

Our Changing Economy

Spending Outpaces Rise in Incomes

By Philip Stoddard Brown

HAS THE RATE of economic growth in Washington slackened? Is it likely to be even less in the near future?

Federal civilian employment in the metropolitan area has changed little in the past five or six years. The number of military personnel has declined steadily. The President's 1961 budget is said to call for a further small reduction in the number of civilian employes in the Defense Department.

Despite repeated predictions of great expansion in manufacturing designed to serve the Washington market, the growth to date has been modest. Only 7000 persons are employed in the manufacturing of food and kindred products and there is little other manufacturing of consumer goods. Even the number of persons directly engaged in retail trade has increased only 10,000 in the past five years to serve a population 250,000 or more greater.



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More Industry Warranted

The Washington area has become a huge market for consumer goods, one that would seem to justify more manufacturing and processing activity. Retail sales this year will exceed \$2½ billion. But there are factors other than proximity to market that determine the location of manufacturing and warehousing activities.

Construction activity may increase a little, if the many public projects now envisaged are carried through. Already there has been a big increase in the past 18 months in the number of persons engaged in construction. Just to maintain the present rate of activity will require a great deal of new investment.

Service industries, about which little is known statistically, have increased at a rapid rate, judging by employment and office-occupancy figures. Presumably the rate of growth of recent years has provided for a catching up in demand that may now be more nearly satisfied.

Suburban Slackening

It is difficult to see how suburban development can continue at the pace of recent years, if redevelopment in the Southwest goes ahead rapidly and is followed by redevelopment in other parts of the city.

Conversely, one wonders how redevelopment will be financed and what will happen to occupancy rates in the District if the new Potomac River bridges entice District residents to Virginia and if the Defense Department transfers thousands of employes to new office centers along the circumferential highway.

Few businessmen have time at this season of the year to reflect on these and other long-term developments.

Their interest centers on trade activity in the next few weeks.

Spending Sets Record

Employment and personal income has reached record highs, and so have retail sales. Compared with last October and November, the increase in spending appears to be greater than the increase in incomes.

Washington-area residents will surely spend more than ever before. By January, they will have a mammoth inventory of ties, perfumes, toys and gadgets, and probably a greater hangover of debt than they did last year . . . It will be a "good Christmas."

Area Business Indicators

(Per Cent Change 1958 to 1959)

	October	January through October
Employment (Metropolitan Area):		
Government (civilian)	+ 2
Government (military)*	0
Construction	+ 3
Other Private**	+ 3
Federal Civilian Payroll***	- 1	+ 4
Construction (Metropolitan Area)****		
Value of all Building Authorized	+ 9	+20
Dwelling Units Authorized	+17	+24
Retail Trade:		
New-Car Registrations, D. C. Only ...	+58	+27
Metropolitan Area	+30	+25
Department Store Sales, Downtown ..	0	- 1
Metropolitan Area	+10	+ 8
Distributor Sales of Electric Appliances (Pepco Area)	-13	+14
Newspaper Advertising Lineage	+ 7	+11
Public Utility Services:		
Electric Power (Pepco Area) Commercial*****	+26	+14
Residential	+23	+13
Gas Sales (Washington Gas Light)		
Business	+ 4	+ 7
Residential	+10	+ 7
Telephone Service (D. C.):		
Local Calls	+ 6	+ 5
Out-of-Town Calls	+ 7	+ 6
Telephones in Use	+ 4
Value of All Checks Written on all D. C. Banks	+16	+24
Sales of Ordinary Life Insurance in D. C.	- 4
Food Prices	- 2
Passenger Arrivals and Departures at National Airport	+11	+ 9

* Comparison is between August 31, 1958 and August 31, 1959.

** Except proprietors, nonsalaried doctors and lawyers, domestics and other self-employed persons for whom there is no current tally.

*** October had only 22 working days in 1959, as against 23 in 1958.

**** Excluding Federal construction awards.

***** Excluding sales to District and Federal governments.