MONTHLY REVIEW

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Slowdown in Space Programs: Its Impact on the Southeast

Nearly a decade of intensive preparation for a manned lunar flight by the National Aeronautics and Space Administration (NASA) provided an almost magic formula for vitalizing the local economy of several communities in the Southeastern region of the country. Huntsville, Alabama; Cape Kennedy, Florida; and the Bay St. Louis-Pearlington-Picayune area (Hancock County, Mississippi) have all undergone fundamental changes in their economic structures and have experienced phenomenal growth in population, employment, and income from the advent of large-scale NASA operations. For instance, in the short period between 1960 and 1965, almost all key economic indicators doubled in Huntsville—once a declining textile town. Her population grew by as much as 90 percent, the employment level rose about 95 percent, and per capita income rose faster than Alabama's. Experiences of Cape Kennedy and Hancock County, Mississippi, during this period matched, if not surpassed, the Huntsville experience.

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Effects of the NASA operations in New Orleans were less dramatic; but the opening of the NASA Michoud Assembly Facility in 1962 provided enough expansionary stimulus in New Orleans to reverse the downward employment trend of the five preceding years. For the Southeastern region as a whole, the employment build-up by NASA during the 1962-64 period accounted for about one-third of the annual net increase in the region's total manufacturing employment.

Constraints on the nation's space spending began to take place in fiscal 1966-67 when NASA's space budget was reduced to $5.3 billion from the previous year's record budget of $5.9 billion (on an expenditure basis). Subsequently, the NASA budget was gradually cut back to $3.8 billion for the 1969-70 fiscal year—about a 30 percent decline from the peak in 1965. A reduction of this magnitude is bound to affect the economy of the region in general and that of individual space communities in particular. This article traces the economic aspect of regional impacts that resulted from the nation's relaxed space exploration programs.

There is little doubt that funding priority for the Vietnam war has accentuated the magnitude of the reduction. But, even without the Vietnam

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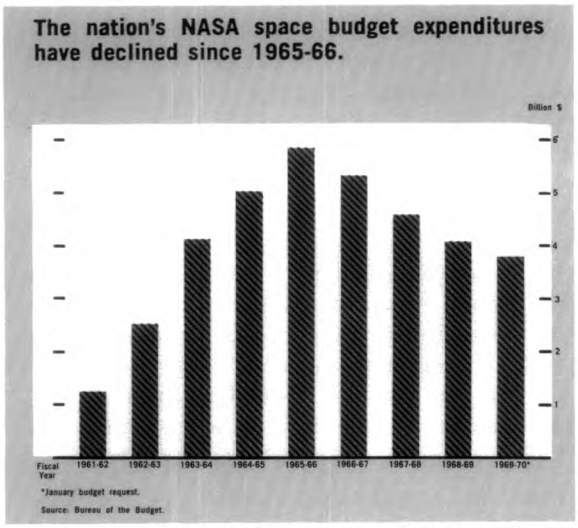

military build-up, some contraction in overall space programs would have been almost inevitable. First, the initial spurt of space expenditures for construction of plants, buildings, test structures, and procurement of equipment had been felt by 1965, and the basic design and fabrication works needed for the Apollo program (manned lunar flight program) had been nearly completed by late 1966. Secondly, the budget cutbacks stem, in large measure, from the absence of positive long-run goals of the country for space exploration after the Apollo program. This was essentially a short-run crash program, and the country has not yet established the national priority for the post-Apollo programs over other national goals. Consequently, NASA recently has been concentrating on the Apollo Applications Program which is in essence a follow-up on a limited scale to the manned lunar flight program.

Nationally, the impact of the reduction in space spending is reflected in a drastic shrinkage in space employment; the present space industry employment is estimated to be about 200,000, about half of that reached during the 1965-66 peak period. On the whole, the Southeast's total space employment (i.e., civil service employees of NASA and private contractor employees) did not decline as much as that for the nation. The region's total space employment reached a peak of 55,600 in 1965 and was down to 49,700 at the end of 1968—a 12-percent decline. During the same period, the region lost only $15 million in space payroll income. Considering the secondary ripple effects of income, the $15-million decline in space income might have depressed the region's total personal income by about $30 to $45 million last year. However, it is significant to note that the share of space employment in the region's total manufacturing employment decreased to 2.7 percent in 1968 from the peak of 3.1 percent in 1966-67.

The overall economic impact of the reduced space program so far has been relatively moderate for the region as a whole. However, the impacts on the individual communities have been varied in timing and degree. This is because each space installation carries out a different function, and because the importance of NASA operations in each area is unequal.

Direct Employment Effects

Michoud Assembly Facility, New Orleans. The Michoud Facility in New Orleans—manufacturing site of Saturn rockets—was the first space installation in the region to feel the pinch of the nation's relaxed space efforts. The number of NASA and private contractor employees was reduced to 6,200 by the end of 1968 from the peak of 12,000 in May 1965. While this nearly 50-percent decrease in the working force reflects a rapid contraction in Michoud activity, an even more dramatic turn of Michoud operations is reflected in the drastic reduction in space contracts awarded by the Michoud Facility between 1965 and 1966. In 1965, Michoud awarded a record $352 million to private space contractors (including construction contractors). In the following year, the comparable figure shrank to $173 million, nearly a 50-percent decline in a single year. This drastic contraction contrasts with a fractional reduction (about 1.4 percent) that occurred in the total NASA space budget during the same period. This suggests that the decline in the Michoud Facility's working force since 1965 reflects not so much a primary impact from the recent cut in the nation's space budget, but that the redirection of the nation's space efforts seems to focus upon research and development of post-Apollo programs rather than the manufacturing of Saturn rocket boosters.

In terms of the actual number of jobs that NASA provided in the total nonagricultural labor force of New Orleans, the Michoud employment —both civil service and private contractor employees combined—appears relatively insignificant. In May 1965, when peak employment was reached at Michoud, it accounted for only 3.7 percent of New Orleans' nonfarm jobs, and last year the share declined to a mere 1.7 percent. However, when the growth pattern of New Orleans' nonagricultural employment since 1950 is closely scrutinized, NASA activities at Michoud emerge as having exerted a rather substantial in-

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fluence on the growth of the New Orleans economy.

Until NASA reactivated the Michoud Facility in late 1961, New Orleans' total nonfarm employment had been growing at a rather slow rate of 1.8 percent per year for the preceding decade. However, in 1963, about one year after the plants were reopened, the growth rate of New Orleans' nonfarm employment jumped from 1.2 to 3.7 percent. When the NASA build-up was at its peak in 1964, the city's nonfarm employment rose by the post-World War II record of 8.5 percent. Since then, as the peak of the Michoud operations has passed, New Orleans' nonfarm job increases have decelerated correspondingly. In 1967, the city registered only a nominal growth of 1.2 percent in her nonfarm jobs. Last year the increase shrank to a mere .9 percent. However, two years' experience is not long enough to conclude that the New Orleans economy has relapsed to the pre-NASA period of economic sluggishness.

There may be various factors other than the appreciable cut in the Michoud operations since 1965 that have contributed to the concurrent sluggishness in the New Orleans economy. But one thing seems to stand out clearly: Unlike many other communities that hosted the nation's major space installations (where private space contractors have chosen to expand and diversify locally or the local space activities have attracted so-called spin-off industries or nonspace industries), NASA operations at Michoud seem to have given only peripheral effects to the New Orleans economy.

Cape Kennedy, Florida. The situation at the Kennedy Space Center has been different from the Michoud experience. Between 1963 and 1967, the total number of NASA and private contractor employees increased from 6,200 to 26,300—a whopping 330-percent increase. The share of NASA and space contractor employment to Brevard County's total nonfarm jobs increased from 12 percent in 1963 to 31 percent in 1967. The share declined to 30 percent last year. Between 1963 and 1967, payrolls rose from $36.7 million to $292.8 million. Even though space employment at Cape Kennedy declined slightly in 1968, payroll income disbursed by the Kennedy Center increased to $324 million. However, this payroll increase is the smallest annual increase, in absolute and relative terms, that the Kennedy Center has registered since it began operations in 1962.

Reduction in space employment at Cape Kennedy has been very small, largely because of the unique roles and functions that the Center performs in the space program. The Cape is the site of the final assembly and launching of the rockets that were manufactured elsewhere. Thus, the Cape is at the end of the space program "pipeline," and is where the nation's space technology and efforts culminate. Consequently, the recent reduction in space spending has not yet affected the Cape as much as other centers where major design works are performed or space hardwares are fabricated, such as Michoud.

Another factor that so far has cushioned a decline in the work force at the Kennedy Space Center is rapid job increases in the launch operations. These have more than offset considerable declines in construction workers since 1965.

Huntsville, Alabama. The Marshall Space Flight Center, one of the nation's key space installations, performs, under the direction of Dr. Werner von Braun, basic design and develop-

Table I
Region's[1] Space Employment

	1963	1964	1965	1966	1967	1968
Kennedy Space Center[2]	6,157	11,145	16,529	22,583	26,296	25,912
Marshall Space Flight Center[3]	12,500	15,500	16,900	17,900	18,500	14,900
Michoud Assembly Facility[4]	9,038	11,485	10,644	9,264	7,984	6,166
Mississippi Test Facility	n.a.	2,477	4,794	4,410	2,848	2,744
Space Total	27,695	40,607	48,867	54,157	55,628	49,722
Share of Total Space Employment in the Region's Manufacturing Employment (in percent)	1.9	2.7	3.0	3.1	3.1	2.7

n.a.—Not available.
[1]Sixth District States (Alabama, Florida, Georgia, Louisiana, Mississippi and Tennessee).
[2]Includes Federal employees, aerospace contractor employees, construction workers, and Air Force support.
[3]Includes Federal employees and contractors.
[4]Construction contractor personnel not included.
Sources: NASA, U. S. Department of Labor (BLS), and individual state department of labor offices.

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Table II
Share of Space Employment in Local Nonfarm Employment
(in Percent)

Space Center	Area	1963	1964	1965	1966	1967	1968
Kennedy	Brevard County	12.0	17.6	23.7	28.6	31.2	30.1
Marshall	Huntsville	20.5	22.3	22.1	22.3	23.8	19.6
Michoud	New Orleans	3.0	3.6	3.1	2.6	2.2	1.7
MTF	Hancock County	n.a.	70.4	77.7	55.7	35.8	41.8

n.a.—Not available
Sources: NASA, U. S. Department of Labor (BLS), and individual state department of labor offices.

ment of the launch vehicles for the Apollo project—in addition to some fabrication of sophisticated space hardwares. The important role that the Marshall Center plays in the nation's space program is amply attested to by the huge amount of contract awards administered by or through the Center. When the country's space spending reached the plateau in 1965 and 1966, the Center awarded about $1.6 billion worth of space contracts annually (on an obligational authority basis), or about 30 percent of the total NASA budget during the corresponding period.

Space employment at the Marshall Center reached its peak in 1967 when combined NASA and private contractor employees totalled 18,500. Since December 1967, the Center has lost a total of approximately 3,600 space engineers, technicians, and other supporting workers.

With NASA and Army Missile Command operations in the area, the Huntsville economy is heavily dependent upon Federal spending. In 1967, NASA and its contractor employees constituted about one-fourth of Huntsville's nonagricultural employment. In 1968, the share shrank to one-fifth.

Last year's reduction in space employment had mildly depressing effects on the local employment and business situations. Total nonfarm employment declined, unemployment rose, and the real estate market was especially depressed by the exodus of space contractors and their employees. It was fortunate for Huntsville to have the nearby newly established Sentinel Anti-Ballistic Missile Agency and Army Missile Command, which absorbed a part of the workers released by NASA last year. However, the new jobs at these agencies in many cases were production-oriented so that Huntsville lost a high proportion of its top caliber space engineers.

Although the local job market situation has reportedly improved, the housing market is still recovering from last year's depressed level. However, in view of other evidence, such as an increase in public school enrollment last year, the depressed real estate market seems to reflect not an excess of overall housing capacity but an excess of certain high-priced houses and apartments. These are no longer in great demand after the exodus of the relatively affluent space contractor employees.

Mississippi Test Facility. Because of the mission that Mississippi Test Facility (MTF) carries out—static test-firing of launch vehicles—the site of MTF was deliberately chosen in a sparsely populated area of Hancock County, Mississippi, where rockets can be shipped by waterways. NASA has spent an aggregate amount of $340 million for acquisition of land, construction of buildings and testing structures, a water navigation system, and procurement of equipment. The construction of the site began in 1963 and was completed in 1966. When construction activities were at their peak, MTF provided about 4,800 workers, accounting for about 78 percent of nonagricultural jobs in Hancock County. The combined NASA and supporting private contractor employees at the end of 1968 was 2,700, and the share of the space employment to the county's total nonagricultural jobs declined to about 42 percent.

This decline in employment is undoubtedly quite dramatic. While it was accentuated by the recent reduction in space spending, it was largely attributable to the completion of initial construction works required for the testing facilities, rather than to the reduced space budget per se. Whatever the original sources for the slackened employment, this drastic change in MTF employment in such a short span of time was not without some adverse economic repercussions to the areas surrounding the MTF.

While MTF employment was rapidly climbing, housing and apartment construction mushroomed, and school facilities, water, and sewer systems needed to expand. For instance, the first com-

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munity sewerage system ever installed in the county was installed in a large residential subdivision in Pearlington which was developed during the period when MTF construction activities were at their peak. There now reportedly exists an excess supply of housing in the communities surrounding the MTF. The local governments in the area have reportedly incurred a substantial amount of debt in order to expand their schools and public utilities to meet the increased demand arising from the influx of space-related workers. On the basis of the known NASA program, there is little doubt that MTF has seen the peak of its employment.

Secondary Effects

The reduction in space spending is bound to produce ripple effects that go beyond the initial cutback in space spending. That is, initial reduction in NASA procurement of goods and services will decrease overall regional income more than the original reduction in the expenditures by the individual NASA installations—unless it is offset by an increase in other autonomous government or private spending. The process of the ripple effects can be explained as follows: Initially, the reduced NASA expenditures are borne by NASA and its contractors who reduce their work forces. The individuals laid off from space works reduce their spending on a variety of goods and services produced locally, thus creating downward pressures on the local employment and income levels. In turn, the affected local workers spend less, and their reduced spending will further lower local employment and income. The results of this process are often called "negative multiplier effects."

Empirically, it is difficult to measure the regional effects of this negative income multiplier for various reasons. First, the complexity of the nation's aerospace industry structure makes it difficult to measure the magnitude of NASA contract and subcontract work that shifts from state to state. NASA contracts awarded to firms in the Southeast may actually be produced by subcontractors in other regions. Conversely, NASA prime contracts given to firms in other regions may be done by subcontractors in the Southeast. In this respect, the best available statistics that can be used to estimate the effects of reduced space spending on the local economy seem to be the subsequent changes in NASA payroll data (civil service and contractor employee payrolls) at the individual space centers.

Secondly, even if we use the payroll data as reflecting the primary decline in space income, secondary effects of the reduced space income on total regional income are difficult to ascertain. Either the local trade figures or trade relationships between different regions are poor or nonexistent. At any rate, with the exception of New Orleans, which has a broadly diversified economic base, there may be no significant ripple effects. The ripple income effects in Huntsville, Cape Kennedy, and Hancock County, if any, probably have been confined to minor declines in local trade and service employment, as these areas have very narrowly diversified economic bases.

What we do know is that the four space centers in the region have lost a substantial amount of payroll income. Huntsville experienced a net loss in space payrolls of about $40 million in 1968. Michoud has lost a cumulative total of $53 million in a four-year period since 1965, and Hancock County a total of $18 million in the three-year period since 1966. As of the end of 1968, the Cape Kennedy payroll was still increasing on an annual basis. With the exception of 1968, net gains at the Cape during the last several years more than offset the net loss of space payrolls at Michoud and Hancock.

The Southeastern region as a whole experienced, for the first time, a net loss of $25.3 million in space payrolls last year. Because of a broader economic base of the region, it may be reasonable to assume that this net loss might have depressed the overall personal income of the region by 2 to 3 times the original base, or about $51-$76 million last year. On the surface, this reduction in total personal income appears relatively insignificant. However, it should be pointed out that the region did benefit from the positive multiplier effects of the accelerated increase in space payrolls during the 1962-67 period. A rough estimate shows that during this same period the region probably added about $290 million annually to its total income from the net increase in space payrolls and its income multiplier effect. Under these circumstances, the loss of the net space income and its secondary income last year was undoubtedly considerable.

Prospects

On the basis of NASA's known post-Apollo manned flight program (called the Apollo Applications Program), further reduction in the Southeast's space employment seems almost unavoidable. The President's January budget request for fiscal 1969-70 shows another $300-mil-

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Table III
Space Payrolls and Region's[1] Wages and Salaries
(in Millions of Dollars)

	1963	1964	1965	1966	1967	1968
Kennedy Space Center[2]	36.7	62.2	109.2	207.3	292.8	323.9
Marshall Space Flight Center	134.0	187.0	214.0	232.0	248.0	209.0
Michoud Assembly Facility	56.9	87.3	96.4	85.5	76.8	68.0
Mississippi Test Facility	n.a.	19.4	53.3	55.5	42.3	33.7
Total Space Payrolls	227.6	355.9	472.9	580.3	659.9	634.6
Share of Total Space Payrolls in Region's Total Wages and Salaries (in percent)	.9	1.2	1.5	1.6	1.7	n.a.
Share of Total Space Payrolls in Region's Manufacturing Wages and Salaries (in percent)	3.4	4.9	5.7	6.2	6.6	n.a.

n.a.—Not available.
[1]Sixth District States (Alabama, Florida, Georgia, Louisiana, Mississippi, and Tennessee).
[2]Includes only Federal employees and aerospace contractor employees.
Sources: NASA and Office of Business Economics, U. S. Department of Commerce.

lion decrease in NASA's space budget from the previous appropriation of $4.1 billion (on an expenditure basis). Largely because of this budgetary restriction, it appears that NASA will have to continue taking holding action that mainly concerns development of the so-called flexible "Core Program" which can be readily expanded as needed funds become available. At the current rate of reduction in the NASA space program, a rough estimate indicates that the Southeast's space employment may go down to a 40-42,000-level this year from 49,700 of last year, and to a 30-33,000-level by mid-1971. Beyond 1971, barring a drastic Congressional cut in space appropriation, it is likely that the region's space jobs will be stabilized at the level estimated for mid-1971.

New Orleans. At Michoud, some of the Saturn rockets manufactured there have already been put into mothballs for future use. Informed sources estimate that Michoud employment may go down to 3,700 by the end of this year and to 1,700 by mid-1971. It is projected by the same sources that some modification and refurbishing will probably be performed on the mothballed rockets in 1972-73, and employment may go up to about the 3,000-level during this period.

However, unless NASA decides to procure additional Saturn rockets or other basic launch boosters after fiscal 1970-71, NASA operations at Michoud may have to phase out.

Cape Kennedy. Because Cape Kennedy is the launching site of the nation's space program, activity at the Kennedy Space Center will be affected primarily by the number of future space launchings. NASA officials visualize a gradual decrease in overall space employment at the Cape—a decrease due not so much to the reduction in space funding, but to the reduced needs for space contractor workers as a result of increases in their work efficiency. But if, as is being speculated, the number of launches is going to be stretched out to two or three a year as compared to an average of five a year in recent years, the Cape also will, in all probability, have to undergo appreciable reductions in its work force. Should this happen, the Cape Kennedy area will probably lose a substantial number of high-paying jobs that cannot be easily replaced. One factor that may mitigate the possible reduction of production workers at the Cape is the Air Force missile operations at nearby Patrick Air Force Base. In contrast to the downward trend of NASA budgets since 1965, aerospace expenditures by the Department of Defense have been gradually accelerating since 1965 ($1.5 billion in 1965 to $2.1 billion in fiscal 1968-69). While it is not certain whether the Patrick Base operation will be expanded, the present level of the Base operations may be sustained for the next several years.

There is a possibility that a rapid increase in private employment in the future may absorb some of the workers who might be laid off by space contractors (if further reduction in space contract works occurs). In recent years, there has been a rather impressive growth in manufacturing employment in the Cape area. Most of the growth is attributable to increases in space-related or "spin-off" industries such as nonspace precision industries. Major space contractors like Chrysler,

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General Electric, and McDonnell-Douglas have established service and manufacturing facilities in the area either to support the space effort or as an outgrowth of their active operations in the Kennedy Space Center. In addition, a number of nonspace industries also have recently established production facilities in the area.

Huntsville. The Marshall Space Flight Center is also slated to experience further slackening in its work force in the near future. However, future cutback in space employment and its overall impact on space-related employment in the Huntsville area, in all probability, will be gradual and moderate. The Center is currently deeply involved in the development and fabrication of highly sophisticated space hardwares such as the Orbital Workshop mission and the Apollo Telescope Mount mission, which form the nucleus of NASA's Apollo Applications Program.

Furthermore, expected increases in the Department of Defense expenditures on the missile system, which may increase employment at the nearby Army Missile Agencies, may give some cushion against the adverse impacts of the reduced NASA activities in Huntsville's area. In addition, concerted efforts of the local community have been quite successful in inducing nonspace-related private industries into the area. Within the past few years, five large national firms announced their plans of plant locations in Huntsville. The five firms, which will eventually create about 4,200 new jobs, are Automatic Electric Company, Barber Coleman, PPG Industries, Dunlop Tire and Rubber, and U. S. Corrugated-Fiber Box Company.

Hancock County. Operations at Mississippi Test Facility will probably undergo a sizable reduction in the near future as the number of test-firings needed declines. At present, NASA officials project a further employment decline to a 2,100-level by the end of this year. Citizens of Hancock County, in cooperation with regional planning bodies, are working hard to create sustained economic growth of the area by opening up new industrial port and harbor facilities. When highway I-10, now near completion, connects the surrounding communities, the area will likely get some expansionary impacts if new plants and industries locate in the area. Should that happen, the presently underutilized housing, school, and public utilities will be ready to support future growth of the local economy.

The Region. At the regional level, the cutback in space jobs, if it materializes, will be less painful than at the individual community level. The severity of the future adjustment process that the affected individual communities may experience is difficult to predict; many diverse factors are involved in determining a local economy's adaptability to change.

Conclusion

Recent contractions in the nation's space program have already imposed varying degrees of adverse economic impact on the local economies of the region's space centers. Such impacts are likely to be accentuated in the near future unless the space program gets reinvigorated soon. Understandably, the local communities where the space centers are located would welcome a step-up in NASA spending because the vitality of the space programs affect the economic life of their communities.

A crucial issue is whether this country should relax its space exploration at this stage. There are some who appear to believe that space exploration is a frill when there are pressing needs for funds to combat the nation's social and urban problems. Others, though conscious of the latter needs, believe that space exploration must continue because preservation of the national security—and possibly western civilization as well—is at stake.

Despite its spectacular achievement in space, the United States has barely begun to tackle the hostile environment of space and of harnessing space knowledge for the betterment of mankind. Whether we should or should not relax our future space endeavors hinges on the determination of the national priority of space exploration over various competing national goals, and this involves more than narrow economic considerations.

C. S. PYUN

Bank Announcements

On April 1, two nonmember banks—**Ashburn Bank,** Ashburn, Georgia, and **Merchants & Citizens Bank,** McRae, Georgia—began to remit at par.

Another nonmember bank, **The Citizens Bank of Ashburn,** Ashburn, Georgia, also began to remit at par on April 7.

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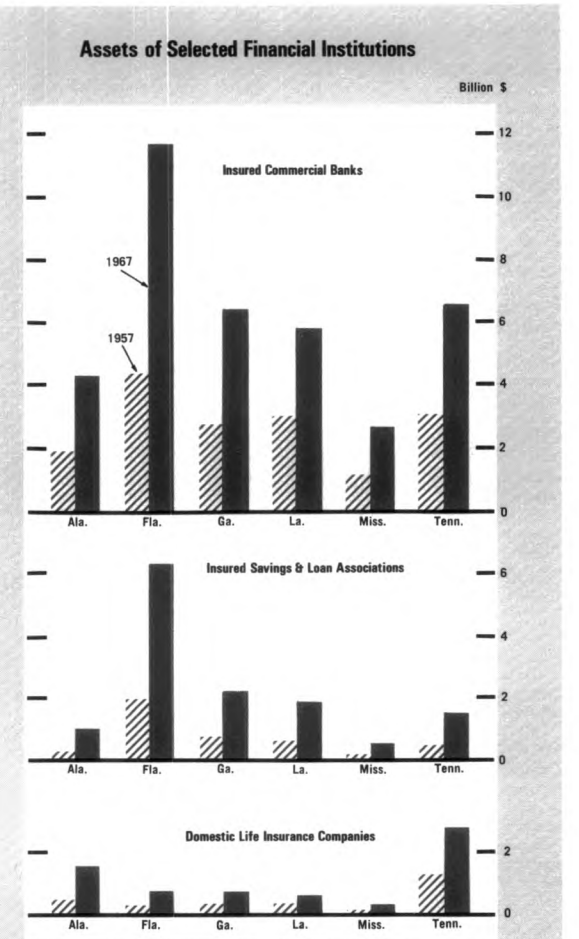
Growing Financial Resources in the Southeast

Rapidly developing regions, such as the Southeast, have an almost insatiable demand for credit. This demand is too large to ever be completely satisfied, but this is especially true when credit demands throughout the nation rise as fast as they have recently. Exactly how well the Southeastern economy is currently being financed by lending institutions located within the region, and outside, is unknown. Judging from the expanding financial resources of both commercial banks and savings and loan associations in the Southeast in early 1969, we are certain, however, that the total amount of funds provided by the District's financial institutions has not shrunk; although the rate of gain probably has.

In addition to commercial banks and savings and loan associations, two important lenders are life insurance companies and credit unions domiciled in the District for which 1967 data have only now become available.[1] When added to those of banks and savings and loans, the total resources of all four financial institutions between 1962 and 1967 have increased from $35.9 to $59.5 billion. These institutions garner the savings of individuals and others and make them available to a variety of borrowers.

Since savings expand as incomes increase (and the rate of growth has been faster in the District than in the United States as a whole), it is not surprising that the resources of these four types of institutions have long increased at a faster rate in the District than in the nation. 1967 was no exception; the 13-percent rate for that year exceeded the nation's 10 percent. Additionally, more than one-fourth of the new financial institutions established in the nation in 1967 were located in the Sixth District. Commercial banks —the most important of the four in asset size— accounted for 70 percent of the District's asset growth that year; whereas credit unions—the most important numerically—accounted for 80 percent of the total number of new institutions established. Florida alone was responsible for more than two-fifths of the increase in assets for the entire District.



Credit Unions	1957	1967
		Million $
Alabama	50	201
Florida	81	351
Georgia	49	200
Louisiana	49	159
Mississippi	11	58
Tennessee	63	554

[1]These figures and those for 1947 and for 1957-1966, are available on request to the Research Department, Federal Reserve Bank of Atlanta, Atlanta, Georgia 30303.

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Sixth District Statistics

Seasonally Adjusted

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

	Latest Month 1969		One Month Ago	Two Months Ago	One Year Ago
SIXTH DISTRICT					
INCOME AND SPENDING					
Personal Income (Mil. $, Annual Rate)	Feb.	69,484	67,885	66,211	62,109
Manufacturing Payrolls	Mar.	239	238	233	221
Farm Cash Receipts	Feb.	177	164	139	146
Crops	Feb.	190	167	126	154
Livestock	Feb.	172	169	171	152
Instalment Credit at Banks* (Mil. $)					
New Loans	Mar.	297	296r	283	259r
Repayments	Mar.	294	278	248	258
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment†	Mar.	147	147	146	142
Manufacturing	Mar.	146	147	146	141
Apparel	Mar.	174	175	176	174
Chemicals	Mar.	139	140	139	134
Fabricated Metals	Mar.	168	167	167	157
Food	Mar.	116	117	116	113
Lbr., Wood Prod., Furn. & Fix.	Mar.	108	109	108	105
Paper	Mar.	127	128	126	122
Primary Metals	Mar.	134	133	134	135
Textiles	Mar.	112	112	112	111
Transportation Equipment	Mar.	202	202	198	185
Nonmanufacturing†	Mar.	147	146	146	142
Construction	Mar.	140	143	140	133
Farm Employment	Mar.	59	63	63	64
Unemployment Rate (Percent of Work Force)†	Mar.	3.3	3.2	3.2	3.3
Insured Unemployment (Percent of Cov. Emp.)	Mar.	1.8	1.9	1.9	2.0
Avg. Weekly Hrs. in Mfg. (Hrs.)	Mar.	41.1	41.1	40.9	41.0
Construction Contracts*	Mar.	182	249	290	184
Residential	Mar.	207	278	268	222
All Other	Mar.	161	225	309	151
Electric Power Production**	Feb.	159	154	153	149
Cotton Consumption**	Feb.	106	103	101	109
Petrol. Prod. in Coastal La. and Miss.**	Mar.	217	207	206	222
FINANCE AND BANKING					
Loans*					
All Member Banks	Mar.	313	309	301	268
Large Banks	Mar.	268	267	265	237
Deposits*					
All Member Banks	Mar.	225	224	224	204
Large Banks	Mar.	189	191	189	178
Bank Debits*/**	Mar.	253	255	243	225
ALABAMA					
INCOME					
Personal Income (Mil. $, Annual Rate)	Feb.	8,684	8,462	8,245	7,959
Manufacturing Payrolls	Mar.	203	201	197	188
Farm Cash Receipts	Feb.	159	150	123	150
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment†	Mar.	129	130	129	128
Manufacturing	Mar.	131	132	131	129
Nonmanufacturing	Mar.	129	129	128	127
Construction	Mar.	122	124	120	116
Farm Employment	Mar.	62	64	61	62
Unemployment Rate (Percent of Work Force)†	Mar.	3.8	3.8	3.6	4.4
Avg. Weekly Hrs. in Mfg. (Hrs.)	Mar.	41.6	41.4	41.2	41.4
FINANCE AND BANKING					
Member Bank Loans	Mar.	278	276	272	251
Member Bank Deposits	Mar.	212	213	211	196
Bank Debits**	Mar.	231	233	223	216
FLORIDA					
INCOME					
Personal Income (Mil. $, Annual Rate)	Feb.	20,859	20,455	20,275	18,187
Manufacturing Payrolls	Mar.	311	312	300	271
Farm Cash Receipts	Feb.	188	173	151	163
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment†	Mar.	165	164	163	158
Manufacturing	Mar.	169	168	168	166
Nonmanufacturing	Mar.	164	163	163	157
Construction	Mar.	124	125	122	102
Farm Employment	Mar.	83	95	94	83
Unemployment Rate (Percent of Work Force)†	Mar.	2.6	2.6	2.6	2.9
Avg. Weekly Hrs. in Mfg. (Hrs.)	Mar.	41.3	41.4	40.8	40.8
FINANCE AND BANKING					
Member Bank Loans	Mar.	347	338	324	280
Member Bank Deposits	Mar.	253	251	250	216
Bank Debits**	Mar.	251	257	251	213
GEORGIA					
INCOME					
Personal Income (Mil. $, Annual Rate)	Feb.	13,518	13,153	12,915	12,135
Manufacturing Payrolls	Mar.	249	247	242	218
Farm Cash Receipts	Feb.	166	171	147	134
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment†	Mar.	147	147	146	142
Manufacturing	Mar.	140	140	140	134
Nonmanufacturing	Mar.	150	150	149	146
Construction	Mar.	154	157	154	153
Farm Employment	Mar.	52	54	64	56
Unemployment Rate (Percent of Work Force)†	Mar.	2.6	2.6	2.5	3.2
Avg. Weekly Hrs. in Mfg. (Hrs.)	Mar.	41.1	41.1	41.1	40.7
FINANCE AND BANKING					
Member Bank Loans	Mar.	329	328	324	282
Member Bank Deposits	Mar.	250	249	250	224
Bank Debits**	Mar.	283	287	264	256
LOUISIANA					
INCOME					
Personal Income (Mil. $, Annual Rate)	Feb.	10,161	10,058	9,487	9,249
Manufacturing Payrolls	Mar.	185	185	181	173
Farm Cash Receipts	Feb.	197	175	156	161
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment†	Mar.	134	134	134	132
Manufacturing	Mar.	124	125	123	121
Nonmanufacturing	Mar.	137	136	136	133
Construction	Mar.	146	151	150	153
Farm Employment	Mar.	56	58	51	60
Unemployment Rate (Percent of Work Force)†	Mar.	5.0	4.7	4.7	4.3
Avg. Weekly Hrs. in Mfg. (Hrs.)	Mar.	41.6	41.8	41.3	42.5
FINANCE AND BANKING					
Member Bank Loans*	Mar.	254	253	247	232
Member Bank Deposits*	Mar.	176	177	178	170
Bank Debits*/**	Mar.	192	188	190	182
MISSISSIPPI					
INCOME					
Personal Income (Mil. $, Annual Rate)	Feb.	5,155	4,948	5,059	4,587
Manufacturing Payrolls	Mar.	262	263	260	242
Farm Cash Receipts	Feb.	214	186	133	143
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment†	Mar.	148	148	147	144
Manufacturing	Mar.	158	159	159	153
Nonmanufacturing	Mar.	144	143	142	141
Construction	Mar.	154	160	159	155
Farm Employment	Mar.	52	58	57	64
Unemployment Rate (Percent of Work Force)†	Mar.	3.7	3.7	3.6	4.1
Avg. Weekly Hrs. in Mfg. (Hrs.)	Mar.	40.8	41.2	40.8	41.1
FINANCE AND BANKING					
Member Bank Loans*	Mar.	373	375	359	332
Member Bank Deposits*	Mar.	255	254	254	235
Bank Debits*/**	Mar.	265	254	242	246

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	Latest Month 1969		One Month Ago	Two Months Ago	One Year Ago
TENNESSEE					
INCOME					
Personal Income (Mil. $, Annual Rate)	Feb.	11,107	10,809	10,230	9,992
Manufacturing Payrolls	Mar.	238	236	235	214
Farm Cash Receipts	Feb.	135	121	111	125
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment†	Mar.	148	149	147	142
Manufacturing	Mar.	157	158	156	150
Nonmanufacturing	Mar.	144	145	143	138
Construction	Mar.	181	185	178	157
Farm Employment	Mar.	61	63	63	63
Unemployment Rate (Percent of Work Force)†	Mar.	3.1	3.1	3.2	3.4
Average Weekly Hours in Mfg. (Hrs.)	Mar.	40.5	40.4	40.6	40.4
FINANCE AND BANKING					
Member Bank Loans*	Mar.	300	293	293	260
Member Bank Deposits*	Mar.	193	190	189	189
Bank Debits*/**	Mar.	302	295	275	253

*For Sixth District area only. Other totals for entire six states. **Daily average basis. †Preliminary data. r-Revised.

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)

	Mar. 1969	Feb. 1969	Mar. 1968	Percent Change: Mar. '69 from Feb. 1969	Mar. '69 from Mar. 1968	year to date 3 mos. 1969 from 1968
STANDARD METROPOLITAN STATISTICAL AREAS†						
Birmingham	1,732,225	1,706,222	1,736,159	+ 2	− 0	+10
Gadsden	65,583	57,541	59,143	+14	+11	+ 5
Huntsville	194,417	168,182	179,606	+16	+ 8	+ 5
Mobile	542,122	540,854	481,726	+ 0	+13	+ 9
Montgomery	348,954	361,645	313,364	− 4	+11	+15
Tuscaloosa	113,036	112,129	94,677	+ 1	+20	+14
Fort, Lauderdale–Hollywood	1,018,724	1,017,248	747,567	+ 0	+36	+32
Jacksonville	1,856,845	1,644,496	1,556,403	+13	+19	+17
Miami	3,077,540	3,097,063	2,623,786	− 1	+17	+20
Orlando	703,151	663,003	574,387	+ 6	+22	+11
Pensacola	216,239	206,330	199,461	+ 5	+ 8	+ 6
Tallahasee	152,424	179,875	142,315	−15	+ 7	+14
Tampa–St. Pete.	1,809,860	1,695,669	1,578,606	+ 7	+15	+17
W. Palm Beach	572,665	595,887	487,564	− 4	+17	+18
Albany	105,429	99,787	91,481	+ 6	+15	+10
Atlanta	5,956,181	5,968,418	5,304,003	− 0	+12	+16
Augusta	276,151	270,440	301,762	+ 2	− 8	− 4
Columbus	275,814	257,613	223,814	+ 7	+23	+18
Macon	287,405	292,878	258,090	− 2	+11	+14
Savannah	297,576	291,733	283,214	+ 2	+ 5	+ 9
Baton Rouge	611,624	645,205	558,276	− 5	+10	+ 9
Lafayette	150,619	140,995	132,834	+ 6	+13	+17
Lake Charles	161,765	152,976	153,089	+ 6	+ 6	+ 6
New Orleans	2,526,071	2,357,991	2,512,241	+ 7	+ 1	+ 1
Biloxi-Gulfport	124,258	117,892	106,122	+ 5	+17	+15
Jackson	699,930	692,561	714,623	+ 1	− 2	+ 3
Chattanooga	765,450	662,186	624,020	+16	+23	+18
Knoxville	527,480	496,835	464,750	+ 6	+13	+14
Nashville	2,193,405	2,296,192	1,794,494	− 4	+22	+34
OTHER CENTERS						
Anniston	72,090	71,355	66,721	+ 1	+ 8	+10
Dothan	78,709	71,291	63,177	+10	+25	+18
Selma	46,185	50,332	44,725	− 8	+ 3	+ 8
Bartow	35,674	37,465	32,996	− 5	+ 8	+ 9
Bradenton	90,659	95,284	82,389	− 5	+10	+17
Brevard County	219,317	218,094	222,436	+ 1	− 1	+ 2
Daytona Beach	92,446	88,082	84,736	+ 5	+ 9	+ 3
Ft. Myers–N. Ft. Myers	122,469	128,788	99,547	− 5	+23	+24
Gainesville	98,636	98,161	94,424	+ 0	+ 4	+ 6
Lakeland	152,454	134,481	123,114	+13	+24	+ 8
Monroe County	38,698	38,875	39,786	− 0	− 3	+ 8
Ocala	87,221	73,776	58,586	+18	+49	+28
St. Augustine	25,965	23,632	18,915	+10	+37	+29
St. Petersburg	408,096	393,962	345,932	+ 4	+18	+18
Sarasota	142,623	148,272	116,076	− 4	+23	+18
Tampa	959,724	890,050	864,744	+ 8	+11	+14
Winter Haven	75,379	82,573	69,945	− 9	+ 8	+11
Athens	89,375	84,872	78,308	+ 5	+14	+12
Brunswick	47,277	45,107	42,071	+ 5	+12	+11
Dalton	107,876	104,311	95,329	+ 3	+13	+21
Elberton	15,954	14,318	14,420	+11	+11	+14
Gainesville	84,505	66,686	67,370	+27	+25	+12
Griffin	36,169	34,868	35,273	+ 4	+ 3	+ 3
LaGrange	22,019	22,153	23,738	− 1	− 7	+ 5
Newnan	23,007	22,636	25,929	+ 2	−11	−10
Rome	85,530	75,550	72,699	+13	+18	+13
Valdosta	61,745	58,974	54,661	+ 5	+13	+ 7
Abbeville	13,258	11,570	11,903	+15	+11	+12
Alexandria	167,164	158,502	135,110	+ 5	+24	+24
Bunkie	6,971	6,792	6,089	+ 3	+14	+ 8
Hammond	42,894	39,003	41,963	+10	+ 2	+ 8
New Iberia	36,751	38,671	36,330	− 5	+ 1	+14
Plaquemine	14,562	13,674	12,476	+ 6	+17	+12
Thibodaux	27,515	21,741	20,781	+27	+32	+17
Hattiesburg	70,136	65,256	55,755	+ 7	+26	+20
Laurel	42,730	42,658	36,873	+ 0	+16	+13
Meridian	82,254	69,615	63,380	+18	+30	+17
Natchez	42,819	42,646	38,537	+ 0	+11	+14
Pascagoula–Moss Point	74,587	68,150	59,632	+ 9	+25	+21
Vicksburg	39,266	38,901	41,007	+ 1	− 4	− 2
Yazoo City	34,288	31,787	29,650	+ 8	+16	+14
Bristol	97,998	77,870	79,463	+26	+23	+10
Johnson City	90,688	79,192	76,663	+15	+18	+13
Kingsport	213,897	173,592	181,021	+23	+18	+17
SIXTH DISTRICT Total	36,889,678	35,864,276	32,756,556	+ 3	+13	+14
Alabama‡	4,451,960	4,376,244	4,155,641	+ 2	+ 7	+ 9
Florida‡	11,949,392	11,683,239	10,181,260	+ 2	+17	+18
Georgia‡	9,245,317	9,068,961	8,366,971	+ 2	+10	+13
Louisiana†*	4,382,168	4,174,360	4,149,504	+ 5	+ 6	+ 7
Mississippi†*	1,607,209	1,538,287	1,492,029	+ 4	+ 8	+ 9
Tennessee†*	5,253,632	5,023,185	4,411,151	+ 5	+19	+23

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

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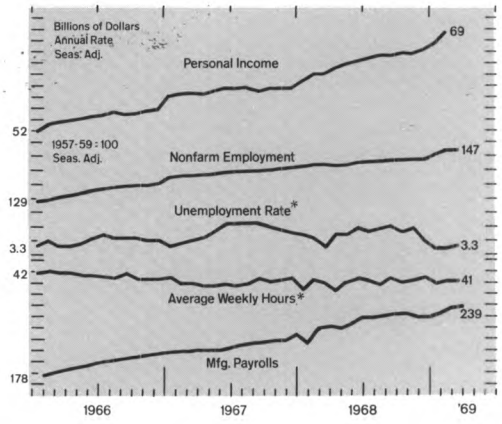
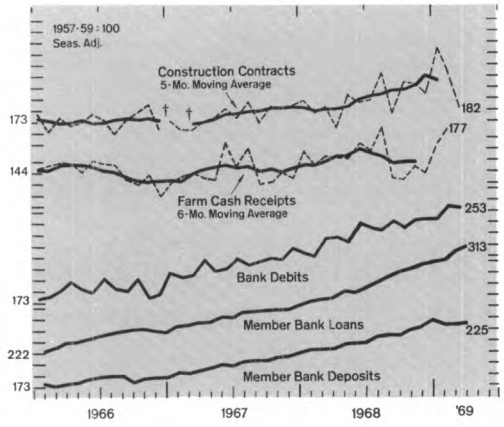
District Business Conditions



*Seas. adj. figure; not an index.



†New series.

The Sixth District's economy continues strong. Loans and deposits have expanded further, especially at smaller banks. Consumer borrowing has also increased despite weaker auto sales in March. Job growth, meanwhile, has slowed down. Construction contracts and inflows into savings and loan associations continue ahead of last year. Rising crop prices prevailed in the agricultural sector.

Loan growth continued strong in March, especially outside the District's major banking centers. Large banks stepped up their lending in mid-April, after reporting a slackened pace in late March. Total deposits in March and early April have grown further, though at a reduced rate. Tennessee banks, having received state legislative relief on interest rate ceilings, are now offering rates in line with the rest of the District.

Consumer borrowing moved up again in March although only slightly. Total consumer loans outstanding advanced moderately; however declining March auto sales led to sluggishness in auto instalment credit extensions. Consumers continued to repay existing loans at a brisk pace, and debt on bank and check-credit plans advanced only fractionally.

Nonfarm job growth decelerated in March from the previous months because of weakness in manufacturing and construction employment. All District states, except Florida, experienced varying degrees of losses in manufacturing employment—attributed to declines in the chemical, apparel, food, paper, and lumber, wood, and furniture industries. The District unemployment rate edged up fractionally, while the average manufacturing workweek remained unchanged.

Construction contracts through March were still running well ahead of the first three months of 1968. The strength is concentrated in Florida and to a lesser extent in Georgia. Through February, District savings and loan associations had experienced considerably stronger savings inflows than they did a year ago. Florida data for March suggest that the year-to-year gains are continuing there, although at a lessened pace.

District farmers began the 1969 crop year on a relatively strong note. The March index of crop prices received was well above February levels, with every major crop item except grapefruit and tobacco contributing to the increase. Meat prices rose further in response to continued strong demand. Broiler and egg prices declined. Soil preparations and crop plantings are ahead of schedule everywhere except Louisiana, where cold, wet weather has delayed field work.

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

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