ECONOMIC development of Southwest Missouri, originally retarded by lack of trade routes, accelerated with the building of railroads after the Civil War and highways in the 1920's.

Population growth has been slow but per capita incomes have risen faster than in the nation, reflecting increases in farm efficiency, rapid growth of manufacturing, and a swelling tourist business. Retail trade and banking have contributed to growth of the region.

Demand prospects for Southwest Missouri's major farm products, manufactured items, and tourist attractions appear favorable to continued income growth.
The fourteen counties shown above, comprising the area discussed in this article, do not, of course, constitute all of the area commonly called the Ozarks. These counties were originally selected for analysis at a regional development conference of Southwest Missouri bankers in November 1956.

As can be seen by the contour lines on the map, the area around Springfield is relatively level. On the northeast is the hilly Lake of the Ozarks region. To the south is the rugged White River country. The rail lines and highways converging on Springfield indicate the position of that city as a trade, manufacturing, and transportation center for the Ozarks.

Shading for lakes and rivers is not shown, nor is Table Rock Dam (depicted on the cover), which is just west of Branson on the White River.

The Changing Ozarks

To the honest, industrious and persevering home seeker, to the capitalist and to the investor, we have a revelation to make. This revelation, be it understood, appertains not to a glittering El Dorado where fortunes can be plucked like autumn pippins or where wealth may be gathered as stones upon the highway; but we would disclose to you a country where honest toil hath its sure and rich reward, and where the investor surely gathereth in a goodly increase.

From foreword to Southwest Missouri, published by the Southwest Missouri Immigration Society in 1888.

Economic development of Southwest Missouri, ...

The once-popular image of the Ozarks as a country of simple mountaineers leading a picturesque but stark life may have had roots in fact, but it is no longer a true one. The few isolated hollows which fit the description are now sought out by balladeers and graduate students who hope to record something of a vanishing way of life. The Ozarks are changing, and anyone who tours Northwest Arkansas and Southern Missouri cannot help but see the change.

A good place to see the new Ozarks is in the fourteen Southwest Missouri counties reviewed in this article. Springfield, a growing trade and transportation center which is becoming increasingly industrial in complexion, is the region's metropolis. Farms spreading out from Springfield form one of the nation's larger milksheds and are also major suppliers of livestock and poultry. Smaller cities scattered across the hills and prairies contain manufacturing plants and bustling business districts. On the northern and southern borders are recreation and resort areas: Lake of the Ozarks and the Branson-Shepherd of the Hills Country. Along U. S. 66 and the other highways which lace the region together, motels and restaurants and other businesses serve a rushing flow of travelers.

It is evident that the Southwest Missouri economy is unusually diversified. To unravel some of its complexity, the area's economic history will be briefly reviewed, and recent economic trends will be examined. Finally some assessment will be made of the prospects of these fourteen counties.

...originally retarded by lack of trade routes, ...

"There is, perhaps, no country in the world, where cattle and hogs can be raised with so little expense and trouble as here." So said Henry Rowe Schoolcraft after exploring the Ozark Highlands in 1818 and 1819. The numerous springs, the river bottoms, and the grassy prairies he saw suggested what is still one of the chief activities of the area.

Thus, one of the main strands in the story of Southwest Missouri's development can be picked up early: the recognition and utilization of the area's unique combination of resources. Known today as the Springfield Plain, the central section of the area is a gently rolling or almost level highland, based upon a resistant limestone formation which provides some of the best upland soil of the Ozarks. To the south, streams have cut sharply downward to form picturesque tributary valleys feeding into the White River Valley. To the north, a somewhat similar terrain has been formed by the Niangua and Osage Rivers and their tributaries. The northern and southern fringes have their best soils along the river bottoms.

Although livestock production was indicated by the soils, climate, and terrain, the early settlers had another very practical reason for specializing in livestock raising. The Ozarks to the east and south were a jumbled wilderness and there were no easily navigable rivers from the center of the area, so the possibilities for shipping out crops such as grain or cotton were limited. But cattle and mules could walk

1 Henry Rowe Schoolcraft, View of the Lead Mines, 1819, pp. 34-35.
to market over the crude roads of the day, and salt pork was valuable enough to justify a long wagon haul and durable enough to survive it.

The other main strand of the area's development is the gradual breaking down of Southwest Missouri's isolation. As trade grew, possibilities for benefiting from growth of the rest of the country expanded. The growing interdependence of regions and communities which is so well illustrated by the experience of Southwest Missouri, is, of course, one of the principal characteristics of the modern world economy.

In the first stage of Southwest Missouri's development, from 1820 to about 1850, population growth was slow as settlement lagged behind other sections of Missouri. The difficulties of moving into the area are illustrated by the account of some families who in 1822 "... left their homes in Ohio, traveling in a keel boat down the Muskingum, Ohio, and Mississippi Rivers, to the mouth of the Arkansas, thence ascending that river, the White River, and James Fork ..." to establish a settlement in Christian County. Most of the early settlers came in by this southerly route, many of them from Tennessee and Kentucky. Typifying the frontiersmen of history and legend, these pioneers did not take up the prairie land to any great extent but located instead in wooded land along the rivers and creeks.

A relatively self-sufficient economy grew up. Springfield, which had been established around 1822, became a natural trade center for the territory. Manufacturing of farm implements grew out of an early Springfield blacksmith shop and by 1850 "Lair's Prairie Breaker" was known for 100 miles around. The farms were small, producing little more than was needed for support of the families living on them, but there was usually some small surplus which could be brought to town. Corn, cotton, flax, and tobacco were raised in small patches to meet household needs. Water power sites were developed for gristmills and sawmills; and their product, too, could be disposed of in small part in Springfield. What trade there was with the rest of the country was based primarily upon the exports of livestock mentioned above. Expeditions headed for the far West and Southwest in these years and the growing needs of southern plantations provided a brisk demand for mules.

... accelerated with the building of railroads after the Civil War...

Beginning of lead mining southwest of Springfield in the 1850's greatly stimulated outside interest in the area. The Civil War, however, soon put a stop to economic development. Several counties were virtually depopulated and much hard-gained property was destroyed as contending armies and guerilla bands swept across the Springfield Plain. The growth interrupted by the war was quickly resumed when the fighting ceased. Emergence of Joplin as a lead and zinc center in the 1870's provided additional impetus. Although Joplin is just outside the area under review here, its explosive growth had wide repercussions. A new wave of immigration began and railroads were pushed down from St. Louis and Kansas City.

With railroads established, the 1880's saw the final breakdown of the area's isolation. Commercial farming began in earnest, with a greater emphasis on raising of grain than had been true earlier. The optimistic tone of efforts to attract immigrants is captured in this statement from a Polk County prospectus in 1888: "The work of settling this county, far from being completed, is as yet only in its infancy. With her broad prairies, abundance of timber, water and fertile lands, the breezes of this favored county will yet kiss the cheek of many a sturdy man who comes to repeat the success of those whom we have already welcomed."3

3 Southwest Missouri Immigration Society, Southwest Missouri, 1888, p. 93.

Springfield square in 1875. Drawn from a photograph in the collection of the Springfield Art Museum.

From the 1920's on, the building of highways knit Southwest Missouri even more firmly into the national economy. As the growing metropolitan areas of St. Louis, Kansas City, and Springfield itself became more accessible, farmers of Southwest Missouri turned increasing to dairying to meet the needs of urban populations. Over the new roads came the advance guard of an army of tourists. And at long last manufacturing plants began to produce for national markets.  

Population growth has been slow but per capita incomes have risen faster than in the nation…

In the last half century population growth of the area as a whole has practically stopped. In fact, most of the counties contained fewer people in 1955 than they did in 1900. The drop is the result of the well-known migration of people from farm to city which has been typical of recent American economic development. In the years 1945 to 1954 alone the number of farms in the area declined by nearly 6,000, or 18 per cent. Growth of Springfield and the other cities, while substantial, has not been enough to absorb all of the people leaving the farms. From 1940 to 1950, for example, urban population increased by 11,200, while rural population went down 12,600.

Total personal income has grown more slowly in the area since 1929 than in Missouri as a whole or in the nation. But income per capita has grown faster in Southwest Missouri than in the rest of the country.

The more rapid rate of per capita income growth of Southwest Missouri is partly the result of the population movements mentioned above. The number of people sharing the gains in total income has not been growing so rapidly in Southwest Missouri as in other areas; hence, the per capita gains are larger. But other adjustments, such as changes in types of occupations, increasing investment per worker, and technological improvements are also playing a large role. These forces can be clearly seen in a review of postwar developments in each of the area’s major sources of income: agriculture, manufacturing, and the recreation-travel business.

…reflecting increases in farm efficiency,…

Although nearly a fifth of the farm operators of Southwest Missouri left agriculture between 1945 and 1954, the total value of farm products sold went up 30 per cent. The gain in value of sales was not just the result of price changes; pounds of whole milk sold went up 31 per cent, number of cattle and calves sold rose 11 per cent, chickens increased 36 per cent, and production of wheat, oats, and barley more than doubled. The reduction in number of farms was all in farms of less than 260 acres, and practically all of the land given up was absorbed in other farms.

The greatest dollar gains in sales of farm products between 1944 and 1954 were in dairy products and crops, as can be seen from the chart on page 22. These two groups accounted for $12.5 million of the $15 million gain in total sales.

The growth in sales of dairy products was achieved almost wholly through increases in production and sales per cow. Attesting to the improvements that have been made in the quality of herds and in feeding practices, dollar sales per cow increased by 37 per cent. All of the counties of the area joined in the growth of dairy product sales, but there were wide variations from county to county in rates of increase. In Camden and Laclede counties sales trebled and they more than doubled in Hickory County. Laclede County, with nearly a 50 per cent increase in number of milk cows, had the greatest expansion of commercial dairying of the area.

The increase in value of crops sold is an interesting development for a part of the country which has been primarily a livestock producer since the days of the first settlers. Between 1944 and 1954, the value of crops sold rose from 7 to 14 per cent of the total value of farm product sales. The increases in crop production have come in the small grains which can be used for livestock feed.
for pasture as well as for cash crops. Because of dry weather, corn has been used mainly for silage in the last several years rather than harvested for grain. Soybeans, which have shown remarkable increases in the rest of Missouri, are not raised to any significant extent in the southwestern part of the state.

Sales of livestock products other than dairy and poultry were greater in 1949 than in 1944 or 1954. The price decline which occurred between 1949 and 1954 reduced receipts from sale of livestock, although the numbers of animals sold went up. During the 1944-1954 decade marketings of cattle and calves rose 11 per cent. The number of hogs sold declined 50 per cent and the number of sheep marketed also went down by about 50 per cent.

Sales of poultry products provide a good example of the diversity of Southwest Missouri. In nine of the fourteen counties the value of poultry products sold went down sharply between 1944 and 1954. Sales in the other five showed big gains. Barry and Stone Counties joined the Arkansas counties just south of them in a phenomenal expansion of commercial broiler raising. Camden, Dade, and Polk Counties made gains through expansion of turkey raising. A decline in egg production appears to be the main reason for the drop in poultry product sales in the other counties. As broiler and egg production nationally have come to require more specialized and larger-scale operations for profitability, the keeping of small egg-laying flocks as sideline ventures has diminished.

The postwar years have seen a general increase in efficiency on Southwest Missouri farms. Although mechanization has not offered opportunities for labor-saving on as great a scale as in areas more specialized in crop production, there has been a considerable increase in use of milking machines, grain combines, hay balers, and tractors. Other forms of investment not easily measured have also been carried forward. The building of trench silos, for example, has been very widespread; and improvement of livestock has been the object of determined efforts. Along with acquiring more equipment, many operators have bought or rented additional land, thus keeping in production the land vacated by people who shifted away from farming. This is one of the most significant ways in which population movements have helped to bring about a better combination of labor and resources in Southwest Missouri agriculture.

Increased purchases of feed, fertilizer, and fuel reflect the growing interdependence of farm and town. This interdependence is perhaps most clearly seen in broiler raising and dairying where close coordination of the efforts of suppliers, farmers, processors, and shippers is necessary in order to meet market requirements and to keep abreast of the competition provided by other areas.

Manufacturing is one of the fastest growing major activities in Southwest Missouri. Value added by manufacturing in the eight Southwest Missouri counties reported in a preliminary release of the recent Census of Manufactures increased by 136 per cent between 1947 and 1954, more than twice the Missouri and United States rates. The Springfield Metropolitan Area accounted for roughly two-thirds of the manufacturing employment and payrolls of the eight counties, but the other counties had slightly faster rates of growth.

Manufactured products of the area include machinery, paper products, furniture, clothing, processed foods, fertilizer, feed, building materials, and many others. A great variety of products is represented but output of nondurable goods provides most of the employment, for much of the manufacturing consists of processing farm products. Approximately a third of Springfield manufacturing employment is in food processing and another 40 per cent is in paper products, apparel, and printing and publishing.

Value added by manufacturing is derived by subtracting the cost of raw materials and other components from the value of shipments of manufacturing establishments, and is the best measure available for comparing the relative importance of manufacturing among industries and areas. Reports for the other six counties were withheld from publication in the preliminary Census release to avoid disclosing figures for individual companies or for further checking of data.
Farms of the area provide a ready reservoir of labor adaptable to the needs of manufacturing plants. A tool and die plant in Lebanon which employs locally trained craftsmen and serves industrial customers in St. Louis, Detroit, and other manufacturing centers provides good evidence of the adaptability of Southwest Missouri workers. Tool and die makers are among the most highly skilled of manufacturing workers and are in critically short supply nationally. As in other Eighth District areas, many industrial workers in Springfield and other Southwest Missouri cities commute considerable distances from their farm homes.

... and a swelling tourist business.

Another source of area income which is growing rapidly is the tourist business. Although direct measures of its total contribution to income are not available, the rapidity of its growth is indicated by increases in retail sales and bank resources in the two counties which specialize the most in serving tourists. In Taney County (Lake Taneycomo and Bull Shoals Lake) total retail sales reported by the Census of Business increased 49 per cent between 1948 and 1954, and in Camden County (Lake of the Ozarks) sales went up 70 per cent. The increase for the area as a whole was 21 per cent. Total bank resources from mid-1945 to mid-1956 rose 171 per cent in Taney County and 113 per cent in Camden County, as compared to an area increase of 55 per cent. Both of these measures, which change roughly in proportion to changes in income, have thus grown more than twice as much in Camden and Taney Counties as in the rest of the area. The features of Camden and Taney Counties and other sections of the Ozarks which attract tourists are attractive also to people seeking retirement homes. Growth in the number of retired or semi-retired people has thus been an additional source of income.

While Camden and Taney Counties are the most specialized in the tourist business, they by no means contain all of Southwest Missouri's attractions for visitors, nor are they the only counties benefiting from the travelers' spending. Thousands of trout fishermen come to Roaring River State Park in Barry County and Bennett Spring Park in Dallas and Laclede Counties every summer. Travelers buy food, gasoline, lodging, and many other goods and services in every one of the fourteen counties.

Tourists are not new to Southwest Missouri. Indeed, the isolation of Southwest Missouri, which originally retarded its development, has long been one of its main charms for hunters and fishermen. Eldorado Springs was one of several Southwest Missouri cities which attracted health seekers by the hundreds before the turn of the century. Lake Taneycomo was formed by the building of Powersite Dam during World War I and has been a tourist attraction ever since. Lake of the Ozarks was created in the 1920's.

What is new about the tourist business is its size. The long depression and the war held down the number of visitors and made the construction of facilities difficult. But since the war the great rise in national income, the almost universal institution of vacations with pay, and the rise of the automobile population have directed a flood of tourists into Southwest Missouri which has swelled year by year.

Expanding facilities to accommodate the visitors has required a large investment of capital. Old-timers in the resort business hark back somewhat ruefully to the days when the typical vacationer preferred to rough it in a cabin equipped with a minimum of conveniences. Today the visitor looks for air-conditioning, TV, and other luxuries which he may or may not be accustomed to at home.

A survey conducted by the Missouri Division of Resources and Development in 1955 divided tourists into three major groups according to their recreational preferences. Roughly, 15-20 per cent were classified as the “Ozarks-boaters-swimmers” group, preferring strenuous activities and caring little for visiting historical sites or fishing. Another 60 per cent, containing most of the young couples with children and a majority of older couples, was the “Ozarks-rest-fish-swim” group. The people in this group are somewhat less active than the first group and will go to some trouble to visit an historical site, but not too much. The third group, the “Ozarks-historical-resting” group, is generally more affluent than the others, does a considerable amount of traveling on vacation, and never passes up an historical site. Providing entertainment of all the kinds desired clearly requires development of a wide range of specialized service businesses.

Currently, resort owners and others catering to tourists are busy expanding and improving their facilities. In addition, construction of Table Rock Dam on the White River near Branson, now well along, will provide a 43,100-acre lake as another major attraction. A state park to include camping areas, public beaches, boat docks, and a luxury hotel is planned for construction at the dam site.

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Retail trade and banking have contributed to growth of the region.

The activities so far discussed—farming, manufacturing, and serving tourists—are the principal earners of dollars from outside the area. They act as links through which the Southwest Missouri economy is affected by changes in the national economy. But other activities are also important as producers of income for area people. Retail trade, with total 1954 sales of nearly a quarter of a billion dollars and a total payroll of $20.3 million, certainly ranks as one of the most important activities of the area.

Dollar sales volume is only one measure of the importance of retail trade in the area economy. Insofar as sales are made to tourists, retailing counts as one of the "export" activities. Furthermore, retail establishments take part indirectly in farming and manufacturing through sales to farms and industrial plants. Part of the gain in farm productivity has resulted from growth of establishments supplying the farmers' manifold needs. For example, dealers in farm equipment, feed, and fertilizer have aided in spreading improvements in farming practices.

As would be expected in an area with a relatively slow growth in total income, and virtually no growth in population, expansion in sales of retail establishments in Southwest Missouri from 1948 to 1954 was smaller than the increase for the state as a whole. Total retail sales in Southwest Missouri gained 21 per cent, as compared to a growth of 28 per cent for the state. Within the area there were wide variations in sales performance, with changes over the period ranging from an increase of 70 per cent in one county to a decline of 9 per cent in another. About 80 per cent of the $41.5 million gain in sales was made in the six cities of over 2,500.

Banking has a strategic role in development of Southwest Missouri. Expansion of credit requirements has accompanied the growth of practically every kind of business activity in the area. In June of 1956 the forty-nine banks of the area had total resources of about $167 million, nearly $60 million, or 55 per cent, more than in mid-1945. Springfield banks holding approximately half of the total in both years. Total bank resources of the state grew 42 per cent in the same period. Over the period there were considerable variations in rates of growth from county to county, as a consequence of population shifts and changes in business activity. The greatest increase was 171 per cent in Taney County; whereas one county experienced a 3 per cent decline.

Demand prospects for Southwest Missouri's major farm products, manufactured items, and tourist attractions appear favorable to continued income growth.

Throughout the history of Southwest Missouri two major trends in development have stood out. First, the people of the area have been able to produce more and more with the resources available. Second, trade with the rest of the country has had a profound influence in determining what the area produces and in increasing the value of what is produced. The combination of internal changes and growing interdependence with other areas has made the resources of Southwest Missouri increasingly capable of supplying a wide range of the nation's industrial and household needs. This is economic diversification in its most desirable sense.

In respect to the demand for farm products, Southwest Missouri is fortunate in being relatively specialized in production of meat, poultry products, and dairy products. Per capita consumption of all three of these foods generally increases as consumer income rises. Thus, the demand for these products may be expected to grow as national income and population increase.

The demand for Southwest Missouri's manufactured products also should grow with national economic growth. Especially significant for food processing is the increasing demand of consumers for services, such as freezing, pre-cooking, and packaging.

Perhaps the largest increase of all will come in the demand for recreation and travel services. It is quite likely that part of the fruits of future economic growth will be taken in the form of increased leisure time. With increased leisure, growing income, and rapidly expanding population, Americans will be taking to the road as never before.

How much the people of Southwest Missouri may benefit from these widening prospects naturally will depend upon how well the opportunities are met. Fortunes may not yet be "plucked like autumn pippins" but well-directed effort and sagacious investment in Southwest Missouri should surely bring a "goodly increase."

A. J. Meigs
OPERATIONS of the Federal Reserve Bank of St. Louis during 1956 continued in heavy volume. Check handling exceeded the annual record set in 1955, and items processed in other major operations were close to or exceeded the prior year’s level. It is interesting to note that the dollar volume of items of all kinds processed in 1956 exceeded $190 billion as compared with just under $180 billion in 1955. Considerable progress was made during the year in modernizing the Bank’s facilities. Especially notable was the progress in construction of the new Louisville Branch building.

Volume of Operations

The volume of large-scale operations for the past year and 1955 is shown by the table and charts on pages 26 and 27. The most sizable percentage change shown in major volume figures in the table occurred in withheld tax receipts processed. A factor in this increase was the handling of tax receipts from agricultural employers due to a change in Treasury regulations for 1956 which required that monthly deposits be made through the banking system. The 8 per cent decline in “Other Government Issues” reflected a large reduction in the number of Treasury cash and exchange offerings in comparison with other recent years. Twenty banks were qualified for new Treasury Tax and Loan Accounts.

Discount Activity

The aggregate amount of advances, including renewals, to member banks in 1956 under the discount provisions of the Federal Reserve Act was within 3 per cent of the amount in 1955. The number of banks served, however, was larger. On a daily average basis, the volume of loans outstanding was $22.3 million as against $22.5 million during 1955. Two applications were received for loans under Regulation V.

Other Activities

Relations with member banks during the year were maintained by many personal contacts in addition to the usual financial transactions. Over 1,000 visits were made on banks in the Eighth District and 36 area reports on business, agricultural and financial conditions were prepared. A number of conferences, likewise dealing with economic conditions, were co-sponsored with bankers associations in Arkansas, Mississippi, Missouri and Tennessee. Over 2,500 persons, largely students, were conducted on tours of St. Louis or branch offices. More than twice that many viewed films explaining the central banking function.
### COMBINED VOLUME OF OPERATIONS

**At the St. Louis Bank and the Louisville, Memphis and Little Rock Branches in 1956 and 1955**

<table>
<thead>
<tr>
<th>Number of Pieces Handled</th>
<th>1956</th>
<th>1955</th>
</tr>
</thead>
<tbody>
<tr>
<td>Checks (Total)</td>
<td>197,703,000</td>
<td>188,160,000</td>
</tr>
<tr>
<td>City Checks</td>
<td>28,947,000</td>
<td>28,367,000</td>
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<tr>
<td>Country Checks</td>
<td>110,939,000</td>
<td>103,747,000</td>
</tr>
<tr>
<td>Checks on this Bank</td>
<td>187,000</td>
<td>194,000</td>
</tr>
<tr>
<td>Government Checks</td>
<td>42,992,000</td>
<td>41,769,000</td>
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<tr>
<td>Postal Money Orders</td>
<td>15,584,000</td>
<td>16,083,000</td>
</tr>
<tr>
<td>Currency</td>
<td>204,358,000</td>
<td>202,686,000</td>
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<tr>
<td>Coin</td>
<td>385,360,000</td>
<td>363,955,000</td>
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<tr>
<td>Transfer of Funds</td>
<td>133,000</td>
<td>132,000</td>
</tr>
<tr>
<td>Non-cash Collections</td>
<td>499,000</td>
<td>499,000</td>
</tr>
<tr>
<td>U.S. Government Interest</td>
<td>626,000</td>
<td>629,000</td>
</tr>
<tr>
<td>Coupons</td>
<td>1,211*</td>
<td>1,450*</td>
</tr>
<tr>
<td>Discounts and Advances</td>
<td>148,000</td>
<td>162,000</td>
</tr>
<tr>
<td>Fiscal Agency Operations</td>
<td>7,012,000</td>
<td>7,227,000</td>
</tr>
<tr>
<td>U.S. Savings Bonds Issued, Exchanged, and Redeemed</td>
<td>246,000</td>
<td>288,000</td>
</tr>
<tr>
<td>Other Government Issues</td>
<td>796,000</td>
<td>588,000</td>
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<tr>
<td>Treasury Tax and Loan Account Transactions</td>
<td>152,000</td>
<td>157,000</td>
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**Dollar Volume**

<table>
<thead>
<tr>
<th></th>
<th>1956</th>
<th>1955</th>
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<tbody>
<tr>
<td>Checks Handled (Total)</td>
<td>$67,331,135,000</td>
<td>$62,711,565,000</td>
</tr>
<tr>
<td>City Checks</td>
<td>39,468,688,000</td>
<td>36,912,579,000</td>
</tr>
<tr>
<td>Country Checks</td>
<td>17,191,936,000</td>
<td>15,742,548,000</td>
</tr>
<tr>
<td>Checks on this Bank</td>
<td>8,228,281,000</td>
<td>8,097,168,000</td>
</tr>
<tr>
<td>Government Checks</td>
<td>7,171,632,000</td>
<td>6,877,984,000</td>
</tr>
<tr>
<td>Postal Money Orders</td>
<td>271,198,000</td>
<td>271,286,000</td>
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<tr>
<td>Currency</td>
<td>1,187,789,000</td>
<td>1,158,495,000</td>
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<tr>
<td>Coin</td>
<td>32,227,000</td>
<td>32,681,000</td>
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<tr>
<td>Transfer of Funds</td>
<td>41,409,687,000</td>
<td>39,090,607,000</td>
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<tr>
<td>Non-cash Collections</td>
<td>348,052,000</td>
<td>346,845,000</td>
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<tr>
<td>U.S. Government Interest</td>
<td>70,376,000</td>
<td>67,926,000</td>
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<tr>
<td>Coupons</td>
<td>4,640,220,000</td>
<td>4,754,020,000</td>
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<td>Discounts and Advances</td>
<td>757,675,000</td>
<td>852,570,000</td>
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<tr>
<td>Fiscal Agency Operations</td>
<td>2,933,886,000</td>
<td>8,041,503,000</td>
</tr>
</tbody>
</table>

x Figures rounded to the nearest thousand

Two new banks were admitted to the Federal Reserve System in the Eighth Federal Reserve District during the year: the Bank of Arkansas, Little Rock, Arkansas, and the Bank of Crossett, Crossett, Arkansas. At year's end, there were 492 member banks in the district.

In addition to progress in construction of the new branch building in Louisville, extensive alteration and modernization of the Little Rock Branch quarters were completed during the year. At year-end plans were in preparation for some interior alterations in the Memphis Branch building. In the St. Louis office, remodeling of the Money Department was completed along with other improvements.

Customary internal audits of the Bank, including the branches, were complemented by the annual examination in May by the Chief Federal Reserve Exam-

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**Volume of Large-Scale Operations at the Federal**
Earnings and Expenses Statement

<table>
<thead>
<tr>
<th></th>
<th>1956</th>
<th>1955</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total current earnings</td>
<td>$24,402</td>
<td>$17,020</td>
<td>$7,382</td>
</tr>
<tr>
<td>Net expenses</td>
<td>6,931</td>
<td>6,073</td>
<td>+ 858</td>
</tr>
<tr>
<td>Current net earnings</td>
<td>17,471</td>
<td>10,947</td>
<td>+ 6,524</td>
</tr>
<tr>
<td>Net additions (+) or deductions (—)</td>
<td>—3</td>
<td>—25</td>
<td>+ 22</td>
</tr>
<tr>
<td>Net earnings before payments to United States Treasury</td>
<td>17,468</td>
<td>10,922</td>
<td>+ 6,546</td>
</tr>
<tr>
<td>Paid to United States Treasury (Interest on Federal Reserve Notes)</td>
<td>15,136</td>
<td>9,275</td>
<td>+ 5,861</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>650</td>
<td>617</td>
<td>+ 33</td>
</tr>
<tr>
<td>Transferred to surplus</td>
<td>1,682</td>
<td>1,030</td>
<td>+ 652</td>
</tr>
</tbody>
</table>

Personnel Changes

Total employment at the St. Louis, Little Rock, Louisville and Memphis offices of the Bank was 1,145 at the end of 1956 compared with 1,155 at the end of 1955. Slight net reductions in personnel occurred at St. Louis and Louisville and slight increases at Little Rock and Memphis.

The following designations and appointments include those made in January 1957 as well as those made in December 1956:

The Board of Governors of the Federal Reserve System appointed Mr. Pierre B. McBride, Louisville, Kentucky, a Class C Director of the Federal Reserve Bank of St. Louis for a three-year term beginning January 1, 1957, and designated him Chairman of the Board and Federal Reserve Agent for the year 1957. He succeeded Mr. M. Moss Alexander of St. Louis, whose term expired at the end of the year. Mr. McBride is President of Porcelain Metals Corporation, Louisville, Kentucky. He had been a Director of the Louisville Branch since January 1951.

Mr. Joseph H. Moore, Charleston, Missouri, was designated by the Board of Governors as Deputy Chairman of the Federal Reserve Bank of St. Louis for the year 1957. Mr. Moore, a Class C Director since March 1950, is engaged in farming in Southeast Missouri, where he has been active in agricultural affairs.

The Board of Governors also appointed Mr. J. H. Longwell, Director, Division of Agricultural Sciences, University of Missouri, Columbia, Missouri, as a Class C Director, effective January 1, 1957, to fill a vacancy caused by the resignation of Mr. Caffey Robertson. Mr. Longwell's appointment is for the unexpired portion of a term ending December 31, 1958.

Elected by member banks as Directors were:

Mr. Kenton R. Cravens, President, Mercantile Trust Company, St. Louis, Missouri, elected by member banks in Group 1 as a Class A Director for a three-year term beginning January 1, 1957. He succeeded Mr. William A. McDonnell of St. Louis whose term expired at the end of the year.

Mr. Harold O. McCutchan, Executive Vice President, Mead Johnson & Company, Evansville, Indiana, elected by member banks in Group 3 as a Class B Director for a three-year term beginning January 1, 1957. He succeeded Mr. Louis Ruthenburg of Evansville whose term expired at the end of the year.

Appointments by the Board of Governors to the Boards of Directors of the branches were:

Mr. T. Winfred Bell, President, Bush-Caldwell Company and the Arkansas Electric Company, Little Rock Arkansas, reappointed as a member of the Little Rock Branch Board for a three-year term beginning January 1, 1957.

Mr. David F. Cocks, Vice President and Treasurer, Standard Oil Company (Kentucky), Louisville, Kentucky, reappointed as a member of the Louisville Branch Board for a three-year term beginning January 1, 1957.
DIRECTORS AND OFFICERS OF THE FEDERAL RESERVE BANK OF ST. LOUIS

February 1, 1957

Directors
Pierre B. McBride, Chairman
Joseph H. Moore, Deputy Chairman
S. J. Beuchamp, Jr.
Phil E. Chappell
Kenton R. Cravens
Leo J. Wieck

Officers
Pierre B. McBride, Chairman of the Board
Delos C. Johns, President
Frederick L. Deming, First Vice President
Howard H. Weigel, Vice President and Secretary
Joseph C. Wotawa, Vice President
Dale M. Lewis, Vice President
William J. Abbott, Jr., Vice President
George E. Kroner, Vice President
Earl R. Billen, Assistant Vice President
John J. Christ, Assistant Vice President
Willis L. Johns, Assistant Vice President
Stephen Koptis, Assistant Vice President
Woodrow W. Gilmore, Assistant Vice President
John J. Hofer, Assistant Vice President
Marvin L. Bennett, Assistant Vice President
Guy S. Freutel, Assistant Vice President
W. E. Walker, Assistant Vice President
Paul Salzman, Assistant Vice President
Orville O. Wyrick, Chief Examiner
Gerald T. Dunne, Counsel and Assistant Secretary
George W. Hirshman, General Auditor

LITTLE ROCK BRANCH
A. Howard Stebbins, Jr., Chairman
Donald Barger
T. Winfred Bell
E. C. Benton
Shuford R. Nichols
H. C. McKinney, Jr.
J. V. Satterfield, Jr.

Fred Burton, Vice President and Manager
Sherley C. Davis, Cashier
Clifford Wood, Assistant Cashier
W. J. Bryan, Assistant Cashier

LOUISVILLE BRANCH
David F. Cocks, Chairman
Philip Davidson
Magnus J. Kreisle
W. Scott McIntosh
M. C. Minor
J. D. Monin, Jr.
Merle E. Robertson
Victor M. Longstreet, Vice President and Manager
Donald L. Henry, Cashier
L. K. Arthur, Assistant Cashier

MEMPHIS BRANCH
A. E. Hohenberg, Chairman
Henry Banks
J. H. Harris
John A. McCall
William B. Pollard
John D. Williams
John K. Wilson
Darryl R. Francis, Vice President and Manager
Wilbur H. Isbell, Cashier
H. C. Anderson, Assistant Cashier
Benjamin B. Monaghan, Assistant Cashier

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Mr. Philip Davidson, President of the University of Louis­ville, Louisville, Kentucky, appointed as a member of the Louisville Branch Board for the unexpired portion of a term ending December 31, 1957.

Mr. John D. Williams, Chancellor, The University of Miss­issippi, University, Mississippi, reappointed as a member of the Memphis Branch Board for a three-year term beginning Janu­ary 1, 1957.

Appointments by the Board of Directors of the Federal Reserve Bank of St. Louis to the Boards of Directors of the branches were:

Mr. Donald Barger, President, Peoples Exchange Bank, Rus­sellville, Arkansas, reappointed as a member of the Little Rock Branch Board for a three-year term beginning January 1, 1957.

Mr. Merle E. Robertson, Chairman of Board and President, Liberty National Bank and Trust Company of Louisville, Louis­ville, Kentucky, appointed as a member of the Louisville Branch Board for a three-year term beginning January 1, 1957.

Mr. John K. Wilson, President, The First National Bank of West Point, West Point, Mississippi, reappointed as a member of the Memphis Branch Board for a three-year term beginning January 1, 1957.

The Board of Directors of the Federal Reserve Bank of St. Louis also reappointed Mr. Lee P. Miller as a member of the Federal Advisory Council to represent the Eighth Federal Re­serve District for the year 1957. Mr. Miller is President of the Citizens Fidelity Bank and Trust Company, Louisville, Ken­tucky.

The following official appointments and changes were made by the Board of Directors during 1956: George E. Kroner, Vice President; Orville O. Wyrick, Chief Examiner; Effective January 1, 1957, Sherley C. Davis, Donald L. Henry, and Wil­bur H. Isbell were promoted to the position of Cashier at their respective Branches, Little Rock, Louisville, and Memphis, and Benjamin B. Monaghan was appointed Assistant Cashier of the Memphis Branch. The official title of Assistant Manager at the branches was discontinued on January 1, 1957.

William E. Peterson retired as Vice President in charge of the Bank’s Examination Department on June 1, 1956. C. E. Martin retired as an Assistant Manager of the Memphis Branch, effective August 1, 1956. Lee S. Moore, an Assistant Cashier of the Louisville Branch, died January 5, 1957.
A leveling off of business activity was apparent in the opening weeks of the new year. Factory output in January averaged about the same rate as in December, after allowance for seasonal factors. Department store sales dropped more than usual and were about equal to the year earlier level. The number of new cars retailed in the first twenty days of January continued below the corresponding period of 1956. The number of insured unemployed increased more than usual from mid-December to mid-January, suggesting a larger than usual drop in employment in January. Surveys of planned outlays for plant and equipment had indicated a slight further increase in the current quarter, but in January postponements of some major plant expansions were announced. The value of construction contract awards in December was down moderately, reflecting a sharp drop in residential building, continuing the downward trend which began in early 1956.

Price trends were mixed during January. Prices of some industrial materials in the sensitive spot markets weakened. Scrap prices of steel, aluminum and copper and prices of crude natural rubber and refined copper at custom smelters declined. But despite scattered price cuts, the average wholesale price index continued to advance. Farm products, processed foods and other commodities all moved higher. The latter index was largely influenced by higher prices for finished steel items, petroleum and petroleum products.

Industry

Industrial activity in the Eighth District showed mainly seasonal changes in December and early January, with output slacking off during the holiday season and recovering during the first few weeks of 1957.

Steel mills in the St. Louis area operated at between 92 and 98 per cent of capacity in January, close to the national average. Rated capacity in the area for 1957 is some 6 per cent higher than in 1956. December operations averaged 89 per cent and January a year ago 99 per cent of 1956 capacity.

Most automobile plants in the district stabilized on regular 5-day week schedules as new-model production problems were largely overcome and output demands became less urgent. Production rates in January were comparable to a year ago. After solving inventory problems, farm equipment makers increased production rates, and at Louisville and Memphis workers laid off in late 1956 were being rehired. Output of household appliances slowed in keeping with lower than expected retail sales in December.

Crude oil output in the district continued the high November rate during December; at 395,000 barrels per day, output was well above December rates in recent years. Coal production in December dropped off from November and from year-ago rates in the Eighth District and in the nation.

Southern pine lumber production in December was at the lowest rate in three years, though weekly rates recovered in mid-January to equal those of January 1956. Hardwood mill rates in December were likewise the lowest in several years and continued below year-ago rates in January.

BASIC COMMODITY PRICES

![Graph showing basic commodity prices]
Shoe production in the nation was estimated at 50 million pairs in January, above the December output rate but below January 1956. District shoe production normally parallels national trends.

Livestock slaughter in the St. Louis area slacked off somewhat from the high rates of last fall, dropping below year-ago rates in December and January. The decline stemmed very largely from decreased hog marketings.

Construction

Construction contracts awarded in 37 eastern states in December continued to decline on a seasonally adjusted basis and were substantially less than a year earlier. Nonresidential building awards were off slightly from December 1955, and residential building continued to weaken further. The value of residential awards in December fell 37 per cent from a year earlier. The number of private nonfarm housing starts, on a seasonally adjusted annual rate basis, declined from 1.2 million in January of 1956 to 1.0 million in December. Among other factors, the decline has been widely attributed to less favorable terms offered borrowers and the limited availability of mortgage investment funds. Government action has been taken recently to increase the flow of credit for residential purposes, but to date there has been little improvement in the market for Federally underwritten mortgages.

In the district, construction contracts awarded showed less favorable trends than the nation. Construction contract awards in December were 21 per cent less than a year earlier. The drop was concentrated wholly in residential awards which were off 50 per cent.

Labor Markets

After several months of virtual stability in the last part of 1956, the nation’s labor market apparently weakened in January. The uptrend in employment which began in mid-1954 leveled off in the last half of 1956, after allowance for seasonal movements. Insured unemployment in the nation rose faster from mid-December to mid-January than in the same period a year earlier, suggesting that employment may have dropped more than the usual amount in January. The number of insured unemployed continued larger than a year earlier.

Nonagricultural employment in December 1956 was less than a year earlier in the St. Louis, Louisville and Evansville metropolitan areas. In Memphis and Springfield employment was slightly larger, and in Little Rock it was virtually the same as a year earlier.

Average hourly earnings of production workers in manufacturing establishments in the nation continued to rise throughout 1956, reaching $2.05 in December, a rise of 6 per cent in a year. Reflecting the record levels of employment and rising wage rates in the nation, incomes also advanced.

Trade

With record levels of income, consumer spending at retail stores in November and December reached the high point of the year, up 4 per cent from the same months of 1955. However, in the first four weeks of January, department store sales in the nation and district declined more than seasonally from December, and were only about equal to sales in the corresponding period of 1956.

In December and the first twenty days of January, the number of new cars retailed was less than a year earlier. Expectations for a continuation in the upturn in business activity in 1957 had been based in part upon forecasts of improvement in new automobile sales. The difficulty of clearly evaluating the trend in sales led auto producers to cut back scheduled deliveries of steel and other supplies.

Several reasons for the less than expected sales performance have been mentioned. Perhaps most importantly, the supply of 1957 models has been restricted by production difficulties. But consumers were not attracted by the nominal changes in some new models, and they all bore higher price tags. Other factors that may have limited sales were the conservative selling practices of dealers and the small equity of some 1955-model owners, many of whom would normally be expected to trade-in for the new models.

Banking

During the five weeks ended January 23 total loans at district weekly reporting banks declined $43 million or 2½ per cent, somewhat more than usual for this period. All major loan categories except advances on real estate showed reductions. The decrease in business loans amounted to $37 million. Manufacturers of textiles, apparel and leather and public utilities added more to their outstanding indebtedness than the average increase during the corresponding weeks of recent years. Net repayments from processors and distributors of agricultural products were about normal for this time. On the other hand, trade concerns (primarily wholesale) and contractors made substantial net repayments in the period.

"Other" loans, largely consumer, declined in the five weeks ended January 23, with the contraction centering at banks in St. Louis and Louisville. The advance in real estate loans, about 1 per cent, was in contrast to little change usual at this time.