

# THE BUSINESS REVIEW



## FEDERAL RESERVE BANK OF PHILADELPHIA

JULY, 1947

### WHERE ARE THE JOBS COMING FROM?

*A strong demand for goods and services has brought the number of people at work to a record "full employment" total.*

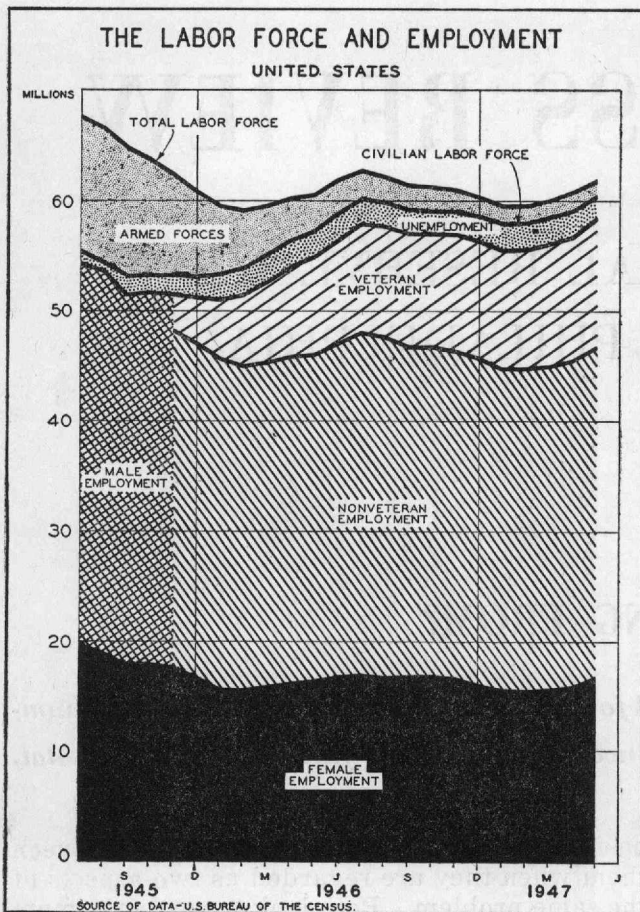
The United States now has the largest civilian labor force and the highest level of employment in its history. Estimates of the Census Bureau place the number of employed persons during the week of May 4 at over 58 million. Unemployment was less than 2 million. There were some trouble spots in the picture, but on the whole the figures presented a picture of a nation working near its peak capacity.

There are two ways of looking at the employment situation. One way embodies the view that we became accustomed to during the war. That view says: "Here is the labor force. Is it being utilized most effectively? What is the most it can produce?" The other way, originating in the depression years, regards a high level of employment as something of an achievement in itself. That view says: "Here is the labor force. How are we going to keep the demand for goods and services large enough to put everybody to work?"

Held separately and exclusively, these two points of view might represent a diversity of opinion that is more significant than a mere difference in emphasis. But there need be no

basic contradiction nor inconsistency between them when they are regarded as two aspects of the same problem. Both look toward maximum use of our resources — maximization of production, real income, and employment. One emphasizes useful output; the other points out that goods and services that are not produced because of a general lack of buying power, are lost to us through a waste of labor skills. Neither necessarily subscribes to the "making" of useless work or to "spreading" what work there is. Both point out the desirability of employing everyone who wants to work in a productive unit that is a going part of our economic system.

We are not much troubled by unemployment today. Current trends still demand, in fact, that we pay a great deal of attention to the very different problems raised by continued inflationary pressures. But it would seem to be shortsighted, in view of our economic history and considering the straws in the wind that some observers see, if we did not prepare our thinking to cope with all contingencies. We are familiar with what we think of as abnormal unemployment during the 1930's. It is not so generally realized that there was also consid-



erable — and growing — joblessness, though on a much smaller scale, during the prosperous twenties. Present conditions are, in a sense, quite as unusual as those periods in which we have had mass unemployment. In looking at recent trends it is certainly important to consider the labor force in terms of output potential, and getting the right man with adequate training into the right job at the right place. But it would also be well to keep in mind the question of where the jobs will be coming from that will keep everybody at work.

### Here Is the Labor Force

The size of the labor force depends basically upon the number of people of working age in the population and upon how many of them can and want to work. Yet there are other factors involved that are by no means constant, and the size of the labor force, often thought of as fixed by population alone, fluctuates considerably in response to several influences.

The proportion of the population that is fourteen years of age or over (the age at which one could be considered a potential worker) is slightly better than three-quarters. That proportion has changed little since 1940. But the proportion of potential workers who have actually entered the labor market seems to have increased somewhat since that time. Wartime labor shortages were responsible for the employment of millions who might otherwise have retired or gone to school or simply stayed at home, and where shortages persist today many of these workers have remained on the job. In other cases, particularly those involving women employees, new workers were reluctant to give up a source of income and did not return to their pre-war pursuits.

The number of women workers increased sharply during the war in both munitions and civilian-goods factories and in trade and service occupations. As during the first world war, women gained increased acceptance in many new lines of work and their employment will doubtless be carried over into peacetime on a permanent basis. The number of women employed in 1940 was about 25 per cent of the civilian labor force. Although there had been a substantial decline since 1945 as the chart shows, in May of this year it was over 28 per cent. The Pennsylvania State Employment Service reports that in Pennsylvania the proportion of women in the food industry jumped from 19 per cent in 1940 to 31 per cent this year. In paper and printing the rise from 21 per cent to 32 per cent; in leather, from 31 to 45 per cent. Even in the "heavy" industries—machinery and transportation equipment — the proportion of women employed is much higher now than before the war. Over 10 per cent of all railroad workers in the state are women.

To the extent that the higher proportion of female wage-earners in industry persists, it will have significant economic implications as well as the obvious sociological effects. It will mean that the labor force — the number of people working or looking for work outside their own homes—has increased relative to the population. It will mean that we can produce more, and also that an adjustment to the situation will require our economy to provide more jobs than before. There will be more women wage-earners with ready cash to buy the things that women buy.

Aside from what appears to be a long-term trend toward a larger female working population, there are other factors tending to change the size of the female segment of the labor force. One of these is seasonal labor needs, especially in agriculture. Women who live in rural areas take jobs on the farms during the summer months and go back to the kitchen after the harvest. The same sort of temporary work status exists, of course, for many youngsters of school age. For the most part this creates no employment problem, since these workers enter the labor force in response to job opportunities which already exist. Between April and May of this year 800,000 additional women workers entered the labor force, including 620,000 who were employed in agriculture.

Another group of women enters the labor market only when it becomes necessary to supplement family income. The present high cost of living is cited by some as the reason for an unusually large number of women workers. It is likely, however, that high prices are keeping fewer women at work than would be looking for jobs if prices tumbled suddenly and employment became irregular for the man-of-the-house. This raises a question that is relevant for other groups as well. During a period of high employment, high wages undoubtedly induce many who would not ordinarily be in the labor force to take jobs. But it is equally true that in periods of widespread unemployment and despite low wages many people enter the labor market who would in good times be students, retired, or otherwise idle — thus intensifying the employment problem at that time. In view of these counteracting tendencies, it is not possible to say that the existing labor force is larger merely by reason of to-day's high wages and high prices than it would be if pre-war wage and employment conditions prevailed.

Obviously, the size of the armed services has a direct effect on the size of the civilian labor force, since the great majority of men in the Army or Navy would otherwise be in the labor market. Ordinarily, fluctuations in the number of men in the service are insignificant; but two years ago the need for absorbing into the labor force the millions of veterans of World War II presented what seemed to be a problem of the first magnitude. Actually the difficulties encountered were relatively minor. During the early

months of demobilization withdrawals from the labor force offset the entrance of veterans and the civilian labor force declined. Later, a rising civilian labor force was easily employed. As the chart shows, the steady reduction in the armed forces meant a steady increase in the number of veterans employed, with only a slight increase in the amount of unemployment.

The proportion of veterans among the unemployed is still considerably larger than the proportion of veterans in the male civilian labor force—over 40 per cent of male unemployment in May was veteran unemployment. But this situation is improving. In fact, the number of ex-servicemen out of work in May (excluding, of course, over a million who were in school) was lower than at any time since November 1945. Although it is true that the G.I. Bill of Rights has enabled more men of working age to go to school than might normally be the case, the addition of these men to the labor force will be gradual and is not likely to cause an unusual problem.

A marked change in the distribution of the labor force over the war years is reflected in the ratio of nonagricultural to agricultural employment. In the second quarter of 1940 that ratio was about 79 nonagricultural workers for every 21 who worked on farms. By May 1947 there were 85 nonagricultural workers for 15 on the farm. In seven years increased mechanization and improved methods had reduced the number of agricultural jobs by a million and the farms had lost several times that number in total population. The rapid expansion of job opportunities in the cities during the war accelerated, for a time, a long-term trend away from the farm which will probably continue. This need not mean a smaller farm market for goods and services. Higher incomes for fewer, more efficient farm workers may result in greater purchases than before. But it does mean that if we are to take full advantage of increased agricultural efficiency, nonagricultural employment must expand to provide new job opportunities. During the thirties the lack of job openings in non-agricultural lines resulted in "over-population" of farm areas, farm unemployment hidden by inefficient farming and subsistence wages, and low per capita farm incomes.

The farmers who turned to the factories and shops were not the only people in the labor

force who were on the move during the war. An annual average of 4,700,000 civilians—14 years old and over—changed their county of residence. This is a rate of migration over 50 per cent higher than that which prevailed in the pre-war period. More than half the migrants crossed state lines. In the first year after V-J Day 6 million non-veterans moved—60 per cent of them across state borders. Most of the war and post-war migration was undoubtedly associated with the expansion of war industry, with military movements and the resettlement of veterans as contributory factors. It is unmistakable evidence of change and of an increased mobility of labor that may assume considerable importance in the future.

### Where Are the Jobs?

The shifting of production and of population during the war years has resulted in an employment pattern that is somewhat different from the pre-war picture. The decline in agricultural employment since 1940 has already been discussed. Within the past year there has been a slight increase in the number of farm workers, and although there is still a scarcity of dairy hands and other skilled workers in some areas, there appears to be a general sufficiency of agricultural labor. Yet in May less than 15 per cent of the labor force was engaged in farming compared with over 18 per cent in the second quarter of 1940. Only 3.3 per cent of the labor force is unemployed, compared to 14 per cent in 1940, and nonagricultural activities, having absorbed most of the unemployment, now account for over 80 per cent of all civilian workers instead of less than 70 per cent before the war.

There have also been shifts among the non-agricultural employment classifications since 1940. As shown in the table, manufacturing—the largest single segment—is of greater importance today than before the war. It is true that the proportion of workers engaged in manufacturing has declined substantially from the wartime peak of over 40 per cent in 1943; but the proportion for the first quarter of this year seems to be steady at a level above the 1946 average, indicating that this phase of the post-war readjustment in employment may have been completed. Trade and service industries, though they employ far more workers now than before the war, have lost ground relative to the total. Mining is much less important.

ESTIMATED PROPORTION OF EMPLOYEES IN NONAGRICULTURAL ESTABLISHMENTS BY INDUSTRY DIVISION

|   | March 1940 | March 1947 |
|---|------------|------------|
| <b>Total</b> .....  | 100.0%     | 100.0%     |
| Manufacturing.....  | 33.7       | 36.9       |
| Mining.....   | 3.0        | 2.1        |
| Contract construction.....                                    | 3.3        | 3.7        |
| Transportation and public utilities.....                      | 9.5        | 9.6        |
| Trade.....  | 22.3       | 20.4       |
| Finance, service, and miscellaneous.....                      | 15.1       | 14.5       |
| Government, including Federal force account construction..... | 13.1       | 12.9       |

Source: U. S. Bureau of Labor Statistics.

There were actually fewer miners employed in March 1947 than in the same month of 1940, despite the great increase in the total labor force.

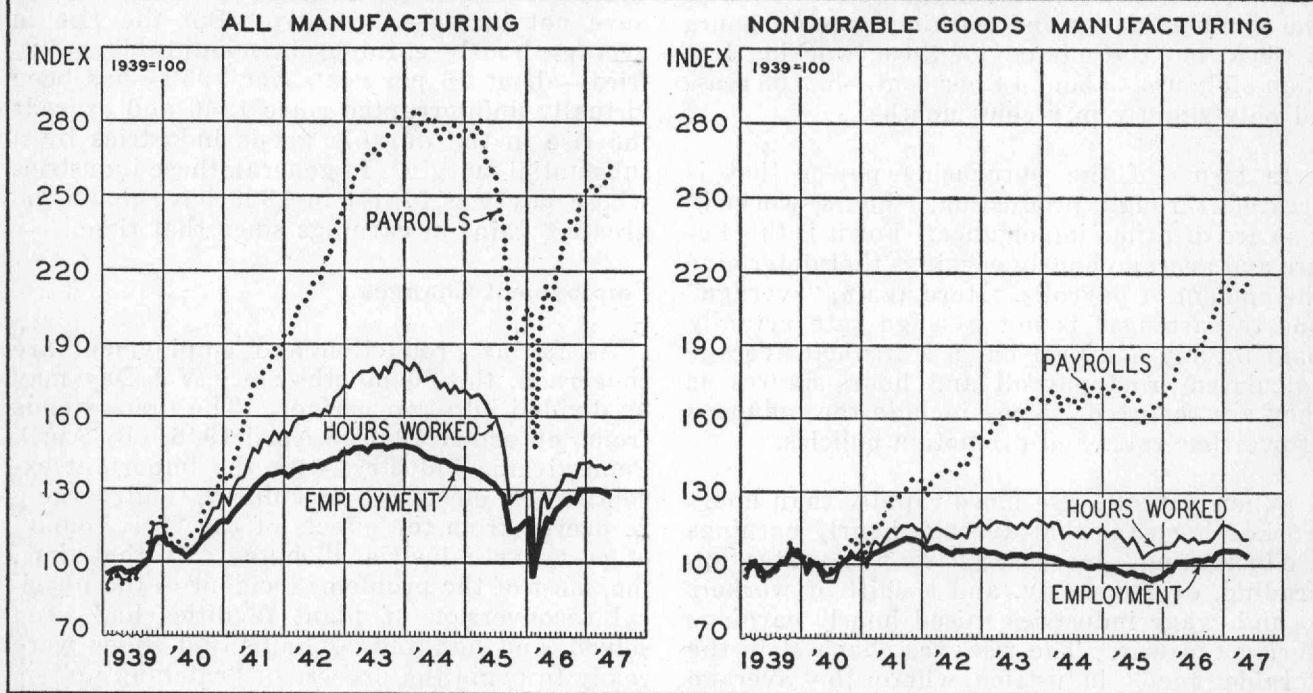
In part, the proportional changes shown in the table reflect the sum total of technological and structural changes that have occurred in industry within the last seven years. The chief influence, however, is probably the level of business activity. Present-day employment patterns have the characteristics of a period of rapid industrial expansion. A slow-up in general business activity or a decline in the rate of capital formation might have the effect not only of reducing the number of workers employed but of shifting nonagricultural employment proportions back toward the 1940 pattern.

### Jobs in Pennsylvania Industries

Employment trends in Pennsylvania's factories afford an excellent example of what has been happening to manufacturing employment throughout the nation. The state has well over a million production workers in over 400 different industries, representing nearly all of those classified by the national census. About 42 per cent of all employment is in the nondurable industries, compared to about 47 per cent for the nation. In 1939 employment in the nondurable goods factories of Pennsylvania exceeded that in durable goods lines.

The charts of employment, hours, and payrolls themselves tell a great deal of the story. Total manufacturing employment rose steadily from 1940 to a peak in 1943, losing what little seasonality it had on the way. Thereafter it declined until shortly after V-J Day. Recovery was interrupted early in 1946 but was resumed in April after a series of major industrial dis-

## EMPLOYMENT CONDITIONS IN PENNSYLVANIA INDUSTRY



putes were settled. The recovery continued until the end of 1946.

The shape of the total manufacturing curves is dominated by the wide swings of durable goods production. The nondurable goods industries present a somewhat different picture. In these, employment declined steadily from the beginning of the war to the end. A recovery during 1946 leveled off early this year.

The "employment" line is an index of the number of production workers employed during the month, and it is this we usually think of when we discuss the employment situation. The "hours-worked" line, however, is of equally great significance. It represents not the length of the work week, but total man-hours actually worked. A rise in this index, such as that which occurred from 1940 to 1943, can mean two things: first, the number of employees has increased. We know that this occurred from the employment line. Second, average working time has increased. That this also occurred is shown by the fact that hours worked rose faster than employment. In 1939 it is estimated that weekly working time for the average production worker in manufacturing was

about 36 hours. It rose to over 45 hours during the war. A substantial decline took place during 1945, especially in the durable goods industries, but in May of this year—at almost 40 hours a week—average working time is still substantially above the pre-war average. "Average working time," of course, is merely a statistical concept derived from the reports of many firms. It is influenced by several factors.

For one thing, average working time reflects reductions or increases in what is considered the standard work week—the change from the 48 to the 40-hour week, for instance. Over short periods of time, however, such changes are not important. Overtime work and, on the other hand, part-time work or irregular employment, are the most significant factors in the day-to-day employment situation, and their importance is great. In terms of our ability to produce, the total employment figure means little unless we also know how long the average employee is at work. Prior to the war it was common for many plants to remain closed one or two days a week in slow periods, or to dismiss workers frequently for half days. These temporary layoffs actually hide the true employment picture unless "hours worked" are taken into considera-

tion. At the present time there is no evidence that part-time work is increasing significantly. Information on hours worked in all nonagricultural industries shows a continuing reduction in the number of persons working over 40 hours a week, but the number of those working less than 35 hours—about 14 per cent—has increased only slightly in recent months.

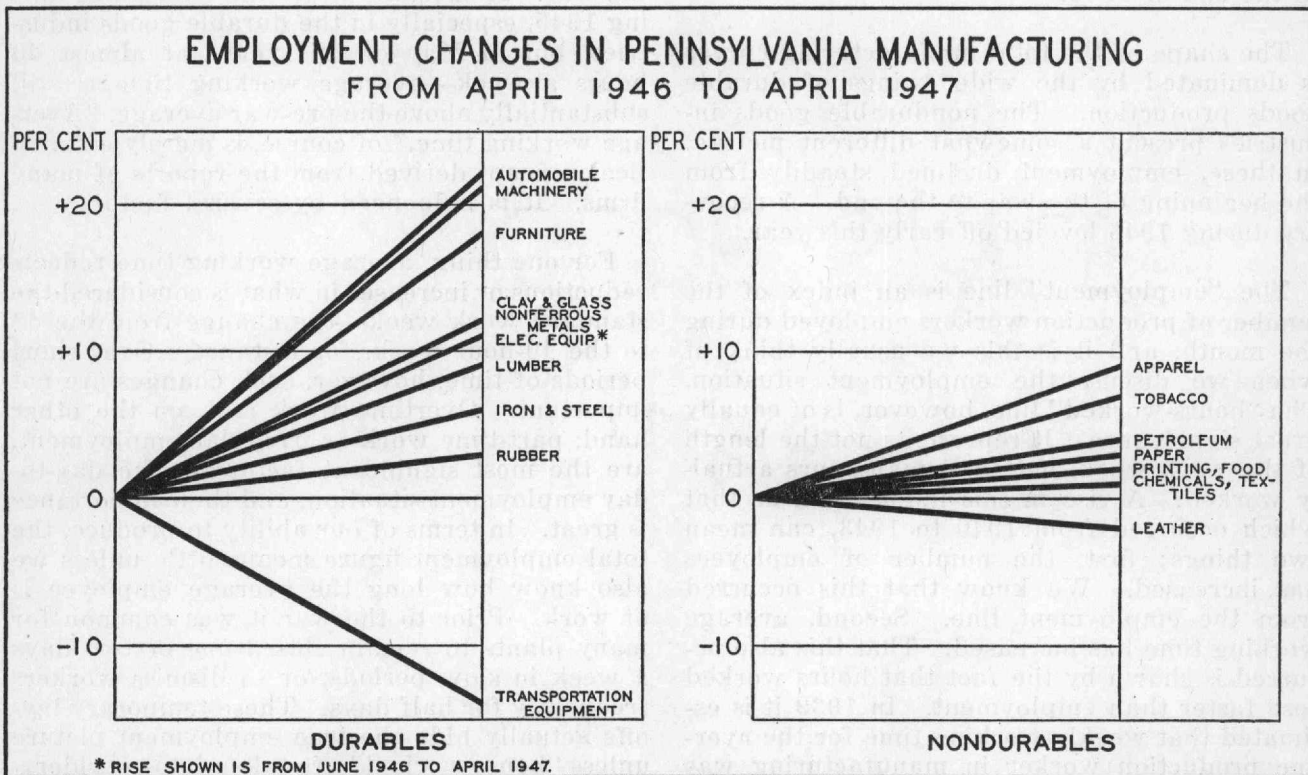
In terms of the purchasing power that is created through production, "hours worked" also are of prime importance. For it is this figure and average hourly earnings that determine the amount of payrolls. Here again, "average" hourly earnings" is not a wage rate actually paid by any one firm but a statistical average calculated from payroll and hours figures as they are reported. They include the influence of overtime rates and promotion policies.

When payrolls rise more rapidly than hours worked it means that average hourly earnings are increasing. Increased basic wage rates, upgrading, overtime pay, and a shift of workers to high-wage industries raised hourly earnings during the war. The rise was sharpest in the durable goods industries where the average jumped from 72 cents in 1939 to a war peak of \$1.14 early in 1945. Despite less overtime pay,

wage increases have now boosted the average to \$1.25. The payroll index for the nondurables is lower now than that of the durables because hours worked in the soft goods industries have not increased greatly. But the rise in average hourly earnings in nondurable industries—about 96 per cent over 1939—has been virtually uninterrupted since 1940 and exceeds the rise in the durable goods industries by a substantial margin. In general, those industries whose pay was lowest in 1939 have made the greatest gains in earnings since that time.

### Employment Changes

As far as production and employment are concerned, the 20 months since V-J Day may be divided into two periods. The first extends from September 1945 to April 1946. By April, Pennsylvania industry, with the important exception of electrical machinery, had largely recovered from the effects of the "first round" of post-war industrial disputes. By that time, too, most of the problems incident to the physical reconversion of plant facilities had been solved, and hundreds of mills and shops were ready to begin the process of "catching up" on the back-log of unfilled orders. The net increase in all Pennsylvania manufacturing employment



in the first post-war period, between September and April 1946, was about 5 per cent. Most of the gain occurred in the nondurable goods industries which had been short of labor all through the war. Textile and apparel employment rose 12 and 4 per cent, respectively. The leather industry made a gain of almost 20 per cent. In the durable goods lines, large gains in iron and steel, automobiles, and stone, clay, and glass were partially offset by losses in transportation (mainly shipbuilding) and electrical equipment. Machinery factories failed to increase their employment.

The second period began in April 1946 and extended to March or April of this year. As the chart shows, it was the durable goods industries which made the largest gains during this time. The machinery industries took on 16,000 additional workers, iron and steel an equal number, stone, clay, and glass and electrical equipment (after allowance for the 1946 strike) about 5,000 each. Among the nondurables, the apparel industry groups made the largest gain—about 7,000. Almost all of these gains were made before the end of 1946, however. From November to March the index of manufacturing employment remained unchanged. In April there was a slight decline, which was repeated in May. In a period of rapid change, a fluctuation of one or two points in the employment index would be of little significance, but coming after a period of stability in which new forces were developing, the current decline may signal the start of a new phase in the employment situation.

### The Outlook

It was to be expected that manufacturing employment would level off. The labor force, after all, is practically fully employed. There is little room for improvement. But several developments lend support to the conclusion that the change that has taken place is more than the attainment of a quantitative limit. The sense of urgency in industrial hiring has disappeared. Few factories still take on "anybody they can get". The "blotting paper" industries—those that resumed volume production of civilian goods or greatly expanded their production facilities—have absorbed thousands of workers from the munitions industries but now seem to be close to the saturation point. Some areas expect slight increases in manufacturing employment during the coming months. Most expect

no change or a slight decline. Female workers are generally in relatively greater demand than men, but in the case of both, hiring specifications appear to have been tightened. The labor turnover rate has declined. It is still much higher than in the pre-war period—35 workers out of every thousand voluntarily left their jobs in March—but it is well below wartime levels. A seller's market for labor is disappearing as surely as sellers' markets for goods and services are disappearing.

Recent lay-offs in several major consumers' goods industries—some textile and apparel lines, leather, tobacco, and others—and the reduction in average weekly hours in nondurable goods industries generally, indicate a gradual return of seasonal production and employment patterns. During the war and the immediate post-war period, an uneven flow of materials, shortages, and priority regulations disrupted normal production schedules. Heavy consumer demand and bare stockrooms combined to act as a forced draught on production, leveling out the annual highs and lows that are the usual result of fashion, weather, or mere custom in many lines. As inventories are restocked and the abnormal pressure of pent-up demand is removed, seasonal fluctuations will again become an employment problem. Before the war, nonagricultural employment in the state of Pennsylvania fell, roughly, 6 per cent between the high point at the end of the year and the low point in the spring.

The seasonal rise in agricultural, construction, and service employment has offset the decline in manufacturing within the last two months. In construction—a strategic industry for employment—fewer workers have been taken on this spring than had been anticipated; but the seasonal upturn that has occurred employed 100,000 additional workers throughout the nation in May alone. Later this year there may be a decline in building. The fact that we have reached an all-time high in employment, while it is a most favorable and encouraging development, should not be allowed to obscure what is going on behind the Grand Total.

The same must be said for unemployment. In May, the Bureau of the Census estimates, the total of those persons without work who were looking for work fell below two million. This would appear to be the minimum consistent

with certain unavoidable economic "frictions," such as the relocation of plants, changing from one job or town to another. Compared to the size of the labor force it is not a burdensome amount. Yet, the United States Employment Service points out that there are some twenty labor market areas in which there is, for one reason or another, a considerable labor surplus. In these areas the unemployment ratio is three to five times the national average, and it does constitute a serious and growing community burden. California, now minus much of its war-time aviation and shipbuilding industries, has several such areas. The Southern Appalachian coal fields have several. In the Third Federal Reserve District the anthracite region and the Johnstown area have serious unemployment. The West Coast's problems date back only to the war, but the problems of Pennsylvania's labor surplus areas have a longer history, closely tied to the problems of their principal industry—coal. As yet their influence on the general day-to-day employment situation is not great. But it must be borne in mind that in our complex economy no community is an isolated island, and that workers without jobs are also consumers without buying power.

### Where Are the Jobs Coming From?

A huge demand for goods and services, arising out of high consumer incomes, a large volume of past savings, and an unprecedented rate of new investment has put the nation to work. Without pausing here to inquire as to the source of the incomes and the savings and as to the reasons for the investment, it is helpful, in analyzing what future developments might be, to divide the demand for goods and services into three categories. The first is Government expenditures. It includes public works, national defense, social welfare, and ordinary outlays. State and local government expenditures, curtailed during the war, will probably continue to increase in the near future, but the outlook for the Federal Government, dependent to a large extent upon international developments, is not clear. During 1946 the rate of Federal Government expenditure declined substantially. If the international situation permits, some further decline may occur. At all times, the policies and decisions of Congress with respect to the volume of government expenditures and sources of revenues will have a strong influence on employment.

The second category of demand is consumer expenditures. Individuals have saved less and less and spent more and more of their incomes within the past two years. Price reductions or increased incomes may enlarge consumer spending if and when they come. Without them it is doubtful that the immediate future will see a substantial increase in buying by individuals.

Private capital expenditure is the third, and perhaps the most crucial segment of demand. The Department of Commerce reports that expenditures by business on new plant and equipment seem to have reached a peak in the fourth quarter of 1946, which is not likely to be surpassed this year. Inventory accumulation, an important source of demand, seems to be slowing up. If it stops completely (and it cannot continue indefinitely), industry will have lost a customer that spent \$8½ billion last year. Expanding construction was expected to take up some of the slack left by declining inventory accumulation. It will. But—due mainly to high costs (see the Business Review for June 1947)—construction this year will not come up to the high hopes that were held for it. It may increase from last year's \$8 billion to a total of \$12 billion. Net exports create a demand for goods and services which may grow. How large these will be depends on the availability of dollar exchange in foreign countries and our own Government's policy.

These are the sources of demand, the sources of jobs. The problem of high level employment is how to maintain demand at such a level that everyone who wants to work can find a job. Obversely, it involves the prevention of excessive, inflationary demand. While we cannot make precise predictions about what will happen in the future, it is clear that the problem is with us.

The Employment Act of 1946 sets forth the policy of the Federal Government and establishes a procedure to aid in the formulation and consideration of such steps as may be necessary "to promote maximum employment, production, and purchasing power." The act is not a guarantee of prosperity and is not intended to be. Its success depends upon how well Government, business, and the public, working together, can gauge the economy's needs and upon how promptly effective action is taken to meet them.





# Distribution and Prices

| Wholesale trade<br>Unadjusted for seasonal<br>variation | Per cent change  |             |                   |
|---|------------------|-------------|-------------------|
|   | May 1947<br>from |             | 1947<br>from<br>5 |
|   | Month<br>ago     | Year<br>ago | mos.<br>1946      |
| <b>Sales</b>  |                  |             |                   |
| Total of all lines.....                                 | - 5              | - 6         | + 7               |
| Boots and shoes.....                                    | - 3              | -35         | .....             |
| Drugs.....  | - 8              | + 3         | + 6               |
| Dry goods.....  | - 8              | - 6         | + 9               |
| Groceries.....  | -10              | -24         | - 6               |
| Hardware.....   | -12              | - 1         | +11               |
| Jewelry.....  | - 3              | -20         | -11               |
| Paper.....  | + 1              | +18         | +30               |
| <b>Inventories</b>                                      |                  |             |                   |
| Total of all lines.....                                 | - 2              | +30         | .....             |
| Dry goods.....  | - 1              | +54         | .....             |
| Groceries.....  | - 8              | +35         | .....             |
| Hardware.....   | 0                | +53         | .....             |
| Paper.....  | +16              | +18         | .....             |

Source: U. S. Department of Commerce.

| Prices  | May<br>1947 | Per cent change from |             |              |
|---|-------------|----------------------|-------------|--------------|
|   |             | Month<br>ago         | Year<br>ago | Aug.<br>1939 |
| <b>Basic commodities</b><br>(Aug. 1939=100).... | 299         | - 6                  | +56         | +199         |
| <b>Wholesale</b><br>(1926=100).....             | 147         | - 1                  | +32         | + 96         |
| Farm.....                                       | 176         | - 1                  | +28         | +188         |
| Food.....                                       | 160         | - 2                  | +43         | +138         |
| Other.....                                      | 132         | 0                    | +27         | + 64         |
| <b>Living costs</b><br>(1935-1939=100)....      | 156         | 0                    | +18         | + 58         |
| United States.....                              | 155         | 0                    | +18         | + 58         |
| Philadelphia.....                               | 183         | + 1                  | +30         | + 97         |
| Food.....                                       | 180         | 0                    | +18         | + 82         |
| Clothing.....                                   | 122         | - 2                  | + 7         | + 27         |
| Fuels.....                                      | 180         | 0                    | +16         | + 79         |
| Housefurnishings....                            | 137         | 0                    | +10         | + 36         |
| Other.....                                      |             |                      |             |              |

Source: U. S. Bureau of Labor Statistics.

| Indexes: 1935-1939 = 100           | Adjusted for seasonal variation |               |             |                 |             |                                   | Not adjusted |               |             |
|------------------------------------|---------------------------------|---------------|-------------|-----------------|-------------|-----------------------------------|--------------|---------------|-------------|
|                                    | May<br>1947                     | April<br>1947 | May<br>1946 | Per cent change |             |                                   | May<br>1947  | April<br>1947 | May<br>1946 |
|                                    |                                 |               |             | Month<br>ago    | Year<br>ago | 1947<br>from<br>5<br>mos.<br>1946 |              |               |             |
| <b>RETAIL TRADE</b>                |                                 |               |             |                 |             |                                   |              |               |             |
| <b>Sales</b>                       |                                 |               |             |                 |             |                                   |              |               |             |
| Department stores†—District.....   | 275                             | 258           | 234         | + 6             | + 18        | + 14                              | 261          | 248r          | 222         |
| Philadelphia.....                  | 254                             | 240           | 218         | + 6             | + 17        | + 14                              | 236          | 228           | 204         |
| Women's apparel.....               | 262                             | 228           | 250         | +15             | + 5         | 0                                 | 250          | 249           | 238         |
| Men's apparel.....                 | 266                             | 261           | 223         | + 2             | + 19        | + 13                              | 247          | 232           | 207         |
| Shoe.....                          | 199                             | 206           | 182         | - 3             | + 9         | + 4                               | 247          | 237           | 226         |
| Furniture.....                     | .....                           | .....         | .....       | +15*            | +13*        | .....                             | .....        | .....         | .....       |
| <b>Inventories</b>                 |                                 |               |             |                 |             |                                   |              |               |             |
| Department Stores—District.....    | 212                             | 221           | 181r        | - 4             | + 17        | .....                             | 214          | 225           | 183r        |
| Philadelphia.....                  | 205                             | 211           | 181r        | - 3             | + 13        | .....                             | 203          | 213           | 179r        |
| Women's apparel.....               | 210                             | 222           | 244         | - 5             | - 14        | .....                             | 202          | 222           | 235         |
| Shoe.....                          | 128                             | 124           | 55          | + 4             | +132        | .....                             | 141          | 137           | 61          |
| Furniture.....                     | .....                           | .....         | .....       | - 1*            | +41*        | .....                             | .....        | .....         | .....       |
| <b>FREIGHT-CAR LOADINGS</b>        |                                 |               |             |                 |             |                                   |              |               |             |
| <b>Total</b> .....                 | 148                             | 145           | 96          | + 2             | + 55        | + 25                              | 150          | 138           | 97          |
| Merchandise and miscellaneous..... | 132                             | 137           | 102         | - 4             | + 29        | + 20                              | 136          | 135           | 105         |
| Merchandise—l.c.l.....             | 94                              | 96            | 92          | - 3             | + 2         | + 1                               | 94           | 96            | 92          |
| Coal.....                          | 187                             | 178           | 87          | + 5             | +115        | + 30                              | 166          | 143           | 77          |
| Ore.....                           | 222                             | 301           | 77          | -26             | +189        | +131                              | 281          | 156           | .....       |
| Coke.....                          | 225                             | 211           | 42          | + 6             | +434        | + 82                              | 191          | 171           | .....       |
| Forest products.....               | 97                              | 97            | 95          | - 1             | + 2         | + 5                               | 93           | 82            | .....       |
| Grain and products.....            | 138                             | 136           | 119         | + 1             | + 16        | + 10                              | 128          | 127           | .....       |
| Livestock.....                     | 104                             | 104           | 133         | 0               | - 22        | - 20                              | 95           | 95            | 21          |
| <b>MISCELLANEOUS</b>               |                                 |               |             |                 |             |                                   |              |               |             |
| Life insurance sales.....          | 194                             | 207           | 220         | - 6             | - 12        | - 7                               | 192          | 207           | 217         |
| Business liquidations              | .....                           | .....         | .....       | +13*            | +259*       | +324*                             | 27           | 24            | 7           |
| Number.....                        | .....                           | .....         | .....       | +91*            | +127*       | + 93*                             | 38           | 20            | 17          |
| Amount of liabilities.....         | .....                           | .....         | .....       | .....           | .....       | .....                             | .....        | .....         | .....       |
| Check payments.....                | 210                             | 224           | 201         | - 6             | + 4         | + 7                               | 210          | 219           | 201         |

\* Computed from unadjusted data.

p—Preliminary. r—Revised.

† Department stores sales adjusted indexes have been revised: earlier data may be obtained upon request.

# BANKING STATISTICS

## MEMBER BANK RESERVES AND RELATED FACTORS

| Reporting member<br>banks<br>(Millions \$) | June<br>25,<br>1947 | Changes in—   |               |
|--|---------------------|---------------|---------------|
|  |                     | Five<br>weeks | One<br>year   |
| <b>Assets</b>                              |                     |               |               |
| Commercial loans.....                      | \$ 406              | -\$ 7         | +\$122        |
| Loans to brokers, etc.....                 | 19                  | + 1           | - 23          |
| Other loans to carry secur....             | 19                  | - 1           | - 35          |
| Loans on real estate.....                  | 54                  | + 1           | + 10          |
| Loans to banks.....                        | 2                   | .....         | .....         |
| Other loans.....                           | 190                 | + 4           | + 29          |
| <b>Total loans.....</b>                    | <b>\$ 690</b>       | <b>-\$ 2</b>  | <b>+\$104</b> |
| Government securities.....                 | \$1262              | -\$46         | -\$512        |
| Other securities.....                      | 213                 | + 6           | + 23          |
| <b>Total investments.....</b>              | <b>\$1475</b>       | <b>-\$40</b>  | <b>-\$489</b> |
| <b>Total loans &amp; investments..</b>     | <b>\$2165</b>       | <b>-\$42</b>  | <b>-\$385</b> |
| Reserve with F. R. Bank....                | \$ 436              | +\$16         | +\$ 9         |
| Cash in vault.....                         | 34                  | + 1           | + 1           |
| Balances with other banks..                | 83                  | - 1           | - 2           |
| Other assets—net.....                      | 42                  | - 5           | - 3           |
| <b>Liabilities</b>                         |                     |               |               |
| Demand deposits, adjusted..                | \$1833              | +\$11         | -\$ 10        |
| Time deposits.....                         | 293                 | - 16          | + 51          |
| U. S. Government deposits..                | 18                  | - 35          | - 377         |
| Interbank deposits.....                    | 325                 | + 9           | - 43          |
| Borrowings.....                            | 4                   | .....         | - 2           |
| Other liabilities.....                     | 24                  | .....         | - 3           |
| Capital account.....                       | 263                 | .....         | + 4           |

| Third Federal Reserve District<br>(Millions of dollars) | Changes in weeks ended— |            |            |            |            | Changes<br>in five<br>weeks |
|---|-------------------------|------------|------------|------------|------------|-----------------------------|
|   | May 28                  | June 4     | June 11    | June 18    | June 25    |                             |
| <b>Sources of funds:</b>                                |                         |            |            |            |            |                             |
| Reserve Bank credit extended in district.....           | +21                     | +23        | -41        | - 4        | - 1        | - 2                         |
| Commercial transfers (chiefly interdistrict)....        | + 9                     | +14        | +38        | + 6        | +28        | +95                         |
| Treasury operations.....                                | -18                     | -50        | + 9        | + 6        | -25        | -78                         |
| <b>Total.....</b>                                       | <b>+12</b>              | <b>-13</b> | <b>+ 6</b> | <b>+ 8</b> | <b>+ 2</b> | <b>+15</b>                  |
| <b>Uses of funds:</b>                                   |                         |            |            |            |            |                             |
| Currency demand.....                                    | +11                     | - 9        | .....      | - 6        | + 4        | .....                       |
| Member bank reserve deposits.....                       | + 1                     | - 5        | + 6        | +14        | - 1        | +15                         |
| "Other deposits" at Reserve Bank.....                   | .....                   | + 1        | .....      | .....      | - 1        | .....                       |
| Other Federal Reserve accounts.....                     | .....                   | .....      | .....      | .....      | .....      | .....                       |
| <b>Total.....</b>                                       | <b>+12</b>              | <b>-13</b> | <b>+ 6</b> | <b>+ 8</b> | <b>+ 2</b> | <b>+15</b>                  |

| Member bank<br>reserves<br>(Daily averages:<br>dollar figures in<br>millions) | Held  | Re-<br>quired | Ex-<br>cess | Ratio<br>of<br>excess<br>to re-<br>quired | Federal Reserve<br>Bank of Phila.<br>(Dollar figures in<br>millions) |            |
|---|-------|---------------|-------------|---|--|------------|
|   |       |               |             |   | June 25,<br>1947   | Changes in |
| <b>Phila. banks</b>   |       |               |             |   |  |            |
| 1946: June 1-15..   | \$421 | \$409         | \$12        | 3%  |  |            |
| 1947: May 1-15..  | 414   | 408           | 6           | 1   |  |            |
| May 16-31..   | 411   | 405           | 6           | 2   |  |            |
| June 1-15..   | 411   | 406           | 5           | 1   |  |            |
| <b>Country banks</b>  |       |               |             |   |  |            |
| 1946: June 1-15..   | \$376 | \$319         | \$57        | 18%                                       |  |            |
| 1947: May 1-15..  | 377   | 332           | 45          | 13  |  |            |
| May 16-31..   | 374   | 331           | 43          | 13  |  |            |
| June 1-15..   | 376   | 334           | 42          | 13  |  |            |

| Federal Reserve<br>Bank of Phila.<br>(Dollar figures in<br>millions) | June 25,<br>1947 | Changes in     |                |
|--|------------------|----------------|----------------|
|  |                  | Five<br>weeks  | One<br>year    |
| Discounts and<br>advances.....                                       | \$ 8.9           | -\$ 0.8        | -\$ 6.1        |
| Industrial loans.....  | 1.8              | + 0.2          | + 0.7          |
| U. S. securities.....  | 1636.3           | + 9.7          | + 24.5         |
| <b>Total.....</b>  | <b>\$1647.0</b>  | <b>+\$ 9.2</b> | <b>+\$19.1</b> |
| Fed. Res. Notes.....   | \$1635.7         | + .1           | + 7.7          |
| Member bk. deposits.....   | 800.9            | +15.4          | + 5.5          |
| U. S. general account.....   | 44.6             | + 9.1          | -28.7          |
| Foreign deposits.....  | 31.4             | - 6.7          | - 9.0          |
| Other deposits.....  | 2.5              | + 0.4          | - 1.1          |
| Gold certificate res....   | 874.6            | - 2.9          | -37.4          |
| Reserve ratio.....   | 34.8%            | - 0.3%         | - 1.1%         |

