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## *from Arkadelphia to Zeigler*

### *A Study of the Place of Cities and Towns in the Eighth District Economy*

SMALL TOWNS AND MEDIUM-SIZED CITIES dot the Eighth District landscape and play a vital part in its economy.

To study the function of these smaller settlements as well as that of larger cities, all urban places have been classified largely on the basis of their major occupational groups but also using other criteria.

Most of the district cities are in one of five major classifications: manufacturing cities, mining towns, transportation centers, trade centers, or diversified cities. In addition, a few cities are characterized as dormitory, public administration, college, or resort centers.

This study of the functions and distribution of cities gives focus to regional analysis, emphasizing the diversified nature of the district economy.

**Federal Reserve Bank**  
*of St. Louis*



***Small towns and medium-sized cities dot the Eighth District landscape and play a vital part in its economy.***

**A** IS FOR ARKADELPHIA (Arkansas) and Z is for Zeigler (Illinois). Despite the fact that their initials span the alphabet, these two have in common a location in the Eighth Federal Reserve District and a relatively small number of people. They are, however, almost as much different in type of economic activity as their alphabetical range might indicate. This story—from Arkadelphia to Zeigler—is the story of the Eighth District's small towns, medium-sized cities, and major metropolitan areas—their similarities and differences. From north to south and from east to west, the Eighth District presents a succession of small towns and medium-sized cities. There in the stores, the small but efficient woodworking and shoe factories, the filling stations, grain elevators, cotton gins, tobacco warehouses, the banks and countless other establishments, is carried on much of the district's business. The map (Figure 1) gives an idea of the widespread distribution of the district's small settlements. The district has but five cities in the over 100,000 population class and only 72 in the over 10,000 group. But it has 245 cities in the 2,500 to 10,000 class. And, not shown by the map, are 1,747 towns of under 2,500 population.<sup>1</sup>

Over one-third of the district's total population living in cities and towns reside in the five cities with over 100,000 population. Another one-fourth live in the 10,000 to 100,000 group. A fifth live in places of 2,500 to 10,000 population, and slightly less than one-fifth are in towns of under 2,500.

However, such a comparison tends to overstress the importance of the larger cities and to under-rate that of the smaller. After all, these smaller places play their part in the district economy. Three-fifths of the district's banks are in towns which, according to the 1950 Census, have less than 2,500 population. Another fourth are found in towns ranging from 2,500 to 10,000 in size.

***To study the function of these smaller settlements as well as that of larger cities, all urban places have been classified . . .***

The question arises as to how this large number of smaller places can be analyzed, bringing out the individuality of each, without becoming lost in countless detail. There are several methods of classification that could be used. Much can be said for grouping the smaller places and analyzing them in terms of the metropolitan area or the even larger city-region (area of political, economic, and

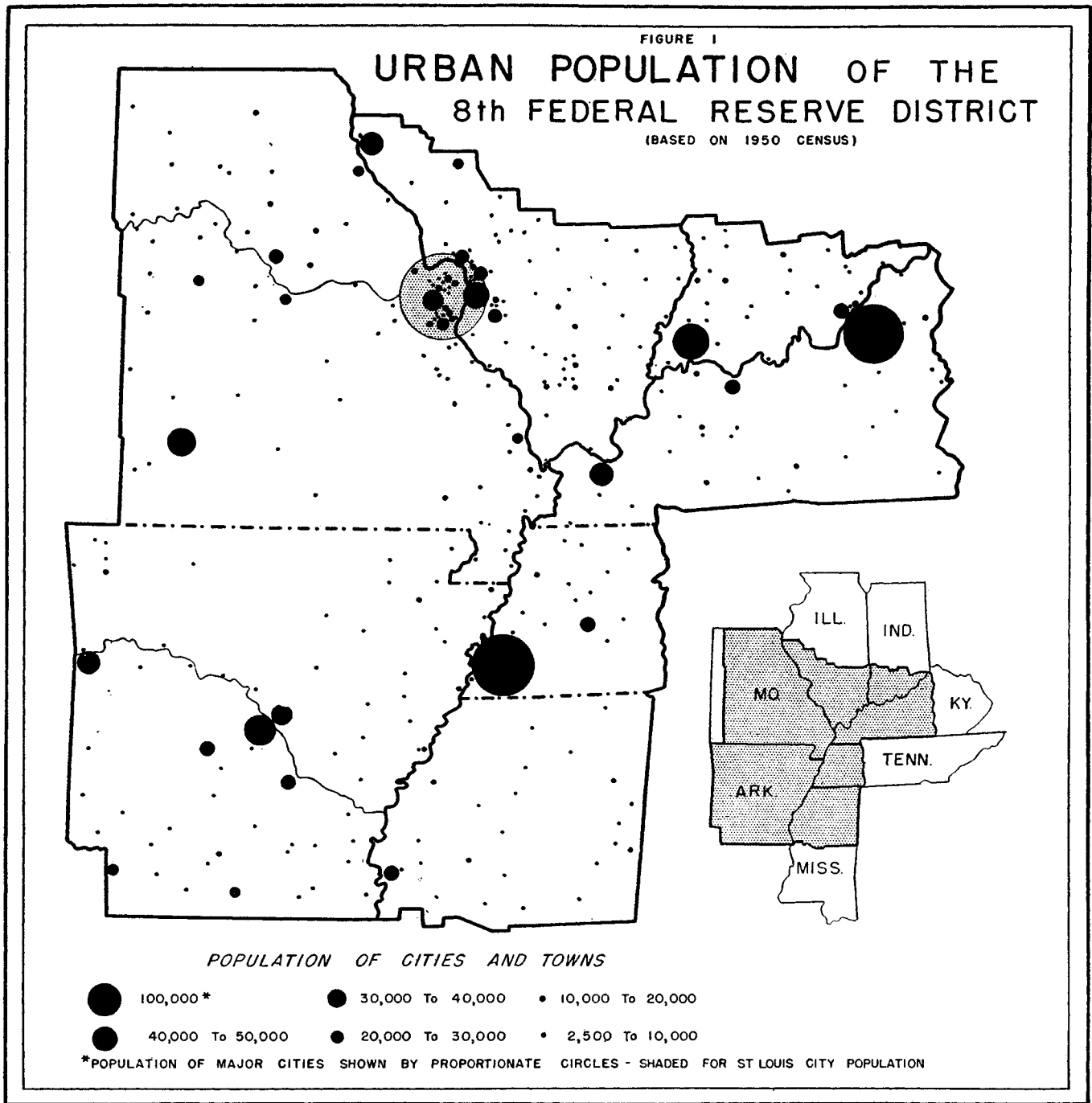
<sup>1</sup> This does not take account of unincorporated towns of under 1,000 as these are not included in Census figures.

social dominance of the city, generally much larger than the metropolitan area) to which they contribute. In fact, this is a step that should be taken. But there is another grouping that, with some success, cuts across these metropolitan and city-region lines. It is a grouping according to major economic characteristics. Of course, it is obviously difficult to segregate the major characteristics of many suburban places. However, there are some ways in which at least a partial solution of the problem can be made. These are noted later. And all cities and towns within metropolitan areas are identified by asterisks in the tables (pages 90, 91) to make clear that they do not stand alone, but are closely linked to a metropolitan economy.

***. . . largely on the basis of their major occupational groups . . .***

The method of classification chosen here is one based largely on data showing the occupations of people. The occupations of the people of all cities of over 2,500 population in the district were obtained from the 1950 Census. These Census statistics subdivide the employed according to major industry groups for places of over 2,500 population. More detail is given for places with over 10,000 population. Many district cities show marked specialization in one particular occupational group. For example: Bemis, Tennessee (manufacturing); and West Frankfort, Illinois (mining). Some cities are borderline cases. And many are diversified.

The determination of the point at which an employment group becomes of major significance to a city must be to some extent arbitrary. There is no widely recognized standard showing that such-and-such a percentage of employment in manufacturing makes a city a manufacturing type. However, by comparing the relationships within each city to the relationships for all cities within the area under study—in this case, the Eighth District—the exceptional concentrations in certain industries are made to stand out. And different points at which an industrial group achieves relative importance emerge. For example, all of the cities of over 2,500 population had at least 2 per cent of their gainfully employed in transportation in 1950. But only the upper fifth had as much as 8 per cent. Or, again, practically all of these cities had at least 10 per cent in trade, but only the top fifth had over 29 per cent. In effect, the fact that an industry has an exceptionally high percentage is an indication that it is a primary income-producing industry, that is, one that brings income into the community from other areas. Such primary industries export goods and services to areas outside the



political boundaries of the city, or market their goods and services to persons who come from outside the city's internal zone. Other activities in the community are largely supported by these base industries.

The occupational group or groups by which district cities are identified, then, are those that largely form the foundation of the city's economy. While a basic industry is indicated for those places that have been definitely classified this does not mean that this is the only primary industry. For this reason the tables on pages 90 and 91, which show the

representation in other groups, are provided. - The economy of the city, to put it another way, can be visualized as a pyramid with certain industries as the base. In some cases, for example, some mining towns, the removal of the industry supporting the major occupational group would destroy the town. However, in most cases, including even some mining towns, there are other primary industries to support the economy in case one should fail. Of course, the economic structure of cities and towns is constantly changing. A change or elimination of the base occupations may simply result in a smaller

pyramid, or the economy may be shifting, so that the base is being changed.

Arkadelphia, Arkansas, the "alpha" of the title of this article, is a good example of the way the occupational emphasis may shift. In 1840 its main function was to serve as a county seat—a public administration center. Soon it developed into a vigorous trade center, with secondary manufactures of feed, flour and cotton cloth in addition. Just before the turn of the century, Ouachita and Henderson colleges began adding their students and faculty to the population and Arkadelphia could have been classified as a college town. In the 1940's, the emphasis began to shift to manufacturing with the establishment of two garment factories. Population expanded and, on the basis of 1950 statistics, the classification became diversified. Now, a huge aluminum plant has been located on the rolling plateau six miles to the south. Within a year or so, Arkadelphia may be sufficiently dominated by manufacturing to be among the upper fifth of such cities in the district from the standpoint of employment, and thus to be classified, under the criteria used here, as a manufacturing center.

Occupation statistics for city classification are revealing, but at the same time they have limitations. On the positive side, they afford a common measure (employment) by which such different activities as trade and manufacturing can be compared and the relative importance of each estimated. In addition, these Census figures have been compiled for all cities and towns of the country of over 2,500 population. Furthermore, the breakdown for places in the 2,500-10,000 group was first made in the 1950 Census, so provides new source material. On the negative side, they do not take account of the fact that many workers in a city live outside the city limits. Nor do they, of themselves, reflect the differences in the productivity of labor. Nor do these statistics show the value of production, the income derived by individuals and the community, or the capital, available and provided for the labor force.

*. . . but also using other criteria.*

To overcome some of the deficiencies of occupational statistics, additional data were used. The final classification of the city was often checked against other sources which gave other kinds of industry breakdowns. Movement of workers between towns was partly taken into account by the classification of dormitory cities using outside information. And one classification, college towns, was based on entirely different sources.

### ***Most of the district cities are in one of five major classifications . . .***

With the help of occupational statistics and other data, all cities in the district of over 2,500 population are classified into five major types and four minor types (see tables 1 and 2). The following discussion, arranged according to these occupational groupings, explains the economy and distribution of each type of city in the classification.<sup>2</sup>

*. . . manufacturing cities, . . .*

Manufacturing cities generally are such because they have attractive industrial locational factors. It is true that the origin of many manufacturing plants in a particular place may have been a matter of circumstance. For example, Monsanto Chemical Company began its world-wide operations in St. Louis because the founder happened to be employed in the city when he decided to invest some of his savings in a saccharin plant and to build it where he could keep an eye on it and help when necessary. But industrial plants tend to last and expand only if the location proves to have sound economic advantages.

Major factors favoring plant location include access to raw materials, markets, fuel and power, labor, water supply, transportation, and governmental factors. A map of the district showing only the manufacturing cities indicates areas where the above factors have been found favorable, on balance, for industry. Other areas may also have many advantages for manufacturing, of course. And in our rapidly changing society, the resource base must constantly be re-assessed. The distribution of manufacturing centers is shown by the map

<sup>2</sup> The classification of cities is based upon the percentage distribution of gainfully employed in urban places of the Eighth District according to the following major groups: manufacturing, mining, transportation, and trade. A group is considered dominant if the percentage for that group (of the total employed in the city) is sufficient to rank that city in the upper fifth of all district cities with over 2,500 population having employment in that group (not counting cities classified as public administration, resort, dormitory, and college centers). The percentages necessary to qualify for this upper fifth rating are: manufacturing, 31 per cent; mining, 8 per cent; transportation, 11 per cent; and trade, 29 per cent. A few exceptions to the general rule are noted in the table.

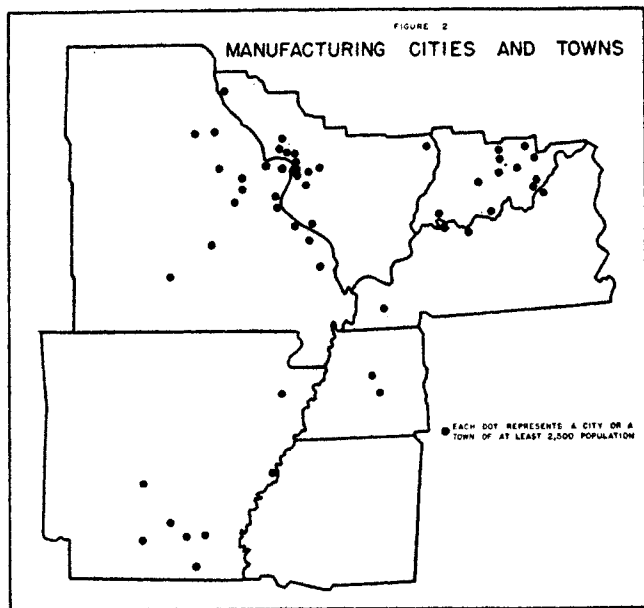
Cities are classified into one of the above major categories if one particular group and no other is dominant, according to the criteria above. This does not mean, of course, that the city does not have other important activities. Rather, the classification shows the activity which dominates it from the standpoint of employment. This is a uniform yardstick for comparative purposes. However, obviously, no one can draw a precise line dividing one type of city from another. And the broad groupings of employment used tend to obscure differences within the groups, for example, heavy and light manufacturing. Nevertheless, the classification is useful if its limitations are borne in mind.

Cities which have dominance in more than one of the four major categories, or no dominance in any of the eight (major and minor) categories, are classified as diverse—a fifth major category.

For the minor classifications—public administration, resort, dormitory, and college centers—occupation statistics are used only in defining public administration centers. Urban places with over 15 per cent of their gainfully employed in public administration activities are classified in this category. The district average is 5 per cent. A discussion of the problem of classifying resort, dormitory and college centers is given in the text.

The Census classification of trade, used as one of the major categories above, includes wholesale trade, retail trade, food and dairy products stores and milk retailing, eating and drinking places and other retail services. This is considered to give a good index of the extent to which services in general predominate. For that reason, other services, such as finance, insurance, real estate, repair, personal and professional services are not separately identified in the table. They constitute the major part of the "all other" category. This category also includes urban workers employed in agriculture, forestry, fisheries and construction.

(Figure 2). It is evident from a glance that there are clusters of manufacturing cities near St. Louis



and Louisville (with these two large cities themselves in the manufacturing group), a string of them at other points along the Mississippi and the Ohio, clusters in southern Arkansas and in Indiana, and a few isolated centers.

One pronounced characteristic of the district economy brought out by this distribution is that the Mississippi and Ohio River valleys, as shown by the large number of manufacturing cities there, have so far provided important advantages to manufacturing in the district. These advantages are diverse. The water supply itself is very significant. And transportation is afforded not only on the rivers, but also on the railroads which tend to follow the valley routes, and were built connecting the towns which earlier thrived on river trade. Many other factors could be cited, including the availability of raw materials such as coal, oil, lumber, refractory clay, and glass sand. Reflecting the many assets, these river valley cities manufacture many different products: petroleum products, steel ingots, pumps and chemicals, glass, furniture and lumber products, whiskey, tobacco, farm implements, furniture, airplanes, beer, clothing, and shoes—to name a few.

The industrial character of the clusters of cities in southern Arkansas and in Indiana reflects proximity to raw materials. The Arkansas settlements, in a major forest area, feature woodworking industries and paper manufacture. Southern Indiana manufacturing towns, also surrounded by forests, likewise have furniture and other woodworking plants. Other raw materials also supply industry. Thus Bedford is known for its famed

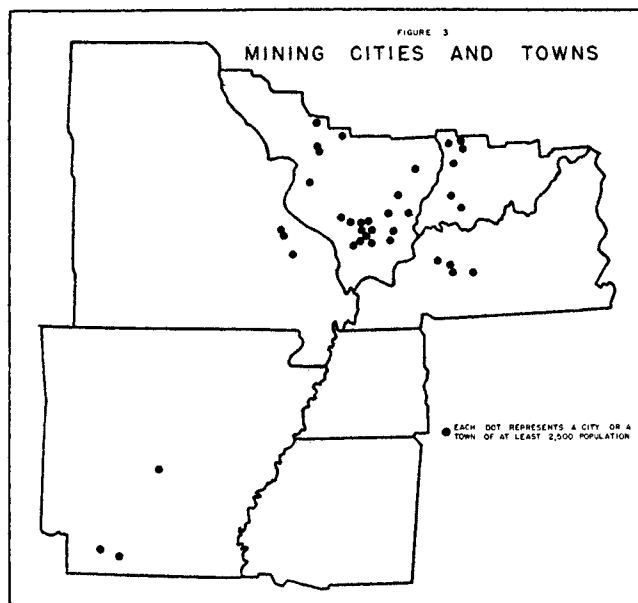
building stone. And both the Arkansas and Indiana cities have industries, such as textile plants, based on other factors.

The isolated manufacturing towns are located so as to take advantage of various factors: for example, raw materials (clay) at Vandalia, Missouri, labor (shoe and corncob pipe plants) at Washington, Missouri, markets and raw materials (refineries) at Robinson, Illinois.

The degree of specialization in the cities classed as manufacturing centers varies widely. Cullendale, Arkansas, for example, had 63 per cent of its employed in manufacturing in 1950 (largely paper and pulp production). Crystal City, Missouri, had 66 per cent (glass) and Bemis, Tennessee, 68 per cent (textile products). In contrast Mountain Grove, Missouri, had only 31 per cent in manufacturing representing principally a shoe plant and lumber manufacture and Humboldt, Tennessee, had 32 per cent (hosiery, cotton mop yarn, lumber products, and canning).

... *mining towns*, ...

Mining cities, producers of coal, crude oil and gas, must be located near their resource base. While many cities in the district have some mining activity, there are only a few in which it is dominant. Most of the mining cities in the district are situated in the coal fields of southern Illinois, Indiana, and western Kentucky (map, Figure 3). However, three



in Missouri show the location of the St. Francois mining area there, commonly known as the "lead mining belt." And the mining of aluminum ore is reflected in the classification of Benton, Arkansas.

Only a few towns are classified mining because of



	Mfg.	Min- ing	Trans- ptn.	Trade	All Other		Mfg.	Min- ing	Trans- ptn.	Trade	All Other		Mfg.	Min- ing	Trans- ptn.	Trade	All Other
Mena	21	1	7	31	40	Nashville	12	1	11	29	47	Corinth	21	1	9	27	42
Newport	15	..	10	31	44	Paragould	18	1	11	31	39	Grenada	19	1	7	26	47
Osceola	9	1	5	33	52	Paris	10	6	7	28	49	Holly Springs	4	..	10	25	61
Pocahontas	26	1	5	32	36	Piggott	22	..	7	27	44	Kosciusko	27	..	5	24	44
Rogers	20	1	9	30	40	Prescott	19	1	7	25	48	Leland	10	..	6	25	59
Searcy	13	1	8	30	48	Russellville	20	1	7	25	47	New Albany	16	1	7	27	49
Siloam Springs	13	..	5	33	49	Stuttgart	22	1	9	27	41	Water Valley	20	..	9	23	48
Springdale	18	..	10	34	38	<b>ILLINOIS</b>						West Point	18	1	7	27	47
Walnut Ridge	10	..	10	32	48	Anna	15	2	8	24	51	Winona	19	..	7	28	46
Warren	27	1	6	30	36	Carlinville	13	4	10	23	50	<b>MISSOURI</b>					
West Memphis	16	1	9	30	44	Carlyle	29	2	6	26	37	Aurora	30	1	10	22	37
<b>ILLINOIS</b>						*Edwardsville <sup>2</sup>	30	1	12	21	36	California	28	1	6	23	42
Effingham	24	2	8	29	37	Flora	12	13	14	27	34	Carrlton	5	1	15	36	43
Newton <sup>2</sup>	10	1	13	34	42	Greenville	22	1	8	21	48	Caruthersville	25	1	6	25	43
<b>INDIANA</b>						Hillsboro	23	3	8	25	41	Clinton	19	..	6	27	48
Madison	25	1	6	29	39	Lawrenceville	26	2	8	22	42	Dexter	14	3	9	28	46
<b>KENTUCKY</b>						Litchfield	27	1	10	23	39	East Prairie	19	1	7	28	36
Campbellsville	16	1	8	29	46	Metropolis	29	1	10	24	36	El Dorado Spgs.	22	1	7	27	43
Elizabethtown	10	1	7	29	53	Mt. Carmel	17	15	14	22	32	Farmington	20	6	6	23	45
Franklin	13	1	8	29	49	North Quincy	30	1	6	22	41	Fayette	7	1	9	20	63
<b>MISSISSIPPI</b>						Salem	24	10	11	24	31	Hayti	8	1	16	29	46
Belzoni	8	..	5	32	55	Sparta	15	13	16	23	33	Higginsville	16	1	10	26	47
Cleveland	4	..	8	34	54	Vandalia	18	3	8	28	43	Lebanon	21	1	7	28	43
Indianola	7	1	5	32	55	White Hall	29	1	9	21	40	Louisiana	20	1	10	20	49
Lexington <sup>2</sup>	7	1	4	26	62	<b>INDIANA</b>						Marshall	21	1	6	26	46
<b>MISSOURI</b>						Huntingburg	35	1	12	20	32	New Madrid	16	..	7	27	50
Bethany	5	3	6	36	50	Mt. Vernon	30	5	7	21	37	Richmond	19	4	8	25	44
Bolivar	6	1	9	30	54	Scottsburg	26	1	7	28	38	<b>TENNESSEE</b>					
Chillicothe	14	1	10	33	42	<b>KENTUCKY</b>						Henderson	15	..	5	24	56
Kennett	14	..	7	32	47	Bardstown	19	1	5	20	55	Lexington	13	1	9	26	51
Macon	6	3	7	35	49	Carrollton	20	1	7	28	44	McKenzie	20	1	7	25	47
Malden	13	..	10	34	43	Central City	7	17	22	19	35	Martin	19	..	10	23	48
Portageville	9	..	5	37	49	Glasgow	20	1	6	26	47	Trenton	16	..	5	23	56
West Plains	18	..	8	31	43	Harrodsburg	17	1	8	21	53	Union City	25	..	5	26	44
<b>TENNESSEE</b>						Lebanon	24	1	7	21	47	<b>Dormitory Towns:</b> *Berkeley, *Breckenridge					
Brownsville <sup>2</sup>	7	1	6	27	59	Monticello	12	4	7	22	55	Hills, *Brentwood, *Florissant, *Glendale,					
Covington	7	1	6	30	56	Morganfield	4	5	8	24	59	*Hillsdale, *Kinloch, *Ladue, *Pagedale,					
Ripley	5	1	5	29	60	Russellville	13	1	10	23	53	*Rock Hill, *St. Ann, *Shrewsbury, *Valley					
<b>Cities With No Single Dominant Group</b>						Shelbyville	11	..	9	24	56	Park, *Wellston, Missouri; *Brooklyn, *Cot-					
<b>ARKANSAS</b>						<b>MISSISSIPPI</b>						tage Hills, Milton, *Washington Park, Illinois.					
Arkadelphia	13	1	6	23	57	Aberdeen	17	1	6	23	53	Public Administration: *Mascoutah, Illinois;					
Ashdown	15	1	10	23	51	Charleston	12	1	4	24	59	*Charlestown, Indiana; Rolla, Missouri;					
Bentonville	17	1	5	27	50	<b>Footnotes:</b>						Milan, *Millington, Tennessee.					
Brinkley	12	1	12	29	46	1 Source same as Table 1. Asterisk indicates						College Towns: Murray, Kentucky; Oxford,					
DeQueen	16	1	14	29	40	city is within a metropolitan area.						Starkville, Mississippi; Warrensburg, Missouri.					
Dermott	16	..	6	24	54	2 Exception to general rule given in footnote											
Hamburg	27	1	6	22	44	2, page 88.											
Hope	22	1	8	27	42												
Morrilton	24	..	5	29	42												

oil drilling (Magnolia and Stamps, Arkansas). As a general rule, only petroleum towns in the first flush of production would be expected to have a large enough number of their population engaged directly in drilling activities to be classified as mining towns. And most district production centers saw that period long ago. As the town matures, other activities, including perhaps refining (which is a manufacturing process) account for most of the jobs. El Dorado, Arkansas, is a good example of this. A quiet county seat for three-quarters of a century, it became a center of crude oil production after the discovery of oil nearby in 1921. Subsequently, oil refining has become the dominant activity and the distribution of lumber and agricultural products has added some diversification.

For coal mining towns in the district, mining has usually remained the dominant industry longer than for oil drilling towns. Zeigler, Illinois, with the highest percentage of its gainfully employed in mining occupations of any city in the district—53 per cent—has relied chiefly on coal production for many years.

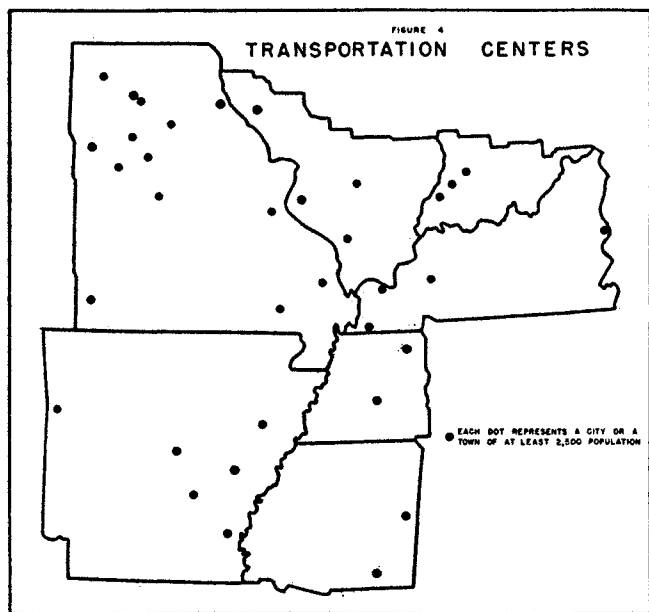
**. . . transportation centers, . . .**

Transportation, in contrast to manufacturing and mining, is predominantly a service industry. Cities

with this type of economy are closely tied to the transportation companies serving them. However, most of these cities also have a second important occupational group—trade. A few, such as Chaffee, DeSoto, Eldon, and Hannibal, Missouri; Murphysboro and Waterloo, Illinois; Princeton, Kentucky; and Louisville, Mississippi, have a relatively large per cent in manufacturing employment. When a city becomes large, transportation tends to become secondary to manufacturing or diversified activities. Good examples in this district are St. Louis, East St. Louis, Louisville, and Memphis. Paducah, Kentucky, is an example of a city that is classified as a transportation center on the basis of 1950 statistics, but is rapidly moving toward manufacturing.

The district has many smaller cities where a predominant characteristic is furnishing some phase of transportation service (map, Figure 4). An example of a city at a rail crossroads is Centralia, Illinois, with the highest percentage of its employed in this industry (23 per cent) of any city in the group of over 10,000 population. In addition Centralia has other important activities as an oil production and trade center. Marceline, Missouri, with the highest percentage of all cities (38

per cent) is an example of a rail workshop town serving a single line. These cities are widely dis-



persed throughout all of the district with the notable exception of the sparsely settled Ozark region in Arkansas and Missouri.

. . . *trade centers* . . .

Towns classified as trade centers can be divided into two groups, one featuring retail, the other wholesale trade.

**Retail trade centers**—Obviously, all cities and towns have retail services. The distinguishing characteristic of a retail trade center, as classified here, is that it serves people in the surrounding territory to a greater extent than other cities of comparable size and that trade is the dominant occupation of its working population. To state it another way, these cities have proportionately more tradesmen than would be necessary just to serve their own population and they have no other dominant group.

Since trade cities must have relatively more merchants than it ordinarily takes to service their populations, they characteristically serve farm families. Thus, such centers are usually small and well-dispersed with the heaviest concentration in good farming areas (map, Figure 5).

Trade may also be the chief business activity in some suburban towns where the city commuter does his shopping. Such communities are difficult to classify because of the flow of business personnel across legal boundaries. They are discussed in connection with dormitory cities (residential suburbs).

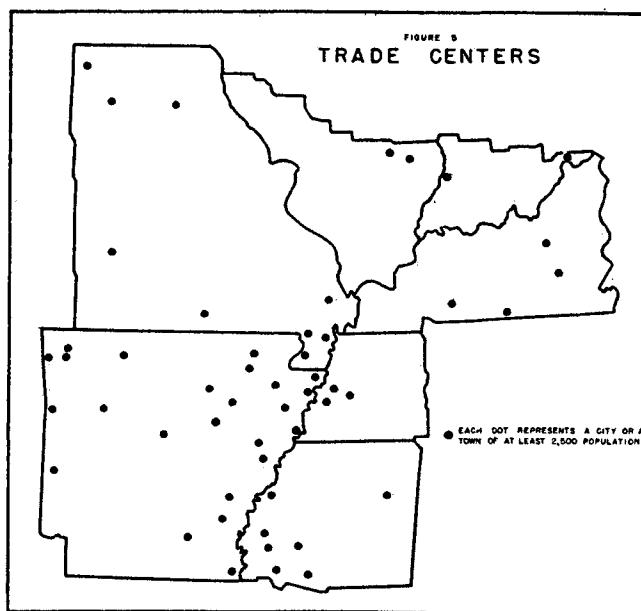
Retail trade centers in rural areas can be divided into three types. First are the small towns, usually of less than 1,000 population, offering goods that

are well standardized and demanded often. Second are the medium-sized shopping centers, places which, in addition to convenience goods, offer specialty lines. Finally, there are the centers large enough to offer the most specialized services.

On the map (Figure 5) showing distribution of trade centers, there are many, falling in group one or two above, that are not shown. In fact, most of the small places in the district not shown by the map would probably come under this category, though there would be a number that might be classified as resort, administrative, or college towns.

Since the map omits trade centers under 2,500 population, it shows the areas of more specialized trade. Reference to previous maps shows that areas left blank are occupied largely by manufacturing, mining, and transportation cities in the north. While, as shall be shown, diversified centers round out the picture in the south, excepting the hilly areas.

The most striking feature of the distribution of trade centers on the district map is not the blank spots, however, but rather the great cluster of



these cities in the Lower Mississippi Basin (from Sikeston, Missouri, south to Eudora, Arkansas, and Belzoni, Mississippi). This is a highly productive cotton-growing section where the towns' and cities' principal function is indeed to serve the farmer in the marketing and storage of his crops and to supply him with the goods he needs—a prime commercial function.

**Wholesale trade centers**—Wholesaling centers are usually larger cities centrally placed with reference to a more extensive area than retail trade

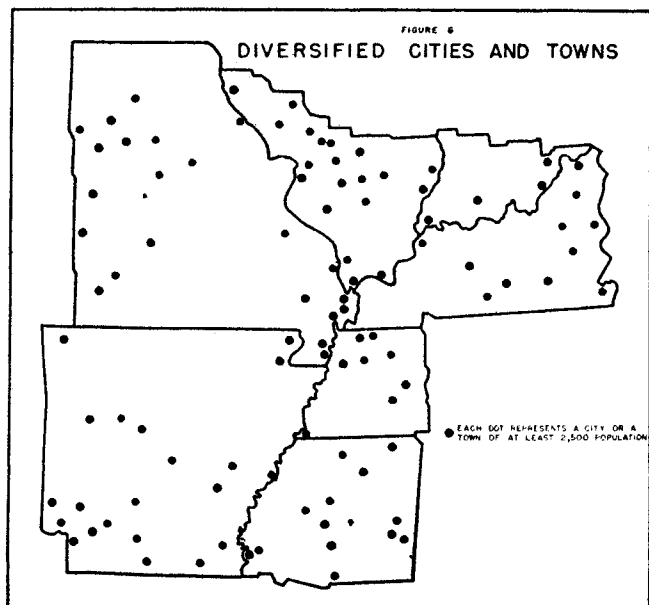


centers. While the largest cities are undoubtedly the major wholesale distribution centers, three others, all over 10,000 population, exceeded them from the standpoint of the relative number employed in wholesale trade: Greenwood and Tupelo, Mississippi, and Fort Smith, Arkansas. The economy of the former two cities reflects cotton marketing services. Fort Smith, developing as an early trading post on the eastern border of former Indian territory, now has considerable industry in addition to its trade activities.

*. . . or diversified cities.*

Cities with no occupational group dominant enough for classification under a single type, according to the percentages established, or with several dominant groups, are classified as diversified. An example of the first type is Greenville, Mississippi. While its two most dominant occupational groups, retail trade and manufacturing, had 22 and 16 per cent of its gainfully employed, respectively, neither of these percentages were sufficient for classification as a dominant one, with regard to the figure established for the district as a whole. Salem, Illinois, is an example of the second type. It had better than the established percentages in two major categories—mining and transportation. It also had relatively high percentages in manufacturing and trade.

Three of the district's largest cities are classified in the diversified group: Memphis, Tennessee, Little Rock, Arkansas; and Springfield, Missouri. Reference to the map (Figure 6) shows that this



class of city is widely distributed. In the southern part of the district this pattern reflects the agricultural economy there, which bolsters trade activities,

and the generally smaller amount of industrialization of the South. A number of other southern cities would qualify as manufacturing centers in relation to their own state averages, but not on a district basis. Good examples are El Dorado and Camden, Arkansas. They have 24 and 28 per cent of their gainfully employed in manufacturing, far above the state average of 15 per cent.

The large number of diversified cities of southern Illinois shown by the map, like many southern towns, reflect a combination of trade occupations to serve agriculture with enough industry to make them diversified. Sometimes they show considerable strength in a number of functions as has been noted for Salem, Illinois.

*In addition, a few cities are characterized as dormitory, public administration, college, or resort centers.*

In addition to the five major kinds of cities and towns in the district—manufacturing, mining, transportation, trade and diversified—there are four types which are important but which are not well represented in numbers among cities and towns of over 2,500 population. Also, it is difficult to find statistical measures of these activities. The types are: dormitory cities, administrative towns, college towns, and resort centers.

**Dormitory cities**—Cities and towns which serve mainly as the location of the homes of workers who are employed in another city are called dormitory types. Generally, they serve as dormitories for the factory and office workers of a central city which they adjoin. Such cities are difficult to classify. Occupation statistics cannot be used. And even after other facts have been brought to bear on the problem, the classification may seem arbitrary. St. Louis is the only city in the district with a large number of suburbs with over 2,500 population. There are 23 incorporated little cities within, just outside, or near Louisville. But the two largest, Shively and Jeffersontown, had less than 2,500 population in 1950 and all of the others had less than 1,000 population. Memphis has absorbed most of its surrounding communities.

**Public Administration cities**—Many towns and cities of the district began or owed their early growth to a public administrative function, such as becoming the county seat or state capital. However, statistics show that the county seats and other public administrative centers, at least in the size groups studied here, have largely outgrown their dependence upon public administration jobs for their principal employment. The best examples in the district of the public administrative town of the long-established type are the state capitals of

Missouri (Jefferson City) and Kentucky (Frankfort). These cities had about one-sixth of their employed in this classification. Both cities have considerable industry in addition.

On the other hand, a new kind of public administrative city has developed which finds much of its employment in nearby military installations. Examples of this type are two Tennessee towns, Millington and Milan, which had 26 and 15 per cent respectively of their employed under public administration work, reflecting the location of large Government installations nearby.

**College towns**—Cities and towns where college and university enrollment exceeded 20 per cent of their population are classified in the college town category. It is interesting to note that, under this definition, seven cities qualify, representing every district state except Tennessee and Indiana (see Tables 1 and 2, pages 90 and 91). Of course, this classification identifies only the towns of over 2,500 population dominated by their educational institutions. Many smaller places doubtless would come under this classification. And it should be remembered that many larger places are important educational centers, even though this function is far overshadowed by other functions.

**Resort towns**—While there are countless small resort towns in the district and many larger cities that thrive on tourist business, particularly during the summer months, there is only one city in the over 2,500 group where resort activities are shown predominantly in the Census occupational groups—Hot Springs, Arkansas.<sup>3</sup> It is, however, an exceptionally fine example of this type, being one of the major resort cities in the United States. It is a year-around playground.

In general, however, the economies of resort centers tend to fluctuate. They are apt to vary decidedly in relationship to the popular appeal of their particular scenic and recreational attractions. An interesting example is Drennon Springs, Kentucky. Founded as a health resort in 1840 on the basis of its sulphur springs, by 1849 it was boasted that the elite of New York and New Orleans met there. Then a cholera epidemic scared away guests and only the hotel caretaker stayed on. Attempts were made to revive the town as an education center and later as a resort, but failed. Today, like many another former spa, it is dead. A visitor would find only a few houses, the Henry County Poor Farm and Ellison Mahoney's general store.<sup>4</sup>

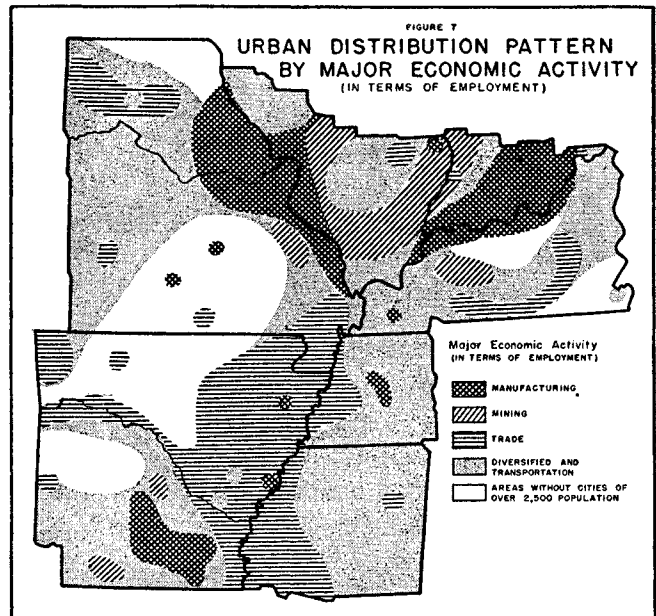
<sup>3</sup> See *The Recreation-Travel Industry in the Eighth District*, MONTHLY REVIEW, May 1949.  
<sup>4</sup> Bingham, Jr., Barry, *Town with Three Lives—All Spent*, LOUISVILLE COURIER-JOURNAL, October 12, 1952.

Notwithstanding the experience of Drennon Springs, the outlook for resort cities is good. Occasional bouts with the out-of-doors for office and factory workers have come to be generally accepted as a necessity. And many Eighth District resort centers provide scenic sights and other attractions at minimum cost. In addition, a number of large artificial lakes, created in recent years, provide a basis for expecting more resort towns in the future.

***This study of the function and distribution of cities . . .***

This study of the function and distribution of cities provides a view of the district economy according to the characteristic activity of urban centers. After all of the district's urban centers have been plotted on a map as areas of predominance in activity (Figure 7), it is seen that each type has distinct concentration areas.

Cities characterized by manufacturing dominate the river valleys of the north in a broad V-shaped pattern.<sup>5</sup> Lining the "V" on the north are most of the mining cities. And still farther north is a group of diversified cities. This sequence suggests that, on the one hand, the mining production of the central area, contributing to the resources of the adjacent area to the south (in the Mississippi and Ohio River valleys) resulted in manufacturing centers; and, on the other hand, contributing to the rich agricultural farmland to the north, resulted in diversified cities. An isolated group of manufac-



<sup>5</sup> The "V" would be even more pronounced on the map were the 1950-1953 growth of new manufacturing in the lower Ohio valley shown.

turing cities in Arkansas reflects woodworking industries.

Outside of this complex of industrial cities, diversified cities and trade centers dominate. One group of trade centers reflects the agricultural production of the Arkansas and Mississippi delta lands. Another group in Kentucky is intermingled with diversified cities, suggesting the trade based on tobacco production there in combination with considerable manufacturing. The pattern skirts the hills of the Highland Rim on the north and most of the Cumberland River valley area in the southeast. A group in western Arkansas lines the banks of the upper Arkansas River valley and extends northward into the fruit-poultry section. To the southwest is a group of diversified cities. The white space between them on the map indicates the location of the Ouachita Mountains.

Another group of trade and diversified centers is located in western Missouri. Separating this group from those to the south is the area of the Ozarks.

Diversified centers are adjacent to the patterns showing trade center distribution in every district state. They predominate in the south, however.

*. . . gives focus to regional analysis, emphasizing the diversified nature of the district economy.*

The patterns that emerge from this functional grouping of cities give focus to regional analysis and emphasize the diversified nature of the district economy. On the one hand, a great difference is shown in the occupational structure, and hence economic character, of its cities and towns. Some are highly specialized. Many are diverse. Secondly, it shows that, when grouped according to their basic employment activities, these towns and cities form an irregular pattern across the district emphasizing manufacturing in the Ohio and Mississippi River valleys in the north, mining between these valleys, and trade (reflecting agriculture) in the south. Furthermore, these places of over 2,500 population show by their absence the hundreds of square miles of forest, recreational and small farming areas in the Ozark mountains of Arkansas and Missouri and the highlands of Kentucky. Thus, the economy of the district, like that of its cities and towns, is found to be truly characterized by a wide range of economic activities—a range that is indeed from A to Z.

HARRY B. KIRCHER

# Survey of Current Conditions

**B**USINESS ACTIVITY in the Eighth District remained high during May and the first half of June with diverse movements apparent in various segments of the economy. Manufacturing activity increased more than seasonally, but lumber and coal production declined and crude oil output remained unchanged. Retail sales also advanced more than seasonally from April and were larger than for May, 1952. However, construction activity in the district dropped sharply during May and continued at a reduced rate for the first three weeks of June. Loans to businesses also declined more than seasonally during May but loans to consumers continued to increase. Agricultural prospects deteriorated as a result of the hot weather and lack of moisture in the first three weeks of June.

In the nation, business activity also remained at a high rate in May and the first half of June, with most segments of the economy operating at levels close to those in April (after seasonal adjustments). The leveling off in activity was apparent primarily in industrial production, which for three consecutive

months has shown no increase. Construction activity also has moved seasonally so far this year, although outlays are about 6 per cent greater than last year. And retail sales since last December have been at about the same level after adjustment for seasonal variations. Reflecting this stability in demand, employment (after adjustment) has shown little change since January.

Consumer prices increased slightly from mid-April to mid-May but were less than 1 per cent greater than in 1952. Wholesale prices continued relatively steady during May but eased somewhat in the first three weeks of June, reflecting primarily supply factors and the impact of international developments.

Yields on outstanding long-term corporate, state and local, and United States Government securities, which rose sharply in April, increased somewhat further in May and early June. As a result of the higher cost of money some financing was abandoned in the period.

## Employment

Employment in the five major population centers of the district changed little from mid-April to mid-May. Slight gains in St. Louis and Louisville were offset by declines in Evansville, Little Rock and Memphis.

**St. Louis**—In the St. Louis metropolitan area, total nonfarm employment was practically unchanged from April to May but was 3 per cent higher than a year earlier. Manufacturing employment increased only slightly as gains at ordnance, automobile assembly, and other metal working plants were nearly offset by seasonal decreases at shoe and apparel plants. In addition, it was held down by the closing of five plants in the area. And completion of Government contracts was also reported to have caused some layoffs subsequent to mid-May. Employment in construction increased slightly to mid-May but a work stoppage began on May 19, halting nearly all work in progress in the area.

**Louisville**—In Louisville, during the mid-April to Mid-May period, nonfarm employment continued to increase as a result of additions to the work force at ordnance, chemical, and machinery and equipment plants. Partially offsetting these increases were employment declines in distilled liquor and woodworking plants and retail stores. And Federal employment was also reduced. Even though the gain from April to May was only slight, nonfarm employment in the Louisville area totaled 8 per cent higher than a year earlier. Manufacturing employment was up 17 per cent over the year.

**Memphis**—Seasonal layoffs, completion of defense contracts, and other reductions caused nonfarm employment in the Memphis area to decrease slightly from April to May. Nevertheless, there were 2,400 more persons employed in such work than a year

earlier—a gain of about one per cent. In comparison with May, 1952, substantial increases in employment occurred in wholesale and retail trade establishments and in manufacturing plants producing paper and bakery products. Gains also were recorded in some other manufacturing industries. However, reductions over the year occurred in establishments producing lumber, fabricated metal products, and machinery. In addition, fewer persons were at work in construction and government offices than a year earlier.

**Evansville**—In Evansville, employment declined slightly again from April to May but remained 16 per cent greater than in May, 1952. The reduction from April was due to layoffs by manufacturers of aircraft parts and motor vehicles.

**Little Rock**—Nonfarm employment in the Little Rock metropolitan area declined slightly in the month ended May 15. Both manufacturing and non-manufacturing employment declined, largely as a result of seasonal factors. Despite the decline in May, employment was 4 per cent greater than a year earlier. Metal working firms with defense contracts accounted for a large part of the year-to-year gain. Employment was also substantially higher than a year earlier in service industries and government offices.

**Unemployment in District States**—Unemployment in the seven district states, as indicated by the claims for unemployment insurance declined gradually during May but increased slightly in the first two weeks of June. The increase in June resulted primarily from unemployment in the St. Louis area caused by the work stoppage in the construction industry. In Indiana the number of persons newly unemployed in early June was slightly higher than at the end of May. Layoffs there occurred in plants producing automobile equipment, trucks, television receivers, household appliances, and furniture.

**National Employment**—Nonfarm employment in the nation increased by 150,000 to 48.9 million from April to May. The increase brought the nonfarm job total to 1.5 million greater than a year earlier. Construction employment increased by 78,000, the smallest reported for this time of the year since 1945. While the gain in construction employment was less than usual, manufacturing employment declined less than usual. The total number employed in manufacturing establishments dropped 38,000 to a mid-May total of 17.0 million.

With the seasonal increase in employment, the number of people unemployed dropped in May to

### CONSUMER PRICE INDEX

Bureau of Labor Statistics (1947-49=100)	May, 1953		May, 1952		May, 1953 compared with	
	May, '53	Apr., '53	May, '52	Apr., '53	Apr., '53	May, '52
United States.....	114.0	113.7	113.0	-0 -%	-0 -%	+ 1%

### RETAIL FOOD

Bureau of Labor Statistics (1947-49=100)	May, 1953		May, 1952		May, 1953 compared with	
	May, '53	Apr., '53	May, '52	Apr., '53	Apr., '53	May, '52
U. S. (51 cities).....	112.1	111.5	114.3	+ 1%	+ 1%	- 2%
St. Louis.....	112.9	111.6	116.4	+ 1	+ 1	- 3

### WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1947-49=100)	May, 1953		May, 1952		May, 1953 compared with	
	May, '53	Apr., '53	May, '52	Apr., '53	Apr., '53	May, '52
All Commodities.....	109.8	109.4	111.6	-0 -%	-0 -%	- 2%
Farm Products.....	97.9	97.3	107.9	+ 1	+ 1	- 9
Foods.....	104.4	103.2	108.6	+ 1	+ 1	- 4
Other.....	113.5	113.2	113.0	-0 -	-0 -	-0 -

1.3 million, equal to about 2.1 per cent of all civilian workers.

So far this year changes in nonfarm employment have been largely seasonal in nature, indicating a leveling off in the sharp expansion which occurred in the last half of 1952.

## Industry

As the first half of the year drew to a close, industrial production in the district remained at near-peak levels, with many industries operating on higher-than-seasonal schedules. Lumber production was a notable exception.

**Manufacturing**—Greater-than-seasonal strength in manufacturing activity in the district during May was indicated according to reports on the use of industrial electric power. Most industries covered by the report used about the same amount as in April, while gains of over 20 per cent compared with a year ago were shown by the textile, electrical machinery, transportation equipment, paper and allied products, and lumber and wood products industries.

Steel ingot output increased in May and again in June—in contrast to the United States as a whole—with the completion of two of three new open hearth furnaces at Granite City, Illinois, and continued full capacity operation at most other furnaces.

Even whiskey production at Kentucky distilleries showed an increase over May, 1952, with 28 distilleries in operation compared with 21 then. And the number of livestock slaughtered in the St. Louis area in May was 9 per cent larger than a year ago, but down 13 per cent from April.

The only major indicator that was down was lumber production. During May, average weekly output of Southern pine dropped 9 per cent from the previous month and a year ago, and the operating rate of Southern hardwoods was down 18 and 9 per cent respectively. The decrease could be attributed to excessive rains and storms in the South which hampered logging and shipments. Also, demand for both Southern pine and hardwoods has moderated in recent weeks. The latter slackening reflected a seasonal slowing at this time in the hardwood market as furniture manufacturers wait until after the summer shows before buying ahead for future needs.

**Coal and crude oil**—Coal production declined slightly during May, in contrast to the national trend, but was 4 per cent above May, 1952. Crude oil output remained practically unchanged from the level of recent months.

## Construction

Construction activity in the district dropped sharply during May and continued at a reduced rate in the first three weeks of June. A work stoppage in the St. Louis area was largely responsible for the halting of much of the work in progress there. Strikes also impeded the construction of the AEC plant near Paducah, Kentucky. Activity on that project has been declining slowly for some time as work was completed on various parts. About 17,000 were employed there at Mid-June compared with some 23,000 at the peak in August, 1952. Construction employment in Arkansas at mid-May was reported down slightly from the month before and about 20 per cent less than in May, 1952. In Louisville, employment on construction projects also declined from April to May, but was about one-fifth greater than a year earlier.

In addition to the sharp drop in construction activity in the district, new work contracted also declined. Awards in the Eighth District reported by the F. W. Dodge Corporation totaled \$91 million in May, a decrease of 32 per cent from April. Thus, for the first five months of 1953, construction contracts awarded were 15 per cent less than in the comparable months of 1952. As indicated in the

### CONSUMPTION OF ELECTRICITY—DAILY AVERAGE\*

(K.W.H. in thous.)	May, 1953	April, 1953	May, 1952	May, 1953 compared with	
	K.W.H.	K.W.H.	K.W.H.	Apr., '53	May, '52
Evansville.....	1,048	1,010	807	+ 4%	+ 30%
Little Rock.....	129	144	126	-11	+ 2
Louisville.....	4,247	4,007	4,075	+ 6	+ 4
Memphis.....	1,684	1,632	1,428	+ 3	+ 18
Pine Bluff.....	579	551	330	+ 5	+ 75
St. Louis.....	5,439	5,267	4,947	+ 3	+ 10
Totals.....	13,126	12,611	11,713	+ 4%	+ 12%

\* Selected Manufacturing firms.

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

May, '53	Apr., '53	May, '52	First Nine Days		5 mos. '53	5 mos. '52
			June, '53	June, '52		
117,935	115,663	108,597	32,825	28,872	571,325	551,620

Source: Terminal Railroad Association of St. Louis.

### CRUDE OIL PRODUCTION—DAILY AVERAGE

(In thousands of bbls.)	May, 1953	April, 1953	May, * 1952	May, 1953 compared with	
				Apr., '53	May, '52
Arkansas.....	76.9	77.3	.....	- 1%	.....%
Illinois.....	161.7	162.8	.....	- 1	.....
Indiana.....	35.4	35.4	.....	- 0-	.....
Kentucky.....	29.9	29.8	.....	- 0-	.....
Total.....	303.9	305.3	.....	- 1%	.....%

\*Strike.

### COAL PRODUCTION INDEX

1935-39=100

Unadjusted			Adjusted		
May, '53	Apr., '53	May, '52	May, '53	Apr., '53	May, '52
118.1 P	121.8 P	107.4	114.7 P	187.4 P	104.3

### SHOE PRODUCTION INDEX

1935-39=100

Unadjusted			Adjusted		
Apr., '53	Mar., '53	Apr., '52	Apr., '53	May, '53	Apr., '52
154.1	170.0	145.4	151.1	166.7	143.0

P—Preliminary.

## DEPARTMENT STORES

	Net Sales			Stocks	Stock	
	compared with			on Hand	Turnover	
	May, 1953	5 mos.'53	May, '53	May, '53	Jan. 1 to	
Apr., '53	May, '52	period '52	May, '52	May 31,	1952	
8th F.R. District Total.....	+ 7%	+ 2%	+ 4%	+10%	1.44	1.48
Ft. Smith Area, Ark. <sup>1</sup> .....	+15	- 1	- 0 -	+ 2	1.42	1.42
Little Rock Area, Ark. <sup>2</sup> .....	+ 7	- 0 -	+ 1	+11	1.38	1.49
Quincy, Ill.....	- 0 -	- 4	- 0 -	+ 8	1.35	1.49
Evansville Area, Ind. <sup>2</sup> .....	+15	+ 4	+15	.....	.....	.....
Louisville Area, Ky., Ind. <sup>2</sup> + 1	+ 2	+ 4	+ 4	+ 9	1.52	1.59
St. Louis Area, Mo., Ill. <sup>2</sup> + 7	+ 4	+ 4	+ 4	+11	1.44	1.46
Springfield Area, Mo. <sup>2</sup> .....	+21	- 0 -	- 0 -	+15	1.24	1.32
Memphis Area, Tenn. <sup>2</sup> .....	+10	+ 1	+ 4	+ 8	1.54	1.59
All Other Cities <sup>3</sup> .....	+ 9	- 2	+ 7	+14	1.16	1.32

<sup>1</sup> 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.

<sup>2</sup> The sample for these areas is unchanged from the sample previously reported for the principal cities in these areas.

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

OUTSTANDING ORDERS of reporting stores at the end of May, 1953, were 21 per cent larger than on the corresponding date a year ago.

### PERCENTAGE OF ACCOUNTS AND NOTES RECEIVABLE

Outstanding May 1, 1953, collected during May:

	Instalment	Excl. Instal.		Instalment	Excl. Instal.
	Accounts	Accounts		Accounts	Accounts
Fort Smith .....	%	45%	Quincy .....	21%	60%
Little Rock .....	15	46	St. Louis.....	19	54
Louisville .....	17	44	Other Cities.....	12	48
Memphis .....	18	38	8th F.R. Dist...18		48

### INDEXES OF DEPARTMENT STORE SALES AND STOCKS

8th Federal Reserve District

	May, 1953	Apr., 1953	Mar., 1953	May, 1952
Sales (daily average), unadjusted <sup>4</sup> .....	112	100	99	106
Sales (daily average), seasonally adjusted <sup>4</sup> .....	108	99	107	102
Stocks, unadjusted <sup>5</sup> .....	149	148	135	124
Stocks, seasonally adjusted <sup>5</sup> .....	149	139	128	124

<sup>4</sup> Daily average 1947-49=100.

<sup>5</sup> End of Month Average 1947-49=100.

Trading days: May, 1953—25; April, 1953—26; May, 1952—26.

### RETAIL FURNITURE STORES

	Net Sales		Inventories		Ratio of Collections	
	compared with		compared with			
	Apr., '53	May, '52	Apr., '53	May, '52	May, '53	May, '52
8th Dist. Total <sup>1</sup> .....	+ 7%	- 9%	- 1%	+ 7%	16%	19%
St. Louis.....	+12	+10	+ 2	+17	37	33
Louisville Area <sup>2</sup> .....	+ 6	- 3	- 4	+ 2	14	15
Louisville.....	+ 5	- 3	- 4	+ 2	13	15
Memphis.....	+19	-22	*	*	12	16
Little Rock.....	- 1	-17	*	*	17	19
Springfield.....	+13	- 4	- 5	+ 1	14	21
Fort Smith.....	- 5	-22	*	*	*	*

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

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

<sup>2</sup> Includes Louisville, Kentucky; and New Albany, Indiana.

### PERCENTAGE DISTRIBUTION OF FURNITURE SALES

	May, '53	Apr., '53	May, '52
Cash Sales .....	15%	15%	14%
Credit Sales .....	85	85	86
Total Sales .....	100%	100%	100%

following table, the decline has been primarily in the St. Louis area.

### CONSTRUCTION CONTRACTS AWARDED

(Dollar Amounts in Thousands)

Area	First five months		Per Cent Change
	1953	1952	
St. Louis.....	\$101,546	\$172,003	-41%
Louisville.....	42,963	49,635	-14
Memphis.....	36,768	37,066	- 1
Evansville.....	6,479	5,518	+17
Little Rock.....	5,848	5,521	+ 6

Source: F. W. Dodge Corporation.

In the nation, outlays for new construction rose 10 per cent from April to May, reaching \$2.9 billion, 6 per cent greater than in the comparable period of 1952. Increased construction of privately owned facilities accounted for most of the gain, with residential and commercial building in the lead. Spending for construction of publicly owned facilities was only slightly greater than in 1952.

While construction activity increased seasonally, contract awards, proposed work and new housing starts declined from April to May. Construction contract awards in May were \$1.6 billion, 8 per cent below the April total. Nevertheless, the first five months, total awards were 8 per cent above the same months last year. Proposed work, according to ENGINEERING NEWS RECORD, also dropped in May. Nonfarm housing units started in May totaled 107,000, a decrease of about 3,000 units from April. On a seasonally adjusted basis, total housing starts were at an annual rate of 1,067,000 in May, compared with a rate of 1,174,000 in April.

## Trade

Sales during May at district retail outlets were at a high rate generally. In some durable lines volume in the month was lower than in May, 1952, due in part to the fact that a year ago the ending of consumer credit regulations brought on heavier-than-normal consumer purchase of items formerly under control. Nondurables were adversely affected early in May by unfavorable shopping weather. But in the last half of the month hot and humid weather in much of the district stimulated sales of seasonal goods.

Sales volume at district department stores advanced more than seasonally from April and totaled

### BUILDING PERMITS

Month of May, 1953

(Cost in thousands)	New Construction				Repairs, etc.			
	Number	Cost	Number	Cost	Number	Cost	Number	Cost
	1953	1952	1953	1952	1953	1952	1953	1952
Evansville.....	73	63	\$ 243	\$ 135	98	122	\$ 111	\$ 65
Little Rock.....	60	44	519	477	195	211	152	165
Louisville.....	160	173	885	1,230	113	99	295	99
Memphis.....	1,500	2,508	3,233	7,166	237	231	148	174
St. Louis.....	263	355	3,198	4,062	353	348	829	722
May Totals.....	2,056	3,143	\$ 8,078	\$13,070	996	1,011	\$1,535	\$1,225
April Totals.....	2,572	2,634	\$20,733	\$ 6,875	1,097	897	\$1,605	\$1,326

larger than in May, 1952. After adjustment for seasonal and other factors, the index of daily sales averaged 109 per cent of the 1947-49 base period. In comparison they were 99 per cent in April and 102 per cent in May, 1952. Cumulative sales through the first five months of 1953 were 4 per cent larger than in the like period of 1952. Preliminary reports through mid-June indicated the cumulative rate of gain would be maintained in the month.

Women's specialty store sales during May totaled less than in April but were equal to those in May, 1952. Men's wear store volume was substantially larger than in April and slightly above that a year ago.

District furniture store volume during May was somewhat larger than in April but was 9 per cent below that in May, 1952. This marked the first time since August, 1952, that sales did not equal or exceed those in the comparable period a year earlier.

Inventories held by reporting retail lines on May 31, 1953, were generally lower than a month earlier but were slightly above those on May 31, 1952. Outstanding orders at district department stores on May 31 this year were somewhat larger than on April 30 and were substantially larger than a year ago.

## Agriculture

Dry, hot weather from mid-May through mid-June had a two-way effect on agriculture in the Eighth District. It was a favorable development during the latter part of May as farmers were able to catch up on field work delayed by earlier rains. However, after June 1 the dry weather was for the most part unfavorable. It caused surface moisture to disappear rapidly, resulting in poor germination of late planted cotton, corn, and soybeans—particularly on the heavier lands in the South. And by mid-June, pasture growth had slowed or stopped. On the beneficial side, the hot, dry weather did lessen damage from boll weevil, army worms, and other insects.

**Spring seeded crops**—According to early June reports, the earlier planted cotton in upland areas was in good condition, dry weather having aided cultivation and insect control. The rice crop also was up to a good stand, although in some instances irrigation was necessary for germination. Tobacco had largely been reset by the end of the first week of June, but growth was slowed due to lack of moisture. Weather was favorable for hay harvesting, and yields were good except in areas where army worms had cut down the size of the crop.

### CASH FARM INCOME

(In thousands of dollars)	Apr., 1953	April, 1953 compared with		4 month total Jan. thru Apr. 1953		
		Mar., 1953	Apr., 1952	1953	compared with 1952	1951
Arkansas.....	\$ 20,263	-13%	-33%	\$ 91,970	-31%	-14%
Illinois.....	135,104	-13	-6	588,165	-0-	-3
Indiana.....	76,016	-8	-4	314,718	-4	-6
Kentucky.....	21,507	-1	-14	193,775	+6	+11
Mississippi.....	23,935	+9	+29	102,429	+9	+20
Missouri.....	59,493	-5	-12	257,010	-11	-15
Tennessee.....	19,400	-6	-12	120,749	-4	-6
7-State Totals.....	\$355,718	-8%	-8%	\$1,668,816	-4%	-4%
8th Dist. Total.....	\$146,224	-6%	-11%	\$ 710,766	-7%	-5%

### RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts			Shipments		
	May, 1953	May, 1953 compared with		May, 1953	May, 1953 compared with	
		April, 1953	May, 1952		April, 1953	May, 1952
Cattle and calves.....	127,321	+15%	+54%	74,613	+79%	+79%
Hogs.....	198,489	-14	-25	89,041	+89	-9
Sheep.....	67,578	+8	+5	48,727	+22	+8
Totals.....	393,388	-3%	-4%	212,381	+65%	+15%

### WHOLESALE TRADE

Line of Commodities	Net Sales		Stocks
	May, 1953 compared with		
Data furnished by Bureau of Census, U.S. Dept. of Commerce*	April, '53	May, '52	May 31, 1953 compared with May 31, 1952
Automotive Supplies.....	-1%	-0%	-2%
Drugs and Chemicals.....	-8	+2	+14
Dry Goods.....	-9	+4	+21
Groceries.....	-5	+8	+1
Hardware.....	-2	+7	-11
Tobacco and its Products.....	-0-	-2	+18
Miscellaneous.....	+2	+7	+11
**Total All Lines.....	-4%	+3%	+4%

\*Preliminary.

\*\*Includes certain items not listed above.

### DEPOSIT ACTIVITY

	May, 1953 (In millions)	Debits <sup>1</sup>		Turnover	
		April, 1953	Percent Change from May, 1952 <sup>2</sup>	May 1953 (Annual Rate)	Year Ended May 31, 1953
El Dorado, Ark.....	\$ 27.6	+1%	-13%	11.4	10.8
Fort Smith, Ark.....	43.9	-8	-4	12.4	13.3
Helena, Ark.....	7.1	-12	+3	9.7	12.9
Little Rock, Ark.....	150.5	-6	-1	15.0	15.7
Pine Bluff, Ark.....	33.4	-5	-4	12.3	14.6
Texarkana, Ark.....	21.7	-5	+17	15.0	12.5
Alton, Ill.....	32.1	-1	+7	11.7	11.9
East St. Louis-National Stock Yards, Illinois.....	124.2	-3	+4	25.7	27.5
Quincy, Ill.....	34.3	-1	-2	14.4	14.2
Evansville, Ind.....	164.8	-3	+21	17.4	16.8
Louisville, Ky.....	705.0	+3	+8	23.5	24.5
Owensboro, Ky.....	39.0	+2	+6	13.6	15.5
Paducah, Ky.....	41.4	-5	-4	13.3	14.1
Greenville, Miss.....	20.3	-12	-2	11.8	14.6
Cape Girardeau, Mo.....	13.0	-4	+2	11.8	11.2
Hannibal, Mo.....	9.0	-0-	-8	8.4	8.9
Jefferson City, Mo.....	54.0	-2	+5	9.6	11.4
St. Louis, Mo.....	1,918.9	-3	+9	20.6	20.3
Sedalia, Mo.....	12.1	+5	+7	10.3	9.8
Springfield, Mo.....	66.0	-2	-2	12.6	14.5
Jackson, Tenn.....	19.7	-7	+1	10.4	11.4
Memphis, Tenn.....	597.7	-5	+11	22.9	24.8
Total.....	\$4,135.7	-2%	+8%	19.4	19.9

<sup>1</sup> Debits to demand deposit accounts of individuals, partnerships and corporations and states and political subdivisions.

<sup>2</sup> Estimated.

**Wheat**—Harvesting of small grain also progressed rapidly. Prospects for wheat on June 1 had improved over the preceding month in all district states. The estimate on that date was for a 133-million-bushel crop in district states, an increase of 9 per cent over the previous estimate and 16 per cent more than in 1952.

## District Banking in the First Half of 1953

Eighth District member banks were under pressure for reserves over virtually all the first half of 1953. The pressure was occasioned by: 1) a lack of free funds at the start of the year, 2) a drain of funds through Treasury operations virtually offsetting other gains, and 3) a strong loan demand, especially by consumers.

Daily average borrowings of district member banks from the Federal Reserve Bank were about \$90 million during December and excess reserves were somewhat below normal working levels. During the period, December 31 through June 10, district member banks gained only a moderate amount of funds (\$11 million) from routine factors despite a seasonal inflow of currency of \$42 million (largely in January) and a net inflow of funds from other districts of \$38 million. The inflow of funds from other areas was the result of a sharp contraseasonal inflow of funds during May and June, more than offsetting the normal drain earlier in the year. The gain went primarily to banks in the Louisville and St. Louis regions. Largely offsetting these gains of funds was a loss caused by Treasury operations (although the Treasury was adding funds during the same period for the country as a whole).

Considering the season, the loan demand was heavy during the first half of 1953 at district member banks, also adding to the pressure on banks for funds. Total loans at district weekly reporting banks were off less than half as much from December 31 through June 10 this year as in the comparable period last year. There was a stronger demand for credit by businesses, consumers, and banks. On the other hand, borrowings on real estate declined. Also loans at the smaller banks, where advances to farmers are an important factor, did not rise as much in the first five months this year as last.

The business loan demand came largely from commodity dealers, trade concerns, and sales finance companies. Commodity dealers, the largest business borrowers by type at the district urban banks, repaid loans, on balance, but less than normal for this time. The smaller net repayments were partly explained by the fact that these borrowers expanded

their loans less than usual during the fall of 1952. Reflecting heavy consumer demands, both trade concerns and sales finance companies increased their indebtedness from December through mid-June compared with declines in the comparable period of 1952. (In May and June, however, sales finance companies repaid bank indebtedness, on balance, partly by financing in the capital market.) On the other hand, metal manufacturers increased their outstanding loans less in the period this year than last.

District consumers sharply increased their indebtedness in the first half of 1953, continuing the trend that commenced at about the time that Regulation W was suspended in May, 1952. Consumer instalment credit outstanding at all commercial banks in the district increased an estimated 11 per cent in the first five months of the year. All types of consumer loans shared in the gain with the largest growth in automobile credit.

Partly reflecting the tightness of bank reserve positions, interbank loans were at a high level during the first half of 1953. The average Wednesday level of loans to banks by the larger (weekly reporting) banks from December through mid-June this year was \$30 million, compared with \$7 million in the comparable period last year.

To obtain funds, district banks borrowed heavily, sold securities and utilized their reserve balances more fully. Preliminary figures for the first half of 1953 show daily average borrowings from the Federal Reserve of roughly \$70 million as compared with \$15 million in the first half of 1952. The above figures on interbank lending indicate that district banks also borrowed substantially more from correspondents in the six-month period this year than last.

District banks also obtained a sizable amount of funds in the first half of 1953 by selling securities, largely short-term obligations. Holdings of Government securities at weekly reporting banks dropped \$112 million from December 31 through June 10. Two-thirds of the net liquidation was in the form of Treasury bills. Other member banks also reduced their Government security portfolios in the first five months of 1953, a total of \$37 million.

In addition to borrowing from the Federal Reserve Bank and others and selling securities to obtain funds, district member banks utilized their reserve balances more fully by carrying smaller working balances. Daily average excess reserves of district member banks were lower this year (through mid-June) than they were in the first half of 1952—\$29 million as compared with \$34 million.