condition in so far as the whole of local manufacturing industry is concerned. For instance, the aircraft and aircraft parts industries combined furnished employment to but 1,219 employees in 1929 while currently these industries employ in excess of 25,000 workers. The increase since 1929 in the number of local workers engaged in this one type of industry is equivalent to the gain in the total of manufacturing workers since that year. Again, if increases in employment and wages resulting from newly established industry are excluded and the indexes confined to identical plants operating throughout the period 1929-1937 inclusive, we find that employment and payroll indexes for these identical plants in 1937 were but 54% and 72% of 1929 respectively as contrasted to the 1937 peak levels resulting from the inclusion of new industry. Thus it might be stated that the present high levels are due to industrial growth rather than to any significant improvement in existing industry. That new industry has flocked to Los Angeles in recent years cannot be doubted. New locally owned or branch plants established in the area since 1929 are estimated to total 1,400 and created an estimated total of 33,000 employment opportunities at the time of establishment. For the most part, these new plants are small organizations devoted to the production of non-durable, consumers' goods, although in the past few years several large aircraft parts plants have located in the area. Lastly, there are nearly 600,000 more persons resident in the area at the present time than in 1929 - an increase of 26% over the last census figures. It cannot be said that this very substantial increase in the community population is reflected in the indexes of manufacturing activity.

PRESENT CONDITIONS - TRADE

Evidence of currently unsatisfactory conditions is even more apparent in current trade activity. In neither the retail nor wholesale trade areas served does Los Angeles meet with any serious competition since it is so remote from other centers of population. Its trade volume is therefore a reasonably accurate barometer of expendable income in the community and contiguous areas.

Retail trade, as indicated by the index of department store sales, for the first 8 months of 1939 stood at 66% of 1929, up fractionally from 1938 volume for the same period but substantially under the index for the first 8 months of 1937 - the peak year of depression recovery. The trend is slightly upward at the present time but not significantly so (See Chart 1 on page 6).

DEPARTMENT STORE SALES IN THE CITY OF LOS ANGELES

(1929 = 100)

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<th>1929</th>
<th>1930</th>
<th>1931</th>
<th>1932</th>
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Source: Federal Reserve Board

Retail sales in all types of outlets as well as wholesale trade volume have displayed the same inertia evidenced by department store sales above, wholesale trade showing but slight gains since 1938 despite the fact that there were increased purchases of canned foodstuffs and other commodities by several European nations during the late summer months. The widespread failure of any significant volume of trade to develop even under the stimulus of improved economic conditions and the substantial population increase may be ascribed to diminished purchasing power, to which several factors contribute: first, wage scales, never high in this community, are well below those existing in 1929; second, depressed prices of agricultural commodities; lastly, the greatly diminished spending by tourists and the retired and semi-retired groups in the community. A further retarding factor, though of lesser importance, is the 3% sales tax on all retail transactions.

PRESENT CONDITIONS - AGRICULTURE AND TOURIST TRADE

The value of agricultural products in Los Angeles County dropped sharply in 1938 despite a pronounced increase in acreage devoted to crops, principally as a result of depressed citrus fruit prices. While it is too early to ascertain with reasonable accuracy the probable returns from the 1939 crops, it is not believed that total agricultural income will show much if any improvement over 1938 despite a brief flurry of price increases during September as a result of war boom psychology. This incipient price inflation was quickly spiked by government publicity concerning available surpluses.