



## FEDERAL RESERVE BANK OF ATLANTA

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### *Sixth District Business Conditions* Sources of Income Payments

Now that ten months of 1952 have passed, there is little doubt that by the end of the year individuals living in the Sixth District will have received more dollars in income than ever before. Last year, according to Department of Commerce estimates, residents of Sixth District states received 18.9 billion dollars, a sum greater than for any preceding year. Preliminary estimates by this bank show that total income payments in the first half of 1952 were about 5 percent greater than in that part of 1951. Although data for the remainder of the year will not be available for many months, current economic indicators point to a total for 1952 very near, if not over, 20 billion dollars.

Evidence of greater income payments in 1952 is found in the rate of consumer spending at District department stores, which in September was 12 percent higher than a year earlier, and preliminary data for October show a growth of about 13 percent. Sales for 1952 through October 25 were 7 percent greater than for the like period in 1951.

The growth in income has also meant greater deposits at District member banks, which were up 8 percent in September from a year earlier. It has meant greater withdrawals from demand and time deposit accounts, as indicated by bank debits, which for the first nine months of 1952 were 6 percent more than for the first three quarters of 1951. At the same time, it has meant a greater rate of saving, with time deposits at member banks 7 percent greater than a year earlier.

To some extent these developments have run contrary to what has happened throughout the country. It is inevitable, therefore, that questions about the source of this income growth come frequently, not only from businessmen in this section, but also from observers in other parts of the country. To answer these questions requires some knowledge of the types of industry in the District and their geographical locations.

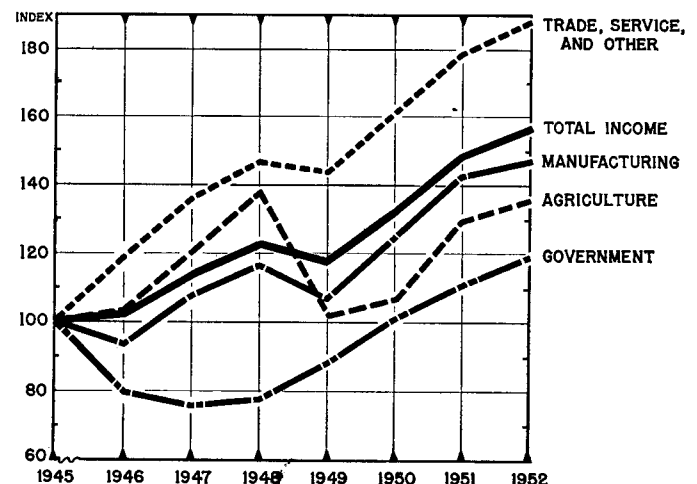
Trade, manufacturing, Government, and agriculture accounted for 64 percent of total District income payments in 1951. Seventeen cents of each income dollar came from trade. Manufacturing was the source of 16.4 cents of each dollar. Agriculture accounted for 11.4 cents and Government for 19.3 cents. The source of the remaining 36 cents of the income dollar was widely distributed. Service activities

accounted for 9.2 cents, and construction and transportation for slightly more than 5 cents each. Finance, public utilities, and mining each accounted for about 2 cents of the income dollar.

About a fifth of the increased income over last year, judging from the estimates for the first half of the year, can be traced to greater Government payments, followed closely in importance by a gain in trade income. Service and manufacturing each provided about 10 percent of the increased income. Agriculture provided little additional income, but there was some growth in the other types of income.

The influence of the defense program spending is readily apparent from the importance of Government payrolls in the total income growth. Furthermore, this influence has permeated many other types of economic activity. Defense demands have been great enough to more than offset reduced civilian demands in manufacturing. They have stimulated construction and account for much of the increased trade income. How the defense program has influenced the District's economy can be illustrated by a review of recent developments reflecting income changes in the various states of the District.

**INCOME PAYMENTS TO INDIVIDUALS**  
Sixth District States  
(Index, 1945 = 100)



### Alabama

Total income payments from all sources in Alabama were up 8 percent for the first half of 1952 over the same period last year according to preliminary estimates by this bank. Gains were registered in agricultural, trade, service, and Government income, with the 20-percent rise in Government payments reflecting increased activity involving the national defense effort.

In the face of a decline in agricultural prices, agricultural income jumped an estimated 21 percent over the previous year, as the volume of marketings rose. Cattle slaughter, for example, was up 15 percent in the first half of the year over a year earlier. Also, there has been a growing proportion of farm income from poultry products in Alabama and this tends to distribute agricultural income more evenly throughout the year.

In Alabama, income from trade activities gained about 4 percent in the first half of 1952. The upward movement continued through the second quarter as a 6-percent gain over that quarter of 1951 showed up. The outlook for the last half of the year is for a continued rise in trade, which if realized will then extend into 1953. Income from services rendered has advanced similarly; gains of 9 percent in the first half and the second quarter of 1952 over the same periods a year earlier were registered. Income from trade and service will, of course, depend heavily on income payments in manufacturing and agriculture. Present indications are that such incomes will continue high.

Income payments from manufacturing in Alabama, which accounted for about 21 percent of all payments in 1951, declined slightly in the first half of 1952 from that period last year. Depressed employment in textiles and lumber in the first and second quarters of 1952 contributed to the decline in manufacturing income, since these two industries employ 24 and 19 percent, respectively, of Alabama's workers in manufacturing enterprises. Payments were further reduced in the first half, as a result of the steel strike and the coal mine shut-down which accompanied it. Each of these happenings led to a reduced workweek and smaller payrolls, but the drop in manufacturing payrolls resulting from these causes was offset to some extent by gains in employment in the construction, transportation equipment, chemical, and food-processing industries.

Although construction accounts for only 4 percent of total income in Alabama, the substantial increase in employment for the first half of 1952 over the first half of 1951 figured significantly in determining the trend of all payments. Construction awards were down 3 percent in Alabama for the first half of the year, compared with the first half of 1951, but such awards showed a gain of 69 percent in August over August 1951.

The relatively high level of income payments helped bring department store sales 8 percent above the volume of the first nine months of 1951, and furniture store sales up 20 percent. The business indicators of total deposits and total loans at reporting banks in Alabama in September were up 6 and 5 percent, respectively. These increases, taken in conjunction with a gain of 13 percent in bank debits, are indicative of the upward trend in business activity in the state.

### Georgia

More income came from manufacturing in Georgia in 1951 than from any other single source; the 300,000 manufacturing workers in the state got about 20 percent of total income payments. About 64 percent of these, however, are employed in the textile, lumber and lumber products, and apparel industries, which respond less strongly to current defense measures than some other manufacturing industries. This may explain why income payments from manufacturing this year have not exceeded those last year.

For the first eight months of 1952, textile and lumber employment were off 5 and 7 percent, respectively, from 1951, and apparel employment was down 3 percent. Just about offsetting these declines was the employment growth in the transportation equipment, food processing, and paper and pulp industries. Current indicators point to a slightly better picture for the remainder of the year since both textile and apparel activity are picking up somewhat.

Other types of economic activity have also raised total income payments substantially in Georgia during 1952. Chief among these is a growth in Government payments, which, including payrolls, accounted for almost as much as manufacturing income in 1951, and probably expanded further in 1952. Payments made directly to individuals do not entirely reflect the magnitude of Government spending. In some Government construction, for example, workers receive their income directly from contractors.

The rate of consumer spending in two areas of the District show how important Government spending is. In Augusta, where the Savannah River atomic energy project has a multi-million-dollar weekly payroll, department store sales were up 29 percent for the first nine months of 1952, compared with that period of 1951. In Savannah, where there is a high level of activity at the military installations, such sales were up 20 percent. Sales gains in these two cities were largely responsible for the 8-percent growth in total sales in Georgia. Atlanta, Macon, and Rome sales were up only 4, 6, and 5 percent, respectively.

Construction has also bolstered income in the state. Total contracts awarded in the first seven months of this year were 16 percent greater than during the like period last year and construction employment averaged one percent greater. In 1951, income payments from construction activity had increased 18 percent over those for 1950. Much of the activity stems from the erection of new or expanded industrial facilities. Of particular importance are the plant expansions by the pulp and paper industry. Among these are the National Container plant at Clyattville, the Rayonier plant at Doctortown, the Mengel Corporation plant at Jesup, the Southern Paperboard Corporation plant at Port Wentworth, and the Rome Kraft Corporation plant at Rome. When completed, these will have cost over 100 million dollars.

The bulk of Georgia's income from agriculture, which in 1951 accounted for 11.8 percent of total income payments, is received during the last half of the year. Despite smaller cotton and peanut crops, total income this year may be close to that of 1951, partly because of higher crop prices and partly because of larger marketings of livestock.

There seems to be little doubt that income from trade, service, and related activities will stay high during the remainder of 1952. Current indications are that income payments to Georgians will be the highest on record.

**Florida**

After a remarkably high rate of income growth in 1951, 12 percent over 1950, the rate of Florida income growth has apparently slowed down in 1952. All major types of income, however, except agricultural payments, were greater in the first half of 1952 than in 1951 according to current estimates. The current rate of spending as indicated by bank debits and department store sales, moreover, points to a somewhat higher rate of income growth during the remainder of 1952.

Manufacturing income in Florida, which has been substantially greater this year than last year, accounts for about 8 percent of the state's total income. Between 45 and 50 percent of Florida's manufacturing workers are employed by the food processing and lumber industries. For the first eight months of this year, lumber manufacturing employment was almost equal to that last year and food processing employment declined only one percent. The rate of employment growth in the paper and allied products industry, however, was 12 percent and the number of transportation equipment workers increased at twice that rate.

Floridians receive about one-fifth of their income from governmental sources. In 1951, Government payrolls totaled almost 470 million dollars and other types of Government payments were between 250 million and 300 million. This year, with the continued activity at the many Florida military installations, Government payments will probably increase slightly in importance.

Because of the significance of the tourist business in Florida, income from trade and service activities is important. A substantial growth in both trade and service income was indicated for the first half of 1952, but at a lower rate than the 13-percent increase reported for 1951 over 1950. Consumer spending at department stores has been heavy, with 7 percent higher sales reported for the first nine months of this year. Gains were recorded in each reporting city, ranging from 4 percent in Miami to 11 percent in Tampa; Jacksonville, 7 percent; Orlando, 6 percent; St. Petersburg, 10 percent; and in other Florida cities, 8 percent.

The high level of construction activity that helped boost Florida income in 1951 has continued into 1952. Construction contract awards for the first nine months of this year were 9 percent greater than for the same period of 1951, although total construction employment averaged 4 percent lower for the period.

Practically the only thing repressing Florida's income during the first half of this year has been slight declines in agricultural income. Cash receipts from livestock and livestock products were down 2 percent, compared with last year, and receipts from crops, 3 percent.

A 134-million-dollar increase in total deposits has been reported by Florida member banks between the end of September 1951 and the end of September 1952, an increase of 9 percent. The greatest rate of growth was reported by the Pensacola area. Jacksonville area deposits rose 7 percent. At the Miami area banks, they were up 11 percent; at the Orlando area banks, 9 percent; and in the Tampa-St. Petersburg area, 6 percent. Both time and demand deposits increased.

**Sixth District Statistics**

Lender	No. of Lenders Reporting	Volume		Outstandings	
		Percent Change Sept. 1952 from		Percent Change Sept. 1952 from	
		Aug. 1952	Sept. 1951	Aug. 1952	Sept. 1951
Federal credit unions . . . . .	35	+8	+41	+2	+26
State credit unions . . . . .	16	-3	+25	-1	+25
Industrial banks . . . . .	10	-6	+6	+0	+11
Industrial loan companies . . . . .	10	+1	-11	-0	+0
Small loan companies . . . . .	34	+6	+18	+1	+18
Commercial banks . . . . .	33	-1	+30	+2	+26

Item	Number of Stores Reporting	Percent Change September 1952 from	
		Aug. 1952	Sept. 1951
		Total sales . . . . .	144
Cash sales . . . . .	129	-11	+0
Instalment and other credit sales . . . . .	129	-5	+15
Accounts receivable, end of month . . . . .	137	+2	+37
Collections during month . . . . .	137	-1	+16
Inventories, end of month . . . . .	100	+4	-4

Type of Wholesaler	No. of Firms Reporting	Sales		Inventories	
		Percent Change Sept. 1952 from		Percent Change Sept. 30, 1952, from	
		Aug. 1952	Sept. 1951	Aug. 31 1952	Sept. 30 1951
Automotive supplies . . . . .	5	+22	+9	4	+2 +1
Electrical—Full-line . . . . .	3	+4	+6	4	.. ..
" Wiring supplies . . . . .	4	-4	-25	4	-8 ..
" Appliances . . . . .	7	+9	+6	6	+3 -24
Hardware . . . . .	10	+9	+6	5	+5 +8
Industrial supplies . . . . .	11	+25	+26	6	.. ..
Jewelry . . . . .	5	-7	+5	3	-3 -29
Lumber and bldg. mat'ls . . . . .	3	+12	+33	..	.. ..
Plumbing & heating supplies . . . . .	4	-2	-26	3	+5 +12
Refrigeration equipment . . . . .	6	-7	-5	6	+3 -2
Confectionery . . . . .	5	+39	+17	..	.. ..
Drugs and sundries . . . . .	11	+9	+11	..	.. ..
Dry goods . . . . .	15	+10	+14	11	-3 ..
Groceries—Full-line . . . . .	41	+4	+5	32	+2 -2
" Specialty lines . . . . .	10	+11	+5	6	+8 -22
Tobacco products . . . . .	9	+3	+16	5	-7 -4
Miscellaneous . . . . .	12	+2	+7	13	-0 -2
Total . . . . .	161	+8	+8	98	+1 -6

\*Based on U. S. Department of Commerce Figures.

Place	Sales			Inventories	
	Sept. 1952 from		Yr.-to-Date 1952-1951	Sept. 30, 1952, from	
	Aug. 1952	Sept. 1951		Aug. 31 1952	Sept. 30 1951
ALABAMA . . . . .	+17	+14	+8	+4	+5
Birmingham . . . . .	+27	+15	+5	+1	+1
Mobile . . . . .	+6	+18	+16	..	..
Montgomery . . . . .	+5	+8	+7	..	..
FLORIDA . . . . .	+3	+14	+7	+6	-3
Jacksonville . . . . .	+4	+8	+7	+10	+4
Miami . . . . .	+0	+15	+4	+4	-8
Orlando . . . . .	+3	+11	+6	..	..
St. Petersburg . . . . .	+6	+14	+10	+7	+1
Tampa . . . . .	+6	+15	+11	..	..
GEORGIA . . . . .	+2	+13	+8	+9	-2
Atlanta** . . . . .	-1	+10	+4	+9	-5
Augusta . . . . .	+13	+30	+29	..	..
Columbus . . . . .	+1	+18	+10	+6	-4
Macon . . . . .	+8	+9	+6	+8	+4
Rome** . . . . .	+14	+15	+5	..	..
Savannah** . . . . .	+9	+25	+20	..	..
LOUISIANA . . . . .	+1	+14	+10	+6	-0
Baton Rouge . . . . .	+17	+23	+8	+1	-4
New Orleans . . . . .	-2	+13	+9	+9	+1
MISSISSIPPI . . . . .	+12	+3	+4	+7	-7
Jackson . . . . .	+10	+2	+4	+6	-6
Meridian** . . . . .	+19	+3	+2	..	..
TENNESSEE . . . . .	+8	+5	+3	+7	-5
Bristol** . . . . .	-4	-6	-4	+9	-3
Bristol-Kingsport . . . . .	..	..	..	..	..
Johnson City** . . . . .	+3	-4	-5	..	..
Chattanooga . . . . .	+16	+8	+5	..	..
Knoxville . . . . .	-2	-3	-3	+10	-5
Nashville . . . . .	+14	+15	+9	+8	+1
DISTRICT . . . . .	+5	+12	+8	+7	-1

\*Includes reports from 122 stores throughout the Sixth Federal Reserve District.  
 \*\*In order to permit publication of figures for this city, a special sample has been constructed which is not confined exclusively to department stores. Figures for any such non-department stores, however, are not used in computing the District percentage changes.

### Louisiana

Louisiana's business activity in 1952 is well on the way toward breaking the record of 1951. If the first six months' trend continues, total income payments to individuals in 1952 will be 7 percent above last year's 3.1 billion dollars.

The most important source of income in Louisiana is Government payments, which were 10 percent larger in the first half of 1952 than in that part of 1951. Payments from trade, the second most important source of income, were up 4 percent. The largest gain, almost 20 percent, occurred in mining, as a result of increased activity in crude petroleum production and oil-well drilling. Gains also occurred in finance, transportation, and construction, which provided 15 percent of the state's income in 1951.

Agricultural income was about 4 percent greater in the first half of 1952 than in 1951, largely because of a greater volume of livestock and crop marketings. Agriculture provides about 10 percent of Louisiana's income, with 70 percent of this coming from crops—particularly cotton, rice, and sugar cane.

Income from manufacturing, which accounts for 14 percent of the state's income, was up almost 7 percent in the first half of 1952. A longer workweek and higher hourly earnings help explain the rise. Manufacturing employment, moreover, averaged 5 percent higher in the first eight months of 1952 than in that period of 1951. New contracts in shipbuilding and repairs accounted for part of the larger number of workers in the transportation equipment industry, and increasing ordnance production required additional workers in the metal products industry.

Employment in most other manufacturing industries in the first eight months of this year lagged behind year-ago levels. A revival in demand for textile products recently was sufficient to restore employment for the eight-month period to the year-ago average. The current pickup in the lumber and wood products industry has held the eight-month average decline to 9 percent. Since one out of five manufacturing workers is employed by this industry, its slump has accordingly dampened the growth in over-all manufacturing income. A strike lasting two months and affecting 2,400 workers caused employment in the paper and allied products industry to fall an average of 6 percent in the January-August period.

Construction contract awards in the first eight months of 1952 were up 48 percent from a year ago. Business investments in new and expanded plant facilities have amounted to over 400 million dollars in the last fifteen months. More than half of the announced capital expenditures were made in Baton Rouge, Lake Charles, and New Orleans.

Louisianians are spending their increased income at a faster rate this year, as is evidenced by an 8-percent gain in bank debits for the first nine months. Department store sales through September advanced 10 percent over last year. Furniture store sales during the same period climbed 23 percent, as business more than recovered from the doldrums of last year. Not all retailers, however, showed gains; accumulated new passenger car registrations in the state were off 19 percent by August.

Louisiana's economy, aided by the national defense program, has progressed rapidly in 1952. In all likelihood, this pace will continue to the end of the year and to a new all-time high.

### SOURCES OF INCOME PAYMENTS TO INDIVIDUALS

Percentage Distribution — 1951

	Ala.	Fla.	Ga.	La.	Miss.	Tenn.	Dist.
Agriculture .....	11.3	8.9	11.8	9.5	23.0	9.9	11.4
Mining .....	2.5	.6	.5	3.9	.6	1.0	1.5
Manufacturing .....	21.2	7.8	20.0	14.3	12.4	21.7	16.4
Construction .....	4.0	6.8	4.2	6.3	3.9	7.2	5.6
Transportation .....	5.0	5.2	4.9	6.4	3.9	4.9	5.1
Public Utilities .....	1.6	1.6	1.9	2.3	1.6	1.2	1.7
Trade .....	16.2	19.0	17.5	16.7	14.9	16.6	17.1
Finance .....	2.6	3.0	2.6	2.2	1.9	2.6	2.5
Government .....	20.1	19.4	19.2	19.5	21.1	17.6	19.3
Service .....	7.9	12.5	8.2	8.5	8.9	8.5	9.2
Other .....	7.6	15.2	9.2	10.4	7.8	8.8	10.2

Source: U. S. Department of Commerce

### Mississippi

Of the five major sources of income to individuals in Mississippi, payments from trade and service combined represent about one-fourth of the total and those from agricultural activities, one quarter; one-eighth comes from manufacturing and one-fifth from Government payments. All these sources are providing much more income in 1952 than in most other postwar years.

The trend of total income in the state has been markedly upward since 1949, but a slight decline was registered for the first half of 1952 from the like period last year, largely because of declines in agricultural, construction, and Government payments. These declines were offset to some extent by a rise in manufacturing income, brought about by greater demands for such items as paper and allied products and apparel.

Construction awards in Mississippi declined 23 percent in the first eight months of 1952. As a result, payments from construction, representing 4 percent of the state's income payments, were probably down. Government payments for the period also declined. The decrease in these two items seems to reflect a slowing down of defense activities in Mississippi, where the reactivating of military installations has proceeded far since 1950.

Agricultural marketings—principally cotton—and agricultural prices were down somewhat in the winter and spring of 1952, with the result that agricultural income was off 16 percent from the first six months of last year. Farm marketings in the last quarter of 1952, however, are likely to bring total agricultural income for the year slightly below the 392-million-dollar level of 1951.

More heartening to Mississippi businessmen are the gains of 8 percent in total deposits and 11 percent in total loans at reporting banks in September this year over a year ago. Also significant is the pickup of 12 percent in manufacturing payrolls for the first eight months of this year, which took place primarily in the apparel, textile, and paper fields. These shifts in the business indicators have been reflected in department store sales, which show a gain of 4 percent over the first nine months of 1951, and in furniture store sales, which show a gain of 12 percent. Sales are also influenced, of course, by the expanded use of consumer credit. In spite of high incomes and a greater use of credit, however, new car sales were off 27 percent.

From all indications income from the five major sources will continue at a high level, even though total income in the state for 1952 may be slightly below the level of 1951.

**Tennessee**

In 1951, income payments to Tennesseans reached an all-time high of 3.5 billion dollars. If current trends in income payments continue, the total for 1952 will be 4 percent above that figure.

Except for mining and construction, all areas of business contributed to Tennessee's income growth in the first half of 1952, compared with that period last year. Manufacturing income, the most important single source of the state's income, accounted for 22 percent of the total in 1951. In the first half of this year, it increased about 3 percent, principally because a slightly shorter workweek was more than compensated for by hourly wage increases.

Part of the rise in manufacturing income, however, came from a moderately higher level of employment. In the first eight months of 1952, total manufacturing employment averaged one percent higher than a year ago. A 28-percent surge in employment in the fabricated metals industry and a 4-percent increase in paper and allied products were partly responsible for the total gain. Government payrolls and transfer payments rose at about the same rate as income from manufacturing, chiefly as a result of a sizable increase in the first quarter. Two-fifths of Tennessee's income in 1951 came from manufacturing and Government.

Despite an increased demand for textile products in recent months, employment for the eight months was off one percent; lumber employment was down 4 percent. These two industries normally employ a fourth of all manufacturing workers in Tennessee. Despite more vigorous demands for chemical and allied products in recent months, the average number employed in that industry in the January-August period was the same as last year.

Agricultural income in Tennessee for the first half of 1952 equaled that of a year ago. Tennessee's agriculture, which is the most diversified in the Sixth District, is about evenly divided between livestock and crops. During the first half of 1952, cash receipts from livestock were off 1.5 percent because of lower prices, but receipts from crops rose 4 percent.

Construction was off in the first eight months of 1952, judging from a 7-percent decline in employment. Completion of several major projects which were underway last year and a month-long labor dispute in the Chattanooga area partly explain the reduction. A strengthening of construction activity may be in the offing since awards through August ran 44 percent ahead of the like 1951 time interval.

New or expanded plant facilities, either in the planning, building, or completed stages, announced during the last fifteen months were valued at almost 700 million dollars. Projects, mainly in the chemical and textile industries, were announced for scattered areas of the state.

Further evidence of the growth in income is reflected in expanded consumer spending at department and furniture stores, where sales through September were up 3 percent and 7 percent, respectively. If the current department store sales rate continues, sales for 1952 will total 100 million dollars.

Thus, business activity in Tennessee, measured by the relative stability in bank debits through September, appears to be leveling off. Because of its relatively high degree of industrialization, Tennessee will continue to be strongly affected by changes in defense expenditures.

**Sixth District Indexes**

1947-49 = 100

**DEPARTMENT STORE SALES AND STOCKS\***

Place	Adjusted**			Unadjusted		
	Sept. 1952	Aug. 1952	Sept. 1951	Sept. 1952	Aug. 1952	Sept. 1951
<b>DISTRICT SALES</b>	121	131	112r	126	115	117r
Atlanta <sup>1</sup>	113	123	107r	129	126	123r
Baton Rouge	108	111	91	119	99	100
Birmingham	127	119	115	139	105	126
Chattanooga	121	124	117r	133	110	129
Jackson	101	119	102	121	106	123
Jacksonville	110	114	106	108	100	103
Knoxville	105	120	113	110	108	119
Macon	127	156	126	144	128	142
Miami	131	141	119	108	103	98
Nashville	118	114	107r	123	104	112
New Orleans	113	129	104	117	114	108
Tampa	119	122	108	113	102	102
<b>DISTRICT STOCKS</b>	130	129	132	135	127r	137

<sup>1</sup>In order to permit publication of figures for this city, a special sample has been constructed which is not confined exclusively to department stores. Figures for any such non-department stores, however, are not used in computing the District index.

**GASOLINE TAX COLLECTIONS**

Place	Adjusted**			Unadjusted		
	Sept. 1952	Aug. 1952	Sept. 1951	Sept. 1952	Aug. 1952	Sept. 1951
<b>TOTAL</b>	141	154	142	143	152	145
Alabama	138	145	136	145	146	143
Florida	141	147	127	138	142	124
Georgia	141	146	134	147	149	140
Louisiana	140	157	148	147	159	155
Mississippi	144	161	152	148	166	156
Tennessee	136	157	157	138	158	160

**COTTON CONSUMPTION\***

Place	Sept. 1952	Aug. 1952	Sept. 1951
<b>TOTAL**</b>	108	109r	111
Unadjusted	110	105r	113
Alabama	113	107	108
Georgia	109	103	117
Mississippi	129	125	113
Tennessee	105	101	101

**ELECTRIC POWER PRODUCTION\***

	Aug. 1952	July 1952	Aug. 1951
<b>SIX STATES</b>	158	154	140
Hydro-generated	77	78	84
Fuel-generated	233	224	191

**MANUFACTURING EMPLOYMENT**

Place	Aug. 1952	July 1952	Aug. 1951
<b>TOTAL**</b>	109	107	107
Unadjusted	109	105	107
Alabama	104	93	103
Florida	112	111	106
Georgia	112	109	113
Louisiana	104	102	99
Mississippi	111	110	109
Tennessee	110	107	107

**CONSTRUCTION CONTRACTS**

Place	Sept. 1952	Aug. 1952	Sept. 1951
<b>DISTRICT</b>	704	222r	130
Residential	156	194r	149
Other	1,119	244r	116
Alabama	180	264	86
Florida	165	231	151
Georgia	140	209	119
Louisiana	109	319	163
Mississippi	126	106	72
Tennessee	2,737	217	140

**CONSUMERS PRICE INDEX\*\*\***

Item	Sept. 1952	Aug. 1952	Sept. 1951
<b>ALL ITEMS</b>	197	199	192
Food	237	241	233
Clothing	208	208	214
Fuel, elec., and refrig.	144	144	143
Home furnishings	201	204	201
Misc.	176	175	165
Purchasing power of dollar	.51	.50	.52

**ANNUAL RATE OF TURNOVER OF DEMAND DEPOSITS**

	Sept. 1952	Aug. 1952	Sept. 1951
Unadjusted	23.1	20.8r	23.5
Adjusted**	22.9	23.1r	23.3
Index**	118.9	119.9r	120.9

**CRUDE PETROLEUM PRODUCTION IN COASTAL LOUISIANA AND MISSISSIPPI\***

	Sept. 1952	Aug. 1952	Sept. 1951
Unadjusted	136	135	129
Adjusted**	137	135	131

\*Daily average basis  
 \*\*Adjusted for seasonal variation  
 \*\*\*1935-39 = 100  
 r Revised

# Productive Capacity of Agriculture

By 1955, the nation's farm production could be increased 20 percent over the 1950 level, according to a study undertaken in 1951 by the Land Grant Colleges and the Department of Agriculture to determine agriculture's ability to meet defense needs. Of particular significance to this section of the country is that 44 percent of the increase would conceivably take place in the South, where farm output could rise by a fourth in the five-year period.

Data for individual states were assembled by sub-committees consisting of agricultural engineers and economists, agronomists, and extension workers, who are familiar with conditions in their respective states. Committee members used historical data to establish trends and then, pooling their judgments based on practical experience in farming and knowledge of research results in different areas, estimated the possibilities for their state. Subsequently, the state estimates were combined to form a national report.

Assumptions upon which the technicians based their projections included a national population of 162 million in 1955, compared with 153 million in 1950, and a civilian employment level of 63.5 million, in contrast to 60 million. Personal disposable income, it was assumed, would rise from 203 billion dollars in 1950 to 252 billion in 1955 with the index of wholesale prices (1926=100) rising from 162 to 185. Prices paid by farmers were not expected to increase as much as prices received, with a resulting favorable parity ratio for all farm products of about 105. Another assumption was that the national economy would be strongly influenced by defense activities through 1955, in which case the economic climate would be favorable for farmers, since for agriculture as a whole, income would exceed outlays, markets would expand, and value of assets would rise. The report pointed out that even if the assumptions did not hold, the ability to increase output would still be present although a longer period of time might be required.

Agricultural productive capacity at a particular time and with a fixed land base is limited largely by adverse weather, lack of knowledge, failure to apply existent knowledge, uncertainty about the profitableness of new investments as well as shortages of funds for such investments, unavailability of supplies and, possibly, a labor shortage. Most encouraging in the national effort to increase agricultural production is the great store of scientific knowledge and improved practices that will increase yields of crops and animals.

Twenty percent more output by 1955 compares favorably with the actual gain of 28 percent for the war years of 1942-44 over the prewar years of 1935-39. Favorable weather explains about one-fourth of the wartime gain, and at least normal weather conditions will be necessary to realize the estimates for 1955. Know-how regarding farm mechanization, hybrid seed, use of lime, fertilizers, insect poisons, and disease preventives, livestock rations, and conservation practices had been acquired during the 1930's. When called upon for more output under the stimulus of high prices, farmers put the additional knowledge to work and, despite a declining labor supply and scarcities of machinery and some farm supplies, attained record levels of production. In the final analysis, this attainment was made possible

because the improved methods complemented each other—the use of one often permitting or expanding the use of another.

Further improvements in farm management practices are possible. It is upon this feature that the estimates for 1955 are built, and if science continues to break new ground in agricultural knowledge, the productive capacity may prove to have been underestimated.

## In the Nation

To realize the estimated gain by 1955, the nation's farmers will have to incur increased costs involving the purchase of about 70 percent more commercial fertilizer, more machinery, lime, seeds, and insect poisons. These added costs would reflect a continuation of the greater use of production goods in relation to land and labor that has been occurring at a rapid pace since the early 1940's. National output per man-hour by 1955 would be about 18 percent above that of 1950, with 58 percent of the gain in feed crop and livestock production.

Output of crops and livestock would increase one-fifth each, with crop production requiring only 3 percent more acres. Contributing to the crop and livestock production gains would be an estimated decrease of about 30 percent in animal power. This implies a further decline in numbers of horses and mules on farms and consequently a release of feed and forage for other types of stock.

Wheat and corn would be very significant in the high level of national production in 1955. By planting 9 percent more acres to wheat and by raising yields 24 percent, farmers should be able to increase wheat production 36 percent. The 17-percent increase in corn would simply be a matter of increasing yields, since the same number of acres would be planted as in 1950. Cotton production could reach a level 70 percent over that of 1950 with an acreage increase of 30 percent and a yield gain of 31 percent. Other projected levels of production include a gain of 33 percent for rice, 25 percent for tobacco, 22 percent for tame hay, and 12 percent for peanuts.

Production of broilers and beef cattle are visualized as reaching a level 64 and 21 percent, respectively, above the 1950 production. With an estimated 14-percent increase in the number of pigs saved, the quantity of pork produced would be 19 percent higher in 1955. A combination of 4 percent more cows and 7 percent more milk per cow would insure an 11-percent increase in total milk production. More hens and pullets on farms and more eggs per layer indicate an attainable gain in egg production of 13 percent.

This attainable production denotes extended use of soil-conserving hay and pasture crops, fewer acres of row crops, and more livestock. With advancing farm mechanization, such shifts in production patterns are underway.

## In the Southeast

Livestock, with ample feed grains to support them, account for about one-half of the possible increase in the entire South. Fundamental in this gain would be pasture development. Estimates by the state committees indicate that through the use of more lime and fertilizer, feed produc-

tion from rotation pastures in the Southeast can be increased by about 12 percent and that of other open pastures by 64 percent. Such improvement of permanent pastures, plus a greater stress on high-yielding legumes and more efficient methods of harvesting and curing, would help raise hay yields 23 percent. With a 13-percent increase in acreage, total hay production could then be 39 percent over that for 1950.

With added forage and grains, the number of cattle and calves on southeastern farms as of January 1, 1955, could well be up 39 percent from 1950. Beef cows would be up 53 percent and cows kept for milk 11 percent. In order to build and maintain such a herd, farmers would have to improve their management practices. Most importantly, they would have to expand the use of their grassland, thus saving on feed concentrates. In addition, they would have to maintain body weights of brood cows so that healthy calves are born.

Milk production on southeastern farms is tied closely to pasture development, but improved management practices such as feeding balanced rations, breeding for production, and disease control, are also significant. An estimated 8-percent increase in average number of milk cows on farms and a 19-percent increase in production per cow adds up to a 29-percent gain in southeastern milk output by 1955. This increase is predicated on a prospective strong demand for milk, as well as on the concentration of cows in herds of commercial size under reasonably efficient management.

Southeastern hog production could increase 38 percent over 1950, principally through improved practices, such as feeding brood sows adequately, using farrowing pens to reduce pig mortality, using antibiotics and following proper sanitation and vaccination programs to control diseases and parasites. Poultrymen in the Southeast who specialize in commercial flocks and who pay close attention to feeding, breeding, selection, and disease control in their flocks, will account for the estimated increase of 27 percent in egg production.

Although improved management practices are paramount in achieving high yields from livestock, the yields of roughage rest in part upon extended mechanization. Harvesting of feed grains and hay, for example, can be more fully mechanized. In considering future mechanization, the agricultural experts felt that stepped-up southern production would require half again as many pick-up balers, about a fourth more mechanical corn pickers and combines, and an eighth more milking machines and silos. The small investment in machinery per crop acre in the South, compared with that in the nation, lends substance to the contention that mechanical developments already within sight can create as influential an impact on agricultural production in the next decade as occurred in the last decade. Especially significant for owners of small farms on rolling land has been the development of a small-size tractor with appropriate equipment.

Fortunately the greatest opportunity for producing more in the near future lies in the application of approved farm practices, which may be divided into two groups—those which are a “combination” of practices because of interrelated effects and those which, when introduced singly, will have a major effect on yields. A “combination” of practices is embodied in the feeding, breeding, selection, and disease control of a dairy herd. An important single practice is fer-

## Sixth District Statistics

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

Item	Oct. 22 1952	Sept. 24 1952	Oct. 24 1951	Percent Change Oct. 22, 1952, from	
				Sept. 24 1952	Oct. 24 1951
<b>Loans and investments—</b>					
Total . . . . .	2,893,195	2,829,444	2,692,311	+2	+7
Loans—Net . . . . .	1,167,356	1,132,341	1,066,156	+3	+9
Loans—Gross . . . . .	1,187,861	1,152,250	1,084,751	+3	+10
Commercial, industrial, and agricultural loans . . . . .	671,605	650,654	621,055	+3	+8
Loans to brokers and dealers in securities . . . . .	16,059	13,169	12,489	+22	+29
Other loans for pur- chasing or carrying securities . . . . .	39,976	42,513	34,358	-6	+16
Real estate loans . . . . .	94,473	91,459	86,299	+3	+9
Loans to banks . . . . .	2,712	3,144	4,462	-14	-39
Other loans . . . . .	363,036	351,311	326,088	+3	+11
<b>Investments—Total . . . . .</b>	<b>1,725,839</b>	<b>1,697,103</b>	<b>1,626,155</b>	<b>+2</b>	<b>+6</b>
Bills, certificates, and notes . . . . .	744,469	722,323	753,162	+3	-1
U. S. bonds . . . . .	714,712	714,076	636,850	+0	+12
Other securities . . . . .	266,658	260,704	236,143	+2	+13
Reserve with F. R. Bank . . . . .	536,316	513,020	524,837	+5	+2
Cash in vault . . . . .	47,818	48,244	47,013	-1	+2
Balances with domestic banks . . . . .	205,123	226,363	207,441	-9	-1
Demand deposits adjusted . . . . .	2,097,363	2,044,013	2,008,949	+3	+4
Time deposits . . . . .	556,095	554,503	529,947	+0	+5
U. S. Gov't deposits . . . . .	129,043	152,007	100,037	-15	+29
Deposits of domestic banks . . . . .	623,875	615,088	603,618	+1	+3
Borrowings . . . . .	42,500	20,200	12,000	*	*

\*Over 100 Percent.

### DEBITS TO INDIVIDUAL BANK ACCOUNTS (In Thousands of Dollars)

Place	Percent Change					
	Sept. 1952	Aug. 1952	Sept. 1951	Sept. 1952 from		Yr.-to-Date 9 Mos. 1952 from 1951
				Sept. 1952	Sept. 1951	
<b>ALABAMA</b>						
Anniston . . . . .	31,112	31,168	27,271	-0	+14	+6
Birmingham . . . . .	437,640	392,371	378,905	+12	+15	+6
Dothan . . . . .	21,635	17,328	18,716	+25	+16	-0
Gadsden . . . . .	23,740	22,941	22,471	+3	+6	+2
Mobile . . . . .	169,412	152,777	149,879	+11	+13	+4
Montgomery . . . . .	100,184	89,474	95,857	+12	+5	+3
Tuscaloosa* . . . . .	31,241	28,646	29,804	+9	+5	+0
<b>FLORIDA</b>						
Jacksonville . . . . .	386,468	374,007	331,629	+3	+17	+6
Miami . . . . .	311,927	282,546	260,978	+10	+20	+9
Greater Miami* . . . . .	470,520	430,880	398,620	+9	+18	+9
Orlando . . . . .	75,006	78,015	61,127	-4	+23	+10
Pensacola . . . . .	50,799	49,149	39,668	+3	+28	+15
St. Petersburg . . . . .	78,426	75,545	66,761	+4	+17	+11
Tampa . . . . .	160,638	156,672	141,236	+3	+14	+6
West Palm Beach* . . . . .	49,283	45,235	42,442	+9	+16	+2
<b>GEORGIA</b>						
Albany . . . . .	34,896	33,301	32,483	+5	+7	+7
Atlanta . . . . .	1,205,969	1,039,559	972,068	+16	+24	+6
Augusta . . . . .	98,018	90,269	87,641	+9	+12	+15
Brunswick . . . . .	11,888	11,653	11,668	+2	+2	+1
Columbus . . . . .	80,971	76,321	76,779	+6	+5	+9
Elberton . . . . .	5,965	4,458	4,823	+34	+24	+7
Gainesville* . . . . .	28,732	24,024	24,582	+20	+17	+15
Griffin* . . . . .	14,690	12,842	13,098	+14	+12	+4
Macon . . . . .	85,394	80,649	81,139	+6	+5	+3
Newnan . . . . .	11,346	11,146	9,541	+2	+19	+2
Rome* . . . . .	28,718	23,929	22,608	+20	+27	+1
Savannah . . . . .	118,165	114,691	111,032	+3	+6	+3
Valdosta . . . . .	16,786	36,654	15,246	-54	+10	+11
<b>LOUISIANA</b>						
Alexandria* . . . . .	49,020	42,572	42,348	+15	+16	+11
Baton Rouge . . . . .	122,959	115,707	100,848	+6	+22	+5
Lake Charles . . . . .	52,477	50,524	46,868	+4	+12	+12
New Orleans . . . . .	901,665	888,141	807,725	+2	+12	+8
<b>MISSISSIPPI</b>						
Hattiesburg . . . . .	22,014	19,947	19,600	+10	+12	+6
Jackson . . . . .	185,089	166,857	165,615	+11	+12	+6
Meridian . . . . .	37,194	30,479	34,627	+22	+7	+2
Vicksburg . . . . .	34,942	27,949	32,173	+25	+9	+14
<b>TENNESSEE</b>						
Chattanooga . . . . .	183,607	174,162	175,796	+5	+4	-0
Knoxville . . . . .	128,538	129,449	129,939	-1	-1	-7
Nashville . . . . .	408,142	447,019	388,674	-9	+5	+6
<b>SIXTH DISTRICT</b>						
32 Cities . . . . .	5,593,012	5,270,928	4,898,783	+6	+14	+6
<b>UNITED STATES</b>						
342 Cities . . . . .	139,078,000	124,641,000	121,201,000	+12	+15	+6

\*Not included in Sixth District totals.

tilization. In the Southeast the land would need 54 percent more plant nutrients in the form of fertilizer to reach attainable 1955 production. Estimated requirements are 64 percent more nitrogen, 38 percent more phosphorous, and 68 percent more potash.

As is true for the nation, increases in crop production in the South would not come from cultivating more acres, but from more output per acre. Total output would increase as a result of better land use as well as of higher yielding varieties. Contour farming and strip cropping, beneficial in the Southeast in reducing soil erosion and holding water for thirsty crops, would be expanded. Additional planting of green manure crops would aid in erosion control, produce winter grazing, and improve fertility. More and more southern farmers are turning to such crops. Better land use is also facilitated by the gradual consolidation of small farms into larger units. Such forces as these, which have helped shape the rising trends of production since the 1930's, will continue to influence production in the future.

Crop production per acre in the South by 1955 could reach a point 28 percent above that for 1950, the greatest gain for any section of the nation. Higher yields would be paramount in this gain. Corn production in the Southeast, for example, would grow by 43 percent, in the face of a 10-percent decline in acreage. To accomplish such production, farmers would have to use plenty of fertilizer and hybrid seed; they would have to improve their crop rotations, make use of green manures and residues, and control pests. Great dependence would be put on hybrid seed which can, according to tests, increase corn yields 20 percent over open-pollinated varieties with the proportionate gain usually about the same on good and poor land.

Cotton yields in the Southeast may be raised by 83 percent if the known fertilizer practices, pest controls, improved seeds and seed treatment, and improved crop rotations are put into use by more farmers. Greater efficiency plus 17 percent more acres planted to cotton would raise southeastern production by 115 percent.

The possible gain of 41 percent in rice production would come primarily from 36 percent more acres, since yields could only be increased about an estimated 4 percent. More efficient harvesting with the combine-drier would help to

lower costs and place rice in an improved competitive position. Yet to sell more rice, farmers would have to depend on continued export demand.

Peanut production could be raised 23 percent through a combination of increasing acreage 7 percent and yields 15 percent. Yields would be improved by better rotations, greater use of proper fertilizers, seed treatment, and dusting for leaf spot. The need for more peanuts would depend upon future demand and supply for vegetable oils.

These estimates of possible production levels in southern agriculture focus attention on the fact that commercial farming will become a more complex business, requiring more capital, more training, and top-notch managerial abilities.

### An Evaluation

The report on agriculture's productive capacity is not regarded as a forecast of what farmers will do, but rather of what farmers could attain by 1955. Potential production of the magnitude envisioned rests, of course, upon recent agricultural trends and adjustments taken in conjunction with some general assumptions about the state of the economy in the intervening years. These assumptions include average weather throughout the period, ample supplies of production goods, and improved practices adopted by more farmers, the last of which would have to be promoted through more intensive educational programs.

Given the production supplies, the favorable weather, the market, and the price incentive, the key factor becomes the farmer. His ability to produce more encompasses many things—skill as a laborer, as a mechanic, as a purchasing agent, as a marketer, and as a progressive manager in finding out about and applying improved practices that have been demonstrated as capable of increasing production. Most difficult for farmers to overcome is inadequate knowledge. Farmers are sometimes reluctant to try improved practices because they are not sure of the results on their particular farm. Sometimes they wish to watch neighbors experiment a little longer. And, of course, there is the element of risk in injecting more capital into their businesses; the willingness to take such risks and the ability to see them through varies among men.

The dynamic forces operating in our economy will bring forth many changes during the period covered by this study. It would be interesting to speculate as to what may happen to production in the event that farm prices begin to decline in the next few years, a viewpoint to which many economists subscribe. During such periods, costs of farming reflected in prices paid by farmers invariably lag behind the more rapid decline of returns reflected in prices received, with the result that net incomes are squeezed to the point that some lose money. As a whole, farmers are in a much sounder financial condition now than they have ever been in a similar period, and for this reason can take some price declines without disastrous results. In their attempt to maintain incomes, however, individual farmers undoubtedly will try to produce a larger volume for sale at lower prices. At the same time they will make an effort to eliminate unnecessary expenditures. Price declines of prolonged duration, of course, will be reflected in lowered total production.

ARTHUR H. KANTNER

## Bank Announcements

*On October 13, the Farmers and Merchants Bank, Columbia, Tennessee, was admitted to membership in the Federal Reserve System. Officers are: C. A. Whelchel, President; H. N. Harrison and J. O. Williams, Vice Presidents; S. E. Witt, Assistant Vice President; Joe Roberts, Cashier; A. Elizabeth Smith and Evelyn Atkerson, Assistant Cashiers. It has capital stock of \$200,000 and surplus and undivided profits of \$86,500.*

*Effective November 1, the Gulf State Bank, New Port Richey, Florida, will remit at par for checks drawn on it when received by the Federal Reserve Bank. Officers are A. L. Ellis, President; R. Draft, Vice President; and Richard A. Cooper, Cashier. It has capital stock of \$75,000 and surplus and undivided profits of \$37,500.*