

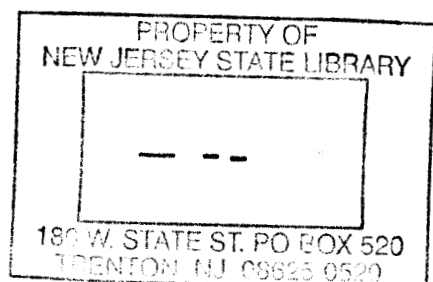
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4th Annual Report

Economic Policy Council
and Office of Economic Policy

Department of the Treasury
State of New Jersey
May, 1971



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STATE OF NEW JERSEY
OFFICE OF THE GOVERNOR
TRENTON

WILLIAM T. CAHILL
GOVERNOR

MAY 1, 1971

TO THE LEGISLATURE

I am pleased to transmit to you the *Fourth Annual Report* of the Economic Policy Council and the Office of Economic Policy. You are all aware of my great concern for the economic well-being of our state, and my interest in achieving the broadest contribution to economic policy formation by the legislature.

Many aspects of our future growth and development are closely related to the state's budget and tax policies. Until the Tax Study Commission has substantially completed its work, there are certain aspects of public policy which must be approached carefully, and this document, therefore, reflects those constraints.

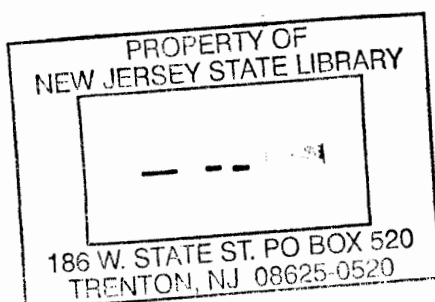
The Treasurer and the Budget Director have been working closely with me and my staff to maintain a broad perspective on the major economic policy issues which confront us. In this process, consultation with the members of the Economic Policy Council has provided valuable perspective and stimulus. We have also begun to implement staff development in support of these activities.

I commend this report to your attention and solicit your comments and suggestions.

Respectfully,

A handwritten signature in cursive script that reads "William T. Cahill".

Governor



ECONOMIC POLICY COUNCIL

DR. WILLIAM J. BAUMOL, *Chairman*
Professor of Economics, Princeton University

DR. MONROE BERKOWITZ, *Member*
Professor of Economics, Rutgers University

DR. WILLIAM C. FREUND, *Member*
Vice President and Economist, New York Stock Exchange

DR. HARRY STARK, *Secretary*
Director, Institute of Management and Labor Relations
Rutgers University



State of New Jersey
DEPARTMENT OF THE TREASURY
OFFICE OF ECONOMIC POLICY
STATE HOUSE
TRENTON, NEW JERSEY 08625

April 15, 1971

HONORABLE WILLIAM T. CAHILL
Governor, State of New Jersey

DEAR GOVERNOR CAHILL:

The Economic Policy Council has the honor to transmit its *Fourth Annual Report* in accordance with Chapter 129 of the New Jersey Laws in 1966. The council members have been most appreciative of the way in which you and your staff have accomplished the transition in the administration to preserve wherever possible the continuity of support for the work in which we share your concern.

This report follows our practice of providing comments on the outlook for the year ahead as well as a brief review of economic developments in the preceding year. This outlook statement was released in preliminary form through your office to the public in December 1970. We believe that the basic short-run situation has not altered substantially since then, and therefore, the outlook statement has not been altered.

However, the publication of the present report was scheduled for this time so that the statistical appendices could reflect the most complete and final figures for the year 1970. Such relatively complete data were obviously not available last December when fourth quarter information was largely a matter of estimate.

The substantive portion of this report reflects those issues which you have indicated to us in our consultations were of importance to your administration. It deals with an approach to the regeneration of urban centers and the improvement of environmental quality from the economist's viewpoint. Our intent is to help define issues and indicate directions rather than to propose definitive solutions.

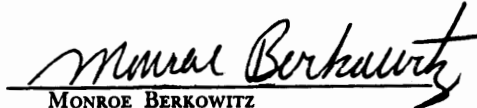
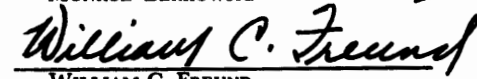
We have been most gratified by the cooperation extended by State Treasurer Joseph M. McCrane and the Executive Director of the Treasury Thomas E. Hitselberger. As in past years we have continued to rely upon the executive officials of various departments of state government for informational support.

We wish to express our gratitude to the research and statistics staffs of the Departments of the Treasury, Agriculture, Labor and Industry, and Community Affairs for the data and help they have provided. On several occasions we have benefited from the assistance of the Commissioner of Education and the Commissioner of Environmental Protection for which we are most appreciative.

We have been encouraged by indications of continued support for our functions through the Office of Economic Policy, and look forward to the implementation of the modest staff functions. We also wish to note our appreciation for the continuing assistance of Dr. Harry F. Stark as secretary to the council and as liaison with members of your staff and the executive departments.

Respectfully submitted,


WILLIAM J. BAUMOL, *Chairman*


MONROE BERKOWITZ

WILLIAM C. FREUND

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I

ACTIVITIES OF THE NEW JERSEY ECONOMIC POLICY COUNCIL DURING 1970*

Status

THE council's fourth year began during the transition to a new administration. At the suggestion of Treasury Department officials, the council and secretary maintained their functions while the executive agencies were being reviewed and adapted to the needs of the incoming administration. In the spring of 1970 the Governor and his principal staff met with the council to consider possible directions in view of the Governor's major policy concerns. Consequently, the Governor urged the council to continue in a consultative relationship following the established principle that their contribution was to be technical and advisory rather than political.

The same group met several times during the summer and fall for intensive discussion of the Governor's primary concern with the economic regeneration of urban centers and his major secondary interest in economic aspects of education and pollution control. No major research projects were

* Prepared by Harry F. Stark, Secretary to the Economic Policy Council and Director of the Institute of Management and Labor Relations, Rutgers University.

undertaken or commissioned. Some basic concepts were discussed and they are included in papers appearing later in this report.

Activities

Significant and encouraging progress was made in developing liaison and collaborative action with several executive departments and special agencies involved with economic decision making and implementation. Given the establishment of a new Tax Study Commission, the council did not get directly involved in fiscal policy studies, but Council Chairman Baumol and Commission Staff Director William Miller exchanged information on procedural matters of mutual concern.

Council Member William Freund was primarily involved with the preparation of the economic outlook statement issued in December 1970, and in discussions of financial conditions with Treasury officials, particularly in the Division of Investment.

The attraction of new business enterprise to New Jersey is of great importance to both the Treasury and Labor and Industry Departments. Through the encouragement of Council Member Monroe Berkowitz, Dr. Laurence Falk of the Rutgers University Bureau of Economic Research began a study of industrial inducements in the New Jersey area for the Division of Economic Development and also assisted in the staff work of the Tax Study Commission.

Treasury Department officials expressed interest in a possible education voucher experiment to be supported by the federal government. Dr. Berkowitz and Dr. Baumol urged responsive action by the state. Complex political and social issues dominate the economic aspects of voucher payment experiments in education, and the situation did not mature sufficiently for a feasibility study to be funded, although the City of Trenton was regarded as a potential site.

At the Governor's direction, a committee was formed under the chairmanship of Commissioner Richard Sullivan of the Department of Environmental Protection to formulate a specific proposal for controlling pollution through effluent charges. Chairman Baumol and the secretary participated in this working group. A report in the form of draft legislation is being prepared.

The secretary has continued to work closely with the Division of Research and Planning in the Department of Labor and Industry which provides the major statistical support for the council's work. That agency issues the revised monthly *New Jersey Economic Indicators*, which consolidates two previous documents as proposed in the *Third Annual Report* and is

also undertaking an extensive long-term manpower data projection program, partly in response to a recommendation in the *Second Annual Report*.

In December 1970, Senate Concurrent Resolution No. 78 requested the Economic Policy Council "to undertake a continuing study of the impact upon the economy, tax system, and financial structure of the City of Newark and of the state of the emergency aid program adopted by the legislature in meeting its current financial crisis and to make quarterly reports to the legislature on the results of its studies." If acted upon by both chambers, this request would come properly within the intent of the statute as a council function of great significance and represents a highly pertinent assignment more easily defined than executed.

Administration

While the consultative function of the council developed encouragingly during the year, the support service provided through the Office of Economic Policy remained minimal. Resources for staff implementation were initially made available, but implementation was necessarily deferred as part of a general administrative review and restructuring of the executive departments. Agreement has been reached on the need for modest staff support and this is now being actively pursued.

Treasurer Joseph M. McCrane and Treasury Executive Director Thomas E. Hitselberger have worked directly and actively with the council and given essential support and direction to the renewed activities. The staff of the Treasury Division of Administration has provided the necessary internal support for the management of the Office and Council functions. Dr. Harry Stark, as Secretary to the Council, continued to provide general direction for the maintenance of the Office of Economic Policy and relationships between the Treasury Department and the several executive departments.

This internal liaison within the Executive Branch has greatly aided the council's work. Commissioner Richard Sullivan of the Department of Environmental Protection and Commissioner Carl Marburger of the Department of Education and Commissioner Edward Hume of the Department of Community Affairs were most accommodating with their own personal time and that of their staffs.

Commissioner Charles Serraino and the staff of the Department of Labor and Industry made invaluable contributions, both continuing and extending work which had begun earlier. Dr. Arthur O'Neal, Director of the Division of Research and Planning, and his associate, Mr. Henry Watson of the Office of Business Economics provided critically important staff sup-

port and the basic data for the statistical appendices to this report. In this work they were greatly aided by the generous cooperation of several other statistics agencies in the state, in particular Mr. Eugene Taylor of the Department of Agriculture.

Close and effective cooperation has been maintained with the Division of Economic Development in the Department of Labor and Industry. The Council Secretary and the Division Director, Herman Simonse, have been working together so that the complementary functions of the Economic Development Council, under the chairmanship of Mr. Paul Troast, and the Economic Policy Council will be reinforcing. This development has made it possible to assure collaboration and avoid duplication of functions.

The council was most fortunate in having the assistance of Professor Edwin Mills of Princeton in the discussions of financial incentives for pollution control. This is a very important contribution to the continuity of the work, since Chairman Baumol will be on leave and at the University of Stockholm from February until July, 1971.

The Governor's *Management Commission Report*, published in November 1970, recommended a new executive department for "planning, budgeting, and control" to which the Office of Economic Policy would be transferred if that aspect of the report is implemented. The council members are in agreement with the intent of the recommendation to consolidate policies supporting staff functions in a central executive agency. Such a reorganization might make more attainable the general objective of coordinating policy information support among the various economic decision-making agencies which fall within the Governor's purview.

The *Third Annual Report* noted the possibility of furthering this same objective through a legislative committee on the economy. That previous recommendation might well be restated.

The introduction of the *Senate Concurrent Resolution No. 78* was pursuant to the functions assigned to the Office of Economic Policy (*Chapter 129, Laws of New Jersey 1966, Section 5.d*) to "make reports and undertake, at the request of the Governor, the Economic Policy Council, and the legislature such studies as may be pertinent for the accomplishment of legislative and executive purposes." It is the intent of the council to facilitate just such purposes as a contribution of their disciplines to the solution of economic problems affecting the general well-being of the citizens of the state.

II

THE NEW JERSEY ECONOMY IN 1971*

BECAUSE New Jersey is so highly diversified, its economic base parallels that of the nation to a considerable extent. As a result, a national pattern of prosperity or recession is closely reflected in New Jersey business conditions.

The year behind us proved to be a difficult one with real economic growth grinding to a halt for three out of the four quarters. While inflation continued to take its toll on the purchasing power of the dollar, unemployment mounted and with it the state's expenditures for unemployment compensation and other family support payments. Towards the end of the year, the unemployment rate nation-wide averaged close to 6 percent of the labor force; in New Jersey the rate was an abnormally high 6.5 percent. Particularly hard hit by the economic adjustment of 1970 were the defense industries. Fortunately, the state is not excessively dependent upon defense expenditures. Nonetheless, some industries and some communities were seriously affected and a number of them were listed as labor surplus areas.

The Economic Policy Council believes that the national economy will be embarked on a course of economic recovery in 1971. During the first

* Prepared by William C. Freund, Member of the New Jersey Economic Policy Council; Vice President and Economist of the New York Stock Exchange. This material was released initially in December 1970.

half of the year, New Jersey should benefit from the catch-up in automobile production lost during the recent prolonged strike. Moreover, there will be anticipatory buying of steel as a hedge against the possibility of a strike in mid-year. We believe also that the national Administration will pursue more expansionary policies later in 1971 in order to sustain economic expansion and to promote higher levels of employment than prevail now. All these developments should result in improved economic conditions within the state.

The housing industry already appears to show signs of coming to life. Building permits and housing starts are showing improvements; thus, housing promises to contribute significantly to economic recovery. New housing starts in the state are expected to rise from 35,500 units in 1970 to around 45,000 units next year. Improvements in home building go together with the availability of funds, and money is loosening up for mortgage financing.

Equally important has been the trend toward federal financing of housing. This year more than 25 percent of all housing starts will be receiving some kind of federal subsidy, compared with only 12.5 percent last year. One means of stimulating housing has been through the FHA, specifically sections 235 and 236, which subsidize interest rates to eligible borrowers. Under the Home Finance Act of 1970 the Federal Government will continue to support the housing industry, not only through FHA but through such agencies as the Federal Home Loan Bank System and the Federal National Mortgage Association. The increase in housing activity will be needed to satisfy the rise in demand resulting not only from housing shortages already in existence but the current rapid rise in the number of young families. We expect apartments to continue to constitute a rising proportion of total housing activity. This will be particularly true as the cost of private homes continues to rise rapidly, as vacant land becomes scarcer and located further from the cities. Moreover, apartments still remain relatively less expensive, within better reach of young families, and better adapted to their initial needs.

Better housing activity should lead to somewhat more liberal spending by consumers whose savings rate at present is abnormally high. In addition, outlays for social expenditures at the state and local level will increase. On the one hand, this will add to the stream of aggregate demand, but it will also intensify the budgetary problems of state and local communities.

New Jersey and its cities are experiencing increasing financial difficulties resulting from the widening gap between rapidly rising expenditures and slowly rising tax revenues. The expansion in expenditures reflects not only increases in real services by state and municipalities, but also the in-

exorable pace of inflation, particularly in the service industries. State population, as everywhere in the nation, is showing rising levels of aspiration not only for better schools, better transportation systems, but also for improvement in our environment and a lessening of pollution. Despite strenuous efforts to bring economies and efficiencies to state operations, the level of expenditures is pushing higher in response to inflation and a larger, more demanding population.

No run-away boom is in sight for this year. Slowing the forward momentum of the economy will be a levelling in business expenditures for new plant and equipment, modest increases in inventories, and controlled national defense expenditures.

The consensus of economists is for the nation's GNP to rise by about 7.5 percent in 1971, with real output accounting for half of this gain and price inflation for the other half. We expect roughly the same pattern of slow improvement to prevail in our state. Our Gross State Product, now estimated at \$40-billion, will probably grow by \$3-billion this year. Employment opportunities will expand most rapidly in the service industries, including government, finance, insurance, real estate, transportation, communications, public utilities, and contract construction. Total personal income in the state is expected to exceed \$35-billion in 1971, up from \$33-billion this year. On a per capita basis, personal income should reach \$4,750. Average income per household is likely to be about \$15,000.

Unfortunately, the unemployment rate will stay relatively high. The reason is that New Jersey's labor force will grow rapidly relative to employment opportunities. That is the pattern typical of gradual business recoveries. This time the problem will be aggravated by a rapid growth in the number of young people joining the labor force and returning veterans discharged as a result of our gradual Vietnam disengagement. Thus, the state's fiscal problems will continue to be particularly acute during 1971. Moreover, the rate of inflation promises to be subdued only gradually. We expect the consumer price index to continue to advance at a disturbingly high 3.5 to 4 percent per year.

We believe that the decade of the Seventies will be one of substantial growth both for the nation and the state. Now that the recession of 1970 is out of the way, more favorable circumstances seem to be developing for a gradual, more sustainable, less inflationary economic expansion in the years ahead. We are sure that New Jersey will not only share in this expansion but contribute to it.

THE NEW JERSEY ECONOMY IN 1970*

The General Picture

AFTER nearly a decade of strong expansion, the pace of New Jersey's economy began to taper off during the second half of 1969 in response to anti-inflationary policies of the Federal Government and the Federal Reserve Board. As in the nation, the slowdown intensified during 1970. Factory activity declined because of cutbacks in defense spending and reduced demand for consumer durable goods. Tight money contributed to a contraction of homebuilding, and the increasingly sluggish pace of general business activity caused a pause in job growth in trade, services, and some other non-manufacturing activities. Business failures increased sharply, as did unemployment.

Based on data available through October, total nonagricultural wage and salary employment in New Jersey should average just over 2.6 million for the full year of 1970, up about 20,000 from 1969. Annual increases averaged 82,000 over the preceding five years. Personal income should total about \$33-billion. While this represents an increase of about 8.5 percent over 1969, the bulk of the rise simply reflects inflation. Consumer prices climbed in the New York and Philadelphia metropolitan areas (which include parts of New Jersey) by about 7 percent between 1969 and 1970.**

At year's end, the stage appears to be set for recovery. Federal Reserve policy and the federal budget are expansionary, new housing starts nationally

* Prepared by Arthur J. O'Neal, Jr., Director of the Division of Planning and Research, Department of Labor and Industry, in collaboration with his assistant, Henry A. Watson, Office of Business Economics, and Eugene S. Taylor, Chief of the Bureau of Economics and Statistics, Department of Agriculture. This material was released initially in December 1970.

** The New York area increase (based on data available through October) was 7.5 percent and the Philadelphia area increase was 6.6 percent. No separate index is prepared for the State of New Jersey.

have already begun to move up, and households hold substantial purchasing power following six months of abnormally high savings. Just as New Jersey's economy turned down when the national slowdown began in 1969, a generally expected pickup in the nation's economic pace in the months ahead should pull New Jersey's economy back on the expansionary course to which it became accustomed during most of the Sixties. Unemployment should decline and payroll employment should approach 2.7 million by the second half of the year.

Manufacturing

Industrial activity peaked in New Jersey in the summer of 1969. Factory employment then declined by about 46,000 through October 1970, after adjusting for seasonal variations and excluding the effects of the General Motors' strike. The drop was slightly greater than during the 1960-61 recession, but not as severe as in other post-World War II recessions.

While nearly all major industries shared in the slowdown, the impact was greatest in the durable goods sector and particularly in industries dependent on defense contracts. As of October 1970, jobholding in electrical machinery establishments had declined by 7,000 since October 1969. Substantial cutbacks also had occurred in the nonelectrical machinery, primary metals, fabricated metals, aircraft, shipbuilding, instruments, rubber and plastic products, garment and toy manufacturing industries. The only manufacturing industries showing any growth at all in 1970 were printing and food processing.

Construction

The construction sector held up quite well in New Jersey during 1970. Contract construction employment in the state was slightly higher in October than a year earlier. Nationally, construction jobholding was down nearly 6 percent over the same period. New Jersey shared in the nationwide home-building slump, but nonresidential building, bridge and road construction, and other heavy engineering projects apparently were sufficient to pick up the slack. A relatively strong pace of residential addition and alteration work also helped cushion the slowdown in the construction of new homes.

Indicators of planned residential construction stopped declining last winter, but have yet to show a significant rebound. As of October, the number of dwelling units authorized by building permits for the year to date was about 6.5 percent smaller than during the same period of 1969, with reduced permits for new single family homes accounting for most of the decline. And despite sharply rising costs, the dollar volume of residential contract

awards during the first three quarters of the year was running 16 percent behind its year-ago pace. Contracts for nonresidential building and heavy engineering construction, on the other hand, were up 23 percent and 153 percent respectively, over the same period. A major contributor to the increase in heavy construction was a \$450-million contract award last spring for a nuclear generating installation in Burlington County.

Service Producing Activities

Employment growth rates in trade and services slowed significantly during 1970, as inflation, rising unemployment, and a more cautious attitude on the part of consumers contributed to a sluggish pace of sales of new cars, household durable goods, and some non-essential goods and services. The general economic slowdown also contributed to a drop in trucking and other transportation services. Employment in utilities and financial institutions in New Jersey appear to have been less affected by the reduced pace of the economy, with jobs expanding about in line with trends of the preceding several years.

Retail sales were slow throughout the nation during 1970, but New Jersey retailers were hit particularly hard, based on U.S. Census Bureau estimates available through August. Sales during the first eight months of 1970 were unchanged from the same period in 1969, despite rising prices. In "real" (constant dollar) terms, sales were down over the year. Since mid-summer, however, data on auto registrations have been providing an encouraging indication that new car sales may be picking up. New passenger car registrations ran well ahead of their 1969 pace between August and October, and it now appears that registrations of new motor vehicles (including commercial vehicles) for the full year of 1970 might exceed 1969's near-record volume of 392,000. The apparent recent improvement in car sales could signal the long-awaited strengthening of consumer spending generally, upon which much of the hope for an economic recovery in 1971 is based.

Employment in the public sector increased less than usual during 1970, mainly because of federal budgetary restraint which included layoffs at New Jersey defense installations. Federal jobs in the state declined over the year, except when temporary census enumerators were recruited during the spring. Also, state and local government employment rose at a slightly slower pace than in most recent years.

Impact on the Labor Market

The reduced pace of business activity was accompanied by a substantial rise in unemployment in all major labor market areas in New Jersey. Two

areas—Jersey City and Perth Amboy-New Brunswick—were placed into the labor surplus classification by the U. S. Department of Labor, entitling employers in those areas to certain preferential treatment in federal government procurement.* Statewide, about 162,000 workers were unemployed in the state in October, up almost 52,000 from a year earlier.

Eighty thousand, or about half of all the unemployed, were eligible for and collecting unemployment insurance benefits in October. At 5.5 percent, the seasonally adjusted unemployment rate for workers covered by unemployment insurance had risen sharply from a low of 3.0 percent in the spring of 1969. Though the number of job applicants seeking help from the New Jersey State Employment Service increased along with the rise in unemployment insurance claims, the volume of placements by that agency dipped to a twenty-year low by the second half of 1970 because of an inadequate number of available job openings.

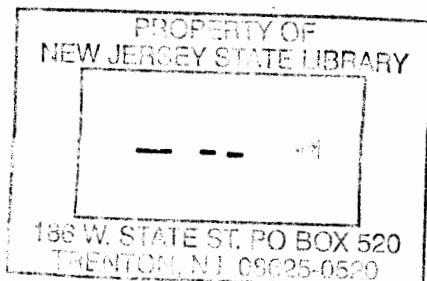
Substantial as it was, the percentage increase of insured unemployment during 1969 and 1970 was smaller in New Jersey than nationally. The insured unemployment *rate* rose by 82 percent in New Jersey between April 1969 and October 1970, while increasing in the nation as a whole by 120 percent over the same period.

On the other hand, the *level* of New Jersey's insured unemployment rates tends, in normal times, to run about one percentage point above the national average because of greater seasonal fluctuations in employment and other factors. Thus, prior to the recent economic contraction, the seasonally adjusted insured unemployment rate was 3.0 percent in New Jersey and only 2.0 percent nationally. The smaller percentage change in New Jersey is due to the fact that the state started with a higher base rate. If the state and the nation are compared in terms of absolute rather than percentage changes, there is no significant difference in the intensity of the unemployment increase. Over the period in question, the New Jersey rate rose by 2.5 points while the national rate increased by 2.4 points (to 4.4 percent as of October 1970).

Agriculture

Crop production for the 1970 season was good for most field crops, fruits, berries, and vegetables. Some notable exceptions included low yields of blueberries and asparagus. Tomatoes and cranberries, however, yielded bumper crops.

* Since the statement was released in December 1970, the Paterson-Clifton-Passaic, Newark, Flemington, Long Branch, Vineland-Millville-Bridgeton, and Atlantic City labor market areas were also placed in the labor surplus classification.



Cash receipts from farm marketings in 1969 totaled \$249.6-million, unchanged from 1968. Net income per farm from the state's 8,900 farms at \$7,672 was up 2 percent above the \$7,552 obtained in 1968. With a further moderate decline in farming units to 8,700 expected in 1970, net income per farm is likely to remain near the level of recent years. Estimates of cash receipts for the period January through September in 1970 totaled \$192.4-million and compares with \$192.1-million for the comparable period in 1969.

The New Jersey composite *Index of Prices Received by Farmers for 1969* averaged 267 and was the highest since 1952. The *United States Index of Prices Paid by Farmers* at 373 for 1969 was 5 percent above 1968 and the highest of record. The annual average ratio of *New Jersey Prices Received to United States Prices Paid* at 72 was 1 percent above 1968.

Conclusion

The year 1970 has been a time of economic slowdown on a par with the mild recession of 1960-61 in terms of the numerical increase in unemployment and decline in factory jobs. Fortunately, this slowdown began at a time when the economy was in high gear. In contrast, the 1960-61 recession followed an abortive recovery from an earlier recession in 1958. The insured unemployment rate in New Jersey (seasonally adjusted) was 5.0 percent before the recession even began in February 1960, and it climbed to 6.6 percent a year later, at the recession trough. The current (October 1970) rate, at 5.5 percent, is closer to what it was at the 1960 "peak" in the economy than to its level when the economy hit bottom in early 1961.

But labels such as recession or slowdown are really not important to those who have personally felt the impact of the 1969-70 unemployment. Whatever it is called, New Jersey businessmen, workers, and consumers are well aware that 1970 was a year of economic pinch. Hopefully, their appetites for an upturn in business activity, along with somewhat more stable prices, will be satisfied in the year ahead.

III

ENVIRONMENTAL PROTECTION AT MINIMUM COST*

THE great public outcry for the protection of the environment is unlikely to prove a transitory matter. The mounting flow of trash, the increasing pollution of the atmosphere, the growing level of noise will constitute unremitting irritants capable of maintaining political pressure that governments will be unable to ignore.

The issue is whether one can devise measures that will prove effective in protecting environmental quality and whether these are, in fact, likely to be adopted. This is of interest not only as a matter of general public welfare. It is important for those who are concerned with investments in pertinent economic activities—in pollution control devices, in noise abatement equipment, etc. It is obviously relevant also for the industries whose operations contribute to the basic problems.

This paper describes one of the proposals most widely advocated by economists for the control of pollution and other environmental problems. The proposal seeks to minimize the use of direct controls and to provide effective encouragement to industry to take appropriate remedial action.

* Prepared by William J. Baumol, Chairman of the New Jersey Economic Policy Council and Professor of Economics, Princeton University.

Its basic approach is the imposition of effluent charges in the most general sense—the taxation of activities that contribute to environmental problems and remission of taxes on activities that help to remedy them. The method claims for itself a number of advantages, not the least among them being efficiency (in terms of cost) in the achievement of whatever goals are adopted in the area. Moreover, the program in question has another considerable virtue. Unlike most other measures that have been advocated for the purpose, it need not add to the financial burdens of the state and local governments. Given the tremendous and growing financial pressures to which the public sector of our economy finds itself subjected, it is not implausible that methods of the sort discussed here will be employed ever more frequently by harassed governments under constant pressure to do something about the environment, but in no position to devote large quantities of money for the purpose. Already at the federal level there is a bill calling for a system of effluent charges to protect our waterways, and the President has advocated a tax on leaded gasolines. A number of states have just enacted related measures, and they are under consideration in many others.

Even where a new tax is under consideration primarily because of revenue needs, it is tempting to achieve two goals for the price of one—to increase the flow of revenues to the public treasury in a way that provides very powerful incentives for improvements in the quality of life. Once experience confirms the efficacy of these measures, their popularity seems very likely to increase.

Alternative Policy Proposals

A variety of policies have so far been proposed for the protection of the environment. Clearly, any effective policy has to be flexible and must employ a variety of instruments. The bulk of the methods that have been proposed so far, however, are, *by themselves*, simply incapable of doing the job. In fact, one sees evidence that this is beginning to be realized by policy makers, many of whom are now turning to the methods that some economists have been advocating since 1911, long before the issue had become very fashionable.

The standard approaches consist, essentially, of three measures offered in varying dosages. The first of these is moral suasion; the appeal to the conscience of the businessman and the general public to adopt a new and finer code of virtue. The second is increased public investment. When something isn't working well the obvious solution seems always to call for the government to spend more money. In this case it is proposed to have the public sector build more disposal plants, clean up slag heaps, undertake the control of oil spills, etc. In effect, the government is asked to undertake

a gigantic sanitation operation, cleaning up after the activities of industry. The third approach, which is perhaps the most popular of all, is outright prohibition by law.

The Appeal to Conscience

Moral suasion has its limitations, not because businessmen are less moral than other people but because asking businessmen to bear the brunt of the task on a voluntary basis is a request to do the impossible. If the firm is to devote on a voluntary basis the huge resources that will be needed to deal with the environmental issues, it must undertake to spend the stockholder's money in a way the stockholder has not authorized. More important, it requires management to put its enterprise at a severe competitive disadvantage, perhaps thereby even undermining the viability of the firm.

Governmental Outlays to Protect the Environment

The second of the popular proposals for the protection of the environment is the government expenditure approach. More will have to be spent on waste-treatment plants, and something will have to be done to clean up the enormous mess inherited from our predecessors and to which we still continue to contribute at most alarming rates. But we once again ask the impossible if we expect the government to cope in this way with, for example, the flow of garbage as it grows at its massive exponential rate. The fact is that waste-treatment plants are generally inadequate before they are completed, and sometimes even before they are planned. Man simply cannot cope with the problem unless, simultaneously, something is done to decelerate the flow of garbage that his society generates.

Direct Controls

The third method of environmental control, direct prohibition, suffers from a variety of problems, many of which are, no doubt, brought to mind by the term *prohibition* itself. The effectiveness of such measures clearly depends upon the vigor of the enforcement mechanism. We have seen, for example, the workings of laws forbidding the use of incinerators in apartment houses under which landlords are occasionally subjected to token fines on something like a random basis. They then simply continue to run their incinerators because it is far cheaper to pay the fines than to undertake alternative measures for waste disposal. Thus, the incinerators continue to emit their noxious fumes even though incineration has been prohibited absolutely and categorically.

Also, enforcement depends on policing, and this in turn offers all sorts of temptations and leads in too many cases to outright corruption.

Even in those cases where direct controls have made a difference, their effects are all too likely to prove transitory. In the first blush of public enthusiasm the severity of standards is increased and enforcement is relatively effective. However, several years later, when public attention has focussed on other issues and the subject is no longer in the headlines, the strength of its enforcement mechanism ebbs. The regulatory agency then takes on the characteristic lassitude that is most easily compatible with self-preservation and the avoidance of trouble.

Finally, direct controls suffer from a serious *economic* disadvantage. Even when they achieve their purpose—a reduction in the smoke content of the atmosphere or the noise level near an airport or in the number of substandard houses in a slum neighborhood—they are likely to do so in a manner that is highly inefficient, wasting the resources of society in the process.

Suppose that an agency has been directed, say, to cut by 60 percent the total emission of certain pollutants into a river into which many plants are pouring industrial wastes. As a matter of fairness, if for no other reason, the regulatory agency is likely to assign a similar quota to each of the offending plants—to prohibit any plant from emitting more than 40 percent of its former flow per unit of time. Any other basis for the setting of quotas would seem discriminatory; yet a little thought shows that the procedure is apt to prove quite inefficient. Some of the plants, very likely those that are relatively new and adaptable, can decrease their efflux at very little cost to themselves. In others, the cost of reducing the outflow of pollutants by some given amount will be very high. Consequently, one would expect that the cost-minimizing assignment of reductions in pollution will normally not involve proportionate decreases in emissions. To minimize total costs a plant which can decrease its pollution outflow cheaply and easily might be asked to effect an 80 percent reduction in its effluents, while another whose adaptation cost is high might be assigned only a 20 percent reduction. And yet, as we have noted, an assignment of such uneven quotas is likely to be considered discriminatory, and is therefore likely to be unpalatable to a regulatory agency.

Environmental Problems and the Price System

Put very briefly and very superficially, many economists argue that the source of the environmental problem is the fact that the price system simply is not applied to many of society's resources. Its fresh air, its clean rivers, its good neighborhoods are resources that can be used up in the productive process just as coal, electricity, and steel are consumed. But while a price

related to cost of production is charged for fuel and raw materials, the air and our other environmental resources can be used up without payment for the privilege. The economist is impressed by the efficiency with which the economy utilizes resources that are supplied under the rules of the price system. Industry uses its raw materials with a degree of care and efficiency that is perhaps unparalleled in economic history. Yet, at the same time, the air supply deteriorates progressively, the rivers are transformed into sewers, and the neighborhoods into slums. What has gone wrong?

Experience tells us what happens when costly resources are supplied free of charge.

Tax Incentives for Environmental Protection

The proposal that the economist, consequently, makes is a very simple one. He maintains that there is no excuse for supplying expensive resources free. He says that those resources should be provided at an appropriate price just like the resources supplied by private industry. More specifically, he calls for a reorientation of the tax system, one that does not necessarily increase the overall burden of taxes. An example will, once again, help to clarify the issue.

Suppose it were decided that the oil industry were currently paying the right total amount in taxes, but that taxation were to be used to help get the lead out of its products. For this purpose one could reduce by, say, \$0.03 a gallon the tax on unleaded gasoline and increase it by a similar amount on leaded gasolines. This is clearly not punitive. On the contrary, it gives the industry the opportunity to recoup its money by behavior consistent with social goals. Nor does this procedure constitute a drain on the public budget or a subsidy to industry. Given the efficiency with which private enterprise is able to proceed in the pursuit of profits I suspect the speed of the resulting changeover to lead-free fuels will truly be impressive. Similarly, in the neighborhood of airports much can be accomplished by a substantial differential in landing fees depending on the noise level and pollution emission level of the airplane. In the same way, the flow of trash can be reduced by imposing a significant tax on no-deposit-no-return containers, perhaps matched by a reduction in excise tax on items in returnable containers. Or, to give yet another illustration, there is much to be said for a reorientation of taxes on rental property which offers some material advantage to the improvement of buildings, and under which the landlord who pollutes his neighborhood by creating a slum—by failure to maintain his property or by abandoning his property outright—has to pay the cost that he imposes on society.

In each of these cases the basic notion is the same. By giving virtue its just (financial) reward the rules of the game are changed so that industry is induced to accomplish what society wishes of it.

Besides its obvious attractions, this approach has several additional virtues. In many cases, it is virtually self-enforcing. Its instrument is typically the meter rather than the police inspector. For example, the proposed tax on leaded gasoline requires no more than a record of how much of each type of gasoline has been sold, and the tax can be collected just as it is today. The emission of pollutants by a factory can also be metered and billed. There are no crimes to be discovered, no courtroom hearings, and no legal battles over level of fines. Enforcement is consequently not sporadic—it is continuous, predictable to the business planner and, consequently, effective. In this respect it differs markedly from the reality of outright prohibition.

The taxation approach to the protection of the environment also has the virtue of longevity. That is to say, because it is automatic, because it is self-enforcing, it will still be effective five, ten, and twenty years after it was enacted, when public interest in the subject has waned. A tax on smoke emission which is billed monthly will continue to exert its influence on managerial decisions indefinitely. Unlike a program dependent on the vigor of a regulatory agency, the tax incentive does not require continued enthusiasm for the cause. It can, thus, transform a transient public outcry into a permanent influence that affects significantly the behavior of the economy.

The tax approach, at least in principle, achieves its reductions in effluents, in noise, and in smoke in a manner that minimizes the total cost of the changeover. Without assigning quotas to anyone, or interfering in the operations of the individual enterprise, it provides the incentives for each firm to make those decisions which in the aggregate will make the cost of pollution control as low as possible.

To illustrate consider the earlier case where it had been decided to reduce the total influx of pollutants into a river by 60 percent. Suppose that instead of assigning a quota to each company with a plant on the river, a tax on the discharge of wastes is imposed, a tax sufficiently high to achieve the desired reduction in the pollution content of the river. The firm for which it is very cheap to reduce emissions will find it profitable to cut down on its effluents substantially because, for it, the installation of the required equipment will be less costly than the taxes. On the other hand, the firm for which such a changeover is very expensive will find it cheaper to pay the tax than to undertake a substantial conversion. The first firm may then find it most profitable to cut its discharges by 80 or 90 percent, while the second company may end up with no more than a 10 or a 20 percent reduction.

Thus, the difficult task of assigning emission quotas to the various plants in accord with the requirements of efficiency is taken care of automatically by the tax incentive approach. It does so without direct interference in the decision processes of the individual firm and without recourse to direct controls.

Conclusions

In sum, the tax reorientation approach offers a variety of attractive features. It is equitable—it charges only those who engage in the activities that threaten the environment and bases the charges on the extent of the taxpayer's contribution to the environmental problems; it is automatic and self-enforcing; it minimizes the need for enforcement machinery and the temptations for corruption; it does not increase the financial problems of state and local governments; it is effective and makes full use of the productive efficiency of the free enterprise system; its effects are long lived, and it promises to achieve its goals at minimum overall cost to the economy.

Society has been giving away, free, too many of its precious resources far too long. It is not as scandalous as it sounds to decide that everything has its price. The real scandal lies in setting that price at zero or at some token level that invites us all to destroy and to despoil. Unless we recognize the legitimate role of taxation in this area, we may end up with our sense of morality intact but our environment in ruins.

IV

GUIDELINES FOR A STATE PROGRAM FOR THE CITIES*

IN 1967-68 municipalities in New Jersey received about \$84-million in aid from the government of the state. During this same period the counties received \$400-million in state aid. The bulk of these grants was devoted to education—in the case of the municipalities, state aid to education amounted to \$68-million, or some 80 percent of the total. A substantial amount was also devoted to welfare (nearly 10 percent of the total to municipalities). The remainder was devoted largely to roads and health.**

In roughly the same period federal aid to New Jersey state and local governments amounted to \$473-million. The state and federal governments have undoubtedly increased these outlays since 1968 and will have to increase them even more in the future. The program proposed in this paper clearly will also require some increases in outlays. In total it would probably require an additional annual expenditure of some \$30- to \$40-million by state and federal governments. Viewed in terms of the magnitude of the problem this sum is undoubtedly modest. Considered in terms of the financial pressures besetting the state, almost any amount is undoubtedly excessive.

* Prepared under the direction of Professor Baumol.

** The source for all of the figures in this paragraph is the State of New Jersey County and Municipal Government Study Commission. The data are all preliminary and have been prepared primarily for staff use.

The main feature of the approach adopted in this memorandum, however, does not lie in the amounts proposed for spending. Rather it seeks to innovate in the design of state aid to the cities and to do so in a way that provides, insofar as possible, *incentives* for improvement in the performance of the economies of New Jersey's cities. Too much of earlier expenditure to assist the cities of this country has been devoted to palliatives whose effects have proved largely transitory. The objective of the proposals is to break this pattern and to develop programs that lead the cities to regenerate themselves—the only way to long-run rehabilitation.

I. Some Basic Principles

An effective state program for the cities of New Jersey should satisfy the following criteria:

1. It must not try to do everything at once. Dispersion of the limited resources that the state can afford among a large number of activities with disparate objectives will mean inevitably that none of the activities can accomplish very much. There must be a choice of one or two critical targets to which the bulk of the state's efforts should be devoted;

2. It should not do things for urban residents directly, but should provide the motivation for them to do things for themselves instead. For example, additional public housing built and designed by the state is likely to be neither appreciated nor well maintained. Instead, a program making it easier for residents to acquire a financial interest in their homes, or making it more profitable for landlords to maintain and improve their properties can be expected to produce results far more substantial and more enduring, and provide a better social climate than a policy of increased governmental handouts.

There are two primary goals which should constitute the focus of a state program: (1) increased income and employment for the poor and (2) the attraction of more middle and upper income families into the central cities.

This means that a number of critical urban problems may have to be given lower priority, and expenditures in these areas may have to be limited to the minimum needed to prevent crises or to deal with emergencies. For example, government outlays on housing may have to be restricted, not because housing is unimportant but because, in the long run, a program that succeeds in raising income levels in the cities may improve residential facilities more effectively than a policy of housing assistance by the state. Direct expenditures on education may have to be limited largely to outlays

that improve the earning ability of the poor and to those that help to re-attract middle and upper income families to the cities.

High priority should be assigned to increasing income and employment opportunities for the poor because there is evidence indicating that poverty and inability to find jobs underlie many of the other problems found in the ghettos and in impoverished areas generally. A well-known example illustrates the point dramatically: There is no doubt that the proportion of broken homes among blacks is enormously larger than that among whites. The facts suggest strongly that this is a consequence primarily of income differentials. If the figures on black and white families are stratified by income level, the difference in the proportion of broken homes virtually vanishes. Such evidence implies that an increase in employment in the ghetto should reduce crime rates, improve housing and neighborhoods, and contribute to the quality of the education system. In short, it can strike at the roots of some of the most critical problems that beset the city.

Middle and upper income groups should be re-attracted to the cities since the presence of these groups increases employment opportunities for lower income residents, both because the middle class is a source of demand for their services, and because the middle classes provide the skilled manpower necessary in so many types of business enterprise. These groups also constitute the tax base without which it is impossible to maintain the quality of public services, and their presence automatically serves to improve neighborhoods and the education system.

Outside these critical areas there are other measures, relatively costless to the state, designed to improve the quality of housing and to permit, through increased fiscal flexibility, maintenance of the quality of the public services provided by local governments and, in particular, to improve the quality of the education system.

Accordingly, this paper will offer recommendations falling under three headings:

1. measures designed to improve incomes and employment opportunities for the poor;
2. measures designed to attract more middle and upper income families to the cities;
3. measures to improve quality in local housing, education and public services.

II. Increasing Incomes and Employment

Many economists believe the most efficient way to increase the incomes of the poor is the negative income tax, the program that has been sponsored by President Nixon and his administration. This program is designed to eliminate both the heavy administrative costs and the personal humiliation that are built into the current welfare system and, perhaps most important, to provide incentives to those who receive support to find gainful employment for themselves. The negative income tax is, however, a program that would best be operated and financed at the federal level. Obviously, the states will find it difficult to supply the funds needed to operate such a program, and in any event, any state that pioneers in its adoption is likely to find itself swamped by potential recipients who migrate to the area because of its system of financial support.

The first recommendation therefore is that: The state should do everything in its power to support the Nixon administration's program for income maintenance.

It should do anything it can do to persuade members of the congress to act favorably and quickly on the proposed legislation.

However, more than this will be needed to achieve a substantial increase in employment and in the remuneration of the poor. For this purpose more job opportunities must be made available to the poor and the recipients of public support must be given the motivation to take advantage of the opportunities. However, an interim proposal is recommended in the event that there is a significant delay in passage of the *Federal Income Maintenance Plan*.

The state now pays a substantial portion of general welfare costs and shares with the federal government the costs of the categorical assistance programs. Everything possible should be done to encourage persons on the assistance rolls to find their way into gainful employment. One possible obstacle is such a person's fear that if he should not be successful at his job there may ensue endless delays in once again receiving the kind of support that may be essential for his family.

Experience with federal disability programs and with private insurance disability arrangements indicate the value of a so-called rehabilitation period. Under Federal Social Security Disability Insurance the recipient may have up to nine months at a trial work period where he can test his skills in the labor market without diminution of benefits. He may return to the

program without undergoing a six-month waiting period within a five-year period.

A similar rehabilitation emphasis is vitally necessary under the welfare programs. The state should guarantee each person receiving welfare that there will be no reduction in his payments for the first three months of his employment. Thus, should it be necessary for him to terminate his employment, he will have his welfare payments assured him since they will continue. Welfare payments should be terminated at the end of the three-month period, but for an additional three to six months he should be assured that if again it becomes necessary to terminate his employment, he will be able to return with no delays to the welfare program to which he was previously entitled.

This will require a small fund on the part of the state to assure prompt payments until the time when the technical requirements for eligibility are met once again.

To increase the availability of employment opportunities to the poor, we rely in part on the measures discussed in the next section—those designed to bring more upper and middle income residents into the cities, since, as already indicated, more job opportunities for the poor are likely to accompany this change in migration patterns. However, it is also desirable to increase directly the number of jobs offered to ghetto residents with any given level of economic activity in the cities.

Employers may be reluctant to hire disadvantaged persons with little training and little job experience because of their fear of increased social insurance costs. This may be particularly true of workmen's compensation, temporary disability insurance, and unemployment insurance costs if employers are experience-rated.

To eliminate any possible obstacles imposed by these valuable programs, employers should be given assurance that hiring of disadvantaged persons will in no way increase these social insurance premiums.

For a period of one year after the hiring of such an employee, the employer should pay his normal workmen's compensation, temporary disability insurance, and unemployment insurance premiums into special funds. The amounts paid into these funds should depend solely upon the wages of the employee and the rate which the employer normally pays for employees in the same classification.

In the case of workmen's compensation, these monies should be put into a pool, similar to the Assigned Risk pool, and the Compensation Inspection and Rating Bureau should see to it that the normal workmen's compensation policies are written for the group of employees on a state-wide basis. Temporary disability insurance and unemployment compensation insurance (TDI-UI) payments should be made to the state, but segregated into a separate pool.

In the event of a compensable accident, the insurance pool should handle all of the details of the accident in the normal way. But in the event that there is a deficiency in the pool, the state should be ready to make this up by an appropriation from general revenues.

In a similar fashion, in the event that there are deficiencies for TDI-UI for the group of persons on a state-wide pool, deficiencies should be made up from general revenues.

Several variants of this scheme are possible, but in essence they can all be identified as guarantees to the employer that social insurance costs of these three programs will pose no obstacle, either financial or otherwise, to the employer in the event that he chooses to hire these disadvantaged employees.

The most promising proposal to help increase the incomes of the poor is presented last in this section because it also overlaps into the next, that is, it is designed simultaneously to provide additional jobs for the poor and increase the attractiveness of the city to the middle classes.

There is evidence indicating that the quality of municipal services can make a very great difference to a middle class family in deciding whether to locate in city or suburb. Staffing shortages have contributed materially to deterioration in urban services in recent years. Shortages of policemen have undoubtedly contributed to the frightening crime rates in some of our major cities—which certainly speeds the exodus of the middle income group. Shortages of sanitation men make for increasingly dirty streets. There are shortages of teachers' assistants, and nurses' aides. A program that increases employment in these critical categories will clearly help also to improve the incomes of the poor. But, in addition, if it helps to stem the exodus of the middle income groups, it can also have a substantial *long-run* multiplier effect by improving the cities' tax base, by increasing the demand for employment, by making it easier to attract industry to the cities, all in all, pro-

viding some impetus towards a reversal of the long-run trend toward deterioration in the urban economy.*

Therefore, it is proposed that the state undertake a program offering employment to the poor in each of the critical categories of municipal employment. The persons selected would first be put through a period of full training. Those fully qualified would be offered employment on normal terms and with normal status. Others would temporarily or, in some cases, indefinitely be given the special status of assistants where they would be assigned tasks commensurate with their skills. In no case would anyone be kept on if he were not putting in full and fully productive time for wages received. In no case would a person merely be offered a token "dead end" job. The cooperation of unions would have to be enlisted.

The program should provide the funding for a 10 percent increase in the number of full-time municipal employees—a net increase of some three to four thousand jobs in the state's seven largest and poorest cities.** This may come to as much as 10 percent of the employed in these cities. Preference should be given to young members of minority groups among whom unemployment is particularly severe, and for whom the training could be the most productive investment. At an average cost of \$5,000 to \$6,000 per year per additional municipal employee, which is above the beginning salary in many of the relevant occupations, it would involve an annual cost to the state of some \$25-million. If it contributed to a decrease in unemployment in the cities, an increase in the skills and opportunities for young members of minority groups, and an increase in attractiveness of the cities to the middle classes, the program would be cheap at the price. Further, the bulk of the training expense may be carried by federal sources.

* School systems in New York City, Los Angeles, St. Louis, and the State of Virginia are among those using paraprofessionals as teachers' aides, playground supervisors, and as liaisons between community school systems and children. In the health field, California has become the first state to authorize a doctor to hire as many as two assistants to serve as midwives and to perform minor surgery as well as to take medical histories. Duke University and Georgetown Medical Center have initiated training programs for paramedics and nursing assistants. The legal profession anticipates a need for nonprofessionals to do such work as drafting wills and deeds under the general supervision of lawyers. Social work and library work are two other areas where people with little formal academic background are being trained and employed as paraprofessionals. *New York Times*, 5 October 1970.

In 1965 the OEO commissioned a study to determine how many useful jobs might be created to help significant numbers of the employable unemployed poor. Results indicated that about 4.3 million unskilled jobs such as teachers' aides, nurses' aides, recreation supervisors, etc., could be made available through contracts between the federal government and a public body (such as a school system) or a nonprofit private agency (such as a hospital). Ninety percent of the required funds would be supplied by the federal government and the other 10 percent by the local body involved. An individual could be hired by the local body and never even know that his job was being provided for in this manner. It was estimated that such a program would cost between \$2.5- and \$4-billion a year, depending on the wage rate adopted.

Joseph A. Kershaw, *Government Against Poverty* (Washington, D. C., Brookings Institute, 1970), pp. 90-93.

** A reasonable group of cities for inclusion in the program might be composed of the five largest cities and the five poorest cities in terms of per capita income. Using 1960 census data, because of overlap, this group would include seven cities: Newark, Jersey City, Paterson, Camden, Trenton, Atlantic City, and Hoboken.

The preceding proposal has given rise to three supplementary suggestions that particularly merit consideration:

1. That the wage subsidy be extended to private employers as well as municipal governments in order to help attract firms to the cities and to give potential employees a broader choice of opportunities beyond the jobs in city government, many of which are dead end in character.

2. The state should pay only a portion of the wages of the new employees, a portion which should increase each year that the employees are on the job. After a period of five years it is contemplated that employees' wages would be paid for entirely by the municipality offering the employment.

3. That a supplementary subsidy be provided for the employment of hard core unemployed to help them break the pattern of protracted idleness.*

III. Programs to Attract Middle and Upper Income Residents to the Cities

As already indicated, an important goal of urban policy in New Jersey should be that of inducing middle class citizens to remain domiciled in the central cities or to return there if they have already moved to the suburbs. One way to do this is to increase the number of jobs available there for middle class workers who choose to live near their place of work.

Among the many middle class people who have left the central cities are substantial numbers of municipal employees. This trend has been especially disturbing to civic leaders because some such employees may render service to the community while they are not on duty. Moreover, they are the sort of citizens who add stability and economic balance to a city. Attempts to control such movements through residence requirements are resented and hamper recruiting and, in any event, are now frequently waived.

* This supplementary wage subsidy might, for example, be offered for jobs given to persons who had been unemployed for two years or more. Two arguments in favor of this proposal are: 1) the fact that the social cost of really long periods of idleness are disproportionately great, and 2) the chance that the longer the period of unemployment of an individual the harder it is to get an employer to take him on, even if his potential productivity remains high. Specifically, it is suggested that wages of the hard core unemployed be subject to a supplementary subsidy proportionate to the previous period of unemployment, with the subsidy gradually diminishing to zero over a two- or three-year period. Certainly, if a program were enacted on an experimental basis one would get to know how many of the hard core unemployed are really employable. However, it has been objected that unless the subsidy were limited to occupations in which shortages really exist it would merely cause employers to replace the workers to whom they would normally give jobs by subsidized hard core unemployed. Moreover, the temporary character of the proposed subsidy might induce increased employment turnover as the firm replaces workers whose subsidies have expired by others who are eligible for subsidies. Of course, if the program were really to succeed in depleting the pool of hard core unemployed who are able and willing to work, the turnover effect would soon disappear as candidates for supplementary subsidy became increasingly scarce.

The state should make additional money available to New Jersey's largest and poorest cities to help them to induce certain categories of municipal employees to live within the cities. The categories are: teachers, including principals and other school administrators; firemen, including superior fire officers; and policemen, including superior police officers. For each such employee who lives within the city, the state should give \$500 a year, or 5 percent of annual salary, whichever is larger, to the city for payment to the employee. In addition, for each such employee who does not initially live within the city, but moves into the city after the start of this program, the state should provide compensation for relocation costs, an additional \$1,000 or 10 percent of annual salary, whichever is larger. This amount might be paid in five annual installments, provided that the employee continued in employment and continued to reside in the city when each installment was due. To offer some notion of the costs, we note that the state's six largest cities in 1967 employed approximately 4,000 policemen, 3,000 firemen, and 14,500 school teachers, a total of 21,500 persons. A subsidy of \$500 per year for these persons would cost about \$10-million. Such a program might cost some \$15-million every year, if, in fact, all eligible municipal employees were to return to the cities. Since the program would not be 100 percent effective, the costs would be correspondingly lower.

As a supplementary program to induce employment in the private sector in the cities it is proposed that the state subsidize the employment (the hiring costs) of any workers living in the central cities in any officially designated "shortage" occupations.

The selection of job categories for this purpose should be made by the New Jersey State Training and Employment Service in cooperation with the agency administering this subsidy program. The state might administer the program by linking its reimbursement to the firm's contribution for the worker to social security.

Two parameters need to be determined in order to specify the subsidy completely: 1) the amount of subsidy per worker; and 2) the number of jobs which the state desires to create. We do not know what amount of subsidy would produce the greatest per dollar increase in the number of jobs offered. The evidence on hiring costs for white collar workers (presumably the major shortage occupations) suggests that these costs are roughly equal to one month's salary, and this might therefore be an appropriate amount for the subsidy.

This amount should not be paid out in one lump sum when the worker is hired by the firm, because that would provide a motivation for firms to lower wages to increase turnover, thereby raising the amount of subsidy re-

ceived. Instead the state should offer a wage subsidy equal to 4 percent of the wages of each worker qualifying for this subsidy. If we can assume that the average duration of employment for such workers in a given firm is two years, this wage subsidy over the worker's tenure in the firm will offset the costs incurred in hiring him.

In 1960 there were 187,000 white collar workers employed in the five largest cities in the state. A reasonable goal for the proposed program might be the creation of 10,000 jobs directly by the subsidy. Since one month's salary in such employment is roughly \$800, with a 4 percent subsidy, the total cost of this program would be \$320,000 per month or about \$14-million per year. This obviously leaves out the administrative costs of the program, but does give a fair idea of the amount that would actually have to be transferred to firms. If it were decided to offset more than just the direct estimated hiring cost, the cost of the program would rise accordingly. Because the program applies only to workers added to the payroll, it would not provide a windfall for those employers whose workers already live in the city.

Tying this proposal to social security has the virtue of administrative simplicity. Each firm already keeps records of its contributions, and it would be a simple matter to use these and the employees' addresses to define eligibility under the subsidy. The ease of administration should help to overcome employer reluctance to participate in the program because of fear of "red tape."

IV. Programs for Education

In addition to the attempt to attract middle class residents by financial support for their employment, it is appropriate to consider indirect means to make the cities more attractive to them. There is evidence that the place of residence of middle income families is heavily influenced by the relative quality of public services in the areas under consideration and in particular by the quality of the educational system.

This suggests that the measures that succeed in improving the quality of education in the cities may in the long run be very helpful to the economies of these municipalities. At least three measures are relevant here. First, as already indicated, increases in the incomes received by the poor may automatically help to improve the educational system indirectly. Second, consideration should be given to measures that provide financial incentives for improvements in quality of teaching. Experiments in the voucher system of educational financing are clearly pertinent. However, vouchers are not the only form of incentive that can be offered for educational excellence. For example, we might consider basing a portion of the

state's support to a particular school district on tangible evidence of accomplishment, e.g., *percentage* increases in reading scores—a standard which will clearly not be disadvantageous to schools in areas which start from a low level of reading skills.

Incentive programs alternative to the voucher proposal should be considered and if deemed practical, valid experimental tests should be designed to determine their practicality and efficacy.

There are also two areas in which additional direct support for the educational system should be considered.

1. State planning for vocational education should take into account that funds should be made available principally for programs in cooperation with local industry. Wherever possible, funding should be made available in those situations where industry pledges itself to provide jobs to persons who complete courses of study successfully.

2. Studies of local schools in New Jersey have confirmed that school facilities in the older central cities are extremely dilapidated and overcrowded. In Newark, for example, the County and Municipal Government Study Commission found "school facilities being used to an average of 112 percent of capacity, with some being used to 150 percent." The buildings typically had deteriorated badly, in part as the result of age and inadequate maintenance. Many of the buildings were constructed in the last century. The source of the problem is that the cities have typically reached their legal borrowing limits, so that they can no longer borrow additional funds for improvement and expansion of school buildings. For this reason, this would appear to be one area where substantial state assistance could be of great value. A program of financing by means of state-sponsored bond issues is entirely appropriate in view of the long period over which the improved facilities would serve the community.

V. Some Housing Programs

As already noted, we believe that housing problems can be solved only if incomes in impoverished areas are increased effectively. If people are poor enough, they are likely to turn any housing into slums, and if they earn enough, they will be able to afford better housing and are likely to choose to move in that direction.

This does not mean that nothing should be done about housing or even that no money should be spent on it. Short-run critical needs and political and social pressures may require substantial outlays. However, expenditures should be kept as low as is consistent with a viable response to these pres-

asures, and funds should instead be allocated to the creation of job opportunities, training for better paying jobs in the long run, and business opportunities where these are promising.

Moreover, it does not follow that matters should be left as they are in terms of public influence on housing. On the contrary, where possible, state funds given to municipalities should be made contingent on the institution of tax reform packages by local governments. Details of these tax reforms should be left as much as possible to the local governments, but they should be required to include provisions such as the following:

1. Reduced assessment on value of buildings;
2. Increased assessment (by substantial amounts) or increased tax rates on value of land;
3. Tax credits on improvements and repairs, e.g., moratorium of a stated number of years on reassessment of improved buildings;
4. Tax rates that increase with time on buildings that are dilapidated;
5. More rapid foreclosure on tax delinquent buildings with special appeals procedure to provide extensions for landlords demonstrating good performance or commitments for the future that appear reasonable;
6. A tax on abandonment;
7. Rapid sale of properties foreclosed for tax purposes to highest bidders willing to guarantee preset standards of maintenance and improvement. (If the price is driven sufficiently low, virtually any property may become profitable.)
8. Revisions of building codes to facilitate cost saving innovations in construction.

The magnitude of the task to be accomplished is suggested by the 1960 census data. According to these data, the state included 2 million housing units of which 1.7 million were classified as urban, and 380 thousand were located in central cities. Of these central city housing units, slightly more than 25 percent (or some 95 thousand units) were reported to be "substandard."* Even though there may be no clear operational definition for this term, the figures are suggestive. Assuming these figures still hold for 1970, they suggest the order of the financial task that would be involved in their rehabilitation. Assuming, probably very unrealistically, that it would require on the average no more than \$10,000 to bring a unit up to reasonable

* Comparison of the data for the 1950 and 1960 census suggests that, throughout the country, the proportion of substandard houses in central cities fell dramatically from 19.3 percent to 10.9 percent.

standards, an outlay of \$950-million would be needed for the purpose. It would not be surprising if the real figure were closer to \$2-billion. Of course, if we were to attempt simultaneously to rehabilitate every substandard housing unit in the state (some 300,000 units) the cost figures would rise correspondingly, to perhaps \$3- to \$6-billion.

However, the difficulties besetting such an ambitious program go beyond its costs. The evidence suggests that poverty is able to re-transform renewed buildings into slums at a very rapid rate. The danger, then, is that a program undertaking to improve housing would, by itself, prove an endless task requiring a continued outpouring of funds to take care of the new slums as they continue to be created.

However, the tax incentive programs that have been suggested as a means to stimulate construction and improvement in housing quality may have a substantial effect. The Urban Land Institute has studied* the consequences of a program under which "... a city were to (1) stop collecting any property tax at all on improvements, (2) assess all land as if the owner were putting it to a use commensurate with its market price, and (3) raise the tax rate on location values enough to make up for the revenue loss from not taxing improvements . . ."

It is reported that the study showed that "The shift would make it almost prohibitively unprofitable to keep close-in land idle or misused. The tax taken from idle land and slums, etc., would roughly be tripled . . . taxes on good homes, apartments, office buildings and commercial structures would be cut by 40 to 75 percent . . . the shift would end the need for any subsidy for urban renewal. In fact it would create such a building boom that the change in the method of taxation would have to take place gradually."

It is also reported that "in 1962 the City of Southfield, Michigan, instituted a tax shift, doubling the assessment on land and substantially reducing the tax on improvements. Since then Southfield has recorded more new office building construction than Detroit."

Clearly we may be inclined to take with a grain of salt the evidence of a single case and the estimates that must rely on elasticity calculations that are notoriously difficult to make. Nevertheless, the arguments do suggest that the results of a program of significant tax incentives need not be negligible.

The proposals may be criticized also because they favor primarily the construction of buildings that are used for living and working by members of the middle and upper income groups. Attraction of more affluent residents will help to provide jobs, income, better education, and other public

* *Research Monograph Series*, Urban Land Institute, 1200 18th Street N.W., Washington, D. C. 20036.

services to the poor. Moreover, there seems to be evidence that the construction of housing units for the more affluent also improves the housing of others. Frank Kristof (*New York Times*, Sunday, July 26, 1970, sec. 8, p. 7) cites a University of Michigan Survey Research study which, he reports, demonstrated "that for each new house or apartment placed on the market in this country, a total of 3.5 households (generally) improve their housing status, (and) that the turnover of housing ensuing from new construction accounts for about half of all the nation's moves that take place in a given year."

The housing situation would also be improved substantially if the fairly rapid rate of abandonment could be reduced. Every year there is a significant loss from this source in the available number of housing units. Moreover, abandoned houses deteriorate rapidly, soon becoming menaces to public health and safety, and impairing the quality of the neighborhoods.

It has been objected that a tax on abandoned houses would be almost impossible to collect since the former owners are frequently shielded by a complex of "front" organizations making it very difficult to track down the true proprietors. However, the entire difficulty could be avoided if, following a suggestion of Professor Edwin S. Mills, Professor of Urban Studies at Princeton University, every property owner were to be required to deposit with the state, say, the equivalent of five years' rent. The state would pay its highest rate of interest on such deposits which would be returned to the owner on resale of the property. On abandoned property the deposit would be forfeited. The state could use the pool of deposit money for rehabilitation of such structures and for the improvement of school buildings, as proposed earlier, treating the deposit funds as part of the state's normal bonded indebtedness.

The beginning of this program would undoubtedly have to include a transition period during which property owners could gradually provide the required deposit funds. However, the transition period should be no greater than five years. The state's guarantee of return of the funds on resale of the property should make it possible for property owners to get bank loans for the purpose.

VI. The Attraction of Industry

While we propose no special program for the attraction of industry to the cities, it is clear that this will be essential if the income levels of the urban poor are to be improved. However, we believe the programs already proposed in this memorandum may, in fact, help materially to bring industry back to the cities. In this section we discuss briefly how this might be

stimulated. Among the major obstacles generally held to impede the movement of industry into the cities are the lack of skilled manpower, the high cost of training the poor for even relatively unskilled jobs, the high risks involved in urban operation, and the difficulty of assembling pieces of land sufficiently large for the efficient operation of modern industrial enterprises. Our program is designed to offer help in each of these areas:

1. **Skilled Manpower.** By providing subsidies to skilled workers in designated shortage occupations who are willing to live in the city, the shortage of skilled manpower should be alleviated directly. By improving urban services via augmentation of the police force, the sanitation force, and other critical categories of municipal employees, the cities will become more attractive for skilled persons and this should indirectly make it easier to hire them.

2. **Costs of Hiring the Unskilled.** By reducing the risks of hiring disadvantaged persons through a program limiting the costs of social insurance, their cost to the firms will be decreased effectively.

3. **Risks of Urban Operation.** The two programs designed to increase the size of the police and firefighting forces and to subsidize their residence in the cities are, obviously, a direct means to reduce the risks of urban operation.

4. **Reorientation of Real Estate Taxes.** The reorientation of real estate taxes to a land value rather than a property value basis will make it easier for firms to assemble the land they need for efficient operation. A land tax makes it expensive to keep valuable land idle or in unremunerative uses. This in itself may constitute a major stimulus to the expansion of industry.

Thus, while our program does not offer a distinct set of provisions whose sole purpose is to attract industry and jobs to the cities, it does encompass a variety of stimuli which together should help to deal with the major impediments to industrial expansion. In this way it undertakes to deal with the most critical economic problem of the cities—the shortage of economic opportunities for its poorer residents, particularly the younger members of its minority groups.

VII. Financial Problems of the Cities

We come, finally, to one of the most troublesome problems that face the city governments—their mounting financial crisis. For a variety of reasons, most of them largely beyond the control of the municipalities, their budgetary requirements have been growing exponentially: 1) they have become the home of the bulk of the impoverished migrants from the nation's

rural areas, thereby imposing crushing financial burdens of welfare, education, policing, and other public services; 2) with improved roads and widespread use of the automobile, industry and wealthier residents have migrated to the suburbs, eroding the central cities' tax base; 3) because it is very difficult to mechanize and automate teaching, police and fire protection, medical care, and many other public services, the costs of these services rise much more rapidly than costs in other economic activities.

Obviously there is room for improvements in efficiency, and the elimination of corruption can also reduce costs to some extent. But the difficulties just listed go much deeper. In the last analysis, the search for villains cannot get at the inexorable economic causes of rising costs of municipal operation.

The cities are caught in a vise of taxation which probably makes their unassisted rehabilitation hopeless. Higher taxes lead to an exodus of people and businesses, producing, in turn, a smaller tax base and a greater demand for social services. The result is an endless self-perpetuating process of urban decay.

In the long run no amount of gimmickry will solve the problem. The answer will have to be an assumption of some of the cities' fiscal burdens by the state and federal governments. Obviously, this will mean more state-wide taxes. It is essential that planning for this purpose begin as early as possible to prevent hasty action that brings with it inequitable taxes and highly undesirable incentive effects.

As an interim measure, however, we urge the state to consider endorsement of a non-resident income tax for cities such as Newark. Clearly the rate on such a tax will have to be modest if it is not to drive industry out of the cities. These cities employ many commuters who take advantage of its facilities in the daytime but contribute little or nothing toward the cities' costs. There is evidence that commuters do add substantially to a city's financial burden, and it is appropriate that they should bear their share of the costs. On the basis of ability to pay, a tax on commuters is also likely to be equitable. On all these grounds we urge consideration of this approach as an interim device to help the cities deal with their growing financial problems.

V

APPENDIX

STATISTICAL TABLES

TABLE 1
POPULATION AND EMPLOYMENT, NEW JERSEY, 1956-1970

Year	Resident Population	Work Force ^a In Thousands	Employment	Unemployment		Insured Unemploy- ment Rate (Percent)
				Number (000)	Rate (Percent)	
1956	5,516,100	2,406.6	2,263.2	138.6	5.8	4.6
1957	5,631,700	2,448.1	2,290.0	156.8	6.4	5.3
1958	5,739,800	2,472.6	2,248.1	222.5	9.0	7.6
1959	5,960,000	2,483.1	2,303.2	175.5	7.1	5.5
1960	6,070,780	2,507.4	2,337.2	168.5	6.7	5.7
1961	6,222,160	2,543.5	2,355.9	185.5	7.3	6.0
1962	6,370,650	2,575.1	2,415.0	159.0	6.2	5.2
1963	6,503,190	2,618.4	2,447.9	168.8	6.4	5.4
1964	6,614,560	2,655.5	2,489.6	162.1	6.1	4.8
1965	6,720,300	2,724.5	2,582.2	140.0	5.1	3.9
1966	6,821,050	2,790.3	2,665.3	122.6	4.4	3.2
1967	6,917,450	2,854.5	2,721.7	128.3	4.5	3.4
1968	7,012,750	2,921.1	2,783.5	132.1	4.5	3.3
1969	7,103,310	3,018.6	2,881.9	133.5	4.4	3.3
1970	7,194,455	3,085.3	2,908.0	171.0	5.5	4.4

^a Persons involved in labor-management disputes are included in total work force estimates and are excluded from unemployment and employment estimates.

NOTES:

The rate of insured unemployment is based on weekly averages of insured unemployment (State UI Program) expressed as a percent of the average total number of jobs covered by the State Unemployment Compensation Program.

Work force, employment, and unemployment estimates are adjusted to first quarter 1970 benchmarks.

Annual average work force and employment data from 1963 on are based on monthly data. Annual averages for 1962 and prior years are based on bi-monthly data.

Source: New Jersey Department of Labor and Industry, Division of Planning and Research.

TABLE 2
WORK FORCE, UNEMPLOYMENT, AND EMPLOYMENT
ATLANTIC CITY LABOR AREA, 1956-1970
(In thousands)

Year	Work Force ^a	Unemployment		Employment		
		Number	Rate (Percent)	Nonagricultural		Agricultural
				Wage and Salary Employment	All Other ^b	
1956	62.8	5.6	8.9	44.2	10.4	2.6
1957	64.1	6.4	10.0	44.9	10.2	2.6
1958	66.6	7.9	11.9	45.3	10.7	2.7
1959	68.8	6.8	9.9	48.2	11.1	2.7
1960	67.9	5.7	8.4	49.3	10.1	2.8
1961	70.0	6.2	8.9	50.3	10.6	2.9
1962	71.4	5.7	8.0	52.0	10.5	3.2
1963	71.3	5.6	7.9	52.5	10.2	3.0
1964	72.9	5.5	7.5	54.0	10.3	3.1
1965	74.2	4.8	6.5	56.2	10.2	3.0
1966	76.9	4.4	5.7	59.5	10.1	2.9
1967	77.5	4.4	5.7	60.5	9.7	2.8
1968	78.9	4.4	5.6	62.3	9.5	2.6
1969	79.8	4.7	5.9	63.3	9.5	2.4
1970	79.9	5.6	7.0	62.6	9.2	2.5

a Persons involved in labor-management disputes are included in total work force estimates and are excluded from unemployment and employment estimates.

b "All other" nonagricultural employment includes self-employed, unpaid family, and domestic workers in private households.

Atlantic City, Camden, Jersey City, Long Branch, Newark, Paterson, Perth Amboy and Trenton Labor Areas, for which data are presented in Tables 2 to 9, contained 91.0% of the New Jersey work force in 1970. The other labor areas are Bridgeton, Flemington, Lakewood, Newton, Phillipsburg, Salem, and Wildwood.

All estimates are adjusted to first quarter 1970 benchmarks.

Annual average work force and employment data from 1963 on are based on monthly data.

Annual averages for 1962 and prior years are based on bi-monthly data.

Source: New Jersey Department of Labor and Industry, Division of Planning and Research.

TABLE 3
WORK FORCE, UNEMPLOYMENT, AND EMPLOYMENT
CAMDEN LABOR AREA, 1956-1970
(In thousands)

Year	Work Force ^a	Unemployment		Employment		
		Number	Rate (Percent)	Nonagricultural		Agricultural
				Wage and Salary Employment	All Other ^b	
1956	220.1	15.1	6.9	168.7	26.4	9.9
1957	221.4	16.6	7.5	169.6	25.5	9.6
1958	229.6	20.2	8.8	171.9	27.0	9.7
1959	234.8	16.4	7.0	180.9	27.9	9.0
1960	241.5	16.5	6.8	187.7	28.3	8.6
1961	249.1	19.2	7.7	191.9	29.7	8.3
1962	257.3	19.2	7.5	199.5	29.7	8.9
1963	258.9	21.3	8.2	200.1	28.6	8.7
1964	259.8	20.6	7.9	202.4	28.4	8.3
1965	264.9	16.1	6.1	212.2	28.4	8.0
1966	272.7	13.1	4.8	224.3	27.8	7.3
1967	282.8	14.3	5.1	233.9	27.3	6.9
1968	287.8	14.2	4.9	239.8	26.4	6.8
1969	298.6	14.7	4.9	249.7	27.3	6.5
1970	308.7	19.0	6.2	254.2	27.4	6.6

See footnotes at the end of Table 2.

TABLE 4
WORK FORCE, UNEMPLOYMENT, AND EMPLOYMENT
JERSEY CITY LABOR AREA, 1956-1970
(In thousands)

Year	Work Force ^a	Unemployment		Employment		
		Number	Rate (Percent)	Nonagricultural		Agricultural
				Wage and Salary Employment	All Other ^b	
1956	327.6	18.7	5.7	282.1	26.7	.1
1957	324.8	20.3	6.3	278.8	25.5	.1
1958	315.5	28.5	9.0	261.7	25.1	.1
1959	304.7	22.6	7.4	257.8	23.9	.1
1960	299.9	21.6	7.2	256.7	21.2	.1
1961	298.5	23.3	7.8	253.5	21.5	.1
1962	295.4	18.0	6.1	255.4	21.0	.1
1963	291.2	19.4	6.7	251.4	19.7	.1
1964	287.0	17.9	6.2	249.5	19.3	.1
1965	289.7	15.2	5.2	255.3	18.7	.1
1966	292.4	12.9	4.4	261.3	17.8	0
1967	293.9	14.5	4.9	262.4	16.9	0
1968	296.2	15.7	5.3	263.8	16.0	0
1969	297.4	16.1	5.4	265.0	15.9	0
1970	295.0	19.5	6.6	259.2	16.0	0

See footnotes at the end of Table 2.

TABLE 5
WORK FORCE, UNEMPLOYMENT, AND EMPLOYMENT
LONG BRANCH LABOR AREA, 1956-1970
(In thousands)

Year	Work Force ^a	Unemployment		Employment		
		Number	Rate (Percent)	Nonagricultural		Agricultural
				Wage and Salary Employment	All Other ^b	
1956	100.3	7.0	7.0	69.7	18.2	5.4
1957	101.6	7.8	7.7	70.2	18.2	5.4
1958	105.5	10.7	10.1	70.1	19.2	5.5
1959	107.2	9.2	8.6	72.7	19.8	5.5
1960	107.9	8.8	8.2	74.5	19.2	5.4
1961	108.9	9.5	8.7	75.8	19.3	4.3
1962	113.1	8.3	7.3	80.9	19.7	4.1
1963	113.7	8.7	7.3	86.0	20.1	3.9
1964	124.0	8.2	6.6	91.0	20.9	3.8
1965	129.5	7.7	5.9	97.0	21.3	3.5
1966	134.7	6.7	5.0	103.4	21.2	3.4
1967	139.6	6.7	4.8	108.6	21.0	3.3
1968	145.3	7.2	5.0	113.6	21.0	3.2
1969	149.5	7.6	5.1	117.6	21.2	3.1
1970	152.5	9.6	6.3	118.8	21.1	3.0

See footnotes at the end of Table 2.

TABLE 6
WORK FORCE, UNEMPLOYMENT, AND EMPLOYMENT
NEWARK LABOR AREA, 1956-1970
(In thousands)

Year	Work Force ^a	Unemployment		Employment		
		Number	Rate (Percent)	Nonagricultural		Agricultural
				Wage and Salary Employment	All Other ^b	
1956	749.7	40.7	5.4	624.6	77.6	4.5
1957	769.3	46.2	6.0	640.0	78.6	4.3
1958	773.8	65.5	8.5	622.9	81.0	4.1
1959	776.7	51.1	6.6	639.4	82.4	3.6
1960	794.5	50.0	6.3	655.9	85.1	3.3
1961	801.9	54.0	6.7	656.0	87.7	3.1
1962	808.6	46.5	5.7	671.9	86.5	3.0
1963	815.6	48.3	5.9	680.3	83.9	2.9
1964	826.8	45.8	5.5	693.0	84.1	2.5
1965	849.4	39.3	4.6	723.6	83.6	2.2
1966	862.7	35.3	4.1	744.9	80.0	2.1
1967	875.1	36.3	4.1	759.0	77.4	1.9
1968	882.7	35.8	4.1	768.9	75.1	1.7
1969	904.3	34.9	3.9	792.5	74.5	1.5
1970	916.5	45.2	4.9	794.3	74.2	1.4

See footnotes at the end of Table 2.

TABLE 7
WORK FORCE, UNEMPLOYMENT, AND EMPLOYMENT
PATERSON LABOR AREA, 1956-1970
(In thousands)

Year	Work Force ^a	Unemployment		Employment		
		Number	Rate (Percent)	Nonagricultural		Agricultural
				Wage and Salary Employment	All Other ^b	
1956	439.2	23.7	5.4	347.1	64.4	3.6
1957	448.4	27.3	6.1	352.7	64.4	3.5
1958	452.9	42.1	9.3	341.8	65.2	3.4
1959	458.3	31.6	6.9	356.1	66.8	3.4
1960	457.0	30.6	6.7	362.0	60.8	3.2
1961	467.1	33.4	7.2	366.6	63.4	3.2
1962	476.9	26.4	5.5	383.4	63.9	3.1
1963	490.9	28.6	5.8	395.9	63.4	2.9
1964	500.2	30.3	6.1	402.5	63.7	2.6
1965	512.8	26.3	5.1	421.2	63.2	1.8
1966	527.1	22.6	4.3	441.6	61.3	1.2
1967	542.6	22.5	4.1	458.3	59.8	.7
1968	562.8	23.1	4.1	480.4	58.3	.5
1969	586.7	23.9	4.1	500.3	61.1	.5
1970	601.5	31.6	5.3	507.5	61.2	.5

See footnotes at the end of Table 2.

TABLE 8
WORK FORCE, UNEMPLOYMENT, AND EMPLOYMENT
PERTH AMBOY LABOR AREA, 1956-1970
(In thousands)

Year	Work Force ^a	Unemployment		Employment		
		Number	Rate (Percent)	Nonagricultural		Agricultural
				Wage and Salary Employment	All Other ^b	
1956	201.0	9.2	4.6	165.4	21.2	4.2
1957	207.1	10.7	5.2	170.3	21.8	4.1
1958	211.2	17.7	8.4	166.8	22.6	4.0
1959	213.5	12.9	6.0	173.4	22.3	3.9
1960	219.4	12.8	5.8	180.6	22.1	3.9
1961	225.8	14.8	6.5	183.7	23.1	4.0
1962	231.4	14.3	6.1	190.0	23.1	3.8
1963	236.3	14.6	6.1	195.0	22.6	3.7
1964	242.4	13.6	5.6	201.8	23.1	3.6
1965	252.3	12.3	4.9	213.2	23.1	3.3
1966	263.4	10.6	4.0	226.1	22.8	2.9
1967	275.7	12.0	4.4	236.5	22.6	2.9
1968	290.9	13.3	4.6	250.7	23.0	2.8
1969	310.3	13.9	4.5	269.8	23.8	2.8
1970	320.5	18.4	5.6	279.3	24.4	2.8

See footnotes at the end of Table 2.

TABLE 9
WORK FORCE, UNEMPLOYMENT, AND EMPLOYMENT
TRENTON LABOR AREA, 1956-1970
(In thousands)

Year	Work Force ^a	Unemployment		Employment		
		Number	Rate (Percent)	Nonagricultural		Agricultural
				Wage and Salary Employment	All Other ^b	
1956	125.8	7.0	5.6	102.8	12.8	2.3
1957	128.0	7.7	6.0	104.9	13.0	2.4
1958	127.8	11.2	8.8	100.7	13.4	2.1
1959	129.0	8.7	6.7	103.8	13.7	2.1
1960	129.0	8.0	6.2	106.3	12.8	1.9
1961	129.4	9.1	7.1	105.3	13.0	2.0
1962	129.2	6.9	5.4	107.4	12.8	1.9
1963	131.8	6.6	5.0	110.5	12.6	2.0
1964	134.9	5.8	4.3	114.1	12.8	1.7
1965	139.1	5.6	4.1	119.1	12.7	1.7
1966	142.0	5.3	3.7	122.9	12.1	1.7
1967	143.2	5.5	3.8	124.3	11.6	1.5
1968	145.6	5.4	3.7	127.1	11.4	1.6
1969	149.3	4.8	3.2	131.6	11.5	1.2
1970	152.3	6.1	4.0	132.8	11.4	1.2

See footnotes at the end of Table 2.

TABLE 10
WAGE AND SALARY WORKERS IN NONAGRICULTURAL ESTABLISHMENTS, MAJOR INDUSTRY DIVISIONS,
NEW JERSEY, 1947-1970
(In thousands)

<i>Year</i>	<i>Total Non-Agricultural Employment</i>	<i>Manu- facturing</i>	<i>Mining</i>	<i>Contract Construction</i>	<i>Transportation and Public Utilities</i>	<i>Wholesale and Retail Trade</i>	<i>Finance, Insurance and Real Estate</i>	<i>Services and Miscellaneous</i>	<i>Government</i>
1947	1,622.6	782.6	4.0	65.4	142.2	249.7	63.1	158.8	156.8
1948	1,657.1	786.3	4.1	74.6	141.0	260.5	67.0	163.7	159.9
1949	1,595.6	721.8	4.0	72.5	134.0	264.5	66.5	166.2	166.1
1950	1,657.1	756.4	4.3	81.2	135.4	273.7	68.3	166.8	171.0
1951	1,768.1	821.2	4.5	95.4	143.9	285.5	69.8	169.8	177.7
1952	1,804.0	832.9	4.6	91.9	146.7	295.6	70.7	174.0	187.6
1953	1,850.2	856.2	4.7	90.3	147.8	303.4	73.6	180.6	193.6
1954	1,820.8	802.1	4.3	93.6	146.1	312.4	76.1	186.0	200.2
1955	1,865.3	811.1	4.0	98.7	148.4	322.5	78.8	195.4	206.4
42 1956	1,933.5	834.8	4.3	100.7	153.8	336.6	81.8	208.4	213.1
1957	1,968.3	835.0	4.4	96.2	154.3	349.1	85.4	222.7	221.2
1958	1,911.3	775.4	3.7	88.6	148.2	351.2	86.7	230.5	227.0
1959	1,970.5	801.3	3.6	95.7	147.0	360.5	87.3	241.6	233.5
1960	2,017.1	808.6	3.5	98.1	149.5	374.6	88.6	252.0	242.2
1961	2,033.7	791.1	3.4	99.4	150.1	380.7	91.2	264.2	253.6
1962	2,096.1	812.8	3.4	100.7	150.8	393.3	93.4	278.9	262.8
1963	2,129.3	809.1	3.5	100.2	151.9	405.5	95.5	291.5	272.1
1964	2,168.8	806.5	3.6	105.7	153.4	420.2	97.8	301.6	280.0
1965	2,256.4	836.7	3.5	109.3	157.0	439.0	99.9	315.6	295.4
1966	2,358.4	878.2	3.0	109.8	162.2	460.0	102.4	330.8	312.0
1967	2,420.9	881.9	2.8	111.0	166.3	472.9	106.0	351.6	329.2
1968	2,486.7	886.2	3.1	114.3	166.3	489.7	109.7	373.9	344.4
1969	2,574.1	893.8	3.3	116.8	176.2	514.8	112.6	396.7	359.8
1970	2,606.5	867.0	3.3	119.6	181.6	533.2	117.3	412.4	372.0

Series have been adjusted to March 1970 benchmarks.

Source: N. J. Department of Labor and Industry, Division of Planning and Research.

TABLE 11
WAGE AND SALARY WORKERS IN MANUFACTURING, DURABLE GOODS, NEW JERSEY, 1947-1970
(In thousands)

Year	Total Durable Goods	Lumber and Wood Products	Furniture and Fixtures	Stone, Clay and Glass Products	Primary Metal Industries	Ordnance and Fabricated Metals	Machinery, Except Electrical	Electrical Machinery	Trans- portation Equipment	Instruments and Related Products	Miscellaneous Manu- facturing Industries
1947	403.0	6.9	7.7	31.0	45.8	45.7	56.0	108.9	47.4	18.2	35.5
1948	397.2	7.0	8.2	31.4	44.2	44.3	53.8	106.7	45.9	18.8	36.9
1949	346.1	6.5	7.6	29.0	37.6	40.7	48.8	87.3	37.5	17.9	33.2
1950	372.3	6.8	8.9	31.7	40.5	44.2	49.9	97.2	40.1	17.8	35.3
1951	427.9	7.1	9.1	35.3	35.3	48.3	60.0	115.1	47.5	22.4	36.6
1952	446.6	6.4	8.5	33.4	33.4	50.5	61.7	121.7	60.2	24.7	34.3
1953	470.4	6.3	8.6	33.8	33.8	57.2	64.0	132.5	62.7	26.5	32.6
1954	431.3	6.4	8.2	32.5	32.5	54.6	60.6	116.7	56.5	24.9	28.3
1955	435.5	6.4	8.5	34.1	34.1	55.7	59.1	117.5	57.1	25.3	27.8
43 1956	455.9	6.4	9.1	34.3	34.3	55.5	65.8	124.3	57.4	27.9	27.9
1957	457.3	6.3	9.2	33.9	46.9	56.7	65.5	125.6	55.9	29.4	27.9
1958	411.9	5.6	8.7	31.9	40.9	50.9	57.0	115.0	48.7	27.4	25.8
1959	430.5	5.9	9.2	33.1	41.7	53.7	57.8	121.4	50.5	30.2	27.0
1960	436.5	5.7	9.8	33.7	42.7	54.2	61.0	122.4	48.5	31.7	26.8
1961	421.3	5.6	9.0	34.4	40.7	53.6	57.3	119.5	41.7	31.9	27.6
1962	436.1	5.8	9.7	34.6	40.1	55.6	60.3	125.2	42.5	32.4	29.9
1963	425.7	5.7	8.9	34.9	38.6	55.2	60.1	121.7	39.0	32.9	28.7
1964	418.9	5.6	9.0	35.6	37.9	56.7	61.4	115.4	35.6	31.0	30.7
1965	438.1	5.6	9.4	36.9	39.8	60.2	65.4	118.4	36.8	32.7	32.9
1966	462.5	5.2	10.5	39.3	40.4	63.8	70.8	129.9	36.4	34.3	31.9
1967	463.9	5.0	11.0	39.1	38.6	65.4	75.0	131.2	32.0	36.5	30.0
1968	460.8	5.3	10.2	38.8	38.5	67.0	75.8	128.1	31.7	35.8	29.7
1969	463.9	5.2	11.0	40.9	39.4	69.2	76.4	125.4	31.4	34.7	30.2
1970	439.0	4.8	10.6	39.5	37.5	66.3	75.1	117.3	26.9	32.8	28.3

Series have been adjusted to March 1970 benchmarks.

Source: N. J. Department of Labor and Industry, Division of Planning and Research.

TABLE 12
WAGE AND SALARY WORKERS IN MANUFACTURING, NONDURABLE GOODS, NEW JERSEY, 1947-1970
(In thousands)

<i>Year</i>	<i>Total Nondurable Goods</i>	<i>Food and Kindred Products</i>	<i>Tobacco Manufactures</i>	<i>Textile Mill Products</i>	<i>Apparel and Related Products</i>	<i>Paper and Allied Products</i>	<i>Printing, Publishing and Allied Industries</i>	<i>Chemicals and Allied Products</i>	<i>Petroleum Refining and Related Industries</i>	<i>Rubber and Miscellaneous Plastic Products</i>	<i>Leather and Leather Products</i>
1947	379.6	56.9	5.5	61.1	78.9	21.7	18.6	80.1	15.6	29.5	11.7
1948	389.1	57.1	5.1	64.7	85.6	22.2	19.9	77.6	16.2	28.4	12.3
1949	375.7	55.9	4.9	57.8	88.9	21.8	21.4	71.9	16.3	24.7	12.1
1950	384.1	56.5	4.6	58.2	89.0	23.5	22.8	73.7	16.5	26.4	12.9
1951	393.3	59.8	4.4	53.7	89.8	24.8	23.4	79.1	17.3	28.4	12.6
1952	386.3	61.3	4.4	50.1	88.7	24.2	23.5	78.5	16.3	27.3	12.1
1953	385.8	60.9	4.3	48.3	85.0	26.5	24.8	79.2	16.4	28.4	12.0
1954	370.8	62.2	4.0	41.9	79.7	26.0	25.9	78.0	15.2	26.7	11.2
1955	375.6	61.7	3.4	42.7	79.6	26.3	27.1	80.8	14.5	27.5	11.9
44 1956	378.9	63.5	2.6	41.6	79.7	27.2	28.1	81.8	14.3	28.3	11.8
1957	377.7	62.9	2.0	38.6	79.2	28.3	30.5	83.3	13.8	27.7	11.4
1958	363.5	62.9	1.9	33.0	76.7	28.0	30.3	80.8	12.3	26.6	11.1
1959	370.8	62.3	1.8	33.2	79.2	28.3	31.5	82.4	11.7	29.3	11.1
1960	372.1	62.9	1.7	31.4	77.7	28.0	32.3	86.4	11.5	29.2	11.0
1961	369.8	63.9	1.6	29.1	76.4	28.1	32.6	87.0	11.1	29.2	10.8
1962	376.7	64.2	1.5	28.6	75.8	29.7	33.0	91.0	10.7	30.7	11.5
1963	383.4	64.9	1.4	27.9	74.5	31.4	34.6	94.8	10.5	31.7	11.7
1964	387.6	65.0	1.5	27.8	74.6	31.5	35.8	96.4	9.6	34.2	11.2
1965	398.6	66.4	1.4	28.5	77.3	31.3	37.5	98.9	9.8	36.0	11.5
1966	415.7	67.2	.8	29.6	80.3	33.0	39.6	105.5	10.3	37.2	12.2
1967	418.1	65.3	.6	29.1	78.5	33.7	41.5	110.9	9.5	37.7	11.3
1968	424.6	64.5	.3	30.5	78.7	34.3	42.2	113.3	9.6	39.9	11.5
1969	429.9	63.2	.3	30.8	77.2	34.8	43.3	118.2	10.0	41.4	10.6
1970	428.1	63.6	.3	29.7	72.6	34.5	45.2	121.8	10.6	40.0	9.7

Series have been adjusted to March 1970 benchmarks.

Source: N. J. Department of Labor and Industry, Division of Planning and Research.

TABLE 13
EMPLOYMENT, HOURS, AND EARNINGS OF PRODUCTION
WORKERS ON MANUFACTURING PAYROLLS,
NEW JERSEY, 1947-1970

<i>Year</i>	<i>Employment (thousands)</i>	<i>Average Weekly Hours</i>	<i>Average Weekly Earnings (dollars)</i>	<i>Average Hourly Earnings (dollars)</i>
1947	n.a.	40.7	52.26	1.28
1948	n.a.	40.5	52.26	1.28
1949	n.a.	39.4	56.97	1.45
1950	n.a.	40.8	61.65	1.51
1951	n.a.	41.1	67.28	1.64
1952	n.a.	41.1	71.02	1.73
1953	n.a.	40.9	74.32	1.82
1954	n.a.	39.8	74.43	1.87
1955	n.a.	40.7	79.16	1.94
1956	n.a.	40.5	82.98	2.05
1957	n.a.	39.9	85.23	2.14
1958	563.7	39.4	86.80	2.20
1959	583.8	40.3	92.45	2.29
1960	580.8	39.6	93.93	2.37
1961	563.1	40.0	97.60	2.44
1962	576.0	40.5	101.66	2.51
1963	567.5	40.5	104.90	2.59
1964	564.4	40.6	108.40	2.67
1965	587.1	41.0	112.34	2.74
1966	616.5	41.3	117.29	2.84
1967	616.7	40.6	118.96	2.93
1968	616.9	40.7	125.76	3.09
1969	621.9	40.8	132.60	3.25
1970	596.6	40.3	139.44	3.46

n.a.—not available.

Series have been adjusted to March 1970 benchmarks.

Source: New Jersey Department of Labor and Industry; Division of Planning and Research.

TABLE 14
CONSUMER PRICE INDEXES
FOR URBAN WAGE EARNERS AND CLERICAL WORKERS
1947-1970

1957-59 = 100

<i>Year</i>	<i>United States</i>	<i>New York SCA^a</i>	<i>Philadelphia SMSA^b</i>	<i>Average of New York and Philadelphia Areas</i>
1947	77.8	79.7	77.6	78.6
1948	83.8	85.1	83.8	84.4
1949	83.0	84.1	82.8	83.4
1950	83.8	84.7	83.3	84.0
1951	90.5	91.0	91.0	91.0
1952	92.5	92.5	92.8	92.6
1953	93.2	93.0	93.2	93.1
1954	93.6	93.6	94.2	93.9
1955	93.3	93.1	94.1	93.6
1956	94.7	94.5	95.3	94.9
1957	98.0	97.6	98.4	98.0
1958	100.7	100.5	100.2	100.4
1959	101.5	101.9	101.4	101.6
1960	103.1	103.9	103.2	103.6
1961	104.2	104.8	104.4	104.6
1962	105.4	106.4	105.2	105.8
1963	106.7	108.7	107.2	108.0
1964	108.1	110.4	108.8	109.6
1965	109.9	112.2	110.6	111.4
1966	113.1	116.0	113.7	114.8
1967	116.3	119.0	116.8	117.9
1968	121.2	124.1	122.4	123.3
1969	127.7	131.8	128.9	130.4
1970	135.3	141.6	137.6	139.6

^a Standard Consolidated Area: New York-Northeastern New Jersey (17 counties).

^b Standard Metropolitan Statistical Area, including Camden, Burlington, and Gloucester Counties.

Source: U. S. Department of Labor, Bureau of Labor Statistics.

TABLE 15
PERSONAL INCOME, NEW JERSEY AND UNITED STATES,
1948-1970

Year	Total Personal Income		Per Capita Personal Income			
	New Jersey (millions of current dollars)	United States	New Jersey (current dollars)	United States	New Jersey ^a (1957-59 dollars)	United States ^b
1948	8,063	208,878	1,689	1,430	2,001	1,706
1949	8,131	205,791	1,663	1,384	1,994	1,667
1950	8,934	226,214	1,834	1,496	2,183	1,785
1951	10,151	253,233	2,028	1,652	2,228	1,825
1952	10,934	269,767	2,133	1,733	2,303	1,874
1953	11,750	285,458	2,247	1,804	2,414	1,936
1954	11,957	287,613	2,231	1,785	2,376	1,907
1955	12,688	308,265	2,306	1,876	2,464	2,011
1956	13,719	330,481	2,443	1,975	2,574	2,086
1957	14,550	348,462	2,536	2,045	2,588	2,087
1958	14,822	358,474	2,516	2,068	2,506	2,054
1959	15,845	380,963	2,634	2,161	2,592	2,129
1960	16,528	398,725	2,708	2,215	2,614	2,148
1961	17,336	414,411	2,765	2,264	2,643	2,173
1962	18,449	440,192	2,889	2,368	2,731	2,247
1963	19,400	463,053	2,965	2,455	2,745	2,301
1964	20,550	494,913	3,076	2,586	2,806	2,392
1965	22,148	535,949	3,260	2,765	2,926	2,516
1966	23,911	583,461	3,466	2,978	3,018	2,633
1967	25,685	625,068	3,668	3,159	3,111	2,716
1968	28,047	683,717	3,954	3,421	3,207	2,823
1969	30,312	744,479	4,241	3,687	3,250	2,887
1970	32,678	801,000	4,539	3,910	3,251	2,801

^a A simple average of the Consumer Price Indexes for the New York Standard Consolidated Area and the Philadelphia SMSA was used to express New Jersey per capita personal income in constant 1957-59 dollars.

^b The Consumer Price Index for the United States was used to express United States per capita personal income in constant 1957-59 dollars.

Sources: U. S. Department of Commerce; U. S. Department of Labor, Bureau of Statistics; Business Week and Office of Business Economics, Division of Planning and Research, N. J. Dept. of Labor and Industry.

Prepared by Office of Business Economics, 12/11/70.

TABLE 16
PRODUCTION AND TRADE, NEW JERSEY, 1948-1970

Year	Electric Power Sales				Value of New Dwelling Units Authorized (\$000)	Construction Contracts Awarded (\$000)	Retail Store Sales (\$000,000)	Registration of New Vehicles	
	Total (kilowatt hours in thousands)	Large Industrial and Commercial Users	Small Industrial and Commercial Users	Gasoline Consumption (000 gal.)				Passenger Cars (number)	Commercial Vehicles (number)
1948	6,887,131	3,736,931	1,359,854	1,108,524	n.a.	406,476	n.a.	116,847	25,504
1949	7,026,664	3,578,396	1,483,196	1,199,979	n.a.	408,007	n.a.	165,179	23,544
1950	8,023,122	4,161,454	1,630,075	1,337,876	n.a.	747,771	n.a.	210,436	27,229
1951	8,944,201	4,648,835	1,806,808	1,396,712	n.a.	676,458	n.a.	178,862	25,002
1952	9,578,722	4,837,880	1,969,215	1,487,026	n.a.	690,770	n.a.	149,168	19,335
1953	10,435,872	5,191,330	2,180,598	1,587,990	n.a.	793,889	n.a.	208,376	23,048
1954	10,931,039	5,214,694	2,348,391	1,677,573	n.a.	886,947	n.a.	207,252	20,601
1955	12,184,077	5,874,199	2,584,701	1,806,242	n.a.	1,010,459	n.a.	258,079	22,262
1956	13,224,653	6,323,544	2,807,035	1,846,099	n.a.	1,106,452	n.a.	219,297	21,903
1957	14,196,487	6,642,234	3,097,755	1,850,252	n.a.	1,048,449	n.a.	219,865	20,320
1958	14,949,906	6,829,115	3,322,774	1,907,497	n.a.	1,143,484	n.a.	183,770	17,616
1959	16,632,611	7,683,942	3,719,151	2,007,697	n.a.	1,303,736	n.a.	219,305	20,374
1960	17,569,054	8,125,141	3,967,306	2,050,208	558,591	1,256,532	n.a.	266,299	22,532
1961	19,248,349	8,730,727	4,471,379	2,050,731	622,482	1,307,832	n.a.	250,432	24,606
1962	20,630,556	9,506,486	4,848,024	2,045,680	618,663	1,392,618	n.a.	285,955	24,713
1963	22,077,818	10,108,217	5,309,982	2,148,500	681,597	1,534,448	8,992	318,127	26,804
1964	23,848,214	10,773,759	5,872,988	2,222,915	778,540	1,622,048	9,768	325,293	28,417
1965	25,964,004	11,712,402	6,433,961	2,322,560	804,151	1,555,689	10,396	378,768	30,980
1966	28,512,856	12,814,406	7,043,455	2,391,674	665,653	1,651,494	10,711	352,573	31,072
1967	30,146,448	13,147,596	7,620,829	2,447,834	652,963	1,906,577	10,947	302,680	27,471
1968	32,616,153	13,863,329	8,394,581	2,596,238	680,816	2,380,846	12,030	356,762	30,724
1969	35,637,643	15,042,515	9,214,088	2,676,055	661,820	2,205,705	12,591	356,583	34,616
1970	38,156,144	15,394,352	10,185,005	2,818,317	626,638	2,753,100	12,633*	348,294	36,027

n.a.—not available.

* Provisional estimates based on data through October 1970.

NOTES:

Beginning with January 1967, construction contracts awarded were adjusted to reflect more complete coverage of one-family house construction.

Retail store sales not strictly comparable. New series began September 1967.

Sources: Electric Power Sales: Edison Electric Institute. Gasoline Consumption: American Petroleum Institute. New Dwelling Units Authorized: N. J. Department of Labor and Industry in Cooperation with U. S. Department of Commerce Construction Contracts Awarded: F. W. Dodge Corporation, Retail Sales: U. S. Department of Commerce. Registration of New Vehicles: New Jersey Auto Lists Inc.

TABLE 17
BUSINESS ACTIVITY, NEW JERSEY, 1948-1970

Year	Postal Receipts ^a (dollars)	Advertising Lineage ^b (000 lines)	Telephone Stations in Service (000)	Business Failures (number)	Liabilities of Business Failures (\$000)	New Incorporations (number)	Apparent Consumption of Distilled Spirits (000 gal.)	New Jersey Turnpike	
								Toll Revenue (\$000)	Number of Vehicles (000)
1948	25,521,507	133,515	1,425	219	15,286	5,510	6,852	n.a.	n.a.
1949	28,207,664	145,319	1,520	366	16,246	5,411	6,688	n.a.	n.a.
1950	29,428,662	151,024	1,620	346	10,926	6,009	8,243	n.a.	n.a.
1951	30,685,151	151,459	1,728	307	11,961	5,581	8,216	n.a.	n.a.
1952	33,226,624	162,413	1,840	319	18,627	6,146	7,824	16,245	17,948
1953	n.a.	172,671	1,964	360	25,856	6,651	8,443	19,195	22,005
1954	47,005,842	160,322	2,084	385	20,086	7,276	8,536	20,758	24,555
1955	48,516,344	171,876	2,235	456	29,753	8,386	9,045	21,124	25,888
1956	50,091,539	176,973	2,386	582	33,919	8,839	10,253	24,515	31,588
1957	52,614,766	172,607	2,526	565	39,604	8,097	9,331	29,025	39,270
1958	55,859,548	168,637	2,646	778	43,475	8,757	9,961	30,162	41,615
1959	63,172,822	178,818	2,801	639	27,619	10,436	10,702	33,321	46,199
1960	68,088,340	182,716	2,948	714	49,071	10,172	11,391	35,588	49,083
1961	71,359,658	177,863	3,074	717	53,282	9,650	11,743	37,197	51,738
1962	75,437,939	189,614	3,219	591	58,468	9,984	12,378	39,246	54,901
1963	85,541,527	197,736	3,345	509	256,075	9,716	12,810	40,781	56,677
1964	89,087,584	201,340	3,504	442	49,261	10,023	13,483	44,153	60,708
1965	89,863,285	266,092	3,693	512	96,334	10,439	14,383	46,128	64,958
1966	96,191,521	282,833	3,892	442	61,191	9,656	14,687	48,616	69,850
1967	99,363,477	278,160	4,081	414	64,215	10,220	15,064	51,238	73,529
1968	118,053,541	290,960	4,276	423	42,692	12,038	15,971	55,348	78,205
1969	122,074,437	311,353	4,510	343	53,141	13,168	16,572	57,645	80,618
1970	n.a.	285,963	4,681	463	142,196	13,958	16,289	63,944	89,655

n.a.—not available.

^a 1949-52: postal receipts for 25 cities. 1954-68 postal receipts for 37 cities.

^b 1948: 14 newspapers. 1949-53: 15 newspapers. 1954: 14 newspapers. 1955-64: 15 newspapers. 1965-70: 18 newspapers.

Sources: Postal Receipts: O.B.E. Dept. of L & I. Advertising Lineage: Media Records, Inc. and the Office of Bus. Economics. Telephone Stations-in-Service: N. J. Bell Telephone Company and N. J. Telephone Co. only. Number and Liabilities of Business Failures and New Incorporations: Dunn and Bradstreet, Inc. Apparent Consumption of Distilled Spirits: Distilled Spirits Institute. New Jersey Turnpike-Toll Revenue and Number of Vehicles: New Jersey Turnpike Authority.

TABLE 18
FINANCE, NEW JERSEY, 1948-1970

<i>Year</i>	<i>Bank Debits</i>			<i>Savings in</i>	<i>Savings in</i>	<i>Ordinary</i>
	<i>Eight</i>	<i>Nine</i>	<i>Five</i>	<i>All Insured</i>	<i>All Mutual</i>	<i>Life</i>
	<i>Cities</i>	<i>Cities</i>	<i>SMSA</i>	<i>Savings and</i>	<i>Savings</i>	<i>Insurance</i>
			<i>Areas^a</i>	<i>Loan</i>	<i>Banks</i>	<i>Sales</i>
	<i>(millions of dollars)</i>			<i>Associations</i>	<i>(thousands of dollars)</i>	
1948	19,756	.....	.....	355,258	516,590	580,688
1949	19,485	.....	.....	422,501	535,518	604,291
1950	22,352	.....	.....	506,037	588,388	725,712
1951	25,455	.....	.....	604,436	650,368	805,489
1952	26,634	26,663	.....	724,481	739,695	890,944
1953 . . . .	.....	29,575	.....	862,041	824,835	1,058,691
1954 . . . .	.....	30,014	.....	1,083,298	924,330	1,107,907
1955 . . . .	.....	32,752	.....	1,290,953	995,780	1,370,565
1956 . . . .	.....	34,767	.....	1,460,342	1,103,782	1,620,565
1957 . . . .	.....	36,264	.....	1,651,719	1,162,688	2,201,044
1958 . . . .	.....	37,993	.....	1,889,145	1,256,831	2,189,707
1959 . . . .	.....	41,319	.....	2,147,322	1,292,154	2,235,092
1960 . . . .	.....	43,864	.....	2,414,376	1,327,447	2,171,985
1961 . . . .	.....	48,851	.....	2,729,116	1,384,518	2,180,105
1962 . . . .	.....	51,622	.....	3,052,389	1,547,302	2,163,371
1963 . . . .	.....	56,596	.....	3,418,173	1,692,707	2,381,986
1964 . . . .	.....	61,709	79,920	3,801,004	1,833,533	2,748,766
1965 . . . .	.....	.....	90,719	4,171,487	1,992,759	3,112,622
1966 . . . .	.....	.....	104,425	4,261,895	2,122,482	3,258,043
1967 . . . .	.....	.....	110,503	4,634,388	2,317,453	3,521,854
1968 . . . .	.....	.....	152,419	5,059,085	2,480,412	3,920,144
1969 . . . .	.....	.....	150,669	5,361,151	2,585,228	4,304,833
1970 . . . .	.....	.....	158,813	5,936,761	2,967,846	4,711,564

^a Standard Metropolitan Statistical Areas: Newark-Paterson-Clifton-Passaic; Atlantic City; Trenton and Jersey City.

n.a.—not available.

Sources: Bank Debits: Federal Reserve System. Savings in all Insured Savings and Loan Associations: Office of Bus. Economics. Savings in all Mutual Savings Banks; Savings Banks' Association of New Jersey. Ordinary Life Insurance Sales: Life Insurance Agency Management Association.

Prepared by Office of Business Economics, 12/11/70.

TABLE 19
STATE TAX REVENUES, NEW JERSEY, CALENDAR YEARS, 1949-1970
(Thousands of dollars)

<i>Year</i>	<i>Total State Tax Revenues</i>	<i>Cigarette Tax</i>	<i>Corporation Tax</i>	<i>Inheritance Tax</i>	<i>Motor Fuel Tax</i>	<i>Motor Vehicle Tax</i>	<i>Pari- Mutuel Tax</i>	<i>All Other Taxes</i>	<i>Sales Tax</i>
1949	155,135	17,713	15,633	10,179	35,167	33,542	11,801	31,100	
1950	162,402	18,240	17,238	9,535	35,601	36,486	11,834	33,467	
1951	177,994	18,996	18,992	11,103	38,293	41,309	14,661	34,640	
1952	188,557	19,854	20,265	12,069	40,048	45,181	18,047	33,096	
1953	203,033	20,079	22,294	12,357	42,660	48,577	20,710	36,355	
1954	217,526	19,482	23,435	10,515	53,552	52,095	21,871	36,576	
1955	256,142	19,952	36,811	14,316	67,196	57,835	22,822	37,210	
1956	292,232	30,622	39,235	17,338	70,307	71,226	23,798	39,666	
1957	292,059	34,806	41,831	18,123	70,538	62,492	24,484	39,783	
1958	309,674	36,754	43,952	10,608	80,046	64,731	23,886	39,697	
1959	357,756	39,529	69,327	18,771	97,184	68,476	24,571	39,898	
1960	383,503	42,130	76,940	24,988	99,945	71,733	25,155	42,610	
1961	410,832	56,075	78,724	22,051	111,210	74,958	25,309	42,506	
1962	455,131	59,966	82,496	29,810	124,446	77,658	29,408	51,347	
1963	492,835	66,243	88,060	48,568	128,952	81,980	27,213	51,818	
1964	529,068	68,720	94,142	44,801	135,157	87,383	28,580	70,285	
1965	561,971	75,031	101,838	50,278	141,938	91,094	28,826	72,966	
1966	688,469	87,868	119,462	55,246	147,765	95,179	29,209	70,391	83,349
1967	859,639	97,241	134,406	54,097	150,166	97,288	31,215	73,119	222,107
1968	1,061,032	111,713	146,407	60,166	172,835	109,059	34,461	157,979	268,412
1969	1,219,074	117,603	223,814	64,266	193,534	127,631	34,829	179,644	277,753
1970	1,408,667	121,677	212,019	68,367	204,309	132,353	34,023	193,777	442,142*

* Reflects rate increase as of March 1, 1970.

Source: New Jersey Department of the Treasury.

TABLE 20
AGRICULTURE, NEW JERSEY, 1950-1970

Year	Number of Workers on Farms (thousands)	Cash Receipts from Farm Marketings		
		Total	From Livestock and Products (thousands of dollars)	From Crops
1950	66	292,430	188,694	103,736
1951	65	348,831	229,976	118,855
1952	61	342,447	215,156	127,291
1953	58	346,187	223,750	122,437
1954	59	314,259	194,605	119,654
1955	58	307,674	200,178	107,496
1956	53	330,372	202,117	128,255
1957	51	314,627	193,991	120,636
1958	51	304,569	191,946	112,623
1959	45	286,467	169,690	116,777
1960	44	295,411	167,222	128,189
1961	42	286,167	156,180	129,987
1962	41	278,001	146,024	131,977
1963	39	271,135	138,904	132,231
1964	37	252,632	123,334	129,298
1965	33	269,520	117,995	151,525
1966	27	265,390	119,938	145,452
1967	23	249,072	101,765	147,307
1968	23	248,016	97,828	150,188
1969	21	249,567	102,934	146,633
1970 (P)	20	246,953	98,456	148,497

P—Preliminary Estimates.

Source: U. S. Department of Agriculture.

TABLE 21
POPULATION CHANGE BY COUNTY,
NEW JERSEY, 1960-1970

<i>County</i>	<i>Total Population 1960</i>	<i>Total Population 1970</i>	<i>Percent of Change</i>
Atlantic	160,880	175,043	8.8
Bergen	780,255	898,012	15.1
Burlington	224,499	323,132	43.9
Camden	392,035	456,291	16.4
Cape May	48,555	59,554	22.7
Cumberland	106,850	121,374	13.6
Essex	923,545	929,986	0.7
Gloucester	134,840	172,681	28.1
Hudson	610,734	609,266	-0.2
Hunterdon	54,107	69,718	28.9
Mercer	266,392	303,968	14.1
Middlesex	433,856	583,813	34.6
Monmouth	334,401	459,379	37.4
Morris	261,620	383,454	46.6
Ocean	108,241	208,470	92.6
Passaic	406,618	460,782	13.3
Salem	58,711	60,346	2.8
Somerset	143,913	198,372	37.8
Sussex	49,255	77,528	57.4
Union	504,255	543,116	7.7
Warren	63,220	73,879	16.9
STATE TOTAL	6,066,782	7,168,164	18.2

Source: U. S. Bureau of the Census.

