

# MONTHLY REVIEW

JANUARY 1951

FEDERAL RESERVE BANK OF SAN FRANCISCO

## REVIEW OF BUSINESS CONDITIONS

**I**NDUSTRIAL production, consumer spending, and business activity generally continued to exceed year-ago levels by substantial margins in December and January. In some cases the normal seasonal declines did not occur because of attempts to produce goods and services at the maximum rate possible. In December, nonagricultural employment in the United States increased over November and was 4 percent ahead of the same month in 1949. Inflationary pressures continued to result in a steadily rising level of prices which reached a new high in each week through early January. The behavior of production, employment, and prices points up the unusually high rate of expenditures by business and consumers resulting from the anticipation of larger military expenditures and the likelihood that civilian supplies of some goods may be reduced.

Increasing emphasis on military expansion was apparent from the reorganization of the mobilization organization in December. Late in December, the Office of Defense Mobilization was established to obtain closer coordination of the several departments and agencies. In addition, a Defense Production Administration was established to coordinate the production activities of the several agencies in various departments of the Government.

### *Defense budget grows substantially*

Perhaps the best indication of the increasing importance of the defense effort over the longer run may be obtained from the Budget of the President delivered to Congress in early January. Expenditures for current military operations, which do not include such items as foreign military assistance, the atomic energy program, veterans' affairs, or interest on the public debt resulting from past wars, are estimated at approximately \$21 billion for the fiscal year ending June 1951, compared with \$12 billion for the preceding year. The figure will nearly double for the fiscal year ending June 1952, with military spending estimated to be in excess of \$41 billion. This is \$1 billion more than the total civilian and military expenditure for the year ending June 1950. Estimated expenditures alone, however, do not reveal entirely the emphasis on military expansion. The President's budget calls for authorizations for military functions of approximately \$61 billion

for fiscal 1952. Authorizations in a given fiscal year for programs of Government activity that are expanding, such as our military program, frequently exceed the actual expenditures on such programs in the same year because the authorizations contemplate developments extending beyond that fiscal year.

Even with the substantial increase in spending on defense, the budget deficit for the year ending June 1951 is estimated at only \$2.7 billion. This comparatively small deficit reflects the effect of the rising level of personal and corporate income and the increases in personal and corporate income taxes approved by Congress. It is possible that yields from taxes may prove somewhat greater than anticipated, thereby reducing the actual deficit below the present estimate. In the coming fiscal year, that ending in June 1952, the estimate of the budget deficit is almost \$16.5 billion, and it has been proposed that this deficit be closed by additional taxes.

### *Impact of recent developments on the Twelfth District*

Reports from various sources indicate that the Twelfth District will again be host to a substantial expansion in plant and equipment as a result of the expanded military program. It is likely, however, that the impact will not be as spectacular as it was in World War II. It is the intention of the various agencies involved in the defense effort to disperse facilities as widely as possible. For example, it has often been stated that no new aircraft plants would be assigned to the West Coast. At the same time, however, utilization of existing facilities will continue. In addition, District plant and facilities have expanded considerably during the postwar period. As a result, productive capacity exists which can be useful for many defense purposes. To support such activities as aircraft, however, and to utilize the output of such industries as aluminum, addi-

### Also in This Issue

**Some Allies In the Fight Against Inflation**  
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tional facilities will be required. Various public and private agencies in this District report a large volume of inquiries concerning the location of plants. Some of the inquiries are for plants that would make primarily civilian products, but a fair proportion involve capacity that could be used for either civilian or military goods. Added to this source of increased activity is the reactivation of Government-owned facilities. A magnesium plant in California is to be reopened, and it appears likely that some Government-owned shipyards may be reactivated.

In addition, the events of recent months have induced many firms to carry out plans which they already had for expansion or the construction of new facilities. The pressure created by the fear of material shortages and controls has hastened the execution of many such programs. This is evident from the figures on new building authorized. Nonresidential permits in urban areas of this District hit an all time peak in August, declined in September, but rose again in October and November. The November level was only slightly below the peak in August and preliminary figures indicate that the December level of nonresidential construction authorized may have exceeded the August level. The rapidly increasing volume of permits for business structures has more than offset the decline in residential building. As a result, total permits in urban areas have gained instead of showing the usual seasonal decline. The National Production Authority order of mid-January restricting all commercial construction will probably reduce the volume of nonresidential building, but it is difficult to estimate the extent of the reduction at this time.

#### Consumer spending continues high

Consumers have also been adding to the pressure on the price level by spending at a record rate. After the scare buying of last July and August, consumer spending moderated somewhat but remained well above 1949 levels. Restrictions on consumer credit, introduced in September and strengthened in October, reduced the buying of durable goods somewhat. Sales of automobiles, particularly of used cars, were expected to decline more than those of other durable items, but even after the terms were tightened in October the 1950 record compares favorably with that of 1949. The number of new cars sold in California in July, August, and September ran about 55 percent above the level of the corresponding period of 1949. October sales dropped to a level slightly above that of October 1949, and November sales were slightly below the year-ago level. The adverse turn of the war in Korea again stimulated the sales of automobiles and other durable goods, with the result that sales of new cars in California in December ran about 10 percent ahead of December 1949.

The demand for automobiles and other durable goods continued to gain in strength during January. It is based upon a high level of personal income, large holdings of liquid assets, and, judging from January department store data, an increasing use of consumer credit. These devel-

opments suggest that inflationary pressures during the past several months would no doubt have been greater in the absence of the present regulations pertaining to consumer credit.

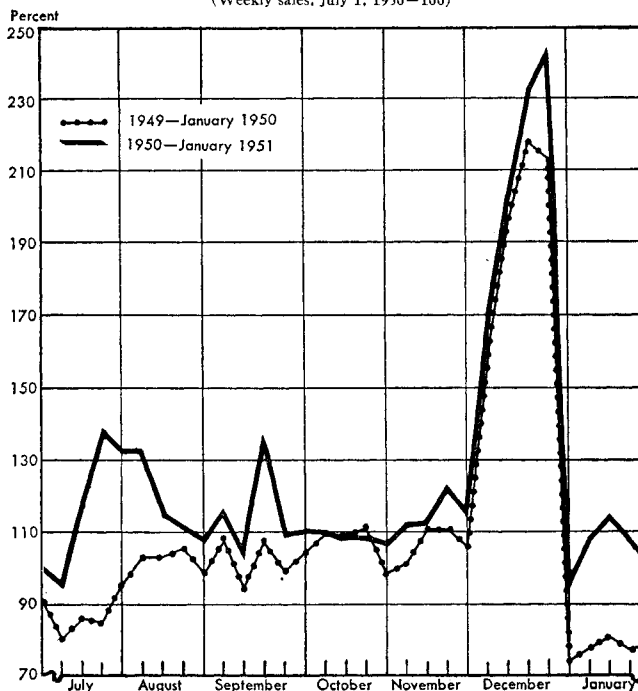
#### Christmas Sales at New Record High

More money was spent at Twelfth District department stores in December 1950 than during any previous December. Dollar sales were 7 percent above December 1949, the previous high. Of the major cities in the District, Tacoma, Spokane, and Seattle reported the largest increases. Sales in the other Federal Reserve Districts were also substantially above those of December 1949, and for the country as a whole sales were up about 10 percent over 1949. In this District, Christmas shopping at department stores went into full swing during the week ending December 2 (see the accompanying chart). During each week of the Christmas shopping season, sales surpassed those of the comparable week of 1949. The largest year-period increase for the District, 15 percent, came during the week ending December 23.

#### Durable goods dominate picture

The shift from nondurable goods sales to durable goods sales, evident during most of 1950, was further accentuated in December. Preliminary figures indicate a 20 percent increase in furniture sales over December 1949, and an increase of over 30 percent in sales of floor coverings and major household appliances. Sales of television sets were brisk despite credit regulations, increased prices, excise taxes, and the color controversy. Sales of the radio-phonograph-television department increased

INDEX OF TOTAL DEPARTMENT STORE SALES—89 STORES,  
TWELFTH DISTRICT  
(Weekly sales, July 1, 1950=100)



WEEKLY DEPARTMENT STORE SALES—SELECTED  
TWELFTH DISTRICT CITIES

Percent changes in value of sales compared with corresponding  
period a year ago

Week ending	Twelfth District	San Francisco	Seattle	Portland	Salt Lake City	Los Angeles area
Dec. 2, 1950..	+ 5	+11	+ 8	0	+ 4	— 2
Dec. 9, 1950..	+ 2	+ 4	+ 9	0	+ 4	— 1
Dec. 16, 1950..	+ 6	+ 7	+ 15	+ 7	+ 7	+ 2
Dec. 23, 1950..	+15	+15	+ 29	+18	+15	+ 9
Dec. 30, 1950..	+27	+21	+ 35	+28	+21	+24
Jan. 6, 1951..	+38	+26	+ 59	+56	+58	+33
Jan. 13, 1951..	+40	+34	+101	+55	+54	+31
Jan. 20, 1951..	+40	+34	+ 64	+93	+34	+31
Jan. 27, 1951..	+30	+28	+ 46	+40	+35	+24

more than 20 percent. The unseasonably large sales of furniture, floor coverings, and major household appliances indicate that Christmas shoppers bought with an eye to possible shortages and further price increases. Soft goods sales were also up in December, but only moderately. December sales of women's dresses, suits, and coats were up about 4 percent over December 1949, and sales of women's accessories—millinery, underwear, shoes—were up only 2 percent. Though total department store sales increased, sales in the basement showed a slight decline from December 1949 to December 1950. This indicates that consumers were less interested in the outlay required to make a purchase than in the availability, and perhaps the quality, of the merchandise. This is somewhat reminiscent of the early postwar period when the demand for war-scarce goods was great enough to cause sales in the upstairs departments to increase more than in the comparable, lower priced departments in the basements.

#### Credit buying restrained

During the buying panic in July, the dollar volume of instalment sales was over 100 percent higher than during July 1949, and August and September instalment sales were more than 30 percent above those of the comparable months in 1949. These increases were considerably larger than the year-period increases in total sales during the same months. With the reinstitution of credit controls and a return to more normal buying, the dollar volume of instalment sales increased only slightly in October and decreased slightly in November, compared with the comparable months in 1949. In December, the dollar volume of instalment sales showed no change from the December 1949 level. That instalment sales did not increase, although there was a substantial increase in total sales, may

have resulted in part from the effect of the credit controls and in part from the high level of employment and consumer income.

#### Stocks remain high

Even with the high level of Christmas sales, department store stocks at the end of December remained fairly high. Stocks of most departments were above the December 1949 level, and for the furniture, floor coverings, and major household appliance departments stocks were up 50 percent or more. Stocks of the radio-phonograph-television department were slightly over 100 percent above the December 1949 level. Stocks of nondurable goods and of the basement departments showed moderate increases.

#### Christmas spills over into January

The level of department store sales during the weeks following Christmas has been unseasonably high. The post-Christmas decline in dollar sales during the week ending December 30 was not so great as usual. Sales during the week ending January 6 increased sharply and in the week ending January 13 jumped to the high level maintained during November. The weeks ending January 20 and 27 marked moderate declines from the level established in the week ending January 13. Sales during these weeks, however, were still well above the comparable weeks of 1950. During the weeks following Christmas, department stores in the Pacific Northwest made the largest year-period gains reported in the District. In January 1950, however, department store sales in the Pacific Northwest and some other District areas were depressed by severe winter weather. Even so, the unfavorable weather of last year was not alone responsible for the year-period sales increases reported for department stores thus far this year. Price increases played some part but more important was the worsening of the Korean situation which has given rise to a new wave of scare buying. Contrary to the December experience, instalment sales since Christmas have increased considerably over the same period last year. This increase, prompted by a renewed buying panic, has resulted largely from the unusually high sales volume of furniture, radios, television, and major household appliances. These items require a large cash outlay and are, therefore, largely sold on credit. Preliminary figures indicate, however, that the scare buying has not reached the proportions of last summer.

### SOME ALLIES IN THE FIGHT AGAINST INFLATION

THE imposition of the price and wage freeze announced on January 26, 1951 will serve to focus public attention for some time to come upon these direct controls as a means for restraining inflation. Such a reaction is understandable in view of the fact that Government controls over prices and wages have so many ramifications throughout our economy and directly affect so many people. Our experience in using both direct and indirect controls to curb inflation during World War II has impressed

strongly upon us, however, the realization that these devices by themselves relieve the symptoms of inflation but do not cure it.

If consumers have substantially more money to spend than there are goods and services to buy at controlled prices, they accumulate a large volume of savings. The excess of purchasing power out of current income and the potential purchasing power represented by the accumulated liquid assets place continuous upward pressure

upon prices and hence greatly complicate the problem of holding them at a given level by direct controls. The growth in liquid assets also provides the basis for inflationary pressure at some later time when price controls are discontinued. The sharp rise in prices that followed the abandonment of price controls in mid-1946 provides ample testimony to this fact.

Our World War II experience has impressed upon us the limitations of a policy for restraining inflation that places primary reliance upon direct price and wage controls without at the same time making strong use of indirect controls in the form of appropriate fiscal and credit measures. The Administrator of the Economic Stabilization Agency took recognition of this fact by stating that he hoped that wage and price controls might be necessary only temporarily until inflation could be effectively controlled by the use of more rigorous tax and credit measures.

#### **Credit controls**

The principles underlying general and selective credit controls and some of their advantages and limitations in restraining inflation have been discussed in a series of brief articles in previous issues of the *Monthly Review*. These articles developed the point, among others, that the impact of credit controls falls upon only one source of inflationary pressure—spending out of borrowed funds. To restrict such spending is essential in our present fight against inflation. In addition, however, we also need other indirect controls to reduce spending out of current income and to discourage spending out of liquid assets.

#### **Tax increases**

Increased taxes are the most effective means for reducing spending out of current income. As in the case of many other types of controls, however, there is always the problem of putting the increase into effect soon enough and in large enough measure to accomplish the desired result. It is now generally recognized that in the interests of economic stability we should have taxed ourselves much more heavily during World War II.

Heavy taxation, particularly in a period of large war expenditures, serves to restrain inflation in several different ways. An increase in personal income taxes tends to reduce the amount of consumer spending for civilian goods out of current income, thereby reducing inflationary pressures. An increase in the corporate income tax has a somewhat similar effect upon business spending. In both cases, moreover, individuals and business have less money that might be invested in liquid assets. The accumulation of such assets on a large scale can pose an inflationary threat at some later time.

Selective excise taxes can be used not only as a revenue measure, but also as a device to increase the cost to the consumer of commodities that use scarce materials. The increased cost tends to reduce the volume purchased and thereby facilitates the transfer of the scarce materials to

more urgent needs. The added cost to the consumer constitutes additional revenue for the Government rather than for the producer or seller.

#### **Effect of Government borrowing on inflation**

Increased taxes from whatever source reduce the amount of borrowing that the Government has to do. The less borrowing it does, the greater the possibility of confining that borrowing to non-bank lenders. If the Government borrows from individuals or non-bank investors of whatever sort, there is no net increase in the money supply at that time. Funds already in existence are merely transferred to the Government from the former holders. The effect of the transfer is different, however, than in the case of the payment of taxes. Borrowing from non-bank investors places in their hands Government securities whereas tax payments do not. Under existing circumstances, holders of Government securities can readily convert them into cash and spend the funds thus obtained. Moreover, the sale of the securities will result in an increase in the money supply if and when they find their way into the banking system.

If, however, the Government borrows from commercial banks, the money supply is increased immediately, and that in turn gives rise to additional inflationary pressures. When a private customer borrows from a bank, the amount of the loan is typically credited to the customer's checking account. New bank deposits thus come into being. The borrower may draw upon his additional deposits to make payments to other individuals and businesses. In this event, his deposit balance declines, but the recipients of the funds are likely to deposit them in their bank accounts. Deposits in the banking system as a whole rise, therefore, as bank loans expand. The same thing happens when the Government borrows from a bank. When a bank buys some newly-issued Government securities, it typically credits the Government's deposit account for the amount of the purchase. As the Government spends these funds, they find their way into the deposit balances of individuals and businesses.

Moreover, Government borrowing to finance military expenditures is potentially more inflationary than borrowing by private business for peacetime pursuits. In both cases, the expenditure of the borrowed funds ultimately provides additional income to consumers. In the first case, however, production is confined primarily to military goods, and hence there is no increase in the supply of civilian goods to match the increase in income. In the second case, some increase in the output of civilian goods would normally occur but the increase may take the form either of goods immediately available for consumption or of capital goods which will subsequently enlarge the output of consumer goods.

#### **Voluntary restraints with respect to wages and profits**

Increased taxation acts as a positive curb upon spending out of current income by reducing the amount of dis-

posable income. The fight against inflation may also be aided by voluntary measures designed to prevent the growth of income. The smaller the earned income, the less can be spent from it. Voluntary restraints in requesting or offering higher wages and acceptance of moderate profit margins by industry are examples of policies which restrict the growth of income and hence tend to reduce inflationary pressures under conditions such as we have at present. While the effectiveness of such voluntary measures is limited owing to competitive pressures for higher wages and higher profits, they can contribute something to the fight against inflation. Moreover, they may continue to play a useful role, even though primary reliance is placed upon direct price and wage controls to restrain the growth of total consumer and business income.

#### **Discourage spending out of liquid assets**

To attain maximum success in restraining inflation through indirect controls, we need also to discourage consumer and business spending out of existing liquid assets. This is a field in which we have done less so far than in the field of credit control and taxation. In addition to moral suasion, some discouragement of spending out of liquid assets may be achieved by making the holding of such assets more attractive.

A factor of basic importance in any effort to discourage spending out of liquid assets is the full and complete use of all available powers to prevent further price rises. To convince people that the purchasing power of the dollar will be maintained will probably do more than anything else to encourage them to hold liquid assets.

We may also need to explore the possibilities of requiring investors to hold some portion of their liquid assets until such time as inflationary pressures are no longer present. Banks might be required, for example, to hold a secondary reserve against deposits in the form of Government securities. This would be of limited effectiveness, however, if other large institutional investors remained free to determine whether to hold funds in Government securities or to lend them to private borrowers.

If a pay-as-you-go policy for Government expenditures seems to involve taxes so high as to diminish individual and business incentive, a compulsory program of saving might be employed. Individuals, and possibly businesses, might be required to invest some portion of their earned income in the form of Government securities that could not be sold or redeemed until inflationary pressures had diminished to a point where spending out of such assets would not be a cause for economic concern. These are all possibilities that might be considered if inflationary pressures become increasingly strong.

In summary, vigorous use of indirect controls involves what might be termed an interesting paradox. On the one hand, their vigorous use is essential if controls over prices and wages are to attain maximum effectiveness; while on the other, the more vigorously indirect controls are used the less extensive and complex direct controls need to be. The indirect controls, in turn, cannot achieve their maximum effectiveness unless they are all used in conjunction to restrict spending out of current income, out of borrowed funds, and out of liquid assets.

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### **INDEXES OF PACIFIC COAST WATERBORNE FOREIGN TRADE**

**S**TARTING with this issue, the *Monthly Review* indexes will include monthly indexes of the tonnage of waterborne exports and imports laden and unladen at the Pacific Coast customs districts of San Diego, Los Angeles, San Francisco, Oregon, and Washington. These customs districts are all within the Twelfth Federal Reserve District, and account for the majority of foreign trade carried on within the District. The foreign trade figures relate only to vessel shipments of commercial cargo, and the original volume figures are in terms of gross tonnage—thus including the weight of all containers, wrappings, crates, and devices used to facilitate handling of heavy cargo.

Exports, as used in this index, include, in addition to regular commercial exports, re-exports and all export shipments by commercial vessels for United States foreign aid programs and for the use of United States Government agencies abroad (except the United States armed forces). Imports are general imports unladen in the Pacific Coast customs districts and include cargoes destined for transshipment to other customs districts. The index excludes inbound and outbound movements of foreign goods in transit to other foreign countries, ship-

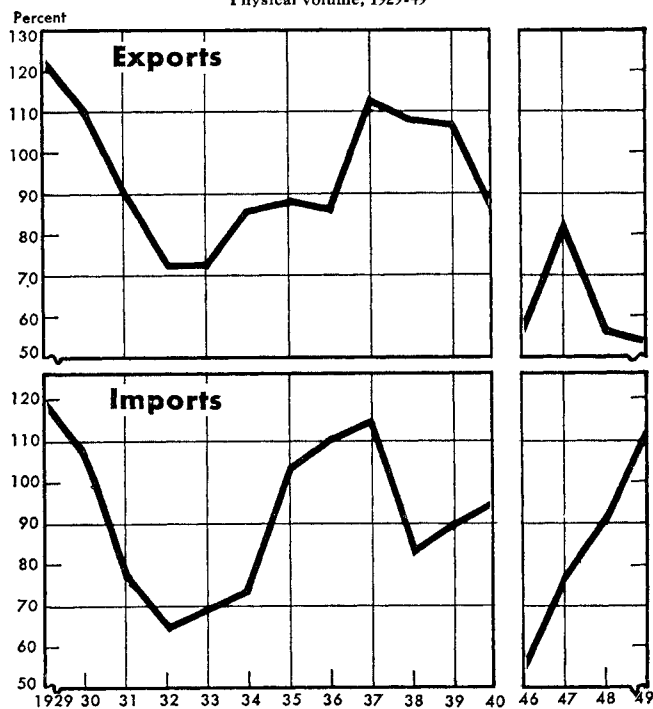
ments on Army or Navy transports and Department of Defense controlled vessels carrying foreign aid and relief shipments, trade between Pacific Coast ports and United States territories and possessions, and shipments for the use of United States armed forces abroad.

Prewar data for the index were taken from Report 295 of the United States Maritime Commission, *Waterborne Foreign and Domestic Commerce of the United States*.<sup>1</sup> Postwar data for the years 1946 through 1949 are from report FT 972 of the Bureau of the Census, *Waterborne Trade By United States Port*. Current monthly data are taken from unpublished Census Bureau machine tabulation sheets, FT 352 and 752, of cargo laden and unladen at United States ports. Necessary data for the war years 1941 through 1945 are not available.

The coverage of the index has been confined to waterborne foreign trade and physical volume for several reasons. Technical considerations regarding the availability and comparability of prewar and postwar value statistics—e.g., differences in coverage by type of transportation or by method of accreditation of exports and imports to

<sup>1</sup> This report combines a small volume of military cargoes with the commercial cargoes.

INDEXES OF PACIFIC COAST WATERBORNE TRADE—  
Physical volume, 1929-49\*



\*Figures unavailable for 1941 through 1945.

customs districts—prevent the use of a value standard. Furthermore, the rapid rise of prices between the prewar and postwar periods makes a comparison on value terms alone of questionable value. *Waterborne* foreign trade was chosen as the best indicator of foreign trade activity along the Pacific Coast both because the major share of Pacific Coast foreign trade is waterborne<sup>1</sup> and because of the availability of reliable statistics relating to waterborne commerce. The use of vessel shipments by port of lading and unlading is also a better measure of port activity than port of final destination or origin, since it includes the substantial volume of goods handled by Pacific Coast districts for transshipment to other customs districts.

However, care must be exercised in the interpretation of an index based on tonnage alone, unweighted by value.

<sup>1</sup>This holds true even though San Diego and Washington carry on a rather extensive trade across the United States borders with Mexico and Canada.

The dominance in Pacific Coast trade of certain low value—high tonnage commodities, such as petroleum, lumber, and cotton will cause changes in the volume of such cargoes to exert a more than proportionate effect on the index than changes in the volume of high value—low tonnage products. In addition, although tonnage may not change, the total value of trade may rise, even in the absence of price increases, because of a shift in the commodity composition of either exports or imports. In this regard, a physical volume index is defective because it fails to take into account changes in the commodity composition of trade.

In general, Pacific Coast foreign trade since 1947 has shown a declining trend in exports and a rising trend in import volume, a movement similar to that evidenced by United States exports and imports as a whole.

Starting with July 1950, statistics of export volume for the Pacific Coast customs districts and the United States exclude certain "special category" shipments (that is, exports of strategic value) for national security reasons. No data are currently published regarding total physical volume of such commodities exported, either for individual customs districts or for the United States.<sup>1</sup> As a result, export volume will be understated by the amount of the "special category" shipments.

<sup>1</sup>Total United States export releases include, however, a single value figure for "special category" exports, but do not show customs district of export or foreign port of destination.

#### PUBLICATION OF TECHNICAL STUDY

*A Statistical Study of Regulation V Loans*, by Susan S. Burr and Elizabeth B. Sette, is now ready for distribution at the offices of the Board of Governors. Regulation V was an innovation in war finance that enabled the commercial banking system to act promptly in providing war producers with working capital during World War II and thus lessened the need for direct Government financing.

The present study, presenting more detailed statistics of Regulation V loans than could be currently released while the program was in operation, groups the data to show the main characteristics of the lending program. The purpose is to record for future use an experience gained under emergency pressure. The pamphlet may be purchased for 25 cents or 15 cents in group purchases of 10 or more for single shipment. Orders should be sent to the Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington 25, D. C.

BUSINESS INDEXES—TWELFTH DISTRICT<sup>1</sup>

(1935-39 average = 100)

Year and month	Industrial production (physical volume) <sup>2</sup>								Total mf'g employment <sup>4</sup>	Car-loadings (number) <sup>2</sup>	Dep't store sales (value) <sup>2</sup>	Retail food prices <sup>3,5</sup>	Waterborne foreign trade <sup>5,6,*</sup>	
	Lumber	Petroleum <sup>3</sup> Crude	Refined	Cement	Lead <sup>3</sup>	Copper <sup>3</sup>	Wheat flour <sup>3</sup>	Electric power					Exports	Imports
1929.....	148	129	127	110	171	160	106	83	....	135	112	132.0	124	118
1931.....	77	83	90	74	104	75	101	82	....	91	92	104.0	90	76
1932.....	46	78	84	48	75	33	89	73	....	70	69	89.8	72	64
1933.....	62	76	81	54	75	26	88	73	....	70	66	86.8	72	69
1934.....	67	77	81	70	79	36	95	79	....	81	74	93.2	86	74
1935.....	83	92	91	68	89	57	94	85	....	88	86	99.6	88	103
1936.....	106	94	98	117	100	98	96	96	100	103	99	100.3	86	110
1937.....	113	105	105	112	118	135	99	105	112	109	106	104.5	112	114
1938.....	88	110	103	92	96	88	96	102	96	96	101	99.0	108	82
1939.....	110	99	103	114	97	122	107	112	104	104	109	96.9	107	90
1940.....	120	98	103	124	112	144	103	122	118	110	119	97.6	86	96
1941.....	142	102	110	164	113	163	103	136	155	128	139	107.9	...	...
1942.....	141	110	116	194	118	188	104	167	230	137	171	130.9	...	...
1943.....	137	125	135	160	104	192	115	214	306	133	203	143.4	...	...
1944.....	136	137	151	128	93	171	119	231	295	141	223	142.1	...	...
1945.....	109	144	160	131	81	137	132	219	229	134	247	146.3	...	...
1946.....	130	139	148	165	73	109	128	219	181	136	305	167.4	58	55
1947.....	147	147	159	193	98	163	133	256	187	142	330	200.3	85	78
1948.....	159	149	162	211	107	153	116	284	191	134	353	216.1	57	93
1949.....	151	147	167	202	103	140	104	303	183	126	331	209.6	55	115
1949														
October.....	156	141	158	200	77	136	104	306	182	124	337	205.5	58	105
November.....	151	140	161	200	89	145	101	299	179	129	319	205.7	59	111
December.....	156	140	156	196	105	140	189	306	178	128	339	202.5	55	97
1950														
January.....	129	140	161	178	123	168	104	322	175	96	316	206.4	44	103
February.....	141	139	157	179	118	164	91	313	179	108	322	204.1	54	123
March.....	160	138	151	201	122	169	91	299	184	125	321	203.4	65	106
April.....	174	138	159	217	125	172	87	325	186	135	333	205.4	57	108
May.....	207	140	162	240	131	181	95	341	193r	141	336	205.4	61	107
June.....	181	142	170	244	118	172	105	331	194r	148	342	206.3	66	150
July.....	184	142	170	245	86	167	113	341	198r	125	454	209.6	59	110
August.....	186	145	178	251	95	177	112	340	204r	135	374	210.6	48p	141p
September.....	176	148	177	218	103	175	105	339	207r	140	368	209.0	58p	135p
October.....	187	153	177	252	104	177	99	352	209r	131	342	212.4	...	148p
November.....	167	154	179	229	111	195	97	353	208	131	345	214.9	...	...

## BANKING AND CREDIT STATISTICS—TWELFTH DISTRICT

(amounts in millions of dollars)

Year and month	Condition items of all member banks <sup>7</sup>				Bank rates on short-term business loans <sup>8</sup>	Member bank reserves and related items <sup>10</sup>					Bank debits index 31 cities <sup>9,11</sup> (1935-39 = 100) <sup>2</sup>
	Loans and discounts	U.S. Gov't securities	Demand deposits adjusted <sup>5</sup>	Total time deposits		Reserve bank credit <sup>11</sup>	Commercial operations <sup>12</sup>	Treasury operations <sup>12</sup>	Coin and currency in circulation <sup>11</sup>	Reserves	
1929.....	2,239	495	1,234	1,790	.....	- 34	0	+ 23	- 6	175	146
1931.....	1,898	547	984	1,727	.....	+ 21	- 154	+ 154	+ 48	147	97
1933.....	1,486	720	951	1,609	.....	- 2	- 110	+ 150	- 4	185	63
1934.....	1,469	1,064	1,201	1,875	.....	- 7	- 198	+ 257	+ 18	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	+ 137	- 3	549	111
1938.....	1,869	1,323	1,781	2,221	.....	- 3	- 210	+ 276	+ 20	565	98
1939.....	1,967	1,450	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	135
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.....	4,068	8,426	8,821	5,797	.....	+ 9	- 1,607	+ 1,329	- 326	2,094	298
1947.....	5,358	7,247	8,922	6,006	.....	- 302	- 443	+ 630	- 206	2,202	326
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	3.20	+ 13	- 931	+ 378	- 65	1,924	350
1950.....	7,110	6,381	9,254	6,251	3.35	+ 38	- 1,141	+ 1,198	- 13	2,075	395
1949											
November.....	5,919	6,944	8,511	6,157	.....	- 12	+ 21	- 2	- 16	1,854	349
December.....	5,925	7,016	8,536	6,255	3.16	+ 40	+ 32	+ 30	- 8	1,924	376
1950											
January.....	5,901	7,123	8,620	6,244	.....	- 48	- 92	+ 5	- 62	1,892	354
February.....	5,893	6,999	8,311	6,262	.....	+ 5	- 34	- 7	+ 10	1,848	360
March.....	5,946	6,923	8,167	6,303	3.36	- 2	- 223	+ 204	+ 16	1,842	374r
April.....	5,914	6,896	8,307	6,282	.....	+ 28	- 126	+ 106	+ 4	1,821	361r
May.....	6,005	6,932	8,354	6,275	.....	- 14	- 199	+ 170	+ 8	1,802	371
June.....	6,034	6,905	8,289	6,315	3.37	- 10	+ 23	+ 32	+ 5	1,836	389
July.....	6,162	6,810	8,458	6,250	.....	+ 3	- 149	+ 169	0	1,858	382
August.....	6,418	6,699	8,627	6,210	.....	- 2	- 102	+ 125	+ 18	1,863	421r
September.....	6,664	6,495	8,754	6,213	3.29	+ 62	- 45	+ 72	+ 9	1,893	417
October.....	6,810	6,452	8,871	6,239	.....	- 56	- 93	+ 150	+ 10	1,930	428
November.....	6,963	6,319	9,018	6,194	.....	+ 24	- 21	+ 42	- 3	1,983	425
December.....	7,110	6,381	9,254	6,251	3.38	+ 48	- 80	+ 131	+ 4	2,075	464

<sup>1</sup> Adjusted for seasonal variation, except where indicated. Except 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; retail food prices, U.S. Bureau of Labor Statistics; and carloadings, various railroads and railroad associations; foreign trade, U.S. Bureau of the Census. <sup>2</sup> Daily average.

<sup>3</sup> Not adjusted for seasonal variation. <sup>4</sup> Excludes fish, fruit, and vegetable canning. <sup>5</sup> Los Angeles, San Francisco, and Seattle indexes combined.

<sup>6</sup> Commercial cargo only, in physical volume, for Los Angeles, San Francisco, San Diego, Oregon, and Washington customs districts; starting with July 1950, "special category" exports are excluded because of security reasons. <sup>7</sup> Annual figures are as of end of year, monthly figures as of last Wednesday in month or, where applicable, as of call report date. <sup>8</sup> Demand deposits, excluding interbank and U.S. Gov't deposits, less cash items in process of collection. Monthly data partly estimated. <sup>9</sup> Average rates on loans made in five major cities during the first 15 days of the month. <sup>10</sup> End of year and end of month figures. <sup>11</sup> Changes from end of previous month or year. <sup>12</sup> 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. <sup>13</sup> Debits to total deposit accounts, excluding interbank deposits. \*Explanation of series appears in this issue. p—preliminary. r—revised.