

FEDERAL RESERVE BANK  
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# THE BUSINESS REVIEW



## FEDERAL RESERVE BANK OF PHILADELPHIA

MAY 1, 1944

**R**ECORDS of the past few months suggest that manufacturing output is near the wartime peak. Frequent readjustments have been necessary in the munitions industries with changing military requirements, but reductions in some categories have largely offset increases in others. The output of civilian goods has continued to fluctuate narrowly for some time. The raw materials situation might permit small increases or a limited resumption in operations in some civilian lines, but, as pointed out previously, the persistence of a tight manpower situation in certain areas and in specific industries delays it.

With the war production program at an advanced stage, inventories are beginning to receive greater attention. The size of manufacturers' stocks and the form in which they are held are of growing importance in view of the problems of liquidation and financial settlement associated with continuing shifts in war demand. The extent to which distributors' stocks, particularly holdings by retail stores, conform to the expanded purchasing power of consumers, is significant as it influences Government policy with respect to production schedules and the rationing of scarce items.

Data collected by the Department of Commerce indicate that the aggregate value of business inventories decreased about \$600 million during 1943 to an estimated \$27.3 billion. The decline followed annual accumulations ranging from about \$1 billion to nearly \$6 billion from 1939 through 1942. The proportion of total inventories in producers' hands has risen steadily

over the past four years, reflecting principally increases in raw material stocks and goods in process at war plants, consistent with the unprecedented expansion in shipments of finished munitions.

Total stocks at manufacturing plants have expanded almost without interruption since the outbreak of war in 1939. The rate of growth reported last year, however, was much less than in earlier periods. The greater stability of producers' inventories during 1943 was attributable in large part to the leveling off in production and the fact that material needs were more nearly balanced with available supplies through smoother operation of the Controlled Materials Plan.

In addition, there has occurred a shift in the type of inventories carried by manufacturers, with stocks at war plants declining. Metal fabricating industries, which have been producing the bulk of the munitions, accounted for a considerable part of the inventory accumulation at manufacturing plants from 1939 until 1943. The total holdings of these producers, however, began to level off about the middle of last year, and subsequently declined through February 1944. According to the Department of Commerce, the greatest reduction was in the value of goods in process, which declined steadily after March 1943. Inventories of raw materials continued to increase during the first six months of 1943, but thereafter showed some decline. The value of finished goods held by this group of industries has fluctuated narrowly over the entire period of the war.

*Continued on page 8*

# The Economy of The Third Federal Reserve District

## An Inventory of the Population—1940

The Second World War has imposed changes upon the economy of the Third Federal Reserve District that are best approached by a study of its population. Population embodies the most important resource — the labor force — those employed or seeking employment in the production of goods and services for the satisfaction of human wants, both material and spiritual.

The labor force is dynamic. Changes in its location, composition, size, and occupational status are readily initiated by economic, political, and social developments. The ever shifting labor force is like a gauge that records economic activity. To understand the full significance of the changes in the district's labor force which have occurred during the war period, it is necessary to take an inventory of its population as of the last pre-war year, 1940. This inventory should answer the following questions: Where did the people live? Who were the people living in the district? How many were gainfully employed? and, How did the employed earn their living?

### Where the People Lived

The number of people living in any given area depends upon two things: first, the existence of local resources and, second, the opportunities created by man himself. Where economic activity is confined essentially to agriculture, the number of people that the land can support on a high standard of living is rather limited. Population density is usually higher where mineral resources are found, but the number of people engaged in mineral extraction varies with the richness and extent of the deposits. The greatest clusters of people are found where manufacturing is the predominant activity. Land and, in many instances, local raw materials play only a minor role in manufacturing in contrast to the large amount of labor required for this kind of production.

An average population density of 210 persons per square mile for the district, in contrast to 44 for the United States, is indicative of the high degree of industrialization and urbanization which the district has attained. A glance at the map of population, however, reveals that

this over-all average is by no means the whole story. Population is highly concentrated in the eastern section of the district and is very sparsely distributed over the northern and western parts. Actually the range is from a low of 14 persons per square mile in Pike County to a high of 14,306 in Philadelphia County. This extremely wide range reflects vast differences in natural resources and economic development.

Philadelphia, with its tremendous concentration of manufacturing and allied activities, is in a class by itself in respect to population density. In three of the neighboring counties—Montgomery, Delaware, and Camden—population density is also exceedingly high—between 500 and 2,000 persons per square mile. As well as swelling the labor force in Philadelphia, each of these counties is highly industrialized in its own right.

Three other eastern counties, where economic activity requiring a large labor force has developed, have an equally high population density. These are Mercer (New Jersey) by reason of Trenton with its strategic location and heavy industries; Lehigh, because of textiles and metal products made in the Allentown-Bethlehem area; and Lackawanna, where population has been drawn in the past by the existence of anthracite deposits and is now also utilized in the silk and rayon factories and railroad shops of Scranton.

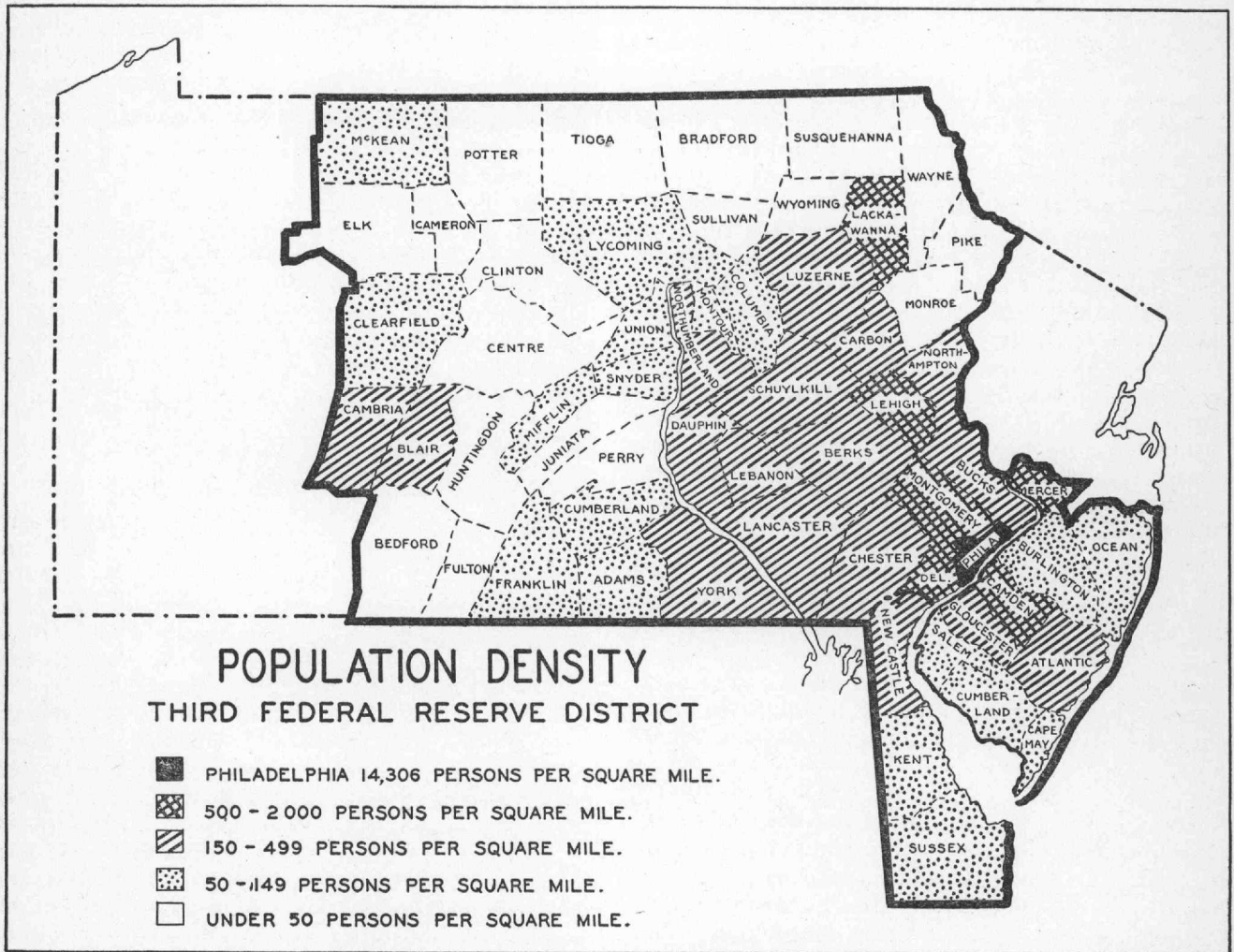
The counties having a population density ranging from 150 to 499 per square mile may be said to make up the backbone of the district, both geographically and economically. They form a virtually solid block near the center of the district—with branches at the eastern and western ends—and present a good cross-section of its economic life. Here the three primary industries—manufacturing, mining, and agriculture—are well represented. The lower tiers of counties in this group have a topography that is generally flat or gently rolling, with exceptionally rich soil. Flourishing farms are intensively cultivated, producing crops that require considerable labor—tobacco, corn, mushrooms, and a variety of fruits and vegetables.

Within the boundaries of the northern counties in this group—Northumberland, Schuylkill, Carbon, and Luzerne—are anthracite coal fields; and in Cambria, at the western edge of the district, bituminous deposits are mined. Interspersed in these agricultural and mining regions is a variety of towns which serve the surrounding areas in the capacity of trading and transportation centers and which are at the same time important centers of manufacturing. These include Lancaster, Reading, and York, noted for their textile and metal products; the steel manufacturing cities of Bethlehem and Johnstown; and Wilmington, where chemical manufacturing predominates.

The second lowest population concentration, between 50 and 149 per square mile, is found in the counties on the fringe of this “backbone.” They, too, represent the three basic in-

dustries, but agriculture far outstrips the other two in importance. The land is generally not so rich or so flat as that of the “backbone” group and some of it still remains in forests. In the southwestern counties—Franklin, Adams, and Cumberland—apple orchards cover the hillsides, and diversified farming is characteristic of the cluster of counties located on the lowlands of the Susquehanna. Dairy, poultry, truck, and fruit farms are prominent in the southern counties of New Jersey and Delaware. Some industrial development in small urban centers is found in all three of these regions. Clearfield and McKean, the most forested areas of this group, are the mineral counties, producing soft coal and petroleum, respectively.

The most sparsely inhabited counties, those under 50 persons per square mile, suffer from



a topography which makes agriculture unattractive and accessibility to outside markets somewhat difficult. Some are thin-soiled and rocky, others are extremely mountainous, and still others are characterized by sharp ridges and narrow valleys. The whole northern tier, except McKean, is of the first type; rolling hills are put to pasture and hay, with a few small urban centers devoted to the dairying industry. In Pike and Monroe counties the land is almost completely unsuitable for any kind of agriculture but has a picturesque scenery, upon which a year-round resort industry thrives. Elk, Cameron, and Clinton Counties exhibit the rugged features of the Allegheny Mountains. Most of this area remains forested and its population is clustered in small and widely scattered manufacturing communities. Small, self-sufficing farms are found in the few cleared areas. A somewhat more prosperous farmland, however, is found in the valleys between the forested ridges of the southwestern counties—Bedford, Fulton, Huntingdon, Juniata, Perry, and Centre.

Such was the distribution of the district's population in 1940, but population is always undergoing change. Even in normal times people shift from one place to another in response to such factors as improvements in transportation and communication, discovery of new resources or exhaustion of old ones, the rise of new industries, and social legislation. But war speeds up migration of people because it imposes an entirely different scale of values. Owing to the heavy drain on resources, many peacetime industries must give way to war production; and in the process labor surpluses occur in some areas and shortages in others. These conditions promote abnormal migration.

### The Composition of the Population

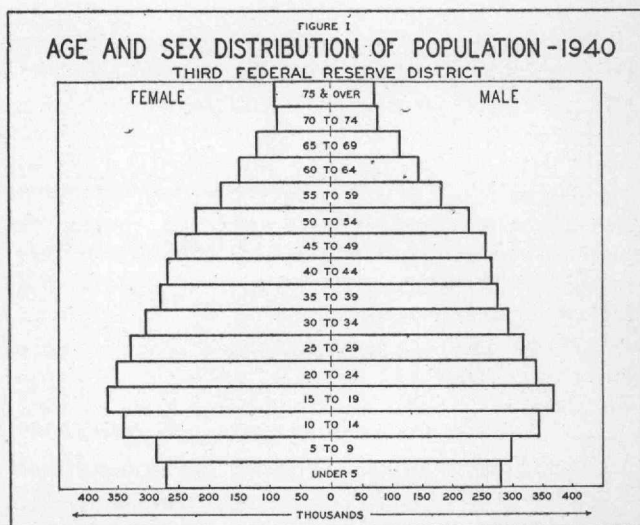
The composition of the population in the Third District is just as important as its geographical distribution with respect to the adjustments required for war production. Population characteristics, such as age and sex, have a direct influence upon the amount of productive labor that the district can contribute in a war emergency.

The age-sex distribution of the district's population is perhaps the most important of its characteristics in the light of the number of people actually in the labor force, that is, those seeking employment as well as those employed. The

age-sex distribution also shows the potential labor that might be brought into the labor force in a war emergency. The best labor resources are found among those with the health and vigor of youth. The group—and particularly the males—between the ages of 15 and 34 supplies what may be termed the “prime” labor force. Though it is difficult to draw a sharp line of distinction, people between the ages of 35 and 64 supply the “secondary” labor force.

The age-sex distribution of the district's population in 1940 is shown in Figure I. The figure has a shape somewhat like a sawed-off diamond, the bars tapering off in both directions from the largest group which consists of males and females between 15 and 19 years of age and accounts for 9.5 per cent of the total population. Half of the population was over 29 years of age and there were about as many people 55 and over as 9 and under. Compared with the United States, the district's population was somewhat “older”—proportionately more people in the upper age groups and less in the younger age groups.

The age distribution of the district's population shows the effect of declining birth and death rates. This is revealed by the narrow base of the figure and the gradual taper of the bars above the 15-19 age group. If birth and death rates continue to decline, the groups from which the prime labor force is drawn eventually will be smaller both relatively and absolutely, while the groups supplying the secondary labor force will increase in numbers. Ultimately this will require some adjustment of labor stand-



ards but it has little effect upon the immediate future.

### Employment and Unemployment

In 1940, over 3 million men and women, or 42 per cent of the total population of the district, were in the labor force—those employed or seeking employment. This was only slightly above the proportion of the country's population (40 per cent) in the labor force. Men constituted approximately 75 per cent of the labor force in both the district and the United States.

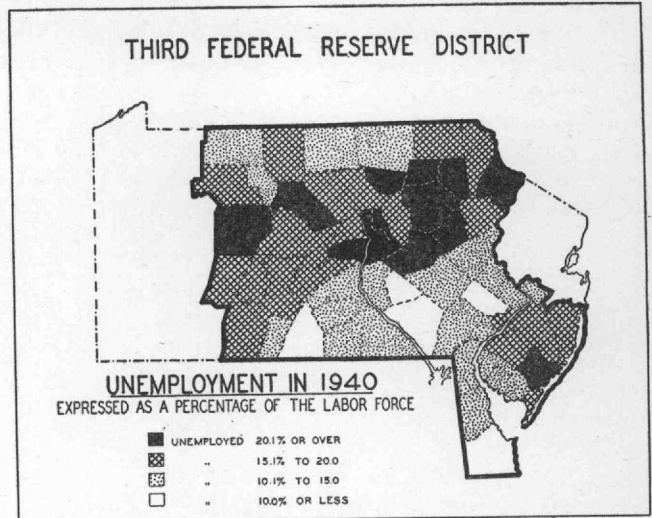
TABLE 1  
DISTRICT LABOR FORCE 1940

	Male		Female		Total	
	Thousands	Per cent of male labor force	Thousands	Per cent of female labor force	Thousands	Per cent of total labor force
Employed . . .	1,937	81	716	84	2,653	82
Unemployed.	444	19	37	16	580	18
Total . . . . .	2,381	100	753	100	3,233	100

As Table 1 shows, 18 per cent of the district's labor force was unemployed in 1940. This is in contrast with 14 per cent of unemployment in the country's labor force. Some of the unemployed were "between" jobs and therefore their unemployment was of short duration. Others had just entered the labor market as they attained working age or finished their education. The majority, however, had been unemployed for some time because of the scarcity of jobs. A considerable number of the unemployed were engaged on Federal work relief programs such as the W. P. A., N. Y. A., and the C. C. C.

The relative severity of unemployment throughout the district in 1940 is portrayed by the accompanying map. The anthracite counties had the highest percentages of unemployment, and large numbers of people were adversely affected because of the heavy concentration of population in that area. Although the percentage of unemployment was relatively high in the western agricultural and mining counties, the absolute number of people without jobs was much greater in the southeastern industrial counties—Berks, Camden, Delaware, and Philadelphia.

Unemployment in the district, as in the United States, was more prevalent among males than females. Conditions in the anthracite industry,



a large employer of male labor, were partly responsible for the relatively greater unemployment among the male labor force. In the five principal anthracite counties, 32 per of the male labor force was unemployed and this accounted for 25 per cent of the total male unemployment in the district. Furthermore, females enter and leave the labor force more readily than males.

The labor force is flexible and dynamic. It derives its elasticity from those people who, with changing economic conditions, enter and leave the labor market. The 3 million people in the labor force in 1940 did not represent the full labor potential of the district in that year.

Theoretically, the total labor resources of the district consisted of all people old enough to work. This would mean about 5½ million people. Actually the labor resources were much smaller. A large number of women are unable to enter the labor market because of their home responsibilities. Many of the people 65 years of age and over have retired. There are also those who cannot perform useful work because they are confined to institutions or because they have physical or mental deficiencies. Finally, students in professional training cannot be counted part of the normal labor resources. However, between the theoretical labor resources and the actual labor force there is a substantial number of people who can be drawn upon in a war emergency.

### How the Employed Earned Their Living

It was pointed out above that 42 per cent of the district's population was in the labor force

TABLE 2  
INDUSTRIAL DISTRIBUTION OF EMPLOYED PERSONS IN THE THIRD DISTRICT — 1940

	Male			Female			Total		
	Thous.	Dist. %	U. S. %	Thous.	Dist. %	U. S. %	Thous.	Dist. %	U. S. %
Manufacturing.....	634	32.7	24.2	247	34.5	20.9	880	33.2	23.5
Retail trade.....	272	14.0	13.2	110	15.4	16.6	382	14.4	14.0
Professional and related services.....	88	4.5	4.3	108	15.1	16.6	196	7.4	7.3
Agriculture.....	165	8.5	23.2	5	.7	4.4	170	6.4	18.5
Transportation.....	140	7.2	6.2	4	.6	.7	145	5.4	4.8
Mining.....	133	6.9	2.7	1	.1	.3	134	5.1	2.0
Construction.....	125	6.5	5.9	2	.3	.3	128	4.8	4.6
Domestic service.....	17	.9	.8	108	15.1	18.5	125	4.7	5.2
Personal service—except domestic.....	52	2.7	2.6	42	5.8	7.3	94	3.5	3.7
Government.....	73	3.8	4.2	19	2.6	3.0	92	3.5	3.9
Finance, insurance, and real estate.....	57	3.0	3.0	23	3.3	4.1	81	3.1	3.2
Wholesale trade.....	47	2.4	3.0	7	1.0	1.6	54	2.0	2.7
Business and repair services.....	46	2.4	2.3	4	.5	.7	50	1.9	1.9
Utilities.....	31	1.6	1.4	4	.5	.5	34	1.3	1.2
Communications.....	9	.5	.5	11	1.5	1.9	20	.7	.9
Amusement and recreation.....	15	.7	.9	3	.5	.7	18	.7	.9
Forestry.....	2	.1	.3	.....	.....	.....	2	.....	.2
Not reported.....	31	1.6	1.3	18	2.5	2.1	49	1.9	1.5
Total.....	1,937	100.0	100.0	716	100.0	100.0	2,653	100.0	100.0

in 1940. How the employed were distributed among the various industries and occupations is of prime importance—first, to indicate the types of industrial skills of the population and, secondly, to suggest sources within the employed labor force from which labor may be drawn to aid in the adjustment of the economy to the war period.

The industrial distribution of the district's population in 1940 is compared with that for the United States as a whole in Table 2. This table reveals clearly the relative composition of the two economies, the comparison serving to emphasize the outstanding features of the district. In both the district and the United States, manufacturing far outstripped all other industrial groups in importance but by a much wider margin in the district. Agriculture was a close second to manufacturing in the country as a whole but held fourth place in the district, employing only 6 per cent of the employed workers in contrast to 19 per cent in the United States. Mining, however, was considerably more important in the district than in the United States. In the district it occupied sixth place, with 5 per cent of the employed population in contrast to twelfth place and 2 per cent in the country.

In view of the relatively great industrialization and heavily concentrated population in this district, it is not surprising to find retail trade ranking next to manufacturing as an employer of labor. However, the place occupied by retail trade in the national economy is not much inferior to its position in the district, which emphasizes the importance of distribution in the organization of our economic life. Professional

and related services, including educational (by far the most important component in the district), medical, legal, religious, and charitable services among others, ranked third in the district, with about half as many workers as in retail trade.

Three other industries, also complementary to an industrialized economy, and also more important in the district than in the United States, were transportation, construction, and utilities, in fifth, seventh, and fourteenth places respectively. Railroads, including railroad repair shops and railway express, were the most important components of the district's transportation industry.

The proportion of people employed in domestic service is smaller in this district than in the country. Just the opposite might be expected, owing to the age and wealth of this district. However, the comparatively greater employment opportunities afforded by manufacturing in this district may well be responsible for this situation.

Wholesale trade also is relatively less important in the industrial structure of this district than in that of the country. This is accounted for, in part, by the prominence of clothing and other industries in which wholesalers are relatively unimportant.

The breakdown of employment in these industries by sex, in Table 2, indicates the employment opportunities existing in these various industries for men and women. Manufacturing employed both more males and more females

than any other industrial group. In the district, manufacturing employed one-third of the men and one-third of the women; in the United States, manufacturing employed one-fourth of the men and one-fifth of the women. The larger proportion of female workers in the district is due primarily to the predominance of textile and clothing manufacturing, which are particularly adapted to female labor.

Retail trade, another large employer of both men and women, gave employment to a slightly larger proportion of women. Domestic service and professional and related services (education and medical services predominating in the latter group) were on a par with retail trade. Together with manufacturing, these industries employed 80 per cent of the district's women workers. Agriculture, transportation, mining, and construction employed primarily men and, together with manufacturing and retail trade, accounted for about three-quarters of the total district male employment.

The distribution of this same segment of the district's population among the various occupations, indicating the type of work actually performed, is shown in Table 3. Professional and semi-professional workers include those whose occupations require extensive preliminary training. They are the highest types of specialists and for this reason are not apt to shift from one occupational group to another. The district and the United States are approximately equal as to the proportion of total employment in this group. In both areas relatively more of the female workers than of male workers are employed in this segment, owing to the inclusion of teachers and nurses.

Farm owners and tenants and farm managers comprise the group responsible for the organization and general operation of the farm. As might be expected, they are a relatively smaller group in the district than in the United States. Of all those engaged in agriculture, this group represents only 56 per cent in contrast with 61 in the United States.

The occupational group—proprietors, managers, and officials—performing similar organizational functions in enterprises other than farms, is fourth in importance in the district, with almost 8 per cent of all employed workers.

Clerical, sales, and kindred workers—essentially the "white collar" group—account for 26 per cent of the district's female employment and 14 per cent of the male. From the standpoint of total employment this group ranks second. The members of this group are particularly apt to shift to other occupational groups as their skills often are readily acquired and as readily abandoned when better opportunities beckon. The relative importance of this group in the district reflects the position of retail trade and manufacturing, shown in Table 2.

Craftsmen, foremen, and kindred workers, the group which includes the most highly skilled of the manufacturing, construction, and transportation industries, is of greater importance locally than nationally, primarily owing to the prominence of manufacturing in this district. It is second as an occupation for employed males but of only minor importance for females.

Over a quarter of the employed workers in the district in 1940 were "operatives and kin-

TABLE 3  
OCCUPATIONAL DISTRIBUTION OF EMPLOYED PERSONS IN THE THIRD DISTRICT — 1940

	Male			Female			Total		
	Thous.	Dist. %	U. S. %	Thous.	Dist. %	U. S. %	Thous.	Dist. %	U. S. %
Professional workers . . . . .	89	4.6	4.4	77	10.8	12.3	166	6.3	6.4
Semi-professional workers . . . . .	23	1.2	1.1	6	.9	.9	30	1.1	1.0
Farmers and farm managers . . . . .	91	4.7	14.7	2	.3	1.4	94	3.5	11.4
Proprietors, managers, and officials except farm . . . . .	186	9.6	9.8	22	3.0	3.8	208	7.8	8.3
Clerical, sales, and kindred workers . . . . .	272	14.0	12.8	188	26.3	28.3	460	17.3	16.6
Craftsmen, foremen, and kindred workers . . . . .	345	17.3	14.5	9	1.2	1.0	354	13.3	11.2
Operatives and kindred workers . . . . .	507	26.2	18.2	217	30.4	18.4	725	27.4	18.3
Domestic service workers . . . . .	7	.4	.4	104	14.5	17.7	111	4.2	4.7
Service workers except domestic . . . . .	124	6.4	6.5	71	10.0	11.3	196	7.4	7.7
Farm laborers (wage) and foremen . . . . .	53	2.8	5.4	1	.1	.9	54	2.0	4.3
Farm laborers (unpaid family workers) . . . . .	16	.8	2.8	2	.2	2.0	17	.7	2.6
Laborers except farm . . . . .	207	10.7	8.7	7	1.0	.9	214	8.1	6.8
Not reported . . . . .	16	.8	.7	9	1.3	1.2	25	.9	.8
<b>Total . . . . .</b>	<b>1,937</b>	<b>100.0</b>	<b>100.0</b>	<b>716</b>	<b>100.0</b>	<b>100.0</b>	<b>2,653</b>	<b>100.0</b>	<b>100.0</b>

dred workers," in contrast to 18 per cent in the United States as a whole. The highly industrialized nature of the district economy was further reflected in this group since operatives in manufacturing, mining, and transportation far outnumbered all others in the district. Members of this group with further training may move upward into the higher wage earning classes.

The occupational groups listed below "operatives, etc.," are, in general, those requiring less skill and training. This break is further borne out by a sharp drop in rates of pay which comes at this point. Twenty-three per cent of the district's employed workers are found in these groups, in contrast to 27 per cent for the United States as a whole. Female workers in the district tended to concentrate in the domestic or other service worker groups, and males were most numerous among the "labor other than farm" group. Farm laborers, both wage and unpaid, were relatively unimportant in the district.

The distribution of the district's employed population among these industries and occupations denotes an economy which may be converted rapidly to war production. A large part of the working force is accustomed to industrial life and is adept at handling industrial tools. The fact that such a large proportion of the women

workers were engaged in manufacturing in 1940 is particularly significant for the war period since they were well qualified to replace the men leaving essential industries for the armed services. Since many of these women were employed in textile and clothing manufacturing, industries which are not apt to be overloaded with large war orders, the possibility of transfer is even more likely. Two other industries in the district suggest themselves as a source of additional labor for the war industries—retail trade and domestic service. Both are large employers of female labor, which may easily be attracted by high wartime wages in manufacturing.

What this district can contribute to the war effort depends in large part upon the people who live here. The pre-war inventory of its population reveals many favorable characteristics of its people. The district has a high density of population with concentration especially heavy in the east. Compared with the United States, the district had a slightly older population and a larger proportion of its adults, both men and women, were in the work force. Also a larger percentage of those employed were trained industrial workers. The unemployed, proportionately greater in the district than in the United States, were an immediate source of additional labor for expansion of war production.

## Business and Banking

*Continued from page 1*

Distributors' inventories reached a wartime peak during 1942, at the end of the first quarter in the case of wholesalers, and about mid-year at retail stores. In wholesale lines, the decline which followed was sharp for about six months, reflecting the depletion of stocks of consumers' durable goods, no longer replaceable owing to the conversion of productive facilities for the manufacture of war goods. Since the latter part of 1942 the value of wholesale inventories has fluctuated around the lowest levels of the war.

Retail stocks over the war years have shown the most pronounced changes, ranging from an increase of approximately \$2 billion in the twelve months ended June 1942 to a liquidation of nearly the same magnitude in the succeeding year. Inventories also have fluctuated widely in relation to the dollar volume of sales. Dur-

ing the second and third quarters of 1942 retailers' stocks exceeded by about one-fourth consumer needs suggested by the inventory-sales pattern prevailing from 1939 through 1941. Thereafter supplies declined rapidly in relation to sales, and by the final quarter of 1943 the situation had become reversed to the extent that stocks were nearly one-sixth less than the requirements indicated by the pre-Pearl Harbor relationship. The value of retail inventories rose somewhat in the early months this year, reflecting chiefly accumulations at department stores.

**Industry and trade.** Industrial activity in the Philadelphia Federal Reserve District slackened somewhat from February to March but remained above the level of a year earlier. The decrease in the month reflected a slightly lower level of factory operations, and a sharp reduction in the



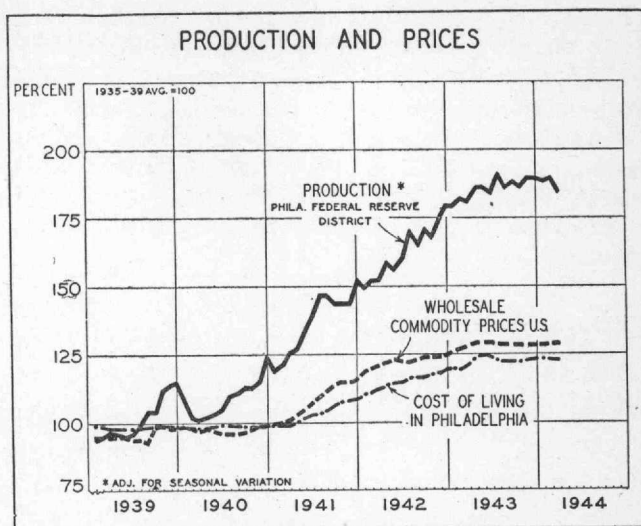
output of coal, principally at anthracite mines. The production of crude petroleum increased about in line with seasonal expectation. Total output of factory products and minerals in the three months ended March closely approximated the peak reached in the preceding quarter and was 3 per cent greater than a year ago.

Factory employment in Pennsylvania has continued to fluctuate narrowly around 1¼ million, and wage payments have remained near a record level of \$55 million a week. The number employed in March was slightly less than a month and year ago, while payrolls were about the same as in February and 8 per cent greater than in 1943. Increases over the twelve months in wage disbursements occurred in most major lines. Total employee-hours worked in March did not show significant changes from the preceding month or a year ago.

The weekly income of wage earners in reporting Pennsylvania factories continued to advance in March, averaging \$47.17, as against \$46.97 in February and \$43.29 a year earlier; weekly earnings were about 75 per cent above the average for June 1940, when the defense program was initiated. The increase in the month reflected a further rise in average hourly earnings to nearly \$1.05. Average working time per employee remained at 45½ hours.

The persistence of a tight manpower situation at both anthracite and bituminous coal mines and the small reserves in producers' storage yards suggest difficulty in meeting over-all fuel requirements later this year. Output of anthracite in the first quarter was about the same as a year earlier, although an unusually large volume was mined in February, when collieries were operated seven days a week. With a return to the six-day work-week in March, production declined sharply and was less than in the same month last year. The tonnage of bituminous coal mined in Pennsylvania was somewhat larger in the first three months this year than last year. Estimated requirements for anthracite in 1944 have been set at 66 million tons, nearly 6 million more than actual production last year. The nation's need for bituminous coal has been estimated at 620 million tons, as against the 589 million mined in 1943.

Reductions from year ago levels continue in nearly all fields of building construction; ac-



ording to the War Production Board, the value of work completed in 1944 may show a decline of about one-half from the preceding twelve months. In this district, the value of new contracts awarded increased in March from the exceptionally low level reached in February, but showed a decline of about 70 per cent from a year ago. Placements in the three months ended March were the smallest for the period since 1935, and little more than one-third the dollar volume reported a year ago.

Farming operations in this district, as in many parts of the country, have been delayed by the excessive rains of recent weeks; the reports from local crop correspondents indicate that plowing and seeding are from ten days to two weeks behind schedule. Growing conditions for winter grains were generally favorable during March, usually a critical month for these crops, and the outlook for both wheat and rye has improved considerably. Fruit prospects in the commercial growing areas of Pennsylvania are said to be more encouraging than a year ago, as the trees suffered little winter injury.

The feed grain situation is considerably tighter than last spring. Department of Agriculture reports for the country as a whole indicate that the consumption of corn in the three months ended March was the highest on record, while the use of wheat for feeding purposes was exceeded only once in records covering many years. Farm stocks of the principal feed grains in this district also are unusually small, reflecting below average production last year and increased numbers of livestock and poultry.

Distribution of commodities by rail has continued heavy, with total freight-car loadings in this section during the first quarter 7 per cent greater than in the same period last year. Increases were reported in all major classifications of freight except ore. The sharpest gain was in livestock shipments.

Business at wholesale decreased somewhat from February to March as retail merchants had largely completed their purchases for an early Easter season. The value of sales in seven reporting lines, however, was 6 per cent larger than in 1943 and in the first quarter was one-eighth greater this year than last. Wholesale inventories increased in March and at the end of the month dollar volume was up 8 per cent from a year earlier, owing chiefly to substantially larger holdings of dry goods and groceries.

The value of retail sales by reporting department, apparel, and shoe stores in this district expanded more than seasonally in March, and at furniture stores dollar volume was over one-fourth greater than in the preceding month. Allowing for the variation in the date of Easter, sales at department stores were 15 per cent larger in March this year than last. Heavy buying of goods subject to higher taxes beginning April 1 was a contributory cause. Increases over 1943 in sales also were reported by apparel and shoe stores, but a small decline was shown at furniture stores. First-quarter sales by department and women's apparel stores showed gains of 9 per cent over a year earlier, while declines were reported by establishments specializing in men's apparel and shoes.

**Banking conditions.** War expenditures of the Federal Government reached a record high of \$7.9 billion in March. Month by month, total disbursements have been sharply exceeding tax revenues; and the huge volumes of funds added to the Treasury working balance by the war loan drives are drawn down rapidly.

Plans now are under way for the Fifth Drive, scheduled to start June 12 and continue through July 8. The goal of \$16 billion set for sales to investors other than commercial banks includes \$6 billion for sales to individuals, who purchased \$5.3 billion in each of the two preceding drives. Special emphasis will be placed on sales to individuals.

Seeking to meet the needs of every investor, the Treasury has added 1¼ per cent notes of 1947 to the list of securities which will be made available during the coming drive. This list also includes 2 per cent bonds of 1952-54, 2½ per cent bonds of 1965-70, 7/8 per cent certificates, savings notes, and Series E, F and G savings bonds. Entirely apart from the drive, commercial banks will be given the opportunity to make limited investments in certain issues.

Meanwhile funds have been accumulating rapidly in the deposit accounts of bank customers as the Treasury makes heavy disbursements from its war loan accounts. At reporting member banks in this district deposits of individuals and business concerns have increased \$106 million to \$1,850 million in the period from February 16 following the last drive, to April 19. Balances of states and local governments were up \$55 million to \$90 million. The accumulation of funds in bank accounts and continuing large wage and salary payments do not measure the full potentialities for investment in Treasury securities. Currency in the hands of the public has risen sharply; notes of the Federal Reserve Bank of Philadelphia in circulation have increased \$273 million in the past year, much of which is available for the purchase of Treasury securities.

Withdrawals from Government balances at reporting banks were somewhat larger than the gains in other deposits during the four weeks ended April 19; nevertheless reserves were increased somewhat. This was accomplished principally through sales of Treasury obligations, holdings of which declined \$33 million. Loans at the reporting banks also decreased, largely as a result of repayments on credits extended during the drive to purchase or carry Government securities.

Heavy payments were made to the Treasury during the latest period and currency demand was moderately active, but a greater volume of funds came into the banks through sharp gains in interdistrict transactions and the use of additional Reserve Bank credit; the result was a moderate increase in the combined reserves of all member banks. Latest reports show that Philadelphia banks as a whole continue to keep fully invested, with reserves only about 3 per cent larger than requirements. Excess reserves of the country banks in the district have been larger than those of the city banks, relatively as well as absolutely.

# BUSINESS STATISTICS

## Production

Philadelphia Federal Reserve District

## Employment and Income

in Pennsylvania

### Industry, Trade and Service

Indexes: 1923-5=100	Adjusted for seasonal variation						Not adjusted		
	Mar. 1944	Feb. 1944	Mar. 1943	Per cent change			Mar. 1944	Feb. 1944	Mar. 1943
				Mo. ago	Year ago	1944 from 3 mos. 1943			
<b>INDUSTRIAL PRODUCTION</b>	150p	153	147	-2	+2	+3	151p	153	149
<b>MANUFACTURING</b>	154p	157	150	-2	+3	+4	156p	157	152
Durable goods	243p	251	243r	-3	0	+2			
Consumers' goods	93p	92	89r	+1	+4	+4			
Metal products	184	185	177r	-1	+4	+7	184	186r	178r
Textile products	69p	67	70	+2	-2	0	71p	72	72
Transportation equipment	648	682r	623r	-5	+4	+5	678	676r	652r
Food products	116p	115	98r	+1	+17	+17	113p	112	95r
Tobacco and products	102	106	122	-4	-17	-18	94	89	113
Building materials	35p	37	50	-6	-30	-28	32p	34	44
Chemicals and products	154p	165	149r	+7	+4	+9	155p	165	150r
Leather and products	99p	97	107r	-2	-7	-5	102p	103	110r
Paper and printing	94	95	91	-1	+4	+4	96	95	93r
<b>Individual lines</b>									
Pig iron	90	104r	91	-14	-1	0	103	107r	104
Steel	130	136r	129	-4	+1	+4	140	142r	138
Silk manufactures	87	85	83	+2	+4	+6	90	90	86
Woolens and worsteds	63p	61	65	+4	-2	0	62p	63	63
Cotton products	46	45	56	+1	-18	-20	49	48	59
Carpets and rugs	53p	53	56	0	-7	0	53p	54	57
Hosiery	71	73	79	-3	-10	-8	74	76	83
Underwear	136	136	149	0	-8	-7	148	149	162
Cement	22p	27	69	-20	-68	-61	17p	19	53
Brick	53	56	68	-4	-21	-19	52	54	66r
Lumber and products	33	33	29	0	+14	+14	31	31	27
Bread and bakery products				0*	+11*	+11*	123	123	111
Slaughtering, meat packing	133	127	96	+5	+39	+38	127	128	92
Sugar refining	61	63	40	-3	+52	+26	93	81	61
Canning and preserving	140p	138	115r	+1	+21	+20	127p	128	103r
Cigars	101	106	123	-5	-18	-16	93	89	113
Paper and wood pulp	83	85	82	-2	+1	+2	85	85	84
Printing and publishing	96	97	92	-1	+4	+5	98	97	94
Shoes	120	116	123	+3	-3	-5	127	122	131
Leather, goat and kid	80p	79	92r	0	-13	-5	79p	86	91r
Paints and varnishes	96	98	88	-2	+9	+6	98	96	90
Coke, by-product	154p	162	155	-5	-1	+4	160p	170	162
<b>COAL MINING</b>	79	91r	83	-13	-5	+7	80	92r	83
Anthracite	77	90r	81	-14	-5	-1	77	90r	81
Bituminous	99	97	101	+2	-3	+3	101	106	104r
<b>CRUDE OIL</b>	376	373	416	+1	-10	-11	384	373	425
<b>ELEC. POWER—OUTPUT</b>	420	411	393	+2	+7	+9	428	436	401
Sales, total	443	429	404	+3	+10	+11	439	464	400
Sales to industries	351	359	316	+2	+11	+12	333	356	300
<b>BUILDING CONTRACTS</b>									
TOTAL AWARDS†	34	35	96	-1	-65	-73	30	34	84
Residential†	22	35	79	-38	-72	-58	17	25	60
Nonresidential†	40	47	99	-14	-59	-69	40	47	99
Public works and utilities†	47	26	128	+81	-64	-87	42	31	117

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

### Local Business Conditions\*

Percentage change—March 1944 from month and year ago	Factory employment		Factory payrolls		Building permits value		Retail Sales		Debits	
	Feb. 1944	Mar. 1943	Feb. 1944	Mar. 1943	Feb. 1944	Mar. 1943	Feb. 1944	Mar. 1943	Feb. 1944	Mar. 1943
	Allentown	-2	-5	-3	+7	+23	-26	+28	+18	+3
Altoona	0	+5	+5	+17	+69	+7	+46	+25	+12	+18
Harrisburg	0	-1	0	+4	+293	+680	+32	+13	+15	+7
Johnstown	-1	-7	-5	+7	-86	-85	+22	+24	+6	+10
Lancaster	-1	+6	-1	+17	-48	-7	+28	+22	+7	+18
Philadelphia	-1	0	+1	+9	-76	-82	+34	+19	+11	+9
Reading	0	-4	0	+4	+17	-5	+25	+15	+8	+6
Scranton	0	+21	+1	+36	-92	-9	+42	+34	+16	+17
Trenton					+56	-33	+19	+24	-15	+8
Wilkes-Barre	0	-5	+3	+3	-57	-70	+46	+35	+6	+12
Williamsport	-1	-9	0	-3	+130	+56			+8	-7
Wilmington	-2	0	-1	+8	+28	-79	+28	+36	+27	+9
York	-2	-8	-3	-4	+277	+135	+29	+28	+2	+13

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

Indexes: 1932=100	Employment			Payrolls		
	Mar. 1944 index	Per cent change from		Mar. 1944 index	Per cent change from	
		Feb. 1944	Mar. 1943		Feb. 1944	Mar. 1943
<b>GENERAL INDEX</b>	134	0	-1	334	-1	+7
Manufacturing	188	-1	-1	501	0	+8
Anthracite mining	50	-1	-8	100	-16	+7
Bituminous coal mining	80	-1	-11	385	-2	+7
Building and construction	40	0	-5	105	+4	+6
Quar. and nonmet. mining	81	-2	-22	262	-1	-14
Crude petroleum prod.	134	+1	0	233	-6	+15
Public utilities	97	0	-2	139	0	+4
Retail trade	112	+2	+3	154	+3	+6
Wholesale trade	105	0	-6	147	0	+1
Hotels	99	-2	+3	163	-1	+12
Laundries	103	+1	-6	174	+2	+7
Dyeing and cleaning	100	+5	+6	163	+7	+15

### Manufacturing

Indexes: 1923-5=100	Employment*			Payrolls*		
	Mar. 1944 index	Per cent change from		Mar. 1944 index	Per cent change from	
		Feb. 1944	Mar. 1943		Feb. 1944	Mar. 1943
<b>TOTAL</b>	121	-1	-1	205	0	+8
Iron, steel and products	130	-1	0	279	-2	+7
Nonferrous metal products	199	+1	+4	431	-1	+14
Transportation equipment	174	-1	+4	312	0	+13
Textiles and clothing	82	0	-7	125	0	+2
Textiles	75	0	-6	115	0	+2
Clothing	109	0	-9	172	+1	+2
Food products	122	0	+9	183	0	+19
Stone, clay and glass	87	-2	-4	130	-1	+7
Lumber products	50	0	-3	79	-1	+8
Chemicals and products	119	-2	-2	211	-1	+8
Leather and products	76	-1	-15	117	0	-8
Paper and printing	102	-1	+2	149	+1	+8
Printing	94	0	+3	131	+1	+9
Others:						
Cigars and tobacco	56	-2	-14	81	+2	-3
Rubber tires, goods	152	0	+23	309	0	+43
Musical instruments	91	-7	+24	162	-12	+35

\* Figures from 2880 plants.

### Hours and Wages

Factory Workers Averages March 1944 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>	45.5	+2	\$1.041	+7	\$47.17	+9
Iron, steel and prods.	46.8	+3	1.097	+5	51.34	+7
Nonfer. metal prods.	46.2	+3	.983	+8	45.37	+11
Transportation equip.	47.7	-1	1.204	+8	57.84	+8
Textiles and clothing	40.5	+1	.754	+8	30.50	+10
Textiles	41.5	+1	.770	+7	31.94	+9
Clothing	38.1	-1	.713	+11	27.50	+11
Food products	43.6	+1	.806	+8	35.41	+9
Stone, clay and glass	41.0	+5	.910	+6	37.15	+11
Lumber products	44.5	+2	.739	+8	32.63	+10
Chemicals and prods.	45.9	+4	1.035	+6	47.52	+10
Leather and prods.	41.6	+2	.736	+6	30.68	+9
Paper and printing	43.8	+3	.891	+4	39.28	+6
Printing	40.9	+1	1.041	+5	42.69	+5
Others:						
Cigars and tobacco	42.7	+3	.618	+9	26.39	+12
Rubber tires, goods	44.4	+4	1.014	+12	45.02	+16
Musical instruments	48.0	0	.966	+9	46.36	+9

\* Figures from 2730 plants. † Figures from 2880 plants.

## Distribution and Prices

Wholesale trade Unadjusted for seasonal variation	Per cent change		
	March 1944 from		1944 from 3 mos.
	Month ago	Year ago	1943
<b>Sales</b>			
Total of all lines.....	- 2	+ 6	+12
Drugs.....	0	- 6	- 3
Dry goods.....	- 1	- 6	+14
Electrical supplies.....	- 9	+ 5	+ 9
Groceries.....	- 2	+ 9	+14
Hardware.....	+ 2	+ 8	+ 9
Jewelry.....	+ 3	+18	+ 9
Paper.....	+ 6	+16	+24
<b>Inventories</b>			
Total of all lines.....	+ 5	+ 8	.....
Dry goods.....	+19	+18	.....
Electrical supplies.....	- 6	-15	.....
Groceries.....	- 2	+15	.....
Hardware.....	+ 5	+ 8	.....
Jewelry.....	.....	.....	.....
Paper.....	+ 6	-16	.....

Source: U. S. Department of Commerce.

Prices	Mar. 1944	Per cent change from		
		Month ago	Year ago	Aug. 1939
<b>Basic commodities</b> (Aug. 1939 = 100).....	181	+ 1	+ 2	+ 81
<b>Wholesale</b> (1926 = 100).....	104	0	0	+ 38
Farm.....	124	+ 1	+ 1	+103
Food.....	105	0	- 3	+ 56
Other.....	98	0	+ 2	+ 22
<b>Living costs</b> (1935-1939 = 100).....				
United States.....	124	0	+ 1	+ 26
Philadelphia.....	123	0	+ 1	+ 25
Food.....	132	- 1	- 1	+ 42
Clothing.....	136	+ 2	+ 7	+ 37
Rent.....	107	0	0	+ 4
Fuels.....	110	0	+ 4	+ 14
Housefurnishings.....	126	0	+ 3	+ 25
Other.....	117	0	+ 2	+ 16

Source: U. S. Bureau of Labor Statistics.

Indexes: 1935-1939 = 100	Adjusted for seasonal variation						Not adjusted		
	Mar. 1944	Feb. 1944	Mar. 1943	Per cent change			Mar. 1944	Feb. 1944	Mar. 1943
				Mar. 1944 from		1944 from 3 mos.			
	Month ago	Year ago	3 mos. 1943	Month ago	Year ago	1943	Mar. 1944	Feb. 1944	Mar. 1943
<b>RETAIL TRADE</b>									
<b>Sales</b>									
Department stores—District.....	177	168	153r	+ 5	+15	+ 9	162	124	135
Philadelphia.....	176	163	156r	+ 8	+13	+ 6	160	122	136
Women's apparel.....	178	173	147	+ 3	+21	+ 9	190	124	146
Men's apparel.....	162p	133	156	+22	+ 4	- 7	143	104	126
Shoe.....	147	135	138	+ 9	+ 7	- 8	150	98	131
Furniture.....	.....	.....	.....	+26*	- 2*	.....	.....	.....	.....
<b>Inventories</b>									
Department stores—District.....	149p	151	130	- 1	+15	.....	154p	149	134
Philadelphia.....	149	153	128	- 3	+16	.....	153	150r	132
Women's apparel.....	172	197	145r	-13	+19	.....	189	193	158r
Shoe.....	80	87	94	- 8	-15	.....	90	90	104
Furniture.....	.....	.....	.....	- 5*	-28*	.....	.....	.....	.....
<b>FREIGHT-CAR LOADINGS</b>									
<b>Total</b> .....	143	147	140	- 3	+ 2	+ 7	134	135	132
Merchandise and miscellaneous.....	137	141	134	- 3	+ 2	+ 6	132	129	129
Merchandise—l.c.l.....	89	90	87	- 1	+ 3	+ 8	89	85	87
Coal.....	143	152	141	- 6	+ 1	+11	147	158	146
Ore.....	150	175	188	-14	-20	- 5	66	66	83
Coke.....	220	201	215	+ 9	+ 3	+ 9	207	216	202
Forest products.....	135	146	122	- 8	+10	+11	117	118	107
Grain and products.....	132	152	117	-13	+12	+10	125	134	112
Livestock.....	153	154	104	- 1	+47	+41	142	140	97
<b>MISCELLANEOUS</b>									
Life insurance sales.....	115	115	99	0	+16	+23	119	124	103
Business liquidations.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Number.....	.....	.....	.....	-67*	-91*	-79*	3	9	33
Amount of liabilities.....	.....	.....	.....	-62*	.....	-96*	1	2	194
Check payments.....	178	193	162	- 8	+10	+18	176	187	160

\* Computed from unadjusted data.

p—Preliminary.

r—Revised.

# BANKING STATISTICS

## MEMBER BANK RESERVES AND RELATED FACTORS

Reporting member banks (000,000's omitted)	April 19, 1944	Changes in—	
		Four weeks	One year
<b>Assets</b>			
Commercial loans.....	\$ 256	-\$ 6	+\$ 15
Loans to brokers, etc.....	37	- 2	- 1
Other loans to carry secur.....	12	- 3	+ 1
Loans on real estate.....	38	.....	- 6
Loans to banks.....	8	+ 8	+ 5
Other loans.....	105	- 5	- 11
<b>Total loans.....</b>	<b>\$ 456</b>	<b>-\$ 8</b>	<b>+\$ 3</b>
Government securities.....	\$1596	-\$32	+\$376
Obligations fully guar'eed.....	32	- 1	- 41
Other securities.....	175	+ 1	- 50
<b>Total investments.....</b>	<b>\$1803</b>	<b>-\$32</b>	<b>+\$285</b>
<b>Total loans &amp; investments.....</b>	<b>\$2259</b>	<b>-\$40</b>	<b>+\$288</b>
Reserve with F. R. Bank.....	388	+ 10	- 58
Cash in vault.....	28	.....	- 1
Balances with other banks.....	72	- 3	- 57
Other assets—net.....	59	+ 2	- 5
<b>Liabilities</b>			
Demand deposits, adjusted.....	\$1667	+\$63	+\$ 84
Time deposits.....	177	+ 8	+ 14
U. S. Government deposits.....	391	-102	+101
Interbank deposits.....	325	- 1	- 46
Borrowings.....	1	.....	+ 1
Other liabilities.....	15	.....	+ 4
Capital account.....	230	+ 1	+ 9

Third Federal Reserve District (Millions of dollars)	Changes in weeks ended—				Changes in four weeks
	Mar. 29	April 5	April 12	April 19	
<b>Sources of funds:</b>					
Reserve Bank credit extended in district.....	+34.7	- 0.8	-15.3	+ 1.9	+20.5
Commercial transfers (chiefly interdistrict).....	+ 4.3	+17.9	+32.7	+14.6	+69.5
Treasury operations.....	-66.2	+ 1.2	- 4.8	+ 5.1	-64.7
<b>Total.....</b>	<b>-27.2</b>	<b>+18.3</b>	<b>+12.6</b>	<b>+21.6</b>	<b>+25.3</b>
<b>Uses of funds:</b>					
Currency demand.....	+ 3.8	+ 9.2	+ 0.1	+ 2.7	+15.8
Member bank reserve deposits.....	-31.6	+10.0	+ 9.5	+18.9	+ 6.8
"Other deposits" at Reserve Bank.....	+ 0.6	- 1.1	+ 2.9	+ 0.1	+ 2.5
Other Federal Reserve accounts.....	- 0.0	+ 0.2	+ 0.1	- 0.1	+ 0.2
<b>Total.....</b>	<b>-27.2</b>	<b>+18.3</b>	<b>+12.6</b>	<b>+21.6</b>	<b>+25.3</b>

Member bank reserves (Daily averages; dollar figures in millions)	Held	Re- quired	Ex- cess	Ratio of excess to re- quired
<b>Phila. banks</b>				
1943: Apr. 1-15..	\$425	\$373	\$52	14%
1944: Mar. 1-15..	350	340	10	3
1944: Mar. 16-31..	356	346	10	3
1944: Apr. 1-15..	352	343	9	3
<b>Country banks</b>				
1943: Apr. 1-15..	266	187	79	42
1944: Mar. 1-15..	266	211	55	26
1944: Mar. 16-31..	271	216	55	25
1944: Apr. 1-15..	265	218	47	21

Federal Reserve Bank of Phila. (Dollar figures in millions)	April 19, 1944	Changes in	
		Four weeks	One year
Disc'ts & advances.....	\$ 1.8	-\$ 0.0	+\$ 1.5
Industrial loans.....	5.5	+ 1.6	+ 1.0
U. S. securities.....	868.3	+ 79.5	+ 462.4
<b>Total.....</b>	<b>\$875.6</b>	<b>+\$81.1</b>	<b>+\$464.9</b>
Fed. Reserve notes.....	1193.6	+ 16.2	+ 272.6
Member bk. deposits.....	635.0	+ 6.8	- 70.2
U. S. general account.....	9.6	-28.9	- 21.2
Foreign deposits.....	132.0	- 3.0	+ 56.0
Other deposits.....	8.7	+ 2.5	- 9.3
<b>Total reserves.....</b>	<b>1109.7</b>	<b>-91.4</b>	<b>- 242.0</b>
Reserve ratio.....	56.1%	- 4.4%	- 21.1%