



# Regional Plan Association

... a research and planning agency supported by voluntary membership to promote the coordinated development of the New York-New Jersey-Connecticut Metropolitan Region.

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## NEWS RELEASE

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### Profile of Region's Residents By What They Buy

REGIONAL PLAN WARNS THAT NEW YORK AREA SAVINGS GO TO BUILD  
REST OF COUNTRY WHILE INVESTMENT HERE DROPS

Of the \$20 billion saved by residents and businesses of the New Jersey-New York-Connecticut Urban Region in 1975, over \$9 billion was invested outside the Tri-State area, Regional Plan Association reported today. Meanwhile, investment in this Region was barely keeping up with depreciation in buildings and equipment.

Between 1972 and 1975, investment in construction and reconstruction in the Region dropped 55 percent in constant dollars, and investment in equipment 23 percent--a far sharper decline than in the nation as a whole. Furthermore, the Region's residents cut back on their savings between 1972 and 1975 as prices rose faster than incomes. In 1972, they saved well above the national average per capita; in 1975, their saving was right at the national average.

The warning about growing disinvestment in the Region's housing and businesses emerged from the third part of the Association's four-year analysis of the Region's economy, released today. It measures consumption in the Region. The second part, released a year ago, measured production in the Region.

The whole study, financed by \$350,000 in grants from the Andrew W. Mellon Foundation, is the first to compute an interlocking set of Gross Regional Product accounts for any metropolitan area. It also

pioneers in developing a balance of payments showing how much the Region "exports" and "imports" to and from other parts of the nation and world.

The Region encompasses New York City, the 14 counties of Northern New Jersey, 7 counties north of New York City, all of Long Island, and western Connecticut as far east as New Haven. The whole study, including production, consumption and government budgets, will be published in mid-summer by Indiana University Press, titled Regional Accounts. Regina B. Armstrong directed the research and wrote the book, edited by Boris S. Pushkarev and Peter J. Bearse.

The Association is discussing with the Port Authority of New York and New Jersey and Tri-State Regional Planning Commission joint collection and analysis of the figures on a regular basis to continuously monitor the Region's economy.

The shift of investment out of the Region comes despite the high productivity and profitability per dollar of labor payments in the Region, revealed in the production side of the research, and the energy-conserving nature of the Region's spending, revealed by the consumption analysis, released today. The Region's residents spent in 1975 9 percent less than the national average on transportation by buying fewer autos and using them less, used less than the national average of fuel for heating and cooling their housing and used less electricity.

#### Spending Profile

These and other differences between the Region's spending pattern and the nation's seem to stem mainly from the higher density and smaller households of this Region. They spend less on hard goods generally (not just automobiles), more on clothing, education and reading matter. They spend 50 percent more on eating in restaurants than the national average. At home, too, they eat more expensively--more protein and more fruits and vegetables than the national average. And they make higher charitable contributions.

Within the Region, Manhattan residents spend roughly twice as much as suburban residents on reading matter and clothes. This spending rises in proportion to density.

The larger the household, the more likely it is to own housing rather than renting and the less per capita is paid for housing. Food costs per capita also decline with increasing household size, but not as much as housing costs per person. However, persons living alone spend more on alcohol than those living in larger households.

### Standard of Living

Though residents of the New York Urban Region had 20 percent higher incomes, on the average, than United States residents as a whole in 1975, high prices here brought their standard of living down to 6 percent above the national average, the study found. And even this edge over the nation's standard of living is illusory for many because the prices of goods typically purchased by middle- and high-income residents is much above the national average in the Region. Only those with incomes below about \$12,000 a year do better here than in other parts of the country in value of what they typically purchase. Furthermore, the comparisons are between this highly-urban Region and the whole nation--rural, small town, small city and large--because no other part of the nation has a comparable study.

### Government As Consumer

Of total spending in the Region, only a little higher share is spent by the several government entities than in the nation--24 percent compared to 23 percent. But within the Region, 30 percent of New York City spending is done by governments, 25 percent in the New York State suburbs, and 18 percent in New Jersey and Connecticut portions of the Region.

Most of this government spending ended up as services to the Region's households. For example, 79 percent of education expenditures were paid by government, 35 percent of medical, 22 percent of utilities, 19 percent of transportation, 14 percent of parks and recreation and 3 percent of housing expenditures were by government. This government spending added to individuals' standard of living.

The consumption analysis confirmed the earlier findings of the study that federal funds collected in the Region are far greater than federal funds spent in the Region, particularly for goods and services as distinct from income transfers such as welfare. The production analysis, released last year, showed \$8 billion more collected by the federal government from the Region than spent in the Region, a significant brake on the Region's economic growth, the Association noted.

### Trade Relations: Region to World

This Region, with 9.2 percent of the nation's population and 9.4 percent of its jobs, produced 11.3 percent of the Gross National Product in 1975. The Gross Regional Product of \$172 billion, calculated

in the earlier study of production, the Business Accounts, was checked by this year's consumption study: what was produced equals what was consumed, invested in the Region and provided by government as services, plus the goods and services "exported" to the rest of the world.

The regional accounts also show that the Region's favorable balance of payments with the rest of the nation and world of about \$17 billion slipped in real value between 1972 and 1975. Imports into the Region of manufactured goods were more than doubled in value as manufacturing in the Region declined. The Region had to pay more for its food and for energy, though the amount of energy used decreased.

Because the Region's productivity in several industries is not significantly below that of areas from which the Region imports goods, rising transportation costs and declining wage levels relative to the rest of the country suggest that economic development efforts should concentrate on attracting more manufacturing of food, fabricated metals, electrical and non-electrical machinery and transportation equipment. This production would replace some current imports from a substantial distance outside the Region as shipping costs rise. In addition, the study suggests there is opportunity to expand some of the already-strong manufacturing sectors to add exports to nearby areas, for example, apparel, chemicals, publishing, instruments and miscellaneous products.

Regional Plan Association is a nonprofit research and action organization that has worked since the 1920s for a more satisfying development pattern for the Region's 20 million residents.

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Media are invited to a discussion of the report Thursday, May 29, 1980, 8:30-10:00 a.m. (coffee at 8:00 a.m.) at Citibank, 399 Park Avenue at 54th Street. Findings will be summarized and then comments will be made by Thomas H. Dunkerton, Senior Vice President, Marketing Services, Compton Advertising, Inc.; William C. Greenough, Trustee and former Chairman, Teachers Insurance and Annuity Association of America; George P. Roniger, Vice President, Citibank. Please call Gwynne Tuan (212) 682-7750 if you plan to attend.