



TWELFTH FEDERAL RESERVE DISTRICT

# MONTHLY REVIEW

FEBRUARY 1953

FEDERAL RESERVE BANK OF SAN FRANCISCO

## YEAR END INVENTORY AND PROSPECT

**T**HE most notable feature of our economy in 1952 was its ability to operate at record postwar levels of private and government spending without inflation. As 1952 demonstrated that our economy could support both a high level of private demand and heavy defense expenditures with relative price stability, the fear of inflation was displaced in the minds of some people by new forebodings. To them our economy appears to be in precarious balance on the edge of a very high and long-sustained level of prosperity with a fall into the pit of depression inevitable. This somewhat excusable but nevertheless insufficiently comprehensive method of appraising current and prospective economic developments seldom gives proper consideration to both the favorable and the unfavorable factors at any given time. A review of the sustaining economic forces during the past year and a balancing of the foreseeable elements of strength against those of weakness afford considerable evidence that we will find ways again this year to utilize fully our enormous productive capacity.

In 1952 many records were established, such as in the number of persons employed, in the amount of business investment in new plant and equipment, and in the amount of consumer income and spending. The value of all goods and services offered on the market last year is estimated at \$346 billion, some 5 percent above 1951, and in the fourth quarter it was running at the rate of \$360 billion. This gain was made possible by increased productivity and by record employment, with an average of 61.3 million persons at work and only 1.7 million unemployed. Industrial production over the year averaged about the same as 1951, despite the fact that the amount of time lost as a result of work stoppages was twice as large in 1952. By the fourth quarter of the year these stoppages had ceased and industrial production reached its highest peak since VE day.

Prices of steel, copper, aluminum, and coal increased and prices of some imported commodities and of some agricultural products, particularly cattle and cotton, declined. The general price level, although relatively stable, had a tendency to drift downward. Wholesale prices ended the year 3.5 percent lower than the opening index,

with nearly all of the decline accounted for by the sharp drop in the prices of farm products and of imported raw materials. Prices to consumers increased by only 1 percent during the year. Many goods were removed from price controls during the year, either by action of the Office of Price Stabilization or by Congress.

Selective credit controls were also removed during the year, and, with their elimination and the gradual removal of direct price controls, the role of indirect and quantitative credit controls became increasingly important. The Federal Reserve System continued to maintain a neutral position with respect to the Government bond market. As commercial banks were reluctant to sell Government securities at a loss, they had to resort to borrowing from the Federal Reserve banks to meet temporary deficiencies in reserves. Notwithstanding this mild restraint on the expansion of bank credit, the money supply increased substantially during the year. Private borrowing was responsible for most of the \$9 billion expansion in commercial bank credit in 1952. Consumers accounted for an unusually large share of the growth in private borrowing from all sources. Total consumer credit outstanding rose by \$3.4 billion during the year, with one-third of this increase consisting of instalment loans for the purchase of automobiles.

### Annual Review, 1952

**Banking and Credit—A Year of Tight Money**

**Twelfth District Industry Continues Expansion**

**Retail Trade Improves in 1952**

**Foreign Trade: Fair Winds and Calms —  
But A Good Passage**

**Soaring Production Counterbalances  
Price Dips for District Farmers**

Wage increases granted in 1952 contributed to the growth in consumer income. Although consumers spent heavily, accounting for 62 percent of all spending last year, they also added to their financial savings at a rapid rate. Saving in the form of liquid assets, such as deposits and securities, and the accumulation of equities by debt liquidation was at an exceptionally high level, amounting to 9 cents out of each dollar after taxes. The relative abundance of goods and the absence of unusual developments, such as those that led to scare-buying in mid-1950 and early 1951, restored to a more normal condition the relationship between the consumer and the producer. Consumers, therefore, began more insistently than at any time for many years to call the tune for the economy. As a result producers in many lines found it necessary to promote sales more vigorously than in most postwar years.

Government expenditures, Federal, state, and local, continued to be a major factor in sustaining the high level of production. The Federal Government purchased \$54.4 billion of the nation's output of goods and services in 1952, of which 90 percent was for national security purposes. Such expenditures rose by nearly \$12 billion over the 1951 level, with the increase in the rate of expenditure concentrated in the first half of 1952. During the course of the year the national debt rose by nearly \$8 billion. Since half of this increase went into Government investment accounts, the national debt held by banks and the public increased only \$4 billion. Instead of the cash surplus of the prior year, the Federal Government ran a cash deficit of \$1.6 billion and a budgetary deficit of \$5.8 billion in calendar year 1952. Expenditures of state and local governments totaled \$23.4 billion, an increase of \$1.7 billion from 1951.

Private investment totaled \$52 billion in 1952, down \$6 billion from 1951. This over-all drop is entirely attributable to a lower rate of inventory accumulation in 1952. New construction continued at approximately the prior year's level, and business actually spent somewhat more for durable equipment in 1952 than in 1951. Nearly all this latter increase occurred in the public utility and transportation industries. About 40 percent of business construction was put in place under the accelerated tax amortization program. Residential construction continued at very high levels despite a relatively tight mortgage market. Corporate profits before taxes are estimated at from \$1.5 to \$2.5 billion under 1951 figures, and despite retained earnings of approximately \$7 billion business borrowed a substantial sum to finance its new investment.

The high level of economic activity resulting from these large expenditures and investments has provided consumers with sufficient income to permit them to save substantial amounts. At the same time, they have accumulated a large amount of amortizable debt. Instalment payments on debt restrict the availability of funds out of income for current purchases. This need not be serious if

new buyers come forward to fill the gap. Encouraging in this regard are the attitudes of consumers as revealed in the 1953 Survey of Consumer Finances conducted annually by the Board of Governors of the Federal Reserve System. The survey indicates that consumers have a confident attitude concerning their financial positions and expect to purchase automobiles and major household durable goods in large volume in 1953. They also plan to buy slightly more housing, new and used, than they expected to a year ago. Moreover, when the consumer begins to call the tune, innovation is encouraged. The prospects that new products will attract purchasers are good, since most of the products currently produced are of prewar or immediate postwar design. There should also be some increase in consumer spendable income as the wage increases granted in 1952 take their full effect.

Business spending promises to be maintained at rates close to the present. Surveys of intentions of business for investment in plant and equipment in 1953 reveal a proposed level of spending somewhat higher than in 1952. Only \$2.4 billion in business inventories were accumulated during the past year as compared with \$9.4 billion in 1951. With the present high rate of defense and consumer spending, the present level of inventories is likely to be maintained. The demise of the excess profits tax, should that occur, might also make more funds available for business expenditures. House construction has been at a high rate in recent months and shows promise of approximating the performance of 1952. New investment, then, shows evidence of continued strength.

Federal Government expenditures are expected at least to equal and probably to exceed those of last year by as much as \$3 or \$4 billion. Since the bulk of Government spending consists of outlays for defense, the anticipated increase of about \$5 billion in defense spending will more than offset any probable reduction in nondefense expenditures.

It would seem, therefore, that the new year has begun, according to all available economic indicators, on a strong base. The few signs of weakness, such as declining agricultural prices and a decline in the volume of exports, do not yet appear to be dangerously contagious or of serious enough nature to imperil the present high level of economic activity. Barring unforeseen foreign developments the relative stability of 1952 should carry over into 1953.

It would be as mistaken, and considerably more imprudent, however, to predict permanent prosperity as to predict "inevitable" depression. But it should be inspiring to realize that the principal fear is that our enormous productive capacity may not find sufficient outlets—inspiring in the sense that we already have in hand the instruments for an extremely high standard of living if we can use them well. Viewed in this light, significant reductions in defense outlays, if and when they are made, will afford the opportunity for further increases in civilian production for still higher standards of living.

## BANKING AND CREDIT—A YEAR OF TIGHT MONEY

**T**HE rising level of economic activity in 1952 was accompanied by a larger dollar increase in bank loans than occurred in 1951, both in the Twelfth District and the nation. Percentagewise, however, the increases in total loans were approximately the same as those in 1951. Total member bank loans rose by 12.4 percent in the Twelfth District, compared with 10.9 percent in 1951, while the national increases were 11 percent in both years. The loan expansion in 1952 was concentrated primarily in the latter half of the year, whereas in 1951 it was more evenly distributed between the first and second halves.

The greater dollar increase in bank loans in 1952 did not reflect, however, an easing in general credit controls. Instead, banks were under consistently greater pressure to maintain their reserve positions than in 1951. The year 1952 might well be described, therefore, as a year of "tight" money. The meaning of such a term is, of course, a relative matter. Money was certainly "tighter" in 1952 than in any other postwar year and yet monetary policy was only mildly restrictive.

Economic conditions did not seem to call for a more restrictive policy. Although the economy operated at a record level throughout most of 1952, there were no pronounced upward pressures upon prices. In fact, wholesale prices drifted gradually downward during the year. Relative stability in prices and production prevailed even though the total money supply rose by \$10.4 billion. Nearly half of this increase went into time deposits which are much less active than demand deposits. The growth in time deposits was the largest since 1946 and reflected the substantial rate of personal saving that started in early 1951 and has continued since.

### **Sharp increase in member bank borrowing**

The required reserves of all member banks rose, on the average, about \$1 billion during 1952 as a result of the substantial expansion in bank deposits. This increase plus a substantial drain upon reserves arising from a growth of more than \$1 billion in money in circulation placed member banks under great pressure to secure additional reserves.

Banks found it relatively unattractive to raise these funds by the sale of Government securities at their existing prices and yields, and consequently turned increasingly to the discount window as the year progressed. This increasing use of the central bank's discount facilities had a somewhat restraining effect on bank credit expansion during 1952. The restraint largely arose because of the short-term nature of member bank borrowing and the reluctance of banks to remain in debt at the Reserve bank. In December, member bank borrowing was the largest since 1921. The average amount of discounts outstanding during the year was nearly \$800 million, more than two and one-half times larger than in 1951 and six times greater than in 1950, the year before the "accord."

### **Direct credit controls discontinued**

The over-all stability of the economy during 1952 diminished the need for direct credit controls and opened the way for their suspension and abandonment as the year progressed. The Voluntary Credit Restraint Program was suspended on May 5, 1952, and controls over consumer instalment credit were removed on May 7. The terms of mortgage credit controls on residential properties were relaxed on June 11.

At the end of June, Congress terminated the authority for the Voluntary Credit Restraint Program and for consumer instalment credit controls. It also restricted the authority over mortgage credit, and the terms of the restriction led to the removal of mortgage credit control in September.

### **Types of credit demanded different than in 1951**

The types of credit demanded in 1952 were strikingly different from those of 1951. Business loans accounted for the major part of the increase in commercial bank loans in 1951, both in the Twelfth District and the nation, while consumer loans showed little change. In contrast, the major expansion in 1952 occurred in consumer loans. Although business loans also increased, their growth was much less than in 1951.

This different behavior in the two years reflects both the suspension of consumer instalment credit controls in May 1952 and changes in the demand and supply situation for business loans. The expansion in business loans in the latter half of the year was largely concentrated in those industries—food manufacturing, commodity dealers, and trade concerns—that customarily borrow in the fall. Loans to concerns engaged in defense and defense-related activities, mainly metal and metal product manufacturing and public utilities, did not expand nearly so much as they did in the last half of 1951. Although overall business demands for funds were large during 1952, these needs were met to a larger degree than usual by raising new capital through security issues. Last year corporations offered more new securities than in any year since 1929, including both new money and refunding issues. The new money raised for investment in plant and equipment and in working capital totaled \$8.3 billion, one-fourth more than in 1951 and more than twice the amount in 1950.

Consumer instalment credit outstanding in the country as a whole increased \$3 billion in the last 8 months of 1952 following the suspension of Regulation W in early May. This is the sharpest increase on record and in dollar amount exceeds the increase in any previous full year. No pronounced inflationary pressures seemed to stem from this large increase, however, although prices of consumer durable goods strengthened after the middle of the year.

Consumer instalment credit outstanding at the end of 1952 represented 7 percent of consumer disposable income for the year as a whole. This compares with 6.6 percent in 1950, the previous postwar year with the highest ratio. The highest prewar years were in the period 1939-41, when the percentages were 6.3, 7.2, and 6.4 respectively.

#### Twelfth District loan expansion

Total loans of Twelfth District member banks rose by \$973 million in 1952, compared with increases of \$773 million in 1951 and \$1.2 billion in 1950. Nearly 80 percent of the increase in 1952 occurred in the second half of the year, while the increase in 1951 was more evenly distributed throughout the year.

Consumer loans accounted for 44 percent of the increase in total loans in 1952; real estate loans, 28 percent; and business loans, 20 percent. This is in sharp contrast with 1951 when business loans accounted for 70 percent of the increase in total loans, and consumer loans declined slightly. The share of the increase represented by real estate loans—26 percent—was slightly smaller than in 1952.

Larger holdings of automobile instalment paper by Twelfth District member banks accounted for more than half of the increase in their consumer loans outstanding in 1952. Other retail instalment paper made up 22 percent of the growth, and most of the balance was distributed about evenly between repair and modernization loans and instalment cash loans.

Business loans at Twelfth District member banks rose by nearly \$200 million during the year, a gain of 20 percent. They declined about 4 percent in the first half of the year, however, so that all the growth was concentrated in the last six months. The evidence furnished by weekly reports from banks classifying their major loans by industry indicates that only a few industries expanded their borrowing on a year-to-year basis. Firms in the metals and metal products industries had the largest net

increase in borrowing, reflecting the continuing impact of the defense program in the Twelfth District. Sales finance companies were second, and helped to account for the large increase in consumer loans by banks. Commodity dealers and firms in the petroleum, coal, chemicals, and rubber group were tied for third place. All the other major industries segregated in the report had net declines in their borrowing.

The somewhat larger increase in 1952 in real estate loans outstanding reflects the fact that District construction activity was substantially above the 1951 level. Residential mortgages, primarily of the FHA type, accounted for the bulk of the growth in total real estate loans held by District member banks.

Farmers found themselves in a somewhat tighter financial position in 1952 as a result of falling agricultural prices without a commensurate decline in costs. This apparently made them somewhat more cautious in their borrowing than they had been the year before. Loans to farmers for current production outstanding at District member banks increased only 5 percent in 1952, compared with a 1951 rise of 40 percent. Increased price support activity as a result of falling prices resulted in a sharp increase in loans guaranteed by the Commodity Credit Corporation, in contrast to the decline in 1951.

#### Government security holdings change little

Twelfth District member banks in 1952 continued the slow increase in their holdings of United States Government securities that started in 1951. For the second consecutive year, however, the dollar increase in their holdings of corporate and municipal securities exceeded the rise in their Government security holdings.

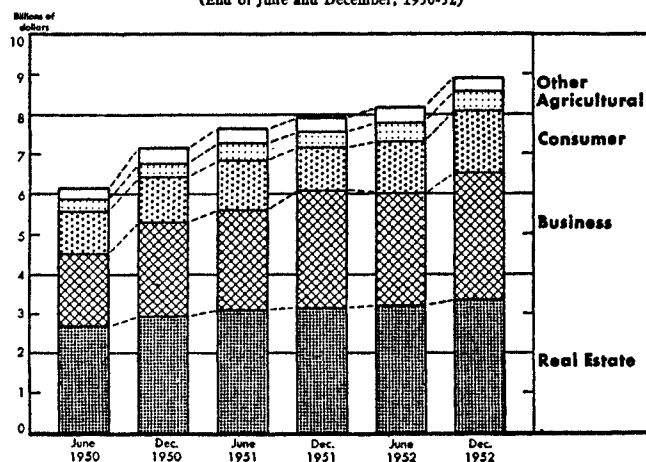
The maturity structure of the United States Government securities portfolio held by banks in the District changed over the past year primarily in that bills and certificates substantially increased while notes decreased. There has not been much change in the longer maturities but rather a shift within the short-term securities to the short end.

#### Yields continued to rise throughout 1952

Yields on United States Government securities rose steadily on the national money market during the past year. The monthly average of rates on new issues of three-month bills reached a peak in December of 2.126 percent, as compared with 1.731 percent in December of 1951. On the other hand, yields of long-term Government bonds declined in the first half of the year, but by December they were back to the January level of 2.74 percent. On an average yearly basis the rate paid on new issues of three-month bills increased by 14 percent in 1952 while the average yield on long-term Governments rose by 4 percent. This compares with increases in 1951 of 27 percent and 11 percent, respectively. The increase in yields was not confined to United States Government securities. The average yield on high-grade municipals climbed by 9.5 percent during the year, and the Decem-

LOANS OUTSTANDING AT TWELFTH DISTRICT MEMBER BANKS

(End of June and December, 1950-52)



## MONEY RATES AND YIELDS

	Prime commercial paper, 4- to 6-months	United States Government Securities (taxable)				Corporate bonds (high-grade)
		3-month Treasury bills <sup>1</sup>	9- to 12-month issues	3- to 5-year issues	Long-term issues	
1950: June .....	1.31	1.174	1.23	1.47	2.33	2.59
December .....	1.72	1.367	1.46	1.64	2.39	2.66
1951: March .....	2.06	1.422	1.79	1.86	2.47	2.78
June .....	2.31	1.499	1.79	2.00	2.65	2.95
September .....	2.19	1.646	1.71	1.93	2.56	2.85
December .....	2.31	1.731	1.77	2.09	2.70	3.03
1952: March .....	2.38	1.658	1.69	2.02	2.70	2.96
June .....	2.31	1.700	1.74	2.04	2.61	2.95
September .....	2.31	1.786	1.95	2.28	2.71	2.98
December .....	2.31	2.126	2.03	2.30	2.75	2.99

<sup>1</sup> Rate on new issues.

Source: Board of Governors of the Federal Reserve System and United States Treasury Department.

ber 1952 yield was 0.3 percent higher than the December 1951 yield. Corporate bonds also edged upward over last year but not by as much as Government securities.

Since securities tend to be competitive with loans in a bank's portfolio, the average rate charged on short-term loans by banks in selected cities also increased from 3.1 percent in 1951 to 3.5 percent in 1952, an increase of 13 percent. The largest increase in rates occurred on the larger loans, rates charged on the smaller loans already being relatively high.

#### The money supply continued to expand

The total money supply<sup>1</sup> rose by approximately \$10.4 billion in 1952, the largest annual increase since the end of the war. This gain exceeded that for 1951 by \$1.4 billion and for 1950 by \$3.3 billion. The substantial growth in United States Government deposits during 1952 accounted for the larger increase in the total money supply than in 1951, since the privately-held money supply increased only \$8.5 billion, or \$600 million less than in the year before.

Most of the increase in the money supply originated in bank loans, which rose by \$8 billion in 1952 compared with \$7.2 billion in 1951. Another contributing factor was an increase in the Federal Reserve System's holdings of Government securities of \$900 million, a substantially smaller gain than occurred in 1951. Commercial and savings banks increased their holdings of Government securities by \$1.3 billion, compared with a decrease in 1951 of \$1.6 billion. Moreover, our gold supply in-

<sup>1</sup> The total money supply includes currency outside banks, privately-held demand and time deposits, and United States Government balances, including its balances at Federal Reserve banks.

#### MEMBER BANK DEPOSITS AND EARNING ASSETS—TWELFTH DISTRICT

(in millions, as of December 31)

	1941	1950	1951	1952 <sup>p</sup>
Demand deposits of individuals, partnerships, and corporations....	\$2,778	\$8,917	\$9,744	\$10,231
Time deposits .....	2,390	6,233	6,672	7,371
United States Government deposits..	144	266	291	476
Loans .....	2,451	7,093	7,866	8,839
United States Government securities.	1,738	6,415	6,471	6,625
Other securities .....	542	1,373	1,473	1,707

<sup>p</sup> Preliminary.

<sup>1</sup> Excluding interbank and United States Government deposits.

creased by \$500 million in 1952. It may be said, therefore, that private rather than public deficit was primarily responsible for the growth in the money supply in 1952.

The rate of use of the money supply did not change much from the prior year. Demand deposits, which represent the medium through which most transactions are effected, turned over at a somewhat more rapid rate in New York City but moved a trifle less rapidly in other cities. The composition of the increase in the private money supply was markedly different in 1952, however. Over one half of the increase was in time deposits, which are much less active than demand deposits, compared with less than one-quarter of the 1951 increase.

Within the Twelfth District the increase in deposits owned by the public was slightly less in 1952 than in 1951, although the decline in the rate of increase was not as large as in the United States. A shift in the composition of increase in the District from demand to time deposits followed the national trend. Of the increase in privately-held deposits in 1952, nearly 60 percent went into time deposits in the District compared with 35 percent in 1951.

#### Increased pressure put on member bank reserves

On December 31, 1952, Twelfth District member bank reserves reached the record level of \$2,514 million. The increase of \$244 million was the same as that in 1951, but exceeded the gains in all prior postwar years.

As in former years, one of the primary factors contributing to the expansion of member bank reserves in the

#### SOURCES AND USES OF TWELFTH DISTRICT MEMBER BANK RESERVES

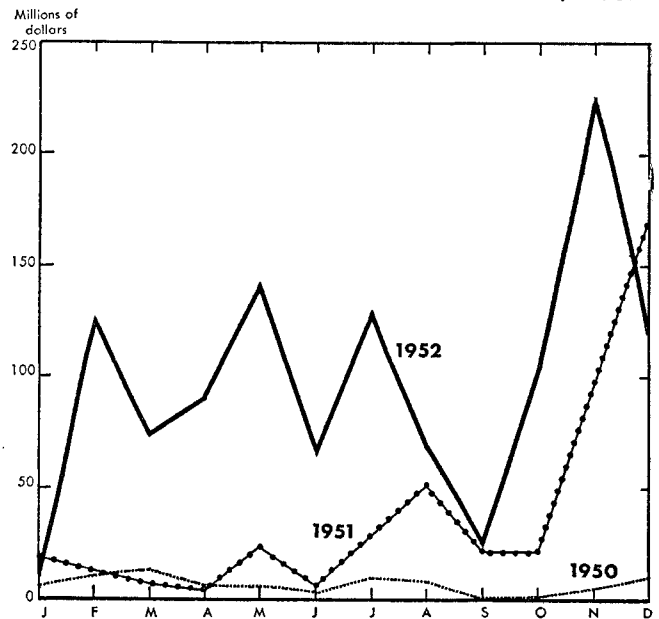
(in millions of dollars)

Sources of member bank reserves (factors which when positive increase reserves)	1936-40 (average)	1949	1950	1951	1952
Reserve bank credit .....	+ 1	+ 13	+ 39	- 21	+ 7
Change in credit extended to member banks in the District by the Federal Reserve Bank of San Francisco.					
Commercial operations .....	-180	-930	-1141	-1582	-1912
Net payments from other Districts to banks and the public in the Twelfth District (net Twelfth District payments to other Districts—).					
United States Treasury operations .....	+311	+378	+1198	+1983	+2265
Net payments from the Treasurer's account at the Federal Reserve Bank of San Francisco to banks and the public (net payments to the Treasurer's account—).					
Total .....	+132	-539	+ 96	+ 380	+ 360
Uses of member bank reserves (factors which when positive reduce reserves)					
Demand for currency .....	+ 36	- 65	- 14	+ 189	+ 132
Change in holdings of coin and currency by banks and the public.					
Change in nonmember deposits and other Federal Reserve Accounts .....	+ 3	+ 22	+ 8	- 53	- 16
Total .....	+ 39	- 43	- 6	+ 136	+ 116
Change in member bank reserves .....	+ 93	-496	+ 102	+ 244	+ 244

Twelfth District was the excess of Federal Government expenditures over collections, which in 1952 amounted to \$2.3 billion and was the highest since 1945. Offsetting this gain was the net transfer of funds out of the District in payment for goods, services, and securities. These net payments amounted to \$1.9 billion and exceeded the previous postwar high of \$1.6 billion in 1946. The net demand for currency in the Twelfth District was less in 1952 than in 1951 and thereby caused somewhat less pressure upon reserves than the year before.

Although there was little net change on a year-to-year basis in the amount of Reserve bank credit outstanding in the Twelfth District, this fact conceals more than it reveals. The reluctance of banks to remain in debt on statement dates leads them to reduce their borrowing substantially at year end. Actually, there was a sharp increase in Twelfth District member bank borrowing during 1952, as there was throughout the country as a whole, with most of the increase occurring in the latter half of the year. Since the Federal Reserve-Treasury accord in March 1951, member bank borrowing in the District, as in the nation, has been increasing quite steadily. This trend is shown by the annual average of Wednesday figures of Twelfth District member bank borrowing which was \$6 million, \$38 million, and \$99 million in 1950, 1951, and 1952, respectively. This method of meeting re-

MEMBER BANK BORROWING—TWELFTH DISTRICT, 1950-52



<sup>1</sup> Monthly averages of Wednesday figures.

serve requirements is a restraining influence on bank credit as new funds tend to be used to retire the debt owed to the Reserve banks rather than to finance new credit expansion.

### TWELFTH DISTRICT INDUSTRY CONTINUES EXPANSION

**I**NDUSTRIAL activity in the Twelfth District, spurred on in large measure by the defense program, continued to grow in 1952. The importance of that program is reflected in the expansion of the aircraft, shipbuilding, and machinery industries and the contribution of those industries to rising employment. Nondefense developments in the form of new plants not related to the defense program also contributed substantially to industrial growth and activity during the year, and the prospects for further expansion are good. The approaching completion of the petroleum products pipe line from Edmonton, Alberta, to the Puget Sound area in Washington marks one of the most important new elements in the industrial structure of the Pacific Northwest.

In response to these forces production in most manufacturing lines increased during 1952, and construction, paced by new home building, moved sharply ahead of the 1951 volume, falling short of the 1950 peak by only a small margin. Expansion in output was not the lot of all industries, however. The pack of canned goods, except for tomatoes, dropped behind 1951 because of smaller harvests and a large inventory carry-over. Lumber production declined slightly in response to lower demand, reflecting the effects of high inventories at the beginning of the year. Aluminum output in the latter part of 1952 fell off as a result of reduced power allotments necessitated by a deficiency of rainfall in the Columbia River Basin. Generally, however, manufacturing indus-

tries experienced gains ranging from moderate increases for most nondurable goods to sharp increases for aircraft, shipbuilding, and machinery.

On the whole the experience of the District was better than that of the nation. The effects of variations in de-

### INDEXES OF INDUSTRIAL PRODUCTION—TWELFTH DISTRICT

(1947-49=100)

Industrial Production	1939	1944	1946	1947	1948	1949	1950	1951	1952 <sup>p</sup>
Copper	80	112	71	106	101	93	113	115	112
Lead	93	90	70	94	105	101	109	93	86
Zinc	47	91	81	98	100	102	101	95	88
Silver	167	93	64	100	105	95	122	114	111
Gold	234	67	71	101	100	99	117	99	88
Iron ore	9	73	49	100	102	97	119	178	162
Steel ingots	24	73	60	95	107	98	126	147	139
Aluminum	..	117	51	90	102	108	119	126	121
Petroleum	67	93	94	100	101	99	98	106	107
Refined oils	63	93	91	98	100	103	103	112	116
Natural gas	63	90	88	101	103	97	100	98	94
Cement	56	63	81	96	104	100	112	128	124
Lumber	72	90	85	97	104	99	112	113	107
Wood pulp	67	79	82	96	103	101	120	140	145
Paper	65	80	88	96	102	102	109	120	122
Douglas fir plywood	53	80	78	91	104	105	142	160	171
Wooden boxes	..	136	124	115	98	87	94	96	92
Canned fruits	74	87	125	101	99	100	96	121	104
Canned vegetables	43	93	123	109	92	99	110	172	158
Meat	63	94	101	102	94	103	103	108	116
Sugar	97	82	90	119	89	93	105	98	95
Flour	91	101	108	113	98	88	86	95	95
Butter	178	124	69	105	92	103	99	76	66
Cheese	71	93	99	103	98	99	104	105	106
Ice cream	46	81	131	113	96	91	94	99	113
Canned fish	87	82	83	93	98	109	122	95	85

<sup>p</sup> Preliminary.

Note: Data given above supersede all previously published annual indexes.

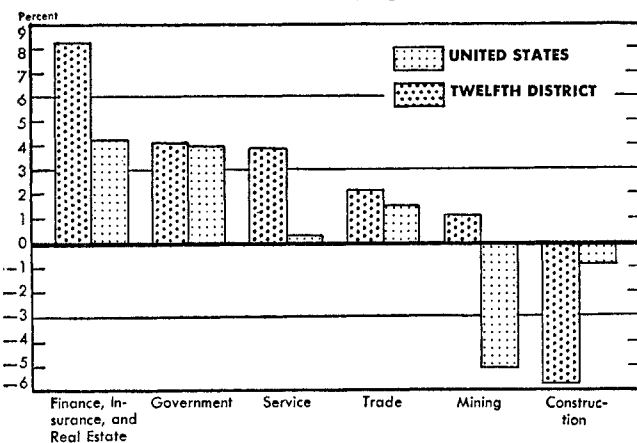
mand for consumer durables and the impact of the steel strike were much less apparent here than in most other parts of the country. The sustaining effects of defense activity have been relatively greater in the Twelfth District than in the country as a whole because this District's share of the contracts thus far issued has exceeded its over-all share of the nation's industrial capacity and equipment. Although aircraft is the District's outstanding defense industry, the metal, machinery, electronics, petroleum, and food industries have all participated to a significant extent in defense business. Nevertheless, non-military demand has been important even to many of these industries and particularly in the paper, textile, and printing industries, all of which had a good year in 1952.

**High employment in 1952 stimulated by defense industries**

In 1952, as in 1951, defense industries dominated the increase in nonagricultural employment in the Twelfth District. Owing mainly to the continued steady growth of these industries, nonagricultural employment reached a new peak in 1952. Because of the greater impact of the defense program along the Pacific Coast, District employment growth was well ahead of the national average. During 1952 the average level of Twelfth District non-agricultural employment was 3 percent higher than in 1951, whereas it was only 1 percent higher in the nation. The District's over-all gain was concentrated in manufacturing employment and reflected not only the greater impact of defense spending but also the less severe effects of the steel strike upon the District economy than upon that of the nation.

In other lines employment gains were moderate but generally higher in the District than in the nation, with the exception of the District construction industry which suffered the only major employment loss during the year.

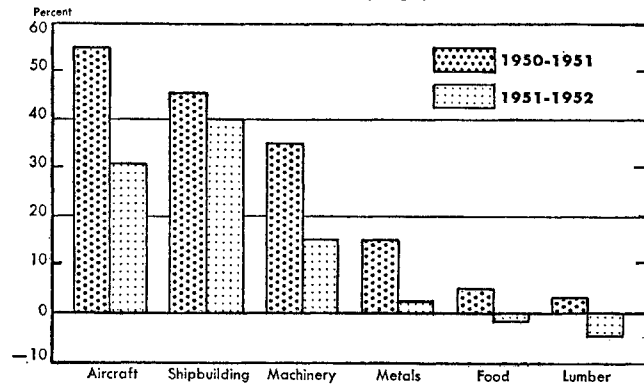
**NONAGRICULTURAL EMPLOYMENT IN SELECTED MAJOR GROUPS—TWELFTH DISTRICT AND UNITED STATES**  
(Percent change in average monthly employment, 1951-52)



Source: United States Department of Labor, Bureau of Labor Statistics and cooperating State agencies.

**MANUFACTURING EMPLOYMENT IN SELECTED INDUSTRIES—PACIFIC COAST**

(Percent change in average monthly employment, 1950-52)



Source: United States Department of Labor, Bureau of Labor Statistics and cooperating State agencies.

Percent changes in average monthly employment are shown in the accompanying charts.

During 1952 manufacturing employment increased 6 percent on an average monthly basis in the Twelfth District compared with an increase of 3 percent for the country as a whole. Although much of the District growth is attributable to defense industries, growth in these industries has shown some signs of tapering off. Aircraft employment increased 56 percent in 1951, while it increased only 31 percent in 1952. This was due mainly to the "stretch-out" in the defense program and a major labor dispute during 1952. Although activity in shipbuilding and repair was sporadic, average monthly employment increased 40 percent. In spite of this growth, employment in the industry is still small relative to the employment peaks reached during World War II. Employment in electrical machinery manufacturing averaged 22 percent higher than in 1951, most of the growth being concentrated in electronics during the latter part of the year. The average employment level in the metals industries increased slightly. Growth was restricted by severe power shortages in the Pacific Northwest, causing a decline in employment in the aluminum industry.

Gains in defense-related industries were partially offset by difficulties in the lumber and food processing industries. A soft market for lumber products, the curtailment of logging as a result of dry weather during the summer and fall, and a prolonged industry strike in the Pacific Northwest reduced average employment in the District lumber industry by 5 percent. Employment in food processing decreased slightly, 1 percent, reflecting largely a 3 percent decline in fruit and vegetable canning as a consequence of an excess inventory held over from 1951 and a smaller pack of major crops in 1952. Moderate employment gains occurred in the printing, publishing, paper, textile, apparel, petroleum products, and chemical products industries.

District employment gains were unevenly distributed among the states. Although 85 percent of the increase in nonagricultural employment occurred in California,

monthly employment in that state averaged only 4 percent more than in 1951. However, nonagricultural employment increased by 11 and 10 percent in Nevada and Arizona, respectively. The average monthly employment level increased slightly in Washington and Utah, remained level in Oregon, and declined slightly in Idaho. Employment gains in Pacific Coast manufacturing, which accounts for almost 96 percent of District manufacturing employment, were also unevenly distributed. While average monthly manufacturing employment increased by 9 percent in California, it declined slightly in Washington and Oregon. Among the Intermountain states manufacturing employment averaged 10 percent more than during 1951.

#### ***Aircraft and shipbuilding continue sharp post-Korean expansion***

The level of activity in the District aircraft industry continued its sharp upward trend throughout 1952, despite the readjustment of the timetable of defense requirements and a major strike that idled a large number of workers in southern California. During the year the industry provided more than 38,000 new jobs in plants along the Pacific Coast, representing an increase of some 20 percent over the level prevailing at the start of 1952. In terms of average monthly employment the increase was even greater, 31 percent. This advance brought the level of industry operations to a point more than one and one-third times that which existed just prior to the outbreak of the war in Korea in June 1950, but the number of persons employed at the close of the year remained approximately 25 percent below the peak reached during World War II.

Practically all of the greatly expanded output of District aircraft manufacturers represents production for military use under the current rearmament program. This program, as approved by Congress at its last session, encompasses an air force of 143 "wings," a substantial increase from the 95 "wings" approved earlier in the defense program. Owing to the reluctance of the military authorities to "freeze" designs, the achievement of this objective of 143 "wings" has been extended further into the future than originally contemplated relative to plans formulated in the earlier stages of the defense buildup. This "stretch-out" in the timetable has had the effect of retarding somewhat the rate of expansion in output and should also delay the date when industry operations will level out. The backlog of orders held by District producers at the end of 1952 exceeded \$7 billion, of which 90 to 95 percent represented military contracts. Such a backlog is sufficient to keep the industry operating at extremely high levels for several years to come.

As in 1951 the industry was faced with considerable difficulty in securing and retaining an adequate supply of trained personnel during the year. The general shortage of skilled workers that existed in the centers of aircraft

production in the District required a continuing program of recruitment and training throughout the year to keep production rising. In-migration of workers into southern California from other areas of the District and from states outside the District was a major factor in the labor supply during 1952 and may play an even greater role in further expansion of the industry during the year or two ahead. The proportion of women employed has risen sharply in the past two and a half years, and at the end of the year approximately 30 percent of the work-force in District aircraft plants were women.

Shipbuilding and repair, like aircraft, have expanded their level of operations substantially in the past two and a half years. During 1952 average monthly employment advanced almost 41 percent over the year previous, representing largely the maintenance of an expanded level of activity reached in late 1951. The accumulated gains in shipbuilding and repair operations, while very large in percentage terms—100 percent since Korea—still leave employment in the industry at a small fraction (less than 4 percent) of the peak employment during World War II. The high cost of labor and materials on the Pacific Coast relative to Eastern yards along with a sharply reduced demand for new hulls after World War II caused the industry to shrink to very minor proportions. The doubling since Korea represents largely expansion in repair and maintenance activity associated with augmented ship movements in the Pacific. New ship and boat construction has been confined to small craft production and the granting of one contract for a small number of maritime hulls to a San Francisco Bay firm. In the absence of all-out hostilities it appears doubtful that much further expansion may be expected in the industry in the period ahead.

#### ***Construction has a near record year***

Despite a slow start caused by adverse weather and the restrictive effects of Federal controls on building materials and credit, total construction activity in the Twelfth District rose sharply during 1952 over the declining level of the year before. For the year as a whole construction volume, measured by the value of building permits issued in all urban areas of the District, increased some 16 percent above 1951 and was only 6 percent under the all-time record established in 1950. A number of factors contributed to this revival of building activity during the past year. A general loosening in the controls over materials, a relaxation and ultimate suspension of mortgage credit controls, a high and rising level of overall business activity in the District, and expanding employment and income payments were the major factors responsible for the rising level of construction expenditures during the year. The continuation of a high rate of population increase, bolstered by some additional immigration during the year, was also a major factor in keeping the demand for housing and related facilities at a high level. Expenditures by the Federal Government on military and naval facilities and major expansions at



atomic energy installations located in the District, along with a sharp upsurge in outlays by state and local governments on public buildings and community facilities, were a further expansionary force in the construction picture during the year. The sharpest rise in construction activity during 1952 was registered by new home building which, in terms of the value of permits issued, rose more than 21 percent over the previous year. The number of new dwelling units for which permits were issued rose even more, up 25 percent from 1951. This greater rise in the number of dwelling units compared with the rise in value reflects the shift which occurred during the year from the construction of more expensive homes to those in the lower price categories. The shift to homes in the lower price range reflected attempts by builders to avoid materials controls on larger housing units and also reflected the fact that the larger down payment requirements under Regulation X made the more expensive houses somewhat harder to sell. It is significant that the high rate of new home construction was attained in the face of a relatively short supply of funds for VA-guaranteed mortgages and to some extent for FHA-insured loans. Interest rates generally have continued to rise with the result that insured or guaranteed mortgages whose rates have remained constant have become increasingly unattractive to lenders.

Nonresidential construction gained almost 9 percent during the year over the level reached in 1951, largely as the result of a substantial pickup late in the year. The dollar value of permits issued for nonresidential structures lagged behind the comparable period in 1951 until October when authorizations rose sharply and thereafter remained substantially ahead of the previous year. The upsurge in the last quarter of the year reflected the relaxation of restrictions on the use of critical materials and the removal of credit regulations on all types of commercial construction. Trends within the rather broad nonresidential category were highly divergent, however. Amusement and recreation facilities, which remained under the ban issued shortly after the Korean outbreak, continued near the very low level of 1951. The construction of commercial buildings, including stores, other mercantile buildings, office buildings, banks, and commercial garages, was off substantially from the previous year

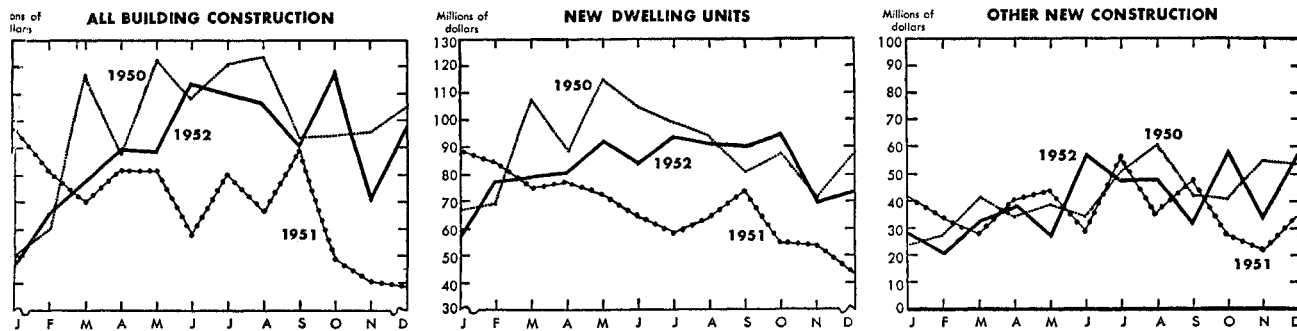
with losses in these categories ranging from 17 to almost 45 percent. Public construction, on the other hand, registered sharp increases, up 90 percent for public buildings and 20 percent for educational facilities. These gains reflected increased steel allotments and the abandonment of voluntary credit restraints. They also revealed the existence of a considerable backlog of projects delayed by the more urgent needs of the defense program. Industrial construction declined only moderately, 3 percent, from the peak level attained in 1951, reflecting the completion of many expansion projects undertaken to increase capacity for defense and civilian requirements. However, additional major industrial projects were begun in the closing months of 1952 that will be a sustaining element in the industrial construction picture during the coming year. The largest projects include a \$65 million expansion in steel facilities in southern California, a petroleum refinery in Washington (\$35 million), one in Arizona (\$18 million), and pipeline additions and construction in excess of \$25 million. Expansion of the atomic energy facilities at Hanford, Washington, totaling more than \$410 million, dominated the new projects undertaken by the Federal Government in the District.

**Lumber production declines**

The Twelfth District lumber industry was the only major durable goods industry to report a decline in activity during 1952. Lumber production in the District dropped 6 percent because of slightly lower demand and an attempt to reduce mill inventories in the pine region. The drop in demand occurred despite a near record rate of residential construction and a continued high level of nonresidential building. Lumber distributors cut their buying because of a large inventory carry-over from 1951 and some uncertainty about the future of construction activity. Nevertheless, production exceeded that in any year except 1950 and 1951. The redwood region had the best record while the pine region had the poorest. Total output reflects primarily developments in the Douglas fir and pine regions because redwood accounts for only a small proportion of District lumber output.

The demand for redwood declined the least in response to the change in market conditions. Production in the redwood region during 1952 totaled almost as much as

VALUE OF BUILDING CONSTRUCTION AUTHORIZED IN ALL URBAN AREAS—TWELFTH DISTRICT, 1950-52



Source: United States Department of Labor, Bureau of Labor Statistics.

in the previous year. Redwood, a specialty product requiring considerable drying time, has a much more stable demand than most types of lumber. Minor market fluctuations, particularly those reflecting inventory changes, have little effect on the output of redwood. In recent years redwood inventories, even at their peak, have been much smaller than the volume either mills or yards could manage comfortably. The record rate of construction activity and the absence of a burdensome inventory helped keep production high. In addition the production of white woods—principally Douglas fir—expanded moderately in the redwood region in 1952. Proximity of the redwood region to northern California markets has given them a transportation advantage, and as new Douglas fir tracts have been opened in the redwood region the producers have been able to obtain an increasing share of northern California business. In response to improved demand after mid-year, redwood prices moved up and averaged 2 percent more during 1952 than in the previous year. All of the increase, coming in late summer when prices rose about 4 percent, represents a shift to consumers of the higher wages negotiated at mid-year.

Production in the pine region of the District offers a sharp contrast to the experience in the redwood area. With only a minor decline in new orders production dropped 7 percent. Pine producers were not willing to accept an increase in stocks in 1952, whereas in 1951 additions to inventories contributed to the high rate of output. Early in 1951 pine inventories were rather low compared with orders, but by year end stocks represented a three months' supply in terms of orders. Since this was a good working volume, the industry tried to restrain the growth of stocks in 1952. December 1952 mill inventories were 5 percent below those a year earlier. Because most of the reduced output resulted from inventory adjustment, prices in 1952 averaged only slightly less than in 1951. Reversing the 1951 experience, business in the second half of the year was better than in the first half. Prices increased starting in mid-1952 and by year end were 5 percent higher than the somewhat depressed level a year earlier.

The demand for Douglas fir dropped about 3 percent from the 1951 peak. Production fell a little more than 4 percent. Unlike the pine industry, Douglas fir producers accepted a rise of more than 10 percent in inventories. For the first time since 1949 stocks on hand amounted to more than a month's supply in terms of orders. The more favorable production results in the Douglas fir region in comparison with the pine area reflected a less strenuous attempt to restrain inventory growth. Douglas fir prices also averaged about 2 percent less in 1952 than in 1951, but prices at year end were down slightly from December 1951. An increase in prices in April, May, and June, brought about by good seasonal demand and slower output than usual because of a strike by 40,000 lumber workers, gradually wore off as production passed demand in August and continued above new orders during the

remainder of the year. Prices declined slowly, however, and the industry experienced no distress.

#### *Plywood industry grows in the face of difficulties*

Production of Douglas fir plywood in the Twelfth District reached a total of more than 3 billion square feet on a  $\frac{3}{8}$  inch basis during 1952, 7 percent above the 1951 level. The total number of plywood plants increased from 94 to 100 during the year, a result of the completion of 12 new plants and the retirement, at least temporarily, of 6 existing units. This movement of plants into and out of production characterizes the fortunes of the plywood industry during the year. Though a record volume of plywood was produced and sold during the year, the competitive pressures became intense and profit margins were rather narrow, particularly at year end.

Twice during the year demand weakened, but in neither instance were the market breaks as pronounced as that in the latter part of 1951. Late spring and early summer brought a decline in orders reflecting the impact of heavy buying early in the year. Prices remained firm during this period, however, because of a seasonal slackening in output. During September and most of October the market was fairly strong and moderate price increases occurred for most grades of Douglas fir plywood. In late October, however, demand dropped sharply. Even though this decline seems to have been primarily seasonal, prices fell because of increasing output as new mills came into production. Prices dropped about 9 percent on the average between mid-October and mid-December, but the lower grades of interior plywood were off only 6 percent.

Despite the year-end drop in business and the accompanying price decline, quotations on most grades were 7 percent above the prices applying at the end of 1951. The increase in costs of production, however, tended to offset the price increase for some products.

In order to deal with the more intense competition, the industry has taken a number of steps. Many firms have diversified their products to include a variety of hardboards. Increasing use of brand names to establish firmer ties between individual companies and their users has also been relied upon to offset fluctuations in market conditions. Nevertheless, the industry recognizes that its progress is closely related to developments in the construction industry. Though the industry anticipates that some lines of construction activity may decline during 1953, it expects that the volume of residential, bridge, highway, school, and public building construction may still offer a good market. Expanded use of plywood in trucks, railroad cars, and sport boats also appears as a possibility, and the industry is looking to these users to take an increasing volume of plywood during 1953.

#### *Output of paper reaches new high in District but rate of expansion slackens*

The production of paper in the Twelfth District increased by almost 2 percent during 1952 to reach a new

high level. This gain contrasts with a decline in output of somewhat more than 8 percent for the nation as a whole. To some extent the disparity between the District and the nation reflects the greater rise in over-all business activity here than in the country as a whole. The rate of expansion in District production has slowed considerably from that of the two years prior to 1952. Output expanded some 10 percent during 1951 and more than 6 percent in 1950 compared with a 2 percent increase during 1952.

Based upon expectations of severe shortages such as occurred during World War II, production in the two earlier years was heavily influenced by large inventory accumulations of the major users of paper. In contrast, the past year saw a major downward adjustment in inventory holdings. Ultimate users of paper were attempting to operate on a minimum level of stocks and were depending upon suppliers to hold stocks adequate to fill their needs upon fairly short notice. In turn, wholesale suppliers also trimmed stock holdings and placed orders with the mills to fill current requirements only. These inventory developments account for the decline in paper production nationally. Production difficulties, because of the dry spell in the Pacific Northwest which hampered logging and reduced power supplies, also restrained District output. The process of inventory adjustment was confined for the most part to the second and third quarters of the year, with the fourth quarter showing a definite firming of demand and a pickup in the level of paper mill activity. Prices remained relatively stable through most of the year despite the inventory decline. In September and October, prices advanced almost 1 percent, reflecting the cessation of inventory liquidation.

District paper producers expanded their productive capacity during the year by some 7 percent, much of which represented the completion and bringing into operation of projects undertaken in earlier periods. The influx of added capacity at a time when output was being restrained resulted in an average utilization of only 94 percent of the industry's production potential. The existence of this excess capacity, not only in the District but nationally as well, made it possible for the National Production Authority to free the industry from the controls previously imposed.

#### ***Expanding District aluminum industry again hit by power shortage***

The year 1952 was one of marked vicissitudes in the District aluminum industry. Demand for aluminum for national defense, together with high levels of business investment and general purchasing power, assured a ready market for all the primary aluminum and fabricated products the industry could produce. Price increases of about 5 percent were obtained in August for both ingot and semi-manufactured products. Considerable enlargement of productive capacity was obtained by bringing into initial operation one new smelting plant in the Dis-

trict and by enlarging the facilities of two others. Offsetting these favorable developments, however, was a long continued drought in the Pacific Northwest, which reduced stream flow in the Columbia River system to critically low levels in the last four months of the year and forced a drastic curtailment of power supplies with resulting heavy losses in production of primary aluminum.

The year had begun on a note of optimism—a reaction from the scare of September 1951 when a temporary shortage of hydroelectric energy with resulting power curtailment had led to suggestions from the national defense authorities that some of the aluminum plants of the Pacific Northwest might have to be moved to other areas having more dependable power supplies. At that time it had been necessary to shut down only a few pot lines, based on interruptible power, which were soon restored to production as heavy rains in October quickly replenished the low stream flow and weather conditions returned to normal. Loss of aluminum output from the power shortage was limited in 1951 to only a few thousand tons.

That episode, however, served a useful purpose by highlighting the critical dependence on reliable power supply of certain national defense industries, including aluminum and some of the ferro-alloys, which are large consumers of electric energy. It focused public attention on the need for more steam electric plants in the Pacific Northwest as standby capacity for the protection of power supplies at recurrent low water levels, or even to take up the extra load caused by seasonal peaks in the demand for electric power. The approaching completion of a large-diameter pipe line to bring crude oil from Alberta to the North Pacific Coast will assure an abundant supply of relatively cheap oil fuel in that area. Provision of the steam power facilities so urgently needed in the area will thus become more feasible from an economic point of view.

The events of 1952 demonstrated even more convincingly the need for broadening the base of Pacific Northwest power supplies. Extremely low water flow in the Columbia River, which is the backbone of the area's power system, led the Bonneville Power Administration to order the suspension of interruptible power service beginning September 3. This order cut off 375,000 kilowatts of power and hit chiefly the aluminum ingot producers who currently depend on interruptible power for roughly 40 percent of their total requirements. In contrast with the situation in 1951, conditions did not improve but grew worse as the season of heavy domestic and lighting use of power approached and the drought continued. Effective November 17, the Defense Electric Power Administration ordered a 10 percent reduction in firm power for industries using more than 8,000 kilowatt hours of electricity weekly. This order affected some 1,500 factories and firms in the Pacific Northwest and resulted in a further loss of power to the aluminum ingot industry of about 65,000 kilowatts of power. Together

with the earlier curtailment, it was estimated to have reduced the output of pig aluminum in the area by more than a million pounds a day—roughly 40 percent of the industry's productive capacity at the year end.

Not until the middle of January 1953, following two weeks of heavy rains and unseasonably warm temperatures which melted snows, did stream flow improve sufficiently to permit any relaxing of the power curtailment. The order of November 17, restricting large users of firm power to 90 percent of their normal use, was canceled on January 13 and interruptible sales started again on January 16. Meanwhile the public utilities of the area had put their steam power plants on a 24-hour around-the-clock basis in order to relieve the situation. Steam-generated power is relatively costly in the Pacific Northwest, running from two to four times as much per unit as the hydro energy sold by Bonneville to large industrial users.

The total quantity of aluminum production lost as a result of the power cutbacks is estimated at about 80,000 tons, all but 5,000 tons being due to the cut in interruptible power. Most of this loss occurred in 1952 and had the effect of reducing the District's output of primary aluminum below the figure for the preceding year for the first time since 1946, whereas the larger capacity available in 1952 should have permitted a substantial increase.

#### Strike brings cut in steel operations

The nation-wide strike of steelworkers in May and June resulted in a fairly substantial decline in the output of steel mills in both the District and the nation in the year under review. Production of finished steel items fell by a little more than 5 percent in the Twelfth District, less than half the 11 percent decline recorded for the country as a whole. The disparity between the District and the nation was the result of the continued uninterrupted operations of a major District producer who reached an early settlement with the union. Also contributing to the more favorable District production record during the year was the somewhat higher rate of capacity utilization by producers here than generally throughout the country.

Substantial additions were made to District production facilities during 1952, and additional projects started in the past year will boost the output potential up even further in 1953. The principal expansions that came into operation in 1952 include a 200,000 ton tinsplate mill at Fontana and additions to the sheet and tin facilities that will bring capacity to about 415,000 tons at Pittsburg, both in California. Realized capacity increments during the year for the entire District raised the output potential by some 9 percent in 1952, compared with a 4 percent gain in capacity for the entire United States steel industry. A further major expansion estimated to cost above \$65 million and to be completed in 1953 was started at Fontana in 1952. When completed it will increase the

Fontana plant's pig iron capacity by 50 percent and its steel ingot capacity by more than 10 percent.

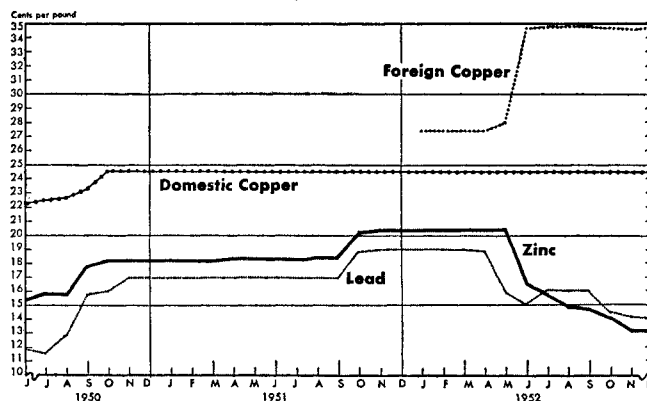
#### Decline in output of nonferrous metals reflects production and price difficulties

The output of the District's copper, lead, and zinc mines declined during the past year from levels attained in 1951. This decrease stemmed largely from the closing of several District mines as the result of the sharp decline in lead and zinc prices that followed the improvement in world-wide availability of the two metals. Labor difficulties and a marked decline in the metallic content of mined ores in the Twelfth District also contributed to the decline and served to make it more severe here than elsewhere in the nation.

In the District mine production of copper declined almost 3 percent in 1952, a much greater decrease than the one half of 1 percent recorded for the nation as a whole. The District decline took place despite an increase of some 4 or 5 percent in the output of copper-bearing ore, illustrating the rather marked drop-off in the metallic content of ores mined during the year. The supply of copper available to domestic civilian and military users of the metal remained below over-all requirements throughout the year as a result of both the decline in the recoverable mine production and a serious fall in the rate of importation of foreign supplies. As a consequence of diminished availability coupled with continued high demand for military and civilian uses, allocation controls over the rate of consumption of the metal under the Controlled Materials Plan were retained during the entire year.

Imports of copper, particularly in the first half of the year, fell sharply because domestic prices were too far below international prices and the added cost of imported metal could not be passed on to consumers. Around mid-year, however, the Office of Price Stabilization raised the ceiling price for foreign copper to 27.5 cents per pound (3.0 cents a pound above the ceiling on domestic

COPPER, LEAD, AND ZINC PRICES\*  
TWELFTH DISTRICT, JUNE 1950 - DECEMBER 1952



\*Domestic copper prices, Connecticut Valley basis; lead and zinc prices, New York basis; foreign copper prices, i.o.b. New York refinery equivalent basis.  
Source: *Iron Age*, Annual Review, January 1, 1953.

supplies) and extended the "pass through" privilege to users of the imported metal. After this action the rate of importation of copper improved, but the gain was not sufficient to overcome all of the deficit accumulated in the first half of the year. Ceiling prices on domestic supplies remained at 24.5 cents a pound throughout the year.

The mine production of lead and zinc declined somewhat more than did copper, 4 and 7 percent respectively, largely as the result of the forced closing of several marginal mines in the District following a sharp downturn in demand. Nationally, lead and zinc production was off 1 and 3 percent from the previous year. Lead prices dropped from their ceiling of 19.0 cents per pound to 18.0 cents per pound on April 29 as increased world supplies and smaller consumption reacted on the markets for the metal. Subsequent declines brought the price of lead in late October to 13.5 cents per pound, its low for the year. Some moderate strengthening occurred in the last two months of the year as industrial production, particularly of durable goods, rose. Lead prices responded to this pickup by rising to 14.75 cents per pound by the end of December. Prices of prime western grade zinc followed a similar pattern to that of lead although the break came somewhat later, June 2, and the subsequent decline was more severe. The price of zinc dropped from 19.5 cents per pound in June to 12.5 cents per pound in October. No change occurred during the rest of the year.

While the decline in prices was the major factor in reduced output of lead and zinc in the District during 1952, other factors were also instrumental in restraining output of nonmarginal producers. Of these factors, the principal restraint stemmed from the prolonged strike of nonferrous miners in Utah in the summer of the year which closed the major Utah producers for about three months. Mine operations in Idaho and Washington were adversely affected by the 10 percent cutback in the use of electric power that followed the drought in the Pacific Northwest in September and October. Depletion of ore reserves played a substantial role in the decline in production at mines in Arizona and California.

#### ***Output of gold and silver declines during the year***

Production of precious metals in the Twelfth District declined again in 1952. Gold output was down some 11 percent from the previous year and silver output declined almost 3 percent. In relation to production during 1950—the post-World War II peak in output of the two metals—the declines are even greater, 25 percent for gold and more than 8 percent for silver. These declines reflect a number of adverse factors that have discouraged high level production. A major proportion of the output of the two precious metals is a by-product of the copper, lead, and zinc mining industries. During 1952, especially in the latter half of the year, declines in the prices of lead and zinc forced cutbacks in the output of ores from these types of nonferrous mines and thereby reduced the recovery of by-product gold and silver. Also contributing

to the lower rate of recovery of the precious metals was a significant decline in the average gold and silver content of the ores mined by District producers. Production of the two metals from lode or placer operations generally declined substantially as costs of output continued to rise and prices, fixed by the Treasury at \$35 per fine ounce for gold and \$0.905 per fine ounce for silver, remained constant throughout the year. In Idaho, however, where almost 70 percent of the state's output of silver comes from lode operations in the Coeur d'Alene region, output was substantially unchanged from 1951, largely as the result of the favorable cost position of the producers in that region.

The District retained its position as the leading area of the country in the production of gold and silver. Idaho continued as the number-one state in the output of silver followed in order by Utah, Montana, and Arizona. As in 1951, Utah retained its second-place position among the states of the nation in gold production, exceeded only by South Dakota by a fairly small margin. California, Arizona, and Nevada filled three of the next four leading positions.

#### ***A busy petroleum year***

The year 1952 was one of the most active in the history of the American petroleum industry. Although lacking some of the more spectacular features of the two previous years, the record for 1952 showed new high levels for production and consumption both in the nation as a whole and in the Twelfth District. Total demand for oil products in the United States approximated 7.7 million barrels per day, of which 6.8 million were supplied from domestic sources and 0.9 million by imports. Domestic consumption of refined oil products, including military requirements, averaged close to 7.3 million barrels per day, an increase over 1951 of 3.4 percent, represented chiefly by growing demand for gasoline and diesel type fuels. Demand for heavy residual fuels declined slightly, while export demand for refined products at 363,000 barrels per day increased about 5.5 percent over 1951 shipments.

In the Twelfth District a tight supply and demand relationship marked almost the entire year. A precarious balance was achieved through strenuous efforts to expand the local output of crude oil through diverting a larger fraction of the military demand for motor fuels to the Gulf refineries and by bringing some 30 million barrels of crude and refined products into the District. California output of crude oil and other liquid hydrocarbons reached the imposing total of 389 million barrels for the year, or well over a million barrels per day. Production was sustained at a remarkably even level throughout the year, with no labor disputes such as those which interrupted oil field and refinery operations in other areas.

Increased output from California oilfields, the major source of supply of petroleum products for the Twelfth District, has become more and more difficult to obtain

in recent years. California crude oil production since the war peak in 1945 has been as follows:

(in thousands of barrels per day)			
1945 .....	894	1949 .....	912
1946 .....	864	1950 .....	898
1947 .....	913	1951 .....	971
1948 .....	929	1952 .....	982

California production of other liquid hydrocarbons, including natural gasoline, condensate, and liquid petroleum gases such as butane and propane, has in recent years run close to 80,000 barrels per day. This quantity should be added to the figures for crude oil output given above in order to arrive at the supply of petroleum raw materials from local sources. This yields a total for 1952 of about 1,060,000 barrels per day.

On the demand side, military and civilian demand for petroleum products arising within the five states comprising District Five of the Bureau of Mines grouping—Arizona, California, Nevada, Oregon, and Washington—since 1949 has been as follows:

(in thousands of barrels per day)			
	Military	Civilian	Total
1949 .....	76	760	836
1950 .....	83	792	882
1951 .....	111	852	969
1952 .....	77	891	969

This is not the whole story, however. Offshore shipments from District Five, chiefly to Canada, Alaska, and Hawaii, totaled about 122,000 barrels per day in 1952, while overland shipments to domestic markets outside the area were about 8,500 barrels more. Adding these to the demand within District Five, the total volume of petroleum products required of the Fifth District's oil suppliers by all customers aggregated close to 1,100,000 barrels per day.

The gap between the supply of about 1,060,000 barrels per day and the demand for about 1,100,000 barrels was bridged in 1952 by importing 29 million barrels of crude and refined oil products into the area, or an average rate of 80,000 barrels per day. Of the total "imports" into District Five, slightly more than half came from other parts of the United States, chiefly the Rocky Mountain area and Texas, and consisted partly of refined products and partly of crude petroleum. Nearly 13 million barrels, however, were drawn from foreign sources and this was largely crude oil, about half of which came from such distant sources as Borneo, Sumatra, and even Saudi Arabia.

Much of District Five's domestic imports of petroleum comes by pipe line from Colorado and Wyoming. A thriving oil refining industry has developed in recent years in the Salt Lake City area, which now has a capacity for handling about 70,000 barrels of crude oil per day.

Another promising development is the approaching completion of a pipe line to bring Alberta crude oil to the North Pacific Coast. This line, extending from Edmonton, Alberta, to Vancouver, British Columbia, is scheduled for operation late in 1953 and is to have an initial pumping capacity of 120,000 barrels of crude per day. An extension southward to a point near Bellingham, Washington, on Puget Sound will bring Alberta oil to the United States and supply the requirements of a large refinery to be built at that location by one of the major California oil companies.

Growing inventories in 1952 occasioned concern to oil producers and refineries in some areas of the United States, but not in District Five. Physical stocks for the country as a whole, including crude and refined, increased during the year by about 40 million barrels—less than one month's supply at current rates of consumption. Over half of the total increase was accounted for by fuel and diesel type oils. Gasoline stocks showed very little net change for the year, having been drawn down sharply during the strikes of last May. Crude oil stocks increased slightly during the year to a level of about 270 million barrels, or about 40 days' supply.

For California refiners, the inventory problem in 1952 was one of rebuilding depleted stocks in the face of growing demand. In spite of their record volume of output in 1951, refined stocks held by District Five oil companies had been reduced by some 13 million barrels in that year. Several factors contributed to the shrinkage. The war in Korea had caused a marked upsurge in military requirements for aviation and motor fuels and also brought greatly increased demand for bunker fuel from the shipping necessary for transporting military supplies. The closing in March of the world's largest refinery at Abadan, which had supplied the petroleum requirements of a large part of the Orient, threw an extra burden on the refining capacity of many countries, including the United States. This unexpected demand called for greatly enlarged shipments of California oils to trans-Pacific markets. Finally, water shortages in 1951 forced the California electric utility industry to operate at capacity levels the large new steam power plants created during the post-war period. Use of fuel oil by these plants was especially heavy during the winter months when natural gas was not available.

District Five's depleted stocks of refined products were restored to more normal levels during 1952. A larger fraction of military requirements was taken over by refineries in other areas; the vacuum created by the Abadan shutdown was gradually filled by expanded refinery operations in other countries; and the urgency of the electric power situation was eased by the better water conditions of 1952 in California. The Pacific Northwest, however, experienced in the last quarter of 1952 the most acute power shortage in its history as the stream flow of

the Columbia River system, which is the backbone of the region's power supply, fell to the lowest point in 20 years. To offset, at least in part, the deficient supply of water power, the electric utilities of the area brought their steam plants into operation and burned record quantities of costly California fuel oil.

An event of great potential significance for the extension of California petroleum reserves was the discovery in March 1952 in the Wheeler Ridge area near Bakersfield of important oil deposits in the Eocene formation. This discovery has been widely hailed as portending an important enlargement of California oil reserves from a new and deeper geological horizon. It immediately stimulated an outburst of activity by practically all crude oil producers seeking to enlarge their acreage or to examine the possibility of drilling to greater depths in their existing properties.

#### ***A disappointing year in the canning industry***

The year 1952 proved disappointing to many of the District's fruit and vegetable canners. They had to work harder for smaller returns than in most recent years. Because of big packs in both 1951 and 1952 and heavy initial inventories in 1952, a larger volume of goods had to be moved, while costs were higher and profit margins lower. Keen price competition prevailed over most of the year and prices in some lines reached extremely low levels. While the large packing companies with well diversified lines operated on a reasonably remunerative basis, many of the smaller units in the industry, which usually pack only a small number of products, had hard sledding and probably more than a few suffered losses on the year's business.

Total district packs in 1952 approximated 43 million cases of fruit products and 75 million cases of canned vegetables. Aggregate fruit packs ran about 6 percent above the average of all postwar years except 1946 and 1951, while the total vegetable pack was second only to that of 1951 and exceeded the output of all other years by wide margins. In spite of a drastic "elimination" campaign in California, jointly enforced by growers' and canners' agents, the cling peach pack in 1952 reached almost 15 million cases, a figure close to the average of the postwar years excepting only the very heavy packs of 1946 and 1951. Similar efforts were made in California to restrict the pack of tomatoes and tomato products by reducing the acreage planted. Exceptionally heavy yields from the smaller acreage, however, flooded the canners with raw material and resulted in a total pack of tomatoes and tomato products of 47.6 million cases, almost up to the 1951 output of 50.6 million and far exceeding the 1946-50 average of 27.2 million cases.

The dominant factor in the 1952 market for District fruit and vegetable packs, therefore, was the existence of very large stocks of these two major products—cling peaches and tomatoes and tomato products. In the case

of peaches, burdensome stocks were primarily the consequence of the record pack of 19 million cases put up in 1951; while in the case of tomatoes and tomato products it was the combination of huge packs in two successive seasons—1951 and 1952—that was responsible for the canners' difficulties.

Although 1952 was generally marked by high levels of wage payments and of consumer spending, with canned goods moving off the retailers' shelves in a fairly steady flow, wholesale buying lacked the zest experienced in years when large inventories were less in evidence. During much of 1952 wholesale distributors bought on a hand-to-mouth basis while the heavy stocks left over from 1951 were being absorbed. Forward buying on a large scale was conspicuously absent in the case of most canned fruits and vegetables. As a consequence the canners have had to bear the burden of carrying larger than normal inventories, of finding extra warehouse space, and of incurring heavy interest charges on borrowed funds. This situation put a severe strain on many smaller packers and led to some distress selling.

Banks are reported to be taking a conservative line in financing the planting of new tomato acreage for the 1953 season which will tend to correct the situation in those packs created during the past two years. Predictions are being freely offered in the trade that fewer canners will be in business next season than during the one now drawing to a close.

#### ***Frozen foods at new peak***

Spurred by widespread general prosperity with high consumer purchasing power and aided by favorable weather during the growing season, the District frozen food industry established a new high level of output and sales in 1952. Total California frozen fruit and vegetable packs last year were 94.6 million pounds and 243.1 million pounds respectively—a total of close to 170,000 tons of foodstuffs. Data on Northwestern packs are not available, but very substantial tonnages of peas, corn, asparagus, beans, strawberries, and various bush berries are regularly packed in frozen form in that area. According to trade reports the Northwestern quick freezing industry also had a good season in 1952.<sup>1</sup>

For three successive years California fruit and vegetable freezers have made new record packs in the aggregate, although frozen fruit packs are still below the total of 111.5 million pounds established in 1946. That record, however, was near disaster for the industry. The resulting heavy inventories, together with the huge canned fruit packs of that season, nearly bankrupted the fledgling frozen foods industry of this area. Having taken their losses and absorbed the lessons of that experience, the frozen foods processors reduced their operations to a more moderate rate of output.

<sup>1</sup> Informed opinion in the trade places total Northwestern frozen food packs in 1952 at approximately 200 million pounds of frozen vegetables, of which about 138 million were peas, and well over 100 million pounds of frozen fruits, with strawberries alone exceeding 90 million pounds.

## RETAIL TRADE IMPROVES IN 1952

**R**etailers rang up a record dollar volume of sales in 1952, both in the Twelfth District and the nation. Consumers fared relatively well, too, in that retail prices rose less than during the previous year. After consumers began to loosen their purse strings in early spring, sales at retail stores moved up. During the last nine months of 1952, the volume of sales exceeded that for the same period in 1951. The net result was a 4 percent year-to-year gain in total dollar sales volume in the country as a whole. This paralleled the percentage rise in personal income after taxes, and consumers were able to take home a larger physical volume of goods than in 1951, since average retail prices rose only about 2 percent.

### *Trade picks up in the nation after a slow start*

From the retailers' point of view, there was nothing very auspicious about consumers' attitudes and behavior during the first quarter of 1952. Early in the year the Federal Reserve System's survey of consumers' opinion revealed that over half the spending units believed that 1952 would be a bad year in which to make large purchases. Moreover, the proportion of pessimists had increased in comparison with early 1951. Consumers were apprehensive about their financial position in contrast to a year earlier when they had planned to purchase goods rather freely. Regardless of strong promotional activity by retailers, consumers parted with only a little more money at retail outlets in the first quarter of 1952 than in the relatively slow fourth quarter of 1951. Sales of durable goods in the country as a whole fell one-fifth below their peak in early 1951.

Spring and early summer witnessed a change in buying attitudes. Consumers increased their outlays at all types of retail stores except furniture and appliance and drug and proprietary outlets. Their expenditures were financed not only out of rising income but also by a sharp increase in their use of instalment credit following the suspension of Regulation W on May 7. Automobile sales hit a monthly peak for the year in May, and outlays for television increased substantially. After adjustment for seasonal factors, sales at general merchandise, apparel, and home-furnishing stores moved along a distinctly upward course during the second quarter. As a result retailers took in 4 percent more dollars than during the first quarter, and sales were 6 percent above the modest level in the second quarter of 1951.

The steel strike dominated the national scene during the third quarter, and the slowdown of passenger car production helped to reduce over-all sales of durable goods to a monthly low in August. Expenditures on most types of soft goods rose moderately, partly because the housewife had to pay higher prices for food. Principally because of the reduced flow of automobiles and other durable goods, consumers decreased their outlays compared with the previous quarter and ended up by placing a greater proportion of their take-home pay into savings. Seasonally ad-

justed total sales sagged 2 percent under the second quarter level but were 4 percent larger than in the third quarter of 1951.

In contrast to a year ago retail sales rose materially in the fourth quarter and, after allowing for seasonal forces, reached a peak for the year at almost every type of outlet. A pronounced rise in automobile sales, following the steel strike, and a sharp upward jump in furniture and television sales highlighted the activity in consumer goods markets. In accordance with opinions expressed early in the year, buyers showed a preference for the newer types of household appliances such as automatic washers, freezers, and driers. Less popular were electric stoves and refrigerators. A record Christmas trade contributed to a sharp advance in expenditures at jewelry, general merchandise, and apparel stores. The net result, after adjustment for seasonal factors, was a 5 percent gain in total retail sales over the relatively disappointing third quarter. For the entire year sales climbed above 1951 levels at all types of retail stores except building material outlets. The largest year-to-year percentage gains occurred at jewelry stores and home-furnishing stores. The sales increase at furniture and appliance stores was accompanied by a markedly increased production of major household appliances and furniture and carpets in the last half of the year. To help pay for all of these commodities buyers saddled themselves with additional consumer debt. The volume of consumer credit outstanding at the end of 1952 was 15 percent greater than a year ago, and most of the increase consisted of instalment obligations.

### *Retailers whittle down stocks*

In 1952 as a whole, retailers throughout the nation actively pursued a policy of reducing the large stocks of merchandise which had accumulated in their storerooms during the previous year. The value of retail inventories during 1952 averaged approximately 4 percent less than during 1951. Retailers of durables, especially furniture and appliance dealers, had the greatest reduction in goods on hand. Inventories at durable goods stores decreased 5 percent, while at nondurable goods outlets they declined a more moderate 2 percent. Stocks at drug and proprietary stores—up 3 percent for the year—were the only major exception to this trend. The decline in apparel prices at the wholesale level partly accounted for the 2 percent drop in the value of stocks at apparel outlets.

Total retailers' stocks after adjustment for seasonal factors moved downward until mid-summer in the wake of stronger consumer demand. The decline was most noticeable in the stocks of durable goods dealers. During the second quarter the value of aggregate retail inventories averaged 7 percent below the level a year earlier.

During the latter part of 1952, inventory movements varied among the different trade lines. After adjustment for seasonal factors, stocks of durable goods in the third quarter fell 10 percent below the second quarter level,



which resulted principally from reduced automobile output. A climb in the dealers' inventories of apparel and general merchandise during the third quarter accounted for the quarter-to-quarter increase in nondurable stocks. In the final three months of 1952 both durable and nondurable inventories moved upward from the previous quarter's level, after adjustment for seasonal factors. However, stocks at durable goods outlets remained below their year-ago level even though inventories at automobile dealers jumped roughly 20 percent from their strike-reduced summer level. Nevertheless, concern was expressed in some places that the year-end tempo of inventory increase had been too fast. Many retailers remembered painfully the glutted conditions in 1951. Judging by the record of sales, however, the level of stocks at the close of the year did not appear burdensome.

**District trade also moves upward**

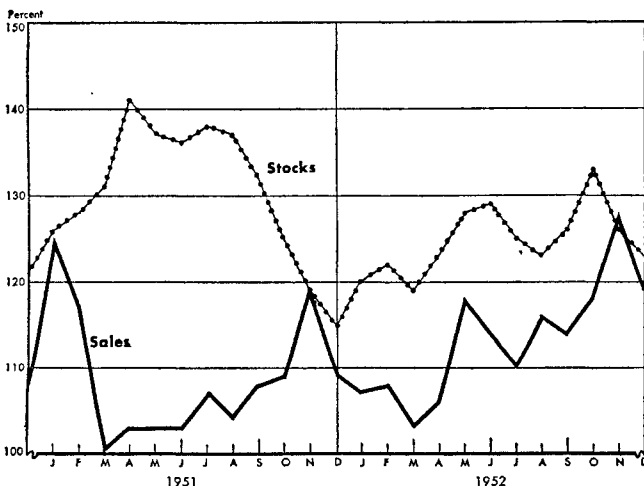
Although total retail sales are not available for the Twelfth District, department store data compiled by this bank provide information about many different merchan-

dise lines. Twelfth District department store sales followed a pattern somewhat similar to that of total national retail sales. For the year as a whole District department store sales were up 5 percent.

After eliminating seasonal forces, the pattern of Twelfth District department store sales in 1952 presented the following picture: a weak first quarter, a strong second quarter, a moderate third quarter, and a relatively vigorous fourth quarter. Sluggish sales in men's and boys' wear, piece goods, furniture, and appliances were largely responsible for the weak first quarter showing. In March both sales and stocks at department stores dropped to a monthly low for the year. A brisk Easter trade, led by better demand for women's and misses' ready-to-wear apparel and accessories, helped to push seasonally adjusted second quarter sales 7 percent up from the first quarter level. This resulted in sales reaching a point significantly above their year-ago volume, but stores still displayed caution and continued to place orders for goods at a rate substantially below the year-ago rate.

During late summer department stores worked their stocks off a bit, and sales of most types of merchandise increased slightly. After adjustment for seasonal factors, sales in November reached a high for the year, and their strength was largely responsible for boosting fourth quarter sales to the largest quarterly total in 1952. The gain in sales toward the close of the year was quite evenly distributed among the different lines of merchandise. District television sales were vigorous, due partly to the opening of new reception areas in the Northwest. After the suspension of Regulation W, consumers sharply increased their use of instalment credit as maturities were lengthened and down payments, in numerous instances, were reduced. As a result consumers used instalment credit more extensively than in 1951, while charge account sales declined somewhat in relative importance. Stocks, which soared to their monthly peak in October, averaged 5 percent less for the year as a whole than they did in 1951. District department stores did a much better job, therefore, of estimating customers' demand in 1952 than they did in 1951.

DEPARTMENT STORE SALES AND STOCKS  
TWELFTH DISTRICT, 1951-52  
(Adjusted for seasonal variation, 1947-49=100)



**FOREIGN TRADE: FAIR WINDS AND CALMS—BUT A GOOD PASSAGE**

If one is concerned only with final totals, it would appear that the year 1952 was one of surprising stability in the trade of the United States with the rest of the world. The value of our total trade amounted to \$25,877 million, a decrease of only \$122 million or one half of 1 percent from the record level of 1951. Underlying this seeming stability, however, there were signs of weakness as well as of strength. Exports of \$15,163 million were less than 1 percent above 1951, while imports of \$10,714 million were 2 percent below 1951. As a result, the United States export surplus increased from \$4,065 million in 1951 to \$4,449 million in 1952, thus increasing the dollar difficulties of our trading partners.

A rather different picture is obtained if shipments of military goods under our Mutual Security Program are excluded from our exports. Such military grant shipments amounted to \$1,981 million in 1952, some 86 percent greater than for the preceding year. If these shipments are excluded, all other exports declined by 6 percent, and our export surplus would be reduced to \$2,469 million, or by almost one half.

Moreover, the over-all totals and their apparent small changes conceal rather wide swings during the year. In the first few months of 1952, total trade was considerably above comparable months a year earlier, but during the remainder of the year it was considerably below. Exports,

for example, were \$801 million above the comparable 1951 period in the first five months of the year, but were \$670 million below the 1951 volume in the remainder of the year. If military aid shipments are excluded, the decline in the latter part of the year was more than twice as large as the increase in the first five months.

#### *The Pacific Coast's share of the nation's trade decreases*

In general direction the foreign trade of the Pacific Coast has followed the national pattern, with gains over 1951 in the early part of the year being offset by decreases during the remainder of the year. For the entire year, the trade of the Twelfth District showed a 1 percent decrease, slightly more than the loss shown by the nation as a whole. Total Pacific Coast exports for the year were \$1,306 million, an increase of 3 percent over 1951. Imports, on the other hand, decreased approximately 7 percent to \$833 million. Our share of the nation's exports remained approximately the same as in 1951, but our share of the nation's imports decreased from 8.2 percent in 1951 to 7.8 percent in 1952. Moreover, Pacific Coast trade moved further away from a balance because of the decrease in imports, our imports amounting to only 64 percent of exports compared with 71 percent in 1951.

#### *Foreign trade by customs districts*

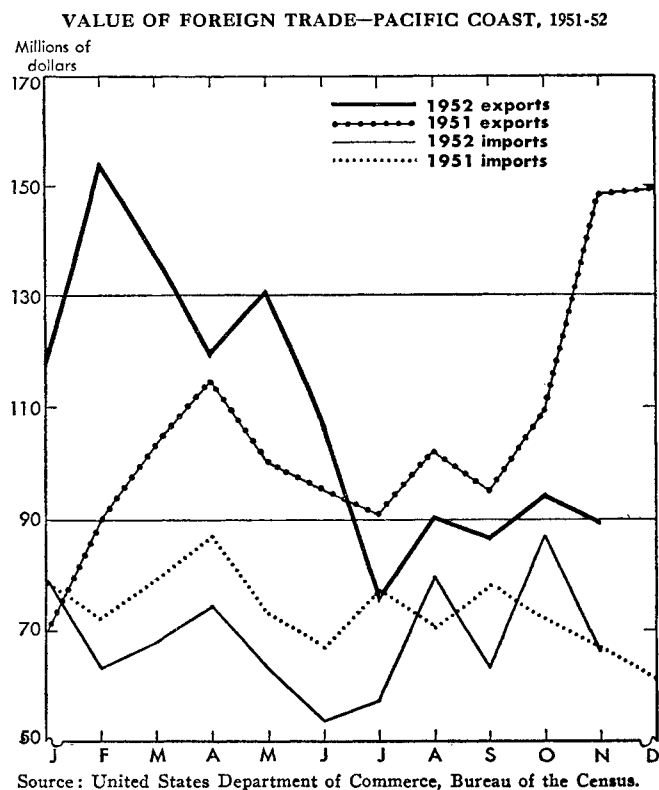
Analysis of the foreign trade of the Pacific Coast by customs districts reveals a rather wide divergence of activity during the past year. In terms of the value of

total trade, the Los Angeles customs district accounted for all of the decrease in Pacific Coast foreign trade; the other districts either showed increases or were virtually unchanged, as in the case of San Francisco. It was on the export side of the picture, however, that the largest differences between districts occurred, varying all the way from a 17 percent increase in the Washington district to a 12 percent decrease in the Los Angeles district. On the import side the trend was generally downward. Only the San Diego district showed a sizable percentage increase, but the actual dollar amount involved was not of great significance.

In terms of the value of total trade, the San Francisco customs district ranked first in 1952 among the customs districts of the Pacific Coast. Its total trade of \$723 million was 1 percent above the previous 1951 record level. Exports of \$398 million showed a gain of \$26 million, but this was partly offset by a \$21 million decrease in imports, which totaled \$324 million.

Despite a decline of \$92 million in the value of its trade, which totaled \$540 million, the Los Angeles customs district maintained its second position among the Pacific Coast's customs districts. It was the only district that had a decrease in both exports and imports. Its imports declined \$48 million to \$235 million, and exports decreased \$43 million to \$306 million. The principal factor in the decline of exports from the Los Angeles district was a reduction in tanker shipments of petroleum products. As indicated in the section devoted to the District's petroleum industry on page 29, the Pacific Coast was a net importer of petroleum products in 1952. Considering only the foreign trade in petroleum products, both the Pacific Coast and the Los Angeles customs district maintained an export balance during the first half of the year, but became net importers during the last half as a consequence of increasing imports and decreasing exports. Since the ports of the Los Angeles district are the most important exporters of petroleum products, they have suffered from this trend. Tanker exports from the Los Angeles district decreased by \$23 million, or by almost 40 percent, during the first three quarters of the year. Assuming that the decrease for the last quarter was the same as that for the third quarter, the decline for the year as a whole would be \$40 million, or some 50 percent below 1951. This decline in tanker shipments accounts for almost all of the decrease in the exports of the Los Angeles customs district.

The ports of the Washington customs district during 1952 showed by far the most favorable developments of any of the Pacific Coast districts, with the value of total trade 8 percent above 1951 for a new all-time record. Total trade of \$503 million put Washington closely behind second-place Los Angeles. Imports decreased \$6 million to a total of \$214 million. On the other hand, an increase of \$42 million in exports to a total of \$289 million was the largest of any Pacific Coast customs district. This increase is even more impressive because it took place despite a 50 percent decrease in the volume of



lumber shipments, a major export of the district. Of particular importance in the rise in Washington's exports were increases in exports of wheat and refined copper. During the first three quarters of the year waterborne shipments of wheat were 31 percent above 1951, while shipments of refined copper were 37 percent higher. In the case of wheat all the increase over 1951 took place during the first two quarters, this increase being more than sufficient to offset by a substantial margin the decline which occurred in the third quarter. For the entire nine-month period wheat exports amounted to \$52 million, \$12 million above 1951. During the same period exports of refined copper, totaling more than \$32 million, likewise showed a gain of \$12 million over 1951.

Foreign trade passing through the Oregon customs district also set a new record in 1952, although the gain was much more modest than that of the Washington district. Total trade amounted to \$279 million, \$7 million or 3 percent above 1951. A decrease in imports of \$5 million was more than offset by an increase in exports of \$12 million. Imports totaled \$29 million and exports \$249 million.

The smallest customs district in terms of the value of trade handled, but showing the largest percentage increase for the year, was San Diego. Total trade for 1952, valued at \$96 million, was 24 percent above 1951. The bulk of this increase was accounted for by an 87 percent rise in imports; the increase in exports amounted to 7 percent. This large increase percentagewise was not of great significance to the Pacific Coast as a whole, however, since the San Diego district accounted for less than 5 percent of the Pacific Coast's foreign trade in 1952 and less than 4 percent in 1951.

#### Physical volume of foreign trade

Since fluctuations in the volume of trade expressed in terms of value are influenced by price changes, it is usually advisable to check such measures against the actual physical movement of trade. Data on physical volume, however, have the disadvantage of sometimes overemphasizing the importance of high-weight, low-value commodities and of changes in the commodity composition of trade. The availability of official data limits our consid-

eration of shipping weight to waterborne trade<sup>1</sup> for the first ten months of the year.

During the period January-October 1952 the tonnage of United States waterborne foreign trade decreased 5 percent from the similar 1951 period. The Pacific Coast for the same period showed a 2 percent increase, and thus, while in value terms the Pacific Coast compared unfavorably with the nation as a whole, its record for the year was better than that of the nation in terms of tonnage handled.

The Los Angeles district had the most unfavorable results not only in dollar value but also in physical volume. Its tonnage declined 19 percent below the 1951 level, while all the other districts showed gains in shipping weight. San Diego led with an increase of more than 100 percent, followed by San Francisco with a 36 percent rise. The increases in Washington and Oregon were 5 and 6 percent respectively.

Despite the decrease in the Los Angeles district, its total shipping weight in foreign trade of 11.7 billion pounds was the largest handled by any Pacific Coast district during 1952. San Francisco was in second place with a little over 10 billion pounds. The Los Angeles and San Francisco districts combined accounted for over two-thirds of the 33 billion pound total for the Pacific Coast. Oregon and Washington shared almost equally in the remaining one-third, San Diego's share being relatively unimportant.

#### Ship movements

Another method commonly used in measuring changes in the flow of foreign trade is the number of ships arriving and departing from particular ports. During the year the number of ships arriving at Pacific Coast ports num-

<sup>1</sup>In addition to the obvious difference of coverage between statistics for foreign trade of *waterborne* and *all methods* of transportation (from which the value figures previously cited are derived), they also differ in the method of accreditation of exports and imports to the various customs districts.

For trade by all methods of transportation, exports are credited to the customs district from which the goods leave the country, except for vessel and air shipments, which are credited to the district of lading. Imports are credited to the customs district in which the goods are entered into warehouse or for immediate consumption, which may vary from the district of unloading.

In the series concerned only with waterborne trade, all exports are credited to the customs district of lading while imports are credited to the customs district of unloading regardless of ultimate destination.

#### VALUE OF PACIFIC COAST FOREIGN TRADE, 1947-52

Customs district	(in millions of dollars)					
	1947	1948	1949	1950	1951	1952
<b>Exports:</b>						
San Diego .....	34.5	34.4	35.0	40.7	60.4	64.5
Los Angeles .....	258.6	183.1	254.3	249.1	348.7	305.6
San Francisco .....	397.5	262.9	307.4	271.4	371.8	398.2
Oregon .....	156.1	63.0	69.6	75.7	237.2	249.3
Washington .....	224.7	185.6	147.1	116.3	246.4	288.8
Total Pacific Coast .....	1,071.4	729.0	813.4	753.2	1,264.6	1,306.3
Total United States .....	14,429.7	12,653.1	12,051.1	10,275.1	15,032.4	15,163.4
<b>Imports:</b>						
San Diego .....	8.8	13.5	11.3	13.0	16.9	31.6
Los Angeles .....	112.2	144.8	151.4	214.3	282.9	234.5
San Francisco .....	174.6	184.1	211.4	269.5	345.4	324.3
Oregon .....	19.4	18.1	16.8	25.9	33.9	29.2
Washington .....	101.1	146.7	141.0	185.0	220.1	213.8
Total Pacific Coast .....	416.1	507.2	531.9	707.7	899.2	833.4
Total United States .....	5,643.3	7,092.0	6,591.6	8,743.1	10,967.3	10,714.0

Note: This table includes trade by all methods of transportation, excluding military shipments.

Source: United States Department of Commerce, Bureau of the Census, FT 970, *Trade by Customs District*.

bered 14,091, an increase of 10 percent, while their tonnage increased 8 percent.

During 1952 more ships arrived at ports in the Los Angeles area than in 1951, despite the decline in 1952 in both the value and physical volume of its foreign trade. Ship arrivals totaled 5,356, an increase of 6 percent over 1951, and total tonnage was up 3 percent. Inbound through the Golden Gate and headed for ports in San Francisco Bay were 4,950 ships, 12 percent more than during the previous year and an increase in aggregate tonnage of 11 percent.

Ship arrivals in the Northwest also increased during the year. The number arriving at Seattle rose 14 percent to 2,228, with a tonnage increase of 15 percent. Portland ship arrivals totaled 1,557, up 5 percent over 1951 with tonnage up 4 percent.

#### Foreign aid and military shipments

The figures used thus far in this review of the Twelfth District's foreign trade have not taken into consideration certain types of shipments which, while they are normally left out of commercial trade statistics, have an important bearing on total shipments through our ports. Most obvious are the military shipments or, more specifically, shipments of military goods for the use of our own armed forces abroad. While no data are available on such shipments, it can be assumed that they were an important factor in the total activity of our ports during 1952, owing to the continuation of the war in Korea and the maintenance of important numbers of our armed forces in the Far East.

Two other types of shipments are also excluded from the regular commercial statistics relating to customs districts. The first of these are the shipments of "special category" commodities, which are commodities of military or strategic importance, information on which for security reasons is not available in the same detail as other trade statistics. The second type are shipments made under our various foreign aid and civilian supply programs which are made on Department of Defense con-

trolled ships.<sup>1</sup> While no value figures are available for these two categories of exports, shipping weight data by port of lading are available.

During the first ten months of 1952 United States total exports of "special category" commodities and Department of Defense controlled aid cargoes increased 4 percent. During the same period, however, Pacific Coast shipments of these cargoes decreased by 66 percent, the decrease applying generally to all of our ports. Although this is a large decline in percentage terms, it should not be cause for too much concern among our foreign traders. For the entire Pacific Coast such shipments amounted to only 534 million pounds between January and October, or about 2 percent of all shipments. It is interesting to note, however, that Department of Defense controlled foreign aid shipments accounted for over a third of the tonnage of all Pacific Coast exports in 1949 and have since declined steadily each year.

#### The outlook for Pacific Coast foreign trade

Looking ahead to the year 1953, it would appear that the foreign traders of the nation and of the Pacific Coast should have a reasonably good year. Improvement during the last few months of 1952 in the balance of payments position of many foreign countries provides a favorable outlook for exports. On the other hand, indications of a continuing high level of production in the nation as well as in the Twelfth District means that imports should also be maintained at a substantial level. The sharp upturn in trade in December may also very well indicate that the decline in foreign trade, which occurred after the middle of the year, has run its course for the time being. It is doubtful, however, that the value of foreign trade for the entire year 1953 will exceed the 1952 total. Present indications are that trade will be maintained at or perhaps somewhat above the level of the second half of 1952, rather than at the high level which prevailed during the first half of the year.

<sup>1</sup> Army or Navy transports and commercial vessels chartered by the Department of Defense under time charter, voyage charter, and space charter arrangements.

#### VOLUME OF PACIFIC COAST WATERBORNE FOREIGN TRADE, 1947-52

(shipping weight in millions of pounds)

Customs district	1947	1948	1949	1950	1951	Jan.- Oct. 1952
<b>Exports:</b>						
San Diego .....	3.9	6.2	2.4	1.0	0.6	0.3
Los Angeles .....	7,775.8	6,167.4	6,807.0	7,805.8	14,155.7	8,622.6
San Francisco .....	5,449.8	4,238.0	3,809.0	3,480.0	5,836.6	6,462.1
Oregon .....	4,495.9	1,397.8	1,473.2	1,850.9	6,371.4	5,511.3
Washington .....	2,960.0	2,037.1	1,466.6	1,371.0	3,436.7	2,965.6
Total Pacific Coast .....	20,685.4	13,846.4	13,558.2	14,508.7	29,801.0	23,562.0
Total United States .....	248,636.5	176,623.1	143,729.2	125,350.5	231,173.0	177,709.9
<b>Imports:</b>						
San Diego .....	20.5	19.7	27.1	30.0	27.9	53.2
Los Angeles .....	1,297.2	1,540.6	2,233.9	2,536.5	2,770.6	3,114.7
San Francisco .....	1,469.9	1,546.3	1,990.2	2,032.4	3,138.5	3,555.6
Oregon .....	181.5	123.2	112.5	208.2	272.2	217.6
Washington .....	1,730.0	2,425.6	2,593.8	3,116.4	2,835.8	2,494.2
Total Pacific Coast .....	4,699.1	5,655.4	6,957.5	7,923.6	9,045.0	9,435.1
Total United States .....	118,130.6	134,832.3	154,741.8	193,379.7	201,089.9	165,681.9

Note: This table includes only nonmilitary vessel shipments.

Source: United States Department of Commerce, Bureau of the Census, FT 972, *Waterborne Trade by United States Port*.

## SOARING PRODUCTION COUNTERBALANCES PRICE DIPS FOR DISTRICT FARMERS

THE nation's farmers in 1952 were like the legendary side-hill jogger<sup>1</sup> who traverses the foothills of the West. Farm production, the short leg, circled the hill at a record height while farm prices, the long leg, kept slipping downward. Sufficient balance was maintained, however, for farmers to reap \$37,274 million in gross income, 1.5 percent above the previous record established in 1951. Continued high production costs deflated this aggregate so that the net return realized by farmers was \$12,319 million, about the same as that of 1951 and 15 percent under the high of 1947.

Despite the drought in a large section of the country and the smaller than average planted acreage, the volume of crops harvested in 1952 was the second largest on record. Generally high yields and only slightly more than average abandonment accounted for the successful output. Rice and oranges were the only two crops that set new national production records, but many came in second best—corn, winter wheat, soybeans, sugar cane, hops, and grapes. The production of cotton and cottonseed, all hay, alfalfa seed, and tobacco was much larger than average.

Total meat production in 1952 was 5 percent higher than in 1951, with slaughter in the last quarter of 1952 at a near-record level. Beef accounted for the major part of the increased meat production—a result of the four-year increase in cattle numbers plus heavy marketings caused by feed shortages in the drought areas. Fear of further price declines may also have caused some producers to market cattle earlier than originally planned. In spite of the high volume of cattle slaughter, cattle numbers continued to increase during the year to establish another high. In contrast, sheep and lamb numbers decreased and the pig crop was 10 percent below the 1951 level.

Prices were the major concern of farmers in 1952. Domestic demand for agricultural products continued high, but near-record production and a sharp decline in agricultural exports were responsible for bringing about lower prices. The initial decline in prices received by farmers started in February and March. Then prices bounced upward until the index was as high in July as in the same month in 1951. In September another downward movement started. The index of prices received by farmers for the year as a whole was only 5 percent below the all-time high 1951 average and above any other year. At the end of the year, however, the index had fallen 12 percent below December 1951 and was at the lowest level since 1950. The price drop was severe for certain commodities—meat animals, particularly medium and lower quality cattle, cotton, wool, and citrus fruits. The parity index, which measures prices paid by farmers for commodities, interest, taxes, and wages, rose to an all-time high in May 1952. After that it declined and by the end of the year was 2 percent below December 1951. Farmers were

caught, therefore, in the squeeze of lower prices for products they sold without a comparable decrease in prices they paid.

The steady increase since the Korean war in farm real estate values leveled off in mid-1952, but farmers' debt liabilities continued to rise. The rate of increase in farm mortgage debt was considerably less than the unusually high rates in 1950 and 1951. The large volume of production, high costs, and further mechanization resulted in raising the volume of non-real estate debt substantially above any previous level.

### *District crop value hits new high*

The Twelfth District experienced varying weather conditions during 1952—heavy snows, a late spring, and a dry fall. Generally favorable weather prevailed during the growing and harvesting season, however, and District farmers harvested one of the largest crops on record. The increase in crop value to another record high was due to the large harvested acreage and record yields, although for some crops higher average prices accounted for some of the gain.

As a result of the improved water situation in Arizona, planted acreage was increased by 13 percent over 1951, with new land brought under cultivation and developed for pump irrigation. The largest part of the new acreage was planted to cotton but some was also planted to grain. Cotton continued to make inroads into acreage planted to grain sorghums in both Arizona and southern California. In addition to cotton, there were also increases in District acreage planted to corn, barley, wheat, hay, potatoes, and peppermint. Flaxseed acreage was again reduced and a smaller than average acreage was planted to dry beans and hops. A substantial increase in acreage took place in California's new crop—safflower.

### *Field crops*

Weather conditions were particularly favorable for field crops. Not only were yields above average, but District farmers received higher average prices for many field crops—grains, rice, potatoes, beans, and in some areas, hay. Cotton production for the United States was down, but Arizona, with the best water supply situation in 10 years, increased its cotton output 26 percent to establish an all-time high in production, lint yield, and value. In spite of average prices below those received in 1951, cotton accounted for two-thirds of the value of all crops produced in Arizona. California's harvested acreage of cotton was above 1951 in spite of lower production in the Kern County area due to earthquake damage to irrigation distribution systems. Although yields and value were down somewhat from 1951, cotton still accounted for 38 percent of the total value of California field crops in 1952.

The Pacific Northwest states produced a record wheat crop, with Washington's production of winter wheat 18 percent above 1951 and 44 percent above the 10-year

<sup>1</sup>A legendary animal also referred to as a "side-hill wampas" or a "ridge-runner" whose legs are shorter on one side than on the other.

average. The abnormally dry fall was an aid in harvesting the 1952 crop but was very unfavorable for fall seeding of winter wheat for 1953. The District as a whole had a good year for hay, with record production in Idaho and Nevada and record value in Washington. In California the hay crop was second in terms of total value. District potato growers benefited by the record high prices in the spring and summer brought about by the relatively small national supply of potatoes. Oregon had record yields, Washington record value, and California, Idaho, and Utah above average production.

California's rice production was 11 percent above the previous record, with the largest acreage ever harvested and yields equal to the former high. Washington's hop crop brought in record returns, while Oregon had the smallest harvested acreage in 25 years. Idaho established a record in corn production, and in California there were expanded plantings in areas previously not important to corn production. Utah and Oregon suffered poor sugar beet production and Idaho's crop was below average. Oregon, Washington, and Idaho all had good seed crop production and yields, with Washington establishing a record for production of certified alfalfa, red clover, and Ladino clover seed.

#### Fruits and nuts

District production of fruits and nuts presented a mixed picture in 1952, with wide fluctuations between states and among individual crops. Prices tended to move inversely to volume of production. District citrus crops—oranges, grapefruit, and lemons—were below the 1951 level and also below the 1941-50 average. In California some tree loss of fruit occurred from water rot and brown rot as a result of long periods of wet weather during the winter and early spring, and there was unusually heavy drop in Arizona. Record orange output in Florida and Texas more than offset the decline in District production.

California, which accounted for 45 percent of the nation's total production of fruits and nuts in 1952, did not have as favorable a year for these crops as 1951 or as the 1941-50 average. Rain caused imperfect pollination of

some apricot, plum, and prune orchards resulting in unusually short crops. This was reflected in above-average prices for these fruits. Frosts in late April did damage to some grapes and flowering almonds but California's output of grapes remained above the 10-year average, although lower than in 1951. The production of pears, avocados, cherries, and walnuts was very high, with Bartlett pear output at an all-time high.

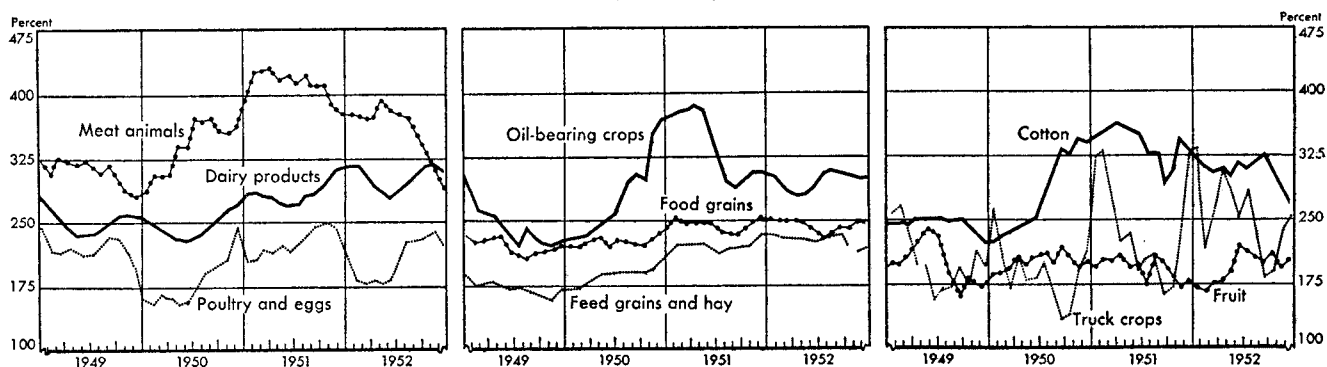
In Washington there was some damage to soft fruits from heavy frosts in June. Except for pears, sour cherries, and walnuts the output of all major fruit and nut crops increased over the very poor year of 1951. Apple production was up 18 percent and brought in a record return. The value of the fruit and nut crops in Oregon was equal to that of 1951 due mainly to larger production since average prices were lower. The filbert crop was 70 percent above both 1951 and the 1941-50 average. There was some loss in the prune crop and rain damage to sweet cherries, but the pear, sour cherry, peach, and walnut crops were above average. Both Washington and Oregon had a successful berry harvest, with 1952 Oregon production the second largest on record—45 percent above 1951. Prices were generally lower, except for cranberries, but increased output accounted for a sizable increase in value in both states.

Frost damage to fruit in Idaho was very light and spotty. As a result, the production of all fruits except apples exceeded that of both 1951 and the 1941-50 average. Except for apples, Idaho farmers received generally lower prices in 1952 due to the more than normal supply. In Utah apples were the only major crop for which prices increased. In spite of a 34 percent decrease in output, the crop value rose 18 percent. A record production of pears was sufficient to offset a price decline, but both output and value were lower for Utah's 1952 crop of peaches and apricots.

#### Truck crops

Arizona's farmers harvested a smaller acreage of truck crops in 1952 and received less in gross income than in the previous year. California's production of vegetables

INDEXES OF PRICES RECEIVED BY FARMERS—UNITED STATES, 1949-52\*  
(1910-14=100)



\*Mid-monthly data.

Source: United States Department of Agriculture, Bureau of Agricultural Economics, *Agricultural Prices*.

and melons was also below 1951, but even so was a near-record volume. Gross value, 3 percent below 1951, also approached the previous high. The price situation was mixed, varying by individual crop. In spite of reduced harvested acreage, tomatoes were again the leading crop with lettuce taking second place. Washington truck farm-

PRODUCTION AND VALUE OF PRINCIPAL CROPS  
TWELFTH DISTRICT—1952

	Production			Gross farm value	
	1952 (in thousands)	Percent change <sup>1</sup> 1951- 1952	1941-50 avg.-1952	1952 (in millions)	Percent change <sup>1</sup> 1951- 1952
<b>Field and seed crops</b>					
Barley (bu.)	91,982	+18	+ 11	\$143.5	+28
Beans, dry (100# bags)	6,807	-15	- 4	58.0	- 6
Corn (bu.)	9,737	+20	+ 29	34.4	+20
Cotton, lint (bales)	2,835	+10	+223	526.6	+ 5
Cottonseed (tons)	1,138	+ 8	+222	77.4	+ 4
Flaxseed (bu.)	1,486	-21	- 59	6.3	-29
Grain sorghums (bu.)	5,622	+52	- 17	10.9	+60
Hay, all (tons)	14,506	+12	+ 3	419.7	+11
Hops (lbs.)	61,263	- 3	+ 25	23.7	-25
Oats (bu.)	33,650	+16	+ 2	34.4	+20
Peas, dry (100# bags)	2,254	-37	- 58	10.6	-21
Potatoes (bu.)	111,791	+15	+ 10	231.8	+60
Rice (bu.)	11,880	+11	+ 69	71.3	+35
Sugar beets (tons)	3,999	- 6	+ 4	2	3
Wheat, all (bu.)	174,336	+ 7	+ 25	369.6	+ 8
<b>Fruit and nut crops</b>					
Apples (bu.)	36,134	+15	- 15	100.1	+30
Apricots (tons)	175	- 4	- 23	19.7	-11
Avocados (tons)	23	-24	+ 29	7.4	-10
Cherries (tons)	89	+32	- 3	17.6	- 9
Dates (tons)	18	- 6	+ 52	1.8	-10
Figs, dried (tons)	27	-10	- 18	3.8	-35
Figs, fresh (tons)	15	+ 7	- 4	2.2	- 1
Grapes (tons)	3,007	- 8	+ 14	107.7	-13
Olives (tons)	57	-11	+ 23	5.9	-47
Peaches (bu.)	33,448	-13	- 2	56.7	-20
Pears (bu.)	26,739	+ 4	+ 8	44.0	-33
Plums (tons)	53	-45	- 33	13.0	- 4
Prunes, dried (tons)	135	-24	- 27	30.2	0
Prunes, fresh (tons)	87	- 9	- 25	6.7	+ 2
Grapefruit <sup>2</sup> (boxes)	4,300	-27	- 30	5.0	- 5
Lemons <sup>3</sup> (boxes)	12,800	- 5	- 1	44.4	+17
Oranges <sup>3</sup> (boxes)	39,140	-16	- 20	84.2	-11
Almonds (tons)	35	-17	+ 13	16.4	-19
Filberts (tons)	11	+66	+ 64	3.5	+49
Walnuts (tons)	81	+ 4	+ 16	33.2	0
<b>Vegetables for market</b>					
Artichokes (40# box)	850	+35	+ 17	3.0	+18
Asparagus (30# cr.)	2,331	+20	- 13	8.8	-16
Beans, snap (30# bu.)	1,888	- 3	+ 16	5.4	- 5
Cabbage (tons)	144	- 9	- 3	8.9	- 8
Cantaloupes (70# cr.)	9,794	- 6	+ 27	38.2	+ 7
Carrots (50# bu.)	17,297	+ 2	+ 35	33.9	-12
Cauliflower (37# cr.)	6,363	- 4	- 8	8.0	- 2
Celery (65# cr.)	12,450	+ 3	+ 36	29.8	+ 7
Honeydew melons (35# cr.)	3,041	- 1	- 5	7.0	+12
Lettuce (70# cr.)	33,266	+ 9	+ 22	104.6	0
Onions (50# sacks)	14,159	- 4	+ 18	25.0	+26
Peas, green (30# bu.)	1,218	-18	- 61	2.4	-27
Peppermint (lbs.)	1,272	+25	+111	6.6	+ 5
Strawberries (36# cr.)	5,720	+48	+144	36.8	+28
Tomatoes (53# bu.)	9,252	- 2	+ 22	38.2	+ 6
Watermelons (no.)	15,958	-13	+ 19	7.6	+ 8
<b>Vegetables for processing</b>					
Asparagus (tons)	60	- 8	+ 1	11.6	-25
Beans, green lima (tons)	34	0	+148	5.1	- 3
Beans, snap (tons)	71	-16	+ 38	9.0	-13
Peas, green (tons)	160	- 5	+ 23	13.7	- 8
Tomatoes (tons)	1,834	-21	+ 74	46.6	-33

<sup>1</sup> Percentages are based upon unrounded figures.

<sup>2</sup> Not available.

<sup>3</sup> Figures are for crop year beginning in October of previous year.

Source: United States Department of Agriculture, Bureau of Agricultural Economics, 1952 annual summaries of production and value of production.

ers were happy in 1952, with production up and returns generally good for all vegetable crops except spring lettuce. Prices for green peas, which account for one-fourth of the total value of Washington's processed vegetables, were up sharply. In Oregon, harvested acreage and value were both down from 1951 as prices, except for snap beans, remained constant or lower. Except for green peas and sweet corn, Idaho produced a less than average output of truck crops. Utah also suffered a decline in both production and value of vegetable crops in 1952.

**Increase in District livestock slaughter**

As a result of increased livestock slaughter, consumers throughout the country had more red meat available in 1952. Total slaughter in the District increased by 7 percent to outpace that for the nation as a whole. There were extremely wide fluctuations among District states in the amount of total livestock slaughter. California, which accounts for the major part of the District marketings, had an increase of 7 percent while Nevada had a decrease of 26 percent and Idaho an increase of 20 percent.

The extremely sharp increase in calf slaughter in the District reflected a reversal of the 1951 policy of heavy withholding of calves from market. In spite of heavy marketings, however, cattle numbers continued to increase. At the end of the year the District had 8 percent fewer cattle on feed than in December 1951, as contrasted with a 16 percent increase for the United States. This was accounted for in part by the very muddy condition of District feedlots and by excessively heavy marketings in the last quarter of the year. District range conditions were generally favorable in the spring and summer, but the abnormally dry fall, particularly in the Northwest, necessitated supplemental feeding at an earlier date than usual. Feed was more plentiful than in most recent years, with supplies generally ample even with the early supplemental feeding required in some sections of the District.

The increase in cattle and calf slaughter, accompanied by a continued increase in cattle numbers, brought about substantial price declines beginning in May 1952. Prices spiraled downward 26 percent and ended the year at the January 1950 level. Prices for prime and choice beef by the end of the year had declined less than for the poorer grades of beef. The spread between steer and cow prices also widened.

District hog slaughter remained constant in 1952 but hog numbers continued to decrease. The Idaho and Utah 1952 pig crops were particularly small. Lower prices and relatively high feed costs were responsible for District farmers' decisions to reduce hog and pig numbers.

Sheep and lamb slaughter in the District increased by 14 percent in 1952, reversing the trend of the last few years when depleted flocks were being built up. Lamb prices dropped sharply from the record high of 1951, and the

price of wool fell below the price support level. In contrast to the country as a whole, there was an increase in the number of sheep and lambs on feed at the end of 1952 over the previous year. In Oregon, where there has been a decline in sheep on range areas and an increase in farm flocks, the 1952 lamb crop ratio of lambs to ewes was 100—the highest on record. Utah also had a high percentage of lambs to ewes.

**Production of dairy products, eggs, and poultry high**

The number of dairy cattle in the district increased in 1952, with the largest proportional rise in one- and two-year-old heifers. This was a result in part of the price position of dairy products during 1952, which was relatively more favorable, particularly in relation to meat animals. However, toward the end of 1952 there was a smaller than seasonal decline in milk production, with a resultant increase in the supply of manufactured dairy products. As a result, there were some price declines in dairy products. Butter prices in November fell below the price support level, leading to extensive Government purchases.

Egg production in the District outdistanced percentage-wise the increase in the country as a whole. California, the major producer, led the District states with a 10 percent increase. An increase in the rate of lay accounted for a large part of the higher volume of production in both the District and the United States. Egg prices averaged lower than in the preceding year, and by year end, laying flocks had been reduced.

The total number of chickens in the District on January 1, 1953, was 14 percent below a year previous as compared to a 4 percent decrease nationally. Although prices for farm chickens were low, the demand for broilers continued strong and prices in November were the highest in four years. The record turkey production, on the other

**CASH RECEIPTS FROM FARM MARKETINGS—1952**

	(in thousands)		
	Crops	Livestock and products	Total
Arizona .....	\$ 297,282	\$ 118,491	\$ 415,773
California .....	1,740,965	1,066,353	2,807,318
Idaho .....	214,094	162,248	376,342
Nevada .....	7,903	51,239	59,192
Oregon .....	272,948	200,807	473,755
Utah .....	47,710	130,759	178,469
Washington .....	392,001	205,359	597,360
Twelfth District .....	\$ 2,972,903	\$ 1,935,306	\$ 4,908,209
United States .....	\$14,626,805	\$18,498,594	\$33,125,399

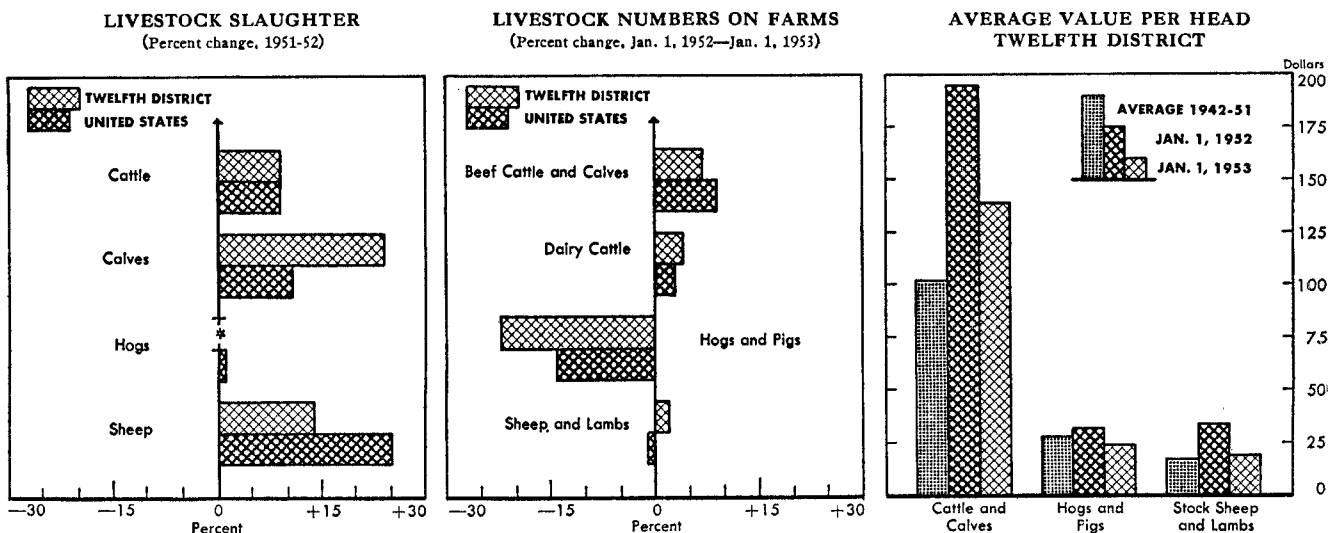
Source: United States Department of Agriculture, Bureau of Agricultural Economics, *Farm Income Situation*.

hand, resulted in a price drop, with 6 percent of the 1952 turkey crop going under Government purchase.

**District cash receipts**

In 1952 the country as a whole had a 2 percent increase in cash farm receipts but the Twelfth District fared better with a 5 percent increase over the previous high of 1951. California again ranked first among the states in size of cash receipts. Cash income from crops was up 12 percent for both the nation and the District, but the drop in receipts from livestock and products was less for the District than for the United States.

Although substantially above the 1950 level, every District state showed a decrease from 1951 in receipts from livestock and products as lower prices more than offset the increased volume of marketings. In all District states except Nevada and Utah, cash income from the large volume of crop production, particularly field crops, more than counterbalanced lower receipts from livestock. This was strikingly illustrated in Arizona where a record cotton crop pushed cash crop receipts up by 34 percent to effect an over-all increase in cash receipts of 16 percent. Oregon, Washington, and Idaho also had a larger percentage increase in total cash receipts than the District as a whole, due in part to record wheat output and a high price for potatoes.



\*No change. Source: United States Department of Agriculture, Bureau of Agricultural Economics, *Livestock Slaughter by States and Livestock on Farms*.



**BUSINESS INDEXES—TWELFTH DISTRICT<sup>1</sup>**  
(1947-49 average = 100)

Year and month	Industrial production (physical volume) <sup>1</sup>								Total nonagricultural employment	Total mfg employment <sup>1</sup>	Car-loadings (number) <sup>2</sup>	Dep't store sales (value) <sup>3</sup>	Retail food prices <sup>4</sup>	Waterborne foreign trade <sup>5, 6</sup>	
	Lumber	Petroleum <sup>1</sup>		Cement	Lead <sup>1</sup>	Copper <sup>1</sup>	Wheat flour <sup>1</sup>	Electric power						Exports	Imports
		Crude	Refined												
1929	97	87	78	54	185	105	90	29	.....	102	30	64	190	124	
1931	51	57	55	36	100	49	86	29	.....	68	25	50	138	80	
1933	41	52	50	27	72	17	75	26	.....	52	18	42	110	72	
1935	54	62	56	33	86	37	87	30	.....	47	66	24	135	109	
1936	70	64	61	58	96	64	81	34	.....	54	77	28	148	131	
1937	74	71	65	56	114	88	84	38	.....	60	81	30	170	119	
1938	58	75	64	45	92	58	81	36	.....	51	72	28	164	87	
1939	72	67	63	56	93	80	91	40	.....	55	77	31	163	95	
1940	79	67	63	61	108	94	87	43	.....	63	82	33	172	101	
1941	93	69	68	81	109	107	87	49	.....	83	95	40	.....	.....	
1942	93	74	71	96	114	123	88	60	.....	121	102	49	.....	.....	
1943	90	85	83	79	100	125	98	76	100	164	99	59	.....	.....	
1944	90	93	93	63	90	112	101	82	101	158	105	69	.....	.....	
1945	72	97	98	65	78	90	112	78	102	122	100	65	.....	.....	
1946	85	94	91	81	70	71	108	78	95	104	101	91	.....	.....	
1947	97	100	98	96	94	106	113	90	99	100	106	99	80	89	
1948	104	101	100	104	105	101	98	101	102	100	104	103	129	81	
1949	99	99	103	100	101	93	88	108	99	98	94	100	86	98	
1950	112	98	103	112	109	115	86	119	103	105	97	100	85	121	
1951	114	106	112	128	89	115	95	136	110	119	100	109 <sup>r</sup>	91	137	
1952	107	107	116	124	86	112	96	144	114	127	101	114	113	157	
1951 December	99	106	109	119	88	118	101	136	111	120	100	110	117	130	
1952 January	93	106	111	94	88	109	112	142	113	122	86	106	116	146	
February	107	106	113	112	104	109	105	139	113	124	101	108	114	138	
March	108	106	115	113	96	115	90	142	112	125	100	103	114	157	
April	110	107	114	120	95	117	88	141	112	126	106	106	116	143	
May	94	108	114	129	89	116	87	147	112	125	98	118	115	143	
June	117	107	116	126	87	112	84	150	113	126	108	114	115	182	
July	108	107	116	125	68	106	90	150	114	127	96	110	114	187	
August	106	107	122	131	81	105	103	153	114	129	101	116	114	203	
September	109	107	122	131	78	112	99	145	114	128	108	114	142	253	
October	116	107	117	142	80	115	96	146	115	130	98	118	145	319	
November	105	107	118	133	85	116	97 <sup>r</sup>	141	116	130	102	128	114	...	
December	99	108	114	126	78	111	96	138	116	130	100	118	115	...	

**BANKING AND CREDIT STATISTICS—TWELFTH DISTRICT**  
(amounts in millions of dollars)

Year and month	Condition Items of all member banks <sup>1</sup>				Bank rates on short-term loans <sup>2</sup>	Member bank reserves and related items <sup>10</sup>					Bank debts Index 31 cities <sup>11</sup> (1947-49 = 100) <sup>12</sup>
	Loans and discounts	U.S. Gov't securities	Demand deposits adjusted <sup>3</sup>	Total time deposits		Reserve bank credit <sup>11</sup>	Commercial operations <sup>12</sup>	Treasury operations <sup>13</sup>	Coin and currency in circulation <sup>11</sup>	Reserves	
1931	1,898	547	984	1,727	- 21	- 154	+ 154	+ 48	147	28	
1933	1,486	720	951	1,609	- 2	- 110	+ 150	+ 18	185	18	
1935	1,537	1,275	1,389	2,064	+ 2	- 163	+ 219	+ 14	287	25	
1936	1,682	1,334	1,791	2,101	+ 6	- 227	+ 454	+ 38	479	30	
1937	1,871	1,270	1,740	2,187	- 1	- 90	+ 157	+ 3	549	32	
1938	1,869	1,323	1,781	2,221	- 3	- 240	+ 276	+ 20	565	29	
1939	1,967	1,450	1,983	2,267	+ 2	- 192	+ 245	+ 31	584	30	
1940	2,130	1,482	2,390	2,360	+ 2	- 148	+ 420	+ 96	754	32	
1941	2,451	1,738	2,893	2,425	+ 4	- 596	+1,000	+ 227	930	39	
1942	2,170	3,630	4,356	2,609	+ 107	-1,980	+2,826	+ 643	1,232	48	
1943	2,108	6,235	5,998	3,226	+ 214	-3,751	+4,483	+ 708	1,462	61	
1944	2,254	10,450	6,950	4,144	+ 98	-3,534	+4,433	+ 789	1,706	69	
1945	2,663	8,263	8,203	5,211	+ 76	-3,749	+4,632	+ 545	2,033	76	
1946	4,068	8,426	8,821	5,797	+ 9	-1,607	+1,329	+ 226	2,094	87	
1947	5,358	7,247	8,922	6,006	+ 302	- 610	+ 482	+ 209	2,202	95	
1948	6,032	6,366	8,655	6,087	+ 17	+ 472	- 482	- 209	2,420	103	
1949	5,925	7,016	8,536	6,255	+ 3.20	+ 930	- 482	- 65	1,924	102	
1950	7,105	6,392	9,244	6,256	+ 39	-1,141	+1,198	+ 14	2,028	115	
1951	7,907	6,533	9,940	6,720	+ 21	-1,582	+1,983	+ 189	2,269	132	
1952	8,844	6,627	10,504	7,522	+ 7	-1,912	+2,265	+ 132	2,514	140	
1952 January	7,806	6,543	9,951	6,806	+ 84	- 228	+ 194	- 86	2,416	134	
February	7,760	6,413	9,420	6,900	+ 180	- 109	+ 111	+ 20	2,365	138	
March	7,787	6,378	9,426	6,915	+ 394	- 17	+ 272	+ 7	2,313	139	
April	7,850	6,313	9,408	6,924	+ 176	- 237	+ 102	+ 13	2,341	135	
May	7,921	6,238	9,306	6,985	+ 52	- 174	+ 185	+ 49	2,347	128	
June	8,062	6,258	9,501	7,083	+ 211	- 97	+ 190	+ 29	2,209	144	
July	8,114	6,507	9,643	7,143	+ 45	- 208	+ 288	+ 7	2,333	134	
August	8,270	6,469	9,679	7,197	+ 213	- 126	+ 163	+ 49	2,535	134	
September	8,444	6,473	9,908	7,249	+ 396	- 230	+ 153	+ 4	2,363	144	
October	8,605	6,765	10,125	7,336	+ 236	- 294	+ 267	+ 32	2,527	146	
November	8,805	6,808	10,281	7,331	+ 72	- 29	+ 79	+ 34	2,616	141	
December	8,844	6,627	10,504	7,498 <sup>r</sup>	+ 395	- 299	+ 422	+ 12	2,514	157	
1953 January	8,816	6,633	10,390	7,490	.....	+ 138	- 263	+ 136	- 77	2,565	146

<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; nonagricultural and manufacturing employment, U.S. Bureau of Labor Statistics and cooperating state agencies; retail food prices, U.S. Bureau of Labor Statistics; carloadings, various railroads and railroad associations; and 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 1930, "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 inter-bank deposits. <sup>14</sup> Revised.