# MONTHLY REVIEW


FEDERAL RESERVE BANK OF RICHMOND

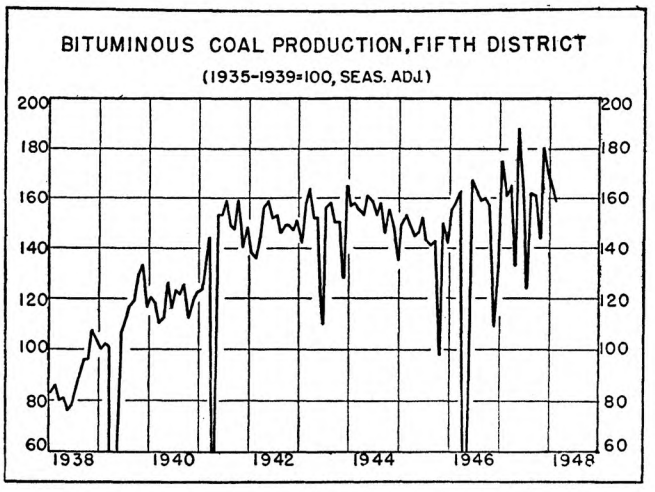
RICHMOND 13, VIRGINIA — MARCH 31, 1948


## Business Conditions

BUSINESS trends in the Fifth Federal Reserve District were somewhat irregular in February and early March. Production levels, in the main, held about even or rose slightly in February compared with January on a seasonally adjusted basis. Exceptions to this trend were bituminous coal production, on-site construction activity and lumber production, all of which were unseasonably affected by weather conditions. Trade at the retail level improved moderately over levels shown in January, seasonal factors considered, but all lines of wholesale trade revealed sizeable setbacks.

### Bituminous Coal

Weather conditions adversely affecting the coal car supply as well as the number of laborers at work during February were chiefly responsible for a decline of 4 percent in the seasonally adjusted production of bituminous coal in this District from January levels. Weekly production figures had shown a return to the level of output of a year ago by the second week in March, but the miners' walk-out beginning on the 15th of March has again dropped the production level.




The fact that no strike had been called, but rather that the miners had merely ceased working as their "willing and able" contract apparently permitted, caused delay in the application of the Taft-Hartley law until March 24th. At this writing it is not known how soon or in what volume production will be resumed. Coal conservation measures were promptly taken by government where legally permissible. These measures included elimination of one-fourth of the passenger trains on coal burning roads, and an embargo on coal exports, with an intended reduction of 25 per cent in freight traffic of coal burning roads in case the work stoppage continues into next week.

Improved production of coal abroad had found reflection in easier demands on the domestic outputs, and there had been anticipation of some reduction in coal prices. Instead large domestic consuming industries stepped up their purchases to replenish stocks depleted by a severe winter and to prepare for the contingency of a work stoppage in the mines. Coal prices instead of easing have been strengthened. The chart on page one shows the effect of January-February weather on coal output which had been running previously at record levels.

### Cotton Goods

Production of cotton goods and yarns in the District during February rose above January levels after seasonal adjustment. Cotton consumption gained a little less than one percent from January, but was 4 percent smaller than a year ago. This drop in cotton usage has not properly measured the change in production of goods and yarns because of a notable shifting of demand for lighter weight goods. Spindle hours run in the District's mills take account of this shift and in February they showed a gain of 10 percent over February last year as contrasted with a 4 percent decline in cotton consumed.

Since early in February contract sales of cotton goods have slowed down in contrast with a rush to get forward business placed in the last two months of 1947. Mills are, for the most part, sold-up on their production through June. It has been a practice, however, for them to withhold a small percentage of output for sale in the spot market and it is probable that these goods are partly responsible for the weakening of a few contract prices in recent weeks. More important, however, has been the unwillingness of buyers to make further future commitments in view of the February break in commodity prices and in view of the poor response of consumer buying in the pre-Easter season. As a result of a reduction in purchases of wholesalers and retailers, and a fair volume of reselling of cotton gray goods by converters, cutters and exporters, manufacturers have lowered their contract prices in a few constructions, but mainly the price changes have brought the spot and contract prices in

closer alignment. A record of primary market quotations shows the following changes:

### Cotton Goods Prices

| | | Spot | | Contract | |
|---|---|---|---|---|---|
| | | Jan. 20 1948 | Mar. 22 1948 | Jan. 20 1948 | Mar. 22 1948 |
| | | (cts. per yard) | | (cts. per yard) | |
| Print cloth 39" | 80x80 | 36 | 31½ | 28 | 23¾ |
| Print Cloth 39" | 68x64 | 31 | 25 | 24¾ | 24¾ |
| Wide prints 45" | 64x56 | 30¾ | 26½ | 26 | 26 |
| Tobacco cloth 36" | 32x28 | ..... | ..... | 1.25* | 1.25* |
| Carded broadcloth 37" | 100x60 | 37 | 32½ | 33 | 31 |
| Pajama checks 36½" | 80x80 | 33 | 33 | 26 | 26 |
| Poplins 37" | 99x44 | 31 | 33 | 29 | 29 |
| 3 leaf twills 39" | 68x76 | 33 | 33 | 28¼ | 28¼ |
| 4 leaf twills 37" | 86x40 | ..... | ..... | 39½ | 39½ |
| Jeans 38" | 96x64 | 36 | 37 | 34½ | 36 |
| Sheeting class A 36" | 48x44 | 27½ | 26 | 26 | 26 |
| Sheeting class B 37" | 48x44 | 23 | 21 | 22 | 21 |
| Sheeting class C 36" | 40x40 | 17½ | 17 | 17 | 17 |
| Osnaburgs 40" | 40x26 | 28 | 25¾ | 25½ | 25½ |
| Drills 38½" | 72x48 | ..... | ..... | 38 | 38 |
| Duck, hose & belting | | ..... | ..... | 70⅝* | 68½* |
| Broadcloth 37" | 136x60 | 52½ | 46 | 46 | 44 |
| Lawn 40" | 88x80 | 52 | 50 | 43 | 43 |

* Cents per pound.

Cotton yarns, on the other hand, where changes have occurred were priced higher on the 22nd of March than on the 20th of January. The amount of business being done in yarns is somewhat more active than in woven goods, but still is inadequate at present to maintain backlogs.

Much comment is current in the trade news regarding new military outlays for textiles. At this time when so little is known regarding the extent and speed of activating army purchases not much in the way of satisfactory business appraisal can be made. It could be that consumer purchases of cotton goods might be stepped up notably in anticipation of future shortages. Then again if consumer demand maintains its current downward drift, mills, converters, and cutters might be willing to build their inventories in anticipation of having to divert looms later on to military goods. Yet again goods prices may continue to drop because of less demand than supply, and cause a cut-back in production.

### Knit Goods

Although hosiery sales at retail had been in good volume in the department stores of this District from September through January, mill purchases by wholesalers and retailers have been at a low ebb since the turn of February. As a consequence there has been considerable weakening of mill prices, but it is not yet evident that production will be cut-back.

Knit underwear producers were still allocating production particularly on heavy weight goods up into the first week of March, but since then hesitation in other cotton goods markets has had the effect of slowing down commitments in knit underwear both for spring and fall deliveries. Some mills have made price reductions. Wholesalers are reported to have salesmen actively trying for business for the first time since before the war.

### Furniture

January new business of southern furniture producers rose substantially from that of December or a year ago and new orders exceeded shipments which were also markedly improved over either December or a year ago. Unfilled orders at the end of January were equal to about 2 months shipments. Finished inventories at the end of January rose about 50 percent over December, but still represented less than a half month's supply. Employment in the industry in both North Carolina and Virginia continued to rise moderately through February.

Cancellations of orders have increased since the first of February, but three well known case goods producers in the South say their new business is running ahead of cancellations to the extent that backlogs are building up. Reports seem to indicate that cancellations of orders at this time are not as substantial as occurred in the first quarter of 1947.

Retail furniture sales in the Fifth District fell 9 percent from January to February after seasonal adjustment, February sales this year were at the same level as a year ago. Reduced store traffic resulting from severe winter weather and poor transportation were in part responsible for the decline in sales, but the drop seems to be too substantial to be caused wholly by weather.

### Construction

On-site construction value this spring will be at its highest post-war level based on permits and contract awards over the past several months. A good part of this gain is due to higher prices. Building permits in this District which rose to a new high level for any recent year in January, declined 37 percent from January to February after seasonal correction to a level 4 percent below February 1947. This sharp decline occurred concurrently with a change in the status of mortgage money. Lenders have become more conservative in their appraisals, thus necessitating a larger down payment on the part of the buyer. Financing of builders has also tightened and G. I. Home Loans made have fallen off sharply largely because of the lack of a secondary investment market for these mortgages, resulting from higher interest rates on high grade bonds. Under the existing financing conditions it would be a realistic appraisal to expect a decline in construction volumes and a moderate downward readjustment of some building materials prices together with an improvement in the efficiency of building labor. These adjustments will not be likely if legislation eliminating these financing strains is adopted.

### Department Store Trade

February sales of Department stores in the Fifth District rose 7 percent from their January level on a seasonally adjusted basis, to a figure 8 percent above February 1947. The March level will probably show little change from that of February after seasonal adjustment which takes into account the early Easter. Gains in seasonally adjusted sales in West Virginia and the Carolinas accounted chiefly for the 7 percent rise in the District index from January to February.

Continued on page 13

# Effect of Industrialization on Agriculture

Those who have followed discussions on the distribution of income between people in agriculture and those employed in non-agricultural pursuits are familiar with the materially lower average level of income of farm people. They also are aware that farm incomes in the South are lower on the average than farm incomes in the rest of the nation. There has been much discussion concerning the reasons, if any, for these varying levels of incomes. Numerous suggestions have been made as to ways of improving the income position of agriculture and particularly of Southern agriculture.

One of the suggestions that almost always claims some attention in any analysis is that of increased industrialization. In this article an examination is made of the effect of industrialization on agriculture, or more specifically of how industrialization affects the average income in an area and how it affects the average income per worker in agriculture.

## What Is Industrialization?

Industrialization essentially means the development of non-agricultural industries and an increase in the proportion of workers who are employed in these industries. It implies a reduction in the proportion of workers engaged in agriculture. Industrialization usually means also a transfer of some farm workers to other occupations and a reduction in the number of workers in agriculture. The Committee on Post-War Agricultural Policy of the Association of Land-Grant Colleges said in 1944:

> "It was impossible for Americans to enjoy a high level of living as long as virtually the whole population was needed to produce food. We can raise our standard of living still further as a higher proportion of our people are put to work providing non-agricultural goods and services, leaving only enough in commercial farming to produce abundant food by efficient methods."

One cause of the low average income per worker in the South is the low income per worker in agriculture and this may be caused by too many workers in agriculture. In speaking of the problem of low incomes in Southern agriculture, James M. Stepp of Clemson Agricultural College says:

> "If so many of the South's agricultural ills are attributable to the fact that too many people are trying to make a living from farming, the obvious remedy is for large numbers of low-income Southern farm people to move to locations and occupations where they can obtain higher incomes, and for the movement to continue at a rate that will maintain a sufficient scarcity of farm labor so that farm wage rates will be fairly high."

It is not immediately obvious to many people that reducing the proportion of workers in agriculture will raise the average income per worker in a state or area. Many farmers probably also may question the beneficial effects for agriculture of a policy that drains off some of the farm labor supply when one of the results of this is higher farm wages.

## Upward Trend In National Income

Two things of basic interest to agriculture are shown by a review of national income data for this country. The first is the large long-run increase of the national income in the past 80 years. The national income of this country has risen from $9.3 billion per year in 1869-78 to $88.4 billion per year in 1934-43 according to estimates of the National Bureau of Economic Research. These figures are in terms of 1929 prices and so show a very great increase in the real income of the people of this country.

During this period, when the trend of real national income was increasing the share of agriculture declined. Agriculture received 27.5 per cent of the national income in 1869-78. By 1934-43 agriculture's share had fallen to about 8.8 per cent.

**TABLE 1**

**NATIONAL INCOME, TOTAL AND SHARE OF AGRICULTURE, AVERAGES PER YEAR BY DECADES, 1869-1946**

| Decade | National Income: Total | National Income: Share of Agriculture |
|---|---|---|
| | Billion Dollars | Per Cent |
| | 1929 Prices | |
| 1869-78 | 9.3 | 27.5 |
| 1879-88 | 17.9 | 20.5 |
| 1889-98 | 24.2 | 18.4 |
| 1899-1908 | 37.3 | 15.4 |
| 1909-18 | 50.6 | 13.0 |
| 1919-28 | 69.0 | 10.5 |
| | Current Prices | |
| 1929-38 | 61.6 | 8.7 |
| 1934-43 | 87.6 | 8.9 |
| 1937-46 | 124.7 | 8.8 |

Source: Kuznets, **National Income: A Summary of Findings**, p. 43, Table 13 Department of Commerce, "National Income Supplement," **Survey of Current Business**, July, 1947, p. 26.

The reason for the decline in agriculture's share of the national income lies in the nature of the demand for farm and non-farm products. In the long run as the real per capita national income increases the demand for non-agricultural goods increases more than the demand for farm products. As a result a larger share of the national income is spent on non-agricultural goods and a larger share of the national income is received by producers of these goods. A smaller share of the national income is spent on farm products in the long run and agriculture receives a smaller share of the national income. In terms of per capita incomes there is a persistent and enduring long-run tendency for per capita incomes in other occupations to rise faster than those in agriculture as the national income increases. When the income of the country rises expenditures on farm products rise. But in the long run expenditure on other products rises more and a smaller share of the national income is spent on farm products.

By way of illustration let us suppose that 20 per cent of the labor force of the country is employed in agriculture and 80 per cent in other occupations. Fifteen per cent of the national income may be spent on farm products

and 85 per cent on other products. If the national income is 100 billion dollars and the labor force 50 million workers, income per worker in agriculture will be $1500 or 71 per cent of the $2125 income per worker in other occupations. Now if the national income were to increase to 150 billion dollars only 12 per cent might be spent on agricultural products. Assuming no change in the distribution or size of the labor force, income per worker in agriculture would rise to $1800 but would be only 55 per cent of the $3300 income per worker in other occupations.

### Raising Per Capita Incomes In Agriculture

The problem which confronts agriculture and heavily agricultural areas like the South, is this: How can per capita incomes in agriculture and in agricultural areas be maintained or increased relative to those in other occupations and other areas when agriculture tends to receive in the long run a smaller share of the national income?

The long-run result of an increase in the national income is to raise income per worker in non-agricultural industries relative to those in agriculture and to make income per worker in these industries higher than incomes per worker in agriculture. This differential results from the failure of agricultural workers to move rapidly enough into industrial pursuits and the failure of productivity in agriculture to increase as fast as productivity in industry. It, therefore, appears that average income per worker in an agricultural area like the South can be increased by developing non-agricultural industries and encouraging workers to shift from agriculture into these industries. Average income per worker must rise when workers move from a lower to a higher paid occupation. We would expect that a region with a large proportion of workers in higher paid non-agricultural industries would tend to have a high per capita income. On the other hand, an area with a relatively large proportion of workers in the lower paid occupation of agriculture would be expected to have a lower per capita income.

### Basis of Prosperity in Agriculture

The prosperity and well-being of agriculture do not depend on agriculture having any given proportion of the national income or of the labor force. The prosperity and well-being of agriculture are dependent on achieving and maintaining adequate incomes per worker in agriculture. A decline in the proportion of workers engaged in agriculture offsets, in part at least, a decline in agriculture's share of the national income. Income per worker in agriculture will necessarily fall relative to those in other occupations if in the face of a declining long-run share of the national income the proportion of the labor force employed in agriculture does not decline. It is also necessary that the productivity of workers in agriculture increase if the relative income per worker in agriculture is to be increased or even maintained. A decrease in the number of workers in agriculture apparently does not lower the productivity per worker or total agricultural production in this region. In fact, the physical volume of farm output in the South Atlantic region rose 29 per cent from 1935-39 to 1946, even though the number of workers in agriculture decreased 10 per cent. This recent decrease in number of workers thus appears to have been more than offset by greater productivity per worker.

### Industrialization Associated With Higher Incomes

Louis H. Bean in speaking of the association of industrialization with high per capita incomes says:[1]

> "In every region . . . per capita incomes are larger where the proportions of the labor force in agriculture are lower; and practically everywhere, economic programs providing for readjustment out of agriculture are called for . . . Even in a largely industrialized country such as the United States, of whose working population less than a fifth is now engaged in agriculture, there are over-agriculturalized areas. (For example, Mississippi (60 per cent of the labor force is in agriculture) and North Dakota (50 per cent) could double their per capita incomes by programs that would shift 25 per cent of their labor force out of farming into some other line of activity."

Bean points out that other factors are important and in some cases much more important than the distribution of the labor force in determining per capita incomes. These factors include capital, education, productivity of resources, distribution of incomes, proximity of markets, and living and consumption habits. Because of the presence of these other factors it does not appear that a statistical comparison of per capita incomes and the degree of industrialization in the various states will provide conclusive proof or disproof of the idea that industrialization raises per capita incomes. However, there is reason to believe that any general relationship between industrialization and per capita incomes which may be shown is more significant because of the presence of other factors tending to obscure it.

Other things being equal, then, we would expect incomes in any region to rise with industrialization because the demand for industrial products increases relative to the demand for agricultural products in the long run. We would expect those states which are more highly industrialized to have higher per capita incomes. In any region we would expect a large proportion of workers in agriculture to be associated with low average incomes for the total labor force. Furthermore, we would expect differences in per capita incomes of states with the same degree of industrialization because of differences in the productivity of resources and other factors mentioned above. In some cases an inverse association might be found between industrialization and income. Here other factors might be considered more important than the degree of industrialization in determining per capita incomes.

In this country the states range from 2.1 per cent of the labor force in primary industries (agriculture, forestry, and fishing) in Rhode Island to 58.0 per cent in Mississippi. In Table 2 we have divided the states into groups of 12 states each. Those with the smallest per

[1] National Bureau of Economic Research, Studies in Income and Wealth, Volume VIII, p. 123.

cent of the labor force in primary industries are in the first group and so on. This table shows a general association of industrialization with higher per capita incomes.

TABLE 2

NATIONAL INCOME PER CAPITA AND PERCENTAGE OF LABOR FORCE IN PRIMARY INDUSTRIES

United States, 1939*

| Group | Labor Force in primary industries (1) Per cent | Per capita income: Labor Force (2) Dollars | Per capita income: Total Population (3) Dollars |
|---|---|---|---|
| First | 7.1 | 1557 | 680 |
| Second | 17.9 | 1335 | 532 |
| Third | 30.0 | 1097 | 422 |
| Fourth | 42.2 | 851 | 316 |

*Figures for each group are simple averages of states in that group.
Source: Computed from National Bureau of Economic Research, **Studies in Income and Wealth,** Volume VIII, p. 129, Table 2.

We next consider in Table 3 and Chart 1 the effect of industrialization on per capita incomes within a given region. For this purpose we use fifteen southern states including the five states in the Fifth Federal Reserve District. Here also industrialization appears to be associated with higher incomes. The presence of other factors, however, is seen in the variation in per capita incomes in states with about the same degree of industrialization.

TABLE 3

NATIONAL INCOME PER CAPITA AND PERCENTAGE OF LABOR FORCE IN PRIMARY INDUSTRIES

Fifteen Southern States, 1939

| State | Labor Force in primary industries (1) Per cent | Per capita income: Labor Force (2) Dollars | Per capita income: Total Population (3) Dollars |
|---|---|---|---|
| Maryland | 10.5 | 1401 | 634 |
| West Virginia | 15.3 | 1123 | 378 |
| Florida | 18.9 | 1041 | 442 |
| Virginia | 24.6 | 966 | 402 |
| Texas | 29.9 | 1040 | 401 |
| Oklahoma | 33.1 | 990 | 340 |
| Louisiana | 33.2 | 937 | 354 |
| Tennessee | 33.2 | 794 | 295 |
| No. Carolina | 33.8 | 817 | 308 |
| Georgia | 35.1 | 735 | 290 |
| Kentucky | 36.5 | 840 | 297 |
| So. Carolina | 39.6 | 673 | 261 |
| Alabama | 39.9 | 670 | 242 |
| Arkansas | 51.6 | 704 | 246 |
| Mississippi | 58.0 | 539 | 201 |

Source: National Bureau of Economic Research, **Studies in Income and Wealth,** Volume VIII, p. 129, Table 2.

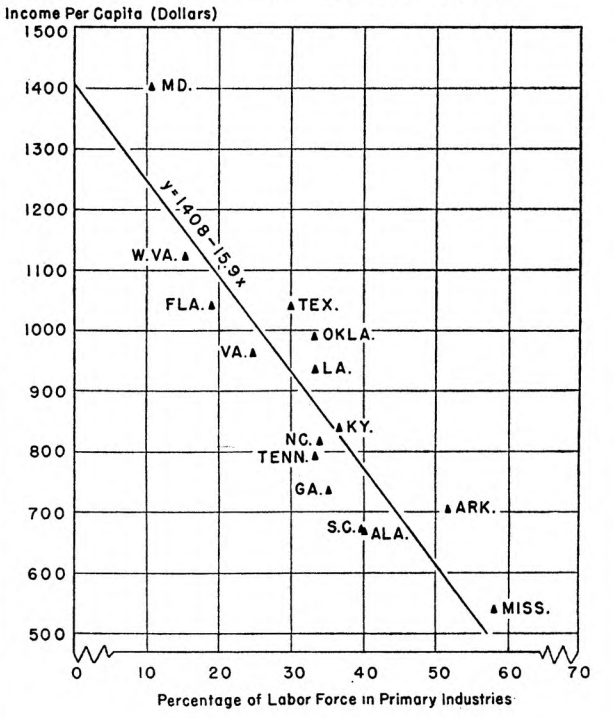
From the above we conclude that the statistical data in general agree with the theory that industrialization tends to increase per capita income. Also we may conclude that we can reasonably expect in any given state or region that a higher degree of industrialization than exists probably will result in higher per capita incomes than now exist. Increasing industrialization can be reasonably advocated as at least a partial solution to the problems of low income areas.

The above analysis indicates that Bean is probably correct in stating that industrialization increases the per capita income of the total labor force and of the total population. Bean, however, does not consider the effect on per capita incomes in agriculture. It is, of course, entirely possible to raise average per capita incomes as a whole by transferring labor from the relatively low-paid industry of agriculture to other higher-paid industries without raising per capita incomes in agriculture.

Chart 1

PERCENTAGE OF LABOR FORCE IN PRIMARY INDUSTRIES, AND PER CAPITA INCOME OF LABOR FORCE

FIFTEEN SOUTHERN STATES, 1939




## Impact of Industrialization on Agriculture

The process of industrialization might be expected to affect agriculture in some such manner as the following over the long run. The rising income flow increases the demand for non-agricultural goods. Profits and wages then rise in the secondary and tertiary industries. These industries expand their output and employment. If continued far enough labor is drawn from agriculture and farm wage rates rise. As a result farmers take steps to increase the productivity of labor. Livestock and dairy production expands. There is a tendency to use more machinery and enlarge farms, and the productivity of the labor left on farms rises. We would expect that industrialization in itself would operate to increase the productivity of farm labor and raise farm income. This appears most probable in the long run. In the short run rising wage rates increase the cost of farm labor and may adversely affect the net income of farmers who hire labor. We should add that increased industrialization increases opportunities for off-farm work and raises the non-farm income of farmers.

We would expect, then, to find in states and regions which are more highly industrialized that farm wage

rates are higher, the value of products per worker greater, and more machinery used per worker. Farms would tend to be larger in terms of the value of products per farm if we consider each rental unit as a farm. Income per farm worker should be higher. Here also this theory does not seem susceptible to conclusive and irrefutable statistical verification. Many things influence per capita farm income besides the proportion of the labor force in agriculture. Agriculture, more than any other industry, has its income determined in part by the natural factors of soil and climate. However, industrialization by reducing the ratio of farm population to land resources may increase the adaptation of agriculture to these factors and, in general, industrialization is associated with greater productivity per member of the labor force in agriculture.

In Table 4 the states are divided into groups according to the proportion of the labor force in agriculture. These groups are then compared in regard to changes in income. While the results again are not statistically conclusive, a tendency is noted for farm incomes to be higher in states where the proportion of workers in agriculture is lower.

TABLE 4

RELATION OF PROPORTION OF LABOR FORCE IN AGRICULTURE TO VALUE OF FARM PRODUCTS, FARM INCOME, WAGE RATES AND VALUE OF MACHINERY

United States, 1939*

| Group | Labor force in agriculture | Farm products per farm worker | Farm products per farm | Net income per farm | Net income and wages per farm worker | Farm wage rate | Machinery per farm worker |
|---|---|---|---|---|---|---|---|
| | (1) Per cent | (2) Dollars | (3) Dollars | (4) Dollars | (5) Dollars | (6) Dollars | (7) Dollars |
| First | 6.9 | 1452 | 2085 | 806 | 865 | 2.53 | 516 |
| Second | 17.5 | 1290 | 1777 | 770 | 799 | 2.08 | 438 |
| Third | 29.8 | 1044 | 1509 | 723 | 645 | 1.83 | 437 |
| Fourth | 42.0 | 851 | 1235 | 661 | 543 | 1.49 | 348 |

*Figures for each group are simple averages of states in that group.

Source: **Sixteenth Census of the United States: 1940, "Population,"** Volume II.
**Sixteenth Census of the United States: 1940, "Agriculture,"** Volumes I and II.
**Survey of Current Business,** June 1943, p. 18.
U. S. Department of Agriculture, **Agricultural Statistics,** 1940, pp. 580-581.

In Table 4 we also find a general direct association of farm wage rates and a higher degree of industrialization. We find that as the proportion of workers in agriculture declines the value of machinery and the value of farm products per worker increases. Size of farm, measured in terms of total value of products sold, traded, or used increases with industrialization. Net income and wages per farm worker rise, but net income per farm shows a smaller increase. This may be because higher farm wages increase the costs of farmers who hire labor.

We conclude from Table 4 that there appears to be a general relationship between increased industrialization and increased productivity of farm workers although the data do not conclusively prove that industrialization increases the prodictivity of the agricultural labor force. The reason for the lack of finality in the data lies in the complex of other factors affecting agricultural income. The relationship shown is more significant because other factors tend to obscure it. The exact effect of industrialization in any given state on farm labor productivity cannot be accurately inferred from the above table. The effect must be deduced in the light of specific local agricultural conditions. Despite the complex of other pertinent factors affecting agriculture, however, Table 4 shows that this theory is reasonable. Therefore, we conclude that industrialization may reasonably be expected to increase farm labor productivity in the long run.

In Table 5 and Chart 2 we compare for fifteen southern states the proportion of the labor force in agriculture, value of products per farm worker, farm wage rates, and value of machinery per farm worker. These items appear to increase with industrialization although again there is no conclusive statistical verification. We conclude that in the South, in any specific state or area, industrialization in the long run probably will increase the productivity of agricultural labor. The exact effect again cannot be inferred from the table but must be modified by considering local conditions. Specifically the effect of industrialization on agriculture will be in part determined by the type of farming in a given area. It appears reasonable, however, to conclude that in nearly all types of farming areas industrialization operates to increase the productivity of labor in agriculture.

TABLE 5

PROPORTION OF LABOR FORCE IN AGRICULTURE, VALUE OF PRODUCTS AND MACHINERY PER FARM WORKER, AND FARM WAGE RATES

Fifteen Southern States, 1939

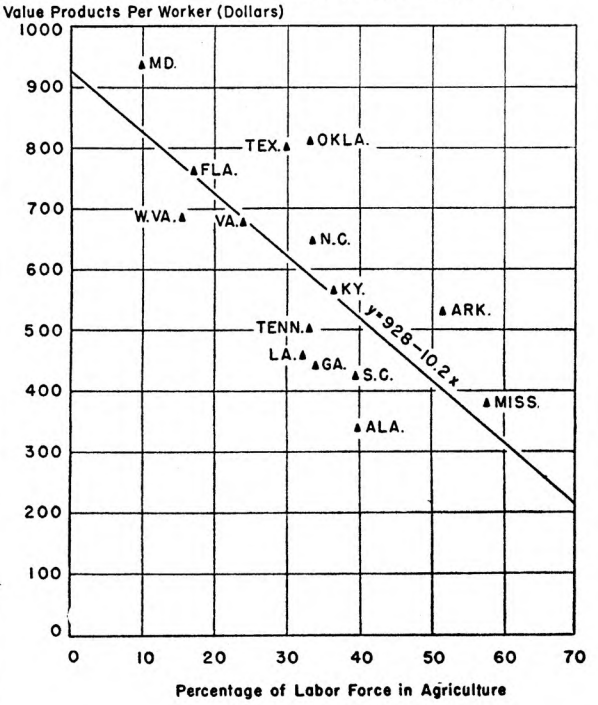
| State | Labor force in agriculture | Products per farm worker | Machinery per farm worker | Farm Wage Rates |
|---|---|---|---|---|
| | (1) Per cent | (2) Dollars | (3) Dollars | (4) Dollars |
| Maryland | 9.9 | 934 | 313 | 1.95 |
| West Virginia | 15.3 | 685 | 188 | 1.50 |
| Florida | 17.1 | 761 | 175 | 1.25 |
| Virginia | 23.9 | 678 | 170 | 1.45 |
| Texas | 29.8 | 801 | 284 | 1.30 |
| Louisiana | 32.3 | 459 | 144 | 1.05 |
| Oklahoma | 33.1 | 810 | 360 | 1.55 |
| Tennessee | 33.1 | 502 | 158 | 1.05 |
| North Carolina | 33.6 | 647 | 112 | 1.20 |
| Georgia | 33.9 | 442 | 95 | .90 |
| Kentucky | 36.5 | 565 | 134 | 1.30 |
| South Carolina | 39.4 | 425 | 93 | .80 |
| Alabama | 39.6 | 339 | 84 | .90 |
| Arkansas | 51.4 | 530 | 125 | 1.05 |
| Mississippi | 57.7 | 379 | 96 | .95 |

Source: **Sixteenth Census of the United States: 1940, "Population,"** Volume II.
**Sixteenth Census of the United States: 1940, "Agriculture,"** Volumes I and II.
U. S. Department of Agriculture, **Agricultural Statistics,** 1940, pp. 580-581.

Chart 2

PERCENTAGE OF LABOR FORCE IN AGRICULTURE, AND VALUE OF FARM PRODUCTS SOLD, TRADED OR USED PER FARM WORKER

FIFTEEN SOUTHERN STATES, 1939




## Short Run Effects of Industrialization Upon Agriculture

The above analysis has been concerned with the essentially long-run aspects of industrialization. In the short-run industrialization may take the form of increasing off-farm work opportunities for farm families instead of drawing farmers completely off the land. It is granted, of course, that even as a long-run proposition there might be a fairly large amount of part-time farming. McVay studied the short-run effect of industrialization on use of agricultural resources in two textile counties in North Carolina.[2] He found that off-farm work significantly increased the total family income and more fully utilized the available farm labor supply. Average off-farm unit return was more than twice as great as the farm unit return. However, the off-farm income received was offset nearly one-half by a decline in farm income. This decline was caused by a reduction in acreage of the cash crops, cotton and tobacco, even though total crop acreage per farm did not decline significantly as off-farm work increased.

There was a higher unit return, McVay says, to farm labor on full-time than on part-time farms. This was because the farm labor supply actually used for farm work was more efficiently utilized on full-time farms in growing more cotton and tobacco. During the periods of peak labor requirements for these crops (but not at other times) available farm family labor is used very efficiently and completely.

McVay's study does not include the effect of industrialization on the hired farm labor supply and wage rates, nor on the organization of full-time farms. It appears obvious, though, that as the available idle labor of part-time farmers is directed into industrial employment an important source of hired farm labor is eliminated. The effect would be to raise farm wage rates and provide some incentive toward mechanization.

In the short run then, the effect of industrialization modifies in some respects the conclusions reached in the previous long-run analysis. The income of farm people is higher than shown because of the receipts from non-farm work. Wages of hired labor are higher but this factor tends to depress net income of farmers hiring labor. On balance the preceding long-run analysis seems to underestimate the beneficial effect of industrialization on the income from all sources of farm people.

McVay points out that agricultural resources might be more efficiently utilized if part-time farmers obtained full-time employment off the farm. They could then abandon commercial farming altogether, rent most of the cropland to full-time farmers, and use their farms only as residences and as sources of the family food supply. The remaining full-time farmers would have larger farms and could more easily introduce mechanization and efficiency-improving measures.

## Conclusion

As the national income of the country increases, agriculture receives, in the long run, a smaller share of the national income because the demand for non-agricultural goods increases more than the demand for farm products. This tends to make average income per worker in agriculture and in agricultural areas less than the average income per worker in other occupations and in other areas. In order to raise the average income per worker in agriculture and in heavily agricultural areas like the South it is necessary, in the long run, that some people engaged in agriculture move to other occupations where they can obtain higher incomes and that per capita production on farms be increased.

In this article we have noted the reasons for believing that increased industrialization is the soundest single long-time approach to the lifting of the level of average income in an area and for the agricultural segment of the area. This is not to say that other approaches should not be used or that they would not be of some help. In fact a co-ordinated approach would probably be more effective than any single approach. As farm workers move from agriculture to other occupations income per worker in agriculture tends to increase. This removal of excess labor resources from agriculture encourages and permits farm enlargement, mechanization, and the adoption of labor-saving and soil-conserving practices and enlarges the market for livestock and dairy products.

Policy is not and should not be formed solely from economic considerations. However, a policy of promoting and developing industry in this area would, in the long run, have the effect of increasing average incomes, including agricultural incomes, in this area.

[2] McVay, Factory Meets Farm in North Carolina, North Carolina Technical Bulletin No. 83, October 1947.

# Earnings and Profits of Fifth District Member Banks, 1947

Net current earnings of the member banks of the Fifth Federal Reserve District reached a new high of $45.5 million in 1947, representing an increase of 7 per cent over 1946. This was contrary to the downward change for all member banks in the United States, whose net earnings showed an 8 per cent decline from the previous year. Total Fifth District earnings made a larger dollar increase over 1946 than did expenses, but percentage-wise, expenses gained more rapidly—12 per cent as compared with the 10 per cent increase in earnings. The substantial decline in profits on securities and declines in recovery items were accompanied by increases in losses and charge-offs: the result was a net loss on assets, the first to occur since 1942. This factor more than offset the increase in net current earnings, and caused a decline of 6 per cent in profits before income taxes.

**TABLE I**

**MEMBER BANK EARNINGS**
**FIFTH FEDERAL RESERVE DISTRICT**
**(Amounts in thousands of dollars)**

| ITEM | 1947 | Chg. from 1946 |
|---|---|---|
| EARNINGS | 121,304 | +11,027 |
| Interest and dividends on securities: | | |
| U. S. Government | 44,077 | — 5,450 |
| Other | 5,214 | + 349 |
| Interest and discount on loans | 51,315 | +14,362 |
| Service charges and fees on loans | 341 | + 82 |
| Service charges on deposit accounts | 6,536 | + 870 |
| Other charges, commissions, fees, etc. | 4,070 | — 30 |
| Trust Department | 4,991 | + 334 |
| Other current earnings | 4,760 | + 510 |
| EXPENSES | 75,769 | + 8,037 |
| Salaries—officers | 13,813 | + 1,379 |
| Salaries and wages—employees | 21,686 | + 2,732 |
| Directors' and committee members' fees | 918 | + 118 |
| Interest on time deposits | 11,415 | + 768 |
| Interest on borrowed money | 125 | + 15 |
| Taxes other than on net income | 4,389 | + 101 |
| Recurring depreciation on banking house, furniture and fixtures | 2,086 | + 208 |
| Other current expenses | 21,337 | + 2,716 |
| NET CURRENT EARNINGS BEFORE INCOME TAXES | 45,535 | + 2,990 |
| RECOVERIES AND PROFITS | 6,924 | — 4,936 |
| Recoveries on securities | 1,132 | — 26 |
| Profits on securities | 2,553 | — 4,269 |
| Recoveries on loans | 1,985 | — 350 |
| All other | 1,254 | — 291 |
| LOSSES AND CHARGE-OFFS | 7,242 | + 890 |
| On securities | 3,493 | + 440 |
| On loans | 2,079 | + 784 |
| All other | 1,670 | — 334 |
| PROFITS BEFORE INCOME TAXES | 45,217 | — 2,836 |
| TAXES ON NET INCOME | 13,220 | + 97 |
| NET PROFITS | 31,997 | — 2,933 |
| CASH DIVIDENDS DECLARED | 11,752 | + 615 |
| On preferred stock | 70 | — 27 |
| On common stock | 11,682 | + 642 |

Interest on United States Government obligations fell by $5.5 million, or 11 per cent, as holdings of these securities continued to decline. Larger portfolios of other securities were reflected in increased returns in the form of interest and dividends, although of course, this increase was of small importance relative to the decline in interest on Governments. Earnings on loans provided the basis of the gain in earnings, the 39 per cent increase being far in excess of the decline in return on investments. It was also in excess of the increase in returns on loans for member banks of the country as a whole, which amounted to 34 per cent. Aggregate Fifth District loan portfolios increased by 25 per cent during the year.

All other forms of earnings showed increases from the previous year with the exception of "other charges, commissions, fees, etc." A small decline was noted in this relatively minor source of income.

All classes of expenses registered increases during 1947. The percentage increases of member banks in the Fifth District and in the United States of this year's expenses over the previous years were the same—12 per cent. Approximately one-half of the increase in the Fifth District expenses was attributed to the increase of salaries and wages of officers and employees. Year-end bank employment increased by 5 per cent while aggregate salaries and wages showed a 13.1 per cent gain. "Other expenses" accounted for about one-third of the net gain in total expenses; this was an increase of $2,716,000 or 14.6 per cent over the 1946 figure.

Total earnings exceeded total expenses for 1947 by $46 million dollars; however, this figure was reduced by the $318,000 excess of losses and charge-offs over recoveries and profits on assets. Total recoveries in the Fifth District dropped 42 per cent in 1947, which was a larger fall than the 35 per cent decrease registered by all member banks. Losses and charge-offs of the former increased 14 per cent while those of the latter were approximately the same as in 1946.

Taxes on net income for Fifth District member banks increased 0.7 of 1 per cent and net profits declined by 8.4 per cent. On the earnings statement of all member banks the former increased by 10.2 per cent accompanied by a drop of 13.7 per cent in the latter. Thus, the trend lines for net profits were in the same direction in both instances although the decrease in the Fifth District was not as great as for the country as a whole.

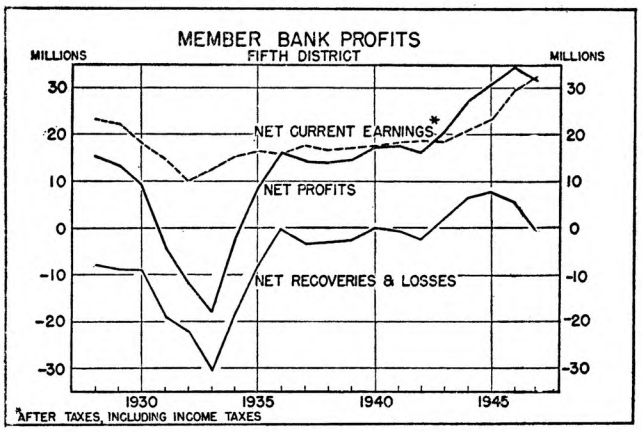
The ratios of net current earnings and net profits to total capital accounts in 1947 are 12.6 per cent and 8.8 per cent respectively for all member banks in the Fifth District, and 11.2 per cent and 7.9 per cent respectively for all member banks in the nation as a whole.

The total amount of cash dividends declared increased by 6 per cent; this increase was the result of a $642,000 increase in dividends on common stock, while dividends on preferred stock decreased by $27,000 or 28 per cent.

## TREND IN EARNINGS

The chart below presents a graphic picture of the relationship of net current earnings, net recoveries and losses, and net profits for the past 20 years, and from it certain conclusions may be reached as to the significance

of the past year's record. Net current earnings established an all-time high of $46 million in 1947. It should be noted, however, that the rate of increase has declined from that of previous years; while 1946 showed a 25 per cent increase over 1945, the increase from 1946 to 1947 was 7 per cent.




Of equal importance was the reversal in 1947 of the position of changes in value of assets as a determinant of profits. As previously stated, this factor had contributed to increased profits in the four previous years, due to the small charge-offs that occurred during these years, and, more especially, to the substantial profits that were realized on transactions in United States Government obligations. Last year saw increased—although still small—losses on assets and greatly reduced profits on securities sold or redeemed. The former represents to some extent reserves established under the recent ruling of the Commissioner of Internal Revenue; the latter, however, came about through the reversal of price trends in long-term Government securities. Since banks are risk-taking institutions receiving a part of their return for the risk entailed, there is no reason for viewing with alarm the moderate increase that has occurred in losses and provisions for losses. Likewise, since gains on securities were in large measure windfall gains, there is no occasion for alarm at their cessation. It is important, however, that bankers realize that these factors, which have in the past few years made such an important contribution to profits, are no longer to be counted upon. Instead, it is likely on the basis of past experience that changes in values of assets will serve as reductions of profits in the future.

Net profits decreased by 8 per cent, but were still $1.9 million higher than the 1945 amount. Since 1942, net profits have shown an upward trend, but this was arrested in 1947 and net profits as a result dropped from $34.9 million to $32.0 million.

## OPERATIONS BY SIZE OF BANK

In order to provide the basis for a comparison of earnings and profits for 1947 with those of the preceding year, data for 470 identical banks for the two years have been obtained by making the necessary adjustments for banks eliminated from or added to the Federal Reserve System during 1947 and for consolidations effected during the past year. Similarly, adjustments have been made for those banks which moved into a different size group during 1947. The resultant grouping by deposit size discloses the detailed changes in the sources and disposition of earnings during 1947 and permits an analysis of the changes experienced in the reader's bank against the aggregate changes of the pertinent size group.

## EARNINGS

### Interest and Discount on Loans

The large increase of earnings on commercial loans was the most notable development in banking operations throughout the country during the year 1947. That this observation is applicable also to the Fifth Federal Reserve District has already been indicated in a preceding paragraph, where it was pointed out that the greatest increase in Fifth District member-bank earnings was derived from the loan portfolio.

In 1946, 33.7 per cent of total earnings were attributable to interest and discount on loans; in 1947 this figure climbed to 42.5 per cent for all member banks in the Fifth District. In each size group, the loan contribution to total earnings was, in each case, a greater percentage than in the preceding year, ranging from 35 per cent to 52 per cent. The average gain in this direction was 8.8 percentage points, and the four smallest size groups realized the largest gains, all more than this average figure. This was not true in 1946, when the largest gains were made by the three largest size groups in which the relative importance of earnings on loans increased more from 1945 to 1946 than in the four smaller groups shown. The above noted shift of the increase of earnings on loans was to be expected, for the greatest increases in loan portfolios of member banks during 1947 took place in the smallest banks; the medium sized banks were second, while the largest banks registered the least change of all groups. This source of income comprised a substantially larger proportion of total earnings in the smaller banks than it did in the larger banks; in the case of the three smallest size groups, this proportion was approximately 50 per cent. The accompanying table shows this analysis in detail.

**TABLE II**

| Deposit size | Earnings on loans | | | Earnings on loans as a percentage of total earnings | |
|---|---|---|---|---|---|
| ($ Million) | 1946 | 1947 | % Inc. | 1946 | 1947 |
| Under 2 | 1,600 | 2,310 | 44.4 | 42.6 | 52.1 |
| 2-4.9 | 5,030 | 7,310 | 45.3 | 40.8 | 50.6 |
| 5-9.9 | 4,743 | 6,795 | 43.3 | 40.1 | 50.1 |
| 10-24.9 | 7,726 | 11,230 | 45.4 | 37.5 | 47.9 |
| 25-49.9 | 3,808 | 5,225 | 37.2 | 35.8 | 44.3 |
| 50-99.9 | 5,090 | 6,527 | 28.2 | 27.7 | 34.2 |
| 100 and over | 8,708 | 11,510 | 32.2 | 27.7 | 34.8 |
| 470 banks | 36,705 | 50,907 | 38.7 | 33.7 | 42.5 |

The percentage increase for the 470 member banks in the Fifth District from 1946-1947 in interest and discount on loans was 38.7 per cent, ranging from 28 per

cent for the next-to-the-largest size group of banks with deposits of $50-100 million to 45 per cent in the $2-5 million group.

It may be seen from Table II that the pattern of gains was a mixed one, although the largest increases tended to be concentrated in the smaller banks.

## Interest and Dividends on Securities

Interest and dividends on securities earned by the 470 banks in the compilation declined from $53,687,000 in 1946 to $48,707,000 in 1947; this decrease of 9.3 per cent reversed the upward trend of earnings in this category, which had been unbroken since the inception of the war financing program. There were two main factors involved: first, and of greater importance, the Treasury's debt redemption program has been directed at bank-held securities and has had a double pressure on the reduction of their holdings; and, second, the uncertainties in the money market during the second half of 1947 resulted in a shifting of bank holdings into lower-yield, short-term securities. The result of the redemption program was a 10 per cent decline in Governments held by Fifth District member banks from December 1946 to December 1947.

Each size group showed a decline in the amount received from interest and dividends on securities. The larger banks registered the greatest decline; and this is perhaps a consequence, for the most part, of the greater effect of the debt retirement program upon the earning assets of these large banks than upon those of small banks. The distribution of these declines may be seen in the accompanying table.

TABLE III

| Deposit size | Interest and dividends on securities ($ Thousand) | | | Interest and dividends on securities as a percentage of total earnings | |
|---|---|---|---|---|---|
| ($ Million) | 1946 | 1947 | % Inc. | 1946 | 1947 |
| Under 2 | 1,772 | 1,739 | — 1.9 | 47.2 | 39.2 |
| 2-4.9 | 5,877 | 5,630 | — 4.2 | 47.6 | 39.0 |
| 5-9.9 | 5,599 | 5,076 | — 9.4 | 47.3 | 37.4 |
| 10-24.9 | 9,656 | 8,711 | — 9.8 | 46.9 | 37.2 |
| 25-49.9 | 4,920 | 4,420 | —10.2 | 46.3 | 37.5 |
| 50-99.9 | 9,484 | 8,400 | —11.4 | 51.6 | 44.0 |
| 100 and over | 16,379 | 14,731 | —10.1 | 52.1 | 44.5 |
| 470 banks | 53,687 | 48,707 | — 9.3 | 49.3 | 40.6 |

Interest and dividends from securities rank second to interest and discount on loans in supply income. In all banks the contribution of interest and dividends to total earnings was 40.6 per cent; in 1946, this figure was 49.3 per cent. In contrast to earnings on loans, it is the largest banks which have a greater proportion of their earnings supplied by interest and dividends from securities. All groups had a proportionally smaller part of their earnings from this source than in 1946, and the largest decreases were registered by banks with deposits of from $5 million to $25 million.

## Service Charges

Table IV shows that earnings in the form of service charges on deposit accounts increased 15.5 per cent in 1947 over the preceding year. This $873,000 increase reflects the accelerating tempo of activity of bank balances during the year. The largest increase was realized in banks with deposits of $25-50 million, and the smallest increase was found in banks with deposits under $2 million.

TABLE IV.

| Deposit size | Service charges on deposit accounts ($ Thousand) | | | As a percentage of total earnings | |
|---|---|---|---|---|---|
| ($ Million) | 1946 | 1947 | % Inc. | 1946 | 1947 |
| Under 2 | 166 | 179 | 7.8 | 4.4 | 4.0 |
| 2-4.9 | 554 | 614 | 10.8 | 4.5 | 4.3 |
| 5-9.9 | 617 | 703 | 13.9 | 5.2 | 5.2 |
| 10-24.9 | 1,204 | 1,417 | 17.7 | 5.8 | 6.0 |
| 25-49.9 | 763 | 900 | 18.0 | 7.2 | 7.6 |
| 50-99.9 | 933 | 1,056 | 13.2 | 5.1 | 5.5 |
| 100 and over | 1,380 | 1,621 | 17.5 | 4.4 | 4.9 |
| 470 banks | 5,617 | 6,490 | 15.5 | 5.2 | 5.4 |

Total income from service charges on deposit accounts, expressed as a percentage of total earnings, was approximately the same as last year for the 470 member banks in the Fifth District under consideration. Among the different size groups there were minor changes, all showing slight increases with the exception of the two smallest groups.

## Trust Department Earnings

Of the 470 member banks included in the compilation, 178 maintained trust departments, an increase of 10 over 1946. Earnings from this source increased from $4,656,000 in 1946 to $4,990,000 in 1947, a gain of 7 per cent. The accompanying table illustrates the extreme variation among size groups as to the percentage increases, the largest increase occurring in the $2-5 million deposit size group. The contribution made by these earnings to total earnings is relatively small in each individual group with the exception of three groups—$2-5 million, $25-50 million, and $50-100 million.

TABLE V

| Deposit size | Trust department earnings ($ Thousand) | | | As a percentage of total earnings | |
|---|---|---|---|---|---|
| ($ Millions) | 1946 | 1947 | % Inc. | 1946 | 1947 |
| Under 2 | 7 | 5 | —28.6 | .2 | .1 |
| 2-4.9 | 139 | 177 | 27.3 | 1.1 | 1.2 |
| 5-9.9 | 202 | 207 | 2.5 | 1.7 | 1.5 |
| 10-24.9 | 560 | 564 | .7 | 2.7 | 2.4 |
| 25-49.9 | 282 | 358 | 27.0 | 2.7 | 3.0 |
| 50-99.9 | 1,380 | 1,518 | 10.0 | 7.5 | 8.0 |
| 100 and over | 2,086 | 2,162 | 3.6 | 6.6 | 6.5 |
| 470 banks | 4,656 | 4,990 | 7.2 | 4.3 | 4.2 |

## Total Earnings

The net effect of the above discussed changes in the components of the banks' income was to increase total earnings from $108,979,000 to $119,873,000 during 1947, a rise of 10 per cent. Each size group registered an increase, but the largest increases were registered by the smallest banks. The $50-100 million deposit group, in conjunction with the $100 million and over group, drew down the average gain, for the other five groups and gains ranging from 11 per cent to 18 per cent, the latter realized by the under $2 million deposit group. The up-

ward trend for earnings is still continuing, but at a decreasing rate.

## EXPENSES

### Salaries and Wages

Banks were not excluded from the wage rises which have been so prevalent, as is pointed up by the increase in the amount paid out in salaries and wages—from $31,036,000 in 1946 to $35,129,000 in 1947—by 470 member banks in the Fifth District. Of the $7,973,000 increase during 1947 in total expenses, $4,093,000, or 51 per cent, of it was in salaries and wages. In 1946, salaries and wages accounted for 57 per cent of total expenses. Table VI shows that the increase in salaries and wages in 1947 over the previous year was approximately the same in all size groups, with the $50-100 million showing a slightly smaller increase than the others. The average increase of the 470 banks under study was 13 per cent.

TABLE VI

| Deposit size | Salaries and wages ($ Thousand) | | | As a percentage of total earnings | |
|---|---|---|---|---|---|
| ($ Millions) | 1946 | 1947 | % Inc. | 1946 | 1947 |
| Under 2 | 959 | 1,105 | 15.2 | 25.6 | 24.9 |
| 2-4.9 | 3,158 | 3,632 | 15.0 | 25.6 | 25.2 |
| 5-9.9 | 3,135 | 3,563 | 13.7 | 26.5 | 26.2 |
| 10-24.9 | 5,490 | 6,329 | 15.3 | 26.7 | 27.0 |
| 25-49.9 | 3,280 | 3,707 | 13.0 | 30.9 | 31.4 |
| 50-99.9 | 5,686 | 6,283 | 10.5 | 30.9 | 32.9 |
| 100 and over | 9,328 | 10,510 | 12.7 | 29.6 | 31.7 |
| 470 banks | 31,036 | 35,129 | 13.2 | 28.5 | 29.3 |

In the three smallest size groups there was a very slight decrease in the amount of total earnings which were absorbed by salaries and wages, while, on the other hand, the other four groups and the group average showed a small increase. In all groups (excluding the three smallest) the percentage increases in salaries and wages were larger than the percentage increases in total earnings.

### Interest Paid on Time and Savings Deposits

Interest charges on deposits increased $770,000 or 7 per cent. Since average time deposits increased by $22,-219,000 or 2 per cent it is indicated that a slightly higher average rate of interest was paid in 1947 than in 1946.

TABLE VII

| Deposit size | Interest paid on time and savings deposits ($ Thousand) | | |
|---|---|---|---|
| ($ Million) | 1946 | 1947 | % Inc. |
| Under 2 | 585 | 628 | 7.4 |
| 2-4.9 | 1,826 | 2,000 | 9.5 |
| 5-9.9 | 1,630 | 1,802 | 10.6 |
| 10-24.9 | 2,323 | 2,491 | 7.2 |
| 25-49.9 | 841 | 851 | 1.2 |
| 50-99.9 | 1,355 | 1,422 | 4.9 |
| 100 and over | 1,840 | 1,976 | 7.4 |
| 470 banks | 10,400 | 11,170 | 7.4 |

As can be seen in Table VII, there is no uniformity among size groups as to the percentage increase of 1947 over the previous year. The greatest increase, 11 per cent, was realized by the $5-10 million deposit group, while the smallest increase, 1 per cent, was realized by the $25-50 million deposit group.

### Other Current Expenses

"Other current expenses" of the 470 member banks accounted for the same percentage of total expenses in 1947 as in 1946. This item increased by 12 per cent in 1947, while the total increase in current earnings was only 10 per cent; this resulted in a slightly higher percentage (1/2 of 1 per cent) of current earnings being used for "other expenses." As is seen in the accompanying table, the largest and the smallest groups of banks had the smallest increases; the $5-10 million and $10-25 million groups led the increase.

TABLE VIII

| Deposit size | Other expenses ($ Thousand) | | |
|---|---|---|---|
| ($ Million) | 1946 | 1947 | % Inc. |
| Under 2 | 855 | 943 | 10.3 |
| 2-4.9 | 2,685 | 3,072 | 14.4 |
| 5-9.9 | 2,531 | 2,931 | 15.8 |
| 10-24.9 | 4,480 | 5,189 | 15.8 |
| 25-49.9 | 2,553 | 2,920 | 14.4 |
| 50-99.9 | 4,427 | 5,000 | 11.7 |
| 100 and over | 7,829 | 8,465 | 8.1 |
| 470 banks | 25,410 | 28,520 | 12.2 |

### Total Expenses and Net Current Earnings

The 12 per cent increase from 1946 to 1947 in total expenses is shown in the following composite table to be rather evenly distributed among the seven size groups. In the $10-25 million group, expenses increased by a greater percentage than did any other size group.

TABLE IX

| Deposit size | Total earnings ($ Thousand) | | | Total expenses ($ Thousand) | | | Net current earnings ($ Thousand) | | |
|---|---|---|---|---|---|---|---|---|---|
| ($ Million) | 1946 | 1947 | % Inc. | 1946 | 1947 | % Inc. | 1946 | 1947 | % Inc. |
| Under 2 | 3,752 | 4,432 | 18.1 | 2,398 | 2,675 | 11.6 | 1,354 | 1,757 | 29.8 |
| 2-4.9 | 12,337 | 14,440 | 17.0 | 7,670 | 8,704 | 13.5 | 4,667 | 5,736 | 22.9 |
| 5-9.9 | 11,840 | 13,575 | 14.7 | 7,296 | 8,296 | 13.7 | 4,545 | 5,279 | 16.1 |
| 10-24.9 | 20,589 | 23,445 | 13.9 | 12,293 | 14,009 | 14.0 | 8,296 | 9,435 | 13.7 |
| 25-49.9 | 10,624 | 11,792 | 11.0 | 6,673 | 7,478 | 12.1 | 3,951 | 4,314 | 9.2 |
| 50-99.9 | 18,373 | 19,082 | 4.9 | 11,518 | 12,705 | 10.3 | 6,855 | 6,377 | —7.0 |
| 100 and over | 31,464 | 33,107 | 5.2 | 18,997 | 20,951 | 10.3 | 12,467 | 12,156 | —2.5 |
| 470 banks | 108,979 | 119,873 | 10.0 | 66,845 | 74,818 | 11.9 | 42,135 | 45,054 | 6.9 |

The under $2 million deposit group had the largest percentage increase in net current earnings. In this group, total earnings expanded to a greater extent than did total expenses, and, as a result, net current earnings increased 30 per cent. The percentage increase in net earnings decreased as the size groups increased with the two largest groups of banks showing decreases.

### Profits and Recoveries: Losses and Charge-offs

The trend of net recoveries and charge-offs has been previously discussed. The components of this figure for 1947 may be noted from Table X.

**TABLE X**

**Net Recoveries, Profits, Charge-Offs, and Losses**

**($ Thousand)**

| Deposit size ($ million) | On securities | | On loans | | Other | | Total | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1946 | 1947 | 1946 | 1947 | 1946 | 1947 | 1946 | 1947 | % Chg. |
| Under 2 | + 97 | + 10 | + 18 | — 32 | — 29 | — 14 | + 86 | — 36 | ..... |
| 2-4.9 | + 212 | + 42 | + 130 | —138 | + 81 | + 19 | + 423 | — 77 | ..... |
| 5-9.9 | + 251 | +123 | + 117 | + 1 | + 84 | — 24 | + 451 | +100 | —77.8 |
| 10-24.9 | + 982 | —220 | + 303 | + 76 | —259 | —319 | +1,026 | —463 | ..... |
| 25-49.9 | + 334 | — 87 | + 87 | +130 | +101 | + 45 | + 522 | + 88 | —83.2 |
| 50-99.9 | +1,050 | + 79 | + 377 | —122 | —151 | + 51 | +1,275 | + 8 | —99.4 |
| 100 and over | +1,958 | +202 | — 6 | — 7 | —297 | —157 | +1,655 | + 38 | —97.7 |
| 470 banks | +4,884 | +149 | +1,026 | — 92 | —470 | —399 | +5,438 | —342 | ..... |

The net reduction in recoveries and profits on securities during the past year was $4,735,000, on loans $1,128,000 and there was a decrease of $71,000 in net loss on all other accounts. The last column of the table shows the percentage declines resulting from the net effects of the changes from 1946 to 1947 in recoveries, charge-offs, etc. It will be noticed that because some of the 1947 figures are negative it is not possible in all cases to compute a percentage decline. In the four groups for which these could be computed, the percentage declines are all over 75 per cent, the decline of the two largest groups being nearer 100 per cent.

## Taxes and Net Profits

Income taxes and net profits by size groups of banks are summarized in Table XI. Income taxes for 1947 amounted to $13 million, an increase of only .6 of 1 per cent over the 1946 payment. With profits before income taxes falling 6 per cent, the slight increase in income taxes contributed to the 8.5 per cent decrease in net profits after taxes.

The range of change in taxes within the seven size groups was very wide, extending from an increase of 36 per cent for the $5-10 million group of banks to a reduction of 21 per cent for the banks in the $50-100 million group.

Income taxes as a percentage of net profits before income taxes were in every case a larger percentage in 1947 than in 1946 with the exception of the largest group of banks, i. e., those having deposits of $100 million and over. The $5-10 million group registered the largest increase.

Net profits after taxes decreased from $34,571,000 in 1946 to $31,629,000 in 1947 in the 470 member banks in the Fifth District under consideration. Only two groups showed increases over the preceding year, these being the two smallest. The under $2 million group registered the largest increase of 18 per cent, while on the other hand the greatest decline (22 per cent) was experienced by the $50-100 million group.

Net profits reached their peak in 1946, and 1947 showed a downward turn; however, the $31,629,000 is greater than the 1945 amount of $30,108,000. Thus the general bank earnings picture for 1947 is presented by two opposing trends—net earnings were up and net profits were down.

**TABLE XI**

**($ Thousand)**

| Deposit size ($ Million) | Income taxes | | | Income taxes as a % of net profits before taxes | | Net profits | | |
|---|---|---|---|---|---|---|---|---|
| | 1946 | 1947 | % Inc. | 1946 | 1947 | 1946 | 1947 | % Inc. |
| Under 2 | 243 | 315 | 29.6 | 16.9 | 18.3 | 1,197 | 1,406 | 17.5 |
| 2-4.9 | 1,040 | 1,353 | 30.1 | 20.4 | 23.9 | 4,050 | 4,306 | 6.3 |
| 5-9.9 | 1,176 | 1,595 | 35.6 | 23.5 | 29.7 | 3,820 | 3,784 | —1.0 |
| 10-24.9 | 2,833 | 3,238 | 14.3 | 30.4 | 36.1 | 6,489 | 5,735 | —11.6 |
| 25-49.9 | 1,382 | 1,388 | .4 | 30.9 | 31.5 | 3,092 | 3,015 | —2.5 |
| 50-99.9 | 2,506 | 1,976 | —21.2 | 30.8 | 31.0 | 5,624 | 4,407 | —21.6 |
| 100 and over | 3,823 | 3,218 | —15.8 | 27.1 | 26.4 | 10,299 | 8,976 | —12.9 |
| 470 banks | 13,003 | 13,083 | .6 | 27.3 | 29.3 | 34,571 | 31,629 | —8.5 |

## Cash Dividends Declared

Although the total amount of dividends declared by the 470 banks increased by 6 per cent to $11.7 million, the reduction of net profits by 16 per cent resulted in an increase in the percentage which cash dividends declared were of net profits from 32 per cent in 1946 to 37 per cent in 1947. It can be seen in Table XII that with the exception of all banks under $5 million in deposit size the other groups declared a larger percentage of net profits as dividends in 1947 than in 1946.

**TABLE XII**

**Cash Dividends Declared**

| Deposit size ($ Million) | 1946 | | 1947 | |
|---|---|---|---|---|
| | $000 | % of net profits | $000 | % of net profits |
| Under 2 | 280 | 23.4 | 320 | 22.8 |
| 2-4.9 | 1,185 | 29.3 | 1,250 | 29.0 |
| 5-9.9 | 980 | 25.7 | 1,047 | 27.7 |
| 10-24.9 | 1,974 | 30.4 | 2,055 | 35.8 |
| 25-49.9 | 979 | 31.7 | 1,073 | 35.6 |
| 50-99.9 | 1,662 | 29.6 | 1,804 | 40.9 |
| 100 and over | 3,968 | 38.5 | 4,124 | 45.9 |
| 470 banks | 11,028 | 31.9 | 11,673 | 36.9 |

## Business Conditions

Continued from page 2

Department store inventories which rose to a peak after seasonal adjustment in January were higher in that month in relation to sales than at anytime since the inventory boom of 1942. February seasonally adjusted inventories, despite some improvement in adjusted sales relative to January, rose above the January level and were still well above past inventory-sales relationships. This situation, if true nationally, is probably in large part responsible for the conservative commitments stores are making with their suppliers at the present time.

### Wholesale Trade

Wholesalers' sales in all lines declined from January to February on a seasonally adjusted basis reflecting a high level of retailers' inventories and an effort on the part of retailers to adjust them downward. Declines in wholesalers' seasonally adjusted sales were particularly pronounced in industrial supplies, electrical goods, hardware, and automotive supplies. These may prove to be significant changes, if they are indicative of changes in demand and not temporary physical impediments.

### Conclusion

At the present time production and trade volumes in the Fifth District continue around their peak areas. There is at present a fairly general tendency of buyers to withhold new business commitments in many of the District's important industries. All of these industries are still producing at high levels by living on their order backlogs. These backlogs will begin to run out in some products in May if adequate new business is not booked before that time. Thus far this new business has not appeared despite the rumors and conjectures of substantial military orders. Trade levels are high, but have leveled off. Reduced export demands for the products of this District have been sizeable and coal exports seem likely to decrease after mid-year, i. e., if the embargo is lifted and exports are resumed shortly. A sizeable increase in the appropriation for the military services could rapidly change the appearance of a waning business prospect.

**BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT**
**AVERAGE DAILY 1935-39=100—SEASONALLY ADJUSTED**

| | Feb. 1948 | Jan. 1948 | Dec. 1947 | Feb. 1947 | % Change Feb. 1948 from Jan. 48 | % Change Feb. 1948 from Feb. 47 |
|---|---|---|---|---|---|---|
| Automobile Registration* | ..... | 126 | 134 | 94 | ..... | ..... |
| Bank Debits | 313 | 302 | 309 | 291 | + 4 | + 8 |
| Bituminous Coal Production | 159 | 166 | 170 | 162 | — 4 | — 2 |
| Building Permits Issued | 236 | 375 | 342 | 246 | — 37 | — 4 |
| Business Failures—No. | 28 | 11 | 33 | 14 | +155 | +100 |
| Cigarette Production | 220 | 219 | 218 | 255 | 0 | — 14 |
| Cotton Consumption | 151 | 150 | 153 | 157 | + 1 | — 4 |
| Department Store Sales | 305 | 286 | 322 | 282 | + 7 | + 8 |
| Department Store Stocks | 340 | 335r | 325 | 307 | + 1 | + 11 |
| Electric Power Production | ..... | 257 | 245 | 234 | ..... | ..... |
| Employment—Mfg. Industries* | ..... | 135 | 136 | 134 | ..... | ..... |
| Furniture Orders | ..... | 485 | 528 | 325 | ..... | ..... |
| Furniture Shipments | ..... | 405 | 419 | 264 | ..... | ..... |
| Furniture Unfilled Orders | ..... | 875 | 979 | 682 | ..... | ..... |
| Furniture Sales—Retail | 236 | 260 | 290 | 236 | — 9 | 0 |
| Gasoline Consumption | ..... | ..... | 184 | 157 | ..... | ..... |
| Life Insurance Sales | 231 | 276 | 271 | 247 | — 16 | — 6 |
| Wholesale Trade: | | | | | | |
| Automotive Supplies** | 286 | 317 | 289 | 345 | — 10 | — 17 |
| Drugs | 259 | 276 | 253 | 236 | — 6 | + 10 |
| Dry Goods | 159 | 171 | 237 | 153 | — 7 | + 4 |
| Electrical Goods** | 88 | 105 | 94 | 80 | — 16 | + 10 |
| Groceries | 246 | 263 | 270 | 271 | — 6 | — 9 |
| Hardware | 123 | 140 | 135 | 113 | — 12 | + 9 |
| Industrial Supplies** | 265 | 330 | 422 | 242 | — 20 | + 10 |
| Paper and Its Products** | 160 | 170 | 213 | 150 | — 6 | + 7 |
| Tobacco and Its Products** | 96 | 100 | 116 | 123 | — 4 | — 22 |

* Not seasonally adjusted.
** 1938-41=100.

## STATE AND MUNICIPAL BOND OFFERINGS

July 1-December 31, 1947

| | MARYLAND | | | VIRGINIA | | | WEST VIRGINIA | | | NO. CAROLINA | | | SO. CAROLINA | | | FIFTH DISTRICT | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | No. of issues | Amt. $000 | Per-cent | No. of issues | Amt. $000 | Per-cent | No. of issues | Amt. $000 | Per-cent | No. of issues | Amt. $000 | Per-cent | No. of issues | Amt. $000 | Per-cent | No. of issues | Amt. $000 | Per-cent |
| School building and improvement | 7 | 13,585 | 34.5 | 2 | 935 | 12.3 | 1 | 347 | 12.0 | 13 | 2,165 | 29.3 | 8 | 2,120 | 17.5 | 31 | 19,152 | 27.6 |
| Water, drainage, sewer and sanitary systems | 9 | 9,853 | 25.0 | 5 | 1,675 | 22.1 | 1 | 140 | 4.8 | 23 | 2,738 | 37.1 | 8<br>1 | 1,025<br>5,000)* | 8.4 | 46 | 15,431 | 22.3 |
| Street, road, and bridge building and improvement | 5 | 1,880 | 4.8 | 2 | 1,448 | 19.1 | 2 | 1,960* | 67.9 | 12 | 876 | 11.9 | 7 | 2,020) | 57.9 | 29 | 13,184 | 19.0 |
| Public improvement | 2 | 2,950 | 7.5 | 2 | 2,940 | 38.7 | | ..... | ..... | 5 | 630 | 8.5 | 3 | 760 | 6.3 | 12 | 7,280 | 10.5 |
| Airports | 2 | 6,100 | 15.5 | 3 | 455 | 6.0 | | ..... | ..... | | ..... | ..... | | ..... | ..... | 5 | 6,555 | 9.4 |
| Parks and recreation facilities: | | | | | | | | | | | | | | | | | | |
| Park | .. | ..... | ..... | | ..... | ..... | | ..... | ..... | 1 | 50 | .7 | | ..... | ..... | 1 | 50 | .1 |
| Stadium | 1 | 2,500 | 6.4 | | ..... | ..... | .. | ..... | ..... | | ..... | ..... | | ..... | ..... | 1 | 2,500 | 3.6 |
| Field house | .. | ..... | ..... | | ..... | ..... | 1 | 415 | 14.4 | | ..... | ..... | | ..... | ..... | 1 | 415 | .6 |
| Recreation | 1 | 1,500 | 3.8 | | ..... | ..... | | ..... | ..... | | ..... | ..... | | ..... | ..... | 1 | 1,500 | 2.2 |
| Hospitals, infirmary and nursing home | 2 | 1,000 | 2.5 | | ..... | ..... | | ..... | ..... | .. | ..... | ..... | 1 | 500 | 4.1 | 3 | 1,500 | 2.2 |
| Electric system | | ..... | ..... | | ..... | ..... | | ..... | ..... | 4 | 691 | 9.4 | 1 | 25 | .2 | 5 | 716 | 1.0 |
| Combined public utility system | | ..... | ..... | .. | ..... | ..... | | ..... | ..... | .. | ..... | ..... | 3 | 675 | 5.6 | 3 | 675 | 1.0 |
| General refunding | | ..... | ..... | 1 | 135 | 1.8 | .. | ..... | ..... | 3 | 233 | 3.1 | | ..... | ..... | 4 | 368 | .5 |
| War memorial library | | ..... | ..... | | ..... | ..... | 1 | 25 | .9 | | ..... | ..... | | ..... | ..... | 1 | 25 | .0 |
| Total | 29 | 39,368 | 100.0 | 15 | 7,588 | 100.0 | 6 | 2,887 | 100.0 | 61 | 7,383 | 100.0 | 32 | 12,125 | 100.0 | 143 | 69,351 | 100.0 |

*State issues

Source: Weekly listings in **The Commercial and Financial Chronicle.**

In the October issue of the **Monthly Review** there was presented a report on the municipal bond market that included a table showing state and municipal bond offerings in the Fifth District for the 1st half of 1947. For the purpose of permitting a review of the full year developments a comparable table covering the 2nd half of the year is herewith presented.

## AVERAGE DAILY TOTAL DEPOSITS* OF MEMBER BANKS

| | Last half of Jan. | | Last half of Feb. | |
|---|---|---|---|---|
| | $ thousands | % of U. S. | $ thousands | % of U. S. |
| Maryland | 1,016,776 | .94 | 996,460 | .93 |
| Reserve city banks | 648,127 | .60 | 634,773 | .59 |
| Country banks | 368,649 | .34 | 361,687 | .34 |
| District of Columbia | 936,265 | .86 | 919,675 | .86 |
| Reserve city banks | 914,645 | .84 | 897,955 | .84 |
| Country banks | 21,620 | .02 | 21,720 | .02 |
| Virginia | 1,296,746 | 1.20 | 1,279,645 | 1.20 |
| Reserve city banks | 300,315 | .28 | 296,044 | .28 |
| Country banks | 996,431 | .92 | 983,601 | .92 |
| West Virginia | 583,538 | .54 | 584,882 | .55 |
| North Carolina | 844,461 | .78 | 825,581 | .77 |
| Reserve city banks | 381,431 | .35 | 377,790 | .35 |
| Country banks | 463,030 | .43 | 447,791 | .42 |
| South Carolina | 438,568 | .40 | 436,998 | .41 |
| Fifth District | 5,116,354 | 4.72 | 5,043,241 | 4.71 |
| United States (millions) | 108,342 | 100.0 | 106,992 | 100.0 |

*Excluding interbank demand deposits.

### FEDERAL RESERVE BANK OF RICHMOND
(All Figures in Thousands)

| ITEMS | March 17, 1948 | Chg. in Amt. From 2-18-48 | Chg. in Amt. From 3-12-47 |
|---|---|---|---|
| Total Gold Reserves | $1,088,576 | + 34,189 | — 5,908 |
| Other Reserves | 21,340 | — 305 | + 3,940 |
| Total Reserves | 1,109,916 | + 33,884 | — 1,968 |
| Bills Discounted | 20,209 | — 2,399 | + 3,751 |
| Industrial Advances | 29 | — 17 | + 29 |
| Gov. Securities, Total | 1,323,100 | + 37,026 | — 61,478 |
| Bonds | 366,460 | + 3,681 | +320,055 |
| Notes | 115,217 | + 7,837 | + 87,850 |
| Certificates | 278,592 | — 3,585 | —138,475 |
| Bills | 562,831 | — 44,954 | —330,908 |
| Total Bills & Securities | 1,343,338 | — 39,442 | — 57,698 |
| Uncollected Items | 288,089 | + 19,527 | + 84,054 |
| Other Assets | 27,553 | — 12,430 | + 904 |
| Total Assets | 2,768,896 | + 1,539 | + 25,292 |
| Federal Reserve Notes in Cir. | 1,651,398 | — 20,673 | — 61,097 |
| Deposits, Total | 832,561 | — 1,390 | + 13,315 |
| Members' Reserves | 749,440 | + 30,101 | + 16,707 |
| U. S. Treas. Gen. Acct. | 52,862 | — 41,056 | — 3,120 |
| Foreign | 22,873 | + 4,865 | — 2,133 |
| Other Deposits | 7,386 | + 4,700 | + 1,861 |
| Def. Availability Items | 246,665 | + 22,592 | + 70,334 |
| Other Liabilities | 764 | + 22 | + 132 |
| Capital Accounts | 37,508 | + 988 | + 2,608 |
| Total Liabilities | 2,768,896 | + 1,539 | + 25,292 |

### 41 REPORTING MEMBER BANKS—5th DISTRICT
(All Figures in Thousands)

| ITEMS | March 17, 1948 | Chg. in Amt. From 2-18-48 | Chg. in Amt. From 3-12-47 |
|---|---|---|---|
| Total Loans | $ 827,585 | + 26,265 | +134,177 |
| Bus. & Agri. | 410,576 | + 20,610 | + 74,687 |
| Real Estate Loans | 177,519 | + 1,974 | + 43,006 |
| All Other Loans | 239,490 | + 3,681 | + 16,484 |
| Total Security Holdings | 1,759,356 | — 20,104 | —161,938 |
| U. S. Treasury Bills | 55,042 | — 2,755 | — 15,457 |
| U. S. Treasury Certificates | 176,966 | + 23,039 | — 72,708 |
| U. S. Treasury Notes | 96,416 | — 7,688 | — 1,664 |
| U. S. Gov. Bonds | 1,305,835 | — 35,839 | — 80,593 |
| Other Bonds, Stocks & Sec. | 125,097 | + 3,139 | + 8,484 |
| Cash Items in Process of Col. | 222,154 | + 18,114 | + 37,496 |
| Due from Banks | 168,963* | + 18,152 | — 11,887 |
| Currency & Coin | 62,203 | — 755 | — 573 |
| Reserve with F. R. Bank | 495,231 | + 21,532 | + 13,352 |
| Other Assets | 54,662 | — 940 | + 4,538 |
| Total Assets | 3,590,154 | + 62,264 | + 15,165 |
| Total Demand Deposits | $2,740,706 | + 63,435 | + 12,451 |
| Deposits of Individuals | 2,027,726 | + 24,030 | + 19,772 |
| Deposits of U. S. Gov. | 62,135 | + 10,321 | — 50,739 |
| Deposits of State & Local Gov. | 202,812 | + 17,373 | + 38,699 |
| Deposits of Banks | 390,649* | + 9,692 | — 16,116 |
| Certified & Officers' Checks | 57,384 | + 2,019 | + 20,835 |
| Total Time Deposits | 606,381 | — 1,206 | — 11,106 |
| Deposits of Individuals | 587,655 | — 576 | — 9,760 |
| Other Time Deposits | 18,726 | — 630 | — 1,346 |
| Liabilities for Borrowed Money | 12,400 | — 650 | + 2,800 |
| All Other Liabilities | 17,254 | — 529 | — 175 |
| Capital Accounts | 213,413 | + 1,214 | + 11,195 |
| Total Liabilities | 3,590,154 | + 62,264 | + 15,165 |

*Net Figures, reciprocal balances being eliminated.

### CONSTRUCTION CONTRACTS AWARDED

| STATES | January 1948 | January 1947 | % Change |
|---|---|---|---|
| Maryland | $18,755,000 | $21,149,000 | — 11 |
| Dist. of Columbia | 3,948,000 | 9,160,000 | — 57 |
| Virginia | 13,727,000 | 14,763,000 | — 7 |
| West Virginia | 16,213,000 | 3,149,000 | +415 |
| North Carolina | 9,073,000 | 13,619,000 | — 33 |
| South Carolina | 8,109,000 | 3,773,000 | +115 |
| Fifth District | $69,825,000 | $65,613,000 | + 6 |

Source: F. W. Dodge Corp.

### COMMERCIAL FAILURES

| MONTHS | Number Failures Dist. | Number Failures U.S. | Total Liabilities District | Total Liabilities U.S. |
|---|---|---|---|---|
| February 1948 | 14 | 417 | $170,000 | $25,619,000 |
| January 1948 | 6 | 356 | 89,000 | 12,965,000 |
| February 1947 | 7 | 238 | 207,000 | 12,976,000 |
| 2 Months 1948 | 20 | 773 | 259,000 | 38,584,000 |
| 2 Months 1947 | 12 | 440 | 551,000 | 28,169,000 |

Source: Dun & Bradstreet

### DEBITS TO INDIVIDUAL ACCOUNTS
(000 omitted)

| | Feb. 1948 | % Chg. from Feb. 1947 | 2 Mos. 1948 | % Chg. from 2 Mos. '47 |
|---|---|---|---|---|
| **District of Columbia** | | | | |
| Washington | $ 630,324 | —14 | $1,366,497 | + 9 |
| **Maryland** | | | | |
| Baltimore | 826,086 | —14 | 1,789,654 | + 4 |
| Cumberland | 17,825 | —13 | 38,215 | — 1 |
| Frederick | 16,087 | — 8 | 33,493 | + 4 |
| Hagerstown | 22,911 | —15 | 49,934 | + 7 |
| **North Carolina** | | | | |
| Asheville | 42,314 | —16 | 92,792 | + 6 |
| Charlotte | 203,827 | —15 | 444,254 | +12 |
| Durham | 74,211 | —23 | 170,216 | — 9 |
| Greensboro | 65,360 | —17 | 143,702 | +18 |
| Kinston | 9,719 | —27 | 22,997 | —18 |
| Raleigh | 78,199 | —17 | 172,831 | — 4 |
| Wilmington | 28,815 | —21 | 65,381 | + 3 |
| Wilson | 10,245 | —40 | 27,250 | —11 |
| Winston-Salem | 103,140 | —15 | 224,238 | — 4 |
| **South Carolina** | | | | |
| Charleston | 45,655 | —23 | 104,649 | + 8 |
| Columbia | 87,895 | — 4 | 179,305 | +17 |
| Greenville | 71,490 | —13 | 153,779 | +16 |
| Spartanburg | 42,315 | —18 | 94,126 | +24 |
| **Virginia** | | | | |
| Charlottesville | 17,129 | —35 | 43,541 | + 7 |
| Danville | 22,351 | —28 | 53,271 | —13 |
| Lynchburg | 33,585 | —18 | 74,657 | +14 |
| Newport News | 27,791 | —19 | 62,162 | +13 |
| Norfolk | 153,337 | —17 | 337,853 | +16 |
| Portsmouth | 17,239 | —19 | 38,639 | + 9 |
| Richmond | 388,338 | — 9 | 816,108 | + 5 |
| Roanoke | 73,228 | —14 | 158,075 | +17 |
| **West Virginia** | | | | |
| Bluefield | 36,905 | —19 | 82,288 | +25 |
| Charleston | 119,905 | —11 | 255,380 | +16 |
| Clarksburg | 26,768 | —21 | 60,663 | +17 |
| Huntington | 49,177 | —20 | 110,309 | +21 |
| Parkersburg | 21,324 | —19 | 47,566 | 0 |
| District Totals | $3,363,495 | —15 | $7,313,825 | + 7 |

### COTTON CONSUMPTION AND ON HAND—BALES

| | Feb. 1948 | Feb. 1947 | Aug. 1 to Feb. 28 1948 | Aug. 1 to Feb. 28 1947 |
|---|---|---|---|---|
| **Fifth District States:** | | | | |
| Cotton consumed | 426,425 | 458,005 | 2,755,650 | 2,945,310 |
| **Cotton Growing States:** | | | | |
| Cotton consumed | 693,571 | 735,103 | 4,780,930 | 5,301,696 |
| Cotton on hand Feb. 28 in consuming establishments | 1,897,744 | 1,910,568 | | |
| Cotton on hand Feb. 28 in storage and compresses | 4,403,267 | 4,220,254 | | |
| **United States:** | | | | |
| Cotton consumed | 785,231 | 839,375 | 5,422,602 | 6,052,788 |
| Cotton on hand Feb. 28 in consuming establishments | 2,243,185 | 2,257,112 | | |
| Cotton on hand Feb. 28 in storage and compresses | 4,470,307 | 4,287,239 | | |
| Spindles active, U. S. | 21,489,000 | 21,973,000 | | |

Source: Department of Commerce

### COTTON CONSUMPTION—FIFTH DISTRICT
(In Bales)

| MONTHS | N. Carolina | S. Carolina | Va. | Dist. |
|---|---|---|---|---|
| February 1948 | 209,721 | 159,782 | 17,753 | 387,256 |
| January 1948 | 231,668 | 176,319 | 18,438 | 426,425 |
| February 1947 | 217,520 | 167,053 | 18,570 | 403,143 |
| 2 Months 1948 | 441,389 | 336,101 | 36,191 | 813,681 |
| 2 Months 1947 | 465,832 | 356,675 | 38,641 | 861,148 |

Source: Department of Commerce

### PRICES OF UNFINISHED COTTON TEXTILES

| | Feb. 1948 | Jan. 1948 | Feb. 1947 |
|---|---|---|---|
| Average, 17 constructions | 90.90 | 94.57 | 85.42 |
| Printcloths, average (6) | 120.72 | 130.48 | 111.29 |
| Sheetings, average (3) | 79.63 | 80.78 | 75.66 |
| Twill (1) | 79.86 | 79.86 | 71.10 |
| Drills, average (4) | 69.55 | 69.69 | 65.90 |
| Sateen (1) | 97.61 | 97.61 | 97.61 |
| Ducks, average (2) | 63.22 | 63.16 | 62.54 |

Note: The above figures are those for the approximate quantities of cloth obtainable from a pound of cotton with adjustments for salable waste.

### DEPOSITS IN MUTUAL SAVINGS BANK
8 Baltimore Banks

| | Feb. 28, 1948 | Jan. 31, 1948 | Feb. 28, 1947 |
|---|---|---|---|
| Total Deposits | $391,579,209 | $390,743,417 | $382,907,799 |

## BUILDING PERMIT FIGURES

| | Total Valuation Feb. 1948 | Feb. 1947 |
|---|---|---|
| **Maryland** | | |
| Baltimore | $ 1,420,575 | $ 1,430,030 |
| Cumberland | 7,260 | 43,700 |
| Frederick | 13,450 | 11,100 |
| Hagerstown | 28,345 | 56,935 |
| Salisbury | 66,815 | 104,400 |
| **Virginia** | | |
| Danville | 164,032 | 330,281 |
| Lynchburg | 335,942 | 86,470 |
| Norfolk | 1,721,365 | 4,687,035 |
| Petersburg | 49,750 | 38,200 |
| Portsmouth | 62,110 | 359,083 |
| Richmond | 1,263,182 | 960,637 |
| Roanoke | 130,208 | 93,315 |
| **West Virginia** | | |
| Charleston | 414,580 | 143,385 |
| Clarksburg | 28,060 | 12,980 |
| Huntington | 743,915 | 273,955 |
| **North Carolina** | | |
| Asheville | 85,452 | 108,225 |
| Charlotte | 726,488 | 1,110,725 |
| Durham | 921,095 | 298,775 |
| Greensboro | 1,343,579 | 471,995 |
| High Point | 490,975 | 259,393 |
| Raleigh | 361,165 | 331,825 |
| Rocky Mount | 51,000 | 81,700 |
| Salisbury | 61,325 | 70,360 |
| Winston-Salem | 411,377 | 203,095 |
| **South Carolina** | | |
| Charleston | 280,880 | 120,628 |
| Columbia | 281,025 | 507,797 |
| Greenville | 597,200 | 76,850 |
| Spartanburg | 44,794 | 136,380 |
| **District of Columbia** | | |
| Washington | 4,318,472 | 4,702,274 |
| District Totals | $16,424,416 | $17,111,528 |
| 2 Months | $37,057,853 | $28,997,028 |

## SOFT COAL PRODUCTION IN THOUSANDS OF TONS

| REGIONS | Feb. 1948 | Feb. 1947 | % Chg. | 2 Mos. 1948 | 2 Mos. 1947 | % Chg. |
|---|---|---|---|---|---|---|
| West Virginia | 13,337 | 13,487 | — 1 | 28,877 | 29,492 | — 2 |
| Virginia | 1,586 | 1,535 | + 3 | 3,322 | 3,332 | 0 |
| Maryland | 115 | 205 | —44 | 267 | 439 | —39 |
| Fifth District | 15,038 | 15,227 | — 1 | 32,466 | 33,263 | — 2 |
| United States | 48,390 | 51,482 | — 6 | 104,170 | 110,502 | — 6 |
| % in District | 31.1 | 29.6 | | 31.2 | 30.1 | |

## TOBACCO MANUFACTURING

| | Feb. 1948 | % Chg. from Feb. 1947 | 2 Mos. 1948 | % Chg. from 2 Mos. '47 |
|---|---|---|---|---|
| Smoking & Chewing tobacco (Thousand of lbs.) | 14,714 | + 2 | 30,403 | — 2 |
| Cigarettes (Thousands) | 23,349,282 | —11 | 50,627,554 | — 8 |
| Cigars (Thousands) | 460,141 | + 3 | 921,539 | — 4 |
| Snuff (Thousands of lbs.) | 3,357 | +15 | 7,255 | +14 |

## RAYON YARN DATA

| | Feb. 1948 | Feb. 1947 |
|---|---|---|
| Rayon Yarn Shipments, Lbs. | 60,700,000 | 56,300,000 |
| Staple Fiber Shipments, Lbs. | 19,900.000 | 14,900,000 |
| Rayon Yarn Stocks, Lbs. | 8,500,000 | 7,500,000 |
| Staple Fiber Stocks, Lbs. | 5,200,000 | 2,300,000 |

Source: Rayon Organon

## WHOLESALE TRADE—191 FIRMS

| LINES | Net Sales Feb. 1948 compared with Feb. 1947 | Net Sales Feb. 1948 compared with Jan. 1948 | Stocks Feb. 28, 1948 compared with Feb. 28 1947 | Stocks Feb. 28, 1948 compared with Jan. 31 1948 | Ratio Feb. collections to acc'ts outstand'g Feb. 1 |
|---|---|---|---|---|---|
| Auto Supplies (7)* | — 3 | —16 | + 22 | +8 | 90 |
| Drugs & Sundries (11)* | + 7 | —19 | + 6 | +0 | 106 |
| Dry Goods (9)* | — 7 | —14 | + 30 | +7 | 74 |
| Electrical Goods (7)* | +25 | —12 | + 58 | 0 | 96 |
| Groceries (62)* | — 2 | —17 | + 17 | —1 | 147 |
| Hardware (8)* | +18 | —15 | +132 | —2 | 80 |
| Industrial Supplies (4)* | —15 | —17 | + 22 | —3 | .... |
| Paper & Products (4)* | + 2 | —20 | ..... | .. | 96 |
| Tobacco & Products (7)* | + 4 | — 6 | — 13 | +4 | 129 |
| Miscellaneous (72)* | —12 | — 6 | + 23 | —1 | 91 |
| Dist. Avg. (191)* | + 2 | —13 | + 36 | +0 | 99 |

Source: Department of Commerce
*Number of reporting firms

## RETAIL FURNITURE SALES

| STATES | Percentage Changes in Feb. and 2 Mos. 1948 Compared with Feb. 1947 | Compared with 2 Mos. 1947 |
|---|---|---|
| Maryland (5)* | +10 | + 8 |
| Dist. of Columbia (6)* | + 9 | + 6 |
| Virginia (18)* | — 1 | — 2 |
| West Virginia (10)* | + 3 | — 6 |
| North Carolina (15)* | — 7 | — 9 |
| South Carolina (10)* | +12 | + 4 |
| Fifth District (64)* | + 5 | + 2 |
| **Individual Cities** | | |
| Baltimore, Md., (5)* | +10 | + 8 |
| Washington, D. C., (6)* | + 9 | + 6 |
| Richmond, Va., (6)* | —17 | —12 |
| Charleston, W. Va., (3)* | +16 | — 4 |
| Charlotte, N. C., (4)* | —12 | —18 |
| Columbia, S. C., (3)* | — 2 | + 3 |

*Number of reporting stores

## DEPARTMENT STORE TRADE

| Richmond | Baltimore | Washington | Other Cities | District |
|---|---|---|---|---|
| Percentage chg. in February 1948 sales, compared with sales in Feb. 1947: | | | | |
| +10 | + 8 | + 9 | + 7 | + 9 |
| Percentage chg. in 2 months sales 1948, compared with 2 mos. in 1947: | | | | |
| + 4 | + 3 | + 7 | + 3 | + 6 |
| Percentage chg. in stocks on Feb. 28, 1948, compared with Feb. 28, 1947: | | | | |
| —11 | +21 | + 3 | +11 | + 7 |
| Percentage chg. in outstanding orders Feb. 28, 1948 from Feb. 28, 1947: | | | | |
| —21 | —19 | — 9 | + 4 | —14 |
| Percentage chg. in receivables Feb. 28, 1948 from those on Feb. 28, 1947: | | | | |
| +50 | +24 | +21 | +19 | +27 |
| Percentage of current receivables as of Feb. 1, 1948 collected in Feb.: | | | | |
| 29 | 51 | 44 | 48 | 43 |
| Percentage of instalment receivables as of Feb. 1, 1948, collected in Feb.: | | | | |
| 17 | 29 | 19 | 25 | 22 |

| Maryland | Dist. of Col. | Virginia | W. Virginia | N. Carolina | S. Carolina |
|---|---|---|---|---|---|
| Percentage chg. in Feb. 1948 sales from Feb. 1947 sales, by states: | | | | | |
| + 8 | + 9 | +10 | +20 | + 7 | +12 |
| Percentage chg. in 2 months 1948 sales from 2 months 1947 sales: | | | | | |
| + 3 | + 7 | + 6 | +11 | + 2 | + 6 |