Monthly Review

FEDERAL RESERVE BANK OF ST. LOUIS

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1951: A Year of Progress and Stability

1951 was a year of progress toward defense mobilization goals. Construction in the Eighth District reached a new record as a result of new housing, more industrial construction, and the AEC plant.

Progress was made, too, in controlling inflationary forces dominant in the opening months of the year. Fiscal and monetary developments were significant factors in the stability of 1951. Inflationary use of credit was dampened by System actions, voluntary credit restraint, and fiscal measures. While the money supply increased in 1951, its inflationary impact was lessened. District banking developments reflected these factors. Direct controls were helpful also.

High levels of production kept supplies in fair balance with demand. In the Eighth District power consumption rose indicating generally increasing output. Some lines registered declines, however, including steel and lumber, shoes, and whiskey. Livestock slaughter increased. Oil and coal output were down slightly. Reflecting the production levels, district employment rose moderately. Employment was up in St. Louis, Louisville, Memphis and Little Rock, but dropped in Evansville and some smaller centers.

Agricultural production was high in 1951. Farm prices rose in the latter part of the year. Land prices were moderately above their 1950 level.

Consumer actions were strategic in maintaining stability in 1951. Savings increased considerably. Eighth District sales experience reflected the shift in consumer attitudes.

1951 was a year of progress toward defense mobilization goals.

Considerable progress was made in the Eighth District during 1951 in organizing defense production and in strengthening our capacity to produce. Districtwise, business and agriculture responded to the keynote of the defense program calling for expansion of basic industries so as to provide over the long run for both military and civilian needs.

Expansion of the district's production facilities proceeded at an all-time high rate during 1951. The largest project underway was the Atomic Energy Commission installation at Paducah. Five government-owned plants were reactivated in St. Louis and five in Louisville, including two synthetic rubber plants and three munitions plants. Government installations at Pine Bluff and Camden, Arkansas; Milan, Tennessee; Crane, Indiana; and Granite City, Illinois were undergoing expansions to cost a total of $50 million. In addition, construction plans calling for expenditure of $77 million were announced for enlarging and improving Scott Air Force Base, Illinois; Fort Knox and Camp Campbell, Kentucky.

Along with growth in Government facilities, there was a substantial amount of private capital investment within the Eighth District during 1951, partly aided by rapid amortization of cost. Through November, 1951, about $450 million in industrial plant and equipment was certified as necessary for the defense effort and allowed the rapid amortization privilege. Total cost of these certified facilities, of course, exceeds the amount allowed rapid amortization. The largest part of the expansion (in terms of amortization amount), $185 million, was for basic metals: steel, aluminum, and magnesium. Expansion of oil refinery and coal products facilities costing about $115 million was approved. Chemical facilities, aircraft and jet engine plants, and clay and glass products plants also were important under this program.

The General Electric Company plant in Louisville, which is planned to eventually employ 16,000 workers on appliance production, will manufacture jet engines during the mobilization period. A new aluminum plant, able to produce 55,000 tons annually and costing $34 million, will be placed in Arkansas. Another, costing $55 million, is already under construction there.

In addition, railroads and barge lines are expanding their equipment under the rapid amortization program. About $55 million is to be spent by transportation firms with headquarters located in the Eighth District.

While the main progress of the defense program was not in actual deliveries of war goods, but was in planning, contracting and tooling up, there was nevertheless a sizable increase in deliveries of munitions and other items. Nationally, at year end deliveries were running about $2 billion per month, triple the rate a year earlier. Defense output in this district was stepped up too. But indications are that the rate of increase was not as much as in the rest of the nation. Such information as is available, both from official reports and from miscellaneous sources, indicates that the district is getting a smaller portion of the nation's defense contracts and subcontracts than its ratio of total manufacturing capacity to that of the nation would seem to justify.

Pointing to the increased defense output in the district is the growth during the year in employment in defense industries. At the close of 1951, in the neighborhood of 50,000 persons were estimated to be in direct defense employment, including civilian workers at military establishments—considerably more than the number a year earlier. Nearly 40 per cent of the total was employed in the St. Louis area, where a large part was estimated to be working in direct military establishments—depots, camps, production plants or record centers.

Construction in the Eighth District reached a new record, . . .

Construction activity in the district clearly showed the year's emphasis on strengthening our capacity to produce. Total activity was pushed to new heights during 1951, largely as a result of new defense and defense-supporting facilities. Work put under contract totaled $1.3 billion or 51 per cent more than in 1950, the previous peak year. This large increase was primarily due to the Atomic Energy Commission plant near Paducah, Kentucky, on which construction was started early in the year.

. . . as a result of new housing, . . .

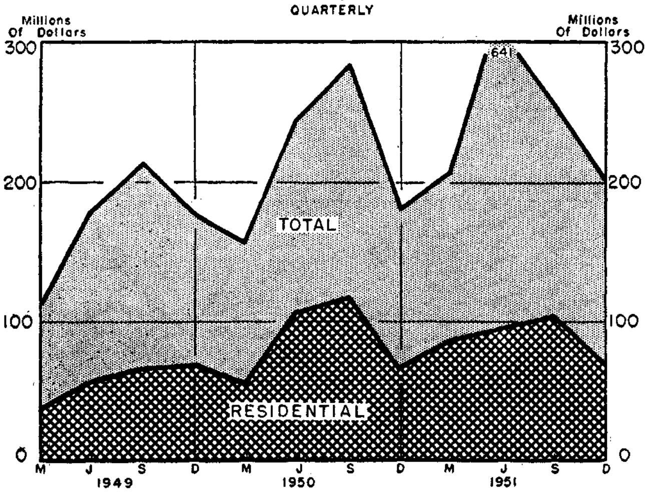
Construction of new homes was not slighted, however. In fact, residential construction contracts awarded in this district increased 4 per cent, while those awarded in most of the nation showed a decrease of 8 per cent from 1950. It should be noted that, despite the gain in dollar amount of residential contracts awarded in the district, the number of units contracted for was smaller. For example, in the St. Louis territory, as defined by F. W. Dodge Corporation, and where 78 per cent of the value for the entire district's residential contracts were awarded, a total of 26,000 new dwelling units was placed under contract. This was a decrease of 9 per cent from the 29,000 units contracted for in 1950.

Public housing showed marked gains in 1951 as plans laid under the 1949 Housing Act progressed to the construction stage. In the St. Louis territory, public housing contracts were about three times larger than in 1950. Reflecting in part the sharp increase in public housing, there was a shift toward multi-unit dwellings. The floor area of apartment buildings put under contract in most of the Eighth District was about one-fourth larger than last year, while the area of one-family dwelling units was off about one-fifth.

Where expansions or reactivations of existing Government facilities occurred or where new facilities were started, the immediately surrounding areas generally experienced some tightening in their housing situations, as workers migrated to those areas. To alleviate these situations special measures were taken under the defense program. In 1951, nine areas in the Eighth District were certified as critical[1] and 3,800 dwelling units have been programmed for construction under relaxed credit restrictions. In addition, 350 trailers were scheduled for placement in the Fort Leonard Wood area by the Public Housing Authority.

[1] Fort Leonard Wood, Rolla, and Knobnoster Air Force Base, Sedalia, Missouri; Benton-Bauxite, Camden-Shumaker, and Pine Bluff, Arkansas; Fort Knox, Camp Campbell, Camp Breckenridge, and Paducah, Kentucky.

VALUE OF CONSTRUCTION CONTRACTS AWARDED
EIGHTH DISTRICT, 1949-1951
QUARTERLY



. . . *more industrial construction,* . . .

Other types of construction in this district revealed the impact of the mobilization program upon the construction industry. Contracts awarded for commercial, social and recreational building in 1951 fell 43 per cent, primarily as a result of Government controls. Manufacturing building contracts were about twice as large as in 1950. Many of the recently started defense and defense-supporting plants will produce chemicals or metals and will be more complex and costly than other types. Contracts for most other types of nonresidential building totaled less in 1951 than in the previous year.

. . . *and the AEC plant.*

Work went forward on the Atomic Energy Commission plant near Paducah (estimated to cost $500 million) and the two allied electric power generating plants despite frequent work stoppages. About 20,000 workers were employed on these projects at year end. Present schedules call for a gradual tapering off in number of construction workers until the projects are completed in 1953.

Progress was made, too, in controlling inflationary forces dominant in the opening months of the year.

The year 1951 started with strong inflationary pressures in evidence, but closed with a rough balance between inflationary and deflationary forces. Fiscal and monetary actions contributed importantly to attainment of this balance. The direct Government control program also was effective. Production gains kept supply in fair balance with demand. But the key factor in stability was voluntary buying restraint by consumers.

Fiscal and monetary developments were significant factors in the stability of 1951.

Developments in fiscal and monetary fields aided in easing inflationary pressures and in maintaining stability throughout the greater part of 1951. The measures adopted by the Federal Reserve System, by the financial community, and by the Treasury lessened the inflationary use of credit, despite the fact that there was an expansion in bank earning assets and thus in the volume of money and credit in 1951.

Inflationary use of credit was dampened by System action . . .

Although it is difficult to measure the effectiveness of specific factors restraining inflationary pressure, the wide range of actions to curb credit expansion taken by the Federal Reserve System in the fall and winter of 1950-51 appear to have played a significant role. Restrictions were placed on consumer instalment and mortgage credit and margin requirements on stocks were increased. In 1951, instalment credit declined as did the rate of increase of real estate credit and the outstanding volume of loans secured by stocks remained relatively small.

By far the most significant credit development was the "accord" reached in early March by the Federal Reserve System and the Treasury. As a result of the agreement, System open market operations could be oriented primarily toward avoiding monetization of the public debt and providing for orderly markets, rather than toward fairly rigid price supports for Government securities. Withdrawal of firm support by the System led to price declines in Government securities which brought them into line with market evaluations.

As long as prices of Governments were supported at par or above, banking and nonbanking investors could monetize the public debt simply by selling Government securities which the System, as residual buyer, had to take to keep the support levels in being. With the accord, the System regained a considerable measure of control over the availability of bank reserves and credit.

As a result of the limitations on supply of credit and the heavy demand for credit, interest rates rose in 1951. The prime rate on commercial bank loans increased from 2¼ to 3 per cent. Average rates on accepted bids for Treasury bills went from 1⅜ per cent to a temporary level at year end of over 1⅞ per cent (the rate declined to about 1⅝ per cent in early January, 1952). The yield on long-term Government bank-restricted bonds rose from less than 2½ per cent to a yield of 2¾ per cent. High grade corporate obligations yielded 2⅔ per cent at the beginning of the year and over 3 per cent at year end.

. . . voluntary credit restraint . . .

A program of voluntary credit restraint was instituted in March at the request of leaders in commercial banking, insurance, investment banking and other financial institutions. The program enlisted the mutual cooperation of financial institutions in screening loan applications with a view toward reducing to a minimum nonessential loans and eliminating speculative loans. Common standards on loans of these types were developed, with the result that there was less pressure to make such loans to maintain competitive positions.

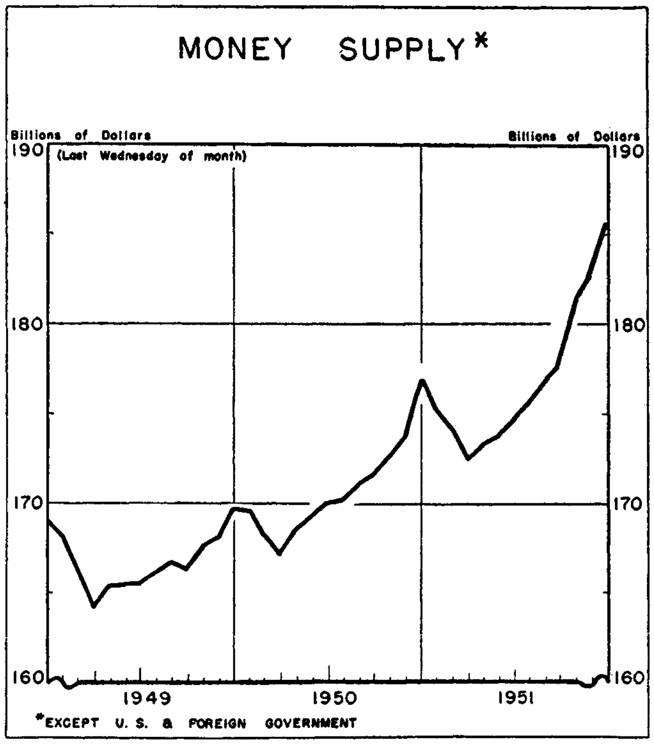
. . . and fiscal measures.

Three sets of tax increases have been enacted since the Korean outbreak, increasing revenue about $16 billion per year. In addition, higher incomes and profits also have increased total revenue. Although defense outlays expanded rapidly, the Federal Government operated at a cash surplus of roughly $1 billion in 1951. In the first part of the year the much larger net surplus was a potent force in counteracting inflation.

Public debt management in 1951 also contributed to restraining inflationary developments. It was aimed at inducing savers to invest in and hold Government securities. Among significant steps taken were: (1) the offer of a 2¾ per cent long-term nonmarketable bond, in exchange for the two longest-term 2½ per cent restricted bonds outstanding; (2) measures to encourage retention of maturing savings bonds; and (3) issue of a new series of savings notes to yield 1.88 per cent (to maturity) as against the old rate of 1.40 per cent.

While the money supply increased in 1951, . . .

Nationally, commercial bank loan expansion was substantially smaller in 1951 than in 1950—$6 billion as against $9 billion. Bank investments, however, rose somewhat in 1951 as against a decline in 1950. The net result of bank credit movement (plus other factors affecting deposits) was that bank deposits—the major part of the money supply—rose more in 1951 than in 1950. The total private money supply increased $8.8 billion in 1951 as against $7.1 billion in 1950.



. . . its inflationary impact was lessened.

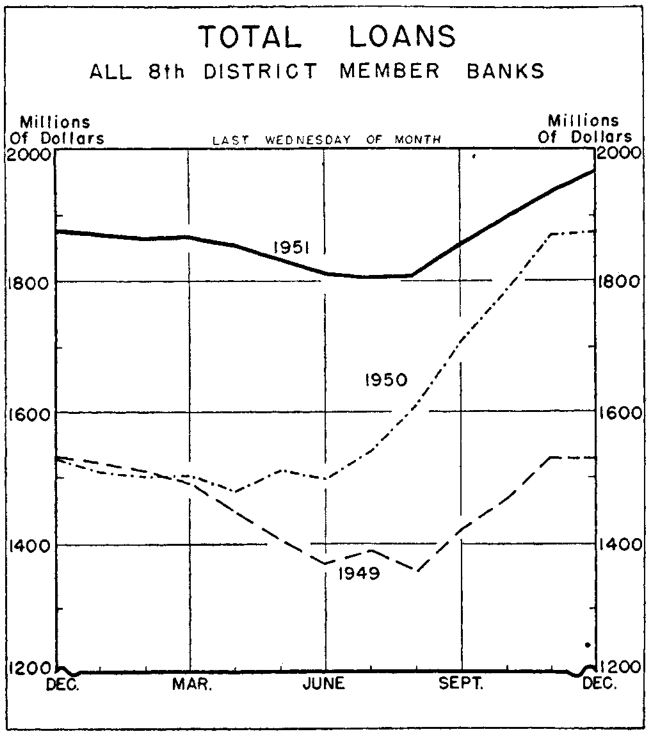
The inflationary pressures generated by the money supply were less this year than last, however, reflecting a declining rate of turnover throughout most of 1951 in contrast to an increasing rate throughout 1950.

Further loan expansion in 1951, especially during the second half of the year, appeared to center in financing production and defense capacity rather than in financing consumer purchases and business inventory accumulation. The changed pattern of private credit expansion tended to reduce the direct inflationary impact of the growing money supply.

District banking developments reflected these factors.

Member banks in the Eighth District expanded their loans $101 million in 1951. In the previous year the loan growth amounted to $340 million. Loan increases were largest at banks in the St. Louis, Louisville and Evansville areas. Banks in Memphis and Little Rock reported a small decline. Loans at banks in smaller centers rose only moderately in the aggregate.

Seventy per cent of the increase in loans at district weekly reporting banks went to businesses with a substantial share going to finance marketing and processing of agricultural products. Defense loans increased but slightly, pointing up this district's relative lack of defense business. Loans on real estate and "other" (largely consumer) loans were up moderately in the year. Loans on securities were off slightly.



Despite a sharp reduction of investments in the first quarter of 1951, district banks increased their portfolios for the entire year by $111 million, in contrast to 1950 performance when they reduced investments $123 million. Nearly all of the rise in investments was in U. S. Government obligations, principally Treasury bills and certificates. "Other" securities showed a net gain of $8 million in the year.

Direct controls were helpful also.

The general freeze on prices and wages in late January was replaced by a system of tailored price controls for individual industries and products and by formulas for wage stabilization. The overburdened priorities system was replaced by the Controlled Materials Plan, which attempted to allocate systematically the available supplies of scarce metals according to the essentiality of the various uses. The stockpiling program was modified to avoid bidding up prices of scarce materials for which it had been competing with the rest of the economy. And in the fourth quarter the construction industry was put completely under the Controlled Materials Plan in order to direct critical materials into defense and related needs.

High levels of production kept supplies in fair balance with demand.

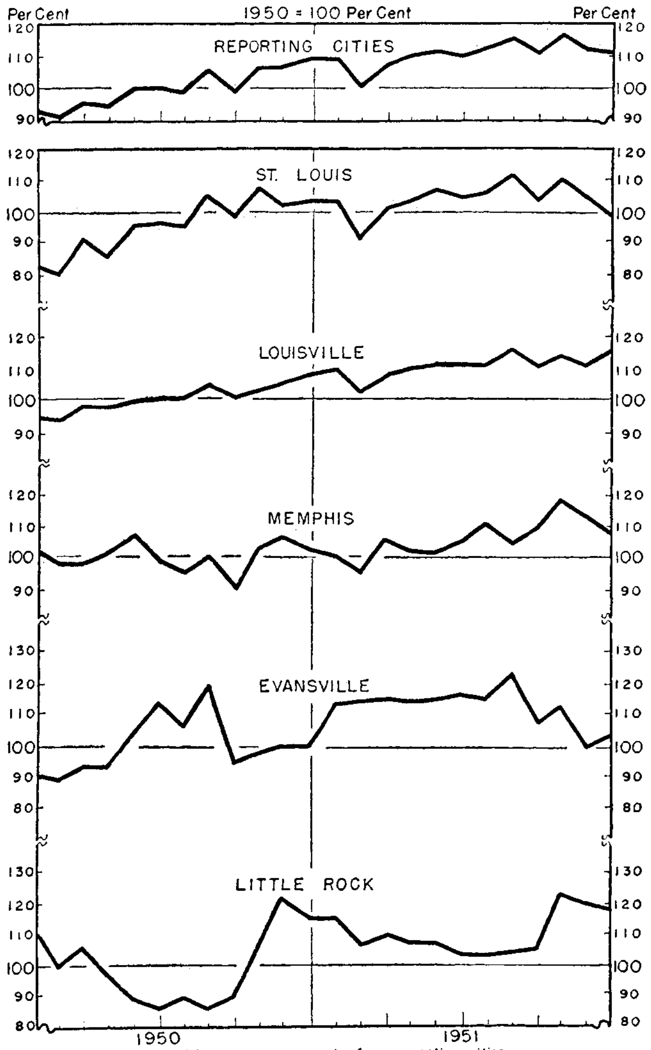
A generally high level of production throughout the Eighth District and the nation during 1951 also helped contain inflationary pressures. The transition from civilian to defense output was accomplished with minor dislocations.

In the Eighth District power consumption rose, indicating generally increasing output.

Industrial electric power consumed for the year indicated this high level activity. Industries in six of the district's leading cities used about 11 per cent more kilowatts during 1951 than in 1950. For each of the cities, as well as for the group as a whole, power consumption was greater in 1951 than in 1950.

While total district industrial output was higher in 1951 than in 1950, certain lines registered decreases on a year to year basis. Chemicals, machinery, rubber products and various metals fabricators showed substantial gains. Among important exceptions to this over-all increase were the steel, lumber, shoe and whiskey lines.

INDUSTRIAL CONSUMPTION OF ELECTRIC POWER
1950-1951



SOURCE: Based on utility company reports for respective cities.

Some lines registered declines, however, including steel and lumber, . . .

The 1951 production of steel ingots in the St. Louis area compared very favorably with that of 1950 during the first three-quarters of the year, though it dropped in the fourth quarter. Then, due to observance of the Christmas holidays and the slackening of demand in nondefense markets, the ingot production rate fell to 89 per cent of capacity from a high of 102 per cent in the first quarter.

Lumber production generally was not quite as high in 1951 as a year earlier. During 1951, southern pine production averaged 6 per cent under that of 1950. Southern hardwood operations, however, were at a slightly higher rate than in 1950, making 1951 the best year in the last fifteen.

. . . shoes, . . .

About 75.4 million pairs of shoes were produced by St. Louis area manufacturers in the first eleven months of 1951. This was 11 per cent less than for the same period in 1950. The 1951 market suffered from the production of too many shoes during 1950 and the first quarter of 1951. As inventories rose, orders and output were reduced. St. Louis shoe manufacturers output in the last three quarters of 1951 (through November) was at a rate 23 per cent less than in the first quarter. The year closed on a note of optimism, however. A break in the hide market in the fourth quarter favored manufacturers and they made price reductions. Orders at St. Louis shoe factories rose in December and production was stepped up more than seasonally.

. . . and whiskey.

Whiskey gallonage in the district, measured by production of distilled spirits in Kentucky, failed to match that of 1950. It was 6 per cent below that of 1950 for the first eleven months of the year. But, it was not a bad year for the distillers. A buildup of stocks by producers in late 1950 in anticipation of defense cutbacks extended into the first half of 1951. Production then dipped, due to a tight warehouse situation, until the fall of the year. Then producers again turned up their output rate, possibly to compensate for reduction of retail stocks by consumers, who bought heavily to beat a November tax hike. During this latter period, bottling plants were particularly busy.

INDUSTRY

CONSUMPTION OF ELECTRICITY

(K.W.H. in thous.)	Dec., 1951 K.W.H.	Nov., 1951 K.W.H.	Dec., 1950 K.W.H.	Dec., 1951 compared with Nov.,'51	Dec., 1951 compared with Dec.,'50
Evansville	14,354	13,948	13,953R	+ 3%	+ 3%
Little Rock	13,804	14,013	13,406R	— 2	+ 3
Louisville	84,923	82,737	81,163	+ 3	+ 5
Memphis	30,774	32,145	28,546	— 4	+ 8
Pine Bluff	11,286	11,075	9,427	+ 2	+20
St. Louis	97,291	101,401	101,887R	— 4	— 5
Totals	252,432	255,319	248,382	— 1%	+ 2%

R—Revised.

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

Dec.,'51	Nov.,'51	Dec.,'50	First Nine Days Jan.,'52	First Nine Days Jan.,'51	12 mos. '51	12 mos. '50
105,332	110,176	116,662	28,258	33,073	1,384,700	1,359,526

Source: Terminal Railroad Association of St. Louis.

CRUDE OIL PRODUCTION—DAILY AVERAGE

(In thousands of bbls.)	Dec.,'51	Nov.,'51	Dec.,'50	Dec., 1951 compared with Nov.,'51	Dec., 1951 compared with Dec.,'50
Arkansas	76.9	76.5	81.6	+ 1%	— 6%
Illinois	168.8	164.8	169.3	+ 2	–0–
Indiana	32.0	32.0	30.4	–0–	+ 5
Kentucky	34.9	33.9	30.5	+ 3	+14
Total	312.6	307.2	311.8	+ 2%	–0–%

Livestock slaughter increased.

In the St. Louis area the number of animals slaughtered under federal inspection in 1951 was 2 per cent greater than in 1950. This gain was due to a 13 per cent increase in the number of hogs slaughtered, which more than offset declines of 15, 17, and 37 per cent, respectively, in the numbers of cattle, calves, and sheep slaughtered.

Oil and coal output was down slightly.

Coal miners in the five producing district states mined about 2 per cent less coal during 1951 than in 1950, but above ground stocks were always well ahead of demand. Among district coal-producing states, Illinois (with over one-half of total district tonnage), Indiana, and Arkansas all showed smaller production in 1951 than during 1950. Western Kentucky and Missouri, however, mined more coal. The former area, in fact, reached the highest production in its history.

Since district oil production during 1951 was largely from fields which have been yielding oil for a number of years, the maintenance of production during 1951 was encouraging. The daily average rate of production was only 5 per cent below that of 1950.

Oil well exploration and discovery of producing areas continued at an only slightly reduced rate during 1951. For the first eleven months of the year there were 4,902 well completions in Illinois, Indiana, Kentucky and Arkansas, compared with 5,515 for the similar period in 1950. The percentage of dry holes was running higher, 58 per cent compared with 52 per cent in 1950.

Reflecting the production levels, district employment rose moderately.

District employment increased somewhat in 1951, but moderate labor surpluses continued at the major centers. Certain skills, however, were in increasingly short supply.

Employment in various areas and lines moved in diverse directions throughout 1951. Gains, mostly moderate, in some areas contrasted with declining employment in others. The shift to defense production, the concurrent lull in certain civilian lines and curtailed production in others caused an uneven demand for labor between areas and industries. In at least three small areas in the district, there were substantial surpluses of labor.

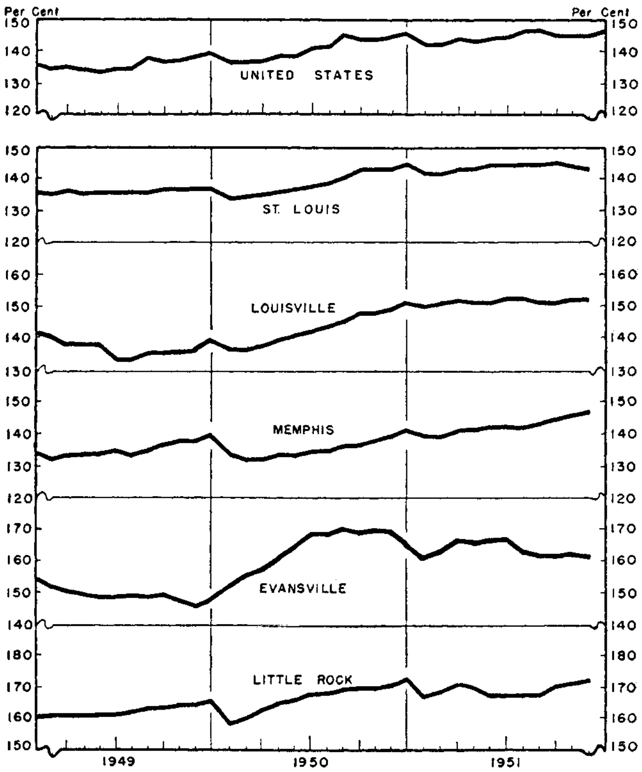
Employment was up in St. Louis, Louisville, Memphis and Little Rock, . . .

In the St. Louis area, total nonagricultural employment was fairly stable throughout 1951 but averaged about 26,000 more than in 1950, a gain of about 4 per cent. Defense employment increased while workers were laid off in automobile assembly and parts plants. Other industries, such as shoe, garment, and furniture, were forced to reduce employment because of lagging demand. Unemployment in the St. Louis area during 1951 averaged below the 1950 level, but increased sharply from September to November, 1951, when it exceeded that of November, 1950. As the year closed, the ratio of unemployed to the total labor force was about 4 per cent, somewhat higher than the national average.

In the Louisville area, nonagricultural employment reached record levels during 1951. Average employment was about 15,000 persons more than in 1950. The gain was due chiefly to defense activity in construction of new plants and increased Government and ordnance employment. In December, 1951, manufacturing employment, other than for ordnance, was less than a year earlier. Employment on cigarette production was up, but the number of workers in furniture plants was reduced. The overall supply of labor was considered to be slightly in excess of demand throughout the year.

In Memphis, nonagricultural employment averaged about 10,000 persons or 6 per cent higher than in 1950, a gain second only to Louisville among district cities. A slight gain in manufactur-

NONAGRICULTURAL EMPLOYMENT
U.S. AND 8th DISTRICT CITIES
MARCH 1940 = 100



ing employment over the year was augmented by additional Government hiring and gains in trade and service employment. In manufacturing, the major gains in employment were in machinery, apparel and paper-products plants. Memphis was rated as having a moderate surplus of labor over immediate and future requirements at the end of the year.

In Little Rock, November nonagricultural employment was approximately 1,700 persons above that of a year earlier, an increase of about 2 per cent. By November manufacturing employment was about 8 per cent higher than a year earlier, due largely to increases in defense production and apparel manufacturing plants. As with the other major labor market areas, Little Rock was classed as having a moderate labor surplus at year end. A year earlier it had been considered somewhat tighter with a balanced labor market.

. . . but dropped in Evansville . . .

Evansville was the only major labor market area in the Eighth District which experienced declining employment during 1951. Due to the concentration of employment in this area in the refrigerator and automobile assembly industries, both of which experienced declining production in 1951, employment there dropped about 6 per cent in the year ended November, 1951. Unemployment in the area in November, 1951 was 4.5 per cent of the labor force, a level approximately double that of a year earlier. The total labor force also showed a decrease, with many workers reported migrating to other areas where job opportunities were more plentiful.

. . . and in some smaller centers.

Two smaller areas in the Eighth District, Vincennes, Indiana, and Crab Orchard, Illinois, had substantial labor surpluses. The Crab Orchard area situation is one of long standing and reflects a basic industrial problem, that of declining coal mining activity. However, recent plant locations in the area should be helpful in reducing dependence on coal mining. And the steam electric power plants being constructed by TVA and Electric Energy, Inc., should help revive the coal mines in this area. The Vincennes area was affected by the closing of a coal mine and the shutting down of a shoe factory. In a third area, Bedford, Indiana, a greater than seasonal decline in limestone quarries and a temporary shutdown of a large aluminum foundry caused a large increase in unemployment at year end.

Due to the buildup of the armed forces the proportion of men in the work force decreased in 1951. However, there were no major changes in hiring specifications of major employers. With an easy labor market situation prevailing in most areas there was no large-scale hiring of women for defense jobs as in World War II.

Agricultural production was high in 1951.

Nationally production of 52 major crops in 1951 was exceeded only by the crops of 1948 and 1949 and was one per cent above 1950 production. The volume of livestock and livestock products sold also was about 4 per cent higher than in 1950. In the Eighth District, output also was high, but gains here apparently were smaller than in the nation.

Agricultural production varied from record yields to complete crop failure in Eighth District areas. Particularly hard hit were bottomlands of the Missouri and Mississippi rivers where floods ruined both winter and spring-sown crops. Early drouth and later wet weather and early frost also caused considerable damage to cotton in Mississippi and Arkansas. Drouths also were severe in localized areas in Kentucky. Parts of Indiana, Illinois, and Kentucky, however, had excellent crop yields.

PRODUCTION OF MAJOR CROPS IN THE EIGHTH DISTRICT AND THE UNITED STATES

(In thousands)	Eighth District 1951 Production	Eighth District % change from 1950	United States 1951 Production	United States % change from 1950
Cotton (bales)	3,254	+21%	15,290	+53%
Corn (bu.)	372,754	— 8	2,941,423	— 4
Winter Wheat (bu.)	47,812	–0–	645,469	—13
Oats (bu.)	42,523	—22	1,316,396	— 7
Hay (tons)	9,297	— 1	95,788	+ 6
Tobacco (lbs.)	360,537	+19	2,282,386	+12
Soybeans (bu.)[1]	180,876	— 4	280,512	— 6
Rice (bags)[1]	9,711	+22	43,805	+13

Source: USDA and Board of Governors Federal Reserve System.
[1] Total of District States.

Despite the unfavorable weather during the growing season, district cotton production was 21 per cent larger than in 1950. The increase in district

AGRICULTURE

CASH FARM INCOME

(In thousands of dollars)	Nov., 1951	November, 1951 compared with Oct., 1951	November, 1951 compared with Nov., 1950	11 month total Jan. to Nov., 1951	1951 compared with 1950	1951 compared with 1949
Arkansas	$ 90,936	— 31%	—12%	$ 503,777	+18%	+ 5%
Illinois	196,277	— 26	+ 5	1,867,437	+15	+ 2
Indiana	114,501	— 23	+17	1,072,410	+21	+21
Kentucky	71,673	+ 45	+80	485,589	+16	+13
Mississippi	93,189	— 34	—17	483,263	+24	+ 8
Missouri	130,137	— 21	+ 4	1,119,009	+20	+21
Tennessee	63,747	— 18	+17	436,890	+19	+13
Totals	$760,460	— 22%	+ 6%	$5,968,375	+18%	+11%

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts Dec.,'51	Receipts Dec., 1951 compared with Nov.,'51	Receipts Dec., 1951 compared with Dec.,'50	Shipments Dec.,'51	Shipments Dec., 1951 compared with Nov.,'51	Shipments Dec., 1951 compared with Dec.,'50
Cattle and calves	73,833	—27%	—11%	24,982	—33%	+ 9%
Hogs	316,317	— 5	+ 4	101,679	+35	+ 48
Sheep	36,094	— 1	+ 8	13,021	+58	+135
Totals	426,244	—10%	+ 2%	139,682	+16%	+ 44%

production was far short of the 53 per cent increase for the nation.

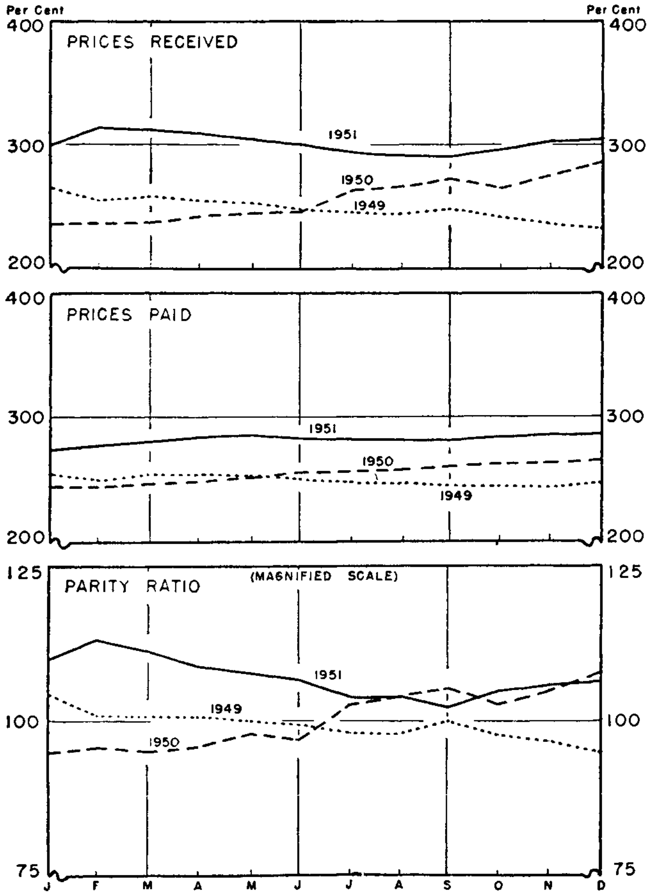
Corn production was down in district states due to reduced acreage harvested in Mississippi, Arkansas and Missouri. The crop in Indiana and Illinois was 14 and 17 per cent larger than in 1950. Floods and adverse weather cut the Missouri crop 22 per cent below 1950 production. The 8 per cent smaller production in the Eighth District and 4 per cent reduction nationally were reflected in corn stocks on January 1, 1952 of 1.9 billion bushels, 200 million bushels less than a year earlier.

Production of oats, another important feed grain, was down 22 per cent in the Eighth District compared with a 7 per cent reduction nationally.

In other important district crops, production was more favorable (or less unfavorable) than the national totals. Winter wheat production remained unchanged in the district, but declined 13 per cent nationally. The rice crop, another important food grain, was 22 per cent larger in the district and 13 per cent larger nationally.

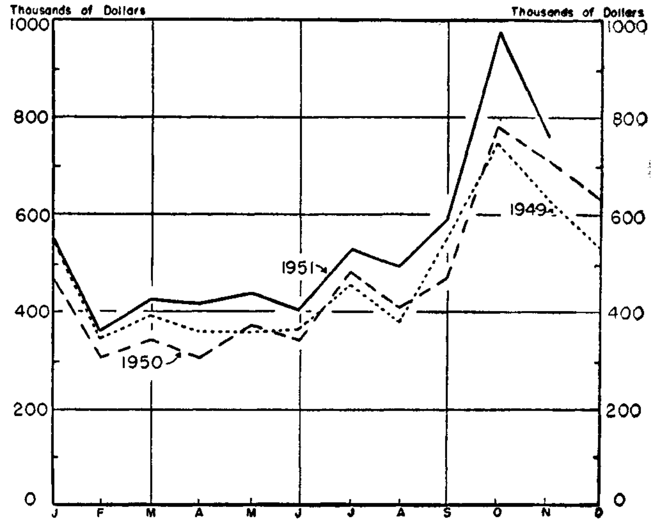
The district tobacco crop was 19 per cent larger than in 1950. The crop, both light and dark tobacco,

PRICES RECEIVED AND PAID BY FARMERS
1910 - 1914 = 100
1949 - 1951



SOURCE: Agricultural Prices B.A.E.

CASH FARM INCOME
EIGHTH DISTRICT STATES



SOURCE: Farm Income Situation, B.A.E.

was of better quality than in 1950 and prices being paid for the crop averaged substantially higher than a year earlier.

Farm prices rose in the latter part of the year.

Farm prices declined in most of the first half of 1951, but after it became apparent that crop outturn would fall below earlier expectations, prices moved upward reaching an index of 305 in December. (This figure was 3 per cent below the February, 1951, peak of 313.) The net change for the year was only plus 1 per cent in contrast to a rise of 23 per cent in 1950. The average for 1951, however, was about 14 per cent higher than in 1950. The $30 billion cash farm income for the first eleven months of the year was 15 per cent higher than in 1950.

Land prices were moderately above their 1950 level.

During the July-November 1951 period, farm land prices increased but not as fast as in a similar period in 1950 (2 per cent in the district compared with 5 per cent a year earlier). However, for the year ending November, 1951, land values increased 16 per cent in the Eighth District compared with an 8 per cent increase in 1950. The increase for the year in all district states, except Illinois and Tennessee, exceeded the increase nationally.

CHANGE IN FARM LAND VALUES
IN THE EIGHTH DISTRICT

	Increase July to Nov., 1951	Increase Nov. 1950 to Nov., 1951	Increase 1935-39 to Nov., 1951
Arkansas	+ 1%	+ 16%	+221%
Illinois	+ 3	+ 14	+192
Indiana	+ 3	+ 16	+219
Kentucky	+ 4	+ 19	+254
Mississippi	+ 2	+ 19	+207
Missouri	+ 3	+ 17	+160
Tennessee	+ 1	+ 10	+213
Eighth District	+ 2	+ 16	+298
United States	+ 2	+ 15	+149

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

Consumer actions were strategic in maintaining stability in 1951.

While fiscal and monetary policy, direct controls and higher production all contributed to maintenance of stability throughout most of 1951, a key factor in the year's experience was the shift in consumer attitudes. After the first quarter of 1951, consumers as a group increased their saving rate sharply and thus, by voluntarily restraining their spending, reduced pressure on supplies. In part this shift in consumer attitudes was conditioned by the restraint measures noted, which gave more assurance of price stability, and in part it reflected more general availability of civilian goods (particularly durables) than had been anticipated. Finally, the heavy buying of late 1950 and early 1951 had raised consumer stocks of goods to very high levels.

Saving increased considerably.

The shift in consumer spending-saving attitudes that occurred within the year is not evident from the comparison of total retail sales in 1951 with those of 1950. These show a new consumer spending record in excess of the $150 billion for 1951, more than $7 billion above the previous peak volume in 1950. Nor is the shift apparent from department store sales totals (including mail order sales) which amounted to $11.3 billion in 1951 in comparison with $10.8 billion in 1950. However, consideration of the annual amounts spent by consumers in terms of their expanding incomes does show the change. Personal income rose to a new record of $251.3 billion in 1951, an increase of $26.6 billion. Increased taxes took $8 billion of the $26.6 billion growth in personal incomes. Of the remaining $18.6 billion which represents the increase in consumers disposable income (after taxes) during 1951, they elected to spend only $10.8 billion, adding $7.8 billion to their savings in one form or another.

Eighth District sales experience reflected the shift in consumer attitudes.

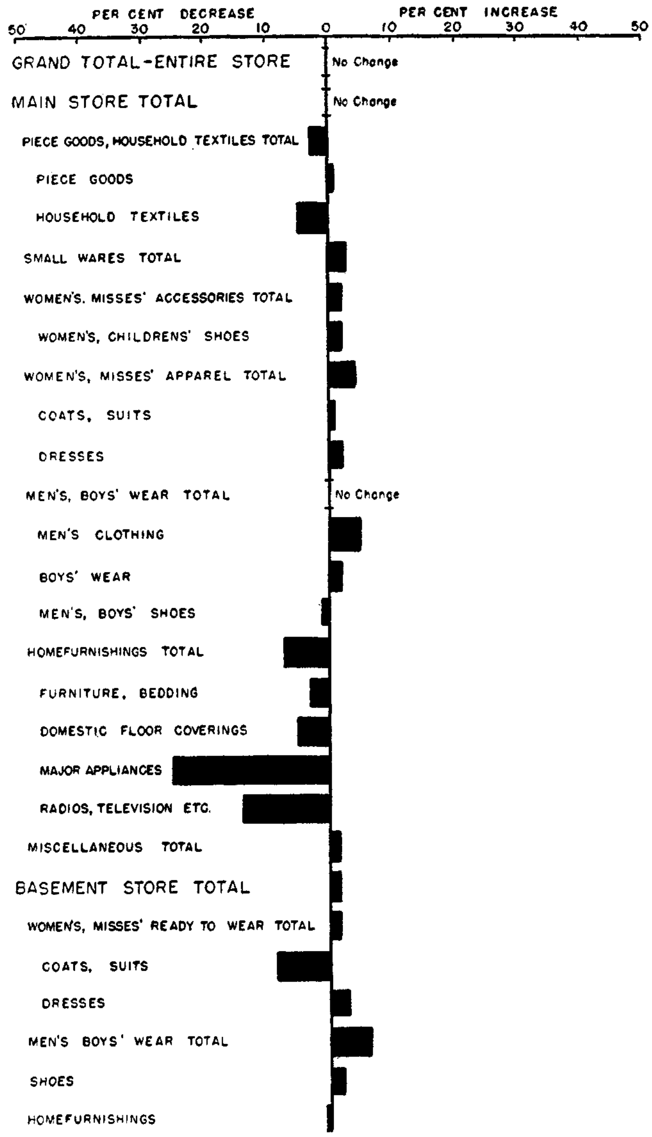
The shift in consumer spending attitudes within the year is also shown by the monthly index of Eighth District department store sales. In January, consumers bought heavily, but the buying wave was short-lived. By mid-February 1951 the apparent ease with which merchandise was replaced on shelves by retailers apparently convinced the buying public that shortages were not imminent.

Easter shopping, from the retailer's viewpoint, was disappointingly slow. Easter was early in 1951 (March 25), the weather was anything but ideal and both consumer and retailer were pondering the possible effects of price controls. Sales in the second quarter of 1951 slackened with consumers buying less than usual.

In the meantime, retailers had added to already heavy inventories. The volume of outstanding orders dropped as orders were canceled and cut back until at the midpoint of 1951 they were at about the same level as in 1950. But the inventory problem was not so easily solved. Inventories peaked in the second quarter and retailers began the task of reducing them.

Sales in the third quarter made a fair showing in comparison with sales in the same period of 1950. And fourth quarter sales were somewhat above year-ago levels. Retailers' stocks declined

EIGHTH DISTRICT DEPARTMENT STORE SALES
BY MAJOR DIVISIONS AND SELECTED DEPARTMENTS*
1951 COMPARED TO 1950



*This chart is based on the sales of only 17 stores. The table on page 23 is based on the full sample of 54 stores.

The records for the last half of 1951 for particular lines reporting to this Bank were quite similar. In department, men's and women's apparel and furniture stores, third quarter sales ran below the comparable months of 1950, with furniture store sales off. In the fourth quarter, sales at department, furniture and men's wear stores averaged above fourth quarter 1950, while women's specialty stores failed to equal the volume of that period.

Unlike the pattern of sales in 1950, consumers showed a preference for "soft goods" rather than "hard goods" in 1951. Eighth District furniture store sales in 1951 totaled about 6 per cent less than in 1950. Automotive sales in 1951 dipped below 1950 totals and appliance dealers also reported a disappointing 1951 sales volume. While these "hard goods" were off, "soft goods" lines in reporting department stores, in men's wear stores, and in shoe stores showed an increase in 1951 volume over that of 1950.

All in all 1951 was a year of progress both in meeting defense goals and in expanding the district (and the national) economy. It was also a significant year in the respect that a measure of effectiveness in monetary controls was restored to the System and restraint was exercised over bank reserves.

Two New Banks in Eighth District Join Federal Reserve System in 1951

Two new banks in the Eighth District joined the Federal Reserve System during 1951. They are: the First National Bank of Doniphan, Doniphan, Missouri, which commenced business on September 29; and the First National Bank of Buechel, Buechel, Kentucky, which opened for business on November 1. These new members of the Federal Reserve System bring the total membership of the Federal Reserve Bank of St. Louis to 495 banks.

The First National Bank of Doniphan had a paid-in capital of $50,000 and surplus of $25,000. Its officers are S. H. Lawrence, president; E. V. Snodgrass, vice president, and L. E. Hood, cashier.

The First National Bank of Buechel had a paid-in capital of $100,000 and surplus of $50,000. Its officers are: J. M. Barr, president; S. A. Phillips, vice president; and James H. Ewing, cashier.

TRADE

DEPARTMENT STORES

	Net Sales: Dec., 1951 compared with Nov.,'51	Dec.,'50	Net Sales: 12 mos.'51 to same period '50	Stocks on Hand: Dec. 31,'51 comp. with Dec., 31,'50	Stock Turnover: Jan. 1, to Dec. 31, 1951	1950
8th F. R. District..	+31%	+ 1%	+ 2%	+ 1%	3.57	4.12
Ft. Smith, Ark.[1].....	+44	+ 5	+ 8	+ 7	3.67	4.16
Little Rock, Ark....	+29	+ 2	-0-	—11	3.56	3.93
Quincy, Ill.............	+30	—12	+ 1	+16	3.33	3.70
Evansville, Ind.......	+21	+ 2	+ 7	+ 1	3.31	3.90
Louisville, Ky........	+37	+ 3	+ 2	— 3	4.20	4.53
St. Louis Area[2]......	+28	-0-	+ 2	+ 1	3.40	4.12
Springfield, Mo......	+47	+ 1	+ 4	+ 8	3.14	3.55
Memphis, Tenn......	+34	+ 3	+ 3	— 2	4.07	4.22
All Other Cities*...	+38	+10	+ 9	-0-	3.02	3.27

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

[1] 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.

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

Outstanding orders of reporting stores at the end of December, 1951, were 27 per cent smaller than on the corresponding date a year ago.

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

	Instalment Accounts	Excl. Instal. Accounts		Instalment Accounts	Excl. Instal. Accounts
Fort Smith........	....%	48%	Quincy	28%	55%
Little Rock........	21	47	St. Louis	21	....
Louisville	22	50	Other Cities......	14	38
Memphis	24	38	8th F.R. Dist....	21	47

INDEXES OF DEPARTMENT STORE SALES AND STOCKS
8th Federal Reserve District

	Dec., 1951	Nov., 1951	Oct., 1951	Dec., 1950
Sales (daily average), unadjusted [3]........................	168	130	111	171
Sales (daily average), seasonally adjusted [3]..........	107	109	105	108
Stocks, unadjusted [4]	105	125	134	110
Stocks, seasonally adjusted [4]	119	114	119	125

[3] Daily average 1947-49=100.

[4] End of month average 1947-49=100.

SPECIALTY STORES

	Net Sales: December, 1951 compared with Nov.,'51	Dec.,'50	Net Sales: 12 mos. '51 to same period '50	Stocks on Hand: Dec. 31,'51 comp. with Dec. 31,'50	Stock Turnover: Jan. 1, to Dec. 31, 1951	1950
Men's Furnishings....	+51%	+ 3%	+ 2%	+ 4%	2.07	2.57
Boots and Shoes......	+40	+ 3	+ 9	+ 4	4.27	4.45

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

Men's Furnishings.............. 42% Boots and Shoes.................. 41%

Trading days: Dec., 1951—25; Nov., 1951—25; Dec., 1950—25.

RETAIL FURNITURE STORES

	Net Sales: Dec., 1951 compared with Nov.,'51	Dec.,'50	Inventories: Dec. 31, 1951 compared with Nov.,'51	Dec.,50	Ratio of Collections: Dec.,51	Dec.,'50
8th Dist. Total[1]...	+22%	-0-%	— 8%	— 8%	27%	26%
St. Louis Area[2]...	+13	— 7	+ 7	—19	56	49
St. Louis..........	+13	— 7	—13	— 8	58	49
Louisville Area[3]..	+30	+ 1	+13	— 8	13	16
Louisville.........	+29	+ 2	—14	— 9	11	15
Memphis.............	+26	+33	— 8	—34	14	13
Little Rock..........	+36	+ 4	+ 4	— 5	21	19
Springfield..........	+45	+11	— 4	+ 7	18	18
Fort Smith..........	+28	— 9	*	*	*	*

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

[1] In addition to following cities, including 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

	Dec.,'51	Nov.,'51	Dec.,'50
Cash Sales	18%	15%	19%
Credit Sales	82	85	81
Total Sales	100%	100%	100%

COAL PRODUCTION INDEX
1935-39=100

Unadjusted			Adjusted		
Dec.,'51	Nov.,'51	Dec.,'50	Dec.,'51	Nov.,'51	Dec.,'50
169.2P	184.6	206.6	162.7P	167.8	198.7

P—Preliminary.

SHOE PRODUCTION INDEX
1935-39=100

Unadjusted			Adjusted		
Nov.,'51	Oct.,'51	Nov.,'50	Nov.,'51	Oct.,'51	Nov.,'50
102.1	107.5	126.5	103.1	110.8	127.8

PRICES

WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1926=100)	Dec.,'51	Nov.,'51	Dec.,'50	Dec., 1951 compared with Nov.,'51	Dec., 1951 compared with Dec.,'50
All Commodities	177.8	178.3	175.3	-0-%	+ 1%
Farm Products	194.2	195.2	187.5	— 1	+ 4
Foods	187.3	188.8	179.1	— 1	+ 5
Other	166.9	166.9	166.6	-0-	-0-

CONSUMER PRICE INDEX*

(All Items) Bureau of Labor Statistics (1935-39=100)	Dec. 15, 1951	Sept. 15, 1951	Dec. 15, 1950	Dec. 15, 1951 compared with Sept. 15,'51	Dec. 15, 1951 compared with Dec. 15,'51
United States	189.1	186.6	178.8	+ 1%	+ 6%
St. Louis	190.2	186.2	178.8	+ 2	+ 6
Memphis	191.4	189.9	182.7	+ 1	+ 5

*New series.

RETAIL FOOD*

Bureau of Labor Statistics (1935-39=100)	Dec. 15, 1951	Nov. 15, 1951	Dec. 15, 1950	Dec. 15, 1951 compared with Nov. 15,'51	Dec. 15, 1951 compared with Dec. 15,'50
U. S. (51 cities)	232.2	231.4	216.3	-0-%	+ 7%
St. Louis	243.9	242.2	229.7	+ 1	+ 6
Little Rock	229.9	225.4	217.1	+ 2	+ 6
Louisville	219.1	218.6	203.3	-0-	+ 8
Memphis	238.9	237.7	224.0	+ 1	+ 7

*New series.

WHOLESALING

Line of Commodities (Data furnished by Bureau of Census, U.S. Dept. of Commerce*)	Net Sales Dec., 1951 compared with Nov.,'51	Net Sales Dec., 1951 compared with Dec.,'50	Stocks Dec. 31, 1951 compared with Dec. 31, 1950
Automotive Supplies	—14%	— 5%	+24%
Drugs and Chemicals	— 8	— 5	—20
Dry Goods	—41	—15	....
Groceries	—13	—10	— 2
Hardware	—14	—14	+ 5
Tobacco and its Products	+ 4	+ 5	+ 2
Miscellaneous	—20	— 1	—13
**Total All Lines	—18%	—10%	— 5%

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

CONSTRUCTION

BUILDING PERMITS
Month of December

(Cost in thousands)	New Construction Number 1951	1950	Cost 1951	1950	Repairs, etc. Number 1951	1950	Cost 1951	1950
Evansville	39	93	$ 160	$ 339	21	27	$ 18	$ 551
Little Rock	43	48	406	331	93	96	70	88
Louisville	114	176	834	1,190	49	18	144	25
Memphis	1,344	1,990	2,028	5,789	195	134	112	118
St. Louis	169	195	763	10,547	121	135	441	781
Dec. Totals	1,709	2,502	$ 4,191	$18,196	479	410	$ 785	$1,563
Nov. Totals	2,247	2,477	$ 4,856	$ 7,406	534	588	$ 847	$ 899

DEBITS TO DEPOSIT ACCOUNTS

(In thousands of dollars)	Dec., 1951	Nov., 1951	Dec., 1950	Dec., 1951 compared with Nov.,'51	Dec., 1951 compared with Dec.,'50
El Dorado, Ark.	$ 28,953	$ 27,633	$ 30,038	+ 5%	— 4%
Fort Smith, Ark.	47,746	46,668	46,551	+ 2	+ 3
Helena, Ark.	12,751	13,938	10,766	— 9	+18
Little Rock, Ark.	154,434	150,674	153,211	+ 2	+ 1
Pine Bluff, Ark.	44,986	48,099	38,080	— 7	+18
Texarkana, Ark.*	17,997	16,108	13,494	+12	+33
Alton, Ill.	32,129	28,896	29,702	+11	+ 8
E.St.L.-Nat.S.Y., Ill.	130,087	138,155	124,269	— 6	+ 5
Quincy, Ill.	33,784	35,429	32,621	— 5	+ 4
Evansville, Ind.	140,771	139,638	138,076	+ 1	+ 2
Louisville, Ky.	726,019	666,605	666,009	+ 9	+ 9
Owensboro, Ky.	45,404	42,515	45,884	+ 7	— 1
Paducah, Ky.	35,659	32,808	19,150	+ 9	+86
Greenville, Miss.	28,990	31,969	27,784	— 9	+ 4
Cape Girardeau, Mo.	13,527	12,866	12,694	+ 5	+ 7
Hannibal, Mo.	9,364	9,906	9,056	— 6	+ 3
Jefferson City, Mo.	44,224	57,034	46,377	—23	— 5
St. Louis, Mo.	1,947,797	1,873,676	1,869,615	+ 4	+ 4
Sedalia, Mo.	12,173	11,421	12,003	+ 7	+ 1
Springfield, Mo.	69,384	66,706	63,823	+ 4	+ 9
Jackson, Tenn.	23,415	24,287	22,619	— 4	+ 4
Memphis, Tenn.	747,248	833,825	745,335	—10	-0-
Totals	$4,346,842	$4,308,856	$4,157,157	+ 1%	+ 5%

* These figures are for Texarkana, Arkansas, only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to $38,084.

EIGHTH DISTRICT
MEMBER BANK ASSETS AND LIABILITIES
BY SELECTED GROUPS

(In Millions of Dollars)	All Member Dec.,'51	All Member Change from: Nov.,'51 to Dec.,'51	All Member Change from: Dec.,'50 to Dec.,'51	Large City Banks[1] Dec.,'51	Large City Banks[1] Change from: Nov.,'51 to Dec.,'51	Large City Banks[1] Change from: Dec.,'50 to Dec.,'51	Smaller Banks[2] Dec.,'51	Smaller Banks[2] Change from: Nov.,'51 to Dec.,'51	Smaller Banks[2] Change from: Dec.,'50 to Dec.,'51
Assets									
1. Loans and Investments	4,323	+ 47	+212	2,555	+ 37	+112	1,768	+ 10	+100
a. Loans	1,964	+ 28	+101	1,347	+ 32	+ 67	617	— 4	+ 34
b. U.S. Government Obligations	1,980	+ 14	+103	1,032	+ 4	+ 53	948	+ 10	+ 50
c. Other Securities	379	+ 5	+ 8	176	+ 1	— 8	203	+ 4	+ 16
2. Reserves and Other Cash Balances	1,544	+ 99	+112	962	+ 77	+ 51	582	+ 22	+ 61
a. Reserves with the F.R. bank	748	+ 32	+119	489	+ 22	+ 73	259	+ 10	+ 46
b. Other Cash Balances[3]	796	+ 67	— 7	473	+ 55	— 22	323	+ 12	+ 15
3. Other Assets	48	— 5	-0-	30	— 1	+ 2	18	— 4	— 2
4. Total Assets	5,915	+141	+324	3,547	+113	+165	2,368	+ 28	+159
Liabilities and Capital									
5. Gross Demand Deposits	4,487	+141	+245	2,785	+114	+125	1,702	+ 27	+120
a. Deposits of Banks	840	+ 55	+ 33	792	+ 56	+ 29	48	— 1	+ 4
b. Other Demand Deposits	3,647	+ 86	+212	1,993	+ 58	+ 96	1,654	+ 28	+116
6. Time Deposits	990	-0-	+ 32	482	— 1	+ 6	508	+ 1	+ 26
7. Borrowings and Other Liabilities	75	-0-	+ 17	68	-0-	+ 16	7	-0-	+ 1
8. Total Capital Accounts	363	-0-	+ 30	212	-0-	+ 18	151	-0-	+ 12
9. Total Liabilities and Capital Accounts	5,915	+141	+324	3,547	+113	+165	2,368	+ 28	+159

[1] Includes 13 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.