Monthly Review

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Also in this issue:

Federal Reserve Bank of Atlanta

Income in the South: The Last Ten Years and the Next Ten

SOUTHERNERS, as well as other Americans, found that they could buy just about as much with their dollars last year as they could the year before. In terms of 1959 prices, a dollar lost only nine-tenths of a cent in purchasing power during the year, compared with 3.5 cents in 1957 and 2.8 cents in 1958. Thus, the 7.2-percent increase in personal income in District states in 1959 measures fairly closely the actual increase in real income, or additional purchasing power.

Personal income was higher in 1959 than in 1958 in each District state, expanding most rapidly in Florida and Mississippi. Rates of growth in Tennessee and Georgia exceeded the national average, but in Alabama and Louisiana income probably rose a little more slowly. These comparisons are based upon preliminary estimates by the Research Department of this Bank, however, and they may be revised when final data become available.

The District's farm income rose, whereas the nation's declined, and its manufacturing was affected less by the steel strike than the nation's. About two-thirds of the increase in wage and salary income came from manufacturing and government payrolls, although wage income of other types increased without exception.

Since income in the District increased more in 1959 than population, per capita income grew. Moreover, the District's per capita income came a little closer to the national figure, averaging about 74 percent of it; in 1930 per capita income in this area amounted to only 50 percent of the national figure. If, as many persons believe, the South's major economic problem is to raise its per capita income to the national level, the year 1959 saw this problem a little nearer solution.

Changes in income were so strongly influenced by recovery from the depression of the 1930's and World War II, it seems reasonable to use the 1950's as a pattern for assessing future prospects rather than the entire 1930-59 period. The following discussion, therefore, explores some of the economic developments of the last ten years that have helped the South "catch up" with the nation.

The 1950's: A Decade of Change

Economic growth requires change, for if people are to become more productive and earn higher incomes they must do different things in different ways. By reviewing the economic changes that occurred in the Sixth District during the 1950's, we can acquire a better understanding of the forces that raised income in the area.

Migration and Population Shift One major change in the Sixth District was the 18-percent increase in population. Considering the high rate of natural increase in the South, this gain seems modest, when compared with one of 17 percent for the nation. In each District state except Florida, more people left than came in. As a result, population in the five states with net out-migration increased only 8 percent, and the growth in the labor force was much smaller than it would have been otherwise.

Population changed in another way. There was a great shifting about of people from place to place within the District, especially from rural to urban areas. Estimates made by this Bank show that between 1950 and 1955 in 80 percent of the 448 counties in the District, more people left than came in; there is no reason to believe this trend has changed since then. Migration from rural areas in central and southern Georgia, Alabama, and Mississippi was especially heavy. So far as the District is concerned, the "population explosion" during the 1950's was in its metropolitan areas.

Farm Employment Declined The shift in population was symptomatic of the change in the way people earned their living. At the beginning of the decade 22 percent of the District's workers were working on the farm; the move to the cities and to other parts of the nation left only 11 percent of them making their living from farm work.

With the total number of jobs increasing and the number of farm workers declining, it is obvious that nonfarm employment in District states expanded even more than the total labor force increased. Since nonfarm employment generally yielded higher income, the average income per worker was raised. This change helped raise total income.

More Productive Work Industrialization, of course, provided some of the new jobs. Between 1950 and 1959, manufacturing plants, many of them new ones, added 242,000 manufacturing workers to their payrolls. Because manufacturing jobs averaged higher incomes than other types of work, moreover, income grew more than is indicated by the increase in employment. By 1959, manufacturing payrolls were providing 25 percent of total income.

We can be misled by concluding that higher incomes came solely from increased industrialization. Manufacturing employment in 1959 made up only 26 percent of total nonfarm employment, and more new nonfarm job opportunities were made available in construction, transportation, communication and public utilities, finance, trade, service, and government occupations than in manufacturing. In District states, wage and salary income from governments was about as important as that from manufacturing. Growth in the former in the 1950's came more from the growing payrolls of state and local governments than of the Federal Government.

Consumer Demands Changed During the 1950's, consumers changed their demands both for the things they bought directly and for the things they bought indirectly through their governments. Higher incomes, of course, meant that District consumers could buy more. But as their incomes increased, their demands changed because they could afford different things and because more of them lived in cities. The growing population and urbanization directed demands to state and local governments for more and better educational services, better roads and streets, and other services required in urban communities.

Capital Investment Greater The changes discussed so far suggest another major change—an increase in capital investment by private businesses, by consumers, and by governments. Expenditures for manufacturing plants and equipment in District states in 1950-57 totaling $5.6 billion, the $1.0 billion spent by state and local governments for schools in the same period, and the nearly one million new housing units started in urban areas between 1950 and 1958 are typical.

Shifting toward more productive manufacturing jobs yielding higher income required, moreover, that capital investment per worker be increased. Average capital investment per worker in the chemicals and allied products industry, one of the District's growth industries and one that yields high income per worker, amounts to $17,000, according to the National Industrial Conference Board. On the other hand, capital investment per worker in the textile industry requires $8,000. In the District, value added per worker for the former industry averaged $14,000 in 1957; for the latter, $4,500.

Greater capital investment not only made it possible to provide more workers with more productive and better paying jobs, it also created jobs; it was one reason why construction activity contributed so much to total income.

Forces Behind the Changes

Knowing the major economic changes that went along with economic growth in this part of the South in the 1950's, we now ask, Why did these changes occur? First, we note that the 1950's was a decade of general economic expansion. Gross National Product, that useful figure summarizing total output of the nation's goods and services, was about 45 percent greater at the end of the decade than it was at the beginning even after allowances for rising prices. Personal income, the measure we have been using for economic growth in the South, grew correspondingly. The close resemblance of the trend in growth of personal income in the nation to that in the District, shown in the accompanying chart, suggests that conditions that encourage income growth in the nation also encourage income growth in the South. The rise in District income, however, has been just a little steeper than that in the nation. This leads to another observation: When the nation's income expands, the South's share of it increases.

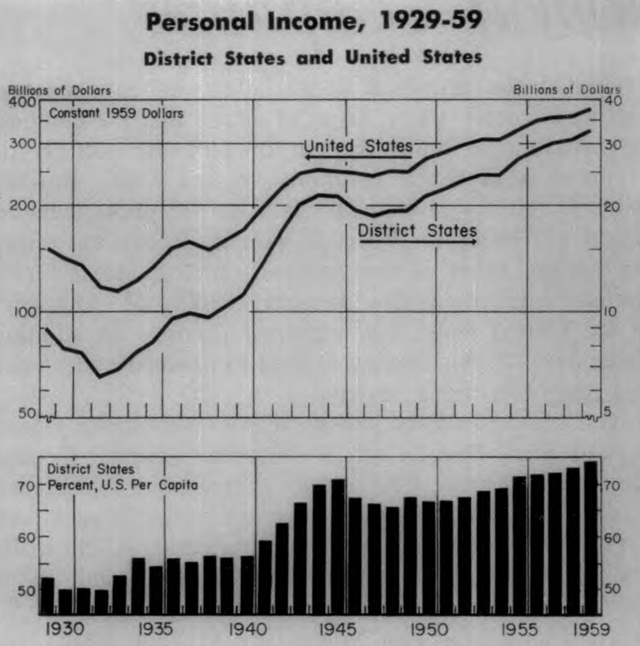
This relationship was demonstrated in the 1950's, when a generally prosperous United States created job opportunities outside the South, which many Southerners took advantage of. Whatever we may think about the loss of production potential to the South because of the loss of some of its workers, the result was that the South itself had to provide fewer jobs for its expanding labor force. Per capita income for those remaining, therefore, was probably higher than it otherwise would have been.

During the 1950's, the nation's agriculture, because of technological and scientific developments, was going through what has been termed an "agricultural revolution." As a result, more could be produced with fewer workers. Some workers were pushed off the farm because they were not needed; others were pulled away by job opportunities elsewhere.

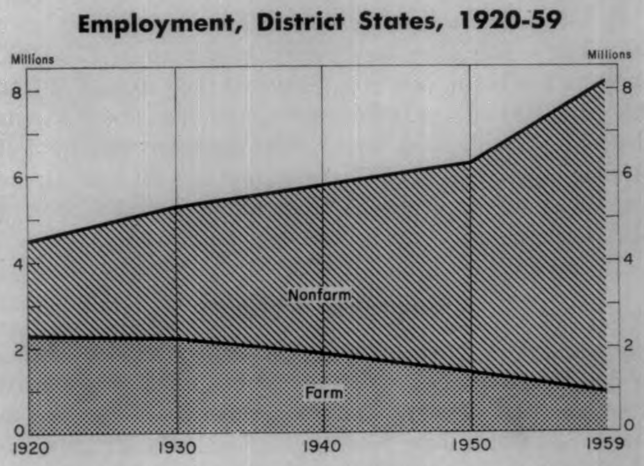
Economic expansion in the 1950's also stimulated the shift within the South to more productive types of nonfarm employment. National economic growth provided markets for Southern products; it created demands for the physical and human resources the South had available, and it made possible the capital investment needed to set them to work. This part of the South had the abundant water supplies, rapidly growing trees, petroleum resources, and an underemployed labor force that were needed to produce the chemicals, paper, and petroleum products for the nation's economic expansion. As these were put to work, Southerners found more productive and better paying jobs, and incomes rose.

Southerners in District states made some of the required capital investments themselves. In the ten years between 1947 and 1957, for example, they had increased the assets of commercial banks, savings and loan associations, legal reserve life insurance companies, and credit unions from $11 billion to $24 billion. Deposits at commercial banks in 1950 amounted to $8.9 billion; in 1959 to $16 billion. Yet, financing all of the South's capital investment needs was a task beyond their financial resources.

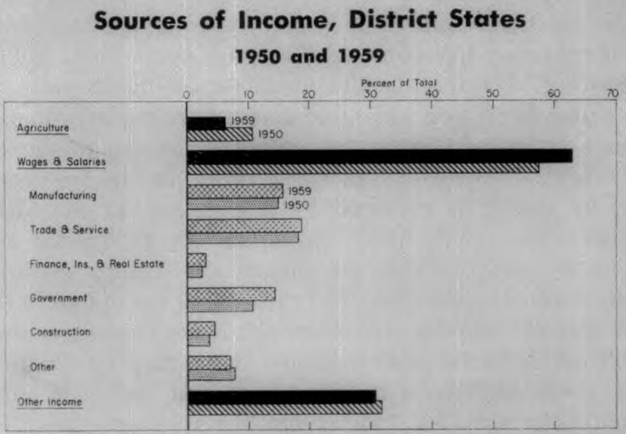
Since the 1950's was a period of heavy capital investment for the United States, some funds from other areas spilled over into the District. Many manufacturers with nationwide operations found they could not meet the demands of the expanding economy with their existing productive facilities. They had to expand. Some of them chose this part of the South in which to build their new plants both because



Personal income in District states is growing faster than it is in the nation. Thus, per capita income in the South is a little closer to the national average. At 67 percent of the national figure in 1950, it reached 74 percent in 1959.



To achieve the income growth meant providing jobs not only for workers added to the labor force but for those who left the farm as well.



As income grew during the 1950's, the relative importance of different sources changed. Not only did personal income from manufacturing become more important, but that from trade, service, government, finance, and construction as well.

markets for their products were growing here and the South had the physical and human resources needed to operate the new plants.

The nation's large financial institutions also found their assets growing as many individuals entrusted to them the savings they accumulated out of their rising incomes. Some of these funds were attracted to the South to finance the building of homes and schools, roads, and other public facilities and to help finance business ventures. It required the combined efforts of Southerners and other investors to supply the capital funds needed for growth.

Economic growth cannot be explained solely in terms of capital investment and productivity. There must be men who are able to recognize economic opportunities, apply technological and scientific developments, assume leadership, and risk their funds in what they hope will be productive enterprises. There must be a labor force that can acquire industrial skills and adapt to changes. Some of the workers must be able to learn not only the highly technical productive processes needed in modern industry but also the professional skills required by present day society. Economic growth also requires a society that encourages rather than resists changes. Thus, one key to economic growth is the ability of people to change. The record of the 1950's shows that Southerners have been able to accept and adapt themselves to change.

The 1960's: Another Decade of Change?

If we look back to 1950 and remember how little we knew about what would happen in the next ten years, we are impressed with our limitations in foretelling what will happen in the 1960's. How wrong we would have been had we assumed the 1950's would be like the 1940's! Projecting economic changes in the 1960's on the basis of what happened in the 1950's, therefore, may lead us to erroneous conclusions unless the same kinds of changes occur in the next ten years.

On the basis of past trends, however, it is relatively easy to project personal income in the Sixth District for 1970. By that time, if the District's per capita income continues to increase in proportion to the nation's as it has in the last ten years, it should reach 77.4 percent of the national average. If the nation's per capita income increases as implied by the National Planning Association's "judgment" projection, therefore, per capita income in the District in 1970 should be $2,250 in 1959 prices.

An increase in the District's per capita income measured in dollars of constant purchasing power of approximately $650 between 1959 and 1970 would indeed be a good record for economic growth. But can we rely at all on any such projection derived by such a mechanistic method? We begin to have serious doubts when we recall the major changes during the 1950's that established the pattern we used in making the projection.

Will the rest of the nation continue to absorb part of the South's expanding population or will jobs have to be found here for all who will enter the labor force in the 1960's? Is there no limit to the move away from the farm to nonfarm jobs? Can we keep attracting such a large part of the nation's capital investment to this area? Will the South's labor force be ready to meet the challenge of an increasingly technological and scientific productive process?

Partial answers to these and other questions must be found before we can make even a tentative projection of the future. Future issues of this *Review* will go into these matters more thoroughly than has been possible here.

CHARLES T. TAYLOR

Small Business Investment Companies

The public and Congress have been concerned for many years with the problems that plague small business. As one response to this concern, Congress passed the Small Business Investment Act of 1958. The Act was designed to fill an apparent gap in our financial structure, namely a lack of institutions specializing in long-term loans and the provision of equity capital to small concerns.

Is this gap real? As we look at the financial system, we see the following picture. Except as waived by the Act, banks are legally prohibited from owning stock in other corporations. Furthermore, accepted banking practices tend to restrict lending to short- and intermediate-term loans. Institutional investors such as insurance companies select only well-established firms when making loans to small businesses. Other private investors have been deterred from satisfying the long-term financial requirements of small businessmen by the great risks and high costs associated with such financing. Finally, most small concerns find it difficult or impractical to tap the organized bond or stock market as a source of long-term funds. As a result small businessmen have generally had to supply their own capital or turn to other individuals or remain content with shorter-term financing. Thus the gap appears real enough. An intensive study by the Federal Reserve Board further documents its existence.

Earlier efforts to finance small concerns include the loan programs of the Small Business Administration and of state and local development corporations. These programs are generally restricted to intermediate-term lending for working capital or other designated purposes. The authors of the 1958 Act, however, hoped to stimulate the formation of privately controlled small business investment companies (SBIC's) to serve the long-term needs of small business.

Under the provisions of the Act, certain tax benefits accrue to both SBIC's and small businessmen and Federal funds are made available to help finance investment companies. The Small Business Administration will supply up to $150,000 of the minimum paid-in capital of the $300,000 an SBIC must have, and will lend to the investment company up to 50 percent of its paid-in capital and surplus. The Act also permits banks to own and operate such companies.

Does the program fill the gap we have seen to exist? After only 17 months this question is difficult to answer. A survey of several investment companies licensed thus far in the Sixth District reveals diverse policies, limited experience, and expectations ranging from uncertain hopefulness to buoyant optimism. Any answer to this question must, therefore, be highly tentative.

Organization and Capitalization of Small Business Investment Companies

Getting a license to operate a small business investment company is not a small undertaking. First, the prospective organizers, numbering at least ten, must file a "Proposal," a form which would appear formidable to all but the most capable and enthusiastic. Questions cover details of the proposed organization, its capitalization, and its financial policy, so as to assure that the company will attempt to fulfill the purposes of the Act. If the proposal is reviewed favorably by the Small Business Administration's investment division, the proponents are issued a "Notice to Proceed" with incorporating, raising capital, and other actions necessary to complete a formal license application. By January 1960, 62 companies in the United States had obtained licenses. In addition, there were 45 outstanding notices to proceed and numerous proposals under review.

Ten of the licenses issued went to companies located in four Sixth District states—Florida, Georgia, Tennessee, and Louisiana. One of the country's first two licenses was issued to a company owned entirely by a large Atlanta bank. Two companies are headquartered in Nashville, one of which was organized by 42 banks and 20 individuals in Tennessee, and the other by one bank. Six are in Florida (four in Miami, one in Palm Beach, and one in Tampa). All the Florida companies were originally organized by individuals, but partial ownership of one Miami firm has now been transferred to several banks. Individuals also recently organized one in New Orleans.

In all cases studied the companies were initially capitalized at values close to the legal minimum of $300,000. Only half of them, however, acquired paid-in capital from the Small Business Administration, and one is now offering close to $6 million in stocks. One company has used its privilege of borrowing $150,000 from the SBA to supplement its paid-in capital. At least three intend to borrow SBA funds as they are needed and permitted.

Financial Policies

Suppose that you are operating a firm in need of capital in this District. Under what conditions could you borrow from an SBIC? First, your company would have to be "small" as defined by SBA regulations. The definition of smallness varies, depending upon the type of firm. Most retail and service trade firms are small if their gross annual sales are $1 million or less; wholesale firms may have sales up to $5 million and some types of manufacturing concerns may have up to 1,000 employees. These definitions are liberal enough to include most businesses.

Secondly, if you are to receive equity capital, that is, funds giving ownership title in your concern to the investment company, your firm must be incorporated. Equity capital is acquired by first issuing to the SBIC debentures (bonds with a specified rate of interest and maturity date) which are convertible before maturity into stock at a predetermined rate and at the option of the investment company. Incorporation is not necessary, however, in order to receive loans. These may be obtained for terms of five to twenty years, and the SBIC may extend the term for another ten years.

The most you could legally borrow from an SBIC is 20 percent of its paid-in capital. Thus if yours is a million-dollar firm, it is unlikely that the amount of long-term financing you might need is small enough to be provided by an SBIC in view of the current capitalizations of these companies. As the program progresses, however, individual loans and debentures should become larger.

So much for the legal possibilities for financing small firms. The impact of this program on small business financing depends, among other things, on actual SBIC policies, including the degree of diversity in the kinds of firms financed, the sizes of firms which the SBIC's are willing to finance, the amount, kind, and terms of financing which an SBIC will offer to an individual firm, and the extent of the geographic area which an investment company is willing to serve.

As a practical matter, the companies in this District are tending to concentrate their interests in relatively new and growing manufacturing firms that have demonstrated capacity for successful operation. Several loans, however, have been made to wholesale distributors and retail establishments. One Florida investment company plans to specialize in financing land development companies because its management is specialized in this field and because of opportunities existing in the state.

Most of the companies do not have explicit policies as to the size range of firms they will finance, but as we have already suggested, the size of firm is closely related to the size of a loan or a convertible debenture. Most of the investment companies have supplied or plan to supply funds up to the 20-percent limit to a few firms, but the average amount is likely to be considerably less. There is also usually a lower limit varying between \$5,000 and \$10,000. Clerical and counseling costs for handling smaller amounts are simply too prohibitive.

Policies vary considerably among investment companies with respect to the kinds and terms of financing provided to small firms. Three of the investment companies studied restrict themselves to buying convertible debentures. Two of these view an equity position, to which buying debentures may lead, as the only means of earning profits, while the other, a bank-owned company, has the bank supplement its purchases of debentures with regular loans. In contrast, another investment company supplies only term loans because it finds that small business firms generally are reluctant to have their ownership diluted, as would occur when debentures are converted into stock. Two others will provide both loans and equity capital. The disposition on the part of small firms against dilution of their ownership has led most of the SBIC's to avoid a controlling equity position in any firm.

Maturities on loans generally tend to be closer to the minimum five-year limit than to 20 years, indicating cautiousness on the part of the investment companies. The cost of borrowing to small firms is rather high, as one would expect because of the high risk and cost to the lender. Quoted interest rates vary considerably, especially among states because of differing legal interest-rate ceilings; total borrowing costs vary less than interest rates.

Investment companies are advancing most of their available capital to firms in their own states and more often in their immediate locality. There are good reasons for this geographically restricted mobility of funds. It is essential for the investment companies to know the economic characteristics of the areas in which prospective borrowers are located, and the borrowing firms themselves generally operate in a limited area. It is impractical, moreover, for the SBIC to provide supervision and counseling services at very long distances.

Status and Prospects

Expansion in both the number of SBIC's and in the amount of funds extended to small businesses has accelerated recently, but the program has moved more slowly than its architects had hoped. To understand this, we must know why the present companies were organized, how profitable this venture is to potential organizers, and what problems are encountered in financing small firms.

The change in law, which had previously prohibited banks from owning stock in other corporations, now encouraged them to organize investment companies to provide small business with long-term funds. Government support and tax benefits induced other types of businesses to establish such companies.

No one can say yet with any assurance how profitable the SBIC's will be to their owners. Those that are only buying debentures do not expect loans to be profitable. While gross yields on loans are high, the associated risks and costs are probably sufficiently high to eliminate virtually any net profit. Holding convertible debentures, on the other hand, permits an investment company to experiment in lending to firms until these debentures prove to be profitable. Then the SBIC can convert them into stock and share in the capital appreciation.

Where banks have organized the companies, the motive to help small firms to grow may go beyond the expectation of immediate or delayed profits that might accrue to the company. A small firm nurtured to substantial size with SBIC assistance may, it is hoped, become a future dependable customer of the bank. One bank-owned investment company, in fact, plans that its customers shall repurchase the portion of ownership held temporarily by the investment company when financial support is no longer needed. The company's funds thus become a pool of revolving credit for small growing firms. Individual organizers, however, are more likely to expect the company to yield them profits. For them the risks are great, even with governmental support and tax exemptions.

The National Association of Small Business Investment Companies and individual SBIC officers have supported amendments to the 1958 Act which would, in their opinion, give more encouragement to potential organizers. Important among these are: (1) exemptions from the restrictive provisions of the Investment Company Act of 1940 and from supervision by the Securities and Exchange Commission, (2) permission to acquire equity interests in unincorporated businesses, (3) further liberalization of tax exemptions, (4) elimination of the requirement that small firms issuing convertible debentures must buy stock in the SBIC from 2 to 5 percent of the debentures.

The amount of loans and debentures outstanding as of early December at companies in the District was small relative to total paid-in capital. The fact that seven companies have been licensed only in the last few months explains much of this slow progress. Yet there is a fundamental reason why even the older investment companies have extended funds at a slow pace. Although there has been no dearth of loan applicants, the same considerations which discouraged long-term financing of small concerns before the Small Business Investment Act was passed—its riskiness and costliness—continue to ration funds only to the qualified few.

It is still too early to assess adequately the role of the small business investment companies. The program is still in an experimental stage. The provisions of the Small Business Investment Act were intended to be flexible and are almost certain to be amended in the near future. Organizational structures and policies vary widely and in time will give a broad base of experience for others to follow. As in other enterprises, pioneers must demonstrate their success before others will consent to join them.

ALBERT A. HIRSCH

Bank Announcements

On January 8, the newly organized First Bank of Lake Placid, Lake Placid, Florida, opened for business as a nonmember bank, and began to remit at par for checks drawn on it when received from the Federal Reserve Bank. Officers are C. I. Babcock, Chairman of the Board; L. C. Crews, President; and W. C. Dorminey, Executive Vice President and Cashier. Capital totals $275,000 and surplus and undivided profits $68,750.

On January 9, the Commercial Bank of Dade City, Dade City, Florida, a newly organized nonmember bank, opened for business and began to remit at par. Officers are Ray Clements, President; J. L. McDonald, Executive Vice President; and W. H. Green, III, Cashier. It has capital of $250,000 and surplus and undivided profits of $100,000.

The First Bank of Indiantown, Indiantown, Florida, a newly organized nonmember bank, opened for business on January 23 and began to remit at par. Officers are Mrs. Y. R. Famel, Chairman of the Board; John S. Fox, President; Robert M. Post, Vice President; James J. Fleming, Cashier; and Charles L. Erwin, Assistant Cashier. Capital is $125,000 and surplus and undivided profits $62,500.

On January 12, the newly organized First National Bank of Wauchula, Wauchula, Florida, opened for business as a member of the Federal Reserve System and began to remit at par. Steuart P. Hicks is President and Clyde C. Wheeler is Vice President and Cashier. The bank's capital stock is $250,000 and surplus and other funds $200,000.

The Bank of Gulf Breeze, Gulf Breeze, Florida, a newly organized nonmember bank, opened for business January 19 and began to remit at par. Millard G. Gilmore is President; M. P. Crandall is Vice President and Cashier, and Dr. O. Gorden Nix is Vice President. Capital totals $112,500; and surplus and undivided profits amount to $112,500.

On January 15, the newly organized South Orlando National Bank, Orlando, Florida, opened for business as a member of the Federal Reserve System and began to remit at par. W. J. Capehart is President; C. E. LeGette, Executive Vice President; George E. Sullins, Cashier; and Donald L. Estes, Comptroller. Capital stock totals $300,000 and surplus and other capital resources $300,000.

Debits to Individual Demand Deposit Accounts

(In Thousands of Dollars)

				Percent Change		
				Dec. 1959 from		1959
	Dec. 1959	Nov. 1959	Dec 1958	Nov 1959	Dec. 1958	from 1958
ALABAMA						
Anniston	44,515	40,159	40,820	+11	+9	+15
Birmingham	858,255	709,483	798,797	+21	+7	+10
Dothan	35,440	30,982	32,676	+14	+8	+9
Gadsden	37,587	33,493	37,710	+12	—0	+10
Huntsville*	73,920	67,487	64,133	+10	+15	+18
Mobile	321,214	281,726	290,644	+14	+11	+12
Montgomery	178,023	162,291	176,959	+10	+1	+13
Selma*	27,943	25,426	24,708	+10	+13	+12
Tuscaloosa*	54,814	50,337	51,818	+9	+6	+13
Total Reporting Cities	1,631,711	1,401,384	1,518,265	+16	+7	+11
Other Cities†	825,548	752,508	749,086	+10	+10	+14
FLORIDA						
Daytona Beach*	61,632	56,701	61,525	+9	+0	+7
Fort Lauderdale*	233,462	199,581	236,292	+17	—1	+9
Gainesville*	44,236	40,139	38,658	+10	+14	+14
Jacksonville	891,730	761,621	835,357	+17	+7	+12
Key West*	18,806	16,939	16,985	+11	+11	+11
Lakeland*	93,671	73,221	79,621	+28	+18	+15
Miami	972,013	877,631	921,010	+11	+6	+15
Greater Miami*	1,440,503	1,267,291	1,374,300	+14	+5	+13
Orlando	286,695	232,110	253,245	+24	+13	+26
Pensacola	96,061	81,698	89,903	+18	+7	+10
St. Petersburg	251,849	222,582	241,517	+13	+4	+18
Tampa	474,924	400,326	463,817	+19	+2	+16
West Palm Beach*	142,885	132,418	151,499	+8	—6	+11
Total Reporting Cities	4,036,454	3,484,627	3,842,719	+16	+5	+14
Other Cities†	1,949,584	1,684,193	1,657,673	+16	+18	+17
GEORGIA						
Albany	54,959	52,332	49,770	+5	+10	+16
Athens*	42,127	38,372	40,528	+10	+4	+8
Atlanta	2,267,326	1,899,634	2,079,350	+19	+9	+13
Augusta	126,291	102,479	112,601	+23	+12	+9
Brunswick	31,177	24,498	25,853	+27	+21	+25
Columbus	115,540	102,526	113,050	+13	+2	+9
Elberton	10,112	9,078	8,960	+11	+13	+7
Gainesville*	45,613	40,383	50,347	+13	—9	—3
Griffin*	22,777	18,906	21,050	+20	+8	+13
LaGrange*	21,496	18,271	20,862	+18	+3	+10
Macon	131,571	118,771	140,415	+11	—6	+11
Marietta*	35,999	29,754	29,924	+21	+20	+21
Newnan	21,582	17,142	18,201	+26	+19	+13
Rome*	53,233	50,655	49,322	+5	+8	+16
Savannah	224,963	182,484	211,642	+23	+6	+11
Valdosta	37,398	31,419	31,957	+19	+17	+26
Total Reporting Cities	3,242,164	2,736,704	3,003,832	+18	+8	+12
Other Cities†	961,626	959,971	949,084	+0	+1	+14
LOUISIANA						
Alexandria*	74,621	69,159	75,016	+8	—1	+6
Baton Rouge	288,176	253,994	281,501	+13	+2	+9
Lafayette*	69,840	59,304	65,541	+18	+7	+13
Lake Charles	90,224	79,029	101,230	+14	—11	+2
New Orleans	1,444,636	1,223,266	1,368,809	+18	+6	+7
Total Reporting Cities	1,967,497	1,684,752	1,892,097	+17	+4	+8
Other Cities†	645,711	556,497	662,085	+16	—2	+10
MISSISSIPPI						
Biloxi-Gulfport*	52,650	48,316	48,568	+9	+8	+16
Hattiesburg	37,186	33 538	35,045	+11	+6	+13
Jackson	321,625	284,764	297,888	+13	+8	+18
Laurel*	29,386	27,335	26,608	+8	+10	+16
Meridian	45,966	44,729	49,055	+3	—6	+14
Natchez*	27,273	22 660	23,526	+20	+16	+12
Vicksburg	22,498	20,896	20,743	+8	+8	+8
Total Reporting Cities	536,584	482.238	501,433	+11	+7	+16
Other Cities†	294,243	251,302	276,199	+17	+7	+13
TENNESSEE						
Bristol*	48,516	41,944	46,078	+16	+5	+11
Chattanooga	353,038	308,660	338,557	+14	+4	+16
Johnson City*	44,816	38,592	45,353	+16	—1	+7
Kingsport*	82,139	80,596	79,682	+2	+3	+14
Knoxville	268,468	232,623	276,785	+15	—3	+10
Nashville	752,913	753,619	779,943	—0	—3	+12
Total Reporting Cities	1,549.890	1,456,034	1,566,398	+6	—1	+12
Other Cities†	553,394	543.511	582,721	+2	—5	+12
SIXTH DISTRICT	18,194,406	15,993,721	17,201,592	+14	+6	+13
Reporting Cities	12,964.300	11,245,739	12,324,744	+15	+5	+12
Other Cities†	5,230,106	4,747,982	4,876,848	+10	+7	+14
Total, 32 Cities	11,093,955	9,609,583	10,523,810	+15	+5	+12
UNITED STATES						
344 Cities	261,121,000	217,139,000	238,975,000	+20	+9	+10

* 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)

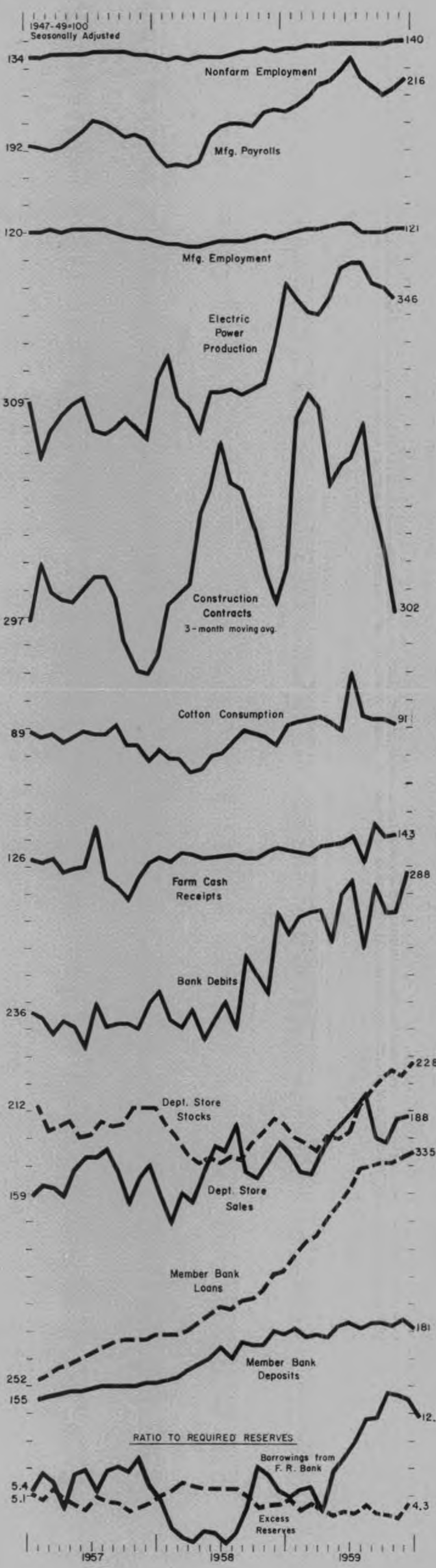
	1958		1959											
SIXTH DISTRICT	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.
Nonfarm Employment	137	136	137	137	138	138	139	139	139	139	139	139	140	140
Manufacturing Employment	119	118	119	120	121	121	122	123	123	120	120	120	121	121
Apparel	170	172	173	174	174	176	179	182	186	185	185	186	186	187
Chemicals	128	129	132	132	133	135	135	135	135	136	131	130	131	133
Fabricated Metals	178	179	182	178	179	180	181	182	181	175	177	173	174	177
Food	112	112	113	114	115	115	113	114	112	112	113	115	116	114
Lbr., Wood Prod., Fur. & Fix.	80	79	79	80	78	79	80	79	80	79	81	82r	81	81
Paper & Allied Products	159	160	160	161	161	161	163	163	165	163	165	164	161	160
Primary Metals	90	92	91	92	95	98	100	103	102	73	74	74	94	100
Textiles	86	86	86	87	88	87	88	88	89	88	88	87	86	86
Transportation Equipment	215	211	212	212	208	214	212	202	207	206	203	209	183	188
Manufacturing Payrolls	204	205	204	206	209	214	215	219	224	216	213	210	212r	216
Cotton Consumption**	87	84	91	92	93	94	92	89	110	94	93	93	91	91
Electric Power Production**	315r	330	351	346	341	340	346	357	359	359	351	350	346	n.a.
Petrol. Prod. in Coastal Louisiana & Mississippi**	190	201	192	193	189	198	206	200	195	203	207	215	218	233
Construction Contracts*	333	309	336	445	463	453	397	411	416	440	380	350	302	n.a.
Residential	375	367	364	382	394	398	429	433	425	444	440	441	373	n.a.
All Other	298	262	314	496	520	499	370	393	410	436	331	276	244	n.a.
Farm Cash Receipts***	131r	134r	132r	131r	129r	135r	136r	137r	142r	123r	151r	141r	143	n.a.
Crops	99	92	128	113	105	127	131	112	117	95	124	94	133	n.a.
Livestock	216	211	162	164	185	183	181	192	190	182	194	182	169	n.a.
Dept. Store Sales*/**	172	178r	174	168	167	175	182	186	190	196	180	178	187	188p
Atlanta	161	163r	164	161	155	169	161	174	178	188	169	169	178	176
Baton Rouge	214	204	195	180	171	190	187	192	179	190	168	185	209	202p
Birmingham	129	138	136	127	127	135	135	127	136	145	131	124	129	135
Chattanooga	164	156	162	154	148	148	164	161	168	164	155	160	168	160
Jackson	126	124	124	116	104	111	121	114	124	131	111	113	130	123p
Jacksonville	136	142	143	141	136	130	135	139	138	221	166	151	182	172
Knoxville	155	163	161	154	147	151	153	148	164	165	165	159	168	172
Macon	158	158	161	155	143	170	166	168	167	177	158	158	162	164
Miami	232	257r	242	248	251	263	269	277	301	312	277	274	269	282
New Orleans	144	148	145	139	130	142	144	151	155	156	151	149	154	153p
Tampa-St. Petersburg	213	215r	207	203	221	230	251	245	244	263	241	241	260	251p
Dept. Store Stocks*	207	205	200	198	195	201	200	202	212	217	222	225	223	228p
Furniture Store Sales*/**	152	146r	161	154	141	157	153	148	158	159	147	156	161	151p
Member Bank Deposits*	180	179	181	178	179	178	182	183	181	183	183	182	184	181
Member Bank Loans*	291	292	298	303	305	311	316	321	329	330	331	331	333	335
Bank Debits*	243	273	265	271	273	274	262	280	285	260	283	273	273	288
Turnover of Demand Deposits*	139	150	144	153	149	145	158	152	162	154	150	147	150	156
In Leading Cities	146	161	153	162	160	164	174	174	179	174	164	153	160	169
Outside Leading Cities	102	121	114	121	118	112	126	117	124	115	118	109	109	121
ALABAMA														
Nonfarm Employment	120	120	121	120	121	120	121	121	122	117	117	117	121	121
Manufacturing Employment	104	105	105	106	107	107	107	106	109	100	99	97	105	106
Manufacturing Payrolls	186	179	182	185	189	193	190	195	198	173	167	168	184r	189
Furniture Store Sales	134	131	147	154	125	145	135	134	139	143	139	138	134	134p
Member Bank Deposits	158	155	155	154	154	156	157	160	160	160	160	159	159	158
Member Bank Loans	246	242	248	254	250	254	259	266	275	269	270	272	273	272
Farm Cash Receipts	101	111	126	123	147	148	132	162	164	127	134	84	126	n.a.
Bank Debits	216	232	233	233	233	238	231	253	254	226	248	241	229	252
FLORIDA														
Nonfarm Employment	188	187	188	189	191	193	195	197	199	199	200	200	200	198
Manufacturing Employment	186	186	188	190	193	195	195	198	202	202	202	202	201	199
Manufacturing Payrolls	322	316	318	326	319	343	351	351	364	371	370	371	366r	367
Furniture Store Sales	180	162r	176	184	163	183	176	175	178	212	177	180	203	183p
Member Bank Deposits	241	241	242	238	235	233	241	243	238	246	247	245	245	241
Member Bank Loans	477	477	485	492	500	511	526	534	544	548	550	547	547	549
Farm Cash Receipts	147	162	281	232	182	230	227	236	239	200	212	172	157	n.a.
Bank Debits	357	403	372	382	391	389	400	437	441	408	450	436	428	439
GEORGIA														
Nonfarm Employment	130	130	131	131	131	132	132	132	134	133	134	134	134	134
Manufacturing Employment	116	116	115	116	117	118	119	119	120	119	120	120	117	118
Manufacturing Payrolls	201	200	195	197	204	206	211	215	219	216	207	210	203r	204
Furniture Store Sales	144	153	149	143	134	151	148	139	159	163	144	159	157	153p
Member Bank Deposits	158	158	159	157	157	157	160	159	157	162	160	160	163	158
Member Bank Loans	226	227	230	237	235	244	246	250	256	260	260	261	266	266
Farm Cash Receipts	124	153	143	142	169	150	158	140	178	131	172	97	142	n.a.
Bank Debits	218	243	236	238	243	248	235	253	261	238	258	249	244	259
LOUISIANA														
Nonfarm Employment	128	129	129	129	128	128	128	128	127	126	127	126	127	127
Manufacturing Employment	98	97	96	95	96	96	96	96	96	95	95	96	95	95
Manufacturing Payrolls	172	169	173	173	175	178	179	175	176	176	178	170	171r	172
Furniture Store Sales*	185r	189r	171	174	203	177	191	177	193	178r	193r	171r	195r	184
Member Bank Deposits*	156	159	163	160	165	160	165	165	160	160	160	157	160	158
Member Bank Loans*	277	274	284	287	293	293	295	295	302	299	304	307	309	311
Farm Cash Receipts***	112r	105r	104r	106r	109r	111r	141r	109r	105r	97r	127r	136r	104	n.a.
Bank Debits*	199	230	210	216	227	229	217	240	233	223	248	226	212	235
MISSISSIPPI														
Nonfarm Employment	131	130	132	131	131	130	132	131	131	131	133	133	134r	133
Manufacturing Employment	133	132	131	131	131	132	134	133	134	134	135	135	136	135
Manufacturing Payrolls	248	245	247	246	251	250	247	247	252	253	253	241	244	244
Furniture Store Sales*	107	133	114	106	97	114	120	132	115	129	95	83	117	137p
Member Bank Deposits*	198	195	197	190	198	195	191	195	197	194	195	202	204	208
Member Bank Loans*	363	369	361	367	378	383	391	398	403	400	411	392	392	403
Farm Cash Receipts	120	125	100	103	110	110	106	111	112	106	140	127	136	n.a.
Bank Debits*	214	233	216	210	225	225	208	238	233	224	236	230	233	249
TENNESSEE														
Nonfarm Employment	120	120	120	121	122	123	122	123	122	122	122	122	122r	121
Manufacturing Employment	116	116	117	118	119	119	119	120	121	119	120	119	120r	120
Manufacturing Payrolls	187	196	202	204	205	208	206	206	211	214	211	206	206r	209
Furniture Store Sales*	113	116r	111	114	109	114	116	116	105	122	109	108	102r	111p
Member Bank Deposits*	161	162	165	160	159	162	166	164	165	165	166	167	167	164
Member Bank Loans*	251	256	262	267	268	272	276	283	287	287	288	293	291	296
Farm Cash Receipts	114	100	98	107	119	109	95	113	87	108	105	109	145	n.a.
Bank Debits*	213	235	230	242	229	229	225	235	239	221	229	225	234	230

*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



Economic activity in the District continues strong. Total employment was unchanged in December, as offsetting movements occurred among District states and in the various types of activity. Consumer buying held at a high level, although automobile sales declined as the supply of many models was limited because of the recent steel strike. Farm income, seasonally adjusted, increased slightly as both marketings and prices showed small gains. Loan demand at member banks continued strong, but bank deposits, after seasonal adjustments, declined.

Nonfarm employment, seasonally adjusted, was virtually unchanged in December. Slight declines in Florida, Mississippi, and Tennessee were almost wholly offset by increases in Alabama, Georgia, and Louisiana. **Manufacturing employment** for the states as a group was also unchanged; some activities showed gains, notably those affected by the steel strike, but others declined. **Manufacturing payrolls** rose further in December as average weekly hours increased, but they were still under the mid-summer record.

Construction activity, measured by seasonally adjusted construction employment, held steady in December at a level somewhat below last summer's record. The three-month average of **contract awards** for residential construction, however, declined further in November. **Cotton consumption** was unchanged in December, after seasonal adjustment, indicating cotton textile activity continues high. **Crude oil production** in Coastal Louisiana and Mississippi set a new record, and **steel mill operations** advanced further.

Department store sales declined more than seasonally in January, according to preliminary estimates. This decline followed a slight rise in December, when movements in major metropolitan areas were mixed. **Furniture store sales** declined in December, when only Mississippi and Tennessee showed increases. **Appliance store sales** increased more than seasonally. **Automobile sales** dropped sharply in November and probably further in December, as the reduction in auto production caused by steel shortages resulted in the unavailability of many models. **Consumer instalment credit outstanding at commercial banks** changed little in December; only personal loans increased more than minutely.

International trade increased much more than seasonally in November. **Exports** showed particular strength through the Mobile and New Orleans customs districts, and **imports** were especially strong through Savannah.

Small gains in **prices received by farmers** for corn, rice, oranges, broilers, and eggs lifted average **farm prices** slightly. Meanwhile, **marketings** of beef cattle, hogs, citrus, and vegetables increased, but marketings of most field crops fell off. Low temperatures in Florida in late January damaged much of the winter truck crop, reducing somewhat the supply of fresh vegetables available for shipment in February.

Member bank loans rose further during December and **loans at banks in leading District cities** appeared strong during the first three weeks in January. **Member bank deposits,** seasonally adjusted, dropped during December in all District states except Mississippi, following a modest increase during November and little change in previous months. **Investments** rose at country member banks during December, reflecting Treasury financing, but continued to decline at reserve city banks. Average **member bank borrowing from the Federal Reserve Bank of Atlanta** declined during the first three weeks in January from record highs reached in December. Average **interest rates** on business loans at Atlanta and New Orleans banks rose only slightly during the fourth quarter of 1959, following stronger increases during the previous three months.