

# BUSINESS CONDITIONS

A REVIEW BY THE FEDERAL RESERVE BANK OF CHICAGO



DECEMBER, 1944



# 1945 Agricultural Goals Call For Full Production

## *Weather and High Demand Set Pace*

Full production in 1945, with no relaxation of effort, is the farm program indicated by the national agricultural production goals for 1945. The national goals, together with the suggested goals for states, have been reviewed by state leaders and recommended totals for the various crop and livestock items have been adopted by state leaders.

The over-all national goals call for a total of 300 million acres in crops and in addition 64 million acres in hay. This compares with an indicated 1944 total of 299 million crop acres and 61 million acres in hay.

### NEEDS TO STAY HIGH

The goals are kept high, about in line with 1944, in view of considerations on both the supply and demand sides. Of first importance is the expectation that yields will probably be less in 1945 than in the last three years of favorable yields, and somewhat nearer "normal." It is estimated that about one-third of the increase in production during the last three years has been due to extremely favorable weather.

A second consideration is that the tremendous livestock production of the last few years has reduced feed grain reserves to an undesirable level and that these reserves should be replenished. The drawing upon reserves of feed grain supplies accounted for about one-third of the increase in livestock marketings in 1943-44 over the prewar years.

Because the war is not over it is thought desirable to risk producing too much on the Nation's farms in 1945, rather than too little. This caution applies not only to over-all production, but commodity by commodity as well.

On the demand side, even though military requirements and lend-lease needs may decline in 1945, relief needs in liberated countries and heavy domestic civilian demand will probably offset such declines. The War Food Administration states that "present indications are that civilian consumers will want and will be able to buy more food next year than they used this year — probably fully 10 per cent more agricultural products, if they are available, than they used in prewar years." It is expected that there will be some commercial export demand for farm products next year from many countries which are low on stocks normally imported from this country. However, most of such demand would be for cotton, tobacco, and wheat which are of little or no importance in the Seventh Federal Reserve District.

The splendid record of production achieved in the past few years has been due in part to more intensive farming and the growing of intensive crops, to better farming practices such as greater use of fertilizer and of higher yielding plant varieties, the expanded use of legumes, and the following of soil conservation practices. All of these have

tended to augment production during these critical years. These benefits will also be of assistance in 1945.

The 1945 acreages plus "normal" weather would give a total production about 10 per cent less than that of 1944, or a production about equal to that of 1943. Total production of this magnitude would even then be nearly one-fourth above the level of the prewar years.

### SOME SHIFTS IN COMMODITY GOALS

The national goals call for the same acreages of corn, oats, barley, and grain sorghum as is indicated for 1944. An increase is suggested for hay and other forage amounting to about 4 per cent over the 1944 indicated acreage. However, in the district an increase of only about 2 per cent is asked. These increases are requested in order to provide more livestock feed and to build up the soils by a larger acreage of sod crops.

The suggested acreage of soybeans is likewise set at the same national figure as the indicated total for 1944. With average yields this acreage will achieve the desired production of soybeans provided a higher percentage of the crops is marketed with less beans fed to livestock.

Goals for commercial truck crops for the fresh market call for a reduction of 10 per cent in the 1944 total acreages planted to such crops. Acreages suggested for the vegetables for processing total slightly less than those indicated for 1944. With average prewar yields this would permit a slightly higher pack than that of this year. Requirements for 1945 would be met (with average yields) with an increase of 3 per cent in the 1944 indicated tomato acreage, a reduction of 4 per cent in the acreages of sweet corn and green peas, and a drop of 25 per cent in acreage planted to snap beans.

The national goal for milk production is 120 billion pounds, slightly higher than the production of the last two years. This goal can be achieved only by maintaining present dairy cow numbers and by producing slightly more milk per cow in 1945 than was produced this year.

Egg production goals call for a reduction of about 16 per cent below the 1944 level. This also means a reduction in the number of hens on farms, and figures indicate that the current rate of culling should be stepped up materially. A reduction of about 6 per cent in the number of chickens raised on farms is also suggested.

Meat animal goals call for a reduction of over three million head of beef cattle on farms, and a spring pig crop about 2 per cent larger than in 1944. Continuation of the present levels of sheep and lamb production are recommended. The slaughter of meat animals, if the goals are

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# Manufacturing Employment Trends

## *Factories Now Employ Over 40 Per Cent of All Midwest Workers*

Manufacturing plants in the Seventh Federal Reserve District currently employ more than four out of every ten workers, compared with less than three workers in ten before the war. The unprecedented requirements for war goods, moreover, have caused manufacturing employment in the five district states, Illinois, Indiana, Iowa, Michigan, and Wisconsin, to increase from 2.2 million persons in 1940 to about 3.3 million in 1944, or roughly 50 per cent. This gain in manufacturing employment has occurred despite the withdrawal of more than two million men and women into the armed services. Women have contributed substantially to the wartime expansion in manufacturing employment, their proportion among employees rising from 18 per cent in 1940 to an estimated 30 per cent at the present time. The current situation is one of acute manpower stringencies throughout most of the Midwest. With expanding demands for munitions, the outlook is for little or no improvement in the balance between labor supply and demand until at least after victory in Europe (V-E) day.

Munitions manufactures, notably metal-using industries, rubber, some chemicals, and Government arsenals, obviously have had the largest increases in employment during the war. This Midwest group now employs about 2,400,000 workers, 10 per cent below the record level of November 1943, but 65 per cent above the number in mid-1940. More than 68 per cent of all persons currently engaged in manufacturing in the Midwest are working in munitions plants.

### EARLY WAR EMPLOYMENT LAGS

As described in previous *Business Conditions* articles, particularly in the August 1944 issue, wartime industrial

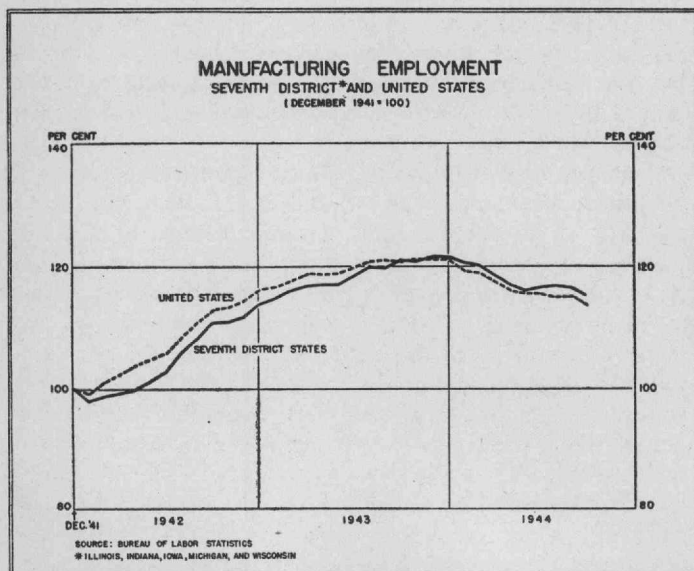
developments in the Midwest have been timed later than in most other regions. The bulk of the new war plants' construction here was completed in late 1943 and early 1944, on the average at least a year later than elsewhere in the Nation. The delay in the Midwest industrial expansion for war purposes was due principally to the early war emphasis upon shipbuilding and aircraft, initially concentrated heavily in areas outside the Seventh District. In addition, large war contract awards came relatively later in the Midwest for new industrial facilities, as well as for war supplies to meet the specialized needs of the armed forces arising from actual battlefield experience.

In the general upward movement of wartime employment, the Seventh District correspondingly has lagged behind the Nation. In some respects the Midwest has only very recently "caught up" with the rest of the Nation. Manufacturing employment in the Nation levelled off in August 1943 and began a gradual decline after November of the same year. Because of the later industrial growth in the Midwest, over-all manufacturing employment here continued to expand through November 1943, and has since declined at a smaller rate than in the Nation as a whole. In certain Midwest munitions industries which had relatively late facility expansions, such as electrical machinery, transportation equipment, and iron and steel, employment did not reach record peaks until the first quarter of 1944.

Among the five states, only Michigan actually reached its highest level of wartime manufacturing employment in November 1943. In Illinois record employment occurred in February 1944, although there was little change during the three preceding months; in Indiana, September 1943; in Wisconsin, July 1943; and in Iowa, January 1943.

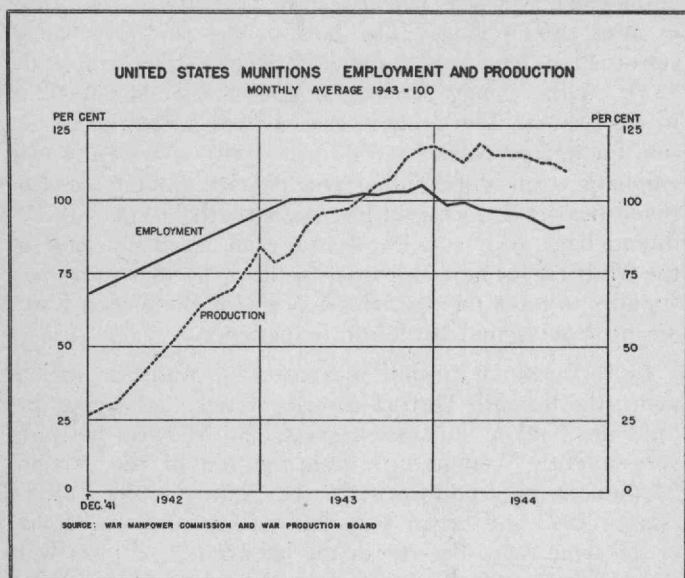
Several interrelated factors have been responsible for the recent declines in manufacturing employment, including: (1) virtual exhaustion of unutilized manpower resources; (2) continued Selective Service withdrawals of industrial workers; (3) numerous complete withdrawals from remunerative employment, particularly by women and older men, in part attributable to inability to withstand the sustained pressures of wartime employment, and to some extent, as a reaction to the favorable turn of military and naval events during the past year; and (4) excessive labor turnover. Employment in the munitions industries has been affected by each of the above factors, and also by workers leaving war industries to obtain employment in other manufacturing and nonmanufacturing establishments offering greater peace-time job security.

Although munitions employment in the Midwest and the Nation has now assumed a distinct downward trend, the decline in munitions production to date has been smaller. Output per man-hour reportedly has continued to ex-





pand, however, reflecting some increased productivity of workers. This situation is illustrated in the accompanying chart which traces the movement of munitions employment and production for the United States from the time of Pearl Harbor through September 1944.



#### DISTRICT LEADS IN GROUP I AREAS

Reports of the War Manpower Commission give continued evidence of the degree of manpower stringencies in the Midwest. The Seventh District now has 27 Group I (acute shortage) areas, more than in any other Federal Reserve District, and constituting 40 per cent of the national total of such Group I areas. Moreover, the manpower situation in the Midwest generally has become worse during the past six months. Of the Nation's 26 industrial areas whose manpower supply problems have intensified since June 1944, 15 are located in the Seventh District. Pending the end of the war in Europe, no general improvement is expected in the district manpower situation. The size and nature of Midwest manufacturing activities devoted to war materiel for the Pacific battle area foreshadow a continuation of heavy manufacturing labor requirements for war purposes throughout the war with Japan.

Despite having received the largest volume of new industrial war facilities and war supply contracts among all Federal Reserve Districts since 1940, the Seventh District has shown no gain during the war in its proportion, 21 per cent, of the Nation's manufacturing workers. This situation reflects the importance of large industrial growth outside the district.

#### ILLINOIS LEADS IN EMPLOYMENT

Among the district states, Illinois currently has the largest number of manufacturing employees, 1,160,000; followed by Michigan, 1,025,000; Indiana, 585,000; Wisconsin,

400,000; and Iowa, 130,000, according to the U. S. Bureau of Labor Statistics. All of the district states have shown substantial increases in manufacturing employment since the outset of defense preparations ranging from 89 per cent in Indiana to 54 per cent in Illinois since 1940. Indiana and Wisconsin have gained, and Illinois has lost employment relatively among the five states during the war.

#### NON-MUNITIONS EMPLOYMENT EXPANDS

The wartime growth in Seventh District manufacturing employment obviously has not been uniform among all industries. Rather, employment gains have been concentrated heavily among munitions plants, as earlier defined, giving rise to inevitable transition problems of industrial demobilization and manpower adjustments. While there has been considerable shifting of workers into the armed forces and into munitions jobs, the general level of non-munitions employment, which includes many workers making war goods, has not fallen appreciably in any industry group during the war. This is to be explained principally in terms of increases in the number of persons, especially women, who have become available for work during the war.

Within the munitions industries, employment gains in the Seventh District have been most striking in aircraft and ordnance. Employment and production in these two industries were negligible in 1939. At present, aircraft and ordnance employ about 850,000 workers, or roughly 30 per cent of all wage earners in Midwest manufacturing. Employment gains in other munitions industries: machinery, chemicals, nonferrous metals, and iron and steel, have all exceeded immediate prewar levels by 60 per cent.

That the number of wage earners in most non-munitions industries has held up exceedingly well during the war explains to a large degree the high wartime level of production for civilians despite the unprecedented output of manufactured products for war purposes. Within the non-munitions group, food manufactures now show the largest increase in wage earners from their 1939 level, 23 per cent. Other industry groups have had gains from 10 to 20 per cent: paper; and petroleum and coal products; less than 10 per cent: apparel; stone, clay, and glass; leather; and printing and publishing. Employment losses ranging to 5 per cent below 1939 levels have occurred in the district textile, rubber, and lumber industries.

Transportation equipment, which dominated peacetime manufacturing employment in the five district states with one-fifth of all wage earners, largely because of the importance of automobile production, has continued to lead in wartime with a slightly higher fraction of all employees in manufacturing. Wartime leadership, however, is primarily attributable to the production of aircraft and parts rather than automobiles. In 1939, 320,000 workers were engaged in the manufacture of transportation equipment, but of these, 95 per cent were employed in making automobiles and the remainder in producing railroad equipment, motorcycles, and a few ships. By 1941 the number employed in the group had expanded to 525,000 persons, but nearly 85 per cent of these wage earners were still en-



gaged in making automobiles, with comparatively few manufacturing aircraft and parts. At this time the automobile industry had only begun preliminary conversion to war production and the vast Midwest aircraft expansion program was still largely in a planning stage. When the peak of over-all wartime manufacturing employment was reached at the end of 1943, the district transportation group had increased its wage earners to 650,000, of which about 450,000 were employed in plants making aircraft and parts. The others were principally engaged in the manufacture of combat vehicles, ships, and railroad equipment. At present, employment in the transportation equipment industries is slightly below the record wartime level, with prospects for a continuing gradual decline during 1945.

#### ORDNANCE MANPOWER SITUATION ACUTE

The creation of an ordnance industry in the Midwest since 1940 has required extensive conversion of prewar metal and chemical plants and the construction of many large and specialized facilities to produce ammunition, tanks, and guns. Manpower problems associated with manning these plants adequately during the war have been persistently acute and probably no more so than at the present time when the Midwest in particular is being called upon for a substantial increase in the output of guns and shells. At the end of 1943, ordnance employment in the five district states had reached a record level of about 425,000 wage earners, rising from 90,000 in 1941. During 1944 the number of employees engaged in Midwest ordnance production declined gradually and irregularly to roughly 410,000 at present, with some immediate prospects of

slight gains which may arise from the renewed efforts of manpower authorities to fill critical ordnance jobs.

Expanded machinery production for war purposes led to an increase in wage earners in this industry group from 250,000 in 1939 to a record high of 470,000 during the first quarter of 1944. Present employment in the five district states is estimated at 440,000 wage earners. While war requirements have necessitated large expansions in many types of machinery, producers of electrical machinery have had the largest relative gains in employment.

Employment in the chemical industry in the five district states has doubled since 1939, reaching 92,000 wage earners at the peak of wartime employment at the close of 1943, and subsequently declining about 5 per cent. Illinois has the largest number of wage earners in the chemical group among the district states, accounting for more than one-third of the total.

The current level of employment in nonferrous metals production is roughly the same as in the chemical group. Nearly 55,000 wage earners, however, were employed in nonferrous metals manufacturing in 1939; hence the wartime growth has been smaller than in chemical manufacturing.

Iron and steel manufactures provided 248,000 Midwest wage earners with employment in 1939, exceeded only by transportation equipment and the combined machinery group among Midwest industries. Defense-war expansion in iron and steel production and employment occurred earlier than in many other industries. By the end of 1941, employment in this industry group had expanded by more than 40 per cent and continued to rise moderately until early 1944 when roughly 400,000 wage earners were employed. Following the general trend in recent months, iron and steel employment in the district states has fallen about 3 per cent.

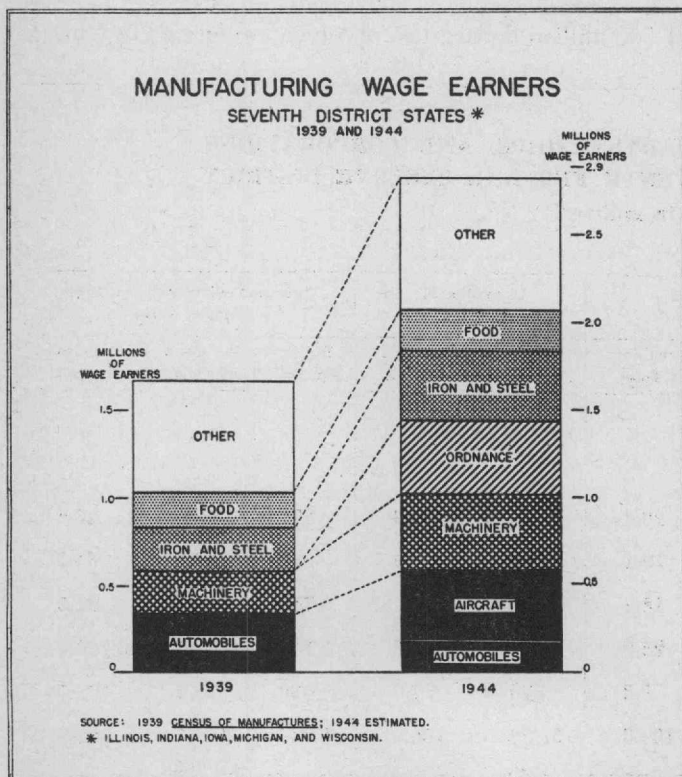
Among district non-munitions manufactures, food processing, as indicated, has had the largest increase in employment during the war. Because of the heavy food demands for the armed forces, lend-lease, and civilians, employment in this industry group in the Midwest has grown from 200,000 wage earners in 1939 to a high of nearly 250,000 early in 1944. Present food manufacturing employment in the district states numbers about 10,000 fewer persons than at the peak level. Illinois has more than twice as many wage earners in this industry group as any other district state.

As indicated previously, employment gains have been moderate in other non-munitions industries in the Midwest since 1939, each case numbering less than 5,000 workers. Where wartime losses have occurred in industry groups, no more than 4,000 workers have been involved.

#### HEAVY INDUSTRIAL DEMOBILIZATION

The foregoing summary of employment trends in Midwest manufactures reveals that 1.1 million more men and women are now employed than at the outset of the war in Europe, and two million potential workers are in the

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# Seventh District Deposit Survey

## *Ownership Pattern of Demand Deposits of Individuals and Businesses*

The diverse pattern of deposit ownership which exists among banks in various size groups and the great increase in the cash position of many business firms and individuals during the war are emphasized by the results of the latest survey of deposit ownership, as of July 31, 1944, which the Federal Reserve Bank of Chicago has conducted in collaboration with 455 Seventh District member banks. These cooperating banks hold three-fourths of the deposits of all district banks, member and nonmember. On the basis of their reports estimates have been made of the ownership of all Seventh District demand deposits of individuals, partnerships, and corporations, by major economic group, by size of bank, and by size of account.

Since Pearl Harbor, demand deposits of individuals and businesses in the nation have risen 59 per cent to a level of almost 60 billion dollars on July 31, 1944. These deposits in the Seventh District have risen 71 per cent to over 9 billion dollars. Seventh District banks showed a larger dollar gain, 3 billion 800 million, in demand deposits of individuals and businesses than any of the other Federal Reserve Districts.

The ownership of demand deposits is of particular significance at the present time in view of the large wartime growth in cash balances as a result of the financing of a substantial portion of the war deficit through the purchase of Government securities by the banking system. Not only have demand deposits grown, but currency in circulation and time deposits also have shown large increases. More-

over, the volume of Government securities held by individuals and businesses has risen greatly. The growth and distribution of liquid asset holdings of individuals and businesses are of great importance in connection with the financing of the war and from the standpoint of the important postwar questions of accumulated consumer purchasing power, the working capital position of business firms in relation to their financial needs for reconversion and expansion, and the investment policies of banks.

### BANKS CLASSIFIED BY SIZE

As in previous surveys, member and nonmember banks in the Seventh District—which numbered 2,418 on July 31, 1944—have been classified into groups on the basis of the amount of demand deposits of individuals, partnerships, and corporations which they hold. This classification facilitates analysis of the results of the deposit survey and enables Seventh District bankers to compare deposit ownership at their banks with that at other banks comparable in size. The number of banks in each of the five size-groups, the amount of their deposits, and the wartime growth in their deposits are indicated in the accompanying table.

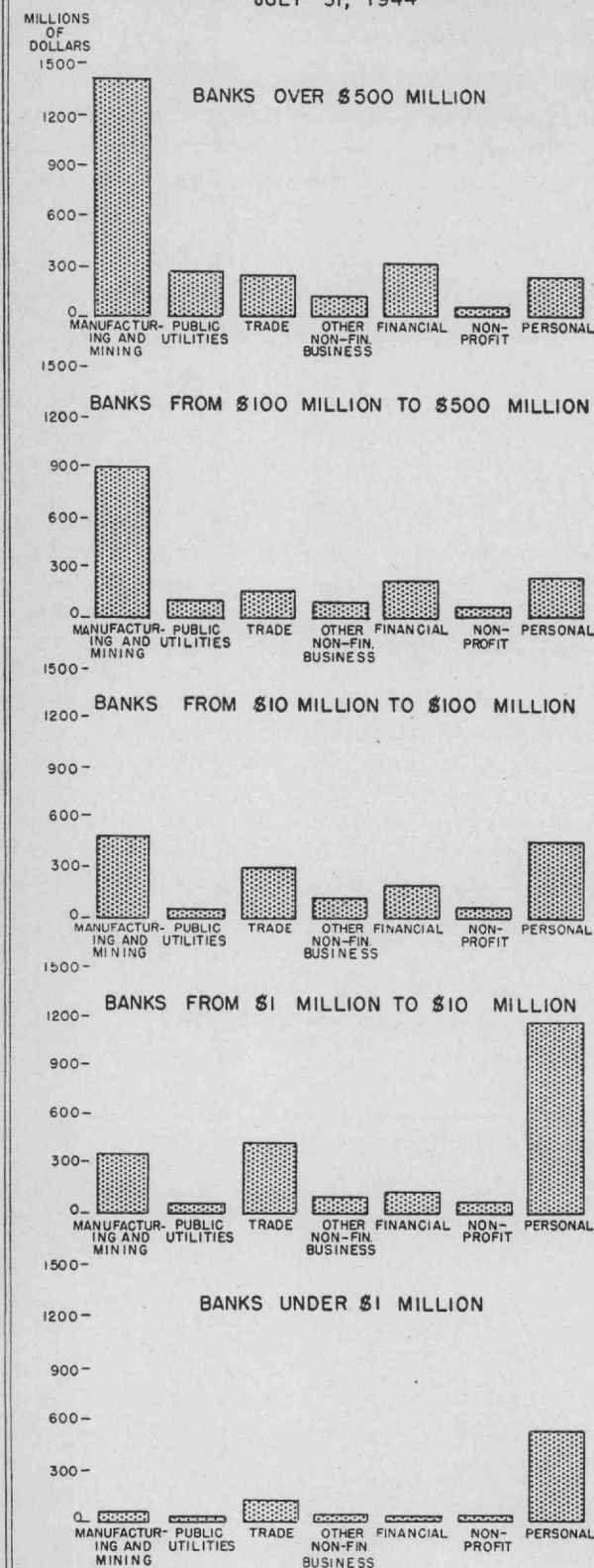
These groups of banks differ not only in size and in ownership of deposits, but also in location and in the rate of deposit increase during the war. The three member banks with demand deposits of individuals and businesses in excess of 500 million dollars, two of which are located in Chicago

### DEMAND DEPOSITS OF INDIVIDUALS, PARTNERSHIPS, AND CORPORATIONS AT ALL COMMERCIAL BANKS IN THE SEVENTH FEDERAL RESERVE DISTRICT (dollar amounts in millions)

Classification as of July 31, 1944	Number of Banks	July 31, 1944		December 31, 1941		Increase—December 31, 1941- July 31, 1944		
		Dollar Amount	Per Cent of Total	Dollar Amount	Per Cent of Total	Dollar Amount	Per Cent of Total	Percentage Increase
Banks having demand deposits of individuals, partner- ships, and corporations of:								
Over \$500,000,000.....	3	2,690	29.4	1,820	34.3	870	22.8	47.8
\$100,000,000 to \$500,000,000.....	8	1,740	19.1	1,060	19.9	680	17.8	64.2
\$10,000,000 to \$100,000,000.....	74	1,670	18.2	920	17.2	750	19.7	81.5
\$1,000,000 to \$10,000,000.....	838	2,280	25.0	1,150	21.6	1,130	29.7	98.3
Under \$1,000,000.....	1,495	750	8.3	370	7.0	380	10.0	102.7
Total.....	2,418	9,130	100.0	5,320	100.0	3,810	100.0	71.6



ESTIMATED OWNERSHIP OF DEMAND DEPOSITS  
OF INDIVIDUALS AND BUSINESSES  
ALL SEVENTH DISTRICT BANKS  
JULY 31, 1944



and one in Detroit, received 23 per cent of the district increase in deposits, and their part of total district deposits has declined from 34 per cent at the end of 1941 to 30 per cent as of July 31, 1944. The percentage increase of deposits at these banks has been 48 per cent during the period.

On the other hand, the 1,495 member and nonmember banks with demand deposits of individuals and businesses less than 1 million dollars are generally located in small towns in farming communities. These banks showed a deposit increase of 103 per cent from the end of 1941 to July 31, 1944, and their share of the district total rose from 7 per cent to over 8 per cent.

#### DEPOSITS BY SIZE OF ACCOUNT

Large deposit accounts constitute most of the dollar amount of deposits at the large banks. At the three banks with demand deposits of individuals and businesses over 500 million dollars, 77 per cent of the aggregate amount of deposits is in accounts of 100 thousand dollars and over. In the eight banks at which demand deposits range between 100 million and 500 million dollars, 67 per cent of the dollar amount of deposits is in accounts of 100 thousand dollars and over.

Smaller deposit accounts dominate in banks with demand deposits under 100 million dollars. At banks with deposits between 10 million dollars and 100 million dollars 32 per cent of the deposit total is in accounts of 100 thousand dollars and over, 19 per cent in accounts between 25 thousand and 100 thousand dollars, and 49 per cent in accounts under 25 thousand dollars. In banks with deposits from 1 million dollars to 10 million dollars, 74 per cent of the deposit total is in accounts under 25 thousand dollars. In banks with deposits under 1 million dollars only 19 per cent of the dollar aggregate of deposits is in accounts over 10 thousand, while 29 per cent is in accounts between 3 thousand and 10 thousand dollars, 27 per cent in accounts between 1 thousand and 3 thousand dollars, and 26 per cent in accounts under 1 thousand dollars.

#### DEPOSITS BY CORPORATE STATUS

In the July 31, 1944 survey banks reported for the first time a breakdown of business deposits held by corporate and unincorporated businesses. On the basis of these reported figures it is estimated that 5 billion dollars, or 80 per cent, of business deposits was held by corporations. Deposits of unincorporated businesses in the district amounted to 1 billion dollars. More than two-thirds of the amount of all corporate deposits is held in banks having deposits of 100 million dollars or more. Over two-thirds of the total of all corporate deposits is in accounts of 100 thousand dollars or more. About 70 per cent of the aggregate of unincorporated business deposits is in accounts of 25 thousand dollars or less and one-half is in banks with deposits of 10 million dollars or less.

In the very large banks three-fourths of the total of demand deposits is owned by corporate businesses and less



**ESTIMATED OWNERSHIP OF DEMAND DEPOSITS OF INDIVIDUALS, PARTNERSHIPS, AND CORPORATIONS  
MEMBER AND NONMEMBER BANKS IN THE SEVENTH FEDERAL RESERVE DISTRICT  
JULY 31, 1944**

Type of depositor	Banks having demand deposits of individuals, partnerships, and corporations of:					All Banks
	Over \$500,000,000	\$100,000,000 to \$500,000,000	\$10,000,000 to \$100,000,000	\$1,000,000 to \$10,000,000	Under \$1,000,000	
	<b>DOLLAR AMOUNTS (in millions)</b>					
Manufacturing and mining .....	1,430	900	480	370	50	3,230
Public utilities, transportation, and communications .....	280	100	60	50	10	500
Retail and wholesale trade and dealers in commodities .....	250	150	300	410	130	1,240
All other nonfinancial business, including construction and services .....	120	90	110	100	20	440
Financial .....	310	220	200	120	10	860
Nonprofit associations, churches, clubs, etc...	60	50	70	60	20	260
Personal, including farmers .....	240	230	450	1,170	510	2,600
Total .....	2,690	1,740	1,670	2,280	750	9,130
	<b>PERCENTAGE DISTRIBUTION BY TYPES OF DEPOSITORS</b>					
Manufacturing and mining .....	53.5	51.6	28.8	16.1	6.1	35.4
Public utilities, transportation, and communications .....	10.2	5.7	3.8	2.1	1.6	5.4
Retail and wholesale trade and dealers in commodities .....	9.3	8.9	17.9	17.9	17.4	13.6
All other nonfinancial business, including construction and services .....	4.3	5.1	6.6	4.5	2.7	4.8
Financial .....	11.5	12.6	11.6	5.5	1.9	9.4
Nonprofit associations, churches, clubs, etc...	2.3	3.0	4.0	2.8	2.1	2.9
Personal, including farmers .....	8.9	13.1	27.1	51.2	68.2	28.5
Total .....	100.0	100.0	100.0	100.0	100.0	100.0
	<b>PERCENTAGE DISTRIBUTION BY GROUPS OF BANKS</b>					
Manufacturing and mining .....	44.5	27.9	14.8	11.4	1.4	100.0
Public utilities, transportation, and communications .....	55.2	20.0	12.7	9.7	2.4	100.0
Retail and wholesale trade and dealers in commodities .....	20.1	12.5	24.0	32.9	10.6	100.0
All other nonfinancial business, including construction and services .....	26.4	20.4	25.0	23.6	4.6	100.0
Financial .....	35.7	25.4	22.9	14.4	1.6	100.0
Nonprofit associations, churches, clubs, etc...	23.8	19.9	25.7	24.5	6.1	100.0
Personal, including farmers .....	9.2	8.8	17.3	44.9	19.7	100.0
Total .....	29.4	19.1	18.2	25.0	8.3	100.0



than 14 per cent by individuals. In the smallest banks corporations have about 10 per cent of the total deposits, unincorporated business about 20 per cent, and individuals almost all of the other 70 per cent.

### MANUFACTURING DEPOSITS

Manufacturing and mining firms are the largest depositors in the Seventh Federal Reserve District, their deposits totaling 3 billion 200 million dollars on July 31, 1944, or more than one-third of the district total.

Almost three-fourths of the total of the manufacturing and mining accounts in the Seventh District was concentrated in the eleven banks in the district with deposits over 100 million dollars. Manufacturing and mining accounts constituted more than half of the total deposits of these eleven banks. Three-fourths was held in accounts over 100 thousand dollars. Well over nine-tenths of the total of manufacturing and mining deposits is held by corporations.

### PERSONAL DEPOSITS

Individuals, including farmers, are the second largest group of depositors in the Seventh Federal Reserve District, holding approximately 30 per cent of the district's total deposits. Just as manufacturing and mining accounts are concentrated in the largest banks, so do personal accounts tend to cluster in small banks, almost three-fifths of their dollar amount being held in banks with deposits under 10 million dollars.

Personal deposits constituted more than two-thirds of the deposits of banks under 1 million dollars, slightly over one-half the deposits of banks with deposits from 1 to 10 million dollars, and less than 10 per cent of total deposits in the three big banks. Almost nine-tenths of the total of personal accounts, about 2 billion 200 million dollars, is held in accounts under 25 thousand dollars.

### RETAIL AND WHOLESALE TRADE DEPOSITS

Third in importance among depositors in the Seventh District are retail and wholesale trade concerns which account for almost 14 per cent of the district's deposits. There is not as great a relationship in the distribution of these deposits with size of bank and size of account as exists among manufacturing accounts and personal accounts. Of the 1 billion 200 million dollars of retail and wholesale trade accounts approximately one-third was held in banks having deposits of 1 to 10 million dollars, one-fifth in the largest three banks, and slightly more than 10 per cent each in the 100 to 500 million dollar group of banks and the under 1 million dollar group.

Approximately three-fifths of the total of trade deposits was concentrated in accounts under 25 thousand dollars. The remainder was evenly divided between accounts of 25 to 100 thousand dollars and accounts over 100 thousand dollars. Retail and wholesale trade was the most important ownership group among unincorporated businesses; more than two-fifths of the total of trade deposits was held by unincorporated enterprises.

## 1945 AGRICULTURAL GOALS

*(Continued from Inside Cover)*

realized in 1945, would result in a record for cattle and calves of 35 million head. Such a rate would bring the number of cattle and calves on farms down from the 82.2 million head as of January 1, 1944 to about 76.7 million head by the end of 1945.

### STATE COMMITTEES ADJUST SOME GOALS

On the whole, state committees have approved the recommended goals of the War Food Administration. However, a few shifts have been made in keeping with problems and expectations in the various states of the district. Major items in the goals are shown in the table, giving the indicated 1944 figures, the WFA recommended goals for 1945, and the figures adopted by state committees. Most states are now in the process of breaking state goals down into county goals.

### CROP ADJUSTMENTS ANTICIPATED

Over the district as a whole the adopted goals call for production schedules at the level indicated for 1944 for oats, while some increases are established for hay and wheat, with a substantial decline for barley and slight declines for corn and soybeans. The drop in corn acreage is confined to Illinois, with other states showing little change from 1944. The Illinois committee felt that with the decline in livestock numbers less feed would be needed, that soybeans would yield better returns than corn on soils with depleted nitrogen supply, that it is time to inaugurate a trend toward a reduced acreage of clean tilled crops, and that with a continuing need for oils it will be easier for the goals for soybeans to stand up.

Changes from 1944 indications for oats are principally in Illinois and Indiana. Increases for Illinois were based upon the need for greater acreages of oats as a nurse crop for legume seedings. The decline in oats for Indiana is apparently due to the competition of wheat and rye, of which acreages already seeded have substantially exceeded 1944 indications.

### SHIFTS IN LIVESTOCK AND LIVESTOCK PRODUCTS

For hogs, the goals for the district call for slightly fewer sows to farrow in the spring of 1945 than for 1944. Declines are indicated for Illinois, Indiana, and Wisconsin, but expectations are for an increase in Iowa amounting to about 3 per cent. Although Illinois indications are for a slight reduction, the adopted goal of the state committee was about 5 per cent above the WFA recommended goal because it was felt that the goal was conservative in view of the abundant corn crop and the relative profitability of hogs in the major hog producing areas.

WFA recommended goals for the total of cattle and calves on farms at the end of 1945 called for some liquidation. Final adopted goals for Illinois, Michigan, and



# STATE AGRICULTURAL PRODUCTION GOALS FOR 1945

COMMODITIES	ILLINOIS			INDIANA			IOWA			MICHIGAN			WISCONSIN			FIVE DISTRICT STATES		
	Indicated 1944	Recom- mended 1945	Adopted 1945	Indicated 1944	Recom- mended 1945	Adopted 1945	Indicated 1944	Recom- mended 1945	Adopted 1945	Indicated 1944	Recom- mended 1945	Adopted 1945	Indicated 1944	Recom- mended 1945	Adopted 1945	Indicated 1944	Recom- mended 1945	Adopted 1945
Corn (a)	9,224	9,200	8,700	4,685	4,700	4,700	11,484	11,500	11,500	1,812	1,800	1,800	2,706	2,700	2,700	29,911	29,900	29,400
Oats (a)	3,324	3,324	3,500	1,386	1,386	1,136	5,120	5,120	5,100	1,472	1,472	1,472	2,879	2,879	2,900	14,181	14,181	14,108
Barley (a)	73	73	60	50	50	50	16	16	16	150	150	150	204	204	150	493	493	426
Hay, tame (a)	2,533	2,600	2,750	2,012	2,025	2,025	3,271	3,240	3,240	2,565	2,600	2,600	3,901	4,000	4,000	14,282	14,465	14,615
Wheat (a)	1,381	1,500	1,500	1,312	1,380	1,650	166	180	150	958	900	900	68	70	80	3,885	4,030	4,280
Soybeans, for beans (a)	3,400	3,332	3,400	1,532	1,500	1,500	2,017	2,000	2,000	100	100	100	78	70	78	7,127	7,002	7,078
Sows to farrow spring 1945 (b)	897	825	871	607	546	546	1,988	2,075	2,075	125	125	125	345	327	338	3,962	3,898	3,955
Cattle and calves on farms at end of 1945 (b)	3,244	3,000	3,179*	1,932	1,850	1,850	5,584	5,200	5,200	2,036	2,000	2,056	3,947	3,875	4,000	16,743	15,925	16,285
Milk cows on farms—average during year (b)	1,126	1,132	1,132	801	810	810	1,449	1,460	1,460	1,035	1,053	1,066	2,461	2,461	2,486	6,872	6,921	6,954
Milk production (c)	5,461	5,502	5,502	3,460	3,515	3,515	6,883	6,950	6,950	5,382	5,575	5,618	14,520	14,650	14,816	35,706	36,192	36,401
Milk production per cow (d)	4,850	4,860	4,860	4,320	4,340	4,320	4,750	4,760	4,760	5,200	5,270	5,270	5,900	5,930	5,959	25,020	25,160	25,169
Sheep and lambs on farms— end of 1945 (b)	807	785	785	783	750	750	1,915	1,840	1,840	894	900	900	514	490	490	4,913	4,765	4,765
Egg production (e)	235	—	199	168	—	142	357	—	303	140	—	113	200	—	170	1,100	—	927
Chickens raised on farms (b)	38,474	36,145	36,145	29,694	27,897	27,897	59,618	52,861	52,861	18,878	18,833	18,833	22,958	22,295	22,295	169,622	157,531	157,531

\*at beginning of 1945 (a) Thousands of acres (b) Thousands of acres (c) Million pounds (d) Pounds (e) Million dozen

Wisconsin indicate that the liquidations were more than could be expected. Adopted cattle goals for Indiana and Iowa conform to WFA recommendations. However, separating out dairy cattle, it appears that reduction in numbers of "other cattle" is anticipated for all states except possibly Wisconsin.

Goals on milk cows were adopted as recommended in Illinois, Indiana, and Iowa, while slight raises were adopted for Michigan and Wisconsin. For all five states the adopted goals call for more milk cows on farms as an average for 1945 than the indicated average numbers for 1944. It is expected that demand will remain urgent and that if product-cost price ratios are kept stable farmers will be able to deliver satisfactorily. Milk production goals were adopted as recommended for Illinois, Indiana, and Iowa, while Michigan and Wisconsin adopted slightly higher goals, consistent with the larger number of milk cows, except that Michigan alone among the five states adopted a slightly higher goal for production per cow.

Egg production goals call for a decline of over 15 per cent from the 1944 indicated output of the five district states, with about the same rate for each state except for Michigan where the goal is for a reduction of nearly 20 per cent. All five states adopted the WFA goals as recommended. Similarly, recommended figures on chickens to be raised on farms were adopted by all states. These goals call for a reduction below 1944 production of about 18 per cent.

## MANUFACTURING EMPLOYMENT TRENDS

(Continued from Page 3)

armed services. Moreover, of the 2.4 million wage earners currently engaged in munitions employment in the five district states, at least a third are making highly specialized war goods not immediately adaptable to peacetime use. While industrial demobilization is by no means an immediate threat in the Midwest where an urgent need for more war workers is apparent in at least 27 major industrial areas, nevertheless it is important to recognize that probably more than one million men and women presently engaged in Midwest manufactures will face demobilization from war industries.

Manufacturing employment during wartime is artificially high from a peacetime standpoint. Probably no single war industry group or its peacetime counterpart in the Midwest will employ as many wage earners during or immediately after conversion as at the present time. New job opportunities, consequently, must be found in nonmanufacturing activities wherever possible. Such nonmanufacturing activities, including agriculture, it will be recalled, provided employment for more than 70 per cent of all Midwest workers before the war.



# Business Conditions

*A Review by the Federal Reserve Bank of Chicago*

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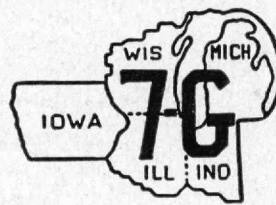
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**SEVENTH FEDERAL**



**RESERVE DISTRICT**

FILE