MONTHLY REVIEW

FEDERAL RESERVE BANK OF ATLANTA

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Grazing Crops, An Efficient Use of Labor and Land

THE HISTORY of cotton in this country reveals that its production has always moved westward, leaving in its wake eroded fields, small farms, and poor farmers. Some of the states in the Sixth District will probably continue to surrender part of their cotton production to those states west of the Mississippi River where the large mechanized farms produce cotton at lower costs. On many farms of the Southeast, particularly those where cotton is not grown, crops or systems of crops and livestock that can use efficiently both land and labor must be developed. For many farmers grazing crops and livestock may be the solution.

In the past few years most District farmers have profited from an almost unlimited market for their products at record prices. Cash farm income has reached an all-time high, and they now have, many of them for the first time, a measure of financial security in bank accounts and mortgage-free property. Their demand for farm equipment and consumer durable goods has created back orders that will take many months, if not years, to fill. Small towns are therefore having a high level of financial activity similar to that of larger cities. There is some danger, though, that farmers may be lulled into considering these conditions as a postwar normal, to continue indefinitely.

Of course, not all of the present farm prosperity can be attributed to higher prices, for there has been a persistent increase in farm efficiency, which is reflected in the higher yields of crops and livestock. Nevertheless, average farm incomes in the District states are still among the lowest in the nation. District farmers will be in a relatively poor income position to make the adjustments that may be required if the demand for farm products declines.

Two of the basic causes for low farm income are the small size of the farms and a lack of profitable year-'round employment for the labor. For the District states the average realized net income per farm in 1929 was $694, 70 percent of the United States average. Increased production efficiency and higher prices enabled farmers in 1944 to boost it to $1,763, 78 percent of the United States average of $2,269. Thus, the gains Southeastern farmers have made in efficiency have been about equaled by those farmers in other sections have made.

Perhaps the inability to increase their land resources has been the most restraining factor for many farmers. The average District farm had only 39 acres of cropland in 1945, or 9.1 acres per farm person. This high ratio of people to cropland was inherited from the old cotton economy which, because of its dependence on mule power and small equipment, required a dense farm population to meet seasonal labor peaks, during the chopping and harvesting periods. To combine these small farms into larger operating units would be much more efficient, but the opportunities for such a combination are rather limited. It is a step that will also require time. Of more immediate importance, therefore, is the farmers' organization of their resources in such a way as to provide the maximum use of labor and capital on farms of the present size.

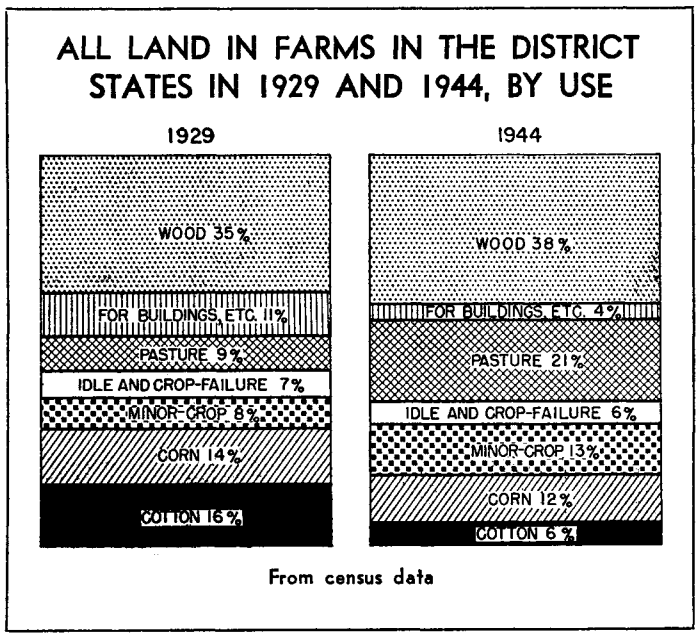
In District states there is a persistent trend away from cotton to other crops and to pasture. In part this shift has come about through a natural diversification of products in order to take advantage of the markets expanded by increasing town and city populations. Sixteen percent of the land in farms was growing cotton in 1929, but by 1944 the percentage had declined to only 6. In the District states during that period cotton acreage declined 7,656,000 acres.

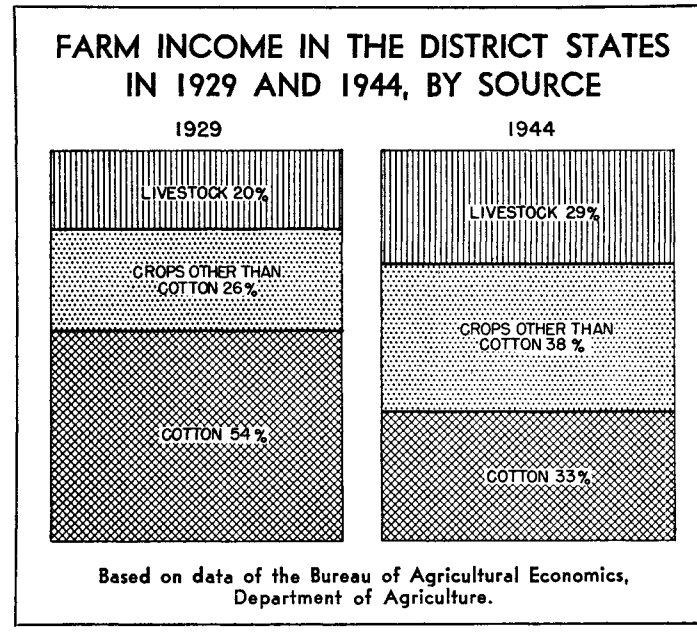
These changes in the use of land have brought about changes in the percentage of income from various sources. In 1929, 54 percent of farm receipts came from the sale of cotton and cottonseed, but in 1944 only a third came from that source. Livestock accounted for 20.1 percent of farm income in 1929 and 28.6 percent in 1944, and the receipts from the sale of crops other than cotton increased from 26 percent of the total to 38 percent. Even so the income from cotton was 5 percent greater in 1944 than it was in 1929.

The various grazing programs recommended by the agricultural colleges in the District states can be divided into three main groups — permanent pasture, winter grazing crops, and temporary grazing crops. Recommendations for the different groups depend on soil types and climate. Usually crops in all three of the groups are used to provide year-'round forage.

On most farms a year-'round forage program will be built around permanent pastures. Although there is no rigid definition of the term "permanent pasture," it usually means a pasture that has been seeded to a mixture of grasses and legumes and has been given applications of lime and phosphate. There are many seed mixtures recommended for pastures; one of the most widely used is a combination of Dallis grass, annual lespedeza, and white clover. Well-managed permanent pastures can usually furnish grazing six or seven months during the year.

Winter grazing crops are in most instances combinations of grasses and legumes. For many years oats and crimson clover have been one of the most popular combinations. Rye grass is added often to reduce the danger of bloating and sometimes, depending on the soil, to provide a firmer sod





during the winter, when cattle are likely to mire. In many sections oats and vetch are combined to provide a hay crop as well as to furnish grazing during the winter months. Then in the summer the land on which these crops were grown may be planted to lespedeza or an annual hay crop or to grain sorghums. Oats, rye grass, crimson clover, and vetch are annuals that require land preparation, seeding, and fertilization each year; where they are followed by grain sorghums or other summer crops double preparation is required.

Legumes are often grown alone for winter grazing. Included in this group are alfalfa; manganese bur clover; reseeding crimson clover; and wild winter, or Caley, peas. Each of these crops offers slightly different advantages and has different land and labor requirements. Alfalfa, the aristocrat of grazing crops, is growing in use as a permanent grazing and hay crop. If properly managed, it needs to be seeded but once. Reseeding, or hard-seeded, crimson, which is a new selection of clover, promises to be one of the best winter grazing crops. Manganese bur clover also reseeds itself. Where reseeding crimson or manganese bur clover is used the land can be plowed in late spring and planted to a short sumer crop like Hegari, a grain sorghum.

Winter grazing may also be obtained from a planting of small grains alone. Oats has been used in this manner since Colonial times, and it is still planted as the major crop for that purpose in most District states. It furnishes grazing during the late fall and winter and, if not grazed too heavily, grain in the spring. Certain varieties of barley are also grown alone as a winter grazing crop, but barley varieties are not as widely adaptable to soil types as oats. In recent years Italian rye grass has become a popular winter grazing crop; it grows rapidly and provides grazing earlier in the fall than most crops do.

Though year-'round grazing is possible under ideal weather conditions, drought often reduces the amount of grazing that pastures afford. To hedge against reductions of this type crops are planted to be grazed for a short time. Temporary grazing crops are important to a year-'round program because they often supply a hay crop for feeding in the late fall before winter crops are ready for grazing. Since they can furnish both grazing and hay and can thrive on land that is too rough for other uses, kudzu and Lespedeza sericea are the most commonly used temporary grazing crops. On many farms there are steep or eroded slopes which can be planted to these crops, thus having their idle or useless acres brought back into productivity.

Costs and Returns

Of course the cash cost of establishing grazing crops depends on the selection made and on how close to a year-'round schedule the program is to be. The costs shown in the table are based on mules as a source of power and on current prices of seed and fertilizer. The costs of seed and fertilizer are for the amounts recommended by experiment stations. If tractors are used, the labor requirements are lower.

The cost of establishing an acre of permanent pasture varies with the kind and amount of seed used and the quantity of fertilizer applied. At current prices, however, the popular seeding of Dallis grass, white clover, and lespedeza ranges from $35 to $45 an acre. Once a permanent pasture is established the annual costs for applications of fertilizer and small amounts of reseeding will be only $6 to $8.

The least expensive winter grazing crop is oats planted alone. At present prices the cost for seed and fertilizer runs about $15 an acre. If vetch is added, the quality of grazing is improved and the cost an acre is advanced to $18 or $20. This combination can be used as a source of an excellent spring hay crop. Where crops are used for both grazing and hay or grain the costs should be prorated between them, but it is quite likely that the loss in value of grazing would offset the value of the hay or grain.

Plantings of a mixture of rye grass and crimson clover cost around $25 an acre but probably provide more grazing than oats and vetch. If oats are added to the crimson clover and rye grass and the amount of fertilizer is increased to provide maximum growth the cost increases to $35 or, perhaps, $40 an acre. Thus the unit cost of the winter-grazing part of a year-'round forage program ranges from $15 to $40.

The cost of establishing an acre of temporary grazing such as kudzu or Lespedeza sericea ranges from $25 to $40, and annual maintenance costs range from $4 to $8. If an annual lespedeza is used, however, the cost ranges between $22 and $28 an acre each year.

PER-ACRE COSTS OF ESTABLISHING AND MAINTAINING YEAR-'ROUND GRAZING CROPS

Crop	INITIAL COST		ANNUAL COST	
	Seed and Fertilizer (Dollars)	Labor (Hours)	Seed and Fertilizer (Dollars)	Labor (Hours)
Permanent pastures	35-45	55-60	6-8	7-8
Winter grazing crops:				
Oats	14-16	10-12	14-16	10-12
Oats and vetch	18-20	10-12	18-20	10-12
Rye grass and crimson clover	24-26	10-12	24-26	10-12
Oats, rye grass, and crimson clover	35-40	10-12	35-45	10-12
Alfalfa	45-50	12-15	8-12	4-6
Temporary grazing crops:				
Kudzu,	30-40	55-60*	4-6	4-6*
Lespedeza, sericea	25-30	12-15	6-8	4-6
Lespedeza, Kobe	22-28	10-12	22-28	10-12

*Estimated

Though the cash costs of establishing grazing crops are not the only costs, they are perhaps the most important. The amount of labor required to plant and fertilize the various crops used in a grazing program ranges from a minimum of 10 hours an acre to more than 60. Even though most farmers probably do the work themselves, there are other uses for their time and labor should be considered a cost.

The major incentive a farmer has for reorganizing his farm and including grazing crops is to increase his income. In order to arrive at an estimate of returns it is necessary to assume a certain carrying capacity and calculate the returns from the various classes of livestock that might graze the crops. Results of experiments made in District states indicate that in a well-planned grazing program three acres should support one mature animal, either a dairy cow or a beef cow.

If he uses dairy cows to convert his grazing crops into cash income, he can expect a return of $35 to $75 an acre from the sale of milk. In two Alabama experiments where milk was produced almost solely from grazing crops one herd averaged just more than 3,100 pounds of milk and the other 5,242 pounds. It seems reasonable, therefore, for the farmer to assume that a dairy cow fed wholly from crops grown on three acres will produce around 4,000 pounds of milk a year. Cash returns from the sale of milk will depend on the form in which it is sold.

Milk brings its lowest price when it is separated on the farm and the cream sold as butterfat for use in making butter. The feeding value of skim milk retained on the farm, however, should be added to the price received. Where the farmer sells sweet or sour cream the milk-equivalent price is about $2.50 a hundred pounds. If he has a production of 4,000 pounds of milk to the cow and three acres to produce feed for the cow, his returns from the sale of milk in that form will approximate $35 an acre.

A higher price for milk can be obtained when it is sold for manufacturing purposes. Condenseries and cheese plants are currently paying around $3.30 a hundred pounds for Grade "B" milk. Based on this price, the returns would gross about $45 an acre.

Milk brings its highest price when it is sold as Grade "A" for bottling. Since the high sanitary requirements under which milk of this type must be produced make its cost higher than the cost of Grade "B" milk, the difference between Grade "A" and Grade "B" prices does not represent a net gain. Nevertheless, farmers who live close enough to cities and towns to take advantage of this highest-price market probably obtain the largest net farm income from producing Grade "A" milk. Most dairymen producing Grade "A" milk are receiving $5.50 or more a hundred pounds, which means about $75 an acre. Under a simple grazing system of five acres of permanent pasture, three acres of winter grazing crops, and two acres of temporary grazing crops, the average annual cost an acre for seed and fertilizer is about $20. This figure subtracted from gross returns of $35 to $75 an acre leaves returns above cash costs ranging from $15 to $60 an acre. Sufficient data to estimate expenses other than those for seed and fertilizer are not available. The net income, however, is what is left after the costs of establishing and maintaining the grazing system, interest on investment, taxes, and other expenses have been subtracted from the returns of $35 to $75.

Farmers who have large farms and little labor might find it more profitable to produce beef rather than milk. In an experiment conducted in 1942-44 by the Alabama Experiment Station at Auburn, four beef brood cows were fed on feed and forage produced entirely on 10 acres. In this experiment a maximum use was made of perennials and reseeding crops, such as kudzu, sericea, and manganese bur clover. Permanent pasture was not used. Based on three years' results, the study determined that the system of feed-and-forage production, at the rate of two and a half acres for every brood animal, can be made to produce from 150 to 200 pounds of beef an acre in the form of calves. On the basis of cattle prices in 1944 and 1945, this yield of beef grossed from $18 to $24 an acre; net returns were not calculated. At the present prices for beef calves of about 18 cents a pound, the returns would have been considerably higher, or from $30 to $36. The net return above cash costs would have ranged from $10 to $16 an acre.

By measuring his possible cash returns in terms of average hourly income, the farmer can obtain a clearer picture of his opportunities for the more efficient utilization of farm labor. The average annual labor required for the establishment and maintenance of an acre of grazing crops approaches 14 hours. Approximately 130 hours are required for the milking and other care of a dairy cow, whereas the care of a beef animal and calf requires only about 30 hours a year. On the basis of three acres to the animal the labor requirements of livestock handling are about 43 hours an acre for dairy cows and 10 hours for beef cattle. When the hours required to produce the feed are included, the totals are about 57 hours and 24 hours.

Thus, the gross hourly returns from the sale of milk range from 60 cents to $1.30 an hour. Those from the sale of beef range from $1.25 to $1.50 an hour.

Advantages

The use of land for cotton production is a very intensive one, requiring a great deal of labor and capital to the acre but returning a high gross income. It is doubtful that many

farmers would profit by substituting grazing crops for cotton, but on almost every farm there is usually some land which is not being used for the production of high-income crops and which might be used advantageously for grazing. Grazing crops offer an opportunity for two crops from the same acres in the same year, for example winter grazing crops followed by a short summer crop. Here in the Southeast, where most farmers have comparatively little land, making an acre produce forage the year 'round is a better means of intensifying land use than many of the uses to which the land is now being put.

Besides, grazing crops can be grown on land that is idle or producing very little. In addition, it is possible to plant pasture on land too steep for row-crop production, and several of the grazing crops, especially kudzu and sericea, may be grown on land unadaptable to the growing of any other crop. Ditch banks, eroded hillsides, drainage areas, and fence rows can be made to provide both grazing and hay. Moreover, grazing crops will help to retard soil erosion and check excessive water runoff.

Livestock and grazing crops also offer an opportunity to utilize labor that might not otherwise find profitable employment on the farm. The labor requirements for growing cotton, for example, are very seasonal. Grazing crops as a supplement to cotton production offer a chance to utilize the labor when it is not fully employed in cotton growing. Winter grazing crops are planted prior to cotton picking, and the work involved in planting them tends to fill in the period between laying by and picking. The labor required in caring for livestock provides steady employment throughout the year. This is especially true of the care of a dairy cow, which requires on the average about 11 hours a month. A time conflict might develop between milking and cotton picking on a few farms where all of the labor is needed to harvest the crop, but in those instances it would probably be profitable to hire additional labor rather than reduce either the cotton or the number of cows. The production of Grade "B" milk at current prices should return at least 40 cents an hour above cash costs, and the production of beef should give a slightly higher return.

Dairy farmers have long sought a profitable way to prevent milk production from falling off in the fall after their pastures give out. It is important that a dairyman maintain a high production of milk during the winter, for it is then that his base, or quota of the market, is determined. The ideal would be a steady production of milk throughout the year, then neither the farmer nor the milk plants would be penalized by surpluses in the spring and deficits in the fall. Steady production is maintained where dairy cows go straight from fall pasture to winter grazing. Thus, grazing crops enable dairy farmers to iron out the wide seasonal variation in milk production. Where ample feed is provided during late fall and winter, for example, dairymen may be able to have their cows freshen in the fall and in that way obtain greater production of milk during the high-priced season.

Many farms in the Southeast do not have milk cows or enough hogs and chickens to supply the family with a balanced diet. One reason these families have no more livestock than they do is that most of their cropland must be planted to cash crops. Through double cropping and a utilization of waste land for grazing crops, however, many of their farms could be made to support additional livestock.

By means of grazing crops land, labor, and capital are brought into a better balance, and a more efficient use of all resources should result. Where these crops supplement cash crops a better balance is achieved between soil-depleting and soil-conserving uses, labor tends to be productively employed for longer periods, and the number of farm-income sources increases.

Obstacles

The opportunity to make better use of land and labor through grazing crops is not always assured. The 1946-47 winter grazing crops, for instance, got off to an early start and were ready for grazing around the middle of October, but up until the middle of January in the 1947-48 season such crops had furnished only a limited amount of grazing. In other words, the program is not weatherproof. Each year the farmer runs a risk of not getting a stand, and a late summer drought can make the land too hard for preparation, thus delaying seeding and causing a labor conflict with the cotton and corn harvests.

The dangers inherent in making long-time investments at inflated price levels are among the present hazards of a grazing program. The cost of setting-up the program represents a fairly long-time investment, particularly in the case of pasture and perennials. Therefore the possibility of future declines in prices of livestock and livestock products, which determine the income from this program, should not be overlooked by the farmer.

In determining and carrying out a program that makes the best use of land and labor resources the farmer must use a degree of managerial skill higher than that farmers have customarily used in growing cotton. The possible combinations of crops he can use in a grazing program are almost limitless, yet a farmer must select those that are best adapted to his soil and the class of livestock used to convert the crops into income. Moreover, unless the entire farm is devoted to livestock and grazing crops, these enterprises must be made to fit in with the land and labor requirements of cash crops such as cotton, tobacco, or peanuts. It is essential that he make plans from two to five years ahead.

One of the first problems he must solve is where to plant the grazing crops, and that is likely to be the small farmer's greatest problem. The necessary acreage cannot all come from land currently being planted to cotton. Even though the 1944 land-use pattern might suggest that 94 percent of the land not being planted in cotton could afford ample acreage for such crops, it is not one with which the individual farmer may deal. The small farmer is likely to find the problem of establishing or increasing his acreage of permanent pasture one of the most difficult phases of his forage program. In some instances it may be necessary for him to clear woods or drain lowlands to provide acreage. Though room for temporary grazing crops, such as kudzu or sericea, can usually be found on slopes too steep to be of other use, winter-grazing-crop acreage will probably have to come out of that acreage currently being planted to corn, annual hay crops, or, under unusual circumstances, cotton.

A high percentage of farmers in the District states are tenants. Those who come within the classification of croppers have little choice in the crops they plant, because their landlords perform the functions of management. The successful

participation of the tenant farmer requires that, among other things, his tenure extend far beyond the customary one-year period. It also requires that he and his landlord get together and work out an equitable division of costs and receipts. Since there are few standards of this sort, frequent revisions may be necessary.

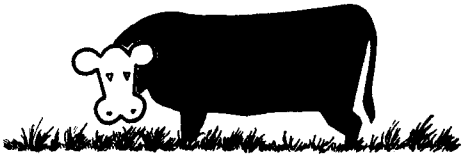
On some farms the establishment of grazing crops might decrease rather than increase, the income. Farmers who are utilizing all of their labor and land in growing high-income crops, such as cotton, cannot afford to switch from them to grazing crops. At a yield of 300 pounds of lint cotton an acre the gross income from cotton and seed would be about $110 an acre compared to the $75 an acre from Grade "A" milk and the $30 to $35 from beef.

The average realized net income per farm in District states in 1944 was $1,768. If, even at the current high prices for livestock products, this income had been obtained only from the sale of milk, it would have required from 30 to 100 acres of pasture and feed crops. For it to have been obtained solely from the sale of beef, from 100 to possibly 150 acres would have been necessary. Since farms in the District average only 39 acres of cropland, it is obvious that many of its farmers have insufficient acreage to replace their present sources of income with livestock. On most farms a more efficient use of land and labor through grazing crops will be limited by the amount of livestock that can be used to supplement income from cotton, tobacco, peanuts, and other high-income crops.

Although grazing crops, it is clear, fail to offer all farmers the same opportunity for increasing their incomes, there are varying degrees of use that most farmers can take advantage of. Their production is one of the most widely adaptable of the recommendations made by the experiment stations.

J. L. LILES

ON MANY DISTRICT FARMS



AN ACRE OF GRAZING SHOULD EACH YEAR—

PRODUCE:
1,400 LBS. OF MILK OR
175 LBS. OF BEEF

RETURN AT CURRENT PRICES:
$35-$75 FROM THE SALE OF MILK OR
$30-$35 FROM THE SALE OF BEEF

PROVIDE:
25-60 HOURS OF PROFITABLE EMPLOYMENT.

Sixth District Indexes

DEPARTMENT STORE SALES*

Place	Adjusted** Jan. 1948	Adjusted** Dec. 1947	Adjusted** Jan. 1947	Unadjusted Jan. 1948	Unadjusted Dec. 1947	Unadjusted Jan. 1947
DISTRICT	355	394	341	284	619	273
Atlanta	381	466	370	297	662	289
Baton Rouge	419	429	439	277	656	290
Birmingham	332	395	298	259	608	232
Chattanooga	306	391	342	245	602	274
Jackson	322	361	342	238	527	253
Jacksonville	414	472	396	340	736	325
Knoxville	262	354	305	220	539	256
Macon	313	332	318	213	581	216
Miami	362	407	325	376	676	338
Montgomery	369	394	329	281	623	250
Nashville	335	497	382	268	735	306
New Orleans	340	364	312	272	553	250
Tampa	516	532	475	418	829	385

DEPARTMENT STORE STOCKS

Place	Adjusted** Jan. 1948	Adjusted** Dec. 1947	Adjusted** Jan. 1947	Unadjusted Jan. 1948	Unadjusted Dec. 1947	Unadjusted Jan. 1947
DISTRICT	345	344	312	310	289	280
Atlanta	409	419	413	359	340	363
Birmingham	314	283	246	272	248	213
Montgomery	353	317	333	314	269	296
Nashville	534	508	530	435	432	432
New Orleans	323	283	256	281	248	222

GASOLINE TAX COLLECTIONS***

Place	Adjusted** Jan. 1948	Adjusted** Dec. 1947	Adjusted** Jan. 1947	Unadjusted Jan. 1948	Unadjusted Dec. 1947	Unadjusted Jan. 1947
SIX STATES	189	168	165	189	171	165
Alabama	199	175	178	194	178	174
Florida	189	164	168	196	163	175
Georgia	169	156	159	172	155	162
Louisiana	189	164	150	187	165	148
Mississippi	191	159	170	180	162	160
Tennessee	211	191	178	201	206	170

COTTON CONSUMPTION*

Place	Jan. 1948	Dec. 1947	Jan. 1947
TOTAL	130	142	185
Alabama	173	146	198
Georgia	169	144	184
Mississippi	99	100	133
Tennessee	139	122	144

ELECTRIC POWER PRODUCTION*

	Dec. 1947	Nov. 1947	Dec. 1946
SIX STATES	314	309	292
Hydro-generated	250	227	268
Fuel-generated	397	416	323

MANUFACTURING EMPLOYMENT***

Place	Dec. 1947	Nov. 1947	Dec. 1946
SIX States	148	146	145
Alabama	160	158r	154
Florida	124	121r	132
Georgia	135	135r	138
Louisiana	146	142r	135
Mississippi	162	162r	156
Tennessee	157	156	153

CONSTRUCTION CONTRACTS

Place	Dec. 1947	Nov. 1947	Dec. 1946
DISTRICT	469	348r	267
Residential	445	467r	364
Other	481	291r	220
Alabama	217	245	349
Florida	462	488	256
Georgia	507	324	187
Louisiana	854	579	185
Mississippi	228	117	66
Tennessee	220	324	414

CONSUMER'S PRICE INDEX

Item	Dec. 1947	Nov. 1947	Dec. 1946
ALL ITEMS	173	171	159
Food	217	213	197
Clothing	194	190	172
Fuel, elec., and ice	131	130	119
Home furnishings	188	182	169
Misc.	146	145	139
Purchasing power of dollar	.58	.58	.63

ANNUAL RATE OF TURNOVER OF DEMAND DEPOSITS

	Jan. 1948	Dec. 1947	Jan. 1947
Unadjusted	20.0	20.9	19.0
Adjusted**	18.0	18.2	17.1
Index**	72.9	73.8	66.1

CRUDE PETROLEUM PRODUCTION IN COASTAL LOUISIANA AND MISSISSIPPI*

	Jan. 1948	Dec. 1947	Jan. 1947
Unadjusted	279	273	244
Adjusted**	274	283	239

*Daily average basis
**Adjusted for seasonal variation
***1939 monthly average=100; other indexes, 1935-39=100

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District Business Conditions

Thirty-Four Years of Sixth District Foreign Trade

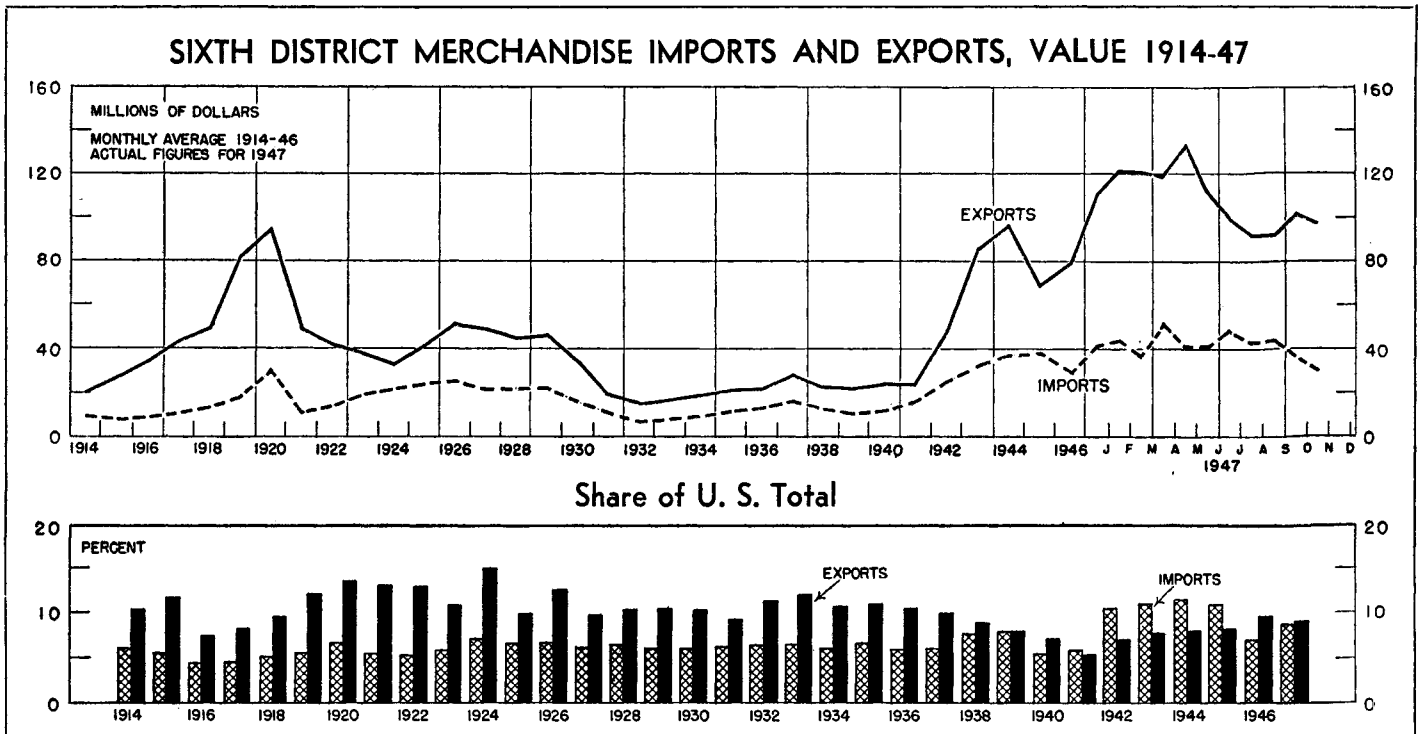
TWO years ago many people counted on an increased foreign trade as one factor that would help importantly to sustain a balanced postwar economic activity in this area. An increase in trade with Latin America, Europe, and the rest of the world was regarded as a means of creating economic benefits for the District's five coastal states through shipping and related activities at their ports. It would also increase the volume of business handled by inland freight carriers. In addition, foreign trade was expected to provide not only markets for District agricultural products, as it had in the past, but markets for the manufactured products that would flow from the more diversified manufacturing activity forecast for the area.

Since that time the total dollar volume of foreign trade at Sixth District ports has been impressive. In 1946 exports and imports totaling 1.3 billion dollars passed through the customs districts of Florida; Georgia; Mobile, which includes the Mississippi ports; and New Orleans, which includes Baton Rouge. This amount exceeded the 1945 total almost 11 million and equaled 71 percent the value of foreign trade in the peak year of 1944, when the export volume was greatly swollen by lend-lease shipments; it was also 3.2 times the 1939 total.

In the second postwar year the combined imports and exports rose further from the high level of 1946. Despite a decline during the latter part of the year from the peak reached in May, the total was high enough to make the monthly average through November 39 percent greater than the average for 1946. If trade in December, for which figures are unavailable, continued as it did in November, the value of exports for the year was up 36 percent from that of the 1946 exports and the value of imports was up 40 percent. Similar estimates show that the dollar value of imports going through the Georgia customs district was 86 percent higher in 1947 than it was in 1946, though exports were down 39 percent. In Florida imports were up three percent and exports 18 percent. Imports going through the Mobile customs district increased 17 percent, but exports at its ports declined 5 percent. In the New Orleans customs district, imports increased 51 percent and exports 69 percent.

Dollar values leave much to be desired, of course, as indicators of such things as the physical volume of foreign trade, the types of commodities exported and imported, the destinations and origins of commodities, and the influence of price changes. Because they emphasize current problems and provide a better perspective for an understanding of these problems, however, the dollar values of imports and exports since 1914 are presented in the accompanying chart.

That the unbalanced character of the foreign trade carried on during the war period has not been improved is readily apparent in the relationship that has existed between the values of merchandise exports and imports passing through the customs districts in this Federal Reserve district since the end of the war. For a good many years exports exceeded imports, but particularly so during the first two postwar years. They were 2.8 times imports in 1946 and 2.7 times imports in 1947. The ratio for 1939 was 1.9. The great excess of ex-



From Bureau of Census data for the customs districts of Florida; Georgia; Mobile, including the Mississippi ports; and New Orleans, including Baton Rouge. Exports include re-exports.

ports over imports was also true of total United States foreign trade during 1947. American merchandise exports of 14.5 billion dollars amounted to 2.5 times the value of imports.

In general, the same factors responsible for the nation's excess of exports have been responsible for the export balance in the District. Exports were boomed by the use of dollar balances accumulated abroad, particularly in the Latin American countries, to satisfy wartime accumulated demands for American goods; by the relief shipments to war-devastated countries; and by loans, notably to the United Kingdom. On the other hand, the inability of European countries to increase their production of export commodities limited District and national imports.

Some of the influences swelling the export volume are temporary at best. Part of the swollen exports going through District ports during 1947, for example, consisted of large shipments of coal to Europe, a commodity that normally would not be exported in such quantity. Foreign dollar balances have been reduced to the extent that some countries, including Canada and Mexico, both important Sixth District customers, have taken steps to cut down on imports from the United States, even limit them to only those considered essential. Lack of purchasing power rather than lack of desires has always been the limiting factor in international buying, just as it is in domestic trade. Consequently, with evidence accumulating that a large part of the foreign purchasing power is near exhaustion and that another part is on a precarious, or temporary, basis, attention is once more directed to how well foreign purchasing power is being created through imports of foreign merchandise into the United States.

In some respects the record of imports into the District in 1947 was encouraging. Their value far exceeded the value of imports during the prewar period. They even exceeded, by 37 percent, the previous peacetime record set in 1920. The increase during recent months in the diversity of products that are being imported, moreover, may indicate a widening of the market for foreign goods in this country.

Imports cleared through the customs districts of this area are, of course, not necessarily consumed within the region. But, even on the surface, the types of commodities imported indicate the importance of these imports in the District's economy. Bauxite imported from Surinam through the port of Mobile, for example, provided the materials for the District's important nonferrous-metals industry. Sodium nitrate from Chile provided fertilizer for District farmers. Newsprint from Newfoundland and oil from South America, both imported through Jacksonville, helped relieve current shortages. Coffee and tropical fruits imported through New Orleans and other ports typify only a few of the other commodities Southern consumers want and use.

In addition to the increased buying of these staple commodities an expanded buying of a host of other, minor commodities is needed to create purchasing power for American goods. It is the importation of such diverse items as the eight tons of turtles shipped through Tampa in November, the diamonds that came through Savannah from South Africa last year, the bulbs from Holland, and the watch parts from Switzerland that, taken together, increased Southerners' chances to sell their goods abroad. The willingness to accept such imports in increasing quantities will be one of the things that may prevent a repetition of the drastic decline in foreign trade that took place in 1921.

If the variation from year to year in the total volume of the District's foreign trade has any one particular characteristic, it is, of course, that the volume of the District's trade rises and falls with that of the rest of the nation. The proportion of American foreign trade, however, that passes through the District is to a considerable degree the result of local efforts to promote trade and to improve shipping services and facilities. That both the share of the nation's imports and the share of the nation's exports cleared through the customs districts of the area in 1947 exceeded the shares cleared in 1939 may, therefore, be counted as one result of the fruition of plans made throughout the area to improve foreign trade.

The District's share of total imports has been increasing, generally, from decade to decade. Until 1947 the year 1920 was the peak year for American import values. In that year 5.7 percent of the imports were cleared through the District. During the period of 1914-19 the ratio had been between 4.5 and 5.5 percent. The District's proportion of total imports declined in the two years immediately following 1920, but during the remainder of the twenties and even during the depression period of the thirties it never fell below 6 percent. If the 1947 proportion of 8.9 percent can be maintained, it will mark an important increase in the District's foreign trade.

The District's share of the nation's total merchandise exports in 1947 amounted to 9.2 percent, larger than the 1939 ratio, 8.1 percent, but lower than the ratio for any of the years from 1913 through 1937 except 1916 and 1917. Changes in the types of commodities exported from the United States probably explain the decline.

Cotton has almost always been one of the major exports from the District. The value of raw-cotton exports in 1914 constituted 26 percent of total American exports. Changes in the importance of this export commodity to total American exports from year to year have been a major influence in determining the District's share of national exports. Thus in 1924, when cotton exports were valued at 21 percent of total American exports, 15.3 percent of the nation's exports were cleared through the customs districts of the area. In 1931, furthermore, when the value of cotton exports accounted for but 13 percent of the total, the District's share of total exports had declined to 9.4 percent.

Cotton as an export has been diminishing in relative importance to total exports each year since 1934. By 1946 it accounted for only a little more than 5 percent of total American exports. It is probable, therefore, that whether the District's share of total exports is maintained or increased will depend upon the development of a more diversified type of export trade than the District formerly had.

C. T. T.

Farm-Price Supports

Commodity-price declines during the month have been accompanied by rather widespread interest in the price-support programs for various agricultural products. Though prices for the farm products with price supports did not, despite precipitate declines in some of them and particularly food- and feed-grain prices, fall to support levels, uncertainties regarding the course of prices during the current crop year will keep the farm-product price-support program in the foreground.

Since the end of the war, attention has centered on two characteristics commonly attributed to farm-price supports. One is their contribution toward increasing food prices; the other is their ability to prevent such disastrous farm-price declines as those that followed the first world war. Last year the first of these two received a great deal of publicity. It was charged that governmental action in supporting farm prices was causing food prices to go higher than they would have without such a program. Support activities on such individual items as potatoes were singled out and cited as proof of the charge. Although an analysis of the entire price-support program shows that its effects on the level of food prices were relatively insignificant last year, the future may bring entirely different results. Despite the current interest in the farm-price support programs as a means of averting a rapid general price decline, their role in maintaining food prices in the future cannot be dismissed.

Some estimate of these programs' probable effects can be made by projecting the present program into various situations. Even without attempting to predict future economic developments, it is possible to anticipate some of the programs' effects.

With a few unimportant exceptions, the parity-price concept is common to all present farm-price-support programs. The parity principle as stated in the Agricultural Adjustment Act of 1933 is to establish prices to farmers at a level that will give farm products a purchasing power with respect to the articles farmers buy that is equivalent to the purchasing power of farm products in a certain base period. For most farm products the period of 1909-14 is used as the base period. Later base periods are used, however, for tobacco, potatoes, and citrus fruit. As a group, prices for articles that farmers buy are expressed as a percentage of prices paid in the base period. The application of this percentage on a given date to a commodity's base price gives its parity price on that date.

PERCENTAGE WEIGHTS USED IN COMPUTING INDEXES OF PRICES PAID BY FARMERS

Commodity Group	Percentage Weights
Food	17.5
Feed	10.1
Clothing	14.8
Tractors and other machinery	5.4
Seed	1.4
Automobiles and trucks	7.5
Fertilizer	3.2
Furniture and furnishings	2.9
Building and fencing materials	9.5
Gasoline and oil	4.4
Other equipment and supplies	5.2
Interest per acre on farm-real-estate mortgages	7.2
Taxes per acre on farm real estate	6.8
TOTAL	100.0

Prices are supported mainly by nonrecourse loans to producers and by direct purchases. Support levels, usually at 90 percent of parity, are established at the beginning of the marketing season for most commodities. Changes in parity prices during the marketing season, therefore, do not cause changes in support levels. Thus, it is only the parity price on a given date prior to the beginning of the marketing season that affects support levels.

Although the supporting of prices based on parity prices may be a relatively flexible procedure when considered on a year-to-year basis, it may also be a fairly rigid one for a

Sixth District Statistics

CONDITION OF 28 MEMBER BANKS IN LEADING CITIES
(In Thousands of Dollars)

Item	Feb. 18 1948	Jan. 21 1948	Feb. 19 1947	Percent Change Feb. 18, 1948 from Jan. 21 1948	Percent Change Feb. 18, 1948 from Feb. 19 1947
Loans and investments—Total	2,331,530	2,371,301	2,341,113	— 2	— 0
Loans—total	832,461	842,480	715,523	— 1	+ 16
Commercial, industrial, and agricultural loans	520,822	526,686	426,278	— 1	+ 22
Loans to brokers and dealers in securities	7,129	7,512	7,868	— 5	— 9
Other loans for purchasing and carrying securities	60,064	64,011	87,999	— 6	— 32
Real estate loans	70,660	68,671	53,091	+ 3	+ 33
Loans to banks	4,407	4,546	4,143	— 3	+ 6
Other loans	169,379	171,054	136,144	— 1	+ 24
Investments—total	1,499,069	1,528,821	1,625,590	— 2	— 8
U. S. direct obligations	366,167	364,597	420,576	+ 0	— 13
Obligations guaranteed by U. S.	950,193	975,558	1,018,049	— 3	— 7
Other securities	182,709	188,666	186,965	— 3	— 2
Reserve with F. R. Bank	446,923	477,124	425,036	— 6	+ 5
Cash in vault	41,958	43,003	39,845	— 2	+ 5
Balances with domestic banks	204,751	196,999	204,880	+ 4	— 0
Demand deposits adjusted	1,760,980	1,801,617	1,693,808	— 2	+ 4
Time deposits	546,628	545,751	544,273	+ 0	+ 0
U. S. Gov't deposits	25,182	17,788	63,140	+ 42	— 60
Deposits of domestic banks	509,054	561,413	548,312	— 9	— 7
Borrowings	13,000	12,100	.....	+ 7	..

DEBITS TO INDIVIDUAL BANK ACCOUNTS
(In Thousands of Dollars)

Place	No. of Banks Reporting	Jan. 1948	Dec. 1947	Jan. 1947	Percent Change Jan. 1948 from Dec. 1947	Percent Change Jan. 1948 from Jan. 1947
ALABAMA						
Anniston	3	21,411	23,193	21,444	— 8	— 0
Birmingham	6	340,148	354,520	291,956	— 4	+ 17
Dothan	2	13,812	13,454	11,875	+ 3	+ 16
Gadsden	3	17,587	19,200	17,124	— 8	+ 3
Mobile	4	145,607	156,882	115,948	— 7	+ 26
Montgomery	3	79,463	79,153	74,535	+ 0	+ 7
FLORIDA						
Jacksonville	3	272,801	283,439	243,591	— 4	+ 12
Miami	7	273,534	272,190	230,243	+ 0	+ 19
Greater Miami*	12	382,687	375,695	336,379	+ 2	+ 14
Orlando	3	54,112	52,429	50,722	+ 3	+ 7
Pensacola	3	34,209	36,507	30,091	— 6	+ 14
St. Petersburg	3	58,946	54,696	53,584	+ 8	+ 10
Tampa	3	124,393	124,097	109,423	+ 0	+ 14
GEORGIA						
Albany	2	21,371	21,338	16,928	+ 0	+ 26
Atlanta	4	779,517	902,276	712,936	— 14	+ 9
Augusta	3	61,154	59,817	56,880	+ 2	+ 8
Brunswick	2	8,799	9,371	8,891	— 6	— 1
Columbus	4	59,704	63,559	58,528	— 6	+ 2
Elberton	2	3,887	4,575	3,519	— 15	+ 10
Gainesville*	3	15,175	15,001	11,469	+ 1	+ 32
Griffin*	2	11,851	12,842	10,258	— 8	+ 16
Macon	3	61,184	62,689	56,377	— 2	+ 9
Newnan	2	9,584	12,075	9,664	— 21	— 1
Rome*	3	21,944	23,648	19,340	— 7	+ 13
Savannah	4	96,504	106,781	85,200	— 10	+ 13
Valdosta	2	11,971	11,988	10,752	— 0	+ 11
LOUISIANA						
Baton Rouge	3	85,197	84,860	72,554	+ 0	+ 17
Lake Charles	3	31,707	32,008	26,468	— 1	+ 20
New Orleans	7	640,032	697,243	564,174	— 8	+ 13
MISSISSIPPI						
Hattiesburg	2	16,450	15,749	16,450	+ 4	0
Jackson	4	152,774	116,249	114,747	+ 31	+ 33
Meridian	3	28,022	28,105	26,029	— 0	+ 8
Vicksburg	2	24,227	28,721	21,383	— 16	+ 13
TENNESSEE						
Chattanooga	4	171,149	157,445	144,845	+ 9	+ 18
Knoxville	4	127,521	132,761	129,115	— 4	— 1
Nashville	6	301,609	312,502	261,224	— 3	+ 15
SIXTH DISTRICT 32 Cities	109	4,128,386	4,329,872	3,647,200	— 5	+ 13
UNITED STATES 333 Cities		105,190,000	118,383,000	93,488,000	— 11	+ 13

* Not included in Sixth District total

period shorter than a year. Even in periods when the general price level is rising some commodities have to be supported. If the general price level should fall rapidly as it did after the first world war, the support prices to be established for this year's crops might average well above parity prices for the entire marketing season. This can be illustrated by applying the present support program to the price changes that occurred in 1920 and 1921. Had the present support program for wheat been in effect in 1920, loans would have been offered to producers at approximately $1.83 a bushel. Parity prices for wheat during the period of June 1920 to July 1921, however, averaged about $1.70 a bushel. Similar relationships would have existed between support prices and parity prices for other farm products. Thus, during that period a price-support program essentially similar to the present one would have held food prices above those of the unsupported market.

Prices that farmers received for all commodities in June 1921 were about 50 percent lower than those they received in June 1920. Under a support program like the present one, farm prices in June 1921 presumably would have been only about 30 percent lower than they were a year earlier. In the general price decline following the first world war farm prices followed their usual tendency to fall earlier and faster than nonfarm prices. Had the present farm-price-support program been in effect then, however, it appears that farm prices would have declined later than nonfarm prices and at a slower rate. Although the present support program would have kept farm prices from declining as much as they did, it would not have prevented a sharp decline in the general price level when a period of one year or longer is considered.

If the general price level continues to rise, the effects of the farm-price-support program are likely to be similar to those in the past year. A few commodity prices might be maintained at higher levels than would be general without the program, but the total effect would be insignificant.

Should the general price level remain relatively stable for the next year, the support program might result, according to some indications, in significantly higher food prices than would otherwise prevail. That some farm-product prices had to be supported even on a rapidly rising price level seems to be evidence of imperfections in the support program. With a stable price level these imperfections probably would be more serious. During 1946 and 1947, when prices rose rapidly, the parity ratio, which is the ratio of prices received by farmers to prices paid by them, averaged about 120. In the four-year period 1926-29 when the annual index of prices paid by farmers fluctuated only between 166 and 168, the ratio of prices received to prices paid was never more than 90. A parity ratio as low as those that have been associated with stable price levels in the past probably would require more price-supporting activity than has been necessary on a rising price level. *Continued on Page 22*

Sixth District Statistics

RETAIL JEWELRY STORE OPERATIONS

Item	Number of Stores Reporting	Percent Change January 1948 from	
		December 1947	January 1947
Total sales	37	— 76	+ 6
Cash sales	37	— 78	— 17
Credit sales	37	— 74	+ 25
Accounts receivable, end of month	36	— 17	+ 23
Collections during month	36	+ 8	+ 13

RETAIL FURNITURE STORE OPERATIONS

Item	Number of Stores Reporting	Percent Change January 1948 from	
		December 1947	January 1947
Total sales	88	— 49	— 3
Cash sales	80	— 53	— 33
Instalment and other credit sales	80	— 49	+ 4
Accounts receivable, end of month	87	— 4	+ 39
Collections during month	87	— 9	+ 10
Inventories, end of month	60	+ 3	— 5

INSTALMENT CASH LOANS

Lender	No. of Lenders Reporting	Volume: Percent Change Jan. 1948 from		Outstanding: Percent Change Jan. 1948 from	
		Dec. 1947	Jan. 1947	Dec. 1947	Jan. 1947
Federal credit unions	43	— 16	+ 79	+ 0	+ 57
State credit unions	25	— 23	— 2	— 2	+ 19
Industrial banking companies	10	— 7	+ 3	+ 0	+ 13
Industrial loan companies	20	— 9	+ 13	— 6	+ 2
Small loan companies	45	— 38	+ 7	— 1	+ 12
Commercial banks	34	+ 0	+ 57	+ 4	+ 65

WHOLESALE SALES AND INVENTORIES*

Items	SALES: No. of Firms Reporting	SALES: Percent Change January 1948 from		INVENTORIES: No. of Firms Reporting	INVENTORIES: Percent Change Jan. 31, 1948, from	
		Dec. 1947	Jan. 1947		Dec. 31 1947	Jan. 31 1947
Automotive supplies	3	+ 14	— 13	3	— 1	+ 28
Electrical appliances	3	— 43	+ 1	.	..	..
General hardware	8	+ 3	+ 9	4	+ 3	+ 29
Industrial hardware	4	— 0	— 16	.	..	..
Jewelry	4	— 61	— 23	4	+ 12	+ 1
Plumbing and heating supplies	4	+ 47	+ 36	3	— 14	+ 77
Refrigeration equip., Parts (Commercial)	5	— 5	— 13	5	+ 1	+ 18
Confectionery	4	— 13	+ 9	.	..	..
Drugs and sundries	8	+ 17	+ 8	3	+ 1	+ 27
Dry Goods	15	+ 44	— 15	11	+ 21	+ 17
Groceries						
Full lines	27	+ 10	+ 6	12	— 1	— 4
Specialty lines	5	+ 7	— 6	4	+ 20	+ 11
Paper and its products	3	+ 2	+ 31	.	..	..
Shoes	3	+ 12	— 14	.	..	..
Tobacco products	8	— 4	+ 11	.	..	..
Miscellaneous	17	— 4	+ 8	14	+ 11	+ 54
Total	121	+ 5	+ 0	63	+ 7	+ 25

* Based on U. S. Department of Commerce figures

DEPARTMENT STORE SALES AND INVENTORIES

Place	SALES: No. of Stores Reporting	SALES: Percent Change January 1948 from		INVENTORIES: No. of Stores Reporting	INVENTORIES: Percent Change Jan. 31, 1948, from	
		Dec. 1947	Jan. 1947		Dec. 31 1947	Jan. 31 1947
ALABAMA						
Birmingham	5	— 57	+ 7	4	+ 10	+ 28
Mobile	5	— 47	+ 37	.	..	..
Montgomery	3	— 55	+ 12	3	+ 17	+ 6
FLORIDA						
Jacksonville	4	— 54	+ 5	3	+ 7	+ 12
Miami	4	— 44	+ 11	3	+ 1	+ 3
Orlando	3	— 42	+ 24	.	..	..
Tampa	5	— 50	+ 9	3	+ 29	+ 28
GEORGIA						
Atlanta	6	— 55	+ 3	5	+ 6	— 1
Augusta	4	— 61	— 5	3	+ 6	+ 8
Columbus	3	— 58	+ 8	.	..	..
Macon	4	— 63	— 1	4	+ 7	— 6
Rome	3	— 66	— 3	.	..	..
Savannah	4	— 59	— 0	.	..	..
LOUISIANA						
Baton Rouge	4	— 58	— 5	4	+ 11	+ 21
New Orleans	5	— 51	+ 9	4	+ 13	+ 27
MISSISSIPPI						
Jackson	4	— 55	— 6	4	+ 11	+ 14
Meridian	3	— 58	— 11	.	..	..
TENNESSEE						
Bristol	3	— 63	— 18	3	+ 7	+ 1
Chattanooga	4	— 59	— 10	3	+ 18	+ 5
Knoxville	4	— 59	— 14	.	..	..
Nashville	6	— 64	— 12	5	+ 1	+ 1
OTHER CITIES*	19	— 49	+ 18	22	— 0	+ 11
DISTRICT	105	— 54	+ 4	73	+ 7	+ 11

* When fewer than three stores report in a given city, the sales or stocks are grouped together under "other cities."

In evaluating the effects of the price-support program in any situation, much depends on the behavior of the parity index that is used to measure changes in prices paid by farmers. For those commodities having as their base period the years 1909-14, the index is based on prices paid for commodities used for family living and commodities used for production and interest charges and taxes paid on farm real estate. For those commodities having a later base period the index is based only on commodities used in farm production and family living. To obtain an index of prices paid for commodities, prices for 86 items used in family living and 93 used in farm production are weighted according to the average quantity purchased per farm during the six years 1924-29. In combining the index of prices paid for commodities with the indexes of interest per acre on mortgage indebtedness secured by farm real estate and the taxes payable per acre on farm real estate, commodities are given a weight of 86.0 percent, interest 7.2 percent, and taxes 6.8 percent.

PARITY PRICES AND PRICES RECEIVED BY FARMERS

Commodity	Unit	Parity Bases and Prices			Average Prices Received by Farmers, Jan. 15, 1948
		Base Period	Base Price (Dollars)	Parity Price Jan. 15, 1948 (Dollars)	
Cotton	lb.	1909-14	.125	.3112	.3314
Peanuts	lb.	1909-14	.048	.120	.101
Rice, rough	bu.	1909-14	.813	2.04	2.98
Wheat	bu.	1909-14	.884	2.22	2.81
Corn	bu.	1909-14	.642	1.61	2.46
Burley tobacco	lb.	1934-38	.222	.473	...
Flue-cured tobacco	lb.	1934-38	.229	.488	...
Florida oranges	Box	1919-28	1.73	2.87	.50
Florida grapefruit	Box	1919-28	1.24	2.06	.23

During 1947 prices paid by farmers increased 16 percent, or about 1.3 percent a month. Except for a short period in mid-1947, they have risen steadily since the ending of general price controls. Further increases in prices paid between now and the middle of the year would, of course, establish support prices at levels well above those for the preceding crop year. A further rise in prices paid at the rate of 1.3 percent a month, for example, would result in a support price for cotton of about 32.5 cents a pound, or about 4.5 cents above the support price for the 1947 crop.

Changes in the prices-paid index in the past year have been largely attributable to changes in the prices paid for production and family living. Interest and taxes, which make up about a seventh of the prices-paid index, changed very little. Interest payable per acre was only about one percent higher in 1947 than it was in 1946, and taxes payable per acre were about 12 percent higher. According to preliminary estimates, taxes in 1948 will be about 10 percent higher than they were in 1947 and interest about 4 percent higher than it was last year.

Prices of building materials and feed, on the other hand, were about a third higher in December 1947 than they were a year earlier. Since these two commodity groups constitute a fifth of the prices-paid index, the rapid rise in their prices has contributed heavily to the rise in the index. Of all the commodity groups included, food is weighted most heavily. Although the prices farmers paid for food increased only 12 percent from the end of 1946 to the end of 1947, this year additional food-price increases may significantly affect parity prices. Almost half of the food-price index is composed of prices paid for meat and animal products. Since there is a prospect of smaller meat supplies and an active consumer demand, meat prices might rise rapidly in the next few months.

PRICES PAID BY FARMERS

Item	INDEXES		Percent Change December 1946 to December 1947
	December 1946 1910-14=100	December 1947 1910-14=100	
Prices, interest, and taxes	212	245	+ 16
All commodities used in family living	239	268	+ 12
Food	233	260	+ 12
Clothing	273	299	+ 9
Furniture and furnishings	265	284	+ 7
Building materials	289	378	+ 31
All commodities used in production	207	254	+ 22
Feed	220	299	+ 36
Farm machinery	187	216	+ 16
Building materials	266	340	+ 28
Equipment and supplies	150	177	+ 18

It is possible therefore that parity prices at the time support levels are set for this year's crops will be higher than they are now. Should the general price level remain fairly stable or decline after the midyear period, the present support program could maintain higher prices than would prevail without it.

For farmers, the adverse effects of a precipitous general price decline would be only partially averted by the support program. The program's long-run effect would be to cushion the price drop for farm products, but it would allow enough of a drop to work a hardship on those farmers with heavy fixed charges. B. R. R.

Population Changes

Between 1940 and 1947 the nation had the greatest population redistribution among the states that it has ever had. These shifts have had important and varied effects on District economy.

Since the first world war Southern rural areas, particularly the mountainous ones, have had a much higher birth rate than the rest of the nation. About a quarter of the nation's people were in the South in 1930, and this fraction provided almost half the nation's natural increase. The 1930 census for the District, however, was only 13.3 percent higher than the 1920 census, against a national increase of 16.1 percent. This population paradox was caused by the great migration of Southern farm youth to the cities in other sections, especially in the North during the 1920's. During the depression years of the 1930's, however, the surplus population of the South confined its farm-to-city movement within its own area, and, as a result, by 1940 the District's total gain of 11.1 percent was 4.1 percent greater than the nation's and its urban rate of growth three times the national rate.

Both the intra- and inter-regional aspects of the farm-to-city trend were accelerated during the war. Population movements to the West and North resulted in a civilian-population increase in the District lower than that for the nation. Furthermore, within the District, the intra-regional migration brought about a heavy concentration of civilians in a comparatively few small areas. By January 1945 the proportion of farm population in the Sixth District states was lower than it had ever been.

What was lost in civilian population, however, was more than offset by military gains. From July 1, 1940, to July 1, 1946, the Six States as a group had a 1.1 percent increase

ESTIMATED POPULATION JULY 1, 1940-1947, EXCLUDING ARMED FORCES OVERSEAS
(In thousands)

Place	1940		1941		1942		1943		1944		1945		1946		1947		Percent Change in Population	
	Population	Percent	Population	Percent	Population	Percent	Population	Percent	Population	Percent	Population	Percent	Population	Per cent	Population	Percent	7-1-46—7-1-47	7-1-40—7-1-47
U. S.	131,954	100	133,060	100	133,772	100	133,966	100	132,552	100	132,019	100	139,893	100	143,382	100	+ 2.5	+ 8.7
District	15,332	11.6	15,752	11.8	15,871	11.9	16,173	12.1	15,771	11.9	15,414	11.7	15,864	11.3	16,171	11.3	+ 1.9	+ 5.5
Alabama	2,827	2.1	2,822	2.1	2,811	2.1	2,821	2.1	2,752	2.1	2,710	2.1	2,808	2.0	2,824	2.0	+ 0.6	— 0.1
Florida	1,913	1.4	2,031	1.5	2,148	1.6	2,324	1.8	2,307	1.7	2,313	1.8	2,310	1.7	2,394	1.6	+ 3.6	+25.1
Georgia	3,113	2.4	3,180	2.4	3,187	2.4	3,176	2.4	3,122	2.4	3,042	2.3	3,128	2.2	3,233	2.3	+ 3.3	+ 3.9
Louisiana	2,365	1.8	2,460	1.8	2,504	1.9	2,551	1.9	2,496	1.8	2,400	1.8	2,520	1.8	2,549	1.8	+ 1.2	+ 7.8
Mississippi	2,184	1.7	2,284	1.7	2,296	1.7	2,353	1.8	2,233	1.7	2,126	1.6	2,100	1.5	2,092	1.5	— 0.4	— 4.2
Tennessee	2,930	2.2	2,975	2.2	2,925	2.2	2,948	2.2	2,861	2.5	2,823	2.1	2,998	2.1	3,079	2.1	+ 2.7	+ 5.1

in the total population exclusive of armed forces overseas. Florida led in the increase, followed by Louisiana, Mississippi, Alabama, Georgia, and Tennessee.

Between the end of the war and 1947 Southern farms had regained approximately three fifths of their population losses since 1940. Whether this recovery represents a reversal in the migration trend is debatable, since it is not known just how great the gains were in the many cities that also had population growth. It is possible that the increased birth rate and the return of veterans account for both these gains.

L. C.

Banking

Operations of Sixth District member banks during the first month of 1948 reflected heavy income-tax payments and the seasonal slackening of lending activity. By the last Wednesday in January total assets of all member banks were down 146 million dollars. The decline took place principally at the reserve-city banks at Atlanta, Birmingham, Jacksonville, Nashville, and New Orleans. At all member banks in the District demand deposits adjusted were up five million dollars, deposits of correspondent banks down 81 million, and time deposits down 15 million.

At the weekly reporting member banks in leading cities total resources declined further during the week ended February 4, as a result of decreases in loans, investments, and cash reserves. By February 11 total assets had increased, principally because of a 20-million-dollar rise in cash reserves, but they were still lower than they had been on the last Wednesday in January. Although demand deposits adjusted were also lower, total deposits were higher than they had been on the January date.

Sixth District banks, both member and nonmember, held 4.6 percent of the nation's banking resources during 1947. Although this is a slight decline from the 4.7 percent ratio for 1946, it represents a significant advance from the 3.5 percent held in December 1941. District banking resources, 75 percent of which were in the member banks, amounted on June 30, 1947, to 7,646 million dollars. If all the banking resources in the District increased after that at the same rate that member-bank resources did, they amounted to 8,112 million dollars at the end of the year. Total resources of all banks on the June date amounted to 1,221 million dollars in Alabama, 1,782 million in Florida, and 1,724 million in Georgia. In Louisiana, Mississippi, and Tennessee, including those parts of the states outside the Sixth District, total resources were 1,578 million dollars, 766 million, and 1,882 million, respectively.

In addition to the new capital investments made in already existing District banks, more than two million dollars were invested in banks that opened their doors for the first time in 1947.

Although the number of District bank openings in 1947 fell 10 short of the 32 in 1946, the average capital of the banks that opened last year was $100,000 and the average for those opening in 1946 was $75,000. All but seven of the new banks each had capitalization exceeding $100,000. Six of them, with an average capitalization of $155,000, became members of the Federal Reserve System.

Changes in Membership
In the Sixth District 1942-47

	1942	1943	1944	1945	1946	1947
Membership, beginning of year	317	318	316	316	325	331
Additions during year:						
Organization of National banks	0	0	2	0	1	3
Conversion of State banks to National banks*	2	1	5	4	4	
Admission of State banks	2	3	3	7	5	6
Resumption following suspension	0	0	0	0	0	0
Total additions	4		10	11	10	11
Losses during year:						
Mergers between National banks	0	0	0	0	1	1
Suspension or insolvency	0	0	0	0	0	0
Withdrawal of State banks*	1	2	8	1	3	1
Voluntary liquidation	0	0	2	1	0	0
Conversion of member to nonmember banks**	2	4	0	0	0	0
Total losses	3	6	10	2	4	2
Net change during year	+ 1	— 2	0	+ 9	+ 6	+ 9
Membership end of year	318	316	316	325	331	340
National banks	263	260	265	268	272	276
State banks	55	56	51	57	59	64

*Includes conversion of State member banks to National banks.
**Includes conversion of National banks to nonmember banks, and absorption of members by nonmembers.

Opportunities to provide banking services in communities which previously had none were evidently responsible for about two thirds of the bank openings in 1946. On the other hand, during 1947 about half the new banks were opened in communities that already had banking facilities. It is possible that this competitive relationship accounts for the general tendency of a greater proportion of the new banks to agree immediately to honor all checks drawn by their customers without deduction of exchange charges, a service universally granted by members of the Federal Reserve System. Besides the six members, four of the nonmembers that also opened in 1947 began remitting at par. In addition 14 other nonmember banks improved the services offered to their customers by going on the par list.

With the net addition of nine member banks during the year. Federal Reserve membership in the Sixth District at the end of 1947 was higher than it had been since 1931. Year-to-year changes in the number of member banks beginning with 1942 and going through 1947 are summarized in the accompanying table. This table brings up to date the type of data given for 1914 through 1941 in the May 1942 issue of the *Review*.

C. T. T.

National Business Summary

OUTPUT and employment at factories and mines continued to show little change in January. Value of department-store trade declined by more than the usual seasonal amount in January and the early part of February. Prices of farm products and foods decreased sharply in the early part of February, while prices of most groups of industrial products showed little change.

Industrial Production

Industrial production was maintained in January at the level of the preceding two months, and the Board's preliminary seasonally adjusted index was 192 percent of the 1935-39 average.

Activity in durable-goods industries showed a slight decline in January. The decline reflected mainly some curtailment in production at steel and automobile plants in the latter part of the month owing to adverse weather conditions, which continued in the early part of February. Activity in nonferrous metals industries continued to increase in January; deliveries of copper and zinc to fabricators were at the highest level since the spring of 1947. Output of lumber and stone, clay and glass products was maintained at exceptionally high levels for this season.

Output of most nondurable goods recovered in January from the December decline. Activity at cotton textile mills reached the highest rate since the spring of 1947. Production at paperboard mills and printing establishments also increased. Petroleum-refining activity rose further in January under the pressure of exceptional demands for fuel oil. Output of most other nondurable goods was maintained at the December rate or increased somewhat.

Production of minerals in January continued at the December rate. Bituminous coal output was restricted by weather influences on transportation and was 7 percent smaller than in January 1947. Crude petroleum production continued to gain and was 14 percent larger than a year ago.

Employment

Employment in nonagricultural establishments was reduced by 1,100,000 persons from mid-December to mid-January, mainly because of the usual large seasonal reduction in trade and Federal post office activities. Construction employment was curtailed more than is usual in January, owing to exceptionally severe weather conditions. Employment in manufacturing industries showed about the usual small seasonal decline.

Distribution

Department-store sales showed more than the usual seasonal decrease in January and the Board's adjusted index declined to 282 percent of the 1935-39 average, as compared with 303 in December and an average of 285 for the year 1947. Value of sales in the first half of February was 3 percent above a year ago.

Total shipments of railroad revenue freight early in January equaled the volume for the corresponding period of 1947. In the latter part of January and in early February, however, loadings of most classes of freight were substantially curtailed as a result chiefly of weather conditions.

Commodity Prices

The general level of wholesale prices declined about 4 percent from the middle of January to the latter part of February, reflecting mainly sharp decreases in prices of farm products and foods. Prices of hides, print cloth, and some other industrial materials also showed marked declines. Prices of semifinished steel and worsted fabrics, however, were raised and prices of most other groups of industrial products showed little change.

Retail food prices declined about 4 percent in February from the record level of 210 percent of the prewar average reached in January.

Bank Credit

Seasonally large Treasury receipts from tax collections and sales of savings bonds resulted in a substantial transfer of deposits from private accounts at commercial banks to Treasury accounts at the Reserve banks during January and the first three weeks of February. Accompanying drains on bank reserves were met out of excess reserves, from funds received from the post-Christmas return of currency and further gold inflows, and from funds supplied by market purchases of Government securities by the Reserve banks.

Sale of Treasury bonds by commercial banks and other investors continued in January and the first three weeks of February, and the Federal Reserve System purchased substantial amounts of these issues. Total holdings of Government securities by Reserve banks declined, however, reflecting sales of bills and certificates in the market, as well as Treasury retirements of securities held by Reserve banks out of surplus cash receipts.

Government-security holdings at member banks in leading cities declined somewhat in January and the first half of February as continued sales of Treasury bonds were offset only partly by purchases of bills. Loans to businesses showed little further change, but real estate and consumer loans continued to expand.

Effective on February 27, 1948, the Board of Governors raised from 20 to 22 percent the reserve requirements to be maintained on net demand deposits by member banks in central reserve cities.

THE BOARD OF GOVERNORS

Bank Announcements

The Bank of College Grove, College Grove, Tennessee, a nonmember bank in Nashville-branch territory, began remitting at par on February 1. Its officers are J. Powell Covington, president; J. J. Covington, vice president; M. F. Clendenin, cashier; and M. T. Harwell, assistant cashier. The bank has a capital of $25,000, surplus and undivided profits of $15,000, and deposits of $750,000.

Another addition to the par list is the Bank of Dunedin, Dunedin, Florida, which began remitting at par on February 20. This is a nonmember bank located in the territory served by the Jacksonville branch. This bank has a capital of $60,000, surplus and undivided profits of $99,000, and deposits amounting to $2,372,000. A. J. Grant is president, A. H. Grant executive vice president, W. H. Armston vice president, and C. H. Shaw cashier.