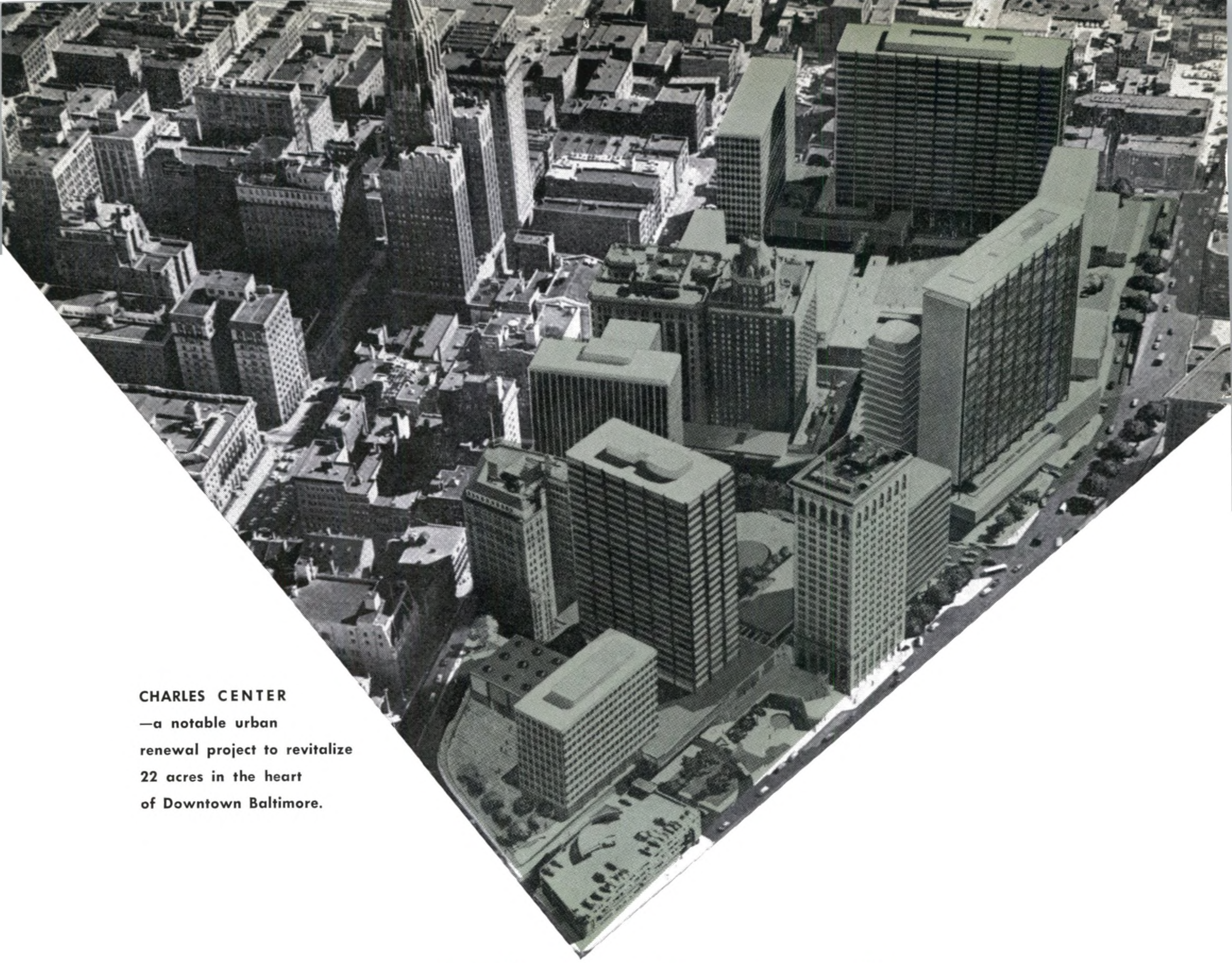
MONTHLY REVIEW

New apartments replace slums in the shadow of the nation's Capitol.

FEDERAL RESERVE BANK OF RICHMOND MAY 1959



CHARLES CENTER
—a notable urban renewal project to revitalize 22 acres in the heart of Downtown Baltimore.

Urban Renewal

One of the stock features of the Sunday newspaper supplements for many years has been the "City of Tomorrow." Replete with sketches of imaginary towering skyscrapers and speedways that tunnel under as well as soar above the city, these articles wipe out the slums and obsolescence of our cities by the mere strokes of the artist's brush and the writer's pen.

This artistic and literary license is about the only fanciful part of these Sunday newspaper feature articles. Certainly the need for urban innovation, renovation, and replacement is real. There are few, if any, major cities in the nation that do not sorely need to tear down and rebuild large areas. Cities generally are marked by considerable areas of slums and deteriorating residential and business structures. The process of obsolescence in many areas of urban centers is hastened by strangling street and highway systems and by inadequate parking facilities. The nation's cities are undergoing far-reaching changes in their economic functions and structure that merit, if not require, careful study. Few problems confronting the country are more serious or pressing than those arising from the existence of slums and the spread of blight and obsolescence. Urban renewal programs are advanced by many students of urban developments as a promising solution to such problems.

The problem of slum clearance and urban redevelopment is not, of course, a new one. It is almost as old as cities themselves. It was not until 10 years ago, however, that the first Federal legislation was enacted that dealt directly with the problem of slum clearance and urban redevelopment. Title I of the Housing Act of 1949 authorized a Federal Government program of financial assistance to urban communities on slum clearance projects. The scope of Federal aid was soon broadened, however, beyond the bounds of slum clearance and redevelopment. In the Housing Act of 1954 provisions were made for extending Federal aid to localities for rehabilitating blighted areas as well as clearing slums.

CITY-WIDE CONCEPT The concept of urban renewal continues to broaden. It recognizes the inadequacy and inefficiency of a piecemeal approach to the many problems already besetting our urban centers as well as those which will develop as the "population explosion" continues to change our urban areas. The city is the sum of all its parts, and the troubles and needs of these components are best answered by treating them in the framework of their interrelated association. Increasingly, it is recognized that an urban renewal program influences and is influenced by almost every phase of community activity.

Where the "City of Tomorrow" featured in the Sunday newspaper supplement used to be presented as a revolutionary replacement of the city of today, urban renewal now contemplates the evolutionary development of the city in accordance with the provisions of a master plan of clearance, renovation, replacement, and new construction. This is, of course, practical recognition of the facts of urban growth and deterioration. There are sections in all cities that have worn out and should have long since been replaced. There are other areas that are badly deteriorating but which do not need to be replaced lock, stock, and barrel. There are still other areas in many urban centers that are new but whose favorable growth could be better guided by plans to preclude maladjustment with the rest of the city or to prevent the onslaught of blight and obsolescence.

A COMPREHENSIVE PLAN There are a number of other aspects of a comprehensive program of urban renewal for an urban center. Consideration of the problem of slums and spreading blight, for example, cannot be restricted to the downtown areas. Unless checked, slums and substandard business conditions will follow on the heels of the surging growth of suburban parts of metropolitan areas and outer areas of smaller urban centers. Also, enactment of new zoning ordinances and building codes and provision for their strict enforcement are necessary adjuncts of urban renewal programs. Another aspect is the stimulation of community do-it-yourself programs of renovation and alteration. Experience has shown that if a few home owners on a block can be persuaded to set this ball rolling, the resistance of some others on the block or nearby to making improvements may be weakened considerably.

Urban renewal, or whatever term you choose to call it, then, means a comprehensive, carefully designed program for restoring, maintaining, and developing an urban area. It embraces both pub-

The "before-and-after" of an urban renewal project—one of several in Baltimore designed to improve living and business conditions.

lic and private projects, and pools private, local government and Federal Government resources. It is a long-range plan designed to achieve carefully selected economic and social objectives.

A final point that needs to be mentioned in connection with the scope of an urban renewal program is the necessity for selling it to the citizens. Why it is needed; what will be done; how, when, and where it will be done—all this has had to be spelled out to home owners and businessmen. The over-all program, one of possible alternatives, including decentralization, of coping with the problems involved, does not sell itself— despite the economic advantages that may accrue in the form of increased site and structure values, greater tax revenues, lower fire, police, and welfare expenditures in former slum and blighted areas, and greater attractiveness to new industry.

The alternatives to the undertaking of urban renewal programs by the cities of the nation have been expressed by one expert in such dire terms as "urban bankruptcy" and "state-administered receiverships" leading finally to "social disorder, disintegration, and economic chaos."

RELIANCE ON PRIVATE FUNDS The reference in the preceding section to a pooling of private and local and Federal government resources needs elaboration. The point does not need to be labored that most urban renewal projects involve a series of exceedingly costly projects. Professor Isaacs of Harvard, an expert in the field of city planning, estimated a couple of years ago that depending on condition and market, "the costs of rehabilitation and conservation of residential areas are within a range of fifteen to one hundred million dollars per square mile. The cost of razing a square mile slum and rebuilding it for residential purposes is in terms of two to three hundred million dollars per square mile."

Obviously, most local public and private interests need a helping hand in financing urban renewal projects. Aid in a number of forms may be obtained from the Federal Government through provisions of the Housing Act of 1949 dealing with slum clearance and broadened by the Act of 1954 to include aid for slum prevention. Private investors must be persuaded to purchase cleared land, invest in new construction, and renovate existing properties. Such private outlays are made, of course, in the expectation of their recovery and the realization of net profits. Capital grants from the Federal Government, on the other hand, are not directly recoverable. Federal assistance, however, appears necessary in many cases to provide through loans and grants the tremendous sums required for purchasing property, demolishing structures, and relocating residents.

COMMUNITY COMMITMENT The principal requirement a city must fulfill to qualify for Federal aid is the formulation of a "workable program" of urban renewal. This is "a community's own long-range practical guide to achieve civic face lifting, to rid itself of blighted neighborhoods, prevent recurrence of urban decay, improve building and housing standards, and prepare for orderly municipal growth."

In order to meet the requirements for approval of its workable program, a locality must commit itself to the attainment of the following objectives: (1) a comprehensive community plan; (2) adoption and enforcement of adequate building and welfare codes and ordinances; (3) a detailed analysis of blighted neighborhoods to determine treatment; (4) establishment of an administrative organization to carry out the program; (5) statement of the provisions made for meeting its share of the costs; (6) plans for housing displaced families; and (7) community-wide citizen participation and support.

Upon approval of the workable program, the urban renewal project becomes a joint venture of the locality and the Federal Government. The city may then avail itself of any or all of a number of financial and technical aids offered by the Federal Government. These include planning loans and grants, temporary and long-term loans, and capital grants to help defray the net cost of projects. This is usually the difference between the return received from the sale of cleared land to private interests and the total cost of carrying out the project. Other Federal assistance includes relocation payments to families and businesses, mortgage insurance, and grants for developing techniques for prevention and elimination of slums and blight.

FIFTH DISTRICT PROJECTS The latest tally shows that at the end of last year, 392 communities in 41 states, the District of Columbia, Hawaii, and Puerto Rico had completed, were planning, or were carrying out 685 urban renewal projects. The distribution of Fifth District projects at that time is shown in the following table.

	Md.	D.C.	Va.	W.Va.	N.C.	S.C.
Planned	5	4	7	1	5	1
In process	5	5	8			
Completed	2					

Like many other cities, Norfolk suffers from traffic-crowded narrow streets. Urban renewal opened up this important throughfare.

All 12 Maryland projects are in Baltimore. This city was one of the nation's pioneers in urban renewal and is the first in the nation to designate its entire downtown district as an urban renewal area. It is now planning a $127 million project, Charles Center, for the revitalization of 22 acres in the heart of its downtown district. This project is a story in itself and will be the subject of an article in an early issue of the *Monthly Review.*

The nine projects listed for the District of Columbia are the latest steps in the 14-year history of its urban renewal program. Extensive renewal projects are under way in the 550-acre southwest area of Washington, and a plan has been drawn for a 10-year, $117,500,000 program to renovate an 830-acre urban renewal area in the northwest section. The urban renewal program is based on the comprehensive master plan for the City of Washington as prepared and amended from time to time by the National Planning Commission.

NORFOLK MOVES AHEAD Of the 15 projects credited to Virginia, seven are in the planning stage and eight are being executed. Plans for urban renewal are in the making at Charlottesville, Danville, Harrisonburg, Norfolk, Portsmouth, and South Norfolk. 1959 additions to this list are Alexandria and Richmond, both currently working on plans for extensive slum clearance.

Four of the eight Virginia plans in process are being carried out in Norfolk. The massive face-lifting job started there in 1948 with a study of slum clearance and redevelopment has resulted in the clearing and redevelopment of 465 acres and the relocation in better quarters of 5,568 families. The latest program started is designed to rebuild the central business district. Over 800 old residential and business buildings will be torn down to make room for a 17-acre civic center, commercial center, parking facilities, new and widened streets, office buildings, and a new shopping center.

Other urban renewal projects are in process in Danville, Newport News, Richmond and Roanoke.

The remaining seven projects in the Fifth District were all in the planning stage at the end of 1958. In West Virginia, Fairmont was working on plans for a project approved November 1956. Five cities in North Carolina were getting ready to start on projects that were approved during 1958. They are Charlotte, Fayetteville, Greensboro, Raleigh, and Winston-Salem. In South Carolina, Spartanburg had plans ready for execution pending passage of enabling legislation by the state legislature. South Carolina has not enacted legislation permitting its local governments to participate in urban renewal projects receiving financial aid from the Federal Government.

TOBACCO Acreage will be 8% larger than in 1958, with gains spread thus: flue-cured 8%, Maryland 12%, burley 3%, fire-cured 21%, and sun-cured 94%.

COTTON Allotments, minus allowances for underplanting and acreage in the conservation reserve, put 1959 plantings 80 to 85% above 1958.

FEED CROPS Farmers plan to cut hay acreage 2% and add 6% to feed grain plantings. Corn and oats are to be up 6%, barley 4%, and sorghums 5%.

Farmers Plan Larger Crop Acreages

Farmers' plans for the 1959 planting season point to another year of big crop production in the Fifth District. Total acreage of the principal crops planted or grown in 1959 is now expected to exceed last year's by 1,020,000 acres or 7%. This outlook for larger crop plantings is based on the U. S. Department of Agriculture's March survey of farmers' intended spring plantings, the acreages seeded to winter wheat, and estimates of the acreage that will be planted to cotton.

Most of the intended boost is due to the expiration of the Soil Bank's acreage reserve, under which about 1,000,000 acres of District cropland were banked in 1958. Other factors in the prospective increase are the new cotton legislation permitting farmers to overplant their allotments by 40%, removal of corn allotments in the commercial corn-producing counties, and growers' disapproval of Maryland tobacco marketing quotas for this year.

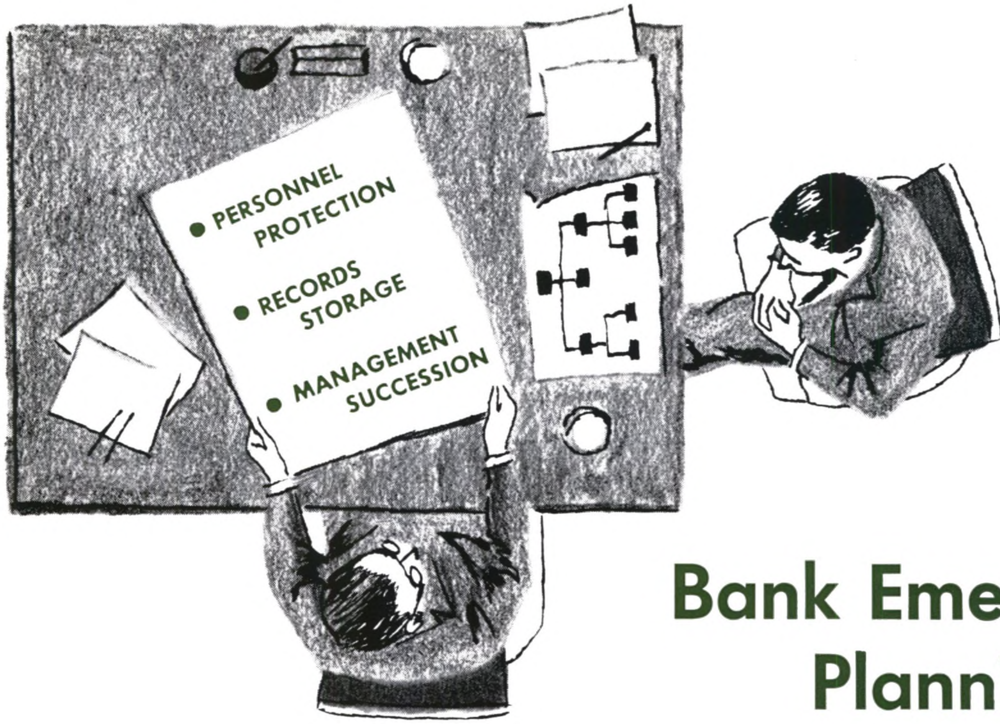
These factors, together with virtually unchanged allotments on other controlled crops, provided the background against which District farmers have planned this year's operations. Highlights of what can be expected from their tentative plans are reported below. Farmers, of course, may change their thinking and plant more—or less—than is presently indicated.

PEANUTS Growers expect to plant about the same acreage as last year.

SOYBEANS Plans are for the largest acreage to date—up 3% from last year and 50% above the 1948-57 average.

WHEAT Considerably more acreage—15% above last year—was seeded for the 1959 crop.

POTATOES Farmers intend to cut Irish potato acreage 9% and increase sweet potato plantings slightly.



Bank Emergency Planning

It's D-day plus 7. The enemy struck hard, destroying large sectors of our productive capacity. A dangerous blanket of radiation enshrouds two-thirds of the country. Millions of Americans are dead. Banks holding half our deposits have been knocked out, and currency is in short supply. Depositors clamor for money; borrowers beg for emergency loans. Financial panic threatens.

Horrible sounding, isn't it? If such an attack should come, we'd retaliate with equal vengeance, to be sure. But recovery at best would be a back-breaking job. It would be virtually impossible unless the banking system had prepared beforehand to withstand the blow. A nation without money is a nation defeated. Its business grinds to a halt. Its production stops. Its war machinery cannot operate.

PLANNING AT THE TOP OF THE PYRAMID Recognizing the vital military significance of our payments mechanism, the Office of Defense Mobilization in early 1956 directed that the Federal Reserve in cooperation with the Treasury, the Federal Deposit Insurance Corporation, and "others" develop "national security preparedness programs relating to the operation of the banking system."

Even prior to this order, the Federal Reserve had begun to take steps to protect its own operations in the event of attack. It has now established duplicate records centers, stockpiled currency, selected relocation sites, adopted management continuity programs, distributed emergency operating circulars, made arrangements for commercial banks to assist in check collection if the need should arise, laid careful plans for the protection of its own personnel, and conducted several trial alerts. The program is constantly being reviewed and updated.

GUIDES TO PLANNING At the national level also, two committees formed under authority of the Office of Defense Moblization order—the Advisory Committee on Commercial Bank Preparedness and the Banking Committee on Emergency Operations—have brought together some of the nation's leading bankers to work out emergency planning procedures for commercial banks.

Realizing that the ultimate success of the preparedness plan depends upon the managements of individual commercial banks, the committees have published a series of five booklets entitled *Preparedness Program for Emergency Operations in Banking* to guide individual banks in setting up their own pre-attack programs. Topics covered include organizing and administering a program, personnel protection, continuity of management, alternate headquarters, the safeguarding of physical properties, and the storage of duplicate records.

Copies of each of the booklets have been sent to every bank. Additional booklets describing post-attack operating procedures will also be distributed as soon as they have been completed.

COMMERCIAL BANK PLANNING The pre-attack booklets stress that a bank should begin its preparedness program by appointing a capable and imaginative officer to take charge of its defense planning. He should have the full approval of top management and must be given enough time and authority to handle the job properly.

Once the go-ahead signal has been given, the next step is the careful construction of a program to fit the needs of the particular bank. The plans should be put in writing so as to minimize misunderstanding and inform personnel of their duties in case of attack. It's a good idea to place copies in strategic locations so that at least one set of instructions will always be available. Once the plan has been adopted, it may be advisable to run practice tests from time to time in order to iron out any possible kinks.

PERSONNEL PROTECTION It is essential that the bank make careful provisions for personnel protection. This obviously must include procedures for providing shelter, for evacuating personnel, and for supplying food, water, and medicine as long as dangerous fallout is present. It's also wise to consider how special post-attack services such as information concerning relatives, injury allowances, temporary financial assistance, emergency food, and adequate medical care might be made available. Personnel ought to be trained beforehand in personal safety practices to be used in the event of attack.

CONTINUITY OF OPERATIONS Carefully considered arrangements for management continuity and alternate headquarters are also necessary if a bank is to resume operations promptly following attack. There should be procedures for replacing directors, appointing new officers, and transferring authority from one employee to another. Such plans will probably call for some revisions in bylaws beforehand.

Alternate headquarters should always be established at locations thought likely to be safe in the event the bank is destroyed. In some cases a correspondent bank may agree to provide space, and in other instances one of the bank's branch offices may be the most suitable spot. Often it's most economical for clearing house associations to jointly establish a single relocation and records storage site for the use of all members. Reciprocal arrangements between two banks located far enough apart to offer hope of continuity of operations also offer good possibilities. Where practical, it's a good idea to select a second alternate headquarters in case the first is wiped out. As a minimum, a bank should have a predesignated point of rendezvous where surviving personnel can regroup following an attack.

PROTECTING PHYSICAL PROPERTY It's essential that a bank plan how to safeguard important types of assets—cash, negotiable securities, and the like. Vault storage is probably the best choice in most cases if the vault is reasonably fire-, water-, and explosion-proof. Personnel should be instructed beforehand where to place important assets for maximum protection during and after attack.

DUPLICATE OR ALTERNATIVE RECORDS Quite obviously, safeguarding important records is also a vital part of any pre-attack planning. Each bank ought to inventory its records to determine the information that would be needed to reconstruct its balance sheet position. Carbon copies, microfilms, or photostats of each of those records should then be made, kept up to date, and stored in a carefully selected location, preferably the relocation center. Commercial underground storage vaults that rent space for just such purposes are also available.

AFTER AN ATTACK Many of the post-attack measures would depend upon Federal Reserve decisions as to check collection, currency handling procedures, and the like. But the key fact would be that each commercial bank would still be expected to continue many of its present operations: check collection, paying out and receiving money, and extending credit. In addition, it might be asked to perform several functions now conducted by the Federal Reserve and the Treasury—to act as a fiscal agent, to operate emergency check clearing groups, and the like. The utmost in management flexibility would be required, because no one can fully foresee the demands upon bank management that would result from nuclear war.

IN SUMMARY Should an enemy launch a sneak attack, most authorities believe we would be able to deliver at least an equally devastating blow. But it seems almost certain that every nation involved would be so badly hit that each would have to do an almost complete rebuilding job.

In such a case, the victor would be the country that rebounded most quickly from the initial blow. Vital to such a recovery would be an efficient monetary and credit mechanism. Hence, more and more efforts are being devoted to means for assuring that the commercial banking system be able to operate as fully and as usefully as possible in the event of attack.

The Fifth District

Recent weeks have brought news of renewed vigor in the Fifth District economy. Employment, paced by the textile industries, made good gains in March. Manufacturing man-hours showed a January-March increase of 3%. Bituminous coal continued as the largest dark spot in the District picture; output through mid-April showed no gains from the lows of the winter months.

THE CONSUMER The postwar recessions have been marked by the strong resistance offered by consumers to cutbacks in their spending. Even as employment declined and personal income dropped, the consumer went right ahead with his buying and provided an important element of stability to the economy.

This was a noteworthy aspect of the 1957-58 recession. Employment dropped sharply, but consumer spending on nondurable goods fluctuated gently around peak levels and then moved upward. Outlays for services scarcely paused in their continuing postwar expansion, with each period's total rising higher than the one before. Only in purchases of durables did a real decline occur: automobile sales dropped significantly, reflecting quite likely many factors other than changes in income and prospects.

The consumer in the Fifth District fared well or poorly over the past two years according to his location and occupation. If he was one of the 84,000 miners of West Virginia, he had a one-in-five chance of losing his job and being still unemployed in early 1959. A Federal Government worker, on the other hand, stood a good chance of holding his place through the recession; if he did, he received in mid-1958 a 10% raise, retroactive to January of that year. As one of the 400,000 textile workers in the Virginia-Carolinas Piedmont area, the District consumer might have faced a shortened work-week or a layoff in the decline of activity that dated back to the spring of 1956. In the more volatile lines of durable goods manufacturing and contract construction, he stood a one-in-ten chance of a layoff.

With variations among the states of the District, the consumer who worked in wholesale and retail trade found his job stable through the recession, and the numbers of his fellow employees quickly increased as recovery came. Service workers—doctors and dentists, engineers and educators, household workers and hospital staffs, auto mechanics and appliance repairmen, barbers and beauticians—make up about 10% of District employment. This group of producers of intangibles posted a well-nigh consistent record of gains in employment throughout the recession and the year of recovery and expansion that has followed. This was a factor of strength in the District economy, for rising employment carried with it increasing income as the basis for added spending. In addition, this growing level of service employment gave clear evidence that the District consumer—like the national composite householder—kept right on increasing his purchases of services.

On the other hand, in the areas where unemployment increased, it brought into action one of the built-in economic stabilizers. Unemployment compensation, which had been running at a monthly rate of \$5-\$9 million in District states, started to rise in the closing months of 1957. By the spring of 1958, these payments reached a rate of \$22 million per month. They then declined as benefits expired and as the unemployed began to be reabsorbed into jobs.

Wages depend on hours worked and pay rates as well as on the fact of employment. Manufacturing work-weeks shrank as output declined in 1957, but the low point had been passed in the average work-week for each of the District states by April 1958 (which was also the national low), and steady gains had brought these averages back to pre-recession levels by early 1959. Widespread wage rate increases have come with recovery. In addition to the 10% scale raise for classified Government workers, there have recently been increases for bituminous coal miners, textile workers, and furniture makers, as well as a number of smaller groups.

The combination of increased employment, a longer work-week, and higher wages have contributed to increased wages and salaries for consumers. In addition, larger social security payments have added appreciably to personal income receipts: in fiscal 1958 these payments in the District were up 27% over the previous year. *Business Week* estimates that January-February personal income in the District states increased by 4.2% (Virginia) to 8.8% (North Carolina) in 1959 over 1958. These are substantial increases and have been reflected in consumer buying.

Increased buying has shown up in larger department store sales. These had peaked in August 1957 (seasonally adjusted) and then quickly declined in step with decreasing activity. A rise started in March of last year, however, and by August a new peak had been reached. Since then sales have fluctuated around a level well above that of early 1957.

The declines in department store sales had been particularly marked in departments selling such durables as refrigerators, washing machines, and other major appliances. Consumers did not increase their buying of these items in 1958, however, and the strength in total sales came from new increases in soft goods.

An interesting insight into consumer optimism in the District is provided by sales figures on two lines always believed to be particularly vulnerable to pessimism. Sales of silverware and jewelry and of sporting goods and cameras appear to have been untouched by the downturn and recovery in business and employment.

New housing for the Fifth District consumer gave a boost to the District economy in 1958. As in the country as a whole, contract awards for new homes had declined from their high level of early 1955. An upturn started in the spring of 1958, and by midyear the dollar volume of new contracts was fluctuating around the highest level it had held for any period of several months. As the new year got under way, these awards were below last year's peaks, but the first three months produced the highest total of any first quarter since 1955.

From the evidence at hand, one conclusion stands out: the Fifth District consumer, having generally fared comparatively well in the recession, made a contribution to the recovery through maintaining his spending. Further, as recovery turned to prosperity, he registered his vote for a favorable outlook through spending for immediate wants and contracting for new homes.

TEXTILES The District's largest manufacturing employer, the textile industry, continued on its upward course during April. Usually April is one of the slowest months in the year; new orders received by mills generally shrink and inventories expand. The situation was quite different this year. Steady rates of production have been maintained as day-to-day orders continued to be received in greater volume than usual. In addition, there was an increased willingness of buyers to place orders for third and fourth quarter deliveries at current prices. Previously they had been holding off, hoping for lower prices. Supplies of gray goods for immediate and early shipment continued to be very scarce and limited selling to a considerable extent. The market summary of these various developments was spelled out in firm prices—again contrary to the seasonal tendency—with increases for some items bought in large volume for third quarter delivery.

Despite an impressive across-the-board improvement in orders and production, employment in District mills has risen only slightly. The most recent figure available showed the March total only 1.8% above the low of 380,600 last July. A better reflection of the industry's improvement has been the growth of man-hours. Adjusted for seasonal influences, this production indicator in March was almost 11% higher than its low point in April 1958.

Another facet of textiles' improved position is the sharp decline in mill inventories of cotton goods from the overstocked peak last July. This, together with the increase in new orders, has re-

The past recession had little effect on consumer spending in beauty shops, bowling alleys, garages or for other services.

sulted in a substantial reduction in the significant ratio of inventories to new orders. The most recent national data made available by the American Cotton Manufacturers Institute show that in February this ratio was at its lowest point since April 1956. The February ratio was only one-half what it was a year earlier.

As expected, all these favorable developments have enabled the textile industry to realize greater profits. Mill margins, the difference between the price of a pound of cotton to the mill and the price it receives from the sale of cloth, have improved steadily since last summer. Between last July and this past March, the mill margin rose 5.2 cents. This increasing advantage and a rising volume of sales have hit the mills where it pleases them most—increased profits. The rate of increase in profits for the textile industry since the low point of the first quarter of 1958 has far exceeded the percentage increase for all manufacturing industries. However, textiles were in a recession much earlier and longer than manufacturing business in general.

BITUMINOUS COAL Mine production to mid-April showed no sign of a recovery from the lower levels that have prevailed since January. Overseas shipments out of District ports likewise remain at quite low levels, reflecting the continuing restrictions on American coal imposed abroad.

There is news of two types of price developments that affect coal. One involves lower coal prices and lower shipping rates as the means of improving coal's competitive position. The other deals with expectations of higher prices for No. 6 fuel oil—the principal competing fuel for electricity generation—as a result of lower imports of petroleum.

FURNITURE The furniture manufacturers of the Carolinas and Virginia continued their good level of operations through March. New orders were large, and the backlog of unfilled orders, though down from February, was above any month-end in 1958. Man-hours worked in District furniture factories, after seasonal correction, rose 1% to a total that was nearly one-fifth ahead of March 1958.

The Spring Furniture Market was the center of much interest, with a large attendance unofficially reported. Manufacturers indicated considerable satisfaction with the volume of orders written during the Market.

CONSTRUCTION The value of contracts awarded in March for future construction in the District declined almost an eighth from February on a seasonally adjusted basis. Total contracts awarded have been declining since last August, with January the only month to halt the downward trend temporarily. Nevertheless, the March volume was 6% higher than the year-ago level, chalking up the best March performance on record. First quarter awards were 13% higher than a year ago.

The big drops in contracts awarded between February and March came in residential and public works and utilities, where declines of 20% each were recorded. Despite this month-to-month decline in residential awards, the first quarter was more than one-fourth above the same period last year. Nonresidential building awards in March declined just 3% from the February level, while the first quarter rose above a year ago by 9%.

A bright spot in the construction picture was the 1.2% rise in construction employment, seasonally adjusted, from February to March—a larger gain than scored by any other major industry group.

BANKING District member bank loan demand, ordinarily quite strong in March and April, this year has been spectacular. Borrowing has been quite heavy since early March, and banks have been forced to liquidate Government securities and to tap the Federal Reserve discount window more often as a result of the increased loan pressures.

Business, real estate, and consumer loans—the three most important categories—have all contributed impressively to the increases. Business loans in March and April surpassed even their 1955 and 1956 performances, and real estate loans were almost as strong. Consumer loans, the boomiest of them all, have chalked up remarkable gains almost every week since early March.

PHOTO CREDITS

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