The Midyear Economic Report of the President

TRANSMITTED TO THE CONGRESS

330.973

July 1952

Together With a Report to the President

THE MIDYEAR 1952 ECONOMIC REVIEW

By the

COUNCIL OF ECONOMIC ADVISERS

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LETTER OF TRANSMITTAL

THE WHITE HOUSE,
Washington, D. C., July 19, 1952.

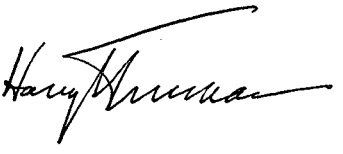
The Honorable the PRESIDENT OF THE SENATE,
The Honorable the SPEAKER OF THE HOUSE OF REPRESENTATIVES.

SIRS: I am presenting herewith a Midyear Economic Report to the Congress. This is supplementary to the Economic Report of the President of January 16, 1952, and is transmitted in accordance with section 3 (b) of the Employment Act of 1946.

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

Together with this report, I am transmitting a report, the Midyear 1952 Economic Review, prepared for me by the Council of Economic Advisers in accordance with section 4 (c) (2) of the Employment Act of 1946.

Respectfully,



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To the Congress of the United States:

This Midyear Economic Report appears at a time when the 82nd Congress has adjourned, and when the Congress may not again be in session until January 1953. For this reason, the Report does not contain specific legislative recommendations. It is limited to a broad view of the Nation's economy, its current condition of strength, and its prospects and problems for the future.

It is highly desirable that these matters now be placed before the American people and their representatives. During the coming months, issues of economic policy will be widely discussed throughout the land.

Nobody can expect, and it would not be desirable, that everybody view these problems in the same light or propose identical solutions. The strength of our free institutions rests upon free debate and free decisions by the people.

But in these trying times, while some issues will continue to divide us, we must seek out and stress those things which hold us together.

We face a common danger in the world—the communist menace. We share common aspirations for our domestic economy—stability, justice, and advancing prosperity.

There are certain facts that we should all know and accept. These facts converge upon one inescapable conclusion: America has the economic strength, while fulfilling its domestic responsibilities, to build with other free nations the conditions for a more enduring peace. America cannot afford to relax in this effort, in the false fear that we do not have the strength to carry through.

This country, from the time of its formation, has passed successfully through many trying times. This success has not come through doubting our own ability. It has not been achieved by trying to get by with lower exertions and costs than were necessary to do the job.

Yet every day one hears some expression of opinion that our security efforts are weakening us at home, and that we must reduce them in order to save ourselves. Many who hold this view are entirely sincere. The trouble is that they have not examined all the facts. I am confident that, when they do so, they will join in the realization that danger lies in believing wrongly that we are weak. Our strength commences with knowing that we are strong—and becoming stronger.

The facts reveal beyond question that the security programs now being undertaken are not even threatening—much less depleting or impairing—the strength of our domestic economy. Despite the burden of these pro-

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grams—and they are a real burden—our business system has been doing better and our people have been living better than ever before.

Our just pride in these facts should be tempered by the sobering realization that the burden of resistance to aggression is pressing very heavily against the living standards and productive opportunities of other free peoples. They are just as desirous of achieving freedom and security as we are. But the resources they can devote to building economic and military strength are much more limited than ours, because they have far less of a margin above the absolute necessities of life. Under these circumstances, the help we give them can return many times its cost in greater security for them and for us. The record of the recent years shows that this is true—and the contrast between our own economic situation and that of other free peoples shows how fallacious is any claim that we are doing more than our part.

The people of the United States have proved that they could stand up under adversity whenever the need arose. But we also draw inspiration from achievement. It speeds us forward to even greater achievement. The facts about the strength and progress of the American economy since the Korean outbreak should be made clear to all. These facts can provide the clearest guide to the actions we should take.

The presentation of these facts can also strengthen our position in the free world. Communist propaganda is founded upon the false idea that the American economy cannot maintain its strength. Even some of our friends abroad are concerned about the future of the American economy—which they regard as the bulwark of the hopes of free men everywhere. The truth about our economic situation should also be brought home to them.

The Facts of Our Economic Strength

In previous Reports, I have reviewed the economic progress of the United States since the period before World War II. Comparing 1939 with the annual rate for the first half of 1952, our total output has increased by almost 90 percent. Industrial output has approximately doubled. The output of our farms, despite a declining number of farmers, has increased about one-third. Business investment in construction and equipment, measured in 1951 prices, has risen from an annual rate of 14 billion dollars to an annual rate of almost 38 billion. Civilian employment has risen from less than 46 million to an average of about 61 million for the half year just ended. The per capita income of the people, even after adjustment for price change and computed after taxes, has risen about 40 percent. (See chart 1.)

In this Report, it is even more pertinent to consider the changes in economic conditions which have taken place since two years ago, when the aggression in Korea forced us to a great expansion of our security programs. The facts since then do not reveal any impairment of our general economic

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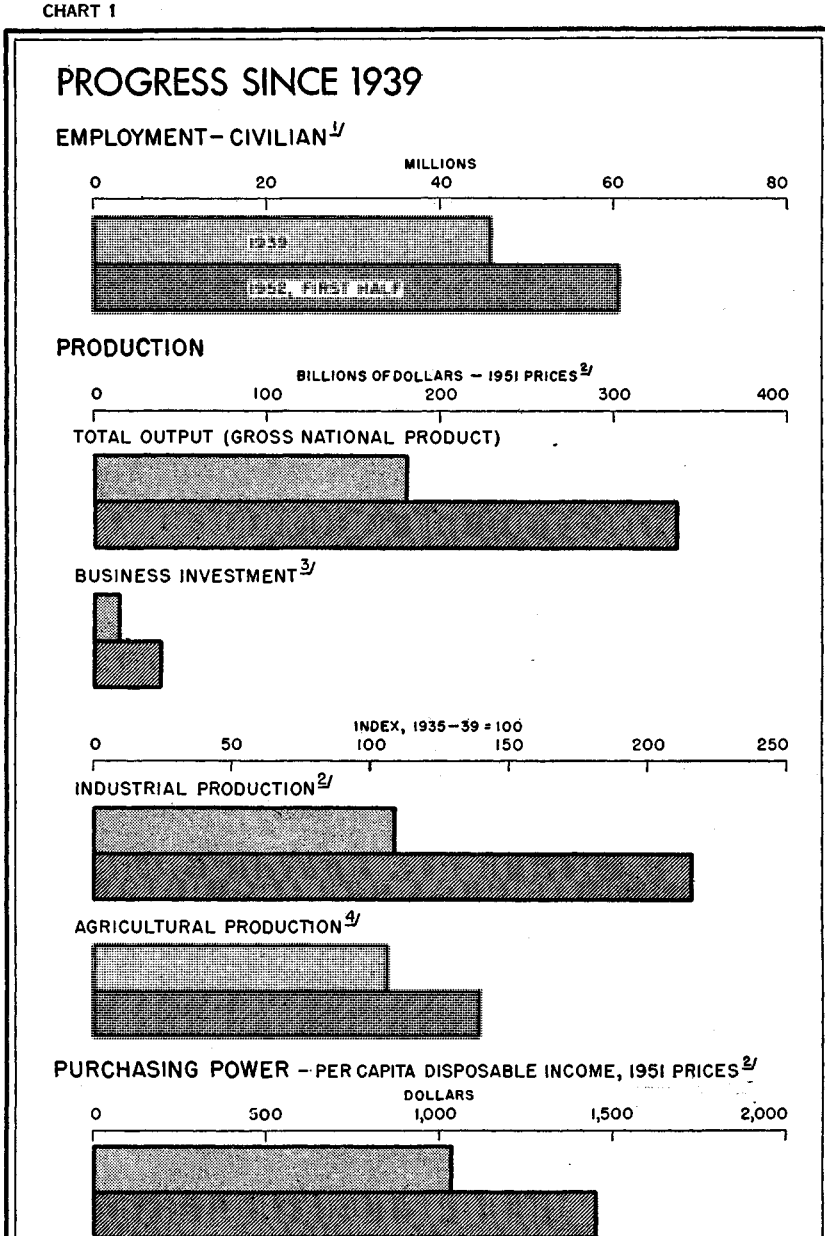
CHART 1

PROGRESS SINCE 1939



1/ 1952, FIRST HALF NOT ADJUSTED FOR SEASONAL VARIATION.
2/ 1952, FIRST HALF ADJUSTED FOR SEASONAL VARIATION. DOLLAR AMOUNTS ARE AT ANNUAL RATES.
3/ INCLUDES PRODUCERS' DURABLE EQUIPMENT AND NONRESIDENTIAL CONSTRUCTION.
4/ 1952, FIRST HALF NOT AVAILABLE. 1939 AND 1951 SHOWN.

SOURCES: VARIOUS GOVERNMENT AGENCIES. SEE APPENDIX B.

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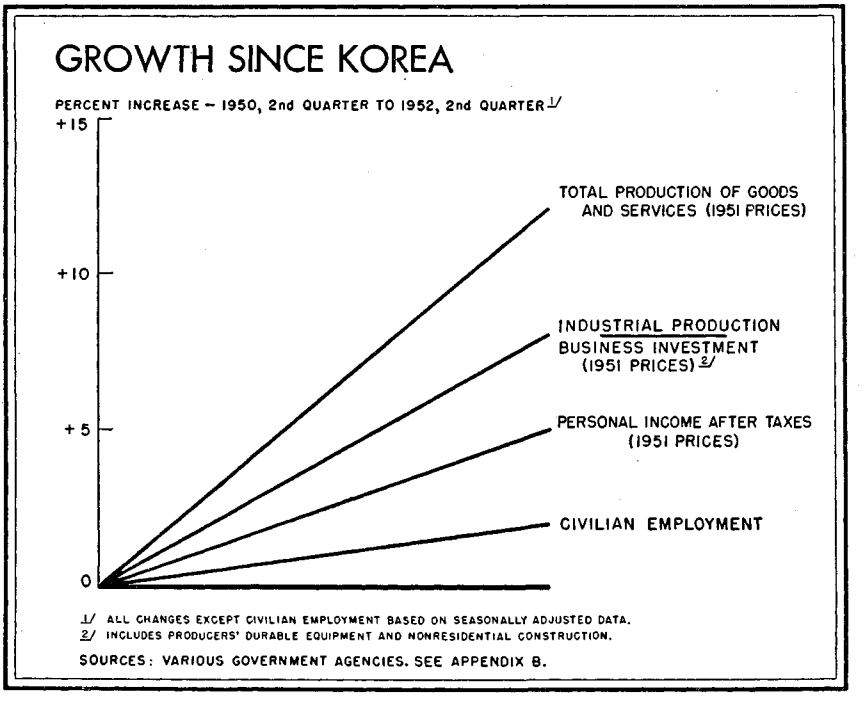
strength. On the contrary, they show that the most important elements in that strength have continued to grow. (See chart 2.)

During the last two years, our total output, measured in 1951 prices, has risen from an annual rate of about 300 billion dollars in the second quarter of 1950 to almost 340 billion in the second quarter of 1952. This increase in total output has been greater than the expansion of all our security programs, which during the same period of time have risen from an annual rate of about 19 billion dollars to an annual rate of 50 billion. The net consequence of this is plain. It means that today, despite the expanded security programs, we are producing more for other purposes than we were two years ago.

Within the same period of time, opportunities for business investment have continued to grow. Private business investment in construction and equipment, also measured in 1951 prices, has risen from an annual rate of 35 billion dollars to an annual rate of about 38 billion. This very high level of business investment includes a greatly increased concentration in those areas which add to the strength of the whole economy both in peace and in war, such as steel, electric power, oil refining, and transportation.

The general conditions of civilian life have also continued to improve. The annual rate of personal incomes, after taxes, measured in 1951 prices, has risen 10.5 billion dollars since the second quarter of 1950. The annual purchase of goods and services by consumers—again in 1951 prices—has risen by 5 billion dollars. Yet, because incomes after taxes have risen

CHART 2



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more than expenditures, the annual rate of saving has increased from less than 5 percent to about 7 percent of income after taxes.

There is now a good supply of all important types of civilian goods. People are enjoying not only more of the necessities, but also more of the comforts of life. From early 1951 to early 1952, American homes were equipped with an additional 2 million washing machines, almost 2 million additional refrigerators, about 3½ million additional radio receivers, and more than 4 million additional television receivers. More than a million new homes will be built this year.

In fact, there are some who now maintain that the defense program should be larger and faster. The size and pace of the defense program has been adjusted to the best available estimates of our security needs. If these needs should appear to be greater, there is ample strength in our economy to support larger and faster programs. But the controlling fact that we should all bear in mind now is this: there is no justification for wavering even a moment from the pursuit of our programs for world peace, on the ground that they are hurting us at home. Never did the facts point more clearly to the opposite conclusion.

There are some who challenge the significance of these facts. They point out that there has been a long-run decline in the value of the dollar; that the level of taxation is very high; and that the Government is running a deficit. These are important problems, and I shall refer to them again later on in this Report.

But it is a complete distortion to center attention so exclusively upon these problems as to create the impression that general economic conditions are deteriorating or that our economic strength is being undermined.

True, the long-term trend of prices has been upward since before the start of World War II, which means that the purchasing power of the dollar has declined. Nonetheless, the growth in business investment and in the people's consumption of goods and services—which I have cited above—has been growth in real terms, after adjusting for price change. Because the economy has vastly expanded the production of goods and services, the standard of living has risen, and the number of dollars in the hands of the people has increased much more rapidly than the decline in the purchasing power of a single dollar. Over the years, the Nation has achieved a more equitable distribution of goods and services and dollars among individuals and among major economic groups, although the long-term rise in prices has hurt some. Furthermore, since early 1951, the anti-inflation program and other conditions have brought about a leveling off of prices.

For these reasons, it is wrong to assert that the economy in the long run has moved down-hill, simply because prices have moved up-hill. If there were a depression, prices would fall and the value of the dollar would rise. But most of the people, in that event, would have so few dollars compared with what they now have that they would be much worse off, although each dollar could buy more. Let us always remember, that the time when a single

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dollar could buy the most, during the whole period from World War I until now, was in 1932—at the very bottom of the great depression.

It is also true that taxes have been high in recent years. But the incomes of the people have increased enough to pay these high taxes and to support a higher level of consumption and a higher level of saving at one and the same time. Likewise, the profits of business have been high enough, after taxes, to induce a high and expanding level of investment.

Viewing the whole period from the start of the fiscal year 1947—the first year after demobilization—until the close of the fiscal year which ended June 30, 1952, the Federal Government has operated at a net budget surplus of 3.8 billion dollars. The cash surplus was several times as large. This surplus was achieved despite the extraordinary problems the country has faced. The budget deficit of 4.0 billion dollars for the fiscal year 1952 just ended brought the national debt to 259.2 billion dollars. This amount is no higher than on December 31, 1946, and is entirely manageable in an economy as vast and productive as ours. The current and prospective deficit should not prevent the maintenance of economic stability—if the current caution of businessmen and consumers is combined with adequate controls.

Taxes, prices, and the Government deficit are important problems. We must keep on working towards satisfactory solutions of these problems. But these problems should not obscure the fact—the far more important fact—that employment, investment, and production of goods and services for both civilian purposes and for national defense, have been moving upward toward new heights. The truth is that the economy is strong—and is growing stronger.

These are the controlling facts, as the American people consider whether they shall step backward or move forward in their practical efforts to achieve a free and peaceful world.

Building for the Future

The current strength of the economy is our starting point today. We must move forward to advance that strength year by year. This kind of progress has always been desirable. The present world situation makes it imperative.

Within this decade—by 1960—we can make great further gains in our economic strength.

We have the best trained and most highly skilled labor force in the world, the finest industrial and agricultural plant, and the most enterprising business management. These assets are all reinforced by the strength of our free institutions. Producers are provided with adequate incentives and rewards by our economic system.

Within this decade—by 1960—we can add at least 4 million to the 62½ million employed in civilian pursuits in June 1952. This can be done, even if world conditions should require us to maintain our armed forces at near their present size. (See chart 3.)

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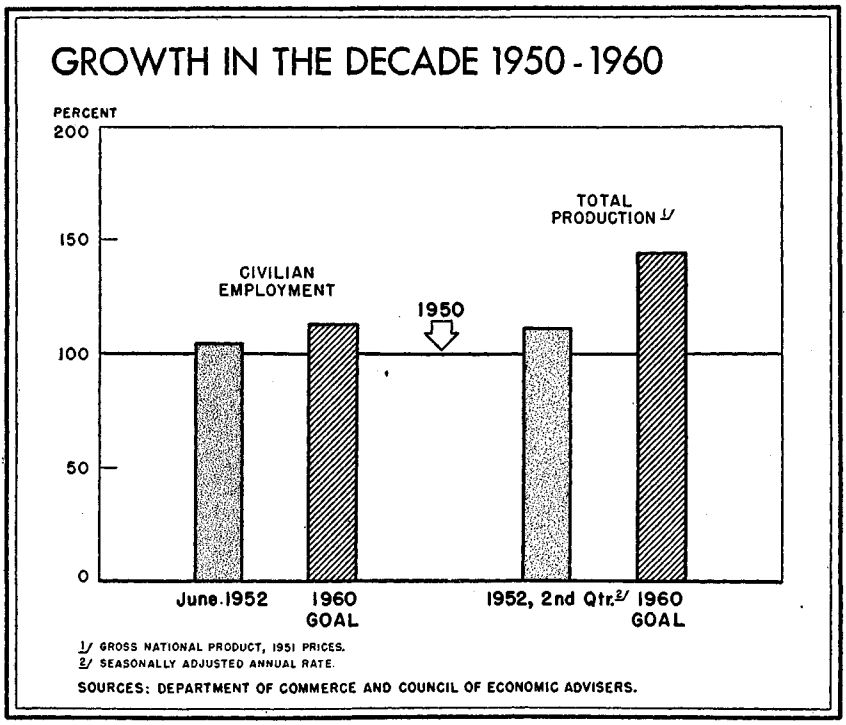
CHART 3



With our science, inventiveness and technology, if we keep their advantages open to all, and with a fast-growing population, we can during this decade register even larger annual gains in production than those of pre-Korean years.

The worker of today, with better training, better tools, and higher morale, is producing more per hour than ever before, and his productivity is increasing each year.

The farmer, with more mechanization and better fertilizers, is growing more per acre, and within this decade can greatly expand production for industrial use and for food, both for the domestic market and for export.

Within this decade—by 1960—we can lift our total annual output from the current level of about 340 billion dollars to nearly 100 billion dollars higher—in real terms.

We can do this, not by any ventures that would be strange to our economic or political institutions, but by conserving what is best in responsible free enterprise and responsible free government.

Our free enterprise system has undergone a transformation in outlook within a generation. We have come to recognize that depressions are avoidable; that a steadily expanding economy is attainable; that investment opportunity and consumer markets can grow simultaneously through the intelligent balance of production and distribution. Both employers and

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employees have come to realize that production policies, price policies, and wage policies can be adopted which will combine economic stability with economic growth.

Not yet perfectly, but quite workably, our free enterprise system has been applying such policies in recent years. The proof of this lies in the progress of the economy. A still better job, with less friction, is attainable in the future.

While our major reliance should continue to be upon our enterprise system, the process of growth also requires vigorous public policies. The central purpose of such policies, in the economic field, is to help make the economy more productive and more dynamic, and to assure that none who are deserving are excluded from opportunity to play their full part and to earn a just reward.

We have found from experience that programs serving this purpose are needed in these main categories:

To make agriculture more productive, by conserving and improving the soil, by making credit readily available, by improving work opportunities for farm labor, and by protecting the farmer from the price and income hazards peculiar to his work.

To make small business more productive, by keeping open its access to credit on reasonable terms, and by an antitrust policy which protects efficient small businesses from any disadvantages which might result just because they are small.

To make all business more productive, by stimulating the expanding markets which are essential to business growth and profits.

To make the worker more productive, by protecting him from fear of unemployment and of unmerited want in old age, and by assuring free collective bargaining.

To make the underpaid more productive, by setting a floor below which wages shall not fall, until industrial development and self-development can further lift their productiveness and their standards of living.

To make the citizen more productive, through improving education, housing, and health services.

To make our natural resources more productive, by protecting them from exploitation or deterioration through such means as flood control and forest management, and by developing them for such purposes as navigation and power.

To make the whole economy more productive in the long run, by using monetary and fiscal measures, along with other policies, to stabilize and expand the economy, and to protect it against depression.

None of these programs can be neglected in the course of national defense, because they are all essential to our total national strength. Some of them, because of their direct bearing upon national defense, have had to be speeded up. Others, because of the cost of national defense, have had to be carried forward at a slower rate than would otherwise have been desirable.

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As the productive expansion of the economy lightens the defense burden, we must look forward to increasing these programs to the rate which our general national interest requires.

Because we have the economic capacity to raise our current annual product of about 340 billion dollars to nearly 100 billion dollars higher within this decade—by 1960—we can well afford to devote a portion of this gain to advancing these essential programs.

In fact, it is only by carrying forward these essential programs that we can assure this high rate of economic progress. For economic progress in our type of society is closely linked with economic justice. Only through enabling all to share equitably in the products of our farms and factories, and in our bountiful natural resources, can we maintain the expanding demand to match our expanding productive power.

If the satisfaction of human wants does not keep pace with our productive power, depression results.

The years since World War II have demonstrated that our economic system, reinforced by public policy, has been able to avoid depression by keeping production and consumption reasonably in balance. Some maladjustments have occurred, but they have been remedied in time to prevent calamity.

Under these circumstances, it is unworthy of this great Nation to regard another depression as unavoidable. Through neglect, we could have one. But we know what it would cost. We are determined to take all necessary steps to avoid that cost.

The expansion of the economy which we can achieve within this decade is of a size sufficient, while supporting any foreseeable security programs short of total war, to enable us at the same time to lift progressively the standard of living, to come near to wiping out poverty within our own boundaries, and to make our proper contribution toward a more prosperous and more peaceful world.

It is neither idle nor irrelevant to think and work toward this future. It is these hopes for the future which provide goals and the courage to work toward them, at a time when so many hard and immediate problems confront us. Those who say that our current efforts are so large and so costly as to rob us of these hopes for the future, are not protecting the future. On the contrary, they are endangering the future by misjudging the needs of today.

Outstanding Immediate Problems

To achieve a better future, we must meet correctly the pressing problems of the present.

Carrying forward the defense program

We have not yet achieved the necessary build-up of our defensive strength, but notable progress has been made. Outlays for major national security

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programs, which were running at an annual rate of 19 billion dollars (in terms of 1951 prices) in the second quarter of 1950, were running at a rate of 50 billion in the second quarter of this year, and will rise to an annual rate between 60 and 65 billion next year. (See chart 4.)

These very substantial increases show not only an impressive record in the quantity, but also an impressive improvement in the quality, of the weapons and other materials we are buying. We must set our sights high, because we want our fighting men to have the best equipment we know how to make. We have been hastening the latest designs off the drawing boards and into production. This course has magnified the early technical difficulties of the programs. But it is now beginning to pay off in volume deliveries of aircraft, tanks, and other equipment which will more than hold their own against any enemy. The flow of such key hard-to-produce items will increase during the coming months.

Already, in contrast to the first year of the present defense program, in the 12 months just passed most of the increased spending has been for "hardware" and military construction. Soft goods procurement has stabilized on the plateau required for maintaining the present size of the armed forces.

As we proceed to develop the security program, the problems which must be resolved will continue to be complex. But the experience of the last 2 years now enables us to face them with growing assurance. We must continue to maintain a series of balances—a balance between volume production and further improvements; a balance among different types of weapons and forces, as technology and strategic considerations change; a balance between armed strength at home and aid to armed strength abroad; and a balance between the devotion of resources to defense purposes and their devotion to civilian uses. Moreover, we must continue to effectuate practical economies without yielding to superficial pleas for short-sighted economy at the price of safety.

Protection against inflation

Although the long-term rise in prices since before the start of World War II has not prevented the great economic progress which has been made since then, we would now be even better off if the price level had been more firmly held. During the war, considering the size of the effort, the record of price stabilization was very good. The premature abandonment of controls after the war permitted the cost of living to rise 30 percent from the middle of 1946 to the middle of 1948—the great bulk of the rise since the war. This illustrates the danger of weakening controls now, when the expansion of the defense program is still under way. A further inflation of the price level or diminution in the value of the dollar can and should be avoided.

Despite a rapidly rising defense program, the general price level has been held remarkably stable since early 1951. This has been due to several main causes—increases in production since the Korean outbreak, a high degree of caution on the part of businessmen and consumers, and a well-

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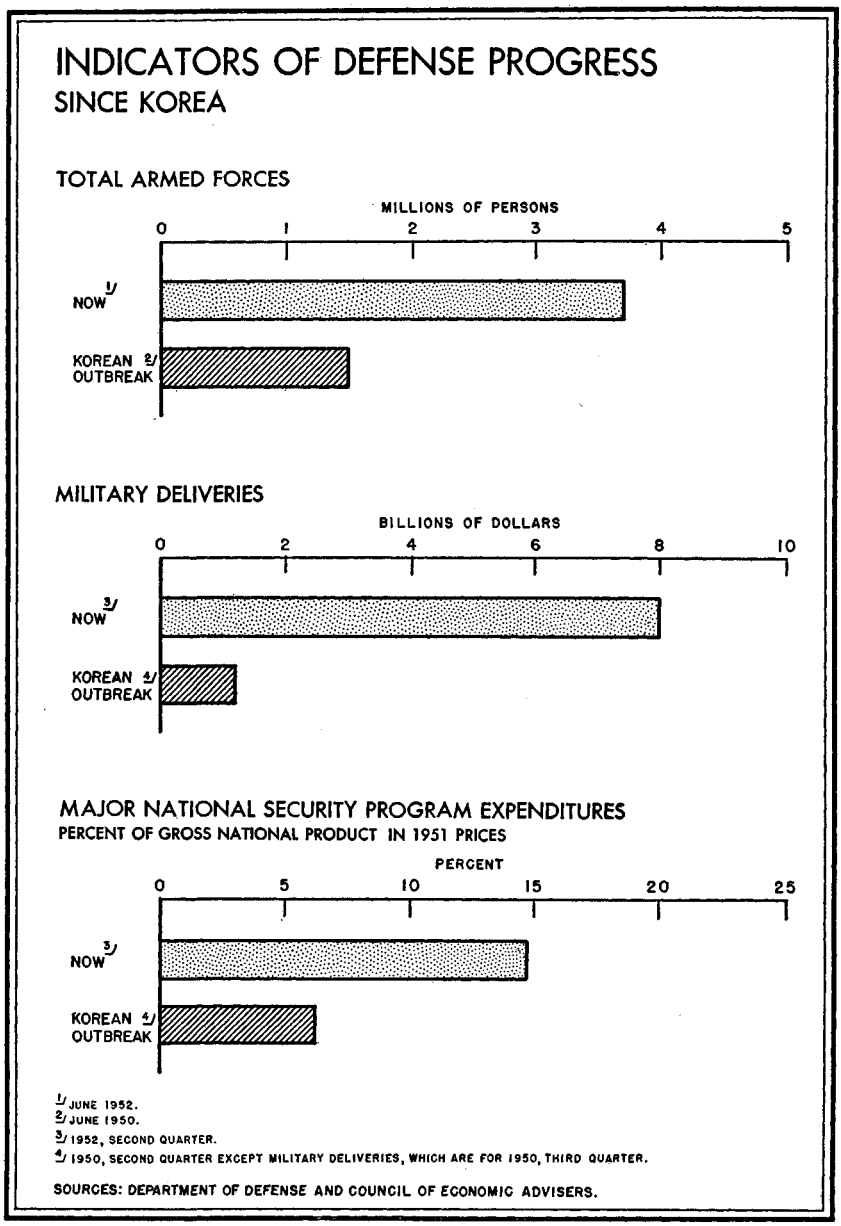
CHART 4



rounded though not completely adequate anti-inflationary program. The maintenance of price stability depends upon the further expansion of production, continued caution in buying, and the maintenance of an adequate anti-inflationary program at least for another year or two.

Unfortunately, the anti-inflationary program was weakened rather than strengthened by the Congress this year, and I believe that it will be the duty of the Congress next year to strengthen it. In the meantime, the

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Government will exert every resource available to control inflation. The outlook for the next few months is favorable, if neither business nor consumers resort to excessive buying, which would be foolish in view of the fundamental adequacy of most lines of supply.

The financial affairs of Government

We would all like to live in a world where public expenditures could be reduced and taxes correspondingly reduced. But the issue now is not so simple as that. The issue is whether we could reverse the upward course of public outlays and correspondingly lighten the tax burden, without suffering disadvantages which would far outweigh the benefits.

The plain facts are that we cannot afford to reduce the size of our efforts in the pursuit of world peace either at home or abroad. These efforts, along with the costs of past wars (veterans' benefits and interest charges), comprise more than 85 percent of the Federal Budget for the current fiscal year. The nonsecurity outlays of the Government have already been cut severely. Because of the long-run needs of an expanding economy and a growing population, we cannot afford for long—although we have had to risk it for a while—to hold outlays for such items as resource development and slum clearance, education and health, at the current levels.

It was my view at the commencement of the defense emergency that, in a period of full prosperity and partial mobilization, enough taxes should be collected to balance the Budget. By January of this year, it was clear that this principle had been departed from by the Congress to a degree which made it impossible to avoid a deficit.

Whether the Government runs a surplus or a deficit is important, but it is not of such decisive importance for the economy as to outweigh all other considerations. There have been times when a Federal surplus did not protect the economy against inflation, and other times when a Federal deficit did not produce inflation. Over the next year or two, the inflationary problem would be easier to deal with if revenues were larger and the deficit smaller. But the prospective deficit is not sufficiently threatening to our economy to justify reducing it by gambling with our national safety.

The significance of the deficit should also be judged over a period longer than one year, and in relation to the size and productive growth of the economy as a whole.

During the current fiscal year 1953, the Government is likely to run a budget deficit in the neighborhood of 10 billion dollars, according to tentative calculations by the Council of Economic Advisers. This means that for the entire 7-year period starting with the fiscal year 1947, which was the first fiscal year succeeding demobilization after World War II, the Government will have run a total budget deficit of about 6 billion dollars. If we take into account the net excess of receipts in the trust and other accounts, the fiscal years 1947 through 1953 will show an estimated cash surplus of about 18 billion dollars. This has been a good performance. I would have liked it to have been even better. But certainly these facts do

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not justify fear of disaster in an economy which, during the same span of years, will have lifted its total annual output from about 270 billion dollars to 350 billion dollars or more, measured in 1951 prices.

With respect to the national debt, which stood at 258 billion dollars at the end of the fiscal year 1947, and was reduced to its postwar low point of 252 billion dollars in April 1949, it is estimated that the debt may rise to almost 270 billion dollars by the end of the fiscal year 1953. It would have been better to have avoided an increase of this size by more realistic tax legislation. But it would be all out of perspective to say that, in order to hold this increase of the national debt to a few billion dollars less, we should jeopardize the national security by slashing our defense expenditures.

To the extent that the Congress does not reduce the deficit through tax action, the only available course is to seek the more gradual removal of the deficit by (a) the leveling-off of security outlays at a maintenance rate after the necessary build-up has been achieved, (b) the increase in revenues resulting from the further expansion of the economy, and (c) the continuation of policies designed to eliminate waste and increase efficiency without sacrificing essential objectives for national security and for economic progress.

Labor-management relations

The steel dispute in a time of national emergency brings to the fore again the problem of relations between employers and workers.

It has long been recognized that certain types of work stoppages affect the whole national interest so greatly that a way must be found to bring them to an end before irreparable damage is done. While various types of public bodies may offer advice, this advice may be rejected by either party. Any governmental authority of a more conclusive character would as a practical matter have to include the authority to deal with the subject matter of the dispute. This is because any action by the Government requiring resumption of operations, without touching upon the issues at stake, is an intervention, regardless of the merits on the side of that party which desires no change.

Present legislation does not meet this problem, in cases of nation-wide disputes in major industries. In such cases, it allows the Government only to achieve a delay in any threatened shutdown, either through the method used in the steel case, or through use of the Taft-Hartley Act. The steel case shows that delay is not enough. There must be a basic solution.

Nor is authority for the Government to make recommendations always enough—though it has succeeded in settling nearly every case that has arisen so far, except steel. In the steel case, the properly constituted Government agency—the Wage Stabilization Board—made recommendations for settlement of the dispute. One of the parties has thus far refused to agree to a settlement, even though the other party has indicated its willingness to accept considerably less than the Board recommended, and even though the Government, in its earnest efforts to avoid a stoppage, indicated

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that it would grant price concessions well in excess of any required under existing law or justified because of the wage increases proposed. When one party to a dispute which is critically affecting the national interest recognizes no obligation to abide by the recommendations of the Government—although the Government is the only resort of the people when the parties cannot agree—the need for more adequate legislation is fully demonstrated.

I have requested new legislation which would permit the Government to maintain essential production, to be fair to both sides in the dispute, and to retain the maximum degree of free collective bargaining. Such legislation has not been enacted, and I hope that the Congress will recognize the need for it.

At best, however, any such legislation can provide only a temporary or interim solution. We all know that, in a democracy, under our kind of economic system, differences between management and labor can be resolved enduringly only by agreement and not by intervention.

I do not know, as this is written, how soon the steel dispute may be ended. The only practical method now open for the settlement of the steel dispute is bargaining between the parties. I have continuously urged that the parties recognize the emergency confronting the Nation. It is imperative that the parties settle their differences immediately, and resume the production of steel—the loss of which is now causing such great damage to the national defense and to the civilian economy.

The parties must realize that collective bargaining is a precious liberty, enjoyed by both employers and workers, and that the possession of liberty involves not only rights but also duties on the part of both employers and workers—including the duty so to exercise freedom that it does not encroach upon the freedom of others. The freedom of all the people is at stake in the current emergency, and the production of steel is essential to the support of that freedom.

This should be taken to heart, not only in the interest of the country, but also because any failure to do so might ultimately cause the country to place restrictions upon the economic freedom of management and labor which would represent a new and perhaps a serious departure from our way of life.

Economic relations with the free world

There is general agreement that we must join with the free world in the development of military strength. But there is not yet in this country an equally general understanding that the military security of the free world is inseparable from its economic future. This is true because economic strength is the source of military strength, and because no nation can maintain either the means or the morale to maintain a great defense effort in a period short of total war unless its economic conditions are at least tolerable. It is true for the even more important reason that the free peoples of the world want not only to be secure from military attack; they also want to

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live as free men should live. They want adequate food and clothing, housing, and medical care. They want to advance their industrial arts, so that they will have the productive power to achieve these ends. These aspirations are not only worthy; they are vital.

The United States would be in much greater danger, if the people of any substantial portion of the free world should come to believe that we are not interested in their human aspirations, but interested only in helping them to arm in order to help defend ourselves. This would provide the communists with a propaganda weapon against which counter-measures would be extremely difficult.

Recent actions by the Congress have displayed a failure to appreciate in full the importance of these facts. But facts have a way of persisting, and I am sure the time will come when the Congress will respond to them fully. I can only hope that it will not be too late.

The people of the United States have gained more through the maintenance of freedom than any other people in the history of the world. Hence we have the most to lose if freedom is lost, and we cannot enduringly remain free unless freedom predominates in the rest of the world.

There is nothing in our own history, or in the history of all human events, to indicate that freedom can be maintained without cost and effort. It costs a lot to maintain freedom, in money and material things, in human understanding, and sometimes in blood. To avoid an incalculable cost in blood, we must be prepared to sustain a great effort in money and material things and in human understanding.

The building of military security is only a first stage in this long effort. We must be prepared, while that first stage is going forward, and increasingly after it is completed, to make our fair contribution toward a more prosperous free world. And a more prosperous free world will mean a more secure free world.

In this long effort, the kind of emergency aid which we have thus far been extending will need to be supplemented and then increasingly supplanted by a more normal flow of capital from the United States to other countries. This, in turn, will need to be accompanied by more realistic appreciation that exports must in the long run be accompanied by imports.

It is disturbing to note that, despite the high level of employment in the United States, pressures have been growing recently to restrict imports. Embargoes on importation of foreign products, increases in duties on imported goods, and numerous requests for other increased duties, are some examples of how these pressures for restriction of imports have manifested themselves. The pressures for restrictionism have generally been exerted with too little consideration for the effects that the measures have on our security objectives, and on economic policies consistent with our position as a creditor nation.

Trade restrictions have a direct impact on United States programs to strengthen the free world. The joint defense effort must be built on a solid

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foundation of strong nations acting together. We cannot consistently throw up barriers here, while, at the same time, we urge the creation of a close partnership in the North Atlantic community. Inconsistencies of this sort undermine the basis on which our position of leadership rests. In addition, the economies of our friends are much more dependent on foreign trade than the economy of the United States. If they are unable to earn dollars to pay for those essential commodities which they now purchase in the dollar area, they will be under additional pressure to secure them in other areas of the world, including the Soviet bloc.

The encouragement of economic conditions which will enable the other free nations to pay their own way is the goal that we must seek, as a transition from the emergency conditions which have made it essential for us to extend temporary aid.

The way to get out of an emergency is not to pretend that the emergency does not exist, but instead to remove the conditions which have produced the emergency. Communist subversion will present no great threat to the free world, as the free world achieves economic stability and further economic progress. Communist aggression may still continue to be a threat, but the free world will then have the clearly apparent power to resist any such aggression. We must continue, with courage and vision, to help create the conditions in the free world which will provide the only dependable foundation for lasting peace.

Summary of Economic Developments in the First Half of 1952

At midyear 1952, the Nation had made further progress in acquiring the greater economic and military strength which will enable it to continue to meet, in company with the other countries of the free world, the threat of communist aggression. (See chart 5.)

Substantial expansions of capacity in such basic industries as steel, aluminum, and electric power were well under way.

Deliveries of military goods and construction for the major national security programs during the first half of 1952 reached a total of almost 15 billion dollars, 9 billion dollars above deliveries in the first half of 1951, and 12 billion dollars above the level in the second half of 1950.

Total output during the first 6 months of 1952 expanded at a moderate rate. Measured in dollars of constant buying power, gross national product was running at an annual rate (seasonally adjusted) about 1 percent higher than in the preceding 6 months.

Industrial production, after regaining the small amount of ground lost in the second half of 1951, slipped back in the second quarter, partly because of work stoppages in steel and petroleum. For the half year, the index of industrial production was 3 percent below the first half of 1951.

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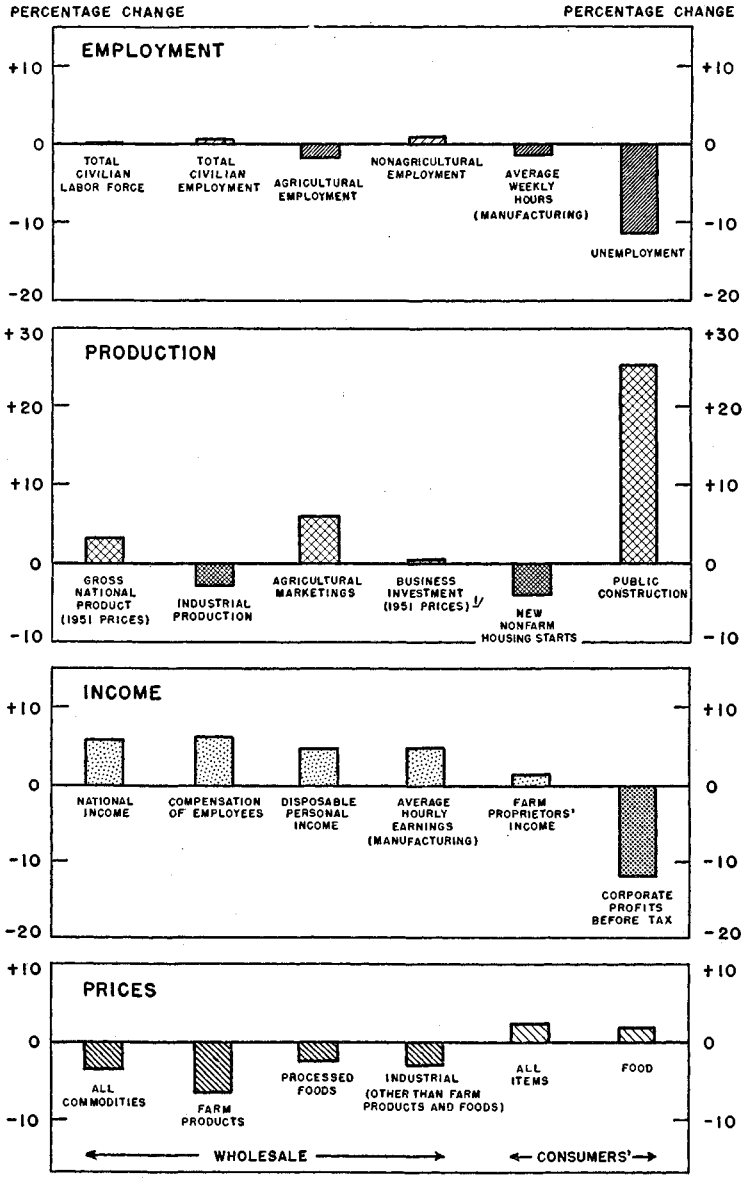
CHART 5

ECONOMIC INDICATORS

CHANGES FROM FIRST HALF 1951 TO FIRST HALF 1952



1/ INCLUDES PRODUCERS' DURABLE EQUIPMENT AND NONRESIDENTIAL CONSTRUCTION.

SOURCES: VARIOUS GOVERNMENT AGENCIES. SEE APPENDIX B.

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The civilian labor force during the past half year averaged about the same as a year earlier, the increase in the total labor force being taken up by growth of the armed forces.

Civilian employment in June totaled 62½ million. Employment during the first half of 1952 averaged about 300,000 above the first half of 1951, all of the increase occurring outside agriculture. Agricultural employment continued its downward trend. In manufacturing, there was a small decline in average weekly hours of work, reflecting, in part, some weakness in the markets for many consumer goods.

Unemployment during the first 6 months of this year was close to 300,000 below the same period a year earlier. In the last month of the half year, unemployment was the lowest for any June since World War II.

Work stoppages caused more loss of working time than during the first half of 1951, partly because of an increase in the number of stoppages and partly because of the size of some of the industries involved.

Economic stability was well maintained during the past half year.

The monthly index of wholesale prices drifted downward in each month, and in June was 2 percent below December 1951.

Consumers' prices, after edging downward early in 1952, moved up again by May to about the record level reached at the end of 1951.

Wages rose, but less rapidly than in the first half of 1951.

Average hourly earnings in all manufacturing industries, for example, moved up 4 percent during the comparable period a year earlier, and only 1 percent in the latest half year.

The volume of money in private hands in June was 700 million dollars below the December 1951 level.

Total bank loans and investments expanded 2 billion dollars, or 2 percent, from December to June. Partly because of less strong demands for private credit, the voluntary program of credit restraint and the controls over instalment credit were suspended, and the housing regulations were somewhat relaxed. Legislative authority for the voluntary credit restraint programs and for instalment credit controls was ended in the amended Defense Production Act.

Personal incomes continued to rise, principally because of increases in salaries and wages.

Disposable income—personal income after taxes—was at the seasonally adjusted annual rate of 231 billion dollars during the first half of 1952, 2 billion dollars, or 1 percent, above the second half of 1951, and 10 billion dollars, or 5 percent, above the first half of last year.

Consumer spending rose only a little more rapidly than earnings from the second half of 1951, so that the proportion of disposable income saved, about 7 percent, was nearly as large as the high level of the preceding year. Moderation in consumer spending was one of the chief factors in the continued stability of the economy.

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Residential construction remained high. The number of housing starts totaled 568,000 for the period January–June, which was only 4 percent below the volume of starts during the first 6 months of 1951.

Consumer credit outstanding, after declining seasonally during the first quarter of this year, climbed rather sharply in the second, paced by the rise in instalment credit. The suspension of instalment credit regulations early in May undoubtedly contributed to the increase. At the end of June, instalment credit was 600 million dollars, or 4 percent, above the level of December 1951. In contrast, during the first half of 1951, instalment credit dropped 500 million dollars.

Agricultural marketings were about 6 percent above the level of the first half of 1951, so that despite somewhat lower prices there was an increase in cash receipts. However, net earnings were below 1951, because of the rise in farm costs. Crop prospects, as of early July, were relatively good, with current indications pointing to a total crop production second only to the record year 1948.

Manufacturers turned out about the same amount of durable goods as in the first half of 1951, production related to defense offsetting a decline in the output of consumers' durable goods. However, production of nondurable goods by manufacturing industries was less than in the first 6 months of 1951.

Wholesale sales, seasonally adjusted, were below the level of the first half of 1951, and slightly below the level of the second half of that year.

Retail sales, seasonally adjusted, rose above the first half of 1951.

The accumulation of business inventories occurred at a sharply falling rate after the second quarter of 1951. From the first to the second quarter of this year, there was a decline in inventories. The decline in the rate of investment in inventories was one of the major factors in promoting economic stability during the past 12 months.

Business investment in construction and equipment has remained high, reflecting the progress noted above in the expansion of productive capacity. Outlays for these purposes were at the seasonally adjusted annual rate of 38 billion dollars during the first half of 1952, which was 3 percent above the level of the first half of 1951, and 4 percent above the second half.

Business borrowing from commercial banks followed a more nearly normal seasonal course during the first 6 months of this year than a year earlier, when the rapid accumulation of inventories stimulated the demand for funds. Commercial and industrial loans fell 700 million dollars, or 3 percent, from December 1951 to June 1952. In contrast, during the comparable period a year before, total business loans expanded 1.8 billion dollars. Although business borrowing from commercial banks was less than a year before, the demand for longer-term capital was greater, partly because of the high level of investment in plant and equipment.

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The volume of corporate securities floated to obtain new capital during the past 6 months was 700 million dollars, or 21 percent, above the level of the first 6 months of 1951.

Corporate profits, before taxes, were running at an estimated seasonally adjusted annual rate of 41 billion dollars during the first half of this year, which was about 12 percent below the rate of the first half of 1951, but slightly above that of the second half. Corporate profits after taxes were about 13 percent below the first half of 1951, and slightly above the second half of that year.

Total Federal expenditures, during the fiscal year just ended, rose to 66 billion dollars, 21½ billion above the fiscal 1951 total. The increase was due primarily to purchases of goods and services for the major national security programs.

Federal receipts for fiscal 1952, due to higher tax rates and the greater dollar volume of business activity, rose to 62 billion dollars, 14 billion above the total for the preceding year. The relatively greater growth in expenditures in fiscal 1952 resulted in a budget deficit of 4.0 billion dollars, compared with a surplus of 3.5 billion in fiscal 1951. In fiscal 1952, the Federal Government's cash budget was about in balance; in 1951, there was a cash surplus of about 7.6 billion dollars.

In Federal public debt operations, the most notable developments during the past 6 months were the announcement by the Treasury in April of extensive changes in the types and terms of U. S. savings bonds intended to increase their attractiveness to the public, and the highly successful offer of a 6-year bond, the first marketable bond offered since World War II for the purpose of raising new money.

State and local goverments' receipts and expenditures have risen during the past 2 years, the latter in part because of a growth in outlays for new construction. The increase in the latter has also resulted in a record volume of new securities issues.

Many foreign nations, largely as an aftermath to the world-wide post-Korean surge in business, have experienced balance of payments difficulties. Their expanding domestic production, rising incomes, and in many cases inflation, have contributed to an increase in the imports of many foreign countries abroad. Exports, on the other hand, have either failed to rise as fast as imports, or (particularly in the case of countries exporting raw materials) have actually fallen in value. Corrective actions have been taken to improve balance of payments situations, largely through such measures as credit controls to restrict loan demand, fiscal measures, and increased import restrictions. By the first half of 1952, there was evidence that, partly because of the use of the former measures, most countries in the free world were achieving stability at high levels of production.

United States imports of merchandise during the first 5 months of 1952 were at a rate 11 percent higher than in the second half of 1951, although they were still below the first half of that year. The recent rise in imports

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was in large measure due to reduction in the large stocks of many commodities, which had been built up late in 1950 and early in 1951.

United States exports of nonmilitary goods, despite the increase in import restrictions and other measures taken by many foreign countries, maintained during the first months of 1952 the high levels of the last part of 1951. Exports of military supplies increased.

HARRY S. TRUMAN.

JULY 19, 1952.

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The Midyear 1952 Economic Review

A Report to the President

By the

COUNCIL OF ECONOMIC ADVISERS

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LETTER OF TRANSMITTAL

COUNCIL OF ECONOMIC ADVISERS,
Washington, D. C., July 16, 1952.

The PRESIDENT:

SIR: The Council of Economic Advisers herewith submits a report, The Midyear 1952 Economic Review, in accordance with section 4 (c) (2) of the Employment Act of 1946.

Respectfully,

Leon H. Keyserling
Chairman.

John D. Clark

Roy Blough

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I. Developments During the First Half of 1952

The Economy in General

Annalists of the first half of 1952 could accent any one of several characteristics as its most noteworthy economic feature.

Measured by intensity of public attention, which was attended by mounting apprehension as the year moved into the third quarter, the steel dispute claimed first place.

Other commentators might stress the wide swings in business sentiment. These shifts were produced by a variety of developments during the period. There was an improvement in the outlook for scarce materials. There was a continued high rate of saving. National security expenditures, while only moderately below the estimates made in January, were much lower than the less realistic earlier estimates of the pace and impact of the defense program which remained lodged in business thinking. The combination of these and other events caused business sentiment to swing indecisively between inflationary and deflationary concern.

More fundamentally, if the most important characteristic of a period is that which dominates the course of the whole economy, the continued rise in expenditures for the national security programs was the outstanding event.

And if the half year is to be described by the degree of success with which the Nation achieved fundamental objectives, the central feature was the continuance of a high degree of general stability while a rising share of the output of an economy producing close to capacity was being devoted to the security program.

The security build-up

Two years ago, the hostilities in Korea raised the question of how the Nation's resources should be mobilized. The decision was based on the assumption of a long-continuing threat to peace, rather than that of imminent full-scale war. Consequently, it was decided not to rush forward at maximum speed toward the highest attainable production of weapons and other military end-items. Such a course would not have been consistent with the ambiguous character of the international situation, and would have weakened the whole economy and the Nation by transforming the

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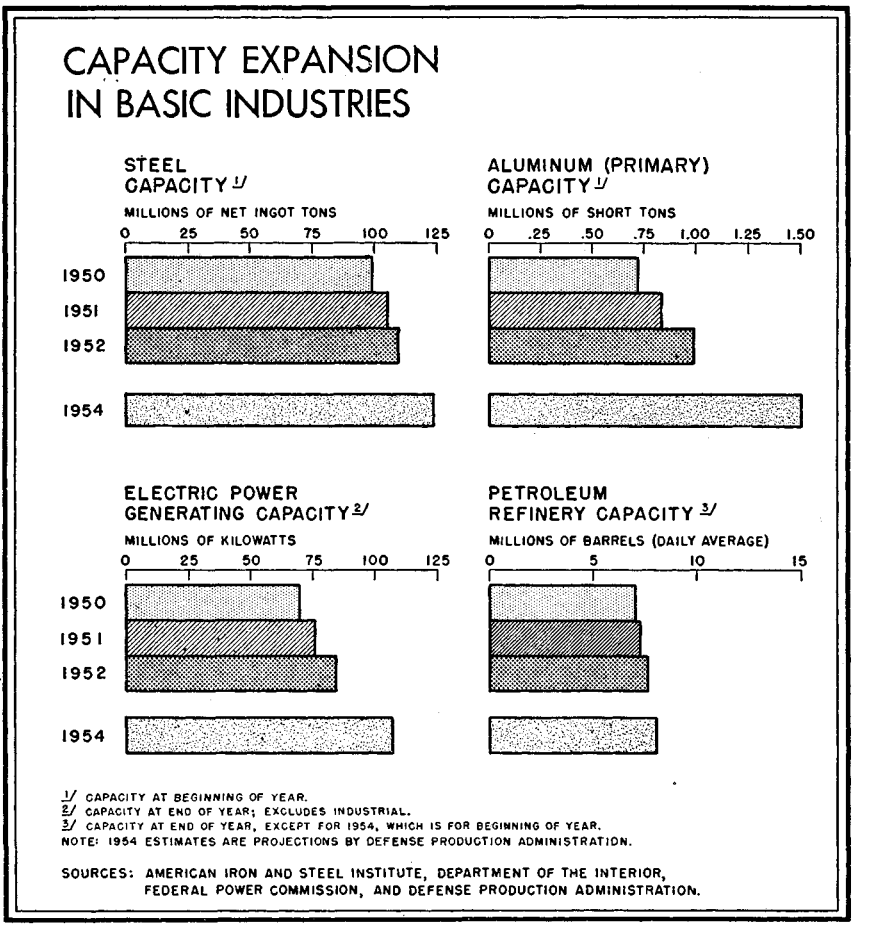
CHART 6



country into an armed camp. Instead, it was decided to undertake the balanced development of our total national strength, both economic and military, for the long pull. This involves two goals: to build a "mobilization" base rapidly, by expanding capacity both in basic industries and in military production facilities; and to produce enough military equipment to deal with foreseeable situations and to meet the first impact of a major war if it should come.

At midyear 1952, progress made toward the first of these goals was impressive, although difficult problems remained unsolved. Substantial expansion of capacity was well under way in basic materials, electric power, petroleum, electric machinery, chemical, transportation, and other industries. Programs to expand capacity, aided by accelerated amortization for tax purposes, totaled more than 22 billion dollars at the end of June. It is estimated that about 54 percent of the capacity approved through the first quarter was in place by the middle of this year, that two-thirds will be in

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place by the end of 1952, and over nine-tenths by the end of 1953. Among the basic metals, rapid expansion of the capacity to produce steel and aluminum is taking place. In copper, despite limited ore supplies, moderate increases in domestic production are planned for the next few years, and a further increase in imports seems likely in 1953 and 1954. (See chart 6.) Supplies of such alloying materials as nickel, cobalt, and tungsten, upon which the requirements of modern armament, especially jet engines, place a heavy drain, are not available in significant quantities in the United States.

In the case of manganese, most of which must be imported and which is necessary for the production of all carbon and manganese steels, both the difficulties of increasing imports and the increasing rate of steel production have prevented adequate stockpiling. Although the petroleum industry is being expanded, the supply of sufficient petroleum products in the event of a war remains a most critical problem. Despite some prospective expansion of scarce minerals production in other parts of the free world, and despite some successes in using more plentiful substitutes, the situation for several materials remains serious.

The other goal of the defense production program—an increasing level of military end-item production—involves objectives for the size of the armed forces, and the number of air wings, ships, and combat divisions. The President's Budget Message submitted at the start of 1952 specifically indicated that we were to build toward a goal of 21 full-strength army divisions, 143 air wings, 16 Navy carrier air groups, and 408 major combatant ships. It was also indicated that, while we should move vigorously and steadfastly toward these goals, the complex of military, economic, technological, and international factors would not make desirable nor even permit their attainment as quickly as some had thought feasible at an earlier time.

Chart 7 provides perspective on the procurement of end-items and military construction by the Department of Defense, both for United States forces and for our allies under the Mutual Security Program, during the first 6 months of this year. In mid-1950, 7 billion dollars of military appropriations for procurement and construction purposes had been obligated but not yet spent. Between July 1, 1950, and June 30, 1952, approximately 87 billion dollars were made available for obligation for these purposes. Of this total, more than 75 billion dollars, or almost 90 percent, had been obligated by the Defense Department by mid-1952. In the type of mobilization program now under way, involving frequent design changes and ever-growing complexity of equipment, a long lead time intervenes between obligation of funds and delivery of many types of equipment. Expenditures for procurement and construction rose from about 9 billion dollars in fiscal 1951 to an estimated 24 billion in fiscal 1952.

In the second quarter of 1952, purchases of goods and services for all major national security programs were at an annual rate of 50.5 billion

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dollars, an increase of 4.5 billion over the rate of the first quarter of the year. The rate for the half year was 48.2 billion, 5.8 billion higher than in the second half of 1951. Deliveries of military hard goods and military construction in the second quarter of 1952 were at an annual rate of 31.5 billion dollars, or about 5 billion above the first quarter annual rate. Hard goods and construction expenditures have supplied most of the increase during the half year, while soft goods procurement has stabilized on the plateau required for maintaining the present size of the armed forces.

In seeking to account for a slower pace in the military build-up than had been anticipated early in the defense period, some commentators have been inclined to emphasize the scarcity of metal supplies. Actually, the prediction of severe shortages of major metals has not materialized. Major metals were hoarded throughout late 1950 and most of 1951. This exaggeration of demand was compounded by the building up of inventories for military production, sometimes in excessive quantities, partly because requirements per unit of produced equipment were overstated, and partly because reliance was placed on tentative schedules of military production which were appreciably higher than the schedules which were subsequently officially approved. In the opening months of 1952, the simultaneous rescheduling of deliveries, the reduction of unit metal requirements, and the impact of the Controlled Materials Plan which halted the scramble for metals and assured defense contractors that necessary supplies would be forthcoming, all combined to reverse the predictions of severe shortages. Just as in the preceding 18 months, lack of steel, copper, or aluminum, the metals included in the Controlled Materials Plan, has not intervened as a limiting factor on military production, at least prior to the steel strike.

Some have sought explanation of the pace of military production in the notion that there has been "overly tender" consideration of the civilian economy's demands for scarce materials. Whether there is merit in this explanation depends upon the method of approach. On the one hand, more scarce materials have been allocated to military production than have been used in armament output, and the early 1951 military production schedules upon which allocations to the civilian economy were based have since undergone several downward revisions. From this viewpoint, it is hard to find any evidence that the civilian "take" has cramped the growth of the military program. On the other hand, both legislative and executive decisions about the size and pace of the security program have been influenced in part by consideration of how much strain should be placed upon the general economy in terms of calculated appraisal of the security danger. From this viewpoint, the civilian economy would have had a smaller proportion of our national output if the defense build-up had been larger or faster, and the decision not to make it larger or faster was undoubtedly influenced to a degree by a consideration of how much the civilian economy ought to have. Whether the proper balance has been struck depends upon international appraisals beyond the scope of this

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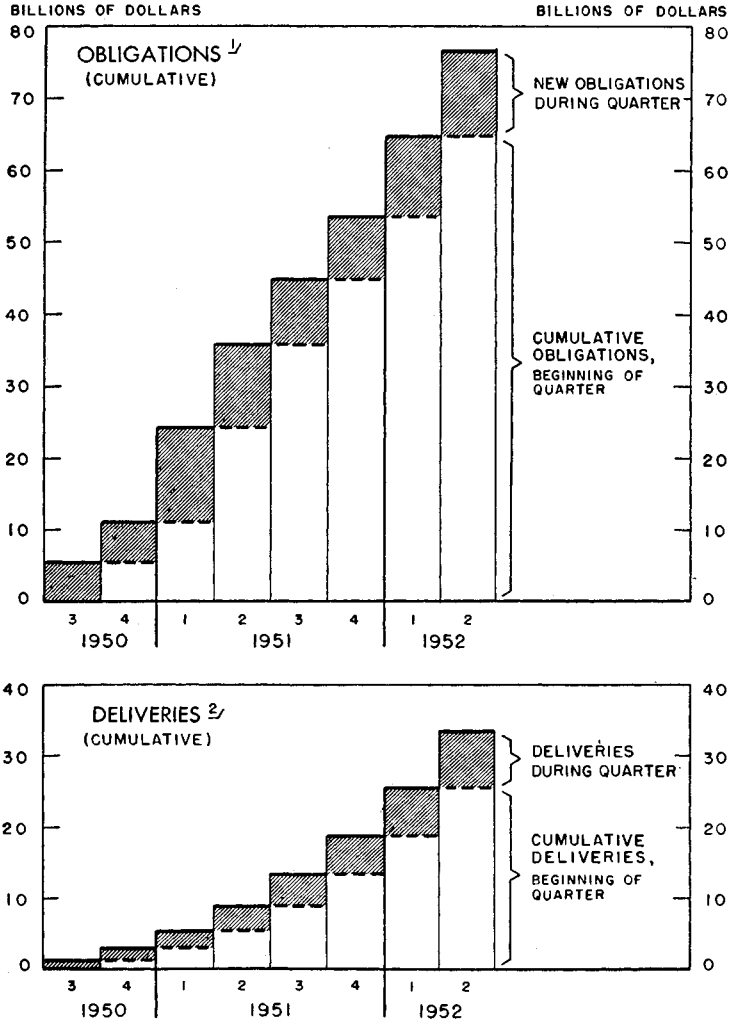
CHART 7

MILITARY PROCUREMENT & CONSTRUCTION

OBLIGATIONS AND DELIVERIES SINCE JUNE 1950

Military orders of 23 billion dollars in the first half of 1952 raised total funds obligated since Korea to 76 billion dollars. Construction and deliveries have amounted to 33 billion dollars, of which 14½ billion took place in the latest half year.



1/ ORDERS PLACED. INCLUDES FIRM CONTRACTS AND FINANCED PORTIONS OF ACCEPTED LETTERS OF INTENT WITH PRIVATE INDUSTRY, AND PROJECT ORDERS PLACED WITH MILITARY INDUSTRIAL ESTABLISHMENTS.

2/ VALUE OF PROCUREMENT ITEMS DELIVERED AND CONSTRUCTION PUT IN PLACE

SOURCE: DEFENSE PRODUCTION ADMINISTRATION.

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Review. The Council of Economic Advisers has recurrently expressed the view that, while a heavier security burden should not be imposed unless it is necessary, it is well within the general resources of the economy to support a heavier burden without damaging strain if it should be deemed necessary.

Quite aside from general considerations of economy and materials availability, the rate of progress toward military production goals depends upon the nature of current mobilization strategy. The situation today, of course, is different from that existing in World War II, when the major objective of mobilization policy was the maximum possible output of weapons and equipment. The goal of the current security program has been to maintain a very high degree of flexibility in composition and quality of equipment, so that the future course of equipment and armament policy can be varied to meet changing needs. By focusing on continually evolving and increasingly complex new equipment not far removed from the design stage, emphasis on flexibility magnifies the impact of bottlenecks in special purpose machinery, in specialized component parts, and in highly skilled workers and technicians. Moreover, this strategic flexibility inevitably makes the per unit cost of armaments much higher, both in resources and in dollars, than would be the case if designs and schedules were frozen.

Production and employment

The economy continued to expand its total output of goods and services at a moderate pace during the first half of 1952. Gross national product, when adjusted for price changes, was about 1 percent above the second half of 1951, and about 3 percent above the first half of that year.

TABLE 1.—*Production of goods and services: gross national product in constant prices*

[Billions of dollars, 1951 prices, seasonally adjusted annual rates]

Expenditure category	1951		1952, first half [1]
	First half	Second half	
Gross national product: total	325.6	333.0	336.0
Personal consumption expenditures	208.6	207.4	211.2
Gross private domestic investment	62.8	54.4	47.7
Net foreign investment	−1.6	2.0	1.3
Government purchases of goods and services	55.9	69.2	75.8
National security [2]	31.0	42.4	47.8
Other [3]	24.9	26.8	28.0

[1] Estimates based on incomplete data.
[2] Includes expenditures for military services, international security and foreign relations (except foreign loans), atomic energy, merchant marine, and promotion of defense production and economic stabilization; excludes Federal Government sales.
[3] Expenditures by the Federal Government for other than "national security" and total expenditures by State and local governments.

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

Source: See appendix table B-2.

Most of the increase in output during the past year was used to meet Government and business demands associated with the national security program. Consumer expenditures, seasonally adjusted, rose moderately.

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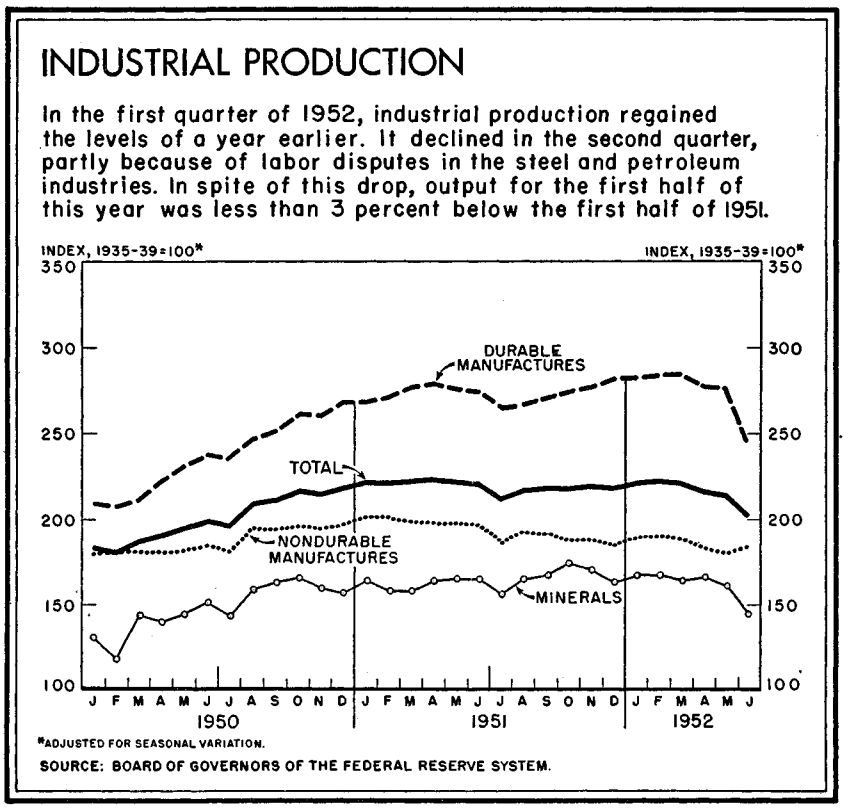
CHART 8



While most forms of private investment were maintained at levels somewhat higher than a year ago, inventory accumulation, which had been declining rapidly from the extraordinarily high rate of the second quarter of 1951, was replaced by net inventory liquidation in the second quarter of 1952. This conjuncture of rising output for national security with a slightly reduced private demand for goods and services brought about a high level of employment under conditions of general economic stability.

Industrial production. The index of industrial production, which had dropped moderately in the second half of 1951, regained in the first quarter the levels of a year earlier. The decline in the second quarter was partly attributable to labor disputes in the steel and petroleum industries, but also reflected reductions in the output of textiles, coal, and some other goods. Production of nondurable goods in January–June 1952 averaged 7 percent below the comparable period of the preceding year, when consumer buying and growth in business inventories were keeping output at capacity levels. Output of durable goods and minerals was about the same as the first half of 1951. (See chart 8 and appendix table B–16.)

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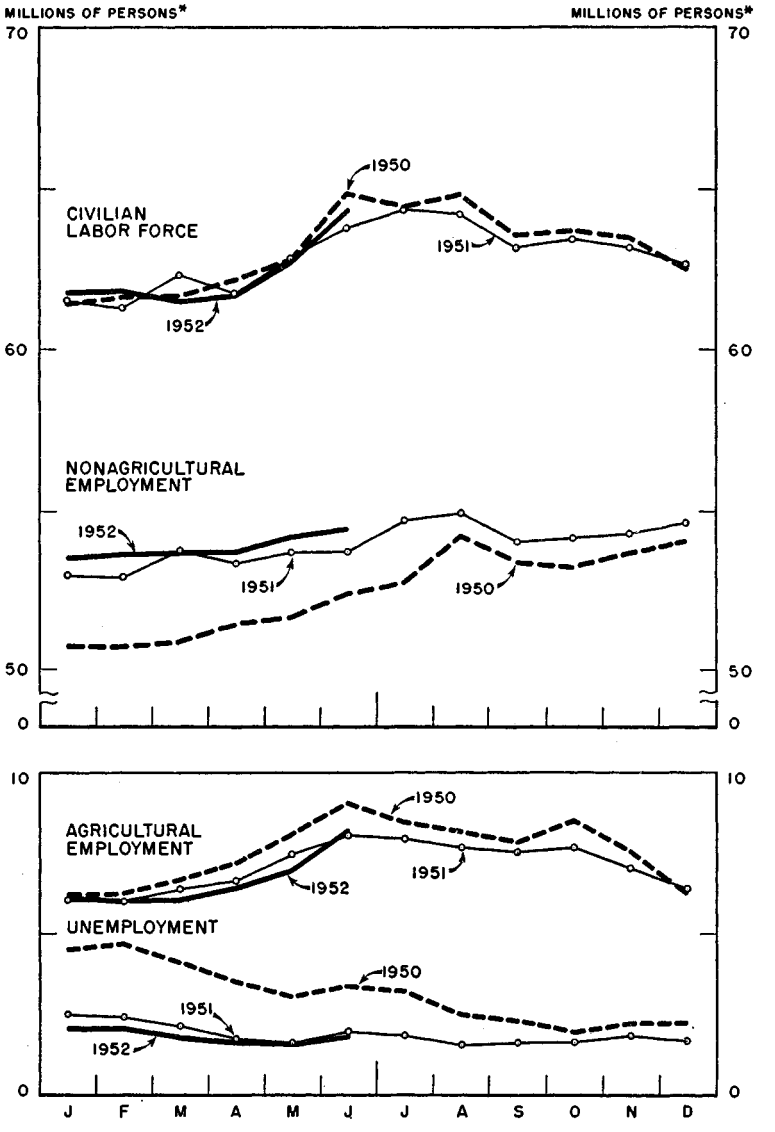
CHART 9

CIVILIAN LABOR FORCE

The civilian labor force of 64.4 million persons in June 1952 was 600,000 above June a year ago. Both agricultural and nonagricultural employment increased. Unemployment at 1.8 million was slightly below June 1951.



*14 YEARS OF AGE AND OVER.

SOURCE: DEPARTMENT OF COMMERCE.

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Employment. Although the total labor force averaged about 1 million higher during the first half of 1952 than during the same period of 1951, the civilian labor force averaged the same in both periods—62.3 million—as the build-up of military manpower progressed toward its scheduled goal.

Civilian employment in the first 6 months of 1952 averaged 60.5 million, 300,000 higher than in the first half of 1951. The number of workers employed in June 1952 was 62.5 million, a new high for that month.

There was an increase in nonagricultural employment, accompanied by a continuance of the long-run decline in employment in agriculture. Agricultural employment in the first half of 1952 averaged about 100,000 less than in the first half of 1951, while the number of workers outside agriculture increased about 400,000. However, the gain in nonagricultural employment was far less than occurred from the first half of 1950 to the first half of 1951, when the number of workers other than in agriculture rose by 2.1 million, or 4 percent. (See chart 9 and appendix table B–11.)

The rise in nonagricultural employment was due primarily to an increase of Government employees, mostly in defense activities. In private employment, trends were mixed. Industries producing capital goods had more workers, while those producing consumer goods, both durables and nondurables, had less. For all manufacturing industries, average employment was 15.9 million in the first half of 1951 and 15.7 million in the first half of 1952. (See table 2 and appendix table B–12.)

TABLE 2.—*Changes in nonagricultural employment*

Industry	1951, first half	1952, first half [1]	Change	
			Amount	Percentage
	(Thousands)			
Total wage and salary workers	45,880	46,119	+239	+0.5
Government (Federal, State, and local)	6,246	6,544	+298	+4.8
Finance	1,859	1,943	+84	+4.5
Trade	9,650	9,730	+80	+.8
Durable goods manufacturing	8,927	8,954	+27	+.3
Transportation and public utilities	4,116	4,123	+7	+.2
Service	4,729	4,734	+5	+.1
Contract construction	2,432	2,418	−14	−.6
Mining	923	895	−28	−3.0
Nondurable goods manufacturing	6,997	6,779	−218	−3.1

[1] Estimates based on incomplete data.

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

Source: Department of Labor.

There was an increase in hours worked in such industries as ordnance and machine tools, but most manufacturing industries operated with a shorter workweek. During the half year, the average workweek of 40.4 hours in manufacturing was one-half hour shorter than in the first half of 1951. (See appendix table B–13.)

Unemployment. Unemployment averaged 1.8 million, or 2.9 percent of the civilian labor force, in the first half of 1952, compared with 2.1 mil-

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lion, or 3.3 percent of the civilian labor force, a year earlier. In June 1952, unemployment was at the lowest level for that month since World War II. In addition to the low average level of unemployment during the first half of this year, the proportion of the total who were unemployed for 15 weeks or more was also lower than during the first half of 1951.

Despite the low level of unemployment generally, the situation in many labor markets was much easier than a year before. In July 1952, four labor market areas in continental United States were designated by the Department of Labor as having serious shortages, compared with six in July 1951. The number of areas with a substantial surplus of labor increased. There were 18 labor market areas designated as having a substantial labor surplus in July of this year, compared with 14 at mid-1951. The continuing depressed condition of the textile and apparel industries, and chronic unemployment in a number of coal mining districts, were responsible for the labor surpluses in most of these areas. Unemployment in the automotive centers, particularly Detroit, reached substantial proportions in the early months of 1952, but by May there had been a moderate decline in the number without jobs, partly in consequence of new defense orders and the easing of restrictions on materials for automotive production.

The general adequacy of the manpower supply to meet defense and civilian production needs is indicated by the fact that advances in defense production over the past 6 months have been accomplished with no significant increase in employment or lengthening of the workweek. At the same time there have been shortages of workers in a few areas, and industry's needs for additional workers in such key occupations as engineering and skilled machine shop jobs continue. There are indications, however, that better utilization of workers in shortage occupations is helping to relieve the shortage of skilled people.

Work stoppages. The number of work stoppages during the first 6 months of 1952, as well as the number of workers involved, was higher than in the corresponding period of 1951, which was a year of relatively little loss of working time because of strike activity. Total man-days of idleness caused by work stoppages represented 0.6 percent of estimated working time, and was 200 percent above the January–June period last year.

The brief industry-wide walkout of more than 500,000 steelworkers at the end of April and the second walkout which began early in June caused a significant portion of total strike idleness. By the first week of July, many workers in other industries had been laid off because of steel shortages. About 70,000 workers in the petroleum industry went on strike at the end of April. By the last week in May, wage contracts were signed covering most of the industry, providing for a wage increase of 15 cents an hour. Another extensive stoppage, involving more than 100,000 workers, took place in the telephone industry, and a 7-week Western Union strike involved 30,000 workers. Other large stoppages occurred in the lumber and construction industries.

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Economic stability

Mixed inflationary and deflationary pressures. During the first half of 1952, the private and public demand for goods and services held production in general at a high level, but did not strain the capacity of the economy. The modest rise in total demand kept the Nation's productive plant busy, but less busy than it might have been in many areas. The leveling off, and in some cases decline, in employment and in the average workweek in many industries manufacturing goods for consumers, the slow rise in total production, and other indicators, both physical and financial, told of an economy that was pushing ahead at less than forced draft and with a high degree of general stability.

But the stability that carried over from 1951 was an uneasy one, generating wide shifts and conflicts in business sentiment. The earlier fear that the Nation was experiencing a calm before a new tempest of inflation was increasingly challenged in the first quarter by the belief that a recession would develop before defense spending reached its crest. As midyear approached, the pendulum of expectations seemed to be swinging back slowly in the direction of stability or some inflationary pressures.

Bank credit and money supply. Total loans and investments of commercial banks remained virtually unchanged during the first quarter of 1952, but expanded more than 2 billion dollars during the second quarter. The increase in bank loans for the half year was at about three-fifths the rate of a year earlier, when loans expanded 2.6 billion dollars, or 5 percent. Much of the growth during the past 6 months was accounted for by a rise in lending on Government securities, related in part to activities in the securities markets arising from Treasury borrowing. There was no change in commercial bank holdings of Government obligations during the first half of 1952, compared with a decrease of 3.5 billion dollars, or 5.6 percent, during the first half of the preceding year. (See table 3 and appendix table B–26.)

TABLE 3.—*Loans and investments of all commercial banks*

Period	Total loans and investments	Loans	Investments		
			Total	U. S. Government securities	Other securities
Billions of dollars, end of period:					
1950: Second half	126.7	52.2	74.4	62.0	12.4
1951: First half	126.0	54.8	71.2	58.5	12.7
Second half	132.6	57.7	74.9	61.5	13.3
1952: First half	134.8	59.4	75.4	61.5	13.9
Percentage change:					
From end of preceding half year to end of:					
1951: First half	−0.6	+5.0	−4.3	−5.6	+2.4
Second half	+5.2	+5.3	+5.2	+5.1	+4.7
1952: First half	+1.7	+2.9	+.7	.0	+4.5
From end of 1951, first half, to end of:					
1952: First half	+7.0	+8.4	+5.9	+5.1	+9.4

Source: Board of Governors of the Federal Reserve System.

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The total money supply, including Government deposits, after falling a little during January and February from the December 1951 high of 189.8 billion dollars, rose moderately over the next three months as changes in the volume of bank loans and investments, gold imports, and other factors influencing the money supply underwent counterbalancing movements. In June, however, the money supply jumped sharply upward, as the effect of a rise in bank loans was added to that of the increase in bank investments, particularly in U. S. Government securities, which had been under way for some weeks. (See table 4 and appendix table B–27.)

TABLE 4.—*Money supply*

Period	Deposits and currency including U. S. Government deposits [1]	Privately-held money supply [2]	
		Total	Demand deposits, adjusted [3]
Billions of dollars, end of quarter:			
1950: Fourth quarter	180.6	176.9	92.3
1951: First quarter	179.9	172.5	89.0
Second quarter	181.3	174.7	89.0
Third quarter	183.8	177.9	92.0
Fourth quarter	189.8	186.0	98.2
1952: First quarter	188.7	182.9	94.8
Second quarter [4]	191.3	185.3	95.8
Percentage change from end of preceding quarter to end of:			
1950: Fourth quarter	+2.4	+3.1	+4.9
1951: First quarter	−.4	−2.5	−3.6
Second quarter	+.8	+1.3	.0
Third quarter	+1.4	+1.8	+3.4
Fourth quarter	+3.3	+4.6	+6.7
1952: First quarter	−.6	−1.7	−3.5
Second quarter [4]	+1.4	+1.3	+1.1

[1] Includes U. S. Government deposits at Federal Reserve banks and commercial and savings banks, and U. S. Treasurer's time deposits, open account.
[2] Includes deposits of State and local governments.
[3] Includes demand deposits, other than interbank and U. S. Government, less cash items in process of collection.
[4] Estimates based on incomplete data; by Council of Economic Advisers.
Source: Board of Governors of the Federal Reserve System (except as noted).

During the first quarter, there was the usual seasonal shift in the ownership of funds, as the privately-held money supply dropped about 3 billion dollars or 1.7 percent, largely because of the excess of Treasury receipts over expenditures. But during the second quarter, the privately-held money supply increased about 2.4 billion, with the expansion of bank loans and investments replacing Treasury cash receipts and disbursements as the principal factor influencing the volume of funds in private hands.

Credit policy. Largely because private borrowing during the first months of 1952 reflected scant evidence of current inflationary demand, several credit controls which had been put into effect after the Korean outbreak were either suspended or eased during the period. The voluntary program of credit restraint, undertaken by banks and other major classes of

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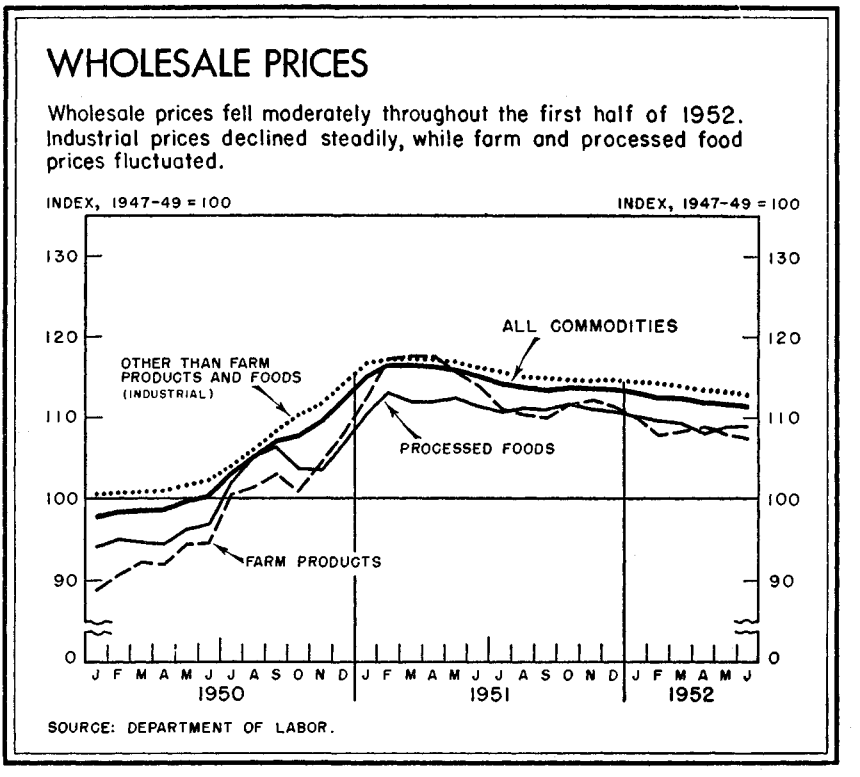
financing institutions under the auspices of the Federal Reserve System to curb lending for less essential purposes, continued actively during the first few months of 1952. Early in May, the National Voluntary Credit Restraint Committee took action to place the program on a stand-by basis. Also in May, the Federal Reserve Board suspended Regulation W, which applied to consumer instalment loans, the regulation having already been considerably relaxed at the end of July 1951 as a result of congressional action. Regulation X, which specifies minimum downpayments and maximum maturities for mortgage loans on new houses and commercial construction, and the terms of Government-insured or guaranteed loans on new or old houses, was eased in June.

At the end of June, in renewing the Defense Production Act, the Congress terminated the authority to impose controls on consumer credit. It also provided that no future program of voluntary credit restraint could be approved under the section of the Act which had supplied the legal basis for the voluntary campaign of credit curtailment conducted between March 1951 and May 1952. Furthermore, the amended Act limited the President's power to impose regulations on residential mortgage credit to periods when the rate of housing starts exceeds 1.2 million units a year. The rate

CHART 10



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of housing starts during the first 6 months of 1952 was below that level.

There were no changes in Federal Reserve bank discount rates or in the reserve requirements of member banks. Federal Reserve bank holdings of Government securities declined 1.5 billion dollars from December 1951 to the end of May, and then increased 0.6 billion during the following month, reflecting in part the Federal Reserve System's effort to assist the Treasury's extensive borrowing operations. (See appendix table B–28.) The weekly average of Federal Reserve discounts during the first half of 1952 was 180 million dollars or nearly 70 percent above the first half of the preceding year. Major factors in the increased use of the discount privilege by member banks were the larger reserves made necessary by the expanded volume of deposits, and the reduced attractiveness of adjusting reserve positions through sales of Government securities in consequence of changes in Federal Reserve open-market policies.

Prices. The price record of the half year reflected substantial stability on two counts: the narrowness of the range within which the more comprehensive indexes of prices moved, and the further return toward the general price structure prevailing 2 years ago.

The prices of farm products, minerals, and other raw materials traded on the organized markets, which as a group rose most in the post-Korean and post-Chinese surges of 1950 and early 1951, fell most after inflationary pressures abated in the spring of 1951. (See charts 10 and 12.) They lost further ground during the first half of this year, as supplies of some metals became more ample and some farm and food prices weakened

TABLE 5.—*Changes in price indexes: spot primary market, wholesale, and consumers'*

Index	Percentage change		
	June 1950 to June 1952 [1]	February 1951 to June 1952 [2]	December 1951 to June 1952
Spot primary market prices (28 commodities) [3]	+11.9	−24.6	−9.8
Wholesale prices: all commodities	+11.1	−4.5	−1.9
Farm products	+13.5	−8.4	−3.6
Processed foods	+12.3	−3.7	−1.8
Other than farm and foods (industrial)	+10.2	−3.9	−1.7
	June 1950 to May 1952 [1]	February 1951 to May 1952 [2]	December 1951 to May 1952
Consumers' prices: all items	+11.0	+2.8	−0.1
Food [4]	+14.0	+2.5	−.3
Apparel	+9.6	+.1	−2.2
Rent	+7.9	+5.4	+1.5
Fuel, electricity, and refrigeration	+4.0	+.5	−.2
Housefurnishings	+11.1	−2.1	−2.3
Miscellaneous	+10.9	+5.0	+1.4

[1] Korean outbreak to latest month for which data are available.
[2] General Ceiling Price Regulation to latest month for which data are available.
[3] Percentage changes based on daily indexes for the middle of the month.
[4] Percentage changes to June 1952.

Source: Department of Labor. (See appendix tables B–21 and B–22).

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moderately. In some markets, prices may once again have overreacted to a change in the business situation, falling more than justified by the underlying business situation. Evidences of this began to appear in selected increases during May and June.

The Bureau of Labor Statistics' comprehensive monthly index of wholesale prices, which on average reflects a much more advanced stage of processing and distribution than the daily index, continued to drift downward during the first 6 months of 1952. The prices of both industrial products and processed foods participated in the slow decline. Farm prices changed directions several times, but in June were still below the January 1952 level.

As shown in chart 11, consumers' prices varied little during the first 6 months of 1952. After dipping in the first quarter, they registered slight increases in April and May. Most of the variation at retail was in food prices. Rents and miscellaneous items continued upward, while apparel and housefurnishings prices declined perceptibly. (See appendix table B–22.)

The interrelationships of prices in the successive raw material, processing, and distribution stages now conform more closely to the pre-Korean

CHART 11

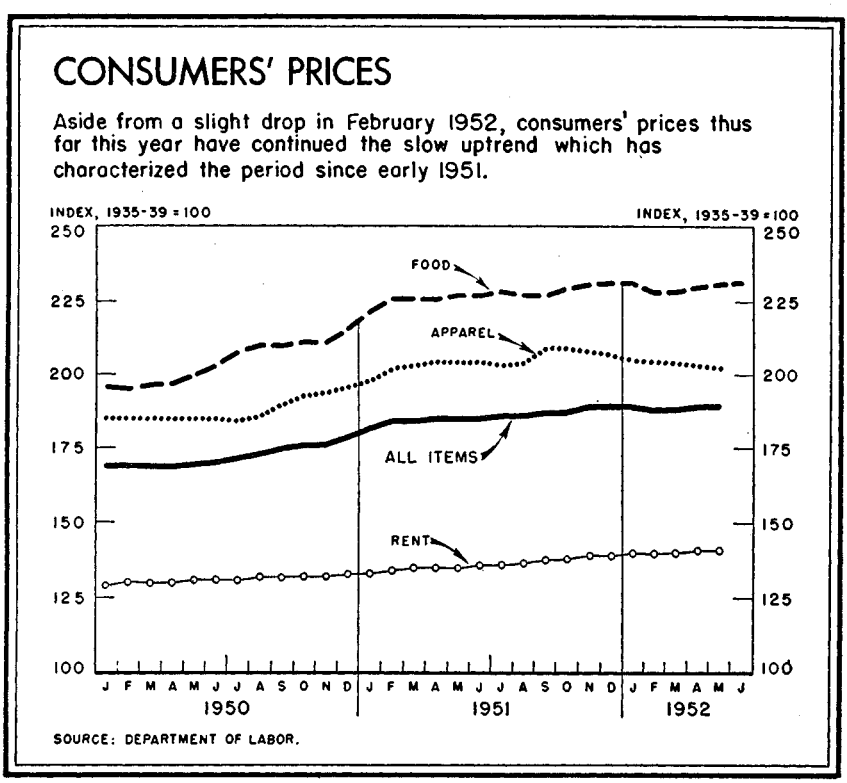

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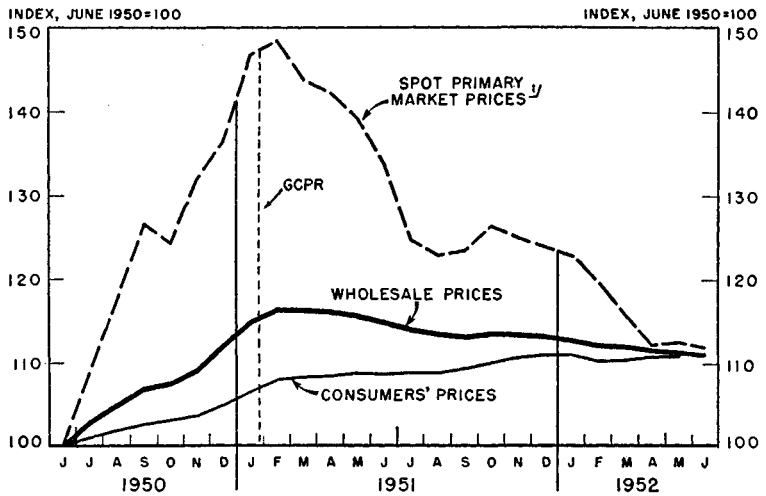
CHART 12

PRICE TRENDS SINCE KOREA

From June 1950 to early 1951, consumers' prices rose much less than prices at earlier stages of production; since then, while consumers' prices have risen further, other prices have fallen back into roughly their pre-Korean relationship with prices at retail.



1/MID-MONTH DAILY PRICE INDEX OF 28 SENSITIVE PRIMARY MARKET COMMODITIES.

SOURCE: DEPARTMENT OF LABOR.

price pattern than was the case in January 1951, when price controls were inaugurated. This is strikingly illustrated in chart 12. The fact that wholesale and retail prices are now at about the same level above June 1950 casts doubt on the familiar notion that retail prices are due to fall soon because of the general easing of wholesale prices since early 1951. On the other hand, it does not follow that all of the post-Korean price distortions have now been removed. Within given processing and distribution levels—that is, in the "horizontal" dimension of the price structure—sharp differences in prices continued during the first half of 1952, when measured against pre-Korean levels. Correspondingly, there were differences in the pressure exerted on ceilings.

Price control during the first half of the year was primarily a matter of adapting regulations to this mixed market experience. A Bureau of Labor Statistics' study indicated that in March, for example, prices of commodities representing 85 percent of the coverage of the consumers' price index, including some prices not subject to control, were still at their post-Korean peaks or within 5 percent of those peaks. In such tight market areas, the Office of Price Stabilization continued generally to hold the line, granting increases only when justified under its standards requiring a limited amount of cost absorption. An increasing number of demands

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for higher ceilings were denied under the chief of these standards, the industry earnings standard: where, as in the case of wholesale and retail grocers, this standard required moderate increases, they were granted. In soft market areas, OPS developed a ceiling-suspension policy, which by midyear had been used in about 20 cases, including fats and oils, hides and leathers, wool, raw cotton, all textiles, and whiskey and wine. The suspension technique is described in the discussion of price and wage policy later in this Review.

Wages. Wages continued to rise at nearly the same pace as during the second half of 1951. The rise was considerably less than in the first half of 1951. In June 1952, average hourly earnings in all manufacturing industries were about 1 percent above December 1951, and 4 percent above June of that year, with wages in industries manufacturing durable goods showing slightly greater gains. In building construction, hourly earnings in May were less than 1 percent above the December 1951 average, while in retail trade the increase for the period was 5 percent. The trend of hourly earnings in current and constant prices is shown in chart 13 for selected industries. (Also, see appendix table B–14.)

The Wage Stabilization Board, during the first 6 months of 1952, continued to review collective bargaining agreements for their consistency with the stabilization program. It was successful in handling dispute cases—with one notable exception. It was the exception, however—the steel case—which captured public attention.

Wage and price problem in steel. By June, the steel dispute had already overhung the economy for 6 months, and had finally resulted in the strike which the Government had sought to avoid. The dispute's greatest threat to the full-bodied operation of the economy and to the defense program, of course, lay in the loss of steel. It is still too early to assess the full impact of the stoppage in this regard.

On the wage side, the recommendations made by the Wage Stabilization Board, which were announced in March, related to a number of different issues involving both basic wage rates and fringe benefits. On the various specific questions at issue, the recommendations of the Wage Stabilization Board were deemed by it consistent with those made in other cases on which it had previously passed. The steel wage demands approved by the Board had counterparts in contracts already approved for other major industries; the fringe questions, for example, had not been open for bargaining in the steel industry since 1947. The individual recommendations thus could be more accurately interpreted as granting "catching up" increases than as setting a new pattern.

On the price side, the stabilization program became an obstacle to ready acceptance by the industry of the wage recommendations. The industry earnings standard—the fundamental criterion used by the Office of Price Stabilization for determining the amount of cost absorption that it is fair to require of an industry—already had been used to deny general

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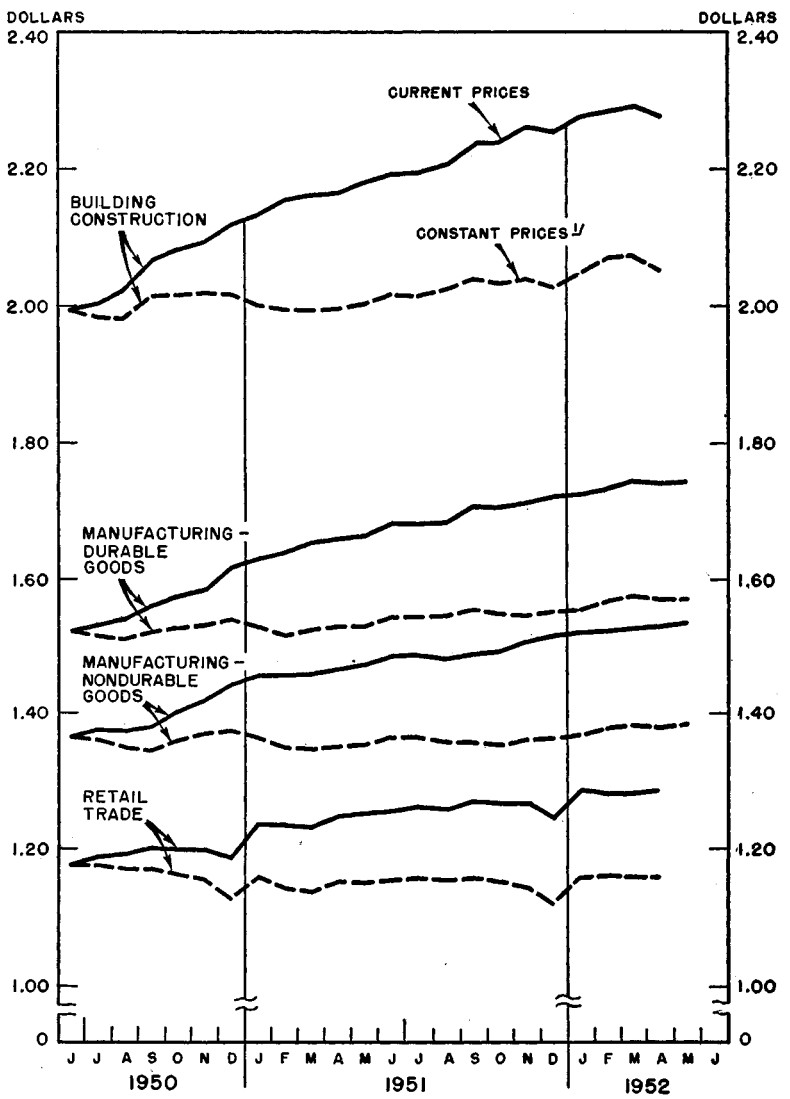
CHART 13

AVERAGE HOURLY EARNINGS - SELECTED INDUSTRIES

Average hourly earnings have risen substantially since Korea, but in most industries they have barely kept pace with the cost of living.



1/ EARNINGS IN CURRENT PRICES DIVIDED BY CONSUMERS' PRICE INDEX ON BASE JUNE 1950 = 100.

SOURCES: DEPARTMENT OF LABOR AND COUNCIL OF ECONOMIC ADVISERS.

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price increases in many instances involving higher costs resulting from previous wage increases. The Government held that steel should be no exception, particularly in view of the price increase that already was available under the Capehart Amendment. An easy and sizable break-through of the basic stabilization rules in the steel case would have swung open the gate to a rush of demands for price increases for many other industries. Nonetheless, the Government in its desire to end the stoppage offered price concessions above those required by law or by the economics of the situation.

Trends Within Major Sectors

Consumers

During the first half of 1952, consumers read about cuts in the output of many goods because of materials shortages. But what they saw in most shops and display rooms did not seem to confirm the reports. Consumers continued to place a high percent of their income in cash and other liquid assets because they elected not to spend—the goods were to be had.

Personal income. Total personal income (annual rates, seasonally adjusted) continued to rise during the first half of 1952, although at a less rapid rate than in either half of the preceding year. (See table 6, chart 14, and appendix table B–7.) The rise during the past 6 months reflected primarily an increase in salaries and wages; business and professional incomes, and dividends and interest, showed moderate gains. Farm income, however, dropped sharply from the level of the second half of 1951. Personal income after taxes, at seasonally adjusted annual rates, fell slightly in the first quarter of 1952. But in the second quarter, spendable earnings rose, with the result that for the half year disposable personal income showed a small gain over the second half of 1951.

However, the purchasing power of the average consumer was not significantly higher than a year earlier, when allowance is made for increased taxes, higher prices, and the growth in population. In the second quarter

Table 6.—*Changes in personal income*

Source of income	Billions of dollars, seasonally adjusted annual rates			Percentage change	
	1951		1952, first half [1]	1951, first half to 1952, first half	1951, second half to 1952, first half
	First half	Second half			
Personal income: total	249.0	259.0	263.5	+5.8	+1.7
Salaries, wages, and other labor income	167.4	174.0	178.2	+6.5	+2.4
Proprietors' income:					
Farm	14.8	16.4	15.0	+1.4	−8.5
Business and professional	26.1	26.3	27.4	+5.0	+4.2
Rental income	8.5	9.2	9.4	+5.9	+2.2
Dividends and personal interest	20.0	20.7	21.0	+5.0	+1.4
Transfer payments	12.3	12.4	12.5	+1.6	+.8

[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).

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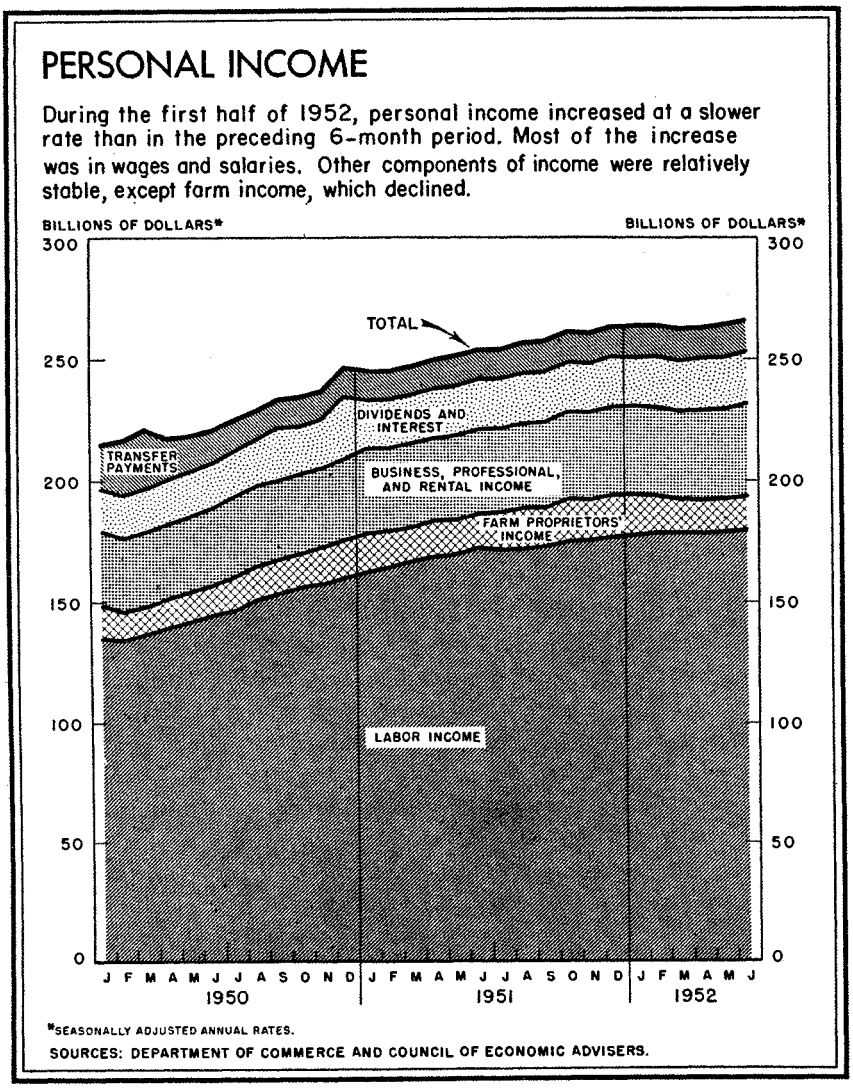
CHART 14



of 1952, per capita disposable real income—average money earnings after taxes, with adjustment for price changes—was about 0.2 percent above that in the second quarter of 1951. (See appendix table B–10.)

In all manufacturing industries, average weekly money earnings were 3 percent above the first half of 1951, with durable goods industries showing a greater increase than industries producing nondurable goods. Although the average workweek in manufacturing was shorter than a year earlier, the rise in hourly rates, though moderate, was still large enough to lift the earnings of this group of workers. An increase in the average workweek of those employed in construction, together with a rise in average hourly pay, resulted in an 8-percent growth in weekly earnings from the first half of 1951 to the

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first half of this year. (See appendix table B–15.) During the same period, weekly earnings in wholesale and retail trade increased 2.5 percent and 5.0 percent respectively. (See table 7.)

TABLE 7.—*Earnings and hours in manufacturing and building construction industries*

Item and industry	1951, first half	1952, first half [1]	Change	
			Amount	Percentage
Weekly earnings:				
All manufacturing industries	$64.42	$66.77	+$2.35	+3.6
Durable goods	69.11	71.94	+2.83	+4.1
Nondurable goods	58.30	59.88	+1.58	+2.7
Building construction	79.37	85.79	+6.42	+8.1
Hourly earnings:				
All manufacturing industries	1.575	1.652	+.077	+4.9
Durable goods	1.655	1.739	+.084	+5.1
Nondurable goods	1.466	1.529	+.063	+4.3
Building construction	2.166	2.279	+.113	+5.2
	Hours			
Length of workweek:				
All manufacturing industries	40.9	40.4	−0.5	−1.2
Durable goods	41.8	41.4	−.4	−1.0
Nondurable goods	39.8	39.2	−.6	−1.5
Building construction	36.6	37.6	+1.0	+2.7

[1] Estimates based on incomplete data.

Source: Department of Labor. (See appendix tables B–13, B–14, and B–15.)

Consumption expenditures. Although the steady rise in disposable personal income, which had begun in the fourth quarter of 1949, was interrupted in the first quarter of 1952, consumer spending at seasonally adjusted annual rates rose moderately in both the first and second quarters. A stronger demand for nondurable goods and for services accounted for all the rise during the first quarter. During the second quarter, buying of

TABLE 8.—*Personal consumption expenditures*

[Billions of dollars, seasonally adjusted annual rates]

Period	Total	Durable goods	Nondurable goods	Services
1951: First half	207.5	28.8	112.3	66.4
Second half	208.4	25.4	114.7	68.3
1952: First half [1]	214.1	25.4	118.2	70.5
1951: First quarter	210.5	31.3	113.3	65.9
Second quarter	204.5	26.3	111.3	66.9
Third quarter	206.4	25.5	113.2	67.6
Fourth quarter	210.5	25.3	116.2	69.0
1952: First quarter	213.2	25.2	118.0	70.0
Second quarter [1]	215.0	25.5	118.5	71.0

[1] Estimates based on incomplete data: second quarter by Council of Economic Advisers.

Source: Department of Commerce (except as noted).

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durable goods also increased, partly perhaps because of the suspension of instalment credit regulations early in May. But there was little in the modest rise in consumer spending during the first 6 months of 1952 to encourage merchants to reverse the policy of stabilizing inventories or of letting them run down further from the worrisome heights of the second quarter of 1951. (See table 8 and appendix table B–4.)

TABLE 9.—*New housing starts*

[Thousands of nonfarm dwelling units]

Period	Total	Private	Public
1950: Total	1,396	1,352	44
First half	706	696	9
Second half	690	656	35
1951: Total	1,091	1,020	71
First half	590	529	61
Second half	501	491	10
1952: First half	568	524	44

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

Source: Department of Labor.

The demand for housing continued strong. Although the number of houses started in January 1952 was substantially lower than in the same month of 1951, the number of starts rose enough thereafter to make the total for the first half of 1952 only about 4 percent below that for the comparable period of last year. (See table 9 and chart 15.)

Personal saving. Personal saving declined somewhat during the first half of 1952, and in the second quarter was at the seasonally adjusted annual rate of about 7 percent of disposable income, compared with more than 9 percent during the second half of 1951. The more rapid rise in consumer debt, which is a form of dissaving, was an important factor contributing to the increase in consumer spending relative to disposable income. There was also less net investment by unincorporated firms and farms in tangible business assets, especially in inventories. Investment by these enterprises in plant, equipment, and inventories, less allowance for depreciation and for debt incurred in acquiring the assets, is one of the components of personal saving, as the term is generally used. (See appendix table B–9.)

Consumer debt and residential mortgage debt. Total consumer credit declined, largely for seasonal reasons, during the first quarter, and expanded at an accelerated rate in the second. Instalment credit, which largely determines the movement of total consumer credit, fell about 350 million dollars during the January–March quarter, and then climbed steadily, reaching by the end of June a level nearly 600 million or 4 percent above that of December 1951. The sharp upturn in instalment credit during the second quarter was partly seasonal, but it reflected also the suspension of Regulation W early in May. During the first half of 1951, consumer credit had dropped more than 800 million dollars, or 4 percent, with instal-

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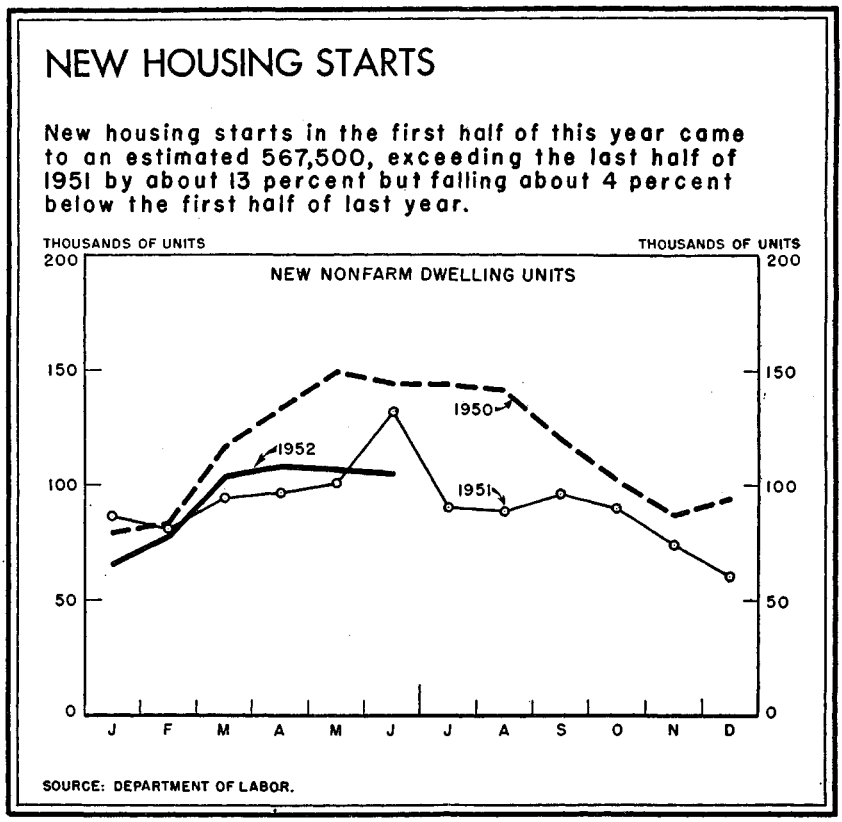
CHART 15



ment credit accounting for 500 million dollars of the decline. (See chart 16 and appendix table B–25.)

Individuals continued to add to their nonfarm mortgage debt, at nearly the same rate as in 1951. By the end of June, total mortgages of $20,000 or less were about 3.5 billion dollars, or 6.5 percent above December 1951. The increase during the comparable period a year earlier was about 7.5 percent.

Business

Business as a whole was good in the first half of 1952. The general condition was indicated by the total national output and employment figures already cited: moderate expansion at high levels. Business continued to make longer-term investments at record rates, and found ample funds to finance them. But as in the preceding half year, the prosperity reflected in production, sales, and price data was not evenly distributed, and in some industries downward adjustments were made in output and employment. Moreover, reduction in the rate of inventory accumulation helped to obscure the strength of final demand.

The economy, inherited from 1951, was a mixed terrain of hard and soft

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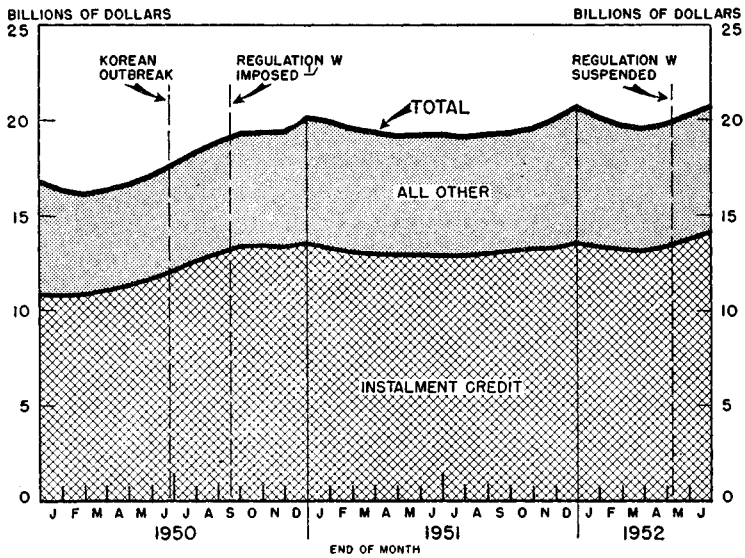
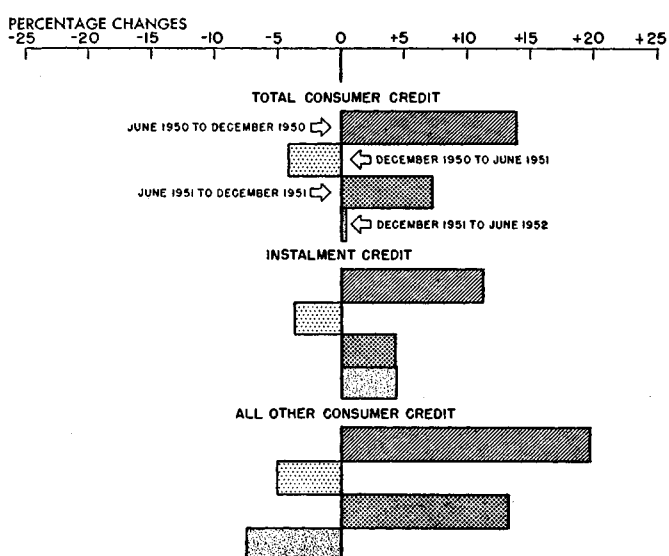
CHART 16

CONSUMER CREDIT

Total consumer credit outstanding, after declining seasonally during the first quarter of 1952, rose at an accelerating rate during the second quarter. The increase was largely in instalment credit.





1/ THE TERMS OF REGULATION W WERE MADE MORE RESTRICTIVE IN OCTOBER 1950 AND WERE RELAXED SOMEWHAT IN JULY 1951

2/ PERCENTAGE CHANGES BASED ON DATA FOR END OF PERIOD.

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

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markets, with hardness concentrated in fields most closely related to the defense effort, and with softness conspicuous in some businesses producing consumers' goods. For the most part, this continued to be the situation during the past 6 months, although some hard areas—which tended also to be the "hard goods"—showed some signs of softening, while some soft areas revealed an inclination to harden.

Production, sales, and prices in major business areas. In agriculture, the present expectation is that the combined output of crops and livestock products in 1952 will be from 3 to 5 percent higher than in 1951, a year of near record production. Agricultural marketings in the first half of 1952 were about 6 percent higher than in the first half of 1951, with substantial increases for both crop and livestock products. Although prices received by farmers averaged somewhat lower than a year earlier, cash receipts were up about 3 percent because of the higher marketings. Farm production costs rose fairly steadily throughout the past year. Prices paid by farmers for production items, including interest, taxes, and wage rates, averaged about 3 percent higher in the first half of 1952 than in the same period of 1951. The parity ratio averaged 101 in the first half of this year, compared with 110 in the first half of 1951, and 97 in June 1950. (See appendix table B–23.)

The output of manufactured durable goods averaged about the same during the first 6 months of this year as a year earlier. A high and steady rate of sales was maintained in the first 5 months of 1952, averaging on a seasonally adjusted basis 6 percent higher than in the last half of 1951 and 3 percent higher than in the first half of that year. The pace at which new orders continued to reach producers of durable goods, especially manufacturers of capital goods, has prevented any reduction of their record backlog of unfilled orders, and serves as a base for near-peak production for several months to come. Manufacturers' prices for most of these goods continued to press against ceilings, and in some cases ceilings were increased slightly. Costs also advanced moderately, although lead, zinc, and some other materials previously in short supply became available at lower prices.

During the first half of 1952, both production and sales of manufacturers of nondurable goods, seasonally adjusted, were lower than the year before, but edged somewhat above the second half of 1951. Because of its central place in 1951 soft market developments, the textile and apparel field attracted much interest. There was evidence of a gradual recovery from the low reached late in 1951. Wholesale prices for textiles and apparel, however, continued to sag throughout the half year. This was the United States manifestation of a world-wide slump in textiles.

Wholesale sales, seasonally adjusted, were below last-half of 1951 levels. Retail sales were higher than in the first half of 1951. (See appendix table B–19.) While there was no substantial difference between the behavior of durable goods and nondurable goods, the markets for the former showed relatively greater improvement in the second quarter. Retail food sales

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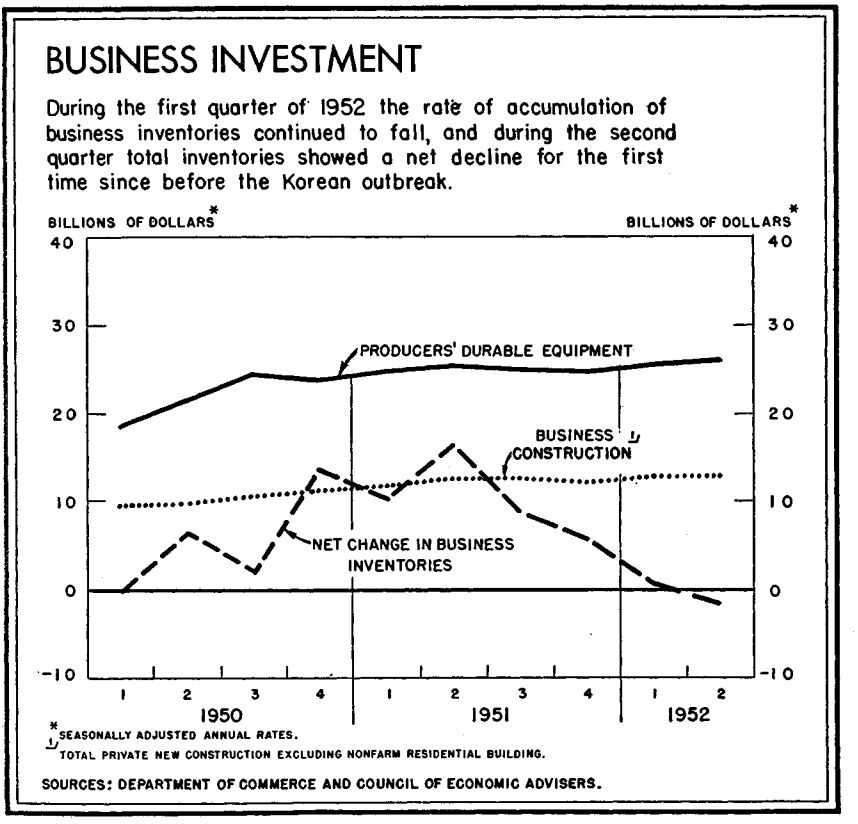
CHART 17



advanced slightly as volume was maintained at high 1951 levels, and prices, while moving erratically, tended upward, partly because of the continued increase in food marketing costs during the past year.

Inventories. From the middle of 1951 through the first quarter of this year, one of the principal dampeners in the economy was the swift drop in the rate at which business was adding to inventories. (See chart 17.) By the second quarter of 1952, when inventory accumulation was replaced by liquidation, it seemed clear that this offset to the increasing expenditures in other sectors of the economy had largely spent itself. The counterinflationary action of the fall in the rate of inventory growth can too easily pass unnoticed, if attention is focused only on the rate of accumulation of inventories in any period, and not on the interperiod changes in the rate of accumulation. Both series are shown in table 10.

Generally speaking, the volume of business inventories seems to have approached a more normal relationship to sales during the first half of 1952. During the first 5 months of the year, retail stocks showed little net change. Wholesale inventories edged downward during the first half of

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TABLE 10.—*Accumulation of business inventories*

[Billions of dollars, seasonally adjusted annual rates]

Quarter	Net business inventory accumulation	Change from preceding quarter
1951: First quarter	10.3	−3.3
Second quarter	16.3	+6.0
Third quarter	8.9	−7.4
Fourth quarter	5.8	−3.1
1952: First quarter	.6	−5.2
Second quarter [1]	−1.5	−2.1

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

Source: Department of Commerce (except as noted).

1952, but manufacturing inventories remained fairly stable until the latter part of the second quarter, when steel inventories were drawn down substantially. Examination of industry data suggests that the increase was concentrated in defense industries, where, despite the excessive growth of many materials stocks in 1951, the accumulation of goods in process caused a net gain during the half year. As can be seen in table 11, by May the ratios of inventories to sales (seasonally adjusted) in both wholesale and retail trade were approaching the levels of December 1950, when the second wave of heavy post-Korean inventory buying was only beginning. The ratio of manufacturers' inventories to sales, although substantially below that of last December, was well above the level of December 1950. This is probably accounted for in large part by the growth of defense-related inventories, particularly goods in process. (See appendix table B–19.)

TABLE 11.—*Business inventories and sales*

[Adjusted for seasonal variation]

Item	1950		1951		May 1952
	June	December	June	December	
Billions of dollars:					
Inventories: [1] total	52.8	60.4	69.4	70.1	70.0
Manufacturing	29.1	33.3	39.0	42.0	42.5
Wholesale trade	8.1	9.4	10.2	10.0	9.5
Retail trade	15.6	17.8	20.3	18.1	18.1
Sales: [2] total	39.2	42.2	43.1	41.6	44.5
Manufacturing	19.3	21.0	22.1	20.8	23.0
Wholesale trade	7.9	8.6	8.7	8.5	8.4
Retail trade	12.1	12.6	12.2	12.3	13.1
Ratio of inventories to sales: [3] total	1.35	1.43	1.61	1.68	1.57
Manufacturing	1.51	1.58	1.76	2.02	1.85
Wholesale trade	1.03	1.09	1.17	1.17	1.14
Retail trade	1.29	1.41	1.66	1.47	1.38

[1] Book value, end of period.
[2] Total for month.
[3] Ratios based on unrounded data.

Source: Department of Commerce. (See appendix table B–19.)

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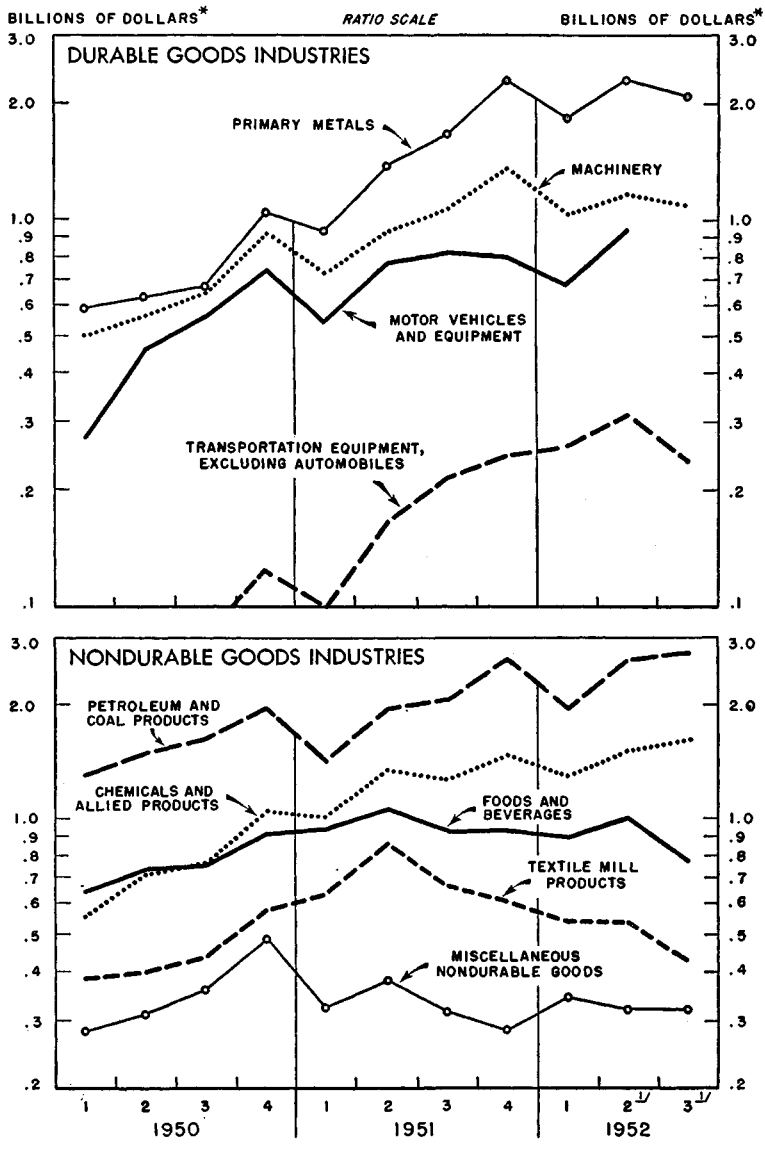
CHART 18

NEW PLANT AND EQUIPMENT OUTLAYS
IN SELECTED MANUFACTURING INDUSTRIES



* ANNUAL RATES, NOT ADJUSTED FOR SEASONAL VARIATION. SEASONAL INFULENCES TEND TO RAISE OUTLAYS IN THE FOURTH QUARTER AND LOWER THEM IN THE FIRST.

1/ ANTICIPATED EXPENDITURES REPORTED BY BUSINESS DURING THE SECOND QUARTER OF 1952.

SOURCES: DEPARTMENT OF COMMERCE AND SECURITIES AND EXCHANGE COMMISSION.

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Business investment in construction and equipment. Business spending on productive facilities remained high in the first half of 1952. Expenditures for producers' durable equipment exceeded those in the first half of 1951 somewhat and those in the second half slightly, with the gains appearing outside agriculture. Farm construction outlays during the past 6 months were slightly below the level of 1951. Industrial construction declined in the first half of 1952, but in the second quarter was still well above the level of the second quarter of 1951. Expenditures for commercial and recreational construction in the first 6 months of 1952 remained low. (See chart 17 and appendix table B–5.)

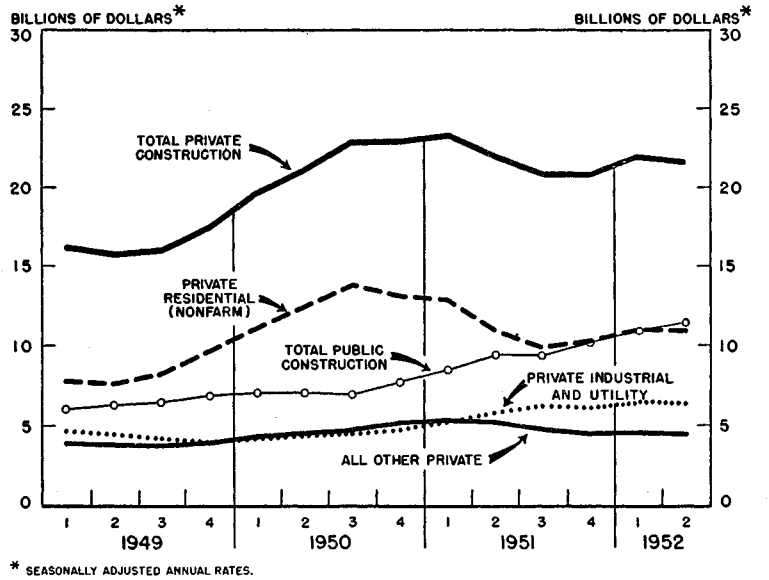
Total "plant and equipment" outlays by nonagricultural business for the first half of this year were 11 percent above the level of the first 6 months of 1951, and there was only a small drop from the record reached in the second quarter of that year. The course of capital outlays since 1950 in a number of important industries is depicted in chart 18. (See appendix table B–18.)

As noted in previous reviews, the sharp rise in investment in defense and defense-supporting industries since the outbreak of the Korean war has

CHART 19

CONSTRUCTION

For the first half of 1952, new construction expenditures, seasonally adjusted, exceeded those of the second half of 1951 by about 8 percent. Private nonfarm residential construction has held fairly steady during the first half of this year.



* SEASONALLY ADJUSTED ANNUAL RATES.

SOURCE: DEPARTMENT OF COMMERCE.

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been assisted by the granting of rapid tax amortization and other Federal aids to such industries, and by the channeling of necessary materials to them through allocations. Table 12 shows the extent and status of programs aided by accelerated amortization.

TABLE 12.—*Progress on facilities projects aided by tax amortization*

Industry	Necessity certificates approved through June 20, 1952		Status of projects (percentage of proposed investment in place at date shown) [1]	
	Proposed investment (millions of dollars)	Tax amortization (millions of dollars)	Dec. 31, 1951	June 30, 1952
All industries	21,295	12,411	36	54
Iron and steel	3,726	2,266	32	46
Coke and byproducts	182	138	28	47
Railroads	3,485	1,710	59	85
Great Lakes transportation	144	107	42	64
Petroleum refining	1,203	777	24	36
Welded and heavy riveted pipe	195	134	25	36
Aircraft, ordnance, and accessories	1,133	742	44	77
Electric light and power	2,938	1,310	32	50
Aluminum (primary refining)	673	503	25	48
Machinery	1,023	616	41	62
Chemicals (excluding synthetic fibers)	2,276	1,212	28	43
Pulp, paper, and allied products	746	387	33	46
Synthetic fibers	140	72	18	41
All other	3,431	2,437	37	53

[1] Value put in place as estimated by reporting firms at the end of March 1952.

Source: Defense Production Administration.

Expansion goals have been set for about 135 industries or products. On the whole, progress has been encouraging, as may be seen in table 13. The substantial progress made in iron and steel and aluminum was reflected in increased allotments for the second quarter of 1952 to virtually the whole range of nondefense industries. The problem of copper supplies remains one of the most intractable. Supplies can be supplemented through substitution programs, or increased through imports and longer-range discoveries and improvements in mining techniques. The recent limited relaxation of price ceilings for copper products containing high-priced imported Chilean copper indicates the continued pressing need for copper. (See chart 19 and appendix table B–17, for consolidated data on total construction activity.)

TABLE 13.—*Estimated increases in capacity for manufacturing industries*

Industry	Percentage increase from 1950 to—	
	1951	1952
All manufacturing industries [1]	7	16
Automobiles	11	20
Transport equipment	14	52
Electrical machinery	9	24
Other machinery	15	30
Chemicals	10	22
Steel	3	12
Petroleum refining	4	8

[1] Also includes some industries not shown in this table.

Source: McGraw-Hill Publishing Company (February 1952).

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Business funds from external sources. Business borrowing from commercial banks declined during the first half of 1952, in contrast with a substantial rise in the comparable period of the year before. In the first quarter of 1952, there was little change in outstanding commercial and industrial loans. (See table 14.) Typically moderate seasonal repayments by commodity dealers and manufacturers of food and tobacco products were offset by increased lending to defense-related industries and, in March, to firms needing funds to pay income taxes. During April and May, heavier seasonal repayments, and a leveling off of loans to producers of metals and metal products and other firms associated with defense activities, resulted in a decline in outstanding business loans. The situation was reversed in June, with borrowing for the payment of taxes the chief factor in a substantial rise in business loans, limiting the second quarter drop to 600 million dollars.

TABLE 14.—*Business loans of all commercial banks*[1]

End of period	Amount (billions of dollars)	Percentage change from preceding period
1951: First quarter	23.7	+8.2
Second quarter	23.7	.0
Third quarter	24.5	+3.4
Fourth quarter	25.9	+5.7
1952: First quarter	25.8	−.4
Second quarter	25.2	−2.3

[1] Excludes agricultural loans.

Source: Board of Governors of the Federal Reserve System. (See appendix table B-26.)

During the first half of 1952, total uses of funds by nonfinancial corporations were less than half the volume in the first half of 1951, principally because of the tremendous drop in investment in inventories, which alone accounted for 80 percent of the decline in total uses. Partly reflecting the change in the rate of inventory accumulation, corporations added only 0.2 billion dollars to their bank loans during the first 6 months of 1952, compared with 2.4 billion during the first 6 months of the preceding year. However, because of larger outlays for plant and equipment, corporate net issues of new securities during the past half year totaled nearly 4 billion dollars, or 20 percent, more than in the first half of 1951. (See chart 20 and appendix table B–37.)

Business earnings. Total earnings, before taxes, of farms, unincorporated businesses, and the professions, at seasonally adjusted annual rates, declined moderately during the first half of 1952, returning to the level of the first half of 1951. (See appendix table B–6.)

It is estimated that corporate profits before taxes (unadjusted for change in the value of inventories) rose slightly during the first half of 1952, but remained well below the level of the comparable period a year earlier. Corporate profits, at seasonally adjusted annual rates, were about 41 billion dollars during the past 6 months, around 6 billion dollars or 12 percent

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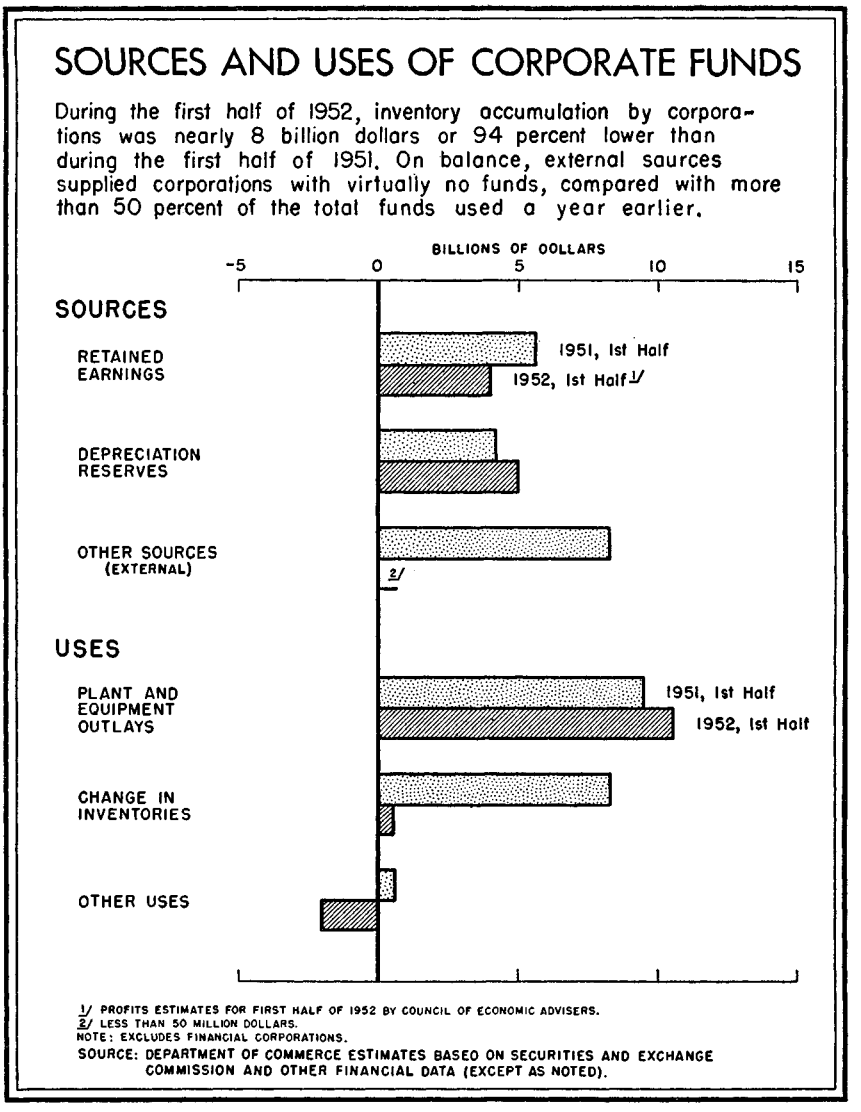
CHART 20



below the record level of the first 6 months of 1951, but slightly above the rate of the second half of that year. Corporate profits after taxes (unadjusted for change in the value of inventories) were, it is estimated, at about the same annual rate in the first half of 1952 as in the second of 1951, but 2.7 billion dollars or 13 percent below the first half of last year. (See appendix table B–32.)

Government fiscal operations

The government sector of the economy continued to expand in both absolute and relative size during the first half of 1952. Purchases of goods

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and services by Federal, State, and local governments accounted for 22 percent of the gross national product in this period, compared with 21 percent in the previous half year, and about 15 percent in the first half of 1950 immediately preceding the Korean outbreak. These percentages are exclusive of expenditures for interest on the public debt and other transfer payments. Government revenues also increased in absolute amounts and in relation to the gross national product. Throughout most of the period since mid-1950, tax liabilities have been a higher percentage of the gross product than at the peak of World War II. However, the percentage represented by expenditures has remained at less than half the war peak.

Seasonal influences, combined with the tax increases imposed by the Revenue Act of 1951, were the chief factors which caused Federal receipts to move up faster than expenditures in the first half of 1952. The result was a surplus of 5.7 billion dollars in the consolidated cash accounts of the Federal Government. (See appendix table B–31.) This surplus was slightly larger than the cash deficit in the preceding 6 months. The receipts and expenditures of State and local governments fluctuated within a rather narrow range during the past year. Present estimates indicate a small cash deficit at the State-local level during July–December 1951, and an even smaller cash surplus in the first 6 months of 1952.

Review of fiscal year 1952. The Federal Government ended the fiscal year 1952 with a budget deficit of 4.0 billion dollars, which is 4.2 billion less than the estimate presented in the President's January Budget Message. Budget expenditures totaled 66.1 billion dollars for the fiscal year, and receipts 62.1 billion. These results were 4.8 billion dollars, or almost 7 percent, below the January estimate for expenditures, but they were within 0.6 billion dollars, or 1 percent, of the estimate for receipts.

Budget expenditures rose by 21.5 billion dollars, comparing the fiscal years 1951 and 1952, and receipts rose by 14.0 billion dollars. As shown in chart 26, the national security programs accounted for almost the full rise in total Federal expenditures. Budget expenditures for purposes other than national security, veterans, and interest on the public debt, were higher in the fiscal year 1952 than in 1951, but lower than in 1950. The growth in budget receipts, comparing 1952 with 1951, reflected larger revenues as a result of both the expansion of dollar volume of business activity and the substantially higher tax rates imposed by the three revenue acts enacted during the past 2 years. Altogether, these revenue measures increased tax liabilities by about 15 billion dollars a year at calendar year 1951 income levels, but some of the additional yield from the higher rates will not be received until the fiscal year 1953. All but about 1 billion dollars of the estimated increase from the legislation in 1950 and 1951 is due to higher taxes on individual and corporation incomes.

In tables 15 and 16, Federal cash payments to the public during the past 3 fiscal years are classified by major functions, and cash receipts from the public are classified by the chief revenue sources. Apart from the large

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TABLE 15.—*Federal cash payments to the public by function* [1]

[Billions of dollars]

Function	Fiscal year 1950	Fiscal year 1951	Fiscal year 1952		
			Total [2]	July-December 1951	January-June 1952 [2]
Total Federal cash payments	43.2	45.8	67.9	32.3	35.6
Military services	12.4	20.6	39.0	17.8	21.2
International security and foreign relations	4.7	4.4	5.4	2.5	2.8
Veterans' services and benefits	9.3	6.0	5.7	3.0	2.7
Social security, welfare, and health	3.0	3.9	4.6	2.3	2.3
Agriculture and agricultural resources	2.8	.6	1.1	.5	.6
Interest	4.3	4.1	4.1	2.1	2.0
Other payments	7.1	6.8	8.1	4.1	4.0
Deductions from Federal employees' salaries for retirement	−.4	−.4	−.4	−.2	−.2
Clearing account for outstanding checks and telegraphic reports	−.5	.2	.4	.1	.3
Adjustment to Daily Treasury Statement [3]	.4	−.5			
ADDENDUM					
Major national security programs [4]	17.8	26.2	46.6	21.3	25.2

[1] Data for fiscal years 1950 and 1951 are obtained from the U. S. Treasury Combined Statement of Receipts, Expenditures, and Balances and are adjusted in total to the Daily Treasury Statement. Data for fiscal year 1952 are estimated directly from the Daily Treasury Statement.
[2] Estimates based on incomplete data.
[3] See footnote 1.
[4] Includes, in addition to cash payments for military services and international security and foreign relations, payments for the following programs, not shown separately in the table: atomic energy, merchant marine, promotion of defense production and economic stabilization, and civil defense.

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

Source: Bureau of the Budget.

increase in expenditures for the national security programs in the fiscal year 1952 compared with the previous year, there were higher outlays for social security and railroad retirement, and increases in agricultural payments. The latter payments, however, were less than two-fifths as large as in the fiscal year 1950. In the case of receipts, the increases from 1951 to 1952 were centered in the direct taxes on individuals and corporations

TABLE 16.—*Federal cash receipts from the public by source* [1]

[Billions of dollars]

Source	Fiscal year 1950	Fiscal year 1951	Fiscal year 1952		
			Total [2]	July-December 1951	January-June 1952 [2]
Total Federal cash receipts	40.9	53.4	68.0	26.8	41.2
Direct taxes on individuals	18.1	24.1	30.7	11.0	19.7
Direct taxes on corporations	10.9	14.4	21.5	7.1	14.3
Employment taxes	2.9	3.9	4.6	2.1	2.5
Excises and customs	8.0	9.3	9.4	4.7	4.8
Deposits by States, unemployment insurance	1.1	1.4	1.5	.8	.7
Veterans' life insurance premiums	.4	.5	.5	.2	.2
Other	1.7	1.9	2.2	1.1	1.1
Less: Refunds of receipts	2.2	2.1	2.3	.3	2.0

[1] Data are on a Daily Treasury Statement basis.
[2] Estimates based on incomplete data.

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

Source: Bureau of the Budget.

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and the employment taxes. The largest percentage change in cash receipts since the fiscal year 1950 has been in the direct taxes on corporations. This is accounted for by the substantial increases in both corporate profits and tax rates.

Economic impact of Federal fiscal operations. The economic impact of Federal fiscal operations cannot be gauged accurately from the changes shown in the conventional administrative budget. This budget excludes in receipts and expenditures the operations of the trust funds, which have had a substantial net accumulation of funds during recent years. Moreover, the administrative budget includes large noncash items, such as interest accruals on outstanding U. S. savings bonds, interest paid on securities held by the trust accounts, and transfers from the general accounts to the trust accounts.

The consolidated cash budget has the important advantage of presenting the combined results of all cash income and outgo of the Treasury, apart from sales and redemptions of Government securities. Transfers from one Treasury account to another do not appear in the cash budget. For these reasons, the cash budget provides a better indication of the impact of Federal fiscal operations on the flow of income and purchasing power than is provided by the administrative budget. As shown in table 17, both receipts and expenditures are higher on a cash basis than on the conventional budget basis. There was a cash surplus of 0.1 billion dollars in the fiscal year 1952, compared with a budget deficit of 4.0 billion. The difference of 4.1 billion dollars represents mainly the net cash accumulation in the trust funds, and the interest accrual on outstanding savings bonds.

TABLE 17.—*Federal Government fiscal operations*

[Billions of dollars]

Item	Fiscal year 1950	Fiscal year 1951	Fiscal year 1952		
			Total [1]	July-December 1951	January-June 1952 [1]
Administrative budget:					
Receipts	37.0	48.1	62.1	23.8	38.3
Expenditures	40.2	44.6	66.1	31.3	34.9
Surplus or deficit (−)	−3.1	3.5	−4.0	−7.5	3.5
Consolidated cash budget:					
Cash receipts	40.9	53.4	68.0	26.8	41.2
Cash payments	43.2	45.8	67.9	32.3	35.6
Cash surplus or deficit (−)	−2.2	7.6	.1	−5.6	5.7

[1] Estimates based on incomplete data.

Sources: Treasury Department and Bureau of the Budget.

The near balance in the cash accounts in the fiscal year 1952 contrasts with a cash surplus of 7.6 billion dollars in the preceding fiscal year. (See chart 21.) During the 2-year period, therefore, there was a net shift of substantial size in the cash budget position of the Federal Government. In

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the fiscal year 1951, Federal taxes reduced private income by more than Federal expenditures added to it; in the fiscal year just closed, the Government's fiscal operations seem to have been close to neutral in their effect upon the availability of income for private spending or saving. However, the effect of the substantial increase in Government expenditures in the fiscal year 1952 was to augment the total demand for goods and services produced by the economy.

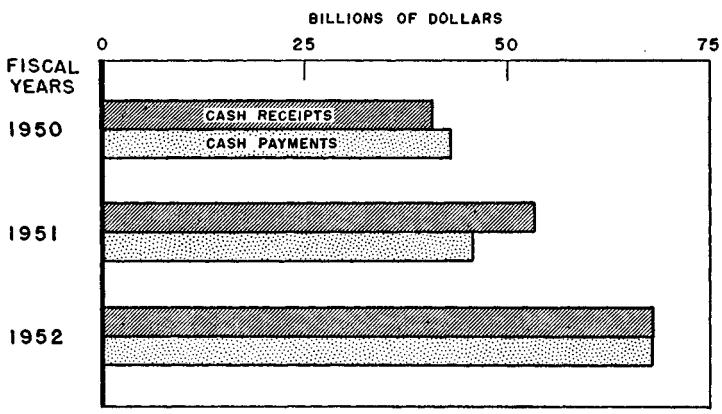
Public debt operations. The public debt remained virtually unchanged on balance in the first half of 1952. Most of the budget surplus was added to the Treasury's cash balance in its general fund, in anticipation of the substantial deficit estimated for the second half of the calendar year.

The Treasury engaged in substantial new borrowing activities during the second quarter. The volume of 3-month Treasury bills was increased, and, in May, 2¾ percent nonmarketable bonds of the type first issued in March 1951 were offered (with minor exceptions) to nonbank investors, who were given the right to turn in certain marketable bonds in payment for up to three-fourths of their subscriptions. In June, the Treasury offered, for cash subscription only, a 2⅜ percent marketable 6-year bond. The amount,

CHART 21

FEDERAL CASH RECEIPTS FROM AND PAYMENTS TO THE PUBLIC

The virtual balance in the cash accounts in the fiscal year 1952 is in sharp contrast to the large cash surplus in the preceding fiscal year. Cash receipts rose by almost equal amounts in each year, but cash expenditures rose by much more in 1952 than in 1951.



SOURCES: TREASURY DEPARTMENT AND BUREAU OF THE BUDGET.

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initially announced as approximately 3½ billion dollars, was the largest cash offering of Government securities since the end of World War II financing. It was heavily oversubscribed. Accordingly, the total offering was expanded to 4¼ billion dollars in order to meet in full the subscriptions of nonbank investors, and to allow commercial banks, which had been permitted to make limited subscriptions, the minimum amount promised them.

Effective in May, the Treasury also announced changes in the terms of U. S. savings bonds to make the bonds more attractive to investors. The changes, which involved the offering of three new series of savings bonds and the discontinuance of two preexisting series, as well as a modification of the terms of Series E bonds, had the general effect of raising the average rate of interest on bonds held to maturity, and of increasing the rate of return in the first years after purchase. In addition, the annual purchase limits were doubled for the different series.

State and local finance. Both receipts and expenditures of State and local governments edged upward during the past 2 years, with the rise in receipts being slightly more rapid than that in expenditures. (See table 18 and appendix table B–31.) For State and local governments as a whole, a cash deficit of 0.3 billion dollars is estimated for the year which ended June 30, 1952.

The small increase in receipts during the past year is attributable more to the increased yield of income and sales taxes, brought about by the expansion in general business activity, than to change in tax rates. On the expenditure side, the increase reflects widespread recent advances in pay rates for

TABLE 18.—*Government cash receipts from and payments to the public*

[Billions of dollars]

Receipts or payments	Fiscal year 1950	Fiscal year 1951	Fiscal year 1952		
			Total [1]	July–December 1951	January–June 1952 [1]
Total Government:					
Cash receipts	58.3	72.7	88.8	36.7	52.2
Cash payments	61.7	65.6	89.0	42.8	46.3
Total cash surplus or deficit (−)	−3.3	7.1	−.2	−6.1	5.9
Federal Government:					
Cash receipts	40.9	53.4	68.0	26.8	41.2
Cash payments	43.2	45.8	67.9	32.3	35.6
Federal cash surplus or deficit (−)	−2.2	7.6	.1	−5.6	5.7
State and local governments:					
Cash receipts	17.4	19.3	20.8	9.9	10.9
Cash payments	18.5	19.8	21.1	10.4	10.7
State and local cash surplus or deficit (−)	−1.1	−.5	−.3	−.5	.2

[1] Estimates based on incomplete data.

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

Source: See appendix table B–31.

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teachers and other public employees, plus a rising volume of capital outlays for construction projects. Much of the latter spending is being financed by borrowing. The volume of new issues of State and local securities in the first half of 1952 was considerably larger than in the corresponding period of 1951.

International developments

United States commodity exports reached an all-time peak of about 16 billion dollars (annual rate) in the first half of 1952. The main events elsewhere which have affected United States trade are discussed in the following paragraphs.

International payments. The last months of 1951 and the first months of 1952 found most countries of the free world reacting from the sudden impact of the Korean war. Memory of wartime shortages, readily available credit, and expanded defense production, had brought a tremendous increase in demand for goods at all stages of production, an expansion of output throughout the world, and rapidly rising incomes and prices. The prices of primary products had experienced the sharpest rises, increasing the incomes of most of the countries exporting raw materials, but causing a fairly severe worsening in the terms of trade of most of the industrialized countries. Western Europe's balance of payments situation was further aggravated by abnormally large imports of coal and oil from the United States, necessitated by a lag in the output of coal behind industrial production and the cessation of oil exports from Iran. The United Kingdom also lost earnings as a result of the impasse over Iranian oil.

Countries which had reacted earliest to changing market prospects by heavy inventory accumulation, such as Belgium, The Netherlands, and Germany, experienced balance of payments deficits in 1950 and early 1951, and had already taken steps to remedy their position by the summer of 1951. In England and France, on the other hand, stocks were drawn down after June 1950, and these countries then imported more heavily at the high level of prices prevailing after the first quarter of 1951. Their balance of payments troubles were further aggravated by a flight of capital induced by fears of currency depreciation, and by the corrective measures taken in some other countries which held down British and French exports.

Meanwhile, the slackening of consumers' and business purchases of finished goods and raw materials, which started in the United States in early 1951 and spread to other industrialized countries, led to declines in the prices of many primary products. Countries exporting primary products suffered declines in export prices after the first quarter of 1951, while in some cases imports continued to expand. As a result, payments surpluses were reduced, and in many cases were transposed into deficits and loss of reserves by some of the countries of Latin America, Africa, Asia, and the Pacific. By the end of 1951, the balances of payments of most industrial countries had improved, but those of a number of raw material

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producing countries and of the United Kingdom and France had deteriorated seriously.

Underlying many of the factors described above, and accentuating the balance of payments problems of many deficit countries, was the general expansion of their money demand and incomes. Open or suppressed inflation, supported by the pressures of internal investment from both public and private sectors, contributed to deterioration of balance of payments positions, mainly because of its stimulating effect on imports.

It is important to note that the balance of payments deficits experienced by England and France at the end of 1951 did not result from an absolute decline in exports, but rather from a failure of exports to rise as rapidly as imports, even though exports were reaching unprecedented levels. The exports of both countries in the fourth quarter of 1951 were at an all-time high in value, while the quantity of exports for the entire year 1951 also set new records, and the volume of exports from the United Kingdom in the first quarter of 1952 set a new high. On the other hand, in certain countries exporting mainly primary products, notably Australia and Argentina, government policies of the last several years to encourage manufacturing industries contributed to actual reductions in supplies of foods available for export.

Corrective measures. The steps taken to correct the balance of payments situations in most countries of the world recognized the role of internal monetary forces. Although direct controls over imports were made more stringent, in general a larger role was given to internal credit and fiscal measures than in the preceding postwar balance of payments crises. Interest rates were raised, and credit was restricted in an effort to keep effective demand at levels consistent with the countries' resources. The increasing reliance of Western European, and also other countries, on monetary and credit controls was partially due to a reluctance or inability to tighten direct controls further or to increase taxes, which in some cases are very high. Even without import restrictions and active anti-inflationary policies, however, it is likely that the rate of imports of some nations would have declined, because of a reduction in the abnormally high rate of inventory accumulation.

Developments in the first half of 1952. During the first half of 1952, there was evidence that most of the free world had achieved or was achieving price stability at a high level of economic activity. By early spring, most European countries and others in Asia and the Western Hemisphere had experienced moderate declines in wholesale prices, although in certain countries, for example, Australia, New Zealand, and South Africa, domestic wholesale prices reached new highs. In some countries, such as the United Kingdom, Germany, and the Scandinavian nations, where the peak in wholesale prices came near the end of 1951, cost-of-living indexes rose somewhat further. (See appendix table B–24.) Industrial production, which had expanded rapidly and continuously from June 1950 to the spring

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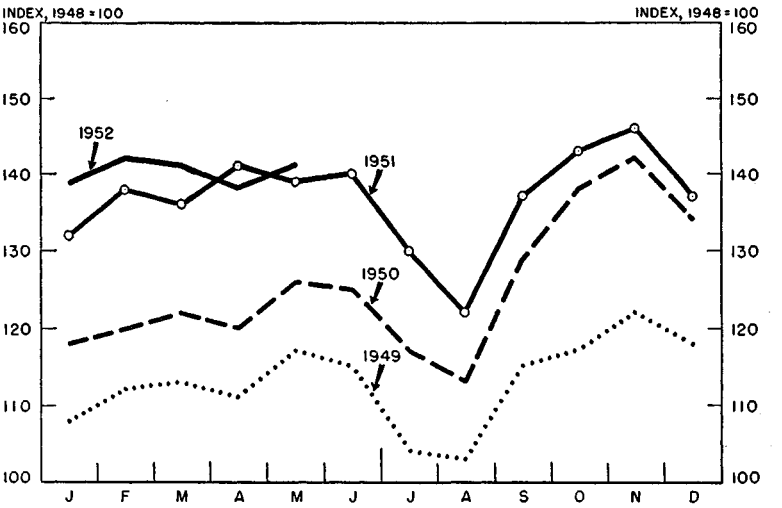
of 1951, leveled off in Western Europe and other industrial countries. (See chart 22.) The leveling-off of industrial production was the net result of a continued rise in defense expenditures and strength in markets for capital goods, combined with weaknesses in markets for consumers' goods and certain related raw materials. The prices of hides and wool, for example, started to decline in the second half of 1951, and at the end of the first quarter of this year reached a low which was considerably below their pre-Korean level. Although these prices have since recovered somewhat, they have recently fluctuated about a level substantially below that of June 1950. Prices of tin and rubber, much influenced by controlled buying in the United States, have declined sharply from their post-Korean peaks, the price of rubber in fact having fallen below the pre-Korean level. In the first half of 1952, purchases of rubber, which had been made solely by the General Services Administration, were returned to private buyers.

The leveling-off of consumer spending and business buying that accompanied the stabilization of prices and money incomes brought depressed conditions to the textile industry throughout the free world, revealing a

CHART 22

INDUSTRIAL PRODUCTION IN WESTERN EUROPE

Production in early 1952 exceeded the level reached a year earlier, despite elements of weakness. In Europe production is significantly affected by the Easter holidays, which in 1952 fell in April but in 1951 came in March.



NOTE: INCLUDES AUSTRIA, BELGIUM, DENMARK, FRANCE, FEDERAL REPUBLIC OF GERMANY, GREECE, ICELAND, IRELAND, ITALY, LUXEMBOURG, NETHERLANDS, NORWAY, PORTUGAL, SWEDEN, TRIESTE, TURKEY, AND UNITED KINGDOM.

SOURCES: ORGANIZATION FOR EUROPEAN ECONOMIC COOPERATION AND MUTUAL SECURITY AGENCY.

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basic structural problem in this industry. In almost every country, large and small, industrialized or underdeveloped, the second half of 1951 and the first of 1952 found unemployment and unused capacity in woolen mills, and, to a smaller degree, in cotton mills. In part, this world-wide situation is explained by the fact that rising raw materials prices in the last half of 1950 led to speculative purchases of textiles by dealers, with the result that production soon outran sales, and inventories were built up. At the same time, consumer demanded slackened, Germany and Japan reappeared on the world market as textile exporters, and balance of payments deficits in various parts of the world forced curtailment of imports, causing the exports of large textile producers to be reduced.

Although these were the precipitating factors in certain countries, the world-wide depression in textiles also reflects an older and more fundamental malaise than these short-run factors suggest. The secular development of synthetic fibers, which are being increasingly substituted for the natural, affects not only the producers of cotton and wool throughout the world, but insofar as the new fibers require new spindles and looms also affects the manufacturers of other textiles. Furthermore, the world-wide growth of the textile industry, in both industrialized and underdeveloped countries, has caused an expansion of productive capacity in certain lines beyond the level of demand at current prices, despite the existence of great need.

The decline in textile production accounts for the preponderant part of the recent increases in unemployment in Western Europe, as table 19 indicates, and for a proportion of total unemployment which is far greater than the importance of the textile industries in their total economies.

TABLE 19.—*Unemployment in selected countries of Western Europe*

[Thousands]

Country and industry	1951, first quarter	1952, first quarter	Change
Great Britain:			
Total unemployment	304	402	+98
Textile industries	11	87	+75
All other industries	292	315	+23
Germany:			
Total unemployment	1,680	1,770	+90
Textile industries	75	111	+36
All other industries	1,605	1,659	+54
France:			
Total unemployment	158	129	−29
Textile industries	2	4	+2
All other industries	156	125	−31
Belgium:			
Total unemployment	210	291	+81
Textile industries	18	[1] 55	[1] +37
All other industries	192	[1] 236	[1] +44

[1] Preliminary.

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

Sources: Organization for European Economic Cooperation and Mutual Security Agency.

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Despite the depressed textile market and a leveling off of total industrial production, there is no evidence of a general recession of demand in Europe such as would have serious adverse effects on the United States economy. The stability appearing in the index of industrial production for Western Europe in the first part of 1952 reflects strong demand in the remainder of the European economy, especially in the metal and metal-using industries. In almost every country, output of metal products for the first quarter of 1952 was substantially above that for the same period of 1951; in particular, steel production in the first 4 months of 1952 was 9 percent above the same period of 1951 for the area as a whole. The easing of demand for consumers' goods may be expected to facilitate a shift of manpower to industries where it is urgently needed.

In other parts of the world, national economies were characterized by similar developments. Textile production in India and Japan was larger than sales in the second half of 1951 and in the first months of 1952, in part because of reduced export demand. Increased activity in the metal industries of Japan caused the level of industrial production in the first quarter of 1952 to be nearly 20 percent above 1951. In the underdeveloped countries, production of industrial primary products in general continued at high levels.

Whether the increases in output and greater stability of prices achieved by most countries of the free world in the first half of 1952 will be maintained depends to a considerable extent on developments in the United States and other industrialized countries. Assuming no change in the international political outlook and the maintenance of a high rate of economic activity in the United States, accompanied by a moderate expansion of imports and foreign aid expenditures, other countries are likely to be able to maintain the improved over-all stability experienced in recent months.

United States imports. Commodity imports in the first 5 months of 1952, although below the same period in 1951, were at a rate 11 percent higher than during the last half of 1951. (See appendix tables B–43 and B–44 for data on merchandise imports, and appendix table B–38 for data on all imports.) Most of the movement in imports between the first quarters of 1951 and 1952 can be accounted for by 8 commodity groups: coffee, cocoa, wool, sugar, tin, nonferrous ores and concentrates, rubber, and gas and fuel oil. Although these commodities accounted for only 41 percent of the value of our total commodity imports in the first quarter of 1951, they accounted for 82 percent of the decline in the value of our commodity imports from the first to the fourth quarter of 1951. Similarly, from the fourth quarter of 1951 to the first quarter of this year, they accounted for 94 percent of the increase in the value of our commodity imports. Only a part of these movements can be accounted for by seasonal changes; to a considerable extent, they reflected the effect of the preceding consumption of inventories, which made it necessary to increase imports to levels more nearly in accord with current consumption.

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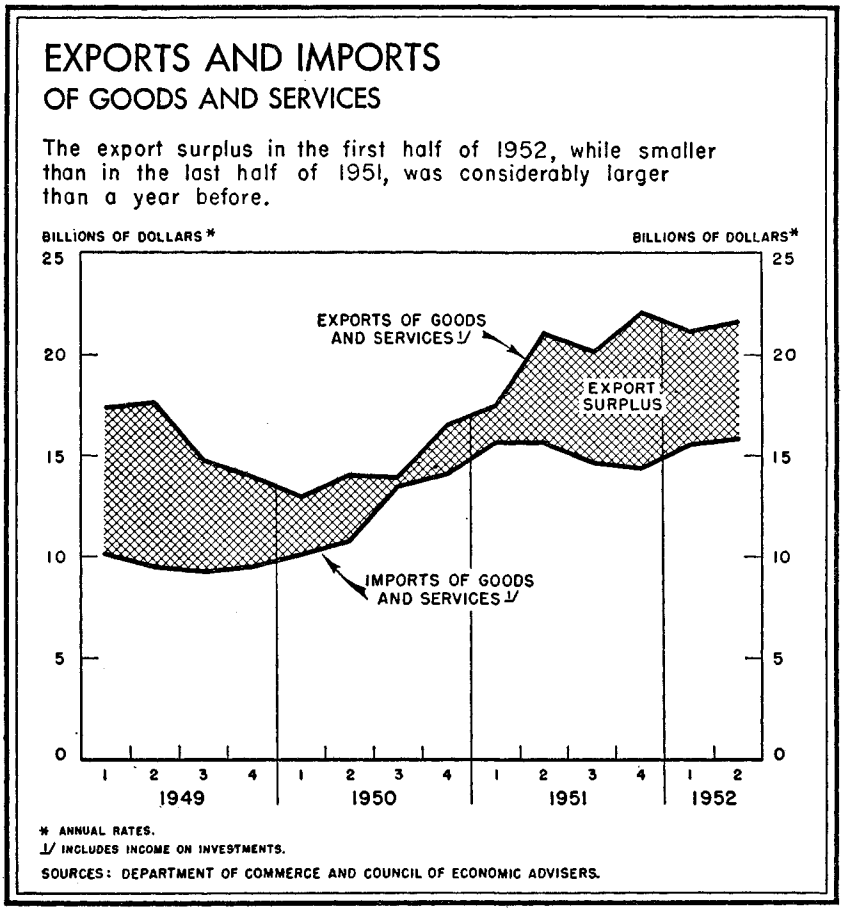
After an agreement in January between the governments of the United States and the United Kingdom providing for the purchase of steel by the United Kingdom and of tin and aluminum by the United States, the United States resumed purchases of tin which it had ceased to buy for several months. A decline in the foreign price for lead and zinc, resulting from greater world production and large foreign stocks, brought increasing imports of these metals. Their foreign prices declined to the level of United States ceilings, and then caused United States prices to fall below the ceiling level. The first months of 1952 also brought increased imports of natural rubber, as well as seasonally high imports of coffee, wool, sugar, and cocoa.

Although the value of commodity imports in the first quarter of 1952, an annual rate of about 11 billion dollars, was somewhat below the level of the first quarter of last year, the resulting decline in the total of dollars available to foreigners was fully counterbalanced by an increase of 800 million

CHART 23



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dollars (annual rate) in Government purchases of services abroad. Other service imports remained about the same, with the result that total imports of goods and services in the first quarter of this year were at an annual rate of 15.6 billion dollars, approximately the same as a year earlier, and it is believed that they remained close to this rate in the second quarter. (See chart 23 and appendix table B–38.)

Other means of financing exports. United States Government aid, which had declined after the second quarter of 1951, continued to decline in the first quarter of 1952, but rose again in the second quarter to the level reached in the same period of the preceding year. (See table 20 and appendix table B–40.) This rise from the first to the second quarter was chiefly the result of an expansion in military aid, although economic aid and defense support increased somewhat. At the same time, there was an increase in private capital exports between the first and second quarters of this year. The increase in aid and in private investment, along with an apparent decline in the flight of capital (unrecorded transactions), enabled foreign countries in the aggregate to stop the decline in their gold and dollar assets which had been going on since mid–1951. According to preliminary estimates, there was in fact some net accumulation in the second quarter of this year, largely on the part of Canada and Indonesia,

TABLE 20.—*Financing the exports of goods and services supplied to other countries*

[Billions of dollars]

Period	Exports of goods and services [1]	Means of financing				
		Imports of goods and services [1]	U. S. Government sources (net) [2]	United States private investment (net) [2]	Liquidation of foreign gold and dollar assets [3]	Other means of financing [4]
1946	14.7	7.0	5.3	0.4	1.6	0.5
1947	19.8	8.3	[5] 8.9	1.0	[6] 1.9	—.3
1948	17.0	10.3	5.0	.9	1.2	—.4
1949	16.0	9.6	6.0	.6	.1	—.3
1950	14.4	12.1	4.3	1.3	—3.6	.3
1951	20.2	15.1	4.7	1.1	—.4	—.2
Annual rates:						
1951: First quarter	17.5	15.7	4.4	.9	—3.6	.0
Second quarter	21.1	15.7	5.3	1.2	—.6	—.6
Third quarter	20.2	14.7	4.6	.0	1.2	—.3
Fourth quarter	22.1	14.4	4.3	2.1	1.2	.1
1952: First quarter	21.2	15.6	3.8	.9	1.5	—.7
Second quarter [7]	21.6	15.8	5.3	1.4	—1.2	.4

[1] Includes income on investments.
[2] U. S. Government sources include subscriptions to the capital of the International Bank for Reconstruction and Development and the International Monetary Fund. United States private investment includes purchases of obligations of the International Bank.
[3] Includes net sales of gold to the United States and net liquidation of foreign dollar assets, including those held by international institutions.
[4] Includes errors and omissions and private gifts.
[5] Includes subscription to the capital of the International Bank and the International Monetary Fund of 3.1 billion dollars.
[6] Consists of net increase in gold and dollar holdings of the International Bank and the International Monetary Fund of 2.5 billion dollars, and liquidation of gold and dollar assets by foreign countries in the amount of 4.4 billion dollars.
[7] 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.

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but with the gains distributed quite widely, in Europe as well as elsewhere. The sterling area, which lost a very large volume of gold and dollar assets in the first quarter of this year, maintained these assets substantially unchanged in the second quarter, partly with the help of a substantial increase in United States aid.

United States exports. Despite the internal measures taken by several nations to restrict effective demand, United States merchandise exports, excluding military supplies, maintained during the first 5 months of 1952 the high levels achieved during the last part of 1951. If military supplies are included, exports were more than 12 percent above the level of the same period of 1951. (See appendix tables B–41 and B–42 for data on merchandise exports and appendix table B–38 for data on all exports.) The failure of these measures to reduce the level of United States exports up to now is in part the result of the fact that a decline in imports of some goods from the dollar area was offset by a rise in imports of foodstuffs and other essential goods; in part it is evidence of the lag between the adoption of these measures and the appearance of their effects in shipments data.

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II. The Near-Term Outlook

At midyear 1952, the general strength of the economy had not been seriously affected by the steel strike, however threatened it might become if the production of steel were not soon resumed. Work stoppages in this basic industry in the second quarter halted the increase in industrial production, which had restored the index in the first quarter of the year to the high level of a year earlier. But with unemployment well below 2 million, the level of economic activity was very high. Wholesale prices had been edging downward since the first of the year, and consumers' prices in May were back just below the January level, after a moderate dip. Inventories had been stabilized, and orders were again flowing to many manufacturers whose output had been held down during most of the preceding year by slack demand.

In what manner this condition of large production, full employment, and active but stable markets may change in the next 6 to 12 months will depend upon conditions and events which are not only uncertain, but which as we have learned are especially difficult to evaluate in this unique period of semi-mobilization.

Thus, if there were a sudden or decisive change in the international situation, the whole economic outlook would change. The appearance of new armed conflicts undoubtedly would greatly accentuate inflationary pressures, while the prospect of a peaceful settlement might lead to expectations of lower Government spending and weaker inflationary pressures. The long continuance of work stoppages in basic industries might so disorganize the economy as to make expectations based on recent developments and trends entirely untenable. These are excluded in the current appraisal, but they cannot be excluded from the range of possibilities.

Excluding such extreme assumptions, the economic developments of the next few months will depend largely upon demands for goods and services, and the capacity of the economy to supply these demands. Among the factors of greatest importance, here mentioned in the order of their treatment below rather than in the order of relative importance, are Government spending on the security program and the other fiscal operations of the Treasury, the investment programs of business firms and the decisions of consumers with respect to spending and saving, and the foreign demand for United States products—all in the context of the availability of unused resources to meet any increases in the various types of demand. The implications of the steel stoppage will also be considered.

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The security program

The largest prospective change affecting the economy is in Government expenditures for the several purposes which are combined in the security program. Forecasts of military deliveries and other national security expenditures, even in the near future for which contracts have been let and funds are available, cannot be precise due to the possibility of specification changes, modification of delivery schedules, and many other factors. Nevertheless, procurement contracts already placed, together with already established patterns of personnel and operations, assure the continuance for the next 12 months of a high and rising volume of security expenditures.

During the second quarter of 1952, purchases of goods and services for major national security programs were at an annual rate of 50.5 billion dollars. Keeping in mind the qualifications made above, increases are expected under the present continuing program until a plateau is reached sometime before the end of 1953 at a level between 60 and 65 billion dollars.

Strategic metals fill a peculiarly crucial role in determining the impact of the military production programs on the remainder of the economy. Although the defense program's draft on steel, copper, and aluminum supplies will be heavy, the growth in supplies is expected to free increasing amounts for civilian use from now on. However, the increase in the availability of steel may be retarded, even into the first half of 1953, by the current shutdown in that industry. Considering that 1950 was a record year for the production of consumer durable goods, and a near record year for the use of metals for producers' plant and equipment, it is evident from chart 24 that, in the absence of labor controversies, major metals for nonmilitary purposes will be in relatively favorable supply.

Nevertheless, some words of caution are appropriate with reference to the easing of civilian supplies depicted in chart 24. In the first place, because of the impossibility of projecting at this time the proportion of metal supplies which will be stockpiled, these estimates assume no increased use for stockpiling purposes, except for a moderate amount of aluminum. However, because the possible need for all-out mobilization dictates a policy of stockpiling critical materials where current production plus imports could not meet full mobilization requirements, a significant part of any increased copper and aluminum supplies in 1953 may be absorbed in this fashion. Accordingly, the increased availability of copper and aluminum for civilian use in 1953, as shown in chart 24, should be viewed as a maximum level from which any increased stockpile requirements must be subtracted.

It should be noted that the increasing availability of the three major metals does not in itself indicate that the need for the Controlled Materials Plan is at an end. For one thing, as is evident from the chart, copper for civilian use will still remain below the 1950 level. More impor-

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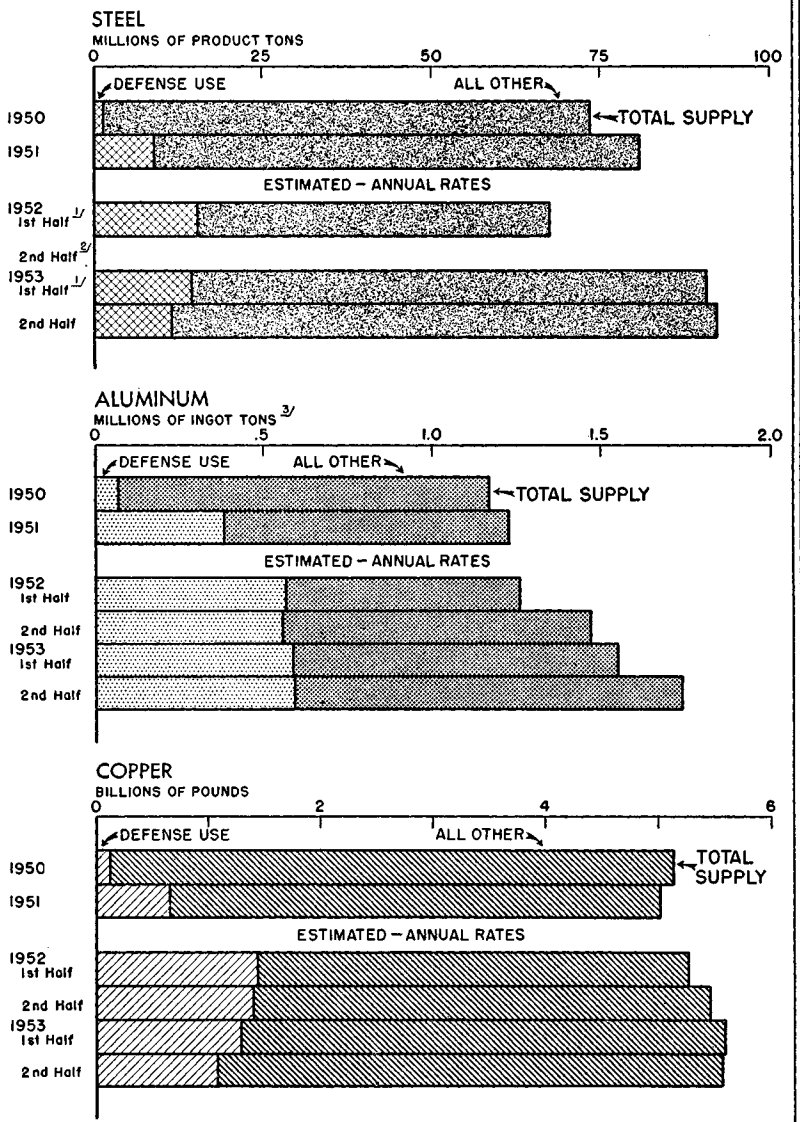
CHART 24

METALS SUPPLY

Moderately decreasing defense requirements, coupled with increasing total supplies, are expected to raise the availability of steel, copper, and aluminum for nondefense use during the next 18 months, barring sizable changes in defense programs.



1/ INCLUDES PRELIMINARY ESTIMATES OF LOSS DUE TO STRIKE
2/ NOT AVAILABLE.
3/ INCLUDES PRIMARY AND SECONDARY PRODUCTION AND IMPORTS. ADJUSTED IN 1953 FOR POSSIBLE LOSSES DUE TO POWER SHORTAGE AND FOR MODERATE ADDITIONS TO STOCKPILE

SOURCES: DEFENSE PRODUCTION ADMINISTRATION AND NATIONAL PRODUCTION AUTHORITY.

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tant, the authority and machinery for allocating metals is part of the structure of controls which needs to be continually available to keep the Nation in readiness for the possibility of all-out mobilization. Although relaxation of many controls may become increasingly warranted, we cannot afford to be caught in the possible emergency of an all-out mobilization without the authority and basic control organization necessary to divert more resources to defense production.

Finally, the outlook for increasing the supply of alloying metals is not so bright as for the major metals. Despite efforts to open up new sources both here and abroad, continued emphasis must be placed on finding substitutes for many critical alloying minerals, and on conserving the supply now available.

Deficit financing

An important factor bearing on the funds available for business and consumer spending is the surplus or deficit of the Federal Government, and the manner in which the surplus is used or the deficit financed. Up to mid-1952, increased Government expenditures for goods and services have been wholly financed by taxation. In the first year of the defense program, budget expenditures increased from 40.2 billion dollars to 44.6 billion, but budget receipts increased much more, and there was a budget surplus of 3.5 billion and a cash surplus of 7.6 billion. In the second year, fiscal 1952, budget expenditures increased nearly 21.5 billion dollars, but increasing tax receipts held the budget deficit to 4.0 billion, and there was a small cash surplus. For the 2 years, the great increase in the cost of the security program was more than matched by increases in Federal cash receipts, and the publicly-held national debt was actually reduced.

Completely financing the expanding security program from taxes did not mean that the program was not inflationary during the 2 years. Procurement contracts involving very large payments in the future and relatively small current payments were placed as rapidly as possible with manufacturers, who expanded their working force, entered upon ambitious programs to expand facilities, and multiplied their demand for the raw materials needed in their work. The inflationary effect of this new demand for goods was aggravated by the fact that the demand of manufacturers was not spread over the whole market for commodities, but instead was concentrated upon a relatively few categories. The pressure was especially severe at those points.

We enter fiscal year 1953 facing a continuing rise in expenditures for the security program, which are scheduled to increase during the year by 11 to 12 billion dollars. This year will not be one in which the added flow of Federal funds into the income stream will be offset by equivalent increase in the flow of funds from taxpayers into the Treasury. There will be a large cash deficit, nearly all of which will accumulate in the current half year. It is estimated that, between the first of July and the middle of

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December, the flow of funds from the Treasury into the income stream will exceed total Federal cash receipts by more than 8 billion dollars.

The deficit during the current half year will have a substantial economic impact, despite the fact that it will be followed by a half year in which there will be a Treasury surplus. The inflationary tendency of the deficit will be lessened, however, to the extent that the Treasury is able to borrow funds from investors other than banks, thereby limiting the amount it will have to secure by selling new Government securities to banks—a process which by expanding the money supply may facilitate inflationary developments.

One important source of nonbank funds arises from the prudent practice, common to many businesses, of investing funds accumulated as a result of tax accruals in tax anticipation and other short-term Government securities. Under the present law, which is gradually shifting the payment of corporate income taxes into the first half of the year, corporations are required to pay only 30 percent of their taxes on 1951 profits in the second half of 1952, and they will be required to pay 80 percent of their taxes on 1952 profits in the first half of 1953. During the current half year, it is estimated that they will invest tax reserves to the extent of at least 3 billion dollars in special Government securities, which they will turn in on their tax payments next March and June. This will make available to Government large amounts which, if held as cash, would be available for use as current working capital.

In June 1952, the Treasury offered a new issue of marketable 6-year bonds. Subscriptions by nonbank investors were more than enough to absorb the contemplated issue of 3.5 billion dollars, and, in order to honor its promise to accept limited amounts of bank subscriptions, the Treasury found it necessary to issue an additional 500 million dollars' worth of bonds for the commercial banks.

The relatively strong demand from nonbank institutional investors for the Treasury bond issue seems to indicate that these investors believe the expansion of private demand for capital is coming to an end, and that the rapid increase of savings in these institutions will increase the funds seeking investment in Government securities. If this view is vindicated, the Treasury will be able to meet its borrowing requirements largely from the savings of individuals. As a result, the Treasury would find it necessary to resort very little to commercial banks in its deficit financing in this half year.

Government deficits are an inflationary factor because Government expenditures are being made without an equivalent reduction being enforced on private spending, which may indeed be encouraged by an expanding money supply and easy credit caused by the method of financing the deficit. Whether inflation will actually result from a deficit depends on whether aggregate demand in the economy is in excess of aggregate supply. This in turn depends not only on Government demand, but also on a wide

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variety of factors which influence the spending, investing, and producing decisions of consumers and businessmen. Whether the inflationary influence of a large and growing deficit will be augmented by other factors moving in the same direction, or offset by factors pushing in an opposite direction, is the crucial question. This necessitates looking carefully at other sectors of the economy.

Nongovernment Demand

No foreseeable depressing force, or combination of forces, in other sectors of the economy seems strong enough to counteract fully the effect of Government expenditures for the national security program.

Investment

Private investment which, together with Government outlays, is likely to be the major factor causing changes in the flow of personal income, will in all probability remain, at least into 1953, close to the high level of the first half of 1952.

The 1952 survey of the intentions of businessmen with respect to investment in plant and equipment during the rest of this year, which was made by the Commerce Department and the Securities and Exchange Commission, indicates that plant and equipment investment will continue above the levels of the first half of 1952 during the second half of this year. And there are other indications that it will remain strong in the first half of 1953. Such outlays by defense and defense-related industries, mostly producers of durable goods, are expected to continue to show considerable increases in 1952 over 1951, with only a slight increase in industries turning out nondurable goods. Accomplishment of these plans has been facilitated by the easing of metal supplies and the relaxing of some credit controls.

Additional evidence that plant and equipment outlays will probably remain high for some time is to be found in the scheduled rate of completion and estimates of "value-put-in-place" for activity covered by certificates for accelerated amortization; the continued increase, at least until the steel strike, in National Production Authority construction authorizations, which will add to construction in the second half of 1952, and push into 1953; and the still sizable volume of applications for certificates of necessity pending before the Defense Production Administration.

There are no indications that there will be any sizable change in investment in inventories during the rest of 1952 and on into 1953. While there may be a further drop in inventories during the next few months, following several quarters in which the over-all rate of accumulation dropped from record heights and became negative, the change in the rate of inventory accumulation has about lost the anti-inflationary influence it exerted in the past year. A growing volume of consumer demand might, indeed, lead to a renewed accumulation of inventories, thus adding to demand.

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The volume of residential construction will probably stay near the current level for another year at least. The number of housing starts in 1952 is likely to be around 1 million units. The easing of mortgage credit regulations in June, and the fact that the regulations must be suspended under the amended Defense Production Act whenever housing starts are running at an annual rate below 1.2 million, support the belief that a high number of starts will be realized this year, and that housing starts will continue to be high well into 1953.

Personal consumption expenditures

The expansion of Government expenditures during the past 2 years has led to an enlargement of personal incomes even greater than the substantial increase in Federal income taxes, with the result that the general trend of disposable personal income has been upward. There will be no additions to Federal income tax rates to affect personal incomes during the second half of 1952, and only extraordinarily rapid action by the next Congress to increase tax rates would have any effect before the middle of 1953. The sustained increase in expenditures for national security, with no offsets expected from the private investment sector, will continue to drive personal income upward, and this increase will be reflected in an increase in disposable income. The extent to which it enters the marketplace as active demand for more goods and services will depend upon the decisions of consumers with respect to their individual saving.

A moderate increase in consumer spending would probably bring about only a small rise in prices. Many consumer goods industries hold substantial inventories, and are running at less than full capacity. More important, there has been a great expansion in the capacity to produce many kinds of goods, both industrial commodities and those required by consumers, and the market demand since the end of the buying wave early in 1951 has left many industries producing consumers' goods with a substantial margin of unused capacity. Despite the low national level of unemployment, there is a considerable amount of underemployment in these industries. Manufacturers would quickly respond to any increase in demand by increasing production. Unfortunately, this adjustability of output does not apply to food, the supply of which for the next year will be determined largely by the weather.

Personal saving

In the first 9 months after Korea, the choice of consumers was to increase their spending rather than their saving; since then, the choice has been in favor of saving. A sharp reversal in the attitude of consumers occurred after the first quarter of 1951. Despite an increase of 5.2 billion dollars in the seasonally adjusted annual rate of disposable personal income in the second quarter, there was a decline of 6.0 billion in the annual rate of personal consumption expenditures. Thereafter, personal expenditures

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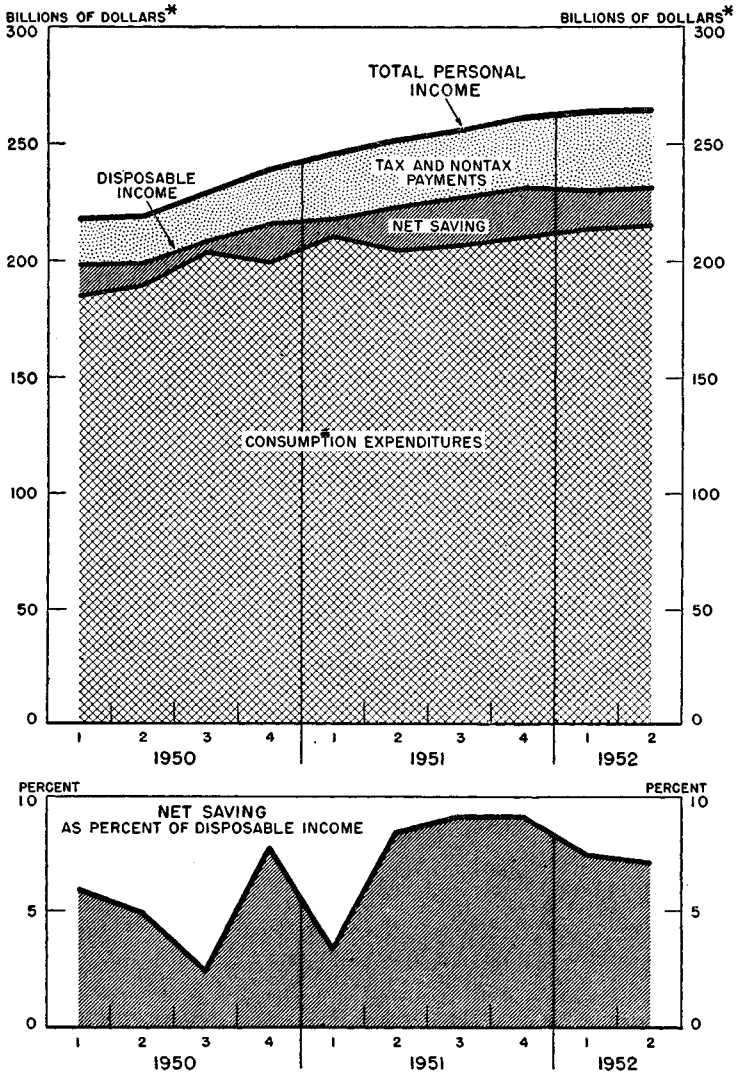
CHART 25

PERSONAL INCOME, SPENDING, AND SAVING

Personal consumption expenditures have risen steadily since the second quarter of 1951, when there was a break from post-Korean peaks. Saving fell from the exceptional rate of more than 9 percent of disposable income in the second half of 1951, to about 7 percent in the first half of this year.



* SEASONALLY ADJUSTED ANNUAL RATES.

SOURCES: DEPARTMENT OF COMMERCE AND COUNCIL OF ECONOMIC ADVISERS.

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increased slowly, but the rate of saving remained steady until the first quarter of 1952. For the first half of 1952 as a whole, the increase of 5.7 billion in the rate of expenditures was larger than the increase of 2.3 billion in disposable income, and the rate of saving thus declined. But the rate of saving, about 7.3 percent of disposable income, was still much above the average of the postwar years before Korea. (See chart 25.)

The high rate of personal saving in the recent past means that consumers have built up vast stocks of liquid assets, which may be used at any time to increase spending. But the assets representing past personal saving are not all available for consumption expenditures. They include net investment in homes, and the equity of nonincorporated business firms and farmers in inventories and plant and equipment. They also include the growing equity in insurance reserves which results from premium payments under contracts which, once entered into, are not suspended or abandoned lightly.

However, that part of savings held in the form of liquid assets has been growing rapidly. Additions to such liquid assets as currency, deposits in mutual savings banks, demand and time deposits in commercial banks, shares in savings and loan associations, and Government securities expanded about 8 billion dollars during 1951, to reach the total of 232 billion dollars. This is the financial backlog which buttresses current personal disposable income, now running at the annual rate of nearly 230 billion dollars. The existence of this large body of assets gives its owners a sense of security that encourages them to spend their current income freely, while many of the liquid assets would themselves be fuel for an inflationary blaze if one were to start. That such a blaze would need to be ignited by new forces, and not by this potential buying power itself, may be demonstrated by the attitude today of consumers who prefer to build up their liquid savings. But this is a barrier to spending which becomes progressively weaker as liquid assets and other savings move upward.

Foreign demand for United States products

One possible factor affecting the Nation's total production may be a decline in the demand for United States exports other than military goods. Because of balance of payments difficulties, many nations have imposed import restrictions which may not only reduce their direct purchases from the United States, but also may force other nations whose earnings are impaired by the restrictions to take similar steps, with like effect on their buying of our products. No significant influence of import curtailments on United States exports was shown by the statistics for the first 5 months of 1952; some may be felt in the months ahead. Our exports also may be affected—in either reduced quantity or reduced prices—by increasing competition in foreign markets, both from countries trying to correct a deficit position by export expansion, and by the re-emergence of Germany

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and Japan as exporters of industrial products. The size of any likely cut will, however, be relatively small when compared with total production, although it could have a serious effect on some industries.

Implications of the Steel Stoppage

Each additional week of the current steel dispute means a loss of more than 1.8 million tons of steel. If the strike should continue during the remainder of July, a total of 19 million tons of ingot steel will have been lost to the economy. Another serious loss of steel output will be felt later, as a consequence of the current restriction of iron ore production. Because iron ore must be shipped from the mines during the months when the Great Lakes are open, curtailed production now means iron ore scarcity next spring.

At the time the strike began, inventories of steel in the hands of steel users were relatively high, in many cases above those required for current production. Consequently, the first month of the strike did not cut deeply into production or employment in steel-using industries. However, inventories were unbalanced, some types of steel being plentiful and others scarce. But as the stoppage progressed into July, even producers with initially heavy inventories began to feel the pinch.

Despite the agreements from both labor and management to produce steel for direct military needs, the output of many important military items was reduced during the quarter due to steel shortages. As a consequence, resumption of steel production will mean that more steel must be diverted to military and defense-supporting production than had originally been planned, both to build up such inventories which might have fallen dangerously low, and to make up wherever possible for lost production. As a result, less steel will be allocated to civilian industries than originally planned.

The drastic cut in steel production will affect investment programs, forcing a "stretch-out" beyond the completion dates originally contemplated if the stoppage is not too protracted, but probably leading to the cancellation of some programs if the stoppage is of long duration.

The continuance of the shutdown would have fairly serious repercussions on employment. Not only would the anticipated pick-up in the production of consumers' durable goods be delayed, but output would have to be further curtailed, requiring many plants to lay off workers. Soft goods industries would also be adversely affected because of declining incomes.

Whether the short-run outlook will be more inflationary as a result of curtailed production cannot be definitely foretold. Curtailed production of consumers' goods is inflationary. The loss in incomes resulting from cuts in output is, however, deflationary. The net result depends upon whether there will be a spurt of anticipatory buying arising from the fear of rising prices and shortages of goods.

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The Inflationary Bias of the Near-Term Outlook

The amount of inflationary pressures to be confronted in the near-term future depends upon how hard the demands of businessmen, consumers, and Government press against the productive capacity of the economy. With respect to Government demand, its size over the next 12 months will depend basically upon the pace of the security program. While it is impossible to gauge this pace with precision, estimates as to the lower and upper likely limits fall within a range of 2 or 3 billion dollars. Similarly, the upper and lower limits of likely business investment within the next 12 months would not now seem very far apart, although there is more uncertainty with respect to inventories. Added to these possibilities for higher expenditures, the rate of consumer expenditures might also rise. Such a rise might lift total demand considerably. If, for example, the rate of consumer spending out of disposable income increased by only 1 percent, and if Government expenditures and business investment were running at the higher ranges which are likely during the first half of 1953, the combined effect would be an 8- to 10-billion-dollar higher level of consumer outlays. There is also some uncertainty as to the extent to which consumers will draw upon credit and upon liquid assets, and as to the general mood of the buying public.

If the main components of expenditures tend toward the lower side within the range of what is now foreseeable, the outlook is for a period of high prosperity in the near future without dangerous inflationary pressures. It does not seem reasonable to expect total expenditures to fall short of the lower limit of this range. Nothing now foreseeable in the short-run future justifies the hypothesis of a recessionary movement for the economy in general. On the other hand, if the main components of total expenditures tend toward the higher levels indicated, there will be a substantially growing inflationary strain upon the economy.

The policy conclusions to be drawn from this outlook are the same, wherever expenditures happen to fall within this range. If the economy, while operating at very high levels of production and employment and close to its productive capacity, avoids an inflationary movement, it will not be injured by the maintenance of the safeguards against inflation. If, on the other hand, inflationary pressures intensify, the maintenance of safeguards against inflation will prove of great value while their abandonment would prove to be a very costly mistake. This conclusion is strongly reinforced by the possibility that some new wave of concern about the international situation could release an inflationary movement comparable in character to that which succeeded the Korean outbreak and the Chinese intervention. Such a movement would commence from a much higher price level, in a much more fully utilized economy, with a large volume of available purchasing power.

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The experience during and since World War II is that, in a world of tension, a full-employment economy has an inflationary bias, except when the business outlook is clouded by unfavorable factors. No such clouds now appear on the immediate horizon. In view of the possibility of another inflationary spiral, we find nothing in the current economic situation to warrant letting down our guard against inflation, although we believe the greater probability is for a period of stability or a mild increase in inflationary pressures rather than for a considerable inflationary spiral.

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III. Immediate Policy Issues

In the January 1952 Economic Review, the Council sought to offer a comprehensive set of policy recommendations for meeting the problems which the economy seemed likely to face during the present year. In this Midyear Review, there is no need to retrace this ground, except to the extent that new developments have modified some of these problems or created new ones.

Most noteworthy among the factors which have altered the economic outlook significantly enough to call for a reconsideration of our earlier policy appraisals are the prospects for larger supplies of many scarce materials than had been anticipated earlier, the persisting absence or weakness of inflationary pressures in a number of markets, the congressional actions weakening anti-inflationary control authority, the steel dispute, and the sentiment to increase barriers to imports despite the continued balance of payments difficulties of many foreign countries.

These developments make it desirable to take a fresh look at the impact of the national security program on the economy, as well as at stabilization policy, and to examine the relationship between our security program and economic problems abroad as it affects our international economic policy.

The Feasibility of the National Security Program

The problem of strengthening the military and economic potential of the free world is not an easy one. Unlike the situation in an all-out war, the effort is continually beset by uncertainties as to how much effort is needed, and by continuous changes in international tensions. Since there is no such thing as absolute military security, the size of the security program must be determined by balancing the sacrifices which different levels of security expenditures would entail, against the various degrees of strength which can be purchased with those expenditures. In this situation, economic and strategic considerations are almost inextricably intertwined, much more so than in an all-out war, when victory must be won whatever the cost. In order to be prepared for changes in the international situation, and changes in the pace of our security build-up which might be occasioned thereby, a constant evaluation of the economic impact of larger security programs must be made.

Such an evaluation does not consist in attempting to state, for example, that a 5-percent increase is feasible but a 6-percent change is impossible. Rather, it consists in determining how an increased allocation of resources

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to military use would affect civilian supplies and prices, and through them the standards of living and economic efficiency of the Nation. Given such data, it then becomes a matter of strategic consideration as to whether the additional security purchased is sufficient to warrant the costs incurred.

An argument strongly put forward by persons seeking to reduce or slow down the present security program is that this program is too large for the country to bear, and, if persisted in, will seriously damage the economy. If this were true, it would be of the utmost importance for national policy. We believe the argument to be entirely fallacious; its frequent repetition, however, calls for an examination of the facts.

In the second quarter of 1952, the 50.5 billion dollars of goods and services (annual rate) utilized for our security programs represented about 15 percent of gross national product. Current mobilization plans call for an increase in security expenditures for goods and services to a level between 60 and 65 billion dollars in late 1953. With only moderate increases in the labor force, working no longer hours than during 1951, and with the expansion of plant capacity which will then have been completed, we could increase our national output by about 25 billion dollars while security expenditures are scheduled to increase only 10 to 15 billion, leaving an increase of 10 to 15 billion dollars in goods and services available for civilian use. When the peak of the presently planned security expenditures is reached, it will represent less than 18 percent of the gross national product, compared with 41 percent at the peak of World War II. In addition, by the end of 1953, about 90 percent of the 22-billion-dollar investment which has been programed for defense-supporting industries through rapid tax amortization will have been completed.

During the second quarter of 1952, our gross national product was at an annual rate of 343 billion dollars. If we adjust for price changes since 1951 and subtract the goods and services which were utilized for direct security expenditures, we find that the amount left over for civilian use for both investment and consumption amounted to $1,830 per capita (in 1951 dollars). By the end of 1953, given present estimates of security expenditures, this could rise to almost $1,875 per capita if maximum production is maintained. Since part of the current per capita output which we have counted as available for civilian use is being utilized for defense-supporting investment, the decline in such investment will increase even further the amount actually available to civilians. Under the present program, therefore, we can carry out the increases now planned, and at the same time achieve a very substantial per capita gain in the use of resources for purely civilian purposes.

Such general conclusions, however, are not sufficient to measure the impact of the increasing security program. We must also review its effects on each of our major national resources—manpower, raw materials, and plant and equipment capacity.

At the present time, the level of security expenditures is not imposing

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severe strains upon our resources. We can achieve the currently planned levels by adding to our civilian labor force only slightly more workers than we would ordinarily expect through normal growth. Average hours of work for the economy as a whole have shown no increase since 1951, and in manufacturing have actually declined slightly. In the first half of 1952, average hours worked in manufacturing were about 40.4, compared with 40.7 in 1951, 40.5 in 1950, and 45.2 in 1944. There is, indeed, some slack in the economy, as demand for many consumer goods in the past year and a quarter has been only moderate. In general, labor shortages, except for certain specialized skills, have been held to a minimum, and some areas of moderate labor surplus exist. As has been pointed out, we could increase the real national output about 25 billion dollars between now and the end of 1953 without adding to hours of work, and with moderate growth in the labor force. With some slight additional effort, by increasing productivity and improved utilization of the existing labor force, especially in nonurban areas, we could raise output even more.

Under present security programs, metals available for civilian supplies should be increasing from now on, as is shown in chart 24. With some exceptions, present metal supplies available for civilian use have not been so low as to cause a significant imbalance between the demand for and the supply of metal-using products. This is partly due to the existence of heavy inventories, partly to the conservation of such metals by manufacturers, and partly to a lower demand for consumer durable goods. As security programs are raised moderately, metal allocations to the military may have to be increased. This could be done, while still allowing some increases in metals available for civilian use. It may be necessary to reduce temporarily the amount of steel available for civilian production late in 1952 or in 1953, to make up losses in military output resulting from the steel strike. On the other hand, metals requirements for military production have been overstated, in some cases, with the result that more metal has been allocated to such production than was necessary. In situations like this, military programs can be increased without the diversion of additional metal from civilian use.

The level of the security program must be measured against another resource besides manpower and materials, namely, the plant and equipment capacity to turn out military end-items. One of the more critical bottlenecks in the security production program throughout 1951 was machine tools. However, part of this problem disappeared as machine tool production began to climb, reducing the time required to fill existing orders from almost 24 months in mid-1951 to slightly less than 14 months at the present time. While certain machine tools are still critically short, causing bottlenecks, the number of these is small relative to the total. Indeed, machine tool manufacturers are beginning to search for civilian business in order to keep production lines going.

Moreover, many plants producing military end-items have been tooled up

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beyond the needs of current production, in order to provide a base for expansion in the event of all-out war. In the sixth quarterly report of the Director of Defense Mobilization, it was pointed out that in order to build a broad mobilization base, procurement agencies are spreading contracts out over a number of plants working on only a one-shift basis, rather than concentrating them in a few plants working two or three shifts. Consequently, much of the increase in military procurement can be made possible by raising production rates on existing military production lines, and only limited conversion of plants producing civilian goods is probable.

In other cases also, the level of military output can be raised significantly without the diversion of a corresponding amount of resources from the civilian economy. A large amount of experimentation with new designs and models, development of newer production techniques, and a general flexibility of military procurement, have characterized the security program since Korea. These design and production changes, coming in a continuous stream, have meant that the amount of resources needed, especially skilled labor and machine tools, per unit of end-item production has been exceedingly high. However, General Bradley, Chairman of the Joint Chiefs of Staff, recently stated:

> We can't afford to put off any longer freezing models. If something better comes along later on, naturally we will adopt it, and gradually replace this equipment with it. Anything that is on the drawing board now and is not ready to produce * * * you are not going to have by 1954.

Thus the increase in the production of military items, under presently planned schedules, can be much more easily accomplished by slowing down the rate of design and specification changes. In fact, the attainment of economical mass production of many items of military equipment is dependent upon decisions to moderate the rate at which specifications are changed. On many items, the Department of Defense has recently adopted a policy of "package" changes, under which minor changes in design are accumulated and submitted only at intervals.

Of course, the cost, in terms of economic resources, of increased production of armaments would vary according to the specific items of equipment whose output was raised. In certain areas which are currently limited by specific bottlenecks of machine tools, alloying metals, and the like, increases in production would require diversion of specialized resources from the civilian economy. In other areas, generally less critical than the above, increased production could be achieved with only a limited impact upon the civilian sectors of the economy. Consequently, the cost of raising the level of the security program, in terms of its effect on the civilian economy, would be partially dependent upon the particular area in which production was increased.

The argument that the current security program is imposing an excessive strain upon the economy is frequently addressed, not to an examination of the facts set forth above, but rather to an examination of the tax level and

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of the current and prospective deficit. The tax level and the deficit are important, but they alone do not determine the ability of the economy to sustain the security program.

For example, the argument that taxes are too high is generally based upon the assumption that they are excessively repressing business opportunity for investment and profits, and consumer ability to purchase goods and services. But neither the business situation nor the current standard of living can be said to have been hurt by the level of taxation necessitated by the security program, when measured against the need for that program. In fact, the predominant business concern for the future is not that the security program does not leave enough resources available for the satisfaction of other wants, but rather that even with the security program the time may come when the satisfaction of other wants will not absorb the available productive resources.

As to the deficit, if the economy can sustain the current and prospective diversion of resources to the security program, the deficit merely reflects a decision of national policy to finance part but not all of the cost through taxation. Whether or not this decision is wise, a deficit under such circumstances does not mean that the economy cannot stand the strain.

In short, the basic test of whether an economy like ours can support a defense program of given size is whether its productive resources are adequate to service that program, and at the same time to service other fundamental economic needs. If the Nation's resources are adequate in this sense, means can be found to finance the program consistent with maintaining the strength of the economy. A decision either to finance the program entirely by taxation, or partly by taxation and partly by borrowing, is consistent with the maintenance of the Nation's economic strength, although there will be differences in the need for other anti-inflationary measures depending on the financing method that is chosen.

In summary, the Council concludes that the current and prospective security program, including the methods being employed to finance it, are entirely compatible with the maintenance and in fact the advancement of the Nation's economic strength. Thus far, it is clear that this has actually happened. Looking to the future, our productive resources are adequate to expand the national output, without excessive strain, by more than the security program will be expanded under present plans. So long as this condition persists, it cannot be maintained that the security program is beyond our means.

Stabilization Policies

Fiscal policy

In the January 1952 Review, as in previous reviews prepared since the Korean outbreak, the Council urged that to the largest extent possible the costs of the national security program be paid currently through taxation.

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This policy was supported on both fiscal and economic grounds. The Council recognized that moderate deficits might not be avoidable when expenditures were at their highest level. But we urged that tax rates be placed sufficiently high, so that deficits at the peak could be offset by surpluses when expenditures were being reduced toward a longer-run maintenance level.

Federal taxation. Our belief in the desirability of a pay-as-we-go policy has been strengthened by the developments of the past 6 months, and by the economic and fiscal outlook for the near future. The economic outlook is for a continuing very high level of economic activity, which may be accompanied by renewed inflationary pressures.

The fiscal outlook is for an increasing deficit during the next 2 or 3 years, unless the revenue system is strengthened. In the fiscal year just ended, the budget deficit was 4 billion dollars, while on the cash basis receipts were approximately in balance with expenditures. In the President's January Budget Message, the deficit for the fiscal year 1953 was estimated at 14 billion dollars, on the basis of proposed expenditure levels and existing tax rates. More recent calculations, which take into account congressional action on the President's budget requests as well as the recent trend of receipts and expenditures, indicate a deficit in the neighborhood of 10 billion dollars for this fiscal year, with substantial deficits also in prospect for the fiscal years 1954 and 1955 under present tax rates.

The future level of expenditures depends very largely on the size of the national security program. As chart 26 shows, 70 cents of each dollar spent in the fiscal year 1952 went for the major national security programs. In the President's Budget for the fiscal year 1953, 76 percent would go for national security and supporting programs, approximately 12 percent would go for interest on the public debt and veterans' programs, and only about 12 percent would go for all other governmental programs put together. These other programs have been reduced somewhat since 1950, and are not likely to be reduced by enough more to have much effect upon the deficit. Such programs, besides being needed, have the support of public opinion. When increases in prices and growth of population are taken into account, these programs in the aggregate are substantially smaller than they were in 1940. It is clear that if any large cut is to be made in the Budget, it will have to be made in the national security program. The size of the national security program should rest on the need for it, not on some preconceived idea concerning tax reduction, however attractive such reduction may be.

In January, the President strongly recommended a substantial strengthening of the tax system. No action was taken on this recommendation at the recent session of the Congress. It should be noted, moreover, that tax rates will not continue throughout the rearmament period at their present levels, unless positive congressional action is taken, since the legislation imposing new and higher taxes in 1950 and 1951 set termination dates.

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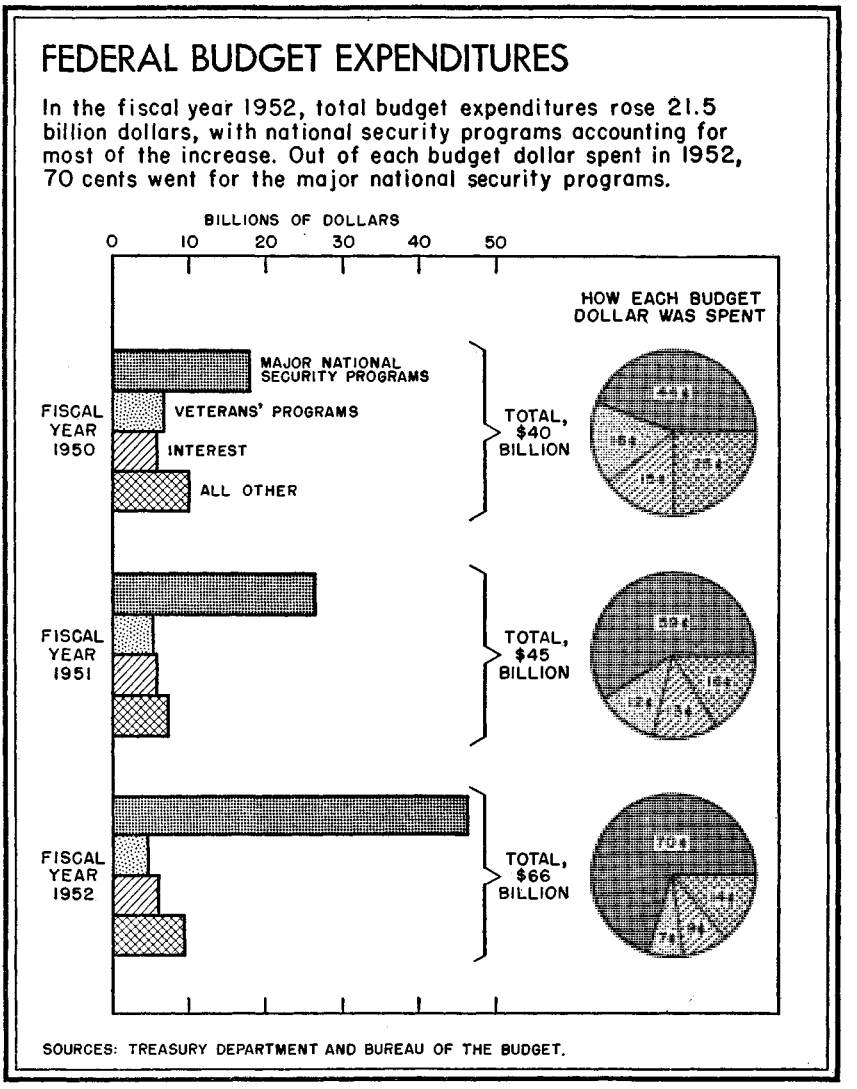
CHART 26



Thus, in the absence of congressional action, the excess profits tax will expire June 30, 1953; the 1951 increases in the individual income tax will expire December 31, 1953; and the 1951 increases in the corporation income tax and the excise taxes will expire April 1, 1954. Thus the revenues for the fiscal year 1954 and, more particularly, subsequent fiscal years will be substantially decreased, unless legislation is passed to prevent the automatic reductions from taking place.

The Federal debt reached a total of 259.2 billion dollars on June 30, 1952, reflecting an increase of 3.9 billion dollars during the fiscal year. (See appendix table B–29.) Since 1917, the total amount of public debt

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that the Treasury has been permitted to have outstanding has been set by congressional action. Since the size of the debt is determined by expenditures and revenues, which are dependent on congressional action, the debt limit has been changed as the situation required or permitted. The highest point to which the debt limit was raised was 300 billion dollars, which was effective during the latter part of the war. Since 1946, the public debt limitation has been 275 billion dollars. The outlook now is that the rising debt will reach this limit sometime during the fiscal year 1954.

There should be no need at this late date to discuss again the superiority of taxation over borrowing as a means of distributing the financial cost of the defense program. When Government spending is financed by taxation, each person's share of the bill is determined by the types of taxes that are imposed. Reliance upon Government borrowing to finance spending incurs the risk that part of the bill will be distributed among the population in the hit-and-miss fashion which characterizes inflation. Particularly in a full-employment economy, taxation helps to protect the purchasing power of the dollar, and thus makes it easier for the economy to carry the real cost of Government programs. Under present conditions, high taxes accordingly are needed not only for fiscal reasons, but also as an essential measure of inflation control. Taxation should be the last inflation control measure to be relaxed, since it is a basic measure and the most effective one for long-continued use.

Paying taxes is always unpleasant. Consequently, it is always easy to make an appealing argument that taxes should be lowered, if one ignores considerations of economic and national policy. But it is these considerations that make it necessary to have a tax system at all, and it is these considerations which should weigh very heavily in determining how much and what kind of taxes the people should pay at any particular time. It is after viewing the entire picture that the Council concludes that it would be premature to raise hopes of tax reduction in the near future.

Although the present level of taxation is not a damaging one, it clearly imposes a burden on taxpayers. Those burdens would be somewhat easier to bear, if the inequities and loopholes which exist in the tax system were removed. Inequities ought to be removed whenever they are discovered. And it is especially important to remove them when taxes are high, since high tax rates accentuate unfairness in the distribution of tax burdens, and increase the harmful economic effects of tax discriminations. Whatever else is done to the tax system, the program of structural improvements proposed last January and at other times should be adopted.

Fiscal policy at the State and local level. Since World War II, there has been a continuous uptrend in the spending of State and local governments for highways, schools, hospitals, water and sanitation facilities, and other public works. For several years, the net borrowing for these purposes in the aggregate has been relatively small. State and local governments are now planning outlays for public works which will lift expenditures sub-

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stantially above the probable level of receipts. The easing of controls on some construction materials, combined with the elimination of the Voluntary Credit Restraint Program, will permit these projects to move ahead at a faster rate than in the past year. Some further growth in State and local borrowing accordingly can be anticipated.

From the viewpoint of economic stabilization, it would of course be desirable to postpone as many of these projects as possible, until such time as they would not compete for scarce resources or contribute to inflationary pressures. Even better would be the postponement of less urgent projects until they would make a contribution to the support of the economy, if other supporting forces weaken. It is to be hoped that State and local governments will recognize their responsibility for contributing to economic stability, and that wherever feasible such deferment will be the policy followed.

It must be recognized, however, that there are many State and local public works projects which have a high priority for early construction. The deterioration of highways, overcrowding of schools, pressure of a growing and mobile population on community facilities, and the general problems raised by urban congestion, have in many cases produced a serious condition.

Credit policy

Appropriate credit policies are essential to the success of a stabilization program. Market demand is generated by the extension of credit and the use of past savings, as well as by the use of current income. Credit policies affect market demand primarily through their impact on credit extension, and they also may affect the volume of saving out of current income and the forms in which savings are held. Their impact can be general or selective, depending upon the types of actions taken.

Credit restraints have many advantages over most other anti-inflationary measures. From the standpoint of the control authority, credit regulation is impersonal, since it relates to the volume of credit in general or to credit for financing the purchase of whole classes of goods. To be sure, the lenders themselves operate on a person-to-person basis, since they may be obliged to decide which customers to accommodate and which to turn away. A more important advantage of credit controls is that they avoid direct interference with the operation and functioning of the price system. Regulation of particular forms of credit, moreover, affords an opportunity to reinforce on a selective basis the operation of direct price and production controls. On the whole, credit controls are simple to apply, and, given adequate legislative authority, are administratively flexible. For these reasons, they should be among the first controls to be imposed when inflationary pressures are felt, and they may continue to be useful even after many other control measures can be discontinued.

It is accordingly very desirable that adequate authority to regulate the amount and terms of private borrowing be continued as long as any inflationary threat remains. Unfortunately, the existing powers are far from adequate. Although the recent Congress continued authority for price,

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wage, and production controls, it did not renew the power to impose controls on loans to finance the purchase of consumer goods. Moreover, the power to restrict credit for the purchase of new houses was narrowly limited by the provision that practically no such restrictions should apply when housing starts for a 3-month period were less than a seasonally adjusted annual rate of 1.2 million, a figure which has rarely been exceeded. It may be that the country will have the good fortune of not seriously needing to exercise these powers, but in view of the risks that strong inflationary pressures may be renewed, it is a matter of simple prudence that these powers should be restored as soon as it is feasible for the Congress to do so.

Price and wage stabilization

Two broad but simple principles should guide the planning of the price-wage stabilization program in the period ahead. The first is that these controls are an integral part of our preparedness apparatus—an apparatus geared not only to meeting the needs and strains of the immediate defense build-up, but also to providing a reserve for meeting the needs and strains that might suddenly be imposed by other Koreas or by total mobilization. The inflationary strains imposed by the present build-up continue to be very real ones, and, as was indicated above in the discussion of the short-run outlook, the chance that they may increase in the near future is at least as large as the chance that they may not. In addition, direct controls constitute insurance against the worst excesses of the inflationary surges which future international outbreaks might thrust upon us. The lack of price and wage control authority, or of the organization required to exercise it quickly if need be, could undercut the ability of other elements of the mobilization program—such as the allocations and procurement functions—to meet sudden future strains should they come.

The second general principle, which is generally accepted both in and out of Government, is that because of their undesirable aspects these controls should be kept to a minimum, and should be eliminated just as soon as they cease to be clearly necessary.

In administering the direct control program, the two foregoing principles should be applied in the manner which best fits the economic outlook, insofar as it can be discerned from time to time. Throughout the next 2 years, defense expenditures as presently planned will be nearing or at peak levels. The need for being prepared in all respects to meet any new danger which may be thrust upon us from outside will be at a maximum. For the next 6 to 12 months, as has been explained in Part II of this Review, the outlook is for a continuance in general inflationary pressure, probably moderate, but very possibly stronger than it has been in the recent past. For this period, there is need for policies of wage and price control which may require substantial modification thereafter, if the slowing down in the rate of expansion of defense expenditures should change the tone of the economy.

At the end of June, the Congress, in renewing the Defense Production Act, extended authority for general price and wage controls for 10 months,

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until the end of April 1953. This legislation, as renewed, contains a number of weakening amendments. Notable on the price side are the barring of any control of fruit and vegetable prices, and amendments which may bog down the price control effort in excessive litigation and procedural complexities. On the wage and salary stabilization side, a number of actions were taken which will weaken the control program. Among these are the exclusion of agricultural labor, the exclusion of engineers, and the provision limiting the Wage Stabilization Board's jurisdiction with respect to disputes, including the distinction drawn between economic and noneconomic issues.

Taken as a whole, the new price, wage, and rent stabilization legislation weakens controls. In addition, the legislation has placed a somewhat greater relative burden on the machinery of direct controls, by reducing the authority for selective controls in the field of credit. Skillful administration may enable the new law to provide a workable basis for the direct control program during the next 10 months, but only if the recent condition of relative stability in the economy continues.

In view of the inflationary pressure inherent in the rising level of expenditures for the defense program, it would be unsafe to attempt major changes in the present basic structure of wage and price controls at this time. It should continue to be a general structure, operated with cautious suspension of ceilings only when it is reasonably clear that they are not likely to be needed. This policy is necessary in order to protect the relative price stability and economic balance which have been achieved during the past year and a half, with the help of these controls and the psychological climate they encourage.

An inflationary spiral could develop, either through a lack of controls, or conceivably in the guise of escalation permitted by controls. It is because of the latter possibility that it will be essential to retain a general control structure during the near future, and that it be centered on the broad principle of minimizing cost increases.

Obviously, this requires control not only of prices, but also of wages. Insistently, since the commencement of the defense program, the Council has emphasized in practically all of its published reports and reviews these two points: (1) that control of prices and of wages is not enough, unless the two types of control are interrelated through a unified over-all policy and a unified general supervision. This does not mean that price changes and wage changes should always move together or at the same rate, but it does mean that there must be a unified approach to what kind of wage changes are consistent with price stabilization, and what kind of price changes are consistent with wage stabilization; (2) that, just as detailed price administration is not practical without an over-all price policy, so detailed wage stabilization, while it must remain flexible, is not practical without an over-all wage stabilization policy defined and declared with sufficient precision to prevent any important case from being decided purely on an *ad hoc* basis. There is need to stress these two points now.

The administration of price controls and wage stabilization should be

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guided by two specific principles. First, it will be necessary to continue to require the absorption of cost increases, in industries where such increases can fairly be absorbed. Second, with particular reference to wages as a factor in costs, it will be necessary to keep continually under review the accumulation of increases permissible under the several wage regulations, to prevent them from attaining unstabilizing proportions. With alert administration, the accumulation can be kept from becoming a reverberating element disturbing cost-price relationships generally.

The need for maintaining an operating general control structure in the months of pronounced inflationary risks just ahead does not, and should not, mean that all individual price ceilings must remain operative. In April, the Office of Price Stabilization began a carefully planned program of ceiling suspension in the cases of commodities the market prices of which had dropped substantially below ceilings, and where there was no strong reason to expect an early renewal of pressure on ceilings. Ceilings were suspended, in the first instance, on 16 commodities in the fats and oils and hides and leather groups. Since then, there have been a number of further suspensions. In the recent extension of the Defense Production Act, the Congress has expressed the purpose that this practice go forward.

It is important, however, to emphasize the difference between this technique of ceiling suspension—which has been accepted by the Congress and is altogether appropriate for the current period—and outright decontrol, which would not now be an appropriate general practice. In the case of suspension, while businessmen are relieved of the burden of elaborate record-keeping and reporting, provision is made for closely watching the prices in question during the suspension period; an adequate organization is retained to reintroduce ceilings quickly, if necessary; the price control agency has the discretion to reimpose the old ceiling if market trends or prospects make such action advisable; and the business community stands notified that the ceiling will be automatically reimposed if the market price rises within a stated distance of the ceiling level. Under outright decontrol, on the other hand, few of these protections would be retained. If the agency kept its authority, ceilings could in theory be reimposed. But there would be no automatic procedure for accomplishing reimposition when the need for it developed, and the necessary organization and information would be lacking. Because it would be a difficult and time-consuming process to reconstitute controls in the event of an inflationary resurgence, to decontrol on a wide scale in the present situation would be dangerous.

International Economic Policy

There has recently been growing pressure to increase restrictions on the entry of imports into the United States—through amendments to the Defense Production Act, through use of the "escape clause" to revoke concessions made in reciprocal trade agreements, and in other ways. The ten-

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dency to seek increased protection when domestic markets soften is a natural one. The Government, in determining its course, must always endeavor to administer its policies in a manner which minimizes injury to individuals. But in considering requests for increased restrictions upon importation, the Government must also consider the general economic effects of such restrictions and their consistency with other public policies.

Effective increases of import restrictions raise prices to domestic users, and, under normal conditions of trade, also force foreign countries sooner or later to cut their purchases from us. In the long run, the artificial curtailment of trade generally reduces efficiency in the use of economic resources, and thereby reduces the total amount of output. These considerations, being well known, need not be elaborated here. In addition to them, however, is a newer consideration arising out of the fact that some of the countries whose trade would be affected by increased United States import restrictions are receiving foreign aid.

This country has extended foreign aid since the end of the war because, after repeated and thorough public discussion in connection with the loan to the United Kingdom, the European Recovery Program, the Mutual Defense Assistance Program, the Mutual Security Program, and other programs, it was concluded that the volume of goods which a number of foreign countries should be enabled, in our joint interests, to import was greater than the volume they could finance solely through their exports of goods and services and the flow of our private capital and private gifts. It has been generally recognized that, if these countries are to become self-supporting, and if underdeveloped countries are to increase their borrowing capacity so that sound loans and direct investments can be substituted for grants from the United States, they must increase their exports. When we place increased restrictions upon their exports to us, and thus upon their dollar earnings, however, we increase their need for aid, and to that extent defeat our own policy of helping them to get along without it. Thus some of the burden of such restrictions falls upon the United States taxpayer, who finances a larger volume of aid than would otherwise be necessary. Even if we were to provide no additional aid in response to the increased need, such measures reduce the ability of the countries affected to repay the loans we have already extended to them.

Purchases from us by foreign countries, whether or not they receive aid, are limited by their dollar receipts. To the extent that we restrict imports without increasing foreign aid, and avoid a reduction of foreign payments on our public and private investments, our exports are certain to be reduced. The gain in sales, profits, and employment by the domestic industry which is given increased protection is then made at the expense of sales, profits, and employment in industries producing for export, a fact which most producers for export appear to have been slow to recognize.

It is clear that the policies of helping other countries to become more fully self-supporting, and of reducing the strain on our economy, both require an

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expansion of imports. This establishes a strong presumption against increases in our barriers to imports. Indeed, the Council believes that in the years ahead further reductions in our import barriers will be found to be in the national interest.

Another major aspect of international economic policy relates to the export of capital from the United States to other countries. Many of the less-well-developed nations have come to recognize their potentialities for economic development. In the nature of the case, their development will be very slow, if it must be based entirely on their own current saving. For these countries, the importation of capital is essential.

The raising of economic levels throughout the free world is a matter of vital interest to the United States. Economic development not only raises living standards and facilitates cultural and political advance within the developing country; it also increases the supply of needed goods for other countries. More important, economic development is necessary for the achievement of the world-wide peace and tranquillity, which are vital if our own economic future is to be a favorable and secure one.

The economic development of the United States during the nineteenth century was speeded and advanced by capital investment from abroad. The shoe is now definitely on the other foot. The economy of the United States is now relatively far advanced, and has been exporting capital for a generation. However, in the present state of world insecurity, little tendency is being shown for private capital from the United States to be invested overseas, except to secure raw materials, particularly oil and metals.

The policy of the United States has been one of encouraging investment abroad. We believe this policy should be continued and expanded. To the greatest extent possible, investment abroad should be through private channels. In the existing situation, however, it is not likely that private capital will go abroad in any very large stream without improved private institutional arrangements or further positive encouragement by the Government. Further efforts are needed in order to achieve a mutually desirable flow of capital from the United States to the less developed countries. Sound methods for encouraging such investment should be under continuing study and promotion.

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IV. The Longer-Range Prospects for Stability and Growth

Many thoughtful people have been expressing concern that the high-level prosperity in prospect for the near future may be succeeded by an economic downturn of substantial or even depressionary proportions. Some have said that this may commence when national security expenditures have stopped rising, and begin to decline. Others have said that, even without a decline but with merely a leveling-off in security expenditures after the peak is reached, the productive power of the economy will have built up to a point where market demand will not be sufficient to absorb the full product.

This concern sometimes centers upon the belief that investment will diminish after most of the expansionary programs undertaken to support the mobilization base will have been completed. It sometimes centers upon the belief that consumer spending might decline or fail to expand, either because consumers received too little income or chose to spend a smaller fraction of it. These two points of emphasis do not neglect the fact that investment and consumption interact upon each other. More generally, the reason often given for concern that prosperity may not continue is that the years since the end of World War II have not yet subjected the economy to a real test of its ability to resist depression, that this test is bound to come within a few years, and that the resistant powers of the economy may not be adequate when the test comes.

The Council believes that the present time is none too early for study and discussion of this problem. It would be overly optimistic to assume that impersonal or automatic forces will enduringly perpetuate prosperity, or that human foresight and preparedness are no longer essential ingredients. The problem of maintaining stability and growth has not disappeared.

On the other hand, we reject as overly pessimistic the argument that the major depression which some have feared since the end of World War II is inevitable. We believe that, if appropriate adjustments in private and public economic policy are made in time, the conditions in prospect beyond the near-term period discussed earlier in this Review can be held consistent with the maintenance of a high level of production and employment. While the problems ahead are not to be minimized, there is nothing which indicates that they are beyond our capacity as a nation to deal with successfully. In the final result, we hold to the view which is implicit in the Employment Act of 1946—that our economic future can be bright if our economic behavior is intelligent, and that the degree of intelligence required for this purpose is not beyond the reach of available knowledge, common sense, and good will. Toward the achievement of this

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end, it is appropriate to commence an examination of the problem now, although many factors are much too uncertain for definitive analysis at this time. The following discussion is accordingly preliminary and tentative. The Council is making the problem the subject of continuing and intensive study.

Certainly, the objective of maintaining maximum employment and production without substantial interruption in the years ahead is of great importance. The idea that a general recession in production and employment is an acceptable method of correcting maladjustments in the economy must be firmly rejected, for reasons which the Council has analyzed and presented in previous publications. Quite aside from the personal hardships and social tensions which result from such a development, it is more likely to enlarge rather than to reduce the problems confronting the economy. An economic machine that is running down hill creates serious maladjustments and distortions. Moreover, it is harder to prevent the economic machine from gaining momentum if it starts to run down hill than it is to erect safeguards against decline; and it is even harder to push the machine up again, once it is well down the hill.

While the course of economic development never involves exact repetition, there are nonetheless elements in our economic history which have a bearing upon the future, looked at with discrimination. For that purpose, we select the period between the end of World War II and the Korean outbreak, rather than any period prior to World War II. This is because, despite admitted differences, the economy a few years hence will in many respects be more similar to the postwar economy than to the prewar economy. This will be true in terms of income structure, the habits of business and consumers, institutional practices both private and public, and the kind of world we live in. Consequently, we believe that a careful examination of the period from 1944 to 1950 can help to set in better perspective the problems of the years ahead.

Significance of Experience From World War II to Korea

In examining the relevance to our future problems of the period from World War II to Korea, we believe it useful to divide that period into two parts: (1) the period from 1944 to 1946, when the economy made its first adjustment to an enormous curtailment of war spending, and (2) the period from 1946 to the middle of 1950, when the economy for the most part maintained high levels of production and employment, and expanded to absorb a growing labor force and an advancing productivity, during a time when defense spending, while high by prewar standards, was very much lower than it will be in the foreseeable years ahead.

The period from 1944 to 1946

Measured in 1951 prices to facilitate comparison, war expenditures dropped from 139 billion dollars in 1944 to 24 billion in 1946. (See chart

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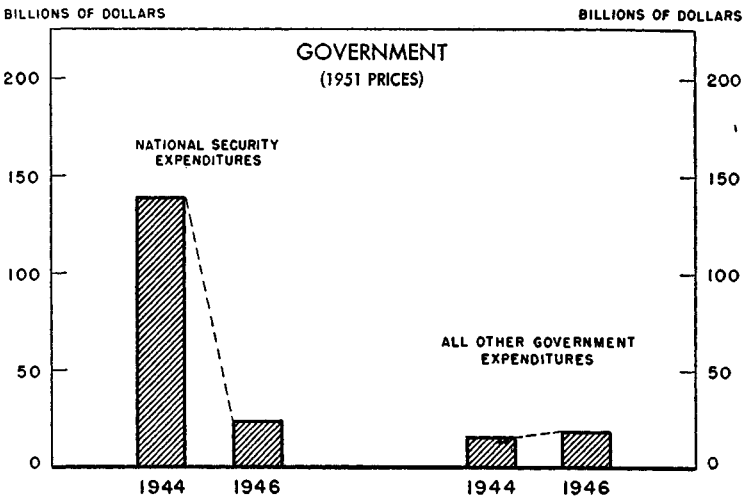
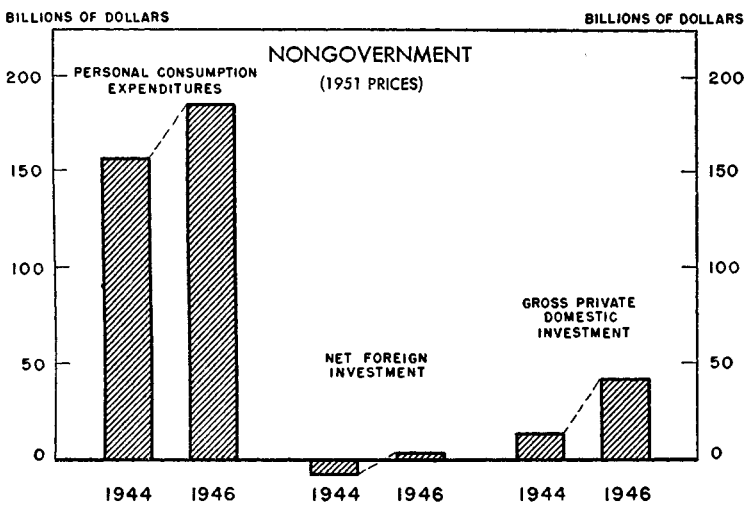
CHART 27

CHANGE IN COMPONENTS OF GROSS NATIONAL PRODUCT, 1944 - 46

Between 1944 and 1946 the tremendous drop in national security expenditures was offset sufficiently by increases in the other principal components of demand to maintain high peacetime levels of production and employment.





SOURCES: DEPARTMENT OF COMMERCE AND COUNCIL OF ECONOMIC ADVISERS.

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27.) But the civilian sectors of the economy, in "making up" for the decline in war demand, did not have to generate additional activity to the extent of the whole 115-billion dollar drop. Hours of work were reduced, many persons left the labor force, and many who left the armed forces did not seek to enter civilian employment. (See chart 28.) Unemployment rose considerably from the abnormally low levels of wartime, without becoming high for a peacetime economy. And a sharp change in the composition of total national production more than washed out the effect of any general increase in productivity (resulting from improved technology) upon the amount of rise in nondefense spending needed for high employment. In consequence, although the gross national product measured in 1951 prices had been 316 billion dollars in 1944, a product of only 273 billion was consistent with high-level employment in 1946. And, although war expenditures declined by 115 billion dollars, an increase in other types of demand of only 71 billion sufficed to maintain the economy at a high level of employment. As shown in table 21, this increase was achieved through expansion in all major types of nonsecurity activities.

Looking to the future, it is impossible to be sure now in what year security outlays may commence to decline or by how much. But it is entirely clear that any decline within the next few years will not be comparable to that which took place between 1944 and 1946. It is probably safe, for the purposes of this discussion, to assume a decline which would be in the neighborhood of 5 billion dollars a year during the first 2 years after it com-

CHART 28

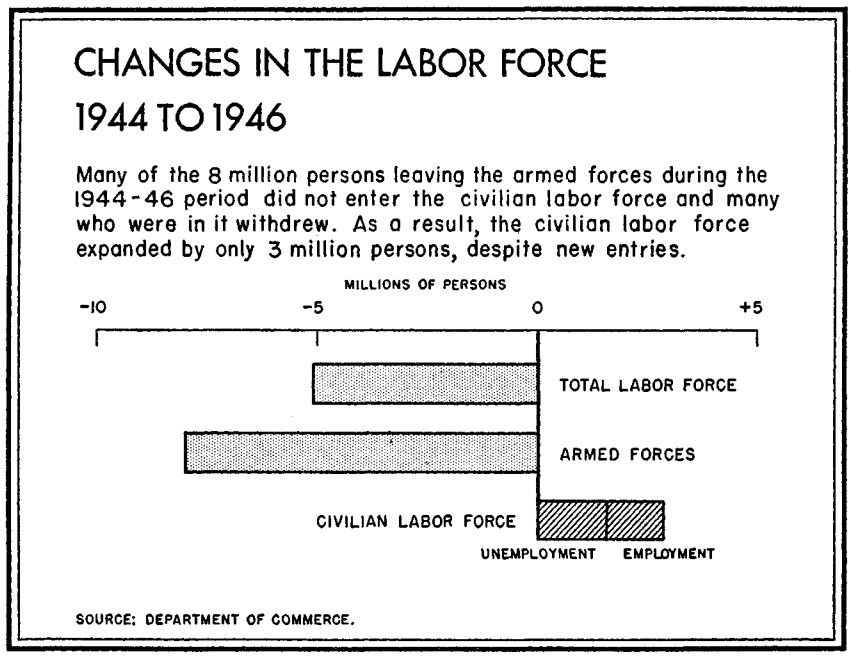

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TABLE 21.—*Changes in gross national product in constant prices*

[Billions of dollars, 1951 prices, seasonally adjusted annual rates]

Component	1944	1946	1950, first half	Change	
				1944 to 1946	1946 to 1950, first half
Gross national product: total	316	273	295	−44	+23
National security expenditures	139	24	18	−115	−6
Other expenditures	177	248	277	+71	+29
Personal consumption expenditures	156	185	205	+29	+20
Gross private domestic investment	13	42	50	+29	+8
Net foreign investment	−8	3	−4	+11	−7
Government expenditures for goods and services for other than national security programs	15	18	26	+3	+8
Federal	2	3	5	+1	+2
State and local	13	15	21	+2	+6

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

Source: See appendix table B-2.

menced, or 10 billion for 2 years. This figure is very small, when compared with the 71 billion dollar figure which reflected the net increase in other types of demand required between 1944 and 1946.

It would be fallacious to discuss the problem ahead solely in terms of the foregoing comparison of the relative size of the past and prospective needed increases in nondefense spending. If the only difference between the 1944–46 period and the coming transition period were in terms of these magnitudes, it would be reasonable to assume that an economy which found ways to adjust successfully to so great a decline in war spending will find ways to adjust a much smaller decline in defense spending. But there are other major differences between the two periods. There were temporary factors which accelerated private demand immediately after World War II, which will not be present in anywhere near the same degree in the years ahead. Among the most important of these temporary factors were the huge accumulation of liquid funds which resulted from a very great wartime expansion of incomes accompanied by heavy deficit financing and the repression of civilian buying; the accumulation of "backlogs" in consumers' durable goods, industrial plant and equipment, housing, commercial construction, and inventories; and the rapid "spring-back" of repressed wartime buying to a more normal relationship to incomes. In 1944, consumer spending was 76 percent of disposable income; it jumped back to 92 percent in 1946. The rate of private investment was far below normal in 1944, and had been for some years before that. By 1946, investment outlays had jumped very sharply toward a relationship to total production more nearly typical of peacetime conditions.

The experience between 1944 and 1946 has significance for the future in another way. Both enterprise and government had made systematic and extensive efforts, toward the end of World War II, to prepare for its immediate aftermath. The success of these efforts, which averted many diffi-

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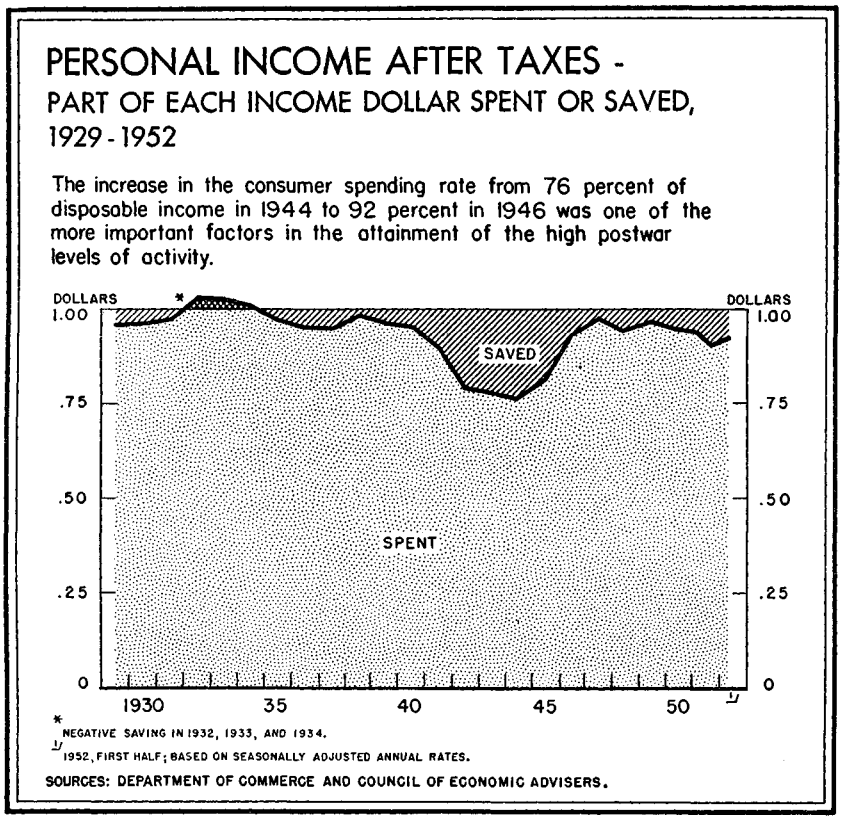
CHART 29



culties that would have been certain if the problem had been neglected, illustrated the Nation's ability to look ahead and to prepare in time. That ability still exists, even though the problems ahead vary from those of the past.

The period from 1946 to mid-1950

While the record of economic transition between 1944 and 1946 is of some significance for the future, it is in the Council's view far less significant than economic developments between 1946 and the Korean development in mid-1950. For while no one in 1944 could forcast the exact timing of the "depression," many thought one would follow World War II; the development which was truly startling to these forecasters was not that the catastrophe did not come by 1946, but rather that it had not appeared even by 1950. In seeking explanation for this, some factors appear which may reflect permanent changes in the economy brought about during the years after the great depression and accelerated during World War II.

It is true, of course, that the extraordinary or temporary stimulants to demand had by no means ceased to apply in the years after 1946. At the end of 1946, the levels of money supply, liquidity, and personal savings

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were unusually high relative to business activity. (See chart 29.) The suppressed inflation of the wartime and early postwar years came into the open with the precipitate abandonment of price controls. The price inflation had a stimulating effect on business investment. Moreover, many kinds of demand could not be filled promptly and some made themselves felt more slowly than others. But even though the more or less temporary factors growing in one way or another out of the war helped to explain the buoyancy and expansion of the postwar economy, it would be wrong to conclude that the production and employment of the postwar years after 1946 rested almost altogether on these elements.

Without minimizing the importance of these factors, it is clear that the largest part of the demand in the high-level prosperity of the postwar years, especially after 1946, was a continuing demand, not a temporary one closely linked to the war. The standards of living in matters such as food, clothing, travel, and recreational activities, as well as in many other items, were raised to new high levels which clearly could not be attributed to shortages or "backlogs" accumulated during World War II. The introduction of new products, which some of the high demand reflected, was of a character which recurrently has given new impetus throughout our economic history. And even in the fields of consumers' durable goods and housing, where the backlog persisted the longest, the current level of income would in itself clearly have supported a far higher level of expenditure than existed in periods of lower income.

Viewing this whole record, explanation beyond the traditional reference to postwar backlogs must be sought to account for the progress registered by the economy not only through 1946, but more importantly in the 4 years after that. The factors of a more enduring quality than those immediately following a great world war would seem to include the following:

In the first place, very high incomes were flowing to all important sectors of the economy, thus creating high demand. While this condition is not automatically self-perpetuating, it creates a favorable momentum in an economy where retarding factors are not operating in an opposite direction.

In the second place, the economic community rejected the doctrine of a stagnant economy, and regarded our great productive capacity and our ability to enlarge it further as an asset rather than as a handicap. Dynamic investment was made, not merely with a view to supplying existing demand, but with confidence that enough demand would be present to buy the future increased product flowing from the investment. The fears of businessmen carried over from the depression era diminished, and appreciation grew regarding the potentialities of new and expanding markets.

In the third place, the economic community had come to concentrate more study and action upon those private economic policies which contributed to a fairly balanced growth of investment and consumption. While

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some distortions appeared in price-wage relationships, the processes of price and wage adjustment worked well enough to provide both the funds and the incentives for high-level capital formation and high-level consumer buying. Without weakening the business structure, productivity gains were translated into purchasing power widely distributed among the people.

Incomes were more widely distributed than in either the twenties or the years immediately preceding the war. While the precise effects of this change still are open to debate, it probably bolstered consumption. According to studies of the National Bureau of Economic Research, the share of disposable income going to the top 5 percent of income receivers declined from 33.5 percent in 1929 to 20 percent or less in the postwar period. Estimates published by the Council in previous Reviews confirm the fact that the increase in purchasing power, which has been spread generally throughout the population, has been relatively greatest at low and medium levels of income. This trend has been evident, for one thing, from the increasing share of total income taken by those regions of the country—notably, the Southeast and Southwest—where per capita incomes have been the lowest. It is indicated also by the relative gains in those forms of income—notably wage and salary payments—where unevenness in income distribution is probably least pronounced.

In the fourth place, the strength of postwar private demand was implemented by an abundance of credit available at low rates of interest. This factor should be distinguished from the enlargement of liquid savings and the money supply held by the public, which resulted from the war and might be expected to have only a relatively temporary expansionary effect.

In the fifth place, a striking change in population trends became evident during the war. The rate of population growth in the United States has risen very sharply since the thirties. Most of this increase came during and immediately after the war, but so far it has not abated. (See chart 30.) In 1953, the U. S. population will be 20 million higher than in 1945. The annual rate of growth has risen from 0.7 percent at the start of the thirties to about 1.8 percent. The great increase in the number of young married couples since the end of the war suggests that this acceleration of population growth is not merely a postwar spurt. Concentrated as it has been in the younger age group, where parents have more mouths to feed, and in the older group, where the consumption rate tends to be relatively high, this population growth has provided a significant support to consumption.

The population has also been shifting geographically. The pronounced movement away from the centers of our cities to suburban areas and toward the West and Southwest has added to the demand for automobiles, commercial transportation, commercial construction, and housing. This, together with other population developments, has also added to the expanded needs for public facilities and services.

Moreover, marriages created new families at an extremely high rate in

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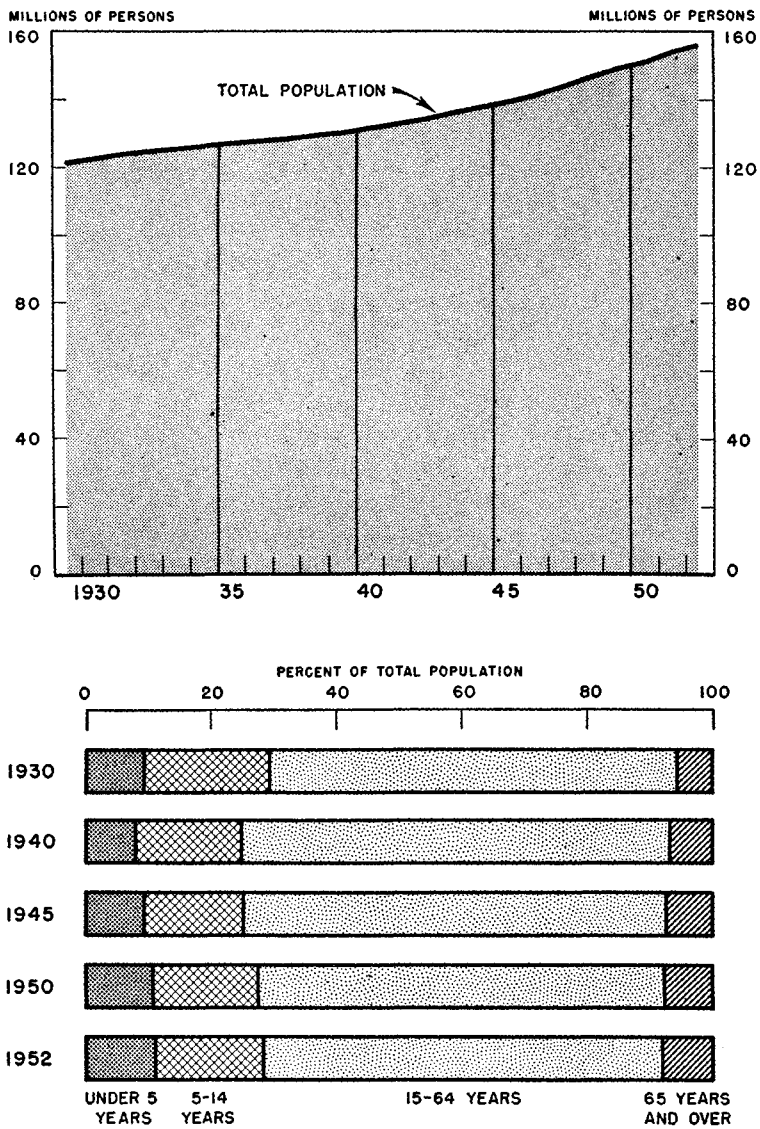
CHART 30

POPULATION GROWTH

During the forties, contrary to forecasts, total U. S. population began to increase faster, and so far the new rate of growth has persisted. There has been a relative increase in the number of those under 15 and over 64 years of age.



NOTE: POPULATION DATA FOR JULY 1 OF EACH YEAR.

SOURCE: DEPARTMENT OF COMMERCE.

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the postwar period, and many additional households were created by "undoubling" from crowded wartime quarters. These trends supplied a substantial bolster to the demand for housing and for the consumer durable goods that go into new homes. However, unlike the growth in population, the marriage rate has already commenced to decline.

In the sixth place, during the period 1946–50 there was a moderate but sustained growth of nonsecurity government expenditures, partly in response to the greater needs for public services associated with the population developments just noted. From 1946 to 1949, Federal, State, and local government expenditures on nonsecurity goods and services increased from 18 billion dollars to 27 billion (1951 prices). Most of this increase occurred at the State and local levels.

Most of these factors which underlay the high levels of total demand from 1946 to 1950 should continue to assert themselves in the longer-run period ahead. It may be that they provide a sufficiently strong tendency toward the maintenance of high-level employment and production to make it less easy than in the past for the initiating causes of a substantial recession or depression to get under way. But the economy seems by no means invulnerable to such developments. It is fortunate, therefore, that there also are factors within the economy which may tend to restrain and circumvent initial downward movements before they gain cumulative force.

Stabilizers built into our institutions

The quick reversal of the decline of business activity in 1949 focused attention on another kind of demand support which, in addition to the elements which have already been identified, contributed to the high level of production and employment in the postwar period. This kind of demand support had been built into the structure of our economy since the great depression. Such "built-in stabilizers" do not primarily prevent fluctuations in activity or provide positive remedies for them, but they operate to reduce their magnitude. They function either by decreasing tax collections, increasing Government payments, or both.

The social security system is one of these "built-in stabilizers." The employment taxes collected under it drop when economic activity declines, while benefits paid to insured persons increase, particularly unemployment insurance benefits. From 1948 to 1949, when private wages and salaries fell by 2.7 billion dollars, unemployment insurance benefits rose about 1 billion dollars. Old-age insurance payments also tend to increase when more people voluntarily retire as jobs become scarcer.

The responsiveness of tax collections to changes in income also contributes to the stabilization of demand. Thus, while the annual rate of personal income declined by 8.1 billion dollars from the second half of 1948 to the second half of 1949, Federal personal income tax payments declined by 1.9 billion dollars. The automatic reduction in Federal income taxes was the major reason why this 8.1-billion-dollar decline in total personal income was accompanied by a decline of only 6.4 billion in dis-

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posable personal income. During the same period, there was a decline of 2.4 billion dollars in the rate of corporate profits tax accruals, which cushioned the impact on corporations of the fall in sales.

The price support system for agricultural products is another new factor which helps to cushion the effects of price declines on farmers and the economy as a whole. In the moderate recession which began late in 1948 or early in 1949, farm prices and farm incomes declined. But the average level of farm prices fell only 24 percent during the 24 months from January 1948 to December 1949, compared with a break of over 50 percent in average farm prices within a 12-month period in the crash following World War I. Without the existence of the price support program, the declines would have been greater, and declining farm purchasing power would have been a major weakening influence in the economy, as it had been in the earlier periods of 1920–21 and 1929–32. With near-record output of farm products in 1948 and 1949, Government investment in price support operations rose from about 300 million dollars in mid-1948 to a total of almost 4.3 billion dollars in early 1950.

It is important to note that no emergency Government programs were adopted to deal with the 1949 recession. The "automatic stabilizers" accounted for about half of the 6-billion-dollar increase in Federal cash expenditures between 1948 and 1949. The remainder was for purposes other than stabilization, such as foreign aid. Cash receipts fell off, partly as a result of income declines, but also as a result of a substantial reduction of income taxes in mid-1948. This resulted in the surplus of 8 billion dollars in 1948 being replaced by a small cash deficit of 1.2 billion in 1949.

Reinforcing these public stabilizers are some changes which have appeared in private business action. In 1949, it was not the institution of emergency Government programs, but rather the decisions of business, which maintained a high level of investment based upon the long-range potential of the economy. And although protective legislation helped, it was primarily the strength of labor organization combined with important changes in business thinking which prevented substantial wage reductions, instead of adding to the cumulative forces of depression by a general policy of wage cutting—a policy which in an earlier era had erroneously been looked upon as an instrument of revival through reducing business costs.

The 1944–50 record summarized

Chart 31, showing the movement of gross national product and its principal components from the peak World War II year of 1944 to the first half of 1950, just before the impact of the Korean outbreak, summarizes the effects of the factors which have been identified in the foregoing pages. In it and in appendix table B–3 are reflected the outcome of the forces which governed total spending and production during the period: the enormous drop in defense spending in 1945 and 1946; the great volume of money and liquid private savings which resulted from the financing of the war; the surge of liberated private demand for consumer goods and fixed

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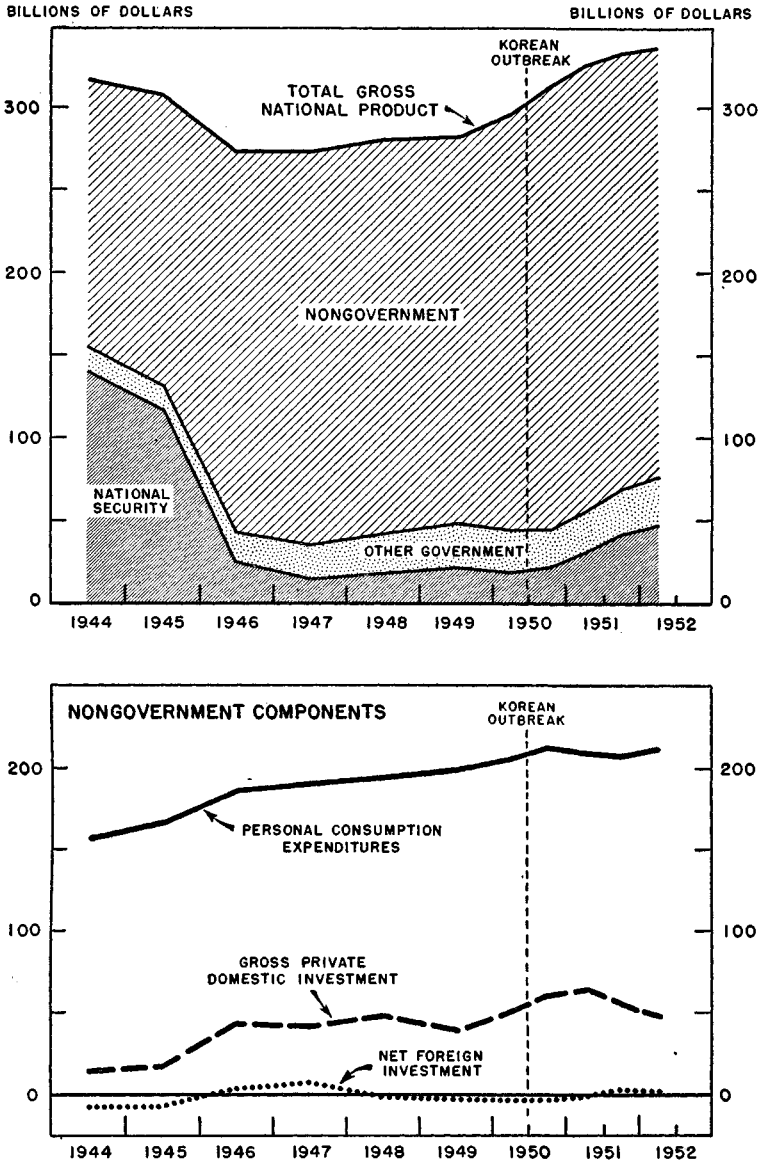
CHART 31

TOTAL PRODUCTION OF GOODS & SERVICES

GROSS NATIONAL PRODUCT IN 1951 PRICES



NOTE: DATA FOR 1950 - 52 ARE SEASONALLY ADJUSTED ANNUAL RATES, PLOTTED SEMI-ANNUALLY.

SOURCE: COUNCIL OF ECONOMIC ADVISERS.

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capital goods which, with the assistance of increased inventory spending and net foreign investment, filled the gap of needed demand in those early transitional years; the steady and growing strength of consumption and basic investment demand which characterized the period thereafter; the growth of nonsecurity government expenditures; the fluctuations of inventory spending and net foreign investment which agitated total demand but never bullied it into a major down-spiral, even when the downward movement of both joined forces in 1949; the institutional stabilizers which played a significant role in that year; and finally the resurgence of consumption and investment in early 1950, bringing renewed evidence of the healthy and expanding state of the civilian economy before the present security program took shape.

This record strongly illustrates the ability of a dynamic economy to counteract declines in one sector by advances in another. It warns against the assumption that a substantial decline in one sector—even if it occurs—will necessarily arrest the progress of the whole economy. From 1947 to 1948, for example, net foreign investment declined by close to 9 billion dollars, and in 1949 private investment declined by more than 9 billion dollars, but in each instance other developments of a neutralizing character quickly asserted themselves.

In a complex, flexible, dynamic economy like ours, substantial upward and downward movements in specific sectors inevitably will occur from time to time. One problem of such an economy is to prevent the movements of the different sectors from coinciding; another is to prevent changes in one sector from causing similar changes in other sectors, thus resulting in a cumulative downward movement. This makes the whole task of stabilization and growth more manageable than if the whole economy moved together in an inevitable cyclical process of boom and depression.

The Problem Ahead

The economy of today may be said to have "grown up" to its defense burden. Productive power has been enlarged to an extent enabling us, without excessive strain, to carry the defense burden while maintaining a high and advancing level of business investment and consumer supplies. Between now and the time when defense outlays cease to climb, the near-term outlook is that (1) our productive power will be sufficient to support the increasing defense program without inflation, if moderate safeguards are maintained, and if there is not great change in the international situations; and (2) private and public demand combined will be sufficient to support a high level of employment and business activity.

The longer-range outlook which here concerns us looks to the time when defense outlays are stabilized—under current plans, sometime during 1953—and later begin to decline. When they stabilize, the issue of maintaining maximum employment and production will depend upon whether the private demand of business and consumers and the nondefense expendi-

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tures of Federal, State, and local governments maintain in the aggregate a rate of expansion consistent with improvements in productivity and a growing labor force, without benefit of the stimuli provided by expanding defense outlays. When defense outlays commence to decline, the problem of maintaining maximum employment and production will be somewhat accentuated, but not essentially changed. The decline in defense outlays during the period under consideration will, in any event, be a relatively small factor compared with others operating in so vast and varied an economy.

As will appear in the discussion below, the kinds of temporary factors which stimulated demand after World War II are not likely to be present in substantial degree in the longer-range period ahead. The more enduring factors present in the 1946–50 period, which became of increasing importance with the passage of time after the war, will determine the result. If the more enduring factors of strength should not be sufficiently strong in the years ahead, the impact of even a moderate reduction in defense outlays, or in investment or consumption, could be cumulatively aggravated by a deflationary psychology among businessmen or consumers. In that event, a combination of retarding forces, feeding upon one another, could have serious results. On the other hand, if the more enduring factors of strength are powerful, and if the economy continues to exhibit a high degree of resiliency and adaptability such as it has shown for more than a decade, declines in one sector or another of the economy should not be large or precipitous enough to trouble the economy seriously even for a short period, since any declines would be quickly offset by increases in other sectors.

There is no reason to adopt *a priori* the dismal thesis that an economy which found ways between 1946 and 1950 to market the product of high-level employment will lose its ability to do so a few years hence. The problems in some respects will be different, but not so different as to make irrelevant that heartening experience. We may now proceed to an examination, fraught though it be with many uncertainties, of the principal factors on which the longer-range economic outlook will depend.

Basic demand prospects

The maintenance of high employment and production in the period under consideration will depend primarily upon the presence of a rise in consumer and business demand adequate (a) to substitute for any decline which may occur in security spending in excess of any rise in nonsecurity public spending, and (b) to utilize the increasing productive potential of the economy. In normal times this increasing productive potential, reflecting both growing population and growing productivity, might approximate 4 percent annually. However, in the first years after security spending stops rising, the needed increase in total demand may be somewhat lower than this. This is because working hours, the proportion of the population in the civilian labor force, and the role of high productivity defense industries, all

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may be significantly above normal at the maximum level of the defense build-up. Most certainly, the necessary increase of consumer and business demand will be much smaller in both absolute and relative terms than that which occurred during the period 1944–46, and on an annual basis probably will be closely comparable to the increases which occurred during some years between 1946 and 1950. The problem thus appears clearly to be one of manageable proportions. The next step in the analysis is to examine the prospects for private demand.

Fiscal factors affecting private demand. The outlook for Federal finances, during at least the first part of the period under consideration, is for substantial Federal deficits unless there is a further increase in taxes. The resulting rise in privately-held Government securities, and such increase in the money supply as may result from financing part of the deficit through bank borrowing, will increase the liquidity of the economy and be a buoyant influence. This assumes that the inflationary impact of the deficit has been restrained or offset in the immediate future period of rapidly rising defense outlays. The deficits and increases in liquidity will be small in comparison with World War II experience.

There seems no reason to doubt that credit will be available in adequate supply and at reasonable rates of interest for financing business investment and durable goods consumption.

Outlook for consumer spending. The outlook for consumer spending, the largest single component of total demand, appears fairly reassuring. There are of course some uncertainties in this outlook. First of all, consumer spending depends fundamentally upon the volume of consumer incomes, which in turn are heavily dependent upon the levels of private investment and of public expenditures. The Council's analysis of the outlook for private investment (itself strongly influenced by the outlook for consumer spending, as we indicate below) and public outlays indicates developments within a range which should produce a further enlargement in consumer incomes prior to the period under consideration, so that consumers would enter the period with high levels of disposable income.

The second factor which determines the level of consumer spending is the percentages of disposable income spent and saved. The rate of saving has continued high since its sharp climb in the second quarter of 1951, when spending declined from the high rate which followed the Korean outbreak. Since the third quarter of 1951, it has declined from 9 percent of disposable income to 7 percent in the most recent quarter. Much of the saving has taken the form of increased holdings of liquid assets, and this if continued will restore a higher degree of liquidity in the private sector of the economy. This is significant, since if the rise in disposable personal income should be interrupted temporarily in the period under discussion, there is a good chance that, as in 1949, the rate of saving would fall as individuals, drawing upon reserves of liquid assets, attempted to maintain their standards of living. This certainly could be expected, unless the fear of depression caused

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a husbanding of savings as a means of promoting personal security. Thus, a dip in saving might serve as a shock absorber to help carry the economy through a temporary deviation from the long-term rise in consumer incomes.

Over the longer run, there has been no observable tendency for the rate of saving to rise as a secular trend. There is no basis yet for concluding that a rate of saving as high as the recent rate is likely to become a permanent feature of the economy, or that the rate of saving will tend to increase as the standard of living rises further.

In the period ahead, fluctuations in the saving rate probably will be mainly associated with changes in the proportion of income spent for consumer durable goods. Some observers believe that, because of the increased use of consumer credit to finance durable goods buying in recent years, and because the present volume of outstanding consumer debt is very large, the demands for automobiles and other consumers' durable goods may fail to keep up with incomes in the period ahead. In addition, the decline now beginning in the rate of family formation will exert a dampening effect. However, replacement demand for durable goods should be an important factor holding up consumer expenditures, especially in the case of automobiles, because of the high proportion of cars on the road that are already over age, and because of the striking recent growth in the number of two-car families. Further, the demand for new products is likely to form an important supplement to replacement demand in the next few years. Home freezers, driers, air conditioners, and other new products were relatively immune to the drop in durable goods purchases which took place last year. Moreover, there are some indications that demand for consumer nondurable goods in the last year or two has averaged somewhat low relative to incomes, and might therefore be expected to rise.

The outlook for investment in productive facilities. The expected high level of consumer demand would normally be expected to induce a large amount of investment in plant and equipment. The amount will depend in part, however, on the relationship between consumer demand and existing plant capacity.

The buying spurts after Korea undoubtedly stimulated the efforts of businessmen to make investment in industries which had little or no relationship to the defense program. As a result of materials shortages, delays in filling orders for machine tools, and restrictions on unnecessary construction, there has been some restraint of such investment activity. But the amount of curtailment has been relatively small, and no doubt will be even smaller during the remainder of the defense build-up. Even at the present time, when the stimulus of a growing defense program in income and consumer spending is strong, there is unused capacity in a number of consumer goods industries. In addition, the defense program is entailing an extraordinarily large volume of outlays for plant and equipment to broaden the industrial mobilization base. While a substantial proportion of these new plants perhaps never will be useful for the produc-

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tion of civilian goods, the part that will be useful and available for that purpose is likely to be large. Moreover, as the scheduled build-up programs are completed, the special investment for the defense program will be greatly diminished, and in some industries will come to an end.

These considerations regarding plant capacity, taken alone, would point to a downward adjustment in the rate of total investment in plant and equipment later on. However, the expansion of some industries shows every sign of increasing. Despite the rapid expansion of electric power capacity which has been taking place, analyses of power needs and investment plans indicate that outlays for that purpose will probably rise to even higher levels for several years to come. Similarly, present plans call for further increases in investment in the development of oil and gas facilities. The chemical industry also has been growing with great speed, and most evidence points to a maintained or possibly higher rate of investment for several years ahead. The motor truck and bus transportation industry also gives promise of requiring higher investment outlays in the future.

The history of industrial development indicates that other new industries are even now in their early stages, and will be expanding to support investment. Most forecasts of the volume of investment tend to be too low, because the intangible character of these dynamic elements of investment seems too uncertain and insecure a foundation for raising expectations. Nevertheless, to disregard them is almost certain to result in underestimating future investment.

On balance, it is clearly too early to determine the precise course of plant and equipment investment during the period under consideration. Much will depend on the dynamic factor. There seems to be a good chance that the level of investment will be high enough at that time to support employment and production at high levels, if consumer demand also is at high levels. As the period between 1946 and 1950 indicates, moderate variations in investment need not have serious consequences, if compensating adjustments within the economy go forward, and if businessmen avoid succumbing to a fear psychology and reducing investment excessively. In an important degree, the outlook for investment depends upon how well businessmen respond to their long-range prospects. The over-all economic outlook justifies and should evoke a favorable response.

Other private investment. Another important sector of the investment picture is residential construction. The recent level of home building has been high in comparison with levels of past decades. The "backlog" of demand, the temporary acceleration in the rate of family formation, the high level of incomes, and government insurance and loan programs, all have contributed to the high level of home building. In terms of the long-range needs of the Nation and its capacity for high and advancing standards of living, the levels of home building have not been abnormally high. If people are willing and able to spend for housing at rates consistent with an advancing standard of living, the present rate of con-

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struction would seem to be needed and sustainable for some years to come, perhaps indefinitely. But this is a statement of the problem, not its solution; it gives no assurance of the continuation for years ahead of the present rate of home building. The relationship of housing costs to the income structure is one factor which may intervene to prevent the needed quantity of housing from being constructed. The structure of housing costs presents a chronic problem, reflecting the fact that the mass market for housing has not been probed comparably to the mass market for food, clothing, or even automobiles. An effective attack on housing costs could open up a large volume of middle-income demand. Low-rent housing will be important.

Inventory accumulation and decumulation often have marked effects on levels of business activity. There is no prospect that the production and distribution pipelines for civilian goods will be drained dry at the beginning of the period under consideration; indeed, it is to be expected that they will be well filled, since goods are not short in supply. There is a tendency for inventories to fluctuate between a minimum at which normal selling operations can be carried on, and much higher levels reached as a result of speculative activity. In view of the rapid changes from inventory accumulation to decumulation and vice versa which may take place, it seems fruitless to try to forecast the precise situation in particular future years.

Nonsecurity expenditures of government. The nondefense facilities and services provided by Federal, State, and local governments constitute one sector of potential demand where the country has already accumulated a large backlog of needs. The sum of our urgent needs for more and better schools, hospitals, roads, public recreational facilities, and local water supplies, and for land and water conservation and development works, exceeds those at the end of World War II. During most of the period before Korea, all levels of government moved slowly in many of these areas, because of the discouragement of a tight market and of prices which seemed unduly high and were expected to fall. Under the new restrictions since Korea, new unfilled needs have been accumulating every month.

The kinds of projects listed above are undertaken in response to basic needs of varying degrees of urgency. Some projects can be postponed until a time when private construction is at a relatively low level. At such a time, the government constructing the project is likely to benefit from lower costs, while the economy in general benefits from the offset to the decline in private construction. Other projects may be so urgently needed that postponement could not be justified even to secure these advantages. The larger and more elaborate projects, such as multiple-purpose dams and super-highways, which may require several years to construct, cannot ordinarily be "turned on and off" to promote economic stability, although they serve to give the economy a continuing undertone of stability. In the present instance, moreover, since such projects for the most part have been postponed by the defense effort, many of them, if gotten under way soon, would result in substantial outlays shortly after that effort has reached its maximum level.

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Available private policies

The basic long-range prospects for consumption, investment, and non-security government spending, rooted in factors of growth and long-term structural change, are reasonably reassuring. However, the central question is whether these potentially high and in some instances expanding needs for consumption, investment, and public services will express themselves quickly enough during the period under consideration, thereby reinforcing and strengthening each other, or whether the economy will be nudged into a temporary but sharp and cumulative down-spiral. There are no imperatives for such a down-spiral.

The long-run expansibility of markets, in the Council's opinion, is no less than it was between 1946 and 1950. At that time, the unhesitating confidence in the continuing expansibility of American markets which many businessmen demonstrated in their investment decisions was one of the factors maintaining prosperity. It may well be so again. There is evidence that many businesses increasingly are planning their capital expenditures programs with a view to longer periods than was their habit before the war, and are giving more weight to factors of long-run market growth. The more pervasive such business policy is, the more quickly resources released by defense production will be transferred in part to civilian capital formation, and the surer will it be that such confidence in the economy will not be misplaced.

Viewed in this longer perspective, investment opportunity is obviously linked with consumer markets. These markets do not depend only upon the wishes of consumers; they depend also upon business policies. Price adjustments, wage increases, product improvements, and merchandising efforts can all be combined to open up markets as productive power increases. American enterprise, with few lapses, has enjoyed more than a decade of sellers' markets. Many firms may have become excessively rigid and cautious in the art of market development. It will be in their own interest to sharpen their tools of market research and market analysis, to the degree needed to service a more venturesome merchandising policy.

In summary, the business system during the transitional period can capitalize upon the fact that the enduring factors of strength which were present between 1946 and 1950 will not have disappeared, and with appropriate economic policies should never disappear. Business should be particularly mindful of the striking recent population trends outlined above—developments which probably have not yet been fully reflected in private investment planning.

Available public policies

Given an intelligent and confident approach by businessmen, investors, and consumers to the problems of the period under consideration, the prospect is bright that adjustment policies within the enterprise system can largely, perhaps fully, meet those problems. Public policies, however, can be helpful, and they may be needed since the prospect, although bright,

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is by no means certain. The Council adheres to its previously expressed view that public policy can best exert its stabilizing influence by serving mainly the long-range needs of the economy. At the same time, we are mindful that the timing of public actions can be made to help offset transitory fluctuations in the private sector. Many built-in stabilizers, for example, are long-range established programs which automatically time public action to help slow down and reduce declines in total demand. There are also some positive instruments for stimulating or generating new demand, which are summarized in the following paragraphs.

Tax adjustments. Probably the most effective single method by which the Government could stimulate consumer spending and business investment, if needed during an adjustment period, would be well-designed tax reductions. For example, reductions in corporate income taxes can improve cost-profit ratios, while the lowering of personal income and excise taxes would energize markets. As has been emphasized in the discussion of current fiscal policy, it is premature to be talking about reducing taxes now. This is an appropriate time, however, to begin analyzing, as part of further study of the longer-range outlook, various alternative patterns of future tax adjustments and reductions with a view to determining what pattern would give the best balanced stimulus to consumption and private investment.

Housing and urban redevelopment. Housing and urban redevelopment programs are urgently needed, both as a means of providing families with suitable housing and to prevent the decay of our great cities. A realistic housing and urban redevelopment program, taking into consideration the changed character of needs in the period ahead, also could contribute much toward stability.

The Federal Government in recent years has added to its traditional management of general credit policy a newer but pervasive influence on the private housing market as an insurer of housing credit. Experience with the Federal Housing Administration and the Veterans Administration mortgage insurance programs in 1949 and 1950 indicates that liberalization of the terms of housing credit can provide a marked impetus to private residential construction. There may be some remaining opportunity for similar steps, particularly with respect to lower downpayments and lower monthly housing costs, to be taken in the future.

Another action that could be taken is acceleration of both the slum clearance and low-rent housing programs. The latter has been drastically curtailed in the defense mobilization period. The construction of 135,000 low-rent housing units a year (presently impossible because of appropriations action by the Congress) as contemplated by the Housing Act of 1949 would involve local construction expenditures of over 1 billion dollars annually for several years. Much additional impetus to investment in private residential, commercial, and industrial construction and in public works could be given through the program of slum clearance and

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urban redevelopment. Some of the necessary planning and preparation for programs of slum clearance and low-rent housing has already been accomplished at both Federal and local levels. Because of the long lead time required before such efforts can manifest themselves in substantial new expenditures and jobs, practical preparation of projects as early as possible is to be desired. Middle-income housing needs more attention.

Public welfare and development programs. At all levels of government, advance preparations for public welfare and development programs, and efforts to develop standards for the assignment of priorities, should now be going forward, primarily because of the urgent needs for these programs in their own right, and secondarily because of their potential demand-supporting usefulness. Some of this work already is done—a large backlog of vitally needed highway construction, for example, has been planned in preliminary phases—but much more is called for. Attention probably should be given first to those types of programs which, because they can be got under way quickly, can provide a quick stimulus to employment. But, as already noted, under present circumstances there also is an opportunity to get some greatly needed longer-range projects into operation in time to have an anti-deflationary effect if planning is pressed forward now.

The factor of confidence

The analysis thus far leads the Council to the conclusion that, with the underlying strength of private demand in the economy, with a reasonable awareness of that strength among businessmen, with built-in stabilizers which serve to moderate any downturn, with the public programs which are needed irrespective of current business conditions, and with a battery of stimulants available for intelligent use, if needed, the problem of maintaining a high level of production and employment during the period under consideration should be entirely manageable. Complete stability of the economy is, of course, impossible to attain. Fluctuations in various sectors are inevitable, if for no other reason than that people act today on forecasts of the future which often prove to be erroneous, necessitating later adjustments. But complete stability is not necessary for over-all general stability.

The Council at various points in the above discussion has said a good deal about the importance of confidence in future growth. It is not easy to overestimate its importance as a necessary condition for prosperity. If the people expect prosperity, they act in ways which promote prosperity; individually, they plan and spend consistently with rising production and rising markets. If they expect depression, they act in ways which promote depression; they tighten their belts, and the effects may cumulate in a downward spiral of production and consumption. Men make conditions.

To be sure, while confidence is a necessary factor, it is not sufficient. Confidence without a reasonable basis may result in destroying the very prosperity it produces. For example, a man might build a resort hotel in a desert. Building this hotel would help produce prosperity; but if the expected customers then failed to come, the resulting financial losses and

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unrealized expectations would help to destroy confidence and tear down prosperity. Unbounded confidence may thus result in mistakes that are destructive of prosperity. The Council does not believe that the only requisite for continued prosperity is for all of us to assure ourselves and each other that "every day and in every way, things are getting better and better." There must be a solid foundation for confidence.

Nonetheless, the Council believes that, assuming peace is maintained, the factors necessary for the development of sound confidence in the future of the economy exist today. As we see it, four of these factors are of central importance.

The first is that the economy has before it great possibilities of growth and expansion. The major requirements for a healthy economy are bound up in its ability to produce and in its ability to purchase and consume. Both of these abilities rest upon a wide array of factors—including natural resources, plant and equipment, training and skills, a sound financial system, broad distribution of income, incentives to production and efficiency, and the freedom and flexibility of our institutions both private and public. The United States possesses both the ability to produce and to consume in a degree which should make it unnecessary for any lengthy time for our level of employment to fall far below the number of those able and willing to work, or for our level of actual production to fall far below what our plant and technology are capable of producing without strain.

The second factor which supports sound confidence lies in the characteristic of our economic system that, for the most part, when downward fluctuations occur in any sector, the forces of the private economy will react to correct them if the total economic environment is favorable. The economy is not like a precariously balanced glass vase which is doomed to fall and be destroyed at the least mishap; in its month-to-month movements, it usually acts like a well-constructed ship which rights itself after rolling from the impact of the waves.

The third factor supporting confidence is the fact—and the Council believes it is now firmly a fact—that if downward forces should at any time become too pronounced for the private economy assisted by the built-in stabilizers to compensate for them automatically, the Government has the ability and the will to take those measures which may be necessary to end and reverse the downward movement. The Employment Act of 1946 was an acceptance by the Government of this responsibility. We believe that this responsibility will continue to be accepted.

The fourth factor supporting confidence is that, since the near-term outlook is for high prosperity, we now have time in which to apply private and public policies geared to the longer-range maintenance of prosperity, which are easier to formulate and easier to apply than policies which stand ready only with plans to reverse the course of a depression after it is well under way. Instead of merely preparing to fight a depression, we primarily should work constantly to preserve and advance prosperity. This does not over-

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look the threat; it meets the threat on the selected ground most favorable to a successful outcome. It chooses the only ground upon which, in view of world-wide conditions, we can afford to stand.

The Council believes that it is safe for business and consumers to rest on these foundations of confidence, and, more importantly, to act accordingly. There is another aspect of confidence, however, which must be developed if we are to maintain a prosperous nation. It is not sufficient that businessmen, workers, farmers, and public officials each have confidence in the future. It is equally important that they have confidence in one another and learn better how to work together. It is in this aspect alone, as the Council views the situation, that the Nation has thus far lagged farthest behind its best potential. It is here that all should join in the effort to widen the areas of economic understanding and agreement, toward the fulfillment of basic objectives shared by every American.

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Appendix A

The Nation's Economic Accounts

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The Nation's Economic Accounts

The Nation's economic accounts presented in tables A–1 to A–5 are designed to show the major economic developments of the last year and a half, and to throw light on the process of change and adjustment within the economy. However, the accounts are more nearly like snapshots taken at intervals than like a moving picture which shows the process of change. The causal elements must be inferred from a succession of static pictures.

It is in the nature of the accounting concepts used that, for the economy as a whole, total income received and total output (or expenditure) are always equal: the sum of the components of income, such as rents, wages, profits, and interest, must equal the value of the output of goods and services. Thus, in the Nation's economic accounts, receipts and expenditures add to the same total, which is the gross national output or expenditure. It follows that if the receipts of any one sector of the economy exceed the expenditures of that sector, this will be balanced by an excess of expenditure over receipts in another sector. This balance is shown in the third column of table A–1.

So much for the static relations. If we think of the process of change it becomes evident that, while income and expenditure for the economy as a whole are equal for any period, the expenditure of one period may differ from the income of the preceding period. This results from the fact that collectively all the economic units may wish to buy more than current output (i. e., they may be trying to spend more than their current income), thereby stimulating increases in prices, production, or both, or they may be trying to reduce spending below the level of income and output, which tends to bring prices down, to reduce production, and to cause unintended inventory accumulation. Only by rare coincidence will the aggregates of countless individual, business, and government decisions to spend or save match up so that the desire to save by some is exactly counterbalanced by plans to spend more than income by others. When this does happen, the economy remains stabilized at a given level of output and prices. When it does not happen, forces will be set in motion which operate to change either the physical volume of activity, or the price level, or both. It follows that if there is to be steady expansion of the economy at stable prices, total spending in each succeeding period must rise somewhat above the income of the preceding period.

The economic forces and developments that were discussed in Part I of this Review are reflected in the national account figures presented in

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the tables of this appendix. Accordingly, no statement of these forces and developments is included here.

The estimates included in the Nation's economic accounts are all taken from the national income and product statistics of the Department of Commerce. The 1951 National Income Supplement to the Survey of Current Business has complete statistics from 1929 to 1950, as well as much explanatory material. Revised estimates for 1949–51 can be found in the Survey of Current Business, July 1952. Many of these estimates are reproduced in tables in Appendix B of this report. Some notes on the four accounts contained in the accompanying tables follow:

Consumer account

The consumer account, table A–2, summarizes the more detailed statistics on personal income and consumption contained in appendix tables B–4, B–7, and B–9. It should be noted that, whereas personal income includes the income of unincorporated businesses and farms, only expenditures for consumption purposes are included in this account. Investments of both corporate and noncorporate businesses are included in the business account. Residential construction, whether for owner-occupancy or for rental purposes, is also included with business investment, while the actual or imputed rent of dwellings is included in consumer expenditure. Gifts to residents of foreign countries are also part of consumer expenditure.

Business account

In the business account, table A–3, receipts of business include the undistributed profits of corporations after adjustment for inventory valuation, plus the capital consumption allowances of both corporate and noncorporate enterprises and institutions, and depreciation on residences. Depreciation allowances must be added to receipts, since investment is on a gross basis; that is, before deduction for depreciation. As mentioned above, business investment includes additions to plant and equipment and inventories of both corporate and noncorporate enterprises, as well as residential construction for owner-occupancy. Additional information relating to business is contained in appendix tables B–5, B–18, B–19, B–32, and B–37.

International account

Net foreign investment, table A–4, represents the excess of United States current receipts over current payments arising from transactions in goods and services (including investment income) and unilateral transfers such as private remittances or Government grants. Expenditures for these unilateral transfers are included in consumer expenditures and Government expenditures for goods and services, and exports which arise from them are included in the current receipts component of net foreign investment. Consequently, the payments involved in the transfers themselves must be included in the current payment component of net foreign investment in order to avoid double counting. (See also appendix tables B–38 through B–44.)

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Government account

In table A–5, government receipts and expenditures are shown on an income and product account basis rather than on a cash or administrative budget basis, so as to be consistent with the receipts and expenditure accounts of the other sectors and with the gross national product total. Government transfer payments, such as social security and veterans' benefits, and interest charges represent income to the recipients, but are not included in the gross national product. Therefore, these payments are subtracted from both receipts and expenditures.

The income and product accounts of the government are on a consolidated basis, just as the cash accounts are, but they depart from the latter because of the timing of the items included in each and because of conceptual differences. (See appendix table B–31 for government cash receipts from and payments to the public.) The income and product accounts of the government are designed to be in accord with the accrual records maintained by private business. Thus, business taxes, especially those on corporate profits, are recorded on an accrual rather than a collections basis, and government expenditures for goods are corrected for the lag between deliveries and payments therefor. All capital transactions, such as receipts from the sale of government property and changes in loans and investments of government credit agencies, are excluded from the income and product accounts, although such transactions are included in both the cash and administrative budgets. A reconciliation of Federal Government receipts and expenditures, as reported in the Nation's economic accounts, with receipts and expenditures in the consolidated cash and conventional administrative budgets, is presented in tables A–6 and A–7. For a description of the differences between the consolidated cash budget and the conventional administrative budget, see Special Analysis A, the Budget of the United States Government for the Fiscal Year Ending June 30, 1953, p. 1142.

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TABLE A–1.—*The Nation's economic accounts, calendar years 1951–52*

[Billions of dollars, seasonally adjusted annual rates]

Economic group	1951, first half			1951, second half			1952, first half [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	220.6			229.3			231.0		
Personal consumption expenditures		207.5			208.4			214.1	
Personal net saving (+)			+13.1			+20.9			+16.9
Business:									
Gross retained earnings	29.3			36.4			36.2		
Gross private domestic investment		62.5			54.6			49.0	
Excess of investment (−)			−33.2			−18.2			−12.8
International:									
Net foreign investment		−1.4			1.8			1.4	
Excess of receipts (+) or investment (−)			+1.4			−1.8			−1.4
Government (Federal, State, and local):									
Tax and nontax receipts or accruals	88.3			85.3			91.2		
Less: Transfers, interest, and subsidies (net)	17.2			16.7			17.2		
Equals: Net receipts	71.1			68.6			74.0		
Total government expenditures		73.1			85.9			94.0	
Less: Transfers, interest, and subsidies (net)		17.2			16.7			17.2	
Equals: Purchases of goods and services		55.8			69.2			76.7	
Excess of receipts (+) or expenditures (−)			+15.3			−.6			−2.7
Statistical discrepancy	3.2		+3.2	−.4		−.4	−.2		−.2
Gross national product	324.4	324.4	.0	334.0	334.0	.0	341.2	341.2	.0

[1] Estimates based on incomplete data; second quarter 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 as noted).

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TABLE A–2.—*Consumer account, calendar years 1951–52*

[Billions of dollars, seasonally adjusted annual rates]

Receipts or expenditures	1951			1952, first half [1]
	Total	First half	Second half	
Personal income:				
Salaries, wages, and other labor income	170.7	167.4	174.0	178.2
Farm proprietors' income	15.6	14.8	16.4	15.0
Business and professional income [2]	26.2	26.1	26.3	27.4
Rental income	8.9	8.5	9.2	9.4
Dividends and personal interest income	20.4	20.0	20.7	21.0
Transfer payments	12.4	12.3	12.4	12.5
Total	254.1	249.0	259.0	263.5
Less: Personal tax and nontax payments:				
Federal	26.1	25.5	26.7	29.3
State and local	3.0	2.9	3.1	3.3
Total	29.1	28.4	29.7	32.5
Equals: Disposable personal income	225.0	220.6	229.3	231.0
Less: Personal consumption expenditures [3]	208.0	207.5	208.4	214.1
Equals: Personal net saving	+17.0	+13.1	+20.9	+16.9

[1] Estimates based on incomplete data; second quarter by Council of Economic Advisers.
[2] Includes adjustment for inventory valuation.
[3] For detail, see appendix table B–4.

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

Source: See table A–1.

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TABLE A–3.—*Business account, calendar years 1951-52*

[Billions of dollars, seasonally adjusted annual rates]

Receipts or investment	1951			1952, first half [1]
	Total	First half	Second half	
Receipts:				
Corporate profits before tax	42.9	46.7	39.0	41.2
Less: Corporate tax liability [2]	24.2	26.4	22.0	23.8
Dividend payments	9.0	8.8	9.2	9.2
Equals: Corporate undistributed profits	9.6	11.4	7.8	8.2
Plus: Capital consumption allowances [3]	24.6	23.8	25.4	27.1
Corporate inventory valuation adjustment [4]	−1.3	−5.8	3.1	1.0
Excess of wage accruals over disbursements	(5)	−.1	.1	−.1
Equals: Gross retained earnings	32.9	29.3	36.4	36.2
Expenditures:				
New construction	23.3	24.1	22.4	23.6
Residential (nonfarm)	11.0	11.8	10.1	11.0
Other private construction	12.3	12.2	12.3	12.6
Producers' durable equipment	24.9	25.0	24.8	25.8
Change in inventories	10.3	13.3	7.4	−.4
Total gross private domestic investment [6]	58.5	62.5	54.6	49.0
Excess of investment (−)	−25.6	−33.2	−18.2	−12.8

[1] Estimates based on incomplete data; second quarter by Council of Economic Advisers.
[2] Federal and State corporate income and excess profits taxes.
[3] Includes capital consumption allowances on noncorporate capital, including residences.
[4] The adjustment measures the excess of the value of the change in the volume of nonfarm business inventories valued at average prices during the period over the change in the book value.
[5] Less than 50 million dollars.
[6] For additional detail, see appendix table B-5.

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

Source: See table A-1.

TABLE A–4.—*International account, calendar years 1951–52*

[Billions of dollars, annual rates]

Item	1951			1952, first half [1]
	Total	First half	Second half	
Exports of goods and services	20.2	19.3	21.1	21.4
Less: Imports of goods and services	15.1	15.7	14.5	15.7
Equals: Surplus of exports of goods and services	5.1	3.6	6.6	5.7
Less: Net unilateral transfers: [2]				
Government [3]	4.5	4.6	4.4	3.9
Private	.4	.4	.4	.4
Equals: Net foreign investment	.2	−1.4	1.8	1.4

[1] Estimates based on incomplete data; second quarter by Council of Economic Advisers.
[2] Net unilateral transfers are included with Government or private expenditures for goods and services. For example, remittances (gifts) made by American citizens to relatives or charitable groups abroad are included with consumer expenditures. Government aid in the form of grants is included in Government purchases of goods and services. Thus, net unilateral transfers must be deducted from the export surplus to avoid double counting.
[3] For further detail, see appendix table B-39. These figures do not agree with unilateral transfers included in appendix table A-8, which is on a Daily Treasury Statement basis and is gross.

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

Source: See table A-1.

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TABLE A–5.—*Government account (Federal, State, and local), calendar years 1951–52*

[Billions of dollars, seasonally adjusted annual rates]

Receipts or expenditures	1951			1952, first half[1]
	Total	First half	Second half	
Federal Government:				
Receipts:				
Tax and nontax receipts or accruals[2]	66.1	67.8	64.4	69.6
Less:				
Transfers and net interest payments	13.2	13.1	13.3	13.3
Federal grants-in-aid to State and local governments	2.4	2.3	2.4	2.0
Subsidies less current surplus of Government enterprises	1.3	1.7	.9	1.4
Equals: Net receipts	49.2	50.7	47.7	53.0
Expenditures:				
Total expenditures	57.8	51.6	63.9	70.4
Less:				
Transfers and net interest payments	13.2	13.1	13.3	13.3
Federal grants-in-aid to State and local governments	2.4	2.3	2.4	2.0
Subsidies less current surplus of Government enterprises	1.3	1.7	.9	1.4
Equals: Purchases of goods and services	40.9	34.6	47.2	53.6
Excess of receipts (+) or expenditures (−)	+8.3	+16.1	+.5	−.6
State and local governments:				
Receipts:				
Tax and nontax receipts or accruals[2]	20.7	20.6	20.9	21.5
Federal grants-in-aid to State and local governments	2.4	2.3	2.4	2.0
Current surplus of Government enterprises	.8	.8	.8	.8
Less: Transfers and net interest payments	3.2	3.2	3.2	3.4
Equals: Net receipts	20.7	20.4	20.9	21.0
Expenditures:				
Total expenditures	24.1	23.8	24.4	25.7
Less: Transfers and net interest payments	3.2	3.2	3.2	3.4
Plus: Current surplus of Government enterprises	.8	.8	.8	.8
Equals: Purchases of goods and services	21.7	21.4	22.0	23.1
Excess of receipts (+) or expenditures (−)	−1.0	−1.0	−1.1	−2.1
Total government:				
Receipts:[3]				
Tax and nontax receipts or accruals[2]	86.8	88.3	85.3	91.2
Less:				
Transfers and net interest payments	16.4	16.3	16.5	16.6
Subsidies less current surplus of government enterprises	.5	.9	.2	.6
Equals: Net receipts	69.9	71.1	68.6	74.0
Expenditures:[3]				
Total expenditures	79.5	73.1	85.9	94.0
Less:				
Transfers and net interest payments	16.4	16.3	16.5	16.6
Subsidies less current surplus of government enterprises	.5	.9	.2	.6
Equals: Purchases of goods and services	62.6	55.8	69.2	76.7
Excess of receipts (+) or expenditures (−)	+7.3	+15.3	−.6	−2.7

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

[2] Includes personal tax and nontax receipts, indirect business tax and nontax accruals, corporate profits tax accruals (including excess profits tax accruals), and contributions for social insurance.

[3] Federal grants-in-aid to State and local governments are reflected in Federal expenditures and State and local receipts and expenditures. Total government receipts and expenditures have been adjusted to eliminate this duplication.

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

Source: See appendix table A–1.

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TABLE A–6.—*Reconciliation of Federal Government expenditures on income and product account with consolidated cash statement and administrative budget, calendar years 1951–52*

[Billions of dollars, annual rates]

Item	1951			1952, first half [1]
	Total	First half	Second half	
Federal expenditures on income and product account:				
Purchases of goods and services (net)	40.9	34.6	47.2	53.6
Transfer payments	8.6	8.5	8.7	8.7
Net interest paid by the Federal Government	4.6	4.5	4.6	4.6
Subsidies less current surplus of Government enterprises	1.3	1.7	.9	1.4
Grants-in-aid to State and local governments	2.4	2.3	2.4	2.0
Total	57.8	51.6	63.9	70.4
Less:				
Transfer to trust accounts	1.0	.3	1.7	.6
Federal employee contributions to retirement funds	.4	.4	.4	.4
Accrued interest on savings bonds and Treasury bills	.7	.6	.8	.7
Seasonal and other adjustments to Commodity Credit Corporation expenditures	.0	.9	−.9	.6
Increase in accounts payable to business	.6	.4	.8	.0
Plus:				
Major loans and net investments (excluding Commodity Credit Corporation)	1.8	1.6	2.0	2.2
Federal Government sales	.4	.3	.5	.4
District of Columbia expenditures	.1	.1	.1	.1
Miscellaneous capital transactions	.6	.6	.7	.7
Statistical errors and omissions	.0	−.2	.3	−.3
Equals: Consolidated cash expenditures	58.0	51.4	64.7	71.2
Less:				
Cash trust account expenditures	4.3	3.3	5.3	4.0
Clearing account for outstanding checks	.1	−.1	.3	.5
Plus:				
Noncash interest payments	1.8	2.3	1.4	2.1
Transfer to trust accounts	1.0	.3	1.7	.6
Federal employee contributions to retirement funds	.4	.4	.4	.4
Equals: Administrative budget expenditures (net)	56.8	51.1	62.6	69.7

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

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

Sources: Bureau of the Budget, Treasury Department, and Department of Commerce (except as noted).

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TABLE A–7.—*Reconciliation of Federal Government receipts on income and product account with consolidated cash statement and administrative budget, calendar years 1951–52*

[Billions of dollars, annual rates]

Item	1951			1952, first half [1]
	Total	First half	Second half	
Federal receipts on income and product account:				
Personal tax and nontax liabilities	26.1	25.5	26.7	29.3
Corporate profits tax accruals	23.4	25.5	21.2	23.0
Indirect business tax and nontax liabilities	9.5	9.6	9.4	10.0
Contributions for social insurance	7.1	7.1	7.1	7.4
Total	66.1	67.8	64.4	69.6
Less:				
Excess of corporate profits tax accruals over cash collections (net of refunds)	7.0	6.7	7.1	−5.9
Excess of individual income tax withholdings by employers over deposits with Treasury	.6	−2.9	4.1	−6.6
Transfer to trust accounts	.6	.3	.9	.6
Federal employee contributions to retirement funds	.4	.4	.4	.4
Plus:				
Sales of Government property	.4	.3	.5	.4
Proceeds of Government-owned securities	.4	.5	.3	.3
Other capital receipts	.9	.8	.9	.8
District of Columbia revenues	.1	.1	.1	.1
Statistical errors and omissions	.0	.1	−.1	−.3
Equals: Consolidated cash receipts	59.3	65.1	53.6	82.4
Less: Cash trust account receipts	6.1	6.0	6.1	6.0
Plus: Payments to Treasury by Federal agencies and other noncash budget receipts	.2	.3	.1	.2
Equals: Administrative budget receipts	53.5	59.4	47.6	76.6

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

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

Sources: Bureau of the Budget, Treasury Department, and Department of Commerce (except as noted).

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TABLE A–8.—*Federal cash payments to the public by type of recipient and transaction, calenda years 1951–52*

[Billions of dollars]

Cash payments	1951			1952, first half [1]
	Total	First half	Second half	
Direct cash payments for goods and services, excluding payments for military services: [2]				
Payments to individuals for services rendered:				
Civilian wages and salaries (excluding Post Office):				
Federal [3]	3.0	1.5	1.5	1.6
Grants- and loans-in-aid for performance of specified services, net [4]	.9	.4	.4	.5
Total	3.8	1.9	1.9	2.1
Payments to business for goods and services:				
Public works:				
Federal	2.1	.9	1.1	1.3
Grants-in-aid and loans for public works	.8	.3	.5	.3
Other goods and services [5]	.9	.4	.6	.4
Payments to foreign countries and international institutions for goods and services	.1	(6)	(6)	(6)
Total	3.8	1.6	2.2	2.0
Direct cash payments for goods and services—payments for military services: [7]				
Military personnel	9.7	4.4	5.3	5.7
Major procurement and production	7.5	2.8	4.7	6.5
Military public works	1.2	.3	.9	1.1
Stockpiling of strategic and critical materials	.7	.4	.3	.5
Operation and maintenance of equipment, research and development, reserve forces, and other	10.7	4.3	6.3	7.1
Total	29.8	12.2	17.5	20.9
Loans and transfer payments to individuals:				
Social insurance and public assistance:				
Federal employees' retirement benefit payments	.3	.1	.1	.2
Old-age and disability benefit payments	2.2	1.1	1.1	1.2
Unemployment insurance benefit payments	.9	.5	.4	.6
Grants-in-aid for public assistance	1.2	.6	.6	.6
Readjustment benefits, pensions, and other payments to veterans [8]	5.2	2.6	2.7	2.3
Loans to home owners, net	.1	(6)	.1	(6)
Interest [9]	1.1	.6	.5	.6
Other [10]	−.1	−.2	(6)	−.2
Total	11.0	5.4	5.6	5.2
Loans, investments, subsidies, and other transfers to business and agriculture:				
Farmers:				
Price support, net (including supply program)	−.4	−.4	−.1	−.2
International Wheat Agreement	.2	.1	.1	.1
Other loans and direct subsidies to farmers	.8	.4	.3	.5
Business:				
Home mortgage purchases from financial institutions	.5	.2	.3	.2
Loans, net	(6)	(6)	(6)	(6)
Direct subsidy payments	(6)	(6)	(6)	(6)
Subsidy arising from the postal deficit	.7	.4	.3	.4
Interest [9]	3.1	1.5	1.6	1.4
Total	4.8	2.3	2.5	2.4
Loans and transfer payments to foreign countries and international institutions:				
Unilateral transfers:				
Military aid	1.6	.7	1.0	1.4
Economic aid	2.9	1.6	1.3	1.2
Loans	.3	.2	.1	.1
Subscriptions to the International Bank and Monetary Fund (net cash withdrawals)	(6)	(6)	(6)	(6)
Total	4.7	2.4	2.4	2.7
Clearing account for outstanding checks and telegraphic reports	+.1	(6)	+.1	+.3
Total Federal cash payments to the public	58.0	25.7	32.3	35.6

Footnotes on following page.

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[1] Estimates based on incomplete data.

[2] Differs from the national income concept of "Government purchases of goods and services" by excluding, in addition to military services, farm price-support expenditures, and unilateral aid to foreign countries. Grants to States and localities for public works, here included as a Federal expenditure, would be included in the national income accounts as a State and local expenditure. There are other less significant differences between the two concepts.

[3] Excludes payroll deductions for Federal employees' retirement.

[4] Includes all grants-in-aid and loans to public bodies for purposes other than public works and public assistance. Includes, in addition, one-third of Federal expenditures for veterans' tuition, books, and supplies.

[5] This figure is obtained as a residual by deducting all other expenditures from total cash payments to the public. This residual is subject to a high margin of error, since many of the detailed expenditure figures are estimated from records maintained on different bases. Conceptually, it includes purchases of supplies and equipment, payments for transportation, communication, and various contractual services.

[6] Less than 50 million dollars.

[7] Excludes retired pay and redemption of Armed Forces Leave bonds which are included below as payments to veterans. Also excludes payroll deductions for civilian employees' retirement.

[8] Includes cashing of terminal leave bonds, retired pay of military personnel, and National Service and Government Life Insurance refunds and benefits in addition to veterans' pensions and readjustment benefits. Includes only one-third of payments for veterans' tuition, books, and supplies.

[9] Includes a small amount of interest on tax refunds in addition to interest on the public debt. Interest paid to business includes about 100 million dollars of interest paid each year by the Federal Government to State and local governments. (Interest in appendix table A–2—Consumer account—is net and is on an accrual rather than a cash basis; it includes interest paid by State and local governments and by Government corporations.)

[10] Represents transactions in deposit funds (including partially-owned Government corporations) and in trust funds not specified elsewhere.

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

Source: Bureau of the Budget.

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Appendix B

Statistical Tables Relating to Employment, Production, and Purchasing Power

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TABLE B–1.—*Gross national product or expenditure, 1929–52*

[Billions of dollars]

Period	Gross national product	Personal consumption expenditures [1]	Gross private domestic investment [2]						Net foreign investment	Government purchases of goods and services				
			Total	Construction			Producers' durable equipment	Net change in business inventories		Total	Federal [3]			State and local
				Total	Residential (nonfarm)	Other					Total	National security [4]	Other	
1929	103.8	78.8	15.8	7.8	2.8	5.0	6.4	1.6	0.8	8.5	1.3	(5)	(5)	7.2
1930	90.9	70.8	10.2	5.6	1.4	4.2	4.9	−.3	.7	9.2	1.4	(5)	(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	(5)	(5)	7.7
1932	58.3	49.2	.9	1.7	.5	1.2	1.8	−2.6	.2	8.1	1.5	(5)	(5)	6.6
1933	55.8	46.3	1.3	1.1	.3	.8	1.8	−1.6	.2	8.0	2.0	(5)	(5)	5.9
1934	64.9	51.9	2.8	1.4	.4	1.0	2.5	−1.1	.4	9.8	3.0	(5)	(5)	6.8
1935	72.2	56.2	6.1	1.9	.7	1.2	3.4	.9	−.1	9.9	2.9	(5)	(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	(5)	(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	(5)	(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	(5)	(5)	7.5
1939	91.3	67.5	9.9	4.9	2.7	2.2	4.6	.4	.9	13.1	5.2	1.2	3.9	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	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	7.8
1942	161.6	91.2	10.9	4.0	1.8	2.2	4.9	2.1	−.2	59.7	52.0	49.4	2.7	7.7
1943	194.3	102.2	5.7	2.5	1.0	1.5	4.1	−.9	−2.2	88.6	81.2	79.7	1.5	7.4
1944	213.7	111.6	7.7	2.8	.8	2.0	5.7	−.8	−2.1	96.5	89.0	87.5	1.6	7.5
1945	215.2	123.1	10.7	3.9	1.1	2.8	7.5	−.7	−1.4	82.8	74.8	73.8	1.0	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	18.5	2.5	10.0
1947	233.3	165.6	30.2	13.9	6.3	7.6	17.1	−.8	8.9	28.6	15.8	12.0	3.8	12.8
1948	259.0	177.9	42.7	17.7	8.6	9.1	19.9	5.0	1.9	36.6	21.1	15.5	5.6	15.6
1949	258.2	180.6	33.5	17.2	8.3	9.0	18.7	−2.5	.5	43.6	25.4	18.9	6.6	18.2
1950	284.2	194.3	50.3	22.9	12.6	10.3	22.0	5.5	−2.3	41.9	22.2	18.3	3.9	19.7
1951	329.2	208.0	58.5	23.3	11.0	12.3	24.9	10.3	.2	62.6	40.9	36.7	4.2	21.7
	Seasonally adjusted annual rates													
1951: First half	324.4	207.5	62.5	24.1	11.8	12.2	25.0	13.3	−1.4	55.8	34.6	30.9	3.6	21.4
Second half	334.0	208.4	54.6	22.4	10.1	12.3	24.8	7.4	1.8	69.2	47.2	42.4	4.8	22.0
1952: First half [6]	341.2	214.1	49.0	23.6	11.0	12.6	25.8	−.4	1.4	76.7	53.6	48.2	5.3	23.1
1951: First quarter	319.6	210.5	59.8	24.7	12.8	11.9	24.8	10.3	−2.7	51.9	30.8	27.3	3.5	21.1
Second quarter	329.3	204.5	65.2	23.5	10.9	12.6	25.3	16.3	−.2	59.8	38.3	34.5	3.7	21.6
Third quarter	330.9	206.4	56.2	22.4	9.9	12.5	24.9	8.9	1.1	67.3	45.5	41.1	4.5	21.7
Fourth quarter	337.1	210.5	52.9	22.4	10.3	12.1	24.7	5.8	2.6	71.2	48.9	43.8	5.1	22.3
1952: First quarter	339.4	213.2	50.0	23.7	11.0	12.7	25.7	.6	1.9	74.4	51.2	46.0	5.2	23.2
Second quarter [6]	343.0	215.0	48.0	23.5	10.9	12.6	26.0	−1.5	1.0	79.0	56.0	50.5	5.5	23.0

[1] See appendix table B–4 for major components.
[2] See appendix table B–5 for more detail and explanation of components.
[3] Net of Government sales, which have been deducted from the national security expenditures.
[4] For 1947–52 "national security" expenditures include the following: 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. (See The Budget of the United States Government for the Fiscal Year Ending June 30, 1953, for items included in each of these classifications.) Prior to 1947, the expenditures are based on items formerly classified as "war" by the Bureau of the Budget and Treasury Department. For all years, the expenditures exclude Government sales and have been adjusted to the concept of purchases of goods and services.
[5] Not available.
[6] Estimates based on incomplete data; second quarter by Council of Economic Advisers.

NOTE.—The figures beginning with 1949 are based on the revised series of national income and product of the Department of Commerce. For detail, see the Survey of Current Business, July 1952.
Detail will not necessarily add to totals because of rounding.

Source: Department of Commerce (except as noted).

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TABLE B–2.—*Gross national product or expenditure in 1951 prices, 1929–52* [1]

[Billions of dollars, 1951 prices]

Period	Total gross national product	Personal consumption expenditures				Gross private domestic investment					
		Total	Durable goods	Nondurable goods	Services	Total	New construction			Producers' durable equipment	Change in business inventories
							Total	Residential (nonfarm)	Other		
1929	168.1	119.1	16.4	62.9	39.8	32.6	18.5	(4)	(4)	11.1	3.0
1930	152.2	111.9	13.1	59.9	38.9	22.2	13.8	(4)	(4)	8.8	−.4
1931	140.7	108.1	10.9	59.5	37.7	13.6	9.7	(4)	(4)	6.1	−2.2
1932	119.1	98.3	8.0	54.4	35.9	2.9	5.4	(4)	(4)	3.6	−6.1
1933	117.9	97.3	7.8	54.1	35.4	3.7	3.6	(4)	(4)	3.7	−3.6
1934	131.4	103.2	9.1	58.3	35.8	7.3	4.1	(4)	(4)	4.8	−1.6
1935	143.2	109.7	11.1	61.9	36.7	13.9	5.5	(4)	(4)	6.6	1.8
1936	163.6	121.0	13.6	68.8	38.6	19.5	7.9	(4)	(4)	8.8	2.8
1937	171.2	125.2	14.3	71.3	39.6	23.7	9.5	(4)	(4)	10.0	4.2
1938	164.4	123.1	11.8	72.2	39.1	13.6	8.3	(4)	(4)	7.3	−2.0
1939	179.8	130.3	13.6	76.4	40.3	21.6	12.3	6.8	5.5	8.5	.8
1940	197.4	137.9	15.7	80.3	41.9	29.3	13.7	7.3	6.4	11.0	4.6
1941	229.3	148.6	18.2	86.8	43.6	36.3	15.4	7.9	7.5	13.2	7.7
1942	260.4	146.5	11.6	89.4	45.5	19.8	8.4	3.6	4.8	8.2	3.2
1943	293.4	150.4	10.1	92.3	48.0	11.2	4.7	1.7	3.0	6.7	−.2
1944	316.3	156.4	9.4	96.4	50.6	13.4	5.0	1.4	3.6	9.4	−1.0
1945	307.2	166.8	10.8	103.6	52.4	16.8	6.6	1.8	4.8	12.2	−2.0
1946	272.6	185.2	21.1	108.5	55.6	42.2	15.2	6.0	9.2	18.1	8.9
1947	272.3	189.9	25.1	107.2	57.6	40.2	17.3	7.8	9.5	21.7	1.2
1948	281.0	193.3	25.6	107.7	60.0	47.4	20.0	9.6	10.4	23.2	4.2
1949	281.6	198.4	26.2	109.7	62.5	38.1	19.7	9.4	10.3	21.0	−2.6
1950	303.3	208.7	31.5	111.7	65.5	54.4	24.6	13.5	11.1	24.1	5.7
1951	329.2	208.0	27.1	113.5	67.3	58.5	23.3	11.0	12.3	24.9	10.3
	Seasonally adjusted annual rates										
1951: First half	325.6	208.6	29.0	112.6	67.0	62.8	24.2	11.9	12.3	25.2	13.4
Second half	333.0	207.4	25.2	114.6	67.6	54.4	22.4	10.0	12.3	24.6	7.4
1952: First half [5]	336.0	211.2	25.0	117.9	68.2	47.7	23.1	10.8	12.4	25.4	−.8
1951: First quarter	321.3	212.2	31.6	113.8	66.8	60.2	24.9	12.9	12.0	25.0	10.3
Second quarter	329.9	204.9	26.4	111.3	67.2	65.3	23.5	10.9	12.6	25.4	16.4
Third quarter	331.7	206.6	25.5	113.7	67.4	56.2	22.4	9.9	12.5	24.9	8.9
Fourth quarter	334.3	208.3	25.0	115.5	67.8	52.6	22.3	10.2	12.1	24.4	5.9
1952: First quarter	334.6	210.4	24.8	117.8	67.8	49.0	23.3	10.8	12.5	25.3	.4
Second quarter [5]	337.3	211.9	25.2	118.0	68.7	46.4	22.9	10.7	12.2	25.5	−2.0

See footnotes at end of table.

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TABLE B–2.—*Gross national product or expenditure in 1951 prices, 1929–52*[1]—Continued

[Billions of dollars, 1951 prices]

Period	Net foreign investment	Government purchases of goods and services				
		Total	Federal[2]			State and local
			Total	National security[3]	Other	
1929	−0.7	17.1	2.8	(4)	(4)	14.3
1930	−.9	19.0	3.2	(4)	(4)	15.8
1931	−1.3	20.3	3.4	(4)	(4)	16.9
1932	−1.3	19.2	3.6	(4)	(4)	15.6
1933	−1.7	18.6	4.9	(4)	(4)	13.7
1934	−.9	21.8	6.7	(4)	(4)	15.1
1935	−2.4	22.0	6.5	(4)	(4)	15.5
1936	−2.6	25.7	10.5	(4)	(4)	15.2
1937	−2.2	24.5	9.6	(4)	(4)	14.9
1938	.1	27.6	11.5	(4)	(4)	16.1
1939	−.4	28.3	11.3	2.6	8.7	17.0
1940	.3	29.9	13.3	4.7	8.6	16.6
1941	−1.3	45.7	29.9	24.4	5.5	15.8
1942	−3.2	97.3	82.9	78.8	4.1	14.4
1943	−7.6	139.4	126.3	124.0	2.3	13.1
1944	−8.0	154.5	141.7	139.3	2.4	12.8
1945	−7.8	131.4	118.4	116.8	1.6	13.0
1946	2.8	42.4	27.7	24.5	3.2	14.7
1947	7.3	34.9	18.5	14.1	4.4	16.4
1948	−1.3	41.6	23.8	17.5	6.3	17.8
1949	−2.9	48.0	28.0	20.8	7.2	20.0
1950	−4.3	44.5	23.6	19.4	4.2	20.9
1951	.2	62.6	40.9	36.7	4.2	21.7
	Seasonally adjusted annual rates					
1951: First half	−1.6	55.9	34.6	31.0	3.6	21.3
Second half	2.0	69.2	47.1	42.4	4.8	22.0
1952: First half[5]	1.3	75.8	53.2	47.8	5.3	22.6
1951: First quarter	−3.0	51.9	30.9	27.4	3.5	21.0
Second quarter	−.2	59.9	38.3	34.5	3.8	21.6
Third quarter	1.5	67.4	45.5	41.1	4.4	21.9
Fourth quarter	2.5	70.9	48.7	43.6	5.1	22.2
1952: First quarter	1.7	73.5	50.8	45.7	5.1	22.7
Second quarter[5]	.9	78.1	55.5	50.0	5.5	22.6

[1] These estimates represent a rough conversion of the Department of Commerce series in 1939 prices. (See appendix table B–3) This was done by major components, using the implicit price indexes for the year 1951 as a 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 have been deducted from the national security expenditures.

[3] See appendix table B–1, footnote 4.

[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.

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TABLE B-3.—*Gross national product or expenditure in 1939 prices, 1929–51* [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	6.5	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	7.0	11.4	−1.3	.6	22.2	12.9	9.3	133.7
1950	154.8	108.5	15.4	51.6	41.5	25.8	9.8	13.1	2.8	.0	20.6	10.9	9.7	144.3
1951	167.3	108.4	13.3	52.4	42.6	28.0	9.2	13.6	5.1	2.0	28.9	18.9	10.1	154.0

[1] See Survey of Current Business, January 1951, and the National Income Supplement to the Survey of Current Business, 1951, for explanation of conversion of estimates in current prices to those in 1939 prices.
[2] Total gross national product less compensation of general government employees.

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

Source: Department of Commerce.

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TABLE B–4.—*Personal consumption expenditures, 1929–52*

[Billions of dollars]

Period	Total 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	194.3	29.2	12.3	16.9	102.8	61.4	18.9	22.5	62.4	19.9	42.5
1951	208.0	27.1	10.7	16.4	113.5	69.2	20.3	24.1	67.3	21.8	45.6
	Seasonally adjusted annual rates										
1951: First half	207.5	28.8	11.8	17.1	112.3	68.4	20.2	23.8	66.4	21.2	45.1
Second half	208.4	25.4	9.7	15.7	114.7	70.0	20.4	24.4	68.3	22.2	46.1
1952: First half[4]	214.1	25.4	10.0	15.4	118.2	72.0	20.6	25.6	70.5	23.1	47.4
1951: First quarter	210.5	31.3	12.6	18.8	113.3	68.5	20.7	24.1	65.9	21.0	44.9
Second quarter	204.5	26.3	11.0	15.4	111.3	68.2	19.7	23.4	66.9	21.5	45.3
Third quarter	206.4	25.5	9.9	15.6	113.2	69.5	20.0	23.7	67.6	22.0	45.6
Fourth quarter	210.5	25.3	9.5	15.8	116.2	70.4	20.7	25.1	69.0	22.5	46.5
1952: First quarter	213.2	25.2	9.6	15.6	118.0	71.8	20.6	25.6	70.0	22.9	47.1
Second quarter[4]	215.0	25.5	10.4	15.1	118.5	72.2	20.6	25.7	71.0	23.3	47.7

[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; second quarter by Council of Economic Advisers.

NOTE.—The figures beginning with 1949 are based on the revised series of national income and product of the Department of Commerce. For detail, see the Survey of Current Business, July 1952.
Detail will not necessarily add to totals because of rounding.

Source: Department of Commerce (except as noted).

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TABLE B–5.—*Gross private domestic investment, 1929–52*

[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 after revaluation adjustment	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	(7)	−.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	(7)	.5	.2	−2.6	−2.6	(7)
1933	1.3	2.3	1.6	.7	.3	.3	(7)	.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	(7)	−.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	50.3	25.4	18.4	7.0	5.4	3.6	1.8	12.6	1.5	5.5	4.6	.9
1951	58.5	29.6	20.8	8.8	5.9	4.1	1.8	11.0	1.7	10.3	9.4	.9
	Seasonally adjusted annual rates											
1951:												
First half	62.5	29.3	20.6	8.6	6.2	4.4	1.8	11.8	1.8	13.3	12.1	1.2
Second half	54.6	30.0	21.1	8.8	5.5	3.7	1.8	10.1	1.6	7.4	6.7	.6
1952:												
First half[8]	49.0	31.0	21.8	9.2	5.8	4.1	1.7	11.0	1.7	−.4	−1.3	.8
1951:												
First quarter	59.8	29.1	20.7	8.4	5.9	4.1	1.8	12.8	1.7	10.3	9.0	1.3
Second quarter	65.2	29.5	20.6	8.9	6.6	4.8	1.8	10.9	1.9	16.3	15.2	1.1
Third quarter	56.2	30.0	21.0	9.0	5.7	3.9	1.8	9.9	1.7	8.9	8.2	.7
Fourth quarter	52.9	29.9	21.2	8.7	5.3	3.5	1.8	10.3	1.6	5.8	5.2	.6
1952:												
First quarter	50.0	30.9	21.6	9.3	5.8	4.1	1.7	11.0	1.7	.6	−.1	.7
Second quarter[8]	48.0	31.1	21.9	9.2	5.8	4.1	1.7	10.9	1.7	−1.5	−2.5	.9

[1] Items for 1945 and earlier years are not comparable with those for later years, nor with figures shown in appendix table B–17. Items for all years are not comparable with those shown in appendix table B–18, 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.

[7] Less than 50 million dollars.

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

NOTE.—The figures beginning with 1949 are based on the revised series of national income and product of the Department of Commerce. For detail, see the Survey of Current Business, July 1952.

Detail will not necessarily add to totals because of rounding.

Source: Department of Commerce (except as noted).

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TABLE B–6.—*National income by distributive shares, 1929–52*

[Billions of dollars]

Period	Total national income [1]	Compensation of employees [2]	Business and professional income and inventory valuation adjustment			Income of farm proprietors	Rental income of persons	Corporate profits and inventory valuation adjustment			Net interest
			Total	Income of unincorporated enterprises	Inventory valuation adjustment			Total	Corporate profits before tax [3]	Inventory valuation adjustment	
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	(4)	5.6	3.1	6.2	6.2	(4)	4.4
1938	67.4	44.7	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	239.2	153.4	23.7	24.9	−1.2	13.3	8.2	34.8	39.6	−4.8	5.8
1951	277.6	178.9	26.2	26.6	−.4	15.6	8.9	41.6	42.9	−1.3	6.4
	Seasonally adjusted annual rates										
1951: First half	272.2	175.6	26.1	27.6	−1.5	14.8	8.5	41.0	46.7	−5.8	6.4
Second half	282.9	182.2	26.3	25.6	.8	16.4	9.2	42.2	39.0	3.1	6.6
1952: First half [5]	287.4	186.5	27.4	27.4	.1	15.0	9.4	42.2	41.2	1.0	6.8
1951: First quarter	269.6	172.9	26.2	29.0	−2.8	15.1	8.5	40.7	50.1	−9.4	6.3
Second quarter	274.8	178.2	26.0	26.2	−.2	14.4	8.5	41.2	43.3	−2.1	6.4
Third quarter	280.2	181.0	26.0	25.2	.8	15.8	9.1	41.9	38.6	3.2	6.5
Fourth quarter	285.6	183.4	26.6	25.9	.7	17.0	9.4	42.5	39.5	3.0	6.6
1952: First quarter	[5] 287.2	186.5	27.3	27.5	−.2	15.4	9.4	[5] 41.9	[5] 42.0	−.1	6.7
Second quarter [5]	287.5	186.5	27.6	27.2	.4	14.6	9.4	42.5	40.5	2.0	6.9

[1] National income is the total net income earned in production by individuals and businesses. The concept of national income currently used differs from the concept of 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 B–7), and employer and employee contributions for social insurance (see appendix table B–8).

See appendix table B–32 for corporate tax liability (Federal and State income and excess profits taxes) and corporate profits after tax.

[4] Less than 50 million dollars.

[5] Estimates based on incomplete data; corporate profits and total national income for first quarter and all items for second quarter by Council of Economic Advisers.

NOTE.—The figures beginning with 1949 are based on the revised series of national income and product of the Department of Commerce. For detail, see the Survey of Current Business, July 1952.

Detail will not necessarily add to totals because of rounding.

Source: Department of Commerce (except as noted).

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TABLE B–7.—*Personal income, 1929–52*

[Billions of dollars]

Period	Total personal income	Salaries, wages, and other labor income [1]	Proprietors' and rental income [2]	Dividends and personal interest income [3]	Transfer payments	Nonagricultural personal income [4]	Agricultural income
1929	85.1	50.5	19.7	13.3	1.5	76.8	8.3
1930	76.2	46.3	15.7	12.6	1.5	70.0	6.2
1931	64.8	39.2	11.8	11.1	2.7	60.1	4.7
1932	49.3	30.5	7.4	9.1	2.2	46.2	3.1
1933	46.6	29.0	7.2	8.2	2.1	43.0	3.6
1934	53.2	33.8	8.7	8.6	2.2	49.5	3.7
1935	59.9	36.8	12.1	8.6	2.4	53.4	6.5
1936	68.4	42.1	12.6	10.1	3.5	62.8	5.6
1937	74.0	45.9	15.4	10.3	2.4	66.5	7.5
1938	68.3	42.8	14.0	8.7	2.8	62.1	6.2
1939	72.6	45.7	14.7	9.2	3.0	66.3	6.3
1940	78.3	49.5	16.3	9.4	3.1	71.5	6.8
1941	95.3	61.5	20.8	9.9	3.1	86.1	9.2
1942	122.7	81.4	28.4	9.7	3.2	109.4	13.3
1943	150.3	104.5	32.8	10.0	3.0	135.2	15.1
1944	165.9	116.2	35.5	10.6	3.6	150.5	15.4
1945	171.9	116.9	37.5	11.4	6.2	155.7	16.2
1946	177.7	111.1	42.0	13.2	11.4	158.8	18.9
1947	191.0	122.3	42.4	14.5	11.8	170.8	20.2
1948	209.5	134.9	47.3	16.0	11.3	187.1	22.4
1949	205.9	134.2	42.1	17.1	12.4	188.7	17.2
1950	226.3	146.5	45.2	19.5	15.1	208.5	17.8
1951	254.1	170.7	50.6	20.4	12.4	233.6	20.5
	Seasonally adjusted annual rates						
1951: First half	249.0	167.4	49.4	20.0	12.3	229.7	19.4
Second half	259.0	174.0	52.0	20.7	12.4	237.5	21.5
1952: First half [5]	263.5	178.2	51.8	21.0	12.5	243.4	20.0
1951: First quarter	246.2	164.5	49.7	19.7	12.2	226.6	19.6
Second quarter	251.9	170.2	49.0	20.3	12.4	232.8	19.1
Third quarter	256.1	172.2	50.8	20.6	12.5	235.3	20.8
Fourth quarter	262.0	175.7	53.1	20.8	12.4	239.8	22.2
1952: First quarter	263.0	178.1	52.1	20.5	12.5	242.6	20.4
Second quarter [5]	264.0	178.3	51.6	21.5	12.5	244.3	19.7

[1] Differs from "compensation of employees" in appendix table B–6, in that it excludes employer and employee contributions to social insurance. Includes wage and salary receipts and other labor income—compensation for injuries, employer contributions to private pension and welfare funds, pay of military reservists not on full-time active duty (pay for full-time active duty included in military wages and salaries), 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] See appendix table B 6 for major components.

[3] See appendix table B–32 for dividend payments.

[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; second quarter by Council of Economic Advisers.

NOTE.—The figures beginning with 1949 are based on the revised series of national income and product of the Department of Commerce. For detail, see the Survey of Current Business, July 1952.

Detail will not necessarily add to totals because of rounding.

Source: Department of Commerce (except as noted).

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TABLE B–8.—*Relation of national income and personal income, 1929–52*

[Billions of dollars]

Period	National income	Less:			Plus:				Equals: Personal income
		Corporate profits and inventory valuation adjustment	Contributions to social insurance	Excess of wage accruals over disbursements	Government transfer payments	Net interest paid by government	Dividends	Business transfer payments	
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	(1)	5.6	3.7	4.7	.5	171.9
1946	180.3	18.3	6.0	(1)	10.9	4.4	5.8	.6	177.7
1947	198.7	24.7	5.7	(1)	11.1	4.4	6.6	.7	191.0
1948	223.5	31.7	5.2	(1)	10.5	4.5	7.2	.7	209.5
1949	216.3	29.2	5.7	(1)	11.6	4.6	7.5	.8	205.9
1950	239.2	34.8	6.9	(1)	14.3	4.7	9.0	.8	226.3
1951	277.6	41.6	8.2	(1)	11.5	4.9	9.0	.9	254.1
	Seasonally adjusted annual rates								
1951: First half	272.2	41.0	8.2	−0.1	11.4	4.8	8.8	0.9	249.0
Second half	282.9	42.2	8.2	.1	11.6	5.0	9.2	.9	259.0
1952: First half [2]	287.4	42.2	8.4	−.1	11.6	5.0	9.2	.9	263.5
1951: First quarter	269.6	40.7	8.1	.1	11.3	4.8	8.6	.9	246.2
Second quarter	274.8	41.2	8.2	−.2	11.6	4.9	9.0	.9	251.9
Third quarter	280.2	41.9	8.1	.8	11.6	4.9	9.2	.9	256.1
Fourth quarter	285.6	42.5	8.3	−.6	11.5	5.0	9.3	.9	262.0
1952: First quarter	[2] 287.2	[2] 41.9	8.9	.1	11.7	5.0	8.9	.9	263.0
Second quarter [2]	287.5	42.5	8.5	−.3	11.6	5.0	9.6	.9	264.0

[1] Less than 50 million dollars.
[2] Estimates based on incomplete data; corporate profits and total national income for first quarter and all items for second quarter by Council of Economic Advisers.

NOTE.—The figures beginning with 1949 are based on the revised series of national income and product of the Department of Commerce. For detail, see the Survey of Current Business, July 1952.
Detail will not necessarily add to totals because of rounding.

Source: Department of Commerce (except as noted).

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TABLE B–9.—*Disposition of personal income, 1929–52*

[Billions of dollars]

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
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	226.3	20.8	205.5	194.3	11.2	5.5
1951	254.1	29.1	225.0	208.0	17.0	7.6
	Seasonally adjusted annual rates					
1951: First half	249.0	28.4	220.6	207.5	13.1	5.9
Second half	259.0	29.7	229.3	208.4	20.9	9.1
1952: First half [1]	263.5	32.5	231.0	214.1	16.9	7.3
1951: First quarter	246.2	28.2	218.0	210.5	7.5	3.4
Second quarter	251.9	28.7	223.2	204.5	18.7	8.4
Third quarter	256.1	29.0	227.1	206.4	20.7	9.1
Fourth quarter	262.0	30.4	231.5	210.5	21.1	9.1
1952: First quarter	263.0	32.5	230.5	213.2	17.3	7.5
Second quarter [1]	264.0	32.5	231.5	215.0	16.5	7.1

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

NOTE.—The figures beginning with 1949 are based on the revised series of national income and product of the Department of Commerce. For detail, see the Survey of Current Business, July 1952.
Detail will not necessarily add to totals because of rounding.

Source: Department of Commerce (except as noted).

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TABLE B–10.—*Total and per capita disposable personal income in current and 1951 prices, 1929–52*

Period	Total disposable personal income (billions of dollars)		Per capita disposable personal income (dollars)		Population (thousands) [2]
	Current prices	1951 prices [1]	Current prices	1951 prices [1]	
1929	82.5	124.6	678	1,024	121,770
1930	73.7	116.4	599	946	123,077
1931	63.0	111.3	508	898	124,040
1932	47.8	95.4	383	764	124,840
1933	45.2	95.0	360	756	125,579
1934	51.6	102.6	408	811	126,374
1935	58.0	113.3	456	891	127,250
1936	66.1	127.9	516	998	128,053
1937	71.1	132.6	552	1,030	128.825
1938	65.5	125.0	505	964	129,825
1939	70.2	135.5	536	1,035	130,880
1940	75.7	144.7	573	1,096	132.114
1941	92.0	166.1	690	1,245	133,377
1942	116.7	187.3	866	1,390	134,831
1943	132.4	194.7	968	1,424	136,719
1944	147.0	205.9	1,062	1,487	138,390
1945	151.1	204.7	1,080	1,463	139,934
1946	158.9	200.4	1,124	1,417	141,398
1947	169.5	194.4	1,176	1,349	144,129
1948	188.4	204.8	1,285	1,397	146,621
1949	187.2	205.7	1,255	1,379	149,149
1950	205.5	220.7	1,355	1,455	151,689
1951	225.0	225.0	1,458	1,458	154,353
	Seasonally adjusted annual rates				
1951: First half	220.6	221.7	1,435	1,442	153,699
Second half	229.3	228.2	1,478	1,471	155,107
1952: First half [3]	231.0	227.8	1,477	1,456	156,405
1951: First quarter	218.0	219.8	1,421	1,432	153,396
Second quarter	223.2	223.6	1,449	1,452	154,011
Third quarter	227.1	227.3	1,468	1,469	154,724
Fourth quarter	231.5	229.0	1,489	1,473	155,466
1952: First quarter	230.5	227.5	1,477	1,458	156,098
Second quarter [3]	231.5	228.1	1,477	1,455	156,700

[1] Dollar estimates in current prices divided by an over-all implicit price index for personal consumption expenditures. This price index was based on Department of Commerce data shifted from a 1939 base.

[2] Provisional intercensal estimates of the population of continental United States including armed forces overseas, taking into account the final 1950 census total population count. Annual data are as of July 1; quarterly and semiannual data as of middle of period.

[3] Estimates based on incomplete data; second quarter by Council of Economic Advisers.

NOTE.—The figures beginning with 1949 are based on the revised series of national income and product of the Department of Commerce. For detail, see the Survey of Current Business, July 1952.

Detail will not necessarily add to totals because of rounding.

Sources: Department of Commerce and Council of Economic Advisers.

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TABLE B–11.—*Labor force, employment, and unemployment, 1929–52*

Period	Total labor force (including armed forces) [1]	Armed forces [1]	Civilian labor force					Unemployment as percent of total civilian labor force
			Total civilian labor force	Employment [2]			Unemployment	
				Total	Agricultural	Nonagricultural		
	Thousands of persons, 14 years of age and over							
Monthly average:								
1929	49,440	260	49,180	47,630	10,450	37,180	1,550	3.2
1930	50,080	260	49,820	45,480	10,340	35,140	4,340	8.7
1931	50,680	260	50,420	42,400	10,290	32,110	8,020	15.9
1932	51,250	250	51,000	38,940	10,170	28,770	12,060	23.6
1933	51,840	250	51,590	38,760	10,090	28,670	12,830	24.9
1934	52,490	260	52,230	40,890	9,900	30,990	11,340	21.7
1935	53,140	270	52,870	42,260	10,110	32,150	10,610	20.1
1936	53,740	300	53,440	44,410	10,000	34,410	9,030	16.9
1937	54,320	320	54,000	46,300	9,820	36,480	7,700	14.3
1938	54,950	340	54,610	44,220	9,690	34,530	10,390	19.0
1939	55,600	370	55,230	45,750	9,610	36,140	9,480	17.2
1940	56,030	390	55,640	47,520	9,540	37,980	8,120	14.6
1941	57,380	1,470	55,910	50,350	9,100	41,250	5,560	9.9
1942	60,230	3,820	56,410	53,750	9,250	44,500	2,660	4.7
1943	64,410	8,870	55,540	54,470	9,080	45,390	1,070	1.9
1944	65,890	11,260	54,630	53,960	8,950	45,010	670	1.2
1945	65,140	11,280	53,860	52,820	8,580	44,240	1,040	1.9
1946	60,820	3,300	57,520	55,250	8,320	46,930	2,270	3.9
1947	61,608	1,440	60,168	58,027	8,266	49,761	2,142	3.6
1948	62,748	1,306	61,442	59,378	7,973	51,405	2,064	3.4
1949	63,571	1,466	62,105	58,710	8,026	50,684	3,395	5.5
1950	64,599	1,500	63,099	59,957	7,507	52,450	3,142	5.0
1951	65,832	2,948	62,884	61,005	7,054	53,951	1,879	3.0
1951: First half	64,948	2,694	62,254	60,189	6,744	53,446	2,065	3.3
Second half	66,717	3,204	63,513	61,820	7,365	54,455	1,693	2.7
1952: First half	(3)	(3)	62,341	60,512	6,634	53,878	1,829	2.9
1951: January	63,759	2,245	61,514	59,010	6,018	52,993	2,503	4.1
February	63,868	2,555	61,313	58,905	5,930	52,976	2,407	3.9
March	64,956	2,631	62,325	60,179	6,393	53,785	2,147	3.4
April	64,577	2,788	61,789	60,044	6,645	53,400	1,744	2.8
May	65,728	2,925	62,803	61,193	7,440	53,753	1,609	2.6
June	66,800	3,017	63,783	61,803	8,035	53,768	1,980	3.1
July	67,477	3,095	64,382	62,526	7,908	54,618	1,856	2.9
August	67,371	3,163	64,208	62,630	7,688	54,942	1,578	2.5
September	66,396	3,210	63,186	61,580	7,526	54,054	1,606	2.5
October	66,662	3,210	63,452	61,836	7,668	54,168	1,616	2.5
November	66,422	3,258	63,164	61,336	7,022	54,314	1,828	2.9
December	65,973	3,285	62,688	61,014	6,378	54,636	1,674	2.7
1952: January	(3)	(3)	61,780	59,726	6,186	53,540	2,054	3.3
February	(3)	(3)	61,838	59,752	6,064	53,688	2,086	3.4
March	(3)	(3)	61,518	59,714	6,012	53,702	1,804	2.9
April	(3)	(3)	61,744	60,132	6,412	53,720	1,612	2.6
May	(3)	(3)	62,778	61,176	6,960	54,216	1,602	2.6
June	(3)	(3)	64,390	62,572	8,170	54,402	1,818	2.8

[1] Data for 1940–51 exclude about 150,000 members of the armed forces who were outside the continental United States in 1940 and who were therefore not enumerated in the 1940 census. This figure is deducted by the Census Bureau from its current estimates for comparability with 1940 data.

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

[3] Not available.

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

Detail will not necessarily add to totals because of rounding.

Sources: Department of Labor (1929–39) and Department of Commerce (1940–52).

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TABLE B-12.—*Number of wage and salary workers in nonagricultural establishments, 1929–52* [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	2,894	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	38,154	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	3,793	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	1,536	4,621	5,607
1947	43,371	15,247	8,373	6,874	943	1,982	4,122	9,196	1,641	4,786	5,454
1948	44,201	15,286	8,315	6,970	981	2,165	4,151	9,491	1,716	4,799	5,613
1949	43,096	14,146	7,465	6,681	932	2,155	3,979	9,433	1,763	4,782	5,811
1950	44,124	14,884	8,008	6,876	904	2,318	4,010	9,524	1,812	4,761	5,910
1951	46,401	15,931	8,926	7,005	920	2,569	4,144	9,804	1,833	4,759	6,390
1951: First half	45,880	15,925	8,927	6,997	923	2,432	4,116	9,650	1,859	4,729	6,246
Second half	46,921	15,938	8,925	7,013	916	2,707	4,173	9,958	1,906	4,788	6,535
1952: First half [4]	46,119	15,733	8,954	6,779	895	2,418	4,123	9,730	1,943	4,734	6,544
1951: January	45,246	15,784	8,742	7,042	932	2,281	4,072	9,592	1,831	4,666	6,088
February	45,390	15,978	8,877	7,101	930	2,228	4,082	9,554	1,839	4,657	6,122
March	45,850	16,022	8,969	7,053	924	2,326	4,112	9,713	1,854	4,682	6,217
April	45,998	15,955	9,003	6,952	911	2,471	4,132	9,627	1,865	4,745	6,292
May	46,226	15,853	8,975	6,878	915	2,598	4,137	9,683	1,874	4,789	6,377
June	46,567	15,956	8,998	6,958	927	2,686	4,161	9,732	1,893	4,835	6,377
July	46,432	15,813	8,839	6,974	906	2,754	4,176	9,667	1,908	4,852	6,356
August	46,724	16,008	8,878	7,130	922	2,809	4,190	9,641	1,914	4,839	6,401
September	46,956	16,039	8,913	7,126	917	2,768	4,178	9,781	1,898	4,831	6,544
October	46,902	15,965	8,942	7,023	917	2,761	4,166	9,893	1,898	4,770	6,532
November	46,852	15,890	8,976	6,914	917	2,633	4,165	10,109	1,907	4,734	6,497
December	47,663	15,913	9,000	6,913	916	2,518	4,161	10,660	1,912	4,702	6,881
1952: January	45,913	15,776	8,946	6,830	909	2,316	4,103	9,720	1,909	4,671	6,509
February	45,899	15,859	9,010	6,849	902	2,308	4,111	9,643	1,919	4,687	6,490
March	46,001	15,869	9,035	6,834	904	2,296	4,118	9,668	1,937	4,681	6,528
April [4]	46,258	15,784	9,045	6,739	897	2,410	4,098	9,817	1,953	4,748	6,551
May [4]	46,320	15,671	9,006	6,665	894	2,517	4,138	9,744	1,959	4,795	6,602
June [4]	46,322	15,440	8,682	6,758	862	2,661	4,170	9,787	1,978	4,839	6,585

[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 personnel of the armed forces. Not comparable with estimates of nonagricultural employment of the civilian labor force reported by the Department of Commerce (appendix table B-11) 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 lay-offs, and which are based on an enumeration of population, whereas the estimates in this table are based on reports from employing establishments.

[2] Data for the trade and service divisions, beginning with 1939, 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.—Adjustments have been made to levels indicated by data of unemployment insurance agencies and the Bureau of Old-Age and Survivors Insurance through 1947, and have been carried forward from 1947 bench mark levels, thereby providing consistent series.

Detail will not necessarily add to totals because of rounding.

Source: Department of Labor.

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TABLE B–13.—*Average weekly hours in selected industries, 1929–52*

Period	Manufacturing			Bituminous coal mining	Building construction	Class I railroads	Telephone	Wholesale trade	Retail trade (except eating and drinking places)	Hotels (year-round)
	Total	Durable goods	Non-durable goods							
Monthly average:										
1929	44.2	(1)	(1)	38.4	(1)	44.8	(1)	(1)	(1)	(1)
1930	42.1	(1)	(1)	33.5	(1)	43.1	(1)	(1)	(1)	(1)
1931	40.5	(1)	(1)	28.3	(1)	41.1	(1)	(1)	(1)	(1)
1932	38.3	32.6	41.9	27.2	(1)	38.9	(1)	(1)	(1)	(1)
1933	38.1	34.8	40.0	29.5	(1)	38.8	(1)	(1)	(1)	(1)
1934	34.6	33.9	35.1	27.0	28.9	40.4	(1)	(1)	(1)	(1)
1935	36.6	37.3	36.1	26.4	30.1	41.1	(1)	(1)	(1)	(1)
1936	39.2	41.0	37.7	28.8	32.8	42.5	(1)	(1)	(1)	(1)
1937	38.6	40.0	37.4	27.9	33.4	43.2	38.8	(1)	(1)	(1)
1938	35.6	35.0	36.1	23.5	32.1	42.5	38.9	(1)	(1)	(1)
1939	37.7	38.0	37.4	27.1	32.6	43.4	39.1	(1)	(1)	(1)
1940	38.1	39.3	37.0	28.1	33.1	44.0	39.5	(1)	(1)	(1)
1941	40.6	42.1	38.9	31.1	34.8	45.6	40.1	(1)	(1)	(1)
1942	42.9	45.1	40.3	32.9	36.4	46.9	40.5	(1)	(1)	(1)
1943	44.9	46.6	42.5	36.6	38.4	48.7	41.9	(1)	(1)	(1)
1944	45.2	46.6	43.1	43.4	39.6	49.1	42.3	(1)	(1)	(1)
1945	43.4	44.1	42.3	42.3	39.0	48.5	(2)	(1)	(1)	(1)
1946	40.4	40.2	40.5	41.6	38.1	45.9	39.4	(1)	(1)	(1)
1947	40.4	40.6	40.1	40.7	37.6	46.3	37.4	41.0	40.3	45.2
1948	40.1	40.5	39.6	38.0	[3] 37.3	46.1	39.2	40.9	40.3	44.3
1949	39.2	39.5	38.8	32.6	36.7	43.5	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	41.7	39.5	35.2	37.3	41.0	39.1	40.7	40.1	43.2
1951: First half	40.9	41.8	39.8	34.6	36.6	41.3	39.0	40.6	40.0	43.3
Second half	40.6	41.5	39.3	35.8	37.8	40.6	39.2	40.8	40.2	43.1
1952: First half [4]	40.4	41.4	39.2	33.9	37.6	(1)	38.0	40.4	39.8	42.6
1951: January	41.0	41.5	40.2	37.6	36.7	42.1	38.9	40.8	40.3	43.4
February	40.9	41.6	40.0	34.1	35.3	41.1	39.2	40.6	40.1	43.2
March	41.1	41.9	40.0	33.6	35.8	41.9	38.9	40.6	39.7	43.3
April	41.0	42.0	39.7	33.9	36.8	40.6	38.7	40.6	39.9	43.3
May	40.7	41.8	39.3	33.3	37.5	41.0	39.0	40.6	39.8	43.4
June	40.7	41.8	39.4	34.8	37.7	41.1	39.4	40.7	40.4	43.4
July	40.2	40.9	39.3	32.7	38.1	40.1	39.8	40.7	40.8	43.4
August	40.3	41.3	39.1	34.9	38.2	42.1	39.2	40.7	40.8	43.3
September	40.6	41.6	39.4	36.5	38.2	39.1	39.4	40.9	40.0	42.9
October	40.5	41.7	38.9	36.3	38.5	42.0	39.1	40.8	39.8	42.9
November	40.5	41.5	39.2	36.2	36.4	40.8	39.2	40.8	39.4	43.1
December	41.2	42.2	39.9	38.4	37.7	39.5	38.8	41.1	40.1	43.2
1952: January	40.8	41.8	39.5	38.5	37.5	41.6	38.7	40.7	39.8	42.8
February	40.7	41.7	39.5	35.9	37.9	42.7	38.5	40.4	39.8	42.8
March	40.7	41.7	39.3	35.4	36.9	40.2	38.5	40.4	39.8	42.5
April [4]	39.8	40.8	38.4	29.7	37.7	(1)	35.1	40.1	39.8	42.6
May [4]	40.2	41.1	38.9	30.2	38.2	(1)	39.0	40.3	39.7	42.3
June [4]	40.4	41.1	39.4	(1)	(1)	(1)	(1)	(1)	(1)	(1)

[1] Not available.
[2] Average for year not available because new series was started in April 1945. Beginning with June 1949 data relate to nonsupervisory employees only.
[3] Not strictly comparable with previous data.
[4] Estimates based on incomplete data.

NOTE.—Data are for production workers in manufacturing and mining, hourly-rated employees in railroads, 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 except in railroads where monthly data are used.

The half-year data are straight arithmetic averages of the monthly figures and not strictly comparable with the annual averages which have been weighted by data on employment.

Source: Department of Labor.

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TABLE B–14.—*Average hourly earnings in selected industries, 1929–52*

Period	Manufacturing			Bituminous coal mining	Building construction	Class I railroads	Telephone	Wholesale trade	Retail trade (except eating and drinking places)	Hotels (year-round) [1]
	Total	Durable goods	Nondurable goods							
Monthly average:										
1929	$0.566	(2)	(2)	$0.681	(2)	$0.636	(2)	(2)	(2)	(2)
1930	.552	(2)	(2)	.684	(2)	.644	(2)	(2)	(2)	(2)
1931	.515	(2)	(2)	.647	(2)	.651	(2)	(2)	(2)	(2)
1932	.446	$0.497	$0.420	.520	(2)	.600	(2)	(2)	(2)	(2)
1933	.442	.472	.427	.501	(2)	.595	(2)	(2)	(2)	(2)
1934	.532	.556	.515	.673	$0.795	.602	(2)	(2)	(2)	(2)
1935	.550	.577	.530	.745	.815	.651	(2)	(2)	(2)	(2)
1936	.556	.586	.529	.794	.824	.659	(2)	(2)	(2)	(2)
1937	.624	.674	.577	.856	.903	.676	$0.774	(2)	(2)	(2)
1938	.627	.686	.584	.878	.908	.712	.816	(2)	(2)	(2)
1939	.633	.698	.582	.886	.932	.714	.822	(2)	(2)	(2)
1940	.661	.724	.602	.883	.958	.717	.827	(2)	(2)	(2)
1941	.729	.808	.640	.993	1.010	.751	.820	(2)	(2)	(2)
1942	.853	.947	.723	1.059	1.148	.824	.843	(2)	(2)	(2)
1943	.961	1.059	.803	1.139	1.252	.897	.870	(2)	(2)	(2)
1944	1.019	1.117	.861	1.186	1.319	.938	.911	(2)	(2)	(2)
1945	1.023	1.111	.904	1.240	1.379	.942	(2)	(2)	(2)	(2)
1946	1.086	1.156	1.015	1.401	1.478	1.116	1.124	(2)	(2)	(2)
1947	1.237	1.292	1.171	1.636	1.681	1.170	1.197	$1.268	$1.009	$0.650
1948	1.350	1.410	1.278	1.898	[4] 1.848	1.309	1.248	1.359	1.088	.709
1949	1.401	1.469	1.325	1.941	1.935	1.419	1.345	1.414	1.137	.743
1950	1.465	1.537	1.378	2.010	2.031	1.549	1.398	1.483	1.176	.771
1951	1.594	1.678	1.481	2.212	2.201	1.702	1.491	1.585	1.253	.819
1951: First half	1.575	1.655	1.466	2.193	2.166	1.658	1.458	1.569	1.244	.807
Second half	1.614	1.702	1.495	2.235	2.232	1.746	1.522	1.601	1.262	.832
1952: First half [5]	1.652	1.739	1.529	2.253	2.279	(2)	1.549	1.647	1.288	.857
1951: January	1.555	1.630	1.456	2.038	2.135	1.559	1.450	1.555	1.237	.804
February	1.561	1.639	1.458	2.219	2.157	1.622	1.469	1.567	1.236	.811
March	1.571	1.654	1.460	2.222	2.163	1.657	1.453	1.567	1.233	.801
April	1.578	1.659	1.465	2.231	2.167	1.687	1.450	1.575	1.249	.806
May	1.586	1.665	1.474	2.218	2.182	1.698	1.451	1.571	1.252	.807
June	1.599	1.681	1.484	2.232	2.194	1.723	1.475	1.581	1.256	.812
July	1.598	1.682	1.488	2.254	2.195	1.741	1.490	1.586	1.262	.817
August	1.596	1.684	1.481	2.213	2.207	1.723	1.501	1.585	1.259	.815
September	1.613	1.707	1.489	2.236	2.236	1.760	1.522	1.605	1.270	.834
October	1.615	1.705	1.491	2.221	2.239	1.732	1.533	1.604	1.267	.837
November	1.626	1.712	1.507	2.240	2.260	1.750	1.552	1.606	1.267	.840
December	1.636	1.723	1.515	2.247	2.253	1.771	1.532	1.620	1.245	.852
1952: January	1.640	1.726	1.520	2.244	2.276	1.781	1.542	1.632	1.287	.852
February	1.644	1.731	1.522	2.236	2.285	1.796	1.554	1.637	1.281	.855
March	1.656	1.746	1.530	2.239	2.292	1.779	1.540	1.649	1.279	.856
April [5]	1.654	1.741	1.530	2.233	2.277	(2)	1.545	1.659	1.285	.860
May [5]	1.657	1.745	1.531	2.213	2.267	(2)	1.566	1.660	1.309	.862
June [5]	1.658	1.746	1.540	(2)	(2)	(2)	(2)	(2)	(2)	(2)

[1] Money payments only; additional value of room, board, uniforms, and tips not included.
[2] Not available.
[3] Not available. 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.
[4] Not strictly comparable with previous data.
[5] Estimates based on incomplete data.

NOTE.—Data are for production workers in manufacturing and mining, hourly rated employees in railroads, 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 except in railroads where monthly data are used.
The half-year data are straight arithmetic averages of the monthly figures and not strictly comparable with the annual averages which have been weighted by data on man-hours.

Source: Department of Labor.

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TABLE B–15.—*Average gross weekly earnings in selected industries, 1929–52*

Period	Manufacturing			Bituminous coal mining	Building construction	Class I railroads	Telephone	Wholesale trade	Retail trade (except eating and drinking places)	Hotels (year-round) [1]
	Total	Durable goods	Nondurable goods							
Monthly average:										
1929	$25.03	$27.22	$22.93	$25.72	(2)	$28.49	(2)	(2)	(2)	(2)
1930	23.25	24.77	21.84	22.21	(2)	27.76	(2)	(2)	(2)	(2)
1931	20.87	21.28	20.50	17.60	(2)	26.76	(2)	(2)	(2)	(2)
1932	17.05	16.21	17.57	13.91	(2)	23.34	(2)	(2)	(2)	(2)
1933	16.73	16.43	16.89	14.47	(2)	23.09	(2)	(2)	(2)	(2)
1934	18.40	18.87	18.05	18.10	$22.97	24.32	(2)	(2)	(2)	(2)
1935	20.13	21.52	19.11	19.58	24.51	26.76	(2)	(2)	(2)	(2)
1936	21.78	24.04	19.94	22.71	27.01	28.01	(2)	(2)	(2)	(2)
1937	24.05	26.91	21.53	23.84	30.14	29.20	$29.81	(2)	(2)	(2)
1938	22.30	24.01	21.05	20.80	29.19	30.26	31.53	(2)	(2)	(2)
1939	23.86	26.50	21.78	23.88	30.39	30.99	31.94	(2)	(2)	(2)
1940	25.20	28.44	22.27	24.71	31.70	31.55	32.44	(2)	(2)	(2)
1941	29.58	34.04	24.92	30.86	35.14	34.25	32.74	(2)	(2)	(2)
1942	36.65	42.73	29.13	35.02	41.80	38.65	33.97	(2)	(2)	(2)
1943	43.14	49.30	34.12	41.62	48.13	43.68	36.30	(2)	(2)	(2)
1944	46.08	52.07	37.12	51.27	52.18	46.06	38.39	(2)	(2)	(2)
1945	44.39	49.05	38.29	52.25	53.73	45.69	(3)	(2)	(2)	(2)
1946	43.82	46.49	41.14	58.03	56.24	51.22	44.04	(2)	(2)	(2)
1947	49.97	52.46	46.96	66.59	63.30	54.17	44.77	$51.99	$40.66	$29.36
1948	54.14	57.11	50.61	72.12	[4] 68.85	60.34	48.92	55.58	43.85	31.41
1949	54.92	58.03	51.41	63.28	70.95	61.73	51.78	57.55	45.93	32.84
1950	59.33	63.32	54.71	70.35	73.73	63.20	54.38	60.36	47.63	33.85
1951	64.88	69.97	58.50	77.86	82.10	69.78	58.30	64.51	50.25	35.38
1951: First half	64.42	69.11	58.30	75.69	79.37	68.44	56.89	63.79	49.80	34.96
Second half	65.45	70.70	58.76	80.09	84.46	70.88	59.72	65.37	50.66	35.91
1952: First half [5]	66.77	71.94	59.88	75.81	85.79	(2)	58.82	66.52	51.24	36.51
1951: January	63.76	67.65	58.53	76.63	78.35	65.63	56.41	63.44	49.85	34.89
February	63.84	68.18	58.32	75.67	76.14	66.66	57.58	63.62	49.56	35.04
March	64.57	69.30	58.40	74.66	77.44	69.43	56.52	63.62	48.95	34.68
April	64.70	69.68	58.16	75.63	79.75	68.49	56.12	63.95	49.84	34.90
May	64.55	69.60	57.93	73.86	81.83	69.62	56.59	63.78	49.83	35.02
June	65.08	70.27	58.47	77.67	82.71	70.82	58.12	64.35	50.74	35.24
July	64.24	68.79	58.48	73.71	83.63	69.81	59.30	64.55	51.49	35.46
August	64.32	69.55	57.91	77.23	84.31	72.54	58.84	64.51	51.37	35.29
September	65.49	71.01	58.67	81.61	85.42	68.82	59.97	65.64	50.80	35.78
October	65.41	71.10	58.00	80.62	86.20	72.74	59.94	65.44	50.43	35.91
November	65.85	71.05	59.07	81.09	82.26	71.40	60.84	65.52	49.92	36.20
December	67.40	72.71	60.45	86.28	84.94	69.95	59.44	66.58	49.92	36.81
1952: January	66.91	72.15	60.34	86.39	85.35	74.09	59.68	66.42	51.22	36.47
February	66.91	72.18	60.12	80.27	86.60	76.69	59.83	66.13	50.98	36.59
March	67.40	72.81	60.13	79.26	84.57	71.52	59.29	66.62	50.90	36.38
April [5]	65.83	71.03	58.75	66.32	85.84	(2)	54.23	66.53	51.14	36.64
May [5]	66.61	71.72	59.56	66.83	86.60	(2)	61.07	66.90	51.97	36.46
June [5]	66.98	71.76	60.68	(2)	(2)	(2)	(2)	(2)	(2)	(2)

[1] Money payments only; additional value of room, board, uniforms, and tips not included.
[2] Not available.
[3] Not available. 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.
[4] Not strictly comparable with previous data.
[5] Estimates based on incomplete data.

NOTE.—Data are for production workers in manufacturing and mining, hourly rated employees in railroads, 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 except in railroads where monthly data are used.

The half-year data are straight arithmetic averages of the monthly figures and not strictly comparable with the annual averages which have been weighted by data on man-hours.

Source: Department of Labor.

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TABLE B–16.—*Indexes of industrial and agricultural production, 1929–52*

[1935–39=100]

Period [1]	Industrial production					Agricultural production [2]
	Total	Manufactures			Minerals	
		Total	Durable	Nondurable		
1929	110	110	132	93	107	97
1930	91	90	98	84	93	95
1931	75	74	67	79	80	104
1932	58	57	41	70	67	101
1933	69	68	54	79	76	93
1934	75	74	65	81	80	79
1935	87	87	83	90	86	96
1936	103	104	108	100	99	85
1937	113	113	122	106	112	108
1938	89	87	78	95	97	105
1939	109	109	109	109	106	106
1940	125	126	139	115	117	110
1941	162	168	201	142	125	114
1942	199	212	279	158	129	128
1943	239	258	360	176	132	125
1944	235	252	353	171	140	130
1945	203	214	274	166	137	129
1946	170	177	192	165	134	134
1947	187	194	220	172	149	129
1948	192	198	225	177	155	141
1949	176	183	202	168	135	140
1950	200	209	237	187	148	136
1951	220	229	273	194	164	139
	Adjusted for seasonal variation					
1951: First half	222	232	274	199	162	[4]
Second half	217	226	273	189	166	[4]
1952: First half [3]	216	226	275	186	162	[4]
1951: January	221	231	268	201	164	[4]
February	221	232	271	201	158	[4]
March	222	234	277	199	158	[4]
April	223	234	279	198	164	[4]
May	222	233	276	198	165	[4]
June	221	231	274	197	165	[4]
July	212	222	265	187	156	[4]
August	217	226	267	193	165	[4]
September	218	228	271	192	167	[4]
October	218	226	274	188	174	[4]
November	219	228	277	188	170	[4]
December	218	228	282	185	163	[4]
1952: January	221	231	282	189	167	[4]
February	222	232	284	190	167	[4]
March	221	231	284	188	164	[4]
April	216	225	277	183	166	[4]
May [3]	214	223	276	180	161	[4]
June [3]	202	212	246	184	145	[4]

[1] For industrial production, average of monthly indexes is used for year or half year.
[2] Index of volume of farm production for human use. New census data may result in some downward revision for the years 1945–49.
[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.

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TABLE B–17.—*New construction activity, 1929–52*

[Value put in place, millions of dollars]

Period	Total new construction	Private construction				Public construction				
		Total private [1]	Residential building (nonfarm)	Nonresidential building (nonfarm)	Other private [2]	Total public	Military and naval	Nonresidential building	Highway	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	363	1,000	801
1935	4,232	1,999	1,010	472	517	2,233	37	328	845	1,023
1936	6,497	2,981	1,565	713	703	3,516	29	701	1,362	1,424
1937	6,999	3,903	1,875	1,085	943	3,096	37	550	1,226	1,283
1938	6,980	3,560	1,990	764	806	3,420	62	672	1,421	1,265
1939	8,198	4,389	2,680	786	923	3,809	125	970	1,381	1,333
1940	8,682	5,054	2,985	1,025	1,044	3,628	385	615	1,302	1,326
1941	11,957	6,206	3,510	1,482	1,214	5,751	1,620	1,646	1,066	1,419
1942	14,075	3,415	1,715	635	1,065	10,660	5,016	3,685	734	1,225
1943	8,301	1,979	885	233	861	6,322	2,550	2,010	446	1,316
1944	5,259	2,186	815	351	1,020	3,073	837	1,361	362	513
1945	5,633	3,235	1,100	1,020	1,115	2,398	690	937	398	373
1946	12,000	9,638	4,015	3,341	2,282	2,362	188	354	895	925
1947	16,689	13,256	6,310	3,142	3,804	3,433	204	599	1,451	1,179
1948	21,678	16,853	8,580	3,621	4,652	4,825	158	1,301	1,774	1,592
1949	22,789	16,384	8,267	3,228	4,889	6,405	137	2,068	2,131	2,069
1950	28,749	21,610	12,600	3,777	5,233	7,139	177	2,402	2,381	2,179
1951	31,025	21,684	10,973	5,152	5,559	9,341	1,019	3,471	2,400	2,451
	Seasonally adjusted annual rates									
1951: First half	31,500	22,578	11,850	5,224	5,504	8,922	704	3,342	2,438	2,438
Second half	30,550	20,790	10,096	5,080	5,614	9,760	1,334	3,600	2,362	2,464
1952: First half	32,960	21,770	10,944	5,052	5,774	11,190	1,824	3,970	2,778	2,618
1951: January	30,768	22,572	12,408	4,716	5,448	8,196	396	3,120	2,304	2,376
February	31,524	23,520	13,044	5,004	5,472	8,004	492	3,096	2,172	2,244
March	32,724	23,616	12,900	5,220	5,496	9,108	648	3,312	2,736	2,412
April	32,244	22,848	11,904	5,424	5,520	9,396	792	3,456	2,604	2,544
May	31,128	21,720	10,644	5,544	5,532	9,408	888	3,528	2,436	2,556
June	30,612	21,192	10,200	5,436	5,556	9,420	1,008	3,540	2,376	2,496
July	30,024	20,988	10,008	5,424	5,556	9,036	984	3,372	2,352	2,328
August	30,060	20,688	9,744	5,364	5,580	9,372	1,128	3,444	2,484	2,316
September	30,276	20,664	9,852	5,196	5,616	9,612	1,284	3,492	2,448	2,388
October	30,732	20,784	10,260	4,908	5,616	9,948	1,464	3,576	2,424	2,484
November	30,924	20,808	10,368	4,800	5,640	10,116	1,548	3,804	2,160	2,604
December	31,284	20,808	10,344	4,788	5,676	10,476	1,596	3,912	2,304	2,664
1952: January	31,308	20,868	10,044	5,052	5,772	10,440	1,680	3,852	2,208	2,700
February	32,916	21,756	10,812	5,184	5,760	11,160	1,680	3,828	3,000	2,652
March	34,248	23,040	12,132	5,172	5,736	11,208	1,812	3,840	2,940	2,616
April	33,732	22,308	11,448	5,112	5,748	11,424	1,800	4,008	2,952	2,664
May	32,880	21,564	10,800	5,004	5,760	11,316	1,932	4,092	2,700	2,592
June	32,676	21,084	10,428	4,788	5,868	11,592	2,040	4,200	2,868	2,484

[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 separately shown.

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

Sources: Department of Commerce and Department of Labor.

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TABLE B–18.—*Business expenditures for new plant and equipment, 1929–52*

[Millions of dollars]

Period	Total [1]	Manufacturing and mining			Transportation		Electric and gas utilities	Commercial and miscellaneous [2]
		Total	Manufacturing	Mining	Railroad	Other		
1929	9,165	3,596	(3)	(3)	840	(4)	(4)	4,729
1930	7,610	2,541	(3)	(3)	865	(4)	(4)	4,204
1931	4,712	1,435	(3)	(3)	330	(4)	(4)	2,917
1932	2,608	930	(3)	(3)	164	(4)	(4)	1,514
1933	2,137	992	(3)	(3)	101	(4)	(4)	1,044
1934	3,080	1,460	(3)	(3)	218	(4)	(4)	1,402
1935	3,738	1,790	(3)	(3)	166	(4)	(4)	1,782
1936	5,077	2,459	(3)	(3)	303	(4)	(4)	2,321
1937	6,730	3,330	(3)	(3)	525	(4)	(4)	2,875
1938	4,520	1,836	(3)	(3)	238	(4)	(4)	2,452
1939	5,213	2,323	1,943	380	280	280	480	1,850
1940	6,490	3,140	2,580	560	440	390	550	1,980
1941	8,190	4,080	3,400	680	560	340	710	2,490
1942	6,110	3,170	2,760	410	540	260	680	1,470
1943	4,530	2,610	2,250	360	460	190	540	730
1944	5,210	2,890	2,390	500	580	280	490	970
1945	7,406	4,426	3,983	443	552	321	630	1,477
1946	12,922	7,347	6,790	557	573	659	1,045	3,298
1947	17,426	9,396	8,703	693	903	798	1,897	4,429
1948	20,032	9,936	9,134	802	1,319	700	2,683	5,394
1949	18,021	7,887	7,149	738	1,350	525	3,140	5,119
1950	17,832	8,175	7,491	684	1,136	437	3,167	4,917
1951	23,290	11,926	11,130	796	1,541	511	3,577	5,735
	Annual rates, not adjusted for seasonal variation							
1951: First half	21,552	10,684	9,912	772	1,430	522	3,292	5,624
Second half	25,032	13,172	12,352	820	1,652	500	3,862	5,846
1952: First half [5]	23,816	12,796	11,986	810	1,564	590	3,390	5,476
1951: First quarter	19,452	9,348	8,616	732	1,212	500	3,012	5,380
Second quarter	23,652	12,020	11,208	812	1,648	544	3,572	5,868
Third quarter	23,376	12,160	11,364	796	1,508	480	3,732	5,496
Fourth quarter	26,688	14,184	13,340	844	1,796	520	3,992	6,196
1952: First quarter	22,208	11,720	10,968	752	1,504	536	3,044	5,404
Second quarter [5]	25,424	13,872	13,004	868	1,624	644	3,736	5,548
Third quarter [5]	24,672	13,216	12,348	868	1,560	480	4,144	5,272

[1] Excludes agriculture and outlays charged to current account.

[2] Commercial and miscellaneous include trade, service, finance, and communication for all years shown. Prior to 1939, miscellaneous also included transportation other than railroad, and electric and gas utilities which are not available separately for these years.

[3] Not available separately for years prior to 1939.

[4] Included in commercial and miscellaneous prior to 1939.

[5] Estimates for second and third quarters of 1952 are based on anticipated capital expenditures reported in May.

NOTE.—These figures do not agree with those shown in column 2 of appendix table B–5 and included in the gross national product estimates of the Department of Commerce, principally because the latter cover certain equipment and construction outlays charged to current expense. Figures for 1929–44 (except manufacturing for 1939) are Federal Reserve Board estimates based on Securities and Exchange Commission and other data.

Detail will not necessarily add to totals because of rounding.

Sources: Securities and Exchange Commission and Department of Commerce (except as noted).

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TABLE B–19.—*Inventories and sales in manufacturing and trade, 1939–52*

[Adjusted for seasonal variation]

Period	Total manufacturing and trade			Manufacturing			Wholesale trade			Retail trade		
	Millions of dollars		Ratio of inventories to sales [3]	Millions of dollars		Ratio of inventories to sales [3]	Millions of dollars		Ratio of inventories to sales [3]	Millions of dollars		Ratio of inventories to sales [3]
	Inventories [1]	Sales [2]		Inventories [1]	Sales [2]		Inventories [1]	Sales [2]		Inventories [1]	Sales [2]	
1939	20,051	10,803	1.77	11,465	5,112	2.12	3,052	2,187	1.35	5,534	3,504	1.53
1940	22,176	12,134	1.73	12,819	5,859	2.07	3,238	2,410	1.30	6,119	3,865	1.49
1941	28,780	15,811	1.60	16,960	8,172	1.80	4,044	3,033	1.21	7,776	4,606	1.49
1942	31,091	18,624	1.66	19,287	10,430	1.78	3,781	3,426	1.19	8,023	4,768	1.76
1943	31,343	21,920	1.40	20,098	12,820	1.52	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	42,942	27,151	1.35	24,498	12,617	1.68	6,592	5,993	.92	11,852	8,541	1.15
1947	50,605	33,157	1.44	28,920	15,918	1.73	7,625	7,272	1.02	14,060	9,967	1.28
1948	55,647	36,438	1.47	31,734	17,630	1.73	8,085	7,931	.99	15,828	10,877	1.40
1949	50,921	34,467	1.55	28,690	16,339	1.85	7,729	7,235	1.07	14,502	10,893	1.41
1950	60,434	39,109	1.37	33,253	19,064	1.56	9,388	8,065	1.02	17,793	11,974	1.32
1951	70,107	43,455	1.56	42,014	22,036	1.76	10,000	8,897	1.12	18,093	12,549	1.54
1951: First half	69,442	44,362	1.49	39,009	22,579	1.61	10,151	9,036	1.10	20,282	12,747	1.55
Second half	70,107	42,544	1.65	42,014	21,492	1.91	10,000	8,701	1.16	18,093	12,351	1.53
1952: First half [4]	69,996	44,272	1.58	42,458	22,845	1.85	9,478	8,622	1.13	18,060	12,805	1.41
1951: January	62,050	45,914	1.35	34,120	22,560	1.51	9,475	9,761	.97	18,455	13,593	1.36
February	63,416	44,804	1.42	34,657	22,261	1.56	9,715	9,222	1.05	19,044	13,321	1.43
March	65,240	44,222	1.48	35,557	22,605	1.57	9,940	8,984	1.11	19,743	12,633	1.56
April	67,361	43,448	1.55	36,908	22,479	1.64	10,107	8,684	1.16	20,346	12,285	1.66
May	68,981	44,728	1.54	38,068	23,434	1.62	10,270	8,883	1.16	20,643	12,411	1.66
June	69,442	43,052	1.61	39,009	22,133	1.76	10,151	8,679	1.17	20,282	12,240	1.66
July	70,268	41,691	1.69	39,908	21,249	1.88	10,315	8,384	1.23	20,045	12,058	1.66
August	70,124	42,930	1.63	40,621	21,677	1.87	10,074	8,824	1.14	19,429	12,429	1.56
September	69,965	41,215	1.70	41,132	20,591	2.00	10,072	8,366	1.20	18,761	12,258	1.53
October	70,068	44,175	1.59	41,424	22,463	1.84	10,099	9,161	1.10	18,545	12,551	1.48
November	69,991	43,648	1.60	41,676	22,214	1.88	10,035	8,942	1.12	18,280	12,492	1.46
December	70,107	41,609	1.68	42,014	20,761	2.02	10,000	8,530	1.17	18,093	12,318	1.47
1952: January	70,219	43,989	1.60	42,206	22,484	1.88	9,952	8,855	1.12	18,061	12,650	1.43
February	69,899	45,144	1.55	42,192	23,334	1.81	9,726	8,948	1.09	17,980	12,862	1.40
March [4]	69,972	42,627	1.64	42,332	21,914	1.93	9,753	8,314	1.17	17,887	12,399	1.44
April [4]	70,185	44,807	1.57	42,513	23,324	1.82	9,662	8,772	1.10	18,010	12,711	1.42
May [4]	69,996	44,532	1.57	42,458	23,007	1.85	9,478	8,422	1.13	18,060	13,103	1.38

[1] Book value, end of period.
[2] Monthly average shown for year and half-year and total for month.
[3] For annual and semiannual periods, ratio of average end-of-month inventories to average monthly sales; for monthly data, ratio of end-of-month inventories to sales for month.
[4] Estimates based on incomplete data.

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 they 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.

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TABLE B-20.—*Sales, stocks, orders, and receipts at 296 department stores, 1939–52*

Period	Reported data (millions of dollars) [1]			Derived data (millions of dollars) [1]		Ratio		
	Sales (total for month)	Stocks (end of month)	Outstanding orders (end of month)	Receipts (total for month)	New orders (total for month)	Stocks to sales	Outstanding orders to sales	Outstanding orders to stocks
Monthly average:								
1939	129	344	(2)	130	(2)	2.67	(2)	(2)
1940	136	353	108	137	(2)	2.60	0.79	0.31
1941	156	419	194	165	170	2.69	1.24	.46
1942	179	599	263	182	192	3.35	1.47	.44
1943	204	509	530	203	223	2.50	2.60	1.04
1944	227	535	560	226	236	2.36	2.47	1.05
1945	255	563	729	256	269	2.21	2.86	1.29
1946	318	715	909	344	327	2.25	2.86	1.27
1947	337	826	552	338	336	2.45	1.64	.67
1948	352	912	465	356	335	2.59	1.32	.51
1949	333	862	350	331	331	2.59	1.05	.41
1950	347	942	466	361	370	2.71	1.34	.49
1951	358	1,113	425	355	345	3.11	1.19	.38
1951: First half	324	1,139	467	350	346	3.52	1.44	.41
Second half	391	1,087	384	361	345	2.78	.98	.35
1952: First half [3]	313	987	324	328	320	3.15	1.04	.33
1951: January	337	988	662	368	618	2.93	1.96	.67
February	284	1,087	654	383	375	3.83	2.30	.60
March	348	1,216	467	477	290	3.49	1.34	.38
April	312	1,239	337	335	205	3.97	1.08	.27
May	339	1,192	293	292	248	3.52	.86	.25
June	326	1,112	386	246	339	3.41	1.18	.35
July	257	1,069	434	214	262	4.16	1.69	.41
August	309	1,106	395	346	307	3.58	1.28	.36
September	343	1,117	404	354	363	3.26	1.18	.36
October	388	1,152	408	423	427	2.97	1.05	.35
November	442	1,147	373	437	402	2.60	.84	.33
December	608	929	292	390	309	1.53	.48	.31
1952: January	291	910	379	272	359	3.13	1.30	.42
February	271	956	386	317	324	3.53	1.42	.40
March	317	1,027	332	388	334	3.24	1.05	.32
April	340	1,036	274	349	291	3.05	.81	.26
May	345	1,007	251	316	293	2.92	.73	.25

[1] Not adjusted for seasonal variation.
[2] Not available.
[3] Averages of data through May.

NOTE.—These figures are not estimates for all department stores in the United States. Figures for sales, stocks, and outstanding orders are based on actual reports from the 296 stores. Receipts of goods are derived from the reported figures on sales and stocks. New orders are derived from estimates of receipts and reported figures on outstanding orders.

Semiannual and annual data on receipts and new orders cannot be derived directly from the monthly averages of sales, stocks, and outstanding orders.

Source: Board of Governors of the Federal Reserve System.

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TABLE B–21.—*Wholesale price index, 1929–52*

[1947–49=100]

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
1929	61.9	58.6	(1)	65.5	(1)	(1)	(1)	(1)
1930	56.1	49.3	(1)	60.9	(1)	(1)	(1)	(1)
1931	47.4	36.2	(1)	53.6	(1)	(1)	(1)	(1)
1932	42.1	26.9	(1)	50.2	(1)	(1)	(1)	(1)
1933	42.8	28.7	(1)	50.9	(1)	(1)	(1)	(1)
1934	48.7	36.5	(1)	56.0	(1)	(1)	(1)	(1)
1935	52.0	44.0	(1)	55.7	(1)	(1)	(1)	(1)
1936	52.5	45.2	(1)	56.9	(1)	(1)	(1)	(1)
1937	56.1	48.3	(1)	61.0	(1)	(1)	(1)	(1)
1938	51.1	38.3	(1)	58.4	(1)	(1)	(1)	(1)
1939	50.1	36.5	(1)	58.1	(1)	(1)	(1)	(1)
1940	51.1	37.8	(1)	59.4	(1)	(1)	(1)	(1)
1941	56.8	46.0	(1)	63.7	(1)	(1)	(1)	(1)
1942	64.2	59.2	(1)	68.3	(1)	(1)	(1)	(1)
1943	67.0	68.5	(1)	69.3	(1)	(1)	(1)	(1)
1944	67.6	68.9	(1)	70.4	(1)	(1)	(1)	(1)
1945	68.8	71.6	(1)	71.3	(1)	(1)	(1)	(1)
1946	78.7	83.2	(1)	78.3	(1)	(1)	(1)	(1)
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
1951: First half	115.9	115.7	111.8	116.9	114.9	111.5	151.5	126.0
Second half	113.7	111.0	111.0	114.8	106.3	108.6	144.5	121.8
1952: First half [2]	112.1	108.3	109.0	113.5	100.7	105.2	140.6	120.4
1951: January	115.0	112.3	110.2	116.6	114.6	111.4	153.0	125.5
February	116.5	117.2	112.9	117.2	115.7	112.6	152.5	126.4
March	116.5	117.6	112.0	117.3	115.9	111.8	152.3	126.6
April	116.3	117.5	111.8	117.1	115.5	111.5	151.5	126.6
May	115.9	115.7	112.3	116.8	114.8	111.3	151.3	126.1
June	115.1	113.9	111.3	116.2	112.9	110.2	148.3	124.6
July	114.2	111.1	110.7	115.7	111.6	108.8	144.3	123.5
August	113.7	110.4	111.2	114.9	108.5	108.5	144.3	122.3
September	113.4	109.9	110.9	114.8	105.9	108.7	144.7	121.6
October	113.7	111.5	111.6	114.6	103.9	108.8	144.7	121.7
November	113.6	112.0	111.0	114.5	103.9	108.6	144.6	121.1
December	113.5	111.3	110.7	114.6	104.0	108.4	144.3	120.3
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 [2]	111.3	107.3	108.7	112.6	99.0	104.3	133.6	119.9

See footnotes at end of table.

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TABLE B–21.—*Wholesale price index, 1929–52*—Continued

[1947–49=100]

Period	All commodities other than farm products and foods (continued)								
	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	Miscellaneous
1929	59.3	70.2	(1)	(1)	(1)	(1)	(1)	(1)	(1)
1930	54.4	66.5	(1)	(1)	(1)	(1)	(1)	(1)	(1)
1931	46.8	57.2	(1)	(1)	(1)	(1)	(1)	(1)	(1)
1932	39.7	59.5	(1)	(1)	(1)	(1)	(1)	(1)	(1)
1933	44.0	56.1	(1)	(1)	(1)	(1)	(1)	(1)	(1)
1934	47.1	62.0	(1)	(1)	(1)	(1)	(1)	(1)	(1)
1935	48.7	62.2	(1)	(1)	(1)	(1)	(1)	(1)	(1)
1936	51.9	64.5	(1)	(1)	(1)	(1)	(1)	(1)	(1)
1937	56.9	65.7	(1)	(1)	(1)	(1)	(1)	(1)	(1)
1938	50.5	64.7	(1)	(1)	(1)	(1)	(1)	(1)	(1)
1939	52.0	61.8	(1)	(1)	(1)	(1)	(1)	(1)	(1)
1940	54.8	60.7	(1)	(1)	(1)	(1)	(1)	(1)	(1)
1941	58.9	64.5	(1)	(1)	(1)	(1)	(1)	(1)	(1)
1942	64.0	66.4	(1)	(1)	(1)	(1)	(1)	(1)	(1)
1943	63.9	68.4	(1)	(1)	(1)	(1)	(1)	(1)	(1)
1944	63.4	70.3	(1)	(1)	(1)	(1)	(1)	(1)	(1)
1945	64.2	71.1	(1)	(1)	(1)	(1)	(1)	(1)	(1)
1946	74.6	76.2	(1)	(1)	(1)	(1)	(1)	(1)	(1)
1947	101.0	90.9	98.6	91.3	92.5	95.6	93.9	98.0	100.8
1948	102.1	107.1	102.9	103.9	100.9	101.4	101.7	100.4	103.1
1949	96.9	101.9	98.5	104.8	106.6	103.1	104.4	101.6	98.1
1950	104.6	103.0	100.9	110.3	108.6	105.3	106.9	102.4	96.6
1951	120.3	106.7	119.6	122.8	119.0	114.1	113.6	108.1	104.9
1951: First half	126.6	106.7	120.1	123.4	118.2	114.9	113.6	108.4	103.7
Second half	114.0	106.8	119.1	122.3	119.8	113.2	113.5	107.8	106.2
1952: First half [2]	97.4	106.7	117.5	122.2	121.6	112.0	113.0	110.4	109.6
1951: January	127.3	106.4	120.1	124.0	117.3	114.2	113.6	108.4	102.6
February	127.7	107.4	120.5	123.7	117.7	114.6	113.7	108.4	103.9
March	126.9	107.3	120.3	123.2	118.6	115.1	113.7	108.4	104.2
April	126.5	106.5	119.7	123.3	118.6	115.4	113.7	108.4	105.7
May	126.2	106.2	119.8	123.2	118.6	115.3	113.6	108.4	103.0
June	124.7	106.3	120.2	122.7	118.6	115.0	113.6	108.4	102.8
July	122.3	106.5	120.2	122.3	118.8	114.4	113.6	107.9	103.7
August	118.0	106.3	119.5	122.2	118.9	113.5	113.6	107.8	102.6
September	118.0	106.7	119.4	122.1	119.4	113.1	113.6	107.8	105.1
October	113.6	106.8	118.8	122.4	120.2	112.8	113.6	107.5	106.9
November	107.0	106.9	118.4	122.5	120.5	112.7	113.6	107.5	108.9
December	105.1	107.4	118.4	122.5	120.7	112.7	112.8	108.1	109.8
1952: January	102.2	107.4	118.2	122.4	120.8	112.3	112.9	108.1	111.1
February	99.5	107.2	118.3	122.6	122.0	112.4	112.9	110.8	111.4
March	98.0	107.4	117.7	122.6	121.8	111.9	112.9	110.8	109.2
April	94.1	106.3	117.4	122.5	121.6	112.1	112.8	110.8	109.5
May	94.7	106.0	116.9	121.8	121.6	111.7	112.9	110.8	108.4
June [2]	95.9	106.0	116.7	121.1	121.5	111.6	113.8	110.8	108.1

[1] Not available.
[2] Preliminary.

NOTE.—Revised index. For description of the revision, see The Monthly Labor Review, February 1952.

Source: Department of Labor.

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TABLE B–22.—*Consumers' price index, 1929–52*

For moderate-income families in large cities

[1935–39=100]

Period	All items	Food	Apparel	Rent	Fuel, electricity, and refrigeration	House-furnishings	Miscellaneous
Monthly average:							
1929	122.5	132.5	115.3	141.4	112.5	111.7	104.6
1930	119.4	126.0	112.7	137.5	111.4	108.9	105.1
1931	108.7	103.9	102.6	130.3	108.9	98.0	104.1
1932	97.6	86.5	90.8	116.9	103.4	85.4	101.7
1933	92.4	84.1	87.9	100.7	100.0	84.2	98.4
1934	95.7	93.7	96.1	94.4	101.4	92.8	97.9
1935	98.1	100.4	96.8	94.2	100.7	94.8	98.1
1936	99.1	101.3	97.6	96.4	100.2	96.3	98.7
1937	102.7	105.3	102.8	100.9	100.2	104.3	101.0
1938	100.8	97.8	102.2	104.1	99.9	103.3	101.5
1939	99.4	95.2	100.5	104.3	99.0	101.3	100.7
1940	100.2	96.6	101.7	104.6	99.7	100.5	101.1
1941	105.2	105.5	106.3	106.4	102.2	107.3	104.0
1942	116.6	123.9	124.2	108.8	105.4	122.2	110.9
1943	123.7	138.0	129.7	108.7	107.7	125.6	115.8
1944	125.7	136.1	138.8	109.1	109.8	136.4	121.3
1945	128.6	139.1	145.9	109.5	110.3	145.8	124.1
1946	139.5	159.6	160.2	110.1	112.4	159.2	128.8
1947	159.6	193.8	185.8	113.6	121.1	184.4	139.9
1948	171.9	210.2	198.0	121.2	133.9	195.8	149.9
1949	170.2	201.9	190.1	126.4	137.5	189.0	154.6
1950	171.9	204.5	187.7	131.0	140.6	190.2	156.5
1951	185.6	227.4	204.5	136.2	144.1	210.9	165.4
1951: First half	184.2	225.7	202.5	134.7	143.8	210.8	164.0
Second half	187.1	229.1	206.5	137.8	144.5	211.0	166.8
1952: First half [1]	188.5	230.0	203.5	140.5	145.1	207.4	170.6
1951: January 15	181.5	221.9	198.5	133.2	143.3	207.4	162.1
February 15	183.8	226.0	202.0	134.0	143.9	209.7	163.2
March 15	184.5	226.2	203.1	134.7	144.2	210.7	164.3
April 15	184.6	225.7	203.6	135.1	144.0	211.8	164.6
May 15	185.4	227.4	204.0	135.4	143.6	212.6	165.0
June 15	185.2	226.9	204.0	135.7	143.6	212.5	164.8
July 15	185.5	227.7	203.3	136.2	144.0	212.4	165.0
August 15	185.5	227.0	203.6	136.8	144.2	210.8	165.4
September 15	186.6	227.3	209.0	137.5	144.4	211.1	166.0
October 15	187.4	229.2	208.9	138.2	144.6	210.4	166.6
November 15	188.6	231.4	207.6	138.9	144.8	210.8	168.4
December 15	189.1	232.2	206.8	139.2	144.9	210.2	169.1
1952: January 15	189.1	232.4	204.6	139.7	145.0	209.1	169.6
February 15	187.9	227.5	204.3	140.2	145.3	208.6	170.2
March 15	188.0	227.6	203.5	140.5	145.3	207.6	170.7
April 15	188.7	230.0	202.7	140.8	145.3	206.2	171.1
May 15	189.0	230.8	202.3	141.3	144.6	205.4	171.4
June 15	(2)	[3] 231.6	(2)	(2)	(2)	(2)	(2)

[1] Averages of data through May, except for food.
[2] Not available.
[3] Estimated.

Source: Department of Labor.

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TABLE B–23.—*Indexes of prices received and prices paid by farmers, and parity ratio, 1929–52*

[1910–14=100]

Period	Prices received by farmers	Parity index (prices paid, interest, taxes, and wage rates)	Parity ratio [1]
Monthly average:			
1929	148	160	92
1930	125	151	83
1931	87	130	67
1932	65	112	58
1933	70	109	64
1934	90	120	75
1935	109	124	88
1936	114	124	92
1937	122	131	93
1938	97	124	78
1939	95	122	78
1940	100	124	81
1941	123	132	93
1942	158	151	105
1943	[2] 192	170	113
1944	[2] 196	182	108
1945	[2] 206	189	109
1946	[2] 234	207	113
1947	275	239	115
1948	285	259	110
1949	249	250	100
1950	256	255	100
1951	302	281	107
1951: First half	306	279	110
Second half	296	283	105
1952: First half	292	[3] 288	101
1951: January 15	300	272	110
February 15	313	276	113
March 15	311	280	111
April 15	309	283	109
May 15	305	282	108
June 15	301	282	107
July 15	294	282	104
August 15	292	282	104
September 15	291	282	103
October 15	296	283	105
November 15	301	284	106
December 15	305	284	107
1952: January 15	300	287	105
February 15	289	288	100
March 15	288	288	100
April 15	290	289	100
May 15	293	289	101
June 15	292	[3] 286	[3] 102

[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.
[3] Estimates based on incomplete data.

Source: Department of Agriculture.

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TABLE B–24.—*Indexes of wholesale prices and cost of living in the United States and foreign countries, selected dates since June 1950*

[June 1950=100]

Country	Wholesale prices			Cost of living		
	December 1951	Latest data	Date	December 1951	Latest data	Date
United States	113	111	June 1952	111	111	May 1952
Africa and Near East:						
Algeria	132	(1)	(1)	127	(1)	(1)
Egypt	114	115	March 1952	113	112	March 1952
Iran	123	122	April 1952	109	117	April 1952
Iraq	118	117	March 1952	117	118	March 1952
Israel	131	175	March 1952	120	149	March 1952
Lebanon	135	127	April 1952	114	114	April 1952
Morocco	141	143	February 1952	127	132	March 1952
Tunisia	129	(1)	(1)	123	127	February 1952
Union of South Africa	125	127	April 1952	111	114	April 1952
Western European countries:						
Austria	163	163	May 1952	150	149	April 1952
Belgium	131	125	March 1952	114	113	April 1952
Denmark	135	131	April 1952	[2] 117	117	April 1952
France	147	142	April 1952	134	138	February 1952
Germany (Federal Republic)	128	127	March 1952	113	115	May 1952
Greece	134	133	April 1952	121	124	April 1952
Ireland	124[3]	123	March 195	[3] 111	112	February 1952
Italy	116	113	April 1952	113	113	March 1952
Netherlands	127	125	March 1952	110	111	February 1952
Norway	132	132	May 1952	122	125	March 1952
Portugal	115	115	April 1952	101	98	April 1952
Spain	139	136	March 1952	111	110	March 1952
Sweden	143	144	March 1952	123	125	March 1952
Switzerland	116	113	April 1952	108	107	April 1952
Turkey	115	115	April 1952	102	104	March 1952
United Kingdom	129	128	May 1952	114	118	May 1952
Latin America:						
Argentina	(4)	(4)	(4)	165	(1)	(1)
Brazil	131	139	April 1952	111	121	March 1952
Chile	147	149	February 1952	137	(1)	(1)
Costa Rica	94	93	February 1952	108	106	February 1952
Cuba	(4)	(4)	(4)	112	115	March 1952
Dominican Republic	111	110	April 1952	112	111	April 1952
El Salvador	109	109	January 1952	(4)	(4)	(4)
Guatemala	103	104	April 1952	103	106	April 1952
Mexico	132	133	April 1952	122	127	February 1952
Nicaragua	144	139	March 1952	[2] 140	139	March 1952
Paraguay	(4)	161	June 1951	[5] 120	213	March 1952.
Peru	131	126	February 1952	115	115	February 1952
Venezuela	106	108	March 1952	100	99	March 1952
Pacific and Far East:						
Australia	132	136	March 1952	[6] 133	136	First quarter 1952
India	109	93	May 1952	106	111	April 1952
Indochina	126	129	March 1952	126	134	March 1952
Japan	155	153	April 1952	131	134	January 1952.
New Zealand	122	126	February 1952	[6] 118	119	First quarter 1952
Philippines	108	104	May 1952	108	106	April 1952
Thailand	114	115	February 1952	107	107	December 1951
Other:						
Canada	113	110	March 1952	115	113	May 1952
Finland	155	145	May 1952	121	122	April 1952

[1] Data not available after December 1951.
[2] January 1952.
[3] November 1951.
[4] Not available.
[5] July 1951.
[6] Fourth quarter 1951.

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

Source: International Monetary Fund.

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TABLE B–25.—*Consumer credit outstanding, 1929–52*

[Millions of dollars]

End of period	Total consumer credit outstanding	Instalment credit					Charge accounts	Other consumer credit [2]
		Total instalment credit	Sale credit			Loans [1]		
			Total	Automobile sale credit	Other sale credit			
1929	6,252	3,158	2,515	1,318	1,197	643	1,749	1,345
1930	5,570	2,688	2,032	928	1,104	656	1,611	1,271
1931	4,636	2,204	1,595	637	958	609	1,381	1,051
1932	3,493	1,518	999	322	677	519	1,114	861
1933	3,439	1,588	1,122	459	663	466	1,081	770
1934	3,846	1,860	1,317	576	741	543	1,203	783
1935	4,773	2,622	1,805	940	865	817	1,292	859
1936	5,933	3,518	2,436	1,289	1,147	1,082	1,419	996
1937	6,513	3,960	2,752	1,384	1,368	1,208	1,459	1,094
1938	6,128	3,595	2,313	970	1,343	1,282	1,487	1,046
1939	7,031	4,424	2,792	1,267	1,525	1,632	1,544	1,063
1940	8,163	5,417	3,450	1,729	1,721	1,967	1,650	1,096
1941	8,826	5,887	3,744	1,942	1,802	2,143	1,764	1,175
1942	5,692	3,048	1,617	482	1,135	1,431	1,513	1,131
1943	4,600	2,001	882	175	707	1,119	1,498	1,101
1944	4,976	2,061	891	200	691	1,170	1,758	1,157
1945	5,627	2,364	942	227	715	1,422	1,981	1,282
1946	8,677	4,000	1,648	544	1,104	2,352	3,054	1,623
1947	11,862	6,434	3,086	1,151	1,935	3,348	3,612	1,816
1948	14,366	8,600	4,528	1,961	2,567	4,072	3,854	1,912
1949	16,809	10,890	6,240	3,144	3,096	4,650	3,909	2,010
1950	20,097	13,459	7,904	4,126	3,778	5,555	4,239	2,399
1951	20,644	13,510	7,546	4,039	3,507	5,964	4,587	2,547
1951: January	19,937	13,252	7,694	4,056	3,638	5,558	4,248	2,437
February	19,533	13,073	7,521	3,990	3,531	5,552	4,010	2,450
March	19,379	12,976	7,368	3,946	3,422	5,608	3,938	2,465
April	19,126	12,904	7,270	3,934	3,336	5,634	3,744	2,478
May	19,207	12,920	7,248	3,980	3,268	5,672	3,793	2,494
June	19,256	12,955	7,234	4,041	3,193	5,721	3,804	2,497
July	19,132	12,903	7,173	4,061	3,112	5,730	3,743	2,486
August	19,262	13,045	7,247	4,138	3,109	5,798	3,724	2,493
September	19,362	13,167	7,327	4,175	3,152	5,840	3,696	2,499
October	19,585	13,196	7,355	4,134	3,221	5,841	3,868	2,521
November	19,989	13,271	7,400	4,100	3,300	5,871	4,190	2,528
December	20,644	13,510	7,546	4,039	3,507	5,964	4,587	2,547
1952: January	20,126	13,314	7,322	3,962	3,360	5,992	4,253	2,559
February	19,717	13,185	7,158	3,927	3,231	6,027	3,967	2,565
March	19,560	13,156	7,047	3,891	3,156	6,109	3,855	2,549
April	19,784	13,320	7,109	3,954	3,155	6,211	3,913	2,551
May	20,258	13,767	7,393	4,147	3,246	6,374	3,925	2,566
June [3]	20,700	14,100	7,600	4,300	3,300	6,500	4,000	2,600

[1] Includes repair and modernization loans insured by Federal Housing Administration.
[2] Includes loans by pawnbrokers, service credit, and unclassified single-payment loans under $3,000 made by commercial banks.
[3] 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).

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TABLE B–26.—*Loans and investments of all commercial banks, 1929–52* [1]

[Billions of dollars]

End of period [2]	Total loans and investments	Loans		Investments		
		Total [3]	Commercial and industrial loans [4]	Total	U. S. Government obligations	Other securities
1929—June [5]	49.4	35.7	(6)	13.7	4.9	8.7
1930—June [5]	48.9	34.5	(6)	14.4	5.0	9.4
1931—June [5]	44.9	29.2	(6)	15.7	6.0	9.7
1932—June [5]	36.1	21.8	(6)	14.3	6.2	8.1
1933—June [5]	30.4	16.3	(6)	14.0	7.5	6.5
1934—June [5]	32.7	15.7	(6)	17.0	10.3	6.7
1935	36.1	15.2	(6)	20.9	13.8	7.1
1936	39.6	16.4	(6)	23.1	15.3	7.9
1937	38.4	17.2	(6)	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
1951: January	125.1	52.7	22.3	72.4	60.0	12.4
February	125.0	53.5	23.1	71.5	59.1	12.4
March	125.7	54.4	23.7	71.3	58.8	12.6
April	125.4	54.4	23.6	71.0	58.5	12.6
May	125.1	54.5	23.5	70.6	58.1	12.5
June	126.0	54.8	23.7	71.2	58.5	12.7
July	126.1	54.6	23.4	71.5	58.7	12.8
August	127.0	55.2	23.9	71.8	59.1	12.7
September	128.6	56.0	24.5	72.6	59.7	12.9
October	130.5	56.8	25.0	73.7	60.9	12.9
November	131.9	57.3	25.3	74.6	61.6	13.0
December	132.6	57.7	25.9	74.9	61.5	13.3
1952: January	132.8	57.5	25.6	75.3	62.0	13.3
February	132.2	57.6	25.6	74.6	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	60.4	13.7
May	133.1	58.5	24.9	74.5	60.7	13.8
June [7]	134.8	59.4	25.2	75.4	61.5	13.9

[1] Excludes mutual savings banks.

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

[3] 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.

[4] 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.

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

[6] Not available.

[7] 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).

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TABLE B–27.—*Deposits and currency, 1929–52*

[Millions of dollars]

End of period [1]	Total deposits and currency	U. S. Government deposits [2]	Total excluding U. S. Government deposits (privately-held money supply) [3]			
			Total	Currency outside banks	Demand deposits adjusted [4]	Time deposits [5]
1929	54,742	187	54,555	3,557	22,809	28,189
1930	53,572	324	53,248	3,605	20,967	28,676
1931	48,379	518	47,861	4,470	17,412	25,979
1932	45,370	516	44,854	4,669	15,728	24,457
1933	42,551	1,019	41,532	4,782	15,035	21,715
1934	48,106	1,836	46,270	4,655	18,459	23,156
1935	52,726	1,453	51,273	4,917	22,115	24,241
1936	57,595	1,235	56,360	5,516	25,483	25,361
1937	56,781	966	55,815	5,638	23,959	26,218
1938	59,878	1,812	58,066	5,775	25,986	26,305
1939	64,733	1,480	63,253	6,401	29,793	27,059
1940	71,129	1,121	70,008	7,325	34,945	27,738
1941	79,098	2,762	76,336	9,615	38,992	27,729
1942	100,500	9,201	91,299	13,946	48,922	28,431
1943	123,391	11,003	112,388	18,837	60,803	32,748
1944	151,428	21,203	130,225	23,505	66,930	39,790
1945	176,378	25,585	150,793	26,490	75,851	48,452
1946	167,500	3,496	164,004	26,730	83,314	53,960
1947	172,330	2,322	170,008	26,476	87,121	56,411
1948	172,693	3,574	169,119	26,079	85,520	57,520
1949	173,851	4,070	169,781	25,415	85,750	58,616
1950	180,574	3,657	176,917	25,398	92,272	59,247
1951	189,846	3,862	185,984	26,303	98,234	61,447
1951: January	178,800	3,600	175,200	24,600	91,600	59,000
February	178,900	4,700	174,200	24,600	90,600	59,000
March	179,900	7,400	172,500	24,400	89,000	59,100
April	179,800	6,500	173,300	24,600	89,500	59,200
May	179,100	5,400	173,700	24,900	89,500	59,300
June	181,333	6,649	174,684	25,776	88,960	59,948
July	180,800	5,000	175,800	25,100	90,700	60,100
August	181,600	4,600	177,000	25,300	91,400	60,400
September	183,800	5,900	177,900	25,400	92,000	60,500
October	185,800	4,200	181,600	25,700	95,000	60,900
November	187,100	4,400	182,700	25,800	96,300	60,600
December	189,846	3,862	185,984	26,303	98,234	61,447
1952: January	188,200	3,000	185,200	25,600	97,900	61,700
February	188,000	4,600	183,400	25,600	95,700	62,000
March	188,700	5,800	182,900	25,700	94,800	62,500
April	188,700	4,900	183,800	25,900	95,100	62,800
May	189,300	4,900	184,400	26,000	95,300	63,000
June [6]	191,300	6,000	185,300	26,100	95,800	63,300

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

[2] 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.

[3] Includes deposits and currency held by State and local governments.

[4] Includes demand deposits, other than interbank and U. S. Government, less cash items in process of collection.

[5] Includes deposits in commercial banks, mutual savings banks, and Postal Savings System, but excludes interbank deposits.

[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).

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TABLE B–28.—*Estimated ownership of Federal obligations, 1939–52*

[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 and local governments [3]	Commercial banks [4]	Federal Reserve banks	Nonbank private corporations and associations [5]	Individuals [6]
1939	47.6	6.5	41.1	0.4	15.9	2.5	12.2	10.1
1940	50.9	7.6	43.3	.5	17.3	2.2	12.8	10.6
1941	64.3	9.5	54.7	.7	21.4	2.3	16.8	13.6
1942	112.5	12.2	100.2	1.0	41.1	6.2	28.2	23.7
1943	170.1	16.9	153.2	2.1	59.9	11.5	42.0	37.6
1944	232.1	21.7	210.5	4.3	77.7	18.8	56.8	52.9
1945	278.7	27.0	251.6	6.5	90.8	24.3	66.2	63.9
1946	259.5	30.9	228.6	6.3	74.5	23.3	60.3	64.1
1947	257.0	34.4	222.6	7.3	68.7	22.6	58.6	65.5
1948	252.9	37.3	215.5	7.9	62.5	23.3	56.7	65.1
1949	257.2	39.4	217.8	8.1	66.8	18.9	58.3	65.7
1950	256.7	39.2	217.5	8.8	61.8	20.8	61.2	64.9
1951	259.5	42.3	217.2	9.5	61.6	23.8	58.8	63.6
1951: January	256.1	39.6	216.6	8.9	59.9	21.5	61.7	64.6
February	256.0	39.7	216.2	9.0	58.9	21.9	62.0	64.5
March	255.0	39.8	215.2	9.1	57.8	22.9	61.6	63.9
April	254.7	39.9	214.9	9.2	58.4	22.7	60.6	63.9
May	255.1	40.3	214.8	9.3	57.8	22.5	61.0	64.2
June	255.3	41.0	214.3	9.4	58.4	23.0	59.5	64.0
July	255.7	41.0	214.6	9.4	58.7	23.1	59.6	63.8
August	256.7	41.5	215.2	9.5	58.8	23.1	60.0	63.7
September	257.4	42.0	215.4	9.4	59.5	23.7	59.3	63.4
October	258.3	42.0	216.4	9.5	60.7	23.6	59.1	63.5
November	259.6	42.2	217.4	9.5	61.4	23.2	59.7	63.7
December	259.5	42.3	217.2	9.5	61.6	23.8	58.8	63.6
1952: January	259.8	42.7	217.1	9.7	62.1	22.7	58.9	63.7
February	260.4	42.9	217.5	9.7	61.3	22.5	60.2	63.9
March	258.1	43.0	215.1	9.8	60.2	22.5	58.7	63.9
April	258.3	43.2	215.1	9.9	60.5	22.4	58.7	63.7
May [7]	260.0	43.7	216.2	9.9	61.1	22.3	59.4	63.6
June [7]	259.2	44.4	214.8	10.0	61.7	22.9	56.7	63.5

[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.
[3] Includes trust, sinking, and investment funds of State and local governments and their agencies, and Territories and possessions.
[4] Includes commercial banks, trust companies, and stock savings banks in the United States and in Territories and possessions; excludes securities held in trust departments.
[5] 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 noninterest-bearing notes issued by the U. S. Government. Beginning with June 30, 1947, includes holdings of Federal land banks.
[6] Includes partnersbips and personal trust accounts.
[7] 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).

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TABLE B–29.—*U. S. Government debt—volume and kind of obligations, 1929–52*

[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
1951: January	256.1	57.4	94.0	58.0	8.7	1.0	34.0
February	256.0	57.4	94.0	57.8	8.7	1.0	33.9
March	255.0	57.4	94.0	57.8	8.3	1.0	33.5
April	254.7	57.4	80.5	57.7	8.1	14.5	33.6
May	255.1	57.4	80.5	57.6	8.2	14.5	34.0
June	255.3	58.9	78.8	57.6	7.8	14.5	34.7
July	255.7	60.3	78.8	57.5	7.9	13.5	34.7
August	256.7	60.8	78.8	57.5	8.0	13.5	35.1
September	257.4	61.9	78.1	57.5	7.8	13.5	35.6
October	258.3	63.5	78.1	57.5	7.7	13.0	35.6
November	259.6	64.5	78.1	57.6	7.7	13.0	35.9
December	259.5	65.6	76.9	57.6	7.5	13.0	35.9
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

[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.

[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 6.6 billion dollars of public marketable and nonmarketable issues on June 30, 1952.

Source: Treasury Department.

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TABLE B–30.—*Bond yields and interest rates, 1929–52*

[Percent per annum]

Period	U. S. Government security yields			Corporate Aaa bonds (Moody's)	Average of rates charged by banks on short-term loans—selected cities	Prime commercial paper 4–6 months	Bankers acceptances, 90 days	Federal Reserve Bank discount rate
	3-month Treasury bills [1]	9–12 month issues [2]	Taxable bonds [3]					
1929	[4]	[5]	[6]	4.73	[7]	5.85	5.03	5.16
1930	[4]	[5]	[6]	4.55	[7]	3.59	2.48	3.04
1931	1.402	[5]	[6]	4.58	[7]	2.64	1.57	2.11
1932	.879	[5]	[6]	5.01	[7]	2.73	1.28	2.82
1933	.515	[5]	[6]	4.49	[7]	1.73	.63	2.56
1934	.256	[5]	[6]	4.00	[7]	1.02	.25	1.54
1935	.137	[5]	[6]	3.60	[7]	.76	.13	1.50
1936	.143	[5]	[6]	3.24	[7]	.75	.16	1.50
1937	.447	[5]	[6]	3.26	[7]	.94	.43	1.33
1938	.053	[5]	[6]	3.19	[7]	.81	.44	1.00
1939	.023	[5]	[6]	3.01	2.1	.59	.44	1.00
1940	.014	[5]	[6]	2.84	2.1	.56	.44	1.00
1941	.103	[5]	[6]	2.77	2.0	.54	.44	1.00
1942	.326	[5]	2.46	2.83	2.2	.66	.44	[8] 1.00
1943	.373	.75	2.47	2.73	2.6	.69	.44	[8] 1.00
1944	.375	.79	2.48	2.72	2.4	.73	.44	[8] 1.00
1945	.375	.81	2.37	2.62	2.2	.75	.44	[8] 1.00
1946	.375	.82	2.19	2.53	2.1	.81	.61	[8] 1.00
1947	.594	.88	2.25	2.61	2.1	1.03	.87	1.00
1948	1.040	1.14	2.44	2.82	2.5	1.44	1.11	1.34
1949	1.102	1.14	2.31	2.66	2.7	1.48	1.12	1.50
1950	1.218	1.26	2.32	2.62	2.7	1.45	1.15	1.59
1951	1.552	1.73	2.57	2.86	3.1	2.17	1.60	1.75
1951: First half	1.466	1.73	2.52	2.80	3.04	2.08	1.57	1.75
Second half	1.638	1.72	2.62	2.92	3.16	2.26	1.64	1.75
1952: First half	1.659	1.69	2.66	2.94	3.48	2.35	1.75	1.75
1951: First quarter	1.400	1.62	2.42	2.70	3.02	1.96	1.51	1.75
Second quarter	1.532	1.84	2.61	2.90	3.07	2.20	1.63	1.75
Third quarter	1.628	1.72	2.59	2.89	3.06	2.25	1.63	1.75
Fourth quarter	1.649	1.73	2.66	2.95	3.27	2.26	1.65	1.75
1952: First quarter	1.640	1.71	2.72	2.96	3.45	2.38	1.75	1.75
Second quarter	1.678	1.67	2.61	2.93	3.51	2.32	1.75	1.75

[1] Rate on new issues within period. Issues were tax-exempt prior to March 1, 1941, and fully taxable thereafter. Series includes issues with maturities of more than 3 months in period, 1934–37.
[2] Includes certificates of indebtedness and selected note and bond issues.
[3] 15 years and over prior to April 1952; 12 years and over beginning in April 1952.
[4] Treasury bills were first issued in December 1929 and were issued irregularly in 1930.
[5] Not available before August 1942.
[6] Bonds in this classification were first issued in March 1941.
[7] Not available on same basis as for 1939 on.
[8] 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 average of rates charged on short-term loans.

Sources: Treasury Department, Moody's Investors Service, and Board of Governors of the Federal Reserve System.

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TABLE B–31.—*Government cash receipts from and payments to the public, calendar years, 1943–52*

[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	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	[2]	11.6	9.6	+1.9
1947	57.5	51.0	+6.5	44.3	38.6	+5.7	13.2	12.4	+.8
1948	60.0	52.3	+7.7	44.9	36.9	+8.0	15.1	15.4	−.3
1949	57.9	60.2	−2.3	41.3	42.6	−1.2	16.6	17.6	−1.0
1950	60.8	61.3	−.5	42.4	42.0	+.4	18.2	19.4	−1.2
1951	79.2	78.4	+.8	59.3	58.0	+1.2	19.9	20.3	−.4
1951: January–June	42.5	35.6	+6.9	32.5	25.7	+6.8	10.0	9.9	+.1
July–December	36.7	42.8	−6.1	26.8	32.3	−5.6	9.9	10.4	−.5
1952: January–June [3]	52.2	46.3	+5.9	41.2	35.6	+5.7	10.9	10.7	+.2

[1] Based on the national income and product statistics of the Department of Commerce, adjusted to a cash basis.
[2] Less than 50 million dollars.
[3] Estimates based on incomplete data; by Council of Economic Advisers.

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

Sources: Treasury Department (except as noted).

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TABLE B–32.—*Profits before and after tax, all private corporations, 1929–52*

[Billions of dollars]

Period	Corporate profits before tax	Corporate tax liability [1]	Corporate profits after tax		
			Total	Dividend payments	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	39.6	18.4	21.2	9.0	12.3
1951	42.9	24.2	18.7	9.0	9.6
	Seasonally adjusted annual rates				
1951: First half	46.7	26.4	20.2	8.8	11.4
Second half	39.0	22.0	17.1	9.2	7.8
1952: First half [3]	41.2	23.8	17.5	9.2	8.2
1951: First quarter	50.1	28.4	21.7	8.6	13.1
Second quarter	43.3	24.5	18.8	9.0	9.8
Third quarter	38.6	21.8	16.9	9.2	7.7
Fourth quarter	39.5	22.2	17.3	9.3	8.0
1952: First quarter [3]	42.0	24.2	17.8	8.9	8.9
Second quarter [3]	40.5	23.3	17.2	9.6	7.6

[1] Federal and State corporate income and excess profits taxes.
[2] Minus 8 million dollars.
[3] Estimates based on incomplete data; by Council of Economic Advisers.

NOTE.—No allowance has been made for inventory valuation adjustment. See appendix table B–6 for profits before tax and inventory valuation adjustment. The figures beginning with 1949 are based on the revised series of national income and product of the Department of Commerce. For detail, see the Survey of Current Business, July 1952.
Detail will not necessarily add to totals because of rounding.

Source: Department of Commerce (except as noted).

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TABLE B–33.—*Sales and profits of large manufacturing corporations, 1939–52*

[Millions of dollars]

Period	Durable goods industries (106 corporations)[1]			Nondurable goods industries (94 corporations)[1]		
	Sales	Profits		Sales	Profits	
		Before taxes	After taxes		Before taxes	After taxes
1939	6,743	733	597	3,878.	478	402
1940	8,746	1,227	830	4,295	622	446
1941	12,802	2,176	982	5,540	989	541
1942	15,371	2,330	783	6,470	1,079	441
1943	20,641	2,391	755	7,671	1,302	509
1944	22,090	2,192	726	8,331	1,346	532
1945	18,162	1,290	574	8,438	1,139	558
1946	12,376	608	295	8,997	1,430	911
1947	19,484	2,311	1,354	11,385	1,793	1,170
1948	23,566	3,105	1,835	13,441	2,212	1,477
1949	23,885	3,191	1,887	12,853	1,847	1,213
1950	29,341	5,192	2,542	14,777	2,702	1,513
1951	33,696	5,374	2,000	17,371	3,184	1,411
	Totals for period not adjusted for seasonal variation					
1951: First half[2]	17,121	2,787	1,007	8,637	1,669	710
Second half[2]	16,575	2,587	993	8,735	1,514	702
1951: First quarter[2]	8,362	1,382	510	4,349	855	368
Second quarter[2]	8,759	1,405	497	4,288	814	342
Third quarter[2]	8,003	1,191	428	4,294	773	334
Fourth quarter[2]	8,572	1,396	565	4,441	741	368
1952: First quarter[3]	8,443	1,234	445	4,355	709	312

[1] See Federal Reserve Bulletin for similar data for the following industry groups: Primary metals and products, machinery, automobiles and equipment, foods and kindred products, chemicals and allied products, and petroleum refining.

[2] Certain tax accruals for the first 6 months of 1950 and 1951, required by subsequent increases in Federal income tax rates and charged by many companies against third quarter profits, have been redistributed to the first and second quarters. Available information does not permit a similar redistribution of accruals charged against fourth quarter 1950 profits to cover 1950 liability for excess profits taxes.

[3] Estimates based on incomplete data.

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

Source: Compiled by the Board of Governors of the Federal Reserve System and based on published reports of various industrial corporations.

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TABLE B–34.—*Relation of profits before and after taxes to stockholders' equity, private manufacturing corporations, by industry group, 1947–49 average and 1950–51*

Industry group	Ratio of profits (annual rate) to stockholders equity						
	1947–49 average	1950	1951				
			Total	First quarter	Second quarter	Third quarter	Fourth quarter
	Before Federal taxes						
All private manufacturing corporations	23.2	28.0	27.9	32.8	30.4	25.5	25.8
Food	23.6	22.4	18.3	20.8	18.4	18.9	17.0
Tobacco manufactures	19.6	21.2	21.5	20.4	20.4	22.5	23.7
Textile-mill products	24.8	22.8	17.4	29.6	23.2	11.8	9.1
Apparel and finished textiles	21.6	18.0	12.1	22.0	11.2	11.5	6.4
Lumber and wood products	26.0	29.6	25.1	34.0	31.6	20.6	16.4
Furniture and fixtures	23.6	27.2	25.5	34.4	28.8	22.2	17.4
Paper and allied products	26.0	28.4	35.7	44.0	42.8	32.6	27.5
Printing and publishing (except newspapers)	23.6	20.0	23.1	21.6	26.8	25.4	22.2
Chemicals and allied products	24.0	32.4	32.3	40.8	32.4	31.2	28.0
Petroleum refining	[1] 20.4	[1] 19.2	22.1	23.2	23.0	22.8	22.8
Products of petroleum and coal (except petroleum refining)	[2]	[2]	27.5	26.0	34.0	27.5	24.5
Rubber products	19.6	30.8	36.7	43.2	41.2	31.3	35.8
Leather and leather products	17.6	19.2	13.8	22.4	17.6	16.9	1.0
Stone, clay, and glass products	22.8	33.2	32.1	36.4	39.2	33.2	23.8
Primary nonferrous metal industries	18.4	25.6	28.1	32.0	32.8	24.2	26.8
Primary iron and steel industries	20.0	28.4	32.7	34.8	35.6	29.7	32.1
Fabricated metal products	24.4	29.2	31.0	37.6	33.6	27.2	26.1
Machinery (except electrical)	24.0	26.0	31.9	34.8	34.8	28.1	32.7
Electrical machinery	26.8	41.6	37.5	47.2	34.4	28.6	43.3
Transportation equipment (except motor vehicles)	10.4	18.8	22.6	19.6	25.2	18.3	29.4
Motor vehicles and parts	34.4	53.2	40.0	46.0	44.0	34.0	37.6
Instruments; photographic and optical goods; watches and clocks	22.0	30.8	31.0	33.6	33.6	30.0	31.7
Miscellaneous manufacturing (including ordnance)	19.2	22.8	24.9	34.8	26.0	17.3	21.8
	After Federal taxes						
All private manufacturing corporations	14.4	15.6	12.2	14.8	13.6	10.4	11.2
Food	14.0	12.4	8.7	10.0	9.2	8.8	7.6
Tobacco manufactures	12.0	11.6	9.4	9.6	10.0	9.2	9.4
Textile-mill products	14.8	12.8	8.0	14.4	10.8	4.8	4.1
Apparel and finished textiles	12.4	10.0	5.3	11.6	4.4	4.8	1.8
Lumber and wood products	16.8	17.6	13.2	17.2	16.0	10.6	9.9
Furniture and fixtures	14.0	15.2	10.6	16.0	11.6	9.8	5.1
Paper and allied products	16.0	16.4	14.1	18.4	17.6	12.4	9.9
Printing and publishing (except newspapers)	14.4	11.6	10.5	10.0	13.6	12.4	7.8
Chemicals and allied products	14.8	18.0	12.9	17.2	14.0	10.7	11.3
Petroleum refining	[1] 15.2	[1] 14.0	14.7	14.5	15.1	14.6	16.4
Products of petroleum and coal (except petroleum refining)	[2]	[2]	11.5	11.4	14.0	10.8	10.8
Rubber products	11.2	16.8	14.5	18.8	15.6	12.2	13.1
Leather and leather products	10.4	10.8	5.3	10.8	7.2	6.5	−2.0
Stone, clay, and glass products	14.0	17.6	13.2	16.0	16.8	12.0	10.4
Primary nonferrous metal industries	11.6	15.2	13.3	16.0	14.8	10.4	13.9
Primary iron and steel industries	12.0	14.4	11.8	13.6	13.6	8.5	11.7
Fabricated metal products	14.8	16.0	13.2	17.6	14.4	11.2	10.2
Machinery (except electrical)	14.4	14.0	12.7	15.2	14.8	10.4	11.3
Electrical machinery	16.0	20.8	14.1	18.4	14.0	8.6	16.9
Transportation equipment (except motor vehicles)	6.0	10.0	9.7	9.2	11.6	8.0	11.2
Motor vehicles and parts	19.6	25.2	14.3	17.2	17.2	10.6	13.1
Instruments; photographic and optical goods; watches and clocks	13.6	16.8	12.2	14.4	14.0	10.4	12.1
Miscellaneous manufacturing (including ordnance)	11.2	12.4	11.1	16.4	10.0	6.7	10.4

[1] Petroleum refining and products of petroleum and coal combined.
[2] Not available.

Sources: Federal Trade Commission and Securities and Exchange Commission.

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TABLE B–35.—*Relation of profits before and after taxes to sales, private manufacturing corporations, by industry group, 1947–49 average and 1950–51*

Industry group	Profits in cents per dollar of sales						
	1947–49 average	1950	1951				
			Total	First quarter	Second quarter	Third quarter	Fourth quarter
	Before Federal taxes						
All private manufacturing corporations	10.5	12.8	12.2	13.5	12.8	11.5	11.0
Food	6.1	6.1	4.9	5.4	4.9	4.9	4.3
Tobacco manufactures	7.8	9.0	8.8	9.1	8.3	8.9	9.0
Textile-mill products	11.6	10.5	8.3	11.9	10.2	6.0	4.4
Apparel and finished textiles	5.6	5.0	3.3	5.4	3.2	3.0	1.7
Lumber and wood products	14.4	15.9	13.9	17.7	16.1	11.5	9.8
Furniture and fixtures	8.4	9.0	8.7	10.5	9.4	8.9	5.9
Paper and allied products	14.0	15.4	17.7	19.8	19.6	16.8	14.2
Paper and allied products							
Printing and publishing (except newspapers)	8.6	7.9	9.0	8.3	9.9	9.6	8.1
Chemicals and allied products	13.8	18.8	18.1	20.9	17.5	18.0	15.9
Petroleum refining	[1] 14.7	[1] 14.9	16.9	16.7	17.3	17.2	16.4
Products of petroleum and coal (except petroleum refining)	[2]	[2]	11.2	11.3	13.0	10.6	9.9
Rubber products	7.7	10.6	11.6	13.0	12.2	10.0	11.1
Leather and leather products	5.7	6.5	4.7	6.9	5.9	5.7	.3
Stone, clay, and glass products	13.7	18.8	18.2	19.7	20.1	18.6	14.2
Primary nonferrous metal industries	13.4	17.3	17.5	18.2	19.3	16.2	16.3
Primary iron and steel industries	11.5	15.5	15.9	16.5	16.6	14.9	15.5
Fabricated metal products	10.8	12.4	12.6	14.5	13.1	11.6	10.9
Machinery (except electrical)	6.5	13.3	14.1	15.0	14.5	13.1	13.6
Electrical machinery	9.9	14.3	13.2	15.1	12.2	11.1	14.1
Transportation equipment (except motor vehicles)	5.5	8.9	7.8	7.9	8.2	6.7	8.0
Motor vehicles and parts	12.2	17.5	13.5	14.0	13.8	12.4	13.5
Instruments; photographic and optical goods; watches and clocks	12.2	15.9	15.0	16.0	15.6	14.8	13.7
Miscellaneous manufacturing (including ordnance)	8.9	10.4	10.9	13.8	11.3	8.6	9.3
	After Federal taxes						
All private manufacturing corporations	6.5	7.1	5.4	6.1	5.8	4.7	4.8
Food	3.6	3.4	2.3	2.6	2.5	2.3	1.9
Tobacco manufactures	4.8	4.9	3.9	4.3	4.1	3.6	3.6
Textile-mill products	6.9	5.8	3.8	5.7	4.7	2.4	2.0
Apparel and finished textiles	3.3	2.8	1.4	2.8	1.3	1.3	.5
Lumber and wood products	9.2	9.4	7.3	9.1	8.2	5.9	5.9
Furniture and fixtures	4.9	5.1	3.6	4.9	3.8	3.9	1.7
Paper and allied products	8.6	8.8	7.0	8.3	7.9	6.4	5.1
Printing and publishing (except newspapers)	5.2	4.5	4.1	3.9	5.0	4.7	2.8
Chemicals and allied products	8.6	10.3	7.2	8.8	7.4	6.2	6.4
Petroleum refining	[1] 11.1	[1] 10.7	11.2	10.5	11.4	11.0	11.8
Products of petroleum and coal (except petroleum refining)	[2]	[2]	4.7	5.0	5.3	4.2	4.4
Rubber products	4.3	5.8	4.6	5.7	4.7	3.9	4.0
Leather and leather products	3.3	3.7	1.8	3.3	2.4	2.2	−.7
Stone, clay, and glass products	8.4	10.1	7.5	8.5	8.5	6.8	6.2
Primary nonferrous metal industries	8.3	10.2	8.3	9.0	8.7	7.0	8.5
Primary iron and steel industries	6.9	7.9	5.7	6.4	6.4	4.3	5.7
Fabricated metal products	6.6	6.8	5.3	6.7	5.6	4.8	4.3
Machinery (except electrical)	3.9	7.3	5.6	6.6	6.2	4.8	4.7
Electrical machinery	6.0	7.2	5.0	5.9	5.0	3.3	5.5
Transportation equipment (except motor vehicles)	3.2	4.7	3.3	3.7	3.7	2.9	3.1
Motor vehicles and parts	7.0	8.3	4.8	5.2	5.4	3.8	4.7
Instruments; photographic and optical goods; watches and clocks	7.5	8.6	5.9	6.9	6.4	5.2	5.2
Miscellaneous manufacturing (including ordnance)	5.2	5.6	4.9	6.6	4.9	3.3	4.5

[1] Petroleum refining and products of petroleum and coal combined.
[2] Not available.

Sources: Federal Trade Commission and Securities and Exchange Commission.

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TABLE B–36.—*Relation of profits before and after taxes to stockholders' equity and to sales, all private manufacturing corporations, by asset size class, 1947–49 average and 1950–51*

Asset size class (thousands of dollars)	1947–49 average	1950	1951				
			Total	First quarter	Second quarter	Third quarter	Fourth quarter
	Ratio of profits before Federal taxes (annual rate) to stockholders' equity						
All asset sizes	23.2	28.0	27.9	32.8	30.4	25.5	25.8
Under 250	16.8	17.2	17.2	23.6	22.4	17.4	5.4
250 to 999	22.4	23.6	23.5	28.8	28.0	21.3	14.8
1,000 to 4,999	23.6	25.2	25.6	33.2	30.4	22.6	18.6
5,000 to 99,999	24.0	27.6	28.2	34.4	32.0	25.4	25.7
100,000 and over	22.4	29.6	28.8	32.0	30.0	26.8	28.9
	Profits before Federal taxes in cents per dollar of sales						
All asset sizes	10.5	12.8	12 2	13.5	12.8	11.5	11.0
Under 250	4.5	4.3	4.0	5.4	5.2	4.2	1.3
250 to 999	7.2	7.9	7.3	8.8	8.5	7.0	4.7
1,000 to 4,999	8.8	9.5	8.9	10.9	10.1	8.2	6.3
5,000 to 99,999	10.8	12.5	12.0	13.8	12.9	11.0	10.6
100,000 and over	12.2	15.5	14.6	15.4	14.8	14.0	14.3
	Ratio of profits after Federal taxes (annual rate) to stockholders' equity						
All asset sizes	14.4	15.6	12.2	14.8	13.6	10.4	11.2
Under 250	9.6	10.4	8.9	14.4	13.6	9.1	−1.4
250 to 999	12.8	13.2	10.4	14.8	13.2	9.7	3.6
1,000 to 4,999	14.0	14.0	10.8	15.6	13.2	8.8	6.3
5,000 to 99,999	14.8	15.2	11.8	15.2	14.0	10.0	10.4
100,000 and over	14.4	16.4	13.0	14.4	14.0	11.0	13.8
	Profits after Federal taxes in cents per dollar of sales						
All asset sizes	6.5	7.1	5.4	6.1	5.8	4.7	4.8
Under 250	2.6	2.6	2.1	3.3	3.2	2.2	−0.3
250 to 999	4.2	4.4	3.2	4.5.	4.0	3.2	1.1
1,000 to 4,999	5.2	5.2	3.7	5.2	4.4	3.2	2.1
5,000 to 99,999	6.6	6.9	5.0	6.0	5.6	4.3	4.3
100,000 and over	7.8	8.6	6.6	7.0	6.8	5.8	6.9

Sources: Federal Trade Commission and Securities and Exchange Commission.

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TABLE B–37.—*Sources and uses of corporate funds, 1946–52* [1]

[Billions of dollars]

Source or use of funds	1946	1947	1948	1949	1950	1951			1952, first half [2,3]
						Total	First half [2]	Second half [2]	
Uses:									
Plant and equipment outlays	12.4	16.2	18.0	16.1	16.6	21.6	9.5	12.1	10.5
Inventories (change in book value)	11.2	7.1	4.2	−3.6	8.0	10.2	8.3	1.9	.5
Change in customer net receivables [4]	.8	3.0	2.9	2.1	4.0	.2	.2	(5)	.5
Cash and U. S. Government securities	−4.7	1.2	1.0	3.4	4.7	2.3	.1	2.2	−3.0
Other current assets	−.7	−.1	(5)	−.2	.3	.4	.3	.1	.5
Total uses	19.0	27.4	26.1	17.8	33.6	34.7	18.4	16.3	9.0
Sources:									
Internal:									
Retained profits and depletion allowances	7.6	11.6	12.8	8.0	11.6	9.0	5.6	3.4	4.0
Depreciation allowances	4.3	5.2	6.2	7.2	7.8	8.8	4.2	4.6	5.0
Total internal sources	11.9	16.8	19.0	15.2	19.4	17.8	9.8	8.0	9.0
External:									
Change in Federal income tax liability	−1.6	2.3	.8	−2.3	7.4	5.6	1.9	3.7	−4.5
Other current liabilities	2.1	1.0	.3	.3	1.5	.8	.4	.4	.5
Change in bank loans and mortgage loans	4.3	3.2	1.7	−1.2	3.3	5.0	2.7	2.3	.0
Net new issues	2.3	4.4	5.9	4.9	3.7	6.4	3.3	3.1	4.0
Total external sources	7.1	10.9	8.7	1.7	15.9	17.8	8.3	9.5	.0
Total sources	19.0	27.7	27.7	16.9	35.3	35.6	18.1	17.5	9.0
Discrepancy (uses less sources)	.0	−.3	−1.6	.9	−1.7	−.9	.3	−1.2	.0

[1] Excludes banks and insurance companies.
[2] Not adjusted for seasonal variation.
[3] Estimates based on incomplete data; by Council of Economic Advisers.
[4] Receivables are net of payables which therefore are not shown separately.
[5] Less than 50 million dollars.

Source: Department of Commerce based on Securities and Exchange Commission and other financial data (except as noted).

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TABLE B–38.—*International transactions of the United States, 1949–52*

[Millions of dollars]

Type of transaction	1949	1950	1951					1952	
			Total	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter [1]
Exports of goods and services:									
Recorded goods	12,052	10,275	15,020	3,335	4,019	3,691	3,976	3,996	4,100
Other goods [2]	285	383	466	69	84	158	154	159	80
Total goods	12,337	10,658	15,486	3,404	4,103	3,849	4,130	4,155	4,180
Services	2,232	2,024	2,741	567	715	739	720	721	735
Income on investments	1,405	1,743	1,992	396	467	459	670	418	485
Total exports	15,974	14,425	20,219	4,367	5,285	5,047	5,520	5,294	5,400
Imports of goods and services:									
Recorded goods	6,622	8,852	10,964	3,035	2,981	2,496	2,453	2,776	2,700
Other goods [2]	444	463	704	179	151	181	192	189	200
Total goods	7,066	9,315	11,668	3,214	3,132	2,677	2,645	2,965	2,900
Services	2,184	2,376	3,047	601	705	904	837	850	945
Income on investments	353	437	398	99	98	90	111	94	95
Total imports	9,603	12,128	15,113	3,914	3,935	3,671	3,593	3,909	3,940
Surplus of exports of goods and services:									
Recorded goods	5,430	1,423	4,056	300	1,038	1,195	1,523	1,220	1,400
Other goods [2]	−159	−80	−238	−110	−67	−23	−38	−30	−120
Total goods	5,271	1,343	3,818	190	971	1,172	1,485	1,190	1,280
Services	48	−352	−306	−34	10	−165	−117	−129	−210
Income on investments	1,052	1,306	1,594	297	369	360	559	324	390
Total surplus of exports	6,371	2,297	5,106	453	1,350	1,376	1,927	1,385	1,460
Means of financing surplus of exports of goods and services:									
Liquidation of gold and dollar assets by foreign countries and by international institutions	57	−3,629	−442	−892	−149	294	305	372	−300
U. S. Government sources (net): [3]									
Grants and other unilateral transfers	5,321	4,120	4,501	1,031	1,252	1,128	1,090	822	1,170
Long- and short-term loans	647	164	163	61	80	34	−12	133	150
U. S. private sources (net):									
Remittances	522	481	412	109	99	90	114	95	90
Long- and short-term capital	609	1,317	1,066	237	312	3	514	233	350
Total means of financing	7,156	2,453	5,700	546	1,594	1,549	2,011	1,655	1,460
Errors and omissions	−785	−156	−594	−93	−244	−173	−84	−270	----------

[1] Estimates based on incomplete data; second quarter by Council of Economic Advisers.
[2] Includes goods sold to or bought from other countries that have not been shipped from or into the United States customs area, and other adjustments.
[3] For detail, see appendix table B–40.

Source: Department of Commerce (except as noted).

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TABLE B–39.—*United States exports and imports of goods and services, by area, 1949–52*

[Billions of dollars, annual rates]

Area	1949	1950	1951					1952	
			Total	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter[1]
Exports of goods and services:[2]									
OEEC countries[3]	5.39	4.43	6.52	5.46	7.04	6.46	7.13	6.90	(4)
OEEC dependencies[3]	.90	.58	.68	.52	.67	.76	.76	.76	(4)
Europe, except OEEC countries	.21	.18	.33	.30	.39	.31	.34	.32	(4)
Canada	2.59	2.73	3.48	3.19	3.91	3.37	3.44	3.34	(4)
Latin-American republics	3.66	3.92	5.15	4.57	5.07	5.34	5.63	5.33	(4)
Other[5]	3.21	2.59	4.06	3.44	4.06	3.96	4.78	4.52	(4)
Total exports	15.97	14.42	20.22	17.47	21.14	20.19	22.08	21.18	21.60
Imports of goods and services:[2]									
OEEC countries[3]	2.22	2.69	3.52	3.38	3.63	3.61	3.45	3.54	(4)
OEEC dependencies[3]	.71	.89	1.20	1.30	1.20	1.16	1.14	1.60	(4)
Europe, except OEEC countries	.18	.23	.24	.26	.26	.18	.26	.20	(4)
Canada	2.01	2.44	2.79	2.47	2.78	3.00	2.90	2.62	(4)
Latin-American republics	2.94	3.56	4.12	4.93	4.20	3.51	3.83	4.32	(4)
Other[5]	1.54	2.32	3.25	3.31	3.66	3.22	2.79	3.35	(4)
Total imports	9.60	12.13	15.11	15.66	15.74	14.68	14.37	15.64	15.76
Surplus of exports of goods and services:[2]									
OEEC countries[3]	3.17	1.73	3.00	2.08	3.41	2.85	3.68	3.36	(4)
OEEC dependencies[3]	.19	−.31	−.52	−.78	−.53	−.40	−.37	−.84	(4)
Europe, except OEEC countries	.03	−.04	.09	.04	.13	.13	.07	.11	(4)
Canada	.58	.29	.69	.72	1.13	.37	.54	.72	(4)
Latin-American republics	.72	.36	1.03	−.36	.87	1.83	1.80	1.01	(4)
Other[5]	1.67	.27	.81	.13	.40	.74	1.99	1.17	(4)
Total surplus of exports	6.37	2.30	5.11	1.83	5.40	5.52	7.71	5.54	5.84
ADDENDUM									
Exports of goods and services to sterling area[6]	2.52	1.95	3.17	2.32	2.88	3.20	4.27	3.71	(4)
Imports of goods and services from sterling area	1.73	2.27	2.92	2.96	3.44	2.92	2.34	2.87	(4)
Surplus of exports to sterling area[6]	.79	−.32	.25	−.64	−.56	.28	1.94	.84	(4)

[1] Estimates based on incomplete data; second quarter by Council of Economic Advisers.
[2] Includes income on investments.
[3] "OEEC countries" are those which are members of the Organization for European Economic Cooperation. They are the countries which participated in the European Recovery Program prior to its termination.
[4] Not available.
[5] Includes international institutions.
[6] In 1950–52, includes "special category" exports sold for cash, but excludes all transactions under the Mutual Defense Assistance Program.

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

Source: Department of Commerce (except as noted).

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TABLE B–40.—*U. S. Government grants, other unilateral transfers, and loans to foreign countries, 1949–52*

[Millions of dollars]

Type of aid	1949	1950	1951					1952	
			Total	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter [1]
Unilateral payments:									
Military aid programs:									
Mutual Defense Assistance and Mutual Security Programs	-------	516	1,481	305	414	428	334	410	(2)
Greek-Turkish aid	171	62	8	2	2	3	1	-------	(2)
Chinese aid	44	5	2	-------	2	-------	-------	-------	(2)
Economic aid programs:									
ECA, Mutual Defense Assistance, and Mutual Security Programs	3,822	2,833	2,643	652	699	619	673	339	(2)
Europe	3,730	2,719	2,490	626	679	580	605	305	(2)
Other areas	92	114	153	26	20	39	68	34	(2)
Army Civilian Supply Program [3]	1,082	500	336	78	138	78	42	22	(2)
Philippine Rehabilitation Act	203	166	12	5	4	2	1	1	(2)
International Refugee Organization and other United Nations relief organizations	104	84	39	14	3	4	18	19	(2)
Technical assistance	30	29	48	5	11	8	24	21	(2)
Interim aid and Post-UNRRA	2	-------	-------	-------	-------	-------	-------	-------	-------
Other transfers	127	100	109	23	24	29	33	33	(2)
Total unilateral payments	5,585	4,295	4,678	1,084	1,297	1,171	1,126	845	(2)
Less: Unilateral receipts	264	175	177	53	45	43	36	23	(2)
Equals: Net unilateral payments	5,321	4,120	4,501	1,031	1,252	1,128	1,090	822	1,170
Long-term loans and investments:									
European Recovery Program	428	163	209	39	25	70	75	80	(2)
Export-Import Bank loans	163	193	222	83	81	30	28	121	(2)
Surplus property credits, including ship sales	30	2	-------	-------	-------	-------	-------	-------	-------
Raw-material credits to occupied areas	26	28	-------	-------	-------	-------	-------	-------	-------
United Nations building loan	20	22	13	3	4	4	2	2	(2)
Other	12	6	6	2	2	1	1	1	(2)
Total long-term loans and investments	679	414	450	127	112	105	106	204	(2)
Less: Repayments	205	287	310	59	47	88	116	64	(2)
Equals: Net long-term loans and investments	474	127	140	68	65	17	−10	140	150
Short-term loans (net)	173	37	23	−7	15	17	−2	−7	-------
Total net unilateral payments, loans and investments	5,968	4,284	4,664	1,092	1,332	1,162	1,078	955	1,320

[1] Estimates based on incomplete data; second quarter by Council of Economic Advisers.
[2] Not available.
[3] Includes disbursements in Germany administered by ECA from funds appropriated under the Army Civilian Supply Program.

Source: Department of Commerce (except as noted).

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TABLE B-41.—*United States merchandise exports, including reexports, by area, 1936–38 quarterly average and 1947–52*

Period	Total exports including reexports	Canada	Other Western Hemisphere	OEEC countries [1]	Other Europe	Asia [2]	Australia and Oceania	Africa
	Millions of dollars							
Quarterly average:								
1936–38	742	115	136	282	31	122	23	32
1947	3,835	528	1,017	1,324	118	562	80	205
1948	3,163	486	841	1,046	49	507	38	196
1949	3,013	490	725	1,019	41	534	49	155
1950 [3]	2,569	499	691	698	34	360	33	86
1951 [3]	3,755	647	943	955	69	545	61	145
1950: First quarter [3]	2,365	389	614	724	31	381	32	78
Second quarter [3]	2,510	519	647	728	33	367	34	85
Third quarter [3]	2,451	505	706	583	37	332	30	78
Fourth quarter [3]	2,949	583	796	756	34	361	38	102
1951: First quarter [3]	3,335	623	866	813	64	469	44	120
Second quarter [3]	4,019	756	958	1,027	81	549	45	155
Third quarter [3]	3,691	605	978	869	62	517	68	173
Fourth quarter [3]	3,976	603	969	1,111	69	644	88	132
1952: First quarter [3]	3,996	623	986	1,045	51	646	73	175
Second quarter	[4] 4,100	(5)	(5)	(5)	(5)	(5)	(5)	(5)
	Percentage of total							
Quarterly average:								
1936–38	100	15.5	18.3	38.0	4.2	16.4	3.1	4.3
1947	100	13.8	26.5	34.5	3.1	14.7	2.1	5.3
1948	100	15.4	26.6	33.1	1.5	16.0	1.2	6.2
1949	100	16.3	24.1	33.8	1.4	17.7	1.6	5.1
1950 [3]	100	19.4	26.9	27.2	1.3	14.0	1.3	3.3
1951 [3]	100	17.2	25.1	25.4	1.8	14.5	1.6	3.9
1950: First quarter [3]	100	16.4	26.0	30.6	1.3	16.1	1.4	3.3
Second quarter [3]	100	20.7	25.8	29.0	1.3	14.6	1.4	3.4
Third quarter [3]	100	20.6	28.8	23.8	1.5	13.5	1.2	3.2
Fourth quarter [3]	100	19.8	27.0	25.6	1.2	12.2	1.3	3.5
1951: First quarter [3]	100	18.7	26.0	24.4	1.9	14.1	1.3	3.6
Second quarter [3]	100	18.8	23.8	25.6	2.0	13.7	1.1	3.9
Third quarter [3]	100	16.4	26.5	23.5	1.7	14.0	1.8	4.7
Fourth quarter [3]	100	15.2	24.4	27.9	1.7	16.2	2.2	3.3
1952: First quarter [3]	100	15.6	24.7	26.2	1.3	16.2	1.8	4.4

[1] "OEEC countries" are those which are members of the Organization for European Economic Cooperation. They are the countries which participated in the European Recovery Program prior to its termination. Turkey is included with OEEC countries and excluded from Asia. Exports from Germany are included with those of OEEC countries and, in the postwar period, relate almost wholly to exports from the three western zones.

[2] Excludes Turkey, which is included with OEEC countries.

[3] Data by area exclude, while total exports include, "special category" exports. For this reason, exports by area will not add to total exports in these periods. "Special category" exports are those of military or potential military significance, and are not published in this area classification for security reasons. See Foreign Trade Statistics Notes, January 1952, Bureau of the Census, for further detail.

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

[5] Not available.

NOTE.—Data in this table cover all merchandise shipped from the United States customs area to foreign countries, including, in postwar years, both commercial transactions and goods financed by the United States through the various aid and relief programs and the Mutual Security Program. Shipments to United States armed forces abroad for their own use are excluded.

Detail will not necessarily add to totals because of rounding. See also footnote 3.

Source: Department of Commerce (except as noted).

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TABLE B–42.—*Indexes of quantity and unit value of United States domestic merchandise exports, by economic class, 1936–38 quarterly average and 1947–52*

[1936–38=100]

Period	Total domestic exports	Crude materials	Crude foodstuffs [1]	Manufactured foodstuffs [1]	Semimanufactures	Finished manufactures
	Quantity indexes					
Quarterly average:						
1936–38	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	153	298
1950: First quarter	181	125	284	213	121	207
Second quarter	194	143	270	250	126	220
Third quarter	184	112	264	224	125	220
Fourth quarter	209	128	325	230	135	251
1951: First quarter	223	112	456	242	131	278
Second quarter	258	126	583	263	157	319
Third quarter	243	117	434	265	165	304
Fourth quarter	264	220	422	266	160	291
1952: First quarter	262	157	548	265	162	309
Second quarter	[2] 267	[3]	[3]	[3]	[3]	[3]
	Unit value indexes					
Quarterly average:						
1936–38	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
1950: First quarter	177	206	196	151	164	179
Second quarter	175	212	190	142	166	175
Third quarter	180	226	192	162	168	177
Fourth quarter	191	245	196	169	184	187
1951: First quarter	202	263	203	188	203	195
Second quarter	210	275	219	206	212	201
Third quarter	206	249	221	194	211	200
Fourth quarter	204	246	219	183	211	200
1952: First quarter	207	255	230	178	208	201
Second quarter	[2] 208	[3]	[3]	[3]	[3]	[3]

[1] 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.

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

[3] Not available.

NOTE.—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 change in average prices that result from changes in the commodity composition of trade.

Source: Department of Commerce (except as noted).

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TABLE B–43.—*United States general merchandise imports, by area, 1936–38 quarterly average and 1947–52*

Period	Total general imports	Canada	Other Western Hemisphere	OEEC countries [1]	Other Europe	Asia [2]	Australia and Oceania	Africa
	Millions of dollars							
Quarterly average:								
1936–38	622	88	143	152	30	183	10	17
1947	1,439	282	568	174	45	249	39	82
1948	1,781	398	627	244	49	324	41	98
1949	1,656	388	611	211	35	296	31	84
1950	2,213	490	776	315	47	409	52	123
1951	2,741	569	887	478	52	495	113	147
1950: First quarter	1,889	404	727	240	45	302	49	122
Second quarter	1,931	478	645	243	45	363	52	103
Third quarter	2,388	504	913	323	49	417	47	136
Fourth quarter	2,645	575	818	455	50	555	60	132
1951: First quarter	3,035	529	1,086	514	63	592	83	169
Second quarter	2,981	585	894	515	57	544	184	201
Third quarter	2,496	553	737	457	40	482	120	106
Fourth quarter	2,453	608	833	426	46	364	64	113
1952: First quarter	2,776	560	943	454	45	502	60	213
Second quarter	[3] 2,700	[4]	[4]	[4]	[4]	[4]	[4]	[4]
	Percentage of total							
Quarterly average:								
1936–38	100	14.1	23.0	24.4	4.8	29.4	1.6	2.7
1947	100	19.6	39.5	12.1	3.1	17.3	2.7	5.7
1948	100	22.3	35.2	13.7	2.8	18.2	2.3	5.5
1949	100	23.4	36.9	12.7	2.1	17.9	1.9	5.1
1950	100	22.1	35.1	14.2	2.1	18.5	2.3	5.6
1951	100	20.8	32.4	17.4	1.9	18.1	4.1	5.4
1950: First quarter	100	21.4	38.5	12.7	2.4	16.0	2.6	6.5
Second quarter	100	24.8	33.4	12.6	2.3	18.8	2.7	5.3
Third quarter	100	21.1	38.2	13.5	2.1	17.5	2.0	5.7
Fourth quarter	100	21.7	30.9	17.2	1.9	21.0	2.3	5.0
1951: First quarter	100	17.4	35.8	16.9	2.1	19.5	2.7	5.6
Second quarter	100	19.6	30.0	17.2	1.9	18.3	6.2	6.7
Third quarter	100	22.2	29.5	18.3	1.6	19.3	4.8	4.3
Fourth quarter	100	24.8	34.0	17.4	1.9	14.8	2.6	4.6
1952: First quarter	100	20.2	34.0	16.4	1.6	18.1	2.2	7.7

[1] "OEEC countries" are those which are members of the Organization for European Economic Cooperation. They are the countries which participated in the European Recovery Program prior to its termination. Turkey is included with OEEC countries and excluded from Asia. Imports from Germany are included with those of OEEC countries and, in the postwar period, relate almost wholly to imports from the three western zones.

[2] Excludes Turkey, which is included with OEEC countries.

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

[4] Not available.

NOTE.—Data in this table cover all merchandise received in the United States customs area from foreign countries. General imports include merchandise entered immediately upon arrival into merchandising channels, plus entries into bonded customs warehouses.

Detail will not necessarily add to totals because of rounding.

Source: Department of Commerce (except as noted).

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TABLE B-44.—*Indexes of quantity and unit value of United States merchandise imports for consumption, by economic class, 1936–38 quarterly average and 1947–52*

[1936–38=100]

Period	Total imports for consumption	Crude materials	Crude foodstuffs	Manufactured foodstuffs	Semimanufactures	Finished manufactures
	Quantity indexes					
Quarterly average:						
1936–38	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	118	122	200	135
1950: First quarter	137	152	121	98	189	107
Second quarter	136	140	94	113	213	119
Third quarter	154	155	125	143	220	125
Fourth quarter	158	161	111	113	247	147
1951: First quarter	163	161	149	127	227	141
Second quarter	147	144	108	129[1]	215	141
Third quarter	131	137	92	121	182	126
Fourth quarter	136	125	125	111	178	131
1952: First quarter	151	153	137	121	191	138
Second quarter	[1] 148	(2)	(2)	(2)	(2)	(2)
	Unit value indexes					
Quarterly average:						
1936–38	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
1950: First quarter	223	185	410	199	176	245
Second quarter	229	194	433	199	179	248
Third quarter	248	215	485	203	197	253
Fourth quarter	270	255	491	210	220	262
1951: First quarter	295	302	508	214	234	278
Second quarter	313	340	521	224	242	288
Third quarter	312	316	516	225	250	313
Fourth quarter	299	288	505	221	249	307
1952: First quarter	300	288	508	216	253	303
Second quarter	[1] 295	(2)	(2)	(2)	(2)	(2)

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

NOTE.—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.

Source: Department of Commerce (except as noted).

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TABLE B–45. *Changes in selected economic series since 1939 and 1951*

Source: Appendix table No.	Economic series	1939=100				Percentage change [1]	
		1951			1952, first half [2]	1951, first half to 1952, first half [2]	1951, second half to 1952, first half [2]
		Total	First half	Second half			
B-1	Gross national product	361	355	366	374	5.2	2.2
	Personal consumption expenditures	308	307	309	317	3.2	2.7
	Gross private domestic investment	591	631	552	495	−21.6	−10.3
	Government purchases of goods and services	478	426	528	585	37.5	10.8
B-3	Gross national product in 1951 prices	183	181	185	187	3.2	.9
	Personal consumption expenditures	160	160	159	162	1.2	1.8
	Gross private domestic investment	271	291	252	221	−24.0	−12.3
	Government purchases of goods and services	221	198	245	268	35.6	9.5
B-6	National income	383	375	390	396	5.6	1.6
	Compensation of employees	374	367	381	390	6.2	2.4
B-9	Personal income	350	343	357	363	5.8	1.7
	Disposable personal income	321	314	327	329	4.7	.7
	Personal net saving	630	485	774	626	29.0	−19.1
B-10	Per capita disposable personal income:						
	Current prices	272	268	276	276	2.9	−.1
	1951 prices	141	139	142	141	1.0	−1.0
B-11	Labor force, including armed forces	118	117	120	[3]	[3]	[3]
	Civilian labor force	114	113	115	113	.1	−1.8
	Employment	133	132	135	132	.5	−2.1
	Agricultural	73	70	77	69	−1.6	−9.9
	Nonagricultural	149	148	151	149	.8	−1.1
	Unemployment	20	22	18	19	−11.4	8.0
B-15	Average gross weekly earnings:						
	Manufacturing	272	270	274	280	3.6	2.0
	Durable goods	264	261	267	271	4.1	1.8
	Nondurable goods	269	268	270	275	2.7	1.9
	Building construction	270	261	278	282	8.1	1.6
B-16	Industrial production	202	204	199	198	−2.7	−.5
	Durable manufactures	250	251	250	252	.4	.7
	Nondurable manufactures	178	183	173	171	−6.5	−1.6
	Minerals	155	153	157	153	.0	−2.4
	Agricultural production	131	[3]	[3]	[3]	[3]	[3]
B-17	New construction	378	384	373	402	4.6	7.9
	Private	494	514	474	496	−3.6	4.7
	Residential (nonfarm)	409	442	377	408	−7.6	8.4
	Nonresidential	655	665	646	643	−3.3	−.6
	Other private	602	596	608	626	4.9	2.9
	Public	245	234	256	294	25.4	14.7
B-18	Business expenditures for plant and equipment	447	413	480	457	10.5	−4.9
	Manufacturing	573	510	636	617	20.9	−3.0
B-19	Inventories, end of period	350	346	350	349	.8	−.2
	Manufacturing	366	340	366	370	8.8	1.1
	Wholesale trade	328	333	328	311	−6.6	−5.2
	Retail trade	327	366	327	326	−11.0	−.2
	Sales	402	411	394	410	−.2	4.1
	Manufacturing	431	442	420	447	1.2	6.3
	Wholesale trade	407	413	398	394	−4.6	−.9
	Retail trade	358	364	352	365	.5	3.7
B-21	Consumers' price index: All items	187	185	188	190	2.3	.7
	Food	239	237	241	242	1.9	.4
	Apparel	203	201	205	202	.5	−1.5
	Rent	131	129	132	135	4.3	2.0
	Housefurnishings	208	208	208	205	−1.6	−1.7
B-22	Wholesale price index: All commodities	229	231	227	224	−3.3	−1.4
	Farm products	311	317	304	297	−6.4	−2.4
	Processed foods	[3]	[3]	[3]	[3]	−2.5	−1.8
	Other than farm products and foods	199	201	198	195	−2.9	−1.1

See footnotes at end of table.

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TABLE B–45. *Changes in selected economic series since 1939 and 1951*—Continued

Source: Appendix table No.	Economic series	1939=100				Percentage change [1]	
		1951			1952, first half [2]	1951, first half to 1952, first half [2]	1951, second half to 1952, first half [2]
		Total	First half	Second half			
B–23	Prices received by farmers	318	322	312	307	−4.6	−1.4
	Parity index (prices paid, interest, taxes, and wage rates)	230	229	232	236	3.2	1.8
B–25	Consumer credit outstanding	294	274	294	294	7.5	.3
	Instalment credit	305	293	305	319	8.8	4.4
B–26	Loans and investments of all commercial banks	326	310	326	331	7.0	1.7
	Loans	335	319	335	345	8.4	2.9
	Investments in U. S. Government obligations	377	359	377	377	5.1	.0
B–28	Gross public debt and guaranteed issues	545	536	545	545	1.5	−.1
B–32	Corporate profits:						
	Profits before tax	660	718	600	634	−11.8	5.6
	Profits after tax	374	404	342	350	−13.4	2.3
	Dividend payments	237	232	242	242	4.5	.0
	Undistributed profits	800	950	650	683	−28.1	5.1
B–41	Merchandise exports, including reexports	[4] 506	[4] 496	[4] 517	[4] 546	10.1	5.6
B–43	General merchandise imports	[4] 441	[4] 484	[4] 398	[4] 440	−9.0	10.7

[1] Changes are computed from data as reported and therefore may differ slightly from changes computed from the indexes shown here.
[2] Estimates based on incomplete data.
[3] Not available.
[4] 1936-38 average=100.

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