

areas to fulfill Government contracts, maintain the mobilization base for national defense, improve communications between procurement officers and firms in distressed areas, and alter procurement procedures to bring them into compliance with the policy objectives set forth in DMP No. 4.

II. FOUR SHIFTING FACTORS IN OUR ECONOMY

One of the major factors affecting the lack of Government spending in substantial and persistent labor-surplus areas can be set forth in terms of four shifts which are taking place in our economy. These are:

- (1) The shift of industry and employment from one geographical area to another.
- (2) The shift in our work force from several types of employment to engineering employment.
- (3) The shift in the type of goods being purchased by the Defense Department.
- (4) The shift in geographical areas in which defense contracts are being awarded.

In regard to the first shift, Mr. Wolfbein explained that one of the little-recognized factors in this whole problem is that industry in this country has become mobile and has acquired the capacity to move from one part of the country to another, economically and with reasonable speed. Mr. Wolfbein expressed the following opinion:

One of the things that impresses us, Mr. Chairman, is the fact that, as you read these returns, it becomes pretty clear that one of the major forces affecting this country, in terms of this, shall we say, employment-unemployment paradox, is what we call the changing geography of American industry.¹²

Mr. Wolfbein went on to explain that, since 1947, eight States had an employment growth rate which was double the national average. Those States were Nevada, Utah, Arizona, Colorado, New Mexico, California, Texas, and Florida. Mr. Wolfbein stated:

* * * One of the most dramatic indications of the changing geography of American industry is seen by this simple fact that one out of every six jobs in the United States is located in just three States—California, Texas, and Florida.¹³

Mr. Wolfbein contends that the result of this shift is that the Great Lakes area has suffered; in fact, States like Wisconsin, Michigan, Illinois, Indiana, and Ohio increased their employment less than the national average.

The second shift, namely, the type of employment, is commented upon in Manpower Report No. 1 of the U.S. Department of Labor. This report is entitled "The Growth of Engineering Employment in the United States—1950-60." It reveals that the number of men working as professional engineers in this country has increased by 64 percent since 1950. This was four times the growth of total employment and nine times the growth of male employment from 1950 to 1960. One important fact related to both the first and second shifts is illustrated by the following statement from Manpower Report No. 1:

As a result of these geographic shifts, California moved from second to first place in engineering employment, as the number of engineers in that State rose 2½ times (from 50,000 to 125,000). New York is second with 87,000 engineers, an increase from 61,000 in 1960.* * *

¹² Hearings, p. 22.

¹³ Hearings, p. 26.