

# THE BUSINESS REVIEW



## FEDERAL RESERVE BANK OF PHILADELPHIA

FEBRUARY 1, 1944

Important and closely related changes in the industrial picture accompanied the expansion in munitions output continuing over the greater part of 1943. Major technical difficulties associated with the mass production of a wide range of unfamiliar items gave way to smaller scale problems of a specialized nature. This resulted in cutbacks for a growing number of items, a measure which was resorted to with increasing frequency as the year progressed.

While most of the early cancellations of contracts were due to changes in design of equipment, those made more recently have reflected in large part outright reductions in estimated requirements over the foreseeable future. Toward the close of the year supplies of steel and some of the non-ferrous metals began to exceed the demands of fabricators, and what had been a highly critical raw material situation eased sufficiently to permit increases in the output of railroad and agricultural equipment and the granting of permission to resume on a small scale the production of a few items of civilian goods using war metals. Although the manpower problem remains a critical element in the industrial situation, it also has eased somewhat, developing into one of local shortages, rather than persisting as an over-all scarcity of the magnitude envisioned a few months ago.

The significance of these changes lies first of all in the opportunity afforded munitions makers to concentrate their facilities, manpower, and materials on the production of items

which will be required in much greater volume this year than in 1943. The other import of last year's developments on the industrial front is the improved outlook for increasing further the output of certain essential civilian goods, and possibly expanding the short list of items already in limited production by gradually re-converting the facilities of small manufacturers whose war orders have been cancelled or drastically reduced.

Although the War Production Board has emphasized in recent weeks that major reconversions are not contemplated, it appears that plans are being perfected which would permit firms employing a maximum of fifty workers in certain areas to use surplus supplies of metals for the unrestricted manufacture of civilian goods. The War Production Board districts of Philadelphia, Cleveland, and Kansas City are said to have been selected tentatively as proving grounds for this plan; its successful operation in these localities would permit its extension on a nation-wide basis.

The degree of manpower stringency, as indicated by War Manpower Commission groupings, will determine which producers will be authorized to participate in this planned undertaking. In addition to this limitation, prospective participants must establish to the satisfaction of the War Production Board that they have little or no war business; that the product which they propose to turn out is important in

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# The Economy of The Third Federal Reserve District

## Manufacturing Industries

The economy of the Third Federal Reserve District is built upon a foundation of agriculture, mining, and manufacturing. Since we live on the products of our fields, mines, and factories, our material well-being is related intimately to the volume and quality of products derived from these sources. By intensive cultivation the agricultural resources are used to good advantage to supply the large urban markets of the district with specialized farm products. The mineral industries of the district, though somewhat less important today than formerly, still play a prominent part in its economy. Manufacturing, for which the district is particularly well adapted, is the keystone of its industrial structure.

As a cross-section of the major economic developments of the district, the survey is confined to agriculture, mining, and manufacturing. While it is recognized that other industries, such as trade, insurance, transportation, and finance perform indispensable functions, nevertheless the prosperity of these auxiliary industries is dependent very largely upon the primary industries that produce most of the essentials of life.

### The Predominance of Manufacturing in the Industrial Pattern of the District

Manufacturing is the predominant economic activity of the district. In 1939 manufacturing industries employed almost 75 per cent of all employees in the primary industries of the district. In that year manufacturing employed about five times the number of workers engaged in agricultural pursuits and more than six times the number employed in the extraction of minerals.

The preeminence of manufacturing in the industrial pattern of the district is not a recent development. The foundation was being laid for it early in our history, but the most rapid growth occurred during the six decades following the Civil War. Manufacturing industries at the close of the nineteenth century employed about 62 per cent of all workers in the primary industries of the district. Agriculture at the same time provided employment for about 22 per cent and mining about 16 per cent of the workers in primary industries. During the forty

years between 1899 and 1939, manufacturing in the district grew faster relative to mining and agriculture, as shown in Table 1. While district manufacturing expanded from 62 to 74 per cent of the total, mining declined from 16 to 11 per cent, and agriculture declined from 22 to 15 per cent of all workers employed in the primary industries.

TABLE 1: PERCENTAGE DISTRIBUTION OF WORKERS EMPLOYED IN MANUFACTURING, MINING, AND AGRICULTURE

Year	Third Federal Reserve District				United States			
	Mfg.	Mining	Agr.	Total	Mfg.	Mining	Agr.	Total
1899	62	16	22	100	38	3	59	100
1909	62	17	21	100	40	4	56	100
1919	72	14	14	100	51	5	44	100
1929	70	15	15	100	50	5	45	100
1939	74	11	15	100	53	5	42	100

Source: United States Department of Commerce, Bureau of the Census.

It is recognized that the use of number of workers employed is not a flawless measure of the changing relative importance of economic activities over a period of years. If manufacturing industries, for example, made greater progress relative to agriculture, in mechanizing their productive processes, the number of workers employed understates the rate of growth in manufacturing. Such in fact seems to be the case. In recent years technological improvements have occurred in both manufacturing and agriculture, but greater strides have been made in the field of manufacturing. The index of physical volume of production per wage earner in United States manufacturing increased from a base of 100 in 1899 to 199 in 1939.<sup>1</sup> In agriculture, productivity per worker did not rise as much as in manufacturing. The output per farmer and per adult male laborer working on farms increased from a base of 100 in 1900 to only 154 in 1938.<sup>2</sup>

Among the primary industries, both manufacturing and mining play a more prominent part in the economy of the district than in the national economy. Relative to the total number em-

<sup>1</sup> United States Department of Commerce, Census of Manufactures, 1939. Vol. II, Part 1, p. 20.

<sup>2</sup> Barger, H., and Landsberg, H. H.—American Agriculture 1899-1939, National Bureau of Economic Research, New York, 1942, p. 251.

ployed in the primary industries, manufacturing expanded and agriculture contracted in both the district and the country between 1899 and 1939. This reflects a growing industrialization of both areas. The proportion of people employed in mining to all employees in the primary industries declined from 16 to 11 per cent in the district since the turn of the century. For the United States, the proportion of workers in mineral extraction to all workers in the primary industries increased. The divergent trends arise from the fact that mineral resources in the South and the West afforded greater opportunities for development owing to comparatively recent discoveries of rich mineral deposits. However, in 1939 mineral extraction continued to employ a larger proportion of workers engaged in the primary industries in this district than in the United States.

### Types of Manufacturing in the Third Federal Reserve District

Manufacturing in this district is highly diversified. The principal industries in Philadelphia, the largest manufacturing center of the district, are clothing, textiles, food processing, iron and steel, printing, chemicals, and machinery products. Among the principal industries in nearby areas of Pennsylvania are petroleum refining, textiles, cement manufacturing, iron and steel, transportation equipment, electrical machinery, and food processing.

The southern half of New Jersey and the state of Delaware add considerable variety to the industrial pattern of the Third District. The outstanding manufactures of southern New Jersey are metal products, electrical machinery, textiles and clothing, clay and glass manufactures, chemicals and transportation equipment. The

TABLE 2: MANUFACTURING INDUSTRIES OF PENNSYLVANIA — 1939

Major Industrial Groups	Number of wage earners	Per cent of total
Metal products.....	242,062	28.2
Textiles and clothing.....	234,989	27.4
Machinery.....	65,769	7.7
Food products.....	61,586	7.2
Stone, clay, and glass products.....	45,064	5.3
Printing.....	28,906	3.4
Transportation equipment.....	27,971	3.3
Leather and leather products.....	27,874	3.2
Chemicals and allied products.....	23,574	2.7
Paper.....	21,676	2.5
Products of petroleum and coal.....	14,613	1.7
Lumber products.....	12,253	1.4
Furniture.....	11,534	1.3
Other manufactures.....	40,431	4.7
<b>Total.....</b>	<b>858,302</b>	<b>100.0</b>

Source: Census of Manufactures, 1939.

principal industries of Delaware are chemicals, leather tanning, and iron and steel manufacturing.

The diversification of manufacturing in the district is indicated by the variety of Pennsylvania<sup>3</sup> industries shown in Table 2. It is apparent that the district has a wide range of industries which is an element of strength in its industrial structure. It should also be noted that textiles and clothing occupy a very prominent position. These industries employ 27 per cent of all factory workers, thus contributing a considerable measure of stability of income in this district owing to the constancy of demand for textiles and apparel.

### Origin and Development of Manufacturing Prior to 1900

The origin and growth of manufacturing in Pennsylvania is closely associated with the development of manufactures in Philadelphia, its leading manufacturing center today. Manufacturing in Philadelphia began almost immediately following its settlement. Philadelphia manufacturers produced coarse woolen fabrics that were superior to any like cloth made in other parts of the world. Leather tanning was likewise a prominent industry in the Delaware River valley. A thriving shipbuilding industry fostered the development of Philadelphia's foreign commerce for which the city was favorably located. For the first hundred years or more the growth of Philadelphia, like that of other Colonial cities, was stimulated more by its foreign trade than its manufactures. In 1793, exports from Philadelphia were more than one-fourth of the total exports of the country.

The early development of Philadelphia as a commercial city laid the foundation for its rise as a center of manufacturing. From its flourishing commerce was accumulated the necessary capital to establish manufactures. Another factor contributing to the rise of manufacturing was the character of its early settlers. In the wake of the Quakers who were keen merchants, came the Germans, Dutch, English, and Scotch-Irish. These people were skilled in the industrial arts, for they migrated from countries noted in the eighteenth century for weaving, spinning, and kindred crafts.

<sup>3</sup> County data are required to portray the types of manufacturing in the Third Federal Reserve District. Pennsylvania data are used because the Census does not report this information by counties. Since 70 per cent of the factory workers of Pennsylvania are employed within the Third District, the industries of the state are substantially representative of the industries of the district, except for iron and steel manufacturing so heavily localized in the Pittsburgh area.

Philadelphia in 1810 had more manufacturing establishments and produced a greater variety of manufactured products than any other city in the country. In that year Philadelphia manufactures represented 36 per cent of the value of manufactures produced in Pennsylvania. This indicates not only the importance of Philadelphia as a manufacturing center, but also the extent to which manufacturing had spread to other parts of the state.

According to the Census of 1810, the total value of United States manufactures was \$128 million. Of this, Pennsylvania, already the leading industrial state, contributed \$32 million, or about 25 per cent. Pennsylvania produced almost twice the output of Massachusetts, which ranked second. The large cities did not afford, necessarily, the best factory location. When the scene of manufacturing shifted from the household to the mill or factory, largely as a result of technological changes, power became an important factor influencing location, and before the age of steam, natural water power sites played a prominent part. These sites seldom coincided with large metropolitan centers founded upon commercial development; hence the growth of rural manufacturing centers remote from the principal cities.

Between 1830 and 1840, while New England manufacturers were debating the relative merits of water power and steam power for textile mill operation, many Pennsylvania manufacturers already had converted to steam power. Meanwhile the introduction of hot blasts and mineral fuel strengthened the position of iron manufacturing in which Pennsylvania was already the leading state.

Pennsylvania retained its position as the leading industrial state throughout the first half of the nineteenth century. However, manufacturing developed so rapidly along the North Atlantic seaboard that by 1861 New York displaced Pennsylvania as the foremost manufacturing state in terms of gross value of products manufactured. In 1855 appeared an epoch-making invention that was destined to have far-reaching effects upon the economic development of this area and the entire United States. The Bessemer steel-making process gave us our first cheap steel, which prepared the way for the great railroad expansion during the second half of the century.

The consequent opening up of the West immediately afforded larger markets for the products of eastern manufacturing industries but it was not long before eastern industries had to compete with rising manufactures in the states bordering the Great Lakes. Rich mineral and agricultural resources furnished the raw materials, and continued westward migration afforded expanding local markets for the new manufacturing industries of the area west of the Alleghenies. As a result of these developments, Pennsylvania, like other industrialized states of the East, could not maintain its former industrial supremacy. The relative decline of Pennsylvania as an industrial state is therefore the result of the industrialization of the United States which made rapid strides following the Civil War, and has continued to this day.

### District Manufacturing Declines Relative to United States Manufacturing

Manufacturing in the Third District manifested the same over-all trend during the forty years since 1899 that prevailed for some years prior to that year. In other words, district manufacturing expanded but not as rapidly as the rate of growth of United States manufacturing. In 1899 the district produced 10.2 per cent of total United States value added by manufacture and employed 11.2 per cent of the factory wage earners. By 1939 its proportion of value added by manufacture had declined to 8.1 per cent, and the proportion of wage earners in manufacturing had dropped to 9.0 per cent. The contraction of district manufacturing relative to United States manufacturing as shown in Table 3, was not uniform from decade to decade, but the evidence is unmistakable that the forces making for geographic dispersion of industry, which began more than three quarters of a century ago, have persisted down to the outbreak of the Second World War.

TABLE 3: MANUFACTURING IN THE THIRD DISTRICT  
—EXPRESSED AS A PERCENTAGE OF THE  
UNITED STATES

Year	Value added	Wage earners
1899.....	10.2%	11.2%
1909.....	9.0	10.5
1919.....	9.4	10.2
1929.....	8.4	9.2
1933.....	8.7	9.8
1939.....	8.1	9.0

Source: United States Department of Commerce,  
Census of Manufactures.

The inevitable consequence of the growing industrialization of the United States is a contraction in the relative importance of manufacturing in this region.

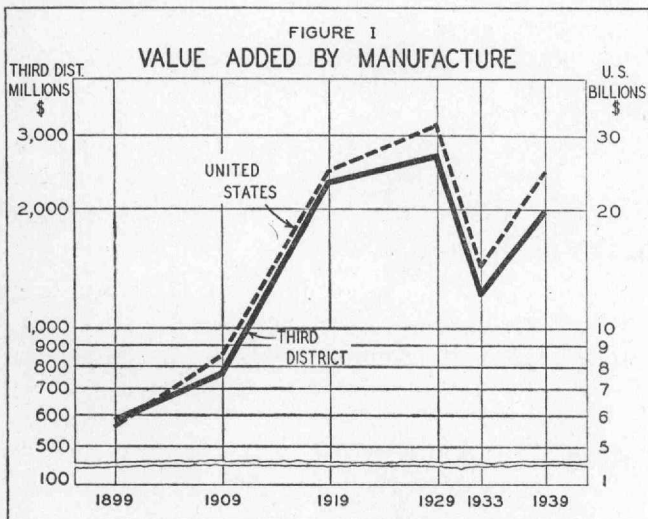
### Trends of Production

During the four decades preceding the Second World War, manufacturing in the Third Federal Reserve District expanded rapidly, but its rate of growth was somewhat less than that of United States manufacturing. Measured by value added, manufacturing in the district increased from \$580 million in 1899 to \$1,994 million in 1939, an increase of 244 per cent. During the same period the value added of United States manufacturing rose from \$5,678 million to \$24,683 million, a gain of 335 per cent.

Obviously, the real growth of manufacturing was somewhat less than the rate shown by these data of value added because they are exaggerated by the generally rising price level. A more accurate portrayal of actual growth is the increment in physical volume of output. As reported by the Census Bureau,<sup>4</sup> physical volume of United States manufacturing shows an increase of 273 per cent between 1899 and 1939. This represents an annual rate of growth of approximately 3.5 per cent.

Although the trend of manufacturing in this district roughly parallels the trend of United States manufacturing, as shown in Figure I, significant differences are apparent in the changes from one decade to another. These

<sup>4</sup> U. S. Department of Commerce, Bureau of the Census, Manufactures Volume I, 1940.



differences stand out sharply when reduced to percentage changes as shown in Table 4.

TABLE 4: VALUE ADDED BY MANUFACTURE, AMOUNT AND RATE OF CHANGE

Year	Third District		United States	
	Value added (millions)	Per cent change	Value added (millions)	Per cent change
1899.....	\$ 580	.....	\$ 5,678	.....
1909.....	772*	+ 33	8,529	+ 50
1919.....	2,354	+205	25,042	+194
1929.....	2,683	+ 14	31,885	+ 27
1933.....	1,268	- 53	14,538	- 54
1939.....	1,994	+ 57	24,683	+ 70

\* Estimated. Source: U. S. Census of Manufactures.

During the first decade of the present century, manufacturing in the district increased 33 per cent in contrast to a 50 per cent increase in value added by all industries of the United States. The rapid growth of manufacturing in the country coincided with the rising tide of business activity that prevailed throughout most of this decade.

Fundamental factors that contributed to the rapid expansion of manufacturing were the development of new products, the discovery of new raw materials, the recovery of waste products, the transformation of industrial equipment, changes in the form of industrial organization, and the diversification of domestic demand. The beginning of the century approximately marks the time when our exports of agricultural products, except for cotton and tobacco, began to decline, and our energies were turned more toward converting our raw materials into manufactured products for domestic consumption. At this time also organized industry was assuming more and more of the functions formerly performed in the home. Industries manufacturing capital equipment and durable goods, though still relatively small, had considerable influence in setting the pace during this period.

Manufacturing in this district participated in the general industrial expansion but not to the same degree as industry in the United States as a whole. A number of the industries in their early stages of growth such as automobile manufacturing, canning, sugar beet refining, petroleum refining, and other branches of chemical manufacturing, developed in areas outside of the district where proximity to raw materials or nearness to complementary industries played an important part in their development.

Manufacturing activity during the second decade—from 1909 to 1919—was influenced more than anything else by the First World War. That war, like the present one, found the industry in this district highly capable of quick conversion from production for peace to production for war. Largely for this reason, manufacturing activity here expanded more rapidly than that throughout the country. Between 1909 and 1919 value added by manufacturing in the district increased 205 per cent, in contrast to an increase of 194 per cent in output for the country.

The war created an enormous demand for steel and the fabricated products of steel, such as ships, machinery, ordnance, armor plate, etc. This district profited by its extensive facilities for manufacturing steel products and especially the heavy steel products: castings, forgings, plate and armor steel, heavy ordnance, turbines, and related marine equipment. Another factor that gave considerable stimulus to manufacturing in this district was the heavy reliance placed upon facilities existing at the outbreak of the war. This district, therefore, benefited by reason of its manufacturing capacity and particularly its capacity to produce those goods in greatest demand at that time.

The decade from 1919 to 1929 is characterized by an unusually high rate of industrial activity after the short post-war business readjustment in 1920-21. Value added by manufacturing industries of the United States attained an all-time peak of almost \$32 billion, which was 27 per cent above the value added in 1919. Production by the manufacturing industries of the district increased 14 per cent during this period—about half the rate of growth of manufactures of the United States.

The slower rate of growth of manufacturing in the district during the decade of the 'twenties was due, in part, to the inevitable adjustments following the First World War. Numerous industries of the district that had prospered to an unusual degree during the war period declined precipitously after the war. Conspicuous in this group was the shipbuilding industry. After the war this industry virtually collapsed, and as a consequence, demand was seriously impaired for the products of those industries closely allied with shipbuilding, such as the manufacture of structural steel, castings, forgings, propulsion machinery, marine hardware, and electrical equipment.

Another factor that affected this district adversely was the pronounced change that occurred in American habits of consumption. During the 'twenties the demand for consumer goods of durable and semi-durable character increased faster than the demand for non-durable goods. The physical volume of production of such goods as automobiles, furniture, floor coverings, and household electrical appliances increased at an annual rate of 6.3 per cent between 1922 and 1929.<sup>5</sup> For the same period the physical volume of production of foods and textiles increased respectively at annual rates of only 1.6 and 2.2 per cent.<sup>6</sup> In view of the prominent part that textile manufacturing plays in the Third District, the lagging demand for textiles was partly responsible for the slower rate of growth of district manufactures during this period.

The severe business depression that began in 1929 affected manufacturing in this district with about the same degree of adversity as the industry in the country generally. Between 1929 and 1933 value added by manufacture in the district declined 53 per cent in comparison with a 54 per cent decrease in all manufacturing industries of the United States. The non-durable consumer goods industries, such as food, tobacco, textiles, clothing, leather, and shoe manufacturing, put a floor under the depression because the products of these enterprises are currently consumed and require constant replacement. Since industries of this class make up a substantial proportion of district manufacturing, the recession of the district was no more severe than that of the country.

During the six years of industrial recovery from 1933 to 1939 the output of manufactures in the district increased 57 per cent, in contrast to an increase of 70 per cent by the industries of the United States. The slower recovery of manufacturing here is again a reflection of the characteristic behavior of the industries so prominent in this area. Demand for non-durable consumer goods is not as responsive as demand for durable or capital goods during a period of recovery.

### Trend of Employment

Employment in the Third Federal Reserve District, like value added, reflects the more advanced stage of industrialization of this region in contrast to manufacturing in the country. In 1899 the manufacturing industries of the district employed 595 thousand factory wage earn-

<sup>5</sup> Mills, Frederick C., *Economic Tendencies in the United States*—National Bureau of Economic Research Publication No. 21, p. 274.

<sup>6</sup> *Ibid.*, pp. 270, 272.

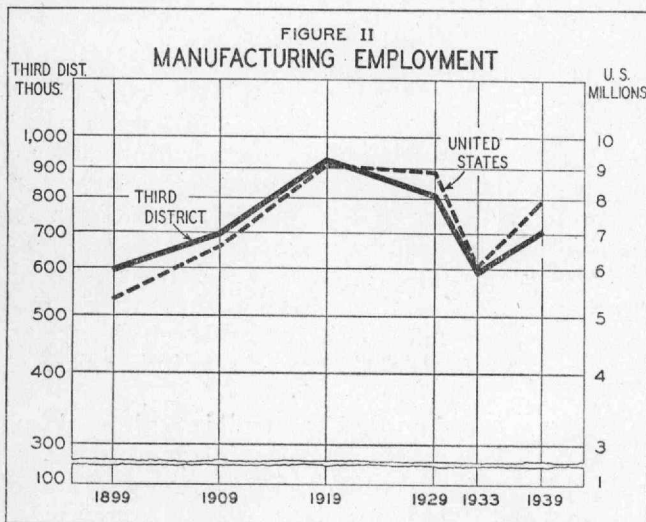
ers; forty years later they employed 707 thousand workers, as shown in Table 5. This represents an increase of 19 per cent. Employment in the manufacturing industries of the United States increased from 5,321 thousand in 1899 to 7,887 thousand in 1939, an increase of 48 per cent.

TABLE 5: MANUFACTURING WAGE EARNERS, NUMBER AND RATE OF CHANGE

Year	Third District		United States	
	No. employed (000 omitted)	Per cent change	No. employed (000 omitted)	Per cent change
1899.....	595	.....	5,321	.....
1909.....	697*	+17	6,615	+24
1919.....	925	+33	9,096	+38
1929.....	811	-12	8,839	-3
1933.....	593	-27	6,056	-32
1939.....	707	+19	7,887	+30

\* Estimate. Source: U. S. Department of Commerce, Bureau of the Census

The long-run expansion of employment in district manufacturing was rather consistently below the growth of employment in national manufacturing. During the first 20 years of the present century, manufacturing employed an increasing number of workers in both areas, but the rate of increase was less pronounced in the district, as shown by the milder slope of the curve in Figure II. From 1919 to 1929 employment both here and in the country declined but the decline of employment in the district was relatively greater than that of United States manufacturing. During the depression years from 1929 to 1933, the recession of employment in the district was relatively less than that of United States manufactures but in the subsequent years of recovery—1933 to 1939—employment in district manufacturing again rose more slowly.



## Relation Between Employment and Production

It is significant to note a considerable divergence between the trend of employment and the growth in production which is revealed by a comparison of Figures I and II.<sup>7</sup> Between 1899 and 1939 output of manufacturing industries of the district increased 244 per cent but the number of employees engaged in manufacturing increased only 19 per cent during the same period. Similarly, output in manufacturing of the United States increased 335 per cent during this period in contrast to an increase of only 48 per cent in employment. Not all of the disparity between employment and output trends is accounted for by inflated dollar values of output; some of it is due to increased productivity of labor as a result of the mechanization of manufacturing processes.

Prior to 1919 changes in number of employees engaged in manufacturing probably reflect changes in physical volume of output with reasonable accuracy. However, after 1919, as Figure II shows, the number of manufacturing employees of both the district and the country declined, despite the continued expansion in volume of output. The greatest strides in industrial mechanization were made in the two decades after the First World War, a fact corroborated by the Census Bureau's estimates of changes in productivity per wage earner. Using 1899 as a base of 100, productivity per worker rose moderately to 116 in 1919 but then increased sharply to 199 in 1939. The greatest gains in productivity occurred after 1919.

The period between 1919 and 1939 was one of widespread innovations in technology. The steel industry introduced continuous rolling which effected considerable savings in the manufacture of sheet and strip steel. Foundries cut down labor requirements through the use of die casting and centrifugal pipe casting. In the metal fabricating industries labor costs were greatly reduced by the standardization of parts, serialized arrangement of machinery and power driven intra-plant conveyors. Thermal and catalytic cracking replaced straight-run refining in the petroleum industry. Machine-made cigars all but displaced hand-made cigars. The glass container industry was revolutionized by the appearance of automatic bottlemaking machinery. These and other improvements contributed very largely to the increasing productivity of labor in manufacturing industries.

<sup>7</sup> These are ratio charts. Equal vertical distances represent equal percentage increases or decreases; therefore rates of change are emphasized.

The adoption of technological improvements by manufacturers in this district is reflected in the rising productivity of its factory workers. Productivity as measured by value added per wage earner increased almost threefold between 1899 and 1939. Value added per wage earner in the country as a whole increased at substantially the same rate.

Throughout the entire period from 1899 to 1939 the value added per wage earner was uniformly lower in this district than that in the country generally. This is due chiefly to the relatively larger proportion of textile and apparel manufacturing in this district. The value added per worker is characteristically lower in these industries than in manufacturing as a whole.

During the forty-year period preceding the outbreak of the Second World War manufacturing in the Third Federal Reserve District, on the whole, paralleled the development of manufacturing in the United States. It was a period characterized by a growing population, the rise of new industries, the development of large-scale production, exploitation of natural resources, the appearance of new products, and the widening of markets. These developments

were primarily responsible for the growth of American manufacturing throughout the greater part of the period.

As an integral part of the national economy, activity in the Third District was stimulated by the same forces that contributed to the growth of national manufacturing. The fact that manufacturing in this district did not maintain the same rate of growth as prevailed in the country is no indication of industrial stagnation. The slower rate of growth is primarily a reflection of a more advanced stage of industrial development.

The highly industrialized economy of the Third Federal Reserve District was a national asset of inestimable value at the outbreak of the Second World War. The district had available for immediate conversion to the war effort a variety of industrial resources. Its facilities were not on order—they were on hand. They consisted of established, operating industries that supplied some of our most pressing needs when we were forced into total war. This contribution of the district to national defense and the effect of the war upon its industries will be the subject of subsequent analyses.

## Business and Banking

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the civilian economy; and that they can use surplus metals in their present state, or after processing with their own facilities.

The value of this small beginning for total reconversion after the war ends lies in the fact that its successful operation, particularly if in the interim it became nation-wide in scope, might furnish the pattern for the unprecedented undertaking facing industry at some future date. Moreover, the very existence of the program constitutes tangible proof that the War Production Board intends that reconversion be a systematically planned and well-regulated return to peacetime production, rather than a chaotic readjustment.

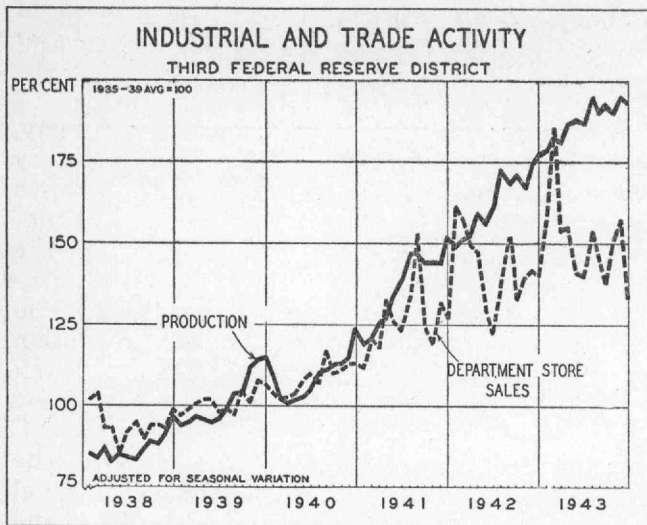
**Industry and trade.** Industrial production in the Philadelphia Federal Reserve District in 1943 averaged 16 per cent higher than in the

preceding year, reflecting chiefly a sharp expansion at manufacturing plants turning out munitions and other heavy war goods. Output of coal was in about the same volume as in 1942, but the production of crude petroleum showed a substantial decline.

Operations at factories producing durable goods expanded 27 per cent in 1943, as against a rise of only 2 per cent at establishments making lighter products. The sharpest increase in heavy goods lines—51 per cent—was reported by manufacturers of transportation equipment. Increases in non-durable goods lines were substantial in the case of certain food and chemical products. Material and labor shortages were chiefly responsible for a lower level of output in the textile and leather products industries.

Factory employment, payrolls, and working time in Pennsylvania were maintained at near-record levels in December. The number of wage earners fluctuated narrowly a little above  $1\frac{1}{4}$





million over most of 1943, with the average for the twelve months only 5 per cent higher than a year earlier. Substantial additions to the working forces in heavy industries were partly offset by reductions at plants manufacturing nondurables, chiefly for civilian use. Factory payrolls showed an almost uninterrupted rise in 1943 to a peak of approximately \$55 million a week. For the year as a whole they were more than one-fifth above the average for 1942. Total employee-hours worked increased moderately, averaging about 10 per cent more in 1943 than a year earlier.

The weekly income of wage earners at reporting plants in Pennsylvania advanced last year from an average of \$42 in January to above \$46 in December, continuing a pronounced upward trend that began more than three years ago with the inception of our defense and war production program. Average hourly earnings also have been rising with few interruptions since about the middle of 1940. Working time per employee increased from an average of about 43½ hours a week at the beginning of 1943 to 45½ in the closing month of the year.

The supply of coal for heating purposes remains tight, necessitating the continued diversion of small quantities of industrial fuels to meet emergency requirements. Reserves at manufacturing plants have decreased somewhat, particularly in the case of certain steam sizes usually carried in stockpiles by producers of primary iron and steel products. Repeated shutdowns in both the anthracite and bituminous coal fields during 1943 offset pro-

duction gains that might have been expected as a result of the longer work week adopted very early in the year. In the twelve months ended last December, output of anthracite was about the same as in 1942 but approximately 5 million tons short of estimated requirements. The production of bituminous coal in Pennsylvania decreased slightly in 1943.

With the greater part of military installations, plant facilities, and war housing projects completed some months ago, operations in the construction industry have continued to decline, releasing manpower, materials and productive capacity for use in other fields. Further reductions in activity are in prospect during the present quarter on the basis of the small volume of new contracts awarded in the closing months of 1943.

In this district, awards of building contracts declined 60 per cent last year from a peak of well over \$400 million in 1942. Moreover, pronounced changes occurred in the type of structures covered in new contracts. As the need of living quarters for workers increased sharply with the completion of munitions-making facilities and other war essential projects, emphasis shifted to residential building, with contracts in this classification accounting for over one-third of the dollar volume of all awards, as against less than one-fifth in 1942. Contracts for dwelling units showed a decrease of only 19 per cent last year, compared with declines of 68 and 76 per cent respectively in the case of factory buildings and public works and utilities.

Shipments of commodities by rail in this district, as in the country, increased to new high levels last year, although the number of cars used to transport the record volume of wartime freight was approximately the same as in 1942. Peak performance of the railroads in 1943 with scant additions to rolling stock reflected continuing improvements in car utilization, including heavier loadings per car, more direct routing of shipments, and reductions in turn-around time. According to the Association of American Railroads, freight traffic in the twelve months ended December expanded nearly 14 per cent to an estimated 725 billion revenue ton miles.

Primary distribution by wholesalers in this district also continued to expand in 1943, when the value of sales in eight reporting branches was about one-tenth greater than in the pre-

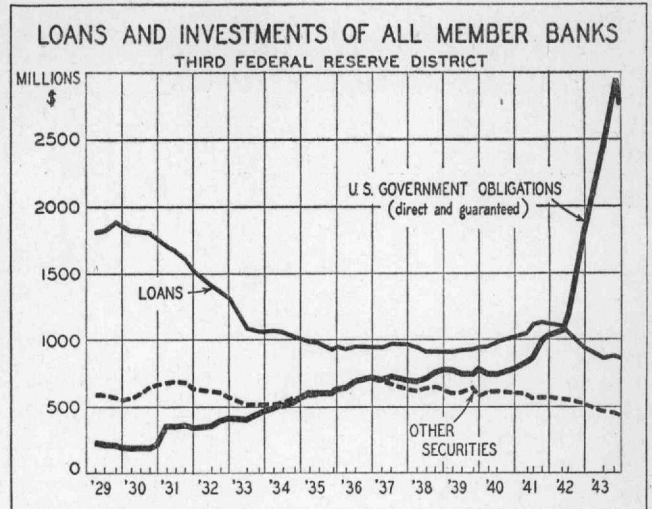
ceding year. Increases over the twelve months occurred in all lines but hardware, jewelry, and paper. Larger dollar sales than in 1942 reflected principally the influence of higher prices, and in most cases were associated with substantial declines in inventories.

Continued expansion in consumer buying raised the dollar volume of retail sales in the majority of reporting lines to new high levels in 1943. At department stores in this district the value of sales was 6 per cent greater than in the preceding year. Demand for women's apparel remained exceptionally heavy, with sales by stores specializing in these lines averaging about one-fifth more than in 1942. Business at men's apparel stores also was somewhat more active last year, but at shoe stores the limitations imposed by rationing were reflected in a slight decline in sales. Unusually large consumer purchases, in some cases continuing over many months, together with the growing difficulty of obtaining new merchandise, have substantially reduced retail inventories.

**Banking conditions.** At the opening of the Fourth War Loan Drive on January 18 a large volume of funds was available for investment in Government securities. Customers' bank deposits were at high levels, much currency was in the hands of the public, and civilian incomes, taken as a whole, were substantially in excess of current expenditures.

In this district deposits of individuals and business concerns at the weekly reporting banks, most of which are in Philadelphia, stood at \$1.9 billion on January 19, approximating closely the record high reached just before the Third Drive. These balances have expanded over one-quarter billion dollars in the past year. The gain in deposits at the country member banks in this district during 1943 appears to have been even larger than that of the city institutions. Individuals, business houses, banks, and others bought heavily of the securities offered by the Treasury last year, but the funds turned over to the Treasury in payment returned in large measure as they were spent for war supplies.

Member banks entered 1944 with \$2¾ billion of Government securities, an investment which was nearly four times as large as at the outbreak of war in Europe; two-thirds of earning assets were in this form, as against one-third in June 1939 and only 7 per cent at the close of 1929.



Gains during 1943 were sharp at both country and city banks, although holdings of the latter declined in the closing months, when heavy drafts were being made upon war loan accounts. Loans at Philadelphia banks have been well sustained recently at levels somewhat above pre-war, but at country banks are the lowest in many years. Investments in securities other than Governments have continued to shrink.

The fully invested position of the city banks, taken as a whole, is indicated by the fact that in late months reserves have been only a few per cent above requirements. Excess reserves have declined at the country banks also, but in the first half of January reserves still averaged 26 per cent above requirements. Three years earlier reserves of all member banks in the district were more than double requirements.

Reports for the period December 22 to January 19 show an increase of \$38 million in reserves to \$653 million. Net disbursements of the Treasury reached \$120 million in the period, but \$90 million of this reflected the retirement at maturity of bills held by the Reserve Bank under the repurchase option. The total so held declined \$103 million to \$170 million. The increase from only \$6 million a year ago is an indication of the increased pressure on reserve positions resulting partly from active currency demand and payments to the Treasury. Note circulation of the Bank increased \$300 million in the year. In contrast with the relatively active use of Treasury bills for the adjustment of reserve positions, discounts have been little used. The largest volume of bills discounted on the books of the Reserve Bank in the year was less than \$12 million.

# BUSINESS STATISTICS

## Production

Philadelphia Federal Reserve District

Indexes: 1923-5 = 100	Adjusted for seasonal variation						Not adjusted		
	Dec. 1943	Nov. 1943	Dec. 1942	Per cent change			Dec. 1943	Nov. 1943	Dec. 1942
				Mo. ago	Year ago	1943 from 12 mos. 1942			
<b>INDUSTRIAL PRODUCTION</b>	157p	158	145r	-1	+8	+16	155p	159	143r
<b>MANUFACTURING</b>	162p	165	149	-2	+9	+18	161p	166	147r
<b>Durable goods</b>	260p	272	234r	-4	+11	+27			
<b>Consumers' goods</b>	94p	91	93r	+4	+2	+2			
Metal products	189	182	176r	+4	+7	+12	181	183	168r
Textile products	70p	69	72	+2	-3	-2	70p	70	71
Transportation equipment	717	798	586	-10	+22	+51	740	787	606
Food products	123p	120	104	+2	+18	+13	122p	122	102
Tobacco and products	123	89	141	+38	-12	-11	89	106	102
Building materials	39p	38	55	+4	-29	-23	37p	38	50
Chemicals and products	165	166	143	-1	+15	+15	163	166r	141
Leather and products	108p	109	115	-1	-6	-7	102p	104	108
Paper and printing	95	97r	94	-1	+1	+3	96	97	95
<b>Individual lines</b>									
Pig iron	105	109	105r	-3	0	-1	104	110	104r
Steel	146	146r	140	0	+5	+7	137	140r	131
Silk manufactures	87	86r	82	+2	+6	+4	89	87r	84
Woolens and worsteds	59p	53	63	+10	-7	-3	56p	57	60
Cotton products	36	47	58	-22	-37	-7	48	49	62
Carpets and rugs	51p	48	55	+6	-7	-6	52p	51	55
Hosiery	77	68	83	+14	-7	-2	75	77	80
Underwear	152	153	160	-1	-5	+2	150	154	158
Cement	36p	35	84	+5	-57	-42	30p	34	69
Brick	56	55r	71r	+3	-20	-14	55	54	69r
Lumber and products	32	30	30	+4	+6	6	31	31	29
Bread and bakery products				0*	+10*	+10*	124	125	113
Slaughtering, meat packing	119	122	104	-2	+15	+7	129	135	112
Sugar refining	174	118	112	+48	+56	+50	113	77	73
Canning and preserving	153p	149	112r	+3	+36	+28	159p	162	113r
Cigars	122	88	140	+40	-13	-11	88	105	101
Paper and wood pulp	85	85r	82	0	+4	0	86	85r	83
Printing and publishing	97	99	97	-2	+1	+3	98	100	98
Shoes	133	123	151	+8	-12	-6	113	116	128
Leather, goat and kid	84p	95	81	-12	+4	-7	91p	92	88
Paints and varnishes	101	97	93	+4	+8	+6	98	100	90
Coke, by-product	160p	165	165	-3	-3	+2	155p	159	160
<b>COAL MINING</b>	75	65	68r	+15	+9	0	75	66	69
Anthracite	72	64	66r	+12	+9	0	72	64	66r
Bituminous	95	74	88r	+29	+8	-2	100	81	92r
<b>CRUDE OIL</b>	394	380	459	+4	-14	-12	371	369	432
<b>ELEC. POWER—OUTPUT</b>	403	407	373	-1	+8	+11	431	423	399
Sales, total	443	444	381	0	+16	+15	456	458	392
Sales to industries	379	370	310	+2	+23	+21	360	378	294
<b>BUILDING CONTRACTS</b>									
<b>TOTAL AWARDS†</b>	44	44	183	-1	-76	-44	48	48	203
Residential†	37	34	60	+8	-38	-8	36	38	58
Nonresidential†	57	53	234	+8	-75	-54	62	53	252
Public works and utilities†	43	56	426	-23	-90	-52	52	63	511

\* Unadjusted for seasonal variation. p—Preliminary.  
† 3-month moving daily average centered at 3rd month. r—Revised.

## Local Business Conditions\*

Percentage change—December 1943 from month and year ago	Employment		Payrolls		Building permits value		Retail Sales		Debits	
	Nov. 1943	Dec. 1942	Nov. 1943	Dec. 1942	Nov. 1943	Dec. 1942	Nov. 1943	Dec. 1942	Nov. 1943	Dec. 1942
	Allentown	-1	-4	-2	+11			+28	-5	+13
Altoona	0	+8	+3	+15	+140	+536	+33	+6	+12	+9
Harrisburg	+1	-3	0	+6	+18		+34	+5	+28	+10
Johnstown	0	-6	+1	+20	-58	+100	+30	+2	+12	+7
Lancaster	+1	+13	+1	+22	-82	+92	+25	0	+9	+18
Philadelphia	-1	+5	-2	+17	+39	-75	+21	-6	+22	+14
Reading	0	-3	-3	+7	-50	-45	+34	+2	+17	+12
Seranton	+4	+20	+6	+32	+7		+45	+10	+20	+15
Trenton					-17	+176	+33	+2	+20	+1
Wilkes-Barre	0	-5	+1	-18	+122	+347	+44	+11	+23	+22
Williamsport	-1	+1	-1	+8	-16	+257			+9	-14
Wilmington	-1	+8	-2	+26	-29	+49	+40	+1	+49	+2
York	0	-5	-1	+1	-66	-30	+39	+3	+25	+17

\* Area not restricted to the corporate limits of cities given here.

## Employment and Income

in Pennsylvania

Industry, Trade and Service

Indexes: 1932 = 100	Employment				Payrolls			
	Dec. 1943 index	Per cent change from		Dec. 1943 index	Per cent change from			
		Nov. 1943	Dec. 1942		Nov. 1943	Dec. 1942		
<b>GENERAL INDEX</b>	141	+2	0	333	+3	+10		
Manufacturing	190	0	+2	497	-1	+13		
Anthracite mining	50	+1	-18	69	+72	-21		
Bituminous coal mining	81	0	-12	364	+82	+12		
Building and construction	46	-7	-7	114	-5	0		
Quar. and nonmet. mining	92	-2	-18	293	-1	-11		
Crude petroleum prod.	135	-2	-4	224	-3	+12		
Public utilities	99	0	0	139	-1	+7		
Retail trade	147	+16	-1	184	+10	-4		
Wholesale trade	105	-1	-7	146	-1	+2		
Hotels	101	+1	+5	162	0	+11		
Laundries	100	-2	-9	158	-1	-3		
Dyeing and cleaning	95	-2	-2	152	-4	+3		

## Manufacturing

Indexes: 1923-5 = 100	Employment*			Payrolls*		
	Dec. 1943 index	Per cent change from		Dec. 1943 index	Per cent change from	
		Nov. 1943	Dec. 1942		Nov. 1943	Dec. 1942
<b>TOTAL</b>	122	0	+2	203	-1	+13
Iron, steel and products	132	0	+2	276	-1	+13
Nonferrous metal products	192	0	0	414	-0	+13
Transportation equipment	177	-1	+16	311	-2	+24
Textiles and clothing	83	0	-6	122	-1	+4
Textiles	76	0	-6	114	-1	+4
Clothing	111	0	-6	165	0	+6
Food products	124	0	+5	183	+1	+19
Stone, clay and glass	90	-1	+4	134	+2	+7
Lumber products	50	-2	-2	80	-2	+11
Chemicals and products	123	0	+4	211	0	+15
Leather and products	77	0	-17	113	+2	-12
Paper and printing	104	0	+2	147	-1	+9
Printing	95	0	+1	129	-1	+8
Others:						
Cigars and tobacco	58	-1	-15	81	-1	-7
Rubber tires, goods	151	+2	+27	293	+2	+45
Musical instruments	100	+2	+27	185	+2	+49

\* Figures from 2892 plants.

## Hours and Wages

Factory workers Averages December 1943 and per cent change from year ago	Weekly working time*		Hourly earnings*		Weekly earnings†	
	Average hours	Ch'ge	Average	Ch'ge	Average	Ch'ge
<b>TOTAL</b>	45.2	+3	\$1.027	+7	\$46.17	+10
Iron, steel and prods.	46.2	+4	1.090	+5	50.35	+9
Nonfer. metal prods.	45.8	+3	.977	+7	44.77	+11
Transportation equip.	48.4	0	1.183	+6	57.21	+6
Textiles and clothing	40.0	0	.740	+10	29.48	+11
Textiles	41.1	+1	.763	+9	31.30	+11
Clothing	37.6	-1	.681	+12	25.74	+12
Food products	44.1	+4	.798	+11	35.26	+15
Stone, clay and glass	40.4	+5	.910	+6	36.74	+11
Lumber products	44.6	+1	.741	+11	32.80	+12
Chemicals and prods.	44.9	+7	1.028	+4	46.08	+11
Leather and products	40.4	0	.724	+8	29.12	+7
Paper and printing	43.3	+3	.873	+4	38.07	+6
Printing	40.2	+2	1.030	+6	41.44	+6
Others:						
Cigars and tobacco	42.0	+1	.603	+8	25.34	+9
Rubber tires, goods	44.2	+3	.974	+11	43.04	+14
Musical instruments	49.0	+3	.989	+14	48.49	+17

\* Figures from 2742 plants.

† Figures from 2892 plants.

## Distribution and Prices

Wholesale trade Unadjusted for seasonal variation	Per cent change		
	Dec. 1943 from		1943 from 12 mos. 1942
	Month ago	Year ago	
<b>Sales</b>			
Total of all lines.....	- 6	- 1	+ 9
Boots and shoes.....	+53	0	+ 8
Drugs.....	+ 4	+ 6	+ 4
Dry goods.....	-28	-21	+13
Electrical supplies.....	+28	- 8	+16
Groceries.....	-18	- 1	+12
Hardware.....	-13	+17	- 6
Jewelry.....	- 1	+10	- 6
Paper.....	- 7	+21	0
<b>Inventories</b>			
Total of all lines.....	+ 3	- 2	.....
Dry goods.....	+ 1	-10	.....
Electrical supplies.....	+24	-31	.....
Groceries.....	+ 3	+25	.....
Hardware.....	+ 2	- 7	.....
Jewelry.....	-12	- 8	.....
Paper.....	- 2	-24	.....

Source: U. S. Department of Commerce.

Prices	Dec. 1943	Per cent change from		
		Month ago	Year ago	Aug. 1939
<b>Basic commodities</b> (Aug. 1939=100)....	179	0	+ 4	+ 79
<b>Wholesale</b>				
(1926=100).....	103	0	+ 2	+ 38
Farm.....	122	0	+ 7	+100
Food.....	106	0	+ 1	+ 57
Other.....	98	0	+ 2	+ 22
<b>Living costs</b> (1935-1939=100)....				
United States.....	124	0	+ 3	+ 26
Philadelphia.....	124	0	+ 3	+ 26
Food.....	136	+ 1	+ 4	+ 46
Clothing.....	132	0	+ 5	+ 33
Rent.....	107	0	0	+ 4
Fuels.....	109	+ 3	+ 5	+ 13
Housefurnishings....	125	0	+ 2	+ 25
Other.....	116	0	+ 2	+ 15

Source: U. S. Bureau of Labor Statistics.

Indexes: 1935-1939=100	Adjusted for seasonal variation						Not adjusted		
	Dec. 1943	Nov. 1943	Dec. 1942	Per cent change			Dec. 1943	Nov. 1943	Dec. 1942
				Dec. 1943 from		1943 from 12 mos. 1942			
				Month ago	Year ago				
<b>RETAIL TRADE</b>									
<b>Sales</b>									
Department stores—District.....	133	157	139	-15	- 4	+ 6	249	200	260
Philadelphia.....	126	149	137	-15	- 8	+ 5	242	200	261
Women's apparel.....	140	162	131	-13	+ 7	+19	231	183	215
Men's apparel.....	135	160	132	-16	+ 3	+ 7	248	182	242
Shoe.....	133	142	144	- 6	- 8	- 1	160	140	174
Furniture.....				+19*	- 5*	.....	.....	.....	.....
<b>Inventories</b>									
Department stores—District.....	139	132	150	+ 5	- 7	.....	127	160	137
Philadelphia.....	137	130	152	+ 6	-10	.....	129	158	143
Women's apparel.....	177	182	148	- 3	+21	.....	174	216	144
Shoe.....	103	92	114	+11	-10	.....	93	93	103
Furniture.....				- 8*	-15*	.....	.....	.....	.....
<b>FREIGHT-CAR LOADINGS</b>									
<b>Total</b> .....	140	141	126	- 1	+11	- 1	134	142	121
Merchandise and miscellaneous.....	137	135	126	+ 2	+ 9	- 1	130	139	119
Merchandise—l.c.l.....	88	90	77	- 2	+15	0	87	93	76
Coal.....	136	118	116	+15	+17	0	146	127	125
Ore.....	149	228	166	-35	-10	-10	74	228	81
Coke.....	208	175	188	+19	+10	+ 2	225	196	203
Forest products.....	128	112	110	+15	+16	- 5	109	107	93
Grain and products.....	134	152	116	-12	+15	+10	139	172	121
Livestock.....	138	133	132	+ 3	+ 4	+12	149	152	141
<b>MISCELLANEOUS</b>									
Life insurance sales.....	92	105	84	-13	+10	+12	99	118	90
Business liquidations				0*	-56*	-63*	10	10	24
Number.....				+92*	-51*	+12*	7	4	15
Amount of liabilities.....				+ 6	+12	+17	193	163	172
Check payments.....	161	153	143						

\* Computed from unadjusted data.

# BANKING STATISTICS

### MEMBER BANK RESERVES AND RELATED FACTORS

Reporting member banks (000,000's omitted)	Jan. 19, 1944	Changes in—	
		Four weeks	One year
<b>Assets</b>			
Commercial loans.....	\$ 255	.....	+\$ 13
Loans to brokers, etc.....	37	-\$ 4	+ 10
Other loans to carry secur....	10	- 1	- 2
Loans on real estate.....	39	- 2	- 7
Loans to banks.....			
Other loans.....	103	- 1	- 14
<b>Total loans.....</b>	<b>\$ 444</b>	<b>-\$ 8</b>	<b>.....</b>
Government securities.....	\$1489	+\$ 9	+\$467
Obligations fully guar'eed..	71	.....	+ 2
Other securities.....	175	- 1	- 61
<b>Total investments.....</b>	<b>\$1735</b>	<b>+\$ 8</b>	<b>+\$408</b>
<b>Total loans &amp; investments.</b>	<b>\$2179</b>	<b>.....</b>	<b>+\$408</b>
Reserve with F.R. Bank....	397	+\$20	- 47
Cash in vault.....	29	- 3	+ 3
Balances with other banks..	82	- 3	- 26
Other assets—net.....	59	+ 1	- 4
<b>Liabilities</b>			
Demand deposits, adjusted..	\$1679	+\$40	+\$200
Time deposits.....	171	+ 5	+ 3
U. S. Government deposits..	303	- 45	+ 140
Interbank deposits.....	353	+ 15	- 18
Borrowings.....			
Other liabilities.....	13	- 1	+ 2
Capital account.....	227	+ 1	+ 7

Philadelphia Federal Reserve District (Millions of dollars)	Changes in weeks ended—				Changes in four weeks
	Dec. 29	Jan. 5	Jan. 12	Jan. 19	
<b>Sources of funds:</b>					
Reserve Bank credit extended in district.....	-83.3	-19.1	-20.0	- 2.9	-125.3
Commercial transfers (chiefly interdistrict).....	+22.7	+22.3	+ 4.8	-14.7	+ 35.1
Treasury operations.....	+70.5	-22.1	+47.8	+24.1	+120.3
<b>Total.....</b>	<b>+ 9.9</b>	<b>-18.9</b>	<b>+32.6</b>	<b>+ 6.5</b>	<b>+ 30.1</b>
<b>Uses of funds:</b>					
Currency demand.....	+ 1.1	- 6.7	+ 3.0	- 0.3	- 2.9
Member bank reserve deposits.....	+12.7	-10.9	+30.7	+ 6.0	+ 38.4
"Other deposits" at Reserve Bank.....	- 3.9	- 1.1	- 1.2	+ 1.0	- 5.1
Other Federal Reserve accounts.....	- 0.0	- 0.2	+ 0.1	- 0.2	- 0.3
<b>Total.....</b>	<b>+ 9.9</b>	<b>-18.9</b>	<b>+32.6</b>	<b>+ 6.5</b>	<b>+ 30.1</b>
<b>Member bank reserves</b> (Daily averages; dollar figures in millions)	<b>Held</b>	<b>Re- quired</b>	<b>Ex- cess</b>	<b>Ratio of excess to re- quired</b>	
<b>Phila. banks</b>					
1943: Jan. 1-15....	\$418	\$358	\$60	17%	
Dec. 1-15....	371	360	11	3	
Dec. 16-31....	367	357	10	3	
1944: Jan. 1-15....	370	357	13	4	
<b>Country banks</b>					
1943: Jan. 1-15....	256	184	72	39	
Dec. 1-15....	263	213	50	24	
Dec. 16-31....	269	214	54	25	
1944: Jan. 1-15....	272	215	57	26	
<b>Federal Reserve Bank of Phila. (Dollar figures in millions)</b>	<b>Jan. 19, 1944</b>	<b>Changes in</b>			
Bills discounted....	\$ 1.2	<b>Four weeks</b>	<b>One year</b>		
Bills bought.....	0	-\$ 0.4	+\$ 0.8		
Industrial advances.....	4.4	0	0		
U. S. securities.....	785.1	+ 0.1	+ 0.1		
		- 75.9	+ 343.0		
<b>Total.....</b>	<b>\$790.7</b>	<b>-\$76.2</b>	<b>+\$343.9</b>		
Note circulation....	1150.8	+ 1.8	+ 301.6		
Member bk. deposits.....	652.7	+ 38.4	+ 20.2		
U. S. general account.....	27.0	- 41.3	+ 4.0		
Foreign deposits.....	131.1	- 0.8	+ 60.7		
Other deposits.....	5.9	- 5.1	- 1.6		
<b>Total reserves.....</b>	<b>1183.3</b>	<b>+ 90.8</b>	<b>- 2.0</b>		
Reserve ratio.....	60.1%	+ 4.8%	- 12.9%		