

# Textiles – A Declining Industry?

It is not unusual to hear that the textile industry is declining. How much substance has this statement? The answer appears to be similar to the one given by the man who was asked if the bottle were half full or half empty: "It depends on how you look at it." A look at textile employment gives a quite different impression of what has been happening in the textile industry than does a look at production. Since textile employment is an important part of manufacturing employment—in 1962, it accounted for 5.4 percent of U. S. manufacturing employment and 12.2 percent of District manufacturing employment—a review of U. S. and District textile employment, as well as production, is in order.

## National Textile Trends

The dilemma created by observing different aspects of the same industry is aptly demonstrated by developments in the U. S. textile industry since 1947. The chart below shows that the index of national textile employment has

increased productivity. Improvements in techniques and machinery within the textile industry have made it possible for fewer employees to produce more goods. The average textile employee in 1962 was producing approximately twice as much as in 1947.

## District Textile Trends

Do the diverse trends that we noted at the national level also apply to the Sixth Federal Reserve District? The answer is that the direction of the change in employment and output is the same; but the rates of change are different. The chart showing textile employment indices for both the District and the nation reveals that the rate of decrease within the District has been less than that for the U. S. Between 1947 and 1962, the decrease in District textile employment was 16.1 percent. This was much smaller than the decrease of 30.5 percent experienced by the U. S. during the same period.

**Textile Employment and Output, 1947-62**  
United States

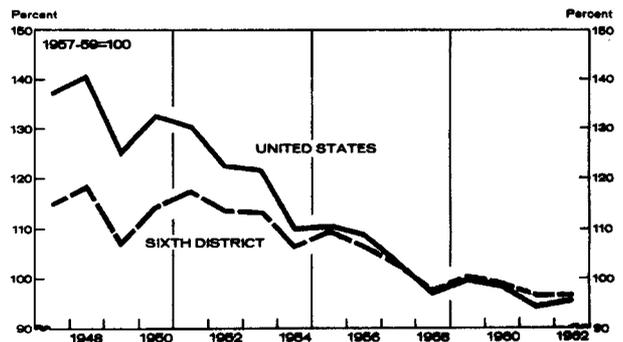


generally moved downward, although reversals did take place in 1948, 1950, 1955, and 1959. However, these upswings were brief and, for the most part, mild and served only to slow down the long-run rate of decrease. Although textile employment was up slightly in 1962, it was 30.5 percent less than it was in 1947. Employment figures, therefore, support the contention of a declining industry. However, there are indicators other than employment that should be observed—textile production, for instance.

The Federal Reserve Board's index of textile mill production, which has been drawn on the same chart as the employment index, presents a quite different view of the textile industry. Looked at in this light, the textile industry has been growing. Some setbacks in textile production occurred in 1949, 1954, 1958, and 1960, as they did in most other types of production. Nevertheless, the trend has very definitely been upward. An increase in textile mill production of 35.5 percent took place between 1947 and 1962. Although this increase was substantially less than the increase in all manufacturing production for the same period, textile production certainly was not declining in absolute terms.

Why do we get such divergent views while looking at the same industry? The answer is primarily in terms of

**Textile Employment, 1947-62**  
United States and Sixth District States



Unfortunately, production figures comparable to those presented earlier for the U. S. are not available for the District. However, some indication of the changes that have occurred in District textile production can be derived by comparing the District's current proportion of value added in the textile manufacturing process with that of an earlier period. Census data show that the District was responsible for about 14 percent of all value added in textile manufacturing in 1947. The District's share was about 17 percent in 1961. This is an increase of over 21 percent and is a good indication that textile production in the District has grown at an even faster rate than in the U. S. Another indication of increased production is the rise in the percent of total production manhours worked in the District's textile industry. In 1950, the District states accounted for 15.9 percent of total production manhours worked. By 1961, the District's share had grown to 19.1 percent, an increase of 20.1 percent.

Textiles are an important part of the economy of four District states. In 1962, textile employment accounted for 15.8 percent of total manufacturing employment in Alabama, 27.8 percent in Georgia, 4.1 percent in Mississippi, and 9.6 percent in Tennessee. The textile employment trend in each of these states has also been down, although

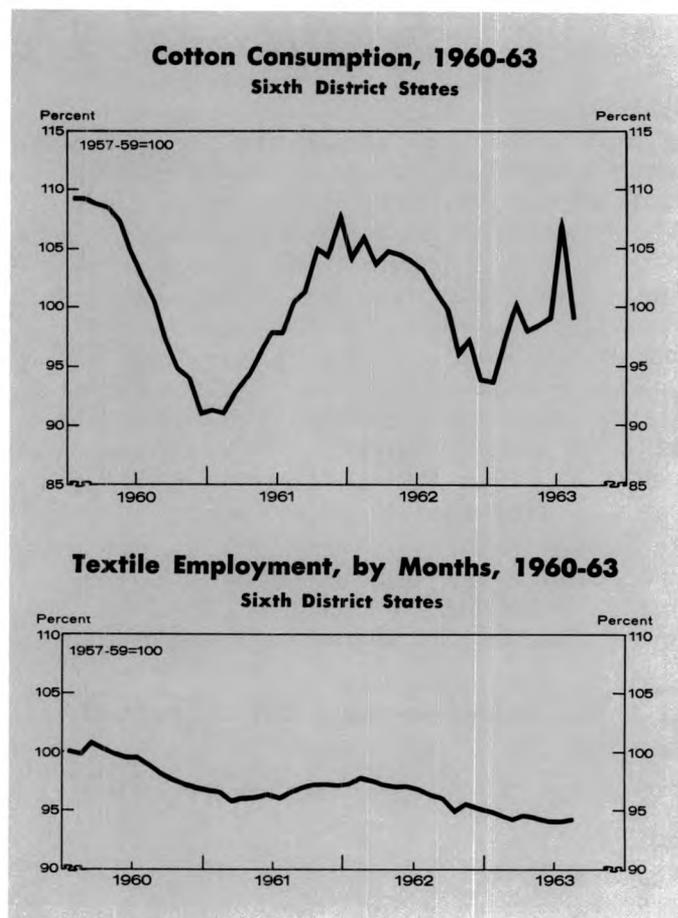
the rates have varied widely. From 1947 to 1962, textile employment decreased 30.3 percent in Alabama, 8.9 percent in Georgia, 8.8 percent in Mississippi, and 16.8 percent in Tennessee. However, figures for value added by manufacture in 1947 and 1961 show that only in Alabama has the percent of value added to textiles by District states failed to increase.

After considering both textile employment and production, it seems possible to assert either that the trend in textiles has been down (based on employment) or up (based on production). It is also possible to say that from either point of view the District appears to have fared somewhat better than the nation as a whole. The District's relatively improved position may be attributed to a marked tendency for textile producers to locate in southern states — a tendency that has prevailed throughout most of the post-war period.

### Recent Happenings

Since the textile industry plays an important role in the District's economy, it might be well to inquire what changes have occurred recently. The index of the amount of cotton consumed by District textile mills shows signs of increased activity in 1963. The downward movement that began about the end of 1961 appears to have been reversed early this year, and the index has shown a generally upward movement since that time. In recent months, there have been reports of a scarcity of some types of cloth for immediate delivery, an increasing number of future orders, and increased profit margins. The seasonally adjusted monthly index of national textile mill production reached a postwar high in July of this year.

The monthly index of District textile employment has been declining almost continually since February 1962. However, it has shown a tendency to level off somewhat in recent months. In view of the existing long-run downward trend in textile employment, this also may be considered



an indication of increased textile activity. However, if the industry continues to improve its techniques and machinery as in recent years, it is doubtful if any increase in employment will be sustained sufficiently long to affect a change in the long-run trend.

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## Growth in District Banking Facilities

There are now many more banks and bank branches in Sixth District states than there were in 1950. This proliferation has been a joint product of economic forces and of state and national laws governing entry into banking. In fact, the expansion in banking offices has more than matched gains in population in most of the states. The average banking office, however, increased in size, if we use total deposits as a yardstick.

At the end of 1962, 1,683 banks were operating in the Sixth District states. These banks, in turn, operated 838 branches, bringing the total number of banks and branches to 2,521. On an average, each of these banking offices served 8,767 persons. In contrast, only 1,786 banking offices were in operation at the end of 1950, each serving, on average, 9,755 persons.

This 41-percent increase in the number of banking offices over the 12-year period was brought about in large part by the expansion of the economies of both the nation and of the Sixth District states. The rapidly expanding economy of the Southeast, accompanied by rising incomes

and massive shifts in population, created the need for additional banking facilities and services. Some of these needs were satisfied by the formation of new banks. Others were fulfilled by the establishment of branches by existing banks, especially in the major metropolitan areas. In both cases, bank stockholders showed no hesitation in investing their funds to take advantage of prospective profits or

**Net Change in Banks and Branches, 1950-62**  
Sixth District States

	Member			Nonmember			Total		
	Total	Banks	Branches	Total	Banks	Branches	Total	Banks	Branches
1951	13	2	11	24	17	7	37	19	18
1952	22	5	17	5	4	1	27	9	18
1953	21	5	16	14	1	13	35	6	29
1954	30	11	19	3	-4	7	33	7	26
1955	36	7	29	38	22	16	74	29	45
1956	39	12	27	33	18	15	72	30	42
1957	45	6	39	22	9	13	67	15	52
1958	38	4	34	17	7	10	55	11	44
1959	43	2	41	21	8	13	64	10	54
1960	62	14	48	29	10	19	91	24	67
1961	44	1	43	39	10	29	83	11	72
1962	65	10	55	32	12	20	97	22	75
Total, 1950-62	458	79	379	277	114	163	735	193	542