MONTHLY

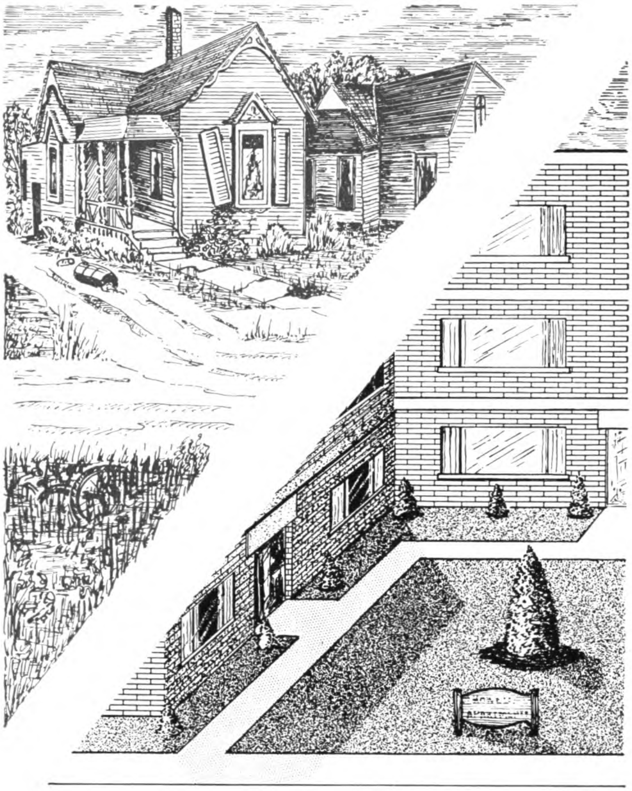
Business Review

— FEDERAL RESERVE BANK of CLEVELAND —

August, 1959

IN THIS ISSUE

Pittsburgh, Cleveland and Cincinnati—each in its own way—have made large strides toward renovating downtown or midtown districts. Much remains to be done.



Additional copies of the MONTHLY BUSINESS REVIEW may be obtained from the Research Department, Federal Reserve Bank of Cleveland, Cleveland 1, Ohio. Permission is granted to reproduce any material in this publication.

Urban Renewal In Three Large Cities

Pittsburgh, Cleveland, and Cincinnati

One of the issues most frequently in the news these days is that of urban renewal and slum clearance. Many of the plans for urban renewal, long in the making, are now producing tangible results. These can be seen in the slum clearance projects already completed, the new low-cost housing developments in operation, and the newly opened highways, recreation areas and other facilities serving the inhabitants of various cities throughout the country.

A good deal of the present interest in urban renewal projects stems from the awareness that the efforts made thus far have only scratched the surface of the basic task of making our cities more desirable places in which to live and work. In recent years, the large migration of city folk into the suburbs has been striking evidence of the need to get rid of slums and blighted areas and to provide decent housing within the cities proper. The need for undertaking such projects is now widely accepted, although controversy persists as to who should bear the responsibility for planning, effecting, and financing urban renewal and slum clearance projects.

The process of redevelopment, as distinct from a planned redevelopment program, is as old as the cities themselves. This process may be defined as the continuous adjustment of the urban structure to the changing needs of a community. All too frequently, however, adjustments tend to lag behind the needs of the inhabitants.

In many instances, the inadequacy of the natural process of redevelopment results in heavy social costs to a community. The lack of adequate transportation and housing facilities, for example, may inhibit the growth of a community and contribute to its deterioration. This frequently results in the appearance of blighted areas and slums. The latter, in addition to their social implications, represent a heavy financial burden to a community, particularly in police, fire, and health protection. Also, they discourage new enterprises from entering a community.

The lag in the adaptation of the urban structure to a community's needs is due to many factors. Among these are the large number and wide diversity of land owners, which prevent land assemblage by private developers. Another is the rigidity of a community's structure. Technological and ecological changes continuously call for changes in a community's physical plant. The costs, however, of tearing down and replacing existing buildings and dwellings on a piece of land often delay the conversion of a particular site to a use which would yield a higher return and, in many instances, would better serve the community.

Other factors also impede necessary changes from occurring in a community. The miscalculations of individuals in estimating the profitability of their endeavors, the limited knowledge of individuals of the widespread changes occurring in the community, the clash between private and community interests, the costs of providing services and public facilities which bear little or no return, all of these make the natural process of redevelopment imperfect.

The awareness of individuals and of governments on all levels that the natural process of redevelopment is in many instances woefully inadequate is an important element in the recent history of urban renewal. Recognition of this fact has spurred the passage of Federal and state legislation in recent years to aid communities in their efforts to carry out urgently needed urban renewal programs. These are comprehensive, carefully designed programs for restoring, maintaining and developing urban areas.

Federal Assistance

In 1949, the first Federal legislation dealing with the problem of slum clearance and urban redevelopment was passed. Title I of the Housing Act of 1949 authorized a Federal government program of financial assistance to urban communities on slum clearance. Under this program, the Federal government allotted funds for writing down the cost of land which was to be sold to private investors for the construction of new housing developments. The Housing Act of 1954 extended Federal aid to localities for rehabilitating blighted areas as well as for clearing slums.

In order to qualify for this Federal aid, a community must submit for approval by the Federal Housing and Home Finance Administrator a "workable program" for urban renewal. This is a blueprint of the actions that a community intends to take in dealing with slums and blight. The "workable program" commits a community to the attainment of the following objectives: (1) comprehensive community planning as embodied, for example, in a master plan; (2) adoption and enforcement of adequate building and welfare codes and ordinances; (3) detailed analysis of blighted neighborhoods to determine treatment; (4) establishment of an administrative organization to carry out the program; (5) plans for housing displaced families; and (6) community-wide citizen participation and support.

Upon approval of such a "workable program" a city may take advantage of the many financial and technical aids offered by the Federal government. These include planning loans and grants, temporary and long-term loans, and capital grants to help defray the net cost of renewal projects. In the latter case, the Federal government participates on a two-thirds : one-third basis with the city. The Federal government will absorb two-thirds of the difference between the cost of acquiring and preparing a site for redevelopment and the return received from the sale of the readied land to private interests. Other types of Federal assistance include relocation payments to families and businesses, mortgage insurance, and grants for developing techniques for the prevention and elimination of slums and blight.

Since the start of its program in 1949, the Federal government has authorized \$1.35 billion in capital grants for urban renewal projects. At the present time, only \$207 million, or 15.6 percent of the total grant reservations authorized, has been disbursed for completed and partially completed projects.

Of this amount, \$104 million, or over 50 percent, has gone to 16 cities with populations of over 500,000. Included in this group are three cities in the Fourth District — Pittsburgh, Cleveland, and Cincinnati. These three cities have made notable progress in advancing their programs for community development and urban renewal.

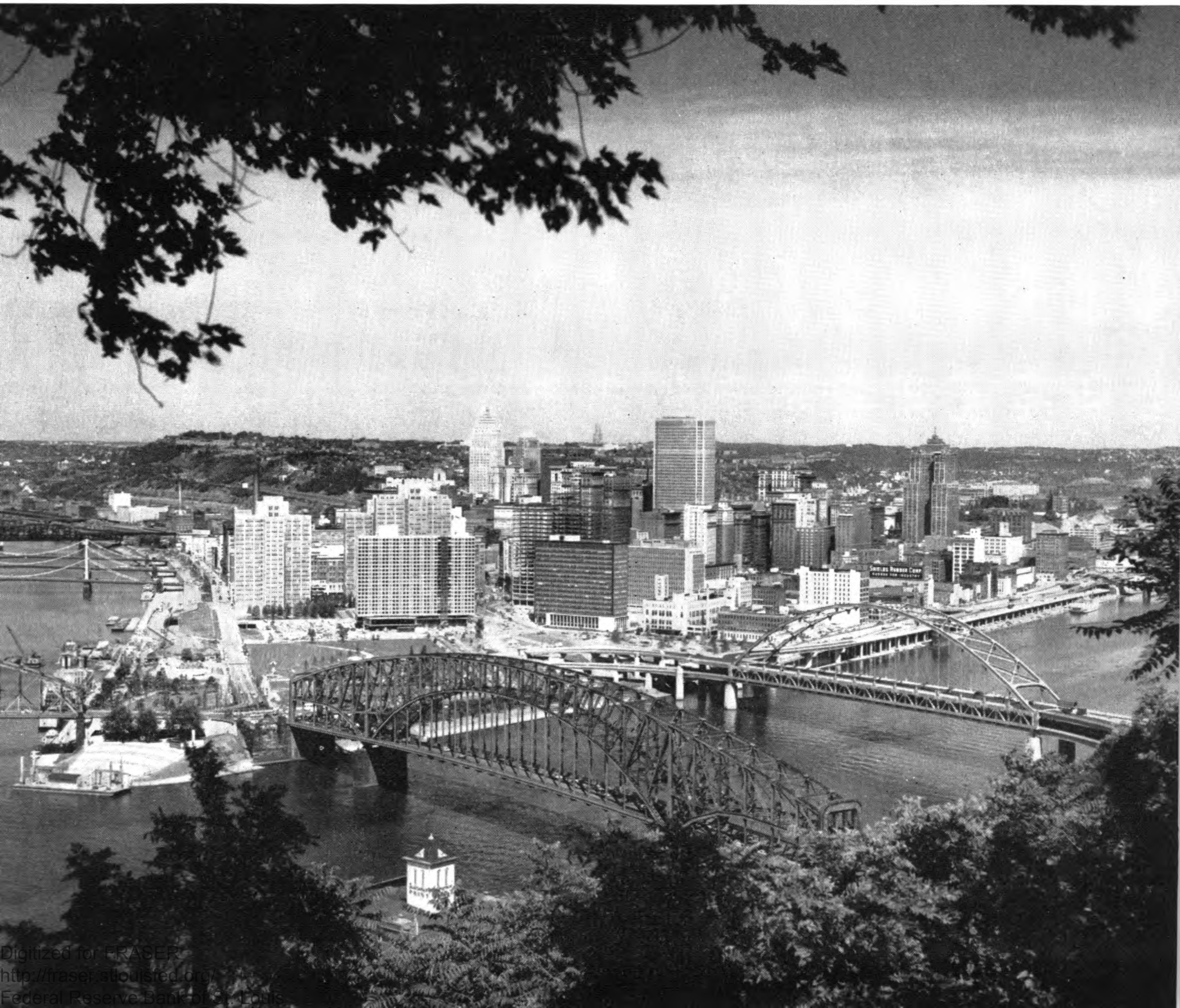
Pittsburgh

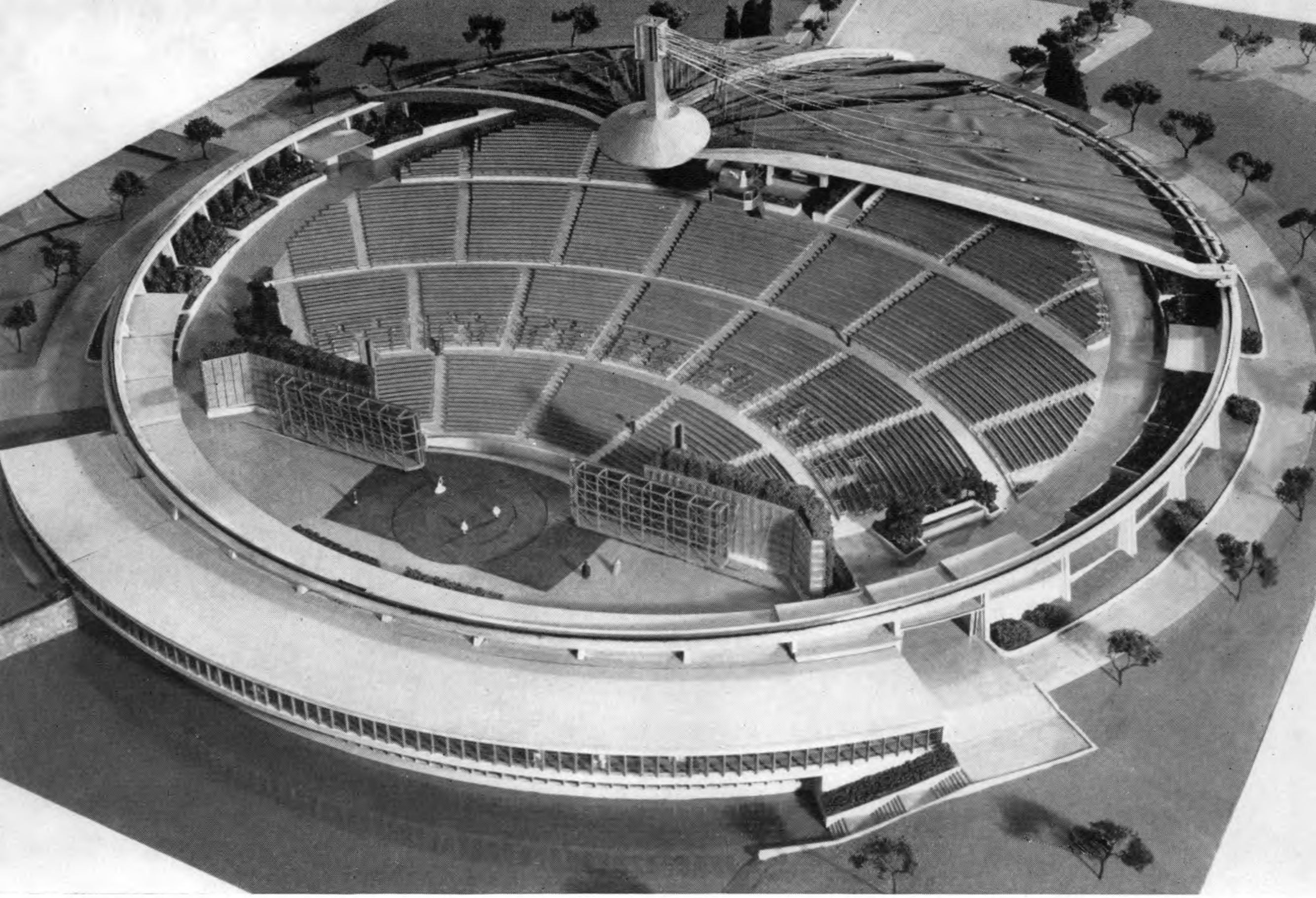
For the city of Pittsburgh, the Allegheny Conference on Community Development is the group primarily responsible for the research, planning, and coordination and programming of the city's development program. Working closely with the Conference are a number of private groups, such as: the Pennsylvania Economy League, the Chamber of Commerce of Pittsburgh and several others. In addition to the efforts of these organizations, the cooperation of private corporations has been a very important factor in assuring the success of Pittsburgh's development program.

The Conference is a nonpartisan citizens' organization which cannot legislate. As a result, it depends on public officials for action where public policy, legislation, and appropriations are required to carry out projects. Cooperation with the Conference on the part of local, state, and Federal governments has made possible the full advancement of the Conference's program for community development.

Although the community development program which the Allegheny Conference is pro-

The new downtown Pittsburgh.





Civic auditorium and sports arena, planned for edge of downtown Pittsburgh.

moting has not been set down into a master plan, it coordinates a number of major improvement programs, such as: cleaner air, cleaner rivers and streams, conservation of resources, flood prevention, highway improvements, more and better housing, and urban redevelopment and renewal.

One of the most extensive undertakings ever contemplated in the history of urban renewal—the rebuilding of the central business district of Pittsburgh—has been the major concern of the Conference. Since 1945 almost one-fourth of the Triangle, as the heart of the city is called, has been rebuilt. Forty-four new buildings have been erected and more are under way and in the planning stages. Rebirth of the Triangle has included such projects as the renovation of 18 acres at the point of the Triangle into the Point State Park, redevelopment of 23 acres adjoining Point State Park into a new commercial district, known as Gateway Center, which houses many of the nation's leading corporations, and construction of the beautiful Mellon Square Park.

Another dramatic undertaking on the eastern end of Pittsburgh's Triangle is the Lower Hill Redevelopment Project. This large project involves rehousing families in decent homes, clearing out the worst slum in the city, erecting a unique auditorium and convention hall with an adjacent parking area, paving the way for apartments in a park-like setting adjacent to the Triangle, providing for business and commercial development, and constructing a crosstown boulevard and other major thoroughfares. This ambitious project is being directed by Pittsburgh's Urban Redevelopment Authority, a public body, with the approval of the City Planning Commission.

Since 1946, Pittsburgh's Urban Redevelopment Authority has undertaken nine projects aimed at removing blighted areas and clearing slums. Three of these projects have received assistance from the Federal government.

In the case of the Lower Hill Redevelopment Project, mentioned above, the Federal government's share amounted to over $12 million while the local share totaled above $6 million. Other sources of revenue consisted of noncash local grants-in-aid, and cash grants from the state. The project, which envisaged the redevelopment of 95 acres of slums and blight, called for the relocation of 1,743 families. By the spring of this year the job of relocation had been completed and the land readied for development. By June, bids were being accepted for the extensive projects contemplated on the site.

The remaining eight projects follow much the same pattern, although on a smaller scale. They represent the concerted effort of government bodies and private citizens to redevelop for residential, commercial, and industrial use several hundred acres of slum-infested and blighted areas.

In spite of these vigorous projects, there remains an urgent need in the Pittsburgh area for new housing to accommodate those persons who will be displaced by the redevelopment projects that have yet to be carried out. The need appears to be especially great for middle-income and low-cost housing. This was indicated by a housing evaluation survey made by the Department of City Planning in 1956 which classified 62,000 dwelling units in Pittsburgh as slum or substandard.

Cleveland

The basis for Cleveland's renovation is the General Plan of Cleveland. Adoption of this plan in 1949 as the official city plan was an important and far-reaching step in tackling the problems of urban growth. The plan, drawn up by the Cleveland City Planning Commission, eliminates many of the uncertainties inherent in the natural process of redevelopment. It provides a series of integrated steps to be followed in coping with the problems presently confronting the city and those involved in the city's growth. These steps deal with obtaining proper land use, improving the city's business areas, providing for neighborhood improvement and removal of slums and blighted areas, building highways, and improving the city's transportation facilities. The city has relied on extensive zoning regulations to assure compliance with its master plan. In 1958, for example, approximately 40 zoning changes were carried out.

Cleveland's general plan is oriented primarily at making as few mistakes as possible in bringing about future changes in the city. The plan does not call for expenditures much above those annually allocated to the maintenance and improvement of the city's physical plant.

The responsibility for carrying out the city's urban renewal and slum clearance programs as outlined in the master plan rests with the city's Urban Renewal Agency. The city's renewal program consists of redeveloping approximately 750 acres of slums and blight located about 2 miles from the downtown area. To accomplish this, the city has broken up this area into 15 distinct projects, each consisting of about 50 to 60 acres.

In 1953, the city's Urban Renewal Agency made provision for floating a $7 million bond issue to cover a part of the city's costs in connection with its urban renewal program. Under the two-thirds : one-third formula, the city is potentially entitled to $14 million of Federal assistance in carrying out its 15 renewal projects. Such Federal aid is contingent on the continued approval of the city's "workable program" by the Housing and Home Finance Administrator.

Other sources of financial assistance are private groups such as the Cleveland Development Foundation and a number of Cleveland banks. The Cleveland Development Foundation was formed in 1954 by 100 of the city's largest corporations for the purpose of advancing Cleveland's urban development. The Foundation was established with a re-

Longwood Redevelopment Project, Cleveland volving fund of $2 million. Since 1954, the Foundation has played an important part in financing private investment in new housing within the city's renewal projects.

Thus far, two of the city's 15 projects are nearing completion and several more are under way. The two nearly completed projects provide good examples of how better housing and more desirable living conditions can be provided for the many families in need of them. The history of the projects since their completion also points out the problems involved in maintaining such housing developments once they have been completed.

The Longwood Urban Redevelopment Project, designated as Area A, was the city's initial undertaking in its urban renewal program. The Longwood site consists of 56 acres of land formerly occupied by 295 dilapidated dwellings inhabited by about 1,500 families. The difficult task of relocating these families was carried out by The City Planning Commission and the Urban Renewal Agency. After the old dwellings had been demolished and the land readied for development, the Longwood Site was awarded to four private developers. These four concerns constructed a total of 836 new dwellings at a cost of over $8.8 million and in addition erected a two-acre, $750,000-shopping center. The total public net expenditure for the Longwood Project totaled more than $3.7 million, two-thirds of which was granted by the Federal government.

The city's second undertaking, the Garden Valley Urban Renewal Project, is a more extensive project and is not as yet entirely completed. Included in the Garden Valley Plan are the following: 480 apartment units to be constructed by private firms, and 732 units of public housing. The latter are being financed by the Cleveland Metropolitan Housing Authority with the aid of direct Federal grants. About one-half of the total proposed units have been completed. In addition, a shopping center, new streets and recreational facilities are contemplated in this Project, which is known as Area B.

Within this plan, all the various types of renewal activity are being carried out: the rehabilitation of existing dwellings, new housing on both cleared and formerly unused land, and construction of a modern shopping center. The most difficult problems encountered in carrying out this Program have been those in connection with acquiring land and relocating families.

Cincinnati

Cincinnati has had a master plan since 1928. In 1948, the plan was expanded and amended and is currently the guide for the city's development program.

The goals of the master plan are very broad in scope and touch on nearly all aspects of urban life. These include such projects as hospital expansion and rehabilitation, construction of off-street parking facilities in the downtown area, and improvement of the city's highway system. The photograph of the Third Street Distributor which will funnel traffic around downtown Cincinnati shows one such project now under way.

In this plan, the principal elements of Cincinnati's urban renewal program are broadly outlined. The city is divided into communities which are subdivided into neighborhoods. Specific types of renewal activity are then designated for each neighborhood. These include: the *clearance* of certain badly blighted and slum neighborhoods for redevelopment for public and private use; the *rehabilitation* of neighborhoods where substantial improvements and additional facilities are needed and will restore and augment the value of these neighborhoods; the *conservation* of neighborhoods which are declining and need some improvements; and the *protection* of areas which are in good shape and need the enforcement of zoning and building codes.

At the present time, the city is rehabilitating 1,300 acres of land which will cost approximately $15 million. In addition, 500 acres of land are being redeveloped in two clearance projects whose estimated net cost is about $50 million. These projects are being financed with Federal funds matched on the local level with funds either budgeted in the city's capi-

"Third Street Distributor", part of expressway system under construction in Cincinnati.

tal improvements' program or contributed through the issuance of general obligation bonds, or both. The Department of Urban Renewal is responsible for carrying out the details of the projects within the city's urban renewal program.

Laurel-Richmond is the furthest advanced of the city's three renewal projects now under way. Approximately 60 acres of land have been cleared and reconstruction has been started. Primarily institutional and residential type dwellings will occupy the cleared land.

The city's second clearance project, Kenyon-Barr, is a more extensive project and final plans have not as yet been approved by the Housing and Home Finance Administrator. Of the 450 acres to be redeveloped, 250 acres will be re-used for light industry, 100 acres for residential use, 50 acres for expressways, and 40 acres for public and semipublic use.

Avondale-Corryville is the city's first rehabilitation project and includes 1,300 acres of urban land. The net outlays for this project which are currently estimated at about $15 million, are distributed among spot clearance, new schools, and other community facilities, street improvements, off-street parking, and business uses.

Production Loans To Farmers

FARMERS in the Fourth Federal Reserve District have increased their demand for production loans. There has been a marked upward trend in the dollar amount of such loans outstanding at commercial banks, Production Credit Associations, and the Farmers Home Administration, as shown in an accompanying chart.

Production Loans Defined

The term "production loan" generally refers to any loan of a short-term or intermediate-term nature that will be used by a farmer to facilitate either the production or marketing of an agricultural product, or both.

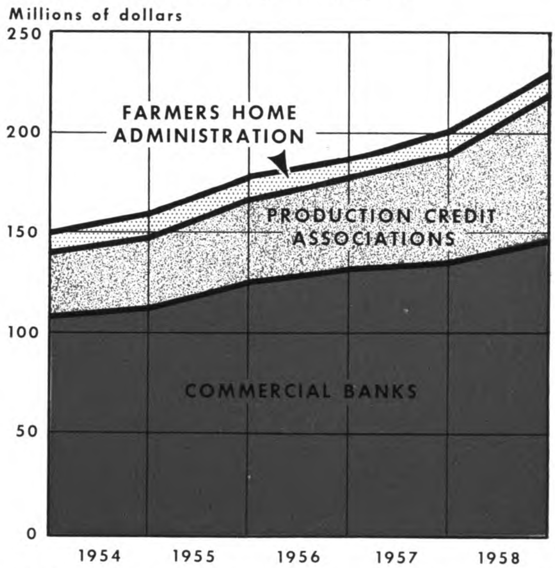
A short-term loan is usually extended to farmers for the purpose of purchasing (or paying debts on) items that are used up in the course of one year. Such loans are generally made to mature within twelve months. Examples of items that farmers purchase with short-term loans are fertilizers, feed, seed, and gasoline. This type of loan is also used to finance family living expenses.

Unlike the short-term loan that usually matures within one year, an intermediate-term loan may mature between one and five years from the date it is made. Intermediate-term loans are extended for the purpose of purchasing (or paying debts on) capital goods having a useful life of more than one year, such as a tractor or a barn cleaner. Yet such capital items do wear out eventually, which distinguishes them from the relatively fixed nature of real estate capital. The cost of intermediate goods is usually greater than that of items considered as current expenses, but it is generally less than the investment required to finance the acquisition of farm real estate.

Volume Outstanding

By year-end 1958, District farmers were using an unprecedented $231.3 million of production credit which they had obtained from commercial banks, Production Credit Associations, and field offices of the Farmers Home Administration that are located in the geographical area included within the Fourth Federal Reserve District. (The Fourth District includes Ohio, western Pennsylvania and parts of Kentucky and West Virginia.) That record volume of outstanding production loans is 54 percent larger than the $150 million that was outstanding at the first of the

The volume of farm production loans outstanding at lending institutions in the Fourth District has expanded greatly during recent years.



Production loans to farmers outstanding at year end.
Sources of data: Farmers Home Administration and Board of Governors of the Federal Reserve System.

year in 1954, and represents an average yearly gain of 9 percent over the period.

A considerable portion of the increase in production loans occurred during the spurt in lending activities that took place in 1958. During that year, the volume of outstandings rose 15.4 percent from the 1957 level, an increase which was twice as large as that of any year but one since 1953. The exception was an 11.8 percent increase that was recorded in 1955.

Several factors have contributed to the spurt in lending activity. First, favorable growing conditions during the spring and summer months of 1958 brightened prospects for an increase in farm income. Second, there was a substantial increase in the number of cattle placed on feed. Third, the prices farmers had to pay for feeder cattle and dairy cows advanced considerably during the year. Fourth, there was a marked increase in farmer purchases of machinery and equipment. The number of field-forage harvesters sold to farmers in 1958, for example, was reported to be well above the number sold in previous years. Such a rise in sales volume was probably due in part to the fact that District farmers were plagued by wet weather during the hay season; field-forage harvesters operate under varying weather conditions.

Banks as a Source

In the Fourth District, insured commercial banks are the largest suppliers of funds used by farmers for production purposes.

On December 31, 1958, the volume of non-real-estate-secured loans outstanding at 960 such institutions located in the District totaled $147.5 million, a volume of credit that is equivalent to 64 percent of all production credit that farmers obtained from institutional lenders. Such a proportion of the total volume of production credit outstanding to farmers was twice as large as that supplied by Production Credit Associations, and thirteen times the proportion supplied by the Farmers Home Administration.

An idea of the increase in demand for short-term and intermediate-term bank loans

Banks are the largest suppliers of production loans to farmers.

Production loans to farmers outstanding, December 31, 1958, Fourth District.

by District farmers can be obtained by referring again to the chart showing the dollar volume of loans outstanding in the Fourth District, by principal lender. At the beginning of calendar year 1954, farmers were using $107.4 million of non-real-estate-secured bank credit in the production process, but by year-end 1958, this volume had risen to an all-time high of $147.5 million. The expansion over the interval represents an increase of nearly 40 percent.

Understatement of Volume

The record volume of farm production loans reported as outstanding at Fourth District banks probably understates the actual volume of such production credit at these institutions.

It is a common practice in statistical analysis to treat the volume of "real estate secured loans" extended to farmers by commercial banks as an indication of the volume of lending that is taking place for the purpose of buying real estate. The assumption of an equivalence between security and purpose, however, is open to serious question. An analysis of data obtained from a survey of the farm lending activities of commercial banks in the Fourth District in June 1956, for example, revealed that the association between the security for a loan and the purpose for which a loan is extended was not a close one. Slightly over half of the farm loan volume of banks in the Fourth District on that date was secured by real estate, a volume that was decidedly larger than the proportion of funds that were known to be used to purchase farm real estate.

If the findings of the 1956 survey are still representative of the farm lending activities of banks, which appears to be a reasonable assumption, then about one-third of all farm real estate loans extended are characteristically used in some manner associated with farm production other than to buy land. In that case, the figures showing the volume of outstanding non-real-estate loans to farmers, as previously cited, would seriously understate the actual volume of production credit farmers are obtaining from these institutions. The year-to-year changes, however, would not necessarily be involved in the correction.

Importance of Intermediate Credit

Several factors have contributed to the increase in the use of commercial bank credit by farmers of the District, but one is particularly significant. In the past, farmers have traditionally borrowed funds from banks for the purpose of acquiring real estate or to meet current expenses. In fact, at one time such types of borrowing accounted for practically all of the farmer's financial needs. In recent years, however, and especially since 1954, District farmers have greatly mechanized their operations and have expended large sums of money in an effort to utilize the many and varied technological advances in farming methods and techniques.

The purchase of mechanical feeding devices, such as silage unloaders and augers, the construction of concrete feeding platforms for highly specialized cattle feeding operations, the upgrading of livestock, the installation of irrigation systems, and the renovation of outdated buildings are all now an integral part of District farmers' plans to become more efficient operators.

These are the items for which farmers of the Fourth District have borrowed increasing amounts of money in recent years, and all can be classified as intermediate types of capital investments. The increased demand for intermediate-term credit has been a prime factor in pushing outstanding production loans at banks to record levels.

An indication of the increase in demand for intermediate-type loans in the over-all farm credit picture is afforded by data being collected from 54 banking offices in Ohio. According to the farm loan survey conducted in 1956, farm machinery loans typically ranged between $500 and $1,000. In 1958, however, the typical loan for machinery averaged $1,150. Further evidence is afforded by the fact that producer livestock loans, which included loans for dairy cows, beef breeding herds, sows and boars, ranged between $500 and $1,000 in 1956, while in 1958 the average size loan extended at reporting banks for dairy purposes was $1,550.

The increase in average size of loan also reflects another factor that has had a significant effect on the amount of bank credit used by farmers — the marked advance in prices farmers must pay for items used in production. The impact which an advance in prices may have on loan volume was quite apparent during the fall of 1958 when the volume of loans extended to farmers by reporting banks to purchase feeder cattle was nearly double the level of a year earlier.

Production Credit Associations

Production Credit Associations are permanent lending organizations that have been established under the provisions of the Farm Credit Act of 1933. These associations are privately managed and are under the supervision of the Farm Credit Administration. Loanable funds can be obtained by rediscounting farmers' notes with, or borrowing directly from, the Intermediate Credit Banks. PCAs lend money to farmers for any general agricultural purpose of a short-term or intermediate-term nature, including crop production and the breeding, raising, and fattening of livestock.

There are seventeen PCAs scattered throughout the Fourth District. Eleven of these lending agencies are located in Ohio, three are in Pennsylvania, and three are in Kentucky; the three PCAs in Pennsylvania service the 19 western counties which are located in the Fourth District; the three located in Kentucky serve the 56 eastern Kentucky counties that are also a part of the District. For all practical purposes these associations are now completely farmer-owned, as less than one-half of one percent of the $6.6 million in capital stock of the seventeen PCAs of the District is still owned by the Federal government. Ten years ago the Federal government owned nearly 60 percent of the capital stock of these seventeen associations.

PCAs Rank Second

These agencies supply the second largest volume of production type credit used by Fourth District farmers and are the only real competitors of commercial banks. As shown in the accompanying pie chart, the seventeen associations in the District accounted for 31 percent of the institutional production funds outstanding to farmers at year-end 1958.

At the beginning of 1954, farmers were using $32.6 million of PCA credit, but by year-end 1958 this level more than doubled, as outstandings rose to an unprecedented $72.4 million. A sizeable share of the increase occurred during 1958 when District farmers obtained a record $100 million of new credit from PCAs. Outstandings rose from $55.2 million to $72.4 million, an increase of more than 30 percent. (See chart 1.)

Although the increase in outstanding PCA loans in 1958 was the largest ever recorded, sizeable increases were also recorded in 1956 and 1957. One explanation for the accelerated activity during the three-year period ending in December 1958 is the fact that the law governing the extension of loans by PCAs was amended in the Farm Credit Act of 1956 to permit them to handle loans with maturities extending up to five years.

The PCAs have also been subjected to the same demand for production credit as commercial banks, namely, the increased requests for funds to purchase high priced capital-investment items which farmers feel are necessary to mechanize their operations and to improve their farming practices. Evidence of this is afforded by the sharp upward trend in the average size loan extended by PCAs.

In 1954, farmer borrowers secured about $2,000 for each loan granted by the District PCAs. In 1958, however, the average amount of credit extended per loan was $4,228, or more than twice the average amount extended just five years earlier.

Farmers Home Administration

The Farmers Home Administration is a Federal agency that was created in 1946, as a successor to certain previously existing agencies, to make loans of higher risk than is considered justifiable by other lending agencies. For that reason, the FHA is not commonly considered to be competitive with commercial banks and Production Credit Associations. The Administration has the authority to make the same types of loans made by commercial banks and PCAs. Operating loans are made primarily to help farmers make improved use of their land and labor resources. Funds are advanced for purchases of equipment, feed, seed, fertilizer, livestock, and for other farm operating expenses, including family living needs. These funds are usually advanced directly from congressional appropriations designated specifically for this purpose. Most production loans extended by the Farmers Home Administration carry a fixed interest rate of 5 percent.

Supervision in the application of up-to-date farm management practices accompanies the extension of each loan. When an FHA borrower becomes eligible for credit from a source such as commercial banks or Production Credit Associations, he is expected to refinance his loan. Frequently, the contact between an FHA borrower and the two leading sources of institutional credit is arranged by the field representatives and supervisors employed by the Farmers Home Administration.

Although this agency is the third largest source of production loans for District farmers, it accounts for a small proportion of the total production credit in use in the District. As shown in the pie chart, only 5 percent of the total production credit outstanding at lending institutions in the District was held by this particular lending agency at the end of 1958.

FHA Is Active in Less Intensive Farm Areas

In the Fourth District, the Farmers Home Administration is most active in the less intensive farming areas of southeastern Ohio, southwestern Pennsylvania, and in the mountain region of Kentucky. Since early 1954, outstanding production loan accounts of the Farmers Home Administration have remained unchanged in Ohio, have declined in Kentucky, and have increased in West Virginia and Pennsylvania, with the gains recorded in the last named state being the most substantial.

The volume of outstanding FHA loans to District farmers in Pennsylvania at year-end 1958 was 69 percent greater than the volume outstanding in early 1954. This increase, together with the gains recorded in the areas of West Virginia included in the Fourth District, were more than sufficient to offset the decline in outstanding loans to Kentucky farmers.

NOTES ON FEDERAL RESERVE PUBLICATIONS

Among the articles recently published in the monthly business reviews of other Federal Reserve banks are:

"Farming on Contract", Federal Reserve Bank of Minneapolis, June, 1959.

"Growth without Inflation in Britain", Federal Reserve Bank of New York, July, 1959.

"Monetary Developments in the Recovery", Federal Reserve Bank of St. Louis, June, 1959.

(Copies may be obtained without charge by writing to the Federal Reserve Bank named in each case.)

Around the Fourth District—

BANK DEBITS IN JUNE

(12 Medium-size Cities, Fourth District)

		June 1959 % change from year ago	3 months ended June '59 % change from year ago
Springfield	Ohio	+31%	+24%
Lorain	Ohio	+25	+25
Wheeling	W. Va.	+25	+17
Warren	Ohio	+22	+23
Covington-Newport	Ky.	+22	+15
Mansfield	Ohio	+20	+21
Zanesville	Ohio	+19	+13
Lexington	Ky.	+19	+13
Hamilton	Ohio	+16	+18
Lima	Ohio	+14	+11
New Castle	Pa.	+14	+15
Middletown	Ohio	+11	+19

* * *

During the first six months of 1959, *Cleveland business activity* retraced much of the ground lost in the 1958 recession. Recovery was rapid in local steel production and electric power output, which set new records for the full period, while the upward trend carried most other business activity to relatively good standings in the latter part of the six-month period.

* * *

Instalment sales at Fourth District department stores in June scored the largest year-to-year gain of the past six months, with a margin of 19 percent. *Cash sales* and *charge-account sales* were up 15 percent and 9 percent, respectively. *Total sales* were 15 percent higher than a year ago. Part of the general increase was due to an additional trading day in June of this year.

* * *

In June, *savings deposits* of individuals at reporting Fourth District banks posted a new high for the fifth consecutive month. Nevertheless, the addition to savings deposits during the first half of 1959 amounted to less than two-fifths of the addition made during the first half of 1958.

* * *

Receipts from the sale of *farm products* in the first five months of 1959 posted year-to-year gains of 11 percent in Kentucky, 5 percent in West Virginia, and 3 percent in Pennsylvania, but dropped 1 percent in Ohio. The major strength in cash receipts came from an increase in the volume of *crops* marketed whereas the dollar volume of *livestock* marketings declined.

(The above items are based on various series of District or local data, which are assembled by this bank and distributed upon request in the form of mimeographed releases.)