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## The Recreation-Travel Industry in the Eighth District

Nearly everybody likes to travel. The pure enjoyment of motion, the adventurous fun of discovering new places away from a routine habitat have always excited human beings. Except for this spirit, few important geographical discoveries (including that of America) could ever have been made. Today not much of the globe remains to be revealed. But the spirit of travel and adventure somehow goes on. The average man—doctor, salesman, banker—still needs an outlet for this urge. So he takes a vacation.

Increased leisure time helps make this possible. Advances in science, which give Americans automobiles and paved highways, enable them to travel hundreds or even thousands of miles from home. The traveler, given a wide choice, naturally seeks out those areas which can offer him the most not only in facilities for recreation but also in unfamiliar sights. Drawn by just these attractions, a large number of people have been coming to parts of the Eighth Federal Reserve District. They have discovered in its lakes, rivers, springs, and forests what they want when their week or month of relaxation comes around. In response to this interest hundreds of different sorts of businesses have sprung up. We have a large, expanding "tourist industry."

### CHARACTERISTICS OF THE INDUSTRY

It is almost a misnomer, in a sense, to refer to the business of providing goods and services for travelers and recreationists as an "industry." Particularly is this true if the term "industry" brings to mind the picture of a business organization highly concentrated and well organized. Neither term would describe the tourist industry—or the travel and recreation industry, as the specialists prefer to call it—in this district.

The geographical locations of tourist or recreation areas in the district tend to conform pretty much to the location of mountains, rivers, lakes, springs, and forests, and hence are widely distributed. The map on page 71 does not show the location of all the tourist attractions in the district. Neither does it show individual, privately-operated establishments since these, too, are found almost everywhere. It does suggest the general location of recreation areas.

By no stretch of the imagination can the industry in this region be regarded as highly concentrated, either in terms of activities that constitute it or in terms of its geographical location. It is part private enterprise and part public. From the point of view of private enterprise the tourist industry essentially is a hodge-podge of many different kinds of businesses. Some of these, such as resorts, hotels, tourist courts, transportation companies, and restaurants, obviously are part of the industry. They cater to the basic requirements of tourists.

But the industry in this district has many more facets. It includes postcards and pottery, filling stations and fly fishing, baskets and boats. It includes the operator who will guide you through a cave for seventy-five cents and the one who takes you "where they're biting" for five dollars a day.

It's the private enterpriser who picks up rocks from the Ozark hillsides and stream beds during the off-season and sells them to tourists at prices ranging from twenty-five cents to as many dollars. It includes the owner of a roadside stand where cedar novelties are sold and the promoter of float fishing trips down the winding rivers.

The tourist industry, however, isn't limited to private enterprise. Government—Federal, state and local—also enters in. None of these public bodies is organized for the express purpose of participating in the tourist business as such. Nevertheless many of their policies directly affect the private enterprise portion of the tourist industry. The relationship is obvious in the case of national and state parks, forests, recreation areas, and historical sites that are publicly owned and administered. In this district there are two national parks: Hot Springs, Arkansas, the first to be established in the United States, and Mammoth Cave, Kentucky. There are 64 state parks that cover some 140,000 acres. Additional thousands of acres of forests have been set aside for public use. Numerous recreation areas and roadside parks are scattered through the district, and historical sites are found almost everywhere. In these cases the responsible governmental unit directly tries to make certain areas available for travel and recreation.

Recreation areas can also be created as a by-product of government projects. When this happens the public agency involved discovers it has come into the tourist business by the back door. The U. S. Army Engineers, for example, build power and flood control dams. These dams create lakes and the day the impounded waters reach their normal level, the Engineers find themselves in the middle of the tourist business.

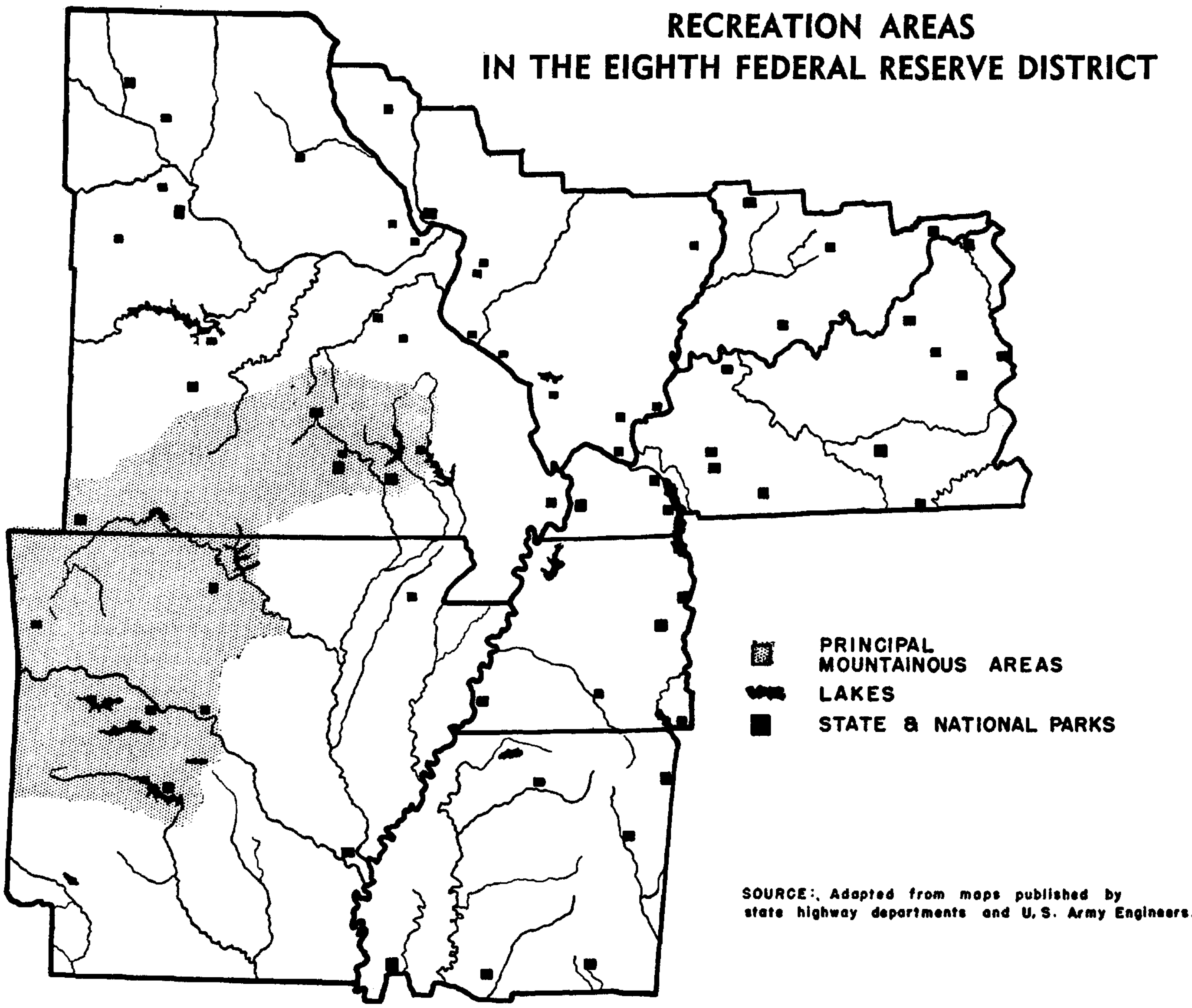
The dispersion of this business has given it a problem in acquiring a characteristic common to most other major industries—organization. Of course, individual commercial operations may be and usually are well organized. In some local areas there are tightly-knit organizations of commercial operators. Some progress has been made toward extending the areas in which groups organize for the purpose of working toward a sounder industry. As will be discussed later, however, a great deal of advancement still needs to be made.

Another characteristic of the industry in this district is one that is more easily understood if the tourist industry can be seen to comprise two major parts, travel and recreation. That characteristic is the wide variation in the types of commercial operations that have developed in the various parts of the region. In terms of travel these differences are minimal. The "tourist," as distinguished from the person who travels to a resort or recreation area and remains there for a vacation period, will find the same type, although perhaps not the same quality, of facilities in all parts of the district. His principal requirements are met by hotels, motels, tourist courts, eating establishments, filling stations, and probably some souvenir-vending operations.

But the person who is not just passing through will find obvious differences in the types of facilities emphasized in various parts of the district. Basically these differences reflect variations in topography. In the Ozark and Ouachita mountains, for example, one would expect recreational facilities to be different from the type prominent in the portion of the district east of the Mississippi River or in the Bootheel section of Missouri. Tourist resort areas have been developed more in the mountainous parts of the district, particularly in Arkansas and Missouri. In the district portions of Illinois, Kentucky, Tennessee and Mississippi, emphasis in the past has been directed largely toward developing state parks and recreation areas, toward publicizing local points of historical interest, and, from the private enterprise side of the picture, toward the non-resort type of development. There are some exceptions in these areas, such as the Sardis Lake area in Mississippi, where the world's largest dirt dam forms a lake that attracts many vacationists. In other words, the industry in these sections has aimed more at the tourist who is passing through than at the one who wants to stay a while.

Another characteristic of the tourist industry in this district is that typically it is small business. This is not true of the large city hotels, or of some individual commercial operations in the resort areas. But for every large enterprise there are scores of small establishments along the highways, lakes, rivers.

They are small-scale in terms of capital investment. There are numerous examples of souvenir shops and roadside stands in which the capital investment can be measured in terms of hundreds of dollars. Higher on the ladder are tourist courts and resort hotels. Most of the former, when located outside the metropolitan areas, represent an investment, at present-day prices, ranging from $1,500 to $5,000 per unit. Resort hotels require a larger, and in some cases a sizable amount of capital. Even then the initial capital requirements are relatively small when compared with individual operations in the many other major industries.




The typical individual enterprise in this industry also is small-scale in terms of employment requirements. One of the larger resort hotels at a Missouri lake employs only seventeen workers. In Southern Indiana, the lodges of the state parks employ only forty to fifty workers during the season's peak months. Tourist courts and fishing lodges often are operated by the owner, his wife and perhaps one or two additional employees. In other types of business in this industry, employment requirements for an individual operation are likewise small. In total, however, the industry provides employment for a substantial number of people.

The industry is seasonal in character, but the seasons are not identical in all parts of the district. There are differences, too, among the various types of operations. In the resort areas the season generally extends from May through Labor Day. One outstanding exception, of course, is Hot Springs, where year-round attractions are offered. In resort areas elsewhere in the district, the season gradually is being lengthened. Many individual operators schedule openings in mid-March and closings are extended to November; in some instances the season has been stretched to nine or ten months. However, the peak months continue to fall between June and Labor Day in the case of most resorts, fishing camps and the like. In some parts of the district, where tourist volume is influenced by such activities as duck shooting, seasonal variations differ from those in other areas. This is apparent in the Stuttgart, Arkansas, Crab Orchard Lake, Illinois, and Reelfoot Lake, Tennessee, sections where tourist business is large at a time when it is near the seasonal low point in most other parts of the district.

Tourist courts and hotels tend to enjoy a season much longer than average. This is particularly true of establishments located on principal highways leading farther south and toward the Southwest, which accommodate tourists from the North who are on their way south for mid-winter vacations.

## ECONOMIC IMPORTANCE OF THE INDUSTRY

The principal importance of tourist business in the Eighth District lies in the fact that it results in a sizable flow of income into sections of the district where it is sorely needed. Many times in the past this Review has commented on the relatively low income character of the Eighth District as a whole. In the March issue attention was drawn to the wide variations in income levels among various sections of the district. These differences were described for Arkansas and Missouri.

In general, the areas in which tourist and particularly recreational attractions are located and which are most suited to further development along these lines historically have been relatively low income areas. There are some exceptions to this generalization: the Hot Springs, Fayetteville and Fort Smith trade areas in Arkansas and the Kansas City, Missouri trade area which includes the resort town of Excelsior Springs. Further refinement of the income estimates for these trade areas, however, would reveal the extent to which they are influenced by the relatively high income levels in the non-tourist portions of the areas. Even so it is significant that Hot Springs, probably the most highly concentrated and specialized recreation center in the district is among the higher-than-average income areas.

There are obvious reasons why the areas in this district that are most suited to development as recreation centers rank relatively low in terms of income. They are mountainous areas, generally unsuited to large-scale agricultural development. In some sections local industries have grown up, but industrial development has been slow and in many cases the outlook for the future along these lines is not particularly bright. Usually they are sparsely populated and while comparing favorably with other rural areas, in general have failed to equal the average rate of population growth for the state as a whole. In brief, under present conditions their principal resources are climate, scenery, lakes, rivers, forests and the other recreation assets. With few exceptions, they are not suited to a high level of industrial or agricultural development and hence do not enjoy an income status comparable with that in other parts of the district.

This situation is recognized by many people in these areas and efforts are being made to build their economies around the tourist industry. Considerable progress has been made, and even at the present time a sizable amount of income flows into these areas as a result of the tourist business. Nevertheless, there is a great deal of potential growth yet to come.

**How Much Does the Tourist Spend?**—Unfortunately, it is almost impossible to obtain statistical measures of the value of this business, particularly in terms of the district as a whole. Most of the district states have made estimates that have varying degrees of reliability. In Arkansas, volume is estimated at $125 million by the Resources and Development Commission. Tourist expenditures in Kentucky are placed at $184 million, and in Mississippi travel and recreation expenditures are estimated at $200 million. In Missouri, the Resources and Development Commission claims $200 million were spent in 1948, while in Tennessee state-wide volume is estimated at $150 million by the Tennessee Tourist and Development Association.

Estimates such as these provide material that is useful in comparing the tourist volume in these states with that in other states. They do not indicate what this business means to specific communities, the areas where tourist business is of vital importance to the people. In Missouri, for example, the estimated $200 million of tourist expenditures represents only a fraction of total income received by individuals in this state. But in Branson, Lake Ozark and other communities whose people are directly dependent to a large extent on tourists' expenditures, their respective shares of this $200 million are of vital importance. The real significance of this business can be evaluated only by relating tourists' expenditures to total income in the smaller areas where income from other sources is negligible. At the present time, data of this type also are not available.

Estimates have been obtained from some communities, however, which at least suggest the significance of the tourist business at the local level. In Branson, Missouri, for example, reasonably reliable estimates indicate that tourists spend approximately $3.0 million to $4.0 million annually. On the basis of these estimates, tourists' expenditures in Branson alone approximately equal 8 to 10 per cent of the aggregate income received in Barry, Stone, Christian, and Taney counties as estimated in the March Review. Put another way, they are equivalent to 15 to 20 per cent of the combined value of all retail trade in the four counties.

A similar picture can be obtained in the area of

Mountain Home, Arkansas. This small town is the trading center of a four-county area in the Norfork Lake region of Arkansas but derives a substantial part of its income from fishermen, tourists and vacationists. Local citizens there estimate that in the lake area tourist expenditures amount to $2.5 million a year. Such estimates very likely overstate the actual volume. But even if reduced 20 per cent, the result still suggests how important the tourist business is to the people in that region. Even on this conservative basis, tourists' expenditures would equal about 8 per cent of the total income received in all four counties of the Mountain Home area and would equal roughly 20 per cent of the area's total retail trade volume.

In Eureka Springs, Arkansas, tourists' annual expenditures are said to approximate $5 to $6 million annually. An analysis similar to that used above suggests that expenditures in this resort center are equivalent to roughly 15 per cent of total income received in the five-county area in which Eureka Springs is located and to about 25 per cent of the value of all retail trade in that area.

**Growth of the Industry.**—The tourist industry in this district did not reach its present volume overnight although the growth trend has been sharply upward in recent years. Precisely how fast the business has expanded must be appraised again on the basis of fragmentary evidence.

The Ozark Playgrounds Association, a cooperative nonprofit organization whose primary center of interest is the 28-county area in southwest Missouri, northwest Arkansas and northeast Oklahoma, has published estimates of the trend in that area. These data indicate that tourists' expenditures there have increased from $5.5 million in 1928 to $30 million in 1938, and to more than $90 million in 1948.

At the two national parks in this district—Hot Springs, Arkansas, and Mammoth Cave, Kentucky—the number of visitors in 1948 was 60 per cent and 32 per cent larger, respectively, than the average attendance in 1940-1941, according to reports of the National Park Service. On a shorter term basis, state park attendance figures provide a rough measure of recent trends in the tourist business. In Missouri, the attendance at state parks in 1948 was about 30 per cent larger than in 1947, based on reports covering the same parks each year. Last year in Kentucky there was a 15 per cent increase in attendance at state parks, excluding in 1948 the almost 900,000 persons who were checked in at Kentucky Dam, a park which was not included in the 1947 tabulations.

The trend also can be measured in some areas in terms other than total expenditures or the number of people admitted to a park. In Branson, Missouri the increase in tourist trade has been reflected almost directly in bank deposit trends. Between 1935 and 1939, deposits increased six times. From 1939 to the off-season level of the past two years, deposits increased 5.6 times. From the off-season level to the peak month of the tourist season, deposits in 1947 and in 1948 expanded 25 per cent. It is interesting that the rate of growth from 1939 to the current off-season level is almost twice as large as the increase in deposits generally during those years.

At Camdenton, Missouri, one of the trade centers in the Lake of the Ozarks resort area, local businessmen estimate that retail volume in that town has increased about ten times since development of the resort area began. In Eldon, Missouri, another trade center for this resort area, retail volume is said to have increased four times between the completion of the dam in 1931 and 1940, and to have expanded another four times since 1940.

The growth at Norfork Lake is pointed up by U. S. Army Engineers' estimates for that area. Between 1940 and 1948 the number of vacation resorts, cottage camps, lodges, and the like with overnight accommodations increased from 13 to 81 in the area in the immediate vicinity of the lake. The number of overnight accommodations increased more than six times to an estimated total of 688 last year, with a total value of about $650,000. It is estimated that about 500 people in this area are employed in services dependent on recreationists as compared with less than 100 in 1940.

**Who Gets the Tourist Dollar?**—The economic importance of tourists' expenditures is often underestimated in terms of the total impact of these expenditures on a community's economy. That owners of hotels, tourist courts, resorts, fishing lodges, transportation companies, and eating establishments benefit from these expenditures is readily recognized. These are the obvious beneficiaries.

Estimates are not available on the portion each of them receives from the tourist in this area. Studies have been made, however, in other states as well as on a national basis. According to the National Association of Travel Officials one-fourth of each tourist dollar goes into retail trade channels for the purchase of goods other than food and beverages. These latter two items combined account for 22 per cent of the total. Transportation expenditures take an additional 19 per cent and hotels and resorts get 17 per cent. The remainder is divided among theaters and other amusements

(9 per cent), personal service (5 per cent) and incidentals (3 per cent).

The New York State Travel Council estimates slightly smaller expenditures (17 per cent of total outlays) for transportation, substantially larger allocations (54 per cent) for food, lodging and beverages, and somewhat smaller expenditures (15 per cent) for retail trade.

In Minnesota, annual studies of the tourist business in that state are made by the Department of Business Research and Development. Separate studies are made of expenditures by nonresidents and by residents. These reports show that 43 per cent of the total expenditures by the average nonresident party of tourists was for the total bill at the resort visited by the group. An additional 13 per cent was for food at the resort, unless it was included in the total bill, and 7 per cent was for food elsewhere. Thus expenditures for food and lodging accounted for 63 per cent of total outlays. Transportation accounted for 11 per cent, retail buying 9 per cent, sports or recreation 8 per cent and miscellaneous 9 per cent.

These estimates are similar to those made in Washington by the Bureau of Economic and Business Research at Washington State College. Food and lodging account for 56 per cent, entertainment 9 per cent, clothing 6 per cent, and all other expenses 29 per cent of tourists' expenditures in that state.

While these breakdowns of tourist expenditures in other areas may not accurately describe conditions in this district, they at least point the direction of the flow of benefits derived from the recreationist's dollar.

**A Source of Employment.**—The complete effect of this income does not stop at this point. An important fact, too often overlooked, is that the industry provides a source of employment for many people in portions of the district where comparable employment and wage opportunities are scarce. Employees of Hotel Rockaway at Rockaway Beach on Lake Taneycomo, for example, live in the adjacent community. This is an area of low agricultural income where a cash farm income of $200 a year is considered large. Yet this hotel, and others in the area, provide work opportunities for members of these farm families at wages, plus gratuities, which make a family cash income three or four times as large as that produced by a year's farming. What this means to these families in terms of an increased standard of living can hardly be evaluated. Whatever improvement results, however, must be attributed largely to tourists' expenditures.

The industry offers opportunities for many people to supplement the income received from other sources. Farmers living on the main highways often operate souvenir stands or serve as guides for float fishing trips. In many instances, income they receive from such activities is equal to or in excess of that received from their farm work during the remainder of the year. In some cases these small operations have an amazing record of earnings. One example is the elderly Ozark farmer and his wife who, in the short span of eight years, have built up a net worth reliably estimated at $20,000, from the operation of a souvenir stand in their front yard which happens to be located on a national highway.

## POTENTIAL FUTURE DEVELOPMENT IN THE DISTRICT

There is a firm conviction among the people who are actively engaged in the recreation-travel industry in the district that the industry is underdeveloped. That this opinion is expressed by the promoters in the field is not surprising. But operators of tourist courts, hotels, fishing camps and lodges agree. Even more important, the expressed need for further development is not restricted to any part of the district. The future may prove to be somewhat less attractive than the more exuberant forecasters paint it. But there is little doubt that in many areas substantial opportunities exist for further development.

Several basic factors justify an optimistic long-term outlook with respect to the industry in this district. One is that increasing numbers of people have time to take vacations. The shorter work week and widespread adoption of paid-vacation plans in industry have given people additional leisure time during their active years. Another is that modern means of transportation enable people to visit different places during their leisure time. Closely related is the trend toward wider adoption of retirement and pension programs which make for earlier retirement from active employment, and for more leisure time.

Studies generally indicate that the most popular means of transportation used by tourists is the family automobile. This has been true for many years. Until fairly recently, however, many of the most attractive recreation areas in this district were almost inaccessible to the motorist because of the poor condition of the roads. Tremendous strides have been made by all the district states toward making the natural scenic areas accessible, so that today there are few recreation areas that the motorist cannot reach. The road-building programs of the district states probably have contributed more than any other single factor to the present status of the tourist business in this region. But development beyond the present level calls for more roads, into the remaining scenic areas not now developed, and better roads where the present quality leaves something to be desired.

The future trend in tourists' expenditures will be contingent upon the trend in consumers' income. Vacation expenditures can be curtailed sharply in a period of depression and expanded rapidly in prosperity. The tourist industry operators in this district are not immune to these fluctuations. There is reason to believe, however, that curtailment would be relatively less drastic here than in many vacation centers elsewhere in the nation. In part this belief is based on the central location of this district with respect to a large part of the country. A considerable volume of tourist traffic almost inevitably will come into this district at some point, whether the traveler intends to spend his vacation in this area or is on his way to other sections of the country.

It also reflects the fact that this is a relatively low-cost vacation area with a considerably longer season than can be enjoyed in many tourist centers. If travel experts' predictions hold—that with a decline in consumers' income, vacationists will continue to take trips, but will choose areas near home and will look for the lower-cost vacation spots—tourist business in this district should make a relatively better showing than that in many other parts of the country. At the present time few operators in this district anticipate a decline in business this year, basing their estimates on inquiries and reservations received to date.

**Possibilities in Specific Localities.**—In the Missouri-Arkansas portion of the district, the future possibilities are enhanced considerably because of the dams and lakes proposed for construction in that area. Norfork Lake, with a power pool shoreline of 380 miles and a flood control shoreline of 510 miles, already is an important recreation center. Bull Shoals Dam is under construction and the reservoir to be formed by this dam will have a power pool shoreline of 740 miles and a flood control shoreline of 1,050 miles. Further to the west, construction of Table Rock Dam has been approved by the U. S. Army Engineers. This reservoir will have a power pool shore line of 745 miles and a flood control shoreline of 857 miles. In each of the latter two projects the resultant lakes will offer vast opportunities for entirely new recreational developments.

Certain areas, to realize the fullest possible income potential, may have to develop their tourist business along lines different from those followed in the past. In southern Illinois, for example, a distinct need for resorts is felt by those who are concerned with the development of recreation facilities in that area. A concerted effort is being made to develop more fully the advantages of the Crab Orchard Lake section of the state, where there is a 7,000-acre lake inside a 66,000-acre wildlife refuge. This type of operation, essentially designed to hold tourists in an area, has not received as much attention there as the enterprise that caters to one or two-day vacationers or to people who are passing through the area. Generally a similar situation prevails in most of the district portions of Kentucky, Tennessee, Mississippi, and, to a lesser degree, of Indiana. In this last state, however, excellent facilities for the vacationist are found in many of the state parks. Long-range opportunities for resort development also are found at the Tennessee Valley Authority's Kentucky Lake—a lake 184 miles long with a shoreline of 2,380 miles at maximum normal operating level—located in western Kentucky.

## PROBLEMS INVOLVED IN FURTHER DEVELOPMENT

Part of the district's potential future volume of tourist business can be realized with little effort. Being relatively new and undeveloped as a recreation center it has ahead of it a certain amount of natural growth. It is a relatively low-cost vacation area with a good location and a long season. These qualities alone should bring many people into the area and result in further growth.

The district will have more difficulty in attaining, among the nation's leading vacation centers, the position of importance that seems reasonable on the basis of the area's natural advantages. Answers must be found to a number of problems. Most of these are not insurmountable, but their solution will require effort by many people.

A large part of this effort will need to be directed toward developing a degree of organization even higher than that existing at the present time. Organization makes for cooperation and coordination. These qualities are necessary if the industry is to achieve its potential professional status. They are necessary also to the attainment of the industry's potential volume of future business. There is a need for even more organization, cooperation and coordination among commercial operators, among public agencies, and also between the private portion of the industry and public agencies. Substantial progress of this sort has already been made in some parts of the district, but on the long road to the final goal considerable distance is yet to be covered.

**Advertising and Promotion.**—There are definite channels into which the activities of a well-organized industry, working closely with the interested public agencies, could be directed. One of these is advertising and promotion. Effective promotion is a basic requisite in building tourist volume. Tourists can hardly be expected to spend time and money in an area they know nothing about. Some types of publicity are inexpensive, but sound promotion costs money. The individual cost is less, however, when the burden is shared than when it is carried alone. Hence, advertising should be a joint responsibility of the state and the industry.

Attracting tourists into an area is only part of the job and this can be done with advertising. But once they are here they must be induced to remain for their vacation—not encouraged to drive on to another area. Furthermore, the desire to return next year must be stimulated. To accomplish these objectives is complex and difficult. Facilities must be made available to the vacationist for a variety of recreations. Not all tourists like to fish or swim or play golf. They may like tennis or horseback-riding. Resort centers in the district need to expand the range of their facilities in order to make the tourist want to stay longer and return next year. Repeat business is important. The commercial operator who makes his place so attractive that his guests return year after year has accomplished two advantages. His direct advertising costs are reduced and in addition he gets free advertising from satisfied guests.

**Supervising the Industry.**—A well-organized industry also could work toward another objective closely related to the problem of building a permanent tourist business. This is the supervising or perhaps policing of the industry. An organization of commercial operators in a specific area, for example, might well take on the responsibility of preventing misleading advertising. It could establish and enforce standards of sanitation in its area. There is a need for this kind of activity. Local organizations, in cooperation with public bodies, would do well to work not only toward establishing standards for various types of operations but also toward making these standards known in order that tourists can evaluate the quality of the establishment. The reason is simple—one dissatisfied guest can divert many potential vacationists from any resort.

**Training Personnel.**—A third objective could be an informal training program for the personnel involved in the industry. Such a program would be directed toward the problem of making local people, engaged in some phase of the tourist business, aware of the extreme importance of courteous treatment of tourists. It also could emphasize the importance of being aware of the points of interest the tourist might want to see while in the community. It is not realistic to expect touring parties to come equipped with a detailed knowledge of an area. Unless the desk clerk, the waitress, the tourist court attendant or some other local resident can tell him what he should visit in the area, there is a strong likelihood that the party will drive on. If one objective of a community is to hold the tourist in that particular area, part of the technique is to see that participants in the industry are aware of the tourist attractions the community has. This can be accomplished in large part through organized effort. In some of the district states a start has been made. In Arkansas the State Department of Education, working with the industry, in 1947 instituted a program of highly successful tourist courtesy schools. In Missouri the Resources and Development Commission and the State Department of Education work with local area organizations in a program designed to make better "hosts" of all persons who come in contact with the public.

**Providing Facts to Aid Financing.**—A fourth objective of an industry organization is one that is not readily recognized as an essential need. Unlike most other important industries, the tourist industry has accomplished very little toward providing basic facts about its operation. Some information is available, but reliable statistical data measuring even the value of the tourist business are not compiled. The industry needs to know more about itself: where its business comes from, what tourists buy and how much they spend. Operators should have an over-all measure of trends in their area and in other areas in order to make more effective and efficient plans for their own operations. Cost figures should be compiled for various types of operations. All this information should be gathered regularly on a strictly confidential basis, and tabulated and published in a manner that would preserve the confidential nature of the information.

The need for this type of data is directly related to one of the principal problems confronting the industry in this district. There is a need for additional tourist facilities—hotels, tourist courts, resorts, and the like. But in many areas capital is not readily available for the construction of such projects. Part of the capital requirements, particularly for the financing of expansion, is being supplied by local banks. In some cases insurance companies are the source of funds. But financing is a problem in most parts of the district where sizable amounts would be required for the development of needed facilities.

The lack of reliable information on the operations, trends and potentials of the tourist business is undoubtedly a major reason new capital requirements are difficult to obtain. Lending agencies are not willing to direct funds into an industry about which so little is known—especially when much of the opinion held with respect to the industry is based on a misconception of its importance and possibilities. Lending agencies generally are familiar with most other industries and individual operations because they have financed them for years. The tourist business has grown large in a hurry, and banks and other sources of funds have not been able to establish a reliable set of criteria by which loan applications in this field can be evaluated. Part of this problem could be solved if the industry could make available the facts that lending agencies need. In other words, an organized effort to improve the quantity and quality of the statistical information could well be of vital importance to the future development of the industry.

**Coordinating Public and Private Efforts.**—A better organized tourist industry, finally, would greatly facilitate the coordination of private and public objectives in the recreation field. A large number of public agencies are now involved, directly or indirectly, in the recreation field. There also are numerous private operators in the industry. It is difficult for any one of the public agencies to consult with all the tourist operators in their area under present conditions. Yet such consultation is mutually advantageous. With the industry better organized, it might well serve in an advisory capacity to development agencies, conservation commissions, park boards, the Army Engineers, highway departments, and other public bodies interested in the recreation-travel industry.

The public has a direct interest in the industry over and above that related to the operation of public recreation areas. This business provides a source of revenue for Federal, state and local governmental units. In Missouri, for example, it is estimated that sales tax revenue on lodging, meals and miscellaneous was equal to almost $7.00 for every dollar the state spent for recreational advertising.

But these are short-term returns. Of more fundamental importance is that considerable evidence points toward the fact that satisfied tourists often return to the district as permanent residents. In the Ozark Playgrounds area, for example, requests for information from would-be residents outside this area reached such proportions that a permanent organization of real estate firms has been organized to handle the requests. The importance of this tendency for persons outside this area to come in as residents is suggested by the fact that in Taney County, Missouri there is an Iowa Association with 245 members. An Oklahoma Association, with headquarters at Bentonville, Arkansas, has 450 members. Even more surprising is that a Texas Association, with headquarters in Bentonville, held a meeting near Rogers, Arkansas, and a total of 650 members were present! At Bull Shoals, a new town being created adjacent to the site of the lake which will be formed by Bull Shoals Dam, property has been sold to people representing twenty-one different states. In each case, many of these individuals based their decision to become residents of the district on the favorable impression they received as tourists. These examples illustrate the long-term advantages of the industry to the region. They point up the desirability of organization and coordination between the industry and public agencies.

On the surface, some of the problems facing the industry appear extremely difficult. At the present stage of the industry's development, they are. Yet the future trend of the tourist business in the district is likely to be determined to a large extent by the effectiveness with which these problems are handled. This district appears to have a large potential in this field, but the realization of it will be determined principally by the industry itself.

**Weldon A. Stein**

# Survey of Current Conditions

Business sentiment generally is not perceptibly different now than it was a month ago. The cautious attitude that prevailed throughout the first quarter of the year continues to characterize the general tone of business. Policy with respect to inventories, production schedules and the whole cost-price relationship seems designed more and more to meet the requirements of a buyers' market. These policies, however, do not appear to be the steps that ordinarily would be taken if a severe general depression were anticipated.

Preliminary reports indicate a further decline in the Federal Reserve Board's adjusted index of total industrial production in March. Two of the five-point decline in the index, which in March was 184 per cent of 1935-1939, reflected sharp curtailment in the production of coal and a further decline in crude oil. Industrial production in the first three months thus averaged between 3 and 4 per cent less than in the final quarter last year or in the first three months of 1948.

Total employment increased during March, principally because of a large increase in agricultural employment. This increase, together with a smaller expansion in non-farm employment, was sufficient to offset the influx of some 425,000 additional workers to the labor force. As a result, unemployment declined for the first time since late in the third quarter of last year.

### PRICES

**WHOLESALE PRICES IN THE UNITED STATES**

| Bureau of Labor Statistics (1926=100) | Mar.,'49 | Feb.,'49 | Mar.,'48 | Mar.,'49, Comp. with Feb.,'49 | Mar.,'49, Comp. with Mar.,'48 |
|---|---|---|---|---|---|
| All Commodities.... | 158.4 | 158.1 | 161.4 | + 0.2% | — 1.9% |
| Farm Products.. | 171.3 | 168.3 | 186.0 | + 1.8 | — 7.9 |
| Foods .................. | 162.9 | 161.5 | 173.8 | + 0.9 | — 6.3 |
| Other .................. | 150.8 | 151.8 | 147.7 | — 0.7 | + 2.1 |

**CONSUMER PRICE INDEX**

| Bureau of Labor Statistics (1935-39=100) | Mar. 15, 1949 | Dec. 15, 1948 | Mar. 15, 1948 | Mar. 15, '49 Comp. with Dec. 15, '48 | Mar. 15, '49 Comp. with Mar. 15, '48 |
|---|---|---|---|---|---|
| United States........ | 169.5 | 171.4 | 166.9 | — 1.1% | + 1.6% |
| St. Louis .......... | 169.0 | 171.1 | 167.8 | — 1.2 | + 0.7 |
| Memphis.. ........ | 173.3 | 174.3 | 172.4 | — 0.6 | + 0.5 |

**RETAIL FOOD**

| Bureau of Labor Statistics (1935-39=100) | Mar. 15, 1949 | Feb. 15, 1949 | Mar. 15, 1948 | Mar. 15, '49 Comp. with Feb. 15, '49 | Mar. 15, '49 Comp. with Mar. 15, '48 |
|---|---|---|---|---|---|
| U. S. (51 cities).. | 201.6 | 199.7 | 202.3 | + 1.0% | — 0.3% |
| St. Louis .......... | 207.6 | 207.1 | 210.9 | + 0.2 | — 1.6 |
| Little Rock ...... | 198.0 | 197.2 | 203.8 | + 0.4 | — 2.8 |
| Louisville ........ | 187.7 | 189.2 | 193.9 | — 0.8 | — 3.2 |
| Memphis .......... | 211.9 | 212.2 | 219.9 | — 0.1 | — 3.6 |

The decline in income during the first two months this year, relative to the final quarter of 1948, has been considerably smaller percentagewise than that indicated by employment. In February, total income was at an adjusted annual rate of $217 billion. In the previous month it was estimated at $219.8 billion. About two-thirds of the February decline reflected a decrease in farm income which in turn reflected lower prices as well as a smaller than normal volume of marketings during the month.

The general price structure has remained relatively unchanged during recent weeks. The slight firming in agricultural and food prices has tended to offset some downward drift in average wholesale prices of other commodities. Of perhaps important significance, in terms of consumers' prices for some products, is the decline in average prices for industrial raw materials. Sharp breaks have occurred in the scrap metals markets and there have also been some substantial reductions in prices of new nonferrous metals. Price declines in these fields may, in many of the major industries, foreshadow cost reductions; these in turn might reduce the price of finished goods for consumers. Should price reductions occur at the consumers' level they might well provide a stimulus to retail trade.

Expenditures for new construction in March and in the first quarter were larger than last year. The increase in each case was due to larger outlays for publicly financed construction. Privately financed work in March totaled less than a year ago after equalling last year's volume in February and exceeding it in January. Private residential construction declined in March for the seventh consecutive month and was valued at 16 per cent less than a year ago. The trend in the construction industry is being watched with a great deal of interest. Throughout the postwar period these outlays have been of great significance to the economy. So far public outlays have compensated for the declines in private expenditures.

### EMPLOYMENT

March saw the first decline in the number of unemployed persons in the United States since last fall, although the decline between February and March was relatively small. By comparison with a year ago, however, March unemployment was almost a third higher: all the increase occurred among men; the number of unemployed women was about the same as last year. The national unemployment rate (the proportion of the labor force seeking work) was 5.2 per cent in March, 1949, as compared with 4.1 per cent in March, 1948, 1.1 per cent in March, 1945, and 15.3 per cent in March, 1940.

Total employment in the nation increased between February and March principally because of an increase in agricultural employment. Nonagricultural employment, as reported by the Bureau of the Census, showed a very slight increase, but this did not arrest the sharp downward movement evident since the first of the year. Relative to last year total employment in March was higher, although nonagricultural employment was somewhat lower.

Proportionately more employed persons were actually at work this March than a year earlier. The number who were away from their jobs because of bad weather or illness was considerably lower than last year. On the other hand, there were comparatively fewer persons working full time in March, 1949 than in March, 1948. Just 82 per cent of the total persons employed were working full time (35 hours a week or more) this March as compared with 86 per cent a year ago. The average work week was 41.9 hours in March, 1949 as compared with 42.5 hours in March, 1948.

Nonagricultural employment in the St. Louis area increased approximately 2,000 between February and March after declining during the previous two months. The March employment of 714,000 was slightly higher than a year ago, although it was lower than in any month since May, 1948 (with the exception of February, 1949). Manufacturing employment in March was approximately the same as in February and as in March, 1948.

More persons were employed in the service, government, and finance-insurance-real estate lines in March than a year earlier. Fewer persons were employed in the mining, public utilities and trade lines. Approximately the same number of persons were employed in the construction and manufacturing industries in the St. Louis area.

Employment in the Louisville area declined by over 5,000 between January and March, 1949, according to the Kentucky Department of Economic Security. In the transportation, trade and manufacturing industries employment declined during this period, while it increased in construction and government. Total employment in March was considerably lower than a year ago, although the number of employed women was slightly higher. The total number of unemployed in March, 1949 was reported to be 28 per cent higher than in March, 1948 and 11 per cent higher than in January.

Employment in the Little Rock area increased slightly between January and February, in contrast to the decline which occurred both in the nation and elsewhere in the district during this period. The increase was due entirely to a gain in manufacturing industries, as nonmanufacturing employment declined. For the first time since last August, employment in February was higher than for the corresponding month a year earlier.

## INDUSTRY

Total output in the Eighth District in March was somewhat larger than in February; but after allowance for the longer work month the rate of industrial activity averaged slightly lower than a month earlier. Seasonal influences brought increases in construction activity and in basic lumber operations. But production of coal and oil, and basic steel operations were considerably lower than in the previous month, and on a daily average basis manufacturing output declined in nearly all lines. Compared with a year ago, industrial activity was relatively unchanged.

Electric power consumption in the district's major industrial centers increased 8 per cent over February, but average daily consumption declined about 11 per cent. Except in Pine Bluff, average consumption decreased in all reporting cities, the range being from 22 per cent in Little Rock to 6 per cent in Memphis. Compared with a year ago, consumption was up slightly, although divergent trends were apparent as between cities. Industries in Evansville used somewhat less power, and consumption was about the same in Louisville and Pine Bluff. Increases were registered in the other reporting cities.

## INDUSTRY

### CONSUMPTION OF ELECTRICITY

| (K.W.H. in thous.) | No. of Customers* | Mar., 1949 K.W.H. | Feb., 1949 K.W.H. | Mar., 1948 K.W.H. | Mar., 1949 Compared with Feb.,'49 | Mar.,'48 |
|---|---|---|---|---|---|---|
| Evansville | 40 | 8,431 | 8,128 | 9,490 R | + 3.7% | —11.2% |
| Little Rock | 35 | 4,479 | 4,768 | 4,044 | — 6.1 | +10.8 |
| Louisville | 80 | 70,408 | 69,432 | 70,793 R | + 1.4 | — 0.5 |
| Memphis | 31 | 6,527 | 5,729 | 5,407 | +13.9 | +20.7 |
| Pine Bluff | 26 | 6,111 | 4,669 | 6,071 | +30.9 | + 0.7 |
| St. Louis | 139 | 85,261 | 75,683 | 79,428 R | +12.7 | + 7.3 |
| Totals | 351 | 181,217 | 168,409 | 175,233 R | + 7.6% | + 3.4% |

*Selected industrial customers.
R—Revised.

### LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

First Nine Days

| Mar., '49 | Feb., '49 | Mar., '48 | Apr., '49 | Apr., '48 | 3 mos. '49 | 3 mos. '48 |
|---|---|---|---|---|---|---|
| 108,966 | 102,274 | 125,361 | 30,956 | 34,892 | 319,295 | 362,820 |

Source: Terminal Railroad Association of St. Louis.

### CRUDE OIL PRODUCTION—DAILY AVERAGE

| (In thousands of bbls.) | Mar., 1949 | Feb., 1949 | Mar., 1948 | March, 1949 compared with Feb., 1949 | Mar., 1948 |
|---|---|---|---|---|---|
| Arkansas | 81.6 | 82.8 | 86.8 | — 1% | — 6% |
| Illinois | 173.9 | 176.8 | 170.0 | — 2 | + 2 |
| Indiana | 22.9 | 22.8 | 17.7 | - 0 - | +29 |
| Kentucky | 22.9 | 23.6 | 25.1 | — 3 | — 9 |
| Total | 301.3 | 306.0 | 299.6 | — 2% | + 1% |

**Manufacturing.**—Although the rate of operations in March was slightly lower than in February, aggregate output was larger because of the longer work month. Compared with February, a decrease in the average rate of operation was indicated in the manufacture of automobiles, electrical products, food, iron and steel, machinery, metals and metal products, rubber, stone, clay and glass products, textiles and transportation equipment. Only the basic lumber and chemical lines showed increases. Brewing activity held about even.

**Steel.**—Operations of the basic steel industry in the St. Louis area in March declined slightly from February but were considerably higher than a year ago. Scheduled at 73 per cent of capacity, March operations decreased from the 80 per cent rate of February because several furnaces were shut down for maintenance purposes. Operations in the first quarter of 1949, however, have averaged 75 per cent of capacity, 9 per cent higher than in the first quarter of 1948.

Several major steel producers outside the district have recently announced price cuts similar to those put into effect by Granite City Steel Company last month. These reductions, largely in the galvanized steel lines, reflected lower zinc prices.

**Lumber.**—Production of basic lumber in the district averaged somewhat higher in March but continued below year-ago levels. Weather conditions were much improved over February. Operations of reporting southern pine producers were 8 per cent higher in March than in the postwar low month of February. Compared with a year ago operations were down nearly 12 per cent, however. Weekly production of southern hardwood mills averaged 72 per cent of capacity, as against 69 per cent in February and 78 per cent a year ago.

The slackening of demand and the lower prices during the past four months have caused many small marginal operators to shut down. A number of operators apparently expect spring and summer construction will cause prices to firm or perhaps go up a bit, but trade reports indicate that buying is still on a consumption, and not an inventory, basis.

## CONSTRUCTION

**BUILDING PERMITS**
Month of March

| (Cost in thousands) | New Construction Number 1949 | Number 1948 | Cost 1949 | Cost 1948 | Repairs, etc. Number 1949 | Number 1948 | Cost 1949 | Cost 1948 |
|---|---|---|---|---|---|---|---|---|
| Evansville | 40 | 80 | $ 522 | $ 867 | 100 | 94 | $ 73 | $ 80 |
| Little Rock | 73 | 100 | 615 | 581 | 186 | 182 | 76 | 104 |
| Louisville | 52 | 204 | 264 | 1,072 | 72 | 107 | 424 | 109 |
| Memphis | 1,083 | 1,177 | 3,001 | 4,998 | 217 | 186 | 105 | 147 |
| St. Louis | 227 | 232 | 1,863 | 2,049 | 266 | 267 | 598 | 379 |
| Mar. Totals | 1,475 | 1,793 | $6,265 | $9,567 | 841 | 836 | $1,276 | $ 819 |
| Feb. Totals | 893 | 951 | $4,473 | $4,372 | 563 | 440 | $1,290 | $ 526 |

**Whiskey.**—The number of distilleries operating in Kentucky at the end of March remained unchanged from February. Thirty-nine of the state's 63 distilleries were operating at the end of the month, compared with 53 a year ago. Distillers continue to produce at a steady rate which reflects lower grain prices and the anticipation of future demands when the whiskey becomes of age. Whiskey produced in 1945 becomes of age this year, increasing the supply rather substantially.

Whiskey production in Kentucky for February totaled 7.7 million gallons compared with the 8.3 million gallon output for the previous month and 7.2 million gallons for February, 1948.

**Meat Packing.**—Meat packing operations in the St. Louis area in March were about 17 per cent above the February level but continued below the level of the same month last year. Nationally, federally inspected slaughter in March increased 6 per cent over February and 11 per cent over a year ago.

Federally inspected slaughter at St. Louis totaled 417,000 animals, compared with 357,000 in February and 486,000 in March, 1948. The gains over February can be traced to the longer work month in March. Daily average production in March was slightly lower than in February. Total slaughter increased over February in all lines except sheep killings, which declined nearly 26 per cent. Sheep flocks are at the lowest level on record, and the short supply has resulted in rising lamb prices. On a year-to-year basis the decline in killings of all animals ranged from 7 per cent in cattle and hogs to 47 per cent in sheep.

**Shoes.**—According to preliminary estimates 7.6 million pairs of shoes were manufactured in the district during February. This was 7 per cent less than in January and 10 per cent below the output in February a year ago. On a daily average basis the February rate of operations was slightly higher than in January and output was higher than any previous February with the exception of the past two years. Nationally output totaled 8 per cent less than a year ago and on a daily average basis was somewhat higher than in the previous month. The recent price reduction by International Shoe Company on men's shoes was based on the current market for leather and other raw materials.

**Oil and Coal.**—Daily output of crude oil for the district in March averaged 301,000 barrels, which was 2 per cent below the February level. The decline reflected a decreased output in Arkansas, Illinois and Kentucky. Indiana production remained constant. Compared with a year ago output was up 1 per cent. Declines of 6 per cent and 9 per cent in Arkansas and Kentucky, respectively, were offset by increases of 2 per cent in Illinois and 29 per cent in Indiana.

Production in the first three months of 1949 averaged 306,000 barrels per day compared with 303,000 barrels in the same period of last year. First quarter, 1949, output was higher than the comparable period of last year in Indiana and Illinois but lower in Arkansas and Kentucky.

The district's production of bituminous coal in March fell below the February level because of the two-week mine workers' holiday. March output totaled 7.3 million tons compared with 9.6 million tons in February and 7.4 million tons in March 1948, when production was curtailed because of a strike. Total United States production was off 31 per cent from the previous month and 9 per cent from a year ago.

In the district, decreases from February ranged from 1 per cent in western Kentucky to 40 per cent in Indiana. Compared with March a year ago decreases in Illinois and western Kentucky, the district's largest producing areas, offset gains in the other areas.

**Construction.**—Contracts awarded for construction in the district in March totaled $44.6 million. This was nearly 50 per cent higher than the February total but 6 per cent lower than the March, 1948 level. Increases over February were fairly evenly divided among residential and nonresidential building. On a year-to-year basis, however, residential construction increased nearly 16 per cent while nonresidential contracts decreased by the same rate. Dollar value of contracts for the first three months of the year fell below that of the same period last year and that of the fourth quarter, 1948 in both residential and nonresidential construction.

Permits authorized for new building and repairs in the major district cities totaled $7.5 million, a 31 per cent gain over the February total but a 28 per cent decline from a year ago. For the first three months of 1949 the value of permits was 21 per cent lower than for the same period of last year.

Permits issued for new construction totaled $6.3 million of which $4 million was for residential building. On a month-to-month basis residential permits gained more than nonresidential, and compared with a year ago the decrease in the latter line was somewhat less. The total of residential permits was higher than in February in all the major district cities except Louisville.

## TRADE

Dollar volume of retail sales during March was in general seasonally higher than during February but lower than in March, 1948. Non-durable goods retailers attributed much of the drop to the later Easter date in 1949. Other causes of the decline were the unseasonably cold weather during March and some tendency of consumers to wait for additional price reductions. This tendency was reportedly abetted by the introduction of new models with accompanying price cuts on older models.

As measured by sales at reporting furniture stores, appliance stores and in comparable housefurnishings divisions of department stores, the sales volume of durable goods (including automobiles) dropped sharply under last year both in units and in dollar volume. The one exception to the decline in sales of the "big ticket" items has been the continued growth in sales of television sets.

Eighth District department store sales in March gained seasonally from February but were 10 per cent less than in March, 1948. To the previously noted factors contributing to the general sales decline from last year department store executives add a return to more "normal" shopping habits.

Seasonally adjusted daily average sales in March were 309 per cent of the 1935-39 average as compared to 310 per cent in February and 318 per cent in March 1948. Preliminary reports through the week ending April 16 indicate that sales volume in the year to date was 2 per cent under the same period in 1948. Some department store observers who earlier had anticipated a 3 per cent to 5 per cent gain in the first four months of 1949 over the like period last year now expect sales volume to be slightly under that in the 1948 period.

By comparison with the national average, Eighth District department store sales in the period through April 16 turned out slightly better than in the country as a whole. Eighth District year-to-date volume, 2 per cent under that in 1948, was bettered in only the Boston, Richmond, and Cleveland districts.

### WHOLESALING

| Line of Commodities | Net Sales | | Stocks |
|---|---|---|---|
| Data furnished by Bureau of Census, U. S. Dept. of Commerce* | March, 1949 compared with | | Mar. 31, 1949 compared with |
| | Feb., 1949 | Mar., 1948 | Mar. 31, 1948 |
| Dry Goods | +13% | —10% | .... |
| Groceries | +19 | — 7 | — 9% |
| Hardware | +34 | + 1 | + 7 |
| Tobacco and its Products | + 9 | + 1 | — 5 |
| Miscellaneous | + 6 | — 8 | + 3 |
| **Total All Lines | +16% | — 6% | + 1% |

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

## TRADE

### DEPARTMENT STORES

| | Net Sales | | | Stocks on Hand | Stock Turnover | |
|---|---|---|---|---|---|---|
| | Mar.,'49 compared with | | 3 mos. 1949 to same | Mar. 31,'49 comp. with | Jan. 1 to Mar. 31, | |
| | Feb.,'49 | Mar.,'48 | period '48 | Mar. 31,'48 | 1949 | 1948 |
| Ft. Smith, Ark. | +20% | — 8% | — 2% | —10% | .90 | .94 |
| Little Rock, Ark. | — 1 | —14 | - 0 - | — 2 | .92 | .97 |
| Quincy, Ill. | +32 | —15 | —12 | — 7 | .69 | .86 |
| Evansville, Ind. | +44 | —21 | —15 | —15 | .74 | .86 |
| Louisville, Ky. | +38 | — 7 | — 4 | — 2 | .95 | 1.01 |
| St. Louis Area [1] | +25 | — 9 | — 7 | — 5 | .89 | .91 |
| St. Louis, Mo. | +24 | —10 | — 7 | — 4 | .90 | .91 |
| E. St. Louis, Ill. | +42 | — 7 | —10 | ........ | .... | .... |
| Springfield, Mo. | +40 | —19 | —20 | —11 | .65 | .75 |
| Memphis, Tenn. | +19 | — 8 | + 1 | — 6 | .96 | .86 |
| *All other cities | +28 | — 9 | — 3 | — 5 | .65 | .67 |
| 8th F.R. District | +24 | —10 | — 5 | — 5 | .89 | .90 |

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

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

Outstanding orders of reporting stores at the end of March, 1949, were 28 per cent less than on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding March 1, 1949, collected during March, by cities:

| | Instalment Accounts | Excl. Instal. Accounts | | Instalment Accounts | Excl. Instal. Accounts |
|---|---|---|---|---|---|
| Fort Smith | ....% | 45% | Quincy | 26% | 66% |
| Little Rock | 22 | 50 | St. Louis | 23 | 58 |
| Louisville | 27 | 51 | Other Cities | 20 | 57 |
| Memphis | 28 | 47 | 8th F.R. Dist. | 24 | 54 |

### INDEXES OF DEPARTMENT STORE SALES AND STOCKS

8th Federal Reserve District

| | Mar., 1949 | Feb., 1949 | Jan., 1949 | Mar., 1948 |
|---|---|---|---|---|
| Sales (daily average), Unadjusted [2] | 287 | 261 | 238 | 318 |
| Sales (daily average), Seasonally adjusted [2] | 309 | 310 | 290 | 318 |
| Stocks, Unadjusted [3] | 314 | 282 | 260 | 319 |
| Stocks, Seasonally adjusted [3] | 323 | 313 | 303 | 329 |

[2] Daily Average 1935-39=100.

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

### SPECIALTY STORES

| | Net Sales | | | Stocks on Hand | Stock Turnover | |
|---|---|---|---|---|---|---|
| | March, 1949 compared with | | 3 mos. '49 to same | Mar. 31,'49 comp. with | Jan. 1, to March 31, | |
| | Feb.,'49 | Mar.,'48 | period '48 | Mar. 31,'48 | 1949 | 1948 |
| Men's Furnishings | — 7% | —28% | — 2% | +10% | .63 | .72 |
| Boots and Shoes | +41 | —25 | —12 | + 5 | .89 | 1.03 |

Percentage of accounts and notes receivable outstanding March 1, 1949, collected during March:

Men's Furnishings .................. 54%    Boots and Shoes...................... 49%

Trading days: March, 1949—27; February, 1949—24; March, 1948—27.

### RETAIL FURNITURE STORES **

| | Net Sales | | Inventories | | Ratio of Collections | |
|---|---|---|---|---|---|---|
| | Mar., 1949 compared with | | Mar., 1949 compared with | | | |
| | Feb.,'49 | Mar.,'48 | Feb.,'49 | Mar.,'48 | Mar.,'49 | Mar.,'48 |
| St. Louis Area [1] | +18% | —15% | + 2% | — 1% | 32% | 40% |
| St. Louis | +16 | —16 | + 2 | — 1 | 31 | 40 |
| Louisville Area [2] | +12 | —24 | + 5 | +15 | 18 | 18 |
| Louisville | +14 | —24 | + 6 | +16 | 17 | 16 |
| Memphis | + 1 | —10 | + 4 | —18 | 18 | 20 |
| Little Rock | — 2 | — 2 | + 5 | — 5 | 21 | 24 |
| Fort Smith | +22 | — 4 | * | * | * | * |
| 8th Dist. Total [3] | +14 | —15 | + 3 | - 0 - | 25 | 30 |

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

[1] Includes St. Louis, Missouri; and Alton, Illinois.

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

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

** 44 stores reporting.

### PERCENTAGE DISTRIBUTION OF FURNITURE SALES

| | Mar., '49 | Feb., '49 | Mar., '48 |
|---|---|---|---|
| Cash Sales | 14% | 15% | 14% |
| Credit Sales | 86 | 85 | 86 |
| Total Sales | 100% | 100% | 100% |

At those St. Louis department stores reporting data on sales by major divisions and by departments, total store sales in March were 10 per cent under March, 1948. Basement store sales experience was better than that in main store divisions. In the basement divisions, sales gained 4 per cent over March, 1948 while the upstairs divisions declined 15 per cent in volume. Downstairs women's and misses' ready-to-wear accessories and apparel divisions averaged 7 per cent more than in the same month last year, while declines of 20 per cent and 5 per cent were registered in the like divisions of the main store. Men's and boys' wear in the basement division gained 7 per cent in volume over a year earlier but declined 24 per cent in the upstairs store.

Inventories in terms of value on March 31 at reporting department stores were 7 per cent greater than on February 28 and 5 per cent lower than on March 31, 1948. Outstanding orders at the end of March were 25 per cent under those on February 28 and 28 per cent under those at the end of March.

## BANKING

In the period from mid-March to mid-April of this year, banks in the Eighth District continued to exercise caution and restraint in their lending operations. Loans declined, investments were reduced slightly, and deposits dropped some. New loans are being made with more careful scrutiny of the credit of the borrower and the use to which the proceeds will be put. The demand for loans is apparently still large although cautious inventory policies and price declines have enabled businesses to do nearly the same physical volume of business with a somewhat smaller dollar volume of bank credit.

Total loan volume at the weekly reporting member banks in the district declined $40 million in the four weeks ending April 13, 1949. The behavior seems to have been mainly seasonal. In the corresponding period in 1948, volume declined $30 million. There also has been a decline in the first four months of each year in nine out of the past ten years. The decline this year was primarily in business and agricultural loans, $37 million, although some reduction was reported in each loan classification except security loans to others than brokers and dealers. Real estate loans have fluctuated narrowly about their $161 million level since the second week in January, repeating their 1948 performance. All other loans (largely consumer credit loans) declined $1 million in the four-week period by contrast with a $1 million gain in the corresponding period of 1948. The mid-April 1949 volume was $5 million below the peak of February 28, 1949.

Of the four major loan classifications only that of loans on securities was below a year ago at mid-April 1949. Business and agricultural loans were approximately at the same level as a year ago. Real estate and "other" loans were about 10 per cent above the previous year.

In addition to the largely seasonal decline in loan volume, there has been a slight drop in the weekly reporting banks' investment portfolios. The $20 million decline in Government security holdings from mid-March to mid-April 1949 was only partly offset by the $6 million growth in other investments that took place in the third week of March. Despite the general decline in Government security holdings the weekly reporting banks added $21 million to their Government bond holdings in the four weeks since mid-March. The other three types of Governments in the aggregate were reduced, through sales or allowed run-offs.

In the nine weeks ending March 30, 1949, the 34 weekly reporting member banks apparently have lengthened their Government portfolios, raising the proportion in bonds from two-thirds to three-fourths and allowing the amount invested in bills and certificates to decline from 27 to 19 per cent of all Governments.

The level of individual and business demand deposits dropped slightly in the four-week period, reflecting both the receding business loan volume and the tax payments to Federal and State Governments. The $19 million decline contrasted with a $6 million gain in the corresponding four weeks of 1948. The mid-April, 1949 level, however, was still nearly 2 per cent over 1948 for the 34 banks as a group; five of the six reporting centers also were above a year ago. Only the Louisville banks reported slightly lower deposits than at mid-April, 1948. Time deposits continued the growth which began about the first of the year.

## AGRICULTURE

Farmers in the Eighth District can look forward to a probable record, or near-record, wheat crop for 1949. By April 1 winter wheat production in the nation was estimated at 1,020 million bushels, only 48 million bushels less than the record crop of 1947. If spring wheat production, with spring wheat acreage up 4 per cent, equals last year's 298 million bushel output, total production will amount to more than 1,300 million bushels. The expected carryover of 300 million bushels would push the total supply for the 1949-50 crop year to 1,600 million bushels. Since the April 1 forecast for the 1947 crop was

## BANKING

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

| (In thousands of dollars) | Apr. 20, 1949 | Change from Mar. 23, 1949 | Change from Apr. 21, 1948 |
|---|---|---|---|
| Industrial advances under Sec. 13b | $ ........ | $ ........ | $ ........ |
| Other advances and rediscounts | 11,275 | — 4,356 | — 383 |
| U. S. Securities | 1,150,449 | — 20,917 | + 24,418 |
| Total earning assets | $1,161,724 | $— 25,273 | $+ 24,035 |
| Total reserves | $ 736,611 | $+ 27,969 | $+ 81,736 |
| Total deposits | 793,196 | + 9,911 | + 89,477 |
| F. R. notes in circulation | 1,090,785 | — 7,343 | + 6,509 |
| Industrial commitments under Sec. 13b | $ ........ | $ ........ | $— 580 |

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

(In thousands of dollars)

34 banks reporting.

| Assets | April 20, 1949 | Change from March 23, 1949 | Change from April 21, 1948 |
|---|---|---|---|
| Gross commercial, industrial, and agricultural loans and open market paper | $ 547,290 | $— 31,208 | * |
| Gross loans to brokers and dealers in securities | 5,464 | — 882 | * |
| Gross loans to others to purchase and carry securities | 21,561 | — 156 | * |
| Gross real estate loans | 160,896 | — 430 | * |
| Gross loans to banks | 1,250 | — 2,070 | * |
| Gross other loans (largely consumer credit loans) | 209,963 | — 4,206 | * |
| Total | 946,424 | — 38,952 | * |
| Less reserve for losses | 9,756 | + 146 | * |
| Net total loans | $ 936,668 | $— 39,098 | $+ 21,630 |
| Treasury bills | 28,115 | + 2,794 | — 10,961 |
| Certificates of indebtedness | 172,026 | — 2,936 | + 59,117 |
| Treasury notes | 45,858 | — 1,764 | — 36,784 |
| U. S. bonds and guaranteed obligations | 716,531 | + 14,111 | — 7,903 |
| Other securities | 134,786 | — 680 | — 10,051 |
| Total investments | $1,097,316 | $+ 11,525 | $— 6,582 |
| Cash assets | 772,167 | + 23,016 | + 47,030 |
| Other assets | 23,772 | + 557 | — 1,236 |
| Total assets | $2,829,923 | $— 4,000 | $+ 60,842 |
| **Liabilities** | | | |
| Demand deposits of individuals, partnerships and corporations | $1,429,473 | $+ 46,427 | $+ 42,506 |
| Interbank deposits | 542,862 | — 8,087 | — 7,424 |
| U. S. Government deposits | 51,646 | — 24,671 | + 10,192 |
| Other deposits | 124,541 | — 12,028 | + 183 |
| Total demand deposits | $2,148,522 | $+ 1,641 | $+ 45,457 |
| Time deposits | 481,909 | + 1,492 | + 7,102 |
| Borrowings | 6,475 | — 7,400 | + 1,475 |
| Other liabilities | 16,288 | — 344 | + 1,429 |
| Total capital accounts | 176,729 | + 611 | + 5,379 |
| Total liabilities and capital accounts | $2,829,923 | $— 4,000 | $+ 60,842 |
| Demand deposits, adjusted** | $1,352,275 | $+ 28,093 | $+ 47,133 |

*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.

## DEBITS TO DEPOSIT ACCOUNTS

| (In thousands of dollars) | Mar., 1949 | Feb., 1949 | Mar., 1948 | Mar.,'49 comp. with Feb.,'49 | Mar.,'49 comp. with Mar.,'48 |
|---|---|---|---|---|---|
| El Dorado, Ark. | $ 23,398 | $ 18,651 | $ 20,994 | +25% | + 11% |
| Fort Smith, Ark. | 39,320 | 32,258 | 39,680 | +22 | — 1 |
| Helena, Ark. | 7,982 | 7,159 | 7,747 | +11 | + 3 |
| Little Rock, Ark. | 132,089 | 105,849 | 121,419 | +25 | + 9 |
| Pine Bluff, Ark. | 28,643 | 24,068 | 23,067 | +19 | + 24 |
| Texarkana, Ark.* | 11,142 | 8,721 | 10,660 | +28 | + 5 |
| Alton, Ill. | 24,445 | 21,371 | 25,691 | +14 | — 5 |
| E.St.L.-Nat.S.Y.,Ill. | 114,259 | 93,431 | 110,945 | +22 | + 3 |
| Quincy, Ill. | 29,784 | 24,932 | 29,868 | +19 | -0- |
| Evansville, Ind. | 108,467 | 91,133 | 108,691 | +19 | -0- |
| Louisville, Ky. | 507,028 | 477,813 | 507,579 | + 6 | -0- |
| Owensboro, Ky. | 31,012 | 29,302 | 25,973 | + 6 | + 19 |
| Paducah, Ky. | 14,724 | 12,854 | 15,081 | +15 | — 2 |
| Greenville, Miss. | 22,692 | 20,108 | 18,418 | +13 | + 23 |
| Cape Girardeau, Mo. | 10,981 | 9,506 | 10,679 | +16 | + 3 |
| Hannibal, Mo. | 7,874 | 6,276 | 7,332 | +25 | + 7 |
| Jefferson City, Mo. | 36,562 | 40,021 | 39,609 | — 9 | — 8 |
| St. Louis, Mo. | 1,549,525 | 1,299,750 | 1,576,993 | +19 | — 2 |
| Sedalia, Mo. | 9,614 | 8,568 | 6,365 | +12 | + 51 |
| Springfield, Mo. | 53,983 | 44,488 | 53,126 | +21 | + 2 |
| Jackson, Tenn. | 18,310 | 15,320 | 16,831 | +20 | + 9 |
| Memphis, Tenn. | 529,653 | 464,858 | 544,488 | +14 | — 3 |
| Totals | $3,311,487 | $2,856,437 | $3,321,236 | +16% | -0-% |

* These figures are for Texarkana, Arkansas only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to $25,435.

nearly 50 million bushels less than the April 1 forecast for the 1949 crop, favorable growing conditions this spring might result in a record output.

The acreage of winter wheat has increased 5 per cent over last season. This has offset the decline in the acreage of spring sown crops which, according to farmers' intentions to plant on March 1, will be smaller than in any year since 1940. Cotton acreage (an official estimate will not be made until July) is expected to exceed that of 1948. Oats acreage, up from 1948 25 per cent in Tennessee and 13 per cent in Indiana, down 25 per cent in Mississippi and 11 per cent in Missouri, would remain unchanged nationally, if weather permitted seeding. Soybean acreage for the country will drop 4 per cent.

PROSPECTIVE ACREAGES, UNITED STATES FOR 1949, WITH COMPARISONS

| | Indicated 1949 (thousand acres) | 1949 compared with 1948 | 1949 compared with Average 1938-47 |
|---|---|---|---|
| Corn | 84,809 | — 2% | — 6% |
| Spring wheat | 20,300 | + 4 | + 8 |
| Oats | 44,506 | -o- | + 5 |
| Barley | 11,885 | —11 | —19 |
| Tobacco | 1,596 | + 4 | — 3 |
| Soybeans | 11,278 | — 4 | — 3 |
| Rice | 1,753 | -o- | +27 |
| Potatoes | 1,980 | — 7 | —29 |
| Hay | 73,718 | -o- | -o- |

Source: Crop Production. March 21, 1949. USDA.

Prices of agricultural products recovered to some extent from their slump in early February. Hog prices have declined since March 15, but lamb prices, reflecting greatly reduced marketings, have reached record levels. The index (1910-14 = 100) of prices farmers received on March 15 had climbed to 261, three points over that of February 15. Prices paid, including interest and taxes, increased only one point. So the parity ratio widened from 105 to 106.

Consumers as well as farmers have shown an understandable interest in the farm program outlined on April 7 by Secretary of Agriculture Brannan. The plan would allow prices of meat, eggs, poultry, fruit and vegetables to fall until, under free market conditions, equilibrium would be reached. The consumer would then receive the benefits of large supplies of these perishable products at lower prices. Farmers would sell at these prices. But the Government would provide an income subsidy which would make up the difference between market prices and prices which would be determined equitable.

One result of the program, administration leaders believe, would be to stimulate livestock production, and increase acreage in hay and other soil conserving crops rather than wheat and cotton. At the same time, however, the present system of storing nonperishable grains would be maintained. Also acreage controls and marketing quotas would continue to discourage overproduction of some crops. Estimated annual cost of the subsidies and price support program varies from $2 and $10 billion.

The new plan abandons the parity concept, in use since the early days of the New Deal, for the idea of an "income goal." This goal would be set to assure farmers the same buying power as in the first ten years of the preceding twelve-year period. For 1950, if prices paid by farmers remain at present levels, this would mean an income goal of $26 billion compared with $31 billion in 1948 and $8 billion in 1939. The guarantee for an individual commodity would be determined by multiplying the average price of the product in the immediate past ten years by the ratio of the minimum income goal to average cash farm income in the same period.

For example, the ratio of 1950 income goal ($26 billion) to average cash receipts in 1940-49 ($21 billion) is 1.25. The income support price for wheat, then, would be calculated by multiplying this ratio by the average price of wheat in the past ten years, which would result in a support price of wheat in 1950 of $1.88 (1.25 x $1.50 = $1.88).

## AGRICULTURE

CASH FARM INCOME

| (In thousands of dollars) | Feb., 1949 | Feb.,'49 comp. with Jan., 1949 | Feb.,'49 comp. with Feb., 1948 | 2 mos. total Jan. to Feb. 1949 | 1949 comp. with 1948 | 1949 comp. with 1947 |
|---|---|---|---|---|---|---|
| Arkansas | $ 36,299 | —30% | — 1% | $ 87,844 | + 42% | +27% |
| Illinois | 120,778 | —22 | + 4 | 275,725 | — 5 | — 2 |
| Indiana | 61,837 | —11 | — 2 | 131,453 | — 9 | — 1 |
| Kentucky | 28,910 | —71 | + 3 | 127,546 | + 14 | —22 |
| Mississippi | 49,785 | —28 | +47 | 119,284 | +105 | +85 |
| Missouri | 64,853 | —19 | — 1 | 144,538 | — 3 | — 5 |
| Tennessee | 29,307 | —37 | — 3 | 76,000 | — 4 | —15 |
| Totals | $391,769 | —31% | + 5% | $962,390 | + 7% | + 1% |

RECEIPTS AND SHIPMENTS AT NATIONAL STOCKYARDS

| | Receipts Mar., 1949 | Mar.,'49, comp. with Feb.,'49 | Mar.,'49, comp. with Mar.,'48 | Shipments Mar., 1949 | Mar.,'49, comp. with Feb.,'49 | Mar.,'49, comp. with Mar.,'48 |
|---|---|---|---|---|---|---|
| Cattle and calves | 95,482 | +21% | + 5% | 35,165 | +27% | +35% |
| Hogs | 254,178 | +15 | + 5 | 62,124 | — 7 | — 6 |
| Sheep | 23,995 | —11 | —40 | 3,001 | —23 | —56 |
| Horses | 2,022 | +15 | +12 | 2,022 | +15 | +12 |
| Totals | 375,677 | +15% | + 1% | 102,312 | + 2% | + 1% |