

Washington's Changing Economy

# Employment Rises, Retail Trade Lags

By Philip S. Brown

Federal employment in Washington is about 5000 greater than a year ago, despite cutbacks by some agencies and the continued threat of more general reductions. The number of persons employed by the District and other local governments and by private firms is also higher. In the District, fewer than 5000 persons—about 1 per cent of covered workers—were drawing unemployment compensation in early September.

Construction is the only major sector of the area's economy which is less active than last year. In August, 3500 fewer workers were engaged in contract work than in August, 1956.

No one knows even approximately how many Washington people left town on vacations this past summer. But data supplied by the American Automobile Association, the temporary "stop" orders of this newspaper and other indicators suggest that the number was very great and that more people went away than ever before.

The AAA provided its members 7½ per cent more trip routings between May and August of this year than in the same months last year and the projected trips tended to be longer. The government issued and renewed over twice as many passports for Washington residents in the first half of 1957 as it did in the first half of 1956.

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But, large as the exodus of Washington residents was this summer, the influx of tourists was much greater. Furthermore, the increase in the number of out-of-town visitors over a year ago was again surprisingly big, as indicated by the tallies made at various checkpoints in July and August.

Per Cent Gain Over July-August of Previous Year:

	1957	1956
Smithsonian ..	44	21
Linc. Mem. ....	44	14
White House...	22	19
Bur. of Engr. ..	21	20
Wash. Monu. ...	8	39
Natl. Gallery...	22	5

Also, the long session of Congress probably brought more people here on business, and kept them longer, than in recent years.

### Retail Trade Only So So

Despite the record-high level of employment and tourism in recent months, retail trade in some fields has not been extraordinary. New-car sales in June-July-August were 7 or 8 per cent less than last summer, and last summer they were far below the record-high sales made in the summer of 1955. Fewer household appliances were sold, largely because fewer dwelling units have been built this summer.

Area sales of department stores in the first three weeks of September were 7 per cent less than a year ago despite generally higher prices. At downtown stores, sales were off 12 per cent.

The rise in food prices between May and August must have deterred some spending. The increase from 115.9 to 120.0 in the food index for Washington was perhaps the biggest that has occurred since price controls were removed after World War II. Consumer prices generally

are 5 per cent higher, on the average, than in June, 1955. Since then, there has been no change in the government pay scale for "classified employees," but some employees have received salary increases by promotion and in-grade raises.

But Washington residents have been restricting their spending for other reasons. This is reflected in the decline in consumer credit that local banks have outstanding and in the remarkable increase in the sale of ordinary life insurance, both of which are shown in the accompanying table of Economic Indicators.

The purchasing power of the average resident of the District is less than it was in 1950; incomes are 8 or 9 per cent higher, on the average, but consumer prices are up 15 per cent. . . . Even more remarkable is the fact that the average District resident has less real income—if account is taken of his higher tax liability—than the average District resident in 1939. This is due, in large measure, to the changed character of the District population, rather than the failure of particular individuals, or families, to experience a rise in real income. But

it is due also to the fact that the average earnings of government employees has risen less than that of most other groups of workers—only half as much as the earnings of factory workers—since 1939. Income per person in the late 1930s was more than twice as high in the District as in the country as a whole. In 1956, it was only 22 per cent higher.

In the suburbs of Maryland and Virginia, on the other hand, average incomes have risen sharply and are about as high as anywhere in the country. The tendency for couples to move from the District to the suburbs, when they begin having children and their incomes have risen enough to buy a house, continues.

Also, the tendency for downtown stores to move to the suburbs continues. Only recently J. C. Penney, Lansburgh and Hecht have announced plans for large new stores outside the District. The striking increase in the use of electricity this summer over last summer deserves comment because the mean average temperature was not very different, as the following figures show:

	1957	1956	1951-50
June ...	76.6	73.3	73.9
July ....	79.2	75.6	77.8
August .	75.7	75.0	75.8

Yet in August, residential use was 16 per cent greater

Since it's the day-time temperature that determines the operation of most air-conditioning equipment, this resulted in more consumption of electricity per unit of equipment.

Also, there are more air conditioners and other electrical appliances in use. In the PEPCO area, 22,590 room air conditioners were sold between September 1, 1956, and September 1, 1957.

Summer in Washington has become easily bearable. Most offices, stores and restaurants are air-conditioned; most houses are equipped with fans, if not air-conditioning units. A few people even ride to work in air-conditioned autos and street cars. Clothing is lighter. More appropriate hot-weather foods and iced drinks are available. There are more and more community swimming pools, more cottages on the bay, more boats on the Potomac, and more cars to take people to the country.

In contrast, the only relief that President Lincoln got in the summer was to go out to Soldiers' Home to spend the night. Riding, as he usually did, on a sweating horse that labored uphill much of the way must have been pretty taxing after a long, hot day.

But, talk about all the air-conditioned offices and houses that people now have, and citing figures of "average" income can be misleading.

### No Vacations for Many

Many readers may be surprised to learn that, despite the high level of employment and average income, about one family in five, in the District, has less than \$3000 a year on which to live, and that the ratio is higher in the case of families of six or more persons. Yet \$3000 is certainly the minimum necessary to provide a decent living for a family of four in the District, where even the meanest housing accommodations with heat and utilities take nearly a third of this sum.

In October, 1951, the Labor Department, in an analysis of living costs, concluded that \$4454 before taxes was needed to provide "a modest but adequate" income for a District family of four. The rise in consumer prices since 1951 would bring this to more than \$4800. By this standard, over one-third of the larger families in the District have inadequate incomes.

Some 22,000 individuals with no income were given public assistance (\$7½ million) in the past fiscal year. Many of these were children whose parents, or parent, had no income whatsoever. The District, with less than half of the area's population, has five-sixths of all such dependency cases in the area.

than in August, 1956, and commercial use, 9 per cent greater. (In June and July, the increase was 11 and 17 per cent for residential and 16 and 13 per cent for commercial.) PEPCO's increase in customers in the past year is only 2 to 3 per cent.

One explanation advanced by a PEPCO official is that the days were warmer this summer and the night cooler.

Per Capita Income of D. C. Residents (Before Taxes, in 1950 Prices)

