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District Income *through a Generation of Change*

1952 MARKED ANOTHER RECORD YEAR, with a district income of \$13 billion, an advance of 6 per cent over 1951 and of more than 200 per cent over 1929. Even after adjustment for changes in the general price level, the "real" income of district residents has doubled within the last generation.

Throughout this period of profound world-wide change, district residents received about 5 per cent of the national income and thus maintained their share of the nation's income growth. Payments per person grew faster reflecting the persistent outmigration from many parts of the district.

Underlying these changes in income since 1929 are important shifts in the industrial structure of the district economy. Manufacturing has gained steadily in relative importance, with major concentration in non-durables rather than the capital goods industries. Agriculture has remained a prime source of district income with impressive gains in farm productivity and improvements in the terms of trade for district farmers, though 1952 saw again a down-turn in the prices of farm products and a resultant drop in farm income. The spurt of income paid out by Government reflects Social

Security and Veterans' programs started after 1929 as well as the current national defense effort.

Changes in industrial sources of district income illustrate adaptation of district resources to shifting requirements of the national and world economy. The climb in the nation-wide demand for personal consumption goods, resultant larger investment expenditures and need for new construction, heavier Government spending on Federal as well as state and local levels, all have swelled the payrolls of district firms. Yet recent shifts in foreign demand have adversely influenced the prices of important district products.

These same forces have shaped the development of individual district areas whose 1952 per capita income ranged from one-third of the national average in the Kentucky hills to well above it in St. Louis. In some areas, total income has failed to keep pace, and per capita income has risen only as workers have moved to more prosperous regions. In others, both total and per capita income have responded favorably to improved methods of farm management and diversification. In still others, rapid strides toward industrialization have led to major gains in population and income.



Federal Reserve Bank of St. Louis

**District Retail Sales
and Outlook**

See page 150

1952 marked another record year, . . .

DURING the initial period of planning for the future that followed World War II, the year 1952 was singled out as the distant date when many challenging goals were to be achieved. It was to mark the end of the postwar "transition" period, when the world would be ready for a system of convertible currencies and an unobstructed flow of trade. Sights were fixed on overcoming the "dollar shortage" in Western Europe, and indirectly in the other friendly countries of the world, by 1952. The outbreak of hostilities in Korea in June, 1950, disrupted these plans, and threatened the remarkable progress that had been achieved up to that time. Then a new focus was placed on 1952 as the year in which a revived defense effort in the United States would approach its peak and the skeleton of a unified military force for the defense of Western Europe would be completed.

Thus 1952 brought together a number of goals; all of world-wide significance, and all dependent in part for their fulfillment upon the vigor and capacity of the American economy itself. While it was no doubt inevitable that the reach should exceed the grasp, the record of achievement has been substantial both here and abroad. The disruptive inflation which had broken out intermittently through the first five postwar years was halted in 1951, and many prices settled downward in 1952. The outcome was a substantial growth in production, and at the same time a gratifying degree of price stability. Most comprehensive indicators of business activity in the United States reached new peaks during 1952, and total income payments in the nation rose from \$243 billion in 1951 to \$255 billion in 1952.

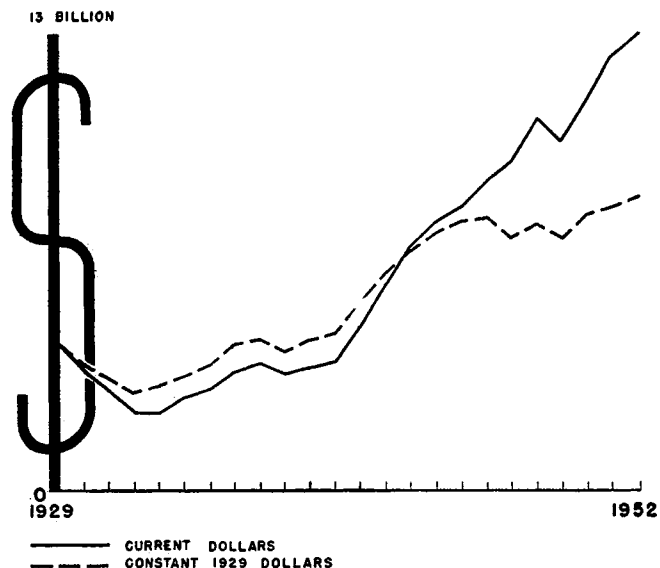
. . . with a district income of \$13 billion, . . .

District residents received a net income of \$13 billion in 1952, reflecting the national growth of demand for district output. These income payments, together with past savings, new borrowings, and an inflow of money from outside the region, provided the funds for financing a record gross district product of almost \$18 billion.

. . . an advance of 6 per cent over 1951 . . .

District income increased during 1952 at a rate of 6 per cent, somewhat above the national gain of 5 per cent. This advance was achieved despite the worst drouth since the 'thirties and lower prices received by farmers for many of their products. The resultant decline in farm income was more moderate in the district, however, than in the nation, and was more than compensated by sizable gains recorded for all other industrial sources of district income.

. . . and of more than 200 per cent over 1929.



Within the last generation, district income in current dollars has more than tripled. This time period includes the cutting of income by one-half during the great depression, when total income, within the brief time span of four years, fell from \$4 billion in 1929 to \$2 billion in 1932; and a subsequent sixfold expansion during recovery, war, re-conversion, and the current defense effort, from \$2 billion in 1933 to \$13 billion in 1952. Throughout this twenty-year period, the rise has been persistent from year to year, with only two minor dips in 1938 and 1949. The smallest increase over the preceding year (5 per cent) occurred in 1937, and the largest advance in 1942 (26 per cent).

1952 INCOME PAYMENTS

(In Millions of Dollars)	United States	Eighth District	Arkansas	Eighth District Portion					
				Illinois	Indiana	Kentucky	Mississippi	Missouri	Tennessee
Wages and Salaries.....	174,955	7,993	943	1,051	608	1,339	304	3,037	711
Proprietors Income.....	38,774	3,038	562	379	195	418	367	877	240
Property Income.....	26,727	1,128	115	200	74	142	65	428	104
Other Income.....	14,913	920	166	89	51	144	75	314	81
Total Income.....	255,369	13,079	1,786	1,719	928	2,043	811	4,656	1,136

Even after adjustment for changes in the general price level, the "real" income of district residents has doubled within the last generation.

Part of this increase in district dollar income must be attributed, of course, to shifts in the general price level rather than movements in "real" income and product. After adjustment for year-to-year shifts in the purchasing power of money, the "real" income gains of district residents over the last generation still remain most impressive. Even in "real" terms, income, after falling by one-third during the early 'thirties, quadrupled in the following two decades. It should be kept in mind, moreover, that price changes affect the "real" income of various groups and regions in diverse ways, accentuating the wide swings in district income.

Throughout this period of profound world-wide change, . . .

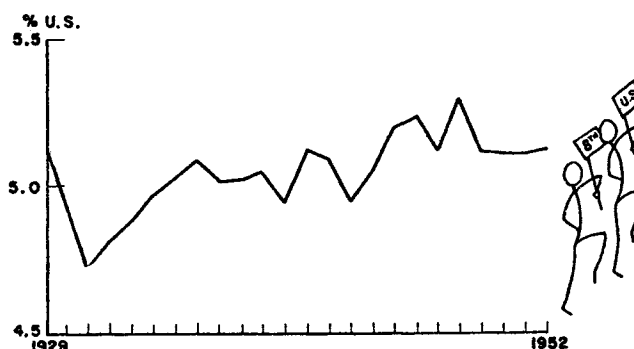
Wide changes in district and national income over the last generation are both cause and result of momentous shifts in the position of the United States in world affairs. During the world-wide depression of the 'thirties, some groups failed to discriminate between the things that needed to be changed and those that were worth preserving, and some countries experienced violent changes of their political and economic structure. In the resultant international upheaval, economic reform and reconstruction veered toward economic mobilization, first in the aggressor nations and later in the countries called upon to defend the western world. The consequent impoverishment of wide areas in Europe and Asia accelerated the emergence of the United States as the center of gravity in world affairs. After the war, hopes for a new and more durable pattern of international relations were dimmed by Soviet ambitions, and the people of the United States were destined to share fully in whatever new ordeals might be in store for mankind. Throughout this period, Americans and others found themselves directly involved in social and economic changes occurring on an unprecedented scale in many parts of the world.

The most pervasive stimulus toward economic growth of the district and national economies thus originated, during the 'thirties, in domestic efforts to overcome the depression and, during the 'forties,

in demands for national security and foreign assistance. The ability and readiness of the American economy, in turn, to respond to these demands fortified the world leadership of the United States.

For the district economy this has implied a constant adaptation to new opportunities in serving national and world markets. The detail and extent of these changes can be traced through further analysis of income movements over the last generation.

. . . district residents received about 5 per cent of the national income and thus maintained their share of the nation's income growth.



In the face of these profound world-wide changes, the district share of national income has shown a remarkable stability, amounting to 5.13 per cent in 1929 and 5.12 per cent in 1952. This long-run stability illustrates the extent to which national forces dominate the district economy. It also underlines the fact that the district has to move at a fast rate just to keep pace with the nation.

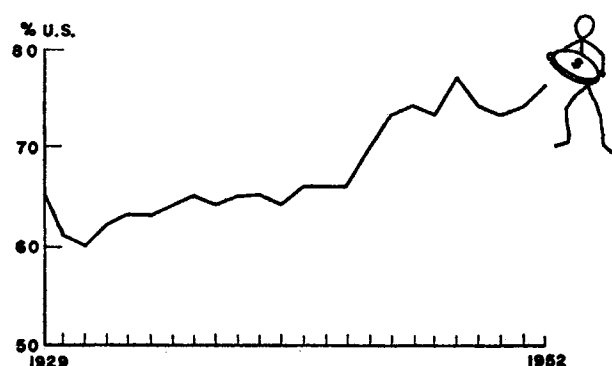
While the relation between total district and national income has shown a remarkably stable trend over the years, there have been important cyclical variations and differences among areas within the district. At the depth of the depression, in the early 'thirties, district income amounted to but 4.7 per cent of national income, indicating the greater cyclical sensitivity of farm prices. And, in contrast, district income attained its peak in relation to the rest of the nation in the years immediately following the war when the terms of trade for district farmers were exceptionally favorable. In 1948, a banner cotton year, the district share of national income approached 5.3 per cent.

1952 PER CAPITA INCOME

	United States	Eighth District	Arkansas	Illinois	Indiana	Eighth District Portion				
						Kentucky	Mississippi	Missouri	Tennessee	
Total Income (millions of dollars).....	255,369	13,079	1,786	1,719	928	2,043	811	4,656	1,136	
Population (thousands)	155,767	10,561	1,876	1,336	718	1,582	1,038	3,039	972	
Per Capita Income (dollars).....	1,639	1,238	952	1,287	1,293	1,292	781	1,532	1,169	
Per Cent of United States Per Capita Income	100	76	58	79	79	79	48	93	71	

Among the individual district states, Illinois and Missouri showed relative losses in the 1929-1952 period, while Kentucky and Tennessee reported the largest relative gains. Income payments to residents of southern Illinois dropped from 0.9 per cent of the national total in 1929 to 0.7 per cent in 1952, reflecting the serious decline of coal mining. Western Kentucky, on the other hand, recorded a relative gain from 0.6 per cent of the national total in 1929 to 0.8 per cent in 1952, showing the substantial industrialization of the lower Ohio Valley and the impact of an atomic energy installation near Paducah.

Payments per person grew faster . . .



The 1952 district income was shared by 10.6 million residents; average per capita income, therefore, was \$1,238. While total district income as a share of national income has shown a remarkable stability over the last generation, the per capita income has improved greatly, from 60 per cent of the national average in the early 'thirties to 76 per cent in 1952.

For the country as a whole, per capita income in 1952 amounted to \$1,639, ranging from \$2,260 in Delaware, nearly two-fifths above the national average, to \$818 in Mississippi, only half the average for all states. Within the district, per capita income was highest in eastern Missouri (\$1,532 or 93 per cent of the national average) and lowest in northern Mississippi (\$781 or 48 per cent). In interpreting these figures, it should be kept in mind that per capita income is influenced not only by differences in the average earnings per worker, but also by the number of people outside the labor force. Thus, areas with large families will show a smaller per capita income than areas with relatively few children, even though earnings per worker are the same.

This factor of family size is of particular im-

portance in evaluating the wide disparity between farm and nonfarm median incomes. In the South, as a whole, median farm income is only one-half as large as nonfarm, and in Mississippi it is only about two-fifths that of the nonfarm population. Geographic variations in the relative weight of the farm population serve to accentuate the effects of differences in family size on average incomes. Low district per capita income, therefore, is partly explained by the fact that here rural population makes up a much larger percentage of total population than in the rest of the country. The combined effect of differences in family size, urbanization, and racial composition of the population is shown by a comparison of 1949 median incomes in the major regions

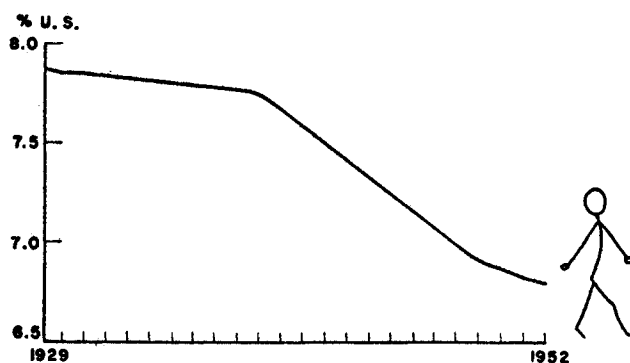
1949 MEDIAN INCOME

	Median income in dollars					
	All persons	Farm persons	Nonfarm persons	Nonwhite persons	White persons	White nonfarm persons
United States.....	1,917	1,099	2,043	961	2,053	2,157
North East.....	2,247	1,522	2,230	1,622	2,246	2,273
North Central.....	2,115	1,542	2,204	1,652	2,143	2,242
South.....	1,367	787	1,572	739	1,647	1,866
West.....	2,075	1,532	2,124	1,445	2,114	2,162

	Percent of U. S. median income					
	All persons	Farm persons	Nonfarm persons	Nonwhite persons	White persons	White nonfarm persons
United States.....	100	100	100	100	100	100
North East.....	117	138	109	169	109	105
North Central.....	110	140	108	172	104	104
South.....	71	72	77	77	80	87
West.....	108	139	104	150	103	100

of the United States. The fact to be noted from the table is the improved position of the South—and the Eighth Federal Reserve District—in terms of the median incomes of the white nonfarm population, from a point 29 per cent below the national average to one only 13 per cent less.

. . . reflecting the persistent outmigration from many parts of the district.



The great relative improvement of district per capita income, in spite of the stability of the district's share of total national income, reflects the fact that district population is growing much slower

than the population for the country as a whole. Since 1929, district population has grown by only 10 per cent while national population has increased 27 per cent. In wide parts of the district, and in whole district states, population has actually declined over the last generation. This decline is the more remarkable as fertility in most district areas has remained quite high so that an actual population decline reflects a very large and persistent out-migration. Of all the regions of the country, the South has the largest rate of births and the lowest rate of deaths. Nonetheless, almost half of all district income areas have shown persistent population declines over the last two decades.¹

Underlying these changes in income since 1929 are important shifts in the industrial structure of the district economy.

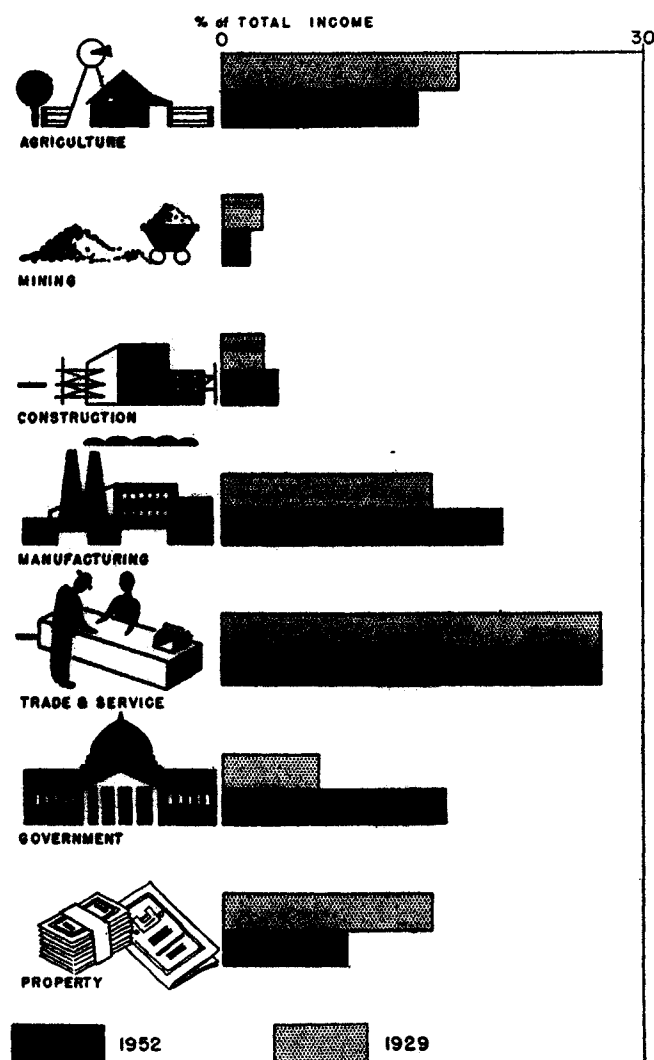
The growth of income over the last generation has been accompanied by important changes in the industrial structure of the district economy. These changes reflect the adaptation of district resources to the shifting operations and requirements of the national economy.

There has been in many parts of the district a continuation and acceleration of the trend toward urbanization common to all regions which experience the effects of industrialization. A drop in the relative importance of agriculture and mining has been compensated by the relative growth of manufacturing and construction. The largest gains are shown by Government in line with the vast increase of Federal activities throughout the nation. And the sharp drop in the relative importance of property income is again a nation-wide experience, reflecting lower yields on investments and revolutionary changes in the income-size distribution over the last generation.

Yet in addition to those shifts in the industrial origin of income which are common to all regions of the United States, there also have been changes in the geographic location of industry which have influenced the specific role of the district within the nation and, therefore, the industrial structure of the district economy. Thus, with the gradual shift of manufacturing westward and southward, manufacturing has grown in the district somewhat more rapidly than in the nation as a whole, a result generally produced not by an industry's actually moving away from one community to another, but by

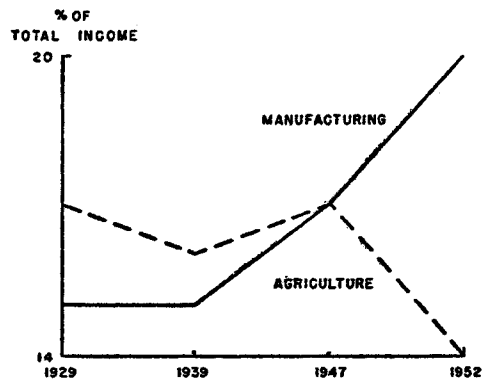
its more rapid growth in the expanding area and the consequent shrinkage of the industry's percentage in regions of less rapid growth, such as New England. Conversely, agriculture with its predominant importance throughout the district a generation ago, has fallen somewhat more rapidly here, from 17 per cent of total income in 1929 to 14 per cent in 1952. Similarly, mining as a source of income has declined faster than the national rate, reflecting the sustained depression of activity in the bituminous coal fields of southern Illinois where unemployment has been frequent and severe ever since the 'twenties. On the other hand, Government payments to residents in this region have outstripped the national growth, indicating the larger importance of transfer payments in low-income areas as well as the selection of many district sites for defense establishments.

Changes in the origin of district income.



¹ Studies of postwar population movements indicate that persons who migrate are on the average somewhat younger than those who stay at home, that a larger proportion of women than men migrate, and that whites are not so apt to migrate as nonwhites. Also, other things being equal, the more education a person has the more apt he is to move around. The most common reason for migration is to take a job or to look for work away from home.

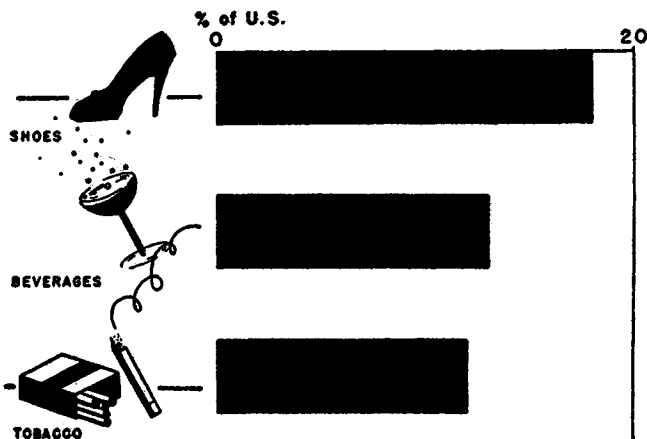
Manufacturing has gained steadily in relative importance, . . .



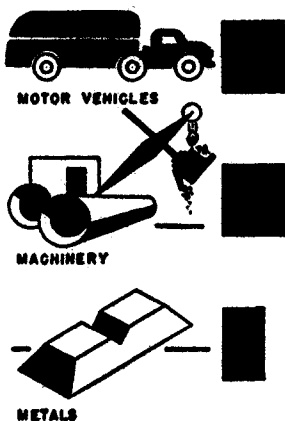
Over the last generation, manufacturing has surpassed agriculture as a source of district income. In 1929, 17 per

cent of all district income originated in agriculture and 15 per cent in manufacturing; by 1952, this relationship was reversed, with 20 per cent of all income stemming from manufacturing against 14 per cent from agriculture. This growth of payrolls in district plants contributed 22 per cent to the over-all advance of income since 1929.

. . . with major concentration in non-durables . . .



. . . rather than the capital goods industries.



The largest additions to manufacturing payrolls have occurred in food processing, distributed rather evenly throughout the district, and in chemicals, of major importance in the St. Louis metropolitan area and the lower Ohio Valley. District manufacturing has thus maintained its traditional lead in nondurables. While manufacturing payrolls of the district made up 4 per cent of the national total in 1952, the district's share in men's furnishings amounted to 10 per cent, tobacco 12 per cent, and beverages 13 per cent. The shoe industry, pioneer of industrialization throughout the Eighth District, paid 18 per cent of all its payrolls to district residents.

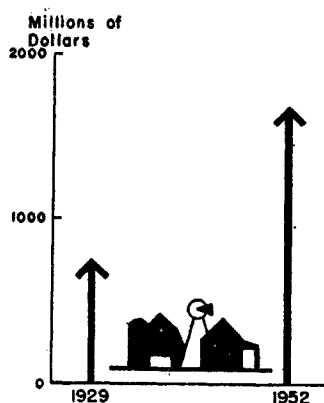
Among durables, the lumber industry is an important source of income throughout the timber stands of the Midsouth, and the furniture industry has a major center in southern Indiana. Of great significance for the industrial development of the district are major shifts in heavy manufacturing. Among primary metals, steel capacity has been added in St. Louis as well as in the Ohio Valley, and aluminum production has been expanded in Arkansas. Transportation equipment has grown to include, in addition to railroad equipment, heavily concentrated in the St. Louis area, automobiles and jet fighter planes. And in machinery production, Evansville has emerged as the "refrigerator capital" of the world.

MANUFACTURING PAYROLLS

First Quarter 1951

(In Millions of Dollars)	United States	Eighth District	District as Per cent of United States
Total Manufacturing.....	\$13,222	\$525	3.97
Ordnance	54	4	7.05
Food Products	1,101	72	6.53
Tobacco Manufacturing.....	53	6	11.92
Textile Products.....	918	10	1.12
Apparel	800	37	4.63
Lumber and Wood Products...	497	35	7.09
Furniture and Fixtures.....	287	20	7.16
Paper and Allied Products.....	451	14	3.06
Printing and Publishing.....	700	26	3.67
Chemicals	671	37	5.48
Petroleum and Coal Products..	242	12	4.83
Rubber Products.....	226	6	2.51
Leather and Products.....	261	33	12.74
Stone, Clay and Glass.....	436	24	5.50
Primary Metals	1,222	29	2.38
Fabricated Metal Products.....	962	35	3.68
Machinery (non-electrical).....	1,560	50	3.21
Electrical Machinery	771	25	3.22
Transportation Equipment.....	1,400	40	2.87
Professional and Scientific Equipment.....	239	2	.72
Miscellaneous Manufacturing...	371	8	2.18

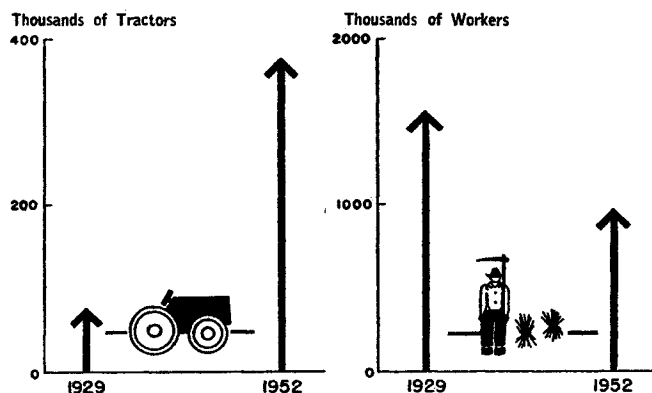
Agriculture has remained a prime source of district income . . .



In spite of the fact that agriculture has declined in relative importance over the last generation, it has grown in absolute terms and still remains the most important single source of income in more than half of all district income areas. Even where other sources of income numerically

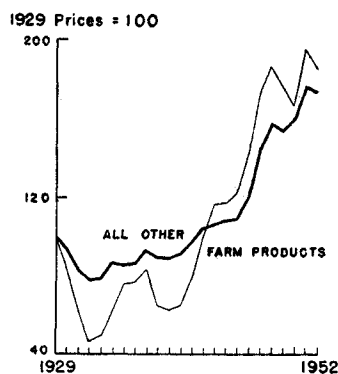
surpass agriculture, the latter is often the prime source in the sense that other local industries, such as trade and service, or food processing, depend on agriculture to sustain their activities. Thus, in the great majority of district income areas, urban as well as rural, agriculture has remained the leading "export" industry.

. . . with impressive gains in farm productivity . . .



District farmers have been able to produce more food and fiber with less labor, releasing farm workers for employment elsewhere. Thus, between 1930 and 1952, output per farm worker doubled. This revolution in district agriculture again parallels the national record, though its timing has been somewhat different. With a slower start, the shift toward mechanization of district farms has been remarkable in rate and extent over the last decade. About 5 per cent of all tractors in the United States are now located on farms in Arkansas and in district portions of Kentucky, Mississippi, and Tennessee. In 1945 there were less than 3 per cent.

. . . and improvements in the terms of trade for district farmers, . . .

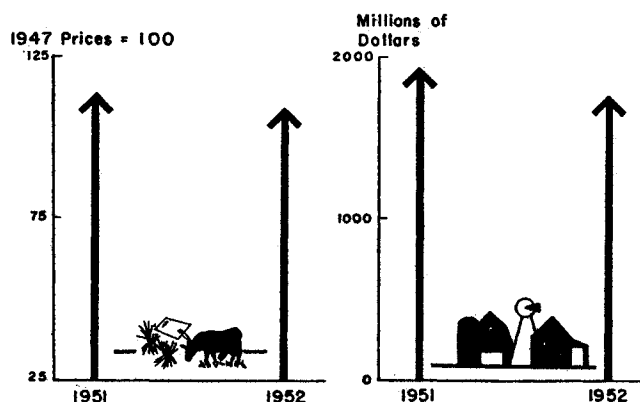


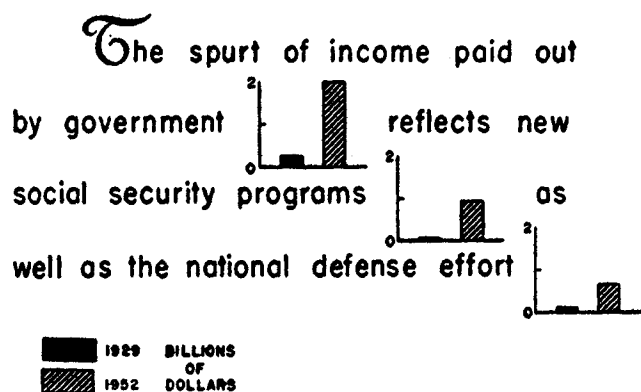
The terms of trade under which farmers exchange their products with other groups in the community are often expressed by the so-called parity ratio which measures the ratio of prices received by farmers to prices paid by farmers, all stated as index numbers with the base period 1910-14. Throughout

the 'thirties, this parity ratio was below 90, and had an adverse effect on the relative income status of regions where farm income predominates, such as the Eighth Federal Reserve District. In the 'forties, the parity ratio was consistently above 100, with a peak of 113 in the immediate postwar period when the district's share of national income also reached its highest point.

. . . though 1952 saw again a downturn in the prices of farm products and a resultant drop in farm income.

The parity ratio declined during 1952 reaching 96 toward the close of the year. In spite of an increase in the total volume of district farm output, therefore, agricultural net income declined from 1951 to 1952. The sharpest declines were in the livestock-producing regions while some advances occurred where crop production predominates. Cotton farmers were able to harvest a high quality crop, and Mississippi farm income was 10 per cent above the preceding year.





Income from government sources has grown even more rapidly in the district than it has in the nation. The spurt of government income payments reflects profound changes in the role of government over the last generation. State and local government payrolls have just about kept pace with the general rise in income, responding to an increased demand for education, highways, and other community services. The vast expansion of government payments over and above the general rise in income is mainly due to the expanded activities of the Federal Government.

Federal transfer payments have increased 15 times over their level a generation ago. In 1929, these payments were limited to a relatively minor program of benefits for veterans of World War I. During the 'thirties, the Social Security program was instituted to aid the unemployed and the growing number of aged people. During the 'forties, a vastly expanded program was started for the veterans of World War II. As a result, Government transfer payments to district residents have grown from \$60 million in 1929 to \$1 billion in 1952.

In addition to the growth in transfer payments, Federal payrolls have increased tenfold over the last two decades. While many civilian activities of the Federal Government have expanded over this period, by far the largest growth has occurred in connection with national defense. During the 'twenties and 'thirties, major national security programs did not exceed \$1 billion in the Federal budget. During the 'forties, military expenditures surpassed \$80 billion at the height of the war effort, and, together with assistance abroad, were again above \$50 billion in 1952. With a large number of defense installations in the Eighth Federal Reserve District, the impact of the national security program on district income has been substantial. Federal

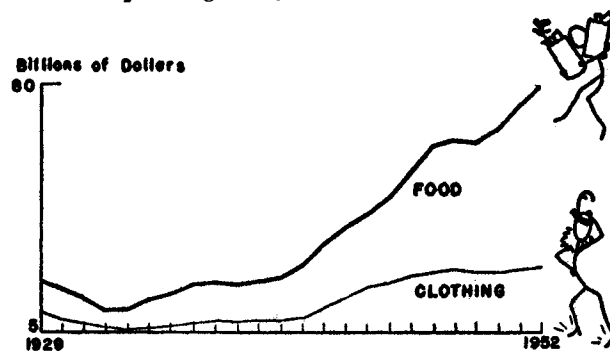
payrolls in the district have increased from \$70 million in 1929 to \$640 million in 1952.

Changes in industrial sources of district income illustrate adaptation of district resources to shifting requirements of the national and world economy.

Some district producers, such as the storekeeper, the garage mechanic, the local contractor, work primarily for their neighbors. Others, such as the cotton planter, the coal miner, the shoe manufacturer, the tourist resort operator, serve a wider national and world market. The income of these "export" industries will depend on their success in meeting the shifting requirements of the national and world economy. And to the extent that this "export" income determines the purchasing power of the home folks in the local market, all district residents, whether they work directly in "export" industries or supply the needs of the home market, depend on the national demand for goods and services.

This mutual interdependence of the district economy with other regions can be shown by relating district income to the major sectors of the gross national product, such as personal consumption expenditures, private domestic investment, Government spending, and foreign demand for American goods and services.

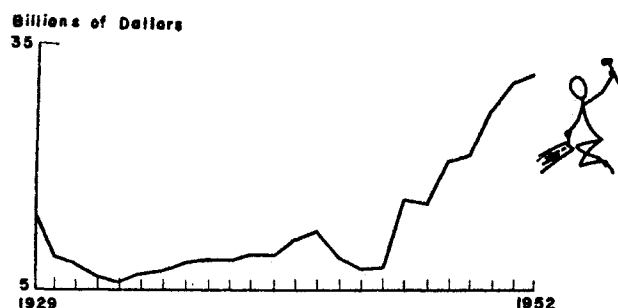
The climb in the nation-wide demand for personal consumption goods, . . .



Personal consumption expenditures throughout the nation have risen from \$79 billion in 1929 to \$218 billion in 1952, an increase of 177 per cent. This climb in the national demand for an ever growing list of consumer items has meant a more active market for the food, shoes, furniture, refrigerators, fuel, tourist services, and so on, supplied by district residents. This general rise in

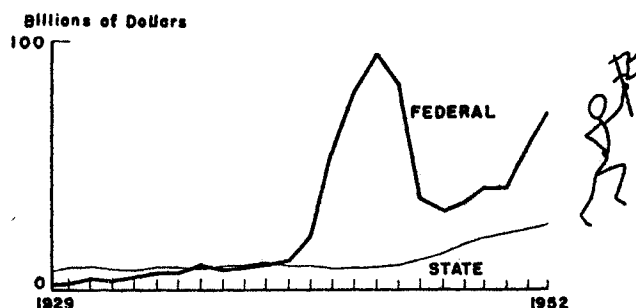
personal consumption expenditures, however, has proceeded at a very uneven pace for individual items in the vast variety of consumption goods. The American market has undergone many changes in the past quarter-century in response to shifts in composition of the buying public, such as their distribution of income, age distribution, and family size, as well as in response to a host of new products competing for consumer preferences. Thus, Americans spend now for food almost four times as much as they did a generation ago, a fact that has benefited many district farmers and food processors. And expenditures for pleasure travel have gone up even more, a boon to the district tourist industry. On the other hand, home heating has tended to shift from coal to natural gas and oil, reducing the demand for the output of many district mines. And consumption of cotton, though holding its own, has not shared fully in the general advance.

. . . resultant larger investment expenditures and need for new construction, . . .



Related to the growth and changes in consumer demand, there have been large investment expenditures. Business and household expenditures for new construction throughout the nation expanded from \$8 billion in 1929 to \$24 billion in 1952, and outlays for new capital equipment grew even more, from \$6 billion in 1929 to \$25 billion in 1952. District construction awards more than quadrupled, outstripping the national rate of growth as national firms built new facilities and plants in the district. The nation-wide spurt in expenditures for producers' equipment, on the other hand, had less of an impact on district income as the capital goods industries are of relatively greater importance in the more industrialized regions of the country.

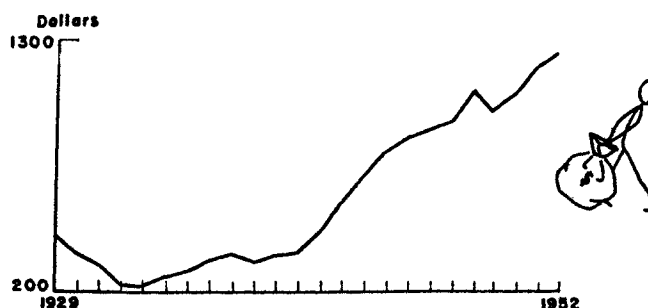
. . . heavier Government spending on Federal as well as state and local levels, . . .



Federal Government purchases of goods and services are financed from nation-wide tax collections and borrowing. Such expenditures, therefore, may result in a net inflow of funds from outside to add to the local income stream.

State and local governments are largely dependent on local income for their revenue. Thus their expenditures bear a closer relationship to the effective local demand for government services. Even here, however, the national influence is pervasive. Important local activities are partly financed through Federal grants. Further, when state and local units wish to expand their activities beyond the limits imposed by current income, they have to raise funds in the national money market. And the most persistent demand for a rapid expansion of local government services has occurred in defense areas with a major inflow of workers and capital in response to national needs.

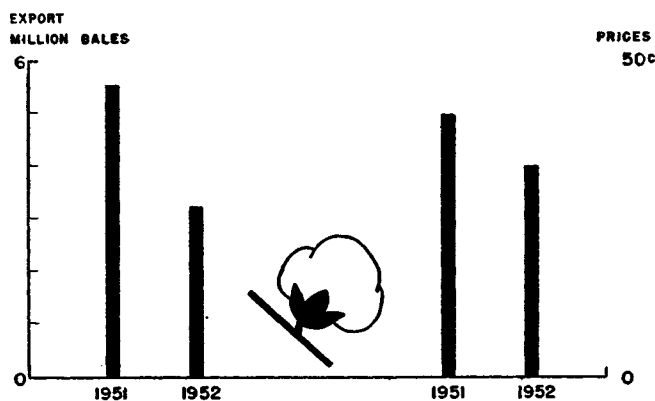
. . . all have swelled the payrolls of district firms.



All these district "exporters," whether they ship shoes to New York, entertain tourists from Chicago,

build a new plant for a national corporation, or provide service for the Federal Government, are links between the district and the rest of the nation. The inflow of funds that results from their activities adds to district income and establishes the district as a vital part of the national economy. It enables district residents, in turn, to spend part of their funds outside the district, on current account or for savings and investments. The future share of the district in, and its contribution to, national income will depend on the skill and success with which district producers continue to adjust their operations to the requirements of a vast national market.

Yet recent shifts in foreign demand have adversely influenced the prices of important district products.



District participation in world trade implies a considerable sensitivity of district income to world prices. Partly as a result of American foreign aid, the export demand for important district products, such as coal, cotton, and wheat, was quite active in the immediate postwar years when the district share of national income reached its peak. Recent shifts in world demand toward manufactured goods, reflecting improved foreign supplies of farm products, have been less favorable to district agriculture and mining. American farm exports dropped more than 30 per cent last year, to their lowest point since the end of the war, while nonagricultural exports showed a 6 per cent increase. Farm products were 19 per cent of total United States exports last year, compared with 26 per cent in 1951.

These relations between district income and the world market can be illustrated by cotton, the single most important export commodity of the United States for over a century. In the late 'twenties, exports of cotton averaged 8 million bales per year. The best year since has been 1950 when exports approximated 6 million bales. Exports in 1952 were roughly half that rate, and cot-

ton prices dropped from 40 cents a pound at the beginning to 33 cents at the end of that year.

These same forces have shaped the development of individual district areas . . .

The smaller the area, the more important is "export" trade for its economic development. In a larger region, such as the Eighth Federal Reserve District, a considerable part of all economic activities is necessarily concerned with supplying the needs of its home market. In a single community or small area, on the other hand, the home market is so limited that any more efficient organization of production involves an increasing amount of trade with the outside world. The income of small areas, therefore, depends almost exclusively on their successful adjustment to the demands of larger regional and national markets, just as the individual must conform to the requirements of his community in order to make a living. It is this very process of integrating the individual area into the larger economy of which it is a constituent part that brings about the economic integration and growth of the nation. And persistent differentials in the average income of individual communities may suggest that the "low-income" area has been less successful in its response to nation-wide forces.

. . . whose 1952 per capita income ranged from one-third the national average in the Kentucky hills to well above it in St. Louis.

The wide income differentials among areas within the district are illustrated by the fact that the 1952 income per person in St. Louis has been four times the average income in the Kentucky hills. There have been eleven income areas whose residents received, on the average, less than 40 per cent of the national per capita income. Among these are the isolated hills of the Kentucky Highland Rim, the forest areas of the Ozarks and the Ouachitas, the eroded Fall Line Hills in Mississippi and Tennessee. All these areas have in common a high degree of isolation from the rest of the world; they have been bypassed by the main stream of American economic life. In some cases, the only economic contact with the outside has been based on a single natural resource which has been "mined" to depletion, as with some Kentucky mines, some Ozark forests, and some Mississippi soils.

On the other end of the income scale are three areas above the national par. Here are the two largest metropolitan centers of the district, St. Louis and Louisville, as well as the district center for durable goods manufacturing, Evansville.

Between these two income extremes is a wide variety of areas depicted on the map. They run the whole gamut from the cotton Delta to the pros-

perous livestock farms of northern Missouri, from new tourist resorts around man-made lakes to the old spa of Hot Springs, from the coal mines of southern Illinois to the huge atomic energy installation at Paducah, and from the modest farm trading centers interspersed throughout the district to the Midsouth metropolis, Memphis.

In some areas, total income has failed to keep pace, . . .

While the district as a whole has maintained its share of national income over the last generation, such stability does not hold for the individual income areas within the district. About one-fourth of all district income areas has lagged far behind the national rate of growth, and some areas in southern Illinois have less than doubled their income since 1929, in contrast with the triple advance of the nation. This lag in total income growth may reflect two distinct situations. Either the area has lost its original income base, due to depletion of a single natural resource on which the community had depended, as in some of the timber areas, or its markets, as in the Illinois coal fields whose products have been partially replaced by competing fuels. Or the area has experienced revolutionary changes in producing its major output with fewer workers, as happened in Corn Belt farming over the last generation and, more recently, in many rural areas of the Midsouth. In the latter situation, a lag in total income growth may go hand in hand with large increases in per capita income. This is illustrated by many areas in north and central Missouri which are at the bottom of the list recording total income growth but nonetheless lead in terms of current per capita income.

. . . and per capita income has risen only as workers have moved to more prosperous regions.

There are three areas in Arkansas where population has declined by more than a quarter over the last generation. There are 25 more areas within the district where the population is smaller today than it was in the 'twenties. In all these areas, per capita income may have risen substantially in spite of lagging growth in total income, as there are fewer persons to share a given income total. Outmigration, however, involves more than a mere change in the income divisor. On the negative side, it may mean the loss of the most active local labor force. As labor mobility increases with education, it may mean a continuous capital loss to the community which has invested in the education of its young citizens. On the positive side, outmigration may enforce a more efficient use of the remaining resources and accelerate improvements in farm man-

agement and the use of capital equipment. To that extent, a larger per capita income indicates much more than a mechanical improvement in the ratio of total income to population; it signifies higher labor productivity in the area and a more efficient allocation of the national labor force. Partly because of steady outmigration from many district areas in Missouri and Illinois to the teeming urban centers of industrial activity in the Midwest and later the Far West, farming in the Corn Belt has prospered as an integral part of the national economy—benefiting from the increased urban demand for more and more farm products. Similar revolutionary changes have occurred over the last decade in connection with the steady outmigration from the rural Midsouth.

In others, both total and per capita income have responded favorably to improved methods of farm management and diversification.

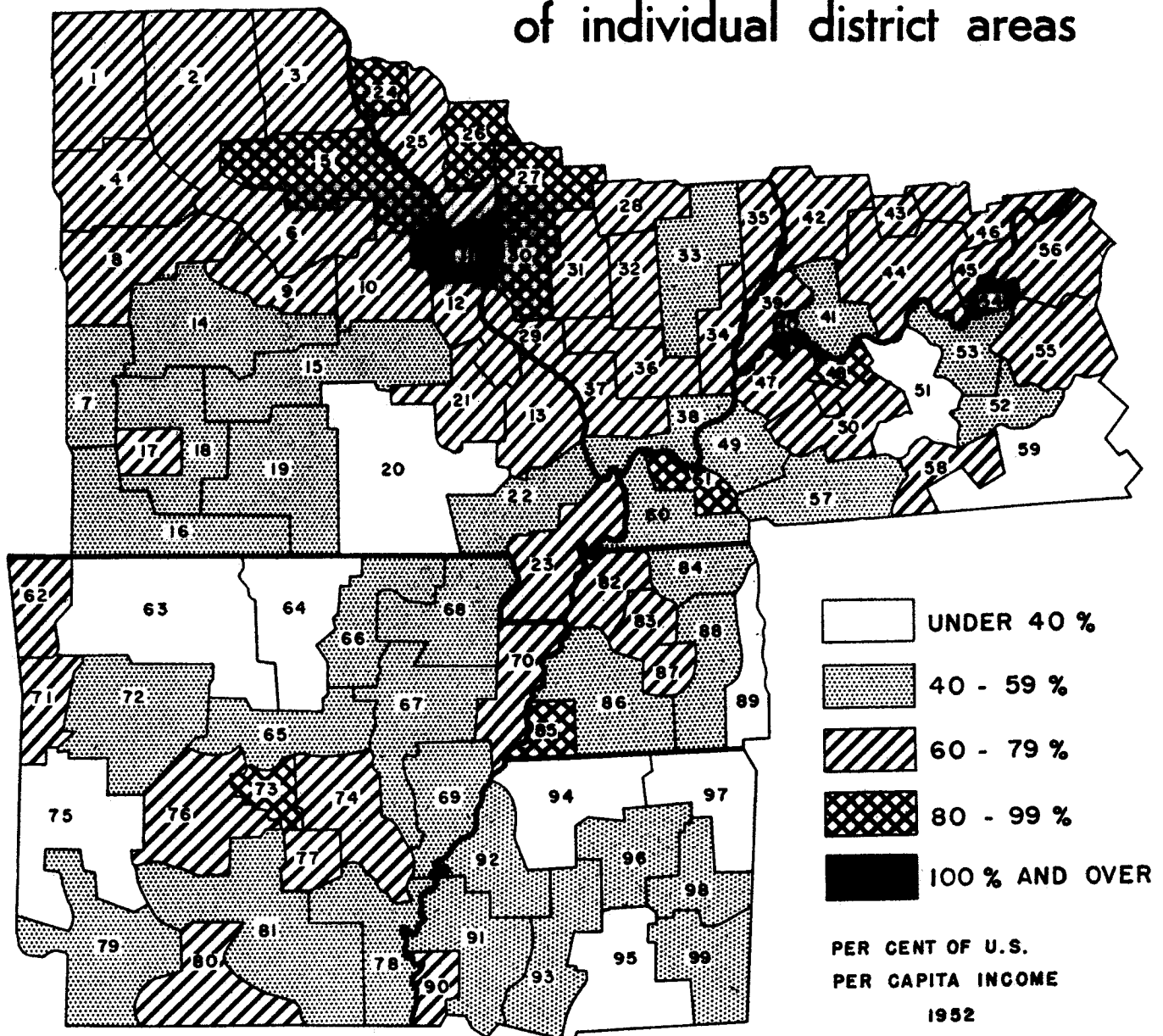
Large-scale outmigration is not the only road toward higher productivity per farm. There are many rural areas in the district where per capita income has increased without losses in population. In these cases, diversification of farm output has often permitted more intensive application of farm labor while part of the rural population has found new employment in local industries which may also have opened new markets for local farm output. This development has frequently occurred in the neighborhood of growing urban centers, or as the result of new transportation facilities which favor the integration of local agriculture into a larger market. Such economic reorganization of local agriculture, whether accompanied by outmigration or not, has usually resulted in an increased ratio of capital to labor, an increased scale of operations on full-time farms, or a plowing back of outside earnings as capital on part-time farms.

Many district income areas, rural and urban, have just about kept pace with the nation. As the nation has grown at such a rapid rate, this implies substantial income growth over the last generation.

In still others, rapid strides toward industrialization have led to major gains in population and income.

A third category of district income areas may be noted: where there has been both increased per capita income and a growth in population, usually with a pronounced rise in total income. There are fourteen areas within the district whose total income has outpaced the national growth by more than 25 per cent. This means a quadrupling of income payments over the last generation, a performance which has usually been accomplished only with the aid of labor and capital drawn from

Nation-wide forces have shaped the development of individual district areas



MISSOURI

- 1 Chillicothe
- 2 Kirksville
- 3 Hannibal
- 4 Marshall
- 5 Moberly-Mexico
- 6 Columbia-Fulton
- 7 Eldorado Springs
- 8 Sedalia
- 9 Jefferson City
- 10 Washington
- 11 St. Louis
- 12 DeSoto
- 13 Cape Girardeau
- 14 Eldon
- 15 Rolla
- 16 Monett
- 17 Springfield
- 18 Bolivar

- 19 West Plains
- 20 Salem
- 21 Flat River
- 22 Poplar Bluff
- 23 Sikeston

ILLINOIS

- 24 Quincy
- 25 Jerseyville
- 26 Jacksonville
- 27 Litchfield
- 28 Effingham
- 29 Chester
- 30 East St. Louis
- 31 Greenville
- 32 Mount Vernon-Centralia
- 33 Olney
- 34 Carmi
- 35 Mount Carmel

- 36 W. Frankfort-Harrisburg-Marion
- 37 Carbondale
- 38 Cairo

INDIANA

- 39 Princeton
- 40 Evansville
- 41 Boonville
- 42 Vincennes-Washington
- 43 Bedford
- 44 Tell City
- 45 New Albany-Jeffersonville
- 46 Seymour

KENTUCKY

- 47 Henderson
- 48 Owensboro
- 49 Princeton
- 50 Madisonville
- 51 Horse Cave

- 52 Campbellsville
- 53 Fort Knox
- 54 Louisville
- 55 Danville
- 56 Frankfort
- 57 Hopkinsville
- 58 Bowling Green
- 59 Monticello
- 60 Mayfield
- 61 Paducah

ARKANSAS

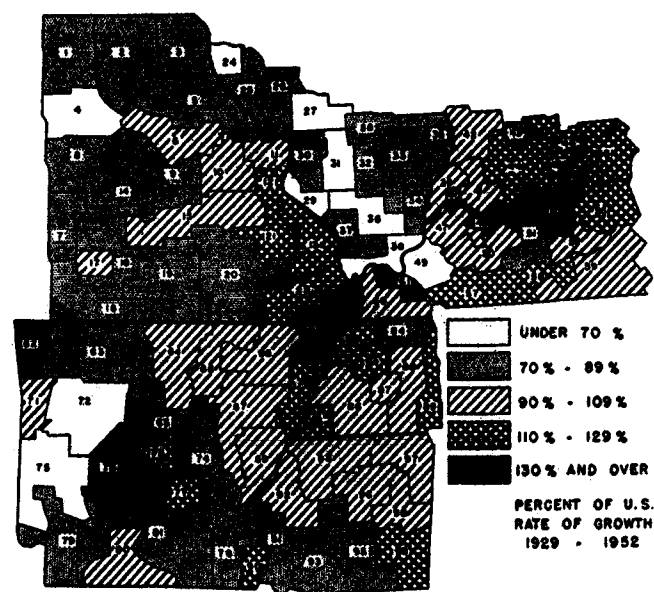
- 62 Fayetteville
- 63 Harrison
- 64 Mountain Home
- 65 Conway
- 66 Batesville
- 67 Wynne
- 68 Jonesboro
- 69 Helena

surrounding regions. Three different types of areas can be found in this category. First, there are some parts of the Delta (areas 23 and 70) where the fertility of the soil, efficient farm management, development of new industries, and a favorable national market have combined to permit large increases in population and income. Second, income has greatly expanded in the metropolitan centers of the district which have continued to draw population from the surrounding regions. This list includes the suburban fringes around St. Louis (area 12); Memphis, with an income growth of 285 per cent over 1929; Little Rock (297 per cent); and Louisville (316 per cent). The list is topped by Evansville (340 per cent), which has become the center of durable goods manufacturing in the district. Finally, there are some smaller areas which have seen a phenomenal rate of expansion in response to new industries which have been established during the last two decades. Here are Humboldt (296 per cent) with intensive truck farming, hosiery mills, rubber footwear, and a Government

arsenal; Hot Springs (321 per cent) with saw mills and new aluminum plants; Paducah (333 per cent) with an atomic energy installation; Fayetteville (360 per cent) with fruit growing, broiler farms, and greatly expanded educational services; Fort Knox (375 per cent) with large military payrolls and new chemical industries, and Owensboro where total income has grown almost fivefold (482 per cent) with radio tubes and special alloy steels.

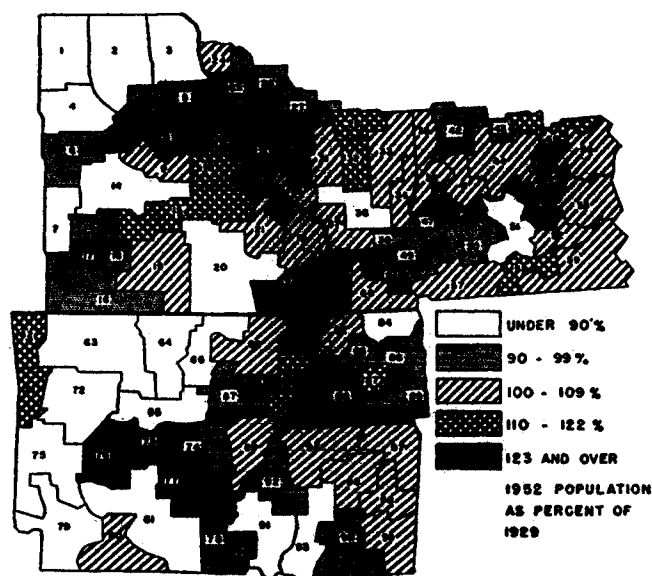
This diversity of area development within the district suggests the complex forces shaping the growth of the national economy. With the new needs of a rapidly growing population and a world at ferment, with new products to serve old needs, and with new ways to make old products, all industries are in a constant state of flux and adaptation. As these industries are not evenly distributed among the areas of the country, individual income areas also undergo frequent changes, as their primary industries grow or decline. Some areas lose resources in this move from older to new industries. Other areas offer the opportunity of shift-

In some areas total income has failed to keep pace . . .



- | | |
|---------------------|------------------|
| 70 Blytheville | 85 Memphis |
| 71 Fort Smith | 86 Brownsville |
| 72 Russellville | 87 Jackson |
| 73 Little Rock | 88 Lexington |
| 74 Stuttgart | 89 Savannah |
| 75 Mena | |
| 76 Hot Springs | |
| 77 Pine Bluff | |
| 78 McGehee | |
| 79 Texarkana | |
| 80 El Dorado-Camden | |
| 81 Crossett | |
| MISSISSIPPI | |
| 82 Dyersburg | 90 Greenville |
| 83 Humboldt | 91 Greenwood |
| 84 Paris | 92 Clarksdale |
| | 93 Grenada |
| | 94 Holly Springs |
| | 95 Kosciusko |
| | 96 Oxford |
| | 97 Corinth |
| | 98 Tupelo |
| | 99 Columbus |
- TENNESSEE**

. . . and workers have moved to more prosperous regions.



ing from declining industries to growing industries within the same locality. In either case, the process of change and growth may be painful to those called upon to shift their occupation and residence. Yet no economic development appears possible without these constant shifts and adaptations. In administering the financial resources of the community, the district banker has the vital task of facilitating this process of growth and steering it in the right direction.

WERNER HOCHWALD

District Retail Sales and Outlook

Retail sales in the Eighth District were at a high level in the first eight months of 1953.

CONSUMER BUYING in the first eight months of 1953 was at a rate somewhat above the pace set in the last half of 1952 and above comparable months of 1952. Despite some disquieting factors most retailers expect sales in the last half of 1953 to equal if not slightly exceed those in the comparable period of 1952. They do not expect many changes in the retailing picture in the near future. These opinions were the consensus of retailers in six lines of trade that participated in an annual survey of trade trends and anticipations conducted in August.

Retail activity reflected local economic conditions.

Varying conditions had their effect on local retail sales. Boom conditions in some areas received setbacks as the strength at some military facilities was reduced and major construction projects were completed or their work force reduced. New markets were created and old ones strengthened as manufacturers expanded or built new plants. In 37 areas, new television broadcasting facilities gave promise of boosting sales of receivers. The second consecutive summer of drouth and excessive hot weather dampened consumer buying in many parts of the district as farm prices and income dropped, and migration of workers from rural to urban areas continued. In other areas, consumer spending for other than necessities was often limited by the reduction of income resulting from work stoppages.

Even so, in the first eight months of 1953 sales were considerably larger than in comparable months of 1952.

Automobile dealers participating in the survey reported gains over the first eight months of 1952, in some cases over 50 per cent. Substantial gains were reported by furniture stores and appliance stores. Larger gains were reported by women's specialty and men's wear stores than by department stores. Mild winter weather and a short spring selling season limited sales in these soft goods lines. But the pace of sales picked up at mid-May.

Sales at mid-year continued at an encouraging rate.

At mid-August, sales at most hard goods and soft goods dealers were equal to or larger than in 1952. Three out of four auto dealers reported sales gains

with increases ranging up to two-thirds larger than in 1952. Two out of three furniture stores reported sales increases ranging up to one-eighth above last year. And at the majority of appliance stores, sales were about equal to those at mid-August 1952.

Most department stores at mid-August reported slight sales gains from last year. Men's wear stores reported sales at about the same level as a year earlier, while more than half of the women's specialty stores reported sales somewhat larger than at mid-August 1952.

Unit volume was up and the average sale was equal to last year.

With prices of most goods little changed from a year earlier, unit volume increased about as much as dollar sales.

At automobile dealers, department, furniture, and women's specialty stores, unit volume through mid-August was larger than that in 1952. Unit volume at men's wear stores was reported about the same as a year ago. The average sale at department, women's and men's wear stores, and furniture and appliance stores was about equal to that last year.

Credit sales were considered to be slightly above normal by about one-half of the dealers interviewed.

Reflecting the rapid increase of instalment credit for automobile purchases, about one out of three automobile dealers reported credit sales somewhat higher than considered normal for their line. Furniture and appliance stores reported the ratio of credit sales equal to or slightly above that thought normal.

At department stores, credit sales were considered equal to or slightly larger than normal. About one-half of the men's wear stores and the majority of women's specialty stores considered their ratio of credit sales above normal.

Retailers generally expect to equal or slightly exceed 1952 volume.

Most district merchants expect to at least equal 1952 volume in the last half of the year. There were many who anticipated slight gains, but their optimism was tempered by anticipated local economic trends. Those rural areas of the district hit hardest by the drouth and hot weather expect a somewhat lower level of retail activity. In the urban sections of the district, employment and income are expected to remain at or slightly above present levels and consumer buying is expected to rise slightly.

The majority of automobile dealers expect sales in the last half of 1953 to at least equal if not exceed sales in the comparable period of 1952. They believe the used car market will stabilize and look forward to "better quality and design" in 1954 models. But they also expect that it will become difficult to maintain profit as new cars move from the factory in the volume anticipated after cutbacks of defense spending. They think that there will be stiffer competition from other auto dealers, which will require more expensive selling effort and narrower profit margins. In addition, auto sales will continue to compete with other items for the consumer's dollar. Decontrol of rent in some areas, the gradually advancing cost of living and tighter credit were viewed as limiting factors. Missouri dealers looked for some slowdown in buying as the result of the recently enacted financial responsibility law for damages.

At furniture stores and appliance stores, sales for the remainder of 1953 were expected by most to be at least equal to those a year ago. Of the two groups, furniture dealers were less optimistic in their views of consumer spending. Some felt that consumers were waiting until later to purchase furniture and appliances. But new television broadcasting facilities and improvement of existing facilities opened new markets for both lines. They also expect their selling effort to become more expensive as competition increases. Liquidation of lagging merchandise by dealers in both lines has narrowed profits and little improvement is expected as manufacturers continue production at high levels. Some feel that credit sales will be slowed in view of present consumer obligations and more careful screening of credit applications.

Department stores anticipate that sales for the remainder of 1953 will equal or slightly exceed those in 1952. Located for the most part in urban areas, they expect continuing high employment and income to maintain their sales volume. But lessened farm income will be a limiting factor in certain parts of the district. Some stores have de-emphasized hard lines as competition from specialty houses increased. Improved facilities and added evening openings are counted on to maintain or increase their share of consumer spending. Lack of adequate parking facilities was a concern of downtown stores.

Women's specialty stores believe sales for the rest of 1953 will increase over 1952 with substantial gains anticipated at some stores. It is expected that the strength that has been exhibited in soft goods in recent months will continue and that changing fashions will keep consumer interest alive.

Men's wear stores generally expected sales in the

last half of 1953 to at least equal those in 1952 with about one in four stores anticipating slight gains.

Little change was looked for in the level of prices.

Retailers thought prices during the remainder of the year would remain close to current levels. They believed prices of furniture and appliance items would advance slightly, but soft goods prices were not expected to change.

Automobile dealers were almost unanimous in their anticipation of increased consumer resistance to the level of prices and other factors during the remainder of the year. With appliance and furniture sales becoming increasingly competitive, with larger cash discounts and trade-in allowances, realized selling price was expected to decline even though there were indications of increases in wholesale prices.

Department stores, women's specialty stores and men's wear stores expected little change in either the prices paid or received for merchandise.

Cautious inventory replacement was apparent in all lines.

Some retailers thought inventories were out of line with current sales. Automobile dealer inventories showed the largest increase from 1952, but attention was called to the relatively low inventory position at mid-1952 owing mainly to effects of the steel strike. About one of three furniture stores thought inventory a little high in view of current sales, while appliance stores generally considered inventories in line with sales.

At department stores and men's wear stores, inventories at slightly more than half of the stores were thought a little high. Women's specialty shops were almost unanimous in their opinion that inventories were in line with current sales.

Cautious inventory replacement was apparent in all lines. Automobile dealers indicated they felt production would more than equal consumer demand during the remainder of 1953. The recent disastrous fire at a transmission plant was expected to have only temporary output effects. At about one-half of the furniture stores, outstanding order volume at mid-August (averaging about two months current sales) was below that a year ago. At appliance stores, advance buying was reported to be equal to that in 1952.

Orders outstanding at about three-fourths of the department stores equaled or were smaller than those a year ago and averaged slightly less than two months sales at mid-August. Women's specialty stores reported orders volume about equal to last year. At men's wear stores, orders ranged from equal to slightly under those last year.

ALFRED C. KEARSCHNER

Survey of Current Conditions

IN SEPTEMBER, while layoffs occurred in a few manufacturing plants and some indicators showed an easing of operations, Eighth District business generally held close to its August levels. However, the deadening effect of the drouth continued through September to bear heavily on district agriculture.

During August business activity recovered from the slow-down caused by vacations, strikes, and seasonal factors in July. Manufacturing activity picked up and was substantially above year-earlier levels in almost all lines. Retail sales remained close to the year's peak rates, reflecting the high level of nonfarm income and continued use of credit. Also, construction recovered in St. Louis after the settlement of a prolonged strike, but operations in some other areas were hampered by strikes, and total construction activity in the district was less than a year earlier.

In September, some developments indicated a slower rate of activity. War goods production was cut back substantially at a few district plants, adding to the growing list of recent reductions. Retail sales at department stores failed to equal the level of a year earlier. However, though some slackening was apparent, business activity was generally still above the rate a year earlier.

In the nation, business activity during August regained most of the seasonal July setback. Industrial production improved, but failed to equal the June rate of output. However, farm machinery output was curtailed in August because of slower sales, and automobile assembly was reduced somewhat as a result of high inventories in some lines, model changeovers, and a transmission plant fire. Construction expenditures increased less than seasonally and nonfarm housing starts fell more than usual. And while consumer spending at department stores continued at the same rate as in July (taking into consideration the normal seasonal changes), it was below the 1953 peak.

In September, some cutbacks in defense production, adjustments to high inventories, and smaller sales of civilian goods reduced business activity further. Steel mills operated below the August rate of 94 per cent in the first two weeks of September, but recovered in the last two weeks of the month. Automobile assembly was below the August average. Oil refining was cut back because of large

stocks and reductions of crude oil output were scheduled.

In addition to the cutbacks in defense and civilian production, business plans for new plant and equipment expenditures, surveyed in August, indicated a 5 per cent decline in the fourth quarter from the peak outlays scheduled in the third quarter.

The relative scarcity of strengthening factors in the outlook for the remainder of the year has caused some concern. But the positive factors—increased personal income over year-earlier levels, relatively high level of employment, lower money and capital market rates, generally liquid position of spending units, the expanding population base, easing of international tension, and so on—should not be overlooked.

Employment

Total employment in the United States increased 300,000 from July to August, reaching a record high of 63.4 million, one million more than a year earlier. Unemployment declined with only 1.9 per cent of all civilian workers out of jobs.

District states joined in the nation-wide increase in employment through August as plant vacation shutdowns tapered off and seasonal gains occurred in the clothing industry and in food processing. By early September, however, there were indications of some employment declines in the district.

Layoffs occurred in the structural clay products, automobile, and refrigerator industries in Evansville. In the Louisville area employment declined by 500 from its July level. Increases in production of tobacco, chemicals, apparel, and ordnance there

CONSUMER PRICE INDEX

Bureau of Labor Statistics (1947-49=100)	Aug., '53	July, '53	Aug., '52	August, 1953 compared with	
				July, '53	Aug., '52
United States.....	115.0	114.7	114.3	-0 -%	+ 1%

RETAIL FOOD

Bureau of Labor Statistics (1947-49=100)	Aug., '53	July, '53	Aug., '52	August, 1953 compared with	
				July, '53	Aug., '52
U. S. (51 cities).....	114.1	113.8	116.6	-0 -%	- 2%
St. Louis.....	117.2	116.6	119.0	+ 1	- 2

WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1947-49=100)	Aug., '53	July, '53	Aug., '52	August, 1953 compared with	
				July, '53	Aug., '52
All Commodities.....	110.6	110.9	112.2	-0 -%	- 2%
Farm Products.....	96.3	97.9	109.9	- 2	-12
Foods.....	104.8	105.5	110.5	- 1	- 5
Other.....	114.8	114.8	113.0	-0 -	+ 2

were not enough to offset reductions in farm tractor manufacturing, food processing, and construction.

At St. Louis, employment increased from July to August, but in September sizable layoffs occurred. McDonnell Aircraft Corporation, largest employer in the area, announced a reduction of about 3,000 employees. And between 450 and 500 workers were laid off by two Granite City foundries. Completion of subcontracts for medium tank parts and lack of orders for railroad castings were the reasons given for the latter layoffs.

Industry

District industrial output during August recovered from the slight dip in July and was at levels well above a year ago. Production generally maintained its position in early September, with some notable exceptions such as aircraft manufacturing.

Manufacturing—Use of electric power in August by reporting industries in the district showed gains over a year ago with the exception of shoes and primary metals production. The former held about even, while the latter was off 4 per cent. Compared with July, however, three groups, electrical machinery, nonelectrical machinery, and rubber manufacturing, showed drops ranging from 11 to 21 per cent.

The steel ingot production rate in the district continued to be better than that nationally in August, averaging 99 per cent of capacity. Though it tapered off to 91 per cent in early September, this reflected operational problems rather than any lack of orders.

Production of Southern hardwoods was at an operating rate 13 per cent better than a month ago and 9 per cent over August, 1952, and continued at the same high level in early September. Southern pine production held about the same as in July and a year ago; although, unlike hardwoods, it was cut back in early September.

Livestock slaughtered under Federal inspection in the St. Louis area in August showed large gains over a year ago (17 per cent), was 14 per cent over July, and continued high in early September. Cattle slaughter showed a 60 per cent increase over the comparable period in 1952, reflecting the forced liquidation of herds due to the drouth.

Even whiskey production in Kentucky was better than a year ago (with 20 distilleries in operation at the end of August compared with 12 last year) although the number was down from July.

Coal and oil—Preliminary figures indicated a slight improvement over a month ago in the output of coal mines in the district, and some gain over August last year. Crude oil output through the

first half of September remained about the same as a month and a year ago. Some cuts were in prospect nationally in view of high stocks.

During the latter part of August, oil was discovered in northeastern Mississippi. The well, although producing only moderately, was important as it not only marked the first oil production in this area but also tapped a lower rock strata than heretofore.

Construction

Construction activity quickened in some district areas, following strikes and other interruptions, but strikes continued to retard major projects through August and September. At the same time, there was a slackening of activity in particular areas as projects neared completion.

Work was resumed on many projects in the St. Louis area after settlement of a cement-truck drivers strike. After a one-month shutdown for reorganization under a new contractor, the Electric Energy, Inc. power project at Joppa, Illinois, got underway about the first of September on a limited scale. Within two weeks operations were halted again by a strike of ironworkers which idled the whole 600-man force. Walk-outs of varying duration retarded work at the Atomic Energy Commission project near Paducah, Kentucky, and several projects in the Louisville area. Evansville, Little Rock, and Louisville had declines in construction employment in August resulting from completions.

CONSUMPTION OF ELECTRICITY DAILY AVERAGE*

(K.W.H. in thous.)	August 1953 K.W.H.	July 1953 K.W.H.	August 1952 K.W.H.	August 1953 compared with July, '53	Aug., '52
Evansville.....	910	991	886	+ 8%	+ 3%
Little Rock.....	138	122	133	+ 13	+ 4
Louisville.....	4,590	4,228	3,806	+ 9	+ 21
Memphis.....	1,434	1,390	1,251	+ 5	+ 16
Pine Bluff.....	476	432	346	+ 10	+ 38
St. Louis.....	5,464	4,898	4,864	+ 12	+ 12
Totals.....	13,032	12,061	11,286	+ 8%	+ 15%

* Selected Manufacturing Firms.

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

Aug., '53	July, '53	Aug., '52	Sept., '53	Sept., '52	8 mos. '53	8 mos. '52
111,934	113,926	114,211	30,620	31,341	797,185	774,292

Source: Terminal Railroad Association of St. Louis.

CRUDE OIL PRODUCTION—DAILY AVERAGE

(In thousands of bbls.)	August, 1953	July, 1953	August, 1952	August 1953 compared with July, '53	Aug., '52
Arkansas.....	77.0	76.8	76.1	- 0 -%	+ 1%
Illinois.....	161.5	158.9	166.5	+ 2	- 3
Indiana.....	34.9	35.0	33.3	- 0 -	+ 5
Kentucky.....	31.3	30.4	32.8	+ 3	- 5
Total.....	304.7	301.1	308.8	+ 1%	- 1%

COAL PRODUCTION INDEX

1935-39=100					
Unadjusted	Unadjusted	Unadjusted	Adjusted	Adjusted	Adjusted
Aug., '53	July, '53	Aug., '52	Aug., '53	July, '53	Aug., '52
132.2 P	109.6 P	109.3	133.5 P	124.5 P	110.4

DEPARTMENT STORES

	Net Sales			Stocks on Hand	Stock Turnover
	August, 1953 July, 1953	August, 1952 July, 1952	compared with 8 mos. '52 period '52	Aug. 31, '53 comp. with Aug. 31, 1952	Jan. 1 to Aug. 31, 1953
8th F.R. District Total.....	+17%	+1%	+4%	+13%	2.26
Fort Smith Area, Ark. ^{1,2}	+20	-2	-0	+9	2.17
Little Rock Area, Ark. ²	+18	-7	-0	+16	2.12
Quincy, Ill.....	+28	+2	+2	+15	2.20
Evansville Area, Ind. ²	+11	+2	+12
Louisville Area, Ky., Ind. ²	+19	+1	+3	+4	2.43
St. Louis Area, Mo., Ill. ²	+16	-1	+5	+15	2.28
Springfield Area, Mo. ²	+9	-7	-0	+13	2.01
Memphis Area, Tenn. ²	+23	+2	+3	+11	2.37
All Other Cities ³	+9	-9	+3	+10	1.85

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 The sample for these areas is unchanged from the sample previously reported for the principal cities in these areas.

³ 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 August, 1953, were 17 per cent smaller than on the corresponding date a year ago.

PERCENTAGE OF ACCOUNTS AND NOTES RECEIVABLE Outstanding August 1, 1953, collected during August

	Instalment Accounts			Instalment Excl. Instal. Accounts	
	%	42%		%	59%
Fort Smith	14	46	Quincy	18	59
Little Rock	20	48	St. Louis	19	52
Louisville	18	34	Other Cities	9	47
Memphis	18	34	8th F. R. Dist.....	18	47

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

	August, 1953	July, 1953	June, 1953	August, 1952
Sales (daily average), unadjusted ⁴	100	86	110	102
Sales (daily average), seasonally adjusted ⁴ ..	110	107	122	112
Stock, unadjusted ⁵	130	122	132	115
Stocks, seasonally adjusted ⁵	134	131	132	119

⁴ Daily average 1947-49=100.

⁵ End of Month Average 1947-49=100.

Trading days: August, 1953—26; July, 1953—26; August, 1952—26.

RETAIL FURNITURE STORES

	Net Sales		Inventories		Ratio of Collections	
	August, 1953 July, '53	August, 1952 July, '52	August, 1953 July, '53	August, 1952 July, '52	Aug., '53 Aug., '52	Aug., '52
8th Dist. Total.....	+10%	+4%	+2%	+4%	18%	20%
St. Louis.....	+10	-10	-2	-2	25	28
Louisville Area ²	+18	+15	-4	-2	14	14
Louisville.....	+19	+15	-4	-3	14	13
Memphis.....	+13	-13	*	*	12	13
Little Rock.....	+3	-20	+17	+12	14	17
Springfield.....	-8	+2	-1	+6	15	16
Fort Smith.....	-8	+3	*	*	*	*

* 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 Louisville, Kentucky; and New Albany, Indiana.

PERCENTAGE DISTRIBUTION OF FURNITURE SALES

	Aug., '53	July, '53	Aug., '52
Cash Sales	16%	16%	15%
Credit Sales	84	84	85
Total Sales	100%	100%	100%

WHOLESALE TRADE

Line of Commodities	Net Sales		Stocks
	August, 1953 July, '53	August, 1952 July, '52	Aug. 31, 1953 compared with Aug. 31, 1952
Data furnished by Bureau of Census, U. S. Dept. of Commerce*			
Automotive Supplies.....	-10%	-1%	+7%
Drugs and Chemicals.....	-6	-1	N.A.
Dry Goods.....	+18	-7	+24
Groceries.....	-11	-4	-5
Hardware.....	-5	-0	-8
Tobacco and its Products.....	-10	-4	+7
Miscellaneous.....	+7	-9	+14

* Preliminary.

N.A.—Not available.

INDEX OF CONSTRUCTION CONTRACTS AWARDED EIGHTH FEDERAL RESERVE DISTRICT*

(1947-1949=100)

	July, 1953	June, 1953	July, 1952
Unadjusted			
Total.....	181.9 P	183.4	198.8
Residential.....	165.5 P	174.0	216.7
All Other.....	189.6 P	187.8	190.4
Seasonally adjusted			
Total.....	140.8 P	154.0	155.0
Residential.....	141.5 P	148.7	185.2
All Other.....	140.4 P	156.5	141.0

* Based on three-month moving average of value of awards, as reported by F. W. Dodge Corporation.

P—Preliminary.

August expenditures for new construction in the nation totaled over \$3.3 billion, slightly above the record level reached in July, and about 7 per cent above the total for August, 1952. Because of a decline in private housing construction, the July-August increase in total expenditures was somewhat less than seasonal.

In terms of starts, too, housing activity in the nation was down more than seasonally: from 96,000 in July to 94,000 in August. August starts are usually about the same as those in July.

Commercial building rose more than seasonally, continuing the upward movement of the past several months. Private spending for industrial building leveled off after declining since spring.

Trade

The level of retail sales in the Eighth District during August advanced generally—and in some lines at a more-than-seasonal rate—from that in July. In comparison to the relatively high level in August, 1952, sales were down slightly at furniture stores, men's wear and women's specialty stores, while department store sales equaled those a year earlier. Seasonal promotions were moderately successful but continued excessively hot, dry weather in the month was a depressing factor.

At automobile dealers, sales of new cars continued above those a year ago, when supplies were considerably reduced, while used car sales were at a somewhat slower pace. Appliance dealers' sales volume was not much changed from that a year earlier.

Department store sales in August increased more than seasonally from those in July. After adjustment for seasonal variation, the index of daily sales averaged 110 per cent of the 1947-1949 base. In comparison, they were 107 per cent in July and 112 per cent in August, 1952. Cumulative sales for the first eight months of 1953 totaled 4 per cent larger than in the same period of 1952.

Specialty store sales in August were substantially larger than in July but were slightly below those

in August, 1952. Women's specialty store sales were about one-third larger than in July, while men's wear store sales volume was about one-sixth greater.

Furniture store volume in August was 10 per cent larger than a month earlier but slightly below that during August, 1952.

Inventories held by reporting retail lines at the end of August were generally larger than both a month earlier and on August 31, 1952. Outstanding orders at department stores at the month's end were slightly under those at the end of July and totaled substantially less than a year ago.

Banking and Finance

Both districtwise and nationally loans rose and investment holdings declined at banks during August and early September. The money supply of individuals and businesses remained virtually unchanged in August, but there appeared to be a less rapid turnover of the money supply than in July. Interest rates, especially short-term, declined around the middle of September.

District banking—From the end of July through September 16, earning assets of Eighth District weekly reporting banks rose moderately. The gain was the net result of a growth in business loans which more than counterbalanced a moderate contraction in most other types of loans and a reduction in investment holdings (primarily short-term Treasury securities).

Business loans rose more than usual in the seven weeks with largest gains at St. Louis, Louisville, and Little Rock. Food manufacturers and sales finance companies accounted for the bulk of the net increase in borrowing. Real estate loans continued virtually unchanged. Security and "other" (largely consumer) loans were off slightly.

Time deposits continued to rise suggesting that savings are proceeding at a high rate.

At the smaller district banks total loans rose moderately during August with the growth centering in those banks located in towns under 15,000 population. In addition these banks increased their investment portfolios, primarily by net purchases of Government securities. However, total deposits declined, despite a large growth in savings accounts.

Banking nationally—Earning assets of weekly reporting banks in leading cities of the nation, in contrast with district experience, declined during August and early September. The reduction was the result of heavy net sales of Treasury bills and certificates as banks attempted to relieve some of the pressure on their reserve positions. Business

loans rose and real estate loans continued to climb moderately. "Other" loans (largely consumer) showed little change in contrast with sharp increases previously.

The nation's private money supply was virtually unchanged in August. Contraction in bank earning assets and a moderate outflow of gold were approximately offset by a shift of funds from Treasury to business accounts. By contrast, demand deposits and currency of businesses and individuals rose moderately in August last year. In the first eight months of 1953 the private money supply contracted \$4.5 billion compared with \$2.4 billion in the corresponding period a year ago.

Debits to deposit accounts—Both districtwise and nationally the volume of checks cashed at reporting banks during August was nine per cent lower than in July. In the Eighth District there were fewer debits in each of the reporting centers. Nationally the volume of checks cashed was lower during August than in July in every Federal Reserve District except the Ninth (Minneapolis).

Interest rates—During August and early September yields on long-term bonds were fairly steady. Around mid-September, however, yields on Government securities declined, especially short-term issues. The decline in interest rates was the result of many factors. Savings continued at a high level adding to the supply of funds. At the same time, the

DEPOSIT ACTIVITY

	August, 1953 In millions)	Debits ¹		Turnover	
		Percent Change from July, 1953	Aug., 1952 ²	August, 1953 (Annual Rate)	Year Ended Aug. 31, 1952 ²
Six Largest Centers:					
East St. Louis-National Stock Yards, Ill.....	\$ 116.3	— 9%	— 0 —%	22.0	26.5
Evansville, Ind.....	160.7	— 8	+ 28	16.4	17.2
Little Rock, Ark.....	141.2	— 9	+ 10	14.0	15.8
Louisville, Ky.....	706.6	— 3	+ 9	24.3	24.6
Memphis, Tenn.....	532.0	— 9	+ 12	20.7	25.7
St. Louis, Mo.....	1,865.8	— 11	+ 17	19.7	20.8
Total—Six Largest Centers.....	\$3,522.6	— 9%	+ 14%	20.2	21.9
Other Reporting Centers:					
Alton, Ill.....	\$ 34.6	— 4%	+ 15%	12.1	12.2
Cape Girardeau, Mo.....	13.5	— 7	+ 14	11.9	11.7
El Dorado, Ark.....	24.8	— 8	— 3	10.5	10.9
Fort Smith, Ark.....	45.7	— 2	+ 3	13.0	13.5
Greenville, Miss.....	18.5	— 14	+ 2	11.6	14.8
Hannibal, Mo.....	9.1	— 8	+ 1	8.4	8.9
Helena, Ark.....	6.8	— 3	+ 13	11.2	13.2
Jackson, Tenn.....	19.6	— 2	+ 1	10.6	11.4
Jefferson City, Mo.....	52.8	— 13	+ 4	9.1	11.3
Owensboro, Ky.....	37.0	— 3	+ 1	12.6	15.2
Paducah, Ky.....	40.2	— 8	— 4	15.3	14.2
Pine Bluff, Ark.....	29.0	— 13	— 17	11.5	14.5
Quincy, Ill.....	33.7	— 1	+ 5	14.4	14.4
Sedalia, Mo.....	12.1	— 2	+ 12	9.9	9.9
Springfield, Mo.....	67.0	— 7	+ 11	12.4	14.0
Texarkana, Ark.....	21.3	— 15	+ 22	14.9	13.5
Total—Other Centers.....	\$ 465.7	— 7%	+ 4%	11.9	13.0
Total—22 Centers.....	\$3,988.3	— 9%	+ 13%	18.6	20.2

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

² Estimated.

amount of Treasury bills outstanding declined as the September 18th tax anticipation issue matured (\$800 million) and the System purchased net about \$250 million of Government securities, largely Treasury bills, from mid-August to mid-September. Also at mid-September there was some easing in the money market due to a mid-month increase in float and a return flow of currency after the Labor Day and other holidays. Then, too, the reduction on September 17 in discount rates from 4 per cent to 3½ per cent by the central banks of England and France had an influence on market psychology.

Agriculture

Widespread drouth accompanied by high temperatures in late August and early September caused further deterioration of Eighth District crops. A few sections, particularly in north Missouri, received more than an inch of rain during the first week of September. In large parts of the district, however, severe drouth conditions prevailed through mid-September. Pastures in particular were hard hit. In most areas, their condition on September 1 was considered to be worse than in 1952 even though many experienced severe drouths then. In Missouri, for example, pasture conditions were estimated to be 18 per cent of normal compared with 76 a year earlier. In Arkansas, Illinois, Indiana, and Kentucky also, they were in a poorer condition that a year earlier.

Crop production—The effects of the drouth also were reflected in smaller estimates of corn, soybean, and hay production. The recent district corn estimate of 324 million bushels was 6 per cent lower than 1952 production. Estimated hay production was 2 per cent smaller than the 1952 crop and a decline of 12 per cent was expected in soybean production.

Despite the drouth, estimated production of cotton, tobacco, and rice was higher on September 1 than a month earlier. Increased cotton production in Arkansas and Mississippi was expected to more than offset decreased production in Missouri and

Tennessee. Record rice crops were forecast for both Arkansas and Mississippi.

Dry weather hastened the maturity of burley tobacco and facilitated harvesting. The September district production estimate of 197 million pounds, although 10 per cent smaller than the 1952 crop, represented an increase of 3 million pounds over the August estimate.

ESTIMATED PRODUCTION FOR MAJOR CROPS EIGHTH DISTRICT—SEPTEMBER 1, 1953

(In Thousands of Units)	Estimated production September 1, 1953	Per cent change from 1952	Per cent change from 1942-51 average
Corn (bu.).....	324,208	- 6%	- 8%
Oats (bu.).....	52,487	+21	-13
Cotton (bales).....	5,748	- 4	+ 5
Soybeans (bu.).....	77,207	-12	+40
Rice (bags).....	11,655	+11	+60
Hay (tons).....	7,574	- 2	-22
Tobacco, burley (lbs.).....	196,667	-10	+ 9
Dark, air-cured (lbs.).....	23,791	- 7	-20
Dark, fire-cured (lbs.).....	20,551	- 0 -	-29

Source: Adapted from *Crop Production*, USDA, September 1, 1953.

Farm land values—Values of farm land declined in all district states either 1 or 2 per cent between March and July of 1953, continuing the decline begun a year earlier. Declines were most pronounced in Arkansas and Kentucky where land values were 5 and 8 per cent lower than a year earlier.

CHANGES IN DOLLAR VALUE OF FARM LAND EIGHTH DISTRICT STATES

	March, 1953 to July, 1953	July, 1952 to July, 1953	1947-49 to July, 1953
Arkansas.....	- 1%	- 5%	+27%
Illinois.....	- 2	- 3	+37
Indiana.....	- 1	- 1	+35
Kentucky.....	- 1	- 8	+22
Mississippi.....	- 1	+ 3	+37
Missouri.....	- 2	- 3	+30
Tennessee.....	- 2	- 2	+22
Eighth District.....	- 2	- 4	+31
United States.....	- 2	- 4	+24

Source: *Farm Real Estate Market*, USDA, July, 1953.

Prices—The index of prices received by farmers declined one point for the month ending August 15, reflecting lower prices for livestock, only partially offset by higher prices for milk and eggs. Livestock prices increased somewhat after August 15, but declined in the latter part of August and by the end of the first week of September were lower than mid-August levels. Mid-August prices paid by farmers and the parity ratio were unchanged from the month-earlier figures.

RECEIPTS AND SHIPMENTS AT NATIONAL STOCKYARDS

	Receipts			Shipments		
	August, 1953 compared with			August, 1953 compared with		
	Aug., 1953	July, 1953	Aug., 1952	Aug., 1953	July, 1953	Aug., 1952
Cattle and calves.....	177,233	+18%	+36%	68,330	+21%	+ 6%
Hogs.....	177,896	+ 9	- 2	40,652	+ 1	-33
Sheep.....	60,168	+11	-17	20,813	+19	-56
Totals.....	415,297	+13%	+ 8%	129,795	+14%	-25%

CASH FARM INCOME

	July, 1953 compared with		7 month total Jan. thru July	
(In thousands of dollars)	July, 1953	June, 1953	July, 1952	1953 compared with 1952 1951
Arkansas.....	\$ 27,056	+20%	- 7%	\$ 161,533 -26% -13%
Illinois.....	190,104	+40	- 4	1,051,849 - 2 - 3
Indiana.....	110,729	+65	+ 6	564,618 - 3 - 5
Kentucky.....	34,739	+28	- 7	280,518 - 1 + 1
Mississippi.....	18,905	+ 6	+ 5	156,945 - 0 - +11
Missouri.....	100,543	+38	+ 5	492,489 - 8 -14
Tennessee.....	31,451	+17	- 2	204,769 - 8 - 9
7 State Totals.....	\$513,527	+39%	- 0 -	\$2,912,721 - 5% - 5%
8th Dist. Totals.....	\$211,734	+33%	- 0 -	\$1,230,112 - 8% - 7%