Monthly Review

Atlanta, Georgia
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Also in this issue:

Federal Reserve Bank of Atlanta

Walking the Dog

IT GOES WITHOUT SAYING that it is a great pleasure, and I deem it a great honor, to speak to you today. I wish to preface my remarks, however, by paying a personal tribute to the Board of Directors of the Nashville Branch of the Federal Reserve Bank of Atlanta for the splendid job they have done in gathering together this distinguished group of businessmen and bankers. At the Federal Reserve Bank, we are proud of the Boards of Directors of all our Branches because of the high sense of responsibility that they bring to their duties. The Nashville Board, however, has gone beyond the call of duty in its effort to enlist the attention of such eminent and influential men as yourselves in a consideration of the current position of the American economy, but more especially of the role that the Federal Reserve System plays in that economy.

It is pleasant, too, to return to East Tennessee after many years' absence and to see all about me evidences of a great industrial expansion and of new and vigorous life in a part of the country that once had its share in bringing upon the South the epithet of "the nation's number one economic problem."

It must be recognized, of course, that East Tennessee is not alone in this great upward surge of industrialization. The whole nation has been going through a similar development. Ever since the end of World War II, indeed, our country has been washed by wave after wave of prosperity, each one rising higher than the one before. If it were not for the ill effects of the steel strike, we would probably now be experiencing record levels of production and consumption all along the line.

Beneath the surface of this prosperity, however, I am sure that we would all confess to having serious problems. These problems usually have to do with money. Indeed, if we were asked about it, I think that most of us would say that there is nothing the matter with us that a little more money wouldn't cure. I know that is my own case. There are many things I would like to do, and there are some that I really ought to do, but which I cannot do because I haven't enough money. And what is true of me is true of my city and my state, as it must also be true of yours. The Federal Government itself is hard-pressed to find the money it needs to do all the things that are expected of it. Money is hard to get; if you are lucky enough to get it, you do so only at higher rates of interest than have prevailed for a quarter of a century.

Who or what is to blame for this tight money situation? Well, people read the papers and in them they have read about the Federal Reserve's following a "tight money policy." Many have, therefore, come to believe that their particular activities and, hence, the operations of the whole economy, are being frustrated by a tight money policy imposed upon us only through the malicious orneriness of the Federal Reserve System.

NOTE.—An address by Earle L. Rauber, Vice President and Director of Research, Federal Reserve Bank of Atlanta, before an assembly of East Tennessee bankers, bank directors, and other businessmen to consider Federal Reserve monetary policy. The meeting was held under the auspices of the Board of Directors of the Nashville Branch of the Federal Reserve Bank of Atlanta at University Center, University of Tennessee, Knoxville, Tennessee, November 12, 1959.

Today I want to discuss what I believe to be the real cause of the current monetary stringency, and I am going to introduce my subject by way of a parable. I shall not apologize for doing so, for a greater Teacher than I once made very effective use of parables in driving home essential truths.

The parable concerns a neighbor on our street some years ago. This neighbor was a young lady who had once been an animal trainer in a circus. She was tall and strong but had given up her circus career in order to work with a government agency in the city. Still retaining her love of animals, she kept as a pet a huge dog, a boxer, whom she called "Baby." All day long, while his mistress was away at work, Baby would doze on the enclosed porch, dreaming of all the things that dogs ordinarily dream about. He dreamed of his favorite fire hydrant up the street; and of that sad-eyed, taffy-colored cocker spaniel whimpering behind her fence on the other side of the street. How he would love to go over and nuzzle her through the meshes of the fence! And then he thought of that tasty bone he buried a week ago in the neighbor's back yard. It must be ripe about now! And then he thought of all those beautiful, shiny, new cars speeding up and down the street. What fun it would be to chase them and make them honk their horns! And so, Baby's day would pass in dreaming.

In the evening when his mistress had returned from work and had finished supper, she would take Baby out on a leash for a walk. But no sooner did Baby sniff fresh air than all the delightful things he had been dreaming about during the day swam together in his doggy mind in one uncontrollable surge of desire. He lunged mightily against the restraining leash, almost dragging his mistress after him. But she was tall and strong and kept a tight grip on it, so the poor dog's eyes bugged out; he slavered at the mouth; he panted and groaned, and almost choked himself to death straining against the leash.

Now, if you had asked the dog what was the cause of his very evident and acute discomfort, he would have said, "It's this tight leash. And the person to blame is my mistress at the other end!"

If you had asked the dog's mistress the same question, however, you would have got a different answer. She would have told you that the trouble was that the dog was trying to do too many things at once. If he would control himself and walk along at a more gentlemanly pace, he would have a much better chance of achieving all his ends. She could, of course, lengthen the leash, but that would give the dog only momentary relief. He still couldn't get everything he wanted at the same time. She could even throw the leash away and give the dog his head, as he seemed to want her to do, but even then he couldn't get everything he wanted at the same time and, in all probability, would get himself killed in the street traffic trying to do so.

Now, this is an almost exact analogy of what is happening to this economy of ours. It, too, is a husky beast, employing over sixty-six million persons and turning out nearly four hundred and eighty billions of dollars worth of goods a year. It has also a strong will of its own, for it does not move in response to any central directing agency, but rather in response to the energy generated by the billions of economic decisions of people like yourselves. Underneath these billions of decisions, just what is the economy trying to accomplish? Many things, of course, but there are two especially to which I wish to call attention.

For one thing, we are trying to carry through a technological revolution of unprecedented scope. We know from history the tremendous effects that have been produced by inventions and technological progress in the past. In the latter decades of the eighteenth century in England, a handful of inventions of quite simple design revolutionized the newly born cotton industry and then went on to change the whole face of industry, creating the factory system and transferring skill from the craftsman's hand to the power-driven machine.

In the middle of the last century, the application of steam power to transportation on land and sea opened new lands for cultivation, linked the continents of the world together in a world economy, created gigantic new industries like the steel industry, and centralized populations in huge cities.

The effects of cheap electric power and of the internal combustion gas engine at the turn of the present century are too evident to need mentioning. They have so completely revolutionized our personal and community ways of living that life without them is almost unthinkable.

Today, however, we have on our hands a whole group of technological developments, any one of which would be sufficient to produce incalculable changes in our ways of living. There is nuclear power, for one thing, and jet propulsion. There are solar batteries drawing energy directly from the sun. There is also the imminent possibility of converting heat directly into electricity without the intervention of turbines and generators. There is the creation through chemistry of materials that nature never heard of—materials tailor-made for almost any specific purpose. And in the field of electronics and automation, we now have machines that perform tasks formerly possible only to the human brain, and doing them faster and better. We have no way of knowing what will be the final effects of all these scientific marvels on us as individuals, or as a society.

We do know, however, that these changes and developments are coming about so rapidly that they are scarcely off the drawing board before they are obsolete. This continuous and rapid revolutionizing of industry necessarily imposes a tremendous drain upon our resources. At a slower pace, an investment in a new machine, a new process, a new industry, might be recovered in large part before it would have to be replaced by something newer still. But today the investment is no sooner made than it must be scrapped for something still newer, if the industry is to keep abreast of the times.

The rapidity of technological change, moreover, is being stimulated and complicated today by our unsought and unwanted competition with Soviet Russia in every field, including that of technology. Not only is our economy being driven forward by its own internal forces, but also by the seeming necessity of keeping ahead of Russia in those areas where we presently have the advantage, and of catching up with her in areas where she has now out-distanced us. This competitive factor alone adds tremendously to the cost of our technological revolution, both in terms of ultimate resources and in terms of dollars and cents.

The second great task confronting our economy is the necessity of caring for an explosively growing population. The United States is not alone in this. It shares in a worldwide population explosion. The world population now stands at something like two and three-quarter billions of people. In 1962, it will be three billion. It will have taken humanity some 250,000 years to achieve that first three billion. But in the year 2000—just about forty years from now—the world will hold over six and a third billion souls. In other words, the world population will grow more in the next forty years than it did in the previous quarter of a million.

Looking at the United States population: In 1950 we had 152 million persons in this country. Today we have over 178 million, and in 1975, as a conservative estimate, the population will be in the neighborhood of 222 million. In the twenty-five years between 1950 and 1975, it will have grown by 70 million. This increase will not be spread evenly over the country, if present trends continue. It is much more likely to be distributed so as to create the maximum of problems.

At present, 85 percent of the increase in population is going into the 168 metropolitan areas defined by the Census. If this trend continues, the metropolitan population of this country will grow by some 60 million between 1950 and 1975. Do you have any idea of what this increase means? It means that it will increase by the equivalent of another 1950 New York-northern New Jersey area; another Boston area; another Philadelphia; a Washington; a Baltimore; a Buffalo; a Pittsburgh; a Cleveland; a Chicago; a Detroit; a St. Louis; a Minneapolis-St. Paul; a Los Angeles and a San Francisco area. In addition, there will remain 15 million to be spread among the smaller metropolitan areas. Indeed, if present trends continue, 71 percent of the increase in the metropolitan population will go precisely into the fourteen areas just mentioned.

Now, the fact that the increase in our population is going to occur so largely in our metropolitan areas, and especially in the largest ones, is extremely important from an economic point of view. We all know the present difficulties faced by our cities, states, and public utilities in providing essential services to their rapidly growing and migrating populations—streets and roads; housing; water; sewers; schools; fire protection; police protection; sanitary facilities; health services; recreation; electric power; gas; telephones. In city after city it is impossible to build schools fast enough to take care of the growing school population and half-day sessions are common. If our cities and states are having difficulties now, imagine the magnitude of the physical and financial job they will have to do sixteen years from now to care for the much larger population that is already on the horizon. It is little wonder that state and local indebtedness rose 145 percent from 1950 to 1958—two and a half times as fast as total indebtedness.

Dr. George Cline Smith, Vice President and Economist of the F. W. Dodge Corporation, put the problem dramatically in a recent speech when he said that it will be necessary to build a "second United States" within the next forty years. Every house, every building, every factory, every tool, every machine, every facility of every sort will have to be duplicated by then, besides maintaining those we already have at their present efficiency. Why? For the simple reason that in forty years two persons will be living in this country for every one living here now.

The population problem, unfortunately, is being further aggravated by the inordinate stimulation of consumer wants by every medium of persuasion that business can bring to bear on them. Not only does everyone now want everything he sees and hears about on radio and television, but even before he earns it, he thinks he deserves it as part of his heritage as an American citizen; and he feels, furthermore, that it is the sacred duty of banks and other lending agencies to implement his every whim by the magic of consumer credit. An expanding population suffering from ballooning wants is bound to create economic problems of the first order.

The effort to satisfy all these requirements simultaneously—those of industry to keep abreast of the technological revolution; of cities and states to care for their growing populations; of Government to maintain its expanding domestic programs and to meet Russian competition; and of growing millions of individuals clamoring for higher and higher levels of living with less and less work—this effort is now making, and for years to come will continue to make, nearly impossible demands upon the available supply of physical resources. It is doubtful, indeed, if we can do all these things at the same time—anymore than the dog could get everything he wanted at the same time. Because: Although population can double in forty years (our young people can see to that!) our resources cannot double in the same time. This is our fundamental problem—a scarcity of real resources *vis-a-vis* the demands we are making on them to do all the things we as a society want to do.

It is a problem, however, that more money cannot solve. It is true, of course, that for any individual, for any particular business, or city, or state more money would enable it to attract to itself a larger share of our scarce resources and would thereby solve its particular problem—albeit at the expense of other segments of the economy. But this solution cannot be generalized for the simple reason that more money would not increase the total supply of physical resources.

If more money were really the answer to our problem, it would be easy enough for the Federal Reserve to increase the money supply and thus assure perpetual prosperity. But that would be just like throwing away the leash on the dog. What would happen? History is strewn with the wreckage created in country after country by ill-fated attempts to evade through the magic of inflated currencies the restraints imposed upon men by real economic scarcities.

The classic example of this sort of thing is the inflation that raged in Germany after the First World War, from sometime in 1922 up until sometime in 1924. I have before me two pieces of German currency that illustrate the course of this inflation. The first piece is a five mark note issued in August 1917, when the war was three-quarters over. This piece of money is made of good tough paper. It is highly engraved on both sides, and at par would have been worth about a dollar and a quarter, but in August 1917 was worth much less—perhaps seventy-five or eighty cents.

The second piece of German money was issued in October 1923. It is smaller in size; it is made of flimsy paper, almost like tissue paper; it is not engraved but is merely overprinted and only on one side at that. The other side is blank. This piece of currency, on which it did not pay to print the reverse side, carries the denomination *five billion* marks. But even such an astronomical sum would scarcely buy a paper of matches like those the hotel left on my night table.

And what was the result of this incredible depreciation of the currency? I had the privilege in 1929 of studying at a German university on a traveling fellowship from my American university. While there I made the acquaintance of an old professor who should have retired years before. He had, indeed, planned on retiring and to that end had been saving throughout most of his working life to buy an endowment insurance policy in the amount of about 100,000 marks. On the income from this, he and his wife might have enjoyed a frugal but respectable living in their old age.

Unfortunately, this policy fell due at the height of the inflation. By that time the mark had so deteriorated in value that the insurance company could not afford to use a stamp to mail the 100,000 marks to the old man. He had to stop by the office and pick it up in person—and his whole life's savings would then buy only one cigarette.

This gentleman, of course, was not alone. Thousands upon thousands were suffering the same fate. The whole middle class of Germany, indeed, was robbed, impoverished, demoralized, and destroyed by the inflation. And it was precisely in the confused and bewildered wreckage of the middle classes that Hitler found the material out of which to make a revolution and to create a power structure that later let loose upon the world the greatest blood bath in all history. And all those white crosses in American military cemeteries around the world are, therefore, among the tragic sequelae of a mistaken monetary policy followed by a distant nation across the sea.

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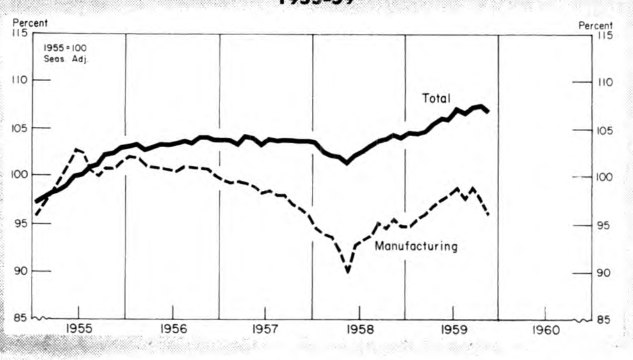
The Pace of

Most measures of Georgia's economy indicate that 1959 was a banner year for the "Empire State of the South." Recession-born downtrends gave way to renewed prosperity, and many indicators rose to record peaks.

Employment, Spending, and Saving Rise

Seasonally adjusted nonfarm employment passed the pre-recession high in November 1958, and has risen steadily since. Responding to high employment, Georgians spent record amounts last year. Tax receipts indicate that retail sales for the year ended September 1959 were more than 10 percent ahead of the comparable preceding year. Taxable sales of manufactures and public utilities rose even more. Debits to demand deposit accounts, a measure of spending for business and personal use, as well as a gauge of the volume of financial transactions, were 13 percent higher in the first eleven months of 1959 than in that period of 1958 at banks in 16 Georgia cities.

Employment, Georgia
1955-59



In addition to spending more, Georgians were able to add to their savings during 1959. Sales of ordinary life insurance policies in the January - October period exceeded the year-earlier volume 16 percent. Between October 1958 and October 1959, outstanding shares at savings and loan associations rose 10 percent, and time deposits at member banks increased 6 percent.

The increased economic activity in Georgia has been stronger in some sectors of the economy than in others, as would be expected. Georgia farmers have been plagued by lower prices for their products. Cash receipts from farm marketings during the first three quarters of 1959 were 2.5 percent below the comparable period in 1958, which, it must be remembered, was a record year. The decline was centered in livestock production, and particularly in the important broiler industry of North Georgia.

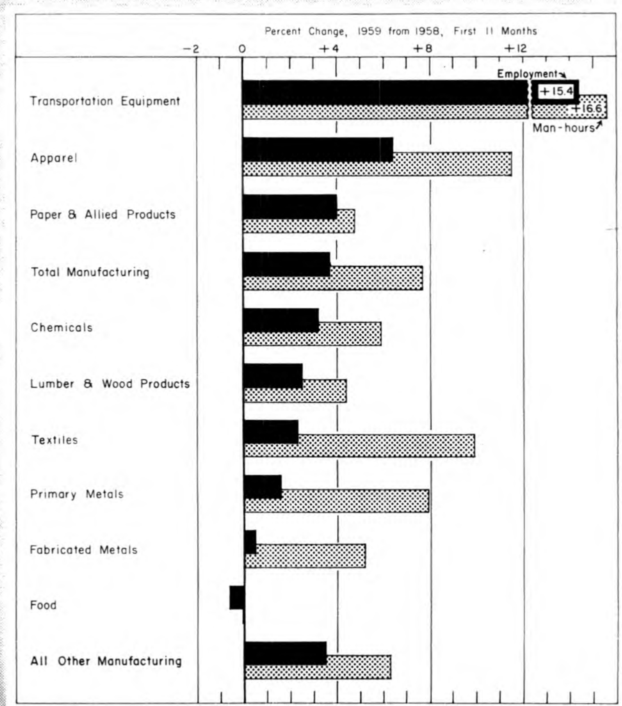
Manufacturing a Stimulus

If one major reason for the current high level of economic activity were to be singled out, it would be the turnabout in manufacturing. As the chart indicates, factory jobs in Georgia declined gradually from the end of 1955 to the middle of 1957, then dropped rather sharply until the spring of 1958. Since factory employment provides almost one-third of Georgia's nonfarm jobs, the effects of the decline on total employment were great. Gains in trade, service, government, and other types of jobs did not offset the drop in manufacturing.

Since May 1958, however, seasonally adjusted manufacturing employment has risen steadily, so that by October 1959 it was at the same level reached in midsummer of 1957 and only 5 percent below the all-time peak of June 1955. The decline in November 1959 was due to a cutback in automobile manufacturing employment, a direct result of the steel strike. During the first eleven months of 1959, factory employment averaged 3.7 percent higher than in the same period a year earlier.

Even more impressive than the upturn in factory jobs has been the increase in man-hours, or the number of employees on the job multiplied by the average number of hours worked each week. Since the 7.7 percent increase in man-hours in the first eleven months of 1959 was greater than the rise in factory employment, it is apparent that the average worker put in a longer workweek, and consequently enjoyed a fatter pay check.

Changes in Manufacturing Employment And Man-hours Worked
Georgia, 1959 from 1958



Within manufacturing, only food processors employed fewer workers in the average 1959 month than in 1958. Man-hours worked increased in all industry groups except food, and in each case the gain was greater than that in employment. The most dramatic upturn was in transportation equipment, which employed about 15 percent more people in 1959 than in 1958.

Textiles Strong

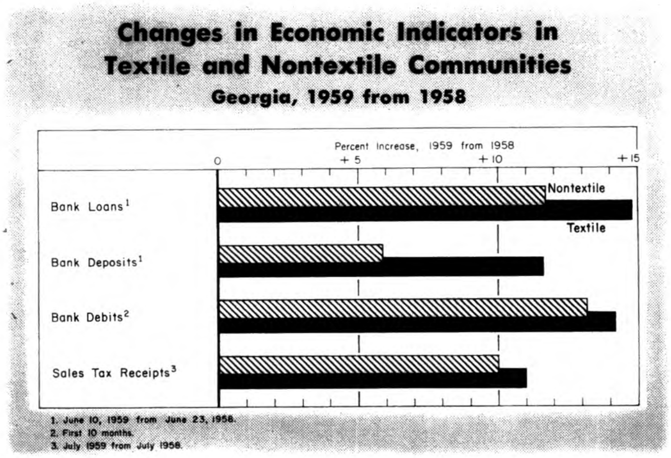
The highlight of the manufacturing upturn has been the new strength evidenced by the textile industry. Over 400 concerns employ 100,000 people in about 125

gia's Economy

Georgia communities in the production of cotton broadcloth, woolens, upholstery, thread, tire cord, tufted goods, and other textile products. Besides providing almost one-third of the state's manufacturing employment, textile mill production is apparently the most widespread industry in Georgia. The fortunes of over one-fourth of the Peach State's communities depend to some extent on the ups and downs of textile manufacturing.

Textile mill employment recently has enjoyed its most sustained upturn in several years. With the exception of one or two months of normal seasonal cutbacks, jobs have increased steadily for fifteen months. This is in marked contrast to the downward trend in the number of persons employed in textile mill production that began in 1951. From March 1951 until mid-1958, Georgia textile mill employment fell from 115,000 to 94,000.

Banking figures and sales tax receipts indicate that the rate of improvement in economic conditions has been greater in textile communities than in other areas of Georgia. An outstanding example of this is the North Georgia area specializing in tufted textile products, centered in Dalton and Calhoun. Employment in the Dalton area is at the highest level since World War II. Bank deposits in the two cities have risen over 20 percent in the past year, and loans have jumped 25 percent. Sales tax receipts in the twelve months ended September 30 were 17 percent above a year earlier in the two counties in which these cities are located, compared with an 11-percent gain in the state.



For the state as a whole, however, the rate of gain in textile mill employment has not been as impressive, at least on the surface, as the rates of increase in other types of manufacturing. Between the July 1958 low point and November 1959, textile mill jobs increased by slightly over 6 percent, compared with a 7-percent gain for all industries. During the first eleven months of 1959, average textile mill employment was only 2.3 percent ahead of the same 1958 period, whereas the gain in total manufacturing jobs averaged almost 4 percent.

Not all of the recent upturn in textile mill activity is reflected in employment figures. Mill operators have expanded their operations to some extent by having their employees work longer hours. During the first eleven months of 1959, Georgia textile mill workers put in an average of 41 hours per week; in the comparable 1958 period the workweek averaged 38.2 hours.

Production has increased at an even greater rate than man-hours worked as is evidenced by increased cotton consumption. Since almost 90 percent of Georgia's textile mill employees work in plants that use cotton as their principal raw material, cotton consumption figures provide a highly reliable indicator of textile activity. For January-October 1959, Georgians used slightly over 1,400,000 bales of cotton, mostly for textile production. This represents an increase of 15.6 percent over the same period in 1958, a gain of 4.0 percent over the first ten months of 1957, and a slight decline from the 1955 and 1956 ten-month totals.

The pickup in Georgia's textile mill activity reflects a general upturn in textile activity in the nation. Seasonally adjusted textile mill production in the United States rose from 91 percent of the 1947-49 average in February 1958 to 120 percent in September 1959. The July 1959 index of 123 was the highest on record, exceeding the previous peak, reached in December 1950, by over 3 percent. Textile mill employment in the nation averaged better than 3 percent above a year earlier during most of 1959.

The increased demand for Georgia's textile mill products comes primarily from two sources: tire manufacturers and apparel producers. Several of the state's largest textile mills are engaged in the manufacture of tire cord. These plants have benefited by the recent upsurge in automobile production and the resulting increase in tire consumption. Since most of Georgia's mill products are used in the manufacture of apparel, however, developments in that industry are of prime importance. Apparel production in the nation during the first three quarters of 1959 exceeded the year-earlier level 15 percent. Although production data are not available for individual states, employment figures indicate that Georgia's apparel industry is growing at a greater rate than the nation's. Over 2,200 jobs were created by new and expanded apparel plants in the year ended June 30. New plants provide a growing market for Georgia's textile mill products.

Additional Aids

Many other factors were at work to bring about the upturn in Georgia's business. Near-record building of homes, office buildings, retail stores, and other structures pushed the value of construction contracts awarded during the first ten months 13 percent ahead of the same period in 1958. New businesses were started at a rate well above that of 1958, and industrial development continued, with an estimated investment of $60 million in major new and expanded plants during the first three quarters of 1959. Government activities in Georgia have been stepped up at both the state and Federal levels, providing an average of 5,000 additional jobs during the first eleven months of 1959. An expanding population has created new jobs in service industries, communications and at financial institutions.

ROBERT M. YOUNG

Continued from Page 3

Please do not misunderstand me. I am not saying that in this country we are in any immediate or even remote danger of following the example of Germany. I am saying, however, that, except for whatever prudence the public can muster, the hand of the Federal Reserve on the monetary leash is just about the only thing holding back the economy from plunging headlong in the direction of such disaster. In this task we want your understanding. More than that, however, we want and need your support and cooperation, even though at times it may involve some sacrifice for you to give it.

Walking the dog is not always an easy task. And restraining an economy as hefty and as headstrong as ours from doing itself harm is also not an easy task. If you are ever inclined to pray about such matters, you had better pray that the Federal Reserve keep a tight grip on the monetary leash and not connive with those who would seek for an easy and popular escape from economic and monetary troubles by throwing it away.

Bank Announcements

On December 14, 1958, the newly organized Citizens National Bank of Sandy Springs, Sandy Springs, Georgia, opened for business as a member of the Federal Reserve System. Officers are A. J. Weinberg, Chairman of the Board; Thomas E. Cook, President; Ivan Allen, Jr., Vice President; and James S. Farr, Cashier. Capital totals $125,000 and surplus and other funds $175,000.

On January 1, 1960, the Red Boiling Springs Bank, Red Boiling Springs, Tennessee, a nonmember bank, began to remit at par for checks drawn on it when received from the Federal Reserve Bank. Officers are Dayton Chitwood, President; Dr. C. C. Chitwood, Jr., Vice President; William B. Green, Cashier; and Miss Georgia Patterson, Assistant Cashier. Capital totals $25,000 and surplus and undivided profits $88,478.

Department Store Sales and Inventories*

	Percent Change				
	Sales			Inventories	
	Nov. 1959 from		11 Months 1959 from 1958	Nov. 30, 1959 from	
Place	Oct. 1959	Nov. 1958		Oct. 31, 1959	Nov. 30, 1958
ALABAMA	—1	+3	+5	+4	+4
Birmingham	+7	+0	+2	+2	—4
Mobile	—3	—2	+5	..	..
Montgomery	—4	+6	+5	..	..
FLORIDA	+3	+18	+13	+2	+6
Daytona Beach	+3	+4	+7	..	..
Jacksonville	—0	+34	+21	+7	+13
Miami Area	—1	+16	+9	+4	—3
Miami	+1	+15	+7	..	..
Orlando	—5	+8	+11	..	..
St. Ptrsbg-Tampa Area	+14	+22	+19	—2	+23
GEORGIA	+8	+10	+6	+2	+17
Atlanta**	+11	+11	+6	+1	+22
Augusta	+0	+19	+16	..	..
Columbus	—0	+4	+0	+4	+6
Macon	+2	+3	+4	+3	+8
Rome**	—10	+4	+16	..	..
Savannah	+4	+5	—0	..	..
LOUISIANA	+8	+4	+4	+2	+3
Baton Rouge	+9	—3	+1	+6	+2
New Orleans	+11	+7	+6	+1	+5
MISSISSIPPI	—2	+4	+8	+2	+9
Jackson	+5	+3	+8	+1	+11
Meridian**	—9	+6	+6	..	..
TENNESSEE	+1	+5	+7	+6	+7
Bristol-Kingsport-Johnson City**	—2	—1	+3	+4	—1
Bristol (Tenn. & Va.)**	+1	—9	—1	+5	—11
Chattanooga	+0	+2	+8	..	..
Knoxville	—1	+8	+9	+5	+17
DISTRICT	+4	+9	+8	+3	+8

*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)

				Percent Change		
				Nov. 1959 from		Year-to-date 11 Months 1959 from 1958
	Nov. 1959	Oct. 1959	Nov. 1958	Oct. 1959	Nov. 1958	
ALABAMA						
Anniston	40,159	44,206	36,091	—9	+11	+15
Birmingham	709,483	779,870	733,771	—9	—3	+11
Dothan	30,982	35,772	30,956	—13	+0	+9
Gadsden	33,493	35,830	37,139	—7	—10	+11
Huntsville*	67,487	79,807	64,395	—15	+5	+19
Mobile	281,726	283,487	248,696	—1	+13	+12
Montgomery	162,291	174,889	151,880	—7	+7	+14
Selma*	25,426	32,254	23,364	—21	+9	+12
Tuscaloosa*	50,337	64,346	44,610	—22	+13	+14
Total Reporting Cities	1,401.384	1,530,461	1,370,902	—8	+2	+12
Other Cities†	752,508	806,432	656,914	—7	+15	+15
FLORIDA						
Daytona Beach*	56,701	55,643	51,751	+2	+10	+8
Fort Lauderdale*	199,581	199,229	180,993	+0	+10	+10
Gainesville*	40,139	43,077	33,710	—7	+19	+14
Jacksonville	761,621	780,499	641,224	—2	+19	+12
Key West*	16,939	15,298	13,744	+11	+23	+11
Lakeland*	73,221	76,301	68,629	—4	+7	+14
Miami	877,631	850,666	726,037	+3	+21	+16
Greater Miami*	1,267,291	1,239,983	1,088,916	+2	+16	+14
Orlando	232,110	249,446	187,826	—7	+24	+28
Pensacola	81,698	86,708	76,957	—6	+6	+10
St. Petersburg	222,582	218,787	184,464	+2	+21	+20
Tampa	400,326	394,672	350,989	+1	+14	+17
West Palm Beach*	132,418	125,833	113,003	+5	+17	+13
Total Reporting Cities	3,484,627	3,485,476	2,992,206	—0	+16	+15
Other Cities†	1,684,193	1,696,747	1,324,191	—1	+27	+17
GEORGIA						
Albany	52,332	55,084	43,686	—5	+20	+16
Athens*	38,372	40,071	32,775	—4	+17	+8
Atlanta	1,899,634	2,080,123	1,737,985	—9	+9	+13
Augusta	102,479	109,762	90,775	—7	+13	+9
Brunswick	24,498	26,255	19,175	—7	+28	+25
Columbus	102,526	104,884	89,601	—2	+14	+9
Elberton	9,078	9,857	8,153	—8	+11	+6
Gainesville*	40,383	46,886	46,593	—14	—13	—3
Griffin*	18,906	20,962	16,624	—10	+14	+14
LaGrange*	18,271	20,937	18,507	—13	—1	+10
Macon	118,771	124,828	108,226	—5	+10	+14
Marietta*	29,754	34,593	25,687	—14	+16	+21
Newnan	17,142	21,991	17,939	—22	—4	+13
Rome*	50,655	51,386	39,741	—1	+27	+17
Savannah	182,484	198,737	175,485	—8	+4	+11
Valdosta	31,419	34,797	27,257	—10	+15	+27
Total Reporting Cities	2,736,704	2,981,153	2,498,209	—8	+10	+13
Other Cities†	959,971	986,416	798,739	—3	+20	+16
LOUISIANA						
Alexandria*	69,159	75,687	69,533	—9	—1	+7
Baton Rouge	253,994	275,626	230,729	—8	+10	+10
Lafayette*	59,304	70,490	61,288	—16	—3	+14
Lake Charles	79,029	84,792	82,671	—7	—4	+4
New Orleans	1,223,266	1,335,245	1,096,182	—8	+12	+8
Total Reporting Cities	1,684,752	1,841,840	1,540,403	—9	+9	+8
Other Cities†	556,497	607,340	562,999	—8	—1	+11
MISSISSIPPI						
Biloxi-Gulfport*	48,316	48,676	41,630	—1	+16	+17
Hattiesburg	33,538	37,973	31,004	—12	+8	+13
Jackson	284,764	314,724	261,589	—10	+9	+19
Laurel*	27,335	28,959	25,041	—6	+9	+17
Meridian	44,729	44,845	38,147	—0	+17	+17
Natchez*	22,660	23,234	21,044	—2	+8	+12
Vicksburg	20,896	21,247	18,031	—2	+16	+8
Total Reporting Cities	482,238	519,658	436,486	—7	+10	+17
Other Cities†	251,302	258,485	235,214	—3	+7	+14
TENNESSEE						
Bristol*	41,944	43,680	40,730	—4	+3	+12
Chattanooga	308,660	317,361	275,227	—3	+12	+17
Johnson City*	38,592	43,832	38,017	—12	+2	+7
Kingsport*	80,596	84,646	70,048	—5	+15	+15
Knoxville	232,623	238,192	201,786	—2	+15	+11
Nashville	753,619	739,461	657,977	+2	+15	+14
Total Reporting Cities	1,456,034	1,467,172	1,283,785	—1	+13	+14
Other Cities†	543,511	543,789	539,852	—0	+1	+14
SIXTH DISTRICT	15,993,721	16,724,969	14,239,900	—4	+12	+13
Reporting Cities	11,245,739	11,825,760	10,121,991	—5	+11	+13
Other Cities†	4,747,982	4,899,209	4,117,909	—3	+15	+15
Total, 32 Cities	9,609,583	10,110,616	8,617,655	—5	+12	+13
UNITED STATES 344 Cities	217,167,000	230,245,000	183,092,000	—6	+19	+10

*Nct included in total for 32 cities that are part of the National Bank Debit Series.
†Estimated.

Sixth District Indexes

Seasonally Adjusted (1947-49 = 100)

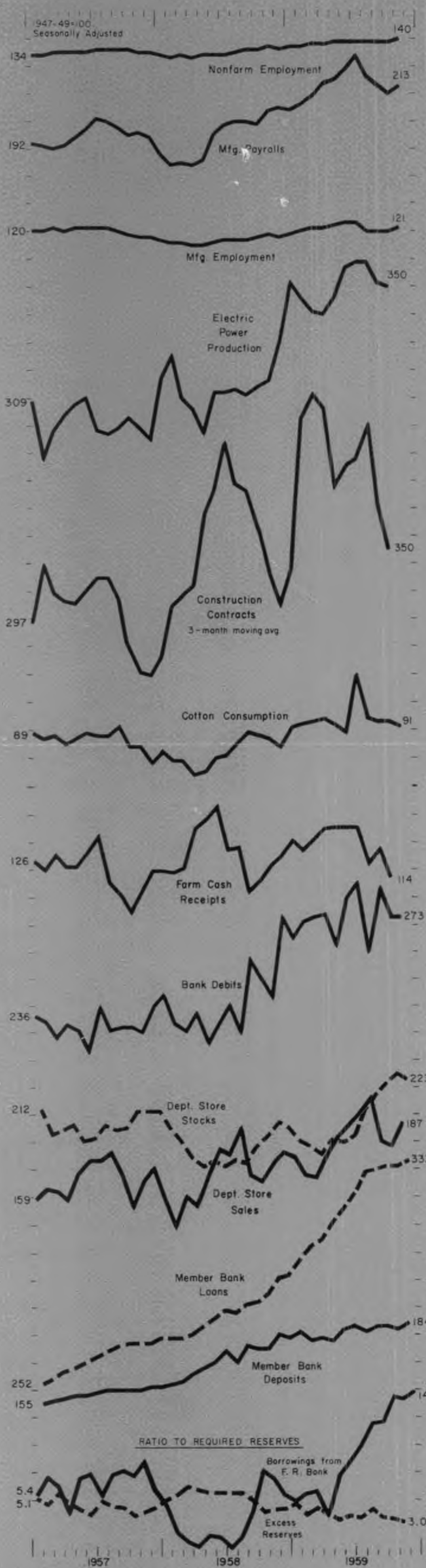
	1958			1959										
SIXTH DISTRICT	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.
Nonfarm Employment	136	137	136	137	137	138	138	139	139	139	139	139	139	140
Manufacturing Employment	118	119	118	119	120	121	121	122	123	123	120	120	120	121
Apparel	169	170	172	173	174	174	176	179	182	186	185	185	186r	186
Chemicals	127	128	129	132	132	133	135	135	135	135	136	131	130	131
Fabricated Metals	179	178	179	182	178	179	180	181	182	181	175	177	173	174
Food	113	112	112	113	114	115	115	113	114	112	112	113	115	116
Lbr., Wood Prod., Fur. & Fix.	80	80	79	79	80	78	79	80	79	80	79	81	81	81
Paper & Allied Products	159	159	160	160	161	161	161	163	163	165	163	165	164r	161
Primary Metals	94	90	92	91	92	95	98	100	103	102	73	74	74	94
Textiles	86	86	86	86	87	88	87	88	88	89	88	88	87	86
Transportation Equipment***	207r	215r	211r	212r	212r	208r	214r	212r	202r	207r	206r	203r	209r	183
Manufacturing Payrolls	199	204	205	204	206	209	214	215	219	224	216	213	210r	213
Cotton Consumption**	88	87	84	91	92	93	94	92	89	110	94	93	93	91
Electric Power Production**	314	316	330	351	346	341	340	346	357	359	359	351	350	n.a.
Petrol. Prod. in Coastal														
Louisiana & Mississippi**	190	190	201	192	193	189	198	206	200	195	203	207r	215r	218
Construction Contracts*	364	333	309	336	445	463	453	397	411	416	440	380	350	n.a.
Residential	433	375	367	364	382	394	398	429	433	425	444	440	441	n.a.
All Other	308	298	262	314	496	520	499	370	393	410	436	331	276	n.a.
Farm Cash Receipts	112	123	130	141	134	142	150	151	151	151	124	135	114	n.a.
Crops	84	99	92	128	113	105	127	131	112	117	95	124	94	n.a.
Livestock	217	216	211	162	164	185	183	181	192	190	182	194	182	n.a.
Dept. Store Sales*/**	166	172r	176	174	168	167	175	182	186	190	196	180	178r	187p
Atlanta	154	161	162	164	161	155	169	161	174	178	188	169	169	178
Baton Rouge	180	214	204	195	180	171	190	187	192	179	190	168	185r	209p
Birmingham	131	129	138	136	127	127	135	135	127	136	145	131	124	129
Chattanooga	152	164r	156	162	154	148	148	164	161	168	164	155	160	168
Jackson	111	126	124	124	116	104	111	121	114	124	131	111	113r	130p
Jacksonville	135	136	142	143	141	136	130	135	139	138	221	166	151r	182
Knoxville	146	155	163	161	154	147	151	153	148	164	165	165	159	168
Macon	153	158	158	161	155	143	170	166	168	167	177	158	158	162
Miami	258	232r	256	242	248	251	263	269	277	301	312	277	274	269
New Orleans	144	144	148	145	139	130	142	144	151	155	156	151	149	154p
Tampa-St. Petersburg	209	213r	212	207	203	221	230	251	245	244	263	241	241r	260p
Dept. Store Stocks*	202	207	205	200	198	195	201	200	202	212	217	222	225	223p
Furniture Store Sales*/**	145	152	148	161	154	141	157	153	148	158	159	147	156	161p
Member Bank Deposits*	175	180	179	181	178	179	178	182	183	181	183	183	182	184
Member Bank Loans*	285	291	292	298	303	305	311	316	321	329	330	331	331	333
Bank Debits*	250	243	273	265	271	273	274	262	280	285	260	283	273	273
Turnover of Demand Deposits*	142	139	150	144	153	149	145	158	152	162	154	150	147	150
In Leading Cities	149	146	161	153	162	160	164	174	174	179	174	164	153	160
Outside Leading Cities	105	102	121	114	121	118	112	126	117	124	115	118	109	109
ALABAMA														
Nonfarm Employment	120	120	120	121	120	121	120	121	121	122	117	117	117	121
Manufacturing Employment	104	104	105	105	106	107	107	107	106	109	100	99	97r	105
Manufacturing Payrolls	182	186	179	182	185	189	193	190	195	198	173	167	168r	183
Furniture Store Sales	135	134r	131	147	154	125	145	135	134	139	143	139	138	134
Member Bank Deposits	153	158	155	155	154	154	156	157	160	160	160	160	159	159
Member Bank Loans	239	246	242	248	254	250	254	259	266	275	269	270	272	273
Farm Cash Receipts	106	101	111	126	123	147	148	132	162	164	127	134	84	n.a.
Bank Debits	221	216	232	233	233	233	238	231	253	254	226	248	241	229
FLORIDA														
Nonfarm Employment	188	188	187	188	189	191	193	195	197	199	199	200	200	200
Manufacturing Employment	187	186	186	188	190	193	195	195	198	202	202	202	202	201
Manufacturing Payrolls	326	322	316	318	326	319	343	351	351	364	371	370	371	368
Furniture Store Sales	153	180r	167	176	184	163	183	176	175	178	212	177	180	203p
Member Bank Deposits	235	241	241	242	238	235	233	241	243	238	246	247	245	245
Member Bank Loans	463	477	477	485	492	500	511	526	534	544	548	550	547	547
Farm Cash Receipts	162	147	162	281	232	182	230	227	236	239	200	212	172	n.a.
Bank Debits	388	357	403	372	382	391	389	400	437	441	408	450	436	428
GEORGIA														
Nonfarm Employment	130	130	130	131	131	131	132	132	132	134	133	134	134	134
Manufacturing Employment	115	116	116	115	116	117	118	119	119	120	119	120	120r	117
Manufacturing Payrolls	190	201	200	195	197	204	206	211	215	219	216	207	210r	202
Furniture Store Sales	150r	144r	153	149	143	134	151	148	139	159	163	144	159r	157p
Member Bank Deposits	154	158	158	159	157	157	157	160	159	157	162	160	160	163
Member Bank Loans	223	226	227	230	237	235	244	246	250	256	260	260	261	266
Farm Cash Receipts	104	124	153	143	142	169	150	158	140	178	131	172	97	n.a.
Bank Debits	224	218	243	236	238	243	248	235	253	261	238	258	249	244
LOUISIANA														
Nonfarm Employment	128	128	129	129	129	128	128	128	128	127	126	127	126r	127
Manufacturing Employment	96	98	97	96	95	96	96	96	96	96	95	95	96	95
Manufacturing Payrolls	165	172	169	173	173	175	178	179	175	176	176	178	170r	173
Furniture Store Sales*	157	175r	196	171	174	203	177	191	177	193	168	181	161	184
Member Bank Deposits*	152	156	159	163	160	165	160	165	165	160	160	160	157	160
Member Bank Loans*	268	277	274	284	287	293	293	295	295	302	299	304	307	309
Farm Cash Receipts	99	114	109	103	112	130	123	159	146	142	86	91	139	n.a.
Bank Debits*	215	199	230	210	216	227	229	217	240	233	223	248	226	212
MISSISSIPPI														
Nonfarm Employment	130	131	130	132	131	131	130	132	131	131	131	133	133	133
Manufacturing Employment	132	133	132	131	131	131	132	134	133	134	134	135	135	136
Manufacturing Payrolls	247	248	245	247	246	251	250	247	247	252	253	253	241	244
Furniture Store Sales*	80	107	133	114	106	97	114	120	132	115	129	95	83	117
Member Bank Deposits*	197	198	195	197	190	198	195	191	195	197	194	195	202	204
Member Bank Loans*	359	363	369	361	367	378	383	391	398	403	400	411	392	392
Farm Cash Receipts***	94r	120r	125r	100r	103r	110r	110r	106r	111r	112r	106r	140r	127	n.a.
Bank Debits*	211	214	233	216	210	225	225	208	238	233	224	236	230	233
TENNESSEE														
Nonfarm Employment	120	120	120	120	121	122	123	122	123	122	122	122	122	121
Manufacturing Employment	116	116	116	117	118	119	119	119	120	121	119	120	119	119
Manufacturing Payrolls	187	187	196	202	204	205	208	206	206	211	214	211	206r	208
Furniture Store Sales*	109	113r	113	111	114	109	114	116	116	105	122	109	108r	103
Member Bank Deposits*	159	161	162	165	160	159	162	166	164	165	165	166	167	167
Member Bank Loans*	251	251	256	262	267	268	272	276	283	287	287	288	293	291
Farm Cash Receipts	114	114	100	98	107	119	109	95	113	87	108	105	109	n.a.
Bank Debits*	220	213	235	230	242	229	229	225	235	239	221	229	225	234

*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



MOST ECONOMIC INDICATORS *have shown some improvement recently. Nonfarm employment edged upward to a new record and factory payrolls increased, reflecting largely the return of steelworkers to their jobs in early November. Consumer spending has improved, but is still slightly below the summer peak. Total farm output increased somewhat but average prices received by farmers moved slightly lower. Loans at member banks rose further, and deposits strengthened somewhat. Borrowings from the Federal Reserve Bank of Atlanta reached a new high.*

Nonfarm employment, seasonally adjusted, rose slightly in November following six months of virtually no change. The improvement, which brought a new record, reflected largely a sharp rise in Alabama, where the return of steelworkers to their jobs brought total employment close to its pre-strike level. Depressing effects of the long steel strike persisted in Georgia, where layoffs in the automobile industry caused by steel shortages almost offset gains in nonmanufacturing activities and held total employment at the previous month's level. In early December, automobile workers were recalled to their jobs as steel supplies increased sufficiently to allow resumption of output. **Factory payrolls** for District states as a group rose slightly, reflecting a gain in manufacturing employment.

Construction activity, as measured by seasonally adjusted **construction employment,** held steady in November, following declines from last summer's record level. However, the three-month average of **construction contract awards,** which includes data for November and gives a clue to construction activity in the near future, declined further.

Cotton consumption, an indicator of textile activity, declined slightly in November. **Crude oil production** in Coastal Louisiana and Mississippi continued in near-record volume. With the re-opening of steel mills in early November, **steel output** rebounded sharply, but in mid-December was still somewhat below the pre-strike volume.

Retail sales have almost regained summer peaks. Preliminary estimates for December indicate that seasonally adjusted **department store sales** increased after a strong rise in November, when increases occurred in every major metropolitan area except Miami. **Furniture store sales** also increased more than seasonally in November. **Automobile sales** were strong in October, but probably declined in November because of low output of new models. **Consumer instalment credit outstanding** continued to mount in November, although at a slower rate than in other recent months. **Consumer saving** edged up in November. Seasonally adjusted **bank debits,** an indicator of check transactions of all types, did not change.

Weather favored farmers in most areas but a cold snap in Florida curtailed marketings of fresh vegetables there. **Total farm marketings** increased slightly, however, as farmers shipped more hogs, cattle, citrus, and sugar cane. **Average prices for farm products** shaded lower, but prices for broilers were a notable exception. **Farm wage rates** held at year earlier levels; **total farm employment,** however, was less than that a year ago.

Loans and **deposits at member banks** rose moderately in November after seasonal adjustment, and preliminary data show a further rise in December. Louisiana was the only state to show significant gains in loans in November; Georgia and Louisiana accounted for most of the increase in deposits. **Investments,** mostly U. S. Government securities, resumed their downward trend in November, following an increase in October. **Borrowings from the Federal Reserve Bank of Atlanta** rose to new records during early December, but fell again during the two weeks before Christmas.