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Sixth District War Plants

PART II: The Reconversion Period

THE SUCCESS of any business enterprise depends both on a market for its goods or services and on the level of cost. During the war industrial activity in the District increased as it did mainly because of an assured market for war goods. Costs were secondary, especially at the newly constructed war factories.

Most of the new manufacturing plants in the Sixth District that were built and equipped with the aid of public funds during the war were erected to satisfy a market for exclusively wartime products. Not only were new plants constructed for that purpose, but many of the prewar plants were re-equipped for that type of production. To many prewar industrial firms the new structures and equipment meant no increase in their capacity to produce peacetime goods but the ability to produce specialized war materials. Although the close of the war brought to an end the assured market for these materials, it had no such effect on the market for the goods they normally produced. Consequently, reconversion required only that these firms remove their wartime equipment and reinstall the machinery used in their usual operations.

Of the 108 manufacturers whose facilities were enlarged by the Government during the war, all but five are now producing. They employ fewer workers than they did then but more than they did before the war. So far, employment in 1947 has exceeded prewar employment 12 percent. Even in shipbuilding, in which the decline from wartime activity has been great, the gain has been 37 percent. Many of the companies are, of course, producing goods much different from those they made during the war.

A large part of the increase over prewar employment at these plants is represented in the resumption of peacetime production. Good postwar markets for the wartime products of other plants made changes in the type of production unnecessary.

The postwar markets for steel and petroleum products as well as those for synthetic rubber have been good. Approximately all the newly constructed plants and the extensions of older plants producing these goods have continued to manufacture them since the war. The market for ship construction and repair, however, has called for the services of plants with varied experience rather than for those of plants which continued their work to the mass-production type of vessel.

Of the 25 shipbuilding companies operating in the District states during the war, the 17 that have continued are almost entirely those which were organized before the war. The Todd-Johnson Dry Docks, Incorporated, is not only operating the

ship-repair facilities furnished it during the war at New Orleans but is utilizing the United States Navy Dry Dock. The Avondale Marine Ways, Incorporated, at Avondale, Louisiana, has added to the capacity of its plant and is employing more persons than it did before the war. The Ingalls Shipbuilding Corporation at Pascagoula has continued its activities, though at lower than its wartime level, by constructing ships for the Republic of Brazil, reconverting cargo vessels, and manufacturing Diesel locomotives. Its employment now exceeds its prewar employment. The newly organized Higgins, Incorporated, is also operating, though on a scale greatly below the wartime peak of the former Higgins Industries, Incorporated.

Much the same developments have taken place at Savannah. Of the three yards that were vigorously active there during the war, only the Savannah Machine and Foundry Company was operating in 1947. The firm, which was founded about 40 years ago, is doing a ship-repair and foundry business that requires more employees than the company had before the war. In July it purchased the Navy's ship-repair yard, including the 475-foot concrete graving dock.

The Gibbs Gas Engine Company at Jacksonville, Florida, which was established in 1911 and which built mine sweepers, tugs, and similar vessels as well as doing Navy ship-repair work at a Navy-built yard during World War II, is now known as the Gibbs Corporation. It is performing ship-repair and conversion work and other activities requiring almost three times more workers than it needed before the war though considerably less than it had during the wartime employment peak. In August the company bought the waterfront dry docks and equipment from the Navy.

Also the Merrill-Stevens Dry Dock and Repair Company of Jacksonville has continued its operations at a greater-than-prewar scale. Another Florida company continuing its operations is the Tampa Shipbuilding Company, Inc., which has purchased its plant from the Navy and now employs approximately 2,000 workers. The Gulf Shipbuilding Corporation at Mobile is also employing several thousand workers in its work of ship reconversion. Extensive ship-repair work is carried on by the Alabama Dry Dock and Shipbuilding Company, and other contractors are using part of its facilities for dismantling ships, but, of course, those operations are very much smaller than war operations.

Except for these firms the large wartime yards in the District are idle. Consequently, even though shipyard activity has been greater since the war than many people expected it to be, only about 23,000 workers were being employed in 1947,

a figure in acute contrast to the 190,000 wartime labor force. The extent of future activity is uncertain and is dependent on Government policies for the Merchant Marine as well as on world-wide trade conditions.

Equally dependent on Government policy and world conditions is the future of the synthetic-rubber plants, which so far have continued in operation. Postwar employment at these plants is slightly below the war level. The District's chemical plants, however, have a brighter outlook.

The postwar market for chemical products has been sufficient to enable not only a continued operation of the enlarged prewar-plant facilities but a utilization of most of the war-constructed plants. Evidently the managements of these firms have confidence in the future of their industry in the District, because they have purchased most of the plants they operated during the war.

Among the Tennessee chemical firms buying plants are the Hayden Chemical Company, which bought the Southern Acid and Sulphur plant at Memphis, and the Quaker Oats Chemical Company, which bought the Memphis plant it was operating. The Tennessee Products Corporation has purchased the plant it operated at Chattanooga, and the Tennessee Copper Company has leased the sulphuric-acid plant at the Alabama Ordnance Works at Sylacauga and bought the plant it operated at Copperhill, Tennessee. Rohm and Haas Company, which was organized in 1942, has purchased the Knoxville plant it operated during the war, and the National Carbon Company has leased the Columbia plant, where it is continuing to manufacture carbon electrodes.

In Louisiana, the National Cylinder Gas Company at New Orleans bought the equipment installed at its plant during the war, and the National Distillers Products Corporation bought the plant operated at that time by the Gulf Distilling Corporation. One of the largest plants in the state, at Monroe, has been purchased by the Commercial Solvents Corporation. The company, it is reported, is planning a considerable expansion. The Mathieson Alkali Works, Incorporated, has leased the plant for the manufacture of ammonia at Lockport for a 10-year period. A part of the plant operated by that company at Lake Charles has been sold to the Gulf States Utilities Company, and another part has been leased to the Southern Alkali Corporation for 20 years.

Postwar operations of the District's light-metal plants also appear to be promising. The Permanente Metals Corporation is operating the alumina plant at Baton Rouge. It is planning to construct a dock on the Mississippi River that will accommodate ocean-going freighters delivering bauxite from South America and thus eliminate a 100-mile railway haul. The Reynolds Alloys Company has bought the plant at Listerhill, Alabama, where it is producing aluminum-alloy sheets, rods, and bars. Another plant turning out alumina during the war, however, has been sold to the Ideal Cement Company and will be used for the manufacture of a million barrels of oyster-shell cement each year. All together, the plants in the non-ferrous-metals field were employing approximately 4,000 people in 1947, against 8,000 during the war and 1,500 before it.

Another of the brighter spots in the reconversion picture has been the utilization of the District's rubber-product factories. Such established plants as the Armstrong Tire and Rubber Company at Natchez, Mississippi, and the B. F. Goodrich Plant at Clarksville, Tennessee, are, of course, continuing operation. A large sum of public funds was used in the construction of most such facilities as the Goodyear Tire and

Rubber Company's plant at Gadsden, Alabama, which is continuing operation at about its wartime level of employment. The Goodyear Decatur Mills that were constructed to produce rayon yarn and tire fabrics have been sold to the Goodyear Tire and Rubber Company and are being operated by it. The Firestone Plant at Memphis is manufacturing tires and other rubber products, and the Robbins Tire and Rubber Company has purchased one of the smaller plants that was operated by it at Tusculumbia, Alabama. One of several plants that were not completed by the end of the war, a plant at Tuscaloosa, Alabama, was purchased by the B. F. Goodrich Company, which finished the construction. This plant, it is reported, will employ about 750 people. So far in 1947 the rubber-manufacturing plants have employed a total of 6,500 people, most of which represents a net gain to the District's manufacturing activity.

Limited Postwar Markets

It was, of course, those plants manufacturing products which lost their market almost entirely at the war's end that posed the greatest reconversion problem. They could only be used to manufacture entirely different products. In addition to representing more than half the total cost of the new manufacturing facilities, such plants employed the greater part of those manufacturing workers added at the war plants.

Although they manufactured diverse products, they had several features in common. Most of them were financed entirely with public funds. They included the plants that were characterized by large size and location in small communities. Many of them were operated during the war by newly organized companies. Almost none had a postwar market for its wartime products. Consequently, most of them have contributed nothing as yet to postwar industrial growth in the District. Some of them, however, have potentialities that promise to aid a greater industrial development.

War Assets Administration

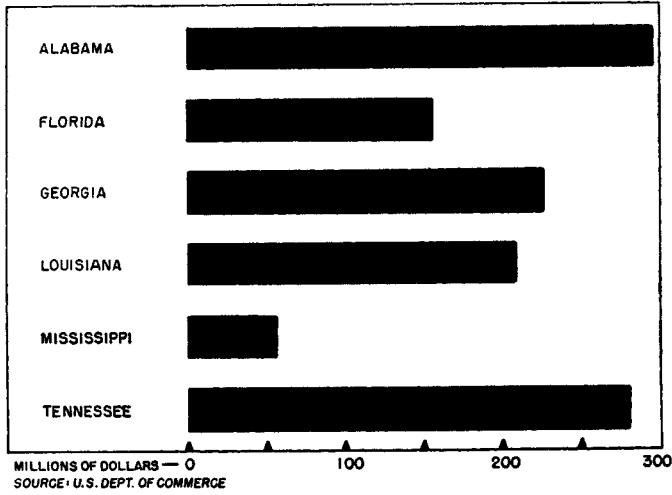
A successful solution to the problem of finding a use for the war-manufacturing plants of that nature involves at least two main types of activity. First of all a disposal organization must be set up. In the second place, a use that is profitable must be found for each of them. It was to meet the first requirement that the War Assets Administration was organized, and, since customers cannot be secured for war surplus that seemingly has no profitable uses, the agency has necessarily become involved in the second type of problem.

The War Assets Administration was created in February 1946 to take over the disposition of surplus war material and facilities from the War Assets Corporation, the Reconstruction Finance Corporation subsidiary that had previously been charged with the work. The WAA's task, which begins only after a property has been declared surplus, includes the disposal not only of industrial establishments but of military installations and other nonindustrial facilities.

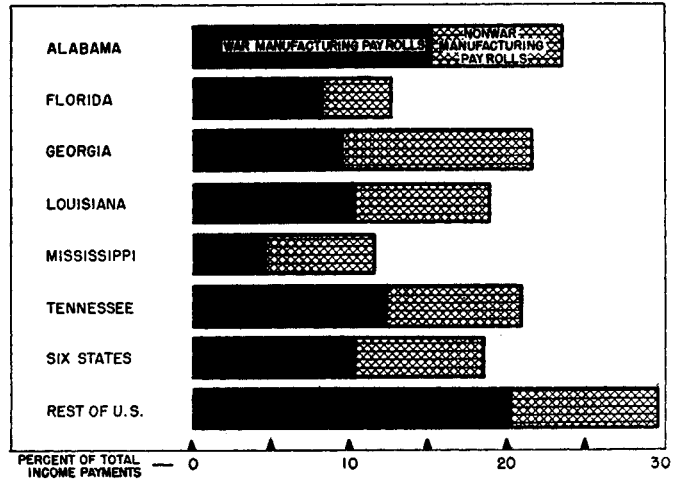
Under the present organization the Sixth District states form part of two zones with main offices in Atlanta and Dallas. The Atlanta zone includes Alabama, Florida, Georgia, and Tennessee, and the Dallas office serves Louisiana and Mississippi. In addition, regional offices are maintained in Birmingham, Jacksonville, Nashville, and New Orleans. The work is organized into two branches, real property and general property. It is the real-property branch that must dispose of the industrial facilities. These plants, however, compose only a part of its problem. The inventory of zone 2, which is

POSTWAR USE OF SIXTH DISTRICT WAR PLANTS

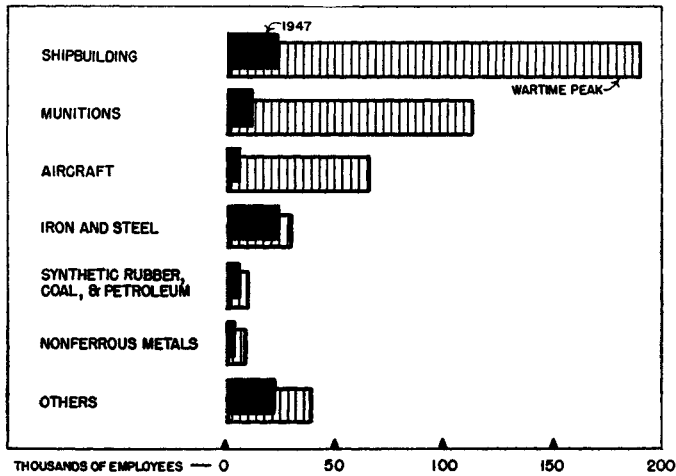
1. WAR MANUFACTURING pay rolls at all Sixth District plants in 1944 totaled 1,255 million dollars.



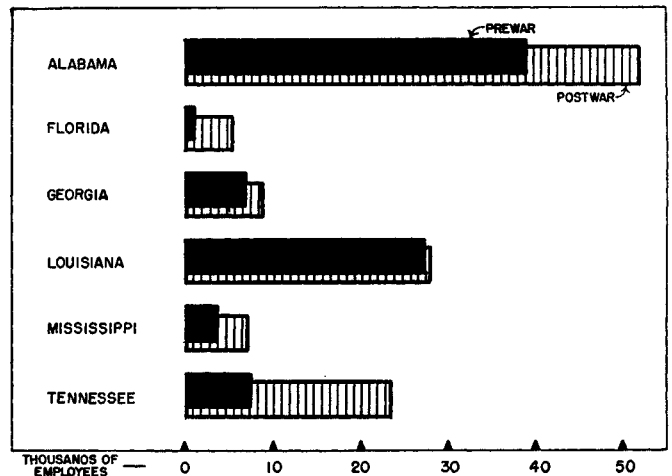
2. IN THE SIX STATES, however, such pay rolls made up a smaller part of total income payments than they did in the rest of the nation.



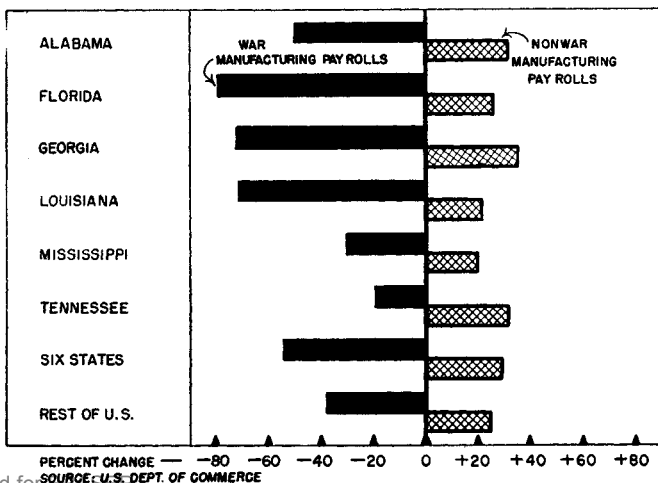
3. THE ENDING of war orders resulted in sharp declines in employment at the chief wartime employers' plants that were built or expanded with public funds.



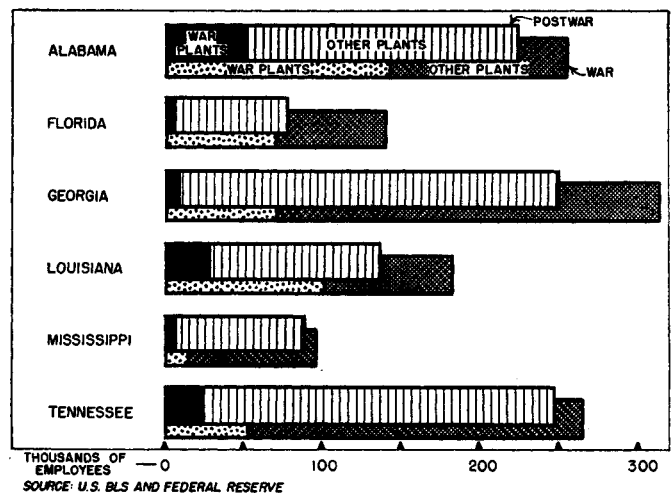
4. BUT EMPLOYMENT at the new and expanded plants exceeds prewar employment at the expanded plants by 38,000.



5. PAY ROLLS at District war manufacturing plants, because of the unbalanced character of wartime expansion, fell more from 1944 to 1946 than did pay rolls at such plants elsewhere but nonwar manufacturing pay rolls expanded more rapidly.



6. EMPLOYMENT at those manufacturing plants expanded or built with public funds constituted 36 percent of all manufacturing employment in the District states in 1943 and amounted to but 12 percent in 1947.



served by the Atlanta office and includes North and South Carolina as well as four of the District states, had an inventory on August 1 of real property costing 248 million dollars. Of this total, 111 million dollars represented nonindustrial properties, 79 million dollars industrial properties, and 59 million dollars airports.

In any terms the work of the WAA is big business. Disposals of all three types in zone 2 during July amounted to 42 million dollars, and the goal set for August was 80 million. The physical handling and care of millions of items is an enormous task. Items ranging from tiny screws to huge machine tools and cranes are the agency's responsibility. Sometimes the machinery and other equipment have had to be moved from the original installation, making it necessary for the War Assets Administration to set up warehouses. Its job is further complicated by many conflicting provisions of the law with which the WAA must comply in disposing of property. The 20 provisions specify, among other things, that certain classes of buyers, such as Government agencies and the wartime operators be given purchase priorities. The law states that the plants must be disposed of in order to foster competition. The present administrator of the WAA has charged his personnel with the task of measuring how well they have balanced these provisions by the ultimate effect the work has on the public good.

It is difficult to measure in dollar terms the progress that the WAA has made in disposing of the equipment in plant structures that have been declared surplus. Sometimes plants have been sold with their equipment, and at other times they have been sold after its removal. Sales of equipment may include that coming from several sources and from nonmanufacturing establishments. Some of the plants have been sold, others have been leased. In general, it is believed that the recovery value of the industrial properties sold in the Southeast has ranged from 18 to 22 percent of the original cost. In its appraisals, the WAA must take into consideration the specified character of many of the plants and the rapid economic depreciation. The industrial facilities so far sold by the WAA in the Atlanta zone had an estimated inventory value of 500 million dollars.

The agency has tried to accommodate its operations to individual cases. It has sought to interest not only local communities but national concerns and, therefore, has advertised extensively in national publications. One of its chief tasks is to interest local groups in acquiring properties for operation as manufacturing establishments rather than for speculative purposes. Interest in the operating prospects of properties has more often come from large firms outside the area that were interested in entering the District. Although a lack of local capital may be a hindrance to local interest, according to current arrangements the buyer of property may pay 20 percent down and sign a mortgage for the balance, which will be amortized over a period of years.

New Products

Whether or not private businesses can profitably use the war-created manufacturing facilities is, of course, decided by the businessmen themselves. In several instances private enterprise with little or no assistance from any particular Government agency or civic group has recognized the possibility of using a District war plant for a purpose other than that originally intended.

Occasionally it was the wartime operator of the plant that

recognized the opportunities, but such instances have been relatively rare when postwar operations involved the manufacture of products quite different from those produced during the war. One such exception is found in the Consolidated Vultee Aircraft Corporation's Nashville plant. Early in 1946 the company began retooling the plant for the production of light farm implements, gas and electric ranges, frozen-food cabinets, and city transit busses. Although employing fewer people than it did during the war, the company numbers its present employees in the thousands.

A more recent example of a private company's recognition that a war plant could be profitably used for making products very different from its wartime output is represented by the sale of the detinning plant at Birmingham to the American Rockwool Company. The plant had ceased operations when its task of recovering tin oxide from the cans and tubes saved by housewives and other people during the war had been completed. The new owners will manufacture rockwool insulation from Alabama slag and coke. They will spend more on improvements than they paid for the plant. Ultimately they will employ about 325 people, almost three times the number working at the plant during the war.

Other instances include the C. B. Ragland Company's purchase of the partly constructed Goodyear Plant at Bordeaux, Tennessee, in July. This company will use the plant as a warehouse and as a food-processing facility. The American Rubber Corporation, a subsidiary of the Florida Rubber Company, has found a use for one line at the Redstone Ordnance Plant in Huntsville, Alabama, which it has leased. It has begun the manufacture of rubber sponge and will later make rubber floor covering in the plant. The McEvoy Shipbuilding Corporation site at Savannah has been bought by the Southern Paperboard Corporation. The Gadsden Ordnance Plant operated by the Lansdowne Steel and Iron Company has been leased by the Allis-Chalmers Corporation for the manufacture of farm implements especially suited for Southern farms. The citizens of Gadsden celebrated the transfer of the plant to its lessees on August 19 by a special program. The company plans to eventually employ 2,500 people there.

Local Civic Enterprise

Either the task has been too great or private enterprise has been unaware of the opportunities, for much of the initiative in determining new uses for the large plants has come from local civic groups. One of the chief problems that confront any group trying to interest businesses in the use of specialized war plants is that, because of their large size, the plants can ordinarily be used by only the very largest corporations. Partial solutions have been found in multiple tenancy, or a splitting up of the properties into sections of a size that will attract smaller industries. A third method has been for a local-government group to purchase the site with the ultimate plan of subdividing the property or leasing it in parts.

The multiple-tenancy idea has been used at the Bechtel-McCone Aircraft Modification Center at Birmingham. The 14-million-dollar plant was too large to interest any one manufacturer. Several Birmingham men, who were interested in securing a profitable postwar use for the plant, devised the plan of leasing various parts of it to different operators. Early in 1947 it was reported the plan was so successful that 94 percent of the available space had been leased or was under option. The several operators in the plant were employing about a fifth as many workers as the entire plant em-

ployed during the war, but eventually, according to optimistic predictions, the full wartime employment may be reached. The result, however, came only as a product of co-operation between the War Assets Administration, the Birmingham Chamber of Commerce, and many persons and other Government agencies.

Local interest in preserving some of the region's income gains was also behind the plans that were being effected for a utilization of the ordnance plants in Talladega County, Alabama. The Talladega County War Plants Conversion Committee was organized in 1944, through efforts of the Alabama State Chamber of Commerce and other groups and persons, to study the possibilities for the postwar use of the large munitions plants in the area. Surveys and conferences with Government officials and others led the committee to the belief that, besides the site, one of the most valuable assets for postwar use at the Alabama Ordnance plant would be the power plant. At the same time the committee was aware of the long-cherished ambition of Southern newspapermen to see a newsprint plant set up in the South. The area surrounding the plants the Talladega committee was interested in preserving was one of the few remaining areas considered capable of supplying pulpwood in sufficient quantities.

The Coosa River Newsprint Company was, therefore, established in March 1946 to explore the possibilities of developing such a plant at Childersburg. Two months later the War Department approved a lease for 615 acres of the land and facilities for five years, automatically renewable for seven

successive five-year periods. According to a recent announcement, the company is purchasing 230,000 acres of timberland and has made an agreement with the Kimberly-Clark Corporation of Wisconsin for the erection and operation of a plant capable of producing 100,000 tons a year and employing 1,500 persons.

From the Talladega County War Plants Committee also grew the Coosa Valley Development Corporation. Using funds furnished by several hundred local stockholders, the corporation bought the Brecon Loading Company plant near Talladega from the War Assets Administration to be divided into units for various types of companies. It has sold parts of the plant to Goodall-Sanford, Inc., the Southeastern Wood Products Company, Inc., the Stretch-Tex Corporation, and the Quality Laundry. The 1,000 workers at the Goodall plant will produce men's tropical suits.

Initiative has come in other ways from local government bodies. The Hookers Point, Tampa, shipyard property that was operated during the war by the McCloskey Company in the production of concrete ships has been purchased by the City of Tampa. According to announcements made in May, the city will lease the property, in parts, to such firms as lumber-impregnating, steel-fabrication, oil-terminal, and small-vessel-building companies and other concerns, each of which would employ from fifty to several hundred people.

After a series of negotiations, the shipyard facilities at Georgia's two port cities have been acquired by public bodies. The Brunswick Port Authority has bought for \$500,000 the

POSTWAR OPERATIONS

War Manufacturing Plants Financed with Public Funds*

Sixth District States 1940 - 45

WAR PRODUCT**	NO. OF PLANTS OPERATING						EMPLOYMENT 1947***							
	War Period			Postwar			EXPANDED PLANTS			NEW PLANTS		ALL PLANTS		
	Ex-panded	New	Total	Ex-panded	New	Total	Workers (Thousands)	Percent Change from		Workers (Thousands)	Percent Change from Wartime Peak	Workers (Thousands)	Percent Change from	
								Prewar	Wartime Peak				Prewar	Wartime Peak
Aircraft and parts..	2	10	12	2	5	7	****	****	****	****	****	5.6	****	- 91
Ships and ship-repair work.....	13	12	25	13	4	17	20.7	+ 37.0	- 75.7	2.2	- 97.9	23.0	+ 51.8	- 88
Guns, ammunition, and explosives..	44	22	66	43	7	50	18.0	- 43.5	- 45.2	3.0	- 96.2	21.0	+ 11.8	- 81
Iron and steel.....	4	—	4	4	—	4	23.5	+ 2.6	- 17.4	—	—	23.5	+ 2.6	- 17
Nonferrous metals and products...	5	3	8	5	3	8	1.2	- 25.9	- 58.8	2.9	- 46.8	4.0	+155.4	- 51
Machine tools, machinery and electric equipment...	4	—	4	4	—	4	3.0	+ 33.8	- 20.6	—	—	3.0	+ 33.8	- 21
Chemicals.....	9	10	19	8	10	18	1.4	+105.7	- 32.0	4.4	- 38.0	5.8	+736.5	- 37
Coal, petroleum products, synthetic rubber....	5	3	8	5	2	7	****	****	****	****	****	21.5	+ 14.2	- 7
Others.....	22	17	39	19	9	28	7.1	+ 29.7	- 33.6	10.6	- 19.0	17.7	+223.8	- 26
ALL TYPES.....	108	77	185	103	40	143	95.7	+ 11.5	- 50.8	29.5	- 89.3	125.1	+ 45.9	- 73

*The tabulation excludes plants where authorized expenditures were less than \$25,000, atomic-energy developments, and plants financed entirely with private funds.

**Prewar and postwar products of some companies may differ from these.

***Employment data for most plants are for the first quarter of 1947.

****Data withheld to prevent disclosure of individual plant operations.

430-acre J. A. Jones Shipyards, which originally cost more than seven million dollars. To help pay for the property, revenue certificates were offered the people of Brunswick. The port authority proposes to develop the site for use by industries that it hopes to attract to Brunswick. In Savannah, the property of the Southeastern Shipbuilding Corporation has been purchased by the Savannah Port Authority under a similar arrangement.

Other properties taken over by governmental bodies include the Consolidated Vultee Aircraft Corporation plant at Miami, which is now owned by the Dade Port Authority; the Gulf Ordnance Plant at Aberdeen, Mississippi, now operated by the State as a trade school; and the Mississippi Ordnance Plant, which was never operated during the war and has now been partly sold to the City of Flora. The Board of Commissioners of the Port of New Orleans is now negotiating for the purchase of the plant and site of the Higgins Michaud Plant. Arrangements for long-term leases to tenants are contemplated.

An example of multiple use by means of private capital is provided by the St. Johns River Shipbuilding Company plant at Jacksonville. Closed in 1945 after having launched 82 liberty ships and several tankers, this plant, including the land, was purchased from the Maritime Commission by the Tampa Shipbuilding Company. The land and buildings were later resold to a group of capitalists and used by several small manufacturing and warehousing concerns. It was announced in August that the property had again been transferred, this time to a newly organized corporation, the Duval Terminal Company. The last company will continue to lease it to various concerns and will possibly erect additional structures.

Remaining Disposal Problems

Among the chief industrial plants listed by the WAA as yet to be disposed of is the Wainwright Shipyard at Panama City. The property was nationally advertised for sale on September 18. It has been split up into 14 units, to be sold singly or in blocks. The War Assets Administration believes the location is particularly advantageous for the manufacture of furniture, plywood, boxes and containers, cotton garments, and truck bodies and for warehouse and export-import operations.

The Jacksonville Oil Terminal is also ready to be disposed of. This property, which has a 3,000-foot water front, could be converted, it is believed, to the manufacture of fertilizer or phosphate. Arrangements are being made to sell the Alabama Dry Dock and Shipbuilding Plant at Mobile in the very near future. Prospective buyers have expressed interest in the McDonnell Aircraft Plant at Memphis. Others declared surplus and yet to be disposed of are the Wolf Creek Ordnance Plant and the Chickasaw Ordnance Works, both in Tennessee, and the Michaud Shipbuilding Plant at New Orleans. In August it was expected that the Huntsville Ordnance plant would soon be declared surplus. In addition, there are numerous military installations which present industrial possibilities.

As the various properties are declared surplus the disposal problem of the Administration grows. In July, for example, more than five and a half million dollars worth, on the basis of cost value, were acquired. More properties are expected to be declared surplus in the near future.

The War Department announced in August its intention of keeping in readiness for specialized production 60 industrial plants over the country that are completely Government

owned and are valued at 2.3 billion dollars. Undoubtedly some of the District war plants that have not yet been declared surplus will be included in the program. There is also a possibility that if the War Department obtains congressional approval of its plan to purchase or lease from the WAA 71 other industrial plants, to be taken over on 120 days' notice if necessary, additional surplus plants in the District may be kept as stand-by facilities for industrial mobilization.

In the Sixth District states the principal war plants that are owned by the Army and have not been declared surplus employed 42,000 people during their period of peak operation. Though the retention of some of them in a stand-by capacity has been announced, final disposition of the others has apparently not been decided. Included is the plant operated by the Bell Aircraft Corporation at Marietta, which has been retained for use by the United States Army Air Materiel Command. The Redstone Ordnance Plant of Huntsville is also included, along with the Holston Ordnance Works at Kingsport, Tennessee, the Volunteer Ordnance Works at Chattanooga, and the Louisiana Ordnance Works at Minden. So far the Navy has retained its ordnance plants at Macon and Milledgeville, Georgia, but it has been announced that the latter will be leased.

Those plants kept for national-defense purposes do not represent a complete loss of industrial employment opportunities. Parts of them have already been leased, and other parts may be leased in the future. At these plants, total employment, including the people employed by the lessees, is now almost a seventh of the wartime employment.

Implications

The extent of the final impact that the war-built industrial plants have had, and will have, on the District's economy will not be clear for many years. But the experience of converting war plants to peacetime use has already provided lessons in the promotion of Southern industrialization. One of them is that the wartime developments were not sufficient to overcome the influence of the basic economic factors that guide industrial location and expansion.

Efforts at reconversion have met with success where there have been favorable markets and the management has been of a type to take advantage of those markets or where the management has been of a type to utilize any cost advantages that already-built facilities might offer. For the most part industries that have expanded since the war have been those for which the region held comparative peacetime advantages. The wartime plant facilities merely gave impetus to a latent development.

Reconversion experience has also demonstrated the continuing necessity for community action. That wartime manufacturing plants were already built and equipped did not automatically provide for their peacetime use. Conversion to other uses has required much the same sort of tactics required for the establishment of entirely new manufacturing plants in a community. Although private business must make the ultimate decision to use a manufacturing facility built during the war, community action can create the right environment for that decision. A conversion of the large specialized plants to peacetime production is the problem still facing many communities. Transferral of the plants to local groups is only one step. To derive the full potentialities requires the energy needed to effect any type of new industrialization.

Still another lesson can be learned. Many small businesses

can constitute a more stable economic support in some instances than a few large ones could. If the proper arrangements can be made they may offer more hope for a utilization of large specialized war plants. Employment has continued high at the many small plants in the District that expanded their facilities with the aid of public funds during the war. At certainly no less than 10 of them postwar employment exceeds wartime employment.

The ability of Southerners to produce the goods needed during the war has undoubtedly influenced the expansion in manufacturing that, since the war, has taken place entirely outside the war plants. Additional employment at other than war plants probably exceeds the net gain in employment at the war plants, but the ability to produce that was demonstrated in war-goods manufacture probably was a benefit of wartime industrialization.

In value, the intangible benefits of that experience may exceed the physical assets it brought. The wartime experience showed many Southern communities that industrialization was possible. It demonstrated the advantages of industrialization at the same time it demonstrated ways to overcome the disadvantages. It demonstrated the need for civic improvements, better government, and better schools. It demonstrated the abilities of Southern labor and management. After the war was over, it led to vigorous community action aimed at retaining those benefits. That action may eventually enable the population of the Sixth District states to achieve the standard of living that is possible with a full utilization of their resources.

CHARLES T. TAYLOR

Part I of the article *Sixth District War Plants*, which is concluded in this issue, appeared in the August Monthly Review.

Bank Announcements

The Troy Bank and Trust Company, Troy, Alabama, began remitting at par effective September 1. This bank has total capital accounts of \$429,000 and deposits of four million dollars. The officers are Lane Enzor, president; L. C. Powell, vice president; Corley Chapman, cashier; and D. M. Powell and L. D. Rose, assistant cashiers. The Troy Bank and Trust Company does a general banking business in Southeast Alabama and has a trust department with assets of about \$3,250,000.

The Citizens Union Bank of Rogersville, Tennessee, on September 10 opened a new branch at Bulls Gap, Tennessee. This branch began remitting at par on its opening day. The manager of the new branch is Ray W. Pearson, and Miss Imogene Barker will assist him in operating the branch. Frank L. Gardner is the president of the Citizens Union Bank. It has a total capital structure of more than \$400,000 and deposits of almost 8.5 million dollars.

Sixth District Indexes

	DEPARTMENT STORE SALES*					
	Adjusted**			Unadjusted		
	Aug. 1947	July 1947	Aug. 1946	Aug. 1947	July 1947	Aug. 1946
DISTRICT.....	352	336	365	309	269	321
Atlanta.....	397	394	412	389	315	404
Baton Rouge.....	364	368	363	328	609	327
Birmingham.....	365	303	370	322	260	325
Chattanooga.....	329	302	397	293	251	353
Jackson.....	314	302	360	289	241	331
Jacksonville.....	419	405	444	378	336	391
Knoxville.....	303	291	361	278	242	332
Macon.....	330	278	356	274	217	296
Miami.....	420	363	381	281	257	255
Montgomery.....	342	326	358	305	264	319
Nashville.....	394	387	459	355	310	413
New Orleans.....	306	305	304	267	244	264
Tampa.....	465	441	433	405	366	376

	DEPARTMENT STORE STOCKS					
	Adjusted**			Unadjusted		
	Aug. 1947	July 1947	Aug. 1946	Aug. 1947	July 1947	Aug. 1946
DISTRICT.....	273	270	271	295	278	292
Atlanta.....	413	369	430	403	357	419
Birmingham.....	224	234	214	225	212	215
Montgomery.....	294	383	324	291	306	321
Nashville.....	444	496	464	444	429	464
New Orleans.....	281	288	252	264	264	236

	GASOLINE TAX COLLECTIONS***					
	Adjusted**			Unadjusted		
	Aug. 1947	July 1947	Aug. 1946	Aug. 1947	July 1947	Aug. 1946
SIX STATES.....	181	173	160	179	170	158
Alabama.....	187	178	170	189	174	172
Florida.....	165	166	145	160	154	140
Georgia.....	171	165	155	174	160	158
Louisiana.....	168	157	149	170	154	151
Mississippi.....	193	188	169	199	183	174
Tennessee.....	196	202	167	198	204	169

	COTTON CONSUMPTION*			ELECTRIC POWER PRODUCTION*			
	Aug. 1947	July 1947	Aug. 1946	July 1947	June 1947	July 1946	
TOTAL.....	134	126	162	SIX STATES.....	276	284	260
Alabama.....	135	137	171	Hydro-generated..	201	226	273
Georgia.....	136	120	161	Fuel-generated..	376	359	244
Tennessee.....	124	117	129				

Place	MANUFACTURING EMPLOYMENT***			CONSTRUCTION CONTRACTS			
	July 1947	June 1947	July 1946	July 1947	June 1947	July 1946	
SIX STATES.....	140	141r	137	DISTRICT.....	343	332	423
Alabama.....	148	154r	144	Residential.....	461	414	542
Florida.....	111	113	108	Other.....	286	293	365
Georgia.....	128	130	133	Alabama.....	324	434	416
Louisiana.....	142	140	134	Florida.....	487	372	398
Mississippi.....	152	155r	144	Georgia.....	345	243	719
Tennessee.....	151	151r	148	Louisiana.....	301	255	246
				Mississippi.....	236	156	237
				Tennessee.....	259	471	370

Item	CONSUMERS' PRICE INDEX			ANNUAL RATE OF TURNOVER OF DEMAND DEPOSITS			
	July 1947	June 1947	July 1946	Aug. 1947	July 1947	Aug. 1946	
ALL ITEMS..	164	162	144	Unadjusted..	16.2	17.2	15.4
Food.....	202	199	170	Adjusted**....	18.5	18.2	17.5
Clothing....	182	182	154	Index**.....	74.8	70.5	67.5
Rent.....	n.a.	n.a.	115	CRUDE PETROLEUM PRODUCTION IN COASTAL LOUISIANA AND MISSISSIPPI*			
Fuel, elec., and ice..	130	122	113		Aug. 1947	July 1947	Aug. 1946
Home furnishings.	177	177	154	Unadjusted..	256	251	229
Misc.....	143	143	133	Adjusted**....	256	251	229
Purchasing power of dollar....	61	62	69				
*Daily average basis				r Revised			
**Adjusted for seasonal variation				n.a. Not available			
***1939 monthly average=100; other indexes, 1935-39=100							

District Business Conditions

Trade and Consumer Income

SEPTEMBER was, unless conditions changed during the last two weeks, the fourth successive month that sales at Sixth District department stores were lower than they were in the corresponding month of 1946. For the two weeks ended the 17th they were down 5 percent from the level of the corresponding period last year. August department-store sales, after being adjusted for seasonal changes, however, showed a slight increase over July sales. The seasonally adjusted index of daily average sales for the month was 351 percent of the 1935-39 average, against 336 for July and against 365 for August 1946.

Because department stores sell a wide variety of goods, the changes in their sales ordinarily indicate how much consumers are spending in general. Such changes do not, however, fully reflect the course of retail trade during a period like the present one. Compared with last year greater proportions of consumers' expenditures are now going for such durable goods as automobiles, building materials, and home furnishings, which either are not sold in department stores or are sold there in limited quantities, and expenditures at food stores now make up a greater part of the amount spent for nondurable goods.

At Sixth District department stores in 1946, sales of women's and misses' clothes amounted to 37 percent of total sales. These sales and those of other departments specializing in the so-called soft goods amounted to 68 percent. It is in the soft-goods lines, especially in women's apparel, that retail buying has declined in recent months. All together the sales of such departments for the first seven months of 1947 totaled approximately the dollar amount that they did in the corresponding period of 1946. In the hard-goods lines, however, department-store sales expanded during the period 11 percent. Greater dollar sales of household appliances and other home furnishings explain this increase.

But in recent months though sales of home furnishings, including household appliances, have been greater than they were in the corresponding months of the preceding year, their gains have been lower. Despite a 14-percent increase for the first seven months of 1947 over the first seven months of 1946. Sixth District department stores in July, for example, sold home furnishings, including household appliances and radios, only 5 percent greater in dollar value than the goods they sold during July 1946. In household appliances the department stores still maintain a substantial gain over their preceding year's sales.

The reports received from other types of Sixth District retailers reflect similar changes. At the reporting furniture stores, sales from January through June were higher than they were during the corresponding months in 1946. These stores sold 3 percent less this July, however, than they did in July 1946 and 3 percent less during August than they did in August a year ago. At the reporting household appliance stores, however, sales remained above the preceding year's figure, amounting in August to 53 percent more.

This greater buying of durable goods by consumers partly explains the expanded accounts receivable of retailers. At the department stores, instalment accounts were 73 percent greater this August than they were last August. In the same

period furniture-store accounts receivable expanded 34 percent and the accounts of household-appliance stores 85 percent. This tendency toward greater credit buying had become apparent in 1946. It was one of the things that explained how consumer expenditures throughout the United States could increase more than personal incomes did.

With the release of income-payment estimates by the United States Department of Commerce it became evident that this greater increase in consumer expenditures occurred in the Sixth District states. For these states as a group, personal income increased only 1.5 percent in 1946. All evidence points to a greater rate of increase in District consumer expenditures during that year. Declines of about 2 percent each in Florida and Mississippi and 0.2 in Louisiana were more than offset by gains of 2.5 percent for Alabama, 5 percent for Georgia, and 3.8 percent for Tennessee.

Although the increase in total income payments for the District states from 1940 through 1946 was 161 percent while that for the Southeast was 159 percent and that for the entire United States 123 percent, the rate of gain during 1946 was less than the rate of increase for either the Southeast or for the country as a whole. The Southeastern increase was 5 percent, and the National increase 9.1 percent.

	Total Income Payments						
	Millions of Dollars					Percent Change	
	1940	1943	1944	1945	1946	1940-46	1945-46
Alabama	763	1,780	1,943	2,021	2,073	+172	+2.5
Florida	900	2,105	2,369	2,420	2,372	+164	-2.0
Georgia	986	2,143	2,373	2,445	2,567	+160	+5.0
Louisiana	847	1,874	2,001	1,986	1,982	+134	-0.2
Mississippi	444	1,084	1,188	1,205	1,182	+166	-1.9
Tennessee	927	1,983	2,276	2,443	2,535	+173	+3.8
Six States	4,867	10,969	12,150	12,520	12,711	+161	+1.5
Southeast	9,043	17,433	21,476	22,267	23,395	+159	+5.0
United States	75,852	140,021	151,217	155,201	169,373	+123	+9.1

Finance

The morning after Labor Day a period of intense activity began for the commercial banks, which were called on to redeem a large part of the leave bonds held by more than 700,000 of the veterans living in the Sixth Federal Reserve District. By September 19 approximately 450,000 veterans had presented their bonds and received in return about 90 million dollars.

The first effect was to increase the commercial banks' currency needs. During the week ended September 3 the net note circulation of the Federal Reserve Bank of Atlanta increased to 1,407 million dollars, a gain of 41 million dollars for the week. During the week following, it expanded further, to a total of 1,410 million dollars. After the first rush, there was a decline of approximately 10 million dollars during the week ended September 17. Although net circulation was lower in those weeks than it was during any week in January of this year or at any time during 1946, the weekly increase was by far the greatest in a number of years.

The bond redemptions coincided with the customary yearly increase in the demand for currency. Consequently, despite the spending that inevitably followed the redemptions and the resulting return of the currency to the banks, the net

circulation of Federal Reserve notes on September 19 failed to decrease anywhere near the amount outstanding before the redemptions began. It, however, was approximately 31 million dollars less than it was on the corresponding date in 1946.

As the member banks received payments for the redeemed bonds from the Treasury, through the Federal Reserve Bank as fiscal agent for the United States, their reserve accounts were credited with a consequent increase in reserves, amounting to 22 million dollars for the week ended September 10. Also reflecting these transactions was the increase of 32 million dollars in the deposits made by correspondent banks at the weekly reporting member banks during the same week.

The use to which the proceeds of the bonds were put can, of course, only be conjectured. There is certainly no sign that a sufficient amount is being spent in the department stores to bring their sales up to last year's level. The increase in demand deposits adjusted at the reporting banks during the week ended September 10, 1947, might be the result of deposits made either by the veterans themselves or by other people to whom they had paid the proceeds. There is some evidence that the proceeds may have been used in making down payments on consumer durable goods, especially automobiles. Obligations from such purchases may partly explain the four-million-dollar increase in consumer loans at the weekly reporting banks for the week ended September 17.

The increased lending activity which has characterized the reporting member banks' operations since July has continued in September. Beginning with the week ended July 23 total loans have expanded weekly, bringing them at the end of two months, on September 17, to an amount 44 million dollars greater than they were at the beginning of the period. A growth in commercial and industrial loans accounts for about 75 percent of the total increase, with the expansion in consumer and real-estate-loans making up most of the remainder. The reporting banks' investments during the same period increased about 10 million dollars.

An opportunity to exchange United States 7/8-percent certificates of indebtedness maturing on October 1, 1947, for one-percent certificates maturing on October 1, 1948, was given the banks in September. Of those certificates held in the District almost all are owned by banks, mainly Federal reserve member banks.

The Treasury also announced an offering in September of a new type of 2½ percent Treasury bond, investment series A-1965, to bear interest from October 1, 1947, the issue date, and to mature on October 1, 1965. These bonds are designed principally to attract investors other than commercial banks, such as insurance companies, savings-and-loan associations, pension funds, endowment funds, and savings banks. Subscriptions by commercial and industrial banks will be allowed only when the banks hold savings deposits of, or issue time certificates of deposit to, individuals or nonprofit organizations. An eligible commercial bank is permitted to subscribe in an amount up through 25 percent of its savings-deposit increase between December 31, 1946, and June 30, 1947, or \$25,000, whichever is greater. Subscriptions by other eligible organizations are limited to 25 percent of their increases in net assets between the same dates or \$250,000, whichever is greater. The bonds, which are not transferrable, may be redeemed by the holder six months after issue date.

If current Treasury receipts remain sufficient to cover current Federal expenditures and if the proceeds of the issue

Sixth District Statistics

CONDITION OF 28 MEMBER BANKS IN SELECTED CITIES (In Thousands of Dollars)					
Item	Sept. 24 1947	August 27 1947	Sept. 25 1946	Percent Change Sept. 24, 1947, from	
				Aug. 27 1947	Sept. 25 1946
Loans and investments—					
Total	2,337,084	2,325,687	2,472,114	+ 0	— 5
Loans—total	750,741	729,969	628,560	+ 3	+ 19
Commercial, industrial, and agricultural loans	430,835	416,916	343,305	+ 3	+ 25
Loans to brokers and dealers in securities	7,634	7,502	11,103	+ 2	— 31
Other loans for pur- chasing and carrying securities	80,654	80,594	106,474	+ 0	— 24
Real estate loans	59,518	56,415	45,625	+ 5	+ 30
Loans to banks	5,600	5,400	3,478	+ 4	+ 61
Other loans	166,500	163,142	118,575	+ 2	+ 40
Investments—total	1,586,343	1,595,718	1,834,554	— 1	— 14
U. S. direct obligations	362,589	368,546	626,369	— 2	— 42
Obligations guaranteed by U. S.	1,029,826	1,034,910	1,025,848	— 0	+ 0
Other securities	193,928	192,262	191,337	+ 1	+ 1
Reserve with F. R. Bank	440,088	442,216	433,338	— 0	+ 2
Cash in vault	43,103	43,397	39,677	— 1	+ 9
Balances with domestic banks	172,930	171,183	193,373	+ 1	— 11
Demand deposits adjusted	1,746,634	1,772,777	1,723,791	— 1	+ 1
Time deposits	548,807	546,769	534,749	+ 0	+ 3
U. S. Gov't deposits	36,387	33,556	195,235	+ 8	— 81
Deposits of domestic banks	484,503	461,879	516,094	+ 5	— 6
Borrowings	8,000	4,000	7,300	+100	+ 10

DEBITS TO INDIVIDUAL BANK ACCOUNTS (In Thousands of Dollars)						
Place	No. of Banks Report- ing	Aug. 1947	July 1947	Aug. 1946	Percent Change Aug. 1947 from	
					July 1947	Aug. 1946
ALABAMA						
Anniston	3	17,283	17,273	20,684	+ 0	— 16
Birmingham	6	267,880	269,722	252,338	— 1	+ 6
Dothan	2	9,970	8,840	9,533	+ 13	+ 5
Gadsden	3	14,765	15,216	13,890	+ 3	+ 6
Mobile	4	116,319	125,213	93,603	— 7	+ 24
Montgomery	3	63,987	61,750	59,499	+ 4	+ 8
FLORIDA						
Jacksonville	3	228,083	223,020	213,253	+ 2	+ 7
Miami	7	180,592	195,464	169,718	— 8	+ 6
Greater Miami*	12	243,491	263,188	230,155	— 7	+ 6
Orlando	3	35,729	38,523	39,490	— 7	— 10
Pensacola	3	30,526	30,121	29,056	+ 1	+ 5
St. Petersburg	3	38,587	42,496	38,343	— 9	+ 1
Tampa	3	89,887	93,689	86,779	— 4	+ 4
GEORGIA						
Albany	2	13,261	13,426	11,900	— 1	+ 11
Atlanta	4	655,694	703,565	657,587	— 7	— 0
Augusta	3	43,956	48,092	44,584	— 9	— 1
Brunswick	2	7,733	8,308	8,117	— 7	— 5
Columbus	4	53,959	53,236	48,759	+ 1	+ 11
Elberton	2	3,211	3,136	3,137	+ 2	+ 2
Gainesville*	3	12,008	11,955	11,442	+ 0	+ 5
Griffin*	2	9,914	9,138	9,294	+ 8	+ 7
Macon	3	59,796	56,894	49,638	+ 5	+ 20
Newnan	2	7,922	8,935	8,010	— 11	— 1
Rome*	3	17,508	17,398	17,203	+ 1	+ 2
Savannah	4	82,287	82,005	74,210	+ 0	+ 11
Valdosta	2	36,008	12,527	23,925	+187	+ 51
LOUISIANA						
Baton Rouge	3	73,038	79,381	61,765	— 8	+ 18
Lake Charles	3	25,764	29,912	23,053	— 1	+ 12
New Orleans	7	551,712	569,891	522,194	— 3	+ 6
MISSISSIPPI						
Hattiesburg	2	14,567	14,524	14,800	+ 0	— 2
Jackson	4	103,485	100,335	91,768	+ 3	+ 13
Meridian	3	24,109	23,181	26,562	+ 4	— 9
Vicksburg	2	18,959	19,458	20,787	— 3	— 9
TENNESSEE						
Chattanooga	4	121,756	126,179	114,157	— 4	+ 7
Knoxville	4	99,043	101,219	97,677	— 2	+ 1
Nashville	6	261,815	265,789	234,305	— 2	+ 12
SIXTH DISTRICT						
32 Cities	109	3,351,683	3,437,320	3,163,121	— 3	+ 6
UNITED STATES						
334 Cities		84,406,000	93,733,000	82,704,000	— 10	+ 2

* Not included in Sixth District total.

and any similar issues are used to retire short-term bank-held debt as it matures, the effect will be to shift ownership of the public debt from the banks to nonbanking investors. Ultimately this process would lead to a reduction in bank deposits and possibly a lessening of inflationary pressures.

C. T. T.

Employment and Industry

Slight increases in July over manufacturing employment for June in Louisiana and Tennessee failed to fully offset the minor declines in the four other District states. The total figure, however, exceeded the July 1946 total 2 percent.

In Tennessee the crops matured late, delaying until July the usual seasonal expansion in food-processing employment. At that time there was a similar gain in the number of construction workers and a slight growth in textile employment. The gains were sufficient to slightly overbalance reductions in employment in the primary-metals industry. Though some industries in the states reporting slight over-all declines added workers, the additions were insufficient to counteract reductions in others. In Georgia, for example, minor drops in the number of workers employed in the textile, food-product, and electrical-machinery industries were offset only slightly by increases of the number in paper, leather, and steel work. The decrease in Alabama's manufacturing employment during July resulted from the shutdown of steel and iron facilities because of the uncertainties in the coal situation during the earlier weeks of the month.

In some cases the type of worker demanded is not the type seeking a job. There are shortages in the professional and skilled classifications, according to the state employment offices, and overages in the semiskilled and unskilled groups. Thus even in prosperous periods there is the problem of finding a job to fit the worker, as well as that of finding a worker to fit the job.

The individual worker may find himself in an area that has no openings in his line of work but has good openings in other lines. In such a circumstance, there are three paths open to him. The least desirable, of course, is that he take a job beneath his ability. If he is young or in a position to make adjustments, he can either get an apprenticeship or a more formal type of training to qualify himself for the sort of work that is available or he can move to an area where there are openings in his line of work. The problem is more acute for those workers who are prevented either by age, property ownership, or responsibilities for dependents from making easy adjustments and quick moves. Workers in one-industry towns are more likely to be in this predicament than are those in areas of diversified industries with demands for numerous skills.

In the Columbus, Georgia, area many of the prospective occupational opportunities call for various textile skills. The majority of the unemployed veterans there, however, are qualified as auto mechanics and truck drivers. The Nashville, Tennessee, employment office reports that job seekers with qualifications sought by employers are not always available in spite of a surplus labor pool in the area. In the city itself there is an inadequate supply of skilled bricklayers, carpenters, plasterers, mechanics, textile workers, and stenographers.

With the reopening of school the supply of labor is expected to change in both composition and size. Many sum-

mer workers and veterans will return to educational institutions. The demand is expected to improve in the fall with the seasonal increase in industrial activity. Other forces, therefore, will work to offset the slight summer decline registered in manufacturing employment in the Six States in July and ease the "full employment" placement difficulties of the state employment services. It is expected that in the immediate future the employment trend will continue at its present level and perhaps rise.

Sixth District construction activity, as indicated by the value of contracts awarded, during the month of July was above that of June but below the peak figure of the year ended in May and considerably below the figure for July 1946. The monthly rise occurred entirely in residential building, with a slight fall taking place in other types of construction. The construction-cost index for Atlanta (1913=100) reached 458 in July, as reported by the American Appraisal Company. A comparison of this index with the January figure signifies that costs in the city have risen approximately 12 percent since the first of the year. Though last year these costs increased more rapidly in Atlanta than they did in either St. Louis or San Francisco, for the first seven months of this year each of these two cities had a rate of increase greater than the Atlanta rate. The same report denotes that nation-wide costs of construction, based on a study of 30 cities, have risen 15 percent during the period.

As indicated by the lumber market the prevailing construction activity entails a heavy demand for construction materials. Southern Pine holds its strong demand in this market while prices maintain their upward trend. Late-summer quotations are reported at substantial advances above those of June in the better grades and finishes. At present less low-grade lumber is being produced. The lumber on the market now is better seasoned and less poorly manufactured than it was during the earlier postwar months. The supply of lower grades is steadily diminishing as the stocks on hand are shipped out. As a result there is a steadily increasing proportion of quality lumber.

L. C.

Agriculture

As retail food prices continue to rise attention is centering on the prices that farmers receive for their products. Farm prices were approximately 26 percent higher in August than they were in June 1946, the last month in which price controls were general. They were, however, only about 11 percent higher than they were in the same month a year ago. Since that time the most striking farm-price rises have been for meat animals and food and feed grains. During the year ended in August 1947 prices rose 19 percent for meat animals, 13 percent for poultry, 21 percent for food grain, and 20 percent for feed grains and hay. Cotton and dairy-product prices showed little or no change. Meat animal and food- and feed-grain prices have continued to rise in September, with price rises recorded for such major commodities as wheat, and corn.

In general, District farm prices have risen less than the nation's farm prices. During the year ended in August farm prices rose 2 percent in Alabama, 5 percent in Georgia, 6 percent in Tennessee, and 16 percent in Louisiana. Average prices received by Florida farmers and growers, on the

other hand, were 17 percent lower in August than they had been a year earlier. In part the relatively small average-price rises for District farm products are attributable to differences between the compositions of total District farm production and national farm production. Last year farmers in the Six States received about 42 percent of their cash farm income from cotton, fruit, and tobacco. In August of this year average prices for these products, in contrast to prices for all other major product groups, were lower than they were last August.

Although District farm prices for grain, truck crops, meat animals, and poultry were higher in August than they were a year earlier, they had not risen as much as the national average prices for these product groups. Grain prices received by the nation's farmers rose about 20 percent, but District grain prices showed only a slight upward trend. Meat-animal prices in Tennessee, Georgia, and Louisiana rose about the same amount that meat-animal prices in general did. Farmers in Alabama and Florida, however, were receiving only about 10 percent more for meat animals than they were in August of last year. Though national average prices for truck crops and vegetables rose 30 percent during the year, prices received by Florida growers rose only 11 percent.

Retail-food prices, of course, are affected by changes in marketing charges as well as by changes in farm-product prices. Based on the 1935-39 average annual purchases of farm food products made by an average family of three, marketing costs increased 27 percent from June 1946 to June 1947. Of the consumer's dollar spent for food this June, about half was absorbed by marketing charges. Though these charges are now higher than they have been at any time since 1920, they are lower relatively than they were in the period of 1935-39, when they accounted for 60 percent of the consumer's food dollar. Almost half the total cost of marketing farm food products is made up of wage costs. Over the years changes in marketing costs have shown a close relationship to changes in hourly earnings of food-marketing employees. In the period June 1946 to June 1947 hourly earnings in food-marketing enterprises rose 12 percent, a rise that undoubtedly accounts for part of the rise in food prices.

Although the national farmer's share of each dollar spent by consumers for all farm-produced food in June 1947 was almost unchanged from what it was a year earlier, significant changes did occur in the prices of some commodities. His share of each dollar the consumer spends for fruits and vegetables, the most important food crops produced in the District, dropped from 43 percent to 38 percent. Of the consumer dollar spent for meat, his share declined from 79 percent to 71 percent.

An assessment of the impact which changes in farm prices and food prices have had on the farmers' economic position requires a consideration of their position as consumers. Last year almost a fifth of their cash outlay for various commodities was made for food. Farmers make about one out of every eight of the nation's food purchases. Since the District farmers produce relatively small quantities of those food products that have risen most in price, the adverse effects of higher food prices on their position as consumers may easily outweigh the advantages of higher prices for their products.

B. R. R.

Sixth District Statistics

INSTALMENT CASH LOANS					
Lender	No. of Lenders Reporting	Volume		Outstandings	
		Percent Change August 1947 from		Percent Change August 1947 from	
		July 1947	August 1946	July 1947	August 1946
Federal credit unions.....	45	- 2	+ 60	+ 4	+ 66
State credit unions.....	26	+ 10	+ 79	+ 8	+ 57
Industrial banking companies.....	11	- 4	- 3	+ 1	+ 24
Industrial loan companies.....	23	- 11	- 5	+ 9	+ 28
Small loan companies.....	54	- 9	+ 0	- 1	+ 18
Commercial banks.....	34	- 11	+ 29	+ 3	+ 71

RETAIL FURNITURE STORE OPERATIONS			
Item	Number of Stores Reporting	Percent Change August 1947 from	
		July 1947	August 1946
Total sales.....	86	+ 16	- 3
Cash sales.....	78	+ 5	- 33
Instalment and other credit sales.....	78	+ 22	+ 6
Accounts receivable, end of month.....	85	+ 4	+ 34
Collections during month.....	85	+ 4	+ 9
Inventories, end of month.....	63	+ 2	- 7

WHOLESALE SALES AND INVENTORIES*					
Items	No. of Firms Reporting	SALES		INVENTORIES	
		Percent Change August 1947 from		Percent Change Aug. 31, 1947, from	
		July 1947	Aug. 1946	July 31 1947	Aug. 31 1946
Automotive supplies.....	3	- 5	- 24	..	..
Shoes.....	3	+ 7	+ 2	..	..
Drugs and sundries.....	8	- 4	0	3	+ 5
Dry Goods.....	8	+ 29	- 1	4	+ 42
Electrical appliances and specialties.....	4	+ 6	+ 29	3	+ 2
Confectionery.....	5	- 2	+ 19	..	..
Groceries.....	25	- 9	+ 7	15	+ 5
Full lines.....	6	- 12	+ 13	3	+ 1
Specialty lines.....	3	- 19	- 41	3	- 22
Beer.....	8	- 5	+ 8	3	- 3
General hardware.....	4	+ 1	+ 15	..	..
Industrial supplies.....	5	+ 64	- 7	5	- 4
Jewelry.....	3	- 16	+ 18	..	..
Lumber and building materials.....	3	- 8	+ 15	..	..
Paper products.....	14	- 9	+ 1	5	- 3
Tobacco Products.....	19	+ 4	+ 6	17	- 1
Miscellaneous.....	121	- 0	+ 6	61	+ 47
Total.....					

* Based on U. S. Department of Commerce figures.

DEPARTMENT STORE SALES AND STOCKS					
Place	No. of Stores Reporting	SALES		INVENTORIES	
		Percent Change August 1947 from		Percent Change Aug. 31, 1947, from	
		July 1947	Aug. 1946	July 31 1947	Aug. 31 1946
ALABAMA					
Birmingham.....	5	+ 24	- 4	4	+ 6
Mobile.....	5	+ 3	- 1	..	..
Montgomery.....	3	+ 15	- 8	3	- 5
FLORIDA					
Jacksonville.....	4	+ 12	- 7	3	+ 7
Miami.....	4	+ 9	+ 6	3	- 5
Orlando.....	3	+ 12	- 18	..	..
Tampa.....	5	+ 11	+ 2	3	+ 22
GEORGIA					
Atlanta.....	6	+ 23	- 7	5	+ 13
Augusta.....	4	+ 18	- 12	3	+ 2
Columbus.....	3	+ 14	- 9	..	..
Macon.....	4	+ 26	- 11	4	+ 3
LOUISIANA					
Baton Rouge.....	4	+ 6	- 4	4	+ 9
New Orleans.....	5	+ 9	- 3	4	- 0
MISSISSIPPI					
Jackson.....	4	+ 20	- 16	4	+ 9
TENNESSEE					
Bristol.....	3	+ 28	- 11	3	+ 3
Chattanooga.....	4	+ 17	- 20	3	+ 8
Knoxville.....	4	+ 15	- 19	..	..
Nashville.....	6	+ 9	- 17	5	+ 3
OTHER CITIES*	18	+ 9	- 6	22	+ 4
DISTRICT	94	+ 15	- 7	73	+ 6

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

National Business Summary

INDUSTRIAL output in August recovered most of the decline shown in July. Total value of retail trade continued to show little change. Prices of goods in wholesale and retail markets advanced further to new high levels.

Construction

Value of contracts awarded for construction, as reported by the F. W. Dodge Corporation, rose by one fourth from July to August and was higher than in any month since the postwar peak of May 1946. Increases occurred in all major types of construction but were especially marked in awards for public-utility construction, which more than doubled. Awards for all other nonresidential construction rose somewhat, while value of awards for residential building increased by more than one fourth. The number of new permanent houses started in August was estimated by the Bureau of Labor Statistics to be 83,000 units, as compared with 80,000 last month and 65,000 a year ago.

Bank Credit

Further large gold inflows and a shift of funds from Treasury and foreign balances at reserve banks to accounts held at commercial banks in August and the first half of September provided funds for a substantial expansion in member banks' reserves, a large outflow of currency associated with cashing of veterans' terminal-leave-pay bonds, and a decline in Federal reserve holdings of Government securities. Required reserves increased considerably during the period, reflecting large additional expansion in bank deposits.

Commercial and industrial loans at banks in leading cities continued to increase sharply in August and early September. Consumer and real-estate loans also expanded further, and holdings of Government securities showed little change.

Employment

Employment in manufacturing increased in August, following a decline in July, and was somewhat larger than in June, reflecting chiefly seasonal increases in the food and apparel industries. A further rise in construction employment occurred in August. The number of persons unemployed declined to an estimated 2.1 million persons, which was about the same as a year ago.

Industrial Production

The Board's seasonally adjusted index of industrial production was 182 percent of the 1935-39 average in August, as compared with 177 in July and 184 in June. Most of the August advance was due to increases in output of nondurable manufactured goods and minerals to levels slightly above June rates. Activity in industries manufacturing durable goods increased somewhat in August but remained 3 percent below the June level.

Output of steel rose to a rate of 90 percent of capacity in August, and indications are that it will average about that rate in September. Automobile production declined further in August but advanced sharply in September. Output of lumber and most other building materials advanced

in August, following decreases in July, while output of non-ferrous-metal products continued to decline.

Output of most nondurable goods increased in August, reflecting in part a recovery from exceptional vacation influences in July and in part increased domestic demand in such lines as textiles and leather products. Output of manufactured food products continued to advance somewhat more than is usual at this season.

Coal production rose sharply in August, the first full month of operations under the new wage contracts, but output for the month was still below the rate prevailing early this year. Output of crude petroleum showed a further slight advance.

Distribution

Department-store sales in August and the first half of September increased by less than the usual amount at this time of the year. Value of sales was about 2 percent less than in the corresponding period last year. Retail sales at all types of stores were about 5 percent larger in August than in the same month a year ago, reflecting chiefly increased sales of durable goods. Value of sales of most nondurable goods was only slightly larger, although retail prices were considerably higher than in August 1946.

Loadings of railroad revenue freight increased considerably in August to a rate slightly above the same month a year ago. The August increase reflected a sharp rise in coal shipments and a substantial gain in loadings of miscellaneous freight. In the early part of September, freight carloadings continued at a high level, after allowance for the usual Labor Day influence.

Commodity Prices

The general level of wholesale commodity prices advanced further from the middle of August to the middle of September and exceeded the peak reached in March of this year by about 5 percent. Prices of farm products and foods showed the largest increases. Prices of many industrial commodities have risen sharply since June.

Retail prices increased about one percent from June to July, according to preliminary figures for the consumers' price index of the Bureau of Labor Statistics. Rent levels in the six cities surveyed showed somewhat less than a one percent rise in July, which was the first month affected by the new controls permitting increases of 15 percent on new leases extending through 1948. Indications are that retail prices have risen further since that time.

THE BOARD OF GOVERNORS

Discontinued Series

Indexes showing changes in Sixth District lumber production and in coal production, formerly published in the REVIEW, have been discontinued. The Government agencies from which the basic data were received report that they are unable to continue to collect and distribute these statistics.