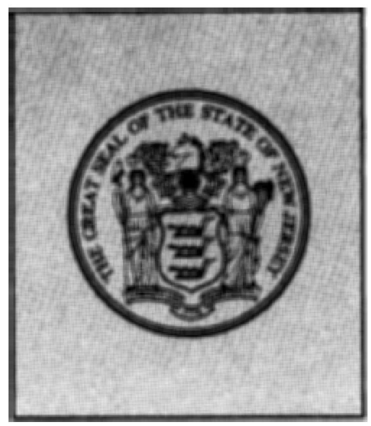

3rd Annual Report

Economic Policy Council and Office of Economic Policy

Department of the Treasury
State of New Jersey
January, 1970

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and Office of Economic Policy

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STATE OF NEW JERSEY
OFFICE OF THE GOVERNOR
TRENTON

RICHARD J. HUGHES
GOVERNOR

JANUARY 13, 1970

TO THE LEGISLATURE

I am pleased to transmit to you the *Third Annual Report* of the Economic Policy Council and the Office of Economic Policy.

This Report continues a valuable precedent established by the Legislature in 1966, and directs our attention to the economic policy issues which are of most immediate concern to us all.

Our previous anticipation of such critical issues as revenue sharing, income maintenance, and adjustment to potential changes in national fiscal monetary and defense spending policies have amply justified our close and continuing consultation with the members of the Economic Policy Council.

We have begun to implement significantly both improved informational support for policy formation and the functions of statistical standardization and coordination in close cooperation with the Budget Division. These accomplishments have been modest but significant far beyond the investment we have made thus far in implementation of the statutory function.

I commend this *Third Annual Report* to your most careful attention and strongly recommend that consideration be given to an increasingly closer involvement of the Legislature with the Executive in the process of economic policy formation.

Respectfully,

Richard J. Hughes

Governor

ECONOMIC POLICY COUNCIL

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

DR. MONROE BERKOWITZ, *Member*
Chairman, Department of Economics, Rutgers University

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

DR. HARRY STARK, *Secretary*
Assistant Dean, University Extension Division
Rutgers University

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

January 5, 1970

HONORABLE RICHARD J. HUGHES
Governor, State of New Jersey

DEAR GOVERNOR HUGHES:

The Economic Policy Council has the honor to transmit its *Third Annual Report* in accordance with Chapter 129 of the New Jersey laws of 1966.

As before, the report concentrates on critical economic policy questions confronting the state, and, in addition, provides a longer-term perspective on which to base a review of significant economic trends.

The Council members have been most gratified by the mutual rapport which has developed over the past several years with you and executive officials of the departments upon whom we have relied for informational support.

As before we wish to express our gratitude to the research and statistical staffs of the Departments of the Treasury, Agriculture, Community Affairs, Conservation and Economic Development, and Labor and Industry for the information and assistance they have provided.

We wish to acknowledge the assistance of Dr. Gerhard Bry in the preparation of the annual outlook portion of the report and the preparation of the section in which longer-term economic trends are reviewed. We are also indebted to Dr. Laurence H. Falk for his assistance in preparation of the section dealing with New Jersey's fiscal needs during the decade of the 1970's.

Since the inception of the Council's work following the enactment of the statute in 1966, we have been fortunate in having the continuing assistance of Dr. Harry Stark as secretary to the Council. His work has been invaluable in maintaining liaison between the Office of Economic Policy and the several executive agencies, and in securing support for the functioning of the Council. In this we are also fortunate to have obtained during the past year the additional assistance of Dr. D. N. Dertouzos which we are most pleased to acknowledge.

Respectfully submitted,

William J. Baumol
WILLIAM J. BAUMOL, *Chairman*

Monroe Berkowitz
MONROE BERKOWITZ

William C. Freund
WILLIAM C. FREUND

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I

ACTIVITIES OF THE NEW JERSEY ECONOMIC POLICY COUNCIL DURING 1969*

Introduction

A PRIME goal of the members of the Economic Policy Council during the third year of their work was to insure continued performance of their statutory tasks into the next gubernatorial administration. The lines of direction provided by the Law, and by agreement between the Council members and the Governor, as described in previous reports, have been followed consistently. The Council members regarded their function as technical and advisory rather than political, and have arranged their work and that which was commissioned on their behalf in a manner designed to protect the independence and reliability of the economic information and interpretative conclusions provided for the guidance of public officials.

During 1969 the Council members concentrated on their consultative relationship with the Governor, the Treasurer, and other public officials and agencies concerned with the general economy of the state and nation. Budget constraints precluded new study projects, and the available analytical resources were used to respond to policy questions raised by the Governor.

* Prepared by Harry F. Stark, Secretary to the Economic Policy Council.

The provision by the Legislature of a budget for the fiscal year 1970 was most encouraging. By agreement with the Budget Division, a professional staff position was provided to implement statistical standardization plans. This meant that professional economic staff services continued to be obtained on a contract basis. The constructive development of the Office of Economic Policy as a staff support unit for the Council and the Executive will require in the future that such professional services be provided by a full-time staff economist and a director for the Office as indicated in the statute.

Treasurer John A. Kervick has provided consistent and essential support to the Council, particularly in relating their activities to broader aspect of state fiscal policy. Deputy Treasurer Norman E. Hardy and his staff have given essential internal guidance and support for the administrative management of the Office and Council functions.

The Council was fortunate in having the continued assistance of Professor Gerhard Bry of New York University in the preparation of the Annual Economic Outlook statement and other materials. Increasingly effective liaison between the Council and the Executive Staff has been facilitated by the assistance of Dr. D. N. Dertouzos of Rider College. 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.

The Council's work was aided greatly by the continuing cooperation of Commissioner Raymond F. Male of the Department of Labor and Industry, and Commissioner Paul N. Ylvisaker of the Department of Community Affairs, and Commissioner Robert A. Roe of the Department of Conservation and Economic Development. There has been substantial progress toward the production of a consolidated monthly economic report with the assistance of Dr. Arthur O'Neal of the Department of Labor and Industry and Mr. Henry Watson of the Department of Conservation and Economic Development. It is anticipated that this new monthly publication will be issued on a regular basis in 1970.

With the provision of a full-time professional analyst for statistical standardization, the continuation of this important work is reasonably assured through the constructive cooperation of Mr. Walter Wechsler and Mr. Edward Hofgesang of the Budget Division. Statistical standardization and coordination is recognized by the Council as a matter of substantial importance for the efficient management of governmental information services, although the Council has directed its own energies toward the identification of economic policy issues and to periodic review and consultation on such matters with the Governor and his staff.

In this connection, it may be well in the future for the Governor and the Legislature to consider the establishment of a joint legislative committee on the economy. The Governor continues to transmit the *Annual Economic Report* to the members of the Legislature, and it may be that the procedure of the federal Congress in reviewing the *Annual Economic Report* of the President can be used effectively in New Jersey in the process of public policy formation with respect to economic issues. Such a legislative committee on the economy may have been implicit in the concepts which underlay the formation of the present Economic Policy Office and Council. One of the important functions assigned to the Office of Economic Policy (Chapter 129, Laws of New Jersey 1966, Section 5d) is 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."

This provision suggests that the Economic Policy Office and Council may be increasingly useful in the future if there is a more direct device for interchange with the Legislature through a suitable committee. The public policy issues relating to the economic future of New Jersey are of such a magnitude as to require more direct consideration by the Executive and Legislature jointly of the policy options and their economic consequences.

Similarly, it is important in the future for the Economic Policy Council and Office to relate more closely to the other Executive departments and specialized agencies which have a substantial concern for fiscal policy and economic growth. The Council has made a reasonable start in this direction, but more concentrated effort should be devoted in the future to collaborative action with the New Jersey State Tax Policy Commission, the Economic Development Council in the Department of Conservation and Economic Development, and the Division of State and Regional Planning in the Department of Community Affairs.

Economic decision-making, particularly capital investment by both state agencies and autonomous public authorities, is widely dispersed in New Jersey. The federal government, the interstate agencies, and the neighboring states make decisions significantly affecting the economic well-being of New Jersey. It is not the province of the Economic Policy Council to coordinate these decision-making functions, but it is essential that both current and long-term economic analysis be available to the Chief Executive of the state so that more fully integrated policy formation can be supported by the best available economic data and analysis.

New Jersey has made a modest but significant start in this direction, which must be pursued if the state is to assume a reasonable degree of initiative in responding to opportunities which may increasingly be made available by the federal government for decentralized economic policy. Revenue-sharing, negative income taxes and financing of urban and rural environmental reconstruction are examples of the opportunities for constructive federal-state collaboration which lie ahead. The Council is dedicated, in a non-partisan and non-political fashion, to the provision of the technical support necessary for full exploitation of these opportunities.

The Council has not sought to be an economic planning agency, although it seems highly desirable that more economic analysis be introduced into both the state and local planning processes in New Jersey. This should be accomplished by the respective state and local authorities, with such assistance as the Economic Policy Council and Office can provide.

In this work, a large centralized statistical agency or staff has not been envisioned and is not advocated. The basic task of gathering information relevant to the work of the several Executive departments properly belongs with the research and statistical bureaus of those departments. Much improvement is needed both in the quality of available data and in their analysis. The Council should assist in the definition of economic policy issues and the establishment of the study priorities which may be followed by the competent public or private agencies most directly concerned.

With this division of responsibility, the Council can concentrate on its assigned responsibility of consulting with the executive and legislative officials in the process of policy formation and on encouraging the most competent professionals available from government agencies, the business community, and the institutions of higher education to apply their disciplines to the solution of the economic problems affecting the general well-being of the citizens of the state.

II

THE NEW JERSEY ECONOMY

PROSPECTS FOR THE ECONOMY IN 1970*

THERE is little doubt that the U. S. economy is experiencing a considerable degree of cooling. So far, this has been reflected in a slowing in the physical production of goods and services, as measured by real gross national product. In an environment of inflationary expectations, it will take time to translate slower real growth into more stable prices. Inflationary expectations breed more inflation. Only as slack begins to emerge in manufacturing capacity and in the labor market, will price pressures begin to ease as well.

The slowdown in real GNP has occurred very gradually during recent quarters. Most economists are now anticipating a continuation of this slowdown, at least through the first half of 1970. There is some disagreement as to how fast a recovery can be expected thereafter. Our own evaluation points to a relatively subdued rate of economic recovery during the second half of the year. We visualize real GNP dropping somewhat below the recent 2

* Prepared by William C. Freund, Member of the New Jersey Economic Policy Council; Vice President and Economist of the New York Stock Exchange.

percent annual growth rate in the first half of 1970, with some rise, but not a striking one, during the second six months.

Federal Government spending has clearly levelled off and defense outlays are heading downward. As the U. S. disengages itself from Vietnam, several billions will be lopped off defense expenditures. Although state and local government outlays are still rising, they are feeling the pinch of tight money.

Business capital spending is showing some signs of fatigue and is not likely to increase in 1970 by substantially more than the rate of inflation. Inventories need to be watched carefully for signs of excess.

Consumer spending has been far from exuberant and the rise in retail sales has had a hard time keeping pace with inflation. Surveys of consumer spending intentions provide little reason for expecting any sudden upsurge. The expiration of the surcharge in mid-1970 may provide the stimulus for a somewhat faster pace of consumer buying, but it should not be relied upon to spark any resurgence in economic activity. Home building is likely to gather momentum if credit conditions provide a larger flow of mortgage credit.

New Jersey will undoubtedly have to adjust to a slower rate of economic growth just as the nation at large. Manufacturing in this state still accounts for a considerable volume of employment. The state should remain alert to the effects of a rising rate of unemployment and the need to ease the pain of a softer labor market, especially on residents of our urban centers and ghetto areas. Unemployment compensation expenditures will probably increase, along with welfare benefits. More constructively, it may be possible to take steps to improve upon the training of the unskilled who will be particularly hard hit by any economic slowdown. Plans should also be made to facilitate the movement of unemployed persons to areas where job opportunities exist. The projected easing in the economy will probably enhance employment opportunities in home building during the last half of 1970 by making mortgage money more readily available.

In quantitative terms, real gross state product is expected to expand by 2 percent or approximately at the same rate as GNP. This would bring the New Jersey total in the coming year to $35.5 billion (in 1968 prices). The slowdown in real growth will be reflected in wage and salary employment which is expected to average about 2,600,000. Total unemployment may reach 5 percent. Real per capita personal income, in 1968 dollars, is estimated to rise by $125 to $4,200 next year.

The Economic Policy Council urges the incoming administration to undertake a study of the adjustments likely to result from a gradual U. S.

disengagement from Vietnam. New Jersey does not have many communities heavily dependent on defense spending, particularly for Vietnam. Nonetheless, it would seem wise to prepare to ease any pain of adjustment which might follow the cessation of hostilities.

The Economic Policy Council believes that any adjustment in economic activity in 1970 will be relatively brief and mild and will serve to moderate inflationary expectations and price pressures. Consequently, this period of adjustment will set the stage for a less inflationary and a more sustainable rate of economic growth in 1971 and the years beyond.

ECONOMIC TRENDS AND THEIR IMPLICATIONS: 1960-1975*

THIS brief report provides a rough sketch of the economic progress, prospects, and problems of New Jersey. For these purposes, it is best to have some quantitative estimates, such as in Table 1, of strategic economic developments, past and future. It is not crucial that these projections be highly accurate, as long as they give broad indications of where the state is headed on the basis of existing trends.

Population

Civilian population in New Jersey was 6 million in 1960, over 7 million now, and will approach 8 million by 1975. A population increase of one-third in 15 years should prove a powerful stimulus to demand and economic growth. However, the increase will not be an unmixed blessing for it also implies a tremendous pressure on such scarce resources as housing, transportation, and educational facilities. Land itself is becoming a scarce resource, and land-use management a priority.

The Work Force and Employment

The civilian labor force is growing somewhat faster than population for two major reasons: The rapid growth in the number of young workers, reflecting the boom in births following World War II, and the increasing

* Prepared by Gerhard Bry, Professor of Economics at the Graduate School of Business Administration, New York University.

participation of women in the state's work force. Another rapidly growing series is employment, whether measured to include all working people, or nonagricultural wage and salary employment only. The latter category is expected to approach 3 million by 1975, almost a million above the 1960 level.*

The rapid growth of employment must surely be considered an asset in terms of economic potential since the level of output depends upon the combination of employment and the productivity of labor. However, steep growth trends in employment are not a sufficient goal. The quality of employment, by which is meant the adequacy of incomes earned, the equitable distribution of employment among different racial groups, skill groups, sex groups, and geographic areas, must also be considered.

Table 1
Population, Employment, Gross State Product, and Per Capita Personal Income in New Jersey

	1960	*1965*	*1968*	*1969 (estimates)*	*1975 (projections)*
(1) Population, Civilian Resident—thousands	6,053	6,760	6,996	7,082	7,814
(2) Civilian Work Force—thousands	2,507	2,724	2,910	2,960	3,351
(3) Nonagricultural Wage-Salary Employment[a]—thousands	2,017	2,256	2,487	2,546	2,914
(4) Real Gross State Product—$ billions (1968 prices)	22.8	29.2	33.6	34.8	45.6
(5) Real Per Capita Personal Income—$ (1968 prices)	3,224	3,606	3,954	4,075	4,820

[a] Excluding persons involved in labor-management disputes.

Sources: (1) Bureau of the Census, Current Population Survey, Series P-25.
(2)-(3) New Jersey Department of Labor and Industry.
(4) New Jersey Economic Policy Council.
(5) Per capita income based on data of U. S. Department of Commerce. Price deflation by simple average of Consumer Price Indexes for New York Standard Consolidated Area and Philadelphia SMSA. Estimates and forecasts by New Jersey Economic Policy Council.

Gross State Product

On the national level, the composition and growth of total output can best be measured by real GNP, that is, price-adjusted Gross National Prod-

* The more rapid increase in nonfarm employment than in the total labor force reflects the declining importance of agricultural, domestic, and self-employment in the State, as well as the cyclical recovery from the unemployment conditions of the early 'sixties.

uct—the most comprehensive measure of economic output available. Equivalent measures of Gross State Products (GSP) are not published by government agencies, but rough estimates can be made on the basis of partial information.*

Table 1 shows that GSP in New Jersey, expressed in constant 1968 prices, increased by about 52 percent during the past decade and is expected to increase by some 30 percent between now and 1975. This means a doubling of New Jersey's Gross State Product from 1960 to 1975. This growth is considerably faster than that of total employment (38 percent) or of wage-salary employment (44 percent). The difference is largely attributable to increasing productivity, resulting from improvements in technology, managerial efficiency, investment in education, changing occupational composition, and other forces making for greater output per man-hour.

The near doubling of New Jersey's output in the course of a mere 15 years will, of course, be a sizeable achievement; and, in view of a population growth of 30 percent during the same time, it should signify a large potential for improvement of economic well-being. But again, the measure has to be put into proper perspective. The early Sixties witnessed a substantial under-utilization of resources, so that New Jersey's GSP did not reach its full potential. Recovery to high-utilization conditions permitted a growth rate which cannot be extrapolated into the future. Also, before celebrating New Jersey's rapid rate of economic growth, we should recognize that GSP accounting ignores certain social costs, such as deterioration in the quality of the environment. Furthermore, the overall GSP measure contains all "value added," but fails to consider the qualitative aspects of output or its distribution among the population.

Per Capita Income

As a yardstick of average economic well-being, a less comprehensive and more income-oriented measure is preferable—that of real per capita personal income. Table 1 shows that, in dollars of 1968 purchasing power, average income in New Jersey increased during the past decade by about 26 percent, to roughly $4,000 in 1969. A further increase to $4,820 is expected by 1975, for a total increase of almost 50 percent over the 15-year period. There is no doubt that these increases constitute significant improvements in economic conditions, past and prospective. However, a full understanding of progress in this area requires analysis of the income distribution and its changes, and a broader evaluation of the quality of living for our citizens.

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* A description of GSP estimates can be found in "Estimates of Gross State Product for New Jersey, 1948-1969," *Second Annual Report* of New Jersey's Economic Policy Council.

Thus, while the summary statistics indicate growth and improved well-being, they also provide questions regarding their measurement, their adequacy, and their composition. For this reason, a closer look should be taken at another important economic variable, namely, employment. The following discussion is based on "Manpower Projections 1965-1975," prepared by the Division of Employment Security in New Jersey's Department of Labor and Industry.

Employment

The industrial distribution of nonagricultural employment, presented in Table 2, shows remarkable shifts during the past decade—shifts that started some time ago and are likely to continue. New Jersey, the highly industrialized state, now has a service economy. The share of Trade, Finance, Insurance, Real Estate, Services and Government (now representing about 54 percent of employment) began to exceed that of Manufacturing, Mining, Contract Construction, Transportation and Public Utilities only during the present decade. By 1975 the preponderance is projected at 58 percent, with no end in sight for this trend. Manufacturing, which once accounted for about half of New Jersey's employment, will account for less than a third.

Table 2

Industrial Distribution of Nonagricultural Wages-Salary Employment in New Jersey (percentages)

	1960	*1965*	*1970 (projections)*	*1975 (projections)*
(1) Manufacturing	40.0	37.0	34.0	31.0
(2) Mining	.2	.2	.1	.1
(3) Contract Construction	4.8	4.8	4.8	4.7
(4) Transportation, Communication, Public Utilities	7.4	7.0	6.5	6.0
Total (1)-(4)	52.4	49.0	45.4	41.8
(5) Wholesale and Retail Trade	18.5	19.4	20.2	20.9
(6) Finance, Insurance, Real Estate	4.4	4.4	4.4	4.4
(7) Services and Miscellaneous	12.5	14.0	15.5	17.2
(8) Government	12.0	13.1	14.2	15.5
Total (5)-(8)	47.4	50.9	54.3	58.0

Due to rounding, percentages do not add up to 100.

Source: Based on Manpower Projections, 1965-1975, New Jersey Department of Labor and Industry, Division of Employment Security.

This changing industrial composition of employment has some highly favorable implications for the future. It will permit the New Jersey economy to satisfy an ever-growing demand for material goods with a decreasing percentage of factory jobs, allowing a shift in jobs from brawn- to brain-type of occupations. Furthermore, the cyclical stability of service industries helps to impart greater economic security to employment. On the other hand, productivity changes in the service-producing industries have not matched and are not likely to match those in the goods-producing sectors. It is difficult to raise output per man-hour in industries where capital investment plays a small role. This will not only tend to constrain future growth in the state's productivity and real GSP, but it exacerbates also the problem of inflation. Under free bargaining conditions, wage increases are tied to long-term productivity changes in leading manufacturing industries. However, service workers are now reaping the same wage gains as manufacturing employees, despite the slower productivity gains in the service industries. The result is to intensify inflationary pressures. This intensification of inflationary pressures resulting from service-industry wage gains far above the rate of productivity improvement is becoming a particularly serious problem for the state and local communities. The need for some sharing of federal revenues is becoming more apparent every day.

The Occupational Distribution

Manual occupations have experienced a sharp decline in their relative share of total employment opportunities (Table 3). By contrast, professional, managerial, clerical and sales occupations have increased substantially. They amounted to 47 percent of the work force in 1960, now account for about 52 percent, and are expected to reach more than 54 percent by 1975. The speed of these changes becomes still more impressive if narrower occupational groups are considered. New Jersey's professionals were 13 percent of total employment in 1960 and will be 19 percent in 1975. By contrast, the share of operatives will be reduced from 21 percent to 17 percent, and that of laborers and total farm occupations from 5.6 percent to 3.0 percent. In short, the demand for well-trained and well-educated personnel increases drastically, while that for unskilled, poorly-educated, and narrowly trained people will continue to dwindle.

From one point of view the prospects of a better trained, more productive and, thus, more prosperous work force are, of course, to be welcomed. On the other hand, these trends have obvious effects on the employability of the bulk of in-migrants, minority groups, city-core dwellers, members of isolated communities, or others, who cannot meet the rapidly changing demands for labor—be it for lack of opportunity for education and training, lack of incentives, or lack of economic resources. The disadvantages of their position are bound to lead to sharp social stresses, and to profound challenges for our state and communities.

Table 3

Occupational Distribution of Total Employment in New Jersey (percentages)

	1960	*1965*	*1970*	*1975*
(1) Professional	13.2	15.3	17.3	19.3
(2) Managerial, except Farm	9.3	9.4	9.3	9.2
(3) Clerical	16.8	17.2	17.4	17.7
(4) Sales	8.1	8.2	8.3	8.3
Total (1)-(4)	47.4	50.1	52.3	54.5
(5) Craftsmen	15.5	14.8	14.3	13.6
(6) Operatives	21.5	19.9	18.5	17.1
(7) Laborers, except Farm	4.2	3.6	3.1	2.6
Total (5)-(7)	41.2	38.3	35.9	33.3
(8) Total Service Occupations	10.0	10.6	11.1	11.8
(9) Total Farm Occupations	1.4	1.0	.7	.4

Source: Manpower Projections, 1965-1975, New Jersey Department of Labor and Industry, Division of Employment Security.

Recent Developments in Agriculture

Although snow cover during the winter of 1968-69 was less than optimum, fall sown and perennial crops generally got off to an excellent start in the spring. Weather during the growing season was highly variable with periods of excessive rainfall, particularly in July, followed by periods of moisture shortage in top soils. Several local disastrous hailstorms also struck the state. Labor problems persisted and were particularly bad early in the season when a significant acreage of asparagus was left unharvested because of a shortage of cutters.

Yields and production of most crops, however, were good; aggregate tonnage of vegetables was slightly less than a year earlier because of curtailed acreage. On the whole, yields averaged higher. Output of fruit crops was greater than 1968 for apples, peaches, grapes, blueberries and strawberries; only cranberries showed a reduction in crop size from 1968-69.

Of the field crops, increased production of corn, barley, rye, and soybeans were counteracted by reducing output of wheat, oats, potatoes, sweet potatoes and hay. Production of milk and eggs in 1969 continued to decrease as the result of reduced numbers of cows and layers.

Prices for most New Jersey farm products were higher in 1969 than a year earlier, particularly after mid-year. Although receipts from sales of live stock and live stock products showed an increase, a small aggregate output of crops held total cash receipts from markets to about the same level as the $248-million recorded in 1968. Production expenses continued to rise and realized net farm income is expected to fall fractionally from the 1968 figure of $65.4-million. The loss in number of Garden State farms will about offset the drop in total income so that net per farm will likely be near a 1968 average of $6,417.

III

MAJOR ECONOMIC POLICY ISSUES

NEW JERSEY'S FISCAL NEEDS*

IN recent years state and local governments have been facing financial problems of increasingly grave proportions. The trend is expected to continue. One major cause underlying these fiscal crises appears to be an explainable failure of productivity gains in the area of local services to keep pace with productivity gains in the private economy. Consequently, even if the present level of state and local services are merely maintained, the future will call for rising expenditures.[1]

New Jersey's fiscal difficulties are more serious than those of most other states. Its dependence on the property tax as its major source of revenue

* Prepared by Laurence Falk, Rutgers Bureau of Economic Research, in consultation with Monroe Berkowitz and with the research assistance of Gerald W. Olson.

1 William Baumol, "Macroeconomics of Unbalanced Growth: The Anatomy of Urban Crises," *American Economic Review*, June, 1967, pp. 415-26; D. F. Bradford, R. A. Malt and W. E. Oates, "The Rising Cost of Local Public Services: Some Evidence and Reflections," *National Tax Journal*, June, 1969, pp. 185-202.

aggravates its problems.[2] Rapid urbanization and its attendant problems are prompting increased spending in the central cities. An attempt has been made to pay for the increased expenditures by increases in property tax rates, but this has accelerated the exodus of the cities' industrial firms and wealthier inhabitants to the suburbs. This flight to the suburbs has further weakened the ability of the cities to raise the necessary revenues.[3]

New Jersey avoided one crisis by adopting a sales tax in fiscal 1967 and by refusing to legislate programs for a number of urgent untended needs. These actions postponed the necessity of coping with the state's longer run fiscal problems. The day of reckoning will not be long delayed.

The Future Outlook

A realistic projection of *existing* state revenues compared to a conservatively low forecast of *existing or currently planned* state expenditures shows the state facing large and increasing budgetary gaps. The projected minimum gap is $203-million in fiscal 1976. By 1985 it will have grown to at least $711-million. Such deficiencies could not result in actual deficits, of course. The state would either have to produce the needed additional revenues or cut back on services.

Table 1 is a brief summary of the projected state financial conditions *assuming the state will undertake no new programs,* except Medicaid, which is now scheduled to begin in the current fiscal year. Only currently budgeted revenues and the recently authorized lottery are included in the state's receipts. Detailed revenue projections and the method used for calculating the state's financial position may be found in Appendix B at the end of this *Report.*

But it is unrealistic to believe that there will be no expansion of state services. The Governor's Commission to Evaluate the Capital Needs of New Jersey concluded in 1968 that *minimum* capital requirements of the state for the next decade total $1,948.9-million. To date the voters of the state have approved bond issues totalling $990-million. Of this amount $112.5-million in bonds have now been issued.

The Commission's recommendation called only for funds for projects that it felt could not be deferred—the elimination of unsanitary and dangerous conditions in primary and secondary schools; the construction of

[2] In fiscal 1967 New Jersey ranked third among states in property taxes as a percentage of total state and local tax collections. *Source:* Bureau of Census, *Government Finances in 1966-67,* November, 1968.

[3] W. E. Oates, "The Local Public Finances of New Jersey: Problems and Prospects," *Second Annual Report,* Economic Policy Council and Office of Economic Policy, New Jersey, June, 1969.

Table 1

The New Jersey Financial Outlook 1976-1985
Assuming no New Taxes or Expenditure Programs
(Millions of Dollars)

Fiscal Years	*Revenues*	*Expenditures*	*(Deficit)*
1976	1,839	2,042	(203)
1977	1,952	2,208	(256)
1978	2,076	2,388	(312)
1979	2,211	2,582	(371)
1980	2,360	2,793	(433)
1981	2,520	3,016	(496)
1982	2,703	3,257	(554)
1983	2,903	3,517	(614)
1984	3,134	3,798	(664)
1985	3,390	4,101	(711)

school facilities to eliminate severe overcrowding; the construction of needed higher education facilities; the elimination of dangerous, unsanitary and overcrowded conditions in hospitals and correction institutions; pollution control and waste disposal; assurance of an adequate water supply; additional public safety facilities; and improvements in the state's presently inadequate transportation facilities.[4] Thus, it may be inferred that the state will have to make the expenditures either by issuing debt or on a "pay as you go" basis.

When the balance of the presently authorized $990-million in bonds has been issued, additional taxes will be required for debt service and the operation and maintenance of the new facilities. Moreover, if the Commission's complete set of recommendations were adopted, the state's tax needs would become significantly increased. Table 2 assumes full debt financing of the recommendations and shows the resulting deficits for the fiscal years 1976-85.

Thus, if only the Commission's recommendations were followed, the projected gaps for the fiscal years 1976-85 would nearly double. As previously stated these gaps cannot appear as actual deficits. They must be eliminated in some manner.

When property taxes and other revenues of local governments are projected against local expenditures at the historical rates of increase, relatively small surpluses develop at the local level. Total property tax collections will grow as the base becomes larger, of course, but to continue to increase local

[4] Governor's Commission to Evaluate the Capital Needs of New Jersey, *A Capital Program*, April, 1968.

Table 2

The New Jersey Financial Outlook 1976-1985, Assuming Governor's Capital Needs Commission Recommendations Adopted Beginning Fiscal 1971
(Millions of Dollars)

Fiscal Years	*Revenues*	*Expenditures*	*(Deficit)*
1976	1,839	2,243	(404)
1977	1,952	2,448	(496)
1978	2,076	2,676	(600)
1979	2,211	2,929	(718)
1980	2,360	3,207	(847)
1981	2,520	3,510	(990)
1982	2,703	3,850	(1,147)
1983	2,903	4,229	(1,326)
1984	3,134	4,650	(1,516)
1985	3,390	5,127	(1,737)

property tax rates would speed the exodus of middle and higher income individuals and ratables to the suburbs. This would compound existing local problems and ultimately result in greater revenue needs at both the state and local levels. The historical data from which state expenditure projections have been made reflect some state costs already occasioned by the rising local property tax rates. Assuming property taxes will not be allowed to rise at their historical rates of increase and accordingly assuming that the projected local surpluses will not develop, the *minimum* tax needs of the state would lie somewhere between the needs reflected in Tables 1 and 2.

Closing the Fiscal Gap

It has become commonplace to point out that New Jersey faces a fiscal crisis. The state cannot continue safely on its present course. Assuming that only minimal economies may be gained by making state operations more efficient, the state must either increase taxes or reduce the present level of services. Since the present level of services is considered by most to be grossly inadequate, increased taxation appears to be the only feasible solution to the state's financial problem.

New Jersey's tax effort is quite small compared to most other states. While New Jersey ranked fifth in the nation in per capita personal income in 1967, it ranked forty-sixth in state taxes per capita, and forty-ninth in taxes per $1,000 of personal income. In what seems to be a better ranking of burden,[5] taxes per capita per $1,000 personal income, it also ranked forty-ninth. Considering total state and local taxes the state ranked sixteenth in per capita taxes, thirty-ninth in taxes per $1,000 personal income and *forty-seventh in taxes per capita per $1,000 personal income.*

Any added taxes which are not sufficiently income elastic will not close the gap permanently. To avoid continued rate increases, tax yields should increase faster than increases in income. During the period from 1955 to 1968, total personal income grew at the rate of 6.1 percent a year. Expenditures increased by 8 percent and revenues by 6 percent. A permanent solution to the New Jersey fiscal dilemma requires selection of taxes with elasticities sufficiently high to make the total tax system as elastic as expenditures.

New Jersey has the ability to solve its fiscal problems. Unlike many other states, New Jersey has the industrial base and taxing capacity. Its citizenry must now recognize that the solution to its fiscal problem, although postponed for many years, can be put off no longer. Property tax increases have reached a ceiling and now is the time to devise more equitable revenue systems which will keep pace with the state's dynamic economy.

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[5] Henry J. Frank, "Measuring State Tax Burdens," *National Tax Journal,* June, 1959, pp. 179-85.

MAINTAINING ECONOMIC GROWTH*

NEW JERSEY has long enjoyed a vigorous and dynamic economy. Its location in the middle of the nation's most populous region has enabled it to become a major producer of goods and services. Moreover its access to major transportation arteries and deep water ports has facilitated its involvement in national and international trade. But complacency about the future is not in order since much of the state's historical development may be ascribed to these fortuitous circumstances. If New Jersey is to prosper in the years immediately ahead it must overcome a number of impediments to economic growth.

Among the major problems that must be tackled to assure continued progress are: (1) those associated with migration to the cities, (2) those associated with total population increases, (3) those arising from the state's overdependence on the property tax, and (4) those associated with interstate competition for industry. The first two of these problems are covered elsewhere in this report.

Overutilization of the Property Tax

New Jersey is unique among the states in its dependence on the local property tax for about two-thirds of its state and local revenues. Rapidly rising costs of local services have been met mainly by increases in the property tax. The burden has become most oppressive in the cities where the need for public services is greatest. This has caused industry and high income individuals to flee to the suburbs. At least two of the state's problems have

* Prepared by Laurence H. Falk in consultation with Monroe Berkowitz.

resulted from these moves to the suburbs. First, the remaining poorer citizens have had to bear much of the increasing costs through the property tax which is considered to be regressive even under normal conditions. Secondly, the out-migration of the middle to high income citizens has contributed to the problem of "urban sprawl." Suburban zoning regulations requiring large land tracts reflect the suburbanite's reluctance to pay for the social services required by a denser population.

Thus, overutilization of the property tax has added to the list of difficulties faced by the cities. Moreover, it has led to poor land use patterns. Easing the property tax burden would help rectify these problems.

Interstate Competition for Industry

Many states in the U. S. have legislated programs which provide financial incentives to induce industry to locate within their borders. The state agencies that administer these incentives believe them to be generally very effective.

State and local financial inducements to industry have taken three forms: (1) tax exemptions, (2) direct subsidies or loans, and (3) industrial revenue bonds. Some inducements have been much more efficient than others. Tax exemptions, which have been widely used, have been quite inefficient compared to direct cash grants for land or improvements. Tax exemptions have several drawbacks. For example, they cause firms to pay increased federal income taxes while cash grants do not.[1]

One commonly used incentive, industrial revenue bonds, has apparently been most effective. Industrial revenue bonds are issued by a state authority and the proceeds of such issues are used by firms to finance plant construction. Only the revenues of the firm itself are pledged to meet the principal and interest payments. Hence, the issues have been virtually costless to the state.

Industrial development bonds have been of significant benefit to the firms whose plants they have financed. Until recently the bondholders did not pay federal income tax on the interest paid by industrial development bonds. Thus, these bonds carried a lower interest rate than the direct debts of the industrial companies. This resulted in a significant savings to the investing firms. The tax exemption has now been eliminated for most cases; however, a more important potential savings still exists. A plant financed by industrial revenue bonds is not depreciated over time for tax purposes. Rather, the lease payments are directly deductible from taxable income. The

[1] William J. Stober and Laurence H. Falk, "Property Tax Exemption: An Inefficient Subsidy to Industry," *National Tax Journal*, December, 1967, pp. 386-94.

present value of the firm's tax payments is reduced considerably by this tax effect. This present value savings to the firm significantly reduces initial investment costs.[2]

New Jersey has no program of financial inducements to industry. This neglect may be hindering the state's economic development. It may be losing industry to states that have effective inducement programs. The transportation equipment and electrical machinery industries may be examples of such losses. Recently these industries have grown far more rapidly in Pennsylvania and New York than in New Jersey.[3] Both states have financial inducement programs and this may have been a factor in their gaining more of the investment of these industries.[4] A study should be undertaken to determine whether an inducement plan would be of net benefit to New Jersey.

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[2] William J. Stober and Laurence H. Falk, "Industrial Development Bonds as a Subsidy to Industry," *National Tax Journal,* June, 1969, pp. 232-43.

[3] Gerhard Bry, "Transportation Equipment and Electrical Machinery: Two Problem Industries in New Jersey," *Second Annual Report,* Economic Policy Council and Office of Economic Policy, New Jersey, June, 1969.

[4] For example New York has an investment tax credit and Pennsylvania's industrial development authority makes loans to local nonprofit industrial development corporations for part of the cost of building industrial plants.

THE CRISIS OF THE CITIES*

THE nation's cities are in danger of economic collapse. Of the many economic difficulties creating this condition, two lie at the very heart of the problem—the transportation revolution and the costs of urban services.

The Transportation Revolution

The transportation revolution has permitted an exodus of people and jobs on an unparalleled scale, and this, together with the unavailability in the cities of tracts of land sufficient for modern factories and warehouses, has taken from the city a large part of its economic function. For example, in a sample of metropolitan areas it was found that between 1948 and 1963 the central cities' share of metropolitan employment fell more than 10 percent in manufacturing, 18 percent in retailing, and 17 percent in wholesaling.[1] Between 1954 and 1963 New Jersey's cities lost over 7 percent of their manufacturing establishments, 18 percent of their retail establishments, and 5 percent of their wholesalers. The advent of the national network of roads in the postwar period means that manufacturers and wholesalers need no longer route their products through the urban rail and water terminals, and they have consequently moved to areas where land is cheaper and where it is available in the large units needed for modern production methods.

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

[1] See J. D. Mooney "Housing Segregation, Negro Employment and Metropolitan Decentralization: an Alternative Perspective." *Quarterly Journal of Economics*, May, 1969, p. 302.

Costs of Urban Services

The costs of urban services are rising at a compounded rate that is roughly 5 percent a year higher than costs in the remainder of the economy. Urban services such as education, welfare, and police protection are typically activities in which labor-saving technology has little role. But wages in these activities cannot fall too far behind those in other types of economic endeavor, if the labor force of the municipal services is to be maintained. As a consequence, municipal governments cannot keep their costs in line with those of other economic activities such as manufacturing, where constant increases in productivity through innovation help to offset rising wages. The result has been growing financial pressure upon all municipalities (and particularly on the large cities) which threatens rapidly to reach catastrophic proportions.

For New Jersey these problems are particularly acute. It is the most urbanized state in the union, with 88.6 percent of its population living in cities of 10,000 or more (1960). Yet, New Jersey's cities have typically failed to attract a substantial volume of business and industry while simultaneously losing economic activities. to other areas.

Main streets which once boasted flourishing retail activity are lined with boarded-up, empty shops. The rapidity of the decline has been spectacular. In the former business districts, rents have collapsed in a period of a half dozen years, properties that formerly went for a rental of $500 can be had for half that value. The resulting contraction in the cities' tax base means that the relatively inflexible property tax revenues, the primary source of local government funds, have been increasingly insufficient to meet the growing expenditure needs.

Half-way measures simply will not work. "Renewal" of a few blocks of houses will not help if they are still surrounded by slums and if they simply move the geographic location of the problem a few blocks away. Token subsidies to black entrepreneurs will only produce disappointment if they cannot get adequate insurance, and if high ghetto unemployment rates simultaneously deprive them of customers and increase their vulnerability to violence.

No one has yet produced a program which really promises to solve these problems. Nevertheless, a number of necessary steps are clear.

Poverty

An important component of the crisis of the cities is the problem of poverty. Priority should be given to the provision of effective opportunity for the ghetto residents to increase their earning power. It is essential that there be a really effective program of retraining for clerical occupations that are replacing factory work in the cities, as office buildings continue to displace workshops and warehouses. Substantial help to new entrepreneurs will also be required, and perhaps new jobs will have to be provided directly. In any event, improved earnings opportunities should have priority over housing renewal and a variety of other programs that are designed to deal with problems that will largely take care of themselves if poverty is, in fact, eliminated.

Federal Revenue Sharing

The order of magnitude of the task is such that substantial increases in state and federal funding will prove essential. The municipalities, whose tax base is already seriously depleted, do not dare to raise their taxes significently for fear of driving out even more of their industry and the few more affluent residents that still remain. It is essential that the next administration of this state devote every effort to the promotion of a federal program of revenue sharing of substantial magnitude. The federal government must not be permitted to forget or to minimize the fiscal crisis of the cities. It is also essential that federal revenue sharing legislation contain adequate provisions to assure that an appropriate portion of the shared revenues flows back into the cities. There is a very real danger that these funds will be channeled preponderantly to those who need them least. It will require careful planning and determined effort to keep this from happening.

The state, too, will have to do its share in shouldering the burdens of the cities. Some beginnings have been made, but they are only beginnings.

Organization

In addition to obtaining necessary revenues, it is imperative that the public sector be organized so as to use these resources with maximum effectiveness. This requires, in particular, that each task of government be allocated to that level of government best equipped to deal with the problem. The current fiscal dilemma of the major cities in this country stems in large measure from city governments being called upon to deal with problems which clearly transcend their jurisdiction. The most obvious of these is the problem of poverty: the concentration of many low income groups in the central cities has created the need for huge welfare programs and associated expenditures on social services. To meet these demands, city taxes have soared and have in this way contributed to the continuing exodus of industry and of the relatively affluent, which are precisely the groups the cities can least afford to lose. One finds in New Jersey in 1967, for example, that effective property tax rates (adjusted for differences in local assessment ratios) per $100 of true value were $6.62 in Newark and $5.65 in Trenton as compared to an average of $3.23 for New Jersey municipalities as a whole.

More generally, it is of crucial importance that functions be assigned to the proper level of government. Many of our most pressing problems stem from a failure to do just this. Large numbers of small communities, for example, each with the responsibility of disposing of its own waste materials, may pour these materials into an adjacent river until the level of pollution becomes a genuine health hazard. Yet, it is rarely in the interest of any one of the communities *unilaterally* to invest in better means of treating its sewage. One community's incinerators are all too likely to affect the quality of the air in another. Traffic flows from one political unit can clog the roads of its neighbors. What is needed is some type of collective effort, presumably involving a body whose decisions can be made binding on all the communities, to control pollutive activities, and to coordinate decisions in which any community's activities critically affect the welfare of the residents of other areas.

This is not to say that federal and state governments should gradually take over all the functions of the public sector. Far from it. There is good reason for local governments to continue to provide those services *which are of interest primarily to their own constituencies.* Local bodies with a particular knowledge of local circumstances and preferences can typically do a better job in determining and meeting local priorities on matters such as housing and educational administration than can a higher level of government. In sum, while local matters should be handled locally, those which transcend municipal boundaries should involve higher levels of government which can take into account the welfare of all those affected.

Planning Fiscal Policy

It should be stressed that fiscal instruments, particularly tax policies, can have a profound (generally unintended) impact on the long-run development of state and local economies. The evidence does indicate that serious problems such as deteriorating city housing, air and water pollution, and inefficient patterns of urban land use have been accentuated by fiscal programs that are too narrowly conceived. As tax laws and other fiscal policies are reexamined and redesigned, it is important that they be planned in a manner that stimulates desirable patterns of land use, discourages the spread of slums, encourages the growth of employment in the ghettos and, in general, stimulates the economies of the cities.

Finally, it is essential that the full magnitude of the problem and the enormous resources it will require be recognized. The urban problem will not permit itself to be neglected. It will feed on itself and grow, threatening the welfare not of the cities' residents alone but also that of those that live outside their borders. Their pollutants, their fiscal problem, their unrest will not remain neatly confined inside their political boundaries. Already they are spilling over into surrounding areas. The devotion of inadequate means and token efforts to the problem courts catastrophe of major proportions, a catastrophe which is converging rapidly upon us.

ECONOMIC PROSPERITY AND THE QUALITY OF LIFE*

THE United States is now undergoing the longest period of uninterrupted prosperity in its history, from which there appears to be no reason to expect any significant change of long duration. Real GNP over the past decade has been growing at an annual rate of 4.7 percent (1958-1968). Unemployment has for some time been 4 percent and lower. The nation's per capita ownership of automobiles, houses, and other consumers' goods has never been higher.

However, that very prosperity, along with the rate of growth of our population, has produced side effects which threaten very serious consequences for the quality of life. The large number of cars and busy factories have caused pollution levels to rise to a point where, in some areas, they constitute a serious threat to health, where they cause buildings to deteriorate, and add materially to communities' outlays on sanitation. The increased use of motor vehicles has clogged highways and bridges and in some cases may actually constitute a net addition to the travel time needed to get from one geographic point to another. The sustained levels of effective demand have caused differential rates of price increase particularly affecting the urban services, and almost pricing some of them out of the market. This has not been very helpful to the quality of education, the availability of cultural services such as museums and libraries, and in general has caused severe financial problems

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

for those institutions that provide goods and services other than the ordinary consumers' goods.

None of these difficulties need cause us to doubt the desirability of prosperity per se. Virtually, by definition, prosperity offers significant benefits to the bulk of the population and everything possible should be done to prolong it. Moreover, as will be noted presently, it is this very prosperity that offers society the resources necessary to deal effectively with the developments that threaten the quality of existence. However, this observation constitutes no ground for complacency. It is meant to indicate that if appropriate attention is devoted to the growing problems under discussion, a healthy economy offers us the means with which to maintain a balance, and will offer the community, side by side, growing supplies of consumers' goods and an attractive environment in which to enjoy them. However, the evidence shows clearly that should we fail to act decisively and effectively, should we continue to allow the environment to fend largely for itself, we will rapidly approach a world in which our growing abundance of cars, TV sets, and swimming pools is consumed among enveloping garbage dumps, in a near unbreathable atmosphere, to the accompaniment of the roar of traffic and sonic booms, and in communities in which educational systems and cultural activities have been allowed to deteriorate and green spaces have disappeared.

A short discussion such as this cannot undertake to review the accumulating evidence of the seriousness of the problems, yet a few sample facts should suggest their gravity and their imminence. For brevity of illustration we discuss only one of the problems related to quality of life—the issue of water pollution. This is one of the most visible of the problems under discussion and one on which facts are most readily available.

The Delaware is one of the rivers most directly threatened. An average of 1.9 million pounds of oxygen demanding wastes currently enter the river every day. According to F. Wright, Executive Director of the Delaware River Basin Commission, no other major river in the United States experiences such severe oxygen depletion, and this problem is still increasing rapidly.

The 750 waste treatment plants in the state put more than one billion gallons per day of partially treated sanitary and industrial waste into New Jersey's waterways. A number of the rivers into which these wastes are dumped, among them the Raritan and the Passaic, are sources of public drinking water. Because the water in the state is so highly contaminated some 80,000 acres of bay waters in the Raritan basin and along the New Jersey southern coast have been closed to harvesting of shellfish. According to Dr. S. D. Faust of the Department of Environmental Science at Rutgers University, if no preventative measures are taken, the pollution of critical rivers upon which New Jersey largely depends for its water supply will double by the year two thousand.

That such threats to the quality of life become more acute daily is obvious to anyone who takes the time to look about him. Nobody has questioned that if no steps are taken they will some day have catastrophic consequences. We need only be warned by events that have already taken place —the deaths of the weak and elderly under high pollution conditions in New York and London, and the ever-increasing discovery of toxic substances in milk, cheese, cranberries, etc., inadvertently transmitted from the polluted environment. Having seen the writing on the wall, the rational response of the community must be to invest adequate quantities of its resources in the battle against the potential devastation that threatens our way of life.

Good business practice calls for the purchase of insurance against potentially catastrophic events *even* if their likelihood is only moderate. Rationality calls for the same sort of foresight on the part of the community —the investment now of the resources needed to insure against the dangers to the environment.

It is not appropriate here to spell out the details of a preventative and remedial program. Economists have devoted a substantial amount of research to the issue and their work should be used as a basis for future planning on these issues. However, three general avenues of approach merit serious consideration by the administration. It should be emphasized that these represent approaches which have been considered carefully by a number of highly competent economists.

1. *Increased employment of user charges.* Economists have long emphasized that one of the major sources of deterioration in the environment lies in the economy's failure to charge adequate amounts for the private use of what might, in the broadest sense, be termed public resources. The factory whose productive process pollutes the atmosphere uses up a real resource (pure air) just as surely as it consumes oil or coal. Because it must pay for its fuels, good business requires management to use these inputs sparingly and economically. However, because it does not pay for its use of atmosphere, the profit motive offers it no inducement to minimize its emission of pollutants.

Economists have long advocated the employment of user charges in these circumstances, not as a matter of equity or as a punishment, but as a logical extension of the price system—as a means to improve the efficiency of the use of society's resources, much in the manner that efficient use of resources in private hands is encouraged by the free enterprise system.

There are many areas besides pollution problems in which user charges can help in this way. For example, they can be useful in dealing with the crowding of airports. If small but relatively slow private aircraft were charged landing fees based strictly on the amount of runway time occupied by their takeoff and landing to reflect the delays they impose on others, there is every reason to believe that the scheduling problem would be alleviated substantially even without the construction of additional airports. Similarly, if taxes on individual pieces of property were redesigned to reflect any deterioration in neighborhood property values resulting from inadequate maintenance expenditures by the landlord, there is every reason to believe that the quality of housing would improve noticeably.

A redesign of the tax structure of the state that places primary emphasis on incentives for increased public welfare is potentially the most powerful instrument available for effective implementation of the products of economic planning. Our market economy continues to astonish the world by the efficiency with which it serves private consumption wants. User charges represents the corresponding use of the price system to promote social values as well.

2. A second critical element in a program designed to preserve the quality of life is prospective budgeting. Financial arrangements for education, public health, police protection and other social services simply cannot continue to base themselves on the cost experiences of the past or even the present. Given the invitability of lags in the funding of such vital services by the political process, and the rising costs that characterize our inflationary world, they constantly find themselves underbudgeted. This outmoded and ineffective approach to the funding of governmental services of all sorts has engendered an air of defeatism. It is expected as a matter of course that standards of law enforcement will fall, and hospitals and schools deteriorate in quality.

To avoid further inroads it will be necessary to institutionalize a systematic approach to fiscal planning based on analysis of trends and their portents for future cost levels. Prospective budgeting then is a *sine qua non* for any effective program that undertakes to preserve the quality of life.

3. Finally, an effective program to combat the growing deterioration in our environment requires a full-time effort for its implementation, an instrument of perpetual vigilance. So long as no one is *specifically* assigned the task of discovering new developments that threaten the public interests, they will tend to be recognized only when they have attained serious proportions and have become difficult and costly to deal with. We therefore recommend the creation of a special and permanent agency by the new administra-

tion, whose task will include surveillance, publicity, design of programs and their administration. We believe that only such a specialized agency can act as an effective guardian of the social interests, and that by making it possible to take action earlier, it may in fact permit substantial reductions in the costs of the required programs.

We emphasize again the critical nature and the urgency of the problems that threaten the quality of life in the State of New Jersey. By taking effective action in these areas, the next administration will join those progressive states that are attempting to take preventive action *before* the problems attain overwhelming proportions.

IV

APPENDIX A

SOME CRITICAL ISSUES*

THE following brief comments on selected critical issues are based largely on special reports prepared for the New Jersey Economic Policy Council. Some of these reports may become available early in 1970. The evaluations and recommendations presented below are those of the Council.

1. COMMUNITY AFFAIRS

Housing

The stock of housing units in New Jersey increased markedly during the present decade—from about 2 million units in 1960 to almost 2.5 million units in 1969. This increase of housing units was a little faster than that of the population and may thus appear to be adequate. However, while quantity increased, quality deteriorated. For the state as a whole, units defined as substandard increased from 15 percent to over 17 percent of the housing stock, and in the older cities deterioration reached higher levels and proceeded faster. In Newark, for instance, the proportion of substandard dwell-

* Prepared by William C. Freund and Gerhard Bry. Dr. Freund is a Member of the New Jersey Economic Policy Council and Vice President and Economist of the New York Stock Exchange. Gerhard Bry is Professor of Economics at the Graduate School of Business Administration, New York University.

ing units increased from 33 percent to 45 percent. In recent years, the levels of new housing construction has tended to decline, particularly in urban areas. The potential stimulating effect of the lifting of the 6 percent usury ceiling on the supply of mortgages tended to be nullified by the depressing effect of high mortgage costs on demand. Low cost housing can scarcely be built profitably under these circumstances. Maintenance costs have been soaring; abandonment of potentially inhabitable buildings in urban core areas has reached threatening proportions. The acute housing shortages are reflected in extremely low vacancy rates.

New Jersey's government has tried actively to stimulate new building. The New Jersey Housing Finance Agency approved $50-millions for moderate income housing, and the Federal Housing Administration agreed to offer rent reduction assistance to bring some of the new building within the reach of low income groups. The state also made loans and grants available to non-profit sponsors and promoted residential building activity with the proceeds of the $12.5-million bond issue approved by last year's referendum. However, to fill the dwelling needs of the increasing population and to eliminate substandard housing in the course of the next decade, close to 100,000 units a year would have to be built—more than twice the level experienced in the recent past. To support such a program, drastic changes in financing, community planning, building codes, real estate taxation, and other factors affecting residential construction will have to occur. Development of a specialized housing maintenance and rehabilitation industry, application of mass production techniques to urban renewal and new planned community development; a break with the tradition of single-family homes, provision of a pleasant recreational environment and uncongested communication between living and working locations, availability of subsidy funds to bring decent housing within the reach of all citizens—these are needed to reverse the trend toward deterioration and provide the dwellings needed for our expanding population. As unlikely as some of the required actions may seem today, they are the essential conditions for any substantial alleviation of our state's housing problems.

Poverty

By international standards, the United States enjoys an extremely high standard of living. Within the nation, New Jersey occupies a favorable position: average per capita income in the state was almost $4,000 in 1968, compared with $3,421 for the nation. Still, the state has a pressing poverty problem. The problem is concentrated geographically in central cities; it is particularly acute for minority groups. It is not restricted to those without jobs, but is related to a variety of factors, such as education, job training, language skills, family structure, age, health, degree of employment discrimination, incidence of unemployment in specific communities, and so forth.

When the "war on poverty" was declared by our national government, New Jersey was the first state to establish a State Office of Economic Opportunity and anti-poverty agencies in all major sections of the state. The state OEO promoted basic education and job training, job creation, day care, community organization, and, more recently, ghetto enterpreneurship. There is no doubt that these programs had beneficial effects on many individuals. But there is considerable doubt whether they had any major impact on the problem of poverty at large. The scope and impact of our anti-poverty efforts are sharply limited by budgetary constraints and, ultimately, by national priorities. There is also the lack of a sure, concerted strategy. What was proclaimed as the war upon poverty is bound to turn into a desperately long drawn-out campaign, unless substantially improved leverage is obtained. This will not only require funds, but also rather fundamental changes in the welfare system, education, job matching, and in social attitudes. For many of the poor, provision of employment opportunity and even of employment for the head of the family will not lift their income above the poverty line. Specifically, there is need for a sufficiently generous income maintenance program with strong work incentives. There is also need for more effective administration, rigorous program evaluation, and social experimentation. The present attempts to establish, on the basis of a sample from several New Jersey communities, the work incentive effects of alternative income maintenance schemes, is certainly a step in the right direction. We know considerably more about the problem and the available strategies than we knew when the Economic Opportunity Act was passed in 1964. It is now necessary to apply the lessons learned. Since financing and strategy will be largely determined on the national level, it is essential that the state's representatives use all available means to support a fresh, determined approach to this tacky problem.

Community Development

New Jersey is the most densely populated state in the nation. This density, however, shows high concentration in the major cities. It has wide expanses of green land and still deserves its description as the Garden State. Currently growth is most pronounced in sparsely settled counties. This constitutes a unique opportunity for planned community development.

Present settlement patterns are predominated by one-family houses, on lots of half an acre or larger, in conformity with existing zoning codes. It is not hard to see why individual communities would favor protective ordinances. They assure a favorable relationship between real estate tax revenue and community expenditures for public services and schooling. However, community development along these lines raises not only the problem of acute land scarcity and of prohibitive acquisition and rental prices, but also the spectre of the complexity and costs of public utility supply, waste control, transportation, and other functions in a wall-to-wall pattern of suburban sprawl.

The Hackensack Meadowlands Development—a major project of the Department of Community Affairs—can perhaps exemplify alternative development patterns. The Development Commission is preparing a master plan, designed to coordinate industrial and living facilities. The plan envisages communities with different types of aggregated dwelling units. It seeks to make generous provision for parks, recreational facilities, schools, transportation centers, and so forth.

For the future of community development in New Jersey, it is of utmost importance that this and similar pioneering efforts are given all possible support. Experimentation with different forms of coordinated development should demonstrate the viable alternatives to the haphazard sprawl of today. Note that the plans for the Meadowlands became possible through cooperation and profit-sharing arrangements among all 14 of the communities involved. Such cooperation is, of course, essential for any development plans affecting more than one community. It is hoped that some convincing demonstrations of the benefits of area-wide planning will help to overcome the burdensome fragmentation and the frequent parochialism of the hundreds of municipalities and districts that make up local government and now play a major role in deciding the patterns of development.

2. SELECTED ISSUES IN INDUSTRIAL DEVELOPMENT

Industrial Expansion

Industrial development is a key ingredient of economic growth and increased economic well-being. States that lose development momentum typically experience unemployment, lagging per capita incomes, and an out-migration of the more enterprising segments of the labor force.

New Jersey's location—close to two of the largest and most affluent market areas in the country—its access to water, its existing and developing transportation system, and its trained work force are important assets and form a good basis for further development.

certainly among its obligations, these plans can only be realized if the broader problems are mastered.

International Trade Activities

Manufacturing for export and international port facilities play an important role in New Jersey's economy. Indeed, about 30 percent of the state's employment is directly or indirectly involved in export activities. During the last few years considerable sums have been invested or committed for development of international air and water port facilities (committed: over $100-million for Port Newark and Elizabeth and $200 million, by N. Y. Port Authority, for containerized air cargo facilities at Newark Airport; also commitment and spending of considerable amounts for enlarging Port of Camden).

The problem is whether these expenditures and efforts are sufficient to stem the long-term deterioration of port facilities and, more than that, to support the modernization necessary to defend the state's position in the strong competition for foreign trade traffic. There are many obstacles in the path of such endeavors. One is the scattered nature of major facilities, each of which operates in an environment of interport, intercity, and interstate rivalry. Effective coordination within the framework of a unified state port development-and-promotion project would seem a precondition for decisive state policies. Such a project would have a good chance of providing the planning and the financial support necessary for a massive modernization program. The adequacy of our transportation network of highways, railroads, airports, and deep water seaports is a precondition for maintaining the state's eminence in international trade. It will take a major effort to attain this goal.

3. TRANSPORTATION

Railroads

Railroads, in many parts of the country, have been under severe financial strain for a long time. Passenger services, and particularly commuter traffic, are often deficit operations which have threatened the viability of railroads as a whole, thus potentially endangering also their function as freight carriers. The Federal Transportation Act of 1958 relieved railroads from the obligation to provide passenger services if these services involved deficits, and the Urban Mass Transportation Act of 1964 required states to shoulder responsibility for the provision of suitable passenger transportation facilities in the vicinity of urban areas.

During the Sixties, "value added" by manufacturing increased from \$7.7- to \$12.6-billion, an impressive gain (of 61 percent) even if the effect of inflation on these figures is considered. During the same period, over 7,700 new manufacturing companies began operating in the State.

Originally, industrial growth was concentrated in urban centers lying along the major transportation routes which led to the market areas of New York and Philadelphia. However, during recent decades the dominant trend has been migration into the less densely populated counties of Monmouth, Hunterdon, Warren, Atlantic, and Burlington. This trend reflects land scarcity in urban centers. It raises a host of problems, such as access of industrial employment to the urban labor force, transportation of materials and finished goods over crowded highways, and waste disposal. While providing the benefits of rising employment and income, industrial development makes its own demands on social services, especially education and job training, transportation, land-use planning, and pollution control.

Industrial growth cannot be relied upon to develop spontaneously. It requires a cordial environment and general policies which appeal to the locational decision-makers of corporate managements. To this end, it would be desirable to stimulate state-industry cooperation in locational and other basic decisions affecting employment in the state. This is a new field which deserves exploration. Industry and Government have become increasingly interdependent. Cooperation cannot but improve the prospects for each, and for industrial development at large.

Resort and Travel

The vacation industry in New Jersey is important, particularly to the non-industrial portions of the state. It is estimated that tourism in New Jersey generated a business volume of about \$1.6-billion in 1960, and of \$2.4-billion in 1968. Projection of this growth trend leads to a potential volume in the neighborhood of \$3.0-billion in 1975.

However, it is not certain that the state will actually continue the favorable growth rate of the past. Recreational land shortages, (particularly at ocean and lake fronts), water pollution, beach erosion, road congestion, and obsolescence of resort facilities are among the major problems.

The Department of Conservation and Economic Development is charged with the promotion of industrial growth in New Jersey. While it may well be able to deal with limited problems, such as sharks, mosquitoes, erosion, and perhaps even modernization of resort facilities, the larger problems—land scarcity, pollution, transportation, etc.—are beyond its reach. While planning for a pleasant and profitable recreational environment is

In 1959 New Jersey created the Division of Railroad Transportation within the State Highway Department. In 1966 New Jersey's Transportation Act established a new Department of Transportation, with broad responsibility for all modes of traffic. These state agencies provided operating subsidies which grew substantially (from \$4.5-million in 1961 to \$12.4-million in 1968). They also terminated less essential services (Hudson Ferry), were instrumental in the take-over of the Hudson and Manhattan Tubes by the Port of New York Authority, and improved commuter traffic to New York and to Philadelphia by integration of facilities and other means. In 1966 a ten-year plan for re-equipment and modernization was formulated, and more recently an interim program for stock replacement in critical areas was adopted and is in the process of implementation. The Transportation Department's "master plan" calls for changes that would make mid- and down-town Manhattan directly accessible to several of New Jersey's railroads.

The form of future mass transportation in New Jersey is a subject of intense debate. The question is what mass transportation activities New Jersey should undertake beyond the existing program to rehabilitate and re-equip the commuter rail system. These mass transit solutions may involve subway systems, buses, new concepts such as dial-a-bus and, perhaps, some limited railroad expansion. The criticism of substantial rail expansion relates to the considerable costs involved compared to bus alternatives and the rigidity of any system so constructed. Furthermore, it is argued that the prevailing tendency towards urban sprawl throws doubt on the appropriateness and viability of a liberally extended railroad network. Actually, the optimal mix of mass transportation media depends largely on prospective land-use and settlement patterns. This adds up to a rather compelling argument for flexible arrangements and for a high degree of integration in the long-term programs of housing, community development, industrial location, and transportation.

Highways

Until rather recently, highway building in New Jersey lagged behind population growth and traffic needs. The last substantial state program for highway construction does, in fact, date back as far as the Great Depression. There were, of course, the actions taken under the largely federally-financed interstate program. However, because of its limitations to interstate routes and its financial constraints, this program cannot be regarded, by itself, as an adequate highway effort.

During the last few years the activities of the Transportation Department, with the help of legislature and voters, brought about a decisive turn in highway construction activities. A highway bond issue of $640-million was approved in November 1968 and led to unprecedented commitments for highway building. In addition, the State Aid Road System, financed by the sales tax, provides $15-million a year for local roads that complement the state highway net.

The priorities reflected in this program are attacked on several grounds, such as the greater pressure of other needs, the dislocation effects, the destruction of natural resources, and the promulgation of suburban spread. Since the last argument is the most weighty one, it deserves careful examination. The counter argument insists that limitation of highway construction would not stop suburban sprawl since practically every square mile of New Jersey is already accessible by existing roads. Postponement of highway building would merely be the preparation of tomorrow's traffic crises, and, if it follows rather than precedes settlement, would increase the costs and in many cases prevent the construction of an adequate road system. Furthermore, even new high-density community development, with its potential for mass transportation, would still require access roads to the communities' suburban and exurban environment.

Perhaps the most important lesson to learn again is the strong interdependence among the various modes of transportation, and that between transportation and community development. An earlier section of this review dealt with the desirability of new types of community development and land use. The case for high-density settlements appears to be strong and, if pursued, requires complementary highway development.

Buses

In New Jersey mass transit means buses. Buses carry almost nine times as many riders as railroads. They are the basic means of transportation for many of our less affluent workers and shoppers, for the young, the aged, the poor—the millions who populate our cities.

However, the proliferation of cars, rising operating costs, road congestion, and other factors have reduced service and ridership to such an extent that buses do not carry out their functions effectively. Specifically, for many city dwellers bus lines fail to provide adequate transportation to places of employment, training, low cost shopping, and recreation.

The long-term trend is illustrated by the following annual figures on bus riders:

1947	826 million riders
1960	306 million riders
1967	235 million riders

At present, an interim bus subsidy program of $750,000 sustains existing services until a long-range program can take over. As in the planning for other modes of transportation, the bus program should be geared to the living and working needs of our citizens and should complement existing employment, urban renewal, and housing programs.

4. ENVIRONMENT POLLUTION PROBLEMS

In 1967 state efforts in the field of pollution control were consolidated in a single agency, the Division of Clean Air and Water within the Department of Health.

Clean Air

Air pollution continues to be a serious problem in New Jersey. It is fed from the airborne waste from the increasing number of factories, homes, commercial enterprises, power stations, incinerators, airplanes, motor vehicles, and other sources. All these sources must be controlled to achieve acceptable clean air.

New Jersey pioneered with the first statewide air pollution control law in 1954. But pollution sources increased more rapidly than control and the air became worse rather than better. Public awareness, stringent legislation, administrative coordination within the Department of Health, and sharply increased enforcement led to a turn of events about 1967. The control budget is now over $2-million, compared with a budget of less than $200,000 in 1964. The staff increased from 20 to 120. New Jersey has stronger legislation and makes stricter enforcement efforts than most other states in the nation. (The Federal Air Quality Act of 1967 assures that neighboring states will have to adopt similarly strict control programs.) Monitoring equipment for assessing air quality and equipment for testing industrial and private pollution sources was acquired and developed by the state. Industry, while resisting certain regulations, has been cooperative. The most plausible argument, that of the loss of competitive advantage and a result of the higher costs engendered by pollution control, loses force in view of the federal statutes which impose similar costs on industry elsewhere. The state is developing reasonable standards for vehicle pollution and will offer regulations controlling pollution from diesel-powered vehicles, and, soon thereafter, from gasoline-powered vehicles.

The Department reports an actual reduction in the density of pollutants as a result of the regulatory activity now in force; specifically, the fuel code is reported to have reduced the emission of sulfur dioxide by 40 percent. The Department believes that existing control legislation is sufficient to deal with air pollution emergencies, air quality standards, odors, hitherto uncontrolled industrial chemicals, and control of diesel and gasoline-driven motor vehicles. The major tasks are to provide the funds to equip inspection stations, and to administer the law conscientiously.

There is little doubt that population growth and industrial development will increase the air-contamination problem and that major technological changes in the equipment of industrial and non-industrial pollution sources are required for long-range solutions. In view of New Jersey's industrial nature and its high population density, particularly in its northeastern urban section, the state has a particularly high stake in the development of the required technology. The seriousness of the problem demands that it receive a high priority in federally supported and stimulated research. It is incumbent upon the state to press for such priority treatment.

Clean Water

All of New Jersey's major waterways and most of its minor ones are polluted, and the degree of pollution is increasing. Inadequately treated sanitary and industrial wastes are the main pollutors. Illegal industrial dumping, agricultural run-off, animal wastes, storm water runoffs, and insecticides add their share. Rivers, lakes, bays, and ocean front waters are affected. The provision of drinking water, of water for recreational purposes, of water for shellfishing and fishing, and even of water for certain industrial purposes is threatened.

New Jersey has strong codes and rigorous enforcement. However, enforcement pertains largely to new treatment facilities while much of the problem is traceable to the hundreds of existing plants. The costs of modernized communal treatment facilities must be borne by local governmental entities. Present cost estimates for large-scale regional treatment facilities are close to \$1-billion—a sum that cannot be provided by property taxpayers. The recent \$271-million bond issue will provide local governments with 25 percent of the capital costs for modernization and will make them eligible for maximum federal aid (up to 30 percent of costs). Furthermore, a bill currently before Congress would augment federal grants to local entities by mortgage contracts up to 30 years. The \$800-million appropriation recently voted in the Congress to help the states fight water pollution augurs well for the financial support of these programs. All these arrangements should facilitate construction of local and regional treatment plants.

The Clean Air and Water Division of the Department of Health believes that regionalization of treatment projects, unrelenting enforcement, and increase of staff for monitoring and administration are the major needs, and that they will lead to the construction of the needed facilities. Perhaps the tendency toward increasing construction costs and the disadvantages of continued pollution will tip the scale towards earlier rather than later modernization.

It is possible to bring economic considerations to bear on this issue. Incentive provisions which maximize state and federal aid in case of early modernization may well be able to speed up construction without increasing the total expenditures for aid. Furthermore, the present Congressional mood in Washington may permit the organization of solid support for accelerated research on treatment plants with lessened land requirements and reduced costs. Recent experimentation with non-biological sewage treatment suggests that this might be a promising case for strong federally supported incentives. The need for accelerated research and development in this field is all the more pressing as the recent news about current development of potentially cheaper and more compact treatment facilities might have the effect of postponing installations based on presently marketed equipment. Again, tax policies can promote incentives to prevent the dumping of industrial wastes.

Solid Waste Disposal

Approximately 25,000 tons of unwanted leftovers are generated each day in the state by domestic garbage, industrial and commercial wastes, building demolition material, and vegetation from land clearing and other sources. The disposal problem is apt to become more acute as a result of population increases and growing waste generation per capita. Disposal by open burning is increasingly restricted and costly if done by low-pollution methods. Thus, most of the disposal goes into landfills. However, landfill sites are becoming scarcer and less welcome as habitation spreads. Disposal costs are not yet prohibitively high, but they are rising.

New Jersey's disposal problem is becoming more pressing every year. The spread of residential developments into formerly rural areas sharpened the problem of animal waste disposal; the growth of the chemical industry increased chemical wastes; demolition of old structures in the course of urban renewal created disposal problems. Finally, the imminent development of the Hackensack Meadowlands, which now contains many landfills for wastes from northeastern New Jersey and New York City, will further reduce the dwindling disposal sites. Despite the seriousness of the problem, public clamor for strong governmental action has not reached the intensity of public demands for control of air and water pollution.

Three years ago, an initial federal grant was provided for solid waste management planning in New Jersey. Since then, major emphasis has been placed on updating regulations, initiating legislation, developing informational and educational activities, rather than on analyses, forecasts and plan formulation. It was felt that voluntary cooperation by groups of communities was preferable, and more feasible, than a state-imposed plan covering all 567 municipalities. The state's Solid Waste Disposal Program envisages in the coming year the formulation and dissemination of a management plan, which in turn will become the basis for a solid-waste management statute.

Again, state interest and initiative might extend beyond the administrative limits of state government. The disposal problem in urban areas is aggravated by the increasing use of non-returnable, non-collapsable, non-decomposing material and by some material that produces noxious gases in case of incineration. Since the ultimate disposal of these materials involves considerable private and social costs, one might provide, on the federal and state level, economic incentives for manufacturers and perhaps distributors to substitute materials and designs that favor ease of disposal. Edible food-containers are an extreme example of packaging without any residue. Plastics subject to fast organic decomposition are another. The state and its citizens have much at stake and action is needed before the disposal problem in urban areas reaches acute crisis dimensions.

5. LABOR

For New Jersey's working men and women, the decade of the sixties brought decisive advances in wages and economic security. It was a decade of fairly steady expansion, reduced unemployment rates, and increasing real wages. Progress occurred also in wage and manpower policies and in labor legislation. The scope and the obligations of the New Jersey Department of Labor and Industry increased commensurably.

Specifically, determined attempts were made to deal with so-called hard-core unemployment and underemployment. Training under the Manpower Development and Training Act and the New Work Incentive Program (for welfare recipients) involved about 40,000 workers since the beginning of the program. Also, the rehabilitation program was greatly expanded. More important than numbers, the lessons learned from the experiences of these programs will help to improve future activities. A federally sponsored experiment with the "negative income tax" is currently being conducted in New Jersey. Unemployment and temporary disability insurance coverage was extended to workers in small establishments (fewer than four employees). With regard to labor standards and minimum wage legislation, New Jersey has become one of the most progressive states in the Union.

In spite of these tangible signs of progress, there exist severe problems in the wage and employment fields. If wage gains are analyzed in terms of spendable weekly earnings of factory production workers, in dollars of fixed purchasing power, the results suggest that taxes and rising living costs not only consume the nominal increases since the middle of the decade, but in fact brought about declines in real weekly earnings. (Income from other sources and multiple employment of family members may have made up for this loss in some families, but not in others.) Furthermore, the promising training and rehabilitation efforts did not substantially reduce the relatively higher unemployment rates of minority group members, young people without job experience, and other urban-core dwellers.

There are broader problems to be considered. Personal service jobs—in hospitals, health care, food service, etc.—are frequently paid at levels less than half of average earnings of assembly workers in automobile plants. While these differences may be explainable in terms of demand-supply relationships, differential productivity changes, locational factors, degree of union strength and other determinants, it is still true that the results limit the economic advance of workers (often members of minority groups) who find their major employment opportunities in the field of these expanding service occupations. This problem, as well as that of the shortage of nurses and health care workers, could probably be alleviated by wages more commensurate with our expectations about the quality of these important services.

Another broad problem is posed by the lack of coordination between prospective manpower requirements and the orientation of our educational system. While it is true that education should not be dominated by industrial needs, it certainly should consider these needs. This is another case where general institutional weaknesses turn out to be discriminatory: young people with inappropriate education are condemned to low-productivity low-wage jobs. A different educational orientation would not necessarily require any increases in educational outlay.

It has been said that complex modern technology makes it unprofitable to employ certain groups of "low-grade" labor. However, support of these unemployed involves considerable social costs. Thus, it might be preferable, on economic as well as humanistic grounds, to provide for their employment. Apart from specialized training, incentives should be offered to make the technical and managerial adjustments in job delineations which would match the job requirements to the capabilities of this part of the labor supply. The matching process can be facilitated by computerized comparisons of capability profiles and job requirements, thus becoming independent of traditional occupational classifications.

6. PENSION FUND INVESTMENT

The needs for additional state revenues and the controversies about the best means to raise them have occupied the center of the stage for a long time. Similarly, the cases for increased use of bond financing and for revenue sharing have been repeatedly defended and documented (see *Second Annual Report* of Economic Policy Council). However, there are other problems, involving Treasury operations, that are of considerable economic import but that have not received the wide attention that they deserve.

The state, and specifically the Division of Investment in the Department of the Treasury, is entrusted with the investment of pension funds for teachers, policemen, firemen, state employees, and other groups of public employees. The operation of these funds is handicapped by at least three factors: (a) there exists a tight limit (10 percent) on the investment permitted in common stock; (b) there is no separation between an equity fund and a fixed obligation fund which might permit certain investment options to the prospective pensioners; (c) there is neither a common investment pool nor a common administration of the various funds.

On purely economic grounds, the management of the funds, and thus the pensions and other benefits of the participants, could be considerably improved by modifications in the handling of these issues. Past history as well as reasonable expectations on the comparative yields of bond and stock investments suggest that the 10 percent limit on equities condemns the funds to indifferent long-term performance. One way of providing leeway for more effective management would be a simple raising of the ceiling to a higher percentage.

The problem of fund consolidation is somewhat harder. Not only would it diminish the power of the funds' trustees over the fund administrators, but it might also raise issues of risk differences among occupation groups and perhaps also issues of differential bargaining strength and thus of differential value of contribution and disbursement arrangements. On the other hand, stronger cooperation among the occupation groups, centralized professional management, and better overall fund performance may well compensate for the disadvantages perceived by some of the groups. A successful cooperative effort to raise the equity ceiling or to establish other effective investment patterns might well prove this point.

APPENDIX B

NEW JERSEY'S FISCAL NEEDS*

STATE and local revenues and expenditures are functions of many variables. Growth of individual revenues will depend on population characteristics and growth, incomes of businesses and individuals, price levels, personal preferences, the levels of other taxes, and upon myriad other minor factors. The sales tax, for example, will depend upon all of the above listed items. Per capita disposable personal income multiplied by population forms a base for taxable expenditures, but since exemptions exist in the tax law, the sales tax yield will be influenced by expenditure patterns. Frequently the tax is applied to the total purchase price of items which have already been taxed. Thus one tax level may be influenced by another. Similarly, growth in expenditures will depend on needs determined by population size, growth and makeup as well as by growth in the taxes financing the expenditures.

Presumably one could isolate the major variables influencing the growth of a given tax or expenditure item, predict what will happen to each of these variables in the future and base revenue and expenditure projections on the information so developed. Such a procedure, however, would have many pitfalls. Changing consumer tastes, for example, are quite unpredictable. Moreover specifying all variables and assigning each its appropriate weight is a very difficult task. It is true that past influences may be estimated by sophisticated econometric procedures, but it is equally true that the

* Appendix to article beginning on page 15. Prepared by Laurence Falk, Rutgers Bureau of Economic Research, in consultation with Monroe Berkowitz and with the research assistance of Gerald W. Olson.

relative strength of these influences will vary widely over time and thus the past history of any individual variable will not necessarily condition its future.

Fortunately, however, changes in the variables underlying taxes and expenditures in New Jersey seem to be in some sense self-cancelling over time. Scatter diagrams of adjusted individual taxes and total expenditures plotted against time on semi-log graph paper are approximately linear. This suggests, of course, that the individual taxes and total expenditures tend to expand at constant percentage rates. Accordingly, the estimating procedure described in the following paragraphs has been followed.

Data Collection and Adjustment

Revenue data were collected for a number of past years.[1] Each tax revenue was adjusted to reflect what it would have been if the levy had been applied at July 1, 1969, rates. For example, the beverage tax was increased from $1.80 to $2.50 a gallon effective June 1, 1969. Previous years' figures were multiplied by $2.50/$1.80 to reflect what they would have been at the new rate.[2]

A similar procedure was attempted for individual state and local expenditures. Inspection of scatter diagrams, however, showed expenditures to be more erratic than revenues. On the other hand, *total expenditures* again proved to be expanding at a constant rate, a fact which is not explained by the constant rate of expansion in revenues since revenues had been raised from their growth patterns on numerous occasions. The historical need for revenue increases, however, is clearly seen in the fact that revenues have only grown 6 percent a year while expenditures have grown at 8 percent a year.

A number of revenues and expenditures of the state are excluded from our projections since they cannot lead to a general fund deficit or surplus. These are funds such as federal grants and unemployment compensation taxes which are restricted in their usage.

Projection Method

After pertinent data had been collected and adjusted and it became clear that adjusted data exhibited constant growth rates, projections were

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1 *Fiscal Reports* of the New Jersey Department of the Treasury for the fiscal years 1955-68 were used for state data. Local taxes and expenditures were projected from data collected from the *Annual Reports* of the New Jersey Department of Community Affairs, Division of Local Finance, for the fiscal years 1959-68.

2 The implicit assumption is that the tax base is unaffected by the change in the tax rate. For a tax such as this, this is equivalent to assuming a perfectly inelastic demand for the commodity. This assumption apparently does little damage to our estimates, no change in ***slope*** can be observed in the linear scatter diagrams.

made by the method of least squares regression. Each set of data was fitted by a line of the form $y_c = ab^x$ where y_c is the computed value of the revenue or expenditure, x is the year in which the actual receipt or expenditure occurred, a is the geometric mean of the series and b is the annual rate of growth.

Figures for future years were then determined by extending the line so computed. An index of determination, $\rho^2_{\log y, x}$, was computed for each regression to indicate goodness of fit. This index, which is a measure of the ratio of the variation explained by the line to the total variation in the actual data, would be unity for a perfect fit. While the index cannot be considered a measure of the accuracy of the projections, a ρ^2 approaching unity gives some indication of how much faith may be placed in them. The high computed ρ^2's lead us to conclude that our estimates should prove to be quite accurate.

Estimated Future Revenues and Expenditures

Table A-1 presents our estimates of state revenues and expenditures for the fiscal years 1976 through 1985. The deficits shown are those which would result if the recommendation of the Governor's Commission to Evaluate the Capital Needs of New Jersey were fully implemented by fiscal 1971. No allowance has been made for any other expansion in the current level of services.

Of course, the deficits shown cannot arise in actuality. The projected gaps must be filled by new revenues or a reduction in the level of services.

The projections are based solely on historical trends and allow only for minimal improvement in services, while it is widely recognized that the state must undertake significant advances in the level of its services.

Table A-2 shows our projections in local revenues and expenditures for the fiscal years 1976 through 1985.

While the historical trend for local receipts and expenditures accurately follow percentage rate increases, as shown by the very high ρ^2, we seriously question the indicated prediction that property tax revenues will increase in the future as they have in the past. Some increase in the tax base is to be expected, but *rates* cannot increase as they have in the past. Several sections in the body of this report point out the problems which have arisen out of New Jersey's overdependence on the property tax. The surpluses shown above, therefore, should not be interpreted as having anything more than mere historical significance.

Table A-1

PROJECTED STATE REVENUES AND EXPENDITURES
FISCAL 1976-1985
(Millions of Dollars)

Revenues or Expenditures	*Historical Rate of Growth (%)*	$\rho^2_{\log y, x}$	*1976*	*1977*	*1978*	*1979*	*1980*	*1981*	*1982*	*1983*	*1984*	*1985*
Alcoholic Beverage Tax	3.42	.978	63	65	67	69	71	74	77	79	82	84
Cigarette Tax	2.61	.812	165	169	174	178	183	187	192	197	203	208
Motor Fuels	3.65	.985	240	249	258	267	277	287	298	308	320	331
Motor Vehicles	4.80	.981	178	186	195	205	215	225	236	247	259	271
Corporation Net Worth	5.37	.980	73	77	81	85	90	95	100	105	111	117
Corporation Net Income	4.80	.533	144	151	158	166	174	182	191	200	210	220
Corporation Insurance	8.32	.938	58	62	67	73	79	86	93	101	109	118
Inheritance[1]			84	69	95	100	106	112	118	124	131	138
Parimutuel	2.52	.907	37	38	39	40	41	42	43	45	46	47
Miscellaneous Taxes & Fees	6.73	.904	31	33	35	37	40	42	45	48	52	55
Departmental Sales & Services	9.25	.970	126	138	150	164	179	196	214	234	256	279
Other non-Tax Revenue	6.79	.754	97	104	111	118	126	135	144	154	164	176
Sales Tax[1]			379	402	426	451	477	504	532	561	592	624
Public Utility	6.49	.999	27	29	31	33	35	37	40	42	45	48
Emergency Transportation	14.48	.980	37	43	49	56	64	73	84	96	110	126
Budgeted Federal Aid	26.00		61	77	96	122	153	193	243	306	385	485
Lottery[2]	6.0		39	41	43	45	47	50	53	56	59	63
Total Revenue[3]	6.0		1,839	1,952	2,076	2,211	2,360	2,520	2,703	2,903	3,134	3,390
Current Expenditures Only	8.0	.995	2,042	2,208	2,388	2,582	2,793	3,016	3,257	3,517	3,798	4,101
Capital Needs Debt Service and Maintenance[1]			201	240	288	347	414	494	593	712	852	1,026
Total Expenditures			2,243	2,448	2,676	2,929	3,207	3,510	3,850	4,229	4,650	5,127
(Deficit)			(404)	(496)	(600)	(718)	(847)	(990)	(1,147)	(1,326)	(1,516)	(1,737)

1 Projections based on *A Capital Program,* Governor's Commission to evaluate the capital needs of New Jersey, April, 1968.
2 Projected on basis of *First Annual Report,* Economic Policy Council and Office of Economic Policy, April, 1968, pp. 15-23.
3 Columns may not add to totals because of rounding.

Table A-2

Projected Local Revenues and Expenditures
Fiscal 1976-1985
(Millions of Dollars)

Revenues or Expenditures	*Historical Rate of Growth (%)*	$\rho^2_{\log y.x}$	*1976*	*1977*	*1978*	*1979*	*1980*	*1981*	*1982*	*1983*	*1984*	*1985*
Property Tax	7.60	.996	3,167	3,408	3,667	3,946	4,245	4,568	4,915	5,289	5,691	6,124
Other Revenue	7.26	.971	844	906	972	1,042	1,118	1,199	1,286	1,379	1,479	1,586
Total Revenue			4,011	4,314	4,639	4,988	5,363	5,767	6,201	6,668	7,170	7,710
County Expenditures	8.56	.984	716	777	844	916	995	1,080	1,172	1,272	1,381	1,499
Municipal and School District Expenditures	7.27	.962	3,108	3,334	3,576	3,836	4,115	4,414	4,735	5,079	5,448	5,844
Total Expenditures			3,824	4,111	4,420	4,752	5,110	5,494	5,907	6,351	6,829	7,343
Surplus			187	203	219	236	253	273	294	317	341	367

APPENDIX C

STATISTICAL TABLES

TABLE 1

POPULATION AND EMPLOYMENT, NEW JERSEY, 1956-1969

Year	Civilian Resident Population	Work Force	Employment	Unemployment Number (000)	Unemployment Rate (Percent)	Insured Unemployment Rate (Percent)
	In Thousands					
1956	5,570.0	2,406.6	2,263.2	138.6	5.8	4.6
1957	5,686.0	2,448.1	2,290.0	156.8	6.4	5.3
1958	5,836.0	2,472.6	2,248.1	222.5	9.0	7.6
1959	5,964.0	2,483.1	2,303.2	175.5	7.1	5.5
1960	6,053.0	2,507.4	2,337.2	168.5	6.7	5.7
1961	6,220.0	2,543.5	2,355.9	185.5	7.3	6.0
1962	6,331.0	2,575.1	2,415.0	159.0	6.2	5.2
1963	6,490.0	2,618.4	2,447.9	168.8	6.4	5.4
1964	6,630.0	2,655.5	2,489.6	162.1	6.1	4.8
1965	6,749.0	2,724.5	2,582.2	140.0	5.1	3.9
1966	6,843.0	2,790.3	2,665.3	122.6	4.4	3.2
1967	6,947.0	2,855.2	2,722.4	128.3	4.5	3.4
1968	7,020.0	2,909.9	2,771.9	132.5	4.6	3.3
1969	7,211.0	2,960.0	2,824.9	132.0	4.5	3.3

NOTES:

The 1968 and 1969 estimates are provisional.

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 1968 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 bimonthly data.

Sources: New Jersey Department of Labor and Industry, U. S. Department of Commerce.

TABLE 2

WORK FORCE, UNEMPLOYMENT, AND EMPLOYMENT ATLANTIC CITY LABOR AREA, 1956-1969
(In thousands)

		Unemployment		*Employment*		
				Nonagricultural		*Agricultural*
Year	*Work Force*[a]	*Number*	*Rate (Percent)*	*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	79.5	4.4	5.5	62.8	9.6	2.6
1969	79.8	4.7	5.9	63.1	9.4	2.6

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 92.0% of the New Jersey work force in 1969. The other labor areas are Bridgeton, Flemington, Lakewood, Newton, Phillipsburg, Salem, and Wildwood.

All estimates are adjusted to first quarter 1968 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 bimonthly data.

Source: New Jersey Department of Labor and Industry.

TABLE 3

WORK FORCE, UNEMPLOYMENT, AND EMPLOYMENT CAMDEN LABOR AREA, 1956-1969
(In thousands)

Year	Work Force[a]	Unemployment		Employment		
				Nonagricultural		Agricultural
		Number	Rate (Percent)	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	284.9	14.9	5.2	236.2	26.4	6.8
1969	289.4	14.9	5.1	241.4	26.4	6.4

See footnotes at the end of Table 2.

TABLE 4

WORK FORCE, UNEMPLOYMENT, AND EMPLOYMENT JERSEY CITY LABOR AREA, 1956-1969 (In thousands)

		Unemployment		*Employment*		
				Nonagricultural		*Agricultural*
Year	*Work Force*[a]	*Number*	*Rate (Percent)*	*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	294.2	14.5	4.9	262.7	16.9	0
1968	296.3	15.7	5.3	263.9	16.0	.1
1969	296.9	15.9	5.4	264.8	15.8	0

See footnotes at the end of Table 2.

TABLE 5

WORK FORCE, UNEMPLOYMENT, AND EMPLOYMENT LONG BRANCH LABOR AREA, 1956-1969
(In thousands)

		Unemployment		*Employment*		
				Nonagricultural		*Agricultural*
Year	*Work Force*[a]	*Number*	*Rate (Percent)*	*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	4.5	108.6	21.0	3.3
1968	145.9	7.2	4.9	114.2	21.1	3.2
1969	150.5	7.5	5.0	118.5	21.3	3.1

See footnotes at the end of Table 2.

TABLE 6

WORK FORCE, UNEMPLOYMENT, AND EMPLOYMENT NEWARK LABOR AREA, 1956-1969
(In thousands)

		Unemployment		Employment		
				Nonagricultural		Agricultural
Year	Work Force[a]	Number	Rate (Percent)	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	877.1	36.3	4.1	761.0	77.4	1.9
1968	886.3	35.8	4.0	772.5	75.0	1.7
1969	901.5	34.8	3.9	789.9	74.3	1.6

See footnotes at the end of Table 2.

TABLE 7

WORK FORCE, UNEMPLOYMENT, AND EMPLOYMENT PATERSON LABOR AREA, 1956-1969 (In thousands)

		Unemployment		*Employment*		
				Nonagricultural		*Agricultural*
Year	*Work Force*[a]	*Number*	*Rate (Percent)*	*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	542.1	22.5	4.2	457.9	59.7	.7
1968	557.1	23.1	4.1	474.7	58.3	.6
1969	567.0	23.3	4.1	483.1	58.9	.6

See footnotes at the end of Table 2.

TABLE 8

WORK FORCE, UNEMPLOYMENT, AND EMPLOYMENT PERTH AMBOY LABOR AREA, 1956-1969
(In thousands)

		Unemployment		Employment		
				Nonagricultural		Agricultural
Year	Work Force[a]	Number	Rate (Percent)	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	274.5	12.0	4.4	235.3	22.6	2.9
1968	283.9	13.0	4.6	244.4	22.5	2.8
1969	292.8	13.0	4.4	254.4	22.5	2.9

See footnotes at the end of Table 2.

TABLE 9

WORK FORCE, UNEMPLOYMENT, AND EMPLOYMENT TRENTON LABOR AREA, 1956-1969
(In thousands)

Year	Work Force[a]	Unemployment: Number	Unemployment: Rate (Percent)	Employment: Nonagricultural: Wage and Salary Employment	Employment: Nonagricultural: All Other[b]	Employment: Agricultural
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	143.4	5.5	3.8	124.5	11.6	1.5
1968	146.1	5.3	3.6	127.7	11.4	1.5
1969	148.2	4.8	3.2	130.3	11.4	1.5

See footnotes at the end of Table 2.

TABLE 10

WAGE AND SALARY WORKERS IN NONAGRICULTURAL ESTABLISHMENTS, MAJOR INDUSTRY DIVISIONS, NEW JERSEY, 1947-1969
(In thousands)

Year	*Total Non-Agricultural Employment*	*Manu-facturing*	*Mining*	*Contract Construction*	*Transportation and Public Utilities*	*Wholesale and Retail Trade*	*Finance, Insurance and Real Estate*	*Services and Miscellaneous*	*Government*
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
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	2,168.5	806.2	3.6	105.7	153.4	420.2	97.8	301.6	280.0
1965	2,255.7	836.0	3.5	109.3	157.0	439.0	99.9	315.6	295.4
1966	2,357.7	877.5	3.0	109.8	162.2	460.3	102.4	330.1	312.0
1967	2,431.4	882.1	2.8	111.0	165.8	472.9	106.0	351.6	329.2
1968	2,487.4	885.9	3.0	114.1	166.4	493.8	109.7	372.2	343.3
1969*	2,546.1	889.0	3.1	113.4	172.0	518.6	113.0	384.6	352.4

Series have been adjusted to March, 1968 benchmarks.
*** Provisional estimates based on data through October, 1969.**
***Source:* N. J. Department of Labor and Industry.**

TABLE 11

WAGE AND SALARY WORKERS IN MANUFACTURING, DURABLE GOODS, NEW JERSEY, 1947-1969

(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
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	418.6	5.6	9.0	35.6	37.9	56.7	61.4	115.1	35.6	31.0	30.7
1965	437.4	5.6	9.4	36.9	39.8	60.2	65.4	117.7	36.8	32.7	32.9
1966	461.8	5.2	10.5	39.3	40.4	63.8	70.8	129.2	36.4	34.3	31.9
1967	464.0	5.0	11.0	39.1	38.5	65.4	75.0	131.5	32.0	36.5	30.0
1968	461.1	5.4	10.0	38.8	38.6	66.9	75.5	129.1	31.9	35.5	29.4
1969*	460.8	5.4	9.9	40.8	39.6	68.6	74.3	126.3	32.0	34.4	29.5

Series have been adjusted to March, 1968 benchmarks.

* Provisional estimates based on data through October, 1969.

Source: N. J. Department of Labor and Industry.

TABLE 12

WAGE AND SALARY WORKERS IN MANUFACTURING, NONDURABLE GOODS, NEW JERSEY, 1947-1969
(In thousands)

Year	*Total Nondurable Goods*	*Food and Kindred Products*	*Tobacco Manufactures*	*Textile Mill Products*	*Apparel and Related Products*	*Paper and Allied Products*	*Printing, Publishing and Allied Industries*	*Chemicals and Allied Products*	*Petroleum Refining and Related Industries*	*Rubber and Miscellaneous Plastic Products*	*Leather and Leather Products*
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
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	424.8	64.9	.3	30.4	79.4	34.1	41.9	113.2	9.6	39.5	11.5
1969*	428.2	65.5	.3	29.7	79.9	34.3	41.7	115.6	10.0	40.0	11.2

Series have been adjusted to March, 1968 benchmarks.
* Provisional estimates based on data through October, 1969.
Source: N. J. Department of Labor and Industry.

TABLE 13

EMPLOYMENT, HOURS, AND EARNINGS OF PRODUCTION WORKERS ON MANUFACTURING PAYROLLS, NEW JERSEY, 1947-1969

Year	*Employment (thousands)*	*Average Weekly Hours*	*Average Weekly Earnings (dollars)*	*Average Hourly Earnings (dollars)*
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	615.8	40.6	118.96	2.93
1968	614.5	40.7	125.76	3.09
1969*	616.5	40.9	133.33	3.26

n.a.—not available.

Series have been adjusted to March, 1968 benchmarks.

* Provisional estimates based on data through October, 1969.

Sources: New Jersey Department of Labor and Industry; U. S. Department of Labor, Bureau of Labor Statistics.

TABLE 14

CONSUMER PRICE INDEXES FOR URBAN WAGE EARNERS AND CLERICAL WORKERS 1947-1969

1957-59 = 100

Year	*United States*	*New York SCA*[a]	*Philadelphia SMSA*[b]	*Average of New York and Philadelphia Areas*
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	127.7	129.8

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

b Standard Metropolitan Statistical Area.

* Provisional estimates based on data through October, 1969.

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

TABLE 15

PERSONAL INCOME, NEW JERSEY AND UNITED STATES, 1948-1969

Year	*Total Personal Income* *New Jersey*	*United States*	*Per Capita Personal Income* *New Jersey*	*United States*	*New Jersey*[a]	*United States*[b]
	(millions of current dollars)		*(current dollars)*		*(1957-59 dollars)*	
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*	30,347	741,578	4,219	3,674	3,250	3,877

[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.

* Provisional estimates based on data through October, 1969.

Sources: U. S. Department of Commerce and U. S. Department of Labor, Bureau of Labor Statistics and *Business Week*.

TABLE 16
PRODUCTION AND TRADE, NEW JERSEY, 1948-1969

Year	*Electric Power Sales*			Gasoline Consumption	Value of New Dwelling Units Authorized	Construction Contracts Awarded	Retail Store Sales	*Registration of New Vehicles*	
	Total	*Large Industrial and Commercial Users*	*Small Industrial and Commercial Users*					*Passenger Cars*	*Commercial Vehicles*
	(kilowatt hours in thousands)			(000 gal.)	($000)	($000)	($000,000)	*(number)*	*(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*	35,290,000	15,850,000	9,752,000	2,632,403	607,454	2,511,764	12,577	362,786	34,131

n.a.—not available.

* Provisional estimates based on data through October, 1969.

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 Labor. 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, 1948-1969

Year	Postal Receipts[a] (dollars)	Advertising Linage[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)	New Jersey Turnpike: 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*	120,600,000	305,000	4,440	345	51,000	12,870	17,000	57,000	80,000

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. 1965-69: 18 newspapers.

* Provisional estimate based on data through October, 1969.

Sources: Postal Receipts: Advertising Linage: Media Records, Inc. and Department of Conservation and Economic Development. Telephone Stations-in-Service: N. J. Bell Telephone Company and N. J. Telephone Company 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, 1948-1969

Year	*Bank Debits*			*Savings in All Insured Savings and Loan Associations*	*Savings in All Mutual Savings Banks*	*Ordinary Life Insurance Sales*
	Eight Cities	*Nine Cities*	*Five SMSA Areas*[a]			
	(millions of dollars)			*(thousands of dollars)*		
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* . . .	. . . . .	. . . . .	160,000	5,300,000	2,600,000	4,250,000

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

n.a.—not available.

* Provisional estimates based on data through October, 1969.

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

TABLE 19

STATE TAX REVENUES, NEW JERSEY, CALENDAR YEARS, 1949-1969

(Thousands of dollars)

Year	*Total State Tax Revenues*	*Cigarette Tax*	*Corporation Tax*	*Inheritance Tax*	*Motor Fuel Tax*	*Motor Vehicle Tax*	*Pari-Mutuel Tax*	*All Other Taxes*	*Sales Tax*
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*	961,796	87,712	191,490	45,860	144,315	92,048	26,224	168,641	205,506

* Provisional estimates based on data through October, 1969.

Source: New Jersey Department of the Treasury.

TABLE 20

AGRICULTURE, NEW JERSEY, 1950-1969

Year	*Number of Workers on Farms (thousands)*	*Cash Receipts from Farm Marketings*		
		Total	*From Livestock and Products*	*From Crops*
		(thousands of dollars)		
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*	20	[1]	[1]	[1]

[1] Not available at time of compilation.

* Provisional estimates based on data through October, 1969.

Source: U. S. Department of Agriculture.