

Monthly Review



TWELFTH FEDERAL RESERVE DISTRICT

FEDERAL RESERVE BANK OF SAN FRANCISCO

November 1957

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REVIEW OF BUSINESS CONDITIONS

IN the United States, the over-all performance of the economy in the July-September period approximately equalled that of the second quarter. Gross National Product rose 1 percent, but the advance principally reflects increases of about the same magnitude in wholesale and retail prices. Some real gain was recorded by consumer spending, however. Retail purchases of nondurables, in fact, rose sharply for a record quarter-to-quarter increase of \$3.4 billion at a seasonally adjusted annual rate. Spending on services also expanded further, although the gain here was less than in previous quarters this year and is largely due to increasing prices. In the case of durables, consumers chose to continue purchasing at the second quarter rate. This contrasts with a sharp drop between the first and second quarters.

GROSS NATIONAL PRODUCT
First Three Quarters 1957
Seasonally adjusted annual rates
(in billions of dollars)

	First quarter	Second quarter	Third quarter
Gross National Product.....	\$429.1	\$434.3	\$439.0
Personal Consumption			
Expenditures	276.7	278.9	283.6
Durables	35.9	35.0	35.0
Nondurables	137.3	139.1	142.5
Services	103.4	104.9	106.1
Gross Private Domestic			
Investment	62.7	65.0	65.5
Residential nonfarm			
construction	14.4	13.9	14.0
Other	18.5	18.9	19.0
Producers' durable			
equipment	30.7	30.5	30.5
Change in inventories....	— .8	1.7	2.0
Government Purchases	85.6	86.9	86.7
Federal	50.3	51.1	50.6
State and local.....	35.3	35.8	36.1
Net Foreign Investment.....	4.1	3.5	3.2

Source: United States Department of Commerce.

Other components of GNP showed small changes. Gross private domestic investment rose \$0.5 billion (at a seasonally adjusted annual rate) as the value of construction put in place reached a record high during the quarter. Included in the advance was a very slight gain in residential nonfarm construction—the first since the third quarter of 1955. No change from the second quarter was reported for business spending for equipment. Correction for price increases would indicate that gross private domestic investment declined in physical terms.

Inventory investment rose moderately from the second quarter level. A less volatile component, net foreign investment, recorded a small drop as the margin between exports and imports narrowed during the third quarter. A decrease was also reported for government expenditures as cutbacks in Federal outlays for defense more than offset a gain in state and local government spending.

Consumers hold the key

The strength shown by consumer expenditures in the third quarter has given rise to the hope that consumer purchases might also continue to counter-balance slippages in other sectors of GNP during the remaining months of the year. Such strength would have to extend to durables also to offset the effects of expected cutbacks in plant and equipment outlays. Specifically, a strong resurgence in the demand for automobiles and appliances would be required to offset the depressing effects of expected reductions in activity in machinery, aircraft, and, possibly, heavy construction.

A large number of factors influence the demand for consumer durables. When employment is assured and income is rising, wage earners confidently incur new instalment obligations. They are likely to postpone purchases of durables, however, when workweeks are shortened, income drops, and employment cutbacks occur. In September and October both employment and wage and salary payments recorded small declines after seasonal adjustment, while unemployment has risen only slightly. Average hourly earnings in manufacturing levelled in October in spite of cost-of-living increases granted in a number of industries. By themselves, current trends in employment and income do not favor a strong upsurge in the demand for consumer durables.

Other factors are also relevant. In the case of household appliances, an upturn in residential housing activity is necessary before a major upsurge in demand can occur since the two demands are, to some extent, complementary. After a slight dip in September, housing starts rebound-

ed to an annual rate of about 1,000,000 units in October. While no clear-cut revival is yet evident, the October rise kept alive hopes that a turning point had been reached. In the case of automobiles, price increases may weaken the appeal of the new models. However, the expectation that prices would be raised did serve to strengthen sales during the clean-up period for the 1957 models.

There are yet other factors that will affect future sales of consumer durables, particularly automobiles. Many instalment contracts initiated during the 1955 model year are due to expire. Whether or not these consumers will purchase new automobiles or other consumer durables largely depends on income and employment prospects.

Although interest rates charged on instalment contracts have increased in recent years, average maturities have lengthened so that monthly payments have actually been reduced. The stretching of maturities was especially evident in 1955 and has been less pronounced in 1956 and 1957. A further liberalization of terms, possibly including a lowering of downpayments, could provide some stimulus to sales of consumer durables. Such a development would run contrary to the general pattern of increased business caution, however, and customers' credit records are likely to be scrutinized more carefully in the future.

This brief examination of factors that are apparently influencing sales of consumer durables leads to the conclusion that a sharp upsurge in demand does not appear imminent. And without a strong upturn in purchases of consumer durables it is unlikely that consumer expenditures can singlehandedly provide enough stimulus to cause an upturn in real GNP (after adjustment for price changes) during the final quarter of this year. On the other hand, it is not likely that consumer spending will represent an area of weakness during this period.

District business activity recedes

In the Twelfth District, the third quarter closed on about the same note of uncertainty that has prevailed for the past several months. A moderate reduction in the pace of business activ-

ity occurred in September, according to available indicators.

Total nonfarm employment remained at the August level (after seasonal adjustment) despite the termination of a construction strike involving about 20,000 workers in Southern California. Other than construction, the only significant employment gain occurred in service industries where an advance of one-half of one percent was recorded. Employment in wholesale and retail trade showed a minor increase. All other major industries suffered employment cutbacks.

A slight decline in government employment resulted as increases in state and local teaching forces did not completely offset layoffs at Federal defense establishments. The number of jobholders employed in metal ore mines and petroleum fields also declined, as did employment in finance. Losses in these industries amounted to about 1 percent. A smaller percentage drop occurred in transportation, communication, and public utilities. The decline was confined to railroads, which cut work forces in connection with a reduced volume of rail traffic.

Manufacturing employment in the District also fell. The 1 percent, 17,000-man loss was partially due to efforts of the Defense Department to reduce the rate of spending on military goods. In the aircraft industry the employment loss amounted to about 7,000 workers. Nearly all of this loss was centered in plants of the major airframe producers. Effects of the economy wave have also spread to supporting industries such as metal fabricating, instruments, electronic equipment, and ordnance.

Man-hours worked in Pacific Coast manufacturing decline

A more detailed picture of manufacturing activity is provided by statistics on man-hours worked in the Pacific Coast states. Total hours fell 2.6 percent from August to September. The major part of the decline occurred in durable goods industries; with the exception of machinery, all categories showed losses. In lumber the combination of extremely dry logging conditions and a further weakening in demand led to a cut of 12 percent in hours worked. Activity in the

production of transportation equipment fell slightly more than 2 percent as a result of lower production schedules at aircraft plants. In metals, a drop in man-hours worked reflects a decline in steel production from 90 to 89 percent of capacity as well as reduced operating rates in plants producing nonferrous metals and fabricated products. In nondurables, reduced activity in food processing, textiles, and miscellaneous nondurables more than offset gains in paper and in printing and publishing. Though nondurable goods industries currently show more strength than durables, they are down 4 percent from September 1956 compared with a loss of 2 percent for durables.

Contract awards fall in September

Developments in construction activity in the Twelfth District parallel those noted above in manufacturing. Total construction contracts awarded in September fell 18 percent from the August level. The value of contracts awarded for nonresidential projects dropped 21 percent while public works and utilities were off 22 percent. Continued strength in awards for multi-unit dwelling structures limited the decline in residential valuations to 7 percent. So far in 1957 total awards are about 1 percent greater than in the first nine months of 1956 because of the heavy volume of contracts let for public works and utilities projects earlier this year.

Department store sales rise in September

In the area of retail trade, information is limited to sales at District department stores and automobile registrations. Department store sales rose 2 percent from August to September after adjustment for seasonal variation and differences

in the number of trading days. They were also 2 percent above those in September a year ago. According to preliminary reports on sales in October, the year-to-year margin narrowed. Except for the Pacific Northwest, department store sales have held up well despite shortened workweeks and employment cutbacks.

Auto registrations in California rose 4 percent from the September level in October and were 10 percent above those of October a year ago. For the entire District, September registrations were up 11 percent from the relatively low August figure and 21 percent above that for September 1956. For the year through September, District registrations were running slightly below the 1956 figure.

Loans outstanding at weekly reporting member banks are reduced

Loans outstanding at weekly reporting member banks in the four-week period ending October 23 fell by \$74 million, eliminating half of the gain that occurred in the previous four-week period. In a comparable period in October last year loans rose by \$39 million.

Real estate loans was the only category registering an increase this October. "Other loans," principally consumer loans, dropped \$22 million, while agricultural loans fell \$7 million. The largest decline was reported for borrowings of commercial and industrial firms, a drop of \$34 million. Most of the decline cannot be identified as to industry. Among classified industries, food processors, retail stores, and commodity dealers accounted for the largest increases, while firms producing metal products, sales finance companies, and construction firms show the largest reductions in indebtedness.

Population Changes and the Twelfth District Labor Force

SHARP increases in population and employment have become almost commonplace in Twelfth District states, particularly since the boom years of World War II. Percentage gains several times greater than those made in the nation as a whole now are surprising to Westerners only when they fail to occur. The District's growth figures since 1930, however, reveal that employment has increased somewhat less in percentage terms than population. Employment growth commands attention because it is an important indicator of economic health. This article will examine the rapid population growth of the Twelfth District as one factor affecting the number of persons who seek employment, that is, those who participate in the labor force. Our principal method of approaching the problem will be to compare certain characteristics of the District's population which differ significantly from those of the population of the entire United States.

The Population of Twelfth District States

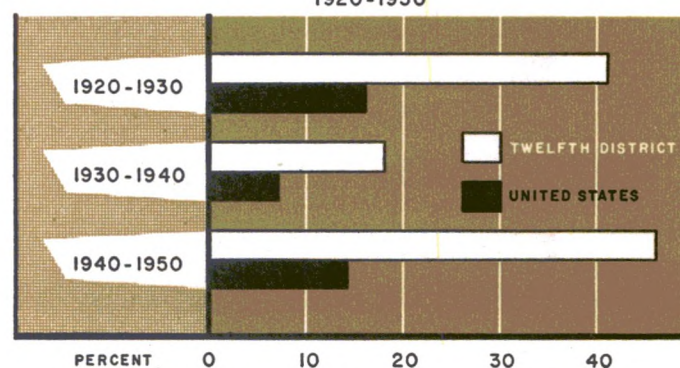
After the formal organization of the Arizona and Idaho territories in 1863, all of the Twelfth District area became identifiable substantially as it exists today, and separate population data by states are available from 1870 onward. In six of the eight complete decades since 1870, the District population has grown at a rate at least two and one-half times greater than that of the nation as a whole. The rate of expansion was impressive even in the two remaining decades; it was 1.4 times that of the nation between 1890 and 1900 and 2.2 times that of the nation from 1910 to 1920. (Chart 1) Between 1950 and 1956, the latest year for which comparable estimates are available for all District states, the rate of growth was about 2.1 times that of the nation. This reflects a moderate diminution from the rate of increase experienced during the 1940's in the District because of somewhat reduced in-migration from other areas, but even more it is the result of an increased rate of growth of the national population over that experienced in the previous decade.

Migration contributes most to growth

The chief source of population growth in most Twelfth District states has been the periodic tidal waves of migration westward. This is as true of recent decades as during the more distant past. The relatively large number of people residing in the District who were born in other states and foreign countries has had a significant effect on the age and sex distributions of the District population. In the past people who migrated, and particularly those who migrated long distances, tended to be concentrated in the young adult age brackets, and men migrated much more than women. (Chart 2 and Table 1) The cost of the journey westward discouraged many families from leaving their Eastern homes, even after the coming of the railroad and the steamship had eased the hardships of travel. The difficulties associated with carving a livelihood from undeveloped land also helped to restrict the number of women and children among the settlers moving west.

Distorted age and sex distributions were most apparent among migrants from foreign countries. The concentration of young adults and especially of young males was even more noticeable among these than among native-born migrants. Of

CHART 1
PERCENTAGE INCREASE IN POPULATION
IN THE TWELFTH DISTRICT AND THE UNITED STATES
1920-1950

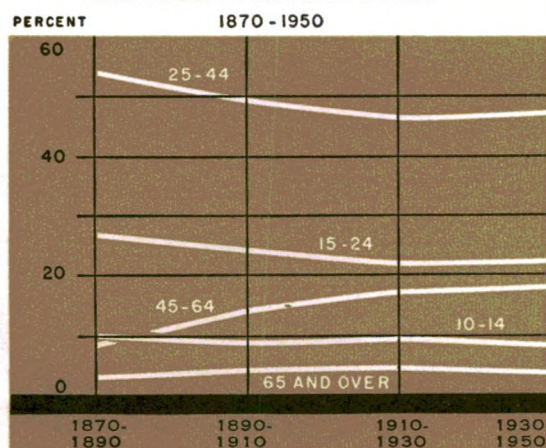


Source: United States Department of Commerce, Bureau of the Census, *United States Census of Population*.

course, many other states received large influxes of people from foreign lands during this time also, but the foreign-born have been a substantially greater proportion of the population in most Twelfth District states than in the nation as a whole. (See Chart 3) Foreign countries supplied fully one-third of the total number of migrants into District states in the decades prior to 1920; from 1920 to 1930, when entry into the United States was first restricted sharply, people coming from other nations were little more than one-fourth of the total number of migrants, while since 1930 they have been a rather minor contributor to Twelfth District population growth.

The high proportion of males and of young adults in general—both among the native- and the foreign-born migrants—was most pronounced during the nineteenth century; in more recent decades young adults, while still the most numerous, have become somewhat less important as there has been a gradual diminution of the age and sex differences between migrants and the people who remain at home. A number of factors have contributed to this change, including improved means of transportation, the growing independence of women, and the gradual replacement of the hardy frontier atmosphere in the

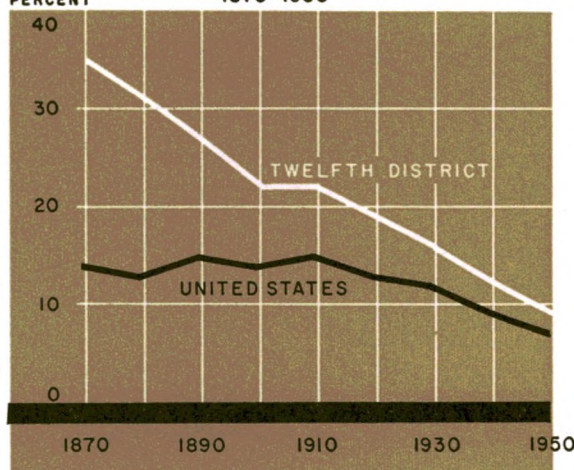
CHART 2
AGE DISTRIBUTION OF MIGRANTS
INTO TWELFTH DISTRICT STATES



Note: The figures indicate migration by persons aged 10 years and over at end of decade.

Source: Everett S. Lee and others, *Population Redistribution and Economic Growth, United States, 1870-1950*, Vol. I, Table P-1, pp. 107-231.

CHART 3
FOREIGN-BORN POPULATION
TWELFTH DISTRICT AND THE UNITED STATES
PERCENT 1870-1950



Source: United States Department of Commerce, Bureau of the Census, *United States Census of Population*.

West of the late nineteenth century by settled towns and the comforts of the twentieth century.

The impact of migration is apparent from Table 2, which shows that in each of the past eight complete decades net in-migration was responsible for more than half of the total gain in population from the previous Census. The Censuses of 1940 and 1950 also indicated that among District states only Utah had less than twice the national average of residents who were born in other states. Of course, many people born in District states move also; but a study of population mobility between 1935 and 1940 indicated

TABLE 1
PROPORTION OF MEN TO WOMEN (SEX RATIO)
AMONG MIGRANTS¹
1870-90 AND 1930-50
(100 = 100 men to 100 women)

Age group	Native-born whites		Foreign-born whites	
	1870-90	1930-50	1870-90	1930-50
10-14	99	104	104	107
15-24	148	121	164	88
25-44	177	103	203	60
45-64	95	96	65	87
65 and over.....	107	67	77	82
Total 10 years and over.....	145	104	166	76

¹ Data for nonwhite migrants not available.

Source: Everett S. Lee and others, *Population Redistribution and Economic Growth, United States, 1870-1950*, Vol. I, *Methodological Considerations and Reference Tables* (Philadelphia, American Philosophical Society, 1957), Table P-1, pp. 107-231.

that for the most part District natives who move from their original states remain within the District's boundaries.¹

Migration not of equal importance to all District states

After the original influx of pioneers, all of whom were migrants, the migration experiences of the several states were quite varied. (Table 3) Migration in the twentieth century has accounted for a larger fraction of the increase in population in the three Pacific Coast states and Nevada than it has in Arizona, Idaho, and Utah. In the first four states above, not only has migration been high, but also until recent years the rate of natural increase has been lower than that of the nation and also of the other three District states.

The net effect for the District as a whole was that the natural increase only partially offset the tendency of migration to cluster the population

TABLE 2
POPULATION INCREASES PER DECADE IN
TWELFTH DISTRICT STATES
1870 to 1950

Decade	Total increase each decade	Estimated net in-migration ¹	Other in-crease ²	Net in-migration as percent of total increase	Other increase as percent of total increase
1870-79	564,800	310,700	254,100	55	45
1880-89	929,400	564,400	365,000	65	35
1890-99	697,200	395,500	301,700	57	43
1900-09	2,157,000	1,561,300	595,700	72	28
1910-19	1,682,200	1,063,700	618,500	63	37
1920-29	2,814,200	1,822,300	991,900	65	35
1930-39	1,744,000	1,176,900	567,100	67	33
1940-49	5,255,700	3,117,400	2,138,300	59	41

¹Includes persons 10 years of age and over at end of each decade.

²Includes natural increase (excess of births over deaths) and net in-migration by those under 10 years of age.

Sources: United States Department of Commerce, Bureau of the Census, *United States Census of Population: 1950*, Vol. II, *Characteristics of the Population* (Washington, United States Government Printing Office, 1952); Everett S. Lee and others, *Population Redistribution and Economic Growth, United States, 1870-1950*, with adjustments for nonwhite foreign-born population changes from 1870-1900 taken from Everett S. Lee and others, *Net Intercensal Migration, 1870-1940*, Vol. III, (Philadelphia, University of Pennsylvania, 1953).

in the young and middle-aged adult brackets. Differences in death rates between District states and the nation have not significantly affected the population structure. The generalization can be made that the death rate was usually a little higher in the District than in the nation prior to

¹United States Department of Commerce, Bureau of the Census, *United States Census of Population: 1940, Internal Migration 1935 to 1940* (Washington, United States Government Printing Office, 1946).

TABLE 3
ESTIMATED AVERAGE GAINS PER DECADE FROM NET
IN-MIGRATION INTO TWELFTH DISTRICT STATES
1870-1950¹

	Average gain 1870-1900	Average gain 1900-1940	Average gain 1940-1950	Percent of total (gain per decade)		
				1870-1900	1900-1940	1940-1950
Arizona ...	24,900	36,500	117,400	66	39	47
California .	185,200	1,042,000	2,399,100	60	78	65
Idaho	29,500	27,800	—29,600	60	31	*
Nevada ...	—3,400	11,500	28,800	*	68	58
Oregon ...	61,400	109,100	244,000	57	65	57
Utah	15,400	—9,200	6,400	24	*	5
Washington	110,500	188,300	351,300	67	62	55
Total Twelfth District..	423,500	1,406,000	3,117,400	58	67	59

¹Estimated net in-migration of persons 10 years and over at end of decade.

*Net loss from out-migration.

Source: Everett S. Lee and others, *Population Redistribution and Economic Growth, United States, 1870-1950*, Vol. I, *Methodological Considerations and Reference Tables*, Table P-1, pp. 107-231.

World War II, while it has been slightly lower in the District since then. Until the Census of 1950, the percentage of people over 65, while relatively small, was almost 20 percent higher in the District compared with the nation, and this would tend to increase the death rate.

The birth rate in Washington, Oregon, California, and Nevada, however, was consistently lower than the national average and the rate for the three other District states, at least in the years between 1920 and World War II. The four low-birth-rate states have generally accounted for over 80 percent of the District's population. Moreover, during the 1950 Census, a count was made of the number of children born to women who had ever been married—that is, women reported as married, divorced, or widowed—and the number of children born to such women was substantially below the national average in each of these four states. These states have also been consistently below the national pattern in the number of persons per family or per household. In past years the birth rate, the number of children born, and the average size of families or households have been as high as or higher than the national average in the other three District states—Arizona, Idaho, and Utah. Since World War II the birth rate in both the District and the nation has increased sharply; the increase has been more pronounced in the District, though, and by 1950 the proportion of its population

under 14 had climbed to near equality with that of the nation.

Abundance of men in the Twelfth District

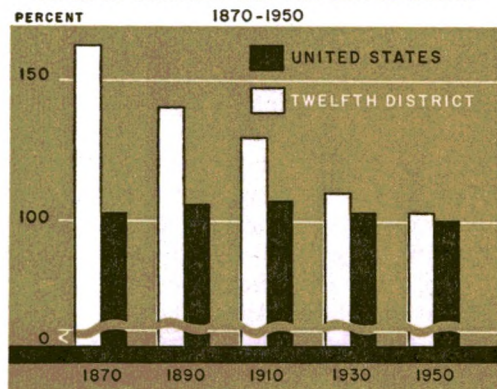
In the literature on population the term sex ratio is used to denote the proportion of men to women, that is, the number of men divided by the number of women in the population. The sex ratio in all District states has been much higher than that of the nation, principally because of migration. (Chart 4) A sex ratio above 100 percent is not surprising among younger age groups, since at present about 105 boys are born for every 100 girls, while present mortality rates bring the ratio down to 100 percent only at about age 25. In the District, however, the sex ratio has been well above 100 and substantially higher than in the nation among the population in the adult age brackets as well. The life of the pioneer was thus not only hard but often lonely. The somewhat distorted sex ratio, which was most noticeable in the ages usually associated with the propagation of children, was thus also a factor contributing toward keeping the number of children born in District states low. The long-run trend has been for the sex ratio to decline, however, because there is a more even distribution of men and women among migrants. From a high of 162 males to every 100 females in 1870, which was 59 percent above the national ratio, the District sex ratio fell to less than 102 males to every 100 females in 1950, or about 3 percent higher than the national average. (Chart 4) Presumably continuation of this trend has brought the ratio now almost to equality between the Twelfth District and the nation.

The Labor Force in Twelfth District States

With the rate of natural increase somewhat low until recent years and the sizable influx of people from other areas constituting the major source of population gains, the Twelfth District has had a higher proportion of its population in the adult age brackets than has the nation. In turn, since it is almost entirely from the adult population that the labor force is drawn, the ratio of the labor force to the total population has been somewhat higher in the District than in the nation.

CHART 4

PROPORTION OF MEN TO WOMEN (SEX RATIO)
TWELFTH DISTRICT AND THE UNITED STATES
1870-1950



Source: United States Department of Commerce, Bureau of the Census, *United States Census of Population*.

The ratio of labor force to total population

In 1920 the ratio of the labor force to the total population in the District exceeded that of the nation by almost 8 percent. The declining birth rates in the 1920's and 1930's and the long-term decline in the death rate brought about a slight increase in the proportion of adults in the population nationally, while the proportion of adults has tended to decline in the District population as the age and sex distributions were becoming more normal because of the changed migration pattern. Thus by 1950 the District rate of labor force participation exceeded that of the nation by only 2 percent. With the high birth rates prevailing at present in both the District and the nation and the modern pattern of migration, it would appear that by the next Census in 1960 there will remain little difference in the ratio of the labor force to the total population between the Twelfth District and the entire United States.

Participation by the working-age population

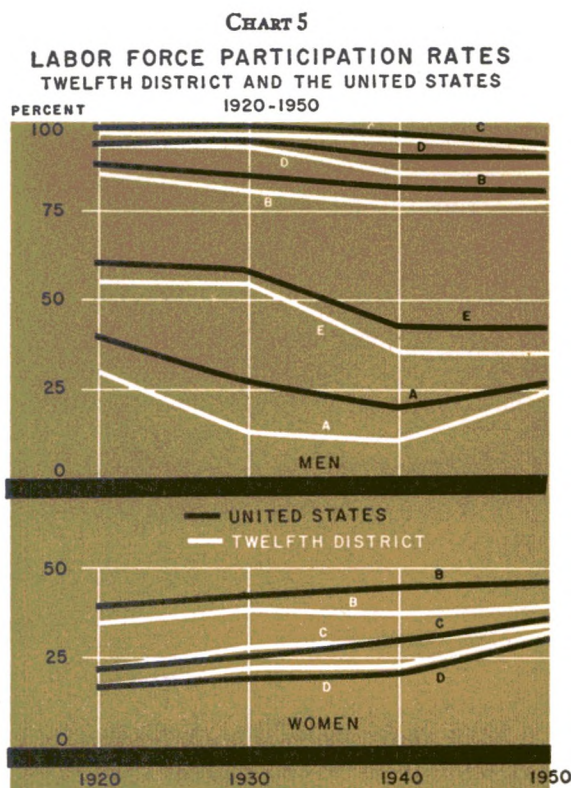
The proportion of the population of working age, usually defined as those aged 14 years and above, actually participating in the labor force generally has been somewhat higher in the District than in the nation as a whole. Although this is again traceable in large part to the unusual population structure of the District, the reasons are not so apparent as in the case of the ratio of the labor force to the total population. Attention

here will be centered mainly on the figures for the years since 1920. Labor force participation is a dynamic phenomenon, changing frequently and sometimes radically with the growing trend toward urbanization, the emancipation of women, more years of schooling for young people, and a number of other factors.

When specific age-sex groups, such as the number of males aged 45 through 64 years or the number of women aged 18 through 24 years, are investigated, the rate of labor force participation is almost always lower in the District than in the nation as a whole. (Chart 5) Even with the group which has the highest participation rate, men aged 25 through 44 years (whose rate is generally above 95 percent), participation in the District is slightly, though perhaps not significantly, below the nation. Only among women past 35 years of age has participation in the District generally exceeded that in the nation. This remains true even though the long-term trend has been for decreasing participation among men and toward increasing participation by women past 35 in both the District and the nation.

District's high sex ratio and the labor force

With participation lower in the District for almost all age groups in the population, the question arises how total participation of the working-age population can usually be higher in the District than in the nation. The answer lies chiefly in the abnormal sex ratio. Despite the trends in both District and nation, men, with their high participation rate, have outnumbered women so heavily in the District that this has been more than enough to offset the somewhat greater participation by women of some ages and young and older people nationally. The effect of the high sex ratio is augmented by the fact that the participation rate for men over 25 is normally over 80 percent and often over 95 percent. Since 1920 there has been little change in this ratio—the District ratio of labor force to working-age population generally being from 1 to 2 percent higher than the nation—although during the depression-affected year of 1940 the District rate was below that of the nation by about 1 percent. If one were to choose somewhat more restrictive age brackets than “over 14” with which



Note: The letters refer to age groups, as follows:

- A. 14-17 years of age
- B. 18-24
- C. 25-44
- D. 45-64
- E. 65 and over.

Participation rates by women 14-17 and over 65 are omitted. The District average over this period for these age groups is less than 10 percent.

Source: United States Department of Commerce, Bureau of the Census, *United States Census of Population*.

to count the working-age population, for example, persons between 18 and 64—and, indeed, this may be a more realistic grouping—the District rate would exceed that of the nation by an even greater margin.

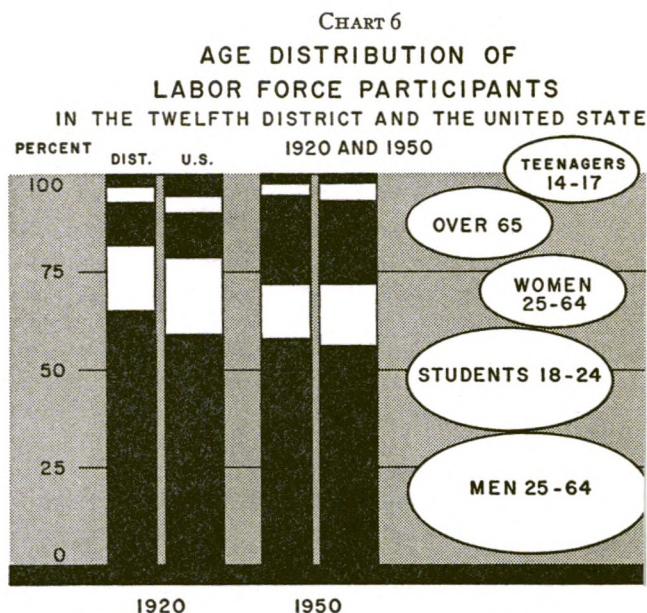
Specific group participation

The high sex ratio accounted for a large part of the high ratio of labor force to working-age population, but differences in participation by several specific age groups are also of interest. Teenagers and young adults under 25 years of age, and people over 65 years of age, have generally participated less in the District than in the nation. For the younger people, this is an indication of more years of school attendance than the average over the nation, a pattern which obtains

in both the high school and college age brackets. There has, of course, been some offset of the labor force loss resulting from increased attendance at school in that many students work part time.

The greater amount of schooling among the young, and for that matter the higher rate of labor force participation among women past 35, appears to be in large measure a result of the smaller size of District families. Even though the proportion of married women in the population is higher in the District than in the nation, and marriage has a tendency to reduce labor force participation, the smaller average size of their families has enabled women in the District to re-enter the labor force more readily than in the rest of the country. Only in Arizona, Idaho, and Utah, where family size is larger than the District average and as high as the national average, does labor force participation among women past 35, for example, resemble the national pattern. Paradoxically, school attendance rates have been high in these three states too, however. With more wage earners and relatively fewer children on the average, District parents are better able to allow their children to complete more years of school, including college, than is possible in the nation as a whole. Of course, other factors are also involved, for example, the average income per wage earner (and thus of parents) is higher in the District than in the nation. Also, the rapid growth of the Twelfth District, which has resulted in the creation of many new jobs each year, has tended to attract many women into the labor force who otherwise would have remained at home. The occupational structure of the Western economy, which includes a higher percentage of service industries and more of the lighter types of manufacturing, would also attract women into the labor force.

We find, then, that adults aged 25 through 64 years have generally been a larger part of the Twelfth District labor force than they have been in the nation as a whole. (Chart 6) Fewer students are required to terminate their education, and the aged need not keep working as long as in the nation. Even here, however, the trend has been toward diminution of the difference between the District and the nation over the years.



Source: United States Department of Commerce, Bureau of the Census, *United States Census of Population*.

More recent experience

The latest Bureau of the Census estimates of the population of Twelfth District states are for 1956; these indicate that the high rate of population growth achieved in the West during the 1940's has been largely sustained during the 1950's. Annual birth rates have remained almost as high as during the early postwar years. At least during the six-year period between 1950 and 1956, migration continued to be the chief source of population growth; but instead of the estimated two-thirds of District growth in the 1940's, the contribution of migration in this first half of the decade was an estimated 53 percent.

Between 1950 and 1956 the ratio of men to women in the population, the sex ratio, fell almost 1 percent nationally, and in recent decades the sex ratio in the District has fallen about twice as much as that of the nation. The latest estimates of labor force participation among the population over 14 years of age for the 11 Western states, covering 1955 and 1956, show little difference from the nation as a whole. The number of persons who are presently coming into the age groups when labor force participation becomes high is still somewhat low in both the District

and the nation because of the low birth rates of the 1930's; and there will not be much increase for several more years. This means that any substantial growth in the number of workers in the near future will have to come from increased participation by persons in other specific age brackets, such as women past 35.

Conclusion

To summarize, we have found that in the past the population of the Twelfth Federal Reserve District has differed in structure from the population of the nation as a whole. Much of the difference may be attributed to the large number of persons migrating into Western states. Because of such factors as the rigors of travel and the hard life of the frontier, the people who made the journey westward tended preponderantly to be young and middle-aged adults and more particularly, men. Since these are the people who participate most in the labor force, the Twelfth District has naturally found a higher proportion of its population in the labor force than has the nation as a whole. Not only that, but a greater number of those people of working age in the District have generally been in the labor force. This has been of great benefit to the District during the period when it most needed workers to bring its vast undeveloped resources into economic use. While the District has grown and developed, however, the population structure has changed as the proportion of women in the

population has risen, and the distribution of ages has tended to become more normal also. This has meant that the population structure of the Twelfth District and, in large measure, its labor force, also, have gradually become more like those of the nation.

In the future, it appears that the population structure of the Twelfth District will be more responsive to factors affecting the population of the nation as a whole than it has in the past. Even if the present pattern of migration were not becoming more representative of the population that stays at home, it would be difficult to argue that migration will be as important to the future population growth of the District as it was in the past. For this to occur, it would be necessary for migration to grow at a constantly increasing rate, when it would more likely tend toward stability or some decline as the differences in income between the West and the rest of the country diminish and the disadvantages of crowding tend to offset the advantages of climate. For the West this will mean a greater burden of rearing and training its own future labor force—a burden which has been borne in large part in the past by other parts of the United States and foreign countries. As a corollary to this, there will be greater demands for schools and for other types of goods and services provided for persons outside the labor force than in the past. Some of this demand has already been felt in the years since World War II.

FEDERAL RESERVE BANK OF SAN FRANCISCO

BUSINESS INDEXES—TWELFTH DISTRICT¹

(1947-49 average = 100)

Year and month	Industrial production (physical volume) ¹							Total nonagri-cultural employment	Total mfg employment	Car-loadings (number) ²	Dep't store sales (value) ³	Retail food prices ⁴	Waterborne foreign trade ⁵	
	Lumber	Petroleum ⁶		Cement	Lead ⁷	Copper ⁸	Electric power						Exports	Imports
		Crude	Refined											
1929	95	87	78	54	165	105	29	....	....	102	30	64	190	124
1933	40	52	50	27	72	17	26	....	....	52	18	42	110	72
1939	71	67	63	56	93	80	40	....	55	77	31	47	163	95
1948	104	101	100	104	105	101	101	102	102	100	104	103	86	98
1949	100	99	103	100	101	93	108	99	97	94	98	100	85	121
1950	113	98	103	112	109	113	119	103	105	97	105	100	91	137
1951	113	106	112	128	89	115	136	112	120	100	109	113	186	157
1952	116	107	116	124	87	112	144	118	130	101	114	115	171	200
1953	118	109	122	130	77	111	161	121	137	100	115	113	140	308
1954	111	106	119	133	71	101	172	120	134	96	114	113	131	260
1955	121	106	122	145	75	117	192	127	143	104	122	112	164	308
1956	116	105	129	156	77	118	210	134	152	104	129	114	195	443
1956														
September	112	104	136	168	78	122	209	135	153	107	131	114	212	459
October	110	104	128	163	81	127	217	136	154	102	130	115	256	563
November	111	104	135	146	79	123	216	137	156	100	132	116	242	401
December	112	103	132	139	72	123	210	138	159	106	131	116	234	436
1957														
January	108	102	131	120	79	125	220	139	160	105	131	116	237	421
February	115	102	130	127	88	138	211	138	159	96	127	117	269	417
March	115	101	132	140	88	133	221	138	159	100	123	116	267	489
April	111	101	132	154	78	135	228	138	159	103	127	117	298	534
May	111	101	138	157	82	126	229	138	159	99	126	117	283	698
June	114	101	131	152	75	130	239	139	160	100r	131	118	253	511
July	109	101	133	162	68	133	238	138	159	94	133	118	....	....
August	...	101	137	160	74r	142	233	138r	156r	97r	131r	118	....	....
September	...	102	135	...	72	...	...	138	155	86	134	119	....	....

BANKING AND CREDIT STATISTICS—TWELFTH DISTRICT

(amounts in millions of dollars)

Year and month	Condition items of all member banks ¹				Bank rates on short-term business loans ²	Member bank reserves and related items					Bank debits Index 31 cities ¹³ (1947-49 = 100) ¹⁴
	Loans and discounts	U.S. Gov't securities	Demand deposits adjusted ⁷	Total time deposits		Factors affecting reserves:				Reserves ¹¹	
						Reserve bank credit ⁸	Commercial ⁹	Treasury ¹⁰	Money in circulation ⁹		
1929	2,239	495	1,234	1,790	.....	- 34	0	+ 23	- 6	175	42
1933	1,486	720	951	1,609	.....	- 2	- 110	+ 150	- 18	185	18
1939	1,967	1,450	1,983	2,267	.....	+ 2	- 192	+ 245	+ 31	584	30
1949	5,925	7,016	8,536	6,255	3.20	+ 13	- 930	+ 378	- 65	1,924	102
1950	7,093	6,415	9,254	6,302	3.35	+ 39	- 1,141	+ 1,198	- 14	2,026	115
1951	7,866	6,463	9,937	6,777	3.66	- 21	- 1,582	+ 1,983	+ 189	2,269	132
1952	8,839	6,619	10,520	7,502	3.95	+ 7	- 1,912	+ 2,265	+ 132	2,514	140
1953	9,220	6,639	10,515	7,997	4.14	- 14	- 3,073	+ 3,158	+ 39	2,551	150
1954	9,418	7,042	11,196	8,699	4.09	+ 2	- 2,448	+ 2,328	- 30	2,505	154
1955	11,124	7,239	11,864	9,120	4.10	+ 38	- 2,685	+ 2,757	+ 100	2,530	172
1956	12,613	6,452	12,169	9,424	4.50	- 52	- 3,259	+ 3,274	- 96	2,654	189
1956											
October	12,384	6,468	11,747	9,326	.....	- 5	- 417	+ 312	- 2	2,542	195
November	12,504	6,431	11,867	9,235	.....	0	- 143	+ 209	+ 38	2,579	195
December	12,804	6,383	12,078	9,356	4.65	- 17	- 303	+ 451	+ 38	2,654	200
1957											
January	12,488	6,505	11,812	9,587	.....	+ 33	- 558	+ 249	- 144	2,548	206
February	12,556	6,356	11,279	9,690	.....	+ 41	- 816	+ 494	- 139	2,517	200
March	12,576	6,177	11,129	9,794	4.74	- 37	- 170	+ 170	- 9	2,495	199
April	12,649	6,520	11,622	9,839	.....	- 35	- 445	+ 430	- 31	2,560	202
May	12,694	6,315	11,210	9,995	.....	+ 56	- 261	+ 209	+ 54	2,526	200
June	12,911	6,249	11,310	10,155	4.81	- 29	- 374	+ 402	+ 20	2,483	203
July	12,912	6,319	11,407	10,188	.....	- 49	- 426	+ 320	+ 6	2,457	205
August	12,945	6,313	11,329	10,220	.....	+ 50	- 145	+ 292	+ 39	2,592	197
September	13,178	6,293	11,561	10,301	5.21	- 109	- 434	+ 480	- 30	2,581	204
October	13,064	6,433	11,570	10,417	.....	+ 76	- 342	+ 179	- 8	2,517	200

¹ Adjusted for seasonal variation, except where indicated. Except for department store statistics, all indexes are based upon data from outside sources, as follows: lumber, California Redwood Association and U.S. Bureau of the Census; petroleum, cement, copper, and lead, U.S. Bureau of Mines; 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.

² Daily average. ³ Not adjusted for seasonal variation.

⁴ Los Angeles, San Francisco, and Seattle indexes combined.

⁵ Commercial

cargo only, in physical volume, for Los Angeles, San Francisco, San Diego, Oregon, and Washington customs districts; starting with July 1950, "special category" exports are excluded because of security reasons.

⁶ Annual figures are as of end of year, monthly figures as of last Wednesday in month.

⁷ Demand deposits, excluding interbank and U.S. Gov't deposits, less cash items in process of collection. Monthly data partly estimated.

⁸ Average rates on loans made in five major cities.

⁹ Changes from end of previous month or year.

¹⁰ 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.

¹¹ End of year and end of month figures.

¹² Debits to total deposits except interbank prior to 1942. Debits to demand

deposits except U.S. Government and interbank deposits from 1942.

¹³ Preliminary.

¹⁴ Revised.