THE BUSINESS REVIEW

FEDERAL RESERVE BANK OF PHILADELPHIA

JUNE 1, 1944

THROUGH the early months of this year, the volume of munitions turned out in expanding programs was insufficient to offset scheduled reductions in others, with the result that over-all output in the four months ended April was somewhat below the record high levels prevailing the latter part of 1943. Total industrial production in April, on an adjusted basis, was 3 per cent under the peaks of last fall both in this district and in the country as a whole. A scheduled increase in the production of the most critical war items over the remainder of the year suggests a reversal of this movement. According to the War Production Board, four-fifths of the munitions schedules are expected to rise, with total production of war materials increasing steadily over the summer to a new peak by fall.

With the approach of the supreme military effort, business and Government come closer to the point where many problems relating to the distribution of the productive effort between munitions and civilian goods may be more definitely resolved. While the results of over two years' intensive preparation hang in the balance, the production of critical equipment and supplies must be pushed to the limit. Likewise it is essential that capacity be held in reserve for a quick resumption or increase in the output of certain military items currently in amply supply.

Under these conditions it is increasingly probable that the initiation of major civilian goods programs will be delayed pending clarification of the military situation in Europe. To the extent that major developments forecast the end of hostilities in that theatre, sweeping changes in the business situation may be expected to follow.

Official sources have indicated that with the final defeat of Germany at least one-third of the capacity employed in munitions production will become available for reconversion. A reduction of this magnitude would profoundly influence industrial and trade prospects. Employment in the affected war industries would contract, at least temporarily, and salaries and wages would decline, but an enormous backlog of purchasing power has been accumulated by individuals and business concerns, and unsatisfied demands for a wide range of durable merchandise wait for their satisfaction only upon availability.

In this critical period of readjustment, maximum cooperation of management and labor will be necessary. The problems to be faced are many and complex, but widespread efforts to plan ahead, insofar as this can be done under conditions of intense war activity, suggest more adequate handling of the post-war situation than that which followed World War I.

Industry and trade. Industrial production in the Third Federal Reserve District was approximately maintained from March to April at about the level prevailing a year earlier. Output of manufactures on an adjusted basis showed virtually no change in the month and year, but in the four months ended April was 3 per cent greater than in the same period of 1943. Pro-

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The Economy of the Third Federal Reserve District
Wartime Changes in the Population of the Third District

PRECEDING instalments of this series gave an inventory of the pre-war population of the Third District. It was pointed out where the people lived, what kinds of people lived here, and how they were employed. The purpose of this section is to point out the nature and extent of intradistrict migration of people during the war period.

The impact of modern war is inevitably very uneven upon various sections, industrial and economic groups of a national economy. Overnight, demand, and therefore production, shifts from the normal peacetime wants of civilians as determined by their spendable income to the insatiable demands of the war machine, the fulfillment of which is limited only by available productive capacity. The result is a distortion of the economy accompanied by the reversal or acceleration of many of the trends which have prevailed in the past. A study of these developments is necessary to appraise the problems of the post-war period.

Migration

Pronounced movements of population reflect many of the basic changes which war imposes on our economy. Over a short period, migration is generally of little consequence. However, a sudden curtailment or acceleration of production in a given region may produce immediate shifts in population of an area. The simultaneous curtailment of production in some areas and expansion in others as a consequence of the Second World War has given population an unparalleled short-term mobility. Net interstate migration amounted to almost 2 million people between April 1940 and May 1942 according to estimates of the Department of Commerce. This figure excludes intrastate migration.

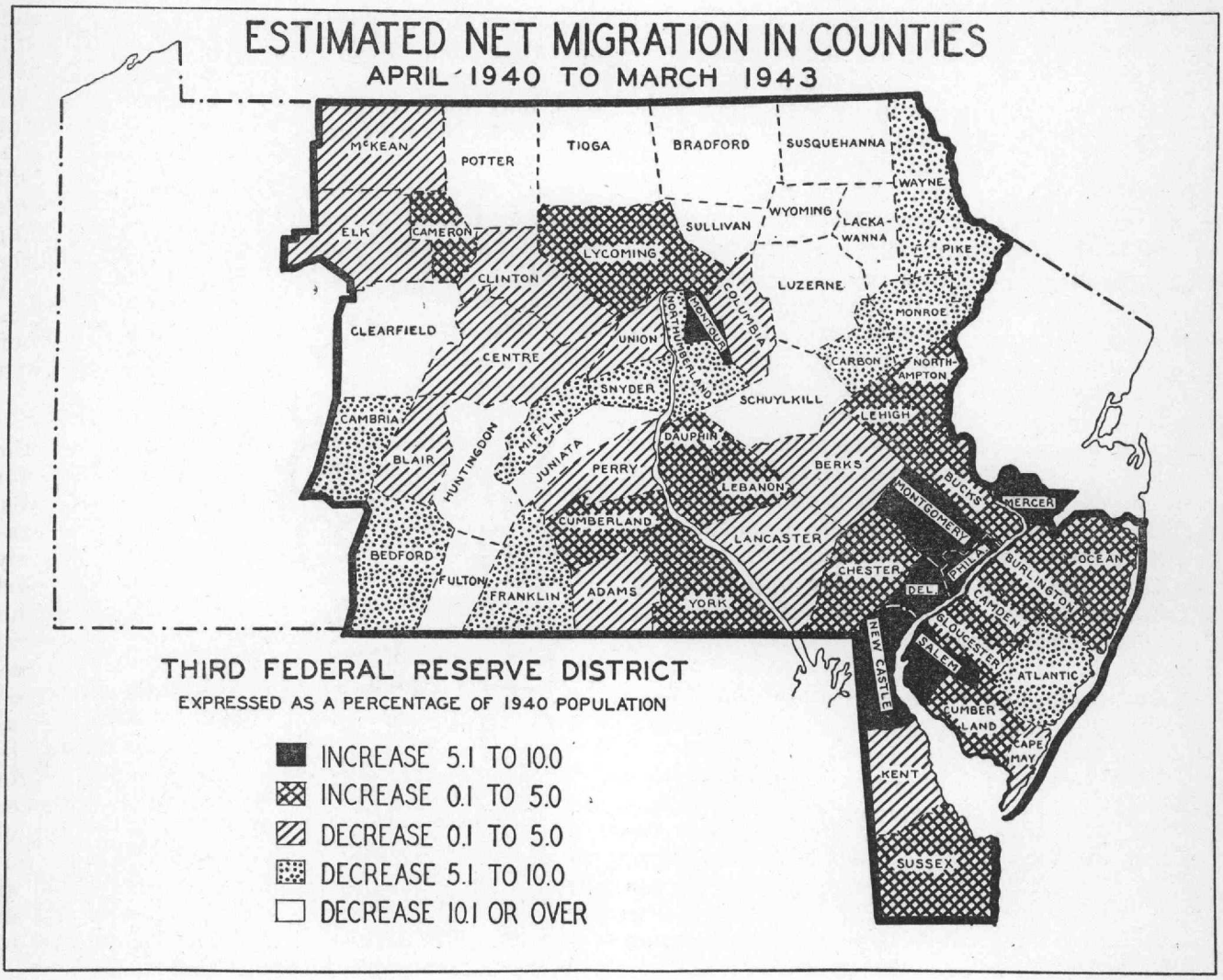
After the natural changes in population and the number of persons leaving for the armed forces have been accounted for, the Third District shows a net out-migration of 7,000 between April 1940 and March 1943. This is 0.1 per cent of the 1940 population and thus is too small to be significant. The net out-migration was negligible because the over-all stimulus of the war on the economy of this district was sufficient to absorb practically all of its manpower. Owing to the diversified character of its economy and particularly the great variety of its manufacturing industries, the district as a whole received a relatively large share of the war business, especially in the early period of the defense effort. Industrial diversification has the effect of "spreading the risks" inevitably associated with a war boom. Contraction in the consumer industries of one area, for example, may be offset by expansion in heavy industries of another.

Although the district as a whole has encountered no significant population movement, within the district there have been considerable population gains and losses through migration between April 1940 and March 1943, ranging from a loss of 24 per cent of the 1940 population in Fulton county to a gain of 10 per cent of the pre-war population in New Castle County, Delaware. The accompanying map shows the proportion of the 1940 population gained or lost through migration for each county in the district. Examination of these internal changes throws considerable light on the impact of the war upon the various parts of the district economy.

With some exceptions, migration within the district has been from rural to urban areas, for it is in the latter that war stimulus prevails. Thus the counties experiencing a net in-migration in general have been those already densely populated—the counties in the southeastern part of the district. This is a distinct reversal of the trend of the thirties when there was a general movement from urban to rural areas. The migration of the war period is also differentiated from that of the previous decade by its motivation and character. The latter had for its incentive, unemployment at the point of origin and was characterized by haphazard movements of people seeking jobs. The migration occurring between 1940 and 1943 has been motivated by the lure of better opportunities at the point of destination and was purposeful in direction. In general it bears a resemblance to the farm-to-city movement of the twenties.

The most extreme out-migration in terms of number of people involved has taken place in the five anthracite counties—Lackawanna, Luzerne, Carbon, Schuylkill, and Northumberland. Here the war has accelerated a trend which has prevailed since the twenties. Between 1940 and 1943 a net total of 136,000 persons, or 12 per cent of the 1940 population left these counties. This compares with a net out-migration of 93,000 between 1930 and 1940, or 8 per cent of the 1930 population. The declining anthracite production over the twenties and thirties contributed heavily to the surplus of labor in these counties. Employment in the second most important economic activity—manufacturing, (principally silk and rayon textiles)—also evidenced a downward trend over the thirties. Agriculture was incapable of absorbing any substantial numbers of these unemployed owing to the rugged terrain and the extensive areas of forested or submarginal land. Thus, unemployment in these counties was more severe both relatively and absolutely than in any other section of the district in 1940, a total of 142,000 or 31 per cent of the labor force having been without gainful occupation.

It is estimated that the order limiting silk processing to production for defense threw 38 per cent of the silk workers in the Scranton-Wilkes-Barre area out of work. The silk and other manufacturing industries of the area have received a relatively small proportion of major Government supply contracts, and few Government financed war plants have been located here. Conversion of the silk plants to substitute raw materials has not offered a solution because the newer plants in the South can process these materials more efficiently. Furthermore, the supplies of rayon and nylon are



also restricted. Mining was not a source of alternative employment for the displaced silk workers since about 85 per cent of them were women. Moreover, increased coal production was achieved in 1943 largely through a longer work-week. The requirement of skill and youth closed the other alternatives of the cigar or clothing industries for many of these newly unemployed. Although some of these were secondary family workers, many were the wives or daughters of unemployed miners. In view of these circumstances, the large scale out-migration from these counties is not surprising. Bethlehem, Philadelphia, and war centers in northern New Jersey, Connecticut, and western Pennsylvania have been the principal destinations for these migrants.

A section of the district which has lost population heavily in relative terms is the northern group of sparsely populated counties including Potter, Tioga, Bradford, Sullivan, Wyoming, Susquehanna, and Wayne. Between 1940 and 1943, an estimated total of 26,000 persons or 14 per cent of the 1940 population left these counties for war centers in upstate New York and probably for the small industrial centers in Cameron, Lycoming, and Montour counties experiencing a war boom. These northern tier counties also have received few major war contracts, as they are primarily agricultural. Unemployment in 1940 was relatively severe but in no way comparable to that suffered by the anthracite counties. In contrast to the anthracite counties, almost no net change had occurred in this group through migration over the thirties. Thus the present out-migration appears to have its roots not so much in unemployment or under-employment resulting from a declining industry important in the area or from a reduction in employment opportunities resulting from a war-induced cessation of activity as in the search for better opportunities than those offered by this area relatively poor in industrial resources.

The farm and mining counties in the western, central and southern part of the district—Clearfield, Cambria, Adams, Bedford, Blair, Fulton, Franklin, Huntingdon, Mifflin, Juniata, and Perry—have also given up population to the surrounding areas over this period, with Cambria contributing over one-fifth of the net decrease of 48,000 persons. Again relatively little war production, a surplus of labor, and the prospect of higher wages than those paid in agriculture and mining have been the immediate motivating factors although there may have been others more deep-seated in view of the out-migration of 31,000 persons from these counties over the thirties. Pittsburgh, Baltimore, York, and Philadelphia are the main centers drawing these workers.

New Castle County, Delaware, with a net increase of 17,000 persons, almost 10 per cent of its 1940 population, is the county in the district with relatively the greatest in-migration. This is partially accounted for by the fact that by February of 1943 it had received huge war supply and facility contracts. Also at the beginning of the war it had a relatively smaller labor reserve of unemployed than did the district as a whole—11 per cent of its labor force was unemployed in contrast to 18 per cent in the district. The development of shipbuilding and the expansion of the chemical industries have been the chief attractions for migrating workers. One of the obvious sources of this in-migration has been the neighboring rural county of Kent, although areas outside the district may have contributed a substantial part of New Castle's incoming population.

Mercer County in New Jersey, with a net increase of 13,000 through migration or 6.6 per cent of its pre-war population, ranks second to New Castle from the standpoint of relative increase. Metal products and an expanding aircraft industry have been the principal war industries requiring additional labor here.

The five-county area in southeastern Pennsylvania—Bucks, Chester, Montgomery, Delaware, and Philadelphia—was an extremely large net receiver of migrants in absolute terms. Between 1940 and 1943, this region gained a total of 160,000 persons, 6 per cent of its 1940 population from this source. This is in sharp contrast to a net loss of 34,000 through migration between 1930 and 1940. War contracts of almost $1,000 per capita and Government-financed facilities of about $170 per capita have made possible tremendous expansion in two of its minor peacetime industries—shipbuilding and aircraft—as well as in the well-established iron and steel and machinery industries of these counties. The great majority of the people migrating to these five counties have come from areas within the district, the previously mentioned anthracite, southern and central rural counties as well as Atlantic and Cape May (where resort activities have been cur-

tailed), Berks and Lancaster, which fact illustrates the compensating action of the district's diversified economy.

The offsetting of countywise in- and out-migration is also exemplified by the population changes which have taken place in the south central counties. In-migration, although less pronounced than that indicated above, has also taken place in the group comprising Cumberland, York, Dauphin, and Lebanon. The cities of Harrisburg and York are important centers of metal products and have received large war orders. The adjacent counties of Lancaster and Berks, which have not experienced substantial industrial expansion, owing largely to the predominance of the textile industries there, have contributed a large part of this in-migration.

Such redistribution of population as had occurred between April 1940 and March 1943 is not necessarily the final wartime pattern. Throughout the remainder of the war, migration may be expected to continue in response to changing demand for labor in the principal centers of war production. Changes in civilian population between March and November 1943 reveal, with few exceptions, a continuation of the trends established since the outset of the war.

Whether the counties of in-migration will hold their newly gained population, and whether the counties now suffering an out-migration will continue to lose population in the post-war era will be determined by the adjustments which each is able to make to a peacetime economy. Those having war industries easily convertible to peacetime products and consumer industries capable of being revived will probably retain their war migration gains and possibly even attract additional people. Where war industries must be scrapped the outlook is less promising. The development of new industries and the more efficient and fuller utilization of existing resources in the areas losing population might well reverse the direction of migration. Such steps would counteract the effect upon the district of those industries unable to maintain wartime levels of employment. The possibility of centers outside the district drawing away its population must not be overlooked; in fact, if the district fails to make a satisfactory conversion to a high level of peacetime production this may indeed occur.

Wartime Changes in the Labor Force

Manpower resources must be mobilized effectively for modern warfare. Population must be allocated properly between military and civilian labor forces. Efficiency of the labor supply must be raised to the highest possible level by training, by fully utilizing highest skills, by lengthening working time, and by allocating labor where it is needed most. It is necessary to supplement the over-all labor supply not only to fill the gaps left by those who have entered the armed forces but also to increase production to the highest possible levels. This is accomplished by tapping sources normally outside the labor force—school children, college students, retired workers, and housewives. These wartime expedients increase the size and change the composition of the labor force. As a consequence, the post-war labor force will have a greater potential productivity but the distribution of skills may be considerably out of line with peacetime demands. However, the lessons of adjustment learned during the war may help to simplify the job of readjustment after the war. A survey of these wartime changes in the labor force indicates the nature of the task ahead.

The estimated changes in the size and composition of the civilian and military forces are shown in Table 1, for the United States, for the three states—Pennsylvania, New Jersey, and Delaware—and for Philadelphia.

The three states show a slight increase in the civilian labor force between March 1940 and November 1943, whereas Philadelphia and the United States show a small decrease. However, when armed services are included the real expansion in our working population is revealed. The over-all expansion of the working population in the three-state area was 22 per cent, 19 per cent in Philadelphia and for the United States 17 per cent. The national labor force, military and civilian, grew at the rate of almost 600 thousand persons per year over the decade of the thirties.

Assuming this same rate of growth from 1940 to 1943, it is obvious that both the national and regional expansion in those years came largely from other than normal sources. In the case of the three states and Philadelphia, net in-migration of workers has also helped to make possible this expansion.

One method used to maintain the civilian labor force in spite of tremendous withdrawals

TABLE 1: ESTIMATED CHANGES IN THE LABOR FORCE

	Civilian Labor Force			Military and Civilian
	Male	Female	Total	
United States (millions)				
March 1940	40.0	13.0	53.0	53.3
November 1943	35.1	17.5	52.6	62.8
Pennsylvania, New Jersey, and Delaware (thousands)				
March 1940	4,414	1,530	5,944	5,958
November 1943	4,054	1,983	6,037	7,229
Philadelphia* (thousands)				
March 1940	921	381	1,302	1,306
November 1943	806	490	1,296	1,553

* Includes part of surrounding area.

of young men in the armed forces, is readily apparent—in all three areas women have entered the labor market in large numbers. Their entrance has been greatly facilitated by job simplification, whereby jobs are broken down into a number of lighter tasks easily performed by women. Within the Third District this has been evident in the increase of female employment in two of its heavy industries—steel manufacturing and railroads and railroad repair shops. Furthermore, it has been found that women are especially adapted to jobs requiring unusual dexterity, and are more efficient than men in certain fields.

Since women made up a larger portion of the labor force in Philadelphia and the three states than in the country as a whole in 1940, it is not surprising that the national increase in the female labor force over the war period was proportionately greater than the increase in either of the other two areas. In the United States the increase was 35 per cent, in contrast to 30 per cent in the three-state area, and 29 per cent in Philadelphia.

This expansion in the female labor force and the contraction in the male labor force have substantially altered the ratio of men and women in the civilian labor force. Whereas in 1940, women comprised 25 per cent of the national civilian working force, in 1943 they comprised 33 per cent. The proportion of women in the three-state area rose from 26 to 33 per cent, and in Philadelphia from 29 to 38 per cent. The high percentage in Philadelphia may be due in part to the relatively large number of industrial and service jobs in the metropolitan area which can be performed by women and also the greater than average pressure for war production in this area.

It is not so evident that there also have been additions to the male labor force over this period. Had there been no additions, the male labor force would have declined by an amount almost equal to withdrawals for military service, but this was by no means the case. Although the armed forces absorbed, between March 1940 and November 1943, a net of about 9,900 thousand men, most of whom had been in the labor force, the labor force was replenished by approximately 5 million new male entrants. In the three states the 1,179 thousand withdrawals were partially replaced by about 819 thousand new male entrants; and in Philadelphia 137 thousand new male entrants partially filled the gap left by the withdrawal of about 252 thousand. The Department of Labor has concluded that for the country as a whole these men have been recruited largely from those who customarily do not enter the labor market because they are under no economic compulsion to do so, or because they are "unwilling to expose themselves to the rebuffs of the labor market." Many of these workers are expected to leave the labor market once the emergency is over.

The age distribution of the nation's civilian labor force is compared for 1940 and 1943 in Table 2. The total net additions have come largely from the youngest age group, between 14 and 19, and from the older groups, 45 or

TABLE 2: AGE DISTRIBUTION OF THE U. S. CIVILIAN LABOR FORCE
(Millions)

Age Group	Total		Male		Female	
	March 1940	March 1943	March 1940	March 1943	March 1940	March 1943
14–19	3.9	4.7	2.5	2.7	1.4	2.0
20–24	7.6	5.3	4.9	2.4	2.7	2.9
25–44	24.8	23.2	18.7	16.1	6.1	7.1
45–64	14.5	16.2	12.0	12.9	2.5	3.3
65 or over	2.2	2.6	1.9	2.3	0.3	0.3
Total	53.0	52.0	40.0	36.4	13.0	15.6

over. A net increase of 800 thousand has taken place in the labor force between the ages of 14-19, while a net addition of 1,700 thousand occurred in the 45-64 age group and 400 thousand in the group 65 and over. The young people, on the whole unskilled, who would normally be in school, have been attracted into the labor market by high wages as well as the appeal to their patriotism. Some, of course, still attend school and work only part-time. In the Third District this situation may be illustrated by Philadelphia County. A recent survey shows that by May 1943, 40 per cent of all boys and 39 per cent of all girls, between 14 and 19 years of age, were in the labor market, in contrast

to 33 and 29 per cent, respectively, in March 1940. The older persons, in many cases, have been recalled from retirement to assume their former duties.

How much of this increase in the labor force is "abnormal" and how much will remain after the war, is one of the questions which must be answered in planning for full employment. Certainly, the opening of more jobs to women and the discovery of the independence which a job brings, will induce a part of the female addition to remain, although household responsibilities will be a strong counter-balancing inducement for many to leave. In view of the greater ability of women in certain jobs, as revealed by the war experience, there will doubtless be a permanent increase in the demand for women workers in those occupations. Most of the older workers may be expected to retire, along with those whose retirement has been postponed for the duration.

The "abnormal" increase in the younger group, however, promises to present a problem. By the time the war is over some of them would have become a part of the labor force anyhow. However, the youngest of these who, under normal conditions, would still be in school, will have little inducement to withdraw from the labor force. Their chances for employment will depend largely upon the skills they have been able to acquire during the war period. Even if school and college students were to continue their studies as long as was customary in the pre-war period, the Department of Labor estimates that there will be a surplus of several million workers during the one or two years of transition which will coincide with the crucial reconversion period. Provisions to enable the youngest of these additions to the labor force to return to school for more formal education would seem particularly necessary to avoid permanently handicapping this group. Of course, one of the most important factors in determining the size of the post-war labor force will be general economic conditions. If conditions are generally unfavorable economic necessity may compel many, who otherwise would retire, to remain in the labor market.

The war has altered radically the distribution of the labor force between employed and unemployed. This may be seen in Table 3. The large labor reserves of unemployed existing in 1940 have been reduced to a minimum,

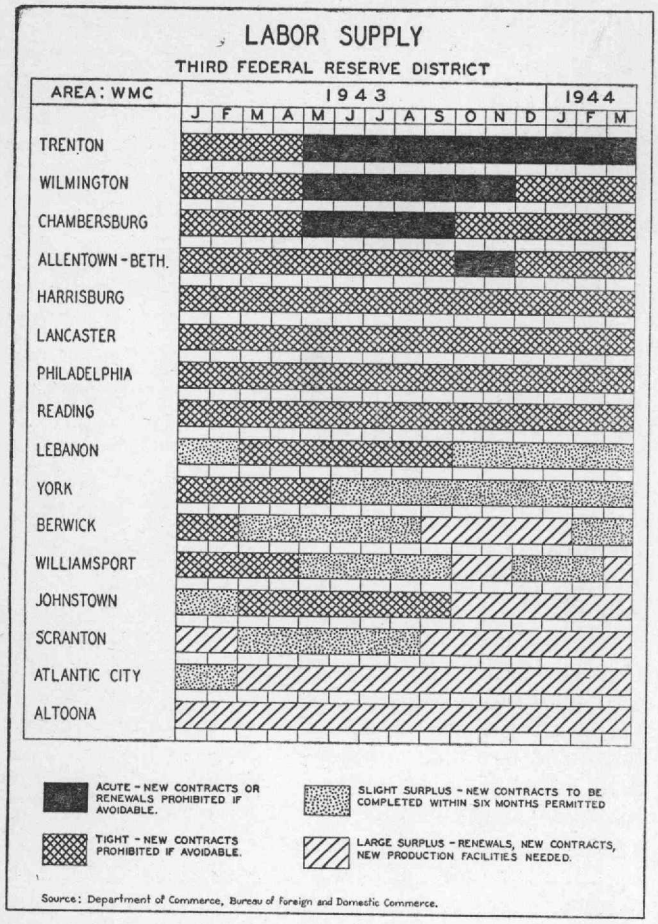
TABLE 3: EMPLOYMENT STATUS OF THE LABOR FORCE

	Employed	Unemployed
United States		
March 1940	85.1%	14.9%
November 1943	98.3	1.7
Pennsylvania, New Jersey, and Delaware		
March 1940	82.3	17.7
November 1943	98.1	1.9
Philadelphia		
March 1940	82.4	17.6
November 1943	98.9	1.1

comprising largely those who are between jobs, temporarily ill, or unemployable. Although this is true for the United States in general, it is not true for every area within the country.

One of the greatest administrative problems of the war has been the utilization of labor surpluses existing in parts of the country where specialized productive facilities for war supplies were lacking. One method of solution has been the construction of additional plants by the Government; another has been the conversion of small plants, or sections of large plants, to manufacture war equipment under sub-contract. Still another method has been to utilize plants in these areas requiring little or no conversion either because their peacetime products, such as furniture or textiles, could be used by the armed forces or because they performed simple operations such as casting or stamping metal parts. Recognizing these possibilities for more efficient use of the national labor supply, the War Production Board issued a directive in October 1942, prescribing that war procurement agencies should not let war contracts in areas of acute labor shortages when the work could be done elsewhere. The War Manpower Commission was given the authority to determine the nature of the labor supply situation in each area. Since January 1943 the War Manpower Commission has been classifying areas and has recommended the types of contracts which should or should not be awarded. The results of these attempts to change the industrial structure of an area to coincide with the labor supply by expanding, limiting, or changing the composition of production will influence the employment opportunities and problems facing these areas after the war. They are also suggestive of what might be done in other ways to help solve the problem of unemployment.

The changing labor supply situation in War Manpower Commission areas within the Third District is shown in the accompanying chart.



It can be seen that there are still large surplus labor supplies in the densely populated anthracite counties and in the Johnstown-Altoona region; and yet unfilled labor demands exist in both areas. This apparent paradox is a result of the fact that the demand is for skilled miners and for persons capable of undertaking heavy work in railroad shops and steel mills while the labor surplus consists largely of women. In accord with the WPB directive, local authorities have sought additional war contracts and war industries which could use the existing labor resources in these regions. For example, several plants making aircraft parts have recently been built in Scranton. However, the surpluses have been so large that out-migration has been encouraged to areas with more critical manpower shortages. In one instance, miners were transferred from nearly depleted mines in Lackawanna County to richer mines in Luzerne County.

Expanded employment alone was insufficient to supply all of our military and civilian needs. Manpower resources have had to be stretched in other ways. Among these is the adjustment of jobs to the available labor resources and the adjustment of available labor resources to the jobs. As well as undertaking job simplification to scale down heavy tasks to women's strength, industrial enterprises have broken complicated processes into a series of simple tasks that can be performed by unskilled or semi-skilled workers. Many industrial establishments introduced formal in-plant training schools manned by specialized instructors to replace the slower, less efficient "watch and learn" training methods of the pre-war era. War Manpower Commission offices in the district report that the greatest demand is for unskilled workers who can be trained. These industrial schools have been used to upgrade experienced workers as well as to train inexperienced workers. The aircraft and shipbuilding industries in the district, in particular, have developed these facilities because their expansion was so rapid that they quickly absorbed all available labor with the necessary skills.

Within the district, colleges and schools have greatly expanded their vocational education facilities. In Atlantic City, welding is taught to those who intend to seek jobs in Philadelphia, Camden, and Trenton. In Philadelphia, enrollments have been large both in the pre-employment classes and in the supplementary training classes of the Vocational Training Program for War Production given in the public schools. In Pennsylvania there is a Federal-State program for training sales and other store help. Thus, one of the district's greatest assets, its "know-how," is being improved. But at the same time, other areas also are acquiring this asset by offering similar training to their workers. It is estimated that the national training program throughout the country has equipped labor with more skills in the past three years than are normally acquired in ten. If these skills can be adapted to peacetime production we may look forward to a tremendously increased standard of living, provided, of course, that these skills are fully utilized.

These wartime innovations of in-plant training and job simplification will probably be permanent and may well have significant effects on our post-war labor force. They will greatly increase labor mobility by reducing the costs of training new workers and facilitating readjustment on the part of the worker. Furthermore, it seems likely that the semi-skilled worker will achieve a greater prominence than ever in our industrial structure.

Another method used to stretch the labor supply has been to expand the work-week considerably. The work-week of factory workers in March 1940 is compared with that of March 1943 in Table 4.

TABLE 4: WEEKLY WORKING TIME OF FACTORY WORKERS
(Average hours)

	March 1940	March 1943	Per cent Change
United States	37.6	44.7	+19
Pennsylvania	36.7	44.7	+22
Philadelphia	37.8	46.3	+22

In March 1943, factory workers throughout the country averaged 19 per cent longer hours than in the corresponding month of 1940. In Pennsylvania and Philadelphia the average work-week was increased still more—by 22 per cent. This lengthening of the work-week is a wartime change which is not expected to be continued in the future; in fact, in view of the rapid increases in productivity developed over the past few years, the average work-week after the war may be below that of 1940.

Finally, the tremendous output has been achieved through radically changing the distribution of employed workers among the various industries and occupational groups. Workers leaving "non-essential" industries for the armed forces have not been completely replaced, nor have those shifting from civilian to war industries. Additional workers have been distributed among the various industries in ratios vastly different from the pre-war proportions. For the three states, these shifts are shown for the three basic industries in Table 5.

TABLE 5: ESTIMATED EMPLOYMENT IN PENNSYLVANIA, NEW JERSEY, AND DELAWARE

(Thousands)	March 1940	Per cent	November 1943	Per cent
Manufacturing (excluding Government)	1,651	33.7	2,521	42.6
Mining	228	4.6	193	3.3
Agriculture	255	5.2	257	4.3
All other	2,768	56.5	2,952	49.8
Total	4,902	100.0	5,923	100.0

Private manufacturing employment in the three states has expanded by over 50 per cent, and instead of employing 34 per cent of all employed as in 1940, it now employs 43 per cent of the total. Mining employment suffered an absolute decline of 16 per cent, and in November 1943 represented only 3 per cent of the total employment in contrast to 5 per cent in March 1940. This was due primarily to developments in the coal industry. In the beginning of the national defense effort, coal production in Pennsylvania was increased largely by lengthening the work-week rather than by increasing employment. With work opportunities in other activities opening up, many unemployed miners left the coal fields for war production centers. Employed miners also left for the better pay and working conditions which could be obtained elsewhere. Selective Service drains in this industry were relatively severe since almost all of the employment is male. As was mentioned above, the bituminous and anthracite fields in Pennsylvania are now facing a serious shortage of skilled miners, a complete reversal of the situation which has prevailed for over a decade.

Agricultural employment in the three states expanded very little between March 1940 and November 1943, and such expansion as occurred is due in part to seasonality. Despite the small increase, agriculture gave employment to only 4 per cent of the gainfully occupied in 1943, as compared with 5 per cent in 1940.

A more complete picture of employment shifts which have taken place over the war period is shown in Table 6, where figures for Philadelphia are given.

Net losses of 48 thousand have occurred in trade, finance, and service; 29 thousand in construction; and 2 thousand in "other" industries; while net increases of 238 thousand have occurred in manufacturing; 13 thousand in transportation, communication, and public utilities; and 34 thousand in Government, exclusive of the armed forces. Thus, in November 1943, manufacturing utilized half of the employed labor force in Philadelphia, in contrast to 38 per cent in 1940; employment by the Government increased from 3 to 5 per cent of the employed workers; trade, finance, and service was reduced from 45 to 34 per cent; construction from 5 to 2 per cent; and transportation, communication, and public utilities remained unchanged at 7 per cent. Together with these changes in the industrial distribution of the employed there has occurred a corresponding occupational redistribution. In Philadelphia,

TABLE 6: CHANGE IN EMPLOYMENT OF THE LABOR FORCE
PHILADELPHIA AREA—MARCH 1940—NOVEMBER 1943

(Thousands)	March 1940			November 1943		
	Total	Male	Female	Total	Male	Female
Manufacturing	402	298	104	640	430	210
Trade, finance, service	481	286	195	433	208	225
Transportation, communication, and public utilities	79	69	10	92	77	15
Construction	53	52	1	24	24	..
Government (excluding armed forces)	36	30	6	70	40	30
All other	22	21	1	20	20	..
Total employed	1,073	756	317	1,279	799	480

substantial declines have taken place in the proportion of service workers, clerical and sales workers, professional and semi-professional workers during the war period. The proportion of workers employed as operatives, laborers, craftsmen, and foremen has shown offsetting increases, while the group comprising proprietors, managers, and officials has remained relatively constant.

In-plant training and job simplification have greatly eased this wartime transfer of workers. Transferring pre-war workers back to their peacetime jobs during the period of transition should not prove too difficult. However, the allocation of new workers who entered the labor market during the war may not be easy to make. In all probability, manufacturing will play a larger part than formerly, both in Philadelphia and the Third District, but the proportion of all employed workers engaged in manufacturing and their distribution among the principal industries is bound to change during the shift from war to peace. For example, drastic declines may be expected in shipbuilding but some of the new facilities for steel manufacturing may be retained in the district's industrial structure. In the long run, our post-war pattern will be determined largely by the degree to which new war facilities can be converted to peacetime uses and the level at which income in the district and the country can be maintained.

Business and Banking

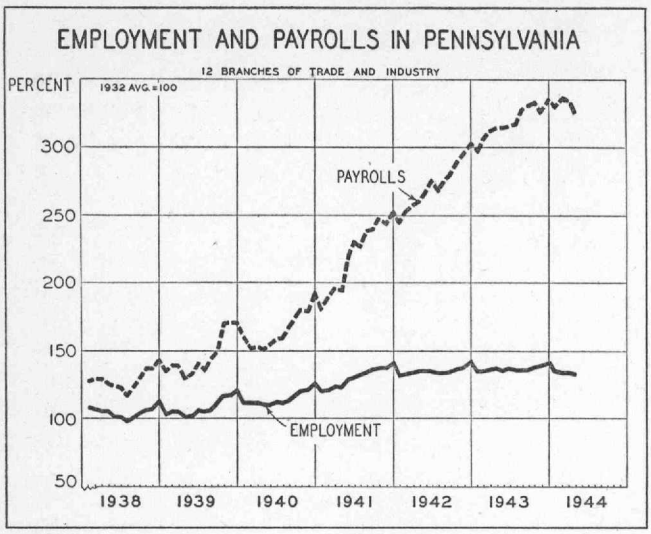
Continued from page 1

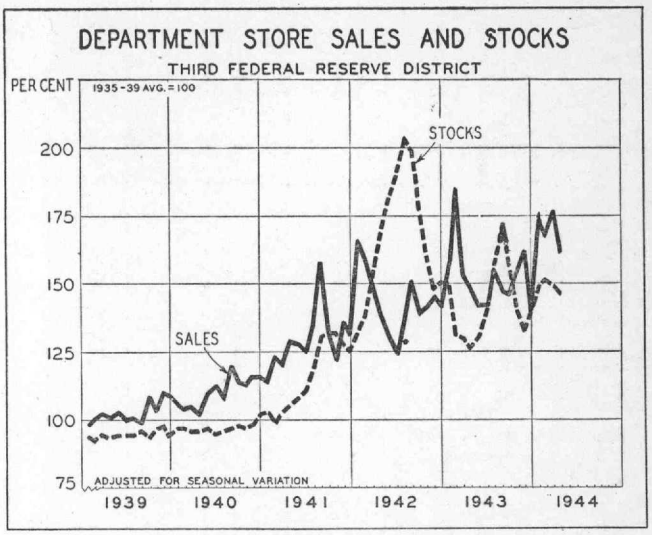
duction of coal increased in April, reflecting gains at both anthracite and bituminous mines. The output of bituminous coal also was larger than a year earlier, while that of anthracite was virtually unchanged.

Employment, payrolls, and working time in Pennsylvania factories have receded somewhat from wartime peaks. The number employed decreased slightly further from March to April, and was about 2 per cent less than a year earlier. Although payrolls in most major lines were smaller in April than in March, the only declines from a year ago were in the textile and leather products industries, where manpower and material shortages have restricted operations over a considerable period. The income of wage earners at reporting factories in Pennsylvania averaged $46.56 a week, as against the record high of $47.23 in March, and $43.90 in April 1943. Average hourly earnings remained at a wartime peak of $1.04, but the average number of hours worked per employee declined from 45½ to a little under 45 a week.

Although the combined production of anthracite and bituminous coal through April was larger than in the first four months last year, small reserves and the prospect of a continuing loss of manpower suggest further tightening of the supply situation in coming months. Stockpiles of industrial coals still are below what is considered a minimum reserve of about thirty days' supply. Supplies of heating coals are accumulating slowly at the mines and in retail storage yards in anticipation of next season's demand.

Building activity continues restricted to war-important facilities and a few projects essential to maintenance of the civilian economy. With the bulk of construction in these categories nearing completion, demand for the principal building materials has slackened considerably. In this district, contract placements in April were nearly one-third less than in 1943, with the most pronounced reductions occurring in contracts for industrial facilities and multiple-family dwellings. Total awards in the four months ended April were less than one-half the dollar volume of a year earlier, and the smallest for the period in almost a decade.





The outlook for agriculture in this district has improved considerably in recent weeks. Field work has progressed rapidly, although operations still are behind schedule, owing to the late start and a tight labor situation in some sections. Growing conditions in May were decidedly more favorable than in April, when excessive rains and subnormal temperatures delayed the germination of seeds and retarded the development of early truck crops. Orchard fruits bloomed unusually late, but in most instances escaped injury from frost. The condition of winter grains has continued to improve, and above average yields of wheat, rye, and barley are in prospect. Pastures and meadows have grown rapidly, relieving to some extent the acute shortage of feed grains.

Distribution of raw materials and manufactured goods by rail continues heavy locally and nationally, although gains over 1943 are narrowing as operations of the carriers approach peak wartime efficiency. According to the Association of American Railroads, freight traffic in the United States exceeded 60 billion ton-miles in April, an increase of 2½ per cent over a year earlier. Gains in the first two months of 1944 amounted to more than 9 per cent, but by March the margin of increase had narrowed to about 3 per cent. The number of freight cars loaded in this section continues materially greater this year than last.

Wholesale trade was less active in April than in March, although sales remained somewhat above the level of a year ago. Dollar volume in the first four months was about one-tenth greater than in the 1943 period, reflecting gains in all reporting lines except drugs. Inventories increased slightly further in April and at the close of the month showed a gain of 11 per cent over a year earlier.

Retail sales by reporting department and women's apparel stores in this district on an adjusted basis declined substantially from March to April, while sales by men's apparel and shoe stores increased. Allowing for the earlier date of Easter, dollar volume at department, apparel, and shoe stores was considerably larger in April this year than last. Sales by furniture stores increased in the month, but were less than in April 1943. Inventories in most lines declined more than usual from March to April, although they were sharply larger than a year earlier except at shoe and furniture stores.

Banking conditions. Tabulation of sales of savings bonds and savings notes to nonbank investors, applying against goals in the Fifth War Loan Drive, will get under way on the first of

Pennsylvania (Dollar amounts in millions)	War Loan Drives		
	Third	Fourth	Fifth
Total sales			
Quota	$1,071	$ 978	$1,082
Sales	1,205	1,069	
% attained	112%	109%	
Sales to individuals			
Quota	$ 388	$ 423	$ 442
Sales	405	396	
% attained	104%	94%	
Sales of E bonds*			
Quota	$ 225	$ 217	$ 224
Sales	174	224	
% attained	77%	103%	

*Included in total sales and sales to individuals.

SECURITIES TO BE OFFERED DURING FIFTH WAR LOAN DRIVE

	U. S. War Bonds, Series E	U. S. Savings Bonds, Series F	U. S. Savings Bonds, Series G	Treasury Savings Notes, Series C	2½% Treasury Bonds of 1965-70	2% Treasury Bonds of 1952-54	1¼% Treasury Notes, Series B-1947	⅞% Ctfs. of Indebtedness, Series C-1945
Issue price	75% of maturity value	74% of maturity value	100%	100%	$500 or $1,000 sales, 100% Over $1,000, 100% and interest	$500 or $1,000 sales, 100% Over $1,000, 100% and interest	100% and interest	100% and interest
Dated	First day of month in which purchased	First day of month in which purchased	First day of month in which purchased	First day of month in which purchased	Feb. 1, 1944 (Interest from June 26, 1944)	June 26, 1944	June 26, 1944	June 26, 1944
Due	10 years from issue date	12 years from issue date	12 years from issue date	3 years from issue date	Mar. 15, 1970	June 15, 1954	Mar. 15, 1947	June 1, 1945
Rate	Varies—2.90% if held to maturity	Varies—2.53% if held to maturity	2½%	Varies—1.07% if held to maturity	2½%	2%	1¼%	⅞%
Registration	Registered form only	Registered form only	Registered form only	In inscribed form only	Bearer or registered form	Bearer or registered form	Bearer form only	Bearer form only
Denominations	$25 to $1,000 (Maturity value)	$25 to $10,000 (Maturity value)	$100 to $10,000	$100 to $1,000,000	$500 to $1,000,000	$500 to $1,000,000	$1,000 to $1,000,000	$1,000 to $1,000,000
Eligible for subscription by individuals	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Eligible for subscription by commercial banks	No	*	*	Yes	*	*	No	No
Acceptable in payment of Federal (income, estate, or gift) taxes prior to maturity	No	No	No	Yes, at stated redemption values during and after 2nd calendar month after purchase	Federal estate taxes only, on death of owner	No	No	No
Redeemable for cash prior to maturity	At holder's option only, after 60 days from issue date at stated redemption values	At holder's option only, after 6 months, on 1 month's notice at stated redemption values	At holder's option only, after 6 months, on 1 month's notice at stated redemption values[1]	At holder's option only, after 6 months, at stated redemption values[2]	At Government's option only, on or after Mar. 15, 1965, at 100% and interest	At Government's option only, on or after June 15, 1952, at 100% and interest	No	No
Use as collateral	No	No	No	For loans from banks only	Yes	Yes	Yes	Yes
Salable in open market	No	No	No	No	Yes	Yes	Yes	Yes
Amount for which eligible investor may subscribe	Not more than $5,000 maturity value in one calendar year	Not more than $100,000 issue price of Series F and G together in one calendar year; for commercial banks see circulars		No limit	No limit; except for commercial banks*	No limit; except for commercial banks*	No limit	No limit

[1]Upon death of owner redeemable at 100% after six months from issue date, if application for redemption is made within four months after decease.

[2]At issue price only if commercial bank is holder for own account.
*See offering circulars.

June. Offering of the marketable issues—2½ and 2 per cent bonds, 1¼ per cent notes, and ⅞ per cent certificates—starts June 12 and continues through July 8. The over-all quota of $1,082 million announced recently for Pennsylvania is the highest for the state thus far, but was exceeded by actual sales during the Third Drive and closely approached in the Fourth. Comparisons of quotas and sales in recent drives are shown in the table on page 11.

Customers' deposits at reporting banks in leading cities of the district have expanded considerably in recent weeks, despite substantial repayments on loans and active demand for currency. Adjusted demand deposits, comprising balances of individuals, business concerns, states and local governments, moved up $80 million to $1,747 million from April 19 to May 24. This sets a new high point for the year and comes within $46 million of the record peak attained just before the Third War Loan Drive. Heavy withdrawals from war loan accounts carried total deposits downward. This net loss of funds was met largely through reduction in holdings of short-term Governments. The total investment in Governments still exceeds holdings before the last drive, but loans to carry such securities are lower.

For the district as a whole net payments to the Treasury and currency demand have absorbed more than $70 million of funds in late weeks, but gains in commercial and financial interdistrict transactions were larger. On balance, therefore, reserves of all member banks increased somewhat. Excess reserves are held chiefly by the country banks.

Substantial expansion in earnings assets of the Federal Reserve Bank between April 19 and May 24 was due principally to participation in the larger volume of Governments held in the Open Market Account of the System. Loans and advances to member banks also increased, while the volume of Treasury bills held under repurchase option declined slightly.

Ownership of Demand Deposits

The latest survey of the ownership of demand deposits of individuals, partnerships, and corporations, made as of the end of February in cooperation with more than 250 commercial banks in the Third Federal Reserve District, confirms findings in the survey conducted seven months earlier. Somewhat over one-half of these balances is held by nonfinancial business concerns; about one-seventh is in insurance company, trust fund, and other financial accounts; and slightly less than one-third is in personal deposits including those of farmers. Proportions for the country as a whole were much the same. Within the district variations were considerable, personal accounts making up one-fifth in Philadelphia, as against two-fifths for the remainder of the area.

For all banks in the district demand deposits of customers are estimated to have risen about $90 million, or 3 per cent, to over $3 billion during the seven months between surveys. The small size of this increase and certain of the changes in the sub-groups reflect in part the fact that the survey last July was well along in a between-drives period, while the last coincided with the close of the Fourth War Loan Drive, during which deposits were drawn upon actively to pay for new Government securities.

Despite these circumstances, the only classes of deposits to show declines were those of insurance companies, utilities, and unclassified nonfinancial businesses. Total nonfinancial business deposits increased less than 2 per cent, differing little from the slight decline shown in the figures for the country as a whole. Financial accounts in the district increased about 11 per cent, as withdrawals by insurance companies were more than offset by larger balances in trust and miscellaneous accounts; this gain ran counter to the decline of 3 per cent over the seven months in national estimates.

Personal demand deposits increased over 1 per cent in this district and 11 per cent in the United States. To some extent these gains reflect seasonally higher balances of farmers in agricultural sections of the country, a factor which would have considerably less influence in this highly industrial area. The disproportion between the increases probably arises also from the fact that large personal balances, which declined generally, are relatively more important in this district.

The very large accounts declined in almost all classes of deposits. This explains some loss in deposits at the largest banks, shown in the survey, and the net gain in country bank deposits during the period under review. Shrinkage in large balances also suggests the important part played by large business concerns, insurance companies, trust funds, and wealthy individuals in the war loan drive which closed the period. Small accounts, both business and personal, generally showed substantial increases. It is clear that there still remains untapped a substantial source of funds, particularly in small accounts, for nonbank purchases of Government securities in future War Loan Drives.

Over the war period practically all banks have gained deposits as their holdings of Government securities increased. While customers' balances are drawn down temporarily during the war loan drives, the funds are soon returned to ordinary channels when the Government disburses them for war purposes. Banks will enter the post-war period with a record volume of deposits and the over-all volume will probably continue high. But as the economy is readjusted to peacetime conditions, some shifting of funds is to be expected, meaning that some areas and some banks may experience a permanent loss of their war-derived deposits. For each bank the problem is to appraise the position of its community and its customers and the probable effect on its own deposits, permitting suitable adjustments in loan and investment policies. Deposit surveys of the Reserve Banks provide a factual background against which the individual banker can measure the status of his own institution. A more complete analysis of deposit growth and ownership is now in preparation and will be made available shortly.

Ownership of Demand Deposits of Individuals, Partnerships, and Corporations

Third F. R. District (Amounts—millions $)	Feb. 29, 1944	July 31, 1943	Change %	Distribution	
				Feb.	July
Nonfinancial business:					
Mfg. and mining	$ 806	$ 749	+ 8%	26%	25%
Pub. utilities, etc.	232	257	—10	8	9
Trade	374	369	+ 1	12	12
Other	170	180	— 6	6	6
Total nonfinancial	$1,582	$1,554	+ 2%	52%	52%
Financial business	438	393	+11	14	13
Nonprofit organizations	92	87	+ 6	3	3
Personal (incl. farmers)	952	940	+ 1	31	32
Total*	$3,066	$2,974	+ 3%	100%	100%

*Includes small amount of foreign deposits not shown separately.

BUSINESS STATISTICS

Production

Philadelphia Federal Reserve District

Indexes: 1923-5 =100	Adjusted for seasonal variation						Not adjusted		
				Per cent change					
	Apr. 1944	Mar. 1944	Apr. 1943	April 1944 from Mo. ago	April 1944 from Year ago	1944 from 4 mos. 1943	Apr. 1944	Mar. 1944	Apr. 1943
INDUSTRIAL PRODUCTION	151p	150	151	0	0	+ 3	149p	152	149r
MANUFACTURING	155p	155	155	0	0	+ 3	152p	156	153r
Durable goods	247p	244	251r	+ 1	− 2	+ 1	.....	.....	.....
Consumers' goods	92p	93	91r	0	+ 2	+ 4	.....	.....	.....
Metal products	188	184	185r	+ 2	+ 2	+ 5	180	184	178r
Textile products	68p	68	74	− 1	− 9	− 3	65p	70	71
Transportation equipment	643	647r	649r	− 1	− 1	+ 3	665	678	669r
Food products	115p	118	98r	− 2	+ 18	+ 18	111p	114	93r
Tobacco and products	97	102	114	− 5	− 15	− 17	88	94	104
Building materials	34p	37	43	− 8	− 21	− 25	34p	34	43
Chemicals and products	158p	155	154	+ 2	+ 3	+ 8	160p	156	156
Leather and products	109p	104	109r	+ 4	0	− 3	107p	107	108r
Paper and printing	93	94	90	− 1	+ 4	+ 4	95	96	91
Individual lines									
Pig iron	93	89r	94	+ 5	− 1	− 1	105	102r	106
Steel	130	131r	133	− 1	− 2	+ 2	137	140	139
Silk manufactures	85	87	86	− 2	− 2	+ 4	83	89r	85
Woolens and worsteds	62p	64	65	− 3	− 4	− 1	57p	62	60
Cotton products	42	46	56	− 7	− 24	+ 21	44	49	58
Carpets and rugs	51p	53	57	− 5	− 10	− 3	50p	54	56
Hosiery	67	71	81	− 6	− 17	− 10	67	74	81
Underwear	144	136	164	+ 6	− 12	− 8	141	148	161
Cement	26p	29	50	−12	− 49	− 55	26p	23	50
Brick	48	54r	61	−10	− 21	− 20	51	52	64
Lumber and products	32	33	29	− 4	+ 9	+ 13	30	32r	28
Bread and bakery products	.....	.....	.....	− 4*	+ 7*	+ 10*	118	122r	110
Slaughtering, meat packing	127	133	96	− 4	+ 32	+ 37	124	127	94
Sugar refining	85	61	27	+40	+209	+ 50	110	93	36
Canning and preserving	147p	149	117r	− 2	+ 26	+ 26	129p	133	98r
Cigars	96	101	113	− 5	− 15	− 17	88	93	103
Paper and wood pulp	82	83	84r	− 1	− 2	+ 1	83	85	85r
Printing and publishing	95	96	91	− 1	+ 5	+ 5	97	98	93
Shoes	117	120	125	− 2	− 6	− 5	117	127	125
Leather, goat and kid	100p	89	94r	+12	+ 7	0	97p	88	91r
Paints and varnishes	92	95r	83	− 3	+ 10	+ 7	96	97r	87
Coke, by-product	167p	163	156	+ 3	+ 7	+ 6	174p	169	162
COAL MINING	85	80r	83r	+ 6	+ 1	+ 5	83	80	82r
Anthracite	81	77	81	+ 5	0	− 1	81	77	81
Bituminous	113	101r	103r	+12	+ 9	+ 5	103	103r	94r
CRUDE OIL	374	376	416	− 1	− 10	− 11	385	384	428
ELEC. POWER—OUTPUT	419	420	403	0	+ 4	+ 8	410	428	395
Sales, total	424	443	397	− 4	+ 7	+ 10	437	439	409
Sales to industries	358	351	306	+ 2	+ 17	+ 13	361	333	309
BUILDING CONTRACTS									
TOTAL AWARDS†	35	34	93	+ 2	− 63	− 71	33	30	89
Residential†	15	22	67	−29	− 77	− 62	14	17	62
Nonresidential†	43	40	112	+ 6	− 62	− 67	44	40	115
Public works and utilities†	69	47	115	+48	− 40	− 80	63	42	106

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

Local Business Conditions*

Percentage change—April 1944 from month and year ago	Factory employment		Factory payrolls		Building permits value		Retail Sales		Debits	
	Mar. 1944	April 1943	Mar. 1944	April 1943	Mar. 1944	April 1943	Mar. 1944	April 1943	Mar. 1944	April 1943
Allentown	− 3	− 5	− 2	+ 4	+ 55	− 75	+ 2	− 1	+ 2	+10
Altoona	− 1	+ 1	− 5	+ 6	+ 40	+ 24	− 1	+14	− 5	+ 5
Harrisburg	− 2	− 3	− 1	+ 2	+ 28	+258	0	+ 4	−17	−17
Johnstown	− 2	− 8	+ 3	+13	.....	+225	+10	+13	− 2	0
Lancaster	0	+ 6	− 2	+12	+ 90	+431	− 3	+ 2	+ 6	+23
Philadelphia	− 2	− 2	− 4	+ 3	.....	.....	− 8	+ 3	−15	−23
Reading	− 2	− 4	− 5	− 1	+ 26	+ 17	+ 4	+ 7	− 1	− 3
Scranton	0	+23	− 4	+31	+ 91	− 93	− 1	+ 6	− 7	+ 5
Trenton	.....	.....	.....	.....	− 36	+310	+ 6	+ 2	− 2	−19
Wilkes-Barre	− 1	− 4	−12	− 7	+135	− 18	− 5	+ 9	+ 2	+ 7
Williamsport	− 2	−10	− 3	− 8	− 35	− 11	.....	.....	−10	−20
Wilmington	− 2	− 5	− 4	− 1	+106	− 17	− 7	+ 9	− 5	0
York	− 2	− 7	− 2	− 4	− 2	+377	− 9	+ 1	− 5	+ 1

* 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		
	Apr. 1944 index	Per cent change from Mar. 1944	Per cent change from Apr. 1943	Apr. 1944 index	Per cent change from Mar. 1944	Per cent change from Apr. 1943
GENERAL INDEX	133	− 1	− 3	326	− 2	+ 4
Manufacturing	185	− 1	− 2	488	− 3	+ 4
Anthracite mining	49	− 1	− 8	89	−10	− 2
Bituminous coal mining	79	− 1	− 9	365	− 4	+ 6
Building and construction	42	+ 5	− 6	109	+ 4	+ 3
Quar. and nonmet. mining	83	+ 3	−19	264	+ 1	−17
Crude petroleum prod.	133	− 1	− 2	242	+ 4	+15
Public utilities	97	0	+ 3	139	0	+ 4
Retail trade	112	− 1	− 3	151	0	0
Wholesale trade	103	− 2	− 6	142	− 2	− 1
Hotels	100	0	+ 4	165	+ 1	+10
Laundries	102	0	− 6	172	− 1	+ 1
Dyeing and cleaning	102	+ 2	0	173	+ 6	− 5

Manufacturing

Indexes: 1923-5 =100	Employment*			Payrolls*		
	Apr. 1944 index	Per cent change from Mar. 1944	Per cent change from Apr. 1943	Apr. 1944 index	Per cent change from Mar. 1944	Per cent change from Apr. 1943
TOTAL	119	− 1	− 2	199	− 3	+ 4
Iron, steel and products	129	− 1	− 2	273	− 2	+ 4
Nonferrous metal products	199	− 1	+ 3	423	− 2	+ 9
Transportation equipment	172	− 2	0	302	− 3	+ 8
Textiles and clothing	81	− 2	− 7	116	− 7	− 6
Textiles	74	− 2	− 7	107	− 7	− 5
Clothing	107	− 3	− 9	160	− 8	− 7
Food products	120	− 2	+ 9	178	− 3	+15
Stone, clay and glass	87	+ 1	− 2	130	0	+ 7
Lumber products	51	0	− 2	80	0	+ 8
Chemicals and products	118	− 1	− 4	210	− 1	+ 5
Leather and products	74	− 2	−14	113	− 4	− 9
Paper and printing	102	− 1	+ 1	148	− 1	+ 8
Printing	94	0	+ 3	130	0	+11
Others:						
Cigars and tobacco	55	− 2	−13	74	− 9	−12
Rubber tires, goods	149	− 2	+19	299	− 4	+31
Musical instruments	92	0	+25	167	+ 3	+34

* Figures from 2870 plants.

Hours and Wages

Factory workers Averages April 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
TOTAL	44.8	0	$1.046	+ 6	$46.56	+ 6
Iron, steel and prods.	46.3	+ 1	1.103	+ 5	51.06	+ 5
Nonfer.metal prods.	45.0	− 1	.987	+ 7	44.39	+ 6
Transportation equip.	47.1	− 2	1.212	+ 8	57.09	+ 6
Textiles and clothing.	38.4	− 5	.755	+ 8	28.94	+ 2
Textiles	39.2	− 4	.771	+ 6	30.26	+ 2
Clothing	36.3	− 8	.715	+11	26.15	+ 3
Food products	43.0	− 2	.813	+ 8	35.08	+ 6
Stone, clay and glass.	40.8	+ 4	.914	+ 6	37.04	+10
Lumber products	44.1	0	.757	+ 9	33.04	+ 9
Chemicals and prods.	45.5	+ 3	1.049	+ 5	47.70	+ 9
Leather and prods.	41.3	+ 1	.740	+ 5	30.54	+ 6
Paper and printing	43.3	+ 1	.899	+ 5	39.24	+ 7
Printing	40.2	+ 1	1.048	+ 6	42.41	+ 7
Others:						
Cigars and tobacco	39.4	− 7	.619	+ 8	24.38	+ 1
Rubber tires, goods	43.3	− 1	1.028	+12	44.54	+10
Musical instruments	48.9	0	.972	+ 8	47.52	+ 8

* Figures from 2720 plants. † Figures from 2870 plants.

Distribution and Prices

Wholesale trade Unadjusted for seasonal variation	Per cent change Apr. 1944 from Month ago	Apr. 1944 from Year ago	1944 from 4 mos. 1943
Sales			
Total of all lines	− 3	+ 2	+10
Drugs	− 7	− 7	− 4
Dry goods	− 5	− 4	+10
Electrical supplies	− 9	−11	+ 4
Groceries	− 2	+ 8	+13
Hardware	+13	+ 6	+ 8
Jewelry	− 9	+12	+10
Paper	− 3	+12	+21
Inventories			
Total of all lines	+ 2	+11	.....
Dry goods	+ 3	+20	.....
Electrical supplies	+ 5	+ 2	.....
Groceries	+ 1	+18	.....
Hardware	0	+ 4	.....
Jewelry	.....	.....	.....
Paper	+ 4	−13	.....

Source: U. S. Department of Commerce.

Prices	Apr. 1944	Per cent change from Month ago	Year ago	Aug. 1939
Basic commodities (Aug. 1939 =100)	181	0	+ 2	+ 81
Wholesale (1926 =100)	104	0	0	+ 39
Farm	123	0	− 1	+102
Food	105	0	− 3	+ 56
Other	98	0	+ 2	+ 23
Living costs (1935-1939 =100)				
United States	125	+ 1	0	+ 26
Philadelphia	123	+ 1	− 1	+ 26
Food	133	0	− 6	+ 42
Clothing	136	0	+ 7	+ 37
Fuels	110	0	+ 4	+ 14
Housefurnishings	132	+ 5	+ 7	+ 31
Other	119	+ 2	+ 4	+ 18

Source: U. S. Bureau of Labor Statistics.

Indexes: 1935-1939 =100	Adjusted for seasonal variation Apr. 1944	Mar. 1944	Apr. 1943	Per cent change Apr. 1944 from Month ago	Apr. 1944 from Year ago	1944 from 4 mos. 1943	Not adjusted Apr. 1944	Mar. 1944	Apr. 1943
RETAIL TRADE									
Sales									
Department stores—District	162p	177	148	− 8	+10	+ 6	158p	162	151
Philadelphia	158	176	147	−10	+ 7	+ 6	150	160	146
Women's apparel	143	178	129	−20	+11	+ 6	155	190	149
Men's apparel	165	164	146	+ 1	+13	− 6	147	144	142
Shoe	158	147	147	+ 7	+ 8	− 6	182	150	179
Furniture	.....	.....	.....	+ 5*	− 7*	.....	.....	.....	.....
Inventories									
Department stores—District	146	149	126	− 2	+16	.....	151	154	130
Philadelphia	146	149	125	− 2	+17	.....	149	153	128
Women's apparel	170	171r	141r	− 1	+20	.....	169	187r	141r
Shoe	74	80	93	− 7	−20	.....	82	90	104
Furniture	.....	.....	.....	+ 2*	−24*	.....	.....	.....	.....
FREIGHT-CAR LOADINGS									
Total	149	143	141	+ 4	+ 6	+ 6	142	134	134
Merchandise and miscellaneous	137	137	135	0	+ 1	+ 4	135	132	134
Merchandise—l.c.l.	90	89	87	0	+ 4	+ 6	90	89	87
Coal	191	143	172	+33	+ 11	+10	153	147	137
Ore	301	150	199	+100	+51	+11	156	66	104
Coke	256	220	247	+16	+ 3	+ 6	207	207	200
Forest products	144	135	128	+ 7	+13	+10	121	117	108
Grain and products	129	132	116	− 2	+11	+ 9	120	125	108
Livestock	148	153	114	− 3	+30	+37	136	142	105
MISCELLANEOUS									
Life insurance sales	122	115	107	+ 7	+15	+19	122	119	107
Business liquidations									
Number	.....	.....	.....	+ 50*	−85*	−80*	4	3	30
Amount of liabilities	.....	.....	.....	+517*	−76*	−95*	4	1	16
Check payments	177	178	207	0	−14	+ 7	174	176	202

* Computed from unadjusted data. p—Preliminary. r—Revised.

BANKING STATISTICS

Reporting member banks 000,000's omitted	May 24, 1944	Changes in— Five weeks	One year
Assets			
Commercial loans	$ 243	−$13	+$ 4
Loans to brokers, etc.	34	− 3	− 1
Other loans to carry secur.	12	.....	+ 1
Loans on real estate	38	.....	− 6
Loans to banks	2	− 6	.....
Other loans	101	− 4	− 13
Total loans	$ 430	−$26	−$ 15
Government securities	$1554	−$42	+$140
Obligations fully guar'teed	32	.....	− 41
Other securities	175	.....	− 32
Total investments	$1761	−$42	+$ 67
Total loans & investments	$2191	−$68	+ $52
Reserve with F. R. Bank	399	+ 11	− 1
Cash in vault	29	+ 1	+ 1
Balances with other banks	70	− 2	− 25
Other assets—net	60	+ 1	− 5
Liabilities			
Demand deposits, adjusted	$1747	+$80	+$158
Time deposits	180	+ 3	+ 17
U. S. Government deposits	263	−128	− 108
Interbank deposits	308	− 17	− 58
Borrowings	4	+ 3	.....
Other liabilities	16	+ 1	+ 4
Capital account	231	+ 1	+ 9

MEMBER BANK RESERVES AND RELATED FACTORS

Third Federal Reserve District (Millions of dollars)	Changes in weeks ended— Apr. 26	May 3	May 10	May 17	May 24	Changes in five weeks
Sources of funds:						
Reserve Bank credit extended in district	+23.5	−14.3	−18.4	+13.8	− 7.9	− 3.3
Commercial transfers (chiefly interdistrict)	+ 6.1	+15.8	+30.8	+ 8.6	+25.5	+86.8
Treasury operations	−41.5	+25.1	+ 3.0	−11.0	− 9.0	−33.4
Total	−11.9	+26.6	+15.4	+11.4	+ 8.6	+50.1
Uses of funds:						
Currency demand	+ 5.1	+ 9.9	+ 9.6	+ 6.5	+ 7.0	+38.1
Member bank reserve deposits	−14.0	+16.8	+ 0.9	+ 5.4	+ 5.8	+14.9
"Other deposits" at Reserve Bank	− 3.0	− 0.1	+ 4.9	− 0.4	− 4.2	− 2.8
Other Federal Reserve accounts	+ 0.0	− 0.0	− 0.0	− 0.1	+ 0.0	− 0.1
Total	−11.9	+26.6	+15.4	+11.4	+ 8.6	+50.1

Member bank reserves (Daily averages; dollar figures in millions)	Held	Required	Excess	Ratio of excess to required
Phila. banks				
1943: May 1-15	$411	$343	$68	20%
1944: Apr. 1-15	352	343	9	3
Apr. 16-30	367	357	10	3
May 1-15	373	365	8	2
Country banks				
1943: May 1-15	$262	$179	$83	46
1944: Apr. 1-15	265	218	47	21
Apr. 16-30	264	219	45	21
May 1-15	268	220	48	22

Federal Reserve Bank of Phila. (Dollar figures in millions)	May 24, 1944	Changes in— Five weeks	One year
Bills discounted	$ 7.0	+$ 5.1	+$ 2.4
Industrial advances	5.5	+ 0.0	+ 0.7
U. S. securities	928.8	+ 60.5	+ 542.6
Total	$941.3	+$65.6	+$545.7
Note circulation	1227.4	+ 33.8	+ 282.5
Member bk. deposits	649.9	+ 14.9	+ 21.8
U. S. general account	26.5	+ 16.9	+ 13.6
Foreign deposits	138.0	+ 6.1	+ 58.9
Other deposits	5.8	− 2.8	− 2.3
Total reserves	1119.7	+ 10.0	− 173.8
Reserve ratio	54.7%	− 1.4%	− 22.6%