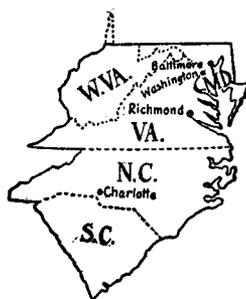


# MONTHLY REVIEW

## *of Financial and Business Conditions*

FIFTH  
FEDERAL



RESERVE  
DISTRICT

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*Federal Reserve Bank, Richmond 13, Va.*

*March 31, 1947*

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## Business Conditions

**C**ROSSCURRENTS were noticeable in the economic developments of the Fifth Federal Reserve District in February with about an even break between losses and gains in seasonally adjusted indicators from January levels. Considering the adverse weather conditions over the entire District during February the small losses shown in those indicators that turned down should be considered a satisfactory situation.

In many localities of the District January employment levels were lower than in December, but these reductions were mainly attributed to seasonal layoffs, shut-downs owing to the weather, or slackening in operations as a result of material shortages. In several areas increased employment and increased unemployment occurred at the same time. This was attributed to increases in the labor force arising from returned servicemen, high school graduations at mid-term, and to an increasing number of people 50 years and over reentering the labor market owing to the increase in the cost of living. In a few North Carolina localities an occasional small textile mill had shut down, and several furniture factories engaged in upholstered furniture production had temporarily closed. Indications in all cases were that these plants would be reopened by the middle of April.

In a few local areas, according to employers' intentions, the employment levels indicated for mid-April were about the same as in January, but for the great majority of local areas indicate an employment level from 2 to 5 per cent higher. This affords some basis for the view that as of January, employers' intentions were to expand output this spring. In most localities of the District there is a surplus of labor, but it is almost universally the fact that some employers have difficulty in meeting their labor requirements out of the local supply of labor available. In almost every locality reporting, there was a dearth of stenographers, typists, and other clerical help. Employment Service managers attributed this dearth to the relatively low pay offered in these occupations, and the consequent unwillingness of workers to train themselves for such work.

The impression is obtained in covering the local labor market reports, that the employment situation, aside from

further demands for construction and other seasonal industries, has reached a point of stability. In considerable part, this is due to a very marked reduction in absentee and turnover rates, thus making it unnecessary to carry a float force to keep facilities manned.

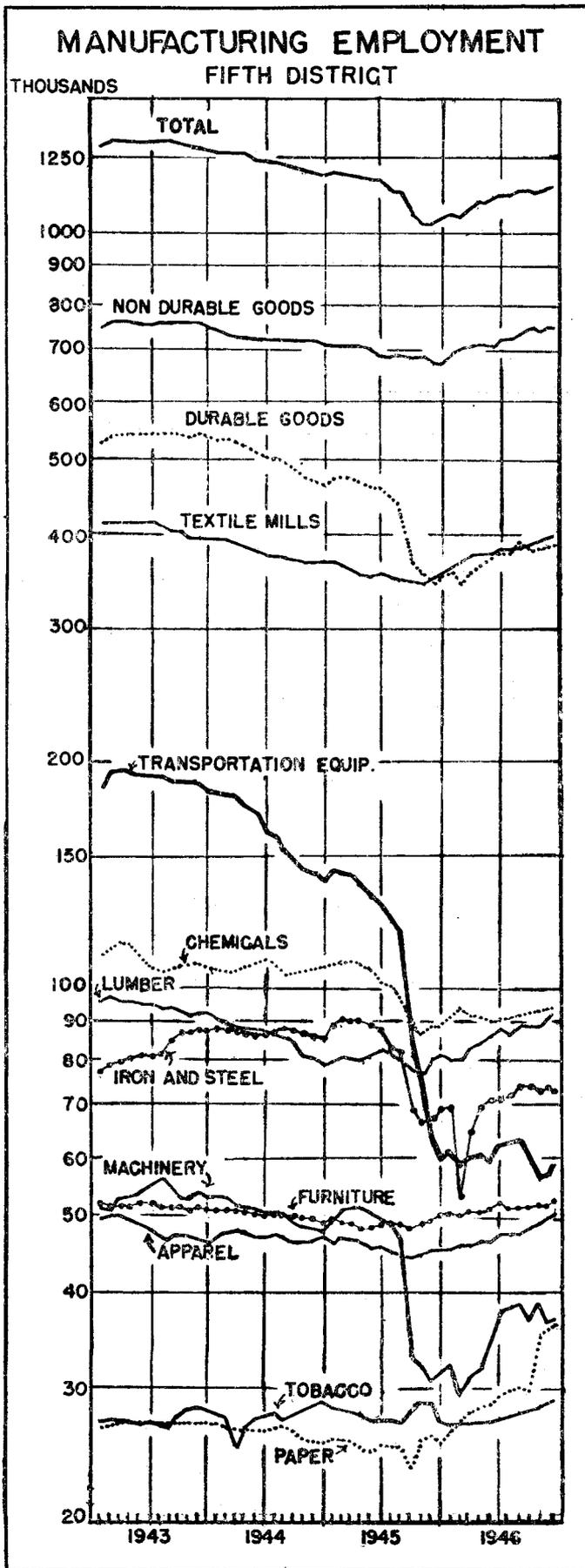
There were divergent trends in the construction figures between January and February. The building permits for the District on a seasonally adjusted basis rose 14 per cent in this period, whereas seasonally adjusted construction contracts awarded declined 21 per cent. Although the adjusted index of construction contract awards declined 21 per cent from January to February, the February level was higher than for any month prior to February 1946, excepting for the war years.

Although building permit figures in the individual cities show a substantial degree of erratic change from month to month, the overall February figure as represented in the above index still points to a rising volume of housing. In practically every locality where a higher level of employment was indicated for the spring, it was noted that a major problem of recruiting the needed labor was finding a place for them to live. This tight housing condition not only applies to the larger cities but to almost every small town. This factor alone makes it difficult to be other than optimistic on the housing construction outlook despite the high costs. As a matter of fact, building material quoted prices have risen very little more than all manufactured products prices since the end of June 1946, and, furthermore, it was the general impression that the black market differential was much greater in building materials than in manufactured products in June 1946.

As was mentioned last month, the important consideration in determining the level of business activity in the months ahead is the level of demand, both domestic and foreign. January export figures for the country as a whole of \$1096 million compares with the January 1946 total of \$780 million, which indicates a high level of foreign demand. The domestic demand as far as it is indicated by department store sales gives no cause as yet for alarm.

It is true that February sales of the Fifth District de-

Continued on page 12



**MANUFACTURING EMPLOYMENT**

	United States				
	1939	1943	1944	1945	1946
	(All Figures in Thousands)				
All Manufacturing .....	10,078	17,381	17,111	15,060	14,089
Durable Goods .....	4,357	10,294	10,201	8,298	6,917
Iron & Steel & Products .....	1,171	2,034	2,015	1,786	1,589
Machinery (incl. Elec.) .....	1,045	2,499	2,520	2,200	1,958
Transportation Equipment .....	193	2,951	2,899	1,797	600
Lumber & Timber (basic) .....	465	589	569	562	652
Furnit. & Fin. Lumber .....	385	429	413	396	450
Stone, Clay & Glass .....	349	422	395	381	451
Other Durable Goods .....	749	1,370	1,390	1,176	1,217
Non-durable Goods .....	5,719	7,084	6,912	6,763	7,174
Textile Mill Products .....	1,235	1,330	1,228	1,173	1,301
Apparel & Other Fin. Textiles .....	894	1,080	1,055	1,044	1,178
Leather Products .....	383	378	356	353	392
Food & Kindred Products .....	1,192	1,418	1,455	1,440	1,471
Tobacco Mfgs. ....	105	103	96	95	99
Paper & Allied Products .....	320	389	388	387	438
Printing & Publishing .....	561	549	551	555	629
Chemicals & Allied Products .....	421	873	810	769	640
Other Non-durable Goods .....	608	964	973	947	1,026

**Fifth District**

	Fifth District				
	1939	1943	1944	1945	1946
	(All Figures in Thousands)				
All Manufacturing .....	874.4	1,305.0	1,236.5	1,123.3	1,099.4
Durable Goods .....	265.8	541.5	504.4	429.7	374.7
Iron & Steel & Products .....	56.8	82.8	87.4	81.1	69.9
Machinery (incl. Elec.) .....	13.0	53.4	50.6	43.9	35.1
Transportation Equipment .....	46.0	190.2	161.2	112.1	60.0
Lumber & Timber (basic) .....	67.3	94.6	86.3	80.3	84.0
Furniture & Fin. Lumber .....	45.4	53.1	50.7	48.1	52.9
Stone, Clay & Glass .....	37.4	43.5	41.9	40.2	48.1
Other Durable Goods .....	5.9	23.9	26.3	24.0	24.7
Non-durable Goods .....	608.6	763.5	732.1	693.6	724.7
Textile Mill Products .....	340.3	408.7	379.3	354.8	380.9
Apparel & Other Fin. Textiles .....	46.5	48.3	47.3	45.5	47.4
Leather & Products .....	7.2	10.7	10.0	10.1	11.2
Food & Kindred Products .....	68.6	84.4	86.8	83.7	85.6
Tobacco Mfgs. ....	25.9	27.4	27.5	27.8	27.6
Paper & Allied Products .....	17.7	27.1	26.4	25.4	30.4
Printing & Publishing .....	17.4	16.3	15.9	15.8	17.9
Chemicals & Allied Products .....	60.9	109.4	106.4	99.5	91.8
Other Non-durable Goods .....	24.1	31.2	32.5	31.0	31.9

**District % of Same Industry in United States**

	1939	1943	1944	1945	1946
All Manufacturing .....	8.7	7.5	7.2	7.5	7.8
Durable Goods .....	6.1	5.3	4.9	5.2	5.4
Iron & Steel & Products .....	4.9	4.1	4.3	4.5	4.4
Machinery (incl. Elec.) .....	1.2	2.1	2.0	2.0	1.8
Transportation Equipment .....	20.7	6.4	5.6	6.2	10.0
Lumber & Timber (basic) .....	14.5	16.1	15.2	14.3	12.9
Furniture & Fin. Lumber .....	11.8	12.4	12.3	12.1	11.8
Stone, Clay & Glass .....	10.7	10.3	10.6	10.6	10.7
Other Durable Goods .....	.8	1.7	1.9	2.0	2.0
Non-durable Goods .....	10.6	10.8	10.6	10.3	10.1
Textile Mill Products .....	27.6	30.7	30.9	30.2	29.3
Apparel & Other Fin. Textiles .....	5.2	4.5	4.5	4.4	4.0
Leather & Products .....	1.9	2.8	2.8	2.9	2.9
Food & Kindred Products .....	5.8	6.0	6.0	5.8	5.8
Tobacco Mfgs. ....	24.7	26.6	28.6	29.3	27.9
Paper & Allied Products .....	5.5	7.0	6.8	6.6	6.9
Printing & Publishing .....	3.1	3.0	2.9	2.8	2.8
Chemicals & Allied Products .....	14.5	12.5	13.1	12.9	14.3
Other Non-durable Goods .....	4.0	3.2	3.3	3.3	3.1

# Manufacturing Employment

The requirements of war wrought violent changes in the economic structure of the nation. None of these changes was of greater significance than the mobilization of the manpower resources on the jobs and in the locations where the munitions of war were fabricated.

The gigantic task of raising an army and navy of more than 12 million men and women, and at the same time manning the industries needed to turn out the enormous quantities of war material, was an accomplishment of fairy-tale proportions. Its achievement, without even greater repercussions than those that occurred, was due in part to the existence of nearly 8.5 million unemployed people at the outset and to a substantial augmentation of the labor force from those not normally belonging to it.

The labor force of the nation, according to the Census of 1940, totaled 52.8 million, of which 44.3 million were employed and 8.5 million unemployed. At the end of the war in July 1945, the labor force had risen to 67.5 million, of which 12.1 million were in the armed forces, 54.4 million employed in civilian occupations, and 1.0 million unemployed and largely shifting from one job to another. By July of 1946 (selected to eliminate seasonal factors) the labor force had contracted by nearly 5.0 million to 62.8, when 2.3 million were unemployed, again largely by choice, though in most local areas the skills of the unemployed rarely matched completely the requirements of employment opportunities. In December 1946, the labor force, though at a low seasonal level, totaled 60.3 million, of which 1.9 million were in the armed forces, 56.3 million employed, and 2.1 unemployed.

Although 1940 figures and current data are not strictly comparable, the important point is that the labor force at the end of 1946 was in the neighborhood of 7.5 million higher than in 1940, while the number employed was around 12.0 million higher, and the 2 million odd unemployed mostly voluntary. The labor force in the Fifth District (excluding the District of Columbia) in 1939 was 4,498,000 of which 3,916,000 were employed and 582,000 unemployed.

The *Monthly Labor Review*, February, 1947, page v, shows that of the increase of 10,442,000 in civilian employment in non-agricultural establishments from the average for 1939 to December, 1946, nearly 48 per cent was accounted for by an increase of 4,970,000 in manufacturing industries, as the accompanying table shows.

## CIVILIAN EMPLOYMENT IN NON-AGRICULTURAL ESTABLISHMENTS

	(Thousands)		
	1939 av.	Dec. 1946	Change
Manufacturing .....	10,078	15,048	+ 4,970
Mining .....	845	819	- 26
Construction <sup>1</sup> .....	1,753	1,642	- 111
Transportation & public utilities ..	2,912	3,977	+ 1,065
Trade .....	6,618	8,610	+ 1,992
Finance, service & miscellaneous...	4,160	5,260	+ 1,100
Government <sup>2</sup> .....	3,987	5,439	+ 1,452
<b>Total .....</b>	<b>30,353</b>	<b>40,795</b>	<b>+10,442</b>

<sup>1</sup> Includes workers employed by construction contractors and Federal force-account workers (non-maintenance construction workers employed directly by the Federal Government). Other force-account and non-maintenance construction employment is included under manufacturing and other groups.

<sup>2</sup> Federal, State and local governments, excluding Federal force-account construction.

In view of the indicated increases in employment levels and particularly the enhanced importance of manufacturing employment it is intended here to show the manufacturing employment levels in the industries of the Fifth Federal Reserve District, their war-time distortions, the manner in which the District's industries have fared relative to those in the nation, and manufacturing employment progress of the States.

## THE DATA

The data for the Fifth District are the totals compiled by the Departments of Labor and Industry of Maryland, Virginia, West Virginia, North Carolina, and South Carolina in cooperation with the United States Bureau of Labor Statistics. They are available monthly from January 1943, to date, and include both production workers and other employees. The figures for the United States are found in the February 1947, *Monthly Labor Review*, page 307, but 1946 figures are averages for the entire year rather than eight-month averages as shown. The employment figures for the Fifth District do not represent a universe for all industries presented, for the reason that individual State figures do not show employment for each industry separately, only the more important industries. The figures, furthermore, are those reported by manufacturing industries and they do not include the employment of the Norfolk and Charleston Navy Yards. The percentages that individual industries make of national totals, therefore, should not be considered as the District's contribution to the national total, for the purpose is to appraise the extent to which the manufacturing industries of the Fifth District are maintaining the national pace, running ahead, or falling behind. No attempt was made to secure an industrial breakdown of the small number of manufacturing employees in the District of Columbia, and the total is not included in the Fifth District computations. Manufacturing employment for all States of the District is complete for all industries, for textile mill products, food and kindred products, chemical and allied products, for stone, clay and glass products, and for durable and non-durable goods industries. All other industries exclude one or more States, but in the main the great bulk of the individual industrial employment is represented in the figures given.

## ALL INDUSTRIES 1939-1943-1944

Total manufacturing employment in the Fifth Federal Reserve District rose an average of 431 thousand or nearly 50 per cent from 1939 to 1943, but substantial as this increase was it did not equal the 73 per cent increase of all manufacturing industries in the nation in the same period, and the District's proportion of the United States total fell from 8.7 per cent in 1939 to 7.5 per cent in 1943. The latter year was the peak year of war-time manufacturing employment in the Fifth District, as it was in the United States, but the national total in 1944 did not decline as much from 1943 as did the Fifth District total, and as a result the District's percentage of the national total in

1944 receded to 7.2 per cent, compared with 7.5 per cent in 1943 and with 8.7 per cent in 1939.

ALL INDUSTRIES  
1944 to 1945

Three major industries (iron and steel, machinery, and transportation equipment) accounted for 81 per cent of the 2,051,000 average decline in United States manufacturing employment between 1944 and 1945. The decline in average employment of each of the individual industries located in the Fifth District was not greatly at variance on a percentage basis during this same period from the decline of the same industries in the nation, but the importance of the three industries mentioned relative to total manufacturing employment was much smaller in the District than in the nation and this accounts for the smaller percentage decline in the District total manufacturing employment from 1944 to 1945 than in the nation. The Fifth District's average employment level in 1945 was 1,123,500, a decrease of 113,200 from 1944, and of this decrease 55 per cent was caused by the iron and steel, machinery and transportation equipment industries, whereas 81 per cent of the national decline of 2,051,000 was due to declines in these industries.

ALL INDUSTRIES  
1945 to 1946

Much the same forces were operating in 1946 as in 1945 to decrease the average manufacturing employment levels in this District as well as in the nation. The same three industries which accounted for the greater part of the decline in manufacturing employment from 1944 to 1945 were also responsible for the bulk of the decline from 1945 to 1946. In the main, most industries showed average employment increases from 1945 to 1946, but these were more than offset by decreases in the three mentioned industries, and in the chemical industry, as the process of terminating war production was drawn largely to a conclusion.

There were differences in the rates of change in manufacturing employment from 1945 to 1946 in several industries of the Fifth District as compared with those industries nationally. For example, the average employment in machinery industries (electrical and other) in the District declined 20 per cent in this period, whereas it declined but 11 per cent nationally. This greater drop in the District was due mainly to a termination of operations in war production facilities in North Carolina, which had employed nearly 8,000 workers in July, 1945. The transportation industry's average employment in the Fifth District decreased but 47 per cent, compared with a national decline of 67 per cent, a difference in part accounted for by an expansion in employment from levels reached just after the end of the war by the Glenn L. Martin Company, while large aircraft establishments outside the District had shut-down completely. Shipbuilding employment in the District fell commensurately with that in the nation.

The basic lumber and timber industry's employment increased 5 per cent in the District from 1945 to 1946 and 16 per cent in the nation. If these figures are correct, a great deal can be inferred with respect to a substantial gain in the efficiency of operation in the lumber industry in the Fifth District, for the output of lumber in the

District rose 48 per cent from 1945 to 1946, whereas the national output rose only 26 per cent in this period. Employment increases in apparel and finished fabric industries in the Fifth District increased 4 per cent, while these industries nationally gained 13 per cent. These industries of the District are more heavily engaged in fabricating cotton goods which were in short supply, while similar industries outside the Fifth District were more heavily engaged in woolens which were in relatively greater supply. Paper and allied products employment increased 20 per cent in the District and 13 per cent in the United States. This larger gain in the District appears to be due mainly to new capacity as well as to an improved supply of available labor.

ALL INDUSTRIES  
1939-1946

Manufacturing employment levels in each of the listed industries of the Fifth District averaged higher in 1946 than in the last pre-war year, 1939. Total manufacturing employment increased 26 per cent in this period; employment in durable goods industries rose 41 per cent; and employment in non-durable goods industries rose 22 per cent. Durable goods employment, which accounted for 30 per cent of the total manufacturing employment, in 1939, amounted to 34 per cent of the total in 1946. Through the war years most of the non-durable goods industries had a downward trend in employment which continued until the fall of 1945, when most of these industries started on an upward trend that has continued ever since.

Average manufacturing employment levels in the United States rose 40 per cent between 1939 and 1946, with employment in durable goods industries rising 59 per cent, and in non-durable goods industries 25 per cent. Durable goods industries accounted for 39 per cent of the total manufacturing employment in 1939 and 49 per cent in 1946.

The Fifth District accounted for 8.7 per cent of the total manufacturing employment in the United States in 1939, and since the war-time increases in the District failed to gain as rapidly as the national level the District percentage fell to 7.5 per cent in 1943, fell further to 7.2 in 1944, recovered to 7.5 per cent in 1945, and recovered further to 7.8 per cent in 1946. The 1946 percentage, however, was still 0.9 per cent below the pre-war 1939 proportion. The chief factor responsible for the progressive decline from 1939 to 1944 and the subsequent rise from 1944 to 1946 in the District's percentage of the United States total manufacturing employment was the substantially greater importance of the durable goods industries in the nation than in the District, and the greater rise and fall in the employment of durable goods industries relative to non-durable goods industries. Durable goods industries of the District experienced average employment increases of 104 per cent from 1939 to 1943, while the United States rise in these industries in the same period was 136 per cent. Declines in these industries from 1943 to 1946 were 31 per cent in the District and 33 per cent in the nation. Although the District's percentage of United States durable goods industries was a fraction higher in 1946 than in any war year, the 1946 percentage was lower than in 1939.

Of the 14 major industries for which employment figures are available, the Fifth District has shown for five industries, from 1939 to 1946, average increases greater than for those industries in the nation. The five industries referred to are: machinery, textile mill products, leather and products, tobacco manufactures, and paper and allied products. Six industries in which average employment levels in the Fifth District failed to increase as much as the United States totals for the same industries from 1939 to 1946 include: iron and steel, transportation equipment, lumber and timber, apparel and allied products, printing and publishing, and chemical and allied products. There were three industries in which the employment growth paralleled that of the same industries in the United States. They were: furniture and finished lumber products, stone, clay and glass products, and food and kindred products.

#### THE DURABLE GOODS INDUSTRIES

Average employment in machinery industries (electrical and other) and transportation equipment of the Fifth District made the greatest percentage gains from 1939 to the 1943 peak year. The machinery industry of the District gained more than the national level for this industry in this period and held the position until 1946 after the shutdown of North Carolina war plants producing electrical machinery. The District's 1946 percentage of the national total, however, held at a higher level in 1946 than in 1939. This is due mainly to the peace-time operations of electrical machinery plants in Baltimore built for war production.

The transportation equipment industry, excluding automotive, in the Fifth District expanded its average employment 150,200 or 376 per cent from 1939 to 1943, but this did not include an expansion of around 37,000 at the Norfolk Navy Yard or a gain of around 23,000 at the Charleston Navy Yard. If these figures are added to the 1939-43 change the percentage increase would be around 430 instead of 376 shown for that part of the industry labeled manufacturing. Even the gain of 430 per cent does not compare favorably with the national gain of 1530 per cent for the industry in the same period. As a result of the very large rise in the national employment of this industry in 1943 from a relatively low base in 1939, the Fifth District's percentage of the national total declined from 20.7 per cent in 1939 to 6.4 per cent in 1943. The proportion did not vary greatly in 1944 or 1945, but rose to 10.0 per cent in 1946 or less than half the 1939 level. The transportation equipment industry which accounted for 35 per cent of the 430,600 average employment increase in all Fifth District manufacturing industries from 1939 to 1943 failed by a wide margin to maintain the pace set by the transportation equipment industry in the nation throughout the war period and in the first full peace-time post-war year stood in a position half as important relative to the national total as in 1939.

The iron and steel and products industry in the Fifth District reached its peak employment level in 1944, when an average of 87,400 workers were employed. This number of workers constituted 4.3 per cent of the national total for the industry, which compares with percentages of 4.1 in 1943 and 4.9 in 1939. Employment declined in both 1945 and 1946 to an average level in the latter year of 69,900, a decrease of 17,500 or 20 per cent from the 1944

peak year. The employment level, however, in 1946 averaged 13,100, or 23 per cent higher than in 1939, but at the 69,900 average level the District's proportion of the United States total was 4.4 per cent, compared with 4.5 in 1945 and with 4.9 per cent in 1939.

The lumber and timber basic products industry in the Fifth District had an average of 67,300 employees in 1939, and by 1943 the number had risen to 94,600, a gain of 27,300 or 41 per cent. The 1943 level of employment in the industry accounted for 16.1 per cent of the United States total, compared with 14.5 per cent in 1939. Both employment levels in the District and the percentages of national totals declined from 1943 through 1945. Employment in the industry of the District rose from 1945 to 1946 but the percentage of the national total continued to decline to 12.9 per cent. In the early stages of the war, when there was a surplus of labor and a large demand for lumber, the industry's average employment levels in this District rose more rapidly than in the country as a whole, but selective service and wage rates, among the lowest in the District at that time, caused a drain on the manpower available for logging and lumbering. This was one of the industries in which the War Manpower Commission had difficulty in maintaining an adequate labor force. Since in the main the lumber industry of this District consists of many small installations as contrasted with the large concerns on the West Coast, it is conceivable that the employment samples of this District may be subject to greater error than those of the nation, and that later revisions may show the District to have a higher proportion of the employees than is now indicated.

Furniture and finished lumber products employment rose moderately from an average of 45,400 in 1939 to an average of 53,100 in 1943, and declined thereafter to an average of 48,100 in 1945. It recovered in 1946 to an average of 52,900, or a level near the 1943 peak year. The District's percentage of the United States total rose from 11.8 per cent in 1939 to 12.4 per cent in 1943, held very close to this percentage in 1944 and 1945, and fell to 11.8 per cent in 1946, which left the employment level in 1946 at the percentage of 1939. The higher percentages in the war years than in the peace-time years was probably due to the conversion of important furniture factories outside this District to war production work. Such conversions did not take place in the furniture industry of this District. Although furniture factories in the Fifth District filled many war contracts, these contracts consisted of products that were readily made on the same machinery as furniture.

The stone, clay and glass industries of the District employed an average of 37,400 in 1939. Owing to the loss of one of the principal markets for glass in automobiles the war-time peak year in the industry averaged only 6,100, or 16 per cent higher than the 1939 level. From the average level of 43,500 in 1943 the industry lost an average of 3,300 employees by 1945. In 1946, however, a new high record employment level was established which was 29 per cent higher than the 1939 level. The District's average employment level relative to the industry nationally was 10.7 per cent in 1939, and the same in 1946. A slightly lower percentage was shown in 1943, while 1944 and 1945 were very close to the level of the two peace-time years. Thus the employment in these industries in

the Fifth District each year reported from 1939 to 1946 approximately maintained the same pace as the entire industry in the nation.

In summary, employment of each of the durable goods industries of the Fifth District, with the exception of the machinery industries, accounted for smaller percentages of the national totals of these industries in 1946 than in 1939, but in the aggregate durable goods industries have shown a progressively higher percentage each year since the 4.9 per cent low of 1944 to 5.2 per cent in 1945 and to 5.4 per cent in 1946. The 1939 percentage was 6.1 per cent. Durable goods industries accounted for a substantially larger share of the total manufacturing employment both in the District and in the nation during the war years than in peace-time years. Durable goods industries in 1946 were a moderately larger percentage of total manufacturing employment in both District and nation than in 1939, as the following table shows:

DURABLE GOODS EMPLOYMENT (% of Total Manufacturing Employment)		
	Fifth District	United States
1939	30.4	43.3
1943	41.5	59.2
1944	40.8	59.6
1945	38.3	55.1
1946	34.1	49.1

These larger percentages of total manufacturing employment for durable goods production in the war years and in 1946 as compared with 1939 are probably due to the position of manufacturing industries in the business cycle. Despite the lack of efficiency in production in 1946, as compared with 1939, all except a nominal part of the labor force was employed and quantity production was more than 50 per cent larger than in 1939. It is normal when production is cyclically high that durable goods industries output and employment rise further than those of non-durable goods.

#### NON-DURABLE GOODS INDUSTRIES

The non-durable goods manufacturing industries of the Fifth District increased their average employment levels 154,900, or 25 per cent, from 1939 to 1943. Of this increase, textile mill products industries accounted for 68,400, or 44 per cent, while chemical and allied products industries accounted for 48,500, or 31 per cent. Non-durable goods industries of the Fifth District which accounted for 10.6 per cent of the total employment for these industries in the United States in 1939, accounted for 10.8 per cent in 1943, chiefly because of the better than national increase in the textile mill industries of this District.

Average employment in non-durable goods industries in the Fifth District declined 69,900, or 9 per cent, from the peak year 1943 to 1945, in which all industries except tobacco shared, but the loss of 53,900 workers in textile mill products industries accounted for 90 per cent of the total. Non-durable goods industries of the District increased average 1946 employment 31,100 over the 1945 level, of which textile mills accounted for 26,100, or 84 per cent of the increase.

The employment of non-durable goods industries of the Fifth District established their highest proportion of these industries in the nation in 1943 at 10.8 per cent. This percentage fell to 10.6 in 1944 and to 10.3 per cent in

1945, and to 10.1 per cent in 1946. The 1939 proportion was 10.6 per cent. While the non-durable industries of the Fifth District in the aggregate failed to maintain their percentage of the nation's average employment level in 1946 as it had held in 1939, the textile mill, leather, tobacco, and paper industries increased their percentages in this period.

Since the employment in durable goods industries accounted for a larger percentage of the total manufacturing employment in the war years, and in 1946 than in 1939, in both the Fifth District and the United States, it follows that the non-durable goods industries in the same periods have shown lower percentages of total manufacturing employment. The percentages of total manufacturing employment represented by non-durable goods industries are shown as follows:

NON-DURABLE GOODS EMPLOYMENT (Per cent of total manufacturing employment)		
	Fifth District	United States
1939	69.6	56.7
1943	58.5	40.8
1944	59.2	40.4
1945	61.7	44.9
1946	65.9	50.9

It is interesting to note that of the total employment in manufacturing industries of the Fifth District, the textile mill products, the largest employer, accounted for 39 per cent in both 1939 and 1946. The proportions were 31 per cent in 1943 and 1944 and 32 per cent in 1945.

Textile mill products industries of the District increased their average employment 68,400, or 20 per cent, between 1939 and 1943. These industries lost an average of 14,500 employees between 1943 and 1945 as a result of selective service, migration to higher-paying jobs, and a reduction in the labor force. Average employment of textile mill products industries in the District in 1946 was 380,900, a gain of 36,100 from 1945 and a gain of 40,600 over 1939 but 27,800 smaller than in the 1943 peak year.

Textile mill products industries of the District increased their employment percentage of the entire industry of the country from 27.6 per cent in 1939 to 30.7 in 1943, to 30.9 in 1944. It dropped to 30.2 in 1945 and to 29.3 in 1946. The 1946 drop of nearly 1 per cent of the total was in part due to a slower return of discharged service men to textile industry employment in this District than elsewhere, and to a continued withdrawal of women from the labor force who were employed in war-time as a patriotic service or to supplement family allowances of service men. It appears that the drop in the District's percentage of the industry from 1945 to 1946 was due mainly to a lack of manpower rather than to a permanent loss of position.

The second largest employer in the Fifth District in 1946 was the chemical and allied products industry which includes the rayon yarn and staple fiber producing concerns and several munitions plants of the District. Second place was held by the chemical industry in 1946. In 1943, 1944, and 1945 it was held by the transportation equipment industry, and in 1939 it was held by the food and kindred products industry.

Average employment levels in the chemical and allied products industries in 1946 was 91,800, which was 7,700, or 8 per cent, smaller than in 1945, and 17,600, or 16 per cent, smaller than in the 1943 peak year, but 30,900, or 51

per cent larger than in the pre-war year 1939. Thus the shutdown of such war plants as Radford Ordnance, New River Ordnance, and the butadiene plant at Institute did not have very serious repercussions on the employment level of the chemical industry. Of the District's 91,800 average employment in the industry for 1946, Virginia accounted for 38 per cent, West Virginia 26 per cent, and Maryland 22 per cent. The Carolinas together accounted for 14 per cent.

The chemical and allied products industries of the Fifth District, despite the substantial increase in employment levels, did not quite maintain the pace of these industries in the country as a whole between 1939 and 1946. In 1939 these industries in the Fifth District accounted for 14.5 per cent of the national total while in 1946 they accounted for 14.3 per cent. The percentages during the war years were smaller than in 1946 or 1939 owing to the larger concentration of ordnance outside the District.

Another non-durable goods industry, or group of industries, namely, food and kindred products, ranked third in the average number employed in manufacturing industries of the Fifth District in 1946. These industries gave average annual employment in 1946 to 85,600, a gain of 1,900 or 2 per cent over 1945 and a gain of 17,000 or 25 per cent over 1939. There was not much variation in the employment level of these industries in the District during the war years. Relative to the national totals for the food and kindred products industries, the average employment levels of the Fifth District have been about constant. In 1939, 1945, and 1946 the District's percentage of national totals was 5.8; in 1943 and 1944 it was 6.0 per cent. The great bulk of the employment in these industries of the District is in Maryland, Virginia, and North Carolina.

Apparel and other finished textile products industries of the Fifth District (with West Virginia excluded for lack of data) ranked fourth in employment among the non-durable goods industries, and ninth among the fourteen major industries in 1946. In the period from 1939 to 1946 there was an extreme variation in the average annual employment of 2,800. Average employment in 1946 was 47,400; a gain of 1,900 or 4 per cent over 1945; a reduction of 900 or 2 per cent from the peak year 1943; and a gain of 900 or 2 per cent over 1939. Contrary to some impressions that the apparel, etc. industries were gaining in this region, the District percentages of the national employment total for the industry show the reverse situation to be correct. In 1939 the Fifth District accounted for 5.2 per cent of the national employment level for these industries; by 1946 the percentage had declined progressively to 4.0.

The paper and allied products industries ranked fifth in employment among the non-durable goods industries of the Fifth District in 1946 and eleventh among the fourteen major groupings. West Virginia figures are not included in the total owing to lack of data. These industries gave employment to 30,400 people in 1946 which was the highest level for any of the years under review. The 1946 average employment level was 5,000 or 20 per cent above that of 1945 and 12,700 or 72 per cent above the 1939 level. These industries in the District have also gained relative to the national total. In 1939 the District accounted for 5.5 per cent of the employment of these industries in the nation and 6.9 per cent in 1946. The 1946

percentage was the highest in the period under review except for the year 1943 when it was 7.0 per cent.

Tobacco manufacturing employment figures are available for Virginia and North Carolina only. However, these states have the great bulk of the employees in this industry, the figures for which ranked twelfth in size among the fourteen major industries in 1946. Average annual employment of this industry in Virginia and North Carolina was 27,600 in 1946, a figure that had not varied more than 200 persons since 1943. The 1946 level, however, was 1,700 or 7 per cent higher than the 1939 level. Despite the relative stability of employment in the tobacco industry, the Fifth District gained relative to the national total employment level for the industry progressively from 1939 to 1945; and while the District proportion in 1946 of 27.8 per cent was lower than the 1945 percentage of 29.2 the 1946 proportion compares with 24.7 per cent in 1939. In each of the years from 1943 through 1946 the number employed in making cigarettes accounted for around three-fourths of the total employees in tobacco manufacturing industries of the two states.

#### THE STATES

The states of the Fifth District did not show marked differences in their contribution to Fifth District manufacturing employment between 1939 and 1946. This, however, is a relatively short period and small shifts are not without significance. Maryland, West Virginia, and South Carolina made gains in their percentages of the District total at the expense of Virginia and North Carolina. The chief increase in state contributions to the District's manufacturing employment in the 1939-1946 period came in Maryland and resulted from a substantially larger percentage of the District's durable goods employment in that state in 1946 than in 1939. North Carolina showed the greatest reduction in its contribution to Fifth District manufacturing employment, largely as a result of a lower percentage of the District's non-durable goods employment in 1946 than in 1939.

Relative to national employment in manufacturing industries every state in the Fifth District, except West Virginia, had a lower percentage in 1946 than in 1939. Maryland was the only state of the District whose total manufacturing employment showed a higher percentage of the United States total in any of the war years from 1943 through 1945 than in 1939. This again was due to the much larger rise in durable goods employment in the state during the war period than the non-durable goods employment.

None of the Fifth District states in 1946 had as high a percentage of the national total of durable goods employment as in 1939, though Maryland alone had exceeded its 1939 percentage of the national total in each year from 1943 through 1945.

Of the total employment in non-durable goods industries in the nation, Maryland and North Carolina had lower percentages in 1946 than in 1939, but all other Fifth District states had higher percentages.

The accompanying table shows the percentages of total employment in manufacturing industries of the United States contributed by each state of the Fifth District, and similar proportions of employment in durable goods industries and non-durable goods industries.

**EMPLOYMENT CONTRIBUTION OF  
FIFTH DISTRICT STATES**

**PERCENTAGE OF ALL MANUFACTURING INDUSTRIES IN U. S.**

	1939	1943	1944	1945	1946
Maryland .....	1.74	2.01	1.88	1.78	1.64
Virginia .....	1.64	1.84	1.29	1.34	1.43
West Virginia .....	.89	.76	.77	.87	.91
North Carolina .....	3.03	2.30	2.24	2.34	2.64
South Carolina .....	1.38	1.10	1.05	1.13	1.28
Total .....	8.68	7.51	7.23	7.46	7.80

**PERCENTAGE OF DURABLE GOODS INDUSTRIES IN U. S.**

	1939	1943	1944	1945	1946
Maryland .....	1.80	2.19	1.97	1.91	1.75
Virginia .....	1.25	.88	.81	.83	.92
West Virginia .....	1.29	.81	.80	.98	1.16
North Carolina .....	1.81	1.05	1.05	1.10	1.14
South Carolina .....	.50	.33	.31	.36	.45
Total .....	6.15	5.26	4.94	5.18	5.42

**PERCENTAGE OF NON-DURABLE GOODS INDUSTRIES IN U. S.**

	1939	1943	1944	1945	1946
Maryland .....	1.68	1.64	1.65	1.57	1.57
Virginia .....	1.92	2.00	1.99	1.97	1.92
West Virginia .....	.59	.70	.71	.72	.66
North Carolina .....	4.34	4.12	4.00	.386	3.90
South Carolina .....	2.05	2.22	2.14	2.08	2.07
Total .....	10.58	10.78	10.49	10.20	10.12

**CONCLUSION**

The findings in this study are:

That average annual manufacturing employment in the Fifth Federal Reserve District did not rise by as great a percentage as the manufacturing employment level in the United States from 1939 to the peak year 1943; fell by a greater percentage from 1943 to 1944; fell by smaller percentage from 1944 through 1946; and constituted a smaller proportion of the national total in 1946 than in 1939.

That the failure of the District's total manufacturing employment to maintain the national pace between 1939 and 1944, and to exceed the national pace between 1944 and 1946 was due mostly to the failure of the District's employment in durable goods industries to parallel the changes shown in those industries of the nation, and to the relatively lesser importance of the District's durable goods employment relative to total manufacturing employment than is the case in the United States as a whole.

That the Fifth District's smaller percentage of the nation's manufacturing employment in 1946 than in the last previous peace-time year 1939 is mainly due to a change in the relative position of the two years in the business cycle. Since the employment levels of durable goods industries rise faster and further from depression to prosperity and since 1946 was nearer to the prosperity phase of the cycle than 1939 than for

non-durable goods, this factor is the chief cause of the Fifth District's lower percentage of the United States manufacturing employment in 1946 than in 1939.

That the Fifth District had a larger proportion of the national employment in 1946 than in 1939 in five of the fourteen major industries under review, and a smaller proportion in six industries. The five industries where relative gains over national figures were shown included three industries which have been long established in the District, and two which are relatively new comers, namely, electrical machinery and paper. Five of the six industries which failed to show a percentage of national employment levels as high in 1946 as in 1939 were also old established industries, while the chemical and allied products industries which also failed to maintain the national pace is in part at least a fairly new industry in the District.

Except for any changes in the efficiency of manufacturing operations in one region as against another, the employment figures of an industry will show the relative regional position of the industry in a satisfactory manner. Changes in the efficiency of operation arising as a result of the addition of new machinery which will turn out a larger output per man hour could conceivably be done in one section of the country and not in another in which instance employment figures in one area would not truly represent an industry's proportionate value added by manufacture. As a rule, however, the capital added by an industry does not occur in one geographical region and not another.

The use of employment figures in many heterogeneous industries to determine the proportionate overall contribution of one region to the national total will also fail to represent a region properly in its contribution to the value added by manufacture. Some industries have a larger value added per worker than others.

In the main, employment figures give a working appraisal of the regional shifts in industry. They are the best figures that are currently available, and for the Fifth District they show that manufacturing has not kept apace of the national total from 1939 to 1946. Study of the overall tendency in this period, however, indicates that this is due more to cyclical tendencies inherent in the durable goods industries, rather than to a real shift of manufacturing activity. Industry by industry study in the District shows that some have run ahead of the national total and some have fallen behind.

# Banking

Due almost entirely to a substantial increase in holdings of Treasury bills, the loans and investments of Fifth District weekly reporting member banks showed a sharp rise in the four weeks ended March 12. Loans increased by \$4 million while total investments rose \$43 million.

The increase in loans brought the total to \$482 million and occurred in spite of a decline in commercial, industrial, and agricultural loans. These loans, which have risen with but minor interruptions since V-J day, fell off in the week ended March 5 and recovered during the following week to within \$1 million of their level of February 12. Real estate loans increased by \$2 million while "other" loans—including instalment loans—rose by \$3 million to \$103 million. Loans for purchasing or carrying securities showed no net change for the four-week period and loans to banks rose and then returned to their former level of \$1 million.

Total investments increased to \$1,442 million from \$1,399 million of February 12. The increase was accounted for by a \$1 million increase in securities other than Governments and by a \$51 million increase in holdings of Treasury bills; the latter is believed to be of a temporary nature. Portfolios of Treasury notes, certificates of indebtedness, and United States bonds fell off slightly as may be seen from the table below.

## HOLDINGS OF U. S. GOVERNMENT OBLIGATIONS WEEKLY REPORTING MEMBER BANKS

### Fifth District

(Millions of Dollars)

DATE	Bills	C. of I.	Notes	Bonds	Total
February 12.....	16	179	88	1,028	1,311
19.....	12	178	86	1,030	1,306
26.....	13	178	85	1,029	1,306
March 5.....	66	174	84	1,022	1,346
12.....	67	177	84	1,025	1,353

Reserves of Fifth District member banks increased by \$40 million to \$733 million during the four weeks ended March 12. A mid-February loss of reserves due to the outflow of funds on commercial and financial transactions and Treasury operations was offset by an increase in Federal Reserve credit locally extended, principally through an expansion of float. A return flow of currency occurred in that week, to be followed by increases in currency requirements in the succeeding weeks with consequent losses of reserves. The week ended February 26 saw an increase in reserve funds of \$19 million, brought about by an inflow of funds from commercial and financial transactions and from Treasury transactions, accompanied by an increase in Reserve bank credit. During the following week, commercial and financial transactions and Treasury transactions brought an inflow of \$62 million, causing an increase in reserves of \$21 million even after a decrease in Reserve bank credit of \$31 million and a loss to increased currency circulation of \$4 million. There was no change during the week ended March 12, as an approximate balance was struck between the gains occasioned by Treasury transactions and the expansion of Federal Reserve credit and the losses on commercial and financial and currency transactions. As may be seen from the table below, the overall gain for the four-week period amounted to \$40 million.

## FACTORS AFFECTING MEMBER BANK RESERVES

### Fifth District

Factors increasing (+) or decreasing (—) reserves:	Changes for 4 weeks ended March 12, 1927 (Millions of dollars)
Reserve bank credit extended locally	+ 13
Commercial and financial transactions	— 16
Treasury transactions	+ 49
Currency transactions	— 3
Other factors	— 3
Net change in reserve balances	+ 40

Fifth District member banks continued to lose deposits during February; the table below shows the average daily total deposits for the last half of February as compared with similar figures for the last half of January. It may be noted that Maryland, West Virginia, and North and South Carolina lost deposits in varying degree while the District of Columbia and Virginia showed small increases over January.

## AVERAGE DAILY TOTAL DEPOSITS\* OF MEMBER BANKS

	Last half of January		Last half of February	
	\$ millions	% of U. S.	\$ millions	% of U. S.
Maryland	1,011	.97	985	.95
Reserve city banks	644	.62	622	.60
Country banks	367	.35	363	.35
District of Columbia	896	.86	902	.87
Reserve city banks	875	.84	881	.85
Country banks	21	.02	21	.02
Virginia	1,300	1.24	1,307	1.26
Reserve city banks	296	.28	305	.29
Country banks	1,004	.96	1,002	.97
West Virginia	542	.52	540	.52
North Carolina	838	.80	824	.80
Reserve city banks	364	.35	362	.35
Country banks	474	.45	462	.45
South Carolina	426	.41	424	.41
Fifth District	5,013	4.80	4,983	4.82

\*Excluding interbank demand deposits.  
Details may not add to totals due to rounding.

## ASSETS AND LIABILITIES OF MEMBER BANKS

### Fifth Federal Reserve District

February 26, 1947

Preliminary

(Millions of Dollars)

ITEMS	Reserve			Change from Jan. 29, 1947 all member banks
	city member banks	Other member banks	All member banks	
<b>Assets</b>				
1. Loans and investments ..	1,986	2,373	4,359	+ 3
a. Loans and discounts..	521	651	1,172	+17
b. U. S. Gov't obligations	1,376	1,580	2,957	—15
c. Other securities .....	89	141	231	+ 1
2. Reserves, cash, and bank balances .....	685	748	1,433	+47
a. Reserve with F. R. Bank	393	321	714	+14
b. Cash in vault* .....	43	85	128	— 1
c. Demand balances with banks in U. S. ....	105	271	377	+13
d. Other bank balances* ..	....	3	3	+ 1
e. Cash items in process of collection .....	143	68	211	+20
3. Other assets* .....	33	35	69	+ 3
4. Total assets* .....	2,705	3,156	5,861	+53
<b>Liabilities and Capital</b>				
5. Gross demand deposits ...	2,075	2,094	4,169	+43
a. Deposits of banks ...	332	120	452	....
b. War loan accounts ...	72	80	152	+25
c. Other demand deposits	1,671	1,894	3,565	+17
6. Time deposits .....	447	857	1,304	+ 9
7. TOTAL DEPOSITS .....	2,521	2,951	5,473	+52
8. Borrowings from F. R. Bank .....	14	5	19	— 4
9. Other liabilities* .....	12	10	23	....
10. Total capital accounts* ..	157	189	346	+ 4
11. Total liabilities and capital accounts* .....	2,705	3,156	5,861	+53

\* Estimated.

Details may not add to totals due to rounding.

## FEDERAL RESERVE BANK OF RICHMOND

(All Figures in Thousands)

ITEMS	March 12 1947	Chg. in Amt. 2-12-47	from 3-13-46
Total Gold Reserves	\$1,094,484	+ 32,590	+ 53,755
Other Reserves	17,400	- 3,713	- 7,918
Total Reserves	1,111,884	+ 28,877	+ 45,837
Bills Discounted	16,458	- 10,550	+ 12,128
Industrial Advances	0	0	39
Gov. Securities, Total	1,384,578	- 13,862	+ 29
Bonds	46,405	- 12	- 12,780
Notes	27,367	+ 5,477	- 58,432
Certificates	417,067	- 9,856	- 3,987
Bills	893,739	- 9,471	+ 75,228
Total Bills & Securities	1,401,036	- 24,412	+ 12,118
Uncollected Items	204,035	- 48,939	+ 42,534
Other Assets	26,649	- 14,577	+ 19,068
Total Assets	2,743,604	- 59,051	+ 81,421
Fed. Res. Notes in Cir.	\$1,712,495	- 11,271	+ 28,163
Deposits, Total	819,246	+ 32,572	+ 23,835
Members' Reserves	732,733	+ 39,819	+ 18,694
U. S. Treas. Gen. Acct.	55,982	- 10,310	+ 14,555
Foreign	25,006	+ 659	- 7,821
Other Deposits	5,525	+ 2,404	- 1,593
Def. Availability Items	176,331	- 80,850	+ 24,185
Other Liabilities	632	+ 43	+ 60
Capital Accounts	34,900	+ 455	+ 5,178
Total Liabilities	2,743,604	- 59,051	+ 81,421

## 41 REPORTING MEMBER BANKS—5th DISTRICT

(All Figures in Thousands)

ITEMS	March 12 1947	Chg. in Amt. 2-12-47	from 3-13-46
Total Loans	\$ 483,532	+ 5,283	+ 79,095
Bus. & Agri.	253,045	- 1,217	+ 74,938
Real Estate Loans	82,009	+ 1,904	+ 30,888
All Other Loans	148,478	+ 4,596	- 26,731
Total Security Holdings	1,441,958	+ 42,750	- 411,501
U. S. Treasury Bills	67,131	+ 50,745	+ 8,662
U. S. Treasury Certificates	176,563	- 2,238	- 263,666
U. S. Treasury Notes	84,135	- 3,467	- 117,190
U. S. Gov. Bonds	1,024,762	- 3,626	- 53,392
Obligations Gov. Guaranteed	3,203	+ 18	+ 3,054
Other Bonds, Stocks & Sec.	86,164	+ 1,318	+ 11,031
Cash Items in Process of Col.	151,675	- 1,616	+ 24,292
Due from Banks	135,207*	+ 15,393	- 10,584
Currency & Coin	41,101	+ 313	- 8
Reserve with F. R. Bank	340,979	+ 13,798	- 14,718
Other Assets	76,316	+ 2,145	- 4,615
Total Assets	2,670,768	+ 78,066	- 338,039
Total Demand Deposits	\$2,013,398	+ 76,239	- 381,917
Deposits of Individuals	1,429,859	+ 63,976	+ 71,374
Deposits of U. S. Gov.	87,538	+ 13,017	- 418,453
Deposits of State & Local Gov.	92,357	- 6,904	+ 10,498
Deposits of Banks	374,645*	+ 10,355	- 46,920
Certified & Officers' Checks	28,999	- 4,205	+ 1,584
Total Time Deposits	398,770	+ 1,705	+ 30,857
Deposits of Individuals	382,039	+ 2,003	+ 28,097
Other Time Deposits	16,731	- 298	+ 2,760
Liabilities for Borrowed Money	8,700	- 8,000	+ 5,700
All Other Liabilities	100,600	+ 7,026	- 3,407
Capital Accounts	149,300	+ 1,096	+ 10,728
Total Liabilities	2,670,768	+ 78,066	- 338,039

\*Net figures, reciprocal balances being eliminated.

## COMMERCIAL FAILURES

MONTHS	Number Failures		Total Liabilities	
	District	U.S.	District	U.S.
February 1947	7	238	\$207,000	\$12,976,000
January 1947	5	202	344,000	15,193,000
February 1946	2	92	26,000	2,933,000
2 Months 1947	12	440	\$551,000	\$28,169,000
2 Months 1946	6	172	53,000	7,355,000

Source: Dun &amp; Bradstreet

## DEBITS TO INDIVIDUAL ACCOUNTS

(\$000 omitted)

	Feb. 1947	% Chg. from Feb. 1946	2 mos. 1947	% Chg. from 2 mos. '46
<b>District of Columbia</b>				
Washington	\$ 565,082	+ 5	\$1,253,502	+ 8
<b>Maryland</b>				
Baltimore	787,772	+ 5	1,724,797	+ 11
Cumberland	18,075	+ 14	38,647	+ 13
Frederick	13,997	+ 17	32,351	+ 22
Hagerstown	21,451	+ 20	46,852	+ 22
<b>North Carolina</b>				
Asheville	40,098	+ 21	87,350	+ 23
Charlotte	179,205	+ 32	397,784	+ 40
Durham	81,544	+ 8	186,875	+ 21
Greensboro	56,320	+ 19	122,067	+ 24
Kinston	12,056	+ 35	28,171	+ 45
Raleigh	88,309	+ 55	180,771	+ 46
Wilmington	28,716	+ 2	63,585	+ 2
Wilson	12,359	+ 43	30,682	+ 45
Winston-Salem	105,461	+ 32	234,533	+ 33
<b>South Carolina</b>				
Charleston	44,371	+ 1	97,053	+ 7
Columbia	74,262	+ 28	153,041	+ 26
Greenville	61,682	+ 36	133,006	+ 33
Spartanburg	36,241	+ 20	75,990	+ 28
<b>Virginia</b>				
Charlottesville	17,681	- 19	40,777	- 11
Danville	22,339	+ 27	61,232	+ 51
Lynchburg	29,731	+ 26	65,529	+ 25
Newport News	24,767	+ 17	54,855	+ 20
Norfolk	143,175	+ 11	291,569	+ 12
Portsmouth	16,575	+ 8	35,444	+ 8
Richmond	373,664	+ 22	775,926	+ 19
Roanoke	61,437	+ 25	135,637	+ 26
<b>West Virginia</b>				
Bluefield	32,241	+ 26	65,949	+ 25
Charleston	103,464	+ 16	219,869	+ 20
Clarksburg	22,853	+ 18	51,776	+ 22
Huntington	41,795	+ 14	91,205	+ 15
Parkersburg	21,650	+ 31	47,402	+ 30
District Totals	\$3,138,373	+ 14	\$6,824,227	+ 17

## COTTON CONSUMPTION AND ON HAND—BALES

	February 1947	February 1946	Aug. 1 to Feb. 1947	Aug. 1 to Feb. 1946
<b>Fifth District States:</b>				
Cotton consumed	407,773	356,332	2,900,187	2,506,751
<b>Cotton Growing States:</b>				
Cotton consumed	736,810	657,219	5,298,125	4,554,212
Cotton on hand Feb. 28 in				
consuming establishments	1,908,813	2,056,379		
storage and compresses	4,218,304	9,270,145		
<b>United States:</b>				
Cotton consumed	840,463	747,748	6,044,326	5,152,778
Cotton on hand Feb. 28 in				
consuming establishments	2,250,615	2,373,875		
storage and compresses	4,282,547	9,402,082		
Spindles active, U. S.	21,954,340	21,238,750		

## COTTON CONSUMPTION—FIFTH DISTRICT

(In Bales)

MONTHS	N. Carolina	S. Carolina	Va.	Md.	Dist.
February 1947	219,232	166,747	18,570	3,224	407,773
January 1947	245,033	189,301	20,071	3,728	458,133
February 1946	191,965	145,684	15,706	2,977	356,332
2 Months 1947	464,265	356,048	38,641	6,952	865,906
2 Months 1946	403,894	308,259	32,561	6,000	750,714

## PRICES OF UNFINISHED COTTON TEXTILES

	February 1947	January 1947	February 1946
Average, 17 constructions	85.42	83.34	45.04
Printcloths, average (6)	111.29	105.88	47.84
Sheetings, average (3)	75.66	73.23	40.85
Twill (1)	71.10	75.61	47.51
Drills, average (4)	65.90	65.90	40.80
Sateen (1)	97.61	97.61	63.19
Ducks, average (2)	62.54	62.54	41.08

Note: The above prices are those for the approximate quantities of cloth obtainable from a pound of cotton with adjustments for salable waste.

**BUILDING PERMIT FIGURES**

	Total Valuation	
	February 1947	February 1946
Baltimore .....	\$ 1,430,030	\$ 3,630,010
Cumberland .....	43,700	65,400
Frederick .....	11,100	42,632
Hagerstown .....	56,935	176,250
Salisbury .....	104,400	310,209
<b>Virginia</b>		
Danville .....	330,281	186,320
Lynchburg .....	86,470	176,008
Norfolk .....	4,687,035	215,690
Petersburg .....	38,200	14,150
Portsmouth .....	359,083	293,720
Richmond .....	960,637	1,323,971
Roanoke .....	93,315	1,164,344
<b>West Virginia</b>		
Charleston .....	143,385	200,409
Clarksburg .....	12,980	83,145
Huntington .....	273,955	445,135
<b>North Carolina</b>		
Asheville .....	108,225	83,687
Charlotte .....	1,110,725	963,489
Durham .....	298,775	865,550
Greensboro .....	471,995	316,389
High Point .....	259,893	225,390
Raleigh .....	331,825	297,395
Rocky Mount .....	81,700	359,800
Salisbury .....	70,360	124,820
Winston-Salem .....	203,095	227,652
<b>South Carolina</b>		
Charleston .....	120,628	152,713
Columbia .....	507,797	242,385
Greenville .....	76,850	45,220
Spartanburg .....	136,380	121,090
<b>Dist. of Columbia</b>		
Washington .....	4,702,274	2,657,140
District Totals .....	\$17,111,528	\$14,980,113
2 Months .....	\$28,997,028	\$25,125,701

**CONSTRUCTION CONTRACTS AWARDED**

STATES	January 1947	January 1946	% Change
Maryland .....	\$21,149,000	\$ 7,096,000	+193
Dist. of Columbia .....	9,160,000	3,734,000	+145
Virginia .....	14,763,000	7,527,000	+96
West Virginia .....	3,149,000	6,305,000	-50
North Carolina .....	13,619,000	8,084,000	+68
South Carolina .....	3,773,000	4,096,000	-8
Fifth District .....	\$65,613,000	\$36,842,000	+78

Source: F. W. Dodge Corp.

**RETAIL FURNITURE SALES**

STATES	Percentage Changes in Feb. and 2 Mos. 1947	
	Compared with February 1946	Compared with 2 Months 1946
Maryland (5)* .....	+ 8	+14
Dist. of Columbia (6)* .....	- 3	- 1
Virginia (19)* .....	+12	+15
West Virginia (10)* .....	+15	+12
North Carolina (14)* .....	+25	+34
South Carolina (12)* .....	+12	+ 2
Fifth District (66)* .....	+ 9	+11
<b>Individual Cities</b>		
Baltimore, Md., (5)* .....	+ 8	+14
Washington, D. C. (6)* .....	- 3	- 1
Lynchburg, Va., (3)* .....	+14	+10
Richmond, Va., (6)* .....	+13	+24
Charleston, W. Va. (3)* .....	-21	-17
Charlotte, N. C. (3)* .....	+20	+39
Columbia, S. C. (4)* .....	+ 5	+14

\*Number of reporting stores

**RAYON YARN DATA, UNITED STATES**

	February 1947	February 1946
Rayon Yarn Shipments, Lbs. ....	55,700,000	50,400,000
Staple Fiber Shipments, Lbs. ....	14,600,000	13,200,000
Rayon Yarn Stocks, Lbs. ....	6,900,000	9,900,000
Staple Fiber Stocks, Lbs. ....	2,400,000	4,000,000

Source: Rayon Organon

**DEPOSITS IN MUTUAL SAVINGS BANK  
8 Baltimore Banks**

	Feb. 28, 1947	Jan. 31, 1947	Feb. 28, 1946
Total Deposits .....	\$382,907,799	\$381,241,159	\$352,324,161

**TOBACCO MANUFACTURING, UNITED STATES**

	February 1947	% Chg. from Feb. 1946	2 Months 1947	% Chg. from 2 mos. '46
Smoking & chewing tobacco (Thousands of lbs.) .....	14,473	- 1	31,162	- 2
Cigarettes (Thousands) .....	26,338,485	+11	54,789,252	+12
Cigars (Thousands) .....	446,042	- 2	956,306	+ 4
Snuff (Thousands of lbs.) .....	2,916	- 8	6,350	- 8

**WHOLESALE TRADE—207 FIRMS**

LINES	Net Sales		Stock		Ratio Feb. collections to acct's outstand'g Feb. 1
	Feb. 1947	Feb. 1946	Feb. 28, 1947	Feb. 28, 1946	
Auto Supplies (8)* .....	+ 38	- 3	+135	+ 19	75
Drugs & Sundries (12)* .....	+ 5	-18	+ 19	+ 7	117
Dry Goods (5)* .....	+ 13	- 4	+116	+12	76
Electrical Goods (6)* .....	+101	+ 9	+ 92	+ 4	88
Groceries (70)* .....	+ 13	-10	+ 34	- 2	166
Hardware (13)* .....	+ 39	-10	+ 83	+ 3	111
Industrial Supplies (5)* .....	+ 41	-14	+ 73	+ 6	97
Paper & Products (7)* .....	+ 27	-17	...	...	107
Tobacco & Products (8)* .....	- 1	- 8	+ 67	+ 5	134
Miscellaneous (73)* .....	+ 27	+ 1	+ 50	+ 2	93
District Average (207)* .....	+ 22	- 7	+ 57	+ 4	100

Source: Department of Commerce  
\*Number of reporting firms.

**DEPARTMENT STORE TRADE**

Richmond	Baltimore	Washington	Other Cities	District
Percentage change in Feb. 1947 sales, compared with sales in Feb. 1946:				
+ 7	- 1	- 5	0	- 1
Percentage chg. in 2 months sales 1947, compared with 2 months in '46:				
+14	+ 5	0	+ 7	+ 5
Percentage chg. in stocks on Feb. 28, '47, compared with Feb. 28, '46:				
+91	+41	+47	+63	+53
Percentage chg. in outstanding orders Feb. 28, '47 from Feb. 28, '46:				
-36	-34	-41	-28	-37
Percentage chg. in receivables Feb. 28, '47 from those on Feb. 28, '46:				
+63	+40	+55	+41	+50
Percentage of current receivables as of Feb. 1, '47 collected in Feb.:				
42	50	44	50	46
Percentage of instalment receivables as of Feb. 1, '47, collected in Feb.:				
23	29	22	28	25
Maryland Dist. of Col. Virginia W. Virginia No. Carolina So. Carolina				
Percentage chg. in Feb. 1947 sales from Feb. 1946 sales, by states:				
- 1	- 5	+ 3	- 3	+ 5
Percentage change in 2 months 1947 sales from 2 months 1946 sales:				
+ 5	0	+11	+ 5	+ 9

**SOFT COAL PRODUCTION IN THOUSANDS OF TONS**

REGIONS	Feb. 1947	Feb. 1946	% Chg.	2 mos. 1947	2 mos. 1946	% Chg.
West Virginia .....	13,224	12,945	+ 2	26,274	26,870	- 2
Virginia .....	1,586	1,615	- 2	3,186	3,290	- 3
Maryland .....	204	185	+10	398	390	+ 2
Fifth District .....	15,014	14,745	+ 2	29,858	30,550	- 2
United States .....	50,640	49,975	+ 1	109,509	104,050	+ 5
% in District .....	29.6	29.5		27.3	29.4	

**BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT**  
Average Daily 1935-39=100—Seasonally Adjusted

	Feb. 1947	Jan. 1947	Dec. 1946	Feb. 1946	% Change Feb. 1947 from	
					Jan. 47	Feb. 46
Bank Debits .....	291	278	281	250	+ 5	+ 16
Bituminous Coal Production*.....	159	149r	136	158	+ 7	+ 1
Building Contracts Awarded.....	239	304	266	260	- 21	- 8
Building Permits Issued.....	246	216	195	215	+ 14	+ 14
Business Failures (number).....	14	9	4	4	+ 56	+250
Cigarette Production .....	266p	241r	220	238	+ 10	+ 12
Cotton Consumption* .....	158	160	154	138	- 1	+ 14
Department Store Sales .....	281	291r	293	282	- 3	.....
Department Store Stocks.....	306	312	319	201	- 2	+ 52
Electric Power Production.....	.....	235	213	196	.....	.....
Employment—Mfg. Industries* .....	.....	134	134	122	.....	.....
Furniture Sales—Retail .....	238	263	261	219	- 10	+ 9
Life Insurance Sales.....	247	238	209	221	+ 4	+ 12
<b>Wholesale Trade:</b>						
Automotive Supplies** .....	345	331	272	260	+ 4	+ 33
Drugs .....	236	248	252	255	- 5	- 7
Dry Goods .....	153	148	193	152	+ 3	+ 1
Electrical Goods** .....	80	77	70	41	+ 4	+ 95
Groceries .....	271	267	274	248	+ 1	+ 9
Hardware .....	113	121	119	98	- 7	+ 15
Industrial Supplies**.....	242	289	268	165	- 16	+ 47
Paper and Its Products**.....	150	155	178	141	- 3	+ 6
Tobacco and Its Products**.....	123	132	125	117	- 7	+ 5

\*Not seasonally adjusted

\*\*1938-41=100

### Business Conditions (Continued from page 1)

clined 3 per cent from January on a seasonally adjusted basis, and were at the same level as a year ago. But the Fifth District sales ran well ahead of the nation during the war years, and are still at a higher level relative to the prewar base than the national level. The factors which caused the inordinate gain in the District have been eliminated, and the rest of the country has been catching up to the District level for about a year.

Sales of department stores are not maintaining the pace of total retail trade as indicated by Department of Commerce figures, although the homefurnishings and piece goods departments and basement sales were still showing good year to year increases in January. Soft goods sales of department stores are holding close to last year's levels, which, if maintained, would give a high sales volume.

There are divergent notions as to the amount of unit sales of these goods owing to the rise noted in wholesale prices, but it is the general impression that unit sales are smaller than a year ago, and this is taken as an indication that prevailing production levels cannot be maintained. This seems to be a correct appraisal unless prices adjust downward so that the supply of goods and the demand for them be brought in balance. An official of one of the large chain stores has stated that prices of one-fourth of the 7500 items handled were lower as of the turn of March than on December 1, which suggests at least a possibility that the downward price adjustment may occur without reducing production levels.

As far as the products produced in the Fifth District are concerned, there is no indication that a let down in

production would occur before August unless widespread cancellations of orders on hand occur. The cotton textile industry is sold up through the middle of the year, and around a fifth of the third quarter output is under contract. There are no indications of price weakness, despite the fact that further selling for third and fourth quarter delivery has slowed down since the middle of March. Raw cotton prices are strong and the acreage outlook does not promise any increase in supply that cannot be absorbed. Export demand for cotton goods is heavy. January shipments of 87 million square yards were 13 million square yards below December, but 24 million square yards higher than January 1946. The lumber industry of the District is making marked headway, (February excepted on account of weather) and even if demand for lumber were to fall at the consumer level, production could continue upward during the year to fill out yard stocks. Colder than normal weather has prevented any accumulation of bituminous coal stocks, and it would take a very substantial reduction in industrial production levels to lower the demand for coal this year. Nylon yarn shipments to hosiery mills have been cut back owing to production difficulties, and this will adversely affect some hosiery mill operations. The rayon industry seems likely to run at levels as near capacity as materials permit.

Although business failures in the District were still at an extremely low level in February, they were considerably higher in number than in any recent month. This seems to be a reflection of inexperience among the many new firms formed within the last year, rather than an indication of conditions pointing to financial stringency.