THE BUSINESS REVIEW

FEDERAL RESERVE BANK OF PHILADELPHIA

JANUARY 1, 1946

At the Turn of the Year

After less than five months of peace, American industry is about ready for full speed ahead on the assembly lines of civilian production. Since the middle of August, when Japan was defeated, rapid strides have been made in the demobilization of industry. War contracts have been cancelled, Government property has been cleared out of private plants, new equipment has been moved in, and machinery has been retooled. As the New Year opens, productive facilities need only minor adjustments to get going on full-scale output.

Productive capacity, greatly expanded during the war, is now available to supply 140 million customers dissatisfied with "ersatz" merchandise. During the war billions of dollars were invested in additional plant capacity, much of which is adaptable to the production of civilian goods. Physical facilities for the production of goods and services are large enough to assure higher standards of living than ever attained heretofore.

Business firms, large and small, are generally in good financial condition. Substantial wartime earnings have been retained; business assets are liquid; and working capital is plentiful.

The needs and wants of the American people, long unsatisfied, are enormous. Linen closets are empty, household furnishings are threadbare, appliances are worn out, and motor cars are falling apart on the highways. Railway equipment is run down, housing is inadequate, and retailers' shelves are depleted. Demand is backed up by the huge purchasing power accumulated through 44 months of war. Personal holdings of liquid assets—cash, deposits, and Government securities—approximate $150 billion and for lack of merchandise some of these savings are spilling over into security, real estate, and commodity markets.

The chief obstacle to speedy output of goods lies in labor unsettlements, which directly or indirectly interfere with production of goods so urgently needed. Whatever the issues underlying the labor-management skirmishes, the undisputed fact is that the public needs and wants more goods and services but it does not want to see any inflationary development that would touch off a false and dangerous boom.

Pressures and counter-pressures complicate the situation. Industry complains of being caught in a vise between demands for higher wages and the insistence on ceiling prices. Labor complains of the squeeze between rising costs of living and a falling "take home" pay. The flow of goods, in the meantime, is interrupted and the public is becoming impatient, fearing a further rise in prices and cost of living. The crucial problem at present is speedy settlement of the wage-price problem, though obviously no solution can satisfy all concerned.

Effects of War on Employment in Pennsylvania

During the war, income payments to individuals and industrial production of the United States more than doubled. The tremendous increase in output and income was achieved by substantial additions to productive facilities and effective utilization of manpower increased employment from 45 to 52 million. Most of the added labor power went into manufacturing plants; agriculture and, later, construction and some of the service industries actually lost workers.

Income and employment varied greatly from one region to another as a result of the unequal distribution of pre-war facilities and the addition of new capacity. More than half of the country's pre-war manufacturing facilities valued at $50 billion were geared directly into the war effort. These plants, readily adaptable to the production of munitions, were heavily concentrated in the New England, Middle Atlantic, and East North Central states. New capacity to the extent of about $20 billion was added during the war and many of the new facilities were built in relatively unindustrialized regions, notably the South and West.

Readjustments will be most difficult in the areas of greatest wartime expansion and particularly where new facilities were of the strictly munitions type. The significant increase in industrial employment in California, for example, was based heavily upon shipbuilding and aircraft industries that suffered drastic war contract cancellations. Areas of diversified industrialization are more fortunate in making the transition to peacetime employment.

Industrial Employment in Pennsylvania

A vast amount of industrial demobilization has already occurred in Pennsylvania and as rapidly as raw materials and workers become available new jobs are opening up both in civilian industries and in converted munitions industries. From the peak of the war effort until last October, employment in the state had declined by more than 400,000 but in November employment turned upward. According to revised estimates made by this Bank in conjunction with the U. S. Department of Labor, manufacturing plants of the state had 1,200,000 on their payrolls in November, which was 23 per cent above the pre-war level.

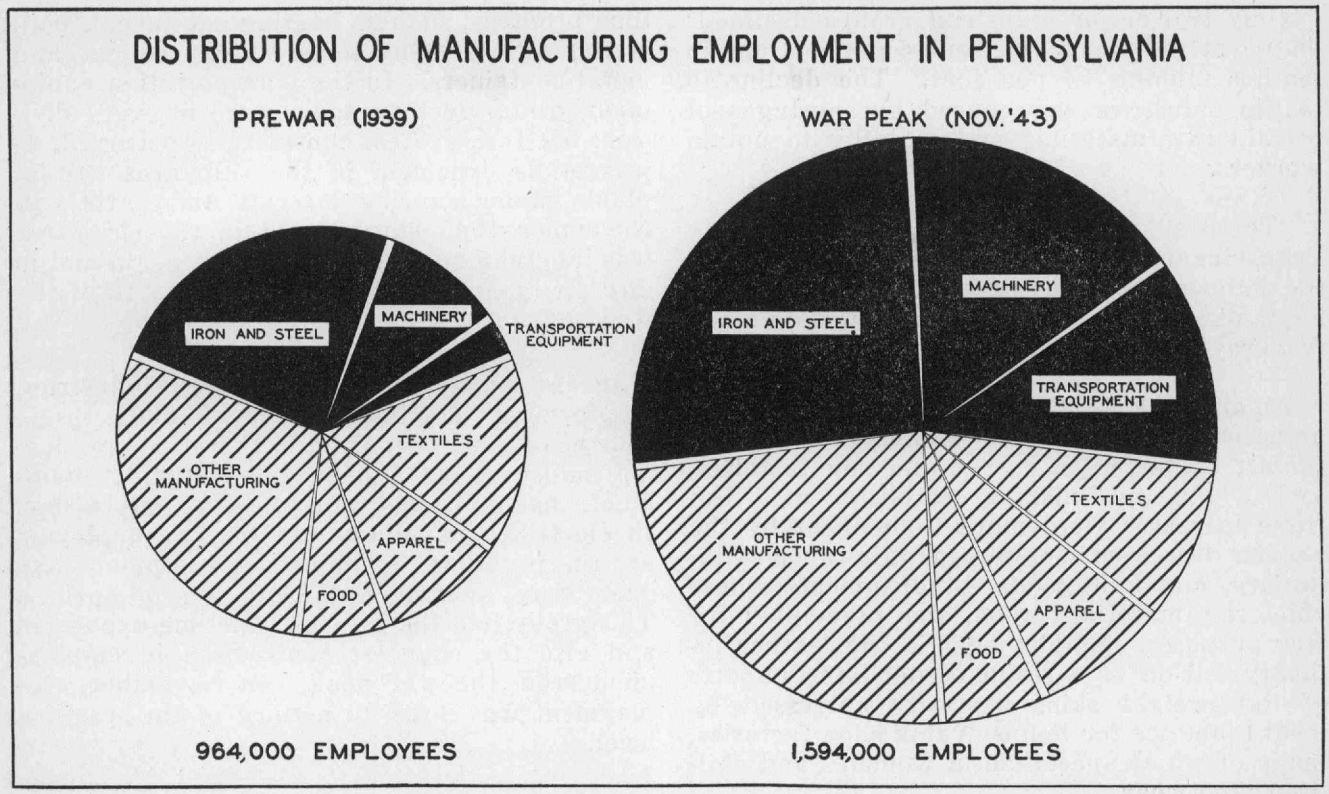
The war had diverse effects upon employment in Pennsylvania because of its variety of industries. In some lines output attained fantastic proportions, in others production receded to less than half the pre-war volume. Employment fluctuated with output in the various lines.

Industrial establishments in pre-war Pennsylvania offered jobs in greater number and greater variety than in any other state except New York. Before the war almost 95 per cent of the 450 industries classified by the Census were represented by the million industrial workers of Pennsylvania. Manufacturing enterprises provided employment for one-third of the state's gainfully occupied workers; in the United States less than one-fourth of the total employment was in industrial establishments.

The great variety of industrial establishments accounts in large part for the ease of transition from war to a peacetime economy. Pre-war industrial capacity was well distributed between heavy and light industries and between producers' goods and consumers' goods. Iron and steel, machinery, and transportation equip-

MANUFACTURING EMPLOYMENT IN PENNSYLVANIA

	Pre-War 1939	War Peak (Fall 1943)	November 1945
Iron and steel	234,400	418,300	315,300
Nonferrous metals	22,200	42,700	31,400
Non-electrical machinery	57,600	147,400	102,600
Electrical machinery	38,100	107,000	47,800
Transportation equipment (except automobile)	16,500	148,300	48,900
Automobile and auto equipment	15,800	37,500	24,700
Textiles	151,000	142,500	126,700
Apparel	98,000	118,300	100,500
Food	69,000	92,100	93,000
Tobacco	17,400	17,800	13,600
Lumber	5,300	10,400	10,400
Furniture	21,300	23,900	20,300
Stone, clay, and glass	49,700	68,300	57,000
Chemicals	28,100	52,300	44,200
Petroleum and coal	16,800	21,700	25,300
Rubber	5,400	9,200	8,200
Leather	30,000	25,800	25,000
Paper	24,400	31,000	29,800
Printing	40,000	44,900	50,400
Other manufacturing	23,000	34,600	26,300
Total	964,000	1,594,000	1,201,400



ment accounted for almost 40 per cent of the employment and textiles and apparel 26 per cent, as shown in the circle diagram. The remaining third was distributed among such industries as food, tobacco, furniture, chemicals, paper, rubber, and other products.

Employment Mobilization for War

As a result of the war, industrial employment in Pennsylvania attained a peak in November, 1943, of over 1½ million workers, which was 630,000, or 65 per cent higher than the pre-war level. The high-water mark of employment occurred 21 months before the war ended. A huge expansion in the work force was required in the early months of the conflict to fill the "pipe lines" but once that was accomplished, the stream of war supplies was maintained with fewer workers and many were released for service in the armed forces.

Increases occurred in every major line except textiles and leather, as indicated in the accompanying bar chart. The greatest gains in employment occurred, naturally, in the munitions industries. Percentagewise, the biggest expansion occurred in plants producing transportation equipment—ships, aircraft, motor trucks, locomotives, tanks, half-tracks, and everything else that could be pressed into service to move men and materials into the theatres of war. On the average, industries in this category increased their employment to eight times their pre-war levels—from 16,000 to almost 150,000 workers. In actual number, however, the working force rose still more in the steel industry, where employment increased from 234,000 pre-war to 418,000 in the fall of 1943.

Manufacturers of electrical and non-electrical machinery increased employment by more than 150 per cent, and automobile and automobile equipment manufacturers, converted to war production, increased their employment by more than 100 per cent. The number of workers in most of the so-called civilian industries rose likewise, ranging from 3 per cent in tobacco to 95 per cent in lumber. Of course, these industries produced not only for home consumption but also for the armed forces and Lend-Lease. To a large extent, the higher employment in lumber, stone, clay, and glass products was a wartime phenomenon because of the huge demand for these materials for expanding industrial and housing needs in the early months of the war.

Only two major industrial groups declined: employment in textiles shrank 6 per cent and in leather tanning 13 per cent. The decline in textile industries was caused by shortages of certain raw materials and inability to obtain workers.

"Textiles" usually suggest cotton; but in Pennsylvania the largest branches of the textile industry in terms of employment are hosiery and other knit goods and woven cloth made from rayon, silk and wool fibers.

Among the textiles, wartime employment actually increased in the woolen and worsted plants, cotton mills, carpet and rug factories, and dyeing and finishing establishments. But these increases were more than offset by the heavier decreases in employment in rayon cloth, hosiery, and knit goods establishments whose chief raw material, rayon, was preempted for war purposes. Employment in the leather industry fell off as a result of declining imports of light-weight skins normally processed by local tanneries for Pennsylvania shoe factories, many of which specialize in women's and children's footwear.

The relatively greater expansion of employment in the direct munitions industries brought about considerable redistribution of jobs. In the fall of 1943 industrial employment assumed a pattern in which steel, machinery, and transportation equipment accounted for more than half of the total industrial employment. Despite numerical increases of 23,000 in the food industries and 20,000 in apparel, they declined proportionately.

Employment Demobilization

Between the peak of industrial activity in the fall of 1943 and November 1945, industrial employment in Pennsylvania declined almost 400,000, or 25 per cent. The largest declines naturally occurred in munitions industries—100,000 in iron and steel, 100,000 in transportation equipment industries, and another 100,000 in the electrical and non-electrical machinery industries. More than three-quarters of the total shrinkage occurred in these four groups.

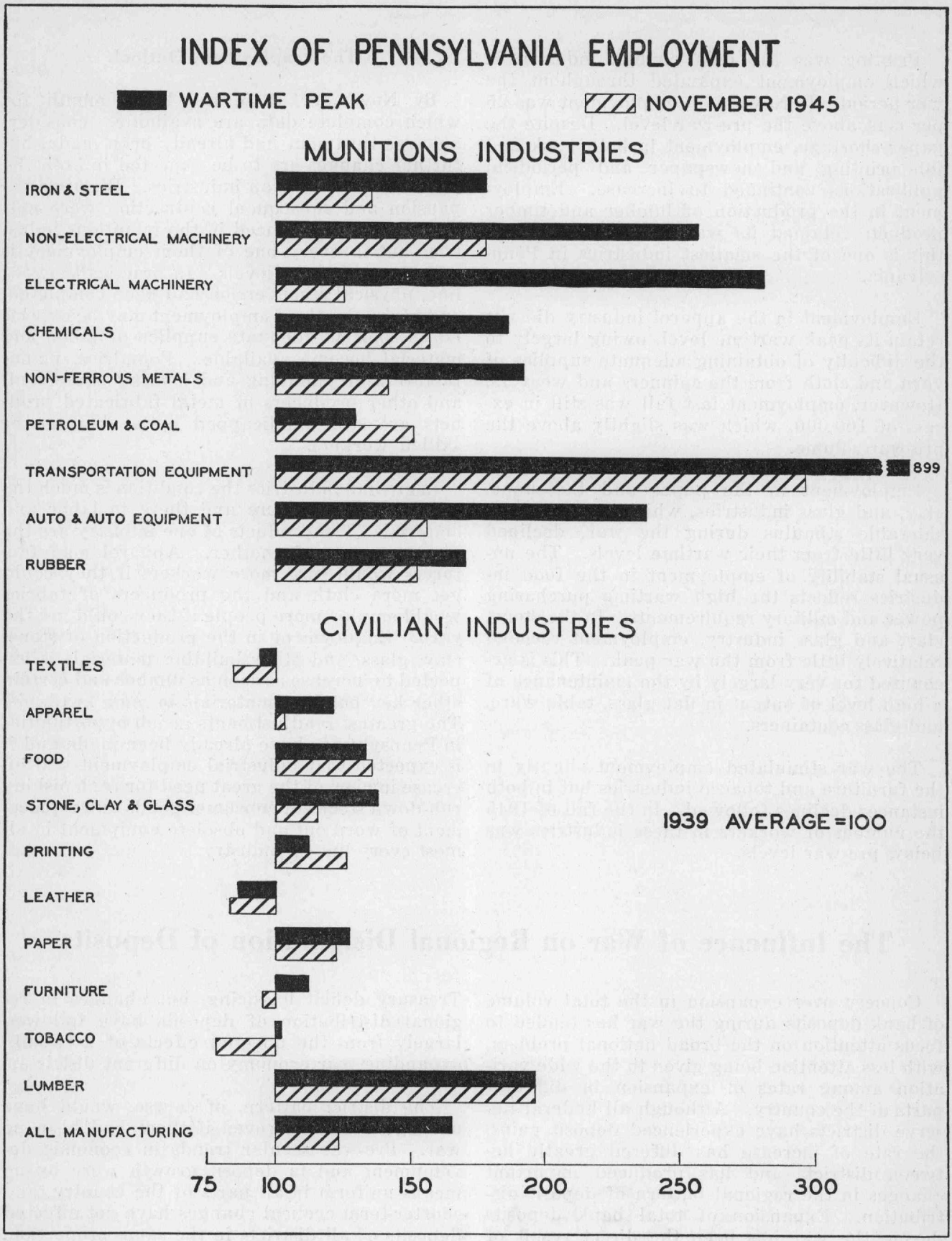
In the iron and steel industry, the shrinkage was about equally divided between the basic metals producers—blast furnaces, steel works, and rolling mills—and the fabricators of peacetime products, such as heating equipment, boilers, structural steel, tools, wire products, and metal containers. In the transportation equipment group, declines took place in every division, but the greatest contractions occurred, as was to be expected, in the shipyards and at plants manufacturing aircraft and parts. In November 1945 employment in the shipyards was less than one-third of the war peak, and in aircraft manufacturing only one-seventh of the war peak.

In the non-electrical machinery industries, employment declined about 45,000, three-fourths of which occurred in the plants producing industrial machinery such as textile equipment, machine tools, pumps, and compressors. In electrical machinery the largest employers are the producers of industrial equipment like generators, switchboards, and wiring devices. This group had the greatest wartime expansion and also the sharpest contraction in employment from the war peak. In November, employment was down to a third of the wartime level.

In the chemical group of industries, the greatest contraction from the wartime high occurred in the industrial chemical division. Employment in plants producing such products as paint and varnish, rayon filament, drugs, and toilet preparations has been maintained very near the peak wartime levels, so that jobs in the chemical group as a whole have not declined drastically and are still well above the pre-war level.

Petroleum refining, which accounts for the largest employment in the petroleum and coal products group of industries, is an example of continuously expanding employment throughout the war period and since. Employment in November was higher than on V-E Day and V-J Day.

Textiles and leather were adversely affected from the very outset of the war and by November 1945 employment was about 85 per cent of the pre-war level in both industrial groups. Within two months after the end of the war some increase in employment occurred in several divisions of the textile industry, notably woolen and worsted goods, hosiery, knit goods, floor coverings, hats, and dyeing and finishing. Employment continued to decline in the rayon and silk division.



Printing was the only civilian industry in which employment expanded throughout the war period. In November, employment was 25 per cent above the pre-war level. Despite the paper shortage, employment in both book and job printing and newspaper and periodical publications continued to increase. Employment in the production of lumber and timber products retained its wartime expansion, but this is one of the smallest industries in Pennsylvania.

Employment in the apparel industry did not retain its peak wartime level, owing largely to the difficulty of obtaining adequate supplies of yarn and cloth from the spinners and weavers. However, employment last fall was still in excess of 100,000, which was slightly above the pre-war volume.

Employment in the paper and the stone, clay, and glass industries, which received considerable stimulus during the war, declined very little from their wartime levels. The unusual stability of employment in the food industries reflects the high wartime purchasing power and military requirements. In the stone, clay, and glass industry, employment receded relatively little from the war peak. This is accounted for very largely by the maintenance of a high level of output in flat glass, table ware, and glass containers.

The war stimulated employment slightly in the furniture and tobacco industries but in both instances declines followed. In the fall of 1945 the number of workers in these industries was below pre-war levels.

The Employment Outlook

By November 1945, the latest month for which complete data are available, considerable readjustment had already been made, but further changes are to be expected in both the munitions and civilian industries. Wartime expansion and subsequent contraction were naturally most pronounced in the munitions industries but in every one of them employment is still above pre-war levels. In practically every line, physical reconversion had been completed, and higher levels of employment may be expected as soon as adequate supplies of labor and material become available. Foundries, manufacturers of plumbing and heating equipment, and other producers of metal fabricated products are still handicapped by a shortage of skilled workers.

In civilian industries the condition is much the same—shortages here and there in labor and materials. The products of one industry are the raw materials of another. Apparel manufacturers would hire more workers if they could get more cloth and the producers of fabrics would employ more people if they could get the yarn. Employment in the production of stone, clay, glass, and other building materials is expected to increase as soon as lumber and certain other key building materials become available. The greatest readjustments in job opportunities in Pennsylvania have already been made and it is expected that industrial employment will increase in view of the great need for replenishing run-down stocks of consumer goods and replacement of worn out and obsolete equipment in almost every line of industry.

The Influence of War on Regional Distribution of Deposits

Concern over expansion in the total volume of bank deposits during the war has tended to focus attention on the broad national problem, with less attention being given to the wide variation among rates of expansion in different parts of the country. Although all Federal Reserve districts have experienced deposit gains, the rate of increase has differed greatly between districts and has produced important changes in the regional pattern of deposit distribution. Expansion of total bank deposits during the war has been the direct result of Treasury deficit financing, but changes in regional distribution of deposits have followed largely from the unequal effects of a rapidly expanding war economy on different districts.

The district pattern, of course, would have undergone changes even if there had been no war. Pre-war secular trends in economic development and in deposit growth were by no means uniform in all parts of the country, and shorter-term cyclical changes have not affected deposits of all districts in the same proportion.

The war, however, produced changes in our regional economy which distorted the distribution of deposits far beyond normal trends, and in some cases actually reversed previous trends.

Principal influences operating during the war period, which caused unusually large interdistrict flow of funds, have been:

1. A trend toward decentralization of war industry which speeded up the industrial development of some districts, particularly in the South and West. This included building of new manufacturing facilities as well as increased expenditures for war materials produced.

2. Relatively greater concentration of expenditures for military personnel and training facilities in certain areas.

3. A great increase of income in agricultural regions. This was the result of a more rapid rise in farm prices combined with expanding output.

4. Population shifts toward newer industrial areas.

5. Treasury financing, taxes and borrowing combined, which greatly exceeded Government expenditures in some districts, particularly in the older industrial areas of the Northeast.

The accompanying table shows deposits for each of the Federal Reserve districts in December 1939 and June 1945, together with percentage increases and the pattern of deposit distribution by districts at the beginning and end of the period.

Types of Regional Economy Influencing Relative Deposit Growth

The effect of the wartime economy on deposit distribution is reflected in the accompanying chart, wherein deposit increases in each district are expressed as percentages of the average increase for the country as a whole. The year 1939 is used as a base for measuring the increase in all succeeding years, with the result that percentage changes are cumulative. The average rate of deposit increase for all member banks in the United States is used as the basis for comparison and is represented as 100 per cent. The variation of a district from the average at any date represents the extent to which its deposit expansion has been greater or less than the average.

New York shows little similarity to any other district for the period as a whole. Financial flow of funds dominates all other influences in

DEPOSIT EXPANSION AND CHANGING DISTRIBUTION

Member Banks December 1939-June 1945
(Dollar amounts in millions)

Federal Reserve District	Deposits		Per cent Increase	% of total member bank deposits	
	Dec. 1939	June 1945		Dec. 1939	June 1945
Boston	$2,740	$6,270	128.8%	5.55%	5.30%
New York	17,690	36,200	104.6	35.85	30.58
Philadelphia	3,230	6,300	95.0	6.54	5.32
Cleveland	3,870	9,240	138.8	7.84	7.81
Richmond	1,950	5,370	175.4	3.95	4.54
Atlanta	1,740	5,280	203.4	3.53	4.46
Chicago	6,950	17,910	157.7	14.08	15.13
St. Louis	1,730	4,340	150.9	3.51	3.67
Minneapolis	1,130	2,950	161.1	2.29	2.49
Kansas City	1,850	5,170	179.5	3.75	4.37
Dallas	1,580	4,930	212.0	3.20	4.16
San Francisco	4,890	14,410	194.7	9.91	12.17
United States	$49,340	$118,380	139.9%	100.00%	100.00%

the Second District throughout the period. Prior to our entry into the war, the great inflow of gold and high excess reserves throughout the country led to a heavy concentration of funds in New York. Deposit expansion in all other districts except Richmond was less than the over-all average in 1940. Thereafter a sustained outflow of funds from New York, largely on account of Treasury finance, becomes apparent.

Three other districts—Boston, Philadelphia, and Cleveland—have less than average increases over the period of five and one-half years, although, following an earlier lag, the rate of deposit expansion in the Cleveland district became almost identical with the average for the country. These three districts are characterized by long-established industrialization.

The Richmond, Chicago and St. Louis districts show considerable similarity in pattern of deposit expansion during the war. They reflect the combined influences of expanding manufacturing and important agricultural areas. The relatively smoother curve for the Seventh District is in part explained by the fact that Chicago as a financial center introduces certain opposing influences, although Chicago banks by no means dominate the district pattern to the same extent as do New York City banks.

The economies of the Kansas City and Minneapolis districts are probably influenced to a larger extent than other districts by agriculture. This may account for the great similarity in their wartime deposit growth. Kansas City, with a greater wartime manufacturing expansion than Minneapolis, has also exceeded the average rate of deposit increase to a greater degree.

Finally, the three Federal Reserve districts with the greatest relative deposit growth also are regions in which war industry has expanded most rapidly; Government expenditures on military personnel have been the greatest; and agriculture is of substantial importance. Except for some lag in the Twelfth District during 1941 and 1942, the cumulative percentage expansion of deposits in the Atlanta, Dallas, and San Francisco districts shows marked similarity.

The data in the chart show clearly the important effects of wartime changes on the regional flow of deposit funds during the war. If these factors lose their dominant position in our national economy and are not replaced by offsetting influences during the post-war transition, it is reasonable to expect substantial changes in the interdistrict flow of funds.

Deposits in the Third Federal Reserve District During the War

Over the war period as a whole, member bank deposits in the Philadelphia Federal Reserve District expanded at a slower rate than in any of the other Reserve districts. While deposits in the Third District increased only 95 per cent, deposits in the Atlanta, Dallas, and San Francisco districts combined were three times as large in June 1945 as at the end of 1939. Even New York, with its concentration of excess reserves at the beginning of the period and the heavy financial outflow following 1940, showed a substantially higher percentage increase than the Third District, and deposits of all member banks outside the Second District expanded 160 per cent over the 5½-year period.

The northeastern part of the United States, including the Boston, New York, Philadelphia and Cleveland Federal Reserve districts, lagged behind the rest of the country in the rate at which both income payments and member bank deposits expanded during the war. Four influences, important in explaining this lag, were particularly concentrated in their combined effect on the Third District.

1. The policy of decentralizing war industry implied relatively small expenditures for new production facilities in this area of long-established and highly developed industrial capacity. This is demonstrated by the fact that the Philadelphia District, which in 1939 accounted for 8.3 per cent of the country's manufacturing in terms of value added, received only 5½ per cent of all the new manufacturing facilities authorized between then and June 1944. The Dallas District, on the other hand, with only 2.2 per cent of pre-war manufactures, accounted for almost 7 per cent of the new facilities contracts during the same period. Non-durable consumers' goods have always been relatively more important in the Third District than have durable goods industries, although the latter play the most important part in war production.

2. One of the outstanding characteristics of deposit shifts during the war was the movement of funds from cities toward agricultural areas. Deposits of farmers have increased more rapidly than those of other individuals and corporations, but agriculture plays a relatively small part in the economy of the Third District. In Pennsylvania, for example, agricultural income provided about 2 per cent of total income payments in 1940 as compared with 19 per cent and 16 per cent, respectively, in the Ninth and Tenth Federal Reserve districts.

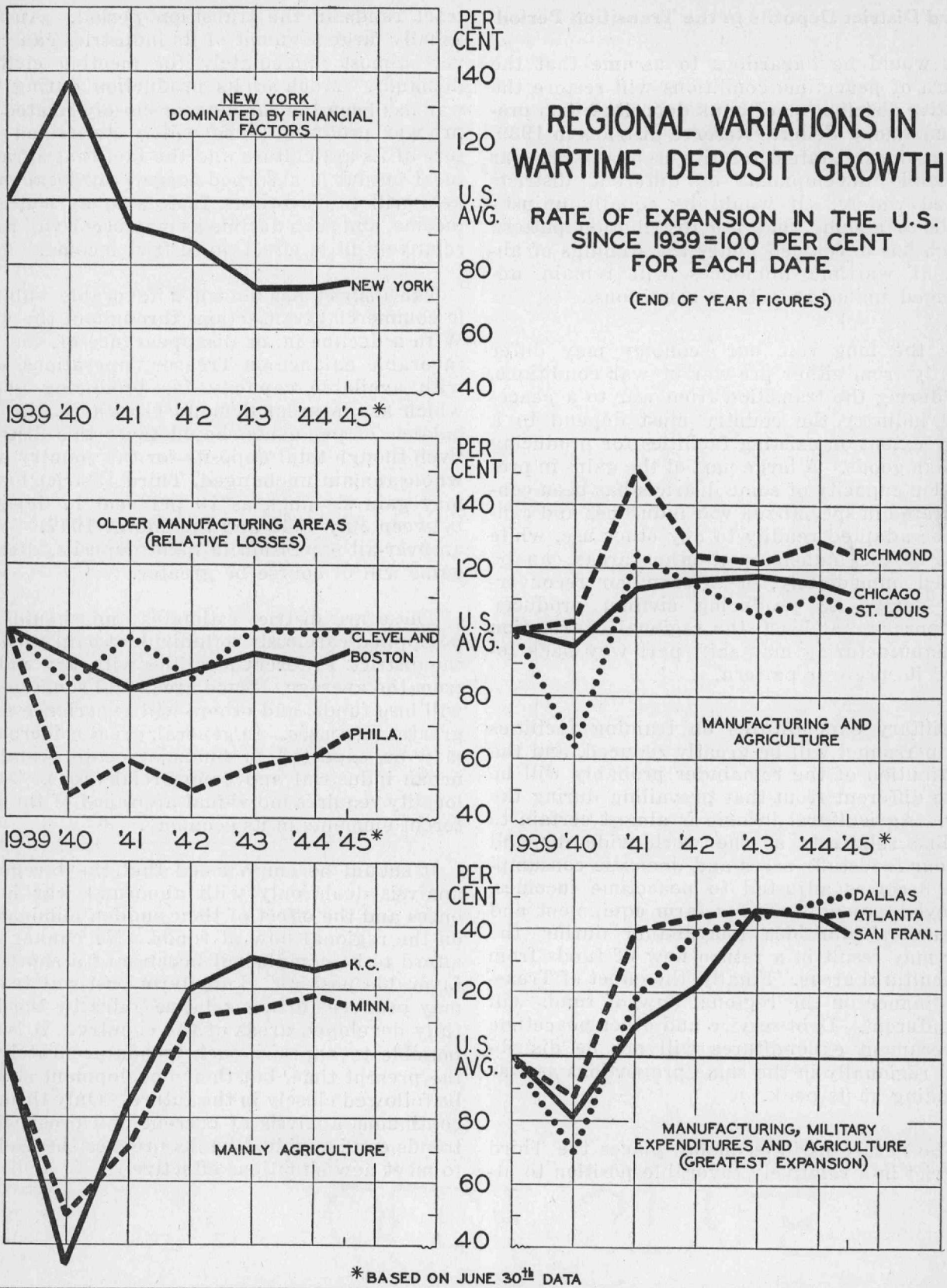
3. Government expenditures on military personnel and training facilities constituted a relatively insignificant part of income payments in this district. The combination of climate, terrain, and available areas was not favorable to the location of such facilities in this region. In parts of the South and West, however, these expenditures played a very large part in total income payments, either directly or through their indirect effect on other components.

4. Government expenditures and finance in time of war are dominant factors in the national economy, but the geographical pattern of Treasury spending differs from that of Treasury financing. Financial centers and the older industrial areas have shared more heavily in Government financing than in Government spending, and this has contributed substantially to the regional flow of deposits. Time has developed more concentration of wealth, savings, and financial institutions such as banks and insurance companies in these areas. The Third District has shown substantial losses through Treasury transactions over the war period.

REGIONAL VARIATIONS IN WARTIME DEPOSIT GROWTH

RATE OF EXPANSION IN THE U.S. SINCE 1939=100 PER CENT FOR EACH DATE

(END OF YEAR FIGURES)



*BASED ON JUNE 30th DATA

Third District Deposits in the Transition Period

It would be hazardous to assume that the return of peacetime conditions will restore the relative distribution of bank deposits which prevailed among Federal Reserve districts in 1939. As previously stated, relative trends in pre-war economic development of different districts varied widely. It would be equally unjustifiable to assume that the distribution pattern which has developed under the stimulus of abnormal wartime influences will remain unchanged under peacetime conditions.

In the long run, our economy may differ greatly from either pre-war or war conditions, but during the transition from war to a peacetime industry the country must depend to a large extent on existing facilities for producing civilian goods. A large part of the gains in production capacity of some districts has been concentrated in specialized war industries and cannot be adapted readily to any other use, while most of the industries of other areas can be turned immediately, or after minor reconversion delays, to producing civilian products. Temporarily, at least, the regional distribution of manufacturing may shift part way back toward its pre-war pattern.

Military expenditures on training facilities and personnel will be greatly reduced, and the distribution of the remainder probably will be quite different from that prevailing during the war. Agricultural income is almost certain to decline relatively as the world-wide demand for our foodstuffs eases and domestic consumption becomes adjusted to peacetime incomes. Delayed expenditures for farm equipment and consumers' durables unavailable during the war may result in a return flow of funds from agricultural areas. Finally, the effect of Treasury finance on the regional flow of funds will be different. Debt service and other peacetime Government expenditures will not be distributed regionally in the same proportions as war spending at its peak.

The nature of its economy places the Third District in a relatively favorable position to attract funds in the transition period. An unusually large segment of its industries can convert almost immediately for meeting civilian demands. Much of its production during the war has been the same as, or closely related to, pre-war products. The widely diversified nature of its agriculture and the fact that agricultural output is absorbed largely by local markets will be favorable factors in agricultural income, and such decline as may occur will have relatively little effect on district income.

The district has shown a favorable balance in commercial transactions throughout the war. With a decline in, or disappearance of, the unfavorable balance on Treasury operations, and with available capacity for producing goods which are in great demand elsewhere, the net balance of payments should favor this district. Even though total deposits for the country as a whole remain unchanged, Third District banks may gain as much as 10 per cent in deposits between July 1945 and the end of 1947. With an over-all expansion in bank deposits, district gains will of course be greater.

These are district estimates and should not be applied carelessly to individual banks within the district. Different localities will vary widely from the average. Some areas and some banks will lose funds, and others will experience even greater increases. In general, greater increases may be expected in financial centers and in urban industrial and commercial areas. Each locality requires individual appraisal of the different elements in its economy.

It should be emphasized that the foregoing analysis deals only with abnormal war influences and the effect of their sudden elimination on the regional flow of funds. No banker can afford to be complacent because of a short-run favorable position. Long-term post-war trends may produce further relative gains by the less fully developed areas of the country. It is impossible to appraise such trends accurately at the present time, but their development should be followed closely in the future. Only through continuous analysis of current and prospective trends can individual banks prepare themselves to meet new situations effectively.

BUSINESS STATISTICS

Production

Philadelphia Federal Reserve District

Indexes: 1923-5 = 100	Adjusted for seasonal variation						Not adjusted		
				Per cent change					
	Nov. 1945	Oct. 1945	Nov. 1944	Nov. 1945 from Mo. ago	Nov. 1945 from Year ago	1945 from 11 mos. 1944	Nov. 1945	Oct. 1945	Nov. 1944
INDUSTRIAL PRODUCTION	103p	102	141	+ 1	− 27	− 16	104p	105	142
MANUFACTURING	104p	102	144r	+ 1	− 30	− 16	105p	106	146
Durable goods	124p	126	221	− 2	− 44	− 23	.....	.....	.....
Consumers' goods	86p	84	91	+ 3	− 6	− 4	.....	.....	.....
Metal products	120	115r	175r	+ 5	− 31	− 17	121	119r	176
Textile products	60p	60	68	0	− 12	− 8	62p	62	69
Transportation equipment	237p	258	551	− 8	− 57	− 31	231p	247	543
Food products	119p	111	121	+ 7	− 2	− 2	123p	121	123
Tobacco and products	98p	97	89	+ 1	+ 11	+ 3	117p	119	106
Building materials	39p	36	36r	+ 8	+ 9	+ 1	39p	38	36r
Chemicals and products	141p	135	169r	+ 5	− 16	− 1	142p	136	169
Leather and products	75p	72	107	+ 5	− 30	− 23	71p	76	102
Paper and printing	111	109	96	+ 1	+ 15	+ 6	112	110	97
Individual lines									
Pig iron	95	92	97r	+ 4	− 2	− 6	96	91	98r
Steel	103	96	142	+ 7	− 28	− 13	98	96	136
Iron castings	71	73	72	− 2	− 2	− 1	73	77	74
Steel castings	146	156	266	− 6	− 45	− 22	136	148	247
Electrical apparatus	164	159r	259	+ 3	− 37	− 20	174	173r	275
Motor vehicles	48	43	64	+12	− 25	− 6	42	39	56
Automobile parts and bodies	121	100	146	+21	− 17	− 28	111	95	134
Locomotives and cars	75	67	110	+13	− 31	− 19	70	64	102
Shipbuilding	.....	.....	.....	−16	− 64	− 33	.....	.....	.....
Silk manufactures	79	79	85	0	− 7	− 4	80	81	86
Woolen and worsteds	55p	55	60	+ 1	− 9	− 2	59p	59	65
Cotton products	42p	42	42	0	0	− 6	44p	43	44
Carpets and rugs	39p	40	57	− 2	− 31	− 6	42p	42	60
Hosiery	59	61	60	− 2	− 2	− 8	68	67	69
Underwear	135	126	140	+ 6	− 4	− 7	136	138	142
Cement	53p	45	35r	+19	+ 51	+ 20	52p	50	34r
Brick	49	48	48	+ 2	+ 3	− 2	49	49r	47
Lumber and products	25	24	30	+ 2	− 16	− 5	25	25	30
Bread and bakery products	.....	.....	.....	0*	− 5*	+ 1*	127	126	133
Slaughtering, meat packing	113	93	111	+21	+ 2	− 21	123	97	122
Sugar refining	58	68	142	−15	− 59	− 12	38	57	92
Canning and preserving	152p	136	147	+12	+ 4	+ 7	171p	179	160
Cigars	97p	96	87	+ 1	+ 12	+ 4	117p	118	104
Paper and wood pulp	89	86	85	+ 3	+ 4	+ 1	89	88	85
Printing and publishing	115	114	98	+ 1	+ 17	+ 7	116	115	99
Shoes	99p	95	131	+ 5	− 24	− 17	93p	103	123
Leather, goat and kid	52p	49r	84	+ 6	− 37	− 30	51p	51r	81
Explosives	79	89r	208	−11	− 62	− 15	79	89r	208
Paints and varnishes	90	85	92	+ 5	− 3	− 5	92	91	95
Petroleum products	198	185r	201	+ 7	− 1	+ 8	199	186r	202
Coke, by-product	127p	120	177r	+ 6	− 28	− 9	122p	117	170r
COAL MINING	72	73	80	− 1	− 10	− 15	73	74r	81
Anthracite	70	75	79	− 7	− 11	− 15	70	75	79
Bituminous	90	58r	90r	+54	0	− 12	99	62r	98r
CRUDE OIL	316	316	351	0	− 10	− 4	307	316	341
ELECTRIC POWER	399	395	423	+ 1	− 6	− 1	415	407	440
Sales, total	400	396	426	+ 1	− 6	− 2	412	396	439
Sales to industries	293	291	341	+ 1	− 14	− 5	299	282	348
BUILDING CONTRACTS									
TOTAL AWARDS†	79	68	33	+16	+137	+ 58	86	70	36
Residential†	26	13	7	+93	+287	− 49	29	15	8
Nonresidential†	121	102	56	+18	+117	+ 51	121	98	56
Public works and utilities†	149	155	65	− 4	+128	+142	171	163	75

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

Local Business Conditions*

Percentage change—November 1945 from month and year ago	Factory employment		Factory payrolls		Building permits value		Retail sales		Debits	
	Oct. 1945	Nov. 1944	Oct. 1945	Nov. 1944	Oct. 1945	Nov. 1944	Oct. 1945	Nov. 1944	Oct. 1945	Nov. 1944
Allentown	+ 1	−21	+ 2	−31	− 54	+ 97	+25	+ 7	+14	+11
Altoona	+ 1	− 2	+ 1	− 8	− 62	+ 57	+23	+17	+ 8	+15
Harrisburg	+ 1	−17	− 2	−26	− 70	− 72	+21	+10	− 2	+ 6
Johnstown	+ 2	− 4	+ 2	−21	− 54	+ 63	+28	+10	− 1	− 1
Lancaster	+ 1	−22	− 1	−25	− 50	− 79	+27	+12	+ 2	−10
Philadelphia	+ 1	−24	+ 1	−36	− 5	+ 19	+18	+ 9	+ 1	−14
Reading	+ 1	− 7	0	−12	− 36	+767	+24	+ 5	+ 7	+ 1
Scranton	0	−22	+ 1	−23	+309	+705	+13	+20	+32	+26
Trenton	.....	.....	.....	.....	− 48	+224	+24	+23	+42	+19
Wilkes-Barre	+ 2	−21	+ 1	−33	+126	+595	+21	+18	+11	+10
Williamsport	+ 3	−18	+ 3	−21	+ 37	− 76	.....	.....	+ 6	+ 4
Wilmington	− 3	−43	− 6	−54	− 62	.....	+18	+11	+ 7	−13
York	+ 2	−11	+ 4	−26	− 74	+319	+29	+ 7	+ 5	+ 6

* 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		
	Nov. 1945 index	Per cent change from Oct. 1945	Per cent change from Nov. 1944	Nov. 1945 index	Per cent change from Oct. 1945	Per cent change from Nov. 1944
GENERAL INDEX	121	+ 3	− 9	269	+ 4	−18
Manufacturing	149	+ 1	−17	361	0	−26
Anthracite mining	47	− 7	− 1	105	− 15	+21
Bituminous coal mining	68	+105	− 7	325	+267	+ 1
Building and construction	58	+ 2	+21	127	− 4	+ 2
Quar. and nonmet. mining	81	+ 2	− 1	256	+ 1	+ 3
Crude petroleum prod.	140	+ 3	+ 5	273	+ 4	+ 8
Public utilities	100	0	+ 3	155	+ 1	+ 6
Retail trade	138	+ 7	+ 7	191	+ 5	+12
Wholesale trade	110	+ 3	+ 6	167	+ 3	+10
Hotels	111	+ 1	+10	206	+ 3	+17
Laundries	101	+ 1	+ 1	191	+ 1	+ 8
Dyeing and cleaning	98	− 1	+ 3	188	− 11	+16

Manufacturing

Indexes: 1923-5 = 100	Employment*			Payrolls*		
	Nov. 1945 index	Per cent change from Oct. 1945	Per cent change from Nov. 1944	Nov. 1945 index	Per cent change from Oct. 1945	Per cent change from Nov. 1944
TOTAL	96	+ 1	−17	147	0	−26
Iron, steel and products	96	+ 1	−23	178	+ 1	−35
Nonferrous metal products	177	0	−15	348	− 1	−25
Transportation equipment	104	+ 2	−33	164	+ 1	−42
Textiles and clothing	75	+ 1	− 5	121	0	− 1
Textiles	70	+ 2	− 3	116	+ 1	+ 1
Clothing	93	− 1	−10	149	− 5	− 9
Food products	121	+ 2	− 5	195	+ 4	0
Stone, clay and glass	77	− 9	− 7	115	−13	− 9
Lumber products	47	+ 5	− 7	72	+ 2	−12
Chemicals and products	108	− 1	− 6	183	− 2	−11
Leather and products	75	+ 2	+ 5	119	− 4	+ 3
Paper and printing	111	+ 3	+10	179	+ 1	+17
Printing	108	+ 3	+14	166	+ 2	+24
Others:						
Cigars and tobacco	46	− 8	−10	71	−10	− 6
Rubber tires, goods	122	+ 3	−19	272	+ 2	−13
Musical instruments	104	+ 3	+14	167	+13	+29

* Figures from 2777 plants.

Hours and Wages

Factory workers Averages November 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	40.8	−10	$1.027	− 5	$41.75	−14
Iron, steel and prods.	40.6	−13	1.095	− 3	44.47	−16
Nonfer. metal prods.	42.0	−10	.979	− 3	41.14	−12
Transportation equip.	40.9	−11	1.171	−10	47.91	−20
Textiles and clothing	38.9	− 3	.839	+ 6	32.54	+ 3
Textiles	40.1	− 3	.862	+ 7	34.61	+ 4
Clothing	35.8	− 4	.771	+ 3	27.79	− 2
Food products	43.8	− 1	.837	+ 3	37.19	+ 3
Stone, clay and glass	39.6	− 5	.937	+ 2	37.09	− 2
Lumber products	41.6	− 3	.781	+ 1	32.28	− 3
Chemicals and prods.	41.1	−10	1.134	+ 8	46.53	− 3
Leather and products	39.5	− 6	.785	+ 3	31.26	− 3
Paper and printing	44.3	0	.982	+ 7	43.57	+ 7
Printing	42.0	+ 3	1.145	+ 8	48.07	+10
Others:						
Cigars and tobacco	41.9	− 2	.681	+ 6	28.54	+ 4
Rubber tires, goods	45.3	− 2	1.095	+ 5	49.64	+ 3
Musical instruments	46.1	+11	.908	+ 2	41.84	+13

* Figures from 2632 plants. † Figures from 2777 plants.

Wholesale trade Unadjusted for seasonal variation	Per cent change: Nov. 1945 from Month ago	Nov. 1945 from Year ago	1945 from 11 mos. 1944
Sales			
Total of all lines	+10	+ 4	+ 4
Drugs	+ 7	+ 7	+ 5
Dry goods	− 3	+ 2	−12
Electrical supplies	+30	−21	+16
Groceries	+14	+14	+ 9
Hardware	+20	+11	+10
Jewelry	+16	+40	+ 4
Paper	+ 6	+10	− 7
Inventories			
Total of all lines	+ 8	+ 9	.....
Dry goods	0	+ 4	.....
Electrical supplies	+ 4	+38	.....
Groceries	+23	+ 8	.....
Hardware	+ 4	+ 3	.....
Paper	+ 8	−15	.....

Source: U. S. Department of Commerce.

Prices	Nov. 1945	Per cent change from: Month ago	Year ago	Aug. 1939
Basic commodities (Aug. 1939 =100)	187	+ 1	+ 3	+ 87
Wholesale (1926 =100)	107	+ 1	+ 2	+ 42
Farm	131	+ 3	+ 5	+115
Food	108	+ 2	+ 3	+ 61
Other	100	0	+ 1	+ 25
Living costs (1935-1939 =100)				
United States	129	0	+ 2	+ 31
Philadelphia	128	0	+ 2	+ 31
Food	138	+ 1	+ 3	+ 48
Clothing	149	0	+ 4	+ 50
Rent	...	...	...	...
Fuels	113	0	+ 4	+ 18
Housefurnishings	147	0	+ 5	+ 46
Other	120	0	0	+ 19

Source: U. S. Bureau of Labor Statistics.

Indexes: 1935-1939 =100	Adjusted for seasonal variation: Nov. 1945	Oct. 1945	Nov. 1944	Per cent change: Nov. 1945 from Month ago	Nov. 1945 from Year ago	1945 from 11 mos. 1944	Not adjusted: Nov. 1945	Oct. 1945	Nov. 1944
RETAIL TRADE									
Sales									
Department stores—District	203p	184	182r	+10	+11	+11	255p	208	229r
Philadelphia	183	182	168r	+ 1	+ 9	+ 9	245	203	225r
Women's apparel	214	206	188	+ 4	+14	+19	241	236	212
Men's Apparel	222	232	187	− 4	+18	+14	254	248	214
Shoe	196p	166	170	+18	+16	+14	194p	176	168
Furniture	.....	.....	.....	+ 4*	+21*	.....	.....	.....	.....
Inventories									
Department stores—District	148p	149	144	− 1	+ 3	.....	163p	170	158
Philadelphia	144	143	138r	+ 1	+ 5	.....	158	164	151r
Women's apparel	184p	178	181	+ 3	+ 2	.....	218p	219	214
Shoe	53p	57r	84	− 8	−37	.....	53p	59r	84
Furniture	.....	.....	.....	− 2*	+13*	.....	.....	.....	.....
FREIGHT-CAR LOADINGS									
Total	134	113	144	+18	− 7	− 6	135	122	145
Merchandise and miscellaneous	120	110	134	+ 8	−11	− 5	123	117	138
Merchandise—l.c.l.	90	86	90	+ 5	0	− 1	93	91	93
Coal	145	107	142	+36	+ 3	− 9	145	118	153
Ore	154	147	189	+ 5	−19	− 5	154	211	189
Coke	164	87	174	+88	− 6	−13	184	99	195
Forest products	95	89	107	+ 7	−12	−16	91	104	103
Grain and products	145	170	126	−15	+15	+ 8	163	170	142
Livestock	144	111	136	+29	+ 6	−13	164	130	155
MISCELLANEOUS									
Life insurance sales	138	132	118	+ 5	+17	+11	156	137	134
Business liquidations									
Number	.....	.....	.....	+200*	+200*	−60*	4	1	1
Amount of liabilities	.....	.....	.....	+350*	....*	−62*	2	+	+
Check payments	202	189	224r	+ 7	−10	+ 5	216	185	240r

* Computed from unadjusted data. p—Preliminary. r—Revised. † Less than 0.5.

BANKING STATISTICS

Reporting member banks (Millions $)	Dec. 19, 1945	Changes in—: Four weeks	One year
Assets			
Commercial loans	$ 245	+ 11	− 1
Loans to brokers, etc.	43	+ 6	− 1
Other loans to carry secur.	90	+ 62	+ 59
Loans on real estate	33	+ 1	− 5
Loans to banks	1	.....	− 9
Other loans	140	+ 12	+ 34
Total loans	552	+ 92	+ 77
Government securities	2087	+144	+316
Obligations fully guar'teed	.....	.....	− 62
Other securities	201	+ 8	+ 48
Total investments	2288	+152	+302
Total loans & investments	2840	+244	+379
Reserve with F. R. Bank	431	− 26	+ 21
Cash in vault	39	+ 7	+ 3
Balances with other banks	91	+ 9	− 1
Other assets—net	43	− 5	− 4
Liabilities			
Demand deposits, adjusted	1822	− 87	+128
Time deposits	219	.....	+ 33
U. S. Government deposits	718	+297	+176
Interbank deposits	403	+ 18	+ 37
Borrowings	7	− 1	+ 1
Other liabilities	21	+ 2	+ 3
Capital account	254	.....	+ 20

MEMBER BANK RESERVES AND RELATED FACTORS

Third Federal Reserve District (Millions of dollars)	Changes in weeks ended— Nov. 28	Dec. 5	Dec. 12	Dec. 19	Changes in four weeks
Sources of funds:					
Reserve Bank credit extended in district	−22	−52	+35	+22	− 17
Commercial transfers (chiefly interdistrict)	+16	+82	+ 9	+35	+142
Treasury operations	+ 2	− 5	−83	−41	−127
Total	− 4	+25	−39	+16	− 2
Uses of funds:					
Currency demand	+ 6	+ 9	+11	+10	+ 36
Member bank reserve deposits	− 9	+14	−52	+ 9	− 38
"Other deposits" at Reserve Bank	− 1	+ 2	+ 2	− 3	− 0
Other Federal Reserve accounts	+ 0	+ 0	+ 0	− 0	+ 0
Total	− 4	+25	−39	+16	− 2

Member bank reserves (Daily averages; dollar figures in millions)	Held	Required	Excess	Ratio of excess to required
Phila. banks				
1944: Dec. 1–15	$393	$377	$16	4%
1945: Nov. 1–15	445	435	10	2
Nov. 16–30	445	431	14	3
Dec. 1–15	427	413	14	3
Country banks				
1944: Dec. 1–15	$310	$247	$63	26%
1945: Nov. 1–15	357	295	62	21
Nov. 16–30	365	298	67	23
Dec. 1–15	372	291	81	28

Federal Reserve Bank of Phila. (Dollar figures in millions)	Dec. 19, 1945	Changes in—: Four weeks	One year
Disc. and advances	$ 12	−$ 5	+$ 4
Industrial loans	2	− 0	− 1
U. S. securities	1568	− 67	+ 290
Total	$1582	−$72	+$293
Fed. Res. notes	1637	+ 26	+ 206
Member bk. deposits	778	− 38	+ 68
U. S. general account	35	+ 10	− 85
Foreign deposits	70	− 5	− 36
Other deposits	4	− 0	− 3
Gold ctf. reserves	946	+ 73	− 99
Reserve ratio	37.5%	+3.0%	− 6.5%