

Monthly Review

FEDERAL RESERVE BANK OF ATLANTA

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Number 10

A New Attack on District Labor Turnover

HIGH labor turnover has been the bane of war production in the Sixth District since the beginning of the war effort and now, with the labor reserve showing signs of approaching final depletion, it constitutes probably the primary problem. Recent weeks have seen the development of something approaching a crisis of job quitting in certain key war industries — both those that have arrived at their scheduled expansions and those in which further expansions still lie ahead. Previous programs designed to reduce the necessity for continual replacement hirings in particular industries and localities have failed to bring the required results, and on October 15 the War Manpower Commission for the Southeastern Region announced a new and more drastic plan of control.

This plan, like its various predecessor plans dating from the period of Sidney Hillman and the Labor Division of OPM, may be termed a direct attack upon labor turnover by the process of voluntary agreement. It is virtually the last attempt that can be made within the voluntary method; should it fail of acceptance, the wartime economy of the region would be brought face to face with the alternative of some attempted compulsory control, or of a continued failure to attain the last final percentages of peak production.

The new system is an extension and modification, on the basis of experience, of the former regional stabilization plan put into effect early this year by the War Manpower Commission in co-operation with management and labor leadership. That plan provided that workers becoming separated from war jobs in certain critical war areas should obtain releases, and prescribed certain conditions upon which these releases could be obtained. Without having the proper releases in their possession, workers who left their jobs could not be employed by co-operating managements for a 30-day period. From this basis the present plan developed.

The coverage, instead of being limited to a few critical areas, is now inclusive. Stabilization now virtually applies to all workers and all business and industrial managements, outside of agriculture, in the six states of Alabama, Florida, Georgia, Mississippi, South Carolina, and Tennessee. (South Carolina, northern Mississippi, and western Tennessee are not in the Sixth Federal Reserve District, and southern Louisiana is not included in the War Manpower Commission's Southeastern Region, but with these exceptions the two regions coincide.) The original area-stabilization programs are intensified, and those areas are especially treated as the most critical spots under the new plan.

Authorized job separations, under the revised method, are on a narrower basis

than before. Authorized separations can only take place in the above six-state area under the following conditions: (1) if the worker is discharged, (2) if the worker is laid off for seven days or indefinitely, (3) if undue personal or family hardship is shown, (4) if the worker's continuance on his job would mean acceptance of wages or working conditions below state or Federal standards, or (5) if the employer is in violation of a War Labor Board order. If one or all of these conditions exist, the employer is required to provide the released worker with a "Statement of Availability" (Form A), setting forth the date of the release and establishing that it was authorized.

Employing concerns and their managements throughout the region are placed under a voluntary obligation not to employ an applicant worker unless he presents the "Statement of Availability"—this obligation to continue for a 60-day period after the worker's release from his previous job. This doubled period of prospective unemployment is designed to deter the worker from quitting on other than the duly authorized grounds.

Should the previous employer have failed or refused to grant the necessary form, the worker has the recourse of going to the nearest United States Employment Service office and asking for a referral card. The USES will grant this card if the employer has wrongly refused it, and also if the worker has been employed on part time or at less than his highest skill. To make sure that each worker's capacity is realized to the full is the purpose of this provision, which is intended to strike at labor-hoarding practices and cases of delayed upgrading.

In regard to the worker employed in an industry that is classed as essential, or employed in any occupation or activity located in the critical areas of labor shortage, the provisions both as to management and labor are more drastic. Such workers, to be eligible for rehiring within 60 days anywhere in the Southeastern Region, must have the special "Restricted Statement of Availability" card (Form A-1) printed in red. This card, like the first, is issued by the employer at the time of separation, or by the local USES office if the employer has refused; but the rehiring of a worker with a red-printed card requires the special permission of the USES in each individual case. This twofold authorization is designed to keep as many workers as possible within the critical areas, which, at this time in the Southeastern Region, are designated as follows: in Alabama, Mobile; in Florida, Panama City, Pensacola, and Tampa; in Georgia, Brunswick, Columbus, Macon, and Savannah; and in South Carolina



Nashville Branch
Federal Reserve Bank of Atlanta

(not in the Sixth District), Charleston. The list is announced monthly, and changes may be made from time to time.

Provision is made for appeals against all these procedures, whether by employers or workers, and it is further provided that a worker may have the advice and counsel of the organization to which he may belong. Relying for its workability upon a general acceptance and co-operation by employing managements throughout the Region, and upon the consent of the war workers whose leadership helped to work out the details, the plan places the United States Employment Service in an important position and provides it with the means of controlling that portion of the labor turnover that does not fall within the categories of authorization.

Analysis of this plan, and of its prospects of workability, involves some consideration of labor turnover itself. The facts may be summarized in the statement that the turnover rates, throughout the war-related industries and occupations in the District, are and have been excessively high. They are highest in the shipbuilding centers of Brunswick, Savannah, Panama City, Jacksonville, and Pascagoula; high also in such war-industry centers as Macon and Anniston. Few of the major shipyards had less than 20 per cent of job separations and replacements in relation to their total average employment during a recent two-month period, and in one case it was as high as 32 per cent. Such an outflow and corresponding inflow of labor strike seriously at the efficiency of production, though the effect is somewhat less than the figures might indicate, inasmuch as the bulk of the turnover occurs in the less skilled labor sector and among the more recent employees.

In other types of war industry, turnover rates between 9 and 12 per cent are not uncommon, while in the important lumber industry of the Sixth District the losses of labor have been so heavy as to outstrip the new hirings and to create a serious decline. Trade, service, and miscellaneous business establishments that serve the war-production effort in secondary capacities are considerably disrupted by labor turnover, but insofar as this condition reflects the passage of workers from less essential to more essential industries, it

cannot in all cases be considered a detriment to the war effort.

That portion of the turnover that is basically unnecessary presents the most fruitful field for the operation of the new stabilization plan. What portion this is cannot be known without further experience; but there is believed to be a considerable amount of job quitting that arises from no especially fundamental cause. Such is the quitting that is due to mere restlessness, to the vision of greener grass in another pasture, or to the migratory habit formed by years of casual farm work, or by the progress from job to job in construction employment earlier in the war. What may be termed the turnover habit exists among white labor as well as the Negro labor that is being increasingly used in many branches of war manufacturing. There is also the closely related problem of industrial fatigue. Many workers in the District were not accustomed to industrial occupations to begin with, and a certain type of fatigue connected with the difficulty of adaptation is probably an abundant cause of turnover. These types of turnover may respond to controls.

Again, there is a certain amount of preventable quitting and firing that must be ascribed to plant management. It may be taken for granted that there was not in the District—or the nation—to begin with, enough experienced management and submanagement to create permanent working conditions throughout the new expansions; also, that personnel relations have presented a progressively more difficult problem with a decline in the prime labor supply. Cumulative friction causes turnover. Instances of the underutilization of labor also have been numerous, and this is a practice that creates labor turnover by delaying the worker's acquisition of new skills and postponing the period of his upgrading. Furthermore, cases have occurred of outright labor "pirating," in spite of the attempted controls. A plan that recently came to light, by which certain establishments arbitrarily began to hire the unskilled worker as semiskilled, and to pay wages accordingly, played its part in creating high turnover by tempting the worker to leave competing plants. The new control system for the first time places the United States Employment Service offices in a position to assail these practices, of which the local officials are usually aware.

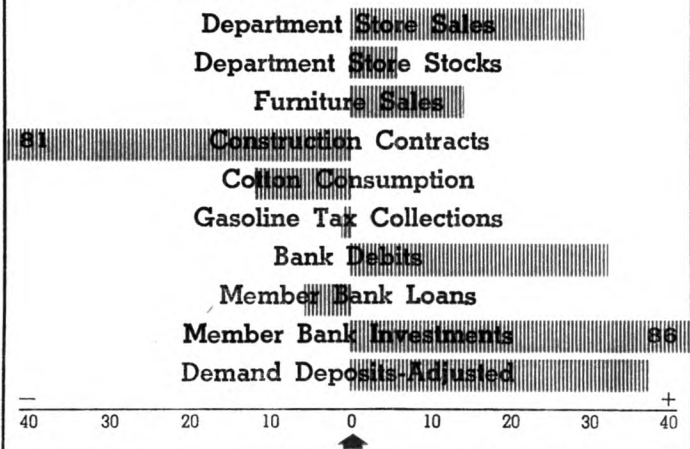
A considerable portion of the turnover rate, however, does not appear amenable to controls that are directed at the surface phenomena rather than at the underlying causes. Some reasons for job quitting exist that are so fundamental as to be dealt with only by methods of cause removal. In spite of all the progress that has been made, conditions of almost intolerable crowding and congestion still characterize several communities, particularly some shipbuilding centers. Large-scale construction of new housing has promptly been followed by the complete occupancy of the new housing, and expansions in employment again and again have outstripped the community expansions. Thus, there are renewed housing shortages today at Brunswick, Tampa, Panama City, Macon, Columbus, Decatur, and Sheffield, with mounting congestion at Jacksonville, Knoxville, Miami, and other points; such congestion continues even though past housing construction has been considerable and costly, and scheduled employment peaks have not been reached.

Housing alone, moreover, is not the entire requirement for adequate worker accommodation. A ratio exists between the size of a community's industrial employment and its facilities in restaurants, trade, personal service, health, education,

Reconnaissance

Sixth District Statistics for September 1943 compared with September 1942

PER CENT DECREASE ▼ PER CENT INCREASE



recreation, and entertainment. A community, in short, serves its industrial plants in the capacity of a "labor warehouse," and the improperly "warehoused" worker tends to lose his efficiency and ultimately to forfeit his job.

The effects of congested conditions are felt with particular acuteness by the newly arrived worker, who comes with his family into a crowded area in search of war employment. New arrivals, finding the housing and other facilities already filled to overflowing, endure the condition as long as they can and then move on. It is for this reason, primarily, that the turnover is the highest among the more recent employees.

Financial considerations make job retention especially difficult for the less highly paid workers in the less skilled categories. Temporary lodgings, good or bad as the case may be, are expensive, and so are restaurant meals, transportation, and other necessities of life and work. An added difficulty is that the first payday, in most war industries, does not arrive for a week or ten days. It is in this early period of employment that many workers find they cannot make ends meet and are led to abandon their new employment. Some special provision for the reception of the newly arrived workers has been made at a few points. Such assistance has helped to reduce the turnover rate; but more could be accomplished if the plan were more generally followed.

Whether the increasing proportion of women in the war industries has served to increase the turnover rate is an open question. Sufficient data are not available to decide the point. The percentage of women in war industries is rising, as it should be, and must be, if peaks are to be fully attained. Special data, showing nearly 27 per cent of all workers in a selected list of several hundred war plants to be female workers, tend to refute a recent public comment to the effect that "Scarlett O'Hara" was not responding to the war effort. In the textile industry of the District, the women were found to constitute about 56 per cent of the total employment, compared to 49 per cent of a smaller total in the prewar period. In the aircraft industry, about 35 per cent of the total employment was female, and this percentage must go yet higher, as the aircraft industry is still some distance from peak employment. Women constitute about 30 per cent of the labor force in munitions and other special purpose war plants, while even the shipyards had about 10 per cent of female labor. "Scarlett O'Hara," it should be remembered, was active in the lumber industry in her later years; it does not appear that her example is forgotten. If it should be found that a considerable portion of female entrants into the industrial labor supply are unable to endure continued war work of the onerous types, then here again is a cause of labor turnover that cannot be controlled by regulation.

What appears most probable, accordingly, in the working out of the new stabilization plan, is that the casual types of job quitting will respond to the restrictions, while the quitting that arises from the more underlying causes will present an irreducible minimum. The indicated degree of effectiveness should serve to stamp the plan itself as a success, for the desired industrial expansions would thereby be completed, and the terms of the remaining problem clarified for further progress along cause-removal lines. Full co-operation of management and labor with the letter and spirit of the new plan is an essential, especially since what is at stake is the workability of a voluntary system, as well as the full measure of war production.

Sixth District Statistics

UNITED STATES TREASURY BILLS			
Dated		Tenders	Allotments
October 7, 1943.....		\$ 5,050,000	\$ 4,787,000
October 14, 1943.....		8,145,000	7,832,000
October 21, 1943.....		20,110,000	15,882,000
October 28, 1943.....		18,475,000	17,789,000

INSTALMENT CASH LOANS			
Lender	Number Reporting	Per Cent Change August 1943 to September 1943	
		Volume	Outstandings
Federal Credit Unions.....	45	+ 8	— 0
State Credit Unions.....	27	+ 16	+ 2
Industrial Banking Companies....	44	+ 13	+ 2
Personal Finance Companies.....	55	— 2	+ 0
Commercial Banks.....	36	+ 8	— 1

CONDITION OF FEDERAL RESERVE BANK OF ATLANTA (In Thousands of Dollars)					
	Oct. 20 1943	Sept. 22 1943	Oct. 21 1942	Per cent change Oct. 20, 1943, from	
				Sept. 22 1943	Oct. 21 1942
Bills discounted.....	0	0	175	...	...
Industrial advances.....	215	209	814	+ 3	— 74
U. S. securities.....	373,403	312,687	191,560	+ 19	+ 95
Total bills and securities.....	373,618	312,896	192,549	+ 19	+ 94
F. R. note circulation.....	849,004	816,652	462,668	+ 4	+ 84
Member bank reserve deposits.....	474,349	475,315	411,484	— 0	+ 15
U. S. Gov't deposits.....	28,870	24,454	24,338	+ 18	+ 19
Foreign bank deposits.....	40,139	38,888	25,443	+ 3	+ 58
Other deposits.....	2,563	6,116	2,514	— 58	+ 2
Total deposits.....	545,921	544,772	463,779	+ 0	+ 18
Total reserves.....	1,000,804	1,028,628	728,000	— 3	+ 37

CONDITION OF 20 MEMBER BANKS IN SELECTED CITIES (In Thousands of Dollars)					
Item	Oct. 20 1943	Sept. 22 1943	Oct. 21 1942	Per Cent Change Oct. 20, 1943, from	
				Sept. 22 1943	Oct. 21 1942
Loans and Investments—					
Total.....	1,611,520	1,489,004	1,053,220	+ 8	+ 53
Loans—Total.....	400,597	320,402	340,875	+ 25	+ 18
Commercial, industrial and agricultural loans.....	193,481	180,459	198,868	+ 7	— 3
Loans to brokers and dealers in securities.....	16,566	11,420	3,872	+ 45	+ 328
Other loans for purchasing and carrying securities.....	74,435	22,752	7,392	+ 227	+ 907
Real estate loans.....	27,325	26,317	27,997	+ 4	— 2
Loans to banks.....	149	69	425	+ 116	— 65
Other loans.....	88,641	79,385	97,007	+ 12	— 9
Investment—Total.....	1,210,923	1,168,602	712,345	+ 4	+ 70
U. S. direct obligations.....	1,051,082	1,003,462	558,356	+ 5	+ 88
Obligations guaranteed by U. S.....	46,911	51,288	44,760	— 9	+ 5
Other securities.....	112,930	113,852	109,229	— 1	+ 3
Reserve with F. R. Bank.....	261,430	264,767	250,436	— 1	+ 4
Cash in vault.....	24,105	25,843	21,236	— 7	+ 14
Balances with domestic banks.....	165,602	151,654	189,467	+ 9	— 13
Demand deposits—adjusted.....	918,455	920,502	725,213	— 0	+ 27
Time deposits.....	239,107	237,477	200,311	+ 1	+ 19
U. S. Gov't deposits.....	355,514	230,578	92,340	+ 54	+ 285
Deposits of domestic banks.....	464,368	455,986	419,418	+ 2	+ 11
Borrowings.....		5,000		...	...

The District Economy in October

OCTOBER was a month of great activity in District industry and agriculture. With industrial output being maintained at recent record levels and with the onset of the harvest season, the District's manpower supply was stretched further. While there are some indications that procurement changes may in some cases ease labor needs, Selective Service withdrawals from the District's labor force continue to be very large, and production in the naval stores and lumber industries is being very definitely hampered by shortages of labor.

Naval Stores: On October 15, the prices of all grades of rosin averaged 14 per cent above the prices quoted at the beginning of the current season on April 1. The advances ranged from 8 per cent on the lowest grade to 15 per cent on the three top grades. The supply and demand situation is the strongest in several years. There has been no movement of current rosin production into Government stock piles since early August, as the market price of all grades has been above the stock pile prices. Indeed, with the exception of two grades, prices are also above parity. On October 15, the lowest grade of rosin was quoted at \$3.09 a hundred-pound drum and the highest grade, at \$5.30.

Production so far in 1943 has been far below expectations. Estimates now are that production this season will not exceed 250,000 units as compared with 322,000 units in the past season. This represents a falling off in rosin production of about 200,000 drums. This season's output will be only some 45 per cent of normal.

Recent increases by the Government in the allotments of fats and oils for civilian soap manufacture and in the amount of permitted production of items such as paints, lacquers, varnishes, and linoleum, of which naval stores are components, have resulted in an increased demand for naval stores by the manufacturers of those commodities. Furthermore, it is known that there is a considerable export movement of naval stores under various lend-lease agreements, but the amounts so exported are restricted information.

Lumber Production: In the week ending October 16, the mills reporting to the Southern Pine Association shipped 19.1 million feet, 27 per cent less than average weekly production in the three years ending October 31, 1942. Nevertheless, shipments for the week were 7 per cent above current production. Orders during that week were 19 per cent above production and the week saw increases in orders on hand for those mills of 2.1 million feet, or 2 per cent. The supply situation in the Southern pine industry remains critical, therefore. According to the *Southern Lumberman*, the industry has lost more than 25 per cent of its manpower since the beginning of the war and the manpower shortage is the critical bottleneck preventing expansion of production at the present time.

In recent months, cypress production in Southern forests has been falling off. Demand for Tidewater Red Cypress, a critical war product, continues steady, however, and prices remain at ceiling levels. In the New Orleans area, Tidewater Red Cypress stocks have been much reduced. Recent high tides flooded much of the bayou country and this, coupled with the ever-present manpower shortage, has hampered

production. At the present time, shipbuilding and war construction take practically all the available cypress, so that little is left for ordinary civilian demand.

In the Jacksonville area, production of Tidewater Red Cypress has dropped further as a result of the manpower shortage, which is present in all departments of the industry but is particularly acute in the woods. The drop in production is raising unit costs because overhead in the cypress mills has to be spread over a smaller number of units of output. Inventories are continuing to decrease.

Banking: Note circulation of this Bank's issue continues to expand. On October 20, circulation in the Sixth District reached 849 million dollars, virtually double the circulation a year previously. There has been some expansion in member bank reserve accounts over the past year. On October 20, they totaled 475 million dollars, as compared with 415 million dollars on the same date in 1942.

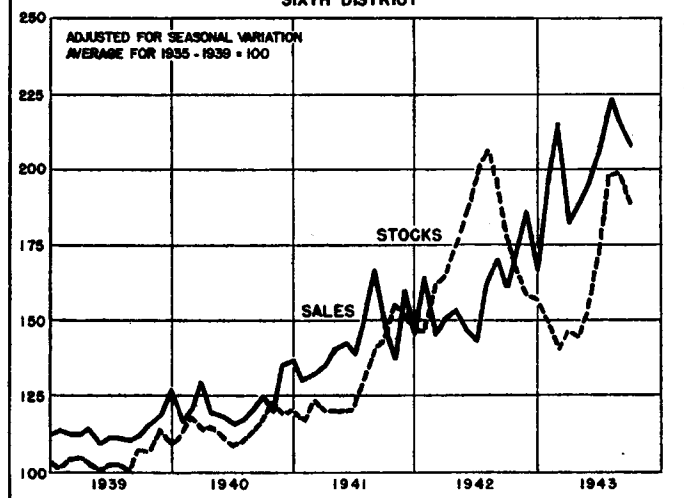
The commercial banks in the Sixth District continue to experience an expansion in deposits and an increase in holdings of United States Government securities. On October 13, the weekly reporting member banks in the Sixth District held demand deposits (adjusted) of 908 million dollars, an increase of 26 per cent over the corresponding day of 1942. Time deposits increased slowly over the year. They were 198 million dollars on October 14, 1942, and 235 million dollars a year later, representing an increase of 19 per cent.

Holdings of United States Treasury bills by the weekly reporting member banks in the Sixth District were 93 million dollars on October 13, an increase of 37 per cent for the twelve months. Holdings of Treasury certificates of indebtedness by these same banks for the same period increased from 91 to 275 million dollars, or by 202 per cent. Treasury notes held rose from 105 to 214 million dollars, an increase of 104 per cent. United States Government bonds rose from 232 to 417 million dollars, or by 80 per cent. Holdings of guaranteed obligations remained unchanged at 47 million dollars.

Agriculture: In the third week of October, freezing temperatures with killing frosts were general in North Alabama and in low ground elsewhere in the state. Some vegetables were killed as a result. Cotton picking is now virtually finished in Alabama. Fall gardens are in fair to good condition over the state. The corn crop is being harvested and promises to be a good crop. Syrup making has started.

In Georgia, there was some frost damage in recent days in the north and central portions. Good cotton and corn crops are being harvested, but the sweet potato harvest has been retarded. In the third week of October, more rain was needed over the state, the soil being too dry for fall plowing or for sowing grain. The harvesting of pecans and of sugar cane has been begun.

In Louisiana, also, October saw some unfavorably cold nights with frost and local freezing; damage was negligible, however, and rainfall has been adequate. In many areas of the state, cotton picking is about completed, while the sweet potato harvest is proceeding well. The corn crop and the cane crop were harvested in October. Rapid progress was made in

DEPARTMENT STORE SALES AND STOCKS
SIXTH DISTRICT

cutting and threshing late rice. Truck crops, fall gardens, oats, cover crops, and pastures are in good condition.

There were some local freezes and scattered frosts in Mississippi in October, with some vegetation killed as a result. Rainfall has been adequate in most localities and cotton picking has progressed well, except in areas of acute labor shortage. The sweet potato harvest has made good progress.

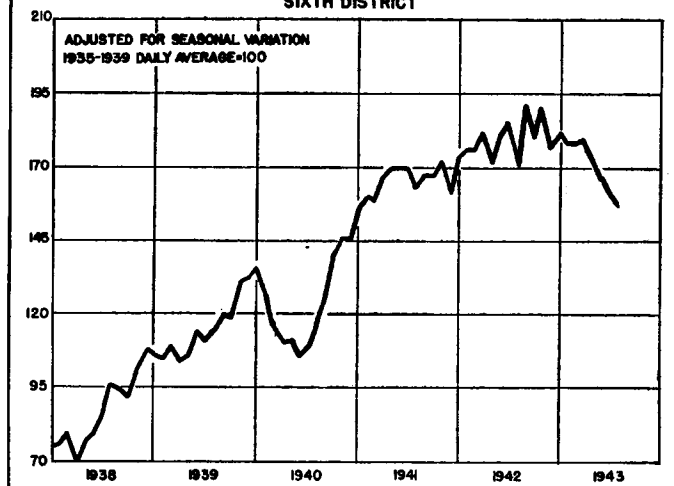
In Tennessee, there has been a shortage of rain. Some nights have been extremely cold and serious frost damage has resulted. Cotton picking is progressing well. Corn, wheat, oats, rye, sweet potatoes, and late beans are in good condition. In the central and western portions of the state, potatoes are in only poor to fair condition, but they are in good condition in the east.

In the fiscal year ended June 30, 1943, according to data released by the director of the Florida State Farmers' Markets in October, the 27 markets sold 20.1 million dollars' worth of produce, an increase of 51 per cent over the previous year.

The value of Florida citrus fruit harvested is at record levels. In the past season, citrus fruit harvested in Florida was sold for 153.1 million dollars, 126 per cent above the average for the past 10 years. The net return to growers exceeded 76.3 million dollars—about four times average receipts in the previous 10 years.

Industry: Electric power generating facilities in the District were importantly expanded in October when the third unit of the Georgia Power Company's Plant Arkwright near Macon came into production. Energizing of this plant added a million kilowatt hours daily to electric power generating capacity in the area.

An interesting new industrial possibility for the District may develop in Birmingham. Under a bill recently approved by the Committee on Public Lands and Surveys of the United States Senate, the United States Bureau of Mines is authorized to build and operate a 20-million-dollar plant in Birmingham to produce synthetic gasoline from Alabama's soft coal. Research conducted by the Bureau of Mines indicates that Alabama coal will produce some 134 gallons of gasoline per ton.

COTTON CONSUMPTION
SIXTH DISTRICT

Another significant recent development in the utilization of District mineral resources is the growth of vanadium production in Alabama's Coosa Valley. Vanadium is produced in the Coosa Valley as a by-product of graphite mining. The United States Bureau of Mines believes that vanadium content is so high in this graphite that the by-product alone will pay the cost of mining.

At New Orleans, Higgins Aircraft's new plant, costing 27 million dollars, was completed 14 months ahead of schedule and was dedicated on October 24. The plant will produce Curtiss-Wright C-46 Commando cargo planes. It will employ between 21,000 and 25,000 persons, according to published estimates.

Petroleum Production: On October 22, the oil geologist of the Standard Oil Company of New Jersey announced that the Humble Oil and Refining Company, a subsidiary of Standard, had brought in an oil well in Collier County, Florida. While it is still too early to estimate accurately the full geological significance of this discovery, there is a chance that the discovery may mean an important new source of income for Alabama, Florida and Georgia. The new oil well, which was drilled to a depth of 11,700 feet—more than two miles—is the first producing oil well on the Atlantic Coast.

The structure in Florida, in South Georgia, and in Coastal Alabama is apparently the same as that farther west in Mississippi, Louisiana, and Texas. The latter three states are already, of course, important oil producers.

Some 400 barrels of crude, mixed with salt water, have been bailed out of the new well. The oil is jet black in color, of a high fuel content, and of the heavy type characteristic of Western Gulf Coast production. Natural gas is being produced with the oil in fair volume. The new well is in the Everglades northwest of Miami, where more than 175,000 acres of public lands have been leased for oil in recent months. Under all of these leases, the state of Florida will receive a royalty of one-eighth of the production if oil is struck. So far, however, no claim has been filed for the \$50,000 reward offered by the 1941 State Legislature for the first commercially producing oil well drilled in Florida.

Sixth District Statistics

RETAIL FURNITURE STORE OPERATIONS			
Item	Number of Stores	Per Cent Change September 1943 from	
		August 1943	September 1942
Total Sales.....	108	+ 0	+ 14
Cash Sales.....	95	— 1	+ 32
Instalment and Other Credit Sales..	95	+ 1	+ 15
Accounts Receivable, end of month.	106	— 0	— 33
Collections during month.....	106	— 7	— 19
Inventories, end of month.....	79	— 12	— 26

SALES OF UNITED STATES SAVINGS BONDS			
September 24-October 23, 1943, at Issue Price (In Thousands of Dollars)			
Area	Series E	Series F and G	Total
DISTRICT.....	104,445	27,655	132,100
Alabama.....	20,873	5,273	26,146
Florida.....	20,592	5,871	26,463
Georgia.....	21,393	6,504	27,897
Louisiana*.....	18,939	4,255	23,194
Mississippi*.....	9,808	1,848	11,656
Tennessee*.....	12,840	3,904	16,744

*These figures apply only to that part of the state lying within the Sixth Federal Reserve District. Tennessee figures do not include Post Office sales.

DEBITS TO INDIVIDUAL BANK ACCOUNTS (In Thousands of Dollars)					
Area	September 1943	August 1943	September 1942	Per Cent Change Sept. 1943 from	
				Aug. 1943	Sept. 1942
ALABAMA					
Anniston.....	15,928	12,609	14,658	+ 26	+ 9
Birmingham.....	194,831	153,294	158,227	+ 27	+ 23
Dothan.....	9,866	5,554	7,252	+ 78	+ 36
Gadsden.....	10,763	8,720	8,043	+ 23	+ 34
Mobile.....	118,047	108,851	98,665	+ 8	+ 20
Montgomery.....	45,045	33,095	35,800	+ 36	+ 26
FLORIDA					
Jacksonville.....	168,560	167,605	123,188	+ 1	+ 37
Miami.....	79,625	90,380	64,148	— 12	+ 24
Orlando.....	22,522	18,101	13,013	+ 24	+ 73
Pensacola.....	23,857	21,172	18,795	+ 13	+ 27
St. Petersburg.....	18,228	18,928	11,418	— 4	+ 60
Tampa.....	80,081	68,182	53,010	+ 17	+ 51
GEORGIA					
Albany.....	10,728	7,484	7,967	+ 43	+ 35
Atlanta.....	494,057	405,203	370,553	+ 22	+ 33
Augusta.....	37,317	29,557	30,235	+ 26	+ 23
Brunswick.....	14,992	15,174	7,991	— 1	+ 88
Columbus.....	39,459	31,854	33,303	+ 24	+ 18
Elberton.....	1,937	1,457	1,767	+ 33	+ 10
Macon.....	50,448	42,811	34,973	+ 18	+ 44
Newnan.....	4,927	3,985	3,511	+ 24	+ 40
Savannah.....	85,080	76,132	63,222	+ 12	+ 35
Valdosta.....	7,886	14,683	6,158	— 46	+ 28
LOUISIANA					
Baton Rouge.....	41,160	37,179	27,152	+ 11	+ 52
Lake Charles.....	20,619	18,332	12,230	+ 12	+ 69
New Orleans.....	436,314	352,260	334,111	+ 24	+ 31
MISSISSIPPI					
Hattiesburg.....	14,546	12,255	12,846	+ 19	+ 13
Jackson.....	60,539	42,622	61,351	+ 42	— 1
Meridian.....	19,499	14,426	15,412	+ 35	+ 27
Vicksburg.....	26,385	16,033	11,368	+ 65	+ 132
TENNESSEE					
Chattanooga.....	92,989	76,560	78,411	+ 21	+ 19
Knoxville.....	81,112	63,961	44,293	+ 27	+ 83
Nashville.....	185,457	164,844	137,608	+ 13	+ 35
SIXTH DISTRICT					
32 Cities.....	2,512,806	2,133,303	1,900,679	+ 18	+ 32
UNITED STATES					
334 Cities.....	75,759,000	60,614,000	55,701,000	+ 25	+ 36

Decentralization Program

PURSUANT to a program of further decentralization, the Federal Reserve Bank of Atlanta is in the process of transferring new functions to its branches at Birmingham, Jacksonville, and Nashville. This transfer of responsibilities when completed will place these branch offices on a basis essentially identical with that of the New Orleans branch, which from its establishment has had the status of a full-power office.

The new transfer of functions began with the Birmingham branch on September 27, 1943, when the accounts of member banks in that portion of the state of Alabama located in the Birmingham branch zone were transferred to the Birmingham office. With the transfer of reserve accounts, the Birmingham office assumed responsibility for the account analysis work. The branch office likewise assumed responsibility for maintaining the general ledger for its zone operations. Precisely similar transfers were made to the Jacksonville branch, effective on the opening of business on October 25, 1943. In the near future, similar transfers will be made to the Nashville branch.

As the branches assume new accounting responsibilities, they are enabled to participate directly in the operations of the Interdistrict Settlement Fund. Effective Monday, October 4, 1943, the Birmingham branch began settling through this fund for amounts due from and due to other Federal Reserve Banks and branches each day. Effective Monday, November 1, 1943, the Jacksonville branch will begin a similar settlement procedure.

Fiscal agency responsibilities of the three branches are to be broadened. Effective November 1, 1943, the Birmingham, Jacksonville, and Nashville offices will begin servicing the consignment accounts of agents qualified to issue war savings bonds and will, therefore, begin receiving unissued stocks of bonds on consignment. These offices will also on November 1, 1943, assume responsibility for the war loan deposit accounts of banks in their respective zones. These offices have for some time been issuing and redeeming series E, F, and G bonds, and series C savings notes. Ever since the withholding tax program was set in operation, too, all of the branch offices of the Federal Reserve Bank of Atlanta have handled withheld tax accounts for their respective states for banks that were qualified as depositaries under the provisions of Treasury Department Circular No. 714.

As a part of the decentralization program, representatives of the auditing department of the Federal Reserve Bank of Atlanta have been stationed at the branch offices as the need has arisen. Having the status of a full-power branch, the New Orleans office already had such a representative. In recent weeks, assistant auditors have likewise been stationed at Birmingham and Jacksonville. In due course, an assistant auditor will also be stationed at Nashville.

The decentralization program extends to the consumer credit control department, which is responsible for local administration of Regulation W. Representatives of this department have been, or shortly will be, stationed at the branch offices. The Birmingham office for some months has had such a representative and arrangements have already been made for stationing such representatives at the Nashville and New Orleans branches.

Member Bank Admissions

DURING the month of October, two changes were made in the membership of the Federal Reserve System in the Sixth District. One state bank was admitted as a new member and another state bank, already a member, changed from a state to a National charter.

On October 2, the Florida Bank at Orlando, located at Orlando, Florida, was admitted to membership. Its capital stock is \$100,000; it has a surplus of \$450,000; and its total resources are approximately \$12,000,000.

N. Addison Baker is chairman of the board of directors; J. Neal Greening is president; C. Jack Camp is cashier; and C. Earnest Willard, Herman E. Carmichael, W. Pitt Varnes, and Mrs. Anne Harris Miller are assistant cashiers. Besides Messrs. Baker and Greening, the board of directors includes Edward Ball, Clarence H. Cubbedge, William N. Ellis, William Hardin Goodman, S. Bryan Jennings, and George S. Marsh.

On October 15, the American Bank and Trust Company, of Miami, Florida, was granted a National bank charter by the Comptroller of the Currency and became the American National Bank of Miami. The American Bank and Trust Company was organized in 1936 and was opened for business on October 28 of that year. It was admitted to membership in the Federal Reserve System on May 11, 1942. The American National Bank of Miami has capital stock of \$400,000, surplus of \$295,000, and total resources exceeding \$10,000,000.

Wiley R. Reynolds is chairman and Rufus H. Daniel is vice chairman of the board of directors. H. Blake Oliver is president and John W. Roberts is assistant vice president. Winton M. Wright, cashier, is on leave of absence with the armed forces. Elmer A. Gerard, Jess Glance, Alfred D. McClellan, Ralph W. Sapiro, and C. Russell Sohn are assistant cashiers. In addition to Messrs. Reynolds, Daniel, and Oliver, the board of directors includes H. Hood Bassett, T. J. Blackwell, Phil J. Laurence, William P. Mootty, Wiley R. Reynolds, Jr., and Bert C. Teed.

The Federal Reserve Bank of Atlanta admitted seven new member banks during the 12-month period ending with October 15, 1943. Aside from the Florida Bank at Orlando and the American National Bank of Miami, these new members and their dates of admission were as follows: Fidelity National Bank of Baton Rouge, Baton Rouge, Louisiana, October 27, 1942; Bank of Auburn, Auburn, Alabama, December 18, 1942; American National Bank of Jacksonville, Jacksonville, Florida, January 2, 1943; Limestone County Bank, Athens, Alabama, March 15, 1943; and Citizens Bank of Hattiesburg, Hattiesburg, Mississippi, August 27, 1943.

As of the close of October 1943, there were 318 banks in the Sixth District that were members of the Federal Reserve System. Of this number, 261 were National banks, which are required by law to be members of the Federal Reserve System. The remaining 57 banks were state banks. As among the states lying entirely within the boundaries of the Sixth District, Alabama had 84 member banks; Florida, 60; Georgia, 65. As among the Sixth District portions of those states that lie partly in one District and partly in another, Louisiana had 27 member banks; Mississippi, 17; and Tennessee, 65.

Sixth District Business Indexes

(1935-39 Average = 100)

DEPARTMENT STORE SALES*						
	Adjusted**			Unadjusted		
	Sept. 1943	Aug. 1943	Sept. 1942	Sept. 1943	Aug. 1943	Sept. 1942
DISTRICT.....	208	215	161	221	183	171
Atlanta.....	190	189	149	213	182	166
Baton Rouge....	212	204	179	245	177	207
Birmingham....	194	191	155	200	175	160
Chattanooga....	207	223	165	232	184	185
Jackson.....	252	270	206	285	217	233
Jacksonville....	274	294	210	280	246	215
Knoxville.....	222	215	151	240	194	164
Macon.....	270	312	210	291	220	226
Miami.....	173	169	136	142	114	112
Montgomery....	255	279	197	275	218	213
Nashville.....	191	191	133	200	162	139
New Orleans....	206	176	160	210	162	163
Tampa.....	265	282	195	251	221	185

DEPARTMENT STORE STOCKS						
	Adjusted**			Unadjusted		
	Sept. 1943	Aug. 1943	Sept. 1942	Sept. 1943	Aug. 1943	Sept. 1942
DISTRICT.....	188	199	177	199	191	187
Atlanta.....	239	249	210	255	243	224
Birmingham....	156	154	179	159	155	182
Montgomery....	201	217	144	225	215	161
Nashville.....	280	291	206	304	291	223
New Orleans....	137	142	167	144	133	175

	COTTON CONSUMPTION*			COAL PRODUCTION*		
	Sept. 1943	Aug. 1943	Sept. 1942	Sept. 1943	Aug. 1943	Sept. 1942
TOTAL.....	168	158	191	167	163	165
Alabama.....	173	164	188	179	174	168
Georgia.....	167	157	195	...	...	...
Tennessee....	148	138	178	139	139	158

	CONSTRUCTION CONTRACTS			GASOLINE TAX COLLECTIONS**		
	Sept. 1943	Aug. 1943	Sept. 1942	Sept. 1943	Aug. 1943	Sept. 1942
DISTRICT.....	72	1,196r	374	101	103	102
Residential....	89	151r	142	...	...	...
Others.....	63	1,702r	486	...	...	...
Alabama.....	78	135	54	108	107	124
Florida.....	115	163	305	90	86	73
Georgia.....	68	212	709	99	93	81
Louisiana.....	58	89	109	101	102	105
Mississippi....	30	59	1,067	101	87	111
Tennessee....	144	5,034	187	113	142	137

COST OF LIVING				ELECTRIC POWER PRODUCTION*			
	Sept. 1943	Aug. 1943	Sept. 1942		Aug. 1943	July 1943	Aug. 1942
ALL ITEMS..	n. a.	128	120	SIX STATES..	246	237r	214
Food.....		146	130	Hydro- generated	217	214r	218
Clothing....		130	127	Fuel- generated	284	268r	209
Rent.....		114	113	ANNUAL RATE OF TURNOVER OF DEMAND DEPOSITS			
Fuel, electricity, and ice...		107	104		Sept. 1943	Aug. 1943	Sept. 1942
Home furnishings..		123	121	Unadjusted...	19.6	15.3	20.6
Miscellaneous..		118	112	Adjusted**..	19.2	17.4	21.2
CRUDE PETROLEUM PRODUCTION IN COASTAL LOUISIANA AND MISSISSIPPI*				Index**.....	74.1	67.2	82.0
Unadjusted..	195	191r	176	*Daily average basis.			
Adjusted**..	197	191r	180	**Adjusted for seasonal variation.			
				***1939 monthly average = 100.			
				r = Revised.			
				n. a. = Not available.			

The National Business Situation

INDUSTRIAL activity showed little change in September and in the first half of October. Distribution of commodities continued in large volume and prices remained steady.

Industrial Production: Physical volume of industrial production as measured by the Board's seasonally adjusted index, as recently revised, was 243 per cent of the 1935-39 average in September, compared with 242 in August and 239 in July.

There were increases in output in the iron and steel and transportation equipment industries while activity in other durable goods industries showed little change or declined slightly. Open hearth and Bessemer steel production exceeded its previous peak level, reached in March of this year, and output of pig iron likewise established a new record. In the machinery industry as a whole activity was maintained at the level of recent months although there was some further curtailment of output of machine tools and machine tool accessories.

Total output of nondurable manufactures continued at the August level. Cotton consumption, which had been declining since May, rose 6 per cent from August to September, but was 9 per cent below the high level of a year ago. Shoe production was maintained at the level of recent months and was slightly larger than a year ago. The output of manufactured food products rose seasonally.

Petroleum refining continued to rise in September and was at a rate about double the 1935-39 average. The Board's index of this industry is substantially higher than the old index because greater weight is given to aviation gasoline and other special war products. Output in the chemical industry as a whole declined in August, as some further expansion in industrial chemicals was more than offset in the total by reductions elsewhere, reflecting readjustment of the war program. Newsprint consumption rose less than is usual at this season, in the face of increasing supply difficulties, and a further 5 per cent cut in permitted consumption of newsprint was ordered, beginning October 1.

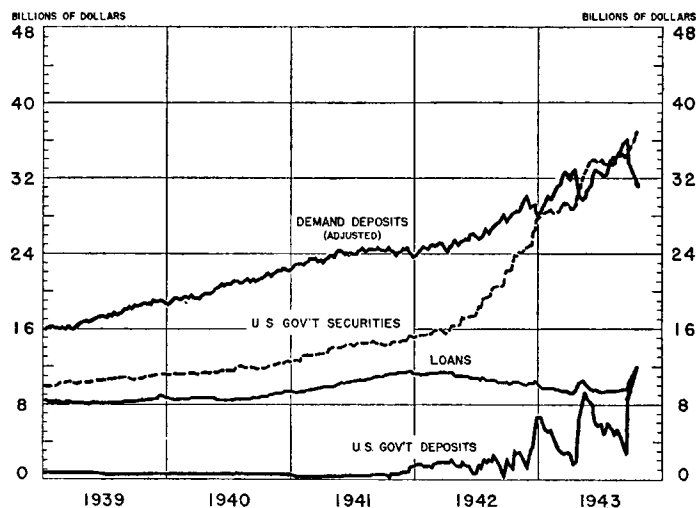
Crude petroleum production continued to rise in September, reflecting further improvement of transportation facilities for petroleum products. Output of crude petroleum in August and September exceeded the earlier peak levels reached in December 1941 and January 1942. Coal production continued at a high level.

Distribution: Department store sales increased less than seasonally in September, following an unusually large volume of sales in July and August, and the Board's seasonally adjusted index declined from 142 to 131. During the first half of October sales showed a gain over September although usually there is some decline at this season.

Railroad freight traffic in September and the first part of October was maintained at the high level of previous months. Coal shipments exceeded the record movement of last July and loadings of grain and livestock were 10 per cent higher than a year ago.

Commodity Prices: Prices of grains advanced from the middle of September to the middle of October. Livestock

MEMBER BANKS IN LEADING CITIES



Demand deposits (adjusted) exclude U. S. Government and interbank deposits and collection items. Government securities include direct and guaranteed issues. Wednesday figures: latest shown are for October 16, 1943.

prices were slightly lower, reflecting partly the establishment of Federal maximum prices for live hogs and sharply increased marketings of cattle. Wholesale prices of most other commodities continued to show little change.

Agriculture: Crop prospects showed little change during September, according to official reports. There was a further small improvement in prospects for the corn and potato crops, while the previous forecast for cotton production was lowered slightly. Aggregate crop production is expected to be 7 per cent below the peak volume of last season but higher than in any other previous year.

Bank Credit: During the five weeks ending October 13, Government security holdings at reporting banks in 101 leading cities increased by about 2.5 billion dollars reflecting substantial open-market purchases during the Drive, and also, some purchases of bills on subscription from the Treasury. Loans showed a net increase of 2.2 billion dollars over the same period. Over two-thirds of the total amount represented loans to brokers, dealers, and customers for purchasing or carrying securities; in the last week of the period there were some declines, however, as repayments were made on the liquidation of the securities. Commercial loans, which have been increasing steadily since June, rose further by 540 million over the five weeks.

Holdings of Government securities by the Federal Reserve System showed little change from the end of September to the third statement date of October, but there were some shifts among the kinds of securities held. Treasury bills held under option declined by 200 million dollars between September 30 and October 20, while holdings of certificates of indebtedness and of Treasury bills outside of the option accounts increased by about 200 millions. Total holdings of United States Government securities by the Reserve System on October 20 were 8.9 billion dollars.