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Trends in Farm Income

THE LEVEL of farm income directly affects the one-third of the people in the District who live on farms. The income of these farm citizens, in turn, is used to buy a large portion of the goods and services provided by the residents of the cities and towns. Although the economic life of any region is so complex that no particular segment, such as agriculture, is more important than any other, agriculture is especially important in the Sixth District because it uses a larger proportion of total resources and contributes a larger share of total income there than it does in the nation as a whole. For this reason farm income in the District has always been one of the principal indicators of economic well-being. The purpose here is to examine the concept of farm income, to trace some of the long-run forces affecting its size and composition, to indicate its probable importance in the future, and to show its geographical distribution by areas smaller than states.

DEFINITION. Farm income is a component of the national income series prepared by the Department of Commerce. Since the concept of national income, that is, the aggregate earnings of labor and property which arise from current production of goods, is well understood, the definition of farm income used in the national series provides a convenient basis for discussion. By this definition, farm income consists of two parts—the net returns to farm operators and wage payments to hired workers. Net returns to farm operators are obtained by subtracting production expenses from gross income. Gross farm income includes receipts from all farm products sold, the annual rental value of farm residences, and the value of farm products consumed as food and fuel by the family and laborers on the farm. Production expenses consist of the value of the goods and services bought or hired for production, maintenance costs on buildings and machinery, taxes, rent, and interest payments to nonfarmers.

In 1948 the national farm income as computed by this method amounted to 22 billion dollars, 3 billion of which consisted of wages to hired workers; the remaining 19 billion was the net income of farm proprietors. The one-fifth of the nation's people who lived on farms received 10.7 percent of the national income originating in private industry, trade, and agriculture. Since 14.4 percent of the 1948 nongovernmental income in the District came from agriculture, the long-run forces that are affecting agriculture's place in the whole economy are of particular importance.

NATIONAL TREND. The farmer's share of the national income has followed a downward trend for at least a century. In 1799, agriculture received 39.5 percent of the national income; manufacturing, 4.8 percent; and other activities, 55.7 percent. By 1899, agriculture's share had declined to 21.2 percent, manufacturing's share had increased to 19.6 percent, and the share of other activities had increased to 59.2 percent. In 1948, agriculture's share was only 9.7 percent of the total, manufacturing's share was 30.2 percent, and the share of other activities was 60.1 percent. A decline in the relative importance of agriculture has characterized the industrialization of nearly all western countries.

Technological change accounts for much of the decline. Many functions once performed by farmers—the manufacturing of butter and the slaughtering of meat animals, for example—have been transferred to nonagricultural establishments. In 1948, the income of industries producing food and kindred products amounted to 6.9 billion dollars, or about one-third as much as the income from agriculture. The substitution of mechanical for animal power is another example of the transfer of production from agriculture to industry. When farmers used animal power exclusively, they raised their own work animals and the feed. Today they buy the tractor, the fuel, and most of the maintenance services from nonagricultural sources. The effect has been a decrease in the number of farm workers necessary to produce a unit of output.

Another factor that has tended to decrease the farmers' share of the national income is that the demand for food and fiber does not increase as fast as the real incomes of consumers. Once per capita consumption of food and fiber nears its physical maximum, most of the increases in the nation's capacity to produce goods and services are used for nonagricultural production. In the United States this stage apparently has already been reached except for the low income groups.

One of the most promising possibilities for arresting the long-run decline in the proportion of total resources used in agriculture, and therefore in the share of total income, is a shift to more expensive foodstuffs that require larger quantities of farm resources per pound of production. Most of the foods that are richest in vitamins and minerals and those of superior flavor and palatability require a larger expenditure of resources per pound of nutrient than do the traditional staple crops such as wheat. Much greater inputs of land, labor, and operating capital, for example, are nec-

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essary to produce 100 pounds of food nutrients in the form of beef than in the form of wheat.

Although it is certain that a large shift in consumption toward the more expensive forms of food, such as meat and milk, would slow down the rate of decline in the relative importance of agriculture, the long-run trend probably will continue downward. Because they are rapidly adopting improved practices, farmers are increasing their efficiency in producing animal products. If all farmers were to use the practices that have already proved profitable, the production of beef, pork, milk, and other animal products could be increased substantially with very small increases in inputs of land, labor, and capital.

PERCENT DISTRIBUTION OF TOTAL INCOME PAYMENTS TO INDIVIDUALS
Excluding Government Payments

Place	Agriculture	Manufacturing	Trade and Service	Other	Total
		1939			
Alabama.....	18.1	20.4	26.8	34.7	100.0
Florida.....	10.5	6.9	37.2	45.4	100.0
Georgia.....	17.3	18.9	32.4	31.4	100.0
Louisiana*.....	13.2	12.4	31.4	43.0	100.0
Mississippi*....	26.0	14.5	26.6	32.9	100.0
Tennessee*....	14.5	22.2	29.3	34.0	100.0
District.....	15.4	15.8	31.5	37.3	100.0
United States..	9.3	28.0	31.6	31.1	100.0
		1948			
Alabama.....	17.4	22.8	26.6	33.2	100.0
Florida.....	8.9	9.6	36.1	45.4	100.0
Georgia.....	15.1	21.6	30.5	32.8	100.0
Louisiana*.....	11.5	15.3	40.0	33.2	100.0
Mississippi*....	24.7	16.5	30.0	28.8	100.0
Tennessee*....	14.9	26.7	26.9	31.5	100.0
District.....	14.4	18.9	30.5	36.2	100.0
United States..	10.7	33.1	31.6	24.6	100.0

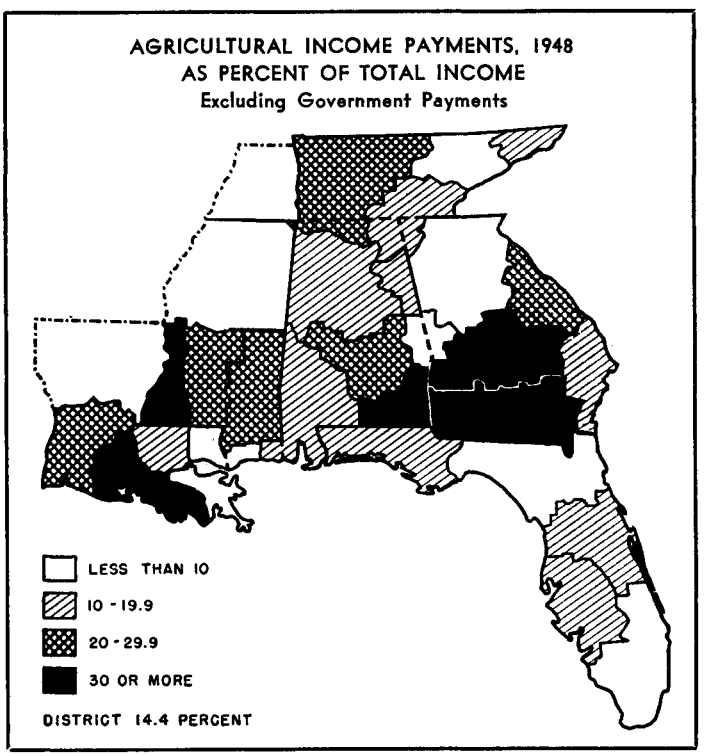
* Portion of state in Sixth District.

An expansion in the industrial demand for agricultural raw materials could also help check the decline in the relative importance of agriculture. New uses for farm products are being developed almost constantly and, in some industries, such as those using starches and oils, consumption of farm-produced raw materials has increased markedly. In appraising the future industrial demand for farm products, however, it should be noted that most industries use agricultural raw materials only if they have some inherent qualities that make them superior to products of nonfarm origin, or if they are cheaper. Attempts to make paper from cornstalks, for example, have failed commercially because cheaper materials can be obtained from other sources. Some industrial developments actually reduce the demand for farm products. The expansion of rayon production, for example, has undoubtedly lessened the demand for cotton. On balance, it seems unlikely that the industrial demand for farm-produced raw materials will increase enough to offset the other forces that are tending to decrease agriculture's share of total income.

During the past fifteen or twenty years one of the central aims of Government farm policies has been to maintain or increase the portion of the national income received by farmers. The effect of these policies apparently has been to raise farm income significantly above the level it would otherwise have reached. Although they had little effect upon the total supply of farm products, they did increase demand in that consumption by low income groups and farm product exports were subsidized. Even the measures to increase the demand for farm products, however, are likely to have only a temporary effect in maintaining farmers' share of the national income at a constant level. Programs to increase consumption by low income groups become ineffective as soon as consumption reaches the physical maximum. The subsidizing of exports, or "export dumping," also is likely to prove a temporary expedient.

Farmers' share of the national income could be maintained at any level, of course, by programs that transfer income directly to farmers from the rest of the population. A given income standard could be maintained, for example, by paying farmers directly out of Government revenues the difference between free-market prices and the prices required to achieve the income standard. As the long-run forces are tending to reduce farmers' share of the total income, however, such programs would become increasingly costly. Because the cost is large and would increase rather steadily, Government programs of this nature are not likely to be pursued vigorously enough to accomplish the purpose.

RELATIVE IMPORTANCE IN DISTRICT. Measured by its share of total income payments, farming has also been declining in importance in the Sixth District. If industry and trade continue to expand as rapidly in the District as in the entire country, the proportion of total income from agriculture will continue to decline. This does not mean that particular farm enterprises will not expand at the expense of similar enterprises in other regions. The District livestock industry, for example, may grow until it captures some of the market now held by producers in other regions, but this growth will



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probably be accompanied by a lower production of cash crops, such as cotton. Total output will then remain fairly constant.

From 1939 to 1948, District agriculture lost ground to other income-producing activities more rapidly than did agriculture in the entire nation. Because of the high post-war demand for farm products and the rapid increase in output, the nation's farmers increased their share of national income, exclusive of Government payments, from 9.3 percent in 1939 to 10.7 percent in 1948. During this same period farm income declined from 15.4 percent of the District total to 14.4 percent. This decline, accompanied by an increase in the share of manufacturing income, occurred despite favorable support prices for the District's important cash crops and no Government restriction on production except for peanuts.

In view of this decline in the relative importance of agriculture, over-all figures on farm income will become less valuable as an indicator of the well-being of the economy as a whole. Figures for a region or a state, however, conceal some significant facts about the relative importance of agriculture in smaller areas. The map presented here shows the ratio of farm income to total income, exclusive of Government payments, by what are termed trade areas. This map does not indicate the size of the farming business in any particular area nor does it provide any measure of farm prosperity for any area. It merely shows the importance of agriculture, measured by income, in relation to all other economic activities.

A relatively large change in farm income in North Georgia, for example, would have a relatively small effect upon the economy of the area. On the other hand, a relatively small change in farm income in South Georgia would have a relatively large effect upon the area's economy.

Composition

Since cash receipts from farm marketings are the only figures on farm income that are available on a monthly basis, they are the most popular indicator of changes in farmers' economic position. If current figures on cash receipts are to be used to the greatest advantage, however, some understanding of the composition of farm income is required. The Bureau of Agricultural Economics' estimates of that composition, though they differ in some minor respects from those of the Department of Commerce, most clearly show the relationship between the various components. In 1948, cash receipts from marketings accounted for 86 percent of farm operators' gross income. Production expenses amounted to about one-half of gross income and farm wage payments were about 11 percent of net farm income.

CASH RECEIPTS LOW. The composition of farm income in the District differs from that in the nation in two main respects: in the District cash receipts from marketings are a smaller proportion of gross income; and a smaller percentage of either gross income or cash receipts is paid out for production expenses. Compared to the national average, District farms are relatively small, with the result that production in excess of family needs is a smaller proportion of total output. According to the most recent census, 57 percent of the District farms produced too few products to be classified as commercial farms. Because noncash income, in the form of home consumption of farm-produced food and rental value of the dwelling, is the main component of income on most of these small farms, cash receipts from marketings account for only three-fourths of gross farm income for the entire District. For any one year in a given area, cash receipts may be a less reliable measure of gross income than this over-all average would indicate. In 1939, for example, cash receipts were only 56 percent of Alabama farmers' gross income. In the same year cash receipts were only 64 percent of Tennessee farmers' gross income.

Cash Receipts from Marketings as Percentage of Farm Operators' Gross Income

	1929	1939	1944
Alabama	69	56	71
Florida	86	89	94
Georgia	75	64	77
Louisiana	79	75	82
Mississippi	76	70	78
Tennessee	67	64	74
United States	82	81	88

Production expenses per dollar of cash receipts are lower in most of the District than in the nation, mainly because District farms are less completely mechanized. A large portion of total production input is the labor of the farmer and his family, which does not appear as a cost item. In 1944 production expenses per dollar of cash receipts ranged from 38 cents in Mississippi to 52 cents in Louisiana, whereas the nation's farmers spent 55 cents for each dollar of cash receipts. Most of the year-to-year changes in production expense per unit of output are caused by changes in crop yields. Over longer periods, of course, changes in technology and in the organization of the farm business affect the expense per unit of output. Changes in expense per dollar of cash receipts are caused primarily by changes in prices.

Changes in cash receipts are not an accurate measure of changes in farm income. For example, the prices of farm products change more rapidly than the cost of items used in production, and net income therefore rises more rapidly than cash receipts. In some parts of the District, where most of the income is obtained from crops that have sold at or near support prices for several years, cash receipts do provide a fairly accurate guide to changes in net income.

Production Expenses as Percentage of Farm Operators' Cash Receipts from Marketings

	1929	1939	1944	1948
Alabama	54	86	49	45
Florida	74	67	49	75
Georgia	59	75	46	51
Louisiana	53	66	52	50
Mississippi	50	62	41	38
Tennessee	60	77	49	45
United States	67	75	55	61

Many of the changes that have occurred and that are still in progress in the composition of farmers' production expense will affect the relationship between changes in cash receipts and net income. Most important of these changes is the increasing proportion of cash costs to total costs. More and more equipment and materials will have to be purchased. Although the use of hired labor may decrease as mechanization increases, expenditures for hired labor will continue to be an important farm production expense and will stimulate further mechanization. The growing dependence of farmers upon cash production items means that fluctuations in cash

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receipts will have an even greater effect upon the economic well-being of farmers than in the past.

CASH COSTS HIGH. The ratio of current operating expenses to total expenses is one measure of the importance of cash costs to total costs. From 1940 to 1948 this ratio increased from 66 percent to 70 percent for the nation. Similar increases occurred in the District states, with the greatest increases taking place in areas where mechanization has been very rapid. In Mississippi, for example, the cost of operating motor vehicles including tractors was about three-and-a-half times as large in 1948 as in 1939, but the depreciation charge on farm buildings was only about twice as large.

It has often been said that farmers are the only large group of producers who can lose money year after year and still stay in business. A relatively large proportion of total farm costs are noncash. When cash receipts are extremely low, therefore, farmers can evade or postpone their noncash costs by mining the soil of its fertility and by allowing buildings and equipment to deteriorate.

Since less of the total cost today can be deferred from one year to the next, farmers are much more vulnerable to reductions in cash receipts than formerly. As District farmers become more dependent upon cash production items, and there is every indication that they will, future changes in cash receipts may have a greater effect upon people's willingness to move in and out of farming. One reason for the continued existence of a large low income group in District agriculture is that cash costs have been relatively low. As they rise in relation to total costs, however, any reduction in cash receipts will be felt more severely.

How useful cash receipts are as a measure of changes in farm income depends also upon how the total is divided between income of farm operators and wage payments to hired workers. Farm production is rather stable from year to year so that the amount of hired labor does not vary greatly. Farm wage rates are closely related to wage rates and to job opportunities in other industries and do not necessarily change in the same direction as farm income or in the same proportion.

The decline in farm income in Florida from 1946 to 1947 can be used to illustrate the effect that a decline in cash receipts has upon farm income in an area where wage payments constitute a relatively large percentage of total farm income. Cash receipts declined 18 percent, farm operators' income declined 38 percent, farm wage income increased 9 percent. Thus total farm income declined 29 percent. Had farm labor been a relatively small component of total farm income as it is in Alabama, the 18-percent decline in cash receipts would have indicated a decline in farm income of about 38 percent instead of the 29-percent decline that actually occurred.

WAGE COSTS IMPORTANT. For the United States, wage payments have been declining in relation to income of farm operators. During the past decade the decline has been rapid because farm operators' income increased sharply and the shortages and high cost of labor caused many farmers to replace hired workers with machines. Wage payments usually are less than 10 percent of total farm income in Alabama, Mississippi, and Tennessee, but are nearly one-fifth of the total in Georgia and Louisiana and about one-third of Florida farm income. In all the District states except Florida and Tennessee, wage payments in 1948 were about as large in proportion to farm income as they were in 1929.

Wage payments have not declined in relation to farm operators' income in areas where a large proportion of farm income is from cotton. Mechanization has been less rapid in cotton production than in most crops in that the harvesting of cotton still requires large amounts of hand labor. Another factor that has increased the amount of hired labor used on cotton in some areas is the decline in share cropping. Many farmers who formerly depended upon the share-cropping arrangement to provide the large amounts of hand labor needed in cotton production have found that they could increase their profits by mechanizing most of the preharvest work and by hiring the additional labor required for chopping and picking. If the relationship between cotton prices and production costs remains near the present level, these tenure arrangements will probably continue. As a result wage payments may increase in relation to the income of farm operators.

Farm Wage Payments as Percentage of Total Agricultural Income Payments

	1929	1939	1948
Alabama	8.1	11.6	8.1
Florida	47.5	52.0	32.8
Georgia	14.5	17.6	17.6
Louisiana	18.1	44.6	17.4
Mississippi	5.3	8.7	5.4
Tennessee	9.0	11.4	7.4
United States	19.3	19.2	14.5

SEASONAL DISTRIBUTION OF FARMERS' CASH RECEIPTS

Area*	Percent of Annual Cash Sales Made During			
	Jan.-June	July-Dec.	Jan.-June	July-Dec.
	1939		1948	
1. Anniston-Gadsden	32	68	32	68
2. Birmingham	34	66	32	68
3. Dothan	28	72	24	76
4. Mobile	37	63	36	64
5. Montgomery	31	69	30	70
6. Jacksonville	48	52	44	56
7. Miami	77	23	73	27
8. Orlando	72	28	68	32
9. Pensacola	42	58	41	59
10. Tampa-St. Petersburg	72	28	66	34
11. Atlanta	35	65	39	61
12. Augusta	28	72	29	71
13. Columbus	35	65	34	66
14. Macon	29	71	27	73
15. Savannah	33	67	30	70
16. South Georgia	24	76	23	77
17. Alexandria-Lake Charles	24	76	25	75
18. Baton Rouge	38	62	42	58
19. Lafayette-Iberia	17	83	20	80
20. New Orleans	56	44	53	47
21. Jackson	31	69	32	68
22. Meridian-Hattiesburg-Laurel	33	67	37	63
23. Natchez	29	71	31	69
24. Chattanooga	43	57	42	58
25. Knoxville	53	47	55	45
26. Nashville	50	50	48	52
27. Tri-Cities	55	45	57	43

* Areas listed are shown by corresponding numbers in map on opposite page.

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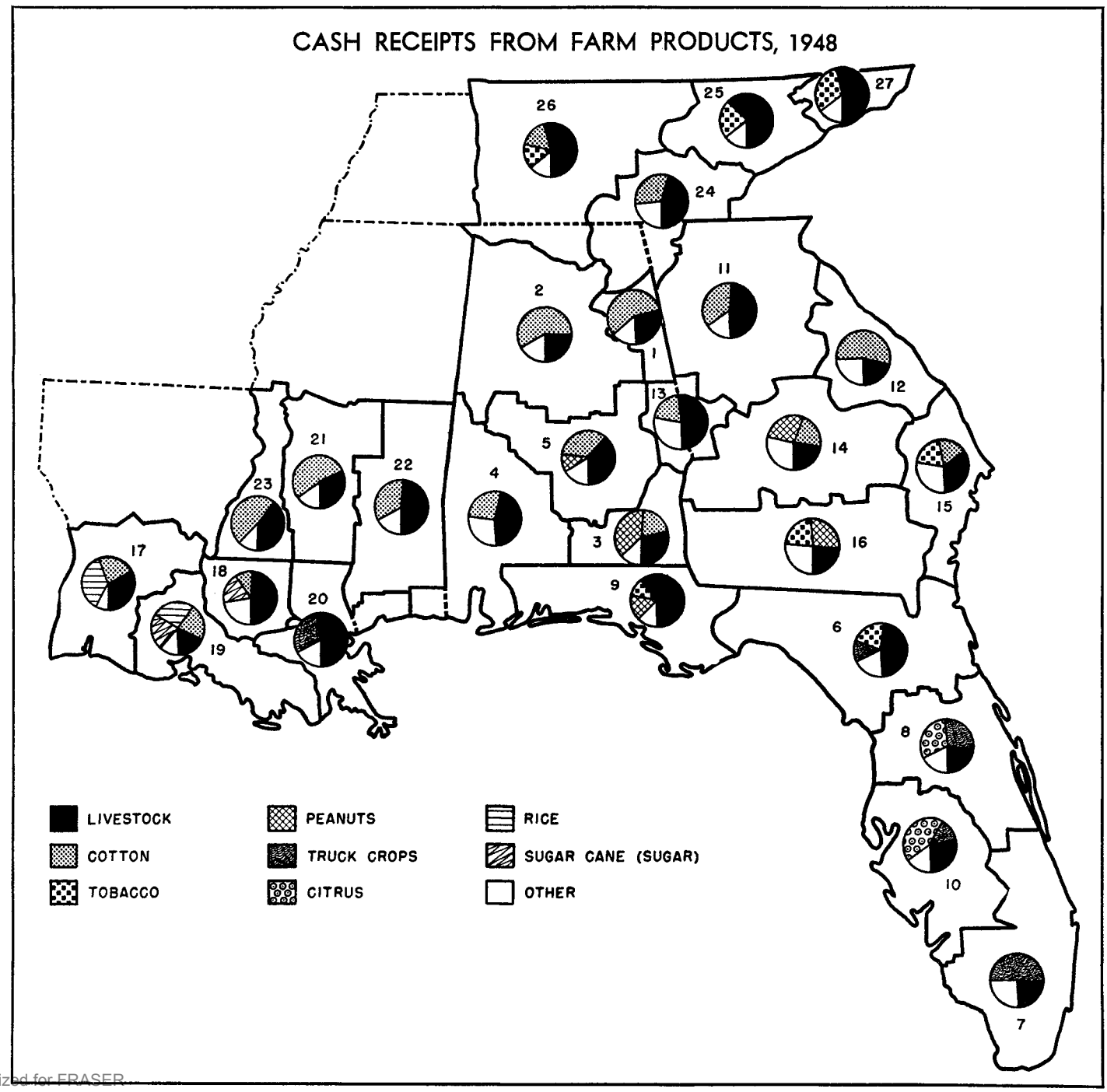
Distribution

PER CAPITA. The most significant characteristic of the distribution of Sixth District farm income is the high ratio of farm people to farm income, compared with that for the nation. By almost any measure of income, a relatively large number of the workers in District agriculture receive incomes that are much less than the national average. One consequence of this is that changes in total farm income have less effect upon sales of durable consumer goods than in areas where income per worker is relatively large. The 57 percent of the District farmers who received less than 1,200 dollars in cash in 1945 would have to increase their incomes greatly in order to buy more refrigerators, washing machines, or other durable goods. An income increase to these farmers probably would be used mostly for such necessities as food and clothing.

District farmers also have less opportunity to save part of their income than do farmers elsewhere, which is one of the greatest obstacles to raising the income per worker. Incomes are low primarily because the amount of capital and land per worker is small. Farmers can increase their capital only by saving or by borrowing. In order to use credit successfully, however, they must be able to finance at least a part of new capital investments out of their savings. Credit, therefore, is not a complete substitute for savings.



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Although many of the Government farm programs were designed to help the small farmer, there is little or no evidence of any marked change in the distribution of income. Programs to raise the prices on the commodities a farmer sells are of little benefit to the farmer whose basic difficulty is that he has too few products to sell. In many instances the acreage restrictions on cash crops that have been a part of the price-support program have widened the disparity between the low and the high income farmers.

Many farmers do not have enough land to adopt extensive types of farming, such as beef-cattle production. Thus their incomes are reduced by a greater percentage than are those of farmers with large acreages who can use the land released from cash crops to good advantage. Changes in the distribution of income are likely to occur slowly despite Government programs and even if attractive employment opportunities in nonfarm activities appear. Except in isolated instances, low farm incomes do not result in a mass exodus from agriculture.

SEASONAL. How farm income in a particular area affects nonfarm activities also depends partly upon its seasonal distribution. The seasonal distribution of income, in turn, is determined by the combination of enterprises that constitute the farming economy of the area. On the map on page 77 the percentage of total cash receipts derived from each of the major farm enterprises in 1948 is indicated by trade areas. Those areas in which a large proportion of cash receipts came from livestock usually had the least seasonal variation in cash receipts. No monthly data are available on cash receipts by areas smaller than states, but the proportion of annual cash receipts in the first and second half of each calendar year can be estimated with reasonable accuracy.

The agriculture of the District is so varied that these proportions differ widely from area to area. In the Miami trade area, for example, about 70 percent of the cash sales are made in the first half of the year, whereas only 25 percent of the Dothan area sales are made then. Net income, or farm income as defined by the Department of Commerce, varies even more widely than cash receipts. In the Dothan area, for instance, a large proportion of the annual production expenses are incurred in the first six months with the result that net farm income probably is a minus figure.

In areas where farming constitutes a large share of all economic activities, the seasonal distribution of income has a pronounced effect upon the seasonal movement of bank deposits and upon the amount of farm loans outstanding on any given date. From the standpoint of economic stability, a rather even flow of cash receipts over the entire year is probably most desirable. Where cash receipts are spread uniformly over the year, credit terms can be made more flexible than where cash receipts are concentrated within a few months. If farm income is spread over the entire year, businessmen who depend heavily upon farm customers also feel the effects of changes in income less acutely. In spite of the growing importance of livestock in most areas of the District and the emphasis on diversification of income by state and Federal agricultural agencies, there has been little change in the seasonal distribution of cash receipts since 1939.

GEOGRAPHICAL. The principal change in the geographical distribution of income from 1939 to 1948 was an increase in the proportion of total District farm income in the areas that specialize in cash-crop production. Farm income in these areas, in other words, increased faster than in the areas that depend more heavily upon livestock or that have a more diversified type of farming. These same areas, of course, are most adversely affected by the current production restrictions on cash crops, such as cotton and peanuts.

Prospects

Although the future size, composition, and distribution of farm income in the District will be affected by forces outside of agriculture that cannot be predicted, some of the past trends will probably continue. In the District, as in the nation, agriculture's share of total income payments will continue to decline. Many farmers in large areas are faced with the necessity of substituting new enterprises, such as livestock, for the traditional cash crops. Total farm income is likely to go down as a result of this shift. Per acre income from livestock is usually less than that from intensive cash crops.

Unless hired labor costs go down sharply, mechanization will continue at a rapid rate and cash costs will constitute a larger proportion of farmers' total costs. Farmers will be able to defer a smaller portion of costs from one year to the next and changes in gross income will have a greater immediate effect upon farmers' ability to buy goods and services from the rest of the community.

As livestock replaces cash crops, farm income will become more evenly distributed over the entire year. This not only will fulfill the needs of the farm family better, but it will permit the use of credit terms that are more satisfactory to the farmer as well as to the banker. The monthly repayment loans now being used to finance dairying illustrate the effects of a steady stream of income on farm credit.

Unless workers leave agriculture rather rapidly and low income farmers obtain control over more capital, the substitution of livestock production for the growing of cash crops may create a more unequal distribution of income than now exists. The main advantage of cash crops for the low income farmer is that they provide the maximum employment per dollar of capital invested or per acre of land owned. A mere transfer of capital and land from cotton production to beef-cattle production, for example, does not increase the amount of capital and land available to the farmer. It does, however, reduce the returns to labor and hence the farmer's income.

In order to maintain income or to increase it, the low income farmer needs more capital and land. Larger farm units, of course, can be attained only if many of the low income farmers leave agriculture. Even if the land needed to enlarge their farms becomes available, the low income farmers will still need large amounts of capital in the form of livestock, machinery, and equipment. During the next decade one of the main problems in farm credit will be the selection of farmers who can use credit successfully to increase the size of their farm business.

Even though farm income probably will become less important in relation to income from other activities for the entire District, some areas will continue to rely heavily upon agriculture. In these areas changes in farm income will continue to be reflected in changes in bank deposits, retail sales, and the other indicators of economic activity.

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Deposit Growth at Louisiana Member Banks

LOUISIANA has the distinction of being the only state in the Sixth District whose member bank deposits at the end of 1949 were greater than they were at the end of the war. The comparison is doubly interesting because deposits in Louisiana increased at a lower rate during the war years than deposits in the other District states.

Roughly 60 percent of Louisiana's 45,000 square miles lies within the southern part of the state that is included in the Sixth Federal Reserve District and served by the New Orleans Branch of the Federal Reserve Bank of Atlanta. This area contains about 70 percent of the state's population, and a somewhat greater proportion of its bank deposits are concentrated there. With the exception of Shreveport, all Louisiana's major cities are located in the Sixth District part of the state.

The New Orleans banks carry approximately 50 percent of the state's total bank deposits and 70 percent of the deposits of Louisiana banks within the Sixth District. One reason for this concentration, in addition to the large size of the city, is the extensive correspondent business carried on by the large New Orleans banks with banks throughout the South. Because member bank deposits constitute 80 percent of the total, the trend of deposits at member banks can be taken as representative of the trend at nonmember banks. The discussion that follows is confined to the member banks in that part of Louisiana included in the Sixth District and excludes banks in the Dallas District.

Smaller Wartime Gains

Between 1939 and 1945, deposits at Sixth District member banks in Louisiana rose 181 percent. Not only was this rate of increase less than the District average of 254 percent, but it was less than that in any other District state. Deposits throughout the country increased 163 percent in the same period. Because of the nature of their source, incomes in Louisiana failed to increase as rapidly as elsewhere in the District; this was the chief reason why deposits did not increase more rapidly than they did.

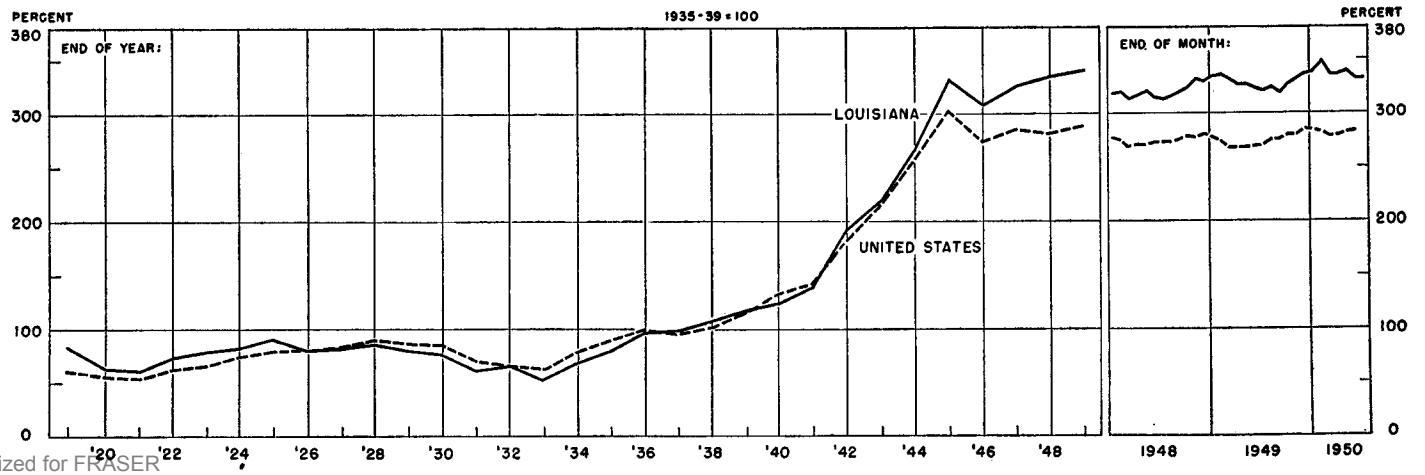
Louisiana's income structure was such that expanded income resulting from war industry activity came later to the state and the postwar decline started sooner than in other parts of the District. Like Florida and unlike the other District states, she had no important textile industry to share in the prewar boom in textiles from 1939 through 1941. Unlike Alabama, and to a lesser extent Georgia and Tennessee, she had no metals industry to help meet the heavy prewar and early war demands.

In 1939, lumber was the most important manufacturing industry, in terms of the number of workers employed, and 28 percent of the state's 70,000 production workers were hired by lumber manufacturers. Food and kindred products industries employed almost as many. Together, the two industries accounted for about 55 percent of total manufacturing employment. Little concentration was found in any other major industry; apparel, the next most important industry, employed only 6 percent of the total workers.

Although these manufacturing industries made substantial contributions to the war effort, they were not the ones enjoying the greatest expansion. It is not surprising, therefore, that between 1939 and 1941, manufacturing pay rolls in Louisiana increased only 47 percent. In the other five states of the District they were up 59 percent, according to United States Department of Commerce estimates. Total income payments in Louisiana were 29 percent greater in 1941 than in 1939, compared with an increase of 41 percent for the other five states.

Louisiana's principal contributions to the war effort so far as manufacturing was concerned resulted from her favorable location for shipbuilding and her petroleum resources. However, new plants had to be built and that took time. Once these new plants got going, manufacturing pay rolls in the state increased just as rapidly as they did in the other District states; income payments were up 78 percent in Louisiana between 1941 and 1943. At the peak of wartime employment in 1943, her shipyards were employing about 42,000 persons, 38,000 more than the prewar number. The petroleum refineries, chemical plants, and synthetic

INDEX OF TOTAL MEMBER BANK DEPOSITS



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rubber plants located in or near Baton Rouge and Alexandria had thousands of workers on their pay rolls.

Because so much of the area's employment was concentrated in shipbuilding and because the need for ships became less urgent in 1944, employment was reduced even before the end of the war. Manufacturing pay rolls in 1945 were lower than in 1944, and the rate at which they declined was twice as great as that experienced in the other states of the District.

Much of Louisiana's prewar income came from trade activities and transportation and other services necessary to handle the foreign trade passing through the Port of New Orleans. After the war started, curtailment of some of these activities and changes in the type of others limited income expansion. Trade and service income, which had provided about a quarter of the total in 1939, increased at a smaller rate between 1941 and 1945 than in other District states.

A combination of these factors limited the wartime growth of income in Louisiana and dampened the growth of bank deposits. Outside the New Orleans area, however, both income and deposits increased substantially and the rate of increase in deposits exceeded that of the District. Member banks located in the ten parishes of the Alexandria-Lake Charles area increased their deposits 368 percent between 1939 and 1945; deposits at the banks in the Baton Rouge area rose 297 percent; and those in the ten parishes of the Lafayette-Iberia-Houma area increased 288 percent. The low rate of expansion in the New Orleans area kept the state's average down.

Shipbuilding and consequently manufacturing pay rolls suffered a sharp cut in 1946. The resulting drop in income chiefly affected the deposits at the New Orleans banks. In addition, Treasury withdrawals to retire securities from the large war-loan accounts kept at the New Orleans banks helped bring down total deposits there. Besides having a smaller proportion of their deposits in war-loan accounts, the banks in other areas of Louisiana were enjoying the effects of sustained demands for the petroleum, chemicals, and synthetic rubber products produced in their areas. Contrary to the trend in deposits throughout the District and the nation, deposits outside the New Orleans area either expanded or showed only small declines in the first postwar year.

Postwar Gains

After 1946, deposits at the Louisiana member banks expanded each year. At the end of 1948 they had again passed the billion-dollar mark set during the war and by the end of 1949 they were 10 percent greater than at the end of 1946. Deposits throughout the District at the end of 1949 were lower than in 1945 and just about the same as in 1946, whereas deposits in the United States increased 5 percent from 1945 to 1949. At the end of July 1950, deposits at Louisiana member banks were 4 percent greater than a year ago.

Economic changes had again affected Louisiana differently than they had the other District states. Income payments in 1948 were 26 percent larger in Louisiana than they were in 1946; in the other five states they were up only 18 percent. In 1949 income payments again expanded, 5 percent over 1948; throughout the District they declined 1.8 percent, and for the country as a whole they were down 2.4 percent.

The decline in manufacturing pay rolls brought on by the cut in textile mill activity in late 1948 and 1949 was smaller in Louisiana than in some of the other states, where textile manufacturing is heavily concentrated. Petroleum production, almost 50 million barrels greater last year than in 1946, and refining activities brought dollars into the state. From 1948 to 1949 agricultural income declined less in Louisiana than in many of the states heavily dependent upon cotton and peanuts for income.

TOTAL DEPOSITS AT LOUISIANA MEMBER BANKS
Classified by Area

Area*	Percent Change, End of Year				
	1939-45	1945-46	1946-48	1948-49	1939-49
Alexandria-Lake Charles.	+368	— 2	+ 13	+ 8	+429
Baton Rouge.....	+297	+ 2	+ 16	+ 1	+335
Lafayette-Iberia-Houma..	+288	+ 5	— 5	+ 12	+150
New Orleans Area.....	+155	— 9	+ 9	— 0	+156
City of New Orleans...	+151	— 10	+ 9	— 0	+146
Outside New Orleans..	+344	+ 9	+ 6	— 2	+408
Louisiana.....	**+181**	**— 7**	**+ 9**	**+ 1**	**+189**
Sixth District.....	+254	— 8	+ 1	+ 0	+228
United States.....	+163	— 9	+ 2	+ 2	+151

*Areas include several counties surrounding each city.
**That part included in the Sixth District.

There is probably no state in the District that derives more income, both absolutely and proportionately, from foreign trade than Louisiana. The exact amount of the income derived from foreign commerce defies estimate, but foreign trade extends its influence into many aspects of the state's economy. Pay rolls of Louisiana transportation workers, for example, are greater than those of transportation workers in any other District state.

Various steps that have been taken since the end of the war to expand the foreign trade of the Port of New Orleans have been discussed in previous issues of the *Review*. Judging by the record of the value of imports and exports in the postwar years, these efforts have met with success.

Of course, much of the growth since prewar years in the foreign trade passing through the New Orleans Customs District can be explained by general world conditions. Nevertheless, the value of water-borne exports through the Customs District has increased from 8.3 percent of the nation's total in 1947 to 9.9 percent in 1949. If conditions continue during the remainder of this year as during the first quarter, the New Orleans Customs District exports will amount to 12.1 percent of the national total.

New Orleans has also retained its share of the nation's water-borne imports with 8.4 percent passing through the Customs District in 1947 and 8.6 percent in 1949. The foreign trade activity represented by these figures has probably been important in keeping Louisiana's income up and in helping build her bank deposits.

CHARLES T. TAYLOR

This article is the fourth in a series in which deposit trends in the individual Sixth District states are being discussed.

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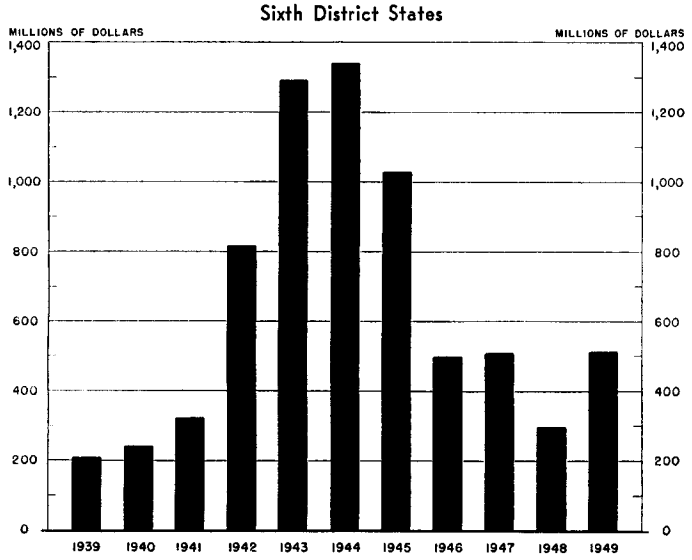
District Business Conditions

Individual Savings Reach New High

INDIVIDUALS in the Sixth District states added over a half-billion dollars to their long-term savings last year. On December 31, 1949, their long-term savings composed of savings and loan shares, life insurance equities, commercial bank time deposits, postal savings deposits, and United States savings bonds came to about 9.2 billion dollars. These Federal Reserve Bank estimates do not include investments made in corporate securities, in Government bonds other than savings bonds, in businesses, or in other real and personal property. The categories included, however, cover the most common forms in which most American people invest their savings.

ANNUAL GROWTH IN LONG-TERM SAVINGS OF INDIVIDUALS
Sixth District States



The 6-percent increase from 1948 for the Sixth District states compares with an increase of 4 percent for the United States. The greatest increase made by District savers during 1949, both on a dollar and on a percentage basis, was in life insurance equities, which grew 402 million dollars. This is the most important single type of long-term savings in the District states. The value of savings and loan shares increased 136 million dollars during the year and the time deposits at commercial banks, 41 million dollars.

District savers had somewhat smaller holdings of savings bonds at the end of 1949 than at the end of the preceding year, despite accrued interest earned. The current redemption value of the Series E bond holdings, according to estimates, declined last year approximately 9 million dollars. Redemptions amounted to somewhat more than the 216 million dollars of Series E bonds purchased during 1949 plus accrued interest. The net increase in the holdings of Series F and G bonds purchased by individuals was not enough to offset the decline in Series E bond holdings.

In 1949 District savers added more to their total savings than they have in any year since 1945, when rationing and other wartime controls limited spending. The growth was responsible for raising per capita long-term savings for 1949 to an estimated 48.8 percent of the United States average; the percentage for 1948 was 47.9. In 1938, per capita District savings amounted to only a little over a third of the United States figure.

C. T. T.

Department Store Sales

Final reports for July show District department store sales 31 percent greater than in July last year. The seasonally adjusted index, which takes into consideration the comparatively low level of sales that usually occurs in July, was higher this July than the seasonally adjusted index for any preceding month on record.

Much of the increase over last year can, of course, be ascribed to stepped-up buying of appliances and other consumer durable goods. Sales made on the instalment plan, mostly of consumer durable goods, were 57 percent greater this July than in July last year, according to Sixth District department stores.

In interpreting the comparisons between this year's and last year's sales, not only in July but in the rest of the year through November, it is well to remember the comparatively low level prevailing last year. The July 1949 sales were 10 percent lower than those of July 1948, and sales during August 1949 and each month thereafter through November averaged 4 percent less than during the corresponding months

ESTIMATED PER CAPITA LONG-TERM SAVINGS OF INDIVIDUALS BY SELECTED MEDIA

	Total		Savings and Loan Shares		Life Insurance Equities		Commercial Bank Time Deposits		Postal Savings		U. S. Savings Bonds	
	1948	1949	1948	1949	1948	1949	1948	1949	1948	1949	1948	1949
Alabama	466	467	16	18	194	210	89	87	12	11	159	141
Florida	721	771	92	109	264	299	127	133	40	37	197	193
Georgia	557	578	49	57	265	261	99	97	13	13	153	151
Louisiana	552	573	58	68	188	207	106	106	9	8	190	185
Mississippi	326	344	14	17	101	118	63	62	6	5	143	143
Tennessee	547	566	32	36	210	227	133	135	11	10	161	157
Six States	532	554	43	50	203	224	104	105	15	14	167	161
United States	1,111	1,135	75	84	323	336	365	366	24	22	325	327

Sources: Long-term savings include private repurchasable capital in savings and loan associations, life insurance equities, deposits in mutual savings banks, personal time deposits in insured banks, postal savings deposits, and U. S. savings bonds at current redemption values. U. S. data are converted to per capita figures from those of the Federal Savings and Loan Insurance Corporation. The figures for the states in the Sixth Federal Reserve District were prepared by the Research Department of the Federal Reserve Bank of Atlanta. Data for 1949 are preliminary.

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Sixth District Statistics

INSTALMENT CASH LOANS

Lender	No. of Lenders Reporting	Volume: Percent Change July 1950 from June 1950	Volume: Percent Change July 1950 from July 1949	Outstandings: Percent Change July 1950 from June 1950	Outstandings: Percent Change July 1950 from July 1949
Federal credit unions	44	— 21	+ 32	+ 5	+ 44
State credit unions	22	— 18	+ 42	+ 5	+ 42
Industrial banks	10	+ 10	+ 33	+ 2	+ 9
Industrial loan companies	15	— 3	— 13	+ 1	— 5
Small loan companies	39	+ 1	+ 12	+ 2	+ 8
Commercial banks	33	+ 1	+ 46	+ 5	+ 39

RETAIL FURNITURE STORE OPERATIONS

Item	Number of Stores Reporting	Percent Change July 1950 from June 1950	Percent Change July 1950 from July 1949
Total sales	108	+ 18	+ 30
Cash sales	91	+ 5	+ 18
Instalment and other credit sales	91	+ 18	+ 32
Accounts receivable, end of month	102	+ 5	+ 27
Collections during month	102	+ 8	+ 10
Inventories, end of month	75	— 3	+ 11

WHOLESALE SALES AND INVENTORIES*

Type of Wholesaler	SALES: No. of Firms Reporting	SALES: Percent Change July 1950 from June 1950	SALES: Percent Change July 1950 from July 1949	INVENTORIES: No. of Firms Reporting	INVENTORIES: Percent Change July 1950 from June 30 1950	INVENTORIES: Percent Change July 1950 from July 31 1949
Automotive supplies	5	+ 13	+ 48	4	— 1	— 12
Electrical group						
Full lines	3	+ 39	+ 62	.	..	..
Appliances	10	+ 17	+ 44	9	— 13	— 9
General hardware	12	+ 16	+ 49	7	— 14	— 3
Industrial supplies	12	+ 29	+ 70	3	— 6	+ 4
Jewelry	5	+ 14	+ 33	4	— 1	— 28
Lumber and building supplies	4	— 2	+115	.	..	..
Plumbing and heating supplies	4	+ 36	+ 97	3	— 14	— 7
Confectionery	5	+ 2	+ 7	.	..	..
Drugs and sundries	10	+ 2	+ 12	3	— 3	+ 2
Dry goods	18	+ 59	+ 73	14	— 1	+ 16
Groceries						
Full lines	43	+ 18	+ 30	31	— 4	+ 11
Specialty lines	12	+ 6	+ 40	6	+ 5	+ 1
Shoes and other footwear	3	+ 25	+ 15	.	..	..
Tobacco products	15	— 7	+ 7	11	+ 7	+ 6
Miscellaneous	16	— 5	+ 23	15	— 0	+ 0
Total	177	+ 15	+ 40	110	— 5	+ 2

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

DEPARTMENT STORE SALES AND INVENTORIES

Place	Sales—Percent Change: July 1950 from June 1950	Sales—Percent Change: July 1950 from July 1949	Sales—Percent Change: Year to Date 1950-1949	Number of Stores Reporting: Sales	Number of Stores Reporting: Stocks	Stocks Percent Change: July 31, 1950 from June 30, 1950	Stocks Percent Change: July 31, 1950 from July 31, 1949
ALABAMA							
Birmingham	+ 5	+ 29	+ 3	4	3	— 2	+ 11
Mobile	+ 13	+ 39	+ 7	5	.	..	..
Montgomery	+ 5	+ 25	+ 4	3	3	— 7	+ 22
FLORIDA							
Jacksonville	+ 5	+ 23	+ 2	4	3	— 9	+ 3
Miami	+ 3	+ 32	+ 8	4	3	+ 1	+ 19
Orlando	+ 11	+ 42	+ 7	3	.	..	..
St. Petersburg	...	+ 53	...	3	.	..	..
Tampa	+ 21	+ 49	+ 11	5	3	— 9	+ 12
GEORGIA							
Atlanta	+ 12	+ 37	+ 9	6	5	+ 3	+ 18
Augusta	+ 5	+ 27	+ 1	4	3	— 5	+ 23
Columbus	— 2	+ 41	+ 21	4	.	..	..
Macon	+ 3	+ 39	+ 13	6	4	+ 3	+ 10
Rome	— 1	+ 13	+ 0	4	.	..	..
Savannah	+ 5	+ 28	+ 10	6	4	— 7	+ 15
LOUISIANA							
Baton Rouge	+ 12	+ 21	— 3	4	4	— 4	+ 4
New Orleans	+ 8	+ 31	+ 3	5	4	— 5	+ 14
MISSISSIPPI							
Jackson	+ 3	+ 29	+ 8	4	4	+ 1	+ 18
Meridian	+ 1	+ 15	— 2	3	.	..	..
TENNESSEE							
Bristol	— 6	+ 17	+ 1	3	3	— 9	+ 5
Bristol-Kingsport-Johnson City	— 2	+ 18	+ 0	6	.	..	..
Chattanooga	+ 2	+ 30	+ 14	4	3	+ 15	+ 18
Knoxville	+ 4	+ 10	+ 2	4	.	..	..
Nashville	— 4	+ 26	+ 6	6	5	— 0	+ 13
OTHER CITIES*	+ 12	+ 41	+ 9	22	22	— 4	+ 4
DISTRICT	+ 8	+ 31	+ 6	113	76	— 2	+ 13

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

of the preceding year. This year, even if sales during July and the following months through November were to stay at the same level as during the second quarter, they would exceed last year's sales by 7 percent.

Preliminary reports for August indicate that department store sales are exceeding those of August last year by a substantial margin. For the four weeks ended August 19, department store sales at weekly reporting stores throughout the District were 28 percent greater than during the corresponding period last year.

Sales were higher in each of the separate District reporting cities for the four-week period. In Miami they were up 30 percent and the increase in Birmingham amounted to 29 percent. The Atlanta weekly reporting stores reported a gain of 36 percent and other percentage gains reported were Augusta, 23; Jacksonville, 14; Nashville, 26; and New Orleans, 18.

According to preliminary weekly reports of sales by selected departments, gains continued to be concentrated in the durable goods departments during August. Instalment sales also were running well above those of last year.

C. T. T.

Industry and Employment

Building and construction operations continued at a high level in July; coal production in Alabama and Tennessee averaged about a third greater than a year ago; and the District steel mills continued operations at 104 percent of rated capacity. Textile mill activity was off slightly.

RESIDENTIAL CONSTRUCTION CONTRACTS awarded in the District were up 15 percent from June, and were two-and-one-half times as large as in July last year. Other awards declined 22 percent for the month. For the January-July period, total awards were up 58 percent from the corresponding period last year; residential contracts, 88 percent; and other awards, 38 percent. Residential building accounted for 49 percent of the total for the seven-month period. Florida continues to account for the larger proportion of the District construction contracts—32 percent of total contracts and 45 percent of residential awards in the first seven months of the year were let in that state.

Construction employment in June was 12 percent greater than a year earlier in Tennessee, 24 percent greater in Florida, and 26 percent greater in Georgia.

TEXTILE MILL ACTIVITY in the District was off somewhat from June to July, but the monthly decrease in the rate of cotton consumption was less than usually occurs at that time, and July consumption was at a rate about 53 percent above that of July 1949. According to the Census Bureau figures, mills in Alabama, Georgia, Mississippi, and Tennessee used 12,225 bales of cotton for each working day in July this year, against 8,000 bales for each working day in July 1949.

The summer decline has been much less this year than in other recent years. From January to July the rate of consumption declined less than 12 percent, compared with a drop of more than 30 percent in that period a year ago. In the cotton year that ended July 31, mills in the District states used a total of 3,204,316 bales of cotton, a 16.4-percent gain over the amount used in the previous cotton year. For the country as a whole the increase was 13.8 percent.

MANUFACTURING EMPLOYMENT in the District showed an increase both from May 1950 and from June a year ago. The

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index for the District states, which had stood at 140 percent since last November, was 141 percent of the 1939 average. Increases from May to June reported in Tennessee, Alabama, and Mississippi, were more than sufficient to offset decreases in Florida and Georgia, and there was no change in Louisiana. Alabama and Tennessee reported increases in nearly all of the industry groups, and Mississippi registered an increase of 3.6 percent.

In Florida, however, reductions in canning and preserving fruits and vegetables and in the manufacture of shipping crates were principal causes of the 2.5-percent decrease. In Georgia a seasonal decrease of 23 percent in employment at fertilizer plants and smaller losses in fabricated metals, in food and kindred products, in printing, and in some other groups slightly more than offset gains that were reported for the month.

Compared with June a year ago, employment in manufacturing industries was greater in five of the District states, and only slightly less in Louisiana. In that state June employment was lower in lumber and wood products industries, in metal products, in food products and in chemicals. These declines were not quite offset by gains in transportation equipment, including shipbuilding and repair; in stone, clay, and glass industries; in textile products; and in paper and allied products. In Alabama manufacturing establishments, June employment was 3.9 percent greater than it was a year earlier. The increase was shared by all the major groups except transportation equipment—in shipbuilding and repair, employment was less than half the level of June 1949. In Florida there were significant gains over June a year ago. Fruits and vegetable canning and preserving plants reported a gain of 28 percent, and fabricated metals products one of 37.5 percent. An increase of 29.2 percent occurred in furniture and fixtures establishments and there were smaller increases in other lines. Only in tobacco manufacturing was June employment less than it was in June last year.

Georgia manufacturing employment was 5.9 percent greater than in June a year ago. There were losses of 2.1 percent in food products, 2.9 percent in primary metals, and 12.7 percent in chemicals and allied products, including fertilizer. However, the state had gains of 7.5 percent in lumber and wood products, 15.3 percent in transportation equipment, 14.2 percent in fabricated metals, 8.7 percent in textiles, and 22.7 percent in paper and allied products, and smaller increases in other lines.

Tennessee manufacturing employment averaged 4.3 percent higher in June than in that month last year. At tobacco manufacturing plants, there were 18.8 percent fewer workers than in June a year ago, and there were small decreases in apparel, leather, and machinery; but gains, some of them substantial, occurred in other groups.

ELECTRIC POWER PRODUCTION in the District increased in June from May, following a three-month decline, and was about 13 percent greater than a year earlier. Hydro-generated power, which had also declined since February, increased 7.7 percent in June, and output at plants using fuels was up 3 percent. Hydro-generated power accounted for 39 percent of the total in June this year, compared with 45 percent for last June.

D. E. M.

Sixth District Indexes

DEPARTMENT STORE SALES

Place	Adjusted**			Unadjusted		
	July 1950	June 1950	July 1949	July 1950	June 1950	July 1949
DISTRICT	494	392	377	386	345	294
Atlanta	532	438	389	415	355	303
Baton Rouge	488	399	403	405	347	334
Birmingham	453	391	350	376	344	291
Chattanooga	464	394	357	376	355	289
Jackson	477	388	369	353	330	273
Jacksonville	469	399	382	380	347	310
Knoxville	464	373	416	376	347	337
Macon	483	385	353	348	323	254
Miami	529	431	401	370	344	281
Montgomery	432	367	346	341	312	274
Nashville	496	415	393	382	382	303
New Orleans	472	363	359	363	323	277
Tampa	759	546	508	607	481	406

DEPARTMENT STORE STOCKS

Place	Adjusted**			Unadjusted		
	July 1950	June 1950	July 1949	July 1950	June 1950	July 1949
DISTRICT	360	359	319	339	345	300
Atlanta	487	478	412	448	435	379
Birmingham	294	301	266	271	277	245
Montgomery	418	427	341	388	418	317
Nashville	506	524	450	491	430	436
New Orleans	321	319	282	308	325	271

GASOLINE TAX COLLECTIONS***

Place	Adjusted**			Unadjusted		
	July 1950	June 1950	July 1949	July 1950	June 1950	July 1949
SIX STATES	259	261	213	253	264	209
Alabama	246	237	213	240	248	208
Florida	232	222	195	216	222	182
Georgia	264	258	196	256	264	190
Louisiana	282	284	252	277	289	247
Mississippi	321	241	210	312	248	204
Tennessee	249	313	231	252	316	233

COTTON CONSUMPTION*

Place	July 1950	June 1950	July 1949
TOTAL	136	149	89
Alabama	135	153	96
Georgia	142	152	88
Mississippi	81	94	41
Tennessee	110	123	79

ELECTRIC POWER PRODUCTION*

	June 1950	May 1950	June 1949
SIX STATES	396	378	352
Hydro-generated	273	253	280
Fuel-generated	557	540	445

MANUFACTURING EMPLOYMENT***

Place	June 1950	May 1950	June 1949
SIX STATES	141	140	135
Alabama	144	142	139
Florida	127	130	120
Georgia	140	140	132
Louisiana	134	134	134
Mississippi	142	137	131
Tennessee	149	147	143

CONSTRUCTION CONTRACTS

Place	July 1950	June 1950	July 1949
DISTRICT	654	679	416
Residential	1,207	1,054	477
Other	386	497	386
Alabama	694	701	525
Florida	802	770	389
Georgia	473	872	387
Louisiana	854	635	608
Mississippi	260	318	428
Tennessee	672	508	478

CONSUMERS PRICE INDEX

Item	July 1950	June 1950	July 1949
ALL ITEMS	178	173	172
Food	209	203	204
Clothing	190	190	194
Fuel, elec., and refrig.	137	136	135
Home furnishings	186	183	186
Misc.	155	155	154
Purchasing power of dollar	.56	.58	.58

ANNUAL RATE OF TURNOVER OF DEMAND DEPOSITS

	July 1950	June 1950	July 1949
Unadjusted	21.8	21.1	19.0
Adjusted**	23.2	21.3	20.2
Index**	94.2	86.2	81.9

CRUDE PETROLEUM PRODUCTION IN COASTAL LOUISIANA AND MISSISSIPPI*

	July 1950	June 1950	July 1949
Unadjusted	341	339	285
Adjusted**	341	341	285

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

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Sixth District Statistics

CONDITION OF 27 MEMBER BANKS IN LEADING CITIES
(In Thousands of Dollars)

Item	Aug. 23 1950	July 26 1950	Aug. 24 1949	Percent Change Aug. 23, 1950, from July 26 1950	Percent Change Aug. 23, 1950, from Aug. 24 1949
Loans and investments—Total	2,477,672	2,471,989	2,366,977	+ 0	+ 5
Loans—Net	961,542	949,096	768,546	+ 1	+ 25
Loans—Gross	975,379	962,811	779,651	+ 1	+ 25
Commercial, industrial, and agricultural loans	547,170	531,540	438,524	+ 3	+ 25
Loans to brokers and dealers in securities	10,616	12,768	6,676	— 17	+ 59
Other loans for purchasing and carrying securities	35,867	36,832	37,228	— 3	— 4
Real estate loans	89,654	87,631	71,801	+ 2	+ 25
Loans to banks	5,453	10,841	4,467	— 50	+ 22
Other loans	286,619	283,199	220,955	+ 1	+ 30
Investments—total	1,516,130	1,522,893	1,598,431	— 0	— 5
Bills, certificates and notes	551,809	548,182	499,911	+ 1	+ 10
U. S. bonds	746,395	755,621	892,122	— 1	— 16
Other securities	217,926	219,090	206,398	— 1	+ 6
Reserve with F. R. Bank	419,525	385,388	397,338	+ 9	+ 6
Cash in vault	41,590	44,066	40,418	— 6	+ 3
Balances with domestic banks	162,733	167,693	174,861	— 3	— 7
Demand deposits adjusted	1,841,154	1,833,885	1,756,068	+ 0	+ 5
Time deposits	529,623	533,533	540,824	— 1	— 2
U. S. Gov't deposits	65,737	58,563	40,950	+ 12	+ 61
Deposits of domestic banks	454,399	443,032	456,544	+ 3	— 0
Borrowings	14,400	4,500	.....	+220	.....

DEBITS TO INDIVIDUAL BANK ACCOUNTS
(In Thousands of Dollars)

Place	July 1950	June 1950	July 1949	Percent Change July 1950 from June 1950	Percent Change July 1950 from July 1949	Year-to-Date 7 mos. 1950 from 1949
ALABAMA						
Anniston	21,955	21,303	17,607	+ 3	+ 25	+ 8
Birmingham	360,477	365,416	298,602	— 1	+ 21	+ 9
Dothan	13,895	13,149	11,080	+ 6	+ 25	+ 9
Gadsden	20,265	20,885	15,753	— 3	+ 29	+ 13
Mobile	121,762	131,166	113,252	— 7	+ 8	— 4
Montgomery	76,781	75,125	66,939	+ 2	+ 15	+ 9
FLORIDA						
Jacksonville	311,094	313,922	251,122	— 1	+ 24	+ 13
Miami	259,986	265,791	208,108	— 2	+ 25	+ 13
Greater Miami*	378,863	389,714	287,351	— 3	+ 32	+ 15
Orlando	60,839	66,925	45,454	— 9	+ 34	+ 26
Pensacola	37,579	36,370	34,090	+ 3	+ 10	+ 6
St. Petersburg	64,297	65,838	49,431	— 2	+ 30	+ 18
Tampa	134,115	148,656	110,130	— 10	+ 22	+ 17
GEORGIA						
Albany	25,537	23,874	20,331	+ 7	+ 26	+ 7
Atlanta	879,706	924,227	741,488	— 5	+ 19	+ 12
Augusta	62,279	60,245	54,894	+ 3	+ 13	+ 5
Brunswick	9,364	9,408	8,350	— 0	+ 12	+ 8
Columbus	65,924	71,450	47,394	— 8	+ 39	+ 26
Elberton	3,804	3,913	3,312	— 3	+ 15	+ 9
Gainesville*	18,002	16,096	12,517	+ 12	+ 44	+ 13
Griffin*	11,075	11,816	10,012	— 6	+ 11	+ 8
Macon	63,070	63,473	50,679	— 1	+ 24	+ 14
Newnan	8,901	9,026	7,916	— 1	+ 12	+ 11
Rome*	21,258	22,160	17,157	— 4	+ 24	+ 15
Savannah	92,600	92,373	83,530	+ 0	+ 11	+ 6
Valdosta	16,707	10,800	12,694	+ 55	+ 32	+ 6
LOUISIANA						
Alexandria*	33,514	33,533	29,147	— 0	+ 15	+ 12
Baton Rouge	102,341	103,203	105,247	— 1	— 3	— 7
Lake Charles	40,104	38,091	36,420	+ 5	+ 10	+ 3
New Orleans	774,751	773,104	609,614	+ 0	+ 27	+ 5
MISSISSIPPI						
Hattiesburg	18,821	17,713	15,553	+ 6	+ 21	+ 11
Jackson	145,832	137,660	121,251	+ 6	+ 20	+ 9
Meridian	28,552	26,370	23,092	+ 8	+ 24	+ 9
Vicksburg	22,421	23,380	21,940	— 4	+ 2	+ 2
TENNESSEE						
Chattanooga	146,503	152,540	126,362	— 4	+ 16	+ 9
Knoxville	117,740	123,249	99,991	— 4	+ 18	+ 8
Nashville	334,788	352,117	275,869	— 5	+ 21	+ 14
SIXTH DISTRICT 32 Cities	4,442,790	4,540,762	3,687,495	— 2	+ 20	+ 10
UNITED STATES 333 Cities	110,564,000	119,389,000	98,500,000	— 7	+ 12	+ 7

* Not included in Sixth District total.

National Business Conditions

UNDER the stimulus of heavy consumer and business buying after the invasion of Southern Korea, prices, activity and incomes have increased considerably beyond the advanced levels reached in June. Consumer purchases of goods, although reduced from the July peak, are still at a high level. Prices of agricultural commodities, after a marked rise in the early part of July, have shown little net change, while prices of industrial products have advanced further. Common stock prices have recovered most of the declines from June to mid-July. Bank credit to private borrowers and state and local governments has expanded rapidly.

Industrial Production

The Board's industrial production index in August is expected to be about 204 percent of the 1935-39 average, as compared with 199 in June, and 197 in July, when vacations and plant closings were not adequately allowed for and the index was lowered.

Steel production declined slightly in July but returned to capacity levels in the first three weeks of August. Scheduled output in the fourth week was reduced by about one-tenth as a result of a railway labor dispute in steel-producing districts. In July production of nonferrous metals and lumber declined somewhat.

Production of finished durable goods was generally maintained in July. There were marked gains in output of aircraft and various types of construction and industrial machinery. While little change in output of railroad equipment was noted, new orders for freight cars were the largest in many years. Motor truck production declined in July but in August was close to record levels. Passenger car assemblies were reduced somewhat in July and early August from the peak June level by holiday influences, some model change-overs, and labor disputes.

Nondurable goods output was only slightly lower in July as declines in production of textiles and some other goods, as a result of vacations, were less marked than in other recent years. Production of paper and paperboard in mid-August was about 5 percent above the record June level. Output of rubber products and petroleum refining activity continued to rise in July. Crude petroleum output increased 3 percent and was 12 percent above the average level of the past fifteen months.

Employment

Employment in nonagricultural establishments rose by about 150,000 persons in July, after allowance is made for seasonal changes. Most of this expansion was in industries manufacturing durable goods and in construction and retail trade activities.

Construction

Construction activity continued to increase in July and contract awards were maintained at advanced levels. The number of dwelling units started was estimated to be 144,000, as compared with 142,000 in June and 96,000 a year ago.

Agriculture

The official cotton estimate released August 8 indicated a crop of 10.3 million bales, compared with a harvest of 16.1 million last year. Including the increased carry-over, however, supplies this season will be about 4.5 million bales less than last season but about as large as in most other recent years. Other crops developed favorably in July, and the total harvest of feed and food crops is expected to be about as large as last year.

Distribution

The Board's seasonally adjusted index of department store sales rose by one-fifth in July to 362 percent of the 1935-39 average, as anticipatory purchases of some items like major household appliances more than doubled the sales volume, already high in June. Demand for passenger automobiles was very heavy. Also, purchases of various nondurable goods which were in short supply during the past war expanded considerably in July. Anticipatory buying has decreased in August from the July peak.

Commodity Prices

The average level of wholesale prices, which advanced 5 percent during July, has shown little change in the first three weeks of August. Prices of farm products and foods have declined slightly but prices of industrial commodities have advanced. The most marked increases have been in prices of imported materials. Prices of scrap metal and copper and lead products have also advanced considerably.

In retail markets average food prices have apparently shown little change following marked increases in July. Prices of a number of other consumer goods, including fuels, textile furnishings, tires, and used automobiles, have advanced further. THE BOARD OF GOVERNORS

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