

Mr. Cassie

August 5, 1939.

INCREASES IN CASH AND EQUIVALENT, DECEMBER 31,  
1937 TO DECEMBER 31, 1938

	<u>Dec. 31, 1937</u>	<u>Dec. 31, 1938</u>	<u>Percent increase</u>
12 <u>Automobile companies</u>	\$238,526,000	\$355,006,000	48.8
General Motors Corp.	150,884,000	242,895,000	61.0 <u>1/</u>
Chrysler Corp.	48,313,000	71,009,000	47.0 <u>2/</u>
48 <u>Machinery &amp; Equipment companies</u>	241,612,000	345,821,000	43.1
General Electric Co.	47,536,000	98,715,000	107.7
Westinghouse Electric & Mfg. Co.	22,394,000	36,989,000	65.2
International Harvester Co. (Oct. *31)	34,852,000	59,490,000	70.7
6 <u>Rubber companies</u>			
B.F. Goodrich & Co.	43,031,000	70,267,000	63.3
	7,778,000	14,615,000	87.9
3 <u>Shoe companies</u>	18,822,000	28,091,000	49.2
International Shoe Col (Nov. 30)	15,161,000	23,211,000	53.1 <u>3/</u>
4 <u>Meat packing companies Oct. 31)</u>	49,925,000	61,450,000	23.1
Swift and Co. *	26,084,000	36,789,000	41.0
27 <u>Other food companies</u>	179,731,000	191,535,000	6.6
33 <u>Mail order, chain store and department store companies</u>	159,365,000	186,913,000	17.3
15 <u>Chemicals</u>	251,120,000	268,607,000	7.0
E. I. Dupont de Nemours & Co.	104,125,000	114,338,000	9.8
22 <u>Steel companies</u> <u>4/</u> <u>5</u>	200,495,000	266,365,000	32.9
22 <u>Petroleum companies</u> <u>5/5</u>	362,328,000	461,276,000	27.3
8 <u>Textiles</u> <u>5/</u>	20,654,000	33,529,000	62.3
<u>Total selected groups</u>	<u>1,765,609,000</u>	<u>2,268,860,000</u>	<u>28.5</u>
110 <u>Other companies</u>	<u>619,757,000</u>	<u>628,228,000</u>	<u>1.4</u>
310 <u>Companies included in compilation by Moody's Investor's Service</u>	<u>2,385,366,000</u>	<u>2,897,088,000</u>	<u>21.5</u>

1/ General Motors: June 30, 1938 - \$242,990,000,  
June 30, 1939 - \$360,995,000, Increase 48.6%

2/ Chryslers: Mar. 31, 1938 - \$ 64,218,000,  
Mar. 31, 1939 - 92,080,000 Increase 43.4%

3/ International Shoe Machine Co:  
May 31, 1938: \$17,031,000,  
May 31, 1939: \$20,634,000,                      Increase 21.2 %

4/ Dupont:  
June 30, 1938: \$104,429,000,  
June 30, 1939: \$126,053,000,                      Increase 20.7 %

5/ The increase in cash in these three industrial groups was largely or entirely the result of bond issues for new capital.

CASH HELD BY 49 LIFE INSURANCE COMPANIES  
(with 92% of the Admitted Assets of  
All U. S. Legal Reserve Companies)

December 31, 1929	\$117,657,000
December 31, 1930	126,158,000
December 31, 1931	149,516,000
December 31, 1932	291,058,000
December 31, 1933	416,337,000
December 31, 1934	557,608,000
December 31, 1935	751,737,000
December 31, 1936	785,608,000
December 31, 1937	667,316,000
December 31, 1938	750,000,000 (est.) <sup>1/</sup>

<sup>1/</sup> Estimate by Association of Life Insurance Presidents.

CASH POSITION OF 133 INDUSTRIAL CORPORATIONS 1/  
 Dec. 31, 1935 to Dec. 31, 1938

	<u>Cash</u>	<u>Marketable securities</u>	<u>Total</u>
December 31, 1935	\$327,336,000	\$153,145,000	\$480,481,000
June 30, 1936	336,216,000	163,307,000	499,523,000
December 31, 1936	356,960,000	126,891,000	485,851,000
June 30, 1937	309,459,000	135,323,000	444,782,000
December 31, 1937	325,134,000	147,377,000	472,511,000
June 30, 1938	374,159,000	121,654,000	495,813,000
December 31, 1938	<u>2/</u> 482,973,000	111,353,000	594,326,000

1/ Sample of large and medium-size industrial corporations which publish semiannual balance sheets -- automobile companies excluded because of large seasonal fluctuations.

2/ Increase in part accounted for by security issues.

General Motors

Principal Sources of Funds, 1938

Depreciation allowances	\$47,019,000
Retained net income	28,625,000
Liquidation of inventories	79,274,000
Miscellaneous <sup>1/</sup>	<u>-28,012,000</u>
Total	126,906,000

Expenditures for Physical Assets, 1938

Plant and equipment	\$34,895,000
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Balance: Increase in cash and marketable securities during 1938:

92,011,000

Cash and marketable securities, December 31, 1937	\$150,884,000
Cash and marketable securities, December 31, 1938	242,895,000
Percentage increase	61.0%

<sup>1/</sup> Balancing item which represents the net change in miscellaneous assets and liabilities (mainly investments, receivables, current liabilities, and reserves).

Chrysler

Principal Sources of Funds, 1938

Depreciation allowances	\$13,874,000
Retained net income	10,096,000
Liquidation of inventories	3,509,000
Miscellaneous <sup>1/</sup>	<u>13,009,000</u>
Total	40,488,000

Expenditures for Physical Assets, 1938

Plant and equipment	\$17,792,000
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Balance: Increase in cash and marketable securities during 1938:

22,696,000

Cash and marketable securities, December 31, 1937	\$48,313,000
Cash and marketable securities, December 31, 1938	71,009,000
Percentage increase 47.0%	

General Electric

Principal Sources of Funds, 1938

Depreciation allowances	\$11,655,000
Retained net income	1,851,000
Liquidation of inventories	27,706,000
Miscellaneous <sup>1/</sup>	<u>21,708,000</u>
Total	62,900,000

Expenditures for Physical Assets, 1938

Plant and equipment	\$11,721,000
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Balance: Increase in cash and marketable securities during 1938:

51,179,000

Cash and marketable securities, December 31, 1937	\$47,536,000
Cash and marketable securities, December 31, 1938	98,715,000
Percentage increase	107.7%

Westinghouse

Principal Sources of Funds, 1938

Depreciation allowances	\$5,109,000
Retained net income	2,295,000
Liquidation of inventories	24,827,000
Miscellaneous 1/	<u>-10,412,000</u>
Total	21,819,000

Expenditures for Physical Assets, 1938

Plant and equipment	\$ 7,224,000
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Balance: Increase in cash and marketable securities during 1938:

14,595,000

Cash and marketable securities, December 31, 1937	\$22,394,000
Cash and marketable securities, December 31, 1938	36,989,000
Percentage increase	65.2%



International Harvester

Principal Sources of Funds, 1938

Depreciation allowances	\$7,582,000
Retained net income	4,583,000
Liquidation of inventories	22,026,000
Miscellaneous 1/	<u>-6,811,000</u>
Total	37,380,000

Expenditures for Physical Assets, 1938

Plant and equipment	12,742,000
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Balance: Increase in cash and marketable securities during 1938:

24,638,000

Cash and marketable securities, December 31, 1937	\$34,852,000
Cash and marketable securities, December 31, 1938	59,490,000
Percentage increase	70.7%

B. F. Goodrich

<u>Principal Sources of Funds, 1938</u>	
Depreciation allowances	\$ 4,087,000
Retained net income	695,000
Liquidation of inventories	6,769,000
Miscellaneous 1/	-2,761,000
Total	<u>8,790,000</u>
 <u>Expenditures for Physical Assets, 1938</u>	
Plant and equipment	\$ 1,953,000
 <u>Balance: Increase in cash and marketable securities during 1938:</u>	
6,837,000	
 Cash and marketable securities,	
December 31, 1937	\$ 7,778,000
Cash and marketable securities,	
December 31, 1938	14,615,000
Percentage increase 87.9%	

Swift

Principal Sources of Funds, 1938

Depreciation allowances	\$ 6,958,000
Retained net income	-10,597,000
Liquidation of inventories	23,063,000
Miscellaneous 1/	179,000
Total	<u>19,603,000</u>

Expenditures for Physical Assets, 1938

Plant and equipment	\$ 8,898,000
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Balance: Increase in cash and marketable securities during 1938:

10,705,000

Cash and marketable securities, December 31, 1937	\$26,084,000
Cash and marketable securities, December 31, 1938	36,789,000
Percentage increase 41.0%	

International Shoe

Principal Sources of Funds, 1938

Depreciation allowances	\$ 1,633,000
Retained net income	-1,578,000
Liquidation of inventories	9,515,000
Miscellaneous <sup>1/</sup>	-1,144,000
Total	<u>8,426,000</u>

Expenditures for Physical Assets, 1938

Plant and equipment	\$ 376,000
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Balance: Increase in cash and marketable securities during 1938:

8,050,000

Cash and marketable securities, December 31, 1937	\$15,161,000
Cash and marketable securities, December 31, 1938	23,211,000
Percentage increase 53.1%	

Du Pont

Principal Sources of Funds, 1938

Depreciation allowances	\$ 18,288,000
Retained net income	5,479,000
Liquidation of inventories	11,960,000
Miscellaneous 1/	<u>-10,005,000</u>
Total	25,722,000

Expenditures for Physical Assets, 1933

Plant and equipment	\$ 15,509,000
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Balance: Increase in cash and marketable securities during 1938:

10,213,000

Cash and marketable securities, December 31, 1937	\$104,125,000
Cash and marketable securities, December 31, 1938	114,338,000
Percentage increase 9.8%	

SHIFT IN DEMAND DEPOSIT HOLDINGS, 1933- 1936 <sup>1/</sup>  
 (Money figures are in Millions of Dollars)

	Deposit Balances		Increase, 1933-36	
	Dec. 31, 1933	Dec. 31, 1936	Amount	Percent
Total demand deposits	<u>17,470</u>	<u>29,970</u>	<u>12,500</u>	<u>71.6</u>
Less items in transit:				
In process of collection by banks	1,200	2,600	1,400	116.7
In transit between depositors	<u>1,200</u>	<u>2,600</u>	<u>1,400</u>	<u>116.7</u>
Total demand deposits adjusted for transit items	<u>15,070</u>	<u>24,770</u>	<u>9,700</u>	<u>64.4</u>
<b>Business</b>	<u>6,120</u>	<u>8,480</u>	<u>2,360</u>	<u>38.6</u>
Corporations engaged in:				
Manufacturing, mining, construction	2,800	3,690	890	31.8
Transportation, public utilities	980	1,340	360	36.7
Trade, service	1,070	1,600	530	49.5
Miscellaneous <sup>2/</sup>	50	80	30	60.0
Non-corporate enterprises <sup>3/</sup>	1,220	1,770	550	45.1
<b>Finance</b>	<u>2,390</u>	<u>5,350</u>	<u>2,960</u>	<u>123.8</u>
Corporations:				
Insurance	560	950	390	69.6
Other finance	820	1,570	750	91.5
Non-corporate:				
Security brokers	200	280	80	40.0
Banks' trust departments	440	1,240	800	181.8
Foreign banks	130	530	400	307.7
Other foreigners <sup>4/</sup>	240	720	540	225.0
<b>Public bodies</b>	<u>2,690</u>	<u>4,160</u>	<u>1,470</u>	<u>54.6</u>
U.S. Treasury	1,020	1,240	220	21.6
Other public bodies	1,670	2,920	1,250	74.9
<b>Unclassified - consumer balances, large personal balances, etc.</b>	<u>3,870</u>	<u>6,730</u>	<u>2,910</u>	<u>75.2</u>

- <sup>1/</sup> The abolition of the privilege of filing consolidated income tax returns in 1934 probably means that certain holding companies were listed under business categories in 1933 and under finance in subsequent years. This would have the effect of understating the increase in business balances and overstating the increase in financial deposits.
- <sup>2/</sup> Includes agricultural corporations and corporations not reporting nature of business.
- <sup>3/</sup> Excludes professional service, agriculture, finance, transportation, and public utilities.
- <sup>4/</sup> Includes foreign bank deposits with nonmember banks.

August 4, 1939.

Chairman Eccles

Figures on Utah and Idaho

Lauchlin Currie

Attached are some figures on Federal tax collections and expenditures in Utah and Idaho for the fiscal year 1938, prepared by Mr. Sweezy. He is also working up a comparison of dividends and interest receipts in these states with some wealthy Eastern states. Is there anything else along this line you would like to have?

LC:em

*Current*

August 4, 1939

STATE INCOME PAYMENTS  
(Dept. of Commerce)

1937

State	Total Income		Div. plus Int. plus Rents and Royalties		Div.-Int.-Rents and Royalties as % of Total Income
	Actual (Mil. of \$)	Per Capita	Actual (Mil. of \$)	Per Capita	
Utah	251	\$483	24	\$ 46	9.6
Idaho	240	486	16	32	6.7
New York	11,138	859	2,591	197	23.3
Mass.	2,955	668	646	146	21.9
Conn.	1,335	767	318	183	23.8



August 3, 1939

FEDERAL GRANTS AND PAYMENTS  
Fiscal 1938

(In thousands of dollars)

State	Social Security	Highways	Farm Security	Agricultural Benefits	U.C.C.	P.W.A. Grants	W.P.A.	Miscellaneous *	Total
Utah	2,571	3,192	248	1,000	6,134	736	6,303	971	21,155
Idaho	1,687	5,336	524	2,454	9,757	757	5,096	1,002	26,623

\* Includes agricultural extension and forest service, educational grants, U.S. employment service, National Guard.

August 3, 1939

TAX COLLECTIONS  
Fiscal 1938

(In thousands of dollars)

State	Corporation Income	Individual Income	Payroll	Miscellaneous	Total
Utah	2,309	1,618	1,499	2,712	8,138
Idaho	1,613	823	1,117	809	4,362