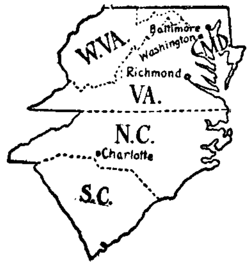
MONTHLY REVIEW



FEDERAL RESERVE BANK OF RICHMOND

RICHMOND 13, VIRGINIA JULY 31, 1948

Business Conditions

SPECTACULAR performances during June occurred in department store and furniture sales and building permits in the Fifth Federal Reserve District. Each of these indicators in June established new high levels or equaled previously established records.

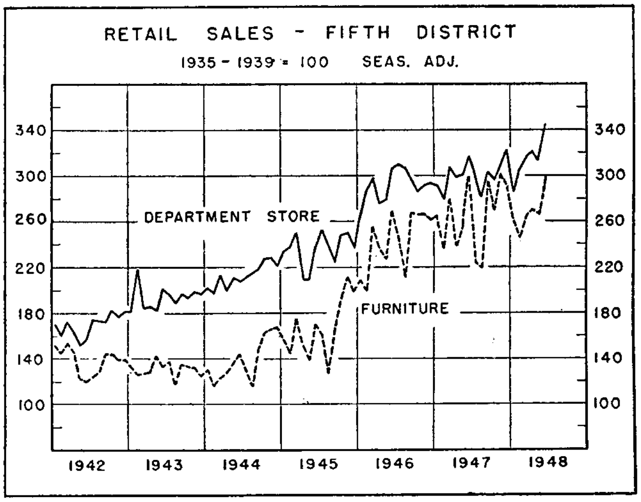
Trade

Normally there is a decline of 11.4 percent in dollar sales of department stores from May to June, but this year June sales were within 1.5 percent of those in May, and as a consequence the seasonally adjusted index rose 10 percent in this period to a new high level. Details by departments are not yet available, but it is apparent from the strength shown that the incidence must have been store-wide. Strength in department store sales carried over into the first three weeks in July.

Nationally sales of department stores in June rose about 1 percent on a seasonally adjusted basis, and although at a new high level it is still insufficient to give much comfort to those industries in the Fifth District whose operations are retarded for lack of demand. A drop in seasonally adjusted department store inventories of 4 percent in the nation and 8 percent in the Fifth District, however, brings the time closer when an increased amount of new business by cotton and hosiery mills and work clothing factories can be expected, even though store purchasing policy remains conservative.

Operations of furniture factories of this District have been adversely affected in recent months as aggregate demand and supply have for the moment been brought into balance at current prices. Employment level in this industry in North Carolina and Virginia have gradually receded since February or March largely as a result of sales resistance in the lower-medium and cheap lines. Retail furniture sales in the Fifth District in June rose 14 percent after seasonal corrections to the proximity of the peaks made in June and November, 1947. If national figures confirm the strength in demand shown for furniture in the Fifth District it is probable that furniture factories of the District will resume operations at capacity levels. The chart on this page of this Review shows the seasonally adjusted sales of department stores and furniture stores in this District.

Though not contradictory in its indication, the June index of bank debits in the Fifth District did not confirm the strength shown in the trade series, having remained at the same level as in May after seasonal correction. Gains in the adjusted debits indexes occurred in Virginia and the Carolinas, but these were offset by declines in Maryland and the District of Columbia.



Building

Building permits rose 59 percent in value on a seasonally adjusted basis from May to June to the highest monthly total of record, which was 42 percent above the recent peak figure of January 1948. There can be no question regarding the strength in the building situation when a gain such as that in June was witnessed. Although mortgage money is reported to be tighter, and the liberal financing permitted under F. H. A. Title VI is no longer available, commercial banks have not hesitated to expand their real estate loans, and it must be evident that other lending sources such as insurance companies and savings and loan associations are likewise expanding loans on real estate mortgages. Real estate loans show a steadily rising trend in the weekly reporting banks of the Fifth District, and of the cities covered by these banks only in Richmond, Norfolk and Charlotte has there been any tendency for real estate loans to level off.

Cotton Textiles

Cotton consumption in the Fifth Federal Reserve District in June held at May levels on a seasonally corrected basis. Spindle hours run during the month showed much the same result. These operations were made possible by working on order backlogs. New business written during June was meager, and thus far in July there has been no tendency on the part of consuming industries to purchase other than for current fill-in needs. Trade indications are that production in July and August will be lower than that in the average monthly level in the first half of the year. Prices of goods and yarns which continued to decline during June have largely stabilized in July, and such goods as will be needed for fall will probably be booked in the next two or three weeks. Buying pressure, however, at the domestic level does not seem likely to result in a production level as high as in the first half year.

Hosiery

Operations are still on a part-time basis in the seamless industry, but continue as high as yarn supplies will permit in the full-fashioned lines. A stoppage at Du Pont's Bell, West Virginia, plant, where nylon materials were manufactured will cause a reduction in August supplies of nylon at hosiery mills. The stoppage, however, has been settled and reduced yarn supplies will be temporary, particularly since a new nylon plant is expected to come in production this month at Chattanooga, Tennessee. Hosiery prices which were weak during the spring months have been holding steady of late. Supplies of hosiery at the retail level are adequate and manufacturers inventories have been rising. Production will probably stay at reduced levels for another month or more.

Coal

Bituminous coal production declined 6 percent from May to June on a seasonally adjusted basis. Much of this reduction was due to car shortage and to mine disabilities. July production will be substantially reduced because of the miners holiday. The United Mine Workers new contract gave workers an increase of a dollar a day, and at the same time doubled the welfare fund contribution of the operators from 10 cents a ton of coal mined to 20 cents.

Electric power production seasonally corrected established an all time peak in March in the Fifth District, and while April and May totals have been somewhat below that level there is as yet no indication of a reversal of the rising trend. Savings in the form of new commitments for life insurance continue at a level more than 2½ times the prewar 1935-39 rate. June figures seasonally adjusted were about the same level as in May but below levels of November and December 1947 and much of 1946. Upward tendencies are shown in these figures

Continued on page 6

BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT
AVERAGE DAILY 1935-39=100—SEASONALLY ADJUSTED

	June 1948	May 1948	Apr. 1948	June 1947	% Change June 1948 from May 48	% Change June 1948 from June 47
Automobile Registration*	......	106	129	123	......	......
Bank Debits	327	326	313	286	0	+ 14
Bituminous Coal Production*	171	189r	104	161	— 10	+ 6
Building Contracts Awarded	335	366	324	267	— 8	+ 25
Apartments and Hotels	......	312	872	357	......	......
Commercial Construction Contracts	......	461	382	257	......	......
Manufacturing Construction Contracts	......	418	268	343	......	......
One and Two Family Houses	......	320	321	196	......	......
Public Works and Utilities	......	523	266	357	......	......
Residential Construction Contracts	272	314	421	215	— 13	+ 27
Building Permits Issued	441	277	336	275	+ 59	+ 60
Business Failures—No.	29	31	40	27	— 6	+ 7
Cigarette Production	244p	232r	271	238	+ 5	+ 3
Cotton Consumption	148	148	156	140	0	+ 6
Cotton Spindle Hours	155	152	158	142	+ 2	+ 9
Department Store Sales	344	314r	321	317	+ 10	+ 9
Department Store Stocks	311	337	340	270	— 8	+ 15
Electric Power Production	......	254	256	226	......	......
Employment—Mfg. Industries*	......	134	135	131	......	......
Furniture Orders	......	216	313	420	......	......
Furniture Shipments	......	282	311	324	......	......
Furniture Unfilled Orders	......	907	1211	910	......	......
Furniture Sales—Retail	300	263r	270	299	+ 14	0
Gasoline Consumption	......	......	196	176	......	......
Life Insurance Sales	253	252	261	232	0	+ 9
Wholesale Trade:						
Automotive Supplies**	431	408	339	288	+ 6	+ 50
Drugs	260	253	269	257	+ 3	+ 1
Dry Goods	170	172	171	169	— 1	+ 1
Electrical Goods**	77	89	83	83	— 13	— 7
Groceries	273	262	262	282	+ 4	— 3
Hardware	175	138	142	124	+ 27	+ 41
Industrial Supplies**	391	387	358	346	+ 1	+ 13
Paper and Its Products**	161	153	167	194	+ 5	— 17
Tobacco and Its Products**	93	92	99	107	+ 1	— 13

*Not seasonally adjusted
**1938-41=100

Municipal Income Taxation

A "best seller" in the early 1880's was, strangely enough, a book dealing with economics and advancing a new social philosophy that was based on a very simple plan of tax reform. The title of this unique volume was *Progress and Poverty,* written by Henry George in San Francisco in 1879. In brief, George proposed to "appropriate all rent by taxation (and) to abolish all taxation save that upon land values." His impassioned and eloquent plea for the "single tax" so captured popular support that in 1886, after having moved from San Francisco, he was persuaded to become a candidate for the office of mayor of New York and, it is claimed, would have overcome the narrow margin by which he was defeated had there been an honest count of votes.

Although the fundamental ideas of Henry George are still advanced by an active organization, actual tax experience has moved in a diametrically opposite direction. The tax structure in this country has become more and more complex and tax patterns are as numerous and varied as are the units of state and local government. This trend and situation are not likely to be halted or corrected by the present search of municipalities for new sources of revenue. Despite record revenues during the post-war period, cities and towns the country over are—for reasons too well known to need listing here—seeking new sources of revenue in order to meet the rising cost of municipal living.

In these efforts to increase municipal revenues there are discernible two broad trends which, in many cases, are co-existent. On the one hand, cities in a number of states are stressing new local taxes and hitherto unused non-tax sources of revenue. For example, during 1947 Pennsylvania enacted a law that permits some 3,200 local governments to levy any of a wide number of taxes; under this "financial home rule" any taxes may be adopted which the Commonwealth itself may employ but does not levy. Similarly, a bill recently introduced in the Kentucky Senate would afford cities much greater discretion in tapping non-property tax revenue sources than had formerly been the case. The nature of such attempts to augment municipal income aligns them with the political theory of "home rule" which, in the sphere of local government, contends that there should be a delegation of power to permit decisions by municipalities on those matters pertinent to their particular interests. In this category, it is held, belong attempts to broaden the municipal tax base and thus relieve the traditional dependency upon property as the principal tax base of local governments.

A second trend that has become more pronounced in recent years is the pressure for increased municipal sharing in state-collected tax receipts. In a leading move in this direction New York State enacted a program in 1946 designed to provide municipalities with definite amounts of financial assistance on a per capita basis. Rhode Island has a similar revenue program, and in a number of other states, Minnesota, Michigan, and Maryland to mention a few, proposals have been made and adopted for municipal sharing in new and continuing state levies.

In many states cities are seeking both new local taxes and larger shares of state tax receipts, but in all instances the moves are dictated by the necessity of meeting increasing municipal expenditures that cannot, for the most part, be covered by already over-loaded property taxes. As a consequence, the tax structures of our municipalities are getting a "new look" in the form of the new taxes being adopted by hard-pressed communities. Unfortunately, in many cases the design of these new facades does not suit the basic architectural, so to speak, pattern of municipal tax structures. Many of the new levies probably merit the criticism levelled against sales taxes by E. R. A. Seligman ("Studies in Public Finance," 1925, p.131) to the effect that they constitute "the last resort of countries which find themselves in such fiscal difficulties that they must subordinate all other principles of taxation to that of adequacy."

Adoption of the Income Tax

One of the more interesting outgrowths of the search for new sources of revenue has been the adoption by a few, and the consideration by many, cities of a municipal income tax. It might be pointed out that dependence upon the income tax as an important source of revenue is a comparatively recent development in the United States, even on a national basis. In 1894 an unsuccessful attempt was made to reintroduce the income tax that had first made its appearance during the Civil War, but it was not until 1913 that a constitutional amendment made possible the use of a federal income tax. Similarly, attempts had been made prior to that time on the part of our states to enact income taxes that would operate successfully, but the experience of Virginia was typical: in 1909 and 1910 only slightly more than $100,000 was raised by the imposition of a state income tax. In fact, in over 30% of the counties of this state no tax was collected at all. In 1911, however, Wisconsin attempted to profit by the mistakes of earlier state income taxes and adopted a measure in which administrative provisions of the tax had been carefully studied. Wisconsin's success during the first four years of the life of its new tax led other states to enter this field, and at present over two-thirds of the states employ income taxes.

Municipal income taxes, in turn, did not appear on the scene until very recently.[1] The initial adoption in this

[1]It is interesting to note, however, that an ordinance enacted in 1820 by the City Council of Charleston, South Carolina, permitted the city to levy a tax upon different forms of property, and among other things, a tax was laid upon "all profits or income arising from the pursuit of any faculty, profession or occupation, trade or employment." On the basis of the exceptions and exemptions specifically stipulated in the ordinance a case was brought to court in which it was contended that the salaries of bank officials should be considered as personal property and therefore subject to the provision that in making the assessment on real and personal property, the assessor should estimate the assessment at one-half the value thereof. It was held by the court that there was no doubt but "that incomes and profits, labour, wages or hire, are included under the **nomen generalissimum** of personal property." (Lining v. City Council of Charleston, 1 Mc Cord 345, 1821.) It is also interesting to note that one of the principal difficulties in the levying of income taxes today by states and municipalities, viz, the problem of non-residents, was encountered in the imposition of this tax by Charleston in 1821.

country was by Philadelphia in 1939, but as late as February of this year income taxes had been enacted by only four local governmental units.[2] Beginning in March, however, adoptions began to mushroom in Pennsylvania and by the middle of July it was estimated (News Letter, Municipal Finance Officers Assoc., July 16, 1948) that about 55 local governments in that state had taken the necessary steps to tap this new source of municipal revenue. The adoption by Columbus has been followed by voter approval in Youngstown and Springfield for income taxes, with still other cities in Ohio, viz, Akron and Cleveland, considering the advisability of enacting similar taxes. It is reported that the St. Louis income tax, which was invalidated last year by the Missouri court, will be reintroduced as a consequence of permissive legislation recently signed by the Governor. Still other cities that have been recently publicized as considering the income tax are Minneapolis, Dearborn, Los Angeles, and San Francisco.

One of the practical barriers in the way of widespread enactment of municipal income taxes is the constitutional and statutory limitations that preclude the use of such a tax by the local governments in many of the states that themselves levy an income tax. Such is the case in four of the five states of the Fifth Federal Reserve District. Specific provisions in the Constitution of Maryland and in the statutes of Virginia and North Carolina prohibit the levying of taxes upon income by political subdivisions. An income tax was adopted by West Virginia in 1935 but abolished in 1943; at present it appears that under Article 10, Section 9 of the Constitution of West Virginia municipal authorities may levy an income tax only if authorized by the State Legislature. South Carolina as does Maryland, Virginia, and North Carolina, imposes a state income tax, a portion of the proceeds of which is allocated to the counties. In the absence of enabling legislation it appears that South Carolina municipalities cannot enact income taxes.

An active interest in municipal income taxes is being currently shown not only because of the novelty of the tax but because of the possibility that it may grow in the favor of municipal authorities and experience a widespread adoption. Reference has already been made to the many cities that have recently adopted this tax and to communities in which it is under consideration. It may be too early to hold that this recent experience will form the basis for a continuing trend of adoptions, but it is clear that the motivating factor in these enactments and considerations stems from a basic difficulty common to municipalities the country over, viz, increasing costs of local government and the consequent need for greater revenues.

The Factor of Yield

Unfortunately, perhaps, but nevertheless a fact, one of the principal factors dominating the practical consideration of a municipal income tax is the efficiency of its imposition in terms of the dollar yield. On this score it would appear that an income tax offers attractive possibilities to revenue-hungry communities. The Philadelphia tax was resorted to after a decade of financial distress that was marked by an over-loaded debt structure, declining real estate valuations and revenues, and annual deficits. An attempt to alleviate the difficulties through the use of a sales tax proved unsuccessful. In 1940, the first year of operation of the income tax, the yield was almost $15 million and averaged $19.5 million during the first three years. In 1943 the rate was reduced from 1.5% to 1%, but because of the war-induced rise in personal incomes, the average yield from 1943 through 1946 was $22.6 million. With a 1% rate the Philadelphia income tax has produced about half as much as the real estate tax and about one-fourth of the total receipts in the general fund. Since 1941, following 19 consecutive years of deficits, the city budget has been balanced.

In 1946 Toledo enacted and passed by referendum an income tax that is similar to that of Philadelphia in many respects with the added feature of being applicable to corporate net profits. Like Philadelphia the Toledo tax applies to income earned in the city by non-residents as well as residents. Similarly, a low flat rate is used and collections are primarily at the source. With a rate of 1% the tax provided Toledo with over $4 million in the 10-month period following its effective date of application on March 1, 1946. Estimated receipts for 1947 amount to about $5 million. Whereas in 1945 property taxes accounted for 48% of the total revenue of Toledo, in 1946 their proportion was 32% and income taxes provided 26% of the total revenue collected in that year.

The current bountifulness of municipal income taxes is demonstrated also in the case of smaller cities and towns. For example, two of the towns in Pennsylvania that recently adopted this tax have population counts and tax rates of 25,000 and 7 mills and 20,000 and 5 mills. Estimated income tax collections are $345,000 and $105,000 respectively. The magnitude of these single-source amounts may be better appreciated if we note that in 1946 average *total* tax revenue of 200 cities with a population from 25,000 to 50,000 amounted to a little over $900,000 (as reported by the Bureau of the Census, *Summary of City Government Finances in* 1946.)

The Problem of Burden

Against the factor of yield from the imposition of a municipal income tax must be set the burden thereby placed on the taxpayers. A full consideration of this point, with all its theoretical implications, is beyond the scope of this brief note, but a few pertinent points might be made. The nature of most of the income taxes so far adopted by municipalities might be criticized as being inequitable because of the absence of allowances for personal credits and because of the application of a flat rate. Groves ("Trouble Spots in Taxation", Princeton University Press, 19 8) offers a rebuttal to such contentions by pointing out as to the absence of credits that "the alternatives to the net income tax—the property tax and the sales tax—also offer no exemptions, or at least none designed to allow the taxpayer his family living expenses." Groves also holds that "The advantage of dis-

[2] "Prior to 1940 taxes on net income for local purposes were collected only in the District of Columbia. In the immediate prewar years, the combined revenues from the District's individual and corporate taxes ranged between 1 and 2 millions." L. H. Kimmel, Governmental Costs and Tax Levels. The Brookings Institution.

allowing exemptions is that the resulting base is large, stable, and conveniently adapted for collection at the source." However, he feels that "It would be desirable, if feasible, to allow at least some very limited exemptions in any income tax." With respect to the flat rate at which the tax is now generally levied Groves argues that it facilitates collection at the source and avoids reliance upon an unstable element in the income tax revenues. "At the worst," he states in the work cited, "this tax is genuinely and consistently proportional, which is more than can be said for either the sales tax or the property tax."

It has been contended also that the rate of 1%, which is the maximum in the great majority of cases, cannot be considered as a material burden to any taxpayer. Obviously, such an argument carries much more weight during prosperous times than it would during a period of depressed business conditions. It is also pointed out in this connection that the income tax measures up to the ability-to-pay principle to a more satisfactory extent than do property or consumption taxes.

Application to Non-Residents

Another argument dealing with the burden imposed by a municipal income tax on taxpayers is based on the advantage that such a tax offers by being applied to the so-called "daylight citizens"—those persons who are non-residents but who work in the city and consequently use many of its facilities. In a suit between Richmond, Virginia, and Henrico County involving the annexation of certain suburban territory, it was contended by some residents of the suburban area that they did not need city services. In replying to this assertion the court stated, "Moreover, it is no answer to an annexation proceedings to assert that individual residents of the county do not need or desire the governmental services rendered by the city. A county resident may be willing to take a chance on police, fire and health protection, and even tolerate the inadequacy of sewerage, water, and garbage service . . . but when the movement of population has made him a part of a compact urban community his individual preferences can no longer be permitted to prevail." If permission may be had to add to this statement it can be pointed out that aside from the services which a person living outside the city proper may or may not elect to use, if given a choice, he must and does avail himself of many of the facilities and services of the city if he is a non-resident worker in that city. It is patently unjust to have the whole financial burden of the provision and maintenance of the shared services and facilities borne by the resident taxpayers. It should also be kept in mind that the trend of decentralization, or that aspect of it in which peripheral areas of cities are growing much faster than the old city areas, will bear adversely on city revenues after the acute housing shortage has been satisfied. It is then likely that property values in the city proper will decline with consequent fresh difficulties to those communities overwhelmingly dependent upon property-tax revenues.

Closely allied to the other problems of the burden of a given tax is that of multiple taxation. This problem is a pervasive one that was made more difficult by the use of Federal and state income taxes. Obviously, the difficulties would be aggravated by the widespread imposition of income taxes by local governments and particularly so should those states that levy income taxes permit their political subdivisions to also levy such taxes. In handling jurisdictional difficulties and other aspects of multiple taxation it is generally recognized that larger units of tax administration and collection enjoy a distinct advantage over smaller ones and that this advantage is particularly marked in the case of income taxes. This being the case, serious consideration will have to be given to an income tax centrally collected and locally shared. It should be noted, however, that the imposition by local governments of income taxes of the type currently being enacted—with little, if any, allowance for exemptions and deductions and with flat rates—mitigates some of the problems of duplication.

Fluctuating Revenues

The probable adequacy of revenues from the operation of municipal income taxes under current conditions has been noted, but it might be well to revert to this point for a final consideration of a feature regarded by some as an unfavorable one. Termed a "fair-weather" tax, it is contended and supported statistically that income tax revenues are "cycle-sensitive" and fluctuate sympathetically with business conditions. This is a very important characteristic to be considered by municipalities inasmuch as it would be foolhardy to adopt a tax to be used as one of the major sources of revenue that would be characterized by wild gyrations in the annual yield over a period of years.

There is no doubt that a graduated personal income tax levied by municipalities would produce revenues in amounts that would move up and down with the business cycle. However, proponents of the use of income taxes by local governments hasten to point out that a tax with a minimum of exemptions and levied at a flat rate should satisfy reasonable requirements of stability. Should instability of revenues exceed expectations, however, it might be possible to counteract annual fluctuations by building up a reserve during prosperous years to be drawn upon during hard times. For the most part, however, the practical application of such a policy by a governmental unit has yet to be established—the experience of the war years notwithstanding, inasmuch as a considerable portion of surplus funds accumulated during that period represented involuntary reductions of municipal expenditures.

Conclusion

In those states that do not levy an income tax current developments indicate that continued consideration will be given to the adoption by municipalities of some form of income tax. In those states that do levy an income tax it might be expected that agitation will continue to grow for a return of part of the state-collected income tax revenues to the originating communities. There are, of course, difficulties in effecting such a distribution, and it might be that variants of forms of shared income taxes will be developed; New York State, for example, distributes part of its personal income tax receipts on the basis of locally assessed property taxes, whereas in Maryland state income tax receipts are shared with counties and municipalities on the basis of the taxable income (differentiated as between investment income and all other income) of the individual residents of the respective counties and municipalities.

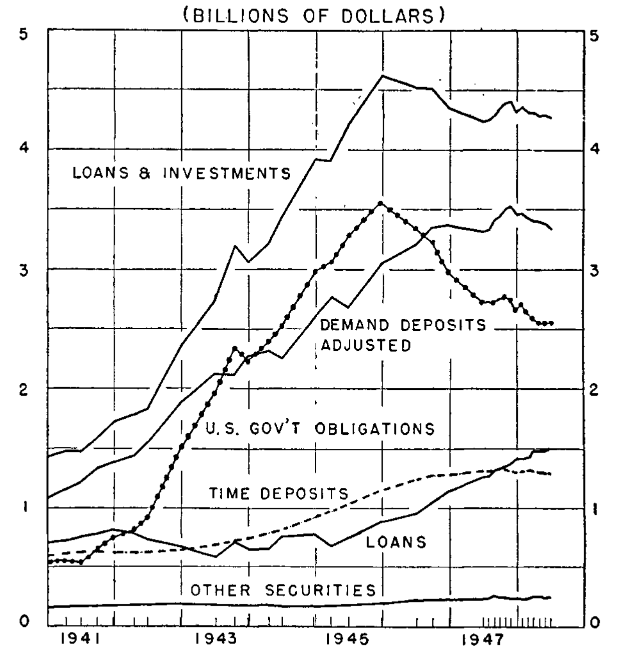
At any rate, it may be expected that municipal interest in income taxes will continue as long as the finance officers of towns and cities are pressed to match increasing expenditures with adequate revenues. As it has been expressed by one authority, "The income tax is too important and meritorious a means of revenue to be ignored on so large a front of expenditure as State and municipalities represent." (Committee on Intergovernmental Fiscal Relations, in "Federal, State, and Local Government Fiscal Relations".)

AVERAGE DAILY TOTAL DEPOSITS* OF MEMBER BANKS

	Last Half of May		LastHalf of June	
	$ thousands	% of U.S.	$ thousands	% of J.S.
Maryland	987,463	.93	998,169	.94
Reserve city banks	627,227	.59	635,073	.60
Country banks	360,236	.34	363,096	.34
District of Columbia	896,966	.84	902,628	.85
Reserve city banks	875,353	.82	880,590	.83
Country banks	21,613	.02	22,038	.02
Virginia	1,270,193	1.20	1,266,748	1.19
Reserve city banks	304,327	.29	301,390	.28
Country banks	965,866	.91	965,358	.91
West Virginia	581,564	.55	586,829	.55
North Carolina	816,310	.77	813,287	.76
Reserve city banks	381,024	.36	378,752	.35
Country banks	435,286	.41	434,535	.41
South Carolina	427,944	.40	420,158	.40
Fifth District	4,980,440	4.69	4,987,819	4.69
United States (millions)	106,223	100.0	106,322	100.0

*Excluding interbank demand deposits

PRINCIPAL ASSETS AND LIABILITIES
FIFTH DISTRICT MEMBER BANKS



Business Conditions

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for Virginia and West Virginia; other state figures are flattening off or tending downward.

Conclusion

Department store and furniture store sales made an unusually large rise from May to June on seasonally adjusted bases. There have been no developments in the District of a nature that would indicate a substantial improvement in the purchasing ability of the people of the District and, therefore, these trade figures must be looked upon as partly an increased willingness of people to spend for these purposes, and partly because of promotional efforts and price concessions. There is no indication that fear of rising prices was a motivating factor in these sales increases.

The best impression that can be given of the production outlook for the District is that cotton goods and yarns, hosiery, and work clothing will be below spring levels on a seasonally adjusted basis. Employment levels will ease somewhat in non-seasonal industries. Construction will continue to fully employ available workers. Rayon will continue to expand. Lumber output will back down somewhat, and some prices will ease because of marginal mill production and a cautious inventory policy of retail yards. Bituminous coal output will be limited only by the supply of freight cars and workability of mines.

FEDERAL RESERVE BANK OF RICHMOND

(All Figures in Thousands)

ITEMS	July 14, 1948	Chg. in Amt. From 6-16-48	7-16-47
Total Gold Reserves	$1,066,231	+ 54,329	+ 74,476
Other Reserves	14,982	— 341	+ 2,344
Total Reserves	1,081,313	+ 53,988	+ 76,820
Bills Discounted	17,939	+ 1,639	+ 8,411
Industrial Advances	55	— 4	+ 55
Gov. Securities, Total	1,397,666	+ 50,128	— 36,341
Bonds	410,480	+ 9,335	+366,349
Notes	127,147	+ 1,493	+104,689
Certificates	320,265	+ 34,706	— 82,271
Bills	539,774	+ 4,594	—425,108
Total Bills & Securities	1,415,660	+ 51,763	— 27,875
Uncollected Items	253,441	— 34,575	+ 15,122
Other Assets	22,944	— 866	+ 6,395
Total Assets	2,773,358	+ 70,310	+ 70,462
Federal Reserve Notes in Cir.	$1,619,309	+ 10,896	— 32,365
Deposits, Total	876,787	+ 74,030	+ 66,358
Members' Reserves	742,829	+ 10,823	+ 8,715
U. S. Treas. Gen. Acct.	107,982	+ 55,625	+ 54,861
Foreign	20,712	+ 4,214	0
Other Deposits	5,264	+ 3,368	+ 2,782
Def. Availability Items	237,269	— 15,582	+ 32,500
Other Liabilities	808	— 101	+ 254
Capital Accounts	39,185	+ 1,067	+ 3,715
Total Liabilities	2,773,358	+ 70,310	+ 70,462

51 REPORTING MEMBER BANKS—5th DISTRICT

(All Figures in Thousands)

ITEMS	July 14, 1948	Chg. in Amt. From 6-16-48	7-16-47
Total Loans	$ 819,806†	+ 812	+119,105
Bus. & Agri.	378,177	— 3,235	+ 50,651
Real Estate Loans	193,839	+ 4,868	+ 44,995
All Other Loans	253,382	+ 4,771	+ 29,051
Total Security Holdings	1,704,133	— 30,601	—103,946
U. S. Treasury Bills	49,126	— 38,702	+ 32,122
U. S. Treasury Certificates	218,880	+ 4,933	+ 12,976
U. S. Treasury Notes	68,314	— 3,928	— 19,016
U. S. Gov. Bonds	1,238,009	+ 2,709	—138,943
Other Bonds, Stocks & Sec.	129,804	+ 4,387	+ 8,915
Cash Items in Process of Col.	232,970	— 5,168	+ 37,858
Due from Banks	176,372*	+ 13,054	+ 16,158
Currency & Coin	68,342	+ 4,835	+ 7,412
Reserve with F. R. Bank	492,327	+ 4,885	— 3,111
Other Assets	54,958	— 926	+ 5,398
Total Assets	3,548,908	— 13,109	+ 78,874
Total Demand Deposits	$2,713,188	— 10,688	+ 90,260
Deposits of Individuals	2,023,362	— 35,354	+ 4,632
Deposits of U. S. Gov.	65,580	+ 17,645	+ 36,558
Deposits of State & Local Gov.	196,275	— 2,995	+ 25,561
Deposits of Banks	385,791*	+ 12,434	+ 20,195
Certified & Officer's Checks	42,180	— 2,418	+ 3,314
Total Time Deposits	600,752	— 825	— 17,409
Deposits of Individuals	583,965	— 338	— 14,747
Other Time Deposits	16,787	— 487	— 2,662
Liabilities for Borrowed Money	4,000	+ 3,300	— 2,200
All Other Liabilities	17,209	— 1,699	+ 383
Capital Accounts	213,759	— 3,197	+ 7,840
Total Liabilities	3,548,908	— 13,109	+ 78,874

*Net Figures, reciprocal balances being eliminated.

†Less losses for bad debts.

CONSTRUCTION CONTRACTS AWARDED

STATES	May 1948	% Change from May 1947	5 Mos. '48	% Change from 5 Mos. '47
Maryland	$30,023,000	+ 1	$138,218,000	+28
Dist. of Columbia	4,668,000	+ 21	35,917,000	+13
Virginia	29,016,000	+185	89,887,000	+ 7
West Virginia	8,477,000	+ 83	48,778,000	+65
North Carolina	16,447,000	+ 14	66,071,000	+ 3
South Carolina	9,454,000	+ 19	39,700,000	+46
Fifth District	$98,085,000	+ 39	$418,571,000	+21

Source: F. W. Dodge Corporation.

COMMERCIAL FAILURES

MONTHS	Number of Failures District	U.S.	Total Liabilities District	U.S.
June 1948	12	463	$ 337,000	$12,163,000
May 1948	16	426	1,080,000	13,814,000
June 1947	11	283	264,000	18,982,000
6 Months 1948	94	2,543	$2,529,000	$97,338,000
6 Months 1947	46	1,632	2,161,000	95,808,000

Source: Dun & Bradstreet

DEBITS TO INDIVIDUAL ACCOUNTS

(000 omitted)

	June 1948	% Change from June 1947	6 Mos. 1948	% Change from 6 Mos. '47
District of Columbia				
Washington $	774,433	+21	$ 4,321,358	+13
Maryland				
Baltimore	971,300	+11	5,703,849	+10
Cumberland	22,806	+ 9	121,699	0
Frederick	20,316	+17	110,637	+ 7
Hagerstown	27,245	+16	157,140	+ 9
North Carolina				
Asheville	54,542	+24	297,468	+14
Charlotte	234,397	+24	1,358,369	+15
Durham	98,557	+ 4	554,684	+ 1
Greensboro	72,678	+19	438,735	+19
Kinston	11,947	+22	68,898	— 2
Raleigh	143,111	+65	644,341	+13
Wilmington	36,503	+11	204,421	+ 1
Wilson	12,991	+13	80,703	— 3
Winston-Salem	121,541	+12	709,560	+ 7
South Carolina				
Charleston	61,073	+20	327,932	+11
Columbia	91,088	+14	543,665	+11
Greenville	78,071	+ 9	469,631	+16
Spartanburg	43,198	+17	280,367	+19
Virginia				
Charlottesville	21,410	+ 9	127,853	+ 6
Danville	25,133	+ 8	150,848	— 1
Lynchburg	39,096	+16	226,421	+13
Newport News	33,580	+ 9	186,890	+ 7
Norfolk	181,666	+10	1,055,450	+13
Portsmouth	21,157	+18	118,657	+10
Richmond	505,678	+26	2,656,124	+12
Roanoke	91,480	+30	502,609	+17
West Virginia				
Bluefield	48,177	+32	246,056	+21
Charleston	138,600	+21	778,245	+13
Clarksburg	33,515	+26	186,249	+18
Huntington	58,700	+24	335,855	+19
Parkersburg	27,602	+18	155,981	+10
District Totals $	4,101,591	+18	$23,120,695	+12

COTTON CONSUMPTION AND ON HAND—BALES

	June 1948	June 1947	August 1 to June 30 1948	1947
Fifth District States:				
Cotton consumed	402,173	365,144	4,420,749	4,560,278
Cotton Growing States:				
Cotton consumed	703,819	638,181	7,685,286	8,187,318
Cotton on hand June 30 in				
consuming establishments	1,419,938	1,380,611		
storage and compresses	1,622,049	1,167,002		
United States:				
Cotton consumed	801,142	729,412	8,719,452	9,347,031
Cotton on hand June 30 in				
consuming establishments	1,741,450	1,684,658		
storage and compresses	1,673,619	1,233,283		
Spindles active, U. S.	21,479,000	21,322,000		

Source: Department of Commerce.

COTTON CONSUMPTION—FIFTH DISTRICT

(In Bales)

MONTHS	N. Carolina	S. Carolina	Virginia	District
June 1948	219,469	167,509	15,195	402,173
May 1948	218,882	163,542	18,927	401,351
June 1947	190,147	157,573	17,424	365,144
6 Months 1948	1,345,779	1,023,642	109,359	2,478,780
6 Months 1947	1,318,375	1,044,423	113,318	2,476,116

Source: Department of Commerce

PRICES OF UNFINISHED COTTON TEXTILES

	June 1948	May 1948	June 1947
Average, 17 constructions	77.33	80.54	83.34
Printcloths, average (6)	88.56	96.15	106.82
Sheetings, average (3)	67.08	69.27	73.65
Twill (1)	79.86	79.86	79.86
Drills, average (4)	69.52	70.12	63.07
Sateen (1)	97.61	97.61	97.61
Ducks, average (2)	63.27	63.27	62.54

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

DEPOSITS IN MUTUAL SAVINGS BANKS

8 Baltimore Banks

	June 30, 1948	May 31, 1948	June 30, 1947
Total Deposits	$393,465,624	$392,812,787	$387,270,578

BUILDING PERMIT FIGURES

	Total Valuation	
	June 1948	June 1947
Maryland		
Baltimore	$ 6,619,260	$ 6,584,045
Cumberland	71,815	91,500
Frederick	451,735	294,625
Hagerstown	112,074	115,545
Salisbury	268,441	280,658
Virginia		
Danville	379,953	650,919
Lynchburg	523,428	433,298
Norfolk	2,674,835	572,560
Petersburg	158,039	128,900
Portsmouth	164,070	119,255
Richmond	3,324,307	912,032
Roanoke	591,703	679,547
West Virginia		
Charleston	1,719,480	354,645
Clarksburg	62,810	84,325
Huntington	2,888,325	369,425
North Carolina		
Asheville	245,120	914,456
Charlotte	2,928,511	982,090
Durham	511,625	381,900
Greensboro	1,258,000	690,890
High Point	329,515	134,110
Raleigh	3,119,687	777,469
Rocky Mount	181,225	82,800
Salisbury	66,640	107,225
Winston-Salem	477,872	310,610
South Carolina		
Charleston	679,098	260,586
Columbia	799,565	194,575
Greenville	466,550	69,450
Spartanburg	812,195	287,595
District of Columbia		
Washington	4,230,254	5,611,074
District Totals	$ 36,116,132	$ 22,476,109
6 Months	$149,618,305	$ 99,016,778

SOFT COAL PRODUCTION IN THOUSANDS OF TONS

REGIONS	June 1948	June 1947	% Chg.	6 Mos. 1948	6 Mos. 1947	% Chg.
West Virginia	15,090	13,680	+10	78,013	87,352	—11
Virginia	1,933	1,630	+19	9,514	9,439	+ 1
Maryland	106	164	—35	805	1,079	—25
Fifth District	17,129	15,474	+11	88,332	97,870	—10
United States	53,208	47,424	+12	283,108	311,070	— 9
% in District	32.2	32.6		31.2	31.5	

TOBACCO MANUFACTURING

	June 1948	% Chg. from June '47	6 Mos. 1948	% Chg. from 6 Mos. '47
Smoking & chewing tobacco (Thousands of lbs.)	16,989	+ 9	97,686	+7
Cigarettes (Thousands)	31,700,959	+ 9	172,016,335	+6
Cigars (Thousands)	479,949	+11	2,764,582	+2
Snuff (Thousands of lbs.)	3,291	+ 1	21,319	+9

Source: Treasury Department.

RAYON YARN SHIPMENTS AND STOCKS

	June 1948	May 1948	June 1947
Rayon yarn shipments, lbs.	68,300,000	68,700,000	53,800,000
Staple fiber shipments, lbs.	22,400,000	22,000,000	15,400,000
Rayon yarn stocks, lbs.	9,500,000	9,500,000	8,400,000
Staple fiber stocks, lbs.	4,200,000	4,000,000	6,100,000

Source: Rayon Organon.

WHOLESALE TRADE—175 FIRMS

LINES	Net Sales June 1948 compared with June 1947	Net Sales June 1948 compared with May 1948	Stocks June 30, 1948 compared with June 30 1947	Stocks June 30, 1948 compared with May 31 1948	Ratio June collections to acc'ts outstand'g June 1
Auto supplies (7)*	+40	+ 1	— 5	— 7	78
Electrical goods (6)*	+ 4	— 1	+47	— 2	98
Hardware (8)*	+31	+15	+29	+ 1	75
Industrial supplies (3)*	+12	+ 1	....	....	....
Drugs & sundries (11)*	+10	+ 1	— 1	— 3	113
Dry goods (12)*	+ 2	— 9	+24	+ 8	71
Groceries (53)*	+ 8	+ 7	+11	0	166
Paper & products (6)*	+ 1	+ 7	....	....	103
Tobacco & products (9)*	+ 6	+ 6	+ 6	+ 1	147
Miscellaneous (60)*	0	+ 2	+22	0	111
District Average (175)*	+ 7	+ 3	+19	+ 2	103

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

RETAIL FURNITURE SALES

STATES	Percentage comparison of sales in periods named with sales in same periods in 1947: June 1948	6 Mos. 1948
Maryland (5)*	— 4	+ 8
Dist. of Columbia (5)*	+ 9	+ 4
Virginia (16)*	+ 7	— 1
West Virginia (10)*	+ 5	+ 1
North Carolina (15)*	+11	— 1
South Carolina (10)*	+33	+ 5
District (61)*	+ 5	+ 4
Individual Cities		
Baltimore, Md., (5)*	— 4	+ 8
Washington, D. C., (5)*	+ 9	+ 4
Richmond, Va., (6)*	+ 9	— 4
Charleston, W. Va., (3)*	+23	0
Charlotte, N. C., (4)*	+ 2	— 8
Columbia, S. C., (3)*	+30	+ 7

*Number of reporting firms.

DEPARTMENT STORE TRADE

Richmond	Baltimore	Washington	Other Cities	District
Percentage chg. in June 1948 sales, compared with sales in June 1947:				
+13	— 1	+13	+15	+10
Percentage chg. in 6 months sales '48, compared with 6 months in '47:				
+ 7	+ 1	+ 4	+ 9	+ 5
Percentage chg.'s in stocks on June 30, '48, compared with June 30, '47:				
— 6	+14	+ 7	+15	+ 8
Percentage chg. in outstanding orders June 30, '48 from June 30, '47:				
— 3	— 7	+ 2	+10	— 1
Percentage chg. in receivables June 30, '48 from those on June 30, '47:				
+37	+14	+18	+26	+21
Percentage of current receivables as of June 1, '48, collected in June:				
33	48	48	49	45
Percentage of instalment receivables as of June 1, '48, collected in June:				
17	21	22	23	22

Maryland	Dist. of Col.	Virginia	W. Virginia	N. Carolina	S. Carolina
Percentage chg. in June '48 sales from June '47 sales, by states:					
— 1	+13	+18	+23	+12	+ 7
Percentage change in 6 months 1948 sales from 6 months 1947 sales:					
+ 1	+ 4	+ 9	+14	+ 6	+ 5