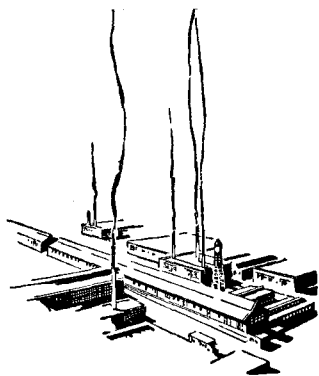


MISSISSIPPI'S BAWI PLAN

An Experiment in Industrial Subsidization

FEDERAL RESERVE BANK OF ATLANTA

Department of Research and Statistics



MISSISSIPPI'S BAWI ~~PLAN~~ ^{FOOT}

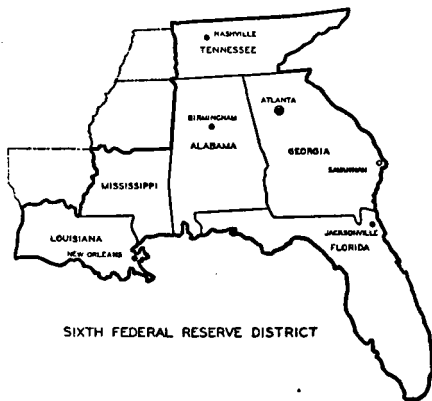
Balance
Agriculture
With
Industry

AN EXPERIMENT IN
INDUSTRIAL SUBSIDIZATION

by ERNEST J. HOPKINS
Senior Economist

FEDERAL RESERVE BANK OF ATLANTA

JANUARY 1944



SIXTH FEDERAL RESERVE DISTRICT

FOREWORD

For more than a quarter of a century, the Federal Reserve Bank of Atlanta, as an integral part of the Federal Reserve System, has served its District and the nation in accordance with a variety of responsibilities that, from time to time, have been placed upon the System and the Bank by Congress. These responsibilities, which are discharged in the public interest, have been typically related to banking and monetary affairs. In fulfilling these responsibilities, the Bank, as a matter of course, has always concerned itself with commercial and industrial developments and trends within the District it serves. Ever since 1919 the Bank has issued a monthly review of business and agricultural conditions in the Sixth Federal Reserve District.

The preparation of the *Monthly Review* has always been one of the primary tasks of the Bank's Research and Statistics Department. Because of the enormously changed economic and financial relationships that have emerged as the current war has progressed, the Board of Directors more recently requested the Department to expand its undertakings for the purpose of making the Bank's knowledge of economic affairs in its region more complete and more detailed. With this widening of the scope of the Research Department's investigations, the directors of the Bank, with the cordial endorsement of W. S. McLarin, Jr., president of the Bank, authorized the printing and distribution to the public of any studies that appeared suitable for a wider circle of readers than might be available within the Bank itself and that might not fit within the space limitations of the monthly publication.

One such study was the Bank's recently issued *Directory of Postwar Planning Agencies*. This Directory, prepared in mimeographed form, was mailed to those individuals and agencies who co-operated in assembling the data the Directory contained. A few copies of the Directory were also made available on request to other individuals who had an interest in postwar planning problems.

During the course of the research staff's effort to collect information regarding the activities of a planning and promotional character in the District, it appeared that, aside from the ever-present concern for the agricultural future of the Southern territory, interest in industrial expansion of the region was paramount. In this latter connection, representatives of a number of chambers of commerce and other organizations having a primary interest in promoting Southern industry fre-

quently cited Mississippi's state-controlled plan for subsidizing new enterprises, a plan that was terminated shortly before the outbreak of the current war.

The recurring mention of the Mississippi plan prompted the Bank's Department of Research and Statistics to undertake a review of the entire experience. The report proved to have an interest that warranted the issuance of a second special publication, namely, the one here presented.

Publication appeared justified as a matter of historical record alone, for the Mississippi subsidy experiment was in many respects unusual in its conception as well as in its administration. Moreover, attempts to attract new industries by various subsidy offers are so characteristic of the South, and the literature upon the subject is so scant, that it was believed value would be found in a factual analysis of this elaborate attempt to use the subsidy mechanism—which usually is organized less thoroughly, administered less vigorously, and conducted less completely within the public view.

In publishing this study by its research staff, it need hardly be said that the Bank thereby assumes no point of view toward the Mississippi plan, toward subsidy plans in general, or toward the various other issues and questions involved. The position of the Bank in this respect is precisely that of any other publisher; namely, that the work is of interest, that it is calculated to stimulate individual thought, and that there is a wide latitude for differences of opinion and reaction on the part of the reader and for personal judgment on the part of the writer.

This pamphlet is the work of Ernest J. Hopkins, who holds the rank of senior economist in the Research and Statistics Department of the Bank. In the field investigation, Mr. Hopkins had the assistance of Buford Brandis, assistant manager and economic analyst of the same staff. The work was performed under the direction of Lloyd B. Raisty, manager of the Research and Statistics Department.

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