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EIGHTH DISTRICT INCOME IN 1950

The year 1950 marked general expansion and income growth throughout the nation. The Eighth District fully participated in this general advance, and district income moved up at the national rate.

Income advanced in all major sectors of the district economy from 1949 to 1950. However, there were wide differences among income areas within the district. These differences reflected the varying importance of major income sources for the local economies of district income areas. In conformity with past experience, agricultural income proved the most volatile of the major income flows. Disparities in Government income payments stemmed from sharp increases in military payrolls. Differential growth in factory pay reflected variations among income areas in the relative importance of durable goods manufactures and in their general rate of industrialization.

The past decade has been a period of tremendous economic growth for the nation and the district. Over this period, the dollar total of district income payments tripled, as did district per capita income. Manufacturing payrolls were a key factor in this spurt toward increased output in the district, leading to higher productivity of the district labor force in the factory as well as on the farm.

District income growth is significant because it enables the district to make a greater direct contribution to national strength, and because it may illustrate methods of attacking problems in low income areas abroad.

The year 1950 marked general expansion . . .

The year 1950 was marked by two clearly defined expansionary movements which lifted business activity throughout the nation to a new peak rate. In the first half of the year, the cyclical upswing in business initiated after mid-1949 proceeded steadily, broadly based upon a resurgence of investment activity and strong consumer demand for durable goods. The advance gave promise of continuing throughout the second half of the year. Actually the second half witnessed a strong acceleration in business activity stimulated by a general upsurge in demand. The basic economic pattern in the first half had inflationary overtones; in the second half the pattern was one dominated by inflationary influences.

The altered economic prospect stemmed from the military aggression against South Korea by Communist forces, an event which has greatly influenced economic developments ever since. For the remainder of 1950, American businesses and consumers reacted vigorously to the emergency by buying heavily of the items they expected would be in short supply.

. . . and income growth throughout the nation.

National income, which may be defined briefly as the sum of earnings of labor and property arising from production of the nation's output, advanced from \$217 billion in 1949 to \$239 billion in 1950, a rise of 11 per cent. Part of the increase reflected larger physical volume and part reflected higher prices and wage rates. After allowance for price changes, the Gross National Product increased 6 per cent in volume, as compared with the 11 per cent rise in its market value. The industrial expansion reflected in these income data, confined mainly to durable manufactures at first, spread gradually to other lines; and incomes generated by the step-up in production added further stimulus to consumer purchasing. Expansion of income continued throughout 1951, though at a somewhat retarded rate.

Personal income—the sum of income receipts of persons from all sources—was \$225 billion in 1950 as compared to \$205 billion in 1949. It rose to \$250 billion (annual rate) in the April-June period of 1951, and was 15 per cent higher in that quarter than in the corresponding quarter a year earlier, before the outbreak of warfare in Korea. Roughly half of this increase stemmed from the general rise in prices which were pushed up repeatedly during most of the year by heavy private and Government demands. The sizable advance in real income was made possible chiefly by increased employment, installation of large amounts of new productive facili-

ties, and fuller utilization of existing productive capacity.

Income payments to individuals—the income received from all sources by residents of the Continental United States—increased from \$196 billion in 1949 to \$217 billion in 1950, a rise of 11 per cent. On a regional basis, the largest relative gains were scored by the Northwest and the Southeast, where income rose 14 and 12 per cent, respectively. Total income growth in the Central and Far West regions matched that of the country as a whole, while the 10 per cent rise in New England and the Middle East was only a little smaller. The lightest gain (8 per cent) was scored by the Southwest.

Per capita income payments—total income divided by total population—averaged \$1436 for the country as a whole in 1950. This was 9 per cent above the 1949 average of \$1320 and higher than in any other year. Average incomes for entire states in 1950 ranged from \$698 in Mississippi to more than \$1900 in Delaware and the District of Columbia. Others in the top rank included Nevada (\$1875), New York (\$1864), and Connecticut (\$1776).

The Eighth District fully participated in this general advance . . .

In line with the trend of national economic activity, Eighth District farms, factories, and mines operated at high levels of output in 1950. Pushed mainly by strong demand in consumer markets, industry in the Eighth District hustled through a big year. The district's leading cities consumed about 15 per cent more industrial power in 1950 than in 1949. Construction activity climbed to a new peak and received additional impetus in 1951 when the atomic project near Paducah raised construction contracts awarded in the Eighth District to a record share of the national total. The growing impact of new military needs also was evidenced by the number of certificates of necessity for accelerated tax amortization allowed in this district, approximately \$300 million by July, 1951 or about 3 per cent of the national total.

. . . and district income moved up at the national rate.

Total district income moved up at the national rate of 11 per cent from 1949 to 1950, and the district thus maintained its share (5.1 per cent) of total national income. Per capita district income, however, rose relatively less than in the nation, from \$973 in 1949 to \$1,055 in 1950, an increase of 8 per cent. This slightly smaller gain in per capita income reflected the larger-than-national average rate of increase in district population in 1950. The number of people in this district grew from 10.3 million in 1949 to 10.5 million in 1950.

District income moved up at the national rate.

PERCENTAGE GROWTH OF DISTRICT INCOME PAYMENTS
(Selected Years—1929-1950)

	1929 to 1950	1940 to 1950	1944 to 1950	1948 to 1950	1949 to 1950
United States	163	186	42	8	11
District	158	194	41	4	11
Arkansas	181	220	36	- 0 -	11
Illinois	99	144	36	2	9
Indiana	190	193	37	6	13
Kentucky	184	221	49	5	9
Mississippi	154	212	13	- 0 -	15
Missouri	148	186	50	7	11
Tennessee	251	243	36	8	12

EIGHTH DISTRICT'S SHARE OF NATIONAL INCOME PAYMENTS

(Selected Years—1929-1950)

	1929	1940	1944	1948	1949	1950
United States	100.00	100.00	100.00	100.00	100.00	100.00
District	5.06	4.96	5.00	5.25	5.10	5.10
Arkansas .....	.68	.65	.76	.78	.73	.73
Illinois .....	.91	.83	.72	.75	.72	.71
Indiana .....	.30	.33	.34	.34	.33	.34
Kentucky .....	.68	.67	.70	.78	.77	.76
Mississippi .....	.30	.28	.34	.33	.29	.30
Missouri	1.87	1.83	1.70	1.83	1.82	1.82
Tennessee .....	.32	.37	.44	.44	.44	.44

The Eighth District has been traditionally an area of out-migration, and last year's experience was contrary to average experience in this respect. It is, however, not to be taken as a reversal of long time trend. Nevertheless it underlines the continuing challenge to the people of this district to provide opportunities which will keep an efficient labor force in this district to man new factories that have been or are about to be constructed.

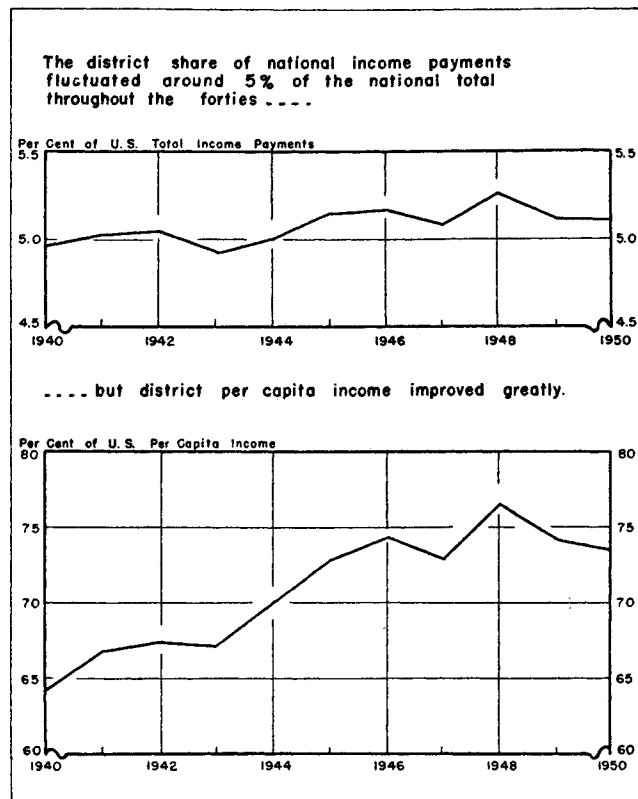
Income advanced in all major sectors of the district economy from 1949 to 1950.

The advance in income was most pronounced for manufacturing payrolls (13 per cent) and Government income payments (15 per cent). The 7 per cent rise in farm income reflected the composite effects of an increase in farm prices which began in early 1950 and accelerated following the outbreak of hostilities in Korea, a small decrease in the aggregate volume of crop production, a slight increase in meat production, and a moderate rise in farm production expenses.

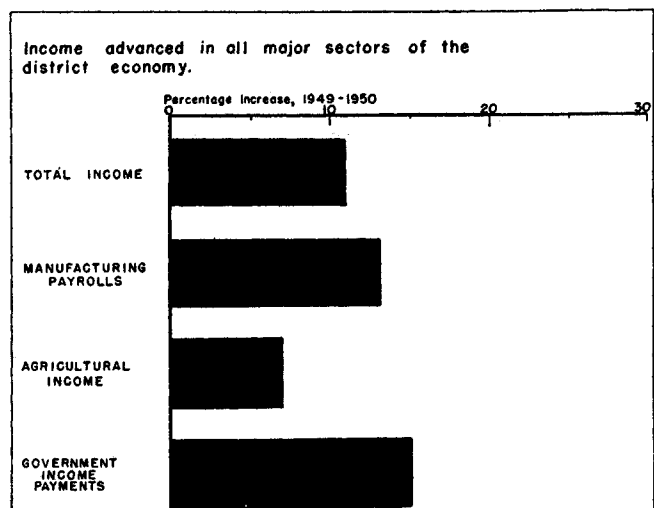
However, there were wide differences among income areas within the district.

Though most income areas reflected the general advance in economic activity, thirty of the ninety-seven district areas still had a per capita income less than half the national average (\$1,436). As the map indicates, these low-income areas are concentrated in the Ozarks, the Kentucky highland rim, and the hill sections of Tennessee and Mississippi. The Monticello (Kentucky) area recorded less than one-third of the national average with a 1950 per capita income of \$382.

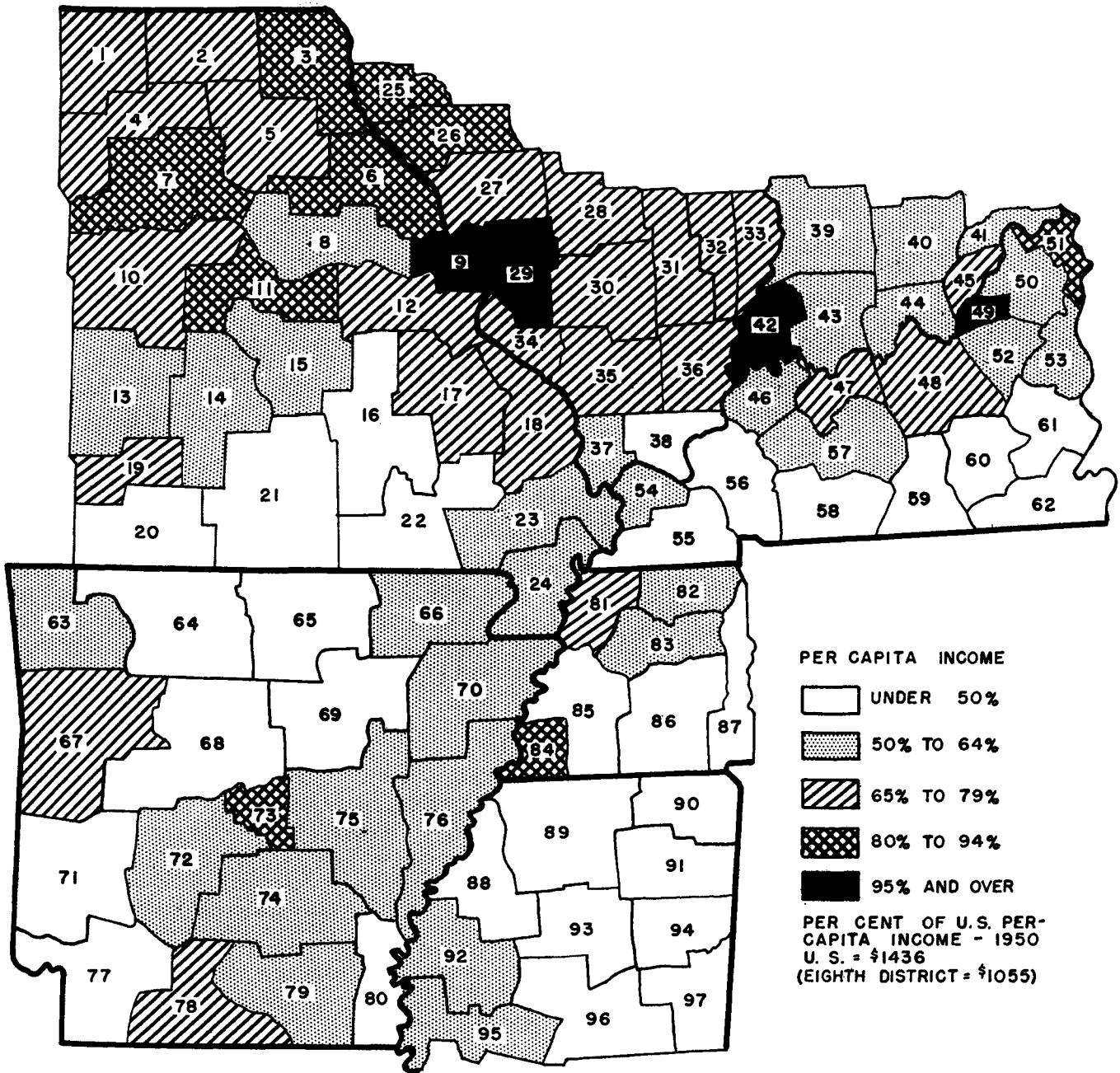
The encouraging note, however, is that only five district income areas dropped back in relative status from 1949 to 1950, while many more areas considerably improved their income positions. In 1950



there were four district areas at par with or above the average for the nation. The St. Louis area led with a per capita income of \$1,824 and was followed by the Louisville area (\$1,673), the Evansville area (\$1,462), and the East St. Louis area (\$1,408). The latter region, the heavy industry section of the St. Louis metropolitan area, improved its income position considerably over 1949 in response to accelerated defense activity. Considerable gains also were recorded for the New Albany region, the Indiana part of the Louisville metropolitan area, as well as for several livestock producing areas throughout the district. Finally, many areas in Mississippi recov-



Only Four District Areas At Par With Average For Nation -----



MISSOURI

- 1 Trenton
- 2 Kirksville
- 3 Hannibal
- 4 Chillicothe
- 5 Moberly
- 6 Mexico
- 7 Marshall
- 8 Columbia
- 9 St. Louis
- 10 Sedalia
- 11 Jefferson City
- 12 Washington

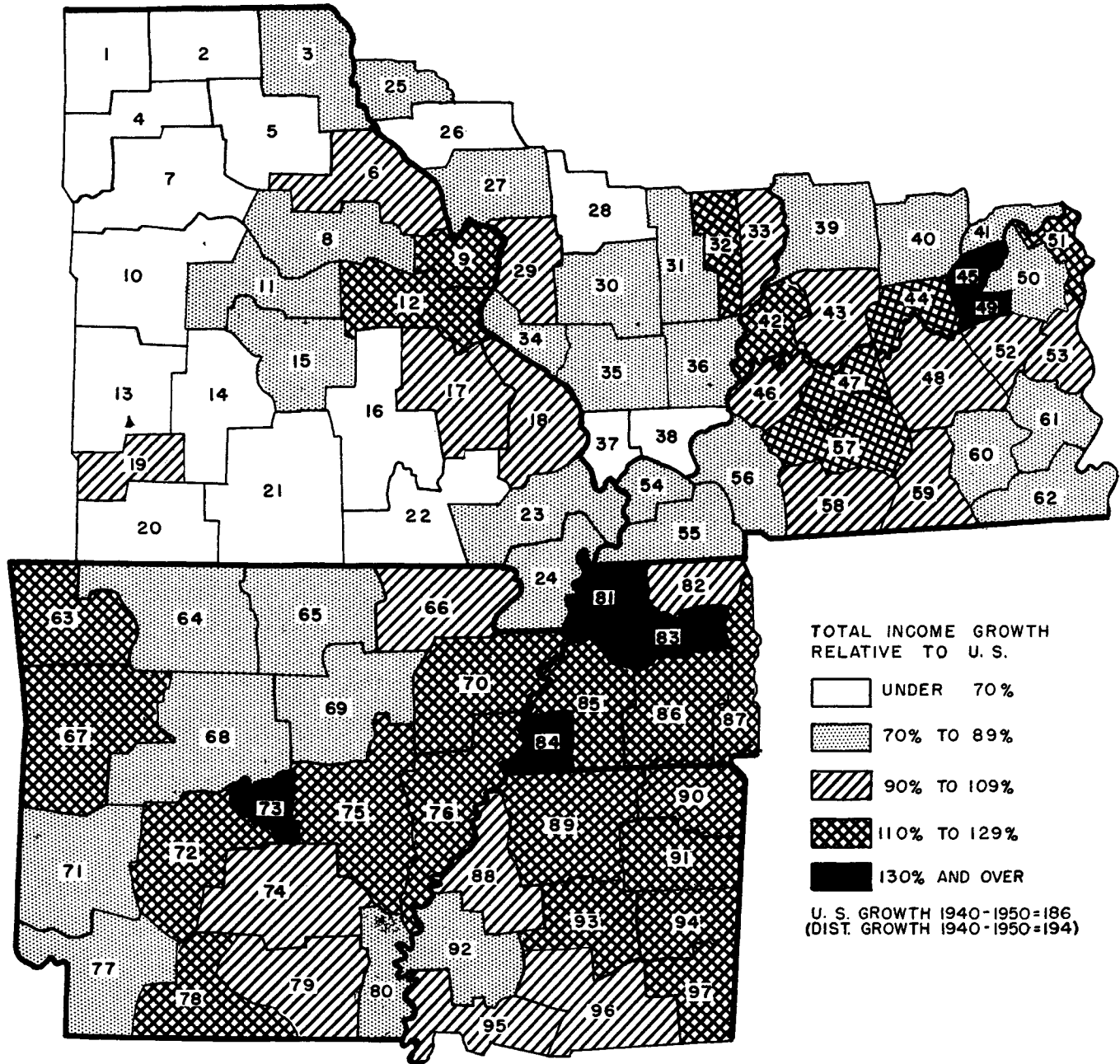
- 13 Bolivar
- 14 Lebanon
- 15 Rolla
- 16 Salem
- 17 Flat River
- 18 Cape Girardeau
- 19 Springfield
- 20 Monett
- 21 West Plains
- 22 Thayer
- 23 Poplar Bluff
- 24 Caruthersville

ILLINOIS

- 25 Quincy
- 26 Jacksonville
- 27 Carlinville
- 28 Litchfield
- 29 E. St. Louis
- 30 Centralia
- 31 Effingham
- 32 Olney
- 33 Lawrenceville
- 34 Chester
- 35 W. Frankfort
- 36 Harrisburg

- 37 Cairo
- 38 Metropolis
- INDIANA
- 39 Vincennes
- 40 Bedford
- 41 Madison
- 42 Evansville
- 43 Jasper
- 44 Tell City
- 45 New Albany

----- But Thirty District Areas Grow At A Faster Rate



TOTAL INCOME GROWTH RELATIVE TO U. S.

- UNDER 70%
- 70% TO 89%
- 90% TO 109%
- 110% TO 129%
- 130% AND OVER

U. S. GROWTH 1940-1950=186
(DIST. GROWTH 1940-1950=194)

KENTUCKY

- 46 Henderson
- 47 Owensboro
- 48 Elizabethtown
- 49 Louisville
- 50 Shelbyville
- 51 Frankfort
- 52 Bardstown
- 53 Danville
- 54 Paducah
- 55 Mayfield
- 56 Princeton
- 57 Madisonville

- 58 Hopkinsville
- 59 Bowling Green
- 60 Glasgow
- 61 Lebanon
- 62 Monticello

ARKANSAS

- 63 Fayetteville
- 64 Harrison
- 65 Mountain Home
- 66 Paragould
- 67 Fort Smith

- 68 Russellville
- 69 Batesville
- 70 Jonesboro
- 71 Mena
- 72 Hot Springs
- 73 Little Rock
- 74 Pine Bluff
- 75 Stuttgart
- 76 Helena
- 77 Texarkana
- 78 El Dorado
- 79 Crossett

- 80 McGehee
- ### TENNESSEE
- 81 Dyersburg
 - 82 Paris
 - 83 Humboldt
 - 84 Memphis
 - 85 Brownsville
 - 86 Jackson
 - 87 Savannah

MISSISSIPPI

- 88 Clarksdale
- 89 Oxford
- 90 Corinth
- 91 Tupelo
- 92 Greenwood
- 93 Grenada
- 94 West Point
- 95 Greenville
- 96 Kosciusko
- 97 Columbus

ered from the income loss shown for 1949, largely reflecting the much better cotton crop and higher cotton prices during the late months of 1950.

These differences reflected the varying importance of major income sources for the local economies of district income areas.

Local differences in the level of per capita income payments are due primarily to the different income sources of these areas. As a major impetus to increased income in 1950 resulted from an acceleration of activities in the trade and service industries as well as manufacturing, urban areas often participated most actively in the general business advance. In the rural areas, differences in income movements resulted from the varying fate of farm production in these areas and from the differences in price increases among the various farm products.

In conformity with past experience, agricultural income proved the most volatile of the major income flows.

In 1949 many district areas were hit hard by a simultaneous price drop and smaller physical volume of such strategic district crops as cotton. Farm income in Mississippi declined by 42 per cent from 1948 to 1949. By 1950 it had recovered only partly, showing an increase of 18 per cent over 1949. Kentucky on the other hand, which had suffered least from the price break in 1949, recorded some decline in 1950 farm income. Missouri farm income benefited to a considerable extent from an increase in meat production and prices, and was substantially larger in 1950 than in 1949.

It should be noted that in many areas larger cash receipts from the marketing of livestock products served to compensate farmers for losses in field crops. This trend could be observed well in northwestern Tennessee where all income areas showed marked gains.

Disparities in Government income payments stemmed from sharp increases in military payrolls.

There was a 15 per cent rise from 1949 to 1950 in Government income payments—the total of wages and salaries, interest, social insurance benefits, and other types of income disbursements to individuals by Federal, State, and local agencies. This increase (larger than the national gain) stemmed mainly from disbursement of the National Service life insurance dividend and from an increase of about one-third in the cash pay to military personnel stationed within the district. Because of its fairly uniform distribution, the National Service life insurance dividend produced little difference in the relative increases in Government income payments among income areas. On the other hand, the in-

crease in military payrolls was spread unevenly over the nation. This district generally received more of such payments than its population ratio would indicate. Within the district, as a result of the heavy concentration of military payrolls at large army camps, several areas scored above-average gains in income flowing from Government.

Differential growth in factory pay reflected variations among income areas in the relative importance of durable manufactures . . .

The expansion of manufacturing wages and salaries last year—13 per cent on a district basis—reflected chiefly the recovery of the manufacturing industry by early 1950 from the mild business downturn of 1949; the further upward movement of production in response to stepped-up business and consumer demands in the months immediately following the invasion of South Korea; and, to a limited extent, the initial impact of the national defense program. It was, therefore, most pronounced in those areas which had the facilities to respond quickly to stepped-up business and consumer demands. As these demands were mostly for durables, sizable increases were recorded in the heavy manufacturing centers of the district, such as East St. Louis and Evansville.

. . . and the general rate of industrialization.

Eighth District Arkansas and Mississippi showed increases in manufacturing pay of 17 and 23 per cent, respectively. Any new manufacturing development is likely to loom large in an area that is just beginning its industrialization. These figures, however, testify to the extent the Mid-South is participating in industrial growth.

The past decade has been a period of tremendous economic growth for the nation . . .

Over the past ten years the nation's physical volume of output expanded by more than one-half, the population increased by 20 million persons, and unemployment was reduced from 8 million in 1940 (one-seventh of the labor force) to 2 million by the end of 1950, virtually the practical minimum in relation to the enlarged labor force. During this period, the economy first expanded under the pressure of unprecedented military demands, later converted to all-out production for peacetime consumer goods, and now again is supplying the demands of this and other countries for defense.

The dollar total of income payments in the nation rose from \$76 billion in 1940 to \$217 billion in 1950, an increase of 186 per cent. The myriad of economic developments reflected in these summary statistics resulted in pronounced changes in the geographical distribution of income. As in any period of sustained economic growth, many of the

less developed regions of the country proceeded to grow at a faster rate than the national average and thus tended to narrow the differentials between them and high income regions. The share of the nation's total income received by the South and West increased 18 per cent between 1940 and 1950, whereas that of the Northeastern area (New England and the Middle East), the traditional focus of national activity, declined 14 per cent. (However, the aggregate income in this area, \$75 billion in 1950, still accounted for more than one-third of the national total.)

. . . and the district.

The Eighth Federal Reserve District contributed its share to the growth of the nation over the past decade. Physical volume of output in the district expanded at about the national rate, while the district labor force increased by only 2 per cent. The district sent a large outflow of labor into other regions where district workers manned new factories and plants. Power consumption of the major district centers more than doubled between 1940 and 1950.

Within the district the geographical pattern of growth roughly reflected the developments in the country as a whole. The expansion of the district economy was fastest around the metropolitan centers and throughout the Mid-South which has been going through a rapid process of industrialization.

Over this period, the dollar total of district income payments tripled, . . .

Total income payments in the district increased from \$3.8 billion in 1940 to \$11 billion in 1950, a gain of 194 per cent. The increase was largest in Eighth District Tennessee (243 per cent), where Memphis, hub of a tri-state region, registered the rapid growth of the Mid-South. Income also more than tripled in district Kentucky (221 per cent), Arkansas (220 per cent), and Mississippi (212 per cent). The Indiana portion of the district (up 193 per cent) and Missouri (up 186 per cent) just kept pace with the nation (186 per cent), while southern Illinois (144 per cent) lagged. The latter area, however, should receive some new impetus toward industrial growth as a result of recent developments around East St. Louis and Paducah.

Growth in the various areas of the district over

the last decade is shown on the second map accompanying this article. The total income increase in each area is shown as a per cent of the increase for the nation as a whole. Thus the map shows directly the areas which registered better—or worse—than national average performance during the ten year period. It should be stressed that these data reflect *total* income payments and not *per capita* income, a point discussed more fully later in this article.

The white areas, lagging far behind the national rate, are concentrated in rural Illinois and Missouri where several counties suffered absolute population losses of as much as 10 per cent. The dotted areas, still lagging behind the national rate of expansion, spread over much of Arkansas, Illinois, Indiana, Kentucky, and Missouri, and again are mostly rural areas registering actual population losses over the last decade, though in many cases their remaining farm labor force may have greatly improved its per capita productivity and income. The shaded areas, keeping pace with the nation, are primarily rural areas where major farm improvements and some industrial developments permitted the productive utilization of a growing labor force. Among urban centers, East St. Louis (91 per cent) and Springfield (94 per cent) approached the national rate of growth.

The crosshatched areas, where total income grew faster than in the nation, are concentrated in the Mid-South and around the major metropolitan centers of the district. In addition, northwestern Arkansas stands out. There poultry raising and fruit processing pushed the Fayetteville area 29 points ahead of the national rate of growth. The same relative lead is shown by the Evansville area but there reflects a remarkable expansion in manufacturing payrolls.

Finally, there were a few district areas which led the nation by more than 30 per cent. In this category are two areas in northwestern Tennessee, Dyersburg and Humboldt, where livestock products and truck crops greatly improved farm income. Here are also the Louisville and Memphis metropolitan areas. At the top of the list is Little Rock where total income increased proportionately more than in any other district area and was 40 per cent ahead of the national rate of growth.

TOTAL AND PER CAPITA INCOME PAYMENTS 1950

	United States	Eighth District	Arkansas	Illinois	Indiana	Kentucky	Mississippi	Missouri	Tennessee
Wages and Salaries.....(Millions of Dollars)	\$141,629	\$6,246	\$ 761	\$ 849	\$ 446	\$ 998	\$ 225	\$2,392	\$ 575
Proprietors Income	36,217	2,773	531	335	177	346	312	852	220
Property Income	24,118	1,107	105	238	65	165	45	420	69
Other Income	15,279	954	180	121	51	131	82	298	91
Total Income	217,243	11,080	1,577	1,543	739	1,640	664	3,962	955
Per Capita Income.....(Dollars)	1,436	1,055	825	1,165	1,070	1,046	637	1,329	975
% of Average U. S. Income.....	100%	73%	57%	81%	75%	73%	44%	93%	68%

. . . as did district per capita income.

Per capita income in the district increased from \$368 in 1940 to \$1055 in 1950, a gain of 187 per cent and considerably above the national rate of 150 per cent. While district per capita income in 1940 amounted to but 64 per cent of the national average, it had climbed to 73 per cent by 1950.

It needs particular emphasis that, while total income payments in this district as a whole increased just in step with the nation, per capita income increased much faster. The district's share of national income payments fluctuated around 5 per cent of the national total throughout the forties, but its per capita income improved greatly. This difference is important and is explained by a substantial relative decline in district population. In 1940 the Eighth District had 8 per cent of the nation's population; in 1950 it had less than 7 per cent of the national total.

District population actually increased between 1940 and 1950 by several hundred thousand people. The gain, however, for the decade was relatively much smaller for the district than for the nation and consequently the district's share of the total population declined as indicated. Furthermore, such population gain as did occur in the district was concentrated in the urban areas; most of the rural counties suffered absolute population losses.

The net result, of course, was that by 1950 a smaller proportion of the nation's population lived in the district, but these people were producing as high a proportion of the nation's output as in 1940. Total output in real terms grew considerably between 1940 and 1950. The district's output growth kept pace with the nation's growth. Most importantly, output per person in the district increased more than the national average and this fact was reflected in the higher growth rate in per capita income here.

This development may be viewed as a somewhat mixed blessing. The gain in productivity was most desirable. It would have been even more beneficial, however, to have had job opportunities in high productivity industries for those who left the district. Then not only would per capita income have grown, but total income would have increased more rapidly. And the district would not have lost part of its active labor force which had been raised and trained here.

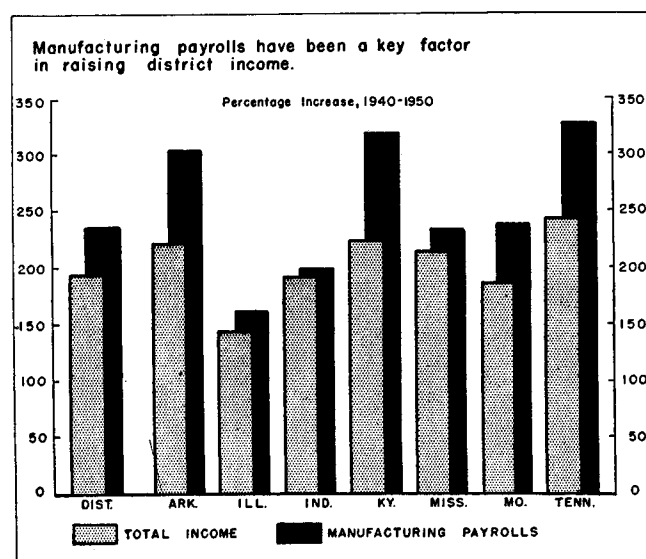
As it was the Eighth District contributed to national development by a constant supply of workers which in part made possible the growth of output in other areas. This contribution was a factor in total national growth. As noted the latest figures

indicate that during the last year district income payments gained at the national rate while district population increased at a somewhat faster pace. Thus district per capita income declined relatively after 1949, from 74.1 to 73.5 per cent of the national average. It is possible that this reflected some increase in employment opportunities which slowed down district out-migration.

It might be noted in passing that at least part of the drop in relative income position here during the past two years reflected the volatility of farm income. The district had an exceptionally good year for agriculture in 1948. The 1949 crop year was not too favorable. While gains were scored in 1950, they still were not sufficient to bring the figures back up to 1948 levels. The point is that the decline in per capita income from the 1948 peak should not be taken to indicate a declining trend but rather should emphasize the importance of agriculture in this region and the fact that farm income is a volatile income sector.

Manufacturing payrolls were a key factor in this spurt toward increased output in the district, . . .

While total district income payments increased 194 per cent over the last decade, manufacturing payrolls spurted by 234 per cent and it was this increase in manufacturing pay that appeared to spearhead general income growth in many district areas. In Tennessee, the state of most pronounced total income growth (243 per cent), manufacturing payrolls more than quadrupled; similar developments characterized Kentucky and Arkansas, other states of remarkable total income growth. There was a relative lag in manufacturing development in southern Illinois and Indiana, though it should be emphasized that any new development will look



relatively minor in regions where there are already major manufacturing centers, such as East St. Louis and Evansville.

District industrialization was reflected not only in the growth of manufacturing payrolls but also in the larger role manufacturing employment played for the district labor force. While in 1940 only 15 per cent of total district income originated in manufacturing this ratio rose to 18 per cent in 1950.

. . . leading to higher productivity of the district labor force in the factory as well as on the farm.

The larger demands of industry on the labor force of the district not only raised the productivity and skill of workers manning the new plants, but also encouraged further productivity gains in agriculture. Or, to put it the other way around, productivity gains in agriculture made it possible to maintain farm output with a smaller farm labor force, thus releasing workers for new industries. For example, operators and workers on Tennessee farms decreased 13 per cent over the last decade, but the number of Tennessee tractors quadrupled over the same period, and Tennessee farm income tripled. Mechanization and diversification of agriculture have gone hand in hand with the growth of district industry, and in both the trend has been toward higher labor productivity. Yet whatever has been accomplished thus far is only a challenge to continue the efforts toward higher district income through raising district productivity. Continued investment in better training and capital equipment will make it possible for the district labor force to substitute brains for brawn, and skill for sweat, and tools for the good right arm.

District income growth is significant because it enables the district to make a greater direct contribution to national strength . . .

The district now is in better position to contribute to the needs of the nation in its struggle to preserve a free world. This contribution consists of a larger flow of goods and services to other regions, within this country and outside. Increases in district income reflect the impetus to district economic growth that comes from the development of industries strategic for interregional trade and income flows.

As was pointed out in previous articles of this Review, district economic development must be cognizant of the effects of current and anticipated changes in the country as a whole.

. . . and because it may illustrate methods of attacking problems in low income areas abroad.

Finally it might be noted that district income growth is of general interest for still another reason. As has been stressed often in this Review, many district areas are underdeveloped in the sense that proper capital expenditures and training of new skills could be expected to raise the productivity of the soil and of the labor force. Similar problems are faced by many countries abroad.

The United Nations has attempted the challenging task of estimating the 1949 per capita national income of some 70 countries, expressing the results in dollars of 1949 purchasing power. These estimates are the only available data relating to the distribution of the world's 1949 current output of goods and services among countries. They permit us to gauge district performance not only in relation to other regions within the United States but also in relation to foreign countries.

It, therefore, is interesting to note that, while 1949 district per capita income of \$973 was low compared to the United States average of \$1,320, it still was considerably higher than the per capita income of any foreign country. The only foreign countries even approaching district per capita income in 1949 were Australia, Canada, Denmark, New Zealand, Sweden, Switzerland, and the United Kingdom. The weighted average for all countries of the world in 1949 was in the neighborhood of \$250, far below any district income area. There are twenty-five large countries in the world with per capita incomes below \$100; these countries contain together well over half of the world's population.

While these data illustrate the size of the task of raising income in other countries and enabling all people of the world to share in a higher standard of living, they also point out the universal task of raising labor productivity.

Werner Hochwald



Survey of Current Conditions

Eighth District economic activity in August and early September moved in about the same way as that for the nation. Industrial production picked up a little, and nonagricultural employment rose. Farm harvest time was here for some crops and sections and was approaching for others. Consumer buying moved up (more than seasonally) but failed to attain the volume of a year ago. Prices stayed fairly stable. The district, like the nation, was continuing to go through a "wait and see" period.

Production in this district during August was at a higher level than in July, although still somewhat below that prevailing during the first half of this year. Nationally, industrial production in August was 218 per cent of the 1935-39 average, an increase of approximately 2 per cent from July but still about 2 per cent below the level during the first half of the year.

Construction activity continued to lag behind 1950 records but, despite restrictions, remained at a higher level than in 1949. There was some gain between July and August but it was less than seasonal in amount. For the district, however, volume of contracts let (which is an indication of future work) pointed to continuation of substantial non-residential construction during the period ahead. Much of this will reflect military and other defense construction activity.

For the second consecutive month, district retail trade in August increased more than seasonally. The level reached, however, did not match that of the comparable period last year when scare buying was still going on. Nevertheless, sales volume

during July and August reduced stocks to more comfortable levels.

Despite flood damage, crop production in the Eighth District as a whole in 1951 will be larger than last year's total. And with prices received by farmers above last year's level, total farm income is expected to be appreciably higher this year than last.

EMPLOYMENT

Total employment in the nation increased slightly to an all-time high of 62.6 million persons in early August. Nonagricultural employment rose 324,000 persons from the July figure, to a new peak, but there was some decline (220,000) in agricultural employment. Unemployment dropped to 1.6 million persons, a record low for the postwar period.

Throughout the Eighth District employment in August was generally ahead of July. Exceptions were Louisville and Vincennes where decreases were experienced during August. In Vincennes a large shoe plant employing 500 persons was closed down. In Louisville smaller employment in wood-working and textile plants more than offset the additional employment in cigarette production. In addition, seasonally slow retail activity and completion of some construction projects were responsible for a decline in nonmanufacturing employment.

In St. Louis, indicators showed employment increasing in August, but early September layoffs may have overbalanced hirings. The seasonal drop in brewing, completion of war contracts in some firms and material shortages have caused recent layoffs. Continued claims for unemployment compensation in St. Louis declined during August but rose in the first half of September. For the week ended August 18 there were 6,434 continued claims filed, down 943 from four weeks earlier. However, for the week ended September 15, continued claims had risen to 7,561.

PRICES

WHOLESALE PRICES IN THE UNITED STATES					
Bureau of Labor Statistics (1926=100)	Aug., '51	July, '51	Aug., '50	July, '51	Aug., 1951 compared with Aug., '50
All Commodities.....	178.0	179.5	166.3	— 0.8%	+ 7.0%
Farm Products.....	190.6	194.0	177.5	— 1.8	+ 7.4
Foods.....	187.3	186.0	174.6	+ 0.7	+ 7.3
Other.....	167.3	168.7	155.3	— 0.8	+ 7.7

CONSUMER PRICE INDEX*					
Bureau of Labor Statistics (1935-39=100)	Aug. 15, 1951	July 15, 1951	Aug. 15, 1950	July 15, '51	Aug. 15, 1951 compared with Aug. 15, '50
United States.....	185.5	185.5	173.4	- 0 - %	+ 7.0%

RETAIL FOOD*					
Bureau of Labor Statistics (1935-39=100)	Aug. 15, 1951	July 15, 1951	Aug. 15, 1950	July 15, '51	Aug. 15, 1951 compared with Aug. 15, '50
U. S. (51 cities).....	227.0	227.7	209.9	— 0.3%	+ 8.1%
St. Louis.....	237.2	237.9	220.8	— 0.3	+ 7.4
Little Rock.....	222.9	223.1	210.7	— 0.1	+ 5.8
Louisville.....	214.8	216.0	197.8	— 0.6	+ 8.6
Memphis.....	234.7	232.3	219.4	+ 1.0	+ 7.0

*New series.

WHOLESALE

Line of Commodities	Net Sales		Stocks
Data furnished by Bureau of Census, U. S. Dept. of Commerce*	Aug., 1951 compared with		August 31, 1951 compared with August 31, 1950
	July, '51	Aug., '50	
Automotive Supplies	+15%	+ 5%	+23%
Drugs and Chemicals.....	+10	+ 7	....
Dry Goods	+41	-27	+20
Groceries	+12	+ 2	+11
Hardware	+ 7	-23	+57
Tobacco and its Products.....	+ 4	+ 4	+ 7
Miscellaneous	+16	- 7	+42
**Total All Lines.....	+17%	-18%	+37%

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

In Evansville, unemployment compensation claims increased during August from July, but declined to the mid-July level by early September.

In the six largest cities in the Eighth District (St. Louis, Louisville, Memphis, Little Rock, Evansville, and Springfield) the current and prospective labor supply moderately exceeds labor requirements. This statement applies to overall supply; there are shortages of certain specific skills. Relative to the rest of the nation, this district has a more adequate supply of labor. As of July, six areas in the nation were classified as having a labor shortage, 62 areas were considered to have a balanced labor supply, while 84 areas, including those in the Eighth District, had moderate labor surpluses and 14 areas were considered to have substantial labor surpluses.

There has been a gradual decline in the average work week during the past few months. Whereas in August last year the average number of hours worked per week in all manufacturing was 41.2 hours, in July this year it stood at 40.4. The average worked in durable goods manufacturing in July was 41.0 as compared with 39.5 hours per week worked in nondurable goods manufacturing. The work week in nondurable goods was shorter in July than a year ago. The following table indicates the average hourly earnings and the average work week in manufacturing in selected Eighth District cities during July, 1951.

City	Average Hourly Earnings	Average Weekly Hours
Little Rock	\$1.11	42.0
St. Louis	1.55	39.8
Memphis	1.40	42.3
United States	1.60	40.4

INDUSTRY

Eighth District industry in August registered a somewhat larger output than in July, partly because of the longer work month and partly reflecting seasonal gains in some lines. Mining activity increased with coal production showing a strong seasonal upturn while oil output stayed the same. Construction activity also rose (slightly) but the gain was less than seasonally expected. Transportation operations stayed at about the same level. Manufacturing output in total apparently exceeded July's volume, but the daily rate of operations showed some decline.

Manufacturing—Total industrial power consumption in the district's major cities in August was 4 per cent ahead of July and 9 per cent above that of August, 1950. Among industries the major gains were scored by the paper products, apparel, and transportation equipment lines. On a daily average

basis, power consumption declined 6 per cent from the July rate.

Steel mill operations in the Eight District during August were scheduled at 86 per cent of capacity, two points less than in July and only three points higher than in August, 1950.

Lumber mill operations, which have been slow recently due to slackened demand and excessive stocks, showed little change during August. Southern pine mills operated at a weekly average of 193,000 feet during August, only 2,000 feet per week above the July operations and substantially below August, 1950 activities. Southern hardwood operations in August were at 98 per cent of capacity, unchanged from July, but below the operating rate in August, 1950. The outlook for the remainder of the year is brighter than during the past few months due to increasing demands from both civilian and military sources and the adjustment of inventories which have been effected with the past two months.

The shoe industry increased its operations during August as is normal at that season but did not reach the level of output in August last year or earlier this year. National shoe production in August was estimated at 38.3 million pairs or 21 per cent below August last year. Total production during the first eight months of 1951 was off approximately 5 per cent from a year ago. When adjustment is made for the large increase in military shoe production this year, civilian shoe output is estimated to be off about 9 per cent. Most of this decline has taken place since April.

Livestock slaughter in the St. Louis metropolitan area in August totaled 390,000 head, an increase of

INDUSTRY

CONSUMPTION OF ELECTRICITY							
(K.W.H. in thous.)	Aug., 1951	July, 1951	Aug., 1950	August, 1951 compared with			
	K.W.H.	K.W.H.	K.W.H.	July, '51	Aug., '50		
Evansville.....	17,186	16,135	16,736 ^r	+ 6.5%	+ 2.7%		
Little Rock.....	12,217	12,014	9,992 ^r	+ 1.7	+22.3		
Louisville.....	86,241	82,649	76,863	+ 4.3	+12.2		
Memphis.....	29,681	31,170	28,205	— 4.8	+ 5.2		
Pine Bluff.....	10,103	9,395	7,463	+ 7.5	+35.4		
St. Louis.....	108,377	104,057	103,256 ^r	+ 4.2	+ 5.0		
Totals.....	263,805	255,420	242,515 ^r	+ 3.3%	+ 8.8%		
Work Days	23	21	23				
r—Revised.							
LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS							
First Nine Days							
Aug., '51	July, '51	Aug., '50	Sept., '51	Sept., '50	8 mos. '51	8 mos. '50	
117,952	117,779	126,713	31,178	33,290	935,871	884,334	
Source: Terminal Railroad Association of St. Louis.							
CRUDE OIL PRODUCTION—DAILY AVERAGE							
(In thousands of bbls.)	Aug., 1951	July, 1951	Aug., 1950	August, 1951 compared with			
				July, '51	Aug., '50		
Arkansas.....	76.7	76.1	82.0	+ 1%	— 7%		
Illinois.....	165.4	169.3	174.8	— 2	— 5		
Indiana.....	32.0	30.1	31.4	+ 6	+ 2		
Kentucky.....	30.6	29.4	27.9	+ 4	+10		
Total.....	304.7	304.9	316.1	—0—%	— 4%		

24 per cent from July and 3 per cent from August, 1950. Slaughter of all kinds of livestock, including cattle, was greater during August than in July. But cattle slaughter was 20 per cent less than in August, 1950, while hog slaughter was up 21 per cent over a year ago.

Earlier this year whiskey production was stepped up in anticipation of a possible grain shortage which led to the accumulation of large stocks of bulk whiskey. When shortages did not appear and sales lagged, operations were reduced during July and August, with only 17 of the 62 distilleries in Kentucky in operation at the end of each month.

Mining—Crude oil production in the Eighth District in August was unchanged from July but was 4 per cent less than in August, 1950. Increasing production in Indiana and Kentucky fields and to some extent in Arkansas was offset by a decrease in production in Illinois. New drilling operations in the Illinois-Indiana-Kentucky area totaled 624 during August as compared with 482 in July. New pools have been opened in Illinois and Kentucky recently.

Coal production in the Eighth District increased seasonally about 30 per cent from July and was about 3 per cent higher than August, 1950. Nationally, coal production in August increased 43 per cent from July and was equal to output a year earlier.

Transportation—Railroad freight interchanges at St. Louis during August were unchanged in number from July but were 7 per cent less than in August last year. For the first nine days of September, loads interchanged numbered approximately 6 per cent less than in the same period a year ago.

Construction—Expenditures for new construction in the nation during August totaled approximately \$2.8 billion, an increase of about 1 per cent over July, but slightly below expenditures in August, 1950. The amount of new construction in August increased less than seasonally expected, thus continuing the trend evident since March. The physical

volume of work put in place now is significantly smaller than a year ago although higher costs this year bring total outlays close to last year's level.

Private residential building normally increases in August but this year it declined 2 per cent, and together with previous declines, brought private home building activity down about one-third below last year's level of activity. Construction of commercial stores, restaurants and garages also has dropped. The decrease in private construction has been more than offset by the increase in publicly financed construction, mainly military projects and atomic energy facilities. Building activity in industrial plants, electric power projects and other essential facilities for the mobilization program continued to increase during August.

Construction contracts awarded in the 37 states covered by the F. W. Dodge Corporation reports in August were down 8 per cent (dollar value) from July and were off 18 per cent from August, 1950. Residential construction contracts showed a slight increase from July but were 25 per cent lower than in August last year. Nonresidential construction contracts awarded during August were off 11 per cent from July and 12 per cent lower than in August last year.

In contrast in the Eighth District, \$117 million in construction contracts were awarded during August as against \$75 million awarded in July and \$103 million in August, 1950. Nonresidential contracts awarded in August were up by 64 per cent from July and 10 per cent over August of last year.

TRADE

Except at men's wear stores, August sales of reporting retail lines throughout the district totaled larger than in July. The increases were mainly seasonal in character although some gains were more substantial than might be expected from seasonal changes alone. The increases, however, were not large enough to bring dollar volume up to the heavy consumer buying of last year and sales generally totaled less than in August, 1950.

PRODUCTION INDEXES

COAL PRODUCTION INDEX 1935-39=100					
Unadjusted			Adjusted		
Aug., '51	July, '51	Aug., '50	Aug., '51	July, '51	Aug., '50
144*	109*	140	146*	124*	142
SHOE PRODUCTION INDEX 1935-39=100					
Unadjusted			Adjusted		
June, '51	May, '51	June, '50	June, '51	May, '51	June, '50
132	133	139	129	137	135
*Preliminary.					

CONSTRUCTION

(Cost in thousands)	BUILDING PERMITS Month of August				Repairs, etc.			
	New Construction		Cost		Number		Cost	
	1951	1950	1951	1950	1951	1950	1951	1950
Evansville.....	86	126	\$ 185	\$ 320	98	78	\$ 72	\$ 87
Little Rock.....	53	105	480	1,790	227	234	136	168
Louisville.....	236	260	1,778	1,336	101	108	93	110
Memphis.....	2,228	2,589	2,495	5,346	186	226	130	234
St. Louis.....	320	390	2,874	2,745	256	285	781	659
Aug. Totals.....	2,923	3,470	\$ 7,812	\$11,537	868	931	\$1,212	\$1,258
July Totals.....	2,672	3,578	\$12,949	\$24,311	824	985	\$1,207	\$1,482

Department Stores—Sales volume during August in the district totaled 20 per cent larger than in July but was 5 per cent less than that in August, 1950. The more-than-seasonal gains from the previous month placed adjusted daily sales at 350 per cent of the 1935-1939 average. In comparison they were 344 per cent in July and 370 per cent in August, 1950.

Cumulative 1951 sales during the first eight months for the district as a whole were slightly larger than in the like period a year ago. Except in Little Rock (where cumulative sales have dropped 3 per cent below those in 1950) sales volume in major district cities equaled or exceeded 1950 volume. The largest average gains from 1950 occurred in Evansville, Quincy and several smaller shopping centers.

The lag in sales from last year reflected in large part, but not wholly, the result of lessened buying of hard goods. Soft goods sales also were off. At St. Louis department stores, for example, sales volume of the home furnishings division in the upstairs store during August dropped 24 per cent below that last year. But also in the main store, piece goods and household textile division sales averaged 21 per cent less than in the like month last year. Upstairs women's apparel and accessory sales averaged about one-tenth less than a year ago while men's wear sales declined 9 per cent.

There were indications that prices were a growing consideration to buyers. August sales in the basement store as a whole totaled slightly larger than a year ago in contrast to the decline of 14 per cent for the upstairs divisions. Basement store home furnishing division sales totaled less than last year but the decline was smaller than in the upstairs store. Women's apparel and accessory sales downstairs equaled those last year and basement men's wear sales registered a substantial gain (40 per cent).

The retail value of inventories held by district department stores on August 31 was reported as being 5 per cent larger than a month earlier and 19 per cent above August 31, 1950. Outstanding orders at the end of August were valued one-sixth less than those a month earlier and almost one-half below those a year ago.

Specialty Stores—In St. Louis women's specialty stores, August sales volume was substantially larger than in July but was off one-fifth from that in August, 1950. The value of inventories on August 31 was 3 per cent above that at the end of July but was 11 per cent larger than a year ago.

District men's wear store volume dropped 4 per cent under that in July and was 5 per cent less than last year. Inventories on August 31 were one-tenth

TRADE

DEPARTMENT STORES

	Net Sales			Stocks	Stock	
	Aug., '51 compared with July, '51			on Hand	Turnover	
	Aug., '50	8 mos. '51 to same period '50	Aug. 31, '51 comp. with Aug. 31, '50	Aug. 31, '51	Jan. 1, to Aug. 31, 1951	1950
8th F. R. District...	+20%	- 5%	+ 1%	+19%	2.07	2.61
Ft. Smith, Ark. ¹	+20	- 4	+ 6	+33	2.10	2.53
Little Rock, Ark.....	+26	- 5	- 3	+ 5	2.02	2.50
Quincy, Ill.....	+26	-10	+ 5	+21	2.00	2.22
Evansville, Ind.....	+25	+ 6	+ 6	+27	1.93	2.45
Louisville, Ky.....	+17	- 9	+ 1	+17	2.40	2.87
St. Louis Area ²	+19	- 6	+ 1	+23	1.98	2.63
St. Louis, Mo.....	+19	- 8	- 0-	+22	1.91	2.57
Springfield, Mo.....	+16	- 3	- 0-	+16	1.85	2.34
Memphis, Tenn.....	+25	- 0-	+ 2	+12	2.36	2.65
All Other Cities*.....	+14	+ 3	+ 5	+16	1.78	2.11

*Fayetteville, Arkansas; Harrisburg, Mt. Vernon, Illinois; Vincennes, Indiana; Danville, Hopkinsville, Mayfield, Paducah, Kentucky; Chillicothe, Missouri; Greenville, Mississippi; and Jackson, Tennessee.

¹In 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.

²Includes St. Louis, Clayton, Maplewood, Missouri; Alton and Belleville, Illinois.

Outstanding orders of reporting stores at the end of August, 1951, were 48 per cent less than on the corresponding date a year ago.

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

	Instalment Accounts		Excl. Instal. Accounts	Instalment Accounts		Excl. Instal. Accounts
%	48%		22%	60%	
Fort Smith.....	20	47	21	51		
Little Rock.....	21	49	15	54		
Louisville.....	19	38	20	48		
Quincy.....						
St. Louis.....						
Other Cities...						
8th F.R. Dist						

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

8th Federal Reserve District

	Aug., 1951	July, 1951	June, 1951	Aug., 1950
Sales (daily average), unadjusted ³	301	269	282	318
Sales (daily average), seasonally adjusted ³ ..	350	344	313	370
Stocks, unadjusted ⁴	392	372	389	322
Stocks, seasonally adjusted ⁴	359	357	389	295

³Daily average 1935-39=100.
⁴End of Month Average 1935-39=100.

SPECIALTY STORES

	Net Sales			Stocks	Stock	
	Aug., 1951 compared with July, '51			on Hand	Turnover	
	Aug., '50	8 mos. '51 to same period '50	Aug. 31, '51 comp. with Aug. 31, '50	Aug. 31, '51	Jan. 1, to Aug. 31, 1951	1950
Men's Furnishings.....	+ 4%	- 5%	+ 2%	+27%	1.20	1.60
Boots and Shoes.....	+ 1	+ 6	+ 9	+23	2.63	2.83

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

Men's Furnishings	43%	Boots and Shoes.....	43%
Trading days: August, 1951—27; July, 1951—25; August, 1950—27.			

RETAIL FURNITURE STORES

	Net Sales		Inventories		Ratio of Collections	
	August, 1951 compared with July, '51		August 31, 1951 compared with July 31, Aug. 31,			
	July, '51	Aug., '50	1951	1950		
8th Dist. Total ¹	+25%	-20%	- 5%	+ 5%	24%	22%
St. Louis Area ²	+29	-28	- 2	+ 4	33	30
St. Louis.....	+28	-29	- 2	+ 4	33	30
Louisville Area ³	+28	- 7	- 6	+18	15	15
Louisville.....	+29	- 7	- 6	+17	13	14
Memphis.....	+26	-12	- 2	- 6	15	13
Little Rock.....	+15	-20	- 2	-17	20	16
Springfield.....	+17	-10	- 8	+25	17	16
Fort Smith.....	+ 1	-16	*	*	*	*

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

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

² Includes St. Louis, Missouri; and Alton, Illinois.

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

PERCENTAGE DISTRIBUTION OF FURNITURE SALES

	Aug., '51	July, '51	Aug., '50
Cash Sales	14%	15%	13%
Credit Sales	86	85	87
Total Sales	100%	100%	100%

larger than on July 31 and about one-fourth larger than on August 31, 1950.

Furniture Stores—During August sales at district stores totaled 25 per cent larger than in July but were 20 per cent under those in the like month last year. The retail value of inventories held by district furniture stores on August 31 was 5 per cent under that on July 31 and 5 per cent larger than a year ago.

AGRICULTURE

August brought improved conditions of the important district cotton, soybean, and rice crops. On the other hand, prospects became slightly less bright for corn and tobacco. On balance, however, crop production in district states this year will be above last year's total. Nationally, the 1951 crop will be exceeded in size only by the 1948 crop.

The cotton crop improved in the Eighth District during the month of August as a result of weather favorable to rapid development. Some areas, however, were too dry and premature opening of bolls resulted. The crop in Arkansas on September 1 was estimated at 1,640,000 bales, an increase of 140,000 bales over the August 1 estimate, and 550,000 bales more than the 1950 crop. Estimated production in Tennessee was 35,000 bales above the August 1 forecast. Prospects for Mississippi and Missouri remained the same as a month earlier.

The national crop was estimated on September 1 at 17,291,000 bales, an increase of only 25,000 bales over the August 1 estimate. Reductions in prospects between August 1 and September 1 in Texas, Oklahoma, and Louisiana totaled 280,000 bales. Ginnings on September 1 totaled more than 2 million running bales, compared with 859,401 bales at the same time in 1950.

Soybean crop prospects also improved during the month. Estimated production for the nation was

AGRICULTURE

CASH FARM INCOME

(In thousands of dollars)	July, 1951			7 month total Jan. to July, 1951	
	July, 1951	June, 1951	July, 1950	1951	compared with 1950 1949
Arkansas.....	\$ 27,735	+15%	+24%	\$ 192,680	+29% - 6%
Illinois.....	200,991	+45	+28	1,092,917	+14 +21
Indiana.....	98,554	+26	+17	592,228	+18 +22
Kentucky.....	39,800	+12	+8	290,016	+6 +7
Mississippi.....	19,258	+11	+37	160,929	+56 -24
Missouri.....	114,980	+36	+13	606,548	+22 +22
Tennessee.....	31,140	+5	+14	220,026	+18 +8
Totals.....	\$532,458	+30%	+20%	\$3,155,344	+18% +13%

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts			Shipments		
	Aug., 1951	August, '51 compared with July, '51	Aug., '50	Aug., 1951	August, '51 compared with July, '51	Aug., '50
Cattle and calves...	140,143	+20%	+13%	76,034	+22%	+101%
Hogs.....	263,610	-3	+21	93,642	-19	+29
Sheep.....	72,887	+20	-10	48,761	+46	+15
Totals.....	476,640	+6%	+13%	218,437	+4%	+43%

273 million bushels on September 1, a 3 million bushel increase over August—about the increase estimated for district states.

Prospects for the 1951 corn crop declined nationally and in the district during August. The national crop was estimated at 3,131 million bushels, a decline of 76 million bushels in the month. The September estimate was lower than August in all district states except Illinois. In Missouri the crop was estimated at 140 million bushels, which compares with crops of 187 million bushels in 1950 and a 142 million bushel average for the 1940-49 period. An estimated 536,000 acres have been abandoned, 300,000 acres being flooded.

Burley tobacco production was estimated at 553 million pounds on September 1, a 4 per cent reduction from the August estimate. However, a crop of this size would be 11 per cent larger than the 1950 crop. Both dark fire-cured and dark air-cured tobacco production estimates were less on September 1 than August 1, but 3 and 10 per cent larger, respectively, than the 1950 crop.

Between March and July, 1951, farm land prices increased 3 to 6 per cent in district states.

CHANGES IN DOLLAR VALUE OF FARM LAND

	Per cent change from:	
	March to July, 1951	July, 1950 to July, 1951
Arkansas	+ 4%	+19%
Illinois	+ 3	+20
Indiana	+ 3	+20
Kentucky	+ 6	+20
Mississippi	+ 5	+22
Missouri	+ 5	+20
Tennessee	+ 5	+14
United States	+ 5	+17

Source: B.A.E. The Farm Real Estate Market, July, 1951.

The percentage of nonfarmer purchasers increased from 28 to 32 per cent of the total. In general, a smaller proportion of the purchase price was being financed by credit and all-cash transactions were a little more frequent. Size of farm mortgages recorded, however, increased for all classes of lenders.

Prices received by farmers declined for the sixth straight month. The index of prices received was 292 on August 15, 7 per cent lower than the February, 1951 peak. The parity ratio (ratio between prices received and prices paid) was 104, the same as in July, 1951 and August, 1950.

BANKING

Banking trends showed little net change during August and early September. Loans at weekly reporting banks in the district did not rise as much as usual at this time and investments declined slightly. Both demand and time deposits increased.

District Banking Developments—Total loans at weekly reporting member banks in the Eighth District rose \$11 million in August and early Septem-

ber. Normally loans increase about \$30 million at this time. The increase which took place in loans largely reflected advances to businesses and consumers. Real estate loans continued their slow climb at all reporting cities except Evansville and Little Rock. Loans on securities declined, as did loans to banks.

The business loan expansion centered in inventory and working capital loans, largely to food manufacturers and commodity dealers. At the same time, public utilities and wholesalers made sizable net repayments. Loans for defense purposes showed only a small gain, nearly all of which went to metal and metal products manufacturers. This reflects, of course, the relative lightness of defense contracts in this district. Loans for defense-supporting activities declined in the period.

Consumer loans gained more than usual at this time sharply reversing the downward trend of recent months. This rise occurred at all reporting centers except Memphis.

Investments at the district's weekly reporting banks declined slightly (\$4 million) in the six-week period. Treasury bill holdings, however, were increased \$13 million shortening average portfolio maturities somewhat.

Banking Developments Nationally—Earning assets of weekly reporting banks in leading cities of the nation rose \$400 million in August to a total of \$70.5 billion. The increase centered in commercial loans, but unlike the district, roughly half the com-

mercial loan expansion nationally was made for defense and defense-supporting activities. Banks in the New York district made over half of the defense and defense-supporting loans.

Debits to Deposit Accounts—Dollar volume of checks cashed in a given period is one indicator of the level of business activity. Debits to deposit accounts at 22 district cities in August were up contraseasonally (1 per cent) from July. On an adjusted basis, district debits in August were up 5 per cent from the 1951 low in June but down 4 per cent from the all-time peak last January.

DEBITS TO DEPOSIT ACCOUNTS

(In thousands of dollars)	Aug., 1951	July, 1951	Aug., 1950	August, 1951 compared with	
				July, '51	Aug., '50
El Dorado, Ark.....	\$ 27,993	\$ 25,976	\$ 24,117	+ 8%	+16%
Fort Smith, Ark.....	43,418	41,630	41,905	+ 4	+ 4
Helena, Ark.....	6,517	7,282	6,131	-11	+ 6
Little Rock, Ark.....	135,708	136,705	130,844	- 1	+ 4
Pine Bluff, Ark.....	29,653	30,430	25,167	+ 3	+18
Texarkana, Ark.*.....	14,271	13,579	10,796	+ 5	+32
Alton, Ill.....	29,355	28,275	25,871	+ 4	+13
E. St. L.-Nat. S. Y., Ill....	145,908	124,036	126,890	+18	+15
Quincy, Ill.....	33,207	31,235	31,767	+ 6	+ 5
Evansville, Ind.....	150,096	149,367	144,305	-0-	+ 4
Louisville, Ky.....	678,887	633,838	637,109	+ 7	+ 7
Owensboro, Ky.....	41,139	36,469	40,935	+13	-0-
Paducah, Ky.....	26,296	22,596	16,555	+16	+59
Greenville, Miss.....	19,723	20,087	18,362	- 2	+ 7
Cape Girardeau, Mo.....	12,494	12,459	12,514	-0-	-0-
Hannibal, Mo.....	9,534	8,922	9,099	+ 7	+ 5
Jefferson City, Mo.....	49,425	49,421	47,354	-0-	+ 4
St. Louis, Mo.....	1,775,148	1,808,652	1,718,468	- 2	+ 3
Sedalia, Mo.....	10,635	9,567	10,979	+11	- 3
Springfield, Mo.....	73,406	65,962	68,889	+11	+ 7
Jackson, Tenn.....	19,667	20,048	19,106	- 2	+ 3
Memphis, Tenn.....	491,795	507,235	646,815	- 3	-24
Totals.....	\$3,824,275	\$3,783,771	\$3,813,978	+ 1+	-0%

* These figures are for Texarkana, Arkansas, only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$33,941.

EIGHTH DISTRICT MEMBER BANK ASSETS AND LIABILITIES BY SELECTED GROUPS

(In Millions of Dollars)	All Member			Large City Banks ¹			Smaller Banks ²		
	Change from:			Change from:			Change from:		
	Aug., 1951	July, 1951 to Aug., 1951	Aug., 1950 to Aug., 1951	Aug., 1951	July, 1951 to Aug., 1951	Aug., 1950 to Aug., 1951	Aug., 1951	July, 1951 to Aug., 1951	Aug., 1950 to Aug., 1951
Assets									
1. Loans and Investments.....	\$4,033	\$+ 12	\$+107	\$2,343	\$- 10	\$+ 64	\$1,690	\$+ 22	\$+ 43
a. Loans	1,807	+ 4	+190	1,183	- 1	+130	624	+ 5	+ 60
b. U.S. Government Obligations.....	1,868	+ 16	- 62	992	- 5	- 39	876	+ 21	- 23
c. Other Securities	358	- 8	- 21	168	- 4	- 27	190	- 4	+ 6
2. Reserves and Other Cash Balances.....	1,304	- 17	+147	805	- 10	+ 83	499	- 7	+ 64
a. Reserves with the F.R. bank.....	680	+ 4	+109	445	+ 9	+ 75	235	- 5	+ 34
b. Other Cash Balances ³	624	- 21	+ 38	360	- 19	+ 8	264	- 2	+ 30
3. Other Assets	53	+ 9	+ 5	31	+ 3	+ 3	22	+ 6	+ 2
4. Total Assets	\$5,390	\$+ 4	\$+259	\$3,179	\$- 17	\$+150	\$2,211	\$+ 21	\$+109
Liabilities and Capital									
5. Gross Demand Deposits.....	\$3,988	\$- 14	\$+237	\$2,432	\$- 30	\$+148	\$1,556	\$+ 16	\$+ 89
a. Deposits of Banks.....	623	- 17	+ 87	588	- 10	+ 83	35	- 7	+ 4
b. Other Demand Deposits.....	3,365	+ 3	+150	1,844	- 20	+ 65	1,521	+ 23	+ 85
6. Time Deposits	995	+ 5	+ 10	494	+ 1	- 3	501	+ 4	+ 13
7. Borrowings and Other Liabilities.....	54	+ 12	- 10	44	+ 9	- 13	10	+ 3	+ 3
8. Total Capital Accounts.....	353	+ 1	+ 22	209	+ 3	+ 18	144	- 2	+ 4
9. Total Liabilities and Capital Accounts....	\$5,390	\$+ 4	\$+259	\$3,179	\$- 17	\$+150	\$2,211	\$+ 21	\$+109

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

² Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.

³ Includes vault cash, balances with other banks in the United States, and cash items reported in process of collection.

