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Economic Report of the President

TRANSMITTED TO THE CONGRESS

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LETTER OF TRANSMITTAL

THE WHITE HOUSE,
January 28, 1954.

To the Congress of the United States:

I am herewith presenting my Economic Report, as required by Section 3 (a) of the Employment Act of 1946.

In preparing this Report, I have had the assistance and advice of the Council of Economic Advisers. I have also had the advice of the heads of executive departments and independent agencies.

I present below, largely in the words of the Report itself, what I consider to be its highlights.

Our Objectives

A great opportunity lies before the American people. Our approach to a position of military preparedness now makes it possible for the United States to turn more of its attention to a sustained improvement of national living standards.

Our economic goal is an increasing national income, shared equitably among those who contribute to its growth, and achieved in dollars of stable buying power.

Sustained economic growth is necessary to the welfare and, indeed, to the survival of America and the free world.

Although American living standards on the average are now higher than ever, there are certain groups whose consumption is much less than it should be. We can in our lifetime go far toward eliminating substandard living.

A steadily rising national income is the best assurance of harmonious social and economic adjustments. There can be no lasting harmony in a nation in which competing groups and interests seek to divide a constant or shrinking national output.

Role of Government

The demands of modern life and the unsettled status of the world require a more important role for Government than it played in earlier and quieter times.

It is Government's responsibility in a free society to create an environment in which individual enterprise can work constructively to serve the ends of economic progress; to encourage thrift; and to extend and strengthen economic ties with the rest of the world.

To help build a floor over the pit of personal disaster, Government must concern itself with the health, security and welfare of the individual citizen.

Government must remain alert to the social dangers of monopoly and must continue vigorous enforcement of the anti-trust laws.

Government must use its vast power to help maintain employment and purchasing power as well as to maintain reasonably stable prices.

Government must be alert and sensitive to economic developments, including its own myriad activities. It must be prepared to take preventive as well as remedial action; and it must be ready to cope with new situations that may arise. This is not a start-and-stop responsibility, but a continuous one.

The arsenal of weapons at the disposal of Government for maintaining economic stability is formidable. It includes credit controls administered by the Federal Reserve System; the debt management policies of the Treasury; authority of the President to vary the terms of mortgages carrying Federal insurance; flexibility in administration of the budget; agricultural supports; modification of the tax structure; and public works. We shall not hesitate to use any or all of these weapons as the situation may require.

The Current Situation

The year just closed was very prosperous with record output, widely distributed incomes, very little unemployment, and prices stable on the average.

In the second half of the year there was a slight contraction in business leading to unemployment in some localities. This was due mainly to a decline in spending by businesses for additions to inventory. Other categories of spending, notably retail sales, have been well sustained.

Our economic growth is likely to be resumed during the year, especially if the Congress strengthens the economic environment by translating into action the Administration's far-reaching program.

Basis for Confidence

The removal of wage and price controls, the stopping of price inflation, the development of new products available to consumers, and the improved economic condition of the nations of the free world constitute an unusual combination of favorable factors for the future.

While Federal expenditures were being cut in many directions during the past year, outlays on research and development grew and came to 2½ billion dollars out of a total national expenditure on research of 4 billion dollars. Research has already given us many new industries and products, including atomic energy, radioactive isotopes, electronics, helicopters, jet engines, titanium and heat resistant materials, plastics, synthetic fibers, soil conditioners, and many others. Outlays on the building of new knowledge must continue since they are our surest promise of expanding economic opportunities.

Because of billions of dollars of savings in Government spending made in this Administration's first year, major tax cuts went into effect on January 1. More than 5 billion dollars of tax savings are now being left with the American people to increase their purchasing power this year. More will be released to taxpayers as rapidly as additional savings in Government expenses are in sight.

Also favorable to the maintenance of high consumer expenditures growing out of high personal incomes is our wide diffusion of wealth and incomes and the strong urge of Americans to improve their living standards.

Expenditure plans of American business for plant and equipment constitute a powerful support for economic activity.

Despite the record volume of home building in recent years, there is still a good market for housing in this country. Vacancies in our cities, with few exceptions, are below the level necessary for a healthy competitive market.

A continued rise in State and local expenditures may be expected. There is still, in most parts of the country, a vast backlog of needed schools, highways, hospitals, and sewer, water and other facilities. Federal expenditures will remain a significant sustaining factor in the economy.

Our financial institutions are fully capable of meeting all reasonable credit demands and are in condition to withstand successfully any strains to which they may be exposed.

Measures to Strengthen the Economy

To protect and promote economic stability we should take bold steps—by modernizing unemployment insurance; by broadening the base and benefits of old-age insurance; by permitting a longer "carry-back" of losses for tax purposes; by granting broad discretionary authority to the Executive to alter, within limits and appropriate to changing circumstances, the terms of governmentally insured loans and mortgages; by establishing a secondary home mortgage market; and by making improvements in the planning of public works programs.

To stimulate the expansive power of individual enterprise we should take action—by revising the tax laws so as to increase incentives and to remove certain impediments to enterprise, especially of small business; by improving credit facilities for home building, modernization, and urban rehabilitation; by strengthening the highway system; and by facilitating the adjustments of agriculture to current conditions of demand and technology.

Conclusion

Employment in January, 1954, is somewhat lower than in January, 1953. There seems to be a connection between this fact and the fact that in January, 1953, we were still fighting in Korea and are not doing so today. We can make the transition to a period of reduced mobilization without serious interruption in our economic growth. We can have in this country and in the free world a prosperity based on peace.

There is much that justifies confidence in the future. The Government will do its full part to help realize the promise of that future in its program to encourage an expanding and dynamic economy.

DWIGHT D. EISENHOWER

CONTENTS

PART I. Introduction

PART II. Economic Review of 1953

PART III. Toward a Stronger Economy

APPENDIXES

Part I
INTRODUCTION

Chapter 1

Role of Government in Economic Progress

A GREAT OPPORTUNITY lies before the American people. The United States is in a position immediately to undertake a sustained improvement in national living standards. During World War II the needs of the military services and the contributions that this Nation made to the military efforts of its allies naturally took precedence over all other claims on the economy. The years that followed the war were devoted, in the main, to meeting demands that had been postponed during the conflict and the preceding years of depression. The war in Korea once more assigned first priority to military needs. Today, and we believe tomorrow, this emphasis is no longer as pressing. Our approach to a position of military preparedness now makes it possible to turn the productive potentialities of the economy increasingly to peaceful purposes. This is a welcome opportunity. To help our people seize it, the Federal Government must continue to meet successfully the challenging problems of economic transition from war and inflation to peace and monetary stability.

Our economic goal is an increasing national income, shared equitably among those who contribute to its growth, and realized in dollars of stable buying power. To achieve this goal, the dynamic forces of our society must be fully released. Accordingly, Government programs must be designed to help maintain reasonable stability during periods of readjustment and to encourage long-term growth. The mandate of the Congress as set forth in the Employment Act must always be kept before us: "To promote maximum employment, production and purchasing power . . . in a manner calculated to foster and promote competitive enterprise and the general welfare." This Report sets forth the main lines along which the Federal Government proposes to move toward these ends.

The Importance of Progress

A high and sustained rate of economic growth is necessary to the welfare, if not to the survival, of America and the free world. The United States is now engaged, and must be for some time to come, in an effort to build security forces adequate to deter and to strike back at aggression. These security-building efforts, and the parallel efforts to raise the defense potentials and the living standards of friendly peoples in other countries, are as much dependent on our industrial production as is the conduct of war itself. Success in them will depend in large part on the amount by which our national output is increased.

Economic progress offers more than security against aggression. An increasing national income, with the purchasing power of the dollar maintained at a steady level, will make it easier to move against substandard living. American living standards, on the average, are higher today than ever before, and the diffusion of prosperity is wider. Yet for certain groups consumption is much below the level it should reach. The elimination of substandard living is a goal that can be approximated within the lifetime of many of us, if the economy continues to grow rapidly.

The prospect of a steadily rising standard of living is, furthermore, the best assurance of harmonious social and economic adjustments. There can be no real and lasting harmony in a nation in which competing groups and interests seek to divide a constant, or a shrinking, national output. A general improvement in incomes makes it easier to reconcile conflicting claims, releasing everyone's efforts to constructive ends.

For all these reasons, it is essential that measures be taken by the Government to promote economic progress. In order to move effectively, however, it is necessary to have clearly in mind the conditions on which rapid progress in our own country and age depends.

Conditions of Progress

There is, of course, no formula that will guarantee economic progress. Progress is, to a very considerable degree, the product of a people's culture or "way of life," which includes such intangible and spiritual qualities as their religious ideals, belief in personal dignity, faith in self-improvement, capacity for cooperation, and receptiveness to change. Progress can be nurtured by wise public policy, just as it can be impeded by careless or shortsighted policy. Above all things, public policy should recognize that the atmosphere in which people pursue their productive activities is as important to progress as the physical resources that they employ.

Individual freedom

Our history provides abundant proof that a basic condition of economic progress is an environment in which the individual can, within wide limits, pursue his interests according to his own lights. American culture is an expression of economic as well as political freedom, and of the interdependence of the two. Traditionally, our Government has sought to create and maintain a democracy of opportunity in which individuals have the general freedom and the specific opportunities to work, to spend, to save, and to invest, and the incentive to pursue these opportunities to the fullest extent.

This concept of the role of Government has not been made obsolete by the events of the last few decades. Two world wars and a world-wide depression brought a continued broadening of the scope of governmental activities, but this fact does not justify the oft-made assumption that the range of Federal activities must continue to grow.

Adequate incentives

It must be recognized, however, that the demands of modern life and the unsettled state of the world require a much larger role for Government and a much higher level of taxation than suited earlier generations. For this very reason, Government must exercise great care to shape its policies so as to strengthen economic incentives, rather than to chill or frustrate them, as has happened so often in the world's history. Reasonable assurance must be given that efforts will be fairly rewarded. The wage earner must know that greater exertion, and improvements in his skill and capacity, will earn him more pay. The saver must be assured of a fair return for contributing capital to the productive process. Equally, the risk-taking investor must have an assurance of adequate rewards for successful ventures. In a society which fails to provide these assurances, the urge to greater effort is enfeebled, capital does not grow rapidly, and the economy may stagnate.

Effective competition

Open markets and effective competition are the means of channeling productive efforts toward social purposes in a private enterprise system. Markets must be kept free from restraints that discourage the innovator for the benefit of established firms or products. Open markets provide ladders of opportunity up which the newcomer may climb. Competition must be allowed to perform its traditional role of regulator and energizer, to direct our economic resources into those lines which most accurately meet the needs or tastes of consumers. This role of competitive markets is as basic to the proper functioning of our economic order as the secret ballot is to our political democracy. Government has a vital responsibility in this area, immensely complicated by large aggregations of capital under single management and large organizations of labor.

But it is clear that size alone does not preclude effective competition. Cases abound in which competition among large firms turning out similar products, seeking steadily to improve them or to reduce the cost of making them, has speeded technical progress and price reduction to the consumer. Government must nevertheless remain alert to the dangers of monopoly, and it must continue to challenge through the antitrust laws any outcropping of monopoly power. It must practice vigilance constantly to preserve and strengthen competition.

Savings and capital formation

Another condition of economic progress in our society is an ample supply of savings, for on this depends the growth of real capital. It is essential that economic policy give encouragement to thrift. There is no place for a fear of thrift in a dynamic economy. Perhaps no greater contribution can be made by Government to the encouragement of thrift, and thus to growth of the stock of capital, than to provide assurance that a dollar saved today will not go to waste through inflation of prices tomorrow.

Also required is a supply of money in keeping with the increase in the physical volume of production and trade. Such a growing money supply is necessary to prevent the development of deflationary pressures, to maintain equity values, and to keep the purchasing power of the dollar reasonably stable.

But savings will go to waste, from the viewpoint of society, unless they are readily transformed into productive investment. This means that the economy must have an efficient, competitive financial system, capable of channeling funds—risk capital as well as borrowed funds—into those lines in which they appear likely to be most productive.

Research and development

A fundamental condition of economic progress is a growing fund of scientific and technological knowledge. From such knowledge come opportunities for investment and new industries, based upon the development of new materials and products, more efficient processes, and the improvement of old products. Scientific research and development have created an almost endless roster of new industries and products, including atomic energy, radioactive isotopes, electronics, helicopters, jet engines, titanium and heat resistant materials, plastics, synthetic fibers, soil conditioners, hybrid seeds, and a host of others. During 1953 the outlays on scientific research and development by industry, institutions of learning, nonprofit foundations, and Government rose to the total of about 4 billion dollars. Progressive public policy requires that these activities be given strong encouragement.

Maintenance of economic stability

Under a competitive enterprise system, which gives freedom to individual initiative and encouragement to technological change and innovation, the economy cannot, of course, be absolutely stable. Inevitably, economic progress is to some degree uneven. Even when the economy as a whole advances, some industries go ahead more rapidly than others, and some may decline. The practical importance of this fact for public policy is that it indicates a need for fluidity and resilience in the economic system. The desirable goal of stability in the general level of prices must not be interpreted to mean that every individual price should remain constant. On the contrary, it is essential to economic progress that individual prices be flexible, so that resources may be shifted from uses in which rewards of labor, management, and capital are low to uses in which rewards are high. Industries benefiting from advances in technology or shifts in demand will offer expanding opportunities for employment, while others that have lost favor with the public will provide fewer jobs. The proper role of Government is not to resist adjustment to change, but rather to foster conditions under which adjustment can be accomplished with a minimum of hardship or difficulty.

The most important of the conditions favorable to effective adjustment is a reasonable measure of stability in the over-all level of employment and incomes. Letdowns in industrial activity were not so intolerable a bar to economic progress as long as a large and expanding agriculture offered temporary refuge to the unemployed. But agriculture today forms a smaller part of the total economy and, having become more commercialized, is also subject to the movement of business in general. As a result of the catastrophic depression of the thirties, minor dips in the curve of business, such as an earlier generation passed by without notice, now cause concern in our shops and homes. Unless the Government is prepared and willing to use its vast powers to help maintain employment and purchasing power, even a minor readjustment may be converted into a spiralling contraction. Recognizing the changed character of our age, its anxiety about business fluctuations, and the political as well as economic difficulties that would come to the American people through a business depression, both parties wisely united in the Congress to enact the Employment Act of 1946, which pledged the Federal Government to use its power to help keep the economy on an even keel.

Floor of individual security

Still another condition of economic progress in our times is a floor of security for the individual, and it is incumbent on Government to help to establish it. A dynamic, urbanized economy poses numerous hazards for the individual. No longer is free land on the Western frontier available to those who want to make a fresh start. The spread of private pension and insurance plans and social security programs in recent years has strengthened the forces of economic growth by helping to relieve individuals from the anxieties attaching to sickness, accident, unemployment, and old age. A further strengthening of social insurance is highly desirable. Yet it must be kept in mind that the individual has a responsibility to provide, as far as he can, for his own security, and that Government can make its greatest contribution to the welfare of individuals by fostering improvements in their productivity.

World community of free nations

Finally, it must be noted that economic progress in our country is tied closely to the progress of the rest of the world. The world is no less interdependent economically than politically. Just as Americans have no chance to enjoy security from aggression while aggression is being committed against other free nations, so also they cannot make maximum progress if other nations suffer economic stagnation or decline. A program for promoting economic progress in America must therefore provide for an extension and strengthening of economic ties with the rest of the world. An accelerated flow of goods and of capital across national boundaries would contribute to economic progress everywhere.

These, then, are the conditions of economic progress in our country and in our times. To forge ahead as our Nation can, the Government must foster competitive enterprise, strengthen economic incentives, and promote scientific and technological knowledge. It must use its vast powers to help protect the stability of the purchasing power of money, to help maintain employment at a high level, and to help provide a floor of security for the individual. It must not only join with other nations, but should be prepared to lead them, in solving the problems of international trade and currencies.

To deal with these difficult tasks in a systematic manner, steps were taken in the last year to re-examine the policies of the Federal Government affecting economic growth and stability. The Council of Economic Advisers was reconstituted. The Government launched special inquiries into the problems of agriculture, housing, foreign economic policy, and the relations between the Federal and State and local governments. Furthermore, all agencies and departments of the Executive Branch were instructed, in studying the problems coming within their purview, to keep the broad objective of stable economic growth prominently in mind. Some of the initial recommendations relating to this objective are set forth in this Report. But before turning to recommendations of policy, it is well to review economic developments during the past year, to note how the Government has dealt with them, and to analyze the current position of our economy and its prospects.

Part II

ECONOMIC REVIEW OF 1953

Chapter 2

Performance of the American Economy

THE PAST YEAR was marked throughout most of the free world by new advances in production, general price stability, salutary readjustment of the international pattern of trade and payments, and further removal of the emergency controls instituted during World War II and its aftermath. In the United States and Western Europe effective monetary policies have been established. Domestic price controls and rationing have disappeared almost everywhere. In nearly all countries monetary inflation has been stopped and restrictions on foreign trade relaxed. The gold and dollar reserves of the free world outside the United States have increased sharply. Further liberalization of international trade and unrestricted convertibility of currencies have become subjects of serious and lively discussion. Such a conjunction of favorable developments has not existed for some years. But the dislocations wrought by war and inflation have not yet vanished, and they are likely to continue to harass the world for some time.

The upsurge of production and employment, which has been sustained with but brief interruptions in the United States for about a dozen years, continued in 1953. New records were established in industrial activity, employment, and the disbursement of incomes. Unemployment reached the lowest level of any peace-time year in recent decades. The average level of prices was remarkably steady. The fruits of expanding production and enterprise were shared widely. Perhaps never before in their history have the American people come closer to realizing the ideal of high and expanding employment, without price inflation, than in 1953. But some sections of industry, notably farming, failed to participate in the widespread prosperity. The index of consumer prices inched a little higher in spite of some decline in food prices. And economic activity, taken as a whole, receded somewhat toward the close of the year.

Broad Characteristics of Recent Years

How far and in what general directions the American economy has traveled in recent years is attested by the summary table in Appendix G. Between 1939 and 1953, commodity prices, wages, and taxes increased sharply. The gross national product expressed in current dollars, which includes these inflated price elements and taxes as well as physical outputs, quadrupled. But a considerable expansion occurred also in the real output and over-all efficiency of the economy. While population rose 22 percent and total employment 35 percent, unemployment dropped 84 percent, and the gross national product (adjusted for changes in the price level) increased 95 percent. Practically all major branches of industry shared in the advance. Agricultural output rose 35 percent, mining production 71 percent, construction 78 percent, manufacturing output 139 percent, and electric power production 244 percent.

Over much of the period since 1939 the course of external events has propelled or twisted the Nation's economic life. First came a protracted war which severely tested our industrial strength, piled up a huge Federal debt, wiped out unemployment, and swelled private incomes that could not be easily spent. The end of the war brought military demobilization and a rush by consumers and business firms to make good their accumulated shortages. To the astonishment of many, still under the spell of the theories of economic maturity that darkened the thirties, the expansion of private spending quickly compensated for the sharp decline of governmental expenditure. Then came the extension of Marshall Plan aid to foreign countries—and, more recently, the Korean problem and the superimposition of a huge defense program on an expanding civilian economy. While these events, together with the great inflation of credit and prices that followed in their path, dominated public attention, powerful forces of growth were quietly gathering strength within the economy—expressed in the upsurge of population, the onrush of technology, the innovations of finance, the intensified pace of business competition, the rapid obsolescence of business plant and equipment, the industrialization of the South, the rapid development of the West, the widening of the middle class, the diffusion of home ownership, and the development of mass markets for a host of new consumer goods. (See Table 1.)

The history of recent years has disclosed the remarkable power of the American people to adjust to unsettling influences and to operate under burdensome governmental restraints. The lull in 1945–46, the contraction in 1948–49, and the slight dips in 1951 and again in 1952 were, by and large, pauses of an expanding economy seeking, as it must from time to time, to

TABLE 1. Output of New Products

Year	Room air conditioning units	Television sets	Clothes dryers	Waste food disposals	Freezers, farm and home	Frozen foods	Synthetic detergents (soap)	Synthetic fibers other than rayon
	Thousands of units					Millions of pounds		
1946	30	6	(1)	(1)	210	1,317	300	56
1947	43	179	58	100	607	968	400	50
1948	77	975	92	175	690	1,163	600	75
1949	96	3,000	106	155	485	1,516	800	92
1950	195	7,464	319	320	890	1,994	1,200	145
1951	238	5,385	492	352	1,050	2,554	1,350	210
1952	365	6,096	635	260	1,140	2,900	1,550	263
1953 [2]	1,075	7,250	684	350	1,150	3,300	1,900	275

[1] Not available.
[2] Estimates based on incomplete data.

Sources: Department of Agriculture, Tariff Commission, National Electrical Manufacturers Association, Radio-Television Manufacturers Association and Textile Organization.

bring its tools or inventories into closer adjustment with what it sells and how much it sells. The resourcefulness of individual enterprise and the new horizons that have recently opened up for the consumer will serve our economy well in the more normal environment that, it may be hoped, will be ours in the years ahead.

The Nation's Output and Its Disposition

The gross national product, which expresses the market value of all the goods produced and services rendered, increased from 348 billion dollars in 1952 to 367 billion in 1953, or 5.5 percent. Since prices rose a little between the two years, the expansion of physical output was 3.7 percent (see Chart 1). The largest advances were made by durable goods manufactures, which in the aggregate rose 13 percent; the output of nondurable manufactures increased 4 percent and of minerals 2 percent. (See Tables 2 and 3.) The steel industry completed a record year, turning out 112 million tons of ingots and castings, which was 6 million more than in 1951 and 18 million more than in 1952 when a strike severely curtailed output. The automobile industry produced more than 6 million passenger cars and 1 million trucks, a total of 7 million units—the highest since 1950, when 8 million units were produced. The output of major household appliances and instruments was substantially above the 1952 level, but the volume of the major lines—television sets, refrigerators, washing machines, cooking stoves—was below the record 1950 totals. Furthermore, some branches of the capital goods industry—notably, the output of farm machinery, including tractors, certain types of industrial machinery, machine tools, and office machines—experienced a decline from their level in 1952.

The general increase of the Nation's output in 1953 was achieved partly through additions to employment, partly through gains in productivity. The average length of the work week in manufacturing, for example, was about the same in 1953 as in 1952, while the number employed was 5 percent larger; but output was 8 percent larger. Productivity increased also in

Table 2. Changes in Physical Output

Type of output	Percentage change, 1952 to 1953 [1]
Gross national product, constant prices	+3.7
Industrial production: total	+8.1
Agricultural production	.0
Electric power	+10.6
New construction, constant prices	+4.4
Freight carloadings	+.9

[1] Estimates based on incomplete data.

Sources: Department of Agriculture, Department of Commerce, Federal Power Commission, Interstate Commerce Commission, and Board of Governors of the Federal Reserve System.

TABLE 3. Changes in Industrial Production

Industry group	1947–49=100 [1]				Percentage change	
	1952	1953			1952 to 1953	July to December 1953
		Year [2]	July	December [2]		
Industrial production: total	124	134	137	128	8.1	−6.6
Manufactures: total	125	136	139	129	8.8	−7.2
Durable manufactures: total	136	153	157	144	12.5	−8.3
Primary metals	116	133	136	118	14.7	−13.2
Metal fabricating: total	146	167	171	157	14.4	−8.2
Fabricated metal products	121	136	142	128	12.4	−9.9
Electrical machinery	167	195	200	177	16.8	−11.5
Nonelectrical machinery	136	143	145	133	5.1	−8.3
Transportation equipment	154	189	196	181	22.7	−7.7
Instruments and ordnance	142	155	156	155	9.2	−.6
Clay, glass, and lumber products	118	125	127	123	5.9	−3.2
Furniture and miscellaneous manufactures	118	131	134	126	11.0	−6.0
Nondurable manufactures: total	114	119	121	115	4.4	−5.0
Textile and apparel	105	107	111	97	1.9	−12.6
Rubber and leather products	107	114	116	104	6.5	−10.3
Paper and printing	118	125	126	122	5.9	−3.2
Chemicals and petroleum products	133	142	146	142	6.8	−2.7
Foods, beverages, and tobacco	106	108	107	108	1.9	.9
Minerals	114	116	120	113	1.	−5.8

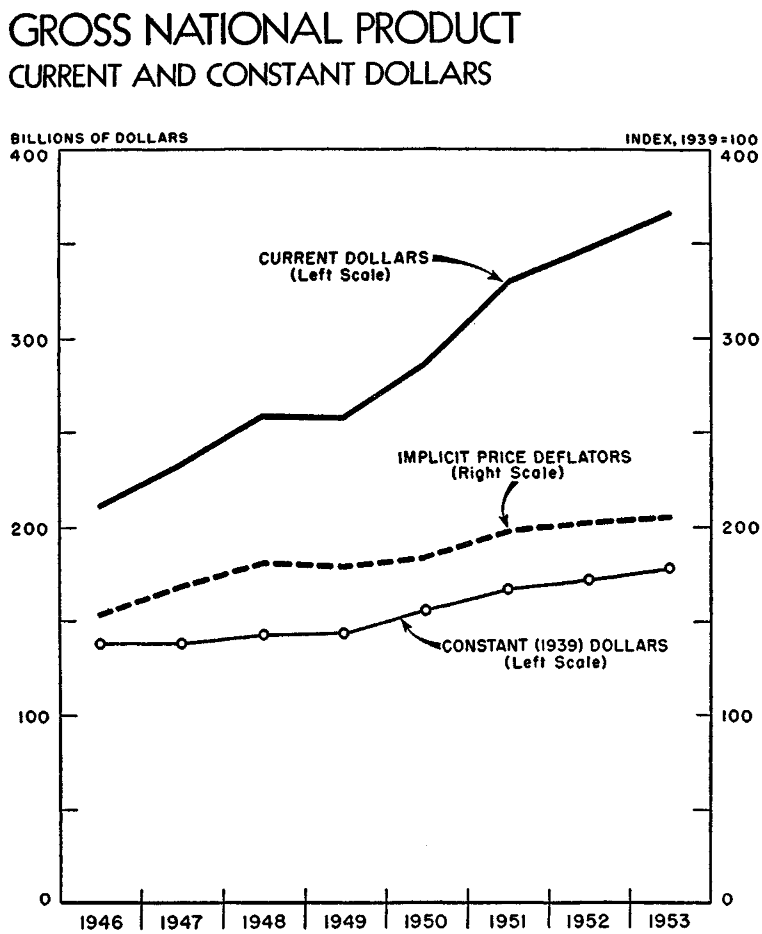
[1] Monthly data are seasonally adjusted.
[2] Estimates based on incomplete data.

Source: Board of Governors of the Federal Reserve System.

agriculture and some other branches of production. Since 1946 the outlays for new plant and equipment by American business firms, excluding agriculture, have totaled over 180 billion dollars. This enormous expenditure for the expansion and modernization of productive facilities provided the basis for the large increase in output of the Nation's factories, mines, and construction yards.

The increased output of 1953 generated a larger flow of incomes to individuals, corporations, and the several levels of government. The sum of personal incomes increased from 269.7 billion dollars in 1952 to 284.6 billion in 1953, with both workers and investors sharing in the increase. On a percentage basis, the share of total personal income received by investors (that is, dividends, interest, and net rentals) was 11.5 percent in 1953, or virtually the same as in other recent years, while the share received by workers for wages or salaries continued to increase and reached close to 70 percent. The income of proprietors declined both in dollars and relatively to other groups—very largely a reflection of the decline in farmers' incomes. (See Table 4.) Since direct taxes paid by individuals in 1953 were 36.6 billion dollars, or 2 billion more than in 1952, the disposable personal income rose from 235 billion dollars in 1952 to 248 billion in 1953, or 5½ percent. This rate of increase was apparently exceeded by corporate profits, whether before or after taxes. Of course, the several levels of government derived revenue from excises and other sources, as well as from income tax receipts. They in turn transferred a portion of their massive receipts to

CHART 1



SOURCES: DEPARTMENT OF COMMERCE AND COUNCIL OF ECONOMIC ADVISERS.

individuals in the form of subsidies, pensions, interest on debt, or other payments not directly related to production. The income and expenditure accounts of the Government in recent years are set out in Appendix D.

The bulk of the Nation's huge output in 1953 passed into the hands of consumers, who spent 229.9 billion dollars on goods and services, exclusive of new residential structures which cost (apart from farm residences) another 11.8 billion dollars. Government took a large slice of the Nation's output, Federal purchases of goods and services amounting to 58.1 billion dollars and State and local purchases to 25.2 billion. Business firms acquired new plant and equipment costing close to 40 billion dollars and at the same time added 3.9 billion dollars' worth of inventories. These takings amounted in all to 368.9 billion dollars. The excess over the gross national product of 1.9 billion dollars represents a net deficit of American claims on foreign countries. Table 5 shows that the relative disposition of the gross national product among consumers, business firms, and the Government was nearly the same in 1953 as in 1952. But whereas the increment of the gross national product between 1951 and 1952 was devoted largely to governmental use, the expansion of the defense program—which has dominated governmental outlays of late—virtually ceased by 1953. The increment of the gross national product between 1952 and 1953 was devoted principally to civilian uses.

TABLE 4. Percentage Distribution of Personal Income

[Percent]

Period	Total personal income	Labor income and transfer payments				Proprietors' income	Investment income			
		Total	Wage and salary receipts	Other labor income	Transfer payments		Total	Rents	Dividends	Interest
1939	100.0	66.9	62.1	0.7	4.1	15.6	17.5	4.8	5.2	7.4
1946	100.0	68.9	61.5	1.1	6.4	19.9	11.1	3.7	3.3	4.2
1947	100.0	70.2	62.8	1.3	6.2	18.5	11.3	3.7	3.5	4.1
1948	100.0	69.8	63.1	1.3	5.4	19.0	11.2	3.6	3.5	4.2
1949	100.0	71.2	63.7	1.5	6.0	16.7	12.0	3.7	3.6	4.7
1950	100.0	71.3	62.9	1.7	6.7	16.3	12.4	3.7	4.0	4.6
1951	100.0	72.0	65.4	1.7	4.9	16.4	11.6	3.6	3.6	4.4
1952	100.0	73.3	66.8	1.7	4.8	15.2	11.5	3.7	3.4	4.4
1953 [1]	100.0	74.7	68.2	1.8	4.8	13.7	11.5	3.7	3.3	4.5

[1] Estimates based on incomplete data; by Council of Economic Advisers.

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

Source: Department of Commerce (except as noted).

TABLE 5. Percentage Distribution of Gross National Product Among Major Components

[Percent]

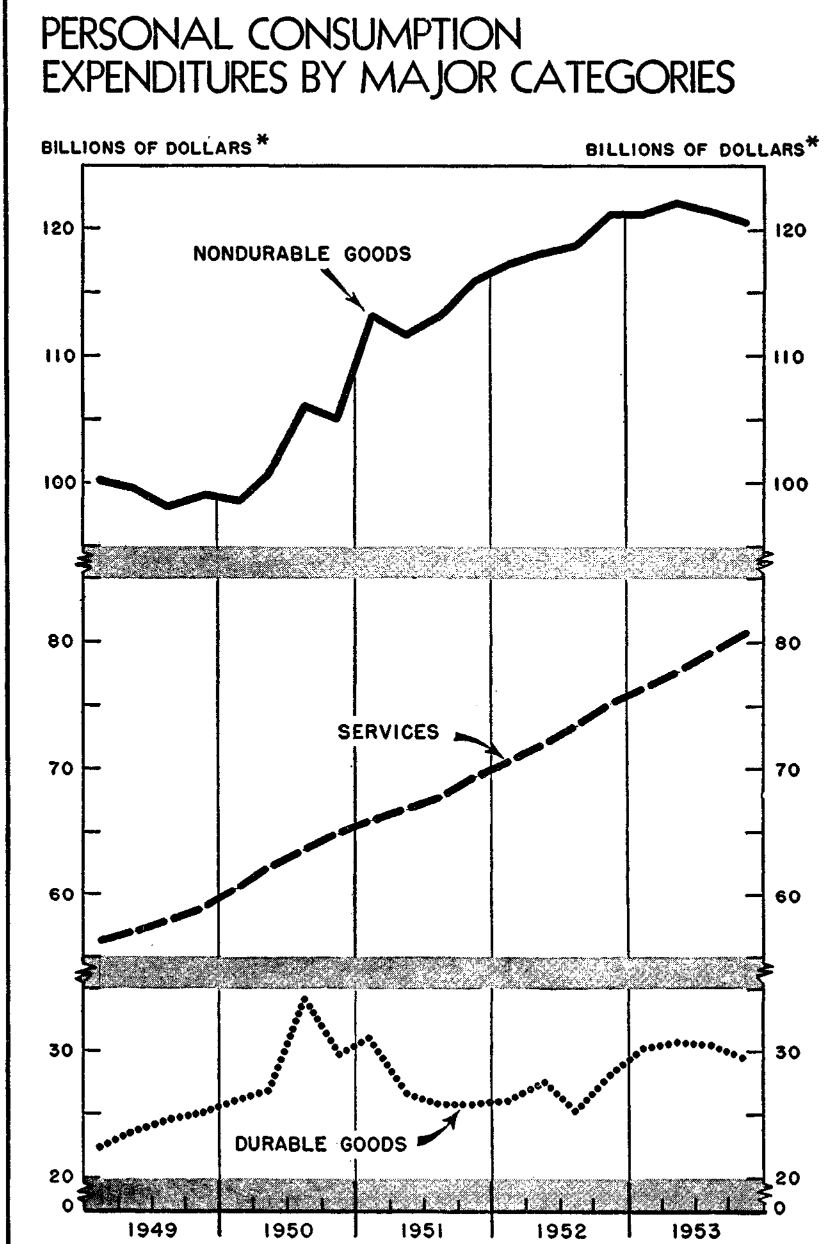
Year	Total gross national product	Personal consumption expenditure	Gross private domestic investment	Government purchases of goods and services			Net foreign investment
				Total [1]	National security [2]	Other [3]	
1947	100.0	71.0	12.9	12.3	5.7	7.1	3.8
1948	100.0	68.7	16.5	14.1	6.2	8.2	.7
1949	100.0	69.9	13.0	16.9	7.5	9.6	.2
1950	100.0	67.9	18.3	14.6	6.5	8.3	−.8
1951	100.0	63.1	17.8	19.1	11.3	7.9	.1
1952	100.0	62.7	15.1	22.3	14.1	8.4	−.1
1953 [4]	100.0	62.6	15.2	22.7	14.1	8.7	−.5

[1] Government sales have been subtracted from total Government purchases but not from the components shown in this table. See Appendix Table G–1 for amounts of Government sales.
[2] See Appendix Table G–1, footnote 3, for items included.
[3] Expenditures by the Federal Government for other than national security plus expenditures by State and local governments.
[4] Estimates based on incomplete data.

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

Sources: Department of Commerce and Council of Economic Advisers.

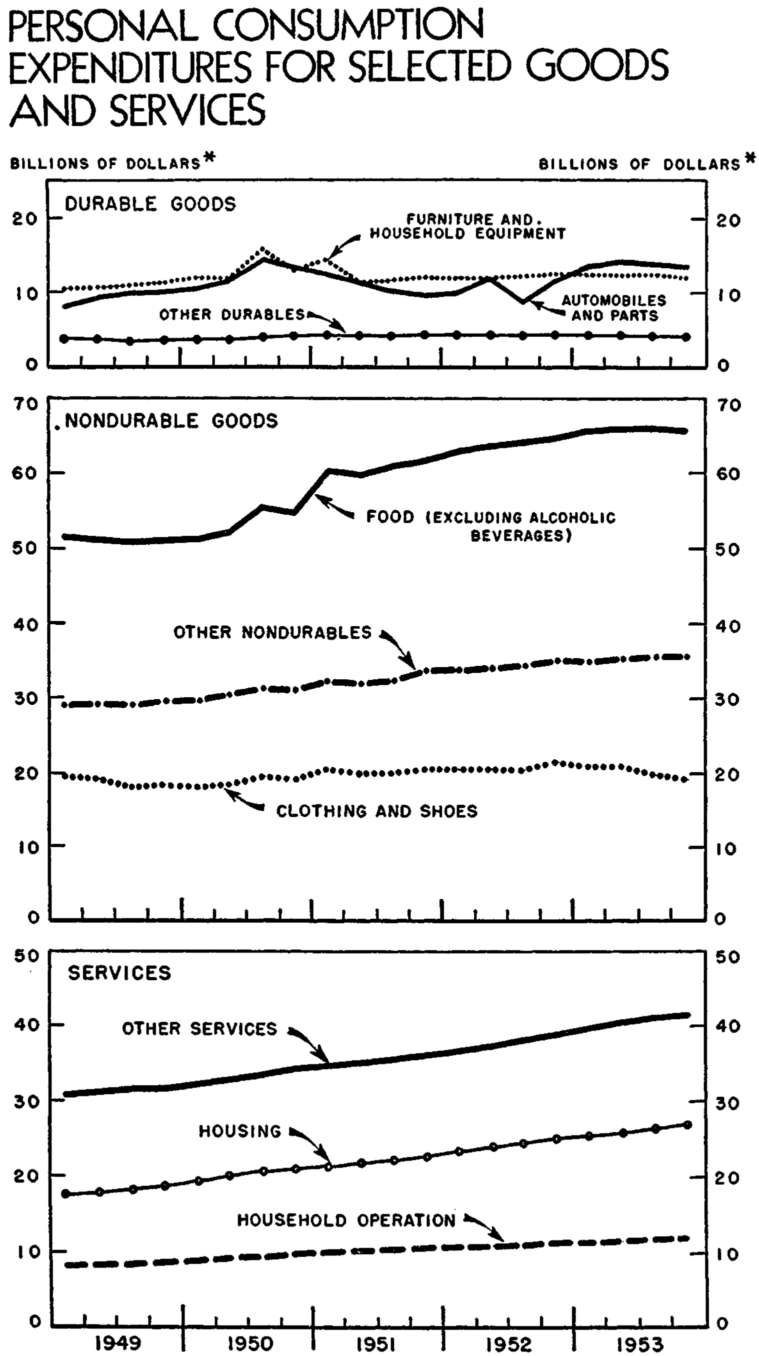
CHART 2



* SEASONALLY ADJUSTED ANNUAL RATES.

SOURCES: DEPARTMENT OF COMMERCE AND COUNCIL OF ECONOMIC ADVISERS.

CHART 3



* SEASONALLY ADJUSTED ANNUAL RATES.

SOURCES: DEPARTMENT OF COMMERCE AND COUNCIL OF ECONOMIC ADVISERS.

The manner in which consumers have utilized their disposable income is shown for a span of years in Table 6. The effects of World War II and of the Korean war on consumer spending and saving stand out clearly. So, too, do recent trends in consumer buying habits and attitudes. (See Charts 2 and 3.) Services have taken an increasing share of the consumer's dollar since 1946, largely because housing has gradually moved toward

TABLE 6. Percentage Distribution of Disposable Personal Income

[Percent]

Year	Disposable personal income	Less: Personal consumption expenditures							Equa Personal saving
		Total	Durable goods	Nondurable goods			Services		
				Food [1]	Clothing and shoes	Other	Housing	Other	
1929	100.0	95.5	11.4	23.9	11.2	10.6	13.8	24.5	4.5
1940	100.0	95.2	10.4	22.6	9.8	17.3	12.2	23.0	4.9
1946	100.0	92.4	10.4	26.2	11.7	16.1	8.2	19.8	7.6
1947	100.0	97.7	12.6	28.2	11.3	16.6	8.6	20.4	2.3
1948	100.0	94.4	12.2	27.4	10.7	15.5	8.8	20.0	5.6
1949	100.0	96.5	12.7	27.2	10.1	15.7	9.7	21.0	3.6
1950	100.0	94.6	14.2	25.8	9.2	14.9	9.8	20.7	5.5
1951	100.0	92.5	12.1	26.9	9.0	14.5	9.7	20.2	7.5
1952	100.0	92.8	11.4	27.1	8.8	14.7	10.2	20.7	7.2
1953 [2]	100.0	92.7	12.2	26.5	8.2	14.2	10.5	21.1	7.3

[1] Excludes alcoholic beverages.
[2] Estimates based on incomplete data; by Council of Economic Advisers.

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

Source: Department of Commerce (except as noted).

its former place in consumer budgets. Even so, expenditure on services was only 31.6 percent of disposable income in 1953, in contrast to 38.4 percent in 1929. Expenditure on food has not shown a definite trend in relation to income since the war, but it has been running well above the prewar level—26.5 percent of disposable income in 1953, in contrast to 23.9 percent in 1929 and 22.6 percent in 1940. Expenditure for clothing and shoes, on the other hand, has taken a diminishing part of income—11.2 percent in 1929, 11.7 percent in 1946, then a continuous decline to 8.2 percent in 1953. Relative spending on other nondurables has likewise diminished, although gasoline and oil are outstanding exceptions. The proportion of income spent on durable goods has been very irregular since the war, but it has been running considerably higher than in prewar years. The recent shifts in consumer spending are worth noting with some care, because they facilitate understanding of the economic changes within the past year—to which we now turn.

THE MINOR CONTRACTION OF RECENT MONTHS

At the beginning of 1953 the economy advanced rapidly, but not without some signs of impending change. The real income of farmers, which had started to fall during 1947, was continuing to shrink. Stock prices began drifting downward after the turn of the year. The average length of the workweek in manufacturing (adjusted for seasonal variations) started to decline in the spring. So, too, did the orders for durable goods received by manufacturers. Retail trade continued on an impressive scale but failed to expand, while consumer debt and business inventories kept rising. Business failures, while relatively few, increased in number and average size. Interest rates rose at an accelerated rate, as they usually do toward the close of a general business expansion. These and other developments were closely watched by the Government and they influenced public policy, as the next chapter will describe. True, some decline from the hectic pace of extensive overtime operations might well prove salutary in the long run. But it was important that the transition, if there was to be one, be carried through without shock and that the readjustment be moderate and not cumulate. The once fashionable theory that a sharp liquidation was good for the economy could not be trusted.

As the year wore on, the economy continued to be prosperous but underwent some contraction, the extent of which may be judged from movements of broad composites of economic activity. Thus the gross national product reached its highest volume during the second quarter, then fell 1.5 percent by the fourth quarter. Personal incomes proved steadier, continuing to rise until the third quarter, then dropped 0.4 percent in the last quarter. On a monthly basis personal incomes reached a peak in July and declined 1.0 percent by the year's end. Nonagricultural employment, adjusted for seasonal variations as are the preceding series, fell by 1 million or 2 percent, after reaching a peak in July. Unemployment, which reached a low of 1.2 million or 1.8 percent of the civilian labor force in October, rose to 3.0 percent in December. (See Chart 4 and Appendix E.) Industrial production reached a crest between May and July, and then declined 6.6 percent in the following months. On the average, commodity prices changed very little. The index of wholesale prices was at its highest point of the year in September, and in December was only 0.8 percent lower. The index of consumer prices in turn reached its highest value in October and fell a mere 0.4 percent by December. The precise movements of several of these indicators of the condition of the economy are displayed in Chart 6. Of course, broad composites fail to convey the degree to which the decline has been diffused over the economic system. It is clear, however, from the behavior of the components of these indexes that a large portion of the economy was undergoing readjustment toward the close of the year, and some evidence to this effect is presented in Table 3.

Analysis of the Turn During the Year

The immediate cause of the contraction, which became visible after midyear, was an imbalance between production and sales that developed earlier in the year. After the settlement of the steel strike on July 25, 1952, the advance of production was swift, especially in the durable goods industries. Within a month the steel industry was operating at over 2 million tons per week, partly to meet the large demand for current use, partly to enable fabricators and dealers to rebuild their stocks. The steel-using industries, whose operations had been seriously affected by the strike, followed suit. Business inventories, especially those held by makers and sellers of consumer durables, were generally low—in the sense that businessmen sought to expand them. Even before the steel strike, inventories of civilian goods had been much reduced from their embarrassing 1951 peaks. Of course, the strike led to further depletion of stocks. On a wide front, therefore, producers now faced a need of meeting the requirements of distributors for restocking as well as for larger sales to customers whose incomes and borrowing propensity, were both high and rising. And if conditions appeared favorable on the side of demand, they were also satisfactory on the side of supply. Materials were more readily available than a few months earlier, and the relaxation of governmental restrictions on their use permitted a rising volume of output, particularly of automobiles. Hence production moved forward rapidly. Employment expanded, hours of work lengthened, hourly earnings rose, and weekly earnings rose faster still. With incomes rising, consumer expenditures expanded briskly. Indeed, from the fall of 1952 through the first half of 1953 the increments of consumer spending, which were being bolstered by growing indebtedness, exceeded the increments of disposable personal income. Private investment expenditure and Government spending, propped by expanded borrowing, added to the rising monetary demand.

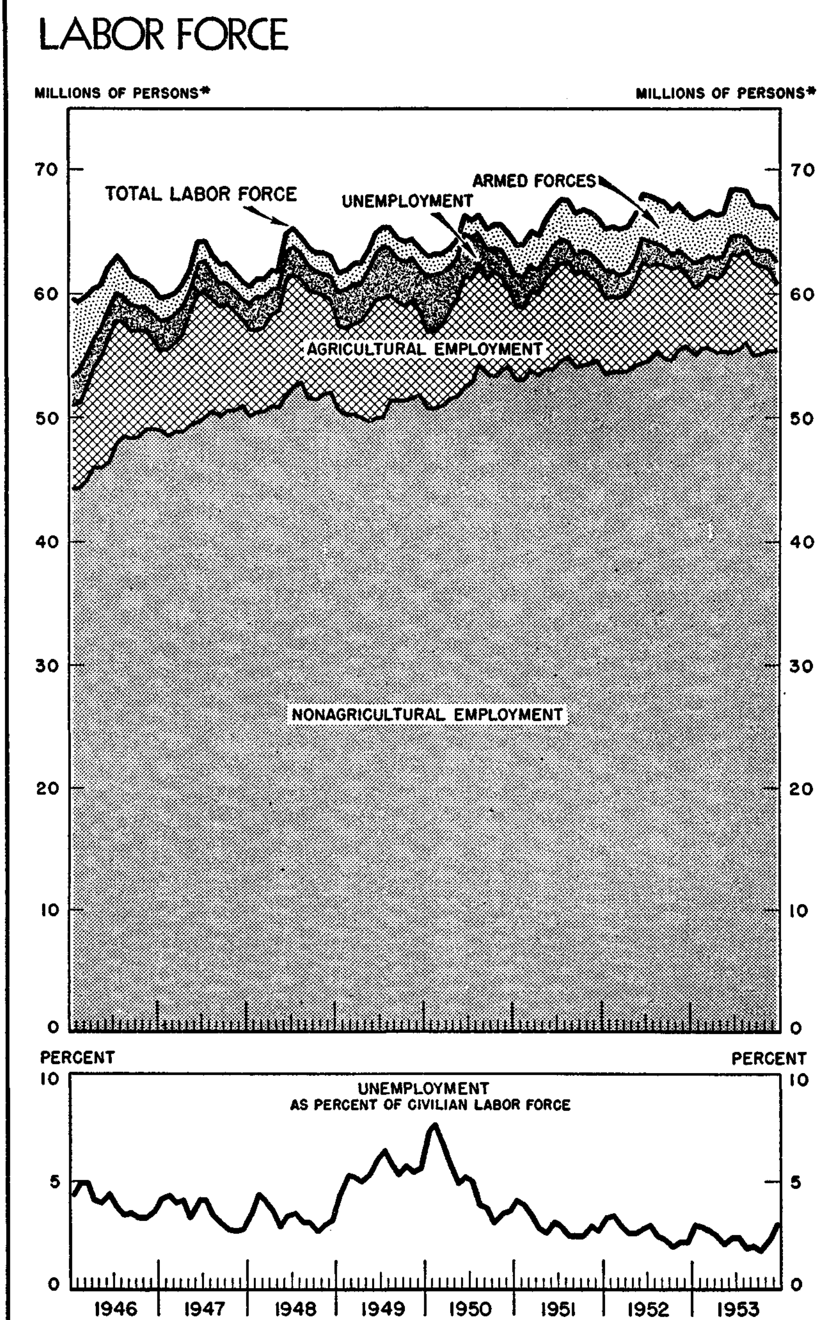
Nevertheless, production and sales gradually fell out of balance in the early months of 1953. The reason was partly that business requirements for additions to their inventories had been fairly well met by the beginning of the year, when it became clear that quicker deliveries could be counted on. The reason was partly that, while demand was high, business firms had apparently expected it to be higher still. The reason was also that after the turn of the year consumer spending turned more in the direction of services than of commodities. (See Chart 2.) The gap that opened up early in 1953 between purchases at retail stores and consumer incomes, though not between consumer spendings of all types and their incomes, is shown by Chart 7. Since personal income rose with production, while retail sales moved sluggishly, inventories soon piled up in all hands. (See Charts 8, 9, and 10.) The annual rate of nonfarm inventory investment rose from 4 billion dollars in the first quarter of 1953 to 7 billion in the second quarter, with the highest rate of accumulation concentrated in a few major durable goods industries—motor vehicles, other transportation equipment, and primary metals.

The sluggishness of retail sales in the early months of 1953, together with excessively sanguine production schedules, brought about a condition that could not long continue. The reshaping of the defense program also affected inventories, which here and there became redundant in relation to the reduced military production rates in prospect. By mid-year, manufacturers in numerous industries were curtailing operations, so as to bring output and inventories into better adjustment with their orders and sales. First, overtime was reduced or eliminated, then some workers were laid off. Meanwhile, the rise in hourly earnings was checked, and average weekly earnings stopped rising. But the declines in production were generally moderate and there were few signs of distress selling. In all, manufacturing employment (adjusted for seasonal) decreased by about 950,000 between June and December, with 70 percent of the decrease occurring in the durable goods sector. The decrease in manufacturing employment was nearly as large as the decrease in total nonagricultural employment, since other areas of employment—construction, wholesale and retail trade, transportation, and so on—experienced little change in the aggregate. (See Chart 5.) Basic wage rates in these fields of employment also continued, in general, to move upward. This fact, combined with fairly stable over-all employment, goes far to explain the approximate steadiness of personal income in the second half of 1953.

The contraction since last June or July has thus far been largely in the nature of an inventory adjustment, as Chart 11 and Table 7 indicate. Apart from the reduced expenditure by business firms on additions to their inventories, total expenditure has been nearly unchanged since mid-year. Further, the major categories of final expenditure have themselves remained remarkably stable. There have been shifts within the total of consumer expenditure, but little change in the total itself. Similarly, there have been shifts within the total of governmental expenditures, with Federal outlays declining since the second quarter and State and local outlays increasing, but again approximate stability in the whole. There apparently was a very slight dip in consumer spending, as well as in business outlays on fixed capital investment, toward the end of the year. However, other categories of final expenditure offset these diminutive declines. The sum of final expenditure expressed as an annual rate, which was 363.6 billion dollars in the second quarter and 364.5 billion in the third, came to 365.0 billion in the fourth. But the figures for the last quarter are still uncertain and, such as they are, indicate an inventory readjustment in the second half of 1953 and little else.

Thus far the decline of inventory additions has been largely a corrective movement, designed to bring production into better balance with sales. It appears from the information at hand that, apart from the defense-goods industries, the inventory adjustments have been largely responses to current sales rather than protective movements geared to unfavorable forecasts of future sales. It is well to recognize, however, that an inventory readjustment can affect other types of spending and communicate itself to the stream of business and consumer spending as a whole. The next chapter will consider this possibility at some length.

CHART 4

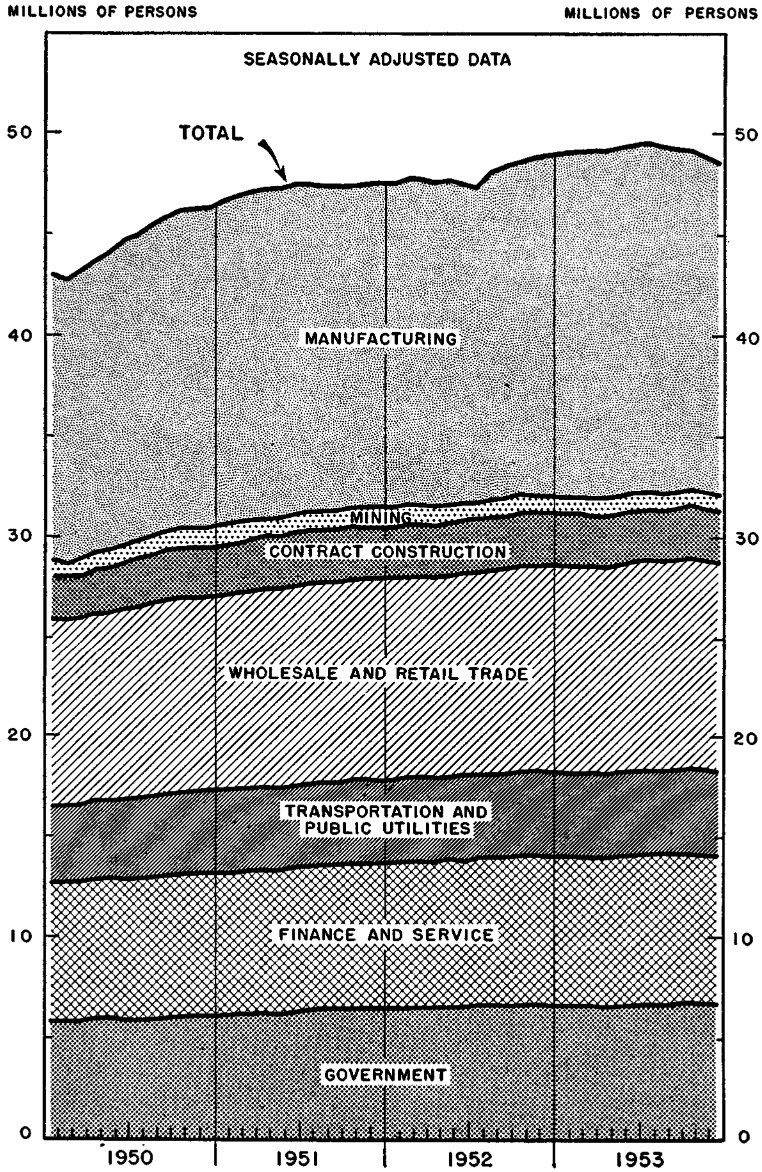


* 14 YEARS OF AGE AND OVER.

SOURCE: DEPARTMENT OF COMMERCE.

CHART 5

EMPLOYMENT IN NONAGRICULTURAL ESTABLISHMENTS



SOURCES: DEPARTMENT OF LABOR AND BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.

CHART 6

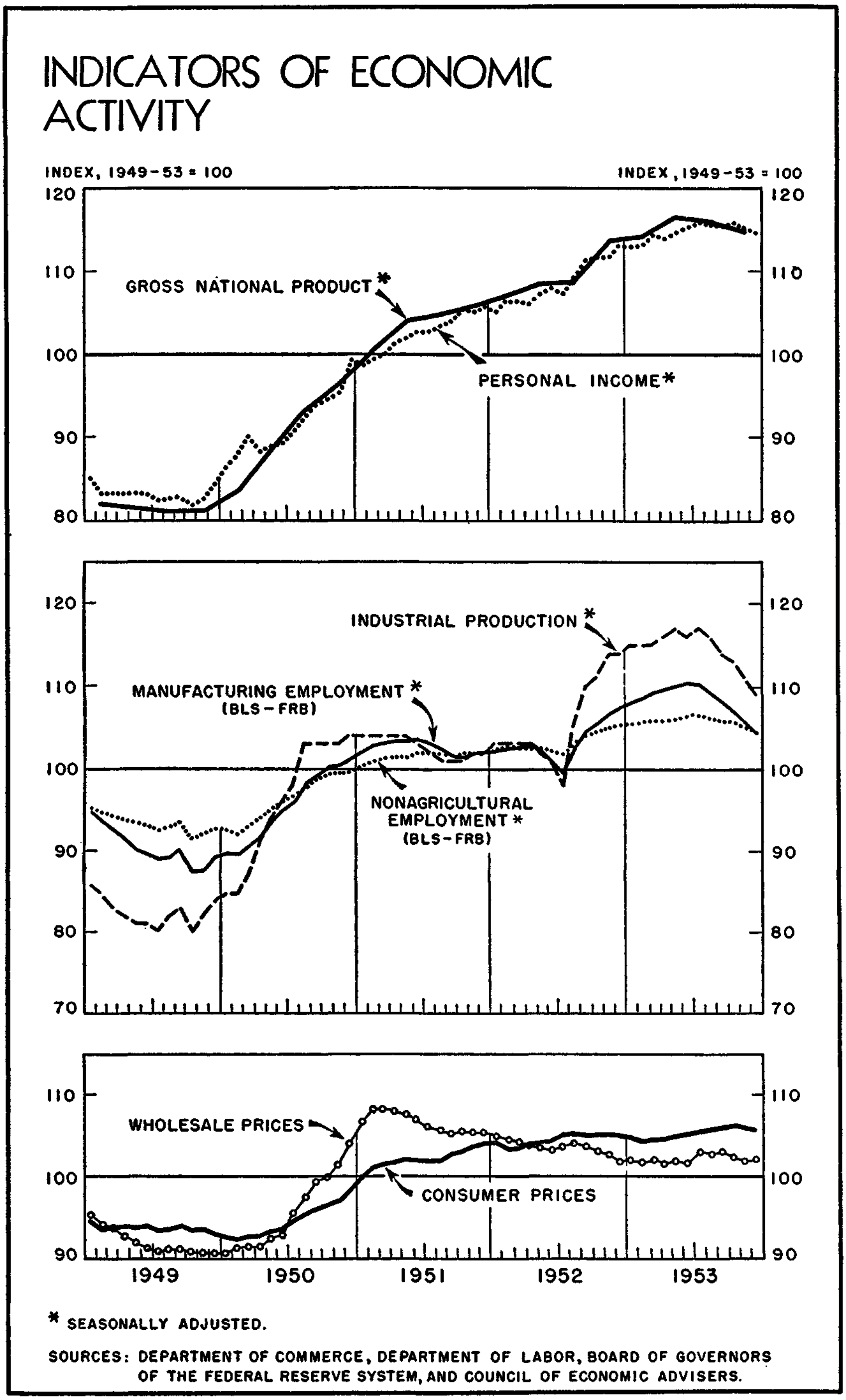
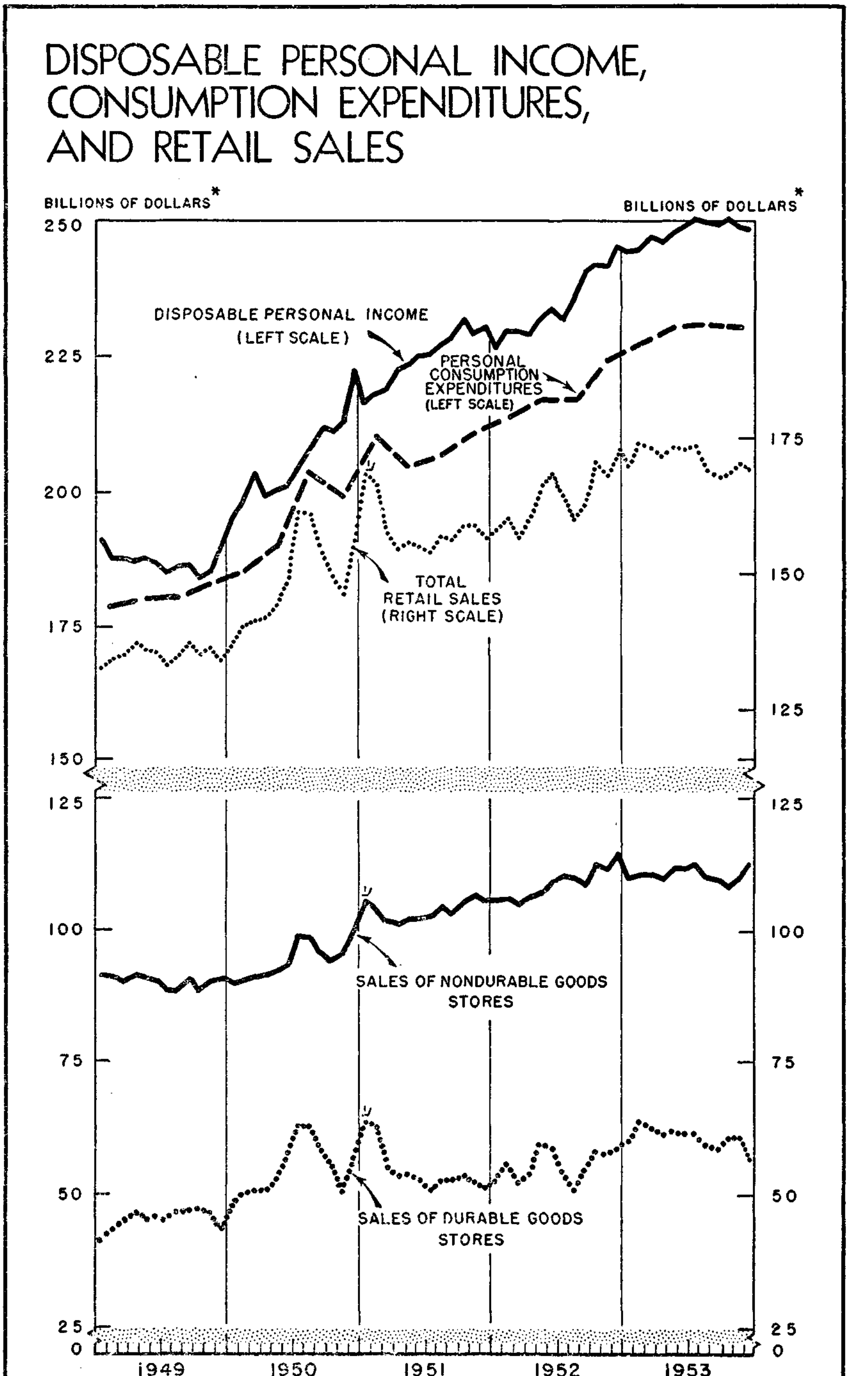

INDICATORS OF ECONOMIC ACTIVITY
INDEX, 1949-53 = 100
INDEX, 1949-53 = 100
120
110
100
90
80
GROSS NATIONAL PRODUCT *
PERSONAL INCOME *
70
INDUSTRIAL PRODUCTION *
MANUFACTURING EMPLOYMENT *
(BLS-FRB)
NONAGRICULTURAL
EMPLOYMENT *
(BLS-FRB)
WHOLESALE PRICES
CONSUMER PRICES
1949
1950
1951
1952
1953
* SEASONALLY ADJUSTED.
SOURCES: DEPARTMENT OF COMMERCE, DEPARTMENT OF LABOR, BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, AND COUNCIL OF ECONOMIC ADVISERS.

CHART 7

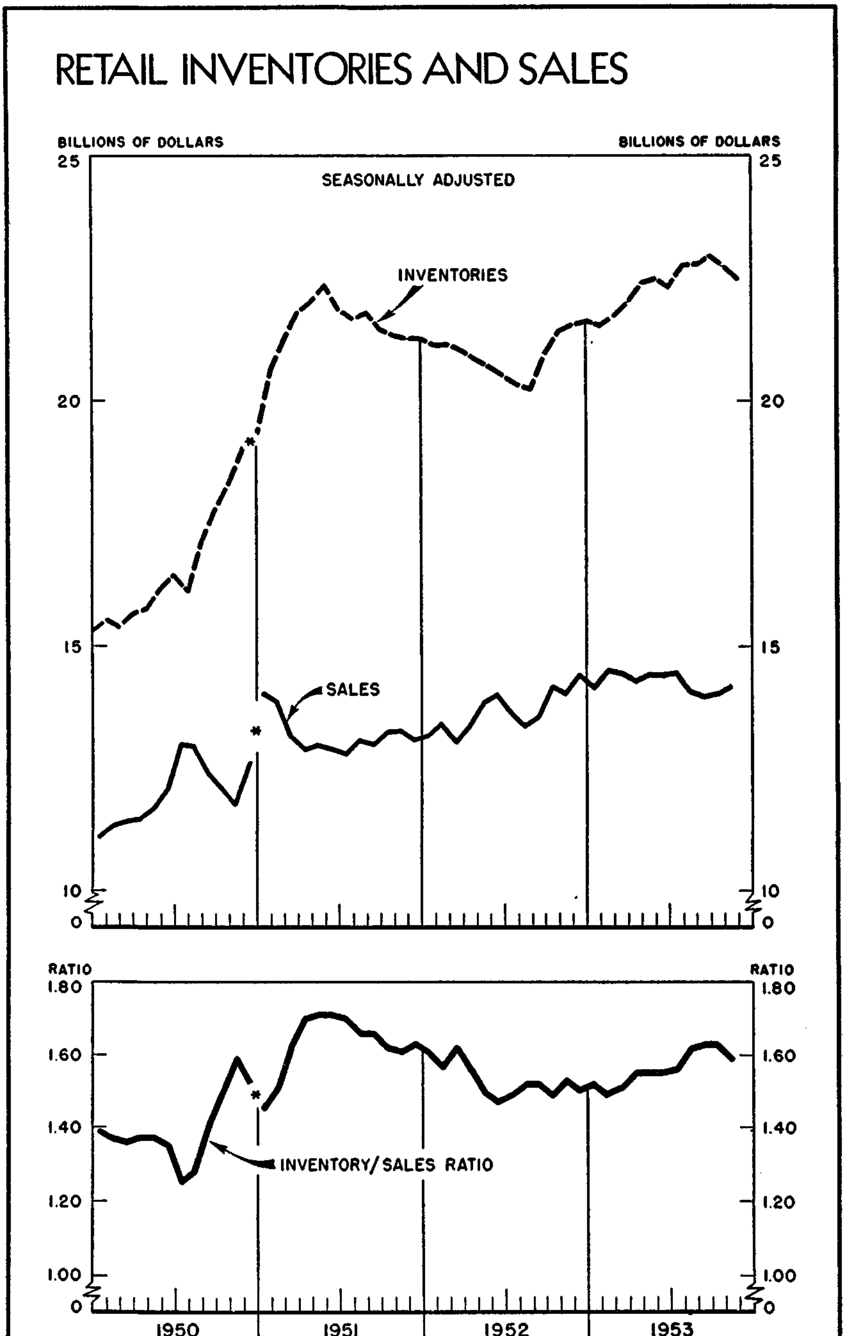


* SEASONALLY ADJUSTED ANNUAL RATES.

1/ NEW SERIES LINKED TO OLD SERIES.

SOURCES: DEPARTMENT OF COMMERCE, BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, AND COUNCIL OF ECONOMIC ADVISERS.

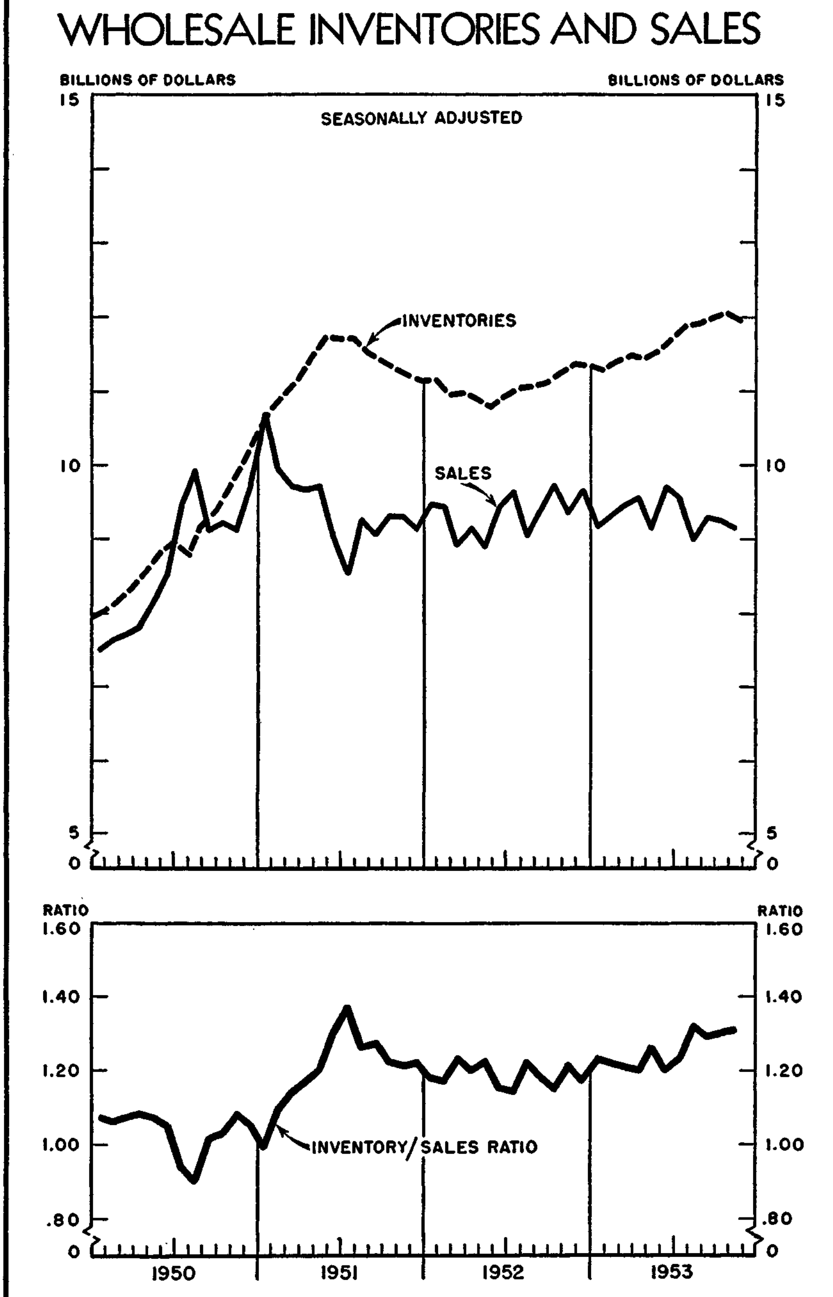
CHART 8



* DATA BEGINNING JANUARY 1951 NOT COMPARABLE WITH DATA FOR EARLIER PERIODS.

SOURCE: DEPARTMENT OF COMMERCE.

CHART 9



SOURCE: DEPARTMENT OF COMMERCE.

CHART 10

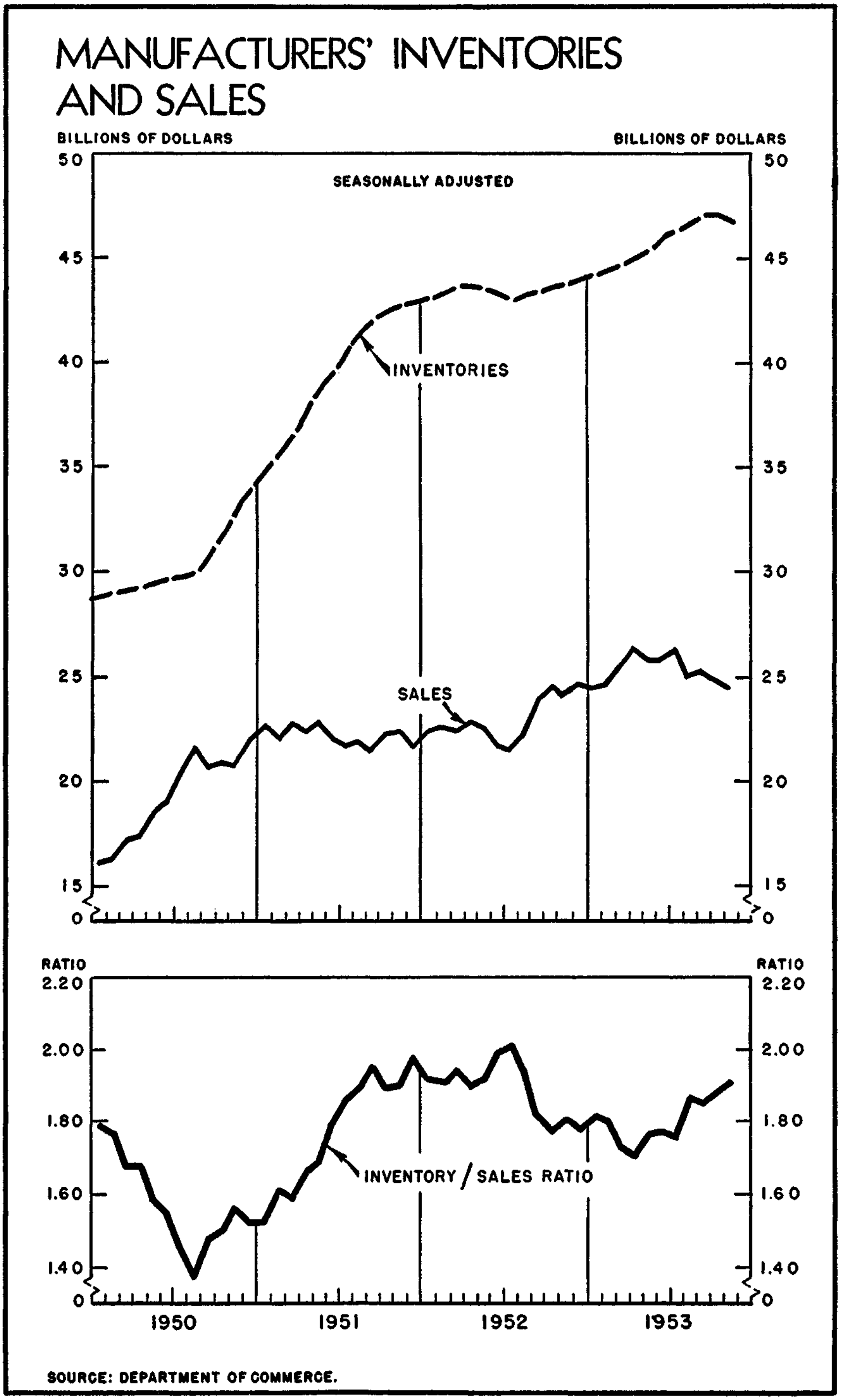

MANUFACTURERS' INVENTORIES AND SALES
BILLIONS OF DOLLARS
BILLIONS OF DOLLARS
SEASONALLY ADJUSTED
INVENTORIES
SALES
50
45
40
35
30
25
20
15
0
RATIO
RATIO
INVENTORY / SALES RATIO
2.20
2.00
1.80
1.60
1.40
0
1950
1951
1952
1953
SOURCE: DEPARTMENT OF COMMERCE.

TABLE 7. Gross National Product or Expenditure During 1953

[Billions of dollars; seasonally adjusted annual rates]

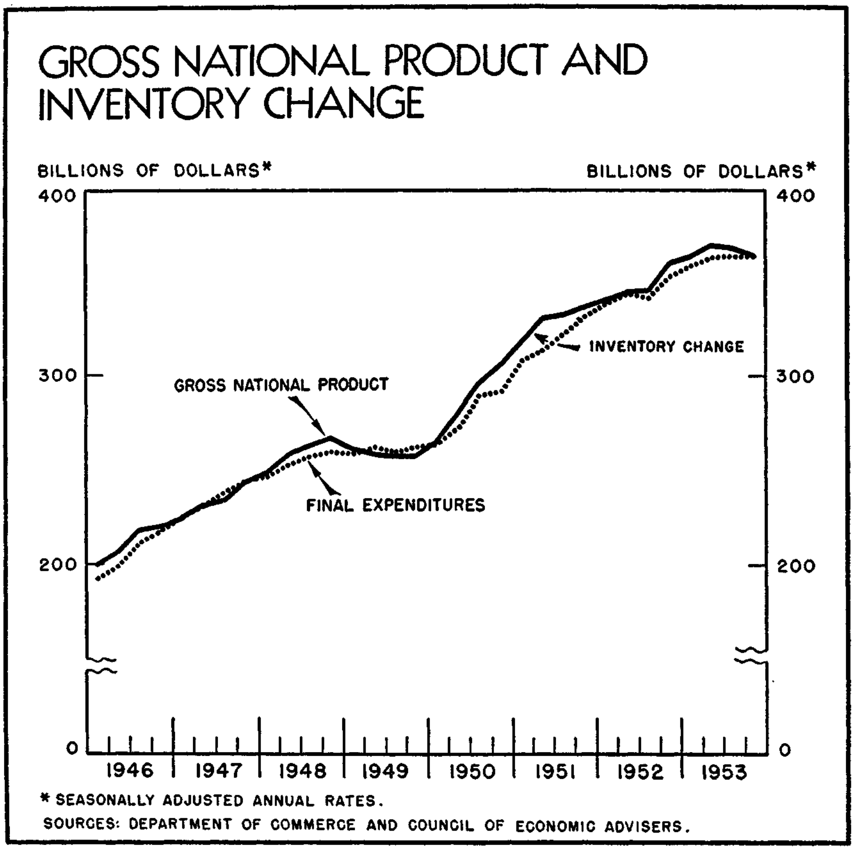
Expenditure group	1953 First quarter	1953 Second quarter	1953 Third quarter	1953 Fourth quarter [1]
Gross national product: total	363.4	370.7	368.8	365.0
Change in business inventories	4.3	7.1	4.3	.0
Final expenditures: total	359.1	363.6	364.5	365.0
Personal consumption expenditures: total	227.7	230.4	231.0	230.5
Durable goods	30.2	30.7	30.4	29.5
Nondurable goods	121.2	122.1	121.3	120.5
Services	76.3	77.6	79.2	80.5
Gross private fixed investment: total	51.1	52.2	52.0	51.5
New construction	25.0	25.3	24.9	25.0
Producers' durable equipment	26.2	26.9	27.1	26.5
Net foreign investment	−2.1	−2.5	−2.1	−1.0
Government purchases of goods and services: total	82.4	83.5	83.6	84.0
Federal	57.4	58.9	58.4	57.7
State and local	24.9	24.6	25.2	26.3

[1] Estimates based on incomplete data; by Council of Economic Advisers.

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

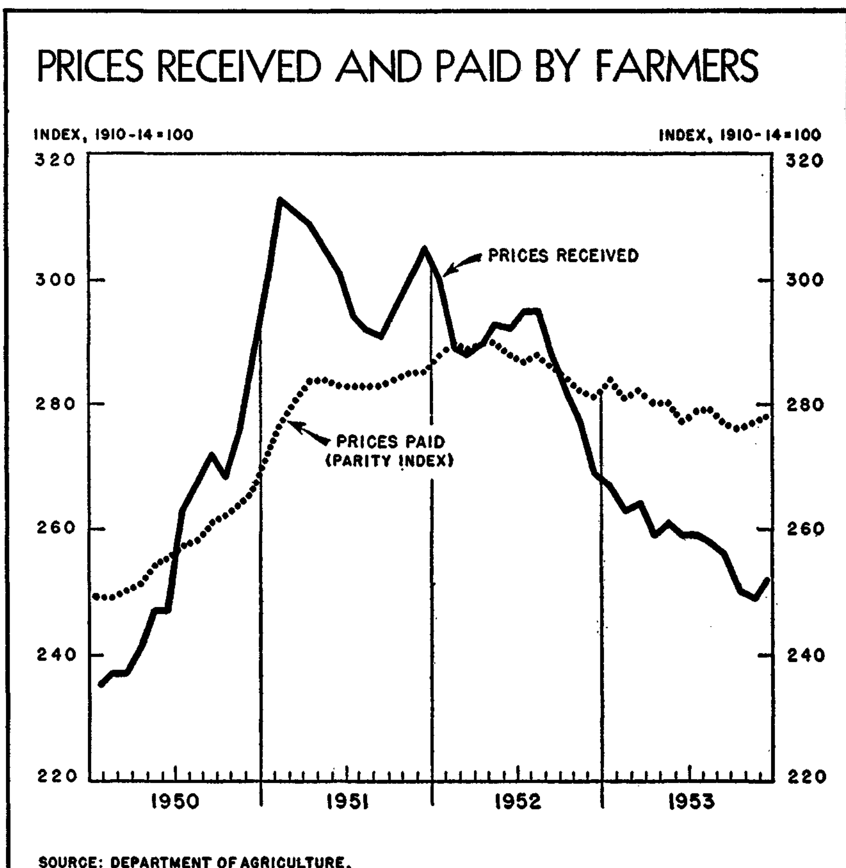
Source: Department of Commerce (except as noted).

CHART 11



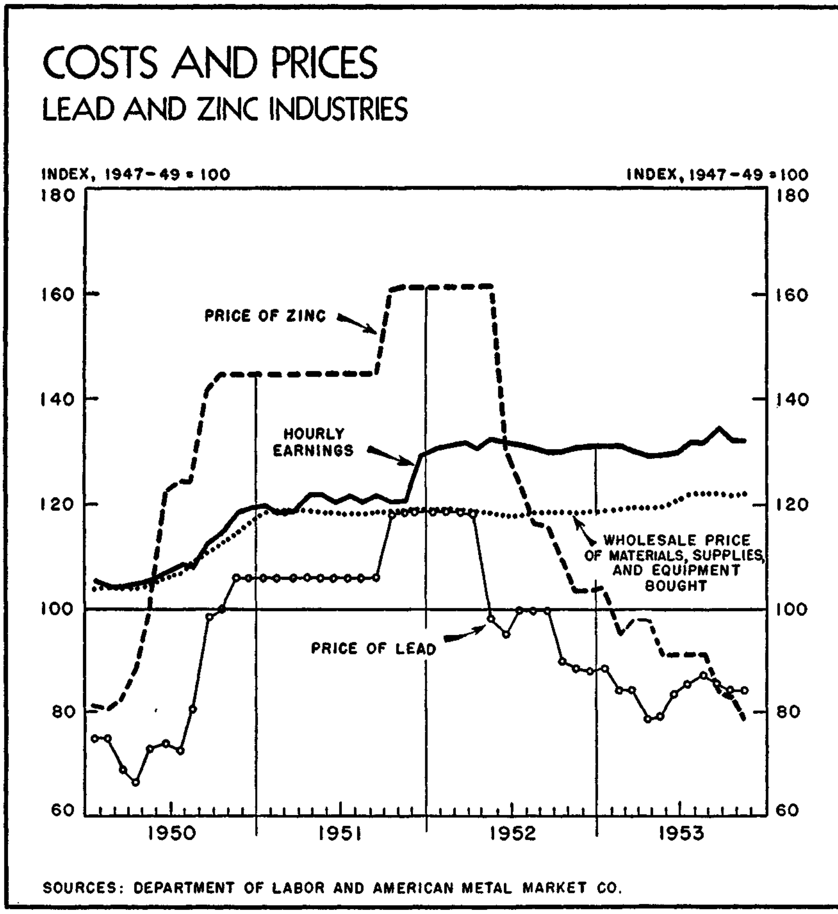
It is also important to recognize the broad teaching of history that, in the course of a protracted economic expansion in which monetary inflation has played a large role, some distorting speculative movements and some misallocations of resources are bound to develop. An economy that has reached a point where it must operate extensively on an overtime basis, as ours did in 1953, cannot easily increase physical output, but can very readily diminish it. Such an economy is sensitive even to minor disturbances, especially when inflation is kept in check, as it was during the first half of 1953. Unfavorable cost-price relations in some sectors of the economy doubtless contributed to the imbalance between production and sales that developed in the early months of the year. The cost-price "squeeze" in agriculture, of which much has been heard recently, continued in 1953, as Chart 12 shows. A similar situation developed in the lead and zinc industries, as Chart 13 indicates, and the list of such cases could be lengthened. It does not seem, however, that unprofitable business situations had developed on any scale by the middle of 1953. Further, one of the outstanding features

CHART 12



of the latest phase of the expansion since 1939 has been its comparative freedom from speculation. In recent years, the behavior of security markets has been rather subdued. And while there was a strong speculative surge in commodities right after the invasion of Korea, it had spent itself before 1953.

CHART 13

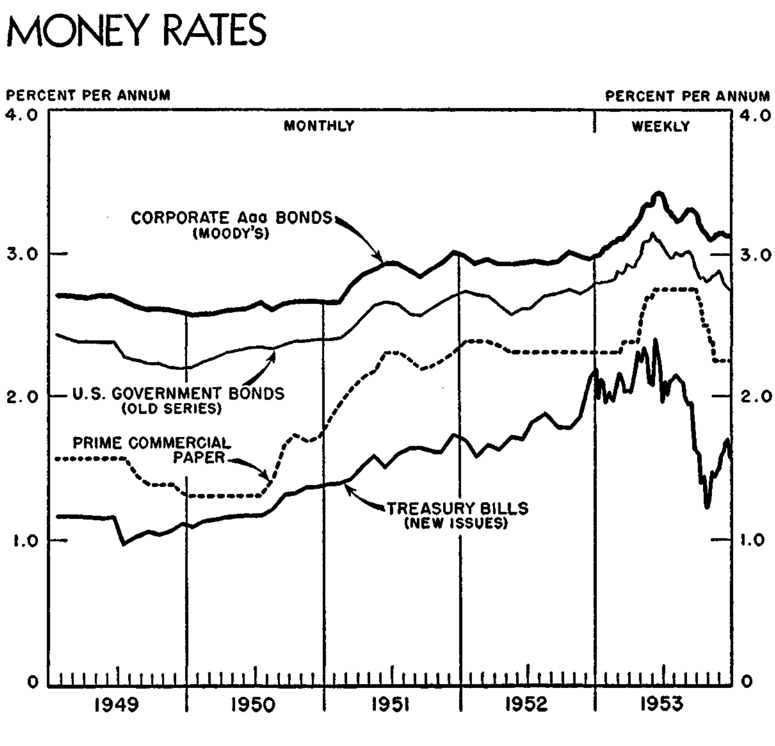


Credit and Monetary Developments

The changing pace of general business activity during the past year was closely reflected in developments in the sphere of money and credit. The demand for all kinds of credit, which had been strong in the second half of 1952, continued to be active in the first half of 1953. After the removal of Regulation W in May 1952, consumer instalment credit increased by the record amount of 4.6 billion dollars in the year ended June 1953. A huge increase occurred also in long-term corporate debt, State and local debt, and real-estate mortgage debt. Business loans at banks increased vigorously in the closing months of 1952, and declined less than seasonally in the first half of 1953. An exceptionally high rate of saving made it possible to carry through this vast expansion of credit despite a policy of monetary restraint by the Federal Reserve System, but not without a rise of interest rates, which was sharp after mid-April. (See Chart 14.) A long-term, 3¼ percent Treasury bond announced in April, first went to a premium, then broke par in May. The volume of new private flotations continued at a very high level, but some difficulties were encountered at that time in marketing securities and placing mortgages.

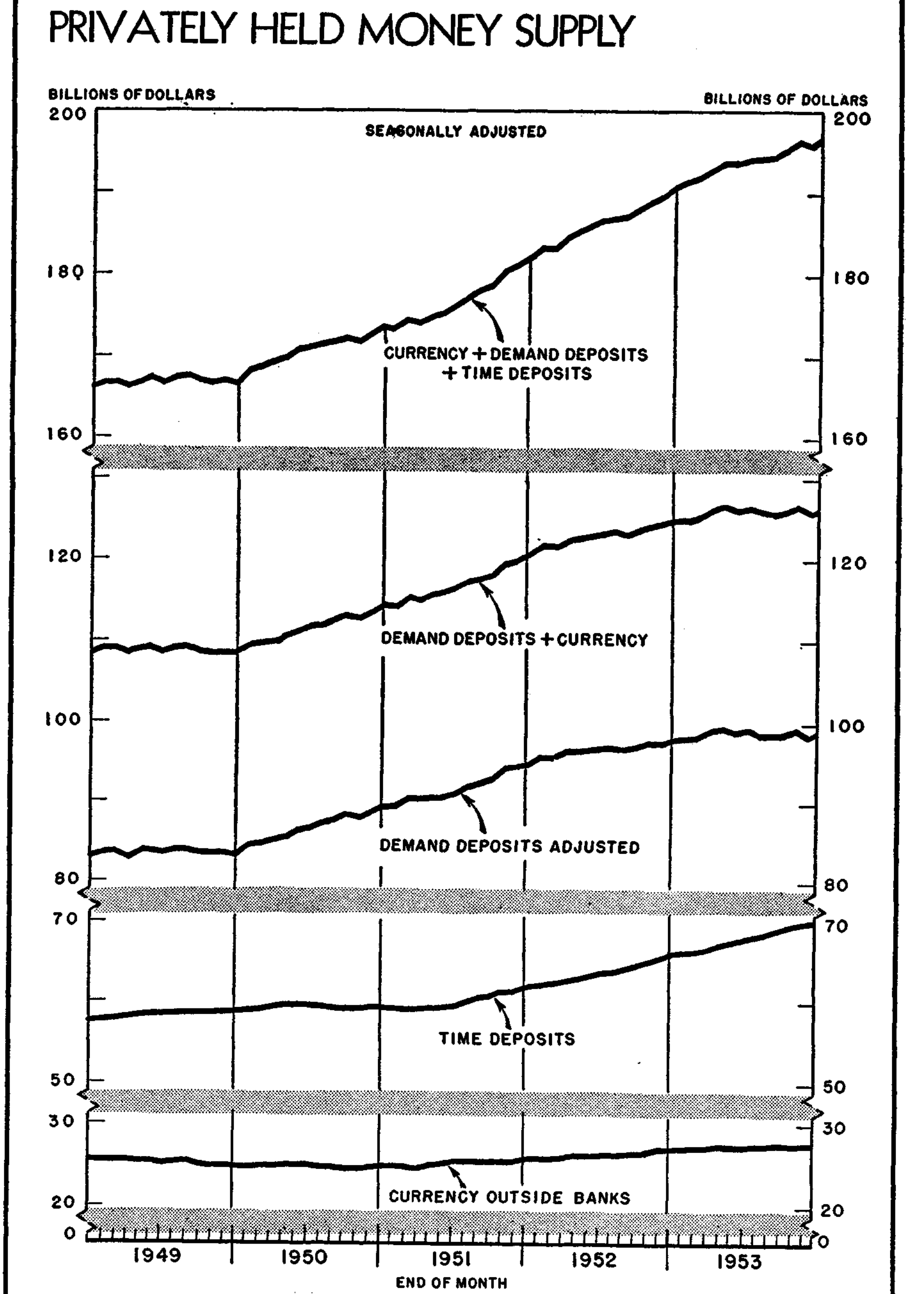
By late spring it became clear that credit markets were characterized by excessive tension. With inflationary pressures abating, the Federal Reserve System provided additional reserve funds to the commercial banks. As it turned out, the demand for credit by mortgage borrowers and issuers of corporate, State, and local securities remained high in the second half of the year. The Federal Government was also a heavy borrower. The increase in consumer credit tapered off, however, and the increase in business loans at banks was much less than seasonal. Member banks were therefore able to reduce their discounts at the Federal Reserve Banks, as

CHART 14



SOURCE: BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.

CHART 15

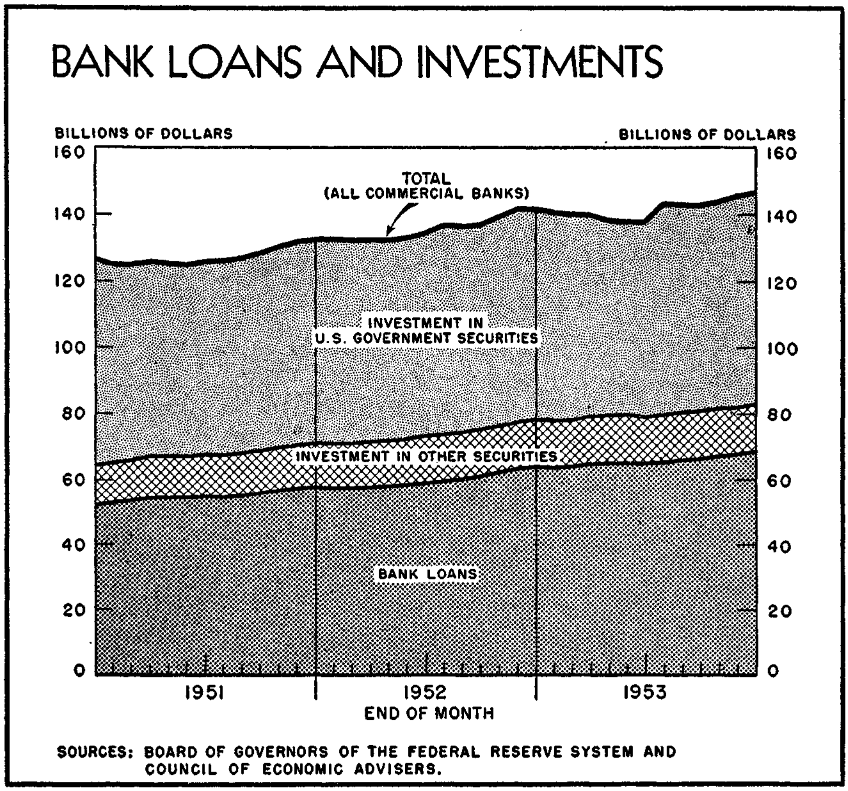


SOURCES: BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, NATIONAL BUREAU OF ECONOMIC RESEARCH, AND COUNCIL OF ECONOMIC ADVISERS.

well as to expand total loans and investments, and to meet a gold outflow and the usual currency drain. By late fall these developments eased the credit market as a whole. Yields on all classes of securities declined, especially the short-term rates.

The increase in total loans and investments of commercial banks was considerably smaller in 1953 than in 1952. A rather sharp decrease in holdings of Government securities in the first half of the year was approximately offset by purchases in the second half. The increase in bank loans was also smaller than in 1952. For the year as a whole, the increase in demand deposits and currency in the hands of the public was considerably less than, while the increase in time deposits was about the same as, in 1952. (See Charts 15 and 16.)

CHART 16



Prices at Wholesale and Retail

The differential between the costs of industrial raw materials and prices of finished industrial commodities, which narrowed ominously soon after the invasion of Korea, continued to widen in 1953. In general, industrial prices rose somewhat during 1953. On the other hand, the prices of industrial raw materials and farm products (whose decline started early in 1951) continued to fall, though at an irregular and much reduced pace. The over-all index of wholesale prices covered up these divergent movements and changed very little: it stood at 109.6 (1947–49=100) in December 1952, at 109.5 in June 1953, at 111.0 in September (the peak for the year), and at 110.1 in December 1953. (See Charts 17 and 18.)

The outstanding development in primary markets during the year was the decline in the prices of the major farm products. Record supplies and sharply curtailed exports more than offset the supporting influence of a strong domestic demand. In mid-December, grower prices of farm products averaged 6 percent below prices a year earlier. Beef cattle prices were down nearly a fourth as the huge slaughter, induced partly by the drought, moved into consumer markets. Potato prices were less than one-half of the December 1952 level. Price declines were registered for most of the grains, cotton, oil seeds, and milk and poultry products. In mid-December, prices

CHART 17

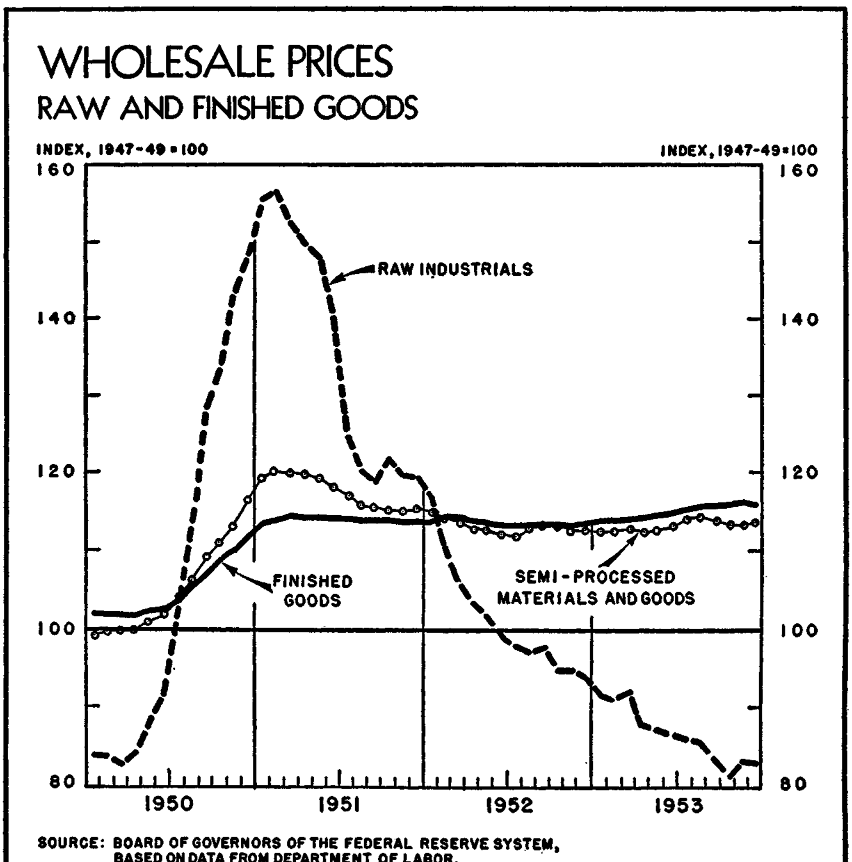
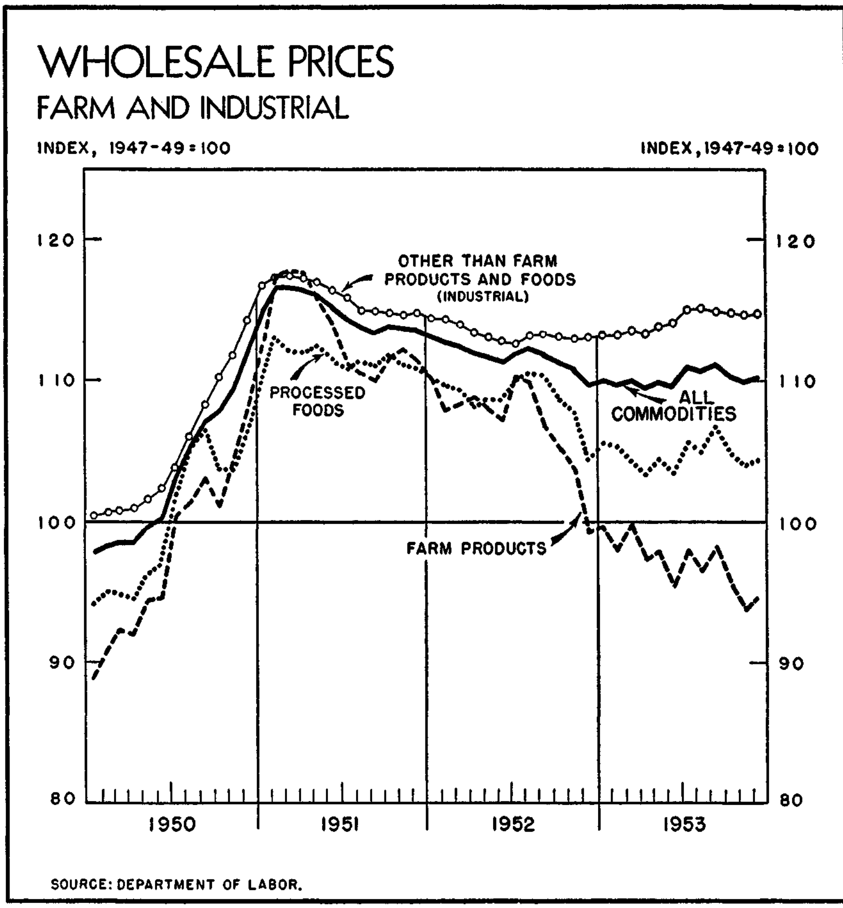


CHART 18



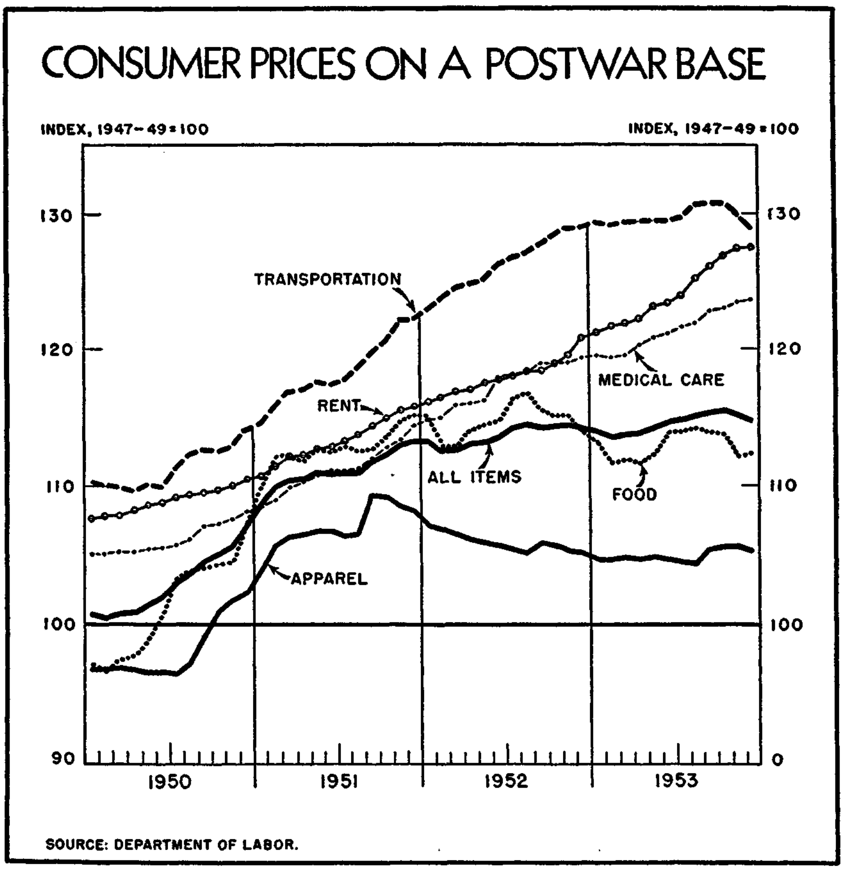
of farm products averaged 91 percent of parity, compared with 96 in December 1952.

The decline in farm prices might have been expected to lead to a fall in the cost of living. This did not happen. Indeed, the consumer price index for 1953 averaged a trifle above the 1952 level. During 1953 the index moved within a very narrow range, yet it had a slight upward tilt—the net increase from December 1952 to December 1953 was seven-tenths of one percent. Some increase occurred in most major classes of consumer prices, except foods, which showed a net decline of 1.3 percent over the year.

The lack of close parallelism between wholesale and consumer prices is due to various factors. (See Chart 6.) In the first place, the consumer price index includes such items as housing and other services that have no place in the wholesale price index. In the second place, the consumer index reflects a much higher degree of commodity processing than does the wholesale index. In the third place, even the prices of identical commodities are ordinarily more sluggish in retail than in wholesale markets. The decline in farm prices of food products is not fully reflected in the prices of foods at retail, partly because the processing of raw foodstuffs has been increasing, partly because labor and transportation costs have been rising, and partly because retailers often set their prices on the basis of what they have actually paid rather than on current wholesale quotations.

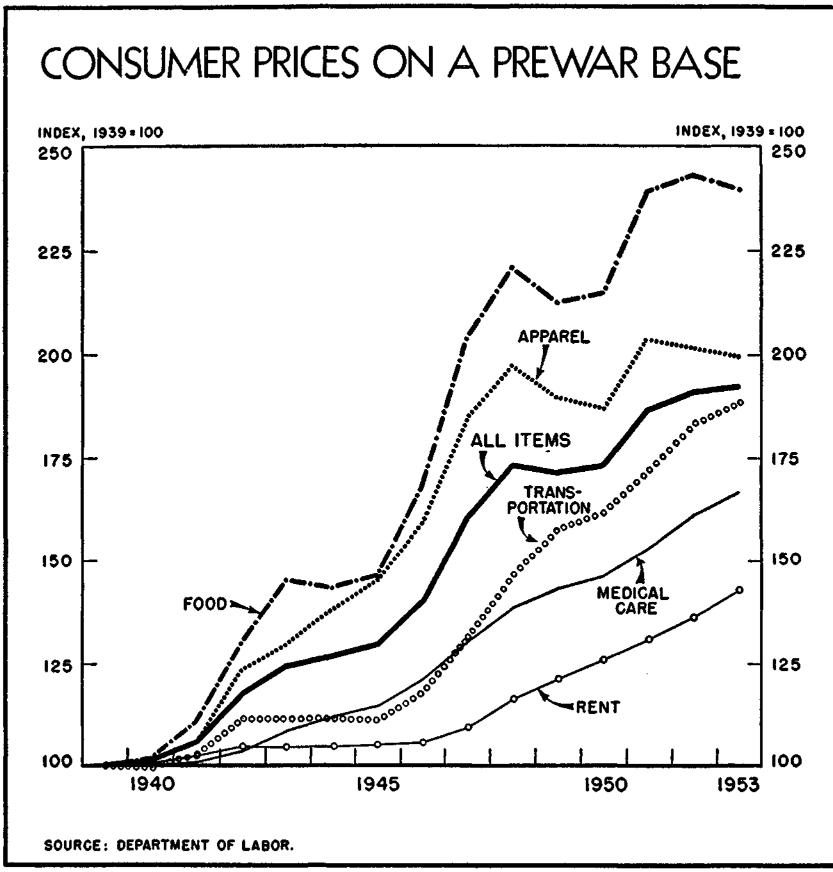
But it is not the behavior of food or apparel prices that explains the slight upward tilt of the consumer price index during the past year. The upward push of the index can be traced largely to three categories—rents, medical care, and transportation (see Chart 19). Rents are and have been for some time in a stage of decontrol, with most States and municipalities not seeing fit to continue the controls. Rents, moreover, are often based on long-term contracts. Prices of medical service are heavily governed by custom rather than market conditions. The prices of transportation services are usually regulated by public service commissions and respond slowly to changes in costs. In short, the things that have been sending the con-

CHART 19



sumer price index up relate to markets that are still in process of adjusting to the price revolution of the past ten to fifteen years. (See Chart 20.) While the dynamic portion of the price system is no longer showing any over-all increases, the more passive portion—the part governed by contract, custom, and governmental regulation—is still in process of catching up. The notion that an inflation can be stopped all at once is naive. What can be stopped is the injection of new inflationary fuel—not the consequences of inflationary fuel already pumped into the system. The fact, however, that the index of consumer prices rose very little during 1953 is an indication that most of the earlier inflationary fuel has already burnt itself out.

CHART 20



Wage Movements

The removal of controls early in February 1953 had apparently as little effect on the year's wage movements as on its price developments. A fairly substantial number of wage increases and changes in fringe benefits that were awaiting official approval were put into effect shortly after controls

CHART 21

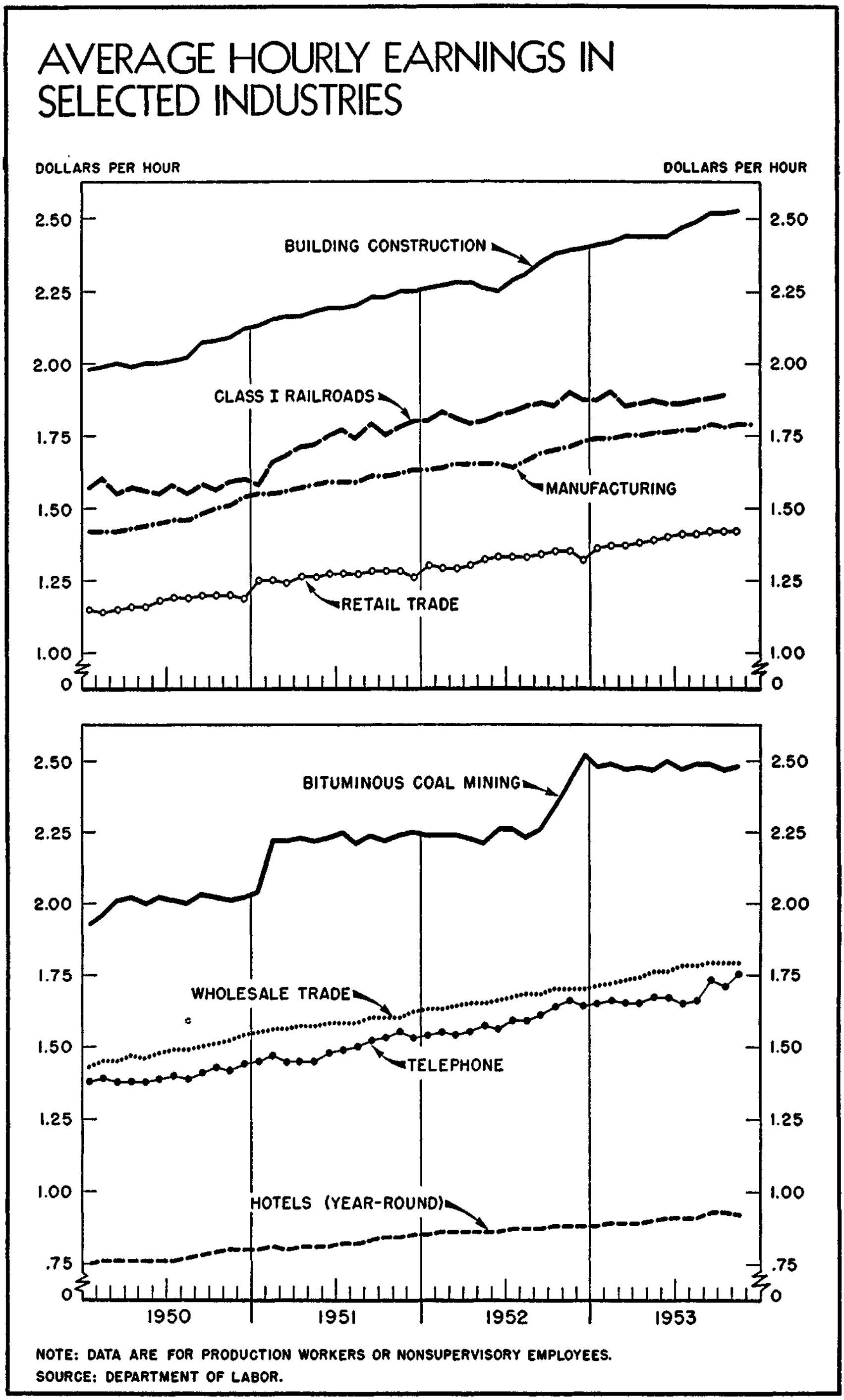
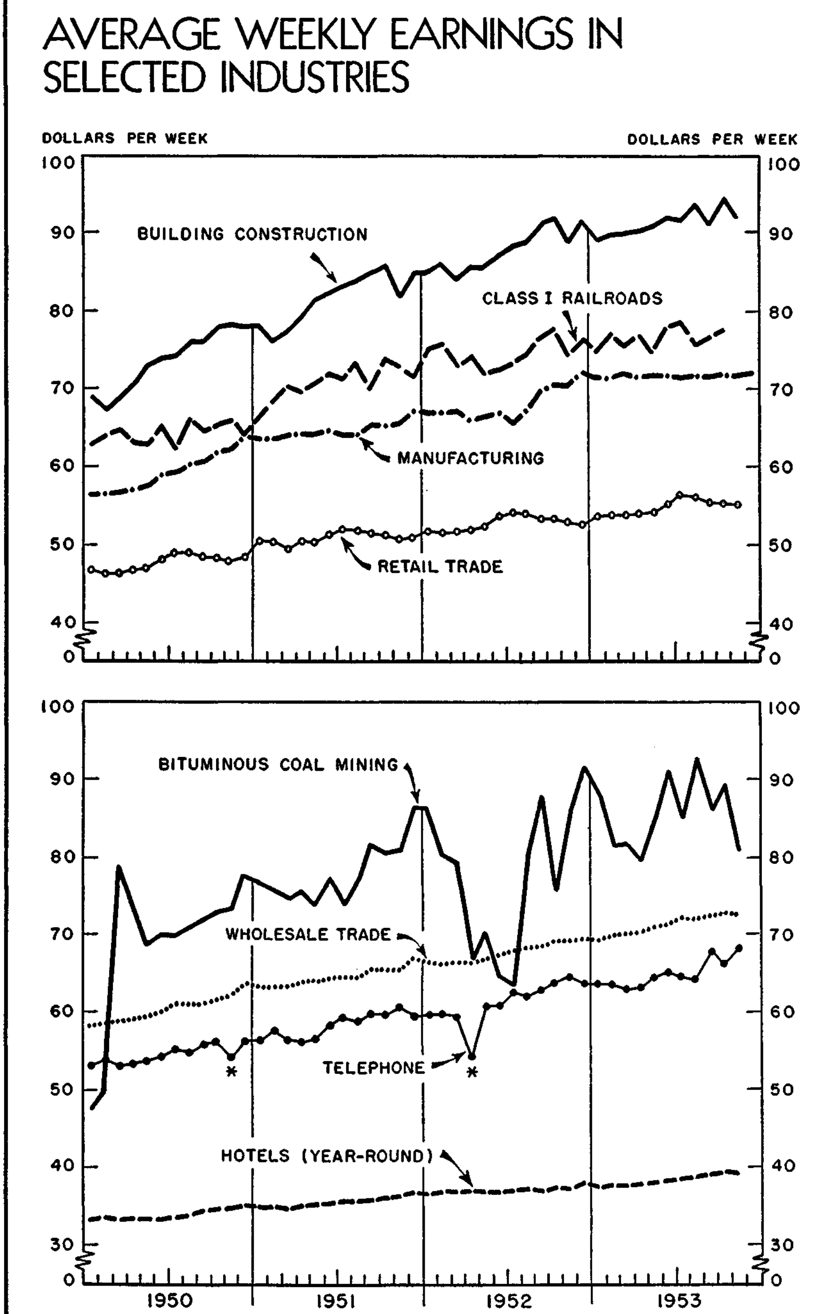

AVERAGE HOURLY EARNINGS IN SELECTED INDUSTRIES
DOLLARS PER HOUR
DOLLARS PER HOUR
BUILDING CONSTRUCTION
CLASS I RAILROADS
MANUFACTURING
RETAIL TRADE
BITUMINOUS COAL MINING
WHOLESALE TRADE
TELEPHONE
HOTELS (YEAR-ROUND)
2.50
2.25
2.00
1.75
1.50
1.25
1.00
.75
0
1950
1951
1952
1953
NOTE: DATA ARE FOR PRODUCTION WORKERS OR NONSUPERVISORY EMPLOYEES.
SOURCE: DEPARTMENT OF LABOR.

CHART 22



* REFLECTS WORK STOPPAGE.
NOTE: DATA ARE FOR PRODUCTION WORKERS OR NONSUPERVISORY EMPLOYEES.
SOURCE: DEPARTMENT OF LABOR.

were discontinued. However, the monthly rate of increase in average hourly earnings for factory workers (excluding premium pay for overtime) during the period from mid-January 1953 to the end of the year was somewhat below that during the period of controls and was less than half the monthly rate of increase during the second half of 1950, before controls were imposed.

General wage increases granted in the larger manufacturing settlements during the eleven months after the removal of controls averaged about 7 cents an hour. However, substantial groups of workers, notably in the textile and lumber industries, received either no general wage increase or adjustments (up or down) of 1 or 2 cents resulting from the operation of cost of living escalator clauses. On the other hand, the apparel industries put into effect the first widespread wage increase since late 1950. The average rise in hourly earnings of all factory wage earners was about 6 cents or 3.6 percent, excluding the effect of premium pay for overtime.

Wage trends among nonmanufacturing industries also varied. In construction, where activity was extremely high throughout the entire year, wage increases were widespread; union scales in urban areas rose an average of 4 percent between January and October 1953. Rates of pay in coal mining remained unchanged as the parties to the collective bargaining agreements failed to serve notice of a reopening of these contracts in the fall of 1953. The average level of gross hourly earnings rose in wholesale and retail trade, local transit, electric and gas utilities, and some other nonmanufacturing industries. (See Chart 21.)

Hours of work in manufacturing began declining in the spring and were lower at the end of 1953 than late in 1952, mainly because of reductions in the amount of overtime work. Average weekly earnings at the end of the year were almost the same as at the beginning of the year, since an increase in hourly earnings offset a shorter workweek and a drop in overtime payments. In building construction and most of the service industries, weekly earnings rose. (See Chart 22.)

Corporate Profits

From their low point in the third quarter of 1952, corporate profits after taxes (seasonally adjusted) rose sharply in the fourth quarter, then more gradually through the first two quarters of 1953. With the easing of activity in many industries after midyear, profits turned downward. But available information suggests that the total for the full year 1953 was higher than the 1952 figure and perhaps not much different from 1951. Profits after taxes for the first three quarters of 1953 were, in terms of seasonally adjusted annual rates, a little over 20 billion dollars, compared with 18½ billion in 1952 as a whole. (See Chart 23.)

Corporate profits before taxes expanded more than after-tax profits. In the first nine months of 1953 profits before taxes were approximately 15 percent above the corresponding period of 1952. The sharpest advances were recorded in general by the manufacturing industries, where profits had suffered most from the 1952 inventory readjustment and the work stoppages in steel. In manufacturing as a whole, before-tax profits were about one-fifth above the first three quarters of 1952. The communication and public utility group recorded increases of around one-sixth. Experience in other industries was mixed but in most cases better than in the corresponding part of 1952. Profits, however, are a peculiarly volatile type of income. Full-year comparisons of 1953 with 1952 are expected to be less favorable than for the first nine months, since profits were moving up in late 1952 and down in late 1953.

The figures cited on corporate profits are, of course, not comparable with those for wages. The former relate to total profits of the corporate world; the latter relate to average earnings per hour or week. To facilitate comparisons, Table 8 shows, separately, labor income, dividends, and undistributed corporate profits in the form of aggregates for recent years. It does not appear from these figures that corporate profits have risen at the expense of labor income or vice versa.

CHART 23

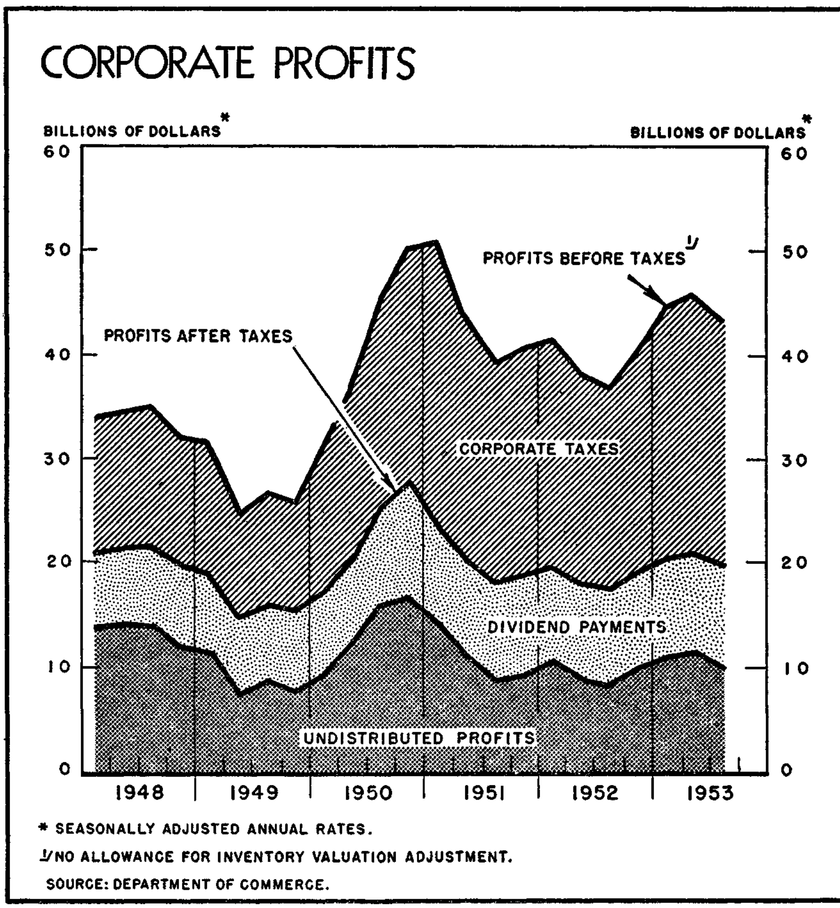


TABLE 8. Relation of Labor Income to Dividends and Undistributed Corporate Profits

Period	Labor income [1]	Corporate profits after taxes: Total	Corporate profits after taxes: Dividends	Corporate profits after taxes: Undistributed corporate profits	Ratio of labor income to: Dividends and undistributed corporate profits	Ratio of labor income to: Dividends	Ratio of labor income to: Undistributed corporate profits
	Billions of dollars						
1946	111.1	13.9	5.8	8.1	8.0	19.2	13.7
1947	122.3	18.5	6.6	12.0	6.6	18.5	10.2
1948	134.9	20.7	7.2	13.5	6.5	18.7	10.0
1949	134.2	16.3	7.5	8.8	8.2	17.9	15.2
1950	146.5	22.7	9.1	13.6	6.5	16.1	10.8
1951	170.7	20.1	9.2	10.9	8.5	18.6	15.7
1952	184.9	18.6	9.1	9.5	9.9	20.3	19.5
1953 [2]	199.1	(3)	9.4	(3)	(3)	21.2	(3)
	Seasonally adjusted annual rates						
1953: First quarter	195.8	20.3	9.2	11.1	9.6	21.3	17.6
Second quarter	199.3	20.8	9.4	11.4	9.6	21.2	17.5
Third quarter	201.9	19.6	9.6	10.0	10.3	21.0	20.2
Fourth quarter [2]	199.3	(3)	9.6	(3)	(3)	20.8	(3)

[1] Wage and salary receipts plus other labor income. (See Appendix Table G-9, footnote 1.)
[2] Estimates based on incomplete data; fourth quarter by Council of Economic Advisers.
[3] Not available.

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

Source: Department of Commerce (except as noted).

FARM INCOME AND EXPENDITURE

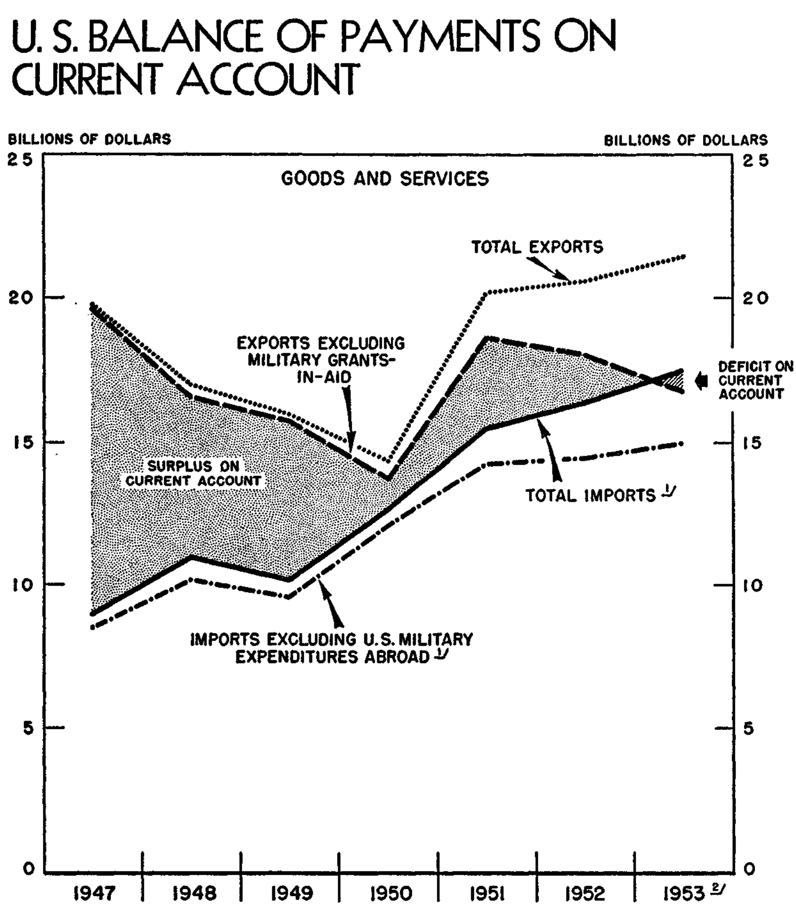
The principal adverse shift in incomes during 1953, as in other recent years, occurred in farming. A decline in farm prices was offset by an increase of marketings but not sufficiently to maintain cash receipts at the 1952 level. Production expenses also declined but not nearly so much as gross income, with the result that the realized net income fell 7.4 percent. This unfavorable development was severest in the case of cattle raising. It was experienced, however, in many types of farming and was widely diffused among the States.

There is no clear evidence that rural purchases of general merchandise were lower in 1953 than in 1952 although, in common with the rest of the economy, some decline in rural purchases was apparent in the second half of the year. Nonetheless, the reduced income of farmers, following as it did earlier declines, led to smaller purchases of farm equipment, machinery, and building materials. Retail sales of farm equipment and machinery ran about 17 percent less than in 1952. Gross investment in farm buildings, motor vehicles, and other machinery and equipment declined by about 600 million dollars, or 11 percent. But even in 1953 gross farm investment was larger than the normal wear and tear on the existing farm plant and equipment.

The outstanding international development of the past year was the achievement of a broadly balanced pattern of trade and payments, at high and growing levels of economic activity. This has been accomplished in an environment of general monetary stability and diminishing controls, both within and among the nations of the free world. Some countries, however, still depend in part on United States military expenditures abroad, as well as on a variety of restrictions on dollar transactions.

There was little change between 1952 and 1953 in the export balance of the United States, when military grant-in-aid shipments are included with exports and military expenditures abroad are counted with imports. The

CHART 24



1/ INCLUDES UNILATERAL TRANSFERS OTHER THAN U.S. GOVERNMENT GRANTS.

2/ JANUARY-SEPTEMBER DATA AT ANNUAL RATES.

SOURCE: DEPARTMENT OF COMMERCE.

past year witnessed, however, an important shift in the balance on current transactions between the United States and foreign countries, the broad features of which are displayed in Chart 24. Excluding transfers of military-aid goods, which require no dollar financing by the recipient countries, the United States had an estimated deficit of 700 million dollars on current account in 1953. This contrasts with a surplus of 1.7 billion in 1952, 10.7 billion in 1947, and about 5.5 billion in 1948 and 1949.

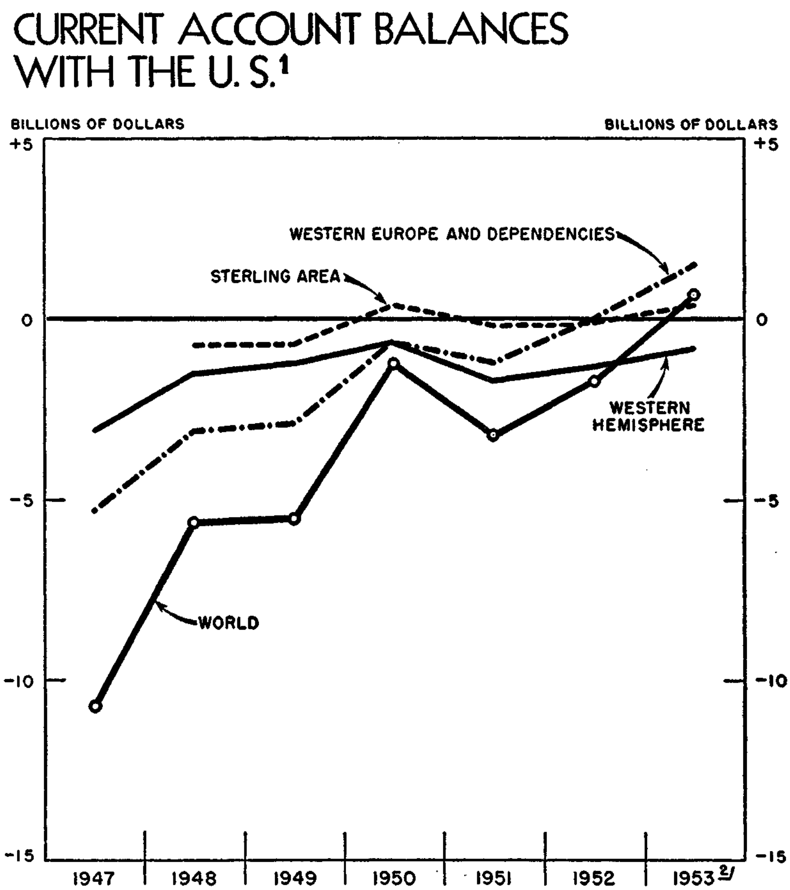
Thus, the free world has continued to make progress toward economic and financial strength. In the postwar period, taken as a whole, foreign economies have been able to adjust to a sharp reduction of United States economic aid (including loans), and still maintain a high level of imports from the United States. Their gold and dollar holdings have increased by about 8 billion dollars in the last five years and are now 50 percent higher than in 1937. Official monetary reserves outside the sterling area are probably better distributed today than ever before, from the standpoint of their relation to the volume of imports and the different needs of foreign countries for liquid balances to meet fluctuations in export earnings.

Numerous factors have contributed to the great improvement in the dollar position of foreign economics. The outstanding fact is the great increase in their productive power, which has enabled them to increase exports to the United States while meeting their own enlarged domestic requirements. Some part, of course, of the current dollar earnings of foreign countries arises from our Government's expenditures abroad for military goods and services. These amounted to an estimated 2.5 billion dollars in 1953, which is equal to about 15 percent of our total payments for foreign goods and services and about equal to the increase in foreign holdings of gold and dollar balances during the year.

Changes since 1947 in the current account balances of major trading areas with the United States are shown in Chart 25. The most notable improvement was recorded in the transactions of Western Europe, which closed with an estimated surplus of 1.5 billion dollars in 1953, in contrast to a deficit of over 5 billion in 1947. The industrial production of Western Europe is now running about 40 percent above 1938, and the volume of exports has risen by some 60 percent, while imports—including raw materials processed for export—are only slightly above their prewar level.

The recovery of the sterling area from the post-Korean deficits began in mid-1952 and continued in 1953 with the accumulation of a surplus of about half a billion dollars in its current transactions with the United States. The growth of economic activity throughout the free world sustained the volume of exports of the independent sterling area countries and facilitated the adaptation of their economies to the collapse of the raw materials price boom in 1951. The same was generally true of raw material exporting countries.

CHART 25



[1]/ EXPORTS EXCLUDE MILITARY TRANSFERS. IMPORTS INCLUDE NET UNILATERAL TRANSFERS OTHER THAN U.S. GOVERNMENT GRANTS.
[2]/ JANUARY-SEPTEMBER DATA AT ANNUAL RATES.
SOURCE: DEPARTMENT OF COMMERCE.

The current account deficit of the Western Hemisphere in 1953 is traceable entirely to Canada whose deficit was offset by United States private investments and by net exports to other countries. The countries of Latin America, taken as a whole, were close to a balance in their 1953 current account; but it should be noted that this resulted partly from the tighter import controls imposed by some of them. Difficult readjustments are still in prospect in Far Eastern countries whose normal trade patterns were distorted by the Korean war and other political disturbances.

SUMMARY

This chapter has attempted to present and interpret the salient economic developments of the year, from the viewpoint of the American economy, with only the minimum of detail needed to grasp the meaning of what has occurred. To help others to arrive at their own interpretations, extensive statistical tables are presented in Appendix G.

In the interest of balanced judgment, it will be useful to keep in mind the following facts and considerations about the past year: (1) The year was very prosperous with output at a record level, incomes widely distributed, unemployment low, and prices stable on the average. (2) In the first half of the year the economy used much of both its manpower and equipment on an overtime basis. (3) If the buoyant demand for business credit in the early months of the year had not been restrained, prices would have risen more than they did, since production was at a practical maximum for the time being. (4) Our economy is a system of interdependent parts. When it operates at overtime, it is sensitive to even minor disturbances, such as always keep occurring in the sphere of both private and public action. (5) In a free economy a perfect balance between production and sales is an ideal that, at best, can only be approximated. (6) Although retail sales remained high, they failed to match production in the first half of the year. Meanwhile expenditures on services (quite apart from housing) increased considerably, and personal holdings of liquid assets were much enlarged. (7) The letdown of economic activity in the second half of the year was slight. (8) Apart from businessmen's purchases of additions to inventories, expenditure in the last quarter of 1953 was substantially at the same rate as in the second quarter. (9) The year closed with our economy at a very high level of activity when judged by any reasonable historical standard. (10) On the international front, monetary inflation was generally stopped, and foreign reserves of gold and dollars were greatly augmented.

Chapter 3

Governmental Policy in a Year of Economic Change

THROUGHOUT 1953 the Federal Government was guided by the broad objectives outlined in Chapter 1—the stimulation of output and employment, the protection of the purchasing power of the dollar against further shrinkage, the wide distribution of the fruits of expanding activitv. and the extension of international trade and investment.

Preventing Inflation

Economic activity increased rapidly during the early months of the year. Production and employment kept rising, while unemployment declined to ever-lower levels and reached 1.8 percent of the civilian labor force in October—the lowest recorded rate of unemployment since World War II. Although prices remained fairly stable on the average, the prices of many individual commodities reflected ominously the increasing pressure of demand. Under the circumstances, wages could be expected to move upward—and to some extent they did. The possibility of an upward spiral of prices and wages was enhanced by certain steps taken by the Government to broaden the scope of private enterprise—especially the removal of price and wage controls. There was talk in these early months of a "confidence boom," as the American people saw themselves free to embark on new productive enterprises.

Economic life in a dynamic society is in constant flux. As the economy undergoes changes, first one problem, then another, comes to the surface and requires attention. During the first months of the year, when the economy seemed to be entering a new phase of inflation, the immediate concern of the Government was the protection of the value of the people's money. Both credit policy and fiscal policy were aimed at this objective. The Federal Reserve System allowed the buoyant demand for credit to adjust itself to the restricted market supply. In January the discount rate was raised from 1¾ percent to 2 percent, thus bringing it into line with other rates and discouraging member bank borrowing at the Reserve Banks. In response to their tight reserve position, commercial banks early in 1953 reduced their holdings of Government securities. The Treasury harmonized its policy with that of the Federal Reserve System, by seeking to obtain from investors other than banks the funds that it needed to finance the Government. Interest rates of all sorts rose steadily and the rise, up to a point, was salutary. It served to check the effective demand for private loans, made lenders more discriminating in extending new credits, and thus not only restrained the growth of credit but also prevented the quality of the outstanding debts from deteriorating, as is their wont when business booms. At the same time, a Presidential Tax Message to the Congress, on May 20, 1953, recommended that the excess-profits tax, which was scheduled to expire on June 30, 1953, be extended for another six months. Although this tax was injurious to enterprise and hurtful to new firms trying to grow, it seemed imprudent to cut any tax at a time when the Government was operating at a deficit and when there was still a latent danger of inflation.

The restrictive monetary and debt management policies pursued in the early months of the year had, however, a more potent effect than was generally expected. It was not that the policies were of themselves highly restrictive. At its peak the open-market commercial paper rate was only 2.75 percent, and the yield on high-grade corporate bonds only 3.40 percent. But the business and financial community, having become accustomed over many years to credit policies that facilitated the monetization of the Federal debt, no longer clearly remembered the discipline of monetary management aimed at preventing inflationary booms, with which an earlier generation had had experience. A new 30-year Treasury issue at 3¼ percent, a lifting of the maximum interest rate chargeable on FHA-insured and VA-guaranteed mortgages to 4½ percent, a generally rising yield on Government bonds and other securities—all these developments, combined with neutrality on the part of the Federal Reserve authorities, were new and startling to many bankers, mortgage lenders, and businessmen who, while gravely fearing inflation and wishing to see it curbed, apparently underestimated the practical adjustments that its containment would require.

The demand for credit that developed in May and June was not, therefore, confined to the funds needed for current operations. Part of it was anticipatory, generated by fears or expectations that interest rates would rise higher, perhaps considerably higher, while new credit might become difficult to obtain. In a modern money market, the forces that shape expectations of borrowers are bound to influence lenders as well. At the very time when the demand for credit was rising insistently, some lenders became reluctant to commit funds for future use at existing interest rates, and their hesitation added perceptibly to the strain on the money and capital markets.

Controlling the Readjustment

The Federal Reserve authorities responded to the incipient, and possibly dangerous, scramble for liquidity with a degree of promptness and vigor for which there is no close parallel in our central bank history. Between early May and early July the Federal Reserve System increased its holdings of United States Government securities by 1.2 billion dollars. By purchasing securities the System augmented the reserves of member banks, reduced their need for borrowing, and improved their ability to extend credit to consumers, farmers, and business firms. A further, and System-wide, step was taken on June 24 when the Federal Reserve authorities announced a reduction of reserve requirements from 24 to 22 percent on demand deposits in central reserve city banks, from 20 to 19 percent in reserve city banks, and from 14 to 13 percent in country banks. This action promptly released reserves to every member bank of the System, ended the current tightness of the credit market, and gave assurance to the business community that the needs for private credit and Treasury financing during coming months could be readily met by the banks.

The easing of tension in the money markets was speeded by the realization that the Treasury would coordinate its management of the public debt with the easier credit policy of the Federal Reserve System. Between August and December the System again added substantially to its holdings of Government securities, partly to meet seasonal requirements for currency and credit, and partly to strengthen further the lending power of the member banks. In the meantime, the Treasury, while adhering to its policy of lengthening the maturities of the outstanding Federal debt, brought out issues that competed to a minimum with the demands for long-term credit by business firms and State and local governments. Interest rates began declining in June, and in the following months mortgage credit, as well as credit for other needs, became more plentiful.

Flexibility in Credit and Fiscal Policies

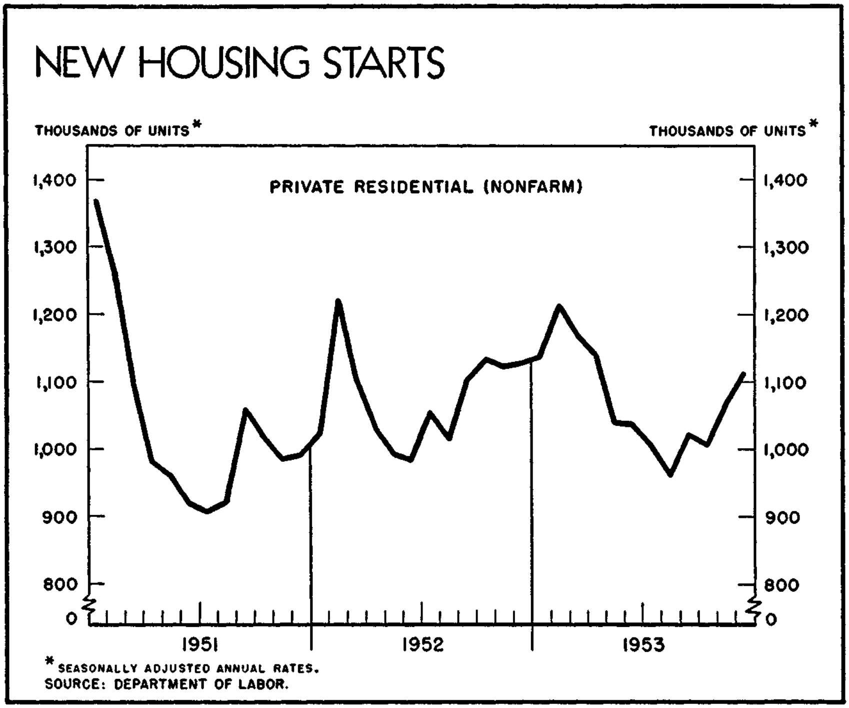
The maintenance of a high and expanding level of output and employment is a definite objective of our society. So also is the maintenance of a reasonably stable level of consumer prices. The pursuit of these twin objectives involves the Government in difficult, yet inescapable, responsibilities. The road of reasonably full employment without price inflation is narrow. There is always the danger that our economy, by moving a little too far to one side of the road, will enter the zone of inflation, or by moving too far to the other side, will slip into the zone of contraction. What we plainly need and want to do is to stay firmly on the road, which means that we must moderate economic movements before they acquire large momentum. Our ability to do so is limited, however, partly because the economy is subject to the shifting moods and modes of human behavior, partly also because the makers of policy cannot predict with scientific closeness the strength of the responses which their actions may generate. Under the circumstances, governmental policies must either be flexible, adjusting to new and unforeseen developments, or run the peril of courting disaster. But flexible policies, adapted with promptness and vigor, require courage and candor on the part of Government officials. The success with which flexible monetary and debt management policies were used in 1953, first to prevent inflation and later to avert credit stringency, should inspire confidence among all citizens in the capacity and readiness of Government to respond promptly to changes in economic circumstances.

Fiscal policy is a less flexible instrument than either monetary or debt management policy for keeping the economy on the narrow path that separates inflation from recession. But Federal operations are now so large a factor in our economy that their variations, whether on the revenue or expenditure side, are bound to have a significant impact on our economy. The deliberate use of fiscal policy, in the interest of maintaining a sound economy, bears great promise for the future, and the actions taken in 1953 reflected this concern. Early in the year, when inflation was still a real danger, it seemed reasonable to expect that in another six or twelve months the boom might recede and that at such a time some reduction in taxes would become appropriate. In the meantime, the only proper course was to maintain taxes while seeking to curtail expenditures. The Tax Message, submitted to the Congress on May 20, 1953, therefore called for full maintenance of all taxes during 1953, but suggested that taxes might be reduced in January 1954.

As the year wore on, tax policy was continually reviewed by the Treasury, not only from the viewpoint of moving toward a budgetary balance, but also in the light of the economic situation at large and the part that fiscal policy could play in contributing to economic growth and stability. By late September it was clear that the existing danger of inflation had passed, and that the prospective reduction of Federal expenditure would justify some tax reduction. The Secretary of the Treasury therefore announced in the plainest possible language that the Administration, besides relinquishing the excess-profits tax, would not seek to postpone the reduction of the personal income tax, averaging approximately 10 percent, scheduled for January 1, 1954. This unequivocal promise of tax relief to both families and business firms bolstered confidence at a time when trade and employment were slipping slightly. In coming months these well-timed tax reductions are likely to give substantial support to consumer and investment markets.

Another significant step taken in 1953 was to broaden the scope of credit policy as a stabilizing tool, by extending its role to the housing industry. When the Congress originally gave authority to the Federal Housing Administration to insure mortgages, the law specified maximum terms of insurable loans rather than mandatory terms. As it turned out, the broad powers conferred by the Congress were, with few exceptions, used over the years to reduce interest rates on mortgages, to reduce the down payments required of purchasers, and to lengthen the maturities of the mortgages. The consequence has been that the housing market augmented the total demand for credit when general economic conditions justified it, and also when they did not. Last year, when the Congress considered further liberalization of FHA mortgage credit, the Administration recommended that the liberalization be made permissive, that is, that it be allowed only at the direction of the President. The Housing Amendments of 1953, as passed by the

CHART 26



Congress, created a new and highly useful stand-by authority. Instead of stimulating an increased flow of credit at a time when it was not needed—as in recent months (see Chart 26), when the annual rate of housing starts (seasonally adjusted) has been running above one million units—they permit stimulation at a time when it will aid the economy. How great may be the stimulating power of the newly gained authority, should economic conditions justify its use, may be judged from the fact that, on an owner-occupied dwelling costing, say, $12,000, the required down payment under an FHA-insured mortgage may be reduced from $2,400 to $600, while the period for amortizing the mortgage may be simultaneously extended from 25 to 30 years.

Aiding Agriculture

A very difficult problem facing the country during the past year was the readjustment of agriculture. The net income of farmers, which began declining in 1947, continued to fall during 1953. The restoration of agriculture in foreign countries sharply curtailed American exports, while our statutory price support levels served to augment accumulating surpluses of many farm products. Widespread drought added to the agricultural troubles of the year, especially of cattle farmers. Confronted with these difficulties, the Government took steps to aid the farm economy. The commitments of the Commodity Credit Corporation increased by approximately 3 billion dollars during the year. Relief was extended promptly to the farms in drought-stricken areas. Extensive governmental purchases of beef were undertaken, with a view to checking a collapse of cattle prices and at the same time benefiting the school-lunch program. A large gift of wheat was made to Pakistan, and a program of famine relief to friendly nations was instituted.

While these and other acts of Government have aided the farmers, it is well to recognize that they do not provide a permanent solution of the problems facing American agriculture. To adjust to their new technology and the altered world economic situation, farmers will need the continued assistance of Government. But even more important than what the Government does specifically to help the farmer are the policies that it pursues to help maintain an expanding domestic market. And what is true of agriculture is equally true of other industries. As long as employment and production in the entire economy are at high levels, the adjustment required of individual industries by shifts in demand or technology can normally be carried through with greatly reduced hardship. Therefore, an essential part of the solution of the problems of agriculture, as well as of other industries undergoing structural readjustment, lies in moderating the fluctuations and promoting the growth of general business.

Looking Ahead

The Federal Government has a special responsibility to use its powers to curb both inflationary or depressive tendencies of the economy. To discharge this responsibility, it must be in a state of readiness to cope with new situations that can never be fully foreseen. For this reason, the Council of Economic Advisers was instructed early in the year to design plans for dealing with a business depression, although none was in sight.

The Council's continuing studies have covered a wide range of private and governmental measures for preventing and curbing recession. One of them, devoted to the expansibility of public works, pointed to the need for developing a continuous inventory of sound projects, classified—among other ways—according to their cost or divisibility, so that some speed and flexibility might be gained in a public works program. The study concluded that, although ample engineering plans are now in existence for expanding public works if that should become desirable in the near future, it would be prudent to take steps to insure a continuous flow of carefully drawn and sifted plans. Accordingly, the Bureau of the Budget, despite strenuous efforts to enforce governmental economy and bring expenditures into line with revenues, on July 9, 1953 informed the heads of all executive departments and establishments as follows on the budget policy for the fiscal year 1955: "Increased emphasis will be given to the development of plans for authorized high priority projects to a stage where these projects could qualify for construction at a time when new construction starts would be consistent with a less restrictive budgetary policy."

Fostering Individual Enterprise

In this review of governmental policy during the past year, emphasis has been placed on the steps taken to keep the economy from veering either toward inflation or toward contraction. Economic stability, as the first chapter of this Report has brought out, is not only essential for the well-being of the American people and of the entire free world, but is one of the basic requisites of continued progress toward the greater national security and higher living standards to which our citizens aspire. The American people will not be long content with employment opportunities that are merely stable, or with a stationary standard of living. Nor do they wish or expect their Government to give them jobs and thereby gain control over their individual lives. But if there is to be expanding private employment, there must be employers. Their prospect of reward may not need to be so large as an earlier generation believed, but it must be sufficient to impel men to assume the risks of enterprise and innovation.

These precepts guided the Government during the past year. One of the first steps taken was to remove the direct controls of prices, which interfered with the normal function of markets to adjust supply to demand, and the direct controls of wages, which then needlessly restricted collective bargaining between employees and employers. The Government has also taken careful and significant steps to redraw the line separating public from private activities, so that Government could divest itself of functions that private enterprise can perform more efficiently. Thus provision was made to dispose of the Government's rubber plants, to liquidate the Reconstruction Finance Corporation, to sell the unprofitable Federal barge lines, to remove Federal roadblocks to the development of electric power by local enterprise, private or public, and to encourage—under proper governmental safeguards—private experimentation with industrial uses of atomic energy. At the same time, the Federal Government has sought to broaden the scope of home ownership and of the social security system, so that more people might gain a greater measure of security in a dynamic environment. To these important problems, reference is made later in this Report.

International Economic Policy

The aim of the Federal Government during the past year was to maintain stability in the field of commercial policy, pending a broad survey of all aspects of our international economic relations. At the President's request the Congress extended for one year the Reciprocal Trade Agreements program without major amendment, and set up a Commission on Foreign Economic Policy to recommend appropriate means for the improvement of international trade—"consistent with a sound domestic economy, our foreign economic policy, and the trade aspects of our national security and total foreign policy." In line with the President's recommendation, the Congress also enacted the Customs Simplification Act designed to simplify, and to remove the inequities of, customs regulations. The United States participated in international efforts to stabilize the markets for wheat and sugar. Extensive military and economic assistance to foreign countries was continued, but with the improvement in the economic strength of Western Europe, the economic aid program was curtailed. Emphasis was also continued on fostering improvements in the industrial productivity of friendly countries, in the interest of stimulating their economic development and raising the living standards of their people.

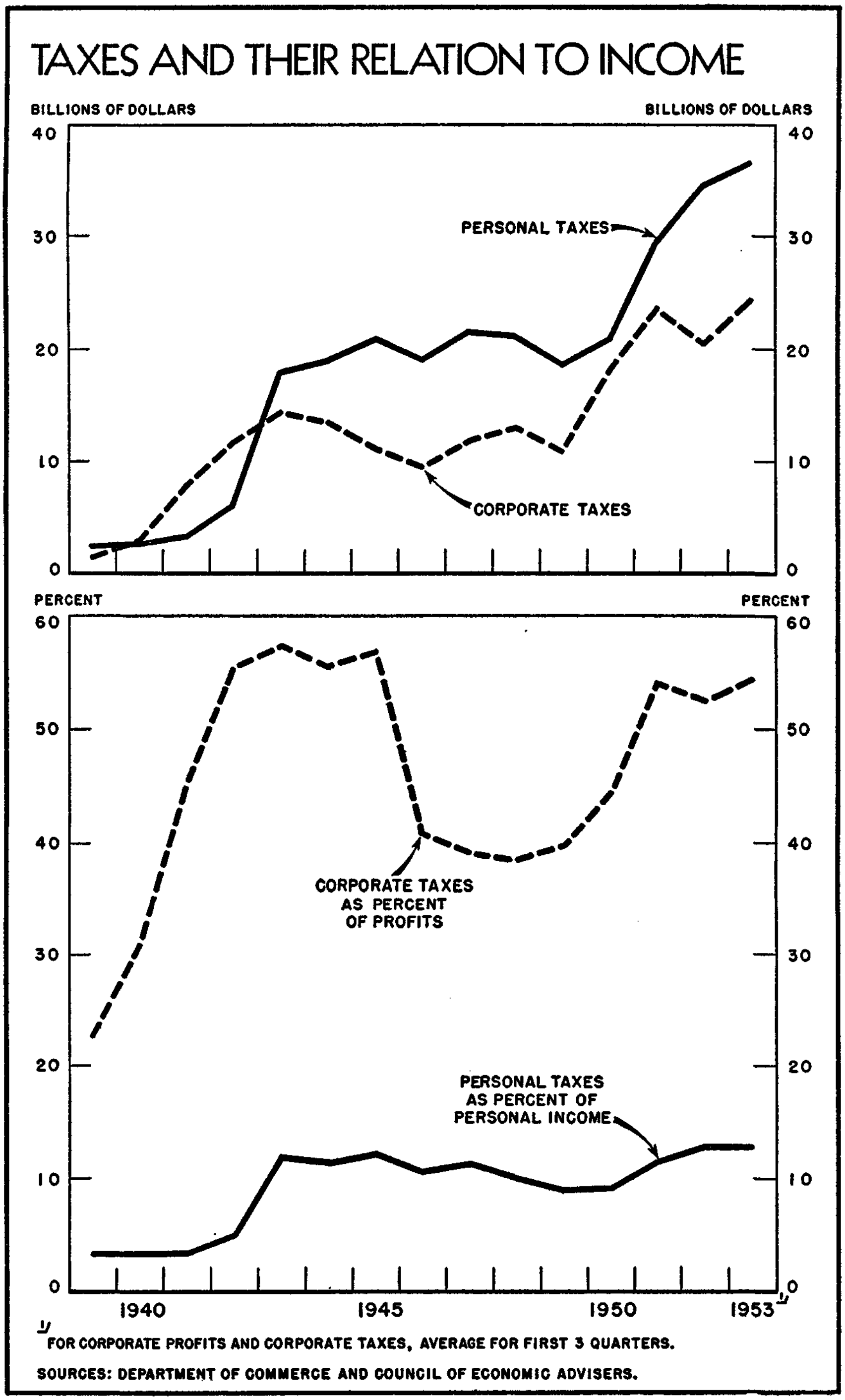
THE FEDERAL BUDGET

The key to governmental planning for economic growth is, of course, the Federal budget. Generally speaking, it sums up every activity undertaken by the Government for the people, and every payment by the people to the Government. The average rate of taxation, by all levels of government, on individual and corporate incomes is now about as high as at the peak of the war effort against the Axis (see Chart 27), and the total tax revenue is even higher, since the national income has grown. If economic incentives are to prove adequate, some reduction of taxes—provided it does not occur at the cost of weakening the Nation's security—is necessary. The Government has therefore set about energetically to bring down the rate of expenditure and thus pave the way for tax reductions, so that people may have more of their own income to spend instead of having the Government spend it for them.

Initial efforts have met with success. New obligational authority for the fiscal year 1954, which was estimated at 71.8 billion dollars in the Budget Message of January 9, 1953, has been reduced to an estimated 60.7 billion dollars. Budget expenditures were originally set at 77.9 billion dollars for the fiscal year 1954, or 3.9 billion more than in the preceding fiscal year. As it now appears, expenditures will be 70.9 billion dollars, or 3.1 billion less than in fiscal 1953. This curtailment of expenditures, combined with higher receipts, has brought the Federal budget within sight of a balance. The budget deficit, which reached the disconcerting magnitude of 9.4 billion dollars in the fiscal year 1953, is now estimated at 3.3 billion dollars for the fiscal year 1954. The improvement in the cash budget for fiscal 1954 is even more impressive, involving a shift from a cash deficit of 5.3 billion dollars to an estimated cash deficit of about 200 million. The effort to reduce the scale of governmental expenditure, and with it receipts from taxation, will be continued in the months and years ahead (see Appendix D), though the precise rate of both the one and the other may need to be varied according to general economic conditions and the state of our international relations. In a rapidly changing world, such as we live in, there is no simple fiscal formula that will be suitable under all conditions.

It must also be recognized that, while it is desirable to bring down the scale of Government, our society has become so complicated that, quite apart from the large and continuing needs for defense, the Government now properly assumes obligations unknown to earlier generations. The im-

CHART 27


TAXES AND THEIR RELATION TO INCOME
BILLIONS OF DOLLARS
BILLIONS OF DOLLARS
40
30
20
10
0
PERSONAL TAXES
CORPORATE TAXES
PERCENT
PERCENT
60
50
40
30
20
10
0
CORPORATE TAXES
AS PERCENT
OF PROFITS
PERSONAL TAXES
AS PERCENT OF
PERSONAL INCOME
1940
1945
1950
1953 1/
1/ FOR CORPORATE PROFITS AND CORPORATE TAXES, AVERAGE FOR FIRST 3 QUARTERS.
SOURCES: DEPARTMENT OF COMMERCE AND COUNCIL OF ECONOMIC ADVISERS.

provement in the health, security, and industrial efficiency of the population is a large and growing concern of Government. So also is the maintenance of sound banking, competition, and the general conditions of stable economic prosperity. So, too, is the promotion of scientific knowledge—which is the most important of all factors in the marvelous rise of our industrial productivity. Thus during the past year, while Federal expenditures were being cut in many directions, the outlays on research and development—including those connected with national security activities—were allowed to grow. They came to about 2.5 billion dollars out of a total national expenditure on research of 4 billion (see Appendix F). The building of new knowledge must continue, for it is our surest promise of expanding economic opportunities in a growing America.

Chapter 4

Appraisal of the Current Economic Situation

AS WE TURN from 1953 to the current year, we must first of all recognize the limitations of attempts at prevision. Despite the great improvement of statistical knowledge, it is impossible to deduce the future from statistics of the present, or to infer it from records of the past. Only those who adhere to a mechanistic view of history and of human behavior, or who are enamored of forecasting formulae, can entertain such illusions. The best we can hope for is to minimize errors of miscalculation through making full use of available data, and to give due recognition to those elements of uncertainty that attach to both the present and the future.

The settling of economic activity during recent months has not caught American industry by surprise. Long before last summer, alert businessmen were aware that the stimulus of rising business activity from defense expenditures was likely to lessen. They recognized that a readjustment of this character, in which a decrease in Federal Government expenditure would be accompanied by a reduction of taxes, would provide a more durable basis for business enterprise. The generally prosperous level of economic activity during 1953 facilitated the corrective process that has been under way in many lines. Instead of culminating in a single climax of activity, and then going into a general and abrupt decline, the economy has displayed a considerable diversity of movement, so that continued strength in some quarters has allowed time for adjustment in others.

The slight decreases of production since mid-summer reflect primarily a decline in the rate of inventory accumulation. Final purchases of output by business, consumers, and Government have kept up very well. Thus far at least, the readjustment process has been largely a matter of reducing excessive inventories, especially of consumer durable goods. While competition has become keener, business firms have shown little disposition to liquidate their excess stocks in ways that might aggravate the situation. By granting more favorable terms, by adjusting prices here and there, and by applying more effort to selling, businesses should be able to ease their inventory situations and achieve a better balance between production and sales during the next few months—providing final expenditures continue at their recent high and stable level. Such a corrective process seems clearly to have gone some distance. Over the last two months of 1953 inventories declined generally, while retail sales were generally sustained. Should this development continue, the moderate contraction now under way would come to a halt soon.

Within the over-all movement of the wholesale price index, the pattern of recent changes has been significantly different for farm products, industrial raw materials, and industrial finished goods. The prices of industrial raw materials dropped sharply from a peak in the spring of 1951, and continued to decline thereafter. The prices of other industrial commodities declined very moderately from early 1951 through late 1952 and then rose very moderately through 1953. As a result of these diverse movements, there existed a sounder price relationship between raw materials and finished goods at the end of 1953 than in the immediate post-Korean period. Some downward adjustments in manufacturers' prices for finished goods may occur during the next few months, reflecting the earlier price decline of raw materials.

During the recent series of prosperous years, and in contrast to earlier periods, purchasers of corporate securities have capitalized earnings on a basis that neither caused a prolonged advance in prices nor absorbed large amounts of credit. Stock prices pursued a slow downward movement during the first three quarters of 1953, followed by an upturn beginning in September. This change of direction would appear to register favorable expectations of investors. Although changes in security prices are not always reliable guides to subsequent business developments, security market movements sometimes reflect changes before they are recorded in other statistics.

Economic readjustments require time for completion. Those we have considered so far have been facilitated by the high level of aggregate spending throughout the past year. In considering the future, the basic question concerns the level of final expenditure. To the prospects of the major classes of expenditure—those by business, consumers, and Government—attention is now directed.

Plant and Equipment Expenditures

Recent surveys indicate that business firms have little disposition to change their planned capital outlays because of the mild decline in output since last summer. A survey conducted two months ago by the Department of Commerce and the Securities and Exchange Commission disclosed that businesses expected to maintain the average 1953 rate of capital spending during the first quarter of 1954. Plans of electric utilities and commercial enterprises pointed to an increase over 1953 and, with the exception of railroads, other major industry groups expected their spending early in 1954 to be close to 1953 rates. The McGraw-Hill survey of investment plans for 1954 indicated that businesses intended to spend for plant and equipment about 5 percent less than the unprecedented 28 billion dollars spent in 1953. Statistics on contracts for commercial and industrial construction likewise indicate a high level of investment expenditure in the early months of 1954.

In evaluating the outlook for fixed investment, it is also well to examine "norms" provided by past experience. Historical data indicate a steady growth in the physical stock of capital from 1910 to about 1930, a virtual flattening out of the curve during the depression of the thirties, and a pronounced growth since the end of World War II. The stock of capital expressed as a ratio to output shows no definite trend in the two decades prior to the Great Depression; it rises considerably with the underutilization of resources during the thirties, and drops sharply during the war years. (See Chart 28.) An upward adjustment in the capital-output ratio took place as a result of heavy postwar investment, but the ratio is still low by historical standards. It is important to note, however, that the low current ratio is traceable solely to plant. The equipment ratio rose steadily between the end of the war and 1949; since then, it has remained at about the level that prevailed in the 1910–29 period. Thus, on the basis of these uncertain historical yardsticks, it does not seem that productive facilities in the aggregate are excessive at the present time relative to current rates of output.

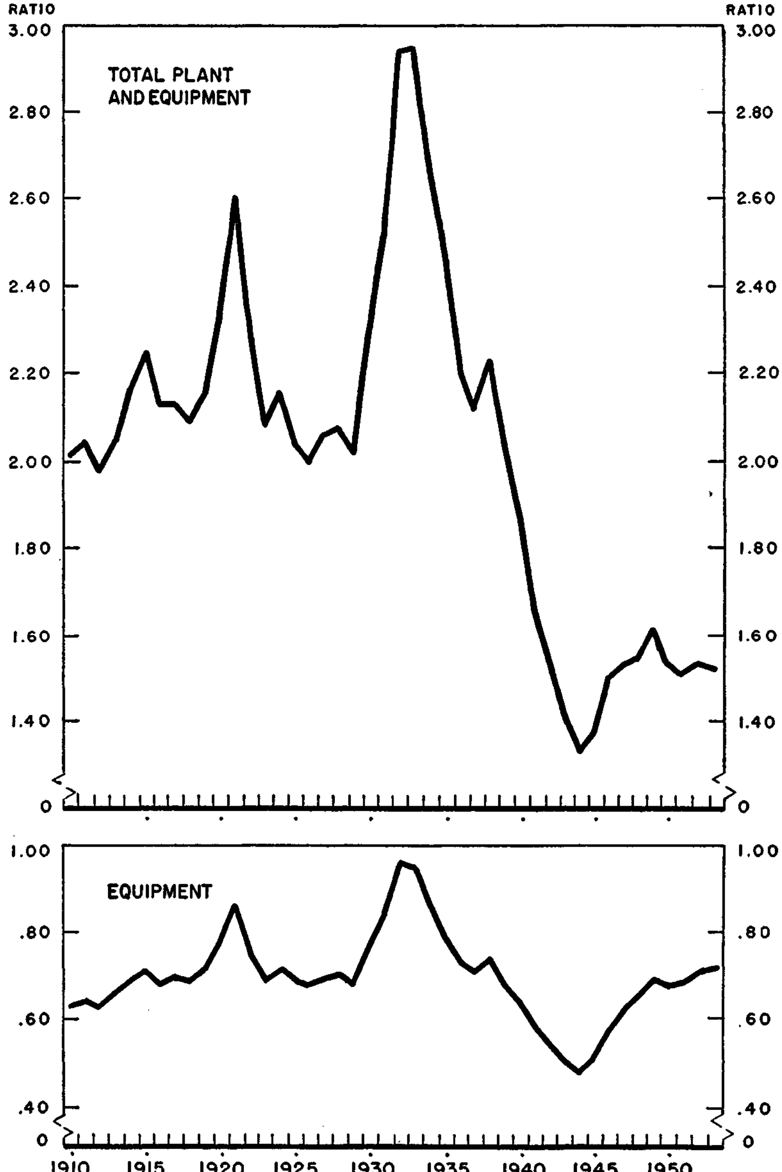
Profit expectations are, of course, a key determinant of the rate of investment. Throughout the postwar period, investment has been higher than would be expected from the relationship that existed in earlier years between profits and investment. This persistent postwar excess represents in part a catching-up process, and it also reflects the unusual stimulus of Federal provisions for accelerated depreciation. In part it may also represent a change in the relationship between profits and investment—as a result of lower interest rates, the more liquid position of businesses, and the increased pace of technological change and obsolescence. But whether or not there has been a shift in the long-term relationship between profits and investment, it is clear that the termination of the excess profits tax on January 1, 1954 will give some support to investment.

The generally strong financial position of business firms will likewise help to support a high level of investment expenditure. In nonfinancial corporations, the ratio of cash and Government security holdings to all current liabilities was substantially higher in mid-1953 than before the war, partly because of the increase in accrued tax liabilities. In 1953 the ratio was 57 percent, compared with 29 percent in 1929 and in 1936. While the ratio of total assets to total debt in 1953 was not appreciably higher than in prewar years, this ratio understates the financial strength of business, since a considerable volume of business assets is still being carried on the books of corporations at prewar prices.

Research and development activities of industry, nonprofit institutions, and Government are steadily enlarging the opportunities for new investment. As already stated, these expenditures reached 4 billion dollars in 1953. Over one-third of this amount originated in industry; and a still larger proportion, about 70 percent, represented work done in industrial establishments either on their own account or for the Government. While much of the research outlay of recent years has been oriented to defense needs, the results of the new knowledge are largely adaptable to civilian uses. Defense

CHART 28

RATIO OF STOCK OF PLANT AND EQUIPMENT TO OUTPUT[1]



1/ RATIO CALCULATED ON BASIS OF STOCK AND PRIVATE GROSS NATIONAL PRODUCT IN 1953 PRICES.

SOURCES: DEPARTMENT OF COMMERCE, MACHINERY AND ALLIED PRODUCTS INSTITUTE, AND COUNCIL OF ECONOMIC ADVISERS.

research expenditure is creating opportunities for private investment on numerous fronts—for example, scientific instruments, electronic computers, electronic and other process controls, communication equipment, radioisotopes, atomic energy, heat- and corrosion-resistant metals and alloys, high-speed cutting tools, and heavy forge presses. Furthermore, defense research programs have trained thousands of scientists and engineers whose skills are facilitating the adaptation of new techniques to civilian uses (see Appendix F).

The emergence of a long-range outlook among business firms promises well for the future, the magnitude of industrial expenditures for research and development being merely one evidence of this outlook. Another is the long-range planning of investments, partly to assure growth, partly to meet the competition of other enterprising firms. The urge or need to cut costs is reflected in an active demand for automatic controls and materials-handling, inspection, and office equipment. It also is accelerating outlays for the modernization of existing plant and equipment. Despite heavy postwar installations, a substantial volume of productive facilities is approaching "normal" retirement age or has become obsolete as a result of recent technological advances.

Housing

Housing construction, which has played so important a role in the rapid rate of increase of investment expenditures since World War II, may be expected to continue at a level close to that of 1953. Despite the record volume of home building in recent years, we are still confronted by a good housing market. Vacancies in our cities are, with few exceptions, below the level regarded as necessary for a healthy, competitive housing market.

During the next few years, the rate of formation of new families and households is likely to diminish as a result of the lower birth rate of the depressed thirties. Other factors on the side of demand are likely, however, to press for a high volume of residential construction. These include the continued movement of the city population toward the suburbs, the high birth rate of recent years, and the improvement of incomes during the past decade. The recent easing of funds in the mortgage market will strengthen the forces of supply as well as of demand. Further, in contrast to earlier times, many of today's builders have considerable overhead expenses to reckon with, and they will not be averse to making price concessions if this will help to keep their organizations intact. The rental housing market, especially in the medium-price ranges, has been neglected of late and could offer investment opportunities. Finally, if the volume of housing showed persistent signs of declining, the terms of FHA-insured mortgages could at once be liberalized under existing law.

Taking a longer view, it is well to recognize that the housing industry has become less vulnerable to recessionary influences and is less likely in turn to contribute to economic instability, as the result of a number of institutional changes during the past twenty years. The introduction of the long-term, amortized mortgage, and the establishment of a system of mortgage insurance and guaranties, also the establishment of the Federal Home Loan Bank System and of the Federal Savings and Loan Insurance Corporation, have greatly strengthened the home mortgage market. While facilitating the maintenance of high levels of residential building, they have also provided more protection against possible economic setbacks.

Consumer Expenditures

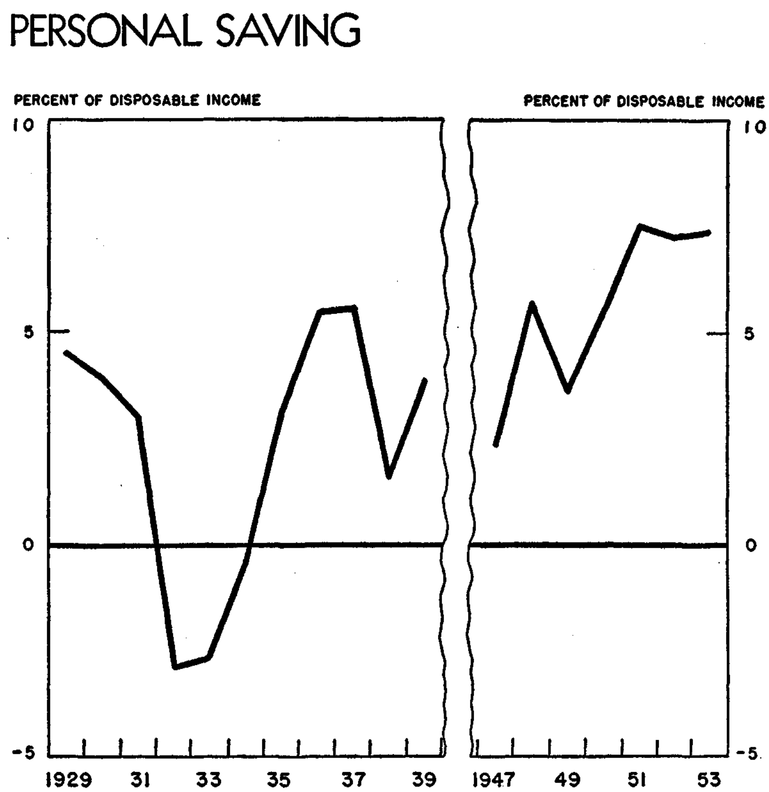
The influences determining consumer spending are many and, to a disconcerting degree, unpredictable. Such factors as personal income, liquid assets, size and age of stocks of durable goods, new consumer credit, and the repayment burden of outstanding debt must be included in any list of elements governing consumer expenditures in 1954.

During the next four to six months, the disposable income of individuals—that is, personal income after taxes—may well approximate the rate of the last quarter of 1953. The cut in personal income taxes of about 10 percent, effective January 1, may amount to about 3 billion dollars for 1954. Allowing for an increase of 700–800 million dollars in employee and self-employed contributions for old-age and survivors insurance, there will still be a substantial net reduction in taxes, which will tend to act as a support to disposable personal incomes. Further support could come from a moderate rise in Government transfer payments, such as unemployment compensation and the pensions to elderly workers retiring from the labor force in a more competitive market.

The proportion of income spent for consumer goods is of considerable significance in the evaluation of the economic outlook. In terms of current levels of disposable income, a change of 1 percent in the spending rate means an increase or decrease of about 2.5 billion dollars in consumer expenditures. The saving rate in the past three years has been exceptionally high, averaging about 7.3 percent, compared with 4.5 percent in 1929 and an average of 4.3 percent in 1947–50 (see Chart 29). This suggests that businessmen who push new or improved products, who produce established goods at lower costs, or who practice more aggressive salesmanship, will find that their markets are expansible.

The latest survey of consumer attitudes, made in October 1953 by the University of Michigan Survey Research Center, indicates that the number of consumers finding market conditions favorable for the purchase of major durable goods is slightly larger than at the time of any other survey since the outbreak of the Korean war. A cause of the more favorable view is the belief that prices have been leveling off and will remain more or less stable for some time. Although consumer attitudes may have changed somewhat because of the recent slight drop in production and employment, the results are significant in showing that American consumers are alert to conditions favorable to the improvement of their living standards.

CHART 29



SOURCES: DEPARTMENT OF COMMERCE AND COUNCIL OF ECONOMIC ADVISERS.

Favorable also for the maintenance of consumer demand is the large and widely distributed volume of liquid assets. Personal holdings of currency, bank deposits, shares in savings and loan associations, United States Government securities, and equities in trust funds exceeded 200 billion dollars at the end of 1953. The effectiveness of liquid assets in maintaining consumer demand in a period of readjustment will depend, of course, in part on the amounts held by consumers whose incomes are curtailed, and in part on the response of other holders to prices and other incentives to purchase. Many consumers have virtually no resources as a cushion to a decline of income; but it is a significant and encouraging fact that the holdings of liquid assets have shown a tendency toward wider distribution in recent years.

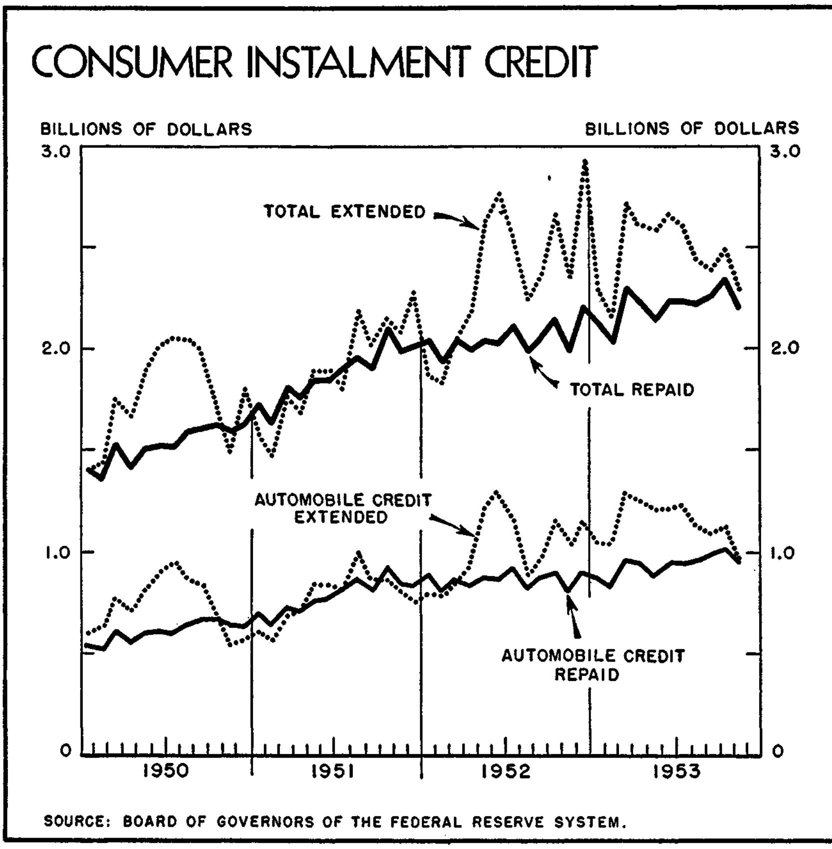
One determinant of the level of consumption expenditures is the size and burden of consumer debt. The heavy borrowing of recent years to finance the purchase of homes and all sorts of durables has raised the ratio of debt service charges to consumer incomes. Last year, the payment of interest and required repayment of principal on mortgages and consumer debt amounted to about 15 percent of disposable income. In addition to debt service, most consumers were paying premiums for private insurance or pension plans, amounting to another 5 percent of disposable income in 1953. Other contractual obligations, such as contract rents and the operating costs of home ownership, claimed still another tenth of income. All told, debt service, insurance premiums, and contractual costs of home operation took about three-tenths of consumer incomes last year. This represented a considerable increase over recent years, but was at about the pre-World War II level.

It is well to note that the bulk of postwar borrowing for the purchase of homes and durable goods has been undertaken by younger family units—those with greater family pressures to buy, lower reserves for financing expenditures, but more favorable income experience and better future prospects. In a period of mild contraction of national income, the employment and incomes of this group are likely to hold up better than the average.

An important influence on the volume of purchases of durable goods is the level and age distribution of consumer stocks. Information available for automobiles reveals that, despite the large demand for new cars in recent years, about 27 percent of the passenger cars in use in mid-1953 were 10 years old or older, in contrast to 17.5 percent in 1939. Experts in the industry generally agree that the volume of sales may well be smaller in 1954 than in 1953. However, if scrappage should amount to about 3.5 million units, a basis would exist for a level of sales in 1954 not much below that of last year; for one may expect a moderate further growth in the total number of motor vehicles in use, reflecting such factors as an increase in the number of households and the popularity of suburban life—which often creates a demand for more than one car even in families with modest means.

The slackening in the rate of expansion of outstanding consumer instalment debt in recent months has been the result of a moderate decline in the rate of credit extended and a gradual rise in the rate of repayments—developments that have been dominated by changes in automobile credit (see Chart 30). A downturn in outstanding consumer debt during the next few months does not seem unlikely. But in recent years consumers have demonstrated a remarkable indifference to what business analysts have to say. In our high-income economy, many millions of consumers may, on the one hand, spend more than their income by drawing down savings or going into debt or, on the other hand, spend appreciably less than their income and still live well. This volatility of consumer markets is, however, a short-run phenomenon. The urge to improve living standards exercises a strong and fairly continuous pressure in our society.

CHART 30



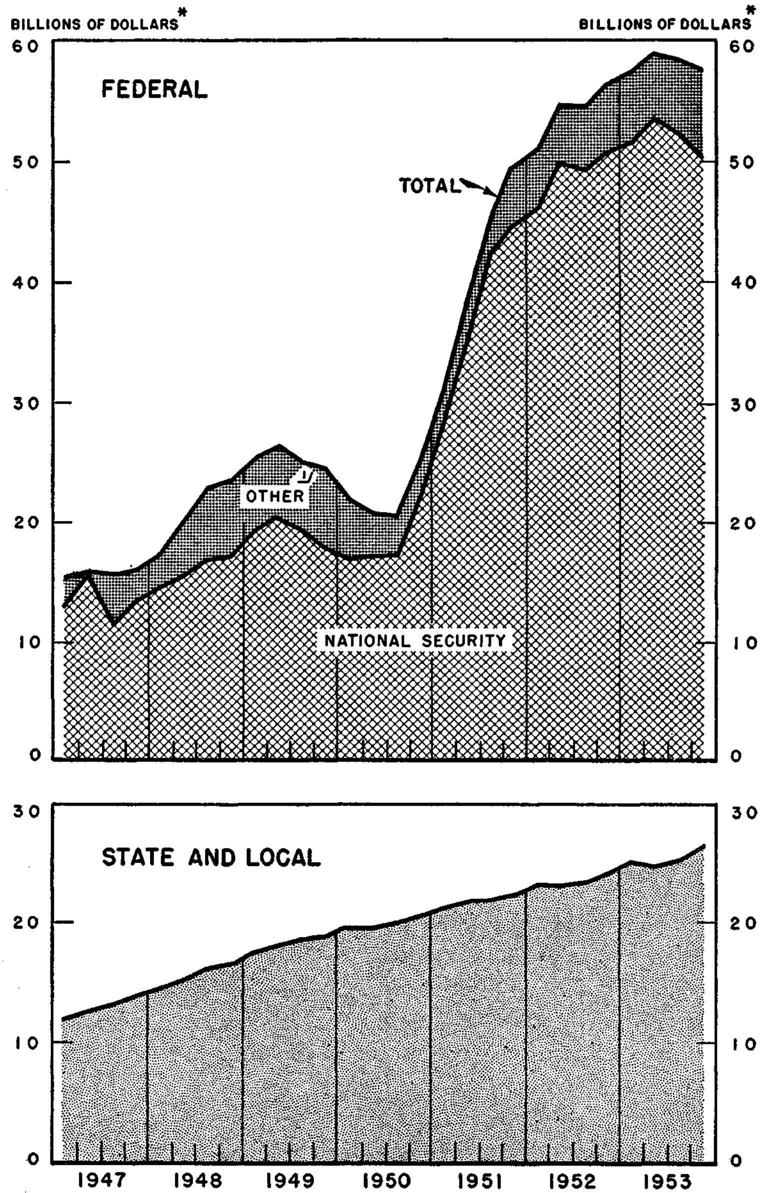
Government Expenditures

Federal expenditures for goods and services reached a rate of slightly over 58 billion dollars in 1953. A moderate decline in Federal expenditures may be expected in 1954. Most of the anticipated reduction will take place in national security expenditures, which reached an annual rate of 51.8 billion dollars in 1953, but in addition a slight drop may occur in outlays for nondefense programs. By mid-1954 these changes may bring the annual rate of total Federal expenditures for goods and services about 2 billion dollar below the rate at the end of 1953. Yet Federal expenditures will continue to be a strong sustaining factor.

The small prospective decline in Federal expenditures will probably be counteracted in large part by a rise in State and local purchases, which in 1953 reached a level of slightly over 25 billion dollars. (See Chart 31.) In recent years the annual increase in these expenditures has been close to 2 billion dollars, and there is still an immense backlog of demand for schools, highways, hospitals, and sewer, water and other facilities (see Chapter 10). Public pressure for the expansion and improvement of local facilities is

CHART 31

GOVERNMENT EXPENDITURES FOR GOODS AND SERVICES



*SEASONALLY ADJUSTED ANNUAL RATES.

1/ EXCLUDES GOVERNMENT SALES.

SOURCES: DEPARTMENT OF COMMERCE AND COUNCIL OF ECONOMIC ADVISERS.

mounting, and it seems entirely reasonable to expect that State and local expenditures will continue to increase.

The financial situation of State and local governments is favorable to a continued rise in their expenditures. State and local receipts have increased by roughly 2 billion dollars a year in the postwar period, with the total rising from 13.2 billion dollars in 1946 to almost 28 billion in 1953. Preliminary estimates indicate that receipts and expenditures were in balance during 1953. Further evidence of the financial strength of State and local governments is the size of their cash and U. S. security holdings, which reached 23 billion dollars in mid-1953. Some part of this amount is committed, but the uncommitted portion is undoubtedly large relative to current expenditures.

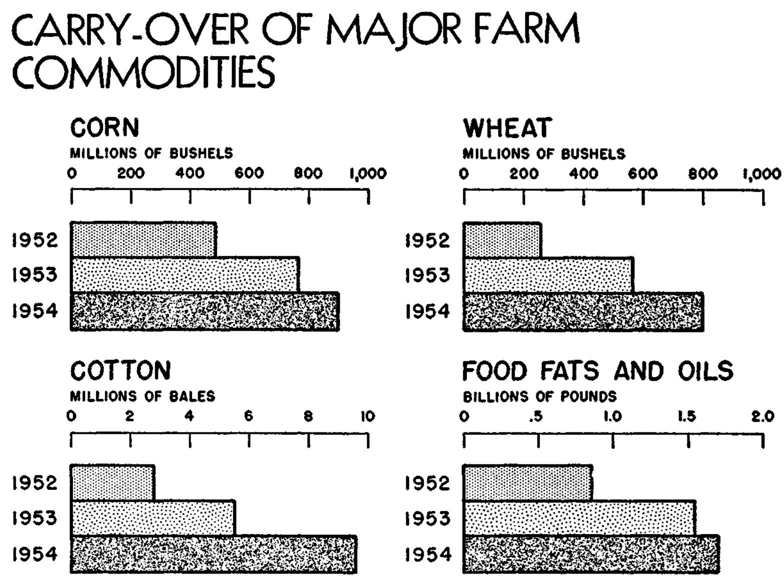
Despite the strong financial position of State and local governments, the principal source of funds for additional capital outlays will have to be from borrowing. The increase in State and local debt in the postwar period has been substantial. However, the cost of carrying this debt has not changed appreciably relative to total State and local expenditures. Interest charges have increased moderately since 1946, but the requirements on account of interest and debt retirement are not likely to be an important impediment to bond financing in the near future. (See Appendix D.)

The Condition of Agriculture

Agriculture, which is beset with more problems than any other major part of our economy, will continue to be confronted in 1954 with problems growing out of excessive supplies of some of the major farm products—notably wheat, cotton, and corn. (See Chart 32.) By July 1954, the wheat carry-over may be about 800 million bushels, more than three times its mid-1952 level and well in excess of a year's domestic use. By August 1954, the cotton carry-over may reach 9.6 million bales, also more than three times its level two years earlier and the equivalent of a year's domestic mill consumption. By October 1954, stocks of corn are expected to reach about 900 million bushels, nearly twice their 1952 level. Stocks of food fats and oils, already at a record high, are expected to be moderately larger by October 1954. The price-depressing effects of these stocks will, however, be substantially offset during 1954 by Government price-support operations, acreage restrictions, and other measures.

In recent months, agricultural prices have shown signs of stabilizing. This has been true not only of the major crops moving under Government price-support programs but of the unsupported prices of livestock products as well. While export demand for farm products has fallen substantially during the last year, it appears unlikely to weaken further during 1954. Domestic demand for farm products continues to be a source of underlying strength, with consumer incomes and food expenditures remaining near record level.

CHART 32



NOTE: CROP-YEARS BEGINNING: CORN, OCTOBER 1; WHEAT, JULY 1; COTTON, AUGUST 1; FOOD FATS AND OILS, OCTOBER 1.

SOURCE: DEPARTMENT OF AGRICULTURE.

If the domestic demand for foods and fibers continues at about its present high level, average prices received by farmers should hold near to their current levels during 1954 and cash receipts from farm marketings be close to the estimated 31.2 billion dollars received during 1953. Production costs may also show a further slight decline. Hence, the prospects are that farm operators' realized net income will be close to its estimated 1953 level of 12.5 billion dollars.

Even when measured in constant dollars, agriculture's financial assets today are 94 percent higher than in 1940 and only 11 percent less than in 1947. Farm debts are now estimated to stand at only 11 percent of total assets and 76 percent of total financial assets. Combining these facts with those on income, it seems that, despite recent readjustments, American agriculture as a whole remains financially able to sustain a fairly good rate of purchasing.

International Developments

Large military expenditures abroad, particularly in the form of troop-pay and offshore procurement, played a substantial part in other countries' dollar earnings in 1953. The over-all level of these expenditures is not expected to decline in 1954, in view of already existing contracts and commitments.

Although the moderate letdown in United States economic activity in the second half of 1953 was accompanied by a slight decline in imports during the closing months of the year, the recent and substantial increases in the gold and dollar reserves and in the economic activity of other countries have somewhat improved the prospect that any moderate change in our imports from them will not have a significant influence on our exports to them.

Basis for Confidence

It has been noted earlier that developments in the American economy during the second half of 1953 were due largely to inventory adjustments. A review in this chapter of the major fields of expenditure and of the condition of agriculture suggests that outlays in most areas are likely to be well maintained in the visible future. This justifies some confidence in the view that the adjustments now in process will not initiate a cumulative downward movement of the economy.

There are additional grounds for confidence. One of them is that our financial institutions are fully capable of meeting all deserving credit demands, and are in a condition successfully to withstand any strains to which they may be exposed as a result of business readjustments. Credit demands are not expected to tax the available supply of funds over the coming months. Business loans generally decline seasonally in the early months of the year. Nor do developments in the consumer credit field or in the mortgage market suggest unusual levels of demand for funds. Commercial banks are in a highly liquid position, with two-fifths of their large holdings of Government securities maturing within one year, with their indebtedness to the Federal Reserve System much reduced, and with increased power on the part of the System to lend to individual banks or otherwise augment their reserves, if this should be necessary. Similarly, other financial institutions—insurance companies, savings banks, and savings and loan associations—are in a sound condition and equipped to meet all reasonable demands in those areas of the market for investment funds in which they function.

Many factors contribute to the strength and resilience of our financial institutions. Broadly speaking, the reserves held by commercial banks against potential losses on loans and investments are substantial, bank capital has increased, and funds are readily available to member banks from the Federal Reserve System, in case of need. Large segments of the mortgage portfolios of banks and other lending institutions are insured or guaranteed by Federal agencies. The ready availability of funds to all but a small minority of depositors in commercial banks and savings banks, and of the funds of most shareholders of savings and loan associations, is amply protected by Federal insurance. From the viewpoint of its capacity to meet the needs of the economy for credit and its ability to withstand the strains that may be engendered by economic adjustments, our financial system was never stronger.

The prosperity of the past dozen years has not been characterized by extensive speculative developments in the commodity, security, or financial markets. There has been no manifestation of a dangerous speculative rise in urban and farm land values, despite a record volume of residential building. This has not been a period of reckless financial adventure, either at home or abroad, such as characterized the twenties.

In evaluating the economic future it is also well to recall the structural changes in our economy that serve to bolster consumer income as a key support of prosperity. The social security programs supplemented by private pension systems mitigate the effect of any decline in earnings. The unemployment compensation system especially operates as a stabilizer, since benefit payments rise while payroll tax receipts decline in a time of increasing unemployment. The Federal tax structure, which is based mainly upon individual and corporate income taxes for sources of revenue, also operates in ways to cushion the effects of recessionary influences. As incomes move downward, tax collections likewise decline—relatively more than incomes—and thus help to sustain both consumer expenditures and business investment. In addition to rising social security payments and declining income taxes, which serve to cushion economic decline, agricultural price supports help to protect farm incomes.

Need for Economic Preparedness

Impressive as are the factors which justify confidence that the current settling of business activity will stay within relatively narrow limits, it should be recognized that periods of readjustment always carry risks with them. Continued imbalance could result in cumulative effects, as one sector of the economy reacts upon another. Such reactions are partly psychological in character, but they are nonetheless real. A relatively slight fall in the level of activity, if interpreted as a harbinger of further declines, could lead consumers whose incomes have remained unchanged to start curtailing their purchases because they either fear a loss of income or hope for bargain prices later. If businessmen regard the first dropping off in orders as an occasion for curtailing their programs of capital investment, they could spread and intensify the difficulties they fear.

These possible attitudes are illustrations of what are sometimes referred to as psychological repercussions. Whether they take one form or another, they could become impediments to smooth adjustment. To avoid the adverse consequences that existing uncertainties might generate, the Government should, and can, make clear its ability to face them and to take the steps necessary to deal with them.

Part III

TOWARD A STRONGER ECONOMY

Chapter 5

Pathways to Strength

THE OPENING CHAPTER of this Report stressed the need for an expanding economy and set forth in general terms the role of Government in establishing the requisites of progress. There followed a review of economic developments during 1953, including the directions taken by public policy, and an appraisal of the current economic situation. The conclusion was reached that our economy is basically strong, that the current economic readjustment seems likely to be brief and self-correcting, but that the situation must not be viewed with complacency.

Our economy today is marvelously prosperous by any historical standard. Employment is high, prices are steady, and wages and profits are generally satisfactory. Consumer expenditure is being maintained. Investment in housing, business plant, and equipment is continuing, in the aggregate, at its recent very high level. So, too, is governmental spending, with the outlays of State and local governments offsetting in large part the recent downward tendency of Federal spending. And while total output and employment have declined somewhat since mid–1953, creating unemployment in some localities, the economy as a whole has been shifting from operations at forced draft to normal levels of peacetime operations.

But it would be imprudent to stop with this still picture of an economy that is in motion. This Government recognizes that it makes a vital difference whether an unemployment rate of three percent is reached by rising up to that figure or declining to it, and whether the rate of increase or decline is high or low. True, the contraction of economic activity in the past six months has been small and largely confined to reduced spending by businessmen for additions to their inventories; but there can be no assurance that the decline will not be extended to other categories of spending. If we could be certain that the contraction in industrial activity now in process will remain an inventory adjustment, the Government might stand aside, content that the measures already taken (see Chapter 3) will suffice. But there can be no certainty in these matters. Prudence as well as zeal for economic improvement require that public policy contribute both to the immediate strength of the economy and to its long-term growth.

There are two classes of actions that we should take within the current year to build a stronger economy.

First, we should take bold steps to protect and promote economic stability—by modernizing unemployment insurance; by broadening the base and benefits of old-age and survivors insurance; by permitting a longer "carry-back" of losses for tax purposes; by granting broad discretionary authority to the Executive to alter, within limits and appropriate to changing circumstances, the terms of governmentally insured loans and mortgages; by establishing a secondary home mortgage market; and by making improvements in the planning of public works programs.

At the same time, we should take action to stimulate the expansive power of individual enterprise—by revising the tax laws so as to increase incentives and to remove certain impediments to enterprise, especially of small business; by improving credit facilities for home building, modernization, and urban renewal; by strengthening the highway system; and by facilitating the adjustments of farming to current conditions of demand and technology.

These measures for strengthening our economy constitute, taken together, a program of immediately advisable action. It is not a legislative program of emergency measures, for the current situation clearly does not require one. Instead, it is a program for stimulating economic growth and minimizing any chance there may be of serious economic difficulty in the future. The program will contribute materially to the requisites for continued economic progress set out at the beginning of this Report.

The following pages provide a more detailed account of the economic program of this Administration.

Chapter 6

Reforming the Tax Structure

THE PRESENT FEDERAL TAX SYSTEM is the result of a long succession of Congressional enactments in response to the great increase in the activities of Government during the past generation. During this time, many new Federal taxes were imposed and steep increases were repeatedly made in the rates of such established taxes as those on personal and corporate incomes. Federal taxes were increased in the thirties to defray part of the costs of a broad intervention by Government in economic affairs, largely directed at relieving distress caused by unemployment and lower prices and incomes. Taxes rose still further during the forties, as a result of huge Federal expenditures for military purposes during World War II, and—after the war—for financing national security and reconstruction abroad. The controlling consideration in increasing taxes was the urgent need for revenue, and inadequate consideration was given to the long-run effects of tax increases on incentives.

There is evidence that the present structure of the Federal tax system—irrespective of the revenue level—contains many features that are unnecessarily restricting economic progress. Some features lead taxpayers to resort to devices for evading tax payments. Some lessen productive effort or lead to less efficient management of resources. Others may dampen consumer expenditures and business investment.

These adverse effects of the current Federal tax system on the growth of the economy have not become fully apparent, because of inflationary conditions that have prevailed during most of the past decade. A tax system that may have been tolerable under inflationary conditions, if left unchanged, cannot be expected to be consistent with the requirements for maximum economic growth and stability—after inflation has been stopped.

It is therefore timely to readjust the Federal tax system to serve the interests of a dynamic and growing, but non-inflationary, economy. The structure of the Federal tax system can and should be altered so as to apportion the burden more equitably among taxpayers, to unleash new incentives to economic growth, and to make the system operate more effectively as an economic stabilizer. The opportunity to improve the tax structure should be seized promptly, even though general reductions in tax rates must be deferred. Among the paramount objectives of Federal tax reform are those of providing greater equity to consumers, providing more powerful incentives for work, investment, employment, and efficient management, and making the tax structure more stabilizing in its operation. These objectives will not be achieved quickly; yet the broad directions of reform are clear enough. With long-run goals in view, it is possible to move toward them, step by step.

As it becomes possible to reduce the expenditures of the Federal Government, without impairing the performance of necessary functions or shirking responsibility for maintaining a stable and prosperous economy, taxes should be brought down. Such reductions will usefully widen the area of private economic activity.

A beginning was made in the application of these principles on January 1 of this year, when the excess profits tax was permitted to expire and when a reduction in individual income taxes averaging about 10 percent for most taxpayers brought such taxes back to pre-1951 levels. These actions have improved the outlook for investment, as previously noted. They have also released consumer income for expenditure, and thus again provided a timely stimulus to the economy. The force of this stimulus was somewhat reduced, though by no means offset, by the concurrent rise of 1 percent in the combined employer and employee rates of tax on payrolls for old-age and survivors insurance.

The continued large requirements of the Federal Government for revenues to meet expenditure for national security and other purposes, combined with the current condition of the American economy, which is marked by a reassuring measure of price stability and a high level of operations, make it unwise to enact a further broad reduction in taxes at this time. But some structural changes in the Federal income taxes cannot be postponed. Among the changes that have been recommended in the Budget Message, several have a significant bearing on the growth and stability of the economy.

Greater Equity to Consumers

Irrespective of the level of personal taxation, inequities that are present in the structure of the personal income tax should be removed promptly, particularly for widows and widowers who employ assistance for child care in the home; for families with dependent children who earn more than $600 a year; for widows and widowers, with dependents, who should be accorded the same privileges of "split income" that are accorded to married couples; for persons struck by the misfortune of heavy medical expenses; for employers who contribute to medical insurance and pension plans; and for annuitants who should be able to recover within their life span, free of income tax, the savings they have invested. These faults can be remedied, at comparatively small loss of revenue, with resultant gains to the welfare, morale, and feeling of justice of individual taxpayers.

Encouragement of Enterprise and Employment

The present structure of business income taxation is faulty in several respects. It leaves too little incentive for the assumption of risk by investors, and offers too meager a reward to enterprisers who assume high risks. It penalizes investment in the equity shares of enterprises, particularly small businesses, in comparison with investment in bonds and other contracts of debt. It overburdens the person or the business whose income fluctuates from year to year in comparison with the person or business whose income is comparatively stable.

An important step in removing impediments to enterprise, particularly to the expansion of small businesses, was taken on January 1, 1954, when the excess profits tax expired. This impost was perverse in its effects. It blunted the incentive and denied the financial means of expansion to enterprises with favorable markets, low costs, or especially efficient managements.

A number of additional tax measures should now be taken in order to strengthen the forces of growth in employment and production. These measures, which involve some immediate sacrifices of revenue, contain the seeds of important future revenue gains to be reaped from the economic growth they will stimulate.

The period during which individuals and business corporations may "carry back" net business losses should be increased from one to two years. This reform would encourage investment by enabling a businessman to know in advance that, if his enterprise should suffer net losses, he could use these losses as offsets against the profits he made during not only the preceding year but also the year before that. Thus, he could obtain a refund of taxes which were, in effect, overpaid during the preceding two profitable years. Such a lengthening of the carry-back period would reduce the risk assumed on new ventures of existing firms, especially those of smaller businesses for which new departures are likely to require the commitment of a considerable part of their capital. Essentially, it extends the equitable policy of averaging out results in good years and bad, in order to ascertain tax liabilities. Taken in conjunction with the reform measures that follow, it could greatly help to sustain investment and create jobs.

Elimination of the double taxation of dividends should be begun by permitting the stockholder to credit part of the taxes paid by the corporation against his personal income tax liability. At present, income resulting from investment in the shares of American business corporations is doubly taxed, first in the hands of the corporation that earned it, and again in the hands of the stockholder who receives cash dividends from the corporation on his shares. Under current high tax rates, the Federal Government appropriates by far the largest share of the total income from investment in common stocks. The unfair discrimination against investment in stocks creates difficulty for smaller businesses in raising money, and tends to divert venture capital into relatively riskless investments. For these reasons, our ultimate goal should be a substantial equality of treatment of interest on debt and dividends on stocks. A beginning toward this objective should be made immediately by allowing a stockholder to credit against his own income tax some part of the tax already paid by the corporation on dividends received by him.

Depreciation allowances should be liberalized. The climate for investment and economic growth would also be improved by granting investors more freedom in their choice of methods of writing off investments in buildings, machinery, and equipment. An investor usually has a clearer and more certain view of the profits from an investment a few years ahead than of returns in the distant future. If he is permitted to charge off a substantial part of the cost of an investment against foreseeable net income, and thus recover a good part of his capital quickly, he will be more disposed to invest. Many investments will not be made at all unless there is a favorable chance of a short pay-out period. A business should be able to write off the major part of the cost of a capital asset during the first half of its useful life, if it desires to do so. Recent experience with accelerated amortization of defense plant facilities suggests that rapid depreciation allowances provide strong inducements to investment. The step proposed here should not entail any ultimate loss of revenue to the Treasury, partly because deductions for an asset would merely be shifted from later to earlier years and, more significantly, because of induced gains in the volume of investment and in industrial productivity.

Treatment of research and development expenses should be clarified. At present, companies are often not permitted to treat unusual research or development outlays as currently deductible business expenses—a specially burdensome rule to small businesses because large firms with established research laboratories can usually make immediate deductions. In the interest of fostering rapid technological progress, taxpayers should be permitted to deduct research and development expenses currently.

Accumulation of earnings needed for expansion should not be penalized. The present penalty tax on the accumulation of corporate earnings operates to discourage the growth of small companies which are especially dependent on retained earnings for expansion. This handicap should be removed—without opening the door to avoidance of individual taxes by stockholders—by placing the burden of proof on the Government that a retention of earnings is unreasonable.

Business income from foreign investments should be encouraged. American capital and management skill can foster the economic development of other countries, as well as provide export markets for our goods. Our tax laws should, at least, contain no penalties against investment abroad, and they might well offer some encouragement to it. This can be accomplished by taxing the business income after January 1, 1954 of foreign subsidiaries, or of segregated branches of American corporations which operate and elect to be taxed as subsidiaries, at a rate somewhat lower than the current relatively high corporate rate. In addition, the types of foreign taxes that may be credited against the United States income tax should be made more inclusive, the over-all limitation on foreign tax credits should be removed, and regulated investment companies concentrating on foreign investments should be permitted to pass on to their stockholders the credit for foreign taxes now available for direct individual investments.

Increasing Economic Stability

The Federal revenue system now possesses large "built-in" potentialities for moderating economic fluctuations, as a result of its heavy reliance on the taxation of incomes, the keen sensitivity of incomes to business conditions, and the pay-as-you-go methods of personal income tax payment. It is desirable that Federal revenues should rise and decline promptly with changes in economic conditions. Additional steps should be taken to move toward a current basis of payment of corporate income taxes.

The potential contribution of the tax system to economic stability could be enhanced by speeding up refunds of overpayments of taxes in all cases where administrative procedures make this feasible. Under current pay-as-you-go procedures, an individual taxpayer is permitted to credit an overpayment against his income tax of the following year or to file a claim for a refund. Most overpayments are due to withholdings of taxes on salaries and wages which prove to be excessive because of unanticipated changes in the taxpayer's employment or family status, or to unexpected declines in his business or investment income which make previous payments on account of the declaration of estimated taxes too high. An individual must wait for a refund of his overpayment until after his return for the taxable year is filed—usually a period of many months. Speeding the refund of overpayments could improve the economic impact of the individual income tax during a business downturn, just as the prompt increase of estimated tax payments by taxpayers during a period of rising incomes and economic activity now serves to restrain the expansion.

Increasing the carry-back period of business losses from one to two years, as recommended previously, would also make it more desirable to speed up refunds of overpaid business taxes in the interests of economic stability. At present, a business may stop making payments of estimated taxes due on net income of the preceding year if a carry-back of its current year's losses is believed to cancel the liability. But if current losses are large enough to entitle the business to a refund, it is required to wait for the refund until some time within 90 days after the filing of its return—perhaps six months after the end of the tax year. Clearly, a two-year carry-back period would increase the amounts of overpayments and of refunds. Yet the cash position of a business suffering losses and entitled to tax refunds needs to be bolstered promptly. Hence *intra-year* refunds of such overpayments would aid in stabilizing business operations.

There are difficult administrative problems to be solved before the Federal Government can accelerate tax refunds, with assurance that the public interest will be protected. These problems are now being studied.

The specific measures that have been recommended by no means exhaust the opportunities for making our Federal tax system serve better the cause of stable economic growth. They are merely first steps along a path of reform that should be followed during coming years. The whole structure of Federal taxation needs thoughtful re-examination from the point of view of its long-run impacts on employment and over-all economic stability. Among the important subjects for future study are the following: the role and effects of Federal excise taxation; the level and rate structure of our personal and corporate income taxes; and the taxation of capital gains. Those aspects of Federal taxation and finance which relate to the division of responsibilities among the Federal, State and local governments are now under study by the Commission on Intergovernmental Relations.

In any revision of the capital gains tax, it would be desirable to assign a high priority to an increase in the amount of net capital losses on new investment by individuals, that may be offset against ordinary income. At present, an investor whose ventures turn out to be unprofitable in a certain year is allowed to deduct a maximum of $1,000 of his net capital loss from ordinary income during that year, and during each of the five succeeding years, in figuring his income tax. By increasing the amount of the allowable offset to, say, $5,000 per annum, the climate for risk assumption could be improved and the equity of the tax increased. This proposal would also foster investment in relatively small enterprises. An investor would be encouraged to try new fields of operation if he knew in advance that his misfortune, as well as his fortune, would be shared by the Federal Government. Limitation of the increased offset of capital loss to new investments would keep the revenue loss to the Treasury at a minimum.

Chapter 7

Governmental Aids to Housing and Finance

AN EFFICIENT, competitive financial system, capable of channeling funds into the most productive uses, is a primary condition of economic progress. The growth of production, employment, and markets in a money economy depends at every turn on adequate supplies of credit and equity capital. These funds must be available on sound and reasonable terms and in forms adapted to the economic processes being financed. In a free society, it is the responsibility of Government to provide an environment in which private financial institutions can perform these functions constructively.

The creation of this environment is a many-sided problem. General monetary and credit policies are of paramount importance because they reach every part of the financial market and affect the lending and investing policies of financial institutions of all types. In addition, it is incumbent on Government to find ways of filling such gaps as may appear in the financial structure, so that the financial requirements of business, agriculture, and homeowners may at all times be properly met.

Much progress has been made along these lines. Nevertheless, opportunities remain open to Federal and State governments, through legislative and administrative action, to augment the contribution that financial institutions can make to stable economic growth. These opportunities are especially great in the field of housing credit. Financial aids to housing should serve more effectively in the task of modernizing and rehabilitating existing homes and neighborhoods. They should be generally revised in the light of current needs. And they should be made more flexible and responsive to changing business conditions.

During recent years the Federal Housing Administration and the Veterans Administration have helped to make new homes, particularly small, single-family residences, available to millions of American families. The personal and social benefits of home ownership have been widely extended. This has been accomplished by encouraging private lending agencies, under the protection of Federal insurance or guaranty, to make available home loans requiring small down payments and carrying long maturities and comparatively low interest rates. Experience with this program points to ways of extending its benefits and at the same time preventing undesirable collateral effects.

Flexibility in Loan Insurance Terms

Insured and guaranteed mortgage loans represent a large segment of the home mortgage market—around 40 percent of all private dwellings constructed in 1953 involved FHA or VA financing. Since they exert a powerful influence on the level of construction activity, it is vitally important to make the terms and conditions of insured or guaranteed mortgage credit responsive to changing economic conditions. In a number of respects present legislation leaves the administrator free to establish terms at or below specified maximums, but in practice the administrators have with few exceptions interpreted their responsibilities to require operation at the statutory limits. This has led at times to large extensions of mortgage credit when both the economy and the construction industry were already fully employed, with the result that building costs and the prices of homes were driven up and home buyers injured. Under conditions of slack employment, however, it would usually be beneficial to have available and to employ the stimulus to home building and modernization that is provided by the offer of more liberal credit terms.

The way to avoid the inflationary influence of excessively liberal mortgage credit terms at certain times, and to help offset unfavorable developments by an easing of terms at other times, is to make provision for permissive adjustments in the conditions on which credits may be insured or guaranteed. To some extent these influences on the construction industry may be exercised through general monetary and credit measures. But the specific device of varying the terms and conditions of mortgage financing will ordinarily be more effective, since it goes directly to those aspects of the loan contract—the down-payment requirement and the repayment period—to which borrowers are most sensitive.

The principle of permissive adjustment has already received Congressional approval in the Housing Amendments of 1953. Under these amendments, the President was given discretionary power, within defined statutory limits and with regard for economic conditions, to fix the maximum terms to maturity and maximum loan-value ratios on FHA-insured loans for the purchase of new, single-family homes. It would be desirable to broaden the area of permissive action by authorizing the President to regulate, within appropriate statutory limits, the maximum loan-value ratios, terms to maturity, and interest rates that may be carried by FHA-insured and VA-guaranteed loans of all types.

Modernization of Existing Houses

The major emphasis of Federal programs in the housing and home financing fields has, since their start, been on the encouragement of new construction. Present FHA programs provide more liberal financing terms to the purchaser of a newly constructed house, especially if it is located in a new neighborhood, than to the buyer of an existing house, located in an older neighborhood. The result has been to encourage the development of new neighborhoods while doing much less to aid older areas which have, in many cases, fallen into serious disrepair and obsolescence.

It is necessary to take strong steps to correct the growing blight on the Nation's stock of housing. Without relaxing efforts to increase the housing supply through an appropriate volume of new construction, a significant improvement in housing conditions can be effected through a broad program of repair and modernization of existing structures and, in cooperation with local governments, through a program of planned rehabilitation of older neighborhoods. Furthermore, the construction and related activity which this would involve would help to maintain prosperity in the building and equipment manufacturing industries and serve as a sustaining force in the entire economy.

Repair and modernization loans

The rehabilitation of our housing supply would be facilitated by certain changes in the terms and conditions on which loans for the repair and modernization of existing structures are available under Title I of the National Housing Act. Specifically, the maximum insurable loan for the repair or modernization of single-family structures should be raised from $2,500 to $3,000, and the maximum allowable maturity extended from 3 to 5 years. Upward adjustments should also be made in the maximum size and maturity of loans for the repair or modernization of multi-family dwellings and commercial structures. The inclusion of FHA's Title I program within the scope of the permissive authority recommended above would make it possible to adjust the terms and conditions of loan insurance within the higher statutory limits, if necessary as a restraint on overexpansion of credit.

FHA terms on mortgage loans secured by existing structures

Another forward step would be to remove the discrimination against existing housing in present insurance programs. It is desirable to make the terms on which the Federal Housing Administration will insure loans on existing houses more nearly comparable with those available on new houses. Not only would this expand activity directed to the rehabilitation of existing structures, but it would give greater flexibility to our economic system by facilitating transfers of houses, including those effected on the so-called "trade-in" basis. Transfers and exchanges of houses deserve emphasis at this time, because many families that acquired homes in recent years are finding them inadequate in view of changed family size and improved economic circumstances.

Neighborhood Rehabilitation

The adjustments in FHA legislation outlined above would contribute significantly to the improvement of the Nation's stock of housing, and would help to check the decline of older neighborhoods—to the extent that this can be done by individual home owners acting more or less independently. The problem of arresting blight is vastly more difficult, however, in the large centers of population, where many structures are of the multi-unit type, requiring large expenditures for rehabilitation, and where deterioration is often most serious. A successful fight against blight can be waged in these cities only if it is planned and carried forward on a basis sufficiently broad to improve the character of a whole neighborhood. This calls for determined action at the local level in the planning and administration of broad and soundly conceived programs of neighborhood rehabilitation. In some cases, urban blight can be corrected only by the total clearance of an area and its subsequent redevelopment; more frequently, however, the need is for selective demolition and rehabilitation, thus conserving and renewing what is still useful in older neighborhoods.

There are certain ways in which the Federal Government can assist such programs, and steps should be taken at once to make this aid available. The changes in FHA legislation suggested above would be a step in this direction. It would also be desirable to give explicit authority to the Federal Housing Administration to insure mortgages on existing as well as new properties within neighborhoods designated for renewal. In addition, the Federal Government should provide financial assistance to communities that are prepared to attack the problem of urban blight through planned neighborhood rehabilitation. Federal aid could be promptly given for this purpose without additional authorizations of funds, by making certain of the privileges allowed under Title I of the Housing Act of 1949 available to cities which indicate a capacity to carry out neighborhood rehabilitation programs and a willingness to assume part of the cost.

It would be desirable to supplement the foregoing program of urban renewal, by making mortgage loan insurance available on especially liberal terms for low-income families displaced as a result of slum clearance or urban renewal activities. The present program of public housing should also be continued, at least until it has been established whether the proposed strengthened aids to private financing will make it possible to meet the housing needs of low-income families through private effort.

Regulations Governing Housing Credit Aids

Certain features of existing housing credit law and regulations have been made obsolete by the inflation of recent years. An important adjustment would be to raise the amount of the maximum loan that may be insured by the Federal Housing Administration. At present, this is $16,000 for owner-occupied one- and two-family houses. This amount, originally set in 1934, has remained unchanged despite the great rise in construction costs and in prices of housing that has occurred in the meantime. The maximum might be raised to $20,000, with appropriate differentials for three- and four-family dwellings.

As suggested above, increases in the amount that may be loaned on the basis of Title I financing, whether for the repair and modernization of a single-family residence or for a multi-unit or commercial structure, are also desirable. Finally, the administrative regulations of loan insurance and guarantee agencies, which set standards on new construction and define the kinds of modernization programs eligible for Federal credit assistance, should be kept abreast of technological advances in the building and equipping of homes.

SECONDARY MORTGAGE MARKET FACILITIES

An institution for discounting mortgage investments in good standing would perform an important function in the American financial system, and such an institution should be established. It would help make mortgage funds available in areas where there may be transient shortages of capital. It should also be authorized to purchase insured and guaranteed mortgages of specified types when the President directs that such action is in the public interest. These functions, which are so necessary to a smoothly operating market and to sound economic growth, must not be confused with the unsound policy of pumping Federal credit into an inflationary mortgage market. Such a policy serves the interests of neither borrowers nor lenders, let alone of the economy at large. The proposed agency should be financed with private funds to the greatest extent practicable; but the Federal Treasury should be authorized to provide it with financial support, in order that it may have access to adequate resources.

NEED FOR FURTHER STUDY

Further steps could be taken to facilitate the repair and modernization of existing structures, by making supplementary advances on outstanding mortgage loans more readily and economically available. To this end, means to overcome the technical difficulties of insuring supplementary loans are being studied.

In some quarters concern has been expressed over the possibility that adverse economic developments might lead to extensive defaults on outstanding home mortgage contracts, because of the unusually liberal terms on which many of them were written and the allegedly low equities of homeowners in their properties. Studies of the home mortgage situation suggest, however, that defaults on outstanding contracts would not be widespread in a moderate recession. Large numbers of homeowners have accumulated substantial equities in their properties, and are unlikely to allow them to go into default. Furthermore, present FHA and VA laws and regulations permit the exercise of sufficient forbearance to prevent widespread difficulties. These matters, however, need further attention in our continuing studies of economic preparedness.

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Several financial problems, outside the housing field, are being examined with a view to action. The Federal securities laws were enacted nearly twenty years ago and have remained largely unchanged over that period. Some modifications in these laws are needed which, while fully protecting the interests of investors, will make the capital market more accessible to businesses of moderate size. It would also be desirable to simplify the rules and thus reduce the costs of registration of new issues and their subsequent distribution.

Another problem under study is the feasibility of extending Federal insurance to the funds placed by small savers in the shares of credit unions. Shareholders in these cooperative institutions do not have at present the type of protection that is afforded to depositors in commercial and savings banks and to shareholders in savings and loan associations.

Finally, the rapid growth in recent years of the Federal Government's activities in the field of direct lending to businesses, to farmers, to municipalities, and to homeowners, and its related activities in insuring or guaranteeing loans by private lending institutions, presents an important problem in connection with efforts to moderate economic fluctuations. These manifold programs can and should be administered with increasing attention to their impact on the over-all economy and the contribution that they can make to a stable economic prosperity. To the extent that they work at cross purposes, or in a manner that tends to reinforce inflationary or deflationary tendencies, they make more difficult the tasks of general economic policy. The coordination of Federal activities in these fields has been inadequate. Careful study must be given to appropriate means for bringing it about.

Chapter 8

Agriculture in an Expanding Economy

TRENDS IN REAL FARM INCOME have been distinctly unfavorable since 1947, despite a generally prosperous national economy. During 1947–53, operators' real net farm income per farm fell almost one-third and their real net farm income per farm-family worker fell one-fifth. However, 1947 marked an all-time peak in realized net farm income, and agriculture has been in a relatively good financial position to make postwar readjustments. Its financial liquidity remains high, notwithstanding the decline in farm incomes. The real value of total agricultural assets and of farm proprietors' equities, per farm or per farm-family worker, is substantially above 1947 levels.

Rapidly mounting farm surpluses make it clear that agriculture continues to face many of the serious economic problems which have plagued it, except in periods of war, during recent decades. These problems are extremely complex, and lasting solutions have thus far been elusive. Agriculture provides the classic example of a basic and important industry whose adjustment to an expanding economy must be facilitated if it is to contribute fully to, and share equitably in, stable economic growth.

Major Agricultural Problems

Adjustments of production to meet consumer demand

Generally speaking, American agriculture has not been producing, without significant surpluses or deficits, the foods and fibers which domestic consumers and foreign buyers want at current prices. Over the years, consumer needs and tastes, costs of production, and world trade patterns have changed radically. The difficulties of marketing several major crops, even under prosperous conditions, indicate how incompletely American agricultural production has adapted to these basic changes.

Wheat and cotton offer striking examples of the present imbalance between production and consumption which high and rigid price supports—based as they currently are on 1910–14 price-cost relationships—tend to create. Between 1910–14 and 1953, the cost in manhours of producing a bushel of wheat declined more than two-thirds, the cost of producing a bale of cotton nearly one-half. Present price supports fail to reflect adequately the important cost-reducing advances in agricultural technology which these manhour data imply. In 1953 our wheat production was 1,169 million bushels, compared with an annual average of 724 million in 1910–14. Yet annual domestic food consumption of wheat was virtually the same (about 490 million bushels) in 1953 as forty years earlier. During the war and immediate postwar period, our huge wheat output was a great asset for ourselves and our allies. But, with the restoration of more normal world conditions, exports and domestic feed and seed uses promise to absorb, at present support levels, only about two-thirds of the wheat production in excess of domestic food needs. As a result, about 250 million bushels from the 1953 crop must be added to already excessive carry-overs. The same is true for cotton. Production in 1953 was 2.2 million bales greater than the 1910–14 average but, during the current year, domestic consumption plus exports is expected to be 1.9 million bales less than four decades ago, with 4.1 million bales being added to carry-overs. Meanwhile, substantial increases in per-capita consumption of fibers, instead of benefiting cotton, have been captured almost wholly by synthetic fibers.

Both wheat and cotton have been "priced out" of important domestic and foreign markets by high and rigid price supports. These supports have encouraged domestic production of wheat and cotton beyond foreseeable needs, and have contributed to an expansion of competitive foreign production greater than would otherwise have occurred. They have resulted in huge surpluses in government hands, and have led to the imposition of drastic controls on individual producers. Such undesirable consequences are inevitable if present rigid price-support policies are continued indefinitely, without regard to current levels of supply, prospective demand, and the costs of public storage.

For such crops, a transition to new price-support levels is necessary. However, since it will take time for producers to adjust to changing conditions, this transition should be gradual. Government assistance can facilitate shifts to the production of products for which the long-run demand is most favorable. In this connection, it may be noted that crops and livestock products accounting for about 56 percent of gross cash farm income currently receive no direct price support and gain little from the support program. Yet this nonsupported group includes most of the commodities whose production must generally be maintained or expanded, if future consumer needs are to be adequately met.

Reduction of price and income fluctuations

Another major problem of American agriculture—though one that is not confined to this industry—arises from the great instability of its prices and incomes. There are several reasons for this instability.

First, farm prices are much more sensitive to changes in general business conditions than are the prices of things farmers buy. As a result, agriculture's "terms of trade" with the rest of the economy fluctuate widely, being favorable as a rule in periods of business prosperity but taking a quick turn for the worse when business recession appears. Agriculture therefore has an especially strong interest in the over-all stability of the economy, and needs effective protection of its price structure in the event of general recession. The difficulties of carrying out such a program are increased, however, if high and rigid price-support policies are pursued during generally prosperous times. For then, storage stocks are likely to accumulate on a scale so large as to accentuate the threat to the stability of farm prices in a period of economic contraction.

Second, agricultural prices and incomes are peculiarly subject to the vagaries of nature. Plant and animal diseases, drought, and floods cause short-term fluctuations in crop yields, and may cause costly changes in the size of livestock herds. By protecting the adequacy of physical supplies of wheat, the feed grains, and cotton against weather hazards, war, and other emergency conditions, a farm storage program can serve the public interest well. But if public storage becomes a method of accumulating indefinitely the surpluses induced by unduly high price supports, it loses most of its effectiveness in offsetting the ordinary year-to-year variations which result from natural causes.

Third, market prices can and often do mislead farmers in their production decisions. Especially in livestock production, high prices tend to induce an excessive expansion of output, which results later in unduly low prices that in turn bring about overcontraction and a repetition of the cycle. A sound storage program can help to reduce this type of instability; so can price supports, announced as they are in advance of farmers' production decisions, if not fixed at a level that encourages continuing excessive production. High and rigid supports on feed grains are of doubtful wisdom. The feed grains are cash crops to only a minor extent. If their prices are supported at high levels, livestock producers who grow their own grains gain little, while those who do not will suffer in periods of falling livestock prices.

Rural poverty

A third major problem of American agriculture is that many farm families have failed to share adequately in the fruits of the Nation's phenomenal economic progress. Despite 25 years of national farm programs, numerous farm families still have incomes that are not sufficient to provide a satisfactory level of living. This persistence of pockets of rural poverty in an era of plenty gives cause for public concern.

Of course, a substantial number of farm families have already achieved satisfactory levels of income. In 1949, about 1.9 million (36 percent) of the Nation's farm-operator families had, in addition to housing and home-grown foods, net cash incomes from all sources of $2,500 or more. More than a fourth of these higher-income families were on part-time and residential farms, deriving the greater part of their income from off-farm sources; and most of the remaining families either combined the operation of small commercial farms with off-farm employment or operated larger commercial farms on a full-time basis. Given remunerative local nonfarm employment opportunities, even families living on small farms can achieve a satisfactory level of living.

Of the farm families that are almost wholly dependent upon income from agriculture, as a rule only those on medium-sized to large commercial farms can be said to live well. In 1949, 1.2 million of the latter (22 percent of all farms) accounted for 73 percent of the Nation's gross cash farm marketings. Since the operators of these farms sell the bulk of the Nation's farm products, they stand to gain most from price supports, unless forced to bear the brunt of acreage restrictions. Their principal economic problem is the instability, rather than the low level, of farm prices and incomes.

On the other hand, in 1949 about 1.5 million (29 percent) of the Nation's farm families were netting from all sources less than $1,000 of cash income—not including, however, housing and home-grown foods. For the most part, these families lacked significant amounts of income from off-farm sources. At the same time, they produced too little for sale to benefit appreciably from farm price supports, however high. The solution to their income problem lies largely in the expansion of local nonfarm employment or in movement to better opportunities elsewhere. If some of these families are to achieve satisfactory levels of income from farming, their relatively small farms must ultimately be replaced by more efficient, larger-scale family farms. This will require both a continuing shift of underemployed farm people into more productive work and a substantial influx of capital into agriculture.

While readjustments of this type have actually been under way for some time, the difficulties which they present have been complicated by recent advances in agricultural technology. These have developed serious imbalances in American agriculture's total productive capacity relative to immediate domestic and export needs. Over the long run, the pockets of poverty which persist in American agriculture will be most effectively reduced by the growing opportunities for nonfarm employment that accompany the expansion of the economy. A growing economy will also provide the capital and technical knowledge necessary to bring most of our farms closer to the level of efficiency already achieved by the best farms.

Proposed Agricultural Legislation

In formulating public policies to achieve a more stable, prosperous, and efficient agriculture, we must start where we now find ourselves, and proceed a step at a time. Compromises among partially conflicting objectives—such as stability, efficiency, economic freedom, and governmental economy—are unavoidable here. The present situation is serious, and we can no longer delay making those revisions in agricultural policy that will move us toward desirable goals. Accordingly, it was recommended in the Special Message on Agriculture on January 11, 1954 that, with minor changes, the Agricultural Act of 1948, as amended by the Act of 1949, be made fully operative for all commodities.

The Acts of 1948 and 1949 had two distinct advantages over previous agricultural legislation. First, for all "basic" commodities except tobacco, they substituted adjustable price-support levels—that is, from 75 to 90 percent of parity, the percentage varying inversely with current levels of supply—for rigid 90 percent supports. Second, they introduced a "modernized" parity-price formula.

Adjustable price supports

By the Act of 1949, Congress recognized the necessity of relating price-support levels inversely to current levels of supply, in order to avoid chronic overproduction, excessive stockpiling, and drastic acreage controls. Thus, Congress provided that, if supplies are above normal, price supports shall be lowered by specified amounts to induce greater consumption and smaller output; if supplies are below normal, price supports shall be raised by specified amounts to encourage expansion of output. Although this principle is wholly sound, the Congress has, up to the present time, postponed the shift from high and rigid to adjustable price supports on wheat, corn, cotton, peanuts, and rice.

Largely as a result of this action, the Commodity Credit Corporation's commitments on January 1, 1954 already reached 879 million bushels of wheat, 643 million bushels of corn, and 7.4 million bales of cotton—together representing a cost value of 4.3 billion dollars—and they are still rising. Under these circumstances, the acreage restrictions imposed on 1954 crops are an inadequate corrective. Price-support levels designed to encourage larger sales also appear to be necessary if further piling-up of government stocks and regimentation of individual farmers are to be avoided. Hence, it has been recommended that the price-support legislation of 1949 take effect for the "basic" crops, as presently scheduled, on January 1, 1955.

"Modernized" parity

By the Act of 1949, Congress also recognized the desirability of bringing and keeping the base period for parity-price computations up to date. In previous legislation, the "parity price" of a given farm product had been defined as its average price in 1910–14 (or some other past period), increased by the same proportion as a general index of prices paid by farmers had increased. This old parity had tended to overvalue such crops as cotton, corn, wheat, and peanuts, and to undervalue livestock and livestock products. In "modernizing" the parity-price formula, Congress specified that the average price of a given farm product in the most recent ten years be used to determine its price relationship to other farm commodities, while retaining the over-all 1910–14 relationship of farm to nonfarm prices. Through this "modernized" parity—which is now in effect for all but four commodities—provision was made for a relative price structure that is more consistent with current consumer preferences, export demand, and production costs.

Congress should avoid further postponement (beyond the present effective date of January 1, 1956) of the application of the "modernized" formula to those "basic" commodities—corn, cotton, wheat, and peanuts—whose old parity price is higher than the new. The Act of 1949 provided that, in such cases, the transition from the old to a lower new parity should be limited to 5 percent a year. This provision for a transition should be re-enacted with reference to the "basic" crops.

Disposal of surplus stocks

The proposed changes will advance us toward the goal of a sound agricultural policy. While they would continue the principle of assuring farmers a high degree of price certainty and price stability, they would also encourage needed and effective adjustments of production to current demand and carry-over, discourage the building up of burdensome surpluses, and reduce the frequency and extent of acreage restrictions on individual farmers. Unfortunately, stocks have already reached huge proportions. To cover present price-support commitments on 1953 and 1954 crops, it has been recommended that the borrowing authority of the Commodity Credit Corporation be increased from 6.75 billion to 8.5 billion dollars. In order to introduce the new program gradually and give it a reasonable chance of success, the influence of surplus stocks on current markets and prices must also be reduced.

For this reason, it has been recommended that Congress authorize the setting aside of up to 2.5 billion dollars' worth of CCC stocks, with the objective of insulating them from regular domestic and foreign markets. This measure, however, can succeed only if further major additions to carry-overs cease after 1954. To the extent that foreign disposal is undertaken, it should be carried out so as to augment, rather than displace, the normal volumes of world trade in our surplus commodities. The magnitude of our surplus problem could lead to practices harmful to the economies of other friendly nations—a result that must be scrupulously avoided in the interest of the entire free world economy.

For most farm products other than the "basic" commodities, the provisions of the Act of 1949 are reasonably satisfactory and, with other amendments already proposed in the Special Message on Agriculture, should be continued along present lines. Problems surrounding the current surplus of dairy products and oil crops can be largely solved by exercise of the discretionary authority already held by the Secretary of Agriculture.

Matters for Further Study

Even if the foregoing recommendations are fully accepted, important matters remain for further study and future action.

First, present agricultural legislation could lead, in a period of economic adversity, to a repetition of the mistakes of the thirties, when acreage restrictions and storage were used to maintain food and fiber prices to consumers whose wants were essentially unchanged but whose purchasing power had fallen.

Second, the purposes and functions of storage in the farm program need re-examination. The present price support program tends to maintain or raise the prices of storable products, without reference to the basic objectives of storage policy.

Third, present legislation continues to place reliance upon acreage allotments as a means of contracting production. While such allotments may be necessary during a period of readjustment, they are not likely to be successful for long, because they encourage rapid increases in the per-acre yields of price-supported crops and larger output of unsupported crops on the diverted acres. Furthermore, over a period of years, acreage allotments tend to freeze inefficient patterns of production among farmers and regions, and to transform the benefits of the farm program into higher costs as land ownership changes.

Fourth, the present statutory classification of farm commodities into "basic" and "nonbasic," "mandatory" and "nonmandatory" requires reconsideration. The "basic" commodities (wheat, cotton, corn, tobacco, rice, and peanuts) have consistently received preferential treatment through mandatory price supports at high and rigid levels. On the other hand, most crops and livestock products favored by recent consumption trends have derived few benefits from the price-support program. They have been classified as "nonbasic," with price supports (usually nonmandatory) at variable levels.

Finally, neither the present nor the proposed agricultural legislation will appreciably raise the very low incomes of some 1.5 to 2.5 million American farm families. In many ways, this is the most important, yet most neglected, problem of agriculture. The causes of rural poverty are many and complex, and they require careful and sympathetic consideration. Special attention should be given to means of expanding nonfarm employment opportunities; of making present public employment-information services more effective; of improving rural education, health, and housing; of adapting present farm-management research and extension programs to the needs of low-income farmers; of providing adequate intermediate-term credit for farm diversification and enlargement; and to the feasibility of devising "incentive" payments to speed the necessary shifts in the use of agricultural resources, while preventing hardship during the difficult transition period. The children of today's rural poverty will help till our soil, populate our cities and man our factories of tomorrow. Clearly, we must attend diligently to their economic needs.

Chapter 9

Social Insurance and the Minimum Wage

BECAUSE THE FLOOR OF SECURITY to the individual has been built primarily upon welfare considerations, its contribution to the economic progress of the United States has not been adequately appreciated. Yet the worker is likely to be fully productive only if he feels reasonably safe against want from unemployment, old-age, or misfortune. To help provide such personal security, the Federal Government has developed or sponsored systems of unemployment insurance, old-age and survivors insurance, and public assistance, as well as programs to conserve health, educate the young, rehabilitate the disabled, and provide security and opportunity to the war veteran. In an effort to improve the lot of the low-income worker, it has also established minimum wages under the Fair Labor Standards Act.

Some of these programs need improvement in scope and depth, and others in clarity and financial strength. The specific recommendations that follow are intended to make them more effective, both as conditions of progress and as bulwarks against instability.

Federal-State Unemployment Insurance System

Unemployment insurance is a valuable first line of defense against economic recession. Benefit payments go to a worker as a matter of right and at the time he loses his income, instead of as matter of need and after he has exhausted his savings or liquidated his house and car. In 1949, a year of recession, the amount of benefit payments was 1.7 billion dollars—more than twice the 1948 level. Benefits are payable, after a brief waiting period, from State unemployment reserves of 8.5 billion dollars. When set at appropriate levels, they can sustain to some degree the earner's way of life as well as his demand for commodities. Thus, unemployment insurance payments can help to curb economic decline during an interval of time that allows other stabilizing measures to become effective.

Coverage

But even as a first defense, the system needs reinforcement. One deficiency is its inadequate coverage. From the beginning only certain classes of earners—now averaging annually about 36 million—have enjoyed protection. A worker laid off by a Government agency gets no insurance benefits despite the fact that in many types of Federal jobs he is as vulnerable to lay-off or dismissal as the factory worker. It is recommended that Congress include in the insurance system the 2.5 million Federal civilian employees, under conditions set by the States in which they last worked, and that it provide for Federal reimbursement to the States of the amount of the cost, estimated to be about 25 million dollars for the fiscal year ending in 1955. In addition, it is hoped that the States will include under the system the 4.2 million persons who work for them or for their municipalities and other political subdivisions.

A person lacks protection also if he works on a farm or in an establishment that processes farm products as an incident to farming. It is not suggested at this time to include farm workers; but it is recommended that persons engaged in certain operations in the processing, packing, storing, or delivering of agricultural commodities, which cannot reasonably be classed as agricultural pursuits, be brought under the insurance system. The number to be so added is around 200,000.

A much larger group of earners, numbering 3.4 million, are unprotected in 35 States if they are employed by small businesses—meaning in most of these States firms with fewer than eight persons on the payroll. It is proposed that Congress amend the present law to cover employees of businesses with fewer than eight employees, on the ground that such workers need protection no less than those of larger, and often more stable, enterprises. Officials in States that already insure the employees of small firms report that the administrative burden of both the agency and the employer is manageable.

Experience-rating period

The Federal Unemployment Tax Act does not permit a State to give an experience rating, and therefore a tax reduction, to the employer—however stable his employment—until he has had at least three years of covered experience. A newly covered employer is obliged to pay the full 2.7 percent of his taxable payroll and is thus put at a competitive disadvantage with the average employer, who has over the years been able to reduce his contribution to 1.4 percent and, in over a dozen States, to 1 percent or less. This extra cost could be troublesome if the expansion of coverage coincided with a business contraction. For these reasons it is recommended that Congress allow the shortening, from three years to one, of the period required to qualify for a rate reduction.

Amount of benefits

A second inadequacy is the size of benefits. Originally, upon the recommendation of the President's Committee on Economic Security in 1935, the States set benefits generally at 50 percent of weekly wages. However, they also fixed dollar maximums which have since significantly curtailed the benefits. The effective ratio of average weekly unemployment benefits to average weekly wages of covered workers was 43 percent in 1938. Since then, with dollar maximums failing to keep pace with rising wage levels, the effective ratio has fallen to 33 percent. At present, these maximums are typically between $20 and $30 weekly. It is suggested that the States raise these dollar maximums so that the payments to the great majority of the beneficiaries may equal at least half their regular earnings.

Duration of benefits

A third deficiency is the duration of benefits. Only two dozen States provide for 26 weeks, and only four of these pay benefits for that length of time to all persons who meet minimum requirements for any benefits. During the 1949 recession, almost 2 million persons exhausted their rights, most of them in less than 4½ months. Yet a conspicuous feature of unemployment is that, as it increases in amount, it also increases in duration for the individual. For example, in April 1940, when unemployment was large, three-fifths of those seeking employment had been out of work six months or longer, compared with an average duration in 1953 of less than two months. It is urged, therefore, that all of the States raise the potential duration of unemployment benefits to 26 weeks, and that they make the benefits available to all persons who have had a specified amount of covered employment or earnings. A six-month period would not prevent exhaustion of benefits in a severe slump; but in a minor downturn it should be adequate for a great majority of the claimants.

Federal loans to reserve funds

A fourth point deserves attention. The present law requires that unemployment benefits in each State be paid out of its own earmarked reserve in the Federal Treasury. The reserves of most States are sufficient to finance payments for a number of years at the unemployment experience of 1946–52. But the reserves of a few States are less adequate and might be jeopardized by widespread unemployment. It is recommended, therefore, that the Congress provide machinery for granting non-interest-bearing loans to a State whose reserves are near exhaustion.

The Federal Unemployment Tax Act levies a tax on all covered employers, of which the share that is retained by the Federal Government is 0.3 percent of taxable payrolls. Annual appropriations are made to cover the costs of the State and the Federal Governments in administering the Act. Since these appropriations are less than the receipts of the tax, it is possible to use the difference to establish a fund from which loans to needy State funds can be made. In the interest of allowing a State a reasonable interval in which to readjust its economy and attract new industries, it is recommended that repayment of any loan made from the fund be postponed until after it has been outstanding for four years. Repayment should nevertheless start earlier, if at any time the State's fund rises above a safe minimum or its contribution rate is not sustained at a level reflecting its financial responsibility.

Improved benefits and administration

Adoption by Congress and the States of the above recommendations would extend protection to more than 10 million additional workers, ease the financial burden on newly covered employers, raise benefits, lengthen durations, and save the States' reserves from exhaustion without deterring new industries from entering a State undergoing economic readjustment. They would constitute the most important improvement for defending the worker against recession that has been made in our Federal-State Unemployment Insurance System since it was instituted more than a decade and a half ago.

It is highly important that the recommended improvement of benefits be accompanied by strict administration of the law, so as to prevent abuses and to assure that benefits are paid only to workers who are entitled to them. Nothing is more likely to cast doubt on the unemployment compensation system, despite its great social utility, than lax administration.

Federal Old-Age and Survivors Insurance System

The present system of Old-Age and Survivors Insurance covers about four in five of the civilian labor force and pays average monthly benefits of $49 to a retired worker, and of $84.75 to a retired worker and his wife, compared with maximum benefits of $85 and $127.50, respectively. At the end of 1953 it was paying benefits to almost 1.5 million widows and children, as well as over 4.5 million aged—close to 6 million persons altogether.

Benefits are financed from payroll taxes—one-half being paid by the employer, except for the self-employed. These combined tax rates rose to 4 percent on January 1, 1954. For the future the law provides for additional financing by periodic rate increases.

Although desirable changes were made in 1950 and 1952, the System has urgent need of further improvement. Millions of workers are still excluded, and benefits have not kept pace with wage levels or living standards. Moreover, in the interests of economic growth, as well as of individual welfare, the retirement test should be so adjusted as to remove barriers to part-time productive employment. On the other hand, if an aged person is obliged to give up work, both human and economic considerations argue for benefits in reasonable relation to his previous earnings.

Coverage

Coverage should be extended to bring into the System some 10 million additional workers, 4 million of them on a voluntary group basis. The new groups would include, principally, professional persons in independent practice, self-employed farmers, hired farm workers and domestic workers not now covered, members of State and local retirement systems, and ministers of religion. Further broadening of the coverage is being considered by the Congressional Committee on Retirement Policy for Federal Personnel, which will soon report a plan for including Federal employees in OASI without impairing the independence of present Federal retirement plans. After the Committee has made its report, appropriate recommendations will be made to the Congress.

Amount of benefits

Old-Age and Survivors Insurance benefits should be increased; first, by eliminating from the earnings base the four lowest years of earnings; second, by raising the benefit to 55 percent of the first $110 of the average monthly wage, plus 20 percent of the balance; third, by increasing the minimum benefit from $25 to $30; fourth, by raising from $3,600 to $4,200 the annual maximum above which wages are not counted in computing benefits or taxes. As regards the retirement test, the earnings permissible without loss of benefits should be put on a yearly basis for all beneficiaries, and liberalized in amount.

Benefit rights of the disabled; rehabilitation

For those with substantial OASI work records who suffer total and extended disability, benefit rights should be preserved without diminution or loss until they reach age 65. Furthermore, all disabled workers should be referred to the State Vocational Rehabilitation agencies. An expanded and improved program of vocational rehabilitation to help bring more persons back to productive employment was proposed to Congress on January 18, 1954.

Financial and other aspects

The substantial steps toward improvement of the OASI system can be safely taken without any immediate increase in the payroll tax rates. The net additional cost of the Administration's recommendations would be, on a long-term basis, about one-half of one percent of the annual payrolls subject to OASI taxes.

It may be observed, in passing, that, during the transition in 1954 to the recommended broader coverage and more liberal benefits of unemployment compensation and old-age and survivors insurance, the increased expenditures for benefits under OASI will far more than offset the net addition to tax payments under the unemployment compensation system.

Low Incomes and the Minimum Wage

The prosperity enjoyed by the overwhelming majority of Americans should not blind us to the minority of families with annual incomes below $2,000, or even $1,500. Low annual incomes are not caused solely by low wages, nor are high incomes assured by high hourly wage rates. Some people have no earnings at all, or extremely low earnings because of partial unemployment, sickness, or other factors. Some do not earn enough, even when fully employed, to support their families at a decent living standard.

As one means of dealing with the problem of low incomes, Congress and some State legislatures have sought to place a floor under wages by requiring employers not to pay less than a certain hourly rate. Minimum wage laws in the United States now apply to only 28.5 million employees. The Federal Fair Labor Standards Act covers about 24 million—two-thirds of them factory workers—at a minimum of 75 cents per hour, with few exceptions other than for learners and handicapped. This 75-cent minimum became effective just before the invasion of Korea, when the cost of living was appreciably lower than at present. Twenty States cover another 4.5 million workers, the majority of them women or minors in retail trade. The State minimums, usually established under wage orders by specially appointed boards, range for the most part between 60 and 75 cents.

There are several considerations concerning minimum wages that deserve comment. These relate to legal coverage, to appropriate level, to impact upon self-employed persons of low income, to fundamental measures for reducing poverty, and to the method of achieving adjustments in minimum wages.

Coverage

Neither the Federal nor the State laws now include the lowest-paid workers. Yet a floor that does not support the poorest worker may compound his miseries in two ways: it may force him to pay higher prices as a customer of the covered industries whose costs have risen; and it may push down his own wages by obliging him to compete for jobs with persons whom the covered industries have let go, because they are unable to pay the higher minimum. An effective minimum-wage program should cover millions of low-paid workers now exempted.

Size of the minimum

A minimum does not protect the inadequately rewarded worker if it is too low. On the other hand, it may not benefit him if it is so high as to push up the whole scaffolding of wages and of costs of doing business, thus leading either to inflation of prices and the worker's own living costs, or to elimination of the less efficient employers and workers. Yet the ability of the employer to absorb a high minimum wage is limited. Indeed, the low-pay industries of today are often those earning modest profits, having limited opportunities to increase productivity, and containing firms easily squeezed out of business by rising costs.

The self-employed worker

It is important to recognize that the economic condition of the wage earner cannot be set off sharply from that of the person who provides his own employment. The Census has revealed that one in four of the families with incomes under $1,500 in 1950 had the major source of their earnings in self-employment. A minimum that would benefit the wage earner materially may put a heavy burden on the small farmer or small business operator, not only of higher prices for what he—like the uncovered wage earner—buys, but also of the higher wages he must pay if he hires assistance. Protection to the wage earner must be considered with full regard to the complexities of our society.

Basic means of reducing poverty

A minimum wage fixed by law helps to protect wage earners against unjustifiably low compensation. But a minimum wage program is an expedient of limited value for dealing with low incomes. The best help for the lowest earner is to enhance his usefulness as a worker, and to improve his knowledge and mobility. Some individuals manage to attain economic success with little formal learning; but, on the average, there is a close relation between earnings and education. Fortunately, education is being steadily and rapidly extended. Already, the average American worker under 35 years of age is a graduate of high school.

It is also important to keep in mind that, although some low-wage firms are lucrative, the firms that skimp on rewards to their workers are, not infrequently, those in which profits are also small, owing in part to inefficient management. Improvements in efficiency of worker and employer will take time; but it cannot be doubted that they—rather than a minimum wage—provide the major escape from poverty.

Conclusions

While minimum wage laws do not get at the fundamental causes of poverty, they can make a useful contribution to its reduction. Recognizing that an increase of the minimum now provided by Federal law and an expansion of its coverage are desirable, the exact nature and timing of these changes must be worked out with a view to the best interests of the economy. We must not proceed—as has happened at times in the past—to ignore some workers and pretend to aid others, while in fact raising their cost of living and reducing their chances of employment. We should undertake adjustments of the minimum wage at a time when economic activity can take them in stride, thereby minimizing the risk of unemployment of the less productive workers whose welfare the minimum wage seeks to aid. The Secretary of Labor is continuing his intensive canvass of this highly complex problem and is consulting with appropriate groups. At the proper time recommendations will be made to the Congress.

Chapter 10

Planning of Public Works

THE FIRST CHAPTER of this Report noted the opportunity to devote our productive potentialities increasingly to peaceful purposes. This should mean a swelling stream of private income and expenditure to support better living conditions. It should mean also the use of some governmental revenues, as they may be released from military and foreign aid programs or generated by economic growth, to help build the Nation's physical stock of public capital. In our country, the major part of public works programs has been and should continue to be the responsibility of the States and their municipal subdivisions.

Role of Public Works

A strong economy requires that the national estate of soil and water resources be conserved. It is no less important that schools and welfare institutions, highways and airports, rivers and harbors, parks and recreational areas, and other needed public facilities be enlarged and improved concomitantly with the increase of population, private wealth, and incomes. Indeed, failure to augment our public assets may check the growth of private wealth, as the failure of the present street, highway, and parking systems to meet the needs of 55 million motor vehicles is now threatening to do.

A growing economy brings with it new needs for buildings and engineering projects that clearly lie outside the realm of private enterprise. Many of these needs—for example, for schools—should be met as they emerge. However, a considerable number of public projects are, by their very nature, more or less postponable.

Our public works programs should be so designed and executed as to contribute to economic stability, by being accelerated in slack times and restrained in boom times. Within limits, expenditures for public works can be timed to serve the interests of stability, but only if a reservoir of engineering studies and blueprints for specific projects has been prepared well in advance of need. A considerable amount of advance preparation of drawings and specifications has been completed by the Federal, State, and local governments, and more is under way. If it should become necessary, outlays for Federal public works could be stepped up by one-half or more within a year. State and local outlays, which are now the highest on record, might be expanded to a similar extent, if financial arrangements were adequate.

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It goes without saying that an effective public works program must meet genuine public needs and thus earn the endorsement of the community. Its execution must be compatible with private construction activities, with which competition for resources should be kept to a practical minimum. Furthermore, just as public activity should supplement and encourage private, so also should Federal projects supplement those of States and municipalities. Yet a public works program must be capable of administration without centralizing the operations of Government; State and local governments should carry their full share of responsibilities.

Need for Public Works

In recent years, public works have accounted for about one-third of total new construction, with State and local outlays being about double the Federal. In 1953, construction for State and local government account amounted to 7.1 billion dollars, and for Federal account to 4.1 billion, out of a total expenditure for new construction of 34.8 billion dollars. The backlog of desirable Federal, State, and local public works is counted in tens of billions of dollars. Although the rate of public construction has been rising significantly in recent years, it is much smaller than what is needed to keep abreast of the growth of the economy and to eliminate within, say, the next decade the accumulated need for extensions or improvements of highways, schools, hospitals, sewer and water facilities, parks, forests, and other elements of the public estate.

State and local construction

The largest current requirement for predominantly State and local facilities is streets and roads. It has been estimated that an annual expenditure of 3.5 billion dollars would be required for ten years to eliminate the existing backlog for Federally aided systems and another 1 to 2 billion dollars for other roads and streets. In the meantime, many roads now adequate would need to be improved as traffic increased, or rebuilt because of normal wear, adding over 1.5 billion dollars of construction annually, while maintenance costs would average another 1.7 billion. Thus, the total annual expenditure required to provide an adequate road system within a decade is apparently over 8 billion dollars, which compares with a current outlay of about 5 billion.

The next largest State and local backlog is for schools. It has been estimated that approximately 10 million pupils now have inadequate school facilities, and that the required construction of public and private elementary and secondary schools to erase this need would come to over 12 billion dollars. Elementary and secondary school enrollments over the next four years will grow about 1.5 million a year, which, together with normal replacement of obsolete schools, would add an annual construction requirement of about 3 billion dollars. A total annual expenditure of about 5.5 billion dollars would therefore be necessary to meet current needs and to eliminate the backlog of such school facilities within five years. Clearly, the needs of education cannot long be deferred.

The backlog for college and university construction is reported to be in the neighborhood of 6 billion dollars. About 2¼ million students are now enrolled in institutions of higher education, and by 1960 the number may approximate 3 million. If the construction backlog were worked off over a period of 10 years, and the additional facilities required for current growth in enrollment were put in place, the expenditure would average about 1¼ billion dollars per year. By adding this figure to that for primary and secondary school structures, we get an estimate of 6¾ billion dollars per year for school construction, which compares with a current rate of about 2.5 billion dollars.

Hospitals are another large potential of State and local construction. The State hospital plans approved under the Hospital Survey and Construction Act indicate a need for over 500,000 hospital beds, of 1,500 primary health units, and of 1,350 auxiliary health units. To adhere to the standards set up under this Act and meet the backlog of hospital needs in the next ten years, it would be necessary to spend more than 1.5 billion dollars a year. Currently, about 0.6 billion dollars is being spent.

The accumulated requirements of local water and sewerage facilities are impressive. To eliminate the backlog of water facilities within five years, and also provide for current growth of population, annual expenditures would have to come to about 1.2 billion dollars, compared with a current rate of 0.5 billion. Even more serious is the shortage of sewers and industrial waste facilities, the capacity of which has not kept pace with the rapid urban growth of the last decade. To meet these requirements within five years, as well as to provide for current growth, annual expenditures of 1.8 billion dollars are necessary, which compares with a current rate of about 0.6 billion. The needs for slum clearance and urban renewal, discussed in Chapter 7, add materially to the potential volume of local construction activity.

Federal projects

The listing just made of construction needs in States and localities is by no means exhaustive. There is, moreover, an accumulated need for Federal public works. For several years now, the Federal Government has held back certain construction projects authorized by the Congress for the Bureau of Reclamation, the Corps of Engineers, and the Public Buildings Service. Some programs of the Forest Service, National Park Service, Soil Conservation Service, and other agencies have likewise been properly held in abeyance, because of the prior claim of war and defense requirements on manpower, materials, and public funds.

Current action

The massive accumulations of need for local, State, and Federal public works are attributable to the growth of our population, its migration, the rise in income and living standards, and the deferrals of construction during World War II and the Korean war. Some of the shortages, especially of highways, are retarding the growth and interfering with the efficient operation of the economy. Steps must be taken to extend and strengthen the Federally aided highway system.

A part of the Nation's highway needs can be met by the States without straining their budgets, through the construction of toll roads. Toll roads have come to be widely accepted. So far, specific plans have been formulated by the States for only a fraction of the main rural highway routes that could be wholly self-financing toll roads. The development of plans for urban toll roads has proceeded even more slowly. The Federal Government should encourage studies of the economic feasibility of toll road projects, together with engineering surveys, by making advances available to the States for these purposes. It seems likely that, by lifting legal impediments to immediate possession of rights of way and by pushing engineering plans even before projects are authorized, it would become feasible for the States or their special authorities to commence a considerable volume of construction of toll roads within a year.

The local, State, and Federal governments should turn to the pressing tasks of eliminating, step by step, the deficiencies of other types of public works. It is necessary also to look ahead, and to be prepared to step up the rate of public construction, if business conditions make this advisable.

Advance Planning of Public Works

Federal program

The Federal Government is now equipped with a considerable volume of project drawings and specifications. For some, blueprints are ready; for others, the work is organized to carry planning along just ahead of construction. The Federal Government would be able to expand its construction rapidly in the event of need. To a degree, this could be accomplished without new legislation.

For some years the Bureau of the Budget has assembled annually the proposed six-year construction programs of all Federal agencies. In the spring of 1953, work was started to improve and organize this information so that a continuous inventory of plans would be available. Systematic information is required to reveal bottlenecks and to speed the initiation of useful projects. Hence the proposed projects are being sifted and classified according to their size, type, location, status of plans, urgency, and other practical criteria. Many small Federal projects, including renovation and repair of existing facilities, can be started upon short notice or terminated promptly.

There remains the large task of evolving truly integrated long-term programs of major Federal works in the fields of water and soil conservation, to which effort will be devoted during the present year.

State and local programs

It is easier to plan, organize, and coordinate Federal public works, and to harmonize them with economic requirements, than to bring to readiness the programs of thousands of State and local governments. Yet almost two-thirds of total public construction is for local account. While it is highly important that the planning, scheduling, and financing of local facilities remain the business of the States and municipalities, the Federal Government should be prepared, in case of serious need, to help the State and local governments work out their problems.

The Federal Government must cooperate with State and local governments. To assist localities in building an inventory of drawings and specifications for high priority projects, it would be desirable to make interest-free loans for this purpose.

In general, State and local governments now have the financial means to implement a significant expansion of public works. However, it is only realistic to recognize that, in the event of serious unemployment, their circumstances might make it difficult to continue a high rate of public construction. In such a case Federal financial assistance would be necessary.

Community Action To Regularize Employment

The emphasis placed on public works in this chapter must not be interpreted to mean that they constitute the sole contribution that States and localities can usefully make to economic stability. Communities threatened with unemployment as a consequence of the decline of particular industries, have in recent years taken active steps to regularize local employment. Indeed, civic groups in whole regions are attempting to overcome structural unemployment by a reorientation of their industry. With confidence in the determination and ability of the Federal Government to moderate fluctuations, some local civic groups have marshalled the economic knowledge at hand and, in an atmosphere of cooperative self-help and community pride, have contributed to the development of their communities. Such civic programs usually aim at broadening and diversifying a community's industrial base, and seek to reveal latent resources. For the individual community program, the essential needs are local leadership and technical skill. Some labor unions and business associations have established programs for organizing and assisting community groups to study and solve their local employment problems. The Federal Government can facilitate the process through provision of economic information and counsel; but the drive and leadership must necessarily come from the local community itself.

In a dynamically evolving economy, there is no end to the process of self-improving adaptation by the community—and the individual and the firm as well—to the changing forces of economic growth.

Chapter 11

Economic Relations with Other Countries

THE BROAD ECONOMIC ADVANCE of the nations of the free world during 1953, to which we have referred previously, is heartening evidence of the effective use made of the aid given by the United States to postwar reconstruction and development. Increasingly, foreign countries are resuming domestic policies aimed at maintaining budgetary balance and stable prices. United States aid was intended to help, and has helped, these countries bridge the difficulties and reduce the burdens of postwar economic readjustment. It could not, of course, serve as a substitute for financial measures needed to achieve internal balance.

Progress Toward a Free World Economy

The vitality of free institutions has enabled them to survive the strain of two world wars and a world depression of great magnitude. In spite of the growth of economic controls arising from these events, the trading system of the free world is still mainly one in which transactions are conducted by private enterprises rather than by governments. The interference of the State with competitive market forces has receded from its war-time peak. Economic reconstruction and the recovery of production have in most countries been accompanied by a relaxation or removal of price controls, rationing, state buying, and trade and exchange restrictions. In spite of new strains and temporary setbacks associated with the Korean war, notable progress has been made since 1950 in returning to freer economic processes. But much remains to be done before an enduring balance of international transactions in goods and currencies is re-established.

There is a general recognition, here and abroad, of the need for a freer system of trade and payments. It is a responsibility of governments to create and maintain the circumstances in which private traders can conduct their transactions with the fewest impediments from exchange controls or trade restrictions. Sustained prosperity in an interdependent world is a task of all free nations, working together.

The progress already made toward liberalization of international trade and payments should be continued by vigorous efforts to reduce the remaining barriers that stand in the way. Among these impediments are the uncertainties arising from the sensitivity of other economic areas to fluctuations of the United States economy. The program of action outlined in this Report to strengthen the forces of economic growth and resistance to deflation, combined with the determination of the Federal Government to employ all of its powers to prevent severe slumps in the future, should be as reassuring to the peoples of other countries as it is to the people of the United States. In common with other countries, the United States is determined to continue its efforts to attain the common objective—a steadily expanding world economy.

Domestic Economic Stability

A policy to promote economic growth and stability cannot be limited to our domestic affairs, but must, of necessity, extend to our relations with other nations. One of the basic lessons of history is the interdependence between prosperity at home and prosperity abroad; between depression at home and depression abroad. This close link might conceivably be broken by the adoption of nationalistic measures, tending to isolate individual nations and areas from outside fluctuations. The objections to such policies are, however, overwhelming. The sacrifices in economic efficiency and living standards which they involve have long been emphasized and need not be restated. The rigid controls necessary to keep such an economy in balance would be intolerable. Equally important, economic isolation is no guarantee of internal stability. The severity of the depression of the thirties was aggravated by the nationalistic character of the programs devised to combat it, as "beggar-my-neighbor" policies spread currency depreciation, tariff increases, import restrictions, and exchange controls from country to country. Flexible trade and capital movements, supplemented by cooperative policies between governments and central banks, are far more likely to help stabilize national economies, to cushion the impact of domestic disturbances, and to prevent their spreading to the world at large.

The system toward which we must work is one which will provide increasing opportunities for mutually advantageous trade among the free nations, and which can operate without the repeated extension of grants-of-aid from any nation. There is no single measure by the United States or any other nation which can bring such a system into being. Its achievement will call for a variety of measures on the part of all nations. The principal contribution that the United States can make to the achievement of an efficient system of international trade and payments is to maintain a vigorous, healthy, and expanding economy.

Reduction of International Barriers

This, however, is not enough. World trade has been conducted in years past under the constant threat of the erection of new trade barriers by all of the major importing countries. In the case of the United States, as our foreign trade policy has been debated from year to year, other nations have come to entertain doubts concerning its continuity. Although we have in fact carried out vigorous tariff-reducing programs in recent years, we have undertaken these measures in an atmosphere of constant uncertainty. Our trade policy and customs administration should provide a sense of continuity, stability, and forward movement to the rest of the world.

These policies of the United States should facilitate, and be accompanied by, similar measures by other nations to reduce governmental interference with the free movement of goods and capital. In such a program high priority should be given to the elimination of bilateral and discriminatory trade and exchange techniques which strike at the very core of international competition and currency convertibility. This should lay the basis for further and continuing advances toward the general reduction of trade restrictions, as agreed to and already begun under existing international agreements. At the same time, barriers to the movement of private capital should be removed, so that it may play a fuller role in developing new sources of materials, creating new productive facilities, and contributing to an increase in standards of living throughout the free world.

The Administration is now intensively engaged in assessing the findings and recommendations of the newly completed report of the Commission on Foreign Economic Policy. On the basis of this study a comprehensive program will be presented to the Congress for action.

Chapter 12

Dealing with Economic Instability

THE PRECEDING CHAPTERS have outlined a program of action to stimulate the expansive forces of individual enterprise, and at the same time to strengthen the ability of the economy to check either recessionary or inflationary trends. The program calls for action not only by the Federal Government, but also by State and local governments. Business firms and financial institutions have important roles to play in the maintenance of prosperity, and so do workers and consumers. If consumers should sustain an even rate of spending, if businessmen should respond to changes in sales by varying the effort put into selling rather than investment outlays, if financial institutions should use uniform credit standards whether business is booming or slackening, then the tasks facing the Federal Government will, indeed, be greatly lightened. But what private economic groups do is not independent of the directions taken by public policy. By honoring the Employment Act and by demonstrating full determination to act as circumstances require, the Government can create a climate of economic opinion that will foster stabilizing activities by private groups and thus ease the burden that the Federal Government itself need assume.

This Economic Report to the Congress, the first one submitted by this Administration, began by outlining general principles of governmental action, and then developed a concrete program to foster an expanding economy, free from the ravages of both deflation and inflation. Other reports will continue the work here begun. It is a duty of the Administration to inform the Congress and the people as clearly as it can of the major policies it aims to pursue. Economic life is, by the nature of things, surrounded by uncertainties, and not the least of these in the past has been the course of governmental policy itself. A government that wavers in its policy or is excessively reticent about it can, at times, be as injurious to business and consumer confidence as a government that pursues punitive measures. It is desirable, therefore, before closing this Report, to answer as far as we properly can at this time some of the questions about business fluctuations that are in the minds of many citizens.

Need for Constant Vigilance and Flexibility

In discussions of the relation of public policy to the business cycle, this question is commonly raised: At what point should or will the Federal Government act in the interest of checking depression or inflation? The thought seems to be that the Government can stand aloof until some price index or unemployment figure reaches this or that magnitude.

This is not a realistic concept of public policy. It overlooks the need for constant vigilance and preventive action, day by day and week by week.

The decisions currently made by Government, whether in the sphere of taxes or housing or defense or agriculture or bank credit or any other major area, inevitably have implications for economic growth and stability, if not immediately, then in a later day. The new concept that is emerging in the practical art of government, as Chapter 3 may already have suggested, is to subject every act of proposed legislation or administrative decision, as far as that is humanly possible, to review from the standpoint of the contribution it is likely to make, whether in the immediate or a more distant future, to the attainment of an expanding economy with maximum employment and without price inflation. That was the basic intent of the Employment Act of 1946, and it is a guiding principle of this Administration. If our economy is to have a good chance of staying firmly on the road that separates inflation from recession, the Government must be alert and sensitive to every economic development, including its own myriad activities; it must be prepared to take preventive as well as remedial action; and it must put itself in a state of readiness to cope with new situations that may arise.

This Report has sought to convey these basic principles, both in its review of the directions taken by governmental policy during the past year and in the new program of action that is being recommended. But the question may be asked: Is the proposed program sufficient to insure stable prosperity? Does it deal adequately with the economic conditions that are currently emerging? Or, may it not go too far and unleash new inflationary forces? To these questions, no answer can be both short and honest.

The recommended program is sound. It is designed to meet the needs of the current situation, to strengthen the basic expansive forces of individual enterprise, and to protect economic stability.

But no one, however learned or wise, can predict with certainty the precise strength or influence of a particular governmental program. Further, apart from what the Government does, economic life continually turns up new problems and opportunities, as fresh developments occur in one or another part of the domestic front or the international field. The Government must be ready to deal with numerous contingencies, and beware of tying the fate of the Nation to a rigid economic program based on a categorical forecast.

Instrumentalities of Policy

In recognition of the fallibility of economic forecasts, this Report has recommended several measures that will automatically tend to strengthen the ability of the economy to resist either recessionary or inflationary trends. But automatic stabilizers cannot be counted on to do more than restrain either an upward or a downward tendency of the economy. In view of their limitations, and because of the impossibility of being entirely sure in advance of the precise effect of any governmental program, the Government will pursue flexible policies in the future as it has in the past year—that is, policies that can be readily supplemented if they prove inadequate, or quickly modified if they carry the economy to the threshold of price inflation.

The arsenal of weapons at the disposal of Government is very formidable. It includes credit controls administered by the Federal Reserve System, debt management techniques of the Treasury, and the authority of the President to vary the terms of mortgages carrying Federal insurance, apart from the wide extension of that authority recommended in this Report. It includes the administration of the budget, which permits more flexibility than is commonly appreciated, quite apart from new legislation or new appropriations by the Congress. It includes also other areas of action, such as taxation, public works, accelerated depreciation for defense plants, and the newly recommended agricultural supports. And if the powers possessed by the Executive should need to be increased to cope with some new economic development, the Administration will promptly seek from the Congress the additional authority that it requires.

Actions in Case of Need

Since economic troubles have different causes and often require different treatment, no detailed blueprint of specific actions can be responsibly laid down in advance of the event. There are, however, certain broad principles that will guide this Administration in dealing with the possible threat of a depression. These should be made clear.

The first and foremost principle is to take preventive action, as was done during the past year and as is further recommended in this Report. The second principle is to avoid a doctrinaire position, work simultaneously on several fronts, and make sure that the actions being taken harmonize and reinforce one another. The third basic principle is to pursue measures that will foster the expansion of private activity, by stimulating consumers to spend more money and businessmen to create more jobs, so that the economy may resume its growth with new strength. The fourth principle is to act promptly and vigorously if economic conditions require it. The Government will not hestitate to make greater use of monetary, debt management, and credit policy, including liberalized use of Federal insurance of private obligations, or to modify the tax structure, or to reduce taxes, or to expand on a large scale the construction of useful public works, or to take any other steps that may be necessary. The Government must and will be ready to deal with any contingencies that may arise. An essential part of this preparedness under present circumstances is a higher Federal debt limit, which is already necessary for the efficient conduct of the Government's current operations.

The need for constant vigilance and preparedness by Government does not, however, justify constant stirring or meddling. Minor variations in activity are bound to occur in a free economy, or for that matter in any type of economy. The arsenal of stabilizing weapons will be drawn upon by the Government boldly, but not more frequently than is required to help maintain reasonable stability. Nor will flexible policies aiming to minimize economic fluctuations be permitted to interfere any more than is necessary with the fiscal objective of bringing down the scale of Federal expenditures, reducing taxes, and arriving at a budgetary balance.

The Basis for Progress

The Government can greatly help to maintain prosperity. But it is well to recall the accumulated experience of generations which has taught us that no Government can of itself create real and lasting prosperity. A thriving economy depends fundamentally on the enterprise of millions of individuals, acting in their own interests and in the interests of their families and communities. The American people are highly skilled, imaginative, enterprising, and forward-looking. The best service that the Government can render to our economy, besides helping to maintain stability and insuring a floor of protection for the population, is therefore to create an environment in which men are eager to make new jobs, to acquire new tools of production, to improve or scrap the old ones, design new products and develop new markets, increase efficiency all around, and thus be able and willing to pay higher wages and provide better working conditions. The Federal Government is fostering and will continue to foster this kind of environment.

Our economy today is highly prosperous, and enjoys great basic strength, as Part II of this Report has indicated. The minor readjustment under way since mid-1953 is likely soon to come to a close, especially if the recommendations of the Administration are adopted. These recommendations, like the analysis of the current situation on which they are based, envision a sustained improvement in American living standards and a broadly expanding economy. There is every reason for confidence that our system of individual enterprise, which is one of the wonders of the world, will long continue to be a producer of ever-increasing wealth and widely diffused well-being.

Appendix A

REPORT TO THE PRESIDENT ON THE ACTIVITIES OF THE COUNCIL OF ECONOMIC ADVISERS DURING 1953

Letter of Transmittal

DECEMBER 30, 1953.

The PRESIDENT.

SIR: The Council of Economic Advisers submits this Annual Report on its activities during the calendar year 1953 in accordance with the requirements of Congress as set forth in section 4 (d) of the Employment Act of 1946.

Respectfully,

ARTHUR F. BURNS, *Chairman.*

NEIL H. JACOBY.

WALTER W. STEWART.

Report to the President on the Activities of the Council of Economic Advisers During 1953

During the period from January through March 1953, the functions of the Council of Economic Advisers were carried out by the Council that was established in 1946 pursuant to the Employment Act of that year. In April, the functions were transferred to the Economic Adviser to the President who, because of recent appointment, was also a member of the Council. The functions remained with the Economic Adviser until the end of July, when they were restored to the Council which was reconstituted pursuant to the Reorganization Plan No. 9 of 1953.

Activities of Council: January–March 1953

Funds provided for the Council of Economic Advisers in the Appropriation Act for the Fiscal Year 1953 were sufficient to continue the agency only through March of that year. Consequently, on February 4, 1953, Mr. Sherman Adams, The Assistant to the President, advised the Chairman of the House Appropriations Committee that while the President had not yet completed his plans for the Council of Economic Advisers, he believed it highly important that the Council be continued. On behalf of the President, Mr. Adams requested that the Committee consider a supplemental appropriation sufficient to continue the Council through the remainder of the fiscal year.

The President followed this request with the nomination of Arthur F. Burns, Professor of Economics, Columbia University, and Director of Research, National Bureau of Economic Research, as a member of the Council of Economic Advisers. At the hearing before the Senate Committee on Banking and Currency on March 11, 1953, the Committee approved Mr. Burns' nomination, which was confirmed by the Senate, March 18, 1953.

Before the Appropriations Committee acted on the request of the President for a supplemental apropriation to continue the Council until the end of the fiscal year, the Council had practically exhausted its funds and was obliged to begin to wind up its affairs.

Economic Adviser to the President: April–July 1953

Instead of appropriating funds to continue the Council, Congress provided, in the Supplemental Appropriation Act approved March 28, 1953, for the establishment of an Economic Adviser to the President and appropriated $50,000 for such an Adviser and necessary staff for the remainder of the fiscal year. Mr. Burns was appointed to the post by the President and, with a small staff, continued to perform the functions previously performed by the Council.

Reorganization Plan No. 9 of 1953

The President's plans for the Council were set forth in Reorganization Plan No. 9 of 1953 and in the President's Message transmitting that Plan to the Congress on June 1, 1953.

On June 3, Congressman Hoffman introduced House Resolution 263 disapproving the Plan. Mr. Hoffman stated that the introduction of the resolution did not indicate that he approved or disapproved the plan, but that his purpose was to enable committee consideration and appropriate action.

Hearings on the Plan were held July 14 by a Special Subcommittee on Reorganization of the House Committee on Government Operations. The subcommittee consisted of Marguerite Stitt Church, Chairman, Katharine St. George, and John W. McCormack. Mr. Burns, accompanied by William F. Finan, Assistant Director for Management and Organization, Bureau of the Budget, appeared before the subcommittee in behalf of the Plan. Mr. George D. Riley, Member, National Legislative Committee, American Federation of Labor, also testified in favor of the Plan. In a letter to the Committee, Senator Ralph E. Flanders supported the Plan, and at a subsequent meeting of the subcommittee, July 17, Congressman Jesse P. Wolcott, testified in favor of it.

The Special Subcommittee, by unanimous action, voted to recommend to the full committee the disapproval of House Resolution 263. This action was in effect a vote of approval of Reorganization Plan No. 9. The recommendation of the Subcommittee was accepted by the House and the Plan was permitted to go into effect on August 1, 1953.

Reconstituted Council

Reorganization Plan No. 9 of 1953 provided for several significant changes in the organization of the Council. To strengthen the internal administration of the Council, the responsibility for employing staff, specialists, and consultants was transferred from the Council to the Chairman. To establish a clearer relationship with the President, the function of reporting to the President on the Council's views and activities was likewise transferred to the Chairman. The position of Vice Chairman of the Council was abolished.

The aim of the Reorganization Plan was to remedy certain deficiencies in the operation of the Council of Economic Advisers, which had consisted of three members, each of whom, under the Employment Act of 1946, had coequal powers. (See *General Management of the Executive Branch,* U. S. Commission on Organization of Executive Branch of the Government, February 1949.) At the same time, the Reorganization Plan fully preserved the advantage of the balanced judgment that several individuals could bring to bear on economic problems.

Staffing the Council

On July 29, 1953, just prior to the effective date of Reorganization Plan No. 9 of 1953, Mr. Burns was renominated as a member of the Council. He was confirmed again by the Senate July 31. On August 8, he was designated as Chairman by the President.

Neil H. Jacoby, Professor of Business Economics and Policy, and Dean of the School of Business Administration, University of California, Los Angeles, was appointed by the President as the second member of the Council, August 24. Mr. Jacoby took office September 15, 1953. Professor Emeritus Walter W. Stewart, School of Economics and Politics, Institute of Advanced Study, Princeton, New Jersey, was appointed by the President as the third member of the Council, November 30. Mr. Stewart took office December 2, 1953.

Immediately after Mr. Burns took office, six members of the staff of the old Council of Economic Advisers, who had been assisting him as Economic Adviser, were reappointed to the reconstituted Council, and the recruitment of additional staff got under way. At present, the Council has a staff of 30 persons, including full-time, part-time, and detailed personnel, and consultants who report at frequent intervals. Fourteen members of the staff are expert economists of proven competence, recognized for their ability to engage in objective economic analysis.

Advisory Board on Economic Growth and Stability

An important feature of the reconstituted Council was not specifically spelled out in Reorganization Plan No. 9 of 1953, although it was announced in the President's Transmittal Message in which the President stated:

> In order to make the work of the Council of Economic Advisers more effective at the top policy level of the executive branch, I am also asking the heads of several departments and agencies, or the representatives they may designate, to serve as an Advisory Board on Economic Growth and Stability, under the chairmanship of the Chairman of the Council of Economic Advisers. At all times, close liaison must be maintained by the Council with all departments and agencies, and with interdepartmental committees, especially the National Advisory Council on International Monetary and Financial Problems.
>
> It is contemplated that the Advisory Board on Economic Growth and Stability, supported by the existing staffs of the various departments and agencies, will meet frequently, and through its Chairman will keep me closely informed about the state of the national economy and the various measures necessary to aid in maintaining a stable prosperity.

The agencies designated, June 6, 1953, to be represented on the Board, and the officials subsequently designated to serve on the Board, are as follows:

Department of the Treasury—Marion B. Folsom, Under Secretary
Department of Agriculture—True D. Morse, Under Secretary
Department of Commerce—Walter Williams, Under Secretary
Department of Labor—Rocco Siciliano, Assistant Secretary
Bureau of the Budget—Paul L. Morrison, Assistant Director

Board of Governors of the Federal Reserve System—Abbot L. Mills, Member of Board

The White House Office—Gabriel Hauge, Administrative Assistant to the President

Council of Economic Advisers—Arthur F. Burns, Chairman

Since its establishment, the Advisory Board on Economic Growth and Stability has met regularly once a week, and at times more frequently. Representatives of other interested departments and agencies have from time to time joined in the deliberations of the Board. The Board has been an effective body for reviewing and evaluating economic programs and policies of the Federal Government, and for considering measures designed to strengthen the economy. It has also proved effective in achieving a mutual understanding necessary for coordinated action of the various departments and agencies to accomplish the objectives of the Employment Act of 1946.

The Board is essentially a committee advisory to the Council. It is designed to meet a very concrete need in government, namely, to provide a forum at which thinking on economic policy of the various departments and agencies can be compared and coordinated. It expresses the principle that there should be one place in government at which all questions concerning the maintenance of production, employment, and economic growth shall be considered. Because of the Board, the Council is now in a better position than formerly to review and evaluate the current economic situation and to formulate plans to cope with various economic contingencies.

Auxiliary Staff Committee

As an adjunct to the Advisory Board, there has been established an Auxiliary Staff Committee made up mainly of members of the senior staff of the departments and agencies represented on the Advisory Board. The members of this Auxiliary Staff Committee jointly review and analyze proposals to be presented to the Advisory Board. Individually, they brief Board members in advance on issues to be considered at Board meetings.

The Auxiliary Staff Committee also provides a channel for tapping the resources of the collaborating departments and agencies represented on the Advisory Board. The Committee meets frequently with the Council.

Members of the Committee and the agencies they represent are as follows:

Ewan Clague, Commissioner, Bureau of Labor Statistics, Department of Labor

Neal J. Hardy, Assistant Administrator, Division of Plans and Programs, Housing and Home Finance Agency

J. Weldon Jones, Economic Adviser, Bureau of the Budget

Don Paarlberg, Assistant to the Secretary of Agriculture

Louis Paradiso, Chief Statistician, Office of Business Economics, Department of Commerce

Winfield W. Riefler, Assistant to the Chairman, Board of Governors of the Federal Reserve System

Dan T. Smith, Assistant to the Secretary of the Treasury

Ralph A. Young, Director, Division of Research and Statistics, Board of Governors of the Federal Reserve System

Task Forces

In addition to the Auxiliary Staff Committee, Interagency Task Forces were established during September 1953 for an intensive study of measures to promote the stability and growth of our economy and specific economic programs and policies to be pursued in the event of a general slowing down of economic activity. The chairman of each task force is a senior member of the Council staff, and the task force consists of experts of the various Government agencies which have interest and competence in the specific programs and policies being examined.

Thus far, task forces have examined the economic potentials of programs for home modernization and repair; Federal credit aids to construction; public works programs; unemployment compensation; tax revisions; community and business programs to expand employment; and programs to strengthen our financial system. Task forces will be organized to explore other areas of economic policy, as needed.

The reports of the task forces include specific recommendations of actions to be taken to promote the growth and stability of our economy, and to avert developments detrimental to our economic and social welfare. The reports are then reviewed and evaluated by the Auxiliary Staff Committee. The recommendations of this Committee are taken into account in redrafting the reports for submission to the Advisory Board.

All major fields of economics under continuous review

Staff assignments are made by the Council so that developments in every major field of economics embraced by the Council's responsibilities—national income, public finance, money and banking, business organization, construction and public works, manpower, agriculture, international trade and finance, technology, social security, prices, productivity, etc.—are under the watchful eye of an expert. Staff members, some of whom cover more than one field, are responsible in their respective fields for eliciting the cooperation of government and non-government experts and specialists in analyzing and evaluating the significance of current developments.

Senior members of the staff, including those on loan as well as consultants, are as follows: Asher Achinstein, Melvin G. de Chazeau, Frances M. James, Albert R. Koch, Clarence D. Long, David W. Lusher, Robinson Newcomb, William H. Nicholls, Alfred Reifman, Raymond J. Saulnier, Louis Shere, Irving H. Siegel, Collis Stocking, and Robert Triffin.

Consultants

Through the use of consultants, the Council is able to secure the advice and assistance of outstanding experts who, because of other obligations, are unable to serve the Council on a full-time basis. These experts contribute greatly to the work of the Council. The Council benefits from their experience and research studies, many of which they have made prior to becoming consultants. The results of these studies are made available to the Council in conferences, memoranda, and reports.

Cooperation

The Council has enjoyed full cooperation from other Government agencies. Participation on the task forces has not been limited to the agencies represented on the Advisory Board. Other agencies have made members of their staffs available to work on special problems at the request of the Council. In addition, all agencies have shown a gratifying willingness to obtain, assemble, and speed up the preparation of data needed by the Council. Special recognition is due the technical staff of the Departments of Agriculture, Commerce, Labor, State, and Treasury, the Bureau of the Budget, the Board of Governors of the Federal Reserve System, and the Department of Health, Education and Welfare.

The Council has also received willing cooperation from educational institutions, business and professional groups, and labor and management organizations. Officials of the American Farm Bureau Federation, American Federation of Labor, the Congress of Industrial Organizations, the United States Chamber of Commerce, the Committee on Economic Development, and a number of trade associations have given generously of their time in considering subjects with which the Council has been concerned. Plans are being made to extend and to formalize future working relationships with such groups. The Council intends in this way to obtain a balanced cross-section of opinion on economic developments and on recommendations of measures to promote the health of our economy.

The National Bureau of Economic Research has undertaken at its own expense, at the request of the Council, a basic study of economic forecasting techniques. Both the National Bureau and the Brookings Institution have made conference facilities available to the Council so that the best thinking in the country may be brought to bear on the problems considered by the Council.

The Council has received assistance from the Joint Committee on the Economic Report and its staff and, in turn, has continued to prepare *Economic Indicators* which is published monthly by the Committee. The continuous informal interchange of points of view on economic developments between the Council and the Joint Committee and its staff adds to the effectiveness of the Council.

Without this extensive cooperation and assistance, it would be impossible for the Council to carry out its responsibilities effectively with its small staff.

Council budget for fiscal year 1954

The Council requested a budget of $300,000 for the fiscal year 1954. The House of Representatives provided for an appropriation of $200,000, plus the unobligated balance of funds, amounting to approximately $25,000, appropriated for salaries and expenses of an Economic Adviser to the President in the Second Supplemental Appropriation Act, 1953. The Senate increased the amount to $275,000, plus the unobligated balance. This amount was agreed to in conference.

The Director of the Budget Bureau has deducted $20,000 from the total and set it aside in a reserve. Since receiving the appropriation, the Council has moved cautiously in selecting its staff, and has carried forward its work, in accordance with Reorganization Plan No. 9, with a determination to keep all expenditures down to a minimum to avoid requesting the release of any of the Budget Bureau reserve.

Council budget for fiscal year 1955

The Council has requested a $25,000 increase in its budget for the fiscal year 1955. This increase will permit a balancing and strengthening of the staff which has been determined to be necessary on the basis of experience gained since the Council was reconstituted under Reorganization Plan No. 9 of 1953.

Appendix B

EMPLOYMENT ACT OF 1946, AS AMENDED, AND RELATED LAWS

Employment Act of 1946, as Amended, and Related Laws

[The Employment Act of 1946 was approved February 20, 1946, 60 Stat. 23. The following shows the Act as originally enacted, with amendments and additions through the first session of the Eighty-third Congress. The related joint resolution of June 23, 1949, 63 Stat. 264, which is also shown below, is not a part of the Act. Parenthetical references at the end of each section indicate where the section is carried in the United States Code.]

Employment Act of 1946

SHORT TITLE

Section 1. This Act may be cited as the "Employment Act of 1946."

DECLARATION OF POLICY

Sec. 2. The Congress declares that it is the continuing policy and responsibility of the Federal Government to use all practicable means consistent with its needs and obligations and other essential considerations of national policy, with the assistance and cooperation of industry, agriculture, labor, and State and local governments, to coordinate and utilize all its plans, functions, and resources for the purpose of creating and maintaining, in a manner calculated to foster and promote free competitive enterprise and the general welfare, conditions under which there will be afforded useful employment opportunities, including self-employment, for those able, willing, and seeking to work, and to promote maximum employment, production, and purchasing power. (15 U. S. C. 1021)

ECONOMIC REPORT OF THE PRESIDENT

Sec. 3. (a) The President shall transmit to the Congress at the beginning of each regular session (commencing with the year 1947) an economic report (hereinafter called the "Economic Report") setting forth (1) the levels of employment, production, and purchasing power obtaining in the United States and such levels needed to carry out the policy declared in section 2; (2) current and foreseeable trends in the levels of employment, production, and purchasing power; (3) a review of the economic program of the Federal Government and a review of economic conditions affecting employment in the United States or any considerable portion thereof during the preceding year and of their effect upon employment, production, and purchasing power; and (4) a program for carrying out the policy declared in section 2, together with such recommendations for legislation as he may deem necessary or desirable.

(b) The President may transmit from time to time to the Congress reports supplementary to the Economic Report, each of which shall include such supplementary or revised recommendations as he may deem necessary or desirable to achieve the policy declared in section 2.

(c) The Economic Report, and all supplementary reports transmitted under subsection (b) of this section, shall, when transmitted to Congress be referred to the joint committee created by section 5. (15 U. S. C. 1022)

COUNCIL OF ECONOMIC ADVISERS TO THE PRESIDENT

SEC. 4. (a) There is created in the Executive Office of the President a Council of Economic Advisers (hereinafter called the "Council"). The Council shall be composed of three members who shall be appointed by the President, by and with the advice and consent of the Senate, and each of whom shall be a person who, as a result of his training, experience, and attainments, is exceptionally qualified to analyze and interpret economic developments, to appraise programs and activities of the Government in the light of the policy declared in section 2, and to formulate and recommend national economic policy to promote employment, production, and purchasing power under free competitive enterprise. Each member of the Council shall receive basic compensation at the rate of $16,000 per annum. The President shall designate one of the members of the Council as chairman.

(b) The Council is authorized to employ, and fix the compensation of, such specialists and other experts as may be necessary for the carrying out of its functions under this Act, without regard to the civil-service laws and the Classification Act of 1949, as amended, and is authorized, subject to the civil-service laws, to employ such other officers and employees as may be necessary for carrying out its functions under this Act, and fix their compensation in accordance with the Classification Act of 1949, as amended.

(c) It shall be the duty and function of the Council—

(1) to assist and advise the President in the preparation of the Economic Report;

(2) to gather timely and authoritative information concerning economic developments and economic trends, both current and prospective, to analyze and interpret such information in the light of the policy declared in section 2 for the purpose of determining whether such developments and trends are interfering, or are likely to interfere, with the achievement of such policy, and to compile and submit to the President studies relating to such developments and trends;

(3) to appraise the various programs and activities of the Federal Government in the light of the policy declared in section 2 of this title for the purpose of determining the extent to which such programs and activities are contributing, and the extent to which they are not contributing, to the achievement of such policy, and to make recommendations to the President with respect thereto;

(4) to develop and recommend to the President national economic policies to foster and promote free competitive enterprise, to avoid economic fluctuations or to diminish the effects thereof, and to maintain employment, production, and purchasing power;

(5) to make and furnish such studies, reports thereon, and recommendations with respect to matters of Federal economic policy and legislation as the President may request.

(d) The Council shall make an annual report to the President in December of each year.

(e) In exercising its powers, functions, and duties under this Act—

(1) the Council may constitute such advisory committees and may consult with such representatives of industry, agriculture, labor, consumers, State and local governments, and other groups, as it deems advisable;

(2) the Council shall, to the fullest extent possible, utilize the services, facilities, and information (including statistical information) of other Government agencies as well as of private research agencies, in order that duplication of effort and expense may be avoided.

(f) To enable the Council to exercise its powers, functions, and duties under this Act, there are authorized to be appropriated (except for the salaries of the members and the salaries of officers and employees of the Council) such sums as may be necessary. For the salaries of the members and the salaries of officers and employees of the Council, there is authorized to be appropriated not exceeding $345,000 in the aggregate for each fiscal year.

JOINT COMMITTEE ON THE ECONOMIC REPORT

SEC. 5. (a) There is established a Joint Committee on the Economic Report, to be composed of seven Members of the Senate, to be appointed by the President of the Senate, and seven Members of the House of Representatives, to be appointed by the Speaker of the House of Representatives. The party representation on the joint committee shall as nearly as may be feasible reflect the relative membership of the majority and minority parties in the Senate and House of Representatives.

(b) It shall be the function of the joint committee—

(1) to make a continuing study of matters relating to the Economic Report;

(2) to study means of coordinating programs in order to further the policy of this Act; and

(3) as a guide to the several committees of the Congress dealing with legislation relating to the Economic Report, not later than March 1 of each year (beginning with the year 1947) to file a report with the Senate and the House of Representatives containing its findings and recommendations with respect to each of the main recommendations made by the President in the Economic Report, and from time to time

to make other reports and recommendations to the Senate and House of Representatives as it deems advisable.

(c) Vacancies in the membership of the joint committee shall not affect the power of the remaining members to execute the functions of the joint committee, and shall be filled in the same manner as in the case of the original selection. The joint committee shall select a chairman and a vice chairman from among its members.

(d) The joint committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings as it deems advisable, and, within the limitations of its appropriations, the joint committee is empowered to appoint and fix the compensation of such experts, consultants, technicians, and clerical and stenographic assistants, to procure such printing and binding, and to make such expenditures, as it deems necessary and advisable. The cost of stenographic services to report hearings of the joint committee, or any subcommittee thereof, shall not exceed 25 cents per hundred words. The joint committee is authorized to utilize the services, information, and facilities of the departments and establishments of the Government, and also of private research agencies.

(e) There is authorized to be appropriated for each fiscal year, the sum of $125,000, or so much thereof as may be necessary, to carry out the provisions of this section, to be disbursed by the Secretary of the Senate on vouchers signed by the chairman or vice chairman.

(f) Service of one individual, until the completion of the investigation authorized by Senate Concurrent Resolution 26, Eighty-first Congress, as an attorney or expert for the joint committee, in any business or professional field, on a part-time basis, with or without compensation, shall not be considered as service or employment bringing such individual within the provisions of sections 281, 283, or 284 of title 18, of the United States Code, or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States. (15 U. S. C. 1024)

JOINT RESOLUTION OF JUNE 23, 1949

The Joint Committee on the Economic Report is authorized to issue a monthly publication entitled *Economic Indicators*, and a sufficient quantity shall be printed to furnish one copy to each Member of Congress; the Secretary and the Sergeant at Arms of the Senate; the Clerk, Sergeant at Arms, and Doorkeeper of the House of Representatives; two copies to the libraries of the Senate and House, and the Congressional Library; seven hundred copies to the Joint Committee on the Economic Report; and the required number of copies to the Superintendent of Documents for distribution to depository libraries; and the Superintendent of Documents is authorized to have copies printed for sale to the public. (15 U. S. C. 1025)

Appendix C

REORGANIZATION PLAN NO. 9 OF 1953

Reorganization Plan No. 9 of 1953

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES TRANSMITTING REORGANIZATION PLAN NO. 9 OF 1953

JUNE 1, 1953.—Referred to the Committee on Government Operations and ordered to be printed

To the Congress of the United States:

I transmit herewith Reorganization Plan No. 9 of 1953, prepared in accordance with the Reorganization Act of 1949, as amended, and providing reorganizations in the Council of Economic Advisers in the Executive Office of the President.

The legislative history of the Employment Act of 1946 makes it clear that it is the determination of the Congress to help develop a strong economy in the United States. A strong economy is necessary to preserve the peace, to build our defenses and those of the free world, to raise the living standards of our people, and to stimulate trade and industry in friendly countries throughout the world.

A strong economy means a free economy—with full opportunities for the exercise of initiative and enterprise on the part of all individuals.

It means a stable economy—so that satisfying jobs are as numerous as the men and women seeking work, and the production of goods is abundant to meet our needs.

It means an expanding economy—in which workers, managers, and farmers, using more and better tools, constantly increase the output of useful products and services and receive steadily rising incomes in a dollar of stable value.

It means a humane economy—to the end that the aged, infirm, and those suffering hardships receive every needed help.

The achievement and preservation of a strong economy—an economy that is progressive as well as competitive, an economy that remains free from the distortions of inflation and the ravages of depression, an economy that forms the solid foundation for the flourishing of our democratic, social, and political institutions—is everybody's job. Workers, businessmen, bankers, farmers, housewives—all have an important role to play. The Federal Government, too, shares in this vital task. For example, the duties of the President require that he be fully informed of major economic trends and activities in order to recommend proper measures for the consideration of the Congress, and to take into account economic realities in seeing that the laws be faithfully executed.

It is well that the Congress has declared in the Employment Act of 1946 the continuing policy and responsibility of the Federal Government to coordinate and utilize all its plans, functions, and resources for the purpose of creating and maintaining, consistently with free competitive enterprise and the general welfare, employment opportunities for all. That act dedicates the Federal Government to the promotion of maximum employment, production, and purchasing power.

To assist in carrying out those purposes, the Congress provided for the establishment of the Council of Economic Advisers in the Executive Office of the President to make appropriate recommendations to the President and to assist in the preparation of his annual Economic Report to the Congress.

I believe in the basic principles of the Employment Act, and it is my purpose to take the appropriate actions to reinvigorate and make more effective the operations of the Council of Economic Advisers. Our needs for proper advice on economic matters are equaled only by our needs to have the very best advice and planning on matters of national security.

In taking these actions, I have the benefit of the study and work of the Economic Adviser to the President recently provided by the Congress. The Economic Adviser has reviewed the past operations of the Council of Economic Advisers and has recommended to me a series of actions aimed at making it more fully effective in performing its statutory duties.

Accordingly, I intend to appoint a full membership of three members to the Council of Economic Advisers and to recommend to the Congress that adequate funds be appropriated to operate the Council as a fully going unit capable of providing the kind of economic staff work required.

The accompanying reorganization plan provides changes which strengthen the internal administration of the Council and clarify its relationships with the President.

To achieve the first objective—strengthened internal administration—the reorganization plan will make the Chairman of the Council, rather than the whole Council, responsible for certain administrative functions of the Council. Because the Council is essentially an advisory body, these administrative functions relate principally to managing the staff employed to assist the Council. Placing the Chairman in a position to perform these functions will obtain the benefits of single management of the staff. To make possible such an arrangement, the accompanying reorganization plan transfers to the Chairman the functions vested in the Council of Economic Advisers by section 4 (b) of the Employment Act, which relate to employing the staff and other necessary specialists and consultants to work for the Council.

To further the other objective—a clearer relationship with the President—the reorganization plan transfers to the Chairman the function of reporting to the President on the activities of the Council. This change will improve and simplify the relationship of the Council to the President and enable the President to deal with the Council more directly through the Chairman.

The increased responsibilities placed upon the Chairman by this plan would, in my judgment, make it appropriate for the Congress to take action to increase the compensation of the Chairman.

The reorganization plan provides for the elimination of the Vice Chairman of the Council of Economic Advisers, whose designation is provided for in the last sentence of section 4 (a) of the Employment Act of 1946. The objective of this step is to place the members of the Council, other than the Chairman, in an equal status. I shall make provision for one of the members of the Council, other than the Chairman, to act as Chairman of the Council on such occasions as necessity may arise therefor.

In order to make the work of the Council of Economic Advisers more effective at the top policy level of the executive branch, I am also asking the heads of several departments and agencies, or the representatives they may designate, to serve as an Advisory Board on Economic Growth and Stability, under the chairmanship of the Chairman of the Council of Economic Advisers. At all times, close liaison must be maintained by the Council with all departments and agencies, and with interdepartmental committees, especially the National Advisory Council on International Monetary and Financial Problems.

It is contemplated that the Advisory Board on Economic Growth and Stability, supported by the existing staffs of the various departments and agencies, will meet frequently, and through its Chairman will keep me closely informed about the state of the national economy and the various measures necessary to aid in maintaining a stable prosperity.

Because of the complexity of our economy and the variety of views regarding its problems, I shall expect the new Council of Economic Advisers to seek advice energetically not only from the departments and agencies of the Federal Government but also from representatives of industry, agriculture, labor, consumers, and other groups concerned with economic matters, from representatives of State and local governments, and from universities. I want the best economic thinking in the country to be canvassed by the Council. Through advisory groups, through the employment of expert consultants, and through informal relationships with informed citizens the Council will make use of economic talent wherever it may be.

I deem it especially significant that the Congress has provided in the Employment Act for the Joint Committee on the Economic Report, composed of Members of both Houses of the Congress, to study matters relating to the economic report and to make recommendations to the two Houses for legislation. I expect to impress upon the Council of Economic Advisers the importance which I attach to the fullest cooperation of the Council with the Joint Committee to assist the Joint Committee in its important tasks.

After investigation I have found and hereby declare that each reorganization included in the accompanying reorganization plan is necessary to accomplish one or more of the purposes set forth in section 2 (a) of the Reorganization Act of 1949, as amended.

The taking effect of the reorganizations included in the accompanying reorganization plan is expected to result in a more effective performance of the statutory functions of the Council of Economic Advisers and to provide the President with better advice upon economic matters. It is impracticable to specify or itemize at this time any reduction of expenditures which it is probable will be brought about by the taking effect of this reorganization plan.

The reorganization plan will make the Federal Government better able to carry out its responsibilities to the American people to foster a strong, free, and prosperous economy so that we may all enjoy an ever-rising standard of living. I urge the Congress to permit the reorganization plan to become effective.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *June 1, 1953.*

REORGANIZATION PLAN NO. 9 OF 1953

(Prepared by the President and transmitted to the Senate and the House of Representatives in Congress assembled, June 1, 1953, pursuant to the provisions of the Reorganization Act of 1949, approved June 20, 1949, as amended)

COUNCIL OF ECONOMIC ADVISERS

The functions vested in the Council of Economic Advisers by section 4 (b) of the Employment Act of 1946 (60 Stat. 24), and so much of the functions vested in the Council by section 4 (c) of that Act as consists of reporting to the President with respect to any function of the Council under the said section 4 (c), are hereby transferred to the Chairman of the Council of Economic Advisers. The position of Vice Chairman of the Council of Economic Advisers, provided for in the last sentence of section 4 (a) of the said Act, is hereby abolished.

Appendix D

GOVERNMENT FINANCES, 1950–55

Government Finances, 1950–55

On a consolidated cash basis, the fiscal operations of the Federal Government are estimated to result in a deficit of 234 million dollars for the fiscal year 1954, and in a surplus of 115 million dollars for fiscal 1955, compared with a deficit of 5.3 billion dollars for the fiscal year 1953.

The conventional budget, which excludes the trust accounts that are included in the consolidated cash budget, and reflects certain intra-governmental transactions excluded from the consolidated cash budget, is estimated to result in a budget deficit of 3.3 billion dollars for the fiscal year 1954 and of 2.9 billion dollars for fiscal 1955, compared with a deficit of 9.4 billion dollars for the fiscal year 1953. (See Table D–1.)

The State and local governments have been running small deficits for several years, but for the fiscal year 1953 their consolidated cash statement shows a small surplus.

The consolidated cash budgets for the Federal Government, for the State and local governments, and for all governments combined, for the fiscal years 1950–53 are shown in Table D–2.

Federal, State and local government expenditures for goods and services and the receipts on income and product accounts, for the calendar years 1950–53, are given in Table D–3. An explanation of the difference between receipts and expenditures on the basis of (1) national income and product accounts, (2) the conventional administrative budget, and (3) the consolidated cash statement is given for the Federal Government in *Survey of Current Business,* March 1952, page 14. The differences among the three bases are similar for State and local governments.

On the basis of government income and product accounts, the Federal Government had a deficit of 2,200 million dollars in calendar year 1953, compared with a deficit of 2,360 million in the preceding year. The State and local governments shifted from a deficit of 65 million dollars in 1952 to a surplus of 200 million in 1953. For all governments combined, the deficit was reduced from 2,425 million dollars in 1952 to 2,000 million in 1953.

State and local government purchases of goods and services have increased by an annual average of over 2 billion dollars since World War II, and by the end of 1953 they were running at an annual rate exceeding 26 billion dollars. (See Tables D–4 and G–1.) This rapid upswing reflects in part the rise in prices, and in part an increase of three-fifths in the physical volume of purchases. These expenditures are still low relative to their importance in the economy of the thirties.

During the war years 1942–45, State and local governments realized budget surpluses totaling almost 10 billion dollars. In the first two postwar years there were also surpluses. During the succeeding years deficits occurred, but a surplus was again achieved in 1953.

State and local governments now hold 12.5 billion dollars of Federal securities, compared with 5.3 billion at mid-1945. During this period, their aggregate bank deposits increased from 5.4 billion dollars to 11.2 billion dollars. A large portion of the increased liquid assets is attributable to deferred expenditures, and is reserved to finance capital improvements.

The currently favorable fiscal situation of State and local governments is reflected in the improvement in their debt position. During the war years, State and local debt actually decreased by more than 3 billion dollars. Since then, it has risen from 16 billion dollars to about 33 billion (see Table D–5); but after allowance for price inflation and the growth in income and population, the debt burden has actually fallen below its prewar level. Moreover, the cost of carrying the debt has not changed appreciably, relative to State and local expenditures.

The major factors in the increase in State and local purchases since 1946 have been the deferral of construction during the war years, the increasing demands generated by a growing and shifting population, the rising levels of personal income, and the favorable financial position of State and local governments. Wartime materials and manpower shortages curbed State and local outlays for new construction to a point where the average annual volume fell to one-third of the volume of construction for the years 1935–40. By the end of the war, an immense volume of construction was needed to bring facilities in line with requirements. Outlays on construction rose sharply after the end of the war to an all-time peak in 1953. (See Table D–6.)

TABLE D–1.—*Federal receipts and expenditures: conventional budget and consolidated cash statement, 1950–55*

[Fiscal years; millions of dollars]

Accounting basis	Actual				Estimate	
	1950	1951	1952	1953	1954	1955
Conventional budget:						
Receipts	36,495	47,568	61,393	64,593	67,629	62,642
Expenditures	39,606	44,058	65,410	73,982	70,902	65,570
Surplus or deficit (−)	−3,111	3,510	−4,017	−9,389	−3,273	−2,928
Consolidated cash statement:						
Receipts	40,946	53,400	68,022	71,283	74,932	70,842
Expenditures	43,160	45,807	67,968	76,554	75,166	70,727
Cash surplus or deficit (−)	−2,213	7,593	54	−5,272	−234	115

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

Source: Bureau of the Budget and Treasury Department.

TABLE D-2.—*Government cash receipts from and payments to the public, 1950–55*

[Fiscal years; millions of dollars]

Receipts or payments	Actual			
	1950	1951	1952	1953
Total government:				
Cash receipts	58,185	72,770	89,035	94,218
Cash payments	61,888	65,643	89,369	99,116
Total cash surplus or deficit (−)	−3,703	7,127	−334	−4,898
Federal Government:				
Cash receipts [1]	40,946	53,400	68,022	71,283
Cash payments [1]	43,160	45,807	67,968	76,554
Federal cash surplus or deficit (−)	−2,213	7,593	54	−5,272
State and local governments:				
Cash receipts	17,239	19,370	21,013	22,936
Cash payments	18,728	19,836	21,401	22,562
State and local cash surplus or deficit (−)	−1,489	−466	−388	[374

[1] Federal grants-in-aid have been deducted from State and local government receipts and payments since they are included in Federal payments.

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

Sources: Treasury Department, Bureau of the Budget, Department of Commerce, and Council of Economic Advisers.

TABLE D–3.—*Government income and product accounts, 1950–53*

[Calendar years; millions of dollars]

Receipt or expenditure	1950	1951	1952	1953 [1]
Total Government:				
Receipts	69,719	86,778	91,976	99,200
Expenditures	61,445	79,711	94,401	101,200
Surplus or deficit (−)	8,274	7,067	−2,425	−2,000
Federal Government:				
Receipts:				
Personal tax and nontax receipts [2]	18,120	26,179	31,089	32,700
Corporate profits tax accounts [2]	17,475	22,713	19,815	22,900
Indirect business tax and nontax accruals	9,032	9,530	10,466	10,900
Contributions for social insurance	5,907	7,086	7,459	7,600
Total receipts	50,534	65,508	68,829	74,100
Expenditures:				
Purchases of goods and services	22,139	41,113	54,162	58,100
Transfer payments	10,885	8,674	8,886	9,700
Grants-in-aid to State and local governments	2,339	2,430	2,583	2,800
Net interest paid	4,431	4,558	4,589	4,800
Subsidies less current surplus of Government enterprise	1,156	1,280	969	900
Total expenditures	40,950	58,055	71,189	76,300
Surplus or deficit (−)	9,584	7,453	−2,360	−2,200
State and local governments:				
Receipts:				
Personal tax and nontax receipts [2]	2,753	3,153	3,556	3,900
Corporate profits tax accounts [2]	772	882	820	900
Indirect business tax and nontax accruals	14,697	16,148	17,587	19,000
Contributions for social insurance	963	1,087	1,184	1,300
Federal grants-in-aid	2,339	2,430	2,583	2,800
Total receipts	21,524	23,700	25,730	27,900
Expenditures:				
Purchases of goods and services	19,899	21,770	23,355	25,200
Transfer payments	3,420	2,905	3,074	3,100
Net interest paid	293	283	272	300
Less: Current surplus of Government enterprises	778	872	906	900
Total expenditures	22,834	24,086	25,795	27,700
Surplus or deficit (−)	−1,310	−386	−65	+200

[1] Preliminary estimate by Council of Economic Advisers.
[2] Net of tax refunds.

NOTE.—Federal grants-in-aid to State and local governments are reflected in Federal expenditures and State and local receipts and expenditures. Total Government receipts have been adjusted to eliminate this duplication.

Source: Department of Commerce (except as noted).

TABLE D-4.—*Gross national product: Total and Government purchases of goods and services*

Year	Gross national product	Government purchases of goods and services		State and local purchases as percent of—	
		Federal	State and local	Gross national product	Federal purchases
	Billions of dollars			Percent	
1929	103.8	1.3	7.2	6.9	553.8
1939	91.3	5.2	7.9	8.7	151.9
1949	258.2	25.4	18.2	7.0	71.7
1950	286.8	22.1	19.9	6.9	90.0
1951	329.8	41.1	21.8	6.6	53.0
1952	348.0	54.2	23.4	6.7	43.2
1953 [1]	367.0	58.1	25.2	6.9	43.4

[1] Preliminary estimates based on incomplete data.
Source: Department of Commerce (except as noted).

TABLE D-5.—*Gross State and local government debt: Total, per capita, and as percent of national income*

Year	Gross debt [1]		Gross debt as percent of gross national product
	Total (billions of dollars, current prices)	Per capita (dollars, 1953 prices)	
1929	17.2	304	16.6
1939	20.0	357	21.9
1949	20.9	167	8.1
1950	24.2	184	8.4
1951	27.0	187	8.2
1952	29.6	194	8.5
1953 [2]	33.0	207	9.0

[1] As of June 30.
[2] Preliminary.
Source: Department of Commerce.

TABLE D-6.—*Construction by State and local governments*

Period	State and local public construction		
	Total (current prices)	Total (1953 prices)	Per capita (1953 prices)
	Billions of dollars		
1929	2.2	5.2	$42
1939	1.8	4.9	38
1935–40 annual average	1.5	4.0	31
1942–45 annual average	.7	1.4	10
1949	4.9	5.9	40
1950	5.4	6.3	42
1951	6.4	6.8	44
1952	6.7	6.8	43
1953 [1]	7.1	7.1	45

[1] Preliminary estimate.
Source: Department of Commerce.

Appendix E

STATISTICS OF UNEMPLOYMENT

Statistics of Unemployment

The importance attached to figures on unemployment as a guide to economic policies makes it highly desirable that the methods by which these estimates are derived be thoroughly understood.

Statistics for 1953

Unemployment for mid-December 1953, as reported by the United States Census, was just under 1.9 million, or 3 percent of the civilian labor force. It was at this level in January 1953, declined steadily to 1.3 million in mid-spring, went up no more than seasonally in mid-summer, as youths out of school entered the labor force in search of jobs, and was generally downward during late summer and early fall. In October it reached a figure that was below any recorded for the entire period since World War II: 1.2 million, or less than 2 percent of the civilian labor force. It then rose significantly and in excess of the usual seasonal movement in November, and again in December. In the latter month it was above the level of December 1952 by about 400,000.

These increases in unemployment were on the whole moderate, and the year-end level was still below what many would regard as normal in a time of peace. Nevertheless, the 1953 behavior was unusual in this respect: The increase in unemployment was less than the decline in employment. In other words, the labor force declined.

This decline in the labor force requires explanation, since a rise of about 500,000 might have been expected on account of population increase. Why did some persons leave, and others fail to enter, the labor force? Were they squeezed out by difficulties of getting jobs? Or, was the unemployment at the year's end much greater than the figures indicate?

The following considerations provide grounds for believing (1) that the unemployment figures of the Census reflect with reasonable accuracy the number of workers without jobs and seeking work; (2) that the withdrawals from, or decisions not to enter, the labor force in 1953 were voluntary.

Groups Leaving or Not Entering the Labor Force

The "departing" workers were mainly persons who do not ordinarily have primary responsibility for the support of families, but who came into the labor force during wartime military and economic mobilization. As the armed forces expanded rapidly after the third quarter of 1950, following the Korean outbreak, the civilian labor force was replenished by young people and women. Many more females entered by the end of 1951 than could be attributed either to population growth or to the long-run tendency for more women to take up gainful work. Neither the armed forces nor the labor force manifested much net change in relation to population between the last quarter of 1951 and the first quarter of 1953. Nevertheless, in the first quarter of 1953 both the labor force and employment were not only the highest they had been during any of the winter months since World War II, but, with allowance for seasonal variation, they were also the highest they were to be during 1953.

In the month of April 1953, following the sudden and well-publicized yielding of China on the prisoner-repatriation issue on March 28, the civilian labor force, instead of rising as usual by 500,000 in that spring month, fell by 300,000—a net decline in the seasonally-adjusted labor force of 800,000.[1] Additional decreases occurred in May. An earlier instance under somewhat analogous circumstances occurred in early 1945, at about the time the German armies were breaking up. Both events took place well in advance of the disbanding of our armed forces. Some of the withdrawals and the failures to enter seasonally were by persons expecting an early return of husbands, brothers, sons, or fiances. Wives with husbands absent and in the armed forces reduced their participation in the labor force sharply, from 47.3 percent to 39.9 percent between April 1952 and April 1953, whereas wives with husbands present increased theirs somewhat.[2] In fact, of all the females—single, married, widowed, or divorced—the wives with husbands absent in the armed forces curtailed their labor force participation the most.

Very little net change in the labor force beyond normal seasonal movement occurred between May and December 1953; but the fact that the usual inflow of 300,000 workers from increase in working-age population was not realized during these seven months reflected a gradual dwindling in the rate of labor force participation.

Paradoxically, in the months when the employment of females declined the most, their unemployment also fell, indicating that they were dropping out of the labor force *faster* than out of employment. This strongly suggests that many deliberately gave up their jobs or failed to seek new jobs after being laid off. For four months after the labor force exodus in April, seasonally-adjusted unemployment was generally downward. There is always the possibility that individual workers, or workers in some one-

[1] The Census survey week in April immediately followed Easter, and it is conceivable that a post-Easter contraction of retail trade may have modified the usual seasonal movement. However, the Department of Labor employment data do not reveal a contraction in trade for April. In any case, the effect of Easter should have disappeared by May, but the labor force continued to rise less than seasonally.

[2] The Census provides labor force information by marital status only for April of each year.

industry localities, left the labor force because of the difficulty of getting jobs. But this can scarcely be regarded as a significant reason, in view of the fact that most of the shrinkage in the labor force was concentrated in April and May when (1) quits in manufacturing industries were well above and layoffs well below their levels of the corresponding months of the year before; (2) job openings reported by employers to local employment offices (at the end of each month) kept rising and were in excess of their 1952 levels; (3) labor demand, as reflected by classifications of labor-shortage or balanced-labor-supply areas, was as tight as in late 1952 and much tighter than in early 1952;[3] and (4) unemployment was settling to its lowest levels since World War II—not only for the groups that were abandoning the labor force, but also for the men 20–64, who were staying in. The probability that it was not a decline in the demand for labor, but rather the approaching end of the war, which led persons to leave, or to stay out of, gainful work is further strengthened by the fact that the percentage of population in the labor force did not decline during the economic recession of 1949 (for the labor force as a whole, for males or females 25–64, for youths 14–24, or for men and women 65 and older).

Of those not in the labor force, 350,000 more youths were attending school[4] and 800,000 more females were keeping house in December 1953 than would have been expected from population growth since December 1952. The rise in the number retired, or otherwise not active, was small. The increase of persons in school and housekeeping at the expense of gainful employment was perhaps overdue, in view of the upward movement since World War II in the birth rate, and the leveling off since 1950 in the proportion of youths attending high school and college. While the expansion in the labor force during the Korean action was helpful in meeting the military and production demands for war without curtailment in civilian living standards, with the prospect of an end to the action many persons understandably chose to resume school attendance or to give more care to their children, even if that meant less employment and family income.

[3] The areas were classified by surveys conducted in January, March, May, July, September, and November by the United States Bureau of Employment Security and its affiliated State employment security agencies. The percentage of labor market areas classified as labor-shortage or balanced-labor-supply areas rose from around 30 percent in March and May 1952 to around 45 percent in these same months of 1953; conversely, the percentage of areas classified as areas of moderate- or substantial-labor-surplus fell. Aside from the changes in classification in the direction of greater labor scarcity, there was very little change in the area composition of these various classifications. An allowance for some lag in reclassifying labor market areas does not affect these comparisons.

[4] Total school attendance of persons 14–34, including student workers, rose from 9.8 million in October 1952 to 10.2 million in October 1953, although total population in these ages remained about the same. Thus, the rise in school attendance was genuine, and was not a mere reclassification of students who had dropped part-time jobs.

Recent public discussion has revealed some unawareness of the improvement in methods of estimating unemployment since the thirties.

Formerly, employment was subtracted from the labor force to obtain unemployment as a residual.[5] For example, if an employment estimate of 60 million, subject to a relatively small error of 1 percent or 600,000, was deducted from a labor force estimate of 62 million, subject to an error of 700,000, the unemployment residual of 2 million could have been in error by 1.3 million, or 65 percent. Because of the obvious weakness of this method, it was rejected in favor of direct enumeration, when the device of household surveys was adopted in 1940.

Currently, the basic information for the Census estimates of employment, unemployment, and labor force rests on a set of reports obtained by enumerators from a sample of 25,000 households distributed throughout the United States. Every individual 14 years of age or over in each such household is classified as "employed," "unemployed," or "not in the labor force," on the basis of answers given to a standard set of questions by some responsible member of the household. Thus, it is now asked directly whether the individuals have jobs, and are therefore employed. If they do not have jobs, it is next asked if they are seeking work, and are therefore unemployed. The labor force is then obtained by *adding* these two estimates. A person is classified as "not in the labor force" if he is reported to be neither working nor seeking work.

From this basic information for the individuals in each of these 25,000 households, the Census computes the percentage of persons in each sex-color-age group who are employed, unemployed, or not in the labor force. National estimates are then derived by applying these percentages to independent estimates of the total civilian population by sex-color-age groups.

Since the unemployment estimate is based on Census surveys of a relatively small number of households, there is a possibility of sampling error. With the size of the sample used and with unemployment at something like its present magnitude, plus or minus sampling errors up to 200,000 are to be expected on purely statistical grounds; and it is therefore highly improbable that the sampling error for December was larger than this figure. Actual errors of only a few thousand were revealed by a comparison, at the regular 1950 Census, of a 3⅓ percent sample, a 20 percent sample, and a full count. The validity of this range of sampling error depends on the assumption that the work on the survey actually is carried out in accordance with the survey specifications. In this respect, the care taken by the Census is impressive, and there is no evidence that its unemployment data are subject to sampling error beyond the levels indicated.

[5] Unemployment has never been computed in this way by the Bureau of the Census.

A considerable disparity, however, was found for April 1950, between the two figures on unemployment then provided by the Census, the one based on its regular monthly visits to 25,000 households, the other on its enumeration of all the Nation's households. The two figures, derived from virtually identical questions, ought to have been apart by no more than sampling error; yet the gap between them was much larger. The Census regards this discrepancy as owing, not to sampling difficulties, but rather to interview error and in this connection stresses the difference in competence between the small and well-trained corps of permanent sample-survey interviewers and the 130,000 temporary interviewers used in taking the regular census. It thus considers its monthly sample survey as more accurate, and in support of this position points to a similar disparity for a matched sample of 51,000 persons interviewed by both the Census and the sample enumerators.

Problems of Definition of Unemployment

The question has been raised whether the Census defines unemployment in such a way as to exclude persons who want jobs but are too discouraged to seek them.

The monthly surveys have long anticipated this problem by including in their schedules the instruction to enumerators to "Enter 'yes' [that the worker was actually seeking work and was therefore unemployed] for a person who would have been looking for work except for [the fact that] * * * he believed that no work was available in the community or in his line of work." Any persons who failed to look for jobs because they thought there was no use would, if the intention of the questions were fully realized, have been classed as unemployed.

There is tangible reason for believing that nearly all persons who strongly desire jobs are classified as unemployed. After World War II, the Census made a special effort, as part of its regular sample survey in the week ending May 10, 1947, to determine whether there were many genuinely unemployed who for good reason did not hunt jobs and therefore were not classified as unemployed. At that time the unemployment rate was higher than during any month of 1953. Nevertheless, of the 1,854,000 (on a sample basis) who were not in the labor force in the survey week but who had worked or looked for work within the preceding two months, 1,634,000 said they were not looking because they were busy with home or school responsibilities, did not want to work at that time, were physically unable, or were only occasional workers. About 220,000 gave reasons that indicated "possibility of attachment to the labor force," and of these, one-fifth were ill.[6]

[6] Two other surveys within a year of that date were unfortunately made during the summer, and thus their results were obscured by the response of large numbers of vacationing school children. Even so, they revealed small numbers of "inactive unemployed."

Thus, the number who could have been "inactively unemployed" was relatively very small.

The Census defines unemployment in terms of persons seeking work who were without jobs during the *entire survey week.* Accordingly, it defines as employed many persons with jobs who were idle during part or all of the survey week for such economic reasons as short-term lay-off, slack work, shortage of materials, repairs to plant and equipment, or delays in being called to a new job. A small number with jobs, but not working at all during the survey week because of "temporary lay-off" or "not yet called to a new job," are reported separately; in December they amounted to 240,000, or 90,000 more than in December of the previous year.

The discussion so far has taken no account of part-time unemployment. For a full understanding of the employment situation, it would be necessary to know the amount of both overtime employment and part-time unemployment. No regular monthly canvasses of part-time unemployment are made by the Census. Estimates are made, however, at irregular intervals and from these data it appears that some increase in part-time unemployment has occurred recently; but it is impossible to tell how much of the increase is accounted for by seasonal or other special factors.

Another Source of Unemployment Information—Insured Unemployment

Data on insured unemployment are obtained as a by-product of the operations of the State unemployment compensation systems. These data are reported by the State agencies to the Bureau of Employment Security in the United States Department of Labor. When a covered worker becomes unemployed, he reports to a local office of his State employment security agency and files an "initial claim" for benefits (simply a notice of the beginning of unemployment). In each subsequent week (or biweekly in certain States), he files a "continued claim," representing unemployment in the preceding week or weeks. In addition to these totally unemployed, some persons working part-time may be eligible for partial unemployment compensation and are included in the totals.

The *insured unemployment* series is derived by adjusting the continued claims data for the lag between the week of unemployment and the time the claim is filed so that the adjusted series refers to the week in which unemployment actually occurred.

Insured unemployment cannot, of course, be compared directly with the total unemployment estimates of the Census Bureau. The State unemployment insurance programs cover approximately 37 million workers out of a civilian work force of over 60 million. The main groups not covered are agricultural workers, Government employees, the self-employed, domestic servants, workers in very small firms (in most States), employees of non-profit organizations, and railroad workers (who have a separate unemployment insurance system under the Railroad Retirement Board). In general, persons in any of these groups who become idle are not included in the statistics of insured unemployment. Also excluded are new entrants into the labor force, workers with insufficient covered employment or earnings prior to lay-off, veterans filing claims under the Veterans Readjustment Assistance Act, and unemployed persons who have exhausted their benefit rights. Although the number in the last category is currently small, it could rise sufficiently in a time of prolonged unemployment to cause a marked divergence between the paths of insured and total Census-reported unemployment.

There are other differences from the Census estimates, arising largely from diversities of definition. Counted among the "insured unemployed" are workers who may file claims and be eligible for State unemployment compensation but who are classed as "employed" in the Census data. Included in this category are persons not working because of bad weather, workers on temporary lay-off with definite instructions to return to work in less than 30 days, those waiting to enter new jobs or businesses within 30 days, and certain part-time workers.

As the year 1953 began, *insured* unemployment averaged 1,156,000, a figure that was one of the lowest for January since World War II and more than 200,000 below that for January 1952. Insured unemployment followed the general downward seasonal pattern through the late summer. It continued to drop in September to 780,000, though this decline was less than usual. In the last two months of the year, insured unemployment rose sharply and in excess of the usual year-end upturn, and at the close of the year was 1,509,000, the highest for any December since 1945 except for December 1949. Nearly all of the major industrial States reported increases in insured unemployment. The variation among the States in the amount of increase was wide, however, and reflected differences in industrial composition.

For short periods of time the paths of the insured and the Census unemployment series may move rather far apart because of differences in their coverage and definitions. The concentration of unemployment insurance coverage in volatile sectors of the economy, such as manufacturing and construction, would inevitably cause the insured unemployment series to react more sensitively to economic conditions than the Census unemployment series, which covers, in addition, areas and industries much less subject to unemployment. And the fact that the definition of insured unemployment is such as to include persons on short-term layoffs, who would be classed by the Census as "with a job but not at work" and therefore as employed, would mean that the insured unemployment series would respond more sensitively to the initial stages of adjustment in industrial production. During such a period there is increased difficulty in determining the attachment to the labor market of persons recently laid off.

Over longer periods of time there is very high correspondence between the two measures of unemployment. Both are indispensable to the appraisal of conditions in the economy, especially in labor markets. The Census estimates make available a national over-all measure at monthly intervals of the total unemployment in the Nation, by age, sex, and other characteristics. The insured unemployment series, though less comprehensive in certain respects, provides more up-to-date information on unemployment, since it is reported weekly, and tells what is happening to unemployment in different parts of the country.

Appendix F

RESEARCH AND DEVELOPMENT EXPENDITURES, 1941–53

Research and Development Expenditures, 1941–53

Scientific and engineering research and development activities are now widely used means of deliberately producing or accelerating technological changes. Such activities are undertaken by businesses seeking to reduce costs, to perfect new processes or products, or to improve the quality of existing products. They are pursued at the laboratories of universities and other nonprofit institutions in the quest for new scientific and technical knowledge. They are conducted by the Federal Government, or organizations operating under Government contracts or grants, to advance the design of military weapons and equipment, expand the effective base of natural resources, hasten the civilian application of atomic power, improve agricultural practices and products, or contribute to medical science. From an economic standpoint, research and development activities are an instrument of growth and competition, opening up new fields of investment.

Trend of Expenditures

Comprehensive statistics on research and development expenditures are still crude, but some idea of the scope and trend may be obtained from estimates compiled from a variety of sources by the Research and Development Board and by its successor, now designated as the Office of the Assistant Secretary of Defense (R&D). These estimates are intended to exclude construction and other capital expenditures, except as reflected in depreciation charges; they include some research and development costs which are not covered in the research and development category of the Department of Defense budget. For these reasons and others, the Federal Government component of the expenditures series shown in Table F–1 differs from the Federal Government figures shown in *The Budget of the United States Government: Fiscal Year 1955*, "Special Analysis H: Research and Development", and also in the 1953 report of the National Science Foundation entitled *Federal Funds for Science: II. The Federal Research and Development Budget, Fiscal Years 1952 and 1953.* Since the differences are merely definitional, the Government figures included in the totals in Table F–1 are consistent and reconcilable with the figures presented in these other sources.

The cumulative expenditures of the Federal Government,[1] industry, and nonprofit institutions for scientific and engineering research during the

[1] State and local governments also make some contribution to scientific and engineering research and development—especially indirect, as in aid to schools of higher learning and medical centers (included in our "nonprofit" category).

period 1941–53 approached 30 billion dollars. In 1953, the total outlay was about 4 billion dollars,[2] well over four times the 1941 figure. The rise was, of course, due in part to inflation; but much of it was real, in view of the large increase in professional research personnel, whose "productivity" may also be presumed to have advanced.[3]

During the period under consideration, a significant change occurred in the relative shares of the total research and development cost borne by Government and industry.[4] The Government expenditure in 1953, about 2.5 billion dollars, comprised over three-fifths of the national total; the industry contribution, about 1.4 billion dollars, comprised almost three-eighths; nonprofit institutions accounted for the small remainder. In 1941, on the other hand, the Government share was two-fifths and the industry share less than three-fifths.

Despite the change in the source of financing, business enterprises continue to perform most of the research and development work. In 1953, activity at industrial laboratories accounted for about 2.8 billion dollars, or 70 percent of the total outlay of 4 billion dollars. The work done at Government laboratories accounted for about 0.8 billion dollars, or one-fifth of the national outlay. Thus, the workload distribution between Government and industry was not much different from that prevailing in 1941. The Government-industry share of the total workload declined a little, however, as nonprofit institutions, benefiting from Government contracts and grants, increased their share from about 5 percent in 1941 to about 11 percent in 1953.

Trend of Employment

About one out of every four scientists and engineers in the Nation is employed in research and development.[5] The number engaged in such activity more than doubled between 1941 and 1953, reaching 192,000 in the latter year. (See Table F–1.) During this period, the distribution between Federal Government and industry did not differ much from the pattern of expenditures according to site of activity; but the personnel share of the

[2] This estimate, which incorporates a Government figure of 2.5 billion dollars, is consistent with the "current" national estimate of "between 3.5 and 4.0 billion dollars" shown in "Special Analysis H" of *The Budget of the United States Government: Fiscal Year 1955.* The latter version is based on a lower Government figure, 2 billion dollars, which excludes "very substantial costs associated with research and development carried in other [Defense] budget categories."

[3] A "productivity" advance is indicated in a survey made by the National Industrial Conference Board of the 1946 and 1951 research and development activities of 125 companies.

[4] The details presented here and in subsequent paragraphs on the participation of the Federal Government, industry, and nonprofit institutions are based on the statistics underlying Table F–1.

[5] Report of the Office of the [Assistant] Secretary of Defense (R&D), Department of Defense, *The Growth of Scientific Research and Development* (RDB 114/34), July 27, 1953, p. 1.

nonprofit institutions (15 percent in 1953) consistently exceeded their money share.

The personnel figures cited in Table F–1 omit nonprofessional research workers and other supporting workers (e. g., clerical and administrative). It has recently been estimated that, on the average, 1.5 full-time equivalent supporting workers are required in industry for each professional research worker.[6] The ratio varies, of course, according to type of research activity; but the figure 1.5 appears reasonable for the three categories combined—i. e., Federal Government, industry, and nonprofit institutions. On this basis, it may be estimated that almost 500,000 full-time equivalent professional and supporting personnel were engaged in, or otherwise chargeable to, research and development in 1953.

Emphasis on Early Applicability

Most research and development activity is deliberately oriented toward early practical applications, rather than toward increasing the store of "basic" or "fundamental" knowledge. This practical stress promises a significant early expansion of our investment potential.

The dominant interest of industry in applications is understandable. Large companies, however, do recognize the need to expand the horizons of basic knowledge. A study of 191 large companies for 1951 shows that 42 percent of their research and development funds went toward the creation of new products or processes, about 50 percent toward the improvement of existing products or processes, and the remaining 8 percent to "programs uncommitted to specific problems." [7]

Federal research and development funds are also being channeled mainly into activity promising early applications, especially in the interest of defense. A study made by the National Science Foundation shows that only 6 percent of the Federal research and development obligations in the fiscal years 1952 and 1953 supported basic research.[8] "Special Analysis H" of *The Budget of the United States Government: Fiscal Year 1955* states that "more than 90 percent" of the Federal expenditures are for "development, applied research, and new facilities." The President's *Budget Message* calls for more funds for the National Science Foundation so that basic research may be expanded and more graduate students trained.

[6] This ratio is cited for January 1952 by the Bureau of Labor Statistics and the Research and Development Board, *Industrial Research and Development: A Preliminary Report* (Washington, January 1953), p. 7; and by the Bureau of Labor Statistics in cooperation with the Department of Defense, *Scientific Research and Development in American Industry: A Study of Manpower and Costs* (BLS Bulletin 1148, Washington, 1953), pp. 18–20.

[7] See De Witt C. Dearborn, Rose W. Kneznek, and Robert N. Anthony, *Spending for Industrial Research, 1951–1952* (Harvard University Graduate School of Business Administration, Boston, 1953), p. 68.

[8] *Federal Funds for Science: II, op. cit.,* p. 9.

Although most Federal research and development funds are now devoted to projects sponsored by the Department of Defense and the Atomic Energy Commission, it would be a mistake to assume that the results will not be largely applicable, sooner or later, to civilian purposes. Indeed, many products that are now familiar—like steel alloys, aluminum, synthetic rubber, and high-octane gasoline—received encouragement in earlier periods of emergency. Similarly, today's research on guided missiles, jet planes and engines, helicopters, heat- and corrosion-resistant metals and alloys, electronic automatisms, etc., will provide new civilian opportunities. The many thousand scientists and engineers now engaged in defense research and development are, in effect, being readied to facilitate this conversion.

Atomic research and development programs are also paving the way to new peacetime industries. Rapid progress is being made in harnessing atomic power for the production of electrical energy. Radioisotopes are finding new uses in industry, agriculture, and medicine. Even in early 1953, only two-fifths of the scientists and engineers engaged in atomic research and development were concerned with fissionable materials and weapons. Another one-fifth were working on nuclear reactors, which are needed for generating electrical energy. The remaining two-fifths were employed in basic and applied research in the physical sciences (physics, chemistry, and metallurgy), mathematics, and the life sciences (biology, medicine, and biophysics).[9]

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[9] American Society of Mechanical Engineers, *Uranium, Plutonium and Industry* (U. S. Atomic Energy Commission, Washington, March 1953), p. 13. The discussion of Atomic Energy Commission programs in "Special Analysis H" of *The Budget of the United States Government: Fiscal Year 1955* also emphasizes the nonmilitary applicability of military research and development results.

ABLE F-1.—*Estimated research and development*[1] *expenditures and employment in the United States*[2], *1941–53*

Year	Expenditures[3] (millions of dollars)	Research scientists and engineers employed[4] (thousands)	Year	Expenditures[3] (millions of dollars)	Research scientists and engineers employed[4] (thousands)
1941	900	87	1948	2,610	133
1942	1,070	90	1949	2,610	144
1943	1,210	97	1950	2,870	151
1944	1,380	111			
1945	1,520	119	1951	3,360	158
			1952	3,750	180
1946	1,780	122	1953[5]	4,000	192
1947	2,260	125			

[1] "Research and development" embraces basic and applied research in the sciences (including medicine) and in engineering, and the design, development, and testing of prototypes and processes. The term is meant here to exclude quality control, product testing, market research, sales promotion, sales service, and research in social sciences and psychology.

[2] Includes Federal Government, industry, and nonprofit institution programs.

[3] Expenditures include salaries of professional and nonprofessional research personnel and of administrative and other supporting workers; other chargeable overhead; and materials. Capital investment is excluded, except as reflected in depreciation charges.

The Federal Government component of the series presented here may be reconciled with, though it is based on a definition different from, the Federal Government series shown in *The Budget of the United States Government: Fiscal Year 1955*, "Special Analysis H: Research and Development." It excludes capital outlays; but it incorporates a sizable adjustment for Department of Defense funds devoted to research and development although not explicitly budgeted for such purposes.

[4] Presumably refers to full-time equivalents; excludes nonprofessional research workers and supporting nonresearch (e. g., clerical and administrative) workers.

[5] Preliminary.

Source: Office of the Assistant Secretary of Defense (R&D), Department of Defense. (For 1941–52 estimates, see *The Growth of Scientific Research and Development* [RDB 114/34], July 27, 1953, pp. 10–12.)

Appendix G

STATISTICAL TABLES RELATING TO INCOME, EMPLOYMENT, AND PRODUCTION

CONTENTS

NATIONAL INCOME OR EXPENDITURE

TABLE G–1.—*Gross national product or expenditure, 1929–53*

[Billions of dollars]

Period	Total gross national product	Personal consumption expenditures [1]	Gross private domestic investment [2]: Total	Gross private domestic investment: New construction: Total	New construction: Residential (nonfarm)	New construction: Other	Producers' durable equipment	Net change in business inventories	Net foreign investment	Government purchases of goods and services: Total	Federal: Total	Federal: National Security [3]	Federal: Other	Federal: Less: Government sales	State and local
1929	103.8	78.8	15.8	7.8	2.8	5.0	6.4	1.6	0.8	8.5	1.3	(4)	(4)	(5)	7.2
1930	90.9	70.8	10.2	5.6	1.4	4.2	4.9	−.3	.7	9.2	1.4	(4)	(4)	(5)	7.8
1931	75.9	61.2	5.4	3.6	1.2	2.4	3.2	−1.4	.2	9.2	1.5	(4)	(4)	(5)	7.7
1932	58.3	49.2	.9	1.7	.5	1.2	1.8	−2.6	.2	8.1	1.5	(4)	(4)	(5)	6.6
1933	55.8	46.3	1.3	1.1	.3	.8	1.8	−1.6	.2	8.0	2.0	(4)	(4)	(5)	5.9
1934	64.9	51.9	2.8	1.4	.4	1.0	2.5	−1.1	.4	9.8	3.0	(4)	(4)	(5)	6.8
1935	72.2	56.2	6.1	1.9	.7	1.2	3.4	.9	−.1	9.9	2.9	(4)	(4)	(5)	7.0
1936	82.5	62.5	8.3	2.8	1.1	1.7	4.5	1.0	−.1	11.7	4.8	(4)	(4)	(5)	6.9
1937	90.2	67.1	11.4	3.7	1.4	2.3	5.4	2.3	.1	11.6	4.6	(4)	(4)	(5)	7.0
1938	84.7	64.5	6.3	3.3	1.5	1.8	4.0	−1.0	1.1	12.8	5.3	(4)	(4)	(5)	7.5
1939	91.3	67.5	9.9	4.9	2.7	2.2	4.6	.4	.9	13.1	5.2	1.3	3.9	(5)	7.9
1940	101.4	72.1	13.9	5.6	3.0	2.6	6.1	2.3	1.5	13.9	6.2	2.2	4.0	(5)	7.8
1941	126.4	82.3	18.3	6.8	3.4	3.4	7.7	3.9	1.1	24.7	16.9	13.8	3.2	(5)	7.8
1942	161.6	91.2	10.9	4.0	1.8	2.2	4.9	2.1	−.2	59.7	52.0	49.6	2.7	0.2	7.7
1943	194.3	102.2	5.7	2.5	1.0	1.5	4.1	−.9	−2.2	88.6	81.2	80.4	1.5	.6	7.4
1944	213.7	111.6	7.7	2.8	.8	2.0	5.7	−.8	−2.1	96.5	89.0	88.6	1.6	1.2	7.5
1945	215.2	123.1	10.7	3.9	1.1	2.8	7.5	−.7	−1.4	82.8	74.8	75.9	1.0	2.2	8.0
1946	211.1	146.9	28.7	10.3	4.0	6.3	12.3	6.1	4.6	30.9	20.9	21.2	2.5	2.7	10.0
1947	233.3	165.6	30.2	13.9	6.3	7.6	17.1	−.8	8.9	28.6	15.8	13.3	3.8	1.3	12.8
1948	259.0	177.9	42.7	17.7	8.6	9.1	19.9	5.0	1.9	36.6	21.0	16.1	5.6	.6	15.6
1949	258.2	180.6	33.5	17.2	8.3	9.0	18.7	−2.5	.5	43.6	25.4	19.3	6.6	.4	18.2
1950	286.8	194.6	52.5	22.7	12.6	10.1	22.3	7.5	−2.3	42.0	22.1	18.5	3.9	.2	19.9
1951	329.8	208.1	58.6	23.1	11.0	12.2	24.6	10.9	.3	62.9	41.1	37.4	4.1	.4	21.8
1952	348.0	218.1	52.5	23.4	11.1	12.3	25.4	3.7	−.2	77.5	54.2	48.9	5.8	.5	23.4
1953 [6]	367.0	229.9	55.7	25.1	11.8	13.3	26.7	3.9	−1.9	83.4	58.1	51.8	6.8	.6	25.2
	Seasonally adjusted annual rates														
1952: First quarter	340.4	213.7	50.4	23.3	11.0	12.4	25.6	1.5	2.1	74.1	51.0	46.2	5.4	.5	23.1
Second quarter	345.1	217.2	49.6	23.4	11.0	12.4	25.6	.7	.5	77.7	54.7	49.8	5.4	.5	23.0
Third quarter	345.3	217.2	52.3	23.1	10.8	12.3	24.9	4.2	−2.0	77.8	54.6	49.2	6.0	.6	23.2
Fourth quarter	361.1	224.4	57.9	23.9	11.6	12.3	25.5	8.5	−1.6	80.4	56.4	50.5	6.3	.5	24.0
1953: First quarter	363.4	227.7	55.4	25.0	12.2	12.8	26.2	4.3	−2.1	82.4	57.4	51.6	6.5	.7	24.9
Second quarter	370.7	230.4	59.3	25.3	12.0	13.4	26.9	7.1	−2.5	83.5	58.9	53.5	6.0	.7	24.6
Third quarter	368.8	231.0	56.3	24.9	11.5	13.4	27.1	4.3	−2.1	83.6	58.4	52.1	6.8	.5	25.2
Fourth quarter [6]	365.0	230.5	51.5	25.0	11.5	13.5	26.5	.0	−1.0	84.0	57.7	50.2	8.0	.5	26.3

[1] See appendix table G–5 for major components.
[2] See appendix table G–6 for more detail and explanation of components.
[3] For 1947–53 "national security" expenditures include the items classified as such in *The Budget of the United States Government for the Fiscal Year ending June 30, 1954.* The items are: military services, international security and foreign relations, development and control of atomic energy, promotion of merchant marine, promotion of defense production and economic stabilization, and civil defense. These expenditures are not comparable with the "national security" category in the Budget for the Fiscal Year ending June 30, 1955. "National defense" expenditures for goods and services correspond more closely to the new Budget definition; they include items shown under the national security classification in the 1955 Budget and in addition, defense production and economic stabilization, military manpower selection, promotion of aviation (National Advisory Committee for Aeronautics only), and civil defense. National defense expenditures for goods and services since 1947 are as follows: 1947, 12.2 billion dollars; 1948, 11.7 billion; 1949, 13.6 billion; 1950, 14.2 billion; 1951, 34.0 billion; 1952, 46.5 billion; 1953, 49.9 billion.
[4] Not available.
[5] Less than 50 million dollars.
[6] Estimates based on incomplete data; fourth quarter by Council of Economic Advisers.

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

Source: Department of Commerce (except as noted).

TABLE G–2.—*Gross national product or expenditure in 1953 prices, 1929–53* [1]

[Billions of dollars, 1953 prices]

Period	Total gross national product	Personal consumption expenditures: Total	Personal consumption expenditures: Durable goods	Personal consumption expenditures: Nondurable goods	Personal consumption expenditures: Services	Gross private domestic investment: Total	New construction: Total	New construction: Residential (nonfarm)	New construction: Other	Producers' durable equipment	Change in business inventories
1929	175.9	123.2	16.8	63.2	43.2	34.2	19.8	7.0	12.8	11.5	3.0
1930	159.2	115.7	13.4	60.1	42.2	23.3	14.7	3.7	10.9	9.1	−.5
1931	147.7	111.7	11.1	59.6	41.0	14.7	10.3	3.5	6.8	6.2	−1.8
1932	125.3	102.1	8.3	54.8	39.1	3.3	5.6	1.6	4.0	3.7	−6.0
1933	123.4	100.6	8.0	54.1	38.5	3.7	4.0	1.0	3.0	3.7	−4.1
1934	136.3	106.8	9.3	58.6	38.9	6.7	4.5	1.1	3.3	5.0	−2.8
1935	150.3	113.2	11.3	62.0	39.9	15.2	6.0	2.2	3.8	6.7	2.5
1936	170.2	124.9	13.9	69.1	41.9	19.6	8.4	3.4	4.9	9.1	2.2
1937	179.6	129.3	14.7	71.5	43.1	25.6	10.1	3.8	6.3	10.4	5.1
1938	171.8	127.2	12.0	72.6	42.6	14.5	8.9	4.0	4.9	7.4	−1.8
1939	187.9	134.4	14.1	76.5	43.9	22.8	13.1	7.1	6.0	8.6	1.0
1940	205.7	142.1	16.1	80.5	45.6	30.8	14.5	7.6	6.9	11.3	5.0
1941	239.2	153.2	18.7	87.0	47.5	38.2	16.4	8.3	8.1	13.5	8.2
1942	271.7	151.0	11.9	89.6	49.6	21.2	8.8	3.8	5.0	8.3	4.0
1943	305.9	155.1	10.5	92.4	52.3	11.8	5.2	1.8	3.3	6.9	−.3
1944	329.3	161.4	9.7	96.6	55.1	13.7	5.4	1.5	3.8	9.7	−1.3
1945	319.9	172.0	11.0	103.9	57.1	17.3	7.1	1.9	5.2	12.6	−2.4
1946	283.4	191.0	21.7	108.8	60.5	43.7	16.2	6.2	10.0	18.6	8.9
1947	282.8	196.0	25.8	107.5	62.7	41.6	18.5	8.2	10.3	22.3	.8
1948	293.3	199.6	26.3	107.9	65.4	49.9	21.4	10.0	11.4	23.9	4.7
1949	294.2	205.0	27.0	110.0	68.1	39.7	21.1	9.9	11.2	21.6	−3.0
1950	320.1	216.3	32.4	112.2	71.8	59.3	26.1	14.1	12.0	25.1	8.1
1951	343.6	215.3	28.0	113.9	73.4	60.7	24.7	11.5	13.2	25.3	10.7
1952	354.1	221.0	27.0	118.3	75.7	53.6	24.1	11.3	12.8	25.7	3.7
1953 [5]	367.0	229.9	30.2	121.3	78.4	55.7	25.1	11.8	13.3	26.7	3.9

See footnotes at end of table.

TABLE G-2.—*Gross national product or expenditure in 1953 prices, 1929–53* [1]—Continued

[Billions of dollars, 1953 prices]

Period	Net foreign invest-ment	Government purchases of goods and services				
		Total	Federal			State and local
			Total [2]	National security [3]	Other	
1929	0.2	18.3	2.9	(4)	(4)	15.4
1930	-.1	20.3	3.3	(4)	(4)	17.0
1931	-.6	21.9	3.6	(4)	(4)	18.3
1932	-.7	20.5	3.7	(4)	(4)	16.8
1933	-.9	20.0	5.1	(4)	(4)	14.9
1934	-.4	23.2	6.9	(4)	(4)	16.2
1935	-1.5	23.4	6.8	(4)	(4)	16.6
1936	-1.7	27.4	10.9	(4)	(4)	16.5
1937	-1.4	26.1	9.9	(4)	(4)	16.2
1938	.8	29.2	11.9	(4)	(4)	17.4
1939	.6	30.1	11.6	2.9	8.8	18.5
1940	1.2	31.6	13.7	4.9	8.9	17.9
1941	-.2	48.0	31.0	25.3	5.9	17.0
1942	-2.2	101.8	86.1	82.1	4.5	15.6
1943	-6.2	145.2	131.0	129.7	2.4	14.2
1944	-6.6	160.8	146.9	146.2	2.6	13.9
1945	-6.1	136.7	122.6	124.4	1.6	14.1
1946	3.9	44.7	28.8	29.2	3.4	15.9
1947	8.2	36.9	19.2	16.2	4.6	17.8
1948	.0	43.8	24.6	18.8	6.5	19.2
1949	-1.3	50.8	29.1	22.1	7.5	21.7
1950	-2.8	47.3	24.4	20.4	4.3	23.0
1951	1.7	65.8	42.6	38.8	4.2	23.2
1952	.4	79.1	55.2	49.8	5.9	24.0
1953 [5]	-1.9	83.4	58.1	51.8	6.8	25.2

[1] These estimates represent an approximate conversion of the Department of Commerce series in 1939 prices. (See appendix table G-3.) This was done by major components, using the implicit price indexes converted to a 1953 base. Although it would have been preferable to redeflate the series by minor components, this would not substantially change the results except possibly for the period of World War II, and for the series on "change in business inventories."

[2] Net of Government sales, which are not shown separately on this table. See appendix table G-1 for Government sales in current prices.

[3] See appendix table G-1, footnote 3.

[4] Not available.

[5] Estimates based on incomplete data.

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

Source: Council of Economic Advisers.

TABLE G-3.—*Gross national product or expenditure in 1939 prices, 1929–53* [1]

[Billions of dollars, 1939 prices]

Period	Total gross national product	Personal consumption expenditures				Gross private domestic investment				Net foreign investment	Government purchases of goods and services			Gross private product [2]
		Total	Durable goods	Nondurable goods	Services	Total	New construction	Producers' durable equipment	Change in business inventories		Total	Federal	State and local	
1929	85.9	62.2	8.0	29.1	25.1	14.9	7.4	6.1	1.5	0.8	7.9	1.3	6.6	81.5
1930	78.1	58.6	6.4	27.7	24.5	10.1	5.4	4.8	−.2	.6	8.7	1.5	7.3	73.5
1931	72.3	56.6	5.3	27.5	23.9	5.9	3.8	3.3	−1.1	.3	9.4	1.6	7.8	67.7
1932	61.9	51.8	3.9	25.2	22.7	1.1	2.1	1.9	−3.0	.2	8.9	1.7	7.2	57.4
1933	61.5	51.1	3.8	24.9	22.4	1.6	1.5	2.0	−1.8	.1	8.7	2.3	6.4	56.5
1934	67.9	54.0	4.4	27.0	22.6	3.5	1.7	2.7	−.8	.3	10.1	3.1	7.0	62.0
1935	73.9	57.2	5.4	28.6	23.2	6.7	2.2	3.6	.9	−.1	10.1	3.0	7.1	67.6
1936	83.9	62.8	6.6	31.8	24.4	9.3	3.1	4.8	1.4	−.2	11.9	4.9	7.1	76.4
1937	87.9	65.0	7.0	32.9	25.1	11.4	3.8	5.5	2.1	.1	11.4	4.4	6.9	80.9
1938	84.0	63.9	5.7	33.4	24.8	6.3	3.3	3.9	−1.0	1.0	12.7	5.3	7.4	76.4
1939	91.3	67.5	6.7	35.3	25.5	9.9	4.9	4.6	.4	.9	13.1	5.2	7.9	83.7
1940	100.0	71.3	7.7	37.1	26.5	13.7	5.4	6.0	2.3	1.2	13.8	6.1	7.7	92.1
1941	115.5	76.6	8.9	40.1	27.6	17.1	6.1	7.2	3.8	.7	21.1	13.8	7.3	106.2
1942	129.7	75.8	5.7	41.3	28.8	9.3	3.3	4.4	1.6	−.4	45.0	38.3	6.7	116.5
1943	145.7	78.0	5.0	42.6	30.4	5.4	1.9	3.6	−.1	−2.1	64.3	58.2	6.1	125.3
1944	156.9	81.1	4.6	44.5	32.0	6.6	2.0	5.1	−.5	−2.2	71.3	65.4	6.0	133.0
1945	153.4	86.3	5.3	47.9	33.2	8.3	2.6	6.7	−1.0	−1.8	60.6	54.6	6.0	129.7
1946	138.4	95.7	10.4	50.2	35.2	20.3	6.0	9.9	4.4	2.7	19.6	12.8	6.8	125.6
1947	138.6	98.3	12.3	49.5	36.4	19.3	6.9	11.8	.6	4.8	16.1	8.5	7.6	128.8
1948	143.5	100.3	12.6	49.7	38.0	22.7	8.0	12.6	2.1	1.4	19.2	10.9	8.2	133.7
1949	144.0	103.2	12.9	50.7	39.6	18.0	7.9	11.4	−1.3	.6	22.2	12.9	9.3	133.7
1950	156.2	108.9	15.5	51.7	41.7	26.8	9.7	13.3	3.8	−.1	20.7	10.8	9.8	145.7
1951	167.0	108.5	13.4	52.4	42.6	27.6	9.2	13.4	5.0	2.0	28.9	18.9	9.9	153.9
1952	172.0	111.4	12.9	54.5	44.0	24.3	9.0	13.6	1.7	1.4	34.8	24.5	10.3	157.8
1953 [3]	178.3	115.9	14.4	55.9	45.6	25.4	9.4	14.1	1.9	.4	36.6	25.8	10.8	164.1

[1] See *Survey of Current Business*, January 1951, and *A Supplement to the Survey of Current Business, National Income*, 1951 edition, for explanation of conversion of estimates in current prices to those in 1939 prices and for implicit deflators used.

[2] Total gross national product less compensation of general government employees.

[3] Estimate based on incomplete data; by Council of Economic Advisers.

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

Source: Department of Commerce (except as noted).

TABLE G–4.—*The Nation's income, expenditure, and saving, 1951–53*

[Billions of dollars]

Economic group	1951			1952			1953 [1]		
	Receipts	Expenditures	Excess of receipts (+) or expenditures (−)	Receipts	Expenditures	Excess of receipts (+) or expenditures (−)	Receipts	Expenditures	Excess of receipts (+) or expenditures (−)
Consumers:									
Disposable personal income	225.0			235.0			248.0		
Personal consumption expenditures		208.1			218.1			229.9	
Personal net saving (+)			+16.9			+16.9			+18.1
Business:									
Gross retained earnings	33.8			37.4			38.9		
Gross private domestic investment		58.6			52.5			55.7	
Excess of investment (−)			−24.8			−15.1			−16.8
International:									
Net foreign investment		.3			−.2			−1.9	
Excess of receipts (+) or investment (−)			−.3			+.2			+1.9
Government (Federal, State, and local):									
Tax and nontax receipts or accruals	86.8			92.0			99.2		
Less: Transfers, interest, and subsidies (net)	16.8			16.9			17.8		
Net receipts	70.0			75.1			81.4		
Total Government expenditures		79.7			94.4			101.2	
Less: Transfers, interest, and subsidies (net)		16.8			16.9			17.8	
Purchases of goods and services		62.9			77.5			83.4	
Surplus (+) or deficit (−) on income and product account			+7.1			−2.4			−2.0
Statistical discrepancy	1.1		+1.1	.5		+.5	−1.3		−1.3
Gross national product	329.8	329.8		348.0	348.0		367.0	367.0	

[1] Estimates based on incomplete data; by Council of Economic Advisers.

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

Source: Based on the national income and product statistics of the Department of Commerce (except a noted).

TABLE G–5.—*Personal consumption expenditures, 1929–53*

[Billions of dollars]

Period	Total personal consumption expenditures	Durable goods			Nondurable goods				Services		
		Total	Automobiles and parts	Other	Total	Food [1]	Clothing [2]	Other	Total	Housing [3]	Other
1929	78.8	9.4	3.2	6.1	37.7	19.7	9.2	8.9	31.7	11.4	20.2
1930	70.8	7.3	2.2	5.1	34.1	18.1	7.9	8.1	29.5	11.0	18.5
1931	61.2	5.6	1.6	4.0	29.0	14.8	6.8	7.4	26.6	10.2	16.4
1932	49.2	3.7	.9	2.8	22.7	11.4	5.0	6.4	22.8	9.0	13.8
1933	46.3	3.5	1.0	2.5	22.3	11.5	4.6	6.2	20.6	7.8	12.7
1934	51.9	4.3	1.4	2.9	26.7	14.3	5.6	6.9	20.9	7.5	13.4
1935	56.2	5.2	1.9	3.3	29.4	16.3	5.9	7.2	21.7	7.6	14.1
1936	62.5	6.4	2.3	4.1	32.9	18.5	6.5	7.9	23.3	7.9	15.4
1937	67.1	7.0	2.4	4.6	35.2	20.0	6.7	8.6	24.9	8.4	16.5
1938	64.5	5.8	1.6	4.1	34.0	19.0	6.6	8.4	24.7	8.7	16.0
1939	67.5	6.7	2.1	4.6	35.3	19.3	7.0	8.9	25.5	8.9	16.5
1940	72.1	7.9	2.7	5.1	37.6	20.7	7.4	9.5	26.6	9.2	17.4
1941	82.3	9.8	3.3	6.4	44.0	24.4	8.8	10.8	28.5	9.9	18.7
1942	91.2	7.1	.7	6.4	52.9	30.5	11.0	11.4	31.2	10.6	20.6
1943	102.2	6.8	.8	6.0	61.0	35.3	13.7	11.9	34.4	11.1	23.3
1944	111.6	7.1	.9	6.2	67.1	38.9	15.3	12.9	37.4	11.7	25.7
1945	123.1	8.5	1.1	7.4	74.9	43.0	17.1	14.8	39.7	12.2	27.5
1946	146.9	16.6	4.2	12.4	85.8	50.3	18.6	16.9	44.5	13.0	31.4
1947	165.6	21.4	6.6	14.8	95.1	56.6	19.1	19.4	49.1	14.6	34.5
1948	177.9	22.9	7.5	15.4	100.9	59.7	20.1	21.1	54.1	16.5	37.7
1949	180.6	23.8	9.4	14.5	99.2	58.9	19.0	21.4	57.5	18.1	39.4
1950	194.6	29.2	12.3	16.9	102.6	61.2	18.9	22.5	62.7	20.2	42.5
1951	208.1	27.3	10.9	16.4	113.4	69.0	20.3	24.1	67.4	21.9	45.5
1952	218.1	26.7	10.4	16.3	118.8	72.6	20.7	25.4	72.7	24.0	48.7
1953 [4]	229.9	30.2	13.7	16.5	121.3	74.3	20.3	26.7	78.4	26.1	52.3
	Seasonally adjusted annual rates										
1952: First half	215.5	26.7	10.7	16.0	117.6	71.9	20.5	25.2	71.2	23.5	47.7
Second half	220.8	26.7	10.1	16.5	119.9	73.3	21.0	25.7	74.2	24.5	49.7
1953: First half	229.1	30.4	13.8	16.6	121.6	74.3	20.9	26.4	77.0	25.5	51.4
Second half [4]	230.7	30.0	13.5	16.4	120.9	74.3	19.6	27.0	79.9	26.7	53.2
1952: First quarter	213.7	26.0	9.9	16.1	117.2	71.5	20.5	25.2	70.5	23.2	47.3
Second quarter	217.2	27.4	11.5	15.9	118.0	72.3	20.5	25.2	71.8	23.8	48.1
Third quarter	217.2	25.1	8.8	16.3	118.7	73.0	20.4	25.2	73.3	24.3	49.1
Fourth quarter	224.4	28.2	11.5	16.7	121.1	73.5	21.5	26.1	75.1	24.8	50.3
1953: First quarter	227.7	30.2	13.4	16.8	121.2	74.2	20.9	26.2	76.3	25.3	51.0
Second quarter	230.4	30.7	14.3	16.4	122.1	74.5	20.9	26.7	77.6	25.8	51.9
Third quarter	231.0	30.4	13.8	16.7	121.3	74.5	19.9	26.9	79.2	26.4	52.8
Fourth quarter [4]	230.5	29.5	13.3	16.2	120.5	74.1	19.4	27.0	80.5	27.0	53.5

[1] Includes alcoholic beverages.
[2] Includes shoes and standard clothing issued to military personnel.
[3] Includes imputed rental value of owner-occupied dwellings.
[4] Estimates based on incomplete data; fourth quarter by Council of Economic Advisers.

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

Source: Department of Commerce (except as noted).

TABLE G–6.—*Gross private domestic investment, 1929–53*

[Billions of dollars]

Period	Total gross private domestic investment	Nonfarm producers' plant and equipment			Farm equipment and construction			Residential construction (nonfarm)[1][5]	Other private construction[6]	Net change in business inventories		
		Total[1]	Equipment[2]	Construction[1][3]	Total[4]	Equipment	Construction			Total	Nonfarm[7]	Farm
1929	15.8	9.8	5.6	4.2	1.1	0.8	0.3	2.8	0.5	1.6	1.8	−0.3
1930	10.2	7.6	4.3	3.4	.9	.7	.2	1.4	.5	−.3	(8)	−.2
1931	5.4	4.6	2.8	1.8	.5	.4	.1	1.2	.4	−1.4	−1.7	.3
1932	.9	2.5	1.6	1.0	.3	.3	(8)	.5	.2	−2.6	−2.6	(8)
1933	1.3	2.3	1.6	.7	.3	.3	(8)	.3	.1	−1.6	−1.3	−.3
1934	2.8	3.1	2.2	.9	.4	.3	.1	.4	.1	−1.1	.2	−1.3
1935	6.1	3.8	2.9	1.0	.6	.5	.1	.7	.1	.9	.4	.5
1936	8.3	5.2	3.9	1.3	.8	.6	.2	1.1	.1	1.0	2.1	−1.1
1937	11.4	6.6	4.7	1.9	1.0	.8	.2	1.4	.2	2.3	1.8	.5
1938	6.3	4.7	3.4	1.4	.8	.6	.2	1.5	.2	−1.0	−1.1	.1
1939	9.9	5.7	4.0	1.7	.8	.6	.2	2.7	.2	.4	.3	.1
1940	13.9	7.4	5.3	2.1	1.0	.8	.2	3.0	.2	2.3	2.0	.2
1941	18.3	9.3	6.6	2.7	1.3	1.0	.3	3.4	.3	3.9	3.4	.5
1942	10.9	5.8	4.1	1.7	1.0	.7	.3	1.8	.1	2.1	.8	1.3
1943	5.7	4.6	3.5	1.1	.9	.6	.3	1.0	(8)	−.9	−.5	−.4
1944	7.7	6.3	4.7	1.6	1.2	.9	.3	.8	.1	−.8	−.3	−.5
1945	10.7	8.7	6.3	2.4	1.4	1.1	.3	1.1	.2	−.7	−.6	−.1
1946	28.7	15.5	10.7	4.8	2.4	1.6	.9	4.0	.6	6.1	6.3	−.2
1947	30.2	20.3	14.6	5.7	3.8	2.5	1.3	6.3	.7	−.8	1.4	−2.2
1948	42.7	23.4	16.7	6.7	4.6	3.2	1.4	8.6	1.0	5.0	3.7	1.3
1949	33.5	21.7	15.3	6.4	4.7	3.4	1.3	8.3	1.3	−2.5	−1.6	−.9
1950	52.5	25.7	18.7	7.0	5.2	3.6	1.6	12.6	1.5	7.5	6.6	.9
1951	58.6	29.3	20.5	8.8	5.7	4.1	1.6	11.0	1.7	10.9	9.6	1.2
1952	52.5	30.6	21.5	9.1	5.5	3.9	1.6	11.1	1.6	3.7	3.1	.7
1953 [9]	55.7	33.2	23.2	10.0	4.9	3.4	1.5	11.8	1.8	3.9	3.8	.1
	Seasonally adjusted annual rates											
1952: First half	50.0	30.7	21.6	9.1	5.6	4.0	1.6	11.0	1.6	1.1	0.3	0.8
Second half	55.1	30.5	21.4	9.1	5.4	3.8	1.6	11.2	1.6	6.4	5.9	.5
1953: First half	57.3	32.9	23.0	9.9	5.0	3.5	1.5	12.1	1.7	5.7	5.5	.2
Second half [9]	53.9	33.6	23.4	10.2	4.8	3.4	1.4	11.5	1.8	2.1	2.1	.0
1952: First quarter	50.4	30.7	21.6	9.1	5.6	4.0	1.6	11.0	1.6	1.5	.6	.9
Second quarter	49.6	30.8	21.7	9.1	5.5	3.9	1.6	11.0	1.6	.7	−.1	.8
Third quarter	52.3	30.2	21.1	9.0	5.4	3.8	1.6	10.8	1.6	4.2	3.6	.6
Fourth quarter	57.9	30.9	21.8	9.1	5.3	3.7	1.6	11.6	1.7	8.5	8.1	.4
1953: First quarter	55.4	32.3	22.7	9.6	5.0	3.5	1.5	12.2	1.6	4.3	4.0	.3
Second quarter	59.3	33.5	23.4	10.1	5.0	3.5	1.5	12.0	1.8	7.1	7.0	.1
Third quarter	56.3	33.9	23.7	10.2	4.9	3.4	1.5	11.5	1.8	4.3	4.2	.1
Fourth quarter [9]	51.5	33.3	23.1	10.2	4.8	3.4	1.4	11.5	1.8	.0	.0	.0

[1] Items for 1945 and earlier years are not comparable with those for later years or with figures shown in appendix table G–26. Items for nonfarm producers' plant and equipment for all years are not comparable with those shown in appendix table G–28, principally because the latter exclude certain equipment and construction outlays charged to current expense.

[2] Total producers' durable equipment less "farm machinery and equipment" and farmers' purchases of tractors and business motor vehicles. These figures assume that farmers purchase 85 and 15 percent, respectively, of all tractors and motor vehicles used for productive purposes.

[3] Industrial buildings, public utilities, gas- and oil-well drilling, warehouses, office and loft buildings, stores, restaurants, and garages. Includes hotel construction prior to 1946 only.

[4] Farm construction (residential and nonresidential) plus "farm machinery and equipment" and farmers' purchases of tractors and business motor vehicles. (See footnote 2.)

[5] Includes construction of hotels, tourist cabins, motor courts, and dormitories since 1946 only.

[6] Includes religious, educational, social and recreational, hospital and institutional, miscellaneous nonresidential, and all other private construction.

[7] After revaluation adjustment.

[8] Less than 50 million dollars.

[9] Estimates based on incomplete data; fourth quarter by Council of Economic Advisers.

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

Source: Department of Commerce (except as noted).

TABLE G-7.—*National income by distributive shares, 1929-53*

[Billions of dollars]

Period	Total national income[1]	Compensation of employees[2]	Business and professional income and inventory valuation adjustment: Total	Business and professional income and inventory valuation adjustment: Income of unincorporated enterprises	Business and professional income and inventory valuation adjustment: Inventory valuation adjustment	Income of farm proprietors[3]	Rental income of persons	Corporate profits and inventory valuation adjustment: Total	Corporate profits and inventory valuation adjustment: Corporate profits before taxes[4]	Corporate profits and inventory valuation adjustment: Inventory valuation adjustment	Net interest
1929	87.4	50.8	8.3	8.1	0.1	5.7	5.8	10.3	9.8	0.5	6.5
1930	75.0	46.5	7.0	6.3	.8	3.9	4.8	6.6	3.3	3.3	6.2
1931	58.9	39.5	5.3	4.7	.6	2.9	3.6	1.6	−.8	2.4	5.9
1932	41.7	30.8	3.2	2.9	.3	1.7	2.5	−2.0	−3.0	1.0	5.4
1933	39.6	29.3	2.9	3.4	−.5	2.3	2.0	−2.0	.2	−2.1	5.0
1934	48.6	34.1	4.3	4.3	−.1	2.3	2.1	1.1	1.7	−.6	4.8
1935	56.8	37.1	5.0	5.0	−.1	4.9	2.3	3.0	3.2	−.2	4.5
1936	64.7	42.7	6.1	6.2	−.1	3.9	2.7	4.9	5.7	−.7	4.5
1937	73.6	47.7	6.6	6.7	(5)	5.6	3.1	6.2	6.2	(5)	4.4
1938	67.4	4.7	6.3	6.1	.2	4.4	3.3	4.3	3.3	1.0	4.3
1939	72.5	47.8	6.8	6.9	−.2	4.5	3.5	5.8	6.5	−.7	4.2
1940	81.3	51.8	7.7	7.8	−.1	4.9	3.6	9.2	9.3	−.1	4.1
1941	103.8	64.3	9.6	10.2	−.6	6.9	4.3	14.6	17.2	−2.6	4.1
1942	137.1	84.9	12.6	12.9	−.4	10.5	5.4	19.9	21.1	−1.2	3.9
1943	169.7	109.2	15.0	15.1	−.2	11.8	6.1	24.3	25.1	−.8	3.4
1944	183.8	121.2	17.2	17.2	−.1	11.8	6.5	24.0	24.3	−.3	3.1
1945	182.7	123.0	18.7	18.8	−.1	12.5	6.3	19.2	19.7	−.6	3.0
1946	180.3	117.1	20.6	22.4	−1.8	14.8	6.6	18.3	23.5	−5.2	2.9
1947	198.7	128.0	19.8	21.3	−1.5	15.6	7.1	24.7	30.5	−5.8	3.5
1948	223.5	140.2	22.1	22.5	−.4	17.7	7.5	31.7	33.8	−2.1	4.3
1949	216.3	139.9	21.6	21.0	.6	12.8	7.7	29.2	27.1	2.1	5.0
1950	240.6	153.4	23.6	24.9	−1.2	13.3	8.5	36.0	41.0	−5.0	5.7
1951	278.4	178.9	26.1	26.5	−.4	15.5	9.1	42.4	43.7	−1.3	6.4
1952	291.6	193.2	26.3	26.1	.3	14.8	10.0	40.2	39.2	1.0	7.0
1953 [6]	(7)	207.7	27.0	27.2	−.2	12.3	10.6	(7)	(7)	−.8	7.8
	Seasonally adjusted annual rates										
1952: First half	287.4	188.7	26.2	26.1	0.1	15.0	9.8	40.8	39.8	1.0	6.8
Second half	295.9	197.7	26.4	26.0	.4	14.6	10.3	39.7	38.6	1.0	7.3
1953: First half	308.7	206.3	27.0	27.2	−.2	12.9	10.4	44.5	45.2	−.7	7.7
Second half [6]	(7)	209.2	26.9	27.2	−.2	11.8	10.7	(7)	(7)	−.8	8.0
1952: First quarter	286.8	187.9	26.1	26.3	−.2	14.7	9.6	41.7	41.5	.2	6.7
Second quarter	287.9	189.5	26.3	26.0	+.3	15.3	10.0	39.9	38.2	1.7	6.9
Third quarter	290.4	194.1	26.1	26.0	+.1	15.2	10.2	37.7	37.0	.7	7.1
Fourth quarter	301.4	201.3	26.7	26.0	+.7	14.0	10.3	41.7	40.3	1.4	7.4
1953: First quarter	306.7	204.5	27.0	27.3	−.3	13.4	10.4	43.8	44.6	−.8	7.6
Second quarter	310.7	208.0	27.0	27.1	−.1	12.3	10.4	45.2	45.9	−.6	7.7
Third quarter	308.1	210.4	26.9	27.8	−.9	11.6	10.6	40.7	43.3	−2.6	7.9
Fourth quarter [6]	(7)	207.9	26.9	26.5	.4	12.0	10.8	(7)	(7)	1.0	8.1

[1] National income is the total net income earned in production. It differs from gross national product in that it excludes depreciation charges and other allowances for business and institutional consumption of durable capital goods, and indirect business taxes.

[2] Includes wage and salary receipts and other labor income (see appendix table G-9), and employer and employee contributions for social insurance (see appendix table G-8).

[3] Data are subject to revisions already reflected in appendix table G-14.

[4] See appendix table G-44 for corporate tax liability§(Federal and State income and excess profits taxes) and corporate profits after taxes.

[5] Less than 50 million dollars.

[6] Estimates based on incomplete data; fourth quarter by Council of Economic Advisers.

[7] Not available.

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

Source: Department of Commerce (except as noted).

TABLE G–8.—*Relation of national income and personal income, 1929–53*

[Billions of dollars]

Period	National income	Less: Corporate profits and inventory valuation adjustment	Less: Contributions for social insurance	Less: Excess of wage accruals over disbursements	Plus: Government transfer payments	Plus: Net interest paid by government	Plus: Dividends	Plus: Business transfer payments	Equals: Personal income
1929	87.4	10.3	0.2	--------	0.9	1.0	5.8	0.6	85.1
1930	75.0	6.6	.3	--------	1.0	1.0	5.5	.5	76.2
1931	58.9	1.6	.3	--------	2.0	1.1	4.1	.6	64.8
1932	41.7	−2.0	.3	--------	1.4	1.1	2.6	.7	49.3
1933	39.6	−2.0	.3	--------	1.5	1.2	2.1	.7	46.6
1934	48.6	1.1	.3	--------	1.6	1.2	2.6	.6	53.2
1935	56.8	3.0	.3	--------	1.8	1.1	2.9	.6	59.9
1936	64.7	4.9	.6	--------	2.9	1.1	4.6	.6	68.4
1937	73.6	6.2	1.8	--------	1.9	1.2	4.7	.6	74.0
1938	67.4	4.3	2.0	--------	2.4	1.2	3.2	.4	68.3
1939	72.5	5.8	2.1	--------	2.5	1.2	3.8	.5	72.6
1940	81.3	9.2	2.3	--------	2.7	1.3	4.0	.4	78.3
1941	103.8	14.6	2.8	--------	2.6	1.3	4.5	.5	95.3
1942	137.1	19.9	3.5	--------	2.7	1.5	4.3	.5	122.7
1943	169.7	24.3	4.5	0.2	2.5	2.1	4.5	.5	150.3
1944	183.8	24.0	5.2	−.2	3.1	2.8	4.7	.5	165.9
1945	182.7	19.2	6.1	--------	5.6	3.7	4.7	.5	171.9
1946	180.3	18.3	6.0	--------	10.9	4.4	5.8	.6	177.7
1947	198.7	24.7	5.7	--------	11.1	4.4	6.6	.7	191.0
1948	223.5	31.7	5.2	--------	10.5	4.5	7.2	.7	209.5
1949	216.3	29.2	5.7	--------	11.6	4.6	7.5	.8	205.9
1950	240.6	36.0	6.9	--------	14.3	4.7	9.1	.8	226.7
1951	278.4	42.4	8.2	--------	11.6	4.8	9.2	.9	254.3
1952	291.6	40.2	8.6	−.1	12.0	4.9	9.1	.9	269.7
1953 [1]	(2)	(2)	8.9	--------	12.8	5.0	9.4	.9	284.6
	Seasonally adjusted annual rates								
1952: First half	287.4	40.8	8.6	0.1	11.6	4.9	9.1	0.9	264.4
Second half	295.9	39.7	8.8	−.2	12.3	4.9	9.1	.9	274.9
1953: First half	308.7	44.5	9.0	--------	12.6	5.0	9.3	.9	283.0
Second half [1]	(2)	(2)	8.8	--------	12.9	5.1	9.6	.9	286.2
1952: First quarter	286.8	41.7	8.6	.1	11.5	4.9	9.1	.9	262.8
Second quarter	287.9	39.9	8.6	--------	11.7	4.9	9.1	.9	266.0
Third quarter	290.4	37.7	8.7	−.3	12.2	4.9	9.1	.9	271.4
Fourth quarter	301.4	41.7	8.8	--------	12.4	4.9	9.1	.9	278.3
1953: First quarter	306.7	43.8	9.0	--------	12.6	4.9	9.2	.9	281.6
Second quarter	310.7	45.2	9.0	--------	12.6	5.0	9.4	.9	284.4
Third quarter	308.1	40.7	8.8	--------	12.6	5.1	9.6	.9	286.8
Fourth quarter [1]	(2)	(2)	8.8	--------	13.2	5.1	9.6	.9	285.7

[1] Estimates based on incomplete data; fourth quarter by Council of Economic Advisers.
[2] Not available.

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

Source: Department of Commerce (except as noted).

TABLE G-9.—*Personal income, 1929–53*

[Billions of dollars]

Period	Total personal income	Labor income and transfer payments				Income of unincorporated enterprises			Rents	Dividends	Interest	Nonagricultural income[4]	Agricultural income
		Total	Wage and salary receipts[1]	Other labor income[1]	Transfer payments	Total	Business and professions[2]	Farm[3]					
1929	85.1	52.0	50.0	0.5	1.5	13.9	8.3	5.7	5.8	5.8	7.5	76.8	8.3
1930	76.2	47.7	45.7	.5	1.5	11.0	7.0	3.9	4.8	5.5	7.1	70.0	6.2
1931	64.8	41.9	38.7	.5	2.7	8.2	5.3	2.9	3.6	4.1	7.0	60.1	4.7
1932	49.3	32.7	30.1	.4	2.2	4.9	3.2	1.7	2.5	2.6	6.6	46.2	3.1
1933	46.6	31.2	28.7	.4	2.1	5.2	2.9	2.3	2.0	2.1	6.2	43.0	3.6
1934	53.2	36.0	33.4	.4	2.2	6.6	4.3	2.3	2.1	2.6	6.0	49.5	3.7
1935	59.9	39.1	36.3	.4	2.4	9.9	5.0	4.9	2.3	2.9	5.7	53.4	6.5
1936	68.4	45.6	41.6	.5	3.5	9.9	6.1	3.9	2.7	4.6	5.6	62.8	5.6
1937	74.0	48.3	45.4	.5	2.4	12.2	6.6	5.6	3.1	4.7	5.6	66.5	7.5
1938	68.3	45.6	42.3	.5	2.8	10.8	6.3	4.4	3.3	3.2	5.5	62.1	6.2
1939	72.6	48.6	45.1	.5	3.0	11.3	6.8	4.5	3.5	3.8	5.4	66.3	6.3
1940	78.3	52.6	48.9	.6	3.1	12.7	7.7	4.9	3.6	4.0	5.4	71.5	6.8
1941	95.3	64.6	60.9	.6	3.1	16.5	9.6	6.9	4.3	4.5	5.4	86.1	9.2
1942	122.7	84.6	80.7	.7	3.2	23.0	12.6	10.5	5.4	4.3	5.4	109.4	13.3
1943	150.3	107.5	103.6	.9	3.0	26.7	15.0	11.8	6.1	4.5	5.5	135.2	15.1
1944	165.9	119.8	114.9	1.3	3.6	29.0	17.2	11.8	6.5	4.7	5.9	150.5	15.4
1945	171.9	123.0	115.3	1.5	6.2	31.2	18.7	12.5	6.3	4.7	6.7	155.7	16.2
1946	177.7	122.5	109.2	1.9	11.4	35.4	20.6	14.8	6.6	5.8	7.4	158.8	18.9
1947	191.0	134.1	119.9	2.4	11.8	35.4	19.8	15.6	7.1	6.6	7.9	170.8	20.2
1948	209.5	146.2	132.1	2.8	11.3	39.8	22.1	17.7	7.5	7.2	8.8	187.1	22.4
1949	205.9	146.7	131.2	3.1	12.4	34.4	21.6	12.8	7.7	7.5	9.6	188.7	17.2
1950	226.7	161.6	142.6	3.9	15.1	37.0	23.6	13.3	8.5	9.1	10.5	209.0	17.7
1951	254.3	183.2	166.4	4.3	12.5	41.6	26.1	15.5	9.1	9.2	11.3	234.0	20.3
1952	269.7	197.7	180.1	4.7	12.9	40.9	26.1	14.8	10.0	9.1	11.9	249.9	19.8
1953[5]	284.6	212.7	194.0	5.1	13.6	39.1	26.8	12.3	10.6	9.4	12.8	267.4	17.2
	Seasonally adjusted annual rates												
1952: First half	264.4	192.9	175.8	4.6	12.5	41.0	26.0	15.0	9.8	9.1	11.7	244.4	20.0
Second half	274.9	202.5	184.4	4.9	13.2	40.8	26.2	14.6	10.3	9.1	12.1	255.4	19.5
1953: First half	283.0	211.1	192.5	5.1	13.5	39.7	26.8	12.9	10.4	9.3	12.6	265.2	17.8
Second half[5]	286.2	214.4	195.5	5.1	13.8	38.5	26.7	11.8	10.7	9.6	13.1	269.7	16.6
1952: First quarter	262.8	191.9	175.0	4.5	12.4	40.6	25.9	14.7	9.6	9.1	11.6	243.2	19.6
Second quarter	266.0	193.8	176.6	4.6	12.6	41.4	26.1	15.3	10.0	9.1	11.8	245.6	20.4
Third quarter	271.4	199.0	181.1	4.8	13.1	41.1	25.9	15.2	10.2	9.1	12.0	251.2	20.2
Fourth quarter	278.3	206.1	187.7	5.1	13.3	40.5	26.5	14.0	10.3	9.1	12.2	259.5	18.8
1953: First quarter	281.6	209.3	190.7	5.1	13.5	40.2	26.8	13.4	10.4	9.2	12.5	263.3	18.3
Second quarter	284.4	212.8	194.2	5.1	13.5	39.1	26.8	12.3	10.4	9.4	12.7	267.1	17.3
Third quarter	286.8	215.4	196.8	5.1	13.5	38.3	26.7	11.6	10.6	9.6	13.0	270.3	16.5
Fourth quarter[5]	285.7	213.4	194.2	5.1	14.1	38.7	26.7	12.0	10.8	9.6	13.2	269.1	16.6

[1] The total of wage and salary receipts and other labor income differs from compensation of employees in appendix table G-7 in that it excludes employer and employee contributions for social insurance and includes the excess of wage disbursements over wage accruals. Other labor income consists of compensation for injuries, employer contributions to private pension and welfare funds, pay of military reservists, directors' fees, jury and witness fees, compensation of prison inmates, Government payments to enemy prisoners of war, marriage fees to justices of the peace, and merchant marine war-risk life and injury claims.

[2] Contributions of self-employed persons for social insurance, which became effective in January 1952, have been excluded in 1952 and 1953. Therefore, these totals will differ from total proprietors' and rental income included in appendix table G-7.

[3] Data are subject to revisions already reflected in appendix table G-14.

[4] Nonagricultural income is personal income exclusive of net income of unincorporated farm enterprises, farm wages, agricultural net rents, agricultural net interest, and net dividends paid by agricultural corporations.

[5] Estimates based on incomplete data; fourth quarter by Council of Economic Advisers.

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

Source: Department of Commerce (except as noted).

TABLE G–10.—*Disposition of personal income, 1929–53*

Period	Personal income	Less: Personal tax and nontax payments	Equals: Disposable personal income	Less: Personal consumption expenditures	Equals: Personal net saving	Net saving as percent of disposable personal income
	Billions of dollars					
1929	85.1	2.6	82.5	78.8	3.7	4.5
1930	76.2	2.5	73.7	70.8	2.9	3.9
1931	64.8	1.9	63.0	61.2	1.8	2.9
1932	49.3	1.5	47.8	49.2	−1.4	−2.9
1933	46.6	1.5	45.2	46.3	−1.2	−2.7
1934	53.2	1.6	51.6	51.9	−.2	−.4
1935	59.9	1.9	58.0	56.2	1.8	3.1
1936	68.4	2.3	66.1	62.5	3.6	5.4
1937	74.0	2.9	71.1	67.1	3.9	5.5
1938	68.3	2.9	65.5	64.5	1.0	1.5
1939	72.6	2.4	70.2	67.5	2.7	3.8
1940	78.3	2.6	75.7	72.1	3.7	4.9
1941	95.3	3.3	92.0	82.3	9.8	10.7
1942	122.7	6.0	116.7	91.2	25.6	21.9
1943	150.3	17.8	132.4	102.2	30.2	22.8
1944	165.9	18.9	147.0	111.6	35.4	24.1
1945	171.9	20.9	151.1	123.1	28.0	18.5
1946	177.7	18.8	158.9	146.9	12.0	7.6
1947	191.0	21.5	169.5	165.6	3.9	2.3
1948	209.5	21.1	188.4	177.9	10.5	5.6
1949	205.9	18.6	187.2	180.6	6.7	3.6
1950	226.7	20.9	205.8	194.6	11.3	5.5
1951	254.3	29.3	225.0	208.1	16.9	7.5
1952	269.7	34.6	235.0	218.1	16.9	7.2
1953 [1]	284.6	36.6	248.0	229.9	18.1	7.3
	Seasonally adjusted annual rates					
1952: First half	264.4	34.3	230.2	215.5	14.8	6.4
Second half	274.9	35.1	239.8	220.8	19.0	7.9
1953: First half	283.0	36.5	246.6	229.1	17.5	7.1
Second half [1]	286.2	36.8	249.4	230.8	18.7	7.5
1952: First quarter	262.8	34.2	228.7	213.7	15.0	6.6
Second quarter	266.0	34.3	231.7	217.2	14.5	6.3
Third quarter	271.4	34.8	236.6	217.2	19.4	8.2
Fourth quarter	278.3	35.3	243.0	224.4	18.6	7.7
1953: First quarter	281.6	36.2	245.4	227.7	17.7	7.2
Second quarter	284.4	36.7	247.7	230.4	17.2	6.9
Third quarter	286.8	37.0	249.8	231.0	18.8	7.5
Fourth quarter [1]	285.7	36.6	249.1	230.5	18.6	7.5

[1] Estimates based on incomplete data; fourth quarter by Council of Economic Advisers.

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

Source: Department of Commerce (except as noted).

TABLE G-11.—*Total and per capita disposable personal income in current and 1953 prices, 1929–53*

Period	Total disposable personal income (billions of dollars)		Per capita disposable personal income (dollars)		Population (thousands)[2]
	Current prices	1953 prices[1]	Current prices	1953 prices[1]	
1929	82.5	129.1	677	1,059	121,881
1930	73.7	120.4	598	977	123,188
1931	63.0	115.2	507	928	124,149
1932	47.8	99.2	383	794	124,949
1933	45.2	98.3	360	782	125,690
1934	51.6	106.2	408	840	126,485
1935	58.0	116.7	455	916	127,362
1936	66.1	131.9	516	1,029	128,181
1937	71.1	137.0	551	1,062	128,961
1938	65.5	129.2	504	994	129,969
1939	70.2	139.8	536	1,067	131,028
1940	75.7	149.3	573	1,130	132,114
1941	92.0	171.3	690	1,284	133,377
1942	116.7	193.2	866	1,433	134,831
1943	132.4	200.9	968	1,469	136,719
1944	147.0	212.7	1,062	1,537	138,390
1945	151.1	211.0	1,080	1,508	139,934
1946	158.9	206.6	1,124	1,461	141,398
1947	169.5	200.6	1,176	1,392	144,129
1948	188.4	211.4	1,285	1,442	146,621
1949	187.2	212.5	1,255	1,424	149,188
1950	205.8	228.9	1,357	1,509	151,677
1951	225.0	232.7	1,458	1,508	154,360
1952	235.0	238.1	1,497	1,517	156,981
1953[3]	248.0	248.0	1,553	1,553	159,696
	Seasonally adjusted annual rates				
1952: First half	230.2	234.0	1,472	1,496	156,371
Second half	239.8	242.2	1,520	1,535	157,768
1953: First half	246.6	248.1	1,550	1,560	159,068
Second half[3]	249.4	247.9	1,555	1,545	160,485
1952: First quarter	228.7	233.4	1,465	1,496	156,063
Second quarter	231.7	234.8	1,479	1,499	156,669
Third quarter	236.6	239.2	1,503	1,520	157,370
Fourth quarter	243.0	245.0	1,537	1,549	158,122
1953: First quarter	245.4	247.6	1,546	1,560	158,752
Second quarter	247.7	248.4	1,554	1,559	159,367
Third quarter	249.8	248.6	1,560	1,553	160,094
Fourth quarter[3]	249.1	247.4	1,549	1,538	160,859

[1] Dollar estimates in current prices divided by an over-all implicit price index for personal consumption expenditures.
[2] Population of continental United States including armed forces overseas. Annual data are as of July 1; quarterly and semiannual data as of middle of period.
[3] Estimates based on incomplete data; fourth quarter by Council of Economic Advisers.

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

Source: Department of Commerce (except as noted).

Table G–12.—*Liquid saving by individuals, 1939–53* [1]

[Billions of dollars]

Period	Total liquid saving	Currency and bank deposits [2]	Savings and loan associations	Insurance and pension reserves			Securities				Liquidation of mortgage debt [5]	Liquidation of debt not elsewhere classified [6]
				Total	Private	Government	Total [3]	U. S. savings bonds	Other government [4]	Corporate and other		
1939	+4.25	+3.00	+.04	+3.01	+1.72	+1.30	−.53	+.66	−.83	−.36	−.50	−.78
1940	+4.24	+2.88	+.20	+3.14	+1.85	+1.30	−.17	+.86	−.81	−.22	−.84	−.97
1941	+10.52	+4.80	+.36	+4.01	+2.14	+1.86	+2.83	+2.75	+.44	−.36	−.82	−.66
1942	+29.30	+10.95	+.26	+5.04	+2.49	+2.55	+10.25	+7.98	+2.17	+.09	−.09	+2.89
1943	+38.71	+16.18	+.55	+6.77	+2.85	+3.92	+13.83	+11.14	+2.88	−.20	+.38	+1.01
1944	+41.41	+17.55	+.81	+8.17	+3.21	+4.96	+14.96	+11.80	+3.89	−.73	+.06	−.14
1945	+37.39	+19.06	+1.06	+8.59	+3.46	+5.14	+9.36	+6.85	+3.44	−.92	−.20	−.48
1946	+13.74	+10.56	+1.18	+6.97	+3.42	+3.55	+.89	+.90	−.65	+.65	−3.60	−2.28
1947	+6.67	+2.01	+1.20	+7.13	+3.64	+3.49	+3.51	+1.78	+.89	+.84	−4.46	−2.73
1948	+2.99	−1.84	+1.21	+7.32	+3.75	+3.57	+3.22	+2.13	−.43	+1.52	−4.61	−2.31
1949	+2.86	−1.46	+1.51	+6.05	+3.71	+2.34	+3.03	+1.53	+.52	+.98	−3.87	−2.40
1950	+1.71	+4.33	+1.51	+5.01	+3.92	+1.08	+1.24	+.55	−.66	+1.34	−7.15	−3.22
1951	+11.81	+5.67	+2.10	+8.23	+4.05	+4.19	+2.75	−.41	−.05	+3.20	−6.40	−.54
1952	+14.36	+7.08	+3.14	+9.10	+4.80	+4.30	+4.81	+.32	+.58	+3.90	−5.98	−3.78
1952: First half	+3.88	−1.03	+1.59	+4.84	+2.22	+2.62	+2.09	+.06	+.10	+1.93	−2.70	−.90
Second half	+10.48	+8.10	+1.55	+4.27	+2.58	+1.69	+2.73	+.26	+.49	+1.98	−3.29	−2.89
1953: First half	+6.11	−.71	+1.97	+4.16	+2.29	+1.87	+5.13	+.12	+3.29	+1.73	−2.94	−1.51
1952: First quarter	+2.46	−1.93	+.73	+2.46	+1.20	+1.26	+1.84	+.07	+.86	+.91	−1.29	+.66
Second quarter	+1.42	+.90	+.86	+2.38	+1.02	+1.36	+.25	−.01	−.76	+1.02	−1.41	−1.56
Third quarter	+5.18	+3.61	+.55	+2.13	+1.18	+.95	+1.43	+.08	+.45	+.90	−1.65	−.89
Fourth quarter	+5.30	+4.49	+1.00	+2.14	+1.40	+.74	+1.30	+.18	+.04	+1.08	−1.64	−2.00
1953: First quarter	+2.66	−1.35	+.91	+2.10	+1.22	+.88	+2.55	+.41	+1.55	+.60	−1.27	−.29
Second quarter	+3.45	+.64	+1.06	+2.06	+1.07	+.99	+2.58	−.29	+1.74	+1.13	−1.67	−1.22
Third quarter	+3.29	+1.58	+.61	+2.05	+1.17	+.88	+1.20	+.06	+.31	+.83	−1.63	−.53

[1] Individuals' saving in addition to personal holdings, covers saving of unincorporated business, trust and pension funds, and nonprofit institutions in the forms specified. Liquid saving comprises saving in the form of currency and bank deposits, equity in savings and loan associations, private and Government insurance, securities, and repayment of mortgage debt and other consumer debt.

[2] Includes currency, demand deposits, and time and savings deposits.

[3] Does not include net purchases by brokers and dealers or by other individuals financed by bank loans.

[4] Includes armed forces leave bonds and other U. S. Government bonds (except savings bonds) and all securities issued by State and local governments.

[5] Mortgage debt to institutions on 1- to 4-family nonfarm dwellings.

[6] Largely attributable to purchases of automobiles and other durable consumers' goods, although including some debt arising from purchases of consumption goods. The other segments of individuals' debt have been allocated to the assets to which they pertain, viz, saving in insurance and securities.

Note.—In addition to the concept of liquid saving shown above, there are other concepts of individuals' saving with varying degrees of coverage currently in use. The series with the most complete coverage, the personal saving estimates of the Department of Commerce, is derived as the difference between personal income and expenditures. Conceptually, Commerce saving includes the following items not included with SEC liquid saving: Housing net of depreciation, unincorporated business and farm items, such as net plant and equipment, changes in net receivables, and changes in inventories. Government insurance is excluded from the Commerce saving series. For a reconciliation of the two series, see table 6 of *A Supplement to the Survey of Current Business, National Income,* 1951 edition, and table 6 of the *Survey of Current Business,* July 1953.

Source: Securities and Exchange Commission.

Table G–13.—*Sources and uses of gross saving, 1929–53*

[Billions of dollars]

Period	Gross private saving				Government surplus or deficit (−) on income and product transactions			Gross investment		
	Total	Personal saving	Gross business saving	Statistical discrepancy	Total	Federal	State and local	Total	Gross private domestic investment	Net foreign investment
1929	15.5	3.7	11.9	−0.1	1.1	1.2	−0.1	16.6	15.8	0.8
1930	11.2	2.9	9.0	−.7	−.3	.3	−.5	10.9	10.2	.7
1931	8.4	1.8	5.3	1.2	−2.8	−2.1	−.7	5.6	5.4	.2
1932	2.8	−1.4	2.7	1.4	−1.7	−1.5	−.2	1.1	.9	.2
1933	2.7	−1.2	2.7	1.2	−1.3	−1.3	(1)	1.5	1.3	.2
1934	5.6	−.2	5.0	.9	−2.4	−2.8	.5	3.2	2.8	.4
1935	7.9	1.8	6.5	−.3	−1.8	−2.5	.7	6.1	6.1	−.1
1936	11.1	3.6	6.7	.9	−2.9	−3.5	.6	8.2	8.3	−.1
1937	10.8	3.9	7.9	−1.0	.7	−.2	.9	11.5	11.4	.1
1938	8.9	1.0	8.0	−.1	−1.5	−2.0	.5	7.4	6.3	1.1
1939	12.7	2.7	8.6	1.4	−1.9	−2.2	.3	10.8	9.9	.9
1940	16.0	3.7	10.7	1.6	−.5	−1.4	.9	15.5	13.9	1.5
1941	23.0	9.8	11.6	1.6	−3.5	−4.9	1.4	19.5	18.3	1.1
1942	41.8	25.6	13.9	2.3	−31.2	−32.9	1.8	10.7	10.9	−.2
1943	47.4	30.2	16.3	.9	−43.9	−46.4	2.5	3.5	5.7	−2.2
1944	57.0	35.4	17.5	4.0	−51.4	−54.0	2.6	5.6	7.7	−2.1
1945	48.5	28.0	15.7	4.9	−39.2	−41.8	2.6	9.3	10.7	−1.4
1946	28.7	12.0	15.0	1.7	4.6	2.6	2.0	33.3	28.7	4.6
1947	25.3	3.9	21.1	.3	13.7	12.9	.9	39.1	30.2	8.9
1948	36.4	10.5	29.1	−3.2	8.2	8.5	−.3	44.6	42.7	1.9
1949	37.0	6.7	30.2	.2	−3.1	−2.0	−1.0	34.0	33.5	.5
1950	42.0	11.3	30.3	.4	8.3	9.6	−1.3	50.2	52.5	−2.3
1951	51.8	16.9	33.8	1.1	7.1	7.5	−.4	58.8	58.6	.3
1952	54.7	16.9	37.4	.5	−2.4	−2.4	−.1	52.3	52.5	−.2
1953 [2]	55.8	18.1	38.9	−1.3	−2.0	−2.2	.2	53.8	55.7	−1.9
	Seasonally adjusted annual rates									
1952: First half	52.7	14.8	37.0	0.9	−1.3	−0.8	−0.6	51.3	50.0	1.3
Second half	56.8	19.0	37.7	.1	−3.5	−4.0	.4	53.3	55.1	−1.8
1953: First half	55.8	17.5	39.3	−.9	−.7	−1.0	.3	55.0	57.3	−2.3
Second half [2]	(3)	18.7	(3)	(3)	(3)	(3)	(3)	52.4	53.9	−1.6
1952: First quarter	51.6	15.0	36.6	.0	1.0	1.8	−.8	52.5	50.4	2.1
Second quarter	53.8	14.5	37.5	1.8	−3.6	−3.4	−.3	50.1	49.6	.5
Third quarter	53.8	19.4	35.8	−1.4	−3.6	−4.1	.5	50.3	52.3	−2.0
Fourth quarter	59.8	18.6	39.6	1.6	−3.4	−3.8	.3	56.3	57.9	−1.6
1953: First quarter	54.5	17.7	38.5	−1.7	−1.0	−.3	−.7	53.3	55.4	−2.1
Second quarter	57.2	17.2	40.0	.0	−.4	−1.6	1.2	56.8	59.3	−2.5
Third quarter	55.7	18.8	37.0	−.1	−1.6	−2.3	.8	54.2	56.3	−2.1
Fourth quarter [2]	(3)	18.6	(3)	(3)	(3)	(3)	(3)	50.5	51.5	−1.0

[1] Less than 50 million dollars.
[2] Estimates based on incomplete data; fourth quarter by Council of Economic Advisers.
[3] Not available.

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

Source: Department of Commerce (except as noted).

TABLE G–14.—*Realized gross and net income of farm operators from farming, 1935–39 average and 1940–53* [1]

Period	Realized gross farm income	Farm production expenses	Realized net farm income: Amount	Realized net farm income: Percent of realized gross income	Realized net farm income: Purchasing power in 1935–39 dollars [2]	Realized net income per farm: Amount	Realized net income per farm: Purchasing power in 1935–39 dollars [2]	Realized net income per farm-family worker: Amount	Realized net income per farm-family worker: Purchasing power in 1935–39 dollars [2]
	Millions of dollars				Millions of dollars				
1935–39 average	10, 372	5, 742	[3] 4, 630	44. 6	4, 630	$698	$698	$507	$507
1940	10, 920	6, 622	4, 298	39. 4	4, 386	677	691	518	528
1941	13, 707	7, 655	6, 052	44. 2	5, 764	962	916	755	719
1942	18, 592	9, 743	8, 849	47. 6	7, 374	1, 427	1, 189	1, 113	928
1943	22, 870	11, 330	11, 540	50. 5	8, 612	1, 895	1, 414	1, 441	1, 075
1944	24, 113	12, 143	11, 970	49. 6	8, 489	1, 994	1, 414	1, 498	1, 063
1945	25, 323	13, 037	12, 286	48. 5	8, 358	2, 059	1, 401	1, 559	1, 061
1946	28, 967	14, 774	14, 193	49. 0	8, 707	2, 394	1, 469	1, 751	1, 074
1947	34, 002	17, 228	16, 774	49. 3	8, 782	2, 856	1, 495	2, 067	1, 082
1948	34, 520	18, 916	15, 604	45. 2	7, 725	2, 688	1, 331	1, 944	962
1949	31, 763	18, 170	13, 593	42. 8	6, 935	2, 375	1, 211	1, 763	899
1950	32, 066	19, 704	12, 362	38. 6	6, 243	2, 189	1, 106	1, 705	861
1951	36, 962	22, 317	14, 645	39. 6	6, 780	2, 617	1, 212	2, 093	969
1952	36, 526	23, 027	13, 499	37. 0	6, 164	2, 439	1, 114	2, 000	913
1953 [4]	35, 100	22, 600	12, 500	35. 6	5, 730	2, 270	1, 040	1, 880	860

[1] Includes Government payments but, unlike the net farm income series of appendix tables G–7 and G–9, excludes changes in farm inventories. Based on the latest revisions of the series on cash receipts from farm marketings and production expenses, which the farm income series of appendix tables G–7 and G–9 have not yet taken fully into account. Realized net income per farm-family worker computed by Council of Economic Advisers.

[2] Dollar estimates in current prices divided by the index of prices paid by farmers for family living items converted from the reported base 1910–14=100 to the base 1935–39=100.

[3] Realized net farm income for 1939 (used in computing relatives in appendix table G–53) was 4,261 million dollars.

[4] Estimates based on incomplete data.

Source: Department of Agriculture (except as noted).

TABLE G–15.—*Total population 14 years of age and over and the labor force, 1929–53*

Period	Total population [1]	Total labor force (including armed forces) [1]	Armed forces [1]	Civilian labor force: Total	Civilian labor force: Employment [2]: Total	Civilian labor force: Employment [2]: Agricultural	Civilian labor force: Employment [2]: Nonagricultural	Civilian labor force: Unemployment	Total labor force as percent of total population	Unemployment as percent of civilian labor force
	Thousands of persons 14 years of age and over									
Monthly average: [3]										
1929	87, 910	49, 440	260	49, 180	47, 630	10, 450	37, 180	1, 550	56. 2	3. 2
1930	89, 440	50, 080	260	49, 820	45, 480	10, 340	35, 140	4, 340	56. 0	8. 7
1931	90, 600	50, 680	260	50, 420	42. 400	10. 290	32. 110	8, 020	55. 9	15. 9
1932	91, 700	51, 250	250	51, 000	38, 940	10, 170	28, 770	12, 060	55. 9	23. 6
1933	92, 840	51, 840	250	51, 590	38, 760	10. 090	28, 670	12, 830	55. 8	24. 9
1934	94, 080	52, 490	260	52, 230	40, 890	9, 900	30, 990	11, 340	55. 8	21. 7
1935	95, 350	53, 140	270	52, 870	42, 260	10, 110	32, 150	10, 610	55. 7	20. 1
1936	96. 580	53. 740	300	53, 440	44, 410	10, 000	34, 410	9, 030	55. 6	16. 9
1937	97, 740	54, 320	320	54, 000	46, 300	9, 820	36, 480	7, 700	55. 6	14. 3
1938	98, 980	54. 950	340	54. 610	44, 220	9, 690	34, 530	10, 390	55. 5	19. 0
1939	100, 210	55, 600	370	55, 230	45, 750	9, 610	36, 140	9, 480	55. 5	17. 2
1940	101, 490	56, 180	540	55, 640	47. 520	9, 540	37, 980	8, 120	55. 4	14. 6
1941	102, 640	57. 530	1, 620	55. 910	50, 350	9, 100	41. 250	5, 560	56. 1	9. 9
1942	103. 690	60, 380	3, 970	56, 410	53, 750	9, 250	44, 500	2. 660	58. 2	4. 7
1943	104, 750	64. 560	9, 020	55, 540	54. 470	9, 080	45, 390	1, 070	61. 6	1. 9
1944	105, 750	66, 040	11, 410	54. 630	53, 960	8, 950	45, 010	670	62. 4	1. 2
1945	106, 620	65, 290	11, 430	53, 860	52. 820	8, 580	44, 240	1, 040	61. 2	1. 9
1946	107, 590	60. 970	3, 450	57, 520	55. 251	8, 320	46, 930	2, 273	56. 7	4. 0
1947	108, 831	61, 758	1, 590	60, 168	58, 027	8. 266	49, 761	2, 142	56. 7	3. 6
1948	109, 924	62. 898	1, 456	61, 442	59. 378	7. 973	51, 405	2, 064	57. 2	3. 4
1949	111, 095	63, 721	1, 616	62, 105	58, 710	8, 026	50, 684	3, 395	57. 4	5. 5
1950	112, 237	64, 749	1, 650	63, 099	59, 957	7, 507	52, 450	3, 142	57. 7	5. 0
1951	113, 382	65, 982	3, 098	62, 884	61, 005	7, 054	53, 951	1, 879	58. 2	3. 0
1952	114, 589	66, 560	3, 594	62, 966	61, 293	6, 805	54, 488	1, 673	58. 1	2. 7
1953 [4]	116, 576	66, 965	3, 547	63, 417	61, 894	6, 528	55, 366	1, 523	57. 4	2. 4
1952: First half	114, 275	65, 945	3, 604	62, 341	60, 512	6, 634	53, 878	1, 829	57. 7	2. 9
Second half	114, 925	67, 175	3, 584	63, 591	62, 075	6, 976	55, 099	1, 516	58. 5	2. 4
1953: First half [4]	116, 272	66, 670	3, 542	63, 128	61, 494	6, 154	55, 340	1, 634	57. 3	2. 6
Second half [4]	116, 893	67, 260	3, 553	63, 706	62, 294	6, 902	55, 392	1, 412	57. 6	2. 2
1952: January	114, 002	65, 241	3, 461	61, 780	59, 726	6, 186	53, 540	2, 054	57. 2	3. 3
February	114, 095	65, 378	3, 540	61, 838	59, 752	6, 064	53, 688	2, 086	57. 3	3. 4
March	114, 193	65, 156	3, 638	61, 518	59, 714	6, 012	53, 702	1, 804	57. 1	2. 9
April	114, 275	65, 410	3, 666	61, 744	60. 132	6, 412	53, 720	1, 612	57. 2	2. 6
May	114, 377	66, 448	3, 670	62, 778	61, 176	6, 960	54, 216	1, 602	58. 1	2. 6
June	114, 481	68. 034	3, 644	64, 390	62, 572	8, 170	54, 402	1. 818	59. 4	2. 8
July	114, 589	67, 792	3, 616	64, 176	62. 234	7, 598	54, 636	1, 942	59. 2	3. 0
August	114, 696	67, 569	3, 611	63, 958	62, 354	6, 964	55, 390	1, 604	58. 9	2. 5
September	114, 805	67, 316	3, 618	63, 698	62, 260	7, 548	54, 712	1, 438	58. 6	2. 3
October	114, 925	66, 716	3, 570	63, 146	61, 862	7, 274	54, 588	1, 284	58. 1	2. 0
November	115, 030	67, 197	3, 551	63, 646	62, 228	6, 774	55, 454	1, 418	58. 4	2. 2
December	115, 134	66, 459	3, 538	62, 921	61, 509	5, 697	55, 812	1, 412	57. 7	2. 2

See footnotes at end of table.

Period	Total population[1]	Total labor force (including armed forces)[1]	Armed forces[1]	Civilian labor force: Total	Employment[2]: Total	Employment[2]: Agricultural	Employment[2]: Nonagricultural	Unemployment	Total labor force as percent of total population	Unemployment as percent of civilian labor force
	Thousands of persons 14 years of age and over									
1953: January[4]	115,635	65,959	3,543	62,416	60,524	5,452	55,072	1,892	57.0	3.0
February	115,923	66,255	3,543	62,712	60,924	5,366	55,558	1,788	57.2	2.9
March	116,199	66,679	3,545	63,134	61,460	5,720	55,740	1,674	57.4	2.7
April	116,272	66,338	3,528	62,810	61,228	6,070	55,158	1,582	57.1	2.5
May	116,375	66,497	3,533	62,964	61,658	6,390	55,268	1,306	57.1	2.1
June	116,476	68,290	3,556	64,734	63,172	7,926	55,246	1,562	58.6	2.4
July	116,576	68,258	3,590	64,668	63,120	7,628	55,492	1,548	58.6	2.4
August	116,676	68,238	3,590	64,648	63,408	7,274	56,134	1,240	58.5	1.9
September	116,786	67,127	3,575	63,552	62,306	7,262	55,044	1,246	57.5	2.0
October	116,893	66,954	3,550	63,404	62,242	7,159	55,083	1,162	57.3	1.8
November	116,988	66,874	3,520	63,353	61,925	6,651	55,274	1,428	57.2	2.3
December	117,078	66,106	3,492	62,614	60,764	5,438	55,326	1,850	56.5	3.0

[1] Data for 1940–52 revised to include about 150,000 members of the armed forces who were outside of the continental United States in 1940 and who were, therefore, not enumerated in the 1940 Census and were excluded from 1940–52 estimates.

[2] Includes part-time workers and those who had jobs but were not at work for such reasons as vacation, illness, bad weather, temporary layoff, and industrial disputes.

[3] Monthly averages except for population, which are estimates for the middle of the period. See appendix table G–11 for total population.

[4] See *Monthly Report on the Labor Force*, March and September 1953, series P–57, Nos. 129 and 135, respectively for revisions in estimating procedure. In order to make the data beginning with January 1953 comparable with prior months, the following adjustments should be made:

[Thousands of persons 14 years of age and over]

Period of year	Total population	Total labor force and civilian labor force	Employment: Total	Employment: Agricultural	Employment: Nonagricultural
January	−200	−130	−130	−80	−50
February	−400	−260	−260	−160	−100
March–August	−600	−400	−400	−250	−150
September–December	−600	−400	−400	−450	+50
First-half average	−505	−335	−335	−210	−125
Second-half average	−600	−400	−400	−380	−20
Annual average	−560	−375	−375	−300	−75

NOTE.—Labor force data are based on a survey made during the week which includes the 8th of the month. Monthly population data are for the 1st of the month.

Detail will not necessarily add to totals because of rounding.

Sources: Department of Commerce, Department of Labor, and Council of Economic Advisers.

TABLE G–16.—*Labor force, employment, and unemployment: Total, males 20 to 64 years of age, and all others, 1929–53*

[Thousands of persons 14 years of age and over]

Period	Civilian labor force[1]			Employed			Unemployed		
	Total	Males, 20 to 64 years	All others	Total	Males, 20 to 64 years	All others	Total	Males, 20 to 64 years	All others
Monthly average:									
1929	49, 180	([2])	([2])	47, 630	([2])	([2])	1, 550	([2])	([2])
1930	49, 820	([2])	([2])	45, 480	([2])	([2])	4, 340	([2])	([2])
1931	50, 420	([2])	([2])	42, 400	([2])	([2])	8, 020	([2])	([2])
1932	51, 000	([2])	([2])	38, 940	([2])	([2])	12, 060	([2])	([2])
1933	51, 590	([2])	([2])	38, 760	([2])	([2])	12, 830	([2])	([2])
1934	52, 230	([2])	([2])	40, 890	([2])	([2])	11, 340	([2])	([2])
1935	52, 870	([2])	([2])	42, 260	([2])	([2])	10, 610	([2])	([2])
1936	53, 440	([2])	([2])	44, 410	([2])	([2])	9, 030	([2])	([2])
1937	54, 000	([2])	([2])	46, 300	([2])	([2])	7, 700	([2])	([2])
1938	54, 610	([2])	([2])	44, 220	([2])	([2])	10, 390	([2])	([2])
1939	55, 230	([2])	([2])	45, 750	([2])	([2])	9, 480	([2])	([2])
1940	55, 640	[3] 34, 870	[3] 20, 770	47, 520	[3] 29, 830	[3] 17, 690	8, 120	[3] 5, 040	[3] 3, 080
1941	55, 910	[3] 34, 390	[3] 21, 520	50, 350	[3] 31, 200	[3] 19, 150	5, 560	[3] 3, 190	[3] 2, 370
1942	56, 410	34, 200	22, 210	53, 750	32, 870	20, 880	2, 660	1, 330	1, 330
1943	55, 540	30, 810	24, 730	54, 470	30, 450	24, 020	1, 070	360	710
1944	54, 630	29, 690	24, 940	53, 960	29, 460	24, 500	670	([2])	([2])
1945	53, 860	29. 420	24, 440	52, 820	28, 920	23, 900	1, 040	([2])	([2])
1946	57, 520	35, 720	21, 800	55, 251	34, 168	21, 082	2, 273	1, 548	725
1947	60, 168	37, 822	22, 346	58, 027	36, 567	21, 460	2, 142	1, 256	886
1948	61, 442	38. 303	23, 139	59, 378	37, 206	22, 172	2, 064	1, 099	965
1949	62, 105	38, 569	23, 536	58, 710	36, 639	22, 071	3, 395	1, 929	1, 466
1950	63, 099	38, 863	24, 236	59, 957	37, 158	22, 799	3, 142	1, 704	1, 438
1951	62, 884	38, 186	24, 698	61, 005	37, 351	23, 654	1, 879	835	1, 044
1952	62, 966	38, 144	24, 822	61, 293	37. 366	23, 927	1, 673	776	897
1953 [4]	63, 417	38, 673	24, 744	61, 894	37, 878	24, 016	1, 523	795	728
1952: First half	62, 341	38, 065	24, 277	60, 512	37, 191	23, 321	1, 829	874	956
Second half	63, 591	38, 221	25, 370	62, 075	37, 541	24, 533	1, 516	679	837
1953: First half	63, 128	38, 598	24, 530	61, 494	37, 726	23, 768	1, 634	872	762
Second half [4]	63, 706	38, 748	24, 958	62, 294	38, 029	24, 266	1, 412	719	694
1952: January	61, 780	37, 926	23, 854	59, 726	36, 856	22, 870	2, 054	1, 070	984
February	61, 838	37, 976	23, 862	59, 752	36, 938	22, 814	2, 086	1, 038	1, 048
March	61, 518	37, 996	23, 522	59, 714	37, 058	22, 656	1, 804	938	866
April	61, 744	38, 022	23, 722	60, 132	37, 250	22, 882	1, 612	772	840
May	62, 778	38, 134	24, 644	61, 176	37, 430	23, 746	1, 602	704	898
June	64, 390	38, 334	26, 056	62, 572	37, 614	24, 958	1, 818	720	1, 098
July	64, 176	38, 412	25, 764	62, 234	37, 558	24, 676	1, 942	854	1, 088
August	63, 958	38, 316	25, 642	62, 354	37, 586	24, 768	1, 604	730	874
September	63, 698	38, 124	25, 574	62, 260	37, 494	24, 766	1, 438	630	808
October	63, 146	38, 078	25, 068	61, 862	37, 556	24, 306	1, 284	522	762
November	63, 646	38, 076	25, 570	62, 228	37, 470	24, 758	1, 418	606	812
December	62, 921	38, 317	24, 604	61, 509	37, 583	23, 926	1, 412	734	678
1953: January [4]	62, 416	38, 340	24, 076	60, 524	37, 252	23, 272	1, 892	1, 088	804
February	62, 712	38, 494	24, 218	60, 924	37, 512	23, 412	1, 788	982	806
March	63, 134	38, 666	24, 468	61, 460	37, 800	23, 660	1, 674	866	808
April	62, 810	38, 610	24, 200	61, 228	37, 708	23, 520	1, 582	902	680
May	62, 964	38, 670	24, 294	61, 658	37, 956	23, 702	1, 306	714	592
June	64, 734	38, 810	25, 924	63, 172	38, 130	25, 042	1, 562	680	882
July	64, 668	38, 918	25, 750	63, 120	38, 198	24, 922	1, 548	720	828
August	64, 648	38. 912	25, 736	63, 408	38, 310	25, 098	1, 240	602	638
September	63, 552	38, 698	24, 854	62, 306	38, 085	24, 221	1, 246	612	634
October	63, 404	38, 504	24, 900	62, 242	37, 952	24, 290	1, 162	551	611
November	63, 353	38, 659	24, 694	61, 925	37, 908	24, 017	1, 428	751	677
December	62, 614	38, 797	23, 817	60, 764	37, 719	23, 045	1, 850	1, 077	773

[1] Includes part-time workers and those who had jobs but were not at work for such reasons as vacation, illness, bad weather, temporary layoff, and industrial disputes.
[2] Not available.
[3] Since figures for the 20–64 age group are not available, those for the 14–55 age group were used.
[4] Not entirely comparable with earlier data; see appendix table G–15, footnote 4.

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

Sources: Department of Labor (1929–39) and Department of Commerce (1940–53).

TABLE G-17.—*Employed persons with a job but not at work, by reason for not working, 1946–53*

[Thousands of persons 14 years of age and over]

Period		Total employed persons with a job but not at work	Economic reasons			All other reasons [3]
			Total	Temporary layoff [1]	New job or business [2]	
Monthly average:						
1946		2,258	155	97	58	2,103
1947		2,474	215	123	92	2,259
1948		2,751	262	141	121	2,489
1949		2,530	286	185	101	2,244
1950		2,648	208	92	116	2,440
1951		2,680	220	117	103	2,460
1952		2,814	259	142	117	2,555
1953		2,682	241	142	100	2,440
1952:	First half	2,389	261	157	104	2,128
	Second half	3,238	256	126	130	2,982
1953:	First half	2,247	231	123	108	2,016
	Second half	3,116	252	161	91	2,864
1952:	January	2,182	224	142	82	1,958
	February	2,110	272	154	118	1,838
	March	2,206	234	142	92	1,972
	April	2,136	258	188	70	1,878
	May	2,168	238	142	96	1,930
	June	3,532	340	174	166	3,192
	July	6,156	262	150	112	5,894
	August	5,342	370	230	140	4,972
	September	2,566	336	94	242	2,230
	October	1,944	220	92	128	1,724
	November	1,696	198	98	100	1,498
	December	1,725	152	94	58	1,573
1953:	January	2,358	274	194	80	2,084
	February	2,362	198	110	88	2,164
	March	1,996	176	84	92	1,820
	April	2,168	204	100	104	1,964
	May	1,982	264	126	138	1,718
	June	2,618	270	122	148	2,348
	July	6,126	222	144	78	5,904
	August	4,924	302	170	132	4,622
	September	2,696	278	141	137	2,418
	October	1,595	219	133	86	1,376
	November	1,687	253	183	70	1,434
	December	1,671	238	195	43	1,433

[1] Includes persons who had been temporarily laid off from their jobs with definite instructions to return to work within 30 days of layoff.

[2] Includes persons who had a new job or business to which they were scheduled to report within the following 30 days.

[3] Includes persons who were not at work because of bad weather, industrial dispute, vacation, illness, and all other reasons.

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

Source: Department of Commerce.

TABLE G-18.—*Unemployed persons by duration of unemployment, 1946-53*

Period	Total unemployed	Duration of unemployment: 10 weeks and under	11-26 weeks	Over 26 weeks	Average duration of unemployment
	Thousands of persons 14 years of age and over				Weeks
Monthly average:					
1946	2,273	[1] 1,568	[2] 564	141	(3)
1947	2,142	1,552	427	164	9.8
1948	2,064	1,592	357	116	8.6
1949	3,395	2,381	758	256	10.0
1950	3,142	2,061	726	357	12.1
1951	1,879	1,424	319	137	9.7
1952	1,673	1,316	274	84	8.3
1953	1,523	1,222	230	71	7.9
1952: First half	1,829	1,408	323	98	8.7
Second half	1,516	1,222	224	69	8.0
1953: First half	1,634	1,253	298	83	8.7
Second half	1,412	1,192	161	59	7.1
1952: January	2,054	1,638	308	108	8.9
February	2,086	1,620	372	94	8.9
March	1,804	1,298	410	96	9.2
April	1,612	1,116	370	126	10.1
May	1,602	1,248	254	100	8.6
June	1,818	1,528	224	66	6.6
July	1,942	1,650	222	70	6.8
August	1,604	1,294	252	58	7.4
September	1,438	1,116	262	60	8.0
October	1,284	1,016	190	78	9.0
November	1,418	1,152	212	54	9.0
December	1,412	1,107	209	96	8.6
1953: January	1,892	1,474	326	92	8.9
February	1,788	1,410	292	86	8.5
March	1,674	1,206	372	96	9.5
April	1,582	1,194	312	76	8.9
May	1,306	982	266	58	8.7
June	1,562	1,254	220	88	7.4
July	1,548	1,292	182	74	7.2
August	1,240	1,002	176	62	7.7
September	1,246	1,051	139	56	6.9
October	1,162	963	154	46	6.8
November	1,428	1,180	192	55	6.9
December	1,850	1,662	124	64	7.1

[1] Under 3 months.
[2] 3 to 6 months.
[3] Not available.

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

Source: Department of Commerce.

TABLE G–19.—*Insured unemployment under State unemployment insurance programs, by geographic division, 1939 and 1946–53* [1]

[Thousands of persons]

Period	Continental United States	New England	Middle Atlantic	East North Central	West North Central	South Atlantic	East South Central	West South Central	Mountain	Pacific
Weekly average:										
1939	1,086.1	98.5	305.9	208.2	73.8	124.7	63.6	60.7	30.2	120.7
1946	1,294.5	85.3	410.2	274.5	71.3	86.8	64.1	60.8	18.8	222.6
1947	1,007.9	97.0	340.9	149.0	48.0	80.1	50.0	42.9	13.5	186.4
1948	998.8	104.8	318.8	159.9	44.2	80.1	49.1	35.8	15.0	190.7
1949	1,970.0	226.4	599.0	380.9	75.9	176.3	104.4	71.4	29.4	306.1
1950	1,497.5	145.9	466.5	268.9	71.8	134.4	81.8	70.3	29.4	228.3
1951	965.5	100.9	314.2	172.3	45.4	90.9	60.7	42.1	15.1	124.2
1952	1,018.9	100.8	318.6	188.3	46.2	99.2	69.1	44.7	15.8	136.3
1953	988.1	78.5	303.4	164.4	52.3	107.7	69.0	50.0	20.4	142.4
1952: First half	1,184.1	121.9	369.3	202.1	58.9	108.7	76.3	53.6	21.9	171.3
Second half	853.6	79.5	268.0	174.3	33.4	90.0	61.6	35.7	9.8	101.3
1953: First half	989.4	77.0	306.8	132.4	58.1	105.2	69.2	53.3	23.7	163.6
Second half	986.8	80.0	299.9	196.5	46.5	110.3	68.7	46.5	17.1	121.1
1952: January	1,384.1	123.3	415.8	259.3	76.5	116.9	81.4	58.7	30.7	221.5
February	1,284.1	113.1	373.2	226.1	76.1	106.8	79.1	63.3	31.9	214.0
March	1,192.3	110.3	355.3	194.5	71.0	99.8	78.5	60.7	28.3	193.9
April	1,143.9	135.2	359.5	184.3	59.2	104.8	74.8	53.1	18.9	154.2
May	1,075.5	131.5	356.4	173.0	40.7	110.1	71.8	46.4	11.4	134.3
June	1,024.9	118.3	355.7	175.4	30.0	113.6	72.4	39.7	10.0	110.1
July	1,228.5	116.7	383.9	321.8	40.9	128.5	83.2	41.4	9.9	101.9
August	997.6	95.5	290.3	267.3	36.6	105.3	69.4	39.1	7.7	86.7
September	687.1	72.5	217.8	127.2	25.1	79.3	54.2	29.6	6.1	75.2
October	631.4	60.8	211.6	102.9	23.2	70.9	50.2	27.0	6.2	78.2
November	685.8	60.4	223.4	101.9	28.7	71.3	51.9	32.6	9.6	106.0
December	891.5	71.1	280.8	124.9	45.7	84.6	61.0	44.6	19.4	159.8
1953: January	1,155.9	88.2	350.9	157.9	70.2	111.7	75.7	57.2	30.7	213.2
February	1,083.6	81.4	310.9	138.3	74.3	105.6	75.0	61.2	33.5	203.4
March	1,014.5	76.3	301.4	122.3	68.9	104.1	71.3	58.2	29.1	182.7
April	960.6	79.6	313.5	121.2	53.6	101.0	69.3	51.0	21.1	150.4
May	889.0	74.6	289.1	124.8	42.6	103.5	66.2	48.0	15.1	125.1
June	832.7	61.9	275.0	130.0	39.0	105.2	57.5	44.2	12.8	107.1
July	861.1	66.6	283.8	140.2	38.1	112.5	60.9	46.2	12.7	100.0
August	816.1	64.0	257.0	155.8	31.1	101.8	58.7	45.1	12.7	90.0
September	779.4	66.1	251.2	152.4	32.3	91.7	52.4	37.3	11.0	85.0
October	840.0	73.1	246.2	179.3	39.8	93.8	59.7	38.5	12.8	96.6
November	1,115.1	91.6	331.3	233.2	56.0	113.9	77.4	47.2	19.5	144.9
December	1,508.9	118.7	430.1	318.1	81.9	148.2	103.2	64.8	33.9	209.9

[1] Represents weekly average volume of total or partial unemployment during the year for which claims were filed for waiting period credit or benefit payments. Regional composition: New England—Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut; Middle Atlantic—New York, New Jersey, Pennsylvania; East North Central—Ohio, Indiana, Illinois, Michigan, Wisconsin; West North Central—Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska, Kansas; South Atlantic—Delaware, Maryland, District of Columbia, Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida; East South Central—Kentucky, Tennessee, Alabama, Mississippi; West South Central—Arkansas, Louisiana, Oklahoma, Texas; Mountain—Montana, Idaho, Wyoming, Colorado, New Mexico, Arizona, Utah, Nevada; Pacific—Washington, Oregon, California.

NOTE.—State unemployment insurance programs exclude from coverage agricultural workers, government employees, self-employed persons, domestic servants, workers in very small firms (in most States), employees in nonprofit organizations, and railroad workers (who have a separate unemployment insurance system under the Railroad Retirement Board). The data also exclude unemployed veterans filing claims under the Servicemen's Readjustment Act or the Veterans Readjustment Assistance Act.

Detail will not necessarily add to totals because of rounding.

Source: Department of Labor.

TABLE G–20.—*Labor turnover rates in manufacturing industries, 1930–53*

[Rates per 100 employees]

Period	Separation rates				Accession rates
	Total	Quit [1]	Layoff	Discharge, military, and miscellaneous [1]	
Monthly average: [2]					
1930	5.0	1.6	3.0	.4	3.1
1931	4.0	.9	2.9	.2	3.1
1932	4.4	.7	3.5	.2	3.3
1933	3.8	.9	2.7	.2	5.4
1934	4.1	.9	3.0	.2	4.7
1935	3.6	.9	2.5	.2	4.2
1936	3.4	1.1	2.0	.2	4.4
1937	4.4	1.3	3.0	.2	3.6
1938	4.1	.6	3.4	.1	3.8
1939	3.1	.8	2.2	.1	4.1
1940	3.4	.9	2.2	.3	4.4
1941	3.9	2.0	1.3	.6	5.4
1942	6.5	3.8	1.1	1.7	7.6
1943	7.3	5.2	.6	1.5	7.5
1944	6.8	5.1	.6	1.1	6.1
1945	8.3	5.1	2.3	.9	6.3
1946	6.1	4.3	1.2	.6	6.7
1947	4.8	3.4	1.0	.5	5.1
1948	4.6	2.8	1.3	.5	4.4
1949	4.3	1.5	2.4	.3	3.5
1950	3.5	1.9	1.1	.5	4.4
1951	4.4	2.4	1.2	.8	4.4
1952	4.1	2.3	1.1	.6	4.4
1953 [3]	4.3	2.3	1.4	.7	3.9
1952: First half	3.9	2.1	1.2	.6	4.1
Second half	4.3	2.6	1.0	.6	4.7
1953: First half	4.1	2.5	.9	.7	4.4
Second half [3]	4.6	2.2	1.8	.6	3.4
1952: January	4.0	1.9	1.4	.7	4.4
February	3.9	1.9	1.3	.7	3.9
March	3.7	2.0	1.1	.6	3.9
April	4.1	2.2	1.3	.6	3.7
May	3.9	2.2	1.1	.6	3.9
June	3.9	2.2	1.1	.6	4.9
July	5.0	2.2	2.2	.6	4.4
August	4.6	3.0	1.0	.6	5.9
September	4.9	3.5	.7	.7	5.6
October	4.2	2.8	.7	.7	5.2
November	3.5	2.1	.7	.7	4.0
December	3.4	1.7	1.0	.6	3.3
1953: January	3.8	2.1	.9	.7	4.4
February	3.6	2.2	.8	.8	4.2
March	4.1	2.5	.8	.7	4.4
April	4.3	2.7	.9	.7	4.3
May	4.4	2.7	1.0	.7	4.1
June	4.2	2.6	.9	.7	5.1
July	4.3	2.5	1.1	.7	4.1
August	4.8	2.9	1.3	.7	4.3
September	5.2	3.1	1.5	.7	4.0
October	4.5	2.1	1.8	.7	3.3
November	4.2	1.5	2.3	.6	2.7
December	4.3	1.1	2.9	.4	1.9

[1] Prior to 1940, military and miscellaneous separations are included with quits.
[2] Averages computed by Council of Economic Advisers from published monthly rates.
[3] Estimates based on incomplete data.

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

Source: Department of Labor (except as noted).

TABLE G–21.—*Number of wage and salary workers in nonagricultural establishments, 1929–53* [1]

[Thousands of employees]

Period	Total wage and salary workers	Manufacturing			Mining	Contract construction	Transportation and public utilities	Trade [2]	Finance	Service [2]	Government (Federal, State, and local)
		Total	Durable goods	Nondurable goods							
Monthly average:											
1929	31,041	10,534	(3)	(3)	1,078	1,497	3,907	6,401	1,431	3,127	3,066
1930	29,143	9,401	(3)	(3)	1,000	1,372	3,675	6,064	1,398	3,084	3,149
1931	26,383	8,021	(3)	(3)	864	1,214	3,243	5,531	1,333	2,913	3,264
1932	23,377	6,797	(3)	(3)	722	970	2,804	4,907	1,270	2,682	3,225
1933	23,466	7,258	(3)	(3)	735	809	2,659	4,999	1,225	2,614	3,167
1934	25,699	8,346	(3)	(3)	874	862	2,736	5,552	1.247	2,784	3,298
1935	26,792	8,907	(3)	(3)	888	912	2,771	5,692	1,262	2,883	3,477
1936	28,802	9,653	(3)	(3)	937	1,145	2,956	6,076	1,313	3,060	3,662
1937	30,718	10,606	(3)	(3)	1,006	1,112	3,114	6,543	1,355	3,233	3,749
1938	28,902	9,253	(3)	(3)	882	1,055	2,840	6,453	1,347	3,196	3,876
1939	30,287	10,078	4,683	5,394	845	1,150	2,912	6,612	1,382	3,321	3,987
1940	32,031	10,780	5,337	5,443	916	1,294	3,013	6,940	1,419	3,477	4,192
1941	36,164	12,974	6,945	6,028	947	1,790	3,248	7,416	1,462	3,705	4,622
1942	39,697	15,051	8.804	6,247	983	2,170	3,433	7,333	1,440	3,857	5,431
1943	42,042	17,381	11,077	6,304	917	1,567	3,619	7,189	1,401	3,919	6,049
1944	41,480	17,111	10,858	6,253	883	1,094	3,798	7,260	1,374	3,934	6,026
1945	40,069	15,302	9,079	6,222	826	1,132	3,872	7,522	1,394	4,055	5,967
1946	41,412	14,461	7,739	6,722	852	1,661	4,023	8.602	1,586	4,621	5,607
1947	43,438	15,290	8,372	6,918	943	1,982	4,122	9,196	1,641	4,807	5,456
1948	44,382	15,321	8,312	7,010	982	2,169	4,141	9,519	1,711	4,925	5,614
1949	43,295	14,178	7,473	6,705	918	2,165	3,949	9,513	1,736	5,000	5,837
1950	44,696	14,967	8,085	6,882	889	2,333	3,977	9,645	1,796	5,098	5,992
1951	47,202	16,082	9,071	7,011	913	2,588	4,166	10,013	1,861	5,207	6,373
1952	47,993	16,209	9,262	6,946	872	2,572	4,220	10,251	1,957	5,280	6,633
1953 [4]	49,146	17,009	9,951	7,058	832	2,537	4,275	10,475	2,032	5,315	6,671
	Seasonally adjusted										
1952: January	47,494	16,018	9,121	6,897	909	2,562	4,184	10,134	1,911	5,249	6,527
February	47,709	16,076	9,181	6,895	905	2,611	4,204	10,140	1,916	5,259	6,598
March	47,680	16,097	9,202	6,895	907	2,542	4,210	10,146	1,921	5,257	6,600
April	47,624	16,143	9,257	6,886	893	2,536	4,170	10,115	1,931	5,266	6,570
May	47,670	16,082	9.227	6,855	890	2.518	4,187	10,184	1,940	5,270	6,599
June	47,471	15,771	8,863	6,908	812	2,587	4,193	10,246	1,952	5,281	6,629
July	47,336	15,609	8,652	6,957	777	2,595	4,154	10,273	1,967	5,302	6,659
August	48,039	16,151	9,181	6,970	883	2,604	4,209	10,261	1,980	5,299	6,652
September	48,406	16,412	9,421	6,991	880	2,611	4.259	10,333	1,986	5,285	6,640
October	48,664	16,546	9,539	7,007	867	2,574	4,303	10,390	1,993	5,303	6,688
November	48,857	16,755	9,699	7,056	870	2,571	4,293	10,366	1,993	5,292	6,717
December	48,957	16,870	9,797	7,073	871	2,548	4,281	10,397	1,988	5,290	6,712
1953: January	49,014	16,949	9,871	7,078	872	2,531	4,246	10,437	1,989	5,298	6,692
February	49,113	17,039	9,965	7,074	867	2,562	4,261	10,445	1,987	5,300	6,652
March	49,148	17,168	10,068	7,100	854	2,529	4,272	10,390	1,993	5,305	6,637
April	49.154	17,229	10,118	7.111	838	2,517	4,266	10,402	2,004	5,307	6,591
May	49,297	17,276	10,135	7,141	833	2,484	4,282	10,466	2,015	5,304	6,637
June	49,486	17,319	10,161	7,158	831	2,508	4,282	10,521	2,026	5,317	6,682
July	49,511	17,303	10,150	7,153	816	2,511	4,293	10,524	2,044	5,333	6,687
August	49,303	17,127	10,050	7,077	821	2,514	4,287	10,489	2,055	5,329	6,681
September	49,216	16,959	9,936	7,023	820	2,571	4,301	10,503	2,064	5,313	6,685
October	49,205	16,788	9,824	6,964	807	2,607	4,316	10,562	2,068	5,330	6,727
November	48,843	16,587	9,648	6,939	813	2,583	4,279	10,482	2,069	5,323	6,707
December [4]	48,462	16,360	9,481	6,879	812	2,532	4,219	10,481	2,065	5,321	6,672

[1] Includes all full- and part-time wage and salary workers in nonagricultural establishments who worked during, or received pay for, any part of the pay period ending nearest the 15th of the month. Excludes proprietors, self-employed persons, domestic servants, and unpaid family workers. Not comparable with estimates of nonagricultural employment of the civilian labor force (appendix table G–15) which include proprietors, self-employed persons, and domestic servants, which count persons as employed when they are not at work because of industrial disputes, bad weather, or temporary layoffs, and which are based on an enumeration of population, whereas the estimates in this table are based on reports from employing establishments.

[2] Beginning with 1939, data are not strictly comparable with data shown for earlier years because of the shift of the automotive repair service industry from the trade to the service division.

[3] Not available.

[4] Estimates based on incomplete data.

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

Sources: Department of Labor and Board of Governors of the Federal Reserve System.

Table G–22.—*Average weekly hours of work in selected industries, 1929–53*

Period	Manufacturing: Total	Manufacturing: Durable goods	Manufacturing: Nondurable goods	Bituminous coal mining	Building construction	Class I railroads [1]	Telephone	Wholesale trade	Retail trade (except eating and drinking places)	Hotels (year-round)
1929	44.2	(2)	(2)	38.4	(2)	(2)	(2)	(2)	(2)	(2)
1930	42.1	(2)	(2)	33.5	(2)	(2)	(2)	(2)	(2)	(2)
1931	40.5	(2)	(2)	28.3	(2)	(2)	(2)	(2)	(2)	(2)
1932	38.3	32.6	41.9	27.2	(2)	(2)	(2)	(2)	(2)	(2)
1933	38.1	34.8	40.0	29.5	(2)	(2)	(2)	(2)	(2)	(2)
1934	34.6	33.9	35.1	27.0	28.9	(2)	(2)	(2)	(2)	(2)
1935	36.6	37.3	36.1	26.4	30.1	(2)	(2)	41.3	(2)	(2)
1936	39.2	41.0	37.7	28.8	32.8	(2)	(2)	42.6	(2)	(2)
1937	38.6	40.0	37.4	27.9	33.4	(2)	38.8	42.8	(2)	(2)
1938	35.6	35.0	36.1	23.5	32.1	(2)	38.9	42.2	(2)	45.9
1939	37.7	38.0	37.4	27.1	32.6	43.7	39.1	[3] 41.7	42.7	45.6
1940	38.1	39.3	37.0	28.1	33.1	44.3	39.5	41.2	42.5	45.9
1941	40.6	42.1	38.9	31.1	34.8	45.8	40.1	41.0	42.1	45.5
1942	42.9	45.1	40.3	32.9	36.4	47.0	40.5	41.3	41.1	45.6
1943	44.9	46.6	42.5	36.6	38.4	48.7	41.9	42.2	40.3	45.2
1944	45.2	46.6	43.1	43.4	39.6	48.9	42.3	42.9	40.4	45.4
1945	43.4	44.1	42.3	42.3	39.0	48.5	[4] 41.7	42.7	40.3	45.6
1946	40.4	40.2	40.5	41.6	38.1	46.0	39.4	41.5	40.7	45.4
1947	40.4	40.6	40.1	40.7	37.6	46.4	37.4	41.0	40.3	45.2
1948	40.1	40.5	39.6	38.0	[3] 37.3	46.2	39.2	40.9	40.3	44.3
1949	39.2	39.5	38.8	32.6	36.7	43.7	38.5	40.7	40.4	44.2
1950	40.5	41.2	39.7	35.0	36.3	40.8	38.9	40.7	40.5	43.9
1951	40.7	41.6	39.5	35.2	37.2	41.0	39.1	40.7	40.2	43.2
1952	40.7	41.5	39.6	34.2	38.1	40.6	38.5	40.6	39.9	42.6
1953 [5]	40.5	41.2	39.5	34.5	37.0	(2)	38.7	40.4	39.3	42.3
1952: January	40.8	41.8	39.4	38.5	37.5	41.7	38.7	40.7	39.9	42.8
February	40.7	41.7	39.4	35.9	37.9	41.3	38.5	40.4	39.9	42.8
March	40.6	41.6	39.2	35.4	36.8	40.2	38.5	40.4	39.9	42.5
April	39.8	40.8	38.4	29.9	37.6	41.4	34.9	40.1	39.9	42.8
May	40.2	41.1	38.9	31.8	37.9	39.9	38.7	40.4	39.7	42.6
June	40.5	41.2	39.5	28.5	38.8	39.7	39.0	40.5	40.3	42.6
July	39.9	40.2	39.4	28.1	38.5	39.9	39.3	40.6	40.6	42.4
August	40.5	41.0	39.9	36.2	38.5	40.1	39.0	40.6	40.5	42.6
September	41.2	41.9	40.3	38.9	38.8	41.0	39.0	40.7	39.7	42.4
October	41.4	42.2	40.3	32.3	38.7	41.9	38.9	40.7	39.4	42.4
November	41.1	41.9	40.1	35.5	37.1	39.1	38.9	40.7	39.0	42.3
December	41.7	42.5	40.5	36.4	38.2	40.8	38.8	40.9	39.8	42.9
1953: January	41.0	41.8	39.8	35.4	36.9	39.9	38.6	40.4	39.3	42.4
February	40.9	41.7	39.7	32.7	37.1	40.5	38.3	40.5	39.2	42.3
March	41.1	41.9	40.0	33.1	36.8	40.7	38.2	40.4	39.2	42.1
April	40.8	41.6	39.5	32.1	36.9	41.3	38.3	40.3	39.1	42.5
May	40.7	41.5	39.5	34.4	37.3	39.8	38.7	40.3	39.0	42.1
June	40.7	41.4	39.7	36.5	37.7	41.8	39.0	40.4	39.4	42.0
July	40.3	40.8	39.6	34.4	37.1	42.1	39.0	40.5	39.9	42.2
August	40.5	41.1	39.6	37.3	37.6	40.3	38.7	40.4	39.8	42.3
September	39.9	40.6	39.0	34.6	36.1	40.6	39.4	40.4	39.1	42.0
October	40.3	41.0	39.2	36.2	37.5	40.9	38.6	40.6	39.0	42.6
November	40.0	40.6	39.1	32.6	36.4	(2)	38.9	40.5	38.9	42.6
December [5]	40.1	40.8	39.2	(2)	(2)	(2)	(2)	(2)	(2)	(2)

[1] New series. Averages are based upon monthly data (exclusive of switching and terminal companies) summarized in the M–300 report by the ICC and relate to all employees who received pay during the month, except executives, officials, and staff assistants (ICC Group I). Beginning September 1949, data reflect a reduction in basic workweek from 48 to 40 hours.

[2] Not available.

[3] Not strictly comparable with previous data.

[4] 9-month average, April through December, because of new series started in April 1945. Beginning with June 1949 data relate to nonsupervisory employees only.

[5] Estimates based on incomplete data.

Note.—Data are for production workers in manufacturing and mining, construction workers in building construction, and for nonsupervisory employees in other industries. Data are for payroll periods ending closest to the middle of the month. The annual figures for 1953 are straight arithmetic averages of the monthly figures and not strictly comparable with the averages for earlier years which have been weighted by data on employment.

Source: Department of Labor.

TABLE G–23.—*Average gross hourly earnings in selected industries, 1929–53*

Period	Manufacturing: Total	Manufacturing: Durable goods	Manufacturing: Nondurable goods	Bituminous coal mining	Building construction	Class I railroads [1]	Telephone	Wholesale trade	Retail trade (except eating and drinking places)	Hotels (year-round) [2]	Agriculture [3]
1929	$0.566	(4)	(4)	$0.681	(4)	(4)	(4)	(4)	(4)	(4)	$0.244
1930	.552	(4)	(4)	.684	(4)	(4)	(4)	(4)	(4)	(4)	.228
1931	.515	(4)	(4)	.647	(4)	(4)	(4)	(4)	(4)	(4)	.173
1932	.446	$0.497	$0.420	.520	(4)	(4)	(4)	(4)	(4)	(4)	.130
1933	.442	.472	.427	.501	(4)	(4)	(4)	(4)	(4)	(4)	.117
1934	.532	.556	.515	.673	$0.795	(4)	(4)	(4)	(4)	(4)	.130
1935	.550	.577	.530	.745	.815	(4)	(4)	$0.648	(4)	(4)	.144
1936	.556	.586	.529	.794	.824	(4)	(4)	.667	(4)	(4)	.154
1937	.624	.674	.577	.856	.903	(4)	$0.774	.698	(4)	(4)	.173
1938	.627	.686	.584	.878	.908	(4)	.816	[5] .700	(4)	$0.329	.168
1939	.633	.698	.582	.886	.932	$0.730	.822	.715	$0.542	.335	.168
1940	.661	.724	.602	.883	.958	.733	.827	.739	.553	.340	.171
1941	.729	.808	.640	.993	1.010	.743	.820	.793	.580	.357	.209
1942	.853	.947	.723	1.059	1.148	.837	.843	.860	.626	.392	.271
1943	.961	1.059	.803	1.139	1.252	.852	.870	.933	.679	.451	.358
1944	1.019	1.117	.861	1.186	1.319	.948	.911	.985	.731	.497	.428
1945	1.023	1.111	.904	1.240	1.379	.955	[6] .962	1.029	.783	.537	.477
1946	1.086	1.156	1.015	1.401	1.478	1.087	1.124	1.150	.893	.596	.520
1947	1.237	1.292	1.171	1.636	1.681	1.186	1.197	1.268	1.009	.650	.553
1948	1.350	1.410	1.278	1.898	[5] 1.848	1.301	1.248	1.359	1.088	.709	.580
1949	1.401	1.469	1.325	1.941	1.935	1.427	1.345	1.414	1.137	.743	.559
1950	1.465	1.537	1.378	2.010	2.031	1.572	1.398	1.483	1.176	.771	.561
1951	1.59	1.67	1.48	2.21	2.19	1.73	1.49	1.58	1.26	.82	.625
1952	1.67	1.76	1.54	2.29	2.31	1.83	1.59	1.67	1.32	.87	.661
1953 [7]	1.77	1.87	1.61	2.48	2.47	(4)	1.68	1.76	1.40	.91	.672
1952: January	1.63	1.72	1.52	2.24	2.26	1.80	1.54	1.63	1.30	.85	.693
February	1.64	1.72	1.52	2.24	2.27	1.83	1.55	1.63	1.29	.86	
March	1.65	1.74	1.53	2.24	2.28	1.81	1.54	1.64	1.29	.86	
April	1.65	1.74	1.53	2.23	2.28	1.79	1.55	1.65	1.30	.86	.571
May	1.65	1.74	1.53	2.21	2.26	1.80	1.57	1.65	1.32	.86	
June	1.65	1.74	1.53	2.26	2.25	1.82	1.56	1.66	1.33	.86	
July	1.64	1.73	1.54	2.26	2.29	1.83	1.59	1.67	1.33	.87	.664
August	1.66	1.76	1.54	2.23	2.31	1.85	1.59	1.68	1.33	.87	
September	1.69	1.80	1.54	2.26	2.35	1.86	1.61	1.68	1.34	.87	
October	1.70	1.81	1.54	2.34	2.38	1.85	1.64	1.70	1.35	.88	.688
November	1.71	1.82	1.56	2.43	2.39	1.90	1.66	1.70	1.35	.88	
December	1.73	1.83	1.57	2.52	2.40	1.87	1.64	1.70	1.32	.88	
1953: January	1.74	1.84	1.58	2.48	2.41	1.87	1.65	1.71	1.36	.88	.715
February	1.74	1.85	1.58	2.49	2.42	1.90	1.66	1.72	1.37	.89	
March	1.75	1.85	1.59	2.47	2.44	1.85	1.65	1.73	1.37	.89	
April	1.75	1.86	1.59	2.48	2.44	1.86	1.65	1.74	1.38	.89	.581
May	1.76	1.86	1.60	2.47	2.44	1.87	1.67	1.76	1.39	.90	
June	1.76	1.87	1.60	2.50	2.44	1.86	1.67	1.76	1.40	.91	
July	1.77	1.88	1.61	2.47	2.47	1.86	1.65	1.78	1.41	.91	.675
August	1.77	1.88	1.61	2.49	2.49	1.87	1.66	1.78	1.41	.91	
September	1.79	1.90	1.63	2.49	2.52	1.88	1.73	1.79	1.42	.93	
October	1.78	1.90	1.62	2.47	2.52	1.89	1.71	1.79	1.42	.93	.697
November	1.79	1.89	1.63	2.48	2.53	(4)	1.75	1.79	1.42	.92	
December [7]	1.79	1.89	1.64	(4)	(4)	(4)	(4)	(4)	(4)	(4)	

[1] New series. Averages are based upon monthly data (exclusive of switching and terminal companies) summarized in the M-300 report by the ICC and relate to all employees who received pay during the month, except executives, officials, and staff assistants (ICC Group I). Beginning September 1949, data reflect a wage rate increase and reduction in basic workweek from 48 to 40 hours.

[2] Money payments only; additional value of board, room, uniform, and tips not included.

[3] Composite rate per hour. Weighted average of all farm wage rates on a per hour basis.

[4] Not available.

[5] Not strictly comparable with previous data.

[6] 9-month average, April through December. 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. Beginning June 1949, data relate to nonsupervisory employees.

[7] Estimates based on incomplete data.

NOTE.—Data are for production workers in manufacturing and mining, construction workers in building construction, and for all nonsupervisory employees in other industries. Data are for payroll periods ending closest to the middle of the month. In the nonagricultural series, the annual figures for 1953 are straight arithmetic averages of the monthly figures and not strictly comparable with the averages for earlier years which have been weighted by data on man-hours.

Sources: Department of Agriculture and Department of Labor.

TABLE G–24.—*Average gross weekly earnings in selected industries, 1929–53*

Period	Manufacturing			Bituminous coal mining	Building construction	Class I railroads [1]	Telephone	Wholesale trade	Retail trade (except eating and drinking places)	Hotels (year-round) [2]
	Total	Durable goods	Nondurable goods							
1929	$25.03	$27.22	$22.93	$25.72	(3)	(3)	(3)	(3)	(3)	(3)
1930	23.25	24.77	21.84	22.21	(3)	(3)	(3)	(3)	(3)	(3)
1931	20.87	21.28	20.50	17.69	(3)	(3)	(3)	(3)	(3)	(3)
1932	17.05	16.21	17.57	13.91	(3)	(3)	(3)	$27.72	(3)	(3)
1933	16.73	16.43	16.89	14.47	(3)	(3)	(3)	26.11	(3)	(3)
1934	18.40	18.87	18.05	18.10	$22.97	(3)	(3)	26.37	(3)	(3)
1935	20.13	21.52	19.11	19.58	24.51	(3)	(3)	26.76	(3)	(3)
1936	21.78	24.04	19.94	22.71	27.01	(3)	(3)	28.41	(3)	(3)
1937	24.05	26.91	21.53	23.84	30.14	(3)	$30.03	29.87	(3)	(3)
1938	22.30	24.01	21.05	20.80	29.19	(3)	31.74	[4] 29.54	(3)	$15.10
1939	23.86	26.50	21.78	23.88	30.39	$31.90	32.14	29.82	$23.14	15.28
1940	25.20	28.44	22.27	24.71	31.70	32.47	32.67	30.45	23.50	15.61
1941	29.58	34.04	24.92	30.86	35.14	34.03	32.88	32.51	24.42	16.24
1942	36.65	42.73	29.13	35.02	41.80	39.34	34.14	35.52	25.73	17.88
1943	43.14	49.30	34.12	41.62	48.13	41.49	36.45	39.37	27.36	20.39
1944	46.08	52.07	37.12	51.27	52.18	46.36	38.54	42.26	29.53	22.56
1945	44.39	49.05	38.29	52.25	53.73	46.32	[5] 40.12	43.94	31.55	24.49
1946	43.82	46.49	41.14	58.03	56.24	50.00	44.29	47.73	36.35	27.06
1947	49.97	52.46	46.96	66.59	63.30	55.03	44.77	51.99	40.66	29.36
1948	54.14	57.11	50.61	72.12	[4] 68.85	60.11	48.92	55.58	43.85	31.41
1949	54.92	58.03	51.41	63.28	70.95	62.36	51.78	57.55	45.93	32.84
1950	59.33	63.32	54.71	70.35	73.73	64.14	54.38	60.36	47.63	33.85
1951	64.71	69.47	58.46	77.79	81.47	70.93	58.26	64.31	50.65	35.42
1952	67.97	73.04	60.98	78.32	88.01	74.30	61.22	67.80	52.67	37.06
1953 [6]	71.55	77.20	63.45	85.55	91.31	(3)	64.92	71.12	54.79	38.28
1952: January	66.50	71.90	59.89	86.24	84.75	75.06	59.60	66.34	51.87	36.38
February	66.75	71.72	59.89	80.42	86.03	75.58	59.68	65.85	51.47	36.81
March	66.99	72.38	59.98	79.30	83.90	72.76	59.29	66.26	51.47	36.55
April	65.67	70.99	58.75	66.68	85.73	74.11	54.10	66.17	51.87	36.81
May	66.33	71.51	59.52	70.28	85.65	71.82	60.76	66.66	52.40	36.64
June	66.83	71.69	60.44	64.41	87.30	72.25	60.84	67.23	53.60	36.64
July	65.44	69.55	60.68	63.51	88.17	73.02	62.49	67.80	54.00	36.89
August	67.23	72.16	61.45	80.73	88.94	74.19	62.01	68.21	53.87	37.06
September	69.63	75.42	62.06	87.91	91.18	76.26	62.79	68.38	53.20	36.89
October	70.38	76.38	62.06	75.58	92.11	77.52	63.80	69.19	53.19	37.31
November	70.28	76.26	62.56	86.27	88.67	74.29	64.57	69.19	52.65	37.22
December	72.14	77.78	63.59	91.73	91.68	76.30	63.63	69.53	52.54	37.75
1953: January	71.34	76.91	62.88	87.79	88.93	74.61	63.69	69.08	53.45	37.31
February	71.17	77.15	62.73	81.42	89.78	76.95	63.58	69.66	53.70	37.65
March	71.93	77.52	63.60	81.76	89.79	75.30	63.03	69.89	53.70	37.47
April	71.40	77.38	62.81	79.61	90.04	76.82	63.20	70.12	53.96	37.83
May	71.63	77.19	63.20	84.97	91.01	74.43	64.63	70.93	54.21	37.89
June	71.63	77.42	63.52	91.25	91.99	77.75	65.13	71.10	55.16	38.22
July	71.33	76.70	63.76	84.97	91.64	78.31	64.35	72.09	56.26	38.40
August	71.69	77.27	63.76	92.88	93.62	75.36	64.24	71.91	56.12	38.49
September	71.42	77.14	63.57	86.15	90.97	76.33	68.16	72.32	55.52	39.06
October	71.73	77.90	63.50	89.41	94.50	77.30	66.01	72.67	55.38	39.62
November	71.60	76.73	63.73	80.85	92.09	(3)	68.08	72.50	55.24	39.19
December [6]	71.78	77.11	64.29	(3)	(3)	(3)	(3)	(3)	(3)	(3)

[1] New series. Averages are based upon monthly data (exclusive of switching and terminal companies) summarized in the M-300 report by the ICC and relate to all employees who received pay during the month, except executives, officials, and staff assistants (ICC group I). Beginning September 1949, data reflect a wage rate increase and reduction in basic workweek from 48 to 40 hours.

[2] Money payments only; additional value of board, room, uniforms, and tips not included.

[3] Not available.

[4] Not strictly comparable with previous data.

[5] 9-month average, April through December. 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. Beginning June 1949, data relate to nonsupervisory employees.

[6] Estimates based on incomplete data.

NOTE.—Data are for production workers in manufacturing and mining, construction workers in building construction, and for all nonsupervisory employees in other industries. Data are for payroll periods ending closest to the middle of the month. The annual figures for 1953 are straight arithmetic averages of the monthly figures and not strictly comparable with the averages for earlier years which have been weighted by data on man-hours.

Source: Department of Labor.

PRODUCTION AND BUSINESS ACTIVITY

TABLE G–25.—*Indexes of industrial and agricultural production, 1929–53*

[1947–49=100]

Period	Industrial production [1]					Agricultural production [2]
	Total	Manufactures			Minerals	
		Total	Durable	Nondurable		
1929	59	58	60	56	68	72
1930	49	48	45	51	59	71
1931	40	39	31	48	51	78
1932	31	30	19	42	42	75
1933	37	36	24	48	48	69
1934	40	39	30	49	51	59
1935	47	46	38	55	55	72
1936	56	55	49	61	63	63
1937	61	60	55	64	71	81
1938	48	46	35	57	62	78
1939	58	57	49	66	68	79
1940	67	66	63	69	76	82
1941	87	88	91	84	81	85
1942	106	110	126	93	84	96
1943	127	133	162	103	87	93
1944	125	130	159	99	93	97
1945	107	110	123	96	92	96
1946	90	90	86	95	91	99
1947	100	100	101	99	100	95
1948	104	103	104	102	106	103
1949	97	97	95	99	94	102
1950	112	113	116	111	105	101
1951	120	121	128	114	115	104
1952	124	125	136	114	114	107
1953 [3]	134	136	153	119	116	107
	Seasonally adjusted					
1952: January	121	121	130	111	119	([4])
February	121	121	131	112	119	([4])
March	121	122	131	112	118	([4])
April	120	120	130	111	116	([4])
May	119	121	132	110	104	([4])
June	118	119	125	113	106	([4])
July	115	116	119	113	105	([4])
August	123	125	135	114	111	([4])
September	129	130	144	116	119	([4])
October	130	132	147	117	111	([4])
November	133	135	151	118	118	([4])
December	133	135	152	118	117	([4])
1953: January	134	136	154	117	116	([4])
February	134	136	155	118	116	([4])
March	135	137	155	119	115	([4])
April	136	138	155	121	115	([4])
May	137	139	156	123	117	([4])
June	136	138	154	121	119	([4])
July	137	139	157	121	120	([4])
August	136	138	157	119	119	([4])
September	133	134	152	117	118	([4])
October	132	134	151	117	114	([4])
November	130	132	147	116	113	([4])
December [3]	128	129	144	115	113	([4])

[1] Revised series. The index has been improved in this revision by (1) incorporation of a number of new series; (2) revision of weights, seasonal adjustment factors, and working-day allowances; (3) adoption of a more recent comparison base period; (4) use of improved industrial classifications, and (5) development of an independent set of annual indexes from the more comprehensive data available at yearly intervals. For a detailed description of the revision, see the December 1953 issue of the *Federal Reserve Bulletin*.

[2] Index of volume of farm production for human use. Converted from the reported base, 1935–39=100.

[3] Estimates based on incomplete data.

[4] Because of the extreme seasonal nature of agricultural crop production, only an annual index has been computed.

Sources: Board of Governors of the Federal Reserve System and Department of Agriculture.

TABLE G–26.—*New construction activity, 1929–53*

[Value put in place, millions of dollars]

Period	Total new construction	Private construction: Total private [1]	Private construction: Residential building (nonfarm)	Private construction: Nonresidential building (nonfarm)	Private construction: Other private [2]	Public construction: Total public	Public construction: Military and naval	Public construction: Nonmilitary building: Residential	Public construction: Nonmilitary building: Nonresidential	Public construction: Highway	Public construction: Other public [3]
1929	10,793	8,307	3,625	2,694	1,988	2,486	19	------	659	1,266	542
1930	8,741	5,883	2,075	2,003	1,805	2,858	29	------	660	1,516	653
1931	6,427	3,768	1,565	1,099	1,104	2,659	40	------	612	1,355	652
1932	3,538	1,676	630	502	544	1,862	34	------	415	958	455
1933	2,879	1,231	470	406	355	1,648	36	------	230	847	535
1934	3,720	1,509	625	456	428	2,211	47	1	363	1,000	800
1935	4,232	1,999	1,010	472	517	2,233	37	9	328	845	1,014
1936	6,497	2,981	1,565	713	703	3,516	29	61	701	1,362	1,363
1937	6,999	3,903	1,875	1,085	943	3,096	37	93	550	1,226	1,190
1938	6,980	3,560	1,990	764	806	3,420	62	35	672	1,421	1,230
1939	8,198	4,389	2,680	786	923	3,809	125	65	970	1,381	1,268
1940	8,682	5,054	2,985	1,025	1,044	3,628	385	200	615	1,302	1,126
1941	11,957	6,206	3,510	1,482	1,214	5,751	1,620	430	1,646	1,066	989
1942	14,075	3,415	1,715	635	1,065	10,660	5,016	545	3,685	734	680
1943	8,301	1,979	885	233	861	6,322	2,550	739	2,010	446	577
1944	5,259	2,186	815	351	1,020	3,073	837	211	1,361	362	302
1945	5,633	3,235	1,100	1,020	1,115	2,398	690	80	937	398	293
1946	12,000	9,638	4,015	3,341	2,282	2,362	188	374	354	895	551
1947	16,689	13,256	6,310	3,142	3,804	3,433	204	200	599	1,451	979
1948	21,678	16,853	8,580	3,621	4,652	4,825	158	156	1,301	1,774	1,436
1949	22,789	16,384	8,267	3,228	4,889	6,405	137	359	2,068	2,131	1,710
1950	28,454	21,454	12,600	3,777	5,077	7,000	177	345	2,384	2,272	1,822
1951	30,895	21,564	10,973	5,152	5,439	9,331	887	595	3,469	2,518	1,862
1952	32,638	21,812	11,100	5,014	5,698	10,826	1,388	654	4,119	2,860	1,805
1953	34,843	23,615	11,905	5,676	6,034	11,228	1,323	554	4,317	3,150	1,884
	Seasonally adjusted annual rates										
1952: First half	32,618	21,776	10,996	5,098	5,682	10,842	1,452	710	3,930	2,888	1,862
Second half	32,658	21,848	11,204	4,930	5,714	10,810	1,324	598	4,308	2,832	1,748
1953: First half	35,436	23,792	12,238	5,582	5,972	11,644	1,534	608	4,452	3,100	1,950
Second half	34,250	23,438	11,572	5,770	6,096	10,812	1,112	500	4,182	3,200	1,818
1952: January	30,936	20,784	10,020	5,160	5,604	10,152	1,308	840	3,900	2,208	1,896
February	32,652	21,696	10,800	5,244	5,652	10,956	1,332	792	3,936	2,988	1,908
March	33,744	22,956	12,096	5,220	5,640	10,788	1,488	696	3,816	2,880	1,908
April	33,528	22,284	11,436	5,148	5,700	11,244	1,512	684	3,888	3,288	1,872
May	32,652	21,636	10,896	5,016	5,724	11,016	1,524	648	3,960	3,048	1,836
June	32,196	21,300	10,728	4,800	5,772	10,896	1,548	600	4,080	2,916	1,752
July	31,908	21,408	10,812	4,812	5,784	10,500	1,380	624	3,984	2,844	1,668
August	31,896	21,408	10,824	4,848	5,736	10,488	1,332	600	4,164	2,748	1,644
September	32,556	21,564	10,896	4,908	5,760	10,992	1,260	588	4,284	3,132	1,728
October	32,928	21,984	11,352	4,932	5,700	10,944	1,212	576	4,248	3,144	1,764
November	33,372	22,272	11,580	5,040	5,652	11,100	1,308	588	4,560	2,844	1,800
December	33,288	22,452	11,760	5,040	5,652	10,836	1,452	612	4,608	2,280	1,884
1953: January	33,888	22,356	11,352	5,304	5,700	11,532	1,548	624	4,500	2,892	1,968
February	35,844	23,436	12,084	5,568	5,784	12,408	1,656	648	4,608	3,480	2,016
March	36,600	24,660	13,068	5,628	5,964	11,940	1,608	600	4,572	3,180	1,980
April	36,300	24,708	12,960	5,664	6,084	11,592	1,476	612	4,416	3,084	2,004
May	34,920	23,760	11,868	5,724	6,168	11,160	1,452	588	4,296	2,928	1,896
June	35,064	23,832	12,096	5,604	6,132	11,232	1,464	576	4,320	3,036	1,836
July	34,188	23,460	11,748	5,592	6,120	10,728	1,260	528	3,972	3,204	1,764
August	33,732	23,244	11,472	5,640	6,132	10,488	1,152	468	3,912	3,204	1,752
September	33,888	23,136	11,304	5,712	6,120	10,752	1,068	504	4,080	3,252	1,848
October	34,092	23,340	11,484	5,748	6,108	10,752	960	516	4,152	3,336	1,788
November	34,800	23,628	11,556	5,988	6,084	11,172	1,056	504	4,464	3,276	1,872
December	34,800	23,820	11,868	5,940	6,012	10,980	1,176	480	4,512	2,928	1,884

[1] Excludes construction expenditures for crude petroleum and natural-gas drilling, and therefore does not agree with the new construction expenditures included in the gross national product.

[2] Includes public utility, farm, and other private construction not shown separately.

[3] Includes sewer and water, miscellaneous public service enterprises, conservation and development, and all other public construction not shown separately.

Sources: Department of Commerce and Department of Labor.

TABLE G-27.—*New nonfarm housing starts, by source of funds and by type of structure, 1929–53* [1]

[Number of units]

Period	Total nonfarm units	Source of funds: Private	Source of funds: Public	Type of structure: 1-family	Type of structure: 2-family [2]	Type of structure: Multi-family [3]	Private units, seasonally adjusted annual rates [4]
1929 [5]	509,000	509,000	....	316,000	51,000	142,000	....
1930	330,000	330,000	....	227,000	29,000	74,000	....
1931	254,000	254,000	....	187,000	22,000	45,000	....
1932	134,000	134,000	....	118,000	7,000	9,000	....
1933	93,000	93,000	....	76,000	5,000	12,000	....
1934	126,000	126,000	....	109,000	5,000	12,000	....
1935	221,000	215,700	5,300	183,000	8,000	30,000	....
1936	319,000	304,200	14,800	244,000	14,000	61,000	....
1937	336,000	332,400	3,600	267,000	16,000	53,000	....
1938	406,000	399,300	6,700	317,000	18,000	71,000	....
1939	515,000	458,400	56,600	399,000	29,000	87,000	....
1940	602,600	529,600	73,000	485,700	37,300	79,600	....
1941	706,100	619,500	86,600	603,500	34,300	68,300	....
1942	356,000	301,200	54,800	292,800	20,100	43,100	....
1943	191,000	183,700	7,300	143,600	17,800	29,600	....
1944	141,800	138,700	3,100	117,700	10,600	13,500	....
1945	209,300	208,100	1,200	184,600	8,800	15,900	....
1946	670,500	662,500	8,000	590,000	24,300	56,200	....
1947	849,000	845,600	3,400	740,200	33,900	74,900	....
1948	931,600	913,500	18,100	766,600	46,900	118,100	....
1949	1,025,100	988,800	36,300	794,300	36,500	194,300	....
1950	1,396,000	1,352,200	43,800	1,154,100	44,800	197,100	....
1951	1,091,300	1,020,100	71,200	900,100	40,400	150,800	....
1952	1,127,000	1,068,500	58,500	942,500	45,900	138,600	....
1953 [6]	1,102,400	1,066,900	35,500	(7)	(7)	(7)	....
1952: First half	565,800	521,700	44,100	461,700	23,200	80,900	....
Second half	561,200	546,800	14,400	480,800	22,700	57,700	....
1953: First half	581,400	553,100	28,300	487,500	22,000	71,900	....
Second half [6]	521,000	513,800	7,200	(7)	(7)	(7)	....
1952: January	64,900	61,400	3,500	54,000	3,000	7,900	1,023,000
February	77,700	74,300	3,400	65,700	3,400	8,600	1,221,000
March	103,900	91,100	12,800	79,600	4,300	20,000	1,104,000
April	106,200	97,000	9,200	85,700	4,400	16,100	1,030,000
May	109,600	101,000	8,600	89,700	4,300	15,600	993,000
June	103,500	96,900	6,600	87,000	3,800	12,700	985,000
July	102,600	101,100	1,500	90,500	3,500	8,600	1,055,000
August	99,100	97,400	1,700	85,800	4,000	9,300	1,016,000
September	100,800	99,200	1,600	86,500	4,700	9,600	1,102,000
October	101,100	99,200	1,900	87,400	3,800	9,900	1,134,000
November	86,100	82,300	3,800	72,100	3,400	10,600	1,122,000
December	71,500	67,600	3,900	58,500	3,300	9,700	1,127,000
1953: January	72,100	68,200	3,900	59,600	3,100	9,400	1,137,000
February	79,200	73,800	5,400	65,100	3,400	10,700	1,213,000
March	105,800	96,100	9,700	84,800	3,800	17,200	1,165,000
April	111,400	107,400	4,000	94,400	4,300	12,700	1,141,000
May	108,300	105,600	2,700	93,600	4,000	10,700	1,039,000
June	104,600	102,000	2,600	90,000	3,400	11,200	1,037,000
July	96,700	96,400	300	84,400	3,900	8,400	1,006,000
August	93,200	92,200	1,000	81,500	3,200	8,500	962,000
September	95,100	92,100	3,000	81,000	3,200	10,900	1,023,000
October [6]	88,000	88,000	(8)	(7)	(7)	(7)	1,006,000
November [6]	80,000	78,400	1,600	(7)	(7)	(7)	1,069,000
December [6]	68,000	66,700	1,300	(7)	(7)	(7)	1,112,000

[1] These estimates are based on building permit records which have been adjusted for lapsed permits and for lags between permit issuance and start of construction. They are based also on reports of Federal construction contract awards and on field surveys in non-permit-issuing places. All temporary units are excluded.

[2] Includes units in 1- and 2-family structures with stores.

[3] Includes units in multifamily structures with stores.

[4] Seasonally adjusted annual rate data are based on privately owned starts only, since the wide fluctuations of public housing starts are not due primarily to seasonal influences. For method of computing seasonally adjusted annual rates see special release of Aug. 28, 1952, issued by the Department of Labor.

[5] The number of starts for each of the years 1920–28 were as follows: 247,000; 449,000; 716,000; 871,000; 893,000; 937,000; 849,000; 810,000 and 753,000.

[6] Estimates based on incomplete data.

[7] Not available.

[8] Less than 50 units.

Source: Department of Labor.

TABLE G–28.—*Business expenditures for new plant and equipment, 1939 and 1945–54*

[Billions of dollars]

Period	Total [1]	Manufacturing			Mining	Transportation		Public utilities	Commercial and other [2]
		Total	Durable goods	Nondurable goods		Railroad	Other		
1939	5.51	1.94	0.76	1.19	0.33	0.28	0.36	0.52	2.08
1945	8.69	3.98	1.59	2.39	.38	.55	.57	.50	2.70
1946	14.85	6.79	3.11	3.68	.43	.58	.92	.79	5.33
1947	20.61	8.70	3.41	5.30	.69	.89	1.30	1.54	7.49
1948	22.06	9.13	3.48	5.65	.88	1.32	1.28	2.54	6.90
1949	19.28	7.15	2.59	4.56	.79	1.35	.89	3.12	5.98
1950	20.60	7.49	3.14	4.36	.71	1.11	1.21	3.31	6.78
1951	25.64	10.85	5.17	5.68	.93	1.47	1.49	3.66	7.24
1952	26.46	11.99	5.78	6.21	.88	1.39	1.36	3.84	6.99
1953 [3, 4]	27.83	12.42	5.86	6.56	.89	1.32	1.36	4.48	7.34
	Seasonally adjusted annual rates								
1952: First half	26.65	12.01	5.83	6.17	0.92	1.50	1.40	3.78	7.04
Second half	26.22	11.94	5.72	6.22	.85	1.28	1.32	3.88	6.96
1953: First half	27.62	12.57	6.04	6.53	.85	1.35	1.28	4.40	7.18
Second half [3]	28.55	12.58	5.85	6.72	.93	1.29	1.45	4.50	7.80
1952: First quarter	26.72	11.78	5.81	5.97	.93	1.56	1.44	3.82	7.19
Second quarter	26.58	12.24	5.86	6.38	.90	1.44	1.36	3.75	6.89
Third quarter	25.49	11.64	5.54	6.10	.83	1.24	1.27	3.71	6.80
Fourth quarter	26.96	12.23	5.89	6.34	.87	1.32	1.38	4.04	7.12
1953: First quarter	27.18	12.48	6.00	6.49	.86	1.38	1.27	4.20	6.98
Second quarter	28.06	12.66	6.09	6.57	.84	1.32	1.28	4.59	7.37
Third quarter	28.82	12.71	5.91	6.80	.95	1.30	1.46	4.70	7.69
Fourth quarter [3]	28.28	12.44	5.79	6.64	.91	1.28	1.44	4.30	7.90
1954: First quarter [3]	27.96	12.08	5.62	6.46	.88	1.18	1.32	4.52	7.98

[1] Excludes agriculture and outlays charged to current account.
[2] Includes trade, service, finance, communications, and construction.
[3] Estimates for fourth quarter of 1953 and first quarter of 1954 based on anticipated capital expenditures reported by business in November 1953.
[4] Annual total is sum of seasonally unadjusted quarterly expenditures; it does not necessarily coincide with average of seasonally adjusted figures, in part because of adjustments when necessary for systematic tendencies in anticipatory data.

NOTE.—These figures do not agree with those shown in column 2 of appendix table G–6 which are included in the gross national product estimates of the Department of Commerce, principally because the latter cover agricultural investment and certain equipment and construction outlays charged to current expense. This series is not available for years prior to 1939 and for 1940 to 1944.

Detail will not necessarily add to totals because of rounding.

Sources: Securities and Exchange Commission and Department of Commerce.

TABLE G–29.—*Inventories and sales in manufacturing and trade, 1939–53*

Period	Total manufacturing and trade			Manufacturing			Wholesale trade			Retail trade[1]		
	Millions of dollars		Ratio of inventories to sales[4]	Millions of dollars		Ratio of inventories to sales[4]	Millions of dollars		Ratio of inventories to sales[4]	Millions of dollars		Ratio of inventories to sales[4]
	Inventories[2]	Sales[3]		Inventories[2]	Sales[3]		Inventories[2]	Sales[3]		Inventories[2]	Sales[3]	
	Old series											
1939	20,051	10,802	1.77	11,465	5,112	2.11	3,052	2,187	1.34	5,534	3,503	1.53
1940	22,176	12,134	1.72	12,819	5,859	2.06	3,238	2,410	1.30	6,119	3,865	1.49
1941	28,780	15,811	1.58	16,960	8,172	1.78	4,044	3,033	1.20	7,776	4,606	1.48
1942	31,091	18,623	1.66	19,287	10,430	1.77	3,781	3,426	1.19	8,023	4,768	1.76
1943	31,343	21,920	1.40	20,098	12,820	1.51	3,684	3,830	.97	7,561	5,270	1.42
1944	31,059	23,785	1.33	19,507	13,782	1.45	3,912	4,152	.94	7,640	5,851	1.32
1945	30,893	23,852	1.30	18,390	12,873	1.48	4,555	4,476	.91	7,948	6,503	1.21
1946	42,892	27,150	1.33	24,457	12,617	1.66	6,583	5,993	.90	11,852	8,541	1.13
1947	50,484	33,156	1.43	28,874	15,917	1.71	7,550	7,272	1.01	14,060	9,967	1.27
1948	55,612	36,438	1.47	31,693	17,630	1.72	8,091	7,931	.99	15,828	10,877	1.40
1949	52,111	34,664	1.56	28,860	16,416	1.86	7,940	7,354	1.08	15,311	10,893	1.43
1950	64,092	39,917	1.40	34,314	19,284	1.57	10,462	8,658	1.03	19,316	11,974	1.40
	New series											
1951	75,268	44,821	1.61	42,904	22,205	1.78	11,125	9,431	1.20	21,239	13,185	1.63
1952	77,109	46,080	1.64	44,190	23,046	1.89	11,327	9,360	1.18	21,592	13,674	1.53
1953[5]	81,124	48,691	1.64	46,721	25,323	1.81	11,964	9,335	1.25	22,439	14,251	1.57
	Seasonally adjusted											
1952: First half	74,622	45,171	1.67	43,188	22,475	1.93	10,928	9,220	1.19	20,506	13,475	1.55
Second half	77,109	46,894	1.61	44,190	23,553	1.85	11,327	9,469	1.18	21,592	13,872	1.51
1953: First half	80,167	49,268	1.59	46,160	25,508	1.76	11,713	9,392	1.22	22,294	14,368	1.53
Second half[5]	81,124	48,546	1.68	46,721	25,154	1.86	11,964	9,234	1.29	22,439	14,143	1.60
1952: January	75,379	45,081	1.67	43,107	22,434	1.92	11,165	9,477	1.18	21,107	13,170	1.61
February	75,522	45,541	1.66	43,439	22,676	1.91	10,956	9,444	1.17	21,127	13,421	1.57
March	75,670	44,370	1.70	43,691	22,408	1.94	10,977	8,929	1.23	21,002	13,033	1.62
April	75,303	45,451	1.66	43,597	22,956	1.90	10,895	9,132	1.20	20,811	13,363	1.56
May	74,940	45,366	1.66	43,494	22,628	1.92	10,775	8,888	1.22	20,671	13,850	1.50
June	74,622	45,217	1.65	43,188	21,750	1.99	10,928	9,453	1.15	20,506	14,014	1.47
July	74,422	44,814	1.66	43,074	21,498	2.01	11,027	9,649	1.14	20,321	13,667	1.49
August	74,677	44,664	1.67	43,380	22,270	1.94	11,069	9,035	1.22	20,228	13,359	1.52
September	75,544	46,871	1.60	43,454	23,921	1.82	11,119	9,380	1.18	20,971	13,570	1.52
October	76,332	48,579	1.56	43,689	24,651	1.77	11,248	9,726	1.15	21,395	14,202	1.49
November	76,787	47,657	1.61	43,885	24,271	1.80	11,362	9,360	1.21	21,540	14,026	1.53
December	77,109	48,781	1.58	44,190	24,706	1.78	11,327	9,665	1.17	21,592	14,410	1.50
1953: January	77,130	47,819	1.61	44,330	24,507	1.81	11,282	9,172	1.23	21,518	14,140	1.52
February	77,693	48,533	1.60	44,581	24,724	1.80	11,405	9,295	1.22	21,707	14,514	1.49
March	78,266	49,671	1.57	44,797	25,763	1.73	11,488	9,471	1.21	21,981	14,437	1.51
April	78,996	50,188	1.57	45,164	26,360	1.71	11,445	9,548	1.20	22,387	14,280	1.55
May	79,678	49,395	1.61	45,673	25,816	1.76	11,550	9,155	1.26	22,455	14,424	1.55
June	80,167	50,001	1.60	46,160	25,880	1.77	11,713	9,709	1.20	22,294	14,412	1.55
July	81,116	50,399	1.60	46,485	26,367	1.76	11,888	9,563	1.23	22,743	14,469	1.56
August	81,586	48,138	1.69	46,888	25,067	1.86	11,923	8,998	1.32	22,775	14,073	1.62
September	82,000	48,653	1.68	47,087	25,380	1.85	11,989	9,291	1.29	22,924	13,982	1.63
October	81,805	48,289	1.70	47,044	24,990	1.88	12,041	9,259	1.30	22,720	14,040	1.63
November	81,124	47,897	1.70	46,721	24,559	1.91	11,964	9,146	1.31	22,439	14,192	1.59
December[6]	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	14,100	(7)

[1] Beginning in 1951, the estimates of retail sales and inventories are based on a new method of estimation adopted by the Bureau of the Census. Estimates shown in this table for 1939–50 are on the previously published basis and estimates for 1951–53 are on the new basis. For a description of the retail sales and inventory series, see *Survey of Current Business*, September and November 1952.

[2] Seasonally adjusted, end of period.

[3] Monthly average shown for year and half-year and total for month.

[4] For annual and semiannual periods weighted average inventories to average monthly sales; for monthly data, ratio of average end of current and previous months inventories to sales for month.

[5] Where December data not available, data for year and half-year calculated on basis of no change from November.

[6] Preliminary estimate.

[7] Not available.

NOTE.—The inventory figures in this table do not agree with the estimates of "change in business inventories" included in the gross national product since these figures cover only manufacturing and trade rather than all business, and show inventories in terms of current book value without adjustment for revaluation.

Source: Department of Commerce.

TABLE G-30.—*Manufacturers' new orders, sales, and inventories, 1939–53*

[Millions of dollars, not seasonally adjusted]

Period	New orders [1]		Sales [1]		Inventories [2]					
					Durable-goods industries			Nondurable-goods industries		
	Durable-goods industries	Nondurable-goods industries	Durable-goods industries	Nondurable-goods industries	Purchased materials	Goods-in-process	Finished goods	Purchased materials	Goods-in-process	Finished goods
Monthly average:										
1939	2,169	3,186	1,950	3,162	1,802	1,482	2,048	2,520	786	2,878
1940	3,374	3,431	2,473	3,386	2,106	1,983	2,214	2,735	852	2,983
1941	5,321	4,482	3,802	4,371	3,160	3,152	2,286	4,110	1,114	3,202
1942	8,048	5,297	5,164	5,266	3,733	4,561	2,142	4,420	1,224	3,267
1943	6,770	5,934	6,863	5,958	3,919	5,210	2,042	4,654	1,289	3,057
1944	5,472	6,434	7,337	6,446	3,393	5,014	2,024	4,760	1,334	3,054
1945	3,944	6,588	6,268	6,605	3,208	3,497	2,059	5,040	1,440	3,213
1946	5,942	7,751	4,986	7,631	4,601	4,558	2,791	6,657	1,739	4,274
1947	6,365	9,256	6,695	9,222	5,254	5,120	3,893	7,353	2,122	5,290
1948	7,482	9,870	7,594	10,036	5,757	5,319	4,650	7,400	2,157	6,499
1949	6,592	9,311	7,070	9,347	4,719	4,651	4,585	6,699	2,032	6,351
1950	10,314	10,665	8,804	10,480	6,216	5,885	4,559	8,522	2,409	6,586
1951	12,718	11,672	10,433	11,772	7,616	8,335	6,699	9,377	2,665	8,364
1952	11,888	11,822	11,206	11,840	7,660	9,572	6,813	8,771	2,899	8,114
1953 [3]	11,564	12,529	12,848	12,584	8,376	9,848	7,859	8,098	2,962	8,516
1952: First half	12,131	11,515	10,893	11,550	7,276	9,150	7,092	8,596	2,631	8,228
Second half	11,645	12,130	11,519	12,129	7,660	9,572	6,813	8,771	2,899	8,114
1953: First half	12,763	12,388	13,107	12,335	8,140	10,162	7,678	8,057	3,288	8,358
Second half [3]	10,126	12,698	12,537	12,883	8,376	9,848	7,859	8,098	2,962	8,516
1952: January	11,494	11,628	10,396	11,767	7,581	8,597	6,913	9,266	2,737	8,378
February	11,081	11,635	10,756	11,616	7,534	8,846	6,999	9,141	2,795	8,279
March	13,465	11,609	11,322	11,817	7,518	9,020	7,110	9,022	2,788	8,275
April	12,803	11,400	11,326	11,604	7,416	9,162	7,235	8,888	2,738	8,176
May	10,382	11,370	11,179	11,292	7,384	9,258	7,282	8,772	2,662	8,050
June	13,561	11,447	10,378	11,202	7,276	9,150	7,092	8,596	2,631	8,228
July	11,354	11,295	8,876	11,102	7,189	9,033	6,828	8,548	2,780	8,283
August	10,661	11,840	10,608	11,849	7,337	9,162	6,618	8,362	2,880	8,349
September	12,595	12,615	12,069	12,582	7,411	9,225	6,511	8,425	2,906	8,181
October	11,905	13,488	13,071	13,608	7,568	9,274	6,543	8,490	2,998	8,047
November	10,756	11,701	11,883	11,696	7,636	9,311	6,606	8,600	2,957	8,133
December	12,600	11,839	12,608	11,939	7,660	9,572	6,813	8,771	2,899	8,114
1953: January	12,786	12,065	12,021	11,987	7,520	9,708	7,024	8,586	3,027	8,171
February	12,266	11,743	12,345	11,720	7,477	9,964	7,098	8,553	3,080	8,092
March	13,404	12,945	13,813	12,946	7,552	10,137	7,301	8,500	3,098	7,961
April	12,959	12,520	13,702	12,593	7,612	10,191	7,529	8,297	3,180	7,986
May	12,176	12,388	13,178	12,290	7,902	10,167	7,702	8,126	3,201	8,189
June	12,985	12,669	13,586	12,473	8,140	10,162	7,678	8,057	3,288	8,358
July	11,588	12,244	12,318	12,383	8,325	10,191	7,588	7,999	3,236	8,408
August	10,133	12,539	12,485	12,793	8,470	10,184	7,568	7,848	3,222	8,490
September	10,090	13,145	12,917	13,247	8,522	10,150	7,601	8,046	3,186	8,405
October	9,831	13,442	13,223	13,612	8,487	10,010	7,773	8,092	3,029	8,406
November	8,985	12,118	11,741	12,382	8,376	9,848	7,859	8,098	2,962	8,516

[1] Monthly average shown for year or half-year and total for month.

[2] Book value, end of period. This series has not been revised and is not directly comparable with the sales and orders figures in this table and the inventory data in appendix table G-29.

[3] Based on data through November.

Source: Department of Commerce.

TABLE G–31.—*Consumer price index, 1929–53*

For city wage-earner and clerical-worker families

[1947–49=100]

Period	All items	Food	Housing		Apparel	Transportation	Medical care	Personal care	Reading and recreation	Other goods and services
			Total	Rent						
Monthly average:										
1929	73.3	65.6	([1])	117.4	60.3	([1])	([1])	([1])	([1])	([1])
1930	71.4	62.4	([1])	114.2	58.9	([1])	([1])	([1])	([1])	([1])
1931	65.0	51.4	([1])	108.2	53.6	([1])	([1])	([1])	([1])	([1])
1932	58.4	42.8	([1])	97.1	47.5	([1])	([1])	([1])	([1])	([1])
1933	55.3	41.6	([1])	83.6	45.9	([1])	([1])	([1])	([1])	([1])
1934	57.2	46.4	([1])	78.4	50.2	([1])	([1])	([1])	([1])	([1])
1935	58.7	49.7	([1])	78.2	50.6	([1])	([1])	([1])	([1])	([1])
1936	59.3	50.1	([1])	80.1	51.0	([1])	([1])	([1])	([1])	([1])
1937	61.4	52.1	([1])	83.8	53.7	([1])	([1])	([1])	([1])	([1])
1938	60.3	48.4	([1])	86.5	53.4	([1])	([1])	([1])	([1])	([1])
1939	59.4	47.1	([1])	86.6	52.5	([1])	([1])	([1])	([1])	([1])
1940	59.9	47.8	([1])	86.9	53.2	([1])	([1])	([1])	([1])	([1])
1941	62.9	52.2	([1])	88.4	55.6	([1])	([1])	([1])	([1])	([1])
1942	69.7	61.3	([1])	90.4	64.9	([1])	([1])	([1])	([1])	([1])
1943	74.0	68.3	([1])	90.3	67.8	([1])	([1])	([1])	([1])	([1])
1944	75.2	67.4	([1])	90.6	72.6	([1])	([1])	([1])	([1])	([1])
1945	76.9	68.9	([1])	90.9	76.3	([1])	([1])	([1])	([1])	([1])
1946	83.4	79.0	([1])	91.4	83.7	([1])	([1])	([1])	([1])	([1])
1947	95.5	95.9	95.0	94.4	97.1	90.6	94.9	97.6	95.5	96.1
1948	102.8	104.1	101.7	100.7	103.5	100.9	100.9	101.3	100.4	100.5
1949	101.8	100.0	103.3	105.0	99.4	108.5	104.1	101.1	104.1	103.4
1950	102.8	101.2	106.1	108.8	98.1	111.3	106.0	101.1	103.4	105.2
1951	111.0	112.6	112.4	113.1	106.9	118.4	111.1	110.5	106.5	109.7
1952	113.5	114.6	114.6	117.9	105.8	126.2	117.2	111.8	107.0	115.4
1953	114.4	112.8	117.7	124.1	104.8	129.7	121.3	112.8	108.0	118.2
1952: First half	112.9	113.8	114.0	116.8	106.3	124.5	115.8	111.3	106.6	114.8
Second half	114.2	115.4	115.2	118.9	105.4	128.0	118.7	112.2	107.4	115.9
1953: First half	113.8	112.3	116.9	122.1	104.6	129.3	120.0	112.5	107.8	117.2
Second half	115.0	113.3	118.4	126.1	105.0	130.1	122.6	113.1	108.2	119.2
1952: January 15	113.1	115.0	113.9	116.0	107.0	122.8	114.7	111.0	107.2	113.2
February 15	112.4	112.6	114.0	116.4	106.8	123.7	114.8	111.1	106.6	114.4
March 15	112.4	112.7	114.0	116.7	106.4	124.4	115.7	111.0	106.3	114.8
April 15	112.9	113.9	114.0	116.9	106.0	124.8	115.9	111.3	106.2	115.2
May 15	113.0	114.3	114.0	117.4	105.8	125.1	116.1	111.6	106.2	115.8
June 15	113.4	114.6	114.0	117.6	105.6	126.3	117.8	111.7	106.8	115.7
July 15	114.1	116.3	114.4	117.9	105.3	126.8	118.0	111.9	107.0	116.0
August 15	114.3	116.6	114.6	118.2	105.1	127.0	118.1	112.1	107.0	115.9
September 15	114.1	115.4	114.8	118.3	105.8	127.7	118.8	112.1	107.3	115.9
October 15	114.2	115.0	115.2	118.8	105.6	128.4	118.9	112.3	107.6	115.8
November 15	114.3	115.0	115.7	119.5	105.2	128.9	118.9	112.4	107.4	115.8
December 15	114.1	113.8	116.4	120.7	105.1	128.9	119.3	112.5	108.0	115.9
1953: January 15	113.9	113.1	116.4	121.1	104.6	129.3	119.4	112.4	107.8	115.9
February 15	113.4	111.5	116.6	121.5	104.6	129.1	119.3	112.5	107.5	115.8
March 15	113.6	111.7	116.8	121.7	104.7	129.3	119.5	112.4	107.7	117.5
April 15	113.7	111.5	117.0	122.1	104.6	129.4	120.2	112.5	107.9	117.9
May 15	114.0	112.1	117.1	123.0	104.7	129.4	120.7	112.8	108.0	118.0
June 15	114.5	113.7	117.4	123.3	104.6	129.4	121.1	112.6	107.8	118.2
July 15	114.7	113.8	117.8	123.8	104.4	129.7	121.5	112.6	107.4	118.3
August 15	115.0	114.1	118.0	125.1	104.3	130.6	121.8	112.7	107.6	118.4
September 15	115.2	113.8	118.4	126.0	105.3	130.7	122.6	112.9	107.8	118.5
October 15	115.4	113.6	118.7	126.8	105.5	130.7	122.8	113.2	108.6	119.7
November 15	115.0	112.0	118.9	127.3	105.5	130.1	123.3	113.4	108.9	120.2
December 15	114.9	112.3	118.9	127.6	105.3	128.9	123.6	113.6	108.9	120.3

[1] Not available.

Source: Department of Labor.

TABLE G-32.—*Wholesale price index, 1929–53*

[1947–49=100] [1]

Period	All commodities	Farm products	Processed foods	All commodities other than farm products and foods: Total	Textile products and apparel	Chemicals and allied products	Rubber and products	Lumber and wood products
Monthly average:								
1929	61.9	58.6	58.5	65.5	(3)	(3)	83.5	31.9
1930	56.1	49.3	53.3	60.9	(3)	(3)	73.0	29.4
1931	47.4	36.2	44.8	53.6	(3)	(3)	62.0	23.8
1932	42.1	26.9	36.5	50.2	(3)	(3)	53.8	20.3
1933	42.8	28.7	36.3	50.9	(3)	51.2	56.8	24.2
1934	48.7	36.5	42.6	56.0	(3)	53.7	65.8	28.5
1935	52.0	44.0	52.1	55.7	(3)	56.0	66.4	27.4
1936	52.5	45.2	50.1	56.9	(3)	56.4	71.7	28.7
1937	56.1	48.3	52.4	61.0	(3)	59.0	84.4	33.7
1938	51.1	38.3	45.6	58.4	(3)	55.9	82.7	30.8
1939	50.1	36.5	43.3	58.1	(3)	55.8	86.3	31.6
1940	51.1	37.8	43.6	59.4	(3)	56.6	80.2	35.2
1941	56.8	46.0	50.5	63.7	(3)	61.6	86.5	41.8
1942	64.2	59.2	59.1	68.3	(3)	69.3	100.6	45.4
1943	67.0	68.5	61.6	69.3	(3)	69.5	103.3	48.0
1944	67.6	68.9	60.4	70.4	(3)	70.2	102.0	51.9
1945	68.8	71.6	60.8	71.3	(3)	70.6	98.9	52.5
1946	78.7	83.2	77.6	78.3	(3)	76.3	99.4	60.3
1947	96.4	100.0	98.2	95.3	100.1	101.4	99.0	93.7
1948	104.4	107.3	106.1	103.4	104.4	103.8	102.1	107.2
1949	99.2	92.8	95.7	101.3	95.5	94.8	98.9	99.2
1950	103.1	97.5	99.8	105.0	99.2	96.3	120.5	113.9
1951	114.8	113.4	111.4	115.9	110.6	110.0	148.0	123.9
1952	111.6	107.0	108.8	113.2	99.8	104.5	134.0	120.3
1953 [4]	110.1	97.0	104.6	114.0	97.3	105.7	125.0	120.2
1952: First half	112.1	108.3	109.0	113.5	100.7	105.2	140.6	120.4
Second half	111.2	105.7	108.6	112.9	98.9	103.8	127.4	120.1
1953: First half	109.7	98.0	104.3	113.4	97.9	104.7	125.7	121.5
Second half [4]	110.4	96.0	105.0	114.7	96.7	106.7	124.2	118.9
1952: January	113.0	110.0	110.1	114.3	103.3	106.7	144.1	120.1
February	112.5	107.8	109.5	114.2	102.1	105.9	143.1	120.3
March	112.3	108.2	109.2	113.8	100.6	105.4	142.0	120.5
April	111.8	108.7	108.0	113.3	99.9	104.8	140.6	120.9
May	111.6	107.9	108.6	113.0	99.3	104.3	140.4	120.7
June	111.2	107.2	108.5	112.6	99.0	104.3	133.4	119.9
July	111.8	110.2	110.0	112.5	98.9	104.2	130.0	120.2
August	112.2	109.9	110.5	113.0	99.1	104.0	127.8	120.5
September	111.8	106.6	110.3	113.2	99.5	104.0	126.3	120.4
October	111.1	104.9	108.5	113.0	99.2	103.9	126.0	120.2
November	110.7	103.6	107.7	112.8	98.6	103.5	126.4	119.7
December	109.6	99.2	104.3	112.9	98.2	103.3	127.7	119.7
1953: January	109.9	99.6	105.5	113.1	98.8	103.6	127.3	120.5
February	109.6	97.9	105.2	113.1	98.5	103.6	126.2	121.1
March	110.0	99.8	104.1	113.4	97.5	104.2	125.7	121.7
April	109.4	97.3	103.2	113.2	97.4	105.5	124.8	122.2
May	109.8	97.8	104.3	113.6	97.6	105.5	125.4	121.8
June	109.5	95.4	103.3	113.9	97.4	105.6	125.0	121.5
July	110.9	97.9	105.5	114.8	97.5	106.2	124.6	121.1
August	110.6	96.4	104.8	114.9	97.5	106.3	123.5	120.4
September	111.0	98.1	106.6	114.7	96.9	106.7	124.0	119.2
October	110.2	95.3	104.7	114.6	96.5	106.7	124.2	118.1
November	109.8	93.7	103.8	114.5	96.2	107.2	124.3	117.3
December [4]	110.1	94.5	104.3	114.6	95.8	107.1	124.8	117.4

See footnotes at end of table.

Table G–32.—*Wholesale price index, 1929–53*—Continued

[1947–49=100] [1]

Period	Hides, skins, and leather products	Fuel, power, and lighting materials	Pulp, paper, and allied products	Metals and metal products	Machinery and motive products	Furniture and other household durables	Nonmetallic minerals (structural)	Tobacco manufactures and bottled beverages [2]	Miscellaneous
	All commodities other than farm products and foods (continued)								
Monthly average:									
1929	59.3	70.2	(3)	67.0	(3)	69.3	72.6	86.6	(3)
1930	54.4	66.5	(3)	60.3	(3)	68.2	72.4	87.1	(3)
1931	46.8	57.2	(3)	54.1	(3)	62.8	67.6	84.6	(3)
1932	39.7	59.5	(3)	49.9	(3)	55.4	63.4	81.4	(3)
1933	44.0	56.1	(3)	50.9	(3)	55.5	66.9	72.8	(3)
1934	47.1	62.0	(3)	56.2	(3)	60.2	71.6	76.0	(3)
1935	48.7	62.2	(3)	56.2	(3)	59.8	71.6	75.9	(3)
1936	51.9	64.5	(3)	57.3	(3)	60.6	71.7	75.8	(3)
1937	56.9	65.7	(3)	65.6	(3)	67.2	73.4	76.5	(3)
1938	50.5	64.7	(3)	63.1	(3)	65.6	71.1	76.4	(3)
1939	52.0	61.8	(3)	62.6	65.3	65.4	69.5	76.4	(3)
1940	54.8	60.7	(3)	62.8	66.2	66.8	69.7	77.3	(3)
1941	58.9	64.5	(3)	64.0	68.6	71.2	71.3	78.1	(3)
1942	64.0	66.4	(3)	64.9	71.2	76.8	74.1	79.1	(3)
1943	63.9	68.4	(3)	64.8	71.0	76.4	74.5	83.0	(3)
1944	63.4	70.3	(3)	64.8	71.0	78.4	75.9	83.4	(3)
1945	64.2	71.1	(3)	65.9	71.6	78.6	79.1	85.8	(3)
1946	74.6	76.2	(3)	73.9	80.3	83.0	84.2	89.7	(3)
1947	101.0	90.9	98.6	91.3	92.5	95.6	93.9	97.2	100.8
1948	102.1	107.1	102.9	103.9	100.9	101.4	101.7	100.5	103.1
1949	96.9	101.9	98.5	104.8	106.6	103.1	104.4	102.3	96.1
1950	104.6	103.0	100.9	110.3	108.6	105.3	106.9	103.5	96.6
1951	120.3	106.7	119.6	122.8	119.0	114.1	113.6	109.4	104.9
1952	97.2	106.6	116.5	123.0	121.5	112.0	113.6	111.8	108.3
1953 [4]	98.5	109.4	116.1	126.9	123.0	114.2	118.2	115.4	97.8
1952: First half	97.4	106.7	117.5	122.2	121.5	112.0	113.0	111.6	109.6
Second half	97.1	106.4	115.6	123.8	121.4	111.9	114.2	112.1	107.0
1953: First half	98.8	107.9	115.5	125.3	122.0	113.5	116.1	113.9	100.0
Second half [4]	98.2	111.0	116.8	128.4	124.0	114.8	120.3	117.0	95.7
1952: January	102.2	107.4	118.2	122.4	120.8	112.3	112.9	109.4	111.1
February	99.5	107.2	118.3	122.6	122.0	112.4	112.9	112.0	111.4
March	98.0	107.4	117.7	122.6	121.8	111.9	112.9	112.0	109.2
April	94.1	106.3	117.4	122.5	121.6	112.1	112.8	112.0	109.5
May	94.7	106.0	116.9	121.8	121.6	111.7	112.9	112.0	108.4
June	95.9	105.9	116.7	121.1	121.3	111.6	113.8	112.0	108.1
July	96.2	106.0	115.3	121.9	121.4	111.6	113.8	112.0	105.5
August	96.5	105.8	115.6	124.1	121.4	111.5	113.8	112.0	108.9
September	96.5	106.2	115.6	124.6	121.5	112.0	113.8	112.1	108.3
October	96.6	106.6	115.5	124.1	121.3	112.0	114.4	112.1	108.4
November	97.6	106.7	115.5	123.9	121.4	112.1	114.5	112.1	105.7
December	99.0	107.2	115.9	124.0	121.4	112.3	114.6	112.1	105.1
1953: January	97.3	107.8	115.8	124.0	121.5	112.7	114.6	111.9	103.0
February	98.0	108.1	115.3	124.6	121.6	112.9	114.6	111.9	101.2
March	98.1	108.4	115.1	125.5	121.8	113.1	115.1	114.8	101.7
April	97.9	107.4	115.3	125.0	122.0	113.9	116.9	114.8	98.5
May	100.4	107.1	115.4	125.7	122.4	114.1	117.2	114.8	99.7
June	101.0	108.3	115.8	126.9	122.9	114.3	118.1	114.9	95.8
July	100.0	111.1	115.8	129.3	123.4	114.7	119.4	115.6	95.3
August	99.9	111.0	116.2	129.4	123.7	114.8	119.6	115.6	96.4
September	99.7	110.9	116.9	128.5	124.0	114.9	120.7	116.2	94.7
October	97.1	111.2	117.5	127.9	124.1	114.8	120.7	118.1	94.4
November	97.1	111.2	117.3	127.9	124.2	114.9	120.8	118.1	93.2
December [4]	95.6	110.5	117.1	127.6	124.3	114.9	120.8	118.1	100.1

[1] This does not replace the former index (1926=100) as the official index prior to January 1952. These data from January 1947 through December 1951 represent the revised sample and the 1947–49 weighting pattern. Prior to January 1947 they are based on the month-to-month movement of the former index. The only official index up to and including December 1951 is the former monthly index (1926=100).

[2] The data from January 1947 through January 1953 differ from the official series due to a change in the method of eliminating excise taxes and discounts.

[3] Not available.

[4] Preliminary estimates.

Source: Department of Labor.

TABLE G-33.—*Indexes of prices received and prices paid by farmers, and parity ratio, 1929–53*

[1910-14=100]

Period	Prices paid for items used in: Living	Prices paid for items used in: Production	Parity index (prices paid, interest, taxes, and wage rates)	Prices received by farmers	Parity ratio [1]
Monthly average:					
1929	154	146	160	148	92
1930	144	135	151	125	83
1931	124	113	130	87	67
1932	106	99	112	65	58
1933	108	99	109	70	64
1934	122	114	120	90	75
1935	124	122	124	109	88
1936	124	122	124	114	92
1937	128	132	131	122	93
1938	122	122	124	97	78
1939	120	121	123	95	77
1940	121	123	124	100	81
1941	130	130	133	123	92
1942	149	148	152	158	104
1943	166	164	171	[2] 192	112
1944	175	173	182	[2] 196	108
1945	182	176	190	[2] 206	108
1946	202	191	208	[2] 234	112
1947	237	224	240	275	115
1948	251	250	260	285	110
1949	243	238	251	249	99
1950	246	246	256	256	100
1951	268	273	282	302	107
1952	271	274	287	288	100
1953	270	253	279	258	92
1952: First half	271	279	289	292	101
Second half	271	270	285	284	100
1953: First half	269	258	281	262	93
Second half	271	248	278	254	91
1952: January 15	271	278	288	300	104
February 15	271	281	290	289	100
March 15	271	280	289	288	100
April 15	271	281	290	290	100
May 15	271	281	290	293	101
June 15	272	273	288	292	101
July 15	273	273	287	295	103
August 15	273	274	288	295	102
September 15	271	271	286	288	101
October 15	269	269	284	282	99
November 15	269	266	282	277	98
December 15	269	264	281	269	96
1953: January 15	268	265	284	267	94
February 15	266	261	281	263	94
March 15	269	261	282	264	94
April 15	269	257	280	259	92
May 15	270	257	280	261	93
June 15	271	248	277	259	94
July 15	271	250	279	259	93
August 15	273	249	279	258	92
September 15	270	247	277	256	92
October 15	270	246	276	250	91
November 15	270	248	277	249	90
December 15	270	250	278	252	91

[1] Ratio of prices received by farmers to parity index.
[2] Includes wartime subsidy payments paid on beef cattle, sheep, lambs, milk, and butterfat between October 1943 and June 1946.

Source: Department of Agriculture.

TABLE G–34.—*Indexes of wholesale prices and cost of living in the United States and foreign countries, selected dates*

[1948=100]

Country	Wholesale prices			Cost of living		
	January 1953	Latest data: Index	Latest data: Date, 1953	January 1953	Latest data: Index	Latest data: Date, 1953
United States	105	105	December	111	112	November
Africa and Near East:						
Algeria [1]	131	127	September	142	139	November
Egypt	105	110	September	105	105	September
Iran	100	128	November	102	114	November
Iraq	106	90	December	100	87	December
Israel	194	248	November	192	220	November
Lebanon	81	74	October	92	85	October
Morocco	156	137	November	[2] 167	[2] 161	November
Tunisia	166	160	October	[2] 167	[2] 164	October
Union of South Africa	150	150	November	128	131	November
Western European countries:						
Austria	243	240	December	[3] 204	[3] 203	December
Belgium	109	106	December	[3] 106	[3] 106	December
Denmark	138	131	November	124	123	October
France	158	154	November	172	167	November
Germany (Federal Republic) [4]	120	116	November	110	107	November
Greece	121	154	November	118	138	October
Ireland	129	128	October	[5] 124	126	3d quarter
Italy	97	96	November	116	117	November
Netherlands	137	133	October	128	128	November
Norway	153	152	December	134	137	December
Portugal	120	111	November	102	101	December
Spain	170	179	October	126	127	October
Sweden	142	138	November	[5] 131	130	4th quarter
Switzerland	99	98	November	104	104	December
Turkey	106	109	November	110	114	October
United Kingdom	150	149	December	128	130	November
Latin America:						
Argentina	(6)	(6)	(6)	322	318	October
Brazil	181	198	October	146	166	November
Chile	235	278	August	214	318	November
Costa Rica	101	97	November	122	121	November
Cuba	(6)	(6)	(6)	[2] 92	[2] 90	October
Dominican Republic	94	90	November	107	103	November
El Salvador	144	155	December	(6)	(6)	
Guatemala	109	115	November	[2] 119	[2] 121	October
Mexico	149	152	December	[3] 145	[3] 141	November
Nicaragua	153	167	October	[2] 152	[2] 161	October
Paraguay	694	918	August	1, 010	1, 180	August
Peru	198	204	October	157	170	October
Venezuela	101	98	November	[2] 101	[2] 95	November
Pacific and Far East:						
Australia	187	193	October	[5] 135	135	2d quarter
India	103	106	December	104	112	September
Indochina [1]	132	169	October	155	200	October
Japan [4]	145	146	November	123	136	November
New Zealand	139	138	September	[5] 132	135	3d quarter
Philippines	102	99	December	100	95	December
Thailand	104	104	September	127	143	October
Other:						
Canada	115	113	November	120	120	December
Finland	162	156	November	155	157	November

[1] 1949=100.
[2] Food prices.
[3] Retail prices.
[4] 1950=100.
[5] 1st quarter.
[6] Not available.

NOTE.—The components of the indexes are not always the same for each country.

Source: International Monetary Fund.

TABLE G–35.—*Short- and intermediate-term consumer credit outstanding, 1929–53*

[Millions of dollars]

End of period	Total	Instalment credit					Noninstalment credit		
		Total	Auto-mobile paper [1]	Other consumer goods paper [1]	Repair and modernization loans [2]	Personal loans	Total	Charge accounts	Other [3]
1929	6,444	3,151	(4)	(4)	(4)	(4)	3,293	1,602	1,691
1930	5,767	2,687	(4)	(4)	(4)	(4)	3,080	1,476	1,604
1931	4,760	2,207	(4)	(4)	(4)	(4)	2,553	1,265	1,288
1932	3,567	1,521	(4)	(4)	(4)	(4)	2,046	1,020	1,026
1933	3,482	1,588	(4)	(4)	(4)	(4)	1,894	990	904
1934	3,904	1,871	(4)	(4)	(4)	(4)	2,033	1,102	931
1935	4,911	2,694	(4)	(4)	(4)	(4)	2,217	1,183	1,034
1936	6,135	3,623	(4)	(4)	(4)	(4)	2,512	1,300	1,212
1937	6,689	4,015	(4)	(4)	(4)	(4)	2,674	1,336	1,338
1938	6,338	3,691	(4)	(4)	(4)	(4)	2,647	1,362	1,285
1939	7,222	4,503	1,497	1,620	298	1,088	2,719	1,414	1,305
1940	8,338	5,514	2,071	1,827	371	1,245	2,824	1,471	1,353
1941	9,172	6,085	2,458	1,929	376	1,322	3,087	1,645	1,442
1942	5,983	3,166	742	1,195	255	974	2,817	1,444	1,373
1943	4,901	2,136	355	819	130	832	2,765	1,440	1,325
1944	5,111	2,176	397	791	119	869	2,935	1,517	1,[illegible]18
1945	5,665	2,462	455	816	182	1,009	3,203	1,612	1,591
1946	8,384	4,172	981	1,290	405	1,496	4,212	2,076	2,136
1947	11,570	6,695	1,924	2,143	718	1,910	4,875	2,353	2,522
1948	14,411	8,968	3,054	2,842	843	2,229	5,443	2,713	2,730
1949	17,104	11,516	4,699	3,486	887	2,444	5,588	2,680	2,908
1950	20,813	14,490	6,342	4,337	1,006	2,805	6,323	3,006	3,317
1951	21,468	14,837	6,242	4,270	1,090	3,235	6,631	3,096	3,535
1952	25,827	18,684	8,099	5,328	1,406	3,851	7,143	3,342	3,801
1953 [5]	28,800	21,800	10,300	5,600	1,600	4,300	7,000	3,200	3,800
1952: January	20,945	14,660	6,146	4,175	1,079	3,260	6,285	2,749	3,536
February	20,690	14,566	6,111	4,092	1,078	3,285	6,124	2,494	3,630
March	20,661	14,566	6,085	4,062	1,079	3,340	6,095	2,414	3,681
April	21,009	14,753	6,180	4,075	1,100	3,398	6,256	2,541	3,715
May	21,796	15,341	6,531	4,201	1,142	3,467	6,455	2,666	3,789
June	22,554	16,073	6,965	4,360	1,185	3,563	6,481	2,671	3,810
July	22,867	16,509	7,193	4,469	1,229	3,618	6,358	2,585	3,773
August	23,135	16,769	7,264	4,570	1,268	3,667	6,366	2,590	3,776
September	23,520	17,090	7,380	4,699	1,312	3,699	6,430	2,650	3,780
October	24,147	17,611	7,630	4,895	1,362	3,724	6,536	2,789	3,747
November	24,611	17,961	7,856	4,962	1,393	3,750	6,650	2,839	3,811
December	25,827	18,684	8,099	5,328	1,406	3,851	7,143	3,342	3,801
1953: January	25,674	18,851	8,273	5,288	1,403	3,887	6,823	2,975	3,848
February	25,504	18,982	8,480	5,208	1,404	3,890	6,522	2,678	3,844
March	25,946	19,391	8,799	5,217	1,416	3,959	6,555	2,613	3,942
April	26,455	19,767	9,111	5,217	1,435	4,004	6,688	2,682	4,006
May	27,056	20,213	9,432	5,272	1,462	4,047	6,843	2,763	4,080
June	27,411	20,635	9,692	5,333	1,493	4,117	6,776	2,781	3,995
July	27,581	21,004	9,973	5,351	1,516	4,164	6,577	2,705	3,872
August	27,810	21,218	10,136	5,362	1,534	4,186	6,592	2,668	3,924
September	27,979	21,347	10,232	5,352	1,562	4,201	6,632	2,716	3,916
October	28,166	21,486	10,337	5,366	1,585	4,198	6,680	2,811	3,869
November	28,252	21,586	10,358	5,406	1,604	4,218	6,666	2,840	3,826
December [5]	28,800	21,800	10,300	5,600	1,600	4,300	7,000	3,200	3,800

[1] Includes all consumer credit extended for the purpose of purchasing automobiles and other consumer goods and secured by the items purchased.

[2] Includes only such loans held by financial institutions; those held by retail outlets are included in "other consumer goods paper."

[3] Single-payment loans and service credit.

[4] Not available.

[5] Estimates based on incomplete data; by Council of Economic Advisers.

Source: Board of Governors of the Federal Reserve System (except as noted).

TABLE G-36.—*Mortgage debt outstanding, by type of property mortgaged, 1939–53*

[Billions of dollars]

End of period	All properties	Nonfarm properties: Total	Nonfarm properties: 1- to 4-family houses	Nonfarm properties: Multifamily and commercial properties [1]	Farm properties
1939	35.5	28.9	16.3	12.5	6.6
1940	36.5	30.0	17.3	12.6	6.5
1941	37.6	31.2	18.4	12.9	6.4
1942	36.7	30.8	18.2	12.5	6.0
1943	35.3	29.9	17.8	12.1	5.4
1944	34.7	29.7	17.9	11.8	4.9
1945	35.5	30.8	18.5	12.2	4.8
1946	41.8	36.9	23.1	13.8	4.9
1947	48.9	43.9	28.2	15.7	5.1
1948	56.2	50.9	33.3	17.6	5.3
1949	62.7	57.1	37.5	19.6	5.6
1950	72.8	66.7	45.1	21.6	6.1
1951	82.1	75.6	51.9	23.7	6.6
1952 [2]	90.9	83.8	58.2	25.6	7.1
1953 [2]	100.5	92.7	65.0	27.7	7.8
1952: First quarter [2]	84.0	77.3	53.2	24.1	6.7
Second quarter [2]	86.3	79.3	54.8	24.6	7.0
Third quarter [2]	88.7	81.6	56.5	25.1	7.1
Fourth quarter [2]	90.9	83.8	58.2	25.6	7.1
1953: First quarter [2]	93.0	85.7	59.6	26.1	7.3
Second quarter [2]	95.7	88.2	61.5	26.7	7.5
Third quarter [2]	98.2	90.5	63.3	27.2	7.6
Fourth quarter [2]	100.5	92.7	65.0	27.7	7.8

[1] Derived figures which include negligible amount of farm loans held by savings and loan associations.
[2] Preliminary estimates.

Source: Board of Governors of the Federal Reserve System (compiled from data supplied by various Government and private organizations).

TABLE G-37.—*Deposits and currency, 1929–53*

[Millions of dollars]

End of period [1]	Total deposits and currency	Demand deposits adjusted and currency [2]			Time deposits adjusted [2 4]	U. S. Government deposits [5]
		Total	Currency outside banks	Demand deposits adjusted [3]		
1929	54,742	26,366	3,557	22,809	28,189	187
1930	53,572	24,572	3,605	20,967	28,676	324
1931	48,379	21,882	4,470	17,412	25,979	518
1932	45,370	20,397	4,669	15,728	24,457	516
1933	42,551	19,817	4,782	15,035	21,715	1,019
1934	48,106	23,114	4,655	18,459	23,156	1,836
1935	52,726	27,032	4,917	22,115	24,241	1,453
1936	57,595	30,999	5,516	25,483	25,361	1,235
1937	56,781	29,597	5,638	23,959	26,218	966
1938	59,878	31,761	5,775	25,986	26,305	1,812
1939	64,733	36,194	6,401	29,793	27,059	1,480
1940	71,129	42,270	7,325	34,945	27,738	1,121
1941	79,098	48,607	9,615	38,992	27,729	2,762
1942	100,500	62,868	13,946	48,922	28,431	9,201
1943	123,391	79,640	18,837	60,803	32,748	11,003
1944	151,428	90,435	23,505	66,930	39,790	21,203
1945	176,378	102,341	26,490	75,851	48,452	25,585
1946	167,500	110,044	26,730	83,314	53,960	3,496
1947	172,330	113,597	26,476	87,121	56,411	2,322
1948	172,693	111,599	26,079	85,520	57,520	3,574
1949	173,851	111,165	25,415	85,750	58,616	4,070
1950	180,574	117,670	25,398	92,272	59,247	3,657
1951	189,846	124,537	26,303	98,234	61,447	3,862
1952	200,449	129,002	27,494	101,508	65,799	5,648
1953 [6]	205,500	130,700	28,000	102,700	70,300	4,500
1952: January	188,200	123,500	25,600	97,900	61,700	3,000
February	188,000	121,400	25,600	95,700	62,000	4,600
March	188,800	120,500	25,700	94,800	62,400	5,800
April	188,700	121,100	25,900	95,100	62,700	4,900
May	189,300	121,300	26,000	95,300	63,000	4,900
June	191,358	121,228	26,474	94,754	63,676	6,454
July	193,400	121,900	26,200	95,700	63,800	7,600
August	193,100	122,100	26,300	95,800	64,100	6,900
September	194,100	122,900	26,600	96,400	64,500	6,700
October	196,100	125,300	26,700	98,600	64,900	5,900
November	198,900	126,800	27,400	99,400	64,800	7,300
December	200,449	129,002	27,494	101,508	65,799	5,648
1953: January	198,300	127,300	26,800	100,500	66,100	5,000
February	197,400	125,200	26,900	98,300	66,400	5,800
March	196,900	124,200	26,900	97,400	66,800	5,800
April	195,400	125,000	27,000	98,000	67,200	3,200
May	195,300	124,500	27,000	97,500	67,600	3,300
June	196,634	124,267	27,369	96,898	68,293	4,074
July	201,300	124,600	27,200	97,400	68,400	8,300
August	201,100	124,800	27,300	97,500	68,700	7,700
September	201,100	125,100	27,500	97,700	69,100	6,800
October	201,700	127,600	27,400	100,300	69,600	4,400
November	203,600	128,100	27,900	100,200	69,300	6,200
December [6]	205,500	130,700	28,000	102,700	70,300	4,500

[1] June and December figures through June 1953 are for call dates. Other monthly data are for the last Wednesday of the month.
[2] Includes deposits and currency held by State and local governments.
[3] Includes demand deposits, other than interbank and U. S. Government, less cash items in process of collection.
[4] Includes deposits in commercial banks, mutual savings banks, and Postal Savings System, but excludes interbank deposits.
[5] Includes U. S. Government deposits at Federal Reserve banks and commercial and savings banks and, beginning with 1938, includes U. S. Treasurer's time deposits, open account.
[6] Estimates based on incomplete data; by Council of Economic Advisers.

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

Source: Board of Governors of the Federal Reserve System (except as noted).

TABLE G–38.—*Loans and investments of all commercial banks, 1929–53*

[Billions of dollars]

End of period [1]	Total loans and investments	Loans		Investments		
		Total [2]	Commercial and industrial loans [3]	Total	U. S. Government obligations	Other securities
1929—June [4]	49.4	35.7	([5])	13.7	4.9	8.7
1930—June [4]	48.9	34.5	([5])	14.4	5.0	9.4
1931—June [4]	44.9	29.2	([5])	15.7	6.0	9.7
1932—June [4]	36.1	21.8	([5])	14.3	6.2	8.1
1933—June [4]	30.4	16.3	([5])	14.0	7.5	6.5
1934—June [4]	32.7	15.7	([5])	17.0	10.3	6.7
1935	36.1	15.2	([5])	20.9	13.8	7.1
1936	39.6	16.4	([5])	23.1	15.3	7.9
1937	38.4	17.2	([5])	21.2	14.2	7.0
1938	38.7	16.4	5.7	22.3	15.1	7.2
1939	40.7	17.2	6.4	23.4	16.3	7.1
1940	43.9	18.8	7.3	25.1	17.8	7.4
1941	50.7	21.7	9.3	29.0	21.8	7.2
1942	67.4	19.2	7.9	48.2	41.4	6.8
1943	85.1	19.1	7.9	66.0	59.8	6.1
1944	105.5	21.6	8.0	83.9	77.6	6.3
1945	124.0	26.1	9.6	97.9	90.6	7.3
1946	114.0	31.1	14.2	82.9	74.8	8.1
1947	116.3	38.1	18.2	78.2	69.2	9.0
1948	114.3	42.5	18.9	71.8	62.6	9.2
1949	120.2	43.0	17.1	77.2	67.0	10.2
1950	126.7	52.2	21.9	74.4	62.0	12.4
1951	132.6	57.7	25.9	74.9	61.5	13.3
1952	141.6	64.2	27.9	77.5	63.3	14.1
1953 [6]	146.7	68.5	27.5	78.2	63.6	14.6
1952: January	132.8	57.5	25.6	75.3	62.0	13.3
February	132.2	57.6	25.6	74.7	61.3	13.4
March	132.5	57.8	25.8	74.7	61.1	13.6
April	132.3	58.2	25.2	74.1	60.5	13.7
May	133.1	58.5	24.9	74.5	60.7	13.8
June	134.4	59.2	25.3	75.2	61.2	14.0
July	136.8	59.7	25.1	77.0	62.9	14.1
August	136.6	60.2	25.5	76.3	62.0	14.4
September	137.1	61.2	26.2	75.9	61.6	14.3
October	139.4	62.4	26.9	77.0	62.9	14.2
November	141.7	63.4	27.5	78.3	64.1	14.2
December	141.6	64.2	27.9	77.5	63.3	14.1
1953: January	140.8	63.9	27.5	76.9	62.8	14.2
February	140.1	64.1	27.4	76.0	61.9	14.1
March	140.0	65.2	27.9	74.8	60.5	14.3
April	138.5	65.3	27.8	73.2	58.9	14.4
May	138.1	65.4	27.6	72.7	58.3	14.4
June	138.0	65.0	27.4	72.9	58.6	14.3
July	143.2	65.6	27.4	77.6	63.2	14.3
August	143.1	66.0	27.5	77.1	62.6	14.5
September	143.0	66.3	27.7	76.7	62.2	14.5
October	143.9	67.1	27.7	76.8	62.3	14.5
November	145.5	67.3	27.6	78.2	63.7	14.5
December [6]	146.7	68.5	27.5	78.2	63.6	14.6

[1] June and December figures through June 1953 are for call dates. Other monthly data are for the last Wednesday of the month.

[2] Data are shown net. Includes commercial and industrial loans, agricultural loans, loans on securities, real-estate loans, loans to banks, and "other loans," some of which represent consumer credit.

[3] Beginning with 1948, data are shown gross, i. e., before deduction of valuation reserves, instead of net as for previous years. Prior to June 1947 and for months other than June and December, data are estimated on the basis of reported data for all insured commercial banks and for weekly reporting member banks.

[4] June data are used because complete end-of-year data are not available prior to 1935 for U. S. Government obligations and other securities.

[5] Not available.

[6] Estimates based on incomplete data; by Council of Economic Advisers.

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

Source: Board of Governors of the Federal Reserve System (except as noted).

TABLE G–39.—*Member bank reserves and Reserve Bank credit, 1929–53*

[Millions of dollars]

Period	Reserve Bank credit outstanding				Member bank reserve balances		
	Total	U. S. Government securities	Discounts and advances	All other, mainly float	Total	Required [1]	Excess [1]
Averages of daily figures:							
1929	1,459	208	952	300	2,358	2,315	43
1930	1,087	564	272	251	2,379	2,324	55
1931	1,274	669	327	278	2,323	2,234	89
1932	2,077	1,461	521	95	2,114	1,858	256
1933	2,429	2,052	283	94	2,343	[2] 1,815	[2] 528
1934	2,502	2,432	36	35	3,676	[2] 2,112	[2] 1,564
1935	2,475	2,431	7	37	5,001	2,532	2,469
1936	2,481	2,431	6	45	5,989	3,477	2,512
1937	2,554	2,504	14	36	6,830	5,610	1,220
1938	2,600	2,565	9	27	7,935	5,413	2,522
1939	2,628	2,584	5	39	10,352	5,960	4,392
1940	2,487	2,417	4	67	13,249	6,923	6,326
1941	2,293	2,187	5	102	13,404	8,080	5,324
1942	3,408	3,191	7	210	12,648	9,980	2,668
1943	8,182	7,724	25	433	12,626	11,116	1,510
1944	15,358	14,772	135	451	13,222	12,176	1,046
1945	22,211	21,363	376	472	15,055	13,934	1,121
1946	24,029	23,250	310	469	15,969	14,993	976
1947	22,989	22,330	219	441	16,461	15,608	853
1948	22,283	21,511	331	441	18,001	17,164	837
1949	20,161	19,560	231	370	17,774	16,952	822
1950	19,062	18,410	129	522	16,400	15,617	783
1951	24,070	22,756	293	1,021	19,293	18,536	757
1952	24,801	23,066	801	935	20,356	19,642	714
1953	26,262	24,661	777	824	19,996	19,319	677
1952: January	24,444	23,206	200	1,038	20,470	19,537	933
February	23,826	22,552	365	909	19,995	19,300	695
March	23,890	22,634	314	942	20,207	19,322	885
April	23,726	22,448	365	913	19,777	19,127	650
May	23,704	22,308	573	823	19,767	19,139	628
June	24,144	22,617	585	941	20,140	19,431	709
July	24,786	22,798	1,092	895	20,535	19,926	609
August	24,824	23,027	1,059	738	20,306	19,657	649
September	25,055	23,471	723	861	20,514	19,736	778
October	25,681	23,657	1,093	931	20,611	19,963	648
November	26,172	23,638	1,577	958	20,744	20,087	657
December	27,299	24,400	1,633	1,266	21,180	20,457	723
1953: January	26,586	24,202	1,372	1,012	20,958	20,251	707
February	26,080	23,918	1,336	826	20,520	19,882	638
March	26,025	23,892	1,220	913	20,416	19,828	588
April	25,892	23,861	1,184	847	20,007	19,472	535
May	25,682	23,973	955	753	19,897	19,306	591
June	25,960	24,748	433	779	20,287	19,499	788
July	26,123	24,955	428	740	19,653	18,869	784
August	26,322	25,000	658	663	19,526	18,882	644
September	26,410	25,168	468	774	19,552	18,834	718
October	26,514	25,344	367	802	19,536	18,784	752
November	26,413	25,172	494	747	19,718	19,035	683
December	27,107	25,639	448	1,021	19,920	19,227	693

[1] Estimates.
[2] Data on required and excess reserves from March 1933 through April 1934 for licensed banks only.

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

Source: Board of Governors of the Federal Reserve System.

TABLE G–40.—*Estimated ownership of Federal obligations, 1939–53*

[Billions of dollars—par values [1]]

End of period	Gross public debt and guaranteed issues [2]									
	Total	Held by U. S. Government investment accounts	Held by others							
			Total held by others	State [3] and local governments	Commercial banks [4]	Federal Reserve banks	Nonbank private corporations and associations			Individuals [7]
							Total	Corporations [5]	Other [6]	
1939	47.6	6.5	41.1	0.4	15.9	2.5	12.2	2.2	10.0	10.1
1940	50.9	7.6	43.3	.5	17.3	2.2	12.8	2.0	10.8	10.6
1941	64.3	9.5	54.7	.7	21.4	2.3	16.8	4.0	12.8	13.6
1942	112.5	12.2	100.2	1.0	41.1	6.2	28.2	10.1	18.1	23.7
1943	170.1	16.9	153.2	2.1	59.9	11.5	42.0	16.4	25.6	37.6
1944	232.1	21.7	210.5	4.3	77.7	18.8	56.4	21.4	35.0	53.3
1945	278.7	27.0	251.6	6.5	90.8	24.3	65.7	22.0	43.7	64.3
1946	259.5	30.9	228.6	6.3	74.5	23.3	60.1	15.3	44.8	64.2
1947	257.0	34.4	222.6	7.3	68.7	22.6	58.4	14.1	44.3	65.7
1948	252.9	37.3	215.5	7.9	62.5	23.3	56.4	14.8	41.6	65.5
1949	257.2	39.4	217.8	8.1	66.8	18.9	57.7	16.8	40.9	66.3
1950	256.7	39.2	217.5	8.8	61.8	20.8	60.6	20.5	40.1	65.5
1951	259.5	42.3	217.2	9.6	61.6	23.8	58.2	21.3	36.9	64.0
1952	267.4	45.9	221.6	11.1	63.4	24.7	58.3	21.0	37.3	64.1
1953 [8]	275.2	48.3	226.9	12.5	63.6	25.9	59.9	21.3	38.6	65.0
1952: January	259.8	42.7	217.1	9.9	62.1	22.7	58.3	21.5	36.8	64.1
February	260.4	42.9	217.5	10.0	61.2	22.5	59.0	22.1	36.9	64.8
March	258.1	43.0	215.1	10.1	60.1	22.5	57.4	20.7	36.7	65.0
April	258.3	43.2	215.1	10.2	60.5	22.4	57.5	20.2	37.3	64.6
May	260.0	43.7	216.2	10.2	61.0	22.3	58.5	21.2	37.3	64.3
June	259.2	44.3	214.8	10.4	61.1	22.9	56.5	19.7	36.8	63.9
July	263.1	44.6	218.5	10.7	62.7	22.9	57.6	20.3	37.3	64.6
August	263.2	45.0	218.2	10.8	61.8	23.1	58.0	20.7	37.3	64.4
September	262.7	45.1	217.7	10.9	61.6	23.7	57.3	20.2	37.1	64.2
October	265.0	45.1	219.9	11.0	63.1	23.6	58.1	20.5	37.6	64.2
November	267.5	45.5	221.9	11.0	64.2	23.8	58.8	21.0	37.8	64.1
December	267.4	45.9	221.6	11.1	63.4	24.7	58.3	21.0	37.3	64.1
1953: January	267.5	46.0	221.5	11.2	62.8	23.9	59.4	21.4	38.0	64.1
February	267.6	46.2	221.5	11.3	61.9	23.9	60.0	21.8	38.2	64.4
March	264.5	46.3	218.3	11.4	59.5	23.8	58.8	20.7	38.1	64.8
April	264.6	46.3	218.3	11.5	59.1	23.9	59.0	20.5	38.5	64.8
May	266.6	46.8	219.8	11.9	58.6	24.2	59.9	21.5	38.4	65.2
June	266.1	47.6	218.6	12.0	58.8	24.7	57.6	19.4	38.2	65.4
July	272.7	47.6	225.1	12.2	63.5	25.0	59.4	20.7	38.7	65.1
August	273.3	48.0	225.3	12.2	62.7	25.1	60.4	21.4	39.0	64.9
September	273.0	48.0	225.0	12.2	62.5	25.2	59.9	21.1	38.8	65.1
October	273.5	48.0	225.5	12.2	62.7	25.3	60.2	21.3	38.9	65.0
November	275.3	48.2	227.1	12.3	63.7	25.1	60.8	21.8	39.0	65.1
December [8]	275.2	48.3	226.9	12.5	63.6	25.9	59.9	21.3	38.6	65.0

[1] United States savings bonds, series A–D, E, F, and J, are included at current redemption values.

[2] Excludes guaranteed securities held by the Treasury. Not all of total shown is subject to statutory debt limitation.

[3] Includes trust, sinking, and investment funds of State and local governments and their agencies, and of Territories and possessions.

[4] Includes commercial banks, trust companies, and stock savings banks in the United States and in Territories and possessions; figures exclude securities held in trust departments.

[5] Exclusive of banks and insurance companies.

[6] Includes insurance companies, mutual savings banks, savings and loan associations, nonprofit institutions, corporate pension trust funds, dealers and brokers, and investments of foreign balances and international accounts in this country. Beginning with December 1946, the foreign accounts include investments by the International Bank for Reconstruction and Development and the International Monetary Fund in special non-interest-bearing notes issued by the U. S. Government. Beginning with June 30, 1947, includes holdings of Federal land banks.

[7] Includes partnerships and personal trust accounts.

[8] Estimates based on incomplete data; by Council of Economic Advisers.

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

Source: Treasury Department (except as noted).

TABLE G-41.—*U. S. Government debt—volume and kind of obligations, 1929–53*

[Billions of dollars]

End of period	Gross public debt and guaranteed issues [1]	Interest-bearing public debt					
		Marketable public issues		Nonmarketable public issues			Special issues [4]
		Short-term issues [2]	Treasury bonds	United States savings bonds	Treasury tax and savings notes	Investment bonds [3]	
1929	16.3	3.3	11.3	------	------	------	0.6
1930	16.0	2.9	11.3	------	------	------	.8
1931	17.8	2.8	13.5	------	------	------	.4
1932	20.8	5.9	13.4	------	------	------	.4
1933	24.0	7.5	14.7	------	------	------	.4
1934	31.5	11.1	15.4	------	------	------	.6
1935	35.1	14.2	14.3	0.2	------	------	.7
1936	39.1	12.5	19.5	.5	------	------	.6
1937	41.9	12.5	20.5	1.0	------	------	2.2
1938	44.4	9.8	24.0	1.4	------	------	3.2
1939	47.6	7.7	26.9	2.2	------	------	4.2
1940	50.9	7.5	28.0	3.2	------	------	5.4
1941	64.3	8.0	33.4	6.1	2.5	------	7.0
1942	112.5	27.0	49.3	15.0	6.4	------	9.0
1943	170.1	47.1	67.9	27.4	8.6	------	12.7
1944	232.1	69.9	91.6	40.4	9.8	------	16.3
1945	278.7	78.2	120.4	48.2	8.2	------	20.0
1946	259.5	57.1	119.3	49.8	5.7	------	24.6
1947	257.0	47.7	117.9	52.1	5.4	1.0	29.0
1948	252.9	45.9	111.4	55.1	4.6	1.0	31.7
1949	257.2	50.2	104.8	56.7	7.6	1.0	33.9
1950	256.7	58.3	94.0	58.0	8.6	1.0	33.7
1951	259.5	65.6	76.9	57.6	7.5	13.0	35.9
1952	267.4	68.7	79.8	57.9	5.8	13.4	39.1
1953	275.2	77.3	77.2	57.7	6.0	12.9	41.2
1952: January	259.8	65.6	76.9	57.7	7.5	13.0	36.2
February	260.4	65.6	76.9	57.7	8.0	13.0	36.4
March	258.1	64.4	76.8	57.7	6.9	13.0	36.5
April	258.3	64.8	76.8	57.6	7.1	12.5	36.7
May	260.0	65.6	76.8	57.6	7.5	12.5	37.2
June	259.2	64.6	75.7	57.7	6.6	14.0	37.7
July	263.1	64.4	79.9	57.7	6.4	14.1	37.9
August	263.2	64.2	79.8	57.8	6.3	14.1	38.3
September	262.7	64.0	79.8	57.8	6.0	14.1	38.4
October	265.0	66.9	79.8	57.8	6.0	13.4	38.4
November	267.5	68.9	79.8	57.9	6.1	13.4	38.8
December	267.4	68.7	79.8	57.9	5.8	13.4	39.1
1953: January	267.5	68.7	79.8	58.1	5.7	13.4	39.1
February	267.6	68.0	80.4	58.3	5.6	13.4	39.3
March	264.5	65.5	80.4	58.4	4.9	13.4	39.4
April	264.6	65.6	80.4	58.4	4.8	13.3	39.5
May	266.6	66.3	81.9	57.9	4.8	13.3	39.7
June	266.1	66.0	81.2	57.9	4.5	13.3	40.5
July	272.7	72.4	81.2	57.9	4.7	13.2	40.6
August	273.3	72.4	81.2	57.9	5.0	13.2	41.0
September	273.0	79.5	73.2	57.8	5.6	13.1	41.0
October	273.5	79.6	73.2	57.8	6.3	12.9	40.9
November	275.3	79.1	75.5	57.8	6.2	12.9	41.0
December	275.2	77.3	77.2	57.7	6.0	12.9	41.2

[1] Total includes non-interest-bearing debt, fully guaranteed securities (except those held by the Treasury), Postal Savings bonds, prewar bonds, adjusted service bonds, depositary bonds, and armed forces leave bonds, not shown separately. Not all of total shown is subject to statutory debt limitation.

[2] Includes bills, certificates of indebtedness, and notes.

[3] Includes Series A bonds and, beginning in April 1951, Series B convertible bonds.

[4] Issued to U. S. Government investment accounts. These accounts also held 7.1 billion dollars of public marketable and nonmarketable issues on December 31, 1953.

Source: Treasury Department.

TABLE G-42.—*Bond yields and interest rates, 1929–53*

[Percent per annum]

Period	U. S. Government securities				Corporate bonds (Moody's)		High-grade municipal bonds (Standard & Poor's)	Avg. rate on short-term bank loans to business—selected cities	Prime commercial paper, 4–6 months	Federal Reserve Bank discount rate
	3-month Treasury bills [1]	9–12 month issues [2]	Long-term taxable bonds [3]		Aaa	Baa				
			Old series [4]	New series [5]						
Number of issues			3–7	1	30	30	15			
Average:										
1929	(6)	(7)	(3)	(5)	4.73	5.90	4.27	(8)	5.85	5.16
1930	(6)	(7)	(3)	(5)	4.55	5.90	4.07	(8)	3.59	3.04
1931	1.402	(7)	(3)	(5)	4.58	7.62	4.01	(8)	2.64	2.11
1932	.879	(7)	(3)	(5)	5.01	9.30	4.65	(8)	2.73	2.82
1933	.515	(7)	(3)	(5)	4.49	7.76	4.71	(8)	1.73	2.56
1934	.256	(7)	(3)	(5)	4.00	6.32	4.03	(8)	1.02	1.54
1935	.137	(7)	(3)	(5)	3.60	5.75	3.41	(8)	.76	1.50
1936	.143	(7)	(3)	(5)	3.24	4.77	3.07	(8)	.75	1.50
1937	.447	(7)	(3)	(5)	3.26	5.03	3.10	(8)	.94	1.33
1938	.053	(7)	(3)	(5)	3.19	5.80	2.91	(8)	.81	1.00
1939	.023	(7)	(3)	(5)	3.01	4.96	2.76	2.1	.59	1.00
1940	.014	(7)	(3)	(5)	2.84	4.75	2.50	2.1	.56	1.00
1941	.103	(7)	(3)	(5)	2.77	4.33	2.10	2.0	.54	1.00
1942	.326	(7)	2.46	(5)	2.83	4.28	2.36	2.2	.66	[9] 1.00
1943	.373	.75	2.47	(5)	2.73	3.91	2.06	2.6	.69	[9] 1.00
1944	.375	.79	2.48	(5)	2.72	3.61	1.86	2.4	.73	[9] 1.00
1945	.375	.81	2.37	(5)	2.62	3.29	1.67	2.2	.75	[9] 1.00
1946	.375	.82	2.19	(5)	2.53	3.05	1.64	2.1	.81	[9] 1.00
1947	.594	.88	2.25	(5)	2.61	3.24	2.01	2.1	1.03	1.00
1948	1.040	1.14	2.44	(5)	2.82	3.47	2.40	2.5	1.44	1.34
1949	1.102	1.14	2.31	(5)	2.66	3.42	2.21	2.7	1.48	1.50
1950	1.218	1.26	2.32	(5)	2.62	3.24	1.98	2.7	1.45	1.59
1951	1.552	1.73	2.57	(5)	2.86	3.41	2.00	3.1	2.17	1.75
1952	1.766	1.81	2.68	(5)	2.96	3.52	2.19	3.5	2.33	1.75
1953	1.931	2.07	2.93	3.16	3.20	3.74	2.72	3.7	2.52	1.99
1952: January	1.688	1.75	2.74	(5)	2.98	3.59	2.10		2.38	1.75
February	1.574	1.70	2.71	(5)	2.93	3.53	2.04		2.38	1.75
March	1.658	1.69	2.70	(5)	2.96	3.51	2.07	3.45	2.38	1.75
April	1.623	1.60	2.64	(5)	2.93	3.50	2.01		2.35	1.75
May	1.710	1.66	2.57	(5)	2.93	3.49	2.05		2.31	1.75
June	1.700	1.74	2.61	(5)	2.94	3.50	2.10	3.51	2.31	1.75
July	1.824	1.89	2.61	(5)	2.95	3.50	2.12		2.31	1.75
August	1.876	1.94	2.70	(5)	2.94	3.51	2.22		2.31	1.75
September	1.786	1.95	2.71	(5)	2.95	3.52	2.33	3.49	2.31	1.75
October	1.783	1.84	2.74	(5)	3.01	3.54	2.42		2.31	1.75
November	1.862	1.89	2.71	(5)	2.98	3.53	2.40		2.31	1.75
December	2.126	2.03	2.75	(5)	2.97	3.51	2.40	3.51	2.31	1.75
1953: January	2.042	1.97	2.80	(5)	3.02	3.51	2.47		2.31	1.88
February	2.018	1.97	2.83	(5)	3.07	3.53	2.54		2.31	2.00
March	2.082	2.04	2.89	(5)	3.12	3.57	2.61	3.54	2.36	2.00
April	2.177	2.27	2.97	(5)	3.23	3.65	2.63		2.44	2.00
May	2.200	2.41	3.09	3.26	3.34	3.78	2.73		2.68	2.00
June	2.231	2.46	3.09	3.29	3.40	3.86	2.99	3.73	2.75	2.00
July	2.101	2.36	2.99	3.25	3.28	3.86	2.99		2.75	2.00
August	2.088	2.33	3.00	3.22	3.24	3.85	2.88		2.75	2.00
September	1.876	2.17	2.97	3.19	3.29	3.88	2.88	3.74	2.74	2.00
October	1.402	1.72	2.83	3.06	3.16	3.82	2.72		2.55	2.00
November	1.427	1.53	2.85	3.04	3.11	3.76	2.62		2.32	2.00
December	1.630	1.61	2.79	2.96	3.13	3.74	2.59	3.76	2.25	2.00

[1] Rate on new issues within period. Issues were tax exempt prior to March 1, 1941, and fully taxable thereafter. For the period 1934–37, series includes issues with maturities of more than 3 months.
[2] Includes certificates of indebtedness and selected note and bond issues.
[3] Bonds in this classification were first issued in March 1941.
[4] 2½-percent bonds, 15 years and over prior to April 1952 and 12 years and over beginning in April 1952.
[5] 3¼-percent bonds of 1978–83, first issued May 1, 1953.
[6] Treasury bills were first issued in December 1929 and were issued irregularly in 1930.
[7] Not available before August 1942.
[8] Not available on same basis as for 1939 and subsequent years.
[9] From October 30, 1942 to April 24, 1946, a preferential rate of 0.50 percent was in effect for advances secured by Government securities maturing or callable in 1 year or less.

NOTE.—Yields and rates computed for New York City, except for short-term bank loans.

Source: Board of Governors of the Federal Reserve System (compiled from data supplied by various Government and private organizations).

TABLE G-43.—*Government cash receipts from and payments to the public, calendar years, 1943–53*

[Billions of dollars]

Calendar year	Total			Federal			State and local [1]		
	Cash receipts	Cash payments	Excess of receipts (+) or payments (−)	Cash receipts	Cash payments	Excess of receipts (+) or payments (−)	Cash receipts	Cash payments [2]	Excess of receipts (+) or payments (−)
1943	47.4	96.1	−48.7	37.9	89.0	−51.1	9.6	7.1	+2.5
1944	57.9	102.0	−44.0	48.1	94.8	−46.7	9.8	7.2	+2.6
1945	59.8	93.9	−34.1	49.4	86.1	−36.7	10.3	7.8	+2.6
1946	53.0	51.0	+2.0	41.4	41.4	(3)	11.6	9.6	+2.0
1947	57.5	51.0	+6.6	44.3	38.6	+5.7	13.2	12.4	+.9
1948	60.0	52.3	+7.8	44.9	36.9	+8.0	15.1	15.4	−.3
1949	57.9	60.2	−2.3	41.3	42.6	−1.3	16.6	17.6	−1.0
1950	60.6	61.5	−.9	42.4	42.0	+.4	18.2	19.5	−1.3
1951	79.5	78.6	+.9	59.3	58.0	+1.2	20.2	20.6	−.4
1952	93.3	95.0	−1.7	71.3	73.0	−1.6	22.0	22.0	−.1
1953 [4]	94.5	100.3	−5.8	70.6	76.8	−6.2	23.9	23.5	+.4

[1] Based on the national income and product statistics of the Department of Commerce, adjusted to a cash basis.
[2] Federal grants-in-aid have been deducted from State and local government receipts and payments since they are included in Federal payments.
[3] Less than 50 million dollars.
[4] Estimates based on incomplete data.

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

Sources: Treasury Department, Department of Commerce, and Council of Economic Advisers.

TABLE G-44.—*Profits before and after taxes, all private corporations, 1929–53*

[Billions of dollars]

Period	Corporate profits before taxes	Corporate tax liability [1]	Corporate profits after taxes: Total	Corporate profits after taxes: Dividend payments	Corporate profits after taxes: Undistributed profits
1929	9.8	1.4	8.4	5.8	2.6
1930	3.3	.8	2.5	5.5	−3.0
1931	−.8	.5	−1.3	4.1	−5.4
1932	−3.0	.4	−3.4	2.6	−6.0
1933	.2	.5	−.4	2.1	−2.4
1934	1.7	.7	1.0	2.6	−1.6
1935	3.2	1.0	2.3	2.9	−.6
1936	5.7	1.4	4.3	4.6	−.3
1937	6.2	1.5	4.7	4.7	(2)
1938	3.3	1.0	2.3	3.2	−.9
1939	6.5	1.5	5.0	3.8	1.2
1940	9.3	2.9	6.4	4.0	2.4
1941	17.2	7.8	9.4	4.5	4.9
1942	21.1	11.7	9.4	4.3	5.1
1943	25.1	14.4	10.6	4.5	6.2
1944	24.3	13.5	10.8	4.7	6.1
1945	19.7	11.2	8.5	4.7	3.8
1946	23.5	9.6	13.9	5.8	8.1
1947	30.5	11.9	18.5	6.6	12.0
1948	33.8	13.0	20.7	7.2	13.5
1949	27.1	10.8	16.3	7.5	8.8
1950	41.0	18.2	22.7	9.1	13.6
1951	43.7	23.6	20.1	9.2	10.9
1952	39.2	20.6	18.6	9.1	9.5
1953	(3)	(3)	(3)	[4] 9.4	(3)
	Seasonally adjusted annual rates				
1952: First half	39.8	21.0	18.9	9.1	9.8
Second half	38.6	20.3	18.3	9.1	9.2
1953: First half	45.2	24.7	20.6	9.3	11.3
Second half	(3)	(3)	(3)	[4] 9.6	(3)
1952: First quarter	41.5	21.8	19.7	9.1	10.6
Second quarter	38.2	20.1	18.0	9.1	8.9
Third quarter	37.0	19.4	17.5	9.1	8.4
Fourth quarter	40.3	21.2	19.1	9.1	10.0
1953: First quarter	44.6	24.4	20.3	9.2	11.1
Second quarter	45.9	25.0	20.8	9.4	11.4
Third quarter	43.3	23.6	19.6	9.6	10.0
Fourth quarter	(3)	(3)	(3)	[4] 9.6	(3)

[1] Federal and State corporate income and excess profits taxes.
[2] Minus 8 million dollars.
[3] Not available.
[4] Estimates based on incomplete data; fourth quarter by Council of Economic Advisers.

NOTE.—No allowance has been made for inventory valuation adjustment. See appendix table G-7 for profits before taxes and inventory valuation adjustment.
Detail will not necessarily add to totals because of rounding.

Source: Department of Commerce (except as noted).

TABLE G-45.—*Relation of profits after taxes to stockholders' equity and to sales, private manufacturing corporations, by industry group, 1947–50 average and 1952–53*

Iudnstry group	1947–50 average	1952					1953		
		Year	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter
	Ratio of profits (annual rate) to stockholders' equity								
All private manufacturing corporations	14.8	10.2	10.1	10.0	9.9	11.3	10.7	11.2	10.5
Food	13.6	7.7	5.9	7.7	9.4	7.4	7.0	8.2	10.2
Tobacco manufactures	12.1	8.2	7.3	7.7	9.0	9.3	7.7	9.5	10.5
Textile-mill products	14.5	4.2	4.0	3.2	4.7	4.9	6.0	5.3	5.0
Apparel and finished textiles	12.0	4.8	1.8	3.4	5.8	7.8	7.6	6.7	4.9
Lumber and wood products	17.1	8.5	8.0	8.9	9.8	7.3	7.0	9.8	7.6
Furniture and fixtures	14.3	8.6	7.4	9.0	8.4	9.8	11.2	10.4	7.1
Paper and allied products	16.2	10.2	11.4	9.5	10.1	10.8	10.6	10.2	10.2
Printing and publishing (except newspapers)	13.4	9.1	10.9	10.2	9.4	6.2	11.4	10.8	8.9
Chemicals and allied products	15.9	10.7	11.1	10.6	10.5	11.3	11.4	11.6	10.3
Petroleum refining	[1] 15.1	12.9	13.6	13.0	12.3	14.5	12.3	12.9	13.3
Products of petroleum and coal (except petroleum refining)	([2])	8.6	6.0	8.9	13.5	6.6	6.7	11.2	9.8
Rubber products	12.8	10.9	9.6	10.8	11.2	13.0	11.5	12.1	11.5
Leather and leather products	10.4	5.7	2.6	5.6	8.1	6.7	6.5	8.0	6.2
Stone, clay, and glass products	15.2	11.5	8.4	12.6	13.6	11.9	9.3	14.9	13.8
Primary nonferrous metal industries	12.5	11.5	13.0	11.3	9.3	12.6	12.4	11.9	9.9
Primary iron and steel industries	12.9	8.3	9.7	5.5	6.3	12.4	10.9	11.4	11.0
Fabricated metal products	15.3	10.0	9.9	10.4	10.5	9.7	9.4	11.0	10.9
Machinery (except electrical)	14.5	11.2	12.2	12.5	10.2	10.4	11.3	11.7	8.7
Electrical machinery	17.8	13.3	13.4	11.4	12.0	17.8	15.1	12.8	12.1
Transportation equipment (except motor vehicles)	6.6	12.1	10.9	12.5	11.9	14.5	12.8	15.4	12.2
Motor vehicles and parts	21.7	13.7	12.9	15.4	11.4	16.0	15.2	15.0	12.8
Instruments, photographic and optical goods, watches and clocks	14.6	11.5	10.6	11.1	11.2	13.6	11.7	11.7	10.7
Miscellaneous manufacturing (including ordnance)	11.4	7.1	6.5	6.1	7.3	8.1	8.3	9.0	9.1

See footnotes at end of table.

TABLE G-45.—*Relation of profits after taxes to stockholders' equity and to sales, private manufacturing corporations, by industry group, 1947–50 average and 1952–53*—Continued

Industry group	1947–50 average	1952					1953		
		Year	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter
	Profits in cents per dollar of sales								
All private manufacturing corporations	6.7	4.3	4.2	4.2	4.3	4.4	4.3	4.4	4.3
Food	3.6	1.9	1.5	1.9	2.3	1.8	1.8	2.1	2.5
Tobacco manufactures	4.8	3.2	3.0	3.0	3.4	3.5	3.2	3.7	3.9
Textile-mill products	6.6	1.9	1.8	1.5	2.1	2.1	2.7	2.5	2.5
Apparel and finished textiles	3.1	1.0	.4	.8	1.3	1.6	1.7	1.6	1.1
Lumber and wood products	9.2	4.1	4.2	4.3	4.6	3.3	3.5	4.6	3.7
Furniture and fixtures	5.0	2.7	2.3	2.7	2.7	2.9	3.3	3.2	2.4
Paper and allied products	8.6	5.7	6.0	5.4	5.7	5.6	5.7	5.4	5.4
Printing and publishing (except newspapers)	5.0	3.3	4.0	3.8	3.5	2.1	4.2	3.9	3.3
Chemicals and allied products	9.1	6.1	6.2	6.0	6.1	6.2	6.3	6.3	6.0
Petroleum and refining	[1] 11.0	10.1	10.0	10.2	9.6	10.5	9.6	10.2	10.3
Products of petroleum and coal (except petroleum refining)	(2)	3.7	2.8	3.6	5.4	2.8	3.3	4.6	4.3
Rubber products	4.8	3.6	3.2	3.5	3.7	4.2	3.8	3.9	3.9
Leather and leather products	3.4	1.8	.8	1.8	2.5	1.9	2.0	2.5	1.9
Stone, clay, and glass products	8.9	6.6	5.0	7.2	7.4	6.4	5.4	8.0	7.3
Primary nonferrous metal industries	8.8	6.7	7.3	6.8	5.7	7.0	7.1	6.1	5.8
Primary iron and steel industries	7.2	4.7	4.9	3.5	3.9	5.8	5.2	5.2	5.4
Fabricated metal products	6.6	4.0	4.1	4.3	4.1	3.6	3.6	4.0	3.8
Machinery (except electrical)	7.1	4.8	5.1	5.1	4.6	4.4	4.8	4.6	3.9
Electrical machinery	6.3	4.5	4.6	3.9	4.1	5.1	4.6	4.0	4.0
Transportation equipment (except motor vehicles)	3.4	2.9	2.9	2.8	2.8	2.8	2.6	2.8	2.4
Motor vehicles and parts	7.4	4.7	4.5	4.9	4.6	4.7	4.1	3.9	3.7
Instruments, photographic and optical goods, watches and clocks	7.9	4.8	4.8	4.8	4.8	5.0	4.8	4.7	4.5
Miscellaneous manufacturing (including ordnance)	5.3	2.7	2.6	2.5	2.9	2.7	3.1	3.2	3.3

[1] Petroleum refining and products of petroleum and coal combined.
[2] Not available separately for this period.

NOTE.—Beginning with the third quarter of 1951, these series are based on a new sample. However, the 1947-50 averages have not been adjusted and therefore are not strictly comparable with data for later periods. For explanatory notes concerning compilation of the series, see *Quarterly Financial Reports for United States Manufacturing Corporations* by Federal Trade Commission and Securities and Exchange Commission.

Sources: Federal Trade Commission and Securities and Exchange Commission.

TABLE G–46.—*Relation of profits before and after taxes to stockholders' equity and to sales, private manufacturing corporations, by asset size class, 1947–50 average and 1952–53*

Asset size class (thousands of dollars)	1947-50 average	1952					1953		
		Year	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter
	Ratio of profits before Federal taxes (annual rate) to stockholders' equity								
All asset sizes	24.6	21.8	23.6	22.0	20.7	22.2	24.9	26.4	23.3
Under 250	16.7	17.2	15.7	20.3	22.1	9.9	13.2	21.7	17.5
250 to 999	22.7	17.5	17.3	19.7	18.8	10.8	18.1	21.1	17.3
1,000 to 4,999	24.2	19.6	20.7	20.2	19.1	18.4	20.7	20.7	17.7
5,000 to 99,999	25.2	21.9	23.3	22.2	20.8	22.5	25.1	25.7	22.4
100,000 and over	24.9	23.0	25.7	22.6	21.2	24.9	27.0	28.8	25.8
	Profits before Federal taxes in cents per dollar of sales								
All asset sizes	11.1	9.2	9.9	9.2	8.9	8.6	10.0	10.4	9.6
Under 250	4.4	3.6	3.4	4.4	4.6	1.9	3.0	4.7	3.7
250 to 999	7.4	4.8	5.2	5.8	5.6	2.9	4.9	5.7	4.9
1,000 to 4,999	9.0	6.5	6.9	6.7	6.5	5.8	7.0	6.8	6.1
5,000 to 99,999	11.3	9.2	9.8	9.4	8.9	8.8	10.1	10.2	9.3
100,000 and over	13.2	11.8	13.1	11.6	11.1	11.5	12.6	12.9	12.2
	Ratio of profits after Federal taxes (annual rate) to stockholders' equity								
All asset sizes	14.8	10.2	10.1	10.0	9.9	11.3	10.7	11.2	10.5
Under 250	9.8	9.4	8.9	12.3	13.0	2.8	7.0	13.2	11.0
250 to 999	13.1	7.6	6.9	8.6	8.4	4.9	7.9	10.3	8.1
1,000 to 4,999	14.1	8.0	7.9	8.0	8.2	7.9	8.9	8.8	7.4
5,000 to 99,999	14.9	9.4	9.3	9.2	9.1	10.7	10.3	10.6	9.5
100,000 and over	15.3	11.5	11.5	11.0	10.8	13.7	11.8	12.1	11.9
	Profits after Federal taxes in cents per dollar of sales								
All asset sizes	6.7	4.3	4.2	4.2	4.3	4.4	4.3	4.4	4.3
Under 250	2.6	1.9	1.9	2.7	2.7	0.5	1.6	2.9	2.3
250 to 999	4.3	2.1	2.0	2.5	2.5	1.3	2.2	2.8	2.3
1,000 to 4,999	5.2	2.6	2.6	2.6	2.8	2.5	3.0	2.9	2.5
5,000 to 99,999	6.7	4.0	3.9	3.9	3.9	4.2	4.1	4.2	4.0
100,000 and over	8.1	5.9	5.8	5.6	5.7	6.3	5.5	5.4	5.6

NOTE.—Beginning with the third quarter of 1951, these series are based on a new sample. However, the 1947-50 averages have not been adjusted and therefore are not strictly comparable with data for later periods. For explanatory notes concerning compilation of the series, see *Quarterly Financial Reports for United States Manufacturing Corporations* by Federal Trade Commission and Securities and Exchange Commission.

Sources: Federal Trade Commission and Securities and Exchange Commission.

TABLE G–47.—*Sources and uses of corporate funds, 1946–53* [1]

[Billions of dollars]

Source or use of funds	1946	1947	1948	1949	1950	1951	1952	1953 [2]
Uses:								
Plant and equipment outlays	13.2	17.5	19.1	16.4	17.0	21.6	22.5	24.0
Inventories (change in book value)	11.2	7.1	4.2	−3.6	9.9	10.2	1.7	3.5
Change in customer net receivables [3]	1.0	3.0	2.8	.8	5.1	.7	2.4	3.0
Cash and U. S. Government securities	−4.7	1.0	1.0	3.2	4.5	3.0	.3	2.0
Other current assets	−.7	−.1	(4)	−.2	.3	.4	.5	.5
Total uses	20.0	28.5	27.1	16.6	36.8	36.0	27.4	33.0
Sources:								
Internal:								
Retained profits and depletion allowances	7.6	11.6	12.8	8.0	13.0	10.2	8.8	10.0
Depreciation allowances	4.3	5.3	6.3	7.2	7.9	8.7	10.3	12.0
Total internal sources	11.9	16.9	19.1	15.2	20.9	18.9	19.1	22.0
External:								
Change in Federal income tax liability	−1.6	2.3	.8	−2.3	7.2	5.1	−3.1	2.5
Other current liabilities	2.1	1.4	.3	.5	1.7	1.0	1.0	1.0
Change in bank loans and mortgage loans	3.8	3.4	1.9	−2.2	2.4	5.2	3.2	1.0
Net new issues	2.4	4.4	5.9	4.9	3.7	6.3	8.1	7.5
Total external sources	6.7	11.5	8.9	.9	15.0	17.6	9.2	12.0
Total sources	18.5	28.3	28.1	16.0	35.9	36.6	28.3	34.0
Discrepancy (uses less sources)	1.5	.3	−.9	.6	.9	−.6	−.9	−1.0

[1] Excludes banks and insurance companies.
[2] Estimated to nearest half-billion dollars on basis of incomplete data; by Council of Economic Advisers.
[3] Receivables are net of payables which are therefore not shown separately.
[4] Less than 50 million dollars.

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

Source: Department of Commerce based on Securities and Exchange Commission and other financial data (except as noted).

TABLE G–48.—*Business population, 1929–53*

Period	Operating businesses and business turnover [1]: Operating businesses	New businesses	Discontinued businesses	Business transfers	New business incorporations	Business failures, by size of liabilities [2]: Number of failures: Total	Under $100,000	$100,000 and over	Amount of current liabilities: Total	Under $100,000	$100,000 and over
	Thousands of firms [3]				Number of firms [4]				Thousands of dollars [4]		
1929	3,029.0	(5)	(5)	(5)	(5)	22,909	22,165	744	483,252	261,458	221,794
1930	2,993.7	(5)	(5)	(5)	(5)	26,355	25,408	947	668,282	303,464	364,818
1931	2,916.4	(5)	(5)	(5)	(5)	28,285	27,230	1,055	736,310	354,159	382,151
1932	2,828.1	(5)	(5)	(5)	(5)	31,822	30,197	1,625	928,313	432,625	495,688
1933	2,782.1	(5)	(5)	(5)	(5)	[6] 19,859	[6] 18,880	[6] 979	[6] 457,520	[6] 215,510	[6] 242,010
1934	2,884.0	(5)	(5)	(5)	(5)	12,091	11,421	670	333,959	138,509	195,450
1935	2,991.9	(5)	(5)	(5)	(5)	12,244	11,691	553	310,580	135,489	175,091
1936	3,069.8	(5)	(5)	(5)	(5)	9,607	9,285	322	203,173	102,803	100,370
1937	3,136.3	(5)	(5)	(5)	(5)	9,490	9,203	287	183,253	101,856	81,397
1938	3,073.7	(5)	(5)	(5)	(5)	12,836	12,553	283	246,505	140,120	106,385
1939	3,222.2	(5)	(5)	(5)	(5)	[7] 14,768	[7] 14,541	[7] 227	[7] 182,520	[7] 132,863	[7] 49,657
1940	3,290.8	275.2	318.1	(5)	(5)	13,619	13,400	219	166,684	119,904	46,780
1941	3,269.6	290.0	270.7	(5)	(5)	11,848	11,685	163	136,104	100,660	35,444
1942	3,185.8	121.2	386.5	(5)	(5)	9,405	9,282	123	100,763	80,286	20,477
1943	2,905.1	146.0	337.0	(5)	(5)	3,221	3,155	66	45,339	31,184	14,155
1944	2,916.5	330.9	174.6	359.4	(5)	1,222	1,176	46	31,670	14,548	17,122
1945	3,113.9	422.7	175.6	473.2	35,781	809	759	50	30,225	11,385	18,840
1946	3,487.2	617.4	208.7	626.9	132,916	1,129	1,002	127	67,349	15,717	51,632
1947	3,783.2	460.8	239.2	571.9	112,638	3,474	3,103	371	204,612	63,668	140,944
1948	3,948.3	393.3	282.0	501.3	96,101	5,250	4,853	397	234,620	93,899	140,721
1949	4,000.0	331.1	306.5	434.7	85,491	9,246	8,708	538	308,109	161,386	146,723
1950	4,050.7	348.2	289.6	419.4	92,925	9,162	8,746	416	248,283	151,189	97,094
1951	4,108.5	363.2	309.3	378.3	83,649	8,058	7,626	432	259,547	131,593	127,954
1952	4,167.4	363.9	306.4	374.9	92,819	7,611	7,081	530	283,314	131,871	151,443
1953	(5)	(5)	(5)	(5)	102,545	8,862	8,075	787	394,153	167,530	226,623
1952: January	--------				8,357	671	616	55	26,208	11,521	14,687
February	--------				7,138	619	583	36	19,474	10,782	8,692
March	--------	213.0	158.8	(5)	7,902	715	665	50	29,232	12,912	16,320
April	--------				8,284	780	715	65	29,530	13,365	16,165
May	--------				7,915	638	607	31	21,193	10,487	10,706
June	4,175.4				7,819	671	628	43	21,222	12,070	9,152
July	--------				7,549	580	527	53	22,789	9,880	12,909
August	--------				7,088	594	562	32	16,322	10,105	6,217
September	--------	150.9	147.5	(5)	7,529	539	506	33	20,138	8,645	11,493
October	--------				8,223	631	582	49	35,049	10,988	24,061
November	--------				6,741	590	551	39	18,757	10,604	8,153
December	4,178.8				8,274	583	539	44	23,400	10,512	12,888
1953: January	--------				9,468	647	604	43	23,309	11,679	11,630
February	--------				7,943	691	632	59	27,273	12,152	15,121
March	--------	199.3	[8] 165.7	(5)	9,659	739	674	65	31,082	13,365	17,717
April	--------				9,507	693	628	65	27,520	12,575	14,945
May	--------				8,968	697	636	61	32,789	13,193	19,596
June	[8] 4,212.4				8,926	817	767	50	32,379	16,185	16,194
July	--------				8,703	724	651	73	39,830	13,931	25,899
August	--------				7,487	700	639	61	28,529	13,087	15,442
September	--------	(5)	(5)	(5)	7,433	686	610	76	33,817	13,790	20,027
October	--------				8,267	840	766	74	37,076	15,904	21,172
November	--------				7,269	815	745	70	36,795	15,609	21,186
December	(5)				8,915	813	723	90	43,754	16,060	27,694

[1] Excludes firms in fields of agriculture and professional services. Includes self-employed person only if he has either an established place of business or at least one employee.
[2] Industrial and commercial only; excludes banks, railroads, insurance companies, etc.
[3] Operating businesses are end-of-quarter data with annual estimate centered at June 30. New and discontinued businesses and business transfers are totals for the year and half-year.
[4] Total for period.
[5] Not available.
[6] Revised series no longer carries group of agents and commercial services (such as real estate and insurance brokers, holding and finance companies, tourist agencies, etc.).
[7] Revised series has more complete coverage of small firms.
[8] Preliminary.

Sources: Department of Commerce and Dun & Bradstreet, Inc.

TABLE G–49.—*United States balance of payments, excluding U. S. Government grants of military goods and services, 1947–53*

[Billions of dollars]

Area and type of transaction	1947	1948	1949	1950	1951	1952	1953 [1]
WITH THE WORLD [2]							
Exports of goods and services:							
Total	19.8	17.0	16.0	14.4	20.2	20.6	21.4
Less: Unilateral military transfers	.1	.4	.2	.6	1.5	2.6	4.7
Net total	19.7	16.6	15.8	13.8	18.7	18.1	16.8
Imports of goods and services:							
Military	.5	.8	.6	.6	1.3	1.9	2.5
Other	7.8	9.5	9.0	11.5	13.8	13.9	14.3
Total	8.3	10.3	9.6	12.1	15.1	15.8	16.8
Unilateral transfers other than U. S. Government grants [net outflow (−)]	−.7	−.7	−.6	−.6	−.5	−.6	−.7
Balance on goods and services and unilateral transfers other than U. S. Government grants [net outflow (−)]	+10.7	+5.6	+5.5	+1.2	+3.2	+1.7	−.7
United States private capital [net outflow (−)]	−1.0	−.9	−.6	−1.3	−1.1	−1.1	−.1
Errors and omissions	+1.0	+1.0	+.8	+.2	+.5	+.6	+.3
Balance on goods and services, unilateral transfers other than U. S. Government grants, United States private capital, and errors and omissions [net outflow (−)]	+10.7	+5.8	+5.7	(3)	+2.7	+1.2	−.5
U. S. Government credits and grants (excluding transfers of military goods and services)	[4]−8.8	−4.6	−5.6	−3.6	−3.1	−2.4	−2.0
Increase (+) or decrease (−) in foreign gold and dollar assets through transactions with the United States	−1.9	−1.2	−.1	+3.6	+.4	+1.2	+2.5
WITH WESTERN EUROPE AND DEPENDENCIES [5]							
Exports of goods and services, excluding military transfers	8.1	6.4	6.1	4.5	6.1	5.6	4.8
Imports of goods and services [6]	2.8	3.3	3.2	3.9	4.9	5.6	6.3
Balance on goods and services and unilateral transfers other than U. S. Government grants [net outflow (−)]	+5.3	+3.1	+2.9	+.6	+1.2	(3)	−1.5
United States private capital [net outflow (−)]	−.1	−.2	(3)	−.3	(3)	(3)	+.1
Multilateral transfers [7]	+1.7	+1.5	+1.7	+.6	+.8	+1.1	+.4
Balance on goods and services, unilateral transfers other than U. S. Government grants, United States private capital, and multilateral transfers [net outflow (−)]	+6.9	+4.4	+4.6	+.9	+2.1	+1.0	−1.0
U. S. Government credits and grants (excluding transfers of military goods and services)	−4.3	−3.7	−4.6	−2.9	−2.0	−1.6	−1.1
Increase (+) or decrease (−) in foreign gold and dollar assets [8]	−2.6	−.7	−.1	+1.9	−.1	+.6	+2.1
WITH CONTINENTAL WESTERN EUROPE AND DEPENDENCIES [5]							
Exports of goods and services, excluding military transfers	(9)	4.9	4.5	3.3	4.3	4.0	3.4
Imports of goods and services [6]	(9)	2.0	2.0	2.3	2.9	3.6	4.1
Balance on goods and services and unilateral transfers other than U. S. Government grants [net outflow (−)]	(9)	+2.9	+2.5	+1.0	+1.3	+.4	−.8
United States private capital [net outflow (−)]	(9)	−.1	+.1	−.2	(3)	−.1	+.2
Multilateral transfers [7]	(9)	+.2	+.6	+.4	+.1	+.1	+.1
Balance on goods and services, unilateral transfers other than U. S. Government grants, United States private capital, and multilateral transfers [net outflow (−)]	(9)	+3.0	+3.2	+1.2	+1.5	+.4	−.5
U. S. Government credits and grants (excluding transfers of military goods and services)	(9)	−2.8	−3.4	−2.2	−1.8	−1.1	−.8
Increase (+) or decrease (−) in foreign gold and dollar assets [8]	(9)	−.2	+.2	+.9	+.3	+.7	+1.2

See footnotes at end of table.

TABLE G-49.—*United States balance of payments, excluding U. S. Government grants of military goods and services, 1947–53*—Continued

[Billions of dollars]

Area and type of transaction	1947	1948	1949	1950	1951	1952	1953 [1]
WITH STERLING AREA [5]							
Exports of goods and services, excluding military transfers	(9)	2.7	2.5	1.9	3.2	3.0	2.4
Imports of goods and services [6]	(9)	2.0	1.8	2.4	3.0	2.8	2.9
Balance on goods and services and unilateral transfers other than U. S. Government grants [net outflow (−)]	(9)	+.7	+.7	−.4	+.2	+.2	−.5
United States private capital [net outflow (−)]	(9)	−.1	−.1	−.2	(3)	(3)	(3)
Multilateral transfers [7]	(9)	+1.4	+.9	+.3	+.5	+.6	(3)
Balance on goods and services, unilateral transfers other than U. S. Government grants, United States private capital, and multilateral transfers [net outflow (−)]	(9)	+2.0	+1.6	−.3	+.7	+.8	−.5
U. S. Government credits and grants (excluding transfers of military goods and services)	(9)	−.9	−1.1	−.7	−.3	−.6	−.5
Increase (+) or decrease (−) in foreign gold and dollar assets [8]	(9)	−1.0	−.4	+1.0	−.4	−.2	+.9
WITH CANADA							
Exports of goods and services, excluding military transfers	2.7	2.5	2.6	2.7	3.5	3.8	4.1
Imports of goods and services [6]	1.5	2.0	2.0	2.4	2.8	3.0	3.2
Balance on goods and services and unilateral transfers other than U. S. Government grants	+1.1	+.4	+.6	+.3	+.7	+.8	+.9
United States private capital [net outflow (−)]	+.2	−.2	−.1	−.7	−.4	−.4	−.2
Multilateral transfers [7]	−.5	−.6	−.5	−.2	−.2	−.7	−.4
Balance on goods and services, unilateral transfers other than U. S. Government grants, United States private capital, and multilateral transfers [net outflow (−)]	+.8	−.4	(3)	−.6	(3)	−.3	+.3
U. S. Government credits and grants (excluding transfers of military goods and services)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Increase (+) or decrease (−) in foreign gold and dollar assets [8]	−.8	+.4	(3)	+.6	(3)	+.3	−.3
WITH LATIN AMERICA [5]							
Exports of goods and services, excluding military transfers	4.8	4.2	3.7	3.9	5.2	4.8	4.2
Imports of goods and services [6]	2.8	3.1	3.0	3.6	4.1	4.3	4.4
Balance on goods and services and unilateral transfers other than U. S. Government grants [net outflow (−)]	+2.0	+1.1	+.7	+.3	+1.0	+.5	−.2
United States private capital [net outflow (−)]	−.6	−.3	−.3	−.2	−.3	−.4	+.1
Multilateral transfers [7]	−.6	−.7	−.7	−.5	−.6	−.2	(3)
Balance on goods and services, unilateral transfers other than U. S. Government grants, United States private capital, and multilateral transfers [net outflow (−)]	+.8	(3)	−.3	−.3	+.1	−.1	−.1
U. S. Government credits and grants (excluding transfers of military goods and services)	−.2	(3)	−.1	(3)	−.2	−.1	−.3
Increase (+) or decrease (−) in foreign gold and dollar assets [8]	−.6	−.1	+.4	+.3	(3)	+.1	+.5

See footnotes at end of table.

TABLE G-49.—*United States balance of payments, excluding U. S. Government grants of military goods and services, 1947-53*—Continued

[Billions of dollars]

Area and type of transaction	1947	1948	1949	1950	1951	1952	1953 [1]
WITH OTHER COUNTRIES [5]							
Exports of goods and services, excluding military transfers	(9)	2.2	2.3	1.9	2.7	2.6	2.7
Imports of goods and services [6]	(9)	1.7	1.4	2.0	2.6	2.6	2.9
Balance on goods and services and unilateral transfers other than U. S. Government grants [net outflow (−)]	(9)	+.5	+1.0	(3)	+.1	(3)	−.2
United States private capital [net outflow (−)]	(9)	−.1	−.2	−.1	−.2	−.1	−.1
Multilateral transfers [7]	(9)	+.3	+.2	+.2	+.2	+.5	+.6
Balance on goods and services, unilateral transfers other than U. S. Government grants, United States private capital, and multilateral transfers	(9)	+.7	+1.0	+.1	+.1	+.4	+.3
U. S. Government credits and grants (excluding transfers of military goods and services)	(9)	−.8	−.9	−.6	−.6	−.5	−.4
Increase (+) or decrease (−) in foreign gold and dollar assets [8]	(9)	+.1	−.1	+.5	+.5	+.1	+.1

[1] January-September data at annual rates.
[2] Includes international institutions.
[3] Less than 50 million dollars.
[4] Includes 3.1 billion dollars for subscription to International Monetary Fund and International Bank for Reconstruction and Development.
[5] For geographic coverage, see *Survey of Current Business*, December 1952.
[6] Includes net unilateral transfers other than U. S. Government military and economic aid.
[7] Includes errors and omissions; (+) indicates payment by the area.
[8] Includes gold transactions with the United States only.
[9] Not available.

Source: Department of Commerce.

TABLE G–50.—*U. S. Government grants and capital movements to foreign countries, 1947–53*

[Millions of dollars]

Type of aid	1947	1948	1949	1950	1951	1952	1953 [1]
Disbursements on grants:							
Military goods and services:							
Mutual Defense	------	------	------	516	1,471	2,593	4,652
Greek-Turkish aid	49	327	171	62	8	------	------
China aid	------	46	40	5	2	------	------
Other Government grants:							
ECA and Mutual Security:							
Europe	------	1,397	3,730	2,719	2,490	1,515	1,255
Other areas	------	96	92	114	153	281	428
Army Civilian Supply [2]	1,009	1,468	1,082	500	336	155	131
Philippine Rehabilitation	86	130	203	166	12	4	------
International Refugee Organization and other international relief agencies, excluding UNRRA	34	116	104	84	39	48	71
UNRRA, post UNRRA, and interim aid	773	627	2	------	------	------	------
Other grants	68	64	33	28	58	17	10
Total disbursements	2,019	4,271	5,457	4,194	4,569	4,613	6,547
Less: Receipts	147	172	245	151	138	85	124
Equals: Net unilateral payments	1,872	4,099	5,212	4,043	4,431	4,528	6,423
Long-term capital:							
Subscription to:							
International Bank for Reconstruction and Development	317	------	------	------	------	------	------
International Monetary Fund	2,745	------	------	------	------	------	------
British Loan	2,850	300	------	------	------	------	------
ECA and MSA Programs	------	476	428	163	209	333	49
Export-Import Bank	797	454	163	193	222	483	661
Surplus Credits (including ship sales)	273	168	30	2	------	------	------
Raw material credits to occupied areas	80	6	26	28	------	------	------
United Nations building loan	------	3	20	22	13	7	------
Other	81	9	12	6	6	15	19
Total long-term capital outflow	7,143	1,416	679	414	450	838	729
Less: Repayments	294	443	205	287	310	429	445
Equals: Net long-term capital movements	6,849	973	474	127	140	409	284
Short-term capital, net	108	−87	173	37	23	68	−36
U. S. Government grants of military goods and services	49	373	211	583	1,481	2,593	4,652
Other U. S. Government grants, net	1,823	3,726	5,001	3,460	2,950	1,935	1,771
U. S. Government long- and short-term credit	6,957	886	647	164	163	477	248

[1] January–September data at annual rates.

[2] After 1949, includes disbursements in Germany administered by ECA from funds appropriated under the Army Civilian Supply Program.

Source: Department of Commerce.

TABLE G–51.—*Estimated gold reserves and dollar holdings of foreign countries, 1928, 1937, and 1945–53*

[Billions of dollars]

Area	1928	1937	1945	1946	1947	1948	1949	1950	1951	1952	1953 [1]
All foreign countries	8.8	15.1	20.8	19.4	15.2	15.0	15.4	19.1	19.2	20.5	23.1
Sterling area	1.4	4.9	4.1	4.5	3.7	2.9	2.7	4.5	3.8	3.3	4.1
Continental OEEC countries and dependencies	4.3	6.8	7.9	7.0	5.3	5.6	6.0	6.6	6.9	8.1	9.7
Other Europe	.1	.1	.8	.9	.8	.7	.6	.6	.5	.6	.5
Canada	.4	.4	1.7	1.5	.7	1.2	1.4	2.0	2.2	2.5	2.4
Latin American Republics	1.1	1.0	3.8	3.7	2.9	2.7	3.1	3.5	3.4	3.4	3.6
All other countries	1.5	1.9	2.5	1.8	1.8	1.9	1.6	1.9	2.4	2.6	2.8

[1] Preliminary estimates.

NOTE.—Includes gold reserves and dollar holdings of all foreign countries with the exception of U. S. S. R. gold reserves. Holdings of the Bank for International Settlements (both for its own and EPU accounts) and of the Tripartite Commission for Restitution of Monetary Gold are included with the holdings of Continental OEEC countries and dependencies. Figures represent (1) reported and estimated gold reserves of central banks and governments, and (2) official and private dollar holdings reported by banks in the United States, including foreign-held deposits, U. S. Government securities maturing within 20 months after date of purchase, and certain other short-term liabilities to foreigners. Year-end estimates for all years except 1928; the 1928 figures are estimated on the basis of gold reserves at the end of that year plus dollar holdings reported by 15 New York City banks as of May 31, 1929.

Source: Board of Governors of the Federal Reserve System.

TABLE G–52.—*Indexes of quantity and unit value of United States merchandise imports for consumption and of domestic merchandise exports, by economic class, 1936–38 average and 1947–53*

[1936-38=100]

Period	Total	Crude materials	Crude foodstuffs	Manufactured foodstuffs	Semi-manufactures	Finished manufactures
	Quantity					
Merchandise imports for consumption: [1]						
1936-38 average	100	100	100	100	100	100
1947	108	129	96	83	130	84
1948	123	139	109	91	149	103
1949	120	125	119	97	143	101
1950	146	152	113	117	219	125
1951	144	142	119	122	200	134
1952	151	150	118	129	206	150
1953 [2]	159	149	118	136	234	160
	Unit value					
1936-38 average	100	100	100	100	100	100
1947	213	180	311	208	191	245
1948	235	203	343	212	217	266
1949	224	195	330	202	198	258
1950	243	214	454	203	193	252
1951	305	312	512	221	244	296
1952	289	258	516	222	248	292
1953 [2]	277	233	518	221	236	286
	Quantity					
Domestic merchandise exports: [1]						
1936-38 average	100	100	100	100	100	100
1947	275	123	397	478	203	332
1948	214	100	362	350	144	257
1949	219	126	435	297	150	250
1950	193	128	287	237	127	225
1951	247	142	475	264	154	298
1952	251	121	427	243	152	326
1953 [2]	262	99	331	214	131	383
	Unit value					
1936-38 average	100	100	100	100	100	100
1947	188	195	248	218	169	182
1948	200	223	255	223	184	193
1949	186	212	225	177	174	184
1950	180	220	193	151	170	179
1951	206	260	215	189	209	199
1952	205	245	233	177	206	200
1953 [2]	204	230	220	187	201	201

[1] The indexes of quantity are a measure of the volume of trade after the influence on value of changes in average prices has been eliminated. The indexes of unit value provide a measure of change in the average prices at which trade transactions are reported in official foreign trade statistics, including changes in average prices that result from changes in the commodity composition of trade.

[2] Estimates based on data for the first 10 months.

NOTE.—Export indexes of crude and manufactured foodstuffs in some periods, particularly those of unit value during 1950, are influenced by sales of large quantities of food products at prices considerably below market quotations. Such exports include sales from Government-owned surplus and shipments on which subsidies were paid by the Department of Agriculture.

Source: Department of Commerce.

TABLE G-53.—*Changes in selected economic series since 1939 and since 1952*

Source: Appendix Table No.	Economic series	Relatives on 1939 base 1946	1950	1951	1952	1953	Percentage change, 1952 to 1953[1]
G-1	Gross national product	231	314	361	381	402	+5.5
	Personal consumption expenditures	218	288	308	323	341	+5.4
	Gross private domestic investment	290	530	592	530	563	+6.1
	Government purchases of goods and services	236	321	480	592	637	+7.6
G-2	Gross national product in constant prices	151	170	183	188	195	+3.7
	Personal consumption expenditures	142	161	160	164	171	+4.0
	Gross private domestic investment	192	260	266	235	244	+3.9
	Government purchases of goods and services:						
	Total	149	157	219	263	277	+5.4
	Federal	248	210	367	476	501	+5.3
	State and local	86	124	125	130	136	+5.0
G-7	National income	249	332	384	402	(2)	[3] +7.0
	Compensation of employees	245	321	374	404	435	+7.5
G-10	Personal income	245	312	350	371	392	+5.5
	Disposable personal income	226	293	321	335	353	+5.5
	Personal net saving	444	419	626	626	670	+7.1
G-11	Per capita disposable personal income:						
	Current prices	210	253	272	279	290	+3.7
	1953 prices	137	141	141	142	146	+2.4
G-14	Realized net farm income	333	290	344	317	293	−7.4
G-11	Population: Total	108	116	118	120	122	+1.7
G-15	14 years of age and over	107	112	113	114	116	+1.7
G-15	Labor force, including armed forces	110	116	119	120	120	+.6
	Civilian labor force	104	114	114	114	115	+.7
	Employment	121	131	133	134	135	+1.0
	Agricultural	87	78	73	71	68	−4.1
	Nonagricultural	130	145	149	151	153	+1.6
	Unemployment	24	33	20	18	16	−9.0
G-21	Wage and salary workers in nonagricultural establishments: Total	137	148	156	158	162	+2.4
	Manufacturing	143	149	160	161	169	+4.9
	Durable	165	173	194	198	212	+7.4
	Nondurable	125	128	130	129	131	+1.6
	Contract construction	144	203	225	224	221	−1.4
	Government	141	150	160	166	167	+.6
	All other	131	142	147	150	152	+1.6
G-23	Average gross hourly earnings:						
	Manufacturing	172	231	251	264	280	+6.0
	Durable goods	166	220	239	252	268	+6.2
	Nondurable goods	174	237	254	265	277	+4.5
	Building construction	159	218	235	248	265	+6.9
	Retail trade	165	217	232	244	258	+6.1
G-24	Average gross weekly earnings:						
	Manufacturing	184	249	271	285	300	+5.3
	Durable goods	175	239	262	276	291	+5.7
	Nondurable goods	189	251	268	280	291	+4.1
	Building construction	185	243	268	290	300	+3.7
	Retail trade	157	206	219	228	237	+4.0
G-25	Industrial production	155	193	207	214	231	+8.1
	Durable manufactures	176	237	261	278	312	+12.5
	Nondurable manufactures	144	168	173	173	180	+4.4
	Minerals	134	154	169	168	171	+1.8
	Agricultural production	125	128	132	135	135	.0
G-26	New construction, current prices	146	347	377	398	425	+6.8
	Private	220	489	491	497	538	+8.3
	Residential (nonfarm)	150	470	409	414	444	+7.3
	Public	62	184	245	284	295	+3.7
G-28	Business expenditures for new plant and equipment: Total	270	374	465	480	505	+5.2
	Manufacturing	350	386	559	618	640	+3.6

TABLE G–53.—*Changes in selected economic series since 1939 and since 1952*—Continued

Source: Appendix Table No.	Economic series	Relatives on 1939 base					Percentage change, 1952 to 1953 [1]
		1946	1950	1951	1952	1953	
G-31	Consumer price index: All items	140	173	187	191	193	+.8
	Food	168	215	239	243	239	−1.6
	Apparel	159	187	204	202	200	−.9
	Rent	106	126	131	136	143	+5.3
	Medical care [4]	(2)	146	153	161	167	+3.5
G-32	Wholesale price index: All commodities	157	206	229	223	220	−1.3
	Farm products	228	267	311	293	266	−9.3
	Processed foods	179	230	257	251	242	−3.9
	Other than farm products and foods	135	181	199	195	196	+.7
G-33	Prices received by farmers	246	269	318	303	272	−10.4
	Parity index (prices paid, interest, taxes, and wage rates)	169	208	229	233	227	−2.8
G-35	Short- and intermediate-term consumer credit outstanding: Total	116	288	297	358	399	+11.5
	Instalment credit	93	322	329	415	484	+16.7
G-38	Loans and investments of all commercial banks: Total	280	311	326	348	360	+3.6
	Loans	181	303	335	373	398	+6.7
	Investments in U. S. Government obligations	459	380	377	388	390	+.5
G-41	Gross public debt and guaranteed issues	545	539	545	562	578	+2.9
G-44	Corporate profits before taxes	362	631	672	603	(2)	[3] 14.7
	Corporate profits after taxes	278	454	402	372	(2)	[3] 9.8
	Dividend payments	153	239	242	239	247	+3.3
	Undistributed profits	675	1,133	908	792	(2)	[3] 16.1

[1] Changes are computed from data as reported and therefore may differ slightly from changes computed from the relatives shown here.
[2] Not available.
[3] Based on data for the first 3 quarters of each year.
[4] Based on percentage changes published in Department of Labor monthly reports on consumer prices.

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