

## Foreword

**N**INETEEN hundred and forty-one is unique in American business annals. Upon its record are inscribed the events of the initial year of transition from the free American economy of the thirties to an economy totally mobilized for war. But such is the speed with which change occurs today that 1941 now seems almost as strange and far removed from the present as do the relatively minor crises of the late nineteenth century.

Two sharply different themes dominate the 1941 symphony: The high, piercing tones of business-as-usual and the rumbling bass crescendo of war preparations. A record output of goods and services for civilian consumption was produced, while simultaneously new arms plants were erected, first slowly, then in faster tempo. As the Government built stock piles of strategic and critical materials, businessmen and consumers sought to cover their wants against the lean years to come.

While income payments flowed in expanding volume to the Nation's producers, each considered wistfully those ways and means of averting inflation, which would apply to the prices and incomes of others, but not to his own. Hence there was much debate while action waited. Meanwhile the price level surged strongly upward. As some portions of business insisted that their industrial plants could not possibly be converted to war output, others undertook conversion under incentives applied by public control of the scarce materials so essential to war.

The outbreak of hostilities at the year-end served to arrest this division within the economy. Then imperative necessity welded all business to the common task of a maximum war effort. Sacrifice, which all sought to postpone, and in so doing only increased, now confronts every group within the community. Each individual is called upon to bear his share in

lower living standards or abandoned privilege or harder work.

The experience of 1941 has afforded instruction of great significance for both a wartime and a peacetime economy. Not only has the nature of the many-sided task of the immediate future been clarified, but valuable guides have been developed and techniques perfected. At the same time, light has been thrown on the darkness surrounding some of the most confusing social and economic problems of the past decade. The ability of the Nation to harness its resources to a great productive effort is being demonstrated. Unemployment need not be a rock upon which the State must founder. We now know that in normal times this economy can operate within the confines of its traditional institutions at an efficiency assuring an increasing livelihood for all.

These and other lessons are to be gleaned from the review presented in the following pages. Therein the multiple economic developments of the past year are set forth in analytical detail, with an eye to the changes that are to be expected over the near future.

The introduction, certain sections, and the editing of the whole, are the work of John D. Wilson, who is in charge of the Survey. Contributors include Gerald J. Matchett (prices), Warren Wilhelm and Millard Gallop (industrial production), Edward O. Bassett (agriculture, employment and working conditions), William C. Shelton (consumption), Frederic C. Murphy (inventories), S. Morris Livingston (construction), Albert E. Sanderson (shipping), Donald E. Church (railroads), Hal Lary and Elenor Gould (international trade and finance), and John B. Lindeman (federal finance and banking).

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