Volume XXV

Atlanta, Georgia, October 31, 1940

Number 10

District Summary of Business Conditions

Business activity in the Sixth District continues at a level considerably above that of last year. In the chart below all indicators of trade and industrial activity, excepting two, show a percentage increase over September 1939. In only four cases was this rate of increase less than the rate for indexes of similar activity in the United States.

While retail sales were 12 per cent above September last year, the increase from August to September lacked 1 per cent of being as large as the usual seasonal change between those months. For the January-September period, the gain over last year is approximately 8 per cent. Wholesale sales increased 3 per cent from August, but were down 12 per cent from the same month last year. Construction contracts awarded in September did not present nearly so startling a picture as those for August. Nevertheless the increases over September of last year are significant, especially the 58 per cent rise in "All Other", as distinguished from a 27 per cent decrease in "Residential", contracts. The corresponding figures for the United States show increases of 1 per cent in "All Other" contracts and 18 per cent in "Residential"

Continued on Page 4

Reconnaissance

PER CENT DECREASE ♥ PER CENT INCREASE

Retail Sales Wholesale Sales **Building Permits** Contracts Awarded Cotton Commumption Pig Iron Production

Coal Production

Employment Payrolls

Bank Debits

Bank Loans and Investments

Demand Deposits adjusted

Sixth District Statistics for Digitized (September 1939 compared with September 1939

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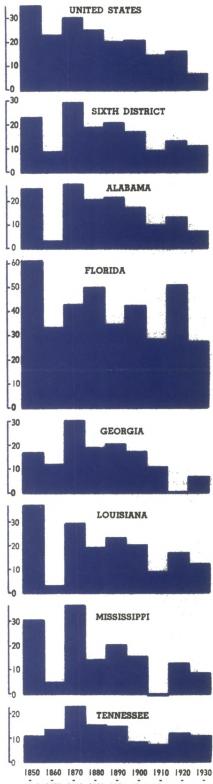
Population Trends, National and Southern

Preliminary census tabulations for 1940 place the population of the United States at 131.4 millions. This figure represents an increase of only 7 per cent over 1930, a rate of increase less than half that of any previous decade since the first census in 1790. So sharp a decline in our rate of increase raises problems in every field of social thought, for population is the stuff of which nations are made, and increasing numbers have contributed largely to the long-time growth of our economic system.

A decline in the rate of population growth was, of course, expected. Since 1860, when the rate reached about 36 per cent per decade, it has been declining with some degree of regularity. When the decade rates of increase for the country are plotted, as in the first section of the chart to the right, the declining trend is apparent. It is not, then, the fact of decline that deserves particular comment at this juncture but rather its magnitude.

Population growth arises from two sources: the excess of births over deaths, and the excess of immigration over emigration, shrinkages in both of which have contributed to the decline in the nation's rate of growth during the decade just past. The birth rate of the nation has been falling since 1810, and the actual number of children born each year has fallen almost continuously since 1921. While the numbers born will continue to decline even at present birth rates, the expected further fall in the birth rate itself will accelerate this decline. The number of persons dying, on the other hand, appears to have been rather constant in the last two decades. Hence the excess of births over deaths has declined. Moreover, we must expect the number of deaths to grow, since for some decades the number of people reaching advanced ages will increase. This situation will be a reflection of the heavy immigration and increasing number of births in the past.

Immigration, the other source from which our 131 millions of people have been derived, has largely ceased, and during the decade just passed the United



1860 1870 1880 1890 1900 1910 1920 1930 1940

Bars represent the rates of population growth by decades in the United States, the Sixth District [6 state total], and the six states in-dividually.

CONDITION OF FEDERAL RE	SERVE	BANK OF	ATLANT	A	
(In Millions		% Change from			
,	Sept. 18	Oct. 18	Sept.	Oct.	
	Oct. 16 1940	1940	1939	1940	1939
Bills discounted			\$.1	+ 0	- 0 - 0 - 50
Bills bought				Ň	— <u>-</u> ,
Industrial advances	.3	.3	.6	0	— 5 0
U. S. securities, direct and	00.0	00.0	100.0		17
guaranteed		89.3	109.2	+ 1	17
Total bills and securities		89.7	110.1	+ 1 + 3	17
F. R. note circulation		173.1	159.5	+ 3	+ 12
Member bank reserve deposits		226.7	196.8	+ 1	+ 16
U. S. Gov't general deposits		30.7	24.5	20	+ 0
Foreign bank deposits		23.2	14.6	+ 13	+ 79
Other deposits	6.2	4.9	. 6.2	+27	·· ,0
Total deposits	. 285.2	285.5	242.1	— <u>0</u>	+ 18
Total reserves	. 375.7	375.8	295.7	— 0	+ 27
Commitments to make industrial	_	-		_	. 500
advances	.5	.5	. 1	0	+ 500

CONDITION OF 22 MEMBER BANKS	IN SELE	CTED CI	TIES	
(In Millions of Dolla	ers)		% Ch	
			fro	m
Oct. 16	Sept. 18	Oct. 18	Sept.	Oct.
194C	1940	1939	1940	1939
• • • •				
Loans and Investments—Total\$659.5	\$643.1	\$606.3	+ 3	+ 9
Loans—Total	316.3	302.7	+ 3 + 5	+ 10
Commercial, industrial and	, -,			
agricultural loans 169.1	155.0	164.3	+ 9	+ 3
agricultural loans			∓1ŏ	35
Open market paper 2.2	2.0	3.4	4.10	— 33
Loans to brokers and dealers				
in securities 5.6	4.5	4.3	+24	+ 30
Other loans for purchasing and				
carrying securities 10.4	10.5	10.9	l	5
Real estate loans	32.9	31.5	+ 0	+ 4
	1.0	1.0	+ 1Ŏ	+ 4 + 10
	110.3	87.2	+ 10 + 1	+ 28
Other loans			T 1	
Investments—Total	326.8	303.7	— ų	+ 8
U. S. direct obligations 149.3	151.4	143.2	<u>I</u>	+ 4
Obligations guaranteed by U.S	67.4	63.4	- 0 1 2	+ 8 + 4 + 5 + 14
Other securities	108.1	97.1	+ 2	+ 14
Reserve with F. R. Bank	146.0	122.3	+ 2 1	+ 8 + 4 + 5 + 14 + 18
	13.7	13.1	<u> </u>	Λ
	208.0	206.5	$+\hat{4}$	1 4
Balances with domestic banks 215.6		385.9		T 17
Demand deposits-adjusted 428.3	433.8		— <u>ì</u>	4 11
Time deposits	190.6	188.2	— <u>0</u>	+ !
U.S. Government deposits 42.0	42.0	40.3	— 0	+ 4 + 11 + 1 + 4
Deposits of domestic banks 314.1	288.6	275.6	+ 9	+ 14
Borrowings				

DEBL	DEBITS TO INDIVIDUAL ACCOUNTS (In Thousands of Dollars)									
	Sept. 1940	.ma.m.c.	% Chang Aug. 1940	ge from Sept. 1939						
ALABAMA— Birmingham \$ Dothan Mobile Montgomery	94,922 3,419 43,002 24,067		95,770 2,715 40,865 23,734	\$	86,803 3,212 38,598 22,784	1 + 26 + 5 + 1	+ 9 + 6 + 11 + 6			
Jacksonville Miami. Pensacola Tampa.	75,911 43,692 9,933 28,524		76,943 44,758 9,917 28,734		69,898 38,759 8,953 26,619	- 1 - 2 + 1 - 1	+ 9 + 13 + 11 + 7			
Albany Atlanta Augusta Brunswick Columbus Elberton Macon Newnan Savannah Valdosta	5,383 212,471 18,615 2,814 18,364 1,252 16,928 1,967 29,062 4,798		4,471 220,151 17,597 3,158 16,808 1,133 15,962 1,884 28,161 8,483		4,694 195,326 20,257 2,256 15,294 1,154 18,115 2,190 30,401 4,508	$\begin{array}{c} + 20 \\ - 4 \\ + 6 \\ - 11 \\ + 9 \\ + 11 \\ + 6 \\ + 4 \\ + 3 \\ - 43 \end{array}$	+ 15 + 9 + 25 + 20 + 9 - 7 - 10 - 4 + 6			
LOUISIANA— New Orleans	205,390		201,199		242,407	+ 2	— 15			
MISSISSIPPI— Hattiesburg Jackson Meridian Vicksburg	5,123 28,843 12,177 6,636		4,750 30,666 11,580 5,958		5,661 28,749 12,696 7,995	$^{+}_{-}_{-}^{8}_{6}_{5}_{+}^{+}_{11}$	- 10 + 0 - 4 - 17			
TENNESSEE— Chattanooga Knoxville Nashville	43,036 30,096 85,634		43,868 30,553 87,083		43,770 30,708 89,214	_ 2 _ 2 _ 2	- 2 - 2 - 4			
	1,052,059	1,	056,901	1,	051,021	- 1	+ 0			
UNITED STATES— 274 Cities\$33	3,811,000	\$32,	845,000	\$36,	594,000	+ 3	— В			

RETAIL TRADE—SEPTEMBER 1940 (Cities for which no indexes are compiled)									
SA	LES	STO	OCKS						
Sept. 1940 c August 1940	ompared with September 1939	Sept. 1940 c August 1940	ompared with September 1939						
+ 42% + 19%	6% 1%	+34%	+22%						

States suffered a net emigration, since the small numbers arriving from other countries in the last few years have not been sufficient to offset those leaving this country in the early years of the great depression.

With this picture of national developments in mind, several contrasts with the situation in the South can be made. The population of the six states represented in the Sixth Federal Reserve District was 13.8 millions in 1930 and is now 15.3 millions. The District's rate of growth was therefore 11.1 per cent. A glance at the chart of state growth rates, however, will show that Florida grew by far the most rapidly, more rapidly indeed than any other state in the Union; but Florida has been subjected to many economic and other influences not typical of what is called the South, and an omission of its figures gives in some ways a better picture of what has happened to the more typical southern states. The rate of growth of the five remaining states of the District was 9.1 per cent, which is still significantly higher than the nation's rate of 7.

The District's relatively greater rate of growth is the more particularly significant when compared with its relative performance in previous censuses. From 1920-1930 the nation grew 16 per cent, and the six states 13 per cent. Again, however, Florida's unique growth biased the picture, for the five states without Florida grew only 10 per cent. While the rate of growth of the five states declined slightly between the two decades the reversal of the relative growths of the District and the nation is highly significant, for it is necessary to go back a full century to the decade 1830-1840 to find another census period in which the District grew more rapidly than, or as rapidly as, the nation.

The Far West and the South are the two areas in which a growth more rapid than that in the nation is taking place today. The 13 southern states occupied 13 of the first 26 places in per cent of increase during the decade, and 10 of the remaining 13 places were held by states of the Far West. The growth of the South mainly reflects the influence of its birth rate which is significantly higher than that of any other equally large area in the country.

The birth rate of the Sixth District, for instance, is about 25 per cent higher than that for the entire United States, 21 per thousand compared to 17 in 1937. The South, of course, provides no exception to the general phenomenon of declining birth rates, but factors adversely affecting the number of births have not proceeded as far in the South as in other sections of the country. In rural areas children cost less and produce more than in urban areas; and in farm economies the family constitutes the economic unit rather than, as in factory economies, the individual. For all of these reasons, declining birth rates have accompanied the march of urbanization and industrialization across our continent. The South, being the most rural region of the United States today, retains, therefore, the highest birth rate.

The higher relative birth rate of the South and the Sixth

POPULATION, AND RATES OF POPULATION GROWTH,

					-POPULI	
P1.1	1940	1930	1920	1910	1900	1890
	2,8 3 0	2,646	2,348	2.138	1,829	1,513
Alabama Florida	1,878	1,468	968	753	529	391
GeorgiaLouisiana	3,120	2,909	2,896	2,609	2,216	1,837
	2,356	2,102	1,799	1,656	1,382	1,119
Mississippi	2,182	2,010	1,791	1,797	1,551	1,290
	2,911	2,617	2,338	2,185	2.021	1,768
Six States of the Sixth District		13,751	12,139	11,138	9,52 7	7,918
Six States Minus Florida		12,283	11,171	10,386	8,999	7,526
United States	131,410	122,775	105,711	91,972	75,995	62,948

http://fraser.stlouisfed.org/ Federal Reserve Bank of St. Louis District has existed for many decades, although, as pointed out above, the rate of population growth has been, until the decade now closing, relatively slower than that in the nation. This is to be accounted for by the fact that there has been in the past a large outflow of population from the South, and a substantial foreign immigration into the North and West.

For many decades this emigration has cost the South thousands of its citizens, who, moving to the cities of the North, have contributed to the wealth of that area the rearing and talents obtained at the expense of southern parents and governments. In addition to the real cost of this emigration, the natural process by which the emigrant individuals were selected distorted the distribution of the population remaining. The young, the strong, and the skilled were most able to emigrate, and consequently emigration of large numbers has left in the South disproportionate numbers of dependents, particularly children. It would be difficult to exaggerate the importance of this emigration from the South, and it would therefore be equally difficult to exaggerate the importance of the change in the trend of emigration from the South that the new census apparently reveals. If the data on birth and death registrations by states are reliable, immigration and emigration should be measurable by the difference between the population increase of the census from 1930 to 1940 and the increase indicated by the excess of births over deaths. On this basis the Sixth District as a whole enjoyed a net immigration of approximately 143 thousand persons during the decade, and the five states exclusive of Florida suffered a net emigration of only some 183 thousand, a figure far lower than that of recent previous decades. By states the apparent net migrations were, approximately:

Alabama	141	thousand
Florida	$\pm \ 326$	46
Georgia	63	44
Louisiana	+ 52	44
Mississippi	— 104	44
Tennessee	+ 73	44

• One other fact revealed by the census deserves mention: the South is a region in which cities are still growing. Being the most rural section, the opportunity for city growth is greatest, and present-day industrialization has provided a sufficient impetus to growth. This growth of southern cities provides many indications of the future prospects of the region. As in other sections, urbanization will reduce the birth rate and probably bring it more nearly into line with that of the nation as a whole. More immediately, however, we may expect from urbanization a larger share of regional prosperity. Cities demand many types of expensive private and public capital improvements that are not required in rural areas, and the provision of these facilities has been in most areas a more important source of employment and income than the factories whose erection brings the cities into being.

ES-UNITED STATES AND THE SIXTH DISTRICT-1850-1940

					WILL	Or Gr	(O # 111	LTH F	LOAD		
1870	1860	1850	19 3 0- 19 4 0	1920- 19 3 0	1910- 19 2 0	1900- 1910	1890- 1900	1880- 18 9 0	18 70 - 1880	1860- 1870	1850- 1860
997	964	772	7.0	12.7	9.8	16.9	20.8	19.9	26.6	3.4	25.0
188	140	87	27.9	51.6	28.7	42.4	35.0	45.2	43.5	33.7	60.6
1,184	1,057	906	7.3	0.4	11.0	17.7	20.6	19.1	30.2	12.0	16.7
727	708	518	12.1	16.9	8.6	19.9	23.5	19.0	29.3	2.7	36.7
828	791	607	8.6	12.2	0.4	15.8	20.3	14.0	3 6.7	4.6	30.5
1,259	1,110	1,003	11.3	11.9	7.0	8.1	14.3	14.6	22.6	13.4	10.7
5,182	4,771	3,892	11.1	13.3	9.0	16.9	20.3	18.4	29.1	8.6	22.6
.,994	4,631	3,805	9.1	10.0	7.6	15.4	19.6	17.3	28.5	7.8	21.7
3,558	31,443	23,192	7.0	16.1	14.9	21.0	20.7	25.5	30.1	22.6	3 5.6
Diait	zed for	FRASER									

SIXTH DISTRICT BU			ND	CATOR	s		
Inde (1923-1925 average =	100	a), exce Adju	-			adjus	ted
	Se	pt. Au 940 194			_	Aug. 1940	Sept.
RETAIL SALES* (1935-1939 Av. = 100) DISTRICT (47 Firms)			23	109	132	1940	19 3 9 118
Atlanta Birmingham					150 140	122 113	136 117
Nashville New Orleans					120 125	98 110	112 114
RETAIL STOCES							
DISTRICT (22 Firms)	 1	76 1 38 1-	75 44	76 132	81 152	73 136	80 1 45
Atlanta Birmingham Nashville		73 59	74 52	77 53	75 63	70 52	79 57
New Orleans	٠.	62	61	65	65	59	68
WHOLESALE SALES TOTAL					70	68	86
Groceries. Dry Goods.					53 74	52 65	66 95
Hardware Drugs					119 109	115 106	124 115
CONTRACTS AWARDED					90	070	90
DISTRICTResidential					89 79	278 176	80 109
Others Alabama					95 150	346 166	60 1 3 7
FloridaGeorgia					83 75	226 151	53 9 4
Louisiana Mississippi					69 129	69 440	103 67
Tennessee	•				98	771	5 5
BUILDING PERMITS 20 CITIES					73	79	93
Atlanta	٠.				<i>7</i> 3 57 34	28 26	166 217
Jacksonville					86	78	82
Nashville New Orleans					22 83	140 31	24 38
PIG IRON PRODUCTION* Alabama					130	126	108r
COTTON CONSUMPTION* THREE STATES					106	170	101
Alabama					186 225	172 212	181 214
Georgia Tennessee					169 187	153 1 87	169 155
EMPLOYMENT (1932 Av. = 100)					100	100	100
SIX STATESAlabama					132 142	128 138	132 135
Florida Georgia					91 147	88 142	96 146
Louisiana Mississippi					128 103	120 97	131 112
Tennessee	· •				133	131	132
PAYROLLS (1932 Av. = 100) SIX STATES					188	179	172
AlabamaFlorida					25 3 91	239 8 7	210 85
Georgia					209 162	197	190
Louisiana Mississippi Tennessee					134 178	151 127 173	153 138 169
ELECTRIC POWER PRODUCTION*	•						Aua.
SIX STATES					1940	1940 408	1939 349
Alabama					417 537	568	467
Florida Georgia					494 261	447 213	440 221
Louisiana Mississippi					6 78 7 8	681 67	635 104
TennesseeSTATI		100			312	313	197
(000 O							
Sept.		Aug. 1940		Sept. 1939	Ye 194	ar to I	Date 1939
Number (Actual, not 1000 ths) 43		53		45	5	10	522
Liabilities\$ 488	\$	424	\$	336	\$ 5,0	10 \$	6,009
COAL PRODUCTION—Tons Alabama 1,160 Tennessee 477		1,246 497		1,067 498	11,44 4,4		8,185 3,684
Aug.		July		Aug.	Y	ear to	Date
FARM INCOME**	_	1940	_	1939	194		1939
SIX STATES\$ 51,724 Alabama 5,048	\$	31, 97 8 3,677	\$	47,250 5,301	\$400,72 50,47	79	15,326 51,979
Florida		3,677 2,389 9,497		4,179 17,469	77,69 77,88)] 34	94,467 76.412
Louisiana 7,253 Mississippi 5,788		3,573 3,605		6.814	59,92 59,68	24	56,399 61,503 74,566
Tennessee 7,176		9,237		5,834 7,653	75,05	9	74,566
*Indowes of setail sales electric may							

^{*}Indexes of retail sales, electric power and pig iron production, and of cotton consumption are on a daily average basis.

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

On this point see, Daly, M. C., "An Approximation to a Geographical Multiplier," The Economic Journal, June September, 1940.

^{**}Includes overnment benefit payments.

National Summary of Business

VOLUME of industrial production increased sharply in September, owing mainly to a continued rise in output of durable manufactured products, and this month a further increase is indicated. Prices of basic industrial materials advanced in September and the first half of October.

Industrial Production

The Board's seasonally adjusted index of industrial production, which for three months had been at a level of 121 per cent of the 1935-39 average, advanced to about 125 per cent in September. In the durable goods industries increases in output were general. Steel production rose to 93 per cent of capacity, and in the first half of October the rate was slightly higher as new orders continued in large volume both from domestic and foreign sources. Steel exports amounted to about 20 per cent of ingot-producing capacity in August, the latest month for which data are available, with nearly three quarters of these shipments going to the United Kingdom and Canada. Activity in the machinery, aircraft, and ship-building industries advanced further in September following considerable increases in August, and automobile output increased sharply as volume production of new model cars was rapidly attained. Plants producing railroad cars and locomotives also showed an expansion in activity. Lumber production continued to rise under the impetus of a growing volume of demand for defense program purposes.

Changes in output of nondurable manufactured goods and minerals in September were mixed. At wool textile mills activity advanced sharply further to near the peak reached last autumn, reflecting in part expanding production on Government orders. At cotton mills, however, activity showed less than the usual seasonal rise, following a sharp increase in August, and rayon deliveries declined somewhat owing partly to a strike at plants of one large producer. Shoe production also declined in September. Paper production remained considerably lower than the high volumes attained during the inventory accumulation period of early summer. Output of most metals continued large during September. Crude petroleum production, which had been curtailed sharply during the summer, rose considerably, but coal production, which for several months had been maintained at high levels, showed a smaller increase than is usual at

this season.

Value of new construction work started in September was lower than in July and August, according to reports of the F. W. Dodge Corporation and the San Francisco Federal Reserve Bank. The decline occurred chiefly in contracts for defense projects which had been large in the previous two months. Awards for private residential building showed little change from recent high levels. Awards for other private work declined somewhat but continued considerably above the level of a year ago.

Distribution

In September and the early part of October department store sales showed somewhat less than the usual seasonal increase from the exceptionally high level reached in August.

Freight-car loadings rose somewhat more than seasonally in September, reflecting to a large extent increased shipments of miscellaneous freight. Loadings of coal, which have been large in recent months, showed less than the usual seasonal rise.

Commodity Prices

Prices of most industrial materials, particularly lumber, steel scrap, nonferrous metals, hides, and wool, continued to advance from the middle of September to the middle of October, and there were also increases in some manufactured products, notably cotton and woolen goods. Wheat prices were higher while prices of most other foodstuffs showed little change.

Bank Credit

Commercial loans at reporting member banks in New York and 100 other leading cities continued to increase during the four weeks ending October 9, reflecting in part seasonal demands. Holdings of United States Government obligations decreased further with the result that total loans and investments of these banks showed little change.

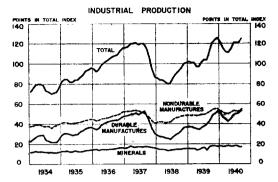
United States Government Security Prices

Prices of United States Government securities advanced in the second half of September and the first week in October, rising close to the high level of the year reached early last April.

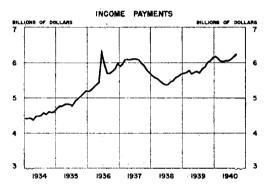
District Summary Continued from Page 1

Steel mill activity in the Birmingham area continued at 105 per cent of capacity. Alabama production of pig iron was also at a new high level, having increased 3 per cent over August and 21 per cent over September last year. Coal production was up 6 per cent from August and 9 per cent from September 1939. This latter increase compares with a 4 per cent rise for the United States.

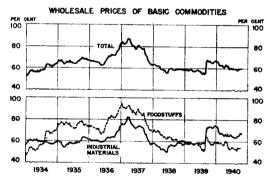
Cotton production, as estimated by the United States Department of Agriculture, decreased 2 per cent between September 1 and October 1 and is 4 per cent below last year's production. The condition of the crop October 1 was 72 per cent of normal, compared with 68 a year ago, and 63, the 1929-1938 average October 1 condition. Digitized for FRASER



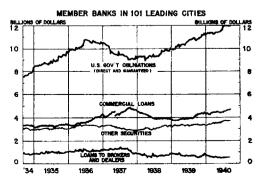
physical volume of production, a variation, 1935-1939 average = 100, January, 1934, to September, 1940,



U. S. Department of Com U. S. Department of Commerce estimates of the of income payments to individuals, adjusted for variation. By months, January, 1934, to Septemb



of Bureau of Labor Statistics' nuary 4, 1934, to October 10, ral Reserve groupis Thursday figures,



Wednesday figures, September 5, 193 1940. Commercial loans based on new ginning May 19, 1837. 1934, to October 9, new classification be-