

## Our Changing Economy

# Some Slack Shown In Activity Here

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**A** LITTLE slack has developed in the Washington area economy. Why?

• One alleged cause is the downturn in industrial production in the rest of the country. The change from a frantic inventory build-up at the rate of \$11.4 billion a year in the first quarter to none at all in the third quarter has caused a decline of five points, from 112 to 107, in the Federal Reserve's index of manufacturing.

But why this should affect Washington is not clear. What little manufacturing there is in Washington is done largely on Government contract or to meet local demand. Moreover, the principal manufacturing activity is printing and publishing—not much affected by changes in inventory policies. Nonetheless, there is some impact locally. For example, all three newspapers have received less national advertising this year than last.



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• Another alleged cause is the national election. There are many thousand residents whose jobs are at stake. Maybe during the recent months they have curtailed expenditures a little. If so, it is puzzling that new-car sales should be 17 per cent higher than last year and department store sales, no higher.

Members of the Washington baseball organization didn't know their jobs were insecure. But thousands of others in Washington know their tenure is uncertain and it is probable that many of these people have put off buying a house, or signing a new lease.

• Still another alleged cause is overbuilding of offices and apartments. The value of private construction authorized so far this year is far below last year's total for the first nine months. Permits have been issued for 23 per cent fewer dwelling units. Contract awards, except in Montgomery County, have been running well below those of a year ago; in Arlington, 50 per cent less. Vacancies appear to be more numerous.

The figures on authorized construction and contract awards suggest that the backlog of work is declining. If so, this would account for the fact that in September 2400 fewer persons were employed in construction work.

### Washington Has Little to Fear

Whatever the cause, or causes, of the small increase in unemployment and the failure of department-store sales to show any gain over the past year—despite the opening of new stores, a slightly higher price level and higher Government and private payrolls—the slack is not great. Washington is one of 16 major labor markets where less than 3 per cent of the labor force was unemployed in September.

The Federal and local governments provide work for 7500 more persons than was the case a year ago and it is likely that Federal jobs will increase next year, regardless of the outcome of the election. Moreover, the international agencies and diplomatic staffs will surely expand.

Maybe the private sector, by next spring, will be stimulated by the triple impact of more Government jobs, more out-of-town visitors and a slightly reduced rate of saving. (In September, the gain in net savings by 24 local S & L associations was 22 per cent greater than in September, 1959, and life insurance sales were 7 per cent greater).

### Board of Trade Could Help

The difficulty will be one of matching jobs and people. The Board of Trade could be a great help in training and upgrading "surplus" workers for openings that are hard to fill. In German cities, this is the chief role of the Boards of Trade.

Also, the Board of Trade, better than any other agency, could assist in opening up jobs to those qualified in every respect except the color of their skin. Instead, it focuses its efforts on attracting new industries—an activity that makes the task of Hagerstown, Charleston and other cities with surplus resources, more difficult. Moreover, it increases—to the extent it is successful—the school, transportation and other problems that stem from rapid growth.

## Area Business Indicators

(Per Cent Change, 1959 to 1960)

	September	Months Nine
Employment (Metropolitan Area:		
Government (civilian) (1) . . . . .	+ 2%	
Government (military) . . . . .	— 2	
Private (2) . . . . .	+ 1	
Federal civilian payroll (1) . . . . .	+ 9	+ 6%
Private construction authorized:		
Value of all building (3) . . . . .	—44	—18
Number of dwelling units . . . . .	—23	—23
Retail trade:		
New-car registrations . . . . .	+17	+17
Department store sales . . . . .	0	— 1
Electric appliance sales (4) . . . . .	0	— 6
Public utility services:		
Electric power (Pepco area)		
Commercial (5) . . . . .	+ 6	+ 8
Residential . . . . .	+ 1	+ 5
Gas sales (Wash. Gas Light)		
Business . . . . .	+13	+21
Residential . . . . .	+ 3	+ 9
Telephone service		
Local calls . . . . .	+ 3	+ 6
Telephones in use . . . . .	+ 4	—
Commercial banking (D. C. only):		
Value of checks written . . . . .	— 4	0
Loans outstanding (6) . . . . .	+11	
Newspaper advertising . . . . .	— 3	+ 1
Passenger arrivals and departures		
at National Airport . . . . .	— 3	— 2
Life Insurance Sales (D. C.) . . . . .	+ 7	+ 8
Consumer-Price Index (7)		
Food . . . . .	+ 1	
Housing . . . . .	+ 2	
Apparel . . . . .	+ 1	
Transportation . . . . .	0	
Medical Care . . . . .	+ 4	
All Items . . . . .	+ 1	

1. Excluding Central Intelligence Agency.
2. Except proprietors, nonsalaried doctors and lawyers, domestics and other self-employed persons for which there is no current tally.
3. Includes local government but not Federal building.
4. Distributors' sales in Pepco territory.
5. Excluding D. C. and U. S. Government sales.
6. Excluding loans to other financial institutions and loans for carrying securities.
7. Except for food, comparison is between August, 1959, and August, 1960.