

## Our Changing Economy

# Will April Gains Equal March Loss?

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**T**HE NUMBER of unemployed persons receiving benefit payments is over 1 million greater than it was last September. Industrial production has been declining since January. Construction activity is less than a year ago.

Department-store sales since January 1 are 1 per cent less than a year ago and new-car sales, though higher, are far below expectations.

May not all this be due to bad weather and, in small part, to the fact that Easter comes 19 days later this year than last?

The man who has to stand in line on the first day of spring to buy a new wheelbarrow may conclude that business is booming. Actually it's just spring and spring comes every year.



Brown

### It Happens Every Year

Most business indexes are seasonally adjusted. It's the adjusted index of industrial output that dropped a bit in February and will be lower in March and April because of the rise in inventories and the decline in order backlogs. Manufacturers' unfilled orders declined \$1.3 billion in January and February.

Construction activity in March would have been less than a year ago even if the weather had been normal. The Commerce Department's estimate of 4 per cent less is based on smaller contract awards in preceding months. A direct measurement would have shown a much greater decline caused by adverse weather. Also, unit costs are higher, so that a dollar of expenditures involves slightly less activity. But Secretary of Commerce, Ferderick H. Mueller, isn't one to call attention to such details. They're un-Republican.

Department store sales for all United States were 9 per cent less in the four weeks ended March 26 than they were a year ago because of the lateness of Easter. How much added difference weather made is impossible to say.

### Will Losses Be Made Up?

There has been little statistical measurement of the impact of weather upon business activity. But a few generalizations are possible and a few observations worth noting.

- A sales slump in department-store sales caused by bad weather is not offset usually by a surge in sales when weather improves.

"Even the near-record losses sustained by New York stores in the mid-February, 1958, blizzard failed to result in any detectable swell in buying when the snows melted and the sun returned. The Federal Reserve index for the crippled week was off some 25 per cent compared to expectations for the period, but in the week following the storm it merely snapped back to normal although the weather was fair and Easter was early." (From a study, "Weather in Business" by Fabian Linden in Business Record, February, 1959.)

- Apart from blizzards and hurricanes, the variation in department-store sales caused by rain and extremes of temperature is not likely to exceed 6 per cent. A warm September may cause sales of women's coats and suits to fall 10-20 per cent below normal, but scarcely affect the sales of some departments.

- Specialty clothing stores are more vulnerable to unseasonal weather than department stores. Even more vulnerable are restaurants, theaters and other service-type businesses: a few garages and cleaning establishments may gain from bad weather, but others lose—and their losses are likely to be net losses. (Grocery stores, on the other hand, make up their losses.)

- Part of these losses are offset by losses of income, part by increased savings and part by increased spending later on—spending that changes a little the pattern of expenditure. But, one can only conjecture about the magnitude. Who can say what happens to money not spent by a couple induced by wind and rain to forego an evening of bowling?

### In the Washington Area

In Washington, the cumulative "degree-days" (a measure of heating needs) was 3967 as of April 1, nearly the same as the 1921-1950 average of 3923 for the period from September 1 to April 1. But last fall was warm, so that the purchase of winter clothing was discouraged, and this March was bitter cold.

The temperature in March averaged 35.6 degrees at the National Airport, about 10 degrees below the 30-year average. This deterred shopping. Fortunately for many merchants Easter is not until April 17, so this year—if the next fortnight is warm and sunny—the sale of spring dresses and hats may be greater than in previous years.

It will be interesting to see whether April's gain in area-wide department-store sales equals March's losses. Sales in the four weeks ended March 26 were 17 per cent less than year-ago sales.

Sales of department stores since January 1 are 7 per cent less than last year, despite the opening of new branch stores and despite some rise in prices. Not all of this decline, I expect, is attributable to abnormal weather and the lateness of spring.

Similarly, the fact that 26 per cent less non-Federal building was authorized in January and February of this year than in the same months last year cannot be attributed to adverse weather.