

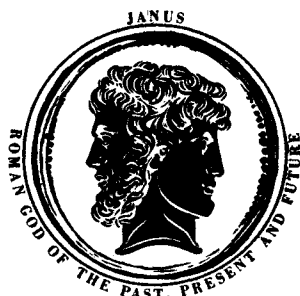
Monthly Review

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1952-1953 by Delos C. Johns

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THE YEAR 1952 presents the usual contrast in events and experiences and reaffirms a moral: the world is not perfect and progress tends to come slowly. In these terms, the year's international developments have, on balance, been favorable.

Domestic economic developments in 1952 were highlighted (1) by expansion in demand, income, and employment and (2) by stability (even some weakness) in prices. The story behind this accomplishment is partly one of the promise of still more goods and services to come from expanding basic capacity, partly one of increased production, and partly one of good banking.

Prospects are that the progress of the past year will be continued.



Federal Reserve Bank
of St. Louis

IT IS STOCK TAKING TIME again. Time to reflect on the events of the past year and on prospects for the coming year. It seems to me that this annual custom is a good one. We tend to live too much from day to day which makes it difficult to place current events in proper perspective against the background of time past. The old adage about not seeing the forest for the trees seems to have even more truth today than when it was coined. So in this beginning-of-year article I want to step back a bit from the trees and look more closely at the forest.

The year 1952 presents the usual contrast in events and experiences . . .

How can we characterize the year 1952? Was it a "good" year? Was it "normal"? Was it "unusual"? It was certainly a year of contrasts. There were floods in January and again in April, and shortly after too much water there was too little; a drouth of fairly severe proportions (intermixed with tornadoes) moved in to plague us. The year witnessed strikes in four major industries: communications, coal, oil, and steel; it also saw the return of 195 railroads to their owners after 21 months of operation by the Army.

It was a year of technical progress in fields that ranged from national defense to household gadgets. At mid-November the Atomic Energy Commission announced that the hydrogen bomb was involved in the Eniwetok tests, and published reports suggested that, whatever its energy-source, the new explosion was far more powerful than its predecessors. At the other end of the scale, consumers were treated in 1952 to chlorophyllin in toothpastes and soap and even dog food.

It was a year of ascendancy for the distaff side of the family. England tendered sovereignty to Elizabeth II after the death of King George VI and in America women took a more active hand in the elections from local to national levels.

The contrast runs even deeper in terms of the personal events—some were happy, some sad; some were exciting, some prosaic. In addition to the occasional, disheartening floods, drouths, fires, and windstorms, there was the persistent, sobering demand on our young men for military duty in the nation's defense, and the Korean War continued.

At the same time, for many of those not called or volunteering to serve in the armed forces, there was much that was prosaic and routine about the year. Work proceeded regularly for the great bulk of the 60-odd million persons gainfully employed. Traffic in the cities got no better (in fact, it may

have become a bit worse as another four million or so new cars were added to the already large number on city streets and country highways).

. . . and reaffirms a moral: the world is not perfect and progress tends to come slowly.

From the contrasts making up the record of 1952 a moral can be drawn and that moral has implications both for appraising the course of international and domestic developments and for fixing future national policies in those fields. The moral is that the world and we are not perfect and that we proceed to our goals by a series of forward steps interspersed with backward slips. In other words, progress in any given period of time is the net result of more steps forward than slips backward, a net of more plusses than minuses.

The implications are (1) that future goals should be set in terms of realistic recognition that perfection is not attainable and (2) that any progress toward these goals brings us closer to realization of our ideals even though we still may be far short of them. This is not to say that we should not "reach for the stars"; high goals and high ideals cause us to strive harder and to make more net progress. But it is to say that we should not be discouraged when progress falls short of perfection.

This is a lesson that most Americans know by instinct but hate to accept emotionally. The very fact that we have been reluctant to accept the lesson may have brought us more progress than otherwise would have been the case. I do not counsel passivity; I merely suggest we recognize that humanity has failings and that any failure on our part to achieve all ideals at once should not be taken as complete lack of progress or retrogression.

The past year certainly was one in which we made progress in better world relationships very slowly. We still find ourselves at war in Korea and we find aggression in many other parts of the world. Our position of world power places world responsibility on us and our moral background makes us strive for a better and more decent world. Does this mean that we must look forward to other "Koreas" in one part or another of the world? Does it mean that we must continue to dance to an aggressor's tune?

It seems to me that we must recognize that our world position is ours whether we want it or not. The fact is we have great power and the free world looks to us for leadership. Our self-interest should continue to influence our policies, but our self-interest now and in the future is bound up with the whole free world and not merely the United

States. This self-interest, our position of responsibility, and our moral background force us to meet the challenge of aggression in many parts of the world. Unfortunately any decent person or nation always is in the position of having to "meet aggression"; in the very nature of things the aggressor is the one who begins a conflict. In such a situation there are but two choices for the decent person or nation—resistance or surrender. And thus, in one sense, we must always dance to an aggressor's tune.

But when decency can be bulwarked with strength and power and the will to resist, potential aggressors become more cautious. And in such situations, when our own good will becomes apparent we have some prospects that even potential aggressors will move toward better behavior. So it may be that we must look forward to other painful years, years in which progress toward better world relationships seems very slight. But each step forward helps and we must not be discouraged because we do not run the whole distance at one time.

In these terms, the year's international developments have, on balance, been favorable.

In these realistic terms, the record of the year 1952 was good. Internationally, there is a new temper in Europe which seems to be characterized by an urge to be neither frightened to death of Russia nor abjectly dependent on "aid" from this country. It may go a long way toward pooling the resources of Europe and solving the age-old problems of diverse political nationalities there. In Formosa, the Chinese Nationalist Army has been strengthened and the Free World apparently now has a military ally of some effectiveness. In Indo-China the enervating drain on France, while not lessened, has witnessed some turn for the better. Even in Korea, where stalemate has been the word for 1952, the forces of Communism may have lost "face" with their rejection of the Indian peace proposal. Further, they have lost far more trained military personnel and more war equipment than the United Nations' forces.

In realistic appraisal then, not in terms of the perfection we wish or hope for, the international position of this nation improved in 1952. What of the domestic economy for 1952 and what is ahead for 1953?

Domestic economic developments in 1952 were highlighted (1) by expansion in demand, income, and employment . . .

To say that 1952 was an unusual year insofar as our domestic economy was concerned, is not startling news. Every year appears unique in economic

annals. But '52 had many facets. Perhaps that is why it was so impressive. Final figures for the year will doubtless set new records in terms of Gross National Product, personal income (even after taxes), consumer expenditures, "peacetime" Government expenditures and budgets, taxes paid, and many other measurements. Yet the productive processes were able to make available sufficient goods, and monetary-fiscal policies were able to restrain inflationary pressures so that wholesale prices declined, on balance, and consumer prices held fairly steady. Considerable progress was made in 1952 in adjusting through market processes, rather than through direct intervention by Government, to the situation of expanding public and consumer demand.

Let me note in broad outline the economic record of the year to establish that a measure of balance was attained under freer market conditions as well as to indicate the factors in the present situation that will significantly influence the year ahead.

The strength of activity in the fourth quarter of 1952 suggests a Gross National Product for the year of about \$345 billion—a new record. Such a figure would also represent a new peak level of physical output of goods and services in this nation—one that was about 2 per cent ahead of 1951 and nearly double that of the prewar year, 1939. Growth in the national product during 1952 reflected primarily increased Government purchases and personal consumption expenditures on services and nondurable goods.

Coincident with the new record national product, personal income reached new high levels in 1952, both before and after taxes. And, as a consequence of the record level of personal disposable income, consumer spending increased while at the same time saving remained at a high level.

. . . and (2) by stability (even some weakness) in prices.

In face of expanding Government and personal demand, prices eased off, particularly the sensitive basic commodity prices. In the year the wholesale commodity prices index recorded a 2 to 3 per cent decline continuing, at about the same rate, the easing that occurred during 1951. Consumer prices tended to level off during 1952 following greater increases in the two preceding years.

The story behind this accomplishment is partly one of the promise of still more goods and services to come from expanding basic capacity, . . .

The price behavior in face of expanding demand partly reflects growth in capacity of our basic

industries and resources in recent years. In addition to the initial expansion in capacity in the post-war period up to the outbreak of hostilities in Korea, there has been a second expansion. Steel capacity and petroleum refining capacity have been increased 15 per cent over pre-Korea levels. Electric power capacity has grown by over 30 per cent and the nation's capacity to produce aluminum has increased by over 50 per cent in this secondary expansion phase.

Along with the expansion in basic industries and resources, there has been a large investment in plant and equipment for all types of businesses. In the seven postwar years, expenditures by producers on durable equipment approximated \$140 billion and business investment in plant construction totaled close to \$40 billion. If investment in farm improvement and in farm equipment is added, total investment in the seven postwar years approximates \$200 billion. In light of this addition to the tools with which we work, it is not surprising that total output of goods and services in the nation continues to set new records year after year.

. . . partly one of increased production, . . .

Industrial production in 1952, without the losses occasioned by the steel and coal strikes, would probably have exceeded that of 1951. With these losses, annual production figures for 1952 are about one per cent less than in the previous year. Total production was running at roughly 230 in December 1952 (1935-39=100); a year ago the index was just under 220.

To properly assess the gains in production of goods and services and in capacity, a word should be said about population growth in the United States. Total population in the United States expanded from mid-1939 to mid-1952 roughly 20 per cent. In the same period the output of goods and services nearly doubled in real terms. It follows that, broadly speaking, on a per capita basis the individual was considerably better off in 1952 than in 1939.

. . . and partly one of good banking.

The other principal factor in the behavior of prices in face of expanding total demand in 1952 was monetary and credit policy which kept a fairly tight check on the creation of additional amounts of bank credit. Increasing demands for credit during the year were supplied in large part by savings in the economy and to a lesser extent by creation of more bank credit. The money supply did increase during the year reflecting mainly increased bank loans and investments. For the year the gain may

run between \$8 and \$9 billion (about 4 per cent), just a little less than in 1951. But a large part of the growth that occurred in the privately held money supply in 1952 was in time deposits (a less active component).

Basically Federal Reserve System policy throughout 1952 continued to be one of neutrality—neutral against further inflation. That policy in broad outline may be characterized as one of resisting additions to bank reserves for expansion of bank credit beyond normal economic growth and seasonal requirements. Early in the year as reserves flowed into the banking system with the return of currency from circulation and the influx of gold into the country, System action absorbed reserves. In the latter half of the year operations were directed toward supplying reserves to accommodate seasonal credit expansion. Timing of the additions to reserves was, of course, influenced by the Treasury's refunding and new borrowing program which resulted in fairly sharp increases in the reserve supply about mid-year and again in September. Throughout the year System policy was to oblige member banks to use the rediscount window in order to maintain the reserve positions required by law and to release open market operations from the burden of providing these reserves, thus enabling market interest rates to reflect the interplay of market forces with a minimum of System intervention.

In addition to the moderateness of the growth in privately held active money supply relative to the growth in total production of goods and services in real terms during the year, it should be pointed out that the rate of turnover of demand deposits, which might be said to measure after a fashion the rate of use of the active segments of the money supply, has held about steady by comparison with 1951.

Prospects are that the progress of the past year will be continued.

So much for 1952. What of the year ahead? Again in practical terms, not the unattainable perfection that we might wish for, prospects seem good for a continuation of last year's progress during the first half of 1953. It is too early, however, at this time to get a very clear picture of developments in the latter months of the year.

The major questions to be answered (and they bear heavily on district as well as national prospects) are: how much will the defense program grow and when will it peak; what will be the course of the business investment program; and will consumers continue their present spending-sav-

ing pattern? Employment and production should reach somewhat higher levels than in 1952 if defense expenditures increase about as planned. Consumer demand, too, may be expected to rise further as high level employment at higher wage rates continues to add to personal incomes.

Encouraging factors in the economic picture are: (1) the strength in new business investment which, according to recent estimates, will increase in the first quarter of 1953 (seasonally adjusted basis) even beyond the high level of the last quarter of 1952, and (2) the existence of a flexible monetary policy.

A development in 1952 that should have considerable influence in 1953 (and beyond) was the investigation by the Congressional Subcommittee on General Credit Control and Debt Management into central bank operations. The extensive hearings held by the Subcommittee clearly demonstrated the overwhelming weight of professional opinion that traditional monetary and credit controls should be retained and strengthened. Support for this point of view came both from teachers of money and banking and from operating bankers and financial experts. It had as collateral evidence in its favor the healthier economies in other Free World nations which had taken the, at first unpalatable, medicine prescribed by traditional central bank action in face of inflationary pressures.

It is to be hoped that the changed monetary climate that developed after the March, 1951 Treasury-System accord will continue in 1953. Monetary policy can, if properly timed, do much (although not all that is necessary) to alleviate upward pressures on prices and can also soften downward

pressures that might appear. It is a flexible tool and properly used can do much to moderate the swings of business, employment, and prices.

An unfavorable factor in the outlook is the very rapid expansion in consumer credit in the latter half of 1952. This might better have been withheld to bolster any future weakness in consumer demand for durables. If the increase should reverse itself, the effect might be to operate as a drag on consumer demand for products which should become increasingly available to the civilian sector of the economy in 1953. Finally, any marked reduction in Government spending might give trouble unless accomplished gradually enough to be balanced by an increase in civilian (largely consumer) demand reflecting the growing population of the nation.

The most heartening over-all development in 1953 would be for us to learn the lesson spelled out so clearly in the year just completed. Solutions to world problems (and even to major domestic problems) are not easy by way of the democratic processes. The answers come slowly and in compromise form. We must recognize such limitations on our actions and not lose heart or patience. We must, without giving up, be satisfied to have accomplished the major part of a desired goal. We must, without abandoning our principles, recognize that perfection is not a reliable guide in the world today. If we can profit in 1953 from this lesson, the year may be one of substantial progress toward peace throughout the world.

Problems lie ahead, of course. But with a realistic approach, especially to those in the international field, and with a firmness of purpose, we shall be able to manage them in 1953.



Survey of Current Conditions

ECONOMIC ACTIVITY in the Eighth District moved to higher levels during November and early December. Business optimism was supported by an imposing array of facts: district industrial activity was at a level exceeded only during World War II, construction contracts awarded continued substantially above those of a year ago, employment in the district's major industrial centers increased from October to November, and personal income continued to expand. Some indicators were less encouraging, however. Consumer spending failed to maintain the fast pace set in October, despite an increase in consumer credit volume, and department store sales in the district dipped slightly in November, then recovered in the first three weeks of December. Further, wholesale commodity price weakness continued. In the agricultural field winter wheat prospects here, although better than those nationally, were less favorable than a year ago. On balance, however, confidence in the outlook improved over the period.

Nationally also business activity moved upward during November and early December as the spending of Government, business and consumers increased further. Consumer purchasing was supported by increased personal income and by steady employment from October to November. Business inventories were augmented and investment in plant and equipment was maintained at peak levels.

New construction, seasonally adjusted, increased substantially in November, as it has since September. Industrial activity also increased further in November, largely as a result of sharp recovery in coal mining and continuing gains in durable goods output. Nondurable goods manufacturing showed little change. The index of industrial production of the Federal Reserve Board rose from 227 per cent of the 1935-39 average to 229 per cent for November.

Wholesale prices continued to decline in November and early December, largely reflecting increased market supplies of cotton and livestock. In the twelve months to November the average level of wholesale prices decreased 2.6 per cent. Consumer prices advanced slightly from October to November, when they were 1.3 per cent higher than a year earlier.

An encouraging factor in the outlook for the first few months in 1953 is that private investment in new housing and plant and equipment may well be at seasonally adjusted higher rates in early 1953 than at the close of 1952. There are two indications leading to this conclusion. Construction contracts awarded, roughly measuring future work to be done, have been larger than in comparable months last year. And a recent survey by the Department of Commerce and the Securities and Exchange Commission of intended business investment in plant

WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1947-49=100)	Nov., '52		Oct., '52		Nov., '51		November, 1952 compared with	
	Nov., '52	Oct., '52	Nov., '51	Oct., '52	Nov., '51	Oct., '52	Nov., '51	
All Commodities.....	110.7	111.1	113.6	— 1%	— 3%			
Farm Products.....	103.8	104.9	112.0	— 1	— 7			
Foods.....	107.7	108.5	111.0	— 1	— 3			
Other.....	112.8	113.0	114.5	- 0 -	— 2			

CONSUMER PRICE INDEX *

Bureau of Labor Statistics (1935-39=100)	Nov. 15, 1952		Nov. 15, 1951		November 15, 1952 compared with	
	Nov. 15, 1952	Oct. 15, 1952	Nov. 15, 1951	Oct. 15, '52	Nov. 15, '51	
United States.....	191.1	190.9	188.6	- 0 - %	+ 1%	

* New series.

RETAIL FOOD *

Bureau of Labor Statistics (1935-39=100)	Nov. 15, 1952		Nov. 15, 1951		November 15, 1952 compared with	
	Nov. 15, 1952	Oct. 15, 1952	Nov. 15, 1951	Oct. 15, '52	Nov. 15, '51	
U. S. (51 cities).....	232.3	232.4	231.4	- 0 - %	- 0 - %	
St. Louis.....	243.2	244.4	242.2	— 1	- 0 -	
Little Rock.....	229.0	228.8	225.4	- 0 -	+ 2	
Louisville.....	215.6	218.1	218.6	— 1	— 1	
Memphis.....	235.4	239.4	237.7	— 2	— 1	

* New series.

and equipment indicates that 1953 will start off with slightly higher outlays than in the last quarter of 1952.

Employment

Nonfarm employment in the nation held steady between October and November although a decline is usual at that time of the year. Seasonal declines in construction and some manufacturing operations were offset by pre-Christmas expansion in retail trade establishments and further gains in metal working manufacturing industries. Total nonfarm employment was about one million higher than in November, 1951, due to the recovery of civilian goods industries from the reduced 1951 levels and gradual expansion of defense employment.

Unemployment increased seasonally between October and November to a level of 1.4 million persons. For the first 11 months of 1952 it averaged 1.7 million persons or 2.7 per cent of the labor force, compared with 1.9 million or a 3 per cent rate in 1951.

In the district also unemployment increased seasonally from October to November. For the week ended November 22, there were 113,000 unemployment insurance claims under district state programs compared with 104,000 four weeks earlier. In the comparable week of November, 1951, 144,000 claims were filed. However, unemployment insurance claims in the Louisville metropolitan area during November were the lowest of the past three years. In St. Louis unemployment compensation claims in early December increased somewhat from the November level.

Employment in St. Louis was 2,300 persons greater in November than a month earlier as a result of gains in the number of workers in manufacturing and trade, offset in part by seasonally lower employment in construction and a reduction in governmental employment. Most of the gain in manufacturing employment was at defense plants. Shoe factories added workers in November after the seasonally slow period.

In Louisville, nonfarm employment increased by 6,700 workers from mid-October to mid-November primarily as a result of the settlement of a labor dispute. Continued expansion of ordnance production and the seasonal expansion of distillery bottling and trade activity also helped. Some seasonal loss was experienced, however, in the construction industry and at wood working plants.

Total nonfarm employment in Memphis at mid-November was slightly higher than a month earlier

and 3,000 persons greater than a year ago. The increase from October resulted primarily from seasonal trends. In comparison with a year ago, some industries showed significant changes. The largest gains in manufacturing employment have been in apparel, textile mill products, and fabricated metal plants. Furniture plants, however, employed fewer persons than in November, 1951. Construction and wholesale trade employment also was greater than a year earlier.

While employment for the first eleven months in the six metropolitan areas of this district averaged slightly higher than in 1951, the manpower reserves for all but a few occupations or skills were adequate. Until November all six major areas were classed as having a moderate surplus of labor supply over requirements. The improvement in activity in the fall brought a balanced labor market condition in St. Louis, Evansville and Little Rock, while the others (Louisville, Memphis and Springfield) remained unchanged. The supply of labor continued to exceed requirements substantially during the year at two smaller areas: Vincennes, Indiana, and Herrin-Murphysboro-West Frankfort, Illinois.

Industry

Industrial activity in the Eighth District hit a new peak for the year, according to figures for November and early December.

Manufacturing—The district's factories produced more in November than during any other month of the year, according to reports on use of electric power by manufacturing plants at six industrial centers. November also recorded a larger gain over the previous month and the same month a year ago than for any other month during 1952, according to these reports. Lumber and wood products and the textile industries showed the greatest percentage gains; rubber and food products manufacturers were the only ones using less power than during November, 1951.

Contrary to the general run of industry, steel ingot production at St. Louis area mills fell off from 107 per cent of capacity in October to 93 per cent in November. The drop was due to maintenance problems, however, and the scheduled rate rose again to 98 per cent in the first three weeks of December.

On the positive side in November, lumber and shoe production were somewhat above seasonal levels. And whiskey distilling in Kentucky im-

proved slightly, 21 distilleries being in operation on November 30, compared with 16 in October and 31 in November, 1951.

Meatpacking in the St. Louis area during November was heavier than during October, but was about equal to that of a year ago. The earlier heavy marketings of cattle and calves slacked off as shown by a slaughter 16 per cent below October but 24 per cent above a year earlier on a weekly average basis. Sheep slaughter showed a similar month and year ago relationship. Hog slaughter, however, was up 12 per cent from October, but was 7 per cent below a year ago.

Mineral Production—Coal production in district producing states increased 11 per cent in November over October and continued to gain in early December, according to preliminary reports. There was some reduction in prices at the mine as protracted

warm weather kept domestic sales low. Industrial coals were reported to be moving fairly well.

Crude oil production in Arkansas, Illinois, Indiana, and Kentucky in November showed no change from a month or year earlier.

Construction

Construction activity, in the district and in the nation, slowed less than seasonally in November. Expenditures for new construction in the nation declined 7 per cent and construction contracts awarded 5 per cent from October, less than the usual amounts. However, both measures of activity were somewhat greater than in November, 1951. Total housing starts in November dropped 15 per cent from October but the seasonally adjusted annual rate was unchanged from the advanced October level.

In the district construction contracts awarded in November, as reported by F. W. Dodge Corporation, were \$96 million, up from October and 30 per cent greater than in November, 1951. November awards were augmented by several large contracts for manufacturing buildings, which partially offset substantial declines from October in awards for residential building and facilities for utilities. For the first eleven months, work contracted was valued at \$1,500 million, a gain of 20 per cent from the \$1,254 million awarded in the same months of 1951. With \$1,333 million contracts awarded in the entire year of 1951, the eleven month total alone was thus able to make 1952 a record year in construction.

CONSUMPTION OF ELECTRICITY—DAILY AVERAGE *

(K.W.H. in thous.)	Nov., 1952	Oct., 1952	Nov., 1951	November, 1952 compared with	
	K.W.H.	K.W.H.	K.W.H.	Oct., '52	Nov., '51
Evansville.....	923	811	664	+14%	+39%
Little Rock.....	263	215	228	+22	+15
Louisville.....	4,237	3,579	3,940	+18	+ 8
Memphis.....	1,625	1,374	1,531	+18	+ 6
Pine Bluff.....	367	235	527	+56	-30
St. Louis.....	5,385	4,726	4,896	+14	+10
Totals.....	12,800	10,940	11,786	+17%	+ 9%

* Selected manufacturing firms.

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

Nov., '52	Oct., '52	Nov., '51	First Nine Days		11 mos. '52	11 mos. '51
			Dec., '52	Dec., '51		
111,420	123,180	110,176	32,414	34,407	1,220,653	1,280,816

Source: Terminal Railroad Association of St. Louis.

CRUDE OIL PRODUCTION—DAILY AVERAGE

(In thousands of bbls.)	Nov., 1952	Oct., 1952	Nov., 1951	November, 1952 compared with	
				Oct., '52	Nov., '51
Arkansas.....	75.7	74.0	76.5	+ 2%	- 1%
Illinois.....	165.5	167.0	164.8	- 1	- 0-
Indiana.....	33.7	34.1	32.0	- 1	+ 5
Kentucky.....	31.2	31.2	33.9	- 0-	- 8
Total.....	306.2	306.3	307.2	- 0-%	- 0-%

COAL PRODUCTION INDEX

1935-39=100

Unadjusted			Adjusted		
Nov., '52	Oct., '52	Nov., '51	Nov., '52	Oct., '52	Nov., '51
147.5 P	121.7 P	184.6	134.1 P	113.7 P	167.8

SHOE PRODUCTION INDEX

1935-39=100

Unadjusted			Adjusted		
Oct., '52	Sept., '52	Oct., '51	Oct., '52	Sept., '52	Oct., '51
152.6 P	161.4	107.5	157.3 P	159.8	110.8

P—Preliminary.

Trade

The pace of retail sales after an unusually good October faltered during November and in some lines declined contraseasonally. But it appeared at mid-December that Christmas buying would at least equal if not slightly exceed that of 1951.

BUILDING PERMITS

Month of November, 1952

(Cost in thousands)	New Construction				Repairs, etc.			
	Number		Cost		Number		Cost	
	1952	1951	1952	1951	1952	1951	1952	1951
Evansville.....	99	48	\$ 733	\$ 61	55	31	\$ 46	\$ 16
Little Rock.....	44	37	347	737	182	142	110	126
Louisville.....	108	159	715	1,135	62	50	237	59
Memphis.....	1,832	1,807	2,579	1,713	143	115	113	123
St. Louis.....	260	196	1,159	1,210	182	196	360	526
Nov. Totals.....	2,343	2,247	\$ 5,533	\$ 4,856	624	534	\$ 866	\$ 850
Oct. Totals.....	3,728	3,183	\$10,441	\$12,529	1,012	874	\$1,531	\$1,669

The downturn of November sales was most pronounced at district department and men's apparel stores and women's specialty shops where sales declined from those of both a month earlier and November, 1951. Furniture store sales totaled less than in October but were somewhat larger than a year ago. Much of the year-to-year gain was centered in furniture lines with sales of major appliances and television reportedly slower than anticipated. In the automobile line, indications were that November sales were not up to expectations even though new model introductions provided some stimulus.

The sales picture can be read in the percentage comparisons. Department stores sales during November dropped 6 per cent below those in October and were 4 per cent less than in November, 1951. The contraseasonal decline from October placed November seasonally adjusted daily sales at 106 per cent of the 1947-49 average. In comparison they were 114 per cent in October and 109 per cent in November, 1951. (The drop below 1951 sales occurred despite the fact that retailers started holiday promotions earlier this year.) On the basis of preliminary figures, sales in the second week preceding Christmas this year equaled the comparable prior peak week in the year 1950. In the 4 week period ended December 20, they were 2 per cent ahead of the comparable period in the previous year.

Inventories held by reporting retail lines on November 30 were not much changed from those a month earlier. In comparison to those held on November 30, 1951, they were slightly larger at department stores, somewhat less at apparel stores, and equal to those of a year ago at furniture stores.

The volume of orders outstanding at district department stores on November 30 dropped about one-tenth from that on October 31, but was 14 per cent larger than last year.

Line of Commodities	Net Sales		Stocks
	November, 1952		November 30, 1952
	Oct., '52	Nov., '51	compared with
Automotive Supplies.....	-27%	-18%	- 1%
Drugs and Chemicals.....	-11	- 0 -	+ 11
Dry Goods.....	-48	-30	+25
Groceries.....	-20	- 7	+ 4
Hardware.....	-17	- 8	- 7
Tobacco and its Products.....
Miscellaneous.....	-27	- 4	- 9
**Total All Lines.....	-24%	-12%	+ 4%

*Preliminary.

**Includes certain items not listed above.

DEPARTMENT STORES

	Net Sales			Stocks	Stock
	Nov., 1952			on Hand	Turnover
	compared with	11 mos. '52	to same	Nov. 30, '52	Jan. 1 to
8th F.R. District.....	- 6%	- 4%	+ 2%	+ 2% ^z	3.42 ^z 3.12
Ft. Smith, Ark. ¹	- 3	- 5	+ 1	+12%	3.21 3.06
Little Rock, Ark.....	+ 1	- 3	+ 4	+ 5	3.41 3.01
Quincy, Ill.....	- 1	- 7	- 5	- 1	3.40 3.14
Evansville, Ind.....	- 9	+ 1	+ 8
Louisville, Ky.....	- 2	-11	+ 3	+13	3.53 3.54
Paducah, Ky.....	- 3	+13	+26
St. Louis Area ^{1,2}	- 8	- 5	+ 1	- 2	3.42 3.02
Springfield, Mo.....	- 7	+ 3	+ 2	+ 9	2.98 2.75
Memphis, Tenn.....	- 3	- 2	+ 4	+ 8	3.60 3.45
All other cities ³	-13	- 1	+ 5	+14	2.91 2.86

¹ In order to permit publication of figures for this city (or area), 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.

³ Fayetteville, Pine Bluff, Arkansas; Harrisburg, Mt. Vernon, Illinois; Vincennes, Indiana; Danville, Hopkinsville, Mayfield, Kentucky; Chillicothe, Missouri; Greenville, Mississippi; and Jackson, Tennessee.

^z OUTSTANDING ORDERS of reporting stores at the end of November, 1952, were 14 per cent larger than on the corresponding date a year ago.

PERCENTAGE OF ACCOUNTS AND NOTES RECEIVABLE

Outstanding November 1, 1952, collected during November.

	Instalment		Excl. Instal.	
	Accounts	Accounts	Accounts	Accounts
Fort Smith.....	%	48%	Quincy.....	20%
Little Rock.....	16	45	St. Louis.....	20
Louisville.....	18	45	Other Cities.....	12
Memphis.....	22	39	8th F.R. Dist.....	20

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

8th Federal Reserve District

	Nov., 1952	Oct., 1952	Sept., 1952	Nov., 1951
Sales (daily average), unadjusted ⁴	126	120	110	130
Sales (daily average), seasonally adjusted ⁴	106	114	104	109
Stocks, unadjusted ⁵	143 ^z	147	140	125
Stocks, seasonally adjusted ⁵	130 ^z	130	132	114

⁴ Daily average 1947-49=100.

⁵ End of month average 1947-49=100.

^z Estimated.

SPECIALTY STORES

	Net Sales			Stocks	Stock
	Nov., 1952			on Hand	Turnover
	compared with	11 mos. '52	to same	Nov. 30, '52	Jan. 1 to
Men's Furnishings.....	- 5%	-8%	-0%	-9%	1.99 1.74
Boots and Shoes.....	-12	+ 1	+ 2	+ 7	3.72 3.67

PERCENTAGE OF ACCOUNTS AND NOTES RECEIVABLE

Outstanding November 1, 1952, collected during November

Men's Furnishings.....	44%	Boots and Shoes.....	45%
Trading days: Nov., 1952—24; Oct., 1952—27; Nov., 1951—25.			

RETAIL FURNITURE STORES

	Net Sales		Inventories		Ratio	
	Nov., 1952		Nov., 1952		of	
	compared with	Nov., '51	compared with	Nov., '51	Nov., '52	Nov., '51
8th Dist. Total ¹	- 3%	+ 7%	- 0 -	- 0 -	16%	19%
St. Louis Area ²	+ 1	+ 3	*	*	36	37
St. Louis.....	+ 3	+ 5	*	*	38	37
Louisville Area ³	- 1	+17	- 1	- 4	12	14
Louisville.....	- 1	+25	- 0 -	- 6	11	13
Memphis.....	+ 7	+ 7	*	*	12	15
Little Rock.....	+ 2	+12	+ 2	+ 2	15	18
Springfield.....	-14	+12	+ 4	- 0 -	14	17
Fort Smith.....	-24	- 6	*	*	*	*

* 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; and Evansville, Indiana.

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

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

PERCENTAGE DISTRIBUTION OF FURNITURE SALES

	Nov., '52	Oct., '52	Nov., '51
Cash Sales.....	17%	17%	19%
Credit Sales.....	83	83	81
Total Sales.....	100%	100%	100%

Banking and Finance

The money market continued tight during November and early December. Reflecting the tightness the average rate on accepted bids for Treasury bills moved up to 2.23 per cent (bills dated December 26), the highest level since the banking holiday in 1933. However, despite the pressure for funds, banks nationally and districtwise expanded total loans and investments more than usual during November. On the other hand, early in December business loans declined contraseasonally at district banks.

As a result of the growth in bank credit during November the money supply rose substantially, but use of the money supply was down somewhat from its high October level.

District Banking—Bank loans in the district expanded a substantial \$32 million during November, mostly at larger institutions, with a moderate increase at those of medium size. Loans declined, however, at banks in centers under 15,000 population.

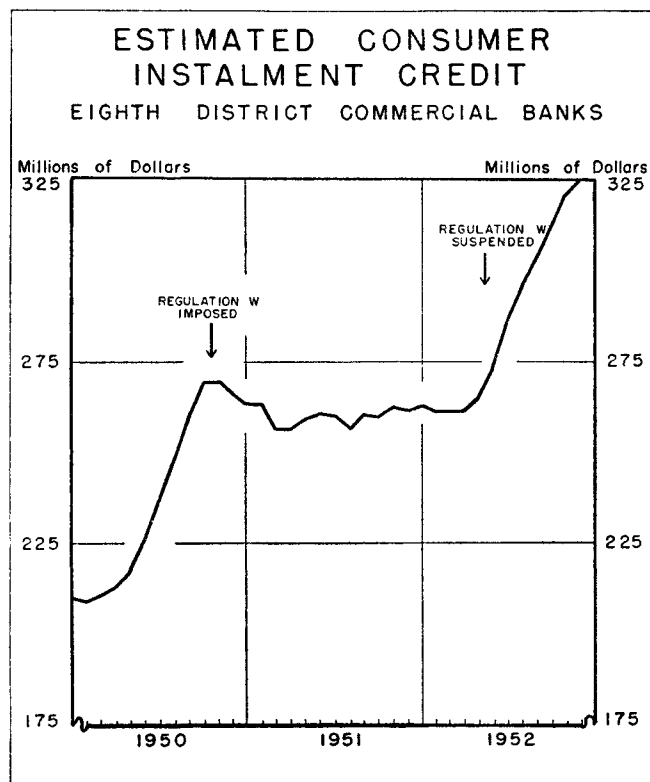
The bulk of the loan growth at the larger city banks was to businesses. This growth, shared in by each of the six reporting centers, was more than seasonal at all cities except Memphis. The increased demand for funds came largely from food and metal manufacturers and trade concerns.

Consumer loans rose moderately during the month. Automobile and repair and modernization loans accounted for the major portion of the growth.

Investment holdings rose \$53 million during November, with the increase divided about equally between urban and rural banks. Virtually all the net purchases at the larger banks were of short-term Government securities.

In contrast with the loan expansion in November, preliminary data for December indicate a leveling or some shrinkage. In the first three weeks of December, business loans at district weekly reporting member banks declined. Usually loans increase in these weeks. Seasonally adjusted the loan decline was heaviest at Memphis where commodity dealers repaid cotton loans.

Banking Nationally—Nationally, also, bank credit rose substantially during November. Business loans were up about double the amount normal for this time. The rise was dispersed among most types of businesses. Along with a seasonal increase in loans to food processors, commodity dealers and trade concerns, there was increased borrowing by metal manufacturers, petroleum and chemical firms, sales finance companies, and public utilities.



Loans to finance consumers, real estate and securities were also up over the month. The loan growth was fairly sharp to brokers and dealers for purchasing or carrying U. S. Government securities. Investment portfolios were increased substantially, reflecting heavy purchases of the new Treasury tax-anticipation bills.

Largely as a result of the expansion in bank credit, offset in part by a growth in Treasury deposits, the money supply held by individuals and

DEBITS TO DEPOSIT ACCOUNTS

(In thousands of dollars)	Nov., 1952	Oct., 1952	Nov., 1951	November, 1952 compared with Oct., '52	Nov., '51
El Dorado, Ark.....	\$ 24,188	\$ 28,387	\$ 27,633	— 15%	— 13%
Fort Smith, Ark.....	50,609	56,185	46,668	— 10	+ 8
Helena, Ark.....	13,222	15,168	13,938	— 13	+ 5
Little Rock, Ark.....	154,688	184,772	150,674	— 16	+ 3
Pine Bluff, Ark.....	47,945	66,645	48,099	— 28	— 0
Texarkana, Ark.*.....	17,391	19,695	16,108	— 12	+ 8
Alton, Ill.....	31,302	35,150	28,896	— 11	+ 8
E.St.L., Nat.S.Y., Ill..	121,768	148,676	138,155	— 18	— 12
Quincy, Ill.....	34,849	40,782	35,429	— 15	— 2
Evansville, Ind.....	151,322	158,558	139,638	— 5	+ 8
Louisville, Ky.....	668,021	729,505	666,605	— 9	— 0
Owensboro, Ky.....	45,987	52,054	42,515	— 12	+ 8
Paducah, Ky.....	43,253	47,936	32,808	— 10	+ 32
Greenville, Miss.....	26,115	31,054	31,969	— 16	— 18
Cape Girardeau, Mo....	13,476	13,916	12,866	— 3	+ 5
Hannibal, Mo.....	9,569	10,771	9,906	— 11	+ 4
Jefferson City, Mo.....	61,105	57,716	57,034	+ 6	+ 7
St. Louis, Mo.....	1,830,428	2,193,740	1,873,676	— 17	— 2
Sedalia, Mo.....	11,685	12,748	11,421	— 8	+ 2
Springfield, Mo.....	61,714	77,402	66,706	— 20	— 8
Jackson, Tenn.....	24,087	28,828	24,287	— 17	— 1
Memphis, Tenn.....	708,647	883,046	833,825	— 20	— 15
Totals.....	\$4,151,371	\$4,892,734	\$4,308,856	— 15%	— 4%

* These figures are for Texarkana, Arkansas, only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$36,968.

businesses rose over a billion dollars during November. Treasury deposits increased in the month, despite an operating deficit, chiefly because of net security sales. The growth in the money supply of individuals and businesses was about equally divided between checking accounts and currency. Savings accounts declined slightly, on balance, due largely to withdrawals of Christmas Club funds.

Agriculture

By December, harvesting of 1952 crops, as well as fall seedings of winter wheat and pastures, largely had been completed in the district. Rains had improved wheat prospects materially in both the district and the important Plains area. And favorable weather in Kentucky had permitted stripping of the burley tobacco crop, which was estimated to be 55 to 60 per cent sold by the time of the closing of auctions for the Christmas holidays. By year's end, a total national crop production for 1952 second only to that of 1948 was achieved even though drouth had a detrimental effect over wide areas.

Wheat Prospects—The drouth also was showing its effect on 1953 production. Despite larger acreage seeded to winter wheat in district states, 1953 production based on December 1 conditions was expected to be about one-fifth below the large 1952 crop. Increased production was indicated in Arkansas and Mississippi, due to increased acreage. However, in the important district wheat-producing states, Illinois, Indiana, and Missouri, indicated production was 17, 20 and 25 per cent, respectively, less than the 1952 crop.

WINTER WHEAT ACREAGE AND INDICATED PRODUCTION, EIGHTH DISTRICT STATES, DECEMBER 1, 1952

(In thousands)	Acreage Seeded		Production	
	Crop of 1953	Per cent change from 1952	Crop of 1953	Per cent change from 1952
Arkansas.....	50	+ 67%	450	+14%
Illinois.....	2,032	+ 10	34,544	—17
Indiana.....	1,556	— 0 —	29,564	—20
Kentucky.....	365	+ 12	3,650	—21
Mississippi.....	25	+108	300	+28
Missouri.....	1,794	+ 18	19,734	—25
Tennessee.....	246	+ 6	3,198	—20
United States.....	55,361	— 1	611,141	—42

Source: Crop Production USDA, December, 1952.

The district outlook, however, was much more favorable than that nationally. Although the na-

EIGHTH DISTRICT MEMBER BANK ASSETS AND LIABILITIES BY SELECTED GROUPS

(In Millions of Dollars)	All Member			Large City Banks ¹			Smaller Banks ²		
	Assets	Change from:		Nov., 1952	Change from:		Nov., 1952	Change from:	
		Oct., 1952 to Nov., 1952	Nov., 1951 to Nov., 1952		Oct., 1952 to Nov., 1952	Nov., 1951 to Nov., 1952		Oct., 1952 to Nov., 1952	Nov., 1951 to Nov., 1952
1. Loans and Investments.....	\$4,606	\$+ 85	\$+ 330	\$2,719	\$+ 54	\$+ 201	\$1,887	\$+ 31	\$+ 129
a. Loans.....	2,108	+ 32	+ 172	1,423	+ 29	+ 108	685	+ 3	+ 64
b. U.S. Government Obligations.....	2,096	+ 50	+ 130	1,101	+ 22	+ 73	995	+ 28	+ 57
c. Other Securities.....	402	+ 3	+ 28	195	+ 3	+ 20	207	— 0 —	+ 8
2. Reserves and Other Cash Balances.....	1,534	— 4	+ 89	944	+ 3	+ 59	590	— 7	+ 30
a. Reserves with the F. R. bank.....	766	+ 18	+ 50	500	+ 11	+ 33	266	+ 7	+ 17
b. Other Cash Balances ³	768	— 22	+ 39	444	— 8	+ 26	324	— 14	+ 13
3. Other Assets.....	51	— 3	— 2	33	— 0 —	+ 2	18	— 3	— 4
4. Total Assets.....	<u>\$6,191</u>	<u>\$+ 78</u>	<u>\$+ 417</u>	<u>\$3,696</u>	<u>\$+ 57</u>	<u>\$+ 262</u>	<u>\$2,495</u>	<u>\$+ 21</u>	<u>\$+ 155</u>
Liabilities and Capital									
5. Gross Demand Deposits.....	\$4,576	\$+ 25	\$+ 230	\$2,810	\$+ 11	\$+ 139	\$1,766	\$+ 14	\$+ 91
a. Deposits of Banks.....	778	— 40	— 7	728	— 38	— 8	50	— 2	+ 1
b. Other Demand Deposits.....	3,798	+ 65	+ 237	2,082	+ 49	+ 147	1,716	+ 16	+ 90
6. Time Deposits.....	1,049	— 3	+ 59	504	— 3	+ 21	545	— 0 —	+ 38
7. Borrowings and Other Liabilities.....	176	+ 54	+ 101	160	+ 48	+ 92	16	+ 6	+ 9
8. Total Capital Accounts.....	390	+ 2	+ 27	222	+ 1	+ 10	163	+ 1	+ 17
9. Total Liabilities and Capital Accounts.....	<u>\$6,191</u>	<u>\$+ 78</u>	<u>\$+ 417</u>	<u>\$3,696</u>	<u>\$+ 57</u>	<u>\$+ 262</u>	<u>\$2,495</u>	<u>\$+ 21</u>	<u>\$+ 155</u>

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.

tional seeded acreage is but 1 per cent less than that of 1952, the widespread drouth has dimmed prospective yields for 1953. Based on December 1 condition, the 1953 crop will be 611 million bushels, compared with 1,052 million bushels in 1952. Prospects are more uncertain than usual, however, even though rains in November and December improved conditions over much of the wheat-producing area.

Prices—Agricultural prices received by farmers continued the decline begun in August. The mid-November index of prices received was 6 per cent below August levels and nearly 10 per cent below January prices. Despite the lower prices received, agricultural income in the Eighth District in September and October was above farm income a year earlier. This was due largely to the good district cotton, rice, and soybean crops and earlier harvesting. Nationally, however, farm income during October and November fell below 1951 levels.

CASH FARM INCOME

(In thousands of dollars)	October, 1952 compared with			10 month total Jan. thru Oct. 1952 compared with		
	Oct., 1952	Sept., 1952	Oct., 1951	1952	1951	1950
Arkansas.....	\$146,015	+75%	+25%	\$ 470,047	+23%	+42%
Illinois.....	243,533	+52	-7	1,623,544	-2	+16
Indiana.....	132,083	+38	-9	904,764	-4	+15
Kentucky.....	42,358	+4	-15	404,366	-0-	+11
Mississippi.....	133,774	+30	+15	426,092	+19	+38
Missouri.....	167,696	+48	+5	903,915	-3	+16
Tennessee.....	79,921	+21	+5	399,918	+4	+28
Totals.....	\$945,380	+43%	+2%	\$5,132,646	+2%	+20%

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts			Shipments		
	Nov., 1952	November, '52 compared with Oct., '52	Nov., '51	Nov., 1952	November, '52 compared with Oct., '52	Nov., '51
Cattle and calves....	119,186	-37%	+18%	69,527	-27%	+86%
Hogs.....	259,420	+4	-22	87,083	+135	+16
Sheep.....	36,210	-41	-0-	11,067	-45	+34
Totals.....	414,816	-17%	-12%	167,677	+10%	+39%

