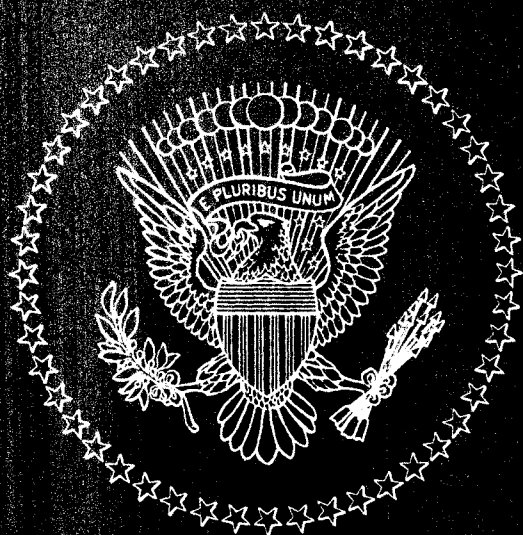


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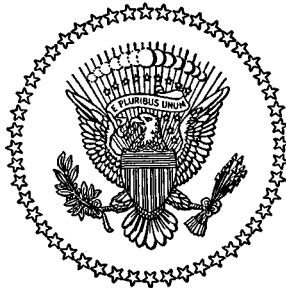
Economic Report

of the President

TRANSMITTED TO THE CONGRESS

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TRANSMITTED TO THE CONGRESS
JANUARY 20, 1955



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LETTER OF TRANSMITTAL

THE WHITE HOUSE,
January 20, 1955.

To the Congress of the United States:

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

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

I present below, largely in the words of the Report itself, what I regard as its highlights.

Sources of Economic Progress

With production and employment now increasing on a broad front, the events of the past year have borne out the major conclusions of the Economic Report of January 1954 concerning the state of our economy and the policies needed to promote sound economic growth.

Economic well-being sustains our whole national life. A high and rising standard of living brings to more of our people the opportunity for continued intellectual and spiritual growth.

The main sources of our Nation's economic strength are its free institutions and the qualities of its people—their ambition, skill, enterprise, and willingness to make great efforts in their own behalf and in behalf of their families and communities.

The need of our times is for economic policies that, in the first place, recognize the proven sources of sustained economic growth and betterment, and in the second place, respect the need of people for a sense of security as well as opportunity in our complex, industrialized society.

A free economy has great capacity to generate jobs and incomes if a feeling of confidence in the economic future is widely shared by investors, workers, businessmen, farmers, and consumers.

Many factors favor a continuation of our vigorous economic growth. The population is increasing rapidly, educational levels are rising, work skills are improving, incomes are widely distributed, consumers are eager to better their living standards, businessmen are starting new enterprises and expanding old ones, the tools of industry are multiplying and improving, research and technology are opening up new opportunities, and our public policies generally encourage enterprise and innovation.

With wise management of the national household, our country can within a decade increase its production from the current annual level of about 360 billion dollars to 500 billion, or more, expressed in dollars of the same buying power.

In the future as in the past, increases in productivity and in useful employment opportunities will be the core of economic expansion.

The role of the Federal Government in the achievement of these goals is to create an atmosphere favorable to economic activity by encouraging private initiative, curbing monopolistic tendencies, avoiding encroachment on the private sector of the economy, and carrying out as much of its own work as is practicable through private enterprise. It should take its full part at the side of State and local governments in providing appropriate public facilities. It should restrain tendencies toward recession or inflation. It should widen opportunities for less fortunate citizens, and help individuals to cope with the hazards of unemployment, illness, old age, and blighted neighborhoods.

Last year the Government took many steps, both legislative and administrative, to encourage economic expansion. Fiscal and monetary measures fostered an expectation of improving economic conditions and encouraged people to maintain a high rate of expenditure. The opportunities of competitive enterprise were enlarged; economic ties with other countries were improved; the floor of personal and family security was strengthened; and additions were made to our public assets.

The Economy Today

The year 1954 was one of transition from contraction to recovery. The contraction reflected the efforts of businessmen to reduce inventories, and was aggravated by a large reduction in military expenditures.

The contraction was relatively mild and brief, because of a variety of timely public and private actions.

The Government cut taxes, the Federal Reserve System eased credit conditions, and the Treasury arranged its financing so as not to compete with mortgages and other long-term issues. A comprehensive program for encouraging private enterprise was submitted to the Congress. Apart from this, the decline in private incomes was automatically cushioned by increased payments of unemployment insurance and other benefits and by sharp cuts in taxes due the Government on the reduced incomes.

Consumers maintained a high rate of spending, businessmen kept capital expenditures at a high rate, builders stepped up their activities, trade unions conducted their affairs with a sense of responsibility, farmers recognized the dangers of piling up ever larger surpluses, private lenders made ample supplies of credit available on liberal terms, States and localities carried out large construction programs, and export demand remained strong.

Although manufacturing production fluctuated, total output was fairly stable, and disposable personal income reached record levels. But some

industries and localities suffered from serious unemployment. The fortunes of most of them turned for the better when recovery got under way in the early autumn, and they will benefit from further general economic expansion.

Instead of expanding Federal enterprises or initiating new spending programs, the basic policy of the Government in dealing with the contraction was to take actions that created confidence in the future and stimulated business firms, consumers, and States and localities to increase their expenditures.

The vigor of the recent recovery, which has already made up half of the preceding decline in industrial production, suggests that economic expansion will probably continue during coming months. It holds out the promise that we shall achieve a high and satisfactory level of employment and production within the current year.

A further expansion of consumer spending may reasonably be expected; we are soon likely to experience some rebuilding of inventories; the decline of Federal spending next year will be less rapid than during the last two years; State and local expenditure will probably continue to expand; the outlook for housing and commercial construction continues to be good; there is a prospect that plant and equipment expenditures may turn upward, as the general economic advance proceeds; the outlook for export demand is brightened by the economic resurgence of an ever-widening area of the Free World.

It is essential to keep a close watch on financial developments; continued economic recovery must not be jeopardized by overemphasis of speculative activity.

Toward Sustained Economic Growth

The wise course for Government in 1955 is to direct its program principally toward fostering long-term economic growth rather than toward imparting an immediate upward thrust to economic activity.

Further efforts to reduce Federal expenditures, together with increasing revenues from a tax base growing as the economy expands, should make possible some additional general tax reductions next year. Progress could then also be made in further lowering tax barriers to the free flow of funds into risk-taking and job-creating investments.

Government should persist in its efforts to maintain easy entry into trade and industry, to check monopoly, and to preserve a competitive environment. Continued encouragement should be given to small and new businesses.

Scientific research and development activities in all their phases should continue to have the earnest support of the Federal Government.

Measures by ourselves and other nations to reduce existing barriers to international trade, payments, and investment will make the Free World stronger and aid our own economic growth.

Measures should be considered to extend personal security against the hazard of unemployment, to strengthen minimum wage legislation, to protect savings in credit unions, and to increase the President's discretionary authority to vary the terms of insured mortgage loans in the interest of economic stability.

A great ten-year program to modernize the interstate highway system should be authorized.

Our partnership policies of water resource development should be further implemented by appropriate Congressional and local action.

Action should be taken this year to help meet our Nation-wide needs for school construction. I shall shortly send to the Congress a special message that will deal with methods by which the Federal Government can appropriately assist in this vital field.

Support should be provided for an Office of Coordinator of Public Works Planning in the Executive Office of the President, and for a revolving fund for advances to the States and municipalities for public works planning.

Conclusion

Our Nation's recent history teaches that a foresighted Government can do much to help keep the economy stable, but experience affords no good basis for a belief that the Government can entirely prevent fluctuations.

We should harness the idealism as well as the intelligence of our generation to the practical end of facilitating the growth of private enterprise and of increasing the stability of our economy.

The Government will shoulder its full responsibility to help realize that goal.

DWIGHT D. EISENHOWER

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Chapter 1

The Expansive Power of the American Economy

THIS IS THE SECOND REPORT of the present Administration under the provisions of the Employment Act of 1946, which declares it to be a continuing responsibility of the Federal Government "to promote maximum employment, production, and purchasing power." The earlier Report set forth the conditions of economic progress in our country and in our times. By and large, the events of the intervening year have borne out the conclusions of that Report concerning the economic state of the Nation and the policies needed to promote sound economic growth.

I. OBLIGATIONS OF FEDERAL GOVERNMENT UNDER EMPLOYMENT ACT

The Employment Act

The authors of the Employment Act wisely recognized that the main source of the economic strength of a nation consists in free institutions and the qualities of its people—their ambition, skill, enterprise, and willingness to make great efforts in their own behalf and in behalf of their families and communities. The Act therefore emphasizes economic growth rather than the mere stoppage or alleviation of business contractions. And it stresses the importance of using the powers of Government "to foster and promote free competitive enterprise," which has been the great energizer of our own Nation and of every other nation that has possessed the wisdom to submit to its discipline.

In framing the Employment Act, the Congress recognized that the Government has no way of guaranteeing prosperity and that, if a recession occurs, no single action or rule of policy will necessarily suffice to generate a lasting recovery. The Act does not prescribe what means are to be used by the Federal Government in promoting the basic objective of maximum employment and production. It does, however, specify that the means must be consistent with the "needs and obligations" of the Government and with "other essential considerations of national policy." In other words, in implementing the Employment Act, the Federal Government is subject to certain constraints. Among other things, it must honor the constitutional rights of individuals; it must respect the authority of the States; and it must protect the integrity of the money in which contracts are expressed and payments made.

The obligation of the Federal Government under the Employment Act "to promote maximum employment, production, and purchasing power," and to do so by means that are consistent with "other essential considerations of national policy," is not always remembered. Some citizens, lacking faith in the ability of the private economy to generate a high level of activity, espouse a steadily increasing role for Government. They urge new public undertakings and unbalanced budgets as devices for augmenting private demand, often with little regard to the cause or magnitude of any deficiency in demand. Other citizens, adhering to what they regard as the ultimate economic verities, are critical of any governmental action that is designed to prevent or to minimize the rigors of depressed incomes and unemployment.

These are extreme and doctrinaire positions. If the one is insensitive to the inequities of inflation, the other is insensitive to the misfortunes of depression. Each carries the danger of undermining, sooner or later, our system of free competitive enterprise. Neither is suited to our needs or our times. The American people believe firmly in economic freedom, but will not passively accept depression or inflation. The need of our times is for economic policies that, in the first place, recognize the proven sources of sustained economic growth and betterment, and in the second place, respect the need of people for a sense of security as well as opportunity in our complex and industrialized society.

Basic Economic Tenets

The economic actions of this Administration and its program for the future rest upon certain basic propositions. *First*, competitive markets, rather than governmental directives, are as a rule the most efficient instruments for organizing production and consumption. *Second*, a free economy has great capacity to generate jobs and incomes if a feeling of confidence in the economic future is widely shared by investors, workers, businessmen, farmers, and consumers. *Third*, the Federal Government creates an atmosphere favorable to economic activity when it encourages private initiative, curbs monopolistic tendencies, whether of business or labor, avoids encroachment on the private sector of the economy, and carries out as much of its own work as is practicable through private enterprise. *Fourth*, the Federal Government generates confidence when it restrains tendencies toward recession or inflation, and does this by relying largely on indirect means of influencing private behavior rather than by direct controls over people, industries, and markets. *Fifth*, the Federal Government contributes to economic growth when it takes its part, at the side of the States, in promoting scientific research and in providing public facilities, such as highways, hospitals, harbors, and educational institutions, on which the expansion of the private economy heavily rests. *Sixth*, the Federal Government strengthens the foundations of the economy when it widens opportunity for its less fortunate citizens and, working in cooperation with the

States and localities, helps individuals to cope with the hazards of unemployment, illness, old age, and blighted neighborhoods.

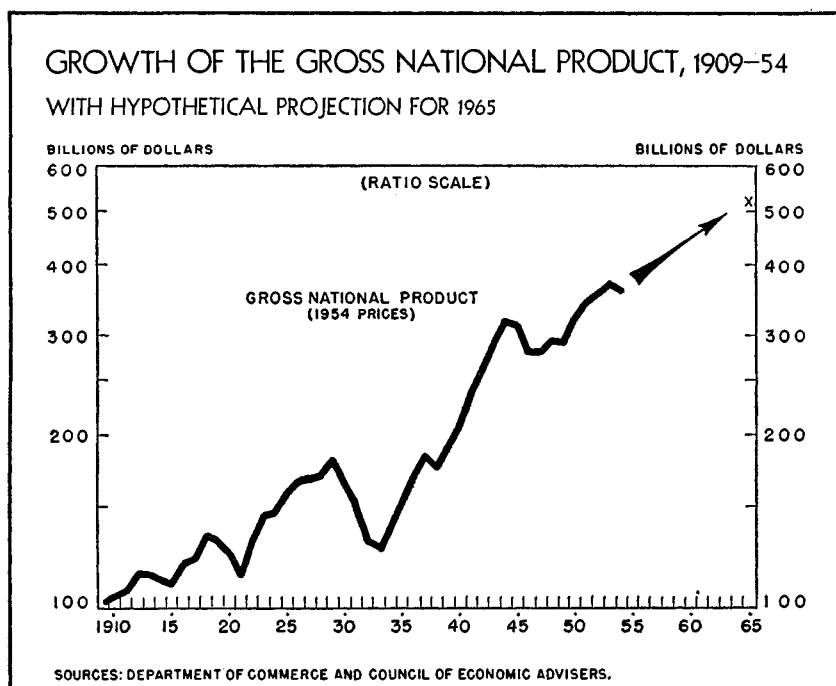
These economic tenets are basic and inseparable. They constitute guides to policies which, if pursued persistently, will advance us toward the goal of an increasing national income, shared equitably among those who contribute to its growth, and realized in dollars of stable buying power. In broadest outline they constitute the framework of an economic system that is at once strong and humane, a system that can provide both greater material abundance and a better quality of living.

II. PATHS TO ECONOMIC GROWTH

The Growth Potentials of Our Economy

The American economy has created new jobs and produced marvels of abundance in the past. It should be able to do so in equal or even greater degree in the future. Our population is rapidly increasing, educational levels are rising, work skills are improving, incomes are widely distributed, consumers are eager to improve their living standards, businessmen are actively engaged in starting new enterprises and expanding old ones, the tools of industry are multiplying and improving, research and technology are constantly opening up new opportunities, and our public policies generally encourage enterprise and innovation. With so many favorable factors, a continuation of rapid economic growth may reasonably be expected.

CHART 1



An arithmetical calculation, based on a number of technical assumptions, the most important being that the average annual gains in productivity that we have had in recent times will occur in the future, shows (see Chart 1) that our country can within a decade increase its production from a current annual level of about 360 billion dollars to 500 billion or more, with the figures expressed in dollars of the same buying power. Of course, the record of the past sets no limit to our future achievements. Nor should we permit arithmetical projections to obscure the basic fact that an economy succeeds only as people succeed. Our economic future depends on the full use of the great treasure house of intelligence, skill, energy, and confidence of the American people.

A glorious economic future may be ours, but it is not vouchsafed to us. We shall achieve it only by wise management of our national household. In the future as in the past, increases in productivity and in useful employment opportunities will be the core of economic expansion (see Chart 2). The tools and equipment used by farm, factory, mine, and office workers must be multiplied and improved. Industrial techniques, materials, and management must become more efficient, and skills and morale enhanced, so that the amount of production for each hour worked will increase. And unless there are satisfactory jobs for those who seek useful employment, and unless human labor is devoted increasingly to the production of goods and services that improve the quality of life, our gains in productivity may be dissipated.

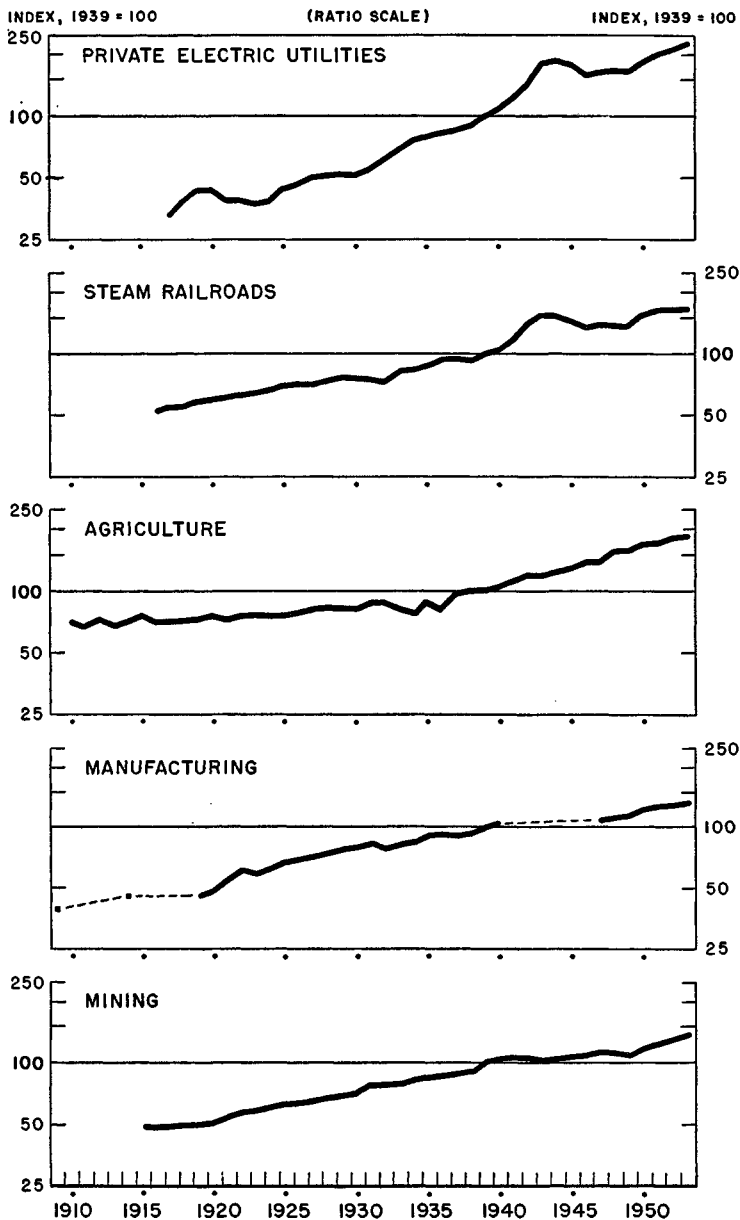
Role of Government in Progress

The history of our country, as well as of other parts of the Western World, demonstrates that economic progress depends fundamentally on the enterprise and initiative of millions of people seeking to better themselves. In such a process of economic expansion the Government can play, however, a highly constructive role. Within its own proper sphere, the Government must be ready and willing to act. Indeed, failure or reluctance to play its part can be a serious handicap to economic growth, as would a similar lack of initiative on the part of private enterprise.

Among the activities essential to economic progress and in which there is a large public interest is the field of education, extending from education for literacy to the highest reaches of theoretical inquiry. Scientific and technical knowledge, research and development programs, and industrial innovation and its diffusion are the wellsprings of an increasing output per man-hour, upon which our hopes for a better life and more leisure in the future largely depend. An enlightened public policy must therefore focus attention upon augmenting the number of young people who have scientific, engineering, and technical skills; upon encouraging creative thinking and invention; upon inducing business enterprises and nonprofit organizations to support expanding programs of research; upon enlarging the range and depth of Federal research and development programs in fields that cannot be covered adequately by private efforts; and upon hastening the industrial application of new methods and ideas through new investments.

CHART 2

OUTPUT PER MAN-HOUR IN MAJOR INDUSTRIES, 1909-53



NOTE: BROKEN LINE CONNECTING POINTS INDICATES DATA NOT AVAILABLE FOR INTERVENING YEARS.
 SOURCE: COUNCIL OF ECONOMIC ADVISERS, BASED ON DATA FROM
 VARIOUS GOVERNMENT AND PRIVATE SOURCES.

Public policy must also protect incentives and encourage a spirit of enterprise and innovation among people. The man or woman who, in the hope of personal betterment, works harder, designs a new product, creates a new method, invests in a new business, moves to a new job, or suggests a new idea to his employer must believe that the rewards of initiative and effort are worth while. Through all of its policies the Government must encourage enterprising action by business managers, investors, and workers, in an environment that is kept basically free and competitive.

Economic progress entails changes in technology and commerce, and these changes require adjustments by people to new and altered ways of doing things. To insure that a dynamic economic environment involves a minimum of personal hardship and a maximum of new opportunity, governmental policies should be designed to ease the movement of people to new areas or new occupations. Through an ever wider possession of education, technical skill, and capacity for movement, new doors of economic opportunity can be opened and the remaining pockets of low income in our land can be reduced.

Expansion of private economic activity calls for great increases in the Nation's physical stock of public capital, as the Economic Report to the Congress in January 1954 pointed out. Government—State and local as well as Federal—has a responsibility to see that progress is promoted by adequate public works for education, medical care, transportation, conservation, and recreation.

The achievement of our economic goals requires that we further strengthen the floor of security for individuals and families in our industrialized society. When people have provided for minimum needs in their old age or in the event of misfortune, they are apt to become more productive and more venturesome participants in an expanding economy. A wise Government can help people to provide for these needs, without impairing their self-reliance.

A strategy for realizing our Nation's growth potential must include, as an indispensable part, measures by ourselves and others for gradually clearing the channels of trade, of payments, and of investments between nations, so that our people as well as others may devote themselves to the tasks in which they have a special advantage, and so that the Free World may be bound together by a mutually beneficial economic intercourse. Thus our Nation's security, as well as its material welfare, may be advanced.

Finally, we must continue to coordinate all governmental programs, especially monetary and fiscal policies, in order to restrain and offset any tendencies that may develop toward recession or inflation. An expanding economy requires increases in the supply of money and credit, but not on a scale that invites inflation in the present and possible depression in the future. The Federal Government should continue to manage its revenues, debts, and expenditures, and conduct its regulatory activities, so as to contribute to the expansive strength and stability of the economy.

III. STEPS TAKEN DURING 1954 TO BUILD A STRONGER ECONOMY

During the year that has just closed, the Government has taken many steps, both legislative and administrative, to put into effect policies that augment the expansionary powers of our economy and that express the basic economic tenets set forth in this Report. These actions have helped to generate confidence in the minds of the American people.

Fiscal and Monetary Actions

The most powerful and pervasive of these actions have been of a fiscal and monetary character. The reduction in military and other outlays, which occurred after the ending of the Korean conflict, made possible sharp cuts both in taxes and in the Federal budgetary deficit (see Chart 3). Concurrently, the Federal Reserve authorities made clear their intention to maintain an adequate supply of credit at moderate cost, so long as this facilitated economic growth without inflation. These fiscal and monetary measures stimulated constructive economic attitudes and behavior on the part of consumers and businessmen. They fostered the expectation of improving economic conditions, reasonably stable prices, efficient house-keeping by Government, and tax reductions in the future. Thus, they encouraged the maintenance of a high rate of private spending, and set the stage for successful application of other governmental policies to foster long-term expansion.

Enlarging the Opportunities of Competitive Enterprise

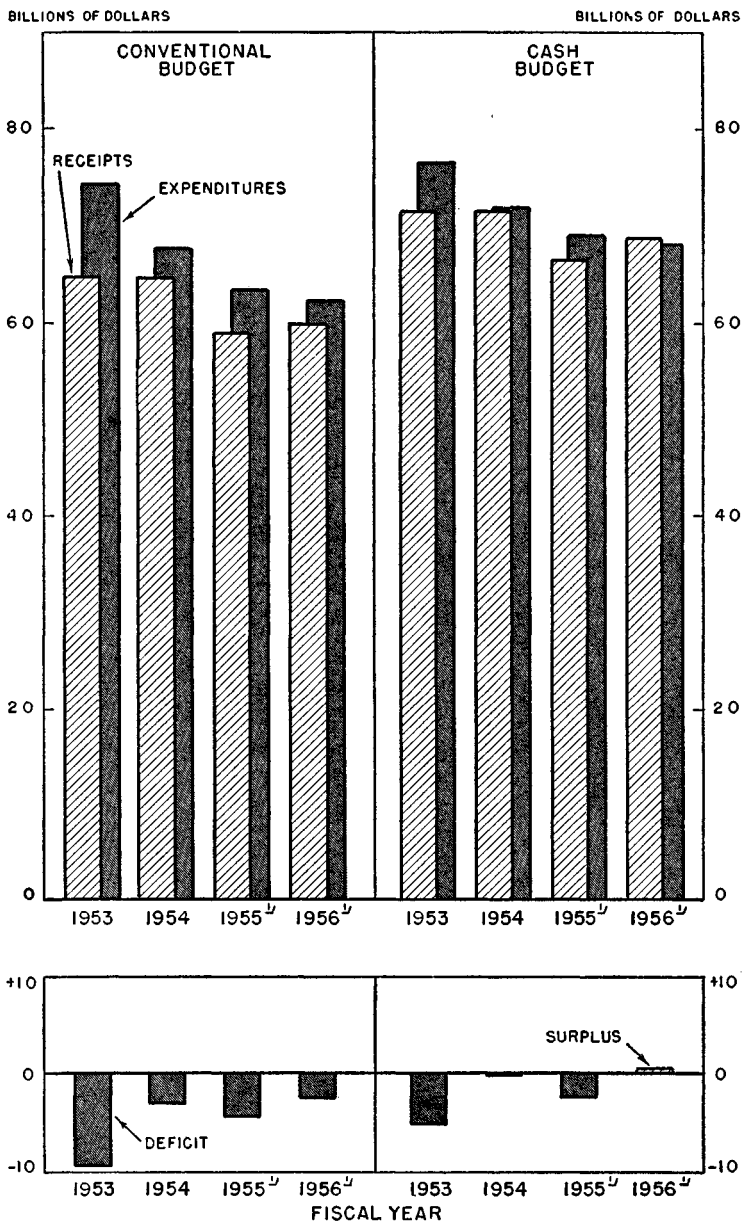
Recent actions of the Congress and the Executive have enlarged and clarified the range of private enterprise. Of great potential significance is the new law which authorizes the Atomic Energy Commission to license, with due regard to the public interest, the use of special nuclear material in privately-owned reactors, and which substantially broadens patent protection for private inventions in the atomic energy field. Opening the door to competitive enterprise in the development of nuclear power and other industrial uses of atomic energy will magnify the benefits our people are already deriving from this new resource.

The Government also made progress in redrawing the line separating private and public enterprise. Steps were taken to dispose of numerous enterprises for which public operation was inefficient or of doubtful advantage. Simultaneously, the Government increased the amount of its contracting with private firms for necessary services and facilities—as an alternative to producing them itself, often at higher cost to the taxpayer. To hasten the economic development of our water resources, and yet restrict Federal participation to what others are incapable of accomplishing, the partnership principle of Federal cooperation with local interests, public or private, was launched.

The vigor of competitive enterprise has been promoted by many changes in our laws. Thus the recent tax law liberalized depreciation allowances,

CHART 3

FEDERAL RECEIPTS AND EXPENDITURES



extended the period over which business losses can be carried back for tax purposes, facilitated a ploughing back of earnings for expansion, encouraged research and development expenditures, and granted a limited tax credit on dividends received by shareholders. All of these measures should assist business firms, especially those of medium or small size, to grow and to provide new jobs at satisfactory wages. At the same time, legislation was passed to relax Federal controls over farming. The introduction of flexible price supports for basic crops and the modernization of the "parity" formula will facilitate the adjustment of our farming enterprises to changing markets and thus help improve the outlook for the farmer.

Strengthening Economic Ties with Other Countries

Although action on major proposals for changes in our foreign economic policy was deferred to this year, several constructive measures to advance international trade and investment were adopted during 1954. Government controls of the export of many commodities to friendly countries were removed. The lending authority of the Export-Import Bank was increased from 4.5 billion to 5 billion dollars, and a new export-credit program was introduced to facilitate trade. Action was taken to establish uniform and reasonable standards for the application of the Buy American Act. Improvements in customs administration were made to benefit trade.

With the aim of enlarging private investment abroad, the Foreign Operations Administration extended the coverage and halved the premium charge for government insurance against expropriation or currency inconvertibility. Another advance toward the same objective was made by removing the over-all limitation on the extent to which foreign tax payments could be credited against United States income taxes, and by allowing shareholders in regulated investment companies having more than one-half their investments in foreign countries to benefit by foreign tax credits.

Building the Floor of Personal and Family Security

As a result of governmental actions during the past year, many people are now better able to meet their housing needs and the problems of old age and unemployment. Over 10 million men and women were brought into our system of Old-Age and Survivors Insurance. Social security contributions were increased, but the scale of benefits paid to the aged was raised and the amount of their permissible earnings increased. At the same time, pensions and disability compensation rates for veterans were raised.

The Federal-State unemployment insurance system was also strengthened. Over 1.3 million workers in smaller firms and 2.3 million Federal civilian employees were brought into the system, thus raising the total covered population to approximately 40 million. Both the amount and the maximum duration of benefits payable under the unemployment insurance law in the District of Columbia were increased. A special Federal loan fund was established to assure uninterrupted payment of unemployment benefits by States whose reserve funds may become low. To meet acute personal

problems, provision was made for substantially larger grants to the States for vocational rehabilitation.

Important actions were also taken to extend home ownership, conserve urban neighborhoods, and speed the elimination of slums. Thus, the terms on which mortgage loans could be insured by the Federal Housing Administration were liberalized for both new and existing dwellings, and the application of mortgage insurance was extended to sale and rental housing in blighted areas. Federal grants and loan funds were provided to aid urban renewal. Along the same line, the authority of the Administrator of Veterans' Affairs to make direct home and farmhouse loans to veterans was extended, and additional funds were made available for this purpose.

Expansion of Public Assets

Recognizing that the provision of public roads, schools, hospitals, and community facilities has long lagged behind our needs, the Federal Government acted last year to augment a number of public works activities. Federal highway grants to the States of 875 million dollars were authorized for each of the fiscal years 1956 and 1957, thus greatly increasing the annual amount of Federal aid previously made available. One hundred and twenty-five million dollars was made available for school construction in areas where Federal activities had affected school enrollment. Substantial aid was authorized to the States for building hospitals and other medical facilities, and was backed by an appropriation of nearly 100 million dollars for the fiscal year 1955. After many years of debate concerning the St. Lawrence Seaway, a development corporation was finally created and authorized to cooperate with a Canadian agency in the construction of the Seaway, our share of the cost to be financed on a self-liquidating basis. Apart from this, over 1 billion dollars was authorized for the construction and repair of navigation, flood control, and other civil works. Additional authorizations for military construction were made, supported by an appropriation of 817 million dollars for the fiscal year 1955. Within the same category of legislation was the authority granted to the Executive to add to the tanker fleet. Finally, important steps were taken to put advance planning of public works on a more systematic basis.

Plan of Report

The effects of these and related governmental actions are considered later in this Report and its Appendices. The next chapter is devoted to a review of recent economic developments, the principal measures taken by Government to influence their course, and the prospects of the economy. This review should help us determine the next steps of a governmental policy aiming to promote a sustained and satisfactory rate of economic growth. A program of proposed governmental actions is set forth in the third and final chapter.

Chapter 2

A Year of Economic Transition

AT THE TIME last year when the Economic Report was submitted to the Congress, our economy was undergoing a contraction, partly as a result of readjustments forced by the ending of the Korean conflict, partly for other reasons. Today, after a small and brief over-all decline, though one that affected individual industries and localities unevenly, production and employment are again increasing on a broad front. The recovery has already carried economic activity to the highest level of the past twelve months. And although aggregate production and employment during 1954 fell somewhat short of the levels reached in 1953, the year just concluded will go down in history as one of our most prosperous years. The following analysis of recent events is documented by the charts and tables of this chapter, and by the evidence assembled in Appendices B and D.

I. THE ONSET OF CONTRACTION

In our economy, or in any other of which we have definite knowledge, occasional imbalances between production and sales are virtually bound to occur. Such a condition developed in 1953. After the steel strike in the summer of 1952 was settled, production, employment, and incomes increased sharply. So too did consumer spending, though at a somewhat lower rate

TABLE 1.—*Changes since 1939 in physical volume of production*

Type of output	Percentage change ¹ from—			
	1939 to 1954	1946 to 1954	1952 to 1954	1953 to 1954
Gross national product ²	+89	+28	+1	—3
Agricultural production.....	+35	+10	+1	0
Industrial production: Total.....	+116	+39	+1	—7
Manufactures.....	+123	+41	+2	—7
Minerals.....	+63	+22	—3	—4
New construction ³	+90	+96	+10	+5
Consumer services ^{1 2}	+72	+24	+4	+1
Railway freight carried ⁴	+56	—10	—12	—10
Electric power production ⁵	+266	+109	+17	+6

¹ Based on preliminary estimates for 1954.

² Based on data in constant prices.

³ Consumer expenditures for services except housing, in constant prices.

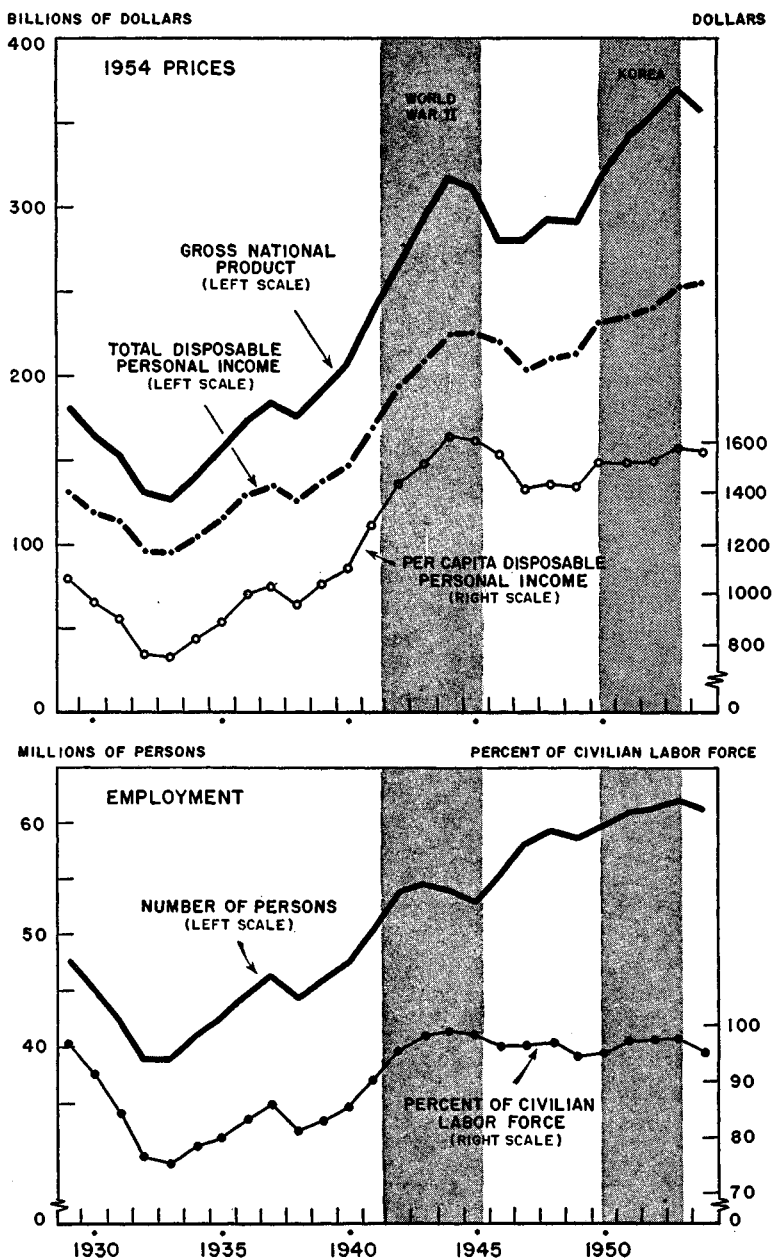
⁴ Ton-miles of revenue and nonrevenue freight.

⁵ Production by electric utilities only.

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

CHART 4

INDICATORS OF PROSPERITY



SOURCES: DEPARTMENT OF COMMERCE AND COUNCIL OF ECONOMIC ADVISERS.

than the increase of personal incomes. The rate of general economic expansion was reduced, but continued to be fairly rapid, during the early months of 1953. Total spending by consumers roughly kept pace with their rising incomes during these months; however, spending on commodities, as distinct from services, tapered off. Inventories therefore kept rising, particularly those held by retailers. About the same time the flow of new defense contracts, which tie up inventories of factories on a larger scale than civilian production, diminished sharply. In view of these developments, as well as the general quickening of deliveries, many business firms deemed it prudent to bring their inventories into better balance with sales and incoming orders. The effort to adjust inventories led to scattered declines in production, which became visible in the Nation's aggregate of industrial production after July 1953. Within a few months, total production fell short of consumption, just as it had previously exceeded consumption. An inventory recession, of the sort that occurred in 1948-49 and earlier times in our history, was under way.

This economic readjustment was complicated and aggravated by the close of hostilities in Korea. With the war at an end, the need for many types of defense goods diminished. At the same time, basic defense plans were being modified to strengthen our economy for what might prove a very long period of "cold war." The changed situation in Korea, the revisions of military programs, and improvements in the administration of our defense establishment brought about a sizable drop of military and related expenditures. A larger reduction was carried through during 1954 than had been anticipated, and it called for further readjustments by the economy. For the decline of defense spending not only reduced the Nation's stream of expenditures for final use; it also accentuated the efforts of businessmen to cut inventories.

The primary contractive factor during the latter part of 1953 was the adjustment of inventories. This role shifted to defense spending after the turn of the year. In the second quarter of 1953 businessmen added to their inventories at an annual rate of 5.4 billion dollars. In the first quarter of 1954 they reduced their inventories at a rate of 4.2 billion. In the meantime, expenditures on national security fell from an annual rate of 54.3 billion dollars to 46.9 billion, while total Federal spending on goods and services fell from 62.2 billion to 55.0 billion. Thus the combined decline of inventory and defense spending over this nine-month interval was at an annual rate of 17 billion dollars.

This reduction of expenditures was reflected rather promptly in production, employment, the flow of incomes, business loans, imports, and other phases of the Nation's economic life. The over-all decline of economic activity was small, but its impact was very uneven, and some industries and localities suffered seriously. The impact of inventory liquidation and of the cuts in defense expenditures was heaviest on those engaged in the manufacture of durable goods. Other factors added to the downward pressure

TABLE 2.—Recent changes in income, production, and employment

Item	Percentage change ¹ from—			
	1953 to 1954 ²	July 1953 to March 1954	March 1954 to August 1954	August 1954 to December 1954 ³
INCOME				
Personal income (before taxes): Total.....	+0.1	-1.1	+0.1	+2.0
Labor income.....	-1.1	-3.2	+4	+1.3
Proprietors' income.....	-1.0	+1.6	-2.1	-5
Investment income.....	+5.7	+3.6	+1.4	+9
Transfer payments ⁴	+14.5	+11.8	+3.3	+4.5
Disposable personal income (after taxes).....	+1.4	+2	+1	+2.3
Corporate profits: ⁵				
Before taxes.....	-11.2	-17.7	-9	+8.2
After taxes.....	-2.7	-10.3	-6	+8.0
PRODUCTION				
Industrial production: Total.....	-6.7	-10.2	.0	+5.7
Manufactures: Total.....	-6.6	-10.1	.0	+5.6
Durable goods.....	-9.8	-14.0	.0	+7.4
Nondurable goods.....	-1.7	-5.8	.0	+4.4
Minerals.....	-4.3	-6.7	-2.7	+6.4
New construction ⁴	+5.2	+3.7	+4.7	+2.1
EMPLOYMENT ⁵				
Employment: Total.....	-1.6	-1.9	-9	+6
Nonagricultural establishments: Total.....	-2.8	-2.9	-1.0	+8
Manufacturing.....	-7.1	-7.1	-3.3	+2.0
Mining.....	-11.7	-8.5	-5.4	-2.9
Transportation.....	-7.0	-8.1	-1	-9
All other.....	+5	+3	+3	+5
Man-hours worked in manufacturing: Total.....	-10.8	-11.5	-3.1	+3.6
Durable goods.....	-13.8	-14.4	-5.1	+5.5
Nondurable goods.....	-6.3	-7.2	-3	+1.1

¹ Changes based on seasonally adjusted data.² Preliminary. For labor, proprietors', and investment income, changes are based on data through November.³ Changes in the last three columns are from second quarter of 1953 to first quarter of 1954, first to third quarter of 1954, and third to fourth quarter of 1954.⁴ Based on data in constant prices.⁵ Data for total employment are Bureau of the Census estimates, seasonally adjusted, and for employment in nonagricultural establishments are seasonally adjusted estimates of the Bureau of Labor Statistics.

Sources: Department of Commerce, Department of Labor, Board of Governors of the Federal Reserve System, National Bureau of Economic Research, and Council of Economic Advisers.

TABLE 3.—Recent changes in gross national product and its major components

[Billions of dollars, seasonally adjusted annual rates]

Item	Change from—		
	Second quarter 1953 to first quarter 1954	First quarter 1954 to third quarter 1954	Third quarter 1954 to fourth quarter 1954 ¹
Gross national product: Total.....	-14.1	-0.3	+5.5
Additions to inventories.....	-9.6	-6	+3.3
Federal purchases of goods and services.....	-7.2	-7.1	-1.8
Personal consumption expenditures.....	-3	+4.3	+2.7
Gross private domestic fixed investment.....	-1.8	+1.4	+6
Net foreign investment.....	+2.2	+9	+2
State and local purchases of goods and services.....	+2.5	+8	+5

¹ Preliminary.

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

Sources: Department of Commerce and Council of Economic Advisers.

on this sector of the economy. Although total spending by consumers was virtually unchanged between the second quarter of 1953 and the first quarter of 1954, their outlays on durable goods were considerably reduced. Investors in fixed capital likewise reduced their outlays on equipment, though not on construction. In consequence, while the physical volume of nondurable manufactures declined 6 percent between July 1953 and March 1954, the production of durables declined 14 percent and manufacturing production as a whole, 10 percent. About 1¼ million men and women lost their jobs in manufacturing during this period, nearly a million of them in steel mills, ordnance establishments, shipbuilding yards, automotive plants, locomotive works, and other durable goods factories. In the meantime, overtime work was curtailed and the average length of the workweek declined. Wage rates continued to rise, but their influence was swamped by reduced employment and working hours, and the annual rate of wage income in manufacturing fell by 5½ billion dollars, or 11 percent. As is usual at such a time, profits fell more sharply; dividend payments, on the other hand, were maintained or even increased.

Economic contraction was not confined to manufacturing industries. Sizable reductions of activity occurred also in the mineral and transportation industries, particularly in coal mining and railroading, whose long-standing difficulties in maintaining a satisfactory market position were accentuated. Agriculture continued to be characterized by large surpluses, inadequate exports, and lower prices received by farmers relative to those paid by them. Other branches of industry—notably, construction, the electrical utilities, and the great range of service industries—were successful in resisting the forces of contraction and even continued to grow. Nevertheless, by early March 3¾ million persons were unemployed, an increase of about 2 million from the preceding July. Another ¼ million were temporarily laid off, and a large number were working only part time. A cry of impending depression was raised.

II. GATHERING FORCES OF RECOVERY

The depression that so many feared or expected did not, however, develop. Toward the end of 1953 signs of improvement began to appear in financial and investment markets, and these indications multiplied after the turn of the year. Stock prices started rising in September 1953. Contracts for residential building resumed their advance at about the same time. Contracts for commercial and industrial building joined the advance at the beginning of the new year, as did new business incorporations and orders placed with manufacturers of durable goods. The liabilities of business firms forced into failure reached a peak in February, then declined irregularly. Meanwhile, money rates, which had been falling since June 1953, continued to move downward. Credit became more readily available at progressively cheaper rates. The terms of mortgage financing, which had already been extensively liberalized by the fall of 1953, continued to ease

during 1954, and a buoyant market developed for new mortgages. Also the market for capital issues, especially for State and local government bonds, became increasingly active and confident.

The early recovery was most dramatic in the financial and investment spheres, but it was not confined to them. After the turn of the year, retail sales began to increase, despite a substantial drop of outstanding consumer credit. Exports rose above the preceding year's level, despite a drop of imports. Inventories of manufacturers continued to decline, and sales therefore continued to exceed production. But by the spring of 1954, the decline in production had abated and the economy stabilized. The combined output of manufacturing and mining industries traced an even course between March and August. The gross national product, which expresses the dollar value of the Nation's total output of goods and services, was virtually the same for the second and third quarters of the year as for the first. Employment in nonagricultural establishments continued to fall; but the rate of decline in employment diminished appreciably and the average length of the workweek in manufacturing actually increased somewhat. The flow of total personal income, as well as of labor income, reached a low point in April and then began to rise gradually.

Meanwhile, investment preparations, especially of home builders, proceeded on an expanding scale. Businessmen also continued their efforts to win better control over inventories. These efforts met with success. Around the turn of the year, the ratio of inventories to sales had ceased rising in most lines of industry. The ratio for manufacturing as a whole, which was 1.95 in January 1954, fell to 1.88 in May and to 1.85 in September. For retailers the ratio moved from 1.66 in January to 1.62 in May and 1.58 in September. These readjustments were largest in the case of durable goods, which had felt the impact of contraction most keenly. With inventories under better control, the gap between the orders received by manufacturers and their current sales became progressively narrower, while commodity prices at wholesale and retail changed very little on the average. Wage rates continued to move upward, but most adjustments were of moderate proportions and some decreases occurred. In these circumstances the retirement of marginal units of equipment, reductions of overtime work, and other economies resulted in lower unit costs for many businesses. By the late summer of 1954, a broad foundation had thus been laid for industrial recovery.

The transition from contraction to recovery is an intricate economic process, worked out over time, whose character is never disclosed by over-all measures of economic activity. The virtual stability of the gross national product over a good part of the past year concealed the fact that, after the turn of the year, the number of declining industries in the area of manufacturing progressively diminished. It also concealed the vital transformation that was taking place in the Nation's stream of expenditure. Between the first and third quarters of 1954, total Federal spending on goods and services declined at an annual rate of 7 billion dollars. Meanwhile, other

major categories of expenditure—that is, consumer spending, private domestic investment, foreign investment, and State and local expenditures—increased, in the aggregate, at approximately this rate. Not only that, but each of these four broad classes of expenditure expanded. Thus, while the gross national product stood still, the civilian part of the economy kept moving forward, enlarging its outlays, taking up the slack caused by the continued decline of Federal spending. This adaptive power of the economy during a difficult period of readjustment from war to peace supported and strengthened a widespread feeling of confidence.

By the early autumn of 1954, the forces of recovery had gathered sufficient strength to lift total production and employment, despite a continued drop of Federal spending. Total industrial production began rising gently in September, then gained momentum as the virtual shutdown of automobile plants for model change-overs ended. Employment in nondurable goods manufactures reached a trough in July, in durable goods manufactures in August, in nonagricultural establishments as a whole in the same month. In early October unemployment fell below the 3 million mark for the first time in 1954. By November economic improvement had again pushed the average length of the workweek in manufacturing above 40 hours. The recovery was largest in the steel, automobile, household appliance, and textile industries. It was felt also in coal mining, railroad freight movements, and a host of other activities. In the meantime, the construction industry, which had stubbornly defied the recession, continued to advance. The flow of personal incomes, reflecting all these improvements, expanded at a more rapid rate. Weekly earnings in manufacturing reached a new record. Bank loans increased again and interest rates stopped declining. Commodity markets generally kept steady, but rising demand for industrial raw materials pushed up their prices. Some tendency to lengthen inventory commitments developed, and the flow of orders to manufacturers again exceeded their sales. When the year ended, the traces of contraction had not yet been erased, but a general economic recovery was in process.

III. WHY THE CONTRACTION PROVED MILD

The course of the recent contraction raises important questions for all students of public affairs, namely: Why did the economic setback of 1953–54 prove so mild on an over-all basis? Why did our total national output of goods and services decline no more than 4 percent? Why did not the decline turn into the cumulative, spiraling depression that many feared and some expected? Why, to put a still more exacting question, did the gross national product decline from an annual rate of about 370 billion dollars in the second quarter of 1953 to 356 billion in the third quarter of 1954, or by 14 billion dollars in all, when the primary contracting factors—inventory spending and Federal spending—declined between them as much as 24 billion dollars?

These are difficult questions and they will doubtless engage the attention of scientific investigators for a long time to come. Nevertheless, some of the factors that contributed to the result are clear even today. Consumers not only maintained their spending at a consistently high level, but reduced their rate of saving during 1954. Businessmen kept up their capital expenditures at a high rate, increased the flow of dividends to stockholders, and intensified their selling efforts. Builders and real estate developers stepped up their operations. Trade unions conducted their affairs with an eye to basic conditions and with a sense of responsibility. Farmers and their organizations recognized the danger of piling up ever larger surpluses. Commercial banks and other financial institutions made ample supplies of credit available on liberal terms. States and localities carried out large and expanding programs of school, hospital, and road construction. And the continuing recovery of Western Europe helped to augment our exports and to bolster the prices of internationally traded raw materials.

Clearly, many people had a part in stemming the economic decline and easing the readjustment from war to peace. The Federal Government also contributed significantly to the process of recovery. It influenced the economy in two principal ways, first, through the automatic workings of the fiscal system, second, by deliberately pursuing monetary, tax, and expenditure policies that inspired widespread confidence on the part of people and thus helped them to act in ways that were economically constructive.

IV. ROLE OF FEDERAL GOVERNMENT

It is well to recall that we have developed in our country a fiscal system that tends to cushion or offset a decline in private income. When employment and income decline, tax receipts decrease and certain expenditures, such as unemployment insurance payments, automatically increase. These offsets cannot be counted on to prevent a depression, but they can be of very material assistance, as recent experience indicates.

Between July 1953 and July 1954 total personal income derived from production decreased at an annual rate of 4.4 billion dollars. In the meantime, unemployment insurance and other social security payments to the public increased at a rate of 2.2 billion dollars, while tax payments by the public—quite apart from the change in rates that became effective in January 1954—fell at the rate of another billion. These two factors alone served, in very large part, to offset the over-all decline of personal income from production, and their effects were augmented by the operations of the farm price-support system.

The experience of corporations was similar to that of individuals. While corporate income decreased at an annual rate of 7.4 billion dollars between the second quarter of 1953 and the second quarter of 1954, the tax liability of corporations was cut by 4.5 billion dollars merely as a result of the decline in income and quite apart from any change in the tax law.

Once again, therefore, our taxing machinery automatically cushioned the impact of a declining income on the sums available to corporations for paying dividends or adding to their assets.

The Government was not content, however, to play merely a passive role in the economy. On the contrary, definite and deliberate steps were taken to promote a stable prosperity. One of the earliest acts of the new Administration, after taking office in January 1953, was to remove price and wage controls, in order to restore the functions of competitive markets. With a boom psychology existing at the time and unemployment at a vanishing point, this reform carried the danger of inducing fresh inflation. A precautionary policy of restricting credit expansion was therefore adopted. The aim was to prevent a reckless increase of investment and a deterioration in the quality of new credits, such as had often characterized the closing stages of economic booms in our history.

By May of 1953 it became clear that a policy of credit restraint had already accomplished this purpose, and that its further continuance might incite an anxious scramble for cash. The Federal Reserve authorities therefore proceeded promptly to ease credit conditions, first, by expanding the reserves of commercial banks, second, by reducing the reserves that the banks were required to hold against their deposits. In line with these actions, the Treasury arranged its financing so as not to compete with mortgages and other long-term issues. These steps were initiated before the peak of business activity had been definitely passed.

Later, in September 1953, when it was not yet generally appreciated that an economic decline had already begun and that the curtailment of defense spending might carry it further, the Secretary of the Treasury announced that the Administration, besides relinquishing the excess-profits tax, would not seek to postpone the reduction of the personal income tax, scheduled for January 1, 1954. The cuts served to reduce taxes during the next six months by 1.1 billion dollars, and it has been estimated that they will reduce taxes from July 1954 to June 1955 by 4.7 billion dollars. Although the tax reductions were partly offset by increases in social security contributions that also became effective in January 1954, the net effect was to increase substantially the money available to people for spending or investing.

In January 1954 the Economic Report of the President developed a comprehensive program to stimulate competitive enterprise, to strengthen the floor of security for the individual, and to curb tendencies toward either depression or inflation. The program called for structural tax changes to encourage economic growth, in particular, for more liberal treatment of depreciation allowances, for treating research and development outlays as a current expense, for reducing the double taxation of dividends, and for lengthening the period over which business losses could be carried back in reckoning the income tax. The program called also for tax adjustments to ease personal hardships, an enlargement of the credit facilities for housing, the speeding of slum clearance, extension of the protective scope of old-age and unemployment insurance, improvement of the highway system,

systematic planning of public works, a realistic agricultural policy, and an extension of the President's authority to control the terms on which the Federal Government would underwrite housing loans and mortgages. The announcement in January of these legislative proposals, nearly all of which were subsequently enacted by the Congress, helped to inspire confidence in the economic policies of Government.

In later months, additional steps were taken by the Government to stimulate the economy. Federal Reserve banks lowered their rediscount rates. The reserves that member banks are required to hold in support of their deposits were reduced once again. Excise taxes were cut, carrying a revenue loss of about 1 billion dollars in the fiscal year 1955, in addition to the loss of 1.4 billion dollars as a result of enacting structural tax changes. Some of our hard-pressed industries were aided—notably shipbuilding through a new construction program, and zinc and lead mining as a result of a revised stockpiling program. The Executive Branch attended to its house-keeping duties by expediting actions that involved the private economy, as in the case of refunds of overpaid taxes, and by announcing promptly its own commitments, as in the case of grants to the States for road building. The Government also attempted to assist localities suffering from unemployment by channeling contracts to them as far as feasible, by boosting the allowable rate of accelerated amortization on facilities needed for the mobilization base, and by expanding the activities of the Area Development Division of the Department of Commerce.

V. EFFECTS OF GOVERNMENTAL POLICIES

This, in broad outline, is the record of recent actions of the Federal Government to stimulate the economy. What gave them a special character was their promptness and the heavy reliance on monetary policies and tax reductions. The shift from credit restraint to credit ease before an economic decline had begun, the announcement of sizable tax reductions before it was generally appreciated that an economic decline was actually under way, the submission to the Congress of a comprehensive program for encouraging the growth of the economy through private enterprise—these early measures to build confidence were by far the most important. For they strengthened confidence when it was most needed, and thereby rendered unnecessary any later resort to drastic governmental programs in an atmosphere of emergency.

The basic policy of the Government in dealing with the contraction was to stimulate business firms, consumers, and States and localities to increase their expenditures, rather than to expand existing Federal enterprises or initiate new spending programs. The success of this policy is evident in the present recovery. It is evident also in some of the unusual, and at first blush puzzling, characteristics of the recent contraction—the steady increase of disposable personal income, the almost uninterrupted rise of consumer spending, the expansion of State and local improvements, the

maintenance of private investment in fixed capital close to peak levels, the expansion of the money supply, and the steadiness of the price level.

Tax reductions, along with unemployment insurance benefits and other social security payments, supported powerfully the income at the disposal of individuals and families. This can be seen from a simple calculation for the interval from July 1953 to July 1954. If we combine the effects, first, of the automatic reduction of tax payments resulting from reduced incomes, second, of the deliberate changes of tax rates that occurred in January 1954, third, of the expanded flow of unemployment insurance and related payments, we get a sum of offsets to a declining production income that comes to 5.2 billion dollars. Since the income derived from production declined by an annual rate of only 4.4 billion dollars, the income available to the public for spending or saving actually increased by nearly 1 billion dollars. This remarkable result—namely, a rise in disposable personal income accompanying a 10 percent decline of industrial production—has no parallel in our recorded economic history.

Tax reductions not only offset reductions from production income; they also helped to make production income itself larger than it would otherwise have been. As noted previously, corporate profits before taxes fell at an annual rate of 7.4 billion dollars between the second quarter of 1953 and the second quarter of 1954. Meanwhile, the reduction of taxes that automatically accompanied the decline of income, coupled with the removal of the excess-profits tax, reduced the tax liability of corporations at an annual rate of 5.5 billion dollars, and thus offset the greater part of the reduction of corporate income. Had it not been for this reduction of taxes, it is unlikely that corporations would have increased their dividend payments at an annual rate of 300 million dollars during this period, thus bolstering the flow of personal income. Nor is it likely that they would have maintained their capital expenditures at so high a rate, thereby supporting the Nation's income base. And if this is true of corporations, it is not less true of individuals and families. With their disposable income increasing, people spent money rather freely and thus supported employment and the flow of income to themselves, their neighbors, and others.

The effects of monetary and debt management policies on the community's income stream are harder to trace than the effects of lower taxes, but there can be no doubt of their significance or pervasiveness. These policies were adjusted swiftly to changing conditions, and helped materially, first to prevent inflation, later to check contraction. Before the recession of economic activity in 1953 had commenced, interest rates were already declining. Later in the year, the easing of credit terms became general, and extended from prime issues to those involving larger risks. Financial institutions, amply supplied with reserves or cash, sought opportunities to put their resources to use. With the demand for business and consumer loans relatively low, they eagerly took up mortgages, municipal bonds, corporate issues, and Treasury obligations. As a result, the loans and investments of commercial banks increased by about 10 billion dollars during 1954

and the money supply increased further—especially in the second half of the year. Had it not been for the increased availability of credit and the easing of terms, the fast pace of residential, commercial, and State and local construction, which did so much to stabilize the economy during the past year, would not have been attained. Nor would consumers have been able so easily to arrange financing for a part of their expenditure. Nor would the liquidation of inventories have proceeded with so little disturbance to markets or general economic activity.

It is well to recognize, however, that the reasons for the success of recent policies are not to be found in them alone. Tax reductions, however attractive they may seem when the economy is declining, will not necessarily lead to an increase of spending or investing. Easier credit conditions, larger bank reserves, even a larger money supply will not necessarily put new money to work in industry. Management of the public debt so as to avoid competition with mortgages and other capital issues will not necessarily increase private capital formation. If such policies are to be of material help in stemming a contraction, there must be a pervasive feeling of confidence on the part of people. The effectiveness of a particular policy, whatever be its sphere or expression, is conditioned by the mood of the time, and this is bound to reflect people's attitudes toward governmental policies at large. It is not merely the intrinsic merit of the individual policies that were pursued, but also the fact that each was part of a cohesive program for strengthening the confidence of people in their own and their country's economic future, that accounts for our recent success in curbing economic contraction.

VI. LESSONS FROM EXPERIENCE AND GUIDES TO THE FUTURE

In the course of our latest encounter with the business cycle we have learned or relearned several lessons. First, that wise and early action by Government can stave off serious difficulties later. Second, that contraction may be stopped in its tracks even when governmental expenditures and budget deficits are declining, provided effective means are taken for building confidence. Third, that monetary policy can be a powerful instrument of economic recovery, so long as the confidence of consumers and businessmen in the future remains high. Fourth, that automatic stabilizers, such as unemployment insurance and a tax system that is elastic with respect to the national income, can be of material aid in moderating cyclical fluctuations. Fifth, that a minor contraction in this country need not produce a severe depression abroad. Sixth, that an expanding world economy can facilitate our own readjustments. These teachings of experience should serve us well in the years ahead, though we must always be alert to the special needs of every new situation.

As our minds turn from the past to the future, the basic fact to keep before us is that, while the groundwork for the recent recovery was laid by the Government, the recovery itself was brought about by the American people. A mood of confidence about the economic future has been gradually de-

veloping in recent years, and the strength exhibited by our economy last year has reinforced this trend.

A large and increasing number of business managements have become accustomed to thinking in ambitious, long-range terms. Expecting our economy to grow and prosper, they do not permit minor variations in sales to divert them from the objective of strengthening, or at least maintaining, their competitive position five or ten years later. Hence they boldly allot large sums to research, plan capital expenditures well beyond immediate needs, launch extensive investment projects, and even judge one another by these yardsticks no less than by profit-and-loss statements.

The economic horizons of consumers are also widening. One of the marvels of our generation has been the growth of consumer capital—modern homes, automobiles, radios, television sets, washing machines, air conditioning units, electric dryers, food freezers, and so on in an ever longer list. Perhaps at no time in the past has the desire for material improvement played so large a role in the economy as it does today. Consumers continue to visit bargain basements but their preferences run strongly toward the latest contrivances, newest conveniences, and premium grades. And if people are no longer timid about borrowing to expand their current spending, they are also willing to work hard to acquire the incomes needed to live as they feel they should.

TABLE 4.—Output of some rapidly growing consumer commodities and services

Commodity or service	Unit	1940	1948	1953	1954 ¹
COMMODITY					
Air conditioning units, room.....	Thousands.....	(²)	73	1,045	1,230
Antibiotics.....	Thousand pounds.....	(²)	243	1,630	1,780
Blankets, electric.....	Thousands.....	(²)	675	948	1,050
Dryers, clothes.....	Thousands.....	58	92	737	890
Freezers, farm and home.....	Thousands.....	(²)	690	1,090	975
Frozen foods.....	Million pounds.....	431	1,163	3,500	3,800
Furnaces, warm air, oil and gas.....	Thousands.....	123	379	925	1,110
Oil burners, residential.....	Thousands.....	264	420	852	800
Oleomargarine.....	Million pounds.....	320	908	1,292	1,320
Shavers, electric.....	Thousands.....	900	1,650	3,500	3,950
Synthetic detergents.....	Million pounds.....	30	550	2,134	2,350
Synthetic fibers, other than rayon.....	Million pounds.....	5	75	301	320
Television sets.....	Thousands.....	(²)	980	7,215	7,400
Waste food disposals.....	Thousands.....	(²)	175	325	360
Water heaters, electric and gas.....	Thousands.....	676	2,540	3,002	3,075
SERVICE					
Cleaning and dyeing.....	Index, 1940=100.....	100	302	369	367
Repairs, household durables.....	Index, 1940=100.....	100	326	912	1,170
Revenue passenger miles flown.....	Billions.....	1	6	16	17

¹ Preliminary.

² Production was relatively small.

Source: Department of Commerce, based on data from various private and Government sources.

With the business cycle apparently under reasonable control, with the size of population growing rapidly, with science and technology adding new wonders each day, with incomes distributed widely, with mass markets expanding to match mass production, and with governmental policy steering a middle course between the political extremes, both material and psychological

factors are peculiarly favorable to economic progress. Hence, the business recovery now under way is powerfully supported by underlying forces of economic growth. While only of very recent date, the recovery is widespread and has already made up half of the decline that had occurred in industrial production. The rate of inventory liquidation has sharply abated, and we are soon likely to experience some rebuilding of inventories. The projected decline of Federal spending is less than in the past two years. State and local expenditure will probably continue to expand and more than offset any further decline that may occur in Federal expenditure. The recent increase of housing starts and the rush of applications to Federal agencies for mortgage insurance or guarantees promise that home building will continue to mount for some time. The recent high level of commercial building contracts is practically sure to mean a high level of expenditure for this type of construction over coming months. The prospects for plant and equipment expenditure are more uncertain; however, rising orders for machinery, to say nothing of the new plans and revisions of old plans that are likely to accompany continued recovery, give a basis for expecting that this broad category of expenditure will soon join, though perhaps only modestly at the start, the general economic advance. In view of the resurgence of the economy of Western Europe and the reduction of restrictions against dollar trade, it seems likely that our exports will continue to increase. The spirited behavior of retail sales in recent months has borne out earlier surveys of consumer attitudes. Further expansion of consumer spending may be expected as economic recovery cumulates.

Beyond these indications of immediate or short-run prospects is the fact that new firms are being established at an increasing rate, and that the offices of architects are reported to be bursting with plans for new homes, schools, and all sorts of commercial and industrial projects. Still further in the future, but already a factor in business thinking, is a new national highway system, which will create great economic opportunity in many directions, and of which something will be said later in this Report.

In the course of the current year, the economic situation may therefore be expected to continue to improve. The gross national product increased from an annual rate of about 355 billion dollars in the third quarter of 1954 to about 360 billion dollars in the fourth quarter. With economic activity continuing to expand, it is reasonable to expect that the Nation's output within the coming year will approximate the goals of "maximum employment, production, and purchasing power" envisaged by the Employment Act. At this juncture of our economic life, when confidence is running especially high, it is well, however, to keep in mind the sobering fact that there is no way of lifting more than a corner of the veil that separates the present from the future. How long the current phase of expansion will continue before new international trouble or a cyclical reversal of business occurs, or how far the expansion will carry, it is impossible to say with great assurance. The uncertainty of economic predictions requires that the Federal Government be prepared to adjust its policies promptly if economic

events should not bear out current expectations. Over coming weeks or months we should, however, be careful not to confuse seasonal fluctuations in employment or special fluctuations of individual industries or markets with over-all economic trends. It will prove helpful to keep in mind that a business recovery never retraces the precise path of the preceding contraction, and that this divergence is apt to be sharpest in postwar movements. The prosperity that some industries and localities attained during the Korean conflict, and which they have now lost, will not be regained quickly in all instances. Here and there the process of readjusting to reduced markets may be prolonged, although it will be greatly eased as general economic expansion continues.

We must also remember that, just as economic expansion resolves old problems, so it often brings new ones in its train. History tells us that industrial disputes have usually been more frequent in periods of expansion than in periods of contraction, and that industrial disputes sometimes have serious economic repercussions. History also warns us that activities which involve the discounting of a long future, as in the case of home purchases or the pricing of corporate shares, may be carried to excess in the course of a business expansion. Fortunately, when speculative trends develop, they usually become self-corrective before they become excessive. It is highly desirable that corrective movements, testing the soundness of various parts of the economy, be scattered over a period of time rather than culminate at the same time. As the recent increase of stock margin requirements by the Federal Reserve Board has demonstrated, the Government is mindful of its great responsibility to help assure balanced economic growth. It is essential to keep a close watch on financial developments. Continued economic recovery must not be jeopardized by overemphasis of speculative activity.

CHART 5

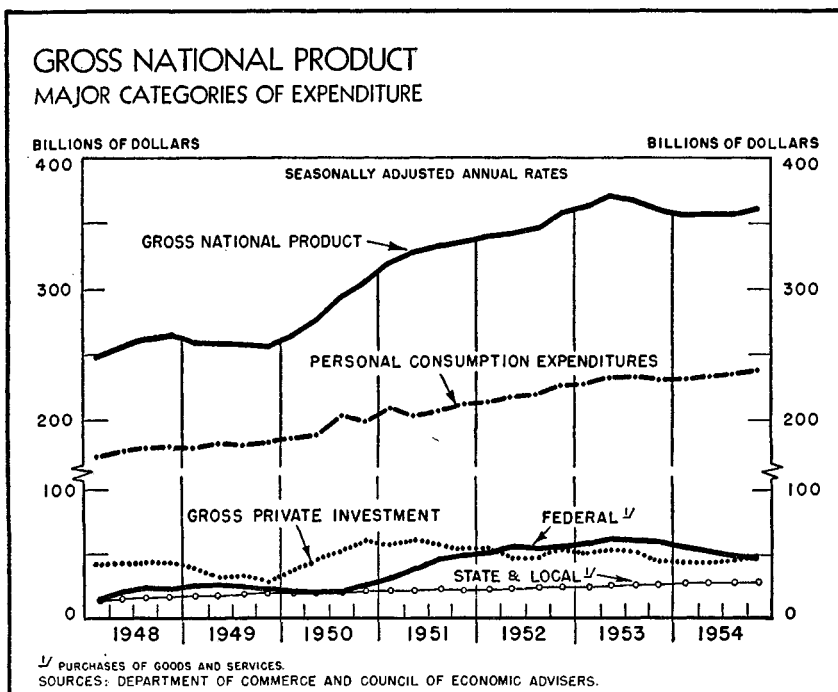


CHART 6

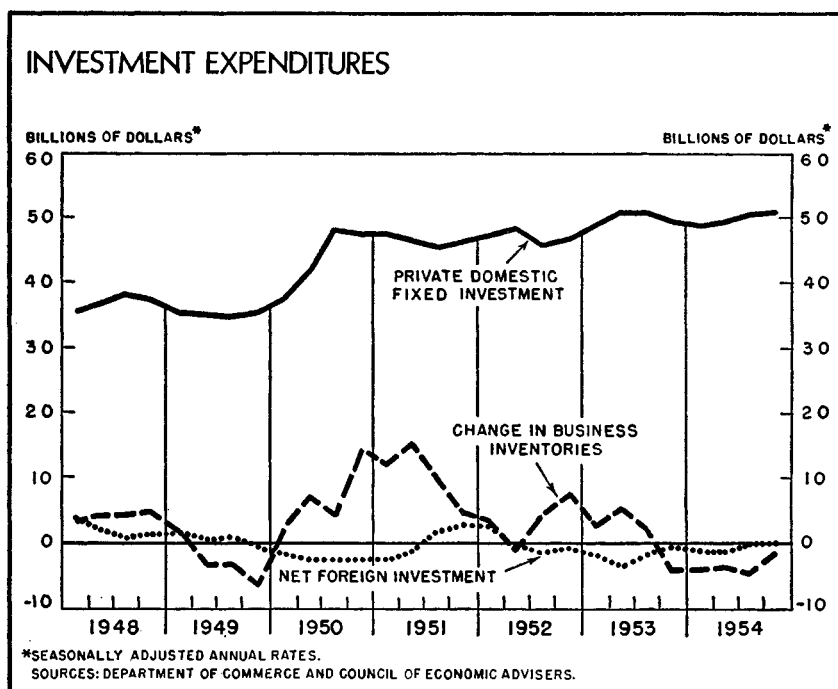
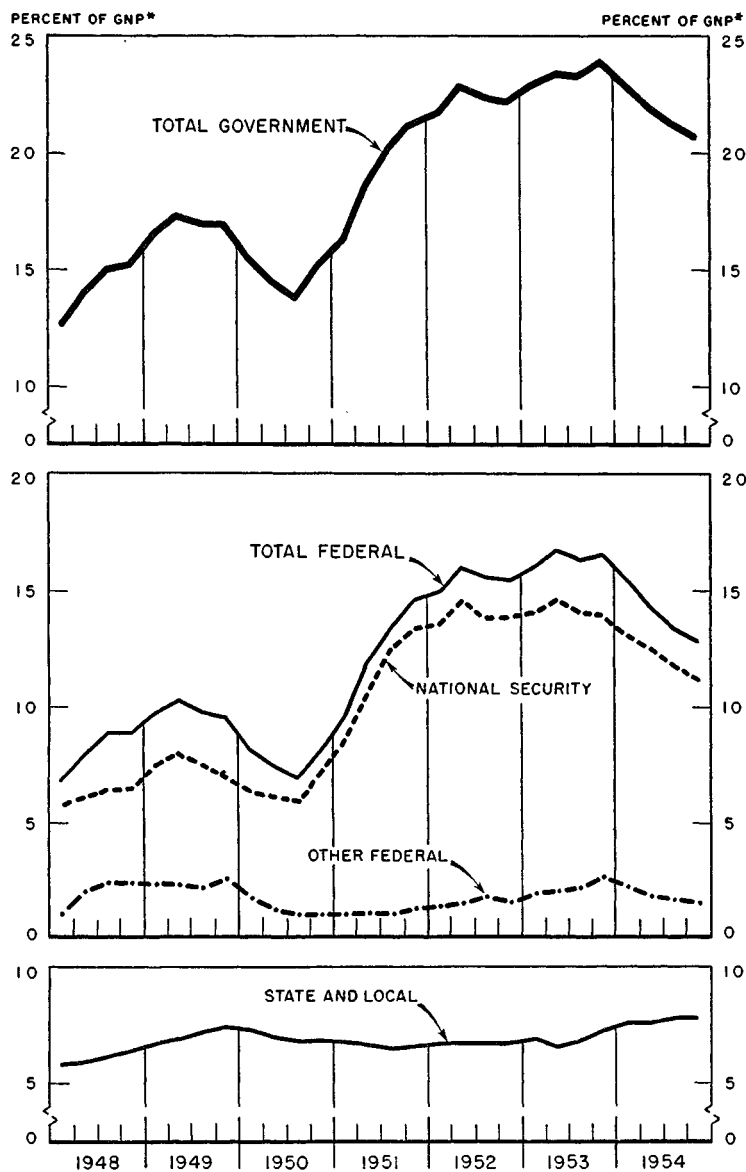


CHART 7

GOVERNMENT PURCHASES OF GOODS AND SERVICES PERCENT OF GROSS NATIONAL PRODUCT

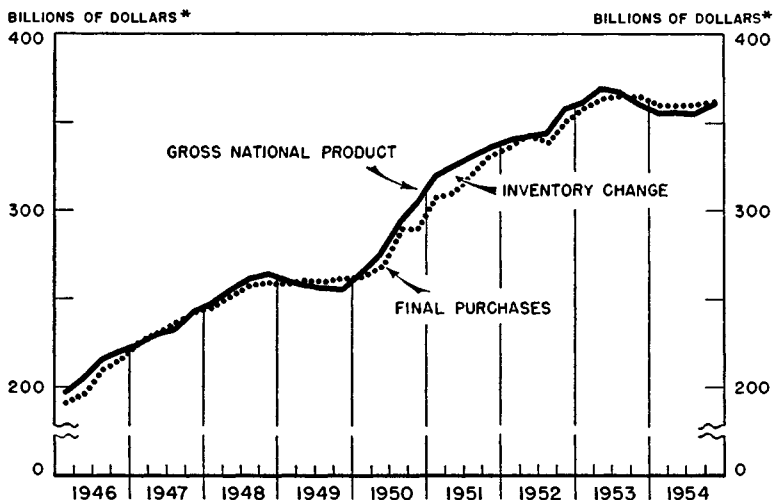


*BASED ON SEASONALLY ADJUSTED DATA.

SOURCES: DEPARTMENT OF COMMERCE AND COUNCIL OF ECONOMIC ADVISERS.

CHART 8

GROSS NATIONAL PRODUCT FINAL PURCHASES AND INVENTORY CHANGE

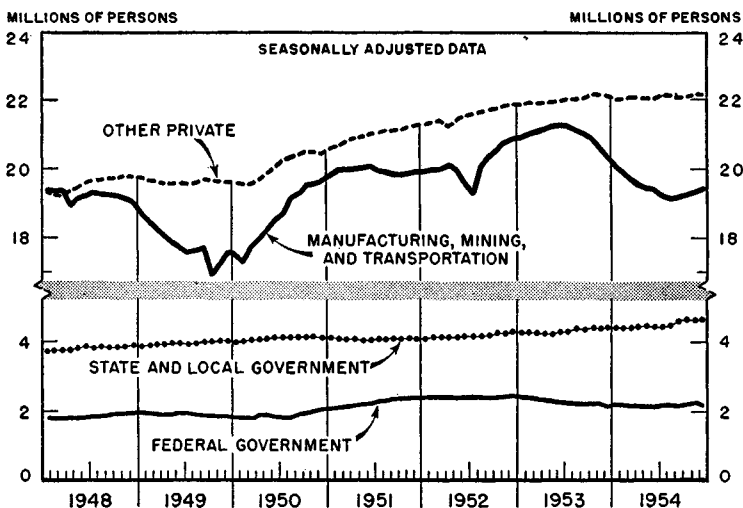


* SEASONALLY ADJUSTED ANNUAL RATES.

SOURCES: DEPARTMENT OF COMMERCE AND COUNCIL OF ECONOMIC ADVISERS.

CHART 9

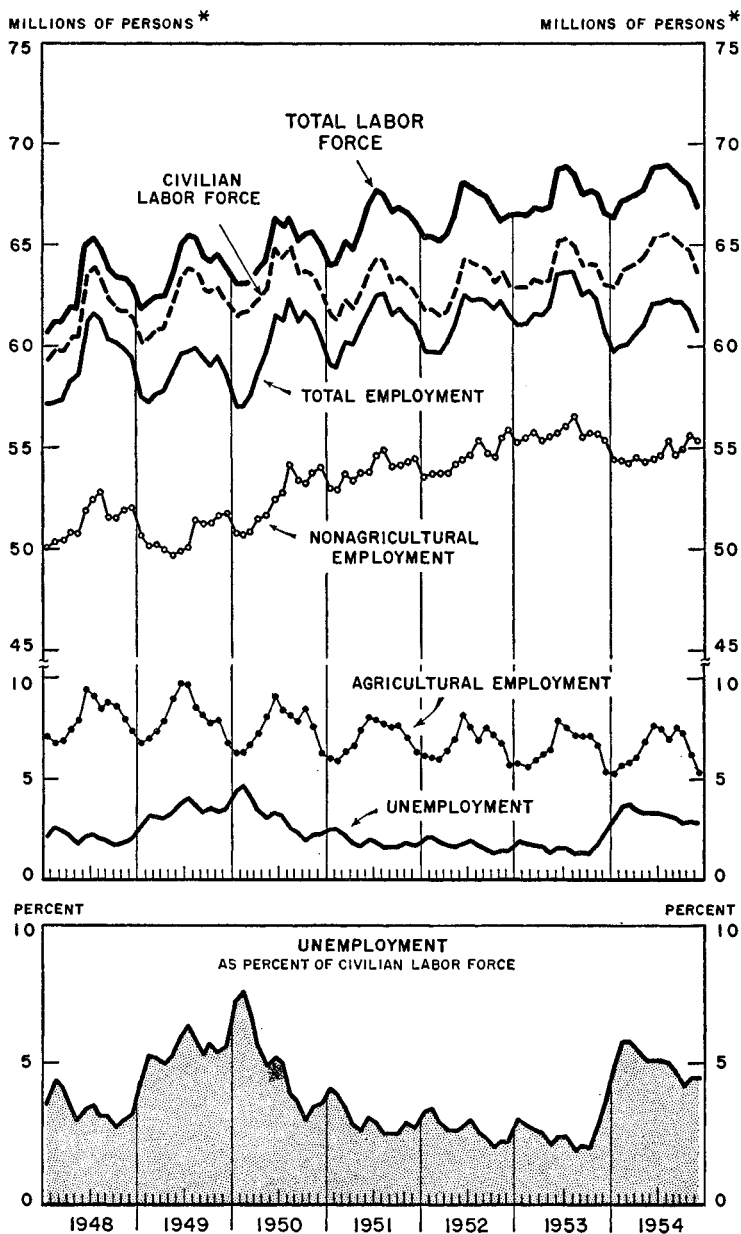
EMPLOYMENT IN NONAGRICULTURAL ESTABLISHMENTS



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

CHART 10

EMPLOYMENT AND UNEMPLOYMENT

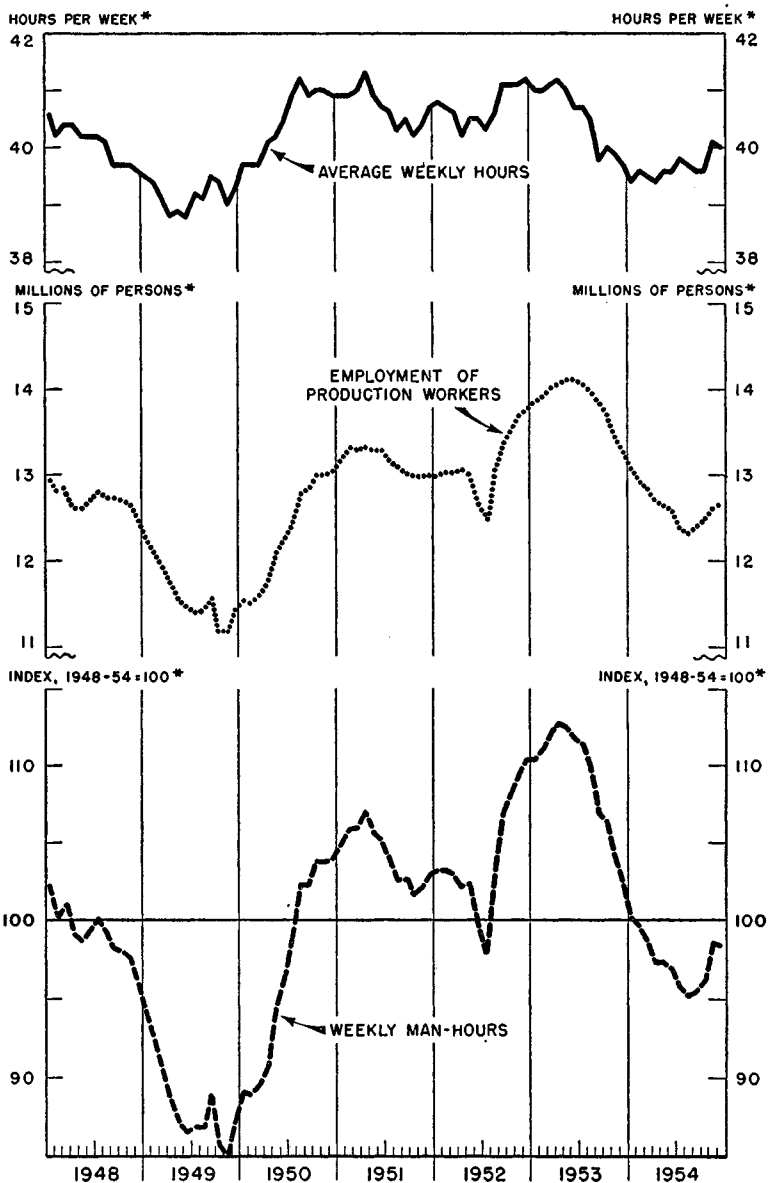


* 14 YEARS OF AGE AND OVER.

SOURCE: DEPARTMENT OF COMMERCE.

CHART 11

HOURS AND EMPLOYMENT IN MANUFACTURING



*SEASONALLY ADJUSTED DATA.

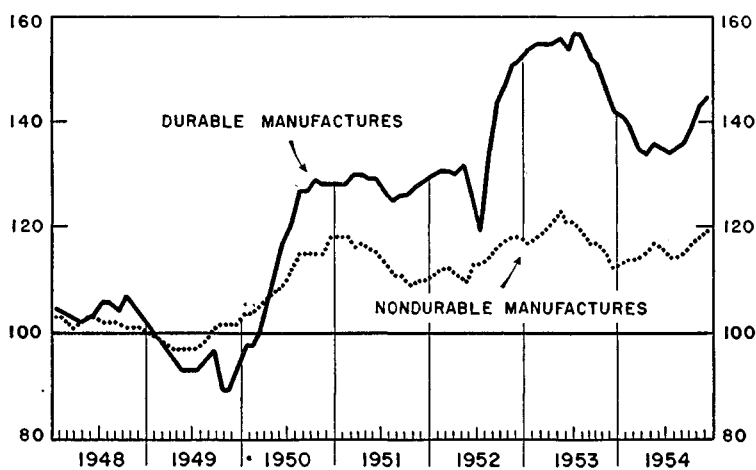
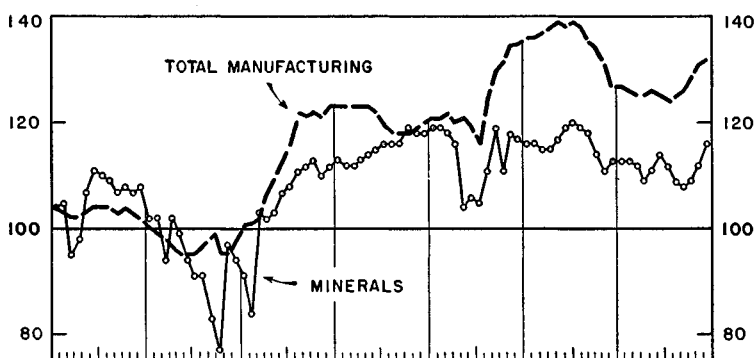
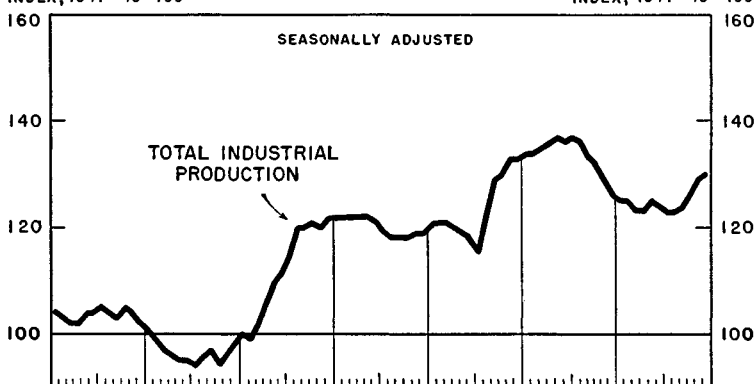
SOURCES: DEPARTMENT OF LABOR AND
NATIONAL BUREAU OF ECONOMIC RESEARCH.

CHART 12

INDUSTRIAL PRODUCTION

INDEX, 1947-49 = 100

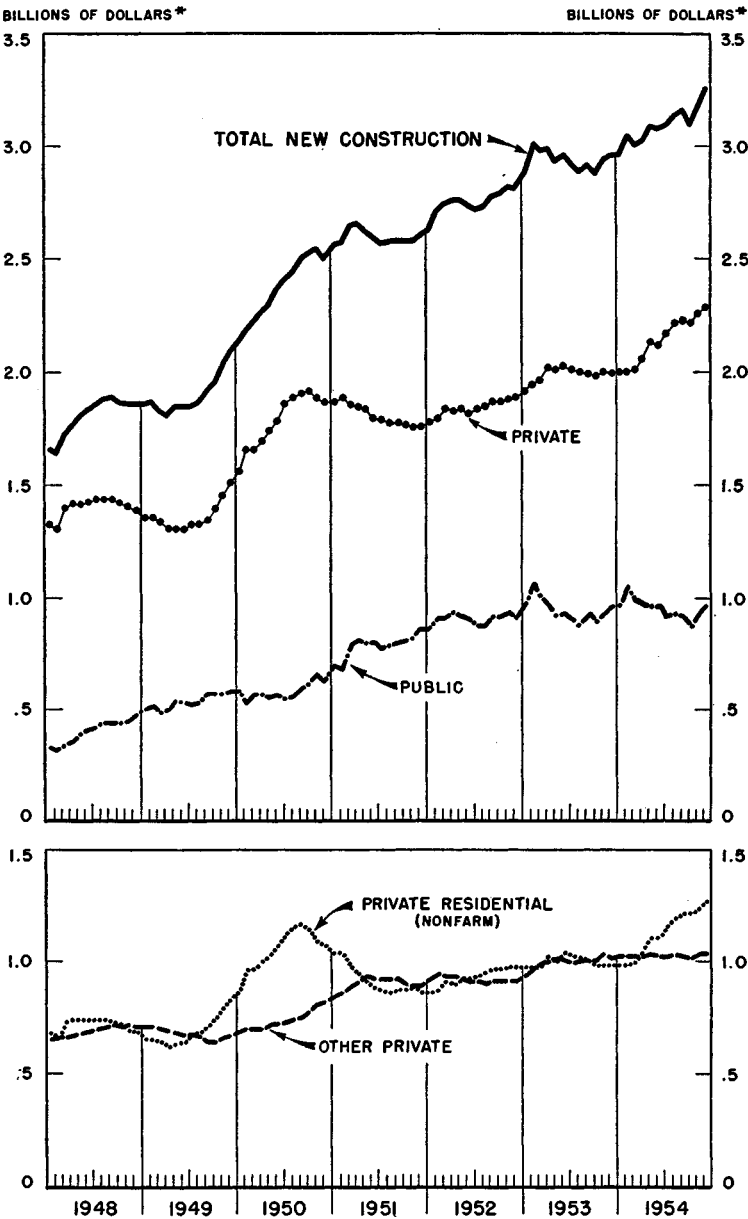
INDEX, 1947-49 = 100



SOURCE: BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.

CHART 13

CONSTRUCTION EXPENDITURES

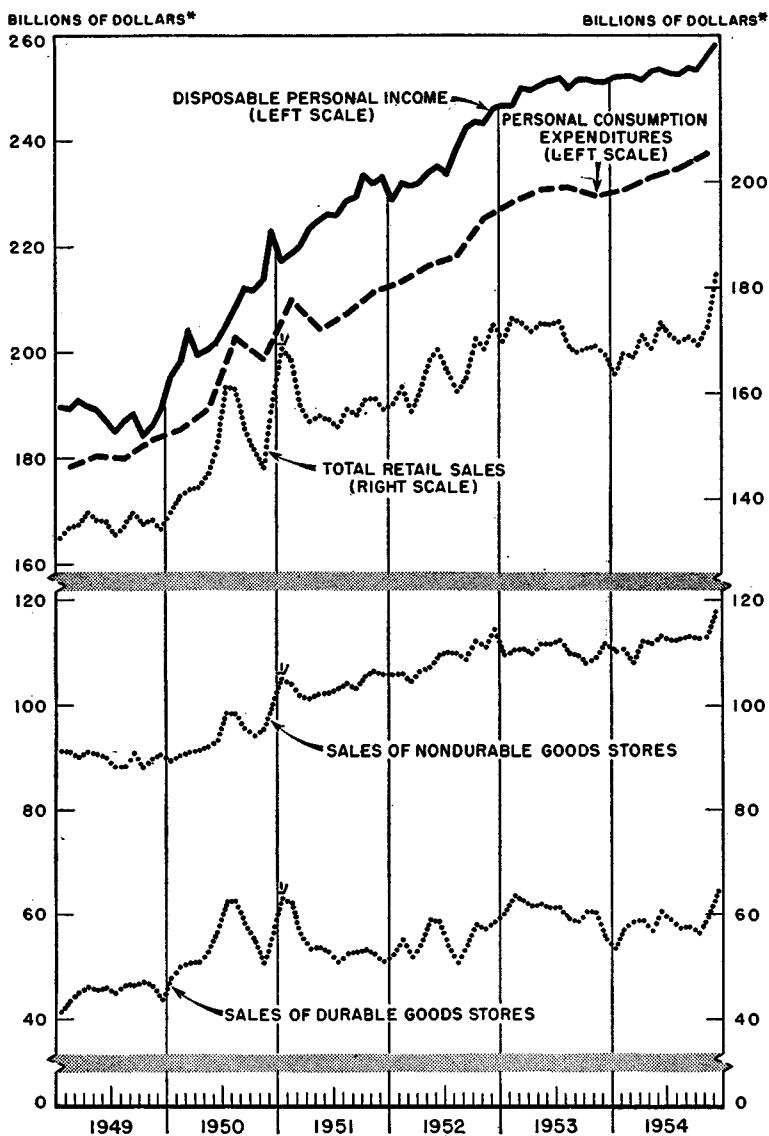


* SEASONALLY ADJUSTED.

SOURCES: DEPARTMENT OF COMMERCE AND DEPARTMENT OF LABOR.

CHART 14

CONSUMER INCOME AND EXPENDITURES



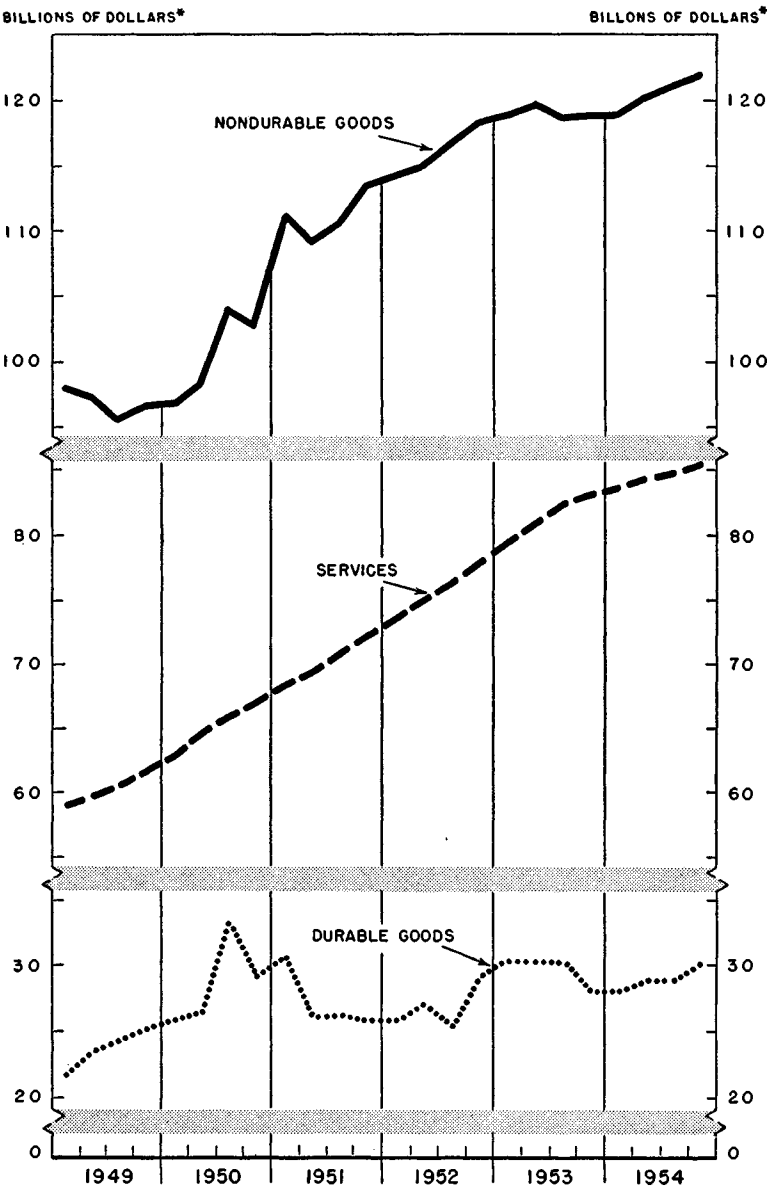
* SEASONALLY ADJUSTED ANNUAL RATES.

∪ NEW SERIES LINKED TO OLD SERIES.

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

CHART 15

CONSUMER EXPENDITURES

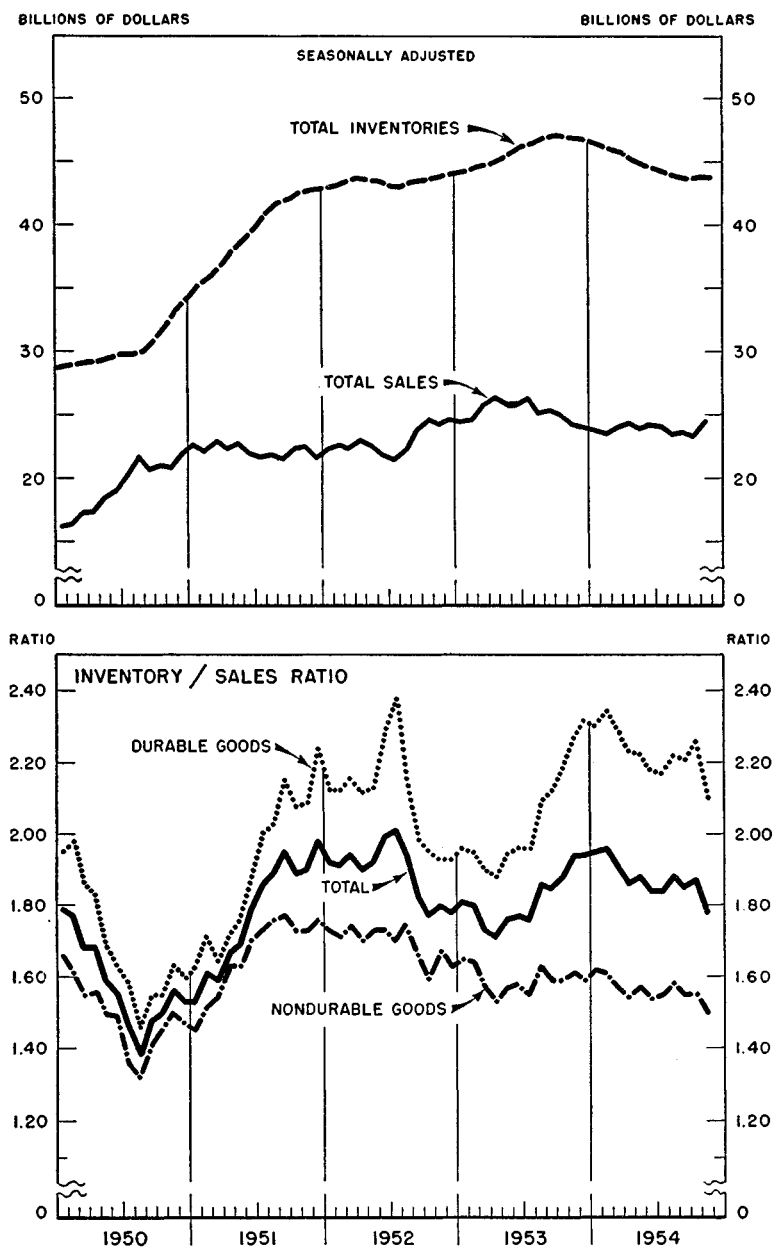


*SEASONALLY ADJUSTED ANNUAL RATES.

SOURCES: DEPARTMENT OF COMMERCE AND COUNCIL OF ECONOMIC ADVISERS.

CHART 16

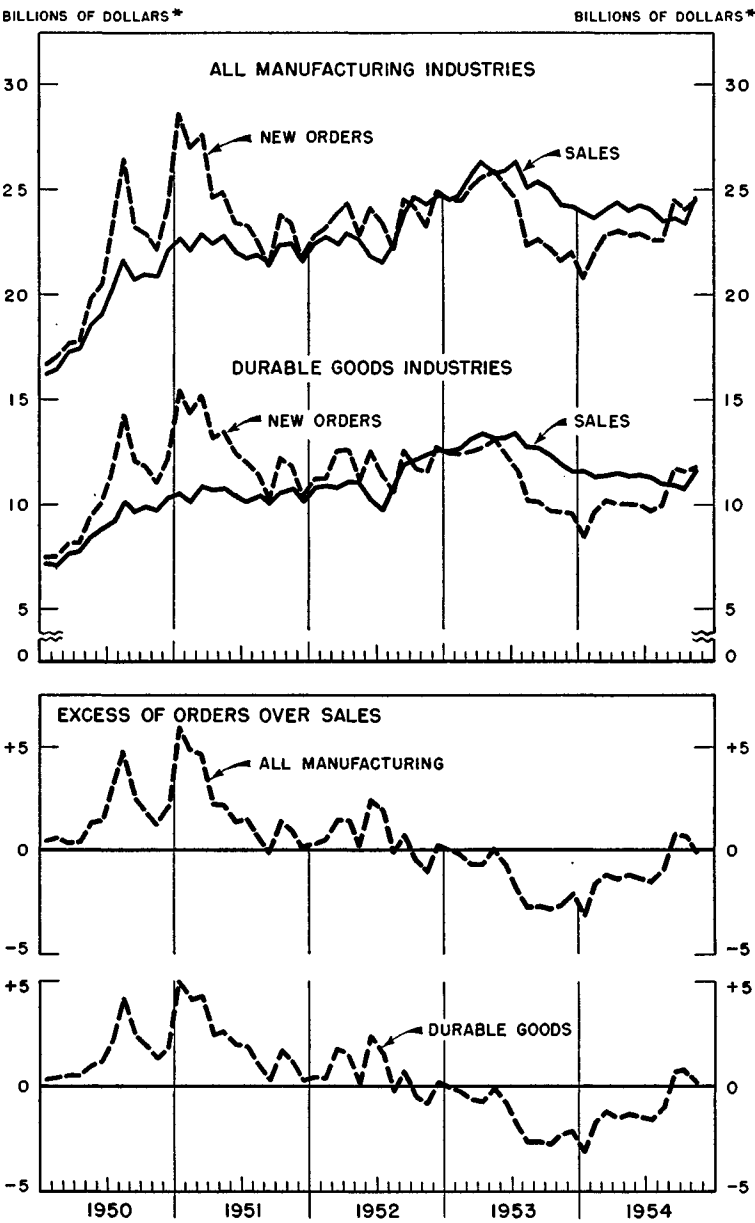
MANUFACTURERS' INVENTORIES AND SALES



SOURCE: DEPARTMENT OF COMMERCE.

CHART 17

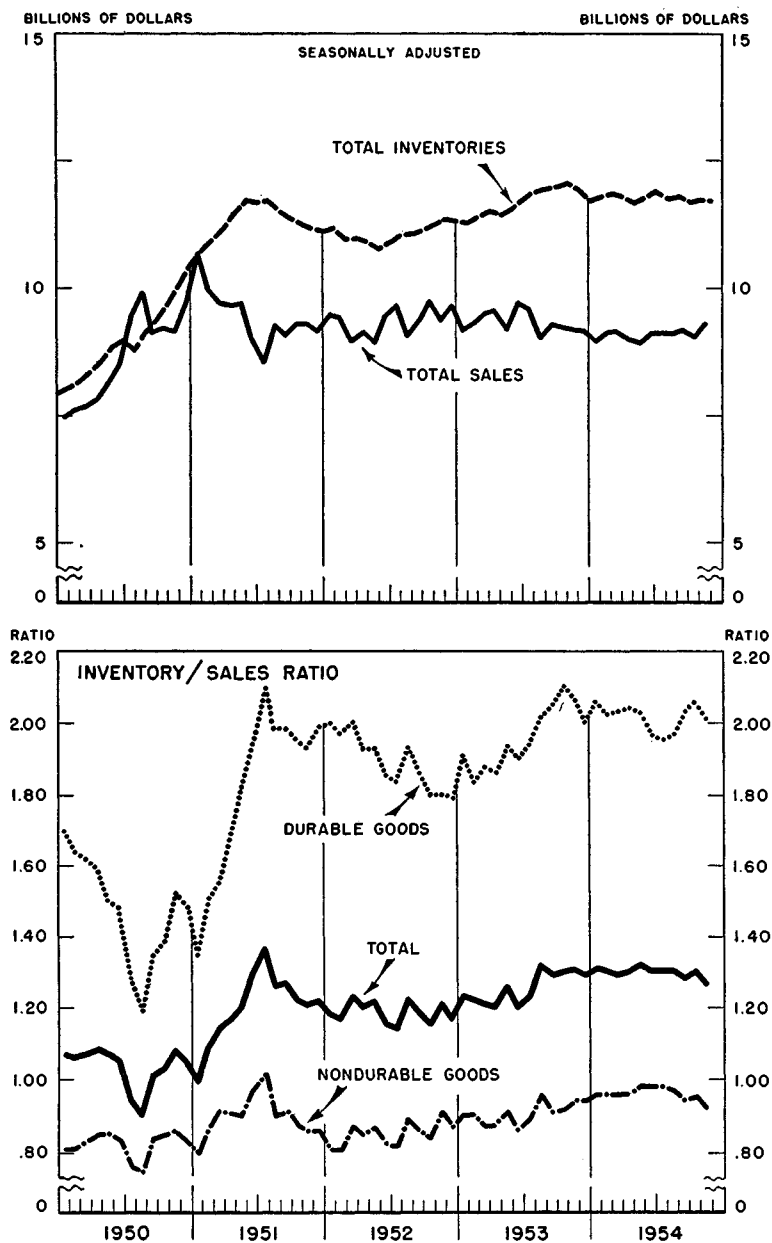
MANUFACTURERS' SALES AND NEW ORDERS



* SEASONALLY ADJUSTED.
SOURCE: DEPARTMENT OF COMMERCE.

CHART 18

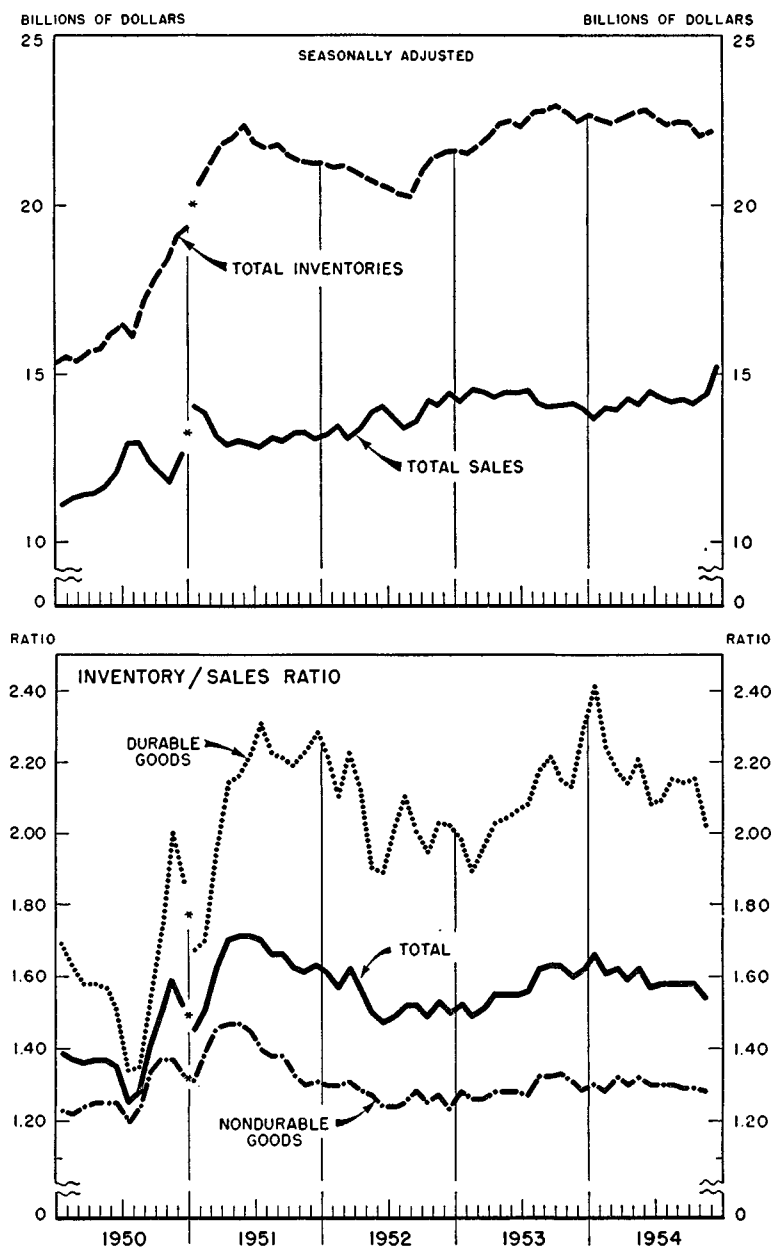
WHOLESALE INVENTORIES AND SALES



SOURCE: DEPARTMENT OF COMMERCE.

CHART 19

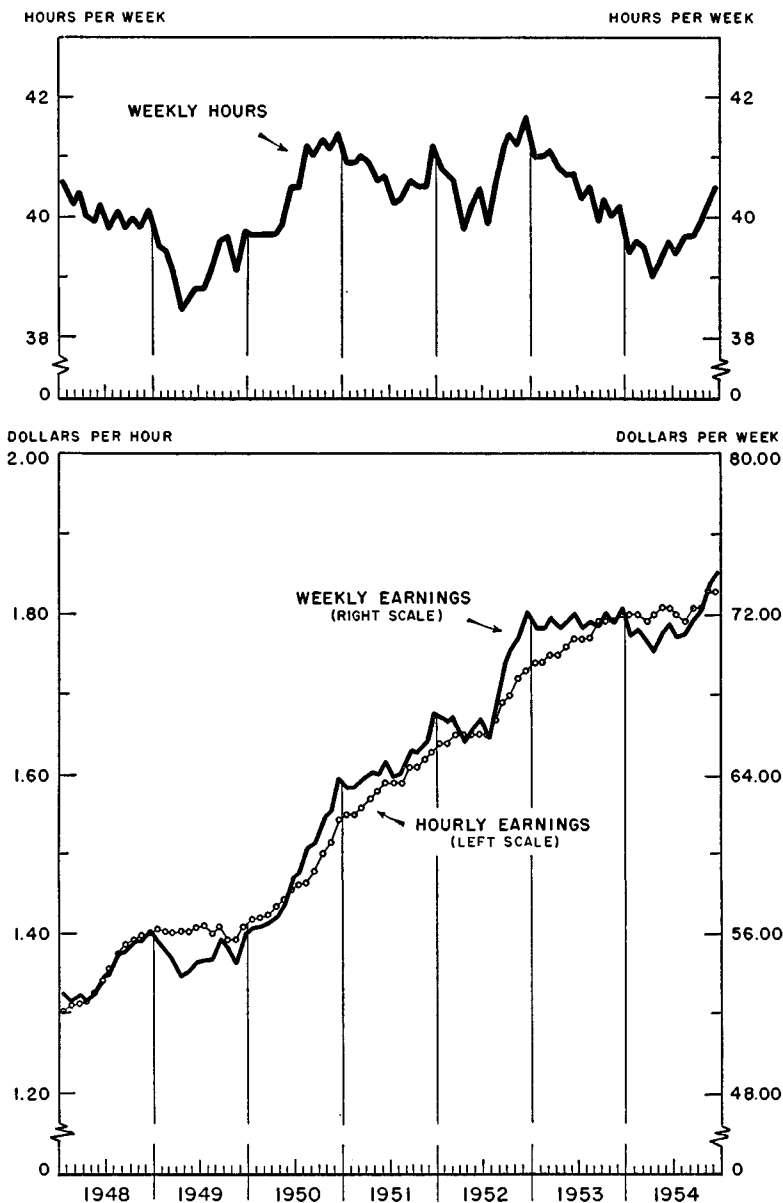
RETAIL INVENTORIES AND SALES



* DATA BEGINNING JANUARY 1951 NOT COMPARABLE WITH DATA FOR EARLIER PERIODS.
SOURCE: DEPARTMENT OF COMMERCE.

CHART 20

AVERAGE HOURS AND EARNINGS IN MANUFACTURING



NOTE. DATA RELATE ONLY TO PRODUCTION AND RELATED WORKERS.
SOURCE: DEPARTMENT OF LABOR.

CHART 21

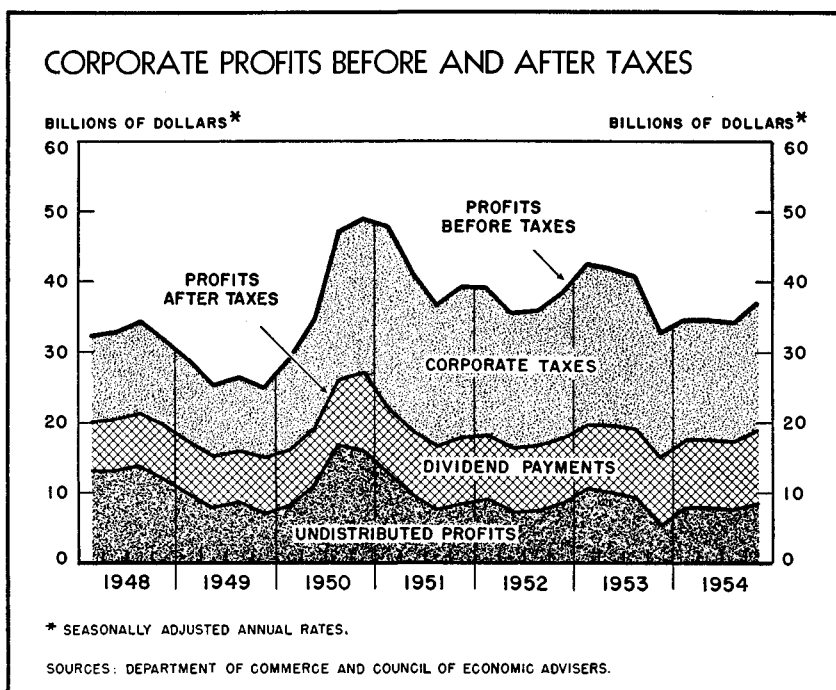


CHART 22

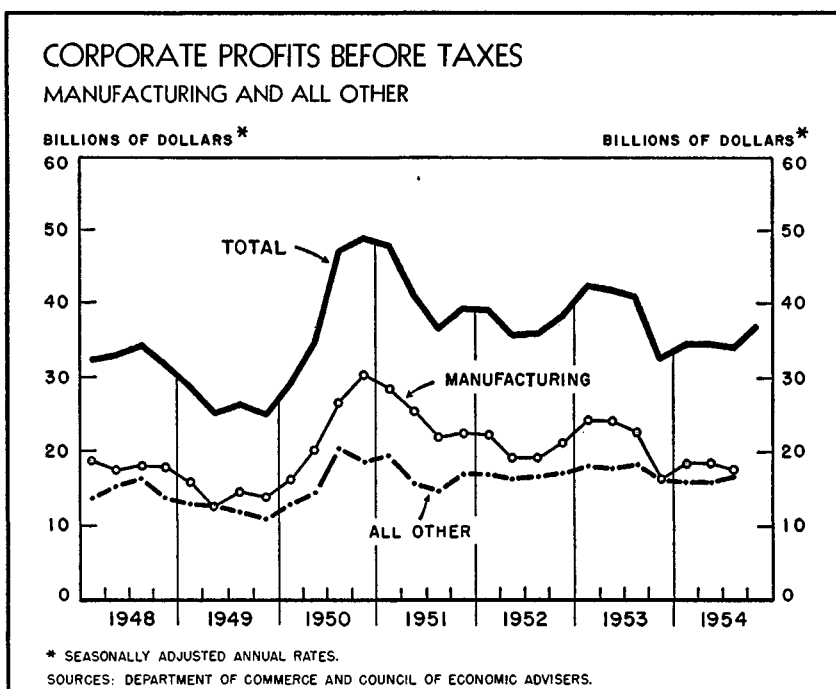


CHART 23

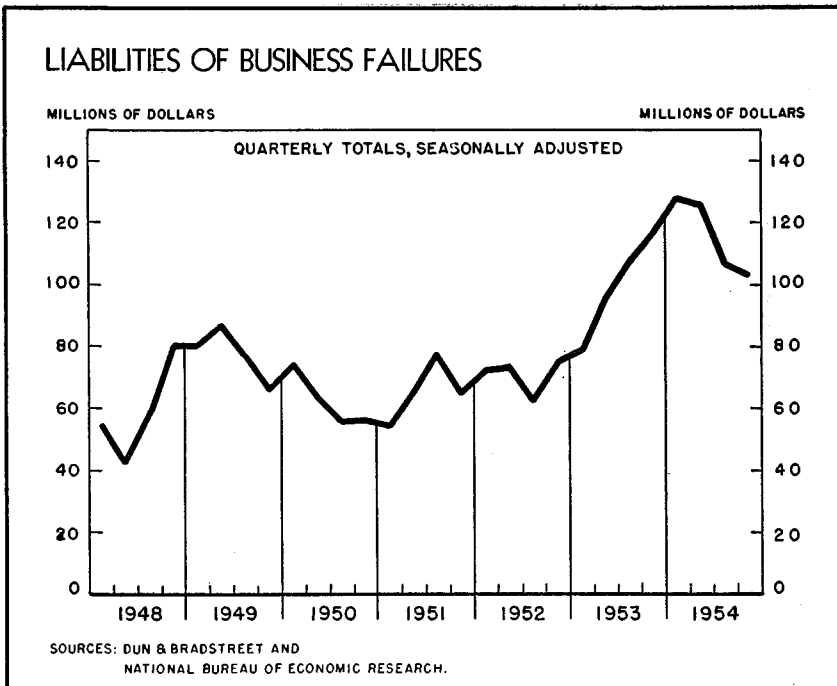


CHART 24

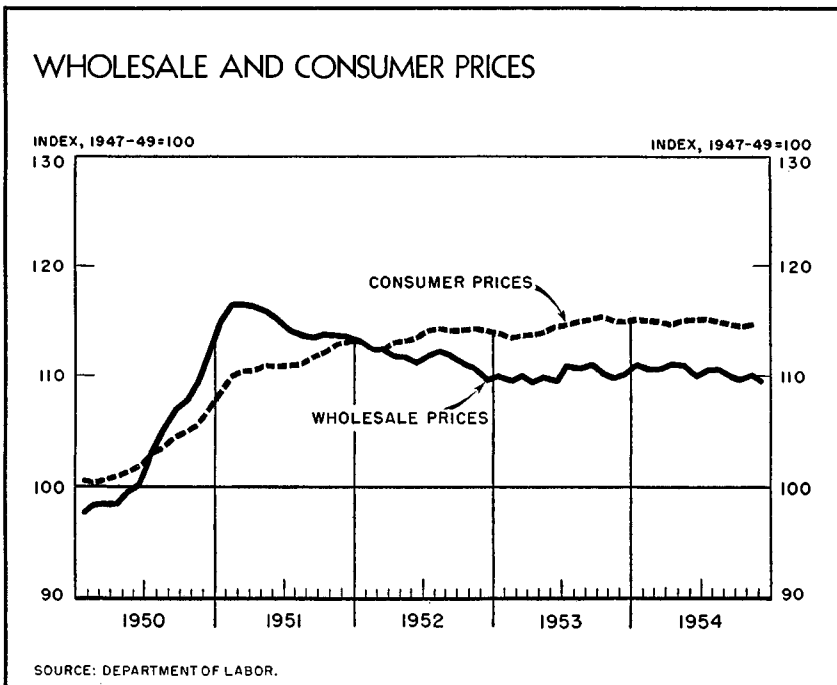


CHART 25

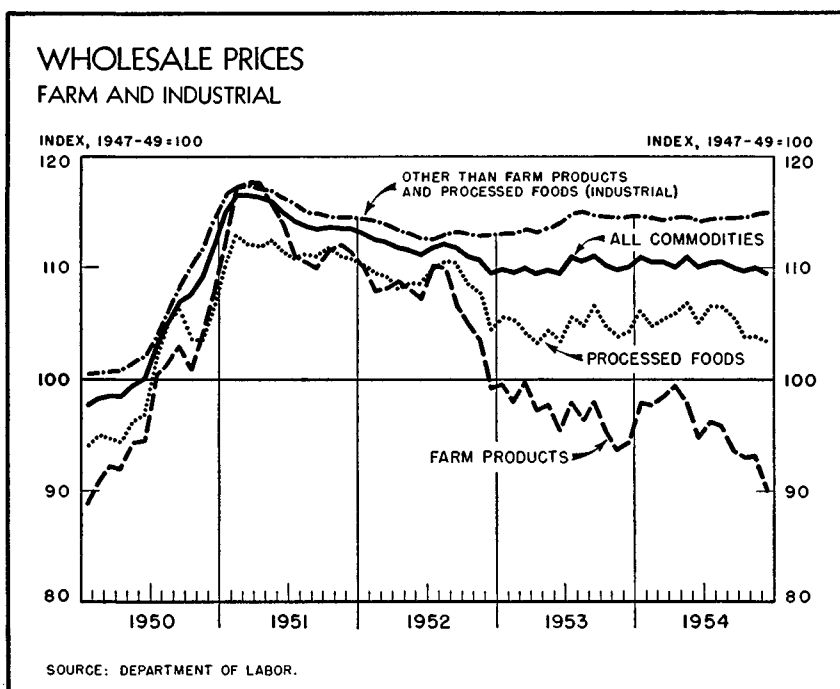


CHART 26

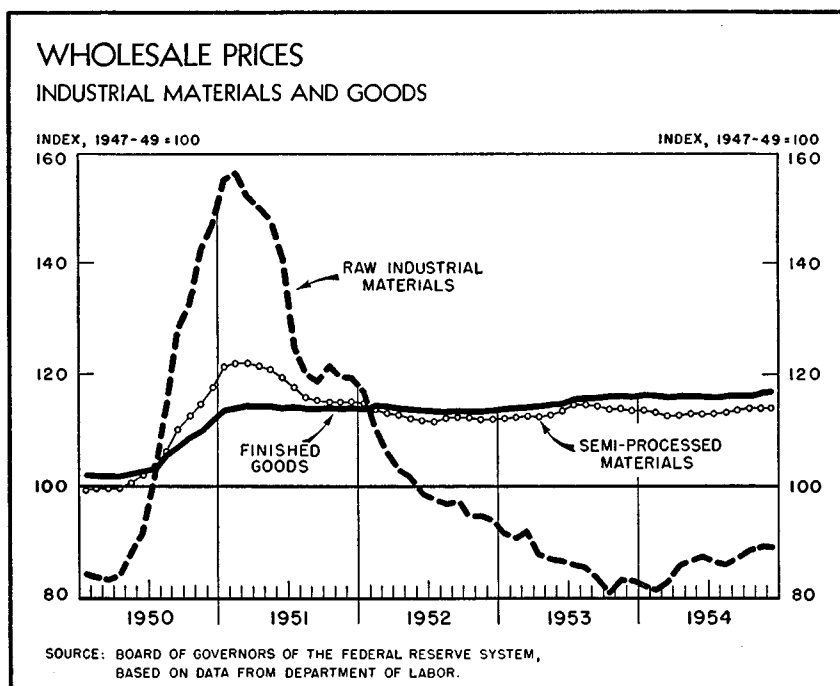


CHART 27

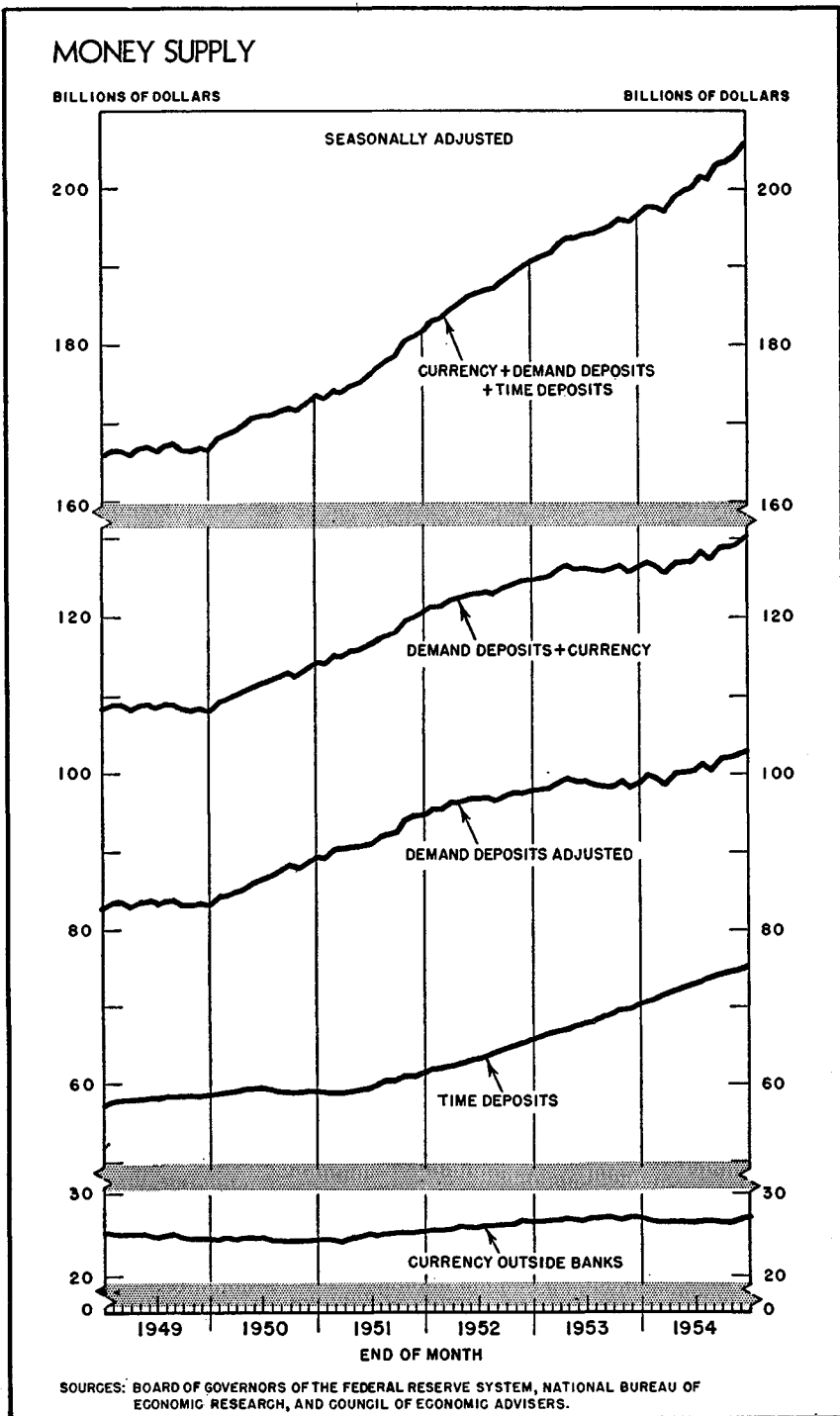


CHART 28

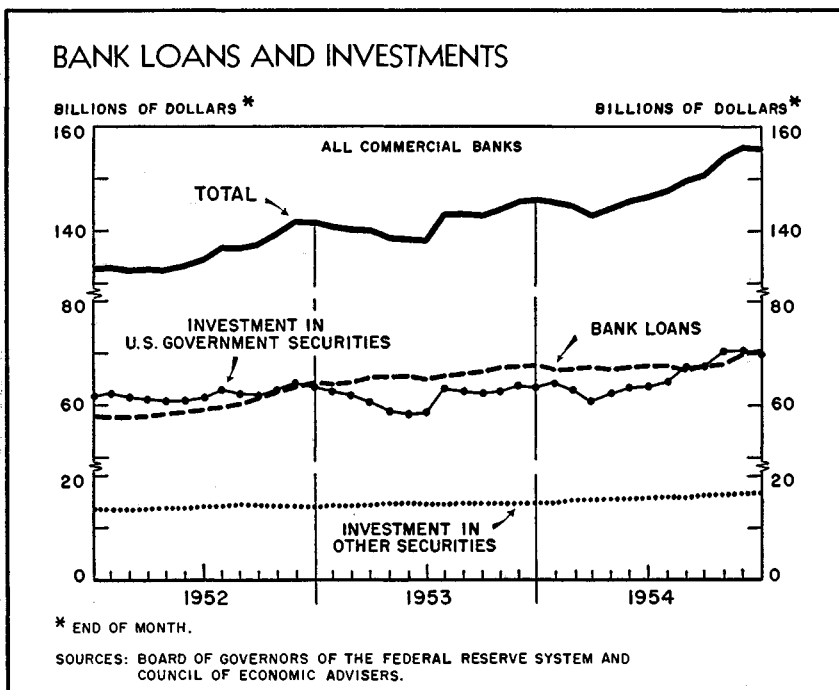


CHART 29

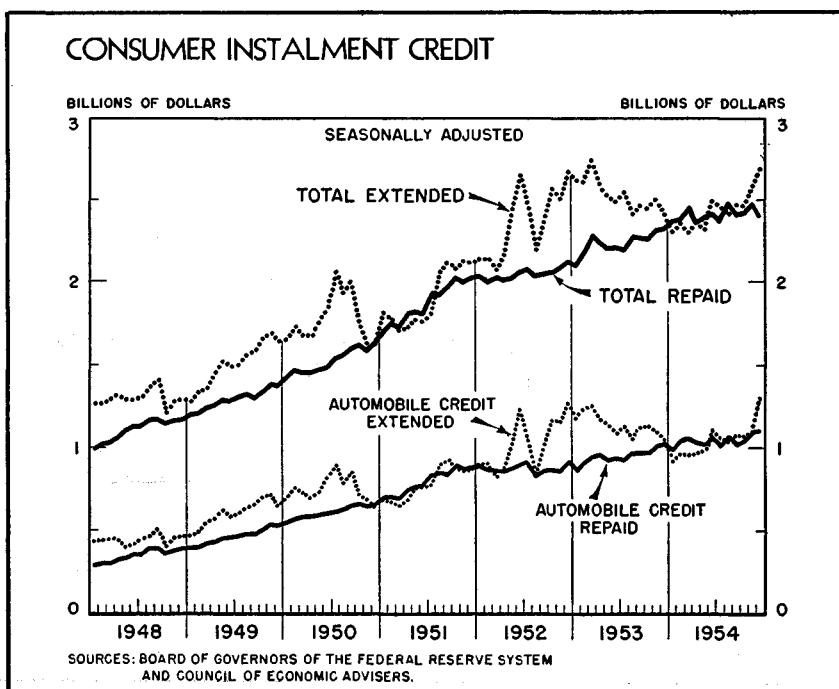


CHART 30

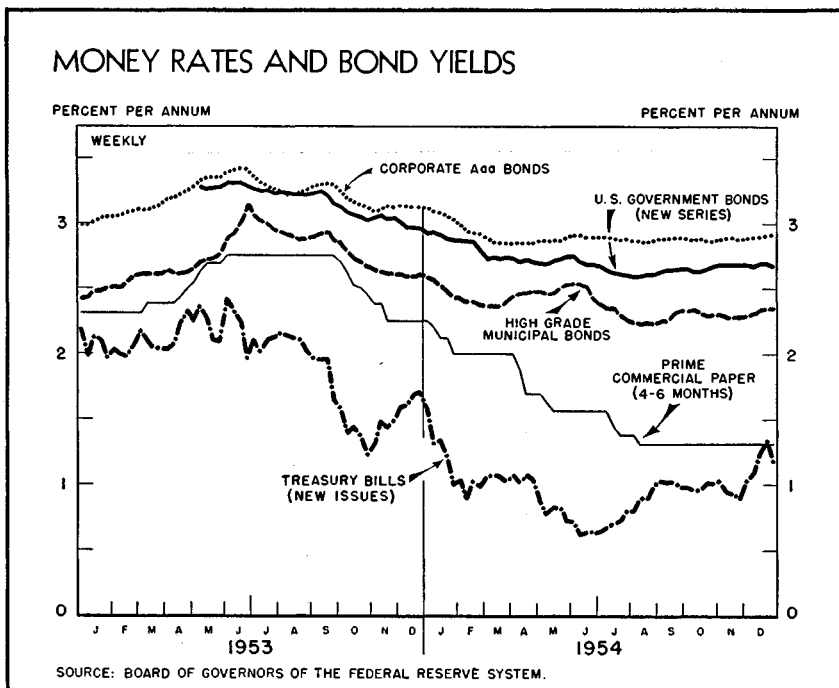


CHART 31

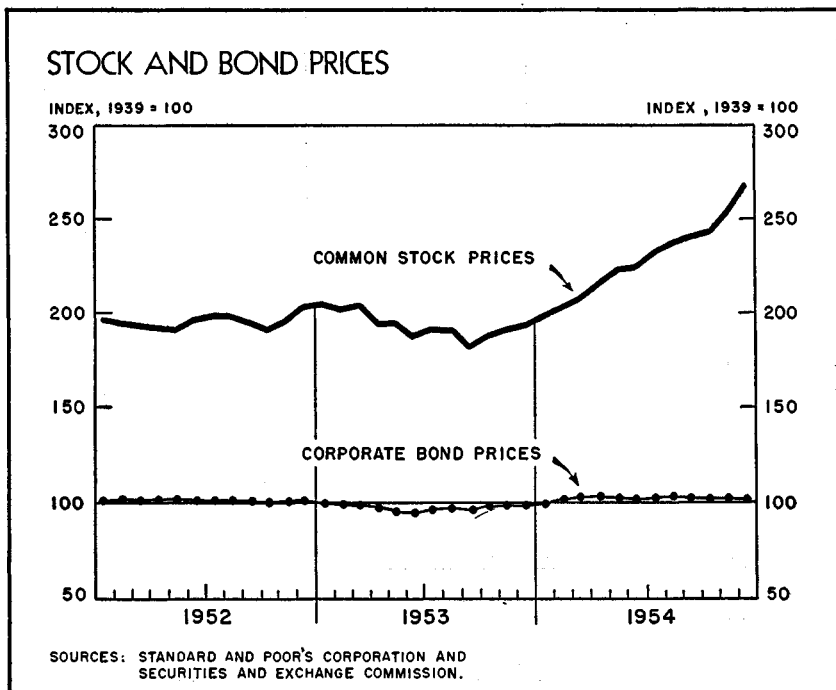
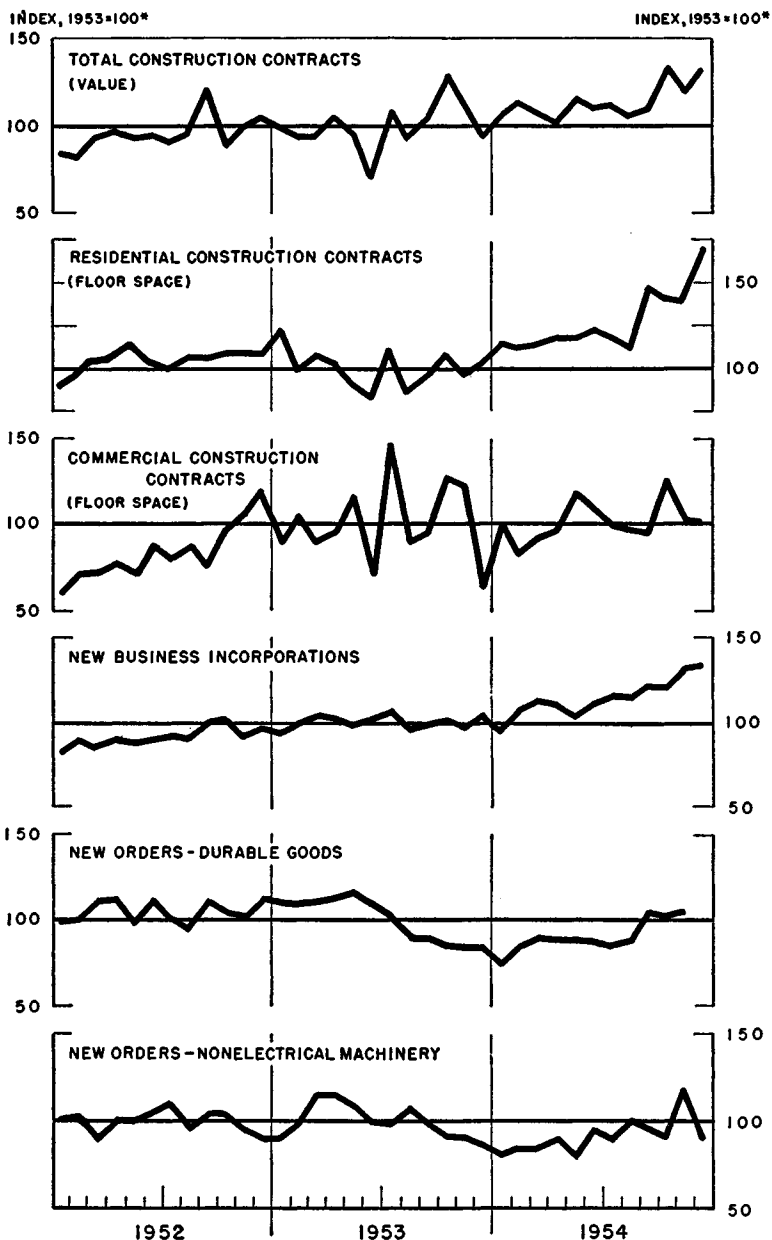


CHART 32

INDICATORS OF INVESTMENT PREPARATIONS

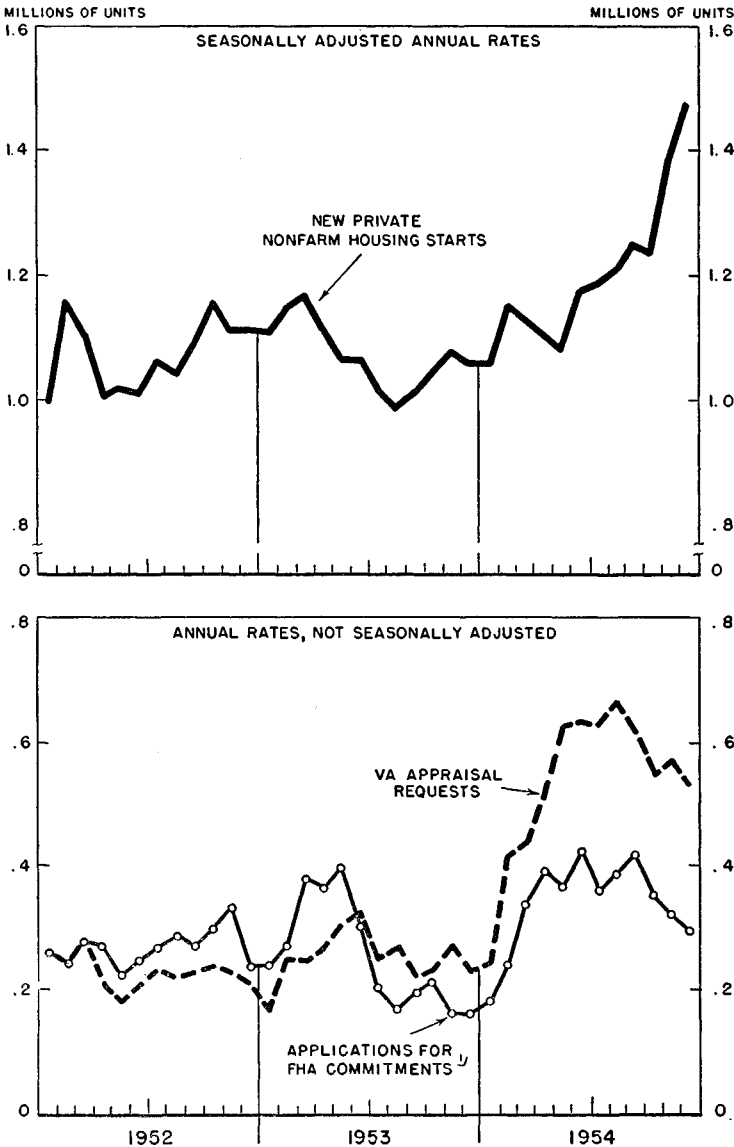


*SEASONALLY ADJUSTED.

SOURCES: F.W.DODGE, DUN & BRADSTREET, DEPARTMENT OF COMMERCE,
MCGRAW-HILL, AND NATIONAL BUREAU OF ECONOMIC RESEARCH.

CHART 33

HOUSING STARTS AND FINANCING APPLICATIONS



^{1/2} UNITS IN MORTGAGE APPLICATIONS FOR NEW HOME CONSTRUCTION.

SOURCES: DEPARTMENT OF LABOR, FEDERAL HOUSING ADMINISTRATION (FHA), AND VETERANS ADMINISTRATION (VA).

Chapter 3

Program for Sustained Economic Progress

AS THE PRECEDING CHAPTER of this Report has made clear, the mild recession of last year was arrested and a new phase of economic expansion got under way before the year closed. The vigor of the recent recovery, taken in conjunction with the investment and expenditure plans already set in motion, suggests that economic expansion will continue during coming months. It holds out the promise that we shall achieve a high and satisfactory level of employment and production within the current year. Of course, this outcome of current tendencies is not—and cannot be—assured, and the Government must remain ready to deal with any setback that might develop. In view, however, of the likelihood that our economy is now undergoing a cumulative expansion of some strength, the wise course for Government would be to concentrate this year on basic policies for fostering long-term economic growth. We should direct our program for 1955 principally to this purpose, rather than seek to impart an immediate upward thrust to general economic activity.

The release of the Nation's powers of growth can be aided by legislation that will encourage competitive enterprise, strengthen our economic ties with other countries, reinforce personal security, and provide needed public improvements. Such a program for long-term growth is presented in this chapter. As we proceed we must, however, keep in mind the historical fact that growth has generally been attained by spurts of activity, followed by pauses or setbacks. Actions to build confidence always carry the risk of generating overconfidence and subsequent reaction. Our economic policies must therefore be designed not merely to foster growth, but to foster a rate of growth that can be sustained. The program of actions recommended in this Report will advance us toward this goal.

I. PROMOTING THE SPIRIT OF ENTERPRISE

Fiscal Policies for Economic Expansion

In accordance with the responsibilities of the Federal Government under the Employment Act "to use all practicable means . . . to promote maximum employment, production, and purchasing power," Federal expenditure and tax policies should be shaped to serve the needs of an expanding economy.

Budget policies can help to promote the objective of maximum production by wisely allocating resources, first, between private and public uses, second, among various governmental programs. A careful budgeting of public

funds is an indispensable safeguard against undue extravagance or excessive parsimony on the part of the Government. The budget should impose a strict discipline upon all public expenditures. At the same time, it should provide adequately for the Nation's defense and other urgent needs. It must also be used to promote stable economic growth. Properly coordinated with other measures, a reduction of expenditure or increase in taxes can restrain inflationary tendencies, just as a reduction of taxes or increase in expenditure can at times be an effective check on recessionary forces. There will, therefore, be occasions when the Government's accounts are out of balance in one direction or the other.

During the past two years, Federal expenditures were sharply reduced and, although taxes were also cut, substantial progress was made toward bringing the budget close to balance on a cash basis. The cuts in expenditures that followed the ending of the Korean conflict released resources for use by the private sector of the economy. Tax reductions spurred their reabsorption by strengthening private demand for goods and services during this period of readjustment. Last year's tax reductions amounted to a total of 7.4 billion dollars on a full-year basis; this was offset by a 1.3 billion dollar increase in social security contributions, making a net saving of 6.1 billion dollars. This lowering of taxes and the recently enacted reforms in the tax structure, by reducing barriers to economic growth, are strengthening the expansionary forces of the economy.

Since our economy is currently operating at rather high levels and a recovery from the mild decline of last year is well under way, we should strive this year to bring Federal cash receipts and cash expenditures into balance. With huge expenditures for our national security continuing, the financial requirements of the Government will not permit reductions this year from present tax rates. Prudence requires that the lowering of the corporate income tax and of excises, scheduled for April 1, 1955, be postponed.

It should, nevertheless, be recognized that present taxes are still a heavy burden. Lower taxes would tend to encourage work, promote more efficient business practices, and create more jobs through new investments. Fortunately, with our economy continuing to expand, we can look forward to larger Federal revenues from existing tax rates. This, together with further economies in expenditure, should make possible next year another step in the reduction of taxes. Congress might then consider enacting a general, though modest, reduction in taxes and, at the same time, continue the program which was begun last year of reducing barriers to the free flow of funds into risk-taking and job-creating investments.

While no changes in taxation are now recommended, except on business income from foreign sources which will be discussed later, there is a need for greater flexibility in the management of Federal finances, and this requires an increase in the present statutory debt limit. During the past two years, the Treasury has been obliged to manage the Government's finances under the severe handicap of a debt limit which frequently was very little

higher than the outstanding debt. In August 1954, the Congress modified the 275 billion dollar debt limit by permitting a temporary increase of 6 billion dollars to cover seasonal needs. This increase will expire on June 30, when the outstanding debt is expected to be close to 275 billion dollars. Since the anticipated balance in the cash budget for the fiscal year 1956 will involve a deficit in the conventional budget of 2.4 billion dollars, it is clear that the debt limit will have to be raised. The increase should be large enough to provide the Treasury with the necessary latitude to do its job. It would be imprudent to set a new statutory debt limit which left virtually no margin for unpredictable fluctuations in Federal receipts and expenditures. A higher limit will in no way lessen the persistent efforts of the Administration to reduce expenditures further, but it will enable the Treasury to discharge its financial responsibilities more effectively.

Assisting New and Small Businesses

A public policy to encourage the expansion of a free economy must assign a high place to measures that keep the doors to opportunity open for new and small enterprises. Our economy is strong and progressive because it contains, in addition to its five million farm enterprises, four million independent centers of business decision—each potentially free to experiment with new ideas, new men, new methods, and new products. Many of the revisions which were made in the tax laws last year were intended to meet the special problems that confront smaller businesses in their attempts to finance expansion and preserve their independence. These revisions should help to create the kind of environment in which small business can flourish.

The Government has a responsibility to maintain easy entry into trade and industry, to check monopoly, and to preserve a competitive environment. All efficiently managed businesses benefit from such policies—new and small firms most of all. Recognizing this fact, the Attorney General appointed a National Committee to Study the Antitrust Laws, composed of distinguished citizens and legal experts, to recommend improvements in the substance and administration of our Federal laws to promote competition and prevent monopoly. Even prior to the submission of the report of this Committee, it would be well to strengthen the deterrent to violation of the Sherman Antitrust Act by raising substantially the maximum fine that may be imposed under the Act.

The Congress established in 1953 a program for helping business concerns of small size to obtain access to adequate financing, to a fair share of government procurement contracts, and to competent counsel on management, production, and marketing problems. This program has made a useful contribution to the strength of small concerns. It should, accordingly, be continued. Further, the lending authority for the program, which is now almost fully committed, should be enlarged so that loans may continue to be made to small concerns that cannot obtain adequate financing on reasonable terms.

Improving the Basis of Technology

Both the formation of new firms and innovations by existing firms are stimulated by research, development work, and experimentation. Out of these activities—carried on in the laboratories of universities, research institutes, governmental agencies, and business firms—come the products, methods, and materials which afford new entrepreneurial opportunities and help to improve the quality of living. Recognizing the fundamental importance of research and development work, the tax laws were revised last year to permit outlays for research to be treated as current expenses. It may be expected that private expenditures for research, which are already very large, will continue to grow. The Federal Government itself plans to spend more on scientific research and development during the coming fiscal year than at any time in the past.

Since technological progress depends on scientific inquiries and human inventiveness, rapid growth cannot be expected unless the knowledge and skills of our people are properly developed for these tasks. A shortage of scientifically trained young men and women, especially those competent in the physical sciences and in engineering, exists at present. Unless steps are taken to relieve this shortage, it may seriously limit the growth of research activities and retard their industrial applications. To deal with the problem, the Congress should expand Federal programs for fellowships, research, teacher training, and related activities.

In due course, additional measures must be taken. Some shortages of trained personnel will be remedied by the passage of time, but the national welfare requires special action to help relieve the classroom shortage that now exists in our schools and to help augment the supply of certain skills. Some recommendations bearing on schools, so vital to our country's future, appear on pages 63–65. This subject will be treated in a forthcoming special message to the Congress.

II. STRENGTHENING ECONOMIC TIES WITH OTHER COUNTRIES

The foreign economic policies of the United States can be a powerful instrument for strengthening the security of our Nation and the Free World. The nations of the Free World are economically interdependent, and no one of them can afford to act upon a narrow view of its own interests or with primary regard to the special interests of any particular industry or group. Now, more than ever, our own permanent interests of national security and the general welfare must take precedence over all other considerations.

It is to the advantage of each nation to attend to the barriers that have caused international trade and investment to lag behind the growth in production and incomes. Our own interest clearly calls for a policy that will in time extend into the international field those principles of competitive enterprise which have brought our people great prosperity with freedom. Against the Communist ideology of the omnipotent State, own-

ing all means of production and dominating all economic activity, the United States holds forth the ideals of personal freedom, private property, individual enterprise, and open markets. We should bear in mind that, in the long run, other countries are far more likely to rally to liberal ideals if we take the steps within our power to encourage them to join us in mutually beneficial economic intercourse. Hence, our trade and investment policies affect our ability to increase the solidarity of the Free World.

This broad vision, which pervaded the studies of the Commission on Foreign Economic Policy, now guides the recommendation to the Congress to act so as to clear the channels of trade, to foster foreign investment, and to provide technical aid to underdeveloped nations. Such actions will not only help to increase world production and trade; they also will help to assure a rising standard of living for our own people.

Freeing the Channels of Trade

The Free World has sought to reduce restrictions on trade through the General Agreement on Tariffs and Trade, currently being renegotiated by the governments adhering to it. Because this Agreement is one of the means by which the United States has sought to carry out the purposes of the Trade Agreements Act, the current negotiations are of great importance to us. When the new Agreement on Tariffs and Trade has been satisfactorily concluded, it will be submitted to the Congress for its approval.

It is of the utmost importance that we continue the gradual and selective revision of our tariffs through the tested method of international negotiation. A three-year extension of the Trade Agreements Act has therefore been recommended, with amendments to empower the President as follows: First, to reduce present tariff rates on individual commodities by as much as 5 percent per year in each of the three years of the new Act; second, to reduce tariff rates in greater degree in the case of products now imported in negligible volume; third, to reduce to 50 percent any rate in excess of that level. The present escape and peril point provisions of the Act should, however, be continued in order to avoid or mitigate any undue hardships that might develop under the operation of the proposed program.

Our customs procedures often impose unnecessary and unintended burdens on trade by causing disputes and delays. Progress has recently been made toward efficient customs administration, but good business practice requires that more be done. An interim report by the Tariff Commission on means of simplifying the commodity definitions and rate structures of present tariff laws is expected shortly and will deserve serious study. In addition, Congress should establish standards for the valuation of imported goods that are simple, clear, and logical in their application.

Finally, it is recommended that Congress increase the duty-free allowance of foreign goods brought home by our tourists during any six-month period. In addition to its economic effects, this encouragement to American tourism should pay large dividends in improved relations with other countries.

Fostering Foreign Investment

We can strengthen our own economy and that of the Free World by increasing the flow of capital to nations that are able to use it productively for their development. The expansion of foreign investment would speed the growth in foreign countries of industries whose output is needed to meet our own increasing requirements of raw materials and other products. By augmenting our exports, it would help to maintain prosperity at home. Above all, it would provide a convincing demonstration of our desire for economic partnership with countries seeking to improve their economies.

A great challenge of our time is to find constructive ways of aiding the economically underdeveloped countries in different parts of the world. The complexity of the task is suggested by the factors that are often present in these places—heavy concentration of people on limited land, meager educational facilities, great deficiencies of domestic capital, lack of management personnel, outmoded transportation systems, low output of electrical power, and inadequate public administration. Such countries can use assistance from us and from others, so that they may build a solid foundation for their social institutions and realize the opportunities open to free peoples. To an increasing degree our aid has taken the form of technical assistance, under which our technicians work with other peoples to help improve their production, their educational methods, and their health. Aid in the form of commodities and services is also being extended to those foreign countries whose economic strength cannot be built up rapidly enough, in view of the security requirements of the Free World, by the normal processes of trade and investment.

The program of technical and other assistance to economically underdeveloped countries should be strengthened. Even more important, in the long run, is an expanded flow of private international investment. We should encourage investment in all countries whose desire to speed their economic development has led them to create a hospitable climate for business investment. An inflow of private American capital can serve as a catalytic agent in many places—increasing production and incomes, permitting greater consumption and local saving, which in turn would expand local investment, and so on in a widening circle. Although the Export-Import Bank is expected to expand its lending program, the Federal Government can help also in other ways to raise the level of our foreign investment.

As recommended by the Commission on Foreign Economic Policy, the tax rate on corporate income from all foreign sources should be reduced by 14 percentage points, making it equal to the rate already applicable to Western Hemisphere trade corporations. Our law now requires that income from foreign sources be taxed in the United States to the extent that it is not taxed abroad. This has two consequences. First, American firms doing business in a foreign country with low tax rates operate under a tax disadvantage in comparison both with domestic firms of that country and with firms of other nations that levy low taxes on foreign income. Second,

countries desiring to attract American capital cannot very well use favorable tax rates as an incentive. Indeed, our present tax policy might even encourage a country in which American capital has already been invested to increase its taxes on business income. The proposed rate reduction would tend to improve the competitive position of our firms doing business in other countries; it would reduce a barrier to further investment abroad; and it may stimulate foreign countries to use favorable tax rates as a means of attracting American capital.

American corporations with foreign branches should also be permitted to defer the tax on branch income until it is withdrawn from the country in which it was earned. This will end the present unreasonable discrimination between operations conducted through branches and those handled through foreign subsidiaries.

We should supplement these tax changes by continuing to explore with other countries the use of the tax treaty as a method of fostering a more favorable climate for international investment. Under proper safeguards, we should be prepared to give full credit for income taxes that are waived by a foreign country for a specified initial period, just as we now grant credit for taxes that are imposed. This change would give maximum effect to the laws of other countries designed to encourage new enterprise.

Another measure to spur foreign investment is to establish an International Finance Corporation as an affiliate of the International Bank for Reconstruction and Development. This Corporation would receive its capital from countries now participating in the IBRD. Unlike the IBRD, it would be permitted to invest, without any governmental guaranty, in new private enterprises needing capital. As now conceived, the Corporation would assume an interest in a new enterprise only to get it started, not for a long term of years. Nor would it participate in the management of the enterprises it helped to initiate. By providing on a business basis the margin of capital needed to attract other funds, the Corporation would help to expand private investment abroad. Its international character and prestige would probably aid local citizens in bringing about a favorable investment climate in their countries. In view of the great promise of the proposed Corporation, the Congress will be requested to authorize at the proper time a contribution by the United States to its capital.

Taken together, these proposals to augment the international movement of goods and investment funds will have a salutary influence on our economy. They will increase the efficiency of use of our own resources, they will diversify and enlarge the amount of goods and services available to American consumers, and they will expand foreign markets for our products.

III. BUILDING THE FLOOR OF PERSONAL AND FAMILY SECURITY

Significant steps were taken by the Government last year to help individuals and families make better provision for their security. The American

people should continue on this path, firm in the conviction that only when minimum human needs are provided in case of unemployment, disablement, or retirement, and the opportunity exists for a decent home in a sound neighborhood, will the individual make his greatest contribution to economic growth. Many of the measures to advance this objective, including those to improve the Nation's health, are being presented in detail in other messages. The following discussion is confined to the larger economic measures.

Meeting the Hazard of Unemployment

The Federal-State Unemployment Insurance System has proved its value as a first line of defense against economic recession. During the six months from April through September of 1954, benefit payments were 1.1 billion dollars, compared with 0.4 billion dollars in the corresponding months of 1953. These benefits, paid to workers as a matter of right under established law, enabled many families to live without exhausting their savings and helped make possible record-breaking consumer purchases, despite a fall in employment. Legislation passed in 1954 will greatly improve the workings of our unemployment insurance system in the future. Nevertheless, further revisions are desirable both to meet the needs of the economy and to meet the needs of the unemployed.

The coverage of the Federal unemployment insurance laws was extended last year to include Federal civilian employees and the employees of many small businesses. It is hoped that the States will soon act to include under the system the 4.4 million employees of State and local governments not now covered. Government ought not to deny its own employees the protection it requires the private employer to provide for his. In addition, the States that have not already done so should consider taking steps to extend unemployment insurance to those who work for firms employing fewer than four persons. These workers need protection against unemployment no less than the employees of larger firms.

From the standpoint of the unemployed worker, weekly benefits should be sufficiently high to provide the basic necessities. From the standpoint of the economy, benefits should be sufficient to enable the unemployed to maintain a substantial part of their customary expenditures, thereby minimizing the spread of unemployment. The general level of benefits is now too low for either of these purposes. Our Federal-State unemployment insurance system was originally designed to pay benefits of approximately half of regular weekly earnings, up to a dollar maximum that was adequate for its time. Since these legal maxima have not kept pace with rising wages, the ratio of benefits to the wages of covered workers has fallen from 43 percent in 1938 to 34 percent currently, and in several States below 30 percent. In many States a great majority of all beneficiaries receive the same weekly benefit—the maximum—regardless of the differences in their earnings. This loss of a clear relation between benefits and a worker's usual earnings or his customary living standard is inconsistent with the incentives of a free

economy. It is highly desirable that the States change their laws so that the great majority of covered workers will be eligible for payments that at least equal half their regular earnings.

The adequacy of unemployment insurance depends also on the period for which benefits are paid. In the first eleven months of 1953, the number of persons who exhausted their benefit rights reached 679,000. Last year the number jumped to 1,610,000 during the corresponding months. In few States is the potential duration of benefits now as much as 26 weeks for all beneficiaries. An increase in the usual duration of benefits is especially necessary during economic recession, when the average duration of unemployment as well as its amount increases. For this reason, the States are urged to lengthen the term of benefits to 26 weeks for every person who qualifies for any benefit and who remains unemployed that long. It is recognized that an increase in the term and the level of benefits may call for a re-examination by the States, and in some instances a tightening, of the test of attachment to the labor force and of other legal or administrative safeguards against abuse.

The District of Columbia should have an unemployment insurance law that could be a model for the States. Last year the Congress improved the law by raising the maximum amount and duration of benefits; but the new law made it more difficult for unemployed persons to receive benefits for the maximum period. This weakness should be remedied by providing 26 weeks of benefits for all persons who qualify and who remain unemployed that long. The disqualification provisions of last year's law should also be reviewed.

The Federal-State Employment Service has an important part to play in reducing unemployment. While the Employment Service cannot create jobs, it can help fill vacant jobs quickly and well. As recommended in the Budget Message, the system should be strengthened to meet this need and to assure the best use of scarce manpower in any future national emergency. Some employers and workers fail to use the Employment Service because they do not realize its value. They should acquaint the Service with their problems, since the more it is used the better will it function.

Last year, although the economy as a whole was prosperous, some communities suffered from sizable unemployment. Their fortunes turned for the better when recovery got under way in the early fall, and most of them will regain prosperity as economic expansion cumulates. In some places, however, unemployment stems from special causes, such as a lasting drop in the demand for their wares, an exodus of industry to new locations, or a vanishing supply of some material basic to the local economy. Such "structural" or "spot" unemployment may remain even when the Nation's economy practically reaches full employment. The Federal Government should be willing to assist depressed communities to develop workable solutions of their problems. Accordingly, the Area Development Program of the Department of Commerce, which can be so helpful in revitalizing a community's industry and trade, should be further strength-

ened. For the time being, at least, it is also desirable to continue the policy of granting special tax amortization benefits for new defense facilities located in surplus labor areas and of placing government contracts as far as feasible in these areas.

It would be well to recognize, however, that these programs can make only a limited contribution to relieving "spot" unemployment, and that a large part of the adjustment of depressed areas to new economic conditions both can and should be carried out by the local citizens themselves. The Federal Government can make its most effective contribution to their needs as well as those of others by steadfastly pursuing monetary, tax, expenditure, debt management, and general housekeeping policies that promise a high and stable level of employment in the Nation at large.

Extending Economic Security in Retirement

Provision of a decent minimum income after retirement is a central element in a program for personal security. The Government acted last year to increase both the coverage and the benefits of Federal Old-Age and Survivors Insurance. To continue the progress toward comprehensive coverage, it is recommended that the Congress extend coverage on a permanent and full contributory basis to Federal personnel.

The major responsibility for security in old age rests, of course, upon the individual himself, and is discharged through personal saving, insurance, and investments of various kinds. In addition, private pension plans have multiplied during recent years, under the encouragement of our tax laws. More than 12 million employees of business enterprises are now covered by pension plans, under which it is estimated that about 3 billion dollars per year is currently being contributed by employers and employees. Private plans for retirement income appear to be highly desirable, but a number of questions merit further study by the Congress and the Executive Branch. For example, how do such plans affect the mobility of employees and the willingness of employers to hire older workers? How can, or should, these plans be fitted together with Federal Old-Age and Survivors Insurance into an integrated program for retirement income? What are the effects of pension plans upon the spending and saving habits of people? What influence does the investment of funds assembled through these plans have upon our financial markets and the supply of venture capital?

Augmenting Low Incomes

A small and shrinking, but still significant, number of American families have cash incomes under \$1,000 per family. By current standards, most of them must be considered poverty-stricken. These families are not concentrated in urban centers. They live chiefly on small farms or in rural areas and villages, mainly in the Southern States. Raising the incomes of this group should be one of our continuing objectives.

The causes of low incomes are complex; they include lack of education or skill, poor health, old age, or prolonged unemployment. Solutions must

be found through a long-run program to improve the skill, versatility, and mobility of low-income earners, thereby increasing their productive capacity. The elimination of remaining poverty in America would not only bring greater happiness and opportunity to these people; it would draw them into the stream of progress, enlarge the markets for consumer goods, and promote the expansion of the economy. Means of raising low incomes by increasing the productivity of people have been the subject of study this past year by the National Agricultural Advisory Commission and by an interagency task force of the Council of Economic Advisers. Studies of this problem are continuing.

Under our system of free labor markets and free collective bargaining, the wages of a preponderant majority of workers are determined fairly without government intervention. Minimum wage laws do not deal with the fundamental causes of low incomes or poverty. However, minimum wage laws can assist the comparatively small number of workers who are at the fringes of competitive labor markets. The minimum wage under Federal law is now 75 cents an hour, a figure that became effective early in 1950. Since then the cost of living and average hourly earnings have risen, providing reason for an increase in the minimum wage when, as at present, the economic outlook is favorable. An increase to 90 cents an hour would be appropriate and consistent with over-all economic considerations at this time. It is recommended that the Congress increase the minimum wage to 90 cents an hour.

Such action would increase the wages of about 1.3 million workers by an average of about 9 cents an hour. In addition, some workers now earning more than 90 cents an hour would probably receive wage increases to preserve customary differentials. Although these increases would add appreciably to the costs of certain industries, notably in the South, the general expansion of economic activity now under way should increase the demand for their products and lead to economies of operation, besides those stimulated by the higher minimum, thus enabling these industries to absorb a part or all of the wage increase. Nevertheless, 90 cents an hour is the highest minimum wage that can be economically justified in present circumstances. A higher minimum might well cause lower production and substantial unemployment in several industries, and—whether directly or indirectly—it would probably bring generally higher prices in its wake. Such effects would make the gains of covered workers illusory, and they would lower the standard of living of uncovered low-wage workers.

The coverage of the minimum wage is no less important than its amount. Only about 24 million of the 44 million employees of private firms are now subject to the Federal minimum wage, an additional 3½ million being covered by the laws of 20 States. As stated in last year's Economic Report: "Neither the Federal nor the State laws now include the lowest-paid workers." It would be well for both the Congress and the States to consider the question of bringing substantial numbers of workers, now

excluded from the protection of a minimum wage, under its coverage. To ease the process of adjustment, a gradual approach to this problem will need to be developed.

Protecting Workers' Savings

A significant financial development of recent years has been the rapid spread of the credit union. These cooperative agencies provide a means by which members—primarily employees of the same firm or members of the same fraternal or similar association—can invest their savings in an institution under their own management and from which they can, when the occasion arises, borrow money for personal needs. In December 1953 there were about 13,700 credit unions in operation—7,100 with State and 6,600 with Federal charters—having a membership of nearly 6,650,000 persons and assets close to 2 billion dollars. For the most part, credit unions hold savings accumulated by individuals of small or moderate means, and which represent for them a first line of defense against economic adversity. It is desirable, therefore, that Congress consider measures for protecting these savings.

Among other measures, the Congress might well consider the merits of share-account insurance. An insurance system could be self-supporting, with membership mandatory for Federally chartered unions and voluntary for those having State charters. If such a system were established, it would be essential to maintain adequate safeguards for the insuring agency, such as a limit on insurable accounts, ample reserves, proper standards of admission, and thorough examination. In any event, it would be well to review the regulations that now govern the lending and credit management practices of credit unions.

Investments in the shares of credit unions represent, of course, only a small part of the savings of workers. Far larger in total amount are the savings that go into bank deposits, life insurance, Federal savings bonds, shares in savings and loan associations, and pension funds. The integrity of all these savings depends not only upon the soundness of the institutions receiving them; it depends also on the integrity of the dollar. Hence, one of the great and continuing responsibilities of Government is to pursue policies which assure that a dollar saved today will not go to waste through inflation of prices tomorrow.

Improving Homes and Neighborhoods

Last year the Federal Government moved energetically to broaden the opportunities for families to acquire new homes or to improve existing dwellings. Forward steps were also taken to assist communities to prevent the spread of slums and to rehabilitate deteriorated neighborhoods. Further progress will depend partly on what the Federal Government does, and in much greater degree on the efforts of civic organizations and on actions that can be taken only by State and local governments.

Federal funds are now available, but more will be required during the next fiscal year, for projects which look to the renewal of urban neighborhoods by conserving and improving what is still useful in blighted areas and by replacing what cannot be restored. This program supplements the financial facilities previously available for total clearance and redevelopment of slum areas. In addition, the Federal Housing Administration has been authorized to insure mortgages on new or rehabilitated structures in areas for which local governments have developed practical renewal programs. States and cities can obtain assistance from the Housing and Home Finance Agency in developing their renewal programs and should, in their own interests, take steps to expedite them. For its part, the Congress should authorize the Public Housing Administration to enter into contracts for 35,000 additional units of low-rental public housing in each of the next two fiscal years, in order to assist in the relocation of families displaced as a result of slum clearance, redevelopment, or renewal programs.

The Housing Act of 1954 enables families to acquire homes under Federal programs of loan insurance on somewhat more liberal terms than were previously available. Furthermore, by liberalizing the conditions which surround the use of loan guaranty privileges by eligible veterans, and by permitting the Federal Housing Administration to insure supplementary loans under an "open-end" type of mortgage, the Act facilitates the repair and modernization of existing dwellings. The States can give further effect to these actions by enacting, where necessary, legislation to permit the writing of "open-end" mortgages. The availability of this type of financing will prove especially helpful to the many homeowners whose growing families require better and more spacious dwellings.

The Federal Government should take additional steps to augment the facilities available for home ownership and improvement. To accommodate the increasing demand for mortgage insurance, it will be necessary to increase the insurance authorization of the Federal Housing Administration. It is also recommended that national banks be allowed to make amortized real estate mortgage loans with maturities up to 20 years. The present limitation of ten years for conventional mortgages unnecessarily restricts the availability of home financing in some areas. The Congress can at the same time increase the availability of funds for the financing of construction work, and in a manner entirely consistent with sound credit practices, by authorizing national banks to make construction loans with a maximum duration of, say, nine months. This rule should replace the present limitation of six months.

These various steps would effectively widen the opportunities of families to acquire homes or to improve those they already own. It must be recognized, however, that the progressive easing of mortgage financing terms is not without its hazards for the stability of the economy. It would be a wise precaution, therefore, to provide for prompt readjustments in the terms of mortgage loan insurance and guarantees, when required by changes in economic circumstances. The Housing Amendments of 1953 authorized

the President, at his discretion and in the light of economic conditions, to alter the terms on which the Federal Government would insure mortgage lenders against losses on loans secured by residential properties. This authority was limited in its potential application, but it nonetheless provided a useful tool for the control of credit during inflationary periods and for the stimulation of home building during periods of contraction. Last year's Economic Report proposed that this discretionary authority be widened, but the Housing Act of 1954 moved in the opposite direction. The Congress should again consider this proposal and give the President greater latitude in the exercise of his power to vary the terms on which home mortgages are underwritten. In view of the magnitude of residential construction, its variability, and its responsiveness to changes in the terms of mortgage loans, a wide Presidential authority over terms, to be exercised with the aid of an advisory group, could make a major contribution to the maintenance of stable prosperity.

IV. EXPANSION OF OUR PUBLIC ASSETS

Great accumulated needs for roads, schools and hospitals, for water, sanitary and community facilities, for conservation and recreational works, now exist in our nation. This accumulation is the result of postponements in the face of growing needs during the past fifteen years, when a large part of our resources was required by war and defense. The Economic Report of January 1954, noting the vast backlogs and the continuing expansion of needs, recommended that a larger part of the Nation's effort be devoted to public works, in order that our economy may grow without hindrance. The Federal Government shares with State and local governments the responsibility for removing this obstacle to economic expansion.

Modernizing the Highway System

Highways carry the stream of commerce to nourish all parts of the national economy. Over them pass freight and passenger vehicles and, when necessary, the mechanized weapons of defense. When these channels are inadequate, congestion results; this causes loss of life and property and checks economic expansion. Serious congestion now exists, with 58 million cars and trucks traveling 557 billion vehicle-miles a year. Yet, it has been estimated that at the present rate of highway improvement and general economic growth, our country by 1965 may have about 80 million motor vehicles and an annual traffic of over 800 billion vehicle-miles.

With these considerations in mind, the President's Advisory Committee on a National Highway Program has sought to determine how the United States could best improve its highways during the next decade. After study and discussions with the Executive Committee of the Governors' Conference and other groups, the Advisory Committee has recommended the modernizing of the presently-designated National System of Interstate Highways, together with urban connecting roads, at an estimated cost of 27 billion dollars over a ten-year period. Toll roads already built to accept-

able standards along the designated routes could be included as segments of the National System. Our country would then possess an integrated network of safe, controlled-access highways—transcontinental, border-to-border, and interregional—capable of carrying the heaviest loads, operated under uniform traffic regulations, and joining 95 percent of all cities with a population over 50,000.

The National System of approximately 40,000 miles has primary significance for the country's economic growth and military defense. Hence the Advisory Committee has proposed that the Federal Government bear all but 2 billion dollars of its cost. For their part, State and local governments would be expected to assume principal responsibility for financing the construction work needed on the remainder of our total street and road network of 3,348,000 miles. Federal grants-in-aid for roads would be maintained at approximately the current level. Taken altogether, the States and localities would be expected to bear about 70 percent of the estimated cost of about 100 billion dollars required to modernize the Nation's streets, roads, and highways over the next decade, while the Federal Government would bear the remaining burden of 30 percent.

The construction of the National System of Interstate Highways could be financed by obligations issued by an independent authority, created by the Congress. The funds needed to pay interest and amortize the highway debt could come from the excess—which may be expected to increase rapidly—of the Federal revenue from present taxes on gasoline and lubricating oil over the current amount of Federal grants-in-aid for roads. Although a steady pace of construction, financed through the sale of bonds to the public, would normally be the best procedure, expenditure and financing plans could be adjusted in the interests of general economic stability.

It is being recommended that the Congress act affirmatively on a national highway program, and with a view to its expeditious completion. A special message on the subject will be submitted shortly. Such a program would release enduring forces of economic expansion. As the construction of the National System progressed, the States and localities could be expected to enlarge their own expenditures on other roads and on streets. In addition, history shows that private investment mounts when new arteries of commerce develop. New factories and shopping centers would be constructed; service facilities for food, lodging, and automobiles would be provided along the new highways. Markets for new cars and many associated goods and services would be lifted to higher levels. Above all this, immense savings would accrue to the public from reduced accidents and lower transportation costs.

Accelerating the Development of Natural Resources

It is desirable to expand investment in facilities for conserving and bringing into economic usage more of our soil, water, mineral, and other resources. To speed this process, the Federal Government has attempted to distinguish as clearly as possible the field of Federal enterprise from that

of private or local enterprise. It must act vigorously in the former—as this Administration proposes in the case of the national system of highways; and it must foster and encourage activities by others in the latter—as has already been done in the leasing of the Government's submerged and other lands for private exploration of petroleum and other mineral deposits.

Of all our natural resources, none requires more immediate attention than water. The effective conservation, control, and utilization of the Nation's water resources requires energetic implementing of sound policies. The present partnership policy of developing water resources is a particular expression of the Government's general approach to resource development. This policy is, simply, to encourage State and local governments and private interests to provide all physical facilities that they can, leaving for Federal execution those parts of water development projects which serve national purposes or which, because of great size or complexity, are beyond the capability of others.

This approach promises to accelerate the development of our water resources without involving the Federal Government in huge expenditures or operations. Thus, during the last two years applications to the Federal Power Commission for permits to survey potential hydro-electric developments represented a larger total of kilowatts than was covered by the applications during the prior seven years. At the end of last year the volume of such permits outstanding was by far the greatest in the history of the Commission. The workings of the partnership policy are also illustrated by six multipurpose projects for which provision has already been made or is contemplated in the coming fiscal year. It is estimated that these projects will result in a Federal expenditure of about 200 million dollars, while an additional 800 million dollars may be expended by local interests, private or public.

Expanding State and Local Works

The largest part of the demand for public assets is for new schools, hospitals, water systems, streets and roads, and other facilities of the kind traditionally provided by States and their governmental subdivisions. Clearly, every necessary step should be taken to facilitate the execution of these projects.

The capacity of most municipalities, when judged from an economic point of view, appears to be adequate for financing needed improvements. However, many communities are prevented from utilizing their financing capacities by outmoded tax-rate or debt limits. State legislatures might well review their limiting statutes and, where advisable, proceed to remove or relax barriers to local public investment.

In States where the barrier of tax-rate or debt limits cannot be easily or quickly lowered, consideration should be given to alternative financing measures. Some States have made loans or grants to local school districts for the financing of building programs. Other States have established independent authorities, which raise funds for school building through the sale of revenue

bonds secured by the leasehold rental payments of the districts for which schools are built. Use might be made of lease-purchase plans, whereby municipalities can acquire needed buildings through instalment payments and yet stay within their existing debt limits.

It is also desirable to explore ways of broadening the market for bond issues of local governments, particularly those of smaller localities. At least one State has established an agency to examine and approve all of its new local government issues prior to their sale to the public. The market for small issues of little-known municipalities could be broadened by encouraging the establishment of a type of investment trust which would specialize in the securities of State and local governments, including their revenue bonds. To make the shares of such companies attractive to individual investors, the Congress should revise the tax laws so as to permit a regulated investment company, holding the bulk of its assets in the form of tax-exempt securities, to pass through to its shareholders the tax-exempt status of the income received on such securities. Such a "pass-through" would be a useful extension of a principle already in use.

Finally, it is apparent that many of our larger cities have far outgrown their traditional boundary lines. Nowadays, the typical metropolitan community sprawls over a number of towns or cities, in some cases over several States. The lack of congruence between the area of need and the area of governmental jurisdiction throws obstacles in the way of rapid and efficient construction of public works. The States are urged to study the problems of metropolitan areas, so that area-wide transit systems, sanitation systems, water supplies, or educational facilities may be provided with maximum returns from the public funds expended. For some of our larger metropolitan areas, interstate action is indicated. The metropolitan problem is both a challenge and an opportunity.

Coordination of Public Works Planning

Responsibility for different types of public construction is dispersed among many agencies of Federal, State, and local governments. Effective forward planning and execution of our Nation's public works therefore involves coordination of the activities of numerous Federal agencies, stimulation of advance planning by States and localities, and cooperation with State and local agencies engaged in public construction. Recognizing that the enlargement of our public assets is a vital task in the era ahead, and that the timing and coordination of public works activities have an important bearing on the growth and stability of the economy, the Council of Economic Advisers last year established a small unit to devote itself to coordinating the planning of public works.

Among other activities, this unit cooperated with the Bureau of the Budget in making an inventory of the status of Federal public works plans, project by project. It also initiated a survey of State and local plans for public works, which was carried out in cooperation with the Housing and Home Finance Agency and with the Bureau of the Census. The first study

disclosed that Federal plans for sound projects are available in reasonable abundance for an accelerated public works program, if economic conditions should make this necessary. The second study disclosed that public works programming by States and localities is extensive, but that there is only a very small backlog of plans at the stage of drawings and designs. The experience gained by the Council in surveying the Nation's needs and planning for public works has confirmed the wisdom of the many students of government who have repeatedly urged systematic attention to public works planning. To emphasize this vital activity and give it larger scope, an appropriation is being requested of the Congress to set up an Office of Coordinator of Public Works Planning within the Executive Office of the President.

A problem of great interest in this connection is the stimulation of public works planning in States and localities. Many smaller communities have projects within their master development plans for which funds are not immediately available to produce preliminary engineering surveys and designs. Assistance to such communities would help them to develop plans for public works ready for initiation, which otherwise would take months to prepare in case of need. Such a reservoir of planned public works should be of considerable magnitude to be effective. The sum of 1.5 million dollars made available by the Congress last year for planning advances—that is, interest-free loans—to States and municipalities was a good beginning but no more than that. It is recommended that the Congress enlarge substantially the appropriation for planning advances, and that a revolving fund be established for this purpose. The need for building a reservoir of “ready-to-go” projects has been recognized in three separate programs of planning advances, established by the Congress within the past decade. This experience indicates that the need for preparedness, being itself continuous, is not well met by programs of limited duration.

V. INCREASING THE STABILITY OF A GROWING ECONOMY

A view fundamental to the economic program presented in this Report is that the best way to avoid economic recessions is to have the economy growing vigorously. Yet it is necessary to recognize that, at times, growth processes may falter, and that on other occasions the forces of growth may generate price inflation. An expanding economy does not escape the need for moderating the business cycle. Hence, the program recommended in this Report has been formulated not only to foster economic growth, but to foster a reasonably stable process of growth.

The past quarter-century has taught our generation to be highly sensitive to economic changes. The protracted depression of the thirties, and the inequities of wartime and postwar price inflation, have made us intolerant of extensive fluctuations in incomes, in employment, or in prices. Economic statistics are now closely scrutinized and widely commented upon by men and women in different walks of life. The American people apply

more exacting standards to the performance of our economy than they did fifty or even five years ago. They expect their Government to pursue policies that foster a smoother rate of economic growth than was experienced in the past.

The growing confidence of people in their Government's ability to moderate economic fluctuations is desirable and not misplaced. A better-informed public with an increased awareness of economic change will tend to bring about higher standards of economic performance. This increased knowledge on the part of the public should, however, be accompanied by a realistic understanding of the practical difficulties in attaining increases in total production, employment, and personal income, entirely free from interruptions. Neither in our own history nor that of any other country has an economy ever attained this ideal for a long period of time.

The experience of Government in dealing with fluctuations in employment and incomes is not of long standing, and there is much yet to be learned about the problem of economic stability. For this reason, it is to be hoped that rigidity of judgments will not interfere with continued flexibility of policies and administration. We have learned from experience that the Government can do a great deal to moderate economic fluctuations, but there is as yet no good basis for the belief that it can entirely prevent them. A democratic government needs time, especially when current reports are conflicting, to meet a given economic situation. Moreover, the effects of its actions—whether in augmenting or in restraining demand—require time to work themselves out. Government ought not to be continuously veering its course, although it should act promptly and decisively when a threat to economic stability emerges.

Statesmanship requires that we make every effort to harness the idealism of our generation to the practical end of minimizing economic fluctuations. The economic effects of government operations are now so large and so pervasive that it is no longer reasonable to suppose that Government either can or should remain aloof from what goes on in the private economy. We have learned from experience that Government can pursue policies that not only promise to bring a stabler prosperity to economic life, but also to expand the scope and add to the vigor of private enterprise. Our aim must be to build on this experience, to pursue policies that will facilitate the growth of private enterprise, and to equip ourselves with better tools for checking any recession or inflation that might develop. Numerous actions taken last year by the Congress and the Executive have served these ends, and the program recommended in this Report should advance us further toward our goal.

Appendix A

**SUMMARY OF RECOMMENDATIONS IN
THE ECONOMIC REPORT OF
THE PRESIDENT**

Summary of Recommendations in the Economic Report of the President

The following summary of recommendations in the Economic Report includes recommendations to the Congress and suggestions to the States and municipalities.

Taxes, Business Regulation, and the Public Debt

- 1) Postpone the lowering of the corporate income tax and of excises, scheduled for April 1, 1955. [Page 49.]
- 2) Reduce the tax rate on corporate income from all foreign sources by 14 percentage points. [Page 53.]
- 3) Permit corporations with foreign branches to defer the tax on branch income until it is withdrawn from the country in which it was earned. [Page 54.]
- 4) Allow a regulated investment company, holding the bulk of its assets in the form of tax-exempt securities, to pass through to its shareholders the tax-exempt status of the income from such securities. [Page 64.]
- 5) Strengthen the deterrent to violation of the Sherman Antitrust Act by raising substantially the maximum fine that may be imposed under the Act. [Page 50.]
- 6) Increase the present statutory debt limit to permit greater flexibility in the management of Federal finances. [Pages 49-50.]
- 7) Review State and local tax-rate and debt limiting statutes with a view to removing or relaxing, where advisable, these barriers to local public investment. (State responsibility) [Page 63.]

Unemployment, Pensions, and Minimum Wage

- 8) Amend the unemployment insurance law of the District of Columbia to provide 26 weeks of benefits for all persons who qualify and who remain unemployed that long, and review disqualification provisions. [Page 56.]
- 9) Strengthen the Federal-State Employment Service. [Page 56.]
- 10) Extend the coverage of Federal Old-Age and Survivors Insurance, on a permanent and full contributory basis, to Federal personnel. [Page 57.]

- 11) Consider including under the unemployment insurance system the employees of State and local governments, and employees who work for firms employing fewer than four persons, to the extent that these workers are not now covered. (State responsibility) [Page 55.]
- 12) Consider revising unemployment insurance benefits so that (a) the great majority of covered workers are eligible for payments that at least equal half their regular earnings, and (b) the term of unemployment insurance benefits is 26 weeks for every person who qualifies for any benefit and who remains unemployed that long. (State responsibility) [Pages 55–56.]
- 13) Expand the Area Development Program of the Department of Commerce, which is designed to help depressed communities. [Pages 56–57.]
- 14) Increase the Federal minimum wage to 90 cents an hour; consider extending the coverage of a minimum wage to substantial numbers of workers now excluded. (Congressional and State responsibility) [Pages 58–59.]

Education and Public Improvements

- 15) Expand Federal programs for fellowships, research, teacher training, and related activities. [Page 51.]
- 16) Take early steps to help relieve the classroom shortage that now exists in our schools. (Congressional and State responsibility) [Page 51.]
- 17) Modernize over a ten-year period the presently-designated National System of Interstate Highways. [Pages 61–62.]
- 18) Appropriate funds to set up an Office of Coordinator of Public Works Planning within the Executive Office of the President. [Page 65.]
- 19) Enlarge the appropriation for planning advances to States and municipalities, and establish a revolving fund for the purpose. [Page 65.]
- 20) Study the problems of metropolitan areas, so that area-wide transit systems, sanitation systems, water supplies, or educational facilities may be provided with maximum returns from public funds expended. (State responsibility) [Page 64.]

Housing and Finance

- 21) Increase the insurance authorization of the Federal Housing Administration. [Page 60.]
- 22) Give the President greater latitude in the exercise of his power to vary, in the light of economic conditions, the terms on which home mortgages are underwritten by the Federal Government. [Pages 60–61.]
- 23) Allow national banks to make conventional real estate mortgage loans with maturities up to 20 years, and to extend the maximum duration of construction loans. [Page 60.]

- 24) Take steps to expedite urban renewal plans, so as to obtain available Federal assistance. (State responsibility) [Page 60.]
- 25) Consider, where necessary, enacting legislation to permit the writing of "open-end" mortgages. (State responsibility) [Page 60.]
- 26) Authorize the Public Housing Administration to enter into contracts for 35,000 additional units of low-rental public housing in each of the next two fiscal years. [Page 60.]
- 27) Continue the program for helping business concerns of small size to obtain access to adequate financing, to a fair share of Government procurement contracts, and to competent counsel; and extend the program's lending authority. [Page 50.]
- 28) Consider the merits of share-account insurance and other measures for protecting savings in credit unions. [Page 59.]

International Economic Relations

- 29) Extend the Trade Agreements Act, subject to present escape and peril point provisions, for three years with amendments to empower the President: (a) to reduce present tariff rates on individual commodities by as much as 5 percent per year in each of the three years; (b) to reduce tariff rates in greater degree in the case of products now imported in negligible volume; and (c) to reduce to 50 percent any rate in excess of that level. [Page 52.]
- 30) Establish standards for the valuation of imported goods that are simple, clear, and logical in their application. [Page 52.]
- 31) Increase the duty-free allowance of foreign goods brought home by tourists during any six-month period. [Page 52.]
- 32) Authorize at the proper time a contribution to the capital of the proposed International Finance Corporation. [Page 54.]
- 33) Strengthen the program of technical and other assistance to economically underdeveloped countries. [Page 53.]

Appendix B

**SOME LEADING ECONOMIC DEVELOPMENTS
DURING 1954**

- I. The Nation's Output and Its Disposition**
 - II. Employment and Earnings**
 - III. Price Changes**
 - IV. Monetary and Credit Developments**
 - V. Government Finances**
 - VI. Foreign Economic Developments**
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Some Leading Economic Developments During 1954

The purpose of this Appendix is to present factual information on certain of the leading developments of 1954. These facts serve to document the analytical account given in Chapter 2, and to elaborate on some matters that are only touched upon in that chapter. Section I of the Appendix discusses the changes which took place during the year in the Nation's total output, in different branches of production, and in public and private expenditures. Section II deals with employment, unemployment, hours of work, wages, and industrial disputes. Section III discusses the broad movements during 1954 of commodity prices in wholesale markets, as well as the prices of consumer goods and services. Section IV reviews monetary and credit developments during the year, and gives a brief sketch of Federal Reserve and Treasury policies in the fields of credit and debt management. Section V records the finances of Federal, State, and local governments. The final part, Section VI, reviews economic developments outside the United States—notably the industrial and financial progress of Western Europe—and the foreign trade and investment of the United States over the year.

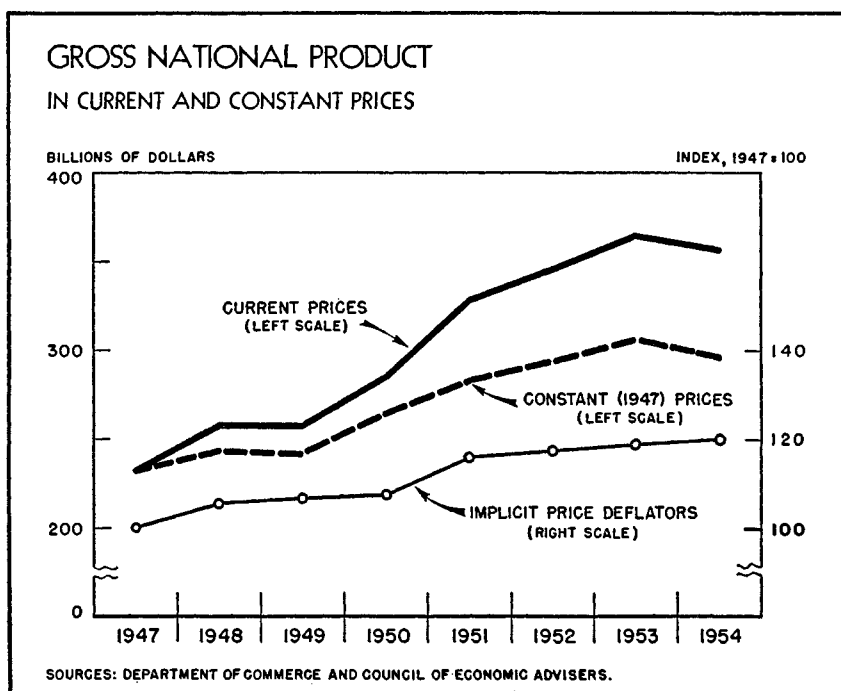
I. The Nation's Output and Its Disposition

The Nation's output of goods and services declined slightly from 1953 to 1954 (Chart B-1). According to preliminary estimates based on expenditures data, the decrease in the gross national product was 2 percent. When allowance is made for price changes, it appears to have been about 3 percent. When the decline is measured from the highest quarter in 1953 to the lowest quarter in 1954, instead of from one year's level to the next, it is not much larger.

Although measures of change in the total output of goods and services from 1953 to 1954 are useful as broad indicators of the over-all performance of the economy, they obscure the diversity of experience among major sectors. What is perhaps more important, they veil the significant fact that total output was again rising as 1954 drew to a close. While industrial production declined by 10 percent from mid-1953 to March 1954, it made a strong recovery in the latter part of the year, with most of the component industries showing marked improvement. Activity in the construction industry during 1954 was above that in 1953; agricultural output as a whole continued at the high 1953 level; and some of the service and utilities industries, notably electric light and power, continued to expand.

In contrast to the decline in total output, the final demand for goods and services, taken in the aggregate, was well maintained (Chart 8, p. 28).

CHART B-1



Consumer expenditures, which had fallen slightly in the fourth quarter of 1953, rose to a new record level by mid-1954, supported by a small but steady increase in disposable personal income. Outlays for fixed capital investment, when taken as a whole, showed few traces of the contraction. Expenditures by State and local governments continued to increase at a moderate pace, while Federal expenditure fell off substantially.

Since the contraction of output from mid-1953 to early 1954 was centered in industrial production, attention is directed first to that sector of the economy.

CHANGES IN PRODUCTIVE ACTIVITY

Industrial production

The salient features of the contraction and recovery in industrial production are shown in Table B-1. For 1954 as a whole, declines were greatest in metal mining, in the production of primary metals, and in coal mining. Declines in the output of metal fabricating industries ranged from 7 to 13 percent, and, since their sales declined less than production, the inventories of these industries were reduced substantially over the year.

In other branches of industrial production, activity was better maintained. Output of clay, glass, and lumber products, and also of stone and earth minerals, held close to 1953 levels. Output in the nondurable goods category

declined less than the output of durable manufactures or minerals. Among the major nondurable goods industries, the output of the food processing,

TABLE B-1.—*Changes in industrial production*

Industry group	Percentage change ¹ from—			
	1953 to 1954 ²	July 1953 to March 1954	March 1954 to August 1954	August 1954 to Decem- ber 1954 ²
Industrial production: total.....	-7	-10	0	+6
Manufactures: total.....	-7	-10	0	+6
Durable manufactures: total.....	-10	-14	0	+7
Primary metals.....	-18	-24	+2	+14
Metal fabricating: total.....	-10	-13	0	+5
Fabricated metal products.....	-10	-15	+3	-1
Electrical machinery.....	-9	-18	+11	+6
Nonelectrical machinery.....	-13	-14	0	-4
Transportation equipment.....	-7	-12	-4	+10
Instruments and related products.....	-10	-8	-7	+5
Clay, glass, and lumber products.....	-2	-3	-6	+13
Furniture and miscellaneous manufactures.....	-8	-11	+3	+1
Nondurable manufactures: total.....	-2	-6	0	+4
Textiles and apparel.....	-7	-11	0	+8
Rubber and leather products.....	-8	-11	-6	+12
Paper and printing.....	0	-2	+2	+1
Chemicals and petroleum products.....	0	-5	+1	+4
Foods, beverages, and tobacco.....	-1	-1	-1	0
Minerals: total.....	-4	-7	-3	+6
Coal.....	-14	-29	+10	+7
Crude oil and natural gas.....	+1	+1	-5	+6
Metal mining.....	-21	-17	-14	+10
Stone and earth minerals.....	-1	-1	-2	+4

¹ Percentage changes for monthly data are based on seasonally adjusted indexes.

² Preliminary.

Source: Board of Governors of the Federal Reserve System.

paper and printing, and chemicals and petroleum products industries kept in close step with their sales. Textile and apparel production declined 7 percent, which was enough, in view of the behavior of sales, to accomplish sizable inventory reductions.

The shorter-term movements of industrial production, shown in Table B-1 and Chart 12, page 31, are more striking and more significant than comparisons of the full years 1953 and 1954. They reveal the pattern of contraction and recovery which characterized these two years. The drop in total industrial production from July 1953 to March 1954 was half again as large as the change indicated by yearly averages, and the declines in industry groups were generally higher. From March to August 1954, durable and nondurable goods manufacturing showed no change, while minerals production continued to decline.

Industrial production as a whole registered a substantial recovery from August to December 1954; all major categories and most component industry groups shared in this advance. The expansion was strongest in motor vehicles and primary metals; electrical machinery, textiles, and coal also showed sizable gains. Though the output of clay, glass, and lumber products and of rubber and leather products also rose sharply, these increases to a large extent reflected the settlement of strikes which had curtailed production in the lumber and rubber industries in July and August.

Construction activity

The construction industry was a major source of strength in our economy during 1954. Total construction outlays—which closely reflect changes in physical volume, since costs for most types of construction appear to have changed very little—rose 5 percent from 1953 to 1954 (Table B-2). Out-

TABLE B-2.—*New construction activity*

Item	1953	1954 ¹	Percentage change from 1953 to 1954 ¹
	Millions of dollars		
New construction: total.....	35,256	37,170	+5
Private: total.....	23,877	25,720	+8
Residential (nonfarm).....	11,930	13,450	+13
Other.....	11,947	12,270	+3
Public: total.....	11,379	11,450	+1
Federal.....	4,153	3,423	-18
State and local ²	7,226	8,027	+11

¹ Preliminary estimate.

² Includes Federal aid (Appendix Table D-30).

Sources: Department of Commerce and Department of Labor.

lays by State and local governments showed a substantial increase; highway, public school, and sewer and water facility construction surpassed previous records. Federal outlays declined, mainly as a result of lower expenditures for defense construction.

Private outlays for commercial, religious, and educational buildings increased sharply in 1954. Utility construction was about equal to the high 1953 rate, but industrial building declined.

Current-dollar outlays for residential construction were at an all-time high in 1954, although the physical volume was below the peak of 1950. New housing starts in 1954 are estimated at 1.2 million dwelling units, compared with 1.1 million in 1953 and a record 1.4 million in 1950.

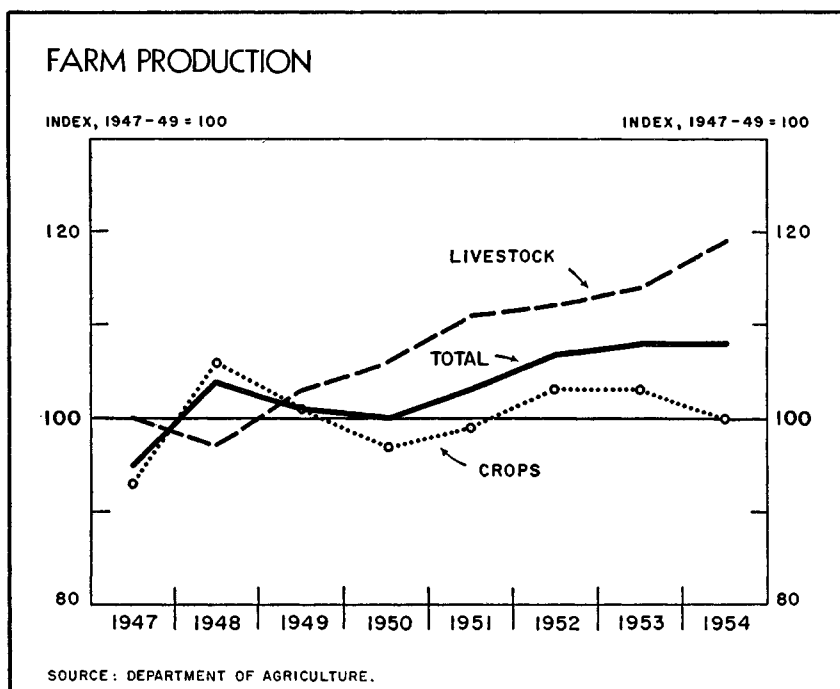
The movement of residential construction within 1953 and 1954 is especially noteworthy (Chart 13, p. 32 and Appendix Table D-29). On a seasonally adjusted basis, residential construction outlays declined slightly during the second half of 1953; but from March to August 1954, when industrial production showed no over-all change, these outlays expanded 21 percent. Further gains were made in subsequent months.

Agricultural production

In the past year, farm output as a whole equaled the record level of 1953 (Chart B-2). The wheat and cotton crops, due to marketing quotas, were respectively 17 and 18 percent smaller than in 1953. But since most of the 22 million acres taken out of wheat and cotton were used to expand production of feed and oilseeds, crop production as a whole declined only 3 percent (Appendix Table D-27).

Livestock production in 1954 was higher than in any previous year. Hog numbers increased sharply as a result of plentiful feed supplies and the

CHART B-2



favorable hog prices in late 1953 and early 1954. Output of poultry and eggs also expanded. Cattle and calf slaughter and milk production set new records in 1954. Milk production in the second half of the year, however, was about the same as in the corresponding period of 1953.

The movement of farm products into domestic consumption and export increased moderately from 1953 to 1954. One consequence was a sharp reduction in additions to price-support stocks. Whereas in 1953 the inventories and outstanding loans of the Commodity Credit Corporation rose by 3.2 billion dollars (equivalent in value to 9 percent of total farm output), the increase from November 30, 1953 to November 30, 1954 was 1.6 billion dollars (equivalent to less than 5 percent of farm output).

Although price-support stocks were at a record 6.9 billion dollars on November 30, 1954, the production and utilization of farm products appeared to be approaching a balance as the year drew to a close. Nearly 80 percent of the November stocks consisted of wheat, corn, cotton, and cottonseed products (oil and linters). Net additions to price-support stocks from the 1954 crops of wheat and cotton will be relatively small, and stocks of corn are expected to decline. Dairy products accounted for 8 percent of total price-support stocks in November, but purchases during the last quarter of 1954 were substantially below the same quarter of 1953, and sales and donations from stocks were much higher.

Transportation, trade, and services

Freight carloadings declined 12 percent from 1953 to 1954, reflecting mainly lower activity in coal mining and durable manufactures. Data for the first half of 1954 show a significant but smaller decline from a year earlier in the freight handled by intercity trucking firms.

The flow of goods through retail channels was well maintained, largely as a result of the high and increasing level of disposable income (Chart 14, p. 33). Retail sales in 1954 appear to have equaled their 1953 total, a stability which contrasts sharply with the decline of 7 percent in total industrial production. Reductions in inventories occurred, especially in consumer durable goods.

Production of electric power and natural gas increased from 1953 to 1954. Data on employment in the service industries suggest an expanded flow of services to consumers in 1954. So, too, does a deflated series of consumer expenditures on services, exclusive of housing (Table 1, p. 11).

CHANGES IN FINAL PURCHASES

The Nation's output may be considered as the sum of values added by current activity at each level of production and distribution. If there were no inventory changes, it could also be viewed as the total value of goods sold and of services rendered to final users. In any year, however, part of the Nation's output may be added to inventories, or final sales may be sustained at a higher level than current output by depleting inventories.

The distinction between current output (the gross national product) and final purchases is especially significant in interpreting changes from 1953 to 1954. Gross national product declined 7.8 billion dollars, or 2 percent, between the two years but final purchases declined 2.8 billion dollars, or 1 percent. This difference represents the changes in inventories in the two years, an increase of 1.5 billion dollars in 1953 and a decrease of 3.6 billion dollars in 1954 (Chart 8, p. 28).

The major components of total final purchases are shown in Table B-3. Purchases of goods and services by the Federal Government in 1954 were about 10 billion dollars lower than in 1953, but those of State and local governments increased. Gross private fixed investment (that is, the sum of expenditures on new construction and producers' equipment) totaled about the same as in 1953, and consumer expenditures rose by nearly 4 billion dollars. The increase in consumption expenditures was largely accounted for by housing and other services; expenditures for durable goods fell 700 million dollars, but expenditures on nondurable goods increased by 1.6 billion dollars over the prior year.

The quarterly data in Table B-3 and Chart 5, p. 26 show the 1954 recovery which is obscured by the yearly totals. From the second quarter of 1953 to the first quarter of 1954, gross national product, measured at seasonally adjusted annual rates, declined 14 billion dollars, or 4 percent.

TABLE B-3.—*Gross national product and its major components*

[Billions of dollars]

Component	1953	1954 ²	Change ¹ from—		
			1953 to 1954 ²	Second quarter 1953 to first quar- ter 1954	First quar- ter 1954 to fourth quarter 1954 ²
Gross national product: total.....	364.9	357.1	-7.8	-14.1	+5.2
Change in business inventories.....	1.5	-3.6	-5.1	-9.6	+2.7
Final expenditures: total.....	363.4	360.6	-2.8	-4.5	+2.5
Personal consumption expenditures.....	230.1	234.0	+3.9	-.3	+7.0
Durable goods.....	29.7	29.0	-.7	-2.3	+2.1
Nondurable goods.....	118.9	120.5	+1.6	-.8	+3.2
Services.....	81.4	84.5	+3.1	+2.7	+1.8
Gross private fixed investment.....	49.9	49.7	-.2	-1.8	+2.0
New construction.....	25.5	27.6	+2.1	+1	+3.1
Residential nonfarm.....	11.9	13.4	+1.5	-.5	+3.1
Other.....	13.6	14.3	+.7	+.6	0
Producers' durable equipment.....	24.4	22.1	-2.3	-1.9	-1.1
Net foreign investment.....	-1.9	-.6	+1.3	+2.2	+1.1
Government purchases of goods and services ³	85.2	77.5	-7.7	-4.7	-7.6
Federal ³	60.1	50.1	-10.0	-7.2	-8.9
National security.....	52.0	43.6	-8.4	-7.4	-6.3
Other ³	8.1	6.5	-1.5	+.2	-2.6
State and local.....	25.1	27.5	+2.4	+2.5	+1.3

¹ Quarterly changes based on seasonally adjusted annual rates.² Preliminary.³ Less Government sales.

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

Sources: Department of Commerce and Council of Economic Advisers.

However, the decline in total final purchases during this period was very much smaller—4.5 billion dollars, or about 1 percent. Though the contraction was mild, it was reflected in several of the broad categories of final purchases. Expenditures for consumer nondurable goods declined slightly, while outlays for consumer durables dropped 8 percent (Chart 15, p. 34). However, consumer outlays for services and State and local government expenditures increased during this period; and the balance of foreign trade also shifted in a direction which tended to support domestic production and income.

Consumer expenditures increased at an annual rate of about 7 billion dollars from the first to the fourth quarter of 1954. Outlays for consumer durables were 7 percent above the first quarter low, and outlays for nondurable goods and for services were higher by 3 percent and 2 percent, respectively. The upsurge in residential construction has already been noted. National security expenditures declined at an annual rate of about 6 billion dollars from the first quarter to the fourth, but the rate of decrease slowed down materially toward the end of the year.

In the first three quarters of 1954, declines in national security outlays were barely offset by increases in expenditures for all major categories of civilian goods and services. In the last quarter, however, the expansionary

forces of the civilian economy prevailed: total final purchases rose 2 billion dollars, and inventory liquidation declined as gross national product increased more than did final purchases.

CHANGES IN INCOME PAYMENTS

Income disbursements to individuals

Total personal income rose slightly from 1953 to 1954, despite the decline in gross national product (Appendix Table D-10). The increase was mostly in the fourth quarter of the year, reflecting the general expansion in output and final purchases. Wage and salary payments declined about 2.5 billion dollars, but other labor income increased slightly and transfer payments increased 2 billion dollars. Labor income and transfer payments combined declined slightly from 1953.

Income of farm proprietors, exclusive of receipts from net reductions of farm inventories, fell slightly in 1954, but the change was much smaller than in either of the two preceding years (Appendix Table D-10). Business and professional income also declined slightly, but was higher than in any year prior to 1953. Rental and interest incomes continued their rising trends, which have persisted for several years, and dividend payments increased despite a decline in corporate profits after taxes.

As a percentage of personal income disbursements, which are higher than total personal income by the amount of employee contributions for social insurance, investment income increased slightly in 1954 (Table B-4).

TABLE B-4.—*Distribution of personal income disbursements*

Year	Per- sonal income dis- burse- ments ¹ (billions of dol- lars)	Percent of total personal income disbursements ¹								
		Labor income and transfer payments				Propri- etors' income ³	Investment income			
		Total	Wage and salary dis- burse- ments ²	Other labor income	Trans- fer pay- ments		Total	Rents	Divi- dends	Interest
1939	73.5	67.4	62.5	0.9	4.0	15.8	16.8	3.7	5.2	7.9
1946	180.0	69.5	62.1	1.1	6.3	19.6	10.9	3.4	3.2	4.2
1947	192.6	71.1	63.8	1.2	6.1	17.9	11.0	3.4	3.4	4.3
1948	210.9	70.7	64.1	1.3	5.3	18.2	11.1	3.4	3.4	4.2
1949	209.1	71.7	64.3	1.4	5.9	16.3	12.0	3.8	3.6	4.7
1950	229.9	72.0	63.7	1.7	6.6	15.7	12.3	3.7	4.0	4.6
1951	258.8	72.7	66.0	1.9	4.9	15.8	11.5	3.5	3.5	4.5
1952	275.1	74.0	67.3	2.0	4.8	14.5	11.4	3.6	3.3	4.5
1953	290.1	75.2	68.3	2.2	4.8	13.3	11.5	3.7	3.2	4.6
1954 ⁴	291.1	74.9	67.2	2.3	5.4	13.0	12.1	3.7	3.4	5.0

¹ Total personal income, as shown in Appendix Table D-10, plus employee contributions for social insurance; beginning with 1952, includes social insurance contributions of self-employed persons.

² Includes employee contributions for social insurance.

³ Beginning January 1952, includes contributions for self-employed for social insurance

⁴ Preliminary estimates by Council of Economic Advisers.

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

Source: Based on Department of Commerce data (except as noted).

Such an increase occurred in 1948-49 and in other mild contractions. Rents and interest together accounted for a larger share than in other postwar years, but the dividend percentage was lower than in any year of the period 1949-51. The income shares of both farm and business proprietors in 1954—4.1 percent and 8.9 percent, respectively—were at postwar lows. Wages and salaries accounted for 67.2 percent of personal income in 1954, slightly below the percentage for 1952 and 1953 but higher than for other postwar years.

Changes in disposable personal income

Although the disbursements of income to individuals increased very little from 1953 to 1954, the amount available for spending or saving—disposable personal income—increased 3.5 billion dollars. This result reflects, among other developments, the fact that Federal taxes on personal income declined by more than 3 billion dollars, or 10 percent, while State and local taxes and employee contributions for social insurance increased by a much smaller amount.

The percentage distribution of disposable personal income among expenditure categories is shown in Table B-5 for 1929, 1940, and the postwar years. The percentage distribution changed only moderately from 1953

TABLE B-5.—*Distribution of disposable personal income*

Year	Dis- pos- able per- sonal in- come ¹ (bil- lions of dol- lars)	Percent of total disposable personal income							
		Personal consumption expenditures							Per- sonal saving
		Total	Dur- able goods	Nondurable goods			Services		
				Food ²	Cloth- ing and shoes	Other	Hous- ing	Other	
1929.....	83.1	95.0	11.1	23.5	11.3	10.6	13.8	24.8	5.0
1940.....	76.1	94.5	10.2	22.0	9.8	17.1	12.3	23.1	5.5
1946.....	159.2	92.1	10.0	25.4	11.5	16.2	8.5	20.5	7.9
1947.....	169.0	97.6	12.2	27.0	11.1	17.0	9.1	21.2	2.4
1948.....	187.6	94.7	11.8	26.3	10.5	15.9	9.4	20.8	5.3
1949.....	188.2	96.0	12.5	25.9	9.8	15.7	10.3	21.6	4.0
1950.....	206.1	94.1	13.9	24.7	9.0	15.0	10.4	21.2	5.9
1951.....	226.1	92.2	12.0	25.8	8.7	14.6	10.3	20.7	7.8
1952.....	236.9	92.2	11.3	25.9	8.5	14.6	10.8	21.1	7.8
1953.....	250.1	92.0	11.9	25.2	7.9	14.4	11.1	21.5	8.0
1954 ³	253.6	92.3	11.4	25.2	7.7	14.6	11.6	21.8	7.7

¹ Total personal income, as shown in Appendix Table D-10, less personal taxes.

² Includes alcoholic beverages.

³ Preliminary estimates by Council of Economic Advisers.

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

Sources: Department of Commerce and Council of Economic Advisers.

to 1954. The savings proportion declined a little as consumer spending rose during the latter part of 1954. The percentage spent on housing in 1954 continued the upward trend of recent years, but the share spent for durable goods declined. Outlays for nondurable goods showed little change from 1953.

Corporate profits

Corporate profits before taxes declined sharply in the last quarter of 1953 but recovered a little in early 1954; in the first nine months of 1954, they averaged 18 percent below the same months of 1953 (Appendix Table D-49 and Chart 21, p. 40). The decline was sharpest in the durable goods industries, in rail transportation, and in textiles. Before-tax profits in nondurable manufactures as a group declined much less than in durable manufactures, while profits in communications and public utilities actually increased.

Corporate profits after taxes were lower in the first nine months of 1954 than in the corresponding period of the previous year by about 10 percent. Corporate tax liabilities, on the other hand, appear to have been 24 percent lower in January–September 1954 than in the same period of 1953, a decline on an annual-rate basis of about 5.4 billion dollars.

Preliminary estimates for the fourth quarter of 1954 indicate a marked recovery in corporate profits, both before and after taxes. The fourth quarter rise may bring after-tax profits for the full-year 1954 to within 3 percent, or so, of 1953.

Dividend payments in each quarter of 1954 were up from the previous year, despite the moderate decline in after-tax profits. Correspondingly, undistributed profits were down about 10 percent in 1954 from the preceding year. At an annual rate of 8.0 billion dollars, they were about equal to the 1946 level, and lower than in any other year since 1946.

ADDENDUM: ALTERNATIVE MEASURES OF THE NATION'S TOTAL OUTPUT

Although national income statistics in the United States have reached a high level of usefulness, data on some sectors of the economy are far from perfect. Major changes in the Nation's output are registered with sufficient accuracy for most purposes, but small changes, such as those from 1948 to 1949 or from 1953 to 1954, defy accurate measurement at present. Indeed, the errors of estimation are sometimes of the same order of magnitude as the observed changes. While this is particularly true of estimates based on preliminary data, some uncertainty attaches also to the final figures.

Throughout this Report, the discussion of changes in the gross national product has been based on the figures that are conventionally designated in statistical reports by that name. In fact, however, two estimates of the gross national product are available. Since they are based on largely independent data, a rough check is possible on the accuracy with which changes in the gross national product are now measurable. The difference between these two estimates, the "statistical discrepancy," is regularly included in the national income accounts prepared by the Department of Commerce. Essentially, it is the difference between gross national

product as estimated, first, from information on expenditures for goods and services and, second, from data on incomes and other production costs. The difference between the two often changes by a billion dollars or less from one year to the next, or from one quarter to another. But occasionally it changes by as much as 3 or 4 billion dollars. Year-to-year changes of such size occurred in 1943-44, 1945-46, and 1947-48. According to preliminary data, the statistical discrepancy changed by an even larger amount from 1953 to 1954. Quarterly changes of large magnitude appeared during 1948-49 and 1953-54.

Economists conventionally use the gross national product estimates based on expenditure data; to avoid confusion, this practice has also been followed throughout this Report. On the basis of existing knowledge, it is impossible to say whether the estimate of gross national product based on expenditure data is more or less accurate than the estimate based on income data.

Some implications of these alternative measures of the Nation's output may be gathered from Table B-6. Based on the expenditure data, the

TABLE B-6.—*Alternative measures of the Nation's total output*

[Billions of dollars, seasonally adjusted annual rates]

Period	Gross national product or expenditure ¹	Charges against gross national product ²	Statistical discrepancy
1948: First quarter.....	247.9	248.8	-0.9
Second quarter.....	255.5	258.9	-3.4
Third quarter.....	261.9	263.6	-1.7
Fourth quarter.....	264.0	266.0	-2.0
1949: First quarter.....	259.9	259.8	+ .1
Second quarter.....	257.2	258.3	-1.1
Third quarter.....	256.5	257.2	-.7
Fourth quarter.....	255.5	253.5	+2.0
1953: First quarter.....	361.8	363.0	-1.2
Second quarter.....	369.9	367.3	+2.6
Third quarter.....	367.2	365.1	+2.1
Fourth quarter.....	360.5	359.9	+ .6
1954: First quarter.....	355.8	358.8	-3.0
Second quarter.....	356.0	359.8	-3.8
Third quarter.....	355.5	359.9	-4.4
Change from fourth quarter of 1948 to fourth quarter of 1949....	-8.5	-12.5	+4.0
Change from second quarter of 1953 to third quarter of 1954....	-14.4	-7.4	-7.0

¹ Estimates based mainly on expenditure data.

² Estimates based on income and non-income charges against production.

Source: Department of Commerce.

gross national product in 1954 appears to have been 2 percent below 1953. Based on income data, however, the decline appears to be only 1 percent. According to the quarterly expenditure estimates, the 1948-49 decline in total output was smaller than that of 1953-54. But the estimates based on income data suggest precisely the opposite. The conclusion must be drawn that the available measures of total output are not sufficiently accurate to determine decisively which of the two contractions was greater.

II. Employment and Earnings

Employment, which fell from the summer of 1953 to the summer of 1954, rose again in the last part of 1954, and unemployment declined much more than seasonally in the last three months of 1954. A reduction in average hours worked per week, due in large part to the decline of overtime, was reversed in May. The continued rise in average hourly earnings, which occurred despite the fall in employment, was a striking feature of recent developments in employment and earnings. Also noteworthy was the small amount of time lost in industrial disputes in 1954—the smallest since World War II.

EMPLOYMENT

According to statistics compiled by the Bureau of Labor Statistics, nonagricultural employment began to fall after July 1953 (Appendix Table D-22 and Chart 9, p. 28). Its decline accelerated in the late autumn and early winter, and continued at a less rapid rate in the spring and summer of 1954. At its low point in August 1954, nonagricultural employment was 1,960,000 below the peak reached 13 months previously. It then began to rise, but in December it was still below the levels of mid-1953.

The decline in the number of persons employed in nonagricultural industries may well be somewhat overstated by the Bureau of Labor Statistics series, which is based on business payroll records. This series counts twice a person who appears on two payrolls during the same payroll period, either because he has changed jobs during the period or because he holds two jobs at the same time. Dual jobholding probably tends to decline during a contraction in business activity, and labor turnover was definitely lower in the summer of 1954 than in the summer of 1953. These changes would cause a larger decrease in the number of persons on payrolls than in the number of individuals employed in any one week.

Nonagricultural employment is also estimated by the Bureau of the Census (Appendix Table D-16 and Chart 10, p. 29). Its series, unlike that of the Bureau of Labor Statistics, includes the self-employed, unpaid family workers, and domestic servants. Because of this difference in coverage and some differences in concepts and method, the Census series, which is based on a household sample survey, shows a somewhat different movement than that shown by the series based on payroll records. The first suggestion of contraction came earlier in the Census series, which showed a slightly less than seasonal rise in the spring of 1953. However, most of the decline in this series, seasonally adjusted, took place after July 1953. The adjusted series dropped 1,600,000 from July 1953 to its low point in August 1954. From August to December 1954, the rise was about 400,000.

Like all data derived from sample surveys, the Census data are subject to some error because the experience of the persons in a sample may differ to some extent from the experience of the population as a whole. Further,

the information given to interviewers may occasionally be inaccurate. The data of the Bureau of Labor Statistics are also not based on a full count of the employed; they too involve some estimation. These factors, as well as differences in concept and coverage, presumably contribute to the differences in the movement of employment shown by the two series.

The decline in seasonally adjusted employment in nonagricultural establishments, as reported by the Bureau of Labor Statistics, occurred principally in manufacturing (Table B-7). Between July 1953 and August 1954, em-

TABLE B-7.—*Changes in nonagricultural employment by industry*

[Thousands of persons, seasonally adjusted data]

Industry	Change from		
	July 1953 to March 1954	March 1954 to August 1954	August 1954 to December 1954 ¹
Nonagricultural employment: Total.....	-1,464	-496	+404
Mining.....	-72	-42	-21
Contract construction.....	+43	-14	-38
Manufacturing.....	-1,245	-529	+310
Durable goods industries: Total.....	-943	-454	+269
Ordnance and accessories.....	-56	-40	-4
Lumber and wood products (except furniture).....	-51	-74	+121
Furniture and fixtures.....	-42	+5	+1
Stone, clay, and glass products.....	-37	+3	+8
Primary metal industries.....	-159	-36	+15
Fabricated metal products (except ordnance, machinery, and transportation equipment).....	-123	-19	-4
Machinery (except electrical).....	-128	-69	-37
Electrical machinery.....	-131	-22	+14
Transportation equipment.....	-157	-172	+147
Instruments.....	-19	-19	+1
Miscellaneous manufacturing.....	-40	-11	+7
Non durable goods industries: Total.....	-302	-75	+41
Food and kindred products.....	-21	-30	+3
Tobacco manufactures.....	-4	0	+3
Textile-mill products.....	-136	+16	-16
Apparel and other finished textile products.....	-57	-34	+11
Paper and allied products.....	-16	+7	-4
Printing, publishing, and allied industries.....	+14	+1	+6
Chemicals and allied products.....	-27	-8	+3
Products of petroleum and coal.....	-9	-2	-2
Rubber products.....	-28	-24	+30
Leather and leather products.....	-18	-1	+7
Transportation and public utilities: Total.....	-239	-11	-23
Transportation.....	-236	-4	-24
Communication.....	-6	-9	+1
Other public utilities.....	+3	+2	0
Wholesale and retail trade.....	+8	-48	+44
Finance, insurance, and real estate.....	+31	+28	+30
Service and miscellaneous.....	-36	+63	-21
Government: Total.....	+46	+57	+123
Federal.....	-88	-39	-2
State and local.....	+132	+96	+125

¹ Based on preliminary data for December.

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

ployment also fell in other sectors—transportation, Federal Government, mining, and trade. Seasonally adjusted employment increased over this

period in State and local government; in finance, insurance, and real estate; and in service and miscellaneous industries. Within manufacturing, employment declined in every major industry group except printing, publishing, and allied industries.

From August 1954 to December 1954, seasonally adjusted employment rose in 15 of 21 manufacturing industry groups. The largest increases occurred in transportation equipment and in lumber and wood products. The large output of new-model automobiles in November and December was the principal cause of increased employment in transportation equipment. In lumber and wood products, employment recovered almost to mid-1953 levels, following a strike in the summer of 1954.

Agricultural employment, which has long been declining, fell more slowly during most of 1954. This suggests that reduced opportunities for nonfarm employment retarded migration away from farms, or that fewer farm residents than usual shifted from farm to nonfarm work in their own areas during the off-season, or both.

UNEMPLOYMENT

During the first half of 1953, unemployment, as estimated by the Bureau of the Census, continued to decline and reached a level lower than that of any corresponding period since World War II (Appendix Table D-16 and Chart 10, p. 29). The month-to-month movement of unemployment during the late summer and autumn of 1953, on the other hand, is somewhat obscure. The Census was then preparing to shift from its old sample of households in 68 areas to a new sample of households in 230 areas. During this period of preparation, less attention than usual was devoted to the training and supervising of interviewers working on the old sample, and this seems to have resulted in an underestimate of the number unemployed and of the size of the labor force. The unemployment figures originally published were later revised upward by the Census Bureau to reflect the higher level of unemployment shown by the 230-area sample for January 1954, as well as the increase in unemployment insurance claims. The revised data, though admittedly somewhat arbitrary, appear to be more accurate.

It is nevertheless clear that unemployment rose rather substantially between August 1953 and March 1954. The rise was due in part to the usual curtailment of outdoor employment in the winter months, but the greater part was the result of contraction in business activity. This rise in unemployment was more rapid, though less prolonged, than that which occurred in 1949. The peak of 3,725,000 (5.8 percent of the civilian labor force) reached in March 1954 was 959,000 lower than the peak of 4,684,000 (7.6 percent of the civilian labor force) reached in February 1950.

During the spring and summer of 1954, unemployment declined, following the usual seasonal pattern, except that the number of young workers reported as seeking work rose less than is usual in June and July. After

September, the decline in unemployment was clearly more than seasonal; in October, unemployment fell below 3 million for the first time in the year. Thereafter the usual seasonal rise did not occur; the December figure of 2,838,000 was only slightly above the October level.

It is important to recognize that the unemployed are not all the same individuals month after month; the turnover among them is substantial. During the first eleven months of 1954, of those unemployed in a given month, roughly one-third, on the average, had found employment the following month, and roughly 15 percent had left the labor force to return to school or to resume full-time household duties.

It should also be noted that some unemployment exists even when the demand for labor is strongest. The reason is that at all times there are some people in the process of changing from one job to another. Also, at all times a considerable number of jobs are vacant because the right persons have not yet been found to fill them. It would be helpful to have adequate statistics on the total number of job vacancies in the economy.

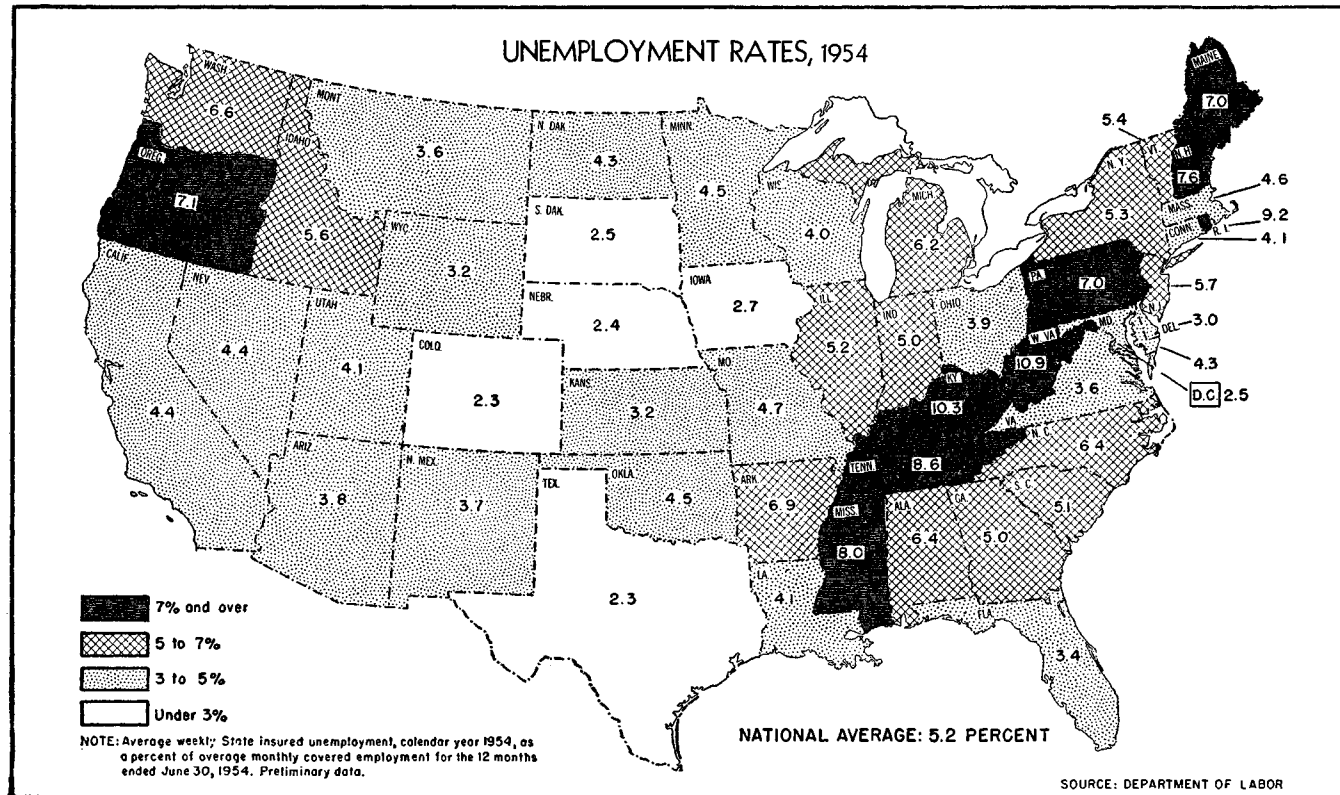
The Bureau of Employment Security also compiles statistics on unemployment. Its figures on insured unemployment and initial claims for unemployment insurance exhibit the same general movement of unemployment that has already been described (Appendix Table D-20). Insured unemployment was unusually low during the first nine months of 1953, dropping to a weekly average of 830,000 in September. For the next six months, the rise was much more than seasonal; the weekly average in March 1954 was 2,389,000. Seasonal reductions occurred from April through September, but in the last part of the year the rise in insured unemployment was smaller and occurred later than usual, as the normal curtailment of outdoor employment was offset by gains elsewhere, particularly in durable goods manufacturing. The monthly averages of insured unemployment for November and December 1954 were 1,643,000 and 1,869,000, respectively, but initial claims for unemployment insurance in these months were below the levels of a year earlier. The statistics of insured unemployment probably understate somewhat the amount of unemployment among workers covered by insurance programs because they do not include those who have exhausted benefit rights and still remain unemployed.

The impact of unemployment has been very uneven geographically. Insured unemployment under State programs during 1954 was 5.2 percent of covered employment for the continental United States. However, in six States it was less than 3 percent, and in nine it was 7 percent or over (Chart B-3).

The principal cause of unemployment in those States in which unemployment rates were highest was depressed conditions in the coal, textile, shoe, or apparel industries. Unemployment rates in most leading durable-goods producing States were close to the national average, although they had been well below the national average in 1952 and 1953.

In some areas, the impact of unemployment was greater than is indicated by State averages. The problems of the communities where unem-

CHART B-3



ployment rates were highest did not arise solely from the recent contraction in general business activity. They were often related to long-run declines in demand for particular products, to changes in technology, or to shifts in the location of production. Among the areas experiencing considerable unemployment for such reasons were Lawrence, Massachusetts; Altoona, Johnstown, Scranton, and Wilkes-Barre, Pennsylvania; Providence, Rhode Island; and Charleston, West Virginia.

The severity of unemployment depends not only on how many are involuntarily idle, but also on how long their idleness lasts. As the total number of unemployed rises, the number unemployed for long periods rises more than proportionally. Those unemployed 15 weeks and over, as reported by the Census, numbered 150,000 in August 1953. This group reached a peak of 1,047,000 in April and May of 1954, and then fell gradually to 707,000 in December. The number unemployed more than 26 weeks reached a maximum of 400,000 in August 1954, and was reduced to 376,000 by December. The number in this group remained lower throughout 1954 than it had been in the first half of 1950, when it reached 481,000 persons at its high point.

As extended unemployment rises, so does the number of the insured unemployed who exhaust their benefit rights. Not all such persons remain unemployed, however; many soon find employment and others leave the labor force. For the continental United States, the number of persons reported by the Bureau of Employment Security as exhausting benefit rights was approximately 50,000 a month from August to October of 1953. This number rose rapidly from December 1953 to April 1954, when it reached 156,000, and then increased gradually to 171,000 in August. Beginning in September the number of exhaustions began to decline, and by November it had dropped to 141,000. The number of exhaustions in the first eleven months of 1954 was 1,610,000. The proportion of insured unemployed who exhausted benefit rights tended to be highest in the States whose laws provided benefits of shortest duration.

The exhaustion of unemployment insurance benefits and the increased difficulty experienced by marginal workers in finding jobs caused some rise in the number of persons aided under State and local general assistance programs (Table B-8).

TABLE B-8.—*Number of persons receiving general assistance*

[Thousands of persons]

Month	1953	1954	Increase from 1953 to 1954	Month	1953	1954	Increase from 1953 to 1954
January.....	630	730	100	July.....	490	700	210
February.....	620	780	160	August.....	480	720	240
March.....	610	820	210	September.....	480	740	260
April.....	580	790	210	October.....	480	740	260
May.....	530	730	200	November.....	510	770	260
June.....	510	710	200	December.....	620	-----	-----

Source: Department of Health, Education, and Welfare.

There was also an increase in partial unemployment early in 1954. Workers ordinarily employed full time who worked less than 35 hours a week on all jobs because of economic factors may be regarded as "partially unemployed." The number of such persons in nonagricultural industries apparently reached a peak in March 1954 and thereafter declined substantially (Table B-9). The concept has less significance for agriculture, where the series has moved irregularly because of seasonal changes. The number partially unemployed in November 1954 was about the same as in December 1953.

TABLE B-9.—*Partial unemployment of usual full-time workers*

[Thousands of persons, 14 years of age and over]

Area sample and month	Persons who usually work full time at their present jobs who were working part time ¹ because of economic factors ²		
	Total	In agriculture	In nonagricultural industries
68-area sample:			
1952: November.....	826	122	704
1953: December.....	1,542	284	1,258
230-area sample:			
1954: March.....	1,878	166	1,712
May.....	1,644	96	1,548
August.....	1,861	410	1,451
November.....	1,506	221	1,285

¹ Less than 35 hours in the survey week.

² These factors include slack work, job turnover, materials shortages, and repairs to plant and equipment

Source: Department of Commerce.

The increase in unemployment from 1953 to 1954 was also accompanied by an increase in the number of persons temporarily laid off (with instructions to report back to work within 30 days) and not seeking other work while awaiting recall. By long-standing practice, these persons are not classified as unemployed. Temporary layoffs began to rise in late 1953, and were over 400,000 in January 1954. From February through July, they varied between 200,000 and 300,000, more than 100,000 above the levels of the preceding year. In late 1954, temporary layoffs fell again to a low level (Appendix Table D-18).

AVERAGE HOURS WORKED PER WEEK

The average number of hours worked per week in manufacturing is usually an early indicator of changes in business activity, because adjustments in hours can be made more quickly and easily than adjustments in employment. Average weekly hours of production workers in manufacturing, which had been 41.7 in December 1952, began to fall in the first months of 1953 (Table B-10, Appendix Table D-23, and Chart 20, p. 39). By early 1954, the average was below 40 hours, and in April it reached the

TABLE B-10.—Average weekly hours of work in selected industries

Industry	April 1953	April 1954	Latest data available
All manufacturing.....	40.8	39.0	¹ 40.5
Durable goods industries.....	41.7	39.7	¹ 41.1
Nondurable goods industries.....	39.5	38.1	¹ 39.8
Bituminous coal mining.....	32.1	28.9	² 35.4
Metal mining.....	43.2	39.8	² 40.5
Building construction.....	36.9	36.5	² 36.1
Retail trade.....	39.1	39.1	² 38.8
Wholesale trade.....	40.3	40.2	² 40.5
Class I railroads.....	41.3	41.1	² 40.4
Gas and electric utilities.....	41.1	41.0	² 41.3

¹ December 1954.

² November 1954.

³ October 1954.

Sources: Department of Labor.

low point of 39.0, somewhat above the low point of 38.4 reached in April 1949. Recovery also began early. After April 1954 the workweek rose more than seasonally, reaching 40.5 hours in December.

The decline in hours between 1953 and 1954 was largest in durable goods industries, where it reflected primarily the decline of overtime. But by December 1954 the workweek in these industries was again at a level indicating considerable overtime work.

Among nonmanufacturing industries, metal mining and bituminous coal mining showed the sharpest declines in average hours worked. Hours in bituminous coal mining recovered seasonally late in 1954. In the principal industries other than manufacturing and mining, the changes in the workweek from April 1953 to April 1954 were slight.

WAGE RATES AND EARNINGS

Average hourly earnings of production workers in all manufacturing industries moved upward moderately after mid-1953. The December 1954 level of \$1.83 was 6 cents above that of July 1953 and 3 cents above that of December 1953 (Appendix Table D-24 and Chart 20, p. 39). During the economic contraction from November 1948 to November 1949, this series did not rise. As a result of the increase in hourly earnings and the recovery in hours of work, weekly earnings by late 1954 were above their mid-1953 levels (Appendix Table D-25). From a July 1953 level of \$71.33, weekly earnings rose to \$72.36 in December, but they fell to \$70.20 by April 1954 as a result of shorter hours. They subsequently rose to the new all-time high of \$74.12 in December 1954.

Outside manufacturing, hourly earnings toward the end of 1954 were also above the levels of mid-1953, except in mining, where there was virtually no change. Average hourly earnings in building construction rose 15 cents from July 1953 to November 1954; in retail trade they rose 5 cents. Average hourly earnings in Class I Railroads rose 8 cents from July 1953 to October 1954.

Within manufacturing, the rise in average hourly earnings for most major industry groups was larger than that of the all-manufacturing average. The latter was held down because employment contracted more in high-wage than in low-wage industries. In durable goods manufacturing, where the average rose 3 cents from July 1953 to July 1954, the rise was 4 cents or more in nine of eleven major industry groups, and 5 cents or more in four of them. Within many individual manufacturing industries, wage rates rose more than average hourly earnings, which were held down by reductions in overtime work at premium rates.

During 1954, a large proportion of the general wage increases negotiated in collective bargaining amounted to 5 cents an hour or slightly more, often accompanied by some improvements in pensions, insurance plans, or other fringe benefits. There was some tendency during the year to improve or preserve the relative earnings position of skilled workers by means of special wage increases or general percentage increases. Many workers in the basic steel, aluminum, aircraft, electrical machinery, shipbuilding, steel fabricating, meat packing, rubber, pulp and paper, and telephone industries, among others, received wage increases in 1954.

In addition to the wage increases that were negotiated, increases of 5 cents an hour were received by workers in the automobile industry and by some workers in the aircraft and farm machinery industries under the terms of the "annual improvement factor" clauses of prior long-term agreements. Since the consumer price index declined slightly during 1954, wages decreased 2 cents an hour under the "escalator clauses" of these agreements, leaving a net gain in money wages of 3 cents an hour. A number of escalator clauses were discontinued during the past year. The wages of approximately 2 million workers are now linked to the consumer price index, one and a quarter million fewer than a year ago.

Where firms or industries have experienced persistent difficulties, unions have in some instances foregone wage increases or accepted decreases. Since mid-1953, major contract settlements without wage increases have been made in the textile dyeing and finishing, footwear, and pottery industries, and agreements in coal mining have not been reopened. In the full-fashioned hosiery industry, employer contributions to pension funds have been discontinued. In the wool textile industry in the North, wage cuts of 7 cents an hour and up were accepted by unions after arbitration or after strikes. Workers of two automobile firms voted to discontinue incentive wage systems that had kept earnings on some jobs substantially above earnings for comparable work elsewhere.

INDUSTRIAL DISPUTES

The time lost in industrial disputes during 1954 and the number of workers involved were at the lowest levels since World War II. During the year, 3,450 work stoppages involving 1,500,000 workers were reported

by the Bureau of Labor Statistics, compared with 5,091 stoppages involving 2,400,000 workers in 1953. The workers involved in these disputes were idle 22,000,000 man-days in 1954, compared with 28,300,000 in 1953. These figures are 0.20 and 0.26 percent, respectively, of estimated working time.

III. Price Changes

PRICE STABILITY DURING 1953-54

The apparent stability of prices in the face of falling manufacturing and mining activity was one of the striking features of the recent contraction. Since mid-1953, the indexes of wholesale and consumer prices have fluctuated narrowly around horizontal trends, although the latter index, for technical reasons, may have failed to reveal fully the downward adjustments in the terms of purchase of durable consumer goods (Chart 24, p. 41 and Table B-11). Because of the over-all stability of prices, the inventory adjustments during 1953-54 were not aggravated by adverse expectations concerning prices such as often tend to develop when economic activity declines.

TABLE B-11.—*Changes in prices*

Group	Percentage change ¹ from—		
	1953 to 1954	Second quarter 1953 to first quarter 1954	First quarter 1954 to fourth quarter 1954
Wholesale prices: All commodities.....	+ .2	+ .9	— .8
Farm products.....	—1.3	+1.2	—6.0
Processed foods.....	+ .7	+1.7	—1.7
Other than farm products and foods.....	+ .4	+ .7	+ .3
Consumer prices: All items ²	+ .4	+ .8	— .3

¹ Change based on index (1947-49=100) for each group.

² Indexes for 1954 based on data through November.

Source: Department of Labor.

The primary factor making for price stability was the high and well maintained level of final demand during the past year and a half, as industrial activity first declined and then entered a new phase of expansion toward the end of the period. A number of independent influences also strengthened prices in primary markets and lent indirect support to prices of final products. These included government stockpiling and price-support programs, and the vigorous economic expansion in Western Europe. The downward post-Korean adjustments in prices of industrial materials, which had occurred prior to the contraction of 1953-54, also left their mark on the behavior of prices during the contraction.

WHOLESALE PRICES

Industrial prices and their interrelations

Industrial prices were stable on the average during the contraction partly because they had fallen during the preceding two years (Chart 25, p. 42). The drop that occurred in the prices of raw and semi-processed industrial materials between early 1951 and early 1953 is especially noteworthy (Chart 26, p. 42). Wide swings in these prices are normal during business cycles, because current and anticipated changes in the demand for final products are magnified in primary markets through inventory adjustments at the various stages of production and distribution. The unusual feature of recent experience, however, is that the downward adjustment in prices of industrial materials, which usually occurs during even a mild decline in business activity, had been virtually completed before the contraction began. This was particularly true in nondurable goods manufacturing, where prices of both materials and finished goods had declined sharply during 1951 and 1952, after the forward buying of the early months of the Korean conflict had run its course. In contrast, the prices of many durable materials and goods, which are usually more stable than those of nondurables and which were strongly influenced by defense production, leveled off or rose gradually during 1951-52, and then moved up slightly after price controls were removed early in 1953. Prices of most finished durable goods and some materials held steady during the subsequent contraction and recovery, but prices of most metals dropped between the summer of 1953 and the early months of 1954 before rising through the remainder of the year to levels approximating those of mid-1953.

Raw materials

The long decline in the prices of basic raw materials was arrested late in 1953, and the index began to rise early in 1954 (Chart 26, p. 42). The expansion of Western European production was partly responsible for this upturn. Rising foreign demand helped to increase the prices of nonferrous metals and natural rubber, and to cushion the decline in wool prices. Domestic factors were more important, however. The new long-range stockpile programs of the Federal Government called for larger quantities of some nonferrous metals. Domestic consumption of natural rubber increased after its price declined relative to synthetic rubber during 1953 and the early months of 1954. Finally, the contraction in manufacturing which began in mid-1953 came to a halt after the first quarter of 1954, as the production of major household durable goods and most nondurable manufactures recovered from winter lows. All these developments combined to lift the index of prices of raw industrial materials during the first half of 1954, and further gains were recorded after August when the increase of durable goods production increased the demand for materials. By the fourth quarter, the index of raw industrial material prices was 8 percent above its first quarter level. The indexes of prices of semi-

processed industrial materials and of finished goods remained stable as raw material prices advanced during the first six months of 1954, but they too rose moderately toward the end of the year.

Farm products and foods

Prices of farm products at central markets fluctuated more widely than prices of industrial commodities during 1953-54, and by the fourth quarter of 1954 they were down 5 percent from the second quarter of 1953 (Chart 25, p. 42 and Table B-11). In general, this behavior represents a prolongation of the downward movement that began in 1951, as a consequence of approximately stable over-all demand combined with enlarged supplies of agricultural products. The average annual decline in the index of prices of farm products has been as follows: for 1951-52, 5.6 percent; for 1952-53, 9.3 percent; and for 1953-54, 1.3 percent.

In the aggregate, prices received by farmers at local markets followed a similar course, but there were striking differences among the various commodity groups. Smaller production of wheat, cotton, and corn caused market prices to increase relative to support levels during 1954, but prices of livestock and their products declined substantially. Thus, in the last quarter of 1954, crop prices averaged 4 percent higher than in the fourth quarter of 1953, while prices of meat animals were down 4 percent, prices of dairy products 7 percent, and poultry and egg prices 31 percent. These diverse trends combined to cause a decline in the index of prices received by farmers, and the parity ratio (the ratio of prices received by farmers to prices paid by them) averaged 87 in the last quarter of 1954 (Chart B-4).

Prices of processed foods fluctuated along with prices of farm products, but around a horizontal rather than a declining trend (Chart 25, p. 42 and Table B-11). Processed food prices tend to be less flexible than farm prices, partly because of additional costs incurred in processing. Wages, an important part of these added costs, continued to increase slightly.

CONSUMER PRICES

The over-all stability of the consumer price index during the contraction conceals offsetting movements in the prices of commodities and those of services (Chart B-5). Also, as observed previously, the index of consumer prices probably does not reflect fully the more favorable terms of purchase of durable goods. By the fourth quarter of 1954, retail commodity prices had declined 2.2 percent from their peak in the third quarter of 1953, but rents had increased 2.5 percent and the index of prices of other services (which includes public utilities and public transportation, as well as personal services) had risen 2.3 percent over the same interval. In general, retail commodity prices have drifted slightly and irregularly downward since 1951, while service prices have increased steadily. These divergent trends produced a slight upward tilt in the consumer price index during 1952

CHART B-4

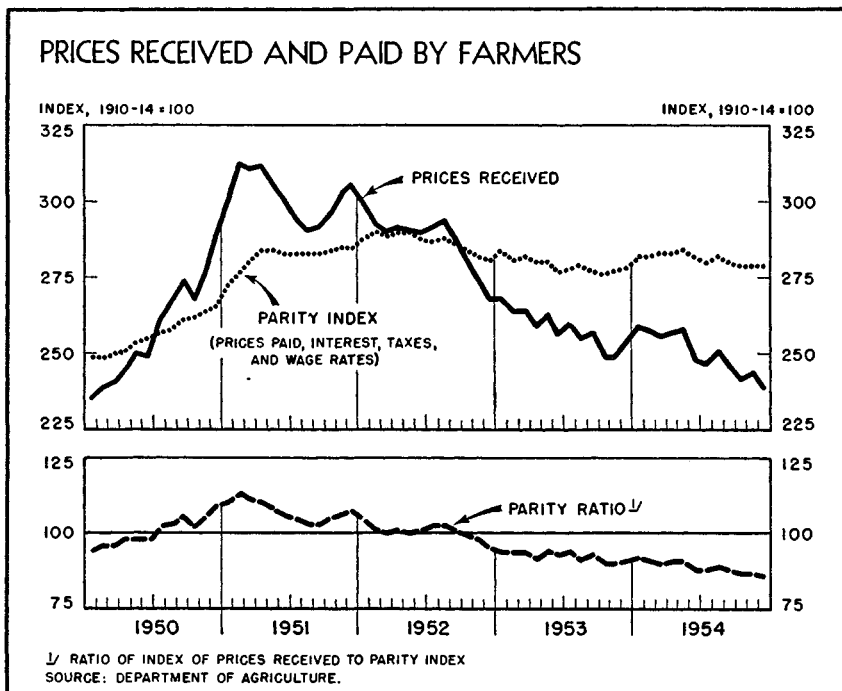
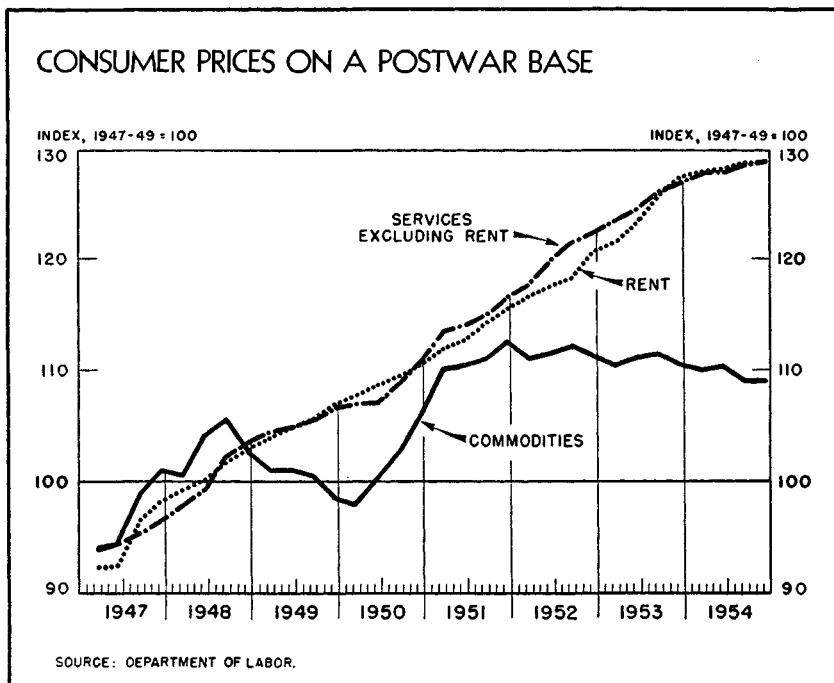


CHART B-5

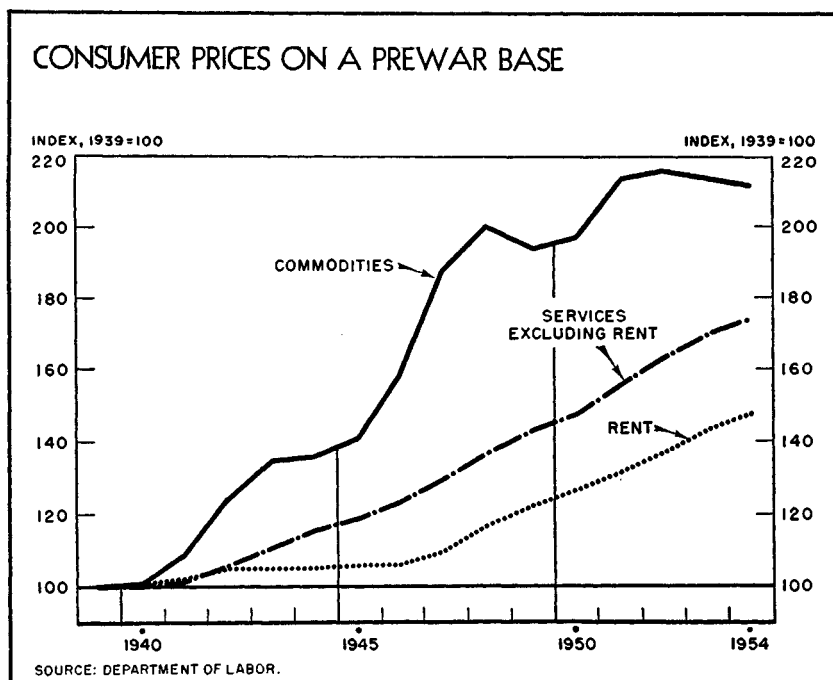


and most of 1953; after the contraction got under way, service prices rose more slowly, and the over-all index leveled off (Chart 24, p. 41).

Substantial declines in the prices of new automobiles, tires, and household durable goods during 1954 were mainly responsible for a fall of 2.8 percent in the index of prices for transportation goods and services and of 2.5 percent for housefurnishings between the fourth quarters of 1953 and 1954. Consumers benefited from reductions in excise taxes on many durable goods in April, and subsequent price reductions occurred as department stores and other retailers moved to meet the competition of discount houses. New car prices dropped in the fall of 1954, preceding introduction of the 1955 models, but the transportation price index rose 2.1 percent in November as dealers discontinued or reduced price concessions with the introduction of the new models. The prices of most nondurable commodities changed very little during the year. Apparel prices declined 0.9 percent, and the prices of foods sold for home consumption 1.7 percent, between October–November of 1953 and the corresponding period in 1954.

Prices of many services are regulated by public authority, by contract, or by custom, and they are still adjusting to postwar conditions of demand. Although they have risen relatively more than commodity prices since 1947 (Chart B-5), they have risen less from their prewar levels (Chart B-6). The rising trend of service prices during the recent past has reflected sustained demand for services and, from a longer point of view, a growth in the supply of services that has lagged behind a steadily increasing demand.

CHART B-6



IV. Monetary and Credit Developments

Some of the most significant economic developments of 1954 took place in the credit and financial markets. Perhaps the most important was the net increase of 10.2 billion dollars in the loans and investments of the commercial banking system (Appendix Table D-43 and Chart 28, p. 44). This expansion of commercial bank assets was accompanied by, and to a considerable extent facilitated, increased flows of funds from financial institutions into public and private construction, which served importantly to sustain economic activity over the year. The process was facilitated by Federal Reserve actions and by the policies pursued by the Treasury in its management of the Federal debt.

EXPANSION IN BANK LOANS AND INVESTMENTS

More than half of the over-all expansion in bank loans and investments was in holdings of United States Government securities. These increased by about 6 billion dollars, the increase being predominantly in intermediate and long-term securities. Bank holdings of State and local government securities and of corporate securities combined also increased, in their case by 1.6 billion dollars. The increase of 2.6 billion dollars in total loans clearly was not due to commercial and industrial loans; despite an increase in the second half of the year, these loans were still lower at the year-end than they had been at the end of 1953. The increases in the total were in large part the result of increases in real estate loans, in loans to brokers and dealers and to others for purchasing and carrying securities, and to a minor degree in agricultural loans. Loans to consumers were slightly reduced.

These facts reflect the broad economic profile of the year. The movement of commercial and industrial loans was due in large part to the slackening and subsequent recovery of activity in industry and trade. The increased holdings of State and local government securities and of loans secured by real estate represent the accommodation by the banking system of increased demands for credit from these consistently buoyant sectors of the economy. And the moderate increase in security loans is associated with the rise of stock prices and the year's heavy volume of underwriting activities. Had not commercial banks absorbed during the year about 6 billion dollars of Federal securities, the supply of money would have grown less rapidly, and economic events during the year might have been very different.

Despite absorption of large amounts of Federal securities by the commercial banking system, the total amount of Federal debt in the hands of the public, including the commercial banks and the Federal Reserve Banks, increased by only 2.3 billion dollars during 1954. There was, therefore, some redistribution of the publicly held Federal debt among various types of holders (Table B-12 and Appendix Table D-46).

The largest net reduction in holdings of Federal securities was by "other corporations" (primarily nonfinancial businesses). Individuals, including partnerships and personal trusts, reduced their holdings substantially, and appreciable amounts were sold on balance by insurance companies and mutual savings banks. State and local governments were large net buyers of Federal securities. An important aspect of these shifts is that the expansion of commercial bank credit made funds available to insurance companies and mutual savings banks for investment, over and above their receipts from new savings and from repayments of outstanding loans and investments. These funds were employed to a considerable extent in financing an expanding volume of residential construction, State and municipal works, and a continuing increase in outstanding corporate obligations.

TABLE B-12.—*Net changes in the ownership of the publicly held Federal debt, December 31, 1953 to December 31, 1954*

[Par value, billions of dollars]

Investor group	Ownership distribution		Net change in ownership
	December 31, 1953	December 31, 1954 ¹	
Debt held by the public: Total.....	226.9	229.2	+2.3
Commercial banks.....	63.7	69.5	+5.8
Federal Reserve Banks.....	25.9	24.9	-1.0
Insurance companies.....	15.8	14.9	-.9
Mutual savings banks.....	9.2	8.8	-.4
Other corporations.....	21.5	19.3	-2.2
State and local governments.....	12.9	14.6	+1.7
Individuals.....	65.0	63.7	-1.3
Miscellaneous investors.....	12.9	13.5	+.6

¹ Preliminary.

Sources: Treasury Department and Council of Economic Advisers.

MONEY SUPPLY

Rising bank holdings of loans and securities were crucial determinants of changes in the money supply during 1954, although other factors also had a bearing (Table B-13 and Chart 27, p. 43). As measured by the total

TABLE B-13.—*Net changes in the money supply, 1952-54*

Item	Net change ¹ during—					
	1952	1953	1954 ²	1952	1953	1954 ²
	Billions of dollars			Percent		
Demand deposits and currency: Total.....	4.5	1.5	4.1	3.6	1.2	3.1
Demand deposits adjusted.....	3.3	.9	4.1	3.3	.9	4.0
Currency outside banks.....	1.2	.6	—1	4.5	2.2	—3
Time deposits.....	4.3	4.6	5.2	7.1	7.0	7.4

¹ Based on data for end of year.

² Preliminary.

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

Sources: Board of Governors of Federal Reserve System and Council of Economic Advisers.

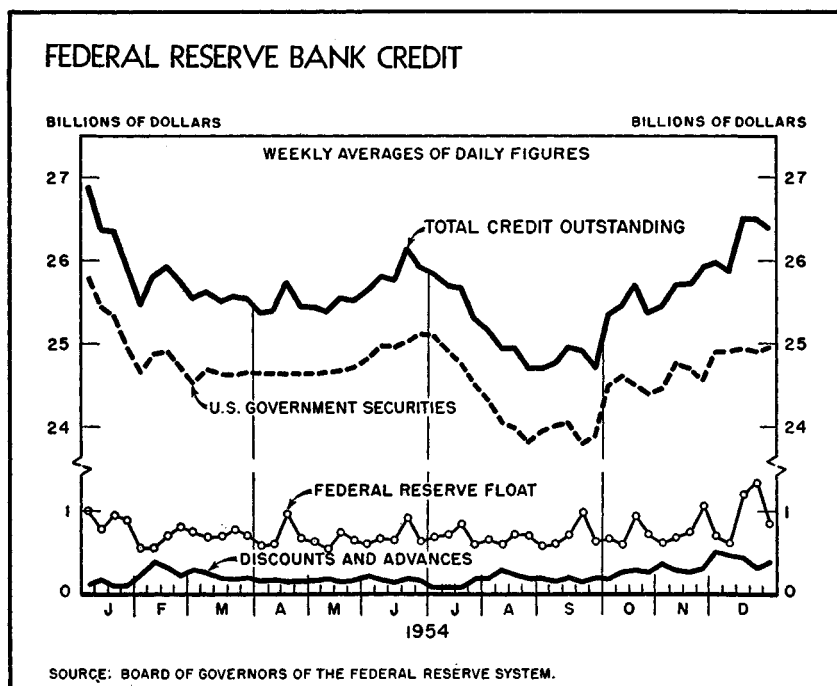
of adjusted demand deposits (exclusive of Government and interbank deposits) and currency outside the banks—the conventional definition of the active money supply—monetary expansion was considerably greater in 1954 than in 1953, and only a little less than in 1952. In fact, the expansion of demand deposits in 1954 exceeded that in 1952. The decline in currency outside the banks during 1954 doubtless reflected a reduced demand for hand-to-hand currency resulting from a lower level of business activity. The expansion of time deposits exceeded the increases of both 1952 and 1953.

BANK RESERVES AND FEDERAL RESERVE POLICY

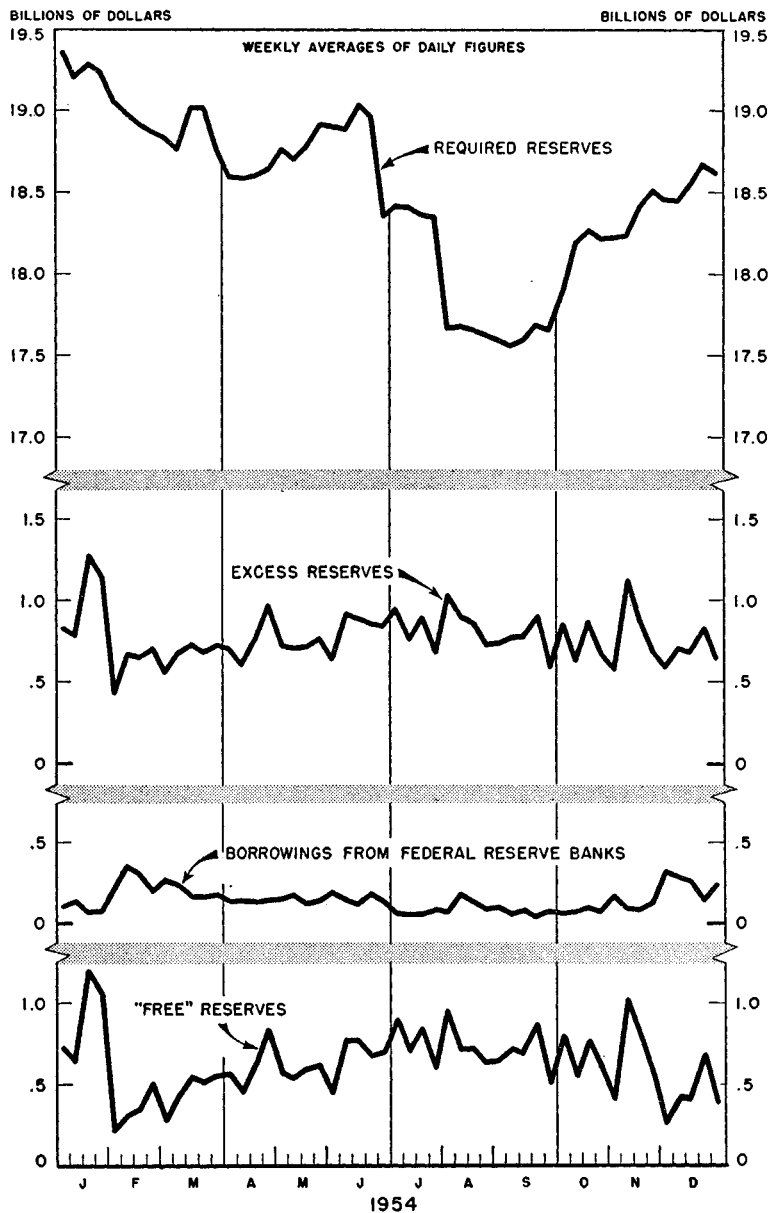
The 1954 expansion in bank credit and in the money supply was possible only because the commercial banking system was adequately supplied with reserves. The policies followed by the Federal Reserve authorities and the movement of member bank reserve balances are important elements, therefore, in the year's financial developments (Charts B-7 and B-8).

During the opening weeks of the year, commercial bank reserves were augmented by a substantial return of currency from public circulation, reflecting cyclical as well as seasonal factors. The objective of Federal Reserve policy in this period was to absorb part of any reserves arising from the currency inflow and from other reserve-expanding factors, and yet to maintain an adequate commercial bank reserve position. Federal securities were sold, on balance, in the first three months of the year; were held in

CHART B-7



MEMBER BANK RESERVES AND BORROWINGS



SOURCE: BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.

April at about the March level; and then were purchased, on balance, in May and June. Other factors affecting the reserve position of member banks from the beginning of the year until early June were a decline in deposits, which reduced the amounts of reserves required to be held by the banks, and a net outflow of gold. The combined effect of all these forces was to leave the reserve position of the member banks approximately the same in early June as it had been at the year's beginning, but in the interim there had been a decline followed by an increase in excess and "free" reserves. These were relatively low in early February, but increased fairly steadily from then until the middle of the year (Chart B-8).

Steps were also taken in the first half of the year to bring the lending rates of the Federal Reserve Banks more closely into line with open market rates of interest, which had been declining more or less continuously. In February 1954, discount rates charged to member banks were reduced from 2 percent to $1\frac{3}{4}$ percent, and buying rates on 90-day bankers' acceptances from $2\frac{1}{8}$ to $1\frac{3}{4}$; in April-May, rediscount rates were again lowered, this time to $1\frac{1}{2}$ percent, and buying rates on acceptances were reduced to $1\frac{1}{2}$ percent.

Important policy actions were taken in the second half of the year, when a series of reductions in reserve requirements was made, accompanied by open market operations. Reserve requirements for time deposits were cut from 6 percent to 5 percent for country banks on June 16, and similarly for central reserve and reserve city banks on June 24. On the latter date, the reserve requirement for demand deposits in central reserve city banks was reduced from 22 percent to 21 percent, and this change was followed shortly by three additional steps: the requirement for central reserve city banks was reduced from 21 percent to 20 percent on July 29; the requirement for reserve city banks was lowered from 19 percent to 18 percent on the same date; and the country bank requirement was cut from 13 percent to 12 percent on August 1.

Although these actions freed approximately 1.6 billion dollars of reserves, the volumes of excess reserves and of "free" reserves were relatively unchanged as the Federal Reserve Banks sold or redeemed about 1.0 billion dollars of securities in July and August, and other influences also tended to deplete reserves. These open market sales served to lessen the immediate impact of reduced reserve requirements on the money market. Net purchases of securities were made over the remainder of the year, as other forces—notably a net outflow of gold and a drain of currency into circulation—tended to absorb reserves and as an expansion of deposit liabilities increased the amount of reserves which the banks were required to hold. It is important to note that almost all of the 1954 expansion of bank assets and liabilities took place in the second half of the year. Excess reserves remained roughly stable, although toward the end of the year they declined somewhat and borrowing from Reserve Banks increased. A very small rise in money market rates and bond yields occurred toward the close of the year.

TABLE B-14.—*Factors affecting member bank reserves, December 1953 to December 1954*

[Monthly averages of daily figures]

Factor	Change (millions of dollars)
Factors increasing member bank reserves:	
Decrease in money in circulation.....	218
Decrease in Treasury deposits with F. R. Banks.....	159
Increase in F. R. Bank discounts and advances to others than member banks.....	155
Decrease in other deposits with F. R. Banks.....	52
Increase in Treasury currency outstanding.....	97
Total increase.....	681
Factors decreasing member bank reserves:	
Decrease in U. S. Government securities.....	722
Net gold outflow.....	317
Decrease in float.....	26
Decrease in F. R. Bank discounts to member banks.....	195
Other factors.....	60
Total decrease.....	1,320
Member bank reserves:	
Total.....	-641
Required.....	-659
Excess.....	+18

NOTE.—Rounding accounts for the discrepancy between the excess of decreasing over increasing factors and the decrease in total reserves.

Source: Board of Governors of the Federal Reserve System.

A convenient recapitulation of the changes in member bank reserve balances over the year as a whole is given in Table B-14. The principal factors increasing member bank reserve balances were a decrease in money in circulation of something over 200 million dollars, a decrease of about 300 million dollars in Treasury and nonmember bank deposits at the Federal Reserve Banks, a 150 million dollar increase in discounts and advances to others than member banks, and close to a 100 million dollar increase in Treasury currency outstanding. Together, these factors added nearly 700 million dollars to member bank reserves. The amount of required reserves was lower by roughly 700 million dollars, as the effect of reduced reserve requirements in releasing reserves was partly offset by a rise in deposit liabilities. At the same time the volume of reserve balances was being reduced by a net outflow of gold of something over 300 million dollars, by a reduction of over 700 million dollars in holdings of Government securities by the Federal Reserve Banks, and by a 200 million dollar reduction in member bank borrowing from Reserve Banks.

The fact that excess reserve balances were virtually unchanged on balance over the year reflects inadequately the active policy of credit ease followed through practically all of this period. As pointed out above, this policy was accompanied by a substantial expansion of bank credit and of deposit liabilities, which entailed a greater commitment of reserves. It is interesting to note that, if it had not been for the midyear reduction in reserve requirements, the volume of reserves required at the year's end would have been higher by around 1.7 billion dollars.

BOND YIELDS AND INTEREST RATES

The policy of credit ease resulted in readier availability of loan funds and lower borrowing costs during 1954 (Chart 30, p. 45). For some

months during the year, interest rates and bond yields continued the downward trend that had begun in June-July 1953. The persistence and the degree of the 1954 decline varied in different sectors of the market. The rate on new issues of Treasury bills reached a low point in June; it subsequently increased and ended the year at just over 1 percent—the same level as in the early months of the year but substantially below average rates in 1953. The rate on prime commercial paper, also a short-term obligation of high quality, did not reach its low point until August, at which time it stabilized at $1\frac{1}{4}$ to $1\frac{3}{8}$ percent. Here, also, money costs in 1954 were substantially below the 1953 levels.

In the long-term sector of the market, the movement of bond yields followed somewhat the same pattern, but with less amplitude. The yield on the $3\frac{1}{4}$ percent Treasury bond maturing in 1978-83, which was issued May 1, 1953, fell to approximately 2.6 percent in August 1954 and subsequently showed a slight tendency to rise. The downward movement of yields on high grade municipal bonds continued into August, and that, too, was followed by a slight upward movement. Borrowing costs of State and local governments were substantially lower than those that prevailed in mid-1953. Yields on high grade corporate bonds reached their low point in April, earlier than did the public issues, and held steady over the remainder of the year, also at a level appreciably below that reached in mid-1953.

The rates paid by business concerns on short-term loans also were reduced in 1954. The average rate on short-term business loans, reported by banks in 19 cities, was 3.56 percent in September, contrasting with an average of 3.7 for 1953 as a whole, a modest decrease characteristic of the relatively sluggish movement of customer loan rates. A more pronounced change occurred in the rates paid by leading finance companies on their direct placements of finance paper with banking institutions and with other investors. This rate fell from slightly over 2 percent in January 1954 to 1.25 percent in July, at which point it remained over the rest of the year. Rates on this type of paper averaged 2.33 percent in 1953. These reductions in borrowing costs, occurring in both the long- and short-term markets, helped to moderate the decline in business activity which began in mid-1953 and encouraged the recovery which began in the early fall of 1954.

Although systematic and reliable information on the movement of rates and yields for urban mortgage loans is not available, scattered information suggests that financial developments after August 1953 were favorable to an increase of building activity. The increase to $4\frac{1}{2}$ percent in May 1953 of the interest rate on FHA-insured and VA-guaranteed mortgages served to alleviate somewhat a shortage of funds in this market that had threatened seriously to hamper building activity; insured and guaranteed mortgages sold at increasing discounts as interest rates rose in the first half of 1953. This downward movement of mortgage prices was checked shortly after the middle of the year, and for the rest of 1953 and

much of 1954 they moved closer to par. The trend of yields reflected conditions of availability of credit in 1954 that favored an increase of building activity. The part played by the commercial banking system in these developments of the money and capital markets was highly significant.

CONSUMER CREDIT

In the first quarter of 1954, additions to the flow of consumer expenditures generated by new extensions of instalment credit were less than the drain on consumer income arising out of repayments on old contracts, with the result that consumer instalment credit was, on balance, a contractive factor in the economy (Table B-15 and Chart 29, p. 44). This was

TABLE B-15.—*Net changes in consumer instalment and noninstalment credit outstanding*

(Millions of dollars)

Period	Net change in—						Non- instalment credit
	Total consumer credit	Instalment credit					
		Total	Automobile paper	Other con- sumer goods paper	Repair and modern- ization loans	Personal loans	
1953: First quarter.....	+223	+763	+699	-65	+11	+118	-540
Second quarter.....	+1,556	+1,298	+890	+157	+83	+168	+258
Third quarter.....	+738	+836	+572	+72	+88	+104	-98
Fourth quarter.....	+1,193	+606	+81	+339	+61	+125	+587
1954: January.....	-813	-351	-183	-134	-14	-20	-462
February.....	-584	-254	-148	-109	-12	+15	-330
March.....	-307	-201	-91	-145	-9	+44	-106
April.....	+262	+45	+23	-30	+3	+49	+217
May.....	+277	+61	+60	-43	+17	+27	+216
June.....	+294	+230	+166	-3	+1	+66	+64
July.....	+59	+132	+130	-39	+2	+39	-73
August.....	+11	+52	+51	-34	+5	+30	-41
September.....	+120	+34	+16	-7	0	+25	+86
October.....	+119	+17	-25	+37	-5	+10	+102
November.....	+234	+62	-44	+74	-6	+38	+172
December ¹	+991	+486	+104	+302	-31	+111	+506

¹ Preliminary.

Sources: Board of Governors of the Federal Reserve System and Council of Economic Advisers.

sharply in contrast to the situation in 1953, when consumer instalment credit was a consistently expansive factor. The impact of consumer credit on the economy changed in April, however, when total new instalment credits came approximately into balance with repayments. In the following eight months, new credits were in excess of repayments by varying amounts. The impact of the aggregate of instalment and noninstalment credit on consumer expenditures was contractive, on the whole, in the first quarter of 1954, but the net effect later was distinctly beneficial to the recovery movement, notably in the last four months of the year.

Rising unemployment during the last half of 1953 and early in 1954 was not accompanied by any appreciable increase in delinquencies on instalment credit contracts. Delinquencies, as reported by the American Bankers

Association, were somewhat higher in the first half of 1954 than in the first half of 1953, but not significantly so. In almost all categories of consumer instalment loans, delinquencies were lower in 1954 than in 1949-50. The favorable 1954 record may doubtless be attributed in part to the fact that disposable personal income increased over the year.

ISSUES OF CORPORATE, STATE, AND MUNICIPAL SECURITIES

Offerings of State and municipal securities increased sharply in 1954, reflecting the increase in capital outlays by State and local governments (Table B-16). The gross proceeds of corporate issues were also higher in

TABLE B-16.—*Securities offerings, January to November, 1953 and 1954*

[Millions of dollars]

Security	January- November 1953	January- November 1954
State and municipal securities (principal amounts)	4,781	6,036
Corporate securities (gross proceeds)	7,420	8,403
Proposed uses of estimated net proceeds from corporate offerings:		
New money	6,547	6,303
Plant and equipment	4,536	4,910
Working capital	2,010	1,393
Retirements of securities	234	1,454
Other purposes	510	516

Source: Securities and Exchange Commission.

the first eleven months of 1954 than in the corresponding period of 1953; but this gain was due wholly to an increase in refinancing issues, which was probably stimulated by the lower level of interest rates. The over-all volume of corporate securities issued for new money was somewhat lower than in 1953. The decline was limited entirely to issues for working capital purposes; reflected in this fact were the considerably reduced demands of sales finance companies. The volume of funds obtained for investment in plant and equipment, on the other hand, was higher in the period from January to November 1954 than in the corresponding period of 1953. Only a high level of confidence on the part of business could account for the fact that, while the economy was undergoing some contraction, many corporations made increased demands on the market for funds to expand or modernize producing capacity.

Developments in the market for existing shares were of a more spectacular nature. The Securities and Exchange Commission index of stock prices, covering 265 common stock issues, rose from its 1953 low of 181 (1939=100) in September to 268 in December 1954, an increase of 48 percent (Chart 31, p. 45). Trading volume on the New York Stock Exchange increased from a daily average of 967,000 shares in July 1953 to a daily average of 3.5 million shares in December 1954. The unusually rapid increase in share prices resulted in a sharp decline in the yield on

shares: the Moody index of yields on 125 industrial common stocks (ratios of dividends to market price) was 4.09 percent for the week ended December 31, 1954, contrasting with the postwar high of 7.29 percent in May 1949.

For the year ended December 29, 1954, loans to brokers and dealers for purchasing and carrying securities (other than U. S. Government obligations) by weekly reporting banks in New York and Chicago (which account for 80 percent or more of such loans of reporting banks) increased by 263 million dollars, to a total of 1,518 million dollars, and comparable loans to "others" rose by 155 million dollars, to a total of 482 million dollars. Amounts owed to member firms of the New York Stock Exchange maintaining margin accounts by their customers were 2.2 billion dollars at the end of November 1954, contrasting with the 1953 low, in January, of 1.3 billion dollars.

The upward movement of security prices and the volume of transactions accelerated in the closing days of the year and in the first days of 1955. In view of these developments, the Federal Reserve authorities at the close of business on January 4, 1955, increased the margin requirement from 50 to 60 percent.

MORTGAGE CREDIT

The high level of construction and real estate activity in the past year made heavy demands on finance. During 1954, nonfarm mortgage debt outstanding rose by 11.3 billion dollars, with the greatest percentage increase in debt on homes (Appendix Table D-41). Nonfarm mortgage recordings of \$20,000 or less rose by slightly over 10 percent in the first nine months of the year, but still larger developments were suggested by some indicators of future activity. In 1954, VA appraisal requests were 113 percent higher, and applications for FHA home mortgage insurance 33 percent higher, than in 1953 (Appendix Table D-32 and Chart 33, p. 47).

The large volume of home building in 1954, which played a significant role in sustaining the economy over the year and which, after allowance for seasonal influences, was still rising at the year's end, can be attributed in large part to the ready availability of credit on liberal terms. Individuals financed their purchases of homes on lower down payments and longer maturities in 1954, and financial institutions showed an increasing willingness to invest in home mortgages on these conditions. As indicated above, the yields on mortgage investments tended to decline over the year; but the attractiveness to lenders of home mortgages, particularly those protected by Federal insurance or guarantee, relative to other long-term investments, tended to increase.

The adequacy of the supply of mortgage funds can be attributed in part to the volume of savings flowing into investment through financial intermediaries, notably life insurance companies, mutual savings banks, and savings and loan associations. However, the more favorable position of mortgages in the capital market, which came about without imposing higher

current interest costs on borrowers and in some cases in the face of declining current interest charges, played a major part in easing the home mortgage situation.

TREASURY DEBT MANAGEMENT POLICIES

During the year the Treasury followed the policy of restricting its issues to those of intermediate and short term, thereby working cooperatively with the Federal Reserve in its policy of credit ease. The effect of Treasury policy was that it avoided interfering with the demands for long-term funds arising from the rapid expansion of private and State and local construction. The satisfaction of these demands for funds was a major factor both in moderating the contraction in late 1953 and early 1954 and in facilitating the recovery movement.

The Treasury was able to pursue its policy of improving the structure of the debt even though it offered no really long-term security during 1954. In all four of the major Treasury refundings during 1954—in February, May, August, and December—investors were offered an intermediate-term security as well as the usual one-year certificate; and the two major cash financing operations—in May and October—were accomplished through the issuance of intermediate-term notes. Around 31 billion dollars of the Treasury securities issued through December 1954 were beyond the one-year area. As a result, the average length of the marketable debt rose over the year, reversing the steady six-year decline which virtually ended in 1952 and leveled out in 1953, and the floating debt was reduced.

V. Government Finances

Federal expenditures were reduced during 1954. On the other hand, expenditures of State and local governments rose, as these governments continued their efforts to meet the need for public improvements and services resulting from increased population and the deferral of construction during the war years.

Although Federal expenditures were cut in fiscal year 1954, the Federal debt continued to rise. The gross debt of State and local governments also rose during the year, but—taken in the aggregate—these governments appear to have increased their holdings of cash and securities by almost as much as the increase in their indebtedness. Much of these increased liquid assets was held in sinking funds and trust fund accounts; a part took the form of larger working capital balances.

FORMS OF GOVERNMENT ACCOUNTS

Government accounts can be drawn up in a number of ways, each method serving a different purpose. Conventional administrative budgets are used by Federal, State, and local governments in the formulation of their fiscal programs. Consolidated cash budgets are set up to reflect differences in

the cash income and outgo of the government under consideration. Finally, an account can be set up which employs the estimates of government receipts and expenditures that are reported in the national income and product accounts, as prepared by the Department of Commerce.

These three sets of accounts differ significantly, both in the way they are constructed and in the view they give of governmental operations. For the Federal Government, the conventional and cash budgets are developed from accounting records; receipts and expenditures as shown in the national income accounts, however, are budgetary data supplemented by estimates developed to adapt them to the needs of national income accounting. For State and local governments, there are no consolidated conventional budgets, and the consolidated data on a cash basis and on a national income basis are partly estimated. Receipts and expenditures as shown in the national income accounts, and to a certain degree as shown in the cash accounts, are, therefore, subject to the same type of reservation as the estimates of gross national product. (See Appendix B-I, pp. 84-85.)

FEDERAL FINANCES: CONVENTIONAL AND CASH ACCOUNTS

Federal finances may be considered first in terms of the cash statement. In fiscal year 1954, cash expenditures of the Federal Government were reduced substantially from the postwar peak reached in fiscal year 1953 (Table B-17); cuts in national security expenditures accounted for the

TABLE B-17.—*Federal receipts and expenditures: Conventional budget and consolidated cash statement, 1950-56*

[Fiscal years, billions of dollars]

Receipts or expenditures	1950	1951	1952	1953	1954	1955 (estimated)	1956 (estimated)
Conventional budget:							
Receipts.....	36.5	47.6	61.4	64.8	64.7	59.0	60.0
Expenditures.....	39.6	44.1	65.4	74.3	67.8	63.5	62.4
Surplus or deficit (—).....	—3.1	3.5	—4.0	—9.4	—3.1	—4.5	—2.4
Consolidated cash statement:							
Receipts.....	40.9	53.4	68.0	71.5	71.6	66.6	68.8
Expenditures.....	43.2	45.8	68.0	76.8	71.9	69.0	68.2
Surplus or deficit (—).....	—2.2	7.6	(¹)	—5.3	—0.2	—2.4	0.6

¹ Cash surplus of 54 million dollars.

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

Sources: Treasury Department and Bureau of the Budget.

bulk of the total reduction of 4.9 billion dollars. A further reduction, estimated at 2.9 billion dollars, is being made in the current fiscal year. For fiscal year 1956, cash expenditures are estimated at 68.2 billion dollars, that is, 0.8 billion less than estimated for fiscal year 1955, but 8.6 billion below fiscal year 1953 (Chart 3, p. 8).

Cash receipts for fiscal year 1954 were 71.6 billion dollars, approximately equal to those of fiscal year 1953. Receipts did not fall in fiscal year 1954

mainly because of the relatively high tax collections from corporations, reflecting the profits realized in calendar year 1953. In fiscal year 1955, however, receipts are expected to fall to 66.6 billion dollars, due to the effect of the recent contraction in economic activity and of various tax reductions, as follows:

1. The excess profits tax was repealed, effective January 1, 1954. On the basis of 1953 profits, this action reduced tax liabilities of corporations by an estimated 2 billion dollars.

2. Personal income taxes were reduced by about 10 percent in the lower and middle income brackets and by amounts graduating down to between 1 and 2 percent in the highest brackets. These changes, which also became effective on January 1, 1954, are expected to reduce receipts for fiscal year 1955 by about 3 billion dollars.

3. An excise tax reduction was enacted, effective April 1, 1954, which it is estimated will reduce receipts from selected excises during fiscal year 1955 by about 1 billion dollars. With a few exceptions, all *ad valorem* taxes previously ranging from 15 to 25 percent were reduced to 10 percent, and the rates on many household appliances were reduced from 10 to 5 percent.

4. A program of structural tax changes was enacted under the Internal Revenue Code of 1954. Many of these changes were designed to encourage economic growth; they include more liberal depreciation allowances, a tax credit to reduce double taxation of dividends, a lengthening from one to two years of the period over which net business losses may be carried back, and more liberal tax treatment of research and development expenditures of business. Other revisions, designed to correct inequities, include increased allowances for medical expenses and for certain dependents, a new allowance for child-care expenses, and more liberal rules governing the personal tax treatment of medical insurance and sick benefits received by employees. It is estimated that these structural revisions will reduce receipts in fiscal year 1955 by approximately 1.4 billion dollars.

On the other hand, on January 1, 1954, old-age insurance contributions rose from 1½ percent to 2 percent of covered earnings for both employers and employees, raising cash receipts by an estimated 1.3 billion dollars in fiscal year 1955. The changes made by the Social Security Amendments of 1954 in the coverage of the old-age insurance system and in the base for computing contributions will have relatively small revenue effects until fiscal year 1956.

Altogether, last year's tax reductions totaled approximately 7.4 billion dollars on a full-year basis, while social security contributions increased 1.3 billion dollars, producing a net reduction in cash receipts of 6.1 billion dollars. For fiscal year 1954, the net reduction was somewhat over a half billion dollars; for fiscal year 1955, it has been estimated at only 0.3 billion dollars less than the full-year effect of 6.1 billion dollars.

The deficit in the cash budget of the Federal Government for fiscal year 1953, when national security expenditures were at their post-World War II peak, was 5.3 billion dollars. Cuts in expenditures reduced the deficit to 0.2 billion dollars in fiscal year 1954. Despite a continued drop in expenditures, the cash deficit in fiscal year 1955 is expected to be 2.4 billion dollars, primarily because of the loss in revenues resulting from the recent decline in economic activity and the tax reductions made last year. For fiscal year 1956, a cash surplus of 0.6 billion dollars is expected, as expenditures are cut further and receipts rise in response to economic expansion.

The margin between expenditures and receipts of the Federal Government during the past few years has been considerably larger in the conventional budget than in the cash budget (Chart 3, p. 8). Unlike the cash budget, the conventional budget includes intra-governmental transactions and eliminates the transactions of the Social Security and other

TABLE B-18.—*Effect of financial operations on the Federal debt, 1952-56*

[Fiscal years, billions of dollars]					
Item	1952	1953	1954	1955 (estimated)	1956 (estimated)
Budget deficit.....	4.0	9.4	3.1	4.5	2.4
Increase (+) or decrease (—) in Treasury general fund balance.....	—0.4	—2.3	+2.4	—1.7	—
Other transactions ¹	+0.3	—0.1	—0.3	+0.2	—0.7
Increase in debt.....	3.9	7.0	5.2	3.0	1.7
Federal debt outstanding: ²					
Beginning of the year.....	255.8	259.2	268.1	271.3	274.3
Increase during the year.....	3.9	7.0	5.2	3.0	1.7
End of the year.....	259.2	266.1	271.3	274.3	276.0

¹ Includes changes in the clearing account for outstanding checks, net expenditures (including investments) of trust accounts, and other transactions.

² Securities issued or guaranteed by the U. S. Government, excluding guaranteed securities held by the Treasury.

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

Sources: Treasury Department and Bureau of the Budget.

trust funds. Since these trust funds now accumulate substantial surpluses, the conventional budget provides a less accurate measure than the cash budget of the impact of Federal finances on the economy. In the conventional budget, the Federal Government ran a deficit of 9.4 billion dollars in fiscal year 1953. This was reduced to 3.1 billion dollars in fiscal year 1954, and is expected to be 4.5 billion dollars in the current fiscal year. In fiscal year 1956, the deficit in the conventional budget is expected to be 2.4 billion dollars (Table B-17).

The Federal debt—including debt held by trust funds and other investment accounts of the Federal Government, as well as that held by the public—amounted to 259.1 billion dollars at the beginning of fiscal year 1953. Although, as pointed out above, the conventional budget deficit was 9.4 billion dollars in fiscal year 1953, the public debt increased by only 7 billion—to 266.1 billion dollars, because 2.3 billion of the deficit was financed by drawing down the Treasury's cash balance (Table B-18). In fiscal

year 1954, the Federal debt increased by 5.2 billion dollars, to 271.3 billion dollars. Of this increase, 3.1 billion represented the amount necessary to finance the budget deficit and 2.1 billion represented the net effect of an increase in the Treasury's cash balance less minor offsetting items.

The net cash borrowing of the Federal Government in both years was considerably less than the increase in the Federal debt, mainly because part of the increase consisted of securities issued to trust funds and government agencies, and another part reflected accrued discount on savings bonds and bills. Were it not for year-to-year changes in the Treasury's cash balances, the net amount of cash borrowing from the public, or of cash repayments to the public, in any given year would closely approximate the cash deficit, or cash surplus, for that year.

STATE AND LOCAL GOVERNMENT FINANCES: CASH ACCOUNT

The combined cash expenditures of State and local governments (exclusive of Federal grants-in-aid) were 22.2 billion dollars in fiscal year

TABLE B-19.—*Consolidated cash statements of Federal, State, and local governments, 1950-54*

[Fiscal years, billions of dollars]

Receipts or payments	1950	1951	1952	1953	1954
Federal Government:					
Cash receipts.....	40.9	53.4	68.0	71.5	71.6
Cash payments.....	43.2	45.8	68.0	76.8	71.9
Federal cash surplus or deficit (—).....	–2.2	7.6	(¹)	–5.3	–0.2
State and local governments:²					
Cash receipts.....	17.2	19.1	20.8	22.5	24.1
Cash payments.....	18.4	19.9	20.9	22.2	24.3
State and local cash surplus or deficit (—).....	–1.2	–0.7	–0.2	0.3	–0.2
Total government:					
Cash receipts.....	58.2	72.5	88.8	94.0	95.7
Cash payments.....	61.6	65.7	88.9	99.0	96.1
Total cash surplus or deficit (—).....	–3.4	6.9	–0.1	–5.0	–0.4

¹ Cash surplus of 54 million dollars.

² Estimates by the Council of Economic Advisers on the basis of incomplete data.

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

Detail will not necessarily add to totals because of rounding.

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

1953 and 24.3 billion dollars in fiscal year 1954. Both current operating expenses and capital outlays increased. The increase in current expenditures reflected higher wages and salaries and larger employment. Expenditures on school and road construction accounted for most of the increase in capital outlays. Receipts of State and local governments also continued to rise in 1954, though at a slower pace. Cash receipts and expenditures of all State and local governments combined have been fairly close to balance during the past three years (Table B-19). Corresponding figures on the basis of conventional budgets are not available.

According to preliminary estimates, the gross debt of State and local governments rose from 32.7 billion dollars at the end of fiscal year 1953 to 37.9 billion dollars at the end of 1954, reflecting increased outlays on schools, highways, and other public improvements. Borrowing to finance self-liquidating projects was an important factor in this rise. Nevertheless, the debt of State and local governments is a much smaller percentage of the gross national product than it was during the prewar years (Table B-20).

TABLE B-20.—*Gross State and local government debt: total and as percent of gross national product, 1929, 1939, 1949-54*

Year	Gross debt (billions of dollars, current prices) ²			Gross debt of State and local governments as percent of gross national product
	Total	State	Local	
1929.....	17.2	2.3	14.9	16.5
1939.....	20.0	3.3	16.7	22.0
1949.....	20.9	4.0	16.9	8.1
1950.....	24.2	5.4	18.8	8.5
1951.....	27.0	6.4	20.7	8.2
1952.....	29.6	7.0	22.6	8.6
1953.....	32.7	8.0	24.7	9.0
1954 ³	37.9	10.2	27.7	10.6

¹ Fiscal year for debt, calendar year for gross national product.

² As of June 30.

³ Preliminary.

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

Sources: Department of Commerce and Council of Economic Advisers.

The fact that the gross debt of all State and local governments combined rose substantially at a time when their cash budgets were almost balanced is explained by the large increases in their holdings of cash and securities. Part of these assets are held in retirement funds for government employees and sinking funds. Therefore, although the cash and security holdings of State and local governments are large in relation to their annual expenditures, only a part of these are available for current operating expenses or for capital outlays.

RECEIPTS AND EXPENDITURES OF FEDERAL, STATE, AND LOCAL GOVERNMENTS: NATIONAL INCOME ACCOUNTS

Total government purchases of goods and services—Federal, State, and local—rose to a post-World War II peak of 86.6 billion dollars (seasonally adjusted annual rate) in the second quarter of calendar year 1953. They were only slightly lower in the fourth quarter of that year, as an increase in State and local government purchases offset part of the decline in purchases by the Federal Government. During 1954, these trends continued, but the decline in Federal purchases was more pronounced (Chart 5, p. 26). In the last quarter of 1954, total government purchases of goods and

services were being made at an annual rate of 74.3 billion dollars, or 12.3 billion less than the peak rate reached a year and a half earlier (Appendix Table D-1).

The decline in Federal purchases of goods and services was due primarily to a reduction in national security outlays. Following three years of growth, these outlays reached an annual rate of 54.3 billion dollars in the second quarter of 1953, more than three times the pre-Korean rate. By the end of 1954, they were reduced to an annual rate of 40.6 billion dollars, the lowest level since 1951.

State and local government purchases of goods and services rose to 27.4 billion dollars in 1954, up 2.3 billion from 1953. This increase was considerably above those of the preceding four years, and applied to all major types of goods and services purchased, with new construction showing the greatest proportionate rise.

Total receipts and expenditures of Federal, State, and local governments, as shown in the national income accounts, are given in Table B-21 for 1950-54. Tax reductions and increases in transfer payments (principally unemployment compensation and social security benefits) offset the recent decline in purchases of goods and services by the Federal Government. Because business taxes are shown on an accrual basis in the national income accounts, these accounts reflected the effect on Federal receipts of the 1953-54 contraction in economic activity and the 1954 tax reductions more promptly than did the cash and conventional budgets. This is particularly noticeable in the second half of 1953 and in the first half of 1954. For State and local governments, the national income accounts showed a rising trend of both receipts and expenditures during 1953 and 1954.

A reconciliation between Federal receipts and expenditures, as shown in the national income accounts and those in the cash and conventional budgets for fiscal years 1952-54 is given in Table B-22. The concepts and methods used in preparing the estimates of government receipts and expenditures for the national income accounts are discussed in detail in *National Income, 1954 Edition, A Supplement to the Survey of Current Business*, Department of Commerce, pp. 143-48.

TABLE B-21.—Government receipts and expenditures as shown in the national income accounts, 1950–54

(Calendar years, billions of dollars)

Receipt or expenditure	1950	1951	1952	1953			1954		
				Total	First half ¹	Second half ¹	Total	First half ¹	Second half ¹
Total Government:									
Receipts.....	69.4	85.6	91.1	95.9	97.0	94.7	90.1	89.8	90.3
Expenditures.....	61.2	79.4	93.9	102.5	101.9	103.2	97.4	99.7	95.1
Excess of receipts or of expenditures (—).....	8.1	6.2	–2.8	–6.6	–4.9	–8.4	–7.3	–9.9	–4.8
Federal Government:									
Receipts:									
Personal tax and nontax receipts.....	18.2	26.3	31.1	32.5	32.3	32.7	29.2	29.1	29.2
Corporate profits tax accruals.....	17.1	21.6	19.1	20.3	21.7	18.9	16.5	16.2	16.7
Indirect business tax and nontax accruals.....	9.0	9.5	10.5	11.0	11.2	10.9	10.1	10.3	9.8
Contributions for social insurance.....	5.9	7.1	7.5	7.4	7.5	7.2	8.3	8.4	8.3
Total receipts.....	50.2	64.5	68.2	71.2	72.7	69.8	64.0	64.1	63.9
Expenditures:									
Purchases of goods and services.....	22.1	41.0	54.0	60.1	60.2	60.0	50.1	53.2	47.0
Transfer payments.....	10.9	8.7	8.9	9.7	9.5	9.9	11.6	11.3	11.8
Grants-in-aid to State and local governments.....	2.3	2.5	2.6	2.8	2.6	3.0	2.8	2.6	3.0
Net interest paid.....	4.4	4.6	4.6	4.7	4.7	4.8	5.1	5.0	5.1
Subsidies less current surplus of Government enterprises.....	1.2	1.3	1.0	.7	.8	.7	1.1	1.1	1.0
Total expenditures.....	40.9	58.0	71.1	78.1	77.7	78.4	70.5	73.1	67.9
Excess of (receipts or of expenditures (—).....	9.2	6.5	–2.9	–6.8	–4.9	–8.7	–6.5	–9.0	–4.0
State and local governments:									
Receipts:									
Personal tax and nontax receipts.....	2.7	3.0	3.2	3.5	3.4	3.5	3.7	3.7	3.8
Corporate profits tax accruals.....	.8	.9	.8	.9	.9	.8	.8	.8	.8
Indirect business tax and nontax accruals.....	14.7	16.1	17.6	19.0	18.6	19.3	20.2	19.9	20.4
Contributions for social insurance.....	1.0	1.1	1.2	1.3	1.3	1.4	1.4	1.4	1.4
Federal grants-in-aid.....	2.3	2.5	2.6	2.8	2.6	3.0	2.8	2.6	3.0
Total receipts.....	21.5	23.5	25.5	27.5	27.0	28.0	28.8	28.3	29.3
Expenditures:									
Purchases of goods and services.....	19.9	21.8	23.2	25.1	24.6	25.7	27.5	27.0	28.0
Transfer payments.....	3.4	2.9	3.2	3.1	3.2	3.1	3.2	3.2	3.2
Net interest paid.....	.3	.3	.3	.3	.3	.3	.3	.3	.3
Less: Current surplus of government enterprises.....	1.0	1.1	1.2	1.3	1.2	1.3	1.4	1.3	1.4
Total expenditures.....	22.6	23.9	25.5	27.3	26.8	27.8	29.6	29.2	30.1
Excess of receipts or of expenditures (—).....	–1.1	–.4	.0	.2	.1	.2	–.8	–.8	–.8

¹ Seasonally adjusted annual rates.

NOTES.—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.

Detail will not necessarily add to totals because of rounding.

Sources: Department of Commerce and Council of Economic Advisers.

TABLE B-22.—*Reconciliation of Federal Government receipts and expenditures as shown in the national income accounts with receipts and expenditures as reported in the consolidated cash statement and the conventional budget, 1952-54*

[Fiscal years, billions of dollars]

Receipt or expenditure	1952	1953	1954
National income accounts:			
Receipts.....	65.8	70.5	66.6
Expenditures.....	66.9	75.3	75.6
Excess of expenditures (—).....	—1.1	—4.8	—9.0
Reconciliation of receipts:			
Receipts as shown in the national income accounts.....	65.8	70.5	66.6
Less:			
Excess of taxes included in national income accounts over cash collections:			
Personal.....	.2	.4	—1
Corporate profits.....	—1.6	—6	—3.4
Other.....	.1	.1	—4
Federal Government contributions to:			
Employee retirement funds.....	.3	.3	.0
Veterans life insurance funds.....	.1	.1	.1
Federal Government employee contributions to employee retirement funds...	.4	.4	.4
Plus:			
Realization upon loans and investments.....	.2	.2	.2
Interest, dividends, and other earnings.....	.4	.5	.6
Proceeds from sale of government property.....	.3	.2	.2
Recoveries, refunds, and other adjustments.....	.3	.3	.5
District of Columbia revenues.....	.1	.1	.1
Trust fund receipts not included in national income receipts.....	.4	.2	.3
Statistical errors and omissions.....	.1	.1	—1
Equals: Consolidated cash receipts.....	68.0	71.5	71.6
Less: Trust fund receipts.....	8.8	8.9	9.2
Plus:			
Inter-fund transactions.....	2.1	2.2	2.1
Seigniorage.....	.1	.1	.1
Equals: Conventional budget receipts.....	61.4	64.8	64.7
Reconciliation of expenditures:			
Expenditures as shown in the national income accounts.....	66.9	75.3	75.6
Less:			
Federal Government contributions to—			
Employee retirement funds.....	.3	.3	.0
Veterans life insurance funds.....	.1	.1	.1
Federal Government employee contributions to employee retirement funds.....	.4	.4	.4
Accrued discount on savings bonds and bills less interest paid on savings bonds and bills redeemed.....	.8	.7	.5
Commodity Credit Corporation guaranteed nonrecourse loans.....	.1	.2	2.0
Excess of goods delivered to Government over payment therefor.....	.2	—7	.6
Miscellaneous adjustments.....	.0	.2	.3
Plus:			
Loans, excluding Commodity Credit Corporation.....	1.6	1.3	—2
Interest received and proceeds of government sales netted out of national income expenditures.....	.7	.8	.5
District of Columbia expenditures.....	.1	.1	.2
Renegotiation adjustment.....	.1	.1	.1
Purchase of land and existing assets.....	.1	.1	.1
Trust and deposit fund expenditures not included in national income expenditures.....	.1	—3	—2
Other adjustments.....	.4	.2	.0
Statistical errors and omissions.....	.0	.3	—3
Equals: Consolidated cash expenditures.....	68.0	76.8	71.9
Less: Trust account expenditures.....	5.3	5.3	7.2
Plus:			
Inter-fund transactions.....	2.1	2.2	2.1
Net accrued interest and other noncash transactions.....	.7	.6	1.0
Equals: Conventional budget expenditures.....	65.4	74.3	67.8

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

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

VI. Foreign Economic Developments

In general, the expansion that marked production and trade in the Free World outside the United States in 1953 was continued in 1954. Industrial output maintained its strong upward movement in Western Europe—a highly significant development from the standpoint of the Free World economy—and reached a record level, rising 8 percent in the third quarter of 1954 over the corresponding period of the preceding year (Table B-23).

TABLE B-23.—*Growth of Western European industrial production, selected countries*

Country or area	Percentage increase from—	
	Third quarter 1952 to third quarter 1954	Third quarter 1953 to third quarter 1954
All OEEC countries.....	15	8
France.....	8	15
Western Germany.....	22	19
Italy.....	22	10
Netherlands.....	19	6
United Kingdom.....	15	5

Source: OEEC Statistical Bulletin.

Although some raw material prices declined, on balance the movement was upward. World trade volume also increased slightly over the level of 1953. Foreign holdings of gold and dollars increased by an estimated 1.6 billion dollars during the year, to a record amount of nearly 25 billion dollars. The gold and dollar holdings of the International Monetary Fund and the International Bank for Reconstruction and Development rose by 200 million dollars.

These developments were mutually reinforcing. The expansion of industrial production played a strong part in maintaining world raw material prices at a time when United States demand was declining. The steadiness of these prices helped support the economic position of many raw material exporting countries, which helped maintain a high level of demand for the exports of the industrial countries. These conditions, combined with United States military expenditures abroad, other United States Government credits and grants, and foreign gold production, enabled most countries, especially those in Western Europe, to augment their reserves of gold and dollars. Increased reserves and an improved balance in the trading relations among countries of the Free World enabled a number of nations to liberalize further their import policies, including relaxation of restrictions against dollar imports. Notwithstanding a decline in United States imports in 1954, United States exports were maintained at a level slightly above 1953, which was a stabilizing factor in the United States economy. And in avoiding serious contraction, the United

States economy, in its turn, operated to sustain confidence throughout the Free World.

RISE IN INDUSTRIAL PRODUCTION ABROAD

Several factors account for Western Europe's strong performance in industrial production in recent years. Perhaps the fundamental ones were greater political stability and the successful attack on inflation by sound fiscal and monetary policies, which led to the dismantling of many direct government controls. These factors combined to restore confidence in the value of money, to stimulate savings and investment, and to encourage private enterprise. In the improving atmosphere, investment in plant and equipment and residential construction expanded. More plentiful supplies of materials for production helped to raise productivity.

During the past year, production in Western Europe received a special impetus from sharply rising consumer demand and expanding export markets. The increase of consumer expenditures was supported in some countries by the readier availability of consumer credit. It was accompanied by only a nominal increase in price levels, because productivity advanced and imports remained available at fairly stable prices.

Not all countries outside Western Europe experienced a high rate of increase in industrial production during the year. Japanese production was increasing early in 1954 but leveled off in the spring, mainly owing to the cessation of hostilities in Korea. Price inflation, which was unchecked at the beginning of the year, was ended by measures to tighten credit. These had the effect of reducing the demand for imports and increasing exports. In Canada, industrial production followed a course somewhat similar to that in the United States, though the decline was less. Other countries outside Europe that did show substantial growth included Australia, Brazil, India, and the Union of South Africa. The performance in each case reflected the stimulus of new investment activity.

FOREIGN AGRICULTURAL PRODUCTION

The volume of agricultural production outside the United States appears to have been maintained in 1954 at about the same level as in 1953. While coarse-grain production in Western Europe was about 4-5 percent less than in the exceptionally good harvest year of 1953, most other categories of farm production held up well. Most areas of free Asia had some expansion of output in the crop year 1953-54, mainly of rice and cotton. In Latin America, 1953-54 production of coffee lagged, while that of corn, rice, sugar, and tobacco increased.

Significant declines in agricultural production occurred during the year in Canada, Turkey, and Australia, in each case chiefly as a result of poor harvests. Canada's wheat output was only about half that of the very good

harvest of 1953. The wheat harvests of Turkey and Australia also decreased sharply. Wool production in Australia, however, registered a gain. The physical supply of major agricultural commodities entering the world market continued to be abundant.

PAYMENTS, RESERVES, AND EXCHANGE RATES

Most countries of the Free World continued to improve their international financial position in 1954, although the improvement was generally less rapid than during 1953. The improvement was the result of the increased volume and better balance of world trade, and of continued large United States expenditures abroad under the Mutual Security and other programs.

Most countries of Western Europe showed a marked improvement in their balance of payments during the year. Germany continued to have a large trade surplus in spite of further liberalization of restrictions on imports from Europe and the dollar area. Switzerland and the Netherlands, both of which have large surpluses on current account, increased their foreign lending.

In Latin America the record for the year was not uniform among countries. For the area as a whole, gold and dollar reserves did not change substantially; several countries experienced moderate increases in their reserves and others lost reserves. The short-term external debt of the area increased, mostly as a result of changes in Brazil's position. Formal currency devaluations occurred in Chile and Mexico, while the Government of Brazil increased its buying rate for exchange arising from coffee exports.

In general, monetary reserves increased for the Free World outside the United States, and at the end of 1954 they were more evenly distributed in relation to trade volume and international liabilities than at any other time in recent decades. At the end of the year, gold and dollar reserves in the various areas were as follows: Continental Western Europe, 11.2 billion dollars; sterling area, 4.3 billion dollars; Canada, 2.6 billion dollars; and Latin America, 3.6 billion dollars. The trend in such holdings since 1928 is shown in Appendix Table E-57.

UNITED STATES TRADE WITH FOREIGN COUNTRIES

The principal changes between the first ten months of 1953 and the corresponding ten months of 1954 in the foreign trade of the United States were a reduction of about 8 percent in merchandise imports and a 3 percent increase in exports, excluding military transfers under aid programs; and for the first nine months a decline of about 27 percent in military transfers.

Highlights of the movement of nonmilitary merchandise trade are shown in Table B-24, which compares results for the ten-month periods in the two years by major trading areas. Merchandise exports to Continental Western Europe increased by 13 percent and those to Latin America by

TABLE B-24.—*Distribution of nonmilitary merchandise exports and imports of the United States, by areas, January–October, 1953 and 1954*

[Millions of dollars]

Area	Exports		Imports	
	January–October 1953	January–October 1954	January–October 1953	January–October 1954
Continental Western Europe ¹	1,805	2,044	1,447	1,220
United Kingdom.....	478	541	462	479
Canada ²	2,735	2,468	2,042	1,950
Latin America ³	2,564	2,756	2,902	2,738
Sterling area exclusive of the United Kingdom.....	742	768	975	853
Other.....	1,764	1,855	1,290	1,251
Total.....	10,088	10,432	9,118	8,421

¹ OEEC countries excluding the United Kingdom, Ireland and Iceland; also includes Finland, Spain, and Yugoslavia.

² Includes "special category" exports.

Source: Department of Commerce.

7 percent. On the other hand, United States shipments to Canada declined approximately 10 percent. There was a small decline in United States imports from all areas shown.

UNITED STATES LONG-TERM INVESTMENT IN FOREIGN COUNTRIES

Net private United States long-term foreign investment during 1954 increased over the preceding year (Table B-25). Net direct investments in foreign branches and subsidiaries of United States businesses were about the same as in 1953, while net United States purchases of foreign stocks and bonds and long-term bank loans (portfolio investments) changed from a negative amount in 1953 to a positive sum in 1954. The aggregate net outflow of long-term United States capital amounted to slightly less than 1 billion dollars in 1954. During the year, United States private investors received from foreign sources an estimated 1.7 billion dollars of interest, dividends and branch profits. It should be noted that the record in

TABLE B-25.—*Net private United States long-term foreign investment, by areas, 1953 and 1954¹*

[Millions of dollars]

Area	Direct investments		Portfolio investments ²	
	1953	1954 ³	1953	1954 ³
Continental Western Europe.....	59	56	-170	-12
United Kingdom.....	-11	-23	-37	-15
Canada.....	413	436	8	102
Latin America.....	93	113	-33	-19
Sterling area exclusive of United Kingdom.....	64	51	-42	-35
Other.....	104	75	496	4344
Total.....	722	708	-178	248

¹ Minus sign indicates inflow into the United States.

² Includes new issues, redemptions, and other private long-term investment.

³ January–September data at annual rates.

⁴ Includes international institutions.

Source: Department of Commerce.

Table B-25 covers the net, not the gross, outflow of long-term private capital during the year. Moreover, Table B-25 excludes earnings reinvested by foreign subsidiaries of United States companies, which have averaged about 800 million dollars annually since 1950.

The largest amount of United States new direct investments continued to be made in Canada. However, direct investments in Latin America and "other" areas, chiefly the Middle East countries, were also of considerable importance. Most of the funds were placed in petroleum and manufacturing industries.

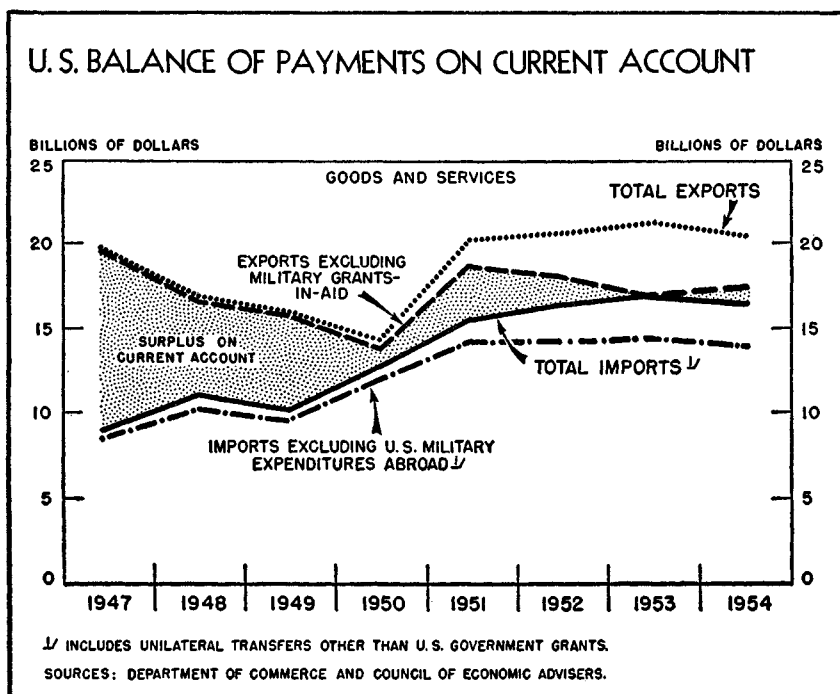
United States investors in 1954 increased their portfolio investments in Canada and in the obligations of international institutions, while their portfolio investments in other areas showed a decline.

During the year, net foreign direct investments in the United States and net purchases of United States securities, other than government securities, not shown in Table B-25, are estimated at 200 million dollars.

UNITED STATES BALANCE OF PAYMENTS

There was little change between 1953 and 1954 in the export balance on goods and services of the United States when military-aid shipments are included with United States exports, and military expenditures abroad are treated as United States imports (Chart B-9). However, it is estimated,

CHART B-9



on the basis of preliminary data through November, that the current account of the United States, excluding transfers of military aid goods but including United States military expenditures abroad, will show a surplus for 1954 in the neighborhood of 900 million dollars (Appendix Table D-55). This contrasts with a balance in this account during 1953. The net movement of private capital from the United States, combined with nonmilitary grants, much more than offset the current account deficit of other countries with the United States in 1954.

Thus the Free World continued to build up economic and financial strength in 1954, adjusting itself to a reduction of United States economic aid (including loans) in recent years and to the mild contraction of 1953-54 in the United States. Foreign gold and dollar reserves have continued to increase, and at the end of the year were nearly 10 billion dollars above reserves six years earlier.

Changes since 1947 in the current account balances between major trading areas and the United States, shown in detail through 1953 in Appendix Table D-55, indicate the progress that has been made in balancing current trade with the United States. In 1947, the world's current account deficit with the United States was 10.8 billion dollars, which was considerably in excess of the value of all United States imports of goods and services. The deficit of Continental Western Europe amounted to 4.2 billion dollars; that of the sterling area to 1.9 billion; of Canada, to 1.2 billion; and of Latin America, to 2.0 billion. By 1953, when the world achieved approximate balance in current transactions with the United States, both Continental Western Europe and the sterling area showed a current account surplus with the United States, while Latin America registered a slight deficit and Canada a deficit of nearly a billion dollars.

Preliminary data for 1954 indicate an increase in the sterling area current account surplus with the United States, a decline in Continental Western Europe's surplus, a slight decrease in the Canadian deficit, and a small increase in the Latin American deficit. Both Canada and Latin America, however, continued to attract substantial quantities of long-term capital from the United States, which largely offset their current account deficits.

Appendix C

**REPORT TO THE PRESIDENT ON THE
ACTIVITIES OF THE COUNCIL
OF ECONOMIC ADVISERS
DURING 1954**

Letter of Transmittal

DECEMBER 23, 1954.

The PRESIDENT

SIR: The Council of Economic Advisers submits this Annual Report for the calendar year 1954 in accordance with the requirements of Congress, as set forth in Section 4 (d) of the Employment Act of 1946.

Respectfully,

ARTHUR F. BURNS, *Chairman.*

NEIL H. JACOBY.

WALTER W. STEWART.

Report to the President on the Activities of the Council of Economic Advisers During 1954

The Employment Act of 1946, declaring it to be the continuing policy and responsibility of the Federal Government to promote maximum employment, production, and purchasing power, established the Council of Economic Advisers within the Executive Office of the President. In its relation to the President, the Council functions in the economic realm in many respects as the Joint Chiefs of Staff function in military matters.

While the Council is merely one of numerous agencies within the Executive Branch that deal with economic affairs, it is unique in that it is a purely advisory agency, without routine administrative duties of any sort. The Council gives its undivided attention to analyzing how the entire economy is faring, to exploring ways and means of adding to its strength, and to advising the President on appropriate economic policies.

Major Activities During the Year

The Council assisted the President in the preparation of his Economic Report to the Congress, transmitted January 28, 1954. Since this was the first Economic Report of the present Administration, it was important that it describe fully how the Administration proposed to promote maximum employment, production, and purchasing power. Accordingly, the Report analyzed the proper role of the Government in working toward these objectives, diagnosed the existing economic situation, and set forth recommendations of the legislation needed to attain the objectives stated in the Employment Act. Following the transmittal of the Report to the Congress, the Chairman of the Council met with the Joint Committee on the Economic Report to discuss the findings and recommendations of the Report.

The Council continued the task of reviewing economic trends and the Federal Government's economic programs and policies. Special attention was given to ways of marshalling the forces of recovery and to stimulating the long-term expansion of the economy. The Council also assisted the President in planning and preparing the Economic Report to be transmitted in January 1955.

A representative of the Council, generally the Chairman, reported personally to the President on economic matters once a week, sometimes more often. A representative of the Council also appeared regularly at Cabinet meetings to present the Council's thinking about the state of the economy and ways of dealing with the changing economic situation.

Need for Improving Economic Intelligence

In view of the heavy responsibilities assumed by the Federal Government under the Employment Act, the Council has called to the personal attention of the President, as well as of the Cabinet and Congressional Committees, the need for improving our economic intelligence.

The Council has urged various statistical agencies of the Federal Government to accelerate the reporting of economic information. Notable progress has been made in timely reporting of changes in employment, hours and earnings of nonagricultural workers, retail sales, exports and imports, and industrial production.

In its efforts to improve economic information, as well as in other matters, the Council has worked closely with the Joint Committee on the Economic Report. In response to a request by the Joint Committee's Subcommittee on Economic Statistics, the Council submitted a memorandum on four categories of statistical needs: more prompt and frequent reporting, desirable improvements of existing data, desirable improvements in their presentation, and desirable additions to existing information. The Chairman of the Council supplemented this memorandum with personal testimony before the Committee, which was published in hearings before the Subcommittee on Economic Statistics of the Joint Committee on the Economic Report, Eighty-Third Congress, Second Session, July 12 and 13, 1954.

In cooperation with the Joint Committee, the Council also undertook a review of *Economic Indicators*, which is a monthly statistical compendium prepared by the Council and issued by the Committee. In the course of this appraisal, the Council and the Joint Committee received the benefit of suggestions from business and labor organizations and from professional economists in universities, government, and private research agencies. The review disclosed that *Economic Indicators* could be readily improved in a number of ways. Some improvements have already been put into effect, and others will follow shortly.

Public Works Planning

At the President's request, the Council extended its activity in the field of public works planning. With the aid of a special appropriation from the Congress, a Coordinator of Public Works Planning was appointed to the Council's staff and authorized to recruit a small group of experts on public works. Among other accomplishments, considerable progress has been made by this unit toward devising a system of cataloguing information on all Federal, State, and local public works projects under serious consideration, showing the type of project, its location, estimated cost, financing status, stage of planning, and how soon construction could be started if funds were available. As a result of the work of this unit, the Federal Government is better prepared than previously to accelerate public construction, if the need for doing so should arise.

Advisory Board on Economic Growth and Stability

The Council has received continuing valuable assistance from the Advisory Board on Economic Growth and Stability. This Board, established by the President in mid-1953, assures close liaison between the Council and government agencies that have administrative responsibility for various economic programs. It also provides the Council with timely information and advice on a wide range of current economic issues. The exchange of views that takes place at the Board's weekly meetings is of great help to the Council in its deliberations and in the preparation of its reports to the President and the Cabinet.

The present membership of the Board is as follows:

Department of Agriculture—True D. Morse, Under Secretary
Department of Commerce—Walter Williams, Under Secretary
Department of Labor—Arthur Larson, Under Secretary
Department of State—Samuel Waugh, Assistant Secretary
Department of the Treasury—Marion B. Folsom, Under Secretary
Board of Governors of the Federal Reserve System—Abbot L. Mills,
Member of the Board
Bureau of the Budget—Donald R. Belcher, Assistant Director
The White House Office—Gabriel Hauge, Administrative Assistant
to the President
Council of Economic Advisers—Arthur F. Burns, Chairman

Work with Other Agencies

In addition to its work with the Advisory Board on Economic Growth and Stability, the Council maintained liaison with other policy-making and advisory groups in the Executive Branch, including the National Security Council, Operations Coordinating Board, Defense Mobilization Board, and National Advisory Council on International Financial and Monetary Problems.

The Council also organized five interagency task forces of staff experts to study intensively the following subjects: raising the status of low-income families, Federal credit aids to private construction, public works planning, measures for dealing with local unemployment, and ways of strengthening the financial system.

Most government agencies have participated, one way or another, in the Council's work. Many have prepared special tabulations and made comprehensive analyses at the request of the Council. In particular, the Council has been aided by the reports it has received on how long-term growth in various segments of our economy may be promoted. More than a score of experts from other agencies have given the Council the benefit of their specialized knowledge through membership on various task forces and the Auxiliary Staff Committee, which is an adjunct of the Advisory Board on Economic Growth and Stability.

Private research agencies have shown no less willingness than government agencies to assist the Council in carrying out its responsibilities. Two of

these, the National Bureau of Economic Research and the Brookings Institution, have arranged conferences with professional economists for the benefit of the Council. In addition to assuming the burden of making detailed arrangements for such conferences, these institutions have paid all costs incident to them.

In conformity with Section 4 (e) of the Employment Act, the Council has met frequently with business, labor, and agricultural groups. These exchanges of views on economic policies and developments have proved very helpful to the Council.

Other Activities

Mr. Neil H. Jacoby participated in two meetings, held in Paris, of the Organization of European Economic Cooperation and associated countries. The first, in April, was a meeting of experts to exchange views on economic conditions and prospects. The second meeting, in September, considered in addition the written submission to the OEEC on United States economic developments and outlook, which had been prepared by the Council.

Members of the Council's staff participated in training conferences and seminars held by other government agencies for new employees and visiting foreign experts. Staff members also served on a number of interagency committees initiated by other agencies.

The Council handled a large volume of correspondence on economic questions, some of which was received directly but a considerable part of which was referred by other agencies and by the White House.

The Council and Its Staffing

On February 5, 1954, the Senate confirmed the President's recess appointments of two members of the Council, Mr. Neil H. Jacoby and Mr. Walter W. Stewart. Mr. Jacoby had been serving since September 15, 1953, and Mr. Stewart since December 2, 1953.

A number of changes were made in the Council's staff during the year. Five experts who had joined the staff from university faculties, with the understanding that they would remain with the Council for not more than one year, returned to their teaching posts. These men were replaced and several additions to the senior staff were also made. The rebuilding of the staff, which the Council began after it was reconstituted last year, is now largely completed.

At present, the full staff, including detailed personnel and consultants, consists of 34 persons. The following are members of the senior staff: Asher Achinstein, John S. Bragdon, Lowell J. Chawner, George H. Deming, Karl A. Fox, Bert G. Hickman, Frances M. James, E. Gordon Keith, David W. Lusher, John A. Meek, Joseph A. Pechman, Albert E. Rees, Virgil Salera, Raymond J. Saulnier, Charles L. Schultze, Irving H. Siegel, and Collis Stocking.

As previously, staff assignments are made by the Council so that developments in every major field embraced by the Council's responsibilities—industrial production, agriculture, construction work, employment and

unemployment, wages and prices, the national income and its distribution, money and banking, public finance, international trade and finance, technological developments, business organization, social security, public works planning, etc.—are under the scrutiny of a senior staff member. Each of these experts is responsible for eliciting the cooperation of governmental and private specialists in analyzing and evaluating the significance of current developments in the field assigned to him.

Budget for Fiscal Years 1954 and 1955

During fiscal year 1954, the Council's obligations (including \$6,034 for the office of the Economic Adviser to the President from July 1 to August 1) were \$242,520. The appropriation made available to the Council for this period was \$308,020.

The Council requested \$360,000 for fiscal year 1955. Of this amount, \$35,000 was for a Coordinator of Public Works Planning and members of his staff. The Congress appropriated \$285,000, plus the unobligated balance from the preceding year's appropriation. Since this balance came to \$65,500, the Council has \$350,500 at its disposal for the current fiscal year.

Appendix D

STATISTICAL TABLES RELATING TO INCOME, EMPLOYMENT, AND PRODUCTION

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NATIONAL INCOME OR EXPENDITURE

TABLE D-1.—Gross national product or expenditure, 1929-54
(Billions of dollars)

Period	Total gross national product	Personal consumption expenditures ¹	Gross private domestic investment ²						Net foreign investment	Government purchases of goods and services					
			Total	New construction			Producers' durable equipment	Net change in business inventories		Total	Federal				
				Total	Residential (nonfarm)	Other					Total	National security ³	Other	Less: Government sales	State and local
1929.....	104.4	79.0	16.2	8.7	3.6	5.1	5.8	+1.7	0.8	8.5	1.3	(4)	(4)	(4)	7.2
1930.....	91.1	71.0	10.3	6.2	2.1	4.1	4.5	- .4	.7	9.2	1.4	(4)	(4)	(4)	7.8
1931.....	76.3	61.3	5.5	4.0	1.6	2.4	2.8	-1.3	.2	9.2	1.5	(4)	(4)	(4)	7.7
1932.....	58.5	49.3	.9	1.9	.6	1.2	1.6	-2.6	.2	8.1	1.5	(4)	(4)	(4)	6.6
1933.....	56.0	46.4	1.4	1.4	.5	1.0	1.6	-1.6	.2	8.0	2.0	(4)	(4)	(4)	6.0
1934.....	66.0	51.9	2.9	1.7	.6	1.1	2.3	-1.1	.4	9.8	3.0	(4)	(4)	(4)	6.8
1935.....	72.5	56.3	6.3	2.3	1.0	1.3	3.1	.9	-1.1	10.0	2.9	(4)	(4)	(4)	7.1
1936.....	82.7	62.6	8.4	3.3	1.6	1.7	4.2	1.0	-1.1	11.8	4.8	(4)	(4)	(4)	7.0
1937.....	90.8	67.3	11.7	4.4	1.9	2.5	5.1	2.2	.1	11.7	4.6	(4)	(4)	(4)	7.2
1938.....	85.2	64.6	6.7	4.0	2.0	2.0	3.6	- .9	1.1	12.8	5.3	(4)	(4)	(4)	7.5
1939.....	91.1	67.6	9.3	4.8	2.7	2.1	4.2	.4	.9	13.3	5.2	1.3	3.9	(4)	8.2
1940.....	100.6	71.9	13.2	5.5	3.0	2.5	5.5	2.2	1.5	14.1	6.2	2.2	4.0	(4)	7.9
1941.....	125.8	81.9	18.1	6.6	3.5	3.1	6.9	4.5	1.1	24.8	16.9	13.8	3.2	(4)	7.8
1942.....	159.1	89.7	9.9	3.7	1.7	2.0	4.3	1.8	- .2	59.7	52.0	49.6	2.7	0.2	7.7
1943.....	192.5	100.5	5.6	2.3	.9	1.4	4.0	- .8	-2.2	88.6	81.2	80.4	1.5	.6	7.4
1944.....	211.4	109.8	7.1	2.7	.8	1.9	5.4	-1.0	-2.1	96.5	89.0	88.6	1.6	1.2	7.5
1945.....	213.6	121.7	10.4	3.8	1.1	2.7	7.7	-1.1	-1.4	82.9	74.8	75.9	1.0	2.2	8.1
1946.....	209.2	146.6	27.1	10.3	4.0	6.3	10.7	6.1	4.6	30.9	20.9	21.2	2.5	2.7	10.0
1947.....	232.2	165.0	29.7	14.0	6.3	7.7	16.7	-1.0	8.9	28.6	15.8	13.3	3.8	1.3	12.8
1948.....	257.3	177.6	41.2	17.9	8.6	9.3	19.1	4.2	2.0	36.6	21.0	16.0	5.6	.5	15.6
1949.....	257.3	180.6	32.5	17.5	8.3	9.2	17.8	-2.7	.5	43.6	25.4	19.3	6.6	.4	18.2
1950.....	285.1	194.0	51.2	22.7	12.6	10.1	21.1	7.4	-2.2	42.0	22.1	18.5	3.9	.3	19.9
1951.....	328.2	208.3	56.9	23.3	11.0	12.4	23.2	10.4	.2	62.8	41.0	37.3	4.2	.4	21.8
1952.....	346.1	218.4	50.7	23.7	11.1	12.6	23.3	3.6	- .2	77.2	54.0	48.5	5.8	.4	23.2
1953.....	364.9	230.1	51.4	25.5	11.9	13.6	24.4	1.5	-1.9	85.2	61.0	52.0	8.5	.4	25.1
1954 ⁴	357.1	234.0	46.1	27.6	13.4	14.3	22.1	-3.6	- .6	77.5	50.1	43.6	6.8	.3	27.5
Seasonally adjusted annual rates															
1953: First half.....	365.8	229.7	53.9	25.4	12.0	13.5	24.4	4.1	-2.6	84.8	60.2	52.6	8.0	0.4	24.6
Second half.....	363.8	230.4	49.0	25.6	11.9	13.7	24.4	-1.1	-1.2	85.7	60.0	51.4	9.0	.4	25.7
1954: First half.....	355.9	231.8	45.0	26.5	12.2	14.2	22.6	-4.0	-1.0	80.1	53.1	45.8	7.6	.3	27.0
Second half ⁵	358.2	236.2	47.2	28.7	14.4	14.2	21.7	-3.2	-1.1	75.0	47.0	41.4	5.9	.2	28.0
1953: First quarter.....	361.8	228.6	51.9	25.0	11.7	13.3	24.1	2.8	-1.8	83.0	58.1	51.0	7.7	.5	24.9
Second quarter.....	369.9	230.8	55.9	25.9	12.2	13.7	24.6	5.4	-3.3	86.6	62.2	54.3	8.3	.4	24.4
Third quarter.....	367.2	231.2	52.4	25.6	12.1	13.5	24.8	2.0	-1.8	85.4	60.3	52.3	8.4	.4	25.1
Fourth quarter.....	360.5	229.7	45.5	25.7	11.7	13.9	24.0	-4.2	- .6	86.0	59.8	50.6	9.6	.3	26.2
1954: First quarter.....	355.8	230.5	44.5	26.0	11.7	14.3	22.7	-4.2	-1.1	81.9	55.0	46.9	8.4	.3	26.9
Second quarter.....	356.0	233.1	45.6	27.0	12.8	14.2	22.4	-3.8	-1.0	78.3	51.3	44.7	6.9	.3	27.0
Third quarter.....	355.5	234.8	45.3	28.3	14.0	14.2	21.8	-4.8	- .2	75.0	47.9	42.1	6.1	.2	27.7
Fourth quarter ⁶	361.0	237.5	49.2	29.1	14.8	14.3	21.6	-1.5	.0	74.3	46.1	40.6	5.7	.2	28.2

¹ See appendix table D-6 for major components.

² See appendix table D-7 for more detail and explanation of components.

³ For 1947-54 "national security" expenditures include the items classified as such in *The Budget of the United States Government for the Fiscal Year ending June 30, 1954*. The items are: military services, international security and foreign relations, development and control of atomic energy, promotion of merchant marine, promotion of defense production and economic stabilization, and civil defense. These expenditures are not comparable with the "national security" category in the Budget for the Fiscal Year ending June 30, 1955. "National defense" expenditures for goods and services correspond more closely to the new Budget definition; they include items shown under the national security classification in the 1955 Budget and in addition, defense production and economic stabilization, military manpower selection, promotion of aviation (National Advisory Committee for Aeronautics only), and civil defense. National defense expenditures for goods and services since 1947 are as follows: 1947, 12.3 billion dollars; 1948, 11.6 billion; 1949, 13.6 billion; 1950, 14.3 billion; 1951, 33.9 billion; 1952, 46.1 billion; 1953, 50.0 billion; and 1954, 39.6 billion.

⁴ Not available separately.

⁵ Less than 50 million dollars.

⁶ Preliminary; fourth quarter by Council of Economic Advisers.

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

SOURCE: Department of Commerce (except as noted).

TABLE D-2.—Gross national product or expenditure in 1954 prices, 1929–54¹

[Billions of dollars, 1954 prices]

Period	Total gross national product	Personal consumption expenditures				Gross private domestic investment					
		Total	Durable goods	Non-durable goods	Services	Total	New construction			Producers' durable equipment	Change in business inventories
							Total	Residential (non-farm)	Other		
1929.....	181.0	127.4	14.6	66.4	46.5	34.9	20.9	8.7	12.2	11.2	2.8
1930.....	164.3	120.1	11.8	63.1	45.1	23.7	15.4	5.1	10.3	8.9	— .6
1931.....	152.8	116.6	10.1	62.9	43.5	15.2	10.8	4.2	6.6	6.0	—1.6
1932.....	130.0	105.9	7.7	57.9	40.3	4.3	6.0	2.1	3.9	3.6	—5.2
1933.....	125.8	103.2	7.5	56.2	39.5	3.8	4.6	1.6	3.0	3.7	—4.5
1934.....	138.1	108.8	8.5	60.0	40.3	7.2	5.1	1.9	3.2	5.1	—3.0
1935.....	153.0	115.6	10.5	63.4	41.8	16.3	6.7	3.1	3.6	6.8	2.8
1936.....	172.5	127.6	12.9	70.6	44.0	20.7	9.4	4.6	4.8	9.3	2.0
1937.....	183.7	132.1	13.6	72.9	45.6	27.8	11.3	5.0	6.3	10.6	5.9
1938.....	175.2	130.2	11.2	74.2	44.8	15.6	10.1	5.1	5.0	7.3	—1.8
1939.....	189.4	137.7	13.2	78.3	46.2	21.6	12.1	6.8	5.3	8.6	.9
1940.....	205.9	145.0	15.2	81.8	48.0	28.9	13.6	7.3	6.3	11.0	4.3
1941.....	236.7	154.7	17.5	87.3	50.0	36.4	15.3	7.8	7.4	12.9	8.2
1942.....	264.7	151.9	11.3	89.2	51.4	18.1	7.8	3.6	4.2	7.5	2.9
1943.....	294.3	155.9	9.7	92.3	53.9	10.0	4.4	1.7	2.6	6.9	—1.2
1944.....	317.1	161.3	8.8	96.3	56.1	12.4	4.7	1.4	3.3	9.1	—1.4
1945.....	311.8	172.2	10.0	103.6	58.6	17.5	6.5	1.8	4.7	12.7	—1.7
1946.....	279.3	192.2	19.3	109.1	63.9	41.3	16.0	6.1	10.0	16.1	9.2
1947.....	279.3	195.3	23.0	106.4	65.9	39.8	18.2	7.9	10.2	21.9	— .3
1948.....	292.4	199.1	23.8	106.6	68.7	49.1	20.8	9.6	11.1	23.2	5.1
1949.....	291.4	204.2	25.1	108.2	70.9	37.6	20.4	9.5	10.8	20.7	—3.4
1950.....	318.5	216.5	30.5	111.1	74.9	57.6	25.7	13.9	11.8	24.0	7.9
1951.....	340.2	217.8	27.1	113.1	77.6	58.0	24.6	11.4	13.2	24.2	9.2
1952.....	353.2	224.5	26.6	117.0	80.9	51.6	24.4	11.2	13.2	24.0	3.2
1953.....	368.5	233.4	29.7	120.2	83.5	51.5	25.7	11.8	13.9	24.6	1.1
1954 ¹	357.1	234.0	29.0	120.5	84.5	46.1	27.6	13.4	14.3	22.1	—3.6

See footnotes at end of table.

TABLE D-2.—Gross national product or expenditure in 1954 prices, 1929-54 ¹—Continued

[Billions of dollars, 1954 prices]

Period	Net foreign investment	Government purchases of goods and services				
		Total	Federal			State and local
			Total ²	National security ³	Other	
1929.....	0.5	18.2	2.7	(4)	(4)	15.4
1930.....	.3	20.2	3.1	(4)	(4)	17.1
1931.....	— .2	21.2	3.4	(4)	(4)	17.9
1932.....	— .3	20.1	3.5	(4)	(4)	16.6
1933.....	— .7	19.5	4.9	(4)	(4)	14.6
1934.....	— .3	22.4	6.6	(4)	(4)	15.9
1935.....	—1.6	22.7	6.3	(4)	(4)	16.4
1936.....	—1.8	26.1	9.6	(4)	(4)	16.5
1937.....	—1.5	25.3	9.1	(4)	(4)	16.2
1938.....	1.1	28.3	11.1	(4)	(4)	17.2
1939.....	.6	29.5	10.4	2.6	7.8	19.0
1940.....	1.3	30.7	12.8	4.5	8.3	17.9
1941.....	— .3	45.9	29.1	23.8	5.5	16.7
1942.....	—2.5	97.3	82.2	78.4	4.3	15.1
1943.....	—6.1	134.6	121.0	119.8	2.2	13.6
1944.....	—6.1	149.5	136.2	135.7	2.5	13.3
1945.....	—5.0	127.2	113.6	115.3	1.5	13.5
1946.....	4.0	41.8	26.3	26.7	3.1	15.4
1947.....	8.3	35.9	18.3	15.4	4.4	17.6
1948.....	.7	43.5	24.2	18.4	6.5	19.3
1949.....	— .6	50.2	28.2	21.4	7.3	22.0
1950.....	—3.0	47.5	23.8	19.9	4.2	23.7
1951.....	.6	63.8	39.7	36.1	4.1	24.1
1952.....	— .3	77.4	53.0	47.6	5.7	24.4
1953.....	—2.6	86.1	60.4	52.3	8.5	25.7
1954 ⁴	— .6	77.5	50.1	43.6	6.8	27.5

¹ These estimates represent an approximate conversion of the Department of Commerce series in 1947 prices. (See appendix table D-3.) This was done by major components, using the implicit price indexes converted to a 1954 base. Although it would have been preferable to redeflate the series by minor components, this would not substantially change the results except possibly for the period of World War II, and for the series on "change in business inventories."

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

³ See appendix table D-1, footnote 3.

⁴ Not available separately.

⁵ Preliminary.

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

Source: Council of Economic Advisers.

TABLE D-3.—Gross national product or expenditure in 1947 prices, 1929-54 ¹

[Billions of dollars, 1947 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	Non-durable goods	Services	Total	New construction	Producers' durable equipment	Change in business inventories		Total	Federal	State and local	
1929.....	149.3	107.3	13.0	53.1	36.2	26.8	16.1	8.5	2.1	1.6	13.6	2.3	11.2	142.3
1930.....	135.2	100.9	10.5	55.2	35.2	17.9	11.8	6.8	— .7	1.2	15.1	2.7	12.5	127.8
1931.....	126.6	98.0	9.1	55.0	33.9	12.0	8.3	4.6	— .9	.6	15.9	2.9	13.0	119.1
1932.....	107.6	88.9	6.9	50.7	31.4	3.3	4.6	2.7	— 4.1	.3	15.1	3.0	12.1	100.3
1933.....	103.7	86.6	6.7	49.2	30.8	2.1	3.5	2.9	— 4.2	.1	14.9	4.3	10.6	95.6
1934.....	113.4	91.5	7.6	52.5	31.4	4.3	3.9	3.9	— 3.5	.5	17.2	5.7	11.6	103.9
1935.....	127.8	97.3	9.4	55.4	32.5	13.6	5.2	5.2	3.2	— .5	17.4	5.4	11.9	117.6
1936.....	142.5	107.6	11.6	61.8	34.3	15.2	7.3	7.1	.9	— .7	20.3	8.3	12.0	130.3
1937.....	153.5	111.5	12.2	63.8	35.5	22.5	8.7	8.1	5.7	— .2	19.7	7.8	11.8	142.1
1938.....	145.9	109.8	10.0	64.9	34.9	12.1	7.8	5.6	— 1.2	1.9	22.1	9.6	12.5	133.6
1939.....	157.5	116.3	11.8	68.5	36.0	16.8	9.4	6.5	.8	1.6	22.8	9.0	13.8	145.0
1940.....	171.6	122.5	13.5	71.6	37.4	22.8	10.6	8.4	3.9	2.2	24.1	11.0	13.0	158.6
1941.....	198.2	130.9	15.6	76.4	38.9	28.9	11.8	9.8	7.3	1.1	37.3	25.1	12.2	181.7
1942.....	223.6	128.1	10.1	78.0	40.1	14.7	6.0	5.7	3.0	— 1.1	81.8	70.8	11.0	198.7
1943.....	248.9	131.4	8.7	80.8	42.0	7.4	3.4	5.2	— 1.2	— 4.1	114.2	104.3	9.9	209.0
1944.....	268.2	135.9	7.9	84.3	43.7	9.2	3.6	6.9	— 1.3	— 4.0	127.1	117.4	9.7	222.0
1945.....	263.1	145.2	8.9	90.6	45.6	13.0	5.0	9.7	— 1.6	— 2.9	107.8	97.9	9.9	218.0
1946.....	233.8	162.4	17.2	95.4	49.8	32.4	12.3	12.3	7.8	5.0	34.0	22.7	11.2	211.2
1947.....	232.2	165.0	20.6	93.1	51.3	29.7	14.0	16.7	— 1.0	8.9	28.6	15.8	12.8	215.6
1948.....	243.9	168.0	21.3	93.3	53.5	38.8	16.1	17.7	— 5.1	2.1	34.9	20.8	14.0	227.3
1949.....	241.5	172.3	22.4	94.7	55.2	28.1	15.8	15.7	— 3.5	.8	40.3	24.3	16.0	224.0
1950.....	264.7	182.8	27.2	97.2	58.4	45.3	20.0	18.3	7.0	— 1.1	37.7	20.5	17.3	246.6
1951.....	282.9	183.6	24.2	99.0	60.4	45.2	19.0	18.4	7.8	2.3	51.8	34.2	17.5	259.9
1952.....	294.2	189.2	23.8	102.4	63.0	39.9	18.9	18.3	2.8	1.6	63.5	45.7	17.8	269.3
1953.....	306.6	196.7	26.5	105.2	65.0	39.3	19.9	18.8	.6	— .3	70.8	52.1	18.7	281.9
1954 ³	297.0	197.1	25.9	105.4	65.8	35.2	21.4	16.8	— 3.0	1.4	63.2	43.2	20.0	272.9

¹ See *National Income, 1954 Edition, A Supplement to the Survey of Current Business*, for explanation of conversion of estimates in current prices to those in 1947 prices and for implicit deflators.

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

³ Preliminary estimates by Council of Economic Advisers.

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

Source: Department of Commerce (except as noted).

TABLE D-4.—*Gross private and government product in current and 1954 prices, 1929-54*

[Billions of dollars]

Year	Current prices					1954 prices				
	Total gross national product	Gross private product ¹			Gross government product ²	Total gross national product	Gross private product ¹			Gross government product ²
		Total	Farm ³	Non-farm			Total	Farm ³	Non-farm	
1929.....	104.4	100.1	9.8	90.3	4.3	181.0	171.7	16.7	155.0	9.3
1930.....	91.1	86.6	7.7	78.8	4.5	164.3	154.5	15.4	139.1	9.8
1931.....	76.3	71.6	6.2	65.4	4.7	152.8	142.9	18.0	124.9	9.9
1932.....	58.5	54.0	4.4	49.6	4.4	130.0	120.3	17.1	103.2	9.7
1933.....	56.0	51.3	4.6	46.7	4.7	125.8	115.2	16.2	99.0	10.6
1934.....	65.0	59.4	4.3	55.1	5.6	138.1	125.6	13.4	112.2	12.5
1935.....	72.5	66.6	6.9	59.6	5.9	153.0	139.6	17.2	122.4	13.4
1936.....	82.7	75.5	6.3	69.2	7.3	172.5	156.5	13.9	142.6	16.0
1937.....	90.8	83.9	8.1	75.8	6.9	183.7	168.8	18.7	150.1	14.9
1938.....	85.2	77.6	6.7	70.9	7.6	175.2	159.0	18.3	140.7	16.2
1939.....	91.1	83.5	6.5	77.0	7.6	189.4	173.0	18.1	154.9	16.3
1940.....	100.6	92.8	6.8	86.0	7.8	205.9	188.8	18.0	170.8	17.1
1941.....	125.8	116.4	9.4	107.0	9.4	236.7	215.1	19.3	195.8	21.7
1942.....	159.1	144.0	13.4	130.6	15.1	264.7	232.0	21.4	210.6	32.7
1943.....	192.5	167.0	15.3	151.7	25.6	294.3	241.8	19.5	222.3	52.5
1944.....	211.4	179.2	15.7	163.5	32.2	317.1	256.3	20.2	236.1	60.8
1945.....	213.6	178.4	16.2	162.2	35.2	311.8	252.4	19.1	233.3	59.4
1946.....	209.2	188.5	18.8	169.7	20.7	279.3	249.6	20.0	229.6	29.7
1947.....	232.2	215.6	20.6	195.0	16.7	279.3	257.3	18.3	239.0	21.9
1948.....	257.3	240.0	23.7	216.2	17.4	292.4	270.5	21.9	248.6	21.9
1949.....	257.3	238.0	20.1	217.8	19.3	291.4	268.4	20.1	248.3	23.0
1950.....	285.1	264.3	21.1	243.1	20.8	318.5	294.8	21.5	273.3	23.8
1951.....	325.2	301.0	24.6	276.4	27.2	340.2	309.9	20.2	289.7	30.3
1952.....	346.1	315.1	23.3	291.8	31.0	353.2	320.4	20.4	300.0	32.8
1953.....	364.9	333.4	21.7	311.8	31.4	368.5	336.0	21.1	314.9	32.5
1954 ⁴	357.1	325.4	21.3	304.1	31.6	357.1	325.4	21.3	304.1	31.6

¹ Gross national product less compensation of general government employees; i. e. gross product accruing from domestic business, households, and institutions, and from the rest of the world.

² See *Survey of Current Business*, August 1954, pp. 20-24, for estimates in both current and 1947-49 prices and for the implicit price deflators.

³ Includes compensation of general government employees and excludes compensation of employees in government enterprises. Government enterprises are those agencies of government whose operating costs are at least to a substantial extent covered by the sale of goods and services, in contrast to the general activities of government which are financed mainly by tax revenues and debt creation. Government enterprises, in other words, conduct operations essentially commercial in character, even though they perform them under governmental auspices. The Post Office and public power systems are typical examples of government enterprises. On the other hand, State universities and public parks, where the fees and admissions cover only a nominal part of operating costs, are part of general government activities.

⁴ Preliminary.

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

Sources: Department of Commerce and Council of Economic Advisers.

TABLE D-5.—*The Nation's income, expenditure, and saving, 1952-54*

[Billions of dollars]

Economic group	1952			1953			1954 ¹		
	Re- ceipts	Ex- pendi- tures	Excess of re- ceipts (+) or ex- pendi- tures (-)	Re- ceipts	Ex- pendi- tures	Excess of re- ceipts (+) or ex- pendi- tures (-)	Re- ceipts	Ex- pendi- tures	Excess of re- ceipts (+) or ex- pendi- tures (-)
Consumers:									
Disposable personal income.....	236.9			250.1			253.6		
Personal consumption expendi- tures.....		218.4			230.1			234.0	
Personal net saving (+).....			18.4			20.0			19.6
Business:									
Gross retained earnings.....	34.3			35.1			37.3		
Gross private domestic invest- ment.....		50.7			51.4			46.1	
Excess of investment (-).....			-16.3			-16.3			-9.0
International:									
Net foreign investment.....		-2			-1.9			-6	
Excess of receipts (+) or investment (-).....			.2			1.9			.6
Government (Federal, State, and local):									
Tax and nontax receipts or ac- tuals.....	91.1			95.9			90.1		
Less: Transfers, interest, and subsidies (net).....	16.7			17.3			19.9		
Net receipts.....	74.3			78.6			70.2		
Total government expenditures.....		93.9			102.5			97.4	
Less: Transfers, interest, and subsidies (net).....		16.7			17.3			19.9	
Purchases of goods and serv- ices.....		77.2			85.2			77.5	
Surplus (+) or deficit (-) on income and product account.....			-2.8			-6.6			-7.3
Statistical discrepancy.....	.6		.6	1.0		1.0	-4.0		-4.0
Gross national product.....	346.1	346.1		364.9	364.9		357.1	357.1	

¹ Preliminary estimates 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).

TABLE D-6.—*Personal consumption expenditures, 1929-54*

[Billions of dollars]

Period	Total personal consumption expenditures	Durable goods			Nondurable goods				Services		
		Total	Auto- mobiles and parts	Other	Total	Food ¹	Cloth- ing ²	Other	Total	Hous- ing ³	Other
1929.....	79.0	9.2	3.2	6.0	37.7	19.5	9.4	8.8	32.1	11.4	20.6
1930.....	71.0	7.2	2.2	5.0	34.0	18.0	8.0	8.0	29.8	11.0	18.8
1931.....	61.3	5.5	1.6	3.9	28.9	14.7	6.9	7.3	26.9	10.3	16.6
1932.....	49.3	3.6	.9	2.7	22.8	11.4	5.1	6.3	22.9	9.0	13.9
1933.....	46.4	3.5	1.1	2.4	22.3	11.5	4.6	6.1	20.7	7.9	12.8
1934.....	51.9	4.2	1.4	2.8	26.7	14.2	5.7	6.8	21.0	7.6	13.4
1935.....	56.3	5.1	1.9	3.2	29.3	16.2	6.0	7.1	21.9	7.6	14.2
1936.....	62.6	6.3	2.3	4.0	32.8	18.4	6.6	7.9	23.5	7.9	15.5
1937.....	67.3	6.9	2.4	4.5	35.2	19.9	6.8	8.5	25.1	8.4	16.7
1938.....	64.6	5.7	1.6	4.1	34.0	18.9	6.8	8.3	25.0	8.8	16.2
1939.....	67.6	6.7	2.2	4.5	35.1	19.2	7.1	8.8	25.8	9.0	16.8
1940.....	71.9	7.8	2.7	5.0	37.2	20.3	7.4	9.4	26.9	9.3	17.6
1941.....	81.9	9.7	3.4	6.3	43.2	23.6	8.8	10.8	29.0	10.0	19.0
1942.....	89.7	7.0	.7	6.2	51.3	28.8	11.0	11.6	31.5	10.8	20.6
1943.....	100.5	6.6	.8	5.8	59.3	33.7	13.4	12.2	34.7	11.3	23.3
1944.....	109.8	6.8	.8	6.0	65.4	37.4	14.6	13.3	37.7	11.9	25.8
1945.....	121.7	8.1	1.0	7.1	73.2	41.6	16.5	15.2	40.4	12.4	28.0
1946.....	146.6	15.9	3.9	12.0	84.5	48.8	18.2	17.5	46.2	13.6	32.6
1947.....	165.0	20.6	6.3	14.3	93.1	54.2	18.8	20.1	51.3	15.4	35.9
1948.....	177.6	22.2	7.3	14.9	98.7	57.3	19.6	21.8	56.7	17.5	39.1
1949.....	180.6	23.6	9.5	14.1	96.9	56.5	18.5	21.9	60.1	19.4	40.7
1950.....	194.0	28.6	12.4	16.3	100.4	58.8	18.5	23.1	65.0	21.4	43.7
1951.....	208.3	27.1	10.9	16.3	111.1	66.5	19.8	24.7	70.1	23.4	46.8
1952.....	218.4	26.8	10.6	16.2	116.0	70.0	20.1	25.9	75.6	25.6	50.0
1953.....	230.1	29.7	13.1	16.6	118.9	71.8	19.8	27.3	81.4	27.7	53.7
1954 ⁴	234.0	29.0	12.5	16.5	120.5	73.1	19.6	27.8	84.5	29.4	55.2
Seasonally adjusted annual rates											
1953: First half.....	229.7	30.4	13.6	16.7	119.2	71.8	20.2	27.2	80.2	27.1	53.1
Second half.....	230.4	29.2	12.6	16.5	118.7	71.9	19.4	27.3	82.6	28.3	54.3
1954: First half.....	231.8	28.4	12.1	16.3	119.4	72.2	19.6	27.6	84.0	29.1	54.8
Second half ⁴	236.2	29.5	12.8	16.6	121.6	74.0	19.6	28.0	85.1	29.6	55.5
1953: First quarter.....	228.6	30.4	13.5	16.9	118.8	71.7	20.2	26.9	79.4	26.9	52.5
Second quarter.....	230.8	30.3	13.7	16.6	119.6	72.0	20.2	27.4	80.9	27.3	53.6
Third quarter.....	231.2	30.3	13.5	16.7	118.6	71.9	19.4	27.3	82.3	28.0	54.3
Fourth quarter.....	229.7	28.0	11.7	16.4	118.7	71.9	19.5	27.3	83.0	28.6	54.3
1954: First quarter.....	230.5	28.0	11.6	16.4	118.8	72.0	19.5	27.3	83.6	29.0	54.6
Second quarter.....	233.1	28.8	12.6	16.2	120.0	72.5	19.7	27.8	84.3	29.3	55.1
Third quarter.....	234.8	28.9	12.4	16.5	121.1	73.7	19.4	27.9	84.8	29.5	55.3
Fourth quarter ⁴	237.5	30.1	13.3	16.8	122.0	74.2	19.8	28.0	85.4	29.7	55.7

¹ Includes alcoholic beverages.² Includes shoes and standard clothing issued to military personnel.³ Includes imputed rental value of owner-occupied dwellings.⁴ Preliminary; fourth quarter by Council of Economic Advisers.

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

Source: Department of Commerce (except as noted).

TABLE D-7.—Gross private domestic investment, 1929-54

[Billions of dollars]

Period	Total gross private domestic investment	Nonfarm producers' plant and equipment			Farm equipment and construction			Residential construction (non-farm)	Other private construction ¹	Net change in business inventories		
		Total ²	Equipment ³	Construction ⁴	Total ⁵	Equipment	Construction			Total	Non-farm ⁶	Farm
1929.....	16.2	9.3	5.2	4.1	0.9	0.6	0.3	3.6	0.7	1.7	1.8	-0.2
1930.....	10.3	7.2	4.0	3.3	.7	.5	.2	2.1	.7	-.4	-.1	-.3
1931.....	5.5	4.4	2.6	1.8	.4	.3	.1	1.6	.5	-1.3	-1.6	.3
1932.....	.9	2.4	1.4	1.0	.2	.1	(7)	.6	.2	-2.6	-2.6	(7)
1933.....	1.4	2.2	1.5	.8	.2	.1	(7)	.5	.1	-1.6	-1.4	-.3
1934.....	2.9	2.9	2.1	.9	.3	.3	.1	.6	.1	-1.1	.2	-1.3
1935.....	6.3	3.7	2.7	1.0	.5	.4	.1	1.0	.1	.9	.4	.5
1936.....	8.4	5.0	3.6	1.4	.7	.5	.2	1.6	.2	1.0	2.1	-1.1
1937.....	11.7	6.5	4.5	2.1	.8	.6	.2	1.9	.2	2.2	1.7	.5
1938.....	6.7	4.7	3.1	1.5	.7	.5	.2	2.0	.3	-.9	-1.0	.1
1939.....	9.3	5.3	3.7	1.6	.7	.5	.2	2.7	.8	-.4	.3	.1
1940.....	13.2	6.9	4.9	2.0	.8	.6	.2	3.0	.3	2.2	1.9	.3
1941.....	18.1	8.6	6.1	2.5	1.1	.8	.3	3.5	.3	4.5	4.0	.5
1942.....	9.9	5.3	3.7	1.6	.9	.7	.3	1.7	.2	1.8	.7	1.2
1943.....	5.6	4.6	3.5	1.1	.8	.6	.3	.9	.1	-.8	-.6	-.2
1944.....	7.1	6.2	4.7	1.5	1.0	.7	.3	.8	.1	-1.0	-.6	-.4
1945.....	10.4	9.2	6.9	2.3	1.0	.7	.3	1.1	.2	-1.1	-.6	-.5
1946.....	27.1	14.8	10.0	4.8	1.6	.7	.9	4.0	.6	6.1	6.4	-.2
1947.....	29.7	20.7	15.0	5.7	3.0	1.6	1.4	6.3	.7	-1.0	1.3	-2.3
1948.....	41.2	23.5	16.8	6.7	3.9	2.3	1.6	8.6	1.0	4.2	3.0	1.1
1949.....	32.5	21.7	15.3	6.4	4.0	2.5	1.5	8.3	1.3	-2.7	-1.9	-.9
1950.....	51.2	25.5	18.5	7.0	4.2	2.6	1.6	12.6	1.5	7.4	6.4	.9
1951.....	56.9	29.1	20.4	8.8	4.7	2.8	1.8	11.0	1.7	10.4	9.0	1.4
1952.....	50.7	29.7	20.6	9.1	4.6	2.7	1.9	11.1	1.6	3.6	3.0	.7
1953.....	51.4	32.1	22.0	10.1	4.1	2.4	1.7	11.9	1.8	1.5	2.2	-.7
1954 ⁸	46.1	30.6	20.1	10.6	3.6	2.1	1.6	13.4	2.1	-3.6	-3.7	.1
Seasonally adjusted annual rates												
1953:												
First half.....	53.9	31.8	21.8	10.0	4.3	2.5	1.8	12.0	1.7	4.1	4.8	-0.6
Second half.....	49.0	32.4	22.2	10.2	4.0	2.2	1.7	11.9	1.8	-1.1	-.4	-.8
1954:												
First half.....	45.0	31.1	20.5	10.6	3.7	2.1	1.6	12.2	2.0	-4.0	-4.1	.0
Second half ⁹	47.2	30.2	19.6	10.6	3.6	2.0	1.5	14.4	2.2	-3.2	-3.4	.2
1953:												
First quarter.....	51.9	31.4	21.6	9.8	4.3	2.5	1.8	11.7	1.6	2.8	3.3	-.4
Second quarter.....	55.9	32.2	22.0	10.1	4.3	2.5	1.8	12.2	1.8	5.4	6.2	-.8
Third quarter.....	52.4	32.6	22.5	10.1	4.0	2.3	1.7	12.1	1.8	2.0	2.9	-.9
Fourth quarter.....	45.5	32.2	21.8	10.4	3.9	2.2	1.7	11.7	1.9	-4.2	-3.7	-.6
1954:												
First quarter.....	44.5	31.4	20.7	10.7	3.7	2.1	1.6	11.7	1.9	-4.2	-4.2	-.1
Second quarter.....	45.6	30.8	20.3	10.5	3.7	2.1	1.6	12.8	2.1	-3.8	-4.0	.2
Third quarter.....	45.3	30.3	19.8	10.5	3.5	2.0	1.5	14.0	2.2	-4.8	-5.0	.2
Fourth quarter ⁸	49.2	30.1	19.5	10.6	3.6	2.1	1.5	14.8	2.2	-1.5	-1.7	.2

¹ Items for nonfarm producers' plant and equipment are not comparable with those shown in appendix table D-23, principally because the latter exclude equipment and construction outlays charged to current expense and also investment by nonprofit organizations and professional persons.

² Total producers' durable equipment less "farm machinery and equipment" and farmers' purchases of tractors and business motor vehicles.

³ Industrial buildings, public utilities, gas- and oil-well drilling, warehouses, office and loft buildings, stores, restaurants, and garages.

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 religious, educational, social and recreational, hospital and institutional, miscellaneous non-residential, and all other private construction.

⁶ After revaluation adjustment.

⁷ Less than 50 million dollars.

⁸ Preliminary; fourth quarter by Council of Economic Advisers.

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

SOURCE: Department of Commerce (except as noted).

TABLE D-8.—National income by distributive shares, 1929–54

[Billions of dollars]

Period	Total national income ¹	Compensation of employees ²	Business and professional income and inventory valuation adjustment			Income of farm proprietors ³	Rental income of persons	Corporate profits and inventory valuation adjustment			Net interest
			Total	Income of unincorporated enterprises	Inventory valuation adjustment			Total	Corporate profits before taxes ⁴	Inventory valuation adjustment	
1929.....	87.8	51.1	8.8	8.6	0.1	6.0	5.4	10.1	9.6	0.5	6.4
1930.....	75.7	46.8	7.4	6.7	.8	4.1	4.8	6.6	3.3	3.3	6.0
1931.....	59.7	39.7	5.6	5.0	.6	3.2	3.8	1.6	-.8	2.4	5.8
1932.....	42.5	31.1	3.4	3.1	.3	1.9	2.7	-2.0	-3.0	1.0	5.4
1933.....	40.2	29.5	3.2	3.7	-.5	2.4	2.0	-2.0	.2	-2.1	5.0
1934.....	49.0	34.3	4.6	4.6	-.1	2.4	1.7	1.1	1.7	-.6	4.9
1935.....	57.1	37.3	5.4	5.4	(⁵)	5.0	1.7	2.9	3.1	-.2	4.8
1936.....	64.9	42.9	6.5	6.6	-.1	4.0	1.8	5.0	5.7	-.7	4.7
1937.....	73.6	47.9	7.1	7.1	(⁵)	5.6	2.1	6.2	6.2	(⁵)	4.7
1938.....	67.6	46.0	6.8	6.6	.2	4.3	2.6	4.3	3.3	1.0	4.6
1939.....	72.8	48.1	7.3	7.5	-.2	4.3	2.7	5.7	6.4	-.7	4.6
1940.....	81.6	52.1	8.4	8.5	(⁵)	4.6	2.9	9.1	9.3	-.2	4.5
1941.....	104.7	64.8	10.9	11.5	-.6	6.5	3.5	14.5	17.0	-2.5	4.5
1942.....	137.7	85.3	13.9	14.3	-.4	10.0	4.5	10.7	20.9	-1.2	4.3
1943.....	170.3	109.6	16.8	17.0	-.2	11.4	5.1	23.8	24.6	-.8	3.7
1944.....	182.6	121.3	18.0	18.1	-.1	11.5	5.4	23.0	23.3	-.3	3.3
1945.....	181.2	123.2	19.0	19.1	-.1	11.8	5.6	18.4	19.0	-.6	3.2
1946.....	179.6	117.7	21.3	23.0	-1.7	13.9	6.2	17.3	22.6	-5.3	3.1
1947.....	197.2	128.8	19.9	21.4	-1.5	14.5	6.5	23.6	29.5	-5.9	3.8
1948.....	221.6	140.9	21.6	22.1	-.4	16.7	7.2	30.6	32.8	-2.2	4.5
1949.....	216.2	140.9	21.4	21.0	.5	12.7	7.9	28.1	26.2	1.9	5.2
1950.....	240.0	154.3	22.9	24.0	-1.1	13.3	8.5	35.1	40.0	-4.9	5.9
1951.....	277.0	180.4	24.8	25.1	-.3	16.0	9.1	39.9	41.2	-1.3	6.8
1952.....	291.0	195.4	25.7	25.5	.2	14.2	10.0	38.2	37.2	1.0	7.4
1953.....	305.0	209.1	26.2	26.4	-.2	12.2	10.6	38.5	39.4	-1.0	8.4
1954 ⁶	300.2	207.3	25.9	25.9	(⁵)	11.9	10.9	35.0	35.0	-.1	9.1
Seasonally adjusted annual rates											
1953: First half.....	307.0	208.1	26.4	26.6	-.2	12.8	10.5	41.2	42.2	-0.9	8.1
Second half.....	303.0	210.1	26.0	26.2	-.2	11.7	10.7	35.7	36.7	-1.0	8.8
1954: First half.....	299.2	206.5	25.7	25.7	(⁵)	12.6	10.8	34.5	34.5	(⁵)	9.0
Second half ⁶	301.0	208.0	26.1	26.1	-.1	11.3	11.0	35.4	35.6	-.1	9.2
1953: First quarter.....	305.9	206.2	26.5	26.7	-.3	13.4	10.5	41.4	42.4	-.9	7.9
Second quarter.....	308.2	210.0	26.3	26.4	-.1	12.1	10.5	41.0	41.9	-.9	8.3
Third quarter.....	306.2	211.4	26.1	26.7	-.6	11.1	10.6	38.3	40.9	-2.6	8.6
Fourth quarter.....	299.9	208.8	25.9	25.7	.2	12.3	10.8	33.1	32.5	.6	8.9
1954: First quarter.....	298.9	206.4	25.6	25.7	-.1	13.0	10.8	34.1	34.5	-.4	9.0
Second quarter.....	299.6	206.6	25.9	25.8	-.1	12.2	10.9	34.9	34.5	.4	9.1
Third quarter.....	298.8	207.2	25.9	26.1	-.1	11.6	10.9	33.9	34.2	-.3	9.2
Fourth quarter ⁶	303.3	208.9	26.2	26.2	.0	11.0	11.0	37.0	37.0	.0	9.2

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

² Wages and salaries and supplements to wages and salaries (employer contributions for social insurance; employer contributions to private pension, health, and welfare funds; compensation for injuries; directors' fees; pay of the military reserve; and a few other minor items).

³ Excludes income resulting from net reductions of farm inventories and gives credit in computing income to net additions to farm inventories during the period.

⁴ See appendix table D-49 for corporate tax liability (Federal and State income and excess profits taxes) and corporate profits after taxes.

⁵ Less than 50 million dollars.

⁶ Preliminary; fourth quarter by Council of Economic Advisers.

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

Source: Department of Commerce (except as noted).

TABLE D-9.—*Relation of national income and personal income, 1929-54*

[Billions of dollars]

Period	National income	Less:			Plus:				Equals: Personal income
		Corporate profits and inventory valuation adjustment	Contributions for social insurance	Excess of wage accruals over disbursements	Government transfers for payments	Net interest paid by government	Dividends	Business transfer payments	
1929.....	87.8	10.1	0.2	-----	0.9	1.0	5.8	0.6	85.8
1930.....	75.7	6.6	.3	-----	1.0	1.0	5.5	.5	76.9
1931.....	59.7	1.6	.3	-----	2.1	1.1	4.1	.6	65.7
1932.....	42.5	-2.0	.3	-----	1.4	1.1	2.6	.7	50.1
1933.....	40.2	-2.0	.3	-----	1.5	1.2	2.1	.7	47.2
1934.....	49.0	1.1	.3	-----	1.6	1.2	2.6	.6	53.6
1935.....	57.1	2.9	.3	-----	1.8	1.1	2.9	.6	60.2
1936.....	64.9	5.0	.6	-----	2.9	1.1	4.5	.6	68.5
1937.....	73.6	6.2	1.8	-----	1.9	1.2	4.7	.6	73.9
1938.....	67.6	4.3	2.0	-----	2.4	1.2	3.2	.4	68.6
1939.....	72.8	5.7	2.1	-----	2.5	1.2	3.8	.5	72.9
1940.....	81.6	9.1	2.3	-----	2.7	1.3	4.0	.4	78.7
1941.....	104.7	14.5	2.8	-----	2.6	1.3	4.5	.5	96.3
1942.....	137.7	19.7	3.5	-----	2.6	1.5	4.3	.5	123.5
1943.....	170.3	23.8	4.5	0.2	2.5	2.1	4.5	.5	151.4
1944.....	182.6	23.0	5.2	- .2	3.1	2.8	4.7	.5	165.7
1945.....	181.2	18.4	6.1	-----	5.6	3.7	4.7	.5	171.2
1946.....	179.6	17.3	6.0	-----	10.9	4.5	5.8	.6	178.0
1947.....	197.2	23.6	5.7	-----	11.1	4.4	6.5	.7	190.5
1948.....	221.6	30.6	5.2	-----	10.5	4.4	7.2	.7	208.7
1949.....	216.2	28.1	5.7	-----	11.6	4.6	7.5	.8	206.8
1950.....	240.0	35.1	6.9	-----	14.3	4.7	9.2	.8	227.1
1951.....	277.0	39.9	8.2	.1	11.6	4.8	9.1	1.0	255.3
1952.....	291.0	38.2	8.7	-----	12.1	4.9	9.1	1.0	271.2
1953.....	305.0	38.5	8.8	-.1	12.8	5.0	9.4	1.0	286.1
1954 ¹	300.2	35.0	9.7	-----	14.8	5.4	9.9	1.0	286.5
Seasonally adjusted annual rates									
1953: First half.....	307.0	41.2	8.8	-----	12.6	5.0	9.2	1.0	284.8
Second half.....	303.0	35.7	8.6	-0.1	13.0	5.2	9.6	1.0	287.4
1954: First half.....	299.2	34.5	9.8	-----	14.5	5.2	9.6	1.0	285.4
Second half ¹	301.0	35.4	9.6	-----	15.0	5.4	10.1	1.0	287.6
1953: First quarter.....	305.9	41.4	8.8	-----	12.6	4.9	9.1	1.0	283.3
Second quarter.....	308.2	41.0	8.9	-.1	12.6	5.0	9.3	1.0	286.4
Third quarter.....	306.2	38.3	8.7	-.1	12.6	5.1	9.5	1.0	287.5
Fourth quarter.....	299.9	33.1	8.6	-.1	13.3	5.2	9.6	1.0	287.3
1954: First quarter.....	298.9	34.1	9.8	-----	14.2	5.2	9.6	1.0	285.1
Second quarter.....	299.6	34.9	9.7	-----	14.8	5.3	9.6	1.0	285.7
Third quarter.....	298.8	33.9	9.6	-----	14.7	5.4	9.8	1.0	286.2
Fourth quarter ¹	303.3	37.0	9.6	-----	15.4	5.5	10.4	1.0	289.0

¹ Preliminary; fourth quarter by Council of Economic Advisers.

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

Source: Department of Commerce (except as noted).

TABLE D-10.—*Sources of personal income, 1929-54*

(Billions of dollars)

Period	Total personal income	Labor income (wage and salary disbursements and other labor income) ¹	Proprietors' income ²		Rental income of persons	Dividends	Personal interest income	Transfer payments	Less: Personal contributions for social insurance	Non-agricultural personal income ³
			Farm	Business and professional						
1929.....	85.8	51.0	6.0	8.8	5.4	5.8	7.4	1.5	0.1	77.7
1930.....	78.9	46.7	4.1	7.4	4.8	5.5	6.9	1.5	.1	70.8
1931.....	65.7	39.6	3.2	5.6	3.8	4.1	6.9	2.7	.2	60.9
1932.....	50.1	30.9	1.9	3.4	2.7	2.6	6.6	2.2	.2	46.9
1933.....	47.2	29.4	2.4	3.2	2.0	2.1	6.2	2.1	.2	43.6
1934.....	53.6	34.1	2.4	4.6	1.7	2.6	6.1	2.2	.2	49.8
1935.....	60.2	37.2	5.0	5.4	1.7	2.9	5.9	2.4	.2	53.9
1936.....	68.5	42.5	4.0	6.5	1.8	4.5	5.8	3.5	.2	63.2
1937.....	73.9	46.7	5.6	7.1	2.1	4.7	5.9	2.4	.6	67.0
1938.....	68.6	43.6	4.3	6.8	2.6	3.2	5.8	2.8	.6	62.8
1939.....	72.9	46.6	4.3	7.3	2.7	3.8	5.8	3.0	.6	67.1
1940.....	78.7	50.5	4.6	8.4	2.9	4.0	5.8	3.1	.7	72.6
1941.....	96.3	62.8	6.5	10.9	3.5	4.5	5.8	3.1	.8	88.0
1942.....	123.5	83.0	10.0	13.9	4.5	4.3	5.8	3.1	1.2	111.5
1943.....	151.4	106.7	11.4	16.8	5.1	4.5	5.8	3.0	1.8	137.6
1944.....	165.7	118.5	11.5	18.0	5.4	4.7	6.2	3.6	2.2	151.6
1945.....	171.2	119.4	11.8	19.0	5.6	4.7	6.9	6.2	2.3	156.8
1946.....	178.0	113.8	13.9	21.3	6.2	5.8	7.6	11.4	2.0	161.1
1947.....	190.5	125.2	14.5	19.9	6.5	6.5	8.2	11.8	2.1	172.8
1948.....	208.7	137.9	16.7	21.6	7.2	7.2	9.0	11.3	2.2	188.5
1949.....	206.8	137.4	12.7	21.4	7.9	7.5	9.8	12.4	2.2	190.8
1950.....	227.1	150.3	13.3	22.9	8.5	9.2	10.6	15.1	2.9	210.5
1951.....	255.3	175.6	16.0	24.8	9.1	9.1	11.6	12.6	3.4	235.7
1952.....	271.2	190.6	14.2	25.7	10.0	9.1	12.3	13.1	3.8	253.3
1953.....	286.1	204.4	12.2	26.2	10.6	9.4	13.5	13.8	4.0	270.0
1954 ⁴	286.5	202.2	11.9	25.9	10.9	9.9	14.5	15.8	4.6	270.8
Seasonally adjusted annual rates										
1953: First half.....	284.8	203.2	12.8	26.4	10.5	9.2	13.0	13.6	4.0	268.2
Second half.....	287.4	205.6	11.7	26.0	10.7	9.6	13.9	14.0	4.0	271.8
1954: First half.....	285.4	201.4	12.6	25.7	10.8	9.6	14.3	15.5	4.6	269.0
Second half ⁴	287.6	203.1	11.3	26.1	11.0	10.1	14.6	16.0	4.6	272.6
1953: First quarter...	283.3	201.3	13.4	26.5	10.5	9.1	12.8	13.6	3.9	266.2
Second quarter...	286.4	205.2	12.1	26.3	10.5	9.3	13.3	13.6	4.0	270.3
Third quarter...	287.5	206.9	11.1	26.1	10.6	9.5	13.7	13.6	4.1	272.5
Fourth quarter...	287.3	204.3	12.3	25.9	10.8	9.6	14.1	14.3	4.0	271.2
1954: First quarter...	285.1	201.3	13.0	25.6	10.8	9.6	14.2	15.2	4.7	268.3
Second quarter...	285.7	201.6	12.2	25.9	10.9	9.6	14.4	15.8	4.6	269.6
Third quarter...	286.2	202.2	11.6	25.9	10.9	9.8	14.6	15.7	4.6	270.8
Fourth quarter ⁴ ...	289.0	204.0	11.0	26.2	11.0	10.4	14.7	16.4	4.6	274.4

¹ The total of wage and salary disbursements and other labor income differs from compensation of employees in appendix table D-8 in that it excludes employer contributions for social insurance and; includes the excess of wage disbursements over wage accruals.

² Excludes income resulting from net reductions of inventories and gives credit in computing income to net additions to inventories during the period.

³ Nonagricultural income is personal income exclusive of net income of unincorporated farm enterprises, farm wages, agricultural net interest, and net dividends paid by agricultural corporations.

⁴ Preliminary; fourth quarter by Council of Economic Advisers.

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

Source: Department of Commerce (except as noted).

TABLE D-11.—Disposition of personal income, 1929-54

Period	Personal income	Less: Personal taxes ¹	Equals: Disposable personal income	Less: Personal consumption expenditures	Equals: Personal saving	Saving as percent of disposable personal income
Billions of dollars						
1929.....	85.8	2.6	83.1	79.0	4.2	5.0
1930.....	76.9	2.5	74.4	71.0	3.4	4.6
1931.....	65.7	1.9	63.8	61.3	2.5	3.9
1932.....	50.1	1.5	48.7	49.3	-.6	-1.3
1933.....	47.2	1.5	45.7	46.4	-.6	-1.4
1934.....	53.6	1.6	52.0	51.9	.1	.2
1935.....	60.2	1.9	58.3	56.3	2.0	3.5
1936.....	68.5	2.3	66.2	62.6	3.6	5.4
1937.....	73.9	2.9	71.0	67.3	3.7	5.3
1938.....	68.6	2.9	65.7	64.6	1.1	1.6
1939.....	72.9	2.4	70.4	67.6	2.9	4.1
1940.....	78.7	2.6	76.1	71.9	4.2	5.5
1941.....	96.3	3.3	93.0	81.9	11.1	11.9
1942.....	123.5	6.0	117.5	89.7	27.8	23.6
1943.....	151.4	17.8	133.5	100.5	33.0	24.7
1944.....	165.7	18.9	146.8	109.8	36.9	25.2
1945.....	171.2	20.9	150.4	121.7	28.7	19.1
1946.....	178.0	18.8	159.2	146.6	12.6	7.9
1947.....	190.5	21.5	169.0	165.0	4.0	2.4
1948.....	208.7	21.1	187.6	177.6	10.0	5.3
1949.....	206.8	18.7	188.2	180.6	7.6	4.0
1950.....	227.1	20.9	206.1	194.0	12.1	5.9
1951.....	255.3	29.3	226.1	208.3	17.7	7.8
1952.....	271.2	34.4	236.9	218.4	18.4	7.8
1953.....	286.1	36.0	250.1	230.1	20.0	8.0
1954 ²	286.5	32.9	253.6	234.0	19.6	7.7
Billions of dollars, seasonally adjusted annual rates						
1953: First half.....	284.8	35.7	249.1	229.7	19.4	7.8
Second half.....	287.4	36.2	251.2	230.4	20.8	8.3
1954: First half.....	285.4	32.8	252.6	231.8	20.8	8.2
Second half ²	287.6	33.0	254.6	236.2	18.4	7.2
1953: First quarter.....	283.3	35.5	247.8	228.6	19.2	7.7
Second quarter.....	286.4	35.9	250.4	230.8	19.6	7.8
Third quarter.....	287.5	36.3	251.2	231.2	20.0	8.0
Fourth quarter.....	287.3	36.1	251.2	229.7	21.5	8.6
1954: First quarter.....	285.1	32.8	252.3	230.6	21.8	8.6
Second quarter.....	285.7	32.9	252.9	233.1	19.7	7.8
Third quarter.....	286.2	32.9	253.2	234.8	18.4	7.3
Fourth quarter ²	289.0	33.1	255.9	237.6	18.4	7.2

¹ Includes also such items as fines, penalties, and donations.² Preliminary; fourth quarter by Council of Economic Advisers.

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

Source: Department of Commerce (except as noted).

TABLE D-12.—*Total and per capita disposable personal income in current and 1954 prices, 1929-54*

Period	Total disposable personal income (billions of dollars)		Per capita disposable personal income (dollars)		Population (thousands) ²
	Current prices	1954 prices ¹	Current prices	1954 prices ¹	
1929.....	83.1	130.3	682	1,069	121,881
1930.....	74.4	119.8	604	973	123,188
1931.....	63.8	112.8	514	908	124,149
1932.....	48.7	95.8	389	766	124,949
1933.....	45.7	95.0	364	757	125,690
1934.....	52.0	104.4	411	825	126,486
1935.....	58.3	114.1	458	896	127,362
1936.....	66.2	128.3	517	1,002	128,181
1937.....	71.0	133.0	551	1,032	128,961
1938.....	65.7	125.1	505	962	129,969
1939.....	70.4	136.3	538	1,041	131,028
1940.....	76.1	146.0	576	1,106	132,122
1941.....	93.0	170.0	697	1,274	133,402
1942.....	117.5	193.6	871	1,435	134,860
1943.....	133.5	207.4	977	1,517	136,739
1944.....	146.8	224.4	1,060	1,621	138,397
1945.....	150.4	224.7	1,075	1,607	139,928
1946.....	159.2	219.3	1,126	1,551	141,389
1947.....	169.0	203.4	1,173	1,412	144,126
1948.....	187.6	209.6	1,279	1,429	146,631
1949.....	188.2	212.4	1,261	1,423	149,188
1950.....	206.1	230.3	1,359	1,518	151,683
1951.....	226.1	234.0	1,465	1,517	154,360
1952.....	236.9	239.7	1,509	1,527	157,022
1953.....	250.1	251.1	1,567	1,573	159,629
1954 ³	253.6	253.6	1,561	1,561	162,414
Seasonally adjusted annual rates					
1953: First half.....	249.1	251.4	1,566	1,580	159,017
Second half.....	251.2	250.9	1,566	1,564	160,408
1954: First half.....	252.6	252.6	1,562	1,562	161,763
Second half ⁴	254.6	254.9	1,560	1,562	163,211
1953: First quarter.....	247.8	250.6	1,561	1,578	158,714
Second quarter.....	250.4	252.2	1,572	1,583	159,306
Third quarter.....	251.2	250.9	1,570	1,568	160,022
Fourth quarter.....	251.2	250.7	1,563	1,560	160,764
1954: First quarter.....	252.3	252.0	1,563	1,561	161,436
Second quarter.....	252.9	252.9	1,560	1,560	162,078
Third quarter.....	253.2	252.9	1,555	1,553	162,808
Fourth quarter ⁵	255.9	256.7	1,564	1,569	163,582

¹ Dollar estimates in current prices divided by consumer price index on a 1954 base, using data through November.

² Population of continental United States including armed forces overseas. Annual data are as of July 1; quarterly and semiannual data as of middle of period.

³ Preliminary; fourth quarter by Council of Economic Advisers.

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

Source: Department of Commerce (except as noted).

TABLE D-13.—*Liquid saving by individuals, 1939-54*¹

[Billions of dollars]

Period	Total liquid saving	Cur- rency and bank de- posits ²	Sav- ings and loan asso- ciations	Insurance and pension reserves			Securities				Liqui- dation of mort- gage debt ³	Liqui- dation of debt not else- where classified ⁴
				Total	Priv- ate	Gov- ern- ment	Total ⁵	U. S. sav- ings bonds	Other gov- ern- ment ⁶	Cor- porate and other		
1939.....	4.25	3.00	0.04	3.01	1.72	1.30	-0.53	0.66	-0.83	-0.36	-0.50	-0.78
1940.....	4.24	2.88	.20	3.14	1.85	1.30	-1.17	.86	-.81	-.22	-.84	-.97
1941.....	10.52	4.80	.36	4.01	2.14	1.86	2.83	2.75	.44	-.36	-.82	-.66
1942.....	29.30	10.95	.26	5.04	2.49	2.55	10.25	7.98	2.17	-.09	-.09	2.89
1943.....	38.71	16.18	.55	6.77	2.85	3.92	13.83	11.14	2.88	-.20	.38	1.01
1944.....	41.41	17.55	.81	8.17	3.21	4.96	14.96	11.80	3.89	-.73	.06	-.14
1945.....	37.39	19.06	1.06	8.59	3.46	5.14	9.36	6.85	3.43	-.92	-.20	-.48
1946.....	13.74	10.56	1.18	6.97	3.42	3.55	.89	.90	-.65	.65	-3.60	-2.28
1947.....	6.67	2.01	1.20	7.13	3.64	3.49	3.51	1.78	.89	.84	-4.46	-2.73
1948.....	2.99	-1.84	1.21	7.32	3.75	3.57	3.22	2.13	-.43	1.52	-4.61	-2.31
1949.....	2.86	-1.46	1.51	6.05	3.71	2.34	3.03	1.53	.52	.98	-3.87	-2.40
1950.....	1.80	3.62	1.51	5.01	3.92	1.09	2.04	.55	.12	1.36	-7.16	-3.22
1951.....	11.79	5.95	2.10	8.26	4.05	4.21	2.55	-.41	-.22	3.18	-6.53	-.64
1952.....	13.55	7.10	3.07	9.29	4.91	4.38	4.20	.32	.15	3.72	-6.26	-3.85
1953.....	13.39	4.72	3.68	8.28	5.08	3.20	6.20	.30	2.86	3.03	-6.66	-2.63
1953: First half.....	5.52	-.69	2.01	4.23	2.34	1.89	4.89	.12	2.97	1.80	-3.41	-1.51
Second half.....	7.88	5.41	1.67	4.05	2.74	1.31	1.31	.18	-.11	1.24	-3.25	-1.32
1954: First half.....	6.48	-.84	2.38	4.15	2.66	1.49	2.97	.42	.45	2.10	-3.24	1.05
1953: First quarter....	2.40	-1.34	.96	2.15	1.24	.90	2.44	.41	1.40	.63	-1.51	-.29
Second quarter....	3.11	.64	1.05	2.08	1.09	.99	2.45	-.29	1.58	1.16	-1.89	-1.22
Third quarter....	3.19	1.73	.59	2.11	1.20	.92	1.07	.06	.32	.70	-1.77	-.54
Fourth quarter....	4.69	3.69	1.08	1.94	1.55	.39	.24	.13	-.42	.54	-1.48	-.78
1954: First quarter....	3.57	-2.21	1.12	2.04	1.39	.65	2.47	.22	1.12	1.13	-1.31	1.46
Second quarter....	2.91	1.38	1.26	2.11	1.27	.84	.50	.20	-.63	.97	-1.92	-.41
Third quarter....	2.72	3.50	.73	2.06	1.36	.70	-1.13	.12	-1.94	.70	-2.29	-.14

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

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

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

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

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

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

NOTE.—In addition to the concept of liquid saving shown above, there are other concepts of individuals' saving with varying degrees of coverage currently in use. The series with the most complete coverage, the personal saving estimates of the Department of Commerce, is derived as the difference between personal income and expenditures. Conceptually, Commerce saving includes the following items not included with SEC liquid saving: Housing net of depreciation, unincorporated business and farm items, such as net plant and equipment, changes in net receivables, and changes in inventories. Government insurance is excluded from the Commerce saving series. For a reconciliation of the two series, see table 6 of *National Income, 1954 Edition, A Supplement to the Survey of Current Business*.

Source: Securities and Exchange Commission.

TABLE D-14.—Sources and uses of gross saving, 1929-54

[Billions of dollars]

Period	Gross private saving and government surplus or deficit on income and product transactions							Gross investment			Statistical discrepancy
	Total	Private saving			Government surplus or deficit (—)			Total	Gross private domestic investment	Net foreign investment	
		Total	Personal saving	Gross business saving	Total	Federal	State and local				
1929.....	16.7	15.7	4.2	11.5	1.0	1.2	-0.1	17.0	16.2	0.8	0.3
1930.....	11.9	12.2	3.4	8.8	-3	.3	-.5	11.0	10.3	.7	-1.0
1931.....	4.9	7.7	2.5	5.2	-2.8	-2.1	-.7	5.7	5.5	.2	.8
1932.....	.3	2.0	-.6	2.7	-1.7	-1.5	-.2	1.1	.9	.2	.8
1933.....	.6	1.9	-.6	2.6	-1.4	-1.3	(1)	1.5	1.4	.2	.9
1934.....	2.6	5.0	.1	4.9	-2.4	-2.9	.5	3.3	2.9	.4	.7
1935.....	6.4	8.4	2.0	6.3	-2.0	-2.6	.6	6.2	6.3	-.1	-.2
1936.....	7.2	10.1	3.6	6.5	-3.0	-3.5	.5	8.3	8.4	-.1	1.1
1937.....	12.1	11.5	3.7	7.8	.6	-.2	.7	11.8	11.7	.1	-.2
1938.....	7.3	8.9	1.1	7.8	-1.6	-2.0	.4	7.8	6.7	1.1	.5
1939.....	9.0	11.2	2.9	8.3	-2.1	-2.2	.1	10.2	9.3	.9	1.2
1940.....	13.9	14.6	4.2	10.4	-.7	-1.4	.7	14.7	13.2	1.5	.8
1941.....	18.8	22.6	11.1	11.5	-3.8	-5.1	1.3	19.2	18.1	1.1	.4
1942.....	10.5	41.9	27.8	14.1	-31.4	-33.2	1.8	9.7	9.9	-.2	-.8
1943.....	5.1	49.3	33.0	16.3	-44.2	-46.7	2.5	3.4	5.6	-2.2	-1.7
1944.....	2.3	54.2	36.9	17.2	-51.9	-54.6	2.7	5.0	7.1	-2.1	2.8
1945.....	4.5	44.3	28.7	15.6	-39.7	-42.3	2.6	9.0	10.4	-1.4	4.5
1946.....	30.8	26.6	12.6	14.0	4.2	2.2	2.0	31.7	27.1	4.6	.9
1947.....	37.3	24.0	4.0	20.0	13.3	12.2	1.0	38.6	29.7	8.9	1.4
1948.....	45.2	37.4	10.0	27.4	7.9	8.0	-.1	43.1	41.2	2.0	-2.1
1949.....	33.0	36.2	7.6	28.7	-3.2	-2.4	-.8	33.1	32.5	.5	.1
1950.....	48.8	40.7	12.1	28.6	8.1	9.2	-1.1	49.0	51.2	-2.2	.2
1951.....	55.8	49.6	17.7	31.9	6.2	6.5	-.4	57.1	56.9	.2	1.3
1952.....	49.9	52.8	18.4	34.3	-2.8	-2.9	(1)	50.5	50.7	-.2	.6
1953.....	48.5	55.1	20.0	35.1	-6.6	-6.8	.2	49.5	51.4	-1.9	1.0
1954 ²	49.6	56.9	19.6	37.3	-7.3	-6.5	-.8	45.6	46.1	-.6	-4.0
Seasonally adjusted annual rates											
1953:											
First half.....	50.8	55.6	19.4	36.2	-4.9	-4.9	.1	51.4	53.9	-2.6	0.7
Second half.....	46.3	54.8	20.8	34.0	-8.4	-8.7	.2	47.8	49.0	-1.2	1.4
1954:											
First half.....	47.4	57.2	20.8	36.5	-9.9	-9.0	-.8	44.0	45.0	-1.0	-3.4
Second half ²	51.7	56.5	18.4	38.1	-4.8	-4.0	-.8	47.2	47.2	-.1	-4.6
1953:											
First quarter.....	51.4	55.1	19.2	35.9	-3.7	-2.8	-.8	50.1	51.9	-1.8	-1.2
Second quarter.....	50.1	56.2	19.6	36.6	-6.1	-7.0	1.1	52.6	55.9	-3.3	2.6
Third quarter.....	48.5	54.2	20.0	34.2	-5.6	-6.2	.6	50.6	52.4	-1.8	2.1
Fourth quarter.....	44.1	55.4	21.5	33.9	-11.3	-11.1	-.2	44.9	45.5	-.6	.6
1954:											
First quarter.....	46.4	57.5	21.8	35.7	-11.1	-10.1	-1.0	43.4	44.5	-1.1	-3.0
Second quarter.....	48.4	57.0	19.7	37.3	-8.6	-8.0	-.6	44.6	45.6	-1.0	-3.8
Third quarter.....	49.5	55.5	18.4	37.1	-6.0	-5.3	-.8	45.1	45.3	-.2	-4.4
Fourth quarter ²	53.9	57.5	18.4	39.1	-3.6	-2.8	-.8	49.2	49.2	.0	-4.7

¹ Less than 50 million dollars.² Preliminary; fourth quarter by Council of Economic Advisers.

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

Source: Department of Commerce (except as noted).

TABLE D-15.—*Realized gross and net income of farm operators from farming, 1935-39 average and 1940-54*¹

Period	Realized gross farm income	Farm production expenses	Realized net farm income		Realized net income per farm		Realized net income per farm family worker		Realized net farm income as percent of gross farm income (percent)
			Current prices	1954 prices ¹	Current prices	1954 prices ¹	Current prices	1954 prices ¹	
	Millions of dollars				Dollars				
1935-39 average.....	10,372	5,742	4,630	10,289	698	1,551	507	1,127	44.6
1940.....	10,920	6,622	4,298	9,768	677	1,539	518	1,177	39.4
1941.....	13,707	7,655	6,052	12,877	962	2,047	755	1,606	44.2
1942.....	18,592	9,743	8,849	16,387	1,427	2,643	1,113	2,061	47.6
1943.....	22,870	11,330	11,540	18,918	1,895	3,107	1,441	2,362	50.5
1944.....	24,113	12,143	11,970	18,703	1,994	3,116	1,498	2,341	49.6
1945.....	25,323	13,037	12,286	18,615	2,059	3,120	1,559	2,362	48.5
1946.....	28,967	14,774	14,193	19,180	2,394	3,235	1,751	2,366	49.0
1947.....	34,002	17,228	16,774	19,505	2,856	3,321	2,067	2,403	49.3
1948.....	34,520	18,916	15,604	16,961	2,688	2,922	1,944	2,113	45.2
1949.....	31,763	18,170	13,593	15,273	2,375	2,669	1,763	1,981	42.8
1950.....	32,066	19,704	12,362	13,736	2,189	2,432	1,705	1,894	38.6
1951.....	36,944	22,404	14,540	14,837	2,598	2,651	2,078	2,120	39.4
1952.....	36,842	23,216	13,626	13,764	2,462	2,487	2,019	2,039	37.0
1953.....	35,430	22,155	13,275	13,409	2,422	2,446	1,998	2,018	37.5
1954 ²	34,100	21,600	12,500	12,500	-----	-----	1,910	1,910	37
	Seasonally adjusted annual rates								
1953:									
First half.....	36,100	22,400	13,700	13,800	2,490	2,520	2,080	2,080	38
Second half.....	34,800	21,800	12,900	13,000	2,350	2,380	1,940	1,960	37
1954:									
First half.....	34,800	22,000	12,800	12,800	-----	-----	1,960	1,960	37
Second half ³	33,400	21,200	12,200	12,200	-----	-----	1,860	1,860	37
1953:									
First quarter.....	36,500	22,700	13,800	13,900	2,520	2,550	2,080	2,100	38
Second quarter.....	35,700	22,200	13,500	13,600	2,460	2,490	2,030	2,050	38
Third quarter.....	34,700	21,900	12,800	12,900	2,330	2,360	1,920	1,940	37
Fourth quarter.....	34,800	21,800	13,000	13,100	2,370	2,400	1,960	1,980	37
1954:									
First quarter.....	35,200	22,200	13,000	13,000	-----	-----	1,990	1,990	37
Second quarter.....	34,400	21,900	12,500	12,500	-----	-----	1,920	1,920	36
Third quarter.....	33,300	21,300	12,000	12,000	-----	-----	1,840	1,840	36
Fourth quarter ⁴	33,500	21,200	12,300	12,300	-----	-----	1,880	1,880	37

¹ Includes Government payments but, "unlike the net farm income series of appendix tables D-8 and D-10, includes income resulting from net farm inventory reductions, but gives no credit as income for net additions to farm inventories. Based on the latest revisions of the series on cash receipts from farm marketings and production expenses, which the farm income series of appendix tables D-8 and D-10 have not yet taken fully into account.

² Dollar estimates in current prices divided by the index of prices paid by farmers for family living items converted from the reported base 1910-14=100 to the base 1954=100.

³ Preliminary.

Source: Department of Agriculture.

EMPLOYMENT AND WAGES

TABLE D-16.—Total population 14 years of age and over and the labor force, 1929–54

Period	Total population ¹	Total labor force (including armed forces) ¹	Armed forces ¹	Civilian labor force					Total labor force as percent of total population	Unemployment as percent of civilian labor force	
				Total	Employment ²			Unemployment			
					Total	Agricultural	Non-agricultural				
Thousands of persons 14 years of age and over										Percent	
63-area sample ³											
Monthly average: ⁴											
1929.....	87,910	49,440	260	49,180	47,630	10,450	37,180	1,550	56.2	3.2	
1930.....	89,440	50,080	260	49,820	45,480	10,340	35,140	4,340	56.0	8.7	
1931.....	90,600	50,680	260	50,420	42,400	10,290	32,110	8,020	55.9	15.9	
1932.....	91,700	51,250	250	51,000	38,940	10,170	28,770	12,060	55.9	23.6	
1933.....	92,840	51,840	250	51,590	38,760	10,090	28,670	12,830	55.8	24.9	
1934.....	94,080	52,490	260	52,230	40,890	9,900	30,990	11,340	55.8	21.7	
1935.....	95,350	53,140	270	52,870	42,260	10,110	32,150	10,610	55.7	20.1	
1936.....	96,580	53,740	300	53,440	44,410	10,000	34,410	9,030	55.6	16.9	
1937.....	97,740	54,320	320	54,000	46,300	9,820	36,480	7,700	55.6	14.3	
1938.....	98,980	54,950	340	54,610	44,270	9,690	34,530	10,390	55.5	19.0	
1939.....	100,210	55,600	370	55,230	45,750	9,610	36,140	9,480	55.5	17.2	
1940.....	101,490	56,180	540	55,640	47,520	9,540	37,980	8,120	55.4	14.6	
1941.....	102,640	57,530	1,620	55,910	50,350	9,100	41,250	5,560	56.1	9.9	
1942.....	103,690	60,380	3,970	56,410	53,750	9,250	44,500	2,660	58.2	4.7	
1943.....	104,750	64,560	9,020	55,540	54,470	9,080	45,390	1,070	61.6	1.9	
1944.....	105,750	66,040	11,410	54,630	53,960	8,950	45,010	670	62.4	1.2	
1945.....	106,620	65,290	11,430	53,860	52,820	8,580	44,240	1,040	61.2	1.9	
1946.....	107,590	60,970	3,450	57,520	55,250	8,320	46,930	2,270	56.7	3.9	
1947.....	108,831	61,758	1,590	60,168	58,027	8,266	49,761	2,142	56.7	3.6	
1948.....	109,924	62,898	1,456	61,442	59,378	7,973	51,405	2,064	57.2	3.4	
1949.....	111,095	63,721	1,616	62,105	58,710	8,026	50,684	3,395	57.4	5.5	
1950.....	112,237	64,749	1,650	63,099	59,957	7,507	52,450	3,142	57.7	5.0	
1951.....	113,382	65,982	3,098	62,884	61,005	7,054	53,951	1,879	58.2	3.0	
1952.....	114,589	66,560	3,594	62,966	61,293	6,805	54,488	1,673	58.1	2.7	
Revised series ⁵											
1953.....	116,576	67,362	3,547	63,815	62,213	6,562	55,651	1,602	57.8	2.5	
1953: First half.....	116,272	66,992	3,541	63,451	61,817	6,310	55,507	1,634	57.6	2.6	
1953: Second half.....	116,893	67,732	3,553	64,180	62,609	6,815	55,794	1,570	57.9	2.4	
1953: January.....	115,635	66,438	3,543	62,895	61,003	5,760	55,243	1,892	57.5	3.0	
1953: February.....	115,923	66,426	3,543	62,883	61,095	5,611	55,484	1,788	57.3	2.8	
1953: March.....	116,199	66,882	3,545	63,337	61,663	5,925	55,738	1,674	57.6	2.6	
1953: April.....	116,272	66,684	3,528	63,156	61,574	6,275	55,299	1,582	57.4	2.5	
1953: May.....	116,375	66,820	3,533	63,287	61,981	6,424	55,567	1,306	57.4	2.1	
1953: June.....	116,476	68,703	3,556	65,147	63,585	7,865	55,720	1,562	59.0	2.4	
1953: July.....	116,576	68,804	3,590	65,214	63,666	7,544	56,122	1,548	59.0	2.4	
1953: August.....	116,676	68,521	3,590	64,931	63,691	7,173	56,518	1,240	58.7	1.9	
1953: September.....	116,786	67,480	3,575	63,905	62,584	7,109	55,475	1,321	57.8	2.1	
1953: October.....	116,893	67,609	3,550	64,059	62,758	7,075	55,683	1,301	57.8	2.0	
1953: November.....	116,988	67,495	3,520	63,975	62,276	6,617	55,659	1,699	57.7	2.7	
1953: December.....	117,078	66,485	3,492	62,993	60,680	5,370	55,310	2,313	56.8	3.7	

See footnotes at end of table.

EMPLOYMENT AND WAGES

TABLE D-16.—Total population 14 years of age and over and the labor force, 1929-54—Con.

Period	Total population ¹	Total labor force (including armed forces) ¹	Armed forces ¹	Civilian labor force					Total labor force as percent of total population	Unemployment as percent of civilian labor force	
				Total	Employment ²			Unemployment			
					Total	Agricultural	Non-agricultural				
Thousands of persons 14 years of age and over										Percent	
230-area sample³											
Monthly average:⁴											
1954.....	117,664	67,818	3,350	64,468	61,238	6,504	54,734	3,230	57.6	5.0	
1954: First half.....	117,432	67,444	3,390	64,054	60,620	6,232	54,389	3,433	57.4	5.4	
Second half.....	117,991	68,192	3,311	64,882	61,855	6,776	55,078	3,027	57.8	4.7	
1954: January.....	117,183	66,292	3,452	62,840	59,753	5,284	54,469	3,087	56.6	4.9	
February.....	117,264	67,139	3,414	63,725	60,055	5,704	54,351	3,671	57.3	5.8	
March.....	117,358	67,218	3,393	63,825	60,100	5,875	54,225	3,725	57.3	5.8	
April.....	117,432	67,438	3,375	64,063	60,598	6,076	54,522	3,465	57.4	5.4	
May.....	117,528	67,786	3,361	64,425	61,119	6,822	54,297	3,305	57.7	5.1	
June.....	117,597	68,788	3,343	65,445	62,098	7,628	54,470	3,347	58.5	5.1	
July.....	117,664	68,824	3,330	65,494	62,148	7,486	54,661	3,346	58.5	5.1	
August.....	117,773	68,858	3,334	65,522	62,276	6,928	55,349	3,245	58.5	5.0	
September.....	117,877	68,565	3,322	65,243	62,144	7,527	54,617	3,099	58.2	4.8	
October.....	117,991	68,190	3,308	64,882	62,141	7,239	54,902	2,741	57.8	4.2	
November.....	118,103	67,909	3,285	64,624	61,731	6,154	55,577	2,893	57.5	4.5	
December.....	118,206	66,811	3,285	63,526	60,688	5,325	55,363	2,838	56.5	4.5	

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

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

³ Pertains to civilian labor force data only.

⁴ Monthly averages except for population estimates, which are for the middle of the period. See appendix table D-12 for total population of all ages.

⁵ Labor force data for 1953 have been revised by the use of a new estimating procedure to provide greater comparability with the 1954 data from the 230-area sample, and to improve the reliability of the 1953 data themselves. For a description of the revisions, see *Current Population Reports: Labor Force*, Series P-57, No. 155, January 1955. Data of appendix tables D-17, D-18, and D-19 are as originally published by the Department of Commerce.

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

Detail will not necessarily add to totals because of rounding.

Sources: Department of Commerce, Department of Labor (labor force, 1929-39), and Council of Economic Advisers.

TABLE D-17.—*Employment and unemployment, by age, and by sex for 20-64 year group, 1942-54*

[Thousands of persons 14 years of age and over]

Period	Total civilian labor force	Employed ¹					Unemployed				
		Total	14-19 years	20-64 years		65 years and over	Total	14-19 years	20-64 years		65 years and over
				Males	Fe- males				Males	Fe- males	
68-area sample											
Monthly average:											
1942.....	56,410	53,750	5,770	32,870	12,640	2,470	2,660	510	1,330	700	120
1943.....	55,540	54,470	6,350	30,450	14,930	2,740	1,070	290	360	350	70
1944.....	54,630	53,960	6,050	29,460	15,560	2,890	670	200	230	210	30
1945.....	53,860	52,820	5,480	28,920	15,500	2,920	1,040	190	500	320	30
1946.....	57,520	55,250	4,550	34,170	13,810	2,720	2,270	290	1,550	360	70
1947.....	60,168	58,027	4,716	36,567	13,991	2,754	2,142	425	1,256	394	68
1948.....	61,442	59,378	4,842	37,206	14,517	2,815	2,064	415	1,099	470	82
1949.....	62,105	58,710	4,512	36,639	14,689	2,871	3,395	595	1,929	733	139
1950.....	63,099	59,957	4,564	37,158	15,327	2,907	3,142	543	1,704	766	131
1951.....	62,884	61,005	4,614	37,351	16,115	2,924	1,879	356	835	595	96
1952.....	62,966	61,293	4,530	37,366	16,468	2,930	1,673	362	776	460	75
1953.....	63,418	61,894	4,491	37,878	16,406	3,120	1,523	291	795	379	58
1953: First half.....	63,128	61,494	4,298	37,726	16,359	3,111	1,634	305	872	388	69
Second half.....	63,706	62,294	4,684	38,030	16,452	3,129	1,412	276	719	370	47
1953: January.....	62,416	60,524	3,964	37,252	16,294	3,014	1,892	282	1,088	430	92
February.....	62,712	60,924	4,044	37,512	16,232	3,136	1,788	298	982	428	80
March.....	63,134	61,460	4,072	37,800	16,418	3,170	1,674	252	866	404	92
April.....	62,810	61,228	4,160	37,708	16,260	3,100	1,582	242	902	364	74
May.....	62,964	61,658	4,156	37,956	16,430	3,116	1,306	246	714	310	36
June.....	64,734	63,172	5,392	38,130	16,520	3,130	1,562	512	680	330	40
July.....	64,668	63,120	5,772	38,198	15,984	3,166	1,548	410	720	370	48
August.....	64,648	63,408	5,738	38,310	16,060	3,300	1,240	280	602	322	36
September.....	63,552	62,306	4,491	38,089	16,559	3,172	1,246	214	611	377	43
October.....	63,404	62,242	4,173	37,952	16,895	3,221	1,162	246	552	323	41
November.....	63,353	61,925	4,101	37,909	16,877	3,038	1,428	219	751	411	47
December.....	62,614	60,764	3,832	37,719	16,338	2,875	1,850	287	1,077	417	69
1954: January.....	62,137	59,778	3,689	37,304	15,898	2,885	2,359	266	1,431	571	91
February.....	63,491	60,106	3,682	37,129	16,373	2,923	3,385	469	1,923	854	139
230-area sample											
Monthly average:											
1954.....	64,468	61,238	4,286	37,405	16,476	3,071	3,230	516	1,739	856	120
1954: First half.....	64,054	60,620	4,094	37,185	16,316	3,026	3,433	536	1,878	895	124
Second half.....	64,882	61,855	4,477	37,626	16,636	3,116	3,027	495	1,600	816	116
1954: January.....	62,840	59,753	3,822	37,164	15,849	2,918	3,087	462	1,685	823	118
February.....	63,725	60,055	3,844	36,948	16,253	3,010	3,671	540	2,082	926	122
March.....	63,825	60,190	3,902	36,844	16,333	3,024	3,725	495	2,103	977	150
April.....	64,043	60,598	3,941	37,231	16,379	3,047	3,465	469	1,938	915	142
May.....	64,425	61,119	3,995	37,357	16,692	3,075	3,305	519	1,781	890	116
June.....	65,445	62,098	5,062	37,564	16,391	3,083	3,347	731	1,678	839	97
July.....	65,494	62,148	5,484	37,643	15,973	3,047	3,346	734	1,674	827	111
August.....	65,522	62,276	5,363	37,729	16,062	3,124	3,245	584	1,671	855	134
September.....	65,243	62,144	4,343	37,714	16,903	3,184	3,099	485	1,634	887	92
October.....	64,882	62,141	4,145	37,617	17,113	3,263	2,741	377	1,490	759	116
November.....	64,624	61,731	3,904	37,642	17,091	3,096	2,893	378	1,507	872	136
December.....	63,526	60,688	3,625	37,412	16,674	2,979	2,838	413	1,622	696	108

¹ Includes part-time workers and those who had jobs but were not at work for such reasons as vacation, illness, bad weather, temporary layoff, and industrial disputes.

NOTE.—Data are not available prior to 1942 for all the age and age/sex groups above.
Data for 1953 shown above are those originally published by the Department of Commerce and therefore do not agree with the revised series for 1953 shown in appendix table D-16.
Detail will not necessarily add to totals because of rounding.

Source: Department of Commerce.

TABLE D-18.—*Employed persons with a job but not at work, by reason for not working, 1946-54*

(Thousands of persons 14 years of age and over)

Period	Total employed persons with a job but not at work	Temporary layoff ¹	New job or business ²	Vacation	Illness	All other ³
Monthly average:						
1946.....	2,258	97	58	662	819	622
1947.....	2,474	123	92	834	847	579
1948.....	2,751	141	121	1,044	844	602
1949.....	2,530	185	101	1,044	719	480
1950.....	2,648	92	116	1,137	718	585
1951.....	2,680	117	108	1,073	782	604
1952.....	2,814	142	117	1,130	775	650
1953.....	2,682	142	100	1,164	783	494
1954.....	3,036	221	127	1,361	776	561
1953: First half.....	2,247	123	108	526	895	595
Second half.....	3,116	161	91	1,801	672	392
1954: First half.....	2,375	270	131	511	884	580
Second half.....	3,698	172	123	2,211	668	523
1953: January.....	2,358	194	80	328	1,018	738
February.....	2,362	110	88	318	1,246	600
March.....	1,996	84	92	260	932	628
April.....	2,168	100	104	500	850	614
May.....	1,982	126	138	366	742	610
June.....	2,618	122	148	1,386	580	382
July.....	6,126	144	78	4,794	648	462
August.....	4,924	170	132	3,546	664	412
September.....	2,696	141	137	1,407	697	314
October.....	1,595	133	86	505	635	236
November.....	1,687	183	70	362	694	380
December.....	1,671	195	43	191	695	547
1954: January.....	2,636	427	80	259	1,004	867
February.....	2,285	216	108	347	996	618
March.....	1,943	236	92	286	780	549
April.....	2,286	216	188	395	930	556
May.....	2,137	294	91	470	809	474
June.....	2,964	229	227	1,310	784	414
July.....	7,992	298	138	6,211	706	638
August.....	5,575	143	151	4,008	672	601
September.....	3,173	198	166	1,720	648	442
October.....	2,025	136	86	736	655	412
November.....	1,725	120	133	363	670	439
December.....	1,695	137	64	230	658	606

¹ Includes persons who had been temporarily laid off from their jobs with definite instructions to return to work within 30 days of layoff, and who were not seeking other work.

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

³ Includes persons who were not at work because of bad weather, industrial disputes, and all other reasons.

NOTE.—Data through 1953 are based on a 68-area sample; those for 1954, on a 230-area sample. Data for 1953 shown above are those originally published by the Department of Commerce and therefore do not agree with the revised series for 1953 shown in appendix table D-16.

Detail will not necessarily add to totals because of rounding.

Source: Department of Commerce.

TABLE D-19.—*Unemployed persons, by duration of unemployment, 1946-54*

Period	Total unemployed	Duration of unemployment				Average duration of unemployment (weeks)
		4 weeks and under	5-14 weeks	15-26 weeks	Over 26 weeks	
	Thousands of persons 14 years of age and over					
Monthly average:						
1946.....	2, 270	(1)	(1)	(1)	141	(2)
1947.....	2, 142	1, 041	704	234	164	9.8
1948.....	2, 064	1, 087	669	193	116	8.6
1949.....	3, 395	1, 517	1, 195	427	256	10.0
1950.....	3, 142	1, 307	1, 055	425	357	12.1
1951.....	1, 879	1, 003	574	166	137	9.7
1952.....	1, 673	925	517	148	84	8.3
1953.....	1, 523	871	456	126	71	7.9
1954.....	3, 230	1, 303	1, 115	495	317	11.8
1953: First half.....	1, 634	879	512	160	83	8.7
Second half.....	1, 412	862	400	92	60	7.1
1954: First half.....	3, 433	1, 355	1, 250	567	260	11.0
Second half.....	3, 027	1, 251	980	422	374	12.6
1953: First quarter.....	1, 785	920	600	173	91	9.0
Second quarter.....	1, 483	839	424	147	74	8.3
Third quarter.....	1, 345	822	377	82	64	7.3
Fourth quarter.....	1, 480	902	422	101	55	6.9
1954: First quarter.....	3, 494	1, 396	1, 429	475	195	9.9
Second quarter.....	3, 372	1, 315	1, 072	659	325	12.0
Third quarter.....	3, 230	1, 313	1, 071	473	374	12.2
Fourth quarter.....	2, 824	1, 189	889	372	373	12.9

¹ For duration of less than 6 months, data are available only for under 3 months (1,568,000) and 3 to 6 months (564,000).

² Not available.

NOTE.—Data through 1953 are based on a 68-area sample; those for 1954, on a 230-area sample. Data for 1953 shown above are those originally published by the Department of Commerce and therefore do not agree with the revised series for 1953 shown in appendix table D-16.

Detail will not necessarily add to totals because of rounding.

Source: Department of Commerce.

TABLE D-20.—Unemployment insurance programs, selected data, 1939 and 1946-54

Period	Initial claims ¹		Insured unem- ployment ²		Exhaus- tions, State programs ³	State insured unem- ploy- ment as per- cent of covered employ- ment (percent)	Benefits paid under State pro- grams	
	State and veteran pro- grams ⁴	State pro- grams	All pro- grams ⁵	State pro- grams ⁶			Total (millions of dol- lars)	Average weekly check (dollars) ⁷
	Weekly average (thousands)							
1939.....	188	188	-----	1,086	61	5.1	429.3	10.66
1946.....	341	189	-----	1,294	38	4.3	1,094.9	18.50
1947.....	280	187	-----	1,008	24	3.1	775.1	17.83
1948.....	282	210	-----	999	20	3.0	789.9	19.03
1949.....	375	323	2,470	1,970	37	6.2	1,736.0	20.48
1950.....	239	236	1,599	1,498	36	4.6	1,373.1	20.76
1951.....	211	208	996	966	16	2.8	840.4	21.09
1952.....	215	215	1,064	1,019	18	2.9	998.2	22.79
1953.....	223	218	1,058	988	15	2.8	962.2	23.58
1954.....	314	303	2,039	1,857	34	5.2	2,029.0	24.91
1953: First half.....	199	192	1,060	989	16	2.8	499.1	23.30
Second half.....	247	241	1,056	987	14	2.8	463.2	23.89
1954: First half.....	339	327	2,278	2,092	32	5.7	1,125.7	24.69
Second half.....	290	280	1,800	1,621	36	4.4	903.3	25.20
1953: January.....	243	236	1,242	1,156	17	3.3	94.4	23.44
February.....	190	184	1,174	1,084	16	3.1	86.8	23.37
March.....	184	179	1,100	1,014	17	2.9	92.3	23.25
April.....	195	190	1,026	961	16	2.7	83.0	23.28
May.....	192	186	940	889	14	2.5	72.1	23.16
June.....	188	182	878	833	14	2.4	72.0	23.23
July.....	219	213	913	861	13	2.4	69.2	23.08
August.....	195	189	868	816	12	2.3	64.6	23.42
September.....	191	186	830	779	12	2.2	65.3	23.77
October.....	215	209	897	840	12	2.3	66.1	24.04
November.....	304	296	1,198	1,115	14	3.1	79.0	24.31
December.....	361	351	1,632	1,509	17	4.2	120.8	24.34
1954: January.....	430	416	2,205	2,034	22	5.6	158.4	24.53
February.....	347	335	2,362	2,170	27	6.0	179.3	24.73
March.....	314	303	2,389	2,175	33	6.0	215.6	24.66
April.....	338	328	2,383	2,181	36	6.0	200.8	24.78
May.....	302	292	2,244	2,070	36	5.7	185.6	24.68
June.....	301	289	2,082	1,924	37	5.3	191.0	24.70
July.....	314	303	2,037	1,862	38	5.1	168.0	24.65
August.....	275	263	1,871	1,692	39	4.6	162.7	25.02
September.....	264	255	1,752	1,580	37	4.4	153.7	25.56
October.....	271	262	1,631	1,466	36	4.0	135.3	25.72
November.....	282	271	1,643	1,463	32	4.0	132.1	25.47
December.....	332	323	1,869	1,666	33	4.6	153.1	25.20

¹ Indicate, in general, instances of new unemployment² Data relate to veterans under the following programs: Servicemen's Readjustment Act (which became effective in October 1944 and expired for most veterans in July 1949) and unemployment compensation (Veterans Readjustment Assistance Act of 1952, effective October 15, 1952).³ Represents the number of unemployed workers covered by unemployment insurance programs who have completed at least one week of unemployment.⁴ State, veteran, and Railroad Retirement programs.⁵ State unemployment insurance programs during the period shown excluded from coverage agricultural workers, Government employees, domestic servants, workers in nonprofit organizations, unpaid family workers, the self-employed, and (in most States) workers in very small firms.⁶ Represents payment for the final week of compensable unemployment in a benefit year. Workers who have exhausted benefit rights do not necessarily remain unemployed—some find employment, and others withdraw from the labor force.⁷ For total unemployment only.

Source: Department of Labor.

TABLE D-21.—*Labor turnover rates in manufacturing industries, 1930-54*

[Rates per 100 employees]

Period	Separation rates				Accession rates
	Total	Quit ¹	Layoff	Discharge, military, and miscellaneous ¹	
Monthly average:²					
1930.....	5.0	1.6	3.0	0.4	3.1
1931.....	4.0	.9	2.9	.2	3.1
1932.....	4.4	.7	3.5	.2	3.3
1933.....	3.8	.9	2.7	.2	5.4
1934.....	4.1	.9	3.0	.2	4.7
1935.....	3.6	.9	2.5	.2	4.2
1936.....	3.4	1.1	2.0	.2	4.4
1937.....	4.4	1.3	3.0	.2	3.6
1938.....	4.1	.6	3.4	.1	3.8
1939.....	3.1	.8	2.2	.1	4.1
1940.....	3.4	.9	2.2	.3	4.4
1941.....	3.9	2.0	1.3	.6	5.4
1942.....	6.5	3.8	1.1	1.7	7.6
1943.....	7.3	5.2	.6	1.5	7.5
1944.....	6.8	5.1	.6	1.1	6.1
1945.....	8.3	5.1	2.3	.9	6.3
1946.....	6.1	4.3	1.2	.6	6.7
1947.....	4.8	3.4	1.0	.5	5.1
1948.....	4.6	2.8	1.3	.5	4.4
1949.....	4.3	1.5	2.4	.3	3.5
1950.....	3.5	1.9	1.1	.5	4.4
1951.....	4.4	2.4	1.2	.8	4.4
1952.....	4.1	2.3	1.1	.6	4.4
1953.....	4.3	2.3	1.3	.7	3.9
1954 ³	3.5	1.2	2.0	.4	3.0
1953: First half.....	4.1	2.5	.9	.7	4.4
Second half.....	4.5	2.2	1.8	.6	3.4
1954: First half.....	3.6	1.0	2.2	.4	2.8
Second half ³	3.3	1.3	1.6	.4	3.3
1953: January.....	3.8	2.1	.9	.7	4.4
February.....	3.6	2.2	.8	.8	4.2
March.....	4.1	2.5	.8	.7	4.4
April.....	4.3	2.7	.9	.7	4.3
May.....	4.4	2.7	1.0	.7	4.1
June.....	4.2	2.6	.9	.7	5.1
July.....	4.3	2.5	1.1	.7	4.1
August.....	4.8	2.9	1.3	.7	4.3
September.....	5.2	3.1	1.5	.7	4.0
October.....	4.5	2.1	1.8	.7	3.3
November.....	4.2	1.5	2.3	.6	2.7
December.....	4.0	1.1	2.5	.4	2.1
1954: January.....	4.3	1.1	2.8	.5	2.8
February.....	3.5	1.0	2.2	.4	2.5
March.....	3.7	1.0	2.3	.4	2.6
April.....	3.8	1.1	2.4	.4	2.4
May.....	3.3	1.0	1.9	.4	2.7
June.....	3.1	1.1	1.7	.4	3.5
July.....	3.1	1.1	1.6	.4	2.9
August.....	3.5	1.4	1.7	.5	3.3
September.....	3.9	1.8	1.7	.5	3.4
October.....	3.3	1.2	1.6	.4	3.6
November.....	2.9	1.0	1.6	.4	3.3

¹ Prior to 1940, military and miscellaneous separations are included with quits.² Averages computed by Council of Economic Advisers from published monthly rates.³ Based on data through November.

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

Source: Department of Labor (except as noted).

TABLE D-22.—Number of wage and salary workers in nonagricultural establishments, 1929-54¹

(Thousands of employees)

Period	Total wage and salary workers	Manufacturing			Mining	Contract construction	Transportation and public utilities	Trade ²	Finance	Service ³	Government (Federal, State, and local)
		Total	Durable goods	Non-durable goods							
1929.....	31,041	10,534	(⁴)	(⁴)	1,078	1,497	3,907	6,401	1,431	3,127	3,066
1930.....	29,143	9,401	(⁴)	(⁴)	1,000	1,372	3,675	6,064	1,398	3,084	3,149
1931.....	26,383	8,021	(⁴)	(⁴)	864	1,214	3,243	5,531	1,333	2,913	3,264
1932.....	23,377	6,797	(⁴)	(⁴)	722	970	2,804	4,907	1,270	2,682	3,225
1933.....	23,466	7,258	(⁴)	(⁴)	735	809	2,659	4,999	1,225	2,614	3,167
1934.....	25,699	8,346	(⁴)	(⁴)	874	862	2,736	5,552	1,247	2,784	3,298
1935.....	26,792	8,907	(⁴)	(⁴)	888	912	2,771	5,692	1,262	2,883	3,477
1936.....	28,802	9,653	(⁴)	(⁴)	937	1,145	2,956	6,076	1,313	3,060	3,662
1937.....	30,718	10,606	(⁴)	(⁴)	1,006	1,112	3,114	6,543	1,355	3,233	3,749
1938.....	28,992	9,253	(⁴)	(⁴)	882	1,055	2,840	6,453	1,347	3,196	3,876
1939.....	30,287	10,078	4,683	5,394	845	1,150	2,912	6,612	1,382	3,321	3,987
1940.....	32,031	10,780	5,337	5,443	916	1,294	3,013	6,940	1,419	3,477	4,192
1941.....	36,164	12,974	6,945	6,028	947	1,790	3,248	7,416	1,462	3,705	4,622
1942.....	39,697	15,051	8,804	6,247	983	2,170	3,433	7,333	1,440	3,857	5,431
1943.....	42,042	17,381	11,077	6,304	917	1,567	3,619	7,189	1,401	3,919	6,049
1944.....	41,480	17,111	10,858	6,253	883	1,094	3,798	7,260	1,374	3,934	6,026
1945.....	40,069	15,302	9,079	6,222	826	1,132	3,872	7,522	1,394	4,055	5,967
1946.....	41,412	14,461	7,739	6,722	852	1,661	4,023	8,602	1,566	4,621	5,607
1947.....	43,438	15,290	8,372	6,918	943	1,982	4,122	9,196	1,641	4,807	5,456
1948.....	44,382	15,321	8,312	7,010	982	2,169	4,141	9,519	1,711	4,925	5,614
1949.....	43,295	14,178	7,473	6,705	918	2,165	3,949	9,513	1,736	5,000	5,837
1950.....	44,696	14,967	8,085	6,882	889	2,333	3,977	9,645	1,796	5,098	5,992
1951.....	47,289	16,104	9,080	7,024	916	2,603	4,166	10,012	1,862	5,278	6,348
1952.....	48,306	16,334	9,340	6,994	885	2,634	4,185	10,281	1,957	5,423	6,609
1953.....	49,660	17,250	10,129	7,131	844	2,644	4,224	10,533	2,025	5,486	6,645
1954 ⁴	48,277	16,041	9,179	6,862	745	2,628	4,020	10,519	2,091	5,520	6,714
Seasonally adjusted											
1953: January.....	49,510	17,149	10,027	7,122	876	2,618	4,212	10,494	1,993	5,441	6,727
February.....	49,633	17,256	10,126	7,130	868	2,624	4,209	10,504	2,004	5,452	6,716
March.....	49,724	17,382	10,236	7,148	856	2,624	4,213	10,494	2,008	5,467	6,680
April.....	49,719	17,434	10,267	7,167	849	2,614	4,204	10,498	2,009	5,483	6,628
May.....	49,795	17,502	10,292	7,210	851	2,607	4,236	10,524	2,014	5,479	6,582
June.....	49,890	17,531	10,305	7,226	842	2,607	4,242	10,540	2,017	5,494	6,607
July.....	49,905	17,507	10,307	7,200	844	2,611	4,251	10,544	2,036	5,524	6,588
August.....	49,849	17,400	10,235	7,165	836	2,616	4,243	10,548	2,036	5,518	6,652
September.....	49,707	17,263	10,138	7,125	835	2,679	4,247	10,523	2,041	5,484	6,635
October.....	49,711	17,125	10,044	7,081	826	2,725	4,245	10,563	2,050	5,506	6,671
November.....	49,422	16,901	9,857	7,044	825	2,708	4,205	10,577	2,044	5,494	6,668
December.....	49,109	16,704	9,733	6,971	818	2,686	4,176	10,579	2,050	5,490	6,606
1954: January.....	48,812	16,497	9,599	6,898	805	2,581	4,118	10,577	2,054	5,487	6,693
February.....	48,607	16,349	9,467	6,882	794	2,618	4,087	10,543	2,065	5,490	6,661
March.....	48,441	16,262	9,364	6,898	772	2,654	4,012	10,552	2,067	5,488	6,634
April.....	48,268	16,122	9,245	6,877	753	2,641	4,015	10,524	2,075	5,506	6,632
May.....	48,177	16,038	9,171	6,967	744	2,634	4,011	10,494	2,081	5,508	6,667
June.....	48,102	15,994	9,126	6,868	740	2,624	4,016	10,480	2,083	5,518	6,647
July.....	47,982	15,775	8,962	6,813	742	2,637	4,014	10,597	2,065	5,555	6,657
August.....	47,945	15,733	8,910	6,823	730	2,640	4,001	10,504	2,065	5,551	6,691
September.....	48,054	15,789	8,941	6,848	715	2,633	4,016	10,480	2,115	5,523	6,783
October.....	48,209	15,880	9,035	6,851	716	2,620	4,002	10,476	2,121	5,549	6,839
November.....	48,401	16,017	9,137	6,880	718	2,643	3,979	10,537	2,119	5,537	6,851
December.....	48,349	16,043	9,179	6,864	709	2,602	3,978	10,543	2,125	5,530	6,814

¹ Includes all full- and part-time wage and salary workers in nonagricultural establishments who worked during, or received pay for, any part of the pay period ending nearest the 15th of the month. Excludes proprietors, self-employed persons, domestic servants, and unpaid family workers. Not comparable with estimates of nonagricultural employment of the civilian labor force (appendix table D-16) which include proprietors, self-employed persons, domestic servants, and unpaid family workers, which count persons as employed when they are not at work because of industrial disputes, bad weather, or temporary layoffs, and which are based on a sample survey of households, whereas the estimates in this table are based on reports from employing establishments.

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

³ Not available.

⁴ Preliminary.

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

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

TABLE D-23.—Average weekly hours of work in selected industries, 1929-54

Period	Manufacturing			Bitumi- nous coal mining	Build- ing con- struc- tion	Class I rail- roads ¹	Tele- phone ²	Whole- sale trade	Retail trade (except eating and drink- ing places)	Laun- dries
	Total	Dur- able goods	Non- dur- able goods							
1929.....	44.2	(3)	(3)	38.4	(3)	(3)	(3)	(3)	(3)	(3)
1930.....	42.1	(3)	(3)	33.5	(3)	(3)	(3)	(3)	(3)	(3)
1931.....	40.5	(3)	(3)	28.3	(3)	(3)	(3)	(3)	(3)	(3)
1932.....	38.3	32.6	41.9	27.2	(3)	(3)	(3)	(3)	(3)	(3)
1933.....	38.1	34.8	40.0	29.5	(3)	(3)	(3)	(3)	(3)	(3)
1934.....	34.6	33.9	35.1	27.0	28.9	(3)	(3)	(3)	(3)	39.4
1935.....	36.6	37.3	36.1	26.4	30.1	(3)	(3)	41.3	(3)	41.0
1936.....	39.2	41.0	37.7	28.8	32.8	(3)	(3)	42.6	(3)	42.7
1937.....	38.6	40.0	37.4	27.9	33.4	(3)	38.8	42.8	(3)	42.6
1938.....	35.6	35.0	36.1	23.5	32.1	(3)	38.9	42.2	(3)	41.6
1939.....	37.7	38.0	37.4	27.1	32.6	43.7	39.1	41.7	42.7	41.8
1940.....	38.1	39.3	37.0	28.1	33.1	44.3	39.5	41.2	42.5	41.8
1941.....	40.6	42.1	38.9	31.1	34.8	45.8	40.1	41.0	42.1	42.1
1942.....	42.9	45.1	40.3	32.9	36.4	47.0	40.5	41.3	41.1	42.2
1943.....	44.9	46.6	42.5	36.6	38.4	48.7	41.9	42.2	40.3	42.9
1944.....	45.2	46.6	43.1	43.4	39.6	48.9	42.3	42.9	40.4	42.9
1945.....	43.4	44.1	42.3	42.3	39.0	48.5	41.7	42.7	40.3	42.8
1946.....	40.4	40.2	40.5	41.6	38.1	46.0	39.4	41.5	40.7	42.9
1947.....	40.4	40.6	40.1	40.7	37.6	46.4	37.4	41.0	40.3	42.6
1948.....	40.1	40.5	39.6	38.0	37.3	46.2	39.2	40.9	40.3	41.9
1949.....	39.2	39.5	38.8	32.6	36.7	43.7	38.5	40.7	40.4	41.5
1950.....	40.5	41.2	39.7	35.0	36.3	40.8	38.9	40.7	40.5	41.2
1951.....	40.7	41.6	39.5	35.2	37.2	41.0	39.1	40.7	40.2	41.1
1952.....	40.7	41.5	39.6	34.1	38.1	40.6	38.5	40.6	39.9	41.1
1953.....	40.5	41.3	39.5	34.4	37.0	40.6	38.7	40.5	39.3	40.5
1954 ³	39.7	40.2	39.0	32.2	36.3	(3)	38.9	40.3	39.2	40.0
1953: January.....	41.0	41.9	39.8	35.4	36.9	39.9	38.6	40.4	39.3	41.0
February.....	41.0	41.8	39.8	32.7	37.1	40.5	38.3	40.5	39.2	40.5
March.....	41.1	41.9	40.0	33.1	36.8	40.7	38.2	40.4	39.2	40.6
April.....	40.8	41.7	39.5	32.1	36.9	41.3	38.3	40.3	39.1	40.8
May.....	40.7	41.5	39.5	34.4	37.3	39.8	38.7	40.3	39.0	41.5
June.....	40.7	41.4	39.7	36.5	37.8	41.8	39.0	40.4	39.4	40.9
July.....	40.3	40.8	39.6	34.4	37.1	42.1	39.0	40.5	39.9	40.1
August.....	40.5	41.1	39.6	37.3	37.6	40.3	38.7	40.4	39.8	39.9
September.....	39.9	40.6	39.0	34.6	36.1	40.6	39.4	40.4	39.1	40.2
October.....	40.3	41.0	39.3	36.2	37.7	40.9	38.6	40.6	38.9	40.1
November.....	40.0	40.6	39.1	32.6	36.7	39.4	38.8	40.5	38.8	40.0
December.....	40.2	40.8	39.3	33.3	36.3	40.2	38.5	40.7	39.2	40.6
1954: January.....	39.4	40.1	38.5	33.2	33.9	38.7	38.2	40.2	39.0	39.7
February.....	39.6	40.2	38.8	32.0	36.0	40.4	38.0	40.2	39.1	39.8
March.....	39.5	40.0	38.8	29.7	26.4	41.4	38.2	40.2	39.1	39.6
April.....	39.0	39.7	38.1	28.9	36.5	41.1	38.2	40.2	39.1	40.4
May.....	39.3	39.9	38.5	30.9	36.7	39.2	38.5	40.4	38.9	40.3
June.....	39.6	40.0	38.9	33.2	37.1	41.8	38.7	40.4	39.3	40.5
July.....	39.4	39.7	39.0	30.4	36.9	40.2	39.2	40.4	39.8	40.0
August.....	39.7	40.1	39.2	33.1	37.0	41.2	38.9	40.4	39.7	39.4
September.....	39.7	40.1	39.3	32.6	36.0	41.4	40.0	40.4	39.2	40.1
October.....	39.9	40.4	39.2	35.3	36.6	40.4	39.8	40.5	38.9	40.5
November ⁴	40.2	40.8	39.5	35.4	36.1	(3)	39.7	40.5	38.8	40.0
December ⁵	40.5	41.1	39.8	(3)	(3)	(3)	(3)	(3)	(3)	(3)

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

² Prior to April 1945, data relate to all employees except executives; from April 1945-May 1949, mainly to employees subject to the Fair Labor Standards Act; and beginning June 1949, to nonsupervisory employees only.

³ Not available.

⁴ Data beginning with January of year noted are not comparable with those for earlier periods.

⁵ Nine-month average, April through December, because of new series started in April 1945.

⁶ Preliminary.

NOTE.—Data are for production workers in manufacturing and mining, construction workers in building construction, and for nonsupervisory employees in other industries (except as noted). Data are for payroll periods ending closest to the middle of the month. The annual figures for 1954 are simple arithmetic averages of the monthly figures and not strictly comparable with the averages for earlier years which have been weighted by data on employment.

Source: Department of Labor.

TABLE D-24.—Average gross hourly earnings in selected industries, 1929-54

Period	Manufacturing			Bituminous coal mining	Building construction	Class I railroads ¹	Telephone ²	Wholesale trade	Retail trade (except eating and drinking places)	Laundries	Agriculture ³
	Total	Durable goods	Non-durable goods								
1929.....	\$0.566	(⁴)	(⁴)	\$0.681	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	\$0.241
1930.....	.552	(⁴)	(⁴)	.684	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	.226
1931.....	.515	(⁴)	(⁴)	.647	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	.172
1932.....	.446	\$0.497	\$0.420	.520	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	.129
1933.....	.442	.472	.427	.501	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	.115
1934.....	.532	.556	.515	.673	\$0.795	(⁴)	(⁴)	(⁴)	(⁴)	\$0.378	.120
1935.....	.550	.577	.530	.745	.815	(⁴)	(⁴)	\$0.648	(⁴)	.376	.142
1936.....	.556	.586	.529	.794	.824	(⁴)	(⁴)	.667	(⁴)	.378	.152
1937.....	.624	.674	.577	.856	.903	(⁴)	\$0.774	.698	(⁴)	.395	.172
1938.....	.627	.686	.584	.878	.908	(⁴)	.816	\$.700	(⁴)	.414	.166
1939.....	.633	.698	.582	.886	.932	\$0.730	.822	.715	\$0.542	.422	.166
1940.....	.661	.724	.602	.883	.958	.733	.827	.739	.553	.429	.169
1941.....	.729	.808	.640	.993	1.010	.743	.820	.793	.580	.444	.206
1942.....	.853	.947	.723	1.059	1.148	.837	.843	.860	.626	.482	.268
1943.....	.961	1.059	.803	1.139	1.252	.852	.870	.933	.679	.538	.353
1944.....	1.019	1.117	.861	1.186	1.319	.948	.911	.985	.731	.605	.423
1945.....	1.023	1.111	.904	1.240	1.379	.955	1.029	.783	.648	.472	
1946.....	1.036	1.156	1.015	1.401	1.478	1.037	1.124	1.150	.893	.704	.515
1947.....	1.237	1.292	1.171	1.636	1.681	1.186	1.197	1.268	1.009	.767	.547
1948.....	1.350	1.410	1.278	1.898	1.848	1.301	1.248	1.359	1.088	.817	.580
1949.....	1.401	1.469	1.275	1.941	1.935	1.427	1.345	1.414	1.137	.843	.559
1950.....	1.465	1.537	1.378	2.010	2.031	1.572	1.398	1.483	1.176	.861	.561
1951.....	1.59	1.67	1.48	2.21	2.19	1.73	1.49	1.58	1.26	.92	.625
1952.....	1.67	1.77	1.54	2.29	2.31	1.83	1.59	1.67	1.32	.94	.661
1953.....	1.77	1.87	1.61	2.48	2.48	1.88	1.68	1.77	1.40	.98	.672
1954 ⁵	1.81	1.92	1.66	2.48	2.60	(⁴)	1.76	1.83	1.45	1.00	.661
1953: January.....	1.74	1.84	1.58	2.48	2.41	1.87	1.65	1.71	1.36	.96	.715
February.....	1.74	1.85	1.58	2.49	2.42	1.90	1.66	1.72	1.37	.96	-----
March.....	1.75	1.85	1.59	2.47	2.44	1.85	1.65	1.73	1.37	.97	-----
April.....	1.75	1.86	1.59	2.48	2.44	1.86	1.65	1.75	1.38	.97	.581
May.....	1.76	1.86	1.60	2.47	2.44	1.87	1.67	1.76	1.39	.98	-----
June.....	1.77	1.87	1.60	2.50	2.44	1.86	1.67	1.76	1.40	.98	-----
July.....	1.77	1.88	1.61	2.47	2.47	1.86	1.65	1.78	1.41	.98	.675
August.....	1.77	1.88	1.61	2.49	2.49	1.87	1.66	1.78	1.41	.98	-----
September.....	1.79	1.90	1.63	2.49	2.52	1.88	1.73	1.80	1.42	.99	-----
October.....	1.79	1.90	1.62	2.48	2.54	1.89	1.71	1.79	1.42	.99	.697
November.....	1.79	1.89	1.63	2.49	2.55	1.93	1.75	1.79	1.42	1.00	-----
December.....	1.80	1.90	1.64	2.47	2.57	1.91	1.71	1.80	1.39	1.00	-----
1954: January.....	1.80	1.91	1.65	2.48	2.58	1.94	1.72	1.81	1.43	1.00	.730
February.....	1.80	1.90	1.65	2.47	2.59	1.96	1.73	1.80	1.43	1.00	-----
March.....	1.79	1.90	1.65	2.46	2.59	1.90	1.72	1.81	1.43	1.00	-----
April.....	1.80	1.90	1.65	2.48	2.58	1.91	1.73	1.82	1.43	1.01	.580
May.....	1.81	1.91	1.66	2.47	2.58	1.94	1.75	1.83	1.45	1.00	-----
June.....	1.81	1.91	1.66	2.50	2.58	1.91	1.74	1.83	1.46	1.00	-----
July.....	1.80	1.91	1.66	2.48	2.58	1.93	1.75	1.84	1.47	1.00	.663
August.....	1.79	1.91	1.65	2.48	2.60	1.92	1.74	1.84	1.47	1.00	-----
September.....	1.81	1.93	1.66	2.49	2.62	1.94	1.79	1.85	1.47	1.01	-----
October.....	1.81	1.93	1.66	2.48	2.63	1.94	1.81	1.85	1.47	1.00	.678
November.....	1.83	1.94	1.67	2.48	2.62	(⁴)	1.83	1.85	1.46	1.00	-----
December.....	1.83	1.95	1.67	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	-----

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

² Prior to April 1945, data relate to all employees except executives; from April 1945-May 1949, mainly to employees subject to the Fair Labor Standards Act; and beginning June 1949, to nonsupervisory employees only.

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

⁴ Not available.

⁵ Data beginning with January of year noted are not comparable with those for earlier periods.

⁶ Nine-month average, April through December, because of new series started in April 1945.

⁷ Preliminary.

NOTE.—Data are for production workers in manufacturing and mining, construction workers in building construction, and for all nonsupervisory employees in other industries (except as noted). Data are for pay-roll periods ending closest to the middle of the month. The annual figures for 1954 are simple arithmetic averages of the monthly figures and not strictly comparable with the averages for earlier years which have been weighted by data on man-hours.

Sources: Department of Labor and Department of Agriculture.

TABLE D-25.—Average gross weekly earnings in selected industries, 1929-54

Period	Manufacturing			Bitumi- nous coal mining	Build- ing con- struction	Class I rail- roads ¹	Tele- phone ²	Whole- sale trade	Retail trade (except eating and drink- ing places)	Laun- dries
	Total	Dura- ble goods	Non- durable goods							
1929.....	\$25.03	\$27.22	\$22.93	\$25.72	(³)	(³)	(³)	(³)	(³)	(³)
1930.....	23.25	24.77	21.84	22.21	(³)	(³)	(³)	(³)	(³)	(³)
1931.....	20.87	21.28	20.50	17.69	(³)	(³)	(³)	(³)	(³)	(³)
1932.....	17.05	16.21	17.57	13.91	(³)	(³)	(³)	\$27.72	(³)	(³)
1933.....	16.73	16.43	16.89	14.47	(³)	(³)	(³)	26.11	(³)	(³)
1934.....	18.40	18.87	18.05	18.10	\$22.97	(³)	(³)	26.37	(³)	\$14.89
1935.....	20.13	21.52	19.11	19.58	24.51	(³)	(³)	26.76	(³)	15.42
1936.....	21.78	24.04	19.94	22.71	27.01	(³)	(³)	28.41	(³)	16.14
1937.....	24.05	26.91	21.53	23.84	30.14	(³)	\$30.03	29.87	(³)	16.83
1938.....	22.30	24.01	21.05	20.80	29.19	(³)	31.74	29.54	(³)	17.22
1939.....	23.86	26.50	21.78	23.88	30.39	\$31.90	32.14	29.82	\$23.14	17.64
1940.....	25.20	28.44	22.27	24.71	31.70	32.47	32.67	30.45	23.50	17.93
1941.....	29.58	34.04	24.92	30.86	35.14	34.03	32.88	32.51	24.42	18.69
1942.....	36.65	42.73	29.13	35.02	41.80	39.34	34.14	35.52	25.73	20.34
1943.....	43.14	49.30	34.12	41.62	48.13	41.49	36.45	39.37	27.36	23.08
1944.....	46.08	52.07	37.12	51.27	52.18	46.36	38.54	42.26	29.53	25.95
1945.....	44.39	49.05	38.29	52.25	53.73	46.32	40.12	43.94	31.55	27.73
1946.....	43.82	46.49	41.14	58.03	56.24	50.00	44.29	47.73	36.35	30.20
1947.....	49.97	52.46	46.96	66.59	63.30	55.03	44.77	51.99	40.66	32.71
1948.....	54.14	57.11	50.61	72.12	68.85	60.11	48.92	55.58	43.85	34.23
1949.....	54.92	58.03	51.41	63.28	70.95	62.36	51.78	57.55	45.93	34.98
1950.....	59.33	63.32	54.71	70.35	73.73	64.14	54.38	60.36	47.63	35.47
1951.....	64.71	69.47	58.46	77.79	81.47	70.93	58.26	64.31	50.65	37.81
1952.....	67.97	73.46	60.98	78.09	88.01	74.30	61.22	67.80	52.67	38.63
1953.....	71.69	77.23	63.60	85.31	91.76	76.33	65.02	71.69	55.02	39.69
1954 ⁴	71.64	77.01	64.59	79.95	94.19	(⁵)	68.23	73.83	56.89	40.10
1953: January.....	71.34	77.10	62.88	87.79	88.93	74.61	63.69	69.08	53.45	39.36
February.....	71.34	77.33	62.88	81.42	89.78	76.95	63.58	69.66	53.70	38.88
March.....	71.93	77.52	63.60	81.76	89.79	75.30	63.03	69.89	53.70	39.38
April.....	71.40	77.56	62.81	79.61	90.04	76.82	63.20	70.53	53.96	39.58
May.....	71.63	77.19	63.20	84.97	91.01	74.43	64.63	70.93	54.21	40.67
June.....	72.04	77.42	63.52	91.25	92.23	77.75	65.13	71.10	55.16	40.08
July.....	71.33	76.70	63.76	84.97	91.64	78.31	64.35	72.09	56.26	39.30
August.....	71.69	77.27	63.76	92.88	93.62	75.36	64.24	71.91	56.12	39.10
September.....	71.42	77.14	63.57	86.15	90.97	76.33	68.16	72.72	55.52	39.80
October.....	72.14	77.90	63.67	89.78	95.76	77.30	66.01	72.67	55.24	39.70
November.....	71.60	76.73	63.73	81.17	93.59	76.04	67.90	72.50	55.10	40.00
December.....	72.36	77.52	64.45	82.25	93.29	76.78	65.84	73.26	54.49	40.60
1954: January.....	70.92	76.59	63.53	82.34	87.46	75.08	65.70	72.76	55.77	39.70
February.....	71.28	76.38	64.02	79.04	93.24	79.18	65.74	72.36	55.91	39.80
March.....	70.71	76.00	64.02	73.06	94.28	78.66	65.70	72.76	55.91	39.60
April.....	70.20	75.43	62.87	71.67	94.17	78.50	66.09	73.16	55.91	40.80
May.....	71.13	76.21	63.91	76.32	94.69	76.05	67.38	73.93	56.41	40.30
June.....	71.68	76.40	64.57	83.00	95.72	79.84	67.34	73.93	57.38	40.50
July.....	70.92	75.83	64.74	75.39	95.20	77.59	68.60	74.34	58.51	40.00
August.....	71.06	76.59	64.68	82.09	96.20	79.10	67.69	74.34	58.56	39.40
September.....	71.86	77.39	65.24	81.17	94.32	80.32	71.60	74.74	57.62	40.50
October.....	72.22	77.97	65.07	87.54	96.26	78.38	72.04	74.93	57.18	40.50
November ⁶	73.57	79.15	65.97	87.79	94.58	(⁵)	72.65	74.93	56.65	40.00
December ⁶	74.12	80.15	66.47	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)

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

² Prior to April 1945, data relate to all employees except executives; from April 1945-May 1949, mainly to employees subject to the Fair Labor Standards Act; and beginning June 1949, to nonsupervisory employees only.

³ Not available.

⁴ Data beginning with January of year noted are not comparable with those for earlier periods.

⁵ Nine-month average, April through December, because of new series started in April 1945.

⁶ Preliminary.

NOTE.—Data are for production workers in manufacturing and mining, construction workers in building construction, and for all nonsupervisory employees in other industries (except as noted). Data are for payroll periods ending closest to the middle of the month. The annual figures for 1954 are simple arithmetic averages of the monthly figures and not strictly comparable with the averages for earlier years which have been weighted by data on man-hours.

Source: Department of Labor.

PRODUCTION AND BUSINESS ACTIVITY

TABLE D-26.—Industrial production indexes, 1929-54

[1947-49=100]

Period	Industrial production										
	Total	Manufactures									
		Total	Durable								Furniture and miscellaneous manufactures
			Total	Primary metals	Fabricated metal products	Non-electrical machinery	Electrical machinery	Transportation equipment	Instruments and related products	Clay, glass, and lumber products	
1929.....	59	58	60								
1930.....	49	48	45								
1931.....	40	39	31								
1932.....	31	30	19								
1933.....	37	36	24								
1934.....	40	39	30								
1935.....	47	46	38								
1936.....	56	55	49								
1937.....	61	60	55								
1938.....	48	46	35								
1939.....	58	57	49								
1940.....	67	66	63								
1941.....	87	88	91								
1942.....	106	110	126								
1943.....	127	133	162								
1944.....	125	130	159								
1945.....	107	110	123								
1946.....	90	90	86								
1947.....	100	100	101	103	103	104	101	96	100	100	100
1948.....	104	103	104	107	104	106	101	102	105	105	104
1949.....	97	97	95	90	93	90	98	102	95	95	95
1950.....	112	113	116	115	115	105	131	120	114	115	117
1951.....	120	121	128	126	122	126	138	135	128	121	116
1952.....	124	125	136	116	121	136	167	154	142	118	118
1953.....	134	136	153	132	136	143	194	189	155	125	131
1954 ¹	125	127	138	108	123	125	177	175	140	123	121
Seasonally adjusted											
1953: January.....	134	136	154	135	135	144	203	191	153	126	129
February.....	134	136	155	137	136	145	200	191	153	128	128
March.....	135	137	155	136	137	147	195	190	155	127	131
April.....	136	138	155	136	138	147	195	190	153	127	134
May.....	137	139	156	139	139	146	194	192	156	127	135
June.....	136	138	154	137	139	144	194	188	157	124	135
July.....	137	139	157	136	142	145	200	196	156	127	134
August.....	136	138	157	137	140	145	203	191	156	125	135
September.....	133	135	152	130	135	141	200	186	155	124	129
October.....	132	134	151	128	134	141	193	189	154	124	129
November.....	129	131	146	122	130	136	184	180	155	123	126
December.....	126	127	142	113	126	133	172	182	154	119	124
1954: January.....	125	127	141	111	126	130	169	185	148	120	120
February.....	125	126	139	109	123	130	163	179	147	125	120
March.....	123	125	135	103	120	125	163	173	144	123	119
April.....	123	125	134	103	119	125	163	174	139	121	117
May.....	125	126	136	106	121	124	163	178	138	125	118
June.....	124	125	135	108	122	124	170	170	135	118	120
July.....	123	124	134	103	122	125	173	170	136	113	120
August.....	123	125	135	105	124	125	181	166	135	114	123
September.....	124	126	136	105	121	125	189	161	137	124	123
October.....	126	128	139	110	124	123	195	164	137	130	123
November.....	129	131	143	118	126	122	199	184	138	130	123
December ¹	130	132	145	120	123	120	192	198	142	129	124

See footnotes at end of table.

TABLE D-26.—Industrial production indexes, 1929-54—Continued

[1947-49=100]

Period	Industrial production							Output of consumer durables			
	Manufactures						Minerals	Total	Autos	Major household goods	Other consumer durables
	Nondurable										
	Total	Textiles and apparel	Rubber and leather products	Paper and printing	Chemical and petroleum products	Foods, beverages, and tobacco					
1929.....	56						68				
1930.....	51						59				
1931.....	48						51				
1932.....	42						42				
1933.....	48						48				
1934.....	49						51				
1935.....	55						55				
1936.....	61						63				
1937.....	64						71				
1938.....	57						62				
1939.....	66						68				
1940.....	69						76				
1941.....	84						81				
1942.....	93						84				
1943.....	103						87				
1944.....	99						93				
1945.....	96						92				
1946.....	95						91				
1947.....	99	99	106	96	97	101	100	98	85	99	109
1948.....	102	103	101	103	103	100	106	102	93	105	105
1949.....	99	97	93	101	100	100	94	101	122	96	86
1950.....	111	110	110	114	118	103	105	133	159	143	95
1951.....	114	106	105	118	132	105	115	114	127	118	96
1952.....	114	105	107	118	133	106	114	105	103	115	95
1953.....	118	107	113	125	142	107	116	127	146	132	102
1954 ¹	116	100	104	125	142	106	111	116	131	122	96
Seasonally adjusted											
1953: January.....	117	107	117	121	138	106	116	127	137	140	101
February.....	118	108	118	123	139	108	116	130	146	141	102
March.....	119	110	119	125	140	108	115	132	150	140	103
April.....	121	113	120	125	144	108	115	135	157	144	103
May.....	123	115	122	126	146	109	117	138	160	148	104
June.....	121	113	113	126	145	106	119	134	158	139	103
July.....	121	111	116	126	146	107	120	137	164	143	102
August.....	119	106	111	126	143	108	119	129	150	136	101
September.....	117	102	105	126	143	108	118	121	137	125	101
October.....	117	102	105	126	142	108	114	118	132	121	101
November.....	115	98	103	125	141	108	111	112	127	110	101
December.....	112	95	104	122	140	103	113	109	127	104	97
1954: January.....	113	97	103	122	138	105	113	112	133	107	95
February.....	114	98	102	123	141	105	113	113	134	110	96
March.....	114	99	103	124	139	106	112	112	133	109	94
April.....	115	101	103	125	140	106	109	116	139	115	93
May.....	117	101	106	126	142	110	111	119	145	120	93
June.....	116	99	107	126	142	108	114	119	136	124	96
July.....	114	98	99	126	141	105	112	117	127	128	93
August.....	114	99	97	126	141	105	109	115	121	131	91
September.....	115	98	103	127	144	105	108	109	94	134	98
October.....	117	103	108	127	143	105	109	106	86	132	98
November.....	118	104	108	127	144	105	112	125	144	132	99
December ¹	119	107	109	127	147	105	116	133	166	133	101

¹ Preliminary.

NOTE.—Prior to 1947, detail not available.

Source: Board of Governors of the Federal Reserve System.

TABLE D-27.—*Farm production indexes, 1929-54*

[1947-49=100]

Year	Farm output ¹	All live-stock and products	Crops	
			All crops ²	Feed used by farm horses and mules ³
1929.....	74	77	79	227
1930.....	72	78	76	219
1931.....	79	80	84	212
1932.....	76	81	80	204
1933.....	70	82	71	198
1934.....	60	75	58	194
1935.....	72	72	76	191
1936.....	65	77	64	186
1937.....	82	76	88	182
1938.....	79	79	83	176
1939.....	80	85	82	171
1940.....	83	87	85	167
1941.....	86	92	86	162
1942.....	96	102	97	155
1943.....	94	111	91	148
1944.....	97	105	96	140
1945.....	96	104	93	131
1946.....	98	101	98	122
1947.....	95	100	93	110
1948.....	104	97	106	100
1949.....	101	103	101	90
1950.....	100	106	97	82
1951.....	103	111	99	74
1952.....	107	112	103	64
1953.....	108	114	103	57
1954.....	108	119	100	51

¹ Net production during year which could be made available for sale or farm home use. Excludes production of feed for horses and mules.

² Includes production of feed for horses and mules.

³ Not included in total farm output.

Source: Department of Agriculture.

TABLE D-28.—Business expenditures for new plant and equipment, 1939 and 1945-55

[Billions of dollars]

Period	Total ¹	Manufacturing			Mining	Transportation		Public utilities	Commercial and other ²
		Total	Durable goods	Non-durable goods		Rail-road	Other		
1939.....	5.51	1.94	0.76	1.19	0.33	0.28	0.36	0.52	2.08
1945.....	8.69	3.98	1.59	2.39	.38	.55	.57	.50	2.70
1946.....	14.85	6.79	3.11	3.68	.43	.58	.92	.79	5.33
1947.....	20.61	8.70	3.41	5.30	.69	.89	1.30	1.54	7.49
1948.....	22.06	9.13	3.48	5.65	.88	1.32	1.28	2.54	6.90
1949.....	19.28	7.15	2.59	4.56	.79	1.35	.89	3.12	5.98
1950.....	20.60	7.49	3.14	4.36	.71	1.11	1.21	3.31	6.78
1951.....	25.64	10.85	5.17	5.68	.93	1.47	1.49	3.66	7.24
1952.....	26.49	11.63	5.61	6.02	.98	1.40	1.50	3.89	7.09
1953.....	28.39	12.28	5.82	6.46	1.01	1.31	1.46	4.55	7.78
1954 ³	26.68	11.24	5.16	6.08	1.02	.85	1.41	4.21	7.96
Seasonally adjusted annual rates									
1953: First half.....	28.16	12.30	5.93	6.37	0.94	1.34	1.38	4.52	7.67
Second half.....	28.74	12.26	5.72	6.54	1.08	1.28	1.56	4.59	7.97
1954: First half.....	27.34	11.62	5.40	6.22	1.00	.99	1.42	4.36	7.94
Second half ⁴	26.80	11.20	5.08	6.12	1.06	.70	1.40	4.10	8.34
1953: First quarter.....	27.84	12.35	5.98	6.36	.96	1.34	1.38	4.40	7.42
Second quarter.....	28.48	12.26	5.88	6.38	.93	1.34	1.38	4.64	7.92
Third quarter.....	28.92	12.30	5.76	6.54	1.06	1.30	1.59	4.72	7.94
Fourth quarter.....	28.56	12.22	5.69	6.53	1.10	1.26	1.52	4.46	8.00
1954: First quarter.....	27.48	11.87	5.50	6.37	.95	1.06	1.47	4.29	7.84
Second quarter.....	27.19	11.37	5.29	6.08	1.06	.92	1.36	4.43	8.05
Third quarter.....	27.00	11.30	5.15	6.15	1.02	.79	1.40	4.12	8.37
Fourth quarter ⁴	26.59	11.11	5.01	6.10	1.10	.62	1.39	4.07	8.30
1955: First quarter ⁴	26.03	10.79	4.96	5.83	.93	.74	1.40	3.78	8.40

¹ Excludes agriculture.² Commercial and other includes trade, service, finance, communications, and construction.³ Annual total is sum of seasonally unadjusted quarterly expenditures; it does not necessarily coincide with average of seasonally adjusted figures, in part because of adjustments when necessary for systematic tendencies in anticipatory data.⁴ Estimates for fourth quarter of 1954 and first quarter of 1955 based on anticipated capital expenditures reported by business in November 1954.

NOTE.—These figures do not agree with those shown in column 2 of appendix table D-7 which are included in the gross national product estimates of the Department of Commerce, principally because the latter cover agricultural investment and also certain equipment and construction outlays charged to current expense. This series is not available for years prior to 1939 and for 1940 to 1944.

Detail will not necessarily add to totals because of rounding.

Sources: Securities and Exchange Commission and Department of Commerce.

TABLE D-29.—*New construction activity, 1929-54*

[Value put in place, millions of dollars]

Period	Total new con- struction	Private construction				Total public construc- tion	
		Total private ¹	Residen- tial build- ing (non- farm)	Nonresidential building (nonfarm)			Other private ²
				Commer- cial and Industrial	Other		
1929.....	10,793	8,307	3,625	2,084	610	1,988	2,486
1930.....	8,741	5,883	2,075	1,425	578	1,805	2,858
1931.....	6,427	3,768	1,565	675	424	1,104	2,659
1932.....	3,538	1,676	630	297	205	544	1,862
1933.....	2,879	1,231	470	306	100	355	1,648
1934.....	3,720	1,509	625	364	92	428	2,211
1935.....	4,232	1,999	1,010	369	103	517	2,233
1936.....	6,497	2,981	1,565	556	157	703	3,516
1937.....	6,990	3,903	1,875	879	206	943	3,090
1938.....	6,980	3,560	1,990	517	247	806	3,420
1939.....	8,198	4,389	2,680	546	240	923	3,809
1940.....	8,682	5,054	2,985	790	235	1,044	3,628
1941.....	11,957	6,206	3,510	1,210	272	1,214	5,751
1942.....	14,075	3,415	1,715	601	134	1,065	10,660
1943.....	8,301	1,979	885	189	44	861	6,322
1944.....	5,259	2,186	815	264	87	1,020	3,073
1945.....	5,633	3,235	1,100	845	175	1,115	2,398
1946.....	12,000	9,638	4,015	2,821	520	2,282	2,362
1947.....	16,689	13,256	6,310	2,558	584	3,804	3,433
1948.....	21,678	16,853	8,580	2,650	971	4,652	4,825
1949.....	22,789	16,384	8,267	1,999	1,229	4,880	6,405
1950.....	28,454	21,454	12,600	2,350	1,427	5,077	7,000
1951.....	31,182	21,764	10,973	3,488	1,664	5,639	9,418
1952.....	33,008	22,107	11,100	3,457	1,557	5,993	10,901
1953.....	35,256	23,877	11,930	4,020	1,660	6,267	11,379
1954 ³	37,170	25,720	13,450	4,193	1,996	6,081	11,450
Seasonally adjusted annual rates							
1953: First half.....	35,522	23,798	11,958	3,978	1,604	6,258	11,724
Second half.....	34,990	23,956	11,902	4,062	1,716	6,276	11,034
1954: First half.....	36,430	24,644	12,388	4,234	1,926	6,096	11,786
Second half ⁴	37,910	26,796	14,512	4,152	2,066	6,066	11,114
1953: January.....	34,704	22,992	11,676	3,792	1,512	6,012	11,712
February.....	36,096	23,364	11,688	4,032	1,536	6,108	12,732
March.....	35,760	23,652	11,784	4,056	1,560	6,252	12,108
April.....	35,856	24,252	12,192	4,008	1,656	6,396	11,604
May.....	35,184	24,144	12,036	4,020	1,704	6,384	11,040
June.....	35,532	24,384	12,372	3,960	1,656	6,396	11,148
July.....	34,992	24,096	12,180	3,876	1,692	6,348	10,896
August.....	34,596	24,000	12,060	3,984	1,656	6,300	10,596
September.....	35,100	23,928	11,940	4,032	1,668	6,288	11,172
October.....	34,560	23,784	11,748	4,044	1,716	6,276	10,776
November.....	35,232	24,024	11,712	4,212	1,812	6,288	11,208
December.....	35,460	23,904	11,772	4,224	1,752	6,156	11,556
1954: January.....	35,580	23,940	11,736	4,308	1,776	6,120	11,640
February.....	36,612	24,048	11,760	4,356	1,836	6,096	12,564
March.....	36,060	24,132	11,868	4,296	1,872	6,096	11,928
April.....	36,324	24,708	12,480	4,176	1,968	6,084	11,616
May.....	37,068	25,572	13,260	4,152	2,064	6,096	11,496
June.....	36,936	25,464	13,224	4,116	2,040	6,084	11,472
July.....	37,128	26,076	13,800	4,092	2,112	6,072	11,052
August.....	37,740	26,628	14,304	4,212	2,040	6,072	11,112
September.....	37,884	26,808	14,568	4,164	2,016	6,060	11,076
October.....	37,260	26,652	14,520	4,080	1,992	6,060	10,608
November.....	38,304	27,108	14,736	4,188	2,124	6,060	11,196
December ⁵	39,144	27,504	15,144	4,176	2,112	6,072	11,640

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

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

³ Preliminary.

Sources: Department of Commerce and Department of Labor.

TABLE D-30.—*New public construction activity, 1929–54*

[Value put in place, millions of dollars]

Year	Total new public construction ¹				Major types of new public construction						
	All public sources	Federal		State and local	High-way	Educa-tional	Hos-pital and institu-tional	Sewer and water and mise, public service	Con-serva-tion and de-velop-ment	Mili-tary facili-ties	All other public
		Direct	Federal aid								
1929.....	2,486	155	80	2,251	1,266	389	101	404	115	19	192
1930.....	2,858	209	104	2,545	1,416	364	118	500	137	29	194
1931.....	2,659	271	235	2,153	1,355	285	110	479	156	40	234
1932.....	1,862	333	111	1,418	938	130	83	291	150	34	216
1933.....	1,648	516	286	846	847	52	49	160	359	36	145
1934.....	2,211	626	721	864	1,000	148	51	228	518	47	219
1935.....	2,233	814	567	852	845	153	38	246	700	37	214
1936.....	3,516	797	1,506	1,153	1,362	366	74	509	658	29	518
1937.....	3,096	776	1,117	1,203	1,226	253	73	445	605	37	457
1938.....	3,420	717	1,320	1,383	1,421	311	97	492	551	62	486
1939.....	3,809	759	1,377	1,673	1,381	468	127	507	570	125	631
1940.....	3,628	1,182	946	1,500	1,302	156	54	469	528	385	734
1941.....	5,751	3,751	697	1,303	1,066	158	42	393	500	1,620	1,972
1942.....	10,660	9,313	475	872	734	128	35	254	357	5,016	4,136
1943.....	6,322	5,609	268	445	446	63	44	156	285	2,550	2,778
1944.....	3,073	2,505	126	442	362	41	58	125	163	837	1,487
1945.....	2,398	1,737	99	562	398	59	85	152	130	690	884
1946.....	2,362	870	244	1,248	895	101	85	293	240	188	560
1947.....	3,433	840	409	2,184	1,451	287	85	515	394	204	497
1948.....	4,825	1,177	417	3,231	1,774	618	223	720	629	158	703
1949.....	6,405	1,488	461	4,456	2,131	934	477	822	793	137	1,111
1950.....	7,000	1,625	465	4,910	2,272	1,133	496	844	881	177	1,197
1951.....	9,418	2,982	479	5,957	2,518	1,513	528	988	853	887	2,131
1952.....	10,901	4,186	619	6,096	2,820	1,619	473	983	854	1,388	2,764
1953.....	11,379	4,153	700	6,526	3,165	1,728	353	1,062	830	1,307	2,934
1954 ²	11,450	3,423	706	7,321	3,525	2,065	350	1,175	710	1,010	2,615

¹ For ownership, combine "Federal aid" and "State and local" columns to obtain State and local ownership. "Direct" column stands as it is for Federal ownership.

² Preliminary.

Sources: Department of Commerce and Department of Labor.

TABLE D-31.—*New nonfarm housing starts, by source of funds and by type of structure, 1929-54*¹
[Number of units]

Period	Total nonfarm units	Source of funds		Type of structure			Private units, seasonally adjusted annual rates
		Private	Public	1-family	2-family ²	Multifamily ³	
1929 ⁴	509,000	509,000	-----	316,000	51,000	142,000	-----
1930	330,000	330,000	-----	227,000	29,000	74,000	-----
1931	254,000	254,000	-----	187,000	22,000	45,000	-----
1932	134,000	134,000	-----	118,000	7,000	9,000	-----
1933	93,000	93,000	-----	76,000	5,000	12,000	-----
1934	126,000	126,000	-----	109,000	5,000	12,000	-----
1935	221,000	215,700	5,300	183,000	8,000	30,000	-----
1936	319,000	304,200	14,800	244,000	14,000	61,000	-----
1937	336,000	332,400	3,600	267,000	16,000	53,000	-----
1938	406,000	399,300	6,700	317,000	18,000	71,000	-----
1939	515,000	458,400	56,600	399,000	29,000	87,000	-----
1940	602,600	529,600	73,000	485,700	37,300	79,600	-----
1941	706,100	619,500	86,600	603,500	34,300	68,300	-----
1942	356,000	301,200	54,800	292,800	20,100	43,100	-----
1943	191,000	183,700	7,300	143,600	17,800	29,600	-----
1944	141,800	138,700	3,100	117,700	10,600	13,500	-----
1945	209,300	208,100	1,200	184,600	8,800	15,900	-----
1946	670,500	662,500	8,000	590,000	24,300	56,200	-----
1947	849,000	845,600	3,400	740,200	33,900	74,900	-----
1948	931,600	913,500	18,100	766,600	46,900	118,100	-----
1949	1,025,100	988,800	36,300	794,300	36,500	194,300	-----
1950	1,396,000 ⁵	1,352,200	43,800	1,154,100	44,800	197,100	-----
1951	1,091,300	1,020,100	71,200	900,100	40,400	150,800	-----
1952	1,127,000	1,068,500	58,500	942,500	45,900	138,600	-----
1953	1,103,800	1,068,300	35,500	937,800	41,500	124,500	-----
1954 ⁶	1,215,500	1,196,100	19,400	(⁷)	(⁷)	(⁷)	-----
1953: First half	581,400	553,100	28,300	487,500	22,000	71,900	1,110,000
Second half	522,400	515,200	7,200	450,300	19,500	52,600	1,034,000
1954: First half	569,500	558,700	10,800	496,800	16,300	56,400	1,116,000
Second half ⁸	646,000	637,400	8,600	(⁹)	(⁹)	(⁹)	1,290,000
1953: January	72,100	68,200	3,900	59,600	3,100	9,400	1,106,000
February	79,200	73,800	5,400	65,100	3,400	10,700	1,150,000
March	105,800	96,100	9,700	84,800	3,800	17,200	1,165,000
April	111,400	107,400	4,000	94,400	4,300	12,700	1,111,000
May	108,300	105,600	2,700	93,600	4,000	10,700	1,065,000
June	104,600	102,000	2,600	90,000	3,400	11,200	1,064,000
July	96,700	96,400	300	84,400	3,900	8,400	1,015,000
August	93,200	92,200	1,000	81,500	3,200	8,500	988,000
September	95,100	92,100	3,000	81,000	3,200	10,900	1,014,000
October	90,100	90,100	(⁷)	79,300	3,500	7,300	1,050,000
November	81,500	79,900	1,600	70,300	2,800	8,400	1,077,000
December	65,800	64,500	1,300	53,800	2,900	9,100	1,060,000
1954: January	66,400	65,100	1,300	53,100	2,200	11,100	1,056,000
February	75,200	73,900	1,300	64,700	2,300	8,200	1,152,000
March	95,200	93,200	2,000	83,200	2,800	9,200	1,130,000
April	107,700	106,500	1,200	96,100	3,100	8,500	1,102,000
May	108,500	107,400	1,100	97,700	3,000	7,800	1,083,000
June	116,500	112,600	3,900	102,000	2,900	11,600	1,175,000
July	116,000	112,900	3,100	101,600	3,100	11,300	1,188,000
August	114,300	113,000	1,300	103,000	3,100	8,200	1,211,000
September	115,700	113,400	2,300	103,900	3,100	8,700	1,248,000
October ⁶	106,000	105,800	200	(⁹)	(⁹)	(⁹)	1,233,000
November ⁶	103,000	102,700	300	(⁹)	(⁹)	(⁹)	1,385,000
December ⁶	91,000	89,600	1,400	(⁹)	(⁹)	(⁹)	1,473,000

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

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

³ Includes units in multifamily structures with stores.

⁴ The number of starts for the years 1920-28, respectively, was as follows: 247,000; 449,000; 716,000; 871,000; 893,000; 937,000; 849,000; 810,000 and 753,000.

⁵ Preliminary.

⁶ Not available.

⁷ Less than 50 units.

Source: Department of Labor.

TABLE D-32.—*Private nonfarm housing starts and proposed home construction: Government underwritten, 1935–54*

[Number of units]

Period	Private nonfarm housing starts				Proposed home construction	
	Total	Government underwritten			Units in FHA applications ²	VA appraisal requests
		Total	FHA	VA ¹		
1935.....	215,700	13,964	13,964	-----	² 20,605	-----
1936.....	304,200	49,376	49,376	-----	47,832	-----
1937.....	332,400	60,003	60,003	-----	49,785	-----
1938.....	399,300	118,741	118,741	-----	125,090	-----
1939.....	458,400	158,119	158,119	-----	167,824	-----
1940.....	529,600	180,091	180,091	-----	217,939	-----
1941.....	619,500	220,387	220,387	-----	277,720	-----
1942.....	301,200	165,662	165,662	-----	234,758	-----
1943.....	183,700	146,154	146,154	-----	144,356	-----
1944.....	138,700	93,259	93,259	-----	62,872	-----
1945.....	208,100	47,159	41,159	6,000	56,572	-----
1946.....	662,500	152,033	69,033	83,000	121,701	-----
1947.....	845,600	440,035	229,035	211,000	286,359	-----
1948.....	913,500	396,059	264,059	102,000	293,170	-----
1949.....	988,800	468,802	363,802	105,000	327,008	-----
1950.....	1,352,200	686,681	486,681	200,000	397,696	-----
1951.....	1,020,100	412,157	263,523	148,634	192,759	164,365
1952.....	1,068,500	421,175	279,901	141,274	267,915	226,299
1953.....	1,068,300	408,585	251,969	156,616	253,726	251,437
1954.....	⁴ 1,196,100	582,337	276,307	306,030	338,581	535,412
1953: First half.....	553,100	195,846	126,378	69,468	162,482	129,961
Second half.....	515,200	212,739	125,591	87,148	91,244	121,476
1954: First half.....	558,700	238,810	125,444	113,366	160,937	238,954
Second half.....	⁴ 637,400	343,527	150,863	192,664	177,644	296,458
1953: January.....	68,200	26,872	17,557	9,315	19,934	13,806
February.....	73,800	27,715	17,258	10,457	22,472	20,898
March.....	96,100	32,537	22,407	10,130	31,399	20,717
April.....	107,400	36,329	23,319	13,010	30,252	22,037
May.....	105,600	33,855	21,676	12,179	33,204	25,318
June.....	102,000	38,538	24,161	14,377	25,221	27,185
July.....	96,400	38,494	23,645	14,849	16,763	20,752
August.....	92,200	41,110	23,469	17,641	13,999	22,118
September.....	92,100	26,160	21,838	14,322	16,069	17,768
October.....	90,100	36,350	21,676	14,674	17,621	19,270
November.....	79,900	33,151	19,653	13,498	13,406	22,552
December.....	64,500	27,474	15,310	12,164	13,386	19,016
1954: January.....	65,100	24,715	13,154	11,561	15,007	20,124
February.....	73,900	30,478	16,285	14,193	20,008	24,407
March.....	93,200	36,437	20,528	15,909	28,055	36,501
April.....	106,500	43,628	23,807	19,821	32,333	42,928
May.....	107,400	48,995	24,004	24,991	30,327	52,245
June.....	112,600	54,557	27,666	26,891	35,207	52,749
July.....	112,900	52,240	25,430	26,810	30,143	52,291
August.....	113,000	60,250	26,999	33,251	32,166	55,350
September.....	113,400	59,820	25,882	33,938	34,831	51,265
October.....	⁴ 105,800	58,166	24,665	33,501	29,325	45,572
November.....	⁴ 102,700	62,361	26,344	36,017	26,851	47,729
December.....	⁴ 89,600	50,690	21,543	29,147	24,328	44,251

¹ Data since June 1950 are based on VA first compliance inspection; prior data are estimates of units started which resulted in VA-guaranteed first mortgage loans.

² Units in mortgage applications for new home construction.

³ FHA program approved in June 1934; all 1934 activity included in 1935.

⁴ Preliminary.

Sources: Department of Labor, Federal Housing Administration (FHA), and Veterans Administration (VA).

TABLE D-33.—Sales and inventories in manufacturing and trade, 1939-54

Period	Total manufacturing and trade			Manufacturing			Wholesale trade			Retail trade ¹		
	Millions of dollars		Ratio of In-ventories to sales ⁴	Millions of dollars		Ratio of In-ventories to sales ⁴	Millions of dollars		Ratio of In-ventories to sales ⁴	Millions of dollars		Ratio of In-ventories to sales ⁴
	Sales ²	In-ventories ³		Sales ²	In-ventories ³		Sales ²	In-ventories ³		Sales ²	In-ventories ³	
Old series												
1939.....	10,802	20,051	1.77	5,112	11,465	2.11	2,187	3,052	1.34	3,503	5,534	1.53
1940.....	12,134	22,176	1.72	5,850	12,819	2.06	2,410	3,238	1.30	3,865	6,119	1.49
1941.....	15,811	28,780	1.58	8,172	16,960	1.78	3,033	4,044	1.20	4,606	7,776	1.48
1942.....	18,623	31,091	1.66	10,430	19,287	1.77	3,426	3,781	1.19	4,768	8,023	1.76
1943.....	21,920	31,343	1.40	12,820	20,098	1.51	3,830	3,684	.97	5,270	7,561	1.43
1944.....	23,785	31,059	1.33	13,782	19,507	1.45	4,152	3,912	.94	5,851	7,640	1.31
1945.....	23,852	30,893	1.30	12,873	18,390	1.48	4,476	4,555	.91	6,503	7,948	1.21
1946.....	27,150	42,892	1.33	12,617	24,457	1.66	5,993	6,588	.90	8,541	11,852	1.13
1947.....	33,156	50,484	1.43	15,917	28,874	1.71	7,272	7,550	1.01	9,967	14,060	1.27
1948.....	36,438	55,612	1.47	17,630	31,693	1.72	7,931	8,091	.99	10,877	15,828	1.40
1949.....	34,664	52,111	1.56	16,416	28,860	1.86	7,354	7,940	1.08	10,893	15,311	1.43
1950.....	39,917	64,092	1.40	19,285	34,314	1.57	8,658	10,462	1.03	11,974	19,316	1.40
New series ¹												
1951.....	44,821	75,268	1.61	22,205	42,904	1.78	9,431	11,125	1.20	13,185	21,239	1.63
1952.....	46,080	77,109	1.64	23,046	44,190	1.89	9,360	11,827	1.18	13,674	21,592	1.53
1953.....	48,836	81,072	1.64	25,280	46,722	1.81	9,328	11,689	1.25	14,228	22,661	1.57
1954 ⁴	47,285	77,645	1.67	23,970	43,811	1.87	9,082	11,718	1.29	14,233	22,116	1.58
Seasonally adjusted												
1953: First half.....	49,268	80,167	1.59	25,508	46,160	1.76	9,392	11,713	1.22	14,368	22,294	1.53
Second half.....	48,366	81,072	1.68	25,034	46,722	1.87	9,232	11,689	1.29	14,100	22,661	1.61
1954: First half.....	47,098	79,000	1.70	24,040	44,535	1.90	9,021	11,865	1.30	14,036	22,600	1.61
Second half ⁵	47,474	77,645	1.64	23,946	43,811	1.83	9,150	11,718	1.28	14,378	22,116	1.55
1953: January.....	47,819	77,130	1.61	24,507	44,330	1.81	9,172	11,282	1.23	14,140	21,518	1.52
February.....	48,533	77,693	1.60	24,724	44,581	1.80	9,295	11,405	1.22	14,514	21,707	1.49
March.....	49,671	78,266	1.57	25,763	44,797	1.73	9,471	11,488	1.21	14,437	21,981	1.51
April.....	50,186	78,996	1.57	26,358	45,164	1.71	9,548	11,445	1.20	14,280	22,387	1.55
May.....	49,395	79,678	1.61	25,816	45,673	1.76	9,155	11,550	1.26	14,424	22,455	1.55
June.....	50,003	80,167	1.60	25,882	46,160	1.77	9,709	11,713	1.20	14,412	22,294	1.55
July.....	50,398	81,116	1.60	26,366	46,485	1.76	9,563	11,888	1.23	14,469	22,743	1.56
August.....	48,138	81,586	1.69	25,067	46,888	1.86	8,998	11,923	1.32	14,073	22,775	1.62
September.....	48,652	82,000	1.68	25,379	47,087	1.85	9,291	11,989	1.29	13,982	22,924	1.63
October.....	48,284	81,805	1.70	25,010	47,044	1.88	9,234	12,041	1.30	14,040	22,720	1.63
November.....	47,518	81,276	1.72	24,256	46,909	1.94	9,158	11,930	1.31	14,104	22,437	1.60
December.....	47,209	81,072	1.72	24,126	46,722	1.94	9,151	11,689	1.29	13,932	22,661	1.62
1954: January.....	46,450	80,688	1.74	23,902	46,382	1.95	8,926	11,785	1.31	13,622	22,521	1.66
February.....	46,714	80,390	1.72	23,620	46,115	1.96	9,122	11,854	1.30	13,972	22,421	1.61
March.....	47,094	80,093	1.70	24,064	45,774	1.91	9,130	11,756	1.29	13,900	22,563	1.62
April.....	47,636	79,516	1.68	24,418	45,183	1.86	8,976	11,643	1.30	14,242	22,090	1.59
May.....	46,914	79,372	1.69	23,978	44,798	1.88	8,892	11,770	1.32	14,044	22,804	1.62
June.....	47,779	79,000	1.66	24,260	44,535	1.84	9,080	11,865	1.30	14,439	22,600	1.57
July.....	47,417	78,349	1.66	24,055	44,194	1.84	9,090	11,752	1.30	14,272	22,403	1.58
August.....	46,717	78,163	1.68	23,482	43,929	1.88	8,985	11,783	1.30	14,150	22,451	1.58
September.....	46,985	77,790	1.66	23,612	43,668	1.85	9,159	11,697	1.28	14,214	22,425	1.58
October.....	46,420	77,564	1.67	23,337	43,841	1.87	9,012	11,727	1.30	14,071	21,996	1.58
November ⁶	48,233	77,645	1.61	24,596	43,811	1.78	9,276	11,718	1.26	14,361	22,116	1.54
December ⁶										15,204		

¹ Beginning in 1951, the estimates of retail sales and inventories are based on a new method of estimation adopted by the Bureau of the Census. Estimates shown in this table for 1939-50 are on the previously published basis and estimates for 1951-54 are on the new basis. For a description of the retail sales and inventories series, see *Survey of Current Business*, September and November 1952.

² Monthly average shown for year and half-year and total for month.

³ Seasonally adjusted, end of period.

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

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

⁶ Preliminary.

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

Sources: Department of Commerce.

TABLE D-34.—*Manufacturers' new orders, sales, and inventories, 1939-54*

[Millions of dollars, not seasonally adjusted]

Period	New orders ¹		Sales ¹		Inventories ²					
	Durable-goods industries	Non-durable-goods industries	Durable-goods industries	Non-durable-goods industries	Durable-goods industries			Nondurable-goods industries ³		
					Purchased materials	Goods-in-process	Finished goods	Purchased materials	Goods-in-process	Finished goods
1939.....	2,169	3,186	1,950	3,162	1,802	1,482	2,048	2,520	786	2,878
1940.....	3,374	3,431	2,473	3,386	2,106	1,983	2,214	2,735	852	2,983
1941.....	5,321	4,482	3,802	4,371	3,160	3,152	2,286	4,110	1,114	3,202
1942.....	8,048	5,297	5,164	5,266	3,733	4,561	2,142	4,420	1,224	3,267
1943.....	6,770	5,934	6,863	5,958	3,919	5,210	2,042	4,654	1,289	3,057
1944.....	5,472	6,434	7,337	6,446	3,393	5,014	2,024	4,760	1,334	3,054
1945.....	3,944	6,588	6,268	6,605	3,208	3,497	2,059	5,040	1,440	3,213
1946.....	5,942	7,751	4,986	7,631	4,601	4,558	2,791	6,657	1,739	4,274
1947.....	6,365	9,256	6,695	9,222	5,254	5,120	3,893	7,353	2,122	5,290
1948.....	7,482	9,870	7,594	10,036	5,757	5,319	4,650	7,400	2,157	6,499
1949.....	6,592	9,311	7,070	9,347	4,721	4,650	4,585	6,700	2,031	6,351
1950.....	10,314	10,665	8,804	10,480	6,256	5,922	4,590	8,672	2,452	6,642
1951.....	12,718	11,672	10,433	11,772	7,598	8,380	6,711	9,418	2,640	8,376
1952.....	11,888	11,822	11,206	11,840	7,543	9,954	6,870	9,006	2,679	8,390
1953.....	11,374	12,486	12,725	12,555	7,746	10,564	8,397	8,673	2,750	8,827
1954 ³	10,265	12,697	11,253	12,678	6,601	9,711	7,701	8,188	2,789	8,518
1953: First half.....	12,763	12,388	13,107	12,335	7,697	10,719	7,923	8,399	3,043	8,553
Second half.....	9,986	12,584	12,342	12,775	7,746	10,554	8,397	8,673	2,750	8,827
1954: First half.....	9,837	12,499	11,472	12,440	6,737	9,903	8,337	8,045	2,769	8,893
Second half ³	10,778	12,935	10,991	12,963	6,601	9,711	7,701	8,188	2,789	8,518
1953: January.....	12,786	12,065	12,020	11,986	7,335	10,116	7,149	8,871	2,845	8,375
February.....	12,266	11,743	12,344	11,721	7,263	10,324	7,260	8,824	2,934	8,253
March.....	13,404	12,945	13,812	12,946	7,232	10,654	7,412	8,817	2,891	8,152
April.....	12,959	12,520	13,703	12,593	7,202	10,766	7,650	8,636	2,956	8,162
May.....	12,176	12,388	13,178	12,290	7,506	10,730	7,857	8,451	2,962	8,378
June.....	12,985	12,669	13,586	12,472	7,697	10,719	7,923	8,399	3,043	8,553
July.....	11,688	12,244	12,317	12,383	7,895	10,713	7,855	8,346	2,985	8,642
August.....	10,133	12,539	12,484	12,792	8,028	10,738	7,798	8,216	2,907	8,802
September.....	10,090	13,145	12,917	13,246	7,996	10,723	7,893	8,429	2,823	8,777
October.....	9,830	13,452	13,223	13,622	7,976	10,565	8,057	8,426	2,786	8,719
November.....	8,930	12,025	11,499	12,293	7,895	10,473	8,181	8,482	2,676	8,825
December.....	9,347	12,101	11,615	12,314	7,746	10,554	8,397	8,673	2,750	8,827
1954: January.....	8,687	12,195	10,870	12,192	7,476	10,676	8,446	8,547	2,836	8,791
February.....	9,495	12,031	10,968	12,002	7,247	10,436	8,552	8,536	2,849	8,735
March.....	10,779	13,078	12,208	13,092	6,943	10,473	8,626	8,428	2,838	8,651
April.....	10,290	12,654	11,814	12,676	6,713	10,348	8,568	8,217	2,864	8,641
May.....	9,472	12,236	11,165	12,098	6,731	10,109	8,496	8,095	2,780	8,763
June.....	10,297	12,802	11,804	12,680	6,737	9,903	8,337	8,045	2,769	8,893
July.....	9,712	12,013	10,252	12,014	6,802	9,658	8,000	8,120	2,749	8,828
August.....	9,918	12,986	10,855	13,088	6,703	9,497	7,838	8,033	2,717	8,717
September.....	11,696	13,436	11,109	13,297	6,561	9,572	7,653	8,133	2,691	8,636
October.....	11,464	13,317	11,153	13,384	6,612	9,762	7,670	8,068	2,739	8,665
November.....	11,102	12,921	11,586	13,034	6,601	9,711	7,701	8,188	2,789	8,518

¹ Monthly average shown for year and half-year and total for month.² Book value, end of period.³ Based on data through November.

Source: Department of Commerce.

PRICES

TABLE D-35.—Wholesale price indexes, 1929-54

[1947-49=100] ¹

Period	All commodities	Farm products	Processed foods	All commodities other than farm products and foods				
				Total	Textile products and apparel	Chemicals and allied products	Rubber and products	Lumber and wood products
Monthly average:								
1929.....	61.9	58.6	58.5	65.5	(²)	(²)	83.5	31.9
1930.....	56.1	49.3	53.3	60.9	(²)	(²)	73.0	29.4
1931.....	47.4	36.2	44.8	53.6	(²)	(²)	62.0	23.8
1932.....	42.1	26.9	36.5	50.2	(²)	(²)	53.8	20.3
1933.....	42.8	28.7	36.3	50.9	(²)	51.2	56.8	24.2
1934.....	48.7	36.5	42.6	56.0	(²)	53.7	65.8	28.5
1935.....	52.0	44.0	52.1	55.7	(²)	56.0	66.4	27.4
1936.....	52.5	45.2	50.1	56.9	(²)	56.4	71.7	28.7
1937.....	56.1	48.3	52.4	61.0	(²)	59.0	84.4	33.7
1938.....	51.1	38.3	45.6	58.4	(²)	55.9	82.7	30.8
1939.....	50.1	36.5	43.3	58.1	(²)	55.8	86.3	31.6
1940.....	51.1	37.8	43.6	59.4	(²)	56.6	80.2	35.2
1941.....	56.8	46.0	50.5	63.7	(²)	61.6	86.5	41.8
1942.....	64.2	59.2	59.1	68.3	(²)	69.3	100.6	45.4
1943.....	67.0	68.5	61.6	69.3	(²)	69.5	103.3	48.0
1944.....	67.6	68.9	60.4	70.4	(²)	70.2	102.0	51.9
1945.....	68.8	71.6	60.8	71.3	(²)	70.6	98.9	52.5
1946.....	78.7	83.2	77.6	78.3	(²)	76.3	99.4	60.3
1947.....	96.4	100.0	98.2	95.3	100.1	101.4	69.0	93.7
1948.....	104.4	107.3	106.1	103.4	104.4	103.8	102.1	107.2
1949.....	99.2	92.8	95.7	101.3	95.5	94.8	98.9	99.2
1950.....	103.1	97.5	99.8	105.0	99.2	96.3	120.5	113.9
1951.....	114.8	113.4	111.4	115.9	110.6	110.0	148.0	123.9
1952.....	111.6	107.0	108.8	113.2	99.8	104.5	134.0	120.3
1953.....	110.1	97.0	104.6	114.0	97.3	105.7	125.0	120.2
1954.....	110.3	95.7	105.3	114.5	95.2	107.0	126.9	118.0
1953: First half.....	109.7	98.0	104.3	113.4	97.9	104.7	125.7	121.5
Second half.....	110.4	96.0	105.0	114.7	96.7	106.7	124.2	118.9
1954: First half.....	110.6	97.7	105.7	114.4	95.1	107.2	125.1	116.5
Second half ⁴	110.0	93.7	104.9	114.6	95.3	106.9	128.7	119.5
1953: January.....	109.9	99.6	105.5	113.1	98.8	103.6	127.3	120.5
February.....	109.6	97.9	105.2	113.1	98.5	103.6	126.2	121.1
March.....	110.0	99.8	104.1	113.4	97.5	104.2	125.7	121.7
April.....	109.4	97.3	103.2	113.2	97.4	105.5	124.8	122.2
May.....	109.8	97.8	104.3	113.6	97.6	105.5	125.4	121.8
June.....	109.5	95.4	103.3	113.9	97.4	105.6	125.0	121.5
July.....	110.9	97.9	105.5	114.8	97.5	106.2	124.6	121.1
August.....	110.6	96.4	104.8	114.9	97.5	106.3	123.5	120.4
September.....	111.0	98.1	106.6	114.7	96.9	106.7	124.0	119.2
October.....	110.2	95.3	104.7	114.6	96.5	106.7	124.2	118.1
November.....	109.8	93.7	103.8	114.5	96.2	107.2	124.3	117.3
December.....	110.1	94.4	104.3	114.6	95.8	107.1	124.8	117.4
1954: January.....	110.9	97.8	106.2	114.6	96.1	107.2	124.8	117.0
February.....	110.5	97.7	104.8	114.4	95.3	107.5	124.6	116.8
March.....	110.5	98.4	105.3	114.2	95.0	107.4	124.9	116.7
April.....	111.0	99.4	105.9	114.5	94.7	107.2	125.0	116.2
May.....	110.9	97.9	106.8	114.5	94.8	107.1	125.1	116.1
June.....	110.0	94.8	105.0	114.2	94.9	106.8	126.1	116.3
July.....	110.4	96.2	106.5	114.3	95.1	106.7	126.8	119.1
August.....	110.5	95.8	106.4	114.4	95.3	106.8	126.4	119.1
September.....	110.0	93.6	105.5	114.4	95.3	106.8	126.9	119.3
October.....	109.7	93.1	103.7	114.5	95.4	106.9	128.5	119.8
November.....	110.0	93.2	103.8	114.8	95.2	107.0	131.4	119.9
December ⁴	109.5	90.0	103.4	114.9	95.2	107.0	132.0	120.0

See footnotes at end of table.

TABLE D-35.—*Wholesale price indexes, 1929-54—Continued*
[1947-49=100]¹

Period	All commodities other than farm products and foods (continued)								Miscellaneous
	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	Non-metallic minerals (structural)	Tobacco manufactures and bottled beverages ²	
Monthly average:									
1929.....	59.3	70.2	(3)	67.0	(3)	69.3	72.6	86.6	(3)
1930.....	54.4	66.5	(3)	60.3	(3)	68.2	72.4	87.1	(3)
1931.....	46.8	57.2	(3)	54.1	(3)	62.8	67.6	84.6	(3)
1932.....	39.7	59.5	(3)	49.9	(3)	55.4	63.4	81.4	(3)
1933.....	44.0	56.1	(3)	50.9	(3)	55.5	66.9	72.8	(3)
1934.....	47.1	62.0	(3)	56.2	(3)	60.2	71.6	76.0	(3)
1935.....	48.7	62.2	(3)	56.2	(3)	59.8	71.6	75.9	(3)
1936.....	51.9	64.5	(3)	57.3	(3)	60.6	71.7	75.8	(3)
1937.....	56.9	65.7	(3)	65.6	(3)	67.2	73.4	76.5	(3)
1938.....	50.5	64.7	(3)	63.1	(3)	65.6	71.1	76.4	(3)
1939.....	52.0	61.8	(3)	62.6	65.3	65.4	69.5	76.4	(3)
1940.....	54.8	60.7	(3)	62.8	66.2	66.8	69.7	77.3	(3)
1941.....	58.9	64.5	(3)	64.0	68.6	71.2	71.3	78.1	(3)
1942.....	64.0	66.4	(3)	64.9	71.2	76.8	74.1	79.1	(3)
1943.....	63.9	68.4	(3)	64.8	71.0	76.4	74.5	83.0	(3)
1944.....	63.4	70.3	(3)	64.8	71.0	78.4	75.9	83.4	(3)
1945.....	64.2	71.1	(3)	65.9	71.6	78.6	79.1	85.8	(3)
1946.....	74.6	76.2	(3)	73.9	80.3	83.0	84.2	89.7	(3)
1947.....	101.0	90.9	98.6	91.3	92.5	95.6	93.9	97.2	100.8
1948.....	102.1	107.1	102.9	103.9	100.9	101.4	101.7	100.5	103.1
1949.....	96.9	101.9	98.5	104.8	106.6	103.1	104.4	102.3	96.1
1950.....	104.6	103.0	100.9	110.3	108.6	105.3	106.9	103.5	96.6
1951.....	120.3	106.7	119.6	122.8	119.0	114.1	113.6	109.4	104.9
1952.....	97.2	106.6	116.8	123.0	121.5	112.0	113.6	111.8	108.3
1953.....	98.5	109.5	116.1	126.9	123.0	114.2	118.2	115.7	97.8
1954 ⁴	94.2	108.1	116.3	128.0	124.6	115.4	120.9	120.6	102.5
1953: First half....	98.8	107.8	115.4	125.3	122.0	113.5	116.1	113.8	100.0
Second half.....	98.2	111.1	116.8	128.4	124.0	114.8	120.3	117.0	95.7
1954: First half....	95.2	109.2	116.4	126.8	124.4	115.3	120.4	119.7	105.6
Second half ⁴	93.2	107.0	116.2	129.2	124.7	115.5	121.4	121.5	99.5
1953: January.....	97.3	107.8	115.8	124.0	121.5	112.7	114.6	111.9	103.0
February.....	98.0	108.1	115.3	124.6	121.6	112.9	114.6	111.9	101.2
March.....	98.1	108.4	115.1	125.5	121.8	113.1	115.1	114.8	101.7
April.....	97.9	107.4	115.3	125.0	122.0	113.9	116.9	114.8	98.5
May.....	100.4	107.1	115.4	125.7	122.4	114.1	117.2	114.8	99.7
June.....	101.0	108.3	115.8	126.9	122.9	114.3	118.1	114.9	95.8
July.....	100.0	111.1	115.8	129.3	123.4	114.7	119.4	115.6	95.3
August.....	99.9	111.0	116.2	129.4	123.7	114.8	119.6	115.6	96.4
September.....	99.7	110.9	116.9	128.5	124.0	114.9	120.7	116.2	94.7
October.....	97.1	111.2	117.5	127.9	124.1	114.8	120.7	118.1	94.4
November.....	97.1	111.2	117.3	127.9	124.2	114.9	120.8	118.1	93.2
December.....	95.6	111.1	117.1	127.5	124.3	115.0	120.8	118.1	100.1
1954: January.....	95.3	110.8	117.0	127.2	124.4	115.2	120.9	118.2	101.1
February.....	94.9	110.5	117.1	126.2	124.5	115.1	121.0	118.0	102.8
March.....	94.7	109.2	116.6	126.3	124.5	115.0	121.0	117.9	104.9
April.....	94.6	108.6	116.3	126.8	124.4	115.6	120.8	121.5	110.3
May.....	96.0	108.2	115.8	127.1	124.4	115.5	119.3	121.4	109.2
June.....	95.6	107.8	115.8	127.1	124.3	115.4	119.1	121.4	105.1
July.....	94.9	106.2	116.2	128.0	124.3	115.3	120.4	121.4	103.9
August.....	94.0	106.9	116.3	128.6	124.3	115.3	120.5	121.5	102.3
September.....	93.0	106.9	116.3	129.1	124.4	115.3	121.7	121.5	99.1
October.....	92.4	106.9	116.3	129.7	124.3	115.6	121.9	121.5	96.7
November.....	92.8	107.4	116.0	129.9	125.3	115.6	121.8	121.4	97.0
December ⁴	91.8	107.8	115.9	129.8	125.6	115.7	121.8	121.4	98.0

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

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

³ Not available.

⁴ Preliminary.

Source: Department of Labor.

TABLE D-36.—Consumer price indexes, 1929-54

For city wage-earner and clerical-worker families

[1947-49=100]

Period	All items	Food	Housing		Apparel	Transportation	Medical care	Personal care	Reading and recreation	Other goods and services
			Total	Rent						
Monthly average:										
1929.....	73.3	65.6	(1)	117.4	60.3	(1)	(1)	(1)	(1)	(1)
1930.....	71.4	62.4	(1)	114.2	58.9	(1)	(1)	(1)	(1)	(1)
1931.....	65.0	51.4	(1)	108.2	53.6	(1)	(1)	(1)	(1)	(1)
1932.....	58.4	42.8	(1)	97.1	47.5	(1)	(1)	(1)	(1)	(1)
1933.....	55.3	41.6	(1)	83.6	45.9	(1)	(1)	(1)	(1)	(1)
1934.....	57.2	40.4	(1)	78.4	50.2	(1)	(1)	(1)	(1)	(1)
1935.....	58.7	49.7	(1)	78.2	50.6	(1)	(1)	(1)	(1)	(1)
1936.....	59.3	50.1	(1)	80.1	51.0	(1)	(1)	(1)	(1)	(1)
1937.....	61.4	52.1	(1)	83.5	53.7	(1)	(1)	(1)	(1)	(1)
1938.....	60.3	48.4	(1)	86.5	53.4	(1)	(1)	(1)	(1)	(1)
1939.....	59.4	47.1	(1)	86.6	52.5	(1)	(1)	(1)	(1)	(1)
1940.....	59.9	47.8	(1)	86.9	53.2	(1)	(1)	(1)	(1)	(1)
1941.....	62.9	52.2	(1)	88.4	55.6	(1)	(1)	(1)	(1)	(1)
1942.....	69.7	61.3	(1)	90.4	64.9	(1)	(1)	(1)	(1)	(1)
1943.....	74.0	68.3	(1)	90.3	67.8	(1)	(1)	(1)	(1)	(1)
1944.....	75.2	67.4	(1)	90.6	72.6	(1)	(1)	(1)	(1)	(1)
1945.....	76.9	68.9	(1)	90.9	76.3	(1)	(1)	(1)	(1)	(1)
1946.....	83.4	79.0	(1)	91.4	83.7	(1)	(1)	(1)	(1)	(1)
1947.....	95.5	95.9	95.0	94.4	97.1	90.6	94.9	97.6	95.5	96.1
1948.....	102.8	104.1	101.7	100.7	103.5	100.9	100.9	101.3	100.4	100.5
1949.....	101.8	100.0	103.3	105.0	99.4	108.5	104.1	101.1	104.1	103.4
1950.....	102.8	101.2	106.1	108.8	98.1	111.3	106.0	101.1	103.4	105.2
1951.....	111.0	112.6	112.4	113.1	106.9	118.4	111.1	110.5	106.5	109.7
1952.....	113.5	114.6	114.6	117.9	105.8	126.2	117.2	111.8	107.0	115.4
1953.....	114.4	112.8	117.7	124.1	104.8	129.7	121.3	112.8	108.0	118.2
1954 ¹	114.9	112.8	119.1	128.4	104.3	128.0	125.1	113.4	107.1	120.2
1953: First half.....	113.8	112.3	116.9	122.1	104.6	129.3	120.0	112.5	107.8	117.2
Second half.....	115.0	113.3	118.4	126.1	105.0	130.1	122.6	113.1	108.2	119.2
1954: First half.....	115.0	112.9	118.8	128.1	104.4	129.3	124.6	113.4	107.4	120.2
Second half ²	114.8	112.8	119.3	128.8	104.2	126.5	125.7	113.5	106.8	120.1
1953: January.....	113.9	113.1	116.4	121.1	104.6	129.3	119.4	112.4	107.8	115.9
February.....	113.4	111.5	116.6	121.6	104.6	129.1	119.3	112.5	107.5	115.8
March.....	113.6	111.7	116.8	121.7	104.7	129.3	119.5	112.4	107.7	117.5
April.....	113.7	111.5	117.0	122.1	104.6	129.4	120.2	112.5	107.9	117.9
May.....	114.0	112.1	117.1	123.0	104.7	129.4	120.7	112.8	108.0	118.0
June.....	114.5	113.7	117.4	123.3	104.6	129.4	121.1	112.6	107.8	118.2
July.....	114.7	113.8	117.8	123.8	104.4	129.7	121.5	112.6	107.4	118.3
August.....	115.0	114.1	118.0	125.1	104.3	130.6	121.8	112.7	107.6	118.4
September.....	115.2	113.8	118.4	126.0	105.3	130.7	122.6	112.9	107.8	118.5
October.....	115.4	113.6	118.7	126.8	105.5	130.7	122.8	113.2	108.6	119.7
November.....	115.0	112.0	118.9	127.3	105.5	130.1	123.3	113.4	108.9	120.2
December.....	114.9	112.3	118.9	127.6	105.3	128.9	123.6	113.6	108.9	120.3
1954: January.....	115.2	113.1	118.8	127.8	104.9	130.5	123.7	113.7	108.7	120.3
February.....	115.0	112.6	118.9	127.9	104.7	129.4	124.1	113.9	108.0	120.2
March.....	114.8	112.1	119.0	128.0	104.3	129.0	124.4	114.1	108.2	120.1
April.....	114.6	112.4	118.5	128.2	104.1	129.1	124.9	112.9	106.5	120.2
May.....	115.0	113.3	118.9	128.3	104.2	129.1	125.1	113.0	106.4	120.1
June.....	115.1	113.8	118.9	128.3	104.2	128.9	125.1	112.7	106.4	120.1
July.....	115.2	114.6	119.0	128.5	104.0	128.7	125.2	113.3	107.0	120.3
August.....	115.0	113.9	119.2	128.6	103.7	128.6	125.5	113.4	106.6	120.2
September.....	114.7	112.4	119.5	128.8	104.3	128.4	125.7	113.5	106.5	120.1
October.....	114.5	111.8	119.5	129.0	104.6	125.0	125.9	113.4	106.9	120.1
November.....	114.6	111.1	119.5	129.2	104.6	127.6	126.1	113.8	106.8	120.0

¹ Not available.² Based on data through November.

Source: Department of Labor.

TABLE D-37.—*Indexes of prices received and prices paid by farmers, and parity ratio, 1929-54*

[1910-14=100]

Period	Prices paid by farmers for items used in		Parity index (prices paid, interest, taxes, and wage rates)	Prices received by farmers	Parity ratio ¹
	Family living	Production			
Monthly average:					
1929.....	154	146	160	148	92
1930.....	144	135	151	125	83
1931.....	124	113	130	87	67
1932.....	106	99	112	65	58
1933.....	108	99	109	70	64
1934.....	122	114	120	90	75
1935.....	124	122	124	109	88
1936.....	124	122	124	114	92
1937.....	128	132	131	122	93
1938.....	122	122	124	97	78
1939.....	120	121	123	95	77
1940.....	121	123	124	100	81
1941.....	130	130	133	124	93
1942.....	149	145	152	159	105
1943.....	166	164	171	* 193	113
1944.....	175	173	182	* 197	108
1945.....	182	176	190	* 207	109
1946.....	202	191	208	* 236	113
1947.....	237	224	240	276	115
1948.....	251	250	260	287	110
1949.....	243	238	251	250	100
1950.....	246	246	256	258	101
1951.....	268	273	282	302	107
1952.....	271	274	287	288	100
1953.....	270	253	279	258	92
1954.....	274	252	281	250	89
1953: First half.....	269	258	281	262	94
Second half.....	271	248	278	254	92
1954: First half.....	273	255	283	256	90
Second half.....	274	250	280	245	88
1953: January.....	268	265	284	268	94
February.....	266	261	281	264	94
March.....	269	261	282	264	94
April.....	269	257	280	259	92
May.....	270	256	280	263	94
June.....	271	247	277	257	93
July.....	271	250	278	260	94
August.....	273	248	279	255	91
September.....	270	247	277	257	93
October.....	270	245	276	249	90
November.....	270	247	277	249	90
December.....	270	249	278	254	91
1954: January.....	271	254	282	259	92
February.....	271	255	282	258	91
March.....	272	255	283	256	90
April.....	273	256	283	257	91
May.....	276	256	284	258	91
June.....	276	252	282	248	88
July.....	277	247	280	247	88
August.....	277	250	282	251	89
September.....	273	251	280	246	88
October.....	273	250	279	242	87
November.....	272	251	279	244	87
December.....	272	250	279	239	86

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

Source: Department of Agriculture.

TABLE D-38.—*Indexes of wholesale prices and cost of living in the United States and foreign countries, selected dates*

[1948=100]

Country	Wholesale prices			Cost of living		
	Jan- uary 1954	Latest data		Jan- uary 1954	Latest data	
		Index	Date, 1954		Index	Date, 1954
United States.....	106	105	December.	112	111	November.
Africa and Near East:						
Algeria ¹	127	125	July.	140	140	October.
Egypt.....	107	103	September.	104	100	September.
Iran.....	129	134	October.	118	128	October.
Iraq.....	76	76	October.	71	72	October.
Israel.....	256	283	October.	227	240	October.
Lebanon.....	74	71	September.	86	83	September.
Morocco.....	137	136	October.	161 ²	160 ²	October.
Tunisia.....	155	159	August.	168 ²	168 ²	August.
Union of South Africa.....	150	152	October.	130	134	October.
Western European countries:						
Austria.....	244	258	November.	204	210	November.
Belgium.....	106	105	October.	107	107	November.
Denmark.....	133	136	November.	123	125	October.
France.....	155	151	November.	166	166	October.
Germany (Federal Republic).....	110	110	September.	107	109	October.
Greece.....	156 ³	162 ³	October.	178	185	October.
Ireland.....	127	126	September.	125 ⁴	127	Third quarter.
Italy.....	97	97	October.	117	121	October.
Netherlands.....	135	136	October.	131	135	October.
Norway.....	152	155	November.	137	143	October.
Portugal.....	110	109	September.	102	101	October.
Spain.....	176	176	September.	128	128	September.
Sweden.....	138	138	October.	131 ⁴	131	September.
Switzerland.....	98	99	October.	104	106	November.
Turkey.....	115	117	September.	120	122	October.
United Kingdom.....	149	150	October.	130	134	October.
Latin America:						
Argentina.....	(⁵)	(⁵)	(⁵).	318	338	August.
Brazil.....	228	260	September.	170	200	October.
Chile.....	329	466	September.	335	518	October.
Costa Rica.....	101	104	October.	122	128	October.
Cuba.....	93	93	July.	87 ²	86 ²	August.
Dominican Republic.....	87	91	October.	100	102	November.
El Salvador.....	169	160	November.	155	152	August.
Guatemala.....	112	124	October.	118	126	September.
Mexico.....	152	173	October.	140	152	October.
Nicaragua.....	175	170	August.	159 ²	164 ²	August.
Paraguay.....	951	1,110	August.	1,275	1,454	September.
Peru.....	216	231	September.	171	173	September.
Venezuela.....	98	101	September.	118	115	March.
Pacific and Far East:						
Australia.....	186	186	September.	179 ⁴	179	Third quarter.
India.....	109	102	November.	106	103	September.
Indochina ¹	159	162	August.	206	203	August.
Japan.....	288	275	October.	169	171	September.
New Zealand.....	139	138	September.	139 ⁴	141	Third quarter.
Philippines.....	98 ¹	92 ¹	November.	86	88	October.
Thailand.....	99	99	September.	139	128	September.
Other:						
Canada.....	114	111	October.	120	120	November.
Finland.....	159	155	November.	158	158	October.

¹ 1949=100.

² Includes food costs only.

³ 1950=100.

⁴ First quarter.

⁵ Not available.

NOTE.—The components of the indexes are not the same for all countries.

Sources: International Monetary Fund and United Nations Organization.

CREDIT, MONEY SUPPLY, AND FEDERAL FINANCE

TABLE D-39.—Short- and intermediate-term consumer credit outstanding, 1929-54

[Millions of dollars]

End of period	Total	Instalment credit					Noninstalment credit		
		Total	Auto- mobile paper ¹	Other con- sumer goods paper ¹	Repair and modern- ization loans ²	Per- sonal loans	Total	Charge ac- counts	Other ³
1929.....	6,444	3,151	(⁴)	(⁴)	(⁴)	(⁴)	3,293	1,602	1,691
1930.....	5,767	2,687	(⁴)	(⁴)	(⁴)	(⁴)	3,080	1,476	1,604
1931.....	4,760	2,207	(⁴)	(⁴)	(⁴)	(⁴)	2,553	1,265	1,288
1932.....	3,567	1,521	(⁴)	(⁴)	(⁴)	(⁴)	2,046	1,020	1,026
1933.....	3,482	1,588	(⁴)	(⁴)	(⁴)	(⁴)	1,894	990	904
1934.....	3,904	1,871	(⁴)	(⁴)	(⁴)	(⁴)	2,033	1,102	931
1935.....	4,911	2,694	(⁴)	(⁴)	(⁴)	(⁴)	2,217	1,183	1,034
1936.....	6,135	3,623	(⁴)	(⁴)	(⁴)	(⁴)	2,512	1,300	1,212
1937.....	6,689	4,015	(⁴)	(⁴)	(⁴)	(⁴)	2,674	1,336	1,338
1938.....	6,338	3,691	(⁴)	(⁴)	(⁴)	(⁴)	2,647	1,362	1,285
1939.....	7,222	4,503	1,497	1,620	298	1,088	2,719	1,414	1,305
1940.....	8,338	5,514	2,071	1,827	371	1,245	2,824	1,471	1,353
1941.....	9,172	6,085	2,458	1,929	376	1,322	3,087	1,645	1,442
1942.....	5,983	3,166	742	1,195	255	974	2,817	1,444	1,373
1943.....	4,901	2,136	355	819	130	832	2,765	1,440	1,325
1944.....	5,111	2,176	397	791	119	869	2,935	1,517	1,418
1945.....	5,665	2,462	455	816	182	1,009	3,203	1,612	1,591
1946.....	8,384	4,172	981	1,290	405	1,496	4,212	2,076	2,136
1947.....	11,570	6,695	1,924	2,143	718	1,910	4,875	2,353	2,522
1948.....	14,411	8,968	3,054	2,842	843	2,229	5,443	2,713	2,730
1949.....	17,104	11,516	4,699	3,486	887	2,444	5,588	2,680	2,908
1950.....	20,813	14,490	6,342	4,337	1,066	2,805	6,323	3,066	3,317
1951.....	21,468	14,837	6,242	4,270	1,090	3,235	6,631	3,096	3,535
1952.....	25,827	18,684	8,099	5,328	1,406	3,851	7,143	3,342	3,801
1953.....	29,537	22,187	10,341	5,831	1,649	4,366	7,350	3,411	3,939
1954 ⁵	30,200	22,500	10,400	5,700	1,600	4,800	7,700	3,500	4,200
1953: January.....	25,708	18,872	8,273	5,306	1,403	3,890	6,836	2,985	3,851
February.....	25,569	19,017	8,479	5,237	1,405	3,896	6,552	2,699	3,853
March.....	26,050	19,447	8,798	5,263	1,417	3,969	6,603	2,642	3,961
April.....	26,595	19,844	9,110	5,279	1,438	4,017	6,751	2,722	4,029
May.....	27,231	20,308	9,429	5,348	1,468	4,063	6,923	2,812	4,111
June.....	27,606	20,745	9,688	5,420	1,500	4,137	6,861	2,834	4,027
July.....	27,838	21,157	9,980	5,457	1,530	4,190	6,681	2,765	3,916
August.....	28,127	21,410	10,153	5,483	1,555	4,219	6,717	2,738	3,979
September.....	28,344	21,581	10,260	5,492	1,588	4,241	6,763	2,783	3,980
October.....	28,600	21,766	10,373	5,529	1,619	4,245	6,834	2,886	3,948
November.....	28,760	21,907	10,404	5,587	1,645	4,271	6,853	2,931	3,922
December.....	29,537	22,187	10,341	5,831	1,649	4,366	7,350	3,411	3,939
1954: January.....	28,724	21,836	10,158	5,697	1,635	4,346	6,888	3,002	3,886
February.....	28,140	21,582	10,010	5,588	1,623	4,361	6,558	2,682	3,876
March.....	27,833	21,381	9,919	5,443	1,614	4,405	6,452	2,564	3,888
April.....	28,095	21,426	9,942	5,413	1,617	4,454	6,669	2,723	3,946
May.....	28,372	21,487	10,002	5,370	1,634	4,481	6,885	2,786	4,099
June.....	28,666	21,717	10,168	5,367	1,635	4,547	6,949	2,819	4,130
July.....	28,725	21,849	10,298	5,328	1,637	4,586	6,876	2,773	4,103
August.....	28,736	21,901	10,349	5,294	1,642	4,616	6,835	2,734	4,101
September.....	28,856	21,935	10,365	5,287	1,642	4,641	6,921	2,807	4,114
October.....	28,975	21,952	10,340	5,324	1,637	4,651	7,023	2,892	4,131
November.....	29,209	22,014	10,296	5,398	1,631	4,689	7,195	3,042	4,153
December ⁵	30,200	22,500	10,400	5,700	1,600	4,800	7,700	3,500	4,200

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

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

³ Single-payment loans and service credit.

⁴ Not available.

⁵ Preliminary estimates by Council of Economic Advisers.

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

TABLE D-40.—*Installment credit extended and repaid, 1940-54*

[Millions of dollars]

Period	Total		Automobile paper		Other consumer goods paper		Repair and modernization loans		Personal loans	
	Ex-tended	Repaid	Ex-tended	Repaid	Ex-tended	Repaid	Ex-tended	Repaid	Ex-tended	Repaid
1940.....	8,219	7,208	3,086	2,512	2,588	2,381	328	255	2,217	2,060
1941.....	9,425	8,854	3,823	3,436	2,929	2,827	312	307	2,361	2,284
1942.....	5,239	8,158	1,022	2,738	2,176	2,910	142	263	1,899	2,247
1943.....	4,587	5,617	762	1,149	1,985	2,361	102	227	1,738	1,880
1944.....	4,894	4,854	930	888	1,957	1,985	124	135	1,883	1,846
1945.....	5,379	5,093	999	941	2,024	1,999	206	143	2,150	2,010
1946.....	8,495	6,785	1,969	1,443	3,077	2,603	423	200	3,026	2,539
1947.....	12,713	10,190	3,692	2,749	4,498	3,645	704	391	3,819	3,405
1948.....	15,540	13,267	5,280	4,150	5,280	4,581	702	577	4,278	3,959
1949.....	18,002	15,464	7,182	5,537	5,533	4,889	721	677	4,566	4,351
1950.....	21,256	18,232	8,928	7,285	6,458	5,607	826	707	5,044	4,683
1951.....	22,791	22,444	9,362	9,462	6,518	6,585	853	769	6,058	5,628
1952.....	28,397	24,550	12,306	10,449	7,959	6,901	1,243	927	6,889	6,273
1953.....	30,321	26,818	13,621	11,379	8,014	7,511	1,387	1,144	7,299	6,784
1954 ¹	29,200	28,900	12,500	12,500	7,700	7,800	1,200	1,300	7,800	7,400
1953: First half.....	15,161	13,100	7,064	5,475	3,851	3,750	649	555	3,597	3,311
Second half.....	15,160	13,718	6,557	5,904	4,163	3,752	738	589	3,702	3,473
1954: First half.....	13,783	14,253	5,938	6,111	3,503	3,967	602	616	3,740	3,559
Second half ¹	15,500	14,700	6,600	6,400	4,200	3,800	600	700	4,100	3,800
1953: January.....	2,304	2,116	1,050	876	597	619	95	98	562	523
February.....	2,173	2,028	1,043	837	521	590	81	79	528	522
March.....	2,742	2,312	1,280	961	679	653	111	99	672	599
April.....	2,634	2,237	1,258	946	669	653	111	90	596	548
May.....	2,609	2,145	1,215	896	679	610	119	89	596	550
June.....	2,699	2,262	1,218	959	706	634	132	100	643	569
July.....	2,652	2,240	1,236	944	645	608	131	101	640	587
August.....	2,477	2,224	1,135	962	632	606	127	102	583	554
September.....	2,440	2,269	1,103	996	643	634	125	92	569	547
October.....	2,540	2,355	1,132	1,019	693	656	134	103	581	577
November.....	2,355	2,214	987	956	667	609	118	92	583	557
December.....	2,696	2,416	964	1,027	883	639	103	99	746	651
1954: January.....	1,947	2,298	780	963	538	672	75	89	554	574
February.....	1,956	2,210	809	957	510	619	88	100	549	534
March.....	2,380	2,581 ¹	1,020	1,111	574	719	104	113	682	638
April.....	2,400	2,355	1,038	1,015	615	645	105	102	642	593
May.....	2,397	2,336	1,047	987	607	650	121	104	622	595
June.....	2,703	2,473	1,244	1,078	659	662	109	108	691	625
July.....	2,549	2,417	1,163	1,033	622	661	107	105	657	618
August.....	2,477	2,425	1,114	1,063	607	641	112	107	644	614
September.....	2,441	2,407	1,062	1,046	629	636	115	115	635	610
October.....	2,454	2,437	1,031	1,056	687	650	106	111	630	620
November.....	2,534	2,472	1,022	1,066	714	640	108	114	690	622
December ¹	3,000	2,500	1,200	1,100	900	600	100	100	800	700

¹ Preliminary; December by Council of Economic Advisers.

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

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

TABLE D-41.—*Mortgage debt outstanding, by type of property mortgaged, 1939-54*

[Billions of dollars]

End of period	All properties	Nonfarm properties			Farm properties
		Total	1- to 4-family houses	Multifamily and commercial properties ¹	
1939.....	\$5.5	28.9	16.3	12.5	6.6
1940.....	36.5	30.0	17.3	12.6	6.5
1941.....	37.6	31.2	18.4	12.9	6.4
1942.....	36.7	30.8	18.2	12.5	6.0
1943.....	35.3	29.9	17.8	12.1	5.4
1944.....	34.7	29.7	17.9	11.8	4.9
1945.....	35.5	30.8	18.5	12.2	4.8
1946.....	41.8	36.9	23.1	13.8	4.9
1947.....	48.9	43.9	28.2	15.7	5.1
1948.....	56.2	50.9	33.3	17.6	5.3
1949.....	62.7	57.1	37.5	19.6	5.6
1950.....	72.8	66.7	45.1	21.6	6.1
1951.....	82.1	75.6	51.9	23.7	6.6
1952.....	91.1	84.0	58.7	25.3	7.2
1953.....	101.0	93.3	66.3	27.1	7.7
1954.....	112.8	104.6	75.0	29.6	8.2
1953: First quarter.....	93.4	86.0	60.4	25.7	7.3
Second quarter.....	96.2	88.7	62.5	26.1	7.5
Third quarter.....	98.7	91.2	64.6	26.6	7.6
Fourth quarter.....	101.0	93.3	66.3	27.1	7.7
1954: First quarter.....	103.1	95.3	67.7	27.5	7.8
Second quarter.....	106.2	98.2	70.0	28.3	8.0
Third quarter.....	109.8	101.6	72.6	29.0	8.1
Fourth quarter.....	112.8	104.6	75.0	29.6	8.2

¹ Derived figures which include negligible amount of farm loans held by savings and loan associations.

NOTE.—Data for first 3 quarters of 1953 and all data for 1954 are estimates.

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

TABLE D-42.—*Deposits and currency, 1929-54*

[Millions of dollars]

End of period ¹	Total deposits and currency	Demand deposits adjusted and currency ²			Time deposits adjusted ³	U. S. Government deposits ⁴
		Total	Currency outside banks	Demand deposits adjusted ⁵		
1929.....	54,742	26,366	3,557	22,809	28,189	187
1930.....	53,572	24,572	3,605	20,967	28,676	324
1931.....	48,379	21,832	4,470	17,412	25,979	518
1932.....	45,370	20,397	4,669	15,728	24,457	516
1933.....	42,551	19,817	4,782	15,035	21,715	1,019
1934.....	48,106	23,114	4,655	18,459	23,156	1,836
1935.....	52,726	27,032	4,917	22,115	24,241	1,453
1936.....	57,595	30,999	5,516	25,483	25,361	1,235
1937.....	56,781	29,597	5,638	23,959	26,218	966
1938.....	59,878	31,761	5,775	25,986	26,305	1,812
1939.....	64,733	36,194	6,401	29,793	27,059	1,480
1940.....	71,129	42,270	7,325	34,945	27,738	1,121
1941.....	79,098	48,607	9,615	38,992	27,729	2,762
1942.....	100,500	62,868	13,946	48,922	28,431	9,201
1943.....	123,391	79,640	18,837	60,803	32,748	11,003
1944.....	151,428	90,435	23,505	66,930	39,790	21,203
1945.....	176,378	102,341	26,490	75,851	48,452	25,585
1946.....	167,500	110,044	26,730	83,314	53,960	3,496
1947.....	172,330	113,597	26,476	87,121	56,411	2,322
1948.....	172,693	111,599	26,079	85,520	57,520	3,574
1949.....	173,851	111,165	25,415	85,750	58,616	4,070
1950.....	180,574	117,670	25,398	92,272	59,247	3,657
1951.....	189,861	124,549	25,315	98,234	61,450	3,862
1952.....	200,449	129,002	27,494	101,508	65,799	5,648
1953.....	205,720	130,542	28,091	102,451	70,375	4,803
1954 ⁶	215,200	134,600	28,000	106,600	75,600	5,100
1953: January.....	198,300	127,300	26,800	100,500	66,100	5,000
February.....	197,400	125,200	26,900	98,300	66,400	5,800
March.....	196,800	124,300	26,900	97,400	66,800	5,800
April.....	195,400	125,000	27,000	98,000	67,200	3,200
May.....	195,400	124,500	27,000	97,500	67,600	3,300
June.....	196,634	124,267	27,369	96,898	68,293	4,074
July.....	201,300	124,600	27,200	97,400	68,400	8,300
August.....	201,100	124,800	27,300	97,500	68,700	7,700
September.....	201,100	125,200	27,500	97,700	69,100	6,800
October.....	201,700	127,700	27,400	100,300	69,600	4,400
November.....	203,600	128,100	27,900	100,200	69,300	6,200
December.....	205,720	130,542	28,091	102,451	70,375	4,803
1954: January.....	203,500	129,200	26,900	102,300	70,600	3,700
February.....	202,400	126,500	26,900	99,600	71,000	5,000
March.....	201,300	123,600	26,900	96,700	71,700	6,100
April.....	202,300	125,300	26,700	98,600	72,000	5,000
May.....	203,600	125,500	26,800	98,700	72,500	5,600
June.....	205,287	125,225	27,093	98,132	73,292	6,770
July ⁷	204,800	126,800	26,800	100,000	73,700	4,400
August ⁷	206,300	126,300	26,900	99,400	74,000	6,000
September ⁷	207,700	128,100	26,900	101,200	74,400	5,200
October ⁷	211,400	130,000	26,900	103,100	74,700	6,600
November ⁷	213,500	131,700	27,500	104,200	74,300	7,500
December ⁸	215,200	134,600	28,000	106,600	75,600	5,100

¹ June, December, and end-of-year figures are for call dates. Other data are for the last Wednesday of the month.² Includes deposits and currency held by State and local governments.³ Includes demand deposits, other than interbank and U. S. Government, less cash items in process of collection.⁴ Includes deposits in commercial banks, mutual savings banks, and Postal Savings System, but excludes interbank deposits.⁵ Includes U. S. Government deposits at Federal Reserve Banks and commercial and savings banks and, beginning with 1938, includes U. S. Treasurer's time deposits, open account.⁶ Preliminary estimates by Council of Economic Advisers.⁷ Preliminary.

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

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

TABLE D-43.—*Loans and investments of all commercial banks, 1929-54*

[Billions of dollars]

End of period ¹	Total loans and invest- ments	Loans		Investments		
		Total ²	Commercial and indus- trial loans ³	Total	U. S. Gov- ernment obligations	Other securities
1929—June ⁴	49.4	35.7	(⁵)	13.7	4.9	8.7
1930—June ⁴	48.9	34.5	(⁵)	14.4	5.0	9.4
1931—June ⁴	44.9	29.2	(⁵)	15.7	6.0	9.7
1932—June ⁴	36.1	21.8	(⁵)	14.3	6.2	8.1
1933—June ⁴	30.4	16.3	(⁵)	14.0	7.5	6.5
1934—June ⁴	32.7	15.7	(⁵)	17.0	10.3	6.7
1935.....	36.1	15.2	(⁵)	20.9	13.8	7.1
1936.....	39.6	16.4	(⁵)	23.1	15.3	7.9
1937.....	38.4	17.2	(⁵)	21.2	14.2	7.0
1938.....	33.7	16.4	5.7	22.3	15.1	7.2
1939.....	40.7	17.2	6.4	23.4	16.3	7.1
1940.....	43.9	18.8	7.3	25.1	17.8	7.4
1941.....	50.7	21.7	9.3	29.0	21.8	7.2
1942.....	67.4	19.2	7.9	48.2	41.4	6.8
1943.....	85.1	19.1	7.9	66.0	59.8	6.1
1944.....	105.5	21.6	8.0	83.9	77.6	6.3
1945.....	124.0	26.1	9.6	97.9	90.6	7.3
1946.....	114.0	31.1	14.2	82.9	74.8	8.1
1947.....	116.3	38.1	18.2	78.2	69.2	9.0
1948.....	114.3	42.5	18.9	71.8	62.6	9.2
1949.....	120.2	43.0	17.1	77.2	67.0	10.2
1950.....	126.7	52.2	21.9	74.4	62.0	12.4
1951.....	132.6	57.7	25.9	74.9	61.5	13.3
1952.....	141.6	64.2	27.9	77.5	63.3	14.1
1953.....	145.7	67.6	27.2	78.1	63.4	14.7
1954 ⁶	155.9	70.2	26.7	85.7	69.4	16.3
1953: January.....	140.8	63.9	27.5	76.9	62.8	14.2
February.....	140.1	64.1	27.4	76.0	61.9	14.1
March.....	140.0	65.2	27.9	74.8	60.5	14.3
April.....	138.5	65.3	27.8	73.2	58.9	14.4
May.....	138.1	65.4	27.6	72.7	58.3	14.4
June.....	138.0	65.0	27.4	72.9	58.6	14.3
July.....	143.2	65.6	27.5	77.6	63.2	14.3
August.....	143.1	66.0	27.7	77.1	62.6	14.5
September.....	143.0	66.3	27.9	76.7	62.2	14.5
October.....	144.0	67.1	27.9	76.9	62.3	14.5
November.....	145.5	67.3	27.8	78.3	63.7	14.6
December.....	145.7	67.6	27.2	78.1	63.4	14.7
1954: January.....	145.3	66.5	26.6	78.9	64.2	14.7
February.....	144.9	66.9	26.4	78.0	63.0	15.0
March.....	142.8	67.1	26.7	75.7	60.7	15.1
April.....	144.1	66.8	26.2	77.4	62.1	15.2
May.....	145.7	67.1	26.0	78.6	63.3	15.3
June.....	146.4	67.3	26.1	79.0	63.5	15.5
July ⁷	147.3	67.3	25.8	80.0	64.3	15.7
August ⁷	149.5	66.5	25.8	83.0	67.3	15.7
September ⁷	150.6	67.3	26.1	83.3	67.3	16.0
October ⁷	154.1	67.8	26.1	86.3	70.2	16.1
November ⁷	156.1	69.7	26.5	86.4	70.3	16.2
December ⁸	155.9	70.2	26.7	85.7	69.4	16.3

¹ June, December, and end-of-year figures are for call dates. Other data are for the last Wednesday of the month.

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

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

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

⁵ Not available.

⁶ Preliminary estimates by Council of Economic Advisers.

⁷ Preliminary.

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

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

TABLE D-44.—Member bank reserves and Reserve Bank credit, 1929-54

[Averages of daily figures, millions of dollars]

Period	Reserve Bank credit outstanding				Member bank reserve balances		
	Total	U. S. Government securities	Discounts and advances	All other, mainly float	Total	Required ¹	Excess ¹
1929.....	1,459	208	952	300	2,358	2,315	43
1930.....	1,087	564	272	251	2,379	2,324	55
1931.....	1,274	669	327	278	2,323	2,234	89
1932.....	2,077	1,461	521	95	2,114	1,858	256
1933.....	2,429	2,052	283	94	2,343	² 1,815	² 528
1934.....	2,502	2,432	36	35	3,676	² 2,112	² 1,564
1935.....	2,475	2,431	7	37	5,001	2,532	2,469
1936.....	2,481	2,431	6	45	5,989	3,477	2,512
1937.....	2,554	2,504	14	36	6,830	5,610	1,220
1938.....	2,600	2,565	9	27	7,935	5,413	2,522
1939.....	2,628	2,584	5	39	10,352	5,960	4,392
1940.....	2,487	2,417	4	67	13,249	6,923	6,326
1941.....	2,293	2,187	5	102	13,404	8,080	5,324
1942.....	3,408	3,191	7	210	12,648	9,980	2,668
1943.....	8,182	7,724	25	433	12,626	11,116	1,510
1944.....	15,358	14,772	135	451	13,222	12,176	1,046
1945.....	22,211	21,363	376	472	15,055	13,934	1,121
1946.....	24,029	23,250	310	469	15,969	14,993	976
1947.....	22,989	22,330	279	441	16,461	15,608	853
1948.....	22,283	21,511	331	441	18,001	17,164	837
1949.....	20,161	19,560	231	370	17,774	16,952	822
1950.....	19,062	18,410	129	522	16,400	15,617	783
1951.....	24,070	22,756	293	1,021	19,293	18,536	757
1952.....	24,801	23,066	801	935	20,356	19,642	714
1953.....	26,262	24,661	777	824	19,996	19,319	677
1954.....	25,602	24,646	217	739	19,276	³ 18,502	³ 774
1953: January.....	26,586	24,202	1,372	1,012	20,958	20,251	707
February.....	26,080	23,918	1,336	826	20,520	19,882	638
March.....	26,025	23,892	1,220	913	20,416	19,828	588
April.....	25,892	23,861	1,184	847	20,007	19,472	535
May.....	25,682	23,973	955	754	19,897	19,306	591
June.....	25,960	24,748	433	779	20,287	19,499	788
July.....	26,123	24,955	428	740	19,653	18,869	784
August.....	26,322	25,000	658	663	19,526	18,882	644
September.....	26,410	25,168	468	774	19,552	18,834	718
October.....	26,514	25,344	367	802	19,536	18,784	752
November.....	26,413	25,172	494	747	19,718	19,035	683
December.....	27,107	25,639	448	1,021	19,920	19,227	693
1954: January.....	26,243	25,263	118	863	20,179	19,243	936
February.....	25,746	24,770	308	669	19,557	18,925	632
March.....	25,553	24,633	205	714	19,573	18,881	692
April.....	25,483	24,635	151	697	19,392	18,627	765
May.....	25,503	24,689	172	641	19,533	18,817	716
June.....	25,876	24,998	166	711	19,670	18,813	857
July.....	25,571	24,771	104	696	19,164	18,329	835
August.....	24,855	23,989	210	655	18,478	17,638	840
September.....	24,838	23,941	170	726	18,403	17,628	775
October.....	25,459	24,485	254	721	18,893	18,173	720
November.....	25,776	24,661	345	770	19,207	18,393	814
December.....	26,317	24,917	407	993	19,279	² 18,568	² 711

¹ Estimates.² Data on required and excess reserves from March 1933 through April 1934 for licensed banks only.³ Preliminary.

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

Source: Board of Governors of the Federal Reserve System.

TABLE D-45.—U. S. Government debt—volume and kind of obligations, 1929-54

[Billions of dollars]

End of period	Gross public debt and guaranteed issues ¹	Interest-bearing public debt					Special issues ⁴
		Marketable public issues		Nonmarketable public issues			
		Short-term issues ²	Treasury bonds	United States savings bonds	Treasury tax and savings notes	Investment bonds ³	
1929.....	16.3	3.3	11.3				0.6
1930.....	16.0	2.9	11.3				.8
1931.....	17.8	2.8	13.5				.4
1932.....	20.8	5.9	13.4				.4
1933.....	24.0	7.5	14.7				.4
1934.....	31.5	11.1	15.4				.6
1935.....	35.1	14.2	14.3	0.2			.7
1936.....	39.1	12.5	19.5	.5			.6
1937.....	41.9	12.5	20.5	1.0			2.2
1938.....	44.4	9.8	24.0	1.4			3.2
1939.....	47.6	7.7	26.9	2.2			4.2
1940.....	50.9	7.5	28.0	3.2			5.4
1941.....	64.3	8.0	33.4	6.1	2.5		7.0
1942.....	112.5	27.0	49.3	15.0	6.4		9.0
1943.....	170.1	47.1	67.9	27.4	8.6		12.7
1944.....	232.1	69.9	91.6	40.4	9.8		16.3
1945.....	278.7	78.2	120.4	48.2	8.2		20.0
1946.....	259.5	57.1	119.3	49.8	5.7		24.6
1947.....	257.0	47.7	117.9	52.1	5.4	1.0	29.0
1948.....	252.9	45.9	111.4	55.1	4.6	1.0	31.7
1949.....	257.2	50.2	104.8	56.7	7.6	1.0	33.9
1950.....	256.7	58.3	94.0	58.0	8.6	1.0	33.7
1951.....	259.5	65.6	76.9	57.6	7.5	13.0	35.9
1952.....	267.4	68.7	79.8	57.9	5.8	13.4	39.2
1953.....	275.2	77.3	77.2	57.7	6.0	12.9	41.2
1954.....	278.8	76.0	81.8	57.7	4.5	12.7	42.6
1953: January.....	267.5	68.7	79.8	58.1	5.7	13.4	39.1
February.....	267.6	68.0	80.4	58.3	5.6	13.4	39.3
March.....	264.5	65.5	80.4	58.4	4.9	13.4	39.4
April.....	264.6	65.6	80.4	58.4	4.8	13.3	39.5
May.....	266.6	66.3	81.9	57.9	4.8	13.3	39.7
June.....	266.1	66.0	81.2	57.9	4.5	13.3	40.5
July.....	272.7	72.4	81.2	57.9	4.7	13.2	40.6
August.....	273.3	72.4	81.2	57.9	5.0	13.2	41.0
September.....	273.0	79.5	73.2	57.8	5.6	13.1	41.0
October.....	273.5	79.6	73.2	57.8	6.3	12.9	40.9
November.....	275.3	79.1	75.5	57.8	6.2	12.9	41.0
December.....	275.2	77.3	77.2	57.7	6.0	12.9	41.2
1954: January.....	274.9	77.3	77.2	57.7	6.0	12.9	41.0
February.....	274.9	71.7	82.7	57.8	5.9	12.9	41.1
March.....	270.3	67.2	82.8	57.9	5.6	12.8	41.0
April.....	271.1	68.2	82.8	58.0	5.5	12.8	41.0
May.....	273.6	72.5	80.7	58.0	5.3	12.8	41.4
June.....	271.3	69.9	80.4	58.1	5.1	12.8	42.2
July.....	271.0	69.9	80.4	58.0	5.0	12.8	42.2
August.....	275.0	69.8	84.2	58.1	4.9	12.8	42.5
September.....	274.8	69.7	84.2	58.1	4.8	12.7	42.4
October.....	278.8	73.9	84.2	58.1	4.8	12.7	42.2
November.....	278.9	73.9	84.2	58.2	4.7	12.7	42.4
December.....	278.8	76.0	81.8	57.7	4.5	12.7	42.6

¹ Total includes non-interest-bearing debt, fully guaranteed securities (except those held by the Treasury), Postal Savings bonds, prewar bonds, adjusted service bonds, depository bonds, and armed forces leave bonds, not shown separately. Not all of total shown is subject to statutory debt limitation.

² Includes bills, certificates of indebtedness, and notes.

³ Includes Series A bonds and, beginning in April 1951, Series B convertible bonds.

⁴ Issued to U. S. Government investment accounts. These accounts also held 7 billion dollars of public marketable and nonmarketable issues on December 31, 1954.

Source: Treasury Department.

TABLE D-46.—*Estimated ownership of Federal obligations, 1939-54*[Par values¹, billions of dollars]

End of period	Gross public debt and guaranteed issues ²									
	Total	Held by U. S. Government investment accounts	Held by others							
			Total	Federal Reserve Banks	Commercial banks ³	Mutual savings banks and insurance companies	Other corporations ⁴	State and local governments ⁵	Individuals ⁶	Miscellaneous investors ⁷
1939.....	47.6	6.5	41.1	2.5	15.9	9.4	2.2	0.4	10.1	0.7
1940.....	50.9	7.6	43.3	2.2	17.3	10.1	2.0	.5	10.6	.7
1941.....	64.3	9.5	54.7	2.3	21.4	11.9	4.0	.7	13.6	.9
1942.....	112.5	12.2	100.2	6.2	41.1	15.8	10.1	1.0	23.7	2.3
1943.....	170.1	16.9	153.2	11.5	59.9	21.2	16.4	2.1	37.6	4.4
1944.....	232.1	21.7	210.5	18.8	77.7	28.0	21.4	4.3	53.3	7.0
1945.....	278.7	27.0	251.6	24.3	90.8	34.7	22.0	6.5	64.3	9.1
1946.....	259.5	30.9	228.6	23.3	74.5	36.7	15.3	6.3	64.2	8.1
1947.....	257.0	34.4	222.6	22.6	68.7	35.9	14.1	7.3	65.7	8.4
1948.....	252.9	37.3	215.5	23.3	62.5	32.7	14.8	7.9	65.5	8.9
1949.....	257.2	39.4	217.8	18.9	66.8	31.5	16.8	8.1	66.3	9.4
1950.....	256.7	39.2	217.5	20.8	61.8	29.6	19.7	8.8	66.3	10.5
1951.....	259.5	42.3	217.2	23.8	61.6	26.3	20.7	9.6	64.6	10.6
1952.....	267.4	45.9	221.6	24.7	63.4	25.5	20.4	11.1	64.6	11.7
1953.....	275.2	48.3	226.9	25.9	63.7	25.0	21.5	12.9	65.0	12.9
1954 ⁸	278.8	49.6	229.2	24.9	69.5	23.7	19.3	14.6	63.7	13.5
1953: January.....	267.5	46.0	221.5	23.9	62.8	25.7	20.8	11.2	64.7	12.3
February.....	267.6	46.2	221.5	23.9	61.9	25.7	21.2	11.3	65.0	12.5
March.....	264.5	46.3	218.3	23.8	59.5	25.6	20.2	11.4	65.2	12.5
April.....	264.6	46.3	218.3	23.9	59.1	25.5	20.0	11.5	65.3	13.0
May.....	266.6	46.8	219.8	24.2	58.6	25.6	21.0	11.9	65.7	12.8
June.....	266.1	47.6	218.6	24.7	58.8	25.5	18.9	12.0	65.8	12.8
July.....	272.7	47.6 ⁹	225.1	25.0	63.5	25.5	20.2	12.3	65.5	13.2
August.....	273.3	48.0	225.3	25.1	62.7	25.5	20.9	12.5	65.2	13.4
September.....	273.0	48.0	225.0	25.2	62.6	25.4	20.6	12.7	65.2	13.3
October.....	273.5	48.0	225.5	25.3	62.8	25.2	21.0	12.7	65.0	13.5
November.....	275.3	48.2	227.1	25.1	63.9	25.2	21.7	12.8	65.0	13.5
December.....	275.2	48.3	226.9	25.9	63.7	25.0	21.5	12.9	65.0	12.9
1954: January.....	274.9	48.3	226.7	24.6	64.1	25.0	21.5	13.2	64.9	13.3
February.....	274.9	48.3	226.6	24.5	63.1	25.0	22.1	13.3	65.0	13.6
March.....	270.3	48.2	222.1	24.6	60.9	24.8	19.7	13.6	65.1	13.5
April.....	271.1	48.2	222.9	24.6	62.5	24.7	19.1	13.8	64.7	13.5
May.....	273.6	48.5	225.0	24.8	63.4	24.6	19.5	14.1	65.0	13.5
June.....	271.3	49.3	222.0	25.0	63.6	24.3	16.8	14.3	64.5	13.4
July.....	271.0	49.2	221.8	24.3	64.8	24.1	16.8	14.3	64.1	13.4
August.....	275.0	49.5	225.5	24.0	67.0	24.1	18.5	14.4	64.0	13.3
September.....	274.8	49.4	225.4	24.3	67.1	24.0	18.6	14.4	63.7	13.4
October.....	278.8	49.3	229.5	24.4	70.0	24.0	19.1	14.5	63.8	13.7
November ⁸	278.9	49.4	229.5	24.9	69.6	23.8	19.4	14.5	63.7	13.6
December ⁸	278.8	49.6	229.2	24.9	69.5	23.7	19.3	14.6	63.7	13.5

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. Not all of total shown is subject to statutory debt limitation.³ Includes commercial banks, trust companies, and stock savings banks in the United States and in Territories and possessions; figures exclude securities held in trust departments.⁴ Exclusive of banks and insurance companies.⁵ Includes trust, sinking, and investment funds of State and local governments and their agencies, and of Territories and possessions.⁶ Includes partnerships and personal trust accounts.⁷ Includes savings and loan associations, nonprofit institutions, corporate pension trust funds, dealers and brokers, and investments of foreign balances and international accounts in this country. Beginning with December 1946, the foreign accounts include investments by the International Bank for Reconstruction and Development and the International Monetary Fund in special non-interest-bearing notes issued by the U. S. Government. Beginning with June 30, 1947, includes holdings of Federal land banks.⁸ Preliminary estimates by Council of Economic Advisers.⁹ Preliminary.

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

Source: Treasury Department (except as noted).

TABLE D-47.—Bond yields and interest rates, 1929-54

[Percent per annum]

Period	U. S. Government securities				Corporate bonds (Moody's)		High-grade municipal bonds (Standard & Poor's)	Average rate on short-term bank loans to business—selected cities	Prime commercial paper, 4-6 months	Federal Reserve Bank discount rate
	3-month Treasury bills ¹	9-12 month issues ²	Long-term taxable bonds ³		Aaa	Baa				
			Old series ⁴	New series ⁵						
Number of issues.....			3-7	1	30	30	15			
Average:										
1929.....	(⁶)	(⁷)	(⁸)	(⁹)	4.73	5.90	4.27	(⁹)	5.85	5.16
1930.....	(⁶)	(⁷)	(⁸)	(⁹)	4.55	5.90	4.07	(⁹)	3.59	3.04
1931.....	1.402	(⁷)	(⁸)	(⁹)	4.58	7.62	4.01	(⁹)	2.64	2.11
1932.....	.879	(⁷)	(⁸)	(⁹)	5.01	9.30	4.65	(⁹)	2.73	2.82
1933.....	.515	(⁷)	(⁸)	(⁹)	4.49	7.76	4.71	(⁹)	1.73	2.56
1934.....	.256	(⁷)	(⁸)	(⁹)	4.00	6.32	4.03	(⁹)	1.02	1.54
1935.....	.137	(⁷)	(⁸)	(⁹)	3.60	5.75	3.41	(⁹)	.76	1.50
1936.....	.143	(⁷)	(⁸)	(⁹)	3.24	4.77	3.07	(⁹)	.75	1.50
1937.....	.447	(⁷)	(⁸)	(⁹)	3.26	5.03	3.10	(⁹)	.94	1.33
1938.....	.053	(⁷)	(⁸)	(⁹)	3.19	5.80	2.91	(⁹)	.81	1.00
1939.....	.023	(⁷)	(⁸)	(⁹)	3.01	4.96	2.76	2.1	.59	1.00
1940.....	.014	(⁷)	(⁸)	(⁹)	2.84	4.75	2.50	2.1	.56	1.00
1941.....	.103	(⁷)	(⁸)	(⁹)	2.77	4.33	2.10	2.0	.54	1.00
1942.....	.326	(⁷)	2.46	(⁹)	2.83	4.28	2.36	2.2	.66	1.00
1943.....	.373	.75	2.47	(⁹)	2.73	3.91	2.06	2.6	.69	1.00
1944.....	.375	.79	2.48	(⁹)	2.72	3.61	1.86	2.4	.73	1.00
1945.....	.375	.81	2.37	(⁹)	2.62	3.29	1.67	2.2	.75	1.00
1946.....	.375	.82	2.19	(⁹)	2.53	3.05	1.64	2.1	.81	1.00
1947.....	.594	.88	2.25	(⁹)	2.61	3.24	2.01	2.1	1.03	1.00
1948.....	1.040	1.14	2.44	(⁹)	2.82	3.47	2.40	2.5	1.44	1.34
1949.....	1.102	1.14	2.31	(⁹)	2.66	3.42	2.21	2.7	1.49	1.50
1950.....	1.218	1.26	2.32	(⁹)	2.62	3.24	1.98	2.7	1.45	1.59
1951.....	1.552	1.73	2.57	(⁹)	2.86	3.41	2.00	3.1	2.16	1.75
1952.....	1.766	1.81	2.68	(⁹)	2.96	3.52	2.19	3.5	2.33	1.75
1953.....	1.931	2.07	2.93	3.16	3.20	3.74	2.72	3.7	2.52	1.99
1954.....	.953	.92	2.53	2.70	2.90	3.51	2.37	3.6	1.58	1.60
1953: January.....	2.042	1.97	2.80	(⁹)	3.02	3.51	2.47	-----	2.31	1.88
February.....	2.018	1.97	2.83	(⁹)	3.07	3.53	2.54	-----	2.31	2.00
March.....	2.082	2.04	2.89	(⁹)	3.12	3.57	2.61	3.54	2.36	2.00
April.....	2.177	2.27	2.97	(⁹)	3.23	3.65	2.63	-----	2.44	2.00
May.....	2.200	2.41	3.00	3.26	3.34	3.78	2.73	-----	2.67	2.00
June.....	2.231	2.46	3.09	3.29	3.40	3.86	2.90	3.73	2.75	2.00
July.....	2.101	2.36	2.99	3.25	3.28	3.86	2.99	-----	2.75	2.00
August.....	2.088	2.33	3.00	3.22	3.24	3.85	2.88	-----	2.75	2.00
September.....	1.876	2.17	2.97	3.19	3.29	3.88	2.88	3.74	2.74	2.00
October.....	1.402	1.72	2.83	3.06	3.16	3.82	2.72	-----	2.55	2.00
November.....	1.427	1.53	2.85	3.04	3.11	3.75	2.62	-----	2.31	2.00
December.....	1.630	1.61	2.79	2.96	3.13	3.74	2.59	3.76	2.25	2.00
1954: January.....	1.214	1.33	2.68	2.90	3.06	3.71	2.50	-----	2.11	2.00
February.....	.984	1.01	2.60	2.85	2.95	3.61	2.39	-----	2.00	1.79
March.....	1.053	1.02	2.51	2.73	2.86	3.51	2.38	3.72	2.00	1.75
April.....	1.011	.90	2.47	2.70	2.85	3.47	2.47	-----	1.76	1.63
May.....	.782	.76	2.52	2.72	2.88	3.47	2.49	-----	1.68	1.50
June.....	.650	.76	2.54	2.70	2.90	3.49	2.48	3.60	1.56	1.50
July.....	.710	.65	2.47	2.62	2.89	3.50	2.31	-----	1.45	1.60
August.....	.892	.64	2.48	2.60	2.87	3.49	2.23	-----	1.33	1.50
September.....	1.007	.89	2.51	2.64	2.89	3.47	2.29	3.56	1.31	1.50
October.....	.987	1.03	2.52	2.65	2.87	3.46	2.32	-----	1.31	1.50
November.....	.948	.94	2.55	2.68	2.89	3.45	2.29	-----	1.31	1.50
December.....	1.174	1.10	2.57	2.68	2.90	3.45	2.33	3.55	1.31	1.50

¹ Rate on new issues within period. Issues were tax exempt prior to March 1, 1941, and fully taxable thereafter. For the period 1934-37, series includes issues with maturities of more than 3 months.

² Includes certificates of indebtedness and selected note and bond issues.

³ Bonds in this classification were first issued in March 1941.

⁴ 2½-percent bonds: Prior to April 1952, due or callable after 15 years; beginning in April 1952, bonds first callable after 12 years.

⁵ 3¼-percent bonds of 1978-83, first issued May 1, 1953.

⁶ Treasury bills were first issued in December 1929 and were issued irregularly in 1930.

⁷ Not available before August 1942.

⁸ Not available on same basis as for 1939 and subsequent years.

⁹ From October 30, 1942 to April 24, 1946, a preferential rate of 0.50 percent was in effect for advances secured by Government securities maturing or callable in 1 year or less.

NOTE.—Yields and rates computed for New York City, except for short-term bank loans.

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

TABLE D-48.—*Government cash receipts from and payments to the public, calendar years, 1946-54*

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 ²	Cash payments ²	Excess of receipts (+) or payments (-)
1946.....	53.0	50.9	2.1	41.4	41.4	(³)	11.6	9.5	2.0
1947.....	57.5	50.8	6.6	44.3	38.6	5.7	13.2	12.2	1.0
1948.....	60.0	52.1	7.9	44.9	36.9	8.0	15.1	15.2	-.1
1949.....	57.9	60.0	-2.1	41.3	42.6	-1.3	16.6	17.4	-.8
1950.....	60.6	61.3	-.7	42.4	42.0	.4	18.1	19.3	-1.2
1951.....	79.2	78.4	.8	59.3	58.0	1.2	19.9	20.3	-.4
1952.....	93.0	94.6	-1.6	71.3	73.0	-1.6	21.7	21.6	(³)
1953.....	93.4	99.3	-6.0	70.0	76.2	-6.2	23.3	23.1	.2
1954 ⁴	93.2	95.1	-1.9	68.6	69.6	-1.1	24.7	25.5	-.8

¹ Estimated by Council of Economic Advisers on the basis of incomplete data.² Federal grants-in-aid have been deducted from State and local government receipts and payments since they are included in Federal payments.³ Less than 50 million dollars.⁴ Preliminary.

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

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

CORPORATE PROFITS AND FINANCE

TABLE D-49.—*Profits before and after taxes, all private corporations, 1929-54*

[Billions of dollars]

Period	Corporate profits before taxes	Corporate tax liability ¹	Corporate profits after taxes		
			Total	Dividend payments	Undistributed profits
1929.....	9.6	1.4	8.3	5.8	2.4
1930.....	3.3	.8	2.5	5.5	-3.0
1931.....	-1.8	.5	-1.3	4.1	-5.4
1932.....	-3.0	.4	-3.4	2.6	-6.0
1933.....	.2	.5	-1.4	2.1	-2.4
1934.....	1.7	.7	1.0	2.6	-1.6
1935.....	3.1	1.0	2.2	2.9	-.7
1936.....	5.7	1.4	4.3	4.5	-.2
1937.....	6.2	1.5	4.7	4.7	(²)
1938.....	3.3	1.0	2.3	3.2	-.9
1939.....	6.4	1.4	5.0	3.8	1.2
1940.....	9.3	2.8	6.5	4.0	2.4
1941.....	17.0	7.6	9.4	4.5	4.9
1942.....	20.9	11.4	9.5	4.3	5.2
1943.....	24.6	14.1	10.5	4.5	6.0
1944.....	23.3	12.9	10.4	4.7	5.7
1945.....	19.0	10.7	8.3	4.7	3.6
1946.....	22.6	9.1	13.4	5.8	7.7
1947.....	29.5	11.3	18.2	6.5	11.7
1948.....	32.8	12.5	20.3	7.2	13.0
1949.....	26.2	10.4	15.8	7.5	8.3
1950.....	40.0	17.8	22.1	9.2	12.9
1951.....	41.2	22.5	18.7	9.1	9.6
1952.....	37.2	20.0	17.2	9.1	8.1
1953.....	39.4	21.1	18.3	9.4	8.9
1954 ³	35.0	17.2	17.8	9.9	8.0
Seasonally adjusted annual rates					
1953: First half.....	42.2	22.6	19.6	9.2	10.4
Second half.....	36.7	19.6	17.0	9.6	7.5
1954: First half.....	34.5	17.0	17.5	9.6	7.9
Second half ³	35.6	17.5	18.1	10.1	8.0
1953: First quarter.....	42.4	22.7	19.7	9.1	10.6
Second quarter.....	41.9	22.5	19.5	9.3	10.2
Third quarter.....	40.9	21.9	19.0	9.5	9.5
Fourth quarter.....	32.5	17.4	15.1	9.6	5.5
1954: First quarter.....	34.5	17.0	17.5	9.6	7.9
Second quarter.....	34.5	17.0	17.5	9.6	7.9
Third quarter.....	34.2	16.8	17.4	9.8	7.6
Fourth quarter ³	37.0	18.2	18.8	10.4	8.4

¹ Federal and State corporate income and excess profits taxes.

² 48 million dollars.

³ Preliminary; fourth quarter by Council of Economic Advisers.

NOTE.—No allowance has been made for inventory valuation adjustment. See appendix table D-8 for profits before taxes and inventory valuation adjustment.

Detail will not necessarily add to totals because of rounding.

Source: Department of Commerce (except as noted).

TABLE D-50.—*Relation of profits after taxes to stockholders' equity and to sales, private manufacturing corporations, by industry group, 1947-50 average and 1953-54*

Industry group	1947-50 aver- age	1953					1954		
		Year	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter
		Ratio of profits after Federal taxes (annual rate) to stockholders' equity							
All private manufac- turing corporations.....	14.8	10.4	10.7	11.2	10.5	9.5	9.4	10.4	9.3
Food.....	13.6	8.1	7.0	8.2	10.2	7.1	6.4	8.6	9.2
Tobacco manufactures.....	12.1	9.2	7.7	9.5	10.5	9.6	9.0	10.0	11.4
Textile-mill products.....	14.5	4.6	6.0	5.3	5.0	2.1	2.1	1.0	1.9
Apparel and finished tex- tiles.....	12.0	5.3	7.6	6.7	4.9	1.0	3.7	3.8	4.9
Lumber and wood products.....	17.1	7.2	7.0	9.8	7.6	3.9	2.3	6.7	6.9
Furniture and fixtures.....	14.3	8.4	11.2	10.4	7.1	4.4	3.2	5.2	6.4
Paper and allied products.....	16.2	9.9	10.6	10.2	10.2	9.2	9.7	10.3	9.5
Printing and publishing (except newspapers).....	13.4	9.4	11.4	10.8	8.9	6.8	10.5	10.0	7.9
Chemicals and allied prod- ucts.....	15.9	10.7	11.4	11.6	10.3	9.7	11.2	11.8	11.0
Petroleum refining.....	15.1	13.0	12.3	12.9	13.3	15.0	12.8	12.0	11.4
Products of petroleum and coal (except petroleum refining).....	(?)	8.3	6.7	11.2	9.8	4.9	3.8	6.8	9.5
Rubber products.....	12.8	11.2	11.5	12.1	11.5	10.1	10.3	10.9	9.5
Leather and leather prod- ucts.....	10.4	6.1	6.5	8.0	6.2	3.1	4.0	5.4	7.6
Stone, clay, and glass prod- ucts.....	15.2	11.5	9.3	14.9	13.8	9.1	7.6	14.6	15.4
Primary nonferrous metal industries.....	12.5	10.9	12.4	11.9	9.9	10.2	9.2	11.0	9.5
Primary iron and steel in- dustries.....	12.9	10.5	10.9	11.4	11.0	9.4	7.6	8.3	6.5
Fabricated metal products.....	15.3	9.9	9.4	11.0	10.9	8.1	6.6	9.0	8.6
Machinery (except elec- trical).....	14.5	9.7	11.3	11.7	8.7	7.6	9.5	10.2	7.8
Electrical machinery.....	17.8	12.9	15.1	12.8	12.1	12.4	12.9	11.8	10.5
Transportation equipment (except motor vehicles).....	6.6	13.3	12.8	15.4	12.2	14.1	15.5	18.4	15.6
Motor vehicles and parts.....	21.7	13.7	15.2	15.0	12.8	12.6	15.3	17.4	9.7
Instruments, photographic and optical goods, watches and clocks.....	14.6	11.0	11.7	11.7	10.7	11.6	10.7	11.4	12.9
Miscellaneous manufactur- ing (including ordnance).....	11.4	8.3	8.3	9.0	9.1	6.3	5.0	6.5	9.1

See footnotes at end of table.

TABLE D-50.—*Relation of profits after taxes to stockholders' equity and to sales, private manufacturing corporations, by industry group, 1947-50 average and 1953-54—Continued*

Industry group	1947-50 average	1953					1954		
		Year	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter
	Profits after Federal taxes in cents per dollar of sales								
All private manufac- turing corporations..	6.7	4.3	4.3	4.4	4.3	4.0	4.3	4.7	4.4
Food.....	3.6	2.0	1.8	2.1	2.5	1.8	1.7	2.2	2.3
Tobacco manufactures.....	4.8	3.7	3.2	3.7	3.9	3.7	4.0	4.1	4.5
Textile-mill products.....	6.6	2.2	2.7	2.5	2.5	1.1	1.1	0.6	1.0
Apparel and finished tex- tiles.....	3.1	1.2	1.7	1.6	1.1	0.2	0.9	0.9	1.1
Lumber and wood products..	9.2	3.5	3.5	4.6	3.7	2.1	1.4	3.5	3.7
Furniture and fixtures.....	5.0	2.6	3.3	3.2	2.4	1.4	1.2	1.9	2.3
Paper and allied products.....	8.6	5.4	5.7	5.4	5.4	4.9	5.6	5.9	5.4
Printing and publishing (ex- cept newspapers).....	5.0	3.4	4.2	3.9	3.3	2.3	3.9	3.8	3.0
Chemicals and allied prod- ucts.....	9.1	6.1	6.3	6.3	6.0	5.7	6.6	6.8	6.7
Petroleum refining.....	¹ 11.0	10.4	9.6	10.2	10.3	11.6	10.3	10.2	10.0
Products of petroleum and coal (except petroleum re- fining).....	(²)	3.8	3.3	4.6	4.3	2.5	2.4	3.4	4.5
Rubber products.....	4.8	3.8	3.8	3.9	3.9	3.6	4.0	4.1	3.7
Leather and leather prod- ucts.....	3.4	1.8	2.0	2.5	1.9	1.0	1.4	1.8	2.4
Stone, clay, and glass prod- ucts.....	8.9	6.5	5.4	8.0	7.3	5.2	5.1	8.5	8.7
Primary nonferrous metal industries.....	8.8	6.3	7.1	6.1	5.8	6.3	6.1	6.8	6.2
Primary iron and steel in- dustries.....	7.2	5.3	5.2	5.2	5.4	5.3	4.7	5.2	4.6
Fabricated metal products.....	6.6	3.6	3.6	4.0	3.8	3.0	2.8	3.7	3.4
Machinery (except electri- cal).....	7.1	4.2	4.8	4.6	3.9	3.5	4.6	4.9	4.2
Electrical machinery.....	6.3	4.1	4.6	4.0	4.0	3.9	4.6	4.3	4.0
Transportation equipment (except motor vehicles).....	3.4	2.6	2.6	2.8	2.4	2.7	3.4	3.9	3.7
Motor vehicles and parts.....	7.4	3.9	4.1	3.9	3.7	4.1	5.2	5.9	4.1
Instruments, photographic and optical goods, watches and clocks.....	7.9	4.6	4.8	4.7	4.5	4.6	4.8	5.1	6.1
Miscellaneous manufactur- ing (including ordnance).....	5.3	2.9	3.1	3.2	3.3	2.0	2.0	2.6	3.4

¹ Petroleum refining and products of petroleum and coal combined.

² Not available separately for this period.

NOTE.—Beginning with the third quarter of 1951, these series are based on a new sample. However, the 1947-50 averages have not been adjusted and therefore are not strictly comparable with data for later periods. For explanatory notes concerning compilation of the series, see *Quarterly Financial Reports for United States Manufacturing Corporations* by Federal Trade Commission and Securities and Exchange Commission.

Sources: Federal Trade Commission and Securities and Exchange Commission.

TABLE D-51.—*Relation of profits before and after taxes to stockholders' equity and to sales, private manufacturing corporations, by asset size class, 1947-50 average and 1953-54*

Asset size class (thousands of dollars)	1947-50 average	1953					1954		
		Year	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter
Ratio of profits before Federal taxes (annual rate) to stockholders' equity									
All asset sizes.....	24.6	22.3	24.9	26.4	23.3	15.8	18.5	19.8	17.5
Under 250.....	16.7	13.3	13.2	21.7	17.5	-2.8	3.3	12.8	13.7
250-999.....	22.7	16.1	18.1	21.1	17.3	6.0	11.1	15.3	15.5
1,000-4,999.....	24.2	17.3	20.7	20.7	17.7	10.3	12.8	13.7	13.0
5,000-99,999.....	25.2	22.1	25.1	25.7	22.4	15.9	17.2	18.4	16.8
100,000 and over.....	24.9	24.5	27.0	28.8	25.8	18.7	21.7	22.4	19.1
Profits before Federal taxes in cents per dollar of sales									
All asset sizes.....	11.1	9.2	10.0	10.4	9.6	6.7	8.4	8.9	8.2
Under 250.....	4.4	2.8	3.0	4.7	3.7	-0.6	0.9	2.9	3.0
250-999.....	7.4	4.3	4.9	5.7	4.9	1.7	3.4	4.6	4.6
1,000-4,999.....	9.0	5.9	7.0	6.8	6.1	3.6	4.7	5.0	4.8
5,000-99,999.....	11.3	9.1	10.1	10.2	9.3	6.8	7.9	8.3	7.9
100,000 and over.....	13.2	11.7	12.6	12.9	12.2	9.1	11.3	11.7	10.7
Ratio of profits after Federal taxes (annual rate) to stockholders' equity									
All asset sizes.....	14.8	10.4	10.7	11.2	10.5	9.5	9.4	10.4	9.3
Under 250.....	9.8	7.3	7.0	13.2	11.0	-4.2	0.1	8.1	8.0
250-999.....	13.1	7.3	7.9	10.3	8.1	2.2	4.6	8.1	8.1
1,000-4,999.....	14.1	7.5	8.9	8.8	7.4	5.0	5.3	6.1	5.6
5,000-99,999.....	14.9	9.5	10.3	10.6	9.5	8.1	8.1	8.8	8.1
100,000 and over.....	15.3	11.8	11.8	12.1	11.9	12.5	11.7	12.3	10.8
Profits after Federal taxes in cents per dollar of sales									
All asset sizes.....	6.7	4.3	4.3	4.4	4.3	4.0	4.3	4.7	4.4
Under 250.....	2.6	1.5	1.6	2.9	2.3	-0.9	0.0	1.8	1.8
250-999.....	4.3	2.0	2.2	2.8	2.3	0.6	1.4	2.4	2.4
1,000-4,999.....	5.2	2.5	3.0	2.9	2.5	1.7	1.9	2.2	2.1
5,000-99,999.....	6.7	3.9	4.1	4.2	4.0	3.5	3.7	4.0	3.8
100,000 and over.....	8.1	5.7	5.5	5.4	5.6	6.1	6.1	6.4	6.1

NOTE.—Beginning with the third quarter of 1951, these series are based on a new sample. However, the 1947-50 averages have not been adjusted and therefore are not strictly comparable with data for later periods. For explanatory notes concerning compilation of the series, see *Quarterly Financial Reports for United States Manufacturing Corporations* by Federal Trade Commission and Securities and Exchange Commission.

Sources: Federal Trade Commission and Securities and Exchange Commission.

TABLE D-52.—*Sources and uses of corporate funds, 1946-54*¹

[Billions of dollars]

Source or use of funds	1946	1947	1948	1949	1950	1951	1952	1953	1954 ²
Uses:									
Plant and equipment outlays.....	12.5	17.0	18.8	16.3	16.9	21.6	22.4	24.1	22.5
Inventories (change in book value).....	11.2	7.1	4.2	-3.6	9.8	9.4	1.8	2.6	-3.5
Change in customer net receivables ³	1.1	3.1	2.8	.9	5.0	2.0	2.4	.7	2.5
Cash and U. S. Government securities.....	-4.7	1.0	1.0	3.2	4.5	2.8	.3	1.2	-1.5
Other assets.....	-.6	(4)	.2	(4)	.3	.6	.8	.4	.5
Total uses.....	19.5	28.2	27.0	16.8	36.5	36.4	27.7	29.0	20.5
Sources:									
Internal:									
Retained profits and depletion allowances.....	7.2	11.4	12.4	7.6	12.4	9.1	7.5	8.3	7.0
Depreciation and amortization allowances.....	4.2	5.2	6.2	7.1	7.8	9.0	10.1	11.2	12.5
Total internal sources.....	11.4	16.6	18.6	14.7	20.2	18.1	17.6	19.5	19.5
External:									
Change in Federal income tax liability.....	-1.6	2.1	1.0	-2.2	7.2	4.4	-2.6	.9	-4.0
Other liabilities.....	2.1	1.5	.4	.5	1.0	1.9	2.0	.8	(4)
Change in bank loans and mortgage loans.....	3.9	3.3	1.8	-2.3	2.6	5.4	3.1	.4	-1.0
Net new issues.....	2.4	4.4	5.9	4.9	3.7	6.3	7.9	7.3	6.5
Total external sources.....	6.8	11.3	9.1	.9	14.5	18.0	10.4	9.4	1.5
Total sources.....	18.2	27.9	27.7	15.6	34.7	36.1	28.0	28.9	21.0
Discrepancy (uses less sources).....	1.3	.3	-.7	1.2	1.8	.3	-.3	.1	-.5

¹ Excludes banks and insurance companies.² Estimated to nearest half-billion dollars; by Council of Economic Advisers.³ Receivables are net of payables which are therefore not shown separately.⁴ Less than 50 million dollars.

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

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

TABLE D-53.—*Current assets and liabilities of all corporations, 1950-54*¹

[Billions of dollars, end of period]

Asset or liability	1950	1951	1952	1953				1954		
				March	June	September	December	March	June	September
Current assets										
Cash on hand and in banks..	28.1	30.0	30.6	28.0	29.6	30.0	30.7	27.8	28.9	30.1
U. S. Government securities..	19.7	20.7	20.4	20.2	18.9	20.6	21.5	19.7	16.8	18.6
Receivables from U. S. Government ¹	1.1	2.7	2.8	2.9	2.7	2.7	2.6	2.8	2.4	2.3
Other notes and accounts receivable.....	55.7	58.8	64.7	65.1	65.5	66.9	65.0	63.2	63.4	65.2
Inventories.....	55.1	64.9	65.4	66.9	67.2	68.3	67.5	67.3	65.5	65.1
Other current assets ²	1.7	2.1	2.4	2.4	2.4	2.4	2.4	2.5	2.6	2.7
Total current assets.....	161.5	179.1	186.2	185.6	186.2	191.0	189.7	183.3	179.6	183.9
Current liabilities										
Advances and prepayments, U. S. Government ¹.....	.4	1.3	2.3	2.6	2.5	2.5	2.2	2.5	2.4	2.6
Other notes and accounts payable.....	47.9	53.6	57.9	56.8	56.3	57.5	57.3	53.9	52.5	53.0
Federal income tax liabilities.....	16.7	21.3	17.7	16.3	15.6	17.9	18.7	14.9	11.7	13.6
Other current liabilities.....	14.9	16.5	18.3	18.5	19.0	19.6	18.9	19.1	18.8	19.4
Total current liabilities.....	79.8	92.6	96.1	94.2	93.4	97.5	97.1	90.4	85.4	88.6
Net working capital.....	81.6	86.5	90.1	91.3	92.8	93.5	92.6	92.9	94.2	95.3

¹ All corporations in the United States, excluding banks and insurance companies. Data for 1950-51 are based on *Statistics of Income*, covering virtually all corporations in the United States. Data for 1952-54 are estimates based on data compiled from many different sources, including data on corporations registered with the Commission. As more complete data become available, estimates are revised.

² Receivables from and payables to U. S. Government do not include amounts offset against each other on the corporation's books or amounts arising from subcontracting which are not directly due from or to the U. S. Government. Wherever possible, adjustments have been made to include U. S. Government advances offset against inventories on the corporation's books.

³ Includes marketable securities other than U. S. Government.

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

Source: Securities and Exchange Commission.

TABLE D-54.—Business population and business failures, 1929–54

Period	Operating businesses and business turnover ¹				New business incor- porations ²	Business failures, by size of liabilities ³						
	Operat- ing bus- i-nesses ⁴	New busi- nesses ⁴	Dis- con- tinued busi- nesses ⁴	Busi- ness trans- fers ⁴		Number of failures ⁴			Amount of current liabilities ⁴			
						Total	Under \$100,000	\$100,000 and over	Total	Under \$100,000	\$100,000 and over	
	Thousands of firms					Number of firms				Thousands of dollars		
1929.....	3,029.0	(⁵)	(⁵)	(⁵)	(⁵)	22,909	22,165	744	483,252	261,458	221,794	
1930.....	2,993.7	(⁵)	(⁵)	(⁵)	(⁵)	26,355	25,408	947	668,282	303,464	364,818	
1931.....	2,916.4	(⁵)	(⁵)	(⁵)	(⁵)	28,285	27,230	1,055	736,310	354,159	382,151	
1932.....	2,828.1	(⁵)	(⁵)	(⁵)	(⁵)	31,822	30,197	1,625	928,313	432,625	495,688	
1933.....	2,782.1	(⁵)	(⁵)	(⁵)	(⁵)	19,859	18,880	979	457,520	215,510	242,010	
1934.....	2,884.0	(⁵)	(⁵)	(⁵)	(⁵)	12,091	11,421	670	333,959	138,509	195,450	
1935.....	2,991.9	(⁵)	(⁵)	(⁵)	(⁵)	12,244	11,691	553	310,580	135,489	175,091	
1936.....	3,069.8	(⁵)	(⁵)	(⁵)	(⁵)	9,607	9,285	322	203,173	102,803	100,370	
1937.....	3,136.3	(⁵)	(⁵)	(⁵)	(⁵)	9,490	9,203	287	183,253	101,856	81,397	
1938.....	3,073.7	(⁵)	(⁵)	(⁵)	(⁵)	12,836	12,553	283	246,505	140,120	106,385	
1939.....	3,222.2	(⁵)	(⁵)	(⁵)	(⁵)	14,768	14,541	227	182,520	132,863	49,657	
1940.....	3,290.8	275.2	318.1	(⁵)	(⁵)	13,619	13,400	219	166,684	119,904	46,780	
1941.....	3,269.6	290.0	270.7	(⁵)	(⁵)	11,848	11,685	163	136,104	100,660	35,444	
1942.....	3,185.8	121.2	386.5	(⁵)	(⁵)	9,405	9,282	123	100,763	80,286	20,477	
1943.....	2,905.1	146.0	337.0	(⁵)	(⁵)	3,221	3,155	66	45,339	31,184	14,155	
1944.....	2,916.5	330.9	174.6	359.4	(⁵)	1,222	1,176	46	31,660	14,548	17,112	
1945.....	3,113.9	422.7	175.6	473.2	(⁵)	809	759	50	30,225	11,385	18,840	
1946.....	3,487.2	617.4	208.7	626.9	132,916	1,129	1,002	127	67,349	15,717	51,632	
1947.....	3,783.2	460.8	239.2	571.9	112,638	3,474	3,103	371	204,612	63,668	140,944	
1948.....	3,948.3	393.3	282.0	501.3	96,101	5,250	4,853	397	234,620	93,899	140,721	
1949.....	4,000.0	331.1	306.5	434.7	85,491	9,246	8,708	538	308,109	161,386	146,723	
1950.....	4,050.7	348.2	289.6	419.4	92,925	9,162	8,746	416	248,283	151,189	97,094	
1951.....	4,108.5	363.2	309.3	378.3	83,649	8,058	7,626	432	259,547	131,593	127,954	
1952.....	4,167.4	363.9	306.4	374.9	92,819	7,611	7,081	530	283,314	131,871	151,443	
1953.....	4,193.9	340.5	334.0	357.2	102,545	8,862	8,075	787	394,153	167,530	226,623	
1954 ⁶	(⁵)	(⁵)	(⁵)	(⁵)	116,800	11,086	10,226	860	462,628	211,392	251,236	
1953: January.....						9,468	647	604	43	23,309	11,679	11,630
February.....						7,943	691	632	50	27,273	12,152	15,121
March.....		199.3	172.4	206.0		9,659	739	674	65	31,082	13,365	17,717
April.....						9,507	693	628	65	27,520	12,575	14,945
May.....						8,968	697	636	61	32,789	13,193	19,596
June.....	4,205.7					8,926	817	767	50	32,379	16,186	16,194
July.....						8,703	724	651	73	39,830	13,931	25,899
August.....						7,487	700	639	61	28,529	13,087	15,442
September.....		141.2	161.6	151.2		7,433	686	610	76	33,817	13,790	20,027
October.....						8,267	840	766	74	37,076	15,904	21,172
November.....						7,269	815	745	70	36,795	15,609	21,186
December.....	4,185.3					8,915	813	723	90	43,754	16,060	27,694
1954: January.....						9,543	867	810	57	29,592	17,392	12,200
February.....						8,533	926	848	78	47,774	18,411	29,363
March.....		189.0	175	124.8		10,514	1,102	996	104	57,280	21,623	35,657
April.....						10,272	975	904	71	42,512	17,657	24,855
May.....						9,280	943	874	69	38,494	17,748	20,746
June.....	4,200					9,748	965	884	81	41,613	18,800	22,813
July.....						9,409	856	788	68	32,230	16,030	16,200
August.....						9,041	912	842	70	32,582	16,818	15,764
September.....		(⁵)	(⁵)	(⁵)		9,256	819	752	67	36,331	15,930	20,401
October.....						9,852	871	817	54	29,000	16,378	12,622
November.....						9,735	933	870	63	35,067	17,335	17,732
December ⁷	(⁵)					11,600	917	839	78	40,103	17,270	22,833

¹ Excludes firms in fields of agriculture and professional services. Includes self-employed person only if he has either an established place of business or at least one employee.

² Industrial and commercial only; excludes banks, railroads, insurance companies, etc.

³ Annual estimates are end-of-quarter data centered at June 30; half-yearly estimates are for end of period.

⁴ Total for period.

⁵ Not available.

⁶ Revised series no longer carries group of agents and commercial services (such as real estate and insurance brokers, holding and finance companies, tourist agencies, etc.).

⁷ Revised series has more complete coverage of small firms.

⁸ Preliminary.

Sources: Department of Commerce and Dun & Bradstreet, Inc.

INTERNATIONAL TRANSACTIONS

TABLE D-55.—United States balance of payments, excluding U. S. Government grants of military goods and services, 1947-54

[Billions of dollars]

Area and type of transaction	1947	1948	1949	1950	1951	1952	1953	1954 ¹
WITH THE WORLD ²								
Exports of goods and services, excluding military transfers:								
Merchandise exports.....	16.0	13.2	12.1	10.1	14.1	13.3	12.4	12.7
Transportation.....	1.7	1.3	1.2	1.0	1.6	1.6	1.2	(³)
Travel.....	.3	.3	.4	.4	.4	.5	.5	(³)
Income on investments.....	1.1	1.3	1.4	1.6	1.9	1.8	1.9	(³)
Other.....	.5	.6	.7	.7	.8	.9	.9	(³)
Total exports, excluding military transfers.....	19.7	16.8	15.8	13.9	18.8	18.1	17.0	17.4
Military transfers under aid programs (excluded from balances).....	(⁴)	.3	.2	.5	1.5	2.6	4.3	(³)
Imports of goods and services:								
Military expenditures abroad.....	.5	.8	.6	.6	1.3	2.0	2.5	(³)
Merchandise imports.....	6.0	7.6	6.9	9.1	11.2	10.8	11.0	10.3
Transportation.....	.6	.6	.7	.8	1.0	1.1	1.1	(³)
Travel.....	.5	.6	.7	.7	.7	.8	.9	(³)
Income on investments.....	.2	.3	.3	.3	.4	.4	.4	(³)
Other.....	.4	.4	.6	.5	.5	.6	.6	(³)
Total imports.....	8.2	10.3	9.7	12.1	15.1	15.7	16.4	15.9
Unilateral transfers other than U. S. Government grants [net outflow (-)].....	- .7	- .6	- .6	- .5	- .5	- .6	- .6	- .6
Balance on goods and services and unilateral transfers other than U. S. Government grants [net outflow (-)].....	+10.8	+5.9	+5.5	+1.3	+3.3	+1.8	0	+ .9
U. S. private capital [net outflow (-)].....	-1.0	- .9	- .6	-1.3	-1.1	-1.2	- .4	-1.3
Errors and omissions.....	+ .9	+1.1	+ .8	(⁴)	+ .5	+ .5	+ .2	+ .1
Balance on goods and services, unilateral transfers excluding grants, U. S. private capital, and errors and omissions [net outflow (-)].....	+10.7	+6.1	+5.7	(⁴)	+2.7	+1.1	- .2	- .3
U. S. Government capital and grants, excluding military transfers.....	⁵ -8.9	-4.9	-5.6	-3.6	-3.2	-2.4	-2.0	-1.3
Increase (+) or decrease (-) in foreign gold and dollar assets through transactions with the U. S.:	-1.9	-1.2	- .1	+3.6	+ .5	+1.2	+2.3	+1.6
WITH CONTINENTAL WESTERN EUROPE AND DEPENDENCIES ⁶								
Exports of goods and services, excluding military transfers.....	5.8	5.1	4.6	3.3	4.3	4.0	3.4	(³)
Imports of goods and services.....	1.6	2.0	2.0	2.2	2.9	3.6	4.2	(³)
Balance on goods and services and unilateral transfers excluding grants [net outflow (-)].....	+4.2	+3.1	+2.6	+1.1	+1.3	+ .4	- .7	(³)
U. S. private capital [net outflow (-)].....	- .1	- .1	+ .1	- .2	(⁴)	- .1	+ .1	(³)
Multilateral transfers ⁷	- .5	+ .2	+ .6	+ .2	+ .5	(⁴)	- .3	(³)
Balance on goods and services, unilateral transfers excluding grants, U. S. private capital, and multilateral transfers [net outflow (-)].....	+3.6	+3.2	+3.2	+1.1	+1.8	+ .3	- .9	(³)
U. S. Government capital and grants, excluding military transfers.....	-1.7	-3.0	-3.4	-2.2	-2.0	-1.1	- .7	(³)
Increase (+) or decrease (-) in foreign gold and dollar assets ⁸	-1.9	- .2	+ .2	+1.1	+ .2	+ .8	+1.6	(³)

See footnotes at end of table.

TABLE D-55.—United States balance of payments, excluding U. S. Government grants of military goods and services, 1947-54—Continued

[Billions of dollars]

Area and type of transaction	1947	1948	1949	1950	1951	1952	1953	1954 ¹
WITH STERLING AREA ²								
Exports of goods and services, excluding military transfers.....	3.7	2.7	2.6	2.0	3.3	3.0	2.5	(³)
Imports of goods and services ⁴	1.8	2.0	1.8	2.3	3.0	2.8	2.8	(³)
Balance on goods and services and unilateral transfers excluding grants [net outflow (-)].....	+1.9	+7	+7	-3	+3	+2	-2	(³)
U. S. private capital [net outflow (-)].....	-1	-1	-1	-3	-1	-1	(³)	(³)
Multilateral transfers ⁵	+1.6	+1.4	+1.0	+3	+4	+6	+2	(³)
Balance on goods and services, unilateral transfers excluding grants, U. S. private capital, and multilateral transfers [net outflow (-)].....	+3.5	+2.0	+1.6	-3	+6	+7	-1	(³)
U. S. Government capital and grants, excluding military transfers.....	-2.6	-9	-1.1	-7	-3	-6	-4	(³)
Increase (+) or decrease (-) in foreign gold and dollar assets ⁶	-9	-1.0	-5	+1.0	-4	-2	+5	(³)
WITH CANADA								
Exports of goods and services, excluding military transfers.....	2.7	2.5	2.6	2.8	3.5	3.8	4.1	(³)
Imports of goods and services ⁴	1.5	2.0	2.0	2.4	2.8	3.0	3.1	(³)
Balance on goods and services and unilateral transfers excluding grants.....	+1.2	+4	+5	+3	+7	+9	+9	(³)
U. S. private capital [net outflow (-)].....	+2	-2	-1	-7	-4	-4	-4	(³)
Multilateral transfers ⁵	-5	-6	-5	-3	-3	-8	-4	(³)
Balance on goods and services, unilateral transfers excluding grants, U. S. private capital, and multilateral transfers [net outflow (-)].....	+8	-4	(³)	-6	(³)	-3	+1	(³)
U. S. Government capital and grants, excluding military transfers.....	(³)	(³)	(³)	(³)	(³)	(³)	(³)	(³)
Increase (+) or decrease (-) in foreign gold and dollar assets ⁶	-8	+4	(³)	+6	(³)	+3	-1	(³)
WITH LATIN AMERICA ⁶								
Exports of goods and services, excluding military transfers.....	4.8	4.2	3.6	3.8	5.1	4.8	4.4	(³)
Imports of goods and services ⁴	2.7	3.1	3.0	3.6	4.2	4.3	4.3	(³)
Balance on goods and services and unilateral transfers excluding grants [net outflow (-)].....	+2.0	+1.1	+6	+2	+9	+5	+1	(³)
U. S. private capital [net outflow (-)].....	-6	-3	-2	(³)	-3	-4	+2	(³)
Multilateral transfers ⁵	-6	-7	-7	-5	-6	-2	-1	(³)
Balance on goods and services, unilateral transfers excluding grants, U. S. private capital, and multilateral transfers [net outflow (-)].....	+8	(³)	-3	-3	+1	-1	+1	(³)
U. S. Government capital and grants, excluding military transfers.....	-2	(³)	-1	(³)	-1	-1	-4	(³)
Increase (+) or decrease (-) in foreign gold and dollar assets ⁶	-6	-1	+4	+3	(³)	+1	+2	(³)

See footnotes at end of table.

TABLE D-55.—United States balance of payments, excluding U. S. Government grants of military goods and services, 1947-54—Continued

[Billions of dollars]

Area and type of transaction	1947	1948	1949	1950	1951	1952	1953	1954 ¹
WITH OTHER COUNTRIES ²								
Exports of goods and services, excluding military transfers.....	2.8	2.4	2.5	2.1	2.9	2.6	2.7	(³)
Imports of goods and services ⁴	1.3	1.7	1.4	2.0	2.7	2.6	2.7	(³)
Balance on goods and services and unilateral transfers excluding grants [net outflow (-)].....	+1.5	+6	+1.1	+1	+2	(⁴)	+1	(³)
U. S. private capital [net outflow (-)].....	-.4	-.1	-.2	-.1	-.3	-.1	-.2	(³)
Multilateral transfers ⁵	+8	+8	+3	+2	+3	+6	+7	(³)
Balance on goods and services, unilateral transfers excluding grants, U. S. private capital, and multilateral transfers.....	+2.0	+1.3	+1.3	+2	+2	+5	+5	(³)
U. S. Government capital and grants, excluding military transfers.....	⁶ -4.3	-1.0	-1.0	-.8	-.8	-.6	-.5	(³)
Increase (+) or decrease (-) in foreign gold and dollar assets ⁷	+2.3	-.3	-.2	+6	+6	+1	(⁴)	(³)

¹ Preliminary estimates by Council of Economic Advisers.

² Includes International institutions.

³ Not available.

⁴ Less than 50 million dollars.

⁵ Includes 3.1 billion dollars for subscription to International Monetary Fund and International Bank for Reconstruction and Development.

⁶ For geographic coverage, see *Survey of Current Business*, July 1954.

⁷ Includes net unilateral transfers other than U. S. Government military and economic aid.

⁸ Includes errors and omissions; (+) indicates payment by the area.

⁹ Includes gold transactions with the United States only.

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

Source: Department of Commerce (except as noted).

TABLE D-56.—U. S. Government grants and capital movements to foreign countries, 1947-54

[Millions of dollars]

Type of aid	1947	1948	1949	1950	1951	1952	1953	1954 ¹
Disbursements on grants:								
Military goods and services:								
Mutual defense ² :				460	1,458	2,603	4,281	3,362
Greek-Turkish aid.....	43	254	170	61	9			
Chinese aid.....		46	40	5	3			
Other Government grants:								
ECA and mutual security:								
Europe.....		1,397	3,730	2,719	2,507	1,528	1,194	1,012
Other areas.....		96	92	114	152	138	439	405
Army civilian supply.....	1,066	1,450	1,077	500	361	168	136	24
Philippine rehabilitation.....	86	130	203	166	12	4	(³)	(³)
International relief agencies, excluding UNRRA.....	34	116	104	84	39	48	93	56
UNRRA, post-UNRRA, and interim aid.....	784	627	2					
Other grants.....	169	151	34	55	87	160	53	56
Total disbursements.....	2,182	4,267	5,452	4,164	4,628	4,649	6,196	4,915
Less: Receipts.....	242	73	245	154	123	86	102	76
Equals: Net unilateral payments.....	1,940	4,194	5,207	4,010	4,505	4,563	6,094	4,839
Long-term capital:								
Subscription to:								
International Bank for Reconstruction and Development.....	317							
International Monetary Fund.....	2,745							
British loan.....	2,850	300						
ECA and MSA programs.....		476	428	163	209	334	64	56
Export-Import Bank.....	797	454	163	193	222	483	645	178
Surplus credits (including ship sales).....	280	308	35	2				
Raw material credits to occupied areas.....	86	7	26	28				
United Nations building loan.....		3	20	22	13	7		
Other.....	75	7	12	6	14	23	7	4
Total long-term capital outflow.....	7,150	1,555	684	414	458	847	716	238
Less: Repayments.....	294	443	205	295	305	429	485	512
Equals: Net long-term capital outflow.....	6,856	1,112	479	119	153	418	231	-274
Short-term capital, net outflow.....	113	-88	173	37	3	2	-11	116
U. S. Government grants of military goods and services ²	43	300	210	526	1,470	2,603	4,281	3,362
Other U. S. Government grants, net.....	1,897	3,894	4,997	3,484	3,035	1,960	1,813	1,477
U. S. Government long- and short-term capital net outflow.....	6,969	1,024	652	156	156	420	220	-158

¹ January-September data at annual rates.² Includes loans and returns of military equipment.³ Less than 500 thousand dollars.

Source: Department of Commerce.

TABLE D-57.—*Estimated gold reserves and dollar holdings of foreign countries, 1928, 1937, and 1946-54*

[Billions of dollars, end of year]

Area	1928	1937	1946	1947	1948	1949	1950	1951	1952	1953	1954 ¹
All foreign countries.....	8.8	15.1	19.4	15.2	15.0	15.4	19.1	19.2	20.5	23.1	24.7
Sterling area.....	1.4	4.9	4.5	3.7	2.9	2.7	4.5	3.8	3.3	4.1	4.3
Continental OEEC countries and dependencies.....	4.3	6.8	7.0	5.3	5.6	6.0	6.6	6.9	8.1	9.8	11.2
Other Europe.....	.8	1.0	.9	.8	.7	.6	.6	.5	.6	.5	.6
Canada.....	.4	.4	1.5	.7	1.2	1.4	2.0	2.2	2.5	2.4	2.6
Latin American Republics.....	1.1	1.0	3.7	2.9	2.7	3.1	3.5	3.4	3.4	3.6	3.6
All other countries.....	.8	1.0	1.8	1.8	1.9	1.6	1.9	2.4	2.6	2.7	2.4

¹ Preliminary.

NOTE.—Includes gold reserves and dollar holdings of all foreign countries with the exception of U. S. S. R. gold reserves. Holdings of the Bank for International Settlements (both for its own and EPU accounts) and of the Tripartite Commission for Restitution of Monetary Gold are included with the holdings of Continental OEEC countries and dependencies. Figures represent (1) reported and estimated gold reserves of central banks and governments, and (2) official and private dollar holdings reported by banks in the United States, including foreign-held deposits, U. S. Government securities maturing within 20 months after date of purchase, and certain other short-term liabilities to foreigners. Year-end estimates for all years except 1928; the 1928 figures are estimated on the basis of gold reserves at the end of that year plus dollar holdings reported by certain New York City banks as of May 31, 1929.

Source: Board of Governors of the Federal Reserve System.

TABLE D-58.—*Indexes of quantity and unit value of United States merchandise imports for consumption and of domestic merchandise exports, by economic class, 1936-38 average and 1947-54*

[1936-38=100]

Period	Total	Crude materials	Crude foodstuffs	Manufactured foodstuffs	Semi-manufactures	Finished manufactures
Quantity						
Merchandise imports for consumption: ¹						
1936-38 average.....	100	100	100	100	100	100
1947.....	108	129	96	83	130	84
1948.....	123	139	109	91	149	103
1949.....	120	125	119	97	143	101
1950.....	146	152	113	117	219	125
1951.....	144	142	119	122	200	134
1952.....	151	150	118	129	206	150
1953.....	158	148	124	132	227	160
1954 ²	148	142	105	135	203	159
Unit value						
1936-38 average.....	100	100	100	100	100	100
1947.....	213	180	311	208	191	245
1948.....	235	203	343	212	217	266
1949.....	224	195	330	202	198	258
1950.....	243	214	454	263	193	252
1951.....	305	312	512	221	244	296
1952.....	289	258	516	222	248	292
1953.....	276	232	519	221	235	287
1954 ²	283	226	623	218	227	287
Quantity						
Domestic merchandise exports: ¹						
1936-38 average.....	100	100	100	100	100	100
1947.....	275	123	397	478	203	332
1948.....	214	100	362	350	144	257
1949.....	219	126	435	297	150	250
1950.....	193	128	287	237	127	225
1951.....	247	142	475	264	154	298
1952.....	251	121	427	243	152	326
1953.....	263	105	320	230	137	379
1954 ²	252	120	258	242	173	343
Unit value						
1936-38 average.....	100	100	100	100	100	100
1947.....	188	195	248	218	169	182
1948.....	200	223	255	223	184	193
1949.....	186	212	225	177	174	184
1950.....	180	220	193	151	170	179
1951.....	206	260	215	189	209	199
1952.....	205	245	233	177	206	200
1953.....	204	231	219	183	200	201
1954 ²	202	236	194	186	200	199

¹ The indexes of quantity are a measure of the volume of trade after the influence on value of changes in average prices has been eliminated. The indexes of unit value provide a measure of change in the average prices at which trade transactions are reported in official foreign trade statistics.

² Estimates based on data for the first 9 months.

NOTE.—Export indexes of crude and manufactured foodstuffs in some periods are influenced by sales of large quantities of food products at prices considerably below market quotations. Such exports include sales from Government-owned surplus and shipments on which subsidies were paid by the Department of Agriculture.

Source: Department of Commerce.

SUMMARY

TABLE D-59.—Changes in selected economic series since 1947 and since 1953

Source: Ap- pendix Table No.	Economic series	Relatives on 1947 base						Per- centage change, 1953 to 1954 ¹
		1948	1949	1950	1952	1953	1954	
D-1	Gross national product.....	111	111	123	149	157	154	-2.1
	Personal consumption expend- itures.....	108	109	118	132	139	142	+1.7
	Gross private domestic invest- ment.....	139	109	172	171	173	155	-10.3
	Government purchases of goods and services.....	128	152	147	270	298	271	-9.0
D-2	Gross national product, 1954 prices.....	105	104	114	126	132	128	-3.1
	Personal consumption expend- itures.....	102	105	111	115	120	120	+3
	Gross private domestic invest- ment.....	123	94	145	130	129	116	-10.5
	Government purchases of goods and services:							
	Total.....	121	140	132	216	240	216	-10.0
	Federal.....	132	154	130	290	330	274	-17.1
D-4	State and local.....	110	125	135	139	146	156	+7.0
	Gross private product, 1954 prices.....	105	104	115	125	131	126	-3.2
	Farm.....	120	110	117	111	115	116	+9
	Nonfarm.....	104	104	114	126	132	127	-3.4
D-6	Government product.....	100	105	109	150	148	144	-2.8
	Personal consumption expendi- tures.....	108	109	118	132	139	142	+1.7
	Durable goods.....	108	115	139	130	144	141	-2.4
	Nondurable goods.....	106	104	108	125	128	129	+1.3
D-8	Services.....	111	117	127	147	159	165	+3.8
	National income.....	112	110	122	148	155	152	-1.6
	Compensation of employees.....	109	109	120	152	162	161	-9
	Business and professional.....	109	108	115	129	132	130	-1.1
D-11	Farm proprietors.....	115	88	92	98	84	82	-2.5
	Rental income.....	111	122	131	154	163	168	+2.8
	Corporate profits before taxes and inventory valuation.....	130	119	149	162	163	148	-9.1
	Personal income.....	110	109	119	142	150	150	+1
D-12	Disposable personal income.....	111	111	122	140	148	150	+1.4
	Personal net saving.....	250	190	302	460	500	490	-2.0
	Per capita disposable personal in- come:							
	Current prices.....	109	108	116	129	134	133	-.4
D-15	1954 prices.....	101	101	108	108	111	111	-.8
	Realized net farm income.....	93	81	74	81	79	75	-5.8
D-16	Population: Total.....	102	104	105	109	111	113	+1.7
	14 years of age and over.....	101	102	103	105	107	108	+9
D-16	Labor force, including armed forces.....	102	103	105	108	109	110	+7
	Civilian labor force.....	102	103	105	105	106	107	+1.0
	Employment.....	102	101	103	106	107	106	-1.6
	Agricultural.....	96	97	91	82	79	79	-9
D-22	Nonagricultural.....	103	102	105	109	112	110	-1.6
	Wage and salary workers in non- agricultural establishments.....	102	100	103	111	114	111	-2.8
	Manufacturing.....	100	93	98	107	113	105	-7.1
	Durable.....	99	89	97	112	121	110	-9.4
D-24	Nondurable.....	101	97	99	101	103	99	-3.8
	Contract construction.....	109	109	118	133	133	133	-.6
	Government.....	103	107	110	121	122	123	+1.0
	All other.....	103	102	103	110	112	111	-.9
D-24	Average gross hourly earnings:							
	Manufacturing.....	109	113	118	135	143	146	+2.3
	Durable goods.....	109	114	119	137	145	149	+2.7
	Nondurable goods.....	109	113	118	132	138	142	+3.1
	Building construction.....	51	116	121	138	148	155	+4.8
	Retail trade.....	108	113	117	131	139	144	+3.6

See footnotes at end of table.

TABLE D-59.—Changes in selected economic series since 1947 and since 1953—Continued

Source: Ap- pendix Table No.	Economic series	Relatives on 1947 base						Per- centage change, 1953 to 1954 ¹
		1948	1949	1950	1952	1953	1954	
D-25	Average gross weekly earnings:							
	Manufacturing.....	108	110	119	136	143	143	-1.1
	Durable goods.....	109	111	121	140	147	147	-1.3
	Nondurable goods.....	108	109	117	130	135	138	+1.6
	Building construction.....	109	112	116	139	145	149	+2.6
	Retail trade.....	108	113	117	130	135	140	+3.4
D-26	Industrial production.....	104	97	112	124	134	125	-6.7
	Manufactures.....	103	97	113	125	136	127	-6.6
	Durable.....	103	94	115	135	151	137	-9.8
	Nondurable.....	103	100	112	115	119	117	-1.7
	Minerals.....	106	94	105	114	116	111	-4.3
D-27	Agricultural production.....	109	106	105	113	114	114	.0
D-28	Business expenditures for new plant and equipment.....	107	94	100	129	138	129	-6.0
	Manufacturing.....	105	82	86	134	141	129	-8.5
D-29	New construction, current prices...	130	137	170	198	211	223	+5.4
	Private.....	127	124	162	167	180	194	+7.7
	Residential (nonfarm).....	136	131	206	176	189	213	+12.7
	Public.....	141	187	204	318	331	334	+6
D-35	Wholesale price index: All com- modities.....	108	103	107	116	114	114	+2
	Farm products.....	107	93	98	107	97	96	-1.3
	Processed foods.....	108	97	102	111	107	107	+7
	Other than farm products and foods.....	108	106	110	119	120	120	+4
D-36	Consumer price index: All items...	108	107	108	119	120	120	+4
	Food.....	109	104	106	119	118	118	0
	Apparel.....	107	102	101	109	108	107	-5
	Rent.....	107	111	115	125	131	136	+3.6
	Medical care ²	106	110	112	123	128	132	+3.1
D-37	Prices received by farmers.....	104	91	93	104	93	91	-3.1
	Parity index (prices paid, interest, taxes, and wage rates).....	108	105	107	120	116	117	+7
D-39	Short- and intermediate-term con- sumer credit outstanding.....	125	148	180	223	255	261	+2.2
	Installment credit.....	134	172	216	279	331	336	+1.4
	Automobile paper.....	159	244	330	421	537	541	+6
D-41	Mortgage debt outstanding.....	115	128	149	186	207	231	+11.7
D-42	Demand deposits adjusted and cur- rency.....	98	98	104	114	115	118	+3.1
D-43	Loans and investments of all com- mercial banks.....	98	103	109	122	125	134	+7.0
	Loans.....	112	113	137	169	177	184	+3.8
	Investments in U. S. Govern- ment obligations.....	90	97	90	91	92	100	+9.6
D-45	Gross public debt and guaranteed issues.....	98	100	100	104	107	108	+1.3
D-49	Corporate profits before taxes.....	111	89	136	126	134	119	-11.2
	Corporate profits after taxes.....	112	87	121	95	101	98	-2.7
	Dividend payments.....	111	115	142	140	145	152	+5.3
	Undistributed profits.....	111	71	110	69	76	68	-10.1
D-54	New business incorporations.....	85	76	82	82	91	104	+13.9
	Business failures.....	161	266	264	219	255	319	+25.1
D-58	Merchandise imports (quantity)...	114	111	135	140	146	137	-6.3
	Merchandise exports (quantity)...	78	80	70	91	96	92	-4.2

¹ Changes are computed from data as reported and therefore may differ slightly from changes computed from the relatives shown here.

² Based on percentage changes published in Department of Labor monthly reports on consumer prices.

