

# It Was Washington's Best Summer Ever

By Philip S. Brown  
FEDERAL employment in the Washington area is 30,000 less than it was in the fall of 1951, but the total number of employed persons is higher. Fewer dwelling units have been started so far this year than in the same months of any year since 1946, but construction activity is greater than ever before. Department store sales in recent weeks have been well below those of a year ago, and passenger car sales for several months have been considerably fewer than a year ago, but retail sales as a whole are higher. These are only a few of the changes which have occurred in the Washington area economy.

**'Spilled Over'**  
BUSINESS never before was, so good in the summertime. Probably more Washington residents took vacations this past summer than ever before. The local AAA planned 14 per cent more trips for its members from May 15 to Aug. 31 than in the same period of last year, and the circulation department records of this paper show that more readers left town on vacations than in any past summer. Nevertheless, downtown stores, restaurants and garages did well. The main reason for this was the record influx of tourists.

Gray Line buses carried 10 to 15 per cent more sightseers this summer than last, even though the summer of 1955 had been the biggest tourist season on record. More people visited the Smithsonian, the White House and most other checkpoints for tourists.

Higher income in the rest of the country is likely to "spill over" into Washington in the form of tourist expenditures and payments to Washington representatives of national associations. More conventions are scheduled for this fall and winter than in any past year. Even without a further increase in business activity in the country at large, the growth in this sector of the Washington economy will almost surely continue.

**Raise Reflected**  
WASHINGTON people also spent more freely. More important than the increase in tourism in the past year has been the pay boost which Federal workers received a little over a year ago. Mainly as a result of this pay boost, the Federal civilian payroll in the Metropolitan Area was \$120 million greater in fiscal 1956 than in fiscal 1955, as the following figures show.

Federal Civilian Payroll  
Fiscal 1954 . . . \$1,100 million  
Fiscal 1955 . . . 1,113 million  
Fiscal 1956 . . . 1,233 million

The 10 per cent increase in the income of Federal workers in fiscal 1956 over fiscal 1955 was a boon to Washing-



THIS is the first of a series of monthly articles on the Washington economy by Philip Stoddard Brown, economic writer, editorial consultant and publisher of a weekly newscard distributed by the Riggs National Bank.

ton merchants. District sales and use tax collections rose 9.2 per cent, allowing for tax changes which did not become effective until Aug. 1, 1955, this points to a 5 to 6 per cent gain in total retail sales, shared by all the major retail groups. (It should be noted that the consumer-price index for Washington was the same in both years.) In the Maryland and Virginia suburbs, the increase in retail sales was probably greater.

**About Even**  
ACTUALLY, we're just catching up with the rest of the country. The average salary of Federal employes in Washington in fiscal 1955 was \$4,945, more than double that in 1939. But even in the lower wage brackets, the increase in pay scales has not been as great as in many types of private employment.

For example, the average earnings of factory workers in the country as a whole are now almost \$2 an hour, as against 63 cents in 1939. In the higher salary brackets, the disparity between the increases to Government workers and those to employes of private firms is generally greater.

In June, 1954, before the new pay scales were effective, only 745 Federal employes out of 200,000 in the Washington area earned more than \$12,500, and, except for members of Congress, who reside in Washington only part of the year, and Supreme Court justices, only 30 Federal employes received more than \$17,500. The number is larger now but is still remarkably small.

Last summer's increase in Federal pay scales afforded some increase in per capita purchasing power, but the gain does little more than match the wage and salary increases which have occurred in private industry in the past two years.

**It Buys Less**  
THE purchasing power of District incomes is still no higher than in 1939, however. The extent to which many

Washington residents lost out in the great price deflation of the war and post-war years is not appreciated even by many people in Washington. Income per person in the District rose 90 per cent between 1940 and 1954, compared with 197 per cent in the country at large. Allowing for the virtual doubling of consumer prices and the increase in Federal income taxes, the average District resident was able to buy less with his income in 1954 than in 1940.

To be sure, comparison of the Metropolitan Area (for which no figures are available) with that of the country as a whole would not be quite so invidious. There has been a tendency for higher-income families to move to the Maryland and Virginia suburbs and for younger, low-income couples to move into the District. But the effect upon retail trade in the District has been no less depressing because of this.

**New Housing Falls**  
RESIDENTIAL building has fallen off sharply. Since 1946, building permits have been issued for about 230,000 dwelling units in the Washington metropolitan area—an average of 23,000 a year. Last year 22,589 were authorized—more per 1000 inhabitants than in any other large city except Los Angeles.

This high rate of house building began to decline about a year ago. One third fewer permits were issued in the first seven months of 1956 than in the same months of 1955 and no pickup in August and September was evident. It now appears that in 1956, fewer housing units will be started than in any post war year. In the District, contracts were awarded for only 172 dwelling units in June-July-August, compared with 590 in the same months of last year. But this decline in house building has been offset, by and large, by the increase in other types of construction.

**10,000 More Toilers**  
MORE people at work: About 10,000 more civilians had jobs in the Washington Metropolitan Area this past summer than in the summer of 1955. The Government Employment Service estimates that only 12,800 persons, less than 2 per cent of the area's labor force, were unemployed in August. Bank debits (the total value of checks written) are another comprehensive measure of business activity, but they reflect price changes, the shifts of funds from one account to another, purchases of securities and other purely financial transactions. Therefore, one cannot say how much of the 8 per cent increase over a year ago is due to increased payments for goods and services.

Other indicators, shown below and in the accompanying

charts, suggest that the 1.5 per cent increase in employment compared with a year ago may be closer to a true measure of increased physical activity, even though employment figures do not reflect changes in output per worker.

	1955	1956	Change
Bank debits (millions of dollars)	1,360	1,493	+8.2
Postal receipts (thousands of dollars)	2,085	2,139	+3.3
Newspaper advertising (thousands of dollars)	7,308	7,439	+1.8
Life insurance sales (thousands of dollars)	12,111	13,173	+17.0
Electric power (in millions of kilowatts)	181.7	184.6	+1.6
Sales of gas (thousands of therms)	6,621	6,837	+3.3
Passenger arrivals and departures at National Airport	19,341	23,169	+8.6
Passenger arrivals and departures	6,112	6,289	+2.8

**Still More Jobs**  
REASONS for expecting good business this fall: The Federal civilian payroll in the area now averages more than \$100 million a month, about \$10 million more than before last year's pay boost. No major reductions in force are expected; in fact, many agencies have job openings as a result of additional funds provided in this year's budget, and some further hiring is likely.

The number and size of pending construction projects in the area—roads, Federal buildings and private undertakings—make any cutback in overall construction activity very unlikely despite the continuing decline in residential construction. In the District alone, \$39 million of construction contracts were awarded in the four months ending with August, nearly double the awards in the same months of last year.

