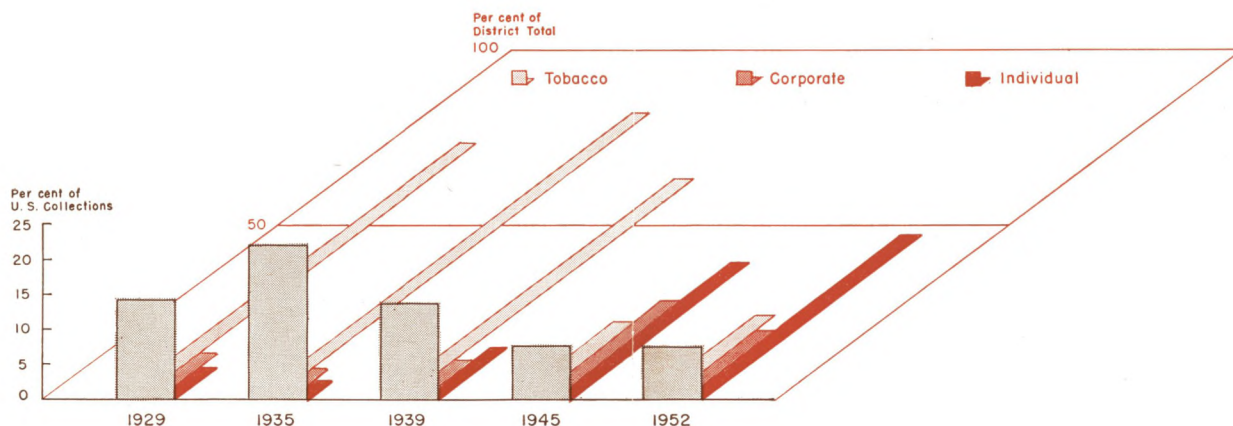




April 1954

FEDERAL REVENUE COLLECTIONS IN THE FIFTH DISTRICT



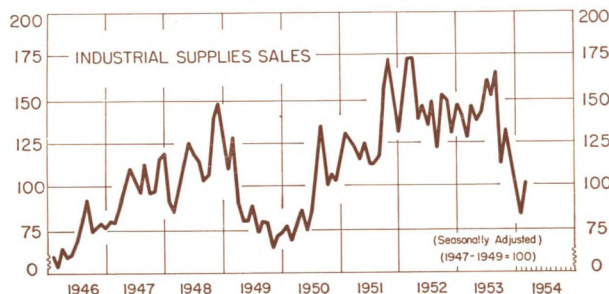
As the Federal tax structure has been altered in the years since 1929, the Fifth District's share in the collection of Federal revenue has shown pronounced change. The role of the District in U. S. tax collections is discussed in the article beginning on page 3.

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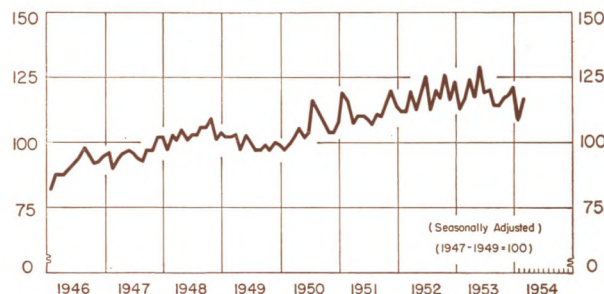
FIFTH DISTRICT TRENDS

WHOLESALE TRADE



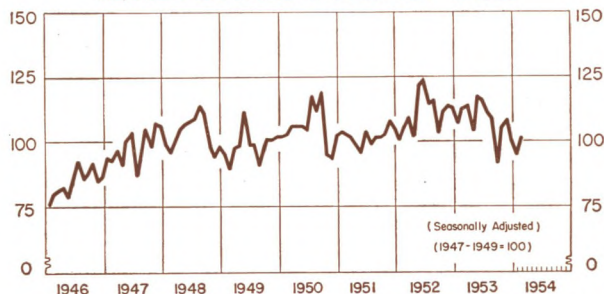
A marked improvement was shown in the seasonally adjusted sales of industrial supply wholesalers in this District during February when a gain of 33% was recorded over January. The February sales level, however, was still 20% under February a year ago. Even so, the sharp improvement is noteworthy.

DEPARTMENT STORE SALES



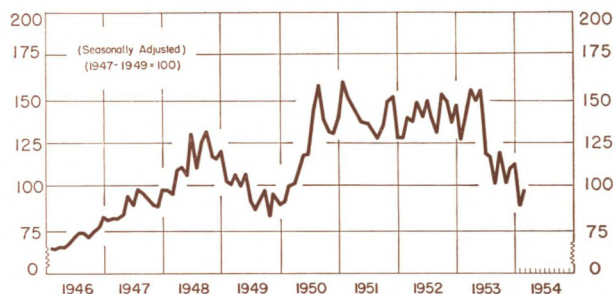
February adjusted department store sales improved 7% over the January level, but were 3% under February 1953. Stores reporting departmentally show major departmental classifications ranging no more than 2% above or below last year. Stocks dropped 2% adjusted from January to February and were 5% under February last year.

RETAIL FURNITURE STORES NET SALES



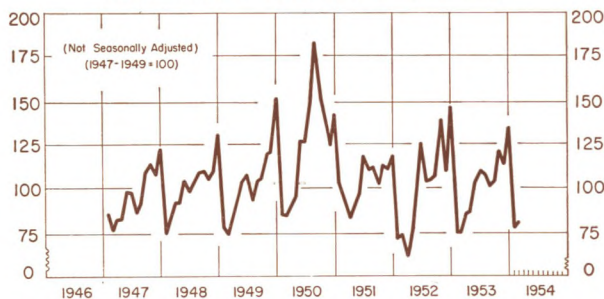
Better than seasonal improvement occurred in sales of furniture stores in this District in February when a 6% rise was shown over January. February store sales, however, were 11% smaller than a year ago. Stores' stocks, although 6% below January on an adjusted basis, were up 25% from February 1953.

WHOLESALE HARDWARE SALES



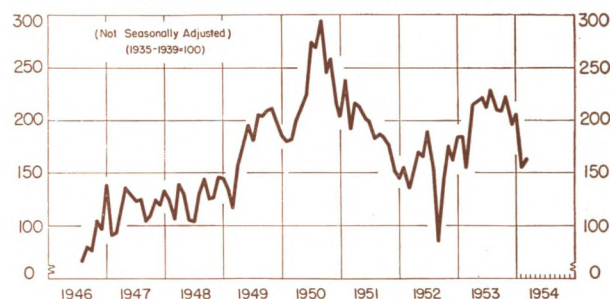
In line with wholesale trade in general during February, sales of hardware wholesalers in this District rose 11% over January after seasonal correction, but the February sales level was 33% smaller than in February 1953. Last year hardware sales at the retail level were booming, and wholesalers' sales had been affected accordingly.

HOUSEHOLD APPLIANCE STORES SALES



Sales of household appliance stores in this District improved moderately between January and February (up 4%), and February sales were 7% higher than in February 1953. These stores are making a better showing than furniture stores which also sell household appliances.

NEW PASSENGER CAR REGISTRATIONS



Registrations for all Fifth District states in January were down 21% from December and 17% from January 1953. Three states and the District of Columbia for February show registrations down 1% from January, but 5% ahead of a year ago. These states show registrations in the first two months down 7% from last year.

Federal Revenue Collections in the Fifth District

The Base Is Broader and the Take Larger

THAT Uncle Sam, through his vast and effective tax-gathering apparatus, collects some \$5 billion a year from the five-state area comprising the Fifth Federal Reserve District may or may not be surprising. Indeed, it may be a matter for smugness to note that this aggregate of \$5 billion in Federal taxes represented 7½% of total Federal revenue collected from an area which has but 5% of the land area of the U. S., 9% of the national population total, and about 5% of the total bank deposits of the nation. Such a reaction would, however, have to be tempered by the fact that the 7½% "contribution" represented the lowest figure for the long span of years since 1929—a period of marked economic vicissitudes, some on the up side and some on the down. From 14% of the total Federal tax collections in 1929 the District's contribution rose to a high of 22% in 1933 and fell thereafter to the above-cited figure in 1952, latest year for which figures are available, though 1953 would probably show little change in this respect.

Such striking variations in the District's contribution to the Federal exchequer as indicated in the above proportions imply either important economic change, significant alterations in tax policy and practice, or both. Actually, all of these have taken place—within the past quarter-century, Federal tax collections have vaulted from \$3 billion to \$65 billion. Within the period the tax base was broadened due to rapid change in numbers (both corporate and individual), an upspiraling of economic activity, both within and without the District, and the application of lower exemptions. Net result of these changes has been to complicate still more the already intricate problem of tax analysis, particularly if the objective is one of determining the current effect of past tax policy on economic development. It must be admitted, therefore, that the subject is so complicated, and so many needed facts are missing, that few rational and well-supported conclusions are possible.

Despite these handicaps, a few striking facts stand out:

1. Federal tax collections in the Fifth District from 1929 through 1952 have increased spectacularly.

2. The base has been enlarged and so has the "take."

3. Income tax collections in this area are now 60 times what they were in 1929—for the nation as a whole the increase has been 30 times.

4. Tobacco excises collected here have increased 4-fold.

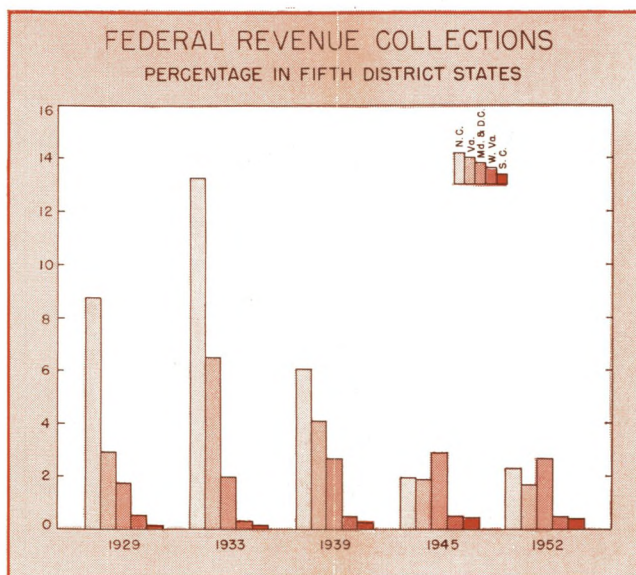
5. Corporate income taxes—at nearly a billion dollars—were some 14 times greater than in 1929—there was a 16-fold increase for the nation.

6. District payments via manufacturers' excises trail the national rate of increase.

7. Individual income taxes account for nearly half of total Federal collections in the Fifth District and are twice the amount collected from any other single source.

8. Corporate income and profits taxes make up one-third of all Federal tax receipts, though the District falls behind the nation in the share of collections from this source.

9. Taxes on alcohol, together with estate and gift taxes, now contribute almost 5% of total area Federal collections as against a mere 1% in 1929.



Perhaps the first tax to catch the eye of the District tax observer is the tobacco excise. Formerly it was a formidable provider of Federal revenue—yielding better than 10% of the total back in 1929. It is still important, after a 4-fold increase, but it has not kept up with the procession either Federally or in the Fifth District. Actually, it should be noted that the familiar blue excise stamps on tobacco tins and cigarette packs are affixed and paid for (as a matter of Treasury accounting convenience) predominantly by Fifth District manufacturing units. Throughout the period 1929-1952, roughly three-fourths of all U. S. tobacco taxes were collected in this area, since this is the approximate relation of the District's output to the total industry. Regardless of past performance, the fact is that tobacco excises now yield little more than 2% of total U. S. tax receipts. And, significantly, this tax take of better than a billion dollars per annum is actually paid by smokers all over the U. S. Initial collection, which predominates in this District for the reasons above noted, accounts for about

24% of all Federal taxes collected in this District.

District Collections vs. District Burden

Comparisons of U. S. and District revenue collections do not, be it noted, give any clear clue to the amount of taxes actually borne by District residents since most taxes are subject in some measure to shifting. For example, corporations which pay taxes in the Fifth District pass much of their tax burden on in price additions to their products. This is true of taxes paid by corporations on income as well as levies paid by them in the form of manufacturers' excises, alcohol taxes, and the big contribution in this area, the tobacco taxes. Since many customers of Fifth District corporations are outside the area, these outsiders contribute to District tax collections. In the same manner Fifth District residents contribute to tax payments in other areas by using products from outside the District.

There is no satisfactory way of comparing total area income with tax collection figures. Some individuals, for instance, pay income taxes in the Fifth District on income received from outside the area while others pay taxes outside this area on income received here. Corporations likewise do not necessarily pay income taxes in the area in which the income is actually earned since they may file returns in the collection district in which their principal place of business is located or where the principal office or agency exists.

In spite of the fact that collections do not indicate correctly the Federal taxes actually paid from income earned within the District, there is reason to believe that since 1929, as collections of individual income and employment taxes (taxes shifted only in minor degree) have risen, collection figures have become increasingly representative of taxes paid from District income. Though District figures are unavailable, a recent study of Federal taxes in the state of Virginia showed that in 1929 approximately 46% of all Federal taxes collected in the state did come from income earned in the state. By 1945, Federal taxes paid from Virginia income had risen to 87% of collections. In 1947 the proportion was still over 80%.

Importance of Individual States in U. S. Collections

The influences responsible for the Fifth District's sharp decline in proportion of total Federal revenue collected are also reflected in the individual states within the District. From 1929 through 1939 North Carolina and Virginia led—together they supplied 11.7% out of a total of 14% contributed by the District to U. S. tax collections in 1929 and 10.1% out of a District total of 13.4% in 1939 (see accompanying chart). During World War II, as individual income and corporate taxes moved in to become, as they are now, the chief sources of revenue, the lead in the District changed to Maryland and the District of Columbia, an area which in 1952 accounted for 2.7% of total U. S. collections, about one-third of the total received in the District.

Over the period from 1929 to 1952 the contribution of Maryland and the District of Columbia as a per cent of total U. S. collections has increased from 1.8% to 2.7%. North Carolina's share over the same period dropped sharply from 8.7% of the total to 2.3%. West Virginia, in fourth place in the District throughout the entire period, maintained approximately its same share of collections and South Carolina's contribution to the total more than tripled although its share is still the smallest of the Fifth District states. Virginia's relative contribution during the period declined by almost one-half, from 3.0% to 1.6% of total U. S. collections.

Within the Fifth District, two of the five states have shown rates of increase in total tax collections from 1929 to 1952 greater than the 21-fold increase for the country as a whole. In 1952 South Carolina's total collections were 70 times greater than in 1929 and Maryland's were 33 times greater. West Virginia's increase was almost identical with that for the entire U. S.—21 times greater in 1952 than in 1929. Virginia's rate of increase was the same as the District's—11 times greater than in 1929. North Carolina, however, showed an increase in total collections of only 5 times during the period.

In the collection of individual income taxes three states out of five in the District showed rates of increase during the period greater than that for the nation as a whole. While U. S. individual income tax collections were 60 times greater in 1952 than in 1929, South Carolina's were 219 times greater, North Carolina's 65 times greater, and Virginia's 93 times greater. Maryland and West Virginia trailed the national rate with increases of 48 and 58 times, respectively during the period.

FEDERAL REVENUE COLLECTIONS IN FIFTH DISTRICT
BY STATES AND SOURCES
Selected Fiscal Years
(Millions of dollars)

	1929	1933	1939	1945	1952
Total U. S.	2,939	1,620	5,182	43,800	65,010
Total 5th District	412	357	693	3,335	4,899
By States					
Maryland & D. C.	52	32	137	1,264	1,745
North Carolina	255	214	311	875	1,522
South Carolina	4	2	11	182	264
Virginia	88	104	213	823	1,051
West Virginia	14	6	22	191	317
By Tax Source					
Individual income and employment	38	20	107	1,318	2,323
Corporate income and profits	64	32	75	948	973
Tobacco	304	294	442	742	1,182
Estate and gift	3	2	19	28	48
Alcohol	1	1	37	151	174
Manufacturers' excise		3	10	17	36
Retail excise				27	32
Stamp			1	2	3
Miscellaneous ¹	2	4	3	101	128

Detailed items do not add to total because of rounding.

¹ Includes primarily excise taxes on services such as telephone and telegraph, safety deposit boxes, transportation, admissions and dues, and on products such as narcotics, diesel fuel, and processed vegetable oils.

State and Local Bond Financing in 1953

LIKE the proverbial circus, 1953's municipal bond market was described as "bigger and better than ever." Certainly it was larger if the volume of new bond offerings is the measuring stick. The \$5,557,887,369 worth of bonds sold by state and local governments was a record amount, exceeding the previous top performance of \$4.4 billion in 1952 by 26%. Even the rate of growth was greater since the 1952 total exceeded the previous record by only 19%.

Whether the 1953 market was better than ever depends on the point of view and the period of the year considered. In June, dealers well remember the widespread price-cutting then necessary to clear their shelves and make room for the new issues that continued to come along. Leftovers from the May issue of South Carolina state school bonds, for example, were offered in June for as much as 30-40 basis points under the original list price. The yield to investors on 20 representative issues (Dow-Jones index) climbed to 3.06% last June—the highest for such tax-exempt securities since October 1939.

Over the second half of the year, however, there was a sharp reversal of earlier developments, and municipal bond prices rose steadily and sharply until they reached a level in November that represented a gain of \$100 per \$1,000 bond. At the November price level, which held through December, yield to investors was 2.56% as compared with 3.06% five months earlier. The rise reversed almost all the change shown during the first six months of the year. Furthermore, by year end prices were showing no signs of weakness despite an unusually heavy volume of offerings in December. In fact, there were indications that prices might climb off the plateau on which they had rested from the first week in November.

The sharp reversal after June 1953 of the declining curve of municipal bond prices was the first sustained price improvement in the tax-exempt market since the last half of 1950. On this score, the municipal market in the second half of 1953 was definitely a "better" market.

In terms of the unit volume of business done the 1953 market was better because it was bigger. Large and hard-to-move inventories were characteristic of the municipal market in the first six months of last year, as was steady price attrition and a large inflow of new issues. "But," as one dealer expressed it last May, "we're still moving bonds. It takes bargain prices lots of times, but we've managed to be in shape for the new issues that come along." Carefully priced, most new issues sold well. The \$25.5 million of Baltimore 2's and 2¼'s, for example, moved into investor hands at a satisfactory rate in May despite a generally slow mar-

ket. Prices were relatively low, but volume was relatively high.

District Financing Down Slightly

Unlike the rest of the country, the Fifth District had a smaller volume of state and municipal financing in 1953 than in the preceding year. The decline was negligible, the total of \$420,444,000 being only 0.3% under the all-time record amount of the previous year.

Just as in 1952 when it led the District to a record volume of tax-exempt bond financing, West Virginia was the principal factor in the 1953 decline. Maryland, Virginia, North Carolina, and South Carolina all had substantial increases, each exceeding percentage-wise the 26% increase in total tax-exempt financing in the nation. West Virginia, however, had such a large decline that it effected the over-all reduction noted. Without any giant issues such as the \$96 million of turnpike bonds and the \$30 million of veterans' bonus bonds that raised the 1952 total for West Virginia to \$179 million, the 1953 volume fell off to only \$22 million.

School building recorded a historic "first" by accounting for the largest share of the total bonds issued in the District last year. Although West Virginia had a smaller amount of bond issues for this purpose, the gains in the other states boosted the District total for schools to \$193 million, 130% greater than the total of such issues in 1952. This is a significant increase for, in common with the rest of the country, additions and improvements to District schools are second only to highways as the largest public works backlog. President Eisenhower pointed out in his *Economic Report* of last January that approximately 10 million pupils throughout the country have inadequate school facilities. Construction of elementary and secondary schools sufficient to meet such needs has been estimated to amount to over \$12 billion. Severe as the need for additional classrooms has been in recent years, it is a startling fact that shortages are going to be equally, or even more, pronounced for the rest of the decade of the '50's. And after that, worries over additional facilities will merely shift from school boards and principals of elementary and high schools to presidents and trustees of colleges. We should expect to find bond financing of school construction running at record levels for many years to come.

Sui Generis

Ever since the initial issue in July 1951 of the unique housing bonds authorized by the Housing Act of 1949, market specialists have contended that these securities represented a better credit than was indicated by the prices investors were willing to pay for them. Under-

valuation by investors was due principally to their unfamiliarity with the principal characteristic of the bonds—the fact that the security behind them is the same as that behind the direct obligations of the Treasury. The obligation of Congress to provide the Public Housing Administration with funds to meet its commitments on these particular bonds has resulted in the latter being called “tax-exempt Governments.”

Actually, the prime security feature of housing bonds and their tax-exempt status puts them in a class by themselves. But investors did not fully understand the nature of that class, and the result was that housing bonds became, as one authority put it, “the nation’s No. 1 investment bargain.”

The unfamiliarity of investors with these bonds was lessened to a considerable extent just before the sale of \$122.5 million of them last May. Home Finance Administrator Cole, feeling that the high yield (low price) of the new housing bonds did not reflect the true value of the securities, asked the Attorney General for a “reaffirmation” of the security of the bonds. The gist of the official opinion given was that the security of the bonds is unquestionable since the “faith of the United States is solemnly pledged. . .” This statement was widely publicized, and by the end of 1953 it appeared that these unique tax-exempts were beginning to be more highly evaluated by investors.

A total of \$496 million of new housing bonds was sold by local housing authorities in the United States last year. Twelve per cent of this amount, \$60 million, was issued in this District. Housings accounted for 14% of the total state and local bond issues in the Fifth District in 1953 as compared with almost 18% in the previous year.

The third largest share of the District’s total of bond offerings in 1953 was for construction of streets, highways, and bridges. It is unusual to find total borrowings for this purpose out of first place, and it is not likely to be the pattern in the future. Outlays in connection with Maryland’s 12-year road construction and reconstruction program, for example, will boost substantially the annual District total for roads and bridges. This program calls for total outlays of over \$568 million—about \$243 million in the 4-year period 1954-57, \$167 million from 1958-61, and \$158 million from 1962-65. It has been reported that an \$85 to \$90 million revenue-bond issue may be offered in Virginia during the last half of this year to finance a bridge-tunnel crossing of Hampton Roads and other bridge construction.

The backlog of highway construction projects, largest of all public works backlogs, together with the very costly turnpike projects under consideration all over the country are likely to raise revenue bonds to a new importance in the municipal bond market.

STATE AND MUNICIPAL BOND OFFERINGS—1953

	Md		Va.		W. Va.		N. C.		S. C.		5th Dist.		Per cent
	No. of Issues	Amt. \$000	No. of Issues	Amt. \$000	No. of Issues	Amt. \$000	No. of Issues	Amt. \$000	No. of Issues	Amt. \$000	No. of Issues	Amt. \$000	
School Building and Improvements	10 7*	30,748 29,823	19 —	26,312 —	6 —	6,560 —	16 2*	17,835 34,250	4 2*	2,225 45,000	55 11*	83,680 109,073	45.8
Water, Sewer, and Drainage Systems	12	19,945	11	5,441	9	3,038	44	15,622	20	8,764	96	52,810	12.6
Street, Highway and Bridge Building and Improvements	3 1*	6,943 25,000	3 —	3,870 —	1 2*	50 8,500	7 —	641 —	2 1*	1,003 10,000	16 4*	12,507 43,500	13.3
Public Improvement	6 1*	6,532 4,700	4 —	879 —	— —	— —	3 —	1,332 —	7 —	1,779 —	20 1*	10,522 4,700	3.6
Public Utility Systems (Excl. water systems)	2	1,000	3	2,942	—	—	1	1,095	2	1,360	8	6,397	1.5
Hospitals	— 1*	— 3,140	1 —	925 —	3 —	3,500 —	5 1*	2,760 11,000	— —	— —	9 2*	7,185 14,140	5.1
Refunding	1	600	1	700	—	—	15	727	—	—	17	2,027	.5
Public Housing Authority	2	1,242	8	30,257	—	—	5	6,070	5	11,130	21*	60,119	14.3
Miscellaneous	8 1*	4,251 1,750	5 —	3,124 —	4 —	562 —	10 —	4,062 —	1 —	35 —	28 1*	12,034 1,750	3.3
Total ¹	27	135,674	40	74,450	25	22,210	84	95,394	43	81,296	220	420,444	100.0

* State issues.

¹ Totals will not equal the sum of the individual items as some issues are divided among more than one category.

² Includes Washington, D. C., issue of \$11,420,000.

Source: Weekly listings in “The Commercial and Financial Chronicle.”

Fifth District News Briefs

THE order backlog for carded cotton yarns increased for the second consecutive month during February according to the Textile Information Service. The February backlog rose 11 million pounds over the previous month, following a January rise of 5 million pounds over December which had marked the first upturn in unfilled orders since August 1953. Since the beginning of 1954 unfilled orders on spinners' books have increased 37%.

Hosiery producers in the High Point, North Carolina area noted late in February that orders for women's and children's anklets were generally slow and business spotty. At that time buyers had been ordering anklets on a hand-to-mouth basis, keeping their inventories at a nominal level. These producers say this is a seasonal phenomenon and expect a pickup in business during the second quarter.

A Federal court in the week of March 20 ordered set aside a National Labor Relations Board ruling against Mount Hope Finishing Company and Mount Hope Finishing Company, Inc. and decreed that the former NLRB ruling not be enforced. Mount Hope Finishing Company had moved all its operations from North Dighton, Massachusetts to Butner, North Carolina and the Textile Workers Union of America (CIO) contended that the company moved South to avoid bargaining with it. The court ruled that Mount Hope had left Massachusetts for economic reasons and not to avoid bargaining with the union.

Lenoir Chair Company's building program will add 80,000 square feet to the firms upholstery section of the living room division. The president of the company said the program would increase the company's capacity for upholstery goods by 50%.

In a letter to stockholders of Erwin Mills in the week of March 20, the president of the company stated that nearby prospects are not at all encouraging, and that it looks as though the company will operate at a loss for the six months ending March 31, 1954.

The American Enka Corporation announced in the week of March 13 plans to expand its semicommercial nylon plant at Enka, North Carolina by spending \$1,600,000 for additional equipment. When this machinery is installed, the plant will produce nylon textile filament yarn, tire yarn, and staple fiber. Initial production of staple fiber will begin at Enka's newly constructed \$2 million nylon plant around the first of April. A \$1 million addition to this plant is under construction. The new allocation of \$1,600,000 for additional equipment will bring the investment to \$4,600,000.

Rosemary Manufacturing Company, a division of the Simmons Company at Roanoke Rapids, North Carolina, is replacing 1,142 Jacquard looms with 700 new high-speed Draper and Crompton and Knowles double-lift, double-cylinder Jacquard looms in a \$3.5 million expansion program. Some of the old looms had been in use since 1897.

Ground was broken in the week of March 13 for Salem, South Carolina's first textile operation which is expected to be in production by late Fall. The plant is expected to employ between 200 and 300 workers in the manufacture of dresses.

Industrial Rayon Corporation's new nylon plant under construction at Covington, Virginia is expected to start operations during the fourth quarter of this year. The plant initially involves an expenditure of approximately \$5 million and will produce six million pounds of fiber annually. It is designed in such a way that it can be expanded substantially.

The J. Freezer, Inc. factory at Floyd, Virginia reopened early in March with about 60 employees. The factory had been closed down for the past three months. Prior to closing, 235 workers were employed. The plant is now manufacturing sport shirts.

A second major wool combing mill was announced by the Governor of South Carolina in the week of February 22 at an undisclosed location. The new mill, a multi-million dollar factory to be built by a French concern, Amedee Prouvost & Sons, will be capable of turning out 20 million pounds of processed wool annually.

Blue Bell, Inc., a manufacturer of dungarees in five Virginia plants located in Woodstock, Mt. Jackson, Luray, Shenandoah, and Madison, announced in the week of February 27 that it would add more than 300 employees to these five plants.

After a long decline, Federal employment in the Washington, D. C. area is beginning to stabilize according to the U. S. Employment Service. During January only 800 permanent workers were dropped from Federal payrolls.

Rayon and synthetic dyeing, printing, and finishing plants in the southern area have experienced a downturn in volume since the middle of February. Early in March some plants were operating at 30% to 40% of capacity. January had given indications of a strong season, but orders began falling off toward the middle of February. This situation continued into early March with resultant reduced shifts and in some cases layoffs.

The Seaboard Air Line Railroad's \$8.5 million modern classification yard and diesel shop now under construction at Hamlet, North Carolina is expected to be in operation by January 1, 1955. The 600-acre facility will have 66 miles of track when the yard is completed.

The Norfolk and Western Railroad Company furloughed 2,250 employees for one week beginning March 22. The layoffs affected 1,950 maintenance workers at the Roanoke shops, 300 at the Portsmouth, Ohio shops, and a substantial number of maintenance-away men over the system. Fifty were affected at Norfolk, Virginia.

The Bethlehem-Sparrows Point Shipyard at Sparrows Point, Maryland faces a complete shutdown in the final quarter this year unless new business develops in the meantime.

The Maryland Dry Dock Company announced that more than three-fourths of its working force had been laid off since November 1952 because of a steady decline in ship repair work. The yard employed 4,400 in 1952, dropped to 2,500 in December last, and now has fewer than 1,100 employees on the payroll. The president of the company says there are no encouraging factors in the picture at the present time.

The Texas Company has purchased 74 acres of land on the James River south of the Dupont plant at Richmond and will build a 6-million-gallon bulk oil storage plant and terminal.

The Chamber of Commerce of Cumberland, Maryland reports that the Pittsburgh Plate Glass Company is in process of exercising options on nearby land on which to erect a glass plant. Several months ago the company said Cumberland was one of the four areas being considered for the location of a new plate glass plant.

Something new and of far-reaching importance (considering high corporate income taxes) was the an-

nouncement of the Warner and Swasay Company of Cleveland, Ohio that they would lease their regular line of textile machinery to mills. If other textile machinery manufacturers were to adopt such a program, revolutionary developments might well take place in the textile field.

Increasing unemployment in the seamless hosiery field in the Hickory North Carolina area was announced in mid-March, though the situation was not regarded as serious. Larger mills continue to hold to the forty-hour week and some argyle-producing plants have overtime schedules. Smaller mills are being hit by slow business and are producing at about 60% of capacity as compared with the over-all production of the area around 75% to 80% of capacity.

Full production of Super Cordura, a new type rayon yarn used in the manufacture of automobile and truck tires, is expected by the end of March at the Richmond plant of the Dupont Company. The converted unit will have a production capacity of 50 million pounds annually and is the only plant in the country making the new type yarn. Employment at the plant has been declining since mid-February when the company discontinued making textile yarns to concentrate on yarns for the automotive and industrial fields. Total employment at the Richmond plant will be about 4,000.

As a consequence of the shipping tie-up in the port of New York, a major American steamship company served notice on the warring labor organizations that it is studying the possibility of using Baltimore, Maryland as a home port. The shipping company said it did not want to give up New York as its home port, but that it might be forced to if costly strikes continue.

The Navy is building a new \$4.5 million power plant at its Indian Head, Maryland powder factory.

Dixiana Mills, Inc. of Dillon, South Carolina will build a branch carpet manufacturing plant containing about 75,000 square feet of floor space and employing 150 workers.



Business Conditions and Prospects

TRADE levels in the Fifth District were mostly on the plus side in February as compared with January after allowing for normal seasonal variation. Production levels for the most part remained substantially below a year ago, but seasonal influences caused a pickup from January to February in most lines, with most of the increase accounted for by a rise in hours worked per week.

The construction industry made better reading in the United States as a whole than in the Fifth District, but Fifth District contract awards must still be considered at a high level. Insured unemployment in the first week of March was about 6% higher than a month earlier and the highest thus far this year for all states except Virginia.

Business loans of weekly reporting banks moved up during the first half of March and were higher than a year ago. Total loans of all member banks inched up a little further in February, while total deposits eased fractionally during the month to stand at the same level as a year ago.

Productive Activity

Since the major portion of unemployment has resulted from a reduction in industrial activity in the District, late developments in some important industries should be interesting. Some indications are to be found in the man-hour figures available for the Carolinas for February. In these states man-hours in lumber and wood products industries in February were 3.4% higher than in January, but 11.5% lower than in February 1953. In the furniture and fixture industries man-hours in February were 3.2% higher than in January, but 4.5% lower than in February 1953. Yarn and thread mills show February man-hours 0.8% under January and 19% under a year ago. Broad woven fabric mills show February man-hours 0.5% higher than in January, but 9.7% under February 1953. Man-hours in the apparel industries were up 2.9% in February over January, but down 3.8% from a year ago.

Seasonally adjusted cotton consumption in the mills of the District in February was 1% lower than in January and 9% under a year ago. Cotton spindle hours in February were at the same seasonally adjusted level as January and down 6% from last year. January electric power production was off 2% after seasonal correction from December, but 5% ahead of January 1953. January employment in manufacturing industries was 2% below December and 3% below January 1953. February bituminous coal output dropped 9% after seasonal correction from January to a level 9% under February 1953.

The man-hour figures referred to are without seasonal correction, but it appears that in most instances the seasonal rises between January and February were somewhat less than normal.

Trade

Trade levels in the District in February were generally better than in January, but in most instances were below a year ago. New passenger automobile registrations for two states were exceptions.

Department store sales in February, seasonally corrected, rose 7% from January but continued 3% under February 1953. Preliminary departmental reports for February indicate small gains over last year in women's accessories, women's and misses' dresses, furniture and bedding, domestic floor coverings, and radios, televisions, phonographs, etc. Rather sharp losses were experienced in women's and misses' coats and suits, probably owing to the mildness of the month, and lesser declines were noted in silverware, jewelry, and major household appliances.

New passenger automobile registrations in February for four states of the District and the District of Columbia were 6% over those of January and 2% ahead of February 1953. Virginia and North Carolina show gains over last year of 20% and 11%, respectively, while Maryland, the District of Columbia, and West Virginia show declines of 4%, 19%, and 26%, respectively. Twenty-seven states show a decline of 2% in new passenger car registrations in February over a year ago. Complete January new passenger registrations for the District were down 21% from December and down 17% from a year ago.

Sales of household appliance stores in February were variable over the District with the aggregate dollar report showing a gain of 7% from January. Stores in North Carolina showed an increase of 18%; in Maryland, a gain of 13%. In the District of Columbia, Virginia, and West Virginia declines ranged from 1% to 21%. A smaller number of stores show February sales about 1% under those a year ago.

Most lines of wholesale trade in the District picked up in February, with adjusted sales gains ranging from 3% to 33% above January. In all wholesale lines, except paper, February sales were below a year ago from 4% to 33%.

Further progress was made by department stores in reducing inventories during February. After seasonal correction, February stocks were down 2% from January and 5% from February last year. Considerable interest attaches to the stores' outstanding order figures for February—up 15% after seasonal correction from January. While these orders are still 10% below a

year ago, they indicate that store inventories in some categories need replenishing.

Construction

Construction contract awards in February were 4% higher than January, after seasonal correction, but 6% below February 1953. Oddly enough, two types expected to be strongest in the construction picture—commercial and nonresidential other than factories—showed declines after seasonal correction of 27% and 28%, respectively, from January, and were in turn 7% and 32%, respectively, below a year ago. Contract awards for factory buildings in February were 45% higher than in January, on an adjusted basis, and 54% ahead of a year ago. Residential building awards show a 25% gain on an adjusted basis from January to February and 17% ahead of a year ago, mainly the result of gains in apartments and hotels. While awards for public works and utilities were up 4% more than seasonal in February over January, they were 18% under a year ago.

Total construction contract awards this February versus last varied widely among the states. Maryland showed a drop of 4%, the District of Columbia a drop of 60%, Virginia a drop of 17%, West Virginia a gain of 29%, North Carolina a drop of 3%, and South Carolina a gain of 41%.

In the first two months of the year, residential construction contract awards in the District were up 15%, nonresidential awards were down 16%, and public works and utilities were down 22%—more than a little different from the industry forecast.

Agriculture

Fifth District farmers are planning some sizable shifts

for 1954 in their plantings of various crops. To a large extent, however, acreage shifts in prospect offset one another since the total area in the crops specified shows a decline of only 1% from 1953. Most of the cut in acreage is in a sense involuntary—dictated by the smaller 1954 allotments for cotton and wheat which were voted by farmers.

Farm income in the District was down 9% in December from a year earlier, and for the calendar year 6% as compared with a national figure of 4.3%. Cash farm income in December was down 8% in Maryland from a year ago, 6% in Virginia, 6% in West Virginia, 11% in North Carolina, and 13% in South Carolina.

In the first two months of 1954 farm prices in Maryland averaged 10% under a year ago, those in Virginia were down 8%, in West Virginia down 9%, in North Carolina down 3%, and in South Carolina down 2%.

Banking

Bank debits, seasonally adjusted in February, were 1% higher than in January and also 1% higher than in February 1953. Total loans and discounts of all member banks in the Fifth District rose 0.3% between January 27 and February 24 and on the latter date were 5% ahead of the same date last year. Total deposits of these banks on February 24 were 0.6% under a month ago and 0.1% ahead of a year ago. Time deposits eased off 0.3% from January to February but were up 6.7% over February 1953. Demand deposits, excluding interbank, were down 0.1% during February and down 1.6% from a year ago. Deposits of banks were down 6.3% during February and 4.5% from a year ago. Total borrowings of member banks dropped 36% during February and were 57% smaller than a year ago.



FIFTH DISTRICT STATISTICAL DATA

SELECTED INDEXES

Avg. Daily 1935-39=100—Seasonally Adjusted

	Feb. 1954	Jan. 1954	Feb. 1953	Prev. Mo.	Yr. Ago
				% Chg.— Latest Mo.	
New Passenger Cars*	153	155	155	- 21	- 17
Bank Debits	481	476	477	+ 1	+ 1
Bituminous Coal Production	102	108	112	- 6	- 9
Construction Contracts	489	468	520	+ 4	- 6
Business Failures—No.	124	57	45	+118	+176
Cigarette Production	219	255	255	- 13	- 8
Cotton Spindle Hours	152	152	162	0	- 6
Department Store Sales**	117	109	120	+ 7	- 3
Electric Power Production	414	404	404	- 2	+ 5
Manufacturing Employment*	154	157	157	- 2	- 3
Retail Furniture: Net Sales**	102	96	113	+ 6	- 10
Life Insurance Sales	358	327	368	+ 9	- 3

* Not seasonally adjusted.

** 1947-1949=100.

Back figures available on request.

BUILDING PERMIT FIGURES

	February 1954	February 1953	2 Months 1954	2 Months 1953
Maryland				
Baltimore	\$ 2,742,135	\$ 6,073,800	\$11,329,340	\$11,323,625
Cumberland	17,700	64,650	31,350	81,600
Frederick	145,100	647,257	157,150	739,707
Hagerstown	61,850	812,620	208,535	861,735
Salisbury	84,830	50,032	252,350	130,212
Virginia				
Danville	135,086	279,531	224,256	1,004,457
Hopewell	122,237	256,583	210,757	455,183
Lynchburg	542,635	153,420	704,641	493,061
Newport News	109,993	116,880	168,806	232,895
Norfolk	552,751	618,877	1,951,447	1,567,217
Petersburg	116,500	103,700	277,800	164,200
Portsmouth	2,484,700	223,845	2,810,890	500,230
Richmond	1,964,327	1,308,832	3,363,223	2,253,317
Roanoke	756,354	816,213	1,609,124	1,425,011
Staunton	95,890	117,400	199,965	172,900
West Virginia				
Charleston	697,170	881,628	951,879	1,215,930
Clarksburg	128,181	864,950	187,871	959,450
Huntington	328,409	396,800	487,654	617,465
North Carolina				
Asheville	288,984	115,591	491,387	244,484
Charlotte	1,192,349	1,470,856	2,835,787	6,031,632
Durham	341,482	393,241	795,616	1,672,617
Greensboro	683,633	1,025,947	1,313,550	2,238,861
High Point	275,790	470,450	441,030	1,062,305
Raleigh	1,139,060	570,125	2,869,602	2,007,185
Rocky Mount	184,027	1,472,230	495,182	1,656,109
Salisbury	355,337	257,026	428,502	321,001
Wilson	195,150	288,050	403,600	422,690
Winston-Salem	2,420,583	591,763	2,627,223	1,092,384
South Carolina				
Charleston	195,112	531,423	317,556	731,648
Columbia	946,802	366,090	1,468,321	896,935
Greenville	554,500	389,000	1,534,255	1,008,500
Spartanburg	815,476	44,781	863,551	143,096
Dist. of Columbia				
Washington	2,844,296	6,191,247	5,787,971	9,116,314
District Totals	\$23,518,429	\$27,964,838	\$47,800,171	\$52,843,956

WHOLESALE TRADE

LINES	Sales in Feb. 1954 compared with Feb. 1953	Stocks on Feb. 28, 1954 compared with Feb. 28, Jan. 31, 1954
Auto supplies (8)	+ 2	+ 4
Electrical goods (6)	+ 8	+ 4
Hardware (11)	+ 14	+ 1
Industrial supplies (11)	+ 30	+ 1
Drugs and sundries (10)	+ 10	+ 1
Dry goods (14)	+ 13	+ 5
Groceries (48)	+ 5	+ 6
Paper and its products (6)	+ 1	+ 9
Tobacco products (11)	+ 7	+ 1
Miscellaneous (102)	+ 1	+ 14
District total (227)	+ 4	+ 3

Number of reporting firms in parentheses.

Source: Bureau of the Census, Department of Commerce.

DEPARTMENT STORE OPERATIONS

(Figures show percentage changes)

	Rich.	Balt.	Wash.	Other Cities	Dist. Totals	
Sales, Feb. '54 vs Feb. '53	— 3.3	+ 1.4	+ 2.2	— 7.2	— 2.1	
Sales, 2 Mos. ending Feb. 28, '54 vs 2 Mos. ending Feb. 28, '53	— 4.7	— 2.7	— 3.1	— 9.6	— 5.5	
Stocks, Feb. 28, '54 vs '53	+ 0.4	— 8.3	— 2.3	+ 0.1	— 3.2	
Outstanding Orders Feb. 28, '54 vs '53	—15.7	— 8.5	— 6.4	—13.6	— 9.3	
Open account receivables Feb. 1 collected in Feb. 1954	31.2	44.2	38.6	41.7	39.3	
Instalment receivables Feb. 1 collected in Feb. 1954	10.3	13.8	11.5	14.4	12.5	
	Md.	D.C.	Va.	W.Va.	N.C.	S.C.
Sales, Feb. '54 vs Feb. '53	+0.6	+2.2	—4.6	—7.2	—7.3	—3.3

FURNITURE SALES*

(Based on Dollar Value)

Percentage change with corresponding period a year ago

STATES	February 1954	2 Mos. 1954
Maryland	+ 3	- 3
District of Columbia	- 6	- 15
Virginia	- 9	- 13
West Virginia	-17	-18
North Carolina	-13	-15
South Carolina	+ 7	+ 6
District	- 7	-12
INDIVIDUAL CITIES		
Baltimore, Md.	+ 3	- 3
Washington, D. C.	- 6	-15
Richmond, Va.	-12	-15
Charleston, W. Va.	-11	- 9

* Data from furniture departments of department stores as well as furniture stores.

FIFTH DISTRICT BANKING STATISTICS

DEBITS TO DEMAND DEPOSIT ACCOUNTS*

(000 omitted)

	February 1954	February 1953	2 Months 1954	2 Months 1953
Dist. of Columbia				
Washington	\$ 998,797	\$ 955,212	\$ 2,095,782	\$ 1,971,266
Maryland				
Baltimore	1,282,374	1,282,008	2,663,291	2,650,480
Cumberland	20,314	24,398	42,244	52,008
Frederick	20,516	22,008	41,007	44,797
Hagerstown	33,335	33,041	70,364	70,349
North Carolina				
Asheville	55,471	53,883	118,316	120,547
Charlotte	332,198	334,805	672,401	711,592
Durham	76,809	81,826	162,095	169,696
Greensboro	110,522	106,200	225,775	227,170
High Point	39,175**	NA	81,338	NA
Kinston	19,582	18,852	41,891	42,069
Raleigh	160,235	152,968	347,629	379,057
Wilmington	40,718	39,252	86,711	88,162
Wilson	17,082	14,766	37,203	35,008
Winston-Salem	130,439	133,455	282,020	281,397
South Carolina				
Charleston	65,657	79,433	138,216	168,300
Columbia	149,455	154,478	315,617	313,303
Greenville	100,791	106,615	208,149	223,536
Spartanburg	60,511	58,559	127,976	130,740
Virginia				
Charlottesville	27,895	20,973	57,772	45,553
Danville	30,504	34,049	71,481	77,453
Lynchburg	44,359	44,090	92,914	94,356
Newport News	44,120	43,214	87,934	95,483
Norfolk	239,367	234,455	487,884	488,610
Portsmouth	28,016	27,058	59,104	56,972
Richmond	531,499	546,151	1,098,807	1,158,360
Roanoke	103,739	109,056	216,109	232,630
West Virginia				
Bluefield	35,734	39,005	80,125	88,056
Charleston	157,160	143,854	356,909	327,069
Clarksburg	28,420	32,364	67,382	73,252
Huntington	62,505	65,118	138,906	146,345
Parkersburg	27,547	25,185	58,422	56,306
District Totals	\$5,035,671	\$5,016,331	\$10,550,436	\$10,619,922

* Interbank and U. S. Government accounts excluded.

** Not included in District totals.

NA Not Available.

50 REPORTING MEMBER BANKS

(000 omitted)

	Mar. 17, 1954	Feb. 17, 1954	Mar. 18, 1953
Items			
Total Loans	\$1,413,371**	+ 38,205	+ 32,810
Bus. & Agric.	652,796	+ 26,207	+ 10,149
Real Estate Loans	263,870	+ 1,874	+ 2,913
All Other Loans	514,133	+ 14,065	+ 19,991
Total Security Holdings	1,799,144	- 23,292	+ 21,161
U. S. Treasury Bills	156,046	- 31,278	- 44,075
U. S. Treasury Certificates	214,469	- 12,669	+ 84,672
U. S. Treasury Notes	222,341	- 16,513	- 61,657
U. S. Treasury Bonds	978,358	+ 42,869	+ 36,325
Other Bonds, Stocks & Secur.	227,930	- 5,701	+ 5,896
Cash Items in Process of Col.	294,371	+ 7,511	+ 668
Due From Banks	184,898*	+ 15,008	- 985
Currency and Coin	76,916	+ 2,000	- 1,023
Reserve with F. R. Banks	548,683	+ 20,929	- 14,643
Other Assets	61,784	- 496	+ 4,645
Total Assets	4,379,167	+ 59,865	+ 42,633
Total Demand Deposits	3,333,140	+ 67,823	+ 557
Deposits of Individuals	2,462,095	+ 48,085	- 13,343
Deposits of U. S. Government	118,390	- 9,146	+ 25,477
Deposits of State & Local Gov.	210,401	+ 8,078	- 10,110
Deposits of Banks	476,934*	+ 20,093	+ 7,056
Certified & Officers' Checks	65,320	+ 713	- 8,523
Total Time Deposits	698,435	+ 9,397	+ 32,029
Deposits of Individuals	624,157	+ 5,574	+ 36,435
Other Time Deposits	74,278	+ 3,823	- 4,406
Liabilities for Borrowed Money	16,350	- 15,850	- 15,050
All Other Liabilities	44,039	- 2,426	+ 6,154
Capital Accounts	287,203	+ 921	+ 18,943
Total Liabilities	\$4,379,167	+ 59,865	+ 42,633

* Net figures, reciprocal balances being eliminated.

** Less losses for bad debts.

