

BUSINESS REVIEW

FEDERAL RESERVE BANK OF PHILADELPHIA

Capital Spending — A Sharp Increase

Uncle Sam's Jobs

A Time-Deposit Profile

DECEMBER

1914



1964

BUSINESS REVIEW is produced in the Department of Research. Bertram W. Zumeta was primarily responsible for the article "Uncle Sam's Jobs," Jack C. Rothwell for "A Time-Deposit Profile" and Evelyn E. Major for "Capital Spending—A Sharp Increase." The authors will be glad to receive comments on their articles.
Requests for additional copies should be addressed to Bank and Public Relations, Federal Reserve Bank of Philadelphia, Philadelphia, Pennsylvania 19101.

UNCLE SAM'S JOBS

Federal employment is a significant stimulus to economic activity in some parts of the Third Federal Reserve District—particularly in the Philadelphia and Harrisburg areas. Mr. McNamara's recent decisions contained bad news, in the weight of the blow to Central Pennsylvania, and good, in the retention of the Philadelphia Naval Shipyard.

America's metropolitan regions are mobilizing their defenses against many ills. In the older communities particularly, faltering economic growth is a pressing problem. The threats are evident enough in the pathos of dilapidated neighborhoods, idle men, the empty stares of vacant buildings.

Threat provokes reaction. Regional defenses are marshaled in bright new city centers, cleared slums, industrial parks—and in a heightened tempo of competition for industry. Putting people to work is so obviously important that an intense, almost desperate concentration on getting or holding large employers has developed.

Among these employers, Uncle Sam stands tall. He runs establishments, outside Washington, D. C., that employ three times as many people as work for the largest private corporation. The clean, well-kept offices, factories, bases and laboratories of the Federal Government are rightly considered to be high prizes in the regional competition for jobs.

To be sure, many of the people employed in a new governmental facility come into a community from elsewhere, bringing with them some problems as localities are suddenly faced with the costs of providing for increased populations. In areas having labor surpluses, these costs appear small when matched against the new jobs that become available. Some of this

new work is at the federal base; more is generated through the demands of base employees and their families for local goods and services. The net result is a healthy stimulus to business in a community.

The federal lunch may not be free, however. What comes, can go.

The other side of Uncle Sam

The agencies that administer federal facilities have varied missions. Their decisions concerning location and expansion of installations are properly based mainly on considerations unrelated to local needs for work. That fact was underlined in the week this article was written, when the news came that a large base near Harrisburg, Pennsylvania, along with naval shipyards and defense installations in other parts of the country, will be "phased out." The Federal Government is not necessarily a surer bet to stay in town than any other employer.

There is little reason to expect otherwise. Consider, for example, the Department of Defense, which accounts for a great part of all federal civilian employment. It must adjust to changes in demand and the means of meeting demand, just as does any industry. When a governmental facility is obsolete or redundant, it eventually will be closed, as an industrial plant would be in the same case. A community ex-

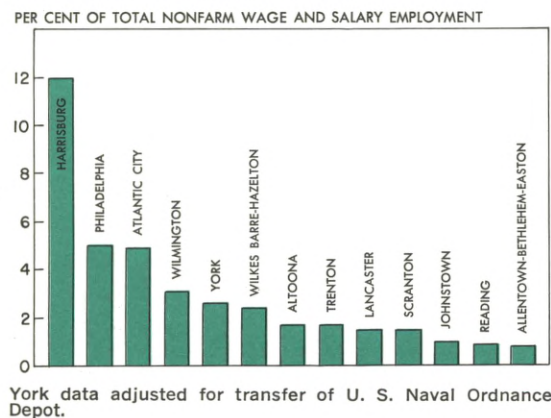
ceptionally dependent on federal employment runs risks little different from those faced by any place that depends heavily on one employer.

The impact of federal employment

“Exceptionally” is the key word, above. The national government is an actor in local economies in two ways. First, it is obligated to serve, in a number of functions. Every community of any size at all has some federal workers: post office people, perhaps weather forecasters or federal law enforcers of one kind or another. The accompanying graph shows that every metropolitan area in the Third Federal Reserve District contains a group of federal workers.

The graph indicates, however, that some metropolitan areas have much more federal employment than others. In these regions, the government is present to an exceptional degree; it is there not only to provide local and regional services, but also to do or make things for the United States generally. Examples abound. The U. S. Mint in Philadelphia probably devotes at least 95 per cent of its resources to providing coins for parts of the nation outside the region around Philadelphia. The Philadelphia Navy

FEDERAL EMPLOYEES IN 13 COMMUNITIES, 1963
Third Federal Reserve District



Yard and defense installations near Atlantic City and Harrisburg serve the country as a whole rather than any particular part of it.

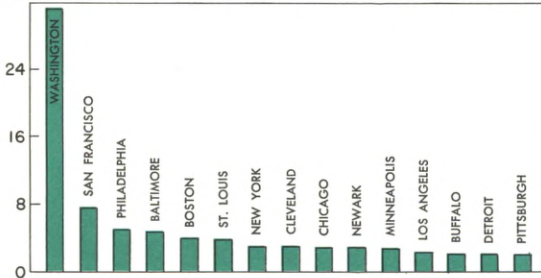
In evaluating the impact of federal establishments on a region’s economy, the distinction between local and other services is important. A local post office, for instance, is not an independent generator of employment and income. Rather, it is in the community because the community has other ways of generating employment and income. Remove the community, and the post office goes, along with other local services: stores, schools, barbers. But, short of a drastic shrinkage in population or an administrative reorganization of postal services, the post office will not go while the community remains. It is not a cause of economic activity; it is a resultant. It is in that dependent sector of the economy which reacts to the impact of activity in establishments that serve more than local demand: manufacturing plants, national offices of corporations, air bases, naval shipyards.

The graph of federal employment in the Third Federal Reserve District indicates that federal activities account for a minimum of one to two per cent of paid employment in small and medium-sized metropolitan areas. Only in places containing federal establishments that are externally oriented, serving a larger region or the entire nation, does the figure rise much above two per cent.

The minimum apparently is higher in very large metropolitan areas. The second graph shows federal employment in the nation’s 15 largest metropolitan areas as a percentage of total nonagricultural employment in those areas. These figures in every case exceed two per cent. It is reasonable that they should. The big metropolis has advantages as a location for offices, laboratories and regional control centers. Fur-

FEDERAL EMPLOYEES IN THE 15 LARGEST METROPOLITAN AREAS, 1963

PER CENT OF TOTAL NONFARM WAGE AND SALARY EMPLOYMENT



thermore, the concept of local service takes in a good deal of geography when applied to a very large metropolitan area.

The case of Philadelphia and its Navy Yard

Philadelphia is an excellent example of the various ways in which the national government affects the work force of a metropolitan economy. There are eight counties in the Philadelphia Metropolitan Area. Federal employment is not distributed among the counties according to population, because the region contains a large group of externally oriented government establishments. Most of these are under the Department of Defense. If employment in the establishments of that department and the Veterans Administration is not considered, then the remaining federal employment in the area turns out to be distributed roughly according to population. Defense installations account for most of the federal employment in the Philadelphia area that exists independently of the national government's obligation to provide local and regional services.

The Philadelphia Naval Shipyard provides almost one-quarter of the employment at defense establishments in the City of Philadelphia and perhaps one-fifth of the total in the entire

metropolitan area. Its almost 9,000 employees constitute no mean portion of the economic base of the metropolis. Their loss would have hurt the region severely—how much, will be discussed later.

There are some externally oriented non-defense establishments in Philadelphia and its environs. The U. S. Mint, and the Eastern Utilization Research and Development Division of the Department of Agriculture, located in Wyndmoor, Montgomery County, are examples. Several hundred people are employed at each. The total employment in these non-defense agencies is much less than the number of employees at such places as the Frankford Arsenal and the naval shipyard, however.

How much local employment is generated by externally oriented activities?

There are more dependent than independent economic activities in a metropolitan area. It may not always have been so. In earlier days, people did more things for themselves. Generations came and went without benefit of anesthesiology, television and service stations, psychiatrists, or universal education through most of the adolescent years. Now, in each community, specialists do things for people and businesses which people and businesses used to do for themselves. The specialists launder and compute, deliver packages and probe the consumer's subconscious. Their work now enters separately into the reckoning of sources of employment and income, because it has become specialized work which is explicitly remunerated.

No one knows exactly how many local jobs, in any particular community, depend on jobs independently created to serve demand originating outside that community. The ratio between the two kinds of employment varies from place

to place and from time to time. To pin it down to a number, even once, would involve examining every job in an area, and deciding in which category it belonged. Some attempts have been made to estimate these ratios, however. Although the estimates differ, most of them cluster between one and two; that is, from one to two local jobs depend on each worker employed to produce goods or services that satisfy demand originating outside the local area. It is probably safer to assume ratios nearer the low end of this range. Most estimates do not adjust for local employment that is basically supported by transfer payments: pensions, welfare payments, and so on. The effect is to overstate the extent to which local jobs depend directly on jobs that serve external demand.

The ratio fluctuates as basic demand fluctuates. A rapid buildup in basic functions overstrains local services; the ratio drops until local facilities can be expanded. If the increase in production for outside use is temporary, as in some places that suddenly find themselves with large defense establishments during a war, the ratio may remain low until the temporary production stops. But if the increased activity lasts long enough, opportunities in local service industries will become apparent to enterprisers and the ratio will rise again.

The objective of the current scramble for basic employers, of course, is to get them into a community permanently. Assuming a local job ratio of one or more, every worker so obtained represents local demand that will eventually create one or more additional jobs—indeed a powerful leverage.

The avuncular smile—Dover Air Force Base

One of the most remarkable cases in point is in the middle of Delaware, in Kent County. An

air force base established there between 1950 and 1960, near Dover, now employs more than 1,500 civilian workers. By the reasoning above, this should have induced more than 1,500 additional jobs. The establishment of the base probably accounted for one-half or more of the total added employment in the county over a ten-year period, for employment in Kent County only increased by about 5,000 between 1950 and 1960. This estimate of the base's effect may be low, for it neglects jobs created to provide goods and services to families of military personnel who may live nearby.

In developing these local services, the area has assumed a risk. If activity at the base should be sharply curtailed, there would be an oversupply of local service establishments and people. This might not be a great problem in a rapidly growing area. But if the base accounted for a large part of the area's employment, and if other kinds of primary activity were not increasing, a reverse leverage would come into play. Each job lost would subtract demand that formerly supported one or more other jobs. Without growth in other basic industries to replace the lost demand, the induced jobs also would go. They could not be spread for long over a smaller supporting group of independent industries.

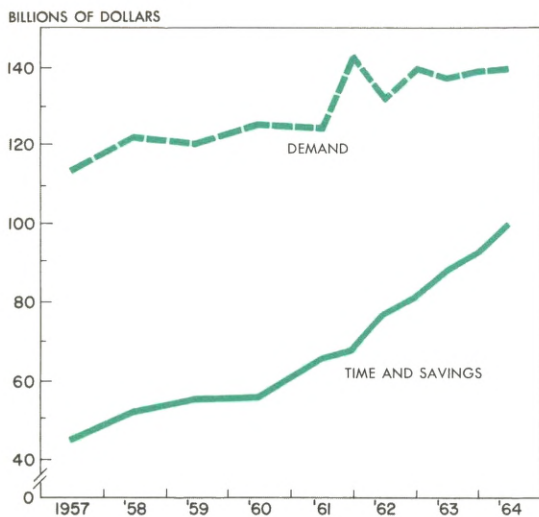
Almost precisely this situation has just developed in the Harrisburg Metropolitan Area and some regions adjacent to it.

Uncle Sam's other side again— the case of Harrisburg

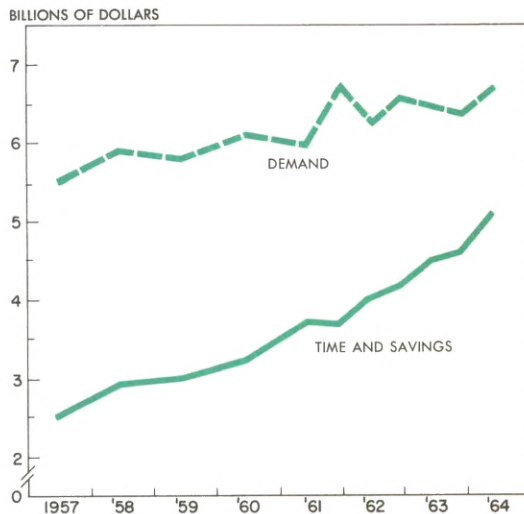
Of all the major labor markets in the Third Federal Reserve District, the one most dependent on federal jobs was hardest hit by recent decisions to close military bases. This is the Harrisburg area, consisting of Dauphin and

HOW FAST HAVE TIME DEPOSITS GROWN?

Member bank time and savings deposits in recent years have spurred rapidly ahead both . . .
 . . . in the Nation

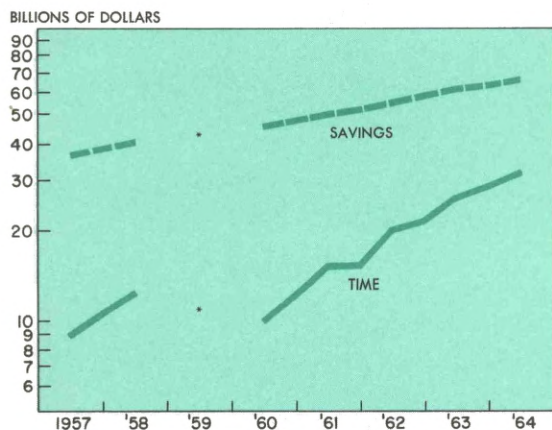


. . . and in the Third District



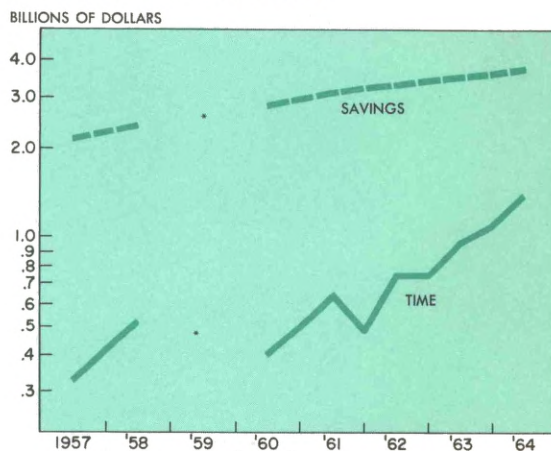
Of the total of time and savings deposits, the time deposit component has shown the most rapid growth both . . .

. . . nationally



* Not available

. . . and in the Third District



* Not available

A TIME-DEPOSIT PROFILE

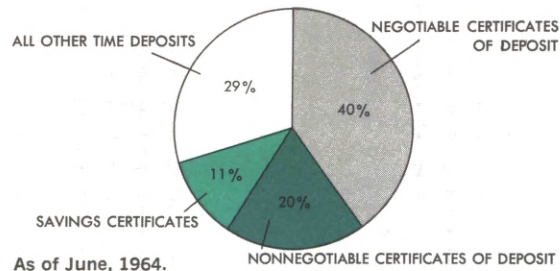
Portrait of a Dynamic Financial Asset: Growth, Distribution, and Return

An article appearing in most major newspapers on November 24, 1964, provided interesting reading for bankers and their customers, especially for those who got a bit further than the first paragraph. This latter group learned not only that the Federal Reserve discount rate had been raised (from 3½ to 4 per cent at five Federal Reserve Banks) but also that commercial banks which are members of the Federal Reserve System would be allowed to pay higher interest rates on the time and savings deposits left with them by individuals, businesses and the like.¹

With this new discretion, bankers will be taking a second look at the savings market. As they analyze their own situation, it may be helpful to have a general picture of the nature of time deposits—how they have grown, who owns them, size, maturities, interest rates, and so on.

The Federal Reserve Bank of Philadelphia recently completed a survey of Third District time deposits which explores some of these questions. The results of this survey are what follow.²

Within the Third District, negotiable certificates of deposit account for the largest share of time deposits.

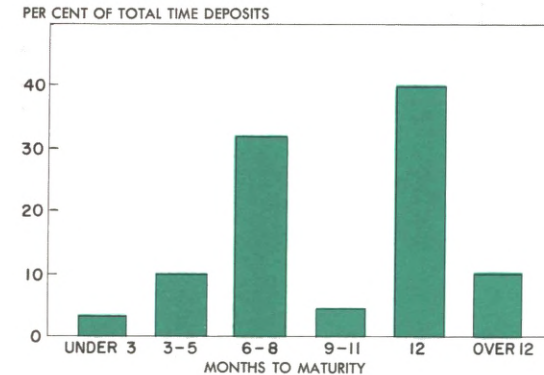


Larger banks hold more negotiable C.D.'s relative to their total time deposits.

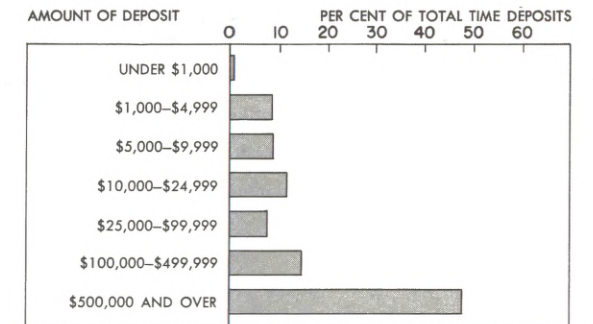
Banks by Deposit Size	Negotiable C.D.	Non-negotiable C.D.	Savings Certs.	All Other Time	Total
Under \$2 mil.	2.6%	59.9%	14.0%	23.5%	100.0%
\$2 mil.-\$5 mil.	18.3	44.4	27.8	9.5	100.0
\$5 mil.-\$10 mil.	26.9	47.2	12.1	13.8	100.0
\$10 mil.-\$20 mil.	6.0	64.8	11.8	17.4	100.0
\$20 mil.-\$100 mil.	32.2	30.2	19.1	18.5	100.0
Over \$100 mil.	50.6	5.9	7.5	36.0	100.0

HOW BIG IS THE TYPICAL TIME DEPOSIT ACCOUNT AND WHEN DOES IT MATURE?

The largest dollar volume of District time deposits matures in a year, with another large block maturing in six to eight months.

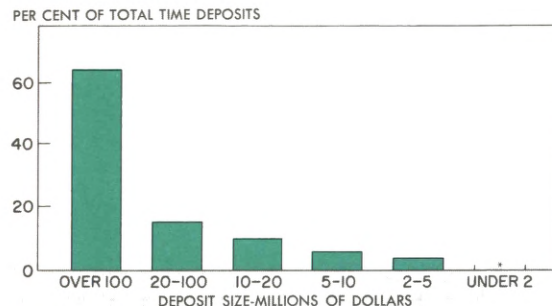


Deposits accounts of \$500,000 and over account for almost half of the dollar volume of total District time deposits.



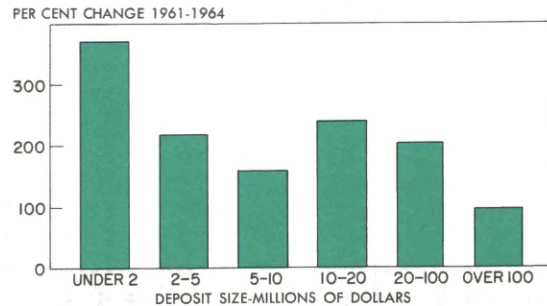
HOW ARE THIRD DISTRICT TIME DEPOSITS DISTRIBUTED?

The larger banks hold the greatest dollar volume of time deposits . . .

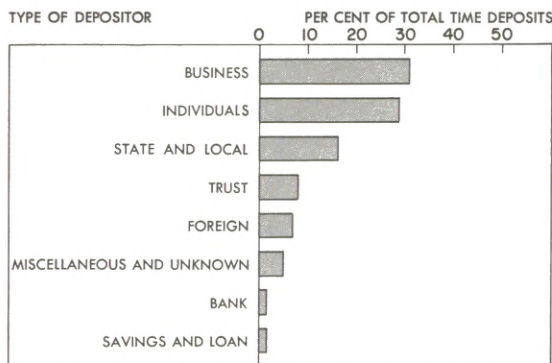


* Less than 0.5 per cent.

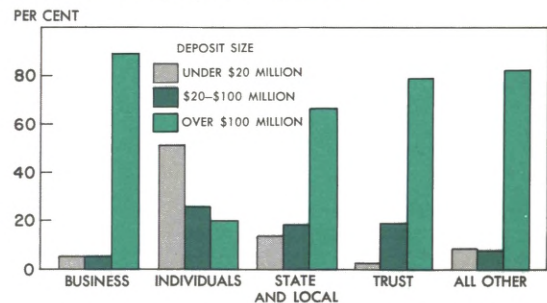
. . . but time deposits have been growing faster at smaller banks.



The largest contributors to the stock of time deposits are businesses, individuals, and state and local governments.

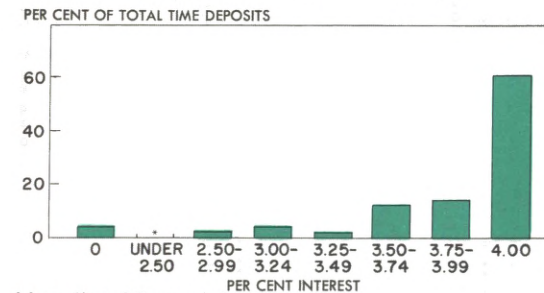


Though big banks hold the largest share of business time deposits, smaller banks hold the lion's share of the time deposits of individuals.



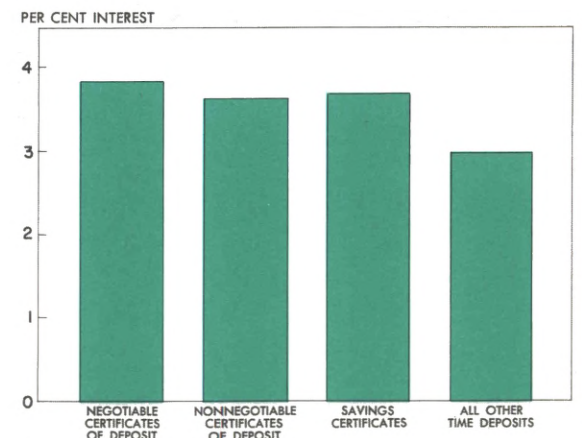
WHAT RETURN DOES THE TIME DEPOSITOR GET ON HIS MONEY?

By far the largest proportion of District time deposits earn interest at a rate of 4 per cent a year.



* Less than 0.5 per cent.

Negotiable C.D.'s carry the highest interest return . . .

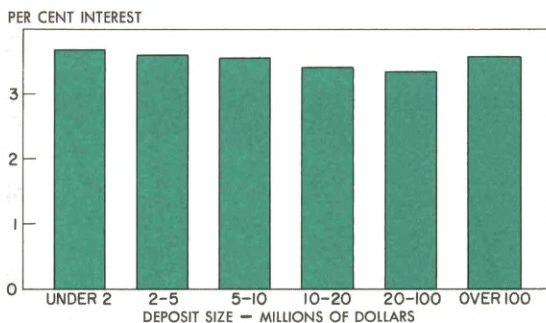
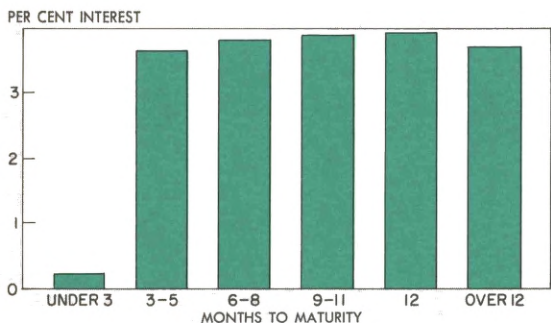


¹ The Board's press release read in part: "The Board of Governors also increased the maximum rates that member banks are permitted to pay on savings deposits and time deposits—including certificates of deposit—to the following levels: (1) On savings deposits, 4 per cent, regardless of time the funds have been on deposit. The maximum rates previously permissible were 3½ per cent on savings deposits in the bank for less than one year and 4 per cent on those on deposit for one year or more. (2) On time deposits and certificates of deposit, 4 per cent for maturities of less than 90 days and 4½ per cent for all longer maturities. The maximum rates previously permissible were 1 per cent for maturities of less than 90 days, and 4 per cent for longer maturities."

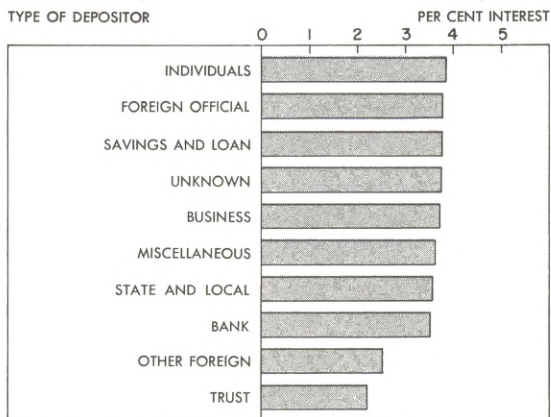
² The term "savings deposits" is used in the charts which follow to mean the savings accounts of individuals and others evidenced by a passbook or its equivalent. The term "time deposits" refers to all other time accounts. The survey reflects conditions as of June 17, 1964 and includes reports from 184 banks.

... and time deposits that mature in 12 months earn a higher rate of interest than other maturities.

As the size of the bank increases, the average interest rate paid on time deposits declines—that is, until we get to the largest size class.



The highest average interest rates are paid to individuals, foreign official accounts and to savings and loan associations, the lowest rates to trusts, other foreign accounts, banks and state and local governments.



There is considerable variation as to what average interest rate different size banks pay to the several classes of time depositors.

BANKS BY DEPOSIT SIZE (Millions \$)

Type of Depositor	Under \$2	\$2-\$5	\$5-\$10	\$10-\$20	\$20-\$100	Over \$100
Business	3.40%	3.54%	3.43%	3.10%	3.22%	3.78%
Individuals	3.97	3.82	3.92	3.87	3.89	3.78
State and local	2.98	2.68	2.64	3.02	3.22	3.80
Bank			4.00	3.45	3.00	3.56
Foreign official		4.00				3.82
Other foreign						2.53
Trust	4.00	3.39	2.97	2.69	3.31	1.98
Miscellaneous	3.83	3.73	3.68	3.47	2.50	3.85
Unknown	2.00	1.00		3.36		3.98
Savings and loan	3.00	3.70	3.07	3.23	3.82	3.83

Cumberland counties. Olmsted Air Force Base is located in the southern part of Dauphin County, about ten miles from Harrisburg. It will be phased out over a period of five years. As of the middle of 1964, over 10,000 civilians were employed at the base. Several hundred more worked at a satellite establishment in Marietta, Lancaster County. The satellite also will go.

The Harrisburg region, with total employment approximating 165,000, employs over 17,000 persons in federal establishments. Not all are drawn from the local labor force, however. Ten per cent or more come from outside the area, either as daily or weekly commuters. Of these, a great number come from places hard hit by years of declining anthracite production.

The closing of the air base will remove from the Harrisburg region 10,000 jobs of the type which support induced employment in the region. In this case, estimates of induced local employment should be reduced to allow for the fact that some of the workers at the base come in from other areas and demand little from the local economy. There is an offset to this, however, in the presence of several hundred military personnel at the base. These people and their dependents create some business for local establishments.

It is quite reasonable to suppose that closing the air base eventually may subtract 20,000 jobs from an economy that only provides 165,000 jobs altogether. A loss of 10,000 is certain, for 10,000 civilians work directly at the base, and the base is going to close. The others are not certainly lost.

The reason for saying "not certainly lost" is that the 10,000 or so induced jobs exist independently of governmental fiat. They may go

on, because growth in other primary employment could take up the slack. The electrical machinery, chocolate and shoe manufacturing industries have been growing in the area. State government employment may continue to increase. A large research hospital is planned near Hershey. Furthermore, the air base is not going to drop out of the economy overnight. The blow will strike in slow motion, over a period of five years.

The direct loss of wage and salary employment from the closing of the air force base amounts to about 1.3 per cent of the area's total employment per year, for five years. The region added jobs between 1953 and 1963 at slightly more than half that rate—0.7 per cent per year. Without growth in federal employment, the rate would have been even lower. It is clear, therefore, that the region will have to more than double the recent rate of growth in employment outside the federal category if it is to replace the federal jobs that will go during the next five years. If it does not, there will be a double penalty, in that induced employment will drop off in response to the federal jobs being lost and not replaced by new jobs in other functions. This decline, added to the primary decrease of 10,000, could increase the total loss by several thousand.

It need not be so. Harrisburg has only to look south across the Susquehanna River to take heart from its neighbor, York. Last year York faced the same threat, albeit in miniature. A naval ordnance depot employing about a thousand people was about to close. But it remained open as a private enterprise doing the same kind of work, and has since actually increased the number of people it employs.

The factory in York is a special case. It took over a large backlog of government contracts.

It is, in effect, still an externally oriented facility of Uncle Sam. But it also is part of a large, diversified manufacturing company, and therefore has possibilities for diversification of its own efforts that did not exist when it was a government establishment. Obviously, converting an air base poses a larger and less simple problem. It has been done, however. Abandoned air bases in South Carolina and Maine have been recently and successfully converted to industrial uses.

The Navy Yard again

According to official statements, the Philadelphia Naval Shipyard was retained because of its layout and efficiency. Intensive efforts to increase production and cut costs paid off handsomely, not only for the workers at the shipyard, but also for the region's businesses and their employees, who sell goods and services to the Yard or to the people who work in it. Like Harrisburg, the Philadelphia area is not growing rapidly enough to replace readily almost 9,000 primary jobs. The area therefore was in danger of losing several thousand more work opportunities

—it could have amounted to another 9,000.

What attracts Uncle also attracts Amalgamated

There would seem to be a moral here. There is no magic security in having or acquiring federal employment. Uncle Sam's jobs can come and go, of course, in response to technological changes or strategic considerations. But they also are affected by influences not very different from those that attract or repel economic activity in general. Two major reasons were cited for retention of the Philadelphia Naval Shipyard. One was a kind of accident—layout and size. The other resulted directly from local effort—the yard was efficient. Employers seek out advantages inherent in geography and topography; localities can do little about such things. Employers also seek out the cost advantages that accompany high productivity. Local people—local labor and local management and local mores and attitudes—control these. If the Philadelphia Yard's natural advantages had not been accompanied by this locally produced advantage, the decision might have been different.

Free lunches remain rare.

CAPITAL SPENDING — A SHARP INCREASE

Manufacturing industries in the Philadelphia Metropolitan Area will spend an estimated \$389 million on plant and equipment in 1964. For 1965, the outlook is even brighter; preliminary plans call for a 16 per cent increase over this year's expenditures.

Philadelphia manufacturers have raised their sights with each new estimate of 1964 capital

spending. In the survey conducted by this Bank in September, 1963, projections based on responses from over 500 firms indicated 1964 capital expenditures of \$321 million. In May, 1964, this estimate was increased to \$383 million. Now manufacturers have raised their sights again.

Durable goods industries plan a 32 per cent

**ESTIMATED CAPITAL EXPENDITURES OF MANUFACTURERS
DELAWARE AND LEHIGH VALLEYS**

Region and Industry	Expenditures (millions of dollars)		Percent Change 1964-1965
	1964	1965	
Philadelphia Metropolitan Area All Manufacturing	\$389.1	\$451.0	15.9
Durables	156.9	207.0	31.9
Lumber & furniture	2.1	5.7	171.4
Stone, clay, & glass	21.6	14.1	- 34.7
Primary metals	30.7	75.5	145.9
Fabricated metals	18.4	16.4	- 10.9
Machinery (excl. elect.)	27.8	29.1	4.7
Electrical machinery	25.9	27.9	7.7
Transportation equipment	12.2	17.9	46.7
Instruments & miscellaneous	18.2	20.4	12.1
Nondurables	232.2	244.0	5.1
Food & tobacco	53.1	62.0	16.8
Textiles	14.1	7.3	- 48.2
Apparel	2.5	5.3	112.0
Paper	34.0	39.2	15.3
Printing & publishing	11.8	12.2	3.4
Chemicals	74.6	74.3	- 0.4
Petroleum & coal	41.2	42.6	3.4
Rubber & leather	0.9	1.1	22.2
Lehigh Valley All Manufacturing	63.9	65.5	2.5
Trenton All Manufacturing	35.4	25.6	- 27.7
Wilmington All Manufacturing	45.0	64.0	42.2

increase in their capital expenditures for 1965, with primary metals, transportation equipment and lumber and furniture makers recording exceptionally large increases.

A less optimistic attitude prevails in Trenton and the Lehigh Valley. Trenton manufacturers project a 28 per cent decline in capital spending for next year; those in the Lehigh Valley area express cautious optimism with an estimated 3 per cent increase. Wilmington respondents, on the other hand, predict a whopping 42 per cent rise in capital spending for 1965.

The survey this fall was conducted in October rather than September. Pushing back the survey month may have eliminated some of the uncertainties in capital spending plans which often have characterized responses made in the earlier month.

Tracking down the motives

The reasons for increased spending this year

and business optimism in planning for 1965 can be found in large measure in the current economic environment. Like the brisk autumn days that raise one's spirits, the buoyant business climate this fall has encouraged manufacturers to commit additional dollars to the expansion and modernization of their enterprises.

Nineteen sixty-four has brought a record flow of before-tax profits to American business. Moreover, the effects of the increase in depreciation allowances in 1962 are still generating additional internal funds to finance capital investment. The 1964 corporate tax cut is a further source of increased internal funds. All this means that a necessary condition of capital investment is present in today's economy—the money is available, and good profits provide an incentive to invest it.

Secondly, many industries find that they need additional capacity, and thus will make in-

creased capital expenditures, particularly on construction. There has been a shift in the pattern of capital spending; more money is now being spent on construction than in recent years. Production increases have outpaced gains in capacity since the end of 1961, as additional demand has been generated by the long business expansion. To meet this new demand, some industries must increase their capacity. Although the over-all rate of capacity utilization in the nation is still short of the 92 per cent which the McGraw-Hill capital spending survey states as the preferred rate, some individual industries are nearing that goal.

Pressure for modernization of existing capacity continues strong, however, as competition, both foreign and domestic, increases. The introduction of new products and processes also necessitates some extensive renovation of existing plants.

Recent and prospective increases in consumer spending are a third factor contributing to the optimism of manufacturers. The maturing of the war babies marks the beginning of heavy buying years for a record number of people in the young-adult age group. Improved business conditions and tax cuts have given consumers additional dollars. The historical pattern of consumer behavior suggests that, after a short pause to adjust for insufficient withholding of taxes during 1964, consumers will continue to spend more than 90 per cent of their additional take-home dollars.

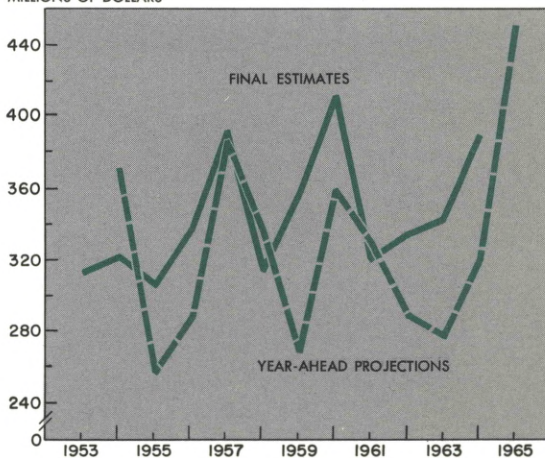
This is the boom that is

The current business expansion has already outlasted the upswing of 1954–1957 by nine months, making it the longest in the postwar period. From its inception in 1961, the upward

The chart shows that year-ahead projections tend to be realized in years when business is good. Except in the recession years, 1954, 1958 and 1961, manufacturers' initial estimates of capital spending have been underestimates. Furthermore, in every year when increases were projected, the final result has been an increase.

CAPITAL SPENDING BY MANUFACTURERS IN THE PHILADELPHIA AREA

MILLIONS OF DOLLARS



pace has been steady but not sensational. This moderation may help to prolong the expansion. So far there have been no glaring excesses in either business or consumer spending. The relative stability of wholesale prices and the continuing rise in before-tax corporate profits are further favorable indications.

Experience with this and other surveys shows that optimistic capital spending projections materialize only in good years. The Philadelphia area has been a lagging region in recent years, recovering slowly from national business recessions. In the results of this survey there is tangible evidence that the long-continuing business recovery is finally taking full effect in the Philadelphia area. If business continues to be good throughout 1965, the high projections may well be realized. The weight of evidence to date indicates that they will.

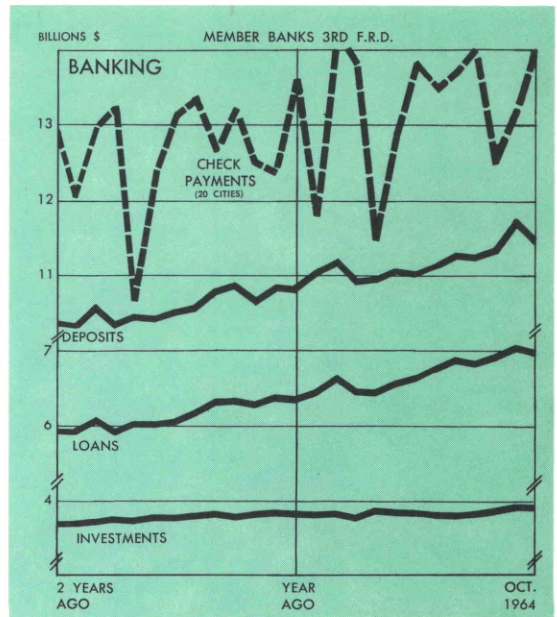
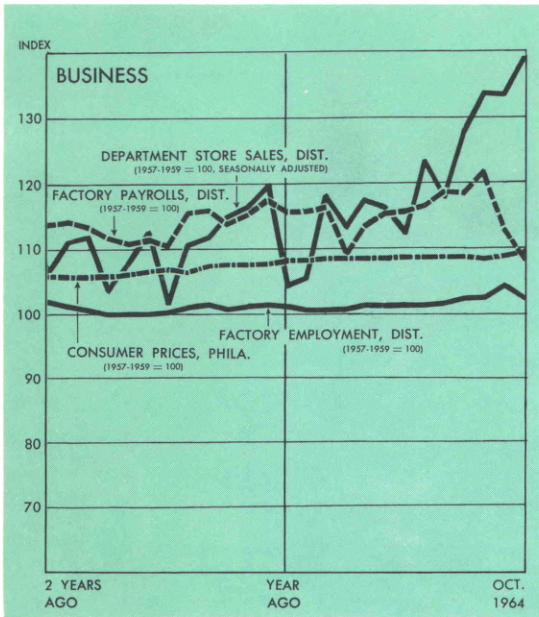
business review

FEDERAL RESERVE BANK OF PHILADELPHIA

TABLE OF CONTENTS—1964

JANUARY (Annual Report Issue)	Where Is the Fed Heading? 8 Till 5—The 40-Hour Workweek After 25 Years 1963: Image in the Looking Glass
FEBRUARY	1963: The Year the Torch Was Passed Statement of Karl R. Bopp Before Congressional Committee How Does Our Region Grow?
MARCH	Consumer Spending and the Inverted Wedding Cake Theory Home, Suite Home The Market for Office Space in Philadelphia
APRIL	Aiming at a Moving Target: Environment and the Goals of Federal Reserve Policy The Current Business Expansion: Where from Here?
MAY	Mistress Mary vs. The Millstone Inn Higher Goals for Capital Spending
JUNE	The Muddle in Bank Supervision The U.S. Balance of Payments—Present and Future How the Fed Helps Checks to "Hurry Back"
JULY	The Life and Times of the Northeast What Attracts Today's Growth Industries? Resort Business Heads for a New Record
AUGUST	Monetizing Molecules The Baby Boom That Isn't
SEPTEMBER	What Price Liquidity? Philadelphia's Missing Jobs
OCTOBER	Capacity and Inflation What Is Brewing? The Good Earth Athirst
NOVEMBER	Economic Growth and Local Action The Egg and the Chicken Renaissance of the Rails? The Fed's Fiftieth Anniversary
DECEMBER	Uncle Sam's Jobs A Time-Deposit Profile Capital Spending—A Sharp Increase

FOR THE RECORD...



SUMMARY

	Third Federal Reserve District			United States		
	Per cent change			Per cent change		
	Oct. 1964 from		10 mos. 1964 from year ago	Oct. 1964 from		10 mos. 1964 from year ago
	mo. ago	year ago		mo. ago	year ago	
MANUFACTURING						
Production	.....	.....	.....	- 1	+ 4	+ 6
Electric power consumed	0	+ 8	+ 8	.....	.....	.....
Man-hours, total*	- 3	-13	- 3	.....	.....	.....
Employment, total	- 1	+ 2	+ 1	.....	.....	.....
Wage income*	- 3	- 6	+ 1	.....	.....	.....
CONSTRUCTION**	- 3	+ 6	+12	+ 7	- 7	+ 4
COAL PRODUCTION	+ 6	+ 6	+ 4	+ 7	+ 5	+ 1
TRADE***						
Department store sales	- 3	+14	+10	.....	.....	.....
Department store stocks	.....	.....	.....	.....	.....	.....
BANKING						
(All member banks)						
Deposits	- 2	+ 6	+ 6	- 2	+ 8	+ 7
Loans	0	+10	+ 9	- 1	+12	+13
Investments	0	+ 2	+ 2	0	+ 2	0
U.S. Govt. securities	- 1	- 3	- 5	0	- 2	- 7
Other	+ 1	+12	+15	0	+10	+13
Check payments	+ 6†	+ 3†	+ 5†	+ 4	+ 5	+10
PRICES						
Wholesale	.....	.....	.....	0	0	0
Consumer	0†	+ 1‡	+ 2‡	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		Check Payments	
	Per cent change Oct. 1964 from		Per cent change Oct. 1964 from		Per cent change Oct. 1964 from		Per cent change Oct. 1964 from	
	mo. ago	year ago	mo. ago	year ago	mo. ago	year ago	mo. ago	year ago
Lehigh Valley...	0	+ 4	+ 2	+15	.....	.....	+ 2	0
Harrisburg.....	- 1	+ 2	- 2	+10	.....	.....	+ 1	-18
Lancaster.....	- 1	+ 3	+ 2	+22	+ 3	+11	+ 2	+16
Philadelphia....	- 1	+ 1	- 1	+ 5	- 9	+14	+ 7	- 1
Reading.....	- 1	+ 1	0	+ 2	+15	+18	- 2	- 2
Scranton.....	- 1	+ 2	+ 1	+ 3	+ 6	+13	+ 3	+13
Trenton.....	0	- 2	-10	- 6	+ 9	+15	+21	- 3
Wilkes-Barre...	- 1	+ 1	0	0	+ 4	+12	+ 4	+ 5
Wilmington....	- 6	- 1	-13	0	+ 6	+15	+ 8	+28
York.....	- 1	+ 9	+ 1	+13	+ 9	+25	+ 6	+44

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