

Our Changing Economy

Area Employment Faces 2 Problems

By Philip Stoddard Brown

TWO questions are suggested by recent developments: (1) has the rate of growth of the private sector of the Washington economy slowed; (2) are the jobs of thousands of government workers jeopardized by increasing mechanization and automation?

Between 1950 and 1960, the number of jobs in the Washington area increased by 20,000 a year. The area's labor force, 700,000 in 1950, is now about 900,000. The expansion was mainly in the private sector. Only one-fourth of the increase in employment was in Government (civilian and military).



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In the past year, however, the picture has changed. Private firms, in October, employed fewer persons than a year ago. Government employment, including military personnel, is 6500 greater. Moreover, if employment and unemployment figures are accurate, the labor force has grown by less than half the average annual increase during the 1950s. This is the situation:

- Construction engaged 3600 fewer persons in October, 1960 than in October, 1959, despite good weather and the great amount of Federal work in progress.

- There has been a big drop in residential building in the metropolitan area and a more-than-seasonal decline is

Area Business Indicators

(Per Cent Change, 1959 to 1960)

	October	Ten Months
Employment (Metropolitan Area):		
Government (civilian) (1)	+ 3
Government (military)	- 1
Private (2)	0
Federal civilian payroll (1)	+ 5	+ 7
Value of all building (3)	-44	-18
Number of dwelling units	-45	-26
Retail trade:		
New-car registrations	+ 5	+ 15
Department stores sales	+ 4	0
Electric appliance sales (4)	- 5	- 7
Public utility services:		
Electric power (Pepco area)		
Commercial (5)	+ 4	+ 8
Residential	+ 2	+ 4
Gas sales (Wash. Gas Light)		
Business	+ 8	+20
Residential	+ 2	+ 9
Telephone service		
Local calls	+ 4	+ 6
Telephones in use	+ 4
Commercial banking (D. C. only):		
Value of checks written	- 6	0
Loans outstanding (6)	+10
Newspaper advertising	- 4	+ 1
Life Insurance Sales (D. C.)	+16	+ 9
Food prices	+ 3

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. Comparison is between September, 1960, and September, 1959, and for 9-month periods.

4. Distributors' sales in Pepco territory.

5. Excluding sales to District and Federal Government.

6. Excluding loans to other financial institutions and loans for carrying securities.

likely this winter. Only once in the past 14 years was the number of dwelling units authorized in October less than in October of this year.

- There has been a slowdown too in commercial building. Some 40 per cent less non-residential building was authorized in the first nine months of this year than in January-September, 1959. New office buildings aren't renting easily and Federal office buildings to be completed next year may lessen the governmental demand for private space.

- Manufacturing activity (other than printing, publishing and food processing) for which high expectations have been repeatedly voiced, is less than it was a year ago. (The growth and present size of this segment of our economy has often been exaggerated. Moreover, contrary to frequent assertions, it has been one of the least stable as evidenced, for example, by the layoff of 800 employees last January by Melpar).

- Despite the opening of new suburban stores and higher personal income, department store sales in the first 10 months of this year were no higher than in the same months of last year. In the first three weeks of November, they were well below year-ago sales.

One wonders: is this slowdown in business activity something more than a cyclical pause? Could it be that an approximate balance between government and public activities has been achieved? Have we been wrong in expecting this great consumer market to become increasingly self-sufficient?

If, on the other hand, the pause in business activity is wholly cyclical, the implications are disturbing. Surely there is little prospect of greatly reducing business-cycle fluctuations elsewhere in the national economy, if private business in this area does so poorly when the Government is doing so much. In Washington, the Federal construction program is enormous, the huge Federal payroll is rising and there is every prospect of expansion in the Washington Staff of many agencies during the next fiscal year.

One reads about the mechanization of mail sorting, about machines that translate foreign languages, about the use of data-processing equipment to search patents and select from the voluminous files of the Bureau of Ships, about punch cards that simplify inventory, payroll and personnel records, and about unattended automatic weather stations.

One wonders: "Are the jobs of thousands of Government workers in Washington jeopardized by increasing mechanization and automation?"

Actually, the installation of electronic computers in Government offices has resulted, more often than not, in greater employment. In part, they make new jobs—work that wouldn't, and often couldn't, be done on ordinary office machines. In the years ahead, they may lessen the increase in Government employment. But there is nothing to fear and much to be thankful for, if workers are properly reassigned.

Much Government work, unfortunately, won't be touched by "automation." At best, it will be speeded a bit by the use of electric typewriters, copying machines, better filing systems, improved office layouts and easier communication.

Only by the right decision can problems be eliminated or reduced. Computers can't think.