

MEETING WITH CONGRESSIONAL REPRESENTATIVES
FROM THE THIRD FEDERAL RESERVE DISTRICT
AND BOARD OF DIRECTORS OF THE FEDERAL RESERVE BANK OF PHILADELPHIA

Room S-120, Capitol, Washington, D. C.

Wednesday, March 13, 1969

(Remarks by KRB before Congressional Representatives from the Third Federal Reserve District and Board of Directors of the Federal Reserve Bank of Philadelphia on Wednesday, March 13, 1968, Room S-120, Capitol.)

We are meeting just after a very dramatic event in international monetary developments -- the meeting of international central bankers at Basle in which Federal Reserve representatives participated. This meeting emphasizes the importance of the balance of payments problem to our economy and the role that the Federal Reserve System plays in it. Perhaps we can discuss some aspects of the gold problem, if you have questions about it, later on. That problem, however, is illustrative of only one aspect of Federal Reserve System responsibilities.

As you are aware, and as I indicated at our meeting in 1966, the Federal Reserve Banks are unique among economic and quasi-governmental institutions. They have a triple responsibility -- (1) for a contribution to monetary policy on a national scale, (2) for surveillance of economic developments in the various regions of their districts, and (3) for supervision of and service to banks, to other financial institutions, and the public.

All of these responsibilities and functions are closely related. Of particular interest to you as Congressmen representing the various states and districts within our area, however, is the regional aspects of the work.

In the creation of the Federal Reserve System, the Congress leaned heavily on the tradition of Regionalism which is so basic to our Federal political structure. Although many things have changed since 1914 and the System's operations have been modified and adjusted, the regional aspects are still important and useful -- not with Banks acting as advocates but rather reflecting various shades of opinion to form a picture which has greater depth than is

possible in a view from Washington alone.

The orientation of Federal Reserve Banks to their regions is especially important today as urban problems demand much local action. Federal Reserve Banks are not directly involved in urban programs -- though their member banks are -- but they may be able to make important contributions not otherwise possible. (Several of our officers are personally involved in civic programs. Mr. Eastburn will give an illustration of research that is important to the System and useful for regional development.)

There is another facet of Federal Reserve Regionalism which is worth mentioning. Now that official minutes of the Open Market Committee are published each month, some 90 days or so after the event, it has become obvious that there are frequent differences of view among the members of the Committee. The Bank president members of the Committee are, of course, influenced by what happens in their own bailiwick; yet, this is indicative of the constructive relationships between the Federal Reserve Board and the Bank presidents, there are no views expressed that are derived from narrow regional interests, nor do the opinions of the respective presidents remain long on one side of some imaginary fence or another. In fact, there is no "fence." The views of the Bank president members, which voting his own conscience, are richer for their diversity of background and environment.

There have been times in the not distant past when objectives of monetary policy were conflicting. This is not so today, as considerations of maximum employment, price stability, economic growth, and international balance all point in the same direction. Unfortunately, this consistency does not make the solution of our problems crystal clear. As always, however, the System is the stronger for its Regionalism and for its independence within the Government than it would be as a monolithic structure.

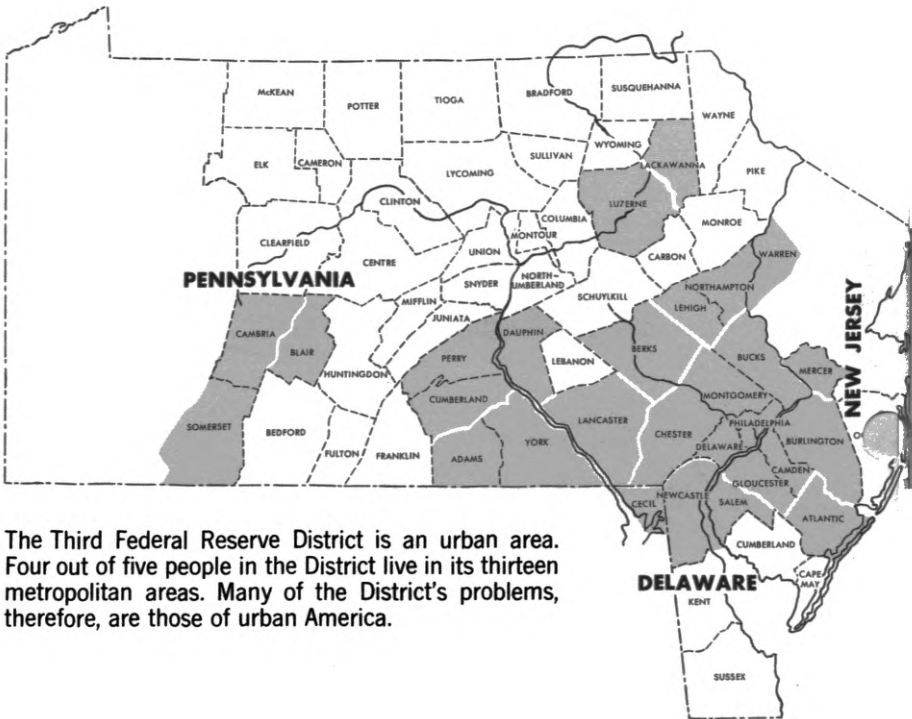
Survey of Employment Growth in Metropolitan
Areas of the Third Federal Reserve District

URBAN JOBS

Prepared for meeting of Congressional
representatives from the Third District and
Board of Directors of the Federal Reserve Bank
of Philadelphia.

March 13, 1968

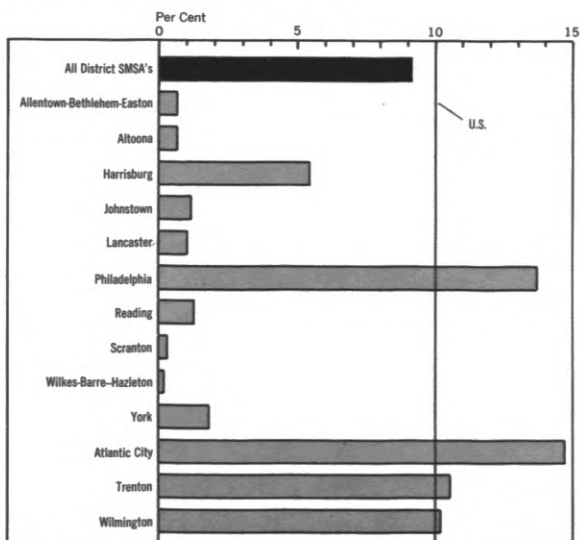
METROPOLITAN AREAS IN THE THIRD DISTRICT



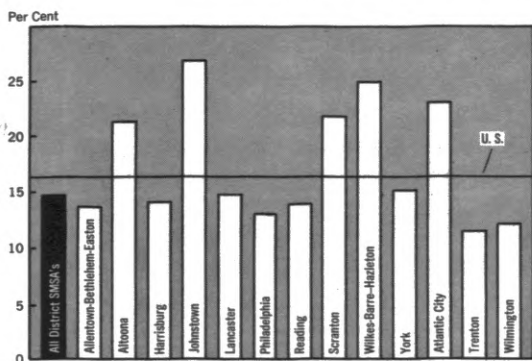
The Third Federal Reserve District is an urban area. Four out of five people in the District live in its thirteen metropolitan areas. Many of the District's problems, therefore, are those of urban America.

URBAN NON-WHITE FAMILIES-1960

Although most of the District's metropolitan areas in 1960 had smaller concentrations of non-white families than did other metropolitan areas of the U.S., heavy concentrations existed in Philadelphia, Atlantic City, and Trenton.



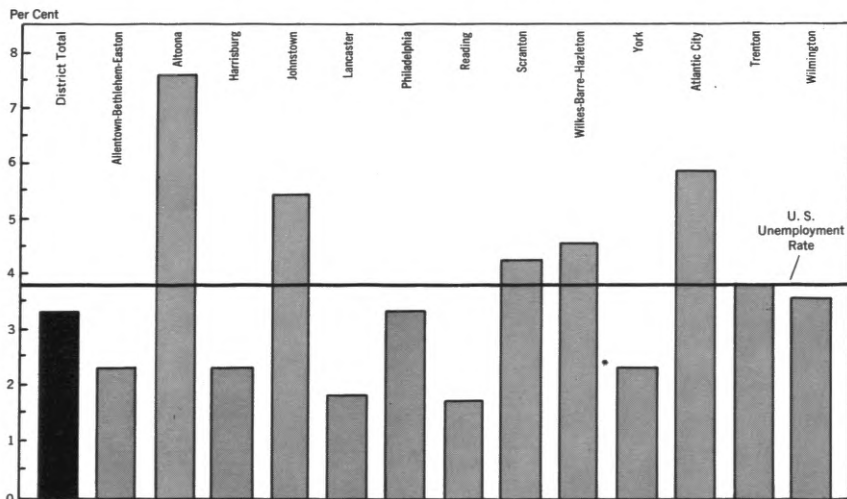
FAMILIES AT POVERTY LEVEL-1960



And although fewer families were living in poverty (incomes less than \$3,000) than in all metropolitan areas of the U.S., some areas of the District had fairly large proportions of poor families.

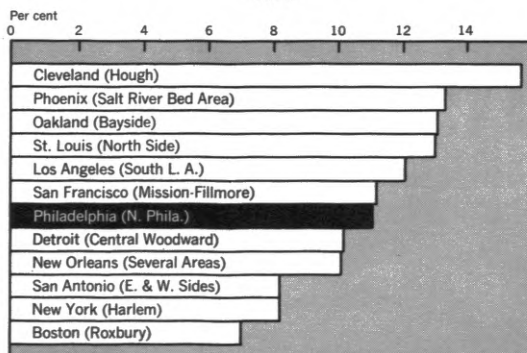
Poverty conditions undoubtedly have improved in the last seven years, but it is still safe to conclude that: (a) although the District as a whole is better off than many urban areas of the nation, (b) problems of poor and non-white families are great in some parts of the District.

UNEMPLOYMENT RATES-1967



All urban problems do not come from lack of jobs, but many do. Unemployment in District areas as a whole is less than in their U.S. counterparts, but is higher in Altoona, Johnstown, Scranton, Wilkes-Barre-Hazleton and Atlantic City.

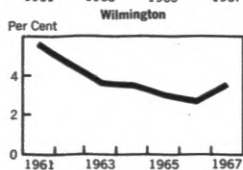
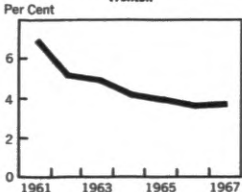
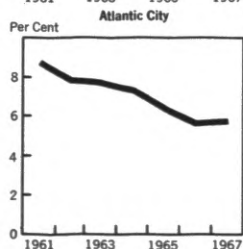
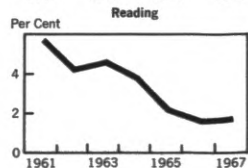
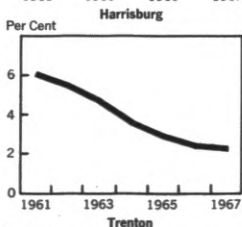
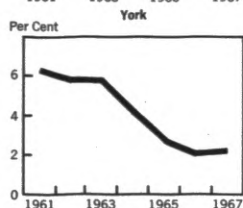
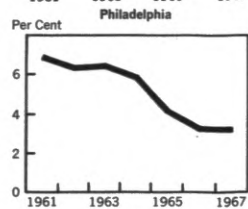
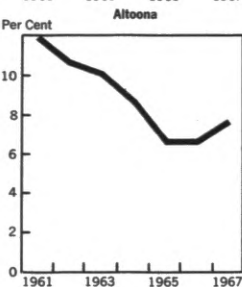
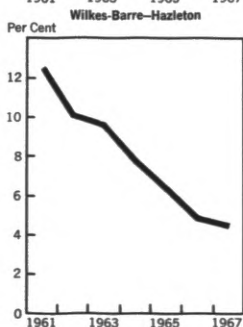
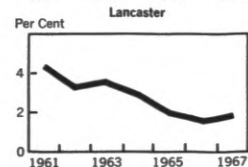
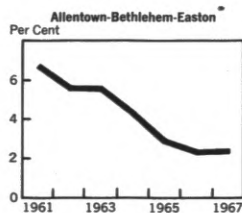
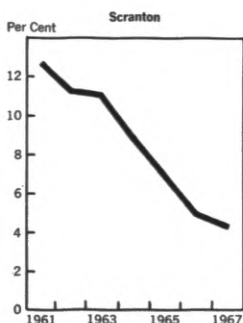
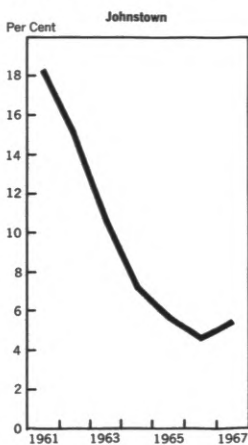
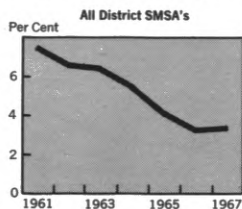
SLUM UNEMPLOYMENT AROUND THE NATION, 1966



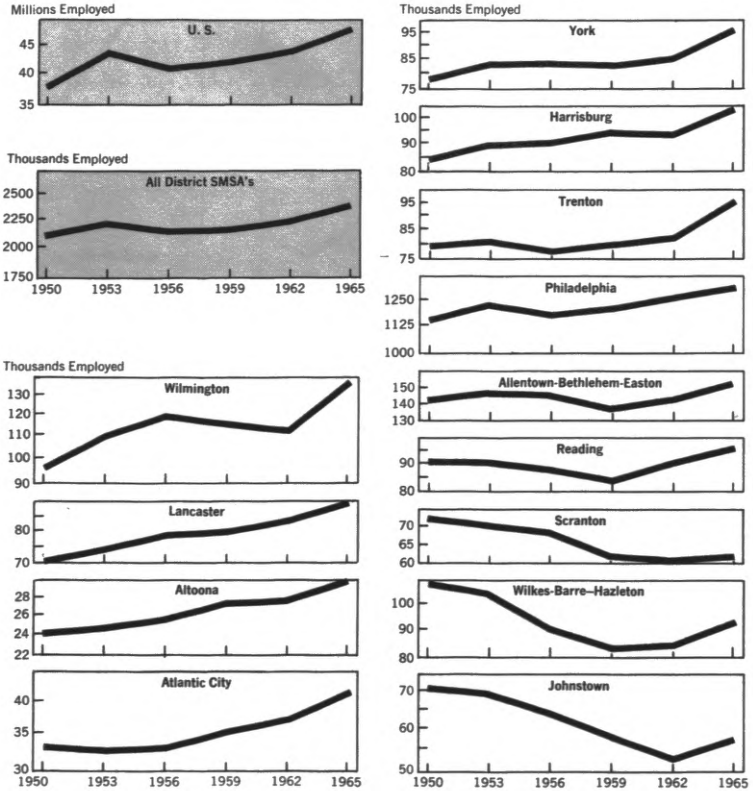
It is especially high in North Philadelphia where 1 out of every 9 people in 1966 were out of work.

UNEMPLOYMENT TRENDS-1961-1967

The best single solution to unemployment is national prosperity. In the past seven years of unprecedented economic expansion, unemployment in all the District's metropolitan areas has declined.

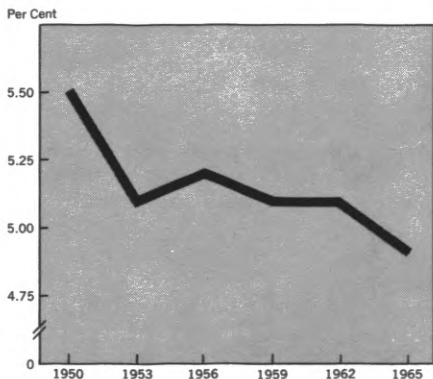


EMPLOYMENT TRENDS-1950-1965



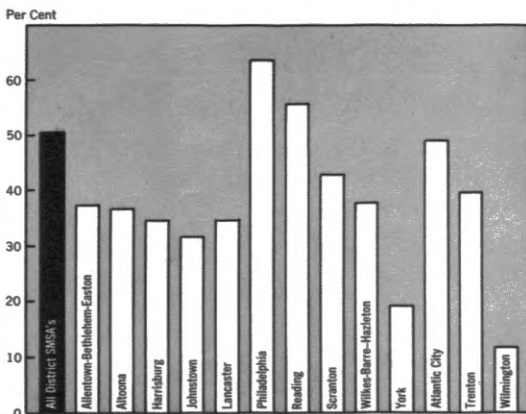
To reduce unemployment further, however, many of the District's areas will have to accelerate their rate of growth. This will be hard to do because, as an older established manufacturing region, the District has been growing at a slower rate than the U.S. for some time.

DISTRICT AREAS' SHARE OF U.S. EMPLOYMENT - 1950-1965



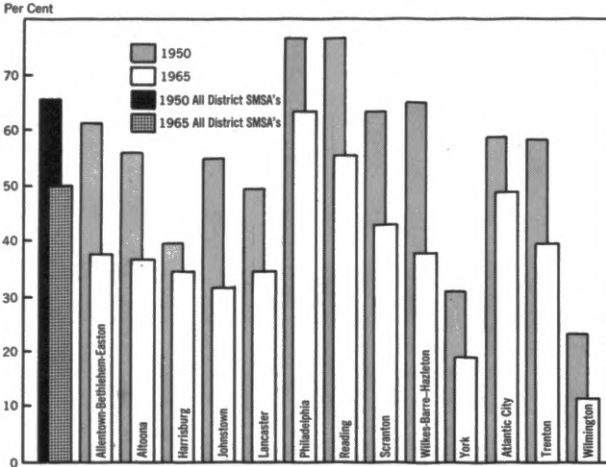
As a result, 13 metropolitan areas of the Third District hold a declining share of the employment of all metropolitan areas of the U.S.

IMPORTANCE OF SLOW-GROWING INDUSTRIES - 1965



A major problem in creating more jobs is that industries in many District areas are slow-growing. Most important of these are textiles, lumber and wood, petroleum, primary metals and transportation equipment

DECLINING IMPORTANCE OF SLOW-GROWING INDUSTRIES-1950-1965



But a bright side to the future is the fact that slow-growing industries are becoming less important in all of the District's metropolitan areas.

Meeting with Third District
Members of the Senate and House of Representatives

Wednesday, March 13, 1968

Capitol
Room S-120

12:30 p.m.

I. Greetings and Introduction by Chairman Winn

This meeting reflects the concern of the Directors of the Federal Reserve Bank of Philadelphia with their roles as overseers of the performance of the Federal Reserve Bank and, most importantly, as contributors to the making of Federal Reserve policy. The object of this meeting is:

- (1) to bring the officers of the Bank before you to give you a glimpse of what the Bank is doing -- not by way of a formal report, and certainly not for the purpose of discussing specific legislation, but in the spirit and recognition of the fact that the Federal Reserve System is a creature of Congress;
- (2) explore the possibilities of consultation on regional research and mutual regional problems; and
- (3) share our concerns as directors on monetary-fiscal matters and on the continuing strength of the Federal Reserve System.

II. Statement by President Karl R. Bopp on Role of Federal Reserve Banks within the Federal Reserve System and the Interplay of Regional Developments and National Policies

In the creation of the Federal Reserve System, Congress leaned heavily on the tradition of Regionalism. The Nation's economy has changed greatly since 1914, but regional aspects are still important and useful. The Federal Reserve System does not act as advocate for regional policies but rather reflects varying shades of opinion to create a view of national problems which has great depth.

The Federal Reserve Banks are not directly involved in programs for the solution of urban problems, but their regional orientation may make it possible for them to make a more important contribution than would otherwise be possible.

III. Review of Regional Economic Trends by David P. Eastburn

The Third Federal Reserve District is an urbanized area. Poverty conditions undoubtedly have improved in recent years, but it is still safe to conclude that, although the District as a whole is better off than many urban areas in the Nation, problems of poor and nonwhite families are great in some parts of the District. A major problem in creating more Third District jobs is that industries in many District areas are slow-growing. Such industries are becoming less important in all of the District's metropolitan areas.

IV. Review of Trends in Banking Leading to Another "Tight" Credit Situation by David C. Melnicoff

An illustration of the impact of technological and earnings pressure which highlights the disparity in reserve requirements between member banks and non-member banks.

DELAWARE MEMBERS
IN THE CONGRESS OF THE UNITED STATES

SENATORS

John J. Williams
Room 2213
New Senate Office Bldg.
(Millsboro, Delaware)

J. Caleb Boggs
Room 4109
New Senate Office Bldg.
(1203 Grinnel Road
Wilmington, Delaware)

HOUSE OF REPRESENTATIVES

William V. Roth, Jr.
Room 1628
Longworth House Office Bldg.
(2701 Centerville Road
Wilmington, Delaware)

NEW JERSEY MEMBERS

IN THE CONGRESS OF THE UNITED STATES

SENATORS

- YES Clifford P. Case
Room 463
Old Senate Office Bldg.
(1128 Bryant Street
Rahway, New Jersey)
- YES Harrison A. Williams, Jr. - (Mr. Steven Paradise, a member of Senator Williams' staff, will attend in place of Senator Williams)
Room 352
Old Senate Office Bldg.
(231 Elizabeth Avenue
Westfield, New Jersey)

HOUSE OF REPRESENTATIVES

- YES William T. Cahill - (Mr. Nicholas D. Heil, Legislative Asst. will attend in place of W. T. Cahill)
Room 2443
Rayburn House Office Bldg.
(1009 Park Avenue
Collingswood, New Jersey)
- YES William B. Widnall
Room 2329
Rayburn House Office Bldg.
(Saddle River Road
Saddle River, New Jersey)

(Mr. Widnall is not in our District, but he requested that he be invited to the meeting.)
- YES John E. Hunt
Room 1440
Longworth House Office Bldg.
(Pitman, New Jersey)
- YES Charles W. Sandman, Jr.
Room 1610
Longworth House Office Bldg.
(Erma Park, New Jersey)
- YES James J. Howard
Room 1030
Longworth House Office Bldg.
(1711 Marconi Road
Wall Township, New Jersey)
- NO Frank Thompson, Jr.
Room 2442
Rayburn House Office Bldg.
(383 West State Street
Trenton, New Jersey)

PENNSYLVANIA MEMBERS

IN THE CONGRESS OF THE UNITED STATES

SENATORS

Joseph S. Clark
Room 361
Old Senate Office Bldg.
(9th and Chestnut Streets
Philadelphia, Pa.)

YES Hugh Scott
Room 260
Old Senate Office Bldg.
(Room 4004, U. S. Courthouse
Philadelphia, Pa.)

HOUSE OF REPRESENTATIVES

YES William A. Barrett
Room 2304
Rayburn House Office Bldg.
(2324 Reed Street
Philadelphia, Pa.)

Robert N. C. Nix
Room 2201
Rayburn House Office Bldg.
(2139 N. 22nd Street
Philadelphia, Pa.)

YES James A. Byrne
Room 2412
Rayburn House Office Bldg.
(2315 E. Cumberland Street
Philadelphia, Pa.)

YES Joshua D. Eilberg
Room 1130
Longworth House Office Bldg.
(1522 Longshore Street
Philadelphia, Pa.)

REPRESENTATIVES - Continued

YES William J. Green, III
Room 1128
Longworth House Office Bldg.
(1204 Wakeling Street
Philadelphia, Pa.)

NO George M. Rhodes
Room 2210
Rayburn House Office Bldg.
(505 Brighton Avenue
Reading, Pa.)

YES Lawrence G. Williams
Room 1740
Longworth House Office Bldg.
(56 S. Brookside Rd.
Springfield, Pa.)

YES Edward G. Biester, Jr.
Room 1717
Longworth House Office Bldg.
(Mountain Rd.
Furlong, Pa.)

NO G. Robert Watkins
Room 1015
Longworth House Office Bldg.
(Oakland Road, R. D. 5
West Chester, Pa.)

YES Joseph M. McDade
Room 1131
Longworth House Office Bldg.
(1645 N. Washington Avenue
Scranton, Pa.)

YES Daniel J. Flood
Room 108
Cannon House Office Bldg.
(460 N. Pennsylvania Ave.
Wilkes-Barre, Pa.)

HOUSE OF REPRESENTATIVES - Continued

- YES J. Irving Whalley
Room 1235
Longworth House Office Bldg.
(1309 Park Avenue
Windber, Pa. - near Altoona)
- YES Albert W. Johnson
Room 1432
Longworth House Office Bldg.
(409 Franklin Street
Smethport, Pa.)
- YES Richard S. Schweiker
Room 408
Cannon House Office Bldg.
(Skippack Pike
Worcester, Pa. - Montgomery Co.)
- YES Fred B. Rooney
Room 1511
Longworth House Office Bldg.
(326 Wyandotte Street
Bethlehem, Pa.)
- YES Edwin D. Eshleman
Room 1009
Longworth House Office Bldg.
(2820 Spring Valley Rd.
Lancaster, Pa.)
- YES Herman T. Schneebeli
Room 1114
Longworth House Office Bldg.
(870 Hollywood Circle
Williamsport, Pa.)
- YES George A. Goodling
Room 1714
Longworth House Office Bldg.
(Loganville, Pa.)
- YES John P. Saylor
Room 2354
Rayburn House Office Bldg.
(411 Orchard Street
Johnstown, Pa.)