MONTHLY REVIEW

IN THIS ISSUE:

- What Kind of Economy Can the South Expect?
- Louisiana: An Independent Economic Path?
- District Business Conditions

FEDERAL RESERVE BANK OF ATLANTA

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What Kind of Economy Can the South Expect?*

Looking ahead toward the turn of the century should not strain our imaginations too much. Looking backward, we can, of course, be impressed by the many changes that have taken place in the South[1] over the past three decades. In few other areas of the United States have as many social and economic changes occurred in so short a time. On the other hand, those of us who have studied the South's economy cannot but be impressed by how much the area's basic economic structure and the kinds of problems it faces now resemble those of 25 years ago.

Of course, there have been major technological changes. Southerners make their livings in different ways and places. In the process, they have raised their incomes and levels of living. Nevertheless, many aspects of the basic economic system are, to a considerable extent, unaltered. Unless our economic system is subjected to a violent upheaval, a sudden change in its basic structure is very unlikely. The forces shaping the economy during the rest of this century will probably resemble very much those of the past.

Knowing that our economic system is an organization of men and women and that their decisions in the long run tend generally to follow consistent patterns should give us some confidence in our speculations about the future. But, first, we need to get clearly in mind the basic patterns about which we are talking. Our first task, then, will be to distinguish between those patterns that exemplify temporary behavior and those that do not.

Basic Pattern of Southern Economic Change

The South's economy is closely tied to the nation's. In general, it is safe to say, "As the nation goes, so goes the South." This is not surprising, since a major part of the South's output is sold in the national market and the area's income, therefore, depends to a great extent upon those market conditions. Furthermore, the avenues for the flow of goods, people, and money between the South and the rest of the United States are many.

The strength of the economic adjustment process that took place through the market mechanism operating in a relatively free economy during the past 25 years was significant. There was a shift

[1]The South as used in this article embraces the states of Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, and Virginia.

*This article is based in part on a paper presented at the Southern Regional Conference on Urbanization held in Atlanta, Georgia, May 29, 1967.

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in labor from low productivity sectors, especially agriculture, in the South, as well as other parts of the nation. Capital and labor were mutually attracted. One of these adjustments was the very rapid growth of the South's major metropolitan areas. Capital was drawn to an area of economic opportunities—*i.e.*, natural resources, the growing consumer market, and the labor supply.

Through this adjustment process, our economy has changed considerably in 25 years. For one thing, we have a more diversified economy. A shift away from agriculture is a major cause, but diversification in manufacturing has increased in a similar fashion.

Diversification in the South brought greater homogeneity between its economic structure and that of the United States and between Southern areas. Income differentials have been reduced; the urban-rural mix has become much more like that of the U. S. The employment mix has approached the nation's, as has the cyclical behavior of the South's economy.

Important implications for the South's economic future stem from this tendency to become more like the U. S. The ebb and flow of the nation's economic fortunes will be more and more paralleled by the South's economic fortunes. As these differences diminish, the adjustment will be slower. There are still enough significant differences, however, for the economic adjustment process to continue. But its speed may be slower.

The adjustment process also has had a differential impact on various areas of the South and upon different economic groups. This differential impact of economic adjustment is, of course, understandable in an economic society such as ours where, in the words of one writer, "There is a continuous reworking of the economic landscape." An acceleration of the differential impact in the future would not be surprising. Technological developments may well alter considerably the comparative advantages that certain areas of the South now enjoy.

Although the strength of the economic adjustment process made in response to market forces has been a major factor in southern economic growth, a complete laissez-faire policy cannot be relied upon as the sole source of economic growth. Government intervention has a leading and perhaps crucial role in the successful functioning of the modern capitalistic system. The government may at times have to facilitate the economic adjustment process more and more. Possibly, government intervention may be necessary if, for some reason or another, it is determined desirable to prevent economic forces from bringing about certain results. Although the decisions are made by men and women, in many sectors of the economy the economic adjustment process is not directly in control. Citizens express their preferences through their governments. Such is the case with respect to public education and the provision of other governmental services.

Indeed, the activities of the Federal government have in the past been one of the major economic forces in southern economic growth and have had a greater relative impact on this region's economy than in most parts of the country. The shape of the South's economy in the future is still going to be greatly influenced by governmental activities and expenditures, although the future pattern may differ. The impact of most government activities in the past was largely fortuitous and not designed specifically to correct southern problems. If the program for improving the national society is to be meaningful, much of it will have to be aimed specifically at the South.

Another major force shaping the South's economy is the changing pattern of consumer behavior. Most of us know that relatively steady growth has raised per capita income in the South to about 70 percent of the non-South's, compared with one-half 30 years ago. In the meantime, income has expanded generally throughout the country. Accepted economic theory predicts that with income growth will come a decrease in the proportion of income spent for current consumption, an increase in the proportion of income saved, a greater equality in the distribution of income, and a shift in consumer spending from basic things such as food and clothing toward durable goods and what are sometimes called luxury goods and services. This has happened. Not only is the southern consumer market much bigger than 25 or 30 years ago; it has a different nature. As incomes grow, these changes should continue in the future.

These major forces will likely shape the South's economy. It will be an economy closely tied to the fortunes of the nation's economy, one in which resources will be allocated primarily in response to market forces operating in the context of a government devoted to increasing social overhead capital, welfare, and improvements in education. Under this economic adjustment process, the South will continue to diversify its sources of income.

The South's economy will become more like the nation's. Economic change will have a differential impact on the different areas of the South and industries, depending upon the competitive strength of economic opportunities. The South's economy will be shaped more and more by government. Federal programs more directly aimed at welfare are likely to have special impact on the South. With greater affluence, the Southern consumer will increase his savings and change his spending pattern. Although the nature of the forces inducing change may be the same as in the past, the results obviously will be different in the future.

Income in the Nation and the South

What is likely to be the character of the nation's economic growth, to which the economic fortunes of the South will be so closely tied? As many studies have indicated, the nation has a potential for continued economic growth stemming from a very rapid expansion in the labor force and the possibility of greater productivity resulting from high capital investment and technological advances.

The Joint Economic Committee recently released a study dealing with the potential economic growth of the United States by 1975. A potential rate of expansion of between 4 and 4½ percent a year in the Gross National Product at constant prices was projected as one possibility. With a labor force growing to 93.6 million persons by 1975—14.7 million more than last year—and with an unemployment rate of 3 percent, the nation could have a Gross National Product about a third greater than last year, as measured in constant dollars. This would mean a Gross National Product of $986 billion in 1966 dollars. Last year it was about $740 billion. Should the price level continue to rise, therefore, it would not be long before the Gross National Product would add up to trillions instead of hundreds of billions of dollars. If prices should rise at 2 percent a year, the total in 1975 would be $1.3 trillion.

Over the 1950-65 period a 1-percent change in U. S. personal income was accompanied by a 1.23-percent increase in personal income in the Southeast. Should this relationship hold through 1975 and if the projection of the Joint Economic Committee is fulfilled, personal income in the Southeast will amount to a little less than $150 billion, measured in constant dollars of 1966 purchasing power. Last year it totaled $92.5 billion, according to the U. S. Department of Commerce. This would mean that in 1975 personal income in the Southeast would be more than a third again as great as last year. Should prices rise, of course, the total would be even greater.

No claim for any scientific exactitude can be made for this figure. It will be correct only if several assumptions are correct. Nevertheless, even though the exact figures may be questioned, they emphasize the size of the income growth that can occur in the Southeast if the United States grows as expected and if the Southeast maintains past relationships to that growth. In per capita terms, this could mean an increase of around $900, measured in 1966 dollars, from last year to 1975.

But this projection of personal income in the Southeast by 1975 will be correct only if the entire nation's grows as projected and the relationship between southern and national growth continues exactly as in the past. An exact parallel is extremely unlikely. For one thing, deterring this growth may be a change in the character of national developments. National economic growth is going to reflect the growth of the nation's labor force and how productively this labor force is put to work. If the national economic growth envisioned occurs, there must be a massive business capital investment to utilize the expanding labor force to meet the greater demands and to accept the challenge of the increasing pace of technological change. We shall also have to be wise in our policy decisions.

We can expect the South to share in the nation's economic growth more than it has in the past only if (1) it retains an increasing share of the nation's labor force, (2) it is able to increase the productivity of its workers, and (3) it commands a greater share of capital investment.

The Labor Force

Under almost any conceivable set of conditions, we can expect the South's population to grow. Today the population of the eleven southeastern states is about 41 million. The U. S. Bureau of the Census has provided us with projections, under certain assumptions as to fertility and migration, that suggest a population of about 47 million in 1975 and 56 million in 1985 for the Southeast. Through 1975, the growth rate would just about equal that of the United States, whereas through 1985 under different assumptions of migration the rate of expansion would be slightly higher.

But most of these people who will be added to the South's population will not have entered the labor force by 1985, since most of them have not yet been born. Additional entrants into the labor force within the next ten to twenty years must come essentially from those living today. In the past, the South has had a higher proportion of population in the younger and unproductive age groups than other parts of the country. Population experts suggest that this will continue but to a lesser degree. We shall, along with the rest of the country, have a sharp increase in the proportion of the population 14-24 years of age. But of special significance is that by 1975 the proportion of the 25-64 age group in the Southeast will vary little from that characterizing the United States. In age distribution, as in other matters, the South's structure will become increasingly like the nation's.

But numbers alone do not tell the story. Despite the resources devoted to improving education, the educational attainment of Southerners entering the labor force today is, on average, lower than in many parts of the United States. If education and productivity are related, these persons are potentially less able to contribute to economic expansion.

In the immediate future, the productivity of the southern labor force can be improved by manpower training and retraining and, in the long run, by improving educational facilities. The impact of these policies cannot be as great in the immediate future as in the long run, however. Thus, although the South's labor force will probably increase at a rate somewhat greater than previously and in the productive age groups, it may be handicapped in competing with other areas in an economy where increasing emphasis is being placed upon technology and skills. On the other hand, as the income differential between the South and the rest of the United States is reduced, we should expect the economic magnet that has drawn Southerners away from the region to lose some of its power.

Capital Investment

During the foreseeable future, all signs point to heavy demands for capital investment funds. In addition to the funds required by business, the nation will need increasing amounts of funds to finance residential construction. Not only will there be more people to house, but the number of household formations will upsurge strongly. One authority has estimated a need for 2½ million new housing units each year by the 1970's, compared with a little over one million today.

If our projection of the increasing role of the Federal government is correct, we are probably going to compete with the government for available long-term funds. State and local governments—which normally finance their capital outlays by borrowing—will also be bidding for the nation's savings to meet the cost of public facilities, especially in urban areas. Over the long run, these capital needs must be financed out of the nation's financial savings. As income expands, we should expect some improvement in the nation's rate of saving. Nevertheless, in the future, needs for funds will press hard against the funds available from the nation's savings.

Thus, the South is going to face an even fiercer competition for capital funds than in the past at the same time that it needs an increasing share in order to attain a faster-than-national economic growth. Southerners should be saving more of their incomes in the future. Financial savings in relation to per capita personal income have averaged around 60 percent of the national average in the South during the 1960's. Possibly, as Southern incomes expand, the rate might increase to 70 or 75 percent of the national average by 1975. The South, however, will continue to need more funds than can be generated within the region, and it will get these funds only if the economic opportunities to use the funds in the South are as good or better than elsewhere.

Capital investment funds will be attracted to the Southeast by three major forces, one of which is the continued growth of the southern market. Here the prospects are good because of income growth.

A second force attracting capital investment is our labor supply, where the picture is somewhat less optimistic. We shall continue to have a source of labor for industry and nonfarm activities because of declining needs for farm labor. The National Planning Association projects that the relative importance of agricultural employment in the Southeast will be only half as much in 1975 as it is today. But if the workers released from agriculture and the expected additions to the labor force are going to constitute an attraction to capital investment, Southerners will have to develop the skills that will be at a premium in the more technologically oriented processes. This goes beyond manufacturing, since, according to expectations, employment in services, state and local governments, finance, insurance, and real estate, and construction—not manufacturing—is expected to experience the greatest expansion.

The third major force that may attract capital investment is natural resources. In the postwar period, the South's petroleum resources, water supply, and fast-growing trees were responsible for attracting a major portion of capital investment funds. The South's comparative advantage in respect to its natural resources in the future is hard to judge, but this force will be major in determining the success of the South in attracting capital investment.

The Consumer

By speculating about how the South will share in the nation's economic growth, we are likely to forget that, even should the South share less in the nation's growth than we might hope, income in the area is going to expand substantially. Moreover, we know that when consumers get more money they will spend it, and we can be fairly confident of a consistent pattern of consumer behavior.

There will be, if one Census projection is correct, about 6 million more consumers in the eleven Southeastern states in 1975 than ten years previously and 15.5 million more in 1985. Even if per capita income were to remain the same and the proportion of income saved and going for taxes is unchanged, we should expect an increase in total consumer spending of 11.3 and 35.8 percent, respectively, from 1965 to 1975 and 1985. But per capita incomes are going to rise faster than population if the projections have any validity. Consumer spending could increase equivalently. As their incomes rise, consumers will probably save a little more. And if government activity heightens, they may pay more in taxes. We may need to shade our expectations a little bit; but since it seems probable that a given dollar of additional income in the Southeast will continue to produce greater consumer spending than in the rest of the United States, the Southeast will remain one of the most rapidly expanding consumer markets.

But how will the Southern consumer spend his income? Because of growing income and reduced inequality of income, we should expect that the greatest growth in consumer spending will not be for what we now consider essentials but, rather, for such items as automobiles, recreational equipment, more expensive clothing, and services. This is the general pattern consumers follow when their incomes rise. We should expect a more rapid increase in the spending for services in the Southeast than has previously been the case.

The general tendency for consumers to shift their patterns of spending away from basic necessities as their incomes rise will be modified by the change in the age distribution of population and where Southerners will be living. Younger persons have different demands than older persons; and, as earlier noted, there is going to be a substantial shift in the age composition of our population in the next ten years or so. There is likely to be a strong demand for the goods and services preferred by younger people and by those forming new families. Thus, housing and related commodities and services will be in high demand.

These developments, of course, will have a differential impact in different areas of the Southeast, the greatest impact being associated with income differentials rather than population change. During the 1950's the suburban markets gained a more-than-proportionate share of retail spending as measured by population growth because of the greater expansion in income than in either the central cities or non-metropolitan areas. This trend will probably continue.

Continued Change

Looking backward and comparing where we are now with where we were not too many years ago is satisfying to Southerners. We sometimes feel a little rosy glow when we note the accomplishments measured in terms of economic welfare for the South since the end of World War II. It is especially reassuring to us because we have positive proof of progress. Looking ahead will not give us the same feeling of euphoria, since we can never be completely certain about what will happen. But looking backward will benefit us little unless it helps us meet future problems.

The process that produced rising incomes in the South is one of change. These changes were not just exactly like many of us expected them to be 25 or 30 years ago. Neither will future changes be exactly as we predict today. One thing is certain: the economy will be a changing one. If the South retains its greatest asset, the ability to change, we can be confident about the future.

Charles T. Taylor

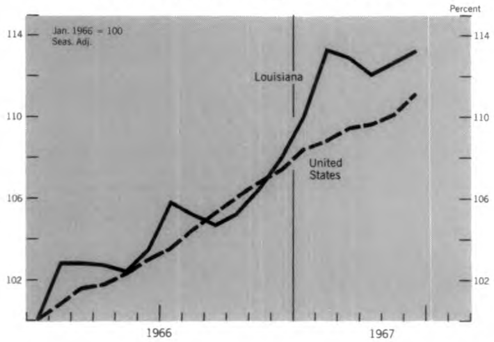
Louisiana: An Independent Economic Path?

The economic performance of an area such as Louisiana reflects the interaction between economic factors peculiar to itself and trends in the U. S. economy. In a highly integrated national economy, overall changes often dominate economic activity in individual areas. However, a particular economic structure, climate, strikes, etc., may impart to a certain area an individualistic economic pattern. During the last year and a half, Louisiana's economy has asserted its individualism by differing in timing and pace from the national patterns of change.

Louisiana vs. the Nation

Although expansion continued at a high level in both Louisiana and the United States during 1966, Louisiana's economy followed its own distinctive path. Personal income, an important indicator of economic growth, readily characterizes the state's behavior. During late 1966 and early 1967 personal income growth in Louisiana accelerated, while the national economy began experiencing some serious readjustments. Growth in Louisiana's personal income topped the average U. S. rate both in calendar 1966 and for the first six months of 1967.

Personal Income Indices
Louisiana and United States



Individual sectors have reflected patterns of growth very similar to that of personal income. Growth in manufacturing employment paralleled the uptrend in its national counterpart during most of 1966, but shot ahead at the turn of the year when U. S. manufacturing employment began to slacken. The advance in Louisiana's manufacturing employment in the first half of 1967 came from major industries, such as lumber and furniture, transportation equipment, fabricated metals, chemical and allied products, and paper and related products. In contrast, for the country as a whole, employment in many manufacturing industries leveled off or declined. Nevertheless, by spring the number of jobs in this sector began to taper off, although remaining well above the national level.

The buoyancy of manufacturing throughout the period overshadowed the decline of about 2,500 jobs at the Michoud facility in New Orleans which assembles Saturn booster rockets. This facility, which at one time employed about 12,000 persons, has had a considerable impact on Louisiana's economy since its beginning in the early sixties. About 8,500 people work at the complex currently.

Manufacturing payrolls generally confirm the picture depicted by employment. Payrolls surged upward during most of 1966, although dipping somewhat in November and December under the influence of work stoppages and a short season in the sugar refining industry. But, similar to employment, payrolls advanced in early 1967 and for the first half of the year displayed a healthy gain, while little change occurred in the nation.

Nonmanufacturing employment in Louisiana (excluding agriculture) also outpaced national growth in 1966, but it failed to do as well in the first half of 1967. The number of manufacturing workers in the U. S. maintained a rather steady expansion.

Construction, engaging about 10 percent of the nonmanufacturing workers in the Pelican state, climbed vigorously in 1966, despite a nationwide sag. The national problems of this industry gained notoriety last year. However, because construction had reached such boom levels by the turn of the year, it had little room for further expansion, especially during late spring when a seasonal rise usually occurs. Consequently, the prosperity of this sector, rather than any weakness in demand for construction services, appears to account for the leveling off of construction employment for the first half of 1967. In early summer considerable labor difficulties constituted a significant drag on this industry.

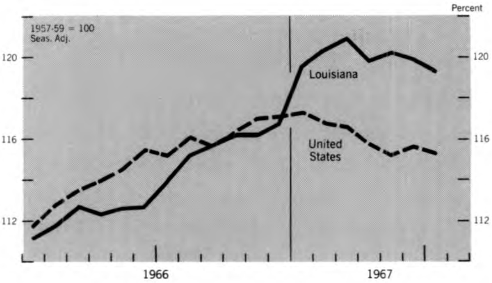
Longer-Run Trends

Although local factors may have determined the direction and pace of activity, Louisiana's economy has not altogether escaped the impact of national trends. Thus, most major sectors reflect to some extent the impact of the general sluggishness characterizing economic activity throughout the country during the first half of this year. As seen in the table, even manufacturing and nonmanufacturing employment, although independent from their national counterparts, still reveal some easing in their expansion rates.

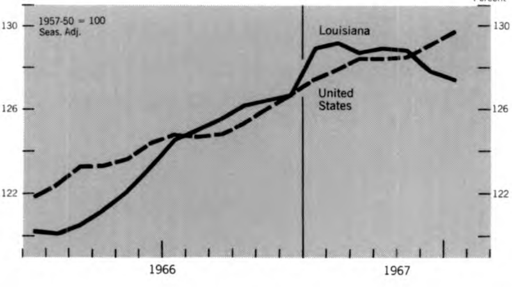
Financial activity parallels the moderated growth evident in productive sectors of Louisiana's economy. A slower increase in bank loans suggests that individuals and businesses may not be buying and investing as strongly as in 1966, confirming the view that a more moderate pace of business activity has prevailed.

A closer examination of Standard Metropolitan Statistical Areas (SMSA's), however, reveals that considerable diversity exists in the level of economic activity within Louisiana, at least as represented by bank debits. For instance, while the Baton Rouge area had a debit growth of 17.5 percent and the Lake Charles area a growth of 36.3 percent during 1966, debits in the New Orleans SMSA fell by 6.1 percent. In contrast, for the first seven months of 1967 debits in Baton Rouge declined moderately, while the New Orleans and Lake Charles areas showed minor increases. Debits in the Lafayette area inched up slightly in 1966, but revealed a 16.5-percent increase in the later period.

Manufacturing Employment
Louisiana and United States



Nonmanufacturing Employment
Louisiana and United States



Percent Changes in Selected Louisiana Indicators

	Dec. 1965-Dec. 1966	Dec. 1966-July 1967
		(Annual Rate)
Manufacturing Employment	+ 5.5	+ 3.8
Nonmanufacturing Employment	+ 5.5	+ 0.9
Member Bank Loans*	+ 9.1	+ 4.6

*Includes only those Louisiana banks within the Sixth Federal Reserve District.

Future Outlook

Recent unofficial figures indicate no slackening in the dollar volume of new and expanded plant announcements in Louisiana through the first half of 1967. If this trend continues for the rest of the year, 1967 may equal the high levels of 1966 and 1965. Well over half the value of new investments announced since the end of 1965 was to flow into the petroleum refining and closely related chemical industries, with another substantial portion going into the manufacture of paper and paper products. Thus, natural resources, particularly the oil and timber resources upon which these industries are based, continue their dominant role in sparking Louisiana's economic growth.

A sustained high level of investment suggests that Louisiana's short-run economic prospects remain bright, despite a more modest advance in the first half of 1967.

JOHN E. LEIMONE

Bank Announcements

On August 1, four nonmember banks began to remit at par for checks drawn on them when received from the Federal Reserve Bank. They are the **Farmers and Merchants Bank,** Ariton, Alabama; **Bank of Madison,** Madison, Georgia; **Bank of Jackson,** Jackson, Louisiana; and **Bank of Lobelville,** Lobelville, Tennessee.

The **First Farmers Bank,** Athens, Tennessee, a nonmember bank, and its branch at Englewood, Tennessee, began to remit at par on August 4.

The **Town Creek Branch** of the Bank of Moulton, Town Creek, Alabama, opened on August 21 as a nonmember bank and began to remit at par.

Sixth District Statistics

Seasonally Adjusted

(All data are indexes, 1957-59 = 100, unless indicated otherwise.)

SIXTH DISTRICT

		Latest Month (1967)	One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income (Mil. $, Ann. Rate)	June	57,815	56,673r	56,100r	53,191
Manufacturing Payrolls	July	199	197r	194	190
Farm Cash Receipts	June	166	132	134	151
Crops	June	193	119	115	134
Livestock	June	149	140	143	160
Instalment Credit at Banks *(Mil. $)					
New Loans	July	268	308r	301	292
Repayments	July	260	277	277	270
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	July	136	136	136	133
Manufacturing	July	135	135	135	134
Apparel	July	165	165	165	167
Chemicals	July	129	130	129	129
Fabricated Metals	July	152	152	151	150
Food	July	115	114	116	112
Lbr., Wood Prod., Furn. & Fix.	July	102	103	102	107
Paper	July	118	119	117	114
Primary Metals	July	126	125	125	129
Textiles	July	105	105	105	106
Transportation Equipment	July	185	181	178	172
Nonmanufacturing	July	137	136	136	132
Construction	July	121	123	127	128
Farm Employment	July	68	65	61	72
Unemployment Rate (Percent of Work Force)	July	4.1	4.1	3.8	3.7
Insured Unemployment (Percent of Cov. Emp.)	July	2.7	2.3r	2.2	1.8
Avg. Weekly Hrs. in Mfg. (Hrs.)	July	41	41	41	42
Construction Contracts*	July	159	174	158	164
Residential	July	177	178	175	151
All Other	July	144	171	143	175
Electric Power Production**	June	133	143	N.A.	139
Cotton Consumption**	June	111	113	120	117
Petrol. Prod. in Coastal La. and Miss.**	July	250	223	220	211
FINANCE AND BANKING					
Loans*					
All Member Banks	Aug.	256	256	251	240
Large Banks	Aug.	226	228	225	221
Deposits*					
All Member Banks	Aug.	194	193	189	180
Large Banks	Aug.	174	174	169	168
Bank Debits*/**	July	208	196r	195	193

ALABAMA

		Latest Month (1967)	One Month Ago	Two Months Ago	One Year Ago
INCOME					
Personal Income (Mil. $, Ann. Rate)	June	7,552	7,503r	7,363	7,102
Manufacturing Payrolls	July	179	175	177	176
Farm Cash Receipts	June	151	136	143	158
EMPLOYMENT					
Nonfarm Employment	July	125	124	124	124
Manufacturing	July	121	121	122	123
Nonmanufacturing	July	126	125	125	125
Construction	July	120	119	121	129
Farm Employment	July	82	66	63	82
Unemployment Rate (Percent of Work Force)	July	4.3	4.6	4.4	4.3
Avg. Weekly Hrs. in Mfg. (Hrs.)	July	41.1	40.9	41.1	41.7
FINANCE AND BANKING					
Member Bank Loans	Aug.	241	238	235	224
Member Bank Deposits	Aug.	190	187	183	178
Bank Debits**	July	200	184	180	184

FLORIDA

		Latest Month (1967)	One Month Ago	Two Months Ago	One Year Ago
INCOME					
Personal Income (Mil. $, Ann. Rate)	June	16,970	16,333r	16,142	15,226
Manufacturing Payrolls	July	245	244r	237	226
Farm Cash Receipts	June	175	128	125	124
EMPLOYMENT					
Nonfarm Employment	July	151	150	149	144
Manufacturing	July	158	156	155	152
Nonmanufacturing	July	150	149	148	142
Construction	July	110	109	111	110
Farm Employment	July	83	95	90	78
Unemployment Rate (Percent of Work Force)	July	3.1	3.0	2.7	3.0
Avg. Weekly Hrs. in Mfg. (Hrs.)	July	42.4	42.9	42.2	42.5
FINANCE AND BANKING					
Member Bank Loans	Aug.	270	270	261	245
Member Bank Deposits	Aug.	201	202	198	181
Bank Debits**	July	198	190r	191	184

GEORGIA

		Latest Month (1967)	One Month Ago	Two Months Ago	One Year Ago
INCOME					
Personal Income (Mil. $, Ann. Rate)	June	11,156	10,949r	10,819r	10,391
Manufacturing Payrolls	July	202	198	194	189
Farm Cash Receipts	June	151	133	139	156
EMPLOYMENT					
Nonfarm Employment	July	135	135	134	132
Manufacturing	July	131	131	130	130
Nonmanufacturing	July	137	137	136	133
Construction	July	124	128	127	130
Farm Employment	July	63	59	49	63
Unemployment Rate (Percent of Work Force)	July	3.5	3.8	3.4	3.8
Avg. Weekly Hrs. in Mfg. (Hrs.)	July	40.7	40.5	40.3	41.0
FINANCE AND BANKING					
Member Bank Loans	Aug.	265	263	260	252
Member Bank Deposits	Aug.	212	210	203	196
Bank Debits**	July	223	217	209	210

LOUISIANA

		Latest Month (1967)	One Month Ago	Two Months Ago	One Year Ago
INCOME					
Personal Income (Mil. $, Ann. Rate)	June	8,554	8,500r	8,474	7,819
Manufacturing Payrolls	July	180	179	176	168
Farm Cash Receipts	June	155	142	150	147
EMPLOYMENT					
Nonfarm Employment	July	126	126	127	123
Manufacturing	July	119	120	120	114
Nonmanufacturing	July	127	128	129	124
Construction	July	121	134	146	142
Farm Employment	July	64	66	65	67
Unemployment Rate (Percent of Work Force)	July	5.5	4.8	4.5	4.4
Avg. Weekly Hrs. in Mfg. (Hrs.)	July	42.4	42.0	41.8	42.6
FINANCE AND BANKING					
Member Bank Loans*	Aug.	223	234	224	225
Member Bank Deposits*	Aug.	163	164	160	156
Bank Debits*/**	July	184	168r	173	184

MISSISSIPPI

		Latest Month (1967)	One Month Ago	Two Months Ago	One Year Ago
INCOME					
Personal Income (Mil. $, Ann. Rate)	June	4,491	4,384r	4,314	4,091
Manufacturing Payrolls	July	211	213r	209	207
Farm Cash Receipts	June	210	139	135	180
EMPLOYMENT					
Nonfarm Employment	July	137	136	137	137
Manufacturing	July	143	143	142	147
Nonmanufacturing	July	135	134	134	133
Construction	July	128	126	133	146
Farm Employment	July	58	56	45	68
Unemployment Rate (Percent of Work Force)	July	5.3	5.1	5.2	4.4
Avg. Weekly Hrs. in Mfg. (Hrs.)	July	40.0	40.8	40.3	41.2
FINANCE AND BANKING					
Member Bank Loans*	Aug.	310	309	298	283
Member Bank Deposits*	Aug.	231	232	222	228
Bank Debits*/**	July	202	203	207	195

		Latest Month (1967)	One Month Ago	Two Months Ago	One Year Ago
TENNESSEE					
INCOME					
Personal Income (Mil. $, Ann. Rate)	June	9,092	9,004r	8,988	8,562
Manufacturing Payrolls	July	191	188r	187	188
Farm Cash Receipts	June	141	118	119	148
EMPLOYMENT					
Nonfarm Employment	July	136	136	136	134
Manufacturing	July	142	141	142	143
Nonmanufacturing	July	133	133	133	130
Construction	July	150	154	153	156
Farm Employment	July	69	65	68	76
Unemployment Rate (Percent of Work Force)	July	4.5	4.7	4.3	3.3
Avg. Weekly Hrs. in Mfg. (Hrs.)	July	39.7	39.8	39.9	40.7
FINANCE AND BANKING					
Member Bank Loans*	Aug.	239	246	248	231
Member Bank Deposits*	Aug.	181	181	181	174
Bank Debits*/**	July	231	219	223	208

*For Sixth District area only. Other totals for entire six states. **Daily average basis. r-Revised. N.A. Not Available.
Sources: Personal income estimated by this Bank; nonfarm, mfg. and nonmfg. emp., mfg. payrolls and hours, and unemp., U. S. Dept. of Labor and cooperating state agencies; cotton consumption, U. S. Bureau of Census; construction contracts, F. W. Dodge Corp.; petrol. prod., U. S. Bureau of Mines; industrial use of elec. power, Fed. Power Comm.; farm cash receipts and farm emp., U.S.D.A. Other indexes based on data collected by this Bank. All indexes calculated by this Bank.

Debits to Demand Deposit Accounts

Insured Commercial Banks in the Sixth District

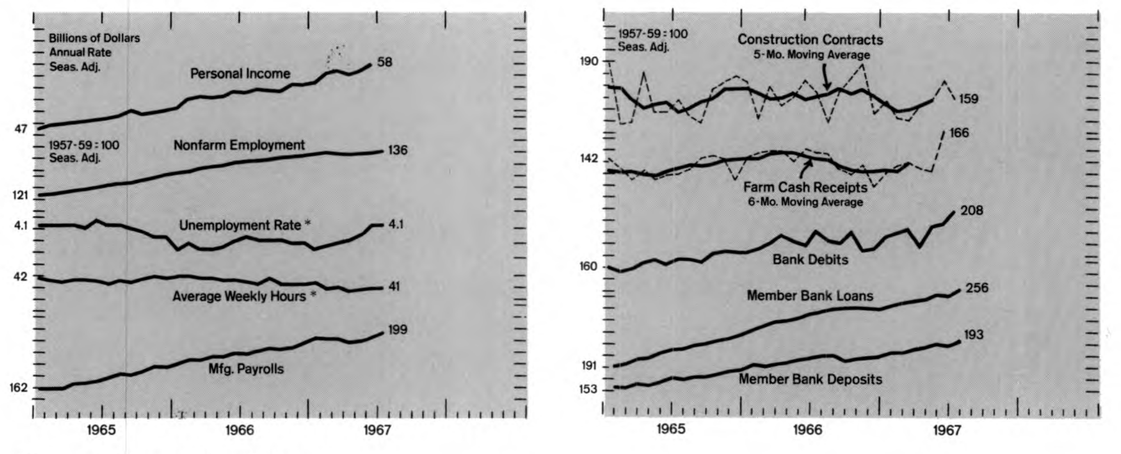
(In Thousands of Dollars)

	July 1967	June 1967	July 1966	Percent Change: July 1967 from June 1967	Percent Change: July 1967 from July 1966	Percent Change: Year-to-date 7 mos. 1967 from 1966
STANDARD METROPOLITAN STATISTICAL AREAS†						
Birmingham	1,477,655	1,497,687	1,365,037r	−1	+8	+8
Gadsden	57,809	60,567	61,596r	−4	−6	−5
Huntsville	176,276	180,861	170,809r	−2	+3	+1
Mobile	490,263	474,758	417,148r	+3	+18	+6
Montgomery	282,629	297,788	273,340r	−5	+3	+2
Tuscaloosa	97,380	95,342	88,084	+2	+11	+8
Ft. Lauderdale—Hollywood	602,758	619,595	573,468r	−3	+5	+7
Jacksonville	1,385,776	1,540,194	1,367,905r	−10	+1	+5
Miami	2,195,213	2,215,493r	2,002,971	−1	+10	+9
Orlando	543,296	561,730	483,072	−3	+12	+6
Pensacola	192,544	213,244	173,778r	−10	+11	+10
Tallahassee	138,785	136,626	124,622	+2	+11	+15
Tampa—St. Petersburg	1,325,458	1,308,491	1,140,564r	+1	+16	+9
W. Palm Beach	376,481	392,177	373,876r	−4	+0	+1
Albany	84,382	84,381	91,799	+0	−8	−3
Atlanta	4,463,065	4,610,398r	4,148,380r	−3	+8	+8
Augusta	284,733	293,979	269,886r	−3	+6	+11
Columbus	207,550	218,494	192,048r	−5	+8	+10
Macon	244,073	252,092	227,637r	−3	+7	+11
Savannah	258,680	269,439	247,577r	−4	+4	+9
Baton Rouge	523,088	562,703	500,320r	−7	+5	+12
Lafayette	126,595	116,017	130,244	+9	−3	+4
Lake Charles	147,250	144,953	132,473	+2	+11	+14
New Orleans	2,374,956	2,431,359	2,370,145r	−2	+0	+2
Jackson	568,504	609,962	528,341r	−7	+8	+11
Chattanooga	571,171	601,845	557,292r	−5	+2	+7
Knoxville	445,659	464,594	435,792r	−4	+2	+7
Nashville	1,535,269	1,651,008	1,358,893r	−7	+13	+21
OTHER CENTERS						
Anniston	62,489	67,454	64,583	−7	−3	+1
Dothan	54,731	61,108	52,587	−10	+4	+11
Selma	44,712	45,735	39,715	−2	+13	+10
Bartow	32,386	35,327	37,028	−8	−13	−4
Bradenton	73,953	76,953	64,642	−4	+14	+26
Brevard County	220,573	221,857	205,615	−1	+7	+6
Daytona Beach	93,540	94,708	92,793	−1	+1	+8
Ft. Myers—N. Ft. Myers	75,254	79,596	67,122	−5	+12	+7
Gainesville	75,593	84,423	69,989	−10	+8	+9

	July 1967	June 1967	July 1966	Percent Change: July 1967 from June 1967	Percent Change: July 1967 from July 1966	Percent Change: Year-to-date 7 mos. 1967 from 1966
Lakeland	123,027	122,566	106,887	+0	+15	+4
Monroe County	32,089	33,977	31,490	−6	+2	+4
Ocala	56,128	55,784	58,761	+1	−4	+4
St. Augustine	19,786	19,862	22,048	−0	−10	+3
St. Petersburg	326,136	313,140	286,264	+4	+14	+11
Sarasota	101,273	96,769	96,276	+5	+5	+0
Tampa	684,706	683,107	585,377	+0	+17	+7
Winter Haven	54,014	57,545	49,984	−6	+8	+2
Athens	73,804	72,170	68,201	+2	+8	+8
Brunswick	43,879	43,538	42,202	+1	+4	+5
Dalton	76,871	78,741	78,506	−2	−2	−5
Elberton	14,269	17,041	17,764	−16	−20	+10
Gainesville	71,210	76,151	69,302	−6	+3	+6
Griffin	34,264	32,279	35,347	+6	−3	+5
LaGrange	20,766	22,627	20,927	−8	−1	−4
Newnan	24,778	24,299	23,601	+2	+5	+2
Rome	68,016	71,011	69,255	−4	−2	+1
Valdosta	53,327	53,896	46,769	−1	+14	+13
Abbeville	11,197	11,742	10,755	−5	+4	+3
Alexandria	124,139	130,404	123,377	−5	+1	+14
Bunkie	7,105	7,160	5,742	−1	+24	+25
Hammond	38,086	38,309	33,270	−1	+14	+17
New Iberia	35,185	30,879	35,893	+14	−2	−2
Plaquemine	11,369	11,223	11,944	+1	−5	+15
Thibodaux	22,032	24,014	21,429	−8	+3	+2
Biloxi-Gulfport	106,117	100,794	95,855	+5	+11	+11
Hattiesburg	56,191	54,361	69,401	+3	−19	+2
Laurel	31,544	36,133	36,288	−13	−13	−4
Meridian	65,816	63,030	65,141	+4	+1	+4
Natchez	34,953	37,355	36,596	−6	−4	+7
Pascagoula—Moss Point	54,519	53,430	49,800	+2	+9	+9
Vicksburg	40,463	39,773	41,635	+2	−3	+5
Yazoo City	31,100	30,474	30,152	+2	+3	+4
Bristol	74,788	77,814	66,870	−4	+12	+10
Johnson City	76,830	77,925	68,207	−1	+13	+10
Kingsport	144,769	149,059	153,264	−3	−6	+6
SIXTH DISTRICT, Total	29,199,538	29,945,392	27,413,611r	−2	+7	+7
Alabama‡	3,866,655	3,904,801	3,561,365r	−0	+8	+6
Florida‡	8,690,342	9,036,827r	8,085,601	−4	+7	+7
Georgia‡	7,304,565	7,556,947r	6,873,382r	−3	+6	+8
Louisiana*†	3,972,865	3,949,307r	3,971,405r	+1	+0	+4
Mississippi*†	1,325,302	1,373,539	1,280,262r	−4	+4	+9
Tennessee*†	4,039,809	4,123,971	3,641,596r	−2	+11	+13

*Includes only banks in the Sixth District portion of the state. †Partially estimated. ‡Estimated. r-Revised.

District Business Conditions



*Seas. adj. figure; not an index.

Encouraging developments prevail in the District's economy. In June and July personal income increased twice as fast as in the four previous months. Manufacturing jobs advanced in July for the first time this year. Construction activity extended its recovery. Business loans dropped moderately in August, but banks continued to expand their investment holdings. Lower prices accompanied the harvesting of many farm products.

Final June and estimated July personal income showed a strong upsurge. The June advance was the largest monthly gain since February. Reflecting the favorable expansion was a sharp increase in retail spending spurred by strong automobile sales. However, in July, automobile sales sagged, and early indications suggest a further drop in August.

July marked the first increase in manufacturing jobs in six months. The largest gains occurred in the transportation equipment, food, and primary metals industries, despite declines in these industries nationally. Petroleum production was stimulated by the Middle Eastern crisis in July and August, but permitted production has been cut for September and October. Even though the indirect effects of strikes curtailed jobs in some areas, the July unemployment rate remained at 4.1 percent.

A reduced volume of nonresidential building and other nonbuilding construction contracts in July slowed recovery in the construction sector. Residential contract volume held at the advanced May and June levels, but total contract volume receded about 15 index points below the unusually strong June performance. Mortgage costs increased somewhat further, emphasized by the price reduction for FHA and VA mortgages posted by the Federal National Mortgage Association in late August.

Member banks concentrated on further expansion of investment holdings in August. Gains resulted largely from acquisitions of U. S. Government securities. Business lending by banks in major cities remained slack; and outside these cities, where lending had previously been vigorous, the pace was reduced. Time-deposit inflows, though still rapid, dropped slightly toward the end of the month.

Harvesting of 1967 farm crops has reached full swing. Total marketings of Georgia-Florida flue-cured tobacco exceeded last year's. In August, prices for many crops, as well as for hogs, broilers, and eggs, declined. Higher prices for cattle, milk, and top-grade cotton were an exception to this trend.

NOTE: Data on which statements are based have been adjusted whenever possible to eliminate seasonal influences.