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ST. LOUIS: Central Reserve City, 1887-1922

A CENTURY AGO it appeared that St. Louis would be the principal city of the Midwest, but the advent of the railroad removed St. Louis' hope of primacy. Nevertheless, St. Louis continued to grow, especially as a commercial center, her flourishing trade financed by St. Louis banks which secured a large part of their resources by holding the reserves of other banks.

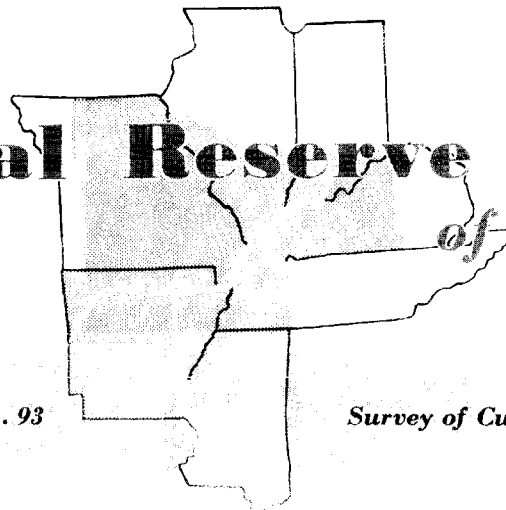
From 1836 to 1914 the United States had no central bank. Yet central bank functions were performed by the United States Treasury through its influence on the money market and by the commercial banking system itself through the correspondent network. To arrest the gravitation of reserves toward New York, Congress in 1887 made provision for more reserve and central reserve cities.

St. Louis was quick to secure central reserve city

status. With that status St. Louis banks grew at a comparatively rapid rate. Large gains in resources and bankers' balances were accompanied by increases in deposits with New York, indicating that, while a change in the law could shift balances to St. Louis, the change could not provide—even over a period of years—a full-fledged money market there.

After the establishment of the Federal Reserve System in 1914, St. Louis bankers saw no reason to maintain their central reserve city status and in 1919 requested declassification. The first request was declined because consideration was then being given to other methods of classifying banks for reserve purposes. On January 12, 1922, a second petition for change in classification was sent to the Federal Reserve Board. After one adverse decision, the Board approved the change effective July 1, 1922, ending a little known episode in American financial history.

Federal Reserve Bank of St. Louis



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A century ago it appeared that St. Louis would be the principal city of the Midwest . . .

A HUNDRED YEARS AGO her citizens did not doubt that St. Louis would be the principal city of the Midwest, if not of the country. Providentially situated where the trade of the upper Mississippi River terminated and that of the lower river began, St. Louis held a strategic economic position. St. Louis was the northern terminus for the large steamboats of the lower river and the southern terminus for the smaller steamboats of the upper river, and it was here that cargoes were unloaded and reloaded for further shipment. There seemed little doubt that the commerce of the Mississippi Valley would continue in a predominantly north-south direction and that it would hinge on St. Louis. Moreover, it appeared that the future physical expansion of the United States would take place with St. Louis, a natural gateway to the West and Southwest, as the base of operations.

. . . but the advent of the railroad removed St. Louis' hope of primacy.

St. Louis' hope of primacy gradually disappeared as technological change removed the great obstacle to the development of Chicago. Possessed of facilities for water transportation eastward, Chicago's chief problem had been to tap the rich territory to the west. The advent of the railroad meant that Chicago, with its more favorable location for east-west rail traffic, could break the commercial hold of St. Louis on the upper Mississippi Valley.¹ Yet despite the economic losses sustained by St. Louis and the impetus given to the growth of Chicago as a result of the Civil War, St. Louis by a narrow margin remained the third largest American city in the census of 1870. During the 1870's, however, as Chicago achieved trade supremacy in the great region to the north, St. Louis was forced to look to the area lying roughly in the quadrant to the southwest for her future markets.

¹ Wyatt Winton Belcher, *THE ECONOMIC RIVALRY BETWEEN ST. LOUIS AND CHICAGO*, New York: Columbia University Press, 1947.

Nevertheless, St. Louis continued to grow, especially as a commercial center, . . .

Even thus restricted, St. Louis for more than three decades enjoyed a kind of golden age. That her growth was substantial is evidenced by the fact that St. Louis approximately doubled in population between 1880 and 1910 (to almost 700,000) and during these thirty years remained the fourth city of the country. St. Louis firms specialized in the manufacture of products much in demand in communities on the rapidly closing frontier, and even as the era of the steamboat merged into the railroad age, the city remained a primary transportation center. But it was as a commercial center, her great full-line, full-service wholesalers distributing an endless stream of goods to the whole of the growing Southwest, that St. Louis could lay claim to pre-eminence.

. . . her flourishing trade financed by St. Louis banks which secured a large part of their resources by holding the reserves of other banks.

Trade required financing. In a day when the time lapse between investment and return was excessively long by modern standards, St. Louis firms and their customers required large credits. Furthermore, St. Louis financial institutions were asked to provide much of the capital necessary to the growth of young cities of the Southwest like Dallas, Houston, and Oklahoma City. Adequate funds were forthcoming largely because certain St. Louis banks, acting promptly and with foresight, attracted a part of the reserves of other banks. For in those days large commercial banks participated in the central banking function, with resulting increases in their resources and potentialities.

From 1836 to 1914 the United States had no central bank. Yet central bank functions were performed . . .

From 1836 until 1914 the United States had no central bank. (Some place the earlier date at 1832, when Andrew Jackson began to withdraw Government deposits from the second Bank of the United States.) Americans generally were fearful of centralized control of the money supply, and until the early years of the twentieth century it was politically impossible to re-establish a central bank. Yet, paradoxically, some central bank functions were performed, for after 1850 the American economy became too complex to muddle along without any monetary guidance or assistance whatsoever. Such central bank control as there was developed by custom within the framework of the Independent Treasury Act of 1846 and the Banking Act of 1864, as amended. To understand the role of St. Louis as a central reserve city, it is helpful to reflect on the central banking operations performed

by the Treasury and the commercial banking system itself.

. . . by the United States Treasury through its influence on the money market . . .

Ironically, monetary responsibilities were accepted by the United States Treasury shortly after the passage of the law which purported to make the Treasury independent of the money market. The main purpose of the act was to put the Government on a strictly cash basis. Under it banks periodically found their reserves dwindling as people paid taxes and replenished as the Government made disbursements from one of the sub-Treasuries. Even before the Civil War so much of the country's cash was at inopportune times locked up in Treasury vaults that in order to replenish the reserves of banks it was necessary to purchase Government bonds in the open market and prepay interest on bonds outstanding. From the close of the Civil War until the establishment of the Federal Reserve System, relations between the Treasury and the banks grew ever less tenuous. Policies varied with different Secretaries, but with only a few exceptions there was a deep consciousness of the effect of Treasury policy on the money market and of the responsibility the Treasury had to the economy as a whole.

Treasury concern with central bank functions was stimulated by Treasury surpluses, which were the rule from 1866 to 1915. The problem of getting back into circulation the cash taken in by the Government reached such proportions that purchase of Government securities and prepayment of interest on the public debt were not sufficient solutions. By liberalizing the interpretation of laws permitting deposits in national banks, successive Secretaries developed a reliable technique of easing the money market. Leslie M. Shaw, who succeeded Lyman Gage as Secretary in 1902, demonstrated remarkable ingenuity in developing control instruments. He ruled that funds might be transferred from Treasury vaults to depositary banks and back again, at the discretion of the Secretary. Deliberately impounding funds during summer months, he released them, where needed, to relieve autumn stringencies.² When, in 1911, Congress finally authorized the Treasury to accept certified checks drawn on commercial banks in payment of customs duties, there was no remaining hindrance to Treasury influence on the money market.

² In his report of 1906, Shaw proposed that the Secretary be authorized to vary required reserve ratios of national banks and that a fund of \$100 million be made available for the sole purpose of easing and tightening bank reserves. However, Shaw argued against the establishment of a central bank on the grounds that Government supervision of monetary operations would be thereby removed. ANNUAL REPORT OF THE SECRETARY OF THE TREASURY, 1906, pp. 41-50.

. . . and by the commercial banking system itself through the correspondent network.

It was to the commercial banking system itself, however, that bankers looked for most of the services ordinarily performed by a central bank. In the decade before the Civil War a pattern of correspondent relations had become firmly established. The provision of the National Bank Act of 1864 which enabled a bank to maintain part of its reserves as a deposit with a bank in one of seventeen major cities recognized a practice which had developed over many years. As more and more banks secured national charters, banks in the seventeen cities came to be major holders of the system's reserves, with a great concentration of reserves in New York City.³ Moreover, banks which maintained correspondent accounts with larger institutions expected loan accommodation, and large banks in turn acknowledged their obligation to rediscount the good paper of their correspondent customers. Finally, all the so-called "service" functions of a central bank—providing cash, making collections, effecting large remittances, etc.—were carried out by the intricate correspondent network of commercial banks.

The structure was faulty, however. In times of stress the large banks necessarily tended to think first of their own stockholders. The entire system was based on cash reserves, and within short periods of time cash was fixed in amount. In the absence of a central bank with the power to create reserves, only the Treasury could afford relief to the New York money market in times of emergency, and such help as the Treasury could give was adequate only during lesser disturbances.

To arrest the gravitation of reserves toward New York, Congress in 1887 made provision for more reserve and central reserve cities.

Proposals for reform of the commercial banking structure included the suggestion that concentration of reserves could be lessened by establishing more reserve and central reserve cities. To achieve this objective, Congress on March 3, 1887, amended the National Bank Act to permit cities of 50,000 or more to become reserve cities upon the application of three-fourths of their national banks; cities of 200,000 or more could become central reserve cities under the same condition.⁴ The amendment made no changes in

³ Within New York City there was a further concentration, as six or seven metropolitan banks came to specialize in this business, attracting accounts by offering interest on deposits and rendering services at rates below cost.

⁴ The designation "central reserve city" and "reserve city" did not appear in legislation until 1887; the term "country bank" did not appear in the 1887 law but had by that time become customary.

the basic reserve structure. Against deposit liabilities, country banks had to keep a reserve of 15 per cent, three-fifths of which might be deposits with national banks in reserve or central reserve cities. Reserve city banks were required to keep a reserve of 25 per cent against deposits, one-half of which might be balances with banks in central reserve cities. Banks in central reserve cities had no choice but to keep a 25 per cent cash reserve against deposit liabilities. Thus, banks electing to become central reserve city banks would no longer be able to count balances with New York as a part of their reserve.

St. Louis was quick to secure central reserve city status.

On March 11, 1887, eight days after the passage of the permissive amendment, the Comptroller of the Currency received from the St. Louis National Bank a letter requesting the proper forms to be used by banks applying for central reserve city status. On March 18 the Comptroller received the application, unanimously signed by the five national banks in the city. Within a few weeks the St. Louis application was approved, shortly before that of Chicago, and both St. Louis and Chicago became central reserve cities.

With that status St. Louis banks grew at a comparatively rapid rate.

In seeking to become a group of ultimate holders of bank reserves, St. Louis banks were taking a calculated risk. At one stroke they were required to double their own cash reserves, and balances due from New York would no longer count in the computation of their reserve position. The main objective was to attract balances from reserve cities, which would presumably grow in number; there was the further likelihood that country banks would increase their accounts as St. Louis became a more important money center.

St. Louis had been one of the so-called "redemption cities"—equivalent to a reserve city—since the establishment of the national banking system. But her banks were quite small, even by the standards of the day. As of October 5, 1887, total resources of St. Louis banks were just under \$18 million, compared with \$188 million for Boston, \$136 million for Philadelphia, \$47 million for Pittsburgh, and \$40 million for Baltimore. Kansas City banks, which had not even reserve city status, had resources of \$24 million. As the first city of a great undeveloped trade area, St. Louis could perhaps claim a position of special importance. Yet a study by the Comptroller

of the Currency in 1890 revealed that, of the total amount of drafts drawn by national banks on other cities in the preceding year, only 1.64 per cent were drawn on St. Louis, compared with 63 per cent drawn on New York, 9 per cent on Chicago, and 21 per cent on other reserve cities. As a great financial center St. Louis had only prospects.

It can be seen from Table 1, however, that St. Louis banks, by requesting central reserve city status, hastened their own growth.⁵ St. Louis banks in 1887 reported 3 per cent of all bankers' balances held by the central reserve city group; between 1902 and 1914 the figure was never below 9 per cent and was as high as 11 per cent. How important bankers' balances were to St. Louis institutions may be inferred from the fact that they equalled or exceeded individual deposits on nearly every reporting date in the years 1900 to 1914.⁶ Both Chicago and St. Louis banks attracted accounts from banks in contiguous states, and a part of the sharp increase in balances at these cities was attributable to the geographic expansion of the country. It seems apparent, however, that both cities, and especially St. Louis, took business away from New York by gaining accounts in the West and Southwest that had formerly been held in New York.⁷

Large gains in resources and bankers' balances were accompanied by increases in deposits with New York, indicating that, . . .

Table 2 reveals in more striking fashion the rapid rate of growth of St. Louis national banks. Between 1887 and 1914 resources grew nearly eleven-fold, "due to banks" twelve-fold, and "individual deposits" nine-fold. By comparison, Chicago banks, while showing substantially greater increases in these categories than New York, made much smaller gains percentage-wise than did those of St. Louis. This was equally true for amounts "due from banks." St. Louis and Chicago banks kept large balances with New York, but St. Louis banks more than Chicago banks appear to have redeposited funds in New York in amounts scarcely in keeping with their central reserve city responsibilities.⁸

⁵ The sharp changes in early years were in part the result of a shift by some banks from state to national charters.

⁶ Had mid-year reporting dates been used, the differences between "due to banks" and "individual deposits" would have been consistently higher in favor of the former. As fall approached, correspondents of St. Louis banks invariably drew down their accounts. For easily accessible comparative figures, using mid-summer report dates, see Leonard L. Watkins, *BANKERS' BALANCES*, Chicago: A. W. Shaw Company, 1929, pp. 15 and 19.

⁷ Compare Margaret G. Myers, *THE NEW YORK MONEY MARKET*, New York: Columbia University Press, 1931, Vol. 1, pp. 240-241.

⁸ O. M. W. Sprague, *HISTORY OF CRISES UNDER THE NATIONAL BANKING SYSTEM*, Washington: Government Printing Office, 1910, pp. 125-126.

TABLE I
NUMBER OF BANKS, BANKERS' BALANCES, AND INDIVIDUAL DEPOSITS FOR CENTRAL RESERVE CITIES, SELECTED FALL DATES

Year	ST. LOUIS, MISSOURI					CHICAGO, ILLINOIS					NEW YORK, NEW YORK				
	No. of Banks	Total Resources	Due to Banks	Due from Banks	Individual Deposits	No. of Banks	Total Resources	Due to Banks	Due from Banks	Individual Deposits	No. of Banks	Total Resources	Due to Banks	Due from Banks	Individual Deposits
1887	5	\$ 17.9	\$ 5.5	\$ 1.6	\$ 6.6	18	\$ 103.9	\$ 35.2	\$ 12.2	\$ 35.0	47	\$ 469.4	\$ 140.2	\$ 24.9	\$ 228.2
1890	8	45.1	10.4	4.1	21.7	23	135.8	47.0	17.9	59.2	47	533.4	173.4	30.8	227.2
1892	9	49.1	14.8	4.5	20.0	27	175.5	57.7	19.2	77.0	48	601.9	211.3	34.7	234.3
1894	9	48.0	15.9	5.5	18.6	25	170.8	59.1	24.0	74.0	49	691.6	230.5	30.6	323.9
1897	6	57.5	22.6	10.0	21.7	23	180.0	75.3	31.7	71.6	48	733.6	264.9	33.9	312.7
1899	6	90.6	32.5	13.9	37.9	19	243.3	107.4	47.4	101.5	44	985.7	367.2	31.8	401.0
1902	6	146.3	46.4	19.2	44.5	11	321.2	136.4	53.5	131.1	44	1,293.7	316.5	50.8	603.6
1904	8	171.5	57.0	29.2	59.8	13	343.4	146.8	61.0	133.0	41	1,526.0	399.7	52.6	591.1
1906	8	186.7	65.4	27.5	65.0	13	380.2	167.1	60.7	142.6	40	1,474.8	377.9	53.1	659.2
1908	8	200.1	74.4	36.0	66.9	14	432.2	196.1	70.3	151.1	37	1,780.3	471.8	53.7	743.8
1910	10	211.0	76.5	30.7	71.4	11	501.3	207.0	61.9	191.7	39	1,664.8	409.4	67.2	698.1
1912	8	213.8	86.3	38.4	69.3	10	571.8	244.7	90.8	219.6	37	1,762.7	447.7	70.4	767.8
1914	7	193.2	66.2	25.8	60.6	9	588.0	205.0	80.3	224.2	33	1,888.6	422.6	78.7	784.1
1916	7	212.2	85.3	44.0	78.7	10	728.4	306.3	150.2	329.4	33	2,871.6	1,013.6	246.6	1,415.7
1919	5	323.8	84.1	31.2	149.1	9	1,026.7	321.7	136.1	498.8	31	4,345.4	912.1	96.3	2,048.6
1920	5	298.3	71.8	22.3	149.5	8	966.7	278.5	102.6	487.2	30	4,205.9	822.7	47.0	2,051.5
1921	6	239.1	50.1	14.0	126.8	13	838.7	237.6	65.2	426.8	30	3,427.9	686.0	15.7	1,736.6
1922	8	288.6	66.1	20.7	162.0	10	929.6	272.8	81.2	479.6	27	3,924.4	838.4	14.5	2,112.4

PERCENTAGES OF TOTAL CENTRAL RESERVE CITIES

1887	3.0	3.0	4.1	2.4	17.6	19.5	31.5	13.0	79.4	77.5	64.4	84.6
1890	6.3	4.5	7.8	7.0	19.0	20.4	33.9	19.2	74.7	75.1	58.3	73.8
1892	6.0	5.3	7.7	5.7	21.2	20.3	32.9	21.9	72.8	74.5	59.4	72.4
1894	5.1	5.2	9.2	4.0	18.8	19.3	39.9	17.9	76.1	75.5	50.9	78.1
1897	5.9	6.2	13.2	5.4	18.5	20.8	41.9	17.6	75.6	73.0	44.9	77.0
1899	6.9	6.4	14.9	7.0	18.4	21.2	50.9	18.8	74.7	72.4	34.2	74.2
1902	8.3	9.3	15.6	5.7	18.2	27.3	43.3	16.8	73.5	63.4	41.1	77.5
1904	8.4	9.5	20.5	7.7	16.8	24.3	42.7	17.2	74.8	66.2	36.8	75.1
1906	9.2	10.7	19.5	7.5	18.6	27.4	42.9	16.5	72.2	61.9	37.6	76.0
1908	8.3	10.0	22.5	7.0	17.9	26.4	43.9	15.7	73.8	63.6	33.6	77.3
1910	8.9	11.0	19.2	7.4	21.1	29.9	38.7	20.0	70.0	59.1	42.1	72.6
1912	8.4	11.1	19.2	6.5	22.4	31.4	45.5	20.8	69.2	57.5	35.3	72.7
1914	7.2	9.6	14.0	5.7	22.0	29.5	43.4	21.0	70.8	60.9	42.6	73.3
1916	5.6	6.1	10.0	4.3	19.1	21.8	34.1	18.1	75.3	72.1	55.9	77.6
1919	5.7	6.4	11.8	5.5	18.0	24.4	51.6	18.5	76.3	69.2	36.6	76.0
1920	5.5	6.1	13.0	5.6	17.6	23.8	59.7	18.1	76.9	70.1	37.3	76.3
1921	5.3	5.1	14.8	5.6	18.6	24.4	68.7	18.6	76.1	70.5	16.5	75.8
1922	5.6	5.6	17.8	5.9	18.1	23.2	69.8	17.4	76.3	71.2	12.4	76.7

Source (for all tables): Annual reports of the Comptroller of the Currency, 1887-1922.

TABLE II
INDEXES OF CHANGES IN TOTAL RESOURCES, DUE TO BANKS, DUE FROM BANKS, AND INDIVIDUAL DEPOSITS FOR THREE CENTRAL RESERVE CITIES, FALL REPORTING DATES IN SELECTED YEARS

Year	ST. LOUIS, MISSOURI				CHICAGO, ILLINOIS				NEW YORK, NEW YORK			
	Total Resources	Due to Banks	Due from Banks	Individual Deposits	Total Resources	Due to Banks	Due from Banks	Individual Deposits	Total Resources	Due to Banks	Due from Banks	Individual Deposits
1887 = 100.												
1890	252.0	189.1	256.3	328.8	130.7	133.5	146.7	169.1	113.6	123.7	123.7	99.6
1892	274.5	269.1	281.3	303.0	168.9	163.9	157.4	220.0	128.2	150.7	139.4	111.4
1897	321.2	410.9	625.0	328.8	173.2	213.9	259.8	204.6	156.3	188.9	136.1	137.0
1902	817.3	843.6	1200.0	674.2	309.1	387.5	438.5	374.6	275.6	225.7	204.0	264.5
1908	1117.9	1352.7	2250.0	1013.6	416.0	557.1	576.2	431.7	379.3	336.5	215.7	325.9
1914	1079.3	1203.6	1612.5	918.2	565.9	582.4	658.2	640.6	402.3	301.4	316.1	343.6
1914 = 100.												
1920	154.4	108.5	86.4	246.7	164.4	135.9	127.8	217.3	222.7	194.7	59.7	261.6
1921	123.8	75.7	54.3	209.2	142.6	115.9	81.2	190.4	181.5	162.3	19.9	221.5
1922	149.4	99.8	80.2	267.3	158.1	133.1	101.1	213.9	207.8	198.4	18.4	269.4

. . . while a change in the law could shift balances to St. Louis, the change could not provide—even over a period of years—a full-fledged money market there.

Indeed, Sprague argued, with reason, that both Chicago and St. Louis banks behaved under stress like banks of reserve cities rather than of central reserve cities, rapidly drawing down their New York balances, contracting their own loans, and unduly conserving their cash. In fact, during crises some reserve cities accepted more responsibility than did either Chicago or St. Louis, suffering larger reserve losses and expanding their loans as they strove to aid the business community, including other banks.⁹ St. Louis banks did make an heroic effort to provide cash during the panic of 1907. Cash reserves of St. Louis banks fell to 20.38 per cent by December 3, 1907, and this was after the panic was over.¹⁰ The fact remains, however, that St. Louis, like the reserve cities, responded to both seasonal and cyclical pressures by turning to New York for funds.

It was commonly thought in 1914 that the establishment of the Federal Reserve System would lead to large declines in bankers' balances. Actually they increased during the first decade of System operation, though doubtless less than would have been the case without the central bank. But by 1919 St. Louis banks had experienced a much smaller gain in "due to banks" than had banks in either Chicago or New York; St. Louis increases in bankers' balances were even less than for national banks as a group. (See Tables 1-4.) Meantime, bankers' balances had fallen well below individual deposits, though this was true in Chicago as well as in St. Louis. When, with the onset of the depression of 1920-21, bankers' balances fell well below their 1914 levels, it was apparent that St. Louis banks had suffered a much greater loss of correspondent business than had banks generally. There was no longer a legal reason why reserve city banks should keep balances with central reserve city banks if it were not entirely convenient to do so. No full-fledged money market had developed in St. Louis. In the absence of legal compulsion, many banks in the West and Southwest simply found their interests better served by keeping their correspondent balances in one of the rapidly growing new cities of the area.

⁹ *Ibid.*, pp. 309-310.

¹⁰ ANNUAL REPORT OF THE COMPTROLLER OF THE CURRENCY, 1908, p. 192. With only one exception cash reserves of St. Louis banks were below the legal 25 per cent minimum on fall report dates between 1897 and 1907.

After the establishment of the Federal Reserve System in 1914, St. Louis bankers saw no reason to maintain their central reserve city status and in 1919 requested declassification.

St. Louis bankers soon came to the realization that central reserve city status was no longer beneficial. Such additional prestige as the classification afforded was far more than offset by a legal reserve requirement of 13 per cent as compared with 10 per cent for banks in reserve cities.

On April 8, 1919, representatives of the fifteen banks of the St. Louis Clearing House Association which were also members of the Federal Reserve System adopted a resolution requesting termination of the central reserve city classification of St. Louis.¹¹ On June 30, 1919, Mr. F. O. Watts, President of the Clearing House Association, forwarded the resolution to the Federal Reserve Board. Three principal arguments were advanced in favor of the petition for declassification: (1) since the old order with respect to reserves was changed by passage of the Federal Reserve Act, St. Louis banks were no longer required to keep large cash reserves and the central reserve classification had lost its significance; (2) because the benefits of the central reserve designation had been terminated by law, cities in competition with St. Louis had an unfair competitive advantage in that they did not have to keep such large reserves as St. Louis; and (3) deposits of St. Louis banks were quite as stable as those in reserve cities generally.

The first request was declined because consideration was then being given to other methods of classifying banks for reserve purposes.

There is no indication of the specific action taken by the Board on this petition. However, on July 5 Governor Harding wrote to Mr. Watts indicating that action would not be favorable. The argument that higher reserve requirements put St. Louis at a disadvantage in the competition with Boston, Philadelphia, Kansas City, Cleveland, and other cities could be urged with equal force, he wrote, by banks of Chicago and New York. Further, he said, ". . . the Board has been considering the advisability of classifying cities which are the seat of a Federal Reserve Bank, and perhaps the branch bank cities, on a distinctive basis from all other cities." Governor Harding went on to ask the views of the St. Louis Clearing House Association as to the relative merits of three reserve proposals:

¹¹ The petitioning banks were: American Trust Company, Central National Bank, Franklin Bank, United States Bank, Liberty Bank, St. Louis Union Bank, International Bank, Merchants-Laclede National Bank, Mercantile Trust Company, Mississippi Valley Trust Company, National Bank of Commerce, Lafayette-South Side Bank, State National Bank, Third National Bank, and Mechanics-American National Bank.

1. Classification of cities having a Federal Reserve Bank as central reserve cities, classification of branch bank cities as reserve cities, and classification of banks in all other towns and cities as country banks.

2. Classification of all Federal Reserve cities and branch bank cities as reserve cities, with cities of a certain minimum population, say 75,000 or 100,000, likewise classified as reserve cities.

3. Amendment of the Federal Reserve Act to provide for uniform reserves in all towns and cities regardless of population; uniform, but presumably different, percentages would apply to time deposits, individual deposits, and interbank deposits.

A few days later the Board sent a letter to the Chairman of each Federal Reserve Bank stating that it was considering the advisability of reclassifying cities in which Federal Reserve Banks and their branches were located as central reserve and reserve cities, respectively. In reply most of the Federal Reserve Banks suggested that, instead of increasing reserve requirements for some cities, it would be better to change St. Louis from a central reserve to a reserve city.

On January 12, 1922, a second petition for change in classification was sent to the Federal Reserve Board.

Apparently the St. Louis Clearing House Association shortly withdrew its petition for declassification. A little less than three years later a second petition, dated January 12, 1922, was forwarded to the Federal Reserve Board. The arguments urging favorable action were almost unchanged. This time, however, the St. Louis banks went to considerable lengths to make the strongest possible case. Leading bankers in both Chicago and New York were visited, and assurances were received that neither Chicago nor New York contemplated similar requests for declassification. On January 28, 1922, Mr. William McC. Martin, Chairman of the Federal Reserve Bank of St. Louis, sent to the Board data showing the effect of declassification on the statement of the Federal Reserve Bank of St. Louis. The effect of reduction in the required reserves of member banks in the city of St. Louis would, he concluded, ". . . have so little effect, that it could be done without weakening the general banking situation."

TABLE III
NUMBER OF BANKS, TOTAL RESOURCES, DUE TO BANKS, DUE FROM BANKS, AND INDIVIDUAL DEPOSITS
FOR ALL NATIONAL BANKS, FALL REPORTING DATES IN SELECTED YEARS.

(In millions of dollars)

Date	Number of Banks	Total Resources	Due to Banks	Due from Banks	Individual Deposits
Oct. 5, 1887	3,049	\$ 2,620.2	\$ 329.6	\$ 115.4	\$ 1,249.5
Oct. 2, 1890	3,540	3,141.5	426.5	146.8	1,564.8
Sept. 30, 1892	3,773	3,510.1	530.6	173.1	1,765.4
Oct. 5, 1897	3,610	3,705.1	645.7	197.4	1,853.3
Sept. 15, 1902	4,601	6,113.9	934.1	354.6	3,209.3
Sept. 23, 1908	6,853	9,027.3	1,419.8	491.4	4,548.1
Sept. 12, 1914	7,538	11,483.5	1,426.2	602.4	6,139.1
Sept. 12, 1919	7,821	21,615.4	3,053.5	1,707.6	12,672.5
Sept. 8, 1920	8,093	21,885.5	2,770.3	1,424.3	13,595.9
Sept. 6, 1921	8,155	19,014.1	2,101.2	1,039.6	12,033.5
Sept. 15, 1922	8,240	20,926.1	2,614.0	1,363.2	13,439.6

TABLE IV
PERCENTAGE CHANGES IN TOTAL RESOURCES, DUE TO BANKS, DUE FROM BANKS, AND INDIVIDUAL DEPOSITS FOR ALL NATIONAL BANKS, FALL REPORTING DATES IN SELECTED YEARS.

1887 = 100.

Date	Total Resources	Due to Banks	Due from Banks	Individual Deposits
Oct. 2, 1890	119.9	129.4	127.2	125.2
Sept. 30, 1892	134.0	161.0	150.0	141.3
Oct. 5, 1897	141.4	195.9	171.1	148.3
Sept. 15, 1902	233.3	283.4	307.3	256.8
Sept. 23, 1908	344.5	430.8	425.8	364.0
Sept. 12, 1914	438.3	432.7	522.0	491.3

1914 = 100.

Date	Total Resources	Due to Banks	Due from Banks	Individual Deposits
Sept. 12, 1919	188.2	214.1	283.5	206.4
Sept. 8, 1920	190.6	194.2	236.4	221.5
Sept. 6, 1921	165.6	147.3	172.6	196.0
Sept. 15, 1922	182.2	183.3	226.3	218.9

After one adverse decision, . . .

Almost immediately, on January 30, the Board notified Mr. Martin that the St. Louis application for declassification had again been declined. Once more the Board suggested that the inequalities complained of by the St. Louis banks might better be relieved through reclassification of other reserve bank cities as central reserve cities. The Board also called attention to the fact that St. Louis banks had of their own volition asked for classification as a central reserve city and that under the Federal Reserve Act the required reserves were reduced by more than one-half.¹²

. . . the Board approved the change effective July 1, 1922, . . .

Four months later the Federal Reserve Board reconsidered its action, coming this time to a favorable conclusion. On May 31, 1922, the following telegram was sent to Chairman Martin of the St. Louis Federal Reserve Bank: "Board today has reclassified St.

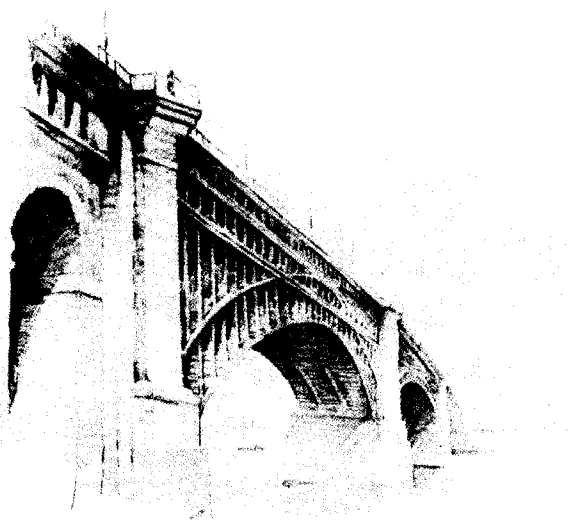
¹² The Board was correct in this assertion. Under the old rules national banks were required to maintain in vault cash reserves of 25 per cent against net deposits, no distinction for reserve purposes being made between demand and time deposits. A required reserve ratio under the Federal Reserve Act of only 3 per cent against time deposits thus permitted a reduction of more than one-half in required reserves.

Louis a reserve city in lieu of central reserve city, effective July 1, 1922. Please advise interested banks."

. . . ending a little known episode in American financial history.

Thus was concluded a little known episode in the financial history of America. In an effort to lift themselves by their own bootstraps to positions of greater power and prestige, St. Louis banks requested central reserve city status when the financial importance of the city did not warrant it. As holders of a portion of the ultimate reserves of the banking system, St. Louis banks doubtless experienced a growth which they would not have had as a reserve city. The capital resources thus attracted may well have given impetus to the expansion of the Southwest. Yet St. Louis banks were never able to accept responsibility for guiding and aiding the commercial banking system as New York banks were able to do. Because they could not actually supply central reserve city services, there was no reason for them to bear a greater share of the reserve burden than less venturesome banks in sister cities.

ROSS M. ROBERTSON



OLD COURT HOUSE AND EADS BRIDGE SKETCHES BY ROSCOE MISSELRHORN

District Member Bank Earnings

PRELIMINARY REPORTS indicate that net profits after taxes of Eighth District member banks rose to \$21.5 million in the first half of 1954, surpassing by \$3.6 million the previous half-year high reached in the first six months of last year. Both reserve city and non-reserve city banks shared in the increase, but the gain was somewhat greater at non-reserve city banks. A large factor in the growth of earnings was the net profit on security sales. Partial offsets were the continued rise in expenses and the decline in yields on new investments.

Total operating earnings of district member banks rose to an estimated \$85.3 million in the first half of 1954. By comparison, in the first half of 1953 earnings amounted to \$81.8 million. The increase in earnings was largely the result of a growth in earning assets, which, in turn, reflected an expansion in bank resources and somewhat lower reserve requirements. The growth in bank resources resulted from an increase in deposits, both time and demand, and an expansion in capital structures. Average rates of return on earning assets remained at about the same level as a year ago despite a decline in interest rates generally. Earnings on municipal securities increased significantly while those on loans rose moderately. Earnings on Government securities were only slightly higher than in the corresponding period a year earlier; at country banks they were down.

The 4 per cent rise in earnings at district member banks from the first half of 1953 to the first half of 1954 was more than offset by a 9 per cent jump in expenses to over \$50 million. Thus, net operating earnings were lower, \$35.2 million compared with \$35.7 million in the comparable period a year earlier. Preliminary reports indicate that the sharpest rise in expenses was in interest payments on time and savings accounts. Time deposits rose rapidly and indi-

cations are that the average rate of return on them continued to work up as it has in recent years. Wage and salary payments also continued to increase.

The moderate contraction in net operating earnings was more than offset by net recoveries on loans and profits on securities. Both reserve city and non-reserve city banks shared in these gains. The net profits were largely made possible as a result of the sizable climb in security prices, particularly in Government bonds. The elimination of the excess profits tax probably made it somewhat more attractive for banks to take these gains this year than it would have been in other recent years.

Reflecting the large net recoveries and profits, net profits before taxes at district member banks rose to nearly \$40 million in the half-year period. This was substantially higher (19 per cent) than the previous peak in the first half of 1953.

Taxes on net income took roughly \$18.4 million of the profits. This was \$2.7 million larger than in the like period a year ago. The growth was largely due to the rising level of profits both last year and this year. The elimination of the excess profits taxes was not completely reflected in the tax payments in the first half of 1954.

Stockholders also received the greatest amount of cash dividends for any half-year period in history—\$6.8 million, or \$0.2 million more than the former peak in the last half of 1953. In addition, district member banks enlarged their capital structures about \$14.7 million from earnings compared with \$11.6 million in the like period a year ago. Largely through the retention of these profits, member banks added to their capital structures at a rate exceeding the growth in their total assets, risk assets or deposits.

NORMAN N. BOWSER

**EARNINGS AND EXPENSES
EIGHTH DISTRICT MEMBER BANKS**
(In millions of dollars)

	First Six Months		
	1952	1953	1954 ^p
Interest and Discounts on Loans	42.9	47.1	49.6
Interest on U. S. Gov't. Securities	16.6	20.0	20.1
All Other Operating Earnings	13.8	14.7	15.6
Total Operating Earnings	73.3	81.8	85.3
Total Operating Expenses	42.3	46.1	50.1
Net Operating Earnings	31.0	35.7	35.2
Net Losses and Charge-offs	2.2	2.1	4.7
Net Profits Before Taxes	28.8	33.6	39.9
Taxes on Net Income	13.5	15.7	18.4
Net Profits After Taxes	15.3	17.9	21.5
Cash Dividends Declared	6.1	6.3	6.8

p—preliminary

**SELECTED OPERATING RATIOS
EIGHTH DISTRICT MEMBER BANKS**
(In Per Cent)

	First Six Months		
	1952	1953	1954 ^p
Net Profits (after taxes) to Capital Accounts	4.1	4.5	5.1
Cash Dividends to Capital Accounts	1.6	1.6	1.6
Net Profits (after taxes) to Total Assets	0.27	0.30	0.35
Expenses to Total Earnings	57.7	56.3	58.7
Net Losses and Charge-offs to Total Earnings	3.0	2.6	5.5
Income Taxes to Total Earnings	18.5	19.2	21.6
Net Profits to Total Earnings	20.8	21.9	25.2
Interest on Government Securities	1.72	2.02	2.02
Earnings on Loans	4.52	4.62	4.64
Capital Accounts to Total Assets	6.5	6.6	6.8
Capital Accounts to Risk Assets	16.0	15.8	15.9
Capital Accounts to Total Deposits	7.0	7.1	7.4
Time Deposits to Total Deposits	18.9	19.0	19.9

p—preliminary

Survey OF CURRENT CONDITIONS

WEATHER WAS THE DOMINANT INFLUENCE during July on Eighth District business and agriculture. Most of the district melted under a heat wave which oppressed workers in cities and withered farmers' prospects. The weather influenced various sectors of the business economy in opposite ways. Industrial output in the district was off slightly as workers' productivity declined, but construction activity continued at a high rate, department store sales were higher than a year ago and bank credit expanded. Insured unemployment rose slightly because of plant-wide vacation shutdowns. Allowing for the season, over-all business activity was fairly steady in July as it was in June.

Agriculture

The farm sector of the district economy was the one most noticeably affected by the heat of July. The combination of heat and lack of rain was reported to have damaged crops in many parts of the district. Until this last hot spell, however, district crop prospects looked good.

Crop prospects in district states as reported by the United States Department of Agriculture as of July 1 were generally good to excellent with the exception of parts of Arkansas, Mississippi, and Missouri. The over-all situation compared favorably with conditions a year ago. July 1 estimates of crop yields per acre were above those of last year and in some crops considerably more than the 1943-52 average. Pasture feed conditions, however, were spotty and varied from excellent to extremely drouthy.

The relatively high average yields per acre were expected to offset declines in the acreage of certain major crops. For example, wheat acreage was down 6 per cent, but production was estimated at 26 per cent greater than the ten-year average; and burley tobacco acreage was down 13 per cent with anticipated production down only 3 per cent. Both acreage and indicated yield per acre of barley and rye were higher than the average, resulting in approximately a 100 per cent production increase. In the aggregate, July 1 indicated yields suggested that 1954 district crop production might be above the 1943-52 average although below 1953 levels. However, these district

crop prospects have been materially changed by the weather of the past month.

The Eighth District agricultural picture for the month of July was highlighted by dry, hot weather and generally declining crop prospects. Practically all of the district suffered from the prolonged record-breaking heat wave, which was broken only occasionally by widely scattered thundershowers. Large portions of the district received no rainfall during the period, and only a few small areas received sufficient moisture to prevent declining crop conditions. In general, the agricultural outlook apparently worsened more in the district than in the nation during July.

In the southern part of the district the summer grain and feed crops have suffered most. At month's end corn prospects were very poor over most of this southern area. On some farms corn planted for grain was being salvaged for silage. Most of the pastures and the early planted soybeans had been badly damaged. Later planted soybeans could still produce a good crop if early rainfall were received. The feed situation in the area was not critical because there had been a good harvest of early-maturing forage crops for hay and a good-to-excellent yield of oats from the winter oat crop.

Fortunately for most of the South, cotton crop prospects remain average or above. The plant is somewhat smaller than usual for the time of year because of the necessity for replanting most of the crop. However, except on the thin upland soils, it has held up well under adverse weather conditions. Cotton production costs have been relatively low. The heat and dry weather have combined to control the boll weevil and reduce chopping costs.

Burley tobacco crop prospects improved in the latter half of the month, although conditions were quite varied from field to field, reflecting spotty rainfall.

In Arkansas, vegetable crops, dairy production, egg production, and cattle growing have been damaged, especially in the northwest portion of the state. Poor pasture conditions were causing the marketing of some thin cattle. Rice and cotton in the state were holding up, although they would benefit from some rain. In the district portion of Illinois there has been damage to corn and soybeans from the heat, and pas-

tures are in very poor condition. Corn, soybeans, and hay were suffering in Missouri, and pasture conditions were reported to be about 40 per cent of normal. In district Indiana heat and drouth have reduced corn and soybean prospects.

The few farms in the southern portion of the district using irrigation equipment have excellent crops as a result. This is the third year in succession that such equipment has proven profitable in this area.

Industrial Production

Precise measures of the effects of the heat upon industrial production in the district are not available, but there was unquestionably a reduction in efficiency as the temperature rose to the extreme levels of last month. In Evansville on the worst day of the heat wave, several manufacturing plants sent their workers home for the day. In addition to the heat, vacations normally cut into industrial production in July. This year the reduction in district output appears to have been more than seasonal.

Steel ingot production in the St. Louis area dropped to 59 per cent of capacity for the first four weeks of the month, compared with 71 per cent in June and 93 per cent for July a year ago. Auto assembly was reduced by a strike. Farm equipment manufacture dropped more than the usual amount for summer, as sales failed to reach anticipated levels.

In lumber production, statistics showed output of both Southern pine and hardwood to be down about 7 per cent in the first half of July compared with June, despite a West Coast strike which, according to trade reports, tended to increase softwood business in the South. Apparently orders were being filled from inventory.

In textiles the situation showed some strength if allowance is made for the customary vacations scheduled for one or two weeks over the Fourth of July. Mills producing light-weight goods were running well, but the heavy goods and coarse yarn business was slow. Some pickup in textile orders for fall business was noted.

Mineral production featured a sharp seasonal drop in coal output reflecting the miner's holiday, while crude oil flow in district states remained at about the same level. Lead mining, an important district activity, was supported by Government stockpiling purchases. Fluorspar output has fallen off, reportedly because domestic producers are unable to compete with foreign imports of the mineral.

Trade and Service

Trade is traditionally sensitive to the weather. Some of the effects of last month's heat upon trade were surprising.

Sales at Eighth District department stores in the

first three weeks of July were somewhat higher than in the comparable period of 1953.

Some slowing in sales of new automobiles was reported around mid-July, with excessively hot weather taking the blame for slow salesroom traffic. Used car sales compared favorably with those a year earlier, but prices were considerably lower.

The weather this year has been doubly uncomfortable for dealers in air-conditioning equipment because through June, when they normally expect to make a high proportion of their yearly sales, the weather was unseasonably cool and their inventories built up. Just when they began to clear their inventories and were heavily advertising bargains, the weather turned hot. But having begun their clearance sales, they had to watch a rush of business at below-normal prices.

Electric power sales rose to record levels as families sought relief around their air conditioners and fans. The air-conditioning load was further increased by the many people who were driven by the heat to order home cooling in July.

Business was "too good" for water companies in many district cities, large and small. In some the abnormally dry weather of the past three years has limited supplies. In others the demand of householders for water to save lawns and shrubbery taxed the capacity of distribution systems, especially in some suburbs. Water-cooled air conditioners gulped huge quantities of water too. As an example of the increase in water consumption, the average daily use of water in St. Louis County in the highest week of July was 20 per cent greater than consumption on the peak day last year. The peak day's consumption of 85 million gallons in July was 33 per cent above last year's peak day.

Banking

Bank credit continued to rise moderately at district weekly reporting member banks during the five weeks ended July 21. Both loans and investments were up. The primary factor in the loan expansion was a substantial growth in "other," largely consumer, loans. On the other hand business loans declined contra-seasonally as commodity dealers and public utilities repaid on balance in contrast to net additions in the comparable weeks of the previous two years.

Investment holdings increased, reflecting in part the recent reduction in reserve requirements on time deposits, as these banks made net purchases of all reported types of securities except Treasury certificates. Net purchases of municipal and corporate securities continued large, a 2 per cent increase in the five weeks following a 5 per cent growth in the previous five weeks. In the current period the bulk of the net additions occurred at banks in St. Louis.

The DISTRICT RECORD

Industry

VARIOUS INDICATORS OF INDUSTRIAL ACTIVITY

	June 1954	Percentage Change* May 1954	June 1953
Industrial Use of Electric Power (thousands of KWH per working day, selected industrial firms in 6 district cities)	11,981	- 3%	- 8%
Steel Ingot Rate, St. Louis area (operating rate, per cent of capacity)	71	- 0	-25
Coal Production Index—8th Dist. (Seasonally adjusted, 1935-1939=100)	108 p	+ 1	-14
Crude Oil Production—8th Dist. (Daily average in thousands of bbls.)	331.0	+ 1	+ 9
Freight Interchanges at RR—St. Louis (Thousands of cars—25 railroads—Terminal R. R. Assn.)	97.2	+ 6	-12
Livestock Slaughter—St. Louis area. (Thousands of head—weekly average)	82.6	-12	- 7
Lumber Production—S. Pine (Average weekly production—thousands of bd. ft.)	184.4	- 1	- 8
Lumber Production—S. Hardwoods. (Operating rate, per cent of capacity)	89	+ 1	+ 5

* Percentage change figures for the steel ingot rate, Southern hardwood rate, and the coal production index, show the relative per cent change in production, not the drop in index points or in percents of capacity.
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Banking

BANK DEBITS¹

	June 1954 (In millions)	Percentage Change from May 1954	June 1953
Six Largest Centers:			
East St. Louis-National Stock Yards, Ill.	\$ 134.6	+ 2%	+ 4%
Evansville, Ind.	159.4	+15	-10
Little Rock, Ark.	166.8	+ 7	+ 6
Louisville, Ky.	739.4	+13	+ 3
Memphis, Tenn.	605.7	- 4	+ 1
St. Louis, Mo.	2,129.3	+17	+ 1
Total—Six Largest Centers	\$3,935.2	+11%	+ 1%
Other Reporting Centers:			
Alton, Ill.	\$ 39.7	+16%	- 8%
Cape Girardeau, Mo.	14.0	+ 8	+ 1
El Dorado, Ark.	29.3	+12	+ 7
Fort Smith, Ark.	48.6	+ 6	+ 4
Greenville, Miss.	23.4	+ 3	+ 4
Hannibal, Mo.	9.6	+ 3	- 0
Helena, Ark.	20.5	+ 3	+ 3
Jackson, Tenn.	59.5	+ 3	+14
Jefferson City, Mo.	38.0	+ 3	+ 9
Owensboro, Ky.	32.3	+ 3	-23
Paducah, Ky.	31.7	+ 1	- 3
Pine Bluff, Ark.	39.3	+17	+ 9
Quincy, Ill.	13.0	+ 2	+ 8
Sedalia, Mo.	76.8	+18	+ 7
Springfield, Mo.	19.0	+ 9	-16
Total—Other Centers	\$ 502.2	+ 8%	- 1%
Total—22 Centers	\$4,437.4	+11%	- 0%

INDEX OF BANK DEBITS—22 CENTERS SEASONALLY ADJUSTED (1947-49=100)

June 1954	May 1954	June 1953
145.2	133.8	144.6

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

Agriculture

CASH FARM INCOME

(In thousands of dollars)	Percentage Change Jan. thru May			
	May 1954	May '54 from May '53	1954 compared with 1953	1952
Arkansas	\$ 24,758	+25%	- 3%	- 3%
Illinois	163,550	+10	+ 7	+ 3
Indiana	76,928	+ 6	+11	+ 4
Kentucky	24,945	- 3	- 7	+ 1
Mississippi	18,171	- 1	-26	+ 7
Missouri	69,298	+ 5	+ 7	+ 5
Tennessee	26,781	+ 2	- 8	-13
7 States	\$404,431	+ 7%	+ 2%	+ 2%
8th Dist.	\$160,618	+ 8%	- 2%	+ 2%

Construction

INDEX OF CONSTRUCTION CONTRACTS AWARDED EIGHTH FEDERAL RESERVE DISTRICT* (1947-1949=100)

Unadjusted	Percentage Change		
	May 1954	Apr. 1954	May 1953
Total	203.8 p	200.2	193.0
Residential	235.4 p	221.0	198.0
All Other	189.2 p	190.6	190.6
Seasonally adjusted			
Total	180.4 p	183.2	170.8
Residential	208.3 p	200.9	175.2
All Other	167.4 p	175.0	168.7

* Based on three-month moving average (centered on mid-month) of value of awards, as reported by F. W. Dodge Corporation.
p Preliminary.

ASSETS AND LIABILITIES OF EIGHTH DISTRICT MEMBER BANKS (In Millions of Dollars)

	Weekly Reporting Banks		All Member Banks	
	July 21, 1954	Change from June 16, 1954	June 30, 1954	Change from May 26, 1954
Assets				
Loans (Net) ¹	\$1,344	\$+ 18	\$2,106	\$- 16
Business and Agricultural	676	+ 5		
Security	36	+ 1		
Real Estate	259	+ 8		
Banks	21	+ 8		
Other (largely consumer)	370	+14		
U. S. Government Securities	1,032	+28	1,957	- 34
Other Securities	214	+ 4	442	+ 10
Cash Assets	858	-90	1,506	+123
Other Assets	40	- 0	66	+ 2
Total Assets	\$3,488	\$- 40	\$6,077	\$+ 85
Liabilities and Capital				
Demand Deposits of Banks	\$ 674	\$+ 14	\$ 742	\$+ 71
Other Demand Deposits	1,978	- 64	3,719	+ 67
Time Deposits	534	+ 4	1,154	+ 7
Borrowings and Other Liabilities	62	+ 5	39	- 61
Total Capital Accounts	240	+ 1	423	+ 1
Total Liabilities and Capital	\$3,488	\$- 40	\$6,077	\$+ 85

¹ Loan breakdowns reported gross for weekly reporting banks, not available for all member banks.

Trade

RETAIL FURNITURE STORES

	Net Sales		Inventories	
	June, 1954 compared with May, '54	June, '53	June, 1954 compared with May, '54	June, '53
8th Dist. Total ¹	+10%	+ 3%	-11%	-10%
St. Louis	+10	+ 5	- 4	- 7
Louisville Area ²	+ 7	+ 5	-18	-12
Louisville	+ 5	+ 7	-17	-11
Memphis	+29	-13	*	*
Little Rock	+ 3	- 9	-21	- 2
Springfield	- 0	+15	- 5	- 9

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

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

² Includes Louisville, Kentucky; and New Albany, Indiana.

PERCENTAGE DISTRIBUTION OF FURNITURE SALES

	June, '54	May, '54	June, '53
Cash Sales	15%	16%	14%
Credit Sales	85	84	86
Total Sales	100%	100%	100%

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.

DEPARTMENT STORES

	Net Sales		Stocks on Hand	Stock Turnover	Percentage of Accts. and Notes Receivable, Outstanding June 1, 1954, collected during June.			
	June, 1954 compared with May, '54	6 mos. '54 to same period '53			Instal. Accounts	Instalment Accounts		
8th F.R. District Total	+ 7%	- 1%	- 4%	-10%	1.82	1.75	18%	49%
Fort Smith Area, Ark. ¹	- 6	+ 3	- 3	- 7	1.60	1.68		43
Little Rock Area, Ark.	- 9	+ 3	+ 1	- 6	1.74	1.64	13	44
Quincy, Ill.	+ 1	- 3	- 0	- 8	1.76	1.69		
Evansville Area, Ind.	+11	-12	- 4	-12	1.93	1.84	20	48
Louisville Area, Ky., Ind.	+ 8	+ 2	- 2	-12	1.88	1.77	20	54
Paducah, Ky.	+ 1	-24	-27		1.57	1.51		
St. Louis Area, Mo., Ill.	+14	- 1	- 2	-13	1.85	1.82	17	38
Springfield Area, Mo.	+ 8	+ 2	- 2	- 3	1.25	1.34	9	43
Memphis Area, Tenn.	+ 8	+ 2	- 2	- 3				
All Other Cities ²	+ 6	-15	-15	- 8				

INDEXES OF SALES AND STOCKS—8TH DISTRICT

	June 1954	May 1954	April 1954	June 1953
Sales (daily average), unadjusted ³	110	106	112	110
Sales (daily average), seasonally adjusted ³	122	106	114	122
Stocks, unadjusted ⁴	119	124 R	124	132
Stocks, seasonally adjusted ⁴	119	118	116	132

R—Revised

³ Daily average 1947-49=100

⁴ End of Month average 1947-49=100

Trading days: June 1954—26; May, 1954—25; June, 1953—26.

² Fayetteville, Pine Bluff, Arkansas; Harrisburg, Mt. Vernon, Illinois; Vincennes, Indiana; Danville, Hopkinsville, Mayfield, Owensboro, Kentucky; Chillicothe, Missouri; Greenville, Mississippi; and Jackson, Tennessee.

Outstanding orders of reporting stores at the end of June 1, 1954, were 16 per cent smaller than on the corresponding date a year ago.