

Our Changing Economy

Arms Spending Cutback
Could Aid Business, Too

By Philip Stoddard Brown

MOST people speculate from time to time about the gains in welfare that might be realized if we could redirect the resources (military and civilian) now being used to secure ourselves against external aggression.

Washington residents are least exhilarated by such speculation. Perhaps they, more than others, sense how unrealistic it is to think that any reduction in our military establishment could be safely undertaken in the next five or ten years. Perhaps those who do entertain the possibility of disarmament are disturbed by misgivings about how such a reduction would affect their properties, their businesses and their jobs.



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About 80,000 civilians in the Washington area work for the Defense Department. Nearly 60,000 persons in the armed forces are stationed here. Many privately employed persons owe their jobs to work "contracted out" by the Defense Department, and many persons in secondary industries are supported by those directly engaged in defense work. Even so, people tend, I think, to exaggerate the difficulties that would be created by a substantial cutback in defense expenditures.

Washington survived a big reduction in its military establishment after World War II without much hardship, and a smaller but not inconsiderable reduction of 20,000 civilian jobs in 1953 and 1954.

Shifting of Employment Seen

Instead of a net in-migration of workers, there might be a net out-migration for a couple of years. But even this is doubtful. Much, if not all, of any future reduction, or series of reductions, in the number of people employed in defense work would be offset by gains in other public and private sectors of the local economy.

Residential building, I should suppose, would be greatly reduced by a substantial cutback in Defense Department payrolls, and related businesses would be hurt. But I should expect no great amount of unemployment.

To be sure, there is not the backlog of demand for private goods and services that there was after World War II. But there is a big backlog of demand for public services. Indeed, it is ironic that in Washington, where 40 per cent of wage and salary workers are directly employed by the Government, the provision for public services should have been so outstripped in recent years by private building, private purchase of autos and private (may it ever remain so) production of babies.

Much of any saving in defense expenditures probably would be passed along to the public in the form of a tax cut. This would result in more private expenditures, and an even greater need for public services. But some part of such savings, together with additional local tax revenues, would be used, I should hope, to finance additional public improvements in Washington.

Time for Services to Catch Up

Surely it is irrational to spend as much on housing and transportation as many of us do here and then waste so much time commuting to and from work and suffer other deficiencies in public services. Surely many residents would welcome a slowing-down of growth, and a catching-up in public services. If this could be achieved safely by some disarmament, it would be a double blessing.

My belief is that the sooner we have some criteria for measuring the relative urgency of additional private and public services, the better we can plan the allocation of resources that may be released by technological improvements—and by disarmament, if such a windfall comes in our time.

My next article will be devoted to a related consideration of why the cost of living—especially the cost of housing—is higher in Washington than in most other cities.

AREA BUSINESS INDICATORS
(Per Cent of Change 1958 to 1959)

	Aug.	Jan. through Aug.
Employment (Metropolitan Area):		
Government (civilian)	+2
Government (military)*	-1
Construction	+4
Other Private**	+3
Construction (Metropolitan Area):		
Value of Buildings Authorized, Except Federal	-28	+22
Dwelling Units Authorized	+34	+32
Retail Trade:		
New-Car Registrations		
D. C. Only	+4	+23
Metropolitan Area	+16	+24
Department Store Sales		
Downtown	-6	+2
Metropolitan Area	-1	+8
Public Utility Services:		
Electric Power (Pepco Area)		
Commercial	+10	+11
Residential	+9	+10
Gas Sales (Washington Gas Light)		
Business	+4	+7
Residential	+3	-2
Telephone Service (D. C.)		
Local Calls	+5	+5
Out-of-Town Calls	+7	+5
Telephones in Use	+5
Value of All Checks Written on D. C. Banks.	+25	+25
Federal Civilian Payroll	+4	+5
Consumer Prices:		
All Items	+1
Food	-3
Housing	+1
Newspaper Advertising Lineage	+13	+11
Passenger Arrivals and Departures		
At National Airport	+1	+8
Sales of Ordinary Life Insurance (D. C.)	-2	-1

*Comparison is between June 30, 1959, and June 30, 1958.
**Except proprietors, nonsalaried doctors and lawyers, domestics and other self-employed persons for whom there is no current tally.