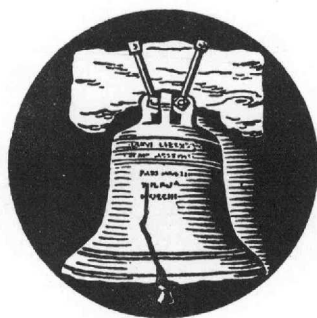


THE

BUSINESS REVIEW

FEDERAL RESERVE BANK OF PHILADELPHIA



WORKSHOPS ON THE DELAWARE

The whirl of industrial machinery is the voice of Philadelphia. Planned two hundred seventy years ago as a "greene countrie towne", the city is now a mighty metropolis, the hub of an eight-county industrial area employing well over half a million workers in eighty-one hundred manufacturing units. Manufacturing activity in the area is highly diversified. Durable goods have gained in importance recently and have imparted their vigor to the economy of the region. Modernization of plant, improved utilities, and better port facilities, plus skilled labor and efficient management give ample assurance that in 1952 industrial opportunities in Philadelphia are as great as they were for the pioneers.

ROUTING CHECKS BY NUMBER

CURRENT TRENDS

In May, before the steel strike showed up in the statistics, District business continued at a high level and few lines of activity showed any tendency toward change.

WORKSHOPS ON THE DELAWARE

The whirl of industrial machinery is the voice of Philadelphia. Spindles hum and drone out endless strands of yarn; looms clatter and chatter mosaics into carpets and tapestries; radios and television squawk and blink their way down final assembly lines; cracking stills moan and groan as they boil gasoline out of Texan crude oil; and wide-mouth cans coated with tin set up a turbulent din as they shove into line for transfer from the container mill to the cannery. Roaring furnaces splutter and spout liquid iron; rumbling rollers flatten out great chunks of steel; and high-speed grinders scream glossy surfaces on bearings and shafts in the making. Tuneful or tuneless, Philadelphia is a symphony of industry.

Philadelphia's schools of business administration, including the country's first collegiate school of business, could not be better located for students of industry. In Philadelphia and vicinity, they have access to just about every kind of manufacturing establishment. The various plants in the area make big and heavy stuff like locomotives and ships, light and little products like lace and lampshades. Some products, like petroleum and sugar, are processed at river-front refineries; others, such as apparel and cigarettes, are made right in the congested central business district. Among the industrial establishments are old concerns that have been in continuous operation for over a century, and others are as new as electronics and rotary aircraft. Innumerable plants are small, employing only a few workers, in contrast with huge establishments that give employment to over 10,000 workers. Some are highly specialized, like the "printers" who do not print but set type for others who do the printing; at the other extreme are completely integrated plants that process materials from beginning to end, like the rug makers who begin with the raw wool.

Unlike Pittsburgh, which is predominantly a steel city, or Detroit which is automotive, Philadelphia is a medley of manufacturing. Fully 87 per cent of all the country's manufacturing industries listed in the census "blue book" are represented in Philadelphia. With such rich laboratory facilities, one can see why local colleges

give courses based upon class tours through industrial concerns where students can observe manufacturing processes, machine operations, and management practices.

"Greene Countrie Towne"

Philadelphia is located where the Main Line and the Delaware meet, and to both the city owes much of its growth. The Delaware made commercial Philadelphia; the Main Line of the Pennsylvania Railroad together with the Baltimore and Ohio and the Reading did wonders to make industrial Philadelphia.

Planned as a "greene countrie townne," the city had a simple and humble origin. It began 270 years ago as a village, with streets laid out at right angles in a two-square-mile rectangle on the narrows of the urn-shaped peninsula formed by the Delaware and the Schuylkill. The city has long since over-run the peninsula. Growth spread-eagled along the Delaware and also pushed out along the Main Line. About two-thirds of William Penn's company of one hundred survived the voyage of the ship "Welcome" to start the settlement of "brotherly love." Others followed and by the end of the next calendar year, 1683, Philadelphia had its first four hundred. The population was about 35,000 when the Declaration of Independence was signed, over a half million at the time of the Civil War, and over two million now. At present the city occupies 130 square miles, and its irregular shape somewhat resembles a war-battered airplane with part of a wing and tail section shot off. Despite all of its years and all its people, it is still a "greene countrie townne"—at least more so than most other big cities. Rows of trees shade many Philadelphia streets, and the city has an abundance of parks and open squares. Fairmount Park, reaching almost to the heart of the city, was the country's largest municipal park until recently when it was surpassed by Griffin Park in Los Angeles, but then Los Angeles occupies a much larger area than Philadelphia.

The City of Philadelphia is also a county, complete with a county farm agent and more than one hundred farms;

but Philadelphia's limited agricultural activity has an even more limited future. Manufacturing is what makes the city tick. Philadelphia has between 5,500 and 6,000 manufacturing establishments and they are the mainstay of its economic activity. They employ the largest share of its working population; they keep three trunk line railroads and fleets of ships and motor trucks busy gathering raw materials and distributing finished products; they pay out hundreds of millions of dollars in wages, profits, and taxes and support a large part of the complementary industries and services such as banking, insurance, trade, utilities, and government.

Philadelphia's industrial plants are well dispersed, not concentrated in one area as in many other cities. There is of course a solid band of industrial establishments along the Delaware River waterfront and the railroads which parallel it. This section has a profusion of chemical, metal, and machinery industries including the Frankford Arsenal of the United States Army. In this section also are the shipyards, sugar refineries, distilleries, and the public utility power plants. At the junction of the Delaware and Schuylkill rivers is a large United States Naval Base, and along the banks of the Schuylkill are more chemical plants and the oil refineries and their tank farms.

The Philadelphia City Planning Commission identifies 37 well-defined industrial districts, and within most of them there is considerable diversification of manufacturing activity. Metal manufacturing establishments and machine shops are often interspersed with tanneries and textile mills, which afford employment opportunities to both male and female workers in local areas throughout the city. Textile mills are scattered fan-wise over the northern section from Manayunk on the west along the Schuylkill to Kensington, Frankford, and Holmesburg in the northeastern part of the city. Apparel manufacturers, however, are heavily concentrated in the central city area where they occupy loft buildings.

The Philadelphia Metropolitan Area

Industrial expansion has pushed out in all directions from Philadelphia, for industries are no respecters of political and geographic boundaries. Industrial establishments are clustered along the Delaware in adjoining Bucks and Delaware counties. Industrialization has pushed across the river into Camden, Burlington, and

Gloucester counties in New Jersey. Manufacturing activity has spread up along the Schuylkill into Montgomery County, which has numerous satellite industrial communities such as Conshohocken, Norristown, Phoenixville, and Pottstown. Manufacturing has also pushed westward into Chester County, which has industrial centers like West Chester, Downingtown, and Coatesville. Philadelphia and the surrounding seven counties are known as the Philadelphia Metropolitan Area.

Many establishments moved into the adjoining counties where there is room for further expansion, lower land values, less traffic congestion, and, in some cases, lower taxes. Baldwin Locomotive Works, an old Philadelphia concern, long located near the center of the city, moved its entire plant out to Eddystone in Delaware County along the riverfront, where it occupies a vast acreage needed for the production of locomotives and related heavy equipment. More recently, Curtis Publishing Company also chose a Delaware County site for its new one-story plant which is in marked contrast to its multi-story plant in downtown Philadelphia. Industrial expansion in the counties encircling the city is indicated by the fact that over 40 per cent of all industrial workers in the metropolitan area are now employed in plants outside the city.

Suburban industrial development and decentralization are bound to continue. Plants in the surrounding counties have practically all of the advantages and few, if any, of the disadvantages of plants within the city. On the outskirts, the manufacturer has "elbow-room" to build a plant around an ideal ground-floor layout designed for economical operation rather than to expand skyward out of cramped city quarters. Suburban sites also afford parking facilities for the workers and more spacious and comfortable living conditions for employees and their families. Formerly, plants were tied to the railroads, but that has changed with the improved transportation facilities of the trucking industry.

Industrial Structure of Metropolitan Philadelphia

One of the best ways of getting a "bird's-eye view" of the industrial proliferation of the Philadelphia area is to take a look at its industrial employment. As of May of this year, there were over a half million industrial workers in the area's 8,100 manufacturing establishments which employed about one-third of all the workers in the eight-county area.

A distinguishing and favorable feature of the industrial structure of the Philadelphia Metropolitan Area is its highly diversified nature. The 570,000 industrial workers were distributed fifty-fifty among plants making durable and nondurable products. On that score the balance is perfect. Durables, generally made out of wood, stone, and metal, have varying degrees of endurance. As a family, these industries, catering to a machine civilization like ours, can and do on occasion rise to great heights of activity. By the same token they can also, and sometimes do, undergo equally sharp and at times sustained periods of adversity. Fortunately, the flow of industrial income in the Philadelphia area has the moderating influence of an equally important group of nondurable industries generally engaged in the processing of foods, fibers, and fuels which by reason of their ephemeral nature are forever in need of replacement.

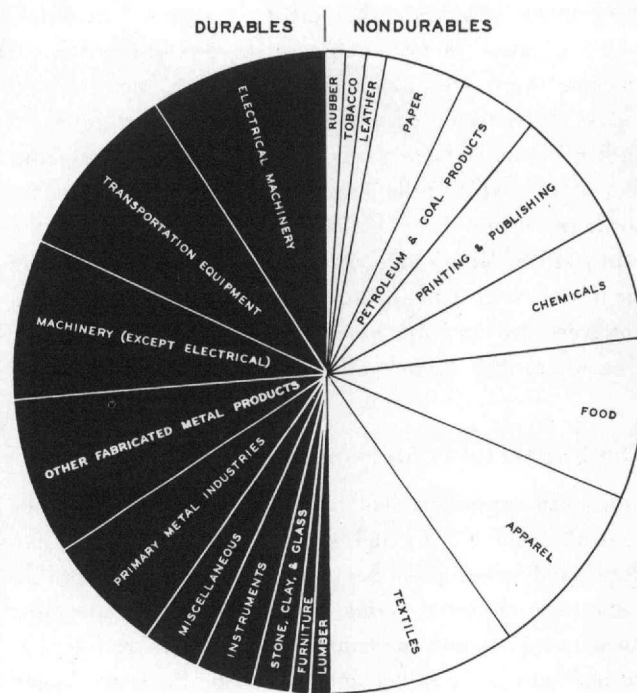
If there be strength, health, and opportunity in diversity, then the region has an industrial structure that is almost ideal. The accompanying table, showing the industrial employment and its percentage distribution among the major classes of industries, looks almost like an insurance company's investment portfolio and, like such a portfolio, the industrial structure is constantly changing.

Formerly, a larger proportion of employment in nondurables gave the area a lopsided industrial structure. It afforded a certain amount of built-in stability, but by the same token it lacked some of the vigor so characteristic of the durables. While the current national defense activity no doubt gives a bigger boost to durables than nondurables, durables nevertheless have gained a permanently stronger foothold in the region.

Neither the table nor the accompanying chart tells the whole story; they show only the major divisions of industrial "flora" along the Delaware. Textiles, for example, are a big family, including major genera or subdivisions like scouring and combing plants that clean and prepare fibers for processing, yarn and thread mills that do the spinning, weaving mills that make only broad fabrics, and other mills that specialize in ribbon, braid, and related narrow fabrics; and there are other divisions such as dyeing and finishing mills, knitting mills, hat factories, and carpet and rug mills. Each of these, in turn, contains further subdivisions. Knitting mills, for example, embrace full-fashioned hosiery, seamless hosiery, knit outer wear, knit underwear, gloves, and knit fabrics. Textile mills of all classes flourish in the Philadelphia area.

INDUSTRIAL EMPLOYMENT IN THE PHILADELPHIA METROPOLITAN AREA, MAY 1952

	Employment (in thousands)	Percentage of total
<i>All manufacturing</i>	570.0	100
Food	43.0	8
Tobacco	7.3	1
Textiles	57.5	10
Apparel	52.0	9
Paper	20.8	4
Printing and publishing.....	32.6	6
Chemicals	34.4	6
Petroleum and coal products.....	22.6	4
Rubber	5.5	1
Leather	8.8	1
Total nondurables	284.5	50
Lumber	3.4	1
Furniture	5.7	1
Stone, clay, and glass.....	13.2	2
Primary metal industries.....	32.8	6
Machinery (except elec.).....	48.8	8
Electrical machinery	53.2	9
Transportation equipment	52.3	9
Other fabricated metal products..	44.3	8
Instruments	15.5	3
Miscellaneous	16.3	3
Total durables	285.5	50



Years ago, Philadelphia was a great textile center. It still is. Textile mills, as a class, employ 10 per cent of all industrial workers—more than any other major group—but textiles no longer occupy so prominent a place in the local industrial scene as formerly. Some textiles have moved South, while other local industries, particularly the machine and metal trades, have grown up to larger stature. Textiles are sometimes combined with apparel and mentioned in the same breath to show the importance of textiles in this region, but textiles and apparel are two entirely different industries even though the latter gets its material from the former. Rarely does the manufacturer in one of these fields venture into the other. The needle trades have been growing in the Philadelphia Metropolitan Area and, as a group, apparel now ranks almost as high as textiles in volume of employment.

The heavy industries, assuming ever-increasing prominence in the Philadelphia Metropolitan Area, include a greater number and variety of genera and species than textiles. The basic members of this large family group are the primary metal industries—the steel works and rolling mills, the iron and steel foundries, the smelters and refiners of copper, brass, and other nonferrous metals. This group already employs 6 per cent of the industrial workers and will be employing considerably more when the new Fairless plant gets into full operation.

Eight per cent of the area's industrial workers are employed in the non-electrical machinery trades. They include the producers of engines, turbines, agricultural, mining, and oil-field machinery, and a great variety of machinery used by industry itself. This takes in all kinds of machinery such as construction machinery, machines used in papermaking, food processing, printing, textile and all other forms of industrial machinery, as well as household and office machinery and an almost endless list of special equipment like compressors, blowers, elevators, stokers, and so forth.

Another classification—electrical machinery—comprises the whole gamut of equipment used in the generation, transmission, and use of electrical energy. This includes such items as motors, switch gear, wiring devices, radio, television, and telephone equipment. This group of industries employs 9 per cent of the region's industrial workers, as shown in the accompanying table.

Another important family of industries in the durable classification that accounts for 9 per cent of the area

employment is the manufacturers of transportation equipment. The major products of this group include about everything that runs on railways, highways, airways, and waterways.

The designation "other fabricated metal products" scarcely gives a clue to the bewildering variety of products put out by the industries in this class. It includes products as diverse as tin cans, cutlery, heating apparatus and plumbers' supplies, metal doors and sashes, boilers, automobile hardware, lighting fixtures, steel springs, safes and vaults, spikes and nails—just about everything ranging from cradle to casket hardware. Plants in this omnibus category of metal products account for 8 per cent of the industrial employment.

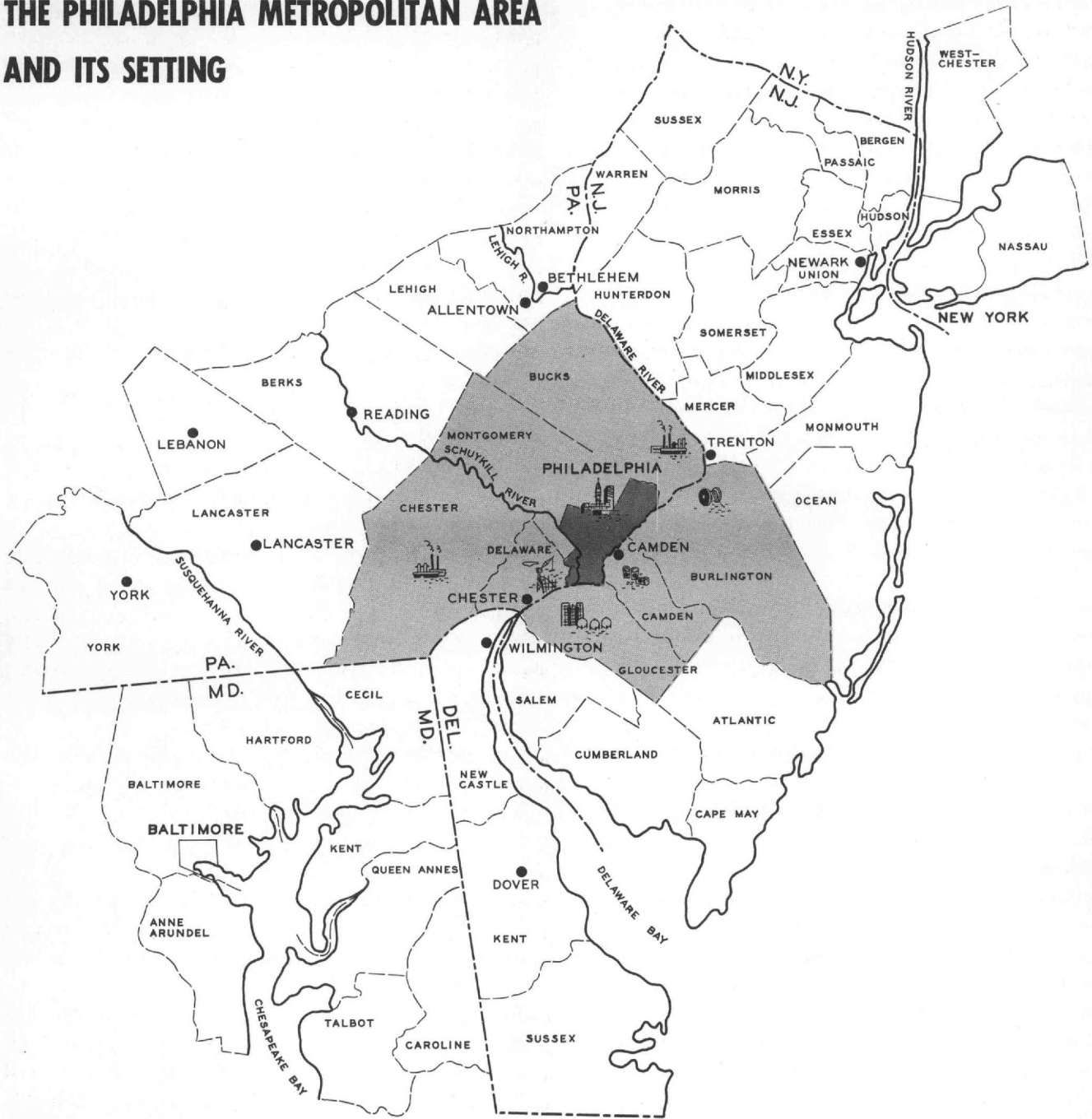
Plants and Products

Industrial plants in the Philadelphia area do not conform to any well-defined average, pattern, or standard. Along with the industrial diversification and, no doubt, in large part as a consequence of it, there is a great variety with respect to size of plant, nature of organization, and type of products.

Industrial establishments in Philadelphia range in size from those employing less than five workers to huge plants that have over a thousand workers on their pay rolls. Almost two-thirds of the plants are small concerns that do not employ over twenty-five workers each, and about one out of every four plants fall into a category of firms employing twenty-five to one hundred employees. Together, all these account for slightly over one-quarter of the total industrial employment. At the upper end of the scale are big plants that employ over a thousand workers each. This group, which accounts for scarcely 1 per cent of the total number of establishments, nevertheless employs one-third of all the area's industrial workers. In this group are the local industrial giants—among them Philco, Budd, General Electric, Atlantic Refining, Curtis Publishing, SKF, Stetson, and Midvale. The entire list of these famous Philadelphia concerns is too long to enumerate, and their products are often known as well or better than the names of the companies making them.

In the counties surrounding Philadelphia are still more large concerns with equally famous names. Outstanding among these are Rohm and Haas and American Machine and Metals in Bucks County; Lukens Steel in Chester County; Baldwin, Westinghouse, Sun Oil, Ford, Ameri-

THE PHILADELPHIA METROPOLITAN AREA AND ITS SETTING



can Viscose, Scott Paper, and Piasecki Helicopter in Delaware County; Autocar, Alan Wood, James Lees, Lee Tire, and Doehler in Montgomery County. Across the river are New York Ship, Campbell's Soup, and RCA in Camden County; Roebing and Florence Pipe Foundry in Burlington County; Socony Vacuum and du Pont in Gloucester County. Most of these and others that might

be mentioned are concerns that began years ago as small establishments and have grown to their present huge size.

While the large concerns are naturally the better known, the Philadelphia area has an unusual number of middle-sized and small concerns. There was a time when Philadelphia was characteristically a city of small concerns, but plants have been growing in size, and large

concerns have been coming into the area, so that today Philadelphia is right about in the middle of the range of the country's leading industrial cities ranked according to scale of plant operation. This area has comparatively few companies that are branch plants of large national corporations. On the contrary, some of the big local concerns have established branch plants in other parts of the country.

A large number of firms in the area are highly specialized in the sense that they confine their operations to individual components of products rather than finished or end-products. In the machinery and industrial equipment trades, for example, many concerns specialize in making only bearings or gears or pumps or valves. Similarly, in textiles and other light industries, it is customary for a firm to specialize in the manufacture of worsted yarns or in upholstery fabrics or in dyeing and finishing rather than to engage in all of the operations like those required to convert raw fibers into finished fabrics.

PHILADELPHIA AT MID-CENTURY

According to the final returns of the 1950 census, Philadelphia is still the country's third largest city; but Los Angeles and Detroit are right on its heels and coming up fast. The growth of Philadelphia seemed to have come to a standstill between 1930 and 1940, when its population actually declined by about 1 per cent. That was a depression decade. During the 10-year period ending with 1950, however, the city's population increased 7 per cent to slightly over two million. During this period, the other counties in the Philadelphia Metropolitan Area grew more vigorously. Population in all these counties rose at rates ranging from 17 per cent in Chester County to increases as high as 33 per cent in Delaware and Bucks counties and 40 per cent in Burlington County, New Jersey. A small percentage spill-over out of heavily populated Philadelphia into the adjoining counties easily produced larger percentage increases in the less densely populated areas where rising industrialization is of course the principal reason for the rapid growth of population.

Looking Back

Philadelphia is a great city primarily because it is a great industrial center. It is not by chance that in Philadelphia were founded the country's first bank, mint, stock exchange, savings fund society, fire insurance com-

pany, library, hospital, paper mill, medical school, theater, carpet factory, and trolley cars—to mention only a partial list of "firsts." All this is a result of the fact that Philadelphia was the country's first leading metropolis, and it became the leading metropolis because of its early industrial development. But why the early industrial development, and why the sustained industrial growth?

Philadelphia began and continues to thrive as an industrial center for a number of reasons. First and foremost is the port which assured the development of commerce, as well as the development of early industries like shipbuilding and sugar refining and modern industries like petroleum refining and chemical manufacturing. The city's strategic position as an inland seaport is another invaluable asset, and it improves with age. Industries have access not only to imported raw materials but also inland raw materials produced in abundance in the rich agricultural and mineral hinterland. Markets for manufacturers grow ever larger with the development of the heavily populated Atlantic Seaboard. Waterfalls along the "fall line" provided cheap and easily harnessed factory power. Later, both power and steam for processing were derived from anthracite coal, easily shipped into Philadelphia by short canal or rail haul.

Industrial development is also due in large part to a spirit of tolerance which attracted a mixture of people among whom were able craftsmen. Large numbers of English Quakers, Germans, Dutch, and Scotch-Irish settled here. The Quakers took to trade and commerce; the Germans and the Dutch came from countries that led the world in spinning, weaving, papermaking, printing, iron founding, and other industrial arts. Their descendants are today's skilled tool and die makers, electrical technicians, and machine tool designers.

Located on a tidal estuary with easy access to the sea, served by three trunk line railroads with connections to a rich continent of raw materials, surrounded by a wealthy agricultural and mineral hinterland, flanked by ever-growing markets along the heavily populated seaboard, and endowed with skilled workers, Philadelphia was destined to become one of the country's greatest industrial regions.

Looking Ahead

Industrial Philadelphia is like an old oak. Planted many years ago alongside the Delaware which nourishes it, the oak grew to great height and breadth. Strength is in its

massive trunk, symmetry in its arrangement of branches, stability in its deep roots. It is weather beaten by the storms of centuries. Some of its limbs are gnarled and knotted, but here it stands—stout and sturdy with age.

Since the end of World War II, Philadelphia has undergone a lot of budding and pruning. Industrial concerns within the city have spent over a half billion dollars to expand plant capacity and to modernize their machinery and equipment. Railroads and utilities are making large expenditures to provide the transportation, power, gas, water, and communication facilities required by the expanding industries. Additional power-generating equipment is being installed to take care of a one-third anticipated increase in power requirements. Port facilities are being renovated and expanded. The river channels are being dredged and deepened, and an additional ore dock is under construction to take care of the increased tonnage of iron ore that will be shipped to the new Fairless Works. With the assistance of the City Planning Commission, Philadelphia is in the midst of a half-billion-dollar public improvement program. This includes airports, city highways and bridges, hospitals and charitable institutions, water supply and sewerage treatment, recreation and transit, public housing and redevelopment.

The entire Delaware valley from Trenton to Wilmington is vibrant with industrial activity and expansion. Upon completion of present projects, it has been estimated that over \$2 billion worth of industrial capacity will have been added to this area since the end of the war. Basic iron and steelmaking capacity at Morrisville heads the list, which also includes wire rope, steel tubing, paperboard containers, plastics, sponge iron, saws, drugs, radios, bearings, automobile bodies, printing and publishing, petroleum products, jet turbines, automobiles, chemicals, and helicopters. That is typical of the diversified Delaware—dominant in almost nothing and prominent in almost everything.

The huge amount of new capital being invested in this area is indicative of the faith industrialists have in the future of this region. It is attractive to new industries not only because of its many geographic advantages, but also because of its great wealth of skilled labor. In most lines of manufacturing, labor is the biggest item of cost and manufacturers know very well that they must look beyond wage rates to determine their labor costs. In the Philadelphia area, they do not find the lowest wage rates but they do find one of the country's best labor markets by reason of the diversity of skills, experience, and cooperative attitude. Harmonious labor-management relations have long been characteristic of this area. Philadelphia workers have a high sense of responsibility and have more than average pride in their jobs, their homes, and their community. This is reflected in the relative infrequency of work stoppages, the high percentage of home ownership, for which Philadelphia is outstanding among the country's leading cities, and the reluctance of workers to leave Philadelphia for higher-pay jobs elsewhere. In fact, many workers display an equally great reluctance to leave their own industry, to which they had been attached for years. All this adds to the stability and solidarity so characteristic of workshops on the Delaware.

There is abundant evidence of industrial revival on the Delaware. This can be seen not only in Philadelphia but also throughout the entire metropolitan area. In town, old landmarks, like Broad Street Station and the "Chinese Wall" are disappearing and new landmarks like Independence Mall are appearing on the scene. In one company after another, whether industrial, commercial, banking, or trade, younger executives are occupying the places of responsibility. More and more, tradition and convention are giving place to change and innovation. At mid-century the industrial opportunities and potentialities are just as great as they were for the pioneers.

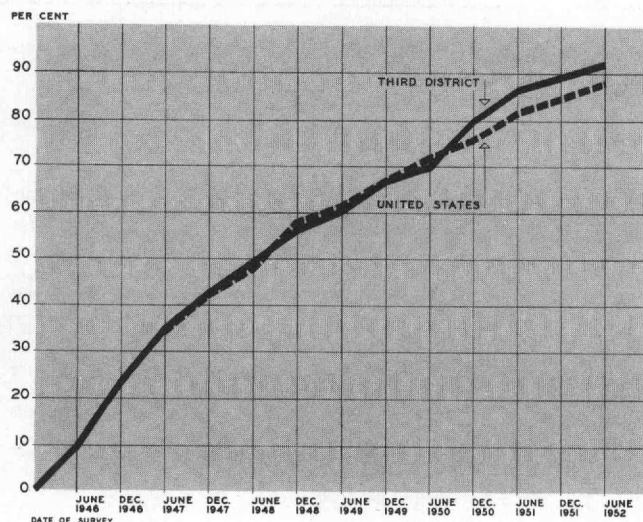
ROUTING CHECKS BY NUMBERS

Seven years ago the American Bankers Association and the Federal Reserve System inaugurated a joint undertaking to facilitate the movement of funds for American business. The check routing symbol was devised to make it easier to sort and route checks so that they would be presented more quickly and the funds would be available for the depositor that much sooner. The program involves the use of a legend in the form of a fraction, for instance $\frac{3-50}{310}$, printed in the upper right area of the check. The number above the line is the A.B.A. transit number of the drawee bank and the denominator is the routing symbol or "road sign," which helps speed the check to the proper Federal Reserve Bank or branch.

The Check Routing Symbol Program has reached 88 per cent of its goal for the entire United States. In the semi-annual survey conducted simultaneously by the

CHECK ROUTING SYMBOL PROGRESS

(Percentage of checks bearing the check routing symbol collected through Federal Reserve Banks)



twelve Federal Reserve Banks in June, examination of more than nine million checks drawn on the 13,067 par banks throughout the country revealed that more than eight million bore the combined fractional form of transit number and routing symbol in the approved location.

In the Third Federal Reserve District, the combined efforts of bankers and businessmen have resulted in the

use of the symbol on 92 per cent of all checks. By states, New Jersey, Delaware, and Pennsylvania rank fourth, seventh, and twelfth respectively in the nation. While this Third District performance is an improvement of 2 percentage points in six months and is 4 points above the national average, a vigorous campaign will be continued until the goal of 100 per cent is reached and full effectiveness is assured.

Since the inception of the Check Routing Symbol Program in 1945, many obstacles have had to be met and overcome. One was the large stocks of old-style checks in the hands of the banks and their depositors. This condition is gradually disappearing. Some large-volume check users were reluctant to permit a change in their check design, which also retarded progress. However, when the over-all benefits of the Program were understood by the executives concerned, the necessary changes usually were made. When the check printing industry realized the importance of this effort by banking to expedite check collection, the printers' assistance became one of the greatest factors in its success.

As the Check Routing Symbol Program moves into its final stages, it appears that much work needs yet to be done to bring county, school, and municipal warrants into conformity, for these items circulate in the same manner as checks. Bankers and printers can help in this by apprising officers of political subdivisions of the importance of their cooperation in having the fractional symbol placed in the approved location on these instruments.

Throughout the country an increasing number of banks have found it advantageous to put the routing symbol to work in their own check collection operations. Management has discovered that operating costs are cut and service to depositors is improved when the routing symbol is used in sorting checks. Benefits include (1) reduction in sorting time due to the virtual elimination of reference to the par list, especially on checks payable in other Federal Reserve Districts; (2) reduction in mis-sorting which formerly resulted from similarities in names of locations and banks; (3) general speeding up of check clearings and the resulting quicker return of dishonored items; and (4) simplification of the training of new employees.

CURRENT TRENDS

Business activity in the Third Federal Reserve District during May was about the same as the previous month's. Most indexes were at high levels and showed little tendency toward change. Although the statistics for June are not yet complete, it is clear that the month will show a somewhat different picture, featuring a full-fledged steel strike on the one hand and a sustained expansion in trade on the other.

Production in Pennsylvania manufacturing plants rose slightly in May as operations of nondurable goods firms were increased. Total factory employment did not change despite some strike influence in the primary metal and oil industries. The steel strike, however, was not in full force and it was not until June that the stoppage began to take any significant toll of output, employment, and income.

Department store sales, which had been lagging behind 1951, revived somewhat during May and exceeded those of a year ago for the first time since last November. Preliminary reports indicate even greater improvement in June despite the adverse influence of the steel strike in some areas.

Construction contract awards decreased 6 per cent during May and were lower than during the same month last year. These figures tend to fluctuate widely from month to month, however, and in order to obtain a proper perspective the tables below present a three-month moving average. On this basis, awards during the current period compare favorably with last year and the previous three-month average.

Business loans continue above a year ago at banks in leading cities of the District. There was little change in May but a moderate expansion in June, which probably reflected, in part, borrowing to pay income taxes. Increases also were reported in loans to brokers and dealers in Government securities and in the unclassified group which includes consumer credit.

There was a considerable churning of funds in June incident to debt and other fiscal operations of the Treasury. Heavy interest payments were followed by large income tax collections. The four weeks ended June 25, however, showed little net change nationally in the excess reserves of member banks. A decline in borrowings from Reserve Banks accompanied increases in float and holdings of securities, with the result that total Reserve Bank credit outstanding at the close of the period was virtually the same as at the beginning.

SUMMARY	Third Federal Reserve District			United States		
	Per cent change			Per cent change		
	May 1952 from		5 mos. 1952 from year ago	May 1952 from		5 mos. 1952 from year ago
	mo. ago	year ago	year ago	mo. ago	year ago	year ago
OUTPUT						
Manufacturing production . . .	+ 1*	- 5*	- 3*	0	- 4	- 2
Construction contracts †	+22	+ 2	-16	+4	-13	-10
Coal mining	- 2	-12	0	-9	-15	- 4
EMPLOYMENT AND INCOME						
Factory employment	0*	- 4*	- 4*	-1	- 3	- 3
Factory wage income	+ 1*	- 2*	0*			
TRADE**						
Department store sales	+ 5	+ 3	- 3	+5	+ 4	- 3
Department store stocks	+ 1	-14		+2	-13	
BANKING (All member banks)						
Deposits	- 1	+ 4	+ 3	0	+ 6	+ 5
Loans	0	+ 7	+ 7	0	+ 7	+ 8
Investments	- 1	+ 1	0	+1	+ 6	+ 4
U.S. Govt. securities	- 1	- 1	- 2	0	+ 4	+ 4
Other	0	+ 7	+ 7	+1	+11	+ 8
PRICES						
Wholesale				0	- 4	- 3
Consumers	0†	+ 2†	+ 2†	0	+ 3	+ 3
OTHER						
Check payments	- 1	- 1	0	-2	+ 4	+ 4
Output of electricity	- 5	0	+ 2			

LOCAL CONDITIONS	Factory*				Department Store				Check Payments	
	Employment		Payrolls		Sales		Stocks		Per cent change May 1952 from	
	Per cent change May 1952 from		Per cent change May 1952 from		Per cent change May 1952 from		Per cent change May 1952 from		Per cent change May 1952 from	
	mo. ago	year ago	mo. ago	year ago	mo. ago	year ago	mo. ago	year ago	mo. ago	year ago
Allentown	0	- 2	+1	0					+4	+3
Harrisburg	0	+ 5	+2	+10					+1	+7
Lancaster	0	- 1	+2	+ 3	+12	+6	-8	-12	0	+4
Philadelphia	-1	- 3	0	+ 1	0	- 1	-4	-15	0	0
Reading	-1	-11	+5	-11	+ 7	+7	-6	-18	-5	-9
Scranton	+1	- 2	+9	+ 7					+7	+2
Trenton					+ 9	+1	-9	-19	-8	0
Wilkes-Barre	0	+ 1	+9	+14	+13	+8	-1	-18	-1	-1
York	-1	+ 1	+3	+ 3	+10	+9	-2	-11	+8	0

*Pennsylvania
 **Adjusted for seasonal variation. †Philadelphia.
 †Changes computed from 3-month moving averages.

*Not restricted to corporate limits of cities but covers areas of one or more counties.

MEASURES OF OUTPUT

	Per cent change		
	May 1952 from		5 mos. 1952 from year ago
	month ago	year ago	
MANUFACTURING (Pa.)	+ 1	- 5	- 3
Durable goods industries.....	0	- 4	0
Nondurable goods industries.....	+ 1	- 6	- 8
Foods	0	- 1	- 3
Tobacco.....	+14	+ 12	- 1
Textiles.....	+ 2	- 11	- 18
Apparel.....	+ 1	- 10	- 14
Lumber.....	+ 2	- 9	- 11
Furniture.....	+ 2	- 1	- 5
Paper.....	+ 3	- 10	- 12
Printing and publishing.....	- 1	- 2	- 1
Chemicals.....	- 1	- 3	0
Petroleum and coal products.....	- 1	- 5	- 2
Rubber.....	- 1	- 9	+ 1
Leather.....	+ 3	- 2	- 10
Stone, clay and glass.....	+ 2	- 12	- 11
Primary metal industries.....	- 2	- 7	0
Fabricated metal products.....	+ 1	- 8	- 6
Machinery (except electrical).....	- 1	- 3	+ 1
Electrical machinery.....	+ 2	+ 2	+ 4
Transportation equipment.....	+ 7	+ 15	+23
Instruments and related products.....	0	- 4	0
Misc. manufacturing industries.....	+ 3	- 16	- 18
COAL MINING (3rd F. R. Dist.)*	- 2	- 12	0
Anthracite.....	- 1	- 12	+ 1
Bituminous.....	- 3	- 11	- 7
CRUDE OIL (3rd F. R. Dist.)**	+ 3	- 2	- 1
CONSTRUCTION—CONTRACT AWARDS (3rd F. R. Dist.)†	+22	+ 2	- 16
Residential.....	+28	+ 32	- 19
Nonresidential.....	+13	- 44	- 36
Public works and utilities.....	+22	+153	+54

*U.S. Bureau of Mines.

**American Petroleum Inst. Bradford field.

†Source: F. W. Dodge Corporation. Changes computed from 3-month moving averages, centered on 3rd month.

EMPLOYMENT AND INCOME

Pennsylvania Manufacturing Industries*	Employment		Payrolls		Average Weekly Earnings		Average Hourly Earnings	
	May 1952 (Index)	Per cent change from	May 1952 (Index)	Per cent change from	May 1952	% chg. from year ago	May 1952	% chg. from year ago
Indexes (1939 avg.=100)								
All manufacturing.....	134	0 - 4	389	+ 1 - 2	\$65.00	+ 3	\$1.65	+ 4
Durable goods industries.....	167	0 - 2	455	+ 1 - 2	70.29	0	1.76	+ 4
Nondurable goods industries.....	102	- 1 - 8	302	+ 2 - 2	56.58	+ 6	1.47	+ 5
Foods.....	115	- 2 - 2	297	0 + 3	57.84	+ 5	1.42	+ 5
Tobacco.....	91	+ 2 + 4	258	+14 +17	37.12	+12	.96	+ 4
Textiles.....	67	- 1 - 15	204	+ 2 - 10	54.05	+ 6	1.43	+ 4
Apparel.....	119	- 3 - 10	355	+ 6 - 4	42.00	+ 7	1.19	+ 4
Lumber.....	146	+ 2 - 8	399	+ 3 - 4	47.54	+ 4	1.15	+ 5
Furniture and lumber products.....	118	0 - 6	374	+ 2 + 3	58.43	+ 9	1.31	+ 6
Paper.....	138	+ 1 - 8	422	+ 4 - 3	66.16	+ 5	1.58	+ 9
Printing and publishing.....	117	- 1 - 2	320	0 + 4	77.70	+ 5	2.00	+ 7
Chemicals.....	140	- 1 - 8	409	0 - 5	69.34	+ 3	1.63	+ 3
Petroleum and coal products.....	151	- 3 - 3	428	+ 1 + 1	85.16	+ 4	2.12	+ 6
Rubber.....	231	- 2 - 5	718	- 1 - 4	77.18	+ 6	1.92	+ 12
Leather.....	80	- 2 - 5	219	+ 4 + 1	47.21	+ 6	1.22	0
Stone, clay and glass.....	132	0 - 10	376	+ 3 - 10	65.23	+ 1	1.65	+ 3
Primary metal industries.....	141	0 - 1	366	- 2 - 6	72.18	- 6	1.91	+ 1
Fabricated metal products.....	172	- 1 - 7	484	+ 1 - 6	66.71	+ 1	1.64	+ 4
Machinery (except electrical).....	242	0 - 1	700	- 1 + 2	73.38	+ 3	1.73	+ 6
Electrical machinery.....	273	+ 1 + 2	681	+ 2 + 9	69.94	+ 8	1.71	+ 8
Transportation equipment.....	186	+ 6 + 12	527	+ 9 + 18	80.55	+ 6	1.94	+ 3
Instruments and related products.....	186	0 - 1	545	0 - 3	67.05	- 2	1.65	+ 1
Misc. manufacturing industries.....	124	+ 1 - 17	347	+ 4 - 11	57.51	+ 7	1.36	+ 6

*Production workers only.

TRADE

Third F. R. District Indexes: 1947-49 Avg.=100 Adjusted for seasonal variation	May 1952 (Index)	Per cent change		
		May 1952 from		5 mos. 1952 from year ago
		month ago	year ago	
SALES				
Department stores.....	107	+ 5	+ 3	- 3
Women's apparel stores.....	87	- 3	+ 2	0
Furniture stores.....		+32*	+13*	+13*
STOCKS				
Department stores.....	114P	+ 1	- 14	.....
Women's apparel stores.....	104	- 5	- 7	.....
Furniture stores.....		- 6*	- 17*	.....
Recent Changes in Department Store Sales in Central Philadelphia				Per cent change from year ago
Week ended June 14.....				+9
Week ended June 21.....				+4
Week ended June 28.....				- 1
Week ended July 5.....				+8

*Not adjusted for seasonal variation. P—preliminary.

Departmental Sales and Stocks of Independent Department Stores Third F. R. District	Sales		Stocks (end of month)		
	% chg. May 1952 from year ago	% chg. 3 mos. 1952 from year ago	% chg. May 1952 from year ago	Ratio to sales (months' supply) May	
				1952	1951
Total—All departments	- 1	- 4	- 16	3.0	3.5
Main store total	0	- 5	- 16	3.3	3.9
Piece goods and household textiles.....	+ 2	- 12	- 26	3.5	4.8
Small wares.....	+ 7	+ 2	- 7	3.6	4.2
Women's and misses' accessories.....	- 1	- 1	- 8	3.0	3.2
Women's and misses' apparel.....	+ 3	+ 1	- 5	1.9	2.1
Men's and boys' wear.....	- 3	- 2	- 13	4.4	4.9
Housefurnishings.....	- 3	- 13	- 23	3.8	4.7
Other main store.....	+ 8	- 1	- 27	2.9	4.2
Basement store total	- 5	- 2	- 17	1.9	2.2
Domestics and blankets.....	+ 18	0	- 45	2.0	4.3
Small wares.....	+ 1	- 4	- 8	1.9	2.1
Women's and misses' wear.....	- 6	0	- 7	1.3	1.4
Men's and boys' wear.....	- 11	0	- 16	2.6	2.7
Housefurnishings.....	- 7	- 8	- 18	2.5	2.9
Shoes.....	- 10	- 4	- 16	2.7	2.9
Nonmerchandise total	0	+ 1	.....	.....	.....

CONSUMER CREDIT

Sale Credit Third F. R. District	Sales		Receivables (end of month)
	% chg. May 1952 from year ago	% chg. 5 mos. 1952 from year ago	% chg. May 1952 from year ago
	Department stores		
Cash	0	- 2	.....
Charge account	- 3	- 5	+5
Instalment account	+11	- 3	- 3
Furniture stores			
Cash	+11	0	.....
Charge account	-28	-19	.....
Instalment account	+23	+13	+6

Loan Credit Third F. R. District	Loans made			Loan balances outstanding (end of month)
	% chg. May 1952 from year ago	% chg. 5 mos. 1952 from year ago	% chg. May 1952 from year ago	
	Consumer instalment loans			
Commercial banks	+44	+40	- 1	
Industrial banks and loan companies	+14	+29	+15	
Small loan companies	+ 3	+13	+16	
Credit unions	+36	+24	+10	

PRICES

Monthly Wholesale and Consumer Prices	May 1952 (Index)	Per cent change from	
		month ago	year ago
		Wholesale prices—United States (1947-49 = 100)	112	0	- 4
Farm products	108	- 1	- 7
Foods	109	+ 1	- 3
Other	113	0	- 3
Consumer prices (1935-39 = 100)			
United States	190	0	+ 3
Philadelphia	190	0	+ 2
Food	230	+ 1	+ 4
Clothing	198	0	- 3
Rent	129	.....	+ 5
Fuel	147	- 4	- 1
Housefurnishings	211	- 1	- 7
Other	174	0	+ 2

Weekly Wholesale Prices—U.S. (Index: 1947-49 average = 100)	All commodities	Farm products	Processed foods		Other
Week ended June 10	111.7	111.0	109.3	112.4	
Week ended June 17	111.2	107.3	108.6	112.5	
Week ended June 24	110.7	105.5	108.2	112.3	
Week ended July 1	110.7	107.7	108.0	111.9	

Source: U.S. Bureau of Labor Statistics.

BANKING

MONEY SUPPLY AND RELATED ITEMS United States (billions \$)	May 28 1952	Changes in—	
		four weeks	year
Money supply, privately owned	184.4	+ .6	+10.6
Demand deposits, adjusted	95.3	+ .2	+ 5.8
Time deposits	63.0	+ .4	+ 3.7
Currency outside banks	26.0	+ .1	+ 1.1
Turnover of demand deposits	22.0*	+3.3*	0*
Commercial bank earning assets	133.1	+ .7	+ 8.0
Loans	58.5	+ .3	+ 4.1
U.S. Government securities	60.7	+ .2	+ 2.6
Other securities	13.9	+ .2	+ 1.3
Member bank reserves held	19.6	- .3	+ 1.1
Required reserves (estimated)	19.2	+ .1	+ 1.0
Excess reserves (estimated)	.4	- .4	+ .1

Changes in reserves during 4 weeks ended May 28 reflected the following:

	Effect on reserves
Increase of currency in circulation	-.2
Net payments to the Treasury	- .1
Decrease in Reserve Bank holdings of Governments	- .1
Miscellaneous	- .1
Increase in Reserve Bank loans	+ .1
Increase in other Reserve Bank credit	+ .1
Change in reserves	- .3

* Annual rate for the month and per cent changes from month and year ago at leading cities outside N. Y. City.

OTHER BANKING DATA	June 25 1952	Changes in—	
		five weeks	year
Weekly reporting banks—leading cities United States (billions \$):			
Loans—			
Commercial, industrial and agricultural	20.8	+ .2	+1.6
Security	2.7	+ .4	+ .6
Real estate	5.7	0	+ .2
To banks	.6	+ .1	+ .1
All other	6.3	+ .2	+ .3
Total loans—gross	36.1	+ .9	+2.8
Investments	39.8	+1.2	+2.1
Deposits	85.3	+2.1	+4.7
Third Federal Reserve District (millions \$):			
Loans—			
Commercial, industrial and agricultural	806	+ 16	+ 33
Security	73	+ 5	+ 31
Real estate	138	+ 6	- 9
To banks	6	- 7	- 8
All other	424	+ 19	+ 38
Total loans—gross	1,447	+ 39	+ 85
Investments	1,539	+ 18	0
Deposits	3,306	+ 58	+ 67
Member bank reserves and related items United States (billions \$):			
Member bank reserves held	20.0	- .1	+ .9
Reserve Bank holdings of Governments	22.6	+ 3	- .3
Gold stock	23.3	0	+1.6
Money in circulation	28.8	+ 3	+1.2
Treasury deposits at Reserve Banks	.1	- .2	- .3
Federal Reserve Bank of Phila. (millions \$):			
Loans and securities	1,446	+ 33	- 8
Federal Reserve notes	1,738	+ 19	+ 76
Member bank reserve deposits	920	+ 32	+ 36
Gold certificate reserves	1,271	+ 26	+ 84
Reserve ratio (%)	46.9%	+0.5%	+2.1%