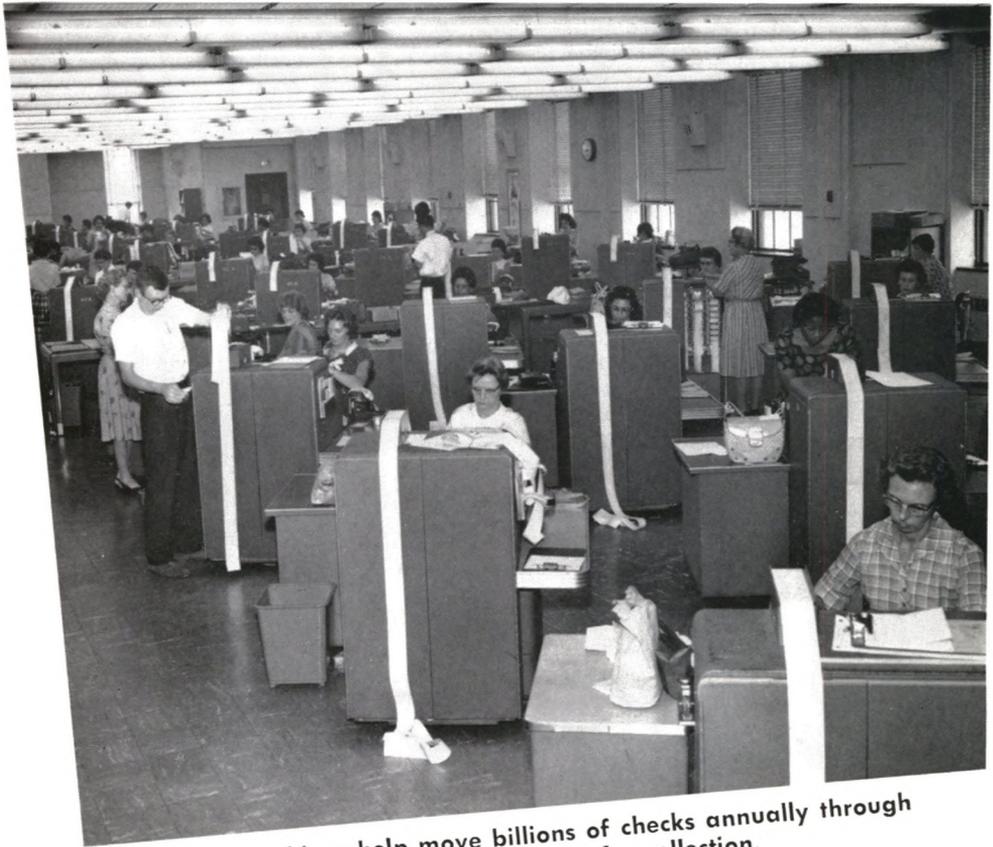


MONTHLY REVIEW



These machines help move billions of checks annually through Federal Reserve Banks for collection.

FEDERAL RESERVE BANK OF RICHMOND

SEPTEMBER 1962

CENTRAL BANKS

*This is the third in a series of articles on central banks
with special reference to the Federal Reserve System.*

In addition to their principal task of formulating and administering monetary policy, central banks perform a number of service functions for their national governments, for commercial banks, and for the financial community generally. Two such functions are discussed below.

The nature and scope of central bank service functions vary greatly from country to country, making it difficult to generalize about such functions. For that reason and also because information is more readily available about the work of the Federal Reserve System, the discussion below gives more than usual emphasis to the service functions as they are performed in the United States.

THE COLLECTION FUNCTION

Demand deposits in banks make up the bulk of the money supply in the larger countries of the Western World. Those deposits function as a means of payment or medium of exchange only when they are transferred, usually by checks written against them. Billions upon billions of checks are written every year and circulate widely. The task of the banking system is to develop a system or mechanism in which each check can quickly and economically be returned to the bank on which it is drawn and in which that bank can easily, quickly, and safely make payment to the bank presenting the check. Unless there is such a system, the delays and costs involved will impede the free use of deposit money and cause it to circulate at varying discounts in different parts of the country.

While the collection of checks is not an essential central bank function and has relatively little sig-

nificance for monetary policy, it is in some countries an important service which a central bank can perform for the public. The importance depends upon the banking structure, the geographical area of the country, and the extent to which checks are used in making payments.

A Good Collection System A good system of check collection has several characteristics. It includes, so far as possible, all the banks in a country. If it does not, there must be duplicate systems, entailing unnecessary shipments of checks and currency and the accompanying delays and costs. The banking system of the United States afforded outstanding examples of such disadvantages before 1913. Second, the system provides for the quickest and cheapest possible methods of collection. This requires the best utilization of all available forms of transportation and communication. Finally, the system affords a convenient, economical, and safe method whereby banks can "clear" or settle balances among themselves. In the absence of such an arrangement it may be necessary to ship large amounts of currency between different cities and regions.

The Central Bank and Collections The central bank has facilities which greatly simplify the collection process when the banking system is composed of many banks spread over a large area. The central bank usually has a wide network of branches or other representatives reaching all parts of the country. It also has contacts with most or all banks for other reasons. Finally, it holds the reserves of most banks and thus is in a position to settle balances by the mere process of debiting and crediting accounts.



Some of the 3.7 billion checks which were collected through the Federal Reserve Banks in 1961

These facilities are of comparatively little importance in a country with a very small number of banks, each of which has a nationwide system of branches (e.g., Canada), especially if it is small in area (e.g., England). In the United States, however, conditions are quite different. Here there are thousands of independent unit banks spread over a large area with no nationwide branch banking systems. Further, the use of checks has been highly developed, giving rise to a tremendous volume of checks. It would be impossible for our present banking system to operate with anything approaching its present speed and efficiency without one basic clearing and collection system, an arrangement which could hardly be operated by any organization other than the Federal Reserve System.

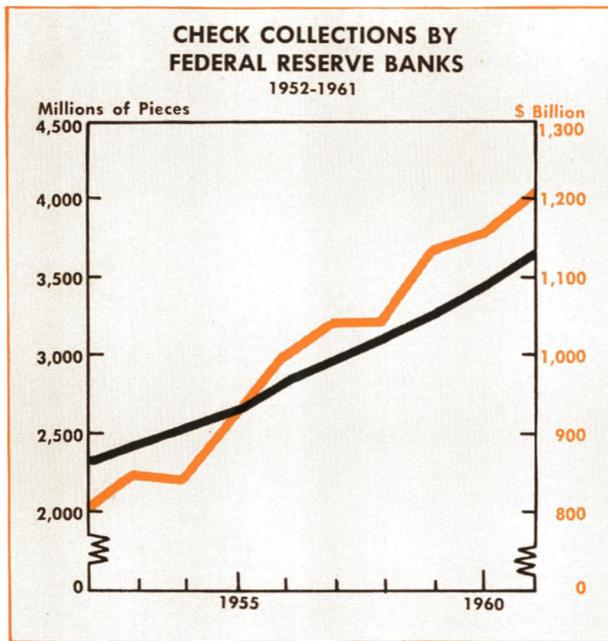
The Federal Reserve Collection System Limited space prevents any detailed description of the elaborate collection and clearing system which has been developed in this country. Locally, banks exchange checks drawn against each other either directly or at a local clearing house. Federal Reserve Banks often function as clearing members of local clearing houses, and other members may settle balances by drawing on their accounts at the Reserve Bank.

When a bank receives a check drawn on an out-of-town bank, the usual procedure is to send it to the Federal Reserve Bank or branch. If the drawee bank is in the same Federal Reserve district, the Reserve Bank can make payment by adjusting the accounts of the two banks. If the check is drawn on a bank in another Federal Reserve district, the local Reserve Bank sends it to the Reserve Bank of that

district, which transmits it to the drawee bank. Each Reserve Bank makes the proper adjustment on the accounts of the bank affected. This process gives rise to balances owing from one Reserve Bank to another. Such balances are settled without the shipment of currency by adjustments on the books of the Interdistrict Settlement Fund—a clearing house for Federal Reserve Banks operated by the Board of Governors. The assets of the Fund consist of gold certificates deposited by the 12 Reserve Banks. Payments among the Banks merely change the equity of the different Banks in the Fund. This feature is especially important in avoiding large interregional flows of currency which once was a major feature of the clearing system in this country.

The accompanying chart shows that over the past ten years the number of checks (including noncash items) collected annually through Federal Reserve Banks increased by approximately 59%, from 2.3 billion to 3.7 billion. The dollar amounts represented by these checks rose about 48%, from a little over \$800 billion to \$1.2 trillion, indicating a small decline in the average size of checks collected.

The Wire Transfer System In addition to collecting checks and settling balances between banks, the Federal Reserve System operates a system for making telegraphic transfers of funds from one part of the country to another. Transfers are made for member banks in multiples of \$1,000 without charge; transfers in odd amounts and for the account of others are made at a small charge. This service is a great convenience to the financial world, and its use has been increasing rapidly. Between 1952 and



1961 the annual number of transfers approximately doubled and the amounts involved rose from less than \$800 billion to \$2.7 trillion. On an average business day more than \$5 billion of transfers and payments are made through the Interdistrict Settlement Fund.

Over the years the Federal Reserve System, in cooperation with the commercial banks, has greatly increased the efficiency and reduced the cost of collecting checks and transferring funds. By increasing the scope of the check collection system it has lowered unit costs and reduced the balances which had to be settled. Through its wire transfer system it makes possible almost instantaneous transfers of funds to any part of the country in any amount, free or at a very small cost. The Interdistrict Settlement Fund makes it possible to settle regional balances through bookkeeping transfers and minimizes the movements of currency among Federal Reserve districts. Within districts, Federal Reserve Banks pay the cost of shipping currency and coin to and from member banks. In all of these ways the System facilitates the free movement of money within and among regions, and helps maintain money at a uniform value throughout the country.

The collection process requires the efforts of approximately one-third of the employees of the 12 Reserve Banks—the largest fraction engaged in any System function. If to this is added those employees engaged in the closely related work of handling currency and coin, the figure is raised to over two-fifths.

Par and Nonpar Banks The Reserve System collects only those checks drawn on par banks; that is, those banks which remit the full amount of checks drawn on them and presented by mail. Banks which deduct an exchange fee or charge are known as nonpar banks. All member banks must remit at par, and most nonmember banks do so voluntarily and thus checks drawn on them are permitted to clear through Reserve Banks. Checks on nonpar banks must be collected outside the Federal Reserve System through correspondent banks.

For years the Federal Reserve System has encouraged all banks to clear at par. The policy is slowly succeeding, as evidenced by a drop in the number of nonpar banks from 2,629, or 18% of all banks, in 1939, to 1,636, or 12%, at the end of 1961. In 34 states all banks are on the par list. Nonpar banks are heavily concentrated in the upper midwestern and southeastern states. In general, they are small banks and checks on them account for only a very small proportion of all checks written. Nevertheless, exchange charges on these checks still amount to several millions of dollars every year.

Federal Reserve Float When a central bank operates a clearing system, float may affect its administration of monetary policy. When a Reserve Bank receives a check for collection, for example, it gives the sending bank either immediate or deferred credit, depending generally on the assumed time required to present the check to the drawee bank. In this country, deferred credit is granted according to a time schedule, with a maximum of two business days. On the average, it takes a little longer to collect the checks than the time schedule allows and thus the sending bank receives credit before the drawee bank is charged. Thus, the sending bank, in effect, receives a loan or advance for a day or two on some fraction of the checks it sends to a Reserve Bank for collection. The amount of this advance credit is known as Federal Reserve float. It is credit extended by the Reserve Bank and is added to member bank reserves, which affects the capacity of the banking system to expand earning assets.

The amount of Federal Reserve float usually varies between \$1 billion and \$2 billion and is affected by such things as the number and amount of checks written, the interregional movements of goods and services, and, especially, the speed and efficiency of the transportation system. It rises regularly with seasonal increases in business and may shoot up sharply when a strike or a severe storm interrupts transportation. In the latter case the central bank may find that bank reserves are increased overnight

by several hundred million dollars, making it necessary to move quickly to prevent an overabundance of reserves. Conversely, it may have to act as quickly in the opposite direction to prevent a crippling stringency of reserves when transportation difficulties are removed.

THE FISCAL AGENCY FUNCTION

Like business corporations and individuals, governments need banking services. Modern governments engage in a tremendous volume of financial transactions. These require many varied banking services, often far exceeding those needed by private economic units. Usually only central banks, with their great size, countrywide facilities, numerous contacts with the financial world, expert techniques, large research staffs, and accumulated experience, can adequately provide such services. While most of these services are routine, some are closely related to monetary policy. The relationship becomes closer as the volume of government transactions increases and as fiscal and monetary policy are more closely integrated. Further, the relationship between government funds and bank reserves is very close, making it necessary for the central bank to keep very closely in touch with both in order to manage monetary policy.

In addition to providing routine banking services, the central bank usually acts as agent for the national government in many fields and is usually the government's top adviser on financial affairs and policies.

Deposit Services The most obvious and the most usual service performed under the fiscal agency function is the receiving, holding, and paying out of government funds. This means that the central bank accepts deposits, receives and collects checks payable to the government, holds and transfers funds, and charges government checks and bond coupons against the treasury account. The wire transfer service of the Federal Reserve System described above greatly facilitates the movement of Treasury funds to the points where they are needed.

In the United States, as the accompanying chart shows, the number of items paid by the Federal Reserve Banks for the Government, including Government checks, postal money orders, and bond coupons, increased from 697 million in 1958 to 706 million in 1961. Their value rose from \$109 billion to \$125 billion. Data for earlier years are not available on a comparable basis.

Treasury Tax and Loan Accounts While Reserve Banks hold virtually all the Government's checking account and do most of the work in trans-

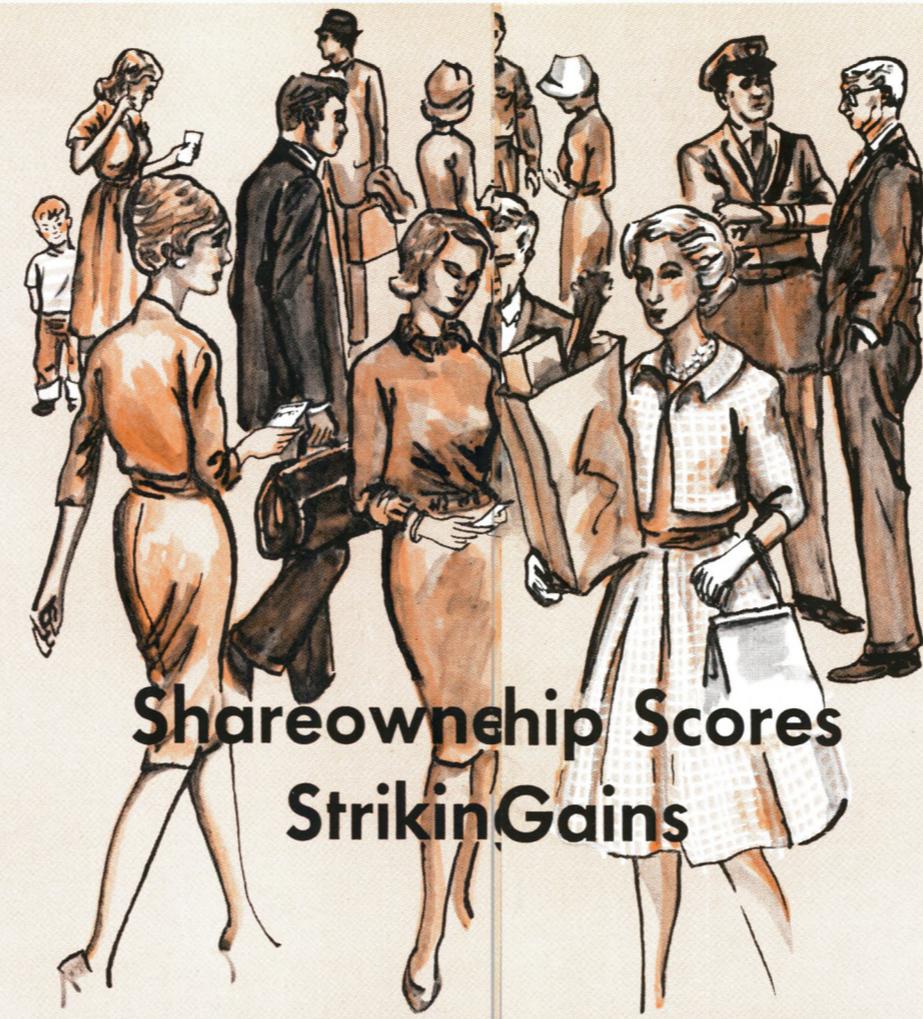
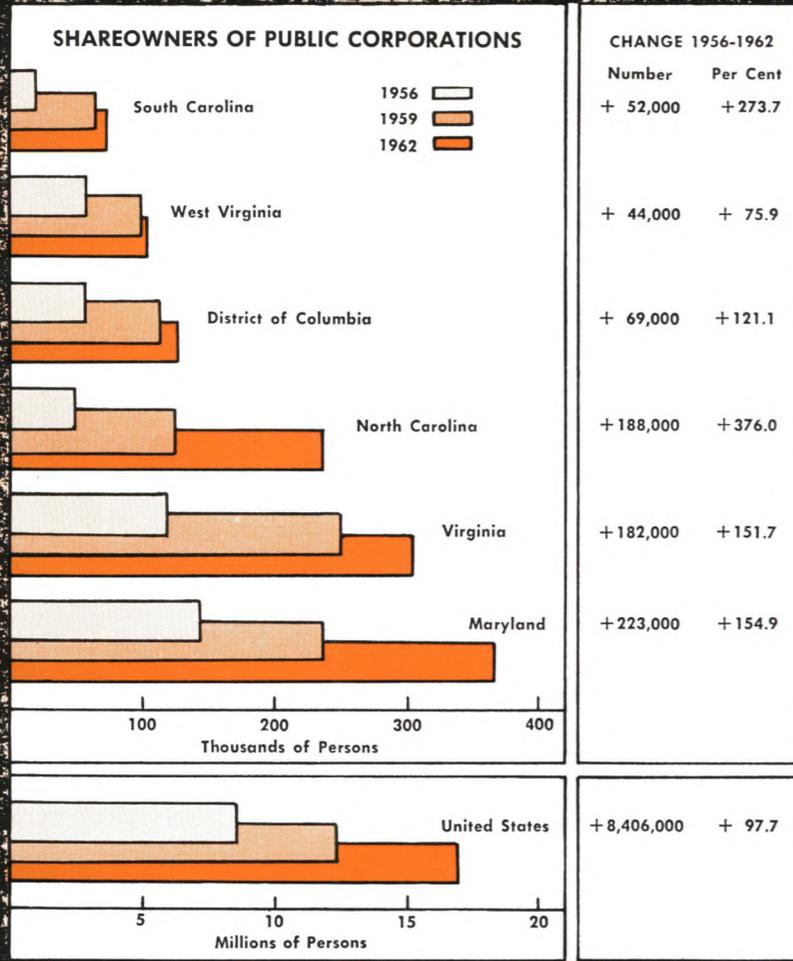


ferring funds and other similar services, they by no means hold all United States Government deposits. In fact, they usually hold a small minority of such deposits. The reason is quite simple. The United States Government frequently has very large receipts concentrated in a few days such as on tax payment dates or on payment dates for a large issue of bonds sold for cash. If all such amounts were paid directly into the Federal Reserve Banks, they would drastically reduce member bank reserve accounts and create an acute shortage of reserves. Conversely, as those balances were paid out through Government disbursements, they would soon build up an embarrassing surplus of bank reserves.

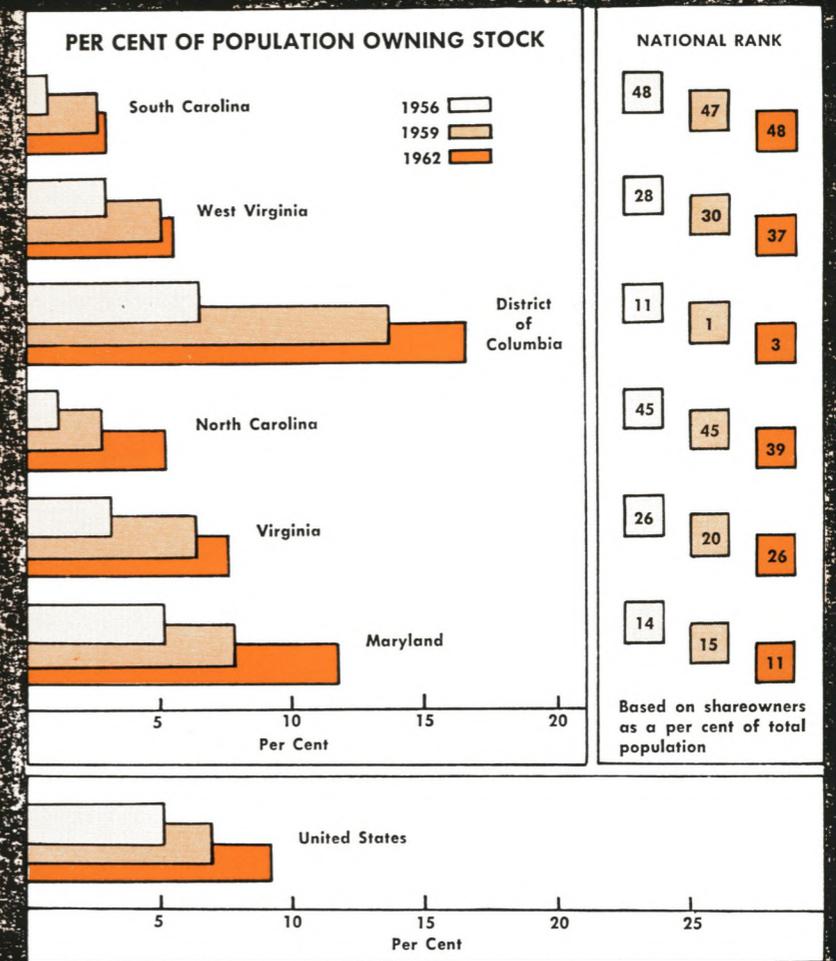
To avoid such a tremendous ebb and flow of bank reserves, the Treasury tries to keep an average of about \$500 million in its accounts at Reserve Banks and holds the remainder of its balances in Treasury Tax and Loan Accounts at commercial banks. A large majority of all commercial banks—over 11,000 of them—hold such accounts, secured by the pledge of proper collateral. From these “T T and L accounts” funds are transferred to the Reserve Banks periodically in relatively small amounts so as to avoid large changes in bank reserves. The small reductions in bank reserves caused by these “calls” are largely offset by the regular Government disbursements from Reserve Banks. Occasionally, if the Treasury accounts at the Reserve Banks become larger than desired, funds are transferred back to the T T and L accounts.

One of the routine duties of the Reserve Banks as

(Continued on page 8)



Shareownership Scores Striking Gains



The nearly threefold rise in the District shareowner population in just six years vividly reflects the change in the concept of stock ownership from "the prerogative of the monied few" to "the privilege of multitudes." Housewives and farmers, store clerks and corporation lawyers, teenagers and retired bankers, \$4,000-a-year men and doctors with incomes ten times that amount are found among the 1.2 million persons in this area who own stock in one or more of the nation's approximately 6,300 publicly held corporations.

The sample census of shareowners conducted by the New York Stock Exchange early this year, together with the two previous censuses of like kind, showed further that the number of corporate stockholders in the District rose by 439,000 between 1956 and 1959, by 319,000 between 1959 and 1962. Public corporations attracted new investors from each of the five states and the District of Columbia during this six-year period. Maryland, Va., and North Carolina all ranked among the top one-third of the states in the nation's shareowner population growth. Their aggregate gain accounted for over three-fourths of the District's 1956-1962 increase.

Even more impressive as a measure of the growing popularity of corporate stock investments than the rise in the number of stockholders is the sharp uptrend in the proportion of the population owning stock. In 1956, one out of every 36 persons in the District was a shareowner; in 1959, one out of every 27; in 1962, one out of every 14. Among those 21 years of age and older—the group which nearly all stock purchasers are drawn—the incidence of shareownership is more striking. Six years ago public corporations numbered one out of every 20 District residents among their shareholders; three years ago, one out of every 14; today, one out of every 8.

The District's stockowners cannot be described as predominantly urbanites, small town dwellers, or rural residents, just as they are not typically from any one occupation or income group. Some 281,000 are "big-cityers," living in Baltimore and Washington. Over three times that number are residents of the many medium-sized cities, small towns, and rural areas in the Carolinas, Virginia, West Virginia, and Maryland.



Collection and Fiscal Agency Functions of . . . Central Banks

(Continued from page 5)

fiscal agents is to maintain a check to see that adequate collateral is pledged to secure the many T T and L accounts in commercial banks and to take steps to bring it up if it is inadequate.

Servicing the Public Debt National governments usually have large debts, and the task of servicing and refunding them is a huge one. National treasuries could do this clerical work, but usually it is more efficient to let the central bank do it.

The authority and the influence of central banks in shaping debt management policy varies from country to country, but apparently no bank has full power to manage the debt. The Bank of Canada and the Bank of England each has somewhat more extensive powers along this line than does the Federal Reserve System, but each is still subject to the final decision of the government of the day.

Usually, however, the central bank, as the chief financial adviser of the government, is consulted when the terms of any important new issue of securities are being determined. Once those terms have been set and the issue announced, the central bank usually takes over and does most of the work from that point. Typically, the central bank disseminates information, receives subscriptions, notifies subscribers of allotments, issues the securities, and receives payment into the government account. It is also usual for the bank to make denominational exchanges of securities and to pay maturing interest coupons. When the securities mature or are called, the bank usually redeems them in cash or exchanges them for new ones if a refunding is made.

The extent of this work in the United States is indicated by the fact that in issuing, redeeming, and exchanging securities, the 12 Reserve Banks in 1952 handled 163 million pieces with a value of \$355 billion. By 1961 the number of pieces had risen to 192 million and their value to \$560 billion.

Wire Transfer of Securities A special service of the Reserve System is the transfer of Government securities by wire. Without this service, the sale of securities between distant points would involve some delay and risk and considerable expense for the shipment of the securities. But now each Reserve Bank and branch maintains a stock of unissued securities. If a security dealer in New York sells a million dollar Treasury bill to a buyer in Richmond, the dealer can deliver the bill to the New York Reserve Bank, which "retires" the bill and wires the

Richmond Reserve Bank to issue a new one of the same denomination to the buyer when he pays for it. Such a transaction could be completed within an hour. This service affords substantial savings of time and money and thus greatly facilitates the operation of the Government securities market and assures the Treasury of an effective national market for its securities.

Loans to Government A major banking function is the granting of loans to customers. As part of the fiscal agency function, central banks make loans to their governments. Often governments have legitimate need for short-term advances which only central banks may be able to meet. On the other hand, the most common abuse of central banks and the usual source of any major inflation is overborrowing by governments from central banks. To control such borrowing, provisions have at times been inserted into central bank charters limiting direct advances to governments. The great weakness of such method of limitation is that it may be changed or eliminated at the will of the borrower.

If there is a well-developed money market and if treasury operations are properly organized, governments can usually accomplish the necessary borrowing without resort to the central bank. It is necessary and proper, however, to have such borrowing available in case of need. In the United States, the 12 Reserve Banks as a group may not hold at any one time more than \$5 billion of United States securities purchased directly from the Treasury. Such securities have been held on only two days since March 1954 and then for only small amounts.

Central banks may and do, through open market operations, affect the terms on which governments borrow and can, in effect, make indirect loans to them. Such operations constitute the most important tool used in the administration of monetary policy and cannot feasibly be limited or restricted to prevent their abuse in government borrowing. In any event, it should be recognized that in time of war or other major emergency any central bank will often have to provide special facilities for government borrowing, over and beyond what might be justified by sound monetary policy.

Other Services In addition to the above, central banks perform many other fiscal agency functions for governments and governmental agencies. These include such activities as the acquisition and manage-



Wire transfer speeds the exchange of Government securities, thus reducing the cost of transactions and creating a national market.

ment of foreign exchange needed for expenditures abroad, operations in the foreign exchange market for stabilization funds or the complete management of such funds, the purchase and sale of securities for government trust funds, and the safekeeping of securities and earmarked gold. In the United States, two examples of routine Federal Reserve activities along these lines are the verification and destruction of currency for the Treasury Department and, more recently, the retirement and destruction of food stamps for the Department of Agriculture. In addition, the Reserve Banks devote much effort to facilitating and servicing the Savings Bond Program. Somewhat more specialized is the activity in guaranteeing V-loans. During World War II and on a much reduced scale since then, the Reserve Banks have acted as fiscal agent for several departments and agencies of the Federal Government in guaranteeing loans made by commercial banks and other private financing institutions to industrial firms which have the capacity to produce goods important to national defense but which are in a financial condition which does not permit them to borrow on satisfactory terms.

As an example of another specialized service, the Federal Reserve Bank of Richmond acts as fiscal

agent for the Housing and Home Finance Agency of the Federal Government. When the Agency makes a loan, the Richmond Bank receives the bonds given by the borrower and maintains a record of them. As interest coupons or the securities themselves mature, the Bank collects the funds and deposits them to the Agency's account. When loans are made in another Federal Reserve district, the Reserve Bank of that district acts as subagent of the Richmond Bank, receiving and holding the bonds, making collections, and reporting transactions to the Richmond Bank.

In terms of manpower, the fiscal agency function is one of the major functions of the Reserve Banks, accounting for the work of more than 2,000 employees, or about 11% of total employment. For most of this work the Banks are reimbursed by the Treasury and other agencies, the total reimbursement in 1961 amounting to nearly \$20 million. In addition to salaries, reimbursement covers rent of space and equipment, printing, postage, telephone and telegraph charges, and numerous other items. Under present conditions, however, reimbursement is merely an accounting transaction of little significance since it adds an approximately similar amount to the payment which the Banks make to the Treasury as interest on Federal Reserve notes.

THE FIFTH DISTRICT



For most people, the year that begins in September probably has more real significance than calendar, fiscal, or other annual cycles. Most business firms find work loads increasing, and civic-minded citizens assume additional responsibilities in connection with a host of professional meetings, community projects, cultural programs, and fund drives that are kicked off in the fall. Some new term—"activity year," perhaps—might better reflect the increased tempo that now appears in so many aspects of social, political, and economic life after Labor Day has officially marked the end of summer.

SEASONAL VARIATION MEASURED Seasonal index numbers are computed to measure the month-to-month change in business activity that is simply a normal response to seasonal changes in customs and weather. These indexes clearly show the extent of the normal fall upturn. In most Fifth District states, for instance, the volume of checks written against commercial bank demand deposits is lowest in the summer. Payments by check increase markedly in September, and bank debits typically continue to rise during the fall and into the early months of the New Year. Because of harvesttime payrolls and farm marketings, bank debits in North Carolina shoot up to a seasonal peak in September and taper off in the remaining months. The more usual pattern, however, features a gradual rise to a seasonal high in December.

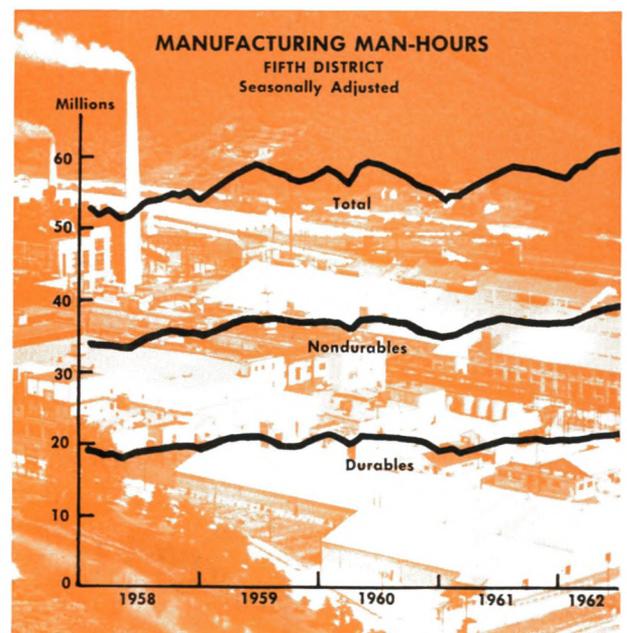
With credit readily available, bank debits tend to remain high in January and February (although actual buying drops to lower levels) as checks are written to settle debts incurred in November and December. Bank debits in North Carolina and Virginia, however, usually drop rather sharply after the first of the year. In Virginia, a state with something of a reputation for fiscal conservatism, bank debits are relatively higher than elsewhere in November and December and lower in January and February. The figures appear to imply that pay-as-you-go Christmases may be more prevalent in this state.

SEASONAL RISE IN JOBS AND HOURS Payments for the services of labor make up an important part of total payments, and are reflected to a considerable

extent in bank debits. The seasonal behavior of such payments can be observed in a general way in employment variations, and in greater detail for the manufacturing sector in the fluctuation of factory man-hours. Seasonal indexes computed for these series and their major subdivisions in each state and the District of Columbia usually rise toward the end of the year. Among the broad categories of employment, contract construction and finance, insurance, and real estate (where jobs peak in the summer and decline in the fall) are the only exceptions.

Man-hour statistics indicate that all categories of manufacturing except primary metals rise to their greatest activity levels in the fall, but many pass their seasonal peaks well before the end of the year. A repetition of these normal gains this fall will merely provide evidence that general business conditions are continuing to maintain their recent good levels. Something more than normal improvement will be a signal of further strengthening, and anything less will almost certainly indicate decline.

PROGRESS BY LEAPS AND LAGS The accompanying charts present monthly factory man-hours adjusted



for normal seasonal variations. In June (the latest month charted) man-hours actually rose 0.9%, but this rise cannot be considered favorable because man-hours usually rise about 1.2% in June due to seasonal factors alone. Therefore, the June change shows up in the seasonally adjusted figures as a decrease of 0.3%, too small to have analytical significance or to bend visibly the line on the chart. May and July also posted minute gains. Thus, in the latest three months for which data are available District manufacturing has continued to lag along close to the level attained in April.

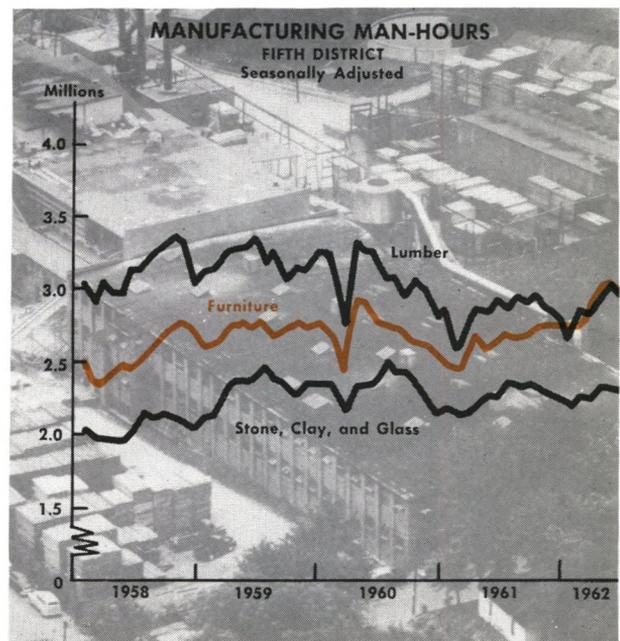
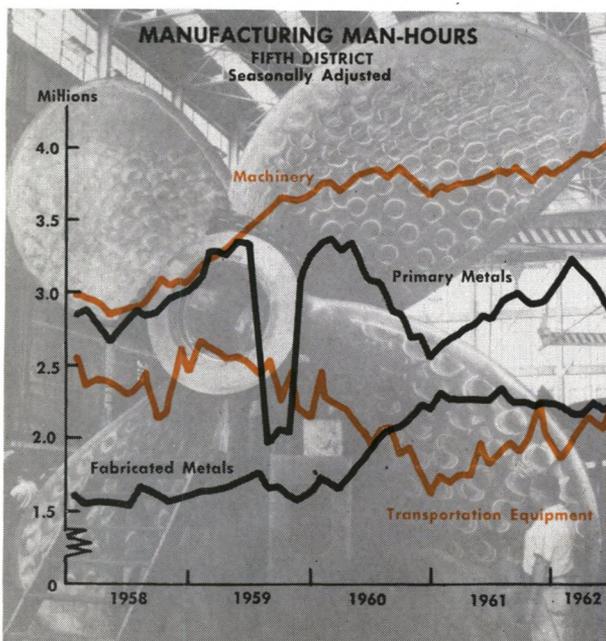
The charts show this period of expansion preceded by the 1958-1960 business cycle. In the latest upswing a two-stage advance is clearly apparent. From December 1960 to July 1961, a time of year when seasonal factors usually cause a decline of about 4%, man-hours actually advanced by this amount. The seasonally adjusted gain reflecting a combination of growth and cyclical improvement was therefore 8%. July 1961 marked the end of the first "leap" and the beginning of the first "lag." By January 1962, after a series of minor ups and downs, seasonally adjusted man-hours had experienced a net decline of 0.7%. The second leap began in February and ended in April after completing a seasonally adjusted advance of nearly 5%.

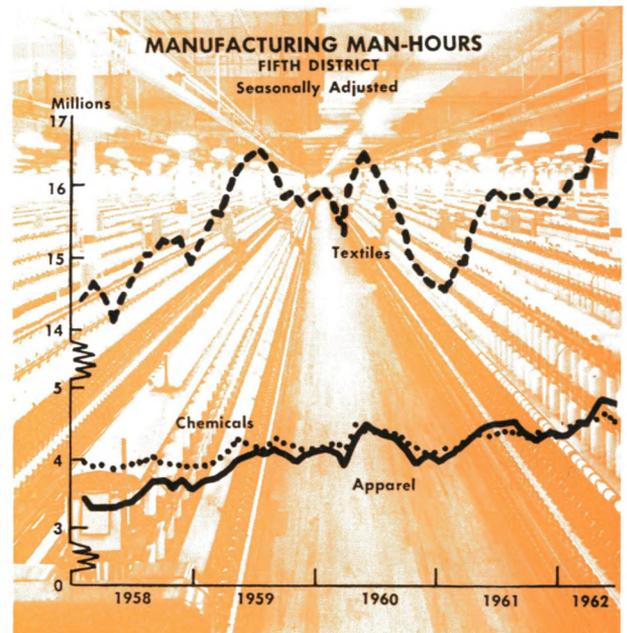
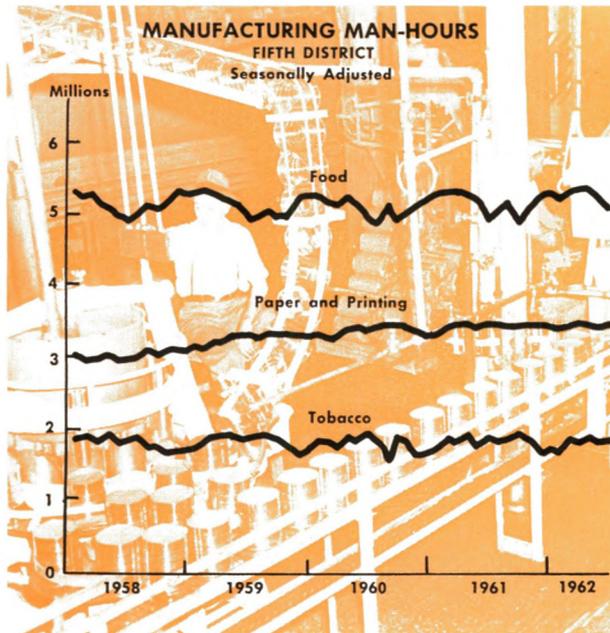
Nondurable goods man-hours, following about the same pattern, advanced steadily during the first half of 1961, trended slightly downward in the second half, resumed the advance in February 1962, and leveled out again in April about 12% above the

trough. With somewhat different timing, durables rose in 1961 from February through October, declined from November through January, rose again from February through April and leveled out again in May with a total gain of 13% from the trough.

As reflected in man-hour statistics, District manufacturing is approaching the fall on a high plateau with as yet no evidence to show when or how it will break out of its static condition—whether another forward leap is in store, or a decline sharper than any that has recently occurred. It is pertinent to note that in the past four years aggregate man-hours have seldom reversed direction to any significant extent in two consecutive months.

GAINS OFFSET DECLINES By a very small margin, seasonally adjusted man-hours in durable goods industries rose to a new high in July. Gains of 4% reversed both the precipitous drop in primary metals and the gradual decline in fabricated metals. On the other hand, machinery and transportation equipment, in a strong upswing during the first half, fell 2% and 1%, respectively, in the first month of the second half-year. Lumber and wood products more than made up the June decline, continuing the irregular advance that began in January. Furniture industry man-hours declined in July for the third consecutive month but were still higher than at any time prior to this year. Stone, clay, and glass industries made the biggest gain of all. A rise of 7% more than offset May and June decreases and established for these industries the highest figure in two years.





GROWTH SLOW IN SOME NONDURABLES As the first chart shows, nondurable goods industries account for about two-thirds of total factory man-hours. Although the growth and cyclical characteristics of durables and nondurables appear quite similar on the chart, relative changes based on the greater volume of nondurables are, as would be expected, decidedly smaller. The first graph on this page shows three components of the nondurables group which have made relatively little progress in the current expansion period. During the four and a half years charted, the food and tobacco industries experienced erratic short-term fluctuations which hardly reflect the general business cycle pattern at all and show virtually no growth. Paper and printing industries have been more stable and the element of growth is clearly visible. During the recent expansion man-hours have risen more slowly in these industries than in the nondurables group generally. But it should be recalled that the decline during the last recession was also considerably smaller here than elsewhere. According to the latest figures, all three of these series advanced in July. Gains of more than 1% in tobacco manufacturing and 2% in food processing reversed recent declines.

TEXTILES DOWN IN JULY Textiles, apparel, and related products, which currently account for 54% of all District nondurable goods man-hours, have provided much of the momentum behind the recent upswing. Gains in these industries since early in 1961 average 16%, an impressive figure for so large an operation. Individual man-hour increases were 24%

in knitting mills, 22% in yarn and thread mills, 17% in apparel factories, and 11% in broad woven fabric plants. All except apparel turned down slightly in June. All declined definitely in July—1% in weaving and 2% in spinning, knitting, and the manufacture of garments and other finished products.

Chemical manufacturing, the other District industry which has contributed strongly to the general rise in nondurables, gained 13% between December and June. A slight decline in June was followed by a 3% advance in July.

The behavior of Fifth District man-hours in July reinforced the general feeling of uncertainty. Many industries that had been advancing declined. Others that had been trending downward advanced, some by impressive amounts. As fragments of evidence appear during the fall they should be interpreted, as was observed earlier, in the light of the 2% to 10% seasonal increases that are normal for most District industries. Not until the seasonally adjusted statistics actually become available, however, will the facts be known about District industry's fall fortunes.

PHOTO CREDITS

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