Monthly Review

Atlanta, Georgia
February • 1959

Also in this issue:

Federal Reserve Bank of Atlanta

Doing What Comes Naturally

A FEW WEEKS AGO we came to the end of a most amazing year. It had opened with the nation in a torment of frustration for which there was more than one reason.

One reason for the prevailing state of nerves in the country was the appearance in the firmament of two new heavenly bodies—the recently launched Russian satellites, Sputnik I and Sputnik II. The appearance of these new portents in the sky, with their ominous beep-beeping, had somewhat the same effect upon us as had the appearance of "the comet" on the credulous people of the Middle Ages. It plunged us into a period of earnest self-examination to see wherein we had sinned so that the Russians and not we had achieved this spectacular triumph. To redress what seemed to be a miscarriage in the natural order of things, we entered into a fantastic competition with Russia for the conquest of cosmic space. Before the year was far gone, we had put four Explorer satellites into orbit around the earth. And then, at the end of the year, we regained all of our self-confidence by putting into orbit an Atlas missile that was able to say Merry Christmas to all the world.

In this competition with the Russians we had some failures too. We had failed to send a rocket around the moon. To make matters worse, the Russians celebrated the New Year, 1959, by sending a rocket not only to the moon, but past the moon, and into orbit around the sun, where it may spin on, they say, for a million years. If so, it may outlast the human race itself, and be the sole remaining vestige of mankind's sojourn upon earth. And so the competition goes on and on.

Behind the competition in missiles and rockets lay also a hidden competition between our respective educational systems. We awoke suddenly to the fact that our schools were not supplying the nation with the scientific personnel needed to operate the kind of a world that is coming into being. Here too, the Russians seemed to be doing a better job than we.

Again we began a soul-searching reappraisal of our educational apparatus. Committees were appointed; surveys were made; reports were written, and some improvement has undoubtedly been made as a result of this effort and there will be more to come.

The biggest educational problem of the year, however, did not turn out to be the kind and quality of training that our children were getting in school. The problem that really made the headlines was whether white children and black children should learn their ABC's side by side, as the Supreme Court said they should, or whether God had meant them to do so in separate but equally expensive quarters. As the new year opens, this still unresolved problem continues to take precedence over the seemingly lesser one of providing our children with an education that will enable them to survive in the technological jungle of the modern world.

The second major reason for the state of nerves that afflicted us in early 1958 was the spectre of economic depression that had begun to loom over the country in the last half of 1957 and had grown to serious proportions by the first of 1958. We had, of course, experienced some undulations of the economic curves since the end of World War II, but they had never amounted to much. They came and went and most people would scarcely have noticed them if they had not read about them in the papers. There was talk again of a "new era" and we indulged the hope that we had finally exorcised "dat ol' Debbil" business-cycle. But the things that began to happen in the last half of 1957 were making us wonder as 1958 dawned. Industrial production was in a precipitous decline. Automobiles had been in a bad way ever since early 1957 and they were carrying the metals and machinery industries down with them. New construction that had enjoyed a long and fairly steady rise had begun to slide in early 1958 as expenditures for new plant and equipment by business continued a decline that had begun in the third quarter of 1957.

Declines in output were accompanied by increases in unemployment. The seasonally adjusted rate of unemployment rose from 4.7 percent of the civilian labor force in October 1957 to 7.5 percent in April of 1958, and the number of unemployed, in topping the five million mark, exceeded anything experienced since the end of the war.

In the early weeks of 1958 it seemed that we were in for our worst postwar recession. To what proportions it might grow, no one knew. In Congress many schemes were being hatched to stem the declining business trend before it would snowball into an unmistakable depression of the 1920's variety.

There were, however, some curious features about this recession of 1957-58. Take the matter of prices, for example. In the face of a sharp decline in output that would ordinarily have been accompanied by falling prices, prices paradoxically rose. Despite declining employment and rising unemployment, personal income suffered a decline of only about $4 billion a year between the high in the third quarter of 1957 and the low in the first quarter of 1958. Personal consumption expenditures, moreover, only paused in their long upward trek. Bank loans were practically stationary from the third quarter of 1957 through the first half of 1958 and bank credit in the form of total loans and investments actually increased. The money supply, defined as total demand deposits and currency outside banks, seasonally adjusted, suffered little change from the third quarter of 1957 through the first half of 1958. If one includes time deposits in the total money supply, the supply of it indeed increased.

Here, then, was a strange conjuncture of circumstances—on the one hand a serious recession in the physical aspects of the economy; on the other, little or no corrective adjustment in the sphere of money, credit, and prices, such as might have been expected from the rules of the game as well as from historical precedent.

As everyone knows, the years immediately preceding this latest recession were years of mounting inflationary pressure. The inflation arising from over-expansion of credit in that period was becoming a major national headache. From the middle of 1957 onward, however, the decline in physical output and the swelling ranks of the unemployed provided the nation with a second headache without its getting any relief from the first. The "peaceful co-existence" of an inflation and a recession was something almost as new in the economic firmament as the latest Russian rocket was in the stellar firmament. It posed a most difficult problem for all those having any responsibility at all for maintaining stability in the economy.

If, on the one hand, vigorous spending programs were undertaken in order to counteract the recessionary tendencies in the economy, such measures would only serve to magnify the inflationary dangers. On the other hand, if sufficiently stern monetary and fiscal measures were taken to curb the inflation, there was the grave risk that they would cause the recession to deteriorate into a full-blown depression. Economic policy-makers thus found themselves in a dilemma, not to say a predicament, and it was inevitable that divided counsels would be forthcoming. In such a situation, it was little wonder that in the early months of 1958 the ordinary citizen felt his country to be as frustrated in its domestic affairs as it seemed to be in its race with the Russians to shoot materials and animals and, ultimately, men into the blackness of the cosmic void.

Luckily, relief from, if not solutions for, many of our problems often comes quite unexpectedly. It happened here again. By May 1958, unmistakable signs of economic revival were appearing like spring wild-flowers. Stock prices that had suffered a drastic fall in the last half of 1957 began to rise by the turn of the year and were soon on their way to reach one historical high after another before the year ended. After reaching a low point in April, the index of industrial production began to rise quite steeply in May. New construction hit a low in May, but in the months thereafter this series began to rise. Manufacturers' new orders and sales began their turn-around in April and the decline in inventories began to level off somewhat. Retail sales rose with renewed vigor and before the year was out had bettered 1957 figures. Business expenditures for new plant and equipment that had fallen so alarmingly in the later months of 1957 and the first few months of 1958, now leveled off and by the end of the year began to increase modestly. With some ups and downs, the number of the unemployed fell a little during the year, but not as much as might have been expected from the increase in physical output. Despite the recovery that marked the year, both wholesale and consumer prices paradoxically leveled off. This seeming abatement of the inflationary pressure, however, was more apparent than real, for the statistical stability in these indexes was merely the result of averaging out declines in the prices of farm commodities and processed foods with increases in most other prices. The inflation was still potentially dangerous. And so, we enter 1959 bothered by only one major domestic economic headache—the inflation headache. The recession headache is largely gone, at least for the time being.

It is always interesting to look over our shoulder at a year that has just ended and to grasp its general contours. It is more useful, however, to keep an eye on the road ahead and recognize the danger spots before we actually encounter them. And the one most visible danger at the moment lies in the apparent acceptance by the American people of continuous inflation. It has almost become part of the American "way of life." People have seen inflation pursue its relentless upward course first in prosperity and then in recession, and now there seems to be coming about a belief that there are few economic troubles that can't be cured by a little more money or by a lot of it, if need be. Money is an ever-present panacea for whatever ails us.

This, of course, is not an entirely illogical conclusion, for this is the way in which the economic problem poses itself to every individual and to every sector of the economy. It is a basic assumption of a free capitalistic society that everyone will seek to maximize his real income—the share of goods and services that he can extract from society's aggregate output. Between the individual and those goods, however, rises the barrier of prices, a barrier that can be scaled only by means of one's money income. In order to maximize one's real income, therefore, one must first maximize his money income. More money seems quite obviously to be a prerequisite to more goods, or larger real income.

Confronted with a steadily rising price level, it is natural, therefore, that everyone should seek a steadily rising money income. Labor unions, for example, are only doing what comes naturally when they press for higher and higher wage scales, even in the face of unemployment. And businesses are only doing what comes naturally when they pass on their higher costs in higher prices to the consumer. And consumers of every description are only doing what comes naturally when they seek to enlarge their money incomes from whatever source they may be drawn.

Round and round the spiral goes with little resistance from anyone. It might be expected that consumers sooner or later would balk at paying higher prices and that businesses could therefore not pass on their higher costs. Finding themselves unable to shift their burden of rising costs to the consumer, businesses might then be expected to resist the demands of labor for increases in wages beyond what is justified by increases in productivity. One might therefore expect the inflationary spiral to come to a halt through the economy's own internal checks.

This, however, has not occurred, and it seems unlikely that the spiral will be brought to a halt by exhortations to labor, to management, or to anyone else to refrain from doing what comes naturally to them. The reason that such exhortations may sometimes prove barren is because we have tended to forget one of the most basic economic truths, namely, that ultimately only goods buy goods. Money as such is an intermediate or instrumental term. Its quantity, the volume of purchasing power available to the nation, is or should be linked in some fashion, loose though it be, to the scale of operation of the nation's productive mechanism.

Today, however, some of us have fallen into a grievous fallacy. We have come to think of money as a causal factor, a prime mover, and not merely as an instrumental term in the economic equation. It is money, we think, that makes the wheels go round. But we have even gone beyond this. We have learned that, within wide limits, an absence of money, a debt—credit—may serve as an effective substitute for money itself and we believe that purchasing power in the form of credit, instead of being born from the functioning of the economy itself, can be conjured up out of the banking system like the wonder-working genie from Aladdin's lamp. Here we seem to have within our grasp the talisman of perpetual prosperity. We delude ourselves into believing that we can cure any recession merely by creating and spending money in this easy fashion and can indeed satisfy simultaneously all demands of all sectors of the economy for all kinds of goods and services by means of this same magical formula.

Under these conditions, doing what comes naturally, maximizing money income, does not call into action automatic checks. On the contrary, it serves only to accelerate the inflationary spiral. And at the end of that road lies catastrophe, unless some countervailing force intervenes to restrain the creation *ad libitum* of purchasing power in excess of the economy's capacity to produce a commensurate volume of goods and services.

Only the nation's monetary and fiscal authorities are in a position to exert any such influence and thus protect the economy from the excesses that are bound to arise from doing what comes naturally under conditions that are themselves unnatural. They and other governmental agencies can minimize to some extent the occasions for excessive credit creation and they can make the process itself more costly and difficult. They can provide such protection, however, only within areas narrowly prescribed by law and circumstance. That, perhaps, is not enough, but it is all the protection we have, unless and until we wake up from our illusions and face the reality that it is not money but rather the imaginative genius of scientists, of inventors, of engineers, of business entrepreneurs, which, combined with the diligent productive efforts of labor, is the real creator of economic well-being at home and of national strength in the world abroad.

EARLE L. RAUBER

Bank Announcements

On January 6, the Lakeside National Bank of Lake Charles, Lake Charles, Louisiana, opened for business as a member of the Federal Reserve System and began to remit at par for checks drawn on it when received from the Federal Reserve Bank. The bank's officers are H. J. Chavanne, Chairman of the Board; Tom A. Flanagan, Jr., President; and R. E. Schmitt, Vice President and Cashier. It has capital stock of $500,000 and surplus of $150,000.

On January 19, The Dayton Bank & Trust Company, Dayton, Tennessee, a nonmember bank, began to remit at par. Officers include Glenn W. Woodlee, Chairman of the Board; L. I. Hodges, President; William Shaver, Executive Vice President; Ben S. Purser, Vice President and Cashier; Mrs. Irene Pitts and Mrs. E. L. Tipps, Assistant Cashiers. Capital stock totals $100,000 and surplus and undivided profits total $242,826.

On January 22, The City Bank and Trust Company of St. Petersburg, St. Petersburg, Florida, opened for business as a nonmember bank and began to remit at par. Officers are T. G. Mixson, President; Otis H. Long, Vice President and Cashier; Robert A. McPheeters, Vice President and Trust Officer; Julian A. Briggs, Vice President; Charles E. Morris and Richard Smith, Jr., Assistant Vice Presidents; and Rally E. Long and Robert Valentine, Assistant Cashiers. Capital totals $1,000,000 and surplus and undivided profits $950,000.

On February 1, the Bank of Commerce, Americus, Georgia, a nonmember bank, was added to the list of banks that remit at par. Its officers are Charles F. Crisp,

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Economic Recovery and the Sixth District

The most important influence on the Sixth District's economy during 1958 was the national shift from recession to recovery. Many goods produced in the Sixth District are sold on the national market; many of its goods are priced there. Consequently, few significant national economic developments can fail to have at least some influence on income and employment in the District.

The impact of the recession was felt less in most parts of the Sixth District than in many other parts of the United States. Total nonfarm employment in District states dropped 2.8 percent from its peak in August 1957 to a low point in May 1958. Throughout the nation, it dropped 4.6 percent from peak to trough.

Since recovery began, District manufacturing employment has regained about a third of its previous loss. It has recovered at about the same rate as in the nation, but since the decline was not as severe here as it was throughout the country, total nonfarm employment in the District is nearer its previous peak set in 1957. With recessionary forces strong during the first few months of 1958 and recovery predominating during the remainder of the year, personal income for the District was about 4 percent greater in 1958 than in 1957, according to preliminary estimates.

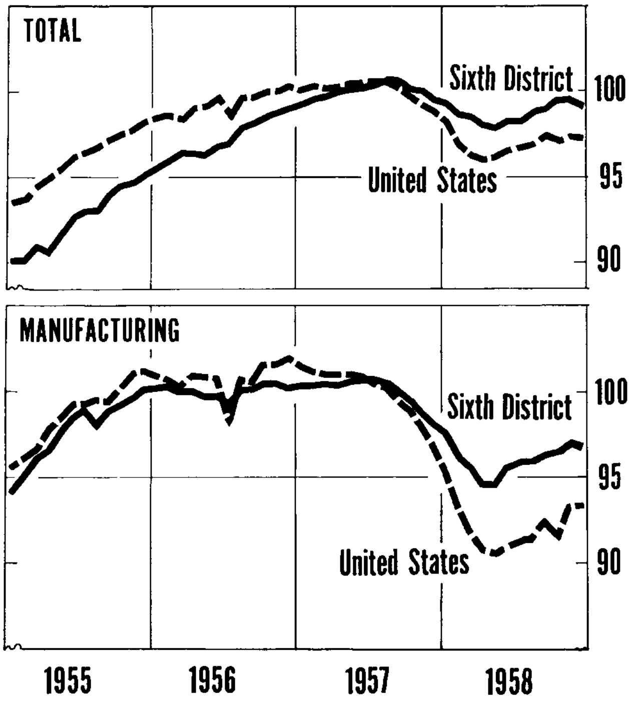
Growth Factor Softens Recessionary Impact

Does this part of the South have certain peculiar characteristics that made the recession here less severe? Although to answer this question would be extremely complex, if not impossible, the region's long-run economic growth and its economic structure together provide part of the answer.

The Sixth District's economic growth, of course, ties closely to national economic growth. Expanded production and markets during most of the postwar period called for additional human and physical resources. Within District states was found a major part of the nation's raw materials and other resources that were not being fully utilized. Within the area also, because of improved productivity on the farm that released thousands of farm workers, a growing population, and improvement in skills, was found a large part of the labor force needed to expand production. The expansion of the country's production during most of the postwar period and the resulting expanding markets, therefore, both generated a need to use this District's human and physical resources more fully and made this use commercially more feasible.

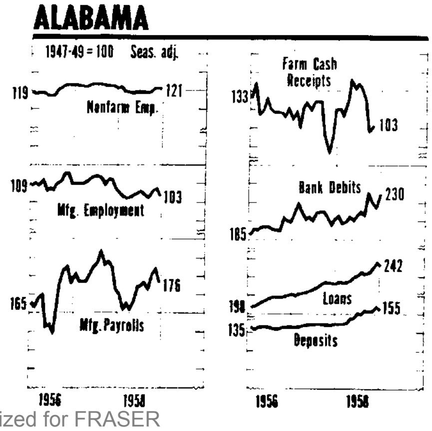
The nation's economic expansion, for example, required new industrial facilities, and because of the physical resources and labor force found here, plant and equipment expenditures were relatively large in this part of

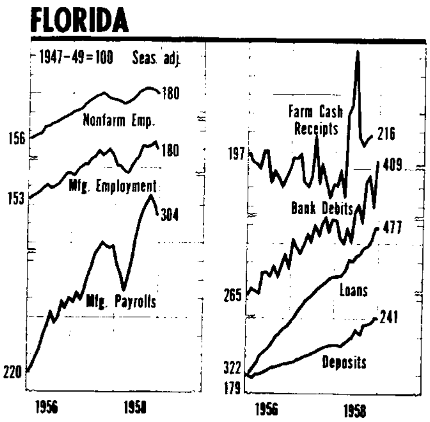
Nonfarm Employment
Sixth District States and United States
1957=100, Seasonally Adjusted

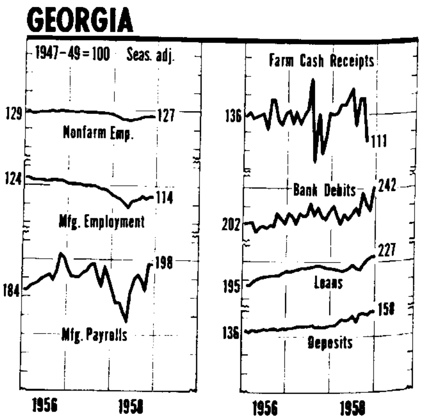


the South during periods of general economic expansion. The resulting improvement in income in the District, in turn, generated demands for more facilities to meet demands from within the region.

We find the effects of the growth trend well illustrated by the construction industry. Of course, since this District's industrialization is closely tied to national develop-







ments, expenditures for plant and equipment in the District probably declined in 1958. Nevertheless, we know from comparison of nonresidential construction contract awards that this area probably experienced less of a decline than the nation. With many new industrial projects already underway when the recession began, construction activity continued to sustain income during 1958.

Demands stemming from growing income made residential construction activity stronger in the District. Building permit figures in the six states, for example, declined less through the early part of 1957 than in the nation, and the subsequent rise here was more regular. Then, with recovery in residential construction continuing in 1958, building permit figures for District states were quickly pushed up above the preceding peak period in 1954. By the end of 1958, recovery in residential construction was not complete in many parts of the country. On balance, and taking the Sixth District as a whole, construction activity in this area contributed about as much to personal income in 1958 as in 1957. The strong trend toward economic growth in this area that softened the impact of the recession in 1953 again diminished the effects of the cyclical downturn in 1957-58.

A Different Economic Structure

However, we cannot attribute all of the District's relatively favorable experience during the recession to its long-run economic growth. We must remember that the chief sources of income in the District were in general those that were least affected by the recession.

Manufacturing activity, hit hardest in the nation's recession, pays only 25 percent of all wages and salaries in the District, but in the nation, it pays 35 percent. Within manufacturing, moreover, activity in the District is more heavily concentrated in those types of industries that were less seriously affected by the recession. Durable goods manufacturing declined sharply in the District, as elsewhere, but it was less important here. Pickups in the long depressed lumber, textile, and apparel industries, of major importance in the South, contributed to the overall recovery. The result was that although income from manufacturing was off in the District in 1958, the effect of the decline on total income was not so severe as elsewhere.

On the other hand, employment by state, local, and Federal governments is much more important here than elsewhere, providing over 20 percent of total income from wages and salaries, compared with about 15 percent in the United States. Stability in some types of government expenditures and expansion in others by Federal, state, and local governments thus provided a more important support here than elsewhere. Moreover, the slightly greater dependence of District income on trade, service, and transportation activities, which were not as seriously affected by the recession as manufacturing, also cushioned the recession in the District.

A possible exception is found in the case of agriculture, which is more important here than nationally. Farm income declined more sharply in the District during 1957 and increased less rapidly in the District during 1958 than throughout the country. The growing importance of other sources of income, however, softened the effects of the less favorable farm income developments.

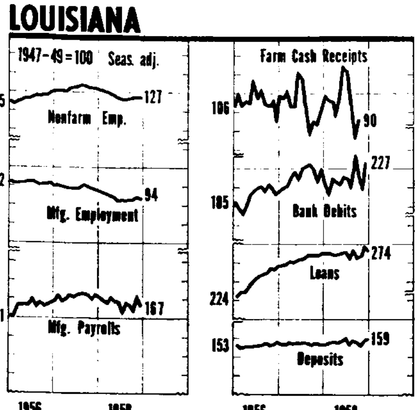
State Variations on a Recovery Theme

All District states have shown some improvement in economic activity from the recession low reached at slightly different times in 1958, yet the degree of recovery has varied from state to state. In Louisiana, economic activity has improved only slightly from a low point in mid-1958, whereas in Florida, activity has rebounded sharply from a low point reached earlier in the year. In looking at the other District states that fall within the range set by Louisiana and Florida, one finds rather weak recovery in Alabama and Tennessee and sharper recovery in Georgia and Mississippi. In each state, however, personal income was higher in 1958 than in 1957.

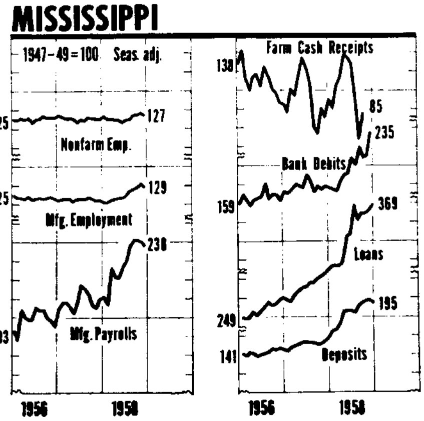
Economic conditions in Louisiana apparently reflect the difficulty of recovering from a recession brought on in 1957 and 1958 by developments that did not affect the other District states to the same degree. The problem, in short, has been that of regaining the record level of activity reached in mid-1957 largely as a result of the stimulus of an unprecedented plant expansion boom, record petroleum activity induced by the Mid-Eastern crisis of late 1956 and early 1957, and a very high volume of foreign trade. New construction projects since the peak of activity have not absorbed the labor released by the completion of the plant expansion boom; petroleum activity has not recovered; and foreign trade is still at a reduced level.

Recovery has also been rather slow in Tennessee and Alabama, where total nonfarm employment is still near the recession lows. Manufacturing employment in these states has shown some upward movement which, to-

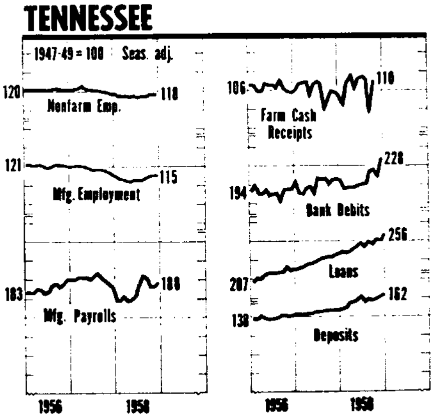
LOUISIANA



MISSISSIPPI



TENNESSEE



gether with increases in the work week, has brought a sharp improvement in payrolls. In Alabama, the failure of primary metals to recover was particularly important in holding down total employment.

Improvement has been more definite in Georgia and Mississippi, as a result of gains in both manufacturing and nonmanfacturing activity. Textile employment has shown some improvement in Georgia, but increases to total manufacturing employment were halted in late 1958 partly because of labor disputes in some other industries. Following settlement of the labor disputes, manufacturing employment improved in November but changed little in December. In Mississippi, nonmanufacturing has made some strides. Manufacturing employment increased sharply through November, particularly in shipbuilding and repairs, but fell off in December. As a result, total employment in Mississippi declined slightly after setting a record in November. Previously, during the recession, very little decline had occurred.

Bank Announcements

(Continued from Page 3)

President; John W. Sheffield, Frank Sheffield, and H. L. Collier, Vice Presidents; H. P. Anderson, Vice President and Cashier; Charles R. Crisp, M. L. Buchanan, and J. R. Buchanan, Jr., Assistant Cashiers. Capital totals $200,000 and surplus and undivided profits total $457,698.

Another nonmember bank in Americus, Georgia, began to remit at par on February 1—the Citizens Bank of Americus. Officers are J. T. Warren, Chairman of the Board; Evan Mathis, President; Wingate Dykes and T. O. Marshall, Jr., Vice Presidents; James H. Harvey, Cashier; Samuel R. Hunter, Executive Vice President; and M. E. Ferguson, Assistant Cashier. It has capital of $100,000 and surplus and undivided profits of $223,939.

Department Store Sales and Inventories*

	Percent Change				
	Sales			Inventories	
	Dec. 1958 from		12 Months 1958 from 1957	Dec. 31, 1958 from	
Place	Nov. 1958	Dec. 1957		Nov. 30 1958	Dec. 31 1957
ALABAMA	+73	+10	+1	—27	—11
Birmingham	+76	+9	—0	—24	—11
Mobile	+64	+9	+2	..	..
Montgomery	+84	+11	+1	..	..
FLORIDA	+74	+8	+3	—19	+1
Daytona Beach	+61	+12	+5	..	..
Jacksonville	+87	+11	+1	—33	—7
Miami Area	+82	+5	+1	—17	+7
Miami	+83	+4	—2	..	..
Orlando	+51	+7	+3	..	..
St. Ptrsbg-Tampa Area	+59	+7	+8	—17	—3
GEORGIA	+63	+7	+2	—25	—1
Atlanta**	+60	+8	+3	—25	+0
Augusta	+70	+4	—4	..	..
Columbus	+65	+9	+7	—23	—14
Macon	+75	+11	+6	—33	—8
Rome**	+79	+16	—4	..	..
Savannah	+67	—3	—5	..	..
LOUISIANA	+51	+4	—3	—23	—4
Baton Rouge	+54	+7	+0	—20	+1
New Orleans	+50	+5	—3	—24	—5
MISSISSIPPI	+62	+13	+2	—25	—3
Jackson	+53	+10	+0	—25	—4
Meridian**	+87	+12	+3	..	..
TENNESSEE	+80	+10	—0	—26	—1
Bristol-Kingsport-Johnson City**	+94	+3	—6	—27	—3
Bristol (Tenn. & Va.)**	+81	+6	+1	—26	+1
Chattanooga	+75	+12	+3	..	..
Knoxville	+87	+9	—1	—25	+3
DISTRICT	+67	+8	+1	—23	—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.

In Florida, as in Mississippi, seasonally adjusted nonfarm employment has not only recovered from the effects of the recession but has expanded to new records. Although Florida's improvement from the lowest point was the greatest shown by District states, the recovery in nonfarm employment has faltered since last September. After six months of consecutive gains, little further change occurred from September to October, and employment actually declined in November and December.

Debits to Individual Demand Deposit Accounts

(In Thousands of Dollars)

				Percent Change		
				Dec. 1958 from		1958 from 1957
	Dec. 1958	Nov. 1958	Dec. 1957	Nov. 1958	Dec. 1957	
ALABAMA						
Anniston	40,820	36,091	35,660	+13	+14	+1
Birmingham	798,797	733,771	723,066	+9	+10	+1
Dothan	27,783	26,478	26,335	+5	+5	+2
Gadsden	35,438	35,086	33,776	+1	+5	—3
Mobile	290,644	248,696	291,217	+17	—0	—6
Montgomery	176,959	151,880	138,908	+17	+27	+10
Selma*	24,708	23,364	22,693	+6	+9	+5
Tuscaloosa*	51,818	44,610	44,261	+16	+17	+10
Total Reporting Cities	1,446,967	1,299,976	1,315,916	+11	+10	+1
Other Cities†	795,441	709,309	657,369	+12	+21	+4
FLORIDA						
Daytona Beach*	61,525	51,751	52,644	+19	+17	+10
Fort Lauderdale*	236,292	180,993	211,689	+31	+12	+4
Gainesville*	38,658	33,710	34,445	+15	+12	+9
Jacksonville	800,162	616,115	722,885	+30	+11	+9
Key West*	16,985	13,744	15,991	+24	+6	+4
Lakeland*	79,621	68,629	62,538	+16	+27	+14
Miami	921,010	726,037	780,262	+27	+18	+8
Greater Miami*	1,374,300	1,088,916	1,193,457	+26	+15	+6
Orlando	220,659	160,475	175,316	+38	+26	+9
Pensacola	89,903	76,957	86,805	+17	+4	—3
St. Petersburg	202,216	153,640	176,084	+32	+15	+1
Tampa	431,295	324,752	364,012	+33	+18	+9
West Palm Beach*	151,499	113,003	124,983	+34	+21	+12
Total Reporting Cities	3,703,115	2,882,685	3,220,849	+28	+15	+7
Other Cities†	1,882,920	1,469,998	1,481,748	+28	+27	+8
GEORGIA						
Albany	69,383	59,028	57,670	+18	+20	+7
Athens*	40,528	32,775	36,819	+24	+10	+6
Atlanta	1,985,782	1,663,302	1,769,069	+19	+12	+4
Augusta	107,410	85,877	93,103	+25	+15	+7
Brunswick	25,853	19,175	23,837	+35	+8	+5
Columbus	113,050	89,601	105,792	+26	+7	—1
Elberton	8,960	8,153	7,857	+10	+14	+9
Gainesville*	50,347	46,593	47,245	+8	+7	+6
Griffin*	21,050	16,624	18,299	+27	+15	+4
LaGrange*	20,862	18,507	22,237	+13	—6	—7
Macon	140,415	108,226	110,643	+30	+27	+5
Marietta*	29,924	25,687	25,724	+16	+16	+3
Newnan	18,201	17,939	15,679	+1	+16	+5
Rome*	49,322	39,741	41,242	+24	+20	+0
Savannah	211,642	175,485	188,982	+21	+12	+2
Valdosta	27,559	23,720	29,207	+16	—6	—1
Total Reporting Cities	2,920,288	2,430,433	2,593,405	+20	+13	+4
Other Cities†	1,015,585	854,512	898,896	+19	+13	+1
LOUISIANA						
Alexandria*	75,016	69,533	69,804	+8	+7	+2
Baton Rouge	223,657	185,945	211,334	+20	+6	+5
Lafayette*	65,541	61,288	56,699	+7	+16	+11
Lake Charles	101,230	82,671	87,998	+22	+15	+3
New Orleans	1,368,809	1,096,182	1,343,831	+25	+2	—3
Total Reporting Cities	1,834,253	1,495,619	1,769,666	+23	+4	—1
Other Cities†	691,511	587,548	690,128	+18	+0	—3
MISSISSIPPI						
Biloxi-Gulfport*	48,568	41,630	40,146	+17	+21	+10
Hattiesburg	35,045	31,004	31,117	+13	+13	+4
Jackson	297,888	261,589	201,243	+14	+48	+27
Laurel*	26,608	25,041	22,601	+6	+18	+8
Meridian	49,055	38,147	34,857	+29	+41	+10
Natchez*	23,526	21,044	21,293	+12	+10	—0
Vicksburg	20,743	18,031	18,212	+15	+14	—2
Total Reporting Cities	501,433	436,486	369,469	+15	+36	+17
Other Cities†	284,861	223,089	224,493	+28	+27	+2
TENNESSEE						
Bristol*	46,078	40,730	36,356	+13	+27	+8
Chattanooga	338,557	275,227	276,819	+23	+22	+4
Johnson City*	45,353	38,017	40,361	+19	+12	+5
Kingsport*	79,682	70,048	73,846	+14	+8	+4
Knoxville	276,785	201,786	252,147	+37	+10	+0
Nashville	779,943	657,977	642,607	+19	+21	+7
Total Reporting Cities	1,566,398	1,283,785	1,322,136	+22	+18	+5
Other Cities†	522,749	498,560	557,751	+5	—6	—3
SIXTH DISTRICT	17,165,521	14,172,000	15,101,826	+21	+14	+4
Reporting Cities	11,972,454	9,828,984	10,591,441	+22	+13	+4
Other Cities†	5,193,067	4,343,016	4,510,385	+20	+15	+3
Total, 32 Cities	10,235,653	8,389,043	9,056,330	+22	+13	+4
UNITED STATES 344 Cities	238,985,000	183,092,000	220,376,000	+31	+8	+4

*Not included in total for 32 cities that are part of the National Bank Debit Series.
†Estimated.

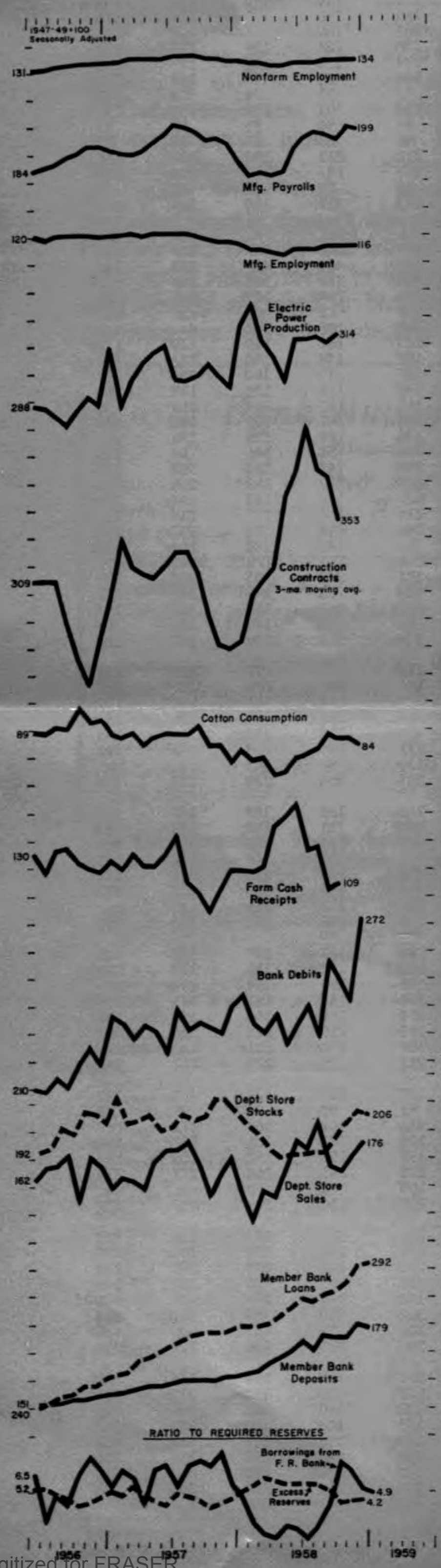
Sixth District Indexes

Seasonally Adjusted (1947-49 = 100)

	1957		1958											
SIXTH DISTRICT	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.
Nonfarm Employment	135	134	134	133	133	132	132	133	133	133	134	134	134	134
Manufacturing Employment	118	118	117	115	115	114	113	115	115	115	116	116	116	116
Apparel	166	164	167	167	165	161	167	170	166	164	166	166	168	168
Chemicals	131	132	130	129	127	131	133	131	131	130	127	126	127	128
Fabricated Metals	185	181	181	177	174	176	176	183	186	183	182	180	177	175
Food	111	111	114	113	110	110	109	109	111	108	108	109	108	109
Lbr., Wood Prod., Fur. & Fix.	76	76	75	74	72	72	72	72	73	73	75	76	76	75
Paper & Allied Products	159	159	158	156	157	158	157	158	157	158	157	159	158	158
Primary Metals	101	100	96	91	91	90	93	91	90	89	90	95	91	93
Textiles***	88	89	87r	86r	86r	85	84r	84	85r	85	86r	86r	86	86
Transportation Equipment	220	226	215	200	194	187	172	201	198	212	211	192	202r	206
Manufacturing Payrolls	196	194	187	182	183	182	183	192	196	198	197	195	200r	199
Cotton Consumption**	84	78	82	79	79	74	75	80	81	83	89	87	87	84
Electric Power Production**	299	295	317	325	311	306	297	312	312	313	311	314	316	n.a.
Petrol. Prod. in Coastal Louisiana & Mississippi**	161	175	169	170	168	162	164	167	170	176	187	190	190	201
Construction Contracts*	261	259	264	298	309	318	369	387	420	389	384	353	323	n.a.
Residential	288	294	272	293	279	301	324	365	361	394	400	409	352	n.a.
All Other	239	229	257	303	333	332	406	405	468	384	371	308	298	n.a.
Farm Cash Receipts	103r	119r	119	118	121	150	157	165	134	136	104r	109r	n.a.	n.a.
Crops	88r	92r	97	92	87	134	143r	146	90	118	82	89	n.a.	n.a.
Livestock	163r	166r	161	156	160	174r	178r	184	184	182	185	182	n.a.	n.a.
Dept. Store Sales*/**	165	170	157	147	158	156	166	176	173	183	167	165	170	176p
Atlanta	154	156	151	147	157	153	154	169	168	183	158	154	161	162
Baton Rouge	205	201	181	171	175	164	172	199	185	187	179	180	214	207
Birmingham	126	131r	121	111	132	117	130	129	127	147	133	131	129	138
Chattanooga	147	145	142	128	141	136	145	144	159	161	150	154	163	156
Jackson	115	117	109	99	97	99	107	106	111	124	107	111	126	124
Jacksonville	130	133	127	116	122	108	122	126	127	138	129	135	136	141
Knoxville	144	155r	146	128	139	141	147	137	139	156	151	146	155	163
Macon	143	149	139	137	148	151	159	165	164	183	147	153	158	158
Miami	232	255	234	227	233	242	244	259	268	285	250	258	230	256p
New Orleans	140	147	132	135	125	135	137	145	141	147	140	144	144r	148p
Tampa-St. Petersburg	195	207	192	174	186	181	203	202	207	219	209	209	214	212
Dept. Store Stocks*	211	211r	202	199	193	190	191	191	192	192	198	202	207r	206p
Furniture Store Sales*/**	158	154r	151	125	132	138	143	139	139	153	145	145	152r	150p
Member Bank Deposits*	161	161	162	163	166	168	170	174	170	176	175	175	180	179
Member Bank Loans*	267	269	269	269	270	273	276	279	278	281	282	285	291	292
Bank Debits*	230	240	244	233	230	237	226	233	240	229	256	249	242	272
Turnover of Demand Deposits*	136	149	146	144	139	141	141	147	151	148	147	144	140	151
In Leading Cities	144	160	157	155	150	160	155	168	166	166	161	149	147	161
Outside Leading Cities	99	113	111	112	110	106	112	110	116	114	118	107	105	123
ALABAMA														
Nonfarm Employment	122	121	122	120	120	119	119	119	119	119	119	121	121	121
Manufacturing Employment	112	107	105	103	102	103	104	105	106	104	102	106	107	103
Manufacturing Payrolls	185	173	170	162	165	162	166	174	175	177	174	181	184	176
Furniture Store Sales	134	131r	132	113	122	134	135	128	130	145	138	136	136	131p
Member Bank Deposits	138	139	140	140	140	145	146	150	150	154	152	153	158	155
Member Bank Loans	222	222	224	223	224	226	230	231	235	233	234	239	246	242
Farm Cash Receipts	92r	120r	120	113	128	152	142	147	143	130	97	103	n.a.	n.a.
Bank Debits	196	202	205	197	199	204	200	206	209	207	230	220	214	230
FLORIDA														
Nonfarm Employment	178	177	176	176	175	176	177	180	182	182	183	183	182	180
Manufacturing Employment	180	177	171	171	168	167	171	174	176	182	181	182	184	180
Manufacturing Payrolls	287	288	278	273	264	271	280	292	301	307	311	315	311	304
Furniture Store Sales	175	180r	161	142	146	153	157	155	156	172	171	153	170	175
Member Bank Deposits	212	212	212	211	215	216	221	227	225	233	234	235	241	241
Member Bank Loans	423	425	425	426	431	444	441	447	449	456	457	463	477	477
Farm Cash Receipts	149r	163r	162	178	151	239	249	308r	214	206r	212r	216r	n.a.	n.a.
Bank Debits	332	345	344	326	319	337	322	354	361	343	386	391	360	409
GEORGIA														
Nonfarm Employment	128	128	128	126	126	125	124	125	126	126	127	127	128	127
Manufacturing Employment	118	117	115	114	113	111	108	112	112	113	114	113	114	114
Manufacturing Payrolls	196	190	183	177	177	171	167	182	189	192	189	184	198r	198
Furniture Store Sales	153	149	137	113	127	121	139	136	133	154	147	151	141	152p
Member Bank Deposits	141	142	142	144	147	147	148	152	146	154	155	154	158	158
Member Bank Loans	213	213	213	212	211	212	213	217	213	212	219	223	226	227
Farm Cash Receipts	116r	142r	140r	141	150	150	157	167	129	157	158	111r	n.a.	n.a.
Bank Debits	207	215	222	210	202	212	207	212	219	212	235	223	217	242
LOUISIANA														
Nonfarm Employment	132	132	131	131	130	129	129	127	127	127	127	127	127	127
Manufacturing Employment***	99	99r	98	97r	96	96	95	93r	93r	93	93	94	95r	94
Manufacturing Payrolls	170	172	171	169	168	171	169	166	163	168	167	163	171	167
Furniture Store Sales*	209	223r	177	178	193	171	181	178	177	189	181	166r	197r	196p
Member Bank Deposits*	153	153	153	155	156	154	157	159	153	157	155	152	156	159
Member Bank Loans*	269	270	269	270	269	269	271	272	264	273	265	268	277	274
Farm Cash Receipts	87r	101r	116	113	111	96	115	147r	143	109	72	90	n.a.	n.a.
Bank Debits*	206	221	205	193	209	206	203	211	208	200	234	213	197	227
MISSISSIPPI														
Nonfarm Employment	125	125	126	125	125	125	125	124	124	125	127	127	128	127
Manufacturing Employment***	122r	122r	121r	121r	122	123r	123	123	125r	127	128	129	131r	129
Manufacturing Payrolls	205	210	211	207	226	221	221	226	230	238	240	239	240	238
Furniture Store Sales*	112	119	104	86	95	96	107	113	101	123	101	80	107	133
Member Bank Deposits*	154	157	164	166	172	185	186	186	184	192	194	197	198	195
Member Bank Loans*	295	299	302	303	304	308	334	337	367	352	359	359	363	369
Farm Cash Receipts	89r	82r	100	92	115	124r	148r	145	138	100	59	85	n.a.	n.a.
Bank Debits*	175	178	177	175	172	182	190	191	207	200	219	208	210	235
TENNESSEE														
Nonfarm Employment	119	118	119	117	118	117r	117	117	117	117	118	118	118	118
Manufacturing Employment***	117r	116	116	114r	114r	112	112	113r	113r	113	114	115	115r	115
Manufacturing Payrolls	188	186	179	179	181	178	179	181	186	192	190	186	186	188
Furniture Store Sales*	110	114r	106	89	101	106	109	104	105	105	103	103	112	113
Member Bank Deposits*	147	147	148	149	155	156	158	161	156	159	158	159	161	162
Member Bank Loans*	235	237	239	238	239	242	245	249	244	250	247	251	251	256
Farm Cash Receipts	99r	98r	92	85r	107r	116	103	113	114	112	77	110	n.a.	n.a.
Bank Debits*	205	206	205	196	197	197	197	199	201	200	214	216	209	228

*For Sixth District area only. Other totals for entire six states. n.a. Not Available. p Preliminary. r Revised.
**Daily average basis. ***Revisions reflect new seasonal factors.
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



*N*ONFARM EMPLOYMENT *in the Sixth District changed little in December, and factory payrolls declined. Farm output was somewhat lower and prices of farm commodities were reduced. Total spending, however, measured by seasonally adjusted bank debits, rose sharply to a record high. Member bank loans and deposits, seasonally adjusted, were virtually unchanged, and borrowings from the Federal Reserve Bank of Atlanta declined somewhat further.*

Although total **nonfarm employment,** seasonally adjusted, showed little change in December, minor declines were reported in both **manufacturing** and **nonmanufacturing employment** in most District states. The **average work week** in manufacturing remained unchanged, as is usual for December, but seasonally adjusted **factory payrolls** dropped somewhat. The **rate of insured unemployment,** however, showed further improvement, after allowance for seasonal changes.

Construction activity continues strong; employment in December showed no more than the usual declines associated with bad weather. Although the three-month average of **construction contract awards** had shown a further drop in November, the high volume of awards in recent months has continued to support current building. Seasonally adjusted **cotton consumption** decreased in December after showing stability in the preceding two months. **Crude oil production** in Coastal Louisiana and Mississippi rose further, after seasonal adjustment, approaching the record of nearly two years ago. **Steel mill operations** improved sharply in December, and further slight gains were reported for early January.

As indicated by seasonally adjusted **bank debits,** total spending for business and consumer purposes rose in December. **Department store sales,** adjusted for seasonal variation, increased to a volume exceeded only by last August's record, with sales of men's and women's apparel leading the way. **Household appliance store sales** continued to rise at a greater-than-seasonal rate, and **furniture store sales** remained at the relatively high level reached in November. **Consumer instalment credit** outstanding at commercial banks continued to increase at a better-than-seasonal rate.

Total farm output was reduced as lower marketings of beef and milk more than offset increased sales of vegetables, potatoes, and citrus. **Prices received** by farmers averaged lower than those a month ago but well above those a year ago. Prices farmers received for fruit, principally citrus, feed grains, tobacco, poultry, and cattle, advanced from a month earlier; prices for dairy products, vegetables, pork, cotton, and eggs declined. **Farm employment** declined more than seasonally and is slightly less than it was a year ago.

Member bank loans, seasonally adjusted, rose slightly in December as banks in Tennessee, Mississippi, and Georgia registered increases. **Member bank deposits,** however, declined somewhat more than seasonally; banks in all states except Tennessee and Louisiana registered decreases. **Investments** at all commercial banks also declined as banks reduced their holdings of securities, particularly U. S. Governments. In January, **total loans outstanding at banks in leading cities** declined less than in January last year, primarily because of an improvement in commercial and industrial loans. **Borrowings from the Federal Reserve Bank of Atlanta** continued to decline.