



# Monthly Review

F E D E R A L R E S E R V E B A N K O F S T . L O U I S

Volume XXXIII

MAY, 1951

Number 5

## **FARM PRODUCTIVITY, INCOME AND INVESTMENT**

*The Eighth District is an area which lags in economic development. Measures to improve resource use are important because they would raise income and because they would increase the district's contribution to national strength.*

*Low income has persisted in many Eighth District agricultural regions despite war and postwar prosperity for American farmers in general. Increased investment offers one possibility to raise farm income even in relatively poor land areas. Increased output and labor savings go with more capital investment and better farm management.*

*Investment to provide more productive employment can take two forms:*

- (1) Direct farm investment ordinarily means more capital to improve operations. Farm consolidation would be helpful and would require little additional capital input, but would require financing.*
- (2) Industrial investment (a) outside the immediate low-income regions would make people leave crowded rural areas to move into better paying urban jobs; (b) in the low income areas would aid in making the underemployed labor potential a more productive labor force which can more effectively contribute to the national effort.*

*A better balance of district labor, land and capital will aid not only the present defense effort but also aim at long-run resource development.*

***The Eighth District is an area which lags in economic development. Measures to improve resource use are important because they would raise income . . .***

The level and pattern of economic development which evolves in a large area such as the Eighth District reflects three major factors: quality and quantity of natural resources in the region as a whole and in its component areas, the managerial skill available to apply capital and labor to those natural resources, and the amounts of capital and labor available. In any given period of time, and particularly in periods when rapid technological advances make rapid economic growth possible, differences in the amounts of labor and capital, in managerial skill and in natural resources lead to different rates of development among regions. Some areas are fortunate in having the right economic "mix" available at the right time. Others are by-passed, either because their natural resources are limited or unknown or cannot be utilized well with existing production techniques, or because the proper "mix" of labor, capital and management is not at hand at the crucial times. Still others get the right start, but subsequently fall behind the parade of progress.

As a region, the Eighth District is an example of lagging development which is reflected in relatively low income per person. Within the district there are examples of all three cases noted above: areas which were fortunate, those which were by-passed, and those which had good starts but subsequently faded. Many areas within the district have per person incomes which run far below the district average—in some cases as low as one-third the national average.

Many of these low income areas depend heavily upon agriculture as an income source. Thus measures designed to utilize agricultural resources more effectively have been a matter of special concern to the people of the district and to this Bank.

***. . . and because they would increase the district's contribution to national strength.***

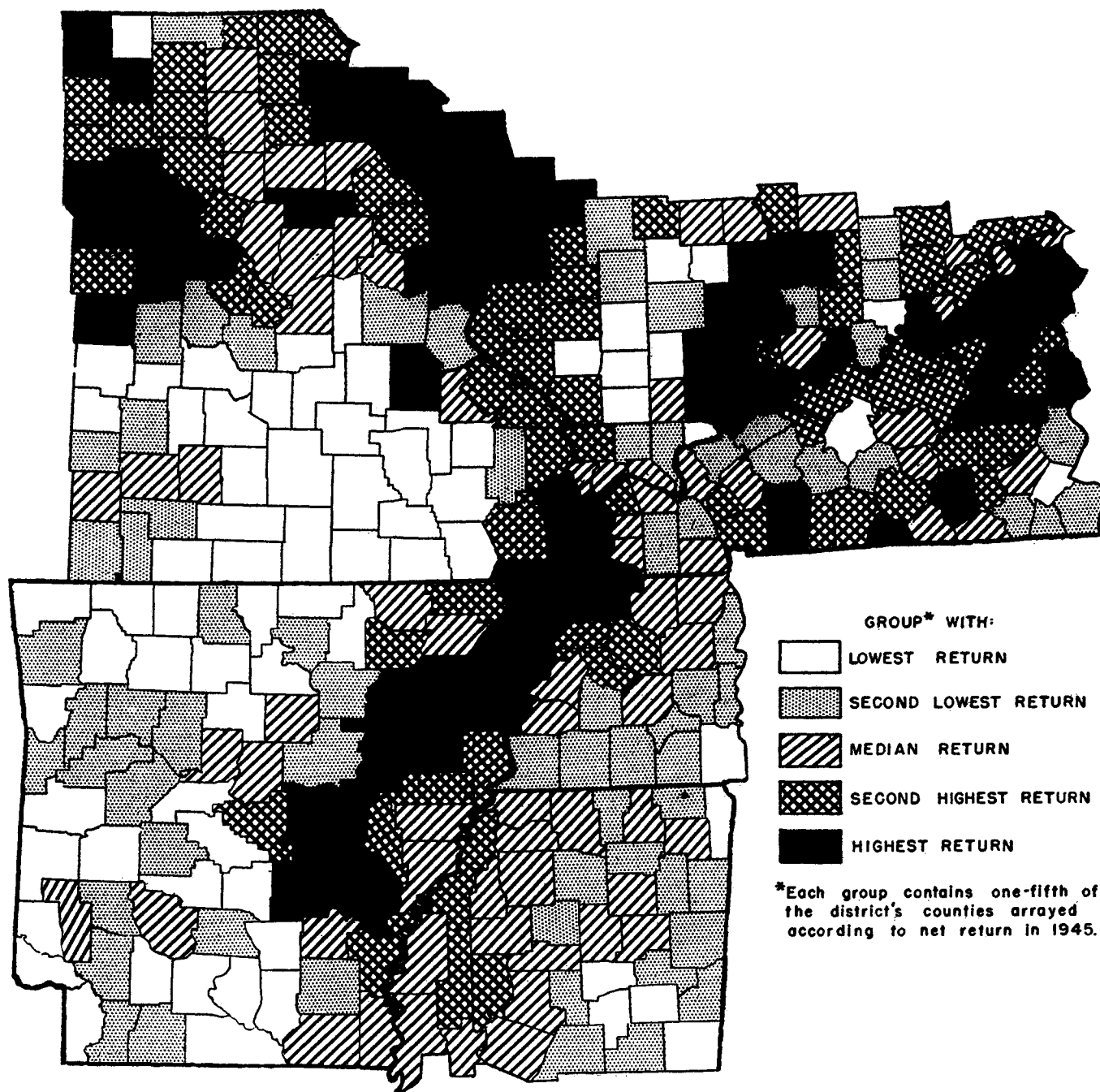
Today that concern is intensified by another factor—the present emergency which demands all-out effort to build up and maintain our national strength. Such district farm resources, both land and labor, as are now under-employed are a potential source of strength if they can be directed toward employment where they can contribute more effectively to the national production effort. More full and more productive employment of these resources would lead to a greater district contribution and to higher district income.

It is important to recognize clearly several points in connection with the movement to make better use of the district's resources, both material and human. First, the under-employment of agricultural resources is not confined to this district; it is widespread although it is concentrated in greatest degree in the southeastern quadrant of the nation. Much of the Eighth District lies in this area. Second, it is not proposed to lessen farm production but rather to raise it. The increase could best come, however, through increased productivity of farm land and labor which would release some labor for other productive work, rather than through increased amount of labor alone. At the moment it should be noted that there is a relative farm labor shortage in many district areas. Thus, the immediate problem is to increase output per worker and per acre so as to permit more complete utilization of the farm resources. Third, if a potential labor supply for other lines is to come from district agriculture during the defense period, there must be full recognition that the means to raise farm productivity be kept available—for example, adequate supplies of machinery, fertilizer, etc., and adequate financing. This has implications for allocation of many materials which are critical in the defense effort. The problem here is to strike a proper balance on economic priorities.

The fact that there is a great potential labor supply in the form of under-employed rural labor is brought out clearly in a recent staff report "Under-employment of Rural Families" to the Joint Committee on the Economic Report. That study points out that the 1945 Census of Agriculture reported 5,859,000 farm-operator families in the United States. About 2,000,000 full-time able-bodied farm operators were on small-scale or part-time farms which permitted them to be less than half as productive as workers on medium-sized commercial family farms. About 1,200,000 male hired wage workers were under-employed. Another 1,500,000 rural nonfarm families were under-employed. The report stated, "If the workers in these . . . groups of rural families could be employed at jobs where they would produce as much as the average worker on the medium-sized commercial family farm or the average rural nonfarm worker, the production and output of rural people would be increased 20 to 25 per cent. This is equivalent of adding 2,500,000 workers to the total labor force."

The balance of this article discusses one phase of this broad problem of raising productivity on the farm—investment. It discusses both increased investment in agriculture and increased investment

MAP I  
NET RETURN PER EQUIVALENT FARM  
EIGHTH DISTRICT



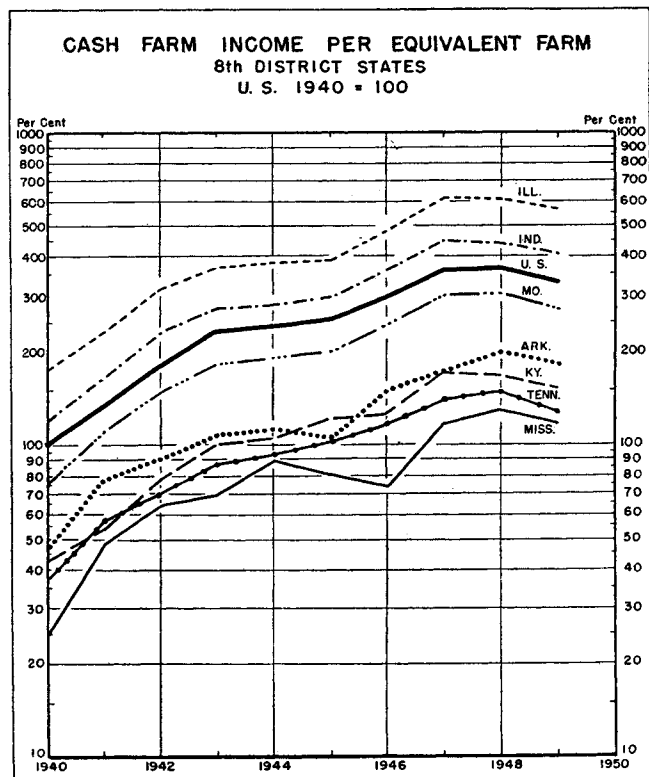
outside of agriculture. The former would provide for increased farm productivity, the latter would provide nonfarm jobs for released farm labor.

**Low income has persisted in many Eighth District agricultural regions . . .**

Map I shows the wide differences in net return per "equivalent farm"<sup>1</sup> within the district. Net returns around Jacksonville, Illinois, and Stuttgart,

Arkansas, are more than five times as high as the returns in a typical Ozark county. Highest returns per farm are concentrated along the rich bottom areas of the Missouri, Mississippi, Wabash, and Ohio rivers and extend into the Kentucky Bluegrass and Pennyroyal areas, while low returns predominate in the hill and mountain sections. In large measure the differences reflect variation in soil fer-

CHART I



tility, but there are income differentials not wholly accounted for by physical land characteristics. These reflect differences in capital equipment, farm management techniques and size of farms. Thus, northwestern Arkansas, an Ozark section, has become a national center of profitable poultry farming.

<sup>1</sup>In several places in this article the term "equivalent farm" is used. Both Map I and Chart I are in terms of "equivalent farms". An "equivalent farm" is a statistical device used here to adjust for farm income differences which result mainly from part-time farming, rather than from factors such as quality of land, amount of investment, managerial skill, etc. An equivalent farm is defined as a Census farm multiplied by the ratio of number of days worked on the farm/300. A full-time farmer is expected to be able to put in profitably 300 work days per year on his farm. If a farmer works 150 days off his farm he is viewed as having one-half of an "equivalent farm".

Map I is in terms of net return per "equivalent farm" for each Eighth District county. The number of "equivalent farms" in each county was computed by taking the number of farms reported in the county in the 1945 Census of Agriculture, and multiplying that number by 300 to obtain the number of days of work full-time farming would require. The number of days reported worked off the farm was subtracted from this figure to get actual days in farm work. Thus in Franklin County, Missouri, the Census reported 3,427 farms in 1944. This figure multiplied by 300 equalled 1,028,100 work days. Actual days worked were just 84.52 per cent of the computed potential. Thus the number of "equivalent farms" in Franklin County was figured at 2,896 (85 per cent of 3,427). In almost every county there were fewer "equivalent farms" than Census farms, which reflects farm under-employment. The net return per "equivalent farm" then is the net return for all farms as reported by the Census, divided by the number of "equivalent farms".

The Map shows Eighth District counties grouped into five classes in terms of net return per "equivalent farm". Each class contains one-fifth of the district counties. The data are shown in this form, rather than in dollar intervals, to bring out the broad geographic pattern of farm income differences in the district. While data are from the 1945 Census of Agriculture, and farm income has risen sharply since then, it is believed that the pattern shown has not changed much in the past five years.

<sup>2</sup>As noted earlier, Chart I also is in terms of "equivalent farm", but is on a state basis. This chart is plotted on a semi-logarithmic scale. For each district state it shows cash income per "equivalent farm" each year as a percentage of the national average. Equal vertical distances represent equal percentage changes. Thus Mississippi cash income per "equivalent farm" rose more sharply percentage-wise than did Illinois cash income per "equivalent farm" from 1940 to 1950. (The vertical distance from the 1940 low point to the 1950 point is roughly twice as large in the case of Mississippi as in the case of Illinois.) But the dollar increase was smaller in Mississippi than in Illinois. And while Mississippi gained, she still was far below Illinois (and the national average) in 1950.

Some counties outside the Kentucky Bluegrass have developed an efficient type of tobacco-livestock farming particularly well adapted to the geographic features of that region.

**. . . despite war and postwar prosperity for American farmers in general.**

The Eighth District has shared in the general advance of farm income which has benefited American agriculture over the last decade. Chart I shows the increase in cash farm income for the United States as a whole and for all district states.<sup>2</sup> While United States cash farm income more than tripled in the decade of the Forties, increases for individual district states ranged from 218 per cent in Illinois to 367 per cent in Mississippi. Part of this growth reflects the marked increase in all prices during the past decade. However, even after adjusting for the price factor the gains remain impressive, and indicate substantial growth in "real" farm income. For the United States the gain in "real" farm income over this period was 89 per cent, and among district states the range was from 78 per cent in Illinois to 162 per cent in Mississippi.

These income gains occurred in different areas at very different rates. The agricultural prosperity of the last decade has not relieved chronic poverty in those areas where low productivity per man has been a long-run problem. This problem is associated with farms which are small, with equipment that is old or of low capacity, and with types of farming not well adapted to the limited land capabilities of the area.

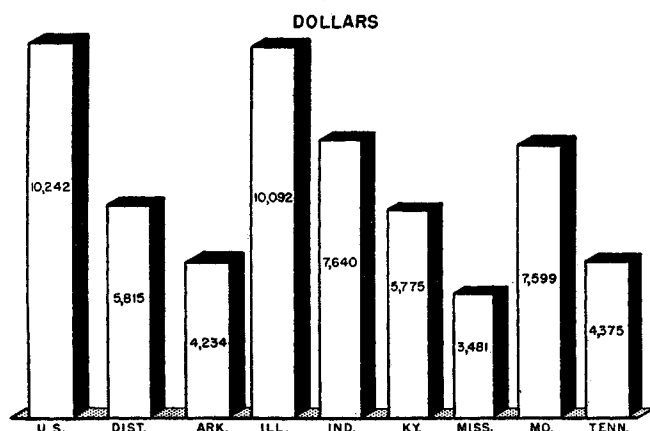
While the wide spread between low-income and high-income states has narrowed somewhat in relative terms over the last decade, cash income per "equivalent farm" has remained far below the national average in many district areas. In 1940, Mississippi cash income per farm was just 25 per cent of the national average; by 1950 it was 35 per cent. In dollar terms, Mississippi cash income per equivalent farm in 1950 had just reached the point where Indiana had been in 1940, and in 1940 that dollar income meant much more in terms of real purchasing power than it did in 1950. Illinois income per farm is still almost five times that of Mississippi.

**Increased investment offers one possibility to raise farm income . . .**

Chart II shows the average investment<sup>3</sup> per farm in Eighth District states. In southern Illinois (within the Eighth District) it is almost three times

<sup>3</sup>"Investment" is defined as including the following items: land and buildings, livestock, implements and machinery. All data are taken from the 1945 U. S. Census of Agriculture. 1950 Census data are not yet available but are not expected to change greatly the relative position of individual district areas.

CHART II  
 AVERAGE INVESTMENT PER FARM  
 EIGHTH DISTRICT AND U.S. - 1945



as large as in Mississippi; in northern Illinois (outside the Eighth District) it is more than eight times as large. A county-by-county comparison of farm income and investment indicates that low investment level and low income are found together, that high level investment and high income appear together. Furthermore, such comparison indicates that quite pronounced gains in productivity are associated with increased investment in low-income farm areas.

It would be well to point out here that the relationship between the level of farm investment and the level of farm income is not a clear cause and effect relationship. In the first place, while a statistical case can be made from a study of farm income and investment on a county basis, county averages conceal fairly wide variations in basic land productivity and management, and both of these factors have a very pronounced bearing on over-all farm productivity and farm income. Second, the very fact that investment includes land value merely points up the fact that high-priced land naturally tends to be more productive than low-priced land. Third, larger farms which use more land and capital tend to be more profitable than small farms, and investment in large farms naturally is large.

*... even in relatively poor land areas.*

But even with these qualifications it is noteworthy that increased investment (with adequate management) tends to raise productivity of even relatively poor land in rather striking degree. In Arkansas (outside the Delta) average investment per farm was \$4,200 in 1944. A correlation study of amount of investment against net return indicated a substantial gain in income (\$30) for each additional \$100 in investment. A similar study of southern

Indiana where investment averaged higher in dollar amount than in Arkansas indicated a smaller income return associated with \$100 additional investment. This does not mean, of course, that every Arkansas farm could have \$30 more income for every \$100 more investment. Nor does it mean that investment in Arkansas would necessarily be more productive than investment in Indiana. There would be great differences, reflecting fertility and management. But it does indicate that even relatively low value land can take additional investment profitably, and thus points up a possibility of increasing farm income in many low-income areas.

*Increased output . . .*

Net farm returns tend to increase with investment in poor areas for two reasons. Additional investment per farm may permit larger production; and/or it may save labor and cash expenditure per unit of output. Larger production is the goal of bigger and better farms, using more land and machinery. National and district production records of recent years, associated with a rapid rate of farm mechanization, point up the possibilities of increasing output per farm through additional investment. For the country as a whole, crop output in 1950 was 26 per cent above the 1923-32 pre-drought base, a near record output achieved despite harvested acreage of principal crops smaller than in any year since 1942.

*. . . and labor savings go with more capital investment and better farm management.*

In some low-income areas, increases in output may be limited by the size and character of the farms. Income gains may result sometimes from labor savings, sometimes from increased total output, and often from both.

A major reason for low income in many district areas now is the highly seasonal character of employment in certain types of farming. A study to ascertain the average hours that farm operators worked during a typical September week showed that in dairy areas farm operators worked nearly twice as many hours (59) as did those in the general and self-sufficing areas (31). For the Corn Belt, the equivalent figure was 57 hours, as contrasted with 35 hours in the Cotton Belt.

Another study, referring to southern Illinois, showed the way in which capital investment can improve farm labor utilization. A 130-acre rolling upland farm with 90 acres cleared, mainly suitable for hay and pasture, can use 109 days of work per year with beef cattle as main livestock, 165 days if pasture is improved and poultry operations increased, 255 days if dairy cows are added. These

data illustrate differences in the amount of the farm operator's time that is used in different types of farming. More capital investment and better farm management will often mean that some workers now attached to farming can be released for other employment, while the remaining farm operator has a bigger farm to work where he can use his time more continuously and more efficiently.

***Investment to provide more productive employment . . .***

Differences in per capita income between district areas and communities can be narrowed by providing more productive employment for all people of the region. This implies that some workers would shift out of farming into other industries whenever part of the productivity gains in farming result in labor savings. Investment to increase farm income therefore should occur not only in agriculture but, perhaps even more importantly, in nonagricultural lines which are to absorb any manpower released from farming by improved farm management techniques.

There are at present three basic reasons for low per capita income and productivity within segments of district agriculture. First, a large proportion of the farm population in many areas consists of relatively low producers, partly because of age distribution, partly because of the high degree of seasonal employment in certain types of agriculture. Obviously, if relatively few people of the total population are engaged in productive work, there is less income per head than if the proportion of productive workers in a given community is high. Second, a large proportion of the population in these areas is not well trained. And this raises implications as to ability to do more productive work, awareness of opportunities, and willingness to apply new techniques. Third, many people now located in poor communities within agriculture find it psychologically difficult to transfer themselves into a more impersonal, less locally oriented, urban-minded community. This has adverse effects on their readiness to accept more productive employment outside their community, especially when the cost of moving is high and immediate job prospects are uncertain.

***. . . can take two forms:***

These considerations suggest that investment to increase farm productivity in low-income areas can take two distinct forms. First, new capital can furnish farmers with means to improve their operations. Second, new capital invested either outside the low-income areas or in them can provide employment opportunities to farmers displaced by

more efficient farm management techniques. New capital brought into the low-income areas themselves can diversify the industrial structure of the communities and offer opportunities to shift from farming into other employment without requiring people to leave home and migrate to industrial centers.

***(1) Direct farm investment ordinarily means more capital to improve operations.***

Additional farm investment may take any number of different forms; for example, more machinery, more livestock, improvement in the face of the land, etc. In many cases a combination of these may be desirable. All of these are part of the agricultural revolution which has been going on for considerable time and which has been accelerated over the last decade in response to defense and war needs. Tractors are replacing horses, farmers are setting up over-all soil conservation plans, and pasture development is increasing. Different types of capital improvements may be needed in the different low-income areas of the district. Thus in the Ozarks, the most important job often is land clearing, fencing and pasture development to facilitate livestock production. In many upland areas, a suitable diversification and fertilization program may contribute most to efficient farming. In the Delta, labor savings depend substantially on availability of proper equipment to mechanize farm operations.

Such items as increased machinery and livestock and land improvements require additional investment. Generally speaking, the amount of capital available for such additional investment in this district has been less than the need for it. One result has been that actual farm development in many district areas has not kept pace with real knowledge of what can be done. In other words, there has been some farm capital shortage here. It should be noted though that capital shortage is not the only factor to keep potential development at less than optimum levels; inertia, inadequate management and other factors also have contributed to holding down improvements on individual farms.

***. . . farm consolidation would be helpful and would require little additional capital input, . . .***

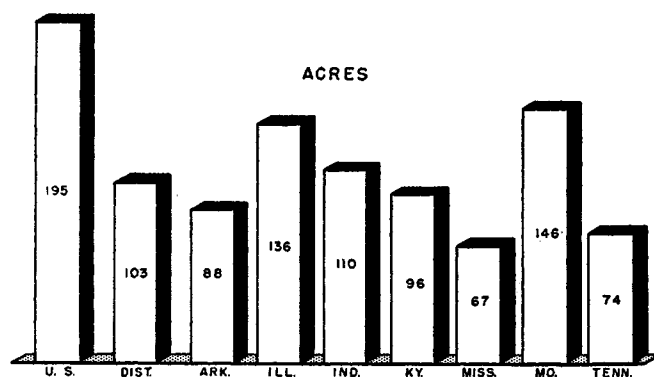
Farm efficiency could be improved sometimes by increasing the size of farm through consolidation or purchase. While this would raise the amount of investment per farm merely by the fact that there would be fewer farms sharing the investment volume, it would not necessarily require increases in total farm capital. The income raising effect of

additional investment in low-income areas often reflects economies of larger scale production.

The increasing size of farm units has been an essential part of the agricultural revolution referred to above. Chart III illustrates wide differences in the average size of farms by district states. About one-eighth of Kentucky farms, not including part-time farms and land tilled by croppers, represent tracts of less than 30 acres with an average of less than ten acres well suited to cultivation.

Where becoming a more efficient farm operator requires additional land, new investment per farm may imply the "buying out" of farm neighbors—who in turn transfer to other industries—rather than any large net additions to the total amount of farm capital in the area. Greater economic efficiency of district agriculture to assure a larger con-

**CHART III**  
**AVERAGE SIZE OF FARM**  
**EIGHTH DISTRICT AND U.S. - 1945**



tribution to the national effort thus might be accomplished without major net additions to farm capital if a proper reallocation of resources already attached to agriculture encourages and motivates better farm management practices.

**. . . but would require financing.**

The fact that farm consolidation would not necessarily mean increased total farm investment does not mean it would not require financing. Buying out one's neighbor probably would mean additional borrowing needs. Right at this time, loans for this purpose should be scrutinized closely to be sure that such consolidations would result in higher productivity rather than a mere bidding up of land prices.

**(2) Industrial investment (a) outside the immediate low-income regions would make people leave crowded rural areas . . .**

Wherever better farm management practices result in labor savings, workers released from farming must find nonagricultural employment, either in their area of residence or elsewhere. Heavy

migration out of district low-income areas into metropolitan centers where the rapid growth of industrial facilities has provided more remunerative employment has characterized the war and postwar years. The magnitude of this shift toward urban living is indicated by the population gain in the five major district metropolitan areas (550,000) during the past decade when district population outside these same areas dropped by 316,000. Three-fourths of all district counties lost people in the 1940-50 decade; it is this very fact which has raised per capita income in most low-income areas where the total output of the community is now shared by a smaller labor force.

**. . . to move into better paying urban jobs;**

The Eighth District has long been a region of under-employed population, due to high birth rates and a lag in industrialization. In periods of general prosperity when new plant facilities and capital equipment in urban areas call for more hands to man the new machines, out-migration has been greatly accelerated. It is in this sense that new investment elsewhere serves indirectly to increase labor productivity on the farm. A decrease in the rural labor reserve requires the introduction of new farm management techniques which otherwise might have been postponed. In the present effort to increase national output for defense needs, one of the contributions of this district would be to release manpower for new defense plants without impairing farm output which can be maintained or even increased by a smaller farm labor force. But, as pointed out earlier, it is important to recognize that the equipment to increase farm productivity needs to be available if the farm labor force is cut or else farm output will suffer.

**. . . (b) in the low-income areas . . .**

Shifting from farm into industrial employment can take place in the same area if industrial work opportunities are provided by new investment. This development offers the great advantage of permitting people to stay where they are and utilize community facilities already available. Cultural impediments to moving have been stated before; if people "just plain like it where they are" their employment within commuting distance will make for more efficiency by maintaining worker morale. Available housing, better roads, rural electrification and consolidated schools have made the country a better place in which to live than formerly. Industrial development in these areas would avoid the housing problems of crowded cities and promote the decentralization of industry which has become strategically important.

**. . . would aid in making the under-employed labor potential a productive labor force . . .**

Industrialization of any area increases the productivity of the population in four major ways. First, it provides the area with capital equipment which makes possible the great increase in aggregate output characteristic of industrial communities. Second, it encourages the "investment" in human agents which goes with the acquisition and development of technical skills in agriculture and industry. Third, it permits people to specialize and use their time more continuously and more productively. Finally, in the communities that have been favored by industrialization, the new income generated in the process creates an effective demand for increased local services and products, which indirectly benefits the surrounding farm areas. The milk sheds illustrate some of these benefits accruing to farmers because of their proximity to industrial-urban sections.

While general improvements in farm returns have contributed to a more satisfactory level of income for the people of the Eighth District, Chart I shows that the differentials in farm income between district states have remained substantial. Greater progress toward overcoming income disparities has been made where industrialization of a given area has provided new opportunities for productive employment. Thus, over the last decade, per capita income in the rural areas of the district moved from 48 to 54 per cent of the national average, while manufacturing areas improved their status from 81 to 88 per cent.

**. . . which can more effectively contribute to the national effort.**

The importance of industrialization for this district is to bring all its people closer to the main stream of economic development. In the present emergency, efforts to draw more people into productive employment have taken on a new urgency and a new meaning. It is not now a mere matter of encouraging regional development to increase standards of living for the population of the district. Today it is necessary for every region to contribute to the national effort in the fullest extent permitted by its resources.

**A better balance of district labor, land, and capital . . .**

The basic purpose of new investment is to bring about a better balance of district labor and land with capital. A promising feature of the lower income areas in the Eighth District is the proximity of such areas to cheap fuel, power and transporta-

tion. Arkansas and southern Illinois coal, Ozark and TVA electric power, Arkansas gas and oil are in close range of most district areas.

**. . . will aid not only the present defense effort . . .**

District industrialization will receive its strongest impetus from the present defense effort. In the period ahead, major concern will not be to raise new capital but rather to spend defense funds so as to minimize their inflationary impact. This can be done most effectively where idle or under-employed resources are drawn into more productive employment so that additional expenditures tend to be matched by an increase in real output. This increase is likely to be particularly great where improvements in farm management fully compensate for a decrease in labor input so that all or most of the productivity of the labor released to other industries represents a net gain in national income.

**. . . but also aim at long-run resource development.**

Much of the present defense effort is focused on marshalling the country's strength for the national emergency. However, in a large-scale defense program without termination date, long-run resource development could be neglected only at our peril. It is therefore of special importance that development of the district aims at a better resource balance over the long pull. Nowhere is this problem more evident than in agriculture where better management must resist the temptation to break up grasslands to farm exploitively. In much of the Eighth District better farm management may involve an increase of farm size. It usually will mean a shift toward livestock, more pasture, and less land in the row crops which promote soil erosion and depletion. Larger investment per farm therefore is likely to have a very real effect not only on better utilization of our land and human resources for the immediate task ahead, but also on conservation for the long pull.

Most significant of all will be the long-run effects of better industrial training for the people of the district. The process by which capital is "invested" in human agents to increase their abilities to produce is the most far-reaching in terms of economic progress. This sort of investment works two ways. First, a higher income resulting from industrialization permits more funds to be set aside for education. In 1938, Mississippi allocated 5.4 per cent of its income to the support of secondary and elementary schools, while Iowa used only 3.9 per cent of its income for this purpose; and yet the amount



that was available per enrolled student was \$22 in Mississippi compared to \$74 in Iowa. Second, education in the broader sense implies a population more alert in its awareness of alternative opportunities, in its capacity to communicate, and in its willingness to shift toward more productive employ-

ment. It is such a population that will effectively contribute to the immediate mobilization program and to future economic progress.

Werner Hochwald  
J. Kenyon Lewis

# Survey of Current Conditions

At the end of the first quarter of 1951, the district and the national economies were operating at high and rising levels of production and employment. Industrial output in both district and nation increased somewhat between February and March. The Board's index for March is estimated at 223 per cent of the 1935-39 average as compared with 221 a month earlier. Production of many civilian lines was maintained at near record rates in the first quarter. Automobiles, for example, were produced at a rate 20 per cent greater than that in the first quarter 1950 and nearly at the record rate of 1950.

Construction activity in the nation, in dollar value, was larger in the first quarter than in any other first quarter on record. St. Louis territory construction contract awards were a third higher than in the same period of 1950.

Agricultural activity in the nation and the district is picking up as the growing season gets under way. A late start in the fields because of wet, cold weather has hampered operations in many sections.

The large output of civilian goods during recent months reflected both the high level of current demand and the movement of goods into inventories. Retail sales at department stores in March were less than "hoped for". By the standards of any previous year, however, sales were good—above 1950 levels in all but a few lines.

Price controls, credit restrictions, growing inventories, and the leveling off of consumer demand in both February and March has had the effect of slowing price advances. The index of wholesale prices for all commodities was 183 per cent of 1926 early in April following several weeks of relative stability. At that level it was 2 per cent above the freeze level of January 23, however, and represented a post-Korean increase of 17 per cent. The consumer price index was 184.5 per cent of 1935-39 (new series) at mid-March and was expected to show only a slight increase in April. But the tendency for prices to level off during the past month or more should not be interpreted to mean that inflationary pressures have been dissipated. An increasing proportion of our national effort will be diverted to the production of defense goods. As the defense "take" increases, the inflationary problem is expected to intensify.

## PRICES

WHOLESALE PRICES IN THE UNITED STATES					
Bureau of Labor Statistics (1926=100)	March, 1951		March, 1950		March, 1951 compared with
	Mar., '51	Feb., '51	Mar., '50	Feb., '51	Mar., '50
All Commodities....	184.0	183.6	152.6	+ 0.2%	+20.6%
Farm Products...	203.8	202.6	159.4	+ 0.6	+27.9
Foods.....	186.6	187.7	155.5	- 0.6	+20.0
Other.....	172.4	171.8	146.0	+ 0.3	+18.1

CONSUMER PRICE INDEX *					
Bureau of Labor Statistics (1935-39=100)	March 15, 1951		March 15, 1950		March 15, 1951 compared with
	Mar. 15, 1951	Dec. 15, 1950	Mar. 15, 1950	Dec. 15, '50	Mar. 15, '50
United States.....	184.5	178.8	168.4	+ 3.2%	+ 9.6%
St. Louis.....	185.2	178.8	168.0	+ 3.6	+10.2
Memphis.....	186.5	182.7	172.8	+ 2.1	+ 7.9

RETAIL FOOD *					
Bureau of Labor Statistics (1935-39=100)	March 15, 1951		March 15, 1950		March 15, 1951 compared with
	Mar. 15, 1951	Feb. 15, 1951	Mar. 15, 1950	Feb. 15, '51	Mar. 15, '50
U. S. (51 cities)....	226.2	226.0	196.6	+ 0.1%	+15.1%
St. Louis.....	239.4	240.0	204.7	- 0.3	+17.0
Little Rock.....	226.8	225.2	196.0	+ 0.7	+15.7
Louisville.....	214.6	214.5	184.1	- 0-	+16.6
Memphis.....	233.8	230.8	204.8	+ 1.3	+14.2

\*—New Series.

## EMPLOYMENT

Employment began to climb in the nation and in the Eighth District in March after remaining

## WHOLESALE

Line of Commodities	Net Sales		Stocks
	March, 1951 compared with		
Data furnished by Bureau of Census, U.S. Dept. of Commerce*	Feb., '51	March, '50	March 31, 1951 compared with March 31, 1950
Drugs and Chemicals.....	+22%	+12%	....%
Dry Goods.....	+ 2	+19	+33
Groceries.....	+13	+ 7	+27
Hardware.....	+ 6	+37	+19
Tobacco and its Products..	+ 6	+ 1	+16
Miscellaneous.....	+14	+24	+29
**Total All Lines.....	+ 5%	+20%	+27%

\*Preliminary.

\*\*Includes certain items not listed above.

relatively stable between January and February. An expansion in manufacturing plus seasonal gains in trade, construction and agriculture were responsible for one of the largest increases ever recorded at this time of year.

Total civilian employment in the United States reached 60.2 million in March, the Bureau of the Census reported. This was 1.3 million above the February and 2.6 million above the year ago levels. Unemployment, at 2.1 million, was about half as large as a year ago and about 10 per cent lower than in February.

The civilian labor force (which includes both the employed and the unemployed) continued to expand in March, despite military service inductions. The major factor was the large number of housewives entering the job market. Since March, 1950, the number of women in the civilian labor force in the nation has increased 1.2 million, while the number of men has decreased only 500,000.

Unemployment in the seven district states, as measured by the volume of unemployment compensation claims, dropped considerably between mid-February and mid-March. The decline, ranging from 4 per cent in Kentucky to 30 per cent in Mississippi, averaged 19 per cent for the seven states as compared with a decrease nationally of 12 per cent. Insured unemployment in the district states in March was less than half the year ago volume.

More people were working in the St. Louis area in mid-March than in mid-February, as construction, manufacturing, trade and Government added more workers. In manufacturing, gains in the food, chemicals, machinery, and basic and fabricated metals industries more than offset a loss in the transportation equipment industry. Employment this March was considerably higher than a year ago. About two-thirds of the gain over the past year was in manufacturing employment, with the remaining one-third divided among construction, trade and Government. Since the beginning of the Korean War, total manufacturing employment has gone up about 7 per cent. Employment in the primary and fabricated metals and nonelectrical machinery industries has jumped 16 per cent.

Employment in the Louisville area reached a peacetime peak in March, according to the Department of Economic Security. About 3,000 more people were working in March than in January, with gains coming in manufacturing, construction, public utilities and Government. In manufacturing, the rise reflected mainly additions in the food,

chemicals, primary metals and nonelectrical machinery industries. All of the major industry groups, except public utilities, had more workers than a year ago.

Employment in the Memphis area in March was about 2,000 higher than in January and about 11,500 higher than a year ago, according to the Department of Employment Security. Almost half of the increase over the past year occurred in Government employment due to increased activity at military and naval installations. Large numbers of workers are reported to be re-entering the labor force.

Evansville employment edged upward in March due to relatively small gains in manufacturing, construction, trade and Government. In the manufacturing field increases were reported by the food, nonelectrical machinery, and transportation equipment industries. No industries reported a loss between February and March. Unemployment in March was down about one-fourth from February and was about one-half of the year ago figure, the Employment Security Division reported.

#### INDUSTRY

March industrial output in the district topped February and was well ahead of production in March, 1950. Major factors in the rise in total output from February were the longer work month in March and improved weather conditions. Normally there is some seasoned gain between February and March.

Electric power consumption by manufacturing industries in the district's major cities was 9 per cent larger than in February and was up 13 per cent from a year ago. Except in St. Louis and

#### INDUSTRY

CONSUMPTION OF ELECTRICITY						
(K.W.H. in thous.)	March, 1951 K.W.H.	February, 1951 K.W.H.	March, 1950 K.W.H.	March, 1951 compared with		
				Feb., '51	Mar., '50	
Evansville.....	16,092	15,953	12,961	+ 0.9%	+24.2%	
Little Rock.....	12,768	12,549	12,441 <sup>R</sup>	+ 1.7	+ 2.6	
Louisville.....	80,710	75,114	72,678	+ 7.5	+11.1	
Memphis.....	30,229	26,684	27,711	+13.3	+ 9.1	
Pine Bluff.....	7,590	8,872	4,327	-14.5	+75.4	
St. Louis.....	100,352	88,432	88,375 <sup>R</sup>	+13.5	+13.6	
Totals.....	247,741	227,604	218,493	+ 8.8%	+13.4%	

<sup>R</sup>—Revised.

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS						
Mar., '51	Feb., '51	Mar., '50	First Nine Days Apr., '51	Apr., '50	3 mos. '51	3 mos. '50
132,803	91,302	113,432	35,840	31,986	346,027	308,425

Source: Terminal Railroad Association of St. Louis.

CRUDE OIL PRODUCTION—DAILY AVERAGE					
(In thousands of bbls.)	March, 1951	Feb., 1951	March, 1950	March, 1951 compared with	
				Feb., '51	Mar., '50
Arkansas.....	79.5	79.4	80.6	-0	- 1%
Illinois.....	164.0	159.9	179.6	+ 3	- 9
Indiana.....	27.0	27.6	27.2	- 2	+ 1
Kentucky.....	28.2	27.9	25.6	+ 1	+10
Total.....	298.7	294.8	313.0	+ 1%	- 5%

Memphis, however, the increase from February reflected a longer work month. Average consumption per day was off in the other cities, the declines ranging from 22 per cent in Pine Bluff to 2 per cent in Louisville.

In March, 133,000 loads were interchanged by the St. Louis Terminal Railroad Association. This was 32,000 more load interchanges than in February, the month of the railroad strike. Interchanges in the first nine days of April totaled almost 35,000 loads, slightly higher on a daily average basis compared with the first nine days of March.

The steel industry in the St. Louis area operated at 93 per cent of capacity in March, 6 points above the rate for February. The rate for March, 1950 was 78 per cent. Operations were scheduled at a slightly lower level for the first two weeks of April—89 per cent.

Southern pine operations increased in March; the index of average production per reporting unit was 211 as compared to 173 for February. Activity was down slightly in the last week of March and the first week of April, however. The March average was the highest posted since October and reflected better weather conditions and the incentive of heavy demand generated by growing defense needs and continued high levels of construction activity.

The index of pine output for first quarter 1951 was 196, two points less than first quarter 1950. Prolonged cold weather this year largely accounts for the decrease relative to 1950.

Southern hardwood producers boosted output from 85 per cent of capacity in February to 99 per cent in March—the highest rate since last November. The quarterly rate of hardwood production was 91—well above the 78 posted in the first three months of 1950. The rate for first quarter 1951 was unusually high.

The St. Louis shoe industry produced 8.3 million pairs of shoes in January to start 1951 with a 5 per cent increase in output over January, 1950. This level of manufacture, following the production of 92 million pairs in the district in 1950, led to

cautious buying at the April showing of St. Louis shoe manufacturers. Retail shoe inventories were valued at approximately 10 to 20 per cent more than in the corresponding period of last year.

Forty-four Kentucky distilleries were in operation at the end of March—one less than at the end of February. The cooperage shortage seems to be easing somewhat, but warehousing space is still scarce. The whiskey industry has found prices for 1949 and earlier whiskeys are firm, but that some price cutting for 1950 and 1951 whiskeys has occurred. Trade reports indicate some uncertainty as to interpretation of OPS price ceilings for whiskey.

#### Coal and Oil Output Increases Slightly

District coal production increased slightly in March, as compared to February. March output was 8.9 million tons, as compared to 8.6 million tons for the previous month. On a seasonably adjusted daily average basis production (preliminary) was 172 per cent of 1935-39 compared with 152 for February. March output was about normal for this time of year, although it was less than in March, 1950. Last year production was increased sharply (to 10.7 million tons) in March, following the work interruption in January and February.

Daily average crude oil production for the district was 298,700 barrels in March. This was 1 per cent higher than daily average output in February, but 5 per cent smaller than in March, 1950.

States reporting increased output in March over February were Illinois (3 per cent), and Kentucky (1 per cent). Arkansas daily average output was unchanged while Indiana reported a small decrease (2 per cent).

#### CONSTRUCTION

The value of new construction put in place in the United States during March totaled \$2.1 billion, 10 per cent more than in February and 21 per cent more than in March, 1950. In the first three months of this year the dollar value of construction was larger than in any previous first-quarter on record, and was about one-fifth more than in the compar-

#### PRODUCTION INDEXES

COAL PRODUCTION INDEX					
1935-39=100					
Unadjusted			Adjusted		
Mar., '51	Feb., '51	Mar., '50	Mar., '51	Feb., '51	Mar., '50
163.0*	173.5*	157.0	171.6*	152.2*	165.3
SHOE PRODUCTION INDEX					
1935-39=100					
Unadjusted			Adjusted		
Jan., '51	Dec., '50	Jan., '50	Jan., '51	Dec., '50	Jan., '50
152	153	152	149	156	149

\*—Preliminary.

#### CONSTRUCTION

BUILDING PERMITS								
Month of March								
(Cost in thousands)	New Construction				Repairs, etc.			
	Number	Cost	Number	Cost	Number	Cost	Cost	
	1951	1950	1951	1950	1951	1950	1951	
Evansville.....	65	135	\$ 191	\$ 403	81	93	\$ 123	\$ 71
Little Rock.....	87	109	1,921	870	185	221	129	188
Louisville.....	144	145	7,240	754	60	85	57	71
Memphis.....	1,471	1,799	2,615	4,512	242	189	161	220
St. Louis.....	277	455	3,612	4,985	272	258	1,252	624
Mar. Totals.....	2,044	2,643	\$15,579	\$11,524	840	846	\$1,722	\$1,174
Feb. Totals.....	1,632	2,311	\$ 6,896	\$ 6,977	485	581	\$ 637	\$ 907

## TRADE

### DEPARTMENT STORES

	Net Sales			Stocks	Stock
	March, 1951 compared with Feb., '51		3 mos. 1951 to same period '50	on Hand Mar. 31, '51 comp. with Mar. 31, '50	Turnover Jan. 1, to March 31, 1951 1950
	Mar., '51	Mar., '50			
8th F. R. District	+24%	+7%	+16%	+28%	.81 .90
Ft. Smith, Ark. <sup>1</sup> ...	+34	+24	+25	+32	.84 .85
Little Rock, Ark.	+15	+1	+11	+22	.76 .87
Quincy, Ill.	+19	+12	+26	+22	.81 .70
Evansville, Ind.	+41	+15	+27	+30	.74 .75
Louisville, Ky.	+39	+10	+18	+18	.91 .94
St. Louis Area <sup>2</sup> ...	+19	+4	+15	+36	.80 .92
St. Louis, Mo.	+17	+3	+14	+37	.78 .91
Springfield, Mo.	+47	+13	+17	+22	.67 .71
Memphis, Tenn.	+23	+8	+14	+14	.92 .92
*All Other Cities.	+40	+15	+27	+20	.60 .60

<sup>1</sup>Fayetteville, Arkansas; Harrisburg, Mt. Vernon, Illinois; Vincennes, Indiana; Danville, Hopkinsville, Mayfield, Paducah, Kentucky; Chillicothe, Missouri; Greenville, Mississippi; and Jackson, Tennessee.

<sup>2</sup>In order to permit publication of figures for this city, a special sample has been constructed which is not confined exclusively to department stores. Figures for any such nondepartment stores, however, are not used in computing the district percentage changes or in computing department store indexes.

<sup>3</sup>Includes St. Louis, Clayton, Maplewood, Missouri; Alton and Belleville, Illinois.

Outstanding orders of reporting stores at the end of March, 1951, were 41 per cent greater than on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding March 1, 1951, collected during March, by cities:

	Instalment Accounts	Excl. Instal. Accounts	Instalment Accounts	Excl. Instal. Accounts
Fort Smith.....	49%	49%	32%	64%
Little Rock.....	17	38	20	51
Louisville.....	19	50	16	57
Memphis.....	20	42	19	48

### INDEXES OF DEPARTMENT STORE SALES AND STOCKS

8th Federal Reserve District

	Mar., 1951	Feb., 1951	Jan., 1951	Mar., 1950
Sales (daily average), unadjusted <sup>3</sup> .....	298	275	298	285
Sales (daily average), seasonally adjusted <sup>3</sup> .....	298	327	363	297
Stocks, unadjusted <sup>4</sup> .....	413	371	290	317
Stocks, seasonally adjusted <sup>4</sup> .....	425	412	337	326

<sup>3</sup>Daily average 1935-39=100.

<sup>4</sup>End of Month Average 1935-39=100.

### SPECIALTY STORES

	Net Sales			Stocks	Stock
	March, 1951 compared with Feb., '51		3 mos. '51 to same period '50	on Hand March 31, '51 comp. with Mar. 31, '50	Turnover Jan. 1, to March 31, 1951 1950
	Mar., '51	Mar., '50			
Men's Furnishings.	+23%	+2%	+15%	+35%	.53 .60
Boots and Shoes....	+93	+33	+21	+13	.96 .93

Percentage of accounts and notes receivable outstanding March 1, 1951, collected during March:

Men's Furnishings.....	47%	Boots and Shoes.....	43%
Trading days: March, 1951—27; February, 1951—24; March, 1950—27.			

### RETAIL FURNITURE STORES \*\*

	Net Sales		Inventories		Ratio of Collections	
	March, 1951 compared with Feb., '51		March 31, 1951 compared with Feb. 28, Mar. 31, 1951 1950		Mar., '51 Mar., '50	
	Mar., '51	Mar., '50	1951	1950	Mar., '51	Mar., '50
8th Dist. Total <sup>1</sup> ..	+8%	-7%	+3%	+30%	25%	25%
St. Louis Area <sup>2</sup> ..	+2	-6	+1	+10	48	52
St. Louis.....	+3	-7	+1	+10	50	53
Louisville Area <sup>3</sup> ..	+18	-17	+15	+55	14	16
Louisville.....	+20	-17	+16	+56	13	16
Memphis.....	-14	-21	+6	+48	15	14
Little Rock.....	+37	-2	-25	+2	19	17
Springfield.....	+38	+14	+9	+44	17	17
Fort Smith.....	+20	-5	*	*	*	*

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

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

<sup>2</sup>Includes St. Louis, Missouri; and Alton, Illinois.

<sup>3</sup>Includes Louisville, Kentucky; and New Albany, Indiana.

### PERCENTAGE DISTRIBUTION OF FURNITURE SALES

	March, '51	February, '51	March, '50
Cash Sales .....	14%	14%	11%
Credit Sales .....	86	86	89
Total Sales .....	100%	100%	100%

able period of 1950. Practically all types of building shared in the gain, but the largest increases were in industrial and commercial construction and military and naval facilities.

In the Eighth District there are no available statistics on construction actually put in place. According to F. W. Dodge reports, however, contract awards in March were valued at about \$95 million as compared with \$60 million in February and \$71 million a year ago. Contract awards in the first quarter of 1951 were more than one-third higher in dollar value than in the first quarter of 1950. In comparison, contract awards in March in the 37 state area covered by the F. W. Dodge reports were 11 per cent higher than in February and 3 per cent below last March.

In the Eighth District, awards for nonresidential construction in March were 57 per cent higher than in February and 14 per cent above last March. Residential awards were up 62 per cent from a month ago and 72 per cent from a year ago. Entire first-quarter performance in the district showed a considerably sharper gain in residential than in nonresidential contracts as compared with the same period in 1950. Apartment building awards were valued at more than double the 1950 volume. In nonresidential work the major increases were in manufacturing and educational buildings.

## TRADE

Despite such gains as occurred, retailers viewed March sales totals as "disappointing". Department store sales were up but not as much as anticipated with Easter coming on March 25. Men's store sales volume was somewhat larger than in 1950. St. Louis, women's specialty stores slightly exceeded last year's figures. March normally is a slow month for furniture stores but this year sales activity was slower than expected.

Of the many factors influencing the month's sales, soft goods dealers pointed most often to the weather and the early date of Easter in 1951. In 1950, Easter came on April 9, and warmer weather had reminded consumers that spring had arrived. This year, March weather was anything but ideal. Other dampening factors cited were the income tax date (coming just ten days before Easter), previous stocking up by consumers, and uncertainty (both with respect to consumers and retailers) as to the effects of price controls.

Hard goods dealers expected March sales to be slow—but not as slow as they were. In the Easter season consumers are usually more concerned with buying a new pair of shoes than an electric iron. Automotive sales in the month were slow—particu-

larly for used car dealers. Automobile dealers suggest that heavy sales earlier this year with no shortage of cars to date convinced consumers there may be no scarcity of automobiles. Thus, the more than seasonal let-up in sales.

Meanwhile, retailers' inventories continued to mount in March. And with sales not up to expectations, concern over inventory level has become fairly widespread. Most dealers expect shortages to appear in the future, but that does not lessen their concern over present stocks.

**Department Stores**—District sales during March were about one-fourth larger than in February and 7 per cent larger than in March, 1950. However, seasonally adjusted records indicate some slackening of activity. The March index (adjusted) was 298 per cent of the 1935-39 base. For comparison it was 327 in February and 297 in March, 1950.

Total sales volume in all major district cities during March was larger than in the previous month and comparable month last year. The largest increase (year to year) occurred in Fort Smith, where sales were almost one-fourth larger than last year. The smallest gain from last year was recorded in Little Rock where sales volume was only slightly above that in 1950.

The story of the month's sales is reflected in the record of St. Louis department stores. Not many major divisions showed gains from last year, and some reported decreases. Women's and misses' accessory sales (main store) were up 6 per cent from last March, but apparel sales were off 7 per cent. In the comparable basement divisions women's and misses' apparel and accessories sales averaged 3 per cent larger. Main store men's wear sales increased 2 per cent, while in the basement sections they were 4 per cent larger. In the house-furnishing divisions for the first time in months there were no large sales gains registered. Television sales, long the leader, declined 7 per cent. Major appliance sales were one-fifth under last year, while furniture and bedding sales declined about one-tenth.

In terms of retail value, inventories held by district department stores on March 31 were 9 per cent larger than on February 28. Compared with March 31, 1950 the increase was 28 per cent. Seasonally adjusted end-of-month stocks were 425 per cent of the 1935-39 average, a new high. A month earlier they were 412 per cent and on March 31, 1950, were 326 per cent. The value of department stores' outstanding orders at the end of March was down about one-third from a month earlier, but was

still about two-fifths larger than at the same time a year earlier.

**Specialty Stores**—Both men's and women's apparel store sales volume was substantially larger in March than in February. Volume at St. Louis women's stores was up slightly relative to March, 1950, and district men's store sales were up 2 per cent from last year. In terms of retail value, womens' store inventories on March 31 were down slightly from the end of February, but up slightly from a year ago. Men's store inventories were up 14 per cent from February 28, and were about one-third larger than a year earlier.

**Furniture Stores**—District sales of reporting furniture stores in March totaled 8 per cent larger than in February but were 7 per cent less than in March, 1950. First-quarter 1951 sales totaled about one-tenth larger than in 1950. Inventories held on March 31 were 3 per cent larger than on February 28 and were 30 per cent larger than on March 31, 1950.

#### AGRICULTURE

As spring planting gets under way in the Eighth District, prospects for 1951 crops can be viewed with mixed optimism and pessimism. Intentions of farmers to plant indicate large crop production, given average weather during the growing season. However, acreages of some important feed and food crops are not up to expectations. The second report on the winter wheat crop places it 173 million bushels less than the December, 1950 estimate, and reports of intentions to plant corn were disappointing.

Acreage of principal crops in 1951 may reach 366 million acres, 2 per cent more than in 1950. This assumes that acreage of crops for which no estimates are available (including cotton) reach the

#### AGRICULTURE

(In thousands of dollars)	CASH FARM INCOME					
	February, 1951 compared with			2 mo. total Jan. to Feb., 1951 compared with		
	Feb., 1951	Jan., 1951	Feb., 1950	1951	1950	1949
Arkansas.....	\$ 22,177	-39%	-1%	\$ 58,438	+ 27%	-20%
Illinois.....	122,543	-22	-0-	279,490	+ 2	+ 22
Indiana.....	68,925	-12	+ 17	146,721	+ 16	+ 21
Kentucky.....	28,081	-71	+ 33	123,263	- 8	- 3
Mississippi.....	26,262	-29	+129	63,154	+117	+ 41
Missouri.....	67,376	-28	+ 14	161,238	+ 25	+ 16
Tennessee.....	25,777	-46	+ 12	73,476	+ 6	+ 1
Totals.....	\$361,141	-34%	+ 13%	\$905,780	+ 12%	+ 4%

	RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS					
	Receipts			Shipments		
	Mar., 1951	March, 1951 compared with		Mar., 1951	March, 1951 compared with	
	Feb., '51	Mar., '50	1951	Feb., '51	Mar., '50	1950
Cattle and calves.....	68,620	+14%	-23%	20,899	+ 40%	-30%
Hogs.....	300,766	+21	+ 2	69,913	- 6	- 11
Sheep.....	17,054	+13	-60	7,351	+131	-60
Totals.....	386,440	+19%	- 9%	98,163	+ 7%	-23%

PROSPECTIVE PLANTINGS, 1951

(Acreage in thousands)

	Corn		Oats		Soybeans		Tobacco	
	Indicated acreage 1951	Per cent change	Indicated acreage 1951	Per cent change	Indicated acreage 1951	Per cent change	Indicated acreage 1951	Per cent change
Illinois.....	8,964	+ 8%	3,682	- 7%	3,600	-12%	—	—
Indiana.....	4,562	+ 5	1,457	0	1,634	- 4	11	+ 8%
Missouri.....	4,410	+ 5	1,895	- 6	1,175	0	5	+ 6
Kentucky.....	2,158	— 1	170	0	190	- 3	347	+ 8
Tennessee.....	2,110	- 3	318	- 2	250	+ 7	108	+ 6
Mississippi.....	1,966	-15	285	-20	482	+10	—	—
Arkansas.....	1,188	-20	289	-10	566	-10	—	—
District States.....	25,358	+ 1	8,096	- 6	7,897	- 7	471	+ 8
United States.....	85,694	+ 2	44,191	- 5	13,772	- 6	1,745	+10

Source: Crop production, USDA.

USDA recommended goals. Actually, acreage of 18 principal crops, including winter wheat, will be about 1.5 million acres less than in 1950, providing farmers follow their March 1 intentions. Cotton is not included among the 18 crops noted; no official cotton acreage reports will be available until July. The cotton acreage goal, however, is much higher than last year's planting, and even if the goal were not met there should be enough increase in cotton acreage to bring total acreage up higher than in 1950.

Intentions to plant feed grain were not as high as recommended by Government officials. With average yields the acreages indicated would produce insufficient feed to maintain present livestock numbers. Indicated corn acreage, for example, falls short of the acreage goal by 5 per cent.

The increase in corn acreage for district states was virtually the same as for the United States. However, wide shifts are expected within the district. Acreages in the commercial Corn Belt are expected to increase, but decreases are expected in the other states. An increase of 8 per cent is expected in Illinois and 5 per cent in Indiana and Missouri. In contrast, corn acreage in Mississippi and Arkansas is expected to decline 15 and 20 per cent from 1950 acreages.

Prospects for the 1951 winter wheat crop are not bright, although estimated acreage was slightly higher than the announced goal. Dryness, severe winter weather and insect infestation, particularly in the Central and Southern Great Plains, have resulted in a March 1 estimated wheat crop of 726 million bushels. This is nearly 20 per cent less than indicated on December 1, 1950 and 5 per cent less than the 1950 crop. The 1947 and 1948 crops both exceeded a billion bushels. However, farmers intend to plant 18 per cent more spring wheat than in 1950.

Rice acreage is expected to be at an all-time high. Intentions to plant this year are 25 per cent higher in Arkansas than in 1950. Rice has only recently been grown in important quantities in Mississippi.

However, acreage in 1951 is expected to be 15,000 acres compared with 7,000 in 1950.

Farmers intend to plant more soybeans in Mississippi and Tennessee and the same acreage in Missouri compared with 1950. Smaller acreages are expected in the other states, including the important producing states of Illinois and Indiana.

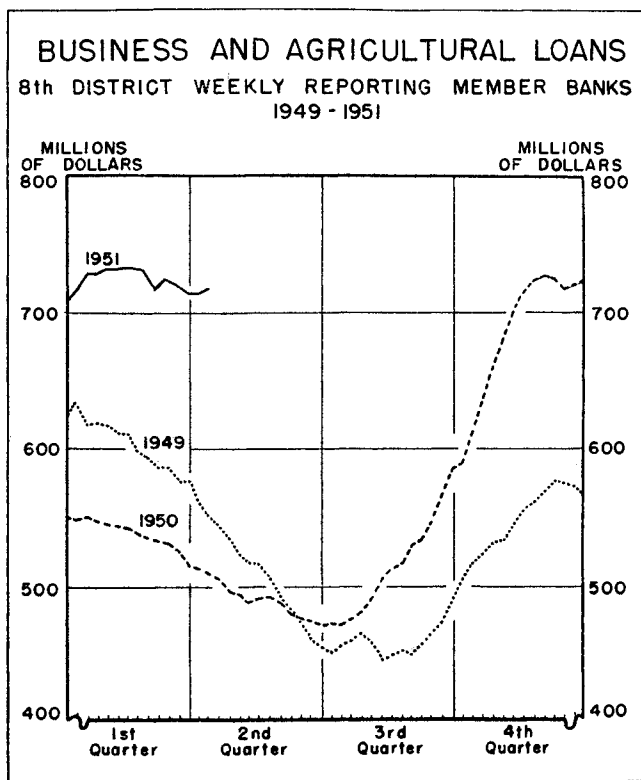
The question of whether the announced goal of 28 million acres of cotton will be realized remains unanswered. Some optimism is being expressed on this point. Intentions to plant other crops give some clues as to cotton acreage. It is known that there will be substantial increases in cotton acreage in western areas. The indicated acreage in Arkansas and Mississippi for 18 important crops (which include soybeans, rice and hay) is 10 per cent less than the acreage of these crops in 1950, or a decrease of 820,000 acres. If that went into cotton, these two states would show a cotton acreage increase of 21 per cent. Also some land was idle in 1950 that could be brought into cultivation in 1951. Many individual land owners are known to have taken land out of cultivation to seed pastures, however.

Agricultural prices declined slightly between February 15 and March 15. The index on the latter date was 311 (1910-14=100) compared with 313 a month earlier. Prices paid by farmers advanced 4 points to an index of 280. The parity ratio thus declined from 113 to 111.

BANKING AND FINANCE

**District Banking Developments**—In March, district member banks continued to expand their loans and their investments in "other" (than Government) securities. Each of these types of earning assets rose \$2 million in the month. Investment in Government securities declined \$42 million. Part of these were sold ultimately to the Federal Reserve and thus gave the banks funds to expand their loans and "other" investments.

The \$2 million loan increase was the net result of an \$11 million rise at country banks and a \$9 million decline at city banks. Usually the city bank decrease overshadows the country bank gain at



this time of year in this district. Most of the country bank increase was in banks in rural centers and reflected farm borrowing. The city bank loan drop reflected decreasing business loans, with part of this loss offset by increases in other categories.

In the first two weeks of April, loans and investments at the weekly reporting (big city) member banks each declined \$10 million more. Loans to banks and to consumers dropped \$6 million each. Loans on securities declined \$2 million. Real estate loans were virtually unchanged. Commercial, industrial and agricultural loans, however, rose contra-seasonally \$4 million. Banks sold Government notes and bonds and purchased a smaller volume of bills.

**National Developments**—Nationally, bank credit expanded in March and early April. Weekly reports from member banks in leading cities showed that commercial and industrial loans jumped \$526 million in the four weeks ended April 4. Expansion in these loans is unusual at this time. All other loan categories also increased in the four-week period and investment portfolios rose \$76 million, mostly in "other" securities.

**Debits**—An indication of the continued high rate of use of bank funds is found in the large volume of checks cashed. Debits to deposit accounts at 22 cities in the Eighth District were \$4.2 billion in

March—23 per cent more than in March a year ago and about double the March volume during the war years. Nationally, debits in leading cities in March were 24 per cent higher than in March last year.

**Voluntary Credit Restraint Program**—The national Voluntary Credit Restraint Committee has announced the personnel of the regional committees to which inquiries by lenders may be addressed regarding lending activities under the Program. Twelve regional committees have been organized to deal with commercial banking problems, one located in each Federal Reserve Bank District. The members of the Eighth District Commercial Banking Voluntary Credit Restraint Committee are:

**Sidney Maestre, Chairman,**  
President, Mississippi Valley Trust Company,  
St. Louis, Missouri.

**V. J. Alexander,**  
President, Union Planters National Bank &  
Trust Company of Memphis,  
Memphis, Tennessee.

**Harold T. Jolley,**  
President, the Boatmen's National Bank of  
St. Louis,  
St. Louis, Missouri.

**William A. McDonnell,**  
President, First National Bank in St. Louis,  
St. Louis, Missouri.

**Earl R. Muir,**  
President, Louisville Trust Company,  
Louisville, Kentucky.

**James H. Penick,**  
President, Worthen Bank & Trust Company,  
Little Rock, Arkansas.

**Olin M. Attebery,**  
First Vice President, Federal Reserve Bank of  
St. Louis.  
St. Louis, Missouri.

Four regional committees for insurance companies and four regional committees for investment banking houses have been organized, one of each being located in New York, Chicago, Dallas and San Francisco.

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

(In Millions of Dollars)	All Member			Large City Banks <sup>1</sup>			Smaller Banks <sup>2</sup>		
	Change from:			Change from:			Change from:		
	Feb., 1951	Mar., 1950		Feb., 1951	Mar., 1950		Feb., 1951	Mar., 1950	
	to	to		to	to		to	to	
Mar., 1951	Mar., 1951	Mar., 1951	Mar., 1951	Mar., 1951	Mar., 1951	Mar., 1951	Mar., 1951	Mar., 1951	
<b>Assets</b>									
1. Loans and Investments.....	\$4,011	\$- 38	\$+154	\$2,354	\$- 36	\$+116	\$1,657	\$- 2	\$+ 38
a. Loans.....	1,869	+ 2	+365	1,270	- 9	+289	599	+ 11	+ 76
b. U.S. Government Obligations.....	1,778	- 42	-210	908	- 28	-165	870	- 14	- 45
c. Other Securities.....	364	+ 2	- 1	176	+ 1	- 8	188	+ 1	+ 7
2. Reserves and Other Cash Balances.....	1,280	- 62	+137	807	- 37	+121	473	- 25	+ 16
a. Reserves with the F.R. bank.....	673	- 3	+109	439	- 4	+ 75	234	+ 1	+ 34
b. Other Cash Balances <sup>3</sup> .....	607	- 59	+ 28	368	- 33	+ 46	239	- 26	- 18
3. Other Assets.....	46	- 3	+ 6	30	- 2	+ 4	16	- 1	+ 2
4. Total Assets.....	\$5,337	\$-103	\$+297	\$3,191	\$- 75	\$+241	\$2,146	\$- 28	\$+ 56
<b>Liabilities and Capital</b>									
5. Gross Demand Deposits.....	\$3,972	\$- 92	\$+262	\$2,461	\$- 62	\$+217	\$1,511	\$- 30	\$+ 45
a. Deposits of Banks.....	611	- 54	- 5	578	- 51	- 3	33	- 3	- 2
b. Other Demand Deposits.....	3,361	- 38	+267	1,883	- 11	+220	1,478	- 27	+ 47
6. Time Deposits.....	973	- 2	- 11	488	- 2	- 7	485	- 0-	- 4
7. Borrowings and Other Liabilities.....	50	- 15	+ 19	44	- 15	+ 18	6	- 0-	+ 1
8. Total Capital Accounts.....	342	+ 6	+ 27	198	+ 4	+ 13	144	+ 2	+ 14
9. Total Liabilities and Capital Accounts.....	\$5,337	\$-103	\$+297	\$3,191	\$- 75	\$+241	\$2,146	\$- 28	\$+ 56

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

**DEBITS TO DEPOSIT ACCOUNTS**

(In thousands of dollars)	March, 1951	Feb., 1951	March, 1950	March, 1951 compared with	
				Feb., '51	Mar., '50
El Dorado, Ark.....	\$ 28,457	\$ 23,221	\$ 24,138	+23%	+18%
Fort Smith, Ark.....	47,649	39,875	37,045	+19	+29
Helena, Ark.....	8,844	7,062	6,846	+25	+29
Little Rock, Ark.....	151,872	128,236	130,442	+18	+16
Pine Bluff, Ark.....	31,113	25,683	26,357	+21	+18
Texarkana, Ark.*.....	14,152	11,024	11,835	+28	+20
Alton, Ill.....	31,843	24,108	25,706	+32	+24
E.St.L.-Nat.S.Y., Ill..	138,848	106,312	106,611	+31	+30
Quincy, Ill.....	37,996	29,866	29,587	+27	+28
Evansville, Ind.....	143,416	122,014	110,063	+18	+30
Louisville, Ky.....	672,010	552,293	555,245	+22	+21
Owensboro, Ky.....	46,312	37,219	32,572	+24	+42
Paducah, Ky.....	21,067	17,112	14,516	+23	+45
Greenville, Miss.....	23,691	19,403	18,747	+22	+26
Cape Girardeau, Mo....	13,583	11,178	11,137	+22	+22
Hannibal, Mo.....	10,045	8,544	8,726	+18	+15
Jefferson City, Mo.....	47,043	48,800	39,071	- 4	+20
St. Louis, Mo.....	1,955,303	1,589,078	1,601,226	+23	+22
Sedalia, Mo.....	11,734	10,586	9,833	+11	+19
Springfield, Mo.....	69,432	56,376	56,233	+23	+23
Jackson, Tenn.....	21,916	18,160	18,473	+21	+19
Memphis, Tenn.....	705,097	554,417	570,609	+27	+24
Totals.....	\$4,231,423	\$3,440,567	\$3,445,018	+23%	+23%

\*—These figures are for Texarkana, Arkansas only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$33,776.