

## Our Changing Economy

# Summer Heat Less Of Ogre Here Now

By Philip Stoddard Brown

**T**HE WEATHER in Washington was hot this past summer. In fact, the temperature in August averaged 80.3 degrees, higher even than the previous record high for this month of 79.6 degrees in 1900. But now that most offices, stores and hotels, and some houses, are air-conditioned, an abnormally warm summer is more bearable for many people than a normal Washington summer used to be.



Brown

PEPCO measures the need for air conditioning by the number of "effective temperature cooling degree hours," a measure that takes account of both temperature and humidity. Normal for the 6 months, May through October, is 8100 degrees, so PEPCO says. This year, the total was 12,471, over 50 per cent above normal. No single month was as abnormal as July, 1955, but the summer as a whole was hot and, at times, very humid.

Principally because of air conditioning needs, sales of electricity to residential and private commercial users in September were extraordinary, as shown in the table below. Also, the greater use of air conditioning has increased the gap between winter and summer sales. For example, in January of this year, PEPCO's sales totaled 342 million kilowatt-hours; in August, 436 million . . . It used to be that the peak consumption of electricity came in the winter months, but in recent years it has been in the summer—this year, on June 30.

## Business Measurement Inexact

Unlike the measurement of weather, the measurement of most local business activity is tardy and inexact. Employment statistics for many categories of workers are not satisfactory and we have no reports at all on many types of business activity.

Bank debits is one of the most statistically exact series we have for the District. This series is intriguing also because it is so comprehensive and because it is one of the longest continuous business series we have . . . In the first 9 months of this year, bank debits—that is, the total value of checks drawn on District banks—were 25 per cent greater than in the same period last year. This is a striking increase. But what are we to infer?

The increase in the earned income of residents has been probably more on the order of 5 per cent, and it is hard to believe that total spending for goods and services has been much more than 10 per cent greater—if, indeed, it has been that much greater. Is financial activity so much greater this year than last—and are purely financial transactions so important—as to account for this big increase in bank debits?

In the past year, I have discussed these figures with Federal Reserve economists and the controllers of several local banks. No one that I have talked with has a satisfactory answer, or even a strong hunch what the figures signify.

## On the Positive Side

A few more positive observations about recent and prospective business activity in the Washington area are perhaps worth noting:

- Nearly 2000 more persons were engaged in contract construction in September of this year than in September last year, and there is a greater backlog of work than there was a year ago. Permits for \$60 million more of private building construction were issued in the metropolitan area in the first 9 months of this year than in the same period last year. (However, 400 fewer dwelling units were authorized in September of this year than in September, 1958.)

- A further expansion of public construction, and Government-sponsored projects, is indicated by outstanding authorization and this expansion is likely to offset the expected decline in private residential building in the suburbs.

- The great surge in industrial activity in the country at large that will occur when the steel and copper strikes are settled may cause more people to visit Washington next year and may stimulate local business in other ways, but it is not easy to pinpoint such stimulation.

There is a tendency to think that the steel strike has caused a substantial net loss in the earnings of steel, railroad and other affected workers. Actually, the strike to date has not reduced the use of steel very much; to the extent it has, this use will be made up in most cases.

	September	January through September
Employment (Metropolitan Area):		
Government (civilian)	+ 1	....
Government (military)*	- 2	....
Construction	+ 4	....
Other Private**	+ 3	....
Construction (Metropolitan Area):***		
Value of all Buildings Authorized	+10	+21
Dwelling Units Authorized	-17	+25
Retail Trade:		
New-Car Registrations:		
D. C. Only	+34	+24
Metropolitan Area	+30	+25
Department-Store Sales:		
Downtown	- 1	+ 1
Metropolitan Area	+ 4	+ 8
Public Utility Services:		
Electric Power (Pepco Area)		
Commercial****	+24	+13
Residential	+30	+12
Gas Sales (Washington Gas Light)		
Business	+10	+ 7
Residential	- 1	- 2
Telephone Service (D. C.)		
Local Calls	+10	+ 5
Out-of-town Calls	+11	+ 6
Telephones In Use	+ 4	....
Value of all Checks Written on D. C. Banks	+21	+25
Newspaper Advertising Lineage	+10	+11
Passenger Arrivals and Departures at National Airport	+12	+ 9

\*Comparison is between July 31, 1958 and July 31, 1959.  
 \*\*Except proprietors, nonsalaried doctors and lawyers, domestics and other self-employed persons for whom there is no current tally.  
 \*\*\*Excluding Federal construction awards.  
 \*\*\*\*Excluding sales to District and Federal governments.