1962 Economic Developments in the Eighth Federal Reserve District

Business and Financial Conditions at the Turn of the Year

1962 Annual Report of the Federal Reserve Bank of St. Louis
1962 Economic Developments in the Eighth Federal Reserve District

Introduction

The course of economic activity in the Eighth Federal Reserve District during 1962 was similar to the pattern of the rest of the country for the first half of the year, but deviated from the national pattern during the last half. Nationally, the economy expanded moderately during the first half of 1962 but made little progress during the remainder of the year. Eighth District activity also expanded slowly during the first half of 1962. In contrast to the plateau in national business during the latter part of the year, economic activity in a significant number of Eighth District areas declined from July to December.

In the St. Louis, Louisville, Little Rock and Springfield metropolitan areas economic activity, after advancing moderately from January to July, declined during the last half of 1962 to show little net gain for the year. The Fort Smith Area had a decrease during the late months of the year, but not enough to offset earlier advances.

Developments in Memphis paralleled the national pattern of an advance during early 1962, followed by a plateau during the last half year. The Evansville Area had a continued, but slow, increase in economic activity throughout the year.

This article analyzes economic activity during 1962 in the seven Eighth District Standard Metropolitan Statistical Areas. A summary analysis is also given for the parts of the district outside these metropolitan centers. This approach is followed because the metropolitan areas are logical or natural economic units, whereas the district as a whole is a diverse area. Developments in these larger cities have considerable influence on the over-all level of activity in the entire district. Also, better monthly data are available for these areas than for the district as a whole.

Three general groups of economic indicators are used in analyzing the over-all movement of economic activity in an individual SMSA. These groups of indicators are measures of manpower utilization, production and spending, and financial activity.

The manpower utilization group of indicators consists of total employment, average hours worked in manufacturing, and the unemployment rate. The total employment figure is an estimate of the number of individuals with a job. Since the number of jobs a community can provide is one of the best indicators of an area’s over-all economic activity, changes in employment have been given great weight in this study. Estimated average hours worked in manufacturing indicate the intensity of use of those employed by manufacturing firms. The unemployment rate, an estimate of the portion of the area’s labor force seeking a job, provides an approximation of the share of human resources not being utilized.

The production and spending indicators are composed of industrial use of electric power, check payments, and department store sales. Changes in the volume of electric power used for industrial purposes provide an indication of changes in manufacturing.
activity. Check payments, which also include other debits against demand deposit accounts, are a broad measure of over-all spending and economic activity in an area. Since a very large portion of payments for goods and services is made by check, a major part of spending is recorded as debits to demand deposits. The volume of department store sales represents consumer expenditures at these outlets.

Two indicators of financial activity, total deposits and business loans, are used in this review of Eighth District economic activity during 1962. Total deposits represent local commercial bank sources of loan and investment funds. Business loans are mostly short-term loans for productive purposes.4

All the data presented in this article, unless otherwise specified, have been adjusted for seasonal variations. In addition, the industrial use of electric power, check payments, and department store sales series have been smoothed by the use of a three-month moving average in order to remove irregular fluctuations.

In analyzing economic developments in a local area, a more meaningful picture can be obtained by considering as a whole the entire set of indicators presented rather than by considering each indicator separately. Economic activity by its very nature is a composite of many different segments. In addition, there may be shortcomings in each series which will create a misleading impression if the series is analyzed separately. In light of these considerations, this study discusses movements in each indicator only as they contribute to an understanding of the general development of economic activity in a particular area.

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**Supporting Data** for this study are available from the Research Department, Federal Reserve Bank of St. Louis. The data for the unemployment rate and average hours worked were provided by local employment service offices. For seasonal adjustments see "Seasonal Patterns of Business Activity," this _Review_, August 1962. For a description of all indicators, except unemployment rate and average hours worked, see "Economic Indicators," this _Review_, October 1962.

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**St. Louis, Missouri-Illinois**

SMSA—St. Louis City, St. Louis, St. Charles and Jefferson counties, Missouri; Madison and St. Clair counties, Illinois. 1960 population—2,060,614.

The level of economic activity in the St. Louis Metropolitan Area at the end of 1962 was little changed from the level of a year earlier. Moderate advances in economic activity during the first half of the year were nearly offset by a general decline after late spring.

Manpower Utilization—The utilization of St. Louis labor resources remained unchanged during 1962 and showed no significant gain over 1960-61.

Total employment in the St. Louis Labor Market has remained virtually unchanged since early 1961. The loss of employment in the 1960-61 recession was not regained during the 1961-62 recovery. The average work week in St. Louis manufacturing firms changed little on balance during 1962, after rising moderately in 1961. The average work week in 1962 was a little over 40 hours, about the same as in early 1960 and slightly above 39.1 hours at the bottom...
of the 1961 recession. The unemployment rate decreased from a peak of 7 per cent in the second quarter of 1961 to about 5 per cent in the last months of 1962. This decrease resulted from individuals leaving the labor force and not from expansionary forces. During all of 1962, the St. Louis Metropolitan Area was classified by the Department of Labor as having "moderate unemployment", 3.0 to 5.9 per cent.5

Production and Spending—Indicators of St. Louis Area production and spending showed somewhat greater strength than was indicated by employment data. The industrial use of electric power had increased sharply in the last quarter of 1961 and for 1962 as a whole was markedly above 1961. After remaining relatively stable during the first four months of 1962, the use of power rose 3 per cent from April to July and then declined from July to October. The July level was regained by the end of the year. Overall spending, as measured by check payments, continued to advance during 1962, but a part of the gain may have resulted from financial transactions unrelated to current economic activity and a part from price and wage increases.6 Department store sales rose rapidly in early 1962, reached a peak in April, and then drifted lower. Sales for the year were 4 per cent above 1960 and 1961.

Financial Activity—Business loans outstanding at St. Louis Area weekly reporting banks7 increased markedly in the last three quarters of 1962, after trending downward for two years. By the end of the year they had regained all of the loss of the May 1960-March 1962 period. Total deposits at weekly reporting banks increased 4 per cent during 1962, with a 16 per cent increase in time and savings deposits more than offsetting a 3 per cent decrease in demand deposits. For the year, demand deposits were considerably below 1960 and 1961.


6 The reporting bank samples are somewhat less adequate for St. Louis than for other centers in the district.

7 Idem.
Louisville, Kentucky

SMSA—Jefferson County, Kentucky; Clark and Floyd counties, Indiana. 1960 population—725,139.

During the early months of 1962, the Louisville Metropolitan Area experienced a continued recovery in economic activity from its low point of early 1961. After the first quarter of the year this advance ceased and then to the end of the year economic activity in the Louisville Area slowly receded.

Manpower Utilization—In Louisville the utilization of labor resources strengthened in the early part of 1962 but in the remainder of the year lost this gain.

Total employment in the Louisville Area advanced from mid-1961 to early 1962. No further net increase occurred during the last three quarters of the year. The average work week in manufacturing was about 41 hours from late 1961 to mid-1962 and then edged downward during the last half of the year. The unemployment rate decreased from 8 per cent in mid-1961 to about 5 per cent in April 1962 and remained at about this level through the balance of the year. Most of the improvement in the unemployment rate in the second quarter of 1962 reflected withdrawals from the labor force rather than an expansion in employment. In May, the Louisville Area was reclassified by the Department of Labor from an area of "substantial unemployment" (6.0—8.9 per cent) to an area of "moderate unemployment" (3.0—5.9 per cent).

Production and Spending—Production and spending in Louisville rose during the first half of 1962 and then changed little to the close of the year. The industrial use of electric power during the first half of 1962 continued a rise which had begun in mid-1961. In June 1962, power use was 20 per cent above its June 1961 trough. Although cutbacks in power use were prevalent from June to September, by the end of 1962 the index had returned to about the June level.

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# Louisville Metropolitan Area Production and Spending

## Seasonally Adjusted Three-Month Moving Averages

### Industrial Use of Electric Power

- **1957-59=100**
- **December estimated**

### Department Store Sales

- **1957-59=100**
- **December estimated**

### Check Payments**

- **1957-59=100**
- **December estimated**

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*Revision in sample.

**Debits to demand deposit accounts, except interbank and U.S. Government accounts.
Check payments, after showing no net change from May 1961 to May 1962, increased rapidly during the summer and then remained about unchanged during the last quarter of the year. Department store sales, after a period of little change from September 1961 to February 1962, expanded about 7 per cent during the spring and then fluctuated around this advanced level for the remainder of the year.

**Financial Activity—**Business loans outstanding at Louisville banks declined sharply in early 1962. From February to July these loans were little changed. After July these loans increased rapidly and in the last quarter loans were 5 per cent above a year earlier. Total deposits continued the increase which had begun in early 1961. All the gain of the year occurred in time and savings deposits.

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**Nonmetropolitan Cities**

The trend of economic activity during 1962 in nonmetropolitan cities of the Eighth District roughly paralleled that of metropolitan areas, with increases in activity to mid-1962 and a slowdown in the last half of the year. Economic activity in 1962 in most of the smaller cities was higher than in 1961.

**Overall spending,** according to check payments, varied considerably from center to center. Total bank debits for 1962 in Helena and El Dorado, Arkansas, and Sedalia, Missouri, were about 15 per cent higher than 1961. In Pine Bluff, Arkansas, Greenville, Mississippi, Hannibal, Missouri, Owensboro, Kentucky, and Jackson, Tennessee, bank debits were 10 per cent higher in 1962 than in 1961. Paducah, Kentucky, Quincy, Illinois, and Cape Girardeau, Missouri, had increases of around 5 per cent over 1961. Jefferson City, Missouri, had an 8 per cent increase in debits for 1962. A large proportion of its debits are due to governmental transactions unrelated to private spending.

**Department store sales** in the nonmetropolitan centers of the Eighth District increased 2 per cent from the end of 1961 to December 1962. Southern Illinois sales remained unchanged, while sales in western Kentucky increased 6 per cent.

**The unemployment rate** decreased during 1962 in most of the Eighth District labor markets classified by the Department of Labor in the early part of the year as having “substantial” or “substantial and persistent” unemployment (over 6.0 per cent). Of the approximately 170 classified nonmetropolitan labor markets in the district, only three, Greenville and Tupelo, Mississippi, and Cape Girardeau, Missouri, had unemployment decreases sufficient to remove them from the classified list.

**Total bank credit outstanding** at nonmetropolitan area member banks increased by 10 per cent during 1962, with both loans and investments increasing at this rate. Total deposits of these banks increased by 8 per cent, with a 20 per cent increase in time and saving deposits and only a 2 per cent increase in demand deposits.
Memphis, Tennessee

SMSA—Shelby County, Tennessee. 1960 population—627,019.

During the first half of 1962 economic activity in the Memphis Metropolitan Area continued to rise from its early 1961 trough. The expansion came to a halt in the early summer and thereafter economic activity changed little.

Manpower Utilization—Utilization of labor resources in Memphis remained unchanged during the first half of 1962 and declined slightly in the last half.

Total employment in the Memphis Labor Market was up slightly in the first part of 1962. Beginning in June, it drifted downward. Average hours worked in Memphis manufacturing firms, which had increased notably in 1961 to an average of 41.4 hours in the fourth quarter, declined in 1962 to about 40.4 hours by year end. The unemployment rate decreased during 1962, and at the year end was 4.4 per cent compared with a high of 5.8 per cent in April 1961. Memphis remained in the "moderate unemployment" classification (3.0-5.9 per cent) during the entire year.

Production and Spending—Production and spending in Memphis during the first half of 1962 continued their 1961 advance. After midyear, progress was slight. Industrial use of electric power, which rose sharply during 1961, continued to rise moderately in the first quarter of 1962. Following little change from March to July, a new high level was reached in the August-October period. After October, the use of electric power was slightly lower. Check payments in the early
months of 1962 continued an increase which had begun about mid-1960, remained at a high level during the second and third quarters, and then decreased to year end. Department store sales during the first half of 1962 continued an increase which had begun in late 1961. Little further net change occurred in the remainder of the year.

**Financial Activity**—Business loans at Memphis weekly reporting banks averaged 6 per cent higher in 1962 than 1961. They rose rapidly during the first quarter and then showed little net change through the month of July. The movement in the volume of these loans after August was affected by an earlier than usual marketing of cotton. Total deposits continued the increase which had begun about mid-1960. As in other district areas, the gain was primarily in time and savings deposits.

**Little Rock-North Little Rock, Arkansas**

ECONOMIC ACTIVITY in the Little Rock Metropolitan Area at the end of 1962 was about the same as a year before. Early in the year economic activity advanced quite sharply; but after late spring, declines offset the earlier gains.

**Manpower Utilization**—Utilization of manpower in the Little Rock Area increased markedly during early 1962 but declined in the second half of the year.

Total employment in the Little Rock Labor Market, which had changed little during the previous two years, increased about 3 per cent during the first three months of 1962. Following a period of stability from April to June, employment declined rapidly. At the end of 1962, it was 3 per cent below the June figure, and about the same as December 1961. The work week in manufacturing was unchanged from 1961. The unemployment rate, which had declined from...
about 5 per cent in mid-1961 to 3.4 per cent in the spring of 1962, averaged about 3.8 per cent in the last half of the year. The Little Rock Area remained in the "moderate unemployment" classification (3.0-5.9 per cent) throughout the year.

Production and Spending—Production and spending in Little Rock increased from January to midyear 1962, after which no further gains were made. Industrial use of electric power fluctuated widely during 1962. After reaching a peak in March, this measure of industrial activity trended downward to the close of 1962. Check payments continued to rise during the first half of 1962 and then remained about unchanged to the end of the year. Department store sales reversed their downward movement of 1960 and 1961, rising 6 per cent from January to May. From May to the close of 1962 they remained fairly stable at about the 1960 level.

Financial Activity—Business loans outstanding at Little Rock weekly reporting banks averaged slightly higher in 1962 than in 1961. Total deposits in the first five months of the year continued an upward trend which had begun in 1960. Subsequently, they showed no net gain. All of the gain in total deposits during the year was due to a 25 per cent increase in time and savings deposits which more than offset a 4 per cent decrease in demand deposits. The decline in demand deposits was particularly marked in the last half of the year.

Evansville, Indiana

ECONOMIC ACTIVITY in the Evansville Metropolitan Area continued to advance during 1962 from its April 1961 trough. However, this upward movement slowed during the second half of the year.

Manpower Utilization—The use of Evansville's labor resources generally increased from April 1961 to the end of 1962.

Evansville Metropolitan Area
Manpower Utilization

Evansville employment started to rise in the second quarter of 1961. During 1962, except for a slump from February to April, this rise continued, but at a slower pace. The unemployment rate decreased steadily from 8 per cent in May 1961 to 6 per cent at the end of that year and averaged about 4.5 per cent in the last quarter of 1962. In August 1962, Evansville was reclassified from an area of "substantial unemployment" (6.0-8.9 per cent) to an area of "moderate unemployment" (3.0-5.9 per cent).8

Production and Spending—During first half of 1962, production and spending in Evansville advanced sharply and then changed little to the year end. Industrial use of electric power rose sharply in the first half of the year and remained virtually unchanged during the last six months. Check payments during the early

8 Data on average hours worked in manufacturing are not available for Evansville.
months of 1962 continued an advance which had started about mid-1961. After April, however, there was little change in the volume of debits. Department store sales in southern Indiana advanced significantly from January to June, decreased from June to September and then improved in the last quarter.9

Evansville Metropolitan Area
Production and Spending

Financial Activity—Business loans outstanding at Evansville weekly reporting banks, after rising markedly in January 1962, averaged 8 per cent higher in 1962 than in 1961. Total deposits advanced moderately during 1962, with demand deposits increasing 3 per cent and time deposits 6 per cent. The growth in time deposits was considerably less than in other district centers. Indiana regulations did not allow the interest rate paid on time deposits to exceed three per cent, whereas other district states had no such restriction and permitted these rates to be increased under Regulation Q.

9 Sales for southern Indiana include reporting stores in Evansville and Vincennes.

Farm Income in the Eighth District was somewhat higher in 1962 than in 1961. In all district states except Missouri and Kentucky, cash farm receipts in the first ten months of the year were equal to or higher than in the same months of 1961. Mississippi and Arkansas, with increases of 17 and 9 per cent, respectively, registered the major gains.

Prices of major district farm commodities averaged about 2 per cent higher in 1962 than in 1961, contributing to the higher cash receipts. Gains in cattle, broiler, and soybean prices more than offset slightly lower prices for milk and rice. Other major district commodities sold at about the same prices as a year earlier.

Output of most major district crops was somewhat larger in 1962 than in 1961. Corn production was up substantially in the Corn Belt states of Indiana and Illinois and was slightly higher in Kentucky. Production of soybeans, tobacco, rice, and cotton rose in most district producing states.

Farm real estate values during 1962 in states of the Eighth District continued their postwar upward trend. All seven states shared in the gains, but the increases were generally greater in the south.

Percentage increases in the average value per acre of farm real estate in Eighth District states for the year ending July 1, 1962 were:

<table>
<thead>
<tr>
<th>District States</th>
<th>Per Cent</th>
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<tbody>
<tr>
<td>Arkansas</td>
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<tr>
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</tr>
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<td>Tennessee</td>
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Evansville Metropolitan Area
Financial Activity
ECONOMIC DEVELOPMENTS during 1962 in the Springfield Metropolitan Area were somewhat uneven. On balance, Springfield experienced rising economic activity to spring, after which there was a decrease to the year end.10

**Manpower Utilization**—Utilization of labor resources in Springfield increased moderately during early 1962, followed by a sharp decrease to the year end. Total employment in the Springfield Labor Market increased 6 per cent during the first four months of 1962. From April to December this rise was mostly offset by declines. Employment in 1962 averaged 4 per cent above 1961. The unemployment rate in Springfield rose from 5.2 per cent in January to an average of 6 per cent for April to September. The rate then decreased sharply to the close of 1962.

**Production and Spending**—In Springfield, production and spending advanced during the first two quarters of 1962, and then slackened off to the year end. Check payments in 1962 continued an expansion which had begun in 1961. However, after August the increase was small. Although department store sales fluctuated greatly, total sales for the year were 3 per cent above 1961.

**Financial Activity**—Total loans outstanding at Springfield member banks increased 11 per cent during 1962. Demand deposits at member and nonmember banks increased 6 per cent.

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10The economic indicators for Springfield are in the process of being refined and are subject to revision. Data on average hours worked in manufacturing are not available. An index of industrial use of electric power is not available because of insufficient back data. Since member banks comprise only a little over one-half the banking activity in Springfield, demand deposits of member and nonmember banks are used.
During 1961 and 1962 the economic character of the Fort Smith Metropolitan Area changed substantially. Introduction of a newly established electrical machinery firm in the Fort Smith economy resulted in a substantial rise in economic activity from January 1961 to June 1962. After June, this expansionary phase appears to have tapered off. More time is needed to determine the new pattern of activity in Fort Smith which will emerge from the change in the economic base of this area.

Manpower Utilization—Establishment of the new firm greatly increased the utilization of Fort Smith's labor resources from January 1961 to June 1962. Subsequently, considerable weakness developed.

Employment increased 23 per cent from January 1961 to June 1962. Then from June to December, employment decreased sharply, with most of the decrease due to temporary layoffs in the electrical machinery industry. The unemployment rate, which had decreased from 7.2 per cent in May 1961 to 4.1 per cent in February 1962, gradually worked upward to 4.8 per cent in the last quarter of 1962. The work week averaged about 40 hours in the last half of 1961 and about 39 hours in the last half of 1962.
Production and Spending—Production and spending in Fort Smith followed the same pattern as employment. From the first quarter of 1961 to the second quarter of 1962, industrial use of electric power nearly doubled; check payments increased about 25 per cent; and department store sales increased approximately 20 per cent. After reaching a peak in the first half of 1962, these indicators decreased or leveled off in the last half of the year.

Financial Activity—Total loans at Fort Smith member and nonmember banks increased during 1962 at a faster rate than in 1960 and 1961. Total deposits also increased in the first eight months of 1962 at their 1960-1961 pace but then changed little from August to the close of the year.

Business and Financial Conditions at the Turn of the Year

Business Activity

Industrial Production in December and January was close to the average of the previous six months. Output of the nation's mines, factories and utilities in December was 119.6 per cent of the 1957-59 average, and preliminary information suggests that output in January remained at about December levels. Automobile assemblies in January continued at the advanced rate prevailing since the new model changeover last autumn. Steel production rose following the holiday period but contracted in late January, largely because of bad weather. New construction put in place, which had been at an annual rate of $62.5 billion from June to December, changed little in January. The proportion of the civilian labor force unemployed was 5.8 per cent in January, fractionally above the 5.6 per cent rate for December and near the average for 1962. The wholesale price index declined from 100.7 per cent of the 1957-59 average in November to 100.4 in December, but weekly data indicate that wholesale prices rose in January.

Bank Reserves

Total member bank reserves, seasonally adjusted, declined slightly from the second half of December to the first half of January. Since early January a year ago total reserves, adjusted to take account of the change in reserve requirements, have risen 3.3 per cent.1 With a rapid increase during 1962 in reserves required to support time deposits, reserves available to support private demand deposits have been on balance unchanged in the last twelve months.

Excess reserves of member banks averaged around $470 million during January, compared to $560 million in December. If the abnormally high level for the week ending January 2, $1,032 million, is excluded, excess reserves have averaged $465 million since late November. In the first eleven months of 1962 excess reserves averaged $517 million. Member bank borrowing from Reserve Banks, which had been less than $100 million during most of 1962, rose in late December and averaged $714 million in the week ending January 2. This increase, however, was temporary. In January borrowing contracted sharply to an average of about $100 million.

Bank Credit

Commercial bank credit, seasonally adjusted, rose at a 9.6 per cent annual rate from November to December, but (based on information from weekly reporting banks) probably expanded less rapidly in January. Since the end of 1961 bank credit has increased 8.6 per cent with most of the expansion in loans.

Money Supply

The money supply, demand deposits plus currency, increased around $2 billion, or at an annual rate of 11 per cent, from November to the month ending mid-January. In the last year the money supply has increased about 2 per cent, in contrast with a 3.6 per cent expansion in the previous year. Time deposits

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1For a discussion of the method used to adjust the total reserves series, see the December issue of this Review, pages 3 and 4.
continued to rise rapidly from November to mid-January. Money defined broadly to include this asset has expanded 7.8 per cent in the past year.

**Interest Rates**

Yields on high grade corporate bonds declined slightly from mid-December to the end of January while yields on state and local government issues and on intermediate-and long-term Treasury securities changed little. Interest rates on three-month Treasury bills increased from the 2.85 per cent range in mid-December to over 2.90 per cent at the end of January.

**Yields on U.S. Government Securities**

<table>
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<th>Yields on U.S. Government Securities</th>
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<tbody>
<tr>
<td><strong>Per Cent</strong></td>
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<tr>
<td>Monthly Averages of Daily Figures</td>
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Interest rates have been an especially important focus of Government policies since mid-1960 because of the problem of international capital movements. Treasury debt-management actions have been a significant factor in the general stability of short-term interest rates during the past year. During the early months of 1962 when seasonal credit demands were relatively weak, the Treasury increased moderately the supply of securities maturing within one year held by the public. The supply of these securities outstanding was at a peak of $74 billion in August. During the last four months of the year the supply of U.S. Government securities maturing within one year actually declined. Seasonal forces impinging on short-term yields were strong, however, and rates remained firm. At the close of 1962 it was estimated that the amount of Government securities held by the public and maturing within one year was near $66.5 billion, or about $1 billion greater than at the end of 1961.

**Fiscal Developments**

In the U. S. Government cash budget for the fiscal year ending June 30, 1964, submitted by the President in January, the deficit is expected to total $10.3 billion, compared to the $8.3 billion anticipated for the current fiscal year. Cash receipts in fiscal 1964 are expected to rise to $112.2 billion from $108.4 billion in the current year; cash expenditures are also expected to rise, from $116.8 billion to $122.5 billion. Receipts budgeted for fiscal 1964 include the estimated effect of the President’s tax proposals, while the major expenditure increases are anticipated to be for national defense and space research and technology. The U. S. Government deficit in the national income and product accounts is also expected to increase, from $4.3 billion in fiscal 1963 to $7.6 billion in fiscal 1964.

**U.S. Government Securities Maturing within One Year Held by the Public**

* Excludes holdings of U.S. agencies and trust funds and Federal Reserve Banks. Latest data plotted: December estimated.
FEDERAL RESERVE FUNCTIONS may be separated into three major classifications—policy, supervision, and service. Policy functions embrace actions taken in connection with the volume, availability, and cost of money. Supervision involves the examination and regulation of banks and certain related organizations. Service is the range of activities which, for a variety of historical or functional reasons, are undertaken as either precondition or consequence of policy responsibilities. Functions of all three types are performed at the Federal Reserve Bank of St. Louis and its Little Rock, Louisville, and Memphis branches.

The principal policy task undertaken at this bank is the discount function. The bank’s directors set the discount rate every two weeks subject to the review and determination of the Board of Governors. Loans at such rate are extended to member banks through the “discount window.” Such credits in the Eighth Federal Reserve District totaled $881 million in 1962, 8 per cent above 1961 but substantially below the average of the past decade.

Loans to Member Banks
1953-1962

<table>
<thead>
<tr>
<th>Year</th>
<th>Billions of Dollars</th>
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<td>1962</td>
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Supervision is principally exercised through examination of state member banks. All the state member banks in the district, totaling 152 on December 31, were examined in 1962, with the 322 national member banks being subject to examinations by the Comptroller of the Currency. This total of 474 member banks at the end of 1962 was four less than a year earlier. The number of nonmember banks increased from 997 to 1,004, and the total number of commercial banks in the district rose from 1,475 to 1,478. The percentage of total commercial bank deposits held by member banks in the district at mid-1962 was 64.5 compared to 65.3 at mid-1961.

Service functions may be classified under three general headings: credit transfers, cash service, and fiscal agency. Credit transfers may again be divided into three groups—check collections, other collections, and interbank transfer of funds.

Several of the service functions which a Federal Reserve Bank performs are related to the balances which member banks keep on deposit with it. These balances serve both as part of the reserves prescribed by the policy regulations of the Federal Reserve System and as working balances for the member banks.

With respect to check collections, about 230 million checks with a face value in excess of $82 billion were collected by this bank in 1962. The number of checks was up 6.4 per cent compared to 1961, and their dollar value rose 8.5 per cent.

Checks Collected
1953-1962

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<tr>
<td>1961</td>
<td>290</td>
</tr>
<tr>
<td>1962</td>
<td>300</td>
</tr>
</tbody>
</table>

The other collections are items which require special handling and are technically known as “noncash collections.” They consist of such items as drafts, promissory notes, stocks, bonds, and coupons. United
States Government coupons paid were down 2 per cent in number, but dollar volume was 4 per cent greater. The number of other noncash collection items was up about 2 per cent and their dollar value was sharply higher, 26 per cent above the 1961 level.

The "transfers of funds" are largely movements of bank balances. The Federal Reserve System makes this service available to member banks for moving funds quickly from one part of the country to another. Transfers of funds by this bank in 1962, numbering 170 thousand, were 7 per cent greater than in the previous year, and the dollar amount was up 16 per cent.

The cash service function of the bank is carried out through the Money Department. Its major activities include receiving, sorting, counting, paying out, and shipping currency and coin, and wrapping coin. At this bank money handling operations in 1962 showed mixed trends. The volume of currency handled rose somewhat both in number of pieces and dollar volume, following decreases in the two preceding years. On the other hand, the number and dollar volume of coin received and counted declined in the year, following a rapid increase in the previous two years. Combined currency and coin received and counted during the year totaled $1.2 billion, about 2 per cent above the 1961 dollar volume.

Each Federal Reserve Bank performs a major service function as Depository and Fiscal Agent of the United States Government. In this capacity, the Federal Reserve Banks act as the United States Government's principal banking agency. They hold Government demand deposit accounts, accept Government receipts, settle checks drawn on the Treasurer of the United States, and issue, redeem, and transfer title to Government securities.  

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Directors and Officers

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Of Counsel, Shepley, Kroeger, Fisse & Shepley
St. Louis, Missouri

Deputy Chairman of the Board

J. H. LONGWELL
Director, Special Studies and Programs
College of Agriculture, University of Missouri
Columbia, Missouri

H. LEE COOPER, President, Ohio Valley National Bank of Henderson, Henderson, Kentucky
HARRY F. HARRINGTON, Chairman of the Board and President, The Boatmen’s National Bank of St. Louis, St. Louis, Missouri
HAROLD O. MCCUTCHEAN, Senior Executive Vice President, Mead Johnson & Company, Evansville, Indiana

EDGAR M. QUEENY, Chairman of the Finance Committee and member of Board of Directors, Monsanto Chemical Company, St. Louis, Missouri
RAYMOND REBSAMEN, Chairman of the Board, Rebsamen & East, Inc., Little Rock, Arkansas
ARTHUR WEBRE, JR., Executive Vice President, First National Bank of Steeleville, Steeleville, Illinois

JESSE D. WOOTEN, Executive Vice President, Mid-South Chemical Corporation, Memphis, Tennessee

Member of Federal Advisory Council

SIDDNEY MAESTRE
Chairman of the Executive Committee
Mercantile Trust Company
St. Louis, Missouri

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DARRYL R. FRANCIS, First Vice President

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DONALD L. HENRY, Vice President
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DALE M. LEWIS, Vice President
HOWARD H. WEIGEL, Vice President and Secretary
JOSEPH C. WOTAWA, Vice President
ORVILLE O. WYRICK, Vice President
GEORGE W. HIRSHMAN, General Auditor
GERALD T. DUNNE, General Counsel and Assistant Secretary

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PAUL SALZMAN, Assistant Vice President
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JOSEPH C. WELMAN, JR., Assistant Chief Examiner

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R. M. LaGrone, Jr., President, The Citizens National Bank of Hope, Hope, Arkansas
Carey V. Stabler, President, Little Rock University, Little Rock, Arkansas
Waldo E. Tiller, President, Tiller Tie and Lumber Company, Inc., Little Rock, Arkansas
J. W. Bellamy, President, National Bank of Commerce of Pine Bluff, Pine Bluff, Arkansas

Officers

Fred Burton, Vice President and Manager
John F. Breen, Jr., Cashier
Howard J. Jensen, Assistant Cashier
John K. Ward, Assistant Cashier

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John H. Hardwick, President, The Louisville Trust Company, Louisville, Kentucky
Philip Davidson, President, University of Louisville, Louisville, Kentucky
John G. Russell, President, The Peoples First National Bank & Trust Company of Paducah, Paducah, Kentucky
C. Hunter Green, Vice President and General Manager, Southern Bell Telephone and Telegraph Company, Louisville, Kentucky.
Richard T. Smith, Farmer, Madisonville, Kentucky

Officers

Donald L. Henry, Vice President and Manager
John W. Menges, Cashier
Louis A. Nelson, Assistant Cashier
Clarence J. Woertz, Assistant Cashier

MEMPHIS BRANCH

Directors

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Edward B. LeMaster, President, Edward LeMaster Co., Inc., Memphis, Tennessee
Leon C. Castling, President, First National Bank at Marianna, Marianna, Arkansas
Simpson Russell, Chairman of the Board, The National Bank of Commerce of Jackson, Jackson, Tennessee
Charles R. Caviness, President, National Bank of Commerce of Corinth, Corinth, Mississippi
William King Self, President, Riverside Industries, Marks, Mississippi

Officers

E. Francis DeVos, Vice President and Manager
Frank Lee Wesson, President, Wesson Farms, Inc., Victoria, Arkansas
Paul I. Black, Jr., Assistant Cashier
Benjamin B. Monaghan, Cashier
Joseph P. Garbarini, Assistant Cashier
The number of United States Savings Bonds issued, exchanged, and redeemed at this bank was up 4 per cent in 1962. However, the dollar volume of these securities, totaling $635 million, was about unchanged from the 1961 level. Both the number and dollar value of other Government securities, including securities of Government agencies, rose. The number was up about 1 per cent, and dollar volume was more than 20 per cent greater.

Personnel at the bank's four offices increased 2 per cent in 1962 to 1,180 at the end of the year. Most of the increase occurred in the Check Collection Department, reflecting the increased volume of operations.