are not as advantageous as expected. But over the long pull it has led to tremendous economic gains and has made this nation rich and powerful.

The individual desire for a higher level of economic well-being often finds expression in community and regional programs that are directed toward a similar goal for a whole area. In many parts of the Eighth Federal Reserve District the development of programs of this sort is motivated to a large extent by the desire to increase the flow of income into these areas.

Progress toward higher income levels results from better and fuller use of resources at hand—land, labor and capital. It results from improved farming as well as from increased industrialization. But as agriculture increases its productivity and requires a steadily shrinking labor force to produce requirements for the rest of the economy, growth tends to be reflected in the rise of more and more non-agricultural pursuits. And of great importance in this segment of economic life is the manufacturing process—the transformation of raw materials into finished products. In the income-producing process the rate of development of manufacturing is a primary factor.

Reports published by the U. S. Bureau of the Census provide some of the information that is needed for an appraisal of the changes in manufacturing activity in this region during the past decade. These reports, of course, must be interpreted with care, particularly when comparing the relative rates of growth in communities or regions. There are vast differences among communities in the availability of natural resources, the supply and skills of workers, financial resources, and the like, which affect the rate at which manufacturing or any other economic activity develops in a community. In addition, it must be remembered that even a small absolute increase will result in a large percentage gain in an area where prewar manufacturing activity was negligible. Accepting these limitations on the interpretation of the Census of Manufactures data, these reports not only provide a means of evaluating the growth and shifts in manufacturing activity since 1939 but they also can be used as a guide in formulating local and regional development programs.

SIZE AND GROWTH OF MANUFACTURING

In 1947 the Bureau of the Census counted 11,300 manufacturing establishments—some 3,000 more than in 1939—in the 362 counties and the City of St. Louis in this Reserve District.* An average of about 652,000 persons were employed in these establishments and they were paid a total of $1,544 million in wages and salaries. These plants were scattered throughout the district. In 1947 a total of

* Based on the classification of manufacturing establishments used in the 1947 Census.

more than $240 million was invested in new plant and equipment in the four major industrial areas (St. Louis, Louisville, Memphis and Evansville) and in the state of Arkansas—the only district areas for which capital expenditure data are available.

Prior to World War II, manufacturing activity in many sections of the district was at a considerably lower level than in 1947. Part of the increase from 1939 to 1947 directly reflected the impact of industrial expansion during the war years. But by 1947 most of the strictly war production plants were disposed of, were standing idle or had been integrated into our peacetime manufacturing industry. In other words, the growth that is represented by the differences between the 1939 and 1947 censuses largely reflects basic expansion that occurred in manufacturing in this area.

Two qualifications to this statement should be noted. First, to the extent 1939 represented a period of less-than-full employment of resources, the 1947 figures (when manufacturing was at or close to capacity) considered relative to 1939 overstress the general upward trend in district manufacturing. In other words, the fact that 1939 was a year when the business cycle was in a low phase and 1947 a year when it was in a high phase tends to show a stronger growth trend than actually occurred. Second, since 1947 prices were substantially higher than those of 1939, the comparisons of dollar value of output and value added by the manufacturing process reflect price increases as well as physical volume increases.

About 2,400 of the 3,000 increase in manufacturing establishments in the district between 1939 and 1947 were outside the four major industrial areas.* Limitations on available land area and industrial sites in the cities, the tendency toward decentralization, and increased local interest in developing local plants are among the reasons for this difference. As a result, the percentage increase in the number of plants in the four industrial centers was less than one-half that for the remainder of the district.

But industry in the large cities was not marking time. Not only were new plants added to the list of those already located in these centers, but a substantial expansion of existing plants also occurred. As a result, the number of production workers employed in the four areas increased more, percentagewise, than it did outside these areas—62 per cent as against 54 per cent. In the industrial centers as well as in the outlying areas, the rate of increase was larger than the 53 per cent increase nationally. The larger relative gain in the industrial areas as a whole, in terms of employment, was due to a substantial increase in the St. Louis area and in Vanderburgh County (Evansville), Indiana.

In Arkansas and in the district portions of Kentucky and Tennessee, the increase in production workers was smaller in the more heavily industrialized counties than in the other counties in these areas. In Arkansas, for example, the increase in manufacturing employment in Pulaski (Little Rock) and Sebastian (Fort Smith) Counties was 44 per cent; in the remainder of the state 69 per cent. In Kentucky, manufacturing employment doubled outside of Jefferson (Louisville) and Daviess (Owensboro) Counties as compared with a 76 per cent increase in those two countries. In the district portion of Tennessee, employment increased 65 per cent outside of Shelby County (Memphis) as against a 59 per cent gain in the Memphis area.

In the district portions of Missouri, Illinois and Indiana, however, employment gains were larger in the principal industrial counties than elsewhere. In Missouri, employment in St. Louis City and County and in Greene (Springfield) County increased 58 per cent between 1939 and 1947 as compared with a 40 per cent gain outside these counties. In Madison and St. Clair Counties (East St. Louis, Granite City and other industrial cities) and Adams County (Quincy), Illinois, there was a gain of 60 per cent as compared with an increase of 40 per cent in the remainder of Eighth District Illinois. Similiarly, the increase in Vanderburgh (Evansville) County, Indiana was larger than the gain outside this county—72 per cent as against 50 per cent.

CHARACTERISTICS OF DISTRICT MANUFACTURING IN 1947

In view of the substantial increase in manufacturing operations between 1939 and 1947, it is important to appraise the impact this expansion had in terms of the characteristics of the industry.

Concentration of Industry—It was noted earlier that, except in the St. Louis and Evansville industrial areas, the rate of expansion tended to be greater in the outlying counties than in the more heavily industrialized areas. Nevertheless, most of the manufacturing activity continued to be concentrated in a few centers. This concentration, in terms of employment, can be seen on the accompanying map. Almost 59 per cent of all manufacturing employees

* The St. Louis metropolitan area (St. Louis City and County and St. Charles County, Missouri, and St. Clair and Madison Counties, Illinois); the Louisville metropolitan area (Jefferson County, Kentucky, and Clark and Floyd Counties, Indiana); Shelby County, Tennessee; and Vanderburgh County, Indiana.

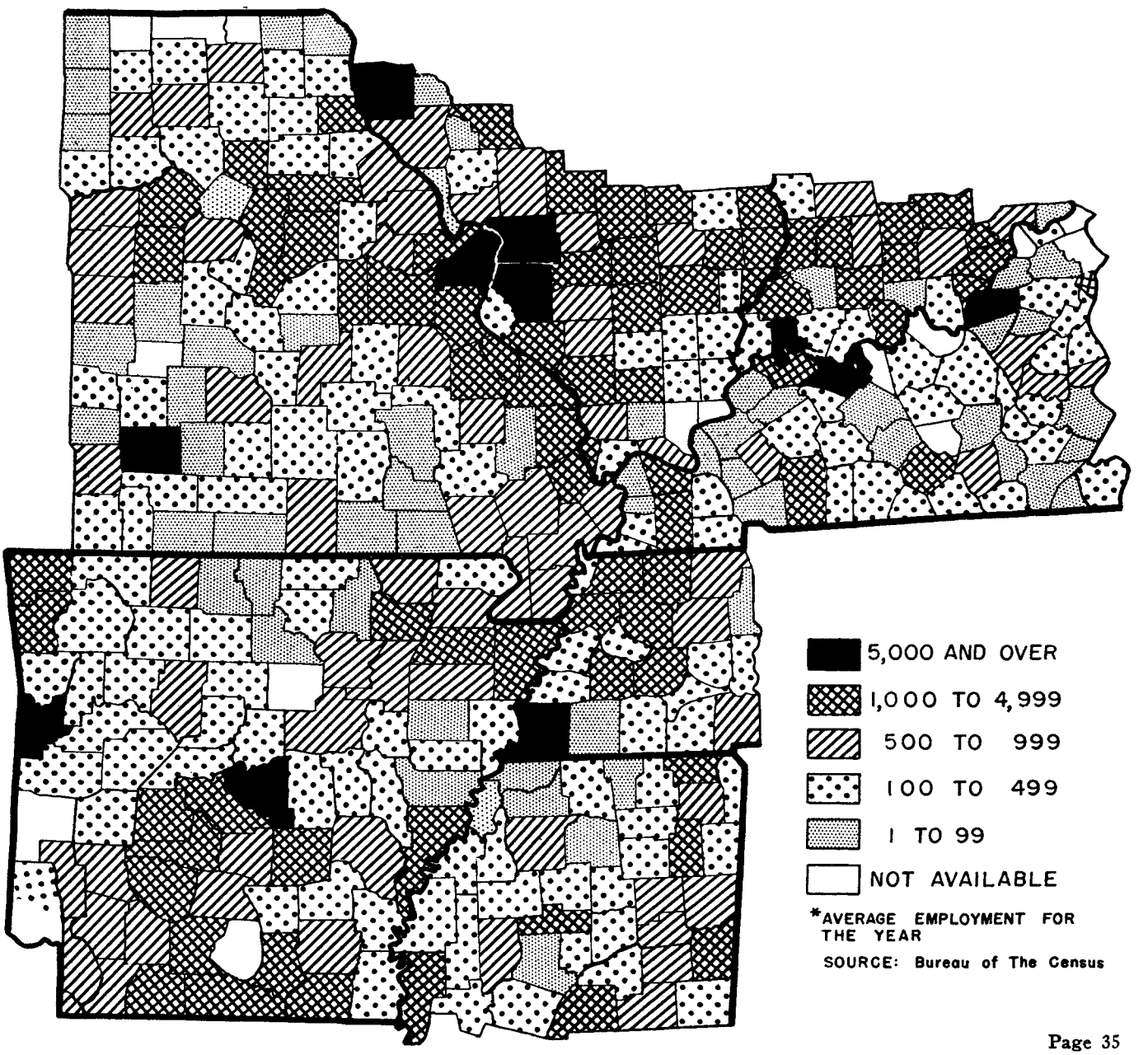
in the district were employed in the four largest industrial centers—St. Louis, Louisville, Memphis and Evansville. If the counties in which are located Little Rock and Fort Smith (Arkansas), Quincy (Illinois), Owensboro (Kentucky), and Springfield (Missouri), were included, the proportion would be increased to 64 per cent.

It would be expected, of course, that since the bulk of the district's manufacturing employment was located in a few centers, most of the value added to the cost of materials as a result of the manufacturing process also would be concentrated in these centers.* While the data are not complete, the Census reports indicate that about two-thirds of the value added by manufacturing in the district resulted from the operation of the plants in these four centers. This appears to be a slightly smaller proportion than in 1939, although, again, incomplete data make it difficult to arrive at a precise figure. However, the fact remains that, despite the industrial growth in smaller cities in the district, manufacturing operations remained concentrated in industrial areas.

* Value added by manufacture is calculated by subtracting the cost of materials, supplies, and containers, fuel, purchased electric energy and contract work from the total value of shipments.

MANUFACTURING EMPLOYMENT

EIGHTH FEDERAL RESERVE DISTRICT - 1947*



Small-Scale Operations—It is no secret, of course, that industry in this district typically falls into the well-known category of "small business." It is interesting to note, however, that the number of plants employing from 1 to 19 employees represented a slightly smaller proportion of all establishments in this district than in the nation as a whole—64 per cent as against 65 per cent nationally. A fractionally smaller proportion of plants in this district than nationally employed between 20 and 99 employees, but the number with 100 or more was relatively larger than in the nation as a whole.

In general, establishments in the four major areas tended to be larger, on the average, than their counterparts located outside these centers. The average establishment in the industrial areas in 1947 employed more than twice as many workers as the "average" plant in the outlying areas. This largely reflected the fact that 56 per cent of the district's plants with 100 or more employees were located in these four areas in 1947.

Durables vs. Nondurables—An up-to-date picture of the distribution of the Eighth District's manufacturing industries as between heavy and light goods will have to wait until the Census of Employment is taken this year. The report on manufacturing activity in 1947 showed these data only for the four major industrial areas in the district. At that time 51 per cent of the manufacturing employees in these centers were employed in the production of durable goods and about 47 per cent were in the non-durable goods industries. Most of the remaining 2 per cent apparently were employed in the production of durable goods, although the Census reports made no precise allocation of these employees.

TABLE I
MANUFACTURING EMPLOYMENT IN THE MAJOR INDUSTRIAL CENTERS IN THE EIGHTH DISTRICT IN 1947*
(Thousands of Employees)

	Total	Durable Goods Industries	Nondurable Goods Industries	Not Classified
Total	382.6	194.8	181.7	6.1
St. Louis	244.5	126.1	118.4	....
Louisville	73.8	35.1	35.4	3.3
Memphis	35.2	13.7	21.2	0.3
Evansville	29.1	19.9	6.7	2.5

* St. Louis metropolitan area; Louisville metropolitan area; Shelby County (Memphis); Vanderburgh County (Evansville).
Source: U. S. Bureau of the Census.

In terms of employment, the Evansville area is predominantly a heavy goods center, while in the Memphis area production is concentrated in nondurable goods. In the Louisville area, the number of unclassified employees is sufficiently large to tip the scale in either direction, but the evidence indicates that most of these were employed in the heavy goods industries. The St. Louis area was fairly well diversified with a slight edge to the durables.

Pattern of Growth—In the district states (the whole states—not the district portions of these states), a sizable portion of the 1939-47 industrial expansion followed along the pattern established earlier. That is to say, much of the increase during that period was in industries which were dominant in these areas in 1939. In Arkansas, for example, 30 per cent of the total increase in production workers was in the lumber industry and 17 per cent in food processing. In Mississippi, the lumber and apparel industries—the two largest employers in 1939—accounted for 43 per cent of the increase in all production workers. Other district states experienced a similar expansion pattern, although in Kentucky, Missouri and Tennessee the total increase since 1939 tended to be spread more evenly among all industries.

Expansion from prewar levels often was concentrated in those industries that were largest in 1939. But this fact should not be allowed to obscure the significant increases, in some states, in industries which were among the least important in 1939. In Arkansas, 20 per cent of the state's total increase in manufacturing employment was in five industries—transportation equipment, nonelectrical machinery, primary metals, fabricated metals and leather products (none in 1939)—in which aggregate employment in 1939 represented only 2 per cent of all manufacturing workers in the state. In Mississippi, there was a large expansion in the furniture, printing and publishing, fabricated metals and nonelectrical machinery industries. Prior to the war, these industries employed barely 2 per cent of the state's production workers, but their aggregate increase to 1947 accounted for 10 per cent of the total expansion during that period. In Tennessee, too, the smallest industries in 1939, in terms of employment, greatly improved their relative position. Five industries—paper, nonelectrical machinery, electrical equipment, transportation equipment and the miscellaneous group—which before the war employed 5 per cent of the state's manfacturing workers, accounted for 16 per cent of the total increase in manufacturing production workers between 1939 and 1947.

In Missouri, no single industry accounted for a sizable portion of the 1939-47 increase in employment. The proportion accounted for by individual industries ranged from 15 per cent in transportation equipment to less than 1 per cent in plants manufacturing petroleum and coal products. Combined employment in the tobacco and rubber products industries declined slightly from 1939 to 1947, but

separate estimates for these industries are not available.

In Kentucky, the proportions ranged from 21 per cent in food products to less than 1 per cent in the paper, petroleum and coal products, and miscellaneous industries. There was a decline of less than 1 per cent in textile mill employment.

In Illinois, the nonelectrical machinery industry accounted for 26 per cent of the state's manufacturing employment increase, while the apparel, lumber, leather, and miscellaneous industries each accounted for less than 1 per cent. A decline occurred in the textile products industry. This pattern was similar to that in Indiana where nonelectrical equipment plants accounted for 23 per cent of the employment increase and small declines took place in the textile, apparel and leather products industries.

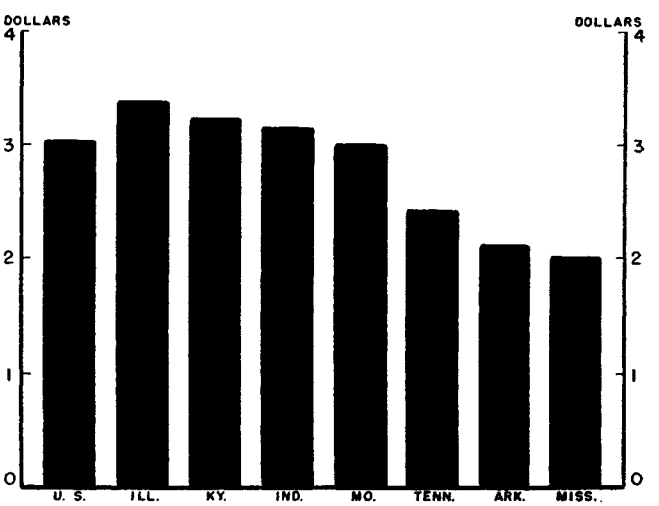
Growth and Relative Importance of Lines of Industry—Individuals and organizations whose interest is directed toward the industrial development of their communities or regions are aware of considerable differences in the income-producing possibilities of various manufacturing industries. In general, but not necessarily always, a manufacturing process which adds a relatively high value to the raw materials used is more attractive to a community than a process which adds relatively little value to the cost of materials. The wider the margin the greater the possibility for increased wages, for the purchase of materials, and for profit.

It does not follow from this, of course, that every community seeking to expand industrially should attempt to attract manufacturers of chemicals, or petroleum and coal products— the two industries in which the value added per man-hour is well above the average for all manufacturing in the United States. Unless the necessary raw materials, labor skills, capital and markets are available for such industries, successful promotion along those lines would be unlikely. A more realistic approach is the promotion of industries readily adapted to the resources of the community. As development proceeds in this direction, labor skills can be expected to improve. Markets are broadened and the total industrial scene becomes more attractive to new industries capable of serving already established plants and supplementing them in supplying products needed in the area.

This type of development is characteristic of regions that are moving toward industrialization, and is typical of the Eighth District. Much of the district's industry in 1939 was in lines where value added per man-hour worked was lower than the United States average. And much of the 1939-47 expansion was in the same type industries. It is important to note, however, that while the gains of the past decade may have been concentrated in relatively low productivity *manufacturing* lines, the new industries represented higher productivity for the district's people than the *nonindustrial* lines from which they had shifted.

As indicated in Chart I, the value added by manufacture per man-hour worked in four of the district states—Arkansas, Mississippi, Missouri and Tennessee—averaged less than in the nation as a whole. In three states—Illinois, Indiana and Kentucky—the average was larger than in the nation. This simply means that on the average, each man-hour worked in manufacturing plants in four of the district states resulted in less than the national average amount of value being added to the materials that were processed. It does not mean, of course, that *each* hour worked in *every* plant or industry group in these states added less than the national average value per man-hour.

CHART I
AVERAGE VALUE ADDED BY MANUFACTURE PER MAN HOUR
U. S. AND EIGHTH DISTRICT STATES - 1947

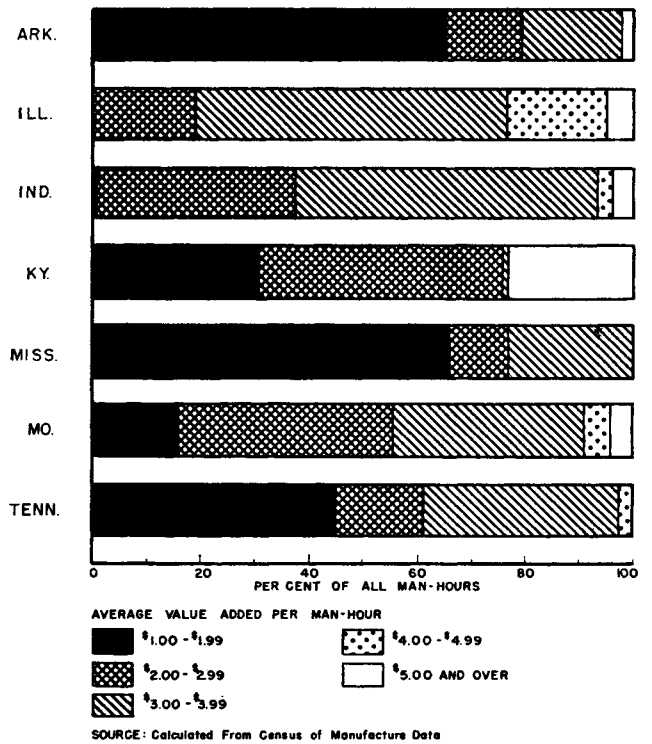


SOURCE: Calculated From Census of Manufactures' Data

As noted above, in four states the average value added per man-hour worked in 1947 was less than the national average. In Arkansas and Mississippi, as indicated in Chart II, this reflected the fact that two-thirds of the man-hours worked were in industries in which the value added averaged between $1 and $2 per man-hour. In contrast, were Illinois and Indiana where almost all manufacturing labor was performed in industries in which the value added averaged above $2 per man-hour. In Illinois, 80 per cent of all production workers' time was worked in industries where the value added by

CHART II

PER CENT OF MAN-HOURS WORKED IN MANUFACTURING IN 1947 IN TERMS OF AVERAGE VALUE ADDED BY MANUFACTURE PER MAN-HOUR



manufacture averaged as high or higher than the national average for all manufacturing.

Some attention was given earlier to describing the growth in manufacturing in the district states since 1939. It was pointed out that in some states —notably Arkansas and Mississippi—a sizable proportion of the increase, in terms of employment, was in industries that were major industries in these areas in 1939. In Chart III, part of the increase in each state is described in terms of (1) the industries that accounted for most of the increase, and (2) the average value added per man-hour in these industries. It will be noted that the darker the shading on the bars, the lower the average value added per man-hour.

This chart shows, for example, that in Arkansas 30 per cent of the total increase in production workers in all manufacturing between 1939 and 1947 was in the lumber industry—where the average hour's work in 1947 added less than $2 in value to the materials processed. It also indicates that more than 20 per cent of the total increase in Arkansas was in three industries—primary metals, chemicals and paper products—where the manufacturing processes added, on the average, between $3 and $4 per man-hour of labor.

For other states, too, the chart indicates the relative growth in recent years in the industries which accounted for most of the manufacturing expansion in the district states. In Kentucky and Mississippi, and to a lesser extent in Missouri and Tennessee, a sizable amount of the past decade's industrial expansion was in industries where the manufacturing process added less than the national average value ($3) per man-hour.*

Implications—The large expansion in manufacturing activity in the district states—and in the Eighth District proper—in recent years represents real progress toward the higher level of income that is needed in this region. Further development along these lines remains as a challenge to the people of this area, however. In 1948 only 17 per cent of the income received by Eighth District residents resulted from manufacturing; nationally the ratio was 23 per cent.

It is evident that the higher income levels we are working toward cannot be attained overnight. But it also is clear that increased manufacturing development can play an important part in this program. This is true whether the expansion is in industries where the production process adds a relatively small or a large amount of value to the materials processed.

It would be a mistake to direct development programs toward the expansion of industries selected solely because they result in a high value being added to their raw materials. However, where such industries also are well suited to the skills of the available workmen and the other resources of a community, they would be welcome additions to the region's economy.

But in addition to seeking new establishments, it is apparent that progress also can be made by improving the manufacturing processes already established in the region. This, too, could result in more value being added to the materials that are manufactured into finished goods. This may be a slow process since it involves a wide range of complex problems. It may mean raising the level of skills of our workers, the use of new and more efficient capital equipment, expansion into new markets, or a general improvement of the "know-how" that is so vital to modern industry. These problems should not be regarded as insurmountable road blocks on the road to the region's objectives, however, but rather as obstacles that can be overcome.

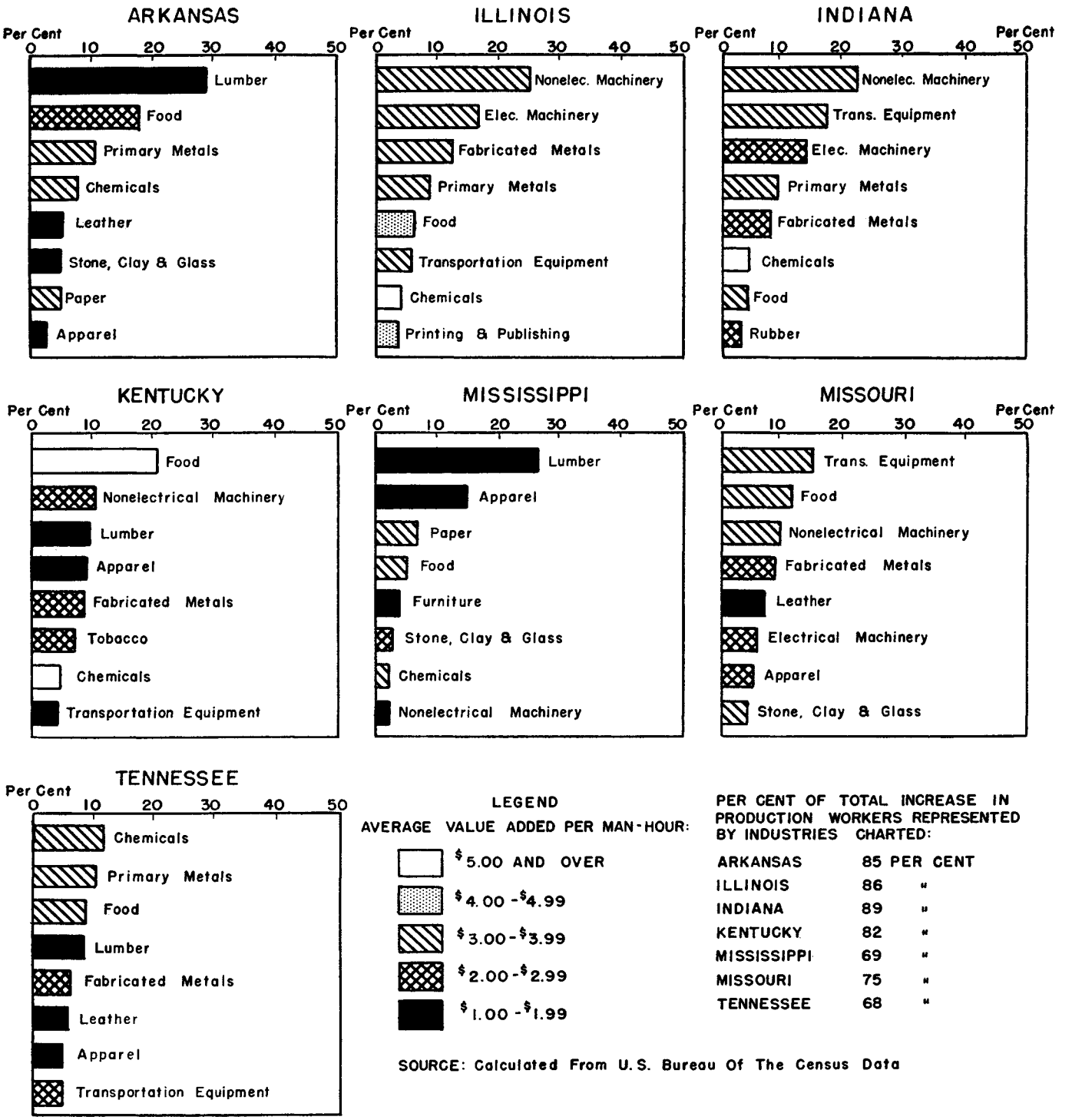
Weldon A. Stein

* The average value added per hour of production worker labor in the food processing industry was substantially larger in Kentucky than in any other district state. This apparently reflected the fact that 70 per cent of the total value added in the food industry resulted from the processing of grain and other materials into distilled liquors—a process that requires a relatively small number of man-hours and which produces a high-valued finished product. Although the food industry accounted for only 18 per cent of all man-hours worked in manufacturing in Kentucky in 1947, the value added for the industry represented 39 per cent of the total.

CHART III

PERCENTAGE DISTRIBUTION OF TOTAL INCREASE IN PRODUCTION WORKERS (1939-1947) BY VALUE ADDED PER MAN-HOUR IN 1947

EIGHTH DISTRICT STATES



PER CENT OF TOTAL INCREASE IN PRODUCTION WORKERS REPRESENTED BY INDUSTRIES CHARTED:

ARKANSAS	85 PER CENT
ILLINOIS	86 "
INDIANA	89 "
KENTUCKY	82 "
MISSISSIPPI	69 "
MISSOURI	75 "
TENNESSEE	68 "

SOURCE: Calculated From U.S. Bureau Of The Census Data

Survey of Current Conditions

Economic activity in the first part of 1950 has continued at the high levels that were reached late in 1949, both in the nation and in the Eighth District. Industrial production was larger in January than it was in December, when allowances are made for the usual seasonal changes that occur at this time of the year. There was some decline in the number of people who were employed but most of the drop was in seasonal industries such as agriculture, construction and trade. Unemployment, however, was more of a problem in January than it was in December as the number of workers who were without jobs climbed to the highest level since 1941.

There was much that was bright in the economic picture in January but there also were storm clouds overhead or on the horizon. Labor-management difficulties—in the coal, automobile, telephone and railroad industries—either were holding down industrial operations or were threatening to do so in the near future. Coal shortages were growing acute, and by late February in a number of areas dwindling stocks were reflected in cutbacks in manufacturing and other industrial activity.

In the Eighth District, industry was not seriously affected in January by the reduction in coal supplies. To a large extent this was due to the fact that shipments continued from mines operated under contract with the Progressive Mine Workers Union. In addition, most of the factories dependent on coal for their fuel energy requirements had accumulated sizable stockpiles. At the time this Review was written (late February), however, the coal situation in the district also had assumed serious proportions.

The district also has been plagued by floods in early 1950, but flood damage so far has been slight in terms of farm crop losses and hence in terms of anticipated farm income this year. Arriving too early in the season to catch spring plantings in most areas, the floods have caused damage principally to property and equipment.

The increase in industrial production in the nation in January to an estimated 182 per cent of 1935-39, as measured by the Board of Governors' seasonally adjusted index, primarily reflected further gains in the output of automobiles, steel and most other durable goods. The physical volume of nondurable or "soft" goods produced in January was not much different from that in December although there were increases in the paper and paperboard industries as well as in some other nondurable lines.

Consumers' buying and expenditures for construction continue to provide a substantial amount of support to current levels of economic activity. Consumers' expenditures apparently are running only a little below last year's volume, with a large part of the decline reflecting lower prices this year. In this district, department store sales in January averaged about 2 per cent less than a year ago on a daily average basis, about the same decline as the decrease in consumers' prices.

This high level of consumers' expenditures continues to be based in large part on a flow of income that is only about 2 per cent smaller than a year ago. In December, personal income in the nation was estimated at $211.5 billion on a seasonally adjusted annual basis. Agricultural income was below that in December, 1948, but nonagricultural income was slightly larger than at the close of the previous year due primarily to increases in interest and dividend income and in Government transfer payments. Wage and salary payments were off about 2 per cent.

Construction expenditures in the nation in January were the largest ever for that month, totaling $1.5 billion according to the U. S. Departments of Commerce and Labor. Expenditures in this district seem likely to remain at a high level during the coming months. A large volume of work was placed under contract late in 1949. In January, there was a sharp increase, relative to last year's volume, both in building permits and in construction actually contracted for. The increase over last year's volume in residential construction contracts has been particularly impressive, especially in the speculative building field. Such weakness as exists in construction expenditures continues to center largely in industrial construction.

PRICES

WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1926=100)	Jan.,'50	Dec.,'49	Jan.,'49	Jan., '50 compared with Dec.,'49	Jan., '50 compared with Jan.,'49
All Commodities	151.6	151.3	160.6	+ 0.2%	— 5.6%
Farm Products	155.3	155.3	172.5	- 0 -	—10.0
Foods	154.7	155.7	165.8	— 0.7	— 6.7
Other	145.8	145.5	152.9	+ 0.2	— 4.7

RETAIL FOOD

Bureau of Labor Statistics (1935-39=100)	Jan. 15, 1950	Dec. 15, 1949	Jan. 15, 1949	Jan. 15, '50 compared with Dec. 15,'49	Jan. 15, '50 compared with Jan. 15,'49
U. S. (51 cities)	196.0	197.3	204.8	— 0.7%	— 4.3%
St. Louis	204.6	206.2	212.4	— 0.8	— 3.7
Little Rock	196.4	197.0	199.8	— 0.3	— 1.7
Louisville	183.7	185.0	193.9	— 0.7	— 5.3
Memphis	203.1	206.9	217.1	— 1.8	— 6.5

EMPLOYMENT

An expected decline in employment occurred between December and January both in the nation and in the Eighth District, due principally to losses in seasonal industries such as trade, construction and agriculture. The December-January drop this year did not reflect nonseasonal cutbacks to the same degree as it did a year ago. Nevertheless, total employment remained lower than a year earlier, continuing the pattern of the last ten months.

Nonagricultural employment in the nation was off about one million from December but was slightly higher than a year ago. Fewer persons were employed in agriculture in January than at any time since 1940. Apparently agricultural employment has resumed its long-term downward trend—a trend which had been temporarily interrupted during late 1948 and the first half of 1949.

More people were looking for jobs in January than at any time since 1941. Unemployment would have been even higher had it not been that a large number of women who were laid off decided to leave the labor force and not seek other jobs. About one of every five unemployed persons in January had been out of a job for fifteen weeks or more, according to the Census Bureau.

In the seven district states, about 15 per cent more workers were collecting unemployment compensation checks in January than in December. Indiana was the only district state with fewer claimants in January, while Arkansas had the largest percentage increase in unemployed workers. In St. Louis City and County, the number of continued claims for unemployment compensation increased about 8 per cent. In Evansville, there was a considerable drop between December and January.

In the Louisville area, fewer persons were working in January than in November due to declines in manufacturing, retail trade and construction, which were slightly larger than the gains in the transportation industry. The major decreases in manufacturing occurred in nonelectrical machinery and food companies; most other firms reported little change during this period. Employment in January was about 5 per cent below the year-ago level.

Of the five district states which report data on average earnings of manufacturing workers, in only two (Illinois and Indiana) were earnings larger than the national average of $55 per week in November, 1949. Earnings in district states ranged from less than $40 a week in Arkansas to almost $60 a week in Illinois and Indiana. The average in Tennessee was $45, while in Missouri it was $50 a week.

Employment in the St. Louis area declined in January as it usually does after the year-end build-up in December. Most industry groups showed losses which in the aggregate amounted to about 1 per cent as compared with 3 per cent last year and about 2 per cent the year before. Since losses early last year, particularly in manufacturing, were never fully recovered, the seasonal dip in January dropped employment to the lowest level since early 1947. Increases in the leather, textiles and apparel industries were more than offset by sizable cutbacks in transportation equipment and electrical machinery plus smaller declines in nonelectrical machinery and basic and fabricated metals.

INDUSTRY

Industrial activity in the district in January remained at about the December level, after allowances are made for the usual year-end declines that occur in a number of industries. Manufacturers in the district kept their plants operating at roughly the same levels as in the previous month, despite declining coal stocks that curtailed production in some areas in the nation. Construction activity as well as the volume of work contracted for was off a little more than usual, not because January was a particularly low month but because December was unusually high. In the extractive industries, the production of coal dropped considerably but crude oil output was larger than in December.

Coal Mining—In general the coal strike has been less damaging to industry in this area than in some other sections of the country. A portion of the fuel requirements in the district customarily are met by coal mined by the Progressive Mine Workers. These supplies, together with the limited output from mines operated by the United Mine Workers, were sufficient to enable most manufacturing plants to maintain their production schedules in January and early February. With the closing of PMW mines, however, the local fuel situation has become critical.

In the mining areas in the district the impact of the shortened work week, and later the full-scale strike, was severe. The loss of income was trans-

PRODUCTION INDEXES

COAL PRODUCTION INDEX
1935-39=100

Unadjusted			Adjusted		
Jan., '50	Dec., '49	Jan., '49	Jan., '50	Dec., '49	Jan., '49
105*	154*	162	90*	148*	139

SHOE PRODUCTION INDEX
1935-39=100

Unadjusted			Adjusted		
Dec., '49	Nov., '49	Dec., '48	Dec., '49	Nov., '49	Dec., '48
154	103R	148	157	104R	151

*—Preliminary.
R—Revised.

lated into a drop in retail trade and a general tightening of business in those communities.

Total coal production in the district in January is estimated at 6.5 million tons. This is one-fifth less than in December and more than a third smaller than production last January. At this level, tonnage was equal to about 95 per cent of the 1935-39 average on a seasonally adjusted basis. Last January, output was 139 per cent of the average in those years.

Arkansas was the only district state to show an increase between December and January. Production there was up 10 per cent. In other producing areas there were reductions from December that ranged from 17 per cent in Illinois to 27 per cent in Missouri. Compared with output last year, tonnage mined in January was down from 5 per cent in Arkansas to 48 per cent in Indiana. The western Kentucky fields were the only ones where production was equal to that last January. Nationally there was a drop of 21 per cent from December and 37 per cent relative to January, 1949.

CONSTRUCTION

BUILDING PERMITS
Month of January

(Cost in thousands)	New Construction Number 1950	New Construction Number 1949	New Construction Cost 1950	New Construction Cost 1949	Repairs, etc. Number 1950	Repairs, etc. Number 1949	Repairs, etc. Cost 1950	Repairs, etc. Cost 1949
Evansville	45	18	$ 131	$ 241	36	41	$ 36	$ 21
Little Rock	89	28	1,043	80	143	92	117	63
Louisville	151	75	1,909	338	42	36	50	48
Memphis	1,186	471	1,439	1,248	105	133	104	152
St. Louis	190	115	1,363	816	154	143	651	356
Jan. Totals	1,661	707	$ 5,885	$2,723	480	445	$958	$640
Dec. Totals	2,261	763	$10,483	$3,961	425	501	$698	$745

INDUSTRY

CONSUMPTION OF ELECTRICITY

(K.W.H. in thous.)	No. of Customers*	Jan., 1950 K.W.H.	Dec., 1949 K.W.H.	Jan., 1949 K.W.H.	Jan., 1950 compared with Dec., '49	Jan., 1950 compared with Jan., '49
[1] Evansville	40	15,776	15,876	16,777	— 1%	— 6%
Little Rock	35	5,210	5,297	4,927	— 2	+ 6
Louisville	80	69,925	71,318	70,832	— 2	— 1
[1] Memphis	50	25,952	27,563	28,595	— 6	— 9
Pine Bluff	28	6,389	4,979	6,150	+28	+ 4
[1] St. Louis	112	80,221	79,668	77,993	+ 1	+ 3
Totals	345	203,473	204,701	205,274	— 1%	— 1%

*Selected industrial customers.

[1] Reports from these cities have been revised. In Memphis and Evansville more industries have been added, whereas in St. Louis several non-manufacturing industries were deleted.

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

Jan., '50	Dec., '49	Jan., '49	First Nine Days Feb., '50	First Nine Days Feb., '49	1 mo. '50	1 mo. '49
99,462	99,992	108,055	31,445	32,339	99,462	108,055

Source: Terminal Railroad Association of St. Louis.

CRUDE OIL PRODUCTION—DAILY AVERAGE

(In thousands of bbls.)	Jan., 1950	Dec., 1949	Jan., 1949	January, 1950 compared with Dec., 1949	January, 1950 compared with Jan., 1949
Arkansas	77.2	73.4	83.3	+ 5%	— 7%
Illinois	178.7	181.0	179.7	— 1	— 1
Indiana	27.7	28.7	24.2	— 4	+15
Kentucky	26.5	24.9	23.9	+ 6	+11
Total	310.1	308.0	311.1	+ 1%	- 0 -%

Construction—The construction picture in January was almost as bright as the coal mining situation was gloomy. Bad weather interfered with actual construction work during the month, but there was a large volume of work authorized by building permits as well as placed under contract during the month.

The value of construction authorized by permits issued in the reporting cities was more than twice as large as in January, 1949—totaling $6.8 million as against $3.4 million a year earlier. There were widely varying increases in four of the cities. Evansville showed a decrease. The January total was 38 per cent less than in December, but the drop was seasonal and was smaller than the decline last year.

Contracts were awarded for a total of $45.3 million of construction in the district in January, according to the F. W. Dodge Corporation reports. This is within 2 per cent of the value of work contracted for in January, 1947 when volume was the largest ever for that month. Residential building placed under contract amounted to $19.5 million—a new record for the month. Nonresidential awards totaled $25.8 million and were larger, in the aggregate, than in any January except in 1946 and 1947.

The strength in residential construction contracted for last month largely reflected a sizable gain, relative to last year's volume, in speculative building. The value of contracts for one-family dwellings for sale or rent was more than twice as large as in January, 1949 in the St. Louis territory covered by the Dodge reports.

In view of the large amount of future work covered by contracts let in January, plus the holdover of a sizable volume of on-site construction work that got under way late in 1949, the outlook in terms of expenditures during the coming months is good. Thus it would appear that construction outlays can be expected to play an important part in supporting the district's economy during the first half of 1950.

Steel—Basic steel operations in the St. Louis area in January were scheduled at 79 per cent of new capacity—about 10 per cent higher than in January last year, but 5 per cent below the high level of December. During 1949, capacity was increased about 10 per cent which is included in the January rate. The month-to-month decrease was due to shutdowns of several open hearth furnaces for relining and repairs. Additional maintenance shutdowns in the first weeks of February caused a further drop in the rate of operations. Trade reports indicate that demand for steel in this area has continued strong.

Lumber—The lumber industry operated at a slightly higher level than in December but a little below the January, 1949 level. Building activity continues to sustain a good lumber market and in most areas production is readily absorbed. The hardwood market is exceptionally active, in large part reflecting heavy buying by furniture manufacturers. It is reported that there is not enough high-grade well-manufactured hardwood to meet demands. Demand for oak flooring also continues to be heavy.

Operations of reporting southern hardwood mills were scheduled at 78 per cent of capacity as compared with 77 per cent in December and 80 per cent a year ago. Southern pine production averaged 2 per cent higher than in December but 3 per cent lower than in January, 1949.

Whiskey—Distilleries in Kentucky operated at about the December level. At the end of January, 35 of the state's 61 distilleries were in operation—six fewer than a year ago but the same number as a month earlier. Production during the past few months has been smaller than that of a year ago. Output is being geared to contemplated consumption with little attempt being made to produce surplus stocks. Reports indicate a trend toward an increase in the proportion of sales of bonded whiskey to total sales.

Whiskey production in Kentucky in December totaled 6.5 million tax gallons, a 13 per cent increase over November but 29 per cent less than in December, 1948. On a year-to-year basis, total output in the nation was off 33 per cent.

Shoes—Shoe production in the district in December was considerably larger than in November and was higher than in the previous December. According to preliminary estimates, output totaled 8.2 million pairs—50 per cent more than in November and about 4 per cent more than in December, 1948. The large month-to-month percentage gain is largely due to the fact that production in November was the smallest since 1946. Operations were cut back at that time in order to hold year-end inventories to a minimum level. In December, production of new spring lines of shoes got under way in most plants and operating rates climbed back toward normal.

Meat Packing—Federally inspected slaughter in the St. Louis area in January declined seasonally from December but was larger than that of a year ago. In January, 476,000 animals were slaughtered under Federal inspection as compared with 552,000 in December and 448,000 in January, 1949. The decrease from December was due to an 18 per cent decline in the slaughter of hogs and to a 20 per cent decline in calf slaughter. Hogs accounted for 73 per cent of the total slaughter. Killings of cattle increased 1 per cent and of sheep, 7 per cent. Compared to a year ago, hog and calf slaughter increased more than offsetting decreases in cattle and sheep killings.

Oil—Daily average production of crude oil in each of the district's producing areas, except Indiana, increased slightly over December, and in total was at the same level as a year ago. On a year-to-year basis, decreases of 1 per cent in Illinois and 7 per cent in Arkansas were offset by gains in Indiana and Kentucky of 14 per cent and 11 per cent, respectively. Production in the district continued to compare more favorably with that of a year earlier than output nationally. In the past six months, the nation's production has averaged more than 10 per cent less than in the comparable period of the previous year, while district output has been off only fractionally.

TRADE

January winds blew hot and cold and as a result consumers were not in a mood to purchase winter clothing in the record-breaking warm weather and, at times, were not able to get out to shop when snow and ice in some parts of the district were the worst in years. Total sales at reporting district stores in the month dropped from the seasonal high in December and were generally under last year's volume despite traditional and special store-wide sales promotions. Furniture stores were the only reporting trade line to record district-wide sales volume greater than a year ago. Department store sales and sales at men's and women's specialty stores were under both the previous month and the same month a year ago.

The effect of the month's unpredictable weather was particularly noticeable in the total of department store sales in Springfield, Memphis and several smaller district cities. Early in the month, Memphis weather conditions were the worst in the history of the city when severe icing conditions crippled the city's economy.

WHOLESALING

Line of Commodities	Net Sales		Stocks
Data furnished by Bureau of Census, U. S. Dept. of Commerce *	January, 1950 compared with Dec., 1949	January, 1950 compared with Jan., 1949	Jan. 31, 1950 compared with Jan. 31, 1949
Automotive Supplies	—12%	—11%	—17%
Drugs and Chemicals	+ 1	+ 8	.....
Dry Goods	+31	+17	+ 8
Groceries	— 3	— 8	— 2
Hardware	—12	—13	—11
Tobacco and its Products	—14	— 2	— 7
Miscellaneous	+ 1	— 1	— 8
**Total All Lines	10%	— 4%	— 1%

*Preliminary.
**Includes certain items not listed above.

DEPARTMENT STORES

	Net Sales			Stocks on Hand	Stock Turnover	
	Jan., 1950 compared with Dec., 1949	Jan., 1950 compared with Jan., 1949	mos. to same period	Jan. 31, 1950 comp. with Jan. 31, 1949	Jan. 1, to Jan. 31, 1950	Jan. 1, to Jan. 31, 1949
8th F. R. District..	—57%	— 2%	.....%	— 6%	.29	.28
Ft. Smith, Ark.....	—64	—10	.....	— 4	.27	.28
Little Rock, Ark...	—60	— 3	.....	— 9	.27	.27
Quincy, Ill.....	—58	+ 3	.....	— 9	.22	.20
Evansville, Ind.....	—60	— 6	.....	—18	.26	.21
Louisville, Ky.....	—64	— 4	.....	— 4	.29	.30
St. Louis Area [1]....	—51	+ 1	.....	— 7	.31	.29
St. Louis, Mo.....	—51	+ 1	.....	— 7	.31	.29
Springfield, Mo.....	—63	— 2	.....	—13	.20	.18
Memphis, Tenn.....	—60	— 9	.....	+ 2	.29	.32
*All other cities....	—67	—14	.....	— 8	.18	.18

*El Dorado, Fayetteville, Pine Bluff, Ark.; Harrisburg, Mt. Vernon, Ill.; New Albany, Vincennes, Ind.; Danville, Hopkinsville, Mayfield, Paducah, Ky.; Chillicothe, Mo.; Greenville, Miss.; and Jackson, Tenn.

[1] Includes St. Louis, Mo.; Alton, Belleville, and East St. Louis, Ill.

Outstanding orders of reporting stores at the end of January, 1950, were 4 per cent greater than on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding January 1, 1950, collected during January, by cities:

	Instalment Accounts	Excl. Instal. Accounts		Instalment Accounts	Excl. Instal. Accounts
Fort Smith.....	....%	47%	Quincy	22%	57%
Little Rock.....	15	42	St. Louis.....	19	55
Louisville	20	56	Other Cities	13	46
Memphis	21	44	8th F.R. Dist.....	19	52

INDEXES OF DEPARTMENT STORE SALES AND STOCKS
8th Federal Reserve District

	Jan., 1950	Dec., 1949	Nov., 1949	Jan., 1949
Sales (daily average), unadjusted [2]	232	504	378	238
Sales (daily average), seasonally adjusted [2]	282	330	300	290
Stocks, unadjusted [3]	248	259	329	260
Stocks, seasonally adjusted [3]	288	309	308	303

[2] Daily Average 1935-39=100.

[3] End of Month Average 1935-39=100.

SPECIALTY STORES

	Net Sales			Stocks on Hand	Stock Turnover	
	Jan., 1950 compared with Dec., 1949	Jan., 1950 compared with Jan., 1949	mos. to same period	Jan. 31, 1950 comp. with Jan. 31, 1949	Jan. 1, to Jan. 31, 1950	Jan. 1, to Jan. 31, 1949
Men's Furnishings..	—60%	— 5%	.....%	+ 1%	.21	.22
Boots and Shoes.....	—50	— 7	.....	— 6	.30	.30

Percentage of accounts and notes receivable outstanding January 1, 1950, collected during January:

Men's Furnishings ..... 42% Boots and Shoes..... 45%

Trading days: January, 1950—25; December, 1949—26; January, 1949—25.

RETAIL FURNITURE STORES **

	Net Sales		Inventories		Ratio of Collections	
	Jan., 1950 compared with Dec.,'49	Jan., 1950 compared with Jan.,'49	Jan., 1950 compared with Dec.,'49	Jan., 1950 compared with Jan.,'49	Jan.,'50	Jan.,'49
8th Dist. Total [1]	—48%	+10%	— 2%	—16%	23%	28%
St. Louis Area [2]	—50	+18	- 0 -	—26	42	47
St. Louis	—51	+18	- 0 -	—26	42	47
Louisville Area [3]	—51	+23	+ 9	— 3	14	16
Louisville	—51	+25	+ 9	— 2	13	15
Memphis	—46	+25	— 8	—13	12	16
Little Rock	—45	+ 1	— 9	+ 1	16	24
Springfield	—43	+21	*	*	17	24
Fort Smith	—42	—14	*	*	*	*

* Not shown separately due to insufficient coverage, but included in Eighth District totals.

[1] In addition to following cities, includes stores in Blytheville and Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; Hannibal, Missouri; and Evansville, Indiana.

[2] Includes St. Louis, Missouri; Alton, Illinois.

[3] Includes Louisville, Kentucky; and New Albany, Indiana.

** 39 stores reporting.

PERCENTAGE DISTRIBUTION OF FURNITURE SALES

	Jan., '50	Dec., '49	Jan., '49
Cash Sales	15%	17%	19%
Credit Sales	85	83	81
Total Sales	100%	100%	100%

Increased sales of housefurnishings at St. Louis department stores in the month played a large part in boosting total store sales slightly over last year's volume. Sharing in the year-to-year gain were increased sales in small wares and women's and misses' accessories. Women's and misses' apparel and men's wear sales, however, dropped below last year's total for the month.

The value of inventories at reporting district department stores on January 31, 1950 was slightly under that on December 31 and on the same date in 1949. Outstanding orders at the end of the month were about one-third larger and one-sixth larger, respectively, than for the same dates a month ago and a year previous.

Women's specialty and men's wear store sales volumes during January dropped sharply from December and were less than in January, 1949. Inventories at both types of stores at the end of the month fell below those on December 31. At women's specialty stores, however, the value of inventories was larger than a year earlier in contrast to the decline at men's wear stores relative to the same date in 1949.

Furniture store sales in January totaled about half those in the previous month but were slightly higher than in 1949. St. Louis furniture store executives report January sales exceptionally good, with demand heaviest in medium-priced lines. Outstanding orders were reported higher than a year earlier, with delivery generally good in all lines excepting television, electric refrigerators, medium-priced, upholstered and other lines of house-furnishings. Inventories at reporting furniture stores on January 31 were approximately one-tenth less than on the comparable dates a month ago and last year.

AGRICULTURE

The U. S. Department of Agriculture recently released its preliminary estimates of farmers' assets and liabilities as of the beginning of 1950. According to these figures, for the first time since the USDA has published the annual balance sheet of agriculture (1940), farmers' assets showed a drop from the level of a year earlier. The decline from January 1, 1949 is estimated at $4.4 billion or about 3 per cent. Total liabilities of farmers were up almost $800 million or 7 per cent. Proprietors' equities thus declined by $5.1 billion or 4 per cent.

The major item of decrease in farmers' assets was a $4 billion drop in real estate values (in contrast to 1948 when a $2.4 billion gain was registered). Real estate assets as of the beginning of 1950 represented almost exactly half of total farm assets, just a shade less than the proportion a year earlier, but

BALANCE SHEET OF AGRICULTURE
(In millions of dollars)

ASSETS	Jan. 1, 1950*	Jan. 1, 1949	Net Change 1949-50
Physical assets:			
Real estate	$ 61,200	$ 65,168	$—3,968
Non-real estate:			
Livestock	13,211	14,657	—1,446
Machinery and motor vehicles	13,390	11,114	+2,276
Crops, stored on and off farms [1]	7,700	8,475	— 775
Household equipment [2]	6,200	6,000	+ 200
Financial assets:			
Deposits and currency	14,000	14,800	— 800
United States savings bonds	5,100	5,024	+ 76
Investment in cooperative	2,100	2,036	+ 64
Total	$122,901	$127,274	$—4,373
CLAIMS			
Liabilities:			
Real estate mortgages	5,450	5,108	+ 342
Non-real-estate debt:			
To principal institutions:			
Excluding loans held or guaranteed by Commodity Credit Corporation	2,900	2,714	+ 186
Loans held or guaranteed by Commodity Credit Corporation	1,200	1,152	+ 48
To others [3]	2,400	2,200	+ 200
Total	$ 11,950	$ 11,174	$+ 776
Proprietors' equities	$110,951	$116,100	$—5,149

* Preliminary Estimate.
[1] Includes all crops held on farms and crops held in bonded warehouses as security for Commodity Credit Corporation loans.
[2] Estimated valuation for 1940 plus purchases minus depreciation.
[3] Tentative. Includes individuals, merchants, dealers, and other miscellaneous lenders.
Source: Bureau of Agricultural Economics USDA.

substantially less than in 1940 when 63 per cent of farmers' assets were in real estate.

The other major asset decrease was in value of livestock inventory—off $1.4 billion from a year earlier. This decline (10 per cent) reflected lower prices rather than a decrease in livestock numbers. Crop inventories also were valued at less than a year earlier, and deposits and currency held by farmers at the beginning of 1950 was about $800 million less than at the opening of 1949.

The major offset to the asset declines was a $2.3 billion increase in machinery, reflecting continuation of the heavy machinery purchases of the postwar years. This also points up some of the change that has taken place in farm capital requirements. At the beginning of this year, value of farm machinery and equipment represented 11 per cent of total farm assets in contrast to 6 per cent in 1940.

Farmers' liabilities rose $776 million in 1949. Of this amount, outstanding farm mortgage debt increased $342 million, or 7 per cent, continuing the rise begun in 1946. This compares with a $226 million, or 5 per cent, increase during 1948. Short-term debt increased but at a substantially lower rate than a year earlier. Short-term debt in the hands of banks, Government lending agents, dealers, merchants and others increased by $386 million, or 8 per cent. This compares with an $812 million, or 20 per cent, increase during 1948.

The Bureau of Agricultural Economics has revised its indexes of prices received and prices paid by farmers. One revision of the prices-received index involved a change in the base, shifting from the five years from August, 1909 through July, 1914 to the average prevailing from January, 1910 through December, 1914. The new prices-paid index also takes into account changing cost patterns due to increased use of machinery, electricity, etc., and includes such cost items as hired labor, stocker and feeder cattle. As of December 15, the new index of prices paid was 246 as compared with a figure of 240 as calculated under the old method. The index of prices received was revised with changes made in weighting various components of the index. The December 15 prices-received index on the new basis was 233 as contrasted with the 240 as computed under the old method.

The effective parity for the basic commodities (cotton, wheat, corn, rice, tobacco, peanuts) will be either that computed by the new or the old method —whichever is higher. For nonbasic commodities, if the new parity is higher than the old, it will be used. If it is lower, a transitional parity ratio, 5 per cent lower than the ratio computed by the old method, will be used in 1950, 10 per cent lower in 1951, and so on until the new level is reached.

Under either system of computation the parity ratio narrowed from December 15 to January 15. Prices received by farmers on January 15 were higher than at mid-December, but the index of prices paid increased more than that of prices received, reflecting mainly increases in interest and tax charges.

BANKING

Reflecting the usual post-holiday letdown in business activity and some unseasonal weather conditions in January, member banks in this district reported a moderate decline in deposits and loans and an expansion of their investment portfolios at the end of January, 1950 as compared with the close of December, 1949. In February, the city banks reported an increase in total loan volume due to con-

AGRICULTURE

CASH FARM INCOME

(In thousands of dollars)	Dec., 1949	Dec., 1949 compared with Nov., 1949	Dec., 1949 compared with Dec., 1948	12 month total Jan. to Dec. 1949	1949 compared with 1948	1949 compared with 1947
Arkansas	$ 47,234	— 61%	—39%	$ 527,607	— 9%	+ 6%
Illinois	129,514	— 18	—21	1,702,943	— 7	—11
Indiana	71,980	— 9	—17	916,022	—13	—14
Kentucky	105,501	+125	—27	527,920	— 9	—10
Mississippi	32,170	— 70	—54	481,312	—12	— 2
Missouri	80,363	— 26	—29	944,357	—21	—13
Tennessee	46,494	— 19	—33	426,914	—15	—10
Totals	$513,256	— 24%	—29%	$5,527,075	—12%	—10%

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts			Shipments		
	Jan., 1950	Jan., 1950 compared with Dec.,'49	Jan., 1950 compared with Jan.,'49	Jan., 1950	Jan., 1950 compared with Dec.,'49	Jan., 1950 compared with Jan.,'49
Cattle and calves	92,869	— 4%	+ 9%	26,991	—10%	+12%
Hogs	296,908	— 4	+15	84,459	+ 8	+13
Sheep	47,260	— 4	+14	9,142	—17	+50
Totals	437,037	— 4%	+14%	120,592	+ 1%	+15%

PRINCIPAL ASSETS AND LIABILITIES FEDERAL RESERVE BANK OF ST. LOUIS

(In thousands of dollars)	Feb. 15, 1950	Change from Jan. 18, 1950	Change from Feb. 16, 1949
Industrial advances under Sec. 13b	$	$	$ .....
Other advances and rediscounts	3,999	+ 1,366	— 5,238
U. S. Securities	980,840	— 4,980	—224,468
Total earning assets	$ 984,839	$— 3,614	$—229,706
Total reserves	$ 729,165	$—37,132	$— 21,390
Total deposits	655,243	—29,796	—191,847
F.R. notes in circulation	1,061,540	—12,937	— 48,843
Industrial commitments under Sec. 13b	$ 500	$ - 0 -	$+ 500

PRINCIPAL ASSETS AND LIABILITIES WEEKLY REPORTING MEMBER BANKS EIGHTH FEDERAL RESERVE DISTRICT

(In thousands of dollars)

34 banks reporting

ASSETS	Feb. 15, 1950	Change from Jan. 18, 1950	Change from Feb. 16, 1949
Gross commercial, industrial, and agricultural loans and open market paper	$ 542,344	$— 7,719	$— 68,792
Gross loans to brokers and dealers in securities	5,975	— 913	+ 424
Gross loans to others to purchase and carry securities	19,660	+ 958	— 1,952
Gross real estate loans	193,542	+ 3,496	+ 32,488
Gross loans to banks	16,850	+16,000	+ 15,605
Gross other loans (largely consumer credit loans)	219,058	— 3,253	+ 5,609
Total	997,429	+ 8,569	— 16,618
Less reserve for losses	11,752	+ 98	+ 2,504
Net total loans	$ 985,677	$+ 8,471	$— 19,122
Treasury bills	55,655	—15,821	+ 587
Certificates of indebtedness	210,048	—24,058	+ 8,815
Treasury notes	181,059	+32,305	+126,050
U. S. bonds and guaranteed obligations	679,671	—33,529	— 10,372
Other securities	172,879	— 4,444	+ 38,048
Total investments	$1,299,312	$—45,547	$+163,128
Cash assets	761,458	—27,887	— 66,728
Other assets	25,603	+ 821	+ 1,557
Total assets	$3,072,050	$—64,142	$+ 78,835
LIABILITIES			
Demand deposits of individuals, partnerships, and corporations	$1,523,735	$—10,389	$+ 60,554
Interbank deposits	667,270	—52,969	+ 15,823
U. S. Government deposits	74,738	+20,960	+ 6,662
Other deposits	118,063	—10,136	— 25,456
Total demand deposits	$2,383,806	$—52,534	$+ 57,583
Time deposits	486,639	+ 2,642	+ 11,458
Borrowings	800	—14,500	— 200
Other liabilities	18,114	— 643	+ 2,286
Total capital accounts	182,691	+ 893	+ 7,708
Total liabilities and capital accounts	$3,072,050	$—64,142	$+ 78,835
Demand deposits, adjusted*	$1,400,269	$—30,209	$+ 12,745

*Other than interbank and government demand deposits, less cash items on hand or in process of collection.

DEBITS TO DEPOSIT ACCOUNTS

(In thousands of dollars)	Jan., 1950	Dec., 1949	Jan., 1949	Jan., 1950 compared with Dec.,'49	Jan., 1950 compared with Jan.,'49
El Dorado, Ark.	$ 22,096	$ 25,937	$ 22,844	—15%	— 3%
Fort Smith, Ark.	40,204	40,191	39,239	- 0 -	+ 2
Helena, Ark.	6,726	9,559	10,309	—30	—35
Little Rock, Ark.	121,510	134,659	121,551	—10	- 0 -
Pine Bluff, Ark.	27,387	34,477	29,546	—21	— 7
Texarkana, Ark.*	10,828	11,783	10,511	— 8	+ 3
Alton, Ill.	23,216	26,633	23,530	—13	— 1
E.St.L.-Nat.S.Y., Ill.	103,761	106,070	105,194	— 2	— 1
Quincy, Ill.	27,806	30,953	27,855	—10	- 0 -
Evansville, Ind.	113,537	109,848	113,316	+ 3	- 0 -
Louisville, Ky.	493,199	588,631	474,295	—16	+ 4
Owensboro, Ky.	38,891	43,362	31,659	—10	+23
Paducah, Ky.	14,166	15,717	14,163	—10	- 0 -
Greenville, Miss.	24,204	28,121	24,818	—14	— 3
Cape Girardeau, Mo.	10,924	11,913	12,807	— 8	—15
Hannibal, Mo.	7,928	8,864	7,215	—11	+10
Jefferson City, Mo.	56,088	40,569	78,141	+38	—28
St. Louis, Mo.	1,532,231	1,608,694	1,501,013	— 5	+ 2
Sedalia, Mo.	9,219	10,908	9,094	—16	+ 1
Springfield, Mo.	52,258	54,302	50,973	— 4	+ 3
Jackson, Tenn.	18,967	21,340	17,856	—11	+ 6
Memphis, Tenn.	583,172	632,682	556,460	— 8	+ 5
Totals	$3,338,318	$3,595,213	$3,282,389	— 7%	+ 2%

*These figures are for Texarkana, Arkansas only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to $25,790.

tinued growth in real estate loans and a temporary rise in loans to banks.

Loans and Investments—At the smaller district member banks, loan volume showed no change from December to January; at the city banks it declined $17 million. In the first month of 1949, loan volume dropped $3 million and $7 million, respectively, for the two groups of banks. These month-end comparisons reflect what seems to be the approximate seasonal change in the month of January—a moderate shrinkage in total loan volumes at the city banks, where the drop is occasioned principally by a reduction in business loans, and a less noticeable decline, or stability, at the smaller banks.*

At the close of January, 1950 the volume of loans at all district member banks was off only 1 per cent from a year ago. All of the decrease from January, 1949 was at the larger city banks with smaller banks showing a slight gain for the same period.

It should be noted, however, that the weekly data available for the 34 larger city banks through February 15 showed a measure of contraseasonal strength in total loans, which rose $9 million from mid-January to mid-February. The reduction in business loans at these banks from the mid-December, 1949 peak appears to have been a normal seasonal amount. (The reduction was less than that in the corresponding 1948-49 period which was influenced to some extent by the business downturn of that period.) But loans on real estate and loans to banks have increased more rapidly in the first seven weeks of the 1950 calendar year than in a comparable period in any other postwar year.

As a result of the return flow of currency from circulation and net Treasury operations during the month of January, the banks generally acquired additional funds. These additional funds were invested for the most part in United States Government securities. The increase in Governments was most pronounced at the city banks—$55 million from December, 1949 to January, 1950 as compared with a gain of $8 million at the rural banks. At the end of January, 1950, total investments of district member banks were $204 million (9 per cent) above the level of January, 1949.

Deposits—Demand deposits, except interbank, showed virtually no change during January, closing the month at $3,184 million, off $7 million from December, 1949 (a small fraction of 1 per cent) and up $50 million (1½ per cent) over their level a year ago. City banks and rural banks showed about the same slight decline during January, 1950.

* For the city banks, in eight of the past eleven years volume of total loans has declined in January.

Time deposits, on the other hand, increased moderately at both groups of banks for the month of January, 1950. The growth in time deposits matched the shrinkage in demand deposits (other than interbank). In view of the fact that there has been, during the past year, an increase in the rate paid on time and savings accounts in some areas within the Eighth District, some of the growth in time deposits may have resulted from a conversion of demand deposits into savings accounts in order to gain the interest paid. Time deposits at the end of January, 1950 were $24 million (2½ per cent) over their level a year ago.

EIGHTH DISTRICT
MEMBER BANK ASSETS AND LIABILITIES
BY SELECTED GROUPS

(In Millions of Dollars)	All Member			Large City Banks [1]			Smaller Banks [2]		
		Change from:			Change from:			Change from:	
	Jan., 1950	Dec., 1949 to Jan., 1950	Dec., 1948 to Jan., 1949	Jan., 1950	Dec., 1949 to Jan., 1950	Dec., 1948 to Jan., 1949	Jan., 1950	Dec., 1949 to Jan., 1950	Dec., 1948 to Jan., 1949
Assets									
1. Loans and Investments	3,956	+45	+40	2,343	+36	+38	1,613	+ 9	+ 2
a. Loans	1,514	—17	—10	1,000	—17	— 7	514	- 0 -	— 3
b. U.S. Government Obligations	2,091	+63	+51	1,172	+55	+46	919	+ 8	+ 5
c. Other Securities	351	— 1	— 1	171	— 2	— 1	180	+ 1	- 0 -
2. Reserves and Other Cash Balances	1,243	—27	—88	746	—20	—64	497	— 7	—24
a. Reserves with the F.R. Banks	587	+ 4	—35	379	+ 2	—21	208	+ 2	—14
b. Other Cash Balances [3]	656	—31	—53	367	—22	—43	289	— 9	—10
3. Other Assets	39	- 0 -	- 0 -	25	- 0 -	- 0 -	14	- 0 -	- 0 -
4. Total Assets	5,238	+18	—48	3,114	+16	—26	2,124	+ 2	—22
Liabilities and Capital									
5. Gross Demand Deposits	3,930	+11	—59	2,421	+14	—39	1,509	— 3	—20
a. Deposits of Banks	746	+18	—16	706	+18	—14	40	- 0 -	— 2
b. Other Demand Deposits	3,184	— 7	—43	1,715	— 4	—25	1,469	— 3	—18
6. Time Deposits	972	+ 7	+ 2	489	+ 4	+ 2	483	+ 3	- 0 -
7. Borrowing and Other Liabilities	26	- 0 -	+12	20	— 1	+12	6	+ 1	- 0 -
8. Total Capital Accounts	310	- 0 -	— 3	184	— 1	— 1	126	+ 1	— 2
9. Total Liabilities and Capital Accounts	5,238	+18	—48	3,114	+16	—26	2,124	+ 2	—22

[1] Includes 15 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock and 4 East St. Louis—National Stockyards, Illinois, banks.
[2] Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.
[3] Includes vault cash, balances with other banks in the United States, and cash items reported in the process of collection.