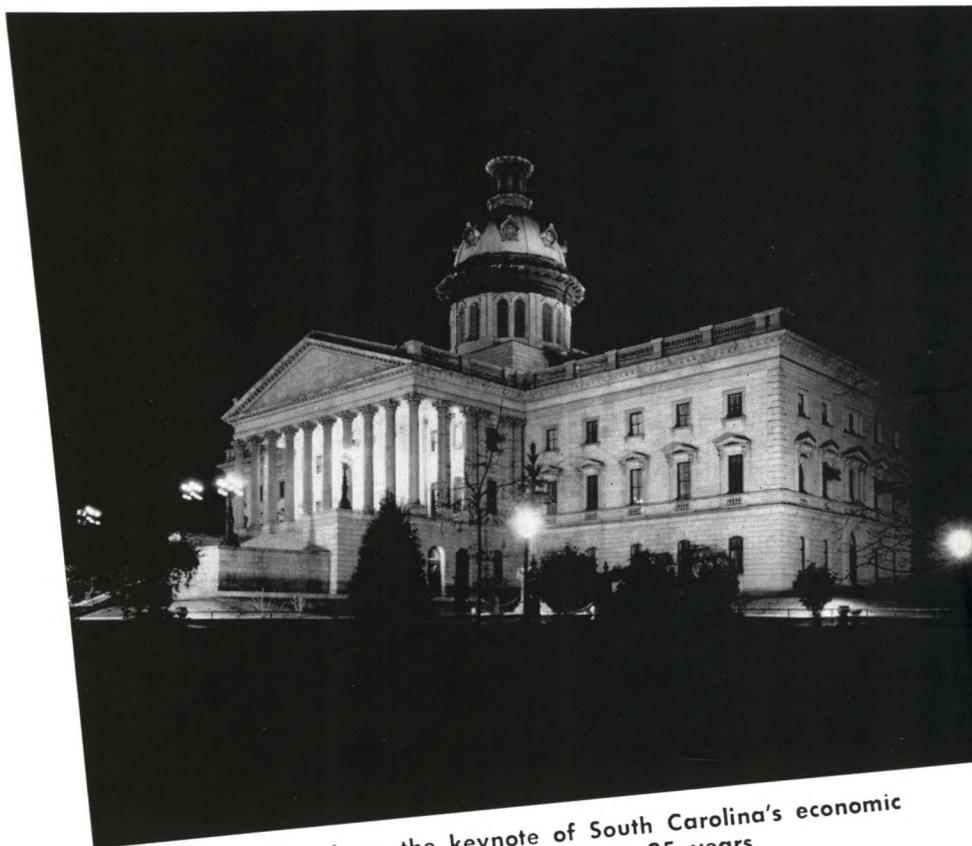


MONTHLY REVIEW



Diversity has been the keynote of South Carolina's economic development over the past 25 years.

FEDERAL RESERVE BANK OF RICHMOND

JUNE 1963



SOUTH CAROLINA

An Economic Profile

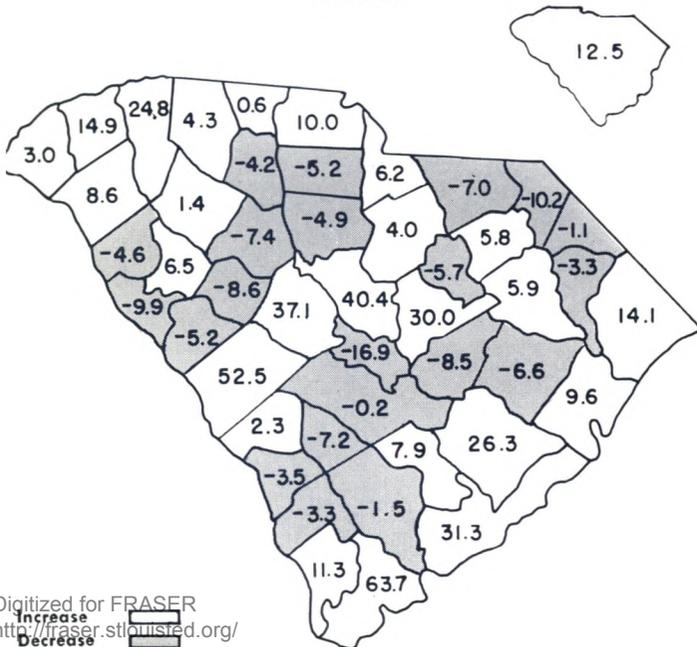
The motto engraved on the Great Seal of South Carolina reads, "Animis Opibusque Parati" or, translated, "Prepared in Mind and Resources." Chosen over 185 years ago to express the aspirations of a newly independent people, this Latin phrase is perhaps equally apropos of the state's recent economic history. It pinpoints the two mainsprings of the state's rapid progress over the last dozen years: the people—their numbers and their spirit—and ample natural resources.

POPULATION CHARACTERISTICS During the 1950's South Carolina experienced accelerated population growth despite a considerable net out-migration. The bulk of the increase was concentrated in urban areas and in the white component of the population. Changes in these population characteristics over the decade are detailed by county in the four accompanying maps.

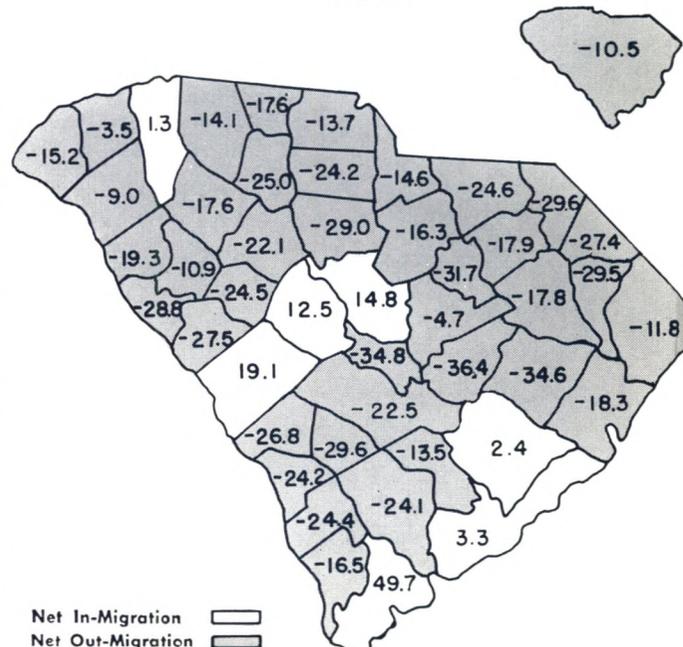
Population grew 12.5% between 1950 and 1960—the largest rise in five decades. The rate of increase slackened over the early decades of this century but picked up momentum in the 1940's. At the time of the 1960 census there were 2,382,594 resident South Carolinians, 265,567 more than ten years before. Natural increase and net migration, the two factors on which population change pivots, exerted opposite influences. The number of births exceeded the number of deaths by 487,353, but a net migration loss of 221,786 residents cut the numerical and percentage gains by nearly one-half.

Most of those who moved out of the state were young adults and "young middle-aged" persons. Thus the migration loss cut most sharply into the productive age group which ultimately has to support the many very young and those among the elderly who are financially dependent.

**PER CENT CHANGE IN POPULATION
1950-1960**



**RATE OF NET TOTAL MIGRATION
1950-1960**



Net In-Migration
 Net Out-Migration

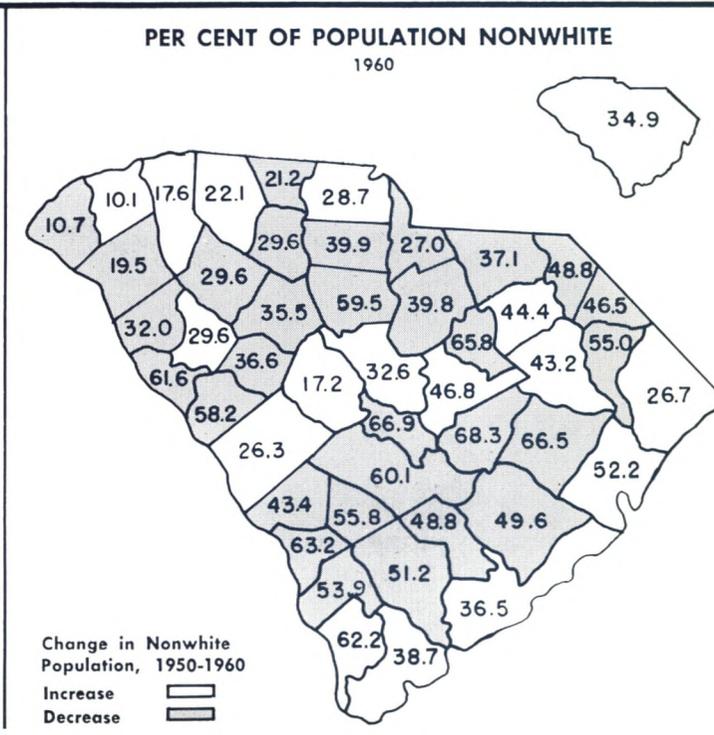
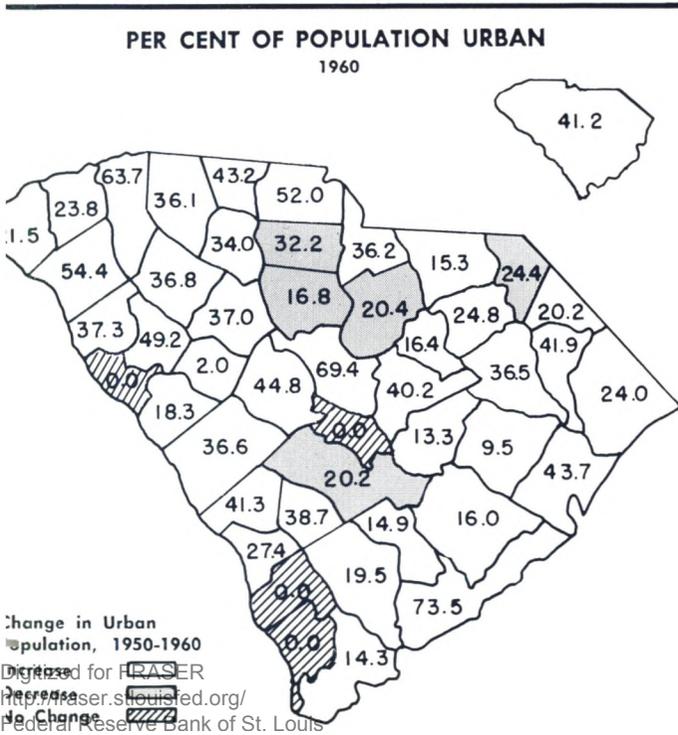
Although out-migrants include both whites and nonwhites, the latter have comprised an increasing proportion of the migration deficit in each decade since 1900. Conversely, in-migrants have been predominantly whites. In 1960, 91% of these were white persons, an increase from 72% sixty years before. Nonwhites reached their largest proportion of total population (60.7%) at the end of the 1870-1880 decade, but declined relative to the total in each succeeding decade. By 1960 they comprised only 35% of the total population.

Just as interstate migration has reduced population gains, intrastate migration has changed the geographic distribution of the people. As elsewhere in the nation, rural areas have lost residents to towns and cities where the business pace has quickened and jobs are more numerous. The state's average of 78.7 persons per square mile of land area is heavily weighted by the clustering of people in and around the central cities of the three highly urbanized areas: Columbia, the capital and also the site of over 4,000 businesses and industrial plants; Greenville, known as the "Textile Center of the World;" and Charleston, the major port city. In Charleston, Greenville, and Richland (Columbia) counties there are between 200 and 275 persons per square mile. Although South Carolina is still classified as rural on the basis of population distribution, the number of urban residents increased 203,465 between 1950 and 1960 and the proportion it bears to total population rose from 37% to 41%.

These patterns of population movement reflect reaction to industrial growth and change. As manu-

facturing and service industries have expanded and increased both in number and in type, productive processes have grown increasingly complex and the demand for skilled labor has risen. In general, the more highly educated and better trained have found employment opportunities increasing. Conversely, job opportunities for the unskilled marginal workers have declined. At the same time, labor-saving technological changes in agriculture have contributed to a steady movement from rural areas to the larger cities and towns. This movement has fed the population expansion not only in the major urban areas but in smaller cities as well, some of which are rapidly emerging as important industrial centers.

GEOGRAPHY AND NATURAL WEALTH In terms of both physical features and natural resources, South Carolina possesses an ample basis for further industrial expansion. The contour of the coast line forms natural harbors suitable for use by ocean-going vessels. Westward from the Atlantic, the land rises gradually from sea level to a maximum of 3,548 feet on Sassafras Mountain, the state's highest peak. Three distinct topographic regions are contained in the state: broad coastal lowlands, gently rolling terrain beginning at the fall line and extending through the Piedmont in the northwestern portion of the state, and rugged mountains in a relatively small section along the extreme northwestern border. These variations in topography aid in the retention of the abundant rainfall and ensure a more-than-adequate supply of both ground and surface water. Excellent drainage is provided by the Pee Dee, the



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Santee, and the Savannah River systems flowing from out of state and by the Edisto and other smaller systems which have their headwaters in South Carolina. In general, the water is "soft" and suitable for both domestic and industrial use.

Though the temperature sometimes dips to sub-zero in the mountains or climbs to a sweltering 100-plus degrees along the coast, the annual mean temperature is 63 degrees. With few exceptions, the first killing frost occurs in November, and the last one near the end of March. The long growing season, average annual rainfall of 47.7 inches, and well-drained and fertile soils in all three topographic regions combine to provide excellent growing conditions for a wide variety of crops.

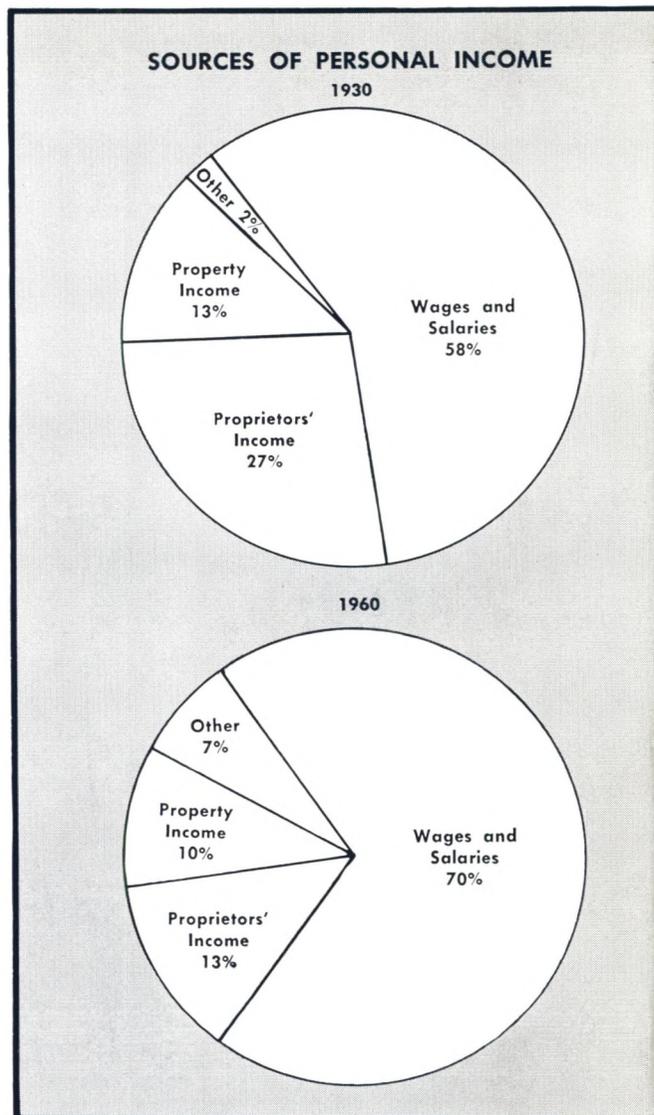
Though no dollars and cents value can be assigned to the flowing waters of the Santee or a comfortably cool summer day in the mountains, South Carolina's physiographic characteristics and abundant natural resources form the base for much of the productive activity which provides employment and income for the people.

LABOR FORCE PARTICIPATION In 1960, 53.1% of all South Carolinians 14 years old and over were in the civilian labor force. Participants included 68.7% of all males and 38.2% of all females in this age group.

The 1940's and 1950's witnessed marked changes in both the sex and the racial composition of this group. In 1940, females represented 29.6% of the civilians in the labor force; in 1960, 37.0%. In the former year, nonwhites comprised 43.5% of the total; in the latter, 30.5%. These shifts reflect two major developments: (1) an increase of 95,000 in the number of females in the labor force, and (2) a 52,000 decline in the number of nonwhite males which held the total male increase to just under 18,000.

Employed civilians numbered nearly 804,000 in 1960 and represented 96% of the total civilian labor force. By far the majority had jobs in nonagricultural industries, for the most part as wage and salary workers in private enterprises. Only about one-eighth were in agricultural work. The relative importance of these two types of occupations has changed considerably over the past two decades. In 1940, 60% of employed civilians were in nonfarm work; in 1950, 74%; and in 1960, 88%. Between 1940 and 1960, the number of nonagricultural workers rose more than 315,000, or 80%. During the same period, agricultural workers declined 167,000, or 64%.

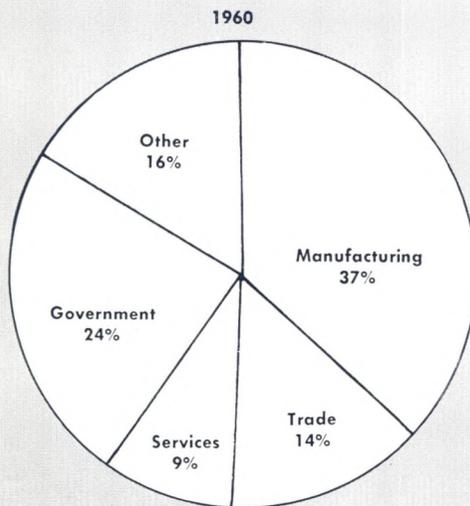
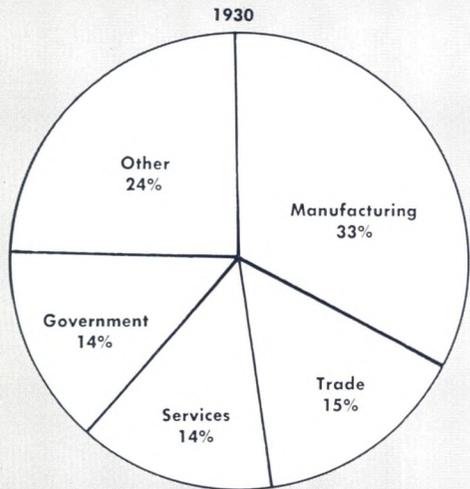
EMPLOYMENT HIGHLIGHTS Nonagricultural employment averaged 607,100 in 1962, nearly 146,000 more than in 1950. Manufacturing industries added



49,000 employees over this period, while nonmanufacturing employment rose nearly 97,000.

Textile mills are still the largest single manufacturing employer, although the industry's personnel in this 12-year period was reduced slightly. Employment growth in this period stemmed chiefly from expansion in other lines, with the greatest gains, both absolute and relative, in apparel, chemicals, and machinery. Together, these accounted for a net addition of more than 36,000 jobs. The furniture, paper, and stone, clay, and glass industries also recorded substantial gains. Smaller, but still vital, additions were made by food processors and printing and publishing firms. The one major reduction which served as a partial offset to gains in other areas occurred in the lumber and wood products industry where employees were some 11,000 fewer than in 1950.

SOURCES OF WAGE AND SALARY INCOME



The major boost to nonmanufacturing employment was provided by an addition of 25,400 government employees at the State and local level. Growing demand for goods and services led wholesalers and retailers to step up employment 22,000 and service enterprises to increase personnel by 16,000. Smaller additions to employment were made by construction companies, banks and other financial institutions, and the Federal government. Transportation was the one nonmanufacturing activity in which employment declined. Railroads reduced work forces by 4,900, more than offsetting gains in motor freight and other types of transportation.

With 259,400 employees, manufacturers stood out as employers of the largest number of South Carolinians. Wholesalers and retailers; Federal, State, and local governments; and service businesses were

the three primary nonmanufacturing employer groups. Wholesale and retail distribution of merchandise provided jobs for 104,000 in 1962, and service establishments employed another 59,000. Some 71,000 South Carolinians worked for State and local governments and 28,000 for the Federal government. With just over 35,000 employees, construction firms stood fourth in relative importance among nonmanufacturing employers, while the transportation, communications, and public utilities group ranked fifth, and banks, other financial institutions, and real estate firms were in sixth place.

INCOME HAS EXPANDED Total personal income in South Carolina has increased in 22 of the past 25 years and has not recorded a decline since 1954. In 1962 it reached a record high of \$3,692 million, the 7% gain over the previous year representing the largest annual increase since 1959. The relative increase was slightly larger than the average for all Southeastern states as well as for the United States as a whole. In the five-year period 1957-1962, total personal income in South Carolina rose 31% compared with increases of 29% in all the Southeast and 25% in the nation.

Per capita income increased \$83 in 1962 reaching an all-time high of \$1,516. The 6% gain was the second largest among states of the Southeast. As in other states of the South, average income of South Carolina residents is still below the national average of \$2,357. In recent years, however, percentage increases in the state have been well ahead of those for the nation. Between 1957 and 1962, for example, South Carolina per capita income grew \$306, or 25%, as compared with a \$309, or 15%, gain for the nation.

MAJOR SOURCES OF INCOME Wages and salaries represent by far the largest portion of the state's total personal income. Smaller contributions are made by proprietors' income—for instance, net business earnings of owners of unincorporated enterprises and of farmers, doctors, dentists, and other self-employed people—and by property income which includes rents, dividends, and interest. Transfer payments, such as social security pensions and unemployment compensation, and miscellaneous labor income rank fourth and fifth as income producers. A glance at the accompanying chart reveals that the relative share of total personal income accounted for by each of these sources has changed considerably since 1930, though the order of rank has remained the same. The relative share contributed by wages and salaries has become much greater while the proportions attributable to the two other major sources—proprietors' and property income—have declined.

South Carolina's

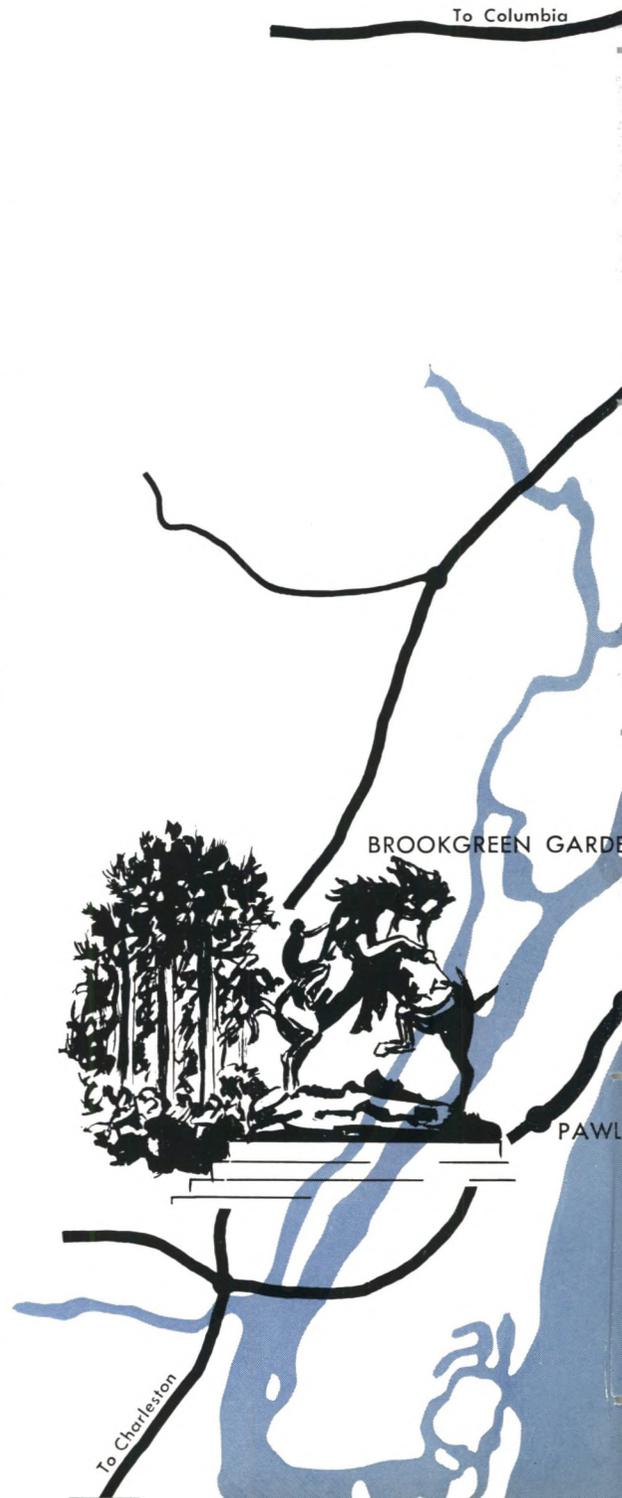
GRAND STRAND

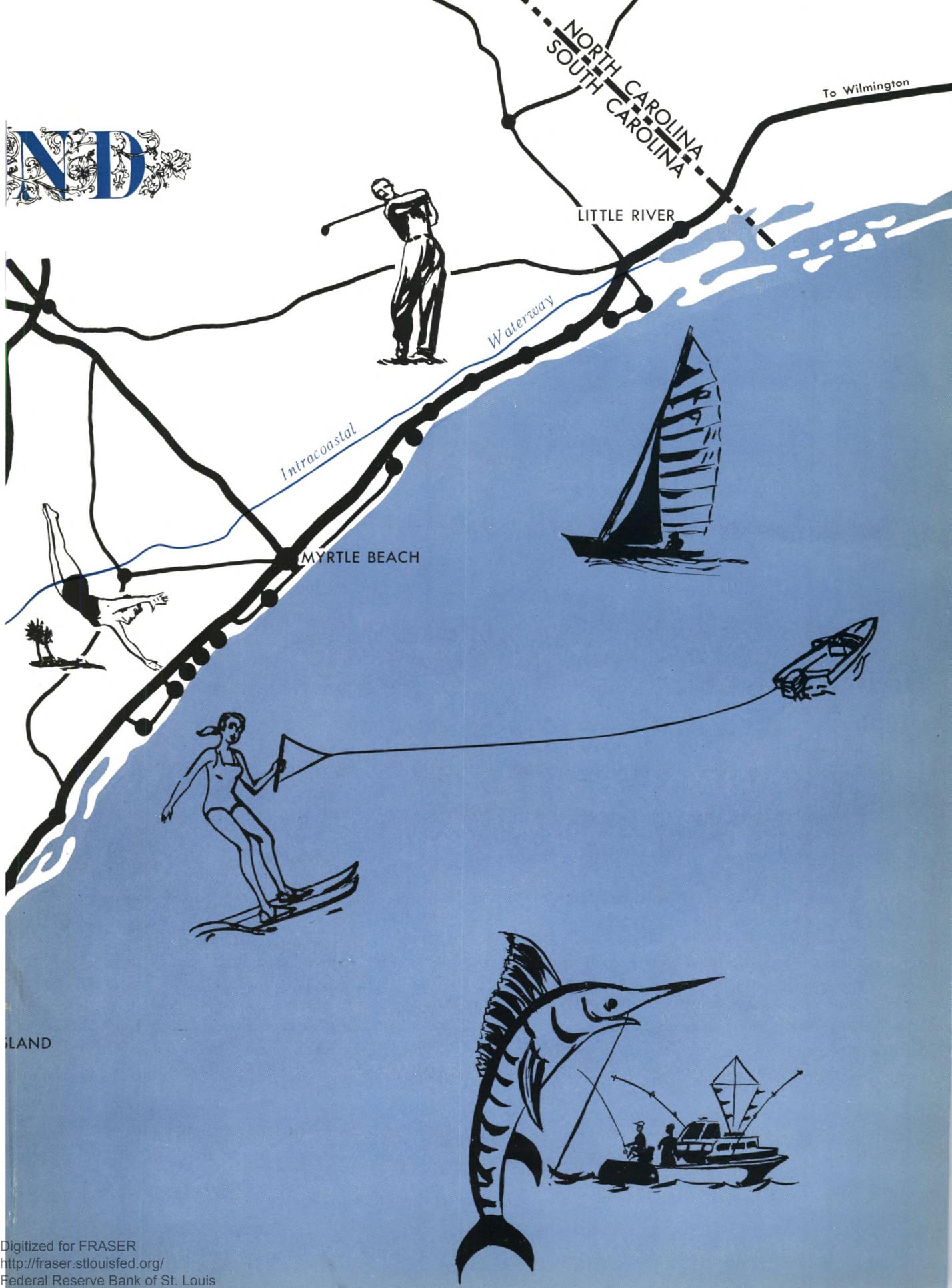
From Little River on the north to Pawleys Island on the south stretches South Carolina's "Grand Strand"—a 50-mile-long strip of sandy beaches bordered on the east by the blue-green waters of the Atlantic. From early spring into late fall, thousands of tourists travel to this seashore area from as far away as New York and Canada to bask in the sun, stroll along the boardwalks, swim, fish, and water ski. The elongated strip is "home" to only about 25,000 South Carolinians, but its population varies during vacation time from around 40,000 on a spring week end to more than 100,000 during peak periods such as the week of the "Sun Fun Festival."

To vacationers, the Grand Strand means relaxation and pleasure. To hotel and motel owners, restaurateurs, proprietors of sports clothing shops, amusement park operators, and other businessmen supplying vacation needs from sun tan lotion to gasoline, the influx of tourists means increased business and more income. Just over \$100 is a conservative estimate of the amount spent by the average visitor for food and lodging, retail purchases, entertainment, and miscellaneous services during a week's stay. Tourist trade brought an estimated \$45 million in vacation business to the Grand Strand in 1962, some \$4 million more than in 1961. A survey of coastal area firms made earlier this year by the Greater Myrtle Beach Chamber of Commerce indicated that business is expected to be even better during 1963.

The rapid rise in the number of people who are being drawn to this seashore vacationland has resulted in much more than a transitory seasonal boost to income. The permanent population has more than quadrupled since 1950, and with this increase has come greater demand for many services and community facilities which are not primarily tourist-oriented. For instance, telephones now number around 10,000—ten times more than a decade ago. In the mid-1940's there was a single cash depository in Myrtle Beach; today there are five banking offices. Physicians, accountants, and attorneys are among the many professional people who have opened offices in communities all along the coastal strip.

Concerted community efforts to develop the Grand Strand into a mecca for vacationers thus has had a salutary effect on the area's over-all and year-round economy, as well as on its tourist-related and seasonal business activity.





NORTH CAROLINA
SOUTH CAROLINA

To Wilmington

LITTLE RIVER

Waterway

Intracoastal

MYRTLE BEACH

LAND

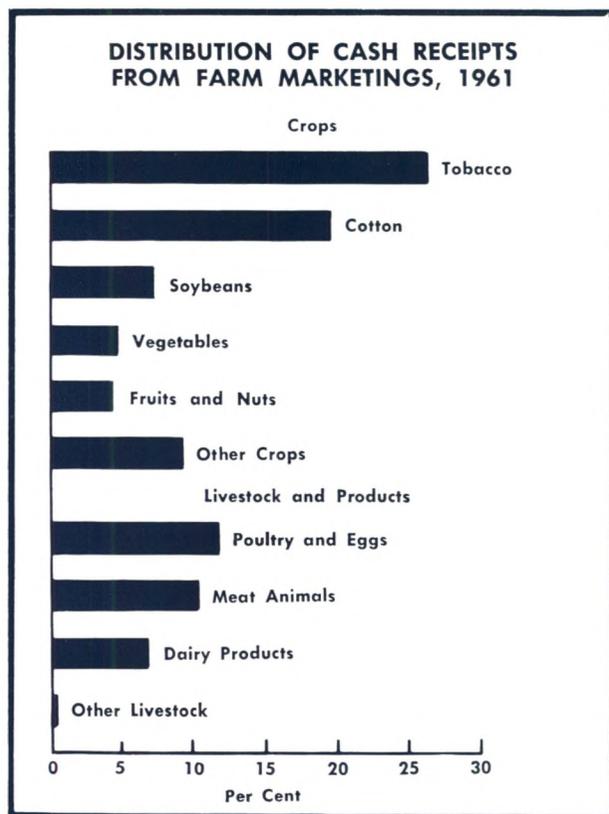
Manufacturing dominates contributions made by wage and salary paying organizations, with government (Federal, State, and local) ranking second and trade and services standing third and fourth, respectively. Both manufacturing and government have made long-run gains in their relative contributions to total wage and salary income, while both trade and services have lost ground even though their dollar income payments have risen.

KEY TO INCOME GAINS Though all major types of income rose over the past five years, greatest impetus to growth stemmed from nonfarm sources. Farm income climbed 9% over this period while nonfarm income increased 33%. Income from farming has continued to grow, but its share of total personal income has declined steadily as many small farming operations have disappeared and numerous rural residents have moved into business and industrial employment.

Income from three types of private nonfarm industries—finance, services, and manufacturing—increased more, relatively, between 1957 and 1962 than the 33% average gain for all private nonfarm businesses, while income from construction activity rose almost as much as the total. The smallest proportional rise, 17%, was shown by the transportation, communications, and public utilities group.

DIVERSITY DOMINATES DEVELOPMENT Diversity has been the keynote of South Carolina's economic development over the past 25 years. The state's forward-looking leadership in this period has taken advantage of a strategic location on the eastern seaboard, a varied topography and favorable climate, and ample natural wealth to mold a progressive, multi-phase economy. Responsibility for the state's economic vitality is now shared by agriculture, manufacturing, waterborne commerce, tourist and other types of trade, and a multiplicity of other business and industrial activities. Development of the economy has been greatly aided by diversification within its sectors, particularly manufacturing and agriculture.

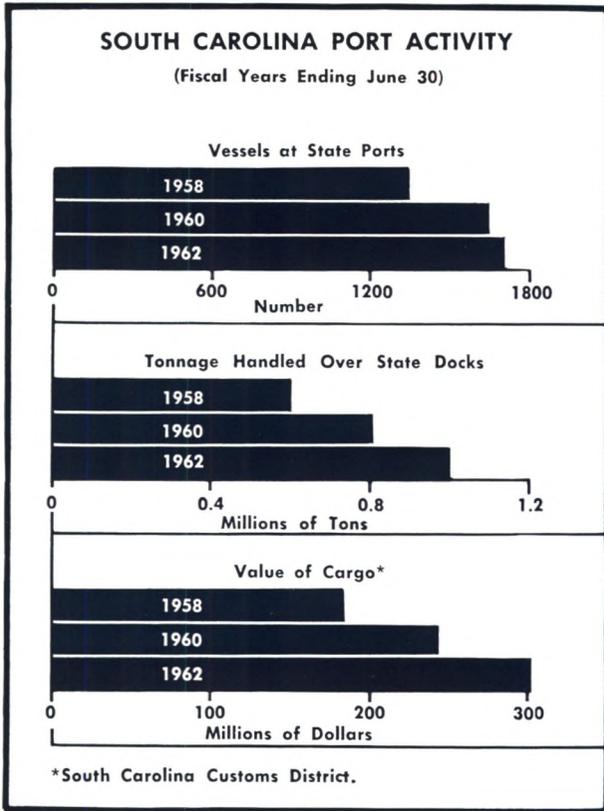
Such varied items as dolls, watches, fertilizer, electric capacitors, and automobile grills are now being produced by South Carolina's manufacturers. Much of the product variety has been introduced by the more than 650 new plants which have begun production since the early 1950's. Approximately \$1 billion has been invested in new plants alone since 1950. But manufacturers long established in the state have also been caught up in the whirlwind of change. For example, the state's textile industry, long centered around cotton, now turns out plastic and glass fiber yarns, rayon and nylon tire cord, paper



machine felts, plastic coated cotton braids, and countless other products in addition to cotton goods. During the past four years, new plant and expansion investments in the textiles field amounted to around \$185 million.

Agricultural products are equally varied. Tobacco and cotton, important since plantation days, are the leading cash crops. In 1961 tobacco marketings yielded \$99.6 million in cash receipts; cotton brought \$74.4 million. Soybeans, a relative newcomer, accounted for \$26.8 million—the third largest amount. South Carolina is the nation's second largest producer of peaches, and in 1961 the peach crop was valued at \$14.8 million. Peaches, other fruits, and nuts yielded almost as much cash farm income as vegetables. Cattle raising and dairy farming have become two of the most important agricultural specialties. Livestock and products accounted for nearly \$110 million of cash farm income in 1961—29% of the total received from all farm marketings.

WATERBORNE COMMERCE Growth and diversification of product output in manufacturing and agriculture have both stimulated, and been stimulated by, the quickened pace of a third major economic activity: domestic and international waterborne commerce. The range of goods handled through South



Carolina's ports has been broadened to include such diverse items as bananas, oil, agricultural insecticides, and carpet wool. Charleston has long led the nation in cotton importing and last year achieved first place in wool importing. The state's textile mills thus have both ready access to the raw materials they need and facilities for exporting their finished products.

Agriculture, as well as industry, has benefited from port improvements. Construction of a \$2.9 million grain elevator at the port of Charleston has enabled farmers to cut transportation costs to foreign markets. A cold storage plant with a capacity of more than 3.5 million pounds is a valuable aid in the export of perishable food products such as meats and poultry. These and similar facilities built to answer needs of in-state customers have also enhanced South Carolina's potential for attracting profitable new industries.

During the fiscal year ending June 30, 1962, over one million tons of cargo were handled at State Ports Authority facilities, nearly 107,000 more than in the preceding year. This tonnage does not include the huge volume of chemicals, ores, and other products handled over privately owned docks. The dollar value of foreign trade for the South Carolina Customs District increased 18% over the year. Approximately nine-tenths of the Customs District's exports

and imports are handled at the state ports: Charleston, Georgetown, and Port Royal.

OTHER GROWTH INDICATORS Numerical examples of growth in other types of business endeavor are legion. The few cited here will serve to illustrate the pervasiveness of quickened activity in South Carolina's economy.

New business incorporations numbered 1,376 in 1962, 9% more than in the preceding year and the highest number since 1959. At the end of 1962 assets of all banks totaled \$1.3 billion, 85% more than in 1950. During the same period deposits rose 76% while loans and investments increased 105%. Life insurance in force, which reached the billion dollar mark for the first time in 1942, had climbed to almost \$6 billion by the end of 1961.

The total value of construction contracts awarded in 1962 exceeded \$300 million for the fifth consecutive year. Contracts awarded in 1962 for construction of residential buildings had a total value of nearly \$129 million, more than in any other year since 1958. The amount of nonresidential construction contract awards topped \$100 million for the fourth straight year.

State individual net income tax revenue for the fiscal year ended June 30, 1962 totaled \$29.3 million, \$1.4 million more than in 1961 and nearly three times the amount in 1950. State corporation net income tax revenue amounted to \$18.0 million last year, below that in 1961 but \$3.5 million more than the amount in 1950.

THE NEW AND THE OLD South Carolina's steady march to take its place among the states of the New South is highlighted in a great wealth of statistical data, only a small part of which is presented here. The sight of lights of factory buildings burning brightly through the night, an aerial view of the symmetry of a contour-plowed field, and the sound of outbound freighters heading for foreign ports heighten the awareness of the quickened business atmosphere. But to walk down a narrow street in Charleston on an early spring morning to the greeting of a soft-spoken, "Mornin', M'am. Any fresh flowers t'day?" is to know that the charm of the Old South remains a vital part of the New South Carolina.

This article is the fourth of a series of economic profiles of states in the Fifth Federal Reserve District. Booklets describing the Virginia, Maryland, and North Carolina economies are now available on request, and a similar study of South Carolina will be published later this year.

THE FIFTH DISTRICT



Signs of continued advances in Fifth District business are still quite general, although the pace of improvement seems a little slower than in the early spring. The prevailing mood remains one of studied optimism. Statistics for the month of May are only fragmentary, but such as are available gain support from trade comments and reports and suggest a continuation of the modest increases that were apparent in April.

Seasonally adjusted bank debits, the lone dissenter among generally rising indicators in March, moved up vigorously in April to a new all-time high. The full impact of the April gain is not apparent in the chart of bank debits shown at the foot of the page because the plotted figures are three-month moving averages which smooth out random variations and accentuate growth and business cycle characteristics.

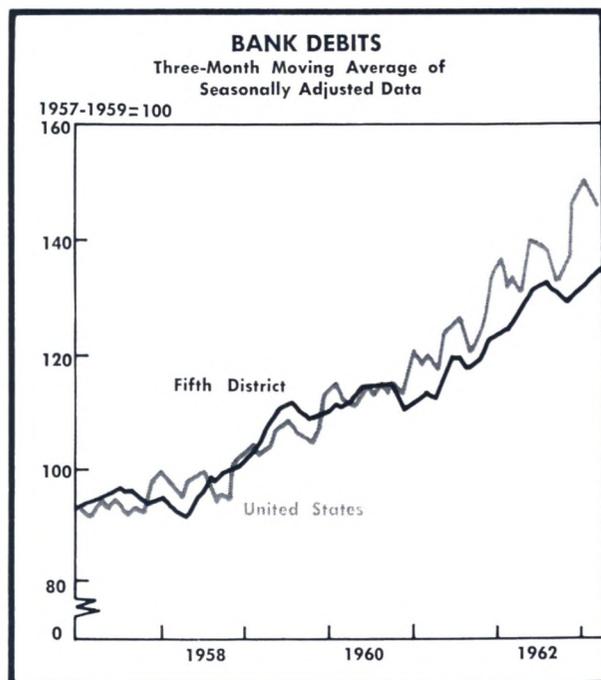
NEW HIGH IN EMPLOYMENT Seasonally adjusted nonfarm employment also rose to a new record in April. Jobs added in contract construction and retail trade provided most of the push, but increased mining activity also contributed to the small net gain. Em-

ployment remained unchanged between March and April in nondurable goods industries; finance, insurance, and real estate enterprises; and services. It declined in durable goods manufacturing, in transportation, communications, and public utilities, and in government.

Manufacturing and government, which together account for about one-half of District nonfarm jobs, are frequently the main centers of attention in employment studies. It is often desirable, however, to look at the array of enterprises that make up the other half of nonagricultural jobs. The right-hand chart at the foot of page 11 shows recent trends in total employment in these areas. These service-type enterprises have grown steadily but by no means spectacularly in recent years. Gains in employment amounted to about 2% in the past year and 10% over the six-year period charted.

Of special interest to regional analysts is the accelerated pace of District growth in these areas since the trough of the 1960-61 recession. Before that time there was virtually no difference between the District and the nation as regards these sectors of employment. But growth since that point has amounted to 7% in the District compared to 3% for the nation as a whole. Government jobs are frequently cited as a strengthening and stabilizing force in the local nonfarm, nonmanufacturing economy. The record of the past two years, however, shows steady progress in nonmanufacturing employment even with the direct effect of government jobs removed. Here as elsewhere all kinds of services are continuing to grow, but other evidence indicates that those related to the rapidly growing tourist trade may be among the largest contributors.

MAN-HOUR TRENDS DIVERGE The behavior of seasonally adjusted factory man-hours illustrates how a statistical series can continue to baffle observers of business trends for several months. After more than half a year of small fluctuations about a remarkably stable average, total Fifth District man-hours spurted more than 1% in March. Instead of sustaining the March gains, however, developments in April very nearly wiped them all out. This was true for both durable and nondurable goods. But the details of



change during the two months differed markedly among specific industrial groups, as a few illustrations will readily confirm.

None of the District's principal manufacturing areas experienced successive declines in seasonally adjusted man-hours in March and April. A few, however, managed gains in each month. These were producers and fabricators of metals, makers of stone, clay, and glass products, and paper and paper product manufacturers. In two industries, transportation equipment and chemicals, man-hours lost in March were recouped with some to spare in April. Despite recent increases, transportation equipment man-hours were still substantially below last fall's high levels, but for the chemical industry the latest gains established a new high. Elsewhere man-hours dropped in April following gains in March. Textile mills and apparel plants accounted for the bulk of the April declines.

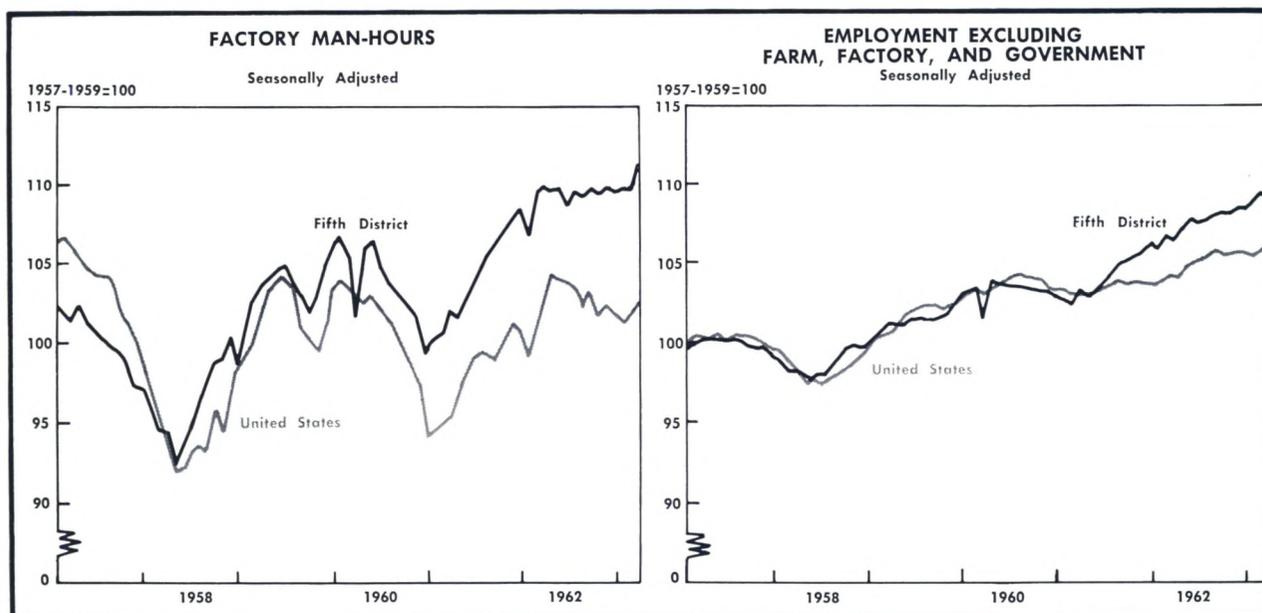
CYCLES STRONG IN MANUFACTURING National and District indexes of manufacturing man-hours charted in the left-hand panel below show a marked sensitivity to the gyrations of business cycles. The year 1962 contrasts sharply, especially in the Fifth District, with the five preceding years. Before 1962 man-hours characteristically established and maintained increases or decreases in the first few months following each turning point in the cycle. From February 1962 through February 1963, however, the District index varied by mere fractions of a point around the 109.6 level. Hopes were kindled for rising out of this plateau condition when the index

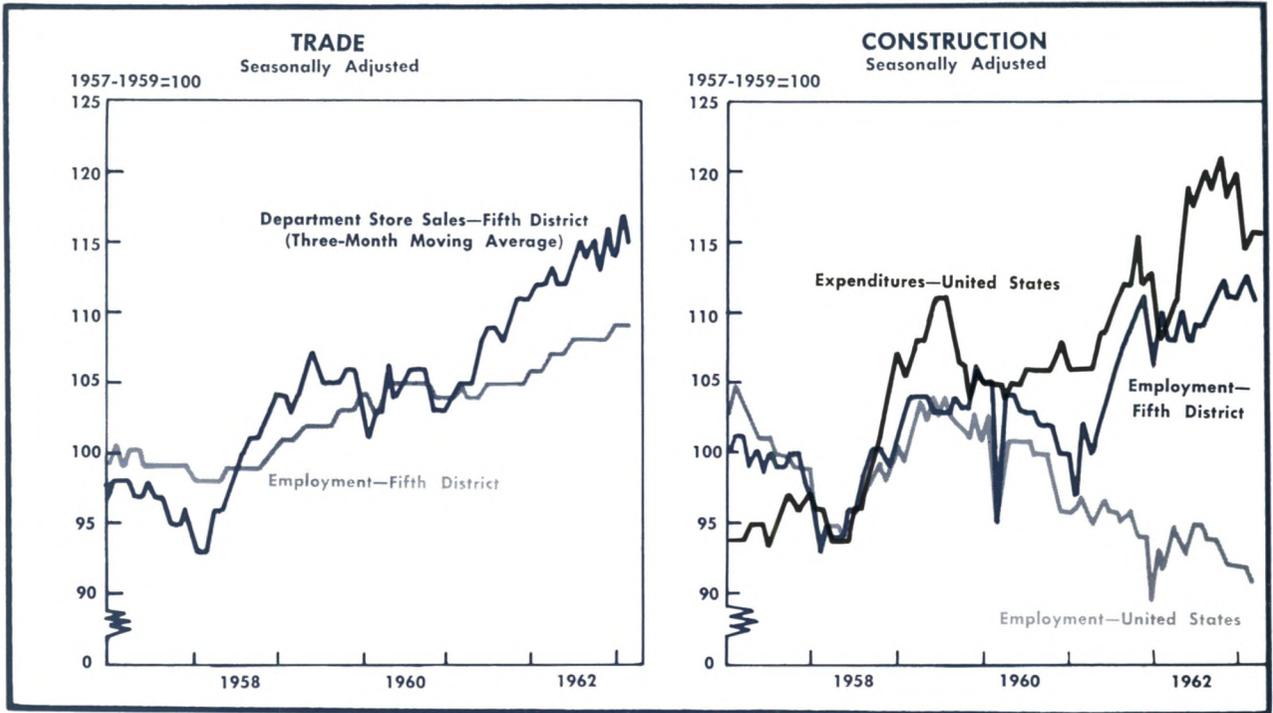
neared 111 in March. They were dimmed again, however, when the index dropped to 109.3 in April. In any event the performance of District manufacturers compares favorably with the national record as shown by the relatively higher level of District man-hours since the recession of 1958.

VARIATION MARKS TRADE Retail trade statistics have been marked by erratic changes recently, although they continue to show good average growth. Seasonally adjusted department store sales in the District reached a new high in March, 10% above the previous month and 3% above the record high attained last November. As with certain other indicators, however, March gains were dissipated in April, and preliminary estimates for May suggest only partial recovery toward the volume recorded in March.

Department store sales have been fluctuating around rapidly rising average levels, as the right-hand chart on page 12 shows. Seasonally adjusted trade employment, also shown on the graph, has grown less rapidly and with less sensitivity to business cycles. Comparable national figures were not charted because they were virtually coincident with those of the Fifth District throughout the period.

Growth of trade in the District is further substantiated by a broader Bureau of the Census tabulation of sales of Group 1 retail stores. Not since October 1961 have sales at these stores for any given month failed to set a new high. Thus the March figure, the latest available, showed sales 7% above a year earlier and 17% higher than in 1961.





SUPPORT FROM CONSTRUCTION Sustained by a strong backlog of business and a good, if erratic, flow of new contracts, builders of virtually all types are keeping busy in the Fifth District. On a seasonally adjusted basis, new highs were reached in April by both contract construction employment and building permit values. The rise in permits maintained a strong average for the year despite mediocre performances in February and March.

Since early 1961 the trend of District construction employment has been firmly up while the national trend has been downward. Thus construction employment gives a more favorable picture of District progress relative to the nation than do any of the other series. As with other indicators, District performance paralleled that of the nation until a divergence of growth factors, possibly associated with differences in cyclical sensitivity, resulted in relatively greater strength in the District. The third line on the graph, national new construction expenditures, was included to provide a comparison between trends in labor utilization and construction outlays. This comparison lacks precision but indicates the direction and approximate strength of changes in productivity with respect to labor.

PRODUCTIVITY RISING Recent surveys have indicated that a sizable portion of new investment is aimed at modernization and cost reduction rather than increased output as such. Rapid changes in

the tools and techniques of production may have little effect on the month-to-month behavior of statistics such as employment and man-hours, but must be taken into account in interpreting changes over longer periods. Thus, while national man-hours in the six years charted on page 11 show virtually no trend, the manufacturing component of the industrial production index over the same period rose 18%. Furthermore, national factory man-hours have recently been heading downward while factory production has continued to rise. In the retail trade chart above, sales (a measure of output) can be seen rising at a distinctly faster pace than employment (a measure of labor input). Similarly, national expenditures for new construction (measuring output) are seen to be rising quite steeply while employment (measuring labor utilization) declines.

Changes in labor utilization relative to other production inputs will differ between the District and the nation for a number of reasons. Differences in the industrial composition of the District's economy as compared with the nation's, for example, are important in this connection, as productivity generally grows more slowly in some industry types than in others. Moreover, regional differences in the price of labor relative to other inputs play an important role.

PHOTO CREDIT
South Carolina State Chamber of Commerce.