

OUTLINE FOR TESTIMONY BEFORE SENATE UNEMPLOYMENT COMMITTEE

I - What is the current situation?

1. Index of production Aug. 117; Nov. 90; estimated at 85 in Dec.
Levelled off in December. Sharpest rate of decline on record.
2. Prices - All commodities--Sept.25 - 87.5; Dec. 25 - 81.2
Farm products-- " " 87.3; " " 72.9
Other than farm " " 85.9; " " 83.6
3. Dept. store sales, Sept. 94; Nov. 91; Dec. estimated 89.
4. New rent index turned down in Nov. Building continued to decline.

II - Contributory factors

1. Cost and price advances
2. Inventories - 60 large corporations on Sept.30th, 35% over
Sept. 30, 1936.
3. Downturn in residential building
4. Change in budget picture
Excess of cash expenditures 1st 11 months 1936 - \$3.6 b.
" " " " " " " " 1937 - .4
\$3.2 b.

III- Prospects

1. Buying to maintain inventories not enough.
2. Prospects bad in durable goods fields of railroad equipment,
manufacturing and mining plant and equipment, building
and autos.
3. Effect of liquidation of installment credit
4. Foreign demand may slacken.

IV- What to do

1. Sustain buying power
2. Lower costs in building field
3. Study how to avoid repetition of events of last winter
4. Amend undistributed profits tax

Wholesale Price Indexes, 1937

	<u>July 3</u>	<u>September 25</u>	<u>December 25</u>
All commodities	87.2	87.5	81.2
Farm products	89.7	87.3	72.9
Foods	85.3	88.7	78.9
Other commodities	85.9	85.9	83.6
Hides and leather	106.6	108.3	98.4
Textile products	77.4	74.5	69.4
Fuels and lighting	78.1	79.6	78.6
Metals	95.1	96.4	96.2
Building materials	96.9	96.5	92.5
Chemicals and drugs	83.1	81.2	79.2
House furnishings	91.0	92.7	91.4
Miscellaneous	78.8	77.1	74.9

Source: Bureau of Labor Statistics

Production, Employment, and Trade, 1937

	Industrial Production			Factory Employment Unadjusted	Factory Pay Rolls	Freight- car Loadings	Department Store Sales (value)
	Total	Manufac- tures	Minerals				
January	114	115	110	99	91	80	93
February	116	116	115	100	96	82	95
March	118	117	128	101	101	83	93
April	118	118	115	102	105	84	93
May	118	118	116	102	105	80	93
June	114	114	114	101	103	78	93
July	114	114	112	103	100	80	94
August	117	118	112	102	104	79	92
September	111	110	115	101	100	78	94
October	103	101	113	98	100	76	93
November	p 90	p 87	p108	p 94	p 89	71	91
December	* 85					* 67	* 89

p Preliminary

Estimated

Source: Federal Reserve Indexes. All seasonally adjusted except factory pay rolls.

Index of Rent, 1937

January	82.2
February	82.8
March	84.2
April	85.2
May	86.1
June	86.6
July	87.1
August	87.8
September	88.6
October	89.2
November	89.1
December	

Source: National Industrial Conference Board.

Residential Building Contracts
(\$1,000,000)

	<u>1936</u>	<u>1937</u>
January	37	78
February	31	63
March	55	90
April	67	108
May	70	84
June	74	93
July	72	81
August	101	73
September	81	66
October	80	65
November	68	60
December	65	p45

Source: F. W. Dodge Corporation

p Preliminary

RECEIPTS AND EXPENDITURES UNDER THE SOCIAL SECURITY
AND RAILROAD RETIREMENT ACTS AS A FACTOR IN THE NET
CONTRIBUTION OF THE FEDERAL GOVERNMENT TO COMMUNITY
EXPENDITURES

(Amounts in millions of dollars)

	Net reduction of community expenditures attributable to operations of Social Se- curity Act	Net Contribution of Federal Govern- ment to community expenditures in- cluding transac- tions under the Social Security Act	Net contribution of Federal Government to community expendi- tures excluding transactions under the Social Security Act
1936-January	-	291	291
February	1	184	185
March	<u>1/</u> 1	244	243
April	<u>1/</u> 1	314	313
May	<u>1/</u> 14	332	318
June	4	543	547
July	<u>1/</u> 5	469	464
August	<u>1/</u> 9	407	398
September	<u>1/</u> 3	296	293
October	<u>1/</u> 24	346	322
November	<u>1/</u> 5	300	295
December	13	299	312
1937-January	1	231	232
February	39	101	140
March	133	44	177
April	99	93	192
May	88	40	128
June	78	95	173
July	55	108	163
August	120	29	149
September	89	30	119
October	51	48	99
November	103	<u>2/</u> 11	114
1936-First 11 months	<u>1/</u> 57	3,726	3,369
1937-First 11 months	856	830	1,686

1/ Excess of expenditures over receipts, representing a net contribution to,
instead of a net reduction of community expenditures.

2/ Preliminary.

Producers' Goods
(In Millions of Dollars)

Consumers' Goods

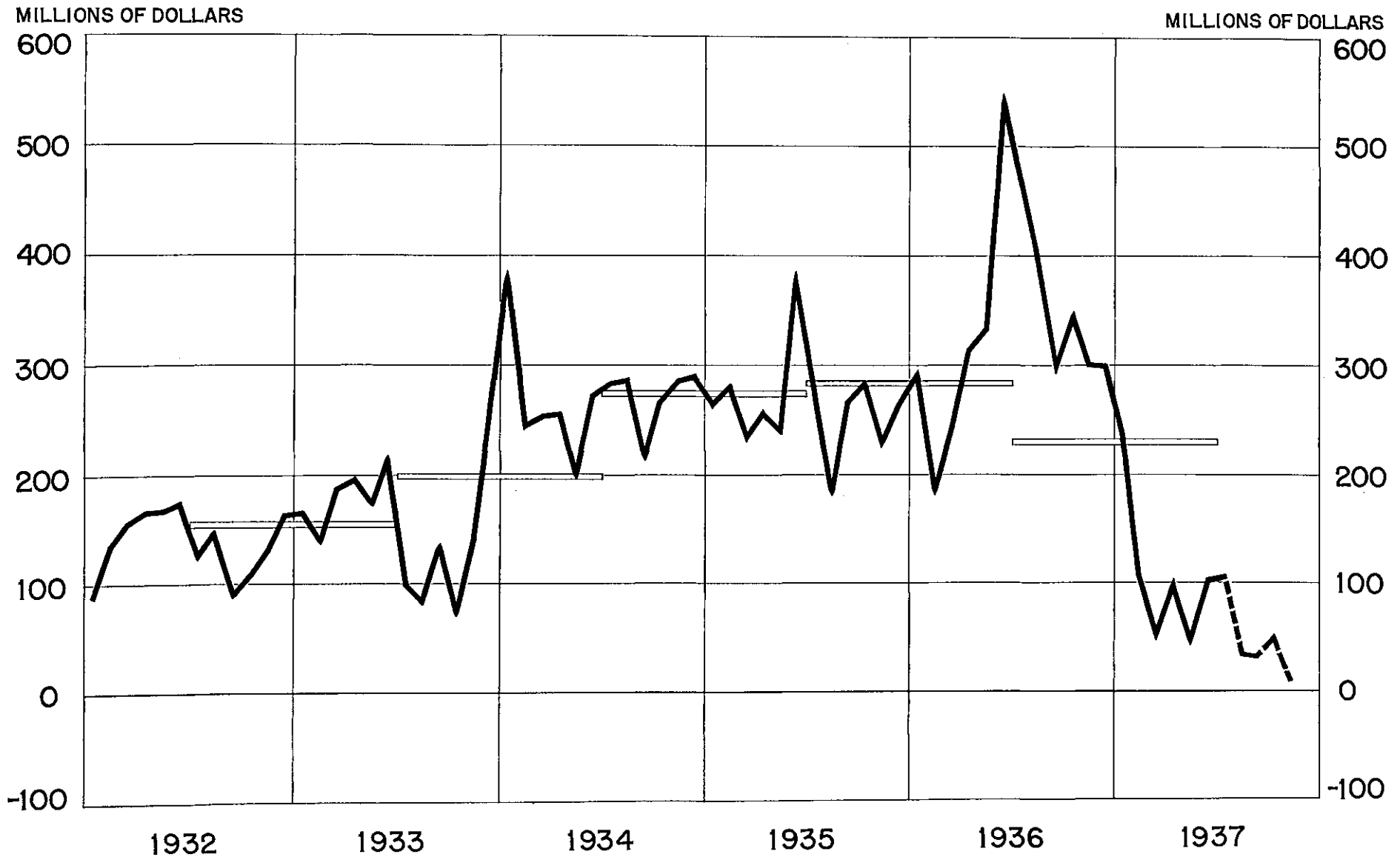
1928
1929
1930
1931
1932
1933
1934
1935
1936
1937 (Preliminary)

<u>Rails. and Utilities</u>			<u>Mining & Manufacturing</u>		
<u>To- tal</u>	<u>Capi- tal</u>	<u>Maint- en- ance</u>	<u>To- tal</u>	<u>Capi- tal</u>	<u>Maint- en- ance</u>
4,631	2,363	2,268	5,456	3,254	2,202
5,166	2,825	2,341	6,390	3,990	2,400
4,858	2,824	2,034	4,725	2,827	1,898
3,342	1,739	1,603	3,195	1,665	1,530
2,073	904	1,169	1,825	826	999
1,633	520	1,113	2,138	866	1,272
1,924	696	1,228	2,958	1,436	1,522
2,100	785	1,315	3,505	1,712	1,793
2,580	1,085	1,495	4,506	2,342	2,164
3,385	1,805	1,580	5,650	3,200	2,450

<u>Hous- ing</u>	<u>Passenger Auto- mobiles</u>
<u>(New)</u>	<u>(New)</u>
3,813	3,032
2,623	3,391
1,456	2,032
1,005	1,418
282	796
204	957
214	1,284
585	1,866
1,202	2,325
1,250	

DURABLE GOODS EXPENDITURES

NET FEDERAL GOVERNMENT CONTRIBUTION TO COMMUNITY EXPENDITURE



PREPARED BY M. KROST

MONEY RATES

(MONTHLY)

