

Monthly Review

FEDERAL RESERVE BANK OF ATLANTA

Volume XXIX

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Number 1

Recent Employment Trends in the Sixth District

THE employment situation in the Sixth District of late suggests increasingly that the end of the expansion period is in sight. Labor shortages exist, but on the whole less is heard of acute labor scarcity than was heard a year ago. Most war industries may be considered manned; except for labor turnover they would be fully manned, and the labor turnover is decreasing. The expansions that still lie ahead are important; these are primarily in the District's aircraft industry, which still has a considerable distance to go to reach peak employment. Secondly, some shipyards still have labor shortages, but shipbuilding as a whole is within reaching distance of peak employment. Digestion into the economy of the District of a series of emergency expansions calling for an increase of nearly 50 per cent in total nonagricultural employment has been a process requiring time. The hectic period of this expansion appears to have passed unless a new military emergency, requiring increased production, should arise.

Employment in general has been relatively stable for several months past. Total employment in the nonagricultural industries covered by unemployment compensation amounted, in Alabama, Florida, Georgia, Mississippi, and Tennessee in July 1940, to 1,279,601. By July 1941, such employment had mounted to 1,644,091, an increase of 28.5 per cent. By July 1942, it had further mounted to 1,870,858, which was an increase of 46.2 per cent above 1940. Preliminary figures for last July show virtually the same total as the complete figures for the previous July and indicate only such expansion for the 1942-43 fiscal year as would be represented in the incompleteness of the preliminary reports. This percentage of incompleteness is ordinarily small. The available data further indicate that, since July 1943, total employment has slightly declined.

The most rapid expansion since the defense effort began has been, of course, in manufacturing. In July 1940, in Alabama, Florida, Georgia, Mississippi, and Tennessee, 602,849 workers were employed in every type of manufacturing industry. July 1941 saw this number raised to 792,758, or a 31.5 per cent increase. July 1942 saw total manufacturing employment further expanded to 925,242, or 53.5 per cent above July 1940. And in July 1943, according to preliminary figures, the manufacturing employment amounted to 1,003,612, which was 66.5 per cent above July 1940.

Since last July, this total of manufacturing employment has remained almost stable. The August total for the preliminary sample was 1,003,618, or virtually the same as July.

The September total was 1,100,812, or very slightly less. The September decline was the first in total manufacturing employment since the war effort began, and while fluctuations are to be expected and internal shifts occur, the figures signify that the worst period of strain has passed.

More than half of the District's manufacturing employment is concentrated in 37 local areas. These are primarily the areas of war production. The picture of stability is reflected in these areas in 383 manufacturing concerns of various types, which on July 1, 1943, employed a total of 517,378 workers and on November 1 employed 517,894. But not all industry groups had totals as stable as these. In 163 textile plants, the employment dropped from 140,190 in July to 114,035 in November. Expansions in aircraft, shipbuilding, and the newer war plants, with standstills in other types of production, kept the total employment constant. As a whole, in November, these 37 areas had virtually 90 per cent of their scheduled employment for May 1, 1944. Ten areas had 95 per cent of the May requirement, or better; 14 had between 90 and 94 per cent; the others had somewhat less. But for high labor turnover, peak employment would be readily attained in all but two or three of the areas, and the turnover, in general, is showing a tendency to decline.

One reason for the over-all easing in the manufacturing employment situation has been the progressive decline in construction in the District. The construction industry, which employed less than 100,000 workers in five District states in 1940, soared in July 1942 to an all-time peak of 251,757. Then construction employment declined—at first gradually, then more rapidly, so that last July it was making use of only 142,138 workers. The workers were generally absorbed into war production. The demand for construction labor has since revived within the District, and the United States Employment Service has an active need of construction workers today.

Among other major industry groups, employment in trade and transportation has increased but slightly in recent months and in the various service industries has held remarkably level. These three groups have reflected the general underlying expansion of pay roll and income without, however, maintaining what was formerly considered the typical ratio of secondary employment to employment in manufacturing.

Of the two war industries, aircraft and shipbuilding, that are still expanding today, shipbuilding has more nearly completed its expansion. On November 1, shipyards and boatyards of the Gulf and Atlantic areas in the District were em-



playing nearly 200,000 workers. This number represented an increase of some 10,000 workers since July 1. The estimate for May 1, 1944, calls for 15,000 additional workers above the November total.

Achieving the necessary expansions in most of the shipyard centers is primarily a problem in turnover reduction. In Mobile, labor turnover was reduced in one yard from 11.5 per cent in September to 10.0 per cent in October, and in another yard from 9.7 to 7.9 per cent in the same period. Both shipyards have lost considerable numbers of Negro workers. In May 1943, one yard employed 6,750 Negro workers, but in November, the number was only 3,378. For the same period, the other yard lost 1,700 Negro workers. It is possible that these reductions are related to the reduction in labor turnover.

In New Orleans, the second largest shipbuilding center of the District, where the various shipyards, large and small, are virtually at peak employment, the shipyard labor is largely resident and the turnover rates are more moderate. In general, turnover rates in the shipbuilding industry are somewhat reduced throughout the District but remain sufficiently high to constitute a production problem.

At four shipbuilding points, importations of labor are necessary in addition to turnover reduction. One is Tampa, Florida, where two shipyards at last reports needed about 4,000 more workers. Others are Jacksonville, Florida, and Brunswick, Georgia, each of which needs about 2,000 more workers. Pascagoula, Mississippi, where the shipyard has obtained additional contracts requiring 3,000 more workers, is a point of acute labor need. The turnover rate of this shipyard was reduced from 17.1 per cent in September to 11.9 per cent in October. Of late an additional 745 housing units have been authorized and the new housing facilities should further aid the expansion. But more workers are needed.

The employment of women in shipbuilding constitutes an increasingly important solution for labor supply problems. In the past, most shipyards have employed women to the extent of about 10 per cent of their total employment. But there are three District shipyards that in November had considerably higher percentages and employed, together, about 8,000 women. In the J. A. Jones Shipyard at Brunswick, Georgia, women in November constituted 14 per cent of the total labor supply. This yard was using women as ship fitters, union melters, operators, welders, burners, welder markers, bus and truck drivers, material clerks, supervisors, and as learners on all of these jobs. Women upon attaining equivalent skills were being paid the same wages as men. The Wainwright yard at Panama City, also a J. A. Jones concern, had an even higher percentage of women in November—20.3 per cent of its labor supply. The Southeastern Shipbuilding Corporation at Savannah had women employees equal to only 0.7 per cent of its labor force in November 1942, but a year later it was employing women to the extent of 18 per cent of its labor force.

In the District's aircraft industry, women are counted on to solve much of the expansion problem that lies ahead. The Marietta Aircraft Assembly Plant, near Atlanta, employed nearly 5,000 women at latest reports. Significantly, this plant's labor turnover rate in October was only 3.3 per cent, a rate that serves to refute doubts as to the stability of women workers. In Birmingham, the Bechtel-McCone-Parsons

Corporation in its aircraft modification and assembly plant increased its percentage of women employees from 20 per cent of total employment in September to 38 per cent in November. The adaptability of women to the aircraft industry is the major reason why, in spite of the fact that some 30,000 additional workers are still needed in this industry in the District, a too acute labor shortage is not anticipated. Recruiting, however, must be vigorous, and importations of labor must occur.

In the basic metals industries, employment was slightly on the upgrade last autumn but has since receded somewhat. In the production of munitions and ordnance in the District, employment has been virtually at a standstill or has declined slightly for several months past. In the group of special-purpose war plants, some establishments are still expanding, but the majority are at or near peak employment.

The textile industry complains of skill shortages and loss of male workers but is performing adequately nonetheless. Data for 163 establishments in the textile industry showed that the decline in employment from July to November was general. This industry's major war job of supplying textiles to the new military forces has largely changed over to a replacement basis, but textile replacements are heavy and plenty of work lies ahead.

An encouraging occurrence in the latter part of 1943 was a slight rise in the employment of about 140 logging, milling, paper, and pulp plants for which data are available. For this sample, the employment between July and November 1943 increased by about 3,000, this rise being the first after a two-year period of decline. This increase was partly due to the transfer of farm workers to lumbering after the harvest season ended and partly to the authorization to pay a 50-cents-an-hour wage rate under certain conditions. The basic lumber industry, however, continues to perform inadequately, and its many problems have recently been the subject of renewed conferences with government officials.

The reduction in labor turnover, which is quite general throughout the District, is accounted for by several factors. The restraining effects of the labor stabilization plan of the War Manpower Commission cannot be considered to have influenced the reductions previously noted in this article, for this plan—which was described in the *Review* of October 31, 1943—was only announced on October 15. Its degree of influence is still debatable.

The explanation lies in the fact that the expansions of employment are so generally being attained. This situation has created a different psychology on the part of the war-plant worker. First, the worker no longer feels that, if he quits his job, he can find another job offhand. The labor market is still a demand market, but the intensity of the demand has declined. Second, the virtually complete manning of many plants has reduced the tendency toward labor pirating that some employers continued to show despite the attempted controls. Thus, there are no longer as many inducements as formerly for workers to leave their jobs.

But further, it is to be recognized that the attainment of active production in any given plant is in itself almost the best remedy for the turnover problem. This fact has been demonstrated again and again in the course of the war effort. A high intake of new workers, and an almost equally high output, was probably unavoidable in the expansion period.

Sixth District Business and Agriculture

Two years and two months of active participation in the war on the part of the United States have wrought tremendous changes in the economy of the Sixth Federal Reserve District. Income payments to both agricultural and industrial workers in the area have risen rapidly. Output of industrial and agricultural products has reached new high levels. Despite large withdrawals from the labor market by the armed forces, manufacturing employment in the six states of the District has risen sharply while farm employment has suffered no appreciable declines. Reflecting the tremendously increased volume of business activity in the area, check clearings and money in circulation have risen to peaks never before approached in the history of the region.

Rising Incomes: Four of the six states of the District have been advancing more rapidly income-wise during the war period than has the country as a whole. Per capita income in Mississippi doubled between 1939 and 1942, almost doubled in Alabama, and increased by 72 and 67 per cent in Georgia and Tennessee, respectively. Florida and Louisiana registered impressive gains of approximately 50 per cent.

Further substantial increases were scored in 1943 and there seems little reason to doubt that 1944 incomes will be at least as high as those of the year just passed. In World War I, the fiscal year of greatest Government expenditure was that which began on July 1, 1918, and ran through June 30, 1919, despite the fact that almost two thirds of the year was postwar. Total Federal expenditures in the full war year from July 1, 1917, through June 30, 1918, amounted to 13.7 billion dollars; total expenditures rose to 19.0 billion dollars in the succeeding fiscal year and the Federal debt did not reach its peak until August 1919, nine months after the Armistice. Any enterprise so vast as the production program for a major war cannot be brought immediately to a halt. If this was true in 1918, it will certainly be true in the year that marks the end of the current war in Europe, in view of the much greater scale of mobilization that has taken place.

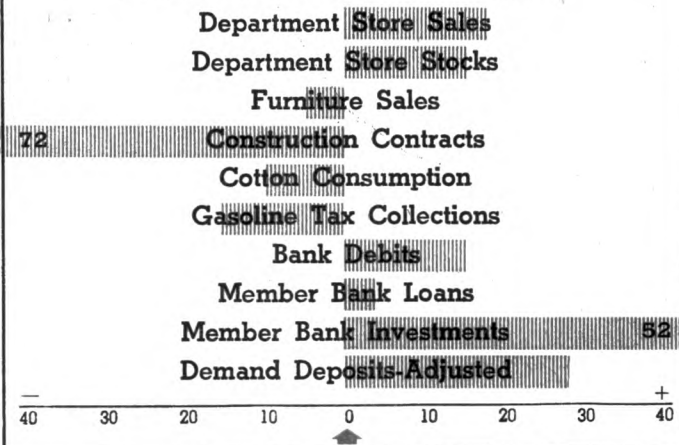
The 1944 outlook for Sixth District farmers is excellent. Over-all demand for agricultural products at current prices will almost certainly remain in excess of supply in 1944. In 1943 about 25 per cent of American food production was allocated to military, lend-lease, and other special uses and it is anticipated by the United States Department of Agriculture that these categories of demand in 1944 plus civilian demand will be greater than in 1943. Prices received by farmers in 1943 averaged about 20 per cent higher than in 1942 and some further price increases are to be expected in 1944. In summing these factors, it appears likely that cash farm income in 1944 in the United States will be larger than the 20 billion dollars realized in 1943.

Bumper Crops: The farmers of the Sixth District made an enviable record in 1943. In Alabama, more crop acres were harvested than in 1942 despite the special handicaps of machinery shortages and local labor shortages. The total value of the principal crops harvested in the state during 1943 reached 307 million dollars, up 43 per cent over 1942. The 1943 record was attained despite a bad spring planting season and drought in North Alabama. Cotton lint and seed

Reconnaissance

Sixth District Statistics for December 1943 compared with December 1942

PER CENT DECREASE ← PER CENT INCREASE



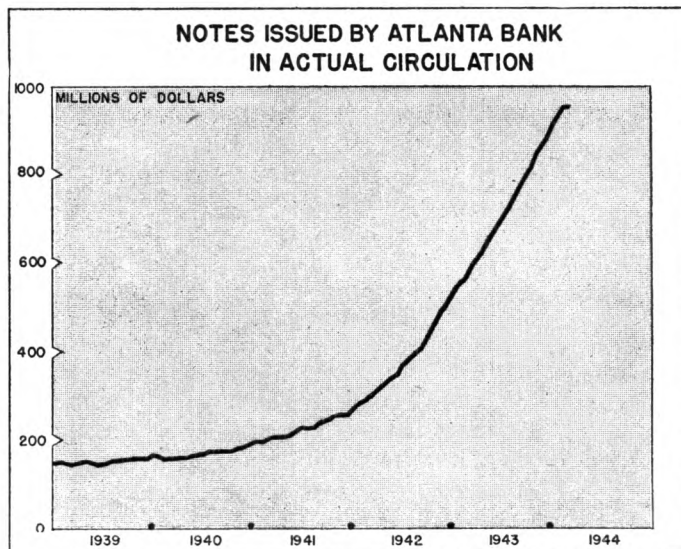
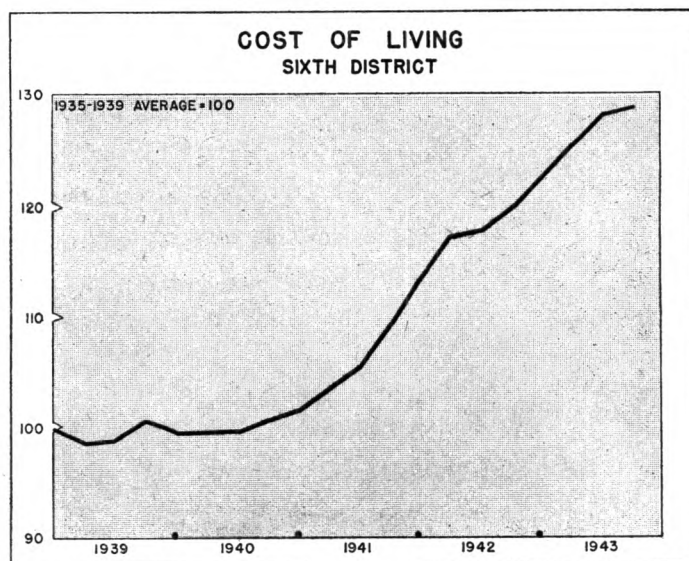
production in Alabama last year were valued at 118 million dollars; the corn crop brought 76 million dollars; and peanuts, the third most valuable crop, brought 35 million dollars.

Florida had favorable weather for plant growth and harvesting in 1943. Yields were at least average and prices were remunerative. The state harvested 94 million pounds of peanuts, 15 million pounds of tobacco, 37 million boxes of oranges, and 27 million boxes of grapefruit.

Georgia's crops in 1943 were valued at 369 million dollars, up 38 per cent over 1942 and second only to the 1919 figure of 578 million dollars. Of the total 1943 crop value, cotton lint and seed accounted for 29 per cent, corn for 20 per cent, and peanuts for 18 per cent. While the peach crop was nearly a failure so far as production was concerned, the all-time high prices of peaches resulted in a total value only 18 per cent below 1942. Production of pecans in Georgia fell 17 per cent in 1943 as compared with the preceding year but the crop sold for 30 per cent more than in 1942.

Louisiana farmers had an excellent year. Total harvested acreage of the principal crops was slightly larger than in 1942 although some yields were less than in the preceding year as the result of unfavorable weather. Fruit production was poor but cotton and sugar cane yields were much better than in 1942. In fact, the 1943 average cotton yield of 352 pounds an acre was the highest ever recorded in Louisiana. The 1943 Louisiana crops were valued at 244 million dollars as compared with 188 million dollars in 1942. Cotton lint and seed accounted for 37 per cent of the total. Rice was the second most important crop with a value roughly half that of cotton. Other leading crops were corn, sugar cane, and sweet potatoes.

Drought in Mississippi cut 1943 production for all principal crops below 1942 levels with the exception of oats, sweet potatoes, and peanuts. Nevertheless, higher prices in 1943 resulted in an increase of about 10 per cent in total



value of crops to a figure of 367 million dollars. Of this amount, cotton lint and seed accounted for 235 million dollars, or 64 per cent.

A severe drought was experienced in west Tennessee and there were scattered drought areas through middle Tennessee in 1943. As a result of higher prices, however, the value of the 25 leading crops in the state was 15 per cent greater in 1943 than in 1942. To a total 1943 valuation of 283 million dollars, corn contributed 92 million dollars. Cotton lint and seed in 1943 brought 59 million dollars; tame hay, 54 million dollars; and tobacco, 34 million dollars.

Lumber Difficulties: The lumber outlook in 1944 in the Sixth District is fraught with difficulties. Shortages of labor and of equipment exist throughout the industry. For some time now, demand for Southern pine, for hardwoods, and for cypress has been running ahead of available supplies. The WPB estimates lumber consumption in 1944 at 33 billion feet, a consumption about 4 billion feet less than in 1943. The industry had considerable trouble in meeting demands last year and it appears likely that the 1944 requirements will be difficult to meet.

At the present time, lumber stocks are lower than in many years so that there is little cushion between current production and current consumption. In the week ended January 1, production of Southern hardwoods was only 2 per cent larger than in the corresponding week a year earlier while orders were 13 per cent larger. Unfilled orders for Southern hardwoods represented 27 per cent of gross stocks on January 1, 1944.

The situation in Southern cypress is even tighter. In the week ended January 1, 1944, production of Southern cypress was 58 per cent of the production in the corresponding week a year earlier, while shipments were 73 per cent and orders 77 per cent, respectively, of the preceding year's levels. On January 1 of this year, gross stocks of Southern cypress represented 102 days' production as compared with stocks on January 1, 1943, which were equivalent to 235 days' production.

In the week ended January 15, mills reporting to the

Southern Pine Association had orders 53 per cent above production for the week and 54 per cent above shipments. Orders on hand for Southern pine during the week increased by 6 per cent.

Naval Stores: On January 12, the Government's stockpile of rosin amounted to 266,000 drums in addition to 36,500 barrels that were being reprocessed. Stocks of rosin were steadily drawn down in the last half of 1943 and in the middle of 1943 were about twice as large as the current level. In mid-January no drafts were being made on the Government's stockpile of turpentine and demand was very light. The naval stores industry is faced with a labor shortage which is apparently becoming somewhat more intensified and producers may have difficulty in increasing production above last year's levels in accordance with the request of the Department of Agriculture.

Cotton Textiles: After rising to an all-time peak in 1942, consumption of cotton by mills in the Sixth District declined in 1943. In the later months of the year, however, consumption turned upward again. Declines in consumption of cotton by the mills resulted from a shortage of long-staple cotton and a shortage of manpower. An additional factor in the decline has been some Government contract terminations. The long-run outlook is favorable, however. A tremendous backlog of unfilled civilian demands for cotton goods exists and after the end of the European war additional manpower will probably be available to the mills so that they will be able, assuming the availability of long-staple fibre, to resume the production of civilian cotton goods. A further consideration is the large deficiency of cotton goods in the war-ravaged areas of the world and it may be assumed that a portion of this deficit will be made up by American mills, financed through lend-lease and relief arrangements.

Banking: Data are now available on the condition of the Sixth District member banks at the end of 1943, based on the December 31 reports of condition. Holdings of United States Government securities by member banks in the Sixth District increased 57 per cent from December 31, 1942, to December 31, 1943. On the latter date these banks held se-

curities totaling only slightly less than 2 billion dollars. Total loans and discounts increased by 4 per cent over the year and amounted to 664 million dollars at the end of 1943. Real estate owned other than Bank premises showed a substantial decline during 1943. On December 31, 1942, this asset item amounted to 7.2 million dollars; a year later it was 2.7 million dollars, a decrease of 63 per cent. Total assets of the Sixth District member banks increased by 22 per cent during 1943, from 3,431 million dollars on December 31, 1942, to 4,199 million dollars on December 31, 1943.

Total deposits of Sixth District member banks rose 24 per cent in 1943, from 3,206 million dollars to 3,961 million dollars. Of the various categories of deposits, those of the United States Government registered the most rapid increase. They totaled 262 million dollars at the end of 1942 and 390 million dollars at the end of 1943, a rise of 49 per cent. Demand deposits of individuals, partnerships, and corporations jumped 30 per cent, while time deposits of individuals, partnerships, and corporations were 21 per cent higher at the end of 1943 than at the close of 1942. Demand deposits increased from 1,572 million dollars to 2,037 million dollars over the year; time deposits, from 434 million dollars to 524 million dollars.

Total capital declined fractionally but surplus increased by 9.6 million dollars, undivided profits by 2.0 million dollars, and reserves by 2.1 million dollars. The consolidated capital accounts, therefore, showed a substantial increase during 1943. Total capital accounts at the end of 1942 amounted to 213 million dollars; at the end of 1943 they were 226 million dollars. This is an increase of 6 per cent.

On January 26, Federal Reserve notes in circulation issued by the Atlanta Bank totaled 947 million dollars. Two years earlier circulation was 278 million dollars. This represents an increase over the past two years of 241 per cent. The circulation one year ago stood at 545 million dollars, 74 per cent above that of the end of January 1942.

The tremendous increase in business activity in the Sixth Federal Reserve District over the war period has been reflected in greatly increased activity in checking accounts. Checks drawn against the demand deposits of individuals, partnerships, and corporations in 26 cities of the Sixth Federal Reserve District in December 1941 totaled 1,870 million dollars. In December 1942, debits totaled 2,136 million dollars, an increase of 14 per cent. During the year 1943, activity continued to rise, and in December 1943, debits totaled 2,672 million dollars in 32 cities of the District, an increase of 15 per cent over the volume recorded in these 32 cities a year earlier.

Between December 1942 and December 1943, Knoxville banks experienced an increase of 84 per cent in debits to demand deposit accounts. The second largest increase in the District, 77 per cent, was recorded in Brunswick, Georgia. Chattanooga experienced no change from December 1942 to December 1943, while Jackson and Hattiesburg, Mississippi, and Columbus, Georgia, recorded declines of 11, 8, and 3 per cent, respectively.

The rate of turnover of demand deposits declined from November to December in the District, and was substantially below the rate of December 1942. After allowing for seasonal influences, turnover of demand deposits in December 1943 was at the rate of 16.4 times per year as compared with 17.1 in November and with 19.4 in December 1942.

Sixth District Indexes

DEPARTMENT STORE SALES*						
	Adjusted**			Unadjusted		
	Dec. 1943	Nov. 1943	Dec. 1942	Dec. 1943	Nov. 1943	Dec. 1942
DISTRICT.....	208	220	177	336	257	287
Atlanta.....	196	258	173	316	274	279
Baton Rouge.....	318	236	192	358	250	314
Birmingham.....	197	218	169	321	252	279
Chattanooga.....	207	225	172	335	251	277
Jackson.....	191	212	159	310	249	259
Jacksonville.....	254	299	219	427	325	368
Knoxville.....	208	239	144	354	257	245
Macon.....	211	232	194	371	267	341
Miami.....	161	196	145	298	219	267
Montgomery.....	180	202	149	321	234	269
Nashville.....	201	243	162	373	266	277
New Orleans.....	183	204	146	300	237	241
Tampa.....	241	254	203	408	300	343

DEPARTMENT STORE STOCKS						
	Adjusted**			Unadjusted		
	Dec. 1943	Nov. 1943	Dec. 1942	Dec. 1943	Nov. 1943	Dec. 1942
DISTRICT.....	180	162	157	161	186	140
Atlanta.....	293	220	209	238	255	170
Birmingham.....	136	131	153	119	154	134
Montgomery.....	200	192	140	170	224	118
Nashville.....	270	247	213	230	287	181
New Orleans.....	140	109	146	123	140	128

MANUFACTURING EMPLOYMENT***			
	Nov. 1943	Oct. 1943	Nov. 1942
SIX STATES.....	164	162r	151
Alabama.....	195	193r	193
Florida.....	185	182r	125
Georgia.....	149	147r	141
Louisiana.....	174	172r	152
Mississippi.....	155	150	136
Tennessee.....	141	140r	140

	COTTON CONSUMPTION*			COAL PRODUCTION*		
	Dec. 1943	Nov. 1943	Dec. 1942	Dec. 1943	Nov. 1943	Dec. 1942
TOTAL.....	159	168	176	171	143	163
Alabama.....	164	173	182	177	152	171
Georgia.....	158	168	175	152	127	146
Tennessee.....	142	140	159			

	CONSTRUCTION CONTRACTS			GASOLINE TAX COLLECTIONS***		
	Dec. 1943	Nov. 1943	Dec. 1942	Dec. 1943	Nov. 1943	Dec. 1942
DISTRICT.....	164	110r	579	96	98	113
Residential.....	127	98r	447
Others.....	181	116	643
Alabama.....	44	79	1039	105	104	146
Florida.....	294	126	577	82	78	80
Georgia.....	223	145	623	89	88	84
Louisiana.....	93	36	220	102	101	141
Mississippi.....	94	8	1067	71	105	100
Tennessee.....	68	141	235	126	124	145

COST OF LIVING				ELECTRIC POWER PRODUCTION*			
	Dec. 1943	Nov. 1943	Dec. 1942		Nov. 1943	Oct. 1943	Nov. 1942
ALL ITEMS.....		128	122	SIX STATES.....	261	252r	225
Food.....		144	135	Hydro-generated.....	217	198r	217
Clothing.....		134	127	Fuel-generated.....	319	322r	235
Rent.....		114	113				
Fuel, electricity, and ice.....		108	105	ANNUAL RATE OF TURNOVER OF DEMAND DEPOSITS			
Home furnishings.....		123	121		Dec. 1943	Nov. 1943	Dec. 1942
Miscellaneous.....		120	114	Unadjusted.....	18.9	18.1	22.3
CRUDE PETROLEUM PRODUCTION IN COASTAL LOUISIANA AND MISSISSIPPI*				Adjusted**.....	16.4	17.1	19.4
	Dec. 1943	Nov. 1943	Dec. 1942	Index**.....	63.6	66.2	75.0
Unadjusted.....	192	192	168	*Daily average basis			
Adjusted**.....	199	189	174	**Adjusted for seasonal variation			
				***1939 monthly average = 100; other indexes, 1935-39 = 100			
				r = Revised			

Sixth District Statistics

RESERVES AND RELATED ITEMS OF
SELECTED SIXTH DISTRICT MEMBER BANKS
(In Thousands of Dollars)

For reserve city banks figures are averages of seven-day period ending December 31, 1943; for country banks they are averages of sixteen-day period ending December 31, 1943.

Group*	No. of Banks	Deposits of Banks	Balances Due from Other Banks	War Loan Deposits	Actual Reserves	Per Cent Actual to Required
A	5	0	496	5	243	231
B	18	36	3,804	467	1,979	195
C	38	693	12,741	1,839	5,420	130
D	65	2,989	32,892	7,909	18,210	145
E	62	8,232	61,124	19,763	35,438	127
F	31	33,336	49,428	29,559	40,979	119
G	41	608,928	263,686	257,452	394,755	113
Total	260	654,214	424,171	316,994	497,024	115

*Group A: 1942 average deposits up to \$250,000; Group B: \$250,000 to \$500,000; Group C: \$500,000 to \$1,000,000; Group D: \$1,000,000 to \$2,000,000; Group E: \$2,000,000 to \$5,000,000; Group F: \$5,000,000 to \$10,000,000; Group G: over \$10,000,000.

UNITED STATES TREASURY BILLS

Dated	Tenders	Allotments
January 6, 1944.....	\$29,132,000	\$14,889,000
January 13, 1944.....	21,043,000	17,295,000
January 20, 1944.....	23,095,000	16,194,000
January 27, 1944.....	25,660,000	22,192,000

DEBITS TO INDIVIDUAL BANK ACCOUNTS
(In Thousands of Dollars)

Area	Dec. 1943	Nov. 1943	Dec. 1942	Per Cent Change Dec. 1943 from	
				Nov. 1943	Dec. 1942
ALABAMA					
Anniston.....	18,883	14,789	15,117	+ 28	+ 25
Birmingham.....	203,750	166,536	182,816	+ 22	+ 11
Dothan.....	8,825	8,694	7,830	+ 2	+ 13
Gadsden.....	11,239	10,500	10,667	+ 7	+ 5
Mobile.....	124,302	113,978	116,421	+ 9	+ 7
Montgomery.....	43,232	42,701	41,221	+ 1	+ 5
FLORIDA					
Jacksonville.....	182,980	166,686	155,401	+ 10	+ 18
Miami.....	123,613	101,413	87,354	+ 22	+ 42
Orlando.....	29,519	21,767	22,593	+ 36	+ 31
Pensacola.....	26,447	22,003	19,534	+ 20	+ 35
St. Petersburg.....	25,000*	20,648	17,516	+ 21	+ 43
Tampa.....	79,829	74,425	71,024	+ 7	+ 12
GEORGIA					
Albany.....	13,062	11,692	12,089	+ 18	+ 8
Atlanta.....	509,613	442,369	484,422	+ 15	+ 5
Augusta.....	39,176*	30,278	35,857	+ 29	+ 9
Brunswick.....	18,806	16,719	10,595	+ 12	+ 77
Columbus.....	38,387	32,753	39,569	+ 17	- 3
Elberton.....	1,987	1,867	1,789	+ 6	+ 11
Macon.....	46,702	40,500	42,179	+ 15	+ 11
Newnan.....	5,260	4,486	4,596	+ 17	+ 14
Savannah.....	89,116	84,724	73,321	+ 5	+ 22
Valdosta.....	8,562	7,275	6,087	+ 18	+ 41
LOUISIANA					
Baton Rouge.....	42,400	38,347	41,830	+ 11	+ 1
Lake Charles.....	23,927	21,447	17,448	+ 12	+ 37
New Orleans.....	456,415	402,776	382,366	+ 13	+ 19
MISSISSIPPI					
Hattiesburg.....	12,250	11,329	13,359	+ 8	- 8
Jackson.....	59,579	48,738	67,166	+ 22	- 11
Meridian.....	15,323	15,344	13,970	- 0	+ 10
Vicksburg.....	20,921	20,865	19,090	+ 0	+ 10
TENNESSEE					
Chattanooga.....	96,039	86,845	96,305	+ 11	- 0
Knoxville.....	103,842	80,862	56,551	+ 28	+ 84
Nashville.....	192,784	176,897	150,915	+ 9	+ 28
SIXTH DISTRICT					
32 Cities.....	2,671,770	2,339,653	2,316,998	+ 14	+ 15
UNITED STATES					
334 Cities.....	76,499,000	65,025,000	68,822,000	+ 18	+ 11

*Estimated

Food Prospects in 1944

ON January 1, a record number of livestock was on farms in the United States. The Department of Agriculture estimates that with efficient distribution of feed supplies, livestock production in 1944 can be maintained at 1943 levels. The minimum estimate is that feed for each animal unit will be about equal this year to the average of the prewar years 1937-41.

Food crop acreage will be increased this year. The program of the War Food Administration calls for an increase of 16 million acres in food crops over 1943 to a total of 380 million acres. Unless severe and unfavorable weather conditions prevent, the Department of Agriculture estimates that 1944 food crops will be 4 to 6 per cent larger than in the year just ended. Because of increasing military, lend-lease, and relief demands, food available for civilians will be no larger this year than last and may be, indeed, somewhat smaller.

The widespread pessimistic forecasts for food production early in 1943 were, fortunately, not realized. Indeed, total food production in the United States in 1943 surpassed the previous all-time record levels attained in 1942 by about 5 per cent. The 1943 record is even more impressive compared with the prewar years of 1935-39. The production of food in the United States in 1943 exceeded the prewar average by 32 per cent.

This tremendous increase meant that, despite special military, lend-lease, and relief requirements, somewhat more food was available for civilians in 1943 than in the prewar years. The nutritional adequacy of civilian food consumption in 1943 was even better than the bare figures indicate because higher incomes and the leveling effects of rationing meant that the food intake of the lower income groups was more nearly adequate nutritionally in 1943 than in the prewar years.

The citrus crop in the 1943-44 season is expected to set a new record. Early estimates indicate that the previous record of 1942-43 will be exceeded by about 3 per cent.

The milk production goal for 1944 has been set at 121 billion pounds. This goal represents an increase of about 2 per cent in the number of dairy cows over 1943 and also an increase of 50 pounds of milk for each cow. At the present time, the price and feed situation is such, however, that a possible decline in both cattle numbers and production for each cow may occur in 1944. The labor situation in the dairy industry is more favorable at the present time than a year ago, because large numbers of skilled dairy workers have now been deferred from the draft and former workers in the industry have begun to return from other employments. Continuation of present conditions would indicate failure to meet the 1944 goal by as much as 5 billion pounds, according to estimates of the Department of Agriculture. The South, as well as the West and the Atlantic states, faces a more unfavorable milk production prospect than do the Northeast and Midwest.

Indications are that the 1943 record production of poultry products in the District will be exceeded in 1944. An increase is likely in egg production, while chickens and turkeys will be available in about the same quantities as in 1943.

Supplies of meats available for civilian consumption in 1944 will probably be smaller than in 1943 although a total

meat production of about 24 billion pounds, approximately the same as the record output of 1943, is in prospect. However, noncivilian demands for meat are estimated at 25 per cent higher for 1944.

The War Food Administration is planning for a 13 million acre increase in wheat in 1944. With average yields, this acreage would produce 840 million bushels of wheat, about the same yield as the 1943 crop. Large quantities of wheat are needed for animal feed and alcohol production. The use of substantial quantities of wheat as a livestock feed is made necessary by the all-time high level of the livestock population, while grain alcohol manufactured from wheat is being used in producing synthetic rubber and smokeless powder. Nevertheless, a production of 840 million bushels will enable the filling of all civilian demands, plus moderate exports.

Deciduous fruit production in 1944 will probably be 10 per cent larger than in 1943 while citrus fruits will be available in about the same quantities as last year. Oranges, grapefruit, and the lesser citrus fruits now account for about 40 per cent of the total United States fruit production. Indications are that supplies of canned fruits for civilian consumers will be only about 60 per cent as large as last year but fruit juices will be somewhat more plentiful. No important change in civilians' supply of dried fruits is looked for.

While production of fresh market truck crops on a commercial basis was slightly larger last season than the average of the period 1932-41, total output was about 9 per cent under the previous season. Commercial production for processing, so far as eight of the more important truck crops is concerned, was also about 9 per cent under the 1942 levels although 59 per cent above average. The reduction in truck crop production in 1943 as compared with 1942 was largely the result of unfavorable weather. If average weather prevails in 1944, yields may rise above those of 1943.

In 1943 a record production of potatoes, 469 million bushels, was attained. Acre yields set a new record and averaged 140 bushels. Unless the extraordinary good potato weather of last season is repeated, the yield this year will be lower. Although some expansion of potato acreage is expected in 1944, total production may thus be under the 1943 figure. As the 1944 crop will not affect supplies until the last half of the year, and the 1943 crop was of such huge proportions, total potatoes available for consumption in the whole year 1944 will probably be in excess of 1943 levels.

Domestic fats and oils totaling 10 billion pounds were produced in the 1941-42 marketing year. Production of these items rose to 11 billion pounds last year and may rise to 11.3 billion pounds in the current year. Because the ocean shipping situation has improved, 1944 may well see larger imports of fats and oils and oil-bearing materials.

The Food Distribution Administration estimates that 14 per cent of American food production will go to the American armed forces in the year October 1, 1943-October 1, 1944. Lend-lease shipments will take 11 per cent of total food production, leaving about 75 per cent for American civilians. Thus, in 1944 American civilians will get about the same percentage of food production as in 1943. This is an over-all figure and American civilian supplies of specific items will vary considerably from the average. Thus, for example, civilians will get 88 per cent of the fresh eggs but only 47 per cent of the canned fish.

Sixth District Statistics

RETAIL FURNITURE STORE OPERATIONS

Item	Number of Stores	Per Cent Change December 1943 from	
		November 1943	December 1942
Total Sales.....	69	+ 10	— 5
Cash Sales.....	58	+ 24	+ 15
Instalment and Other Credit Sales.....	58	+ 9	— 6
Accounts Receivable, end of month.....	68	+ 1	— 27
Collections during month.....	68	+ 2	— 13
Inventories, end of month.....	41	— 11	— 44

INSTALMENT CASH LOANS

Lender	Number Reporting	Per Cent Change Nov. 1943 to Dec. 1943	
		Volume	Outstanding
Federal Credit Unions.....	47	+ 41	+ 3
State Credit Unions.....	29	+ 53	+ 0
Industrial Banking Companies.....	40	+ 14	+ 2
Personal Finance Companies.....	53	+ 29	+ 4
Commercial Banks.....	34	+ 4	— 2

SALES OF UNITED STATES SAVINGS BONDS

December 24, 1943-January 23, 1944, at Issue Price (In Thousands of Dollars)

Area	Series E	Series F and G	Total
DISTRICT.....	46,401	9,841	56,242
Alabama.....	9,376	1,844	11,220
Florida.....	10,295	1,839	12,134
Georgia.....	10,524	2,103	12,627
Louisiana*.....	8,122	1,461	9,583
Mississippi*.....	3,243	713	3,956
Tennessee*.....	4,841	1,881	6,722

*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.

CONDITION OF 20 MEMBER BANKS IN SELECTED CITIES

(In Thousands of Dollars)

Item	Jan. 19 1944	Dec. 22 1943	Jan. 20 1943	Per Cent Change Jan. 19, 1944, from	
				Dec. 22 1943	Jan. 20 1943
Loans and Investments—					
Total.....	1,503,774	1,527,373	1,180,509	— 2	+ 27
Loans—Total.....	352,655	367,509	334,197	— 4	+ 6
Commercial, industrial and agricultural loans.....	216,687	219,410	203,788	— 1	+ 6
Loans to brokers and dealers in securities.....	6,368	8,877	2,990	— 28	+ 113
Other loans for purchasing and carrying securities.....	30,620	27,779	6,957	+ 10	+ 340
Real estate loans.....	27,740	28,641	26,445	— 3	+ 5
Loans to banks.....	1,128	1,003	335	+ 12	+ 237
Other loans.....	70,112	81,799	86,841	— 14	— 19
Investments—Total.....	1,151,119	1,159,864	846,312	— 1	+ 36
U. S. direct obligations.....	990,465	997,753	687,528	— 1	+ 44
Obligations guaranteed by U. S.....	48,766	48,783	47,299	— 0	+ 3
Other securities.....	111,888	113,318	111,485	— 1	+ 0
Reserve with F. R. Bank.....	290,590	282,918	299,138	+ 3	— 3
Cash in vault.....	24,934	27,860	22,088	— 11	+ 13
Balances with domestic banks.....	157,849	135,626	208,202	+ 16	— 24
Demand deposits—adjusted.....	1,014,768	984,076	793,137	+ 3	+ 28
Time deposits.....	249,384	247,465	205,075	+ 1	+ 22
U. S. Gov't deposits.....	160,967	189,355	128,962	— 15	+ 25
Deposits of domestic banks.....	458,893	461,398	505,432	— 1	— 9
Borrowings.....	6,000	5,500	+ 9	..

The National Business Situation

INDUSTRIAL activity declined slightly in December from the record levels reached in preceding months. Prices of commodities at retail showed little change and distribution was maintained in large volume.

Industrial production: The Board's seasonally adjusted index of industrial production, which had been at 247 per cent of the 1935-39 average in October and November, declined to 245 in December, reflecting largely decreases in output of steel and chemicals.

Steel production dropped 6 per cent in December to the same rate as in December 1942. Output for the year, however, totaled 88.9 million tons, which was 2.8 million tons larger than the year before. Activity in the transportation equipment and machinery industries was maintained in December at a high level. The number of aircraft accepted during the month was slightly larger than in November and was at approximately the average monthly rate scheduled for 1944. The average weight of planes to be produced, however, will continue to increase. Deliveries of merchant vessels in December were the largest on record, bringing the total for the year to 19,238,626 deadweight tons, as compared with 8,089,732 tons in 1942. Lumber production in the last two months of 1943 was above the level of a year ago in contrast to the first 10 months of 1943 when output averaged 10 per cent below the same period in 1942.

Activity in the chemical industry declined 5 per cent in December, reflecting a large reduction in output of small arms ammunition in accordance with plans of the armed forces. Cotton consumption declined further in December to a level 13 per cent below December 1942. Newsprint consumption declined seasonally. Further restrictions on its use, as well as on the use of printing paper in books and magazines, were made effective January 1, 1944, owing to inadequate supplies of pulpwood. Output in the petroleum refining and rubber products industries increased further.

Crude petroleum production showed little change in December and output of coal was restored to a high level. Bituminous coal production for the year exceeded 1942 output by 1.6 per cent. Iron ore production continued to

decline seasonally in December and output for the year was approximately 4 per cent below 1942.

The value of construction contracts awarded in December, according to reports of the F. W. Dodge Corporation, was greater than in recent months.

Distribution: December department store sales were slightly larger than a year ago and combined with November sales were 11 per cent larger than in the corresponding months last year. For the year 1943 total value of sales reached a new peak—about 12 per cent larger than 1942 and 55 per cent larger than 1939. Sales during the first two weeks of January were about the same as last year.

Railway freight traffic in December and the first part of January was unusually heavy for this season. For 1943 total freight carloadings were about the same as in 1942. Shipments of grain and livestock averaged about 20 per cent above 1942, while loadings of ore, forest products, and less-than-carload-lot freight averaged 8 per cent lower.

Commodity prices: Wholesale prices of agricultural and industrial commodities showed little change from the middle of December to the middle of January and the general index of the Bureau of Labor Statistics remained at 103 per cent of the 1926 average.

Retail food prices declined slightly from mid-November to mid-December, while other groups of cost-of-living items increased and the total index advanced .2 to 124.4 per cent of the 1935-39 average.

Bank credit: During the latter part of December and the first two weeks of January excess reserves at all member banks were maintained at an average level close to 1.1 billion dollars. Purchases of Government securities by the Federal Reserve Banks offset the effect on reserves of increases in nonmember deposits at the Reserve Banks and the increase in currency in circulation. The System portfolio of Government securities increased by 900 million dollars in the five weeks ending January 19. After allowance for expected seasonal movements, currency in circulation increased less in December than in November but there was little post-Christmas return flow.

(This page was written by the staff of the Board of Governors of the Federal Reserve System)

