Midyear Economic Report of the President

TRANSMITTED TO THE CONGRESS

July 21, 1947

THE MIDYEAR ECONOMIC REPORT OF THE PRESIDENT

To the Congress, July 21, 1947

UNITED STATES GOVERNMENT PRINTING OFFICE
WASHINGTON : 1947

For sale by the Superintendent of Documents, U. S. Government Printing Office
Washington 25, D. C. - Price 25 cents

LETTER OF TRANSMITTAL

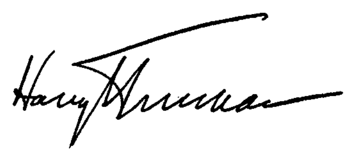
THE WHITE HOUSE,
Washington, D. C., July 21, 1947.

The Honorable the PRESIDENT OF THE SENATE,
The Honorable the SPEAKER OF THE HOUSE OF REPRESENTATIVES.

SIRS: I am presenting herewith a Midyear Economic Report to the Congress. This is supplementary to the Economic Report of the President of January 8, 1947, and is transmitted in accordance with section 3 (b) of the Employment Act of 1946.

In preparing this report I have had the advice and assistance of the Council of Economic Advisers, members of the Cabinet, and heads of independent agencies.

Respectfully,



CONTENTS

To the Congress of the United States:

When my first Economic Report was presented to the Congress on January 8, 1947, the Nation was turning from the economic controls of wartime to a free economy. Now, 6 months later, it is appropriate that we consider carefully what success we have had in meeting the problems of that process, what difficulties lie ahead, and what action should now be taken. It is for this reason that I transmit to the Congress this Midyear Economic Report.

I

FOREWORD AND SUMMARY

Americans today live in a richer and more productive economy, and are enjoying its benefits more equitably, than ever before in peacetime history.

At midpoint in the year 1947, we have surpassed previous high records of civilian production, and are now producing goods and services at a rate of 225 billion dollars annually. Month by month there has been talk of recession; month by month recession has failed to materialize. In June we reached a level of 60 million civilian jobs, regarded by many as impossible of attainment. Our standard of living is exceptionally high, and purchasing power has thus far been adequate to absorb completely the enormous production of American farms, mines, and factories. Farm income has attained a record level. The financial position of business is strong. A healthy slowing down in inventory accumulation has taken place. Business investment in plants and equipment has increased this year, even above the record highs of last year. Management and labor have cooperated in maintaining industrial peace, and a wide range of important collective-bargaining agreements have been signed without widespread strikes. With a slight reduction in the workweek, productivity is on the increase.

The credit for this magnificent record is shared by American farmers, who exerted great efforts to plant and reap bumper crops; by workers, who stayed on the job and increased their productivity; by businessmen, who overcame many shortages and established new records in the production of more and better goods; and by leaders of industry and labor who strove for industrial peace in the face of serious difficulties.

The unprecedented prosperity of our Nation must not be a cause for idle self-congratulation. We must remember that full employment at a high price level is being sustained at present by the reconversion demands of business and the backlog demands of consumers, by extensive use of savings and credit, and by an extraordinary excess of exports over imports. These are temporary props to our economic system. As they weaken, we shall need to make many basic readjustments to complete the transition to a permanently stable and maximum-level peacetime economy.

These adjustments take time to accomplish in our free, enormous, and complex economic system. They must be made before the lack of them produces serious unemployment and business decline. Adjustment through recession or depression is tragic, costly, and wasteful. Moderate adjustments, made in time, can accomplish more than drastic measures in a crisis produced by delay or neglect.

Price and income adjustments stand foremost in need of attention.

Industrial and agricultural prices.—Prices increased sharply in the second half of 1946, increased more slowly in the first quarter of 1947, and then leveled off in the second quarter. This leveling off reflected some catching up of supply with immediate demand, an increase of consumer resistance, and the encouraging response of many businessmen to the Government's price advice, which they recognized to be in their own long-range interest.

This improvement in the price situation should not blind us to further need for price reductions in some cases. In other cases, there is need to hold the price line in the face of recent developments which revive some fears of another upswing of inflation.

There are many areas where price reductions still are necessary to check current or prospective declines in demand and to provide outlets for increased production. In the numerous instances where profit margins permit, or where future profits would be better protected by assuring larger volume through lower prices, business should make these adjustments now.

At the beginning of this year, the prospect for abundant crops gave promise that the price increases in farm and food products would be checked. Although there was a leveling off in food prices in the second quarter of this year, bad weather, extensive floods, and unexpectedly urgent foreign need have caused some further price increase in food and farm products in recent weeks. There are fears of a short corn crop, but no general or present scarcity of farm and food products as a whole.

Although most farmers cannot voluntarily reduce their prices because they do not make price decisions, we are not entirely without recourse in the farm situation. We may still obtain a total agricultural output as large as last year. But in view of the existing uncertainty in the farm outlook, it is the duty of food growers, processors, and the Government to keep the public currently informed of the real facts concerning our food supply. Unfounded fear of food shortages should not be allowed to lead to speculation, hoarding, and unnecessary buying. We should all realize, too, that any slight inconveniences or momentary shortages that may develop are the consequence primarily of the high incomes and standard of living most of us are enjoying today.

Wages and salaries.—Although the moderate and peaceful wage adjustments during the first half of the year improved the position of many wage earners, the majority of consumers were not directly benefited. Because of increases in the cost of living, the purchasing power of total consumers' incomes is no higher than at the beginning of the year.

In some cases wage increases are still needed to attain workable relations in the wage and salary structure, and to alleviate hardship due to wages which are substandard or which have risen substantially less than the increase in the cost of living.

Except for such special circumstances, wage increases should be related to general trends in productivity and not made on a basis which forces price increases or prevents price reductions needed to assure sale of increasing supplies.

With the wage adjustments already made and those still needed in special wage areas, it follows that the patterns of workable price relations ultimately arrived at will be on a somewhat higher price level than would otherwise have come about. However, this is not a justification for pyramiding wage-price increases or failing to make price reductions whenever and wherever possible.

In the interest of those whose income has remained substandard, it is imperative that legislation be enacted to extend the coverage of the Fair Labor Standards Act, to increase the minimum wage level to at least 65 cents an hour, and to enlarge social-security benefit payments in view of the higher cost of living.

Under the recent wage settlement in the coal mining industry, the wages of coal miners occupy a place near the top of the wage structure. The earnings of the coal miners under the new contract must be judged in the light of the character of their work and the labor needs of the industry. There has been exaggeration of the size of this adjustment compared with the adjustments previously made in many other industries. Every effort should be made to absorb the cost increases in the coal mining industry and the industries indirectly affected, through increased productivity and through reduction in profit margins.

The increases that have already been made in coal prices are contributing to inflationary pressures. We have a right to expect that, as operating adjustments toward maximum efficiency are made and present shortages are overcome, the price of coal will be restored to a lower level, thus easing the cost situation for industrial, railway, and domestic users. Meanwhile, pyramiding of price advances by coal distributors is wholly unjustified.

Similarly, increases in the price of steel would have a widespread inflationary effect. Steel companies should exercise extraordinary caution at this stage of our reconversion effort to see that increases in coal prices or other costs are offset as fully as possible through the savings of continuous and high-level operation. Recent favorable earnings should permit the absorption of an extraordinary cost over a short period in order to stabilize prosperity for the longer run.

In no case should the particular wage increases in the mining industry be made the basis for wage demands in other fields governed by different circumstances.

It is in the interest of steady expansion of the economy that, with the aid of collective bargaining, prices and wages be brought in line with general productivity trends.

Housing and other construction.—Although housing construction has been higher in 1947 than in 1946, it lags far behind the real needs of our people for homes. A much higher volume of housing output will be needed to help sustain maximum employment when temporarily sustaining forces—such as the huge net export balance, high investments in reconversion, and an abnormal rate of inventory accumulation—begin to decline or decline further.

The needed stimulus to more housing construction, and also to industrial and commercial construction, depends largely upon lower prices. Housing costs can and should be substantially lowered through the efforts of material suppliers, builders, and workers.

Of utmost importance is immediate enactment of the comprehensive housing program which I have previously recommended to the present Congress. Without such a law, housing is seriously handicapped.

Public construction for the time being should be held to moderate amounts consistent with essential needs.

The foreign aid program.—The United States has indicated its readiness to consider further aid toward reconstruction in Europe if the foreign countries themselves present a plan that makes such help truly effective. We must continue to help other countries help themselves, until the reconstruction of their own economies reaches the point where they are able to pay their way by exchange of goods and services. The possibility of additional foreign aid programs makes it all the more necessary to appraise the impact of exports on the domestic economy during the last 6 months. A large excess of exports over imports occurring at a time of inflationary pressure has created some strain on the economy. But this strain is of moderate proportions and will be of temporary duration. Our exports have not necessistated undue denial at home, where our standards of living are much higher than before the war.

These exports for the aid of other countries are directed toward the winning of the peace—they are at the core of this Nation's foreign policy.

The responsibilities of government.—Economic adjustment to changing conditions is, in a free enterprise economy, accomplished largely through a multitude of voluntary decisions by business management, farmers, and labor. Wise and farsighted policy by these groups is necessary to assure the satisfactory operation of our economic system. Government must, however, at all times exert its complementary influence.

Legislative action on minimum wages, on social security and on housing, as already indicated, forms part of the immediate responsibility of government.

In addition, the recent uncertainties arising in four fields—uncertainties as to the effect of the crop situation upon food prices, the effect of the coal mine settlement upon industrial prices, the trend of housing costs and house production, and the whole matter of foreign economic policy—have a vital bearing upon the immediate fiscal policies of the Government. The developments in these areas mean that the inflationary factors in the economy may become stronger.

Tax reduction now would add to inflationary pressures and would also prevent the debt reduction which should be carried out in prosperous times to strengthen the Nation's financial position against future contingencies. A policy of restraint at the present time will enable the Government to use fiscal measures effectively should the time come when they might be needed to lend support to the economy.

The sound financial policies that the Government has been following have been vindicated by every test of experience. These policies should not be abandoned nor weakened.

* * *

The Employment Act of 1946 contemplated that prompt attention would be given to the maintenance of maximum prosperity in all its phases—employment, production, and purchasing power.

This midyear report, unlike the first Economic Report in January, deals only with problems requiring immediate attention. It is a check-up on the extent to which we have thus far achieved the goals we set in January.

Many of the short-range recommendations made in January have not yet been adopted—especially those requiring legislation. The fact that this delay has not yet produced bad results is no reason for further delay. Waiting until bad results appear means that action is too late to be fully effective.

Long-range economic programs will also be required. They embrace resource and regional development, health and welfare, antimonopoly programs, stabilization devices, and many other undertakings essential to the full realization of our superb economic potential. The first Economic Report indicated the range of these programs, and studies are now under way to make them ready for presentation by next year.

We must adjust our minds to the fact that we are living in a 225 billion dollar economy; that our free system has become today, and tomorrow must continue to be, the richest and most powerful productive machine ever devised by the minds and hands of man. Our task is to create for the functioning of this great productive force an environment in which it can operate smoothly at capacity. Thus far we have avoided the economic misfortunes which followed World War I and then culminated in a disastrous depression in 1929. Today we are wiser, more experienced, infinitely more blessed with material riches, more united as a people, stronger as a nation. If, calmly and realistically, we assess our strong points and our weaknesses and boldly take necessary steps in time, we can place the high production and the high employment that we have today on a firm foundation of enduring prosperity and peace.

II

FROM WAR TO PEACE

LESSONS FROM 1919–21

At the end of World War I, the traditional reluctance of the American people to accept restraints by Government on their business decisions and their personal choices brought about the immediate abandonment of wartime controls. Production, employment, and national income, after a brief lag, bounded forward, but with such faulty internal adjustments that prosperity was short-lived. In less than 2 years a sharp recession ensued. Although industry recovered promptly from this recession, agriculture was seriously depressed and was by no means securely adjusted when industry again suffered collapse in 1929.

The failure of the prosperity of 1919–20 to continue was due to maladjustments growing out of an unrestrained market. Credit was freed of wartime controls, resulting in a surging demand from business, eager to exploit the glittering profit opportunities of the day. Also consumers, who had been unable to buy many articles during the war, had incomes of unexampled size further bolstered by wartime savings, creating a demand for many types of goods far greater than the markets could supply. There was an intensive foreign demand, resulting in a temporary increase in the value of exports.

Prices in this free market skyrocketed far above wartime levels, which, under the limited price controls of that period, were already very high. Between the armistice in 1918 and May 1920 wholesale commodity prices rose about 23 percent to a point 148 percent above the prewar level. Retail prices outstripped the increase in consumers' incomes so far that consumer buying fell sharply, labor controversies increased, inventories became financial nightmares, orders were canceled, and the price structure collapsed. Then came a sharp drop in production and employment.

The factors which during World War I led to the difficult conditions of postwar transition were present in aggravated degree in World War II. Diversion of national productive power to war uses was much greater. Expansion of money and credit was severalfold larger. War incomes went to a larger proportion of the people and over a period more than twice as long. Requirements for new industrial equipment were far greater. A much more effective control of prices established a relatively low level from which postwar inflation could spring. The problem of changing from the controlled economy of wartime to the traditional American economy of free enterprise, which the Nation did not solve successfully after World War I, was far more serious when World War II came to a close in a devastated world.

THE APPROACH TO POSTWAR READJUSTMENT

We were, however, determined to effect both physical and economic reconversion with less waste and on a better stabilized basis than the record shows for the 1920's and the 1930's. This determination was reflected not merely in the words and actions of individuals and organizations but also in Government policies and programs. It was registered with clarity and force in the Employment Act of 1946. As we looked forward toward making that act effective in realizing the high purposes which it set forth, we had occasion to be much gratified by the proofs afforded since VJ-day of the great productive power and financial resources of our economy. The shift from war production to the production of civilian goods and services was carried through so rapidly that prompt employment was given to the labor force, rapidly expanded by the return of millions of veterans. Unemployment never approached the magnitude that many experts were predicting.

Economic phases of reconversion, however, presented greater difficulties than the physical or technological ones. The American people were united in their determination to return to free enterprise and to discontinue wartime controls as rapidly as possible, but there was no clear and certain standard or formula by which timing and method could be determined. Many economic controls were progressively discarded in the year following the Japanese surrender.

Price control was materially reduced and in the fall of 1946 was finally discontinued except for a few commodities and rents.

Claims made by the advocates of early decontrol, that OPA prices had retarded production and that it would promptly catch up with demand after the removal of the controls, were not fully borne out by developments. Production, with important exceptions, did not increase as rapidly in the first few months after decontrol as in the last few months before decontrol.

In the face of this failure of production to respond more sensitively to the freeing of market demand, the abundant purchasing power of both consumers and business buyers met a sharp response in soaring prices. The price index of food products at wholesale jumped 28 percent in a single week in October when price control was ended on meats, fats and oils, and other foods. Though it reacted promptly, it has not since then approached the previous level. Wholesale prices of goods other than farm and food products, which had risen about 5 percent during the first half of 1946, climbed by the end of the year to 24 percent above the level of 12 months earlier. Retail prices, though their changes are ordinarily more sluggish, moved upward almost as much as wholesale prices. The index of consumers' prices of goods and services rose 15 percent between June and December, even though rents, which were kept under control, remained stable.

Personal incomes increased at a much slower rate. In the last quarter of 1946 these incomes were at a rate about 9 percent above that of 6 months earlier. The real purchasing power of consumers' current incomes had steadily declined, notwithstanding high employment and rising wage rates.

THE FIRST ECONOMIC REPORT

This was the situation at the time of my first Economic Report last January. In many respects the economic situation was good. Employment was at a very high level, and the labor-management controversies which caused many work stoppages in 1946 had quieted down. Profits of business were high, and new business investment was proceeding at a record rate. National credit was unimpaired, and we were showing our ability to manage the huge national debt. The banking structure and the monetary system were not under strain. There was no speculative color to the securities markets. The state of credit was good, although there was a rapid increase in consumers' credit. The export balance of foreign trade appeared too great to continue indefinitely, but it was evident that for the immediate future foreign demand for our goods would remain large.

At the same time it was clear that inflationary elements continued strong. Many prices were still rising under the influence of shortages and extraordinary backlog demands for consumer goods and capital goods not available during the war. Yet there was danger that deflationary forces might develop during the year. For example, it was clear that the exceptional rate of inventory accumulation would not long continue, that the backlog demands would be filled sooner or later, and that many consumers were using up past savings or resorting to credit in order to keep up with the cost of living. If prices should continue to move ahead of the current buying power of consumers and business, it was evident that trouble would develop in the economy.

Under the Employment Act of 1946 it was the obligation of the President, with the assistance of the Council of Economic Advisers, to propose policies to sustain a high level of production and employment. To that end, among the policies recommended in the first Economic Report, adjustments were urged to bring prices and current incomes of our people into better balance. The main approach to attain this balance, it was said, was to reduce prices rather than to increase incomes. Price reductions automatically benefit all buyers of goods for consumption or business purposes. Increases in incomes cannot be spread evenly in a free economy, and many incomes are increased slowly or not at all. The standard of living of large numbers of our people had already become seriously threatened by the price advances which had taken effect, while their incomes had not increased in step with those of others. Among them were millions of workers, people dependent upon fixed incomes, and teachers and other public servants.

It was recognized, of course, that here, as in all aspects of our involved and dynamic economy, there are many complications. The price reductions which benefit buyers of goods likewise reduce the incomes of producers of these goods. Price reduction was necessary, but it needed to be made with discrimination to avoid placing an inequitable share of the burden upon certain groups of producers and to preserve a level of business profit and farm returns adequate to sustain a high level of business investment and a healthy agriculture. Our economic problems are never simple; they are not subject to solution by a pat formula.

The positive method to determine prices is by Government mandate, but it involves complicated determinations and irritating restraints which Americans have tolerated only under stress of war. In response to an insistent demand by business, with wide public support, positive control of the prices of most goods was ended late in 1946. In the free economy, prices are made by the forces of the market place and the action of business management. The initial responsibility for many prices is that of the businessman who decides at what figure he will sell. In the first Economic Report each businessman was urged to take a broad view of the long-run problem and, in the interest of sustaining large markets, to reduce his prices insofar as costs permitted.

Labor, in turn, was advised to bear in mind the greater benefit of sustained employment as a result of prices in balance with workers' incomes, as compared with the immediate advantage of such wage increases at particular points as would distort the wage and price structure, stimulate inflation, and lead to business maladjustment and unemployment. It was noted, however, that increase in the money incomes of many workers was desirable where it would not contribute to further price advances. For many workers in the lagging parts of the wage structure, moreover, it would be appropriate to increase their incomes even though to do so would in some instances increase prices. Both workers and farmers were urged to contribute vigorously to larger production, the best preventive of price inflation.

Specific action by the Government itself, as proposed in the first Economic Report, was designed to continue, and skillfully to extend, lines of action already adopted. The major short-range recommendations for immediate Government action included:

1. The continuance of existing taxes upon business and individual incomes.
2. The reduction of the public debt as promptly as Treasury surplus funds became available.
3. The continuance of rent control and the enactment of a comprehensive housing program.
4. The raising of minimum wage rates and the extension of coverage.
5. Increases in social security benefits in view of the higher cost of living.

The Nation-wide reception to the first Economic Report was encouraging, although neither in the area of private adjustment nor congressional legislation have its recommendations met with adequate response. It is because further adjustments by the people and further governmental action both are needed that this review of the economic situation at midyear is being presented. It undertakes to evaluate developments which have taken place since January, to identify the major problems with which we are now confronted, and to project forward the lines along which preventive or corrective efforts should proceed. Ever-increasing benefits should flow from improvement in our means of measuring economic causes and results and through constant retesting of our means of dealing with these situations. These periodic reviews should promote increasing appreciation by the people and their Government of the value of the economic stabilization undertaking embodied in the Employment Act of 1946.

III

THE SITUATION AT MIDYEAR

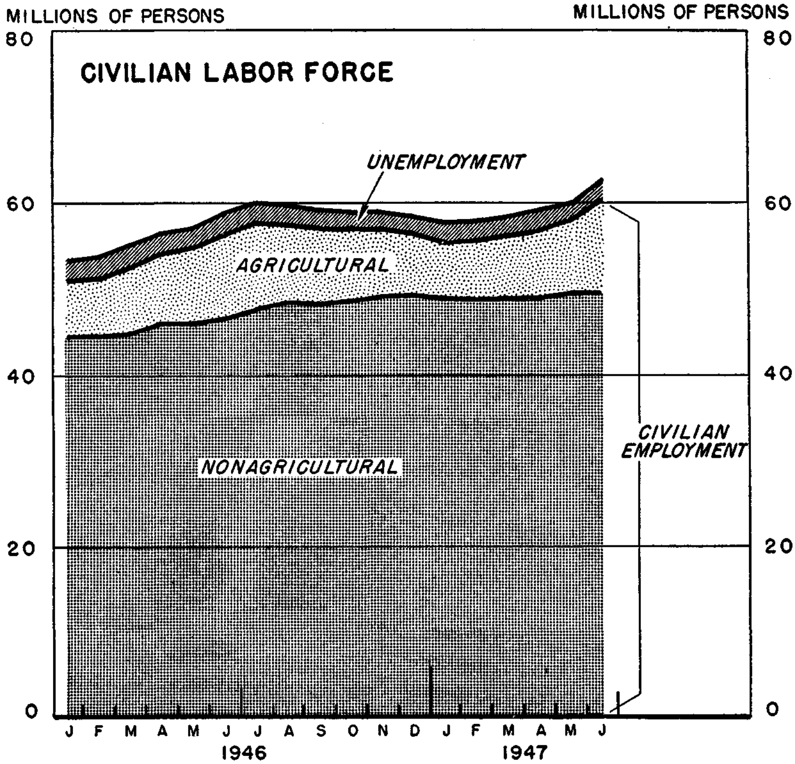
EMPLOYMENT

During the first half year, the maximum employment level for 1947, as set forth in the Economic Report in January, was well maintained. With seasonal fluctuations, civilian employment was held at record levels, and in June reached an all-time peak of more than 60 million. Including the armed forces, more than 61,400,000 people were employed. Unemployment, now about 2½ million, is near a minimum for an economy undergoing many readjustments. The increase of about half a million in reported unemployment from May to June was due mainly to the closing of schools resulting in a larger labor force. (See appendix B, tables VII and VIII.)

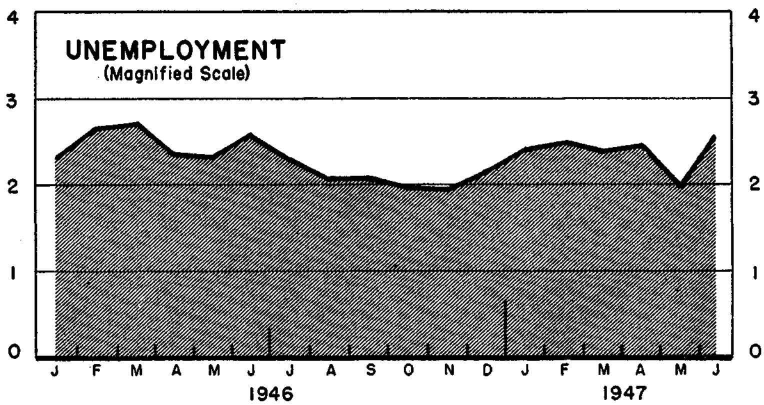
Despite this very high employment, there recently has been some weakening of demand for labor, particularly in the textile, apparel, leather, and electrical machinery industries. In some instances, this may represent only the return of more customary seasonal patterns after months of steadily rising employment. The Council of Economic Advisers is watching soft spots in the employment picture for any signs of spreading unemployment.

THE CIVILIAN LABOR FORCE

Civilian employment has been maintained at record levels ---



while unemployment remains low.



SOURCE: BUREAU OF THE CENSUS

To have avoided even a brief spell of large-scale unemployment, in the transition from war production to peace production, has been a splendid achievement.

PRODUCTION

Industrial production rose rapidly at the beginning of the year, leveled off, and later declined slightly. (See appendix B, table XIV.) The slackening in industrial production was offset by expansion in other parts of the economy. In consequence, total production for the half year was at a higher rate than during the last quarter of 1946 or any previous peacetime year. With employment so near the maximum, this production record was achieved through an average workweek which was reduced only slightly, and through a very good record of industrial peace during the first half year.

By midyear, most of the remnants of reconversion problems were cleared away. The benefits of new plant and equipment became increasingly felt. Labor turn-over decreased. And the labor force attained higher average abilities due to additional training. The trend of productivity has been upward in some industries since the end of the war. The trend in this direction should accelerate as the few remaining transitional difficulties are conquered.

There is prospect for continued high production in agriculture. The winter wheat crop was of record proportions. There is danger, however, of a short corn crop, although it is too early to make an accurate forecast. Preliminary estimates indicate that with normal weather during the rest of the growing season we may expect a corn crop 20 percent below that of last year and slightly below the 10-year average for 1936 through 1945. Such a drop in corn production may have serious repercussions on livestock and livestock products.

The gross national product in dollar terms for the first half of this year has been at an annual rate of about 6.4 billion dollars (or 3 percent) higher than in the fourth quarter of 1946. The exact increase in the volume of goods and services produced cannot be stated because of changes in the assortment and quality of goods reaching the market. Consequently, the degree to which a rise in the average level of prices, the increase in employment, and a change in the average output of employed persons each contributed to the over-all rise in the dollar value of the gross national product cannot be stated exactly. (See appendix B, table I.)

If the remaining bottlenecks in plant operation and shortages of materials can be removed substantially, and if no serious work stoppages occur, we can just about accomplish during this year the production increase of about 5 percent above the annual rate at the end of 1946 which the Economic Report in January set as the objective for 1947.

PURCHASING POWER

At the beginning of the year, it was stated that a shortage of purchasing power might develop before the end of the full year if production should rise at the anticipated rate and no adjustments were made in the relative levels of price and mass income. During the first half of 1947, purchasing power in the hands of consumers, business buyers, Government disbursing offices, and foreign takers

749764—47——2

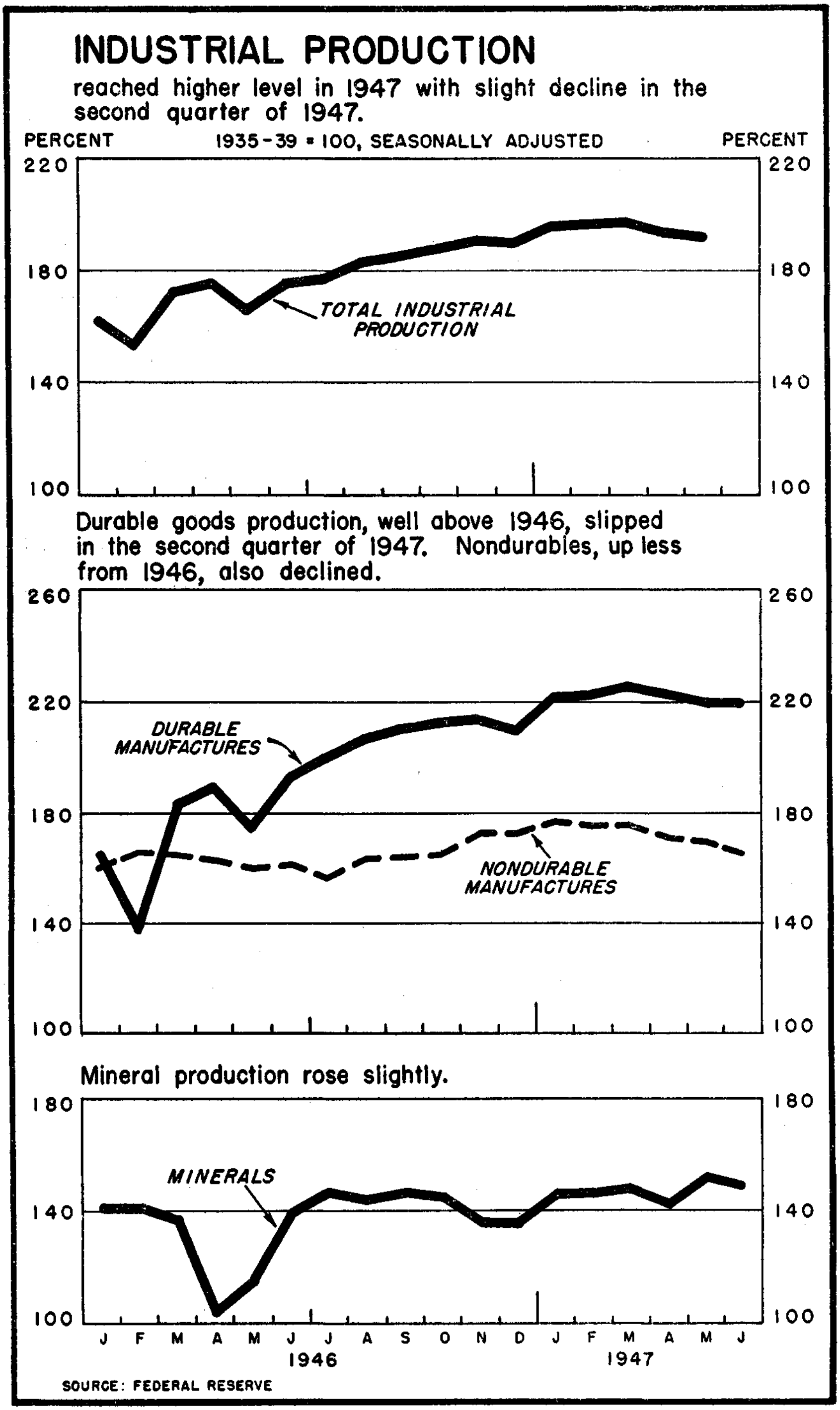
remained adequate to take the full product of American industry and agriculture without undue accumulation of unsold goods or general lowering of prices. There was an immense aggregate demand created by the high level of current incomes, by an extraordinary backlog of deferred wants for consumer goods, by the need for replenishing business inventories and for capital expansion, and by large export requirements.

These extraordinary demands were supported by unusual financial resources, including past savings of individuals, liquid business assets, expansion of consumer and business credit, and larger dollar and gold balances available to other countries. In fact, the combined demands of domestic businessmen and consumers and foreign buyers exerted upward pressure on prices in the first quarter of the year despite the counter-inflationary influence of a Government cash surplus.

The temporary character of some of this demand was recognized at the beginning of the year as a deflationary threat for the future. For example, it was certain that inventory accumulation would decline and that the high rate of business expenditures of a reconversion character would sooner or later recede. To replace these temporary factors and to absorb increasing output, the need existed for long-range expansion in residential construction, for expansion in industrial capacity, and especially for an increase in the amounts of goods and services bought by consumers. There was danger that prices and incomes might not be adjusted rapidly enough to achieve this new balance.

Owing to price increases in the first quarter of 1947, there was little if any increase in the total real income of consumers as a whole during the first half of this year. Wage and salary adjustments did improve the position of some. Most prices leveled off in the second quarter of the year, but there was no general downward adjustment and there were some advances in farm and food prices. The rise in some wages, profits, and agricultural income benefited large segments of the population, but other segments had little or no increase in money income and a decrease in real income due to price rises. These maladjustments could, in a short time, disturb the balance among investment, saving, and consumer spending and thus impair total purchasing power, employment, and production. (Statistics bearing upon purchasing power may be found in appendix B, tables II, III, IV, and V.)

It must be remembered that during the first half of the year the unexpected increase in net exports and such temporary expedients as the liquidation of savings and the extension of consumer credit helped to maintain economic activity at the high price level. Failure to make long-run adjustments has not thus far checked total production nor brought about unemployment. But the continuing problem will be to adjust production, prices, and incomes to the requirements of a peacetime economy at maximum production and employment—and to do so in time. The nature of these foreseeable strains and ways of meeting them will be discussed later in this report.


INDUSTRIAL PRODUCTION
reached higher level in 1947 with slight decline in the second quarter of 1947.
PERCENT
1935-39 = 100, SEASONALLY ADJUSTED
PERCENT
220
180
140
100
TOTAL INDUSTRIAL PRODUCTION
Durable goods production, well above 1946, slipped in the second quarter of 1947. Nondurables, up less from 1946, also declined.
260
220
180
140
100
DURABLE MANUFACTURES
NONDURABLE MANUFACTURES
Mineral production rose slightly.
180
140
100
MINERALS
J F M A M J J A S O N D J F M A M J
1946
1947
SOURCE: FEDERAL RESERVE

IV

CHANGES IN THE NATION'S ECONOMIC BUDGET—DECEMBER TO JUNE

The Nation's Economic Budget presents a master sheet of the Nation's economic account. It indicates broad changes in the economy and its component parts. It reflects adjustments made and helps to identify those needed to sustain maximum employment, production, and purchasing power. The changes in the Nation's Economic Budget which occurred between the last quarter of the calendar year 1946 and the first half of 1947 are depicted in table I.

TABLE I.—*The Nation's economic budget* [1]

[In billions of dollars, seasonally adjusted annual rates, current prices]

	October-December 1946			January-June 1947 [2]		
	Receipts	Expenditures	Excess (+) or deficit (−)	Receipts	Expenditures	Excess (+) or deficit (−)
Consumers:						
Income after taxes	167.0			169.6		
Expenditures		154.9			158.0	
Saving (+)			+12.1			+11.6
Business:						
Undistributed profits and additions to reserves	14.2			19.1		
Gross domestic investment		30.4			29.5	
Excess of receipts (+) or investment (−)			−16.2			−10.4
International:						
Net exports of goods and services		5.2			10.0	
Net expenditures on foreign account (−)			−5.2			−10.0
Government (Federal, State, and local):						
Receipts from the public	57.1			58.2		
Payments to the public		48.7			53.2	
Excess of receipts (+) or payments (−)			+8.4			+5.0
Adjustments:						
For Government receipts from abroad	−.1		−.1	−.8		−.8
For Government transfers abroad		−3.1	+3.1		−7.6	+7.6
For Government domestic transfers	−17.5	−17.5		−18.1	−18.1	
For statistical discrepancy	−2.1		−2.1	−3.0		−3.0
Total gross national product	218.6	218.6	0	225.0	225.0	0

[1] For explanation and details see appendix A.
[2] Based on incomplete data.

NOTE.—The figures in this table are based upon a new national income and expenditure series of the Department of Commerce. They are not comparable to figures in the January Economic Report.

We may now examine in more detail the current and foreseeable trends in the main components of the Nation's Economic Budget.

CONSUMER INCOME AND EXPENDITURES

Consumer expenditures represent about 70 percent of the Nation's Economic Budget, while consumer income is an even larger proportion. Relatively small changes in the real incomes of consumers, or in the disposition of consumers to spend, have a marked influence upon economic activity.

As shown in the Nation's Economic Budget, the annual rate of consumer income (after taxes) rose by less than 2 percent from the last quarter of 1946 to the first half of 1947. The index of consumers' prices rose slightly more than this. Even allowing for the reappearance of many low-priced items, it appears that consumers did not obtain the increase in real income set forth as an objective in the Economic Report in January. (For more details, see appendix B, table V.)

One measurement of trends in the average buying power of consumers is shown in the following table:

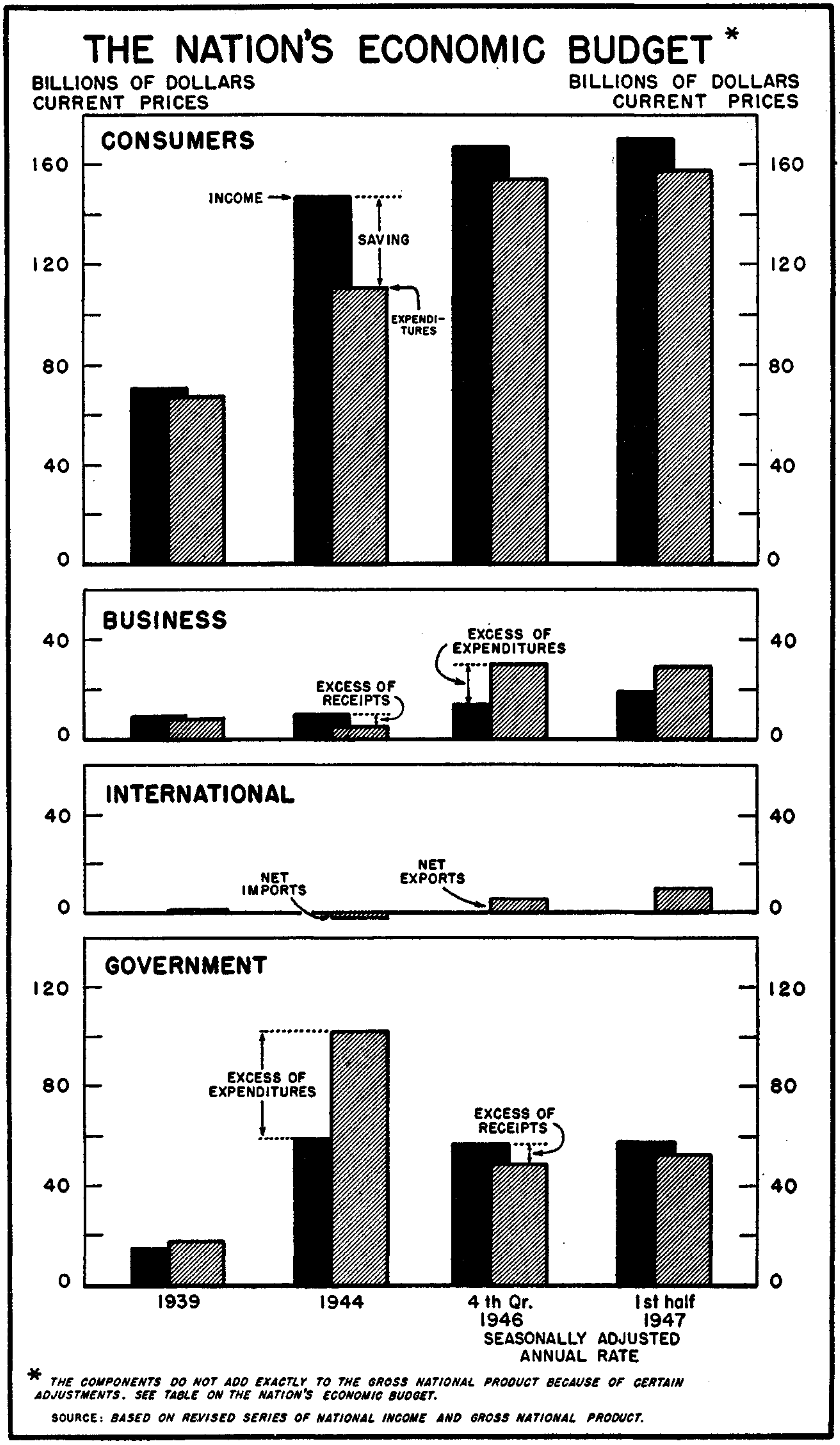

THE NATION'S ECONOMIC BUDGET *
BILLIONS OF DOLLARS CURRENT PRICES
BILLIONS OF DOLLARS CURRENT PRICES
CONSUMERS
INCOME
SAVING
EXPENDI-TURES
BUSINESS
EXCESS OF EXPENDITURES
EXCESS OF RECEIPTS
INTERNATIONAL
NET IMPORTS
NET EXPORTS
GOVERNMENT
EXCESS OF EXPENDITURES
EXCESS OF RECEIPTS
160
120
80
40
0
1939
1944
4 th Qr. 1946
1st half 1947
SEASONALLY ADJUSTED ANNUAL RATE
* THE COMPONENTS DO NOT ADD EXACTLY TO THE GROSS NATIONAL PRODUCT BECAUSE OF CERTAIN ADJUSTMENTS. SEE TABLE ON THE NATION'S ECONOMIC BUDGET.
SOURCE: BASED ON REVISED SERIES OF NATIONAL INCOME AND GROSS NATIONAL PRODUCT.

TABLE II.—*Per capita disposable income* [1]

Period	Current dollars	1944 dollars [2]
1935–39 average	516	647
1940	574	719
1944	1,057	1,057
1946	1,122	1,011
Seasonally adjusted annual rates:		
First quarter	1,074	1,038
Second quarter	1,091	1,037
Third quarter	1,133	990
Fourth quarter	1,181	979
1947, first half [3]	1,183	956

[1] The concept "disposable income" corresponds closely to "consumer income after taxes" as used in the Nation's Economic Budget. Differences between the two concepts are explained in appendix A, table III.
[2] Deflated by the BLS Consumers' Price Index, which cannot fully reflect changes in the quality and relative availability of higher-priced and lower-priced goods.
[3] Estimates based on incomplete data.

NOTE.—The figures in this table are based upon the revised series of national income of the Department of Commerce. They are not comparable with the figures in the January Economic Report.

This table indicates that American consumers are, on the average, better off than before the war. They live in a richer and more productive economy, and they are sharing its benefits. But our concern today is not whether consumers can buy as much as they could before the war. It is, rather, whether they can buy enough to sustain our postwar economy at maximum production. The downward trend in the per capita real incomes of consumers since the middle of last year, to which the Economic Report in January called attention, has continued in 1947.

Current trends in consumer spending and saving

The volume of consumer buying, determined primarily by income, is also affected by the relationship between spending and saving out of current income and by the availability and utilization of past savings.

Consumers are now saving less than 7 percent of their disposable income and spending more than 93 percent. This marks a transition from the very low spending rate of 75 percent of income, reached during the war years, to a much higher peacetime level. The following table shows this change:

TABLE III.—*Trend in consumer saving* [1]

[Billions of dollars]

Period	Disposable income	Net saving	Net saving as percent of disposable income
1935–39 average	66.6	3.0	4.5
1940	75.7	3.7	4.9
1944	146.0	35.6	24.4
1946	158.4	14.8	9.3
Seasonally adjusted annual rate:			
First quarter	150.9	16.6	11.0
Second quarter	153.8	15.5	10.1
Third quarter	160.4	13.1	8.2
Fourth quarter	168.0	13.1	7.8
1947: First half [1]	169.6	11.6	6.8

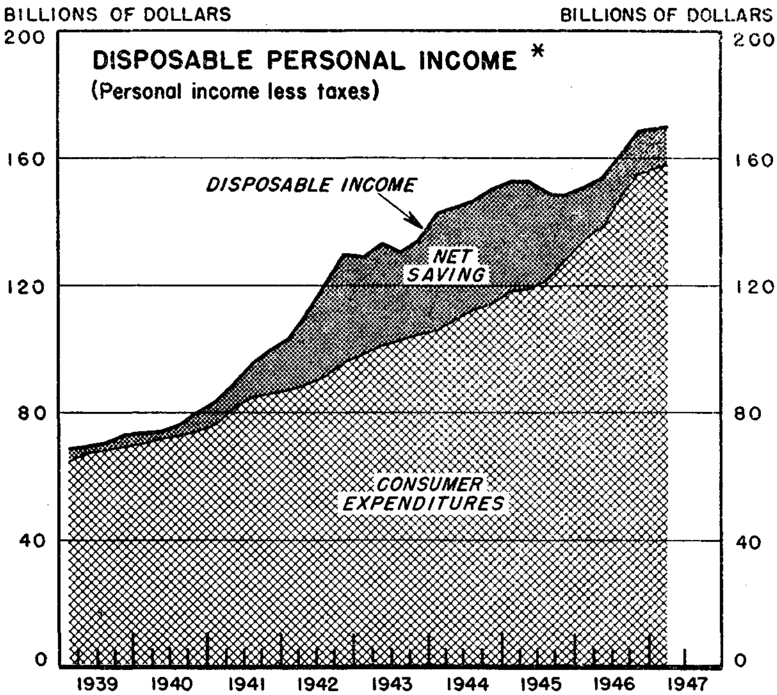
[1] Estimates based on incomplete data.

NOTE.—These estimates are derived from revised statistics of national income and are not comparable with the estimates in the January report.

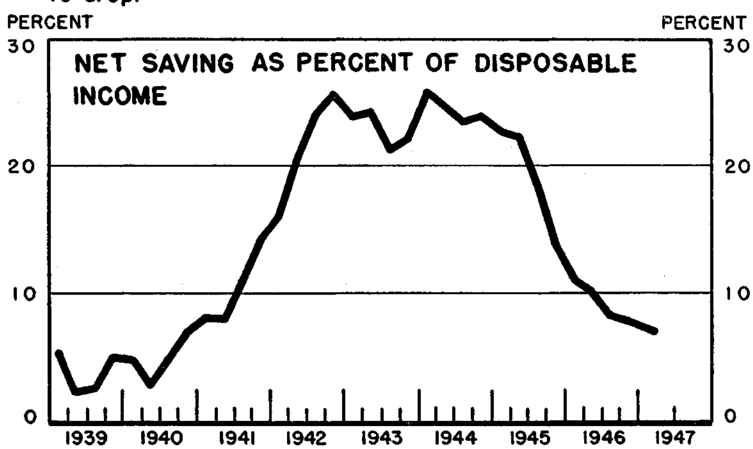
Source: Department of Commerce.

CONSUMER INCOME, SPENDING & SAVING

Consumer expenditures rose more than consumer income in the first half of 1947.



The percentage of income saved continued to drop.



*SEASONALLY ADJUSTED ANNUAL RATE

SOURCE: DEPARTMENT OF COMMERCE (Revised Series)

The trend toward more spending and less saving by consumers may continue for a time, particularly with more durable goods coming on the market. According to the most recent statistics the proportion of income saved is still much higher than in the prewar years. Also, improvements in the quality of almost all categories of goods tended to increase spending during the first half of 1947, and the trend toward better goods will undoubtedly continue.

Allowing for all these considerations, however, it is very questionable whether the rate of net savings will drop much lower or return to the prewar rate except through adversity. Incomes are much higher than before the war, and there are several million fewer unemployed. In a prosperous economy, the amount saved probably tends to be larger in proportion to income.

Use of past savings

The high rate of consumer expenditures and the declining rate of net savings reflect the fact that many families have been using their past savings. According to a recent Federal Reserve Board survey, while the net increase in liquid-asset holdings of consumers as a whole was 8 billion dollars in 1946, the people who used liquid assets disposed of a total of 10 billion dollars of such savings. The cashing in of series E bonds has been running recently at about 3 percent of disposable income, and the average monthly amount redeemed has been slightly above 1 percent of the total outstanding issue. While these redemptions, which have taken place particularly in the smaller denominations, have been more than offset by the purchase of other savings bonds of larger average denomination, they represent cuts in saving by many families.

According to the Federal Reserve Board, about two-fifths of all families increased their holdings of liquid assets, such as Government bonds and bank accounts, during 1946, while more than two-fifths reported decreases in these assets. Among the families reporting the use of liquid assets, it is estimated that 40 percent of the money was used to pay essential living expenses, such as food, clothing, and medical care; about 20 percent to buy durable goods; about 20 percent for housing; and about 20 percent for transfer to other forms of investment. The extensive use of savings for current living costs and the concentration of this practice among families of low and moderate income reflect the failure of numbers of persons to secure incomes commensurate with the higher cost of consumer goods.

The survey also found that almost one-quarter of the families in the United States had no Government bonds nor bank accounts in February 1947. This proportion was about the same as a year earlier. The study also showed clearly that the proportion of spending units holding liquid assets varied with income, as indicated in the following table:

TABLE IV.—*Consumers' holdings of Government bonds and savings and checking accounts, first quarter, 1947*

1946 income [1]	Percent of spending units in income group	Percent of spending units having liquid assets	Liquid assets of middlemost holder in income class [2]
Under $1,000	17	49	$370
$1,000 to $2,999	48	73	640
$3,000 to $4,999	25	90	1,200
$5,000 and over	10	100	4,000
All income classes	100	76	890

[1] Money income before taxes.
[2] Median amount held by units having liquid assets.

Source: Survey of consumer finances, conducted by survey research center of the University of Michigan for the Board of Governors of the Federal Reserve System.

Consumer credit

The rapid increase in consumer credit in 1946 which brought a warning note into the Economic Report in January abated with the turn of the year. The increase of 1 billion dollars in the 6 months ending May 1947 was not much more than one-half the increase in the preceding 6 months' period. Consumer credit now stands at a level slightly above the 1941 record. But its ratio to consumers' disposable income is much lower than in that year. (See appendix B, table VI.)

The credit situation is sound enough to permit the continuance of the present rate of increase for the remainder of the year, and the demand for durable goods, especially automobiles, may be expected to induce such expansion. But a more rapid increase in consumer credit would be unhealthy. It would create a charge against the income of consumers which would reduce their power to buy goods in 1948 as compared with their buying power in 1947. For this reason it will be most unfortunate if merchants, by resorting to competition in easy credit terms rather than to competition in price, induce buyers to resort more freely to the use of credit.

BUSINESS INCOME AND DOMESTIC BUSINESS INVESTMENT

Business investment, including residential construction, is only about an eighth of the total expenditures in the Nation's Economic Budget, but it is a highly dynamic force in the economy. As expected in January, the rate of inventory accumulation has declined, and a further decline in the rate is expected. While residential construction has increased, the rate of increase has been below the expected or needed levels. This inadequacy has been due to the high cost of building and to longer term influences that have made it impossible to adjust the housing supply to the mass market. As the most urgent needs for reconversion and modernization of plant and equipment are gradually being met, business expansion depends increasingly on the regular and much-needed additions to capacities in many lines of industry and on the technological advances that call for many new plants. A continued high level of business investment is essential.

TABLE V.—*Business receipts and investment* [1]

[In billions of dollars, seasonally adjusted annual rates, current prices]

	October to December 1946	January to June 1947 [2]
Receipts:		
Corporate undivided profits after taxes	10.2	11.2
Capital consumption allowance and adjustments	4.0	7.9
Adjusted corporate undivided profits and additions to business reserves	14.2	19.1
Gross domestic business investment:		
Construction	9.3	9.8
Residential	3.6	4.2
Nonresidential	5.7	5.6
Producers' durables	15.7	17.0
Net change in inventories (after adjustment for revaluation)	5.4	2.7
Total	30.4	29.5
Excess of receipts (+) or investment (−)	−16.2	−10.4

[1] For explanation and details, see appendix A, table IV.
[2] Based on incomplete data.

NOTE.—The figures in this table are based upon a new national income and expenditure series of the Department of Commerce. They are not comparable to figures in the January Economic Report.

Producers' durables

Outlays for producers' durables have been running a little higher during the first half of this year than during the last quarter of 1946. Some of the more urgent and more obvious demands for reconversion and for additional capacity have been filled. But the backlog of needs, particularly for replacement and modernization of equipment, is far from exhausted. Production bottlenecks are still an important limitation, both directly and because shortages of particular productive facilities prevent expansion in other areas. It is likely that total outlays for 1947 will not differ much from expectation and therefore will not introduce any pronounced change in the general economic picture.

Inventories

The rate of increase in the adjusted volume of inventories during the first half of 1947 was about half the rate of increase during the last quarter of 1946, as shown in the table "Business receipts and investment." This rate may decrease further in the second half of the year.

Manufacturers' inventories (book values) have shown a fairly steady rate of increase during the last 9 months, although the peak rate occurred in the third quarter of last year. The rate of increase in wholesalers' and retailers' inventories, seasonally adjusted, has been showing a significant decline. An important difference between the first half of this year and the last half of 1946 is that accumulation of durables accelerated, while accumulation in the previous period was heaviest in nondurable lines. The condition of retail inventories has been improved, both in respect of the decreasing rate of accumulation and in the quality of goods. Merchants have been aggressive in ridding their stocks of the inferior, substitute, and off-brand goods which crept into their stores during the period of wartime shortages.

The inventory situation at this time is not unbalanced, judged by the business standards of prewar years. (See appendix B, table XVI.) The values of the inventories of manufacturers, of wholesalers, and of retailers in proportion to their respective volume of sales are all below the ratio of the years before the war. They can probably increase to some extent with safety. It is not certain that it is prudent business practice to maintain the same ratio of inventory as volume of sales increases.

There is little of the speculative condition in inventories and orders which in some other periods of active business has created a point of vulnerability. For example, reports from 296 department stores indicate a decrease in outstanding orders. (See appendix B, table XVII.) In May 1946, orders approximated 3 months' volume of sales. They are now about equal to sales in 1 month. Many other wholesale and retail distributors, in addition to department stores, have reduced orders below the high levels of 1946. This strengthens the inventory situation, since wholesalers and retailers would not find it necessary to cancel large outstanding orders in case of a decline in market demand.

Industrial and commercial construction

There was a rush to build during 1946, in spite of rising construction costs, in order to complete construction in time for production to take advantage of a lush market. Construction contracts let for industrial structures decreased during the first half of 1947, when activity was below the level of the last quarter of 1946. Continued high costs and the difficulty of securing firm contracts, as well as the Government restrictions which had been imposed to aid housing, all affected the rate of industrial construction.

Commercial construction appears to be holding up relatively better than industrial construction. Most commercial structures can be put in place more rapidly and are immediately put to profitable use. Contracts let have shown an increase since January but are still below the level of a year ago, and construction work is at considerably lower levels than it was in the fourth quarter of 1946. With the elimination of most controls over this type of construction, the volume may not continue to decline, although it is not expected that commercial construction will exceed that of 1946.

On balance, nonresidential construction has been proceeding approximately at expected levels. (See appendix B, table XV.)

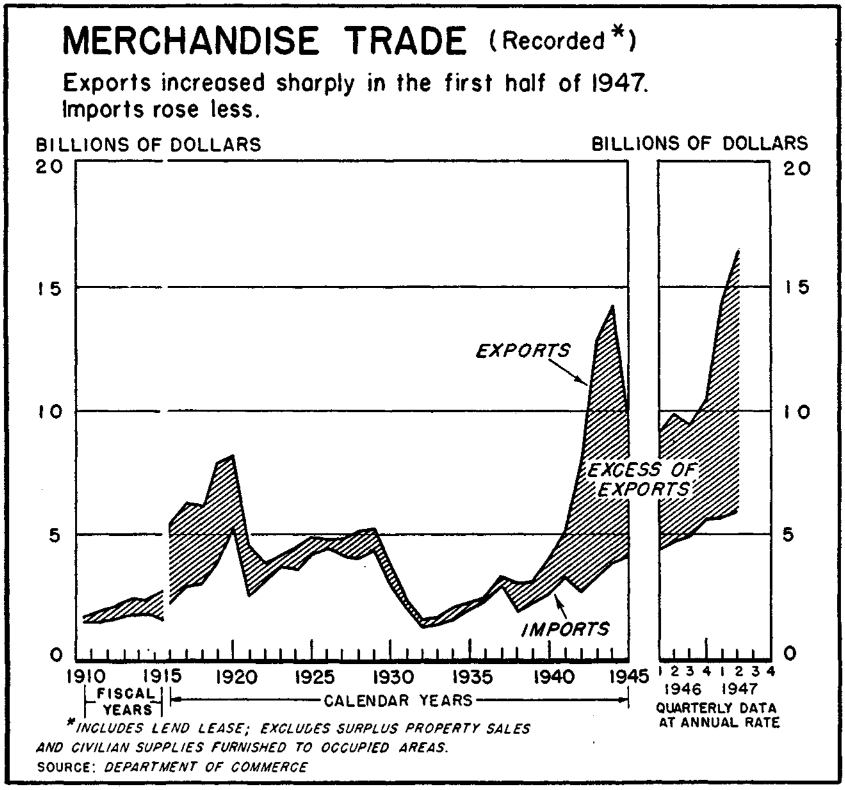
Residential construction

It is in the area of residential construction that activity has fallen most short of needs, whether these are measured by consumers' needs or by the role that home building should play in an economy stabilized at high levels. Seasonally adjusted outlays for residential construction during the first half of 1947 were running at a level above that of the last quarter of 1946, but the number of houses started this year has been far below requirements. Many of those who need housing are not in income groups that can be served under present cost-price conditions. This makes much of the backlog demand for housing ineffective.

The unexpected increase in foreign buying and the backlog of demand for other consumer goods have thus far prevented the disappointing record of housing construction from affecting maximum employment and production this year. But it is none too early to be concerned about a possible relapse of housing into its prewar state of chronic ill-health and instability. Housing remains, in some respects, our domestic problem number one.

INTERNATIONAL TRANSACTIONS

During the first half of 1947, there was a large increase in our exports unaccompanied by any significant increase in our imports. Our total transfers of goods and services to other countries rose to an annual rate of 20.7 billion dollars compared with a rate of 15.3 billion in the last quarter of 1946. The goods and services we provided to



other countries ran ahead of what they provided to us at the rate of 12.7 billion dollars a year. Merchandise (including surplus-property sales and provision of civilian supplies to occupied areas) accounted, at an annual rate of 11 billion dollars, for most of this excess of exports over imports. The remainder, at an annual rate of 1.7 billion dollars was excess receipts from service transactions and income on investments. This total of 12.7 billion dollars a year includes Government unilateral aid and private gifts and remittances at an annual rate of about 2.6 billion dollars. The net excess of commercial exports thus ran at a rate of about 10 billion dollars a year, compared to a rate of 5.2 billion in the last quarter of 1946, as shown in the Nation's Economic Budget. (See appendix A, table V and appendix B, tables XXII and XXIII.)

The effect of these transactions upon the total flow of the Nation's income is roughly indicated by the fact that this increase in the annual rate of the net foreign balance constituted about three-fourths of the increase in the annual rate of the total gross national product from the last quarter of 1946 to the first half of 1947.

More than one-half of the excess of goods and services foreign countries received from us over those they supplied to us was financed by aid and loans extended by this Government. Nor is this situation likely to change immediately. There is little likelihood that a greater part of the burden will soon be carried by increased imports, private investments abroad, liquidation of dollar balances, or gold shipments to this country. Gold stocks of other nations and their investment and credit funds in America have been considerably reduced. Production in war-stricken countries of goods for export will not increase greatly until the reconstruction of their economies has proceeded much further.

During the first half of 1947, foreign countries not only had to continue liquidation of their short-term capital holdings in the United States at the high rate that prevailed in late 1946, but also had to sell greatly increased quantities of gold. Private gifts and remittances from the United States and tourist trade contributed to the financing of foreign needs, but private long-term investment played a negligible role on balance. How the excess requirements of foreign countries were financed is shown in summary by the following table. (Also see appendix B, table XXI.)

TABLE VI.—*Financing of the excess of goods and services supplied to foreign countries*

[Billions of dollars, seasonally adjusted annual rates]

	1946				1947 first half[1]
	I	II	III	IV	
U. S. Government loans and unilateral transfers (net)[2]	5.0	6.5	5.8	4.2	6.6
Liquidation of short-term capital in United States for foreign countries (net)[2]		2.0	.5	2.3	2.1
Sale of gold by foreign countries to United States (net)[2]	.9	.1	.3	1.1	2.8
Private gifts and remittances (net)	.6	.7	.6	.7	.8
Other (net)[3]	.6	.6	.7	-.6	.4
Total means of financing[4]	7.1	9.9	7.9	7.7	12.7

[1] Estimates based on incomplete data.

[2] These figures exclude payment of the United States subscriptions to the International Monetary Fund and International Bank. Prior to the second quarter of 1947 the United States investments in these institutions were held in gold and short-term dollar assets. To the extent that these funds have subsequently been disbursed to foreign countries they are included under the liquidation of foreign short-term capital in the United States.

[3] Includes private long-term capital movement, movement of United States short-term capital, and errors and omissions.

[4] The excess of goods and services includes the unilateral transfers of goods that are excluded in the "net exports of goods and services" as used in the Nation's Economic Budget. See appendix A, table V.

Source: Department of Commerce.

The root cause of this high rate of net expenditure by other countries has been, of course, their intense need for goods. The rehabilitation of Europe has been much slower than expected. The economic destruction was greater, and the dislocation of peoples and the ebbing of morale were more serious, than had been realized. The effects of adverse weather conditions have been more keenly felt. The results have been an increase beyond expectation in the need for American goods and services in the devastated countries and a limited return by these countries to their role of exporters to other areas. Some of the other areas, such as Canada and Latin America, as a result have been forced to resort to our market for imports they would normally have bought elsewhere. Demand of some countries for our goods has been further increased by wartime deferral of demand for goods they normally buy from us and by the existence of internal boom conditions.

The world demand for all kinds of goods is so great, and the supply of those goods elsewhere than in the United States is so limited, that foreign buying in the American markets in the coming months will certainly reach the limit of the buying power of other nations. Under present prospects this buying power is likely soon to decline, at least for a considerable number of foreign nations. Existing United States Government loans and credits, which stood at a little over 5 billion dollars at the beginning of the year, are nearing exhaustion. As a matter of fact, various countries have felt obliged to adopt import restrictions during recent months. It is also unlikely that gold sales and dollar-asset liquidation can be maintained at the present rate. Moreover, these resources are not distributed in relation to the need for American products. It is unlikely, too, that productive facilities abroad will be restored in the near future to a point that will permit significant increases in exports to the United States.

Thus there is a prospect for exhaustion of presently available resources for foreign financing of the present export surplus, and little prospect for an early significant increase in the earnings of dollars by United States imports. It seems likely, therefore, that unless additional credits, governmental or private, are provided, the United States net exports of goods and services must be expected to decline before the end of the year.

GOVERNMENT TRANSACTIONS

Federal transactions

The Economic Report in January stated: "With an outlook of high economic activity for the current year, the revenue policies are designed to balance the budget and achieve a surplus toward a retirement of the national debt." This policy is being followed. Under current economic conditions, the accumulation of a Federal surplus counteracts remaining inflationary influences, reduces the national debt, and leaves us in a better position to deal with changing developments, whether domestic or international.

The year that ended June 30, 1947, showed a budget surplus of 754 million dollars according to the conventional budget figures. Federal cash receipts from the public exceeded cash payments to the public by nearly 7 billion dollars in the same period. For showing the financial position of the Government, it is better to measure Federal transactions by the conventional budget figures. For example, during the last 12 months, 1.8 billion dollars in terminal-leave bonds issued to veterans are shown as an expenditure in the conventional budget, but will not show as a cash payment until the bonds are cashed. Similarly, the budgetary receipts and expenditure accounts contain 2.6 billion dollars allocated to social insurance trust funds, which represent an obligation to beneficiaries of these funds. The conventional budget figures show many accruing obligations of the Government which are not reflected in cash payments to the public. Also, receipts of trust accounts, such as deposits by States in the unemployment trust fund, although they are cash receipts from the public, are not funds available for regular budget operations and are not included in the conventional budget receipts.

Thus, the conventional budget figures represent more adequately the long-run financial position of the Government, while statements of cash receipts from and payments to the public measure more accurately the impact of Government operations on consumer and business income and spending. A reconciliation between the Federal budgetary surplus and the cash excess of receipts over payments appears in appendix A, section 5.

TABLE VII.—*Federal cash payments to the public and Federal cash receipts from the public* [1]

[Millions of dollars—annual rates, seasonally adjusted]

	Cash payments	Cash receipts	Surplus of cash receipts (+), payments (−)
July 1945 to June 1946	65, 627	47, 775	−17, 852
July to December 1946	37, 300	45, 800	8, 500
January to June 1947 [2]	[3] 41, 700	46, 800	5, 100

[1] For details and explanation see appendix A, tables VII, VIII, and IX.
[2] Based on incomplete data.
[3] The increase in Federal cash payments in the period January to June 1947 was due largely to extraordinary payments on account of contributions to international organizations and loans to foreign countries, particularly the concentration of British loan withdrawals in this period.

Source: Bureau of the Budget.

In the first half of this year the Federal cash surplus was almost 4.6 billion dollars or about 9.1 billion at an annual rate. After allowing for seasonal factors, such as the peak in tax receipts in March, the adjusted surplus was 5.1 billion at an annual rate, as shown in the table. This cash surplus is expected to be larger during the next 12 months' period, estimated on the basis of present tax rates and enacted or pending appropriations, and assuming substantially unchanged business conditions.

The economic effects of Federal expenditures must be measured by their distribution as well as their total amount. This is shown in the following table.

TABLE VIII.—*Federal cash payments to the public*

[Billions of dollars]

Payments to—	Calendar 1946	January–June 1947 (seasonally adjusted annual rates) [1]
I. Individuals:		
Military pay	6.9	3.9
Salaries of civilian personnel	6.7	5.5
Other [2]	11.0	10.5
Total	24.6	19.9
II. Business:		
Goods and services purchased	13.5	9.7
Subsidies to farmers	.8	1.3
Other [2]	3.8	3.9
Total	18.1	14.9
III. Foreign governments and international organizations [1]	1.7	5.9
IV. State and local governments:		
Grants in aid	1.1	1.4
Adjustments [3]	−.4	−.4
Total	45.2	41.7

[1] Based on incomplete data.
[2] For a break-down of these items, see appendix A, table XI.
[3] For explanation, see appendix A, table XI, footnote 8.

Note.—Details will not necessarily add to totals because of rounding.

The composition of Federal payments has changed more than their general level, and is expected to change still further this year. Payments to Federal civilian and military personnel have been reduced substantially and are still declining. Purchase of goods and services by the Federal Government were reduced sharply during the last 12 months' period. They are likely to increase somewhat in the near future, because of some increase in long-delayed procurement for national defense and nonmilitary construction that it seemed inadvisable to defer any longer. Some large payments on account of contributions to international organizations and of loans to foreign governments have been made during the last 6 months. A substantial reduction in such payments is expected for the coming period unless new foreign-aid programs are adopted by legislation.

During the first half of calendar year 1947 the total Federal debt was reduced by slightly more than 1 billion dollars to 258.4 billion dollars on June 30, 1947. Since February 28, 1946, when the debt reached a peak of 279.8 billion dollars, total debt reduction has amounted to 21.4 billion dollars. Practically all of this has been accomplished by drawing down the Treasury cash balance, although the small budgetary surplus in fiscal year 1947 was also available for this purpose.

The budgetary surplus during the first 6 months of 1947 amounted to over 750 million dollars. The cash surplus during the period—that is, the actual excess of cash receipts over cash payments—amounted to approximately 4.6 billion dollars, however. This cash surplus contributed toward a reduction of 8 billion dollars in the marketable debt during the 6-month period, 5 billion of which was in the Government security holdings of commercial and Federal Reserve banks.

The total debt, however, declined only by about a billion dollars due to offsetting increases in other types of debt. There was an increase of almost 5 billion dollars in the debt held by Federal agencies or funds (for example, the social security reserve funds) and by the International Bank and the Monetary Fund. There was also an offsetting increase of over 1 billion dollars in terminal leave bonds issued to veterans.

The excess of cash receipts over payments, and the correlative reduction of bank-held debt, contributed materially to the alleviation of inflationary pressures during the period.

State and local transactions

Combined receipts of State and local governments expanded moderately during the war period, and have shown some further increase in the last 6 months. Recent increases have been mainly in response to the high level of business activity and prices, although these governmental units are making efforts to increase their sources of revenue. Receipts of local governments, which arise mainly from the general property tax, do not rise automatically in response to a rise in incomes or prices, placing the localities in an unfavorable situation at times like these. State revenues are more flexible.

Expenditures have risen more rapidly than revenues since the war, and many local units are now running into deficits. Increases in expenditures have occurred as a result of the rapid rise in pay rolls and costs of supplies and materials, despite deferral of nonessential construction. There is a very real backlog of needed public construction of all types, but high costs of present-day construction are deterring expansion. Public construction, Federal, State, and local, during 1947 is expected to be only a fourth of total construction as against a 20-year average of about a third.

More than a billion dollars in veterans' bonuses have been approved or are awaiting referendum approval in several States. Thus State and local expenditures may increase by an annual rate of about a billion and a half dollars during the next 12 months, exceeding receipts by about one billion dollars. This possible deficit offsets to some extent the excess of receipts in Federal transactions. It is not sufficient, however, to change markedly the anti-inflationary impact of all Government transactions on the whole economy.

The outstanding developments shown by this review of the Nation's Economic Budget may be summarized as follows:

(1) During the past 6 months, expenditures for producers' plant and equipment, inventory accumulation, and Government expenditures have conformed approximately to the expectation set forth in the January Economic Report. On the other hand, the increase in the export surplus has far outdistanced the expectation of last winter, rising from an annual rate of 5.2 billion in the last quarter of 1946 to an annual rate of 10 billion dollars in the first half of 1947. The increase in residential construction has not reached the desired level. Nor have consumer incomes and buying power reached the levels deemed desirable in January. But this has not yet caused a drop in employment and production, or alternatively in prices, because tem-

749764—47——3

porary supports are still so powerful—for example, exceptional exports and large use of savings and credit.

(2) As a decline in some of these extraordinary factors of demand must be expected in the near future, the conclusions in the January Economic Report are still valid in the present situation. Price and income adjustments are still needed to strengthen consumer purchasing power and give impetus to residential and business construction, so as to assure maximum activity for the full year and set safe conditions for future progress.

V

ECONOMIC ADJUSTMENTS FOR SUSTAINED HIGH PRODUCTION

To aid in appraising our present situation correctly and in charting a future course, some details of the economic adjustments that have occurred thus far in 1947 will be examined.

THE PROCESS OF PRICE ADJUSTMENT

The startling rise in prices between the termination of price control and the end of 1946 was a major concern of the Economic Report in January. Price control having been abandoned, I urged businessmen to resist inflationary pressures or temptation and to make voluntary price reductions wherever possible.

During the first quarter of this year, the average of wholesale prices rose another 7.4 percent, with increases in all major commodity groups. The Consumer Price Index held stable until March, then rose about 2 percent, chiefly as a result of price increases in farm and food products. Late in March and again in April, it was found necessary again to call attention to the dangerous price situation.

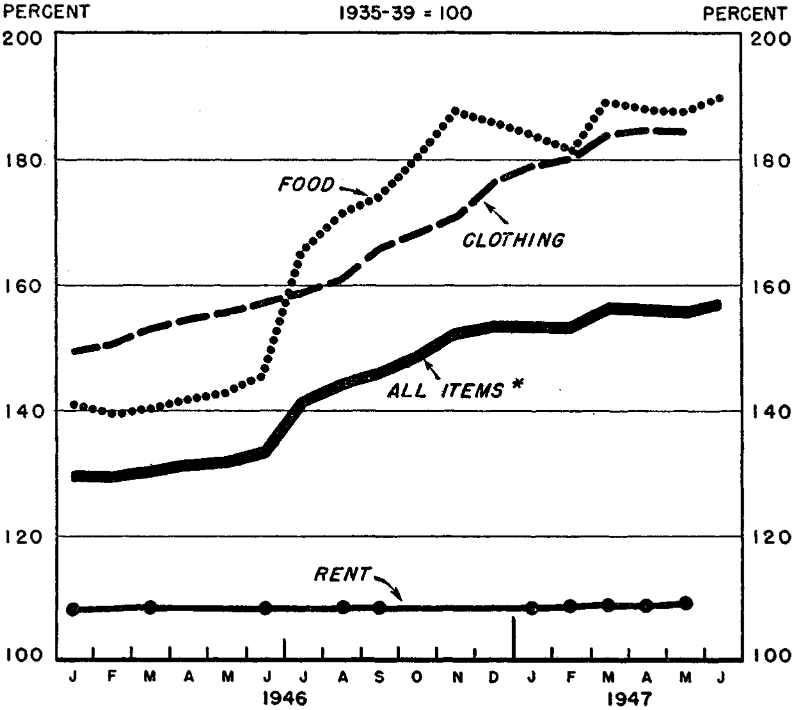
During the second quarter of this year the upward movement in prices appeared to be halted. The average of wholesale prices flattened out at a level slightly below the peak reached at the end of the first quarter. The average of all commodity groups other than farm and food products showed very little change. Small increases in some groups were offset by declines in others. In April the average of farm prices fell somewhat from its March peak, but then crept upward. The trend of food prices in general followed that of farm prices. Corn and other feed grains again began rising substantially during the closing weeks of June as a result of unfavorable weather during and immediately after the planting season. In April and May the averages of all major groups in the Consumers' Price Index—food; clothing; rent; fuel, electricity, and ice; and house furnishings—showed little change. In June food prices advanced again. (See appendix B, tables XI and XII.)

The leveling off of prices reflected an easing of some of the inflationary factors in the second quarter. In some commodities, sellers' markets began to change to buyers' markets as backlog demands were worked off and shortages began to disappear. There was an increase in consumer resistance to high retail prices and general resistance to high construction costs. The substantial excess of Federal cash receipts over cash payments was also an anti-inflationary influence.

The course of prices in the second quarter likewise reflected the conscious intention of many sellers to hold prices below what the traffic would bear or to reduce prices promptly on the appearance or even the clear prospect of insufficient demand to absorb increasing

CONSUMERS' PRICES

after a sharp rise in the second half of 1946, rose somewhat further in the first quarter of 1947, and leveled off in the second quarter.

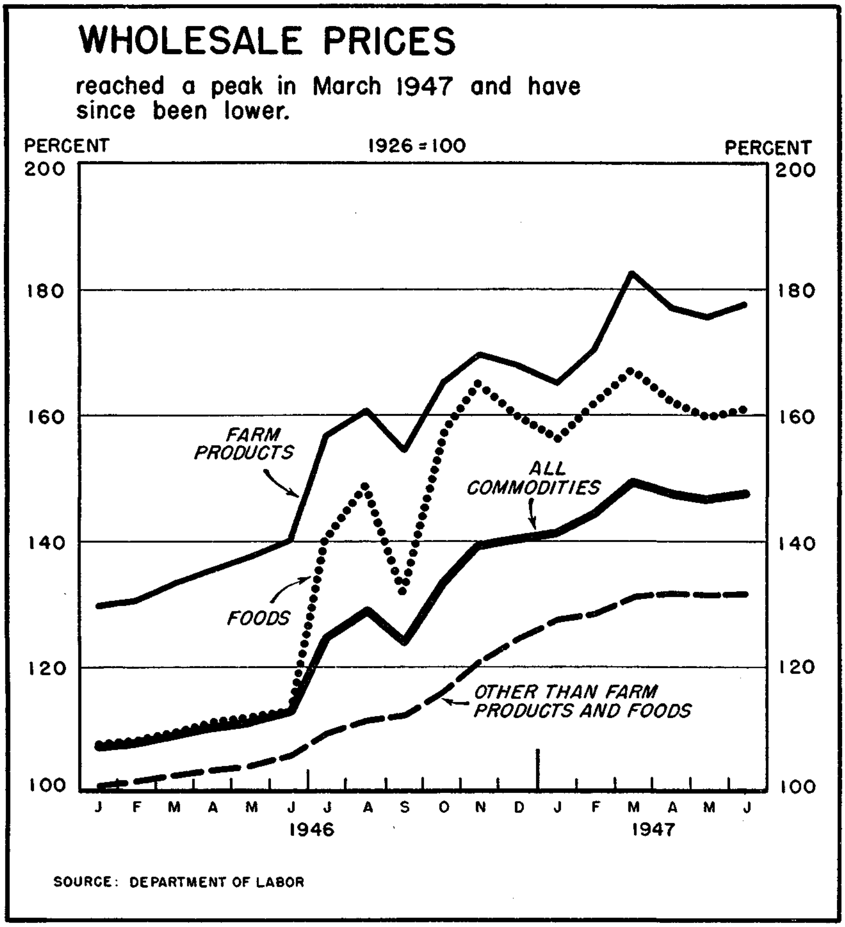


* ALSO INCLUDES HOUSEFURNISHINGS, FUEL, ELECTRICITY, ICE, AND MISCELLANEOUS GOODS AND SERVICES NOT SHOWN ON CHART.

SOURCE: DEPARTMENT OF LABOR

supplies at prevailing prices. Many retailers and wholesalers reduced their margins, which in many cases had been greatly enlarged during the war. They and a number of their organizations endeavored to secure price reductions from manufacturers. It is clear, however, that much of the decline in wholesale prices after March came in those commodities whose prices react quickly to short-term changes in demand and supply relations. Dairy products, oils and fats, leather, and crude rubber are examples.

Voluntary price adustments by manufacturers did not become widespread. The attempt of many retailers and wholesalers to respond to consumer resistance with substantial price reductions ran into manufacturers' resistance to lower prices at the other end. Some



suppliers are, however, beginning to furnish larger quantities of goods in lower-price lines in clothing, furniture, and some appliances. Substantial reductions in prices require trimming of margins all along the line of production and distribution.

Although prices leveled off in the second quarter, the present price situation contains divergent elements, some of which were anticipated and others not. For some commodities there has been a decline in market demand. In many others demand remains high and in a number of cases, especially primary markets, there is a renewed upward pressure on prices. These elements present important problems of orderly price adjustment which will be briefly reviewed.

At the time of the January Economic Report, certain extraordinary and temporary elements of demand were expected to recede substantially in the early months of the year. Therefore, prompt downward price adjustments were recommended to sustain the level of business activity, residential construction, and consumer purchasing power in general. This anticipated decline of extraordinary demand has already occurred in a number of commodities, particularly in the consumer-goods field. Examples are some items of women's apparel, and of men's furnishings, small radios, liquor, and rubber tires. Many more of these cases will appear, one after the other. Price adjustment in each case, as it emerges, can smooth the progress to a sound and vigorous peacetime economy. As backlogs of demand are worked off, as shortages are overcome by increased production and as demand is less supported by the use of liquid assets and credit, sellers' markets begin to fade. Such adjustments then become imperative. To avoid a price collapse and the demoralization of markets, it is necessary to make substantial price reductions before market forces take control. As competition reappears, sellers who overstay the market are likely both to suffer serious inventory losses and to create a worsening economic situation through curtailed production. If price adjustments are not promptly made there will be danger of a simultaneous collapse of a number of markets, which would have a cumulative influence toward general business recession.

It was also emphasized in the January report that in many other cases, even when there is no prospect of imminent decline in demand, price restraint will be of long-run advantage to the firms and of immediate benefit to the whole economy. This is true where profit margins are more than adequate to maintain the financial health of the enterprise, to provide reasonable returns to investors and management, and to obtain funds for needed expansion and modernization. Proper price adjustments in these situations will ordinarily benefit the firm by building good will and stimulating future market expansion. They will benefit the economy immediately by increasing the real purchasing power of current incomes, thus reducing the resort to use of savings and credit. Moreover, even where the market situation would permit higher prices to be obtained, it is frequently wise business strategy, as well as a general economic advantage, to forego that temporary gain.

There is ample evidence that many businessmen realize that charging less than the traffic will bear is good business policy and is in the public interest. Many firms are rationing their output among customers, which shows that they could obtain higher prices. The so-called "gray market" prices are an indication that regular suppliers are charging less than the demand would permit. Moreover, a number of individual firms and representatives of business organizations have recognized that their own long-run interests and the welfare of the country are best served by reduction of profit margins. Many others are in a position to follow this policy.

The need for restraint in pricing practice which was stated in the January Economic Report is even more important today than it was at that time. Its relevance is underscored by the recent revival of fears of inflation. Such fears threaten the process of orderly price adjustment. The change in psychology has been unduly stimulated by such events as the corn crop scare and an exaggerated interpretation of the effects of the coal mine wage adjustment. Ill-informed ideas about the new foreign-aid proposals have also been an element in the revived talk of inflation and in a relaxation of resistance to high prices.

Such developments accentuate the need not only for restraint in price policies, but also for continued caution in the purchase of materials where many prices are quickly affected by changes in the psychology of buyers and sellers. To expand commitments at high or rising prices will only increase the dangers of creating future disorderly movements in prices. Speculative increases at this time would insure a much sharper fall in prices later, with all the losses which that would bring. Consequently, it is urgent for sellers to refrain as far as possible from price advances and for buyers to resist price increases by their suppliers.

Some persons have scoffed at the idea that businessmen could or would follow a stabilizing course. Yet the reaction among progressive business leaders in the first half of the year was such as to mark new possibilities of orderly price corrections in a free economy through the voluntary action of individual firms. Responsive to the Government's repeated emphasis upon the gravity of the situation, they have widely acknowledged the need of price reductions or the foregoing of price increases. The obligation of each businessman to give this matter his serious attention has been presented in numerous business journals and meetings of business associations.

While the course of prices did not clearly turn downward in the second quarter, there can be little doubt that the Nation-wide focus of attention on this matter acted as an important anti-inflationary force. The leveling off of industrial prices came at the very time when considerable wage advances were granted to large numbers of workers. Thus, in the second quarter of 1947, some progress was made toward averting the prospective disparity between prices and mass incomes which was discussed in the Economic Report in January. Any sharp increase in prices in the coming months would wipe out that progress.

The guiding principles for price making outlined above apply in all fields of business activity—production, trade, and services—where a firm has any range of discretion in setting its prices. As pointed out earlier, far-seeing pricing at the materials and manufacturing levels is the outstanding need at the present time, in order to facilitate workable adjustments of price to income and demand all along the line. Wholesalers and retailers must recognize, of course, that their part in the process involves trimming of exceptional margins as well as promptly reflecting in their own prices any reductions made by their suppliers.

It is recognized that cost increases have limited the ability of a number of firms to make price reductions. Nevertheless, the general principle holds that prices, to support a prosperous economy, must be kept down to the lowest point compatible with costs and reasonable business incentives.

Beyond what the individual business executive does toward price adjustment as a matter of economic policy, the Government must do everything possible to promote vigorous conditions of market competition. A free-enterprise system cannot tolerate collusion in price, in curtailment of output, or in restriction of capacity expansion, or the hampering of the entry of new firms into the business life of the community. The antitrust laws must be applied energetically wherever freedom to compete is restrained or impeded.

Recommendation of voluntary price reduction and of foregoing possible increases has been addressed primarily to businessmen who follow a conscious price policy, and not generally to farmers. There are sound and fair reasons for this. Most individual farmers, like many small business firms, do not have it within their power in the same way as large industrial producers to determine the prices for their products. Farming in America is not organized that way. Nevertheless, it is incumbent on farmers to follow sound pricing principles in their collective-bargaining activities through cooperative associations and in their efforts to maintain legislative support of farm prices. Small business has the same responsibilities to work toward desirable price adjustments.

Though it is true that farm prices have advanced even more than industrial prices in many cases, we now, after termination of price control, have only limited powers to deal with them except through increased production and through shifts in, or control of, demand. The special problem of agricultural prices in the second half of this year will be dealt with in later sections on the agricultural problems and foreign economic policy.

Likewise, the cost of construction—residential, industrial, and commercial—is of outstanding importance. Unless this cost is brought down and kept strictly in line with the financial position of buyers, we shall not have a satisfactory increase in the volume of private construction and we may suffer a decline. This is a crucial factor in the present situation, and it will be discussed separately later in this report.

THE PROCESS OF WAGE ADJUSTMENT

In January the Economic Report recommended moderate wage increases at points where rates had lagged behind the cost of living or were substandard. The Report laid stress also on the desirability of raising the minimum wage rate and coverage and increasing rates of unemployment and old-age benefits under social-security laws. Wage increases where increased productivity would permit them without interfering with desirable price adjustments and high production levels were recognized as justifiable. But the Report warned against an inflationary wage-price spiral.

Since that time, peaceful collective bargaining has yielded widespread wage increases in many industries, such as textiles, rubber, steel, automobiles, electric equipment, local transit, department stores, and construction. (See appendix B, tables IX and X.) These settlements have tended also to move wages up in other firms and industries. Most of these wage increases have been absorbed without price increases, and in a few cases have been accompanied by price reductions—a result that would have been unlikely had there not been concentrated national attention to the price problem.

In some previous inflationary periods, the effort of workers to protect their family budgets and the efforts of business managers to protect the financial position of their companies led to strikes which crippled production, added to the inflationary condition of inadequate supply, and subjected workers and their families to desperate hardships and the stockholders of the employing corporation to heavy financial losses. The important and long-drawn-out strikes in 1946 were ample warning that the situation in labor-management relations was highly explosive.

It was fortunate that when the time came for the determination of wage rates early this year, both employers and workers were disposed not to take such extreme positions as to lead to deadlock. The cost of living had risen sharply with the end of OPA, and employers acknowledged the justice of a demand for an increase in wages and did not confront workers with the alternatives of accepting an inadequate wage increase or a strike with its accompanying hardships. The workers, on their part, recognized the danger of inflation and kept their demands within such a practical trading range that a quick settlement was agreed upon in each of the early contract discussions in the major industries.

While these wage increases have added substantially to the buying power of these groups of workers, they have tended to advance wages in the upper brackets of the wage structure without raising the compensation of lower paid wage earners, whose relatively greater need was recognized in the first Economic Report. These increases will undoubtedly raise the question of increases in other firms or industries in order to attain workable relations in the wage and salary structure. Such wage questions should be settled through the processes of collective bargaining or, where workers are not organized, through voluntary adjustments by employers, after carefully weighing the specific problems peculiar to the particular circumstances.

There are some groups of workers who are suffering hardship because their wages are substandard or have risen far less than the increase in the cost of living. The inequities involved in these cases ought to be eliminated by granting wage increases.

Businesses should absorb these wage increases without increasing prices wherever possible. They should, in fact, reduce prices in any case where profits would still be unnecessarily large after the wage increase. It should be recognized, however, that in some cases such wage increases will require price increases or prevent price reductions.

Aside from these types of wage increases, the national welfare requires that labor shall not insist upon wage increases that would necessitate price increases or forestall desirable price reductions. Sound principles of wage settlement require that recognition be given to the peculiar conditions of given firms, industries, or occupations and to the current situation. Over the long run, trends in real wages should be based on general productivity trends.

Wage levels, wage adjustments, and workers' incomes, however, are not solely the responsibility of management and labor. Action to sustain the purchasing power of low-income groups should also be taken by the Government. It was recommended in the Economic Report in January that several measures be enacted to eliminate income inequities and to restore the purchasing power of certain underprivileged sections of the population. Specifically, the report urged upward revision of social security benefit payments, an extension of the coverage of the Fair Labor Standards Act, and an increase in the minimum-wage level.

No action has thus far been taken toward raising social security benefits or on the minimum-wage subject, although the latter recommendation was renewed in my message on the portal-to-portal pay bill. The minimum wage should be increased to at least 65 cents per hour by amendment of the Fair Labor Standards Act. Action by Congress is called for. But individual employers should raise substandard wages now, without waiting for congressional action. The increase in living costs makes the 40 cents minimum today equivalent to about 25 cents at the time the law was enacted.

In view of the inadequate provision for rent control in the extended act, this important element in the cost of living is certain to rise. This makes still greater the need for bolstering the incomes of those on the lower rungs of the economic ladder.

PROFITS AND BUSINESS FINANCING

Total corporate profits, both before and after taxes, increased in the first half of 1947 above the record levels of the last quarter of 1946. The striking disparities between profits of durable-goods industries and non-durable-goods industries, which existed during part of the reconversion period, have now disappeared. Nearly all industries enjoyed high profits in the fourth quarter of last year and the first half of this year. (See appendix B, table XVIII.) Profits of unincorporated businesses also increased somewhat between the latter part of 1946 and the first half of this year. For the last 6 months, total corporate profits after taxes represented a return of about 10 percent on net worth. Net farm income has continued at a record level.

High corporate profits have provided funds for a substantial proportion of the heavy volume of business investment during the first half of 1947. Business expenditures on new plant and equipment and on inventory accumulation were at an annual rate of nearly 25 billion dollars during this period. This volume of business investment was financed in three ways.

(1) The greater part continued to be financed from so-called internal sources—current earnings and previously accumulated liquid assets. During the war, corporations and businesses invested a large portion of their reserve funds in short-term Government securities, with a view toward liquidating these funds in the reconversion period as they were needed for the purposes for which they had been accumulated. In the first half of 1947, corporations drew on their Government-security holdings to a lesser extent than in 1946.

(2) Funds were secured from the issuance of new securities at an annual rate of 3 billion dollars.

(3) Business loans increased at an annual rate of about 1 billion dollars. (See appendix B, table XIX.)

It must be recognized that a high volume of profits is necessary to make provision for the increased cost of buying inventory and capital equipment and the decreased real value of existing reserves at present price levels. Even after these allowances are made, it is evident that in many cases business profits are more than adequate to permit price reductions or wage increases, or some combination of both.

RESPONSIBILITY FOR ADJUSTMENT BY BUSINESS, LABOR, AND GOVERNMENT

In a free enterprise system, economic adjustment to changing conditions does not proceed according to any neat plan evolved at the seat of government and promulgated by governmental authority. Belief in the free enterprise system, as expressed in the Employment Act, stems from the conviction that the processes of dynamic economic life are so complicated and conditions change so fast that a multitude of local decisions and flexible revisions are indispensable to economic health and vigorous growth.

The activities of the war and the fiscal and monetary devices by which we financed that struggle introduced a profound upheaval in our economic affairs. The shock of war stimulated the country to full use of our resources. We do not propose to slump back to low productivity and underemployment. At present we are in the process of seeking to find a workable pattern of income and price relationships on a new price level but with continuing high production and employment. It is generally conceded that this new price level will be higher than prewar.

A large part of the increase in prices since 1940 has become imbedded in the cost and income structure of the economy. Hence decline to the prewar level could be expected only as an accompaniment of a depression. That we are all determined to prevent. Nonetheless, prices should be revised downward where profits are excessive or where reductions are needed to forestall a collapse of markets.

How much higher than prewar the price level will be, no one can say until a host of events have worked out their direct influences and remote repercussions. This must be done amid the pressures and resistances, the economic wisdom and the economic illiteracy, the forbearance and the avarice of many individuals and organizations, making their decisions within the structure of our economic institutions.

No individual, no organization, and no branch of government can be absolved of responsibility for its part in this process. Each of these price, wage, or other income adjustments helps to determine the general levels of production and employment in the period just ahead. And since it takes time for the results of these decisions to become apparent, we must be farsighted as well as broad-visioned in the decisions we make. We cannot wait until a drop in demand or some other market change forces the adjustment, unless we are willing to jeopardize the continuation of prosperity.

We depend first and foremost on business, farmers, labor, and the consuming public to eliminate or reduce the basic maladjustments that cause industrial strife, impair the willingness of business to invest, or limit the ability of consumers to buy the volume of goods and services that reaches the market. While the Government should refrain from action that would tend to prolong maladjustments, it must be ever ready to perform its complementary role in sustaining and strengthening the economy.

Economic policy and performance still face a double task. Since extraordinary and transitional stimuli will begin to wane in due course, it is necessary to put in motion adjustments in production, prices, and incomes which will be needed to prevent deficiencies in demand and decreases in production and employment. At the same time, it is still necessary to use the fiscal powers of the Government as a safeguard against inflationary possibilities which still exist.

A policy of budget surplus and debt redemption is imperative under present conditions to provide that safeguard. While the American people look forward to relief from the burden of taxes, tax reduction now would add to the existing temporary inflationary pressures. It would impede those basic adjustments in the private economy which must be made for achieving stability in the future.

Such a policy of restraint at the present time will enable us to use fiscal policies effectively if they are required at a later time to lend support to the economy. It is of the utmost importance that we be prepared to take prompt action should a downturn in business activity appear imminent. Such action taken at the proper time would help to prevent the downturn from developing into a serious deflation.

When the time comes for a relaxation of fiscal restraints, it will be necessary to formulate a program of tax reduction that will give aid where it is most needed, and that will fit into a broad program of improvement in our tax system. The purpose of fiscal policy must be to facilitate, rather than to hinder, the basic adjustments in the private economy which will be necessary for continued high employment and production. Fiscal measures such as these should be prudently timed—and the time is not yet.

Several recent developments have sharpened the evidence that the inflationary danger is still with us. These developments involve the agricultural outlook and food prices, wage advances and industrial productivity, housing and other construction, and the foreign aid program. Each of these will be discussed in the next section of this report.

VI

SPECIAL FACTORS IN THE ECONOMIC SITUATION

While the economic situation of the Nation at midyear presents a predominately encouraging outlook, certain aspects of the economy have not followed so favorable a course. The nature and probable effects of these situations need to be examined searchingly so that we may act intelligently and vigorously to remedy them or hold their harmful effects to a minimum. Where the basic difficulty lies outside our power of cure, we must study every possible means of wisely adapting other actions to this unfavorable condition or, if possible, offset it by some well-considered line of action.

THE AGRICULTURAL OUTLOOK AND FOOD PRICES

Unfavorable spring weather over large areas of the country makes it necessary to evaluate the probable consequences of some crop shortage.

This country was blessed throughout the war period and after VJ-day with an unbroken series of favorable crop years. This good fortune carried through the winter wheat crop which is now being harvested. It promises to yield an all-time record crop of 1.1 billion bushels. The total output of winter and spring wheat together is estimated at 1.4 billion bushels. Last year's corn crop reached the unprecedented figure of almost 3.3 billion bushels and, with favorable weather, was expected to reach almost as high a mark this year. The growing assurance that the winter wheat crop would far surpass all records justified optimism that even the heavy requirements of other nations could be met without serious pressure upon our domestic markets and the cost of living.

In May, however, these fair prospects began to darken as unfavorable weather impeded the completion of spring planting. June was a month of heavy rains, with serious floods in parts of the Corn Belt. Although it is too early to forecast this year's corn crop accurately, the present official crop estimate (July 10) points to a crop of 2.6 billion bushels, which, though approximately 20 percent below last year's record output, is only slightly below the average of the past 10 years. This is only a preliminary estimate made very early in the season. Favorable weather could raise the output substantially, while an early frost could reduce both the yield and the keeping quality of corn. However, there are as yet no grounds for real alarm, nor for general speculative increases in food prices. It appears likely that four factors will operate toward offsetting the reduction in the corn crop: (1) A fairly large carry-over of good corn, (2) large supplies of concentrated feeds, (3) excellent pastures and forage crops, (4) the record wheat crop and the prospect that therefore corn exports can be reduced.

Even though the reduction in corn yield should prove not to be very great, the effect on price might be considerable if speculative forces become active in the market. With our last year's record corn crop, meat and dairy prices were high this spring, and wheat, in the face of a fine winter prospect, rose to a new high of $3.06 in March. The corn-crop scare has already driven corn prices for the first time in history to above $2 a bushel ($2.21 on July 15). The present condition of the corn crop does not warrant a general speculative rise in food prices.

No matter how high farm prices may rise, these prices can do practically nothing to alleviate shortages this year, though their effect on acreage of wheat sown this fall might be considerable. They can do little to attract imports and nothing to lessen the need of hungry people overseas. At home, they operate chiefly to curtail the consumption of those persons whose nutrition is already below a satisfactory standard, but during times of high prosperity they do little to decrease the total domestic market demand.

During the war, the prices of farm products increased more than the prices of manufactured goods. The additional disproportionate advances since the war complicate our problem of relief to countries in Europe or elsewhere. If the corn crop should be seriously curtailed, it would threaten higher living costs, higher wage demands, and a new inflationary push on the general price situation at home. This would be a most unfortunate development from the standpoint of our desire to stabilize our economy at a high level of employment and production.

The farm price-support policy has not been a major factor in current farm prices. The market has made a price well above the support price for all but a few products. There is little chance that this condition will change in 1947. In fact, the price-support program, through protecting farmers against any such disaster as that which overtook them after World War I, has eased the situation by encouraging a high output for agriculture. If support prices become operative with the rehabilitation of foreign agriculture, it should be considered a fortunate circumstance rather than a cause for resentment against farmers. (Appendix B, table XIII, shows data on prices received and paid by farmers.)

The total agricultural situation will remain highly uncertain until the date and severity of killing frosts this fall has been revealed. Meanwhile, we cannot afford either to ignore the significance of this factor in our total production picture nor to allow exaggerated impressions about it to become a demoralizing factor in our market, price, and wage system. To this end, two lines of action should be considered:

(1) The public should at all times be kept informed as to the true agricultural outlook, so that unfounded rumors may not lead to speculative developments in the commodity markets, to undue advances in food prices, to panicky hoarding of stocks, or to labor unrest based on fears of greater increases in living costs than are justified by the actual situation.

If real shortages should develop, the need of sharing such relative scarcity on as equitable a basis as possible both among ourselves and between domestic and foreign users of our food resources should be emphasized. Full publicity on the nature of the shortage might properly include a campaign for strict economy in the use of certain foods through personal restraint or special organized campaigns. The scope and timing of such educational efforts would, of course, depend upon whether present crop prospects improve or grow worse as the season progresses.

(2) In case the situation should take on really serious proportions as crop prospects become more certain, plans should be readied well in advance of actual need to conserve supplies and to make certain that they are used as wisely as possible. This can be done partly

through use of remaining authority to control exports of wheat, flour, and other cereal products. It might also be necessary to work out some method of adjusting the amounts and kinds of grain used by processors. Legal authority to regulate the processing and distribution of grain has recently expired. It might become desirable to renew some of this authority. In any case, the Government should seek the voluntary cooperation of the grain trade in carrying out such conservation measures as are found to be necessary.

WAGE ADVANCES AND INDUSTRIAL PRODUCTIVITY

A second development which requires careful consideration at this time is the recent settlement between the soft-coal miners and the mine operators.

While the Economic Report in January recognized the need for certain types of wage increases in lagging parts of the wage structure, it cautioned against the pressing of demands which would result in price increases or prevent reductions needed to assure a market for an expanding volume of industrial output. The negotiations in the first half of this year resulted in numerous wage increases that in the main were absorbed without price increases. A few prices went up, a few down, and many remained about the same.

The effect of the recent mine settlement is to raise the basic straight-time hourly rate from $1.18 to $1.63 and to raise the average hourly wage by 31 cents—from $1.32 to $1.63. This represents an adjustment of two types. The first type was a reduction of the working day from 9 to 8 hours without lowering the daily pay of $11.85. Return to the basic-8-hour day without a general reduction in take-home pay occurred in many major industries in 1946 but was deferred in coal mining until this year. The second type of adjustment was to increase daily pay from the former level of $11.85 to $13.05. This was equivalent to an increase of 15 cents per hour for 8 hours, which was quite similar to the settlement during the first half of this year in other major industries. The miners had likewise gained a raise of 18½ cents last year, following a "pattern" which was prevalent at that time. As part of this year's settlement, the miners agreed to give up the overtime premium on the eighth hour worked in a day, which had been a feature of their preceding contract. Also, payment to the welfare and retirement fund was increased from 5 cents to 10 cents per ton.

With the adjustments of this year taken all together the coal miners stand in a position near the top of the industrial wage structure.

The avoidance of a prolonged stoppage in coal mining means that all-out production can be continued. This represents a contribution to the good labor-management relations which have generally prevailed during the last 12 months and which have contributed so greatly to the high production and maximum employment of 1947.

This new contract, moreover, is a recognition of the need to maintain an adequate supply of productive labor in this key industry. The nature of work in coal mining underscores the necessity of attractive wages, hours, and working conditions. The drift of young workers away from the coal mines is a general phenomenon, here and abroad, and deserves attention in the light of the international coal shortage.

One major question raised by the coal settlement is whether the wage increase for the miners will give impetus in other fields to wage demands unrelated to the specific problems and possibilities of those particular industries. If so, it could lead to a more or less general wage-price spiral, increasing and prolonging our transitional difficulties. Clearly, the coal-mine settlement represents a resolution of a number of complex issues peculiar to the soft coal industry. It does not provide a guide or pattern for wage settlements in other fields. There is every reason to expect other industries to settle their wage questions in terms of their own needs and possibilities, rather than taking the soft-coal rate increase out of context and adopting it.

Other questions raised by the settlement are the extent to which these wage increases in mining will be offset by improved productivity, absorbed by the coal industry, reflected in price rises no greater than necessary, or used as an excuse for excessive price rises which, because of the manifold uses of coal, could give another inflationary push to the economy. And will the coal price increases which occur be pyramided and passed along, or will they be stopped wherever profit margins make some absorption of cost possible? The national welfare hinges in large measure on the answers given by industry to these questions.

Within the mining industry, the miners themselves have pledged high productive effort in an attempt to offset higher wage costs. The elimination of the least productive hour of the day—the ninth hour—and the better relations flowing from the consummation of a satisfactory contract should serve to minimize cost increases. In addition, management can make a great contribution to increased output by seeing that the mines are equipped with the best products of modern technology.

The members of the coal industry from producers through retailers have a great responsibility, in their own interest, and in the interest of the whole country, to consider their pricing with utmost care. Under no circumstances should a higher wage bill be used as an excuse for raising prices above the level actually necessitated.

The prominent coal operators and steel producers who brought about the agreement on the new wage contract have said that they were greatly influenced by their belief that continued production of coal is so vital to the maintenance of prosperity that they were called upon to reach an immediate settlement even though it involved some risk. They also declared that the new contract contains desirable provisions which may lead, after adjustments have been made, to a gradual decline in costs and prices below the new levels. Private management has recently resumed full control after some years of Government operation and Government control. Coal operators now have the opportunity to demonstrate the efficiency of private management so that output will be increased and cost and prices lowered.

Until the coal situation clarifies further, steel producers and other manufacturers who mine or buy coal have a responsibility not to make decisions on price advances until the effect of the wage-price adjustments in coal has been determined by actual experience. This applies with particular force to industries such as the steel industry, whose costs are much less affected than those of the coal industry by the recent coal settlement. Viewing the profit margins in the steel industry, the certainty of high and increasing demand for many years if we maintain maximum employment, and the financial strength of the industry, stability in steel prices would be a wise economic policy for this industry as well as for the country. The desirable economic results which flowed from pursuit of such a policy by the steel industry and other industries after the wage adjustments during the first half of the year have been adequately demonstrated. On the other hand, the pursuit of a different policy now by the steel industry or by other industries even more remotely affected by the coal settlement could offset the progress thus far made and start another price-wage spiral in motion.

Price boosts now in pivotal areas of the industrial field, based on uncertain estimates of expected cost increases, or without full consideration of whether profit margins permit absorption, can only add to inflationary forces. Another general surge of price inflation would have only one result—the sharp recession which it is to everyone's interest to prevent.

The fact that most of the 1947 wage negotiations have been concluded without work stoppages is commendable. The continuance of this record is of major importance to the economy. The new Labor-Management Relations Act creates a new set of rules to govern industrial relations. Adjustment to new standards is always difficult. If management and labor should substitute excessive litigation for negotiation, we could not hope for peaceful labor-management relations. But with fair dealing and mutual forbearance, labor and management can work cooperatively together. Recognizing their common interest in common ends, they should do everything in their power to increase production so that the goals of maximum production, employment, and purchasing power can be continuously achieved.

This involves a change of attitude on the part of some employers and some workers. Certain businessmen seem motivated in their business decisions by the belief that the consumption capacity of the country is severely limited, and that the occurrence of periodic depressions is unavoidable. They consequently seek relief from business difficulties by limiting production, and they hope to avoid future business difficulties by limiting the capacity of their plants and industries and by withholding new production techniques. Some even go so far as to urge that a considerable volume of unemployment is necessary in order to induce workers, under the threat of lay-offs, to produce efficiently. Such beliefs and practices must be discarded. This Nation has the physical resources, the technological skills, the managerial genius, and the trained labor for a steady expansion of national output.

Labor, for its part, must root out a belief long held by some that the volume of work available is strictly limited, and that if they do it rapidly they will soon be out of a job because the work is finished. Make-work operations, feather-bedding, and soldiering on the job are practices that fall into the same category as limitations on production, capacity, and new techniques on the part of management. Such practices obviously reduce our output, lower our consumption, and retard economic progress.

We are all pledged by the Employment Act of 1946 to sustain an economy of maximum employment, production, and purchasing power. The capacity of markets to absorb ever-increasing output of goods and services is enormous if proper economic adjustments are made. Production and more production is our great need.

HOUSING AND OTHER CONSTRUCTION

A third area in which the process of economic adjustment toward a stabilized pattern of maximum production and employment is encountering difficulties is in the construction industry, particularly residential housing. This is an old problem in the American economy. Prewar conditions were not satisfactory, wartime shortages were acute, and the postwar performance has fallen below expectation and certainly below needs.

The housing goal has been set by a National Housing Agency study at one million residential units in 1947 and a million and a half in subsequent years. Present indications are that not more than 750,000 units will be built this year. Moreover, this housing has been available only at high prices and has thus failed to relieve the needs of many families most in need of accommodation. It puts a heavy drain on the resources of many who have bought at these high prices.

The problem of bringing the construction industry up to a much higher level, important as it is, has not yet showed its full significance, since the national labor force is fully employed while the housing program is still only on the 750,000-units level. The important fact is that several other lines of activity that have been absorbing the Nation's resources of labor and materials in the industrial reconversion and restocking process are beginning to decline or are about to decline. As domestic backlogs are whittled down and the extraordinary demand in other areas recedes, released resources seeking productive use can well find their opportunity in the field of construction, especially housing.

If this development is to take place, however, fundamental adjustments must be made in housing costs. Up to now, the housing shortage has been so serious that buyers have been available at almost any price. But already, high prices are preventing the bulk of new housing construction from serving those who need it most and are preventing the total volume of new housing from reaching desired levels. If not reduced, these prices will lead inevitably to a decline in housing construction when the limited market made up of those who can buy in spite of cost has been served. Nowhere are cost reductions more important to the whole economy than in the case of construction.

It is not possible to cut prices of new building to prewar levels.

749764—47——4

But there is widespread agreement that costs can be lowered through the joint efforts of material suppliers, builders, and workers. Producers of materials, construction labor, and builders all have a vital stake in this. If they achieve a substantial cut in building prices, they can look forward to a long period of high activity based upon vast needs.

In addition, new construction methods offer promising possibilities for cost reduction. Due to legislative action taken this year, special assistance to prefabricated-house manufacturers, provided by the guaranteed market provisions of the Veterans Emergency Housing Program is no longer available. Provision for insurance of loans through the FHA to finance manufacturing costs for these producers has been authorized, however, in addition to the continued availability of insured mortgages to builders or purchasers of such homes on site, when they meet FHA standards. It is believed considerable stimulus will thus be given to factory production of housing. The FHA is taking steps to make this assistance available promptly.

Another important program which is already under way, and which recently has been given increasing emphasis, is mortgage insurance aid to rental housing construction by the FHA. Although builders and owners have been reluctant to make heavy investments in rental housing while construction costs continue at their present abnormally high levels, the FHA has stimulated an increase in rental construction by insuring units, under the terms of the Patman Act, on the basis of current rather than expected reproduction costs. While volume is still low, it is rising and the FHA is processing a large volume of applications.

More important than any of these measures, however, is prompt passage of a comprehensive housing program embodied in the nonpartisan bill now before the Congress. The provision of publicly financed housing for low-income families, the facilitation of land acquisition in urban areas, the stimulation of privately financed rental housing through yield insurance and other measures, and the initiation of a broad rural housing program, are all indispensable elements in providing healthful and cheerful living conditions for all the American people at costs within their means. From the purely economic viewpoint, many have repeatedly emphasized the dangers to our economy if the housing industry is not stabilized at high levels of production. Even assuming the necessary price reductions, no such goal can possibly be achieved or maintained without a home-building program for all income groups in all parts of the country, urban and rural. Veterans' housing depends upon this basic program, for veterans and their families are in all income groups and in all parts of the country. The bill comprising this program has long been supported by the overwhelming weight of informed and objective opinion, starting in the Congress itself. This bill should be enacted without delay.

At present, only a minimum volume of Federal construction is under way; and only a moderate amount will begin during the next 12 months. The Federal Government will continue to exert its influence to hold construction costs down. For example, the Public Roads Administration of the Federal Works Agency has adopted an interim policy of approving no contracts above the average 1946 price level except in cases of urgent necessity and then only when the higher price has been justified. As a result of this policy, there are already indications of a softening in contractors' bids on Federal-aid highway projects. An increasing proportion of bids for highway jobs are beginning to come in at or below this ceiling.

State and local governments should continue following this same policy of restraint. However, some construction by State and local governments, as well as the Federal Government, cannot be postponed because it is needed at once for essential public purposes.

Necessary construction cannot be started until drawings and specifications are available for contractors to follow. The Federal Government has been making repayable advances to State and local governments to enable them to prepare drawings and specifications for jobs which are necessary now, and for construction which will be appropriate after cost adjustments have taken place. The authority and funds for new commitments under this program lapsed in the middle of 1947. Bills are before the Congress to restore this authority. This type of coordinating and preparatory action is vital. The authority to continue to make advances for this purpose should be approved by the Congress. Funds are also needed to prepare a more adequate Federal shelf of reserve projects.

THE FOREIGN AID PROGRAM

The fourth development of extreme importance to the American economy during the first half of 1947 has been the unprecedented rise of exports, and their excess over imports, above the high level reached by the end of last year. As was shown earlier in this report, total transfers of goods and services to other countries in the first half of 1947 reached an annual rate of 20.7 billion dollars, an amount which exceeded by 12.7 billion dollars the annual rate at which other countries were providing goods and services to us. About one-half of the excess was being financed by loans and other aids from the United States Government.

All continents and most countries participated in the increase of American exports. The largest increase was in supplies for Europe. American products provided essential aid to combat starvation and deprivation in many countries and facilitated to some degree the reconstruction of war-torn economies. However, the progress of reconstruction in Europe has been deeply disappointing. The slowness of recovery has become a threat not only to economic stability but also to social order and international peace.

While the need of most countries for the products of the United States will continue to be very great, their power to finance purchases out of their own resources and from present programs of American and international aid is certain to decline substantially during the present year. This is true despite the fact that the Congress has made available funds for some further foreign relief. It is true also despite the fact that the International Bank for Reconstruction and Development has begun to operate, and that the Export-Import Bank and many private financial institutions are ready to grant credit on a commercial and quasi-commercial basis. Many countries have not as yet been able to reconstruct their own productive powers sufficiently to finance their requirements with their own exports and through credits of this character. Moreover, presently available funds are not distributed among countries in accord with the most urgent needs of reconstruction.

In the face of this situation, the United States Government has indicated its readiness to consider further aid toward reconstruction in Europe if the foreign countries themselves present a plan that makes such help truly effective in putting them on their feet again. The time has come now to put increased emphasis on programs that assure the restoration of a working world economy. By expediting the process of reconstruction abroad, we shall arrive sooner at the point where foreign countries will be able, by providing us with needed imports, to pay for the goods they require from us. European reconstruction cannot be accomplished simply by American aid; it must be accomplished through the cooperative efforts of the countries concerned. This cooperative effort will require our aid if it is to succeed.

In formulating new foreign aid programs we must consider not only the requirements of foreign countries for our aid, but also our own resources and needs. In balancing their needs against our means, we must recognize that neither our domestic needs nor our means are rigidly fixed. With our tremendous productive resources developed far beyond previous peacetime capacities, we can raise our standard of living, expand our capacities, and still produce for export.

Studies are now under way to determine what further financial aid is required for the European effort of reconstruction and what aid can be given within the limits of our means. To further the development of a sound program for the near future, the Secretary of Commerce, with the assistance of a committee of distinguished experts, and the Secretary of the Interior have undertaken to study our resources and the extent to which we can furnish aid to other countries. To round out this survey, the Council of Economic Advisers has been asked to consider the impact upon the domestic economy of a foreign aid program of proposed proportions. These studies, conducted with vigor and speed, will shed increasing light upon the problem and will help in the clarification of our future policy.

Meantime it is possible, and pertinent to this report, to make some appraisal of the already revealed effects of exports upon the domestic economy during the first half of 1947.

The increased volume of exports has added a substantial demand at a time when domestic demand itself was running extraordinarily high. Thus a reduction in our exports during the last 6 months would not have reduced employment in the same proportion, since workers producing for export could have shifted in most cases to production for the home market.

Occurring in a period of high domestic demand, the increase of exports contributed to the upward pressure on prices. This was particularly true of grains, for which the foreign requirements were most imperative. While this is the group of commodities with respect to which we now face the most serious threat of further price increases affecting the cost of living, wage demands, and the cost of industrial production, it must be borne in mind that the high level of domestic demand has been a chief factor in the upward surge of prices since the end of price control. The domestic demand is so large and the ratio of domestic consumption to foreign buying is so great for most items that a price problem in connection with many items would exist even if foreign buying were curtailed. This is clearly demonstrated by the price rise of some products the export of which declined as compared with last year.

A basic question is whether shipments of goods abroad have involved excessive denial at home. When domestic demand is as high as it is at present, any substantial export surplus means fewer goods for home use. But it is easy to exaggerate the degree of deprivation. Even the high level of exports which prevailed during the past 6 months represented a relatively minor fraction of total American production. Moreover, the American people now have available for their own use a larger quantity of goods and services than ever before.

In the field of food products, in 1946 we consumed 15 percent more meat per capita than in 1939 despite a much larger population. Comparing 1946 with 1939 on a per capita basis, domestic consumption of canned vegetables increased by 52 percent, of fresh vegetables by 14 percent, of canned fruits by 36 percent, and of eggs by 22 percent. Domestic consumption of wheat, dairy products, fresh fruits, and food fats and oils declined very slightly. (See appendix B, table XXVI.) No official data are yet available for food consumption in 1947, but the figures will not be significantly different from 1946. These improvements, made possible by the expansion of production in response to high demand, are in vivid contrast to the greatly deteriorated nutrition of unfortunate peoples in many other countries of the world. The consumption of major food products by American consumers has clearly not been jeopardized, although the aid rendered to those stricken by the war has, of course, entailed some sacrifice.

With respect to many nonfood commodities, the domestic use in 1946 and 1947 has been higher than ever before, and the ratio of foreign shipments to production was in most cases similar to the ratio before the war. Only for a few nonfood commodities was the ratio of exports to production in the first quarter of 1947 very high and above the prewar ratio. The amounts exported were, for example, 21 percent for motortrucks and 17 percent for steel rails. The high ratio of 31 percent for lubricating oils was similar to its prewar ratio. Items such as these are clearly indispensable to the importing countries. While we could use far more of such goods at home than have been made available, this temporary denial has been essential to the reconstruction of a more balanced world economy. (See appendix B, tables XXIV and XXV.)

This analysis of the impact of exports on the domestic economy during the last 6 months shows that the large exports did create some strain at a time when the economy was under inflationary pressure. But it also shows that this strain was of moderate proportions except in the case of a few important products. And it is a temporary strain. Even if new programs of the character now under consideration are put into effect, it is quite unlikely that the high levels of exports and export surplus existing during the past 6 months will be maintained.

While the level of exports has important effects on the American economy, it must be clear that we did not and should not embark upon foreign aid programs as a device for supporting maximum production and employment at home. To be sure, restoration of world trade, when achieved, will facilitate our own efforts in maintaining a prosperous domestic economy. The immediate and sole objective of our foreign aid programs should be to restore a vigorous, stable, and peaceful world economy. It is our goal to contribute to the restoration of conditions under which other countries will be able to pay their way by mutual exchange of goods and services, under such economic institutions as they freely determine and adapt to their peculiar circumstances.

For the purposes of our foreign policy it is worth enduring temporary shortages of a few commodities within the United States. This will bring lasting benefits in the long run. In any case, the costs of effective foreign aid programs will be only a very small fraction of the cost of winning the war, and they are vital to the winning of the peace.

CONTENTS OF APPENDIXES

APPENDIX A

THE NATION'S ECONOMIC BUDGET

Revision of the basic series.—The Nation's Economic Budget is based on the statistics of national income and national product of the Department of Commerce and Government payments to the public and receipts from the public estimated by the Bureau of the Budget. The methods used in deriving the Nation's Economic Budget were briefly explained in appendix A of the President's Economic Report of January 8, 1947. In this midyear report the Economic Council has used the same general concept of the Nation's Economic Budget, but the Department of Commerce has revised the basic series of national income and product on which the budget is largely based. Because of this revision the present estimates of the Nation's Economic Budget are not comparable with those presented in the January 8 report. The revised estimates of national income and product, on which the present Nation's Economic Budget estimates are based, are published by the Department of Commerce in a supplement to the July 1947 *Survey of Current Business,* entitled "National Income and Product Statistics of the United States, 1929–46." This supplement also explains the revisions in concepts and estimates over the former series.

1. The Nation's Economic Budget (see sec. IV, p. 14 in text)

Estimates of the Nation's Economic Budget for calendar 1946, October to December 1946, and January to June 1947 are shown in table I.[1] The derivation and break-down of the component parts of the Nation's Economic Budget are presented in the subsequent sections.

[1] For the principal categories of expenditure for 1929 and following years, see table I, appendix B.

TABLE I.—*The Nation's economic budget*

[Billions of dollars; current prices]

	Calendar 1946			Seasonally adjusted annual rates					
				October to December 1946			January to June 1947 [1]		
	Receipts	Expenditures	Excess (+) or deficit (−)	Receipts	Expenditures	Excess (+) or deficit (−)	Receipts	Expenditures	Excess (+) or deficit (−)
Consumers:									
Income after taxes	157.2			167.0			169.6		
Expenditures		143.7			154.9			158.0	
Savings (+)			+13.5			+12.1			+11.6
Business:									
Undistributed profits and additions to reserves	14.2			14.2			19.1		
Gross domestic investment		24.6			30.4			29.5	
Excess of receipts (+) or investment (−)			−10.4			−16.2			−10.4
International:									
Net exports of goods and services		4.8			5.2			10.0	
Net foreign investment			−4.8			−5.2			−10.0
Government (Federal, State, local):									
Receipts from the public [2]	56.5			57.1			58.2		
Payments to the public [3]		55.6			48.7			53.2	
Excess of receipts (+) or payments (−)			+.9			+8.4			+5.0
Adjustments:									
For Government receipts from abroad [4]	−.6		−.6	−.1		−.1	−.8		−.8
For Government transfers abroad [5]		−3.5	+3.5		−3.1	+3.1		−7.6	+7.6
For Government domestic transfers [6]	−21.5	−21.5		−17.5	−17.5		−18.1	−18.1	
For statistical discrepancies	−2.1		−2.1	−2.1		−2.1	−3.0		−3.0
Total gross national product	203.7	203.7	0	218.6	218.6	0	225.0	225.0	0

[1] Based on incomplete data.
[2] See tables VI and X.
[3] See tables VI and XI.
[4] Cash receipts from sales of surplus property and from reimbursable lend-lease.
[5] Includes loans to foreign governments, subscriptions to the International Monetary Fund and Bank, reimbursable lend-lease, and sales of surplus property abroad to the extent they have been included in exports of goods and services.
[6] Includes transfers of funds which are included in private receipts and Government expenditures but do not involve additions to the Nation's output, such as unemployment compensation, veterans' readjustment allowances, mustering-out pay, etc.

NOTE.—Detail will not necessarily add to totals because of rounding.

2. Consumers' account (see sec. IV, p. 14 in text)

The derivation of personal income from the gross national product and national income, as estimated by the Department of Commerce, is shown in table II.

TABLE II.—*Relation of gross national product, national income, and personal income*

[Billions of dollars]

	Calendar 1946	Seasonally adjusted annual rates: October to December 1946	Seasonally adjusted annual rates: January to June 1947 [1]
Gross national product	203.7	218.6	225.0
Less:			
Capital consumption allowances	11.0	11.5	11.8
Indirect business tax and nontax liabilities	16.8	17.7	16.8
Business transfer payments	.5	.5	.5
Statistical discrepancy	−2.1	−2.1	−3.0
Plus: Subsidies less current surplus of Government enterprises	.8	−.1	.1
Equals: National income [2]	178.2	191.0	199.0
Less:			
Corporate profits and inventory valuation adjustment	16.5	18.8	23.5
Contributions for social insurance	6.0	5.3	5.9
Excess of wage accruals over disbursements	0	0	0
Plus:			
Government transfer payments	10.8	9.8	10.3
Net interest paid by Government	4.5	4.5	4.5
Dividends	5.6	5.9	6.2
Business transfer payments	.5	.5	.5
Equals: Personal income	177.2	187.5	191.1

[1] Based on incomplete data.
[2] For a break-down of national income by distributive shares, see appendix B, table 2.

NOTE.—Detail will not necessarily add to totals because of rounding.

The adjustments necessary to obtain consumer income after taxes as it appears in the Nation's Economic Budget, and consumer expenditures by principal categories, are shown in table III.

TABLE III.—*Consumers' account*

[Billions of dollars; current prices]

	Calendar 1946	Seasonally adjusted annual rates: October to December 1946	Seasonally adjusted annual rates: January to June 1947 [1]
Receipts:			
Personal income	177.2	187.5	191.1
Less: Personal tax and nontax payments:			
Federal	17.2	17.9	19.9
State and local	1.6	1.6	1.6
Disposable personal income (Commerce concept)	158.4	168.0	169.6
Adjustments to Nation's Economic Budget concept:			
For taxes [2]	−.1	.1	1.1
Other [3]	−1.1	−1.1	−1.1
Income after taxes (Nation's Economic Budget concept)	157.2	167.0	169.6
Expenditures:			
Durable goods	14.9	18.2	19.5
Nondurable goods	87.1	93.6	94.5
Services	41.7	43.1	44.0
Total	143.7	154.9	158.0
Excess of receipts: Saving	13.5	12.1	11.6

[1] Based on incomplete data.
[2] Represents the difference between Federal personal tax and nontax payments as estimated by the Department of Commerce and cash receipts from personal taxes by the Federal Government.
[3] Includes the receipts of certain Federal Government trust accounts.

NOTE.—Detail will not necessarily add to totals because of rounding.

3. Business account (see sec. IV, p. 19 in text)

Table IV contains a derivation of business receipts and gross domestic business investment, including residential construction, by main categories. Net profits of unincorporated business are not included in receipts because of the difficulty of separating out entrepreneurial withdrawals. Other receipt items include all business as does investment.

TABLE IV.—*Business account*

[Billions of dollars; current prices]

	Calendar 1946	Seasonally adjusted—annual rates: October to December 1946	Seasonally adjusted—annual rates: January to June 1947 [1]
Receipts:			
Corporate profits [2]	21.1	27.1	29.0
Less:			
Corporation income-tax liabilities	8.6	11.0	11.6
Dividends	5.6	5.9	6.2
Equals: Corporate undivided profits	6.9	10.2	11.2
Plus:			
Capital consumption allowance	11.0	11.5	11.8
Government transfers to business [3]	7.1	3.5	3.4
Less:			
Subsidies less current surplus of Government enterprises	.8	−.1	.1
Inventory valuation adjustment	4.7	8.3	5.5
Payments by business to Government [4]	5.4	2.8	1.7
Equals: Adjusted corporate profits and additions to reserves	14.2	14.2	19.1
Gross domestic investment:			
Construction	8.5	9.3	9.8
Residential	3.3	3.6	4.2
Nonresidential	5.2	5.7	5.6
Producers' durables	12.4	15.7	17.0
Net change in inventories	3.7	5.4	2.7
Total	24.6	30.4	29.5
Excess of receipts (+) or investment (−)	−10.4	−16.2	−10.4

[1] Based on incomplete data.
[2] Commerce concept. Profits include incorporated business only.
[3] Includes refunds of business taxes, loan transactions of Government corporations, renegotiation of war contracts, and miscellaneous items. Does not include purchases of goods and services.
[4] Includes renegotiation payments made in discharge of previous liabilities and excess of business tax payments over liabilities.

NOTE.—Detail will not necessarily add to totals because of rounding.

4. International transactions (see sec. IV, p. 22 in text)

The "excess of goods and services supplied" by the United States to the rest of the world differs (see table VI in text, p. 23) from the net exports of goods and services shown in the Nation's Economic Budget because it includes unilateral transfers and excludes expenditures in United States Territories. (The balance of payments of the United States includes the Territories, but is otherwise the same as net exports of goods and services.) Unilateral transfers to foreign countries have recently been very large since they include UNRRA and civilian supplies for occupied territories. The net balance of unilateral transfers consequently is heavily in favor of the rest of the world.

A reconciliation between the excess of goods and services supplied by the United States, the net foreign balance and net exports, as used in the Nation's Economic Budget, is shown below:

TABLE V.—*Reconciliation between excess of goods and services supplied by the United States, net foreign balance, and net exports* [1]

[Billions of dollars]

	Calendar 1946	Annual rates	
		October to December 1946	January to June 1947 [2]
Excess of goods and services supplied	8.1	7.7	12.7
Less: Net balance of unilateral transfers:			
Government	2.4	1.5	1.8
Private	.7	.7	.8
Equals: Net balance of payments on current account	5.0	5.4	10.1
Less: Adjustment for expenditures in United States territories [3]	.2	.2	.1
Equals: Net exports of goods and services [1]	4.8	5.2	10.0

[1] As used in the Nation's Economic Budget.
[2] Based on incomplete data.
[3] National product and income statistics are estimated for continental United States, making this adjustment necessary.

NOTE.—Detail will not necessarily add to totals because of rounding.

Unilateral transfers to foreign countries by the Government are included in Government payments to the public, and in Government expenditures for goods and services, while private gifts to foreign countries are included under consumers' expenditures. Therefore the Nation's Economic Budget uses a concept of "net exports of goods and services" that excludes these unilateral transfers.

The net foreign balance is financed in part by loans made by the United States Government and by loans made by international financial organizations out of United States subscriptions. The total United States subscriptions to international financial organizations and loans to foreign governments, to the extent drawn upon, are included in the adjustment item "transfers abroad" in the Nation's Economic Budget. (See table XII, p. 60.)

In considering the expansionary impact of Government cash expenditures, it should be remembered that transfers abroad do not directly augment domestic incomes. With some time lags, however, they indirectly increase domestic incomes by financing the export surplus. The total expansionary and contracting factors in the economy should be appraised only after consideration of the excess or deficit in the major component parts of the Nation's Economic Budget and of the net adjustments.

5. Government account (see sec. IV, p. 24 in text)

State and local cash receipts and expenditures are shown separately from Federal cash receipts and expenditures in table VI. The rest of the tables in this section deal with the Federal Government only.

TABLE VI.—*Government account*

[Billions of dollars]

	Calendar 1946	Seasonally adjusted annual rates [1]	
		October to December 1946	January to June 1947 [2]
Receipts:			
Federal receipts from the public	45.5	45.8	46.8
State and local	11.0	11.3	11.4
Payments:			
Federal payments to the public	45.2	37.4	41.7
State and local	10.4	11.3	11.5
Excess (+) or deficit (−)	+0.9	+8.4	+5.0

[1] Federal interest payments and refunds of taxes have been adjusted to eliminate seasonal peaks. Other expenditures are entered as recorded. Receipts are smoothed except for receipts from abroad.
[2] Based on incomplete data.

Tables VII, VIII, and IX reconcile the Federal budget surplus as conventionally defined for fiscal year 1947 with the excess of receipts over payments in Federal cash transactions with the public. Table VII presents a comparison between the two surpluses, while VIII and IX show a derivation of Federal cash receipts from budgetary receipts and cash payments from budgetary payments, respectively.

TABLE VII.—*Comparison of Federal budgetary surplus with the excess of cash receipts over payments, fiscal year 1947* [1]

[Billions of dollars]

Net budget receipts	43.3
Net budget expenditures	42.5
Budgetary surplus	.8
Net cash receipts from the public	46.3
Net cash payments to the public	39.5
Excess of cash receipts	6.8

[1] Based on incomplete data.

The general method of reconciliation is as follows: To budgetary receipts or expenditures (general and special accounts and corporations' net expenditures) are added the cash receipts or expenditures of the trust funds, and, on the payment side, the expenditures of the Exchange Stabilization Fund. Transactions among various Federal agencies or funds are then eliminated. The accounts of the Federal Government are thus presented on a consolidated basis. Adjustments are then made to eliminate noncash receipts or expenditures. The only noncash receipt is the deduction from Federal workers' salaries for retirement benefits. An example of a noncash expenditure is the issue of veterans' terminal-leave bonds which will be recorded as a cash expenditure only when redeemed.

TABLE VIII.—*Derivation of Federal cash receipts from the public, fiscal year 1947* [1]

[Billions of dollars]

Description		
Net Budget receipts [2]		43.3
Total trust account receipts		6.2
Total recorded receipts		49.5
Less: Intragovernmental transactions:		
Payments to U. S. Treasury (miscellaneous receipts) by Government enterprises	0.9	
Transfers from general fund to trust accounts	1.4	
Interest received by trust funds on investments in United States securities	.6	
		2.9
Less: Recorded receipts not paid in cash by the public: Deductions from Federal employees' salaries for retirement funds	.3	
		.3
Equals: Cash receipts from the public		46.3

[1] Based on incomplete data.
[2] Direct taxes on individuals and corporations, excise taxes, customs, miscellaneous receipts of the U. S. Treasury, and employment taxes less net appropriations for Federal old-age and survivors insurance trust fund. This net appropriation is included as a trust-account receipt.

TABLE IX.—*Derivation of Federal cash payments to the public, fiscal year 1947* [1]

[Billions of dollars]

Description		
Budget expenditures (daily Treasury statement basis)		42.5
Trust-account expenditures and investments		7.3
Exchange Stabilization Fund expenditures		1.8
Total recorded expenditures		51.6
Net adjustment for checks issued and not paid		−.4
Adjusted total, recorded expenditures		51.2
Less: Intragovernmental transactions:		
Transfers from general fund to trust accounts	1.4	
Payments to U. S. Treasury (miscellaneous receipts) by Government enterprises	.9	
Investments of trust funds and Government enterprises in United States securities	3.5	
Interest received by trust funds on investments in United States securities	.6	
		6.4
Less: Recorded expenditures not paid out in cash:		
Deductions from employees' salaries for retirement fund	.3	
Terminal-leave bonds, issues less cash redemptions	1.8	
Interest on savings bonds (net increase in redemption value of outstanding issues)	.5	
Subscriptions in non-interest-bearing notes to Bretton Woods organizations from General and Exchange Stabilization Funds	2.4	
		5.0
Plus: Cash expenditures by Government enterprises from proceeds of sales of obligations in the market [2]		−.3
Equals: Federal cash payments to the public		39.5

[1] Based on incomplete data.
[2] Net of redemptions.

In tables X and XI the cash receipts and payments have been smoothed to obtain figures for the first half of 1947 which are comparable with either calendar or fiscal year totals, and which can be combined with seasonally adjusted figures in the Nation's Economic Budget. The receipts in the first half of the year, on an unadjusted basis, are always much greater than in the second half, under the same levels of income and employment, due to larger payments of income taxes by individuals and businesses. On the payments side, the seasonal hump in interest payments and tax refunds has been smoothed.

Table X shows a break-down of receipts by type of tax payment, and table XI presents some additional information on the table on Federal cash payments to the public, page 26, in text.

TABLE X.—*Federal receipts from the public other than borrowing*

[Billions of dollars]

Receipts from	Calendar 1946	January to June 1947,[1] annual rates [2]
Personal taxes	18.8	20.4
Corporation taxes	11.0	9.7
Employment taxes [3]	.5	.8
Excises and customs	7.7	7.3
Miscellaneous receipts	3.5	4.2
Total budgetary receipts	41.5	42.5
Receipts of trust accounts	4.0	4.3
Total cash receipts	45.5	46.8

[1] Based on incomplete data.
[2] All receipts except those from abroad have been smoothed to eliminate seasonal peaks.
[3] Net of sums transferred to trust accounts.

NOTE.—Detail will not necessarily add to totals because of rounding.

TABLE XI.—*Federal cash payments to the public*

[Billions of dollars]

Payments to—	Calendar 1946	Annual rates [1] January to June 1947 [2]
I. Individuals:		
A. Salaries and wages of Federal personnel:		
Military [3]	6.9	3.9
Civilian	6.7	5.5
B. Pensions and other payments to veterans [4]	7.0	6.2
C. Social-security beneficiaries	1.9	1.8
D. Loans to home owners [5]	−.3	(7)
E. Interest on Federal debt	.8	.8
F. Refunds of taxes	1.6	1.8
Total	24.6	19.9
II. Business:		
A. Payments for purchases of goods and services	13.5	9.7
B. Subsidies and other payments to farmers	.8	1.3
C. Loans and subsidies to business [6]	−.4	−.3
D. Interest on the Federal debt	3.1	2.9
E. Refunds of taxes	1.2	1.3
Total	18.1	14.9
III. International:		
A. Loans to foreign governments	1.5	4.0
B. Subscriptions to Bretton Woods organizations	.1	1.9
C. Membership in other international organizations and unilateral transfers	.2	(7)
Total	1.7	5.9
IV. State and local governments (grants-in-aid)	1.1	1.4
Adjustment to daily Treasury statement basis [8]	−.4	−.4
Total, Federal cash payments to the public	45.2	41.7

[1] Payments of interest and refunds of taxes have been smoothed. All other payments have been included when recorded.
[2] Based on incomplete data.
[3] Includes dependency allowances.
[4] Includes mustering-out pay and cash terminal-leave pay.
[5] In calendar 1946 repayments exceed loans.
[6] Repayments exceed loans and subsidies.
[7] Less than 50 million dollars.
[8] The total is the sum of checks paid as entered in the daily Treasury statement. A discrepancy arises between the components and the total because it was necessary to estimate some of the components partly on a checks-issued basis.

NOTE.—Detail will not necessarily add to totals because of rounding.

6. Adjustments

The adjustments on the expenditure side of the Nation's Economic Budget are to deduct payments appearing in the expenditures of the component accounts which were not made in return for goods and services currently rendered, and were consequently not included in the gross national product. An equivalent deduction must be made on the receipts side of the account for the receipt of payments not arising from current productive activity. In the case of income transferred abroad by the Government, no deduction need be made on the receipts side of the account, since these payments were not received by units that belong to the domestic economy. Similarly, no deduction need be made in expenditures for receipts from abroad which were not for goods and services currently rendered.

749764—47——5

The deduction of the adjustments from cash payments to the public by the Government, plus some small items not included in cash payments, yields Government expenditures for goods and services included by the Department of Commerce as a part of the gross national product. A reconciliation is shown in table XII below.

TABLE XII.—*Reconciliation between Government cash expenditures and expenditures for goods and services*

[Billions of dollars; annual rates]

	Calendar 1946	Seasonally adjusted annual rates	
		October to December 1946	January to June 1947 [1]
Cash payments to the public: Federal, State, local	55.6	48.7	53.2
Less: Adjustments			
Transfers to individuals (Commerce concept)	10.8	9.8	10.3
Refunds of taxes to individuals	1.6	1.6	1.8
Interest payments to individuals	1.1	1.1	1.1
Transfers to business, including refunds and interest payments	10.5	6.9	6.8
Transfers abroad [2]	3.5	3.1	7.6
Plus: Non-cash expenditures for goods and services [3]	2.5	1.9	1.9
Equals: Expenditures for goods and services (Commerce concept)	30.7	28.2	27.5

[1] Based on incomplete data.
[2] Includes loans to foreign governments, subscriptions to Bretton Woods organizations (items IIIA and IIIB in Federal cash payments to the public) plus sales of surplus property abroad and reimbursable lend-lease (which have been included as a receipt in the balance of payments).
[3] Contributions of Government employees and the Government to pension funds and Government contributions to national service life and Government life insurance.

NOTE.—Detail will not necessarily add to totals because of rounding.

Appendix B

Statistical Tables Relating to Employment, Production, and Purchasing Power

Table I.—*Gross national product or expenditure, 1929–47* [1]

[Billions of dollars]

Period	Gross national product	Personal consumption expenditures	Gross private domestic investment	Net foreign investment	Government purchases of goods and services
1929	103.8	78.8	15.8	0.8	8.5
1930	90.9	70.8	10.2	.7	9.2
1931	75.9	61.2	5.4	.2	9.2
1932	58.3	49.2	.9	.2	8.1
1933	55.8	46.3	1.3	.2	8.0
1934	64.9	51.9	2.8	.4	9.8
1935	72.2	56.2	6.1	−.1	9.9
1936	84.7	62.5	10.5	−.1	11.7
1937	90.2	67.1	11.4	.1	11.6
1938	84.7	64.5	6.3	1.1	12.8
1939	90.4	67.5	9.0	.9	13.1
1940	100.5	72.1	13.0	1.5	13.9
1941	125.3	82.3	17.2	1.1	24.7
1942	159.6	90.8	9.3	−.2	59.7
1943	192.6	101.6	4.6	−2.2	88.6
1944	210.6	110.4	5.7	−2.1	96.6
1945	213.1	121.7	9.1	−.8	83.1
1946	203.7	143.7	24.6	4.8	30.7
	Seasonally adjusted annual rates				
1946:					
I	191.7	134.3	18.6	3.3	35.4
II	197.0	138.2	22.3	6.1	30.3
III	207.5	147.3	27.0	4.5	28.6
IV	218.6	154.9	30.4	5.2	28.2
1947:					
First half [2]	225.0	158.0	29.5	10.0	27.5

[1] The figures in this table are based on the revised series on national income and product of the Department of Commerce. For explanation of revisions see the Department of Commerce supplement to the July 1947 *Survey of Current Business* entitled, "National Income and Product Statistics of the United States, 1929–46."

[2] Estimates based on incomplete data.

Note.—Detail will not necessarily add to totals because of rounding.
Source: Department of Commerce (revised series).

TABLE II.—*National income by distributive shares, 1929–47* [1]

[Billions of dollars]

Period	Total national income [2]	Compensation of employees [3]	Proprietors' and rental income [4]				Corporate profits and inventory valuation adjustment					Net interest
			Total	Business and professional	Farm	Rental income of persons	Total	Corporate profits			Inventory valuation adjustment	
								Profits before taxes [5]	Tax liability [5]	Profits after taxes [5]		
1929	87.4	50.8	19.7	8.3	5.7	5.8	10.3	9.8	1.4	8.4	0.5	6.5
1930	75.0	46.5	15.7	7.0	3.9	4.8	6.6	3.3	.8	2.5	3.3	6.2
1931	58.9	39.5	11.8	5.3	2.9	3.6	1.6	−.8	.5	−1.3	2.4	5.9
1932	41.7	30.8	7.4	3.2	1.7	2.5	−2.0	−3.0	.4	−3.4	1.0	5.4
1933	39.6	29.3	7.2	2.9	2.3	2.0	−2.0	.2	.5	−.4	−2.1	5.0
1934	48.6	34.1	8.7	4.3	2.3	2.1	1.1	1.7	.7	1.0	−.6	4.8
1935	56.8	37.1	12.1	5.0	4.9	2.3	3.0	3.2	1.0	2.3	−.2	4.5
1936	66.9	42.7	14.8	6.1	6.1	2.7	4.9	5.7	1.4	4.3	−.7	4.5
1937	73.6	47.7	15.4	6.6	5.6	3.1	6.2	6.2	1.5	4.7	(6)	4.4
1938	67.4	44.7	14.0	6.3	4.4	3.3	4.3	3.3	1.0	2.3	1.0	4.3
1939	72.5	47.8	14.7	6.8	4.5	3.5	5.8	6.5	1.5	5.0	−.7	4.2
1940	81.3	51.8	16.3	7.7	4.9	3.6	9.2	9.3	2.9	6.4	−.1	4.1
1941	103.8	64.3	20.8	9.6	6.9	4.3	14.6	17.2	7.8	9.4	−2.6	4.1
1942	136.5	84.7	28.1	12.1	10.6	5.4	19.8	21.1	11.7	9.4	−1.3	3.9
1943	168.3	109.1	32.1	14.1	11.8	6.2	23.7	24.5	14.2	10.4	−.8	3.4
1944	182.3	121.2	34.4	15.3	12.4	6.7	23.5	23.8	13.9	9.9	−.4	3.2
1945	182.8	122.9	37.1	16.7	13.5	7.0	19.7	20.2	11.3	8.9	−.5	3.1
1946	178.2	116.8	41.8	19.7	15.2	6.9	16.5	21.1	8.6	12.5	−4.7	3.2
	Seasonally adjusted annual rates											
1946:												
I	168.2	111.5	39.4	18.5	14.1	6.9	14.2	15.2	6.1	9.1	−1.0	3.1
II	173.5	114.0	39.2	18.6	13.8	6.8	17.2	19.4	8.0	11.5	−2.3	3.2
III	179.9	119.2	41.9	19.9	15.2	6.8	15.6	22.9	9.3	13.5	−7.3	3.2
IV	191.0	122.2	46.7	22.0	17.8	7.0	18.8	27.1	11.0	16.1	−8.3	3.2
1947:												
First half [7]	199.0	125.3	46.9	22.2	17.6	7.1	23.5	29.0	11.6	17.4	−5.5	3.3

[1] The figures in this table are based on the revised series on national income and product of the Department of Commerce. For explanation of revisions see the Department of Commerce supplement to the July 1947 *Survey of Current Business* entitled, "National Income and Product Statistics of the United States, 1929–46."

[2] National income is the total net income earned in production by individuals or businesses. The concept of national income currently used differs from the concept of gross national product in excluding depreciation charges and other allowances for business and institutional consumption of durable capital goods. A reconciliation between these two series and personal income is shown in appendix A, table II, for selected periods.

[3] Includes wages and salaries, employer contributions for social insurance, and other labor income.

[4] Includes noncorporate inventory valuation adjustment.

[5] Federal and State income and excess-profits taxes.

[6] Less than 500 million dollars.

[7] Estimates based on incomplete data.

NOTE.—Detail will not necessarily add to totals because of rounding.
Source: Department of Commerce (revised series).

TABLE III.—*Personal income, 1929–47* [1]

[Billions of dollars]

Period	Total personal income [2]	Wage and salary receipts [3]	Other labor income	Proprietors' and rental income	Dividends	Personal interest income	Transfer payments
1929	85.1	50.0	0.5	19.7	5.8	7.5	1.5
1930	76.2	45.7	.5	15.7	5.5	7.1	1.5
1931	64.8	38.7	.5	11.8	4.1	7.0	2.7
1932	49.3	30.1	.4	7.4	2.6	6.6	2.2
1933	46.6	28.7	.4	7.2	2.1	6.2	2.1
1934	53.2	33.4	.4	8.7	2.6	6.0	2.2
1935	59.9	36.3	.4	12.1	2.9	5.7	2.4
1936	70.6	41.6	.5	14.8	4.6	5.6	3.5
1937	74.0	45.4	.5	15.4	4.7	5.6	2.4
1938	68.3	42.3	.5	14.0	3.2	5.5	2.8
1939	72.6	45.1	.5	14.7	3.8	5.4	3.0
1940	78.3	48.9	.6	16.3	4.0	5.4	3.1
1941	95.3	60.9	.6	20.8	4.5	5.4	3.1
1942	122.2	80.5	.7	28.1	4.3	5.4	3.2
1943	149.4	103.5	.9	32.1	4.5	5.5	3.0
1944	164.9	114.9	1.3	34.4	4.7	6.0	3.6
1945	171.6	115.2	1.5	37.1	4.8	6.8	6.2
1946	177.2	109.2	1.6	41.8	5.6	7.7	11.3
	Seasonally adjusted annual rates						
1946:							
I	168.7	102.6	1.6	39.4	5.1	7.6	12.5
II	172.5	107.0	1.6	39.2	5.4	7.7	11.6
III	179.5	111.8	1.6	41.9	5.6	7.7	10.9
IV	187.5	115.4	1.6	46.7	5.9	7.7	10.3
1947:							
First half [4]	191.1	117.8	1.7	46.9	6.2	7.7	10.8

[1] The figures in this table are based on the revised series on national income and product of the Department of Commerce. For explanation of revisions see the Department of Commerce supplement to the July 1947 *Survey of Current Business* entitled, "National Income and Product Statistics of the United States, 1929–46."
[2] Formerly called income payments.
[3] Total employer disbursements less employee contributions for social insurance.
[4] Estimates based on incomplete data.

NOTE.—Detail will not necessarily add to totals because of rounding.
Source: Department of Commerce (revised series).

TABLE IV.—*Disposition of personal income, 1929–47* [1]

[Billions of dollars]

Period	Personal income	Less: Personal tax and nontax payments	Equals: Disposable personal income	Less: Personal consumption expenditures	Equals: Personal saving
1929	85.1	2.6	82.5	78.8	3.7
1930	76.2	2.5	73.7	70.8	2.9
1931	64.8	1.9	63.0	61.2	1.8
1932	49.3	1.5	47.8	49.2	−1.4
1933	46.6	1.5	45.2	46.3	−1.2
1934	53.2	1.6	51.6	51.9	−.2
1935	59.9	1.9	58.0	56.2	1.8
1936	70.6	2.3	68.3	62.5	5.8
1937	74.0	2.9	71.1	67.1	3.9
1938	68.3	2.9	65.5	64.5	1.0
1939	72.6	2.4	70.2	67.5	2.7
1940	78.3	2.6	75.7	72.1	3.7
1941	95.3	3.3	92.0	82.3	9.8
1942	122.2	6.0	116.2	90.8	25.4
1943	149.4	17.8	131.6	101.6	30.0
1944	164.9	18.9	146.0	110.4	35.6
1945	171.6	20.9	150.7	121.7	29.0
1946	177.2	18.8	158.4	143.7	14.8
	Seasonally adjusted annual rates				
1946:					
I	168.7	17.8	150.9	134.3	16.6
II	172.5	18.7	153.8	138.2	15.5
III	179.5	19.1	160.4	147.3	13.1
IV	187.5	19.5	168.0	154.9	13.1
1947:					
First half [2]	191.1	21.5	169.6	158.0	11.6

[1] The figures in this table are based on the revised series on national income and product of the Department of Commerce. For explanation of revisions see the Department of Commerce supplement to the July 1947 *Survey of Current Business* entitled, "National Income and Product Statistics of the United States, 1929–46."

[2] Estimates based on incomplete data.

NOTE.—Detail will not necessarily add to totals because of rounding.

Source: Department of Commerce (revised series).

TABLE V.—*Disposable personal income, population, and consumers' price index, 1929–47*

Period	Disposable personal income (billions of dollars) [1]	Population (thousands) [2]	Consumers' price index (1944=100)	Per capita disposable personal income: Current dollars	Per capita disposable personal income: 1944 dollars [3]
1929	82.5	121,770	97.6	678	695
1930	73.7	123,077	95.1	599	630
1931	63.0	124,040	86.6	508	587
1932	47.8	124,840	77.8	383	492
1933	45.2	125,579	73.6	360	489
1934	51.6	126,374	76.3	408	535
1935	58.0	127,250	78.2	456	583
1936	68.3	128,053	79.0	533	675
1937	71.1	128,825	81.8	552	675
1938	65.5	129,825	80.3	505	629
1939	70.2	130,880	79.2	536	677
1940	75.7	131,970	79.8	574	719
1941	92.0	133,203	83.8	691	825
1942	116.2	134,665	92.8	863	930
1943	131.6	136,497	98.5	964	979
1944	146.0	138,083	100.0	1,057	1,057
1945	150.7	139,586	102.3	1,080	1,056
1946	158.4	141,229	111.0	1,122	1,011
	Seasonally adjusted annual rates		Not adjusted for seasonal [4]	Seasonally adjusted annual rates	
1946:					
I	150.9	[5] 140,549	103.5	1,074	1,038
II	153.8	[5] 140,985	105.2	1,091	1,037
III	160.4	[5] 141,547	114.5	1,133	990
IV	168.0	[5] 142,288	120.6	1,181	979
1947:					
First half [6]	169.6	143,338	123.7	1,183	956

[1] Based on the revised series on national income and product of the Department of Commerce. For explanation of revisions see the Department of Commerce supplement to the July 1947 *Survey of Current Business* entitled, "National Income and Product Statistics of the United States, 1929–46."
[2] Estimated population of continental United States, including armed forces overseas; annual data as of July 1 and quarterly data as of middle of quarter.
[3] Current dollars divided by the consumers' price index on 1944=100 base to give a rough measure of changes in buying power of disposable income.
[4] A small part of the increase may be seasonal.
[5] Interpolated from published data.
[6] Estimates based on incomplete data.

Sources: Department of Commerce (disposable income and population) and Department of Labor (consumers' price index).

TABLE VI.—*Total consumer credit, 1929–47*

Estimated amounts outstanding

[Millions of dollars]

End of year or month	Total consumer credit	Installment credit [1]	Other consumer credit [2]
1929	7,637	3,167	4,470
1930	6,829	2,696	4,133
1931	5,526	2,212	3,314
1932	4,093	1,526	2,567
1933	3,929	1,605	2,324
1934	4,396	1,867	2,529
1935	5,439	2,627	2,812
1936	6,796	3,526	3,270
1937	7,491	3,971	3,520
1938	7,064	3,612	3,452
1939	7,994	4,449	3,545
1940	9,146	5,448	3,698
1941	9,895	5,920	3,975
1942	6,478	2,948	3,530
1943	5,334	1,957	3,377
1944	5,776	2,034	3,742
1945	6,637	2,365	4,272
1946	10,147	3,976	6,171
1946:			
January	6,427	2,364	4,063
February	6,530	2,404	4,126
March	6,984	2,503	4,481
April	7,368	2,649	4,719
May	7,607	2,783	4,824
June	7,905	2,902	5,003
July	8,025	3,022	5,003
August	8,362	3,165	5,197
September	8,631	3,288	5,343
October	9,013	3,458	5,555
November	9,527	3,646	5,881
December	10,147	3,976	6,171
1947:			
January	9,967	4,048	5,919
February	9,910	4,157	5,753
March	10,216	4,329	5,887
April	10,413	4,543	5,870
May	10,664	4,747	5,917

[1] Includes automobile and other sale credit and repair and modernization loans insured by the Federal Housing Administration.

[2] Includes noninstallment consumer loans (single-payment loans of commercial banks and pawnbrokers), charge accounts, and service credit.

Source: Board of Governors of the Federal Reserve System.

TABLE XV.—*New construction activity, 1929–47*

[Millions of dollars]

Year or quarter	Total new construction	Private construction: Total private	Private construction: Residential building	Private construction: Nonresidential building	Private construction: Other private	Public construction: Total public	Public construction: By funds: Federal	Public construction: By funds: State and local	Public construction: By types: Military and federally financed industrial	Public construction: By types: Highways	Public construction: By types: Other public
1929	9,913	7,522	2,797	2,822	1,903	2,391	237	2,154	19	1,248	1,12
1930	8,059	5,306	1,446	2,099	1,761	2,753	338	2,415	29	1,481	1,24
1931	5,980	3,416	1,228	1,104	1,084	2,564	451	2,113	40	1,323	1,201
1932	3,260	1,482	462	499	521	1,778	510	1,268	34	916	828
1933	2,223	1,005	278	404	323	1,218	540	678	38	675	505
1934	2,756	1,221	361	455	405	1,535	698	837	58	821	656
1935	3,110	1,648	665	472	511	1,462	822	640	39	622	801
1936	4,714	2,486	1,131	712	643	2,228	1,255	973	33	876	1,319
1937	5,308	3,274	1,372	1,088	814	2,034	1,143	891	39	850	1,145
1938	5,018	2,941	1,511	764	666	2,077	976	1,101	74	837	1,166
1939	6,062	3,619	2,114	785	720	2,443	1,251	1,192	148	835	1,460
1940	6,807	4,199	2,355	1,028	816	2,608	1,406	1,202	549	875	1,184
1941	10,308	5,238	2,765	1,486	987	5,070	3,845	1,225	2,900	850	1,320
1942	13,353	2,908	1,315	635	958	10,445	9,531	914	8,453	675	1,317
1943	7,734	1,669	650	232	787	6,065	5,605	460	4,218	450	1,397
1944	4,073	1,746	535	350	861	2,327	1,912	415	1,344	360	623
1945	4,609	2,561	684	1,014	863	2,048	1,558	490	1,160	342	546
1946	9,890	7,739	3,183	3,350	1,206	2,151	1,067	1,084	272	706	1,173
I [1]	1,524	1,257	432	632	193	267	140	127	67	60	140
II [1]	2,300	1,862	722	843	297	438	199	239	61	149	228
III [1]	3,104	2,376	1,027	953	396	728	344	384	70	265	393
IV [1]	2,962	2,244	1,002	922	320	718	384	334	74	232	412
1947:											
I [1]	2,460	1,948	869	782	297	512	236	276	47	119	346
II [1] [2]	2,896	2,167	1,014	735	418	729	267	462	56	300	373

[1] Not adjusted for seasonal variation.
[2] Estimates based on incomplete data.

Source: Departments of Commerce and Labor.

TABLE XVI.—*Business inventories and sales, 1939–47*

Year or month	Manufacturing [1]			Wholesale [2, 3]			Retail		
	Millions of dollars		Ratio of inventories to sales	Millions of dollars		Ratio of inventories to sales	Millions of dollars		Ratio of inventories to sales
	Inventories [4]	Sales [5]		Inventories [4]	Sales [5]		Inventories [4]	Sales [5]	
1939 average	9,941	4,741	2.10	2,479	1,961	1.26	5,284	3,504	1.51
1940 average	11,171	5,482	2.04	2,619	2,183	1.20	5,484	3,866	1.42
1941 average	13,379	7,783	1.72	3,026	2,852	1.06	6,040	4,624	1.31
1946 average	17,817	10,472	1.70	3,423	4,646	.74	7,523	8,063	.93
1946:									
January	16,369	8,913	1.84	3,041	4,223	.72	6,438	7,654	.84
February	16,590	8,163	2.03	2,981	4,287	.70	6,273	7,839	.80
March	16,829	9,507	1.77	3,048	4,159	.73	6,628	7,784	.85
April	16,837	9,956	1.69	3,109	4,381	.71	6,826	7,605	.90
May	16,934	10,058	1.68	3,161	4,485	.70	6,989	7,635	.92
June	17,175	9,702	1.77	3,242	4,361	.74	7,171	7,692	.93
July	18,010	9,976	1.81	3,318	4,730	.70	7,575	7,971	.95
August	18,466	11,157	1.66	3,463	4,789	.72	7,730	8,420	.92
September	18,886	10,738	1.76	3,634	4,816	.75	8,037	8,264	.97
October	19,533	12,240	1.60	3,784	5,203	.73	8,684	8,387	1.04
November	19,896	12,426	1.60	4,046	5,110	.79	8,797	8,796	1.00
December	20,259	12,849	1.58	4,245	5,204	.82	9,130	8,705	1.05
1947:									
January	20,805	13,226	1.57	4,425	5,418	.82	9,384	8,899	1.05
February	21,176	12,940	1.64	4,564	5,314	.86	9,432	9,038	1.04
March	21,612	13,937	1.55	4,682	5,163	.91	9,562	8,942	1.07
April	22,061	13,898	1.59	4,800	5,226	.92	9,487	8,832	1.07
May	22,408	13,723	1.63	4,781	5,173	.92	9,442	8,836	1.07

[1] Not adjusted for seasonal variation.
[2] Adjusted for seasonal variation.
[3] Service and limited function wholesalers only.
[4] Book value, end of month.
[5] Total for month.

Source: Department of Commerce (Office of Business Economics).

TABLE XVII.—*Sales, stocks, and outstanding orders at 296 department stores, 1939–47*

Year or month	Millions of dollars			Ratio of stocks to sales	Ratio of orders to sales	Ratio of orders to stocks
	Sales (total for month)	Stocks (end of month)	Outstanding orders (end of month)			
1939 average	128	344		2.69		
1940 average	136	353	108	2.60	0.79	0.31
1941 average	156	419	194	2.69	1.24	.46
1942 average	179	599	263	3.35	1.47	.44
1943 average	204	508	530	2.49	2.60	1.04
1944 average	227	534	560	2.35	2.47	1.05
1945 average	255	564	728	2.21	2.85	1.29
1946 average	318	714	907	2.25	2.85	1.27
1946:						
January	224	491	899	2.19	4.01	1.83
February	239	533	979	2.23	4.10	1.84
March	301	583	971	1.94	3.23	1.67
April	319	644	910	2.02	2.85	1.41
May	304	674	934	2.22	3.07	1.39
June	304	699	1,048	2.30	3.45	1.50
July	244	735	1,073	3.01	4.40	1.46
August	303	806	1,012	2.66	3.34	1.26
September	309	828	960	2.68	3.11	1.16
October	341	879	845	2.58	2.48	.96
November	404	919	691	2.27	1.71	.75
December	526	776	557	1.48	1.06	.72
1947:						
January	256	769	619	3.00	2.42	.80
February	250	838	603	3.35	2.41	.72
March	332	865	485	2.61	1.46	.56
April	321	849	387	2.64	1.21	.46
May	332	810	348	2.44	1.05	.43

Source: Board of Governors of the Federal Reserve System.

TABLE XVIII.—*Corporate profits before and after taxes, 1939–47*

[Millions of dollars]

Year or quarter	All private corporations		629 large private corporations—profits after taxes [1]											
	Profits before taxes [1]	Profits after taxes [1]	Total	Iron and steel	Machinery	Automobiles	Other transportation equipment	Nonferrous metals and products	Other durable goods	Food, beverages, and tobacco	Oil producing and refining	Industrial chemicals	Other nondurables	Miscellaneous services
Number of companies			629	47	69	15	68	77	75	49	45	30	80	74
1939	6,467	5,005	1,465	146	115	223	102	119	70	151	98	186	134	122
1940	9,325	6,447	1,818	278	158	242	173	133	88	148	112	194	160	132
1941	17,232	9,386	2,163	325	193	274	227	153	113	159	174	207	187	152
1942	21,098	9,433	1,769	226	159	209	182	138	90	151	152	164	136	161
1943	24,516	10,363	1,800	204	165	201	180	128	83	162	186	170	149	171
1944	23,841	9,928	1,896	194	174	222	190	115	88	175	220	187	147	184
1945	20,222	8,939	1,925	188	163	243	169	108	88	199	223	187	154	203
1946	21,140	12,539	2,545	283	171	130	127	136	165	356	281	273	302	321
1946:														
I	3,724	2,135	323	22	−19	−34	−5	20	12	65	56	63	62	82
II	4,876	2,904	604	67	49	21	51	26	37	74	62	66	71	80
III	5,743	3,449	698	96	32	42	38	41	41	93	77	67	77	93
IV	6,797	4,051	853	97	61	102	44	50	57	124	85	77	91	66
1947:														
I	} [2] 7,250	} [2] 4,350	875	124	69	99	46	45	51	103	89	89	97	64
II			(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)

[1] Federal and State income and excess-profits taxes.
[2] Quarterly average based on incomplete data for the first half year.
[3] Not available.

NOTE.—Detail will not necessarily add to totals because of rounding.

Source: Department of Commerce (all corporations); Board of Governors of the Federal Reserve System (629 large corporations).

TABLE XIX.—*Commercial, industrial, and agricultural loans of all insured banks, 1940–46*

[Millions of dollars]

Call date	Total commercial, industrial, and agricultural loans	Commercial and industrial loans [1]	Agricultural loans [1]
1940: Dec. 31	8,459	7,178	1,281
1941: Dec. 31	10,664	9,214	1,450
1942: Dec. 31	9,399	7,757	1,642
1943: Dec. 31	9,282	7,777	1,505
1944: Dec. 30	9,643	7,920	1,723
1945: Dec. 31	10,775	9,461	1,314
1946:			
June 29	11,700	10,334	1,366
Dec. 31	15,374	14,016	1,358
1947: June 30 [2]	15,950	14,600	1,350

[1] During the period Dec. 31, 1942–June 30, 1945, agricultural loans to dealers, processors, and farmers' cooperatives covered by purchase agreements of the Commodity Credit Corporation, which are now classified as commercial and industrial loans; consequently, beginning Dec. 31, 1945, these items may not be entirely comparable.
[2] Estimates based on data for weekly reporting member banks.

Source: Board of Governors of the Federal Reserve System.

TABLE XX.—*Adjusted deposits of all banks and currency outside banks, 1929–47*

[Millions of dollars]

End of month	Total deposits adjusted and currency outside banks	United States Government deposits [1]	Other deposits and currency outside banks			
			Total	Demand deposits adjusted [2]	Time deposits [3]	Currency outside banks
1929—June	55, 171	381	54, 790	22, 540	28, 611	3, 639
December	54, 713	158	54, 555	22, 809	28, 189	3, 557
1933—June	41, 680	852	40, 828	14, 411	21, 656	4, 761
December	42, 548	1, 016	41, 532	15, 035	21, 715	4, 782
1937—June	57, 258	666	56, 592	25, 198	25, 905	5, 489
December	56, 639	824	55, 815	23, 959	26, 218	5, 638
1938—June	56, 565	599	55, 966	24, 313	26, 236	5, 417
December	58, 955	889	58, 066	25, 986	26, 305	5, 775
1939—June	60, 943	792	60, 151	27, 355	26, 791	6, 005
December	64, 099	846	63, 253	29, 793	27, 059	6, 401
1940—June	66, 952	828	66, 124	31, 962	27, 463	6, 699
December	70, 761	753	70, 008	34, 945	27, 738	7, 325
1941—June	74, 153	753	73, 400	37, 317	27, 879	8, 204
December	78, 231	1, 895	76, 336	38, 992	27, 729	9, 615
1942—June	81, 963	1, 837	80, 126	41, 870	27, 320	10, 936
December	99, 701	8, 402	91, 299	48, 922	28, 431	13, 946
1943—June	110, 161	8, 048	102, 113	56, 039	30, 260	15, 814
December	122, 812	10, 424	112, 388	60, 803	32, 748	18, 837
1944—June	136, 172	19, 506	116, 666	60, 065	35, 720	20, 881
December	150, 988	20, 763	130, 225	66, 930	39, 790	23, 505
1945—June	162, 784	24, 381	138, 403	69, 053	44, 253	25, 097
December	175, 401	24, 608	150, 793	75, 851	48, 452	26, 490
1946—June	171, 237	13, 416	157, 821	79, 476	51, 829	26, 516
December	167, 107	3, 103	164, 004	83, 314	53, 960	26, 730
1947—January	165, 900	3, 100	162, 800	82, 500	54, 200	26, 100
February	165, 400	3, 900	161, 500	80, 600	54, 700	26, 200
March	165, 100	3, 800	161, 300	80, 400	54, 900	26, 000
April	165, 200	2, 800	162, 400	81, 300	55, 100	26, 000
May	164, 900	2, 100	162, 800	81, 500	55, 300	26, 000

[1] Beginning with December 1938, includes United States Treasurer's time deposits, open account.
[2] Includes demand deposits, other than interbank and U. S. Government, less cash items in process of collection.
[3] Includes deposits in commercial banks, mutual savings banks, and Postal Savings System.

Source: Board of Governors of the Federal Reserve System.

TABLE XXI.—*U. S. Government foreign transfers and loans, 1946–47*

[Millions of dollars]

Type of transfer or loan	1946				1947	
	I	II	III	IV	I	II
Unilateral transfers:						
Straight lend-lease	109	46	6			(1)
UNRRA	532	414	382	194	274	(1)
Civ. supplies for occupied territories	107	207	115	125	225	(1)
Other government transfers (net)	−32	45	125	62	−26	(1)
Total unilateral transfers	716	712	628	381	473	(1)
Long-term loans:						
Lend-lease credits	271	173	78	24		(1)
Surplus property credits	135	414	110	201	180	(1)
Export-Import Bank	137	333	231	270	280	(1)
U. K. loan			400	200	500	950
International Bank and Monetary Fund		159		164	2, 904	159
Other			17	2	26	(1)
Total long-term loans	543	1, 079	836	861	3, 890	(1)
Repayments	22	19	18	20	36	(1)
Net long-term loans	521	1, 060	818	841	3, 854	(1)
Total Government loans and transfers	1, 237	1, 772	1, 446	1, 222	4, 327	(1)
Less: International Bank and Fund [2]		159		164	2, 904	159
Government, excluding Bank and Fund	1, 237	1, 613	1, 446	1, 058	1, 423	(1)

[1] Not available.
[2] Deducted because these institutions had not begun operating by Mar. 31, 1947. The U. S. Government investment in them was, therefore, not available to finance purchases of goods and services from the United States.

Source: Department of Commerce.

TABLE XXII.—*Exports, including reexports, by continents*

Continent	1936-38 quarterly average	1946 I	1946 II	1946 III	1946 IV	1947 I	1947 II[1]
	Millions of dollars						
Total	742	2,284	2,485	2,351	2,620	3,596	4,000
North America	183	500	585	649	810	912	1,030
South America	69	236	275	263	379	571	670
Europe	311	1,117	1,093	969	919	1,378	1,490
Asia	125	269	365	342	367	488	510
Oceania	23	33	28	26	30	64	75
Africa	32	129	140	103	116	183	225
	Percentage of total						
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
North America	24.7	21.9	23.5	27.6	30.9	25.4	25.8
South America	9.3	10.3	11.1	11.2	14.5	15.9	16.8
Europe	41.9	48.9	44.0	41.2	35.1	38.3	37.3
Asia	16.8	11.8	14.7	14.5	14.0	13.6	12.8
Oceania	3.1	1.4	1.1	1.1	1.1	1.8	1.9
Africa	4.3	5.6	5.6	4.4	4.4	5.1	5.6

[1] Preliminary; estimates for June included.

NOTE.—Detail will not necessarily add to totals because of rounding.

Source: Department of Commerce.

TABLE XXIII.—*General imports, by continents*

Continent	1936-38 quarterly average	1946 I	1946 II	1946 III	1946 IV	1947 I	1947 II[1]
	Millions of dollars						
Total	622	1,096	1,191	1,237	1,411	1,412	1,480
North America	150	364	398	424	462	496	567
South America	81	254	275	263	303	309	319
Europe	178	165	210	192	229	186	186
Asia	187	193	201	217	296	306	273
Oceania	10	41	35	62	45	46	60
Africa	16	78	72	81	76	70	75
	Percentage of total						
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
North America	24.1	33.2	33.4	34.3	32.7	35.1	38.3
South America	13.0	23.2	23.1	21.3	21.5	21.9	21.6
Europe	28.6	15.1	17.6	15.5	16.2	13.2	12.6
Asia	30.1	17.6	16.9	17.5	21.0	21.7	18.5
Oceania	1.6	3.7	2.9	5.0	3.2	3.3	4.0
Africa	2.6	7.1	6.0	6.5	5.4	5.0	5.1

[1] Preliminary; estimates for June included.

NOTE.—Detail will not necessarily add to totals because of rounding.

Source: Department of Commerce.

TABLE XXIV.—*Recorded exports of selected commodities from the United States*

Commodity and unit of measure	1936-38, quarterly average	1946 First quarter	1946 Fourth quarter	1947, first quarter
Wheat, including flour .... million bushels..	16	100	65	98
Corn .... do....	13	1	3	22
Meat products .... million pounds..	35	575	64	82
Edible fats .... do....	41	120	65	109
Eggs, dried .... do....	(1)	14	16	15
Dairy products:				
Condensed and evaporated milk .... do....	7	338	138	95
Dried milk .... do....	2	118	56	53
Butter, butter oils, and spreads .... do....	(1)	10	1	1
Cheese .... do....	(1)	85	37	33
Coal, anthracite and bituminous .... million long tons..	3	9	10	12
Iron and steel-mill products .... 1,000 long tons..	1,323	1,097	1,143	1,463
Steel sheets .... do....	70	131	113	140
Tobacco, unmanufactured .... million pounds..	112	143	209	159
Cotton, raw, excluding, linters .... 1,000 bales..	1,358	863	920	1,058
Refrigerators, electric, household .... thousands..	39	14	44	49
Radio receiving sets .... do....	142	55	403	430
Passenger cars, new .... do....	48	9	50	63
Motor trucks, busses and chassis, new .... do....	32	24	59	70
Crude petroleum, domestic .... million barrels..	16	7	12	8
Motor fuel and gasoline .... do....	9	14	8	11
Lubricating oils .... do....	2	3	3	4
Gas and fuel oil, including residual fuel oil .... do....	10	7	5	7
Sawed timber .... million board feet..	62	39	40	70
Boards, planks, scantlings, etc .... do....	241	143	93	182
Freight cars, mostly over 10-ton capacity, but including mine, industrial, and other .... number..	364	2,804	9,471	17,432
Locomotives, electric, steam, Diesel, and gasoline .... do....	69	574	537	539

[1] Less than one-half the unit indicated.

Source: Department of Commerce.

TABLE XXV.—*United States production and exports of selected nonfood commodities*

Commodity and unit of measure	Production 1939	Production 1946	Production First quarter, 1947	Exports 1939	Exports 1946	Exports First quarter, 1947	Exports as percent of production 1939	Exports as percent of production 1946	Exports as percent of production First quarter, 1947
							Pct.	*Pct.*	*Pct.*
Rolled steel products 1,000 short tons..	34,955	53,073	14,995	2,528	4,800	1,583	7.2	9.0	10.6
Plates and sheets .... do....	14,129	20,067	6,007	1,071	1,523	463	7.6	7.6	7.7
Tin plate and terne plate do....	2,561	2,834	770	348	379	132	13.6	13.4	17.1
Tubular products [1] .... do....	4,883	4,792	1,396	256	386	150	5.3	8.1	10.7
Bars .... do....	5,913	10,055	2,827	234	699	286	4.0	7.0	10.1
Rails .... do....	1,753	2,588	760	66	445	126	3.8	17.2	16.6
Lumber (sawmill products) million board feet..	24,975	30,300	7,200	1,104	649	270	4.4	2.1	3.8
Freight cars .... 1,000 dollars [2]..	63,249	208,216	78,921	419	40,551	42,210	.7	19.5	53.5
Motortrucks, busses and chassis, new [3] 1,000 units..	710	940	335	115	171	70	16.2	18.2	20.9
Motortruck and automobile tires (casings) .... thousands..	57,612	82,298	25,000	1,182	2,465	1,028	2.1	3.0	4.1
Refrigerators, electric household 1,000 units..	1,979	1,908	636	124	103	49	6.3	5.4	7.7
Radios, receiving sets .... do....	10,318	15,000	4,500	552	832	430	5.3	5.5	9.6
Boots and shoes other than rubber million pairs..	424	529	120	3	13	2	.7	2.5	1.7
Wearing apparel ... million dollars [4]..	3,351	7,031	1,905	22	151	47	.7	2.1	2.5
Petroleum, crude, domestic million barrels..	1,265	1,733	432	72	43	8	5.7	2.5	1.9
Refined mineral oils . million dollars..	2,307	(5)	(5)	263	(5)	(5)	11.4	(5)	(5)
Motor fuel and gasoline million barrels..	611	776	193	41	49	11	6.7	6.3	5.7
Gas and fuel oils .... do....	468	719	179	46	33	7	9.7	4.7	3.9
Lubricating oil .... do....	35	46	13	12	11	4	33.6	23.9	30.7
Kerosene .... do....	69	104	28	8	8	2	11.7	7.7	7.1

[1] Total tubular products in 1939; excludes cast iron pipe and fittings in 1946 and January–March 1947.
[2] Estimated value of shipments to United States railroads and to foreign markets.
[3] Exports data cover complete cars only; they exclude shipments of parts for assembly abroad.
[4] Value of production is estimated; data include wearing apparel except footwear.
[5] Not available.

Source: Department of Commerce.

TABLE XXVI.—*Distribution of United States food supplies moving into consumption channels, 1939 and 1946*

Commodity and period	Total distribution	Exports and shipments	Military distribution [1]	Civilian distribution	Per capita civilian distribution	Exports and shipments as percent of total distribution
	Million pounds	*Million pounds*	*Million pounds*	*Million pounds*	*Pounds*	*Percent*
Meat (carcass equivalent):						
1939	17, 739	246	----------	17, 493	132. 8	1. 4
1946	23, 335	1, 156	945	21, 234	152. 8	5. 0
Dairy products (milk equivalent):						
1939	108, 985	429	----------	108, 556	824	. 4
1946	121, 401	6, 104	2, 506	112, 791	811	5. 0
Food fats and oils (excluding butter): [2]						
1939	4, 612	365	----------	4, 247	32. 2	7. 9
1946	5, 039	646	50	4, 343	31. 2	12. 8
Canned fruits (processed weight):						
1938-39 pack year	2, 361	359	----------	2, 002	15. 2	15. 2
1946	3, 111	140	94	2, 877	20. 7	4. 5
Fresh fruits (farm weight):						
1939	21, 359	1, 277	----------	20, 082	152. 4	6. 0
1946	21, 786	1, 166	484	20, 136	144. 9	5. 4
Canned vegetables (processed weight):						
1938-39 pack year	4, 163	57	----------	4, 106	31. 3	1. 4
1946	7, 014	230	186	6, 598	47. 5	3. 3
Fresh vegetables (farm weight):						
1939	32, 040	134	----------	31, 906	242	. 4
1946	39, 198	494	425	38, 279	275	1. 3
	Million bushels	*Million bushels*	*Million bushels*	*Million bushels*		
Wheat [3] (grain equivalent):						
1939	571	93	----------	478	218	16. 3
1946	844	280	75	489	211	33. 2
Corn [3] (grain equivalent):						
1939	180	33	----------	147	62. 5	18. 3
1946	185	17	6	162	65. 2	9. 2
	Million dozen	*Million dozen*	*Million dozen*	*Million dozen*	*Number*	
Eggs (fresh egg equivalent):						
1939	3, 418	3	----------	3, 415	311	. 1
1946	4, 916	395	137	4, 384	378	8. 0

[1] Includes food for civilian feeding programs in liberated and occupied areas.
[2] Actual weight except for margarine which is on a "fat content" basis.
[3] Excludes amounts used for animal feed, industrial raw materials, and seed.

Source: Department of Agriculture.

U. S. GOVERNMENT PRINTING OFFICE: 1947

TABLE VII.—*The labor force, 1940–47*

[Thousands]

Year or month	Total labor force (including armed forces)	Civilian labor force				
		Total civilian labor force	Employment			Unemployment
			Total	Nonagricultural	Agricultural	
1940 monthly average	56,030	55,640	47,520	37,980	9,540	8,120
1941 monthly average	57,380	55,910	50,350	41,250	9,100	5,560
1942 monthly average	60,230	56,410	53,750	44,500	9,250	2,660
1943 monthly average	64,410	55,540	54,470	45,390	9,080	1,070
1944 monthly average	65,890	54,630	53,960	45,010	8,950	670
1945 monthly average	65,140	53,860	52,820	44,240	8,580	1,040
1946 monthly average	60,820	57,520	55,250	46,930	8,320	2,270
1946:						
January	59,490	53,320	51,020	44,300	6,720	2,300
February	59,130	53,890	51,240	44,300	6,940	2,650
March	59,630	55,160	52,460	44,930	7,530	2,700
April	60,300	56,450	54,120	45,950	8,170	2,330
May	60,570	57,160	54,850	45,970	8,880	2,310
June	62,000	58,930	56,360	46,350	10,010	2,570
July	62,820	60,110	57,840	47,870	9,970	2,270
August	62,200	59,750	57,690	48,550	9,140	2,060
September	61,340	59,120	57,050	48,300	8,750	2,070
October	61,160	58,990	57,030	48,410	8,620	1,960
November	60,980	58,970	57,040	49,140	7,900	1,930
December	60,320	58,430	56,310	49,100	7,210	2,120
1947:						
January	59,510	57,790	55,390	48,890	6,500	2,400
February	59,630	58,010	55,520	48,600	6,920	2,490
March	59,960	58,390	56,060	48,820	7,240	2,330
April	60,650	59,120	56,700	48,840	7,860	2,420
May	61,760	60,290	58,330	49,370	8,960	1,960
June	64,007	62,609	60,055	49,678	10,377	2,555

NOTE.—Detail will not necessarily add to totals because of rounding.

Source: Department of Commerce.

TABLE VIII.—*Number of employees in nonagricultural establishments, 1939–47* [1]

[Thousands]

Year or month	Total	Manufacturing			Mining	Construction	Transportation and public utilities	Trade	Finance, service, and miscellaneous	Government
		Total	Durable goods	Nondurable goods						
1939 monthly average	30,287	10,078	4,357	5,720	845	1,150	2,912	6,705	4,610	3,987
1940 monthly average	32,031	10,780	4,975	5,805	916	1,294	3,013	7,055	4,781	4,192
1941 monthly average	36,164	12,974	6,485	6,488	947	1,790	3,248	7,567	5,016	4,622
1942 monthly average	39,697	15,051	8,179	6,873	983	2,170	3,433	7,481	5,148	5,431
1943 monthly average	42,042	17,381	10,297	7,084	917	1,567	3,619	7,322	5,187	6,049
1944 monthly average	41,480	17,111	10,200	6,912	883	1,094	3,798	7,399	5,169	6,026
1945 monthly average	39,977	15,302	8,477	6,825	826	1,082	3,872	7,654	5,274	5,967
1946 monthly average	40,712	14,365	7,102	7,263	836	1,493	4,023	8,448	5,954	5,595
1946:										
January	38,745	13,499	6,601	6,898	864	1,085	3,932	8,056	5,696	5,613
February	38,148	12,751	5,731	7,020	864	1,101	3,943	8,090	5,776	5,623
March	39,184	13,433	6,324	7,109	857	1,203	3,983	8,197	5,840	5,671
April	39,908	14,045	6,904	7,141	542	1,356	3,991	8,329	5,984	5,661
May	40,258	14,159	7,035	7,124	753	1,438	3,946	8,302	5,965	5,695
June	40,680	14,371	7,172	7,199	864	1,532	3,996	8,342	5,961	5,614
July	40,877	14,526	7,307	7,219	873	1,627	4,051	8,337	5,975	5,488
August	41,466	14,876	7,486	7,390	886	1,713	4,103	8,402	5,984	5,502
September	41,848	15,035	7,590	7,445	884	1,747	4,064	8,523	5,990	5,605
October	42,065	15,064	7,623	7,441	883	1,753	4,093	8,667	6,054	5,551
November	42,439	15,271	7,721	7,550	883	1,713	4,101	8,898	6,098	5,475
December	42,928	15,348	7,731	7,617	874	1,644	4,071	9,234	6,119	5,638
1947:										
January	41,795	15,372	7,781	7,591	883	1,515	4,015	8,555	6,071	5,384
February	41,849	15,475	7,857	7,618	880	1,502	4,011	8,507	6,107	5,367
March	42,043	15,511	7,893	7,618	879	1,534	4,021	8,563	6,120	5,415
April	41,823	15,429	7,892	7,537	856	1,619	3,836	8,551	6,106	5,426
May	41,916	15,230	7,780	7,450	881	1,688	3,968	8,547	6,155	5,447
June [2]	42,226	15,259	7,816	7,443	889	1,761	4,121	8,567	6,222	5,407

[1] Number of employees in nonagricultural establishments includes all full- and part-time wage and salary workers in nonagricultural establishments who worked or received pay during the pay period ending nearest the 15th of the month. Proprietors, self-employed persons, domestic servants, and personnel of the armed forces are excluded. Not comparable with estimates for nonagricultural employment of the civilian labor force derived from data in appendix B, table VII, because latter include self-employed, proprietors, and domestic servants and are based on population enumeration whereas estimates in this table are based on establishment reports.

[2] Preliminary.

NOTE.—Detail will not necessarily add to totals because of rounding.

Source: Department of Labor.

TABLE IX.—*Average gross weekly earnings in selected industries, 1939–47*

Year or month	Manufacturing			Bituminous coal mining	Private building construction	Class I steam railroads	Telephone	Wholesale trade	Retail trade	Hotels (year round)
	Total	Durable goods	Nondurable goods							
1939 monthly average	$23.86	$26.50	$21.78	$23.88	$30.39	$30.71	$31.94	$29.85	$21.17	$15.25
1940 monthly average	25.20	28.44	22.27	24.71	31.70	31.32	32.44	30.39	21.17	15.52
1941 monthly average	29.58	34.04	24.92	30.86	35.14	34.04	32.74	32.32	21.49	16.09
1942 monthly average	36.65	42.73	29.13	35.02	41.80	38.39	33.97	35.56	23.24	17.62
1943 monthly average	43.14	49.30	34.12	41.62	48.13	43.48	36.30	39.40	24.88	20.21
1944 monthly average	46.08	52.07	37.12	51.27	52.18	45.69	38.39	42.29	26.58	22.65
1945 monthly average	44.39	49.05	38.29	52.25	53.80	45.49	(1)	44.07	28.31	24.53
1946 monthly average	43.74	46.49	41.02	58.03	56.24	50.99	44.04	48.06	32.55	26.95
1946:										
January	41.15	43.67	38.75	54.16	52.89	43.29	41.19	45.14	30.54	26.21
February	40.58	42.57	39.01	57.37	53.04	43.84	44.37	46.07	30.77	26.43
March	42.15	44.79	39.83	58.30	52.87	43.01	43.76	46.31	31.12	26.57
April	42.88	45.71	40.13	30.15	54.29	47.76	44.09	47.13	31.40	26.64
May	42.51	45.10	39.93	34.20	53.63	46.39	44.82	47.48	31.45	26.65
June	43.31	46.32	40.28	64.44	55.23	51.05	44.93	47.88	32.39	26.70
July	43.38	46.24	40.46	52.27	56.25	51.78	44.82	48.06	33.64	26.63
August	44.99	48.02	41.89	62.84	56.67	52.60	44.19	48.14	33.81	27.15
September	45.39	48.36	42.34	61.65	58.49	51.28	44.10	49.54	33.76	26.98
October	45.73	48.90	42.45	62.49	59.20	52.64	44.30	49.44	33.19	27.27
November	45.79	48.62	42.87	61.54	57.65	51.59	44.40	49.80	33.04	28.15
December	46.96	49.57	44.24	69.56	60.32	50.53	42.98	51.20	33.73	28.40
1947:										
January	47.10	49.60	44.47	69.54	59.97	52.47	43.37	50.05	35.02	28.62
February	47.29	49.74	44.67	65.30	58.92	(2)	43.31	50.87	35.27	28.91
March	47.72	50.33	44.90	64.90	61.23	(2)	42.51	50.80	35.31	29.09
April	47.50	50.34	44.42	54.77	60.53	(2)	32.26	51.13	35.93	29.41
May	48.46	51.71	44.93	66.56	62.38	(2)	37.08	51.57	36.43	29.23
June [3]	48.91	52.39	45.08	(2)	(2)	(2)	(2)	(2)	(2)	(2)

[1] Not available. New series, beginning April 1945; includes only employees subject to provisions of the Fair Labor Standards Act and is not comparable with preceding series, which includes all employees.
[2] Not available.
[3] Preliminary.

Source: Department of Labor.

TABLE X.—*Average hourly earnings in selected industries, 1939–47*

Year or month	Manufacturing			Bituminous coal mining	Private building construction	Class I steam railroads	Telephone	Wholesale trade	Retail trade	Hotels (year-round)
	Total	Durable goods	Nondurable goods							
1939 monthly average	$0.633	$0.698	$0.582	$0.886	$0.932	$0.707	$0.822	$0.715	$0.536	$0.324
1940 monthly average	.661	.724	.602	.883	.958	.711	.827	.739	.542	.332
1941 monthly average	.729	.808	.640	.993	1.010	.745	.820	.793	.568	.348
1942 monthly average	.853	.947	.723	1.059	1.148	.819	.843	.860	.614	.386
1943 monthly average	.961	1.059	.803	1.139	1.252	.892	.870	.933	.670	.451
1944 monthly average	1.019	1.117	.861	1.186	1.319	.934	.911	.985	.724	.505
1945 monthly average	1.023	1.111	.904	1.240	1.380	.938	([1])	1.029	.773	.550
1946 monthly average	1.084	1.156	1.012	1.401	1.478	1.111	1.124	1.144	.878	.612
1946:										
January	1.004	1.070	.941	1.259	1.402	.935	1.030	1.070	.828	.604
February	1.002	1.064	.953	1.265	1.422	.949	1.095	1.095	.835	.602
March	1.035	1.103	.975	1.274	1.411	.929	1.105	1.101	.841	.600
April	1.058	1.131	.988	1.239	1.423	1.045	1.131	1.121	.851	.599
May	1.071	1.147	.996	1.321	1.431	1.069	1.143	1.135	.859	.596
June	1.084	1.165	1.003	1.474	1.444	1.117	1.147	1.146	.876	.598
July	1.093	1.177	1.009	1.457	1.473	1.116	1.135	1.155	.888	.602
August	1.112	1.186	1.036	1.466	1.482	1.112	1.129	1.148	.893	.614
September	1.126	1.201	1.050	1.480	1.510	1.132	1.148	1.179	.908	.620
October	1.130	1.202	1.056	1.460	1.526	1.113	1.137	1.172	.907	.626
November	1.139	1.210	1.065	1.477	1.549	1.124	1.131	1.186	.917	.642
December	1.148	1.216	1.077	1.491	1.569	1.128	1.132	1.202	.919	.651
1947:										
January	1.161	1.224	1.094	1.491	1.594	1.126	1.132	1.197	.953	.648
February	1.170	1.229	1.107	1.491	1.598	([2])	1.141	1.230	.957	.654
March	1.180	1.237	1.119	1.484	1.610	([2])	1.124	1.231	.960	.642
April	1.186	1.244	1.122	1.481	1.634	([2])	1.147	1.229	.973	.642
May	1.208	1.277	1.131	1.464	1.656	([2])	1.188	1.241	.986	.643
June [3]	1.220	1.294	1.138	([2])	([2])	([2])	([2])	([2])	([2])	([2])

[1] Not available. New series, beginning April 1945; includes only employees subject to provisions of the Fair Labor Standards Act and is not comparable with preceding series, which includes all employees.
[2] Not available.
[3] Preliminary.

Source: Department of Labor.

TABLE XI.—*Consumers' price index, 1939–47*

For moderate-income families in large cities

[1935–39=100]

Year or month	All items	Food	Clothing	Rent	Fuel, electricity, and ice	House furnishings	Miscellaneous
1939 monthly average	99.4	95.2	100.5	104.3	99.0	101.3	100.7
1940 monthly average	100.2	96.6	101.7	104.6	99.7	100.5	101.1
1941 monthly average	105.2	105.5	106.3	106.2	102.2	107.3	104.0
1942 monthly average	116.5	123.9	124.2	108.5	105.4	122.2	110.9
1943 monthly average	123.6	138.0	129.7	108.0	107.7	125.6	115.8
1944 monthly average	125.5	136.1	138.8	108.2	109.8	136.4	121.3
1945 monthly average	128.4	139.1	145.9	108.3	110.3	145.8	124.1
1946 monthly average	139.3	159.6	160.2	108.6	112.5	159.2	128.8
1946:							
January	129.9	141.0	149.7	(1)	110.8	148.8	125.4
February	129.6	139.6	150.5	(1)	111.0	149.7	125.6
March	130.2	140.1	153.1	108.4	110.5	150.2	125.9
April	131.1	141.7	154.5	(1)	110.4	152.0	126.7
May	131.7	142.6	155.7	(1)	110.3	153.7	127.2
June	133.3	145.6	157.2	108.5	110.5	156.1	127.9
July	141.2	165.7	158.7	(1)	113.3	157.9	128.2
August	144.1	171.2	161.2	108.7	113.7	160.0	129.8
September	145.9	174.1	165.9	108.8	114.4	165.6	129.9
October	148.6	180.0	168.1	(1)	114.4	168.5	131.0
November	152.2	187.7	171.0	(1)	114.8	171.0	132.5
December	153.3	185.9	176.5	(1)	115.5	177.1	136.1
1947:							
January	153.3	183.8	179.0	108.8	117.3	179.1	137.1
February	153.2	181.5	180.2	108.9	117.5	180.8	137.4
March	156.3	189.5	184.3	109.0	117.6	182.3	138.2
April	156.1	188.0	184.6	109.0	118.4	182.4	139.1
May	155.8	187.6	184.4	109.2	117.6	181.6	138.7
June[2]	157	190	(3)	(3)	(3)	(3)	(3)

[1] Usually surveyed quarterly.
[2] Estimates based on incomplete data.
[3] Not available.

Source: Department of Labor.

TABLE XII.—*Wholesale price index, 1939–47*

[1926=100]

Year or month	All commodities	Farm products	Foods	Other than farm products and foods: Total	Hides and leather products	Textile products	Fuel and lighting	Metals and metal products	Building materials	Chemicals and allied products	House-furnishing goods	Miscellaneous
1939 monthly average	77.1	65.3	70.4	81.3	95.6	69.7	73.1	94.4	90.5	76.0	86.3	74.8
1940 monthly average	78.6	67.7	71.3	83.0	100.8	73.8	71.7	95.8	94.8	77.0	88.5	77.3
1941 monthly average	87.3	82.4	82.7	89.0	108.3	84.8	76.2	99.4	103.2	84.4	94.3	82.0
1942 monthly average	98.8	105.9	99.6	95.5	117.7	96.9	78.5	103.8	110.2	95.5	102.4	89.7
1943 monthly average	103.1	122.6	106.6	96.9	117.5	97.4	80.8	103.8	111.4	94.9	102.7	92.2
1944 monthly average	104.0	123.3	104.9	98.5	116.7	98.4	83.0	103.8	115.5	95.2	104.3	93.6
1945 monthly average	105.8	128.2	106.2	99.7	118.1	100.1	84.0	104.7	117.8	95.2	104.5	94.7
1946 monthly average	120.9	148.6	130.4	109.3	136.2	116.4	89.9	115.3	132.2	101.5	111.5	100.2
1946:												
January	107.1	129.9	107.3	100.8	119.4	101.6	84.9	105.7	120.0	96.0	106.2	95.3
February	107.7	130.8	107.8	101.3	119.6	102.2	85.1	106.6	120.9	95.9	106.5	95.6
March	108.9	133.4	109.4	102.2	119.8	104.7	85.0	108.4	124.9	96.0	106.9	95.6
April	110.2	135.4	110.8	103.3	119.8	107.9	86.1	108.8	126.5	96.1	107.5	95.7
May	111.0	137.5	111.5	103.9	120.4	108.8	86.1	109.4	127.8	96.5	108.3	97.0
June	112.9	140.1	112.9	105.6	122.4	109.2	87.8	112.2	129.9	96.4	110.4	98.5
July	124.7	157.0	140.2	109.5	141.2	118.1	90.3	113.3	132.1	99.3	111.9	101.3
August	129.1	161.0	149.0	111.6	138.9	124.0	94.4	114.0	132.7	98.4	112.6	102.0
September	124.0	154.3	131.9	112.2	141.6	125.7	94.3	114.2	133.8	98.4	113.6	102.1
October	134.1	165.3	157.9	115.8	142.4	128.6	94.2	125.8	134.8	99.9	115.3	104.0
November	139.7	169.8	165.4	120.7	172.5	131.6	94.5	130.2	145.5	118.9	118.2	106.5
December	140.9	168.1	160.1	124.7	176.7	134.7	96.1	134.7	157.8	125.7	120.2	108.9
1947:												
January	141.5	165.0	156.2	127.6	175.1	136.6	97.7	138.0	169.7	128.1	123.3	110.3
February	144.5	170.4	162.0	128.5	173.8	138.0	97.9	137.9	174.8	129.3	124.6	110.9
March	149.5	182.6	167.6	131.1	174.6	139.6	100.7	139.9	177.5	132.2	125.8	115.3
April	147.7	177.0	162.4	131.8	166.4	139.2	103.4	140.3	178.8	133.2	127.4	115.7
May	146.9	175.7	159.8	131.7	165.6	138.9	103.3	141.4	177.0	127.1	128.8	116.1
June [1]	147.7	177.9	161.0	131.8	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)

[1] Preliminary estimates based on weekly data.
[2] Not available.

Source: Department of Labor.

TABLE XIII.—*Index of prices paid and of prices received by farmers and parity ratio, 1939–47*

[1910–14=100]

Year or month	Prices paid (including interest and taxes)	Prices received [1]	Parity ratio [2]
1939 monthly average	124	95	77
1940 monthly average	125	100	80
1941 monthly average	132	124	94
1942 monthly average	150	159	106
1943 monthly average	162	192	119
1944 monthly average	170	195	115
1945 monthly average	174	202	116
1946 monthly average	194	233	120
1946:			
January	177	206	116
February	179	207	116
March	180	209	116
April	181	212	117
May	185	211	114
June	188	218	116
July	199	244	123
August	204	249	122
September	200	243	122
October	207	273	132
November	212	263	124
December	213	264	124
1947:			
January	215	260	121
February	221	262	119
March	227	280	123
April	230	276	120
May	229	272	119
June	230	271	118

[1] August 1909-July 1914=100.
[2] Ratio of prices received to prices paid (including interest and taxes).

Source: Department of Agriculture.

TABLE XIV.—*Industrial production index, 1939–47*

[1935-39=100, seasonally adjusted]

Year or month	Total industrial production	Manufactures			Minerals
		Total	Durable	Nondurable	
1939 monthly average	109	109	109	109	106
1940 monthly average	125	126	139	115	117
1941 monthly average	162	168	201	142	125
1942 monthly average	199	212	279	158	129
1943 monthly average	239	258	360	176	132
1944 monthly average	235	252	353	171	140
1945 monthly average	203	214	274	166	137
1946 monthly average	170	177	192	165	134
1946:					
January	160	163	166	161	141
February	152	154	138	167	141
March	168	173	183	166	137
April	165	176	190	164	104
May	159	167	175	161	115
June	170	176	193	162	139
July	172	177	202	157	146
August	178	184	208	164	144
September	180	186	212	165	146
October	182	188	214	168	145
November	183	191	214	173	136
December	182	190	211	174	137
1947:					
January	189	196	221	177	146
February	189	197	222	176	146
March	190	198	225	176	148
April	186	194	222	172	142
May	185	192	220	169	152
June [1]	183	190	220	166	149

[1] Estimates based on incomplete data.

Source: Board of Governors of Federal Reserve System.