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## Industrial Growth of the Eighth District

**M**ANUFACTURING ACTIVITY rose slightly faster in the Eighth Federal Reserve District than in the nation from 1947 to 1954. Specialization of production in the district has changed little.

In the St. Louis metropolitan area, manufacturing employment has increased more slowly than in the nation, and the industrial pattern has changed markedly. Manufacturing employment has risen at a faster rate than in the nation in Louisville, Memphis, Little Rock and most other areas, but has failed to gain in Evansville or southern Illinois.

The growth of manufacturing has aided the rise in district income.



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

*Survey of Current Conditions—p. 142*

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# Industrial Growth of the Eighth District

*"Now, here, you see, it takes all the running you can do, to keep in the same place. If you want to get somewhere else, you must run at least twice as fast as that!"*

LEWIS CARROLL,  
*Through the Looking-Glass*

**T**HE ECONOMIC DEVELOPMENT of an area has somewhat the same aspect that Alice found in Wonderland. To stand still is to fall behind as the economic expansion of the nation proceeds. To "get somewhere" requires a faster than national rate of growth.

Economic development of many areas has been related in large part to the growth of manufacturing. Areas where manufacturing employment has expanded have generally also experienced gains in income. Added employment opportunities in manufacturing have afforded jobs for workers released from industries in which employment declined, such as farming or mining, and for the normal additions to the labor supply. Industrial growth, then, has become a major means of obtaining the goal of higher income for which so many strive. This article examines changes in manufacturing in the Eighth Federal Reserve District revealed by the Censuses of Manufactures taken in 1947 and 1954 and employment data for subsequent years.<sup>1</sup>

<sup>1</sup> Industrial growth is indicated in a number of ways. Probably foremost is the increase in employment and payrolls in manufacturing activities. Another measure is the value added by manufacturing, which indicates the relative economic importance of the various industries and geographic areas. (Value added is derived by subtracting the cost of materials, supplies and containers, fuel, purchased electric energy, and contract work, from the value of shipments.) The number and size of manufacturing plants are yet other ways of indicating the industrialization of an area. The growth of manufacturing can also be indicated by the expenditures for plant and equipment. However, these data are not available for small geographic areas except for census years.

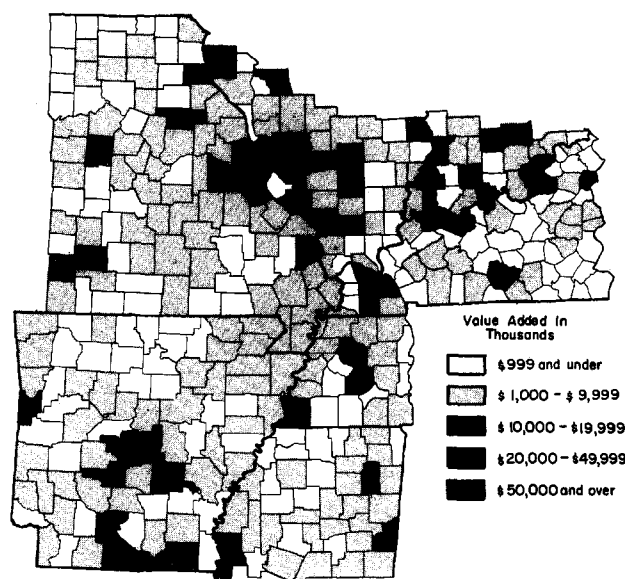
Trends indicated by the census data require some qualifications. For one thing, the long-term trend of an area or industry may be different than that indicated by comparison between census years which fall in different phases of a business cycle. In 1954, for example, manufacturing employment in many industries declined from 1953 levels, whereas in 1947 manufacturing activity and employment were at a generally high and increasing level. In these industries the 1947-1954 trend would understate the real long-term rate of growth. Comparisons of trends in geographic areas are affected by the differences in types of industry and by the varying impact of cyclical changes on some industries.

Secondly, because of two changes in the scope, data obtained in the 1954 Census of Manufactures are not strictly comparable with the 1947 census. Processors and distributors of fluid milk and other dairy products were classified as nonmanufacturing in the 1947 census, but as manufacturing in 1954. In addition, logging camps and contractors and small sawmills and planing mills were not included in the 1947 census, but were included in the 1954 census. Where necessary, the difference in coverage has been noted in this article.

*Manufacturing activity rose slightly faster in the Eighth Federal Reserve District than in the nation from 1947 to 1954.*

In the Eighth Federal Reserve District manufacturing activity increased slightly faster from 1947 to 1954 than in the nation. As a result of this more rapid growth, employment in district manufacturing establishments increased 11 per cent compared with 10 per cent in the nation, and payrolls rose 68 per cent, compared with a national gain of 66 per cent. The slightly faster rise in district manufacturing activity is also indicated by the gain in the value added to goods by the manufacturing process, which increased 63 per cent from 1947 to 1954 compared with a gain of 57 per cent in the nation. The increase in value added by manufacturing reflects a rise in both physical volume of goods produced and the inflation in wages and prices between the two years. The physical volume of output from the district's manufacturing plants probably increased slightly more from 1947 to 1954 than the 27 per cent increase in the nation.

Distribution of Manufacturing  
in the Eighth District, 1954



The faster growth of manufacturing activity here, however, was accompanied by a less rapid increase in the number of establishments than nationally.<sup>2</sup> The district also has a greater concentration of large plants than nationally. In 1954, establishments employing 100 or more persons constituted 11 per cent of the district total compared with 9 per cent in the nation.

#### MANUFACTURING INDICATORS

	Eighth Federal Reserve District			United States
	1954	1947	Per cent Increase	Per cent Increase
Employment (thousands).....	722	651	11	10
Payroll (\$ millions).....	2,529	1,506	68	66
Value Added (\$ millions).....	5,121	3,140	63	57
Establishments:				
Total.....	12,872	11,318	14	20
With twenty or more employees.....	4,171	4,045	3	9

*Specialization of production in the district has changed little.*

Every area earns its economic living by producing goods or services for local consumption and for export to other areas. By specialization in those activities in which it is best suited by virtue of its human and natural resources each area tends toward a higher standard of living. Reflecting its comparative advantage in other activities, primarily agriculture, the Eighth District is still relatively less industrialized than the nation. Although the district had an estimated 6.6 per cent of the population of the United States in 1954, its manufacturing establishments employed only 4.6 per cent of the workers in the nation and in terms of value added produced 4.4 per cent of the output.

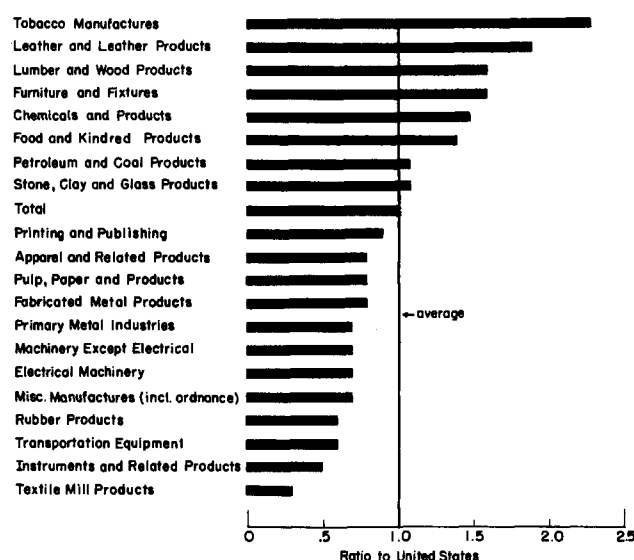
As can be seen in the chart, within the manufacturing sector a larger share of district plants produce food, leather and tobacco products, lumber, furniture and chemicals than in the nation.<sup>3</sup> On the other hand, the district has relatively fewer establishments, compared to the nation, engaged in the production of textiles, pulp, paper and rubber products, primary metals, machinery and instruments.

From 1947 to 1954, little change occurred in the type of manufacturing in the district, with specialization continuing primarily in nondurable goods production. The largest shifts in emphasis were in lum-

<sup>2</sup> Difference in coverage, as noted in Footnote 1, accounted for some of the increase and, with considerable lumbering activity located in the district, would tend to increase the district count more rapidly than in the nation. However, the conclusion that the district lagged national growth in number of manufacturing establishments is also indicated when comparison is made of the number of establishments with twenty or more employees, which effectively eliminates the bias introduced by different coverage of small logging camps and sawmills in the two censuses.

<sup>3</sup> Based on establishments with twenty or more employees.

#### Relative Specialization in Eighth District Manufacturing, 1954



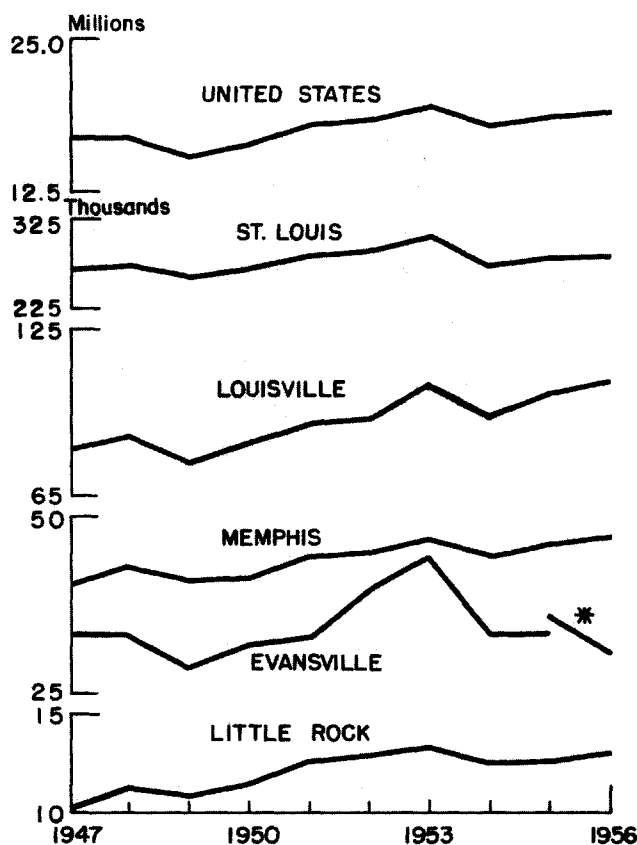
Note: Based on proportion of district plants with 20 or more employees in each industry compared to proportion of each industry in United States.

ber and shoe plants. The number of leather and leather product manufacturing establishments with twenty or more employees decreased less rapidly in the district from 1947 to 1954 than in the nation. On the other hand, the number of lumber establishments with twenty or more employees decreased more rapidly in the district than in the nation.

In some other industries the changes produced relatively smaller shifts in specialization. The number of large textile plants in the district increased from 56 to 70, while in the nation they decreased slightly. Pulp and paper plants increased at a slightly more rapid rate than for the nation. Large plants producing and fabricating metals, electrical machinery and transportation equipment increased less rapidly from 1947 to 1954 in the district than in the nation. Other industries showed roughly similar changes as in the nation between the two census dates, and hence showed little change in the degree of specialization. However, since 1954, the small increase in relative specialization in pulp and paper and in chemicals has probably continued.

While the district as a whole showed primarily minor changes in the structure of industry, particular areas within the district have experienced marked shifts in the types of manufacturing activity. Perhaps one of the outstanding shifts has been the continued migration of the apparel and shoe industry from St. Louis to the smaller cities of the district.

## Manufacturing Employment in United States and District Metropolitan Areas



\* Evansville area including Henderson County, Kentucky.

*In the St. Louis metropolitan area, manufacturing employment has increased more slowly than in the nation, . . .*

The St. Louis metropolitan area is one of the nation's older manufacturing centers which, in the postwar period, has grown less rapidly than the rest of the nation, continuing the trend evident throughout the twentieth century. Manufacturing in the metropolitan area, employing 274,000 in 1956 and accounting for about one-third of the district total, increased only 5 per cent from 1947 compared with an advance of 11 per cent for the nation. Furthermore, the gain occurred from 1947 to 1953; since then total manufacturing employment has declined slightly. However, from 1947 to 1954, value added by manufacturing rose at a faster pace than in the nation, reflecting in large part the sharp advance in high-value aircraft and ordnance items.

Defense requirements of the nation have had a major impact on the area. Increased outlays for defense equipment have resulted in sharp gains in output of aircraft in the postwar period. Employment at Mc-

Donnell Aircraft Corporation, now the area's largest firm, increased from 3,300 in 1947 to 27,100 in 1957. Two firms also produced aircraft parts for a time during the Korean War, but subsequently withdrew.

Ordnance production also reflects the changing defense needs. Employment in St. Louis area plants increased sharply during the Korean period, reaching a peak of 17,700 in August 1953. However, defense requirements were reduced thereafter and currently only about 5,900 are at work. Recent announcements indicate that further cutbacks are planned, with possibly 1,500 to be laid off.

Automobile and parts production has also increased substantially, with an additional assembly plant and expansion of others occurring in the postwar years. The importance of this industry will increase further in 1959 when a newly announced automobile assembly plant is to begin operation with 3,500 employees.

Chemical production is relatively more important in the St. Louis area than in the nation and has been growing faster in St. Louis than in the rest of the country. The specialization of the area in chemical production is indicated by the larger share of employment and value added in manufacturing than in the United States. St. Louis area chemical plants employ 7.5 per cent of all manufacturing workers and in 1954 contributed 11.2 per cent to the total value added to goods by manufacturing compared with 4.9 and 7.9 per cent respectively in the nation. The faster growth of chemicals is shown by value added which rose 81 per cent from 1947 to 1954 compared with a national gain of 71 per cent. St. Louis employment in this industry increased from 17,000 in 1947 to 21,000 in 1953 and has since remained stable. However, completion this year of the new Atomic Energy Commission facilities located in St. Charles county and expansions of existing plants will further augment the size of this industry in the area.

Oil refining also increased substantially faster from 1947 to 1957 in the St. Louis area than in the nation. Value added by St. Louis area refineries increased 72 per cent from 1947 to 1954, about 2½ times the national gain, and from 1947 to 1957 capacity of the area's plants also increased more rapidly than nationally. Currently, capacity of the St. Louis area refineries constitutes 3¼ per cent of the national total.

St. Louis is a major center of brewing and meat packing. But from 1947 to 1954 output in food manufacturing grew at a slower pace than in the nation. The value added by meat-products plants and grain mills increased less rapidly than in the nation, but at beverage plants it increased more.

The primary metals industry also increased output less rapidly than nationally despite a substantial jump in steel ingot output. Steel production in the St. Louis area increased from 728,000 tons in 1947 to 1,657,000 in 1956, a gain of 128 per cent compared with a 35 per cent gain nationally. Slower growth was also made by the machinery industries. Some nonelectrical machinery plants in the St. Louis area have been closed and several electrical machinery firms have established branch plants in other district cities.

As indicated earlier, lower wage rates in the smaller cities of the district have attracted apparel and shoe plants from higher wage areas. About 9,000 fewer persons are now employed in these two industries in the St. Louis metropolitan area than in 1947, as a result of the transfer of operations out of the area. Despite this redistribution of manufacturing activity, St. Louis remains a center of the shoe industry. In 1956 shoe firms in and around St. Louis produced 16 per cent of the national total. However, some relative decline has occurred since 1947-1948 when 19 per cent of national output came from this area.

#### LEATHER AND LEATHER PRODUCTS NUMBER OF ESTABLISHMENTS

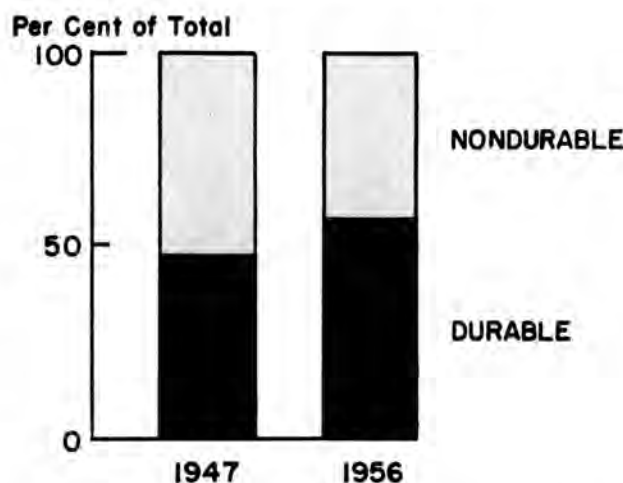
	1947	1954	Change
Eighth District Total.....	256	250	— 6
St. Louis Metropolitan Area.....	111	89	—22
Remainder of District.....	145	161	+16

Railroad equipment manufacturing in the St. Louis area has declined as plants have been closed or have shifted production to different types of goods. The decline reflects primarily the reduced purchases of railroad equipment in the postwar period accompanying the general shift to other forms of transportation. Nationally, output of railroad equipment in 1956 was 37 per cent below the 1947-49 average. The St. Louis decline also has been affected by the shift of railroads from purchasing equipment from other firms to producing it in their own shops.

*and the industrial pattern has changed markedly.*

As a result of the shifting pattern of manufacturing activity in the St. Louis area, durable goods production now constitutes a larger proportion of the total than formerly. The number employed in durable goods manufacturing rose from 48 per cent of the total in 1947 to 57 per cent in 1956. In addition, production of certain nondurables such as chemicals and petroleum products have gained while output of other

#### Durable and Nondurable Manufacturing Employment in the St. Louis Metropolitan Area



nondurable goods declined. These changes have favorably affected the flow of income, since those industries increasing in importance generally have had higher than average wage rates. However, the gain has not been without some costs, for durable goods production is usually more variable than other types and the demand for defense goods, such as aircraft and ordnance, is subject to sharp and often unpredictable changes. Thus, the area has become potentially less stable than before. However, since 1947 total manufacturing employment in the St. Louis area has shown about the same relative amount of fluctuation as nationally.

An important trend in St. Louis' industrial structure, not apparent from statistics, is the changing locus of ownership and management. Mergers and acquisitions in recent years have made branch plants of many which were formerly owned or which had their principal management in St. Louis. The effect of such developments is not always unfavorable for St. Louis employment and income, but in some cases operations have been stopped or curtailed after the change.

*Manufacturing employment has risen at a faster rate than in the nation in Louisville, - - -*

Turning next to the remainder of the district, other metropolitan areas, except Evansville, and most non-metropolitan portions grew at a faster pace than nationally.

Since 1947 manufacturing employment in the Louisville metropolitan area has grown three times as fast as in the nation and much more rapidly than in St.



Louis, Memphis, Evansville or Little Rock, the other major industrial centers in the Eighth District. Traditionally a center of whiskey and cigarette production, much of the postwar growth in Louisville resulted from the transfer of General Electric Company's entire household appliance output to a new plant in Louisville from locations in other cities. Last year employment at this new plant averaged 15,000, making up nearly two-thirds of the 24,000 added to manufacturing employment in that area since 1947.

Tobacco manufacturing, which employed 9 per cent of the total work force in 1954, expanded substantially faster in Louisville than elsewhere in the nation. Employment in that industry increased 33 per cent from 1947 to 1954 while in the nation it fell by 15 per cent. Much the same story is told by value added figures: a 362 per cent gain in Louisville compared with a 54 per cent advance nationally. Chemical production, including the output of synthetic rubber, and the output of transportation equipment also have risen at a faster rate than nationally.

On the other hand, value added in the food, lumber and furniture industries declined from 1947 to 1954. The drop in lumber and furniture plants probably reflects the trend toward location in lower wage areas.

Ordnance production has varied considerably in the Louisville area, following the general pattern of defense needs. In 1953 as many as 10,000 were employed in ordnance plants, but by 1957 this had declined to 1,900. Even this figure is to be reduced according to plans announced recently.

While Louisville has experienced a more rapid than national growth in manufacturing employment, the total has fluctuated somewhat more than has the nation's. These swings reflect in large part the sharp variations in the area's output of ordnance, farm equipment and household appliances in recent years.

#### ... Memphis, ...

Manufacturing employment in the Memphis metropolitan area increased about twice as fast as in the nation from 1947 to 1956. Over the period manufacturing employment rose from 38,000 to 46,000, a gain of 21 per cent. Growth of employment occurred largely in fabricated metals, rubber, paper and furniture production, only partly offset by a drop in lumber mill jobs.

Memphis area employment is relatively more specialized than the nation in the production of rubber

products, furniture, lumber, paper, food and chemicals and to a slight degree in nonelectrical machinery.

Despite the importance of some industries known for their variability, manufacturing employment in Memphis has shown relatively more stability than nationally since 1947.

#### ... Little Rock ...

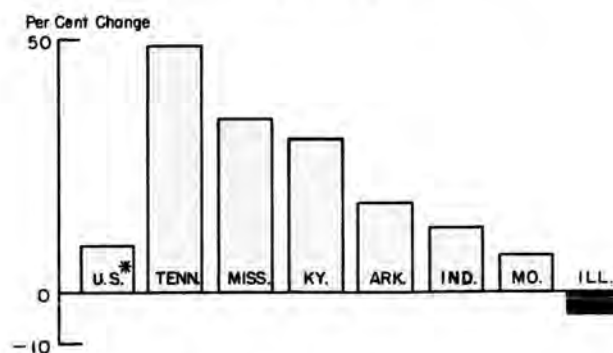
Little Rock is a trade and governmental center whose manufacturing employment has grown about twice as fast as the nation. The increase in value added by manufacturing also was somewhat faster than for the nation from 1947 to 1954. Most of the gain in manufacturing employment occurred from 1947 to 1951. Since 1951 employment at food, apparel, metal and metal-working plants has increased by about 600, offset however by reductions in chemicals, lumber and wood products plants.

#### ... and most other areas, ...

The growth of manufacturing was diffused throughout a large part of the district. In 187 of the 363 Eighth Federal Reserve District counties manufacturing employment rose at a faster pace from 1947 to 1954 than the national gain of 10 per cent. In 29 counties the increase was less rapid than nationally and in 130 there were actual losses. Data were not available on 17 counties.

Among the nonmetropolitan areas of the district the fastest rise in manufacturing employment occurred in Tennessee, with an increase of 49 per cent from 1947 to 1954. As can be observed from the accompanying chart, the only major regions within the district to show less growth than nationally were the nonmetropolitan portions of Missouri and Illinois.

Change in Manufacturing Employment  
in Nonmetropolitan District Areas  
1947 - 1954



\* Percentage change is for total United States.

Arkansas is a good example of the diverse forces at work as industrial development proceeds. Manufacturing employment increased from 75,000 in 1947 to about 88,000 in 1957, a gain of 17 per cent. The gain resulted from increased employment in nearly all major industry groups, which more than offset a loss of 11,000 in lumber mill employment. Industrial growth in Arkansas reflects the development of its natural resources, such as bauxite and pulpwood, the advantage of a large supply of low-cost labor and the general rapid development of the Southwest.

The decline in the lumber output has resulted in part from deterioration of saw timber resources and the consequent disappearance of small logging operations. In addition, technological improvements have further reduced labor requirements. However, in the future Arkansas lumber production should benefit from improvements in forest management and from technical progress in manufacturing processes.

*. . . but has failed to gain in Evansville . . .*

While most of the district developed industrially in the postwar period, some areas have been conspicuous for lack of growth. Evansville experienced only little growth in manufacturing employment from 1947 to 1956, although value added to goods processed in its plants rose at a faster pace than nationally from 1947 to 1954. The lack of growth in manufacturing employment resulted from offsetting changes, primarily in refrigerators and automobile assembly. Refrigerator plants employed an average of 13,500 persons in 1948, but only 8,500 in 1957. On the other hand, transportation equipment plants employed about 2,600 in 1948 and 7,000 in 1957, of which 6,200 were in automobile assembly plants. A small loss in employment in fabricated metals was about offset by the gain in employment in food plants. As elsewhere, aircraft production varied sharply in Evansville, with employment reaching a peak of 10,900 in October 1952 but falling in recent months to 900.

Concentration in durable goods output has resulted in considerable instability in Evansville's employment. For example, in 1954 manufacturing employment averaged 26 per cent less than in 1953.

The outlook for the area is mixed. The operation of an aluminum plant now being built nearby will afford jobs for many who live in Evansville. On the other hand, Chrysler Corporation officials recently

announced that the two assembly plants now employing about 5,000 will be closed in 1959 when operations are transferred to a plant to be built in the St. Louis area.

*. . . or southern Illinois.*

Manufacturing employment in the Illinois portion of the district has failed to grow in the postwar period. From 1947 to 1954 employment declined 4 per cent, with reductions occurring in nine of the 14 nonmetropolitan areas. By 1956, however, recovery in some areas was indicated by a 5 per cent rise in manufacturing employment covered by the state unemployment insurance law.

The loss from 1947 to 1954 stemmed from the closing of a number of plants in various areas, the relatively small number of new plants added and the impact of the 1954 recession on employment in existing plants.

While employment in southern Illinois has increased somewhat in recent years, it has not been sufficient to eliminate the substantial unemployment existing in many of the areas. Five areas in southern Illinois (Harrisburg, Herrin-Murphysboro-West Frankfort, Litchfield, Mount Carmel-Olney, Mount Vernon) are currently classified as having substantial labor surpluses.

*The growth of manufacturing has aided the rise in district income.*

The growth in district manufacturing activity since 1947 has been one of the factors in the rise in district income. Much of the gain occurred in industries with higher than average wage rates. Furthermore, the shift of industries with lower than average wage rates from metropolitan areas to smaller cities has added to the economic base and augmented incomes of smaller areas. Metropolitan areas, too, have gained where loss of employment in low-wage industries has been offset by gains in higher wage industries.

However, manufacturing employment has failed to gain in recent years in some of the metropolitan areas. And the overall increase in the district has not been sufficient to stem out-migration from the district. Furthermore, the economic stability of the district has been potentially reduced by the increased importance of durable and military goods production.

WILLIAM H. KESTER



**MANUFACTURING DATA FOR SELECTED METROPOLITAN AREAS  
IN EIGHTH FEDERAL RESERVE DISTRICT, 1954**  
(EMPLOYEES IN THOUSANDS, VALUE ADDED BY MANUFACTURING IN MILLIONS OF DOLLARS)

Major Industry Group	St. Louis		Louisville		Memphis		Evansville	
	Employees	Value Added	Employees	Value Added	Employees	Value Added	Employees	Value Added
All industries.....	251.8	\$2,053.1	84.7	\$ 845.0	41.8	\$ 336.2	32.6	\$ 238.2
Food and kindred products.....	34.2	316.0	14.0	157.3	7.4	53.7	4.2	39.8
Tobacco manufactures.....	0.7	d	7.9	154.7	d	d	—	—
Textile mill products.....	2.5	12.5	0.7	4.0	0.8	d	—	—
Apparel and related products...	15.0	69.6	2.3	8.2	1.6	6.2	0.7	2.0
Lumber and wood products.....	1.8	9.2	4.9	24.9	4.8	28.1	0.3	1.7
Furniture and fixtures.....	5.2	28.7	3.3	16.6	3.0	14.2	1.3	6.1
Pulp, paper and products.....	8.3	53.3	d	d	3.2	30.0	—	—
Printing and publishing.....	12.5	87.6	5.0	34.5	d	d	0.9	7.2
Chemicals and products.....	18.9	230.8	11.7	164.1	3.5	37.0	1.0	11.4
Petroleum and coal products....	8.1	116.0	d	d	0.3	3.1	—	—
Rubber products.....	0.5	d	*	d	3.9	d	—	—
Leather and leather goods.....	11.0	47.6	0.2	0.6	0.2	0.6	—	—
Stone, clay, and glass products..	9.1	90.0	2.1	20.5	0.5	3.2	0.4	2.6
Primary metal industries.....	20.6	165.0	0.5	2.8	0.3	1.7	—	—
Fabricated metal products.....	20.0	147.8	10.7	79.4	1.7	12.3	3.0	20.3
Machinery, except electrical.....	19.0	139.0	11.7	102.3	4.5	34.2	10.0	79.6
Electrical machinery.....	15.9	118.7	1.7	14.5	0.6	7.5	—	—
Transportation equipment.....	28.2	270.1	2.4	d	2.4	28.7	8.9	58.1
Instruments and related products.	2.3	17.3	d	d	d	d	—	—
Miscellaneous manufactures.....	18.0	124.3	4.5	d	0.8	3.3	0.7	4.7

d Withheld to avoid disclosing data for individual companies.

\* Less than 50 employees.

Source: 1954 Census of Manufactures

# Survey

## OF CURRENT CONDITIONS

*Released for publication November 1*

THE generally sidewise movement of most economic activities in the past several months has created an increasingly widespread feeling that the inflationary pressures which beset the economy for the past two years, while not entirely out of view, are receding. The persistence of this high-level lull in business has also aroused an air of disquiet concerning the nation's economic future. No doubt the erratic behavior of the stock market in October, following a rather consistent decline since July, reflects some of this apprehension.

Estimates recently released by the Council of Economic Advisers confirm this picture of proximate overall stability during the third quarter. The value of the nation's output increased by \$4.7 billion to an unprecedented annual rate of \$439 billion. However, allowing for price changes, it is apparent that aggregate business activity has not increased appreciably. In fact, per capita disposable income is slightly below year-ago rates after adjustment for price rises, indicating that the growth of real income has not kept pace with the growth of population.

Although the overall level of business has continued prosperous, there have been substantial adjustments taking place within the economy. Fortunately for the nation's economic health, these changes have largely offset each other permitting the economy to absorb them without breaking stride.

The total flow of spending for new plants and equipment, which has provided such a strong stimulus to the nation's business for the past two years, appears to be leveling off. In one important sector, new durable goods manufacturing capacity, outlays actually declined about 2 per cent during the third quarter, according to the estimates.

Consumer expenditures for durable goods, which started to decline in the second quarter of the year, continued down during the third quarter. Despite increases in prices consumers are spending approximately 3 per cent less for durable goods now than they were during the first quarter.

The Council also estimates that defense spending declined \$300 million (annual rate) in the third quarter. This factor together with a decline in the value of American exports can be presumed to have further softened the market for durable manufactures.

In general, the level of demand for both consumer and producer durable goods, although still exceedingly robust, does not seem to have the depth and intensity that characterized it but a short time ago. Declines in factory employment, production, and sales all reflect a somewhat weakened position.

The level of employment remained high in September, in large measure because the declines which affected manufacturing activity were offset by increases in other parts of the economy. Consumers increased their rate of spending on nondurable goods and services by \$4.5 billion. The rate of saving fell as the increase in consumption was greater than the rise in disposable income. Other forces serving to sustain the tempo of business activity were a \$600 million increase (annual rate) in state and local government expenditures and an upturn in residential building.

Wholesale prices through the second week in October continue to reflect the slackening of inflationary pressure referred to earlier in this article. The wholesale price index was down from its August high by about .7 of one per cent, although it was still above year-ago figures. The consumer price index, which typically lags its wholesale counterpart, increased in September for the thirteenth consecutive month, but the increment was the smallest since November 1956.

In the Eighth District industrial production in October was up somewhat from September levels. Steel production in the St. Louis area has been averaging about 89 per cent of capacity, some 10 percentage points above the September level, but below that of a year ago. In addition district steel plants were operating closer to capacity levels during October than those of the nation at large.

Southern pine production and petroleum output in Eighth District states were up slightly in October from September rates and were approximately the same as year-ago figures.

A decline in the number of cattle, calves and sheep slaughtered in the St. Louis area between September and October more than offset an increase in hog processing. The total number of animals processed in October was about 8 per cent smaller than in September of this year or October 1956.

Employment during September in three major district areas, St. Louis, Memphis, and Little Rock, showed small monthly gains which were associated with the reopening of schools and the expansion of retail payrolls. The Evansville and Louisville areas, however, experienced sizable drops in employment in September when compared with August levels. About 90 per cent of the drop in Evansville resulted from temporary layoffs in the automotive industry. These workers were recalled in October. Unemployment in Louisville in September was in part attributable to labor management difficulties involving almost 3,000 workers, which were resolved October 24. A further decline in employment came largely in ordnance, chemicals, and fabricated metals and machinery.

Loans at Eighth District weekly reporting banks rose \$27 million or 2 per cent during the five weeks ended October 23, somewhat less than seasonally. The apparent weakness in the demand for credit was occasioned primarily by two special situations in the business category, rather than any marked contraction in activity generally. The principal factor was the relatively modest expansion in advances to finance the movement of cotton, partly the result of a later than usual movement of cotton to market. After the first week in October, a more normal pattern developed, and loans to commodity dealers expanded \$14 million during the two weeks ending October 23. The second special factor holding the loan expansion

down was large net repayment (\$8 million) by sales finance companies, reportedly as these companies obtained funds from other sources. Other types of businesses in the aggregate increased their indebtedness about the normal amount for this time. Loans falling in the category of "other," chiefly consumer, rose at a fairly rapid rate, whereas real estate financing increased moderately.

The weekly reporting banks also increased their holdings of investments \$31 million during the five weeks ended October 23. The bulk of the gain centered in short-term Federal Government securities, although they added some municipal obligations to their portfolios.

District farmers harvested near-record crops in 1957 despite retarded spring planting. October 1 estimates of both corn and soybeans are up from those of September 1. Generally favorable autumn weather contributed to early maturity and harvesting, permitting practically all the corn to escape frost damage.

District cash farm income for the first eight months of this year was about 4 per cent less than that for the same months in 1956, and about 8 per cent above that of 1955. The decline this year is due primarily to reduced crop marketings in Arkansas, Mississippi and Tennessee. Nationally, cash receipts from farm marketings for the first nine months of 1957 were approximately the same as for the corresponding months last year.

Farm real estate values continued to advance in district states during the four months ending July 1, 1957. The dollar value of farmland per acre increased 4 per cent in Illinois, 3 per cent in Kentucky and Mississippi (the national average), and 2 per cent in Tennessee, Arkansas and Missouri during the period.





## Industry

## VARIOUS INDICATORS OF INDUSTRIAL ACTIVITY

Steel Ingot Rate, St. Louis area (Operating rate, per cent of capacity).....	79	Sept. 1957*	Sept. 1957* compared with Aug. 1957	Sept. 1956
Coal Production Index—8th Dist. (Seasonally adjusted, 1947-49=100).....	85.3 p		-6	-3
Crude Oil Production—8th Dist. (Daily average in thousands of bbls.).....	385.0		+22	2
Freight Interchanges at RRs—St. Louis (Thousands of cars—25 railroads—Terminal R. R. Assn.).....	95.1		-9	-6
Livestock Slaughter—St. Louis area (Thousands of head—weekly average).....	114.0		+18	-10
Lumber Production—S. Pine (Average weekly production—thousands of bd. ft.).....	207.1		-5	-1
Lumber Production—S. Hardwoods (Operating rate, per cent of capacity).....	82		-4	-16

\* Percentage change is shown in each case. Figures for the steel ingot rate, Southern hardwood rate, and the coal production index show the relative percentage change in production, not the change in index points or in percents of capacity.

p Preliminary.

## Banking

### BANK DEBITS<sup>1</sup>

Six Largest Centers:	Sept. 1957 (In millions)	Sept. 1957 compared with Aug. 1957	Sept. 1956
East St. Louis—National Stock Yards, Ill.	\$ 144.4	-2%	+4%
Evansville, Ind.	171.7	-9	+12
Little Rock, Ark.	206.8	+2	+11
Louisville, Ky.	885.0	-2	+11
Memphis, Tenn.	751.0	-15	-4
St. Louis, Mo.	2,364.2	+3	+8
Total—Six Largest Centers	\$4,523.1	-2%	+6%

### Other Reporting Centers:

Alton, Ill.	\$ 40.5	+6%	+12%
Cape Girardeau, Mo.	16.7	-10	-4
El Dorado, Ark.	30.6	-3	+5
Fort Smith, Ark.	57.0	-2	+6
Greenville, Miss.	27.8	-3	-11
Hannibal, Mo.	11.3	-6	+10
Helena, Ark.	9.1	+4	-26
Jackson, Tenn.	24.2	-7	-17
Jefferson City, Mo.	104.5	+9	+11
Owensboro, Ky.	48.5	-0	+8
Paducah, Ky.	28.2	-9	+9
Pine Bluff, Ark.	43.0	+2	-9
Quincy, Ill.	42.0	+2	+13
Sedalia, Mo.	16.2	-6	+8
Springfield, Mo.	97.6	+2	+10
Texarkana, Ark.	20.4	-0	-5

Total—Other Centers	\$ 617.6	+1%	+4%
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Total—22 Centers	\$5,140.7	-2%	+6%
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### INDEX OF BANK DEBITS—22 Centers

Seasonally Adjusted (1947-1949=100)

	1957	1956
Sept.	171.7	180.1
Aug.	180.1	161.8

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

### EIGHTH DISTRICT WEEKLY REPORTING MEMBER BANKS

(In millions of dollars)

Assets	Oct. 23, 1957	Sept. 18, 1957	Change from
Loans <sup>1</sup>	\$1,688	\$1,688	0
Business and Agricultural	880	880	0
Security	50	50	0
Real Estate	281	281	0
Other (largely consumer)	483	483	0
U.S. Gov't. Securities	844	844	0
Other Securities	227	227	0
Loans to Banks	30	30	0
Cash Assets	903	903	0
Other Assets	46	46	0
Total Assets	\$3,718	\$3,718	0
Liabilities and Capital			
Demand Deposits of Banks	\$ 719	\$ 719	0
Other Demand Deposits	2,011	2,011	0
Time Deposits	607	607	0
Borrowings and Other Liab.	86	86	0
Total Capital Accounts	295	295	0
Total Liab. and Capital	\$3,718	\$3,718	0

<sup>1</sup> Loans are adjusted to exclude loans to banks; the total is reported net; breakdowns are reported gross.

<sup>2</sup> Changes in business loans by industry classification from a sample of banks holding roughly 90% of the total commercial and industrial loans outstanding at Eighth District weekly reporting member banks.

## Agriculture

### CASH FARM INCOME

	Aug. '57	Aug. '56	1957 compared with 1956
(In thousands of dollars)			
Arkansas	\$ 23,795	1	-18%
Illinois	137,167	1	+5
Indiana	87,685	1	+3
Kentucky	28,116	2	+4
Mississippi	26,163	-23	-17
Missouri	78,053	1	+1
Tennessee	28,455	-1	-4
7 States	409,434	-3	-0
8th District <sup>1</sup>	168,717	-6	-4

Source: State data from USDA preliminary estimates unless otherwise indicated.

<sup>1</sup> Estimates for Eighth District revised based on 1954 Census of Agriculture.

## Construction

### CONSTRUCTION CONTRACTS AWARDED IN EIGHTH FEDERAL RESERVE DISTRICT\*

(Value of contracts in thousands of dollars)

	Aug. 1957	July 1957	Aug. 1956
Total	\$129,843	\$127,375	\$107,332
Residential	53,151	58,969	43,408
Nonresidential	50,963	38,330	36,431
Public Works and Utilities	25,729	30,076	27,493

\* Based upon reports by F. W. Dodge Corporation.

## Trade

### DEPARTMENT STORES

	Net Sales			Percentage of Accounts and Notes Receivable Outstanding Aug. 31, '57, collected during Sept.	
	Sept. 1957 compared with Aug. '57	Sept., '56	9 mos. '57 to same period '56	Instal. Accounts	Excluding Instalment Accounts
8th F.R. District Total	- 3%	+ 1%	+ 1%	15	49
Fort Smith Area, Ark. <sup>1</sup>	- 2	+ 1	+ 1	36	36
Little Rock Area, Ark.	- 10	- 7	- 2	28	28
Quincy, Ill.	- 3	- 3	- 4		
Evansville Area, Ind.	- 7	- 1	+ 1		
Louisville Area, Ky., Ind.	- 5	- 3	- 1	18	47
Louisville (City)	- 6	- 6	- 5		
Paducah, Ky. <sup>1</sup>	+ 4	- 5	+ 5		
St. Louis Area, Mo., Ill.	- 1	+ 6	+ 2	16	56
St. Louis (City)	- 3	- 0	- 2		
Springfield Area, Mo.	- 10	- 0	+ 4		
Memphis Area, Tenn.	- 7	- 6	- 2	12	32
All Other Cities <sup>2</sup>	- 5	- 10	- 3		

<sup>1</sup> In order to permit publication of figures for this city (or area), a special sample has been constructed which is not confined exclusively to department stores. Figures for any such nondepartment stores, however, are not used in computing the district percentage changes or in computing department store indexes.

<sup>2</sup> 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 September 1957 were one per cent less than on the corresponding date a year ago.

### INDEXES OF DEPARTMENT STORE SALES AND STOCKS 8TH DISTRICT

	Sept. 1957	Aug. 1957	July 1957	Sept. 1956
Sales (daily average), unadjusted <sup>3</sup>	131	119	104	130
Sales (daily average), seasonally adjusted <sup>3</sup>	129	131	135	127
Stocks, unadjusted <sup>4</sup>	n.a.	135	129	145
Stocks, seasonally adjusted <sup>4</sup>	n.a.	135	141	134

n.a. Not Available.

<sup>3</sup> Daily average 1947-49=100

<sup>4</sup> End of Month average 1947-49=100

Trading days: Sept. 1957—24; August 1957—27; Sept. 1956—24.

### RETAIL FURNITURE STORES

	Net Sales	
	Sept. 1957 compared with	
	Aug. '57	Sept. '56
8th Dist. Total <sup>1</sup> .....	-12%	+ 1%
St. Louis Area.....	- 8	+ 4
Louisville Area.....	-24	- 9
Memphis Area.....	-25	- 5
Little Rock Area.....	-19	+15
Springfield Area.....	-20	- 5

<sup>1</sup> In addition to the following cities shown separately in the table, the total includes stores in Blytheville, Fort Smith, Pine Bluff, Arkansas; Owensboro, Kentucky; Greenwood, Mississippi; Evansville, Indiana, and Cape Girardeau, Missouri.

Note: Figures shown are preliminary and subject to revision.