FEDERAL
RESERVE
BANK OF
PHILADELPHIA

AUGUST 1961

BUSINESS REVIEW

It May Not Always Be the Other Guy: An Editorial

From Ben Hur to Yogi Berra

Some Jobs Are Always in Season

IT MAY NOT ALWAYS BE THE OTHER GUY: AN EDITORIAL

Americans are prone to project the past into the future. In other words, they often seem to feel that what has been happening will go right on happening—what hasn't occurred, won't occur. It's a pervasive phenomenon. It is found at the governmental level, at the business level, and it shapes our actions as individuals.

When the country is at peace, there is a tendency to expect that peace will continue indefinitely. Thus we have come to major wars in a state of unpreparedness with our armies undermanned, our weapons obsolete and inadequate. It happened in both world wars and there are many who now say we have failed to prepare adequately for the cold war.

Projecting past experience is also common in business. Indeed, it is a basic cause of the business cycle. When the economy is prosperous, many entrepreneurs believe that good times will continue indefinitely and they overexpand. In slack times, the unfavorable outlook curtails necessary and profitable investment.

When people assume their roles as individuals rather than as governmental officials and businessmen, they continue their conviction that because something hasn't happened it won't happen. Perhaps it's a good thing. We can't spend our lives worrying about every unpleasant thing that could happen to us. We would all be in mental institutions before long. But people can take precautions and this is what concerns us here—how the tendency to project the past affects precautions or the lack of them.

Automobiles are an illustration of what we mean. People feel that accidents happen to statistical other guys. As a result, drivers speed, drink, and take all sorts of chances. Most of the motoring public is so sure that its good luck will continue that it scorns the use of seat belts, even though these devices have proved to increase several-fold the chances of survival in an accident.

There are other examples of the failure to take precautions. Polio vaccine is effective and often given free, yet millions remain "un-shot." Home fire alarms could save many lives each year but they are seldom found in today's houses. We even go unprepared when it comes to something as inevitable as death—half the adults today haven't bothered to write their wills.

Civil defense is one of the classic cases of it-won't-happen-to-me inertia. Hydrogen warheads are poised 15 minutes away yet how many homes have bomb shelters? How many homes even have caches of canned goods and water in the basement? The Federal Government prints the precautions one should take in case of attack, but how many have written for the pamphlet? Have you?

It has been said that the lack of civil defense precaution is due, at least in part, to a feeling of not wanting to live in the world as it would be after an atomic war. We don't believe it. This is contrary to the basic instinct for human survival and, besides, who knows what the world would be like? We think this attitude is a blasé, sophisticated attempt to mask inertia.

Governments and businesses, as well as individuals, are to blame when it comes to neglecting civil defense precautions. And so are banks. We are familiar with the case of banks because we are close to it.

The Federal Reserve has distributed a set of emergency planning instructions for banks. The basic purpose is to maintain a functioning financial system for the many millions of Americans who are expected to survive an atomic attack. These instructions provide for the succession of bank management, for preserving vital records, and for other important matters. The procedures are neither complicated nor costly.

Yet action by banks has not been encouraging. Some farsighted banks have adopted adequate measures, of course, but many others have ignored the procedures entirely or taken only superficial precautions. The attitude of "it hasn't happened, so it won't happen" has been strong.

But this attitude may be changing—on the national level at least. For once we appear to be anticipating and preparing. The President has asked for and received authority to call up certain reserves and to speed various preparedness programs as a precaution against what might happen in Berlin.

It may be that our national inertia is diminishing. Possibly the desire to take things as they come, while feeling deep down that only pleasant things will come, is changing. Perhaps the nation is in the mood for planning and preparation.

We hope that banks are now ready to take further action on emergency planning. The Secretary of the Treasury has just issued a statement in which he says that it is "imperative that our banks establish an independent means of reconstructing their assets and liabilities and their account relationship with customers. . . ."

We call attention to the handbook "Emergency Circulars and Instructions" which was mailed to Third District banks last April. It indicates the actions banks should take. The American Bankers Association and many state bankers associations have also published pertinent instructions.

FROM BEN HUR TO YOGI BERRA

A Discussion of that Fabulous Convalescent, the Spectator Sports Industry

Going to the ball game was always an occasion. We felt a tinge of excitement when we first glimpsed the stadium, looming over the clustered tenements like a medieval castle with light towers.

We took our place at the end of the ticket line—there were lines everywhere at the ball park in those days. When our turn came, we shoved our money through the opening. The owlish figure behind the glass thrust out two tickets.

On the other side of the turnstiles we bought a scorecard and began to climb an Everest of steps. At the top we found Section K and pushed through. The aisles were never quite wide enough.

The panorama of baseball is always impressive at first sight—the green grass, the russet fan of the infield, the billboarded outfield fence so far away, the embracing tiers of the grandstand. We stood and watched for a moment.

Shortly after we were seated, the tiny figures in the bright-billed caps completed their pre-game rituals and disappeared into the dugout. There was just time for a soda and a hot dog smeared with the bright yellow mustard that seems to be found only at stadium concessions.

Then the home team jogged to their positions on the field. The crowd came to life. "Play ball," bellowed the umpire, and so began two hours, more or less, of absorbing diversion. The watcher was transported to a world apart—an understandable, orderly world that ran strictly according to the rules.

There were all sorts of emotions to experience—despair, disdain, delight—and there was plenty of opportunity to vent these feelings. Sometimes we cheered, sometimes we booed, and both felt good to do.

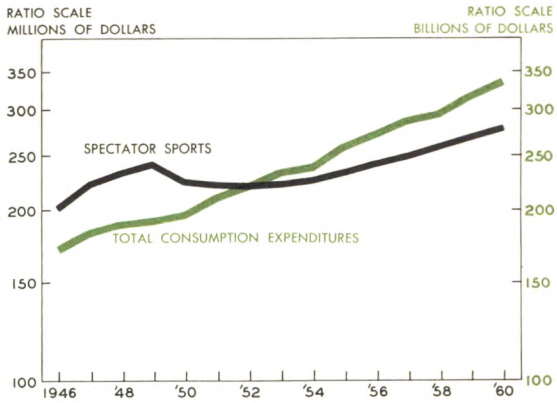
This is what the wonderful world of spectator sports was like to us. We loved it as a child and we love it as an adult. But we haven't been to a game in 10 years. Like many others, we have been bypassing the sensory and psychological pleasures of spectator sports.

Spectator sports—baseball, football, basketball, hockey, track, boxing, or any athletic contest where admission is charged—were a great American institution. They still are, for that matter, but they fell into lean years in the early 1950's. They had to take on all comers in a vastly expanded leisure market. Spectator sports have enjoyed a bit of a revival in recent years but it has been far from robust.

Before we analyze the present trends in sports spending and attendance, we shall place things in proper perspective and delve into the musty history of sitting and watching sports.

BLEACHERS AND BUDGETS

Spending for admissions to spectator sports and total consumption expenditures



TWENTY CENTURIES IN THE GRANDSTANDS

Sports were important in ancient Greece but the emphasis was on participating, not watching. The Greeks wrestled and raced primarily to keep fit and to train for war, not to please an audience.

In pagan Rome it was different. There, to paraphrase Veblen, sports bore as much resemblance to physical culture as a bull fight does to agriculture. Athletes belonged to a low social caste. Their job was to entertain. The average Roman paid his denarii and sat down to watch.

Spectator sports in ancient Rome reached a degree of popularity that has never been equaled—certainly not before and probably not since. Almost 90,000 toga-clad citizens could crowd into the Colosseum for an afternoon of gladiator matches. On the other side of town, an estimated 250,000 could watch the chariot races at the Circus Maximus. That is a larger crowd than has ever witnessed a live sporting event in modern times. The recent record is estimated at 175,000 at the Indianapolis Speedway.

Spectator sports declined and fell with the

Roman Empire. They didn't really become important again until the mid-part of the 19th century. At that time the main spectator sports in America were shooting and rowing. A national rifle tournament on Long Island once drew 100,000 spectators, and uncounted multitudes regularly lined the Hudson River to cheer and bet on their favorite crews.

The middle of the 19th century also saw the beginnings of the two sports that now come as close as any to being our national games. They are, of course, baseball* and football.

Disenchanting Doubleday

Ask any schoolboy who invented baseball. He undoubtedly will tell you Abner Doubleday—at Cooperstown, New York.

He didn't do it, say baseball historians, such as Frank Menke, Robert Smith, and others. Nor did Doubleday himself ever claim the honor. The best guess is that nobody invented baseball. It just evolved, probably from the English game of rounders.

By 1850 the game was roughly as we know it today and was spreading rapidly on the Eastern Seaboard. These early baseball games had few, if any, spectators. The idea was to provide diversion and exercise for the participants—the Greek philosophy. But baseball was soon to be Romanized.

Gambling attracted the first crowds to baseball. Bookies frequented the games and more and more people were drawn by the chance to win a buck. It wasn't long, however, before the bettors developed an interest in the game itself.

Baseball flourished after the Civil War. The best teams traveled all over the country taking on what local opposition was available. Fans everywhere discussed the exploits of Albert Spaulding, Cap Anson, and dozens of other stars. Baseball was well on its way to an important place in our culture.

From ivy origins

The first football game was, as popularly believed, between Princeton and Rutgers in 1869. It was played under rules derived from the English game of Rugby with 25 men on a side. The main resemblance to the modern game was that a small white dog ran on the field.

Only about 100 spectators saw that first game. Crowds remained small throughout the remainder of the 19th century. Football was played mostly by Eastern colleges and was witnessed by students and a sprinkling of old grads. In those days football was a game of sheer brawn—hard to play and dull to watch.

About the turn of the century things began to happen to lift football out of its ivy privacy. The Carlisle Indians under Coach "Pop" Warner brought new color to the game. They introduced such crowd pleasers as the shift, the reverse, and the hidden-ball trick.

The forward pass had a revolutionary effect on football. The "aerial" was first exploited by Knute Rockne and Gus Dorais while playing for Notre Dame in 1913. The pass greatly speeded the game. The appeal of finesse, craft, and precision was added to the spectacle of men knocking each other down. Attendance swelled. Colleges built huge new stadiums and soon found themselves in the entertainment business.

The babe, the ghost, and the mauler

The twenties roared in with their flasks, flappers, and fast cars. The decade was exciting but there

* Several of our colleagues have commented that we overemphasize baseball in this article. If true, we don't regret it. Baseball is the bellwether of spectator sports, typical of the industry, typical of the nation. As Jacques Barzun, the famous philosopher and writer, has said, "Whoever wants to know the heart and mind of America had better learn baseball. . ."

was something unreal about it. It was a phantasy in jazz tempo, an age that didn't know where it was going but was in an awful hurry to get there. In those glittering, frantic times, nothing, not even the stock market or the bootlegger, captured the public's imagination like the stars of sports. Babe Ruth probably was better known than President Harding. Red Grange, Jack Dempsey, Bill Tilden, Bobby Jones were national idols.

The figures are sketchy and incomplete but no doubt attendance at sporting events increased rapidly as the stars ascended. Baseball, rocked by the Black Sox scandals of 1919, had bounced back strong under the iron rule of Judge Landis. College football was increasing in popularity and pro football was beginning the journey up from the back lots. Boxing's Tex Rickard found that ballyhoo and promotion could generate million-dollar gates. Golf, tennis, and even six-day bicycle races were big attractions.

The twin tragedies

Watching a sporting event is a luxury—you don't have to do it. Like all luxuries, sports attendance was crimped by the depression of the 1930's. Spending for admissions to sports dropped 26 per cent from 1929 to its 1933 trough.

All things considered, however, this is a surprisingly good performance. Personal income, industrial production, and employment dropped considerably further. Sports spending recovered quickly, too. It passed its previous peak in 1935 and set a new record each year for the remainder of the decade.

Organized spectator sports continued through World War II, thanks in large measure to President Roosevelt's support. Good for morale, he said. But the best performers were in the service and attendance slumped badly. People had the money to go to games but they didn't have either the time or inclination for them.

THE POSTWAR STORY IN THREE ROUNDS

Spectator sports have gone through three distinct periods since World War II. In each, attendance was subject to different influences and spending behaved in different ways.

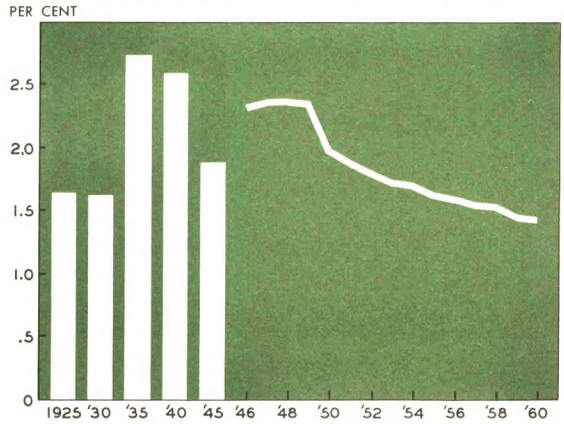
The first round—something to come home to

Major wars seem to incubate sports booms. Spectator sports spurted after the Civil War, after World War I, and again after World War II. From 1945 to 1949, spending for admissions to sports more than doubled. Major league baseball attendance soared to 21 million. Football crowds set records and one of the leaders was the University of Pennsylvania playing in Franklin Field. Boxing had several excellent years and so did most other sports.

Servicemen away from home are supposed to dream of the girl next door and Mom's apple pie. During World War II, many soldiers and sailors

INNINGS VS. OUTINGS

Spending for spectator sports as a percentage of all recreation expenditures



also dreamed of sports. The pageantry of the Thanksgiving Day game, the crack of a bases-loaded homer, the smoke-and-sweat smells of basketball became symbols of home. When the war ended and the boys returned, it was only natural that they should want to glut themselves with sports.

Civilians, too, splurged on sports. People had extra leisure because working hours had declined sharply from wartime levels and they had high incomes and savings with not too much to spend them on. Reconverted industry had not yet satisfied the great backlogs of demand and shortages were prevalent.

Spectator sports had few reconversion problems. Promoters quickly were able to offer high-class products to meet the new demand. In this case, supply created additional demand and the spectator sports industry enjoyed hearty prosperity. But it was to prove short-lived.

The second round—grandstands vs. living rooms

Spectator sports ran into trouble after 1949. People stayed away in droves. Spending dropped sharply in 1950 and continued down for three more years. From peak to trough, major league baseball attendance dropped almost 35 per cent. College football crowds were down 15 per cent. Of all the attendance figures we could assemble, only horse racing showed gains during the early 1950's. Horse racing is a case in itself, however. It has the parimutuel window to draw the crowds.

What caused the big sports letdown? The Korean War comes immediately to mind. The sports slump coincides closely with the duration of the hostilities. Korea indeed may have been a factor but one could overestimate its effect. The country didn't go on a full wartime basis and other consumer spending, including total recreation outlays, continued to rise rapidly. No, something special was affecting sports.

In a word, it was competition. The essence of the appeal of spectator sports became the cause of their difficulties. Sports, in the early 1950's, were forced to compete with at least two formidable adversaries.

The first was the basic changes in the American way of living that began after the war and gained momentum in the fifties. Since these changes have been well chronicled in this and many other publications, we shall mention them only briefly.

Americans committed much of their increased incomes and leisure to durable goods and suburban living. Monthly payments bulked large in budgets. Lawn care, do-it-yourself projects, and outings in the car filled the clock. There was little time for ball games and, besides, the park was many traffic-clogged miles from suburbia.

At the same time, families were growing larger and drawing closer and they wanted to do more things together. Spectator sports were not always suitable as family ventures. Mother often wasn't interested and daughter didn't understand the game. Participation sports were much better suited. The whole family could enjoy boating, bowling, and the like. No doubt the rise of participation sports to a $10 billion industry (see the July 1959 *Business Review*) pulled many people out of the grandstands.

Social mobility increased after the war and the churning of class strata also hurt sit-and-see sports. For many years, watching sports had been essentially a lower- and middle-class activity. The aristocracy didn't just watch, they participated. You know the stereotype of the sportsman—casual, tweedy, flanked by spaniel and shotgun. As Americans moved up the income

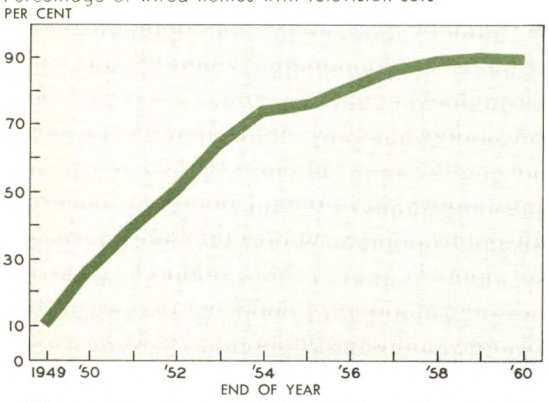
scale, they raised their social aspirations and became sportsmen rather than bleacherites.

Enter the boob tube

Television was the second big competitor that spectator sports faced in the early 1950's. Most people have a lazy streak in them. "Why bother to go to the game when I can just sit back and watch it on TV."

TV seems to have its greatest impact on relatively new set owners, and television spread like a cold in a large family during the period of the decline in spectator sports. In 1949 only 10 per cent of all wired homes had a set; by 1953, almost 70 per cent had one.

THE ARMCHAIR QUARTERBACKS
Percentage of wired homes with television sets



The telecasting policies that many sports adopted also hurt attendance in those early days of the medium. For the most part, coverage was unrestricted and in direct competition with the live event.

The third round—the fans stage a comeback

Spectator sports have enjoyed a mild revival since 1953. Total spending for admissions rose some $50 million from that year through 1960—a rate faster than the increase in population, though not so fast as the increase in total consumer outlays. The revival has been pretty much across the board. Football, basketball, boxing, hockey, horse racing, and major league baseball have all participated. Only minor league baseball has fared badly. Since 1953 the number of leagues has been cut almost in half and attendance is down over 50 per cent. As Casey Stengel summarized the minor league problem to a Congressional Committee, "He watches his son and is more enthusiastic about the boy than some strangers who come to town and want to play in a little wooden park with no facilities to make you interested. You might rather stay home and watch a program."

Spectator sports in general are still meeting stiff competition from the new American way of life. Also hurting is the fact that leisure time has not increased much in the past decade. The factory workweek has fluctuated around 40 hours and commuting time has probably increased. Vacations are longer and more widespread, to be sure, but vacations are for travel and resorts rather than for spectator sports.

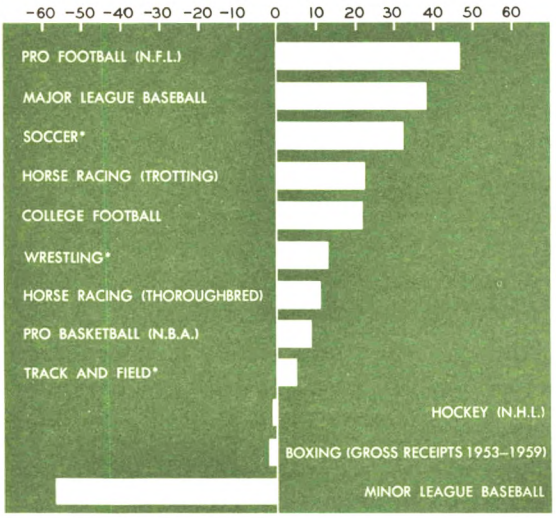
Nevertheless, a number of factors have turned favorable for spectator sports—hence the mild revival.

That old bugaboo, television, may actually have been helping sports attendance in recent years. TV is a two-edged sword. It still keeps people at home, of course, particularly on threatening days, but it also creates new fans. It acquaints millions with the fundamentals and the basic appeal of sports. Many new fans who learned about the games at set-side, soon want to see their heroes in person.

TV has now lost most of its novelty. The market was pretty well saturated by the mid-1950's and the number of new set owners have increased only slowly since then. And from what

HITS AND ERRORS

Attendance at selected spectator sports, percentage change 1953–1960



* Estimated

we hear about the fare now available the attraction of TV as a form of entertainment may have decreased somewhat.

Sports promoters also seem to be using TV differently. Selective telecasts of sporting events have often replaced the unrestricted coverage of earlier years. The pro football plan, instituted by the late Bert Bell, is a good example. The National Football League telecasts only away games into a team's territory. This doesn't compete with the gate, they say, and creates new fans who turn out when the team comes home. It seems to work, too, for N.F.L. attendance is up almost 50 per cent since 1953.

"Now, sir, if you have a minute . . ."

We went out and talked to a number of authorities in the world of sports—reporters, business managers, and coaches. They gave us some other reasons for the mild recovery spectator sports have enjoyed in the face of the continuing competition. We'll pass them along.

The popularity of the Little League and other boys' teams has stimulated interest in major league baseball.

Income tax laws have helped. What better way is there for a company to entertain "visiting firemen" than to take them to the big game and deduct the cost of the tickets as a business expense. Many firms regularly buy blocks of season tickets for entertainment purposes.

Watching sports is a good escape and there is more to escape from now. We did not talk to any psychiatrists—only sports men—but this comment turned up in many conversations. It seems that the frustrations and anxieties of modern life can be salved by losing one's self in the drama of sports. One baseball executive favorably compared his sport to the movies as a method of escape. "The movies," he said, "are offering too much stark realism and not enough diversion. There are no deep, tragic problems at the ball park." Obviously, he was not a Philadelphia baseball executive.

Contests are closer and more exciting today. Certainly this is true in pro football where the player draft has provided a balance of talent. Close pennant races have occurred in one, or the other, or both major baseball leagues in recent years, we were reminded. There is nothing like winners to bring out the crowds. Or is there?

JOY IN MUDVILLE

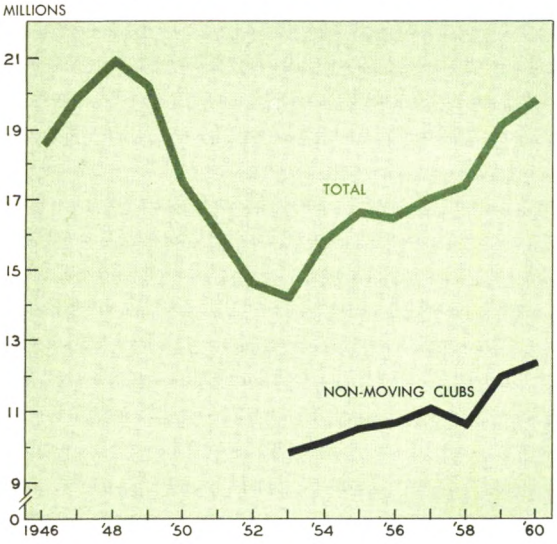
So many experts told us that attendance depends on team performance that we decided to do some investigating. We attempted to gauge the relationship between attendance figures and team standing in major league baseball. We used a technique called "correlation analysis" which shows the relationship between sets of figures. Our experiment covered the years 1947 through 1960.

We found some correlation between attendance and standing but not so much as we expected. Only in the National League cities of Cincinnati and St. Louis and the American League cities of Boston, Detroit, and Philadelphia before the Athletics moved were there close relationships. In the other cities, standing was a factor, of course, but it didn't tip the scales.

Our statistical exercise leads us to several conclusions. Big changes in standing from one year to the next have a definite effect on attendance. Crowds surely are drawn to the team that jumps from seventh place to second just as they are bound to slight the team that nosedives. On the other hand, small changes in standing do not necessarily bring similar responses in attendance. The club that improves itself one or even two places shouldn't expect to reap rewards at the turnstiles.

When a team finishes in or near the same spot for a number of years running, attendance is likely to fluctuate, often on a downward trend.

GREEN GRASS AND BRIGHT YELLOW MUSTARD
Major league baseball attendance (regular season) with insert showing clubs that remained in the same cities



This applies to teams at or near the top as well as the chronic tailenders.

Moving to another city is an immediate shot in the arm for attendance. The teams that changed towns have done better at the gate—at first. But the stimulation doesn't seem to last forever. The novelty wears off after a while. In Milwaukee, for example, attendance has been slipping seriously for the past three years even though the Braves have remained in contention.

In summary, league standing is only one of many factors that bears on attendance. An important one, yes, but not always a dominant one. Also significant are the over-all trends affecting spectator sports, the weather, physical facilities, personalities, promotion, trades, newspaper coverage, and even the city itself. Some towns are good sports towns, some aren't, and nobody really knows why.

ILLUMINATING SPORTSITIS

In a way spectator sports are like an iceberg. The part that shows is not a measure of the real importance. In these days of a $500 billion gross national product, spectator sports are a minuscule operation. In 1950, the latest available year, there were only about 11,000 professional athletes in the country. Less than $300 million a year is now spent for admissions for *all* sports. The sales of General Motors alone are 45 times that amount! Gregory P. Stone, a sociologist, sums it up when he says the production of sports is insignificant but the consumption of sports is awesome.

The consumption of sports includes much more than the millions of people who go to the parks, stadiums, and arenas. It covers the legions of men and women who avidly follow sports away from the scene of competition.

This everyday interest in sports is a major

THE WORDS OF SPORTS

Sports have helped enrich the English language. The following everyday expressions, and many others, originally derived from sports terminology: He's got two strikes on him, a knockout, on the ball, dark horse, I didn't get to first base, jumped the gun, right off the bat, pinch hit, a rookie, away out in left field, off base, punchy, left at the post, double-header, sparred, parleyed, southpaw, screwball, pull one's weight, throw in the sponge.

With sports so much a part of our language, doesn't it seem strange that sports occupy so small a place in our serious literature?

American phenomenon not matched anywhere else in the world. It doesn't have a name so we coined one—"sportsitis." Sportsitis includes thinking, talking, and reading about sports; it doesn't include watching or participating.

Experts say that the intensity of sportsitis is stronger now than ever before. In other words, more people are interested in more sports. Maybe it's the troubled times we are living through. Maybe it is the lack of American myth and legend. We have no Siegfried, no Arthur, so we substitute Musial and Mays.

In 1959 the Gallup Poll attempted to measure the sports interest of adults. It was found that we are more interested in baseball than any other sport. Football was next, followed by basketball. *Editor and Publisher* magazine confirmed these rankings with a poll of the opinion of sports editors about their readers' interests.

Just as there are many devout Mohammedans who don't go to Mecca, so there are many avid sports fans who don't go to the stadiums. Thus the level of sportsitis is not necessarily a factor in the ebb and flow of attendance. But sportsitis does have a big effect on our social habits, our culture, and our economy.

Sports probably are the topic of more male conversations and arguments than are women, automobiles, and politics put together.

Sportsitis comes in for plenty of criticism. A certain class of people—self-styled intellectuals, mostly—look down their noses. Sports are bourgeois, they say, like Lawrence Welk, TV westerns, and well-done steaks. Sociologists have called sportsitis "a retreat from life, a voluntary hallucination." Others say it's a waste of time—time that could be put to better use. "The Russians don't spend so much time thinking about sports."

Sportsitis has a tremendous influence on the young. As writer Roger Kahn puts it, the number of boys who would rather be Mickey Mantle are legion compared to the number who would rather be Robert Frost.

Sportsitis has a major effect on mass communication media. A vast amount of air time is devoted to sports coverage. Several national magazines contain nothing but sports news and commentary. Most important are the newspapers which serve a daily sports fare hearty enough for the hungriest fan. The sports page is one of the largest and best-read sections of any paper. This morning's *New York Times* (Thursday) devoted five pages to sports and this number is probably conservative. No doubt about it, sportsitis is big business.

But sportsitis couldn't exist unless the contests took place and the contests wouldn't take place unless people paid to see them. We, therefore, conclude this article with an evaluation of future attendance trends.

PRODUCING, PACKAGING, AND PROMOTING

Major league baseball has had a rough spring. Attendance is off badly despite the close races

and the record production of home runs. The cold weather was a major factor, yet there are some who wonder if something more basic is wrong. The rumor is that the fans are losing interest.

"Bunk," says Ford Frick, Commissioner of Baseball, "I hope baseball will always remain as healthy as it is now." But the Cassandras are not stilled. So what about the future—not just baseball's alone but spectator sports' in general? Will the mild recovery under way for seven years flower or fizzle?

Americans are chided about their physical fitness. Soft, flabby, and chair-borne, we are called. Could be that we may come to feel guilty about sitting and watching. Better to be out performing some sport, people might think, even though one probably gets more exercise climbing to his stadium seat than in an afternoon of fishing.

Fortune magazine says that in the coming decade all spending for leisure and recreation will be under great pressure from other, more sober things in the consumer budget—such things as medical costs and education. This could inhibit spectator sports. More important, perhaps, is the competition for the consumer's time that we mentioned earlier. This competition is likely to increase at least as fast as the projected gains in leisure.

These and other factors should tend to offset the rising tide of sportsitis and the alleged psychological benefits of watching sports. A boom in over-all attendance doesn't seem likely. A continuation of the present gentle rise in admission spending seems the best that can be expected. Remember, of course, that we are talking about all sports in general. Specific sports could fare better—or worse.

There is much that the sports promoters can do, however, to improve their own outlook. In the final analysis, spectator sports is a product to be sold. Like any other product, from corn flakes to Cadillacs, sports must be effectively produced, attractively packaged, and aggressively promoted.

The production of sports could be improved with further rule changes to make the action faster and more exciting. Talent could be more evenly distributed among the teams in the various leagues to hone competition. Perhaps other

FROM LOCAL STANDS

The offering of spectator sports is large and varied in the Third Federal Reserve District. On the manicured lawns of Philadelphia's three big stadiums, on the sun-hardened infield at Lancaster, on the ice at Hershey arena, on the canvas rings of the coal-town fight clubs, there are contests to please almost every taste.

Yet spectator sports are not particularly concentrated here. In 1958, the Third District states of Delaware, New Jersey, and Pennsylvania had about 8½ per cent of the nation's commercial sport clubs, tracks, and promoters.* Admission receipts of these enterprises came to about 9⅓ per cent of the national total. Although both percentages are on the rise from the 1954 and 1948 Censuses, they are still below the area's population-income potential. The three states accounted for 10 per cent of the nation's population and 11 per cent of its income in 1958.

Philadelphia has three major league teams—the Phillies in baseball, the Eagles in football, and the Warriors in basketball. Here's how they drew last season.

	Total Home Attendance	Average Attendance Per Game	Percentage of Total League Attendance
The Phillies	862,205	11,197	8.1
The Eagles	254,017	36,288	8.1
The Warriors	207,003	6,088	n.a.

* As defined by the Census Bureau, these include operators and promoters of professional and semi-pro baseball, football, basketball, hockey, and other sports, plus auto, horse, and dog racing tracks and stables.

sports should adopt a version of pro football's draft as the Phillies' John Quinn has advocated.

The packaging problem is complex, what with the intertwining of municipal and team interests. The fact remains, however, the packaging of sports could be greatly improved. Stadiums are often antiquated, uncomfortable, and inaccessible. Parking is a serious problem as anyone knows who has bribed juvenile racketeers at Connie Mack Stadium not to slash their tires.

Sports have a unique advantage when it comes to promotion and advertising. Sports get many millions of dollars worth of free publicity in newspapers and magazines. But in most cases promotion stops with the printed story. Many other things can be done, however. Look at Tex Rickard in boxing or Bill Veeck in baseball. Veeck was one of the few owners that aggressively promoted baseball and he got definite results at the gate.

In our opinion, spectator sports will be second best in the race for the consumer's time and money unless the front offices learn to compete as effectively as the athletes on the field.

—Lawrence C. Murdoch, Jr.

SOME JOBS ARE ALWAYS IN SEASON

Employment in Philadelphia's factories is becoming less seasonal, but the weatherman still writes construction schedules.

A plant goes through a slack period, a contracting outfit can't work because it's snowing, a store lays off salespeople after the spring rush. Immediately, people are out of work. Such seasonal entries to the unemployment lists occur every month. They do not happen because of business recession or slow economic growth. The people are unemployed simply because their lines of work have busy and slack seasons.

We have examined the records of industrial production and employment in the metropolitan region of Philadelphia to see what is happening to seasonal patterns: whether they are having more or less effect on employment, how their timing is changing each year. It was no surprise to discover that seasonal patterns are shifting. It was something of a surprise, however, to find that the manufacturing industries of Philadelphia were sharply reducing seasonal variations in employment, while nonmanufacturing industries were not. And it was interesting to find how small a proportion of the total seasonal fluctuations in manufacturing activity ever result in the actual layoff or employment of workers.

Seasonal hiring and firing have decreased in manufacturing industries

About one and one-half million people work for wages and salaries in plants and offices in the Philadelphia Metropolitan Area. Another third of a million work for themselves, as domestics or on farms, or are unemployed. Of the wage

SEASONAL INDEXES AND HOW THEY GROW

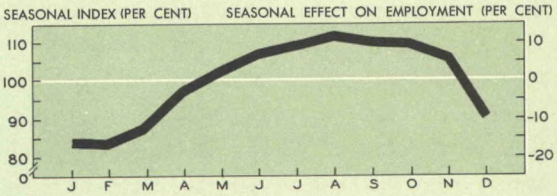
If, during a recession of business activity, retail business improves at Easter time, this does not necessarily presage the end of the recession, for retail sales always improve at Easter time. Nor does falling consumer demand in January necessarily mean a recession is imminent, because consumer demand drops sharply every year in January. How then, if one suspects that a recession of business activity is beginning, does he distinguish between the large seasonal drop in retail sales which occurs every January and a little further decline which perhaps may be occurring? What clearly is needed is a way of specifying **how much** sales drop each January; then drops appreciably greater or less than this amount must be attributable to factors other than seasonal variations.

There are many ways of estimating how much strictly seasonal variability to expect in a given time series in a given month. Most generally the approach is to isolate the short-term, within-year fluctuations—that is, the seasonal and irregular variations—by expressing each original observation—each month's sales, for example—as a percentage of the sales one would have expected if the time series moved very smoothly, as it would have if there were no short-term seasonal or irregular disturbances in it. Then, on the reasonable assumption that the irregular variations, being irregular, do not repeat each year according to any pattern, the percentages of actual sales to the "smoothed" sales* are averaged. The average January percentage then represents approximately how much repetitive short-run variation occurs in January. This must be the seasonal variation, since irregular variations would not be repetitive. Repeating this averaging procedure for each of the twelve months, one ends up with what is called a "seasonal index" for each month.

A seasonal index is a percentage—the percentage that the actual magnitude of the time series bears to the values it would have attained in the absence of seasonal variations. Chart A shows the seasonal indexes of total employment in the contract construction industry in the Philadelphia region in 1960. It shows that employment in construction rises above average in the spring and keeps rising until by summer it is up more than 10 per cent just because summer weather is particularly favorable for construction work. The effect of winter is even more pronounced; the work

CHART A

SEASONAL VARIATIONS IN CONTRACT CONSTRUCTION EMPLOYMENT IN PHILADELPHIA, 1960



force employed in the construction industry shrinks more than 15 per cent in January and February.

Simple, isn't it? In order to avoid the unseemly simplicity of the scale which actually tells what the chart shows (the one entitled "seasonal effect on employment"), these charts are usually presented with scales like the left-hand one, which is easier for the fellow who computes the seasonal indexes, because that's the way they come out of his computing machine. Once you are in the know, however, "seasonal index" loses its mystery. Brief inspection of the chart reveals that if one subtracts 100 from each seasonal index, he gets what it means. For instance, 85 means employment dropped seasonally 15 per cent below average (represented by 100); 105 means employment rose seasonally 5 per cent.

The furthest development so far of this kind of involved averaging is the Census Method II, or Shiskin method of seasonal adjustment. The philosophy of this method, as to how one treats a time series to isolate seasonal factors, is as outlined above; the method differs from its predecessors in the number and complexity of refinements employed at each step in the procedure. For example, the seasonal factors differ for each year's January, February, and so on, because not only does the method specify the average seasonal rise or fall each month, it also estimates the average **change** in that rise or fall. This allows for the fact that a month, say, December, may be getting seasonally more or less important as time passes.

Seasonal adjustment computations, being complicated and tedious, have been regarded by statistical clerks as a version of medieval torture. But our newest clerk merits no mercy and we show her none. She is an electronic computer. We have kept her transistors palpitating, computing seasonal indexes by Method II for most of the available data on employment in Philadelphia.

* The smoothing is achieved by computing a series of moving averages of the actual time series of monthly data.

and salary workers, almost two-fifths are employed in manufacturing industries. Employment in some of these industries swings up and down with the seasons to a considerable extent, as Table 1 shows. Work forces employed in the industries listed varied up and down in 1960 as much as 4 per cent strictly for seasonal reasons. In other important manufacturing industries, not listed in the table, seasonal swings were very small. Partly because of this, and partly because the seasonal patterns of different industries to some extent offset each other, total manufacturing employment varied hardly at all with the seasons in 1960. Chart I shows how, when one important manufacturing industry is operating in the beginning of the year with a seasonally restricted work force, another's total employment is augmented because of a spring rush. These patterns of course cancel in part and help reduce seasonality in total manufacturing employment. The total seasonal pattern of manufacturing employment in 1960 is depicted in Chart II.

TABLE 1

IMPORTANT MANUFACTURING INDUSTRIES HAVING GREATEST SEASONAL VARIATIONS OF EMPLOYMENT, PHILADELPHIA, 1960

Industry	Average Employment (thousands)	Difference Between Highest and Lowest Seasonal Index (percentage points)
Electrical machinery	68.6	3
Apparel and related products	57.9	4
Food	50.9	3
Fabricated metals	42.0	4
Printing and publishing	37.9	4
Textiles	32.6	4
Transportation equipment	27.0	3
Paper	21.8	3

CHART I

SEASONAL VARIATIONS OF EMPLOYMENT IN ELECTRICAL MACHINERY AND APPAREL INDUSTRIES IN THE PHILADELPHIA AREA IN 1960

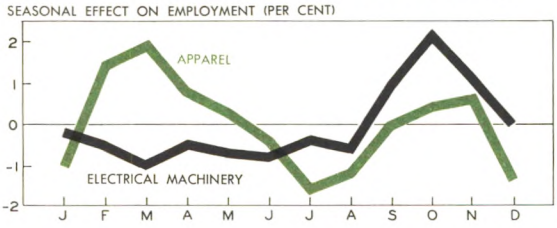


Chart II shows a pronounced decline in the seasonality of total manufacturing employment in the region since 1949. This was no accident; that is, it was not because 1949 was a nontypical

CHART II

SEASONAL VARIATIONS OF TOTAL MANUFACTURING EMPLOYMENT IN THE PHILADELPHIA AREA IN 1949 AND 1960

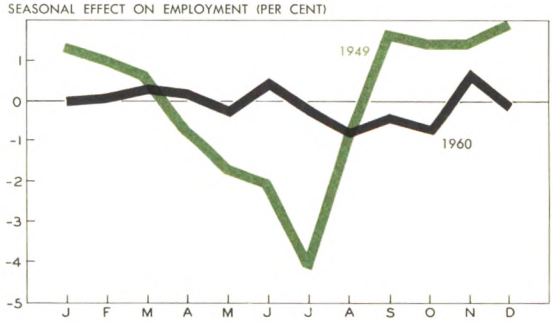


TABLE 2

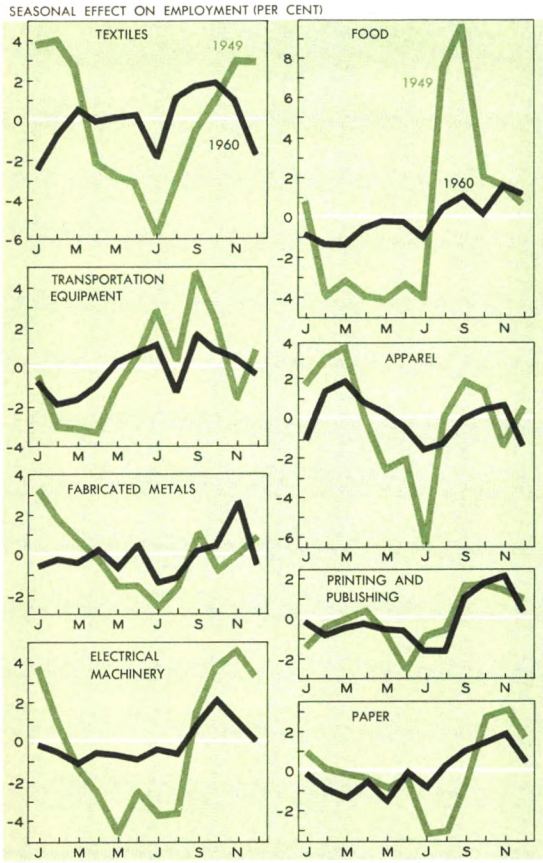
HOW SEASONAL VARIATIONS OF MANUFACTURING EMPLOYMENT IN PHILADELPHIA AREA HAVE DECREASED SINCE 1949

Year	Greatest Seasonal Rise (per cent)	Greatest Seasonal Decline (per cent)
1949	1.9	4.1
1950	1.5	4.0
1951	1.3	3.4
1952	0.9	2.7
1953	0.8	1.8
1954	0.8	1.3
1955	0.8	1.2
1956	0.9	1.2
1957	0.7	0.8
1958	0.5	0.5
1959	0.6	0.7
1960	0.6	0.8

year, nor was it because of just one or two important industries. Table 2 shows how smoothly and regularly both the highs and lows have decreased since 1949. Chart III depicts, for all the important manufacturing industries of the Philadelphia region which are subject to more than negligible seasonal variations, how their seasonal swings in employment have narrowed. In every case, the total range of seasonal indexes was less in 1960 than in 1949. (The range is the difference between the highest and lowest seasonal index.) The chart includes every manufacturing industry which had a seasonal fluctuation of employment in 1960 as high as 2 per cent either up or down, provided that the industry employed at least 1 per cent of the region's wage and salary workers.

CHART III

SEASONAL PATTERNS OF EMPLOYMENT IN CHIEF MANUFACTURING INDUSTRIES SUBJECT TO SEASONAL EMPLOYMENT FLUCTUATIONS, PHILADELPHIA AREA, 1949 AND 1960



The seasonality of manufacturing employment in the Philadelphia area has decreased in part because employment in a number of seasonal industries has declined. Table 3 relates the change in proportion of total manufacturing employment to the range of seasonal variations in employment for the 20 major classifications of manufacturing industries. It is clear from the table that since 1950 industries with wide seasonal swings in employment have been decreasing in importance in the Philadelphia area, while those less subject to seasonal influences have been growing in importance. The relationship is even stronger than the table shows, because none of the industries which employ the most people appear either in the upper left or lower right portion of it. That is to say, the most important industries of the region either are highly seasonal but declining in importance, or they exhibit little seasonality but are growing in importance. Chief in the former category are

TABLE 3

SEASONALITY OF EMPLOYMENT RELATED TO CHANGES IN TOTAL EMPLOYMENT, MANUFACTURING INDUSTRIES, PHILADELPHIA

Change in Percentage of Total Manufacturing Employment, 1950–1960	Industries Having Range of Seasonal Indexes in 1960: Above Median Range	Below Median Range
Industries increasing percentages of total employment	3	9
Industries decreasing percentages of total employment	7	1

the apparel and textiles industries; in the latter class are the machinery, food, and chemical industries. The food industry is a special case; it not only moved up from fourth to third rank in employment among manufacturing industries, it also changed from one of the most seasonal in 1949 and the early 1950's, with seasonal indexes ranging between 10 and 14 percentage points, to one of the least seasonal in recent years, with seasonal indexes ranging around three percentage points.

Jobs are insulated from full effects of seasonal production

Implicit in the concept of seasonal variability is the idea of something that happens regularly, recurring at a certain time year after year. Regularity implies predictability. If a concern knows it experiences a slack season, it ought to be able to arrange its affairs so as to minimize layoffs at that time, thereby putting itself in better shape for the time when business picks up again.

Something like this apparently happens. A comparison of the seasonal fluctuations of electric power consumption,* average hours worked per week, and employment in manufacturing industries implies clearly that many adjustments must occur in an industry before seasonal pressures lead to the firing or hiring of workers. As Chart IV shows, the seasonal swings of production (as measured by power consumption) are much greater than the swings of employment. Some of this difference is accounted for by seasonal variations in average hours worked per week. Chart IV shows how the range of seasonal variations in average hours worked usually equals or exceeds the seasonal limits of employment. Chart V presents, as an example, how the seasonal patterns of employment and average workweek are complementary in the electrical machinery industry. Pressures for seasonal increases or decreases in production are partly absorbed by increasing or decreasing

* While there is no index of industrial production for Philadelphia, data do exist concerning electric power consumption by manufacturing industries in a region which includes most of the Philadelphia Metropolitan Area. Falls and rises in electric power consumption in manufacturing are closely related to changes in production in most industries.

CHART IV

HIGHEST AND LOWEST SEASONAL VARIATIONS OF ELECTRIC POWER CONSUMPTION, AVERAGE WORKWEEK, AND EMPLOYMENT IN EIGHT INDUSTRIES, PHILADELPHIA, 1959

Seasonal swings in workloads are much larger than in employment. For one thing, some layoffs and hirings are avoided by shortening and lengthening the workweek.

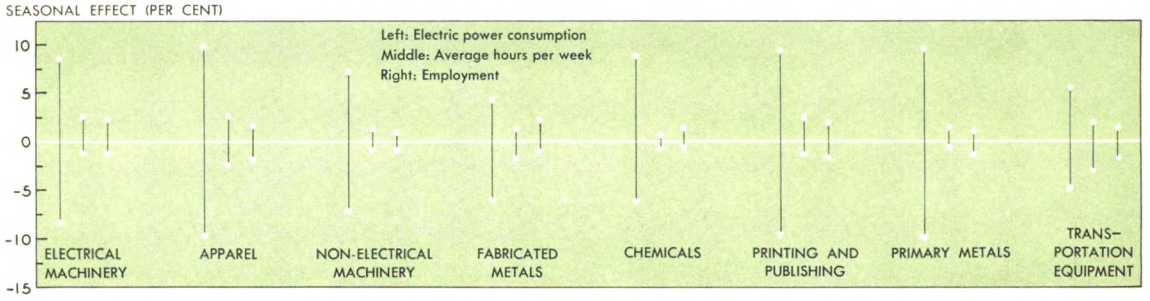
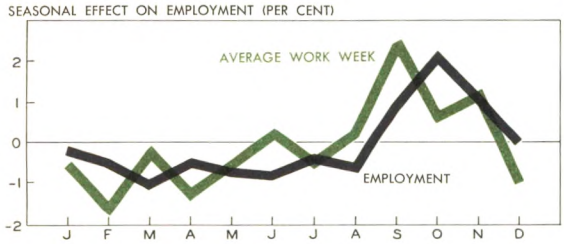


CHART V

SEASONAL PATTERNS OF AVERAGE WORKWEEK AND TOTAL EMPLOYMENT FOR THE ELECTRICAL MACHINERY INDUSTRY IN THE PHILADELPHIA AREA, 1960

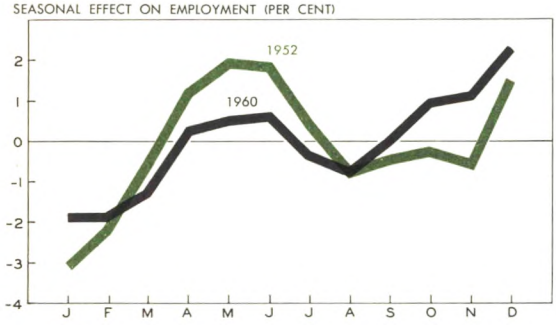


the workweek, before they finally affect employment. Note on the chart how seasonal changes in the workweek lead the changes in employment.

Of course, adjustments of the workweek cannot serve to explain all of the wide differences between the large seasonal swings of production and the much smaller fluctuations of employment in most industries. Maintenance work, inventory, training sessions and the like may be undertaken when work is slack, or limited when backlogs of orders build up. Although we have no data series in which we can study the timing and extent of such adjustments, they obviously must occur.

CHART VI

SEASONAL VARIATIONS IN TOTAL NONMANUFACTURING EMPLOYMENT IN THE PHILADELPHIA AREA, 1952 AND 1960



In a decade, the seasonality of manufacturing employment has diminished with remarkable uniformity. Timing of seasonal highs and lows has not changed much, but the highs are not so high and the lows are not so low as they once were. This positive sort of finding always encourages researchers; therefore we set out with anticipation to analyze the seasonality of employment in Philadelphia's nonmanufacturing industries. But here, although there turned out to be plenty of action, the action was different.

Outside manufacturing, sameness conceals variety

The total seasonal pattern of employment outside manufacturing hasn't changed greatly in the Philadelphia region, as Chart VI shows. The most important seasonal peak is now in December rather than at Easter, but the general scheme is still the same, with winter and summer lows, spring and fall highs. But this relative sameness conceals differing movements and patterns. In the first place, two industries—transportation and public utilities, and wholesale trade—showed very little seasonal variability in employment. That leaves five major nonmanufacturing groups. The seasonal patterns of employment in these industries offset each other quite well. The big summer activity of contract construction is balanced by summer doldrums in retail trade, government, and the service industries (Chart VII). Secondly, the extent of seasonal fluctuations changed in different directions in different nonmanufacturing industries from 1952 on (Table 4). This is quite unlike what happened in manufacturing, where the ranges of seasonal variations decreased greatly in several important industries, and increased in none. The net effect was almost to remove all seasonal pattern from total manu-

CHART VII

SEASONAL PATTERNS OF EMPLOYMENT IN NONMANUFACTURING INDUSTRIES IN THE PHILADELPHIA AREA, 1960

The summer push of construction and real estate activity . . . . . is offset by lulls in other industries.

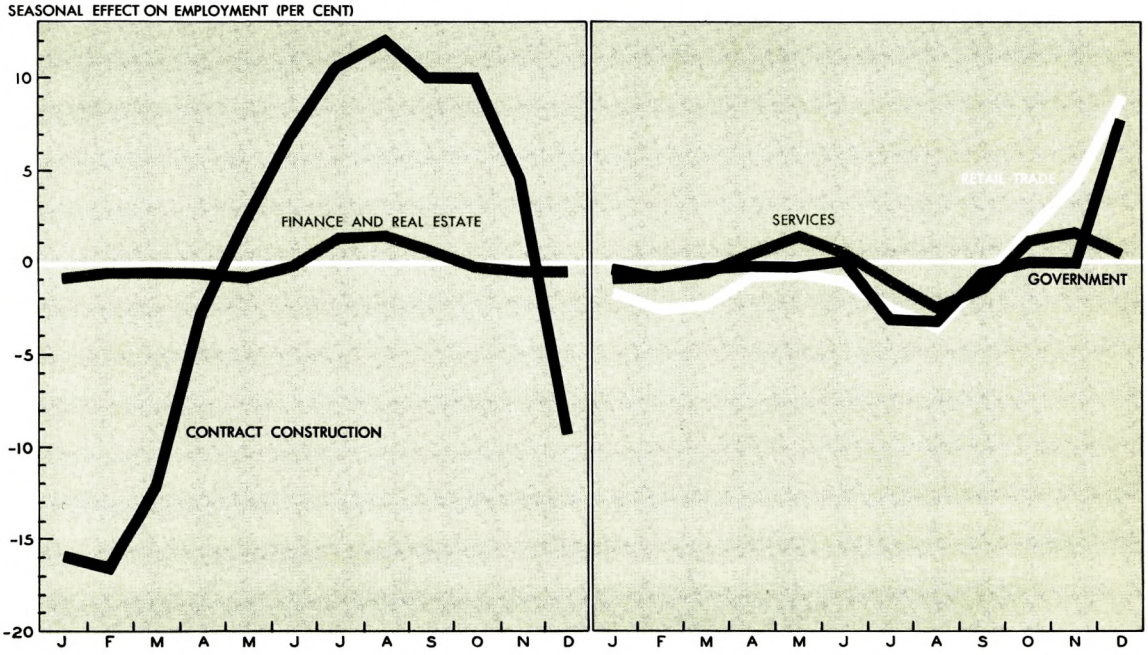


TABLE 4

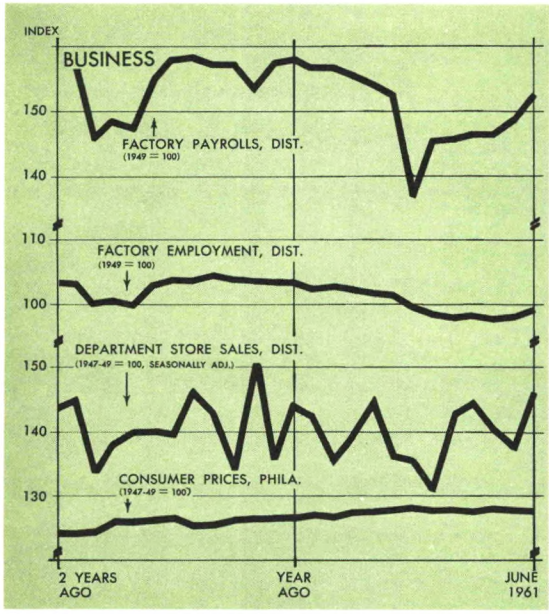
RANGES OF SEASONAL INDEXES OF EMPLOYMENT IN NONMANUFACTURING INDUSTRIES

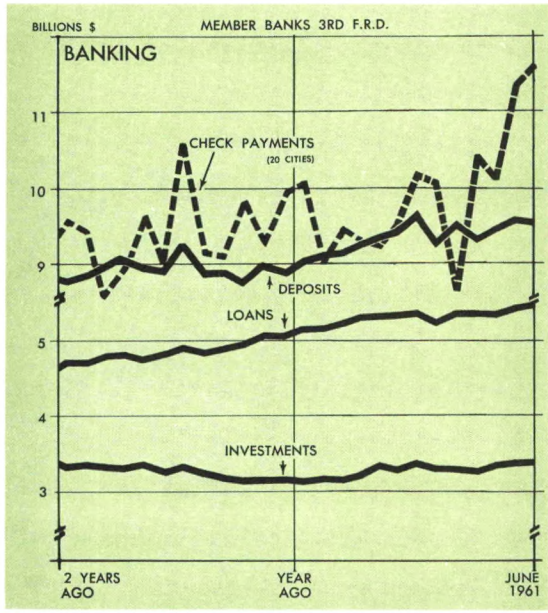
	Differences Between High and Low Seasonal Indexes (percentage points)	
	1952	1960
Industries decreasing range of seasonal variations:		
Retail trade	14.8	12.3
Finance, insurance, and real estate	3.8	2.3
Industries increasing range of seasonal variations:		
Contract construction	20.3	28.6
Services and miscellaneous	3.2	4.0
Government	9.1	10.9
Total nonmanufacturing employment	5.3	5.1

facturing employment. But nonmanufacturing employment changes about as much now from season to season as it formerly did. This is because decreases in the seasonality of employment in retail trade and finance and insurance were counterbalanced by increases in construction, services, and government.

—Bertram W. Zumeta

FOR THE RECORD...





SUMMARY

	Third Federal Reserve District			United States		
	Per cent change			Per cent change		
	June 1961 from		6 mos. 1961 from year ago	June 1961 from		6 mos. 1961 from year ago
	mo. ago	year ago		mo. ago	year ago	
MANUFACTURING						
Production	....	....	....	+ 2	+ 1	− 5
Electric power consumed	+ 2	+ 3	− 3	....	....	....
Man-hours, total*	+ 2	− 5	− 8	....	....	....
Employment, total	+ 1	− 4	− 5	+ 2	− 3	− 5
Wage income*	+ 2	− 3	− 6	....	....	....
CONSTRUCTION**	+13	+16	+ 3	+ 3	+ 4	+ 4
COAL PRODUCTION	+ 2	+ 4	−15	− 3	− 5	−11
TRADE***						
Department store sales	+ 6	+ 2	− 1	+ 3	+ 3	0
Department store stocks	+ 3	0	....	0	0	....
BANKING (All member banks)						
Deposits	0	+ 6	+ 6	+ 1	+ 7	+ 6
Loans	+ 1	+ 6	+ 8	0	+ 3	+ 4
Investments	+ 1	+ 8	+ 4	+ 1	+16	+12
U.S. Govt. securities	0	+ 9	+ 5	+ 1	+17	+12
Other	+ 1	+ 5	+ 2	+ 1	+13	+ 9
Check payments	+ 2†	+16†	+ 8†	+10	+18	+10
PRICES						
Wholesale	....	....	....	0	− 1	0
Consumer	0‡	+ 1‡	+ 1‡	0	+ 1	+ 1

*Production workers only.
**Value of contracts.
***Adjusted for seasonal variation.
†20 Cities ‡Philadelphia

LOCAL CHANGES

	Factory*				Department Store†				Check Payments	
	Employment		Payrolls		Sales		Stocks			
	Per cent change June 1961 from		Per cent change June 1961 from		Per cent change June 1961 from		Per cent change June 1961 from		Per cent change June 1961 from	
	mo. ago	year ago	mo. ago	year ago	mo. ago	year ago	mo. ago	year ago	mo. ago	year ago
Lehigh Valley	+ 2	− 5	+ 3	− 6	....	....	....	....	+ 4	+ 5
Harrisburg	+ 2	− 4	+ 4	− 4	....	....	....	....	0	+ 4
Lancaster	+ 2	− 3	+ 4	+ 1	+12	+ 5	+ 4	0	− 7	+ 1
Philadelphia	+ 1	− 3	+ 2	− 1	+ 4	+ 2	+ 2	+ 2	0	+14
Reading	0	− 7	+ 1	− 3	+12	− 2	− 2	−10	0	+24
Scranton	+ 2	− 4	+ 3	− 5	+ 6	− 2	+ 1	− 3	+ 5	− 8
Trenton	− 1	− 9	− 1	− 5	− 6	0	+ 2	+ 8	− 2	+23
Wilkes-Barre	0	− 6	+ 1	− 5	+ 4	− 2	+ 1	− 4	+ 3	+ 4
Wilmington	− 1	− 8	0	− 7	+ 6	0	+ 4	0	+24	+45
York	+ 2	− 3	+ 4	+ 1	+ 7	+ 2	+ 4	+ 1	+ 4	+ 9

*Not restricted to corporate limits of cities but covers areas of one or more counties.
†Adjusted for seasonal variation.