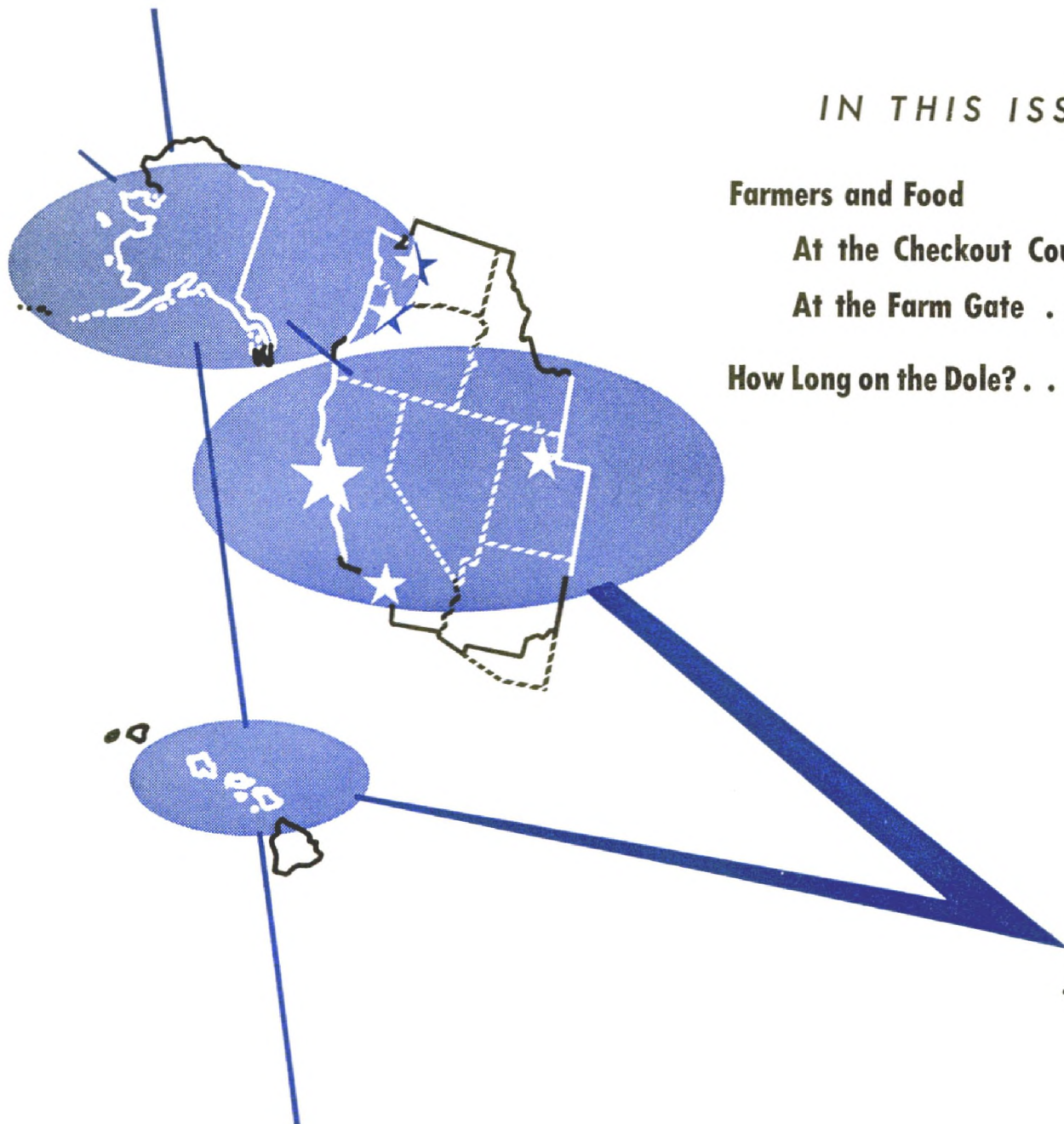


MONTHLY REVIEW



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At the Checkout Counter

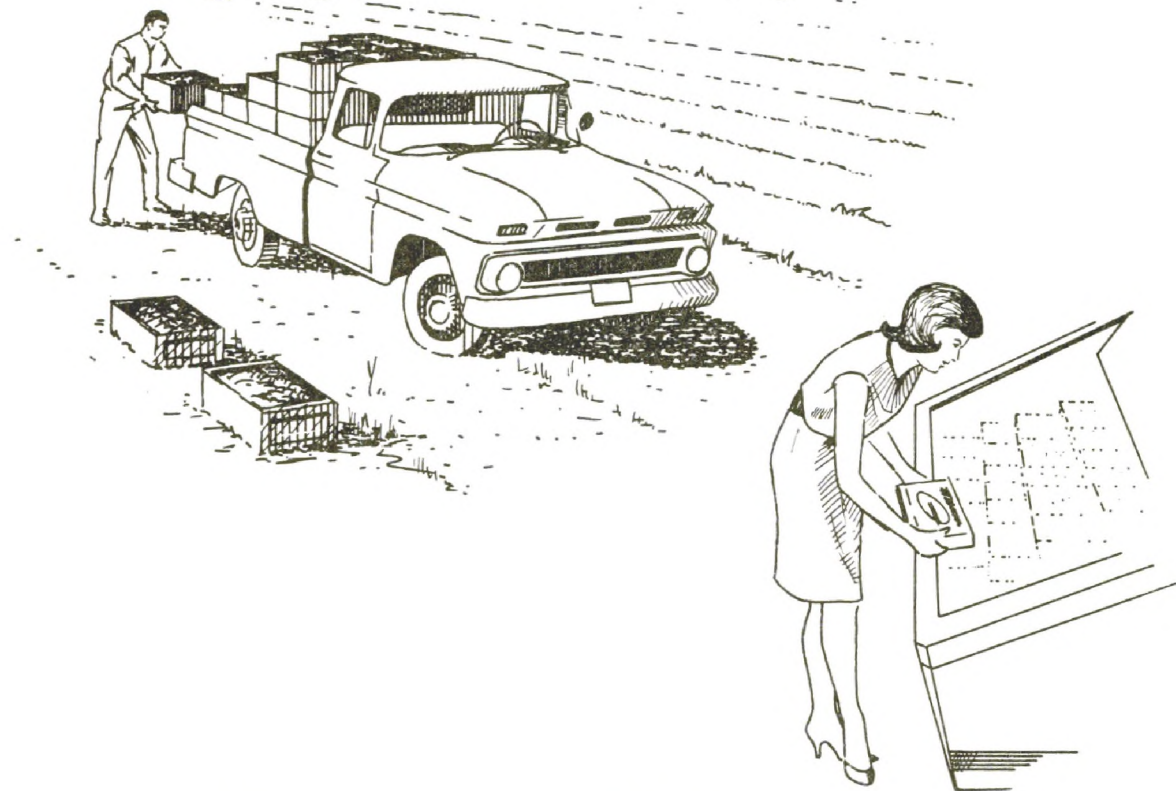
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Farmers and Food

At the Checkout Counter

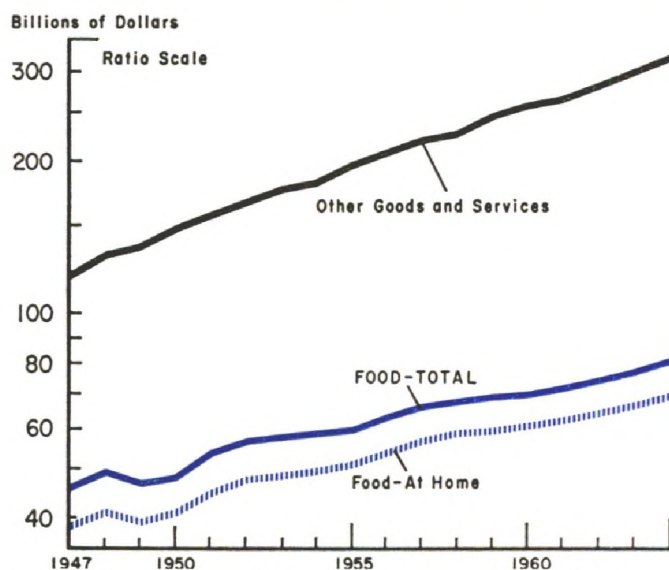
AT the checkout counter, the housewife complains that the cost of her average marketbasket has increased more than 18 percent since 1947. At the farm gate, the farmer complains that his payment for the same marketbasket has decreased more than 15 percent, and that even his total dollar return has risen only slightly over the postwar period. Somewhere in between stands the middleman, taking the brunt of the criticism from both sides. Both the housewife and the farmer blame him for a 50-percent widening of the farm-retail cost spread, but the middleman in reply points to his ever-expanding marketing function—not simply the movement of increasing amounts of products from farm gate to checkout counter, but the transformation of many of those products into precut, prefrozen, and precooked delicacies before they reach supermarket shelves.

How many dollars are involved in this marketing process, as seen from the respective vantage-points of housewife and farmer? What are the trends of prices, as paid by the one and received by the other? And, of the total marketing bill, how much goes to the farmer and how much to those who carry out the middleman role?

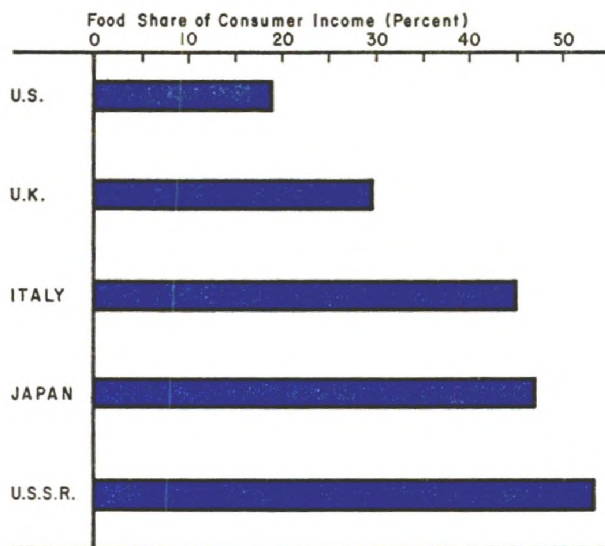
Food less important?

Food spending has risen substantially over the years, but in relation to total consumer expenditures it has declined—as Adam Smith partially and Ernst Engel definitely could have foretold. Smith made the point that “The desire for food is limited in every man by the narrow capacity of the human stomach.” But as population and incomes have risen—that is, as the nation’s collective stomach has expanded and become accustomed to more ex-

Food purchases rise, but other purchases grow at even faster rate . . .
 U. S. consumers thus spend proportionately less on food than others spend



Sources: Department of Commerce; Department of Agriculture



pensive foods—food spending has risen correspondingly, from \$46 billion in 1947 to about \$80 billion in 1964.

At the same time, the statistics have given impressive support to Engel's law—namely, that as income rises, the proportion spent on food and other necessities diminishes. Around the turn of the century, the average consumer was forced to allocate about 40 percent of his budget for food; the proportion, however, has since fallen to about 30 percent in the early postwar period and to about 20 percent today.

Similarly, evidence to support Engel's law has been developed from international comparisons. British consumers, with their lower average incomes, spend almost 30 percent of income for food. Italian and Russian consumers, with even lower incomes, are forced to allocate about 45 and 53 percent of income, respectively, in order to appease the pangs of hunger.

Restaurants, kitchens, supermarkets

What of the postwar price trend? The price of food has risen less than the price of other items during this period—significantly less so during the last decade. But food price in-

creases have still been substantial; for the postwar period as a whole, the food component of the consumer price index has increased roughly 30 percent, as against a gain of roughly 40 percent in the prices of all other items.

Nonetheless, the cost of eating—at least the cost of eating at home—has risen at a relatively slow pace over the last decade. Between 1953 and 1964, the gain in that price category has been about 8 percent. But the price of food away from home, which was first introduced into the index in 1953, has increased almost 30 percent in the same period. The gain in restaurant food prices is attributable to the increase in cost of non-food items, such as restaurant labor—items which do not appear in the price of food prepared at home. The work done in the kitchen by the average housewife, if not unsung, is certainly unpaid.

Even within the food-at-home category, diverse price movements have been recorded during the past decade, after a fairly uniform upward movement in all departments during the early-postwar and Korean-War years. Cereals and bakery products now cost about 20 percent more than they did in 1953, and

fruits and vegetables have advanced even more in price. Dairy products have increased about in line with the overall food-price index (8 percent). Meats, poultry, and fish, on the other hand, are a considerable bargain; as a group, these foods are now cheaper than they were in 1953, despite considerable price fluctuations in the intervening years.

Would the price rise be less if the housewife concentrated more of her purchases in supermarkets than in small independent stores? In indirect answer to that question, the Bureau of Labor Statistics recently recalculated its food index for a five-city sample, in an effort to measure the effects of the rise (from 34 to 44 percent) in the supermarket chains' share of total food sales over the postwar period. In making that survey, the Bureau found some — although not overwhelming — evidence to support the claim that prices in chains and large supermarkets are lower than in the small independents.

In the regular published index, retail food prices in the five-city sample rose 8.0 percent between late 1955 and late 1961; in the recalculated index, food prices rose 7.3 percent over the same period. According to this study, then, the postwar shift toward greater concentration of purchases in supermarkets has caused average prices to rise roughly 0.1 percent less a year than the regular index (based on prewar buying patterns) would indicate.

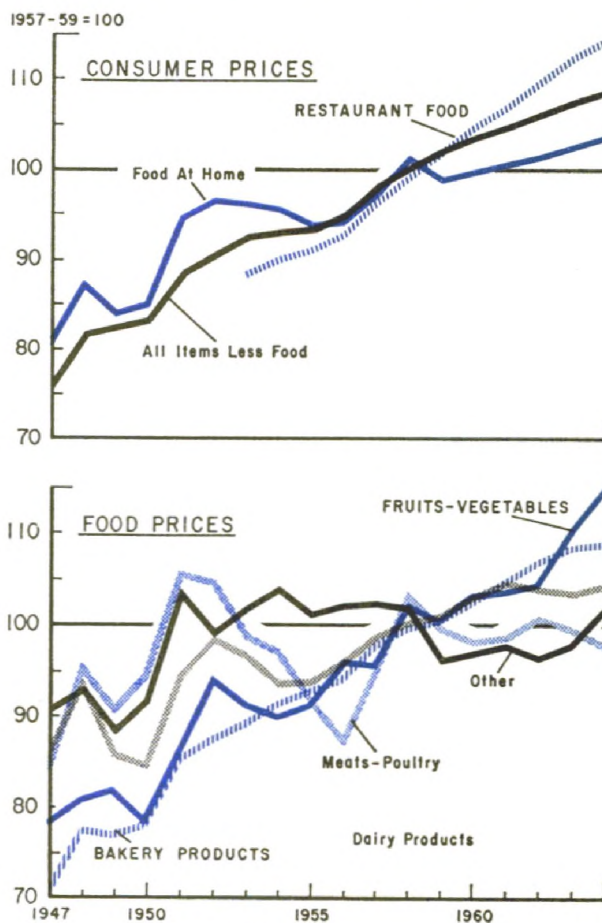
What the housewife knows

Yet wherever she purchases her family's food, the average housewife is likely to "know" that prices are too high, even though she may not know what prices actually are. In regard to knowledge of prices, a survey made by a large retail food chain showed that its customers generally did not know the exact price of 60 frequently advertised and fairly competitive branded items; more than 85 percent of the customers could name the exact

price of a popular cola drink, but few could name the price of most food items. But the family shopper may still keep in mind a general set of prices — a price ceiling and a price floor—for every item on her shopping list. She may resist buying a product when its price approaches the upper limit she has set, and she may also hesitate if its price goes below the lower limit and its quality becomes suspect (except in those cases where quality grading is strongly evident).

Since a housewife tends to have a top price in mind for each particular item or group of items, she will be apt to complain whenever the actual price exceeds the subjectively set upper limit for any item. Of course, she will have no statistical reason to complain if, over

Food price increases centered in bread, fruit, restaurant fare



Source: Department of Labor

a period of time, she improves the quality or expands the size of her family's marketbasket—and this is exactly what many shoppers have done over the postwar period.

A family may tend to enrich its diet as its paycheck becomes enriched. It may try different assortments of food, or experiment with new taste sensations, but the housewife may then blame food prices if the family's higher paycheck fails to go as far as at first anticipated.

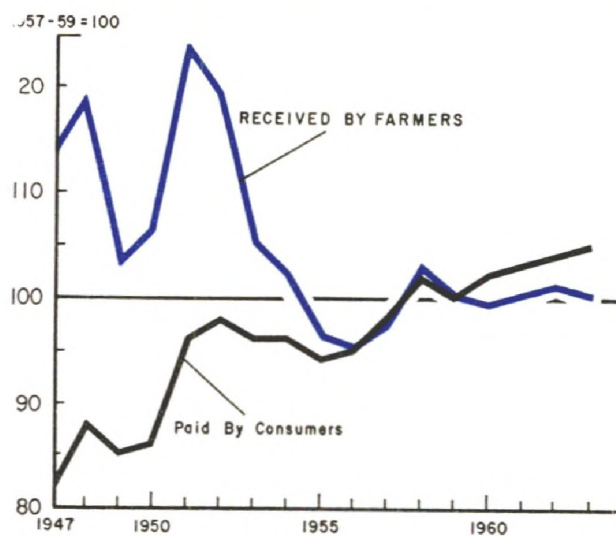
The housewife may be forced to increase her purchases, too, because of the ability of the younger generation to disprove Adam Smith's remark about the "narrow capacity of the human stomach." Certainly the food bill expands as the family expands; as one supermarket survey shows, the newlywed housewife will spend less than \$20 a week for herself and her new husband, but she will spend two-thirds more when her family expands to include two children—and twice that amount when the family includes two teenagers. But again, she may blame rising food prices when the rising caloric intake of the young is actually at fault.

In addition, the family shopper may think food prices are high because the total supermarket bill has gone up. But this may be because she is making fewer trips to the supermarket or concentrating her purchases in one store—or because she is using the supermarket increasingly as a combination drug-variety-clothing-garden-music-liquor-store. (Supermarkets sell about half of the nation's toothpaste and three-fourths of its packaged beer.)

The widening spread

For a number of subjective reasons, then, the housewife is apt to "know" that prices have advanced considerably over the postwar period. Yet even when these factors are disregarded, an upward price trend can be discerned—more than 18 percent, according

Consumers pay more, farmers get less for food than in early postwar period



Source: Department of Agriculture

to the Agriculture Department's pricing of the average family's food purchases. But the same objective measure shows that the farm value of the same marketbasket has dropped more than 15 percent during the same period. Moreover, a widening spread has developed between retail price and farm price for every major food category.

If the 1947-49 period is used as a norm, the farm value of bakery products has gone down 12 percent and the retail cost has gone up 42 percent. (The farm value of the standard one-pound loaf of bread has dropped from 2.7 to 2.5 cents, while its retail cost has risen from 13.5 to 21.6 cents.) On the same basis, the farm price of dairy products has dropped 8 percent and their retail price has risen 18 percent, and the farm price of meat products has dropped 22 percent while their retail price has risen 9 percent. Poultry, however, shows price declines both on the farm and in the supermarket (36 and 26 percent, respectively), and fruits and vegetables show substantial price gains at both levels (19 percent on the farm and 37 percent at retail).

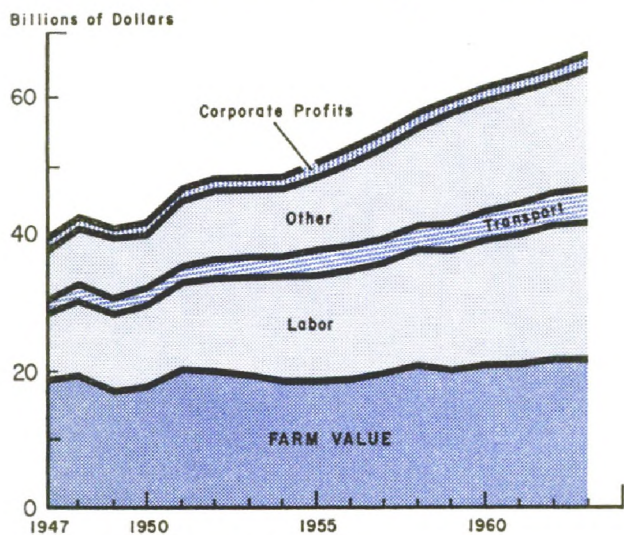
Despite the 15-percent average price decline, farmers have been able to increase their

dollar return on food by expanding physical output by 27 percent over the postwar period. The farm value of consumer food expenditures thus has risen from \$18.7 billion in 1947 to \$21.4 billion in 1963. But the marketing cost of processing and delivering that food to the checkout counter has more than doubled over the same period, from \$20.7 to \$45.0 billion. Labor, transportation, and other marketing costs all have risen substantially.

Reasons for the spread

The marketing bill is the difference between total consumer expenditures for domestic farm food products and the payment received by farmers for the equivalent products. Direct labor costs for marketing farm-originated foods make up the largest component of that bill—about 45 percent of the total in 1963. Rail and truck transportation of those farm products accounts for about 11 percent of the bill, and pretax profits of corporate marketing firms account for 5 percent more. The residual 39 percent includes the advertising, depreciation, tax, rent, repair, and bad-debt costs of processors, wholesalers, and retailers, along with the pretax profits of noncorporate marketing firms.

Food marketing bill rises, but farm value of food stays constant



Source: Department of Agriculture

The housewife’s rising expenditure for foods embodying more marketing services—that is, convenience foods—has helped push up the marketing bill. In computing that bill, farm statisticians include changes in the type and quantity of products purchased. But the marketing share of the consumer food dollar has risen only a little more on this basis than it has on the basis of the marketbasket computation, where prices are calculated for a fixed quantity of farm-originated foods of unchanging quality. Thus, it can be argued that increased marketing services have contributed only marginally to the rising marketing share of the housewife’s food bill, and that most of the increase in that share is due instead to the rising price of marketing inputs and to a concomitant decline in farm prices. For example, the average returns to farm labor and management, and the average earnings of marketing employees, were roughly equal in 1947, but earnings of marketing employees subsequently have far outstripped the earnings of those who toil in the fields.

The major farm organizations, of course, have been fully aware of these statistics for some time, so they have gradually increased their efforts to gain a greater share of the marketing dollar for the farmer. The biggest headlines have been garnered by “farm strikes,” whereby farm groups have managed to run up farm prices temporarily by withholding cattle, hogs, and other products from the market, but the organization of many marketing associations under state-sponsored marketing agreements — 25 just since 1960 — is undoubtedly a development of more lasting importance. These state groups are now acting as bargaining agents and central sales agencies—although mostly for small specialty crops so far—in order to obtain better prices for the farmer at the farm gate.

These and other developments suggest that the average farmer would agree with the re-

cent assessment of one farm leader, "There's been far too little emphasis in the past on solving marketing problems compared to the emphasis on increasing production." Some would even go so far as to have a major farm organization buy out one of the nation's leading supermarket chains. This proposal may not

receive much further consideration—it is unlikely that the housewife will ever find a farmer stationed behind every checkout counter—but the growing concern with marketing problems indicates the strength of the farmer's determination to keep abreast in an ever-expanding economy.

At the Farm Gate

As a result of limited postwar gains in cash receipts, agriculture has been receiving a progressively smaller share of the nation's disposable income. In the 1940's, the farm population received more than 10 percent of total income; by 1963, this proportion had dropped to less than 5 percent. But in spite of agriculture's relative decline, the farm sector has remained a prolific consumer of nonfarm goods and services. More than two-thirds of 1963's \$29-billion bill for production expenses was paid to nonfarmers, while the balance was paid to other farmers for such items as livestock, feed, and seed. Moreover, farms have become less and less self-sufficient, as is suggested by the 20-percent rise in the purchase of goods and services from the nonfarm sector of the economy since 1950.

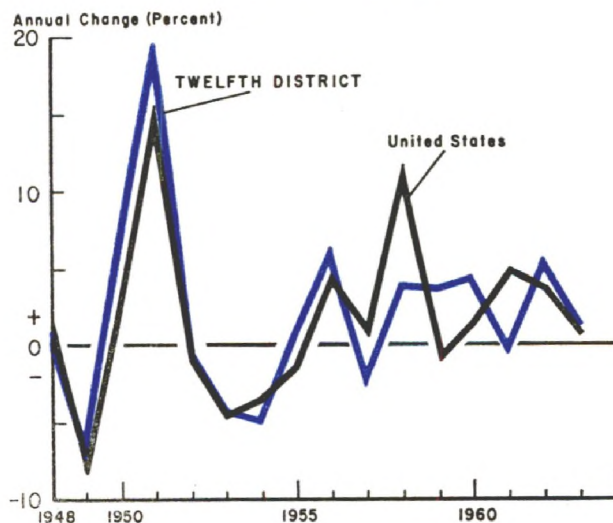
Agricultural activities are also increasingly intertwined with Federal support programs. Government payments to farmers under these programs totaled \$1.7 billion in 1963—almost four times as much as in the 1940's. But as a consequence of the operation of these programs, growing supplies of agricultural commodities have accumulated in the hands of the Federal government. Efforts to move these inventories into domestic and foreign consumption channels are quite expensive; in fiscal 1964, the realized losses and costs of these and other farm-support operations to-

taled over \$5 billion. Evidently, then, agriculture's ties with the nation and with the region involve more than just the supplying of food and fiber.

Nation's favorable prospect

Against this background, the prospect for 1965 can be evaluated. The outlook, according to Department of Agriculture specialists, is for some increase in domestic demand for farm products, in line with a continued advance in the general economy. Meanwhile, adequate supplies of farm products are an-

West and nation show parallel shifts in cash income from farming



Source: Department of Agriculture

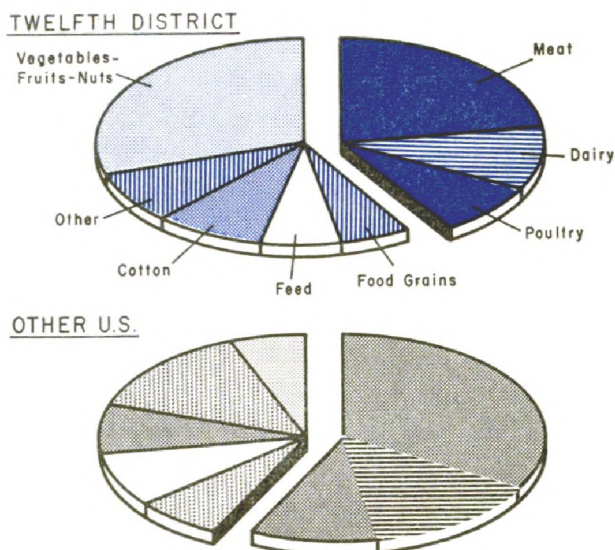
anticipated, but smaller crop inventories should tend to hold down marketings during the year.

Farmers' returns from marketings may decline, since an expected increase in livestock marketings may fail to offset an anticipated decline in receipts from the sale of crops. However, gross farm income should be about the same as in 1964, with a rise in government payments roughly offsetting a reduction in returns from marketings. Although a slight further advance in production expenses is anticipated, the net income realized by the nation's farmers may well approach the 1964 level.

Farm prospects, of course, are subject to revision even before the agricultural products are produced and marketed. Not only are growing conditions a source of uncertainty, but changes in government programs and farmer participation in such programs also influence the course of farm income. (Incidentally, some provisions of government programs have not yet been announced for 1965.) In 1963, it was anticipated that net income would decline in 1964—but then the new wheat program came along to boost receipts. In addition, production expenses did not rise as much as expected. As a result, net farm income was about the same as a year earlier.

The financial resources available to defray farm outlays may be smaller, and credit requirements correspondingly higher, than in 1964. Assets of the nation's farmers entering 1965 will be larger than a year earlier despite the recent stability in net income. Nevertheless, much of this increase does not represent spendable income; \$7.6 billion of the \$8-billion expansion in farm assets over the year reflected the appreciation in farm land values. Moreover, farm debt increased at a much faster rate during 1964 than did farm assets. This situation is not unique; farmers have been increasing their debt more rapidly than their assets for quite some time. As a result, total

Larger share of District receipts comes from crops than from livestock



Source: Department of Agriculture

equity in relation to assets has declined from 93 percent in 1948 to 84 percent in 1964. Perhaps of greater financial significance has been the relative decline in the ability of farmers to pay their mounting mortgage debt from income generated by farming operations; in 1950 the net income realized by farm operations was well over twice as large as farm mortgage debt, while in 1964 income was considerably less than such long-term debt.

Questions in District outlook

Western farm prospects may diverge somewhat from the national pattern, especially since Twelfth District farmers are more heavily involved in crop production than in livestock raising. In addition, government payments generally are less important in the District than nationally. Despite these contrasts, total receipts of District farmers have frequently moved in tandem with national receipts in the past; however, a different pattern may develop in 1965.

Western agriculture is heavily dependent on foreign farm labor supplied under the "bracero" program. As this program will not be in effect for 1965, changes in the pattern

of crop production in the District may result even though foreign workers may be available under other programs. But if the farm-labor situation causes growers to shift their crop production plans, District farm-income prospects will undoubtedly be affected.

On the other hand, District producers of livestock and products will benefit (at least during the early part of 1965) from the higher level of prices in prospect for fed cattle. The more favorable prices anticipated for hogs, however, will provide only a minor boost to District farm receipts; hog marketings account for less than one percent of District farm returns, as compared with 8 percent nationally. Higher lamb prices are expected but will be largely offset by a continued reduction in the volume of marketings. For poultry producers, a rise in broiler production and prices is indicated nationally—and this, of course, should aid District poultrymen. But lower egg and turkey prices may limit the optimism of the District's poultry industry, especially since those products are of considerable importance in this region's farm economy.

Crop receipts, in the District as in the nation, are expected to ease from the 1964 level. A reduction in District crop returns should be partly offset by increased government payments to crop producers, but probably not to the same extent as elsewhere in the nation.

The major crops

Marketing returns from the District's important wheat crop will probably be below 1964 levels because of a drop in the level of price support, from \$1.30 to \$1.25 a bushel. The basic national-acreage wheat allotment remains unchanged from 1964—49.5 million acres—and operations of the program in general will be about the same as for the 1964 crop. The principal changes in the program involve provisions which permit the substitution of acreage between feed grain and wheat and permit the over-planting of wheat acreage

allotments by not more than 50 percent. The substitution provision applies only to those producers with both a wheat allotment and base acreage for feed grain production; it does not increase the acreage that an eligible producer may plant but it does give him an opportunity to shift his acreage between the two types of crops. A producer over-planting his allotment but complying with provisions of the wheat program remains eligible for price support loans except for the production from the excess acreage; output from this excess acreage must be stored under bond.

Cotton, the District's most important crop in terms of cash receipts, may bring in about the same amount of receipts in 1965 as in 1964, assuming that no significant changes occur in the provisions of the cotton-support program. The national acreage allotment will be the same as in 1964, at 16 million acres; however, the domestic allotment will fall slightly, from 10.8 to 10.4 million acres. The domestic allotment is of significance to cotton farmers because those who plant within this more restrictive acreage limitation are eligible for additional payments over and above the basic support rate, which will drop from 30 cents to 29 cents a pound in 1965; these additional payments will rise from 3.5 to 4.35 cents a pound in 1965. On the other hand, those producers planting only within their national allotment are eligible for price support only at the basic support rate.¹

The marketing situation for the District's 1964-65 citrus crop should be more competitive than a year ago. Florida and Texas crops during each of the two preceding years were drastically reduced because of freeze damage, and Western citrus products consequently found ready markets at favorable prices. With a return to more normal weather conditions in other growing regions, a more com-

¹ The domestic allotment is based upon the acreage estimated to produce the amount of cotton needed for domestic consumption. The minimum national acreage allotment is determined by price-support legislation and currently exceeds the domestic allotment.

petitive market should develop for these products. Noncitrus fruit production meanwhile has continued to expand, as rising output in most lines has more than offset the reduced 1964 crops of California grapes and Pacific Northwest apples. For next season, a further expansion in output is suggested by the increasing acreage of trees and vines of bearing age.

On balance, there is no assurance that the cash flow to farmers—cash receipts from

marketings plus government payments—will be maintained at the 1964 level. Added to the usual uncertainty of growing conditions for next year is the lack of knowledge regarding some provisions of the government's price and income-support programs—not to mention the many uncertainties surrounding the farm-labor situation. These factors thus suggest that District farmers may be hard pressed to expand gross income sufficiently to offset the expected advance in production costs.

Farm Debt: Data from the 1960 Sample Survey of Agriculture—a publication of interest to students of agricultural credit, farm management, agricultural policy, and related areas—has recently been published by the Federal Reserve Board. The publication provides data on the debt, incomes, and assets of farm operators classified by such factors as size and type of farm, age and income of operator, type and amount of debt, and lenders to whom debt is owed. Copies of the publication may be purchased for \$1.00 each from Publications Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D. C. 20551.

How Long on the Dole?

MOST of the nation's 3.7 million unemployed find suitable jobs within a few weeks of the time they are laid off. Some, however, are not so fortunate. Some workers remain jobless for many long months; in particular, about 13 percent of the nation's jobless, or 0.7 percent of the civilian labor force, search unsuccessfully for work for six months or more at a time.

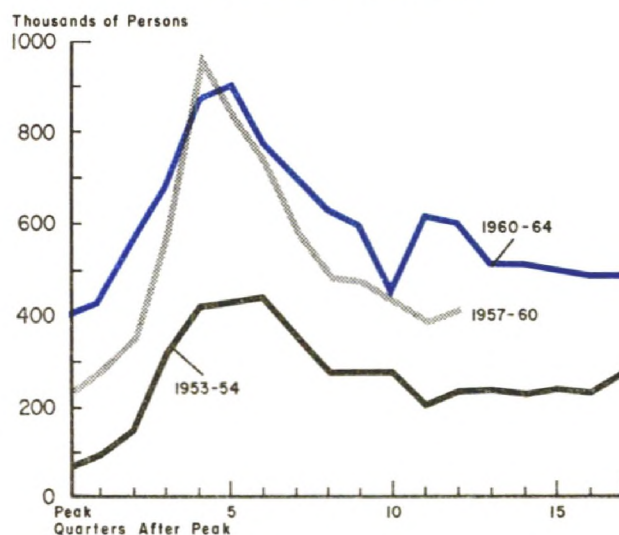
In 1964, about half-a-million people from all walks of life were out of work for at least half a year. (This prolonged, or "very long-term," unemployment is defined as joblessness with a duration of 27 weeks or more.) And, although unemployment generally has a far greater impact on some types of workers than on others, prolonged unemployment is found everywhere—among young as well as old, whites as well as non-whites, professionals as well as laborers, and financiers as well as farmers. In addition, many others stop looking for work altogether when they find no use for their skills in the economy's ever-changing mix of products and processes.

Expansionary measures help

At first glance, then, prolonged unemployment appears to be made to order for structural solutions, such as the shifting of superfluous workers to new industries, new occupations, or new workplaces. But expansionary measures evidently help provide solutions too. In each of the business cycles of the past decade, the number of workers affected by prolonged unemployment has been roughly halved during the expansion phase of the cycle. Over the current expansion, for instance, the number looking for work for more than six months has dropped from about 900 thousand to about 450 thousand (seasonally adjusted basis).

Prolonged unemployment is somewhat sluggish in a recovery, reaching its maximum

Prolonged unemployment drops during each cyclical expansion



Source: Department of Labor

anywhere from a month or two after the cyclical trough (1958) to five months later (1961). Those with little skill and low seniority are laid-off first and rehired last, and their spells of joblessness are thereby extended. As the requirements for jobs are raised, the disadvantaged or least-qualified workers are hired only after considerable demand is generated. Moreover, in industries suffering from shifts in demand—such as mining, railroads, and textiles—and in geographic sore spots, those workers who are let go early in a downswing may not be rehired at all. Their jobs may be eliminated or the plant relocated. Thus, short-term unemployment and total unemployment decline before prolonged unemployment turns downward.

Wide swings but no trend

Nonetheless, as each cyclical expansion progresses, the problem tends to respond to expansionary stimuli. Between 1961 (the year of the last cyclical trough) and the first ten months of 1964, the civilian labor force expanded by 3½ percent and total unem-

ployment dropped about 20 percent—but prolonged unemployment fell about 40 percent. Unemployment of less than five weeks' duration—probably the best measure of purely "frictional" unemployment—meanwhile declined by only about 5 percent. The latter measure, in fact, has moved within a relatively narrow range throughout the past decade.

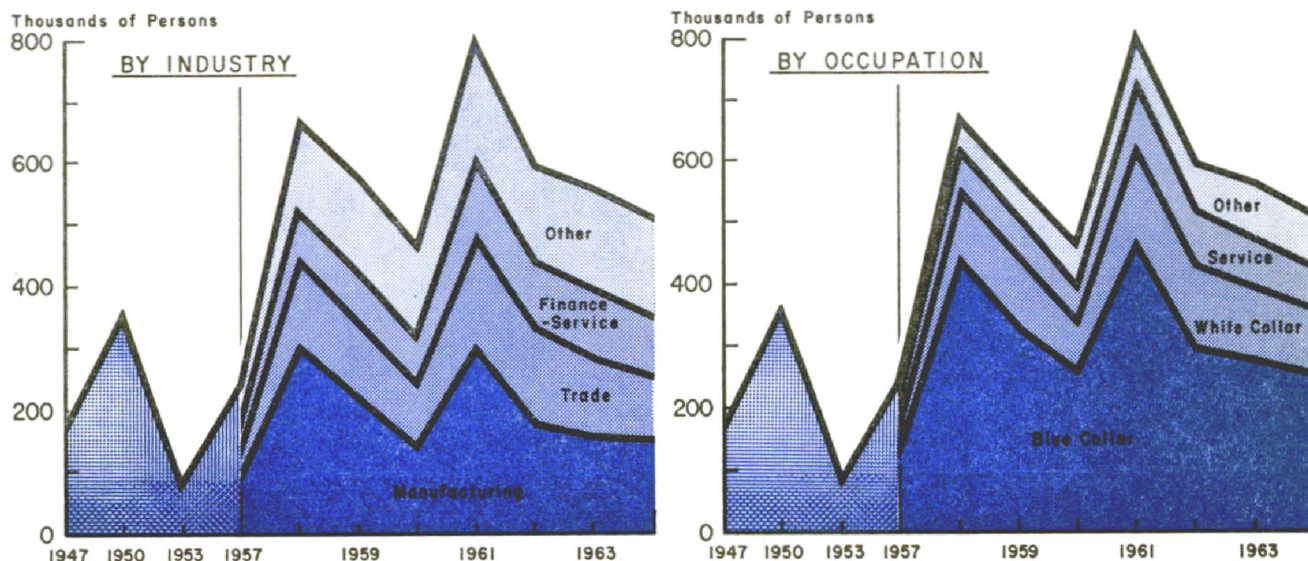
Prolonged unemployment has fluctuated widely over each cycle, but it has not demonstrated any perceptible trend. In relation to the civilian labor force, it was quite low a decade ago and rather high in several recent years. In 1964, however, the very long-term jobless have accounted for only about 0.7 percent of the civilian labor force—about the same as the 0.6-percent figure of 1950. The significant movements in this series have been predominantly the cyclical fluctuations in manufacturing industries and in blue-collar occupations. In each category, the number of long-term unsuccessful jobseekers roughly doubled between 1960 and 1961, but then fell to about the 1960 level again in 1964.

Problem of age

In the recent past, the problem has been more evident among older workers than among others. In the male-worker category, for example, six months or more of joblessness has been found recently among only 15 percent of the jobless workers aged 25-44, but among 29 percent of the jobless aged 45 and over (third-quarter data). The same general trend has been noted among female workers also. So, even though joblessness in general is considerably higher among the younger than among the older workers, the proportion of the jobless who remain out of work for extended periods is very much greater in the older categories.

In addition, because of both the weakening of job opportunities and the expansion of private and public pension plans, older workers have been dropping completely out of the labor market in larger numbers every year. This development is especially significant among married men aged 65 or over; 45 percent of this group were neither working nor looking for work in 1947, but the proportion

Long-term joblessness in manufacturing varies with cyclical fluctuations . . . problem found in all occupations, but especially in blue-collar field



Source: Department of Labor

increased to 58 percent a decade later and then rose further to 68 percent in 1963.

Pervasive pattern

The recent pattern of prolonged unemployment among jobless nonwhites has not varied substantially from the pattern among jobless whites. Of course, unemployment generally is much more prevalent among nonwhites than among whites; thus, although nonwhite males account for only about 6½ percent of the civilian labor force, they account for 14½ percent of the group which has been unsuccessfully seeking work for six months or more. But among jobless nonwhites, the proportion of long-term unemployed is not markedly larger than it is among the total jobless population.

Similarly, although unemployment generally is much more prevalent among certain occupational categories than among others, a significant amount of prolonged unemployment is found among all job categories—white-collar, blue-collar, service, and farm workers. For example, the over-all unemployment rate for the manager-official-proprietor group is only a little over 1 percent, as compared with 8 percent for unskilled workers; but for each of these jobless groups, the proportion out of work for six months or more is roughly the same—about one out of every six.

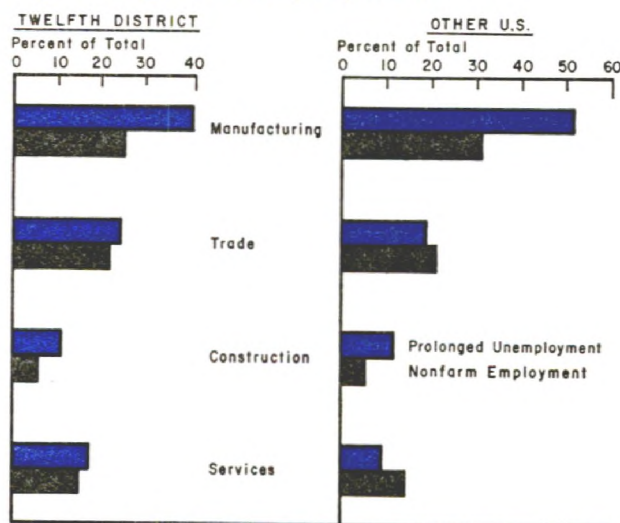
Again, a similar pattern becomes evident from industry-by-industry comparisons. Unemployment has been more of a problem in some industries than in others, but within each industry a significant proportion of the jobless have been on the rolls for an extended period of time. There is some spread around the average; in the third quarter of 1964, the proportion of prolonged to total unemployment ranged from 9 percent for agriculture to 21 percent for durable-goods manufacturing. In each industry, nonetheless, a noticeable percentage of the unemployed show up in the very long-term category.

And in the West

How prevalent is prolonged unemployment in the West? Although detailed data are unavailable for the recent past, an analysis of recipients under the Temporary Extended Unemployment Compensation (TEUC) program of 1961-62 reveals a somewhat similar pattern for both the West and the rest of the nation.

During that early stage of the current expansion, TEUC claimants were concentrated in manufacturing industries, both in Twelfth District states and in the rest of the nation. The proportions of claimants in manufacturing to all claimants were 40 percent for the District and 52 percent for the rest of the nation; the higher figure for the rest of the nation reflected the greater importance of manufacturing in the employment structure of non-Western states. But in manufacturing, and in construction as well, the prevalence of prolonged unemployment was somewhat greater than would be expected solely on the basis of the size of those industries in the employment mix. (The reverse was largely true for the trade and service industries.) This situation is nonetheless understandable, since

West and nation show similar patterns of prolonged unemployment



Sources: Department of Labor; employment security agencies.

long-term joblessness in manufacturing was near a cyclical peak at the time of the survey.

In the occupational breakdown of the TEUC survey, the District sample held a larger percentage of professional and managerial workers than did the rest of the nation—6 percent and 2 percent, respectively. The difference reflects the relatively large number of these highly skilled workers in the District, but their representation here demonstrates again that even the highly trained are vulnerable to extended periods of joblessness. Clerical and sales personnel, and skilled and unskilled workers, were present in roughly equal weights in both the District and rest-of-nation samples. But service workers were represented more heavily among District claimants, and semi-skilled workers were represented

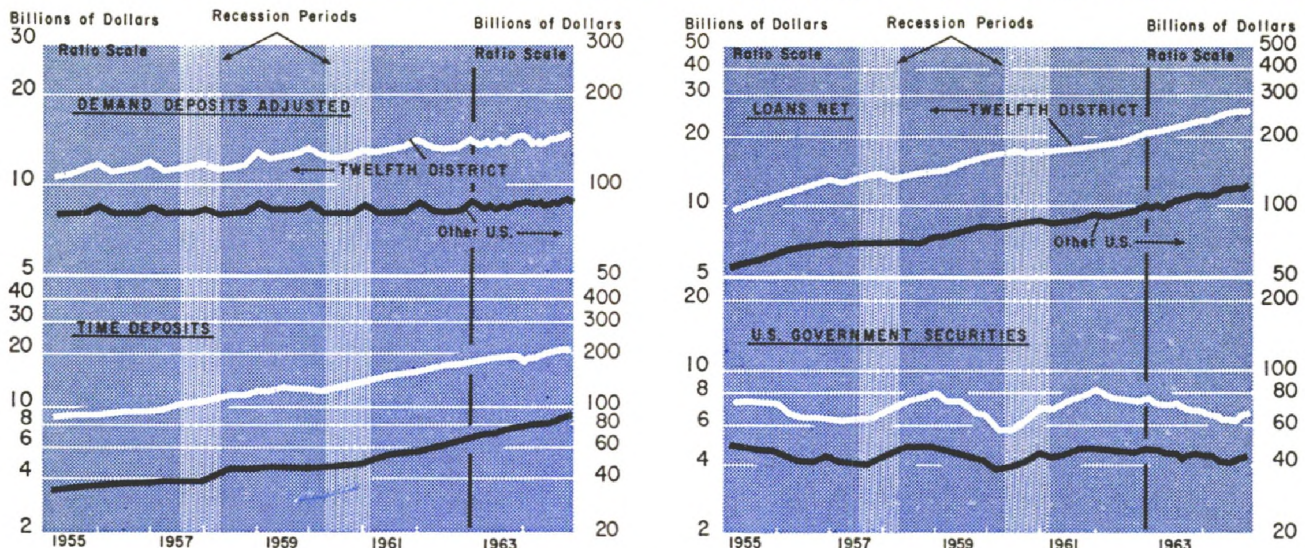
more heavily among claimants elsewhere, as might be expected from the structure of the labor force in the two regions.

Undoubtedly, the experience of the long-term unemployed, here as well as elsewhere in the nation, remains atypical. Even at the cyclical trough, little more than 1 percent of the total labor force has been faced with the dilemma of extended joblessness. Yet the persistence, in a buoyant business expansion, of a pool of about a half-million workers who remain jobless for half-a-year or more, serves to demonstrate the recalcitrance of a problem which still defies the best efforts of policymakers in business and government. An adequate response to the problem thus may entail both a war on poverty—whether found in Appalachia or in big-city slums—and a war on the worst excesses of the business cycle.

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FEDERAL RESERVE BANK OF SAN FRANCISCO

Condition Items of All Member Banks — Twelfth District and Other U. S.



Source: Federal Reserve Bank of San Francisco. (End-of-quarter data shown through 1962, and end-of-month data thereafter; data not adjusted for seasonal variation.)

BANKING AND CREDIT STATISTICS AND BUSINESS INDEXES—TWELFTH DISTRICT¹

(Indexes: 1957-1959 = 100. Dollar amounts in millions of dollars)

Year and Month	Condition items of all member banks ² Seasonally Adjusted				Bank debits Index 31 cities ^{5, 6}	Bank rates on short-term business loans ^{7, 8}	Total nonagri- cultural employment	Dep't. store sales (value) ⁶	Industrial production (physical volume) ⁶		
	Loans and discounts ⁵	U.S. Gov't. securities	Demand deposits adjusted ⁴	Total time deposits					Lumber	Refined ⁸ Petroleum	Steel ⁸
1951	7,751	6,370	9,512	6,713	57	3.66	80	68	99	87	97
1952	8,703	6,468	10,052	7,498	59	3.95	84	73	101	90	92
1953	9,090	6,577	10,129	7,978	69	4.14	86	74	102	95	105
1954	9,264	7,833	10,194	8,680	71	4.09	85	74	101	92	85
1955	10,827	7,162	11,408	9,130	80	4.10	90	82	107	96	102
1956	12,295	6,295	11,580	9,413	88	4.50	95	91	104	100	109
1957	12,845	6,468	11,351	10,572	94	4.97	98	93	103	103	114
1958	13,441	7,870	12,460	12,099	96	4.88	98	98	98	96	94
1959	15,908	6,495	12,811	12,465	109	5.36	104	109	109	101	92
1960	16,628	6,764	12,486	13,047	117	5.62	106	110	98	104	102
1961	17,839	8,002	13,676	15,146	125	5.46	108	115	95	108	111
1962	20,344	7,336	13,836	17,144	141	5.50	113	123	98	111	100
1963	22,915	6,651	14,179	18,942	157	...	117	129	102	112	117
1963 November	22,673	6,730	14,272	18,923	170	...	118	130	106	110	110
1963 December	22,915	6,651	14,179	18,942	167	5.47	118	136	111	110	107
1964 January	23,256	6,575	14,332	19,342	163	...	119	135	115	111	110
1964 February	23,544	6,832	14,222	19,520	168	...	119	137	114	115	117
1964 March	23,763	6,893	14,287	19,685	166	5.47	119	133	114	113	149
1964 April	23,953	6,559	14,243	19,773	170	...	119	134	101	111	143p
1964 May	24,102	6,541	14,170	19,813	167	...	119	139	106	112	142p
1964 June	24,394	6,489	14,347	19,876	167	5.46	119	137	105	114	131p
1964 July	24,836	6,215	14,369	20,152	166	...	119	141	111	115	121p
1964 August	24,865	6,170	14,362	20,195	175	...	120	143	107	118	121p
1964 September	25,257	6,507	14,674	20,452	167	5.51	120	137	121	121	129p
1964 October	25,140	6,473	14,573	20,602	173	...	121	139	...	117	132p
1964 November	25,339	6,668	14,545	20,792	178	...	121p

¹ Adjusted for seasonal variation, except where indicated. Except for banking and credit and department store statistics, all indexes are based upon data from outside sources, as follows: lumber, National Lumber Manufacturers' Association, West Coast Lumberman's Association, and Western Pine Association; petroleum, U.S. Bureau of Mines; steel, U.S. Department of Commerce and American Iron and Steel Institute; nonagricultural employment, U.S. Bureau of Labor Statistics and cooperating state agencies. ² Figures as of last Wednesday in year or month. ³ Total loans, less valuation reserves, and adjusted to exclude interbank loans. ⁴ Total demand deposits less U.S. Government deposits and interbank deposits, and less cash items in process of collections. ⁵ Debits to demand deposits of individuals, partnerships, and corporations and states and political subdivisions. Debits to total deposits except interbank prior 1942. ⁶ Daily average. ⁷ Average rates on loans made in five major cities, weighted by loan size category. ⁸ Not adjusted for seasonal variation. p—Preliminary. r—Revised.