



# Monthly Review

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## Labor Supply and Industrial Expansion in the Eighth Federal Reserve District

One of the most important factors necessary for industrial expansion is an adequate supply of labor. Mankind has scaled new heights in technological advancement, substitutes have been found for many basic resources, but in the final analysis no adequate substitute has been found for the human hand which must guide the wheel or push the button.

The Eighth Federal Reserve District has an ample supply of this basic human resource. In fact, the district has had too much labor for its own needs. To make a living, hundreds of thousands of its people have poured from the region into other sections over the past half century. The labor surplus resulted from substantial population growth and failure of new opportunities to keep pace with that growth. It also is a product of increasing mechanization in agriculture.

Viewed from one angle the labor surplus in the district is a troublesome problem. It results in low levels of productivity and low income, in poor markets and in lack of capital, and in a standard of living that is generally lower than the nationwide average. From another viewpoint it has some advantages, for new or transferring economic activities are not limited by labor supply.

### FACTORS OF INDUSTRIAL EXPANSION

In recent years industrial expansion has begun to absorb some of the surplus Eighth District labor. During the war and current postwar periods, the district's industrial facilities expanded so that by 1948, 710,000 workers were employed in manufacturing as compared with 484,000 in 1940. Some \$2 billion has been expended for new manufacturing

plants during the period. Over the past seven years, this district has received a larger share of the nation's new industrial plants than formerly.

While the presence of a surplus supply of labor is one important factor in this growth, and one which leads to expectations for its continuance, there are other significant factors in the district's present and future industrial expansion. These include technological improvements enabling more unskilled labor to be used, the availability of surplus war plants, the increasing preference for plant sites located in smaller towns, and the request of the National Security Resources Board for a greater geographical dispersion of plants.

Generally, the location of agricultural and mining industries depends upon the availability of natural resources; the location of construction, public utilities, trade, service, and Government industries is largely dependent upon population or market trends; and the location of manufacturing industries depends primarily upon markets, materials and manpower. In each industry, living conditions, availability of land and buildings, transportation facilities and local services in the area under question also are important considerations.

While the selection of a site for a new manufacturing plant usually is determined by a combination of factors, often one of these is of major significance. For example, the supply of raw materials is of primary importance for those industries whose finished product is light, compact or nonperishable relative to the materials used to produce it. Nearness to markets is the primary factor for those

industries whose finished product is heavy, bulky or perishable relative to the materials used to make it, and for those industries whose business would increase in proportion to their nearness to the source of demand.

From the standpoint of raw materials the district has offered real inducements to new industries, for many raw materials are found here in abundance. In contrast, market-oriented industry has had little reason to be established here. Population plays a part in the establishment of those market-oriented industries which desire to locate close to the source of their demand. Consumer demand is based upon population plus purchasing power. Few new market-oriented industries located in the district in the past because of poor markets. In turn, poor markets resulted from low purchasing power, which, to make the circle complete, resulted from lack of job opportunities.

**Labor Factors in Plant Location**—Manpower has been a primary factor in the establishment of textile, apparel, and shoe plants, and has been an important, even if not the major, factor in the location of practically all other industries in this district. The number of available workers has been the most important aspect and is discussed in detail later in this report. Such related items as wage rates, productivity, skill levels, and union membership, however, have been and in the future will be of significance in attracting new plants to this district.

Comparatively low wage rates, particularly in the southern section, have induced some industries to locate here. The wage differential between large and small towns also has been an incentive for some firms to choose the smaller towns. However, the actual wage scale in effect is becoming less significant as more employers realize that wages are not the only labor cost, but that such factors as high turnover, industrial disputes, training costs, and productivity greatly affect over-all costs.

One myth that operated to deter industrial expansion in the southern part of the district largely was exploded by wartime experience. This was the belief in the low native productivity of southern workers, a belief that was related to the fact that relatively few workers in these areas had had any previous industrial experience. Actual experience of companies with plants in the South apparently indicates that the southern worker is just as productive as workers in other sections of the country. In some instances, they are reported as more productive because of lower turnover and absenteeism rates, and because of a greater selectivity of labor

resulting from a large number of applicants. Prior to the war, another misconception was that people who had never worked in factories were very difficult to train—a notion that was dispelled to a large extent by actual experience. Improved training and job breakdown techniques developed during the war have made it possible to train workers quickly and efficiently. In fact, some employers now prefer to begin with inexperienced workers.

The importance of the degree of unionization in an area varies by companies. To many firms the record of industrial peace in the area under consideration is more important than the question of union membership. Labor disputes, whether or not the company's plant is directly involved, can prove very costly.

### POPULATION TRENDS

Trends in population characteristics and migration not only exert an influence on but also are influenced by industrial expansion. The number and kind of people that are available for employment influence the establishment of new plants in a community. On the other hand, the fact that industry is located in an area tends to attract to that center people who originate in less industrialized areas.

In terms of potential labor supply, the high rate of population growth in this district gives it an advantage over many other regions, an advantage which will become increasingly important as the rate of population increase in the nation declines. In metropolitan areas the maintenance of or increase in population levels normally is dependent primarily upon the volume of migration to the cities which supplements the natural increase in population. In the past the industrialized urban centers in the northern portion of the country had more than enough migrants. There was a large influx of immigrants from abroad and a surplus of farm population in the rural sections of this country. In recent years, however, the flow of immigrants from foreign lands has been curtailed considerably. In addition, the proportion of the nation's population living in rural areas has declined. Accompanying these changes is a generally declining birth rate in urban centers in the north. One result is that such areas are under increasing pressure to attract workers from more distant rural sections.

While migration is relatively easy in the United States, the mobility of labor is far from perfect. Workers are much more reluctant to move long distances than they are to migrate to a nearby city. Thus, industrial areas, such as those in this district,

which are closer to the source of supply should have a distinct advantage in the future.

**Population Characteristics**—From the point of view of labor supply, population growth is the most important population characteristic.

In 1947, 10 million of the nation's 147 million people lived in the Eighth District. Prior to 1900, the district grew faster than the nation as people migrated to it. Since 1900, the reverse has been true as migration into the district decreased and migration from the district increased. This district had 11 per cent of the nation's population in 1850, 8 per cent in 1940, and 7 per cent in 1947.

High birth rates chiefly have been responsible for an increase of approximately 8 million in district population during the past one hundred years. During the first fifty of these years, net in-migration helped increase total population, but for the past several decades out-migration has exceeded in-migration. This district consistently has had a birth rate higher than the national average, and the rural sections, particularly those in Arkansas, Tennessee, Kentucky, and Mississippi, have had the highest birth rates in the district.

Excluding the urban counties, the heaviest concentrations of population in the district are in the Delta of Mississippi and Arkansas and in the "boot-heel" of Missouri. In 1947, 59 per cent of the counties in the district had populations of less than 20,000, while 80 per cent of the counties had fewer than 30,000 persons. Only seven counties had a population of over 100,000 in that year.

Since portions of both northern and southern states are included in the Eighth District, population characteristics of both sections of the country are found here. The differences that exist between various parts of the district and between the district and the nation are shown in Table I.

**TABLE I**  
**EIGHTH DISTRICT POPULATION CHARACTERISTICS—1940**  
Proportion of Total Population Consisting of:

	Urban Residents	Negroes	Foreign born <sup>1</sup>	Those who attended high school <sup>2</sup>
United States .....	57%	10%	10%	40%
Eighth District .....	36	18	2	29
Arkansas .....	22	25	1	28
Illinois .....	42	5	3	28
Indiana .....	42	2	1	31
Kentucky .....	36	10	1	27
Mississippi .....	13	55	1	24
Missouri .....	48	7	3	30
Tennessee .....	43	33	1	32

<sup>1</sup> Percent of the white population.

<sup>2</sup> Percent of those 25 years of age and over.

Source: Bureau of the Census.

This district is predominantly rural; only 36 per cent of the population lived in urban areas in 1940. No precise data are available on the change in the proportion of urban residents in the district since 1940, but it is known that large numbers of people

migrated from rural to urban areas during the war. Two-thirds of the district counties lost population in the past seven years, and most of these were rural counties. Population in the five major labor market areas of the district increased 14 per cent since 1940 as compared with a district increase of about 1 per cent.

Apparently, many veterans and war workers who left the district in the war years have not returned. Despite this wartime migration, however, a very large potential supply of industrial workers still **live on the farms in this district**. As agricultural methods continue to improve, more and more of these people will be available and will be looking for industrial jobs.

The average person in this district in 1940 had less education than the average for the nation as a whole. One reason for this relatively poor showing is that many of the better educated people migrate from the district after completing their education, largely because of a comparative lack of employment opportunities commensurate with their training. Increased opportunities in this district would mean that many of these people would remain here.

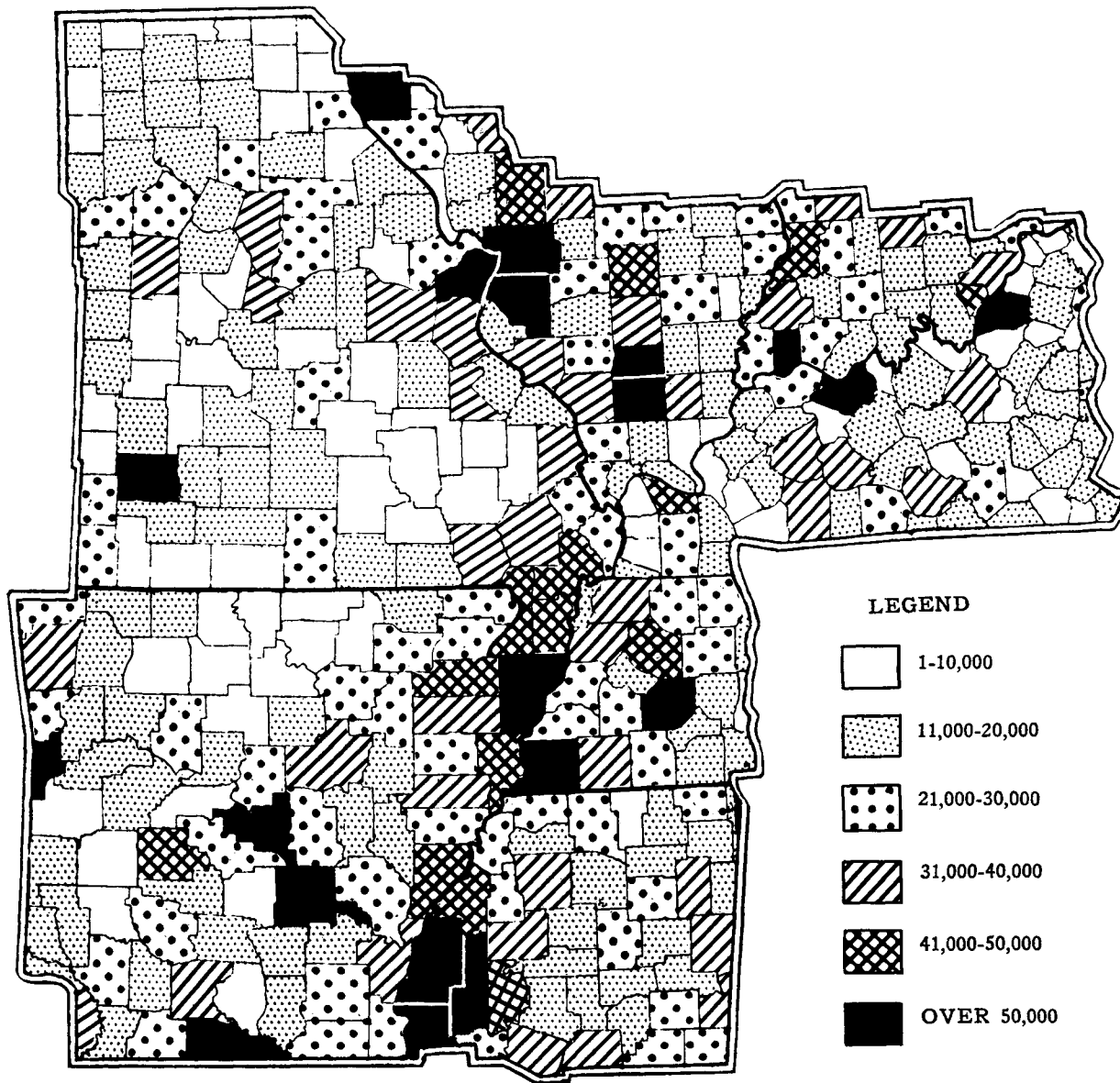
The four southern district states have illiteracy ratios much higher than the national average. This is reflected in the poor showing the district makes in regard to average school expenditures per child. Illinois with a per capita expenditure of \$158 was the only district state which exceeded the United States average of \$117 in 1944. Mississippi spent \$42 per year per child; Arkansas, \$52; Tennessee, \$62; Kentucky, \$75; Missouri, \$101; and Indiana, \$111.

**Migration**—Two strong migratory trends have existed and probably will continue to exist in this district. One is the movement from rural to urban areas within the district, and the other is a net out-migration from the district to other sections of the country.

The rapid growth of urban areas has resulted partly because of the heavy migration from the rural areas. Between 1900 and 1940, urban population in the Eighth District more than doubled. Farm population has declined steadily except for a short period immediately after World War II when it increased because of some returning servicemen and war workers. The peak years of off-farm migration were from 1941 to 1943 as the war centers attracted thousands of rural residents.

The rate of net civilian out-migration from the district between 1940 and 1947 was probably greater

ESTIMATED POPULATION IN EIGHTH DISTRICT COUNTIES  
 JULY 1, 1947



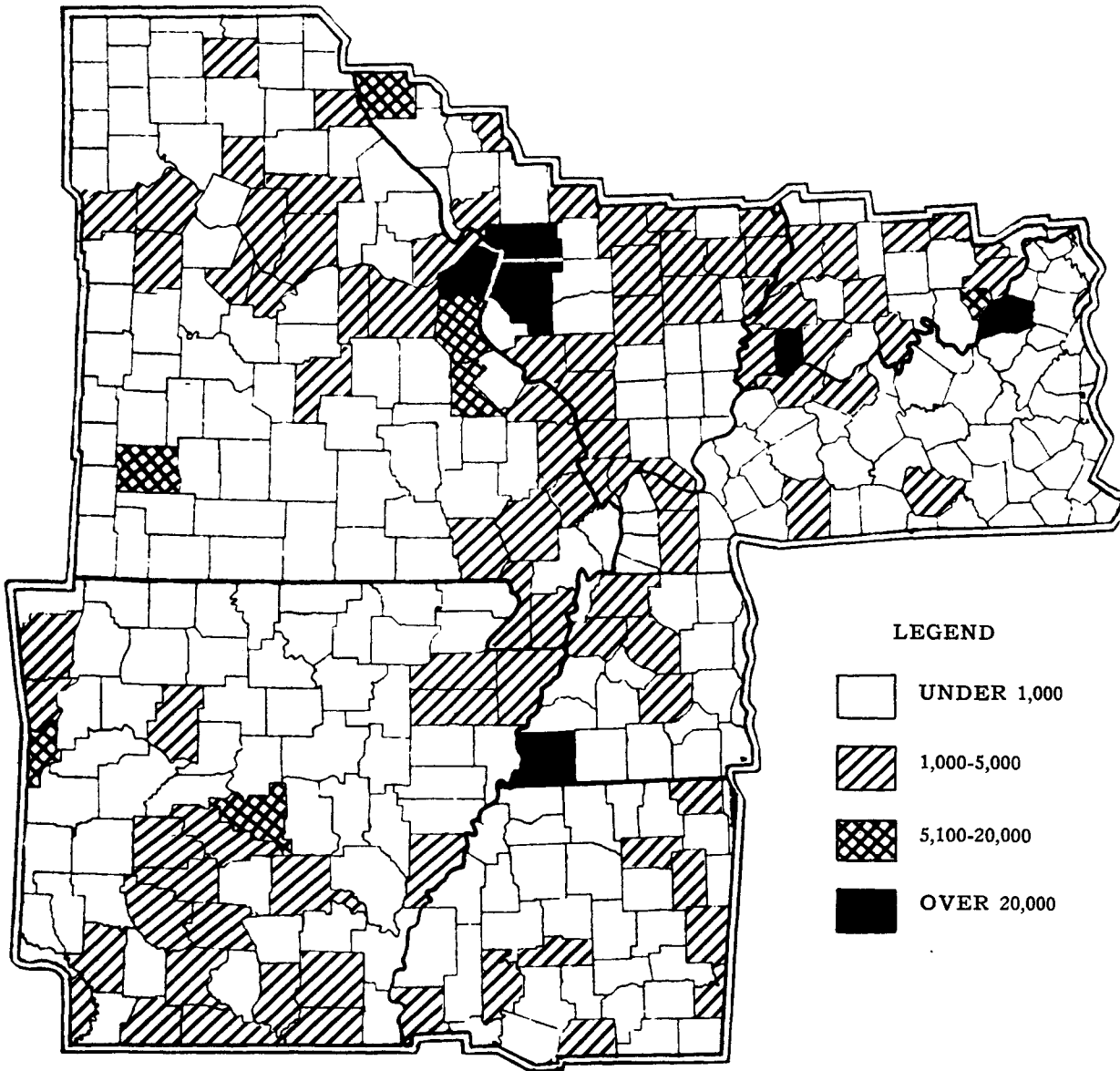
than ever before. During this period about one million more civilians migrated out of than into the district. The decade prior to 1940 saw a net loss of only one-third this number, as the depression discouraged migration. Between 1920 and 1930, the net loss to the district was about 800,000 persons.

Despite the large numbers of persons who have migrated from the district, our higher unemployment rate and lower per capita income seem to indicate that the district still has an excess population, due in part to the fact that population is not very mobile. Often those individuals who would benefit

through migration are financially unable to do so, are reluctant to leave their homes and families, or do not know where the areas of greater opportunity are located.

Workers who migrated from the district have aided materially in the industrial development of other regions. From the district's standpoint, this is economically unsound since it must bear the costs of educating and training these workers, while other regions secure the benefits of the workers' productive years. And this district certainly needs

ESTIMATED MANUFACTURING EMPLOYMENT IN EIGHTH  
DISTRICT COUNTIES JANUARY 1, 1948



all the benefits it can derive from its people and its resources.

World War II veterans have been highly mobile, having a migration rate about one-half greater than for nonveterans. This district has lost approximately 9 per cent of its veterans, a loss that is unfortunate since veterans comprise a desirable segment of the labor force due to their age and training. Aside from Illinois, which had a 6 per cent gain, all district states or part-states had net veteran out-migration. Arkansas had the greatest proportionate loss, followed in order by Mississippi,

Kentucky, Missouri, Tennessee, and Indiana.

Since 1940, the percentage of Negroes who left the district has been smaller than the percentage of the total population which out-migrated. However, Negroes now constitute about the same proportion of the total population as in 1940, since relatively few Negroes migrated into the district.

An indication of the extent of gross migration is provided by 1940 Bureau of the Census figures. At that time, 27 per cent of the persons born in one of the district states lived in another state, while only 19 per cent of those living in district

states were born elsewhere. The greatest discrepancy occurred in Kentucky, while Illinois came closest to maintaining a balance between those who moved out and those who moved in.

#### LABOR FORCE

The principal characteristics of the Eighth District labor force as compared with the nation are a higher potential rate of labor force growth that is offset by higher migration rates; a larger proportion of rural and nonwhite workers; a smaller proportion of female workers due to the prevalence of large families and rural residence; and a larger proportion of both younger and older workers since Eighth District residents leave school earlier and retire later due to lower income levels and to the predominance of agriculture.

The labor force includes those who are employed and those who are actively seeking work. In addition, a large potential labor force exists, consisting of housewives, students, and older persons who are not normally in the labor market. The war years proved that the labor force is flexible and that these potential workers will enter the labor market if the incentive is strong enough.

The South has lagged behind the rest of the country in labor force and employment growth. Since 1940, the labor force in the United States increased 9 per cent as compared with 2 per cent in the South, 9 per cent in the northeastern states, 10 per cent in the northcentral states, and 22 per cent in the West. Since 1940, employment has increased 23 per cent in the United States, 13 per cent in the South, 26 per cent in the northeastern and in the northcentral states, and 37 per cent in the West.

The major long-term trend in the labor force is toward an increase in the industrial and a decrease in the agricultural labor force. Other long-term developments include an increase in the proportion of women and a decrease in the proportion of both younger and older workers. More women are leaving their homes to take outside jobs because of the shift from rural to urban areas, the decline in the size of the family, the increasing use of labor-saving household devices, and the use of machines in industry which enable women to handle jobs that formerly required men. The decline in the proportion of younger workers is due to increased years of schooling, while the decrease in the proportion of older workers is due to better retirement plans, and also reflects a reduction in the farm labor force.

A steady decrease in the agricultural labor force has been brought about by an increase in productivity per worker through mechanization. Conse-

quently, as indicated in Table II, even with a smaller labor force total agricultural production has increased. There is no reason to believe that this trend will not continue, particularly as farms become more highly mechanized. This increase in agricultural production with fewer farm workers is one of the basic factors in industrial expansion, since industry depends on migrant farm population for an adequate labor supply.

TABLE II  
INDEXES OF FARM EMPLOYMENT AND FARM PRODUCTION  
(1910-14=100)

	Farm Employment	Agricultural Production	Productivity Per Worker
1946 .....	83	159	192
1935-39 .....	91	121	133
1930-34 .....	92	117	127
1925-29 .....	94	119	127
1920-24 .....	94	110	117
1915-19 .....	97	105	109

Source: Bureau of Agricultural Economics.

Not only increased mechanization, but fuller utilization of manpower, increased use of fertilizer, and better cultural practices are likely to result in additional declines in the farm labor force. If the use of such labor-saving devices as the cotton-picker and the flame cultivator becomes widespread, a large volume of farm workers will be displaced, particularly in the South. One recent estimate is that the use of this equipment will reduce the amount of labor per bale of cotton by 75 per cent.

Little information is available on the changes since 1940 in the district's labor force and its component parts, unemployment and employment. Current district unemployment seems to be slightly higher, proportionate to the labor force, than the minimum now prevailing in the country as a whole. In the district's five major metropolitan areas, 4 per cent of the labor force is unemployed at present as compared with 3 per cent in the nation. In the remainder of the district, the unemployment rate is probably higher than in these major areas.

#### ADEQUACY OF LABOR SUPPLY

**For General Industrial Expansion**—The supply of labor in the Eighth District is adequate numerically for any reasonable amount of industrial expansion. There is no geographical section in the district which could not provide sufficient labor to staff a new industry, assuming, of course, that the size of the plant was consistent with the population of the labor market area and that such items as wage rates and hiring specifications were comparable with those prevailing in the community. The workers would come from among the unemployed, from the new entrants into the labor force, and from the farm population in the surrounding areas. At the present time, northern and eastern Arkansas, western Missouri, and almost all of Kentucky, Mississippi and Tennessee have a very small

proportion of their workers employed in manufacturing industries.

In the district as a whole, manufacturing employment in January, 1948 was almost half again as great as in 1940, with increases in employment ranging from 35 per cent in Arkansas to 53 per cent in Indiana. However, this increase was not as large as the over-all national increase, nor is the district proportion of manufacturing workers to total population as large as the national proportion. As is shown in Table III, 11 per cent of the population in the United States consists of manufacturing employees as compared with 7 per cent in the district.

TABLE III  
MANUFACTURING EMPLOYMENT

	Percent Increase 1940-1948	Percent of Total Population	
		1940	1948
United States .....	52%	8%	11%
Eighth District .....	47	5	7
Arkansas .....	35	3	4
Illinois .....	47	6	8
Indiana .....	53	7	9
Kentucky .....	46	4	6
Mississippi .....	39	2	3
Missouri .....	50	7	10
Tennessee .....	43	4	6

Source: Bureau of the Census and Federal Reserve Bank of St. Louis.

The district labor force is sufficiently mobile so that workers will move from one area to another if the inducement is great enough. The war years proved that workers also will commute relatively long distances.

A supply of both men and women workers is available. Many of the plants established in recent years, such as textile and shoe manufacturing plants, employ women, primarily. Thus a real need exists, especially in the out-state areas, for firms that would employ more men.

The majority of the labor available in this district is unskilled, although many workers received some training during the war in the numerous war plants established throughout the district. This lack of skill is not too much of a handicap, however, since the improved training methods developed during the war and the breakdown of jobs into their component parts have made it fairly easy to train workers.

An increasing number of farm people will be looking for nonagricultural jobs as farm mechanization increases. One estimate is that completely efficient farm operation would reduce farm labor requirements from 30 to 35 per cent below that required in 1943 and that production per capita would be two-and-a-quarter times that of 1943. As one example of the possible reduction in farm labor requirements, it is estimated that in the Mississippi Delta such requirements could be reduced from 135-160 man-hours per acre of cotton under average present practices to 15-30 hours per acre with

four-row tractor cultivation, flame weeding, and machine picking. This does not necessarily mean there would be that many additional farm people available for industrial jobs. Some field work by women and children would be eliminated and they would, in large part, stay on the farm rather than look for factory work.

The labor supply which exists in the St. Louis industrial area and in a Mississippi agricultural area is fairly typical of the labor surplus throughout the district. The St. Louis labor market area, with a total employment of about 720,000, has more industrial employment than any other section of the district. If the labor force participation rate of the war peak was in effect today, an additional 75,000 persons would be available for work. This potential supply plus the present 25,000 unemployed persons gives the St. Louis area a reservoir of about 100,000 people from which additional workers could be drawn. In addition, hundreds of workers could migrate into the city from the surrounding rural areas. The shortleaf pine area of Mississippi, consisting of 21 primarily agricultural counties, had 63,000 full-time farm families in 1943. A study by Mississippi State College shows that with an efficient agriculture, approximately 33,000 farm families would not only be available for but would need to find nonfarm work. An additional 4,000 families would need to supplement their farm income by off-farm work.

**For Forestry and Wood Processing**—Previous issues of this Review have carried articles on forestry and expansion of forest products industries in the district. Labor supply for increased activities in these fields is fully adequate.

Farmers are one of the chief sources of labor supply for the logging and lumbering industry. Off-season employment of farmers is a traditional practice, with many employers scheduling their production to fit in with the farmers' slack periods. Employers in the lumber industry report to the U.S. Employment Service that they expect little difficulty in the immediate future in reaching their scheduled employment goals, partly because of the expected use of farm labor.

The amount of time Eighth District farmers spent working off their farms in 1945 and 1940 is shown in Table IV. This is by no means the maximum amount of time they *could* spend on work other than work on their farms, but is merely the time they actually *did* spend in such activity. Both lack of opportunity and lack of mechanization limit the number of farmers who work off their farms and the amount of time spent on such work.

**TABLE IV  
FARMERS WORKING OFF FARMS**

	Percent of Total Farmers		Average Days Worked Off Farm	
	1940	1945	1940	1945
Eighth District .....	27%	23%	120	152
Arkansas .....	28	29	114	141
Illinois .....	31	29	134	169
Indiana .....	35	39	156	200
Kentucky .....	25	18	125	171
Mississippi .....	21	14	84	94
Missouri .....	27	22	132	161
Tennessee .....	24	19	108	135

Source: Bureau of the Census.

Expansion of forestry activity (logging and lumbering) would give farmers some much needed extra income. The supply of labor available for employment in almost any conceivable expansion would be ample since many district farmers are under-employed. In the southern part of the district especially, the seasonal pattern of crops results in full employment of the labor force for only a few months a year. For example, in Mississippi in

1944, farmers worked almost six times as long during their busiest month as during the least busy month.

The adequacy of the labor supply available for employment in new wood-processing plants is about the same as for industry generally, since in each case the sources of labor are the same. Again, for any probable expansion in these lines, labor supply will not be a limiting factor. The manufacture of basic and finished lumber products is of great importance in both Arkansas and Mississippi. Current employment in these industries represents 60 per cent of total manufacturing employment in Arkansas and 47 per cent in Mississippi. Employment in lumber products plants is not as important in the other states in the district, the proportion ranging from 14 per cent in Kentucky to 5 per cent in Missouri and Illinois.

### SUMMARY AND CONCLUSIONS

One of the basic economic needs of the Eighth District is a higher average income level for the people in this region. There are many paths leading to this goal, one of which lies in the direction of increased industrialization. A primary requisite for industrial development is the availability of an adequate supply of labor. Despite rapid technological advances, raw materials still cannot be manufactured into finished products without the application of human skills somewhere in the manufacturing process.

The Eighth District not only needs to develop industrially but at the same time has a more than adequate supply of labor to support such expansion in practically every section of the district. In fact, a large supply of labor and relatively low wage rates are among the district's major attractions for new industries.

In the past, this district could have provided the manpower for a large number of additional industrial plants. This is evidenced by the fact that in the past 27 years, in excess of two million more people migrated from this district than moved into the district. This means that almost one million workers were lost to the region, a majority of whom probably would have remained if there had been sufficient job opportunities. Many of those who left would have been excellent workers since they came from the younger, more intelligent and aggressive group.

In general, the available workers are largely in the unskilled and semi-skilled classifications. How-

ever, the wartime experience demonstrated that these workers can be trained satisfactorily and, when trained, can compete with labor in any other part of the country. The district's labor force is younger than the average for the nation, a characteristic that is partly offset by the fact that it is not as well educated.

There is ample reason to believe that in the future this district will continue to have a large supply of workers available for employment in new enterprises, due to the high rate of population growth and the expected heavy migration from the farms.

The steady increase in mechanization of farm operations not only has made it possible to increase farm output while using fewer farm workers, but also has made much of the district's industrial expansion possible. Farm workers who have migrated to the cities constitute a large portion of the industrial labor supply. Using 1910-14 as a base the index of farm employment in the nation in 1946 was 83, while the index of agricultural production was 159. In the future this trend will either continue or be accelerated as farm mechanization increases.

Because of its large supply of labor, this district will not only have sufficient manpower to staff new industries within the district, but will continue to furnish other sections of the country with workers they need for future expansion.

Gertrude M. Krausnick.



# Survey of Current Conditions

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Most phases of national economic activity have moved toward higher levels during recent weeks. The physical quantity of goods produced in the nation's mines and factories is near the peacetime record level that prevailed in the first quarter. More people were employed in June than at any time in history, including even the peak reached at the height of World War II activity. While personal income received by individuals in May, which amounted to \$208 billion on a seasonally adjusted annual basis, was slightly less than the record total in January, recent and widespread wage increases in industry probably will result in a new peak in total income in the near future.

It was not expected, of course, that third-round wage increases would fail to be reflected in price increases. In some industries, such as steel and cement, higher prices that already have been posted by many producers and which will be felt shortly at the consumer level also reflect the change in the industry's pricing system as well as higher freight rates and other costs. Thus, with advancing production costs being passed on to the consumer in the form of higher prices, the amount of net gain to labor resulting from recent wage increases remains to be seen. Although prices of a number of agricultural commodities — principally grains — have dropped sharply as the harvest progresses, appreciably lower total food costs for consumers are not likely to result in the near future. Grain prices generally, with the exception of corn prices, are at or near support levels and while some benefits may accrue to consumers as a result of these declines, continued high prices for meat and many other food items are in prospect.

Consumer expenditures, on a dollar basis, continue at record levels. Department store sales on a seasonally adjusted basis, for example, reached a new peak in June, according to preliminary estimates. Part of the increase reflects price advances but, even after allowing for this factor, the present volume of consumer buying is large.

While the interplay of domestic economic forces will determine the near term fluctuations in most measures of economic activity, the importance of political decisions arrived at in foreign capitals should not be minimized. As long as the present state of tension exists in the world's trouble spots, the domestic business outlook will be colored to a

large extent by the moves and countermoves that are made in the field of international affairs.

## EMPLOYMENT

More people were employed in the United States in June than ever before in the history of the nation. In the Eighth District, employment was at the highest level since the wartime peak in 1943. Between May and June, nonagricultural employment increased to a level about 4 per cent higher than a year ago. Although agricultural employment increased seasonally, it totaled considerably less than in June, 1947. This decrease from last year may be due partly to poor weather conditions this year, or it may reflect the long-term downward trend in agricultural employment.

The customary upswing occurred in unemployment as large numbers of summer workers began seeking jobs. Fewer jobs are available for summer workers this year since many employers have been able to obtain sufficient permanent employees. The labor surplus is increased also because more students entered the labor force this summer than last summer.

District unemployment continues to be proportionately higher than the average for the nation. During the past year, the number of unemployed men has decreased substantially, while the number of unemployed women has dropped only slightly. The employment of women has increased as much as the employment of men, but relatively more women have entered the labor force.

Total nonagricultural employment in the district's five major labor market areas increased approximately 7,000 between March and May, reflecting increases in nonmanufacturing industries. Manufacturing employment remained at about the same level. Small employment increases occurred in all of these areas except Evansville, where employment remained stable. Increases generally have been limited by materials shortages and uncertain market conditions.

In May, employment in these five district areas was about 11,000 higher than a year earlier with increases reported both in manufacturing and non-manufacturing industries. Total employment increased 4 per cent in Evansville, 3 per cent in Little Rock and Louisville, 2 per cent in Memphis, and 1 per cent in St. Louis during the year.

## INDUSTRY

In general, the high level of industrial activity of May was continued into June, although some of the district's industries did not maintain their May levels. Production of coal and oil decreased slightly as did the amount of new construction authorized. With few exceptions manufacturing activity was as high or higher than in May, and output of the basic raw materials such as steel and lumber increased slightly. The longer work month in June increased aggregate production, while seasonal factors tended to have an adverse effect in certain industries.

Total consumption of electric power by industries in the district's major industrial areas was 3 per cent less than in May, due to a 16 per cent decrease in the Louisville area and a 10 per cent decline in Memphis. The other reporting cities registered increases ranging from 4 per cent in Pine Bluff to 15 per cent in Evansville. Compared with June, 1947, industrial consumption increased in all cities for an aggregate gain of 3 per cent.

**Manufacturing**—In June, over-all manufacturing activity remained at the high level of the previous month. Although operations in some lines were scheduled at a lower rate than in the previous month, they were offset by increases in other lines. Operations were scheduled at a higher level in the steel, lumber, automobile, chemical, electrical equipment, food, machinery, shoe and transportation equipment industries. Decreases were indicated in the production of whiskey, metals and metal products, rubber products, textiles, stone, clay and glass products, and in the meat packing industry.

**Steel**—Operations of the basic steel industry in

the St. Louis area in June were scheduled at 80 per cent of capacity, equal to the April peak and somewhat higher than that in May when operations were scheduled at 73 per cent capacity. Most of the area's furnaces were in full operation during the month. The June rate was considerably higher than the 65 per cent of capacity at which the furnaces operated in June of last year. Price increases for some products due to higher production costs have been announced by steel manufacturers in St. Louis. Increases range from \$8 to \$11 per ton.

**Lumber**—Lumber output in June advanced slightly over the high level of the previous month and remained considerably above that of a year ago. Average weekly production at southern pine mills held at the same rate as in May, and was 6 per cent higher than in June, 1947. Reporting southern hardwood mills operated at 90 per cent of capacity during June, compared with 82 per cent in May and 78 per cent in June of last year.

**Whiskey**—At the end of June, 33 of Kentucky's 63 distilleries were in operation. This compares with 42 at the end of last month and 25 in production at the end of June, 1947. The decline is due in part to seasonal shutdowns due to the water shortage in the summer months. However, the larger plants continue to produce at a high rate. In May, whiskey production in Kentucky totaled 9.1 million tax gallons, somewhat less than the 10.6 million gallons produced in April but higher than the 8.3 million gallon output in May, 1947. As a result of continued high production, the amount of whiskey in storage is reaching all-time high totals.

**Meat Packing**—Meat packing operations in the St. Louis area in June were at a slightly lower level than in May, on both an aggregate and daily average basis. However, the total number of animals killed in the second quarter was 16 per cent higher than in the first three months, 20 per cent above the second quarter of 1947, and higher than in any post-war quarter except the fourth quarter last year. In the nation, total second quarter slaughter was 8 per cent lower than in the same period of last year. Federally inspected slaughter in this area in June totaled 510,800 animals, a decrease from May when 529,400 animals were slaughtered. Increases in slaughter of cattle, calves and sheep were offset by a 15 per cent decrease in hog killings. Compared with last year, total slaughter increased 8 per cent, and only calf killings showed a year-to-year decrease.

**Shoes**—Shoe production in the district in May was 7.2 million pairs, according to the Bureau of the Census, a 13 per cent drop from April, and the low-

## INDUSTRY

CONSUMPTION OF ELECTRICITY						
(K.W.H. Custom- in thous.)	No. of Custom- ers*	June, 1948	May, 1948	June, 1947	June, 1948 Compared with	
		K.W.H.	K.W.H.	K.W.H.	May,'48	June,'47
Evansville ....	40	9,887	8,615	8,903 R	+15%	+11%
Little Rock ..	35	4,566	4,221	3,830 R	+ 8	+19
Louisville ..	80	56,411	67,128	56,329 R	-16	- 0 -
Memphis ....	31	5,547	6,149	5,448	-10	+ 2
Pine Bluff....	24	6,290	6,033	4,388	+ 4	+43
St. Louis....	139	77,208	73,236	77,026 R	+ 5	- 0 -
Totals ....	349	159,909	165,382	155,924 R	- 3%	+ 3%

\*Selected industrial customers.  
R -- Revised.

CRUDE OIL PRODUCTION—DAILY AVERAGE					
(In thousands of bbls.)	June, 1948 compared with				
	June,'48	May,'48	June,'47	May,'48	June,'47
Arkansas .....	82.8	86.4	81.2	- 4%	+ 2%
Illinois .....	171.7	171.6	187.9	- 0 -	- 9
Indiana .....	20.0	20.7	17.7	- 3	+13
Kentucky .....	24.4	25.1	25.9	- 3	- 6
Total .....	298.8	303.9	312.6	- 2%	- 4%

est month of this year. Output was 8 per cent below that of May, 1947. The decrease can be traced in part to seasonal factors and to vacation periods, some of which began in May and June. Some St. Louis manufacturers have discontinued the practice of giving first-week July vacations to all workers. Some are allowing the first week in June, while others are staggering vacations by departments as shoes in process are finished. Two of the larger producers have the first week in July stipulated in their union contract. Reports of some St. Louis manufacturers indicate that production for fall footwear is expected to be normal despite lack of retailer interest in the early Spring showings.

**Mining and Oil**—Coal production in the district in June declined slightly from that of the previous month but was considerably larger than a year ago. Total output was estimated at 10.2 million tons, compared with 10.6 million tons in May and 8.2 million tons in June, 1947. Among the district's major areas, Illinois and Indiana mines produced 10 per cent and 8 per cent less coal, respectively, than a month earlier, offsetting a 15 per cent increase in output in western Kentucky. Compared with last year, production was up in all states except Arkansas. District production in the second quarter was 3 per cent below that of the previous quarter.

Daily average production of crude oil in the district in June dropped 2 per cent below that of last month and continued lower than last year. Production averaged 299,000 barrels per day compared with a 304,000 barrel average in May and 313,000 a year ago. Output in all areas was at a lower rate than in May except in Illinois where production remained the same.

**Construction**—Although on-site construction activity in the district in June apparently maintained its high level, the value of building permits awarded in the major district cities decreased slightly compared to May. The June total of \$7.9 million was nearly 4 per cent less than last month and 24 per cent below that of a year ago. Large month-to-month decreases were registered in St.

### CONSTRUCTION

BUILDING PERMITS								
Month of June								
(Cost in thousands)	New Construction				Repairs, etc.			
	Number		Cost		Number		Cost	
	1948	1947	1948	1947	1948	1947	1948	1947
Evansville ....	92	132	\$ 446	\$ 382	127	101	\$ 84	\$ 68
Little Rock....	91	162	802	2,220	270	172	189	134
Louisville ....	170	263	1,136	1,827	101	107	106	70
Memphis .....	753	881	2,982	2,912	171	177	173	248
St. Louis.....	342	253	1,481	2,043	317	305	464	387
June Totals.....	1,448	1,691	\$6,847	\$9,384	986	862	\$1,016	\$907
May Totals.....	1,515	1,587	\$7,181	\$5,370	1,031	942	\$ 989	\$729

Louis and Louisville which offset increases in Evansville, Little Rock and Memphis.

Permits awarded for new construction totaled \$6.8 million, a decline of 5 per cent from May. The value of new residential permits was also 5 per cent less than in the previous month, the decline being due primarily to a substantial decrease in Louisville and a smaller decrease in Little Rock. New building authorized in St. Louis remained at the May level, whereas totals in Evansville and Memphis were higher than a month ago.

### TRADE

Consumer buying in the Eighth District continued at a high level in June. The dollar volume of sales at reporting stores generally declined less than seasonally, and compared with last year showed percentage gains substantially greater than those reported for comparable lines in the nation as a whole. Daily average sales in department stores when adjusted for normal seasonal factors reached a new peak of 346 per cent of 1935-39. The largest year-to-year sales gain, percentage-wise, again occurred at furniture stores, but dollar volume in department stores and women's specialty

### WHOLESALE

Lines of Commodities	Net Sales		Stocks
	June, 1948		
	compared with June, 1947		
Data furnished by Bureau of Census U. S. Dept. of Commerce*	May, 1948	June, 1947	June 30, 1948 compared with June 30, 1947
Drugs and Chemicals.....	+ 9%	+20%	— %
Furniture .....	-11	+20	—
Groceries .....	- 5	- 6	+11
Hardware .....	+ 1	+12	+23
Tobacco and its Products..	+ 7	+ 2	+17
Miscellaneous .....	+ 4	+16	+22
**Total all lines.....	+ 1%	+12%	+21%

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

### PRICES

WHOLESALE PRICES IN THE UNITED STATES					
Bureau of Labor Statistics (1926=100)	June, '48	May, '48	June, '47	June, '48	Comp. with May, '48
All Commodities.....	166.2	163.9 R	147.6	+ 1.4%	+12.4%
Farm Products.....	196.0	189.1	177.9	+ 3.6	+10.2
Foods .....	181.4	177.4	161.8	+ 2.3	+12.1
Other .....	149.5	149.0 R	131.4	+ 0.3	+13.8
R—Revised.					
RETAIL FOOD					
Bureau of Labor Statistics (1935-39=100)	June 15, 1948	May 15, 1948	June 15, 1947	June 15, '48	Comp. with May 15, '48
U.S. (51 cities).....	214.1	210.9	190.5	+ 1.5%	+12.4%
St. Louis.....	222.0	218.2	196.8	+ 1.7	+12.8
Little Rock.....	210.0	209.2	189.8	+ 0.4	+10.6
Louisville .....	203.8	201.6	183.4	+ 1.1	+11.1
Memphis .....	226.7	223.2	205.1	+ 1.6	+10.5
CONSUMER PRICE INDEX					
Bureau of Labor Statistics (1935-39=100)	June 15, 1948	May 15, 1948	June 15, 1947	June 15, '48	Comp. with May 15, '48
United States.....	171.7	166.9	157.1	+ 2.9%	+ 9.3%
St. Louis.....	172.1	167.8	155.6	+ 2.6	+10.6
Memphis .....	174.7	172.4	160.6	+ 1.3	+ 8.8

TRADE

DEPARTMENT STORES

	Net Sales		Stocks on Hand		Stock Turnover	
	June, 1948 compared with May, '48		6 mos.'48 to same period '47		June 30, '48 comp. with June 30, '47	
	June, '48	June, '47	June 30, '48	June 30, '47	1948	1947
Ft. Smith, Ark.....	-13%	+ 1%	+ 3%	+22%	1.83	1.99
Little Rock, Ark.....	9	+13	+ 8	+25	2.03	2.30
Quincy, Ill. ....	7	+16	+ 5	+22	1.81	2.19
Evansville, Ind. ....	2	+30	+28	+28	1.81	1.78
Louisville, Ky.....	- 6	+13	+11	+18	2.14	2.33
St. Louis Area <sup>1</sup> .....	0	+26	+10	+ 6	1.97	1.91
St. Louis, Mo.....	+ 1	+27	+10	+ 6	1.98	1.91
E. St. Louis, Ill....	2	+22	+20	.....	.....	.....
Springfield, Mo.....	- 4	+12	+ 8	+26	1.69	1.93
Memphis, Tenn.....	-13	+11	+ 5	+15	1.87	2.15
*All other cities.....	- 6	+10	+ 7	+36	1.54	1.90
8th F.R. District.....	- 4	+20	+10	+13	1.95	2.02

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

<sup>1</sup> Includes St. Louis, Mo.; Alton, East St. Louis and Belleville, Ill. Outstanding orders of reporting stores at the end of June, 1948, were 3 per cent greater than on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding June 1, 1948, collected during June, by cities:

	Instalment Accounts	Excl. Instal. Accounts	Instalment Accounts	Excl. Instal. Accounts
Fort Smith..... %	47%	.....	24%	58%
Little Rock..... 21	51	.....	25	56
Louisville ..... 25	51	.....	18	58
Memphis ..... 29	44	.....	25	53

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

	Eighth District		Federal Reserve District	
	June, 1948	May, 1948	April, 1948	June, 1947
Sales (daily average), unadjusted <sup>2</sup> .....	311	333	326	269
Sales (daily average), seasonally adjusted <sup>2</sup> ....	346	340	343	299
Stocks, unadjusted <sup>3</sup> .....	302	313	331	267
Stocks, seasonally adjusted <sup>3</sup> .....	302	313	331	267

<sup>2</sup> Daily Average 1935-39=100.

<sup>3</sup> End of Month Average 1935-39=100.

SPECIALTY STORES

	Net Sales		Stocks on Hand		Stock Turnover	
	June, '48 compared with May, '48		6 mos.'48 to same period '47		Jan. 1 to June 30, 1948	
	June, '48	June, '47	June 30, '48	June 30, '47	1948	1947
Men's Furnishings + 5%	+ 5%	- 5%	+27%	1.43	1.82	
Boots and Shoes.. - 6	+11	+11	+17	2.19	2.27	

Percentage of accounts and notes receivable outstanding June 1, 1948, collected during June:

Men's Furnishings .....	55%	Boots and Shoes.....	46%
Trading days: June, 1948—26; May, 1948—25; June, 1947—23.			

RETAIL FURNITURE STORES\*\*

	Net Sales		Inventories		Ratio of Collections	
	June, 1948 compared with May, '48	June, '47	June, 1948 compared with May, '48	June, '47	June, '48	June, '47
St. Louis Area <sup>1</sup> .. + 2%	+43%	+ 2%	+24%	34%	48%	
St. Louis..... + 3	+44	+ 2	+24	35	46	
Louisville Area <sup>2</sup> .. - 2	+31	- 7	+20	20	26	
Louisville ..... - 4	+35	- 7	+24	17	25	
Memphis ..... +14	+37	+ 4	+ 3	21	24	
Little Rock..... -11	- 9	- 3	- 8	24	30	
Springfield ..... +18	-12	*	*	*	*	
Fort Smith..... -11	+ 8	*	*	*	*	
8th Dist. Total <sup>3</sup> .. - 0	+31	- 2	+16	28	37	

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

<sup>1</sup> Includes St. Louis, Missouri; East St. Louis and Alton, Illinois.

<sup>2</sup> Includes Louisville, Kentucky; and New Albany, Indiana.

<sup>3</sup> In addition to above cities, includes stores in Blytheville and Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenville, Greenwood, Mississippi; Hannibal, Missouri; and Evansville, Indiana.

\*\* 48 stores reporting.

PERCENTAGE DISTRIBUTION OF FURNITURE SALES

	June, '48	May, '48	June, '47
Cash Sales .....	15%	15%	20%
Credit Sales .....	85	85	80
Total Sales .....	100	100	100

stores was considerably greater than in June, 1947. Sales volume in men's wear stores was larger than in the previous month or in the comparable month a year ago.

At department stores in the district, June sales, with a less-than-seasonal decline of 4 per cent from May, gained 20 per cent over sales volume during June, 1947. This large percentage increase over last year in part reflects the curtailment of sales in June, 1947, which resulted from a lack of public transportation during two weeks in that month. Seasonally adjusted daily average sales were slightly larger than at the previous peak attained in April. On the basis of preliminary reports, the gain of 10 per cent reported so far in 1948 will be maintained during July.

In terms of value, inventories of reporting department stores at the end of June were 5 per cent smaller than on May 31, but were 13 per cent greater than at the end of June, 1947. Seasonally adjusted stocks at the end of June were 302 per cent of the 1935-39 average as compared to 313 per cent on May 31 and 267 per cent on June 30, 1947. Outstanding orders at the close of June were considerably greater than on May 31 and 3 per cent larger than on June 30, 1947.

At women's specialty stores, sales volume was 16 per cent less than in May but was 20 per cent larger than in the same month a year ago. This year-to-year gain, considerably larger than in previous months this year, is exaggerated by the fact that sales in June, 1947, were curtailed as a result of the transportation tie-up at that time. Dollar sales at women's specialty stores so far in 1948 have been maintained at or near last year's levels, and some retailers anticipate that sales for the year will total larger than last year. Inventories at the end of June were 13 per cent less than on May 31 and were at about the same level as a year ago.

At men's wear stores, sales in June exceeded the previous month's volume by 5 per cent. More favorable weather during the month, coupled with a better supply of lightweight men's wear and higher prices, resulted in a 5 per cent increase over June, 1947. Inventories at these stores at the end of June were valued at 7 per cent less than a month earlier, but were 27 per cent larger than at the end of June last year.

Furniture store sales volume showed little change from the previous month but was 31 per cent greater than during June, 1947. Cash sales at reporting stores, 10 per cent less than in June, 1947, continued the decline which started with the end of credit controls late in 1946. Credit sales

since that time have shown an increase which was comparable to the decline in cash sales, and in June, 1948 were 26 per cent greater than during the corresponding month last year. With the growth of credit sales and the end of credit regulation, total accounts receivable apparently have increased at a faster rate than collections. At the end of June, total accounts receivable were 63 per cent greater and collections were 22 per cent larger than at the end of June, 1947, when accounts receivable and collections were 17 per cent and 13 per cent greater, respectively, than on June 30, 1946. Inventories at the end of June, in terms of value, were little changed from the end of the previous month, but showed a gain of 16 per cent over June 30, 1947.

### BANKING AND FINANCE

Adjusted demand deposits at the district's reporting member banks declined slightly in June after moving upward in the two preceding months. In the first quarter these deposits dropped sharply. The levels at the end of June were maintained in the first two weeks in July.

In the four weeks ending July 14, net total loans increased \$19 million. Expansion occurred in all categories except loans to banks which declined \$375,000. Commercial, industrial and agricultural loans were up \$11 million; security loans, \$2 million; real estate, \$1 million; and other loans (largely consumer credit loans), \$5 million.

The increase in business loans follows closely the pattern of 1946 and 1947. Real estate loans are above the level maintained throughout most of the first half of the year. Other (consumer) loans established an all-time high for the district's weekly reporting member banks on June 30, 1948.

It is interesting to note that the characteristic downswing of total loans in the first part of the

### DEBITS TO DEPOSIT ACCOUNTS

(In thousands of dollars)	June, 1948	May, 1948	June, 1947	June, '48 compared with	
				May, '48	June, '47
El Dorado, Ark.....	\$ 22,284	\$ 20,424	\$ 17,825	+ 9%	+25%
Fort Smith, Ark.....	37,786	34,759	32,481	+ 9	+16
Helena, Ark.....	6,482	6,626	5,271	- 2	-23
Little Rock, Ark.....	123,306	118,055	102,321	+ 4	+21
Pine Bluff, Ark.....	22,683	22,236	18,895	- 2	+20
Texarkana, Ark.-Tex.	10,330	9,291	8,351	+11	+24
Alton, Ill.....	27,033	25,049	21,981	+ 8	+23
E.St.L.-Nat.S.Y.,Ill.	130,003	102,267	107,018	+27	+21
Quincy, Ill.....	30,002	28,174	25,013	+ 6	+20
Evansville, Ind.....	110,909	101,227	90,867	+10	+22
Louisville, Ky.....	540,388	453,794	456,711	+19	+18
Owensboro, Ky.....	27,632	27,984	20,814	- 1	+33
Paducah, Ky.....	16,462	14,172	15,370	+16	+ 7
Greenville, Miss.....	14,696	15,922	12,673	- 8	+16
Cape Girardeau, Mo.	10,890	10,317	8,626	+ 6	+26
Hannibal, Mo.....	7,879	7,131	6,552	+10	+20
Jefferson City, Mo.	30,641	43,906	36,217	-30	-15
St. Louis, Mo.....	1,618,536	1,404,346	1,340,059	+15	+20
Sedalia, Mo.....	10,115	9,702	9,844	+ 4	+ 3
Springfield, Mo.....	60,425	55,093	53,823	+10	+12
Jackson, Tenn.....	16,515	19,101	14,632	-14	+13
Memphis, Tenn.....	444,438	428,908	361,383	+ 4	+23
Totals .....	\$3,319,435	\$2,958,484	\$2,766,727	+12%	+20%

### BANKING

#### PRINCIPAL ASSETS AND LIABILITIES FEDERAL RESERVE BANK OF ST. LOUIS

(In thousands of dollars)	July 14, 1948	Change from	
		June 16, 1948	July 16, 1947
Industrial advances under Sec. 13b.....	\$ .....	\$ .....	\$ .....
Other advances and rediscounts.....	21,747	+ 5,372	+ 9,643
U. S. Securities.....	1,151,141	+14,169	+50,355
Total earning assets.....	\$1,172,888	\$+19,541	\$+59,998
Total reserves .....	\$ 645,565	\$+17,100	\$+26,515
Total deposits .....	734,559	+24,768	+84,084
F. R. notes in circulation.....	1,082,242	+ 2,638	+ 7,036
Industrial commitments under Sec. 13b..\$	400	\$- 180	\$ - 0 -

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

(In thousands of dollars)	Assets	July 14, '48	Change from	
			June 16, '48	July 16, '47
Gross commercial, industrial, and agricultural loans and open market paper .....	\$ 528,648	\$ *	\$ *	\$ *
Gross loans to brokers and dealers in securities .....	7,333	*	*	*
Gross loans to others to purchase and carry securities.....	31,515	*	*	*
Gross real estate loans.....	149,584	*	*	*
Gross loans to banks.....	1,020	*	*	*
Gross other loans (largely consumer credit loans) .....	194,679	*	*	*
Total Loans .....	912,779	*	*	*
Less reserve for losses.....	6,984	*	*	*
Net total loans.....	905,795	+18,654	+130,841	
Treasury bills .....	36,162	- 8,325	+ 25,947	
Certificates of indebtedness.....	133,421	-19,875	+ 44,286	
Treasury notes .....	92,269	+ 6,219	+ 42,789	
U.S. bonds and guaranteed obligations	714,927	+ 9,623	-146,001	
Other securities .....	146,699	+ 1,558	+ 3,085	
Total investments .....	1,123,478	-10,800	-115,472	
Cash assets .....	773,875	- 2,596	+ 42,699	
Other assets .....	24,448	-1,012	+ 1,250	
Total assets .....	\$2,827,596	\$+ 4,246	\$+ 59,318	
Liabilities				
Demand deposits of individuals, partnerships, and corporations.....	\$1,423,985	\$- 9,748	\$+ 25,672	
Interbank deposits .....	572,116	+18,325	+ 7,912	
U.S. government deposits.....	34,735	-1,498	+ 14,267	
Other deposits .....	124,838	- 4,594	+ 16,160	
Total demand deposits.....	2,155,674	+ 2,485	+ 48,187	
Time deposits .....	474,257	+ 423	+ 2,448	
Borrowings .....	9,500	+ 3,000	+ 1,330	
Other liabilities .....	15,714	- 453	+ 1,355	
Total capital accounts.....	172,451	+ 363	+ 8,658	
Total liabilities and capital accounts..\$	2,827,596	\$+ 4,246	\$+ 59,318	
Demand deposits, adjusted**.....	\$1,299,706	\$-17,194	\$+ 13,334	

\*Comparative data not available due to change in method of reporting.

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

Beginning June 30, 1948, member bank call report forms were changed as a result of the recent Treasury tax ruling on reserves for bad debts. Weekly reporting banks were requested to report individual loan items gross, i.e., before deduction of reserves, instead of net as previously reported.

To adjust June 23, 1948 figures to a gross basis, the following amounts, reported by the 34 weekly reporting member banks, should be added to the net loan items:

Commercial, industrial, and agricultural loans and open market paper.....	\$2,908,000	44.09%
Loans to brokers and dealers in securities.....	5,000	0.08
Other loans to purchase and carry securities.....	66,000	1.00
Real estate loans.....	782,000	11.86
Loans to banks.....	13,000	0.20
Other loans .....	2,821,000	42.77
	\$6,595,000	100.00%

The amounts set up as reserves for losses against specific loan items vary from time to time. Application of these June 23, 1948 adjustment figures to previous data will give only approximate correction.

It should not be inferred that the \$6,595,000 is the total carried as reserve against loss in the entire loan accounts by the 34 reporting banks; some carried a contingency-type reserve, included in "other liability" or "capital accounts" figures in the balance sheet and reported their loan detail as gross.

Any users of these data desiring further information should contact the Research Department of the Federal Reserve Bank of St. Louis.

### NEW MEMBER BANK

On July 21, 1948, the Comptroller of the Currency issued a certificate authorizing the Peoples National Bank of Jonesboro, Jonesboro, Arkansas, to commence business. It therefore becomes a member of the Federal Reserve System on that date.

The bank has a capital of \$150,000 and surplus of \$50,000. Its officers are Eugene Sloan, President, and A. F. Falk, Cashier.

This brings the total membership of the Federal Reserve Bank of St. Louis to 495.

year and upswing starting in June or July is not typical of all parts of the Eighth District. Little Rock and Evansville bank data show a marked stability during this period each year. In Memphis, however, there is a sharp seasonal movement in loan volume, a characteristic that is less pronounced in Louisville and still less apparent in St. Louis.

The bulk of the funds required for the increase in total loans in the four weeks to mid-July was derived from a reduction in bank investments, which in the aggregate were down \$11 million from the middle of June. The net decline in total investments was due to an \$8 million decrease in bills and a \$20 million reduction in certificates of indebtedness, which were only partly offset by increases of \$15 million in notes and bonds and \$2 million in other securities held. Both the shrinkage in the certificates and the increase in bonds and notes were uninterrupted for the four-week period.

Time deposits declined \$423,000 for the month and show a gain for the year to date of less than \$1 million. For the corresponding period in 1947, time deposits gained \$18 million.

### AGRICULTURE

Crop production in the Eighth Federal Reserve District and in the United States as a whole has prospects of being the largest on record, according to July 1 estimates. The nation's 1948 prospective corn crop of 3,328 million bushels will reach a new peak if weather conditions continue favorable for the remainder of the growing season, and production of other feed grains will be above the 1937-46 average. As a result, the amount of feed available per animal unit will be the largest on record. All crop production is expected to total 28 per cent larger than the 1923-32 pre-drouth average. The 1946 crop was 26 per cent greater and the 1942 crop 23 per cent larger than the pre-drouth average.

The present outlook for crop production in the Eighth District compares favorably with that for the rest of the country. The district corn crop is

expected to be two-fifths larger than in 1947, approximately the same increase that is expected for the entire country. Eighth District wheat production, however, will exceed last year's crop by nearly one-third, whereas the total United States wheat crop is expected to be 11 per cent less than the 1947 record crop. Similarly, the district oats crop is forecast as 27 per cent larger than in 1947 as compared with a 17 per cent increase for the nation. Tobacco and hay production is expected to be less than in 1947. However, the prospective 6 per cent decrease in district tobacco production is a smaller reduction than the 17 per cent decline expected for all tobacco.

### PROSPECTIVE CROP PRODUCTION, JULY 1 EIGHTH DISTRICT AND UNITED STATES

	Eighth District		United States	
	Estimate July 1, 1948	Percent change from 1947	Estimate July 1, 1948	Percent change from 1947
Corn (bu.) .....	423,287	+40%	3,328,862	+39%
All wheat (bu.)....	68,027	+32	1,241,751	-11
Winter wheat (bu.)	68,012	+32	951,958	-11
Oats (bu.) .....	69,721	+27	1,425,785	+17
Tobacco (lbs.) .....	298,462	- 6	1,757,373	-17
Hay (tons) .....	8,001	-13	82,655	- 9
Potatoes (bu.) .....	7,961	- 3	391,833	+ 2

Cotton acreage in cultivation is 10 per cent larger than in 1947, but estimates on production have not been released. Large acreages and yields of all crops in the United States are offset to some extent by a 10 per cent reduction in soybean acreage.

Prices received by farmers increased 2 per cent between May 15 and June 15. The index of prices received stood at 295 (1910-14 = 100), 4 per cent lower than the record reached on January 15, 1948. The index of prices paid increased one point to 251, the same as the previous high in January. Parity ratio thus widened to 118 compared with 116 for May 15. The price of wheat is close to the loan level, which is \$2.00 at the farm.

### AGRICULTURE

#### RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts			Shipments		
	June 1948	June '48 comp. with May '48	June '47	June 1948	June '48 comp. with May '48	June '47
Cattle and calves.....	137,844	+17%	-18%	43,243	-12%	-46%
Hogs .....	240,107	- 0 -	- 0 -	62,357	- 17 -	-17
Sheep .....	96,153	+40	-27	45,227	+ 32	+44
Horses .....	1,061	-29	+15	1,061	- 29	+15
Totals .....	475,165	+11%	-12%	151,888	- 5%	-36%

#### CASH FARM INCOME

(In thousands of dollars)	May, 1948	May '48 comp. with		1948	5 month total Jan. to May	
		April, 1948	May, 1947		1948 comp. with 1947	1946
Arkansas .....	\$ 17,779	+ 1%	-23%	\$ 123,910	-12%	-11%
Illinois .....	130,878	- 0 -	- 8	671,359	- 5	- 2
Indiana .....	80,965	+ 4	+ 4	374,315	+ 5	+ 5
Kentucky .....	29,396	+31	+12	186,727	-21	-18
Mississippi .....	19,811	+10	-14	130,787	+ 2	+42
Missouri .....	73,351	+12	+ 6	348,576	- 1	- 2
Tennessee .....	31,054	+35	+ 9	163,945	- 4	- 1
Totals .....	\$383,234	+ 8%	- 0 -	\$1,999,619	- 4%	- 1%

# National Summary of Business Conditions

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

**T**OTAL OUTPUT at factories and mines showed little change in June and the early part of July after allowance for seasonal influences. Department store sales were at record levels for this season. Prices of meats and steel increased sharply in July, while cotton and grains declined.

**Industrial production**—Industrial production in June continued close to the May level, and the Board's seasonally adjusted index was 192 per cent of the 1935-39 average as compared with 191 in May and 188 in April, when output was reduced by a strike at bituminous coal mines.

Output of durable goods increased further in June, reflecting mainly larger production of automobiles following settlement of an industrial dispute at the plants of a leading producer. Activity in the automobile industry reached earlier postwar peak rates in the first half of July.

Steel production in June continued at the May rate. Output of open hearth steel was slightly smaller, while electric steel production increased further by 5 per cent to a new record level, exceeding the wartime peak. Output of nonferrous metals was reduced somewhat owing largely to a curtailment of aluminum production during the Columbia River floods.

Production of nondurable goods in June continued at a seasonally adjusted level of 178 per cent of the 1935-39 average. This level has prevailed, with slight variations, since the beginning of the year. Cotton consumption and paperboard production declined somewhat in June. Meat production, however, increased substantially following the end of a labor dispute which had curtailed packing operations since the middle of March. Activity in most other nondurable goods industries was maintained at the May rate or advanced slightly.

Minerals output declined 2 per cent from the exceptionally high May rate, as bituminous coal output was reduced owing to the beginning of the miners' 10-day holiday on June 28. Crude petroleum production continued to advance.

**Construction**—About 93,500 dwelling units were started in June, according to preliminary estimates of the Bureau of Labor Statistics. This number was somewhat smaller than the postwar high of 97,000 in May, but still considerably larger than the 77,000 units started in June, 1947. Dollar volume of all new construction put in place, according to joint

estimates of the Departments of Commerce and Labor, continued to increase in June and reached a record amount of 1,600 million dollars.

**Distribution**—Value of department store sales showed about the usual seasonal decline in June and the first half of July. The Board's adjusted index remained around a record level of 310 per cent of the 1935-39 average, about 7 per cent higher than in the corresponding period a year ago.

Rail shipments of grain and forest products were in substantially larger volume in June, while loadings of most other classes of freight declined somewhat from the May rate after allowance for seasonal changes. Total loadings in the first half of July were above the same period a year ago, reflecting mainly a larger volume of coal shipments.

**Agriculture**—Production of crops this year, as indicated by July 1 conditions, will be substantially larger than in 1947 and in record volume. The most important increase is forecast for corn, output of which is expected to be about 40 per cent larger than last year's drought-damaged crop. Estimated wheat production, although smaller than last year's crop of 1.4 billion bushels, would still be the second largest crop on record. Cotton acreage is officially estimated to be up 10 per cent from last year. Marketings of livestock have expanded following the end of the packing strike but the volume has remained 5 to 10 per cent below year-ago levels.

**Commodity prices**—The general wholesale price level rose further in July, reflecting sharp increases in prices of meats and steel products. Meat and livestock prices in mid-July were about 25 per cent higher than a year ago. Prices of most other farm products and foods continued to show little change or declined in July. Cotton and grain prices were somewhat below year-ago levels.

Prices of most iron and steel products were raised by 10 per cent or more in July. Coal prices were also advanced, while prices of petroleum products eased and prices of cotton goods declined somewhat further.

**Bank Credit**—Commercial and industrial loans increased moderately in banks in leading cities during June and the first half of July. Consumer and real estate loans continued to expand. Banks reduced further their holdings of Government securities.

