



MONTHLY REVIEW

TWELFTH FEDERAL RESERVE DISTRICT

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FEDERAL RESERVE BANK OF SAN FRANCISCO

REVIEW OF BUSINESS CONDITIONS

THE developments in Korea and the resulting reaction of consumers, business, and government have obscured the changes in the economic position of the nation and the District which were realized in June. In June, before the Korean conflict broke, employment and production in this District and nationally surged upward. It might be well to emphasize that this swing, which started late last year, was not based on any enlarged military expenditure, even admitting the still large military and foreign aid budgets then contemplated.

The position of the economy in June reflected confidence in the economic position and action based on that attitude by consumers and business. Sales of durable goods including automobiles remained high, and the heretofore weak soft goods began to move quite well. No significant slackening in construction, one of the strong elements of the first half of 1950, could be detected. The national increase in unemployment in June, resulting from a seasonal increase in the labor force, was smaller than even most optimists had expected. In brief, the economy was moving along near peak levels, and there existed substantial likelihood of further expansion in those lines not yet at maximum operations.

Korean conflict occurs at high level of activity

It is against this background that effects of the invasion of South Korea were introduced. The immediate impact created considerable uncertainty, but within a few days strong inflationary developments began to appear. Consumers rushed to buy automobiles, tires, nylons, appliances, sugar, canned goods, and other items. Many business firms which had been building up inventories at a strong but not unreasonable rate sharply increased their purchases. The fear of shortages and rationing produced an approach to panic buying.

Department store sales surge upward

Evidence of the wave of buying is apparent from the record of weekly department store sales. Sales for the first six months were slightly below the first half of 1949 in this District and the nation. June sales were just barely ahead of last year in this District and little more than that nationally. For the four weeks ending July 22, sales were up 32 percent over a year ago in the District and 22 percent in the nation. By weeks, the year-period increases

grew steadily larger in July; for the weeks ending July 1, 8, 15, and 22, District increases over a year ago were 10, 19, 36, and 64 percent, respectively.

Flow of goods now at high rate, but little excess capacity exists

Though reports of empty or rapidly emptying automobile show rooms are widespread, and some tire sizes hard to find, no intense shortages have resulted. The high level of production reached in the first half of the year is reflecting itself in a continuing large flow of goods, but in the hard goods field many dealers feel that they will soon be on an allotment basis if the buying pressure does not ease somewhat. At the same time, it must be remembered that the nation's larder is exceptionally well stocked today. Government acquisition of farm products under the support program has resulted in large stocks on hand of wheat, corn, cotton, butter, and dried eggs. Yet in contrast with 1940 and 1941, the persons now actively in the labor force are almost fully employed; our factories do not have wide margins of inactive capacity, though room exists for some expansion through increased hours and multiple shifts; and supplies of internationally traded raw materials were fairly tight before the Korean outbreak.

Inflationary pressures appear

One result of the upswing in buying and the expectations of at least partial mobilization has been a sharp upswing in prices. One may deprecate, with some justice, this course of developments, but it would be self-deception to assume that a wave of buying of the type that has been experienced would not result in price increases in a substantially free market economy. The possibilities of inflation are exceptionally strong. Attempts to enlarge business and consumer inventories while defense production is being expanded can only result in sharply rising prices in the absence of offsetting forces.

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The price situation changes rapidly

In the first half of the year, the rise in wholesale prices totaled 3 percent. The increase prior to May was moderate, but during May and the first week of June two-thirds of the 3 percent increase occurred. Prices levelled off during the remainder of June, and then started abruptly upward with the advent of the Korean conflict.

Price developments, so far this year, represent two different phases. The first period, encompassing the first half of the year, reflected the stepped-up economic activity in this country and the recovery of internationally traded raw materials. The second phase represents the sharp increase in future and spot prices arising from the expectations of sharply increased defense production.

In the period prior to the Korean situation, farm products and raw materials, particularly imported items, led the price rise. Manufactured goods remained fairly steady until May, rose sharply for five weeks, and then levelled off during the latter part of June. Paced by large increases for items such as carpeting, lumber, plywood, and metal products, manufactured goods gained 3 percent between January and late June. Consumer prices behaved even more moderately. Through April 15 only a slight gain had been recorded, but May 15 prices were 0.8 percent higher than those a month earlier. On the next survey date, June 15, the Bureau of Labor Statistics reported prices up an additional 0.9 percent.

Korean developments force prices up

The immediate effect of the Korean situation was to force prices upward. Futures particularly have been markedly affected in anticipation of much more concerted buying, but wholesale cash prices and consumer prices also rose sharply. The Bureau of Labor Statistics daily index of spot prices jumped 8 percent between June 23 and July 14. The leader again was the imported group of raw materials. The weekly index of wholesale prices generally gained at a rate of better than 1 percent a week during July. Consumer prices, which had not reflected fully the upswing in prices in the first half of the year, also rose rapidly.

The wave of buying referred to earlier and the expectation of greater defense needs resulted in price increases over a wider range of commodities. Items which were short and hard to acquire during World War II showed the greatest increases. Copra, supplies of which were sharply reduced in the last conflict, jumped \$35 to \$210 a ton between June 23 and July 24. Coffee, hogs, and sugar gained. Spot wholesale prices for sugar moved up only moderately because of the large off-shore stocks in Cuba. Steers gained \$.75 per hundred pounds by July 15, but heavy marketings dropped the price \$1.50 by July 24. Grains and feeds generally showed increases. Textile fibres, particularly cotton, moved up sharply. Cotton gained \$22 a bale between June 23 and July 24. Except for tin, platinum, and quicksilver, metal prices remained quiet, though lead gained one cent a pound. Tin jumped

20 cents a pound, more than 25 percent of the June 23 price, and platinum was up \$8 an ounce, about 12½ percent. Rubber prices pushed upward almost 50 percent, gaining about 14 cents a pound.

These increases have shown little sign of moderating. Yet these higher prices seem somewhat unrealistic in terms of orders placed through late July or immediately in prospect for defense purposes. For the most part, it must be concluded, inventory buying has been the prime cause of the increases.

Government acts to reduce inflationary pressures

Taking cognizance of these factors, the President of the United States has not only urged moderation in consumer and business spending, but has acted to restrict Government guarantees of mortgage credit and to limit construction of public housing. The restraints on construction thus far are moderate, but additional steps are quite likely to be taken. In addition, the President in his message of July 19 asked for restriction of consumer, real estate, and commodity market credit, and for enabling legislation to establish priorities and allocations, to institute inventory controls, and to requisition supplies. This was supplemented by a statement of principles pointing toward maximum financing on a current basis through higher taxes. Other actions also indicated included reviews of Government programs to conserve and reduce manpower and material use. Subsequently the President recommended \$10 billion in military appropriations, and as an interim measure an increase in tax rates to yield \$5 billion.

Although these steps and proposals include a substantial part of the measures employed in World War II, it is of considerable significance that they have been set forth simultaneously and before any substantial increase in defense expenditures has been made. What is more, they have apparently met with markedly widespread approval. This offers a distinct contrast to the period 1940-42. Those years were marked by groping for solutions, and only after considerable experimentation were positive measures adopted. Even these steps and proposals may not prove sufficient, however, to hold inflationary pressures in check if the expansion of military efforts assumes major proportions.

The immediate impact of Korean developments on District employment

In June, employment in this District, despite the railroad strike and the dispute involving a major Pacific Northwest lumber producer, approached record levels. Manufacturing employment in California was at a peacetime high. Coal mining in Utah was sharply curtailed by the railroad strike, but early July witnessed a resumption of both activities. Copper, lumber, and plywood production were all at or near record levels. The result of the Korean situation was to intensify the demand for labor, and aircraft hiring removed San Diego from the list of

areas of critical unemployment. Shipyard activity increased in the San Francisco Bay Area, at Bremerton, and in Portland. Should these developments continue, the labor force, instead of having some margin of slack

in it, will tighten considerably. By late July, however, no major contracts had been let for aircraft construction, and the gain in shipbuilding stands out because of the very low level of activity in that industry.

FRUIT AND VEGETABLE CANNING, TWELFTH DISTRICT—REVIEW AND OUTLOOK

THE District canning industry experienced marked vicissitudes in 1949-50. The season began on an anxious note, caused by heavy unsold stocks, the uncertain general business outlook, hesitant buying by distributors, and falling prices, which in the case of fruit packs continued weak until after the turn of the year. These unsatisfactory conditions during the first half of the season resulted in part from the unbalanced supply and demand position within the industry, which led to much price cutting and some distress sales. In part, they reflected the general business situation in the country at large, with consumer income and purchasing power in the industrial areas adversely affected by strikes and reduced volume of employment.

Probably the outstanding feature of the season ending June 1 was the marked improvement in sales volume and general market conditions toward the end of the season, stimulated both by bargain prices and by the rapid improvement in basic economic conditions in the first half of 1950. Increased distributor and consumer purchasing caused a rapid reduction in canners' stocks after the turn of the year and prices of the principal fruit packs recovered much of their earlier losses. The season ended with inventories in most packs substantially below the levels of last year and with the industry in a generally optimistic temper.

Weather damage to both fruit and vegetable crops in many parts of the country in 1950 have led to the expectation of considerably higher prices by District growers for material to be delivered to processors for the new packs. While not welcoming higher prices, which might tend to provoke consumer resistance, canners generally are in a much sounder position than a year ago. Probably not many District canners made substantial profits in 1949-50, but some undoubtedly consider themselves lucky to have broken even and to remain in the game.

District and national packs

Total District packs of fruits and vegetables in 1949 exceeded those of the previous season, due chiefly to very large peach and pear packs and larger packs of most vegetables except peas and tomato products. Because of the large carryover of fruit stocks from 1948, total supplies handled by District canners in 1949-50 were greater than in either of the two preceding seasons and were not much below the record volume handled in 1946-47, when depleted trade channels were being refilled.

Nationally, the aggregate pack of fruits, vegetables, and canned juices, in terms of pounds, has been fairly constant over the past three years. The fruit and vegetable packs of 1949 exceeded those of 1948 by about 9 percent

PRINCIPAL FRUIT AND VEGETABLE PACKS IN CALIFORNIA, OREGON, WASHINGTON, IDAHO, AND UTAH, 1946-49

	(thousands of cases)			
Fruit packs ¹	1946	1947	1948	1949
Peaches, all packs	19,243	18,142	17,203	19,242
Apricots	10,595	3,259	4,766	2,376
Fruit cocktail	7,752	9,386	9,902	6,269
Pears	5,256	5,508	3,830	5,472
Prunes and plums	3,548	1,919	894	1,669
Cherries	1,885	620	884	1,729
Other fruits and berries.....	3,441	2,717	2,894	3,849
Total fruits and berries....	51,721	41,551	40,375	40,605
Vegetable packs ²				
Tomatoes	4,805	6,772	5,344	4,748
Tomato juice	9,268	5,753	5,867	6,341
Other tomato products	20,471	20,754	14,001	13,316
Peas	9,680	9,787	7,395	6,690
Asparagus	2,990	2,502	2,262	2,939
Spinach	3,151	1,293	1,454	1,960
String beans	2,737	2,962	3,101	4,602
Corn	1,211	1,722	1,677	2,194
Other vegetables	5,630	2,166	2,754	3,775
Total vegetables	59,943	53,711	43,855	46,565

¹ Basis 24 No. 2½ cans (except Utah production, actual cases).

² Actual cases, all grades and sizes.

Source: Canners League of California, Northwest Canners Association, *Western Canner and Packer*.

and 6 percent, respectively, but in both cases were only slightly above the 1947 packs. Canned juice packs fell about 10 percent between 1948 and 1949 to around the 1947 level; this reduction was substantially offset by the phenomenal increase in the pack of frozen juices and concentrates, chiefly of citrus juices, which is the most recent newcomer to the processed food industry. The total output in pounds of these several products over the past three years has varied, however, less than 3 percent. The volume of frozen fruits and vegetables, on the other hand, has grown quite rapidly, since the set-back of 1947, and in 1949 represented about 1/9 and 1/8, respectively, of the poundage of canned fruits and vegetables.

Fruit packs in 1949

The long dormant season, caused by the severe winter of 1948-49, stimulated the setting of very large deciduous fruit crops in California, with a resultant depressing influence on prices, both for fresh fruit and for the large stocks of canned fruit products remaining in packers' hands from the previous season. In view of this unfavorable price outlook, it was generally expected in the trade that the new season's packs would be sharply reduced. Some curtailment did, in fact, occur, especially in apricots and fruit cocktail, but these cuts were offset by increased packs of peaches, pears, cherries, and plums. The average quality of fruit packs in 1949 was notably improved.

The cling peach situation

The major problem in 1949 in the District fruit canning industry was to prevent a runaway pack of peaches. California canners' stocks of cling peaches at the beginning of the season totaled over 3 million cases—20 per-

cent of the previous season's pack, of which nearly two-thirds was still unsold. Hence strenuous efforts were directed to keeping down the size of the new pack, a difficult undertaking in view of the large impending crop. The principal means relied on to accomplish curtailment was the issuance of a marketing order by the California State Director of Agriculture, raising the minimum size of fruit acceptable for processing and establishing higher grading standards, which limited acceptance of canning peaches to fruit of No. 1 grade. In spite of drastic thinning by orchardists to produce fruit of the larger sizes, the total out-turn of California cling peaches in 1949 was the largest on record—578,000 tons, of which approximately 480,000 tons were delivered to canners. Part of this was used in mixed fruit and other products, but the season's pack of cling peaches reached a total of 16.5 million cases, or within 5 percent of the record pack of 1946.

The marketing of this large pack, swollen by the carry-over of 3 million cases from 1948, dominated the industry's sales activity through most of the season. Timely support was given by Commodity Credit Corporation purchases of nearly 1.2 million cases of cling peaches to be applied on the school lunch program. As in the two preceding seasons, an extensive advertising and sales promotion campaign was put on, financed by assessments levied upon cooperating canners and growers. The market remained highly competitive, however, and it proved impossible to maintain the season's opening prices, which were themselves some 15 to 20 percent below those of 1948. Prices were cut sharply in December by leading canners in an effort to move their stocks into distribution. The response from distributors became really significant in February, when wide publicity was given to a formal proposal from a major association of orchardists calling for a new and more drastic curtailment of cling peach production as a means of stabilizing the market both for their crop and for the canners' pack. Shipping orders increased rapidly and by April conditions had improved sufficiently to permit a moderate price increase. The market became steadily firmer and by the end of the season prices had regained the ground previously lost. Meanwhile profit margins had taken severe punishment.

Pineapple supplies and mixed fruit packs

Another troublesome problem faced by California canners in 1949 was the interruption in pineapple supplies for the fruit cocktail and mixed fruit packs caused by a six-month strike of Hawaiian longshoremen at the height of the canning season. Some canners packed a fruit mix without pineapple and held it until pineapple became available; this necessitated repacking with resulting increased production costs. Others curtailed their packs. The smaller pack of fruit cocktail was not an unmixed evil, however, as this product was also in relative oversupply with a heavy carryover from the record pack of 1948. Prices of fruit cocktail had fallen nearly 25 percent during the previous season, and the market remained depressed until the second quarter of 1950.

Vegetable packs

District vegetable packs in 1949 were somewhat larger than those of the previous season, but considerably below the packs of 1947 and 1946 when very large quantities of tomato products were put up. Tomato processing is by far the largest branch of the canning industry in this area, where the large California packs of tomato products dominate the total vegetable packs. Output of canned tomatoes reached a peak during the war, both in the West and nationally, and has since dropped back to approximately prewar levels. The District tomato pack in 1949 was the smallest since 1945; the pack of tomato juice was somewhat larger than in the two preceding seasons, but much smaller than the packs of 1945 and 1946. Overproduction of certain tomato products, such as catsup, sauce, puree, and paste, was evident in the early postwar years and burdensome inventories accumulated. Drastic reductions in some of these packs during the past two seasons have brought supplies into better balance; the total District pack of all tomato products in 1949 was the smallest since 1945. Crop damage to tomatoes in eastern canning areas reduced the total United States pack of tomato products in 1949, and strengthened the market. While District opening prices on tomatoes were considerably below those of 1948, these prices were generally well maintained; tomato juice tended to advance in price through much of the season, reflecting in part the strength in citrus fruit juices.

California asparagus and spinach packs in 1949 were the largest since 1946, but moved into distribution promptly with relatively small stocks remaining unsold at the end of the season. Adverse weather conditions in the Pacific Northwest reduced the pea pack to the smallest volume in the past ten years. Packs of both canned and frozen peas have been sharply cut back since 1946, and the previous burden of excessive stocks was reduced. Hence, the smaller pack of 1949 found a good market. The District string bean pack, produced chiefly in Oregon, is becoming of steadily increasing importance and the 1949 pack was much the largest yet recorded. Corn is another item of growing importance in the Pacific Northwest and the pack has increased markedly over prewar levels. The national corn packs were very large in both 1948 and 1949, however, and prices were depressed during the past season.

Increased volume of sales in last half of the season

Bargain prices for some of the District's leading packs in 1949, together with increased employment and higher earnings resulting from the widespread improvement in general business activity which made rapid headway in 1950, caused a large increase in sales volume as compared with the previous season. Aggregate shipments of fruits and vegetables by California canners in the period June 1, 1949 to May 31, 1950 were about 15 percent greater than in the preceding 12 months, although total seasonal supplies were up only about 4 percent.

A substantial part of the gain was due to the accelerated rate of distribution and consumer buying during the second half of the season. Shipments of eight principal fruit products by California canners in the five months January-May 1950 averaged over 3 million cases per month and accounted for 44 percent of their total seasonal movement as compared with a ratio of 38 percent in the corresponding months of 1949 and 23 percent in 1948. Unshipped fruit stocks had been reduced by June 1, 1950 to about 14 percent of the total seasonal supply as against 23 percent for the same date last year; the ratio of unsold to total stocks was also greatly reduced.

The movement of California vegetable packs in the past season tells much the same story, although the improvement in sales started earlier. The packing seasons for spinach and asparagus begin in March and April and these packs are usually well sold out before the end of the year. This was the case in 1949. Tomato processing, on the other hand, is one of the last packs of the year in California and the shipping season extends to the following fall. Although progressively reducing their total season's supplies of tomato products over the past three years by curtailing their packs, California canners have consistently increased their season's shipments. As a result canners' stocks of tomato products at June 1 were reduced from 10.3 million cases in 1948 to 9.2 million in 1949, and 5.8 million in 1950. The proportion of unsold stocks at June 1 fell from 81 percent in 1949 to 64 percent this year.

Outlook for 1950-51

The outlook for the new packing season is affected by a number of cross currents. Adverse weather and crop conditions have severely reduced fruit supplies in many parts of the country, including the Pacific Northwest, where some fruit crops were near failures and others, including pears, cherries, plums, and strawberries, were greatly reduced. The supply of California tomatoes appears likely to be affected by the prevalence of a virus disease in the important San Joaquin Valley producing area. Until recent weeks many canners were reported to be taking a conservative attitude in planning for the new season's packs, but the marked improvement in the general tone of the market and the rapid reduction in unsold stocks in the past few months have probably brought some change in canners' intentions. The outbreak of consumer buying induced by the Korean crisis has extended to canned foods as well as other products. The net effect of these several influences will probably make for increasing price firmness and tend to induce larger packs.

The early seasonal packs have already been made. California asparagus packing got a late start because of cool weather and active competition from the fresh market and frozen food packers. However, about 2.5 million cases were packed—only slightly less than a year ago. Prices have been firm, with good demand, and the pack is reported well sold out. The spinach pack is said to be slightly larger than last year's pack and has also moved well. The Northwestern pea pack is reported to be well

CANNERS' SEASONAL SUPPLIES AND SHIPMENTS OF LEADING CALIFORNIA FRUIT PACKS, 1946-47 TO 1948-49
(thousands of cases, basis 24 No. 2½ cans)

	Seasonal supply ¹	Shipments			Stocks at end of season ²	Unsold stocks; percent of total
		June- Dec.	Jan.- May	Total		
Cling Peaches						
1946-47	17,502	14,005	3,041	17,046	456	57.0
1947-48	15,765	11,170	3,348	14,518	1,247	63.4
1948-49	15,897	7,905	4,931	12,836	3,061	64.2
1949-50	19,586	9,471	8,057	17,528	2,058	51.9
Apricots						
1946-47	10,267	9,380	608	9,988	279	63.8
1947-48	3,342	2,058	644	2,702	639	75.0
1948-49	5,290	2,427	1,355	3,782	1,508	79.1
1949-50	3,816	2,192	1,092	3,284	532	67.7
Fruit cocktail						
1946-47	7,859	6,460	1,336	7,797	62	18.6
1947-48	9,512	7,227	1,985	9,212	299	11.1
1948-49	10,139	4,121	3,001	7,122	3,016	81.0
1949-50	9,285	4,058	3,433	7,491	2,104	64.3
Pears						
1946-47	1,361	674	615	1,289	72	48.1
1947-48	1,531	959	438	1,397	134	64.9
1948-49	1,318	691	392	1,084	234	74.7
1949-50	2,304	1,343	824	2,167	137	40.9
1948-49 ³	4,556	2,204	1,591	3,795	761	66.4
1949-50 ³	6,220	3,665	2,107	5,772	448	33.0

¹ Canners' stocks at beginning of season, sold and unsold, plus pack.

² Sold and unsold, June 1.

³ California, Oregon, and Washington. (Northwest data on stocks not available for earlier years.)

Source: Canners League of California, Northwest Canners Association.

along. It is expected to be considerably larger than a year ago and about up to the average of recent years. Packs of pears, cherries, and plums will be below last year's output, while the apricot pack will probably be larger.

Cling peach curtailment program

As in 1949, the outstanding problem facing the California canning industry this season is the question of controlling the size of the cling peach pack. Another large crop was forecast early in the season, and with the example of last year's experience of depressed prices to growers and price cutting by packers to move redundant stocks, it was widely felt that there should be a more effective limitation of output.

In order to secure this result, steps were taken early in the crop year to obtain a drastic revision of the California state marketing order regulating the marketing of cling peaches, a crop produced almost entirely in this state. By the terms of the revised order, issued in May, large powers of control were lodged in a joint board or committee representing growers and canners. The really vital feature of the order authorized this joint board to require the elimination by all growers of a portion of their crop before harvest if it found this to be necessary in order to prevent a burdensome surplus. To make this regulation effective, the board was given power to inspect every grower's orchard and to police the actual removal of whatever fraction of the total indicated crop it should find necessary. A "certificate of elimination" was to be issued to each grower complying with the orders of the board, and packers were prohibited from accepting fruit from growers who failed to qualify for such certificates. The revised marketing order also authorizes the setting up of arrangements by the board for the purchase and removal

from the market of any possible excess production of fruit remaining after the elimination program and the application of strict size and grading requirements.

In pursuance of the restriction program, the California State Director of Agriculture late in May approved recommendations of the joint board of growers and canners establishing an elimination percentage for cling peaches of 15 percent. Prompt action was taken by the board to secure compliance by growers, who were required to per-

form the necessary removal of immature fruit by dates ranging from June 25 to July 20 for the several different varieties involved. The procedure prescribed was the complete stripping of fruit from about every sixth row of trees in each individual orchard. This was expected to result in the removal of a potential volume of about 85,000 tons from a total indicated crop of around 570,000 tons. What the actual out-turn of fruit delivered to canners will be remains, of course, to be seen.

CENSUS OF BUSINESS—TWELFTH DISTRICT, 1948

A GREAT many changes can, and usually do, take place within a period of nine years. As years are usually more noticeable in their effect upon younger persons, so are they in their effect upon younger nations, or younger sections of nations. A recent reminder of the development of the seven western states has appeared in the 1948 census of business.¹ Preliminary figures, just released, show huge increases in trade and service activity in the United States over the last census year, 1939. And in the two most important segments—retail and wholesale trade—the Twelfth District scored considerably larger gains than the nation as a whole, both dollarwise and in terms of employment. With a little over 11 percent of the nation's population, the District accounts for 12.9 percent of United States retail trade, but only 10.4 percent of the nation's wholesale trade.

TOTAL RECEIPTS AND EMPLOYEES BY MAJOR BUSINESS CATEGORIES—TWELFTH DISTRICT, 1948

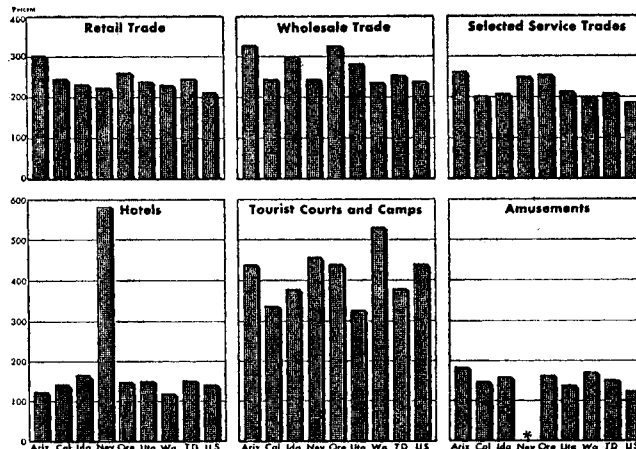
	Total sales and receipts		U. S. % inc. 1939-48	District as % of U. S. total 1948	Total employees ¹		U. S. % inc. 1939-48
	12th District Total, 1948 (in millions)	% inc. 1939-48			12th District Number 1948	% inc. 1939-48	
Retail trade . . .	\$16,789	245	210	12.9	808,861	57	44
Wholesale trade	19,286	253	238	10.4	313,360	56	46
Selected service trades	1,164	209	188	13.6	152,212	41	42
Hotels	295	149	140	14.2	48,098	19	14
Tourist courts and camps . . .	64	377	438	32.4	4,373	93	149
Amusements ² . . .	335	150	121	15.2	39,899	39	48

¹Total number of paid employees, workweek nearest November 15, 1948.
²Not including Nevada; comparable 1939 figures for that state are not available.

The only category in which this District did not fare better than the nation as a whole is tourist courts and camps. This is not at all surprising, since the District by 1939 already had more than its share of such accommodations, and in fact, took in 36.5 percent of all tourist court receipts in the nation. It has been since then that many sections of the country have introduced tourist courts. As it is, the dollar volume of business done by tourist courts and camps increased 377 percent in the District. The national increase, however, was 438 percent, and the District's share fell to slightly less than a third. Both District and national increases in hotel re-

¹The 1948 census of business covers all retail trade, all wholesale trade, selected service trades (personal services, business services, automobile repairs and services, and miscellaneous repair services), hotels, tourist courts and camps, and amusements (including motion picture theaters). As indicated by the limited coverage of services, many important ones have not been covered, such as radio broadcasting and television, medical and health, legal, educational, nonprofit, accounting, and domestic services.

**CENSUS OF BUSINESS—TWELFTH DISTRICT
Percent increases in major categories, 1939-48**



*Comparable 1939 figures for Nevada not available.

ceipts were much smaller, 149 and 140 percent, respectively, indicating the increasing preference of many travelers for tourist courts over hotels.

Retail Trade

Comparisons of dollar figures from one time-period to another are not of much value unless the accompanying changes in the price levels are taken into consideration. Thus a 210 percent increase in the dollar volume of retail sales in the United States from 1939 to 1948 and a 245 percent increase in the Twelfth District must be tempered some by the 70 percent increase in the consumer price index. Even so, the increases are impressive.

Greatest increases related to building boom

The postwar boom in residential building and automobiles is clearly reflected in retail sales. In the District, the greatest increase in the retail group—361 percent—was

RETAIL AND WHOLESALE TRADE—TWELFTH DISTRICT, 1939-48

	Retail trade		Full-time employment Percent increase 1939-48	Wholesale trade Sales and receipts Percent increase 1939-48
	Sales and receipts Percent increase 1939-48	Percent of District total 1948		
Arizona	303	3.9	95	329
California	244	65.4	64	243
Idaho	231	3.5	58	300
Nevada	223	1.2	61	243
Oregon	260	9.5	76	328
Utah	238	3.4	56	382
Washington	230	13.1	60	236
Twelfth District	245	100.0	65	253

RETAIL TRADE, TWELFTH DISTRICT, 1939-48

	U. S. % inc. in sales and receipts 1939-48	Twelfth District		Full-time employment		
		% inc. 1939-48	% of District total	% inc. 1939-48	% of District total	
Food group	205	239	23.4	12.7	30	11.5
Eating and drinking places	204	234	8.7	13.6	74	21.3
General mds. group, general stores	164	207	12.7	12.5	66	17.7
Apparel group	201	234	6.3	10.8	63	7.2
Furniture, home furnishings, appliance group	299	362	5.9	14.3	119	6.8
Automotive group	263	279	15.9	13.3	70	11.9
Gasoline service stations	130	142	5.6	14.4	35	4.6
Lumber, building, hardware group	307	328	8.7	13.1	92	7.4
Drug and proprietary stores	157	212	3.2	13.4	78	3.7
All other retail stores	215	271	9.6	12.2	61	7.9
Total retail trade	210	245	100.0	12.9	75	100.0

made in dollar sales of furniture, home furnishings, and appliances. In terms of employment this group also led the rest, with an increase of 119 percent. The lumber-building-hardware group ranked second in both dollar sales and employment gains. In the nation, these two groups also increased the most, but in reverse order. The third greatest gain in dollar sales in both the District and the nation was in the automotive group. In every group the District increase was larger than the national increase.

Arizona leads District states

In every District state, retail sales increased more than in the nation from 1939 to 1948. In Arizona, gains in both total dollar retail sales and employment were greater than in any of the other District states. This state, however, accounted for only 4 percent of total District retail sales. Oregon, with slightly less than 10 percent of the District total, came in second, and California, in which more than 65 percent of the District's retail business is carried on, took third place.

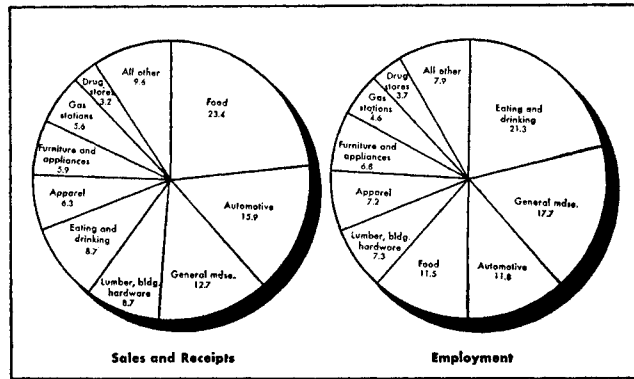
One-eighth of national total in District

With an estimated 12.4 percent of the nation's consumer income, the District conducted some 13 percent of the nation's retail trade in 1948. Greater increases in the number of new homes, and greater distances to travel in the West may account for the somewhat larger share of the nation's trade in furniture, home furnishings, and appliances, and in sales of gasoline service stations. The District's share was least in the nation's apparel trade.

RETAIL SALES—TWELFTH DISTRICT, BY STATES
Percent increase, 1939-48

	Ariz.	Cal.	Idaho	Nev.	Ore.	Utah	Wa.	Twelfth District
Food group	315	236	209	201	254	255	234	238
Eating and drinking places	281	232	265	173	234	296	222	234
General merchandise group, general stores	213	151	166	140	202	180	191	207
Apparel group	467	231	236	350	231	222	211	234
Furniture-home furnishings-appliance group	602	354	378	463	413	263	346	361
Automotive	314	279	247	290	305	270	266	279
Gasoline service stations	163	145	119	128	161	148	117	142
Lumber-building-hardware group	370	298	412	265	540	346	307	327
Drug and proprietary stores	250	219	165	303	176	185	194	212
All other retail stores	343	269	201	332	285	258	265	271
Total retail trade	303	244	230	223	260	238	230	245

RETAIL SALES BY GROUPS, 1948
Percent of District total



Smaller areas gain the most

The decentralization so dear to the hearts of city planners appears to have been taking place, to a certain extent at least, over the last decade. In the Twelfth District, for example, the smallest increases in the dollar volume of retail sales from 1939 to 1948 took place in the largest cities. Indications of the decentralization process may be found in the following comparisons. Los Angeles found its retail sales up 199 percent over 1939, but the other large cities in Los Angeles County—Pasadena, Glendale, Santa Monica, and Beverly Hills—had much greater increases. Retail sales in the county itself, excluding Los Angeles, increased 303 percent, and, excluding these five cities, 372 percent. Sales in Alameda County rose 221 percent, but when Oakland and Berkeley are excluded the increase amounts to 333 percent. Such a comparison cannot be made for San Francisco since the city makes up the entire county, but its smaller neighbors to the north and south—Marin and San Mateo Counties—had much larger increases than San Francisco. In the other District states as well, and doubtless in the nation as a whole, the areas surrounding the cities made more impressive gains than the cities themselves. Las Vegas was an exception in the Twelfth District, but a glance at its own vast expansion provides a reasonable explanation for that.

RETAIL TRADE—TWELFTH DISTRICT CITIES,¹ 1948

	Sales 1948 (in millions)	Percent increase 1939-48	Sales 1948 (in millions)	Percent increase 1939-48	
Arizona			Idaho		
Phoenix	\$ 206	331	Boise	\$ 66	197
Tucson	107	353	Idaho Falls	41	274
California			Nevada		
Bakersfield	112	222	Las Vegas	45	495
Berkeley	103	200	Reno	71	212
Beverly Hills	104	225	Oregon		
Fresno	186	249	Eugene	79	336
Glendale	141	216	Portland	572	212
Los Angeles	2,340	199	Utah		
Oakland	545	201	Ogden	69	253
Pasadena	192	247	Salt Lake City	218	187
Sacramento	236	198	Washington		
San Diego	367	284	Seattle	610	192
San Francisco	1,032	169	Spokane	197	201
San Jose	147	219	Tacoma	171	210
Santa Monica	108	254			
Stockton	130	251			

¹ Including the two cities in each state with the largest sales volume and all other cities with total retail trade of \$100 million or more in 1948.

BUSINESS INDEXES—TWELFTH DISTRICT¹

(1935-39 average = 100)

Year and month	Industrial production (physical volume) ²							Total mfg. employ-ment ³	California factory payrolls ⁴	Car-loadings (num-ber) ⁵	Dep't store sales (value) ⁶	Dep't store stocks (value) ⁶	Retail food prices ^{7,8}	
	Lumber	Petroleum ³		Cement	Lead ³	Copper ³	Wheat flour ³							Electric power
		Crude	Refined											
1929-----	148	129	127	110	171	160	106	83	111	135	112	134	132 0	
1931-----	77	83	90	74	104	75	101	82	73	91	92	110	104 0	
1932-----	46	78	84	48	75	33	89	73	54	70	69	86	89 8	
1933-----	62	76	81	54	75	26	88	73	53	70	66	78	86 8	
1934-----	67	77	81	70	79	36	95	79	64	81	74	83	93 2	
1935-----	83	92	91	68	89	57	94	85	78	88	86	88	99 6	
1936-----	106	94	98	117	100	98	96	96	100	96	99	96	100 3	
1937-----	113	105	105	112	118	135	99	105	112	115	109	106	104 5	
1938-----	88	110	103	92	96	88	96	102	96	101	96	101	99 0	
1939-----	110	99	103	114	97	122	107	112	104	110	109	107	96 9	
1940-----	120	98	103	124	112	144	103	122	118	134	110	114	97 6	
1941-----	142	102	110	164	113	163	103	136	155	224	128	139	107 9	
1942-----	141	110	116	194	118	188	104	167	230	460	137	171	130 9	
1943-----	137	125	135	160	104	192	115	214	306	705	133	203	143 4	
1944-----	136	137	151	128	93	171	119	231	295	694	141	223	142 1	
1945-----	109	144	160	131	81	137	132	219	229	497	131	247	146 3	
1946-----	130	139	148	165	73	109	128	219	175	344	136	305	167 4	
1947-----	141	147	159	193	98	163	133	256	184	401	142	330	200 3	
1948-----	144	149	162	211	107	153	116	284	180	430	134	353	216 1	
1949-----	136	147	167	202	103	140	104	303	186	423	126	331	209 6	
1949														
April-----	141	152	169	212	124	167	82	303	189	412	126	335	215 6	
May-----	143	149	170	215	126	159	100	304	189	415	134	340	211 0	
June-----	146	148	174	219	118	138	104	315	188	419	139	335	209 9	
July-----	136	146	162	217	98	131	108	299	186	423	120	329	206 3	
August-----	135	144	165	209	93	121	109	310	186	429	138	333	205 7	
September-----	140	144	166	208	84	136	108	308	185	437	138	326	207 3	
October-----	139	141	158	200	77	136	104	306	185	435	124	337	205 5	
November-----	147	140	161	200	89	145	101	299	183	421	129	319	205 7	
December-----	149	140	156	196	105	140	189	306	182	424	128	339	202 5	
1950														
January-----	121	140	161	178	123	168	104	322	179	417	96	316	206 4	
February-----	131	139	157	179	118	164	91	313	182	421	108	322	204 1	
March-----	148	138	151	201	122	160	91	299	186	427	125	321	203 4	
April-----	156	138	159	217	125	172	87	325	189	432	135	333	205 4	
May-----	184	140	162	240	131	181	95	341	194	445	141	336	205 4	

BANKING AND CREDIT STATISTICS—TWELFTH DISTRICT

(amounts in millions of dollars)

Year and month	Condition items of all member banks ⁷				Bank rates on short-term business loans ⁹	Member bank reserves and related items ¹⁰					Bank debits index 31 cities ^{11,12} (1935-39=100) ¹³
	Loans and discounts	U.S. Gov't securities	Demand deposits adjusted ⁸	Total time deposits		Reserve bank credit ¹¹	Commercial operations ¹²	Treasury operations ¹²	Coin and currency in circulation ¹¹	Reserves	
1931	1,898	547	984	1,727	+ 21	- 154	+ 154	+ 48	147	97	
1932	1,570	601	840	1,618	- 42	- 175	+ 234	+ 30	142	68	
1933	1,486	720	951	1,609	- 2	- 110	+ 150	- 18	185	63	
1934	1,469	1,064	1,201	1,875	- 7	- 198	+ 257	+ 4	242	72	
1935	1,537	1,275	1,389	2,064	+ 2	- 163	+ 219	+ 14	287	87	
1936	1,682	1,334	1,791	2,101	+ 6	- 227	+ 454	+ 38	479	102	
1937	1,871	1,270	1,740	2,187	- 1	- 90	+ 157	- 3	549	111	
1938	1,869	1,323	1,781	2,221	- 3	- 240	+ 276	+ 20	565	98	
1939	1,967	1,459	1,983	2,267	+ 2	- 192	+ 245	+ 31	584	102	
1940	2,130	1,482	2,390	2,360	+ 2	- 148	+ 420	+ 96	754	110	
1941	2,451	1,738	2,893	2,425	+ 4	- 596	+1,000	+ 227	930	134	
1942	2,170	3,630	4,356	2,609	+ 107	-1,980	+2,826	+ 643	1,232	165	
1943	2,106	6,235	5,998	3,226	+ 214	-3,751	+4,486	+ 708	1,462	211	
1944	2,254	8,263	6,950	4,144	+ 98	-3,534	+4,483	+ 789	1,706	237	
1945	2,663	10,450	8,203	5,211	- 76	-3,743	+4,682	+ 545	2,033	260	
1946	4,063	8,426	8,821	5,797	+ 9	-1,607	+1,329	- 326	2,094	298	
1947	5,355	7,247	8,922	6,006	- 302	- 443	+ 630	- 206	2,202	328	
1948	6,032	6,366	8,655	6,087	+ 17	+ 472	- 482	- 209	2,420	355	
1949	5,925	7,016	8,536	6,255	+ 13	- 931	+ 378	- 65	1,924	350	
1949											
May-----	5,738	6,357	8,154	6,112	- 8	- 202	+ 94	+ 37	2,128	345	
June-----	5,762	6,330	8,006	6,179	3.24	- 53	- 5	0	2,063	351	
July-----	5,707	6,548	8,139	6,179	.....	- 213	+ 130	- 16	1,997	344
August-----	5,729	6,846	8,221	6,170	.....	- 194	+ 40	+ 1	1,832	332
September-----	5,853	6,863	8,273	6,186	3.14	+ 41	+ 37	+ 9	1,837	336	
October-----	5,873	6,909	8,317	6,196	.....	+ 2	+ 95	+ 7	1,831	351
November-----	5,919	6,944	8,511	6,157	.....	- 12	+ 21	- 16	1,854	349
December-----	5,925	7,016	8,536	6,255	3.16	+ 40	+ 32	- 8	1,924	376	
1950											
January-----	5,901	7,123	8,620	6,244	.....	- 48	- 92	+ 5	1,892	354
February-----	5,893	6,999	8,311	6,262	.....	+ 5	- 34	- 7	1,848	360
March-----	5,946	6,923	8,167	6,303	3.36	- 2	- 223	+ 204	1,842	373	
April-----	5,914	6,896	8,307	6,282	.....	+ 28	- 126	+ 106	1,821	360
May-----	6,005	6,932	8,354	6,275	.....	- 14	- 199	+ 170	1,802	371
June-----	6,034	6,905	8,289	6,315	3.37	- 10	+ 23	+ 32	1,836	389	

¹ All monthly indexes but wheat flour, petroleum, copper, lead, and retail food prices are adjusted for seasonal variation. Excepting for department store statistics, all indexes are based upon data from outside sources, as follows: Lumber, various lumber trade associations; Petroleum, Cement, Copper, and Lead, U.S. Bureau of Mines; Wheat flour, U.S. Bureau of the Census; Electric power, Federal Power Commission; Manufacturing employment, U.S. Bureau of Labor Statistics and cooperating state agencies; Factory payrolls, California State Division of Labor Statistics and Research; Retail food prices, U.S. Bureau of Labor Statistics; and Carloadings, various railroads and railroad associations. ² Daily average. ³ Not adjusted for seasonal variation. ⁴ Excludes fish, fruit, and vegetable canning. Factory payrolls index covers wage earners only. ⁵ At retail, end of month or year. ⁶ Los Angeles, San Francisco, and Seattle indexes combined. ⁷ Annual figures are as of end of year; monthly figures as of last Wednesday in month or, where applicable, as of call report date. ⁸ Demand deposits, excluding interbank and U.S. Gov't deposits, less cash items in process of collection. Monthly data partly estimated. ⁹ New quarterly series beginning June 1948. Average rates on loans made in five major cities during the first 15 days of the month. ¹⁰ End of year and end of month figures. ¹¹ Changes from end of previous month or year. ¹² Minus sign indicates flow of funds out of the District in the case of commercial operations, and excess of receipts over disbursements in the case of Treasury operations. ¹³ Debits to total deposit accounts, excluding interbank deposits. *p*—preliminary. *r*—revised.