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THE BUSINESS REVIEW

FEDERAL RESERVE BANK OF PHILADELPHIA

JUNE 1, 1945

Victory in Europe produced immediate repercussions on the home front, although the full impact of the shift to a one-front war and its possibilities for expanding the civilian economy may not become apparent for some time. Shortly after Germany's unconditional surrender, production, manpower, and stabilization authorities moved to implement reconversion procedures consistent with the requirements of continuing warfare in the Pacific. Munitions cut-backs, which prior to V-E Day had been confined largely to planned increases, were applied promptly to current rates of output in a limited number of categories.

As munitions making is not scheduled to decline precipitously, it is unlikely that the production of civilian goods can be resumed on a large scale for some months. But some sweeping adjustments are indicated later this year, when the cumulative effects of small but progressive cut-backs will permit increasing numbers of producers to reconvert all or part of their facilities and acquire raw material inventories suitable for the manufacture of peacetime goods. Over much of this transition period, when production is being re-balanced to meet the smaller needs of a one-front war and the requirements of an expanding civilian economy, considerable fluctuation may be expected in the over-all rate of industrial output.

By revoking in whole or in part a series of limitation orders which had forbidden the manufacture of a wide range of civilian items using war metals, the War Production Board set its stamp of approval on industrial reconversion within a few days of the end of the war in Europe. A reduction of 12 per cent in munitions contracts was announced simultaneously, implementing a resumption of civilian goods output to the extent of the materials, facilities, and manpower thus released. Subsequent expansion of the reconversion program will be possible within the framework of continuing cut-backs, which are expected to reduce munitions output somewhat more than one-third by the end of this year.

The War Manpower Commission, in reviewing labor markets in the light of declining munitions requirements, has reclassified several critical shortage areas, including Philadelphia, into less urgent categories. The 48-hour week, hiring ceilings, and certain other emergency measures will be retained temporarily in Philadelphia, and throughout most of the other seven counties comprising this manpower area. The war transfer plan, whereby workers had been shifted to war plants from less essential industry was suspended locally shortly after V-E Day and wherever employment conditions permitted, employees were allowed to return to their old jobs. Plans now are being made to simplify national manpower regulations, retaining after July 1 only controls consistent with reduced munitions requirements and the prevention of large-scale unemployment during reconversion.

Among the measures taken by stabilization authorities to facilitate reconversion was a directive from the War Labor Board authorizing management and labor to bargain collectively for the establishment of wage rates for jobs cre-

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The Bulge in Real Estate Values

A residential property built in a suburb north of Philadelphia at a cost of $16,000 in 1937 was sold recently at $23,000. In Wilmington, two-story houses which found no buyers at $3,000 before the war are now selling at $5,000. In the same city a commercial property, centrally located in the business district, which drew no bids at $400,000 some years ago, sold this year at $465,000. A seashore property which sold for $7,500 just a year ago was resold more recently at $12,500. In Lancaster, a residence built to sell at $6,750 in 1939 was sold last week for $13,000. A farm near Trenton sold at $38,000 about a year ago and was since resold at $50,000. This is not hearsay; they are bona fide transactions. Has the real estate boom started or is it merely a recovery from heretofore excessively depressed values?

The Farm Real Estate Market

Prices of farm real estate throughout the United States are now 52 per cent above their pre-war level. Although the pre-war base was somewhat lower than the level before the First World War, there is an ominous parallel between rising farm real estate values in the present war and those in the last. Up to March 1945, farm real estate prices, as shown in the accompanying chart, were practically repeating their performance during the First World War.

In view of the collapse of farm real estate values after the last war, which brought ruin and hardship to thousands of farm owners, there is sufficient reason to be concerned about the present rise in real estate and the possibility that it may lead to a repetition of distress liquidation and widespread foreclosures. Increased market activity and high prices are country-wide. In every state, without exception, land prices are now substantially above their pre-war levels. In half of the states the increase has been in excess of 50 per cent, and in nine states over 70 per cent. The greatest appreciation has occurred in the South.

In the Third Federal Reserve District the price rise in farm properties has been slightly below the average for the United States, but there is danger of inflation here as elsewhere. In Pennsylvania and Delaware, prices of farm real estate in March 1945 were 43 per cent above their pre-war levels, and in New Jersey they have gone up 32 per cent. In each of the three states the rise is practically the same as it was in the last World War, although the upturn in each instance started at a somewhat lower level than in the pre-World War I period.

A survey based upon reports from scores of bankers and others familiar with the situation throughout the district reveals that farm real estate prices in various counties have gone up from 10 to 50 per cent since the beginning of the war. This includes all classes of farms, ranging in price up to $600 an acre at present values. The wide range of wartime prices depends on such things as the type of farm, its location, whether the purchaser is a farmer who knows land values or a city buyer who may not, and whether the farm is bought for purposes of operation, investment, or speculations.

There is apparently no well-defined relationship between the amount of farmland inflation and such factors as location, farm products, or pre-war value per acre. Nearness to large population centers is not a predominant factor—farm properties rose only 10 per cent in Camden County and 50 per cent in Bucks County which is also adjacent to Philadelphia. Some of the largest increases in farm values occurred in the more remote up-state counties, such as Center and Mifflin. Neither is the type of farm output a principal factor, because dairy products and vegetables are the leading products in counties with both the highest and low-

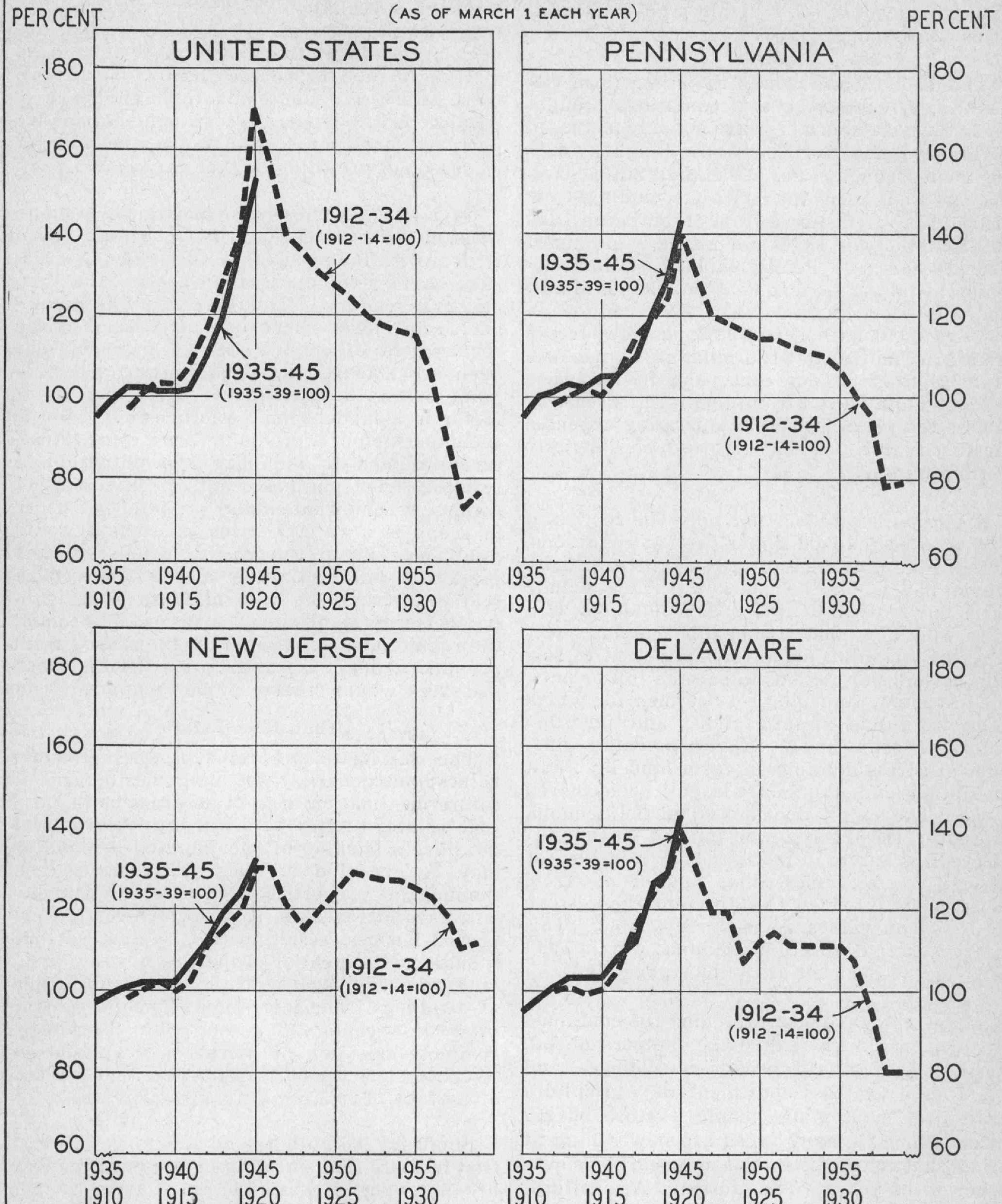
Farm Real Estate
Appreciation in Selected Counties of the Third District

County and State	% increase farm value 1940-1945*	Principal sources of farm income—1939		Value per acre of farmland and buildings—1939†
		First	Second	
Bucks, Pa........	50	Vegetables	Poultry	$101 and over
Mifflin, Pa........	30–60	Dairy prod.	Field crops	26 — 50
Lancaster, Pa....	30–50	Field crops	Dairy prod.	101 and over
Center, Pa........	25–30	Dairy prod.	Field crops	26 — 50
Lehigh, Pa........	25–30	Field crops	Poultry	76 — 100
Montgomery Pa..	25	Dairy prod.	Poultry	101 and over
Bradford, Pa......	20–50	Dairy prod.	Poultry	26 — 50
Blair, Pa..........	20–50	Dairy prod.	Field crops	51 — 75
Mercer, N. J......	15	Field crops	Dairy prod.	101 and over
Camden, N. J.....	10	Vegetables	Poultry	101 and over
Burlington, N. J..	10	Dairy prod.	Poultry	51 — 75
Lebanon, Pa......	10	Dairy prod.	Livestock	76 — 100

* Based upon reports from bankers, real estate dealers, and others.
† U. S. Department of Agriculture.

FARM LAND VALUES IN TWO WORLD WARS

(AS OF MARCH 1 EACH YEAR)



est appreciation in land values. As shown in the accompanying table, sharp appreciation of values has occurred in both high- and low-priced farmland.

The basic factors behind the rising farm values are, of course, general conditions brought on by the war. Farmers have not only increased their output but have also received higher prices for their products. For the United States, cash income from farm marketing, including Government payments, rose from $9 billion in 1940 to $21 billion in 1944—an increase of almost 125 per cent. In Pennsylvania, cash farm income, including Government payments, almost doubled—it increased from $275 million in 1940 to $540 million in 1944; in New Jersey from $106 million to $195 million—an increase of more than 80 per cent; and in Delaware from $28 million to $78 million—an increase of almost 180 per cent. While operating expenses increased also, net income rose considerably during the war.

Rising values reflect not only the increased profits to be realized under present conditions, but also the attraction of buyers who ordinarily would not be in the market. They include farmers who wish to add to their holdings; tenants who now find ownership possible; war workers seeking a place for investment of surplus earnings or anxious to become full or part-time farmers; returning service men for whom agriculture has an attraction; and investors who seek some hedge against potential inflation. Distress holdings of farm land by credit institutions and others have largely been cleared away. The supply does not equal the demand. Moreover, there is renewed interest on the part of credit grantors in mortgages as a means for diversifying and increasing the income from investments provided that these mortgages can be based on values deemed reasonable. This interest extends also to individuals, who in 1944 provided 40 per cent of the mortgage loans.

Those who have been watching the continued advance in values realize the dangers ahead. Farm organizations, agricultural colleges, and the United States Department of Agriculture have been cautioning people against buying farms which in many areas are now selling at prices that cannot be sustained by earnings over a period of years. The National Agricultural Credit Committee, organized over three years ago with representatives from farm organizations, life insurance companies, the American Bankers' Association, the Federal Reserve System, and the Farm Credit Administration, has been urging institutional lenders to hold farm mortgages at reasonable levels. However, these efforts are limited in their effectiveness because private lenders are taking a more active part, and loans in recent years have been larger by reason of prevailing higher values.

Over and beyond these educational admonitions, more direct measures have been advanced to deal with the speculative phase of the situation. Among these are credit control, taxation, and price ceilings. Though difficult to administer, some form of credit control, such as the requirement of one-third down payment, has been urged to restrict the flow of funds to a point where they would cease to be a major factor in a land boom. Another suggestion is the imposition of a profits tax with a rate structure designed to minimize speculative gains resulting from purchases and quick resales of farms. A somewhat similar proposal but wider in scope is a capital gains tax which would apply not only to speculative profits in farm properties but also those arising from urban real estate. One of the most sweeping proposals is the establishment of price ceilings and the requirement of permits for the sale of farm properties, but it is questionable whether such measures would receive public support.

Urban Real Estate

The war has also boosted urban real estate values; but generally speaking the dangers of future devaluation are not as great as in farm real estate. After the war agriculture will not have a backlog of accumulated demand as may be expected in residential construction. Commercial properties, such as stores and hotels, have increased in value, which reflects improved business resulting from higher wartime spending. Residential properties have appreciated primarily because of the growing shortage of dwellings. The migration of people to war production centers, together with the almost complete cessation of private residential construction since the outbreak of war, has created a shortage of living quarters in many areas.

Financial institutions and others in this district indicate that since the outbreak of the war urban properties have increased from 10 per cent to more than 50 per cent; on the average, prices have gone up from a quarter to a third as shown in the accompanying table. In Philadelphia and its suburbs, residential properties have appreciated about a third since 1940. There is very little evidence of speculative activity—this type of purchaser does not appear to be a dominant factor in today's market. Most purchases are made not for resale but for occupancy by individuals who need shelter or who want better living quarters.

Wartime Gains in Residential Property Values in the Third District—1940-1945

City	County and State	% increase
Towanda	Bradford, Pa.	over 50
Quakertown	Bucks, Pa.	50
Atlantic City	Atlantic, N. J.	25 – 50
Lewistown	Mifflin, Pa.	25 – 50
Philadelphia	Philadelphia, Pa.	30 – 33
Chester	Delaware, Pa.	30 – 33
Norristown	Montgomery, Pa.	25 – 33
Williamsport	Lycoming, Pa.	25 – 33
Wilmington	New Castle, Del.	20 – 35
Trenton	Mercer, N. J.	25 – 30
Bellefonte	Center, Pa.	25 – 30
Camden	Camden, N. J.	25
Harrisburg	Dauphin, Pa.	25
Reading	Berks, Pa.	20 – 30
Easton	Northampton, Pa.	20 – 25
Altoona	Blair, Pa.	20 – 25
Toms River	Ocean, N. J.	20
Lancaster	Lancaster, Pa.	18 – 20
Scranton	Lackawanna, Pa.	15
Allentown	Lehigh, Pa.	10 – 15

Note: Based upon reports from bankers, real estate dealers, and others.

Homes for rent are almost impossible to find. The rent "freeze" instituted by the OPA in October 1942 was designed to hold the line on rentals—an important element in the cost of living. The action accomplished its purpose so far as rents are concerned but the pressure is now breaking out in property values. Owing to the shortage of houses and particularly those for rent, people who want homes have to buy, and, having the money, they are paying higher prices.

An important result of current developments is a wider enforced ownership of homes. In Philadelphia, since OPA rent controls went into effect, more than 17,000 tenants have been forced to vacate because their homes were sold. The number of such evictions has risen from an average of 50 a month in 1942 to 1,100 a month at present, and the rate is still rising. However, enforced ownership is more extensive than indicated by the data on evictions because many tenants buy to avoid eviction.

It appears that those who are forced to buy houses pay unusually high prices for dwellings built since the middle thirties at costs ranging from $6,000 upward, because of an urgent need for a comfortable place to live and a desire to take advantage of increased current earnings by obtaining more housing luxury. But, building cost surveys made over the past two years have convinced builders that at least part of the wartime mark-up in the cost of houses is justified. Dwellings built during 1942 at a cost of $4,900 could not be duplicated today for less than $6,000. Appreciation in unimproved properties has been practically nil owing to wartime restrictions on building and construction.

In each community the price increase is influenced by such factors as pre-war vacancies, condition of housing, war contracts and migration. The distribution of war contracts, and the diffusion of sub-contracts in many instances stimulated industrial activity in small communities, which overtaxed local housing capacities and sent up real estate prices. For example, in Towanda, with a population of about 4,000, there is a serious housing shortage because of the in-migration of workers employed by a company engaged in war work. At the same time, Towanda has an oversupply of large houses for which there is no market. Quakertown, in Bucks County, is another small community where a shortage of housing has boosted prices of residential properties 50 per cent.

In Atlantic City, real estate values have advanced considerably, not as a result of war contracts but as a result of war conditions. Real estate has been at a premium because the Government pre-empted hotel facilities and because there has been a huge demand for homes by out-of-town people. Since available properties are very scarce, prices are advancing rapidly. Despite the sizable upturn in real estate prices, local bankers do not consider the advances out of proportion in view of the unduly depressed state of the market in the years before the war. There is also an active market with advancing prices in commercial properties, particularly medium- and small-sized hotels.

In Lewistown, residential real estate has increased just as much as in Atlantic City. A rather high percentage of homes were in need of major repair before the war, possibly contributing to a rise of 25 to 50 per cent in prices of acceptable dwellings. Prices also have advanced considerably in Wilmington where inmigration of shipyard workers had created a serious housing shortage. Some of the local banks are receiving numerous requests for G. I. mortgage loans, many of which have to be turned down because prices are considered out of line with the values of the properties.

Despite the fact that Altoona is not classed as an essential war industry community, real estate values are up 20 to 25 per cent. The market had been subnormal for a number of years but since the war there has been renewed activity, and most of the available properties have been sold.

In Scranton, real estate appreciated less than in most other areas. The city received few war contracts and had a relatively heavy out-migration of workers to other war centers. However, general business conditions have improved materially in the past eight or nine months.

Throughout the district, residential real estate values have gone up primarily because of the shortage of dwellings. Generally, high-priced properties have appreciated less than medium- and low-priced properties. Building has been practically at a standstill since Pearl Harbor, and all but the most essential repairs have likewise been delayed. In the meantime, accumulated funds and current income have increased tremendously and returning veterans are now adding to the demand for housing.

Concluding Comments

In appraising the permanency of present values, one must look to the post-war period and the changes it will bring. Certainly with the passing of war, shifts in population will change the complexion of the real estate situation in many individual localities, and the release of labor and materials on a broad scale may radically affect the supply situation, offering new homes with up-to-date conveniences to people who have the money but now get along with less satisfactory housing.

The bulge in real estate prices, both farm and urban, is to some extent a recovery from unduly depressed values, but the market is approaching a situation where prices are out of line with sustaining values. High-priced residential properties reflect in part a real shortage of houses but to a considerable extent it is a price-induced shortage brought about by high wartime incomes and the abundance of liquid funds. Greater buying power is facilitating voluntary home ownership and rent controls together with rising property values foster enforced ownership.

Prices of farm properties are rising as a result of increased buying activity, not only on the part of farmers but also to a considerable degree on the part of city buyers who want to get away from the strain of city life or individuals who are seeking a hedge against inflation. There is also increasing evidence of speculative buying. In view of the substantial appreciation that has already occurred and its close parallel to the condition during the last war, utmost scrutiny by buyers of properties and lenders of funds is needed to avoid a repetition of the unfortunate experience after the last world war. The greatest home-buying splurge at that time did not occur until after the armistice. This is a significant fact and it should be emphasized in appraising current and future developments.

The Economy of the Third Federal Reserve District

Part I—Heritage

The future of the Third Federal Reserve District will be what its people make of their heritage. This is why so much attention has been paid in this study to the development of its population, manufacturing, mining, and agriculture. Of the thirteen original colonies, Pennsylvania was settled comparatively late, but the people who came here soon utilized the resources they found to make it the leading colony—industrially, commercially, and culturally.

Dense forests of both conifers and hardwoods covered the land. The area contained rich deposits of anthracite and bituminous coal, petroleum, natural gas, iron ore, and limestone; many miles of navigable waterways which afforded access to the interior and provided potential sources of waterpower; a wide variety of soils, including some of the richest in the country; a mild, humid climate; and land forms varying from plains to mountains, with ample land suitable for agricultural pursuits.

The Quaker settlement founded by Penn in 1682 rapidly became a melting pot of many races—English, Dutch, French, German, Scotch-Irish, Swedes, and Welsh. Most of them were farmers by profession, but among them were also skilled artisans from the Rhine Valley—the 18th century workshop of Continental Europe.

Farming was obviously the major occupation. Farms had to be hacked out of the forests; but land was abundant and the German farmers were quick to seize tracts overgrown with white oak, black walnut, and locust, which thrive best in good limestone soil. The settlers were able to provide their families with shelter, food, and clothing from their own land. Grain and stock farming predominated.

Philadelphia became the leading commercial, industrial, and cultural center. Its tidewater location at the junction of the Schuylkill and Delaware Rivers was advantageous for overseas shipping and gave it access to a hinterland storehouse of wealth. Grain, cattle, and timber were transported downstream to Philadelphia where grist mills, packing houses, tanneries, and saw mills converted some of the raw materials into finished products for local markets and where the surplus was loaded on ocean-going vessels for export. Philadelphia was also the cultural center, owing largely to the fact that it was the site of the state capitol until 1799 and of the national capitol until 1800.

Although predominantly agricultural, as early as 1750 Pennsylvania was the leading iron producing colony. Furnaces were built first in the upper Schuylkill and later in other valleys where iron ore was found; charcoal was obtained from large forest tracts, known as iron plantations. The abundance of iron ore, limestone, and wood for charcoal laid the basis for the growth of a great industrial commonwealth.

From the founding of the Republic in 1789 to the close of the Civil War, Pennsylvania gradually changed from an agricultural to an industrial state. A number of developments—economic and political, local and national—combined to make Pennsylvania the keystone state of a rising industrial nation. Manufacturing in the United States made an inauspicious start. England, operating under the doctrine of mercantilism, continued to ship large quantities of manufactured products to this country in exchange for our raw materials even after we had won our independence. Nevertheless, manufacturing was able to gain a precarious foothold under the protection of Hamilton's tariff policy.

Domestic manufacturing was encouraged indirectly by the Napoleonic Wars. The conflict gave an immediate stimulus to our shipping and export trade; American vessels boldly ran the blockade when France and England were trying to starve each other into submission. But when the Embargo and Non-Intercourse Acts stopped this lucrative trade, imports of manufactured goods and exports of raw materials were cut off simultaneously, with the inevitable effect of stimulating home industry. Another important development which helped to shape our destiny was Jefferson's strategic purchase of Louisiana, which doubled the area of the United States and ultimately led to the opening up of rich agricultural areas with which Pennsylvania could not compete successfully but to which Pennsylvania could sell its manufactures.

Access to our great western domain was obtained with the completion of the Erie Canal in 1825, and this in turn gave rise to a stampede of canal building. Not to be outdone, Pennsylvania also built, against great odds, a portage canal across its rugged terrain. The chief advantage Pennsylvania derived from the canal-building boom of the 1840's was the construction of shorter tidewater canals, which made her rich anthracite deposits accessible to the heavily concentrated population along the eastern seaboard. Still better transportation facilities were provided by the construction of numerous short-line railroads immediately after the canal-building era.

The arrival of the steam age opened up tremendous markets for the huge forests and mineral resources of interior Pennsylvania and new industries began to flourish. Forest products were used for shipbuilding, canal boats, mine props, railway construction, and tanning. Anthracite was used for industrial and domestic heating and also as a blast furnace fuel when charcoal became scarce as a result of the exhaustion of local stands of timber.

In 1870, Pennsylvania employed as many people in manufacturing as in agriculture and that period marks a turning point, particularly in the area which was subsequently to become the Third District. In that year Pennsylvania was producing about one-half of the country's iron, two-thirds of its coal, all of its petroleum, and was building most of its iron ships. In the last thirty years of the 19th century, industrial activity expanded very rapidly, and agriculture receded to a relatively inferior position. As a result of the numerous technical developments and the discovery of new resources in other parts of the country, the composition of industries in this area took on much of the form we know today. The opening up of Lake Superior iron ore deposits and the change from charcoal and anthracite to coke made from bituminous coal as a blast furnace fuel caused the iron and steel industry to shift from eastern Pennsylvania to Pittsburgh. During this same period, there was a great westward expansion stimulated by a railroad-building boom. Tremendous demands for railway steel were met primarily by the steel industry of western Pennsylvania but the plants in eastern Pennsylvania also shared in the huge building program. Meanwhile, local resources in the eastern part of the state were drawn upon very heavily. Industrialism was based largely on coal and wood but by 1900 the original stand of timber was practically exhausted.

As the center of gravity of the heavy manufacturing industries shifted westward, numerous lighter industries rose to prominence in this area. Important among these were the textile and apparel industries. By 1900, the eastern part of the state and Philadelphia, its industrial center, already had a highly diversified industrial structure.

In the first two decades of the 20th century the district became more and more industrialized. Most of the people lived in cities and worked in factories. Other activities were largely complementary to manufacturing. Mining was highly developed and expanded year by year; trade, transportation, and other service industries also occupied a prominent position in the local economy. Agriculture was far less important in the district than in the country as a whole. Most farmers were self-supporting, although there was some specialization near cities. Thus, at the turn of the century the district was an important segment of the industrial East, whose supremacy had gone unchallenged by other sections of the country.

During the first four decades of the 20th century the industrial development of the Third District was surpassed by the rapid expansion of industries in the South and mid-West. This district continued to expand but it was increasingly handicapped by the penalties of early development. As the cream of many of its natural resources was skimmed off, costs of production rose above those elsewhere. Its greater age also required it to make larger adjustments to meet modern consumer demands. Its industrial equipment and some of its production techniques are outmoded and less efficient than those of newer establishments. Furthermore, the shift from coal and iron to petroleum and lighter metals has favored areas having richer stores of crude oil and necessary raw materials for the new metals.

The Second World War has stimulated the South and West more than this area, although some of their relative gain may be only temporary. The real problem for the district, however, is not to keep pace with rapid growth in newer regions but to maintain its own economic activity at a high and stable level. This goal can be achieved if the people of this district produce at competitive prices the goods and services which will be demanded in the post-war years.

Population

For the last four decades, the rate of population growth of this district has diminished constantly and has been consistently lower than that for the nation as a whole. From 1899 to 1939 the increase for the district was 54 per cent, in contrast to 73 per cent for the country. In 15 or 20 years the district is expected to attain its maximum population, whereas the country may not reach its plateau until several decades thereafter.

The larger increase in population during the four decades was in urban centers in the district, which increased over 80 per cent, in contrast to an increase of 16 per cent in rural population. This, of course, reflects migration from the country to towns and cities to take advantage of the expanding employment opportunities in the manufacturing and service industries. Although this trend was reversed temporarily during the business depression of the early thirties, migration to urban centers was resumed with the business revival of the late thirties. The war has accelerated the movement to urban areas which offer the lure of employment at high wages. Both agricultural and mining areas have lost heavily to these centers.

The distribution of population within the district follows closely the pattern of natural resources and economic development. Population is dense in the eastern half, where most of the manufacturing and mining activity is carried on; it is sparse in most of the western and northern-tier counties, where farming is the principal economic activity.

Manufacturing

Although local manufacturing grew faster than agriculture and mining over the first four decades of the 20th century, it did not expand as rapidly as manufacturing outside the district. On the basis of value added, the increase for the district was 244 per cent, compared with the national increase of 335 per cent; if one compares the number of wage earners, the local increase was 19 per cent and the national was 48 per cent. These differences are attributable not only to the rapid development of areas outside the district but also to the character of the district's output. Predominance of nondurable goods, particularly textiles and apparel, has tended to restrict the growth of the district. Demand for these products depends largely upon population and national income. But population growth has been slowing down, and rising incomes were spent more and more for durable articles like automobiles than for nondurable goods like apparel. This district, of course, produces some durable goods; but when the rapidly growing automotive and household appliance industries appeared on the scene and more recently when lighter steel and other metals came to the fore, this district, by and large, continued to produce its accustomed products.

Over this period there was a vast disparity in the rate of growth of individual industries within the district. Important among those that grew rapidly were women's and men's clothing, knit goods, bread and bakery products, silk and rayon goods, petroleum refining, canning and preserving, and electrical equipment. Blast furnace products, shipbuilding, leather tanning, woolen and worsted goods, and cotton goods were among the industries that declined.

The national defense program immediately stimulated manufacturing activity in this region. With ready-made facilities for heavy metal products and shipbuilding, this area naturally received a large share of early contracts. The war also accelerated production of civilian goods, such as apparel, textiles, tobacco, food products, and leather products; but the stimulus was temporary, and output of these products had to be curtailed when wartime shortages of materials and labor became acute.

As part of the already industrialized East, this area received a relatively small proportion of the new facilities which were widely distributed throughout the country. As a result, in the later stages of the war the district received a smaller proportion of total war contracts than might have been expected. Through December 1944, major supply contracts in this district amounted to 6 per cent of the total and facility contracts to 4.7 per cent. In contrast, this district produced 8.1 per cent of the value added and employed 9.0 per cent of the country's manufacturing wage earners in 1939. It is not surprising, therefore, that from 1939 to 1943 manufacturing production in the Third District increased less than that of the country as a whole.

The war has altered substantially the industrial character of this district. Whereas in 1939 durable goods industries employed 36 per cent of all manufacturing workers, in 1943 they employed over 50 per cent. This is explained by the tremendous increases in employment in iron and steel, machinery, and transportation equipment. On the contrary, there have been only small increases in employment in some nondurable goods industries and actual declines in others, notably in textiles. It is doubtful that the present wartime structure will be retained with the return of peace, but what the final pattern may be will depend upon the requirements of a world at peace and ability to adapt industry to those requirements. Consumers' durable goods, seriously curtailed during the war, will be in great demand and manufacturers in this area may take advantage of opportunities afforded by this market.

Mining

This area has large reserves of valuable mineral resources; but unlike manufacturing, which is well diversified, the mineral industries are confined for the most part to a few closely related lines. Eighty-five per cent of the output in 1939 consisted of anthracite, bituminous coal, petroleum, and natural gas—all energy-producing minerals. Of these, anthracite is overwhelmingly the most important, accounting for 60 per cent of the total mineral output. Its history over the first forty years of this century is divisible into two periods: (1) 1899-1917, when anthracite had a virtual monopoly on domestic heating in the Middle Atlantic seaboard, and production rose steadily from an annual output of 60 million tons to 100 million tons; and (2) 1918-1939, when production declined consistently to a level of 50 million tons as a result of growing competition from other fuels, especially fuel oil and bituminous coal. Employment followed a similar trend during the four decades ending in 1939, but owing to increased mechanization and greater efficiency of operation, employment declined 33 per cent, while production declined only 15 per cent.

The war restored to anthracite some of its lost markets when the acute shortage of fuel oil forced conversion to coal-burning units. In 1944, anthracite tonnage was 64 million or 25 per cent above the 1939 level, despite a reduction of 21 per cent in employment. Increased output was accomplished in part by longer hours, but the most important development over the war period has been the acceleration of mechanization, as illustrated by growth in the use of machines for cutting, cleaning, loading, and strip mining.

There need be no fear of early exhaustion of anthracite resources. After more than a century of exploitation, remaining reserves are sufficient for at least another century and a half at recent rates of extraction. Of course, reserves may be used up sooner if the market for anthracite is increased by improvements in domestic heating facilities or developments of new uses in the industrial field.

The history of bituminous coal over this period has been similar to that of anthracite—expanding output in the two decades before 1919 and subsequent contraction. Between 1919 and 1939 tonnage declined throughout the entire industry as a result of greater efficiency in fuel consumption and more extensive use of fuel oil. The declining production in this area reflected increasing competition from West Virginia, Illinois, and Kentucky. However, the wartime increase of 53 per cent between 1939 and 1943 more than kept pace with the national increase. The 1943 production of 29 million tons was only one million tons below the record output of 1919.

Substantial reserves of bituminous coal still remain despite many years of mining operations. It has been estimated that reserves in the counties of the district are large enough to permit extraction for several centuries.

Crude oil production trends have been the reverse of coal. Output declined steadily from about 4 million barrels in 1899 to 2 million barrels in 1921, and reserves were thought to be running low. Many oil wells, however, were rejuvenated by waterflooding and production was stepped up to 14 million barrels by 1939. In response to war demands for high-grade lubricants, for which Pennsylvania petroleum is especially noted, production reached an all-time peak of 15 million barrels in 1942.

Petroleum reserves of the district were estimated at almost one billion barrels in 1940. This is only a small fraction of the country's total estimated reserves, but Pennsylvania crude oil is far above average in quality. Experiments to extract oil by mining are now in progress and if they prove successful greater recovery of this valuable resource may be obtained.

Agriculture

During the present century, agriculture in the Third District has declined in relative importance. The number of persons gainfully employed in agriculture has decreased 36 per cent and land in farms and number of farms each declined about 23 per cent. Farms of this area afforded an important source of manpower for the expanding manufacturing and service industries.

The minor position which agriculture holds in the district's economy is illustrated by the fact that in 1940 for every person engaged in agriculture there were over fourteen employed in other industries—manufacturing, mining, and service. However, agriculture has adapted itself to an industrial economy by increasing specialization in products intended for nearby urban markets.

The outstanding change in the composition of the district's agricultural output has been a shift from crops to livestock. By 1939, livestock products accounted for about 64 per cent of farm income, in contrast to less than half in 1899. The tremendous increase in production of dairy products, poultry, and poultry products and the decrease in cereal production largely account for this shift. Not only has the total output of the district become more specialized, but individual farms have tended to specialize in a few products best adapted to the agricultural conditions of the local region.

This has led to such an increase in productivity over and above that resulting from technical improvements that despite the declines in land areas farmed, physical volume of output has increased over 50 per cent between 1899 and 1939. The value of this output in 1939 averaged $20 an acre of land in farms, in contrast to a national average of $7 an acre. This denotes intensive utilization of local agricultural resources.

Agricultural output has increased in the district in response to the demand of war but to a lesser extent than national production. The principal increases have come in poultry and poultry products, dairy products, truck crops, and pork products, whereas production of cereals, tobacco, and fruit crops has declined substantially. Wartime trends indicate still greater specialization in livestock products.

Construction

Construction activity fluctuated between $70 million and $500 million over the period 1919-1943, in accordance with major changes in general business activity. During the twenties, residential construction comprised the largest part of the total, but this type declined sharply in the early thirties when public works and public utility construction became the most important type. However, residential construction regained its position by 1937. During the war years, residential construction was restricted but industrial and commercial construction expanded.

The district's dwelling units are generally in good physical condition in comparison with the country as a whole. However, the need for major repairs, running water, and electricity is relatively great in many of our rural areas. The influx of migrants into various industrial regions during the war has reduced the vacancy rate in many of these areas far below normal. This has led to substantial overcrowding, which has been relieved to some extent by new housing.

Business and Banking

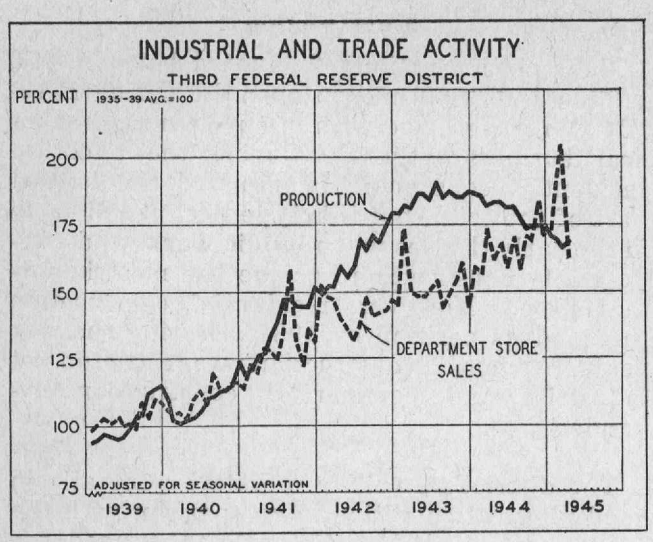
(Continued from page 1)

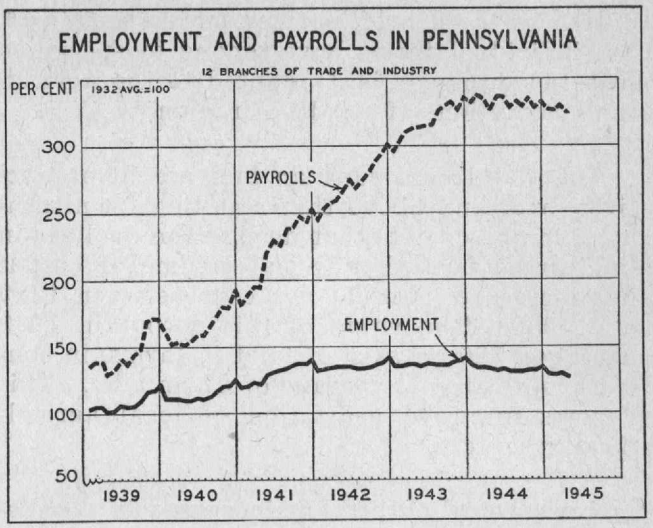
ated by a resumption of civilian goods production. The purpose of this action is to retain the over-all pattern of rates in plants where certain types of employee operations will differ widely from those performed in munitions-making processes. The Office of Price Administration has moved quickly to clarify pricing policies for goods which have been off the market since the early months of the war. Manufacturers have been given the option of producing under 1942 price ceilings or of applying the agency's so-called "general rescue provision," which makes allowances for wartime advances in wage and material costs. In any event, industry in a position to reconvert is urged to start the production of all such items without waiting for the establishment of dollars and cents ceilings.

Industry. Industrial production in the Philadelphia Federal Reserve District showed some increase from March to April, reflecting a slightly higher level of manufacturing operations and a substantial gain in coal mining. Output of factory products on an adjusted basis increased one per cent in the month, but was down 8 per cent from April 1944. Activity in both durable and consumers' goods lines was somewhat above the March rate. Compared with a year ago, however, a decline of 12 per cent was reported in heavy industry, while operations at establishments making lighter products was very little lower. A similar relationship prevailed in the four months ended April.

Wholesale commodity prices in the aggregate have not changed materially for several months, although small advances were reported in April in quotations on farm products and foods. Subsequently higher ceiling prices for some industrial commodities, including coal and certain steel products, were authorized by the Federal pricing agency. At the retail level, a considerable degree of stability likewise has been preserved, with the cost of goods and services purchased by wage earners and lower-salaried workers largely unchanged from March to April, and only 2 per cent higher than a year earlier.

Employment in Pennsylvania factories decreased slightly from March to April, continuing





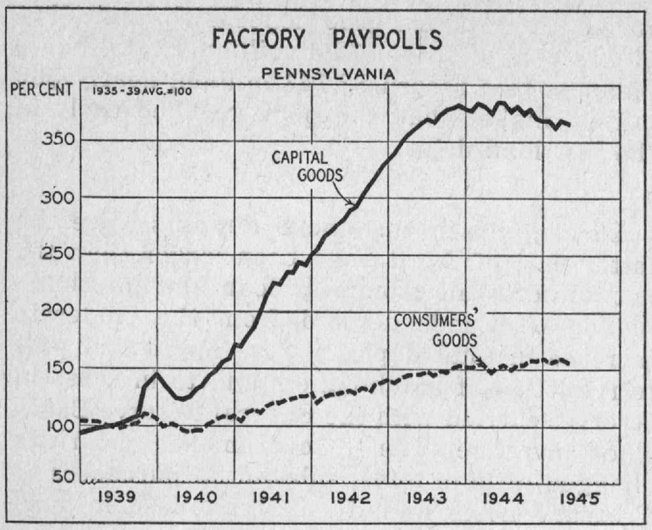
the gradual downward trend that has been scarcely interrupted over the past fifteen months. The number of production workers in April was estimated at a little less than 1.2 million, down 7 per cent from a year earlier, and the smallest reported since the early months of our participation in the war. Payrolls and total working time also showed small declines in the month. The volume of wage payments has fluctuated rather narrowly over the past year. Weekly wage disbursements, approximating $54 million in April, were only one per cent less than a year earlier and were within 3 per cent of the wartime peak reached early in 1944. Employee hours worked have followed closely the trend of employment, decreasing slightly in April to a level 5 per cent below the same month last year; the decline from the 1943 high approximates 9 per cent.

The weekly income of wage earners at reporting plants in Pennsylvania averaged $49.23 in April, or about the same as in March, when earnings on that basis were the highest in records covering over two decades. Average hourly earnings, which have been rising with but few interruptions since the fall of 1939, advanced slightly in April to a new peak of $1.10. Average working time per employee has continued to fluctuate around 45 hours a week over a period of many months.

The supply outlook for solid fuels has grown increasingly acute from the standpoint of both production and distribution. Protracted work stoppages in the anthracite and bituminous fields have substantially reduced the tonnage which will be available for heating and industrial purposes this coal year. The prospect of exceptionally heavy demands on the railroads for the redeployment of troops and the shipment of war goods cross-country to the West Coast, suggests that the movement of coal from mines to consumers may be subject to interruptions.

Production of the solid fuels showed widely divergent tendencies during April and the first half of May. The volume of bituminous coal mined in the country was down 17 per cent from March, and remained near this reduced level through the first two weeks of May, reflecting unauthorized stoppages in the absence of a fully-approved working agreement between miners and operators. In the four months ended April, output of soft coal was 7 per cent less than a year earlier in the country and was 11 per cent smaller in Pennsylvania. At Pennsylvania anthracite mines, tonnage increased 14 per cent in April, but subsequently declined drastically, as strikes closed most collieries until shortly after mid-May, when agreement was reached on the details of a new contract. Anthracite production showed a decrease of 12 per cent in the first four months this year.

Construction controls have been relaxed to the extent that essential repairs may be undertaken without specific approval by the War Production Board. Home building on a limited scale is being programmed where necessary to the relief of acute congestion, but further relaxations are



improbable until materials and manpower become more generally available than at present.

The value of new contracts awarded in this district expanded sharply in April, when placements were reported for an exceptionally large project in connection with a mine development in the Pennsylvania anthracite region. Contracts for most other types of construction decreased in April, or continued in unusually small volume. Sharp declines from a year ago persisted in the case of single and multiple family dwellings; awards for factory, commercial, and educational buildings also were smaller in April this year than last.

Agricultural prospects in this district at the beginning of May were less favorable than a month earlier. Adverse weather conditions affected both farm operations and crop growth. Frequent heavy rains interrupted plowing and seeding; planting of truck crops was seriously delayed, and unseasonably cool weather over much of the month prevented normal growth of seedlings. Many early vegetables were injured by frost, necessitating an unusual amount of replanting. In contrast with this situation the condition of pastures and meadows continued to improve, as moisture supplies were ample. The winter grains are unusually far advanced for so early in the season, and record or near record yields are anticipated. Frost damage to orchard fruits in April appears to have been somewhat more extensive than early reports indicated. Peaches are said to have withstood the low temperatures better than apples, pears, and cherries.

Production of milk has risen to a new peak for this time of the year; egg production continues at a high rate, but in the aggregate is substantially less than in the spring of 1944.

Farm labor supply remains a serious problem nationally and locally, although decreasing munitions requirements in coming months may relieve the situation to some extent. According to the Department of Agriculture, farm employment on May 1 was at a record low for that date. An estimated 10 million persons employed in agriculture throughout the country was about 50,000 less than a year ago, with declines reported in all geographic sections except the Middle Atlantic and Pacific Coast states. All of the decline in farm employment over the twelve months was in the number of hired workers.

Congestion on V-E Day in Atlantic ports and over the rail lines serving them was avoided by taking anticipatory measures which permitted a prompt reversal of the bulk of freight traffic moving in an easterly direction. The shift to a one-front war does not imply a significant decline in the over-all volume of traffic, and recurring tight situations with respect to both passengers and freight may be experienced with the redeployment of troops and the shipment of vastly larger supplies westward to the Pacific theatre.

Freight-car loadings in this section increased somewhat on an adjusted basis during April, reflecting gains in all major commodity classifications except merchandise and miscellaneous freight and coke. The expansion in shipments of coal and ore was exceptionally sharp, owing to the unusually early opening of navigation on the Great Lakes. Total commodity loadings, however, were little larger than a year ago, and in the four months ended April they were down slightly from the 1944 period.

Trade. Business at wholesale expanded considerably in April to a level 9 per cent above a year earlier. Substantial increases in dollar volume were reported during the month in the case of electrical supplies, hardware, and drugs; sales of shoes and groceries showed pronounced decreases but changes in other reporting lines were minor. In the first four months, sales were 5 per cent larger than a year ago, owing to increases at establishments handling groceries, hardware, electrical supplies, and drugs. Wholesalers' inventories did not change significantly from March to April, but they were down 13 per cent from a year earlier.

Retail sales by department, apparel, and shoe stores in this district on an adjusted basis showed declines ranging from about one-fifth to considerably more than one-third in April. The decreases followed unusually sharp expansion in most lines during the preceding month, and were partly attributable to one-day closings following the death of President Roosevelt. Dollar volume was slightly larger than in April 1944 at department and women's apparel stores, but substantial declines were reported at establishments specializing in men's apparel and footwear. Sales in the four months ended April continued to exceed those of a year ago. Inventories in all reporting lines increased from March to April, after allowance for seasonal influences; stocks were somewhat larger than a year earlier, except at shoe stores, where they were down nearly one-fourth.

Banking conditions. Offerings of marketable securities in the Seventh War Loan have been available to individuals, partnerships (other than securities brokers and dealers), and to personal trust accounts since May 14. Sales through the 31st of the month, including savings bonds and savings notes processed since April 9, have reached 50 per cent of quota in Pennsylvania; in the case of E bonds, the proportion of quota attained was 41 per cent.

Nonbank investors other than individuals will be able to subscribe to marketable issues over a period extending from June 18 through the 30th. Issues open to them will comprise 2¼ and 2½ per cent bonds and ⅞ per cent certificates of indebtedness, with the exception that the certificates will not be available to brokers and dealers. Apart from the drive, commercial banks having savings deposits or issuing time certificates of deposit may enter limited subscriptions to the certificates, 1½ per cent bonds, and Series F and G savings bonds.

Largely as a result of Treasury disbursements of funds from the proceeds of the Sixth War Loan, customers' deposits at reporting banks have expanded sharply since the turn of the year. At banks in leading cities of the Third Federal Reserve District the increase in adjusted demand and time deposits through May 23 has been well over $300 million, raising these balances to a record $2,141 million, nearly $60 million higher than the peak reached early in the last loan drive.

Local gains in customers' deposits since the latter part of April have been larger than the net withdrawals from war loan and interbank balances. Funds derived from the moderate increase in total deposits were applied in part to reduction of indebtedness and to increase in reserves carried with the Federal Reserve Bank. The investment in Government securities changed little in total; substantial purchases of Treasury notes and a small increase in bills were offset by sales of United States bonds and certificates.

The modest upturn in loans at reporting banks recently has been principally in the unclassified category. Advances to purchase or carry Governments continue small, accounting for less than 3 per cent of total loans. Commercial loans declined to the lowest point of the war period.

Heavy gains in interdistrict commercial and financial transactions over the four weeks ended May 23 were reflected partly in an increase of $37 million to $771 million in reserves of all member banks in the district. The expansion in reserves was limited by net payments to the Treasury; an outflow of currency prior to the loan drive; and a decline in the local use of Reserve Bank credit. The principal change in such credit was a decrease of $18 million to $200 million in Treasury bills held under repurchase option. Direct bank borrowing from this Bank continues light; the latest figures show $11 million of discounts and advances to member banks, and the highest point of the year has been only $18 million.

The reserves of member banks averaged $765 million in the first half of May. At Philadelphia banks reserves were only 2 per cent above requirements, while the less closely invested country banks showed excess reserves equal to 24 per cent of requirements.

BUSINESS STATISTICS

Production

Philadelphia Federal Reserve District

Indexes: 1923-5 = 100	Adjusted for seasonal variation						Not adjusted		
				Per cent change					
				April 1945 from		1945 from 4 mos. 1944			
	Apr. 1945	Mar. 1945	Apr. 1944	Mo. ago	Year ago		Apr. 1945	Mar. 1945	Apr. 1944
INDUSTRIAL PRODUCTION	137p	135	148r	+ 2	− 8	− 8	135p	136	146r
MANUFACTURING	140p	139	152r	+ 1	− 8	− 8	138p	140	150r
Durable goods	211p	210	239r	+ 1	− 12	− 11	.....	.....	.....
Consumers' goods	93p	91	93	+ 3	− 1	− 1	.....	.....	.....
Metal products	181	174	189	+ 4	− 4	− 5	173	174r	181
Textile products	67p	65	68	+ 3	− 2	− 4	64p	67	66
Transportation equipment	481	493	607r	− 2	− 21	− 19	498	516	628r
Food products	120p	120	117r	+ 1	+ 3	+ 1	116p	116	112r
Tobacco and products	99	95	97	+ 4	+ 2	− 3	90	88	88
Building materials	34p	36	34	− 6	+ 2	− 2	34p	34r	33
Chemicals and products	172	168	163r	+ 3	+ 6	+ 6	175	169r	165
Leather and products	88p	81	99	+ 9	− 12	− 13	86p	83	98
Paper and printing	94	95	93	− 1	+ 1	+ 1	96	97	95
Individual lines									
Pig iron	87	83	93	+ 5	− 7	− 6	98	95	105
Steel	131	128	131	+ 2	0	− 3	138	137	137
Silk manufactures	83	83	85	− 1	− 3	− 3	81	86	83
Woolen and worsteds	66p	64r	62	+ 2	+ 6	+ 2	61p	62r	58
Cotton products	40	41	42	− 1	− 4	− 8	42	43	44
Carpets and rugs	56p	57	52	− 1	+ 9	+ 8	55p	58	51
Hosiery	65	65	67	0	− 3	− 8	65	67	67
Underwear	138	128	145	+ 8	− 5	− 6	135	140r	142
Cement	22p	26	24	−18	− 9	− 9	22p	20	24
Brick	50	52	48	− 6	+ 4	− 4	52	51	50
Lumber and products	33	33	32	0	+ 5	+ 2	32	32	30
Bread and bakery products	.....	.....	.....	− 2*	+ 7*	+ 6*	127	129	118
Slaughtering, meat packing	101	102	127	0	− 20	− 24	99	96	124
Sugar refining	105	68	85	+54	+ 23	+ 17	136	104	110
Canning and preserving	168p	167	153r	+ 1	+ 10	+ 11	147p	149	129r
Cigars	98	94	96	+ 5	+ 2	− 4	89	87	88
Paper and wood pulp	83	83r	82	+ 1	+ 1	0	84	84	83
Printing and publishing	96	97	95	− 1	+ 1	+ 1	98	99	97
Shoes	99	92	117	+ 7	− 15	− 8	99	98	117
Leather, goat and kid	76p	69r	82	+10	− 6	− 18	74	69r	79r
Paints and varnishes	86	91	92	− 6	− 7	− 4	90	93	96
Coke, by-product	155	162	164r	− 4	− 6	− 3	161	168	171
COAL MINING	84	74	84r	+12	− 1	− 12	83	75	83
Anthracite	82	72	81	+14	+ 1	− 12	82	72	81
Bituminous	98	95	111r	+ 3	− 12	− 11	89	96	101r
CRUDE OIL	322	325	374	− 1	− 14	− 15	332	332	385
ELECTRIC POWER	431	426	419	+ 1	+ 3	+ 3	422	435	410
Sales, total	424	443	424	− 4	0	+ 1	436	438	437
Sales to industries	350	357	358	− 2	− 2	0	353	339	361
BUILDING CONTRACTS									
TOTAL AWARDS†	81	40	35	+105	+136	+ 28	78	35	33
Residential†	4	4	15	+ 6	− 75	− 83	3	3	14
Nonresidential†	75	70	43	+ 7	+ 75	+ 44	77	70	44
Public works and utilities†	327	49	69	+567	+374	+157	301	45	63

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

Local Business Conditions*

Percentage change—April 1945 from month and year ago	Factory employment		Factory payrolls		Building permits value		Retail sales		Debits	
	Mar. 1945	April 1944	Mar. 1945	April 1944	Mar. 1945	April 1944	Mar. 1945	April 1944	Mar. 1945	April 1944
Allentown	− 1	− 1	0	+12	− 22	− 72	−32	−13	+ 3	+ 7
Altoona	0	+ 3	+ 3	+15	− 1	+ 64	−29	− 5	+ 4	+27
Harrisburg	− 3	− 2	− 3	+ 5	− 74	− 87	−27	− 3	−16	+ 5
Johnstown	− 1	0	+ 1	+ 4	+ 94	+ 33	−20	+ 1	− 4	+ 9
Lancaster	− 5	−15	− 6	−12	+182	+ 26	−28	− 7	−10	− 4
Philadelphia	− 1	−10	− 2	− 4	......	......	−24	− 3	− 6	+11
Reading	− 1	− 3	0	+ 5	+393	+325	−26	−12	+ 5	+19
Scranton	0	+ 3	− 8	+14	− 67	+ 96	−31	− 3	−35	+ 1
Trenton	......	......	......	......	+195	+109	−29	− 6	+20	+25
Wilkes-Barre	− 3	+ 3	− 9	+16	− 35	− 1	−30	0	− 7	0
Williamsport	+ 2	− 9	0	− 6	+ 14	+ 17	......	......	− 6	+ 7
Wilmington	− 4	−13	− 6	−11	− 46	− 55	−26	− 4	+ 1	+ 3
York	− 4	0	− 4	+ 7	− 50	+ 20	−31	− 3	− 8	+16

* 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		
	April 1945 index	Per cent change from		April 1945 index	Per cent change from	
		Mar. 1945	Apr. 1944		Mar. 1945	Apr. 1944
GENERAL INDEX	127	− 1	− 5	322	− 2	− 1
Manufacturing	174	− 1	− 7	489	− 1	− 1
Anthracite mining	53	+14	+ 8	104	+10	+16
Bituminous coal mining	64	−11	−19	203	−40	−44
Building and construction	45	+ 5	+ 6	114	+ 9	+ 4
Quar. and nonmet. mining	74	+ 1	−11	242	+ 2	− 9
Crude petroleum prod	131	+ 1	− 3	252	+ 2	+ 1
Public utilities	97	0	0	152	0	+10
Retail trade	114	− 5	+ 2	161	− 3	+ 6
Wholesale trade	104	− 1	− 1	154	0	+ 8
Hotels	101	+ 1	+ 1	177	0	+ 6
Laundries	99	0	− 4	180	+ 3	+ 5
Dyeing and cleaning	98	0	− 3	186	+ 1	+ 8

Manufacturing

Indexes: 1923-5 = 100	Employment*			Payrolls*		
	April 1945 index	Per cent change from		April 1945 index	Per cent change from	
		Mar. 1945	Apr. 1944		Mar. 1945	Apr. 1944
TOTAL	112	− 1	− 7	199	− 1	− 1
Iron, steel and products	122	− 1	− 6	274	0	0
Nonferrous metal products	219	0	+10	473	− 3	+12
Transportation equipment	146	− 2	−16	278	− 4	− 9
Textiles and clothing	76	− 2	− 6	121	− 4	+ 4
Textiles	70	− 2	− 6	112	− 3	+ 4
Clothing	98	− 2	− 8	163	− 6	+ 3
Food products	123	− 1	+ 2	193	0	+ 8
Stone, clay and glass	80	− 2	− 8	129	− 1	− 1
Lumber products	50	− 2	− 1	85	− 3	+ 7
Chemicals and products	115	− 1	− 2	213	0	+ 1
Leather and products	71	− 1	− 4	120	− 1	+ 6
Paper and printing	99	− 1	− 3	153	− 1	+ 3
Printing	93	0	− 1	137	− 1	+ 5
Others:						
Cigars and tobacco	48	− 1	−12	74	− 1	+ 3
Rubber tires, goods	148	0	− 1	316	− 1	+ 6
Musical instruments	98	+ 2	+ 7	140	0	−16

* Figures from 2802 plants.

Hours and Wages

Factory workers Averages April 1945 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	45.2	+ 1	$1.095	+ 4	$49.23	+ 5
Iron, steel and prods.	46.9	+ 1	1.156	+ 5	54.16	+ 6
Nonfer. metal prods.	45.3	0	1.013	+ 2	45.92	+ 3
Transportation equip.	45.8	− 3	1.303	+ 8	59.65	+ 5
Textiles and clothing	39.8	+ 4	.810	+ 7	32.21	+12
Textiles	40.8	+ 4	.821	+ 7	33.52	+11
Clothing	37.3	+ 4	.782	+ 9	29.42	+13
Food products	44.2	+ 2	.823	+ 1	36.78	+ 5
Stone, clay and glass	42.2	+ 3	.947	+ 4	39.88	+ 7
Lumber products	43.5	− 1	.802	+ 6	34.76	+ 5
Chemicals and prods.	46.7	+ 2	1.074	+ 2	50.02	+ 3
Leather and prods.	42.7	+ 3	.790	+ 7	33.86	+11
Paper and printing	44.5	+ 3	.939	+ 5	41.79	+ 7
Printing	41.5	+ 3	1.103	+ 5	45.84	+ 8
Others:						
Cigars and tobacco	42.8	+ 9	.650	+ 7	27.81	+17
Rubber tires, goods	44.7	+ 3	1.062	+ 3	47.44	+ 7
Musical instruments	41.0	−16	.909	− 6	37.24	−22

* Figures from 2658 plants. † Figures from 2802 plants.

Distribution and Prices

Wholesale trade Unadjusted for seasonal variation	Per cent change: April 1945 from Month ago	April 1945 from Year ago	1945 from 4 mos. 1944
Sales			
Total of all lines	+ 9	+ 9	+ 5
Boots and shoes	− 9	− 6	.....
Drugs	+ 7	+16	+ 7
Dry goods	− 1	−10	−13
Electrical supplies	+26	+53	+11
Groceries	− 6	0	+12
Hardware	+17	+14	+11
Jewelry	0	+ 7	−14
Paper	− 1	− 7	− 4
Inventories			
Total of all lines	0	−13	.....
Dry goods	+11	−53	.....
Electrical supplies	+ 6	+20	.....
Groceries	+ 1	−17	.....
Hardware	− 4	+ 3	.....
Jewelry	+20	−18	.....
Paper	− 8	−21	.....

Source: U. S. Department of Commerce.

Prices	Apr. 1945	Per cent change from Month ago	Year ago	Aug. 1939
Basic commodities (Aug. 1939 = 100)	184	0	+ 2	+ 84
Wholesale (1926 = 100)	106	0	+ 2	+ 41
Farm	129	+ 1	+ 5	+111
Food	106	+ 1	+ 1	+ 57
Other	99	0	+ 1	+ 24
Living costs (1935-1939 = 100)				
United States	127	0	+ 2	+ 29
Philadelphia	126	0	+ 2	+ 28
Food	134	0	+ 1	+ 44
Clothing	145	0	+ 7	+ 46
Fuels	109	− 1	− 1	+ 13
Housefurnishings	145	0	+ 9	+ 44
Other	121	0	+ 2	+ 20

Source: U. S. Bureau of Labor Statistics.

Indexes: 1935-1939 = 100	Adjusted for seasonal variation: Apr. 1945	Mar. 1945	Apr. 1944	Per cent change: April 1945 from Month ago	April 1945 from Year ago	1945 from 4 mos. 1944	Not adjusted: Apr. 1945	Mar. 1945	Apr. 1944
RETAIL TRADE									
Sales									
Department stores—District	162p	204	161r	−21	+ 1	+12	152p	200	158r
Philadelphia	152	191	151r	−21	0	+10	143	185	148r
Women's apparel	149	220r	145	−32	+ 3	+18	158	241r	157
Men's apparel	150	229	165	−34	− 9	+19	129	208	147
Shoe	120p	202	156r	−41	−24	+11	134p	212	180r
Furniture	.....	.....	.....	− 6*	+ 4*	.....	.....	.....	.....
Inventories									
Department stores—District	149	136	146	+ 9	+ 2	.....	153	147	151
Philadelphia	149	133	146	+12	+ 2	.....	152	137	149
Women's apparel	181	168	171	+ 8	+ 6	.....	181	185	171r
Shoe	55p	54	73	+ 2	−24	.....	61p	61	81
Furniture	.....	.....	.....	+ 4*	+ 8*	.....	.....	.....	.....
FREIGHT-CAR LOADINGS									
Total	151	146	149	+ 3	+ 1	− 2	144	138	142
Merchandise and miscellaneous	141	141	137	0	+ 3	+ 1	140	136	135
Merchandise—l.c.l.	96	90	90	+ 7	+ 7	0	96	90	90
Coal	177	138	191	+28	− 7	−11	141	142	153
Ore	401	260	301	+54	+33	+20	208	114	156
Coke	220	223	256	− 2	−14	− 8	178	210	207
Forest products	123	110	144	+12	−15	−18	103	95	121
Grain and products	158	137	129	+15	+22	+ 1	147	130	120
Livestock	121	109	148	+11	−18	−10	111	101	136
MISCELLANEOUS									
Life insurance sales	140	132	122	+ 6	+14	+10	140	137	122
Business liquidations									
Number	.....	.....	.....	0*	−33*	−61*	3	3	4
Amount of liabilities	.....	.....	.....	+20*	−68*	−50*	1	1	4
Check payments	188	189	177	− 1	+ 6	+ 5	184	187	173r

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

BANKING STATISTICS

MEMBER BANK RESERVES AND RELATED FACTORS

Reporting member banks (Millions $)	May 23, 1945	Changes in— Four weeks	One year
Assets			
Commercial loans	$ 202	−$ 4	−$ 41
Loans to brokers, etc.	45	+ 3	+ 11
Other loans to carry secur.	15	......	+ 3
Loans on real estate	33	− 1	− 5
Loans to banks	1	+ 1	− 1
Other loans	122	+ 8	+ 21
Total loans	$ 418	+$ 7	−$ 12
Government securities	$1736	−$ 1	+$182
Obligations fully guar'teed	54	......	+ 22
Other securities	175	− 3	......
Total investments	$1965	−$ 4	+$204
Total loans & investments	$2383	+$ 3	+$192
Reserve with F. R. Bank	446	+ 15	+ 47
Cash in vault	30	− 1	+ 1
Balances with other banks	79	+ 3	+ 9
Other assets—net	48	......	− 12
Liabilities			
Demand deposits, adjusted	$1934	+$82	+$187
Time deposits	207	+ 2	+ 27
U. S. Government deposits	232	− 49	− 31
Interbank deposits	344	− 8	+ 36
Borrowings	8	− 8	+ 4
Other liabilities	16	− 1	......
Capital account	245	+ 2	+ 14

Third Federal Reserve District (Millions of dollars)	Changes in weeks ended— May 2	May 9	May 16	May 23	Changes in four weeks
Sources of funds:					
Reserve Bank credit extended in district	−45.3	+ 7.6	+14.5	− 1.8	− 25.0
Commercial transfers (chiefly interdistrict)	+48.1	+47.2	− 0.7	+28.9	+123.5
Treasury operations	+14.6	−29.6	+ 4.5	−36.9	− 47.4
Total	+17.4	+25.2	+18.3	− 9.8	+ 51.1
Uses of funds:					
Currency demand	+ 3.8	+ 9.8	+ 4.8	− 3.3	+ 15.1
Member bank reserve deposits	+14.8	+15.7	+13.1	− 6.4	+ 37.2
"Other deposits" at Reserve Bank	− 1.2	− 0.4	+ 0.5	− 0.1	− 1.2
Other Federal Reserve accounts	+ 0.0	+ 0.1	− 0.1	− 0.0	− 0.0
Total	+17.4	+25.2	+18.3	− 9.8	+ 51.1

Member bank reserves (Daily averages; dollar figures in millions)	Held	Required	Excess	Ratio of excess to required
Phila. banks				
1944: May 1-15	$372	$364	$8	2%
1945: April 1-15	410	402	8	2
April 16-30	415	409	6	1
May 1-15	430	421	9	2
Country banks				
1944: May 1-15	268	220	48	22
1945: April 1-15	322	263	59	22
April 16-30	319	266	54	20
May 1-15	335	271	64	24

Federal Reserve Bank of Phila. (Dollar figures in millions)	May 23, 1945	Changes in Four weeks	One year
Discounts and advances	$ 11.3	−$ 6.2	+$ 4.4
Industrial loans	3.6	+ 0.4	− 1.9
U. S. securities	1358.4	+ 22.5	+ 429.5
Total	$1373.3	+$16.7	+$432.0
Note circulation	1497.7	+ 10.3	+ 270.3
Member bk. deposits	771.4	+ 37.2	+ 121.6
U. S. general account	28.4	− 12.6	+ 1.9
Foreign deposits	100.7	+ 1.6	− 37.4
Other deposits	4.4	− 1.2	− 1.5
Total reserves	1040.4	+ 21.5	− 79.3
Reserve ratio	43.3%	+ 0.3%	− 11.4%