

# MONTHLY REVIEW

*of Financial and Business Conditions*

FIFTH  
FEDERAL



RESERVE  
DISTRICT

*Federal Reserve Bank, Richmond, Va.*

*March 31, 1943*

## Business in February, 1943

THE manpower problem is at present of greatest concern in Fifth District industries, as it probably is throughout the United States. Agriculturally this District is probably in a somewhat poorer position as regards manpower since a larger proportion of the farm effort applied here is done with hand labor as contrasted with the relatively larger portion of machine labor for the country as a whole. Reports are current from many quarters of the District that the dearth of farm labor is likely to cause a considerable amount of land to lie fallow, but the U. S. Department of Agriculture's acreage estimates indicate the contrary.

Indications are that further immigrations of workers will be needed during 1943 in such areas as Baltimore, Maryland, Hampton Roads, Virginia, and several of the port cities of the Carolinas. In the Hampton Roads area of Virginia the War Manpower Commission estimates an increase in employment of 62,000 workers, of which 38,000 would have to be brought into the area from outside. Quantitative estimates are lacking as to the number of workers required in Baltimore but it is the general impression that the number will be large. Industries indirectly engaged in the war effort, and those not engaged in it, seem likely to have to settle their manpower problems by lengthening the work week and by the further use of women.

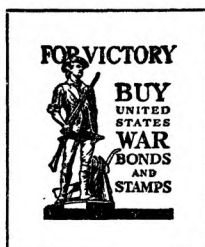
Women workers are moving into industries of this District in which it has not been customary for them to work, and the trend seems to be toward an acceleration of this move. The Bassett Furniture Industries, of Bassett, Virginia, is employing women in two of its five plants and

the company has announced that 500 additional women will be employed at a future date. Women were also put to work operating cranes at the Bethlehem-Fairfield Shipyard in Baltimore, and the Virginia Electric and Power Company has stated that women street car and bus drivers will soon appear.

Average daily department store sales after seasonal correction rose 20 per cent between January and February and in the latter month stood 43 per cent ahead of the same month last year. The clothing rationing scare around the middle of February found its greatest reflection in Maryland as this state's seasonally adjusted sales for February were 44 per cent higher than January and 52 per cent above February 1942.

It is interesting to note the changes that have occurred in department stores' cash sales in relation to charge sales payable in 30 days and to those on instalment. Twenty-three identical stores of the District in February 1943 show 54 per cent of their sales for cash whereas a year ago these stores' cash sales were only 41 per cent of the total. Charge sales payable in 30 days accounted for 39 per cent of the total in February this year against 47 per cent a year ago while instalment sales accounted for only 7 per cent this February against 12 per cent last February. The decline in the importance of instalment sales is no doubt due to a dearth of the things ordinarily sold on instalment, while the increase in cash sales over 30 day credit sales attests the plethora of pocket cash.

Of the five lines of wholesale trade carried on a season-



### BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT

Average daily 1935-1939=100

Seasonally adjusted

	Feb. 1943	Jan. 1943	Dec. 1942	Feb. 1942	% Change Jan. 43 Feb. 42	Feb. 43 from Feb. 42
Bank Debits .....	184	171r	183	164	+ 8	+ 12
Bituminous Coal Production.....	154	137	137	134	+ 12	+ 15
Building Contracts Awarded.....	292	196	367	395	+ 49	- 26
Building Permits Issued.....	27	124	49	113	- 78	- 76
Cotton Consumption*.....	164	155	154	163	+ 6	+ 1
Department Store Sales.....	236	197r	164	165	+ 20	+ 43
Electric Power Production.....	195	190	199	175	+ 3	+ 11
Life Insurance Sales.....	101	90	81	124	+ 12	- 19
Wholesale Trade—5 lines.....	185	171	157	151	+ 8	+ 23

\*Not seasonally adjusted. r—Revised.

ally adjusted basis February sales of hardware firms recorded the most substantial gain from January, having amounted to 28 per cent. Hardware sales at wholesale however were 13 per cent smaller in February than a year ago. Wholesale shoe sales failed by 13 per cent to maintain seasonal levels in February and stood 5 per cent below a year ago. This was no doubt a reflection of shoe rationing which came early in the month. Although seasonally adjusted sales of wholesale dry goods fell 10 per cent from January to February, in the latter month they were still 51 per cent ahead of last year.

Some improvement occurred in the consumption of cotton by the mills of this District during February. Average daily consumption rose 6 per cent from January, but was only one per cent ahead of last year. Were the District's cotton mills to continue throughout the current year one or two per cent ahead of last year, it should be considered a good record.

Bituminous coal production in the District usually rises by more than seasonal proportions in a year when a new wage contract is pending. A new wage contract is in process of negotiation this year and it finds the February output 5 per cent higher than in January and 14 per cent above February 1942. These figures on an average daily basis show February 1943 to be 10 per cent above January and 13 per cent above February 1942.

Fifth District cigarette production which has been accounting for between 82 per cent and 87 per cent of the United States total in the past 12 months—was 7 per cent larger than a year ago, compared with a January increase over that month last year of 5 per cent. These figures are those on which tax is paid and do not take into account the manufacture of large numbers which are sent to our armed forces overseas. For purposes of morale, both for soldier and civilian and for use by overseas soldiers for "horse trading" purposes ample supplies of tobacco for cigarette manufacture are recognized as essential and it is believed in some quarters that flue cured and burley tobacco acreage allotments may be raised as a consequence.

Demand deposits of 41 Reporting Member Banks in the Fifth District rose 5 per cent between February 17 and March 17 and on this latter date were 30 per cent higher than a year earlier. Total security holdings of these banks increased 3 per cent during the month ended March 17 and on this date were 82 per cent higher than a year ago. Bill holdings of these banks which have multiplied 20 fold during the past year accounted for the bulk of the increase in security holdings during the month ended March 17. Loans which have been declining for sometime declined one per cent further in the month preceding March 17 and at this time they were 24 per cent below last year.

## Livestock in the Fifth District

The Fifth Federal Reserve District, although not considered predominantly a livestock section, has kept pace with the United States as a whole in livestock production. The trend has been somewhat accelerated in the last two years because of the war effort, but in general there has been a gradual increase in the number of livestock produced for the last five or six years. Only in the production of sheep and lambs, which has been declining steadily in this District for the past several years, has the trend been contrary to that of the United States as a whole.

Income from the sale of livestock has been rising rapidly in this District. Although its share in total cash farm income (excluding government payments) dropped slightly from 17% in 1941 to 15% in 1942, nevertheless estimated income from the sale of livestock aggregated approximately \$155 million in 1942, more than one-third higher than the Department of Agriculture's figure of \$114 million in 1941 and over 75% greater than the 1939 estimate of \$88 million. Most of this rise can be attributed to the increase in income from the sale of hogs which advanced more than twice as rapidly as the income from the sale of any other class of livestock. The sale of cattle and calves increased from 31% from 1941 to 1942 and was responsible for 33% of total livestock income in the Fifth District compared with 28% derived from hogs. The income from the sale of hogs rose 68% during the year.

Income from the sale of commercial broilers, formerly excluded from Department of Agriculture estimates of livestock income, is third in importance in this District, contributing \$27 million or 18% of the total in 1942. Table 1 shows the estimated income derived from the sale of the various classes of livestock in the Fifth District in

1939, 1941, and 1942, together with the percentage increase between prewar 1939 and 1942:

Table 1: INCOME FROM LIVESTOCK,  
FIFTH FEDERAL RESERVE DISTRICT  
(Millions of dollars)

Class of Livestock	1939	1941	1942*	Percentage Increase 1942/1939
Cattle and calves.....	31.4	39.2	51.4	63.7
Hogs .....	23.0	26.2	44.1	91.7
Sheep and lambs.....	4.3	4.7	5.7	32.6
Commercial broilers ..	12.1	22.8	27.4	126.4
Chickens .....	12.4	15.0	18.8	50.8
Turkeys .....	4.8	5.9	7.8	62.5
<b>TOTAL .....</b>	<b>87.9</b>	<b>113.9</b>	<b>155.2</b>	<b>76.6</b>

\*Estimated.

Livestock income in Virginia exceeded by far that of any other state in this District in 1942, with a total of \$55 million, or a little over one-third of the Fifth District

Table 2: STATE DISTRIBUTION OF LIVESTOCK  
INCOME BY CLASSES—1942‡

Class of Livestock	Md.	Va.	W. Va.	N. C.	S. C.	Fifth District
Cattle and calves.....	7.2	18.8	13.1	7.6	4.7	51.4
Hogs .....	6.3	14.1	3.2	14.1	6.4	44.1
Sheep and lambs.....	0.4	2.5	2.6	0.2	†	5.7
Commercial broilers ..	8.8	10.6	3.0	3.6	1.4	27.4
Chickens .....	4.4	5.7	1.9	5.1	1.7	18.8
Turkeys .....	1.9	3.5	1.0	0.8	0.6	7.8
<b>TOTAL .....</b>	<b>29.0</b>	<b>55.2</b>	<b>24.8</b>	<b>31.4</b>	<b>14.8</b>	<b>155.2</b>

† Less than \$500,000.

‡ Figures in Table 2 are estimates made by Federal Reserve Bank of Richmond.

aggregate. North Carolina, Maryland and West Virginia each contributed from one-fifth to one-sixth of the Dis-

trict's total, while South Carolina's proportion of the total was less than 10%. Further details of the state distribution income from the sale of livestock are shown in Table 2.

### Hogs Important Source of Income

Income from the sale of hogs increased measurably in importance in each one of the states, although only in the Carolinas did it surpass income from the sale of cattle and calves. Substantially higher prices of hogs together with an increased volume of sales accounted for this rise in importance. In Virginia and the Carolinas, the sale of hogs yielded 75% and 67% more income, respectively, in 1942 than in 1941. Hog prices in the various states of this District advanced between 45% and 50% during 1942.

Cattle accounted for 53% of the livestock income in the state of West Virginia in 1942, while the proportion in the other states varied between one-third and one-fourth of the total. Income from the sale of cattle and calves was about 30% to 35% higher in 1942 than in 1941 in each state of the Fifth District, which was due in large part to a rise in prices of around 28%.

Sheep and lambs, which contributed about 4% to total livestock income in the District in 1942, are the least im-

portant source of income in every state except West Virginia, which derived approximately 10% of her 1942 livestock income from their sale. In the Carolinas and in Maryland their importance as a source of income is negligible.

### Commercial Broilers Rising in Importance

Commercial broilers have yielded more income in Maryland than hogs in each year since 1939, and they have been the leading source of livestock income in that state for the past two years. The importance of commercial broilers has increased in all states of this District. In 1942 income from their sale was  $2\frac{1}{4}$  times as great in the Fifth District as a whole as it was in 1939 and almost six times as high as it was in 1935.

As has been stated previously, the annual inventory made on the first of the year showed that this District has been following the trends in livestock production for the country as a whole. The increase in slaughter cattle in the last year was more rapid in this District than it was in the United States, while the percentage rise in the number of milk cows was approximately the same here as it was in the whole country. The number of hogs, on the other hand, advanced only about two-thirds as rapidly in the last year in this District as in the entire country.

## LIVE STOCK ON FARMS ON JANUARY 1, FOR SELECTED YEARS, WITH TOTAL AND UNIT VALUATION FIGURES

(Figures for Number and Total Value in thousands, Unit Values Actual)

	Year	Maryland		Virginia		West Virginia		North Carolina		South Carolina		Fifth District		Unit
		No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	
Horses and colts .....	Aver*	82	\$ 8,167	170	\$17,003	100	\$10,032	71	\$ 7,186	22	\$ 2,065	445	\$ 44,453	\$100.00
	1939	82	9,200	169	19,727	96	11,079	70	8,112	20	2,189	437	50,307	115.00
	1940	82	8,481	169	17,728	95	10,119	71	7,892	20	2,092	437	46,312	106.00
	1941	82	7,694	168	16,966	99	9,495	78	8,039	22	2,245	449	44,439	99.00
	1942	79	6,644	166	14,388	99	8,440	80	8,592	21	2,381	445	40,445	91.00
	1943	74	7,630	163	16,842	99	10,108	80	9,767	21	2,590	437	46,937	107.00
Mules and colts .....	Aver*	28	3,367	93	11,772	12	1,158	296	43,814	183	26,076	612	86,187	141.00
	1939	28	3,696	95	14,063	12	1,392	305	53,198	185	30,525	625	102,874	165.00
	1940	27	3,537	96	13,745	12	1,272	305	52,287	185	31,350	625	102,191	164.00
	1941	25	3,075	91	12,603	11	1,166	298	47,228	181	29,407	606	93,479	154.00
	1942	24	2,592	89	10,921	11	990	298	49,893	181	30,166	603	94,562	157.00
	1943	22	2,970	87	12,817	11	1,232	298	54,945	181	34,205	599	106,169	177.00
Cattle and calves .....	Aver*	312	13,553	865	27,440	582	17,344	652	17,676	348	8,206	2,759	84,219	30.53
	1939	322	16,324	886	34,161	600	21,415	664	20,716	359	9,731	2,831	102,347	36.15
	1940	338	16,531	930	36,061	600	22,116	664	21,438	353	10,259	2,891	106,405	36.81
	1941	338	18,859	941	38,884	586	22,304	613	20,912	338	9,801	2,816	110,760	39.33
	1942	345	25,157	960	49,908	586	28,317	644	28,527	355	13,540	2,890	145,449	50.33
	1943	355	32,530	998	66,000	604	37,941	676	39,034	366	19,132	2,999	194,637	64.90
Sheep and lambs .....	Aver*	82	471	423	2,380	557	2,622	69	315	11	35	1,142	5,823	5.10
	1939	77	534	387	2,602	536	2,911	60	353	10	37	1,070	6,437	6.02
	1940	74	524	379	2,610	531	2,898	50	295	10	37	1,017	6,216	6.11
	1941	61	446	379	2,751	461	2,520	52	307	7	25	960	6,049	6.30
	1942	61	542	371	3,229	447	3,193	51	382	6	29	936	7,375	7.88
	1943	58	631	360	4,042	438	3,907	56	525	6	43	918	9,148	9.97
Hogs and pigs .....	Aver*	196	1,465	629	4,453	208	1,497	1,065	8,625	578	3,911	2,676	19,951	7.46
	1939	210	1,845	683	5,722	217	1,834	1,155	10,833	583	4,633	2,848	24,867	8.73
	1940	235	1,584	717	4,543	221	1,481	1,167	8,358	688	4,512	3,028	20,478	6.76
	1941	228	1,501	710	4,777	235	1,547	1,133	8,287	641	4,160	2,947	20,272	6.84
	1942	219	2,350	710	7,883	235	2,761	1,144	14,436	628	6,418	2,936	33,848	11.53
	1943	247	4,504	838	14,129	289	4,661	1,304	22,244	672	9,562	3,350	55,100	16.45

\* Average for 1932-1941.

## Virginia Forest Resources

Forests have always played an important part in the economic and industrial development of Virginia. Today, in spite of the understocking of Virginia forest areas and the present reliance on second growth timber, forest industries still constitute an important segment of Virginia's economy.

In 1940 the wood products industries in Virginia (including paper and pulp) ranked second only to textiles and kindred products in the number of wage earners employed and wages paid. These industries (exclusive of sawmills) employed more than 30,000 workers and paid wages totaling \$26,806,000. The State Forester estimates that an additional 19,741 wage earners were employed in sawmills, and in cutting and hauling activities,

in 1940, and that their wages totaled \$12,793,000. Thus in all forest products industries in 1940, there was an estimated total number of 51,177 wage earners, and wages paid were in excess of 39.5 million dollars, amounting to 24 per cent of the wage earners and 20 per cent of the wages paid in all manufacturing industries.

In the decade from 1930 to 1940 there was a significant increase in the economic importance of the wood products industries in Virginia, particularly the pulp and paper industry. Over this period there was an increase of 10.8 thousand wage earners, and \$9.9 million in wages paid, in the wood products industries. As the following table shows, the major part of this increase is attributable to the pulp and paper industry:

NUMBER OF WAGE EARNERS AND WAGES PAID IN WOOD PRODUCTS INDUSTRIES IN VIRGINIA <sup>1</sup>

INDUSTRY	1930		1935		1940		Increase 1940/1930			
	Wage Earners	Wages Paid (000)	Wage Earners	Wages Paid (000)	Wage Earners	Wages Paid (000)	Wage Earners	%	Wages Paid (000)	%
Wood Using Industries <sup>2</sup> .....	17,561	\$13,301	18,274	\$10,740	23,512	\$16,705	5,951	33.9	\$ 3,404	25.6
Paper & Pulp Industry.....	3,041	3,642	5,818	5,595	7,924	10,101	4,883	160.6	6,459	177.3
Total—Wood Products.....	20,602	\$16,943	24,092	\$16,335	31,436	\$26,806	10,834	52.6	\$ 9,863	58.2
Logging & Lumbering <sup>3</sup> .....					19,741	12,793				
Total—Forest Industries.....					51,177	\$39,599				
All Manufacturing Industries <sup>4</sup> ...	133,312	\$123,605	150,833	\$110,414	194,662	\$184,507	61,350		\$60,902	

<sup>1</sup> Source—Virginia Department of Labor & Industry. Annual Report

<sup>2</sup> Includes Planing mills, Cooperage, Boxes, Pins & brackets, Furniture, Veneers, Caskets, Excelsior, Wood preserving, Lumber and timber products. N.E.C.

<sup>3</sup> Estimates by State Forester of wage earners and wages paid in sawmills, and in cutting and hauling activities.

<sup>4</sup> Excludes estimates on logging and lumbering.

### Forest Area and Condition

The total forest area in Virginia now constitutes only sixty per cent of its original extent. Forest area originally comprised nearly 25,000,000 acres; it now comprises 14,832,000 acres. Of this total forest area, commercial forests occupy 14,412,000 acres, 56 per cent of the total land area in Virginia.

The condition of this commercial forest area is shown below:

Table II  
(In thousands of acres)

	Area	%
Commercial Forest .....	14,412	100.0
Sawtimber .....	7,155	49.6
Cordwood .....	6,553	45.5
Restocking .....	704	4.9

Source: U. S. Forest Service

In connection with the condition of this forest area, it should be noted that only 2 per cent is old growth and 98 per cent second growth, indicating the virtual disappearance of old growth forests in the state.

### Sawtimber

The total net board foot volume of sawtimber in Virginia is estimated at 24.3 billion board feet, consisting of hardwoods and softwoods in about equal proportions, hardwoods amounting to 12.0 billion board feet and softwoods 12.3 billion board feet.

The major softwood species in Virginia are the yellow pines (Loblolly, Shortleaf, and Virginia) and white pine.

In percentage of the total net board foot volume of sawtimber, 29 per cent is Loblolly pine, 11 per cent Shortleaf pine, 6 per cent Virginia pine, 2 per cent White pine, 2 per cent all other softwoods.

The major hardwood species are the oaks, gums, yellow-poplar. In board foot volume, Oaks account for 24 per cent of all sawtimber, the Gums 8 per cent, Yellowpoplar 8 per cent, all other hardwoods 10 per cent.

Other characteristics of the sawtimber stands in Virginia are particularly significant, such as the fact that (a) most of the sawtimber volume is in trees of small diameter, under 20 inches, and (b) many of the sawtimber stands are understocked; 47 per cent of the total sawtimber area bears stands of less than 2,000 board feet per acre.

### Decline in Forest Resources—Drain and Growth Factors

Virginia has been no exception to the common policy in earlier days of the exploitation and utilization of forest resources without regard to future use. As a result, hundreds of thousands of acres of forest lands have been rendered unproductive. The chief factors contributing to the devastation of a part of Virginia's forest resources have been twofold—inadequate application of forestry principles with regard to cutting, and inadequate protection from fire. Underlying these immediate causal factors is the incidence of ownership of forest lands in Virginia. About ninety per cent of the forest area in Virginia is privately owned.

With regard to fire protection, 80 of the 100 counties in Virginia are organized for fire control; the forest area

protected is 11,095,823 acres, or 75 per cent of the total forest area. While this coverage is fairly extensive, it is not as intensive as in other states. Virginia ranks 45th among the states in expenditure per acre for forest fire control.

As to cutting practices, the Virginia State Forester has estimated that only 3 per cent of the privately owned forest land in the state is handled on a sustained yield basis—i. e., the cut of trees kept in balance with the growth. Only 35 per cent of the private forest land has been left in a reasonably productive condition after logging operations. About 30 per cent has been cut without any regard for the future, and no information is available on the remaining 32 per cent.

Even more important than the devastation of original forests is the question of future growth. At present Virginia's greatest forest asset is the growing power of its forest lands under the favorable climatic conditions such as the long growing seasons, abundance of rainfall, varied topography, and productive forest soils. Analysis of this growing power involves the question of the balance between growth and drain, not only in quantity but also quality of timber supplies.

The quantity of timber supply in Virginia appears favorable from the standpoint of the over-all relation of growth and drain. For the state as a whole, the U. S. Forest Service reports (a) the total volume of growing stock increased in 1940; (b) in spite of increased cutting, indications are that the growing stock increased in volume in 1941; (c) that there was probably a further net increase in 1942:

Table III  
GROWTH AND COMMODITY DRAIN IN RELATION TO  
FOREST GROWING STOCK—VIRGINIA 1940  
(In million board feet)

Species & Region	Growing Stock Jan. 1, 1940	Net Growth	Commodity Drain	Net Change	Growing Stock Jan. 1, '41
<b>Softwoods:</b>					
Virginia Coastal Plain	7,919.2	512.9	501.3	+ 11.6	7,930.8
Virginia Piedmont	3,134.4	292.9	321.7	- 28.8	3,105.6
Virginia Mountains	1,212.5	57.9	50.5	+ 7.4	1,219.9
Total	12,266.1	863.7	873.5	- 9.8	12,256.3
<b>Hardwoods:</b>					
Virginia Coastal Plain	3,823.8	235.7	104.6	+ 131.1	3,959.9
Virginia Piedmont	4,364.6	331.6	146.8	+ 184.8	4,549.4
Virginia Mountains	3,736.6	180.3	161.0	+ 19.3	3,755.9
Total	11,930.0	747.6	412.4	+ 335.2	12,265.2
All Species—All Regions	24,196.1	1,611.3	1,285.9	+ 325.4	24,521.5

Source: U. S. Forest Service

While the total sawtimber growing stock increased 325.4 million board feet in 1940, most of this increase was in the oaks or gums—yellowpoplar species. The situation with regard to quality, and even quantity in certain regions of other species is not as favorable as the overall figures indicate.

As already pointed out, the most important species in Virginia is the yellow pine. Nearly 60 per cent of the cut in 1940 consisted of the yellow pines, and about four-fifths of that cut from this species group was from loblolly and shortleaf. As a result there was a significant net increment of drain over growth of shortleaf and loblolly pine, particularly in the Piedmont region. Also, in all regions, there were significant declines in the larger diameter softwoods, presaging the development of a less satisfactory sawtimber stand.

ANALYSIS OF NET CHANGE IN FOREST GROWING STOCK—VA., 1940  
(In millions of bd. ft.)

Region & Diameter Group	Shortleaf & Loblolly Pine	Virginia Pine	Other Softwoods	All Softwoods	Oaks	Gums-Yellowpoplar	Other Hardwoods	All Hardwoods	All Species
<b>All diameters:</b>									
Coastal Plain	+21.6	- 4.0	- 6.0	+11.6	+ 30.9	+ 63.8	+36.4	+131.1	+142.7
Piedmont	-73.7	+44.5	+ 0.4	-28.8	+ 80.5	+ 62.0	+42.3	+184.8	+156.0
Mountains	+ 6.2	+ 7.9	- 6.7	+ 7.4	- 4.4	+ 9.9	+13.8	+ 19.3	+ 26.7
<b>All Regions:</b>									
10-12 inches	-28.2	+42.4	+ 1.8	+16.0	....	....	....	....	+ 16.0
14-18 inches	+23.2	+ 6.1	- 5.7	+23.6	+ 85.0	+108.0	+60.2	+254.1	+277.7
20 & over	-40.9	- 0.1	- 8.4	-49.4	+ 21.1	+ 27.7	+32.3	+ 81.1	+ 31.7
Total	-45.9	+48.4	-12.3	- 9.8	+107.0	+135.7	+92.5	+335.2	+325.4

Source: U. S. Forest Service

In the Piedmont there was a decline of 73.7 million board feet in shortleaf and loblolly pine, or 2.4 per cent

tinuance of the 1940 rate of drain in this area would mean the disappearance of all trees of the foregoing varieties above 13 inches within 30 years—leaving only small sawtimber trees and cordwood trees; in other words, primarily a pulpwood stand.

With regard to future timber supply, conclusion then may be reached that the over-all growth is sufficient to offset the drain even under abnormal wartime demands, but that quality in size and species is being sacrificed, raising a problem of future utilization.

### Lumber Production and other Industrial Use

From 1870 until the early 1900's Virginia utilized its forest resources at a more rapid rate than the rest of the country. As a result of this exploitation and consequent decline in forest resources, lumber production in Virginia dropped steadily over the 30-year period from 1909 through 1939. While lumber production for the United

Table V

Possible changes in volume and distribution of the shortleaf and loblolly pine growing stock in the Virginia Piedmont at two levels of commodity drain over a 30-year period

Diameter class	Growing stock 1940 Million cu. ft.	Growing stock change 1940 to 1970	
		Drain at 1940 level Per Cent	Drain at 15 per cent below 1940 level Per Cent
6-8	282	+ 50	+ 63
10-12	283	- 14	+ 37
14-16	113	-100	+ 16
20 and over	18	-100	-100
Total	696	- 4	+ 41

Source: U. S. Forest Service

of the growing stock of softwoods in that area. Con-

States as a whole remained fairly steady from 1909 to 1929, lumber production in Virginia dropped from a peak of 2.1 billion board feet in 1909 to 200 million board feet in 1932. Although under the stimulus of war-time demand, lumber production in Virginia increased to more than one billion board feet in 1940 and 1941, this was still only about half that produced in the peak year 1909.

Also reflecting the decrease in quantity and quality of sawtimber, production is now characterized by numerous small units working in the less accessible tracts or in second-growth timber. In 1940 there were 2,762 sawmills in operation. According to the U. S. Forest Service, 97 per cent of these mills, sawing almost three-fourths of the lumber, were of the small portable type of less than 10,000 board feet daily capacity.

In addition to the sawmills, other primary forest products industries in Virginia include pulp mills, cooperage mills, veneer plants, excelsior plants, tanning extract plants, and numerous miscellaneous plants such as handle plants, wood turning plants, insulator pin plants, shingle mills, etc.

Table VI  
VOLUME OF WOOD PROCESSED IN VIRGINIA BY  
THE PRIMARY FOREST PRODUCTS INDUSTRIES, 1940

Product	No. Plants	Production or Consumption
Lumber .....	2,762	1,072,500 M. bd. ft.
Veneer .....	15	37,100 "
Cooperage .....	69	107,200 Cords
Pulpwood .....	9	834,300 "
Excelsior .....	20	42,700 "
Tanning extract .....	9	106,300 "
Miscellaneous* .....	34	34,300 "
Mine timbers .....	..	101,700 "
Fuel wood .....	..	3,897,100 "
Fence posts .....	..	113,300 "
Poles and piles .....	..	128,000 Pieces
Hewn crossties .....	..	533,000 "

\* Includes 13 handle plants, 5 wood-turning plants, 5 insulator pin plants, 3 shingle mills, 1 dimension stock plant, 2 box plants, 1 picker stick plant, 1 wooden utensil plant, 1 mine wedge plant, 1 shuttle block plant, and 1 cedar chest plant.

The present and probable trend of forest utilization in Virginia indicates that its forest resources may be of even greater importance than hitherto. Today, under the pressure of war-time needs, Virginia's forests are supplying wood for use in truck bodies, airplane veneer, ship timbers, and other specialized war products. Also, Virginia is now producing over 400,000 tons of woodpulp annually, ten times the amount produced in 1909. With increasing demand for woodpulp in the manufacture of rayon, plastics, cellophane, artificial wool, film, lacquers, and many other products, the post-war demand on Virginia forest resources is not capable of prediction. However, it is safe to conclude that, if care is taken of the growing stock to ensure a reasonable balance between growth and drain, as indicated,\* not only over-all but also of species and size, Virginia forest resources will permit the continuance or expansion of their contribution to the economic well-being of the Commonwealth.

\*See Tables III, IV, and V.

This article was based chiefly on the following sources: U. S. Forest Service, *Virginia's Forests*, 1942.

*Yearbook of Agriculture and Statistical Abstract*, selected years.

Virginia State Forester, report on *Major Forest Problems*, 1942.

Department of Commerce, *Census of Forest Products*, 1941.

#### DEBITS TO INDIVIDUAL ACCOUNTS

000 omitted

	Feb. 1943	% change from Feb. 1942	2 Mos. 1943	% change from 2 Mos. 1942
<b>Dist. of Columbia</b>				
Washington .....	\$ 390,140	+ 4	\$ 808,667	+ 1
<b>Maryland</b>				
Baltimore .....	600,029	+16	1,198,412	+13
Cumberland .....	9,198	+ 6	19,223	0
Frederick .....	9,094*	..	17,346*	..
Hagerstown .....	12,338	- 3	25,751	-10
<b>North Carolina</b>				
Asheville .....	16,347	+ 5	37,004	0
Charlotte .....	103,143	+15	218,079	+12
Durham .....	39,357	+31	88,718	+26
Greensboro .....	24,839	- 6	52,628	- 4
Kinston .....	4,728*	..	11,276*	..
Raleigh .....	42,499	-25	96,551	-23
Wilmington .....	31,925	+48	64,456	+43
Wilson .....	6,469*	..	13,696*	..
Winston-Salem .....	54,589	+10	113,672	+ 7
<b>South Carolina</b>				
Charleston .....	35,079	+23	73,811	+21
Columbia .....	48,081	+28	102,449	+26
Greenville .....	32,539	+ 7	69,752	+ 4
Spartanburg .....	19,154	+25	39,043	+17
<b>Virginia</b>				
Charlottesville .....	8,867*	..	19,796*	..
Danville .....	12,298	+22	25,688	+17
Lynchburg .....	16,469	0	34,737	- 5
Newport News .....	20,928	+56	41,659	+47
Norfolk .....	92,949	+21	196,696	+17
Portsmouth .....	10,997	+31	23,079	+32
Richmond .....	238,394	+20	502,265	+20
Roanoke .....	28,667	- 5	63,122	- 5
<b>West Virginia</b>				
Bluefield .....	16,654*	..	34,926*	..
Charleston .....	59,510	- 2	127,437	0
Clarksburg .....	11,252*	..	24,063*	..
Huntington .....	24,090	+19	50,947	+16
Parkersburg .....	12,625	+15	25,686	+ 6
<b>District Totals .....</b>	<b>\$1,976,184</b>	<b>+12</b>	<b>\$4,098,532</b>	<b>+10</b>

\* Figures not included in District Totals.

#### FEDERAL RESERVE BANK OF RICHMOND

(In Thousands)

ITEMS	March 17, 1943	% Change from 2-17-43	3-18-42
Total Gold Reserves .....	\$1,026,452	0	+ 32
Other Reserves .....	27,182	+ 28	+ 23
Total Reserves .....	1,053,634	+ 1	+ 32
Bills Discounted .....	108	- 45	..
Industrial Advances .....	564	- 4	- 24
Gov't. Securities, Total .....	348,798	+ 11	+159
Bonds .....	132,750	- 12	+ 43
Notes .....	62,745	- 17	+ 52
Certificates .....	110,937	+128	..
Bills .....	42,366	+ 9	..
Total Bills & Securities .....	349,470	+ 11	+158
Uncollected Items .....	154,058	+ 31	+ 29
Other Assets .....	16,167	- 17	+ 83
Total Assets .....	\$1,573,329	+ 5	+ 48
Fed. Res. Notes in Cir. ....	\$ 810,910	+ 2	+ 82
Deposits, Total .....	612,022	+ 4	+ 26
Members' Reserves .....	570,069	+ 7	+ 27
U. S. Treas. Gen. Ac. ....	529	- 96	+ 3
Foreign .....	31,186	+ 4	- 3
Other Deposits .....	10,238	+ 10	+264
Deferred Availability Items .....	132,050	+ 38	+ 17
Other Liabilities .....	710	+ 58	+111
Capital Accounts .....	17,637	+ 3	+ 9
Total Liabilities .....	\$1,573,329	+ 5	+ 48

#### CASH FARM INCOME

(000 omitted)

	January 1943	% Change from Jan. 1942
Maryland .....	\$ 7,703	+21
Virginia .....	17,314	+31
West Virginia .....	4,564	+31
North Carolina .....	19,780	+62
South Carolina .....	7,096	+24
Fifth District .....	\$56,457	+38

## MUTUAL SAVINGS BANK DEPOSITS

## 9 Baltimore Banks

	Feb. 28, 1943	Jan. 31, 1943	Feb. 28, 1942
Total deposits	\$234,977,978	\$233,596,216	\$219,747,815

## 41 REPORTING MEMBER BANKS—5th DISTRICT

(In Thousands)

ITEMS	March 17, 1943	% Change From 2-17-43	3-18-42
Total Loans	\$ 261,185	- 1	- 24
Bus. & Agric. Loans	126,206	- 1	- 25
Real Estate Loans	51,480	0	- 1
All Other Loans	83,499	0	- 44
Total Security Holdings	\$1,062,162	+ 3	+ 82
U. S. Treas. Bills	140,169	+15	+1,935
U. S. Treas. Certificates	131,894	+ 3	..
U. S. Treas. Notes	130,922	0	+ 66
U. S. Gov. Bonds	538,493	+ 1	+ 62
Obligations Gov. Guaranteed	54,677	0	- 46
Other Bonds, Stocks & Sec.	66,007	- 2	0
Cash Items in Process of Col.	\$ 85,792	+ 9	+ 19
Due From Banks	\$ 194,346*	+12*	- 21
Currency & Coin	\$ 34,118	+ 6	+ 17
Reserve with F. R. Bank	\$ 339,751	+ 9	+ 18
Other Assets	\$ 60,380	+ 2	+ 28
Total Assets	\$2,037,734	+ 4	+ 27
Total Demand Deposits	\$1,635,211	+ 5	+ 30
Deposits of individuals	1,008,221	+ 6	+ 44
Deposits of U. S. Gov.	61,805	-23	+ 26
Deposits of State & Local Gov.	93,057	+ 1	+ 13
Deposits of Banks	443,337*	+ 5*	+ 11
Certified & Officers' Checks	28,791	+80	+ 20
Total Time Deposits	\$ 215,991	- 2	+ 5
Deposits of individuals	208,783	0	+ 6
Other Time Deposits	13,503	- 1	+ 33
Liabilities for Borrowed Money	\$ 0	0	0
All Other Liabilities	\$ 73,176	+10	+ 60
Capital Accounts	\$ 107,061	+ 1	+ 4
Total Liabilities	\$2,037,734	+ 4	+ 27

\* Net figures, reciprocal balances being eliminated.

## SOFT COAL PRODUCTION IN THOUSANDS OF TONS

REGIONS	Feb. 1943	% Change from Feb. 1942	2 Mos. 1943	% Change from 2 Mos. 1942
West Virginia	12,959	+15	25,266	+ 7
Virginia	1,692	+21	3,294	+ 5
Maryland	143	- 9	268	-18
5th District	14,794	+15	28,828	+ 6
United States	48,920	+10	96,730	+ 4
% in District	30	..	30	..

## COTTON CONSUMPTION AND ON HAND—BALES

	Feb. 1943	Feb. 1942	Aug. 1 to Feb. 28 This Year	Last Year
<b>Fifth district states:</b>				
Cotton consumed	423,126	419,480	3,088,832	2,930,429
<b>Cotton growing states:</b>				
Cotton consumed	761,949	757,326	5,637,107	5,341,124
Cotton on hand Feb. 28 in				
Consuming establishments	2,137,547	2,099,883	..	..
Storage & compresses	12,100,722	11,822,141	..	..
<b>United States:</b>				
Cotton consumed	878,154	892,288	6,505,910	6,283,012
Cotton on hand Feb. 28 in				
Consuming establishments	2,528,515	2,582,393	..	..
Storage & compresses	12,373,506	12,211,947	..	..
Spindles active	22,859,160	23,087,626	..	..

## RETAIL FURNITURE SALES

STATES	Percentage Changes in February Compared with February 1942	and 2 Months Compared with 2 Months 1942
Maryland (5)*	-31	-31
Dist. of Col. (6)*	-19	-21
Virginia (30)*	- 8	- 9
West Virginia (11)*	-10	-12
North Carolina (25)*	+ 6	+ 2
South Carolina (19)*	- 5	- 8
District (96)*	-14	-16
<b>Individual Cities</b>		
Baltimore, Md. (5)*	-31	-31
Washington, D. C. (6)*	-19	-21
Danville, Va. (3)*	-22	- 6
Richmond, Va. (8)*	+ 7	- 1
Charleston, W. Va. (3)*	- 6	- 9
Charlotte, N. C. (5)*	+ 1	- 8
Winston-Salem, N. C. (3)*	-14	-10
Columbia, S. C. (5)*	-20	-19
Greenwood, S. C. (3)*	+13	+21

\* Number of reporting stores.

## CONSTRUCTION CONTRACTS AWARDED

STATES	January 1943	% Change From Jan. 1942
Maryland	\$ 7,247,000	-25
Dist. of Columbia	2,980,000	-51
Virginia	17,139,000	+31
West Virginia	536,000	-96
North Carolina	8,731,000	+78
South Carolina	5,654,000	+ 5
Fifth District	\$42,287,000	-19

Source: F. W. Dodge Corporation

## COTTON CONSUMPTION—FIFTH DISTRICT

In Bales

MONTHS	No. Carolina	So. Carolina	Virginia	District
February 1943	228,060	173,336	21,770	423,166
January 1943	232,156	182,090	20,842	435,088
February 1942	226,405	172,699	20,376	419,480
2 Months 1943	460,216	355,426	42,612	858,254
2 Months 1942	464,530	356,817	42,452	863,799

## COMMERCIAL FAILURES

PERIODS	Number of Failures District	U. S.	Total Liabilities District	U. S.
February 1943	4	422	\$ 62,000	\$ 4,163,000
January 1943	11	458	98,000	5,515,000
February 1942	31	916	275,000	9,631,000
2 Months 1943	15	880	160,000	9,678,000
2 Months 1942	68	1,878	586,000	19,547,000

## DEPARTMENT STORE TRADE

Richmond	Baltimore	Washington	Other Cities	District
Change in February 1943 sales in comparison with sales in Feb. 1942:	+51	+23	+50	+38
Change in 2 Months sales, 1943, compared with 2 Months in 1942:	+30	+23	+ 8	+18
Change in stocks on Feb. 28, 1943, compared with stocks on Feb. 28, 1942:	+ 3	- 7	- 8	- 7
Change in outstanding orders on Feb. 28, 1943, comp'r'd with Feb. 28, '42:	+58	+19	+26	+68
Change in total receivables on Feb. 28, 1943, comp'r'd with Feb. 28, '42:	-31	-31	-40	-35
Percentage of current rec'v'bles as of Feb. 1, 1943 collected in Feb.:	55(34)	58(38)	61(41)	58(37)
Percentage of instalment receivables as of Feb. 1, 1943 collected in Feb.:	23(16)	30(20)	22(15)	22(16)

Note: 1942 collection percentages in parentheses.

Maryland	Dist. of Col.	Virginia	West Va.	No. Carolina	So. Carolina
Percentage change in Feb. 1943 sales over Feb. 1942 sales, by States:	+50	+23	+47	+30	+47
Change in 2 Months sales, 1943, compared with 2 Months in 1942:	+24	+ 8	+26	+10	+27



## WHOLESALE TRADE, 235 FIRMS

LINES	Net Sales February 1943 compared with		Stocks Feb. 28, 1943 compared with		Ratio Feb. collections to acc'ts outstand'g Feb. 1
	Feb. 1942	Jan. 1943	Feb. 28 1942	Jan. 31 1943	
Auto supplies (11)*.....	- 35	+ 8	- 30	+ 1	84
Shoes (3)*.....	- 13	+ 33	..	..	..
Drugs & sundries (7)*.....	+ 18	- 7	..	..	119
Dry goods (7)*.....	+ 43	- 5	- 30	- 2	69
Electrical goods (8)*.....	+ 21	+ 31	- 85	- 1	47
Groceries (83)*.....	+ 15	+ 3	- 9	+ 2	132
Hardware (13)*.....	- 10	+ 8	- 44	- 1	81
Industrial supplies (7)*.....	- 12	- 7	- 24	+ 3	87
Paper & products (9)*.....	- 22	- 14	- 8	- 4	65
Tobacco & products (5)*.....	+ 49	+ 18	..	..	..
Miscellaneous (82)*.....	- 4	+ 6	- 30	0	81
District Average (235)*.....	+ 5	+ 7	- 27	0	83

Source: Department of Commerce

\* Number of reporting firms.

## TOBACCO MANUFACTURING

	% Change From		2 Mos. 1943	% Change From 2 Mos. 1942	
	Feb. 1943	Feb. 1942		Feb. 1943	Feb. 1942
Smoking & chewing to- bacco (Thousands of lbs.)	18,687	-12	40,398	-11	..
Cigarettes (Thousands) ..	17,677,888	+ 6	38,048,102	+ 5	..
Cigars (Thousands) .....	410,599	- 7	847,343	- 6	..
Snuff (Thousands of lbs.)	4,003	+23	7,589	+ 6	..

## RAYON YARN DATA

	Feb. 1943	Jan. 1943	Feb. 1942
Rayon Yarn Shipments, Lbs.....	38,700,000	37,900,000	36,000,000
Staple Fiber Shipments, Lbs.....	12,500,000	12,700,000	11,300,000
Rayon Yarn Stocks, Lbs.....	7,400,000	8,900,000	4,400,000
Staple Fiber Stocks, Lbs.....	2,500,000	3,000,000	2,100,000

Source: Rayon Organon

## BUILDING PERMIT FIGURES

	February 1943	February 1942
<b>Maryland</b>		
Baltimore .....	\$ 396,228	\$ 1,327,818
Cumberland .....	1,450	11,900
Frederick .....	16,850	7,055
Hagerstown .....	89,050	116,422
Salisbury .....	5,139	8,825
<b>Virginia</b>		
Danville .....	\$ 8,422	\$ 83,833
Lynchburg .....	6,829	59,415
Norfolk .....	239,380	1,882,020
Petersburg .....	3,200	9,300
Portsmouth .....	5,715	61,790
Richmond .....	225,801	516,304
Roanoke .....	9,834	18,299
<b>West Virginia</b>		
Charleston .....	\$ 11,177	\$ 225,352
Clarksburg .....	185	26,750
Huntington .....	2,190	111,812
<b>North Carolina</b>		
Asheville .....	\$ 2,946	\$ 14,675
Charlotte .....	30,261	94,065
Durham .....	6,943	157,740
Greensboro .....	20,289	69,098
High Point .....	7,577	46,699
Raleigh .....	260	247,175
Rocky Mount .....	975	14,500
Salisbury .....	11,140	10,480
Winston-Salem .....	64,165	152,963
<b>South Carolina</b>		
Charleston .....	\$ 49,102	\$ 697,349
Columbia .....	6,680	44,755
Greenville .....	33,749	68,916
Spartanburg .....	9,942	62,775
<b>Dist. of Columbia</b>		
Washington .....	\$ 572,701	\$ 1,701,875
District Totals .....	\$1,838,180	\$ 7,849,950
2 Months .....	\$8,668,530	\$14,589,881

## BUSINESS INDEXES -- FIFTH FEDERAL RESERVE DISTRICT

(1935-39=100)

	ADJUSTED						NOT ADJUSTED					
	Jan. 1943	Dec. 1942	Nov. 1942	Jan. 1942	Jan. 1943 % Change from Last Mo.	Last Year	Jan. 1943	Dec. 1942	Nov. 1942	Jan. 1942	Jan. 1943 % Change from Last Mo.	Last Year
BANK DEBITS .....	171r	183	184	153	7	+ 12	175r	211	179	163	- 17	+ 7
DEPT. STORE SALES.....	197r	164	193	182	+ 20	+ 8	134r	304	203	128	- 56	+ 5
ELECTRIC POWER PROD. ....	190	199	193	175	5	+ 9	200	200	190	184	0	+ 9
LIFE INS. SALES.....	90	81	84	182	+ 11	- 51	85	94	85	171	- 10	- 50
BITUMINOUS COAL PROD.....	137r	137	139	133	0	+ 3	136r	137	140	138	1	1
BUILDING CONTRACTS .....	196r	367	437	241	- 47	- 19	172	349	377	212	- 51	- 19
BUILDING PERMITS .....	124	49	43	123	+153	+ 1	95	36	38	94	+164	+ 1
COTTON CONSUMPTION .....	155	154	161	153	+ 1	+ 1	164	169	163	168	3	2
FURNITURE ORDERS .....	206	252	169	151	- 18	+ 36	235	159	161	179	+ 48	+ 31
FURNITURE SHIPMENTS .....	201	208	164	157	3	+ 28	170	157	156	138	+ 8	+ 23
FURN. UNFILLED ORDERS.....	578	634	591	247	9	+134	597	481	509	266	+ 24	+124
WHOLESALE TR. 5 LINES.....	171	157	154	152	+ 9	+ 13	160	147	150	148	+ 9	+ 8
Drugs .....	181	162	180	147	+ 12	+ 23	195	171	177	164	+ 14	+ 19
Dry Goods .....	224	116	138	150	+ 93	+ 49	172	102	173	119	+ 69	+ 45
Groceries .....	172	160	154	150	+ 8	+ 15	161	155	148	146	+ 4	+ 10
Hardware .....	125	114	128	173	+ 10	- 28	124	104	126	178	+ 19	- 30
Shoes .....	230	440	290	141	- 48	+ 63	174	170	200	111	+ 2	+ 57

r—Revised