leaders to place too much faith in the continuance of the phenomenal growth of the past.

Factors having a bearing on the economic well-being of the community are:

1. Favorable
   (1) The continued influx of new industry - the compact market, excellent transportation, and cheap fuel and power are continuing inducements to industry.
   (2) The stability and diversity of industry constitutes a favorable factor. The greater part of Los Angeles industry is made up of small manufacturing plants devoted to the production of consumers' goods for use in the Los Angeles trade area.
   (3) The tourist trade will continue to afford a source of cash revenue to local trade and service institutions. This is, of course, a variable factor depending upon business conditions elsewhere in the country.
   (4) There should be a continuing, although decreasing, flow of retired persons into the community.

2. Unfavorable
   (1) There is evidence of a downward trend in the export of the citrus fruit crop - the principal cash agricultural crop in the area.
   (2) The area faces depletion of known reserves of petroleum within the next 15 to 25 years.
   (3) Business in general has failed to experience any recovery commensurate with the increases in population since 1930. There are nearly 600,000 more persons in the community now than there were in 1929 and yet, outside of industrial employment, business in general is far below 1929 levels.
   (4) There are heavy unemployment and relief loads and the trend of relief load is toward further increases, both in the number of cases and the cost thereof.
   (5) There is a definite political instability generated by well-organized, elderly persons who are prey to any "quacktioneers" who come before them with panaceas or plans involving large pensions and no work.
   (6) There is an increasing trend toward organization among industrial labor and although no strikes of serious consequence have yet occurred, it is believed inevitable that there will be future clashes between labor and employer groups.
   (7) Taxes are increasing and, faced with the necessity for providing for increased pension and relief costs, they will go still higher, with detrimental effect upon further industrial growth and the economic structure in general.

From the foregoing it would be relatively simple to draw a dark picture of the economic future of Los Angeles. However, the situation is not so bad as first impression might indicate. To sum up generally, it might be said that Los Angeles has passed through its period of greatest economic development and its future will be more in accord with the general economic levels experienced in other sections of the country, giving due allowance to certain local considerations which other metropolitan areas do not possess. It is believed the lack of continuing rapid growth in the future will necessitate a period of readjustment of business and financial policies to gear operations to a city where conditions are more static, and these adjustments will undoubtedly occasion some hardship. Later in this report, after a detailed inspection has been made of the real estate and mortgage conditions in the community, an overall estimate of conditions will be undertaken.