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DISTRICT MANPOWER AND THE DEFENSE PROGRAM

The present defense program differs from the 1940 model. It involves reallocation of rather than reemployment of resources. This problem is not simple and the manpower phase may be particularly difficult.

District manpower supply and demand depends on many factors. It has been affected by many population changes since 1940. More people live here now than in 1940 but the increase would have been larger if out-migration had been less heavy. Only a fourth of the district's counties increased population, 1940-50. In part this reflected shift from rural to urban areas. The metropolitan areas have grown much faster than the rest of the district and faster than the central cities. The young and the old population groups increased the most and these are the least important from a manpower viewpoint.

Labor market changes also affect manpower supply. Labor force and employment are proportionately larger and the unused labor potential is proportionately smaller. Workers are less mobile.

District manpower supply is adequate in terms of numbers. Unemployed, new entrants and part-time workers can be used. If necessary, the labor force can be augmented by utilizing some of the labor reserve and by increasing the workweek. There are, however, shortages of some skills.

More people are working in the major district cities than ever before. Employment is booming in the St. Louis area, Louisville, Memphis, Evansville and Little Rock. The district could use more industry and its labor supply is adequate for additional industrial expansion.

The present defense program . . .

The U. S. economy is going through a physical conditioning program designed to convert some civilian fat into defense muscle. Just how much muscle will be needed is still unknown. Assuming no full-scale war, it will not be necessary to trim off all of the present fat. If international tensions grow the program will become progressively more strenuous.

. . . differs from the 1940 model. It involves reallocation of rather than additions to resources.

The present program calls for a different type of conditioning than we went through a decade ago. Then we had a substantial amount of idle resources. We used these to increase our total output—and in effect, it was the increase in output that went for defense-war purposes. Today the economy is operating at practical capacity and the conditioning program thus calls for some reallocation of resources. To go back to the original analogy—in 1940 the over-all strength of an individual just up from an economic sickbed had to be built up; in 1950 some fat must be worked off an athlete out of training.

This problem is not simple . . .

The reallocation problem is not a simple one to solve. In an economy with virtually no slack the shifting of any kind of resources is difficult and the inflationary impact of transfers from the civilian segment of the economy is severe. Expenditure of billions of dollars for defense creates problems under any circumstances; under today's conditions many of these are intensified.

. . . and the manpower phase may be particularly difficult.

In many respects, allocation of manpower is a much more difficult problem than allocation of other, nonhuman, resources. People obviously cannot be treated in the same way that materials and facilities can be treated. While the human resource is to be allocated to the same three fields as other resources—military service, defense production, and civilian work—it has in general to be attracted to these rather than directed. Men can be conscripted for military service, but without national service legislation the labor force cannot be enlarged nor channelled into specific fields by directive.

Also the total pool of manpower potential cannot be enlarged appreciably over a short-run period. This pool is a result of two primary forces: the size of the population and its age and sex distribution. Neither factor can be changed in a short time.

And, of course, all of the potential manpower cannot be made available, nor, if it could, would it all be effective. Such factors as skills, geographic location, family status, income needs and so on bear on this.

District manpower supply depends on many factors.

Where does the Eighth District stand today with respect to manpower needs and manpower supply? To answer this question it is necessary to look at population level, trend and composition, to migration developments, and to a variety of other factors affecting the labor force, both potential and effective.

It has been affected by many population changes since 1940.

The labor supply has been affected by the fact that more people live in the district now than in 1940, and by the fact that migration from the district has been heavy during the past decade. Population gains have been concentrated in relatively few counties. Metropolitan areas have grown more than their central cities and urban areas have gained at the expense of rural areas. The number of younger and older persons has increased proportionately more than total population.

More people live here now than in 1940 . . .

About 230,000 more people lived in the Eighth District in 1950 than in 1940. About two out of every five of these additional inhabitants entered the labor force. The growth here has been considerably smaller than in the nation as a whole, continuing the long-term trend. Population in the district has increased relatively less than nationally in every decade since 1900. In 1950, this district had only 7 per cent of the nation's population as compared with 8 per cent in 1940 and 10.5 per cent in 1900.

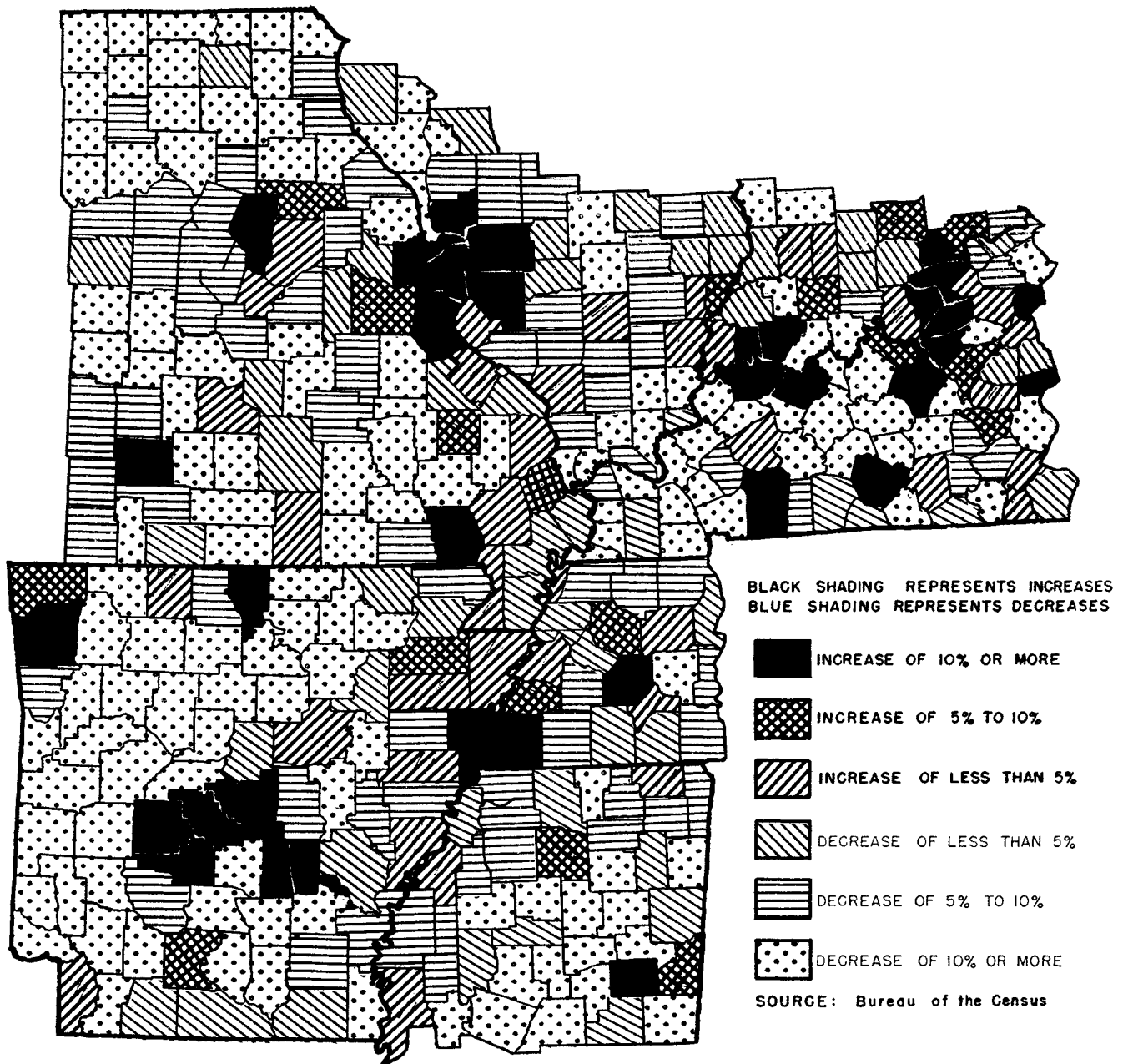
. . . but the increase would have been larger if out-migration had been less heavy.

This population growth was relatively small in view of this district's high birth rate. The reason is that many of the district's people moved elsewhere, seeking more favorable job opportunities. In the 1930-40 decade, when economic conditions discouraged migration, the district came close to equaling the U. S. increase. In the period between 1940-50, when migration was heavy, the district had a gain of only 2 per cent while the nation's population increased 14 per cent.

This district has always been a region of surplus population, due to high birth rates and a lag in

POPULATION CHANGES IN THE EIGHTH FEDERAL RESERVE DISTRICT, 1940-1950

PER CENT INCREASE OR DECREASE, 1940-1950



industrialization. There have been many people and few jobs.

Only a fourth of the district's counties increased population, 1940-50.

The population increase during the past decade was concentrated in relatively few of the Eighth

District counties. Only 97 out of a total of 363 counties had more people in 1950 than in 1940. These 97 counties contained 55 per cent of the total district population in 1950.

The proportion of district counties with a population increase between 1940 and 1950 varied from only 15 per cent of the counties in Mississippi to

50 per cent of those in Indiana. In practically all counties the gain in population was due to the growth of cities or towns within the county.

In part this reflected shift from rural to urban areas.

A steady movement from rural to urban living has been evident for many years. No precise data are as yet available on the 1940-50 trends in rural population. It is obvious that the shift toward urban living continued, however. One indication of its magnitude is shown by the population gain in the five major district metropolitan areas (550,000) during the past decade, while the district population, outside of the metropolitan areas, dropped 316,000 during that period.

In 1900 only 17 per cent of the district's population lived in its five metropolitan areas. In 1940, the proportion had risen to 25 per cent and by 1950, 30 per cent of the people lived in these areas.

The metropolitan areas have grown much faster than the rest of the district . . .

The five major metropolitan areas present an entirely different picture of population growth from that of the entire district. Population has more than tripled in the Little Rock and Memphis areas and has doubled in the St. Louis, Louisville and Evansville areas since 1900.¹

The rate of growth was smallest in the five district metropolitan areas in the 1910-20 and the 1930-40 decades. The 1900-10, 1920-30 and the 1940-50 decades saw the same average rate of growth (22 per cent) in these five areas, although there was some variation by individual area.

. . . and faster than the central cities.

In the five major cities proper the population growth has been considerably less than in the metropolitan areas. Memphis is the only exception, for there the city has grown proportionately more than the metropolitan area during the past 50 years. However, the City of Memphis has annexed considerable additional territory.

POPULATION GROWTH, 1900-50, AND 1940-50	1900-50	1940-50
	+109%	+ 17%
St. Louis Area.....	48	4
St. Louis City.....	95	27
Louisville Area.....	79	15
Louisville City.....	213	34
Memphis Area.....	285	35
Memphis City.....	205	24
Little Rock Area.....	165	15
Little Rock City.....	121	21
Evansville Area.....	86	13
Evansville City.....	30	2
Total Eighth District.....		

¹ The Little Rock metropolitan area includes Pulaski County, Arkansas; the Memphis area, Shelby County, Tennessee; the St. Louis area, St. Louis City and St. Louis and St. Charles Counties, Missouri and Madison and St. Clair Counties, Illinois; the Louisville area, Jefferson County, Kentucky and Floyd and Clark Counties, Indiana; the Evansville area, Vanderburgh County, Indiana.

The young and the old population groups increased the most and . . .

The jump in population of almost 19 million in the nation and 234,000 in this district in the past decade is not as favorable from the manpower standpoint as it might sound because of changes in the age composition of the population. Exceptionally large increases occurred among the very young and the old, with only a moderate gain in the rest of the population. Nationally, the proportion of persons in the 15-54 age group declined from 60 to 56 per cent of the total.

. . . these are the least important from a manpower viewpoint.

More than 70 per cent of our population growth in the past decade has occurred among those under 15 and over 54 years of age. The only decline in population occurred in the 15-19 age group and the smallest gain occurred in the 20-29 age group—and these ages are the most important for both the armed forces and for war production.

Labor market changes also affect manpower supply.

But these population changes are not the only reason why the district's labor market today differs to a marked degree from the one of a decade ago. The labor reserve today is not as large as in 1940.

Labor force and employment are proportionately larger and . . .

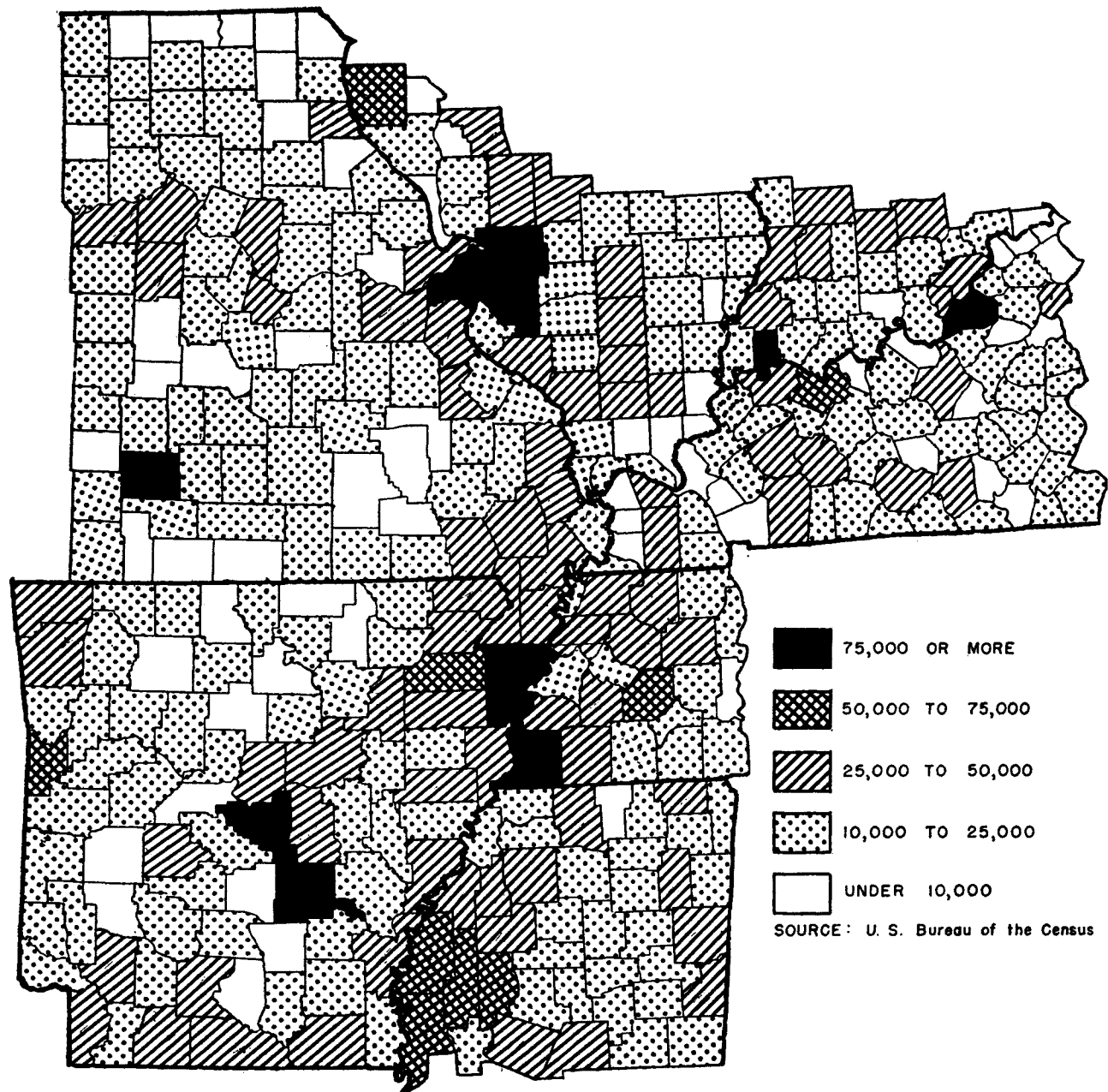
During the past ten years, the number of persons in the labor force has increased more than total population. A much larger proportion of the labor force is working now than in 1940. This September, 96 of every 100 persons in the labor force were working as compared with 88 of every 100 in 1940. The unemployed group is not nearly as substantial a source of supply as in 1940 for only a third as many persons were seeking jobs this September as a decade ago.

. . . the unused labor potential is proportionately smaller.

The district labor reserve is proportionately smaller today than a decade ago. Some of the "extra" workers who entered the labor force during the 1940's are still working. These include housewives, students, aged and handicapped persons. Almost 5 per cent more persons are now in the labor force than would have been expected from the normal increase in population. A goodly number of these additional workers are women. The percentage of women in the labor force during the post-war years has been considerably above prewar

EIGHTH DISTRICT POPULATION IN 1950

DISTRIBUTION BY COUNTIES



trends. These gains occurred in the under 20 and over 34 years age groups. There was actually a decline in the percentage of women aged 20 to 30 years in the labor force, due principally to the high birth rates.

Workers are less mobile.

District workers generally are less mobile than in the early 1940's. More jobs and better-paying

ones keep many workers from moving. In addition, transportation is expensive and housing is scarce. Wage differentials are not as marked as ten years ago. In the early 1940's, the wage differential between war and civilian jobs lured many workers into the war plants. In addition, the seniority systems and expanded pension programs of today make workers more reluctant to change jobs.

District manpower supply is adequate in terms of numbers.

In terms of numbers the total effective manpower supply in the district should be adequate to meet demand assuming no full-scale war. Given the population and labor market changes that have occurred since 1940, there still should be no great problem in securing a sufficient number of additions to the labor force and to the working population to meet requirements. The problem thus is not one of numbers of people. It is one of getting the right people in the right places and in the needed lines.

The district's net additional manpower needs for the next year, under a program of partial mobilization, are estimated roughly to be from 200,000 to 300,000, including the needs of the Armed Forces. This demand can probably be met from the ranks of the unemployed and from new entrants into the labor force.

Unemployed, new entrants and part-time workers can be used.

The supply readily available to meet labor needs in the district includes about 130,000 unemployed (assuming that minimum unemployment could be as low as during the last war), about 70,000 persons who are expected to enter the labor force during the next year, and about 70,000 persons who have part-time but want full-time jobs.

If necessary, the labor force can be augmented by . . .

In cases these sources of supply are not adequate, additional sources of labor can be tapped. These include persons not now in the labor force, and the additional man-hours which can be secured by lengthening the workweek.

. . . utilizing some of the labor reserve.

Much of the labor force growth in World War II was due to the "extra" or "fringe" workers. While many of these stayed in the labor force, some of them returned to non-working status. And this potential has been enlarged as time has advanced. These potential workers form a very important part of our manpower reserves today. To utilize these reserves probably would require extensive recruitment campaigns, easing of hiring restrictions and inauguration of job breakdown and training programs. Based on national averages, there are about 3 million persons over 14 years of age who are not in the district labor force. Of that total an estimated two-thirds are housewives.

Under a program of full-scale mobilization, more extensive transfers could be made to the military

and warwork from other industries. On the basis of World War II experience it should be possible to secure almost a third of a million workers in this district from the service industries, from wholesale and retail trade, from agriculture and from miscellaneous industries.

. . . and by increasing the workweek.

One way of achieving increased production with the same amount of manpower is to lengthen the workweek. At the peak of World War II the average manufacturing employee worked 45.5 hours per week as compared with only 40.9 hours this September. In the St. Louis area, for example, an increase in the average workweek of five hours in manufacturing would be equivalent to more than 30,000 additional workers. Additional programs such as job breakdown and on-the-job training can also increase productivity without the addition of any workers.

The Eighth Federal Reserve District thus appears to have an adequate numerical supply of manpower to staff defense plants and to provide the needed men for the Armed Forces under present conditions. General manpower shortages might develop, however, if full-scale mobilization, similar to that of World War II, becomes necessary. But even then this district would be in a better position, from a manpower standpoint, than most other sections of the country.

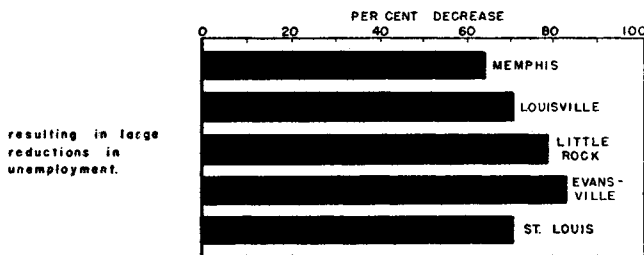
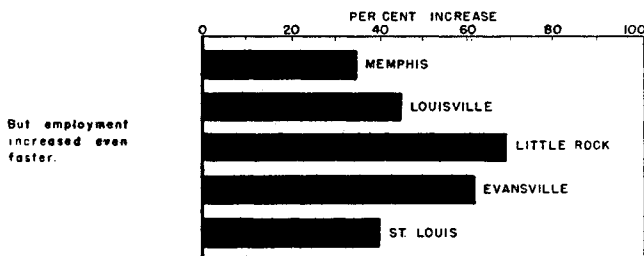
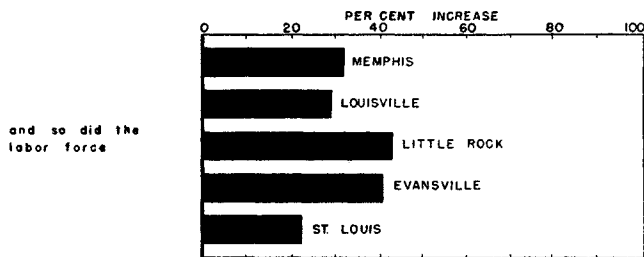
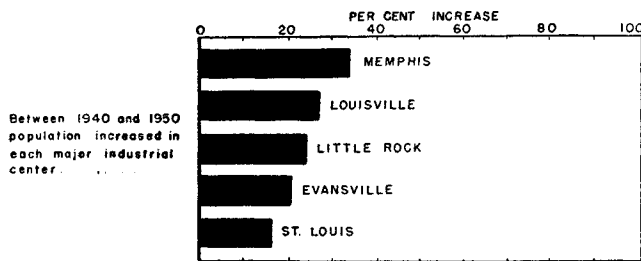
There are, however, shortages of some skills.

Although this district apparently does not face a general shortage of labor, some skills are in short supply. In most cases, the occupational shortages are not new developments, for some of these skills have been relatively scarce during the past several years. The present accelerated demand for all types of labor has accentuated the under-supply of stenographers, trained clerical workers, skilled workers in the machine trades, and certain technical occupations.

More people are working in the district cities than ever before.

Current manpower conditions in the major district labor market areas (St. Louis, Louisville, Memphis, Evansville and Little Rock) are similar in many respects. Total employment is at an all-time high and manufacturing employment is at a peacetime high, with all areas sharing in a steady employment growth since early this year. About 400,000 or 43 per cent more people were working in these five cities in September, 1950 than in 1940.

THE MAJOR INDUSTRIAL CENTERS IN 1950
 MORE PEOPLE - MORE WORKERS - FEWER UNEMPLOYED
 THAN IN 1940



SOURCE: Population changes based on Bureau of the Census reports. Changes in labor force, employment and unemployment based on adjusted State Employment Service estimates. Data refer to metropolitan areas as defined in text.

Their labor force expanded 26 per cent, while their unemployment dropped 71 per cent.

Employment is booming in the St. Louis area . . .

In the St. Louis area, the total labor force increased from 632,000 in 1940 to 780,000 in September, 1950—a gain of almost one-fourth. Total employment jumped 40 per cent to a new high of 752,000 in September. Unemployment in September, 1950 was estimated at only 27,000 or 68,000 less than ten years ago.

Employment patterns have shifted considerably during the past ten years. All industries except mining have more employees now than in 1940, but some industries have increased relatively more than

others. Manufacturing has gained in importance, now accounting for 35.4 per cent of all employment as against 32.5 per cent in 1940. Relatively more people have been hired in the durable goods industries than in the nondurable lines, but employment in the soft goods industries still comprises more than half of the total. The industries from which the most manpower can be drawn in case of all-out mobilization (trade, finance and service) have dropped from 44 per cent to 39 per cent of the total employment. However, actual employment in these three industries has increased by 55,000 since 1940.

. . . Louisville . . .

The total labor force in the Louisville area has increased about 55,000 since 1940. At the same time unemployment is down about 19,000. Total employment increased 45 per cent—from 164,000 in 1940 to an estimated 238,000 in September, 1950. Almost half of the gains since 1940 have occurred in manufacturing. In 1940, this industry accounted for 28 per cent of total employment as compared with 34 per cent in September, 1950. Employment in the service, finance and trade industries has gone up by 22,000 since the Census of 1940.

. . . Memphis . . .

The total labor force in the Memphis area was about one-fifth higher in September, 1950 than in 1940. During the past decade employment has increased about 50,000 and unemployment has dropped considerably. The proportion of manufacturing workers has gone up since 1940, but there are still relatively fewer persons engaged in manufacturing activities than in the other major district cities.

. . . Evansville . . .

About 40 per cent more persons were in the Evansville labor force this year than in 1940. During this same period, unemployment dropped sharply so that there was only one person seeking work in 1950 for every six unemployed persons in 1940. Almost 75,000 persons were estimated to be working in September, 1950, a jump of more than 28,000 in ten years.

. . . and Little Rock.

Both the labor force and total employment has increased proportionately more in Little Rock than in any other district city. Almost 28,000 more people were either working or seeking work in 1950 than in 1940. Almost 80 per cent fewer

persons were seeking jobs in September, 1950 than in 1940—a considerably larger drop than the national average. Total employment gained about 37,000 in the past decade to reach an estimated 90,000 in September, 1950.

The district could use more industry and . . .

The manpower potentialities of the Eighth District are good, especially in relation to manufacturing employment. This district does not have as large a proportion of manufacturing jobs as its population might warrant. In 1950, this district had only 4.6 per cent of the manufacturing workers in the United States, but it had 6.9 per cent of the population.

As the following table shows, there has been a discrepancy between manufacturing jobs and population in the district for the past 50 years.

EIGHTH DISTRICT AS PER CENT OF U. S. TOTAL

	<u>Population</u>	<u>Manufacturing Jobs</u>
1900	10.5%	4.8
1920	8.6	4.2
1930	7.8	4.5
1940	7.7	4.6
1950	6.9	4.6

. . . its labor supply is adequate for additional industrial expansion.

The supply of labor in the district is believed to be not only adequate for immediately foreseeable needs, but is also large enough to handle a considerable amount of industrial expansion. If more jobs were available, many of the workers would not migrate from the district. Our heavy out-migration is an important indication that this district does have surplus manpower. This adequate supply of labor is one of the most important resources we have to induce new industries to locate here.

Gertrude Krausnick Canning



Survey of Current Conditions

Economic trends in the district and the nation continue to be influenced by expansionary forces. District production rose in October as it did nationally. But the rate of increase is slowing down. With industry operating at practical capacity further increases in output are difficult to obtain.

Most of the goods coming from factories and mines still are for civilian consumption. The amount going to the military is relatively small—but the bite is getting larger. It will be bigger in December than in October—and even larger in subsequent months. Unless total output can be increased proportionately, civilians thus are faced with prospects of dividing up a declining share of total output.

The pressure of demand for the military already is showing up in specific lines. The allocation order with respect to aluminum is one example. The directive channeling steel into the construction of freight cars is another. These restrictions and those announced previously mean less materials available for civilian goods.

But civilian income continues to rise—reflecting increasing employment, longer hours and rising wage rates for workers. Farm income prospects are good. Business profits are large. The disparity between civilian purchasing power arising from current income and the amount of goods and services available to civilians is widening. This disparity is accentuated by increasing use of credit and by dips into past savings. And thus inflationary pressures mount up.

PRICES

WHOLESALE PRICES IN THE UNITED STATES					
Bureau of Labor Statistics (1926=100)	Oct., '50	Sept., '50	Oct., '49	Oct., 1950 compared with	
				Sept., '50	Oct., '49
All Commodities....	169.1	169.5	152.2	- 0.2%	+11.1%
Farm Products...	177.8	180.4	159.6	- 1.5	+11.4
Foods.....	172.5	177.2	159.6	- 2.7	+ 8.1
Other.....	161.5	159.2	145.0	+ 1.4	+11.4

CONSUMER PRICE INDEX					
Bureau of Labor Statistics (1935-39=100)	Oct. 15, 1950	Sept. 15, 1950	Oct. 15, 1949	Oct. 15, 1950 compared with	
				Sept. 15, '50	Oct. 15, '49
United States.....	174.8	173.8	168.5	+ 0.6%	+ 3.7%

RETAIL FOOD					
Bureau of Labor Statistics (1935-39=100)	Oct. 15, 1950	Sept. 15, 1950	Oct. 15, 1949	Oct. 15, 1950 compared with	
				Sept. 15, '50	Oct. 15, '49
U. S. (51 cities)....	209.0	208.5	200.6	+ 0.2%	+ 4.2%
St. Louis.....	220.0	220.5	207.5	- 0.2	+ 6.0
Little Rock.....	209.5	211.7	198.2	- 1.0	+ 5.7
Louisville.....	198.0	199.9	189.7	- 1.0	+ 4.4
Memphis.....	218.9	220.6	209.7	- 0.8	+ 4.4

Consumer demand continues to be heavy—not as pronounced as in the immediate post-Korea period, but heavy by almost any other comparative standard. And prospects are better for increase in such demand than for decrease.

Business expenditures also are large—and again prospects are for increases rather than cutbacks. Inventory build-up is still a problem, particularly at the manufacturers level, and efforts to add to existing stocks are likely to be a strong force tending to offset whatever slack might develop as a result of a leveling off period in consumers' buying. Total business inventories at the beginning of October were less than 1 per cent larger than at the end of June, on a book value basis, despite a 7 per cent rise in wholesale prices. Manufacturers' stocks were valued only slightly above the level of a year earlier, although production is up some 20 to 25 per cent.

Business expenditures for inventories are only part of the picture. Outlays for new plant and equipment also are being enlarged, according to a recent McGraw-Hill survey. This study indicates that manufacturers will spend some \$7.3 billion in 1950 instead of the \$6.8 billion they expected to spend as of last April. Total outlays are estimated at \$14.1 billion for the year instead of \$13.2 billion as executives previously planned to spend. These expenditures are likely to be important next year too. This survey indicates business now is planning to invest 10 per cent more in plant and equipment in 1951 than in 1950—20 per cent more in manufacturing industries.

EMPLOYMENT

Nonagricultural employment in the St. Louis area edged upward between September and October

WHOLESALE

Line of Commodities	Net Sales		Stocks
	October, 1950 compared with		
Data furnished by Bureau of Census, U.S. Dept. of Commerce*	Sept., '50	Oct., '49	Oct. 31, 1950 compared with Oct. 31, 1949
Automotive Supplies.....	- 9%	+ 7%	+ 9%
Drugs and Chemicals.....	+ 1	+16	+ 4
Dry Goods.....	- 9	+13	+18
Groceries.....	- 6	+ 5	+33
Hardware.....	+ 4	+34	+ 9
Tobacco and its Products...	-0-	+12	+11
Miscellaneous.....	+ 1	+18	+ 2
**Total All Lines.....	- 3%	+20%	+15%

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

to set a new all-time high. In October, the tenth consecutive month to show an employment increase, approximately 4 per cent more persons were working than a year ago. The tremendous employment gains made by the St. Louis area in the past decade are shown by the fact that there were almost 200,000 or one-third more workers this October than in October, 1940.

Manufacturing was primarily responsible for the September-October gain. Employment in wholesale and retail trade advanced slightly, but the rest of the nonmanufacturing industries reported relatively stable employment levels.

Total employment in the nation in October was at the second highest level in history—having been surpassed only last August when many summer workers were in the labor force. Employment moved upward between September and October due to gains in farm employment, while nonagricultural employment remained about the same.

The jump in farm employment between September and October was the largest for this time of year in the last ten years. Unusually favorable weather in October was partly responsible for the high employment.

Nonagricultural employment in October was about a million lower than the August peak, but was considerably higher than in any previous October. Although nonfarm employment remained relatively stable between September and October, changes occurred in its composition. A large number of youths left their jobs to return to school or to enter the Armed Forces. Replacements for these men were drawn from the unemployed and from women entering the labor force. October was the first month in which the speeded-up inductions of

the armed services had a noticeable effect on the labor market.

Unemployment dropped substantially between September and October to reach a new low for the year. The number of persons seeking jobs in October was only slightly higher than the postwar low of late 1947, and was about half as large as in October, 1949.

In the seven district states, insured unemployment in mid-October was about 12 per cent less than in mid-September and about 56 per cent less than a year ago. In St. Louis, the number of compensable claims for unemployment insurance in October was about the same as in September, but was about half the October, 1949 volume.

INDUSTRY

Industrial operations in the district continued at a high level in October. Manufacturing activity was up slightly during the month and production of coal and crude oil also increased. Industrial power consumption in the major cities was up 7 per cent in the month. The value of new construction put under contract declined, but this drop was largely seasonal.

Manufacturing Operations Continue to Rise

Producers of heavy goods showed the largest increases in October. Operating schedules climbed higher in the machinery, transportation equipment, and primary metals industries. Gains also were indicated in the chemicals group.

In St. Louis, the basic steel industry operated at an average weekly rate of 85 per cent of capacity in October. In November, operations moved higher, averaging 88 per cent of capacity—the highest level since 1944.

Lumber production in the southern pine region averaged slightly larger in October than in the previous month and was at the highest level since mid-1948. There was a slight decline in activity in the hardwoods industry.

Fifty of Kentucky's 61 distilleries were in operation at the end of October. This is the same number as were in production at the close of September and represents the highest level of operations since early in 1948.

Distillers currently are making every effort to produce a maximum amount of whiskey for storage in anticipation of increasing alcohol requirements of the reactivated synthetic rubber industry. The beverage spirits industry has been ordered to channel approximately 15 to 20 per cent of its total August production of whiskey and alcohol to the butadiene program for November. An increasing amount of alcohol will be needed in December, and

INDUSTRY

CONSUMPTION OF ELECTRICITY						
(K.W.H. in thous.)	Oct., 1950	Sept., 1950	Oct., 1949	Oct., 1950 compared with		
	K.W.H.	K.W.H.	K.W.H.	Sept., '50	Oct., '49	
Evansville.....	13,681	13,534	11,359	+ 1.1%	+20.4%	
Little Rock.....	4,583	4,780	4,913	- 4.1	- 6.7	
Louisville.....	75,378	73,993	73,049	+ 1.9	+ 3.2	
Memphis.....	29,119	25,321	26,090	+15.0	+11.6	
Pine Bluff.....	7,870	7,348	5,079	+ 7.1	+55.0	
St. Louis.....	104,823	95,568	83,957 _R	+ 9.7	+24.9	
Totals.....	235,454	220,544	204,447 _R	+ 6.8%	+15.2%	
R—Revised.						
LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS						
	First Nine Days					
Oct., '50	Sept., '50	Oct., '49	Nov., '50	Nov., '49	10 mos. '50	10 mos. '49
126,548	118,541	105,284	36,138	31,323	1,128,865	1,044,361
Source: Terminal Railroad Association of St. Louis.						
CRUDE OIL PRODUCTION—DAILY AVERAGE						
(In thousands of bbls.)	Oct., 1950	Sept., 1950	Oct., 1949	Oct., 1950 compared with		
				Sept., '50	Oct., '49	
Arkansas.....	82.1	81.7	72.1	-0%	+14%	
Illinois.....	178.1	177.3	180.3	-0-	- 1	
Indiana.....	31.1	31.1	28.5	-0-	+ 9	
Kentucky.....	28.9	27.9	23.5	+ 4	+23	
Total.....	320.2	318.0	304.4	+ 1%	+ 5%	

by early 1951 it is expected that from 50 to 70 per cent of the distilling industry's capacity will be used for the Government's rubber program.

Production of Coal and Oil is Up

Coal production increased for the third consecutive month, according to preliminary reports. Output was up about 4 per cent for the entire district. Except in Arkansas, production was larger than during September in each of the district's mining areas. Total tonnage mined was 10 million tons as against 9.6 millions in September.

Production of crude oil continued the upward trend that began in July. Output in October averaged 320,000 barrels per day—the largest since January, 1947. In September production averaged 318,000 barrels per day and in October, 1949 it was only 304,400 barrels. Increases over September occurred in each of the producing areas except Illinois.

Well drilling activity apparently picked up in October. Preliminary weekly reports for the four weeks to October 28 show a total of 553 completions in the district states as against 538 in the previous four-week period. The number of oil producing wells was slightly higher but a larger proportion of completions were nonproducers. Trade reports indicate that drilling activity is handicapped currently by some shortages of specialized steel products.

Construction Contracts, Building Permits Off in October

There was a slight decline in the value of construction put under contract in the district during October. A drop in residential awards and heavy engineering construction accounted for the dip. The value of work authorized by building permits issued in the major cities also declined due primarily to a decrease in residential building authorized.

Total construction contracts amounted to \$77 million in October as compared with \$87 million in September. Residential awards dropped to \$28 million for a decline of 35 per cent from September. Non-residential work put under contract totaled \$48 million or 10 per cent larger than in the previous month.

The value of construction authorized by building permits issued in the major cities was off 12 per cent in October. There were increases in Louisville and Evansville but these were more than offset by declines in the other cities. Most of the drop was due to a substantial decrease in permits for alterations; new construction was off only 6 per cent. New residential awards declined 20 per cent, however, and totaled less than in September in each city except St. Louis.

The value of residential construction put under contract in the St. Louis territory (F. W. Dodge Corporation) in October was off 45 per cent from September when awards were at an all-time peak. The October volume was 15 per cent larger than in October 1949, however. Most of the decline from September was in multi-family units. Contracts for single-family dwellings—speculative housing as well as owner-built units—also declined but percentage-wise the reduction in each case was smaller this year than last.

In the nonresidential field, heavy engineering awards were off 35 per cent from the September volume. There was a drop in manufacturing construction, too, but contracts for commercial and other nonresidential construction climbed sharply to a new peak for the year.

TRADE

October sales levels made few retailers happy. Sales were high but not as high as hoped for. After an unusually cool summer they had looked to the fall season to bolster lagging apparel sales volume. But 1950 saw the warmest October in several years and winter apparel stayed on the racks. In the hard goods lines tightening of instalment credit controls on October 16 had limiting effects on sales. The sellers' market which had developed after Korea in the automobile, appliance and furniture lines had shown some signs of weakening prior to credit regulations. The first Regulation W was not strict and had little effect save to cause some further weakening in auto sales. The amended Regulation hit harder.

PRODUCTION INDEXES

COAL PRODUCTION INDEX 1935-39=100					
Unadjusted			Adjusted		
Oct., '50	Sept., '50	Oct., '49	Oct., '50	Sept., '50	Oct., '49
156*	154*	53	145*	147*	49
SHOE PRODUCTION INDEX 1935-39=100					
Unadjusted			Adjusted		
Aug., '50	July, '50	Aug., '49	Aug., '50	July, '50	Aug., '49
165	154	147	170	160	152

*Preliminary.

CONSTRUCTION

(Cost in thousands)	BUILDING PERMITS Month of October							
	New Construction				Repairs, etc.			
	Number		Cost		Number		Cost	
	1950	1949	1950	1949	1950	1949	1950	1949
Evansville.....	78	71	\$ 170	\$ 610	69	81	\$ 175	\$ 79
Little Rock.....	92	102	1,058	687	218	244	142	175
Louisville.....	223	180	1,828	741	86	83	118	74
Memphis.....	2,432	1,180	4,023	4,035	290	186	273	103
St. Louis.....	346	344	3,147	1,906	265	242	638	1,458
Oct. Totals....	3,171	2,877	\$10,226	\$7,979	928	836	\$1,346	\$1,889
Sept. Totals...	3,172	3,008	\$10,892	\$7,528	867	1,002	\$2,182	\$1,094

TRADE

DEPARTMENT STORES

	Net Sales			Stocks on Hand	Stock Turnover
	Oct., 1950 compared with Sept., '50	10 mos. 1950 to same period 1949	Oct. 31, '50 comp. with Oct. 31, '49	Oct. 31, '50 comp. with Oct. 31, '49	Jan. 1, to Oct. 31, 1950 1949
8th F. R. District..	- 8%	- 2%	+ 4%	+20%	3.18 3.24
Ft. Smith, Ark.....	- 7	- 3	+ 3	+18	3.15 3.33
Little Rock, Ark....	-16	- 4	+ 5	+27	3.05 3.36
Quincy, Ill.....	- 5	-0-	+ 3	+ 8	2.96 2.83
Evansville, Ind.....	-12	+ 6	+10	+13	3.09 2.93
Louisville, Ky.....	- 3	+ 6	+ 9	+24	3.51 3.49
St. Louis Area ¹	- 8	- 5	+ 3	+22	3.16 3.23
St. Louis, Mo.....	- 7	- 5	+ 3	+22	3.18 3.24
Springfield, Mo.....	-13	- 3	+ 6	+10	2.92 2.76
Memphis, Tenn.....	- 8	- 2	+ 4	+10	3.24 3.27
*All other cities.....	- 5	- 5	+ 5	+22	2.66 2.64

*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 Oct., 1950, were 10 per cent greater than on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding Oct. 1, 1950, collected during October, by cities:

	Instalment Accounts	Excl. Instal. Accounts		Instalment Accounts	Excl. Instal. Accounts
Fort Smith	16%	49%	Quincy	17%	58%
Little Rock.....	16	42	St. Louis	19	56
Louisville	19	50	Other Cities.....	13	56
Memphis.....	17	45	8th F. R. Dist.	18	51

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

8th Federal Reserve District

	Oct., 1950	Sept., 1950	Aug., 1950	Oct., 1949
Sales (daily average), unadjusted ²	326	363	318	331
Sales (daily average), seasonally adjusted ² ..	305	360	370	309
Stocks, unadjusted ³	409	361	322	333
Stocks, seasonally adjusted ³	365	325	295	298

² Daily average 1935-39=100.

³ End of Month Average 1935-39=100.

SPECIALTY STORES

	Net Sales		Stocks on Hand	Stock Turnover
	Oct., 1950 compared with Sept., '50	10 mos. '50 to same period '49	Oct. 31, '50 comp. with Oct. 31, '49	Jan. 1, to Oct. 31, 1950 1949
Men's Furnishings..	+15%	- 7%	+21%	1.93 2.04
Boots and Shoes.....	-14	+ 2	+ 6	3.63 3.55

Percentage of accounts and notes receivable outstanding Oct. 1, 1950, collected during October:

Men's Furnishings 44% Boots and Shoes..... 44%
Trading days: October, 1950—26; September, 1950—25; October, 1949—26.

RETAIL FURNITURE STORES**

	Net Sales		Inventories		Ratio of Collections	
	Oct., 1950 compared with Sept., '50	Oct., '49	Oct., 1950 compared with Sept., '50	Oct., '49	Oct., '50	Oct., '49
8th Dist. Total ¹ ..	-10%	+ 7%	+ 4%	+29%	21%	23%
St. Louis Area ² ..	- 7	+14	+ 4	+36	27	30
St. Louis.....	- 7	+13	+ 4	+36	27	30
Louisville Area ³ ..	-18	+ 3	+ 2	+28	15	18
Louisville.....	-17	+ 1	+ 1	+30	14	18
Memphis.....	-14	-10	+ 3	- 4	13	15
Little Rock.....	-22	- 3	+10	+13	19	18
Springfield.....	- 9	+22	+ 5	+28	17	18
Fort Smith.....	+ 3	+ 5	+ *	+ *	*	*

*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; and Alton, Illinois.

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

**42 stores reporting.

PERCENTAGE DISTRIBUTION OF FURNITURE SALES

	October, 1950	September, 1950	October, 1949
Cash Sales	15%	13%	13%
Credit Sales	85	87	87
Total Sales	100%	100%	100%

Department Stores—Sales volume in October was 8 per cent less than in September and 2 per cent less than in October, 1949. The contra-seasonal decline from the previous month placed adjusted daily average sales in October at 305 per cent of the 1935-39 average. In September, 1950 adjusted sales were 360 per cent and in October, 1949 they were 309 per cent of the five-year base. For the year to date, sales were 4 per cent larger than in 1949. Total sales for 1950 at the end of the first ten months were slightly behind those of the comparable period in 1948, but a successful holiday shopping season may result in a new record for total district department store sales.

Since June, 1950 the consumer scramble to purchase appliance, television and furniture lines has provided the impetus to boost total store sales volume over that in 1949. Sales in the homefurnishings divisions of St. Louis department stores peaked in August, 1950—have declined since—but still are in larger volume than in the first six months. Homefurnishings sales in October were off 8 per cent from September and were 4 per cent less than in October, 1949. Women's-misses apparel and accessories volume (the largest factor in total store sales) during October was 14 per cent less than in the previous month and was down 8 per cent from a year ago. Men's and boys' wear sales also totaled less than in either September or October, 1949. The only major division to gain from the previous month was the miscellaneous merchandise division (toys, sporting goods, luggage, etc.) where sales were 7 per cent above those in September but were 15 per cent below a year ago.

Inventories held by department stores on October 31 were 14 per cent larger than on September 30 and 20 per cent above those on October 31, 1949. The huge sales volume that built up immediately after Korea brought on a rush to place orders to keep inventory apace with sales. Orders were placed in such volume that manufacturers extended delivery dates in many lines. With some drop from the immediate post-Korea buying wave orders were a little out of line with current sales. Cancellations plus reduction of new orders resulted in a volume of orders outstanding on October 31 which was 20 per cent less than at the end of September. In comparison to year-ago figures, orders were 10 per cent larger—a somewhat smaller increase than was true of the preceding months.

Specialty Stores—In St. Louis, women's specialty store sales during October were about one-tenth less than in both September and October, 1949. Men's wear store sales for the district were down from the previous month but larger than

in 1949. Sales volume at both types of stores suffered from warm weather and the volume of hard goods purchases.

The retail value of inventories at St. Louis women's apparel stores on October 31 was 9 per cent larger than on September 30 but was 4 per cent less than on October 31, 1949. District men's wear stores inventories on October 31 were slightly larger than a month earlier and about one-fifth larger than a year ago.

Furniture Stores—District furniture store sales volume, while one-tenth under that in the previous month, was 7 per cent larger than in October, 1949. The initial terms of instalment credit regulations had little apparent effect on sales but the mid-October amendment reportedly slowed sales. Shortages limited sales volume to some extent—but shortages were on specific items and not general. The retail value of inventories on October 31 was slightly above that on September 30 and 29 per cent larger than on October 31, 1949.

AGRICULTURE

Good weather in October and early November permitted late district crops to mature. The November 1 production estimates for most crops, however, were not much changed from those made a month earlier—much of the harvest, of course, was already over. Cotton prospects were off in all district states but Arkansas (nationally, the cotton output estimate was raised 3 per cent). Corn production was judged 25 million bushels smaller in Illinois and Indiana, but from a district standpoint this was offset some by estimate increases in Kentucky, Arkansas and Mississippi. Soybean prospects were unchanged in Indiana, Illinois, and Tennessee but were somewhat better elsewhere. Burley tobacco production is now figured some 3 per cent larger than at the time of the previous forecast.

Fall wheat plantings were in generally good condition throughout the district, but the good harvest weather had resulted in less-than-adequate surface moisture—especially in Missouri. General rains in early November, however, have helped this situation.

Farm Outlook in 1951—Farmers in the United States can expect to receive 10 per cent more for their farm products in 1951, if the estimate of the economists of the United States Department of Agriculture proves to be correct. This was the view expressed at the recent Agricultural Outlook Conference held in Washington in the first week of November. It was pointed out, however, that current farm prices are considerably above the yearly average for 1950. Thus, a 10 per cent increase for

1951 does not mean a 10 per cent increase from November levels.

At the same time prices that farmers pay are expected to increase by at least 5 per cent. This would increase the parity and thus the support level of agricultural products by that amount. If ceilings are placed on farm prices, it also could have the effect of raising the minimum ceilings that can be set. According to the Defense Production Act of 1950, the minimum ceiling price that can be set is parity or the May 24-June 24, 1950 price, whichever is higher.

Given average weather in 1951, farm marketings may be larger than in 1950 by about 5 per cent. These large marketings, coupled with a higher average ratio between prices received and paid, are expected to result in a net farm income about 15 per cent larger than in 1950. This would mean a cash farm income of \$30.5 billion in 1951 compared with \$27.6 billion in 1950. Net income would be \$15.3 billion, compared with \$13.3 billion in 1950.

The USDA will call for abundant production in 1951 in order to meet the increased demands of the civilian population, as well as to provide reserves for contingencies that might develop. Production goals will be set. Price supports will be used to encourage production of those crops and products most needed. Presumably this would mean supports for milk, eggs, meat, in addition to cotton, wheat and tobacco.

BANKING

At all district member banks, total loans rose \$79 million in October. Here, as in the nation as a whole, the increase was concentrated in commercial loans. Also, as in the entire nation, the greatest increases were reported by banks in southern cities where cotton is moving to market at high prices.

Data from weekly reporting banks show that

AGRICULTURE

(In thousands of dollars)	CASH FARM INCOME					
	Sept., 1950			9 month total Jan. to Sept. 1950		
	Sept., 1950	August, 1950	September, 1949	1950	1950 compared with 1949	
Arkansas.....	\$ 37,185	+108%	-45%	\$ 202,431	-27%	-19%
Illinois.....	135,427	- 2	- 5	1,181,960	- 4	-12
Indiana.....	89,114	+ 5	- 5	649,038	- 6	-14
Kentucky.....	36,409	+ 20	+ 2	336,856	- 3	- 8
Mississippi.....	55,695	+304	+ 9	167,852	-37	-33
Missouri.....	87,870	+ 1	- 7	662,206	- 3	- 9
Tennessee.....	29,777	+ 10	-37	245,057	-10	-20
Totals.....	\$471,477	+ 18%	-12%	\$3,445,400	- 9%	-14%

	RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS					
	Receipts			Shipments		
	Oct., 1950	Oct., 1950 compared with Sept., '50	Oct., '49	Oct., 1950	Oct., 1950 compared with Sept., '50	Oct., '49
Cattle and calves....	139,599	+ 6%	-16%	56,314	+10%	-27%
Hogs.....	257,983	+23	- 2	51,147	- 9	-10
Sheep.....	56,146	- 9	+ 1	17,921	-26	+36
Totals.....	453,728	+13%	- 6%	125,382	- 5%	-15%

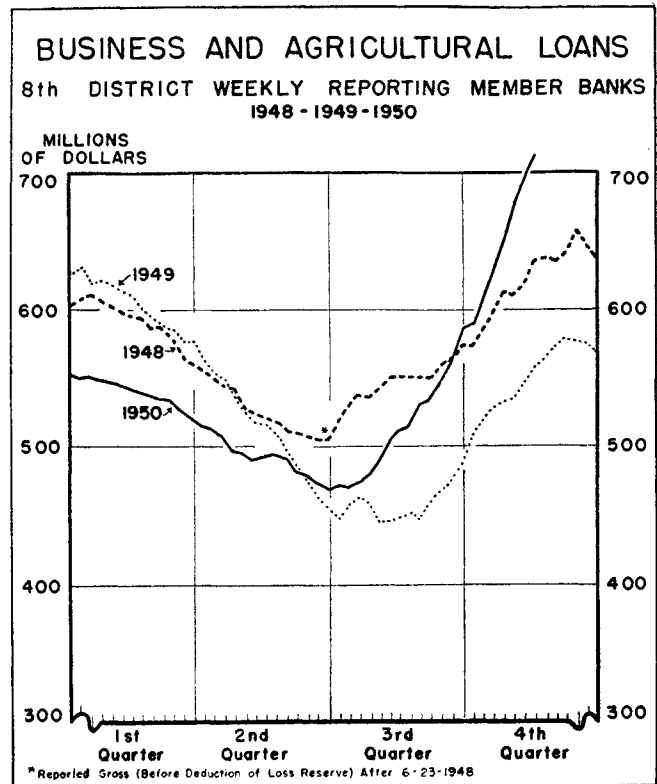
commercial loans continued to climb in the first half of November (as shown in the chart). In the four weeks ending November 15, these loans increased \$79 million—over two times the average post-war increase for this period. Banks at all centers reported gains but the greatest increases were at the St. Louis area and Memphis banks. A large share of the increase in these centers was occasioned by crop movements into the hands of processors. Loans secured by real estate gained \$2.5 million in the four weeks compared to an average \$4 million per month gain during the previous year.

“Other” (largely consumer) loans seem to have leveled off but still are 22 per cent above the year-ago level.

SELECTED ITEMS OF ASSETS AND LIABILITIES
 Eighth District Weekly Reporting Member Banks
 (Millions of dollars)

	Nov. 15, 1950	Dollar Change in	
		4 Weeks	Year
Business and Agricultural Loans.....	\$ 712.7	\$+ 79.3	\$+157.1
Real Estate Loans.....	233.8	+ 2.5	+ 47.4
Loans on Securities.....	31.3	- 0.2	+ 5.1
Loans to Banks.....	2.8	- 0.7	+ 0.3
Other Loans (largely consumer)....	264.5	- 3.6	+ 45.9
TOTAL LOANS (Gross).....	\$1245.1	\$+ 77.3	\$+255.8
Total Investments	1136.5	- 17.1	-132.6
Total Demand Deposits.....	2590.3	+155.0	+197.5
Time Deposits	491.2	-0-	+ 5.7
Adjusted Demand Deposits*.....	1451.5	- 10.9	+ 63.1

*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)	October, 1950	September, 1950	October, 1949	October, 1950 compared with	
				Sept., '50	Oct., '49
El Dorado, Ark.....	\$ 25,309	\$ 24,645	\$ 22,246	+ 3%	+14%
Fort Smith, Ark.....	46,016	45,809	42,781	-0-	+ 8
Helena, Ark.....	13,755	7,518	11,216	+83	+23
Little Rock, Ark.....	158,542	144,415	136,564	+10	+16
Pine Bluff, Ark.....	48,217	29,869	38,564	+61	+25
Texarkana, Ark.*.....	12,992	11,790	11,343	+10	+15
Alton, Ill.....	27,125	26,035	23,173	+ 4	+17
E. St. L.-Nat. S. Y., Ill....	138,844	125,791	117,832	+10	+18
Quincy, Ill.....	34,389	31,449	31,133	+ 9	+10
Evansville, Ind.....	146,150	133,782	114,795	+ 9	+27
Louisville, Ky.....	621,820	568,454	498,913	+ 9	+25
Owensboro, Ky.....	41,095	42,659	35,480	- 4	+16
Paducah, Ky.....	16,054	15,756	14,078	+ 2	+14
Greenville, Miss.....	32,843	22,679	24,221	+45	+36
Cape Girardeau, Mo.....	12,627	12,856	11,635	- 2	+ 9
Hannibal, Mo.....	9,632	9,195	8,444	+ 5	+14
Jefferson City, Mo.....	54,991	61,659	52,293	-11	+ 5
St. Louis, Mo.....	1,756,112	1,659,331	1,496,054	+ 6	+17
Sedalia, Mo.....	11,710	11,946	9,627	- 2	+22
Springfield, Mo.....	69,712	69,362	58,200	+ 1	+20
Jackson, Tenn.....	31,708	19,345	25,794	+64	+23
Memphis, Tenn.....	920,340	764,709	696,137	+20	+32
Totals.....	\$4,229,983	\$3,839,054	\$3,480,523	+10%	+22%

*These figures are for Texarkana, Arkansas only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$32,361.

**EIGHTH DISTRICT
MEMBER BANK ASSETS AND LIABILITIES
BY SELECTED GROUPS**

(In Millions of Dollars)

Assets	All Member			Large City Banks ¹			Smaller Banks ²		
	Change from:			Change from:			Change from:		
	Oct., 1950	Sept., 1950 to Oct., 1950	Oct., 1949 to Oct., 1950	Oct., 1950	Sept., 1950 to Oct., 1950	Oct., 1949 to Oct., 1950	Oct., 1950	Sept., 1950 to Oct., 1950	Oct., 1949 to Oct., 1950
1. Loans and Investments.....	\$4,001	+\$ 72	+\$158	\$2,351	+\$ 63	+\$ 92	\$1,650	+\$ 9	+\$ 66
a. Loans.....	1,787	+ 79	+313	1,202	+ 71	+235	585	+ 8	+ 78
b. U.S. Government Obligations.....	1,845	- 1	-178	967	- 1	-157	878	-0-	- 21
c. Other Securities.....	369	- 6	+ 23	182	- 7	+ 14	187	+ 1	+ 9
2. Reserves and Other Cash Balances.....	1,277	+ 83	+ 50	802	+ 51	+ 61	475	+ 32	- 11
a. Reserves with the F.R. bank.....	597	+ 23	+ 17	389	+ 17	+ 18	208	+ 6	- 1
b. Other Cash Balances ³	680	+ 60	+ 33	413	+ 34	+ 43	267	+ 26	- 10
3. Other Assets.....	44	+ 1	+ 4	28	+ 1	+ 2	16	-0-	+ 2
4. Total Assets.....	<u>\$5,322</u>	<u>+\$156</u>	<u>+\$212</u>	<u>\$3,181</u>	<u>+\$115</u>	<u>+\$155</u>	<u>\$2,141</u>	<u>+\$ 41</u>	<u>+\$ 57</u>
Liabilities and Capital									
5. Gross Demand Deposits.....	\$3,965	+\$168	+\$177	\$2,454	+\$124	+\$130	\$1,511	+\$ 44	+\$ 47
a. Deposits of Banks.....	663	+108	- 6	622	+ 99	- 8	41	+ 9	+ 2
b. Other Demand Deposits.....	3,302	+ 60	+183	1,832	+ 25	+138	1,470	+ 35	+ 45
6. Time Deposits.....	981	+ 1	+ 8	496	+ 2	+ 5	485	- 1	+ 3
7. Borrowings and Other Liabilities.....	43	- 12	+ 9	38	- 11	+ 10	5	- 1	- 1
8. Total Capital Accounts.....	333	- 1	+ 18	193	-0-	+ 10	140	- 1	+ 8
9. Total Liabilities and Capital Accounts.....	<u>\$5,322</u>	<u>+\$156</u>	<u>+\$212</u>	<u>\$3,181</u>	<u>+\$115</u>	<u>+\$155</u>	<u>\$2,141</u>	<u>+\$ 41</u>	<u>+\$ 57</u>

¹ Includes 15 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock and 4 East St. Louis-National Stock Yards, 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 process of collection.

