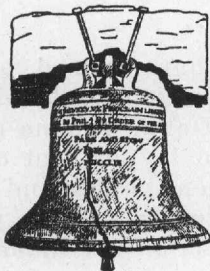


THE BUSINESS REVIEW



FEDERAL RESERVE BANK OF PHILADELPHIA

NOVEMBER 1, 1944

RECEIVED SECRETARY TO
HENRY H. EDMISTON
VICE PRESIDENT

PRODUCTIVE activity continues to fluctuate narrowly, reflecting the stabilization of over-all war production, where continuing reductions in some programs have been virtually offset by increased requirements in others. Total industrial production in the country has shown small declines quarter by quarter since the turn of the year, with output in the three months ended September about 6 per cent below the wartime peak reached in the final quarter of 1943.

Nonagricultural employment decreased somewhat from August to September, when the Department of Labor estimated that the number of wage earners was over a million less than a year earlier. The decrease in the month was partly seasonal, as it reflected the return to school of young people temporarily in the labor market. Cutback production schedules at certain war plants, however, also were a factor in the decline, as they accounted for a considerable part of the reduction in manufacturing employment, estimated at nearly 200,000. Employment in agriculture reached a seasonal peak during September, the beginning of the principal harvest season. Although the total number of workers was little less than a year earlier, and only 5 per cent below the pre-war average, approximately three-quarters of them were unpaid members of farm families. Hired labor accounted for the smallest proportion of the total reported in more than a decade, according to the Department of Agriculture.

The over-all manpower situation is somewhat less tight than earlier this year, as withdrawals

by the armed forces have diminished, an increasing number of ex-service men are re-entering the labor market, and turnover, except among women employees, has declined for several successive months. Nevertheless, manpower shortages persist in a few categories of munitions manufacture and in supporting lines. Additional workers also are urgently needed in certain critical areas, including Philadelphia and several nearby counties. Regional representatives of the War Manpower Commission recently instituted an intensive recruitment campaign in the interest of local war plants, suggesting that the situation has not eased to the extent anticipated when the area was officially designated one of critical labor shortage.

The number of applications for reconversion approved by the War Production Board under its "Spot Authorization Plan" has increased considerably, although the productive facilities involved and the quantity of raw materials allocated thus far are of little immediate significance to the economy as a whole. From the implementation of the program on August 15 until mid-October, some 1,100 firms were given permission to resume the output of a wide range of items for civilian use. The number of plants authorized to reconvert their facilities in Philadelphia has been increased from 2 to 24 over the past several weeks. In the same period, the applications of 34 establishments elsewhere in the Third Federal Reserve District, some of them likewise in critical or potentially tight labor markets, also received approval. These

(Continued on page 11)

The Economy of the Third Federal Reserve District

Building and Construction

Building and construction played a highly important part in the economic development of the United States during the 19th century, providing our industries with railroads, highways, factories and utilities, and supplying public works and houses for a rapidly expanding population. In performing these functions the industry has contributed much to the total industrial activity of the United States. It is estimated that dollar volume of construction averaged 7 per cent of gross national product between 1929 and 1941. In the post-war period, construction may occupy an even more important position in our economy as consumers put into effect the demands which have been pent up during the war for new houses and improved facilities of all kinds.

From the standpoint of employment, construction was a relatively small segment—less than 5 per cent—of our economy in 1940. In the Third Federal Reserve District it employed only one-seventh as many people as manufacturing and somewhat less than the other two branches of basic economic activity—agriculture and mining.

EMPLOYMENT IN 1940

	Third District		United States
	Thousands	Per cent	Per cent
Manufacturing.....	880	33.2	23.5
Agriculture.....	170	6.4	18.5
Mining.....	134	5.1	2.0
Construction.....	128	4.8	4.6
Other.....	1,341	50.5	51.4
Total employed.....	2,653	100.0	100.0

But the importance of any economic activity is not reflected solely by the number of people for which it provides a living. From another point of view, construction, like trade, transportation, and other services, is an integral part of the economic system. It is related to almost the whole field of raw material production and about 70 manufacturing industries are involved in processing materials for construction.

The industry is characterized by great irregularity of activity which is related to business cycle fluctuations. Dollar volume of construction varies from 5 to 10 per cent of gross national product between the low and high points of the business cycle. Since the products of building and construction are among the most durable, demand is easily postponed if the general business outlook is uncertain or unfavorable. On the other hand, as producers' expectations become more optimistic, construction is frequently one of the first industries to respond. Recognition of the fact that construction plays a prominent part in the general business cycle has given rise to a widespread opinion in some circles that careful timing of public construction may be an effective way of reducing the great extremes of business cycle fluctuations.

In addition to great irregularity of activity, the building and construction industry has other peculiar characteristics which set it apart from practically every other industry. It uses a tremendous variety of raw materials; its products are of almost infinite variety in design; and it is widely dispersed geographically. Contracts vary in size from \$5 to \$100,000,000. Another peculiarity of the industry is its organization. It is generally small scale, complicated, and on the whole poorly organized. In 1938, an average year from the standpoint of contracts awarded, there were 150,000 enterprises in this industry and over one-half of the operators, whether contractors or subcontractors, employed from one to three workers. A large number of contractors and subcontractors participate in each project; efficiency of work, therefore, may be low because responsibility may be divided.

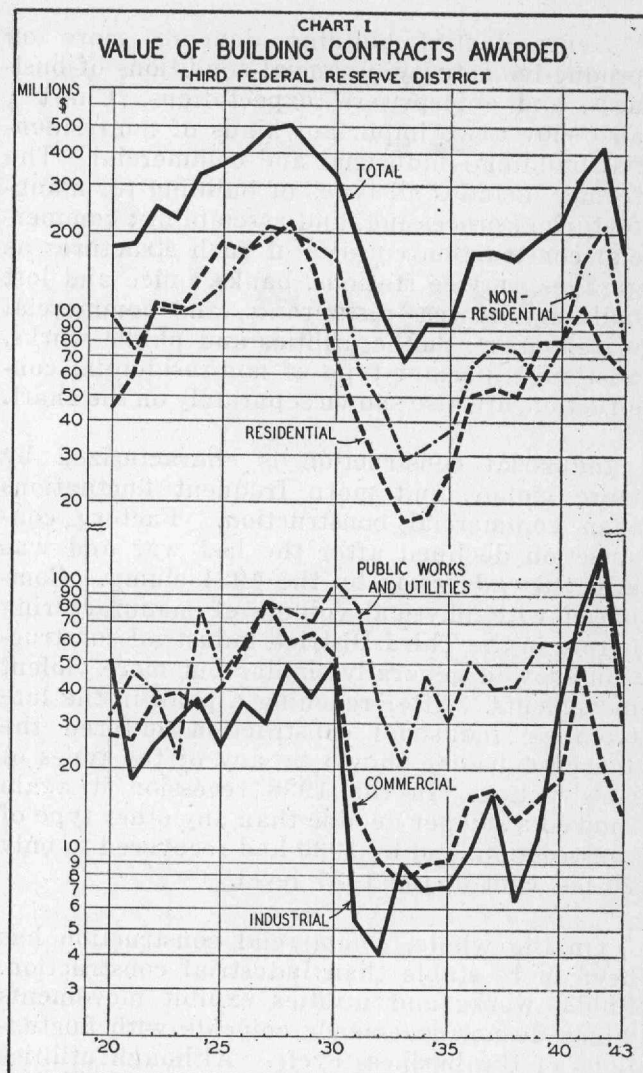
For these reasons the construction industry is generally considered backward in comparison with most manufacturing industries which have made great progress in applying mass production techniques. Because of the varied nature of the industry, however, it may be unfair to

make such a comparison. Some types of construction are more efficiently conducted than others; building is probably on the whole less efficient than other types of construction such as highways, and dams, and housing construction is probably less efficient than other building construction. Moreover, greater efficiency of operation has been attained in recent years, particularly under the impetus of urgent war demands.

Pre-war trends

Construction in the Third Federal Reserve District, according to the F. W. Dodge reports of contracts awarded, averaged \$245 million annually during the two decades from 1919 to 1939. Except for a slight interruption in 1923, activity during the prosperous twenties rose consistently as business expanded and consumer incomes attained high levels. The economic expansion during this period was partly an outgrowth of the rapidly developing automobile and allied industries. Building and construction were stimulated by our growing needs for hard-surfaced highways, service stations, garages, and other structures related to the production and servicing of automobiles. Increased mobility of the population afforded by the motor car also hastened the development of suburban residential construction. During the subsequent business depression construction activity declined to almost a tenth of its former peak, while manufacturing, as measured by value added, declined only 50 per cent. From 1933 to the outbreak of the war there was another wave of expansion in construction, and in 1939 total value of building contracts awarded in the Third District was \$200 million—about three times the volume in the preceding depression period.

Residential construction, shown in Chart I, followed the same general course as total construction, but cyclical fluctuations were more violent. They were less violent than in industrial construction, however. Residential, which varies from 20 to 50 per cent of total construction, is characterized by a considerable element of speculation. In his testimony before the Temporary National Economic Committee, Willard Thorp estimated that "somewhere between one-third and one-half of all one-family residential building is done for selling or renting, and that is mostly for selling." This is essentially speculative building and therefore



prone to excesses in both the expanding and contracting phases of the cycle.

From 1920 to 1922 residential construction in the district rose at a much faster rate than construction activity as a whole. This post-war boom was due in part to the unleashing of the housing demand pent up during the war. In view of the present accumulation of unprecedented amounts of liquid savings, a similar development is likely to occur upon the removal of current wartime restrictions on residential construction. High levels of residential construction came in the middle and late twenties after which there was a sharp drop to 1933. The post-depression recovery was considerably more rapid than that in total construction, and in 1939 the value of contracts awarded was more than 3½ times above the depression low point.

Nonresidential building depends more on productive activity, financial conditions of business, and enterprisers' expectations. Chart 1 also shows two important kinds of nonresidential building—industrial and commercial. The former includes all types of building for manufacturing, processing, and assembling; commercial construction consists of such structures as garages, service stations, banks, office and loft buildings, stores, restaurants, and commercial warehouses. Public utilities and public works, another important type of non-residential construction, are also shown separately on the chart.

Industrial construction is characterized by more violent and more frequent fluctuations than commercial construction. Factory construction declined after the last war and was affected adversely by the 1921 slump. Compared with physical volume of manufacturing output in the Third District, industrial construction showed generally similar but more violent movements. After reaching a peak in the late twenties, industrial construction suffered the sharpest decline shown by any of the types of construction. In the 1938 recession it again showed a steeper decline than any other type of construction, and by 1939 had recovered to only 70 per cent of the 1937 level.

On the whole, commercial construction has been more stable than industrial construction. Public works and utilities exhibit movements which do not necessarily coincide with fluctuations of the business cycle. Although utilities and public works cannot be separated for the Third District, data for 37 states east of the Rocky Mountains indicate that public works construction comprised from 77 per cent of the two combined in 1939 to 90 per cent in 1932. The proportion fluctuated during the 1930's, declining as business expanded and increasing as business receded. As was intended, public works' construction apparently modified some of the extremes of total construction.

Pattern of construction by types

Construction is part of the process of capital formation which thrives in an expanding economy. As a country becomes wealthier it can afford to divert a larger part of its efforts to producing durable goods which in turn will assure a larger volume of consumers' goods and services in the future. Similarly, as a country builds up its industrial plant it can afford to divert a larger portion of construction activity

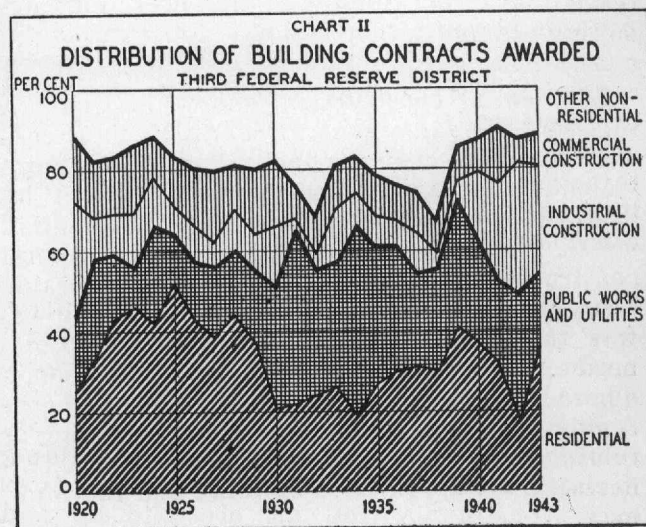
toward fulfilling the direct wants of consumers. There are evidences that in the last two decades, for the country as a whole, the construction of educational, recreational, and other public facilities for consumers has increased in importance relative to total construction activity.

Residential construction averaged about 40 per cent of total construction in this district in the two decades shown in Chart II. As business recovered and incomes rose after the depression of the early thirties, residential construction expanded rapidly until checked by the war which required the imposition of restrictions on all unessential construction. It is likely that after the war residential construction will again attain high levels of activity as a result of the cumulating needs.

Industrial construction experienced wide variations in importance, ranging from 29 per cent in the 1920's when the post-war boom was in full swing to 3 per cent in 1931. Commercial construction ranged less widely—from 17 per cent in 1927 to 7 per cent in 1931. The outstanding change in the pattern of construction over the two decades took place in public utilities and public works which declined less in amount and consequently were proportionately large during the depression, partly as a result of Government expenditures for public works.

Wartime developments

In total war all economic activity becomes a part of the total effort. Those branches of industry which by nature can be utilized immediately for war production are pressed into serv-



ice; other industries must abandon their peacetime products, if not essential to civilian welfare, and convert to war production; and still others, which are nonessential, are curtailed so as not to divert effort from the common objective. Moreover, the shifting character of war is such that an industry which is vital to the war effort at one time may be less vital or nonessential at another time.

The wartime developments in construction reflect clearly this shifting nature of our war effort. In the pre-defense period during 1939 and the first half of 1940 the construction industry was still recovering from the depression of the thirties. Residential construction was responding to rising individual incomes and was at a higher level than industrial and commercial construction combined. Beginning in mid-1940 when the national defense program was put into effect, industrial and commercial construction experienced a sudden and sharp rise as a multitude of defense construction contracts were made. From 1940 to 1942 the combined value of industrial and commercial building contracts in this district tripled, rising from around \$54 million to \$161 million. During the same period total construction rose from \$222 million to \$424 million. Military and naval construction and public works and utilities were largely responsible for the huge increase.

In addition to the obvious need for plant expansion in the early part of the war period, a large amount of housing was necessary to take care of migrating labor and the tremendous influx of population experienced by many war centers. But as such housing became adequate, residential construction fell to a level approximating its pre-war position. Restrictions on nonessential construction were being tightened constantly. By placing a ceiling on the value of nonessential construction contracts, by gradually lowering this ceiling, and by operating through the medium of priorities, the authorities were able to control the volume of such construction.

An enormous expansion of plant and facilities was necessary as a foundation for the actual production of war materials. Even as war production began to attain unbelievable levels, commercial and industrial construction continued to mount, while residential building declined from its 1941 peak. In 1943, however, construction fell off precipitously and

continued to decline throughout the year. By this time essential construction was largely completed and nonessential building continued to be sharply restricted.

In the stress of emergency it was necessary that construction be started immediately and that the building program be coordinated effectively with other segments of the war effort. Much of the construction, particularly military work, naturally fell within governmental functions. The result was that two-thirds of all construction in the 37 eastern states from 1939 to 1943 inclusive was for public ownership.

(37 Eastern States)	Public	Private	Total
1939.....	48%	52%	100%
1940.....	45	55	100
1941.....	58	42	100
1942.....	87	13	100
1943.....	82	18	100
Five-year total.....	67%	33%	100%

The percentage of building for private ownership rose to a peak in 1940 but subsequently declined to a level considerably below its pre-war position. Construction for public ownership rose to a peak in mid-1942 after which it declined.

During the remainder of the war period the volume of construction activity will hinge on military developments. As victory approaches it is possible that civilian construction will gradually be resumed and restrictions on nonessential activity become less rigid.

The extent to which construction will be carried on immediately after the war will depend on the availability of materials and the manner in which individuals and businesses employ their accumulated resources. Construction during the first post-war decade in the 37 states east of the Rocky Mountains has been forecast as \$5 billion annually. This volume, which the F. W. Dodge Corporation believes to be a conservative estimate, would be slightly greater than the average for the 1920-29 decade and almost twice that of the 1930-39 decade. This appraisal takes into consideration deferred demands, housing needs of new families, prospects of industrial and commercial expansion, and anticipated needs for community developments and public improvements. Because construction is for the most part essentially a local industry, activity in the Third Federal Reserve District will depend largely on conditions peculiar to this area.

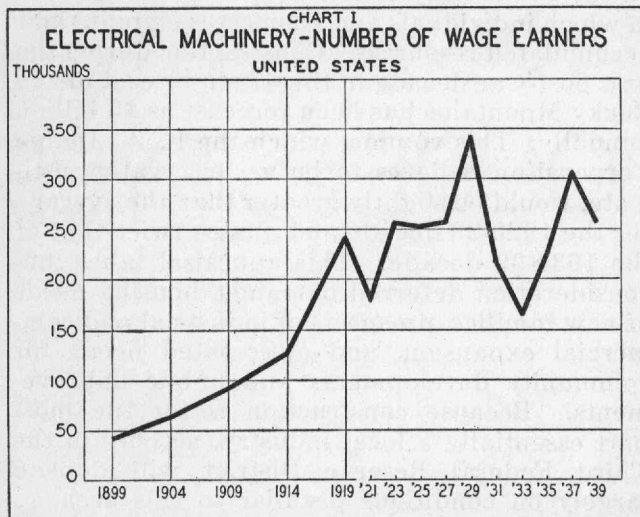
Electrical Machinery Industry

Electrical machinery is one of the largest manufacturing industries of the United States. In 1939 the industry produced goods valued at \$1,700 million and employed over 250,000 workers. It turned out a great variety of electrical apparatus for industrial purposes and household use. The relative importance of the major divisions of the industry is shown in the accompanying table.

Electrical equipment for industrial use is the largest branch of the industry; it employed 95,000 wage earners in 1939, which represented 37 per cent of all workers in the industry. This division embraces such products as generators, motors, switch boards, electrical measuring instruments, wiring devices, and related items used by the electric light and power industry. The second largest division is communication equipment, including telephone and telegraph equipment, radios, radio tubes, and phonographs, and signaling apparatus. This branch employed over 75,000 workers in 1939, or 29 per cent of all workers employed in the industry. The principal components of the "other electrical products" division are storage batteries, X-ray and therapeutic apparatus.

Growth of the industry

Electrical machinery has been one of the fastest growing manufacturing industries of the United States. Output increased from \$95 million in 1899 to \$1,700 million in 1939. During this same period employment rose from 43,000 to



a quarter million workers (Chart I). The vast growth of the industry is the result of (1) a rapidly changing technology in the production,

U. S. PRODUCTION AND EMPLOYMENT OF ELECTRICAL MACHINERY
1939

	Wage earners	Per cent	Value of output (\$'000,000)	Per cent
Electrical equipment for industrial use.	95,130	37	\$ 625	36
Electrical appliances.	19,890	8	146	9
Insulated wire and cable.	15,696	6	120	7
Automotive electrical equipment.	17,495	7	110	6
Electrical lamps.	9,622	4	85	5
Communication equipment—including radios and phonographs.	75,627	29	467	27
Other electrical products.	23,007	9	175	10
	256,467	100	\$1,728	100

Source: Census of Manufactures.

distribution and utilization of electrical energy; (2) the development of a constant stream of new electrical products for both industrial and household use; and (3) the declining costs of electrical power. In 1943 the average price of residential electricity was 41 per cent of the 1913 price, whereas the cost of living during this period rose 75 per cent.

Economic characteristics of the industry

One of the outstanding characteristics of this industry is the importance of engineering. Product development ordinarily takes a considerable period of time. Between the laboratory stage and the commercial launching, a great amount of work is required to assure the absence of technical flaws. Many of the 200 firms that participated in the manufacture of mechanical refrigerators in the twenties failed because of errors in designing and engineering, or because they went into mass production before the product had attained technical maturity.

Another outstanding characteristic of this industry is product diversification. There has been a very definite trend on the part of the leading companies to diversify their output in two distinct ways. Owing to the importance of engineering, the leading companies have followed a policy of manufacturing complete units of such apparatus of which the electrical equipment is but a part, in order to assure good performance in the hands of the user. They have also taken on the manufacture of a great variety of products that were not directly related to

the electrical equipment that originally constituted their principal output. For example, the principal companies have added such lines as electrical locomotives, elevators, Diesel motors, mechanical stokers, and many other items.

The industry is also characterized by large-scale production. Although there are some relatively small companies that specialize in one or a few related products, large companies are dominant. Large-scale operation has been a natural development because of the heavy capital requirements and control of basic patents. A large amount of capital is required for plant and machinery, particularly in that branch of the industry which manufactures heavy equipment for industrial use, such as turbines and motor-generator equipment. Furthermore, considerable capital is required for product development—3 to 5 years or more may elapse before the manufacturer realizes returns from the sale of a new product.

Another characteristic is the decentralization of plant extensions. As the leading companies attained larger size, they established regional plants in various parts of the country in order to utilize available supplies of labor and raw materials, and to reduce costs of shipping products to the market.

Since electrical equipment manufacturing is primarily a capital goods industry, its output is subject to severe business cycle fluctuations. For example, value of output dropped from \$2,400 million in 1929 to \$675 million in 1933, a decline of more than 70 per cent, but with the resumption of improved business conditions, output rose to \$1,900 million in 1937.

Wartime developments in the industry

With the outbreak of the war, demand for products of this industry skyrocketed. Sales of the two leading companies, General Electric and Westinghouse, rose to \$2 billion in 1943 which was four times their 1939 output and more than the pre-war output of the entire industry. A large part of the pre-war output, such as generators, ship propulsion machinery, searchlights, and electrical instruments, was easily adaptable to war purposes. In the radio and home appliance fields, however, some difficulties were encountered in converting to radar and related communication equipment. This shift was made early in 1942 as a result of growing military needs and the shortage of labor and copper, the industry's principal raw material.

The war stepped up considerably the tempo of technological change. This may be illustrated with reference to the developments in power-generating machinery. In the late twenties the mercury-arc rectifier began to replace the old rotary type of apparatus to convert alternating to direct current which is required in numerous manufacturing industries. Just before the outbreak of the war, a new device for converting AC to DC appeared on the market. This apparatus, the ignitron, developed by Westinghouse, was accepted rapidly because of its improved efficiency. It found its greatest application in the manufacture of magnesium and aluminum which require DC power. These new devices released substantial tonnages of copper for ship propulsion machinery and other vital war needs. Further examples of wartime changes in technology are portable packaged power plants, increased application of electrical welding, improved incandescent and fluorescent lighting, and high frequency induction applied to heating metals and setting plywood plastic aircraft parts.

Another outstanding wartime development is the standardization of design and repetitive manufacture which has speeded up war production. For example, large turbines were custom-built before the war, but as a result of the huge wartime ship-building program, marine turbines were standardized and as a result they were built ahead of schedule and at lower cost to the Government. After the war, public utilities may benefit by the technical advantages of such standardization. Special committees of the American Society of Mechanical Engineers and the American Institute of Electrical Engineers have studied the subject over the past two years and report considerable progress.

Nevertheless, standardization of turbines for public utilities was questioned at the recent industry forum conducted under the auspices of the Philadelphia Committee for Economic Development. In view of the variations in steam conditions found in different power plants and differences of opinion among manufacturers and buyers as to turbine specifications, standardization, though desirable from the standpoint of economy, is expected to take place rather slowly.

Reconversion and post-war outlook

The post-war period of transition to the manufacture of peacetime products should not be difficult for most branches of the electrical

machinery industry. The manufacturers of heavy equipment for industrial use can switch to their peacetime products almost immediately because they will not have to re-design their products or change the equipment in their plants. The pre-war manufacturers of radios, refrigerators, and household appliances, it is estimated, will require from five to six months to re-convert to their regular line of products.

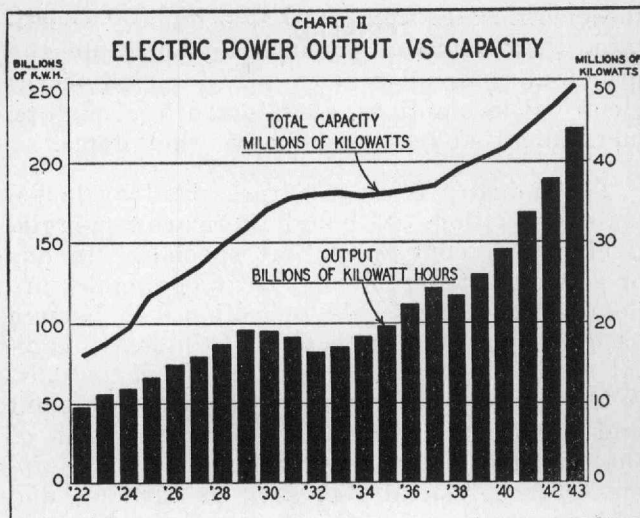
The long-time outlook for the industry as a whole is quite favorable but complicated by the great variety of its products. For this reason, the major branches must be considered separately.

Post-war demand for heavy equipment such as public utility and industrial power plant facilities is expected to be well sustained despite the fact that considerable power producing capacity was installed in recent years. In 1943 the power output of the country's public utilities was almost double the 1935-39 average; yet the industry increased its capacity only 30 per cent. Meeting these increased loads was accomplished chiefly by multiple-shift operation of war plants and the flexibility of power distribution afforded by the power industry's interconnected lines.

After the war, total demand for power will doubtless recede from its high wartime level, but this is not expected to bring about any great shrinkage in demand for power generating equipment. On the contrary, it is estimated that public utility expenditures for new construction in the post-war decade will average 500 to 800 million dollars annually. This seeming paradox grows out of peculiarities of the power industry and unusual wartime developments.

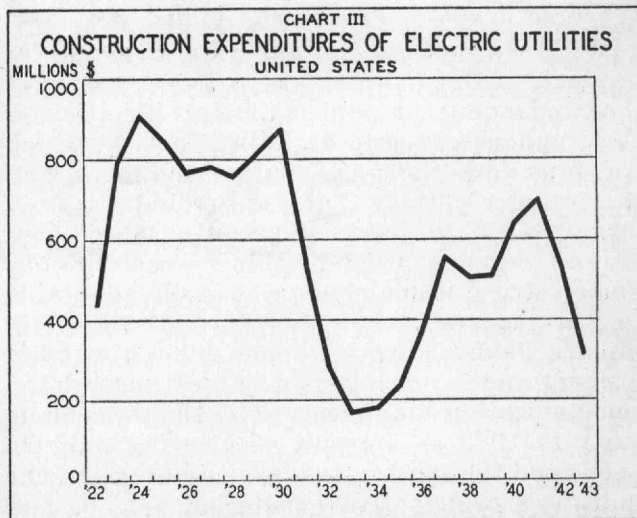
Electric power cannot be stored; it must be generated as required and at certain hours of the day individual plants must be prepared to supply rapidly developing peak demands far above the average load. Thus, each plant must have considerable reserve capacity. During the war many plants came perilously close, on certain occasions, to their critical top capacity.

It cannot be assumed that reserve capacity will be restored automatically as a result of disappearing wartime power demands because substantial amounts of war-built capacity were installed in the Southwest and Northwest for defense plants producing aluminum and other urgent war materials. Power plants in the long-



established industrial centers will need new equipment for both replacement purposes and to take care of normally increasing power requirements which the companies were unable to provide for during the emergency when copper was scarce.

In many localities, transition from war to peace will entail for an extended period of time little or no reduction in peak capacity requirements despite substantial declines in kilowatt hour output. Losses of wartime industrial demand will be absorbed in part by rapid rebuilding of the commercial load—electric signs, gas stations, drug stores, and similar uses which have been curtailed materially or eliminated completely because of the war. This is especially true of diversified areas like Philadelphia which have large residential, industrial, and commercial power requirements.

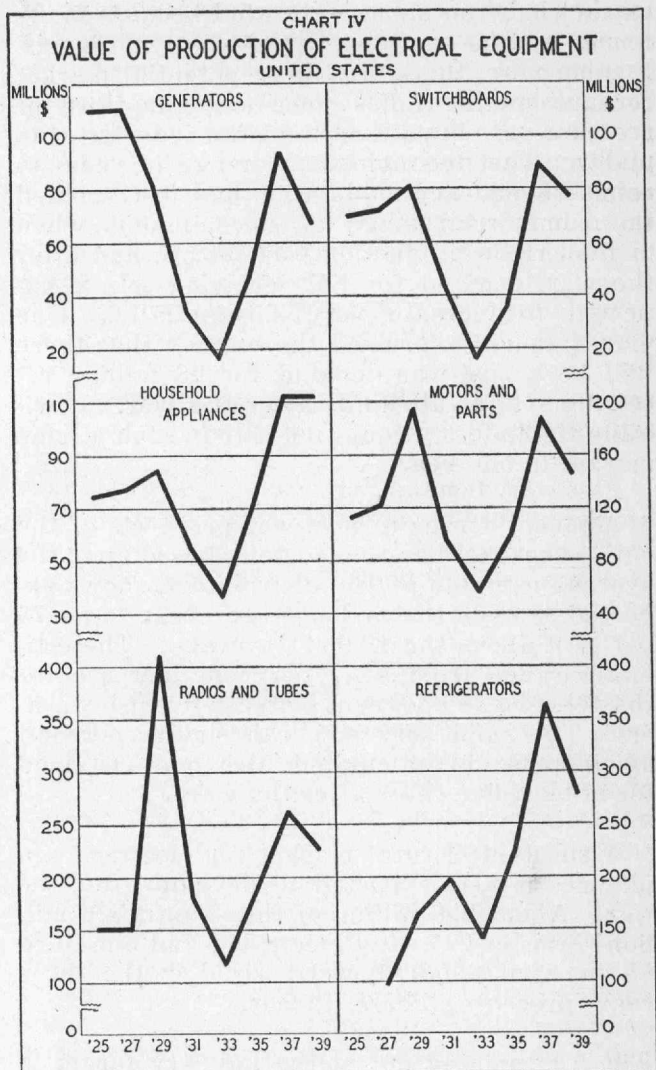


The need for replacing obsolescent equipment with improved and more economical machinery will be another source of post-war demand. Turbines are being improved constantly by the use of new alloy metals that withstand higher steam pressure and temperature. The topping turbine is an example of advanced power technology growing out of recent improvements in metallurgy. Future developments may be expected in the mercury turbine and also the gas turbine now used in conjunction with the Houdry process of petroleum refining.

The electrical machinery manufacturers are optimistic with respect to the post-war market for lighter industrial equipment such as electric motors. There is expected to be a considerable backlog of demand in these lines. Machine tools for example, most of which are equipped with built-in motors, quite customarily are replaced every three or four years by reason of the high rate of obsolescence.

Post-war prospects for electrical household appliances are distinctly favorable. In the years before the war this branch showed a rapidly rising trend, as indicated in Chart IV. The market for household appliances has been expanding as a result of the growing availability of electricity at constantly reduced costs, improved design and performance of equipment, aggressive merchandising by the manufacturers, distributors, and public utilities, and the generally rising consumer buying power. About 28 million homes and farms in the United States are wired for electricity; and in view of the war-time curtailment in the manufacture of household appliances, the accumulated backlog of demand, together with the large post-war purchasing power that will be available, the industry is expecting a huge post-war market and is preparing to meet it. In 1943, 63 per cent of the wired houses of the country had electric washers, half of them had floor cleaners, a fifth had electric heaters, only 13 per cent had electric ranges, and only 7 per cent had ironers.

The pre-war market for refrigerators was growing rapidly, as indicated in Chart IV. Physical volume of output rose from 840,000 units in 1929 to 3½ million in 1941. Although 72 per cent of the wired homes now have refrigerators, a large post-war market is expected because of the need for replacing obsolete and worn out models and the development of new



machines like the deep-freeze unit. One authority has estimated an annual post-war demand of 2 to 3 million units almost indefinitely if price reduction policies of former years continue.

In view of the expanding market for radios and radio tubes as shown in Chart IV, rising demand is expected to continue in the post-war period. Output of radio receiving sets rose from 4.4 million units sold at an average price of \$136 in 1929 to 13.7 million units sold at an average price of \$30 in 1941. The war gave this branch of the industry a tremendous stimulus. Since early in 1942 the entire capacity of the industry was given over to the production of military communication equipment. Although there are 30 million receiving sets in the 28 million wired homes of the United States, the

market is by no means saturated because many homes will be equipped with two or more sets. Furthermore, there is a large potential market for automobile radios since only one-third of the cars now have them and the industry may undergo vast technological change in years to come. Frequency modulation had just reached the commercial stage of development when civilian radio production was cut off, and after the war, demand for FM receiving sets is expected to increase very substantially. One manufacturer expressed the opinion that there will be a post-war demand for 28 million receiving sets of all kinds after the war. Obviously the industry could not satisfy such a huge market in one year.

A recent survey of post-war prospects of the entire household appliance field, based upon the average estimate of 100 distributors, shows expected sales in the first post-war year to be 75 per cent above the 1940-41 average. The estimates range from a 37 per cent increase for roasters to a 480 per cent increase for dish washers. This same survey reveals similar percentage increases in anticipated sales to be sustained for at least five years after the war.

A substantial rural market for electrical appliances is also expected to develop after the war. About 2.4 million of the country's 6 million farms are already electrified and one-third of these, or 800,000, were wired in the three years preceding Pearl Harbor.

It was pointed out at the industry forum in Philadelphia that the market for electrical appliances may be enlarged quite substantially by a well-planned program of standardization. The need for simplification and standardization may be illustrated by the fact that, before the war, there were almost 700 different models of water heaters. Reduced costs and wider markets can be obtained not only for water heaters but also electric ranges, refrigerators, transformers, meters, and wiring devices.

Another avenue to larger post-war markets is the need for rewiring homes. As a result of the growing number of electrical appliances used in the home, household wiring is said to be hopelessly inadequate. It is alleged that few of the 650,000 wired houses in the Philadelphia area are adequately wired and it is not merely a case of too few outlets but insufficient copper to carry the load satisfactorily.

Export markets

Electrical machinery is typical of American manufacturing industries in that export markets have not been cultivated aggressively. Exports of electrical machinery are ordinarily about 2 to 5 per cent of the dollar value of output. The reasons for the small percentage of exports are (1) the large domestic market, (2) competition of German and English firms, and (3) a large part of the equipment manufactured here is not suitable to the needs of our foreign markets. Many of the foreign countries use 50 cycle 220 volt current for which equipment produced here is not adapted. However, in view of the productive capacity of the domestic industry and the large foreign market that may be expected after the war as a result of the wartime destruction and the inability to obtain equipment during the war, this field might be exploited with profit if equipment is designed to meet the peculiar needs in these markets abroad.

The electrical machinery industry of Philadelphia

The electrical machinery industry of Philadelphia produced \$76 million worth of products and employed 11,000 workers in 1939. By 1942 both output and employment had doubled as a result of the war stimulus. Based upon estimates turned in to the Philadelphia Committee for Economic Development, the local industry, which manufactures radio equipment, storage batteries, switchgear, insulated wire products, telephone equipment, small household appliances, refrigerators, electrical instruments, and other items, expects to produce \$150 million worth of products in the first year after the war. This would be 96 per cent above its 1939 output. Employment in the first year after the war is expected to be 19,000 workers which would be 75 per cent higher than the 1939 employment.

About 95 per cent of the industry's current output is for war purposes, but the industry does not anticipate a serious reconversion problem. Our survey shows that 42 per cent of the firms in Philadelphia will have no reconversion problem, a like proportion reports that reconversion will require three months or less, and the remaining 16 per cent of the firms expect to complete their reconversion in three to six months. Manufacturers expect to meet the costs of reconversion from their own resources.

Returns from the firms reporting to the special survey of the Philadelphia Committee for Economic Development indicate that 93 per cent of the companies have designated an individual in their organization to take charge of post-war planning. About 43 per cent of the reporting firms are planning to produce new

products after the war and the reports indicate that new products will constitute 5 per cent of their anticipated post-war output. This estimate applies to the entire range of electrical products; in certain individual lines, such as radios, laundrying equipment, and household appliances, sales are expected to be much higher.

Business and Banking

(Continued from page 1)

authorizations were in line with the agency's announced policy to allow any small producers—generally those employing 50 or less workers—to participate in the program, provided neither manpower nor materials were diverted from the war effort.

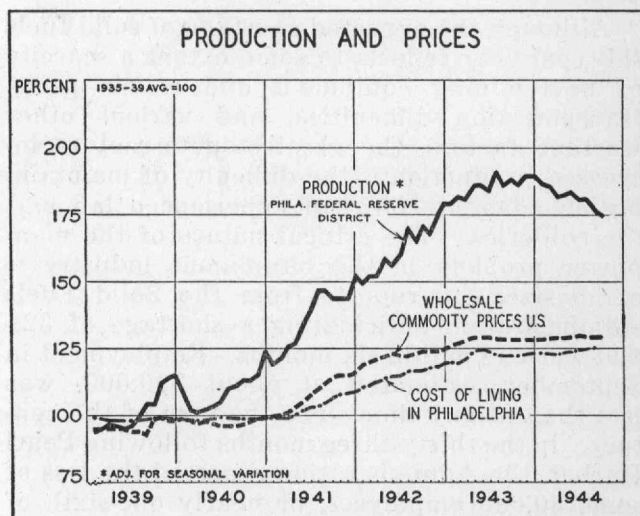
Industry. Industrial production in the Philadelphia Federal Reserve District decreased another 2 per cent on an adjusted basis in September to a level 7 per cent below a year earlier. The output of factory products and crude oil declined in the month while the production of coal increased somewhat, owing to a higher rate of operations at anthracite collieries. The decrease in manufacturing was chiefly in nondurable goods lines; in heavy industry, which accounts for the bulk of war production, operations were maintained at about the August level. In the nine months ended September productive activity was down about 2 per cent from a year earlier, reflecting decreases in the output of factory products and petroleum, offset in part by an increase in the production of anthracite and bituminous coal.

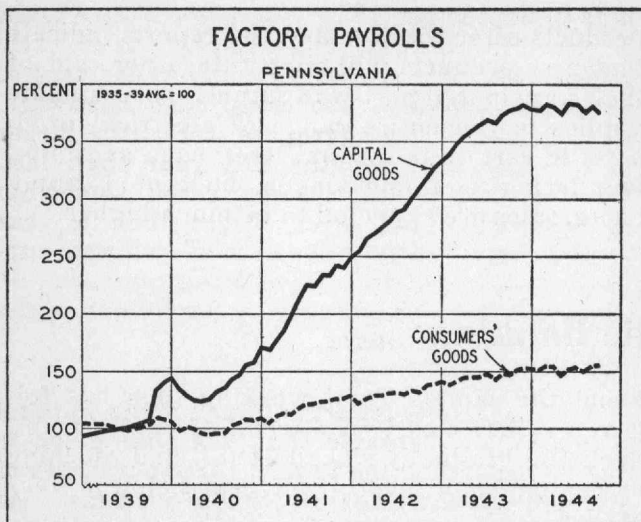
Employment in Pennsylvania factories declined slightly further in September, continuing a gradual downward tendency in evidence for nearly a year. Small decreases occurred in all major lines except nonferrous metal products, where the number of wage earners was about the same as in August. Payrolls also showed a slight reduction in September, following equally narrow fluctuations in other recent months a little below the wartime peak reached early this year. Changes were mixed, with increases reported for nonferrous metal, food, leather, and paper products, while declines occurred in the case of transportation equipment, textiles, and building materials. The number employed was about 5 per cent less than in September 1943, but the volume of wage disbursements remained

about the same. Total working time has followed rather closely the trend of employment, declining gradually since last fall and reaching in September a level 4 per cent below a year earlier.

The average weekly income of wage earners at reporting plants in Pennsylvania declined slightly in September from a near-record level of \$48.02 in the preceding month. Earnings on this basis were \$2.14 a week more than a year ago, and over the entire period of defense and war activity they have shown an increase of about 80 per cent. The decrease from August to September was attributable to a reduction in average working time from 45½ to 45 hours a week, a change that was influenced in part by the occurrence of Labor Day in the latest reporting period. Average hourly earnings rose to a new peak of \$1.07½ in September, continuing a rising tendency that has been interrupted on but few occasions since the middle of 1940.

Production of coal in this district, as in the country, has risen somewhat above the midsum-





mer low, although the current rate of output still suggests an aggregate tonnage for the year ending next March considerably short of the over-all requirements estimated by the Administration for Solid Fuels. The anticipated deficit for anthracite has not changed significantly in recent months, but the indicated shortage of bituminous coal at the end of September was greater than expected earlier. Further increases in the production of both fuels are in prospect locally and nationally, as the labor difficulties involving supervisory employees in Pennsylvania and several other important producing states appear to have been settled. Work stoppages incident to these disputes are said to have prevented the production of substantial tonnages of anthracite and bituminous coal between the middle of June and the end of September.

Although the expected shortage of solid fuels this coal year reflects to some extent a scarcity of new mining equipment and repair parts, transportation difficulties, and various other wartime factors, the greatest deterrent to increased production is the difficulty of maintaining an adequate force of experienced labor at the collieries. The critical nature of the manpower problem in the bituminous industry is emphasized by reports from the Solid Fuels Administration anticipating a shortage of 32,500 workers within six months. Employment in September, estimated at about 390,000, was less than at any time since the turn of the century. In the thirty-three months following Pearl Harbor, the Administration reported the loss of some 80,000 employees, or nearly one-sixth of

the working force available when the nation went to war.

The manpower situation in Pennsylvania's anthracite field likewise is critical, with the proportion of miners who have left the collieries thus far in the war period nearly the same as in the country's bituminous coal industry. Approximately 72,000 hard coal miners were employed at the beginning of September, as against nearly 88,000 reported on January 1, 1942. The industry's employment is said to be at the lowest level in the past seventy-five years.

Construction activity continues limited to the few remaining military installations still needed, and to war-essential projects, such as housing and public works, designed for civilian use. Following small increases for several successive months, the dollar volume of new construction throughout the country decreased 4 per cent in September to a level 44 per cent below a year earlier. According to the War Production Board, the total value of construction installed during the first nine months of 1944 approximated \$2.9 billion, as against nearly \$6.5 billion in the same period last year. The proportion of privately financed work rose steeply from January through September, accounting for almost two-fifths of the aggregate dollar amount, compared with less than one-fifth a year earlier.

In the Philadelphia Federal Reserve District contemplated construction, as indicated by the value of contracts awarded, decreased 5 per cent from August to September and was nearly one-third less than a year ago. Although residential awards showed an increase over August, dollar volume was 64 per cent less than in the preceding year, and the smallest of any September in the past decade. Awards for non-residential buildings declined about one-fifth in the month to approximately the level of a year earlier. Moderate increases were reported in September in contracts for factories and unclassified construction, but sharp declines occurred in other categories. Total awards in the nine months ended September were only two-thirds of the dollar volume reported last year and they were the smallest of any similar period since 1935.

In spite of the persistence of unfavorable conditions in some sections over much of the growing season, total output of farm products in the country is expected to rank with that of 1942,

as the greatest ever achieved. An easier livestock feed situation is in early prospect, owing in large part to a record crop of corn, and to the near record production of other feed grains only recently in extremely short supply.

In this district, the past season was characterized by an unusually late spring, a prolonged summer drought, and an early fall frost which damaged late vegetables and checked the growth of pastures. Seasonal farming operations were delayed repeatedly by unfavorable conditions; this created a difficult situation for many growers, particularly since the supply of farm labor remained tight throughout the season. Nevertheless, with an increase this year in the total planted acreage, farmers in the district as a whole are expected to harvest substantially larger crops of corn, wheat, oats, and tobacco than in 1943. Estimated yields of hay and white potatoes may be somewhat smaller than a year ago, although output will not fall far short of the 1939-43 average. Vegetable and truck crops suffered most from adverse growing conditions this past season. The production of orchard fruits generally was much larger than a year ago; this was particularly true of the apple crop, which is expected to be considerably above average.

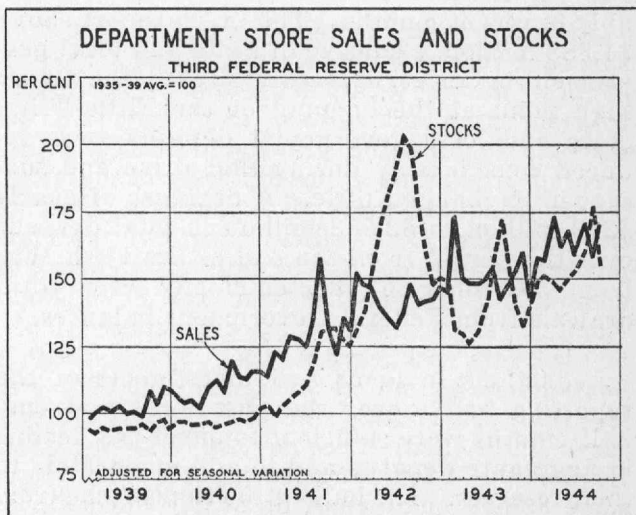
Improvement in the rail freight transportation situation in Philadelphia was reflected in a recent announcement by the Office of Defense Transportation that after November 1 the agency will discontinue its supervision of all rail shipments through the port. A similar step is contemplated in several other Atlantic Seaboard cities, including both New York and Baltimore. Freight carloadings in the Allegheny section as a whole decreased about 8 per cent on an adjusted basis from August to September to about the level of a year ago. Declines in the month were reported in all commodity classifications except grain products, and they were especially pronounced in the case of solid fuels, ore, and livestock products. Shipments in the nine months ended September were up about 6 per cent from a year earlier, reflecting larger loadings in all categories of freight.

Trade. Wholesale trade in this district increased moderately from August to September, as retailers began purchasing in anticipation of the holiday season. Total value of sales in eight reporting branches rose 5 per cent in the month, but was a little short of the dollar vol-

ume in September 1943. Increases over August occurred in all lines but shoes and paper; sales were larger than a year ago only in the case of electrical supplies, groceries, and hardware. Dollar sales in the aggregate were little larger in the first nine months this year than last. Wholesalers' inventories decreased somewhat in September, but were larger than a year earlier, particularly in the case of electrical supplies, which recently have been produced in somewhat greater quantity by permission of the War Production Board.

Retail sales by department and men's apparel stores showed greater than seasonal gains in September, reflecting in part early purchases of gift merchandise for shipment overseas. At women's apparel stores the increase over August was about in line with expectations, but at shoe stores, dollar volume on an adjusted basis showed a small decline in September. Increases over a year ago and the first nine months of 1943 occurred in all reporting lines except shoes. Dollar sales by furniture stores expanded considerably further from August to September and were nearly one-tenth greater than a year earlier.

Inventories at department and women's apparel stores increased much less than usual in September, and they showed a contra-seasonal decline at establishments specializing in footwear. Stocks at furniture stores were somewhat smaller than in August. With the exception of shoe stores, retailers' inventories at the close of September were little smaller than in the same period last year.



Banking conditions. The Sixth War Loan Drive, to raise \$14 billion from non-bank investors, will run from November 20 through December 16. Marketable issues will be virtually identical with those tendered in the last drive and comprise the following:

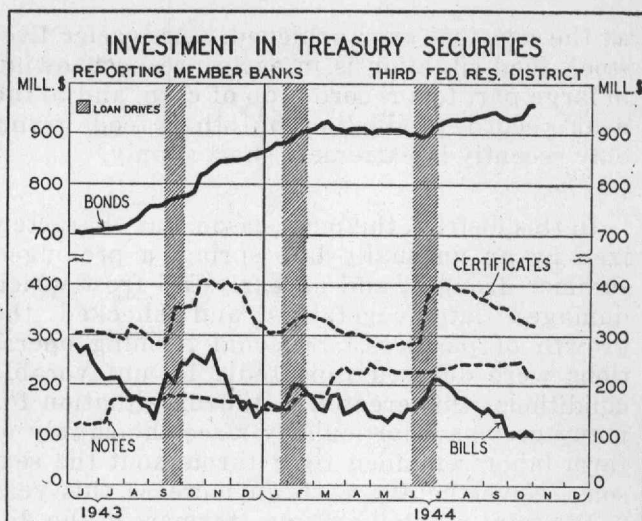
- 2½% Treasury bonds of 1966-71
- 2% Treasury bonds of 1952-54
- 1¼% Treasury notes of 1947
- ¾% Certificates of indebtedness

Sales of savings bonds—Series E, F, and G—and savings notes processed by the Reserve Banks during all of November and December are to be included in drive totals. Apart from the drive, commercial banks with savings balances are again to have the opportunity for limited investments in certain issues.

In line with somewhat smaller national goals, the over-all quota for Pennsylvania was reduced from \$1,082 million in the Fifth Drive to \$938 million, and the quota for sales to individuals from \$442 million to \$370 million. Actual sales in the Fifth War Loan totaled \$1,251 million, including \$428 million to individuals, partnerships and personal trust accounts.

A large supply of funds will be available for investment during the loan drive. As of the end of June liquid assets of individuals were estimated roughly to be about \$111 billion, including some \$72 billion of bank deposits and currency. Notes of this Bank in circulation on October 25 were nearly two and one-half times the amount outstanding at the time of Pearl Harbor. With heavy Government expenditures, adjusted demand and time deposits at reporting banks in leading cities of the Third Federal Reserve District have risen considerably in recent months. The latest report shows \$1,888 million, exclusive of State and local government balances, exceeding slightly the record high point at the opening of the Fifth Drive. State and local government deposits were reduced considerably during that drive and subsequently changed little. A decrease of nearly \$200 million to \$2,553 million in total deposits over the period from the end of the Fifth War Loan to October 25 reflected chiefly active withdrawals from Federal Government balances.

Reductions in loans and investments of the reporting banks over the past three and one-half months were sufficient to offset the decline in aggregate deposits and to add moderately to their reserves. The bulk of the funds came from



liquidation of securities, and principally from a decrease of \$190 million in holdings of Treasury bills and certificates. As shown in the chart, this development is typical of a between-drives period. Holdings of such securities usually are expanded as reserves are released during a drive by the flow of funds into reserve-free war loan accounts; but with the reversal of this flow, they are drawn down to support reserve positions. Loans decreased \$30 million, partly as a result of repayments on loans to purchase or carry Government securities, which reduced these advances to the level prevailing before the last loan drive.

The growth in reserves of all member banks in the district has been small in recent weeks, but over the period from July 12 to October 25 a rise of \$40 million to \$682 million was recorded. Currency outflow of \$84 million and net payments to the Treasury in somewhat larger amount were more than offset by gains in interdistrict commercial transactions, partly the result of bank sales of securities, and by increased use of Reserve Bank credit. Discounts and advances by this Bank rose from \$1 million to nearly \$13 million, a new high for recent years, and Treasury bills held under repurchase option moved up from \$113 million to \$192 million.

Country banks continue to hold the bulk of the excess reserves of all member banks in this district. In the first half of October their average excess reserves were \$61 million, equal to 25 per cent of reserve requirements; for the member banks in Philadelphia these figures were respectively \$11 million and 3 per cent.

BUSINESS STATISTICS

Production

Philadelphia Federal Reserve District

Indexes: 1923-5 = 100	Adjusted for seasonal variation						Not adjusted		
	Sept. 1944	Aug. 1944	Sept. 1943	Per cent change		1944 from 9 mos. 1943	Sept. 1944	Aug. 1944	Sept. 1943
				Mo. ago	Year ago				
INDUSTRIAL PRODUCTION	141p	144	152	-2	-7	-2	141p	144	152
MANUFACTURING	144p	147	156	-2	-7	-2	145p	148	156
Durable goods	225p	225	254	0	-11	-5			
Consumers' goods	88p	93	87	-6	+1	+2			
Metal products	177	172	181r	+3	-2	+3	180	181	183r
Textile products	66p	72	66	-9	0	-3	66p	68	66
Transportation equipment	570	584	705r	-2	-19	-9	539	572	668r
Food products	109p	117	111	-7	-2	+10	120p	119	121
Tobacco and products	80	90	92	-10	-12	-16	93	96	106
Building materials	34	34	37	+1	-7	-18	37p	38	39
Chemicals and products	170	164	164	+4	+3	+4	168	164	163
Leather and products	96p	99	100	-3	-4	-4	105p	101	109
Paper and printing	98	98	97	0	+2	+3	98	96	96
Individual lines									
Pig iron	108	114	116	-5	-7	-4	101	100	109
Steel	144	135	149	+7	-3	0	137	137	141
Silk manufactures	80	88	81	-9	-1	+1	80	86	81
Woolen and worsteds	57	59	54	-4	+6	+1	62	61	58
Cotton products	46	49	52	-7	-11	-18	43	44	49
Carpets and rugs	54	59	46	-8	+17	+3	54	55	46
Hosiery	68	80	74	-15	-8	-10	68	70	74
Underwear	136	151	146	-10	-7	-9	136	140	146
Cement	30	28	40	+7	-25	-41	35	35	46
Brick	48	49	54	-2	-12	-18	48	51	55
Lumber and products	30	30	25	0	+17	+14	31	33	27
Bread and bakery products				0*	+9*	+10*	126	126	116
Slaughtering, meat packing	107	123	110	-13	-3	+21	109	105	112
Sugar refining	60	113	98	-46	-38	-28	52	97	84
Canning and preserving	122	135	140r	-10	-13	+11	165p	149	182
Cigars	79	89	91	-11	-14	-16	91	95	106
Paper and wood pulp	81	85	83	-4	-2	0	81	85	83
Printing and publishing	102	101	99	+1	+3	+4	101	98	98
Shoes	107	118	112	-9	-5	-5	122	126	128
Leather, goat and kid	85	81	88	+5	-4	-3	88	77	91r
Paints and varnishes	103	98	103	+6	0	+5	98	100	98
Coke, by-product	172	171	172r	+7	+1	+5	166	168	165
COAL MINING	83	81	83	+3	0	+7	83	80	84r
Anthracite	81	78	81	+4	0	+6	81	78	81
Bituminous	101	106	102r	-5	-1	+8	103	100	104r
CRUDE OIL	356	382	403	-7	-12	-11	356	382	403
ELEC. POWER—OUTPUT	428	442	414	-3	+4	+6	420	420	406
Sales, total	433	442	442r	-2	-2	+6	429	420	438
Sales to industries	336	320	347	+5	-3	+7	356	330	368
BUILDING CONTRACTS									
TOTAL AWARDS†	41	49	49	-16	-16	-50	40	48	48
Residential†	7	8	36	-11	-80	-65	9	9	42
Nonresidential†	72	87	59	-18	+21	-40	67	80	56
Public works and utilities†	76	99	47	-23	+61	-41	69	86	43

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

Local Business Conditions*

Percentage change September 1944 from month and year ago	Factory employment		Factory payrolls		Building permits value		Retail sales		Debits	
	Aug. 1944	Sept. 1943	Aug. 1944	Sept. 1943	Aug. 1944	Sept. 1943	Aug. 1944	Sept. 1943	Aug. 1944	Sept. 1943
	Allentown	0	-6	+1	-1	+133	-54	+32	+15	+2	-10
Altoona	-4	+1	-8	+7	+72	+529	+22	+27	-1	+8
Harrisburg	-3	0	0	+5	+661	-7	+29	+12	-1	-10
Johnstown	-1	-6	+4	+3	-96	-10	+18	+30	-4	-4
Lancaster	-3	-6	-5	-4	+100	-81	+41	+16	+12	+23
Philadelphia	-1	-7	-1	-3	-45	-69	+52	+10	-1	-18
Reading	-1	-5	-1	-3	-25	-80	+34	+15	+4	0
Scranton	0	+18	-7	+37	-25	+49	+35	+26	+58	-6
Trenton					+97	+14	+34	+21	-4	+9
Wilkes-Barre	0	+12	-6	+35	+44	+120	+28	+20	0	0
Williamsport	-1	-11	-1	-9	-6	+8			+3	-20
Wilmington	-2	-14	-6	-16	-71	-41	+18	+10	+16	-4
York	0	-5	+1	-1	+325	+255	+15	+21	+4	-5

* 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		
	Sept. 1944 index	Per cent change from		Sept. 1944 index	Per cent change from	
		Aug. 1944	Sept. 1943		Aug. 1944	Sept. 1943
GENERAL INDEX	131	0	-4	330	-1	0
Manufacturing	180	-1	-5	491	-1	0
Anthracite mining	49	+6	-3	96	+5	+8
Bituminous coal mining	75	-1	-9	345	-4	-2
Building and construction	51	+2	-11	131	0	-9
Quar. and nonmet. mining	82	-3	-16	238	-10	-25
Crude petroleum prod.	135	0	-4	266	+7	+18
Public utilities	98	-1	-3	146	-1	+5
Retail trade	112	+7	+2	155	+5	0
Wholesale trade	102	-1	-3	148	0	0
Hotels	101	0	0	169	0	+8
Laundries	98	-5	-1	169	-2	+9
Dyeing and cleaning	96	-1	0	159	+4	+4

Manufacturing

Indexes: 1923-5 = 100	Employment*			Payrolls*		
	Sept. 1944 index	Per cent change from		Sept. 1944 index	Per cent change from	
		Aug. 1944	Sept. 1943		Aug. 1944	Sept. 1943
TOTAL	116	-1	-5	200	-1	0
Iron, steel and products	126	-1	-4	279	0	0
Nonferrous metal products	206	0	+7	449	+4	+13
Transportation equipment	158	-2	-11	278	-8	-8
Textiles and clothing	78	-2	-6	119	-1	+2
Textiles	71	-2	-5	110	-1	+2
Clothing	104	-1	-7	160	+1	+1
Food products	126	-1	+4	196	+1	+12
Stone, clay and glass	83	-2	-8	126	-2	-2
Lumber products	51	-3	0	83	-4	+8
Chemicals and products	116	-1	-6	209	-1	0
Leather and products	72	-2	-8	119	+2	+5
Paper and printing	99	-2	3	152	+2	+4
Printing	93	-1	0	138	+5	+6
Others:						
Cigars and tobacco	51	-3	-14	75	+3	-7
Rubber tires, goods	147	+1	+5	326	+6	+19
Musical instruments	78	-9	-19	117	-32	-31

* Figures from 2836 plants.

Hours and Wages

Factory workers Averages September 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
Iron, steel and prods.	46.5	0	1.143	+4	53.15	+4
Nonfer. metal prods.	46.2	+2	1.003	+4	46.33	+6
Transportation equip.	45.3	-5	1.252	+7	56.73	+2
Textiles and clothing	39.3	+1	.785	+7	30.80	+9
Textiles	40.4	+2	.802	+6	32.36	+7
Clothing	36.7	+1	.738	+10	27.52	+11
Food products	44.3	+2	.810	+4	36.14	+7
Stone, clay and glass	40.5	+2	.935	+4	37.77	+6
Lumber products	43.1	0	.786	+6	33.67	+5
Chemicals and prods.	46.0	+4	1.057	+2	48.57	+6
Leather and prods.	42.8	+6	.767	+7	33.02	+14
Paper and printing	44.5	+3	.924	+5	41.36	+8
Printing	42.5	+3	1.071	+3	45.64	+6
Others:						
Cigars and tobacco	43.2	+3	.629	+5	27.17	+8
Rubber tires, goods	45.7	+5	1.073	+7	49.06	+13
Musical instruments	43.6	-11	.898	-4	39.17	-15

* Figures from 2688 plants.

† Figures from 2836 plants.

Distribution and Prices

Wholesale trade Unadjusted for seasonal variation	Per cent change		
	Sept. 1944 from		1944 from 9 mos. 1943
	Month ago	Year ago	
Sales			
Total of all lines.....	+ 5	- 2	+ 2
Boots and shoes.....	-24	-15	.....
Drugs.....	+ 5	- 3	- 2
Dry goods.....	+ 7	-14	- 3
Electrical supplies.....	+ 4	+ 8	- 4
Groceries.....	+ 8	+ 3	+ 7
Hardware.....	+ 2	+ 3	+ 5
Jewelry.....	+15	-13	0
Paper.....	- 7	- 7	+ 9
Inventories			
Total of all lines.....	- 2	+ 5	.....
Dry goods.....	- 6	- 1	.....
Electrical supplies.....	- 2	+40	.....
Groceries.....	- 2	+ 4	.....
Hardware.....	- 1	+ 5	.....
Jewelry.....	+ 3	- 1	.....
Paper.....	+ 2	- 8	.....

Source: U. S. Department of Commerce.

Prices	Sept. 1944	Per cent change from		
		Month ago	Year ago	Aug. 1939
Basic commodities (Aug. 1939 = 100).....	182	0	+ 2	+ 82
Wholesale (1926 = 100).....	104	0	+ 1	+ 39
Farm.....	123	0	0	+101
Food.....	104	- 1	- 1	+ 55
Other.....	99	0	+ 1	+ 23
Living costs (1935-1939 = 100).....	Aug. 1944			
United States.....	126	0	+ 2	+ 28
Philadelphia.....	126	0	+ 2	+ 28
Food.....	136	+ 1	+ 1	+ 46
Clothing.....	139	0	+ 7	+ 41
Rent.....	107	0	0	+ 4
Fuels.....	109	0	+ 3	+ 13
Housefurnishings.....	138	0	+11	+ 37
Other.....	120	0	+ 4	+ 19

Source: U. S. Bureau of Labor Statistics.

Indexes: 1935-1939 = 100	Adjusted for seasonal variation						Not adjusted		
	Sept. 1944	Aug. 1944	Sept. 1943	Per cent change			Sept. 1944	Aug. 1944	Sept. 1943
				Month ago	Year ago	1944 from 9 mos. 1943			
RETAIL TRADE									
Sales									
Department stores—District.....	170	158	149r	+ 8	+14	+ 9	173	123	152r
Philadelphia.....	157	143	145r	+10	+ 8	+ 6	162	107	148r
Women's apparel.....	153	153	137	0	+12	+10	179	122	160
Men's apparel.....	184	133	145	+39	+27	+ 5	171	97	135
Shoe.....	128p	129	133	- 1	- 4	- 3	151p	106	157
Furniture.....				+13*	+10*				
Inventories									
Department stores—District.....	155	177	156	-12	- 1	.....	163	160	165
Philadelphia.....	152	178	157	-15	- 3	.....	159	158	165
Women's apparel.....	179	214	181r	-16	- 1	.....	209	207	211r
Shoe.....	77p	84	91	- 9	-15	.....	79p	83	94
Furniture.....				- 2*	- 3*				
FREIGHT-CAR LOADINGS									
Total	137	149	138	- 8	- 1	+ 6	154	151	154
Merchandise and miscellaneous.....	130	133	131	- 2	0	+ 2	142	137	142
Merchandise—l.c.l.....	89	90	87	- 2	+ 2	+ 4	92	90	90
Coal.....	146	176	145	-17	+ 1	+13	161	160	160
Ore.....	171	195	183	-12	- 6	+ 4	276	290	295
Coke.....	191	214	200	-11	- 5	+ 8	202	199	212
Forest products.....	100	103	109	- 2	- 8	+ 4	125	125	137
Grain and products.....	145	137	131	+ 6	+11	+13	143	133	130
Livestock.....	123	137	123	-10	0	+18	148	132	148
MISCELLANEOUS									
Life insurance sales.....	114	118	109	- 3	+ 5	+14	101	99	96
Business liquidations									
Number.....				-60*	-75*	-69*	3	7	12
Amount of liabilities.....				-69*	-83*	-86*	1	3	6
Check payments.....	191	176	220	+ 8	-13	+ 6	172	157	198

* Computed from unadjusted data.

p—Preliminary.

r—Revised.

BANKING STATISTICS

MEMBER BANK RESERVES AND RELATED FACTORS

Reporting member banks (Millions \$)	Oct. 25, 1944	Changes in—	
		Five weeks	One year
Assets			
Commercial loans.....	\$ 235	-\$ 7	-\$ 11
Loans to brokers, etc.....	40	+ 5	- 1
Other loans to carry secur.....	12	- 1	.....
Loans on real estate.....	38	+ 1	- 5
Loans to banks.....	.....	- 3	- 1
Other loans.....	102	- 1	- 4
Total loans.....	\$ 427	-\$ 6	-\$ 22
Government securities.....	\$1599	-\$72	-\$ 48
Obligations fully guar'eed.....	62	.....	- 10
Other securities.....	156	- 1	- 30
Total investments.....	\$1817	-\$73	-\$ 88
Total loans & investments.....	\$2244	-\$79	-\$110
Reserve with F. R. Bank.....	410	+ 12	+ 46
Cash in vault.....	31	+ 4	+ 1
Balances with other banks.....	79	+ 6	+ 2
Other assets—net.....	52	+ 1	- 10
Liabilities			
Demand deposits, adjusted.....	\$1751	+\$74	+\$224
Time deposits.....	187	+ 1	+ 26
U. S. Government deposits.....	268	-130	- 357
Interbank deposits.....	347	- 15	+ 11
Borrowings.....	12	+ 12	+ 12
Other liabilities.....	17	.....	+ 4
Capital account.....	234	+ 2	+ 9

Third Federal Reserve District (Millions of dollars)	Changes in weeks ended—					Changes in five weeks
	Sept. 27	Oct. 4	Oct. 11	Oct. 18	Oct. 25	
Sources of funds:						
Reserve Bank credit extended in district.....	+28.3	-12.4	+ 1.8	-12.1	+ 2.6	+ 8.2
Commercial transfers (chiefly interdistrict).....	- 8.8	+18.6	+ 6.6	- 4.3	- 5.3	+ 6.8
Treasury operations.....	-18.4	- 6.0	+23.6	+13.0	+12.0	+24.2
Total.....	+ 1.1	+ 0.2	+32.0	- 3.4	+ 9.3	+39.2
Uses of funds:						
Currency demand.....	+ 5.7	+ 6.7	+18.6	+ 1.2	+ 2.7	+34.9
Member bank reserve deposits.....	- 4.9	- 8.8	+15.9	- 4.6	+ 6.5	+ 4.1
"Other deposits" at Reserve Bank.....	+ 0.3	+ 2.2	- 2.5	+ 0.1	+ 0.1	+ 0.2
Other Federal Reserve accounts.....	+ 0.0	+ 0.1	- 0.0	- 0.1	+ 0.0	+ 0.0
Total.....	+ 1.1	+ 0.2	+32.0	- 3.4	+ 9.3	+39.2

Member bank reserves (Daily averages; dollar figures in millions)	Held	Re- quired	Ex- cess	Ratio of excess to re- quired
1943: Oct. 1-15.....	\$347	\$329	\$18	6%
1944: Sept. 1-15.....	372	364	8	2
Sept. 16-30.....	379	367	12	3
Oct. 1-15.....	378	367	11	3
Country banks				
1943: Oct. 1-15.....	272	196	76	39
1944: Sept. 1-15.....	296	238	58	24
Sept. 16-30.....	309	241	68	28
Oct. 1-15.....	304	243	61	25

Federal Reserve Bank of Phila. (Dollar figures in millions)	October 25, 1944	Changes in	
		Five weeks	One year
Discounts and advances.....	\$ 12.7	+\$10.4	+\$ 11.8
Industrial loans.....	3.6	- 0.5	- 1.0
U. S. securities.....	1149.8	+ 20.7	+ 465.1
Total.....	\$1166.1	+\$30.6	+\$476.0
Note circulation.....	1355.6	+ 31.6	+ 289.9
Member bk deposits.....	682.2	+ 4.1	+ 78.5
U. S. general account.....	10.9	- 23.7	- 18.4
Foreign deposits.....	110.0	- 16.8	- 5.2
Other deposits.....	6.1	+ 0.2	+ 1.9
Total reserves.....	1013.7	- 27.6	- 125.2
Reserve ratio.....	46.8%	- 1.2%	- 15.8%