Mississippi in 1970: Paddling Against the Current

by William N. Cox, III

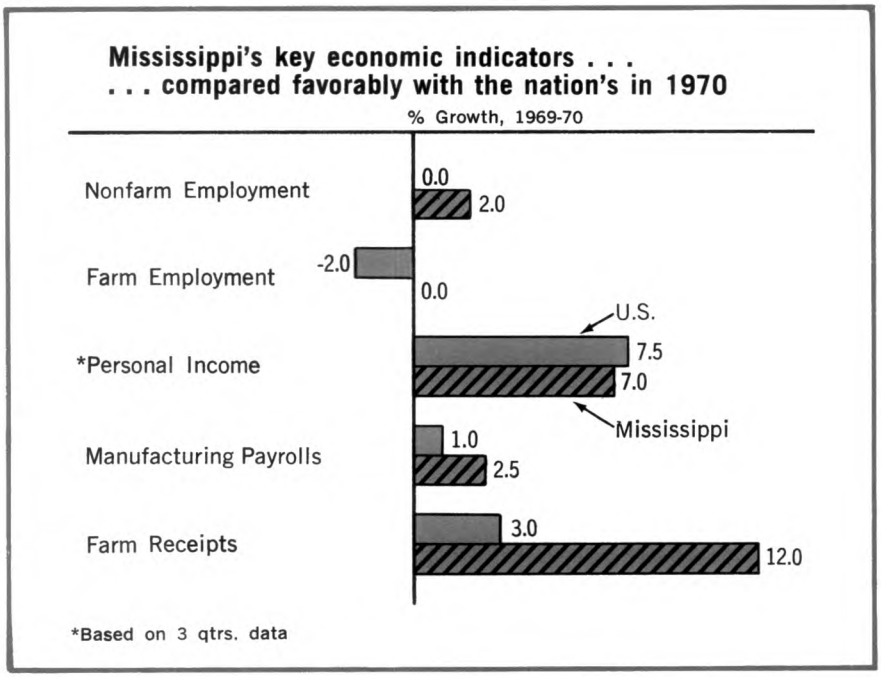
In an earlier assessment of Mississippi's economy, we described how the state's increasing industrialization was bringing with it an increasing interdependence between Mississippi's economic fortunes and those of the nation.[1] The same article went on to point out that this was particularly true for the state's growing manufacturing sector, many of whose firms depend on markets outside the state. As goes the nation, so goes Mississippi. Or so we might expect.

For the national economy, 1970 was a disappointment. It was a year in which employment and income and production barely grew, especially in comparison with the boom years of the late 1960's. In view of the increasing interdependence between Mississippi and the nation, we would expect to find that 1970 also came as a letdown for Mississippi's economy. And, in fact, it was.

This assessment of Mississippi's 1970 economic performance should be tempered, therefore, by realizing what happened nationally and by recognizing that Mississippi had to paddle against the thrust of an adverse national current. In doing this, Mississippi met with considerable success.

[1] *William N. Cox, III, "Mississippi: Industrialization Brings Interdependence," Monthly Review, Federal Reserve Bank of Atlanta, May 1968.*

Digitized for FRASER
http://fraser.stlouisfed.org/
Federal Reserve Bank of St. Louis



Better Than National Worse Than Usual

Mississippi paddled successfully against the current in 1970. Although the state's economic pace was slower than it had been during the late Sixties, it, nevertheless, generally outperformed that of the nation.

What happens to nonfarm employment is of prime importance to Mississippi because of the continuing need to provide additional jobs for workers coming off the farm.[2] More nonfarm jobs did become available in 1970—2 percent more than in 1969—but the increase was disappointingly below the 4-percent annual growth recorded in the 1960's. Even so, Mississippi's 2-percent growth looked good when compared with the national no-growth situation.

In Mississippi, manufacturing employment actually fell a bit in 1970, reflecting small decreases in both durable and nondurable sectors. In the durable goods sector, Mississippi registered only a ½-percent employment decline, whereas the nation experienced a decrease of 5½ percent. Here again, Mississippi paddled against an adverse national current and, here again, had some success in doing it. In nondurable manufacturing employment, the state and the nation both posted declines of about one percent.

Construction provided a big employment boost in 1970. Jobs in that sector grew a surprising 6½ percent, contrasting with a national decline of 2½ percent. Two special factors helped. The Gulf Coast was engaged in post-Camille rebuilding, and there was a burst of activity surrounding the Ingalls-Litton shipyard at Pascagoula.

Although farm employment in Mississippi did not grow during 1970, this was better than the nation's 2-percent decline in farm jobs during that year and the state's ½-percent decline in 1969. Farm cash receipts rose once again in 1970, largely because of national increases in livestock prices. For a change, a national current was flowing the right way. Crop receipts edged down slightly, also in line with the national movement.

Personal income is about as good an indicator of overall economic activity as is available. In Mississippi, it rose about 7 percent in 1970, about equal to the national increase of 7½ percent. The manufacturing payroll portion outpaced the nation's, up 2½ percent for Mississippi and up 1 percent for the U. S.

---

[2]*William N. Cox, III, "Mississippi Nonfarm Jobs in the the Sixties: A Sneak Preview," Monthly Review, Federal Reserve Bank of Atlanta, November 1969. Nonfarm jobs are a prime target of the state's Balance Agriculture with Industry (BAWI) program.*

Digitized for FRASER
http://fraser.stlouisfed.org/
Federal Reserve Bank of St. Louis

A Closer Look

Let us return for a closer look at the crucial category of nonfarm employment. Mississippi's nonfarm job growth in 1970 (2 percent) was higher than the nation's (0 percent). A statement of this kind can sometimes be misleading, however. If a state performs better than the nation does in nonfarm job growth, it may be because job growth in all, or nearly all, industries ran ahead of job growth in those industries nationally.

But there may be another reason; namely, the employment mix is different at the state level than it is at the national level. An extreme example serves to illustrate this point. Suppose that all of a state's nonfarm jobs are in a single industry. Suppose, too, that nationally, total nonfarm employment grows 5 percent but, that in industry X, employment actually shrinks 10 percent. Then if nonfarm jobs in the state merely held steady, it would be an impressive overall performance—impressive despite the nation's 5-percent increase in total employment.

Admittedly, this example is far-out. But more subtle distortions of the same sort are introduced whenever we ignore state-national differences in employment mix. The more these mixes differ, the greater the possibility that naive comparisons will prove to be inaccurate.

One way of avoiding this employment-mix trap is to make industry-by-industry comparisons. The table does this for Mississippi. It suggests that 1970 job growth in almost all of Mississippi's industries outpaced national growth in those same industries. Returning to our original theme, we can say with renewed confidence that Mississippi was successful in paddling against the current.

There is another way of allowing for differences in state-national employment mix. We can figure another hypothetical growth rate for nonfarm jobs by using the industry-by-industry percentage growth for Mississippi and combining it with the employment mix for the U. S.

When this is done, we find that Mississippi's nonfarm job growth would have been higher than it actually was if its employment mix in 1970 had been the same as the nation's. The **hypothetical increase,** using the national job mix, was about 4 percent (compared with an **actual** increase of only 2 percent). In other words, Mississippi's past employment mix, with its greater concentration of slower growing industries, handicapped the state's nonfarm employment growth in 1970.

PERCENTAGE CHANGE IN EMPLOYMENT
1969-70

	Miss.	U. S.
Total Employment	1.0	1.0
Farm	**0.0**	− 2.0
Nonfarm	**2.0**	0.0
Construction	**6.5**	− 2.5
Mining	**1.5**	0.5
Manufacturing	− **1.0**	− 3.5
Durable Goods	− **0.5**	− 5.5
Lumber	**3.0**	− 4.5
Furniture	− 6.5	− **5.0**
Transportation Equipment	**2.0**	−11.5
Nondurable Goods	− 1.0	− 1.0
Food	**3.0**	0.0
Apparel	− 2.0	− 2.0
Transportation	**3.5**	1.5
Trade	**2.5**	1.5
Finance, Insurance, Real Estate	**4.0**	3.5
Services	1.5	**3.0**
Government	2.0	2.0

Digitized for FRASER
http://fraser.stlouisfed.org/
Federal Reserve Bank of St. Louis

Better Things to Come?

It is almost unquestionable that better times are on the way. In retrospect, it seems likely that last year's performance will be viewed as subpar. For 1971, there is a big reason for optimism, since the national economy is now showing signs of responding to more expansive monetary and fiscal policies. Mississippi will not have to fight as strong an adverse current as in 1970. But there are more grounds for optimism than just simple interpolation of our expectations about the national economy. For one thing, reductions in mortgage rates and increases in housing starts, nationally, have a disproportionate effect on Mississippi because of the importance of the state's lumber industry. Some of this stimulus is already materializing. For another thing, the contracts awarded to Ingalls-Litton for 47 ships can be expected to keep the Gulf Coast area humming through 1975. Finally, one can reasonably expect that devastating visits like the one from Hurricane Camille are the exception rather than the rule. ■

Bank Announcements

FEBRUARY 1, 1971
GULF COAST BANK
Abbeville, Louisiana

Opened for business as a par-remitting nonmember.

FEBRUARY 4, 1971
FLORIDA BANK OF COMMERCE
Clearwater, Florida

Opened for business as a nonmember. Officers: Gordon R. Williams, president; Norman H. Mueller, executive vice president and chief executive officer; O. C. Neal, senior vice president; Reginald S. Wareham, vice president; and Ethel M. Miller, cashier. Capital, $400,000; surplus and other capital funds, $350,000.

FEBRUARY 16, 1971
THE COLLIER COUNTY BANK
Naples, Florida

Opened for business as a nonmember. Officers: Mrs. Mamie B. Tooke, president and chairman; Ward E. Boehner, Jr., executive vice president; and John H. Druffel and Addison B. Miller, vice presidents. Capital, $600,000; surplus and other capital funds, $600,000.

FEBRUARY 22, 1971
BARNETT BANK OF SEMINOLE COUNTY, NATIONAL ASSOCIATION
Altamonte Springs, Florida

Opened for business as a member. Officers: George W. Foster, president; Mary Ellen Sicoutry, cashier; and Gwendolyn O. Inness, assistant cashier. Capital, $400,000; surplus and other capital funds, $200,000.

Digitized for FRASER
http://fraser.stlouisfed.org/
Federal Reserve Bank of St. Louis