



Atlanta, Georgia

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Monthly Review

"By the Light of the Silvery Moon..."

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**FRUITS
OF DIVERSITY**

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ON the fourth day of October in the year Nineteen Hundred and Fifty-Seven an explosion occurred somewhere in the depths of Soviet Russian territory. A strange object roared upward, tearing its way through the atmospheric envelope surrounding the earth, and emerging finally into the blackness of cosmic space. There, for approximately three months, it spun around the earth once every ninety minutes or so. What man had sometimes dreamed of in his wilder flights of fancy had at last been accomplished. A brand-new, man-made, mechanical moon had been set afloat in the skies as a fellow-traveler of the earth. This event marked the beginning of a new age for mankind, whether one of blessing or of doom only history will record.

There is certainly no romantic nonsense about this man-made contraption as there is about our older and more friendly moon. It has yet to inspire any tenderly sentimental ballads and no one would ever think of rhyming it with such pleasant words as June and croon and spoon. Nor is the light of this little Russian moon streaking through the sky any match for the splendor of the earth's older satellite, although it does possess the power to disturb one in his sleep. And disturb us, it has!

For over a decade after the Second World War we, as a nation, had been basking in fantasies of our own strength and importance in the world. It was we who had built and dropped the first atomic bomb and for a while we had a virtual monopoly on this weapon. The feeling of security that this monopoly gave us persisted even when the monopoly itself was broken. We were sure that we were still years ahead of anyone else in this new scientific wonderland of nucleonics. Our thus-far undisputed strength made us feel that it was not only our right but also a kind of moral duty to provide leadership to that part of the world that agreed with us in general social and political philosophy or which felt obliged to us for one reason or another. For the rest there was always the "deterrent" of the atomic bomb—later the more up-to-date hydrogen bomb—and the promise of "massive retaliation."

Not only did we feel supremely confident of our military strength, but we felt equally confident of the soundness of our intellectual underpinnings in an age of strange new scientific developments. It is true that we had had a little fun at the expense of the so-called "eggheads," and the college professor was still often thought of only as the "absent-minded professor." It is also true that most of us shared the general disdain of "practical" men for theoreticians and intellectual high-brows, and we often thought it the height of wit and practical wisdom to repeat

*Federal
Reserve
Bank of
Atlanta*

the aphorism that "those who can, *do*; those who can't, *teach*." We tended thus to relegate the instructors of our children to the ranks of the ignorant and the incompetent. Nevertheless, with a curious ambivalence, we proceeded to build more schools and more lavishly equipped schools than any other nation on earth, thereby nourishing in our own minds the idea that we were unquestionably the best-educated and the most intelligent of all peoples.

Along with our presumed pre-eminence in science, technology, and education went also an unquestioning faith in the economic foundation that supported the whole superstructure of our world. From 1945 on, one wave of prosperity after another had washed over us as boom followed boom, each one carrying us to a higher level of living than the one before. We found ourselves, indeed, in the hands of a generation of optimists from whose thinking the concepts of "depression" and "hard times" had all but vanished. While it may have talked nonchalantly and at odd moments of dips, and slips, and slides, and even of slumps, this generation really recognized no economic direction but "up." It had lost the salutary feeling for limits—for the finiteness of all things. And so, among our other fantasies, we basked also in this one of perpetual economic prosperity.

It was in the midst of these pleasant dreams that the Russian satellite roared upward into the depths of outer space. In the security of our dreams we reacted to this new portent in the skies with childish trifling. We gleefully took the word "sputnik" into our vocabulary and bandied it about like a child learning his first word in an alien tongue. And then, in November, when a bigger rocket again roared aloft out of Russia, a bigger rocket propelling a bigger satellite still farther into the blackness of space, a satellite that this time carried within it a living creature—a dog—we exhibited our linguistic wit by promptly christening it "muttnik." This was fun! Sputnik and Muttnik, both whirling mischievously around the planet earth!

Not to be caught napping in this new age, toy makers devised sputniks and other "space" toys for the kiddies, and dress designers dreamed up dazzling "space" suits for the gals, complete with "beep-beep" umbrella receivers. Equally alert to the implications of the new age, soda jerks concocted sputnik sundaes for the high school crowd, and the newspapers told of sputnik cocktails mixed by inventive bartenders. Moon-watching began to rival bird-watching as a pleasant outdoor sport.

We felt safe in indulging in such playful tomfoolery because of the unshakable confidence we had in our own pre-eminence in all important fields of human endeavor. And so we dreamed on in the light of the silvery moon—the one named Sputnik, and, later, the one we nicknamed Muttnik.

Soon, however, Reality came knocking at the door of the mind, and we awoke abruptly from our sleep. After all, Reality was saying, it was Russia and not we who put those moons in the sky. And a rocket that can send a moon around the earth in an hour and a half could just

as easily carry a hydrogen bomb to any of our cities in half an hour. And a satellite that can carry instruments of observation and measurement can just as easily carry a bomb to be released at will over any target. And a satellite that can carry a dog may soon be made to carry men.

Moreover, Reality reminded us, these accomplishments could not have taken place without the prior existence of a technology at least equal to our own, and without the creation of a generation of rigorously trained scientists and technical experts. This we had never dreamed possible in a country we had always considered woefully backward.

Whether actually justified by the facts or not, the psychic trauma we experienced in this encounter with Reality expressed itself, first in a wave of recrimination in which everybody blamed everyone else for letting Russia outdistance us in satellites and missiles, and then in a strident demand that we recover our position at the head of the parade as quickly as possible.

That we shall be able to recover our technical and military position quickly is doubtful. That we can do so easily is out of the question. Only gradually are we becoming aware of the ultimate cost of winning out in this strange and fateful race with Soviet Russia. It is going to involve the very roots of our being—our attitudes toward learning; our appreciation of education in its real sense as opposed to the gingerbread that is often confused with it; the standards of excellence that we must be willing to substitute for the too prevalent ideal of just getting by. The cost will also consist in large part of the sacrifices we will be willing to make to defend and preserve the fundamental values upon which our country was founded. First of all, however, the cost is going to involve money—lots of it.

Our immediate reaction to the implications of Sputnik is therefore a loud outcry for more Government expenditures—for satellites, for missiles, for anti-missile missiles, for scientists, for teachers, for scholarships for bright boys and girls with a talent for mathematics. There has been some talk, of course, that the additional billions that these things will cost may be offset by giving up some older and possibly less essential Government spending programs. But human nature being what it is, and political pressures being what they are, it would be a mistake to expect too much from this direction. We shall probably have to reconcile ourselves to some net addition to the national debt and be prepared to sacrifice a balanced budget on the altar of military necessity.

It is fortunate that this unforeseen and imperious necessity had not confronted us a year, or even ten months, earlier. Then it would have fallen upon the economy at what was virtually the peak of the credit expansion by which we had financed the successive post-war booms. To have imposed this additional burden upon the economy at such a time might have raised the inflationary pressure to a point beyond which it could not be restrained.

In a way, therefore, it was fortunate that our encounter with Sputnik came at a time when the inflationary danger

seemed to have abated and when considerable slack was beginning to be felt throughout the economy. The last of the great postwar booms, the one in capital goods, was beginning to wane and many people saw nothing on the horizon to take its place as a stimulus to the economy. Business confidence was falling to a lower ebb than seemed justified by the current statistics. Business seemed haunted by a fear that this recession might be something different than those of 1949 and 1953-54.

The period since the Second World War had been marked by shortages of almost everything except money and credit. Under such conditions, a slackening of pressure in any one sector of the economy merely released demand and resources to other sectors where new booms would thus be generated. It was in these circumstances that we developed the concept of the "rolling readjustment." It seemed important, therefore, to know whether the recession that developed in 1957 was merely another rolling readjustment—the prelude to another boom—or whether it was something more serious than that.

There was one difference. This 1957 recession was occurring at a time when there were no general shortages. The output of major materials was running at less than 80 percent of capacity and the number of unemployed, though not large in absolute figures, was nevertheless growing. Under such conditions, to say nothing of high inventories in nearly all sectors; high debt commitments by individuals, businesses, and governments, and a general state of illiquidity; inflexibility in wage and price structures; weakening economies abroad and declining export markets; and a perennially sick agriculture plagued by extraordinarily unseasonable weather—under such conditions, instead of acting as a stimulus elsewhere as had been the case in the recent past, it was thought that any sagging of the economy anywhere could only contribute to a cumulative downswing. Instead of a rolling readjustment, therefore, it seemed to some observers that we were facing what might more properly be considered a listing of the vessel to one side. Such listing would not necessarily lead to a capsizing of the vessel, although it might do so if it continued too long. This possibility was a danger that haunted the minds of many and caused them to consider the problem of overcoming the recessionary downdrift as coequal with that of recovering military and political status in the world vis-a-vis Soviet Russia.

Such was the economic climate in which Sputnik was set afloat in the skies. And it is fortunate that it was so. The growing slackness in the economy could serve, indeed, as a cushion to absorb the economic impact of our inevitable reaction to Sputnik and its implications. That the current recession may be a movement of much more gravity than a mere rolling readjustment gives it the power, indeed, to absorb a much greater impact than would otherwise be the case. The existence of this recessionary cushion, therefore, could save us, perhaps, from the social and economic demoralization that might have followed a resumption of inflation had our encounter with Sputnik come a year earlier. It is hard to think well of any business

recession, but we may yet come to think of this one with something akin to gratitude.

Just what will be the outcome of the interaction of these two problems—the problem of outdistancing Russia in science and in weapons, and the problem of overcoming the recession—remains to be seen. In our anxiety to recover our military and political position in the world, we could perhaps go so far as to plunge the economy into the inflationary stratosphere and court again the dangers from which we have so recently fled.

On the other hand, our anxiety and alarm could possibly subside to a point where we would be unwilling to bear the burden and to make the sacrifices that world leadership entails. Already much of our excitement over the Russian moons has vanished. Few watchers still follow "Muttik" on its lonesome course, now that Sputnik I has died.

Our deeper interest in the problems of the "space age" could be overwhelmed almost as easily in the welter of day-to-day affairs. After all, we are a people of mercurial temperament and it is hard for us to sustain an attitude of continuous worry about any problem. It is therefore easy for us to forget that vigilance is still the price of liberty, and that our heritage of democratic values is not self-perpetuating. They will not be preserved unless we preserve them.

And so we enter 1958 at a most solemn moment in human history. By the light of the silvery moon—the little Russian moon that still encircles the earth and any moon we may put up there beside it—we see a divided world gravitating more and more around two hostile ideological poles. Despite the triumphs of Science, education, and engineering in creating here and there a few islands of prosperity and material well-being, this process of polarization is going on in a world still desperately poor and growing poorer day by day. For two-thirds of the earth's inhabitants, bread is the daily elemental problem and starvation the ever-present threat. Each country, moreover, faces baffling economic problems peculiar to itself. Beside them, our own problem of countering an incipient recession pales into insignificance.

Under such circumstances, the commonest of common sense tells us that, for the time being at least, we are all marooned together on the planet earth and that our mutual welfare, to say nothing of our very survival, depends upon our willingness and our ability to work together in solving our common problems. Unless mankind learns this lesson, and learns it soon, it will continue to squander its resources in the mad competition to build intercontinental ballistic missiles that can indeed put a halo of satellites around the earth, and splatter with rockets our unoffending neighbors in the planetary system, but which may also finally bring about the mutual extermination of the human race.

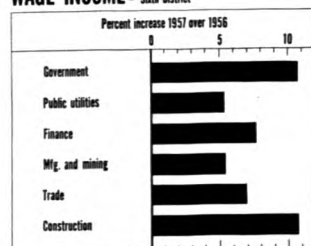
If that day, unhappily, should ever come, the light of the silvery moon—the age-old, friendly moon—may then shine down upon a world as desolate as the moon itself.

EARLE L. RAUBER

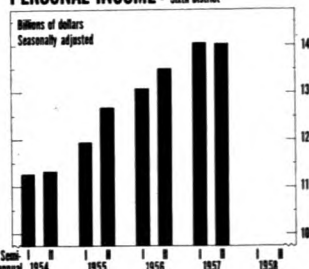
The Fruits of Diversity

With its economic fortunes tied to a specialized income base, an area can experience severe hardships from a decline in demand, overproduction, or changes in any of the other economic forces that determine the prosperity of an industry. At one time, the South suffered from a lack of diversified sources of income, or overspecialization. A quarter of a century ago, about two out of every five workers depended on farming for a living; this activity directly provided twenty cents out of every dollar of personal income and even more, indirectly. Farmers produced nothing much but cash crops, chiefly cotton. The small share of income from manufacturing, moreover, came mostly from two industries—textiles and lumber.

WAGE INCOME - Sixth District



PERSONAL INCOME - Sixth District



Data for 1956 are estimates by U. S. Dept. of Commerce; 1957 data estimated by this Bank.

The year 1957, however, shows how the picture has changed. Farm income from crops declined sharply. The area's two traditionally most important manufacturing employers reported fewer numbers on their payrolls as the year advanced. Yet, when we cast up the accounts for 1957, we find personal income higher than in any previous year. Moreover, with the start of 1958, we find the slowing down of activity in the country's economy touching on the District but lightly.

These income developments in the District are the fruits of greater diversification. Along with the economic development of the last twenty-five years, the economy of this part of the South has become more diversified. Had it not, we probably would have found a sharp decline in personal income in 1957 instead of the 5-percent increase we estimate occurred.

When we talk about the Sixth District, we are speaking of Alabama, Florida, Georgia, and the major parts of Louisiana, Mississippi, and Tennessee. In this 248,000 square miles, we find people doing many different things to earn their living, if only because there are many differences in soil, topography, climate, and natural resources. But the recent diversification is different; it resulted from the addition of sources of income through better utilization of existing resources.

Diversity in Agriculture

The reports on farm income do not make cheerful reading. Both the volume of crop production and the prices at which crops sold dropped sharply. Early estimates place the 1957 cotton crop for the District 29 percent below that of last year. The peanut crop was 20 percent

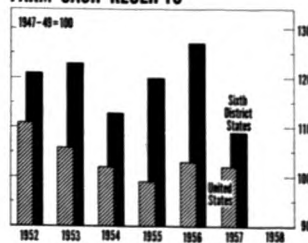
smaller and tobacco production was down. The rice crop in Louisiana was smaller but prices were higher, and the peach growers in Georgia had a better year. Florida growers probably received more from their vegetables. Summing up, however, income from District crops was probably about a fourth lower in 1957 than in 1956.

The picture was not quite as black as it could have been had not a growing livestock industry provided income for more farmers than was once the case. Cash receipts from the sale of livestock and livestock products, including cattle, hogs, broilers, milk and the like, were higher in each District State in 1957 than in 1956. Farmers did not receive enough more from livestock marketings to offset the drop in crop income, but they received enough more to soften the effects. Total farm income in District states fell about 17 percent from 1956.

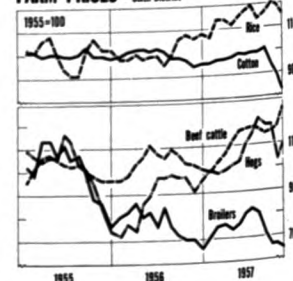
New Sources of Income from Off the Farm

Farmers were not the only ones feeling the cuts in farm income. In cities and towns where most persons make their living buying from, selling to, or serving the farmers, business fell off. But the effects were largely localized. An increase in manufacturing income helped offset the decline in farm income, but only because manufacturing has become more diversified. Since the end of World War II, more and more of the plant expansion has been concentrated in building and equipping plants to produce chemicals, fabricate metals, make pulp and paper and products other than textiles and lumber. These industries not only provided more workers with jobs, but by-and-large, with good paying jobs.

FARM CASH RECEIPTS



FARM PRICES - Sixth District



Data for 1957 are preliminary estimates.

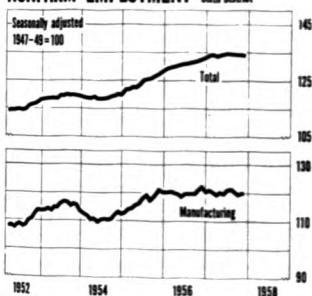
Employment held up well at most of these growth industries in 1957. In most months, more workers were hired than a year earlier. Thus, at year's end, we find total manufacturing employment down only 2 percent, less than half as much as the decline in textile employment and only a fourth as much as the drop in employment in the lumber, furniture, and fixtures industry.

At this point perhaps we should look at the growing number of off-farm jobs that are not factory jobs; this number is about three times as large as the number of factory jobs. More nonfactory jobs were filled at the end of 1957 than a year earlier in each major category except transportation, communications, and public utilities. Wages and salaries rose even more than employment.

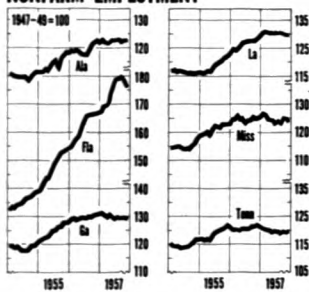
The Record State by State

How an individual state, area, or city fared in the income growth in 1957 depended largely on the degree to which its economic base was diversified. In those places depending heavily on farming, especially on the South's traditional cash crops, income suffered the most, but where farming had shifted toward livestock, the record was better. Areas with diversified manufacturing fared better. Reports were best where sources of income included farming, manufacturing, and nonmanufacturing, with diversification in each.

NONFARM EMPLOYMENT



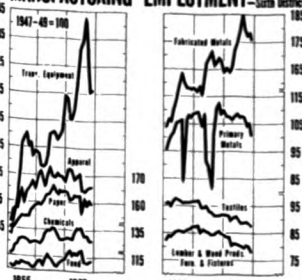
NONFARM EMPLOYMENT



The best record was set in Florida where income probably increased a little less than 10 percent from 1956, despite a loss in farm income. Our estimates show the next best records of growth in total personal income were set by Alabama and Louisiana, followed closely by Georgia and Tennessee. Apparently, income in Mississippi did not increase, because of a severe drop in farm income and a heavy dependence on agriculture.

Official estimates by the United States Department of Commerce that will be issued later this year may differ from what available data indicate now, but other measures of economic activity confirm the estimated trends. Spending by check, as measured by bank debits at report-

MANUFACTURING EMPLOYMENT



DEPARTMENT STORE SALES



Adjusted for seasonal variation.

ing banks, was 13 percent greater in Florida in 1957 than in 1956. Debits increased 8 percent in Alabama and Louisiana, 5 percent in Georgia and Tennessee, and 2 percent in Mississippi.

The somewhat greater-than-national increase in personal income brought District department store sales for the year 2 percent above those for 1956, compared with a one-percent gain in the nation. Sales did not grow as much as income, and they behaved erratically from month to month.

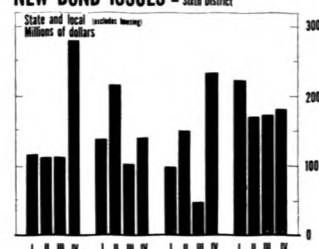
Planting the Seeds of Diversification

The process of planting the seeds of a more diversified economy in itself created income opportunities. Building

PLANNED FACTORY INVESTMENT



NEW BOND ISSUES



Publicly announced projects costing \$100,000 or more. Data for fourth quarter of 1957 are preliminary estimates.

new commercial buildings and factories created jobs for construction workers, made markets for building materials and pushed up demands for machinery and equipment. There were demands for new homes, new schools, new water and sewage systems and all the facilities needed to operate the District's growing cities.

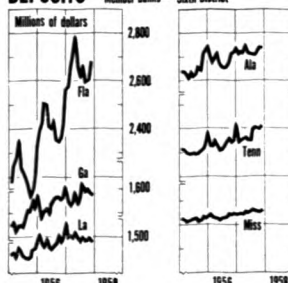
As a result, construction contracts awarded during the first eleven months of 1957 totaled 10 percent more than in the like period of 1956. Residential construction contracts were 14 percent greater, and public works and utility contracts were up 12 percent. There was also a 4-percent increase in other types of non-residential contracts. Moreover, state and local governments spent large sums, which they borrowed, to build new facilities.

Banking Reflects Income Changes

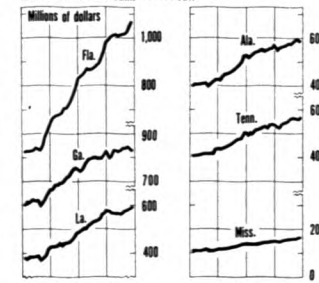
District bankers were faced with demands for bank loans stemming from two types of income changes. In areas where the economy expanded and became more diversified, customers asked for new loans in increasingly heavy amounts during 1957. Because bankers were able to attract and retain deposits, they could, as a rule, supply these credit needs without reducing their investments.

In other areas, where the economic base was highly specialized and where income developments were unfavorable, demands for credit were different. Some farmers were unable to pay off their loans promptly, and merchants and others who served the farmers needed credit to tide them over. The same income developments that increased demands for loans, however, made it difficult for banks to retain deposits. To meet the loan demands, therefore, they had to reduce their investment holdings.

DEPOSITS



LOANS



Not adjusted for seasonal variation. Data for Louisiana, Mississippi, and Tennessee for District portion only.

The net result was that at the end of the year, total deposits at District banks were greater than a year earlier. Deposits at 25 percent of the banks, however, fell below those of a year ago. Although loans grew in all areas of the District, the rate of growth varied greatly.

What's Ahead

As 1958 began, a slowing down in the economy was apparent in the District as well as in the nation. Total nonfarm employment began to drift downward in July after account was taken of seasonal influences. At member banks, loans declined on a seasonally adjusted basis during September for the first time in the year, and even more in October. Other signs of slackening appeared, but they were of modest proportions. The question now is, "How will the District's income react to these developments?"

The income growth in the District has been only a part of the nation's general economic expansion. If the rate of

income growth in the District has been somewhat greater than in other parts of the United States, it has been because of the area's greater potentialities for the more productive use of its human and physical resources. The major influence determining economic conditions in the District during 1958, consequently, will be the direction taken by the nation's economy. The strengthening of the District's economic base through greater diversification of its income sources, however, will undoubtedly soften the effects of any slowing down that might occur in the nation's economy. For the long run, moreover, this diversification provides a base for an even more productive use of the area's economic potentialities.

CHARLES T. TAYLOR

Beginning with this issue, the tables on "Wholesale Sales and Inventories," "Condition of 27 Member Banks in Leading Cities," "Retail Furniture Store Operations," and "Instalment Cash Loans" are no longer being published in

this Review. The information formerly published in these tables is contained in releases issued regularly. To obtain these releases, address requests to Research Department, Federal Reserve Bank of Atlanta, Atlanta 3, Georgia.

Bank Announcement

The Federal Reserve Bank of Atlanta is pleased to welcome to membership in the Federal Reserve System on January 6, the Pascagoula-Moss Point Bank, Moss Point, Mississippi. Officers of the bank are W. B. Herring, President; H. P. Heidelberg, Jr., Executive Vice President; Manuella C. Taylor, Vice President and Trust Officer; A. F. Dantzler, William F. McLeod, John J. Harry, and Edward A. Khayat, Vice Presidents; Beryl B. Parker, Assistant Vice President; Theresa M. Johnson, Cashier; Wallace A. Grierson, Hilburne Boutwell, and Alma Garlick, Assistant Cashiers. It has capital of \$300,000, and surplus of \$700,000.

Department Store Sales and Inventories*

Place	Percent Change				
	Sales		Inventories		
	Dec. 1957 from Nov. 1957	Dec. 1956 from Nov. 1956	Dec. 31, 1957 from Nov. 30, 1957	Dec. 31, 1956 from Nov. 30, 1956	Dec. 31, 1955 from Nov. 30, 1955
ALABAMA	+58	-4	-1	-24	+1
Birmingham	+55	-3	-1	-22	+1
Mobile	+58	+0	+4	..	..
Montgomery	+63	-13	-10	..	..
FLORIDA	+63	+8	+5	-15	+5
Jacksonville	+69	+1	-1	-23	+3
Miami Area	+67	+11	+10	-12	+0
Miami	+62	+3	-1	..	..
Orlando	+43	-2	+4	..	..
St. Ptersbg-Tampa Area	+56	+14	+6	-14	+26
St. Petersburg	+47	+1	+7	..	..
Tampa	+64	+24	+5	..	..
GEORGIA	+51	+2	+0	-24	+2
Atlanta**	+48	+5	+3	-23	+5
Augusta	+51	-7	-5	..	..
Columbus	+52	-6	-7	-22	-4
Macon	+67	-1	-3	-27	+11
Rome**	+81	-21	-9	..	..
Savannah	+60	-3	-3	..	..
LOUISIANA	+40	+1	+5	-22	+0
Baton Rouge	+44	+11	+14	-19	+18
New Orleans	+41	-0	+4	-22	-3
MISSISSIPPI	+51	-3	-2	-22	-4
Jackson	+45	-4	-4	-21	-4
Meridian**	+76	-1	-2	..	..
TENNESSEE	+70	+1	+1	-27	+6
Bristol (Tenn. & Va.)**	+84	-0	+1	-29	+10
Bristol-Kingsport	..	..	..	..	..
Johnson City**	+81	-8	-2	-32	-6
Chattanooga	+67	+2	+1	..	..
Knoxville	+79	-1	-3	-28	-6
DISTRICT	+56	+2	+2	-22	+3

*Reporting stores account for over 90 percent of total District department store sales.
**In order to permit publication of figures for this city, a special sample has been constructed that is not confined exclusively to department stores. Figures for non-department stores, however, are not used in computing the District percent changes.

Debits to Individual Demand Deposit Accounts

(In Thousands of Dollars)

	Dec. 1957	Nov. 1957	Percent Change		
			Dec. 1957 from Nov. 1956	Nov. 1956 from Dec. 1956	Nov. 1956 from Dec. 1955
ALABAMA					
Anniston	35,660	36,185	38,814	-1	-8
Birmingham	723,066	686,891	706,219	+5	+2
Dothan	26,335	26,636	25,039	-1	+5
Gadsden	33,776	31,454	33,839	+7	-0
Mobile	291,217	250,188	261,367	+16	+11
Montgomery	138,908	129,440	126,276	+7	+10
Selma*	22,693	21,794	24,565	+4	-8
Tuscaloosa*	44,261	44,045	41,635	+0	+6
FLORIDA					
Daytona Beach*	52,644	47,413	46,007	+11	+14
Fort Lauderdale*	211,689	174,162	175,351	+22	+21
Gainesville*	34,445	32,859	30,724	+5	+12
Jacksonville	722,885	591,671	623,281	+22	+16
Key West*	15,991	13,101	13,987	+22	+14
Lakeland*	62,538	57,377	57,396	+9	+9
Miami	780,262	663,566	665,640	+18	+17
Greater Miami*	1,193,457	1,009,221	1,010,374	+18	+18
Orlando	175,316	152,376	156,057	+15	+12
Pensacola	86,805	81,707	78,360	+6	+11
St. Petersburg	176,084	156,012	153,609	+13	+15
Tampa	364,012	298,327	314,894	+22	+16
West Palm Beach*	110,029	94,262	97,965	+17	+12
GEORGIA					
Albany	57,670	55,658	59,530	+4	-3
Athens*	36,819	33,692	33,113	+9	+11
Atlanta	1,769,069	1,546,709	1,645,350	+14	+8
Augusta	93,103	85,404	93,007	+9	+0
Brunswick	23,837	20,997	20,026	+14	+19
Columbus	105,792	92,975	104,065	+14	+2
Elberton	7,857	7,579	7,461	+4	+5
Gainesville*	47,245	43,789	46,808	+8	+1
Griffin*	18,299	16,416	17,805	+11	+3
LaGrange*	22,237	20,383	20,163	+9	+10
Macon	110,643	101,258	107,103	+9	+3
Marietta*	25,724	25,212	26,492	+2	-3
Newnan	15,679	15,149	15,585	+3	+1
Rome*	41,242	38,076	41,505	+8	-1
Savannah	188,982	167,883	171,885	+13	+10
Valdosta	29,207	21,768	26,701	+34	+9
LOUISIANA					
Alexandria*	69,804	64,499	64,696	+8	+8
Baton Rouge	211,334	189,124	173,986	+12	+21
Lafayette*	56,699	54,851	54,381	+9	+4
Lake Charles	87,998	82,503	78,826	+7	+12
New Orleans	1,343,831	1,177,018	1,258,054	+14	+7
MISSISSIPPI					
Biloxi-Gulfport*	40,146	35,710	37,506	+12	+7
Hattiesburg	31,117	29,903	28,260	+4	+10
Jackson	201,243	174,565	194,381	+15	+4
Laurel*	22,601	23,114	19,537	-2	+16
Meridian	34,857	33,217	33,868	+5	+3
Natchez*	21,293	20,256	19,962	+5	+7
Vicksburg	18,212	19,165	18,056	-5	+1
TENNESSEE					
Bristol*	36,356	35,994	38,692	+1	-6
Chattanooga	276,819	246,310	268,953	+12	+3
Johnson City*	40,361	36,543	39,882	+10	+1
Kingsport*	73,846	69,635	68,374	+6	+8
Knoxville	252,147	202,583	235,324	+24	+7
Nashville	642,607	605,051	595,917	+6	+8
SIXTH DISTRICT					
32 Cities	9,056,330	7,979,272	8,319,733	+13	+9
UNITED STATES					
344 Cities	220,376,000	189,246,000	201,876,000	+16	+9

*Not included in Sixth District totals.

Sixth District Indexes

Seasonally Adjusted (1947-49 = 100)

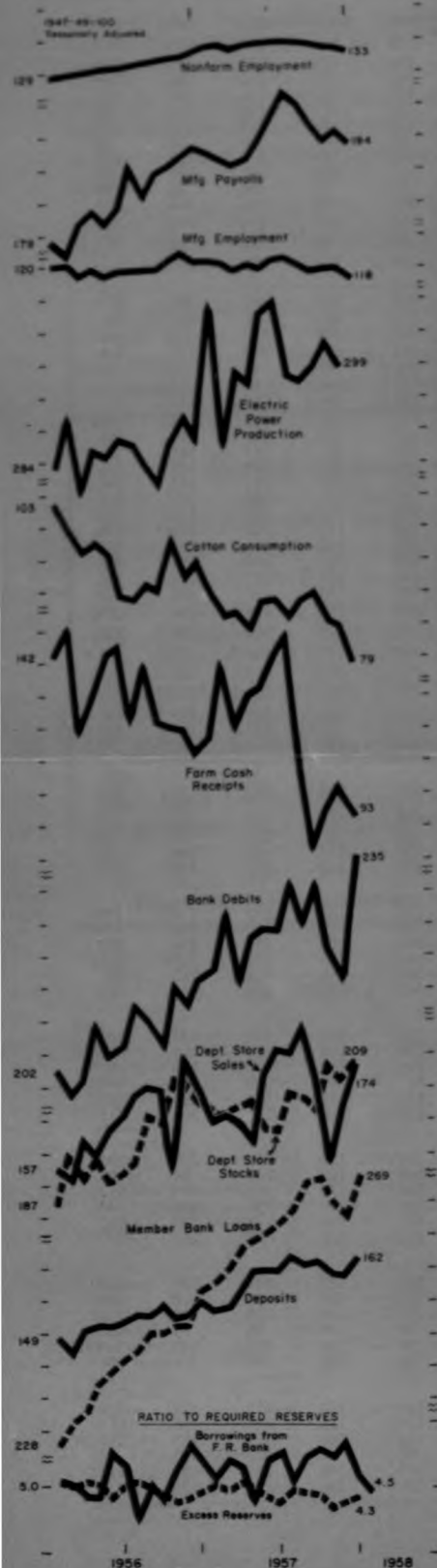
SIXTH DISTRICT	1956		1957											
	NOV.	DEC.	JAN.	FEB.	MAR.	APRIL	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.
Nonfarm Employment	133	133	134	134	134	134	135	135	135	135	134	134	134	133
Manufacturing Employment	122	121	121	121	119	120	120	121	121	120	119	120	120	118
Apparel	169	168	172	172	172	168	170	171	164	164	165	166	166	164
Chemicals	131	132	132	132	131	134	136	136	136	133	133	131	131	131
Fabricated Metals	168	164	165	164	166	172	175	179	185	180	177	178	176	172
Food	114	114	117	117	116	117	116	117	118	113	113	113	114	115
Lbr., Wood Prod., Fur. & Fix.	85	84	83	83	80	81	81	80	80	80	81	80	78	78
Paper & Allied Products	164	164	164	161	161	163	162	163	156	161	159	161	159	159
Primary Metals	109	110	108	107	106	107	108	107	108	107	104	105	100	99
Textiles	92	92	92	91	90	91	91	90	89	89	89	88	88	88
Transportation Equipment	202	214	213	206	206	209	218	231	235	243	230	216	216	224
Manufacturing Payrolls	194	194	193	191	190	191	194	198	201	200	197	194	196	194
Cotton Consumption**	93	94	90	86	86	84	88	89	87	89	90	86	85	79
Electric Power Production**	292	289	309	288	298	297	308	310	298	297	299	303	299	n.a.
Petrol. Prod. in Coastal Louisiana & Mississippi**	168	200	198	205	203	195	195	170	172	160	164	167	164	179
Construction Contracts	229	211	310	346	342	340	376	294	309	354	289	291	244	n.a.
Residential	253	176	295	454	299	326	348	254	310	304	339	273	282	n.a.
Non Residential	211	238	321	263	375	351	397	325	308	391	252	305	215	n.a.
Farm Cash Receipts	94.0	113.4	116.4	139.5	120.9	129.4	132.1	141.6	148.0	108.7	83.3	93.3	101.6	92.9e
Crops	76.2	105.0	101.1	139.9	111.7	120.4	134.8	150.3	148.8	74.0	62.4	76.1	82.2	n.a.
Livestock	139.2	142.6	141.7	150.7	138.8	148.7	146.2	144.7	158.0	152.3	146.7	157.1	151.1	n.a.
Dept. Store Sales*/**	174	170	164	165	164	161	171	175	174	178	171	158	166	174p
Atlanta	158	148	151	157	159	141	163	158	159	167	154	149	154	156
Baton Rouge	192	180	184	186	170	167	183	186	177	194	181	187	205	201
Birmingham	138	131	125	124	139	118	134	131	128	138	132	128	123	126
Chattanooga	154	143	138	140	141	139	141	146	149	151	147	141	147	145
Jackson	130	121	115	114	102	98	112	107	119	121	111	102	115	117
Jacksonville	136	132	128	129	124	118	127	128	127	135	132	118	130	133
Knoxville	169r	158	155	150	144	146	154	148	151	158	156	139	144r	156
Macon	153	151	149	151	160	141	149	151	147	166	141	136	143	149
Miami	232	230	228	225	241	229	252	251	267	274	267	244	231	255
New Orleans	153	147	135	151	132	140	142	148	148	148	151	145	140	147
Tampa-St. Ptsrbg.	184	182	183	187	165	182	185	187	183	185	189	177	195	207
Dept. Store Stocks*	206	203	202	200	202	203	198	198	204	203	201	208	206	209p
Furniture Store Sales*/**	108	113	114	116	111	112	106	111	114	110	105	103	108	110p
Member Bank Deposits	152.6	154.9	153.4	153.9	156.4	159.5	159.5	159.2	161.9	160.2	160.9	158.9	158.6	161.6
Member Bank Loans	245.7	251.2	252.5	254.6	257.8	259.1	259.8	261.3	263.2	267.8	268.1	265.1	262.8	268.6
Bank Debits	212.8	216.0	217.7	225.9	216.1	222.8	223.7	223.5	230.6	224.7	230.7	221.1	216.3	235.1
Turnover of Demand Deposits*	134.1	136.5	140.1	143.1	138.9	138.3	144.3	140.1	151.6	146.7	143.7	138.3	135.9	147.9
In Leading Cities	141.7	146.0	149.7	153.4	147.9	155.8	158.9	160.1	168.1	165.6	157.7	144.8	143.6	160.1
Outside Leading Cities	94.4	103.5	106.9	107.4	108.6	101.8	109.1	102.9	110.8	106.3	109.7	101.2	98.9	113.1
ALABAMA														
Nonfarm Employment	123	122	123	122	122	122	123	123	123	123	122	123	122	121
Manufacturing Employment	115	110	110	109	110	111	113	114	114	113	109	112	112	107
Manufacturing Payrolls	185	176	180	177	178	177	181	185	187	193	187	188	185	173
Furniture Store Sales	121	126	129	126	118	108	117	113	131	125	100	111	120r	117p
Member Bank Deposits	133	135	135	136	137	143	140	142	140	139	139	136	136	139
Member Bank Loans	208	212	208	211	211	214	213	219	219	225	227	223	219	222
FLORIDA														
Nonfarm Employment	167	167	167	169	170	171	175	177	179	179	180	178	176	174
Manufacturing Employment	171	168	166	167	169	172	174	177	177	180	179	180	182	179
Manufacturing Payrolls	259	261	257	267	258	264	273	280	286	290	293	291	290	292
Furniture Store Sales	107	117	101	123r	132	121	112	118	124	114	111	106	111r	121p
Member Bank Deposits	193	195	193	193	196	202	200	201	206	207	211	212	213	213
Member Bank Loans	366	375	385	393	396	401	402	405	410	415	415	416	415	423
GEORGIA														
Nonfarm Employment	130	131	131	131	130	131	130	129	130	130	130	130	130	129
Manufacturing Employment	123	123	123	122	122	122	122	123	122	120	118	117	119	118
Manufacturing Payrolls	203	202	198	193	192	192	194	196	198	199	192	187	198	192
Furniture Store Sales	116	114	118	118	102	106	105	105	106	107	107	103	111	110
Member Bank Deposits	137	138	138	136	140	144	142	142	145	141	141	138	137	141
Member Bank Loans	205	210	207	208	213	214	214	215	218	220	218	212	208	212
LOUISIANA														
Nonfarm Employment	128	129	130	131	130	131	130	131	130	131	130	130	130	130
Manufacturing Employment	101	100	102	103	102	102	101	103	101	100	100	100	99	97
Manufacturing Payrolls	167	168	172	175	173	174	174	173	173	174	173	172	171	172
Furniture Store Sales	135	137	141	122	141	132	117	139	139	147	133	133	132	133
Member Bank Deposits	150	155	151	151	154	158	155	154	157	155	154	153	149	153
Member Bank Loans	251	258	257	256	258	260	262	261	269	272	271	268	265	274
MISSISSIPPI														
Nonfarm Employment	125	125	126	126	125	125	124	123	124	123	125	124	124	124
Manufacturing Employment	124	122	125	126	124	125	122	124	126	124	124	123	122	122
Manufacturing Payrolls	200	197	207	212	210	207	207	211	219	217	213	208	206	212
Furniture Store Sales	89	113	90	100	89	92	89	92	83	75	85	80	95	107
Member Bank Deposits	144	143	143	145	144	152	155	156	156	158	155	147	149	154
Member Bank Loans	265	269	270	267	276	278	280	283	286	288	282	293	294	296
TENNESSEE														
Nonfarm Employment	122	121	121	120	120	120	119	120	119	119	120	119	120	118
Manufacturing Employment	120	119	119	117	118	119	118	118	117	117	116	115	115	114
Manufacturing Payrolls	186	187	189	188	188	189	188	187	189	190	186	185	183	182
Furniture Store Sales	82r	89	96	91	83	91	87	86	85	82	82	82	80	87
Member Bank Deposits	140	143	139	140	143	144	144	144	148	147	148	146	146	149
Member Bank Loans	220	220	219	218	223	226	229	233	236	236	236	230	234	237

*For Sixth District area only. Other totals for entire six states. n.a. Not Available. p Preliminary. e Estimated.

**Daily average basis.

Sources: Nonfarm and mfg. emp. and payrolls, state depts. of labor; cotton consumption, U. S. Bureau Census; construction contracts, F. W. Dodge Corp.; petrol. prod., U. S. Bureau of Mines; elec. power prod., Fed. Power Comm. Other indexes based on data collected by this Bank. All indexes calculated by this Bank.

SIXTH DISTRICT BUSINESS HIGHLIGHTS



THE DOWNTREND in nonfarm employment and factory payrolls has continued, but declines so far are still of fairly small magnitude. Consumers are spending their income somewhat less freely and farm incomes continue lower. Bank loans resumed their decline after a temporary upturn in December. As reserve positions eased, member banks reduced their borrowings from the Federal Reserve Bank, which in late January again lowered the discount rate.

Total employment in nonfarm establishments edged down again in December after adjustment for the usual changes; the total decline since mid-1957, however, amounted to less than one percent. As in previous months, the December decline occurred principally because **manufacturing employment** was reduced. **Nonmanufacturing employment** was stable in December after having declined slightly in the two preceding months. **Weekly earnings** in manufacturing rose a bit in December, but with fewer workers on jobs, **manufacturing payrolls** declined. Also reflecting primarily the lower level of manufacturing employment, the **rate of insured unemployment** in December continued above that a year earlier.

Seasonally adjusted cotton consumption dropped further in December indicating that textile activity was at the lowest level since mid-1949. **Steel operations**, as in the nation, also continued at a low rate in December and early January. **Crude oil production**, seasonally adjusted, in coastal Louisiana and Mississippi, however, increased substantially in December. **Construction contract awards** also showed strength and were above those a year ago.

Cash receipts from farm marketings declined after seasonal adjustment and are below those a year ago. Not only did cold weather cause further damage to the citrus and vegetable crops in Florida, but the volume and quality of other cash crops were lower. Livestock, however, brought larger returns because **prices for livestock products** were favorable. **Farm prices** of beef, hogs, milk, eggs, and citrus were higher than those a year ago; prices of cotton, peanuts, vegetables, and broilers were lower.

Total spending as measured by seasonally adjusted **bank debits** rose to record high in December after declining for several months. This rise probably reflects improved sales of nondurable goods. **Department store sales** increased as the year ended, but according to preliminary data, declined in January. **Sales of furniture, household appliances and automobiles**—the major durable goods—have been disappointing. Because durable sales were down, **instalment credit outstanding** at commercial banks increased less in December than has been usual in recent years. **Inventories at department stores**, seasonally adjusted, show little change.

Member bank deposits, seasonally adjusted, rose moderately during December after having declined for two months. Banks reduced their **borrowings from the Federal Reserve Bank** in December and January, thus bringing total borrowings below excess reserves. The Federal Reserve Bank of Atlanta lowered the **discount rate** from 3 percent to 2¾ percent, effective January 28. Also, in response to reduced loan demand in recent months and to somewhat easier reserve positions, member banks in December bought **Government securities**. Preliminary data indicate that banks in major District cities sold some securities during January, however, and **member bank loans**, after having risen moderately in December, apparently resumed the downward trend as repayments by business borrowers increased. Moderate gains in loans in December occurred in all states, and deposits increased in all states except Florida.