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Reconversion in Panama City

RECONVERSION in Panama City, Florida, presents some problems that may be profitably considered at this time. A knowledge of the city's economic history and of its experiences during the war should furnish the background necessary for a study of its typical present conditions.

Cities grow in normal times in proportion to their successful adaptation to the circumstances of their location. War, however, and especially the urgent strategic industrialization of World War II, has provided abnormal stimulation to many American cities. During the recent war period this stimulation resulted in some instances in a change in the *kind* of economic development in a community; in other instances it resulted in a change in the *degree* of economic development. In some areas, for example, plants for making ammunition were established where no such plants had been before; in others, old plants were expanded in order to double the amount of cotton cloth produced.

It is in general true that a community which experienced a change in degree of development has fewer problems of reconversion and therefore has retained more benefits from its wartime experience, but it is not the whole truth. Military and strategic considerations were uppermost in the minds of Government officials who were responsible for the location of war enterprises. Economic considerations were observed wherever they did not run counter to the necessities of the moment. Therefore, war brought to many communities, almost as if by chance, new types of development for which they are naturally adapted. Such communities, if their living facilities kept pace with their wartime economic expansion, may sometimes have profited more than those communities that merely increased in the degree of economic development along traditional lines.

For various reasons, then, some communities must take up where they left off before the war, salvaging whatever may be profitably retained from the period of artificial expansion and lessening resultant evils wherever possible. Other communities will be able to take up where they left off at the end of the war. After a brief period of adjustment those in the latter group will be able to maintain their economic position at, or near, the wartime level and therefore retain their wartime populations. In still other communities the cessation of war activities has reduced the population, but not to prewar levels. War necessitated in these centers immediate expansions of community facilities, expansions which were necessary for normal growth but which normally would have occurred only over a period of a decade or more.

Panama City is apparently in this third group. During the war period the city and the surrounding territory in Bay County, stimulated chiefly by the Wainwright Shipyard and a large gunnery school at Tyndall Field, more than tripled their prewar population. This growth was accompanied by a proportionate expansion of industrial and community facilities. Now, with the shipyard closing out operations and with Tyndall Field already greatly reduced in personnel, half of the excess population has fallen away.

Local people are undisturbed, however, by the decrease in population. B. S. Gordon, manager of Gulf Power's local branch and chairman of the city's industrial bureau, says, "We knew we had a sharp drop coming after the war but thought we could take it in stride. And we have." J. M. Rainey, secretary-manager of the chamber of commerce, says, "All during the war we planned for a postwar city twice as big as it was before, not three or four times as big. We don't want to be too big too soon." Such statements imply an assurance that is typical in Panama City, an assurance based on the natural advantages of St. Andrews Bay and the Gulf beach and on the sound economic growth of the city and area over a period of many years.

Although there were scattered settlements on St. Andrews Bay and along the coast as far back as Spanish times, Panama City is a new town. The present city is the result of the consolidation, by act of the state legislature, of the three towns of St. Andrews, Millville, and Panama City. This merger occurred in 1925, after Panama City had become much larger than the other two towns. The sections of Panama City that were formerly separate towns are still called by their original names and, oddly enough, still retain separate post offices. St. Andrews, in the western section of the town, is the site of the Wainwright Shipyard. Millville, in the eastern section, is the site of the International Paper Company's plant.

In 1906 only two families lived in the area that, three years later, became Panama City. At that time construction was begun on the Atlanta and St. Andrews Bay Railroad. and the fact that the town later became much larger than Millville and St. Andrews seems to have resulted from Panama City's position as the terminus of the railroad. St. Andrews in that year was a town of 600 people, its business life dependent on the resort trade and on the working of a now exhausted oyster bed.

Millville in 1906 was a much larger town, for it was the scene of operations of a sawmill owned by the German-American Lumber Company, a corporation financed by German capital. The company owned 75,000 acres of land and employed 1,500 people. It also furnished electric power for the whole community. Other timber operations in the vicinity were carried on by the Sale-Davis Company, which ran a sawmill, and by the West Bay Naval Stores Company. About

5,000 people were engaged in collecting and distilling turpentine in the area that in 1913 became Bay County. Fish, oysters, lumber, and turpentine were the chief sources of wealth in the early days. As the years passed, more summer visitors came to enjoy the beaches of St. Andrews Bay and the Gulf, and the trade that they brought increased the business life of the section.

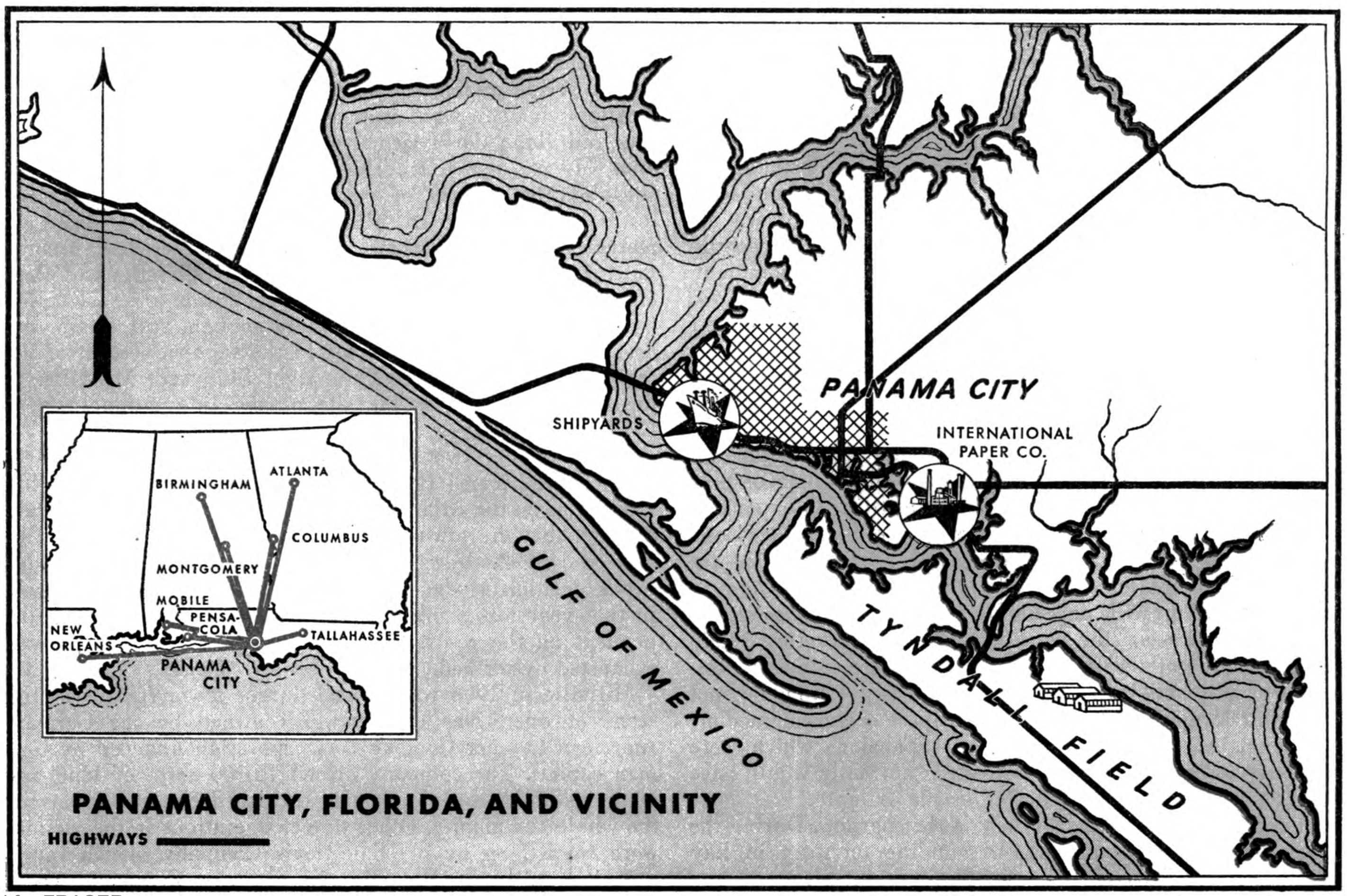
Most of the products were shipped weekly to Pensacola until 1903 by sailing vessel and thereafter by steamship. After 1908 the railroad opened up new markets to the north for local products. The old pass into St. Andrews Bay was deepened in 1910 from 12 to 22 feet. Later a new pass was cut, with a channel of 27 feet, its present depth.

Through the years lumber manufacturing became more important to the community's economy. During World War I the German-American Lumber Company, which was still owned entirely by German stockholders, was taken over and run at accelerated pace by the Federal Government. After the war this mill was bought from the Government by local interests for 1.4 million dollars. By the late 1920's, however, almost all the marketable timber had been cut out in the immediate vicinity of Panama City. No selective cutting had been practiced, and no regular replanting occurred until after 1930. The community therefore found itself with rapidly dwindling local resources for its chief industry, which was suffering from diminishing returns as it became dependent on more and more distant timber stands.

Led by R. L. McKenzie, a lumberman and the town's first mayor, local businessmen began to look around for a substitute. They thought that the fishing industry and the providing of services for a resort population did well enough as seasonal supplements. What they wanted was a stable, year-round enterprise, and they were not looking for a small one. Through contacts in Atlanta and New York they learned that the International Paper Company was planning further expansion, and they set out to demonstrate to the company's officials that Panama City provided the proper combination of plant site, harbor, railroad, and accessibility to timberland. The result was that in 1929 the company started construction on what was at that time their largest Southern mill.

Events have proved that the choice was a wise one for Panama City. The paper mill began operation in 1931. Thus even the timing of the project was fortunate. For while most other towns were suffering from the depression of the 1930's, Panama City's population of 5,000 doubled soon after the completion of the paper mill, and business life increased.

The International Paper Company, of course, dominated the industrial life of the community before the coming of the shipyard. It normally employs between 1,100 and 1,200 in the manufacture of paperboard for shipping containers. Almost all of its raw material is bought through pulpwood contractors. The bulk of this timber now comes by barge and railroad from a distance of between 75 and 250 miles. The plant uses 1,200 cords of wood daily to produce 750 tons of paperboard, most of which goes in normal times by



PANAMA CITY, FLORIDA, AND VICINITY

water to North Atlantic and foreign ports. The company's pay roll was 1.4 million dollars in 1939, 1.6 in 1940, 1.8 in 1941, 2.2 in 1942, 2.3 in 1943, 2.6 in 1944, and 2.3 for the first 10 months of 1945. The increases in its pay roll during the war resulted from overtime pay and Little Steel awards, not from an increase in number of employees. In fact, from January 1943 to May 1944 employment was 10 per cent below normal, and the company had difficulty in keeping its essential product moving. From 1931 until July 1942 International Paper was Panama City's sole source of electric power, selling its surplus to the Gulf Power Company, nonproducing distributor for the area.

In normal times commercial fishing in the vicinity engages about 1,100 people, who clear 9.5 million pounds of fish through Panama City annually. Since 1942 the catch has been only about 6.7 million pounds. Because of increased prices, however, the average amount of money derived annually from local fishing operations has been approximately one million dollars, slightly more than the average for prewar years.

Because of its location on the Intracoastal Waterway, Panama City is an important terminal for petroleum products. Several large oil companies—Gulf, Standard, the Texas Company, American Oil, Pure Oil, Shell, City Service, and Sunny State—maintain on St. Andrews Bay storage tanks with a combined capacity of 18 million gallons.

Panama City's resort trade is one of the chief enterprises in normal times. Before the coming of the paper mill the population was twice as large during the summer as it was in the winter. After 1931 the number of summer residents steadily increased, but the former ratio between summer and winter populations has not been maintained. Approximately 3,000 beach houses are inhabited in normal times only during the resort season of four and a half months.

When asked why the International Paper Company had located its plant at Panama City, officials of the company said immediately, "The harbor." When asked the same question about the establishment of Wainwright Shibyard there, officials of the J. A. Jones Construction Company, builders of both yard and ships, gave the same answer. Climate is another major consideration, since shipbuilding is almost entirely an outdoor operation, and it was admittedly important that in Panama City the company could count on a maximum number of good working days. An adequate surplus of electric power was also essential so that the yard could be established without the immediate construction of new lines. This was assured, for in July 1941 a line had been run from Dothan, Alabama, connecting Panama City with a major Southeastern power source. In May 1944, when the need for critical materials had lessened, a supplemental power line was run from Pensacola. It was fortunate, too, that hundreds of beach houses, those owned by summer visitors and those ordinarily rented only in the summer, could be made available to war workers.

The shipyard occupies a 112-acre area with 4,660 feet fronting on St. Andrews Bay. It is within the corporate limits of Panama City and six and a half miles west of the business center. Construction began on April 7, 1942. Three months later the keel was laid for the first ship. In the busy interim 69 buildings with total floor area of 615,273 square feet had been put up. More important than the buildings were the six ways with concrete assembling and welding slabs in front of each. The ways, designed for end launching, are 451 feet long and 77 feet wide above water, 180 feet long and 40 feet wide below water. The yard was designed for building the Liberty ship, a 10,000-ton transport ship, though a few tankers, tank carriers, and aircraft cargo carriers were also built.

The building of the yard presented few difficulties since it was just another construction job for J. A. Jones' engineers and carpenters. Shipbuilding was a different matter, and the yard was hampered at first by a lack of skilled workers. Wainwright Shipyard was just being constructed at a time when many wartime yards were already on full production schedules. All workers with shipbuilding experience had been drawn from the area, and a skilled worker of any kind was hard to find. The company sent some of its regular construction superintendents to other shipyards for training. It also opened a metal-working school, but training unconnected with production was not highly developed.

TABLE 1
NUMBER OF EMPLOYEES AT WAINWRIGHT SHIPYARD
PANAMA CITY, FLORIDA

Month	1942	1943	1944	1945
January	.....	9,470	14,952	10,484
February	.....	11,309	14,753	10,086
March	.....	12,758	14,443	9,582
April	59	13,645	14,801	8,348
May	694	14,070	11,665	8,013
June	981	15,256	13,040	8,200
July	1,350	15,236	11,432	7,600
August	1,540	14,647	10,452	6,296
September	2,730	14,075	10,412	3,169
October	4,647	14,294	10,437	2,043
November	7,013	15,035	10,387	.....
December	7,457	14,473	11,086	.....

In fact, the whole shipbuilding project at Panama City gives the impression of having succeeded through successful experimentation on the job. Since the company, up to the opening of the Wainwright yard, had engaged in only a general construction business, it had no well-tried shipbuilding techniques to be taught to trainees and adapted to local conditions. So carpenters learned to work in metal and built ships at the same time. When company officials discovered that output per man-hour was lagging on the third shift, they cut it out and lengthened the other two shifts to nine hours each, releasing the less efficient workers. In doing so they reduced employment in the yard from 15,000 to 10,500, and at the same time they increased total production about 50 per cent.

Success at the beginning of the operation is evidenced by the fact that eight months after ground was broken the first Liberty ship was launched. As the months passed, the ability of the company to adopt more and more efficient schedules and methods was reflected in the results achieved. Man-hours per hull were reduced from 1,408,680 in November 1943 to 530,000 in November 1944. During the same period the number of days a ship remained on the ways before launching was reduced from an average of 134 days to 42 days, and the number of days in the outfitting dock declined from 29 to 15. Later on, production time was reduced still further. The last Liberty ship was launched in 30 days and outfitted in nine.

Since the company built both the yard and the ships and since most of the yard-construction workers became production workers on ships by learning new trades and joining new unions, there was a steady increase in the number of employees from 59 in April 1942 to 12,256 in June 1943. Employment remained between 14,000 and 15,000 until April of 1944, as indicated in table 1. In August 1944, after the two-shift schedule had been adopted, employment dropped to 10,452 and remained between 10,000 and 11,000 until February 1945. After that time employment declined steadily as contracts were completed. At the end of October of this year only 2,000 employees remained at the yard.

Pay rolls at the shipyard increased from the beginning in direct proportion to the number of employees. This fact, which seems a truism, has important manpower implications. Under the wartime stabilization program companies engaged in building-construction work were able to pay higher hourly rates than most companies engaged in manufacturing work. However, hourly rates of pay in the South for shipbuilding and for the construction trades were practically the same. This circumstance enabled the J. A. Jones company to pass from the yard-construction phase to the shipbuilding phase without the hourly rate reductions which hampered most other manufacturers attempting a similar continuity of employment.

TABLE 2
PAY ROLLS AT WAINWRIGHT SHIPYARD
PANAMA CITY
(In Thousands of Dollars)

Month	1942	1943	1944	1945
January	.....	2,161.4	3,587.7	3,231.0
February	.....	2,161.6	2,995.5	2,887.8
March	.....	2,478.5	3,006.0	2,234.3
April	11.8	2,760.0	3,936.4	2,438.0
May	189.8	3,620.9	3,241.7	1,820.4
June	491.1	3,153.2	3 227.1	2,005.2
July	634.4	2,964.0	3,758.0	2,403.8
August	680.4	3,875.0	2,885.1	1,720.5
September	703.5	3,127.9	2,124.4	1,211.5
October	959.5	4,084.8	3,523.0	.....
November	1,623.2	3,667.9	3,437.0	.....
December	1,522.4	3,430.3	3,365.7	.....

The amount of the shipyard pay roll rose from $11,800 in April 1942 to 3.6 million dollars in May 1943. Until the last contracts began to be completed in 1945 it remained at that level. The minor fluctuations shown in table 2 resulted for the most part from the varying lengths of months. The total pay roll was not appreciably affected by the elimination of the third shift since overtime pay and changes in job content for a larger group of more highly skilled workers resulted in higher take-home pay for employees on the other two shifts.

The Wainwright Shipyard had on contract, principally with the United States Maritime Commission, 66 Liberty ships, 28 aircraft cargo carriers, eight tank carriers, and six tankers. The last Liberty ship was completed in March of this year, and the last three tankers are now at the outfitting dock.

Tyndall Field, the largest flexible gunnery school of the Army Air Forces, brought as many new people to the area as the shipyard did. It occupies 25,000 acres on the eastern peninsula, one of the two arms that form land-locked St. Andrews Bay. The school rapidly went into operation, and at peak performance in 1944 had Army personnel and trainees consisting of 1,500 officers and from 10,000 to 12,000 enlisted men. By the end of the war 45,000 gunners had been trained at the field. Also about 1,200 copilots for Flying Fortresses were trained there.

Though the impact of Tyndall Field on the business life of Panama City was great, houses for all except the officers and civilian personnel were provided at the field itself. Civilians at the field numbered about 800 in 1942, about 1,300 in 1943, and about 1,500 in 1944. At the end of November, when the school was no longer in operation, 1,350 civilians were still employed. During full-scale operations at the field the civilian pay roll amounted to about $300,000 a month. The field seems to have been planned as a permanent installation. The runways and aprons are of concrete, the hangars of steel. All other buildings, with the exception of a few civilian and Quartermaster Corps barracks, are constructed of concrete and stucco. All roads in the reservation are of a permanent type of construction. It is rumored that the field will be a permanent aircraft training school, but no official word has been given.

On the western peninsula are a permanent Coast Guard station and a wartime naval base. Though the number of men at the Coast Guard station was increased during the war, the personnel of these two units never exceeded 500.

A community wartime project which had an importance out of all proportion to the number of workers employed was the oil-storage terminal at Lynn Haven, a small suburb six miles away. During 1942 and the early part of 1943 German submarines cut off almost all oil shipments by water from Texas and Louisiana to the east coast. To meet the emergency the Defense Plant Corporation constructed a large terminal at Lynn Haven and a smaller one at Jacksonville for the General American Transportation Company. The plan was to ship the oil by way of the Intracoastal Waterway into Panama City, from there to Jacksonville by tank car, and from Jacksonville by barge to all other points on the east coast.

The installations at Panama City and Jacksonville were completed in July 1943, and successful test shipments were run. By that time, however, the submarine menace had been eliminated, and the plan for shipment to Jacksonville was abandoned. Instead the Navy used the Panama City facilities for the storage of Diesel oil which had come by barge from Texas and Louisiana and which was to be sent by rail to Norfolk. By this plan of shipment the Navy needed only 14 per cent of the tank cars that otherwise would have been required, a saving of 2,000 tank cars in the operation.

The four piers at the Lynn Haven terminal are equipped with 12 pumps, which can deliver from barges to the 10 storage tanks 24,000 barrels of oil an hour. The tanks have a capacity of 20 million gallons. Twelve miles of side tracking permit the simultaneous loading of 120 railroad tank cars. The whole unit was installed at a cost of six million dollars. Because of the highly mechanized equipment General American Transportation was able to operate the terminal for the Navy with only about 100 employees.

Although precise figures are not available, the population of Panama City apparently more than trebled under the impact of this wartime economic development. The 1940 census figures were 11,610 for the city and 20,686 for Bay County. Between 1940 and 1942, in spite of considerable local business expansion, little population growth occurred. The city had 3,441 dwelling units in 1940 and 3,500 in 1942, according to census reports. Several war agencies, just before the

Wainwright Shipyard was built, estimated the population at approximately 12,000.

An incomplete official census in the spring of 1945 gave Panama City 23,914 people and Bay County 43,188. At the same time, however, 63,000 people in the county had ration books. Although more books than that were probably in circulation during the last seven months of 1943, the period of greatest employment at the shipyard, the figure should give a definite indication of actual population. Since according to the 1945 census there were about 20,000 more people in the county than in the city, it seems safe to say that Panama City had a population of about 43,000, or about 20,000 less than the number of county ration books. During the war, then, Panama City was three and a half times its former size and Bay County three times its former size.

Housing this new population was one of the most difficult early problems. The Federal Public Housing Authority built 4,608 units, and private capital, often with Federal Housing Administration aid, was responsible for the erection of 1,061 dwelling units and 41 conversions. The public facilities consisted of family units, dormitory units, and sites providing trailer conveniences. Many of the privately financed houses were built on the beaches so that they could be used later as resort cottages.

Panama City business life reflects this growth and decline of population. Table 3 shows increases in retail sales from January 1939 to March 1945. Thereafter until November 1945 only relatively small sales decreases occurred, even though 20,000 people were leaving the community over the same period. If the average of monthly sales in 1939 is used as a base, or 100 per cent, average monthly sales for eight retail stores—grocery, hardware, furniture, clothing, department, and jewelry—rose to 335 per cent in 1944. In the first 10 months of 1945 sales were 12 per cent less than they were in the corresponding months of the preceding year.

TABLE 3
VOLUME OF SALES OF EIGHT RETAIL STORES IN PANAMA CITY
(In Thousands of Dollars)

Month	1939	1940	1941	1942	1943	1944	1945
January	36.1	36.4	40.1	78.8	119.9	145.3	148.9
February	38.4	42.0	42.8	66.4	131.7	141.4	148.4
March	52.8	60.1	55.9	83.2	153.0	181.8	172.6
April	55.6	60.4	63.1	90.5	156.9	179.7	148.2
May	61.7	73.1	72.5	107.8	176.4	178.5	149.8
June	49.1	57.7	72.3	105.9	162.6	180.7	160.7
July	55.0	55.8	70.0	104.6	164.2	159.6	133.8
August	52.5	56.5	88.3	108.1	159.4	160.8	128.0
September	50.3	54.3	78.8	120.4	153.9	150.8	115.8
October	49.2	57.2	81.8	128.5	178.6	175.3	145.1
November	47.5	60.1	83.6	126.4	176.8	182.4	....
December	65.4	64.3	110.8	175.0	215.8	217.8	....

Deposits in Panama City's two banks, the Commercial Bank and the Bay National Bank, showed much greater changes over the same period, as indicated in table 4. With average monthly deposits for 1939 as the base, the index of deposits increased to 1,265 per cent at the end of October 1945.

Other evidences of growth are almost as striking. Panama City's only daily newspaper, the *News-Herald*, increased its circulation from 2,881 in 1941 to 12,113 in 1944. Gulf Power in 1939 had 2,693 electric meters and sold 8.3 million kilowatt hours of electricity. In 1944 the company had 7,133 meters and sold 36.6 million kilowatt hours. Several of the new meters, however, were master meters serving thousands of people in the Government housing units. Telephones in use increased from 1,337 in 1939 to 3,443 in 1944, and postal receipts from $45,694 to $197,095.

TABLE 4
BANK DEPOSITS IN PANAMA CITY
(In Millions of Dollars)

Month	1939	1940	1941	1942	1943	1944	1945
January	1.5	1.3	1.5	2.7	6.9	11.5	17.3
February	1.3	1.3	1.5	2.6	7.6	12.6	17.1
March	1.2	1.3	1.4	2.5	6.7	12.7	16.1
April	1.2	1.4	1.5	2.7	7.7	12.8	15.7
May	1.2	1.3	1.8	2.8	8.7	12.6	15.5
June	1.2	1.4	1.8	4.1	8.6	14.0	15.9
July	1.3	1.5	2.0	4.0	8.8	14.0	17.1
August	1.3	1.5	2.1	4.3	9.2	14.4	17.1
September	1.3	1.5	2.3	4.8	10.2	13.9	16.8
October	1.3	1.5	2.4	4.9	10.0	13.4	15.2
November	1.3	1.6	2.8	6.1	10.3	14.9	...
December	1.4	1.6	2.8	6.5	11.2	16.6	...

The income of the city government reflected in part the same tendencies. Tax receipts showed no appreciable increase. In 1939 real and personal taxes were $105,260; in 1945 they were $117,557. However, insufficient basis of comparison exists, as in 1939 a 70-mill rate was charged on partial valuation, and by 1945 the rate had been gradually reduced to 9 mills on total valuation. Business licenses, however, increased from $20,247 in 1939 to $47,962 in 1944. That the city's expansion was accompanied by growing pains is suggested by a phenomenal increase in police fines from $1,568 in 1939 to $71,420 in 1944.

Increased community facilities included the construction by the Federal Works Administration of seven new school buildings and numerous additions to old buildings at a total cost of approximately $350,000. There were 4,700 pupils and 165 teachers in 1940, and 10,000 pupils and 260 teachers in 1945. Since 1940 the city's three deep wells have been supplemented by one new city well and seven wells dug by the United States Government. The city in 1940 had 41 miles of water mains and 9 miles of sewer lines; with Federal aid it put in during the war 23 miles of new water mains and 8 miles of sewers, exclusive of mains and sewers in Federal Public Housing Authority properties. During the same period the city built a new jail at a cost of $60,000 and increased the number of policemen from 7 to 18.

The end of the war checked or reversed some of these developments that were incident to population growth. With the departure of approximately 20,000 people, consisting chiefly of shipyard workers and their families, the housing shortage disappeared. As of November 14, 1945, the Federal Public Housing Authority listed 4,226 Government-owned units as available, of which 3,172 were vacant. Many of these units are being moved to college communities for the housing of student veterans. Others are being converted into individual farm cottages under the rural-rehabilitation program of the Farm Security Administration. Hundreds of beach houses formerly rented to war workers in Panama City are again vacant.

Another result of the population decrease is that postal receipts in Panama City's principal post office were $12,523 in October 1945, as compared with $19,198 in October 1944, $14,939 in October 1943, and $8,849 in October 1942. These figures would not indicate that the population of the city has decreased approximately 50 per cent since October 1944, but that is just what seems to have happened.

City and county officials and businessmen, however, do not seem to feel that hard times are coming to Panama City. They believe that the war enabled the community to catch up with itself. For instance, they have felt for years that their sewage disposal facilities were inadequate. They are now planning to buy the disposal plant constructed for the Federal Public Housing Authority and to spend $750,000 more on their sewage disposal and water systems. Before the war they suffered also from crowded school conditions. Now they have adequate schools, and changes in state regulations have enabled them to keep the number of teachers at the wartime level. Since school enrollment fell from 10,000 in 1945 to 7,700, student loads have been reduced, and better instruction should result. Formerly the community was dependent on the International Paper Company for its electricity. The two new lines are now capable of providing twice as much electricity as the community needs. Before the war, housing facilities were inadequate. Today there are thousands of vacant housing units, including both temporary and permanent types. Even if the Government removes all temporary housing, the community will still have a thousand more units than it had before the war.

Many war-boom towns find themselves in just such circumstances. Apparently possessed of all the essentials for industrial expansion, such communities are tempted to encourage all kinds of manufacturers to move in and provide employment for displaced war workers. If this sort of activity results in a growth of marginal enterprises that can thrive only under abnormally prosperous conditions, the communities in which the expansions occur may experience serious difficulties in a period of business recession.

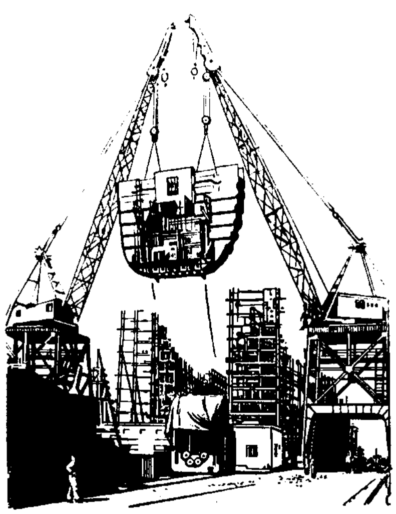
Panama City's postwar plans, conceived and partially effected during the war, indicate that civic leaders do not intend indiscriminate industrialization. A pattern of action had been set when the International Paper Company mill was brought in. This early effort in industrialization has been an entirely satisfactory community experiment, and the men who encouraged the mill's establishment and later enlargement are still influential in public affairs. They are interested in finding financially stable enterprises of desirable type which can profit by the economic advantages inherent in the commuunity's location.

With postwar development in mind the city, early in 1944, bought up 130 acres of industrial sites so that it could offer immediate posesssion to desirable enterprises and could discourage others. During 1944 and 1945 the city's industrial bureau has been engaged in establishing contact with industries that might be interested in locating plants in Panama City. The bureau, consisting of a chairman and five members, was organized as an adjunct of the chamber of commerce in the spring of 1943. Its method of establishing industrial contacts indicates that it is also motivated by the principle of selective industrialization.

After considering desirable industries in the light of the community's economic potentialities, the bureau selected four—cotton-yarn and cotton-cloth manufacture, furniture, food storage, and brewing—and published half-page advertisements in the May and July issues of important trade journals. The advertisements dealt with a salient economic fact of interest to industrialists in each field: in *Textile World* with a large potential local supply of women textile workers; in *Furniture Manufacturer* with an easily available supply of soft-textured hardwoods; in *Food Industries* with opportunities for enterprises in the quick-freezing of fish; and in *American Brewer* with the unlimited local supply of water with chemical properties suitable for the brewing industry. As soon as these advertisements appeared, 550 letters were written to manufacturers in these four industries. A month later each recipient of a letter was sent a copy of the magazine *Gulf States Industry*, which contained a feature story on Panama City. Correspondence and conferences with interested manufacturers have resulted in the bringing in of two quick-freeze plants for storing commercial fish, two building-block factories, and an ice-cream plant.

The most significant postwar plan in Panama City is the projected development of the water front. For many years the beaches around Panama City have been popular vacation grounds for families of moderate means from Alabama and Georgia. The new resort facilities on St. Andrews Bay are designed for this type of resort trade. The plans include a hydraulic fill that will make 17 acres of land, a boardwalk 900 feet long, a dance pavilion, a yacht basin, an auditorium, and a recreational area. Contracts are now being negotiated on the project. The cost is estimated at 1.3 million dollars. A further expansion in the same direction is the projected building of a 100-room hotel on the Gulf beach about six miles west of the center of town. Such plans point to what seems to be a justifiable development of the community's natural advantages.

That local business and civic leaders have confidence in the economic future of Panama City is evidenced by the planning of private and public buildings, many of which are now under construction. They include 18 new buildings put up by retail and service businesses, a church, a city hospital, and a bridge across North Bay—all at an estimated cost of approximately two million dollars. This new construction, however, is not in anticipation of future growth but is evidently necessary to take care of the present population, which is now about a hundred per cent above the prewar level.



Gantries Placing Prefabricated Section of Ship

The history of Panama City's economic life exemplifies successful community adaptation to the natural advantages of location. During the latter half of the city's existence this adaptation has been largely the result of studied effort, and the indications are that such effort will have a controlling effect in future growth. The artificial stimulation of war brought a degree of development that would have been impossible in normal times but apparently did not cause business and civic leaders to lose sight of the community's natural economic possibilities. Panama City should therefore be able to retain permanent advantages from its recent wartime expansion.

JOHN TYREE FAIN

Bank Announcements

THE Federal Reserve Bank of Atlanta announces the admission of three additional banks to membership in the Federal Reserve System and the addition of one nonmember bank to the Federal Reserve Par List. The new member banks are the Pan American Bank of Miami, a new bank chartered by the state of Florida; the Capital City National Bank of Tallahassee, Florida, which was a conversion from the Capital City Bank, a nonmember; and the American Bank, St. Joseph, Tennessee. The bank added to the Par List is the Indian River Citrus Bank, Vero Beach, Florida.

Pan American Bank of Miami

The Pan American Bank of Miami is a newly organized institution that opened for business on December 1 of this year. The bank occupies quarters in the Pan American Bank Building, originally known as the Security Building. It begins operations with capital funds of a million dollars, represented by capital of $750,000, surplus of $200,000, and undivided profits of $50,000.

Officers of the new bank are P. J. Serralles, chairman of the board; T. T. Scott, president; Alvin E. Fuller, executive vice president; Eduardo Morales, vice president; E. A. Gerard, vice president; Jose Garcia, vice president; and W. C. Payne, vice president and cashier. Directors of the bank are Jacobo L. Cabassa, Alvin E. Fuller, Adalberto Roig, George H. Salley, T. T. Scott, P. J. Serralles, Max M. Weiss, and Harrison R. Williams.

P. J. Serralles, chairman of the board, is also chairman of the Board of Credito Y Ahorro Ponceno of Puerto Rico and has been actively engaged for many years in the production of sugar cane and the refining of sugar on the island. He is actively identified with a group of associates in the extensive development of land in South Florida for the production of sugar cane and its processing.

T. T. Scott, president, is also president of the First National Bank of Live Oak, Florida, and is well-known throughout Florida as a banker and businessman. He is the owner of valuable business properties in the city of Miami.

A. E. Fuller, executive vice president, first came to Miami in 1921 and was associated in an official capacity with banks in the Miami area for the ensuing ten years. In 1931 he was appointed director of the Department of Finance of the City of Miami and became president of the Municipal Finance Officers Association of the United States and Canada.

Capital City National Bank of Tallahassee

On being granted a National charter by the Comptroller of the Currency, the Capital City Bank of Tallahassee, Florida, converted to the Capital City National Bank of Tallahassee and became a member of the Federal Reserve System on December 15. This bank was organized in March 1895. Its first published statement of June 30, 1895, showed deposits of $41,210, capital of $39,800, and undivided profits of $1,000. Ever since its founding the bank has grown steadily, and on November 5 of this year it had total deposits of $9,501,000, capital of $100,000, surplus of $200,000, and undivided profits of $85,300. This bank has been on the Federal Reserve Par List since January 1.

Officers of the bank are O. C. Collins, president; A. F. Philips, Godfrey Smith, and Mrs. W. H. Smith, vice presidents; Fred N. Lowry, vice president and cashier; and C. L. Johnson, J. Y. Humphress, T. H. Middleton, and Marvin Collins, Jr., assistant cashiers. The directors are S. E. Teague, chairman, and O. C. Collins, Fred N. Lowry, A. F. Philips, Godfrey Smith, and Mrs. W. H. Smith.

Tallahassee is the capital of the state of Florida. Its population, which was 16,240 in 1940, is now estimated to be 25,000. The city serves a rich trade area.

American Bank

The American Bank, St. Joseph, Tennessee, a nonmember bank which went on the Par List on November 1, was admitted to membership in the Federal Reserve System on December 26. This bank was first opened for business in 1910, and on June 30 of this year had capital of $25,000, surplus and undivided profits of $11,000, and deposits of $472,000.

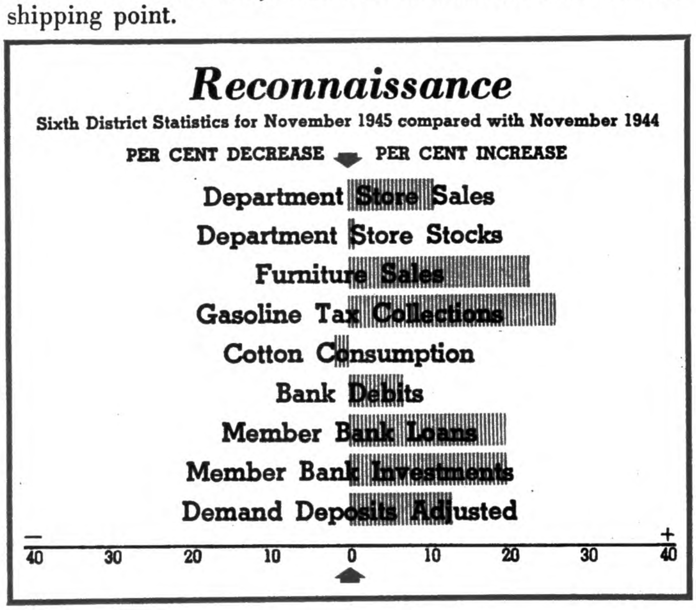
The officers of the bank are W. H. Belew, president; G. L. Posey, vice president; Marvin A. Bryan, cashier; and Mabel Bryan, assistant cashier. J. H. Belew, W. H. Belew, F. F. Locke, Mabel Bryan, M. A. Bryan, G. L. Posey, and O. W. White are the directors.

Indian River Citrus Bank

The Indian River Citrus Bank, Vero Beach, Florida, a nonmember bank located in the territory served by the Jacksonville branch, went on the Federal Reserve Par List and began remitting at par on December 1. This bank had on July 1 capital of $30,000, surplus of $54,000, and deposits of $4,768,000.

Its officers are Joseph S. Earman, president; A. A. Sullivan, vice president and cashier; and C. H. Newbold and Kitty Wharton, assistant cashiers. The directors are Merrill Barber, J. S. Earman, E. B. Hardee, E. P. Poole, and A. A. Sullivan.

Vero Beach, with a 1940 popuplation of 3,050, is the seat of Indian River County. The town is well-known as a citrus-shipping point.



The District Business Situation

DEPARTMENT store sales in the Sixth Federal Reserve District have apparently increased in December about the usual extent, following a slight rise in November. Wholesale distribution, on the other hand, was down 4 per cent in November from what it was in October. In each of these lines, however, the level is at present well above that of last year. Textile activity and coal output increased in November, and steel-mill production continues at a high level. A rise in unemployment in the six states of the District during the month has accompanied a decline in the number of available jobs. In agriculture, the latest estimate of acreage harvested in 1945 falls only slightly below the acreage actually harvested in 1944.

Retail and Wholesale Trade

In the last three months of 1945 department store sales have apparently averaged about 13 per cent higher than they did in that part of 1944. Sales have been greater in each month of this year than they have ever been in the corresponding month of previous years.

During the first half of December, sales reported by about thirty stores in the larger cities of the District averaged 15 per cent more than they did in that period last year. If this condition proves to be also true of the more than ninety stores making monthly reports, it will mean an increase of 38 per cent in the daily rate of actual dollar sales from November to December. It will mean further that the seasonally adjusted index for December will be at 297 per cent of the 1935-39 average, or one point below the adjusted index for November.

In November the daily rate of sales in the District rose 13 per cent over the October rate. After adjustment for the influence of seasonal factors, however, the rise was only two per cent. The November index this year was 9 per cent above that last year. Most of the reporting cities in the District had increases from October to November, the largest gain being one of 29 per cent at Miami. The exceptions were decreases of 3 per cent at Jackson, 4 per cent at Baton Rouge and 8 per cent at Mobile. Comparisons with the November 1944 rate show gains this year at most reporting cities, the two largest being 21 per cent at Miami and 22 per cent at Tampa. Decreases of 2 per cent at Knoxville, 7 per cent at Columbus, and 9 per cent at Mobile are attributed to reductions in war activities in those areas.

At those stores that classify their sales figures cash sales accounted for 62 per cent of the total in November, as they did in October and September. Open-book credit sales accounted for 34 per cent of the total in November and 35 per cent in October, and instalment sales made up the remainders of 4 per cent in November and 3 per cent in October.

Inventories at the close of November had increased over those a month earlier at Miami and Macon but had declined at other reporting cities. They were larger than those for November of last year except for decreases of 5 per cent at Birmingham, 7 per cent at Jacksonville, 8 per cent at Montgomery, 10 per cent at Chattanooga, 12 per cent at Jackson, and 15 per cent at New Orleans.

Wholesale distribution of merchandise in November declined 4 per cent from its October level but rose 10 per cent above the figure for November last year. By reporting lines, the increases and decreases from the October volumes were about evenly divided. Though total sales were 10 per cent greater than they were a year ago there were decreases in sales of confectionery, beer, industrial supplies, shoes and other footwear, and tobacco and its products. Inventories in November were up 6 per cent from those a month earlier and were 12 per cent larger than they were a year ago.

Industry

A serious shortage of labor continues to be the chief retarding factor in lumber production. During recent weeks unfavorable weather conditions have brought additional difficulties. Cold rainy weather over wide areas of the Southern pine belt has caught the lumber producers short of logs as well as of labor and machinery replacements. Current production schedules are reported at the lowest level on the average since last winter. If press reports are correct, released war workers and discharged servicemen are not returning to the mills and the woods. A recently announced advance in lumber ceiling prices that reportedly average $2.25 a thousand feet was less than the industry had hoped for. Because of the great demand for lumber and their unwieldy backlogs of unfilled orders many of the mills have been forced to withdraw from the market.

Activity at steel mills in the Birmingham-Gadsden area has been at 95 per cent of capacity, according to the *Iron Age,* since the first week in November. In the country as a whole, operations recovered from a rate of 66 per cent of capacity at the middle of October, a drop caused by the coal strike, to 83 per cent in each of the three weeks ending December 11.

Cotton mills in Alabama, Georgia, and Tennessee used an average of 11,052 bales of cotton for each business day in November. This represents a 9 per cent increase over October in the daily rate and is the largest gain for any month since March.

Coal production in Tennessee recovered in November from the decline that occurred in October. The daily rate for Tennessee and Alabama combined was up 11 per cent over that in October and was 4 per cent greater than it was in November a year ago.

Crude-petroleum production in coastal Louisiana and Mississippi increased slightly more than usual in November.

Labor and Employment

The trend in employment in the Sixth District, as elsewhere in the country, is apparently still downward. Exclusive of Louisiana, states in this District on December 1 had an indicated unemployment volume of approximately 103,000. On December 15 the number of unemployed persons had risen to about 109,000.

In the same states the number of unfilled jobs on December 1 amounted to slightly more than 50,000. By December 15 this number had declined to little more than 40,000.

Aside from Louisiana, Alabama apparently ranks highest of all the other Sixth District states in the number of unemployed, having estimated unemployment of approximately 43,000 on December 15. The areas of greatest unemployment are the Birmingham, Mobile, and Talladega labor-market areas. In Birmingham it is estimated that probably 50 per cent of the 15,000 people listed as unemployed is composed of women, for whom there are few suitable job openings. Many of these women should not be considered as constituting a permanent part of the labor supply, for they will undoubtedly retire from the labor market when they have exhausted their unemployment compensation benefits.

As soon as materials and the necessary number of skilled workers are available, Birmingham will probably be able to absorb a part of its unemployed on construction projects. Projects of this type on which definite estimates of cost have been made now total 15 million dollars, and many more are assured for the future. Some of the building projects, such as the seven-million-dollar program for school buildings and facilities and the new million-dollar medical college, will probably be under way in the near future.

A confusing factor in the Birmingham labor situation is the threat of a strike in the steel industry. Since the recent strike vote was taken employers have become decidedly hesitant about hiring additional workers.

The Mobile labor-market area is the second most seriously affected region in Alabama. Job layoffs in Mobile continue to occur largely in the shipbuilding industry and in Government work, although some workers have been reabsorbed in both these fields. Out-migration continues to run at the rate of about 50 per cent of layoffs.

In the Talladega area layoffs have been occurring at the large ordnance plant that has now been placed on the market for sale. Few of the workers displaced have been absorbed, and unemployment in the area was estimated at 4,800 on December 15. The situation is eased to some extent, however, by a small excess of out-migration over in-migration.

The Miami labor-market area had the largest number of unemployed persons of all the other areas in Florida on December 15 — 10,000. Out-of-state workers have been entering the area in increasing numbers, even while many workers already there were leaving because of the very serious housing shortage. Hotels and restaurants are having no difficulty in securing workers, but there is an apparent shortage of labor in the lower wage brackets. The greatest demand for workers, both skilled and unskilled, seems to be in the construction industry. There is also, however, a shortage of auto mechanics, ground and air radio operators, and refrigerator and air-conditioning mechanics.

In the Tampa labor-market area, the next most seriously affected area in the state, layoffs are due mainly to normal turnover. The situation is worsened, however, by the excess of in-migration over out-migration, and, in addition, job opportunities are apparently reaching a temporary saturation point since employers' needs for expansion have almost been met.

The Atlanta labor-market area reported approximately 7,500 unemployed on December 1 and 7,700 on December 15. Although the number of unemployed increased very slightly, the number of unfilled jobs declined from 8,100 on December 1 to 4,300 on December 15. The large number of unfilled jobs reported on December 1 was probably the result of an increase in the number of clerks required by retail stores for the Christmas season. Aside from this seasonal demand for labor by the retail trade, the largest demand is found in the construction industry, in transportation and public utilities, in the fertilizer and textile industries, and in domestic service, hotels, restaurants, and other miscellaneous fields.

In those Tennessee labor-market areas of the Sixth Dis-

Sixth District Statistics

CONDITION OF 20 MEMBER BANKS IN SELECTED CITIES
(In Thousands of Dollars)

Item	Dec. 19 1945	Nov. 21 1945	Dec. 20 1944	Per Cent Change Dec. 19, 1945, from	
				Nov. 21 1945	Dec. 20 1944
Loans and investments Total	2,302,953	2,076,067	1,799,808	+ 11	+ 28
Loans—total	547,545	404,524	365,726	+ 35	+ 50
Commercial, industrial, and agricultural loans	248,429	220,872	214,639	+ 12	+ 16
Loans to brokers and dealers in securities	16,623	8,464	7,440	+ 96	+ 123
Other loans for purchasing and carrying securities	156,478	66,735	51,810	+ 134	+ 202
Real estate loans	23,520	23,245	23,828	+ 1	— 1
Loans to banks	3,476	2,459	2,278	+ 41	+ 53
Other loans	99,019	82,749	65,731	+ 20	+ 51
Investments—total	1,755,408	1,671,543	1,434,082	+ 5	+ 22
U. S. direct obligations	1,605,303	1,523,526	1,292,344	+ 5	+ 24
Obligations guaranteed by U. S.	1,121	1,121	19,400	0	— 94
Other securities	148,984	146,896	122,338	+ 1	+ 22
Reserve with F. R. Bank	372,622	377,846	331,498	— 1	+ 12
Cash in vault	31,837	31,045	30,615	+ 3	+ 4
Balances with domestic banks	171,251	137,235	152,538	+ 25	+ 12
Demand deposits adjusted	1,260,861	1,299,252	1,114,309	— 3	+ 13
Time deposits	414,193	414,205	320,877	— 0	+ 29
U. S. Gov't deposits	473,296	201,409	259,478	+ 135	+ 82
Deposits of domestic banks	614,875	571,800	519,094	+ 8	+ 18
Borrowings	....	23,900	....	.....	.....

DEBITS TO INDIVIDUAL BANK ACCOUNTS
(In Thousands of Dollars)

Place	No. of Banks Reporting	Nov. 1945	Oct. 1945	Nov. 1944	Per Cent Change Nov. 1945 from	
					Oct. 1945	Nov. 1944
ALABAMA						
Anniston	3	15,742	16,946	18,699	— 7	— 16
Birmingham	3	219,138	205,630	193,086	+ 7	+ 13
Dothan	2	11,263	11,072	9,261	+ 2	+ 22
Gadsden	3	13,437	13,095	12,113	+ 3	+ 11
Mobile	4	91,367	92,537	130,735	— 1	— 30
Montgomery	3	50,058	50,473	42,460	— 1	+ 18
FLORIDA						
Jacksonville	3	189,935	175,045	174 563	+ 9	+ 9
Miami	6	157,232	149,067	110,969	+ 5	+ 42
Greater Miami*	10	220,051	203,012	154,605	+ 8	+ 42
Orlando	2	35,282	29,433	26,925	+ 20	+ 31
Pensacola	3	26,928	27,089	23,394	— 1	+ 15
St. Petersburg	3	35,129	31,610	25,709	+ 11	+ 37
Tampa	3	82,129	72,062	80,259	+ 14	+ 2
GEORGIA						
Albany	2	15,411	13,069	12,707	+ 18	+ 21
Atlanta	4	538,722	551,522	488,516	— 2	+ 10
Augusta	3	39,460	38,680	34,030	+ 2	+ 16
Brunswick	2	9,946	10,728	14,837	— 7	— 33
Columbus	4	39,376	40,346	36,465	— 2	+ 8
Elberton	2	3,075	3,418	2,095	— 10	+ 47
Macon	3	45,147	42,977	41,909	+ 5	+ 8
Newnan	2	7,756	5,259	5,805	+ 47	+ 34
Savannah	4	70,263	71,632	83,828	— 2	— 16
Valdosta	2	9,980	9,664	7,079	+ 3	+ 41
LOUISIANA						
Baton Rouge	3	49,242	49 271	42,111	— 0	+ 17
Lake Charles	3	20,350	18,783	16,449	+ 8	+ 24
New Orleans	7	456,714	435,449	451,758	+ 5	+ 1
MISSISSIPPI						
Hattiesburg	2	14,082	14,937	16 844	— 6	— 16
Jackson	4	69,989	66,855	59,047	+ 5	+ 19
Meridian	3	20,557	22,368	17,624	— 8	+ 17
Vicksburg	2	23,649	21,813	23,406	+ 8	+ 1
TENNESSEE						
Chattanooga	4	92,989	89,418	87,334	+ 4	+ 6
Knoxville	4	101,569	109,264	111,793	— 7	— 9
Nashville	6	201,442	195,957	173,228	+ 3	+ 16
SIXTH DISTRICT 32 Cities	104	2,757,359	2,685,469	2,575,038	+ 3	+ 7
UNITED STATES 334 Cities	..	79,401,000	81,614,000	77,775,000	— 3	+ 2

*Not included in Sixth District total

Sixth District Statistics

RETAIL JEWELRY STORE OPERATIONS

Item	Number of Stores Reporting	Per Cent Change October 1945 to November 1945
Total sales	22	+ 19
Cash sales	21	+ 14
Credit sales	21	+ 23
Accounts receivable, end of month	22	+ 10
Collections during month	22	+ 17

RETAIL FURNITURE STORE OPERATIONS

Item	Number of Stores Reporting	Per Cent Change November 1945 from October 1945	November 1944
Total sales	81	+ 5	+ 23
Cash sales	70	+ 11	+ 54
Instalment and other credit sales	70	+ 3	+ 15
Accounts receivable, end of month	78	+ 3	+ 3
Collections during month	78	+ 5	+ 17
Inventories, end of month	65	— 4	+ 19

DEPARTMENT STORE SALES AND STOCKS

Place	SALES: No. of Stores Reporting	SALES: Per Cent Change Nov. 1945 from Oct. 1945	SALES: Nov. 1944	INVENTORIES: No. of Stores Reporting	INVENTORIES: Per Cent Change Nov. 1945 from Oct. 1945	INVENTORIES: Nov. 1944
ALABAMA						
Birmingham	5	+ 5	+ 9	4	— 5	— 5
Mobile	5	— 8	— 9	..	.....	.....
Montgomery	3	+ 4	+ 19	3	— 3	— 8
FLORIDA						
Jacksonville	4	+ 5	+ 6	3	— 19	— 7
Miami	4	+ 29	+ 21	3	+ 3	+ 21
Orlando	3	+ 11	+ 12	..	.....	.....
Tampa	5	+ 17	+ 16	3	— 5	+ 11
GEORGIA						
Atlanta	6	+ 8	+ 16	5	— 2	+ 1
Augusta	4	+ 3	+ 18	3	— 10	+ 10
Columbus	3	+ 1	— 6	..	.....	.....
Macon	4	+ 13	+ 17	4	+ 8	+ 30
LOUISIANA						
Baton Rouge	4	— 4	+ 15	4	— 3	+ 0
New Orleans	4	+ 1	+ 3	3	— 7	— 15
MISSISSIPPI						
Jackson	4	— 3	+ 6	4	— 3	— 12
TENNESSEE						
Bristol	3	+ 3	+ 14	3	— 1	+ 8
Chattanooga	4	+ 3	+ 13	3	— 9	— 10
Knoxville	4	+ 0	— 2	..	.....	.....
Nashville	6	+ 3	+ 18	5	— 3	+ 7
OTHER CITIES*	18	+ 5	+ 15	22	— 6	+ 5
DISTRICT	93	+ 6	+ 11	72	— 4	+ 1

*When less than 3 stores report in a given city, the sales or stocks are grouped together under "other cities."

WHOLESALE SALES AND INVENTORIES* — NOVEMBER 1945

	SALES: No. of Firms Reporting	SALES: Per Cent Change Nov. 1945 from Oct. 1945	SALES: Nov. 1944	INVENTORIES: No. of Firms Reporting	INVENTORIES: Per Cent Change Nov. 1945 from Oct. 1945	INVENTORIES: Nov. 1944
Automotive supplies	7	+ 16	+ 61	4	+ 1	+ 11
Clothing and furnishings	4	— 7	+ 1	..	.....	.....
Shoes and other footwear	3	+ 21	— 2	..	.....	.....
Drugs and sundries	8	— 5	+ 7	3	+ 2	+ 2
Dry goods	11	— 27	+ 12	5	+ 22	— 13
Electrical goods	7	+ 6	+ 38	4	+ 3	+ 99
Fresh fruits and vegetables	5	+ 1	+ 10	..	.....	.....
Farm supplies	3	+ 0	+ 7	..	.....	.....
Confectionery	5	+ 5	— 8	..	.....	.....
Groceries—full-line wholesalers	37	— 2	+ 11	15	+ 11	— 5
Groceries—specialty line wholesalers	9	+ 3	+ 24	6	+ 3	+ 12
Beer	3	— 19	— 19	..	.....	.....
Hardware—general	9	— 5	+ 15	4	0	+ 9
Hardware—industrial	4	+ 2	— 14	..	.....	.....
Machinery, equipment, and supplies	3	— 2	+ 10		.....	.....
Tobacco and its products	6	— 14	— 5	..	.....	.....
Miscellaneous	10	— 2	+ 3	14	+ 8	+ 7
TOTAL	134	— 4	+ 10	55	+ 6	+ 12

*Based on U. S. Department of Commerce figures

trict for which reports are available unemployment increased from 26,000 on December 1 to 28,000 on December 15. Unfilled jobs, on the other hand, decreased from a little more than 12,000 to approximately 9,000.

The Nashville labor-market area on December 15 had the largest number of unemployed persons — 5,500. A small but steady demand for certain skilled workers, such as printing pressmen, auto mechanics, and molders, is continuing. Unskilled jobs, however, are still difficult to fill because of wage rates. Since the housing situation is extremely tight, it is also difficult to attract qualified workers for job openings in the more highly skilled categories.

Approximately 5,000 unemployed are reported by the Chattanooga labor-market area, the largest number in any area of the state except Nashville. On the other hand, this area reports 2,200 unfilled jobs. Indeed, critical labor shortages are reported in the iron and steel and textile industries. Shortages of unskilled labor are said to be serious. Apparently, workers who have acquired wartime skills are still reluctant to take unskilled or semiskilled jobs as long as they are receiving unemployment compensation benefits.

The New Orleans labor-market area reported 17,000 unemployed in November, the last month for which figures are currently available. This is in contrast to 12,500 in October. Ever since V-J Day, predictions of expanded employment have been made, but so far they have not materialized. The greatest decline in employment has occurred in the shipbuilding trades, and the next greatest in ship repair. The majority of workers that have been added to the labor supply during the last reporting month have become available through the inactivation of shipbuilding establishments and separation from the armed forces. The greater number of male workers who became available during the month of November were skilled or semiskilled. Of the female workers the majority consisted of clerical and semiskilled groups, but despite an increase in the supply a shortage of stenographers still prevails. Job openings in the skilled categories are reported to be very limited, and wages are low. Employers are also becoming more selective in their hiring in an effort to improve the quality of the present labor forces.

Despite the present volume of unemployment and the disparity between wages asked and employer specifications that makes it difficult to fill jobs in some categories and despite some uncertainty in the progress expected in reconversion, the labor situation is not expected to become too serious. It is expected that the turn of the new year will bring fulfillment of the hopes for expansion of employment.

Agriculture

A 1945 cotton crop of 4,113,000 bales in the Six States is indicated in the latest monthly estimate by the United States Department of Agriculture based on information available on December 1. There were no changes in the November estimates of the crop in Alabama, Florida, Louisiana, and Tennessee, but the estimate for Georgia had increased 10,000 bales, and that for Mississippi had declined 5,000 bales. Between August 1, when the first estimate of the 1945 crop was made, and December 1 expected production in the District declined 7 per cent, or 302,000 bales. The estimate for Alabama increased 4 per cent in this period, and that for Tennessee 15 per cent. In the other four states, however, there were decreases ranging up to 27 per cent for Louisiana, where late planting was followed by frequent and prolonged rainy spells that induced excessive plant growth, resulted in greater weevil damage, and slowed maturity of the bolls.

In the Six States combined the crop this year is smaller by 17 per cent, or 837,000 bales, than that produced in 1944. By states, decreases range from 7 per cent in Alabama, through 12 per cent in Tennessee, 17 per cent in Mississippi, 18 per cent in Georgia, and 36 per cent in Louisiana to 38 per cent in the small cotton-producing state of Florida. For the country as a whole, the December estimate is 9 per cent below the first estimate of the season in August and 25 per cent lower than the 1944 crop.

The harvested acreage is estimated at only one per cent less than the acreage that was under cultivation in the District on July 1. For the cotton-producing states, however, the reduction was 3 per cent.

Per-acre yields were lower this year than last in all the Six States, the decreases ranging between 5 per cent in Alabama and 30 per cent in Louisiana. The largest yield, 377 pounds to the acre, was reported for Tennessee. Nationally the yield this year was estimated at 250 pounds an acre, a reduction of 15 per cent from that of last year. In the first three quarters of 1945 the District's farmers received about 1.15 billion dollars for the crops, livestock, and livestock products they marketed. This total is 11 per cent greater than the amount received in the corresponding part of last year and exceeds figures for other recent years. Of this large total, receipts from crops have accounted for 65 per cent, or $755,272,000. Receipts from marketings of livestock and livestock products, amounting to $398,435,000, accounted for the remaining 35 per cent. Income from crops was 16 per cent greater than it was in the same period of 1944, whereas receipts from livestock and livestock products increased only 1.5 per cent. Income from cotton, tobacco, truck crops, and fruit was higher than it was a year ago, and though receipts from poultry, eggs, and milk increased, returns from meat animals were less.

Life Insurance Sales

Sales of life insurance registered a further small monthly gain in November and in addition a 15 per cent rise over the November 1944 volume. As in other recent months, the November total is larger than the sales reported for the corresponding month in any of the past 15 years. By states, the comparisons with November 1944 gave results ranging from a decrease of a small fraction of one per cent in Mississippi through increases of 8 per cent in Louisiana, 9 per cent in Georgia, 12 per cent in Tennessee, and 26 per cent in Florida to a gain of 28 per cent in Alabama.

Banking

Net circulation of this bank's Federal Reserve notes increased only 12 million dollars during November, one of the smallest monthly increases of the year, but in the first three weeks of December there was a further rise of 15 million dollars. At $1,494,000,000 on December 19, notes in actual circulation amounted to 225 million dollars more than those in circulation a year ago.

At weekly reporting member banks in the District, demand deposits adjusted and time deposits were somewhat lower at the middle of December than they were a month earlier but were, respectively, 13 per cent and 29 per cent greater than they were at that time last year. Total loans, which have recently increased, were half again as large as they were a year ago.

Sixth District Statistics

INSTALMENT CASH LOANS

Lender	Number of Lenders Reporting	Per Cent Change October 1945 to November 1945: Volume	Outstandings
Federal credit unions	43	+ 9	+ 2
State credit unions	25	+ 10	— 0
Industrial banking companies	10	+ 6	+ 7
Industrial loan companies	22	+ 3	+ 3
Small loan companies	50	— 5	+ 4
Commercial banks	34	+ 17	+ 6

DEPARTMENT STORE SALES*

	Adjusted**			Unadjusted		
	Nov. 1945	Oct. 1945	Nov. 1944	Nov. 1945	Oct. 1945	Nov. 1944
DISTRICT	298	292	271	348	307	317
Atlanta	378	338	327	403	344	348
Baton Rouge	328	284	288	348	335	306
Birmingham	293	266	267	339	300	308
Chattanooga	302	288	268	338	305	300
Jackson	279	284	264	328	314	310
Jacksonville	394	334	377	428	379	409
Knoxville	343	328	348	368	340	374
Macon	318	280	273	365	299	314
Miami	305	305	251	341	246	281
Montgomery	317	316	267	368	328	310
Nashville	358	334	303	392	352	332
New Orleans	250	258	242	291	266	282
Tampa	370	356	295	438	347	349

DEPARTMENT STORE STOCKS

	Adjusted**			Unadjusted		
	Nov. 1945	Oct. 1945	Nov. 1944	Nov. 1945	Oct. 1945	Nov. 1944
DISTRICT	192	188	190	202	211	199
Atlanta	260	261	257	300	307	297
Birmingham	126	139	133	149	157	156
Montgomery	183	193	198	213	219	231
Nashville	301	313	284	349	359	330
New Orleans	115	124	135	130	140	152

	COTTON CONSUMPTION*			COAL PRODUCTION*		
	Nov. 1945	Oct. 1945	Nov. 1944	Nov. 1945	Oct. 1945	Nov. 1944
TOTAL	156	143	160	169	152	163
Alabama	165	148	163	177	179	171
Georgia	155	143	161	...	...	...
Tennessee	134	128	137	152	89	146

	MANUFACTURING EMPLOYMENT***			GASOLINE TAX COLLECTIONS		
	Oct. 1945	Sept. 1945	Oct. 1944	Nov. 1945	Oct. 1945	Nov. 1944
SIX STATES	....	111	155	132	129	105
Alabama	....	134	181	140	135	111
Florida	....	81	164	118	111	88
Georgia	....	106	145	127	121	103
Louisiana	....	115	171	129	130	106
Mississippi	....	112	142	116	139	107
Tennessee	....	105	133	164	151	120

CONSUMERS' PRICE INDEX

	Oct. 1945	Sept. 1945	Oct. 1944
ALL ITEMS	134	134	131
Food	147	148	143
Clothing	144	144	139
Rent	114	114	114
Fuel, electricity, and ice	111	111	109
Home furnishings	145	145	139
Miscellaneous	131	131	126

CRUDE PETROLEUM PRODUCTION IN COASTAL LOUISIANA AND MISSISSIPPI*

	Nov. 1945	Oct. 1945	Nov. 1944
Unadjusted	207	202	204
Adjusted**	204	202	201

ELECTRIC POWER PRODUCTION*

	Oct. 1945	Sept. 1945	Oct. 1944
SIX STATES	232	252	263
Hydro-generated	213	234	212
Fuel-generated	256	275	331

ANNUAL RATE OF TURNOVER OF DEMAND DEPOSITS

	Nov. 1945	Oct. 1945	Nov. 1944
Unadjusted	16.0	14.5	16.7
Adjusted**	15.1	14.4	15.8
Index**	58.4	55.6	60.9

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

The National Business Situation

OUTPUT at factories and mines increased considerably in November, and activity continued to expand in most other lines. Value of retail sales reached new record rates in November and the early part of December, reflecting in part further increases in prices.

Industrial Production

Output in most industries showed important gains in November, and the Board's index of industrial production advanced about 5 per cent. The index, at a level of 171 per cent of the 1935-39 average, was about the same as in September and in the autumn of 1941. Output for civilian use in November, especially of fuels, industrial materials, and producers' equipment, was larger than in those earlier periods. Production for civilians of many finished consumer products, however, like automobiles, radios, clothing, and shoes, while much higher in November than in September, was still greatly reduced from 1941 levels.

Steel production showed a large rise during November, and in the first three weeks of December output was scheduled at an average rate of 83 per cent of capacity, which was higher than the November average. Activity at shipyards continued to decline considerably in November, but increases occurred in most other metal fabricating industries. Further increases in output were indicated in plants producing electrical products and machinery and in the railroad equipment and automobile parts and assembly industries. Automobile production, however, was curtailed sharply in the last week of November and the first half of December by a strike in the plants of a major producer.

Lumber and glass production were at low levels in November, owing partly to industrial disputes. In the case ot lumber, however, output in recent months, before the west coast strikes, was below 1939 levels and one third less than the rate in 1941.

Production of most nondurable manufactures and of fuels increased from October to November, reflecting increased supplies of materials and labor and the end of work stoppages in the petroleum and coal industries as well as strong demand generally for these and most other goods for civilian use.

Incomes received by agriculture, business, and consumers appear to have continued to rise in November as a result of the widespread increases in production and employment and further rises in prices and wage rates. Payments to unemployed industrial workers and veterans also increased somewhat in November.

Distribution

Department store sales increased sharply in November and the Board's seasonally adjusted index rose to a record level of 228 per cent of the 1935-39 average as compared with 213 in October. November sales were 11 per cent larger than last year, and in the first half of December sales continued to show about the same increase. Sales at some other types of retail stores, especially those selling automotive supplies, men's apparel, furniture, building materials, and hardware, have recently shown much larger increases than department stores, while sales of foods and various other products have shown somewhat smaller increases.

Shipments of most classes of railroad revenue freight showed less decline than is usual in November and the early part of December and were only 4 per cent below last year's high level. Carloadings of agricultural commodities and less-than-carload merchandise were considerably above last year's level.

Employment

Employment in nonagricultural establishments rose by over 300,000 workers in November, after allowing for seasonal changes, reflecting increases in all major lines except Federal war agencies. A further decline of about 100,000 workers in munitions industries was more than offset by gains in employment in other manufacturing industries, mostly in reconverted metal-products plants. Employment in the trades and services, construction, and various other lines showed relatively larger increases than in manufacturing.

Commodity Prices

Wholesale prices of most groups of commodities increased from the early part of November to the middle of December. With most farm products at ceiling levels, advances in prices of these products were smaller than in September and October. Ceiling prices were raised for newsprint, textile fabrics, building materials, and various other industrial products, but a general increase in steel prices was turned down.

Bank Credit

Loans and investments at banks in 101 leading cities increased by over seven billion dollars during the six weeks ended December 12; this period covered the major part of the Victory Loan Drive.

Government-security holdings increased by 3.7 billion dollars — a somewhat smaller rise than had occurred in the three prior drives. Loans for purchasing or carrying Government securities rose by 2.5 billion dollars, and at their mid-December levels loans both to brokers and dealers and to other bank customers slightly exceeded the high points of the previous drives. Commercial and industrial loans, which had been expanding since early fall, rose by an additional 800 million dollars during the six-week period. The increase in commercial-credit extension has been at a rate substantially greater than at any time in recent years.

As payments for security purchases transferred funds from deposits of businesses and individuals to reserve-exempt war-loan accounts, the average level of required reserves at all member banks declined by around 500 million dollars during the first half of December. Early in the month, excess reserves rose to above 1.5 billion dollars on a weekly average basis. Subsequently, however, excess reserves declined somewhat as the amount of war-loan deposits at many banks reached the maximum limits and banks turned over to the Treasury current receipts from sales of Government securities.

Currency outflow has continued at a slackened rate compared with wartime years; money in circulation increased by close to 350 million dollars during the six weeks ended December 12 compared with over 750 million in the 1944 period. On a seasonally adjusted basis, currency outflow has recently been at the lowest rate since the early part of 1941.

THE BOARD OF GOVERNORS