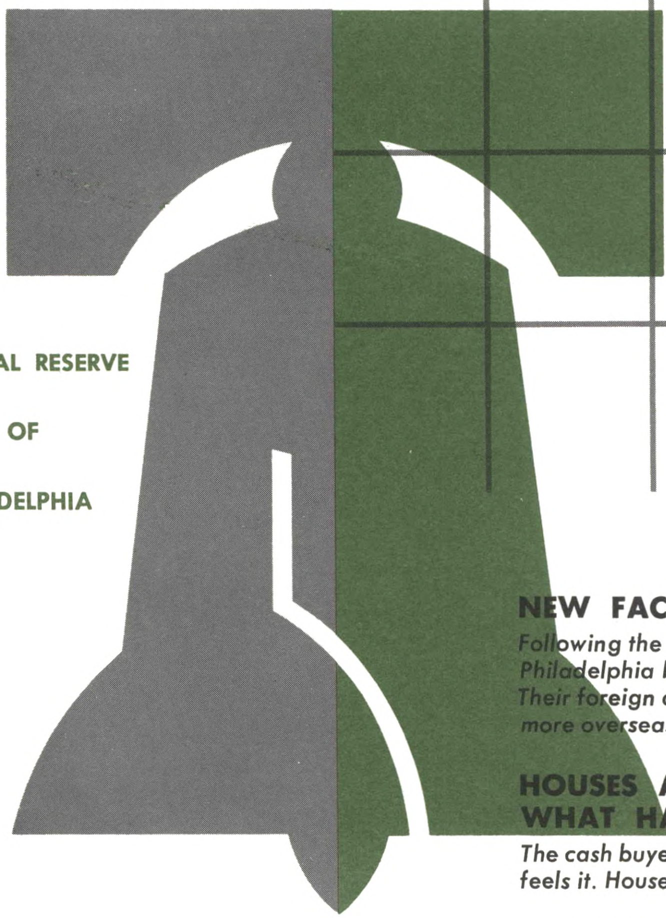
OCTOBER 1957

business review



FEDERAL RESERVE

BANK OF

PHILADELPHIA

NEW FACES IN FOREIGN FINANCE

Following the changing pattern of foreign trade, Philadelphia banks are doing more business abroad. Their foreign departments have new personnel, more overseas correspondents, new domestic customers.

HOUSES AND CARS: WHAT HAPPENED TO DEMAND?

The cash buyer saw it clearly some time ago. Now the credit buyer feels it. House and car prices have risen faster than average.

A LOOK AT BUSINESS ON A HIGH PLATEAU

Third District business seems to be stabilizing at a high level. But this year's fall upswing may be less pronounced than usual.

As Philadelphia and other regional banks

expand their activities abroad,

one sees many . . .

NEW FACES IN FOREIGN FINANCING

A local banker picked up the phone. "Guten Morgen. Was ist heute mit dem Geldmarkt los?" said a voice at the other end of the line. The listening banker wasn't a bit surprised. He worked in the foreign department and calls from correspondents all over the world were commonplace.

Not too long ago it would have been a different story. A transatlantic call would have caused a commotion. This bank, mythical but typical of banks in regional money markets, is relatively new in the field of foreign financing. For a long time it did little or no direct business abroad.

New York banks handled almost all of the country's overseas banking before World War II. While a few other banks, including several in Philadelphia, did some foreign business, most shied away from it. The tendency was to think of foreign countries as remote and mysterious, of foreign financing as complicated and dangerous. Conversely, many foreign bankers considered New York the only place to do business in America. They had vague notions about the rest of the country; hazy conceptions of vast areas populated with cowboys, gangsters, and uneducated millionaires. As a result, most financial transactions with countries abroad funneled through New York.

These mutual misconceptions have all but disappeared in recent years. Foreigners have discovered the rest of the United States and vice versa, with profitable consequences for both. Many larger banks throughout the country have started or greatly expanded their foreign operations. While New York banks still dominate the field and have also stepped up their activities abroad, they have, relatively speaking, been losing ground in the last decade. Banks in other major cities now account for a larger share of the nation's overseas business.

The increased volume and changing pattern of foreign trade have led this dispersion of banking activity. Rebuilding war-damaged economies, various aid programs, greater inflation abroad, and the lingering cold-cool war all have spurred the demand for American exports.

Imports have increased too. Our higher standards of living and growing production have enabled us to buy more foreign goods. Wine, woolens, sport cars, raw materials, and many other items pour into the country almost daily. United States firms are doing more business abroad and many American companies are tasting foreign trade for the first time.

A number of banks in regional centers saw the new opportunity. They recognized the demand for foreign services that existed on their doorsteps and set up foreign departments or augmented existing nuclei.

While these banks have gained new commercial business abroad, they have not been able to increase significantly their business with foreign governments or central banks. This type of activity still is centered in New York. Foreign governments whose gold reserves and securities are held by the Federal Reserve Bank of New York continue to do most of their United States banking in that city.

Philadelphia's foreign banking

About half of the member banks in Philadelphia —usually the larger ones—now have foreign departments. They are full-fledged banking departments and are treated as such, not as subjugated service units. Foreign departments have been called "a bank within a bank" for they function in the foreign field much as any commercial bank does at home. They handle deposits, make loans to business, collect notes and drafts, and even assist the consumer when he travels abroad.

Foreign departments of local banks are concerned principally with the overseas business of industry in Philadelphia, New Jersey, Delaware, and Maryland. Although they extend credit to foreigners (generally to foreign banks), the bulk of their loans is made to nearby importers and exporters. These loans usually are secured by title to the goods themselves and involve a rather complicated procession of documents which we won't go into here. In essence, however, the operation is simple. The bank pays the seller (or his bank) when the goods are shipped or delivered and collects from the buyer (or his bank) at a later date.

In addition to financing, Philadelphia foreign departments perform a variety of other services. They are excellent sources of up-to-date information and advice on conditions in foreign countries for their clients. You name the country and they can tell you about its market potentials, political environment, exchange restrictions, legal quirks, and so on. They also can get credit ratings on possible foreign buyers should an exporter wish to sell on open account.

The departments can exchange your dollars for francs, lira, or whatever unit you want—or they'll change foreign currency to dollars. They have facilities to send money abroad in payment of bills or as gifts to friends and relatives. Transportation arrangements may be made through some banks, and letters of credit or travelers checks are available to smooth and safeguard the tourist's money matters in distant countries.

Since Philadelphia banks have no overseas branches, their foreign departments operate through correspondents abroad. They maintain working balances in a network of foreign banks with which they directly exchange business and information. In this way each bank has the advantage of an on-the-spot agent in completing transactions and collecting data.

Direct correspondent dealings abroad are pretty much confined to those Philadelphia banks that have foreign departments. The others, of course, will accept foreign business for a customer but they generally process it through a New York bank. The New York bank completes the transaction, using its own foreign representatives, and splits any fees involved with the originating bank.

Philadelphia has a long tradition in foreign financing, dating back to prerevolutionary days. Even in more modern times, foreign banking activity started earlier here than in most other reserve cities. Our first foreign department was established shortly after the turn of the century and another was operating before 1920. But this early business was on a relatively limited scale and dwindled down to a minimum in the 1930's.

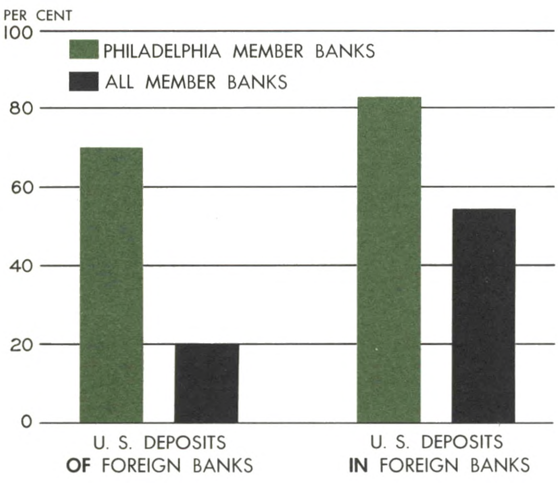
Foreign banking in Philadelphia has become much more important since World War II. Several new foreign departments have been set up or acquired and at least one other is in the planning stage. As the departments have grown in personnel and scope of service, they have almost doubled the number of their foreign correspondents and now do business in virtually all the important countries on the sunny side of the Iron Curtain.

Foreign banking here has been influenced by the general growth and scattering of foreign trade that we have mentioned. In addition, it has received impetus from factors more or less particular to this area.

Nature has given Philadelphia a fine port and man has made it better. The channel from the sea has been dredged, docking facilities improved, and all the strong points have been well publicized. A large industrial hinterland has capitalized on what nature and man have provided and Philadelphia now ranks second among all United States ports

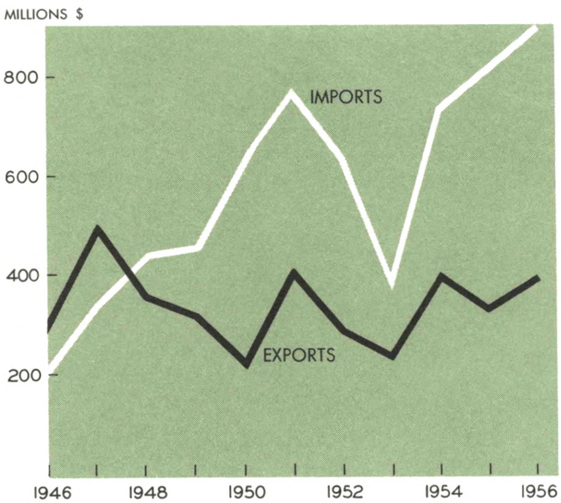
PHILADELPHIA BANKS HAVE EXPANDED THEIR CORRESPONDENT TIES ABROAD AT A FASTER RATE

Member bank deposits **of** *and* **in** *foreign banks—percentage increase 1946 to 1956*



INCREASED PORT ACTIVITY HAS BEEN A FACTOR IN THE DEVELOPMENT OF FOREIGN BANKING HERE

The value of water-borne foreign trade through the port of Philadelphia



in total tonnage, fifth in dollar value of trade.

Port activity doesn't automatically mean business for Philadelphia banks because many cargoes don't require bank financing. Raw materials, such as iron and ore or crude oil, often are financed internally by the importing companies. Still, a general relationship exists between port activity and bank activity. Enough shipments need banking services to enable our banks to count the port as a major asset.

The merger movement, especially strong in Philadelphia, has been another factor in the development of local banks' foreign operations. It has helped solve the problems of both setting up and supporting a foreign department. Foreign financing is a tricky business, requiring specialists. Qualified personnel with training, experience, ability, and the command of several languages are hard to find. Once found, they and their departments need a high level of business to justify their existence. Mergers may supply either a ready-made foreign department or the potential to warrant the creation of one. More business comes to the combined bank through the aggregation of both banks' clientele and through higher loan limits to attract larger firms.

Philadelphia bankers report that pride and prestige also are elements in their decisions to enter the foreign business. A bank is proud to be able to offer a full spectrum of services and the ability to do so adds to its prestige in the financial community and in the eyes of its customers. Perhaps another "P," for profit, should be added. Well-run foreign departments usually are profitable in their own right and they yield further dividends that don't show up on accounting statements. Foreign banking service has proved a useful lever in getting or retaining domestic business. Once a company has received efficient foreign service from a bank it tends to do more of its regular banking there.

PHILADELPHIA'S SHARE OF FOREIGN TRADE AND FINANCING

Last year Delaware River ports handled 9.1 per cent of the dollar value of the nation's imports, 3.2 per cent of its exports.

Philadelphia banks report a 4.0 per cent share of all member bank deposits in foreign banks and 1.5 per cent portion of foreign bank demand deposits held by member banks.

The Third District, with activity centered in Philadelphia, now accounts for 4.5 per cent of all bankers' dollar acceptances based on imports and .4 per cent of those based on exports.

HOUSES AND CARS:

WHAT HAPPENED TO DEMAND?

Americans love houses and cars. Not necessarily in that order.

In large metropolitan areas, thousands go trampling around every weekend looking over the "sample." Some look because they really are in the market for a house. Others don't think they are in the market, but if tempted could fall prey to the home's charm and the salesman's wiles. Many look out of sheer fascination and end up in a state of weary frustration.

Automobiles beguile consumers. To a very few they provide transportation, nothing more. But to most of us they are a means to a fuller life, the biggest and best toy, a source of pride, a symbol of status; something to work for, pore over and worry about.

Such is our love for these items that we buy more houses than overcoats, and dad long ago learned that his topcoat was expected to outlast the family car. It is not too unusual to find a man with only a modest wardrobe of clothes having a home in the suburbs, a small cottage at the shore or mountains, a car for business, one for his wife, and a "jalopy" (5 years old) for his teenage son.

It is with some wonderment, therefore, that we read reports that houses and cars aren't selling. Some of us might be reminded of the old saw about the line between love and hate being as thin as a razor's edge, until we look more closely at the sales figure. "Not selling" is a little strong to describe the consumption of roughly one million houses and six million cars. Be that as it may, sales since the boom in 1955 have been disappointing. Why?

Evaporation, satiation, and saturation

Housing analysts most frequently point to tight money as a cause for the drop-off in housing starts since 1955. Many deny any decline in demand. Their point is that more houses would have been built and sold if FHA and VA mortgage money had been available for financing. Without ready FHA and VA commitments, starts have declined and demand has seemed to evaporate.

But some others go beyond tight money and blame consumer satiation. In the 10 years from 1947 through 1956 we built 11 million housing units. This was enough to match current requirements, plus filling the voids created by World War II and the Great Depression. We've reached the point, they say, where consumer needs are satisfied. Demand now depends strictly on the rate of new family formation.

Then too there is talk of site saturation. Builders, it is said, have used up all the "good ground." Most of the improved land and accessible sites have been developed. A new strong wave of home building waits on new highway latticework and expanded water and sewage facilities.

Overselling, "underprodding," and disenchantment

Automobile people use different words to explain their situation. Most frequently they talk about overselling in 1955—the point being that the industry sold so hard and fast in that year that it "borrowed" sales from future years.

In private conversations there is as much talk about "underprodding" as overselling—"underprodding" being a reference to the partial loss of the carmakers' "whip" over their dealers. Dealers squawked loudly in 1955 that carmakers were pressuring them to sell next year's market this year. They argued that with franchise arrangements distinctly favoring the manufacturers, dealers were "forced" to sell cars pretty much on buyers' terms.

Since that time manufacturers and dealers have had a meeting of minds. The result: more amicable relations, but it's likely that not as many cars are being sold as would be under the former arrangement.

Finally, some are beginning to wonder if the consumer is feeling just a little disenchantment with automobiles—at least big ones. For so long now cars have meant so much to Americans that it is difficult to accept the idea of waning enthusiasm. Yet it could be. More "thought pieces" are being written about the foolishness of the new cars.

"How long and low can they get? Already they've outgrown garages and scraped driveways."

"More horsepower so we can go faster bumper to bumper."

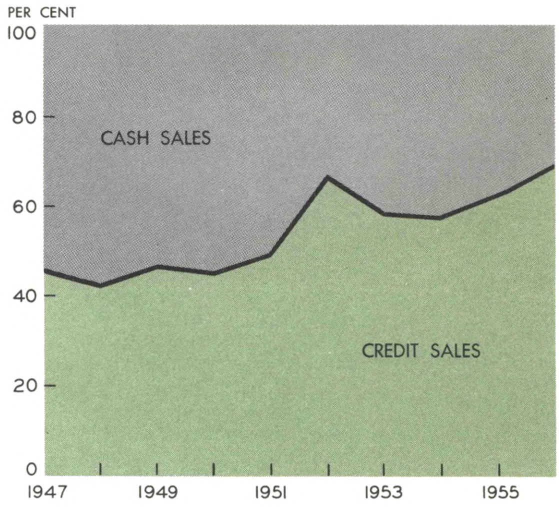
There is evidence in addition to the written word. The biggest cars—once the symbol of wealth—are slowly being replaced with small sports cars. This is confusing to many consumers. Why move up to bigger cars when many "tastemakers" are buying smaller ones? Maybe it's better to wait and see what's going to happen.

Price—Oh no, not that!

It's sort of strange, when you think over the usual explanations offered, that so little is said about prices. Doesn't our entire economic system depend on the price mechanism? Prices affect everyone, reflect everything.

Certainly prices of homes and cars have moved in a similar way over the past decade. Residential

HIGH PRICES MAY HAVE AFFECTED CASH SALES OF CARS SOME TIME AGO



housing costs are about 42 per cent higher than in 1947. Automobiles cost the consumer roughly 42 per cent more. Both have risen nearly twice as fast as the average of all other consumer prices.

Basically these sharp advances in price *reflect* the tremendous demand that homes and cars enjoy. Isn't it logical to expect that these increases would *affect* the amount demanded also? It seems so.

Of course, for quite some time now, advances in prices of houses and cars have consistently outpaced the average of other consumer prices. Yet demand for both seemed unaffected—at least until recently. This perhaps explains the reluctance to blame disappointing demand on consumer resistance to high prices.

But advances in house and car prices may not have had their full impact on consumers until the period since 1955.

To explain this statement it is necessary first to remind ourselves how dependent both industries are on "time buyers"—users of mortgage and instalment debt. More than 80 per cent of houses sold involve mortgage arrangements and 60 to 70 per cent of all cars are bought on the instalment plan.

The terms extended these time buyers can distort or cushion the impact of price changes. This is because many car buyers measure changes in price by changes in the amount of their monthly payments. In other words, they are most interested in how much it costs per month—not so interested in the actual price, or the duration of the monthly payments.

Generally, from 1947 through 1955, mortgage and instalment debt contracts were being lengthened—the maturities of the loans extended. This meant that prices of houses and cars, as measured by the size of the monthly payment, rose more slowly than the actual price. The box opposite illustrates this point.

Since 1955 mortgage loan maturities have shortened as relatively fewer FHA and VA loans are extended. Interest rates on the loans written have tended to rise. So that monthly payments have more than reflected price changes of the past two years.

Instalment loan maturities have pretty much stabilized. The full impact of price increases since 1955 has hit the time buyer. It is reasonable to suppose that these developments contributed to disappointing sales.

Conclusions

It is difficult to think of two industries structurally more different than housing and automobiles. Homebuilders are numerous, much of their work is on a custom basis, they build for a local market, they change the style of their product very slowly. Carmakers are very few in number, mass production is an industry trademark, their market is nationwide, style changes come rapidly.

For this reason and many others, the tendency is to look for dissimilar causes for the decline in the demand for houses and cars. But it is possible that the much faster-than-average price rises for these products is one common explanation.

If this is the case, resurgent demand for homes and cars may wait upon developments that will enable consumers to increase the purchasing power of their house and car dollar.

WHAT HAPPENED TO DEMAND?

THEN From 1947 to 1955 the selling price of cars rose by about 30 per cent. So that a car that sold for $2,000 in 1947 cost about $2,600 in 1955.

The cash buyer saw the 30 per cent rise clearly.

In 1947, however, the time buyer pretty much was limited to 24 monthly instalment payments. If he made a down payment of $700, he had to pay off the $1,300 balance at the rate of about $57 per month plus insurance and financing charges. In 1955 the time buyer was able to get 36 month terms. Assuming the same $700 down payment, he paid off the $1,900 balance at the rate of about $55 per month plus insurance and financing charges.

The time buyer, eyes glued on monthly payments, didn't feel the rise at all.

NOW Since 1955 car prices have risen by about 8 per cent. The car that cost $2,600 in 1955 sells for more than $2,800 today.

The cash buyer sees this 8 per cent rise clearly.

In 1955, time buyers were able to secure 36 month terms. Assuming $700 down payment, the monthly payments came to about $55. Today the time buyer still may get 36 month terms. With the same $700 down payment, the balance has to be paid off at the rate of about $61 per month plus insurance financing charges.

The time buyer, eyes still glued on monthly payments, sees the rise clearly.

A LOOK AT BUSINESS ON A HIGH PLATEAU

Looking over the economy of the Philadelphia Federal Reserve District, we can find no significant areas of resurgent strength nor is there convincing evidence of additional weakness. Over-all activity seems to have leveled off on a high plateau. And in many sectors it is becoming apparent that this year's fall upswing will be less pronounced than usual.

Factory employment and the production of basic materials have been largely maintained. The construction industry's main area of weakness still is homebuilding. Sales volume in the department stores continued high over a great part of the year, but their September business was not up to expectations. Automobile sales, so disappointing through the spring months, have not improved as expected, but neither has demand deteriorated to any noticeable extent. Freight volume on the area's railroads continues a little smaller than in 1956 and still shows no decisive trend. Farm income, running at last year's levels to midsummer, must soon reflect the losses incurred in a record-breaking drought. Consumer prices here, as elsewhere, continue to rise almost without interruption.

Labor-force changes over the summer reflected largely seasonal influences and the repercussions of a month-long strike in the District's important cement industry. However, one major labor market area—Altoona—was reclassified to a category denoting a significant increase in unemployment. This came in mid-July because of cutbacks in the railway car shops, and the prospect of little offsetting improvement in other local industries. In a majority of our labor markets, employers' hiring schedules for the fall months indicated a rise in area job totals, although in many cases estimates were somewhat less optimistic than those made a year ago.

Factory employment in the District as a whole has risen a little above the midsummer low. But this reflects chiefly seasonal gains in lines like textiles, apparel, and food processing, along with a resumption of normal activity in the cement industry. In metalworking lines, with the exception of electrical machinery, little real improvement is apparent. Trends in working time in most industries have been much the same as in employment.

In places like Harrisburg, Lancaster, and Wilmington, employment at factories has been rising slowly for several months. Although seasonal factors seem to have played an important rôle, it is significant that stability is being achieved in several lines that had shown persistent weakness earlier in the year. These included primary and fabricated metals and transportation equipment.

The usual late summer upswing has not been so apparent in the Philadelphia industrial area. Renewed strength has appeared in textiles and apparel. Some employment increase also is reported in electrical machinery, but a more or less static situation persists in other heavy industries in this area. Factory employment in Reading and Trenton, continues well below the levels of a year ago. In the Lehigh Valley, activity has returned to about the status prevailing before the cement plants closed, while in York a sharp downtrend in employment has been reversed since midsummer. The important textile and apparel industries in Scranton have resumed full-scale operations, but that area's employment picture is clouded by impending cutbacks in ordnance plants.

Basic steel production in this District declined, as it usually does over the summer, from above-capacity levels that prevailed through almost the entire first half of 1957. By late September there was increasing evidence that operations might stabilize around an 85 to 90 per cent level compared with a rate 100 per cent or better maintained in the closing months of 1956. Here, as elsewhere in the country, a fall pickup in the demand from fabricators has been somewhat short of expectations. Delivery stretchouts seem to be the order of the day, partly because procurement for many steel products has eased considerably in recent months. Little capacity for making crude steel has been added since spring, but new fabricating facilities still are being built and some existing equipment will be modernized in the interests of greater efficiency and improved competitive position.

Output of coal has been fairly well maintained so far this year. Pennsylvania's bituminous tonnage through mid-September suggested a generally stable, although somewhat less active, industrial demand than prevailed over much of last year. Anthracite production has continued at somewhat lower levels than in 1956. Domestic markets generally were less active because of a reduced heating demand through the milder-than-usual winter and spring months. The overseas demand, however, has been increasing. Lately, sharply lower ocean freight rates have greatly improved the competitive position of anthracite in all of the more important European markets.

Building activity, as measured by the value of contracts awarded in the larger city areas of this District, has continued to run a little above 1956 levels. This favorable comparison reflects a larger dollar volume of contracts let for public works and utilities and nonresidential buildings. In the field of homebuilding, however, sharp declines from 1956 have persisted since the very beginning of the current year. On the basis of F. W. Dodge figures, housing awards have been off sharply in cities like Philadelphia, Allentown-Bethlehem, Harrisburg, Lancaster, and Reading. These areas account for about two-thirds of the District's residential contract total. Wilmington and Trenton were two city areas also having a significant dollar volume of residental awards where activity has been considerably higher this year than last.

Department store sales over much of the year to date have been the most encouraging of all local business indicators. Dollar volume in the District as a whole and in virtually all our larger city areas continued above 1956 through August. And in two of the first eight months, sales on a seasonally adjusted basis were the highest on record. But September business was disappointing, with weekly sales figures trailing those of a year earlier by substantial margins. It is difficult to pinpoint the reason for this reversal of trend. It seems likely, however, that unseasonably warm weather over much of last month was discouraging to shoppers' interest in the new lines of fall merchandise. And an early Labor Day could have prompted some back-to-school buying in August.

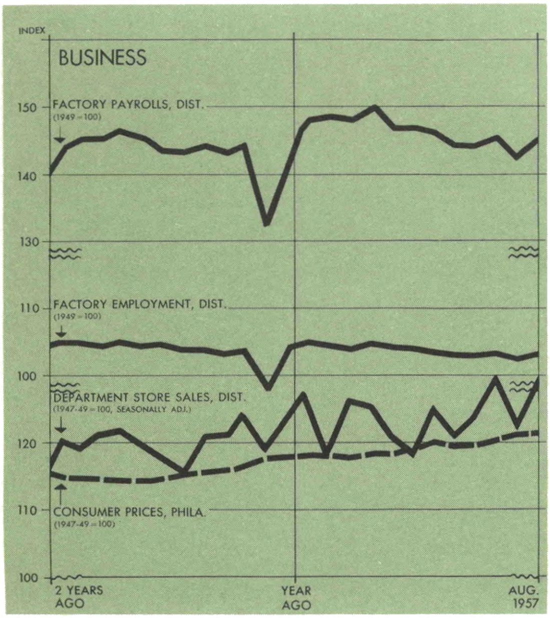
New passenger-car registrations in Third District counties of Pennsylvania compared unfavorably with 1956 in almost every month through August. Although the trend was toward higher levels in the late spring and early summer, the extent of seasonal improvement was considerably short of expectations. Registrations in the first eight months were 11 per cent smaller than in the same period of 1956. On a quarterly basis, the sharpest decline came in the initial three months, when the cumulative figure was off 22 per cent from a year earlier. Used-car markets in our area provided a somewhat brighter spot in the automobile sales picture, with demand generally well maintained at stable prices.

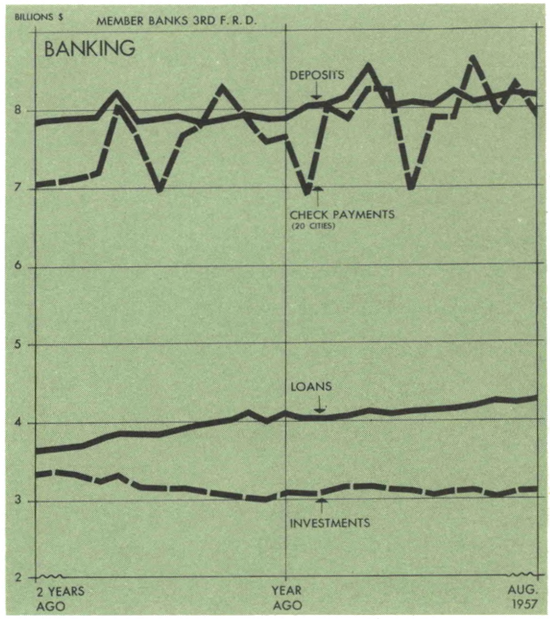
Freight-car loadings in the Allegheny region, which includes this Federal Reserve District, have been running slightly below their year-ago level. Much of the decrease from 1956 reflects smaller shipments of coal and merchandise and miscellaneous freight. The latter category is made up in considerable part of manufactured products. Preliminary data covering most of September suggest that car loadings may not show their usual seasonal increase in that month. A recent forecast of fourth-quarter loadings by this region's Shippers Advisory Board calls for a decrease of about 2 per cent from the comparable 1956 period.

Farm cash income in Pennsylvania, New Jersey, and Delaware, showed virtually no change from a year ago in the seven months ended July. In that period, larger receipts from crops offset a small decline in the livestock component, attributable chiefly to low prices received for poultry and eggs throughout the spring months. But heavy crop losses sustained in last summer's record drought suggest an unfavorable income comparison in the months ahead. Although some increases are expected in receipts from livestock products, it is unlikely they will be sufficient to offset losses stemming from greatly reduced marketings of mid-season crops.

Living costs in our area, as elsewhere in the country, still give little indication that the rising trend of the past twenty months may soon level off. In Philadelphia, the Bureau of Labor Statistics index measuring consumer prices has continued to advance in all but one of the past eight months, and in mid-August was approximately 3 per cent above its year-ago level. Locally, steadily rising prices for foods have been the chief contributing factor. The cost of both medical and personal care also has been increasing. But the housing and clothing components are little higher than at the turn of the year, despite considerable fluctuations between winter and midsummer.

FOR THE RECORD...





SUMMARY	Third Federal Reserve District, Per cent change, August 1957 from mo. ago	year ago	8 mos. 1957 from year ago	United States, Per cent change, August 1957 from mo. ago	year ago	8 mos. 1957 from year ago
OUTPUT						
Manufacturing production	+ 2	−4	− 2	+ 7	+2	+2
Coal Mining	+31	+3	− 1	+32	0	0
EMPLOYMENT AND INCOME						
Factory employment (Total)	+ 1	−1	0	+ 2	−1	+1
Factory wage income	+ 2	+1	+ 3	.....	.....	.....
TRADE**						
Department store sales	+ 6	+5	+ 3	+ 2	+4	+2
Department store stocks	+ 2	+5	.....	0	+1	.....
BANKING (All member banks)						
Deposits	− 1	+3	+ 3	− 1	+3	+3
Loans	0	+5	+ 5	+ 1	+6	+7
Investments	0	+2	0	0	−2	−3
U.S. Govt. securities	0	+2	0	0	−3	−4
Other	− 1	0	− 1	+ 1	+2	0
Check payments	− 5†	+3	+ 4†	− 5	+4	+7
PRICES						
Wholesale	.....	.....	.....	0	+3	+3
Consumer	0‡	+3‡	+ 3‡	0	+4	+4

**Adjusted for seasonal variation. †20 Cities ‡Philadelphia

LOCAL CHANGES	Factory* Employment, Per cent change August 1957 from mo. ago	year ago	Factory* Payrolls, Per cent change August 1957 from mo. ago	year ago	Department Store Sales, Per cent change August 1957 from mo. ago	year ago	Department Store Stocks, Per cent change August 1957 from mo. ago	year ago	Check Payments, Per cent change August 1957 from mo. ago	year ago
Allentown	+5	−1	+12	+ 4	.....	.....	.....	.....	− 6	+ 5
Harrisburg	+2	+3	+ 3	+11	.....	.....	.....	.....	− 1	+13
Lancaster	+2	−1	+ 1	+ 1	+16	+ 2	+ 3	+ 2	0	0
Philadelphia	0	0	0	+ 3	+15	+ 4	+12	+ 7	− 4	+ 3
Reading	0	−4	+ 1	− 4	+ 6	+12	+ 8	+19	+ 4	− 8
Scranton	+2	−2	+ 2	0	+31	+ 2	+ 6	− 4	− 1	+ 5
Trenton	+1	+1	+ 2	+ 7	+10	+ 7	+12	+ 6	−10	+ 4
Wilkes-Barre	+2	0	+ 3	+ 8	+21	+ 4	+ 4	+ 1	− 1	+ 3
Wilmington	+2	+3	− 3	+10	+28	+10	+ 8	+ 4	−23	+ 1
York	+3	−6	+ 4	− 4	+18	− 1	+ 2	−12	− 7	− 2

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