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# Economic Report

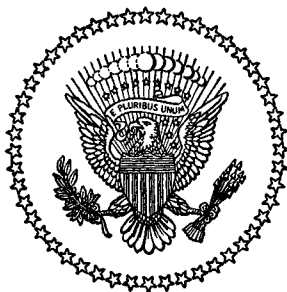
## of the President

TRANSMITTED TO THE CONGRESS



# Economic Report of the President

TRANSMITTED TO THE CONGRESS  
JANUARY 24, 1956



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## LETTER OF TRANSMITTAL

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THE WHITE HOUSE,  
January 24, 1956.

*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.

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

### *Recent Economic Achievements*

Full employment, rising incomes, and a stable dollar have been cherished goals of our society. The practical attainment of these ideals during 1955 was the year's great economic achievement.

The past year has brought fresh witness to the basic strength and resiliency of our economy. We have broken through to new and higher ground, and have reached the threshold of a 400 billion dollar economy.

Whether we observe economic activity at the stage of production, or employment, or income disbursement, or consumer spending, we find evidence of progress and prosperity. The Nation's expanding income is being shared widely. Employment and wages are at record levels. Both investment and consumer spending are going forward at a good pace. Some groups of people have not, however, enjoyed a full measure of prosperity, and we must keep that fact before us as we build for the future.

### *The Role of Government*

The mainspring of our economy is to be found in the qualities of the American people. Given free institutions and a favorable physical environment, an expanding economy is the natural fruit of the enterprise of such a people.

Today, we believe as strongly in economic progress through free and competitive enterprise as our fathers did, and we resent as they did any unnecessary intrusion of Government into private affairs. But we have also come to believe that progress need not proceed as irregularly as in the past, and that the Federal Government has the capacity to moderate economic fluctuations without becoming a dominant factor in our economy.

Our governmental policies have concentrated on building an economic environment that favors an orderly expansion of private activities. The Federal Government has not sought to maintain good times by expanding our already huge governmental outlays or by permitting the value of money to depreciate.

The Administration has sought, in cooperation with the Congress, to discharge its responsibility through a series of closely related policies. *First*, by removing direct controls over prices and wages, which had outlived their usefulness. *Second*, by preserving an actively competitive environment and assisting new and small businesses. *Third*, by curtailing governmental activities that could be handled as well or better by private enterprise. *Fourth*, by restricting public expenditures, and yet adding to the country's defensive strength and its stock of public assets, especially highways, hospitals, and educational facilities. *Fifth*, by lightening the burden of taxes imposed on individuals and businesses. *Sixth*, by extending the ties of trade and investment with other nations of the Free World. *Seventh*, by tempering the impact of unemployment, old age, illness, and blighted neighborhoods on people, yet not impairing self-reliance. *Eighth*, by extending the automatic workings of our fiscal system that tend to offset or cushion changes in income arising from changes in economic activity. *Ninth*, by attacking fundamental causes of weakness in the farm situation. *Tenth*, by acting promptly and resolutely when either recessionary or inflationary influences in the general economy became evident.

To help keep our surging economy in a healthy condition the Government in 1955 held the tax line. The Federal Reserve System shifted from a policy of active credit ease to one of moderate restraint. These policies contributed in large degree to the achievement and maintenance of prosperity without price inflation.

### *Extending Prosperity*

A period of general prosperity, such as we have recently been experiencing, presents a challenge to an intelligent citizenry. We must find ways and means of extending prosperity to the less flourishing sectors of our economy.

The position of farmers in our dynamic economy has aroused deep concern. It is imperative that we strengthen farm programs on the basis of a realistic appraisal of the present situation.

The persisting decline in farm prices and incomes reflects a continuing imbalance between farm output and its ultimate disposition. The imbalance and resulting huge surpluses are to be traced largely to the technological revolution in American agriculture, changing domestic demands for farm products, the expansion of agricultural production abroad, and the repeated extension of wartime price-support levels long after the end of World War II.

Many parts of our agricultural policy are working well and require only moderate changes. Together with the nine-point program built around

the Soil Bank put forward in the recent Message on Agriculture, they constitute a many-sided attack on the ills that beset agriculture. There is no easy cure for persisting surplus conditions. The programs now recommended, if framed wisely and adopted promptly, will promote the welfare of farmers and the Nation.

The basic cause of low incomes is low productivity, irregular employment, or both. The Government can do a great deal to help people who have been left behind in the onrush of progress by undertaking special programs for raising their productivity.

One of the largest groups of low-income families is in rural areas, mostly on farms too small for efficient operation. The Rural Development Program is a soundly conceived approach to helping these farm families raise their productivity and thereby improve their economic status. Legislation is needed which will permit the program to be expanded in line with recommendations made last year.

To cope with chronic unemployment which has persisted in some communities, despite the attainment of practically full employment in the Nation at large, a new Area Assistance Program is recommended.

Vocational rehabilitation, widened coverage of the Federal Old-Age and Survivors Insurance Program, and housing needs of older people are fields in which advances should be made.

Relatively few people are as yet protected by insurance against catastrophic illness. The pooling of risks by private carriers, or if need be through a Federal program, would help meet this problem.

A joint Federal-State program for indemnifying flood victims on losses to real property, business inventories, and household effects should be authorized.

### *Building for Future Prosperity*

Lasting prosperity of the Nation depends far more on what individuals do for themselves than on what the Federal Government does or can do for them. The rate of our economic advance in the years ahead will depend largely on our ability as a people to preserve an environment that rewards individual initiative and encourages enterprise, innovation, and investment.

Government can contribute to the strengthening of competitive enterprise through monetary, fiscal, and housekeeping policies that promote high and rising levels of economic activity; by helping small and medium-sized businesses overcome impediments to their expansion; and by vigorous measures for preventing monopolistic practices and combinations.

For the present fiscal year a balanced budget is in prospect. Once a budgetary surplus comes definitely into sight and economic conditions continue to be favorable, we should begin reducing our huge public debt. Such an act of fiscal integrity would signify with unmistakable clarity that our democracy is capable of self-discipline.

To help meet the pressing need for more schoolrooms, the Congress is urged to authorize a program of Federal aid for school construction which, over a five-year period, could be expected to stimulate the States and localities to sufficiently greater efforts to remove the accumulated shortages.

The country urgently needs a modernized interstate highway system to relieve existing congestion, to provide for the expected growth of motor vehicle traffic, to strengthen the Nation's defenses, to reduce the toll of human life exacted each year in highway accidents, and to promote economic development.

The development of consumer instalment credit has been highly beneficial to our economy. However, it sometimes accentuates movements in the buying of consumer durable goods. Although present conditions do not call for the use of any authority to regulate the terms of instalment credit, this is a good time for the Congress and the Executive Branch to study the problem.

Sound policies to promote the expansion of the international flow of goods, capital, enterprise, and technology will powerfully advance our national security and economic welfare, and help to build a stronger and more unified community of free nations.

Early passage of legislation authorizing membership of the United States in the Organization for Trade Cooperation and providing for further customs simplification is of high importance.

### *Conclusion*

Foresight has helped our Nation make great strides in recent years toward a balanced and sustained prosperity. We have succeeded in expanding the scope of free enterprise, and yet increased the sense of security that people need in a highly industrialized age.

Taking recent developments all together, it is reasonable to expect that high levels of production, employment, and income will be broadly sustained during the coming year, and that underlying conditions will remain favorable to further economic growth.

Great opportunities lie ahead for American businessmen, consumers, workers, farmers, and investors. The recommendations of this Report should be helpful in the realization of these opportunities.

DWIGHT D. EISENHOWER.



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## Chapter 1

### Recent Economic Achievements

**T**EN MOMENTOUS YEARS have elapsed since passage of the Employment Act. Opinions may differ concerning the economic policies that have been pursued in this critical period in national and world affairs. Yet there is broad agreement that the American economy has met severe tests with considerable success, and that the Employment Act has provided sound guidance and serviceable procedures for promoting economic growth and stability. The past year brought fresh witness to the basic strength and resiliency of our economy, its expansive power, and its contribution to improving the living of Americans. As we look to the future, there is ground for confidence that our economic progress will continue despite occasional strains and setbacks, that means of easing strains and moderating setbacks are at hand, and that the good times we are now generally experiencing will be extended to sectors of the economy which have lagged in the advance of prosperity.

#### I. NEW LEVELS OF ECONOMIC ACTIVITY

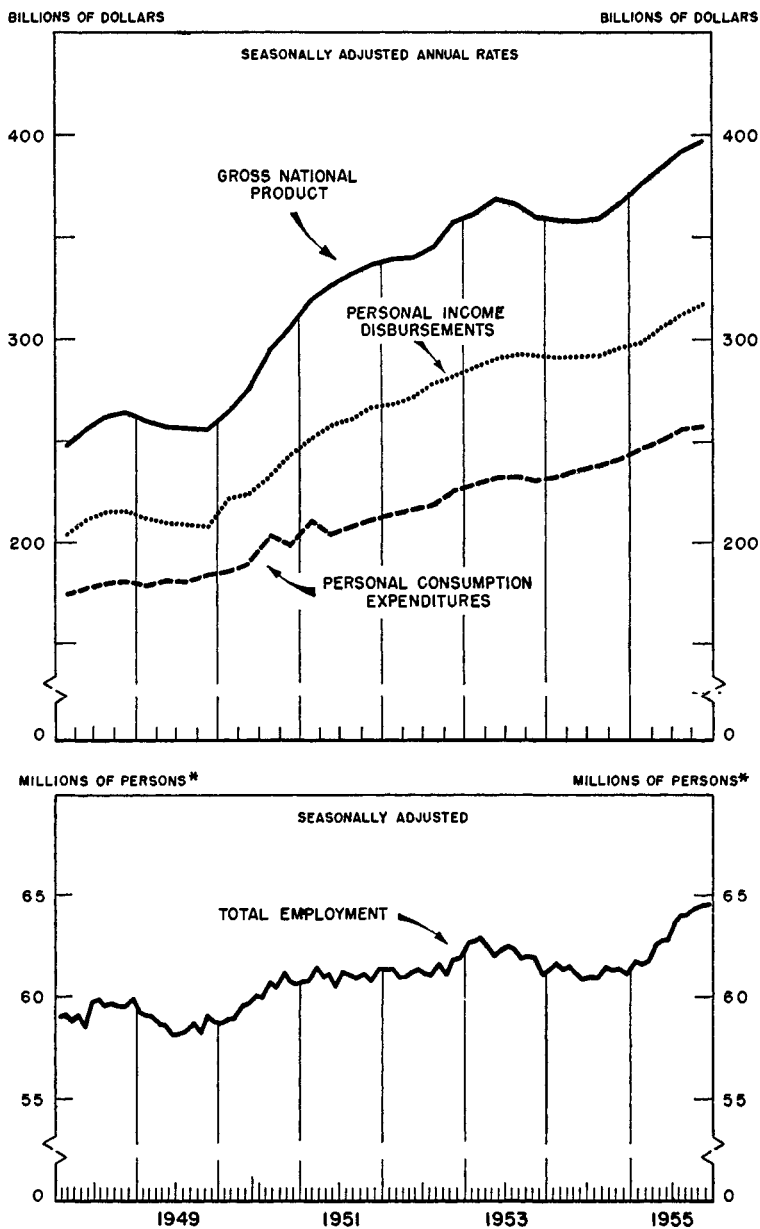
Our economy has broken through to new and higher ground, which the charts and tables of this Report delineate. We have reached the threshold of a 400 billion dollar economy, and the recent advance has been accomplished without the specious aid of price inflation.

The rapidity of recent progress is seen most clearly in aggregate measures of economic activity that allow for seasonal variations. The most comprehensive of these measures is the gross national product—that is, the dollar value of the Nation's total output of commodities and services. In the second quarter of 1954 our national product was being turned out at an annual rate of 358 billion dollars. A year later it was 385 billion, or about  $7\frac{1}{2}$  percent larger. At present it is 397 billion, if not higher. The level of activity in 1953, when the rate of output was 369 billion dollars at its highest, is well behind us.

Another comprehensive measure of economic activity is civilian employment—that is, the number of men and women, outside the Armed Forces, who work in their own businesses or are employed by others. At the peak of the economic expansion which culminated in July 1953, about 62.5 million men and women were at work. A year later, employment was reduced to 61 million. Since then employment has risen rather steadily, passing

CHART 1

# Measures of Economic Activity



\* 14 YEARS OF AGE AND OVER.

SOURCES: DEPARTMENT OF COMMERCE AND COUNCIL OF ECONOMIC ADVISERS.

the 62 million mark in April 1955 and reaching 64.6 million in December. Here too, even the best levels of 1953 have been surpassed.

Still another comprehensive measure of economic activity is the amount of income disbursed to people by private industry and government. In the second quarter of 1953, incomes were flowing to individuals at an annual rate of slightly over 290 billion dollars. A year later, despite some contraction in economic activity, incomes were a half billion higher. The recent expansion has brought income disbursements to an annual rate of 318 billion dollars. This increase in dollar income during the past two to three years has constituted a genuine addition to buying power, since average prices in consumer markets have been virtually steady while taxes have been lower.

Moreover, the Nation's expanding income has been shared widely. For example, the average weekly wage of manufacturing workers, exclusive of the clerical and supervisory forces, was \$79.90 last December, in contrast to \$71.50 eighteen months earlier. Farm operators on the whole have lagged behind other groups, though many farm people are sharing in the increase of employment opportunities off the farm. Labor income—that is, the sum of wages, salaries, social security benefits, and related payments—amounted to 75.0 percent of the total disbursement of individual incomes during 1954. Last year this fraction reached 75.4 percent, which is as high as it has ever been. The share of proprietors fell correspondingly, with the brunt of the decline borne by farm proprietors. The share of investors remained unchanged.

With incomes generally improving, the spending of people has mounted. Consumer expenditures, counting investments in new homes besides ordi-

TABLE 1.—*Changes in production, employment, and personal income, 1954–55*

Item	Percentage change <sup>1</sup>			
	1954 to 1955 <sup>2</sup>	Second quarter 1954 to fourth quarter 1955 <sup>2</sup>	Third quarter 1954 to fourth quarter 1955 <sup>2</sup>	Fourth quarter 1954 to fourth quarter 1955 <sup>2</sup>
<b>PRODUCTION</b>				
Gross national product (constant prices) .....	6.2	9.0	8.9	6.6
Industrial production .....	11.2	16.1	17.1	12.5
New construction (constant prices) .....	9.4	8.8	6.0	3.9
<b>EMPLOYMENT</b>				
Total civilian employment <sup>3</sup> .....	3.2	5.4	5.4	5.2
Nonagricultural employment <sup>3</sup> .....	3.2	5.1	5.5	4.6
Employees in nonagricultural establishments <sup>4</sup> .....	2.3	3.9	4.3	3.7
<b>PERSONAL INCOME</b>				
Personal income disbursements <sup>5</sup> .....	5.5	9.1	8.8	7.5
Disposable personal income <sup>6</sup> .....	5.7	9.1	8.8	7.4

<sup>1</sup> Quarterly changes based on seasonally adjusted data.

<sup>2</sup> Based on preliminary data for fourth quarter 1955.

<sup>3</sup> Based on Bureau of the Census data. See Table D-17 for definition.

<sup>4</sup> Based on Bureau of Labor Statistics data. See Table D-22 for definition.

<sup>5</sup> Total personal income plus personal contributions for social insurance. See Table D-11.

<sup>6</sup> Total personal income less personal taxes.

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

TABLE 2.—*Changes in gross national product and its major components, 1954–55*

[Billions of dollars, seasonally adjusted annual rates]

Item	Fourth quarter 1955 <sup>1</sup>	Change to fourth quarter 1955 from—		
		Second quarter 1954	Third quarter 1954	Fourth quarter 1954
Gross national product: Total.....	397.3	39.7	38.5	30.2
Personal consumption expenditures.....	257.5	22.4	19.6	16.5
Gross private domestic fixed investment.....	57.8	8.1	7.1	6.5
Change in business inventories.....	5.0	7.7	9.9	5.6
Net foreign investment.....	.0	.3	.7	— .9
Government purchases of goods and services:				
State and local.....	31.0	3.7	2.9	2.3
Federal.....	46.0	—2.6	—1.7	.3

<sup>1</sup> 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 3.—*Distribution of personal income disbursements, 1939 and 1946–55<sup>1</sup>*

Year	Total personal income disbursements (billions of dollars) <sup>2</sup>	Percent of total personal income disbursements			
		Labor income and transfer payments	Investment income <sup>3</sup>	Proprietors' income	
				Farm	Nonfarm
1939.....	73.5	67.5	16.7	5.9	9.9
1946.....	180.0	69.6	10.9	7.7	11.8
1947.....	192.6	71.1	11.0	7.5	10.3
1948.....	210.9	70.7	11.1	7.9	10.2
1949.....	209.0	71.7	12.1	6.1	10.2
1950.....	229.9	71.9	12.3	5.8	10.0
1951.....	258.7	72.7	11.5	6.2	9.6
1952.....	274.9	74.1	11.3	5.2	9.3
1953.....	290.1	75.4	11.5	4.2	8.9
1954.....	292.1	75.0	12.1	4.1	8.9
1955 <sup>4</sup> .....	308.3	75.4	12.1	3.6	8.9

<sup>1</sup> The distribution is calculated from the totals of the various types of income. Changes in numbers of people receiving different types of income are ignored. They should be taken into account for a more complete interpretation.<sup>2</sup> Total personal income plus personal contributions for social insurance. See Table D-11.<sup>3</sup> Dividends, interest, and rents.<sup>4</sup> Includes estimates for fourth quarter by Council of Economic Advisers.

NOTE.—Percentages will not necessarily add to 100 percent because of rounding.

Source: Department of Commerce (except as noted).

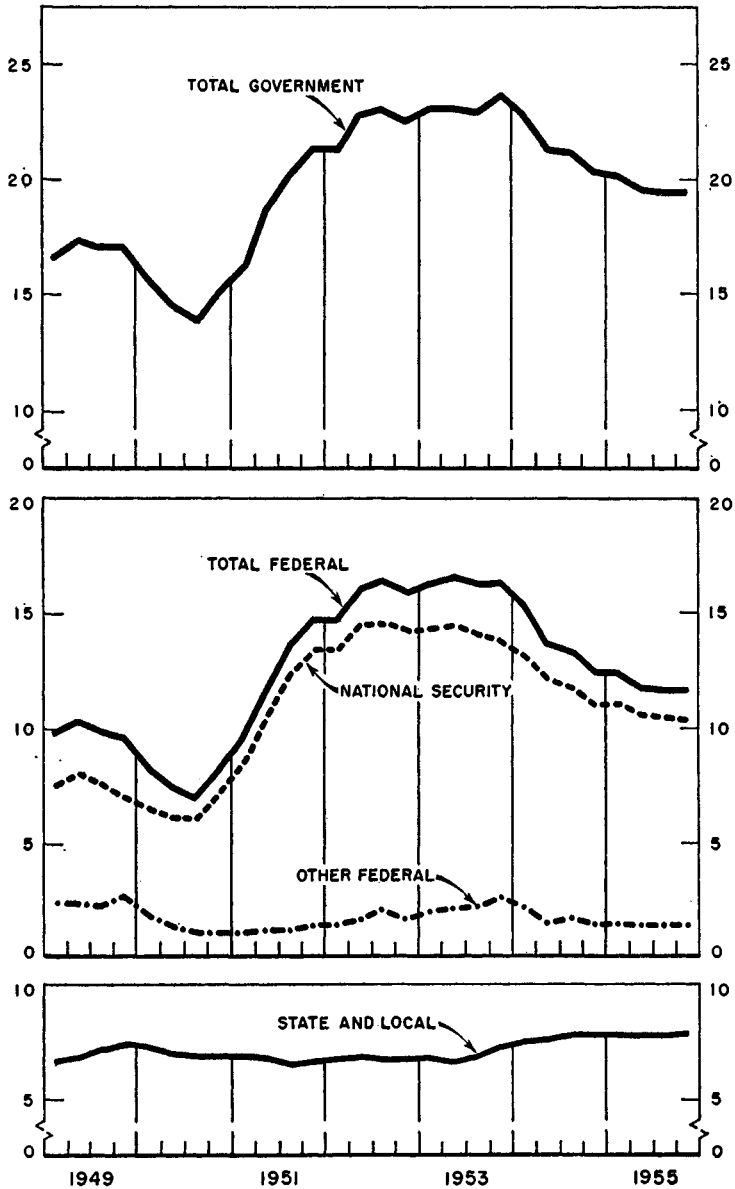
nary outlays on consumption, increased from an annual rate of 248 billion dollars in the second quarter of 1954 to 274 billion in the final quarter of 1955. Consumers have benefited not only from the growth of the economy, but also from the extensive shift of resources to civilian uses that the close of hostilities in Korea and continued governmental economies made possible. While the annual rate of the Nation's total output has increased about 28 billion dollars since the spring of 1953, the rate of expenditure in the consumer sector has increased a full 30 billion. Thus, the physical resources and manpower released by the Federal Government



CHART 2

## 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.

have been used preponderantly in the production of homes, automobiles, television sets, and the thousand-and-one articles and services that flow directly to consumers and enrich the everyday lives of people. At the same time, the provision of new and improved tools of production, on which future advances in our living standards depend, has gone forward on an extensive scale.

Thus, whether we observe economic activity at the stage of production, or employment, or income disbursement, or consumer spending, we find evidence of progress and prosperity. Employment and wages are at record levels. Profits are satisfactory in most industries. Both investment and consumer spending are going forward at a good pace. Some groups of people have not, however, enjoyed a full measure of prosperity, and we shall need to keep that fact before us as we build for the future.

## II. EXPANSION THROUGH FREE ENTERPRISE

Many factors have been quietly adding to the strength of our economy, and the current expansion is fundamentally an expression of their cumulating force. Among these factors are the unexpectedly large upsurge of population in the past decade, the continued growth of scientific knowledge, the onrush of technology, the rapid obsolescence of what is sometimes regarded as fixed capital, the recent development of long-range investment planning by industry, the improved control over inventories, the intensified pace of business competition, the wide diffusion of well-being among people, their insistent and growing desire to earn more and live better, the development of mass markets to match mass production, the rebuilding of Western Europe, the general recognition of government's responsibility in helping to maintain a stable prosperity, and the growing understanding that public policy must protect economic incentives if enterprise, innovation, and investment are to flourish. All these factors are and probably will continue to be basic to our progress, but several of them are especially noteworthy in the current situation.

The recent expansion of our economy has occurred in an environment of growing production and trade in the Free World. Western Europe, in particular, has gained a level of economic well-being hitherto unknown on the Continent. Production and incomes have been rising rapidly. Unemployment has virtually disappeared in Great Britain, and is low everywhere except in Italy. Barriers to trade and currency movements have been reduced. Private enterprise and competitive markets are again widely respected. These improvements in conditions abroad have reinforced our prosperity at home.

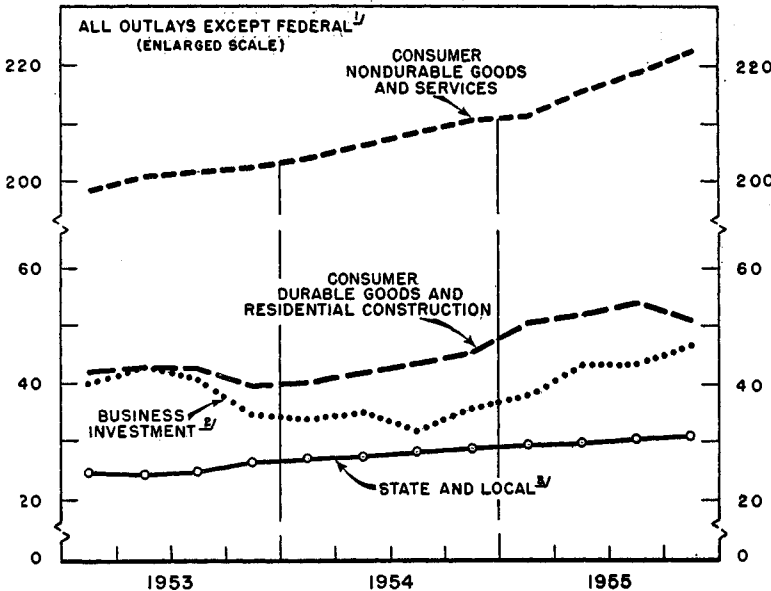
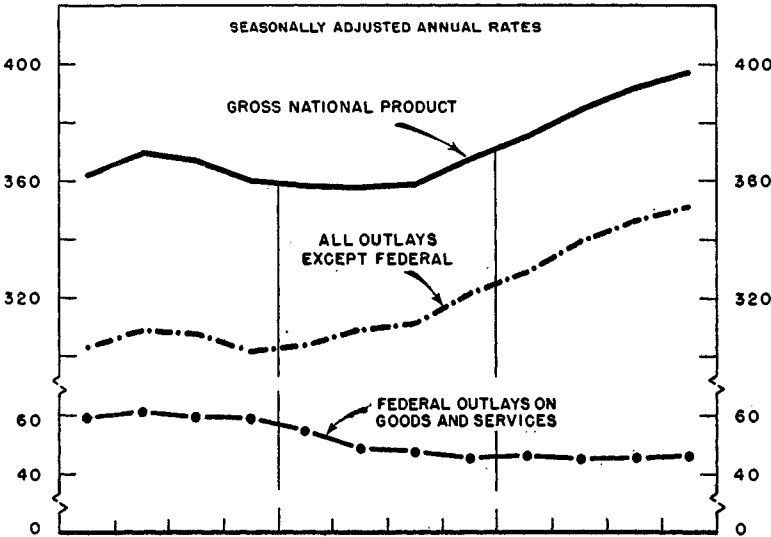
The Federal Government has played a constructive part in the prosperity that the American people are now experiencing so widely. It has not, however, sought to maintain good times by expanding our already huge governmental outlays or by permitting the value of money to depreciate. Recognizing that these alluring short cuts to a high level of economic

CHART 3

# Gross National Product

## Major Categories of Expenditure

BILLIONS OF DOLLARS



<sup>1/</sup> NET FOREIGN INVESTMENT NOT SHOWN.

<sup>2/</sup> NONRESIDENTIAL CONSTRUCTION, PRODUCERS' DURABLE EQUIPMENT,

<sup>3/</sup> AND CHANGE IN BUSINESS INVENTORIES.

PURCHASES OF GOODS AND SERVICES.

SOURCES: DEPARTMENT OF COMMERCE AND COUNCIL OF ECONOMIC ADVISERS.

activity have all too often brought disaster to nations, our governmental policies have concentrated on building an economic environment that favors an orderly expansion of private activities.

The demands of modern life and the continuing threat of Communist aggression require a much higher level of taxes and a larger role of Government in economic affairs than suited earlier generations. This very fact imposes a responsibility on the Government to pursue policies that will help to keep the private economy strong and growing. The Administration has sought, in cooperation with the Congress, to discharge its responsibility through a series of closely related policies. First, by removing direct controls over prices and wages, which had outlived their usefulness. Second, by preserving an actively competitive environment and assisting new and small businesses. Third, by curtailing governmental activities that could be handled as well or better by private enterprise. Fourth, by restricting public expenditures, and yet adding to the country's defensive strength and its stock of public assets, especially highways, hospitals, and educational facilities. Fifth, by lightening the burden of taxes imposed on individuals and businesses. Sixth, by extending the ties of trade and investment with other nations of the Free World. Seventh, by tempering the impact of unemployment, old age, illness, and blighted neighborhoods on people, yet not impairing self-reliance. Eighth, by extending the automatic workings of our fiscal system that tend to offset or cushion changes in income arising from changes in economic activity. Ninth, by attacking fundamental causes of weakness in the farm situation. Tenth, by acting promptly and resolutely when either recessionary or inflationary influences in the general economy became evident.

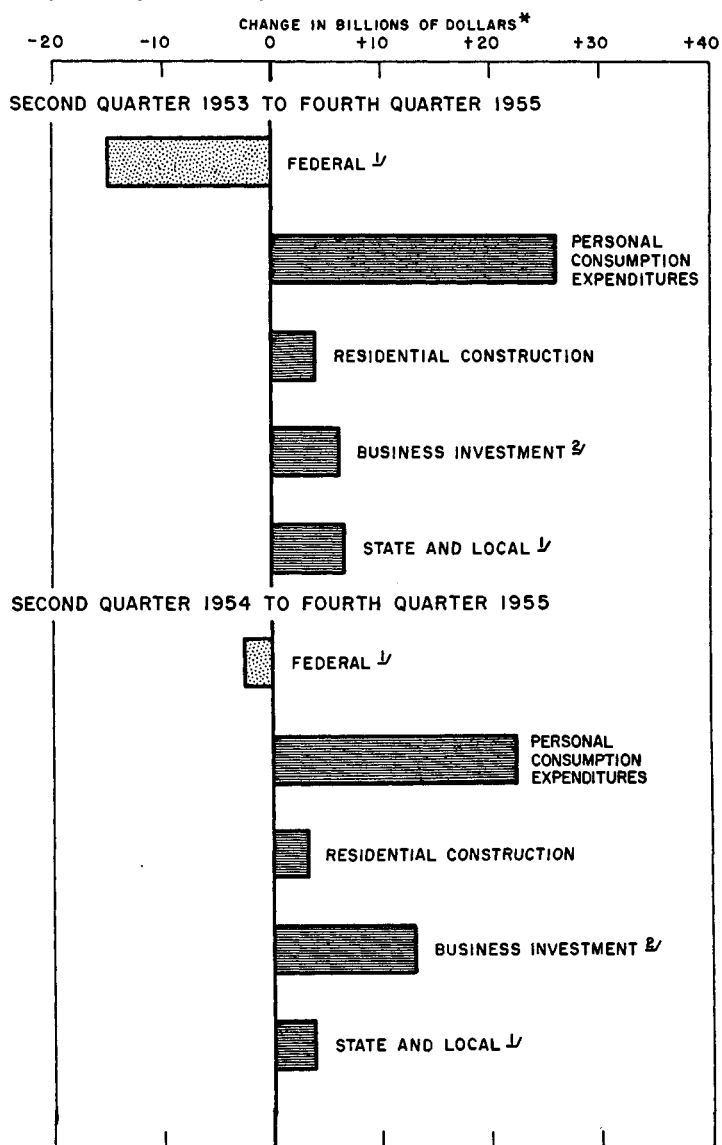
By recognizing the vital importance in our times both of free enterprise and of a sense of economic security, these directions of governmental policy have served to enlarge the horizons of businessmen, workers, investors, and consumers, and have stimulated people to bolder economic actions and undertakings. This, in essence, has been the Government's role in the recent expansion.

The expansion itself has been carried through by private citizens, who freely applied their energies and resources to bettering themselves, their families, and their communities. Between the second quarter of 1954 and the last quarter of 1955, the annual rate of Federal spending on goods and services was reduced by about 3 billion dollars. In the meantime, the rate of consumer spending, apart from new homes, increased by 22 billion dollars, the rate of residential construction 3 billion, the rate of business investment 13 billion, while the rate of State and local spending rose another 4 billion. If we go back to 1953, the reduced reliance of our economy on Federal expenditures becomes still clearer. Between the second quarter of that year and the final quarter of 1955, the annual rate of Federal spending on goods and services declined by 15 billion dollars, while spending by the rest of the economic community increased by 43 billion. Thus, in the short span of

CHART 4

# Changes in Gross National Product

## Major Categories of Expenditure



\* SEASONALLY ADJUSTED ANNUAL RATES.

<sup>1/</sup> PURCHASES OF GOODS AND SERVICES.

<sup>2/</sup> NONRESIDENTIAL CONSTRUCTION, PRODUCERS' DURABLE EQUIPMENT, CHANGE IN BUSINESS INVENTORIES, AND NET FOREIGN INVESTMENT.

SOURCES: DEPARTMENT OF COMMERCE AND COUNCIL OF ECONOMIC ADVISERS.

two and a half years a substantial transformation of our economy has occurred. On an increasing scale, Americans have taken the initiative to make jobs for one another, instead of waiting for the Federal Government to do it for them.

This is the well-tested process that has brought enduring results throughout our history. Americans have long been noted for a combination of characteristics that make for economic growth. These include a strong devotion to family life; a deep-seated, widespread urge to improve one's position, his possessions, and his children's opportunities; a drive to work and save to these ends; steady working habits; an ambition to excel; and the cherishing of freedom, independence, and individual initiative. To achieve what we regard as a more abundant life, we are willing to work, plan, venture, spend, and save, far beyond the limits that mere subsistence or comfortable existence would require. The mainspring of our economy consists in these qualities of the American people. Given free institutions and a favorable physical environment, an expanding economy is the natural fruit of the enterprise of such a people.

### III. ROLE OF GOVERNMENT IN MODERATING ECONOMIC FLUCTUATIONS

It is essential to recognize, however, that the very qualities of Americans which largely account for the expansive power of our economy also make the process of growth irregular. The flow of money against goods need not match precisely the rate at which goods leave workshops for markets. Hence, an imbalance between production and sales is occasionally bound to occur and give rise to inventory adjustments, which in turn may lead to reduced spending for consumption and capital expansion. Moreover, the confidence that generates prosperity may turn into overconfidence and set off an inflationary boom, just as the normal caution that preserves balanced growth may degenerate into pessimism and lead to depression. Experience with these tendencies over many years has gradually led the American people to broaden their concept of government. Today, we believe as strongly in economic progress through free and competitive enterprise as our fathers did, and we resent as they did any unnecessary intrusion of Government into private affairs. But we have also come to believe that progress need not proceed as irregularly as in the past, and that the Federal Government has the capacity to moderate economic fluctuations without becoming a dominant factor in our economy.

Although governmental efforts to curb inflationary or recessionary influences have not always proved successful, knowledge of how business fluctuations arise and of ways of dealing with them is steadily improving. The events of the past three years have been heartening. We have seen that our economy can continue to grow with a minimum of instability of employment and without any appreciable change in the value of money. We have seen that wise and timely actions by the Government can help sustain a healthy expansion of economic activity and prevent it from turning

into an inflationary boom; that soundly conceived and well-timed governmental policies, aided by private stabilizing influences, can prevent a minor contraction from turning into a spiraling depression; and that neither direct controls over prices and wages, nor huge public spending programs, are needed to achieve a reasonably stable prosperity. The recent success of governmental policies in moderating economic fluctuations, and even more in indicating that this goal may be reached in ways that enlarge the scope of individual enterprise, carries a promise of great significance for our own future and that of other nations.

#### IV. THE CHALLENGE OF PROSPERITY

The underlying goal of Americans is better living in all of its aspects, not merely indefinite increase in per capita income and possessions. The cherished intangible components include improved health of mind and body; more wholesome family life; availability of useful work, full-time or part-time; lessened drudgery, severity, and monotony of labor; more leisure and increased opportunities for learning; greater opportunity for all and lessening of indefensible disparities; and larger protection against the hazards of life. Gains in all of these respects profoundly improve the quality of living, to which we attach high importance. The notable advances registered in the past have been in part a by-product of our economic progress, but in part also a response to major innovations by private groups and all levels of our Government.

A period of general prosperity, such as we have recently been experiencing, presents a challenge to an intelligent citizenry. How may the good times be maintained and extended into the future? How may our greater material wealth help us to improve the quality of living? How may conditions be developed that will help the less prosperous groups to join in the economic advance? These are difficult questions, but no thoughtful individual can escape them. Nor can the Federal Government do so, in view of its heavy responsibilities under the Employment Act and the Nation's leadership in the Free World. Later chapters will recount how the Government has grappled with these issues during the past year, and how the Administration proposes to deal with them over the coming months. But a few general observations are pertinent here.

To meet the challenge of prosperity, we must above all things avoid complacency. The continuance of general prosperity cannot be taken for granted. In a high-level economy like ours, neither the threat of inflation nor the threat of recession can ever be very distant. We live in a world in which economic changes, both domestic and foreign, are continuous and many. If our economy is to advance firmly on the narrow road that separates recession from inflation, the Federal Government must pursue monetary, fiscal, and housekeeping policies with skill and circumspection. We must be alert to changes in economic conditions and be ready to adapt

our policies promptly to them. The only rigid rule that we can afford to admit to our minds is the principle that the best way to fight a recession is to try to prevent it from occurring. That principle has of late ruled, and it must continue to rule, our economic policies.

We must also take every practicable step to strengthen the foundations of future prosperity. The incentives to work, to save, to invest, and to venture must be protected and enhanced. Monopolistic tendencies must be curbed whenever they appear. Sound improvement of our systems of social insurance must be continued. The encouragement of home ownership and the clearance of slums must be extended. Maladjustments in agriculture that find expression in overproduction and reduced farm incomes must be corrected. Those communities which, even in these good times, continue to be burdened with extensive unemployment must be aided. Remaining pockets of relative poverty, urban as well as rural, must be reduced. Provision for schools, highways, and medical facilities must be substantially increased. Action in these vital areas has lagged sadly behind our accumulating needs. If economic growth is not to be seriously retarded in the future, we must—with due regard to the need for staying within the limits of Federal revenues—strive to make up for the neglects of the past.

Finally, we must never lose sight of the fact that the prosperity of our country is heavily dependent upon the international economic and political environment and upon what we do in cooperation with other nations to improve that environment. Unstable markets, balance of payments crises, and economic fluctuations abroad can seriously complicate the task of maintaining stability at home. Moreover, the continued growth of our production is in no small degree dependent upon an expanding resource base in friendly countries and upon an expanding world market for the products of our factories, farms, and mines. A program for maximum growth in America requires, therefore, intensified efforts to reduce barriers to the international flow of goods, capital, and business enterprise, as well as the maintenance of active cooperation with other nations in dealing with problems which hamper their progress.



## Chapter 2

### Prosperity With General Price Stability

THE EXPANSION of the economy continued without pause throughout the past year. Virtually every month new records were achieved in production, employment, trade, and income, only to be exceeded again a month or two later. The average level of consumer prices, on the other hand, remained quite steady. Full employment, rising incomes, and a stable dollar have been cherished goals of our society. The practical attainment of these ideals during 1955 was the year's great economic achievement. To derive from recent experiences useful guidance for the future, we must first analyze the processes that led to that achievement. The diversities of fortune in our vast economy will receive full attention later in this Report.

#### I. HOW THE PROCESS OF EXPANSION CUMULATED

With governmental policies fostering a mood of widespread confidence, the general economic readjustment that followed the close of hostilities in Korea proved brief and mild. Prompt and extensive easing of credit conditions, prompt and sizable tax reductions for both individuals and businesses, improved housekeeping policies on the part of government, and a broad program for reinforcing the floor of security for individuals, all helped to pave the way for a resumption of economic growth. But the basic drive of the expansion came from private citizens, who were willing to risk accumulated savings on many new tools of production, to borrow as well as to save, to work longer hours and in increasing numbers, and to spend freely on new homes and current consumption in order to meet the better their aspirations for good living. Foreign economic conditions, especially in Western Europe, also favored domestic expansion. Our commercial exports, which during most of 1954 ran well above the levels of the preceding year, spurted in the closing months of the year to a still higher level.

Already in the fall and winter of 1953, some signs of emerging recovery became visible. Stock prices, which are an imperfect but nevertheless significant indicator of business sentiment, began rising in September and approached the year's highest values before the year ended. In December, the new orders for durable goods received by manufacturers began a slow recovery from their brief but sharp decline of preceding months. The

following month contracts for commercial construction commenced a sustained advance, reinforcing the continued rise of housing starts. Liabilities involved in business failures, which had increased sharply during 1953, reached their peak in February 1954, then moved to lower levels. In the same month, bank debits outside New York City, which have long provided economic observers with a rough clue to the circulation of money in commercial and industrial markets, resumed their advance. In the meantime, interest rates on loans of both short and long maturities, which had been falling for some months, kept on their downward course, and credit became more readily available to businessmen, homeowners, and consumers.

These early improvements in financial markets and in the preparatory stages of investment spread quickly to other parts of the economic system. The slow but continued rise in the Nation's disposable personal income, which kept defying the contraction of output and employment, also made its influence felt. So too did the high level of exports, which reflected the resurgence of the economy of Western Europe. In December 1953 the decline in the production of nondurable manufactures came to a halt. In February 1954 retail sales resumed their advance. In April the decline of the average workweek in manufacturing ceased. Business inventories, which had been exerting strong downward pressure on economic activity, continued to decline. However, their rate of decline diminished materially, so that a larger part of people's increasing purchases was met by current production instead of withdrawals from warehouses or dealers' shelves. Federal outlays on goods and services accelerated their downward course, but the rest of the economy was in a mood to absorb the substantial resources released by the Federal Government. Between the first and second quarters of 1954, consumer expenditures increased, and so too did private investment in fixed capital, foreign investment, and State and local expenditures. In response to these developments, total production stopped declining early in 1954, then held to a sidewise course for several months, while the realignment of orders, sales, and inventories smoothed the path for a fresh advance.

About mid-1954, with the drop in Federal expenditure abating, the continued surge of private spending tipped the economic balance definitely on the side of expansion. Between July and September the output of durable manufactures as a class, mineral production, and nonagricultural employment resumed their advance. By then the recovery had already gathered sufficient strength to launch both total production and total employment on a new expansion. Imports soon began rising again, as they usually do when economic activity increases. The economic contraction, one of the very briefest and mildest in the entire history of business fluctuations, was over. It had lasted about 12 months during which total output declined 3 to 4 percent, while employment declined 2½ percent and personal incomes after taxes actually increased.

CHART 5

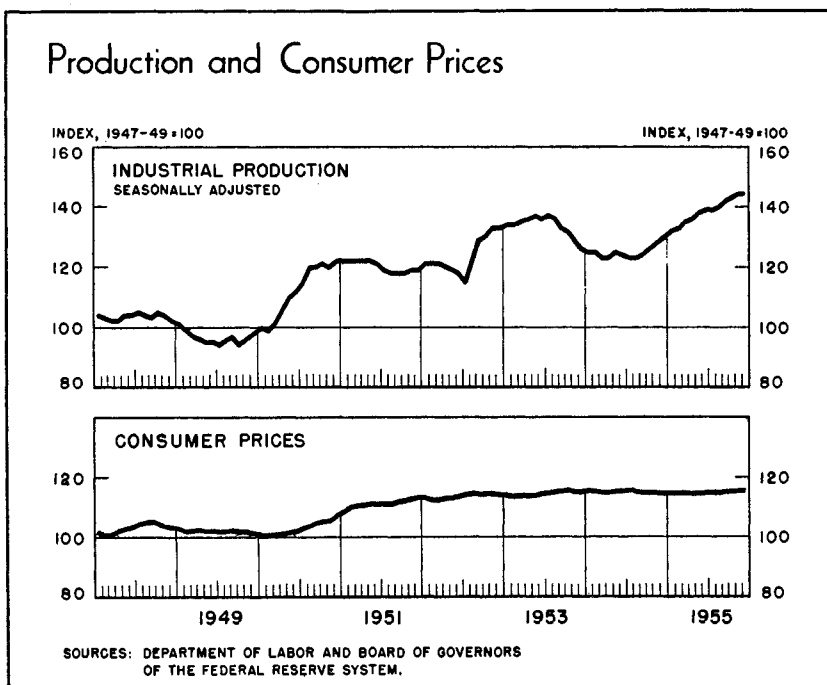


CHART 6

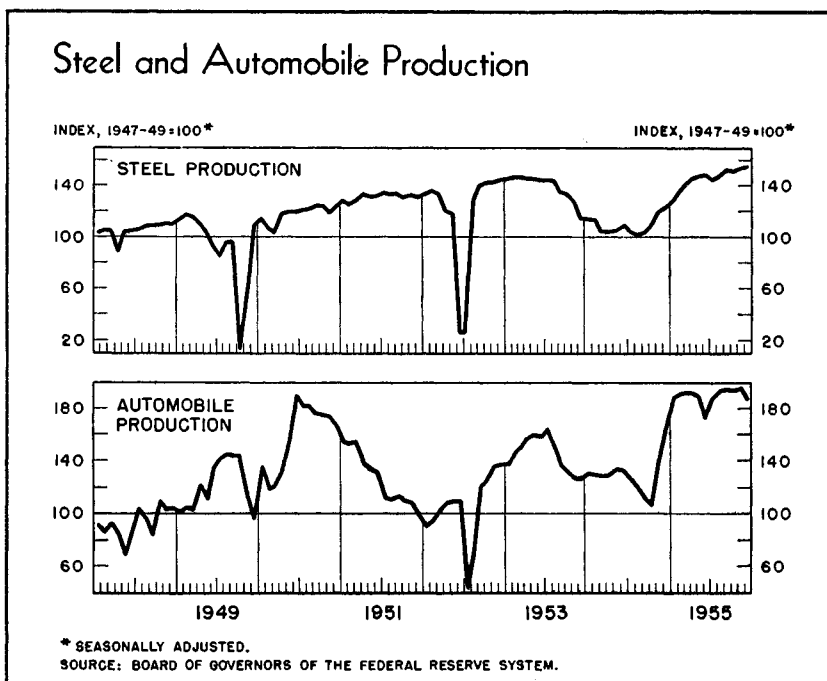
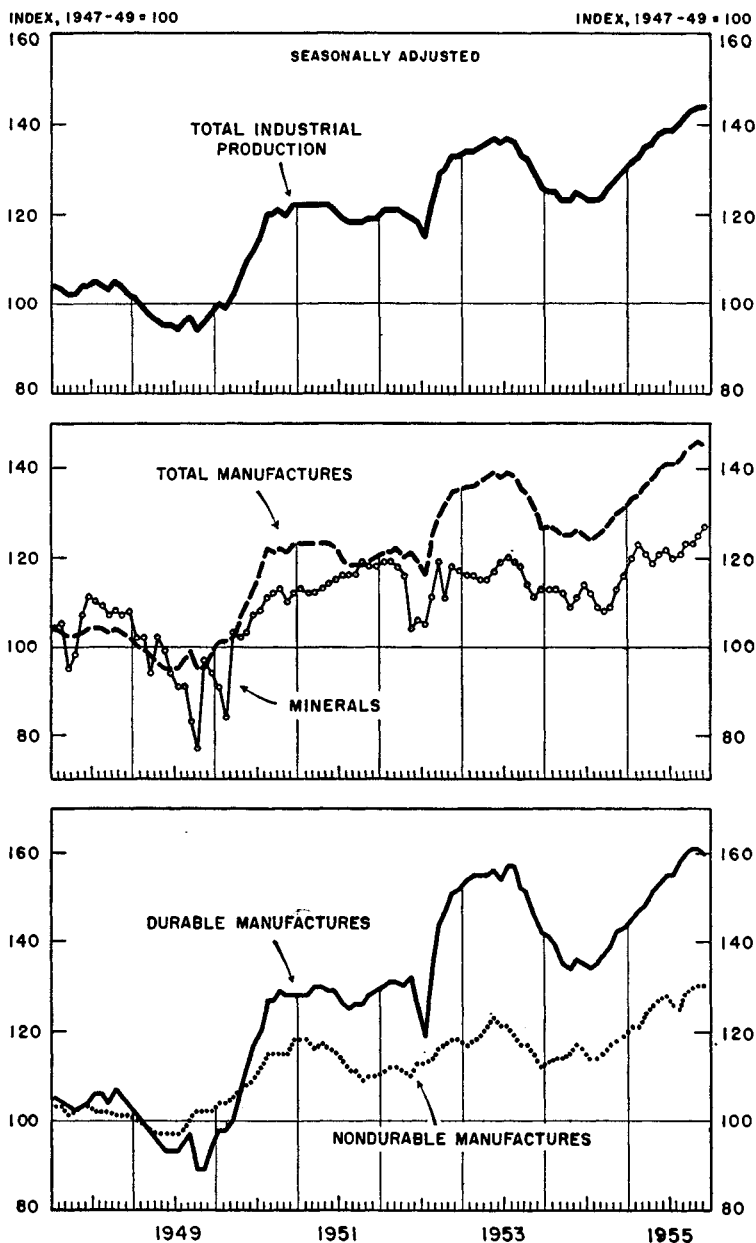


CHART 7

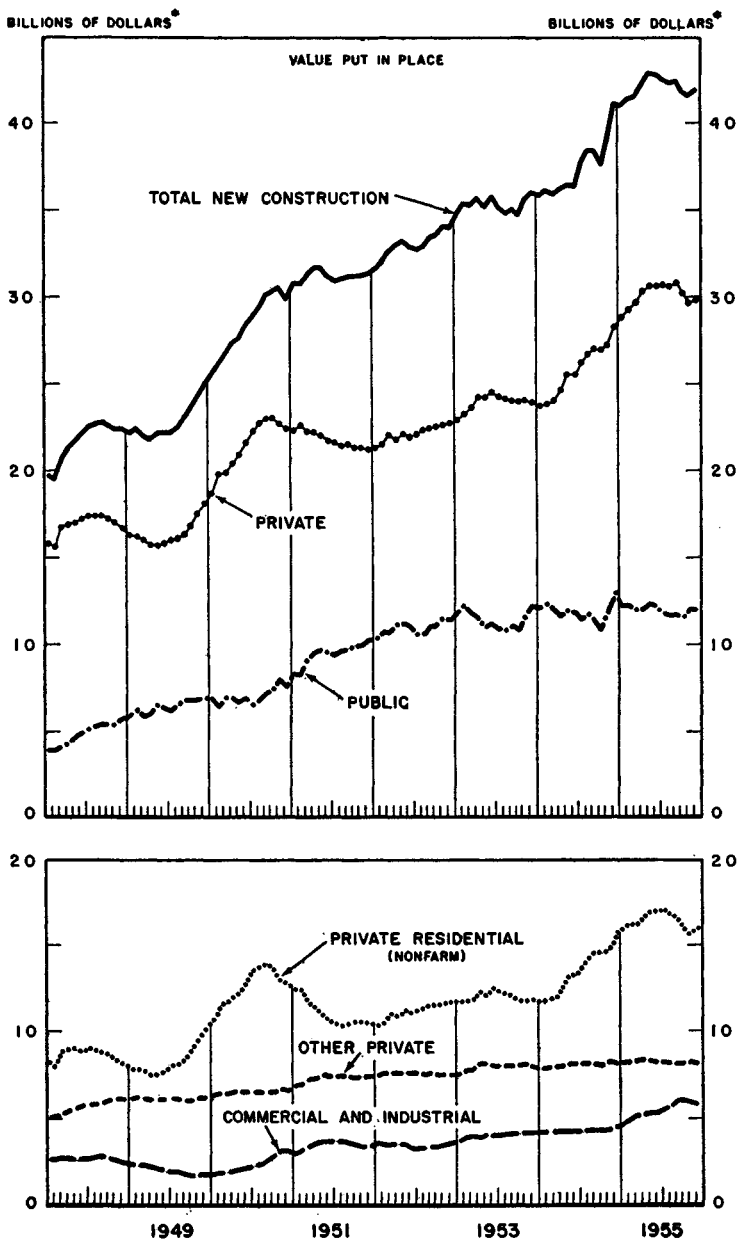
# Industrial Production



SOURCE: BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.

CHART 8

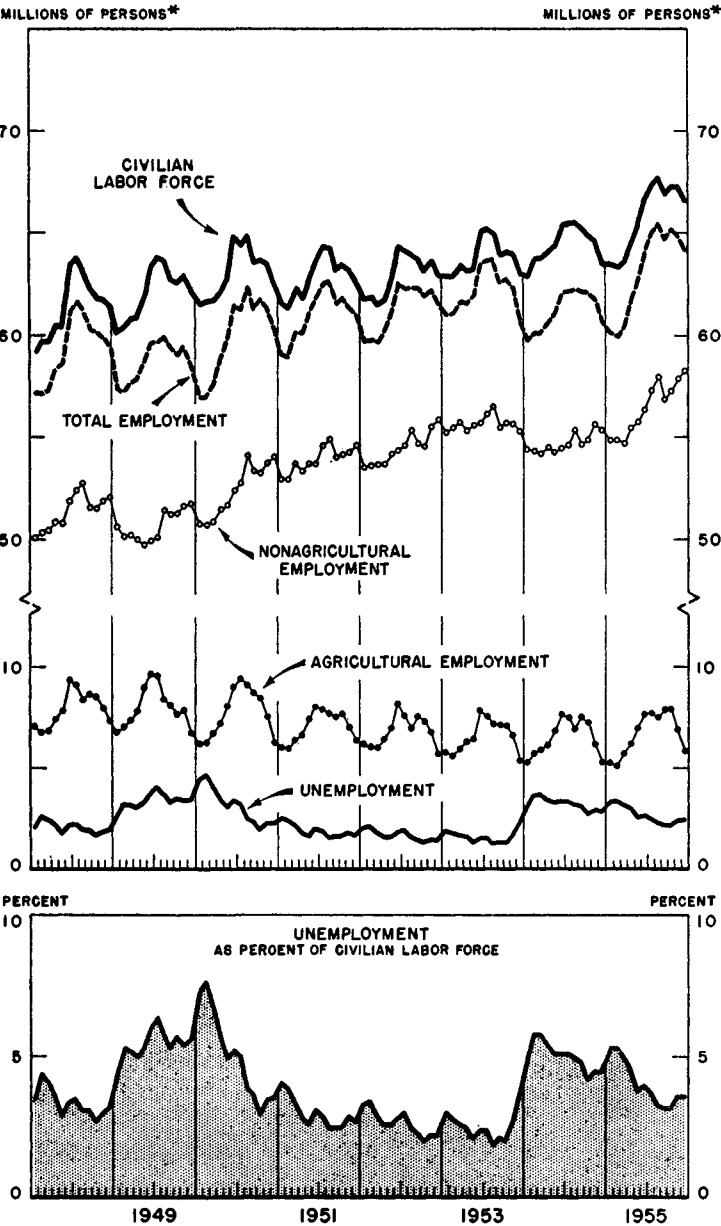
# Construction Expenditures



\*SEASONALLY ADJUSTED ANNUAL RATES.  
 SOURCES: DEPARTMENT OF COMMERCE AND DEPARTMENT OF LABOR.

CHART 9

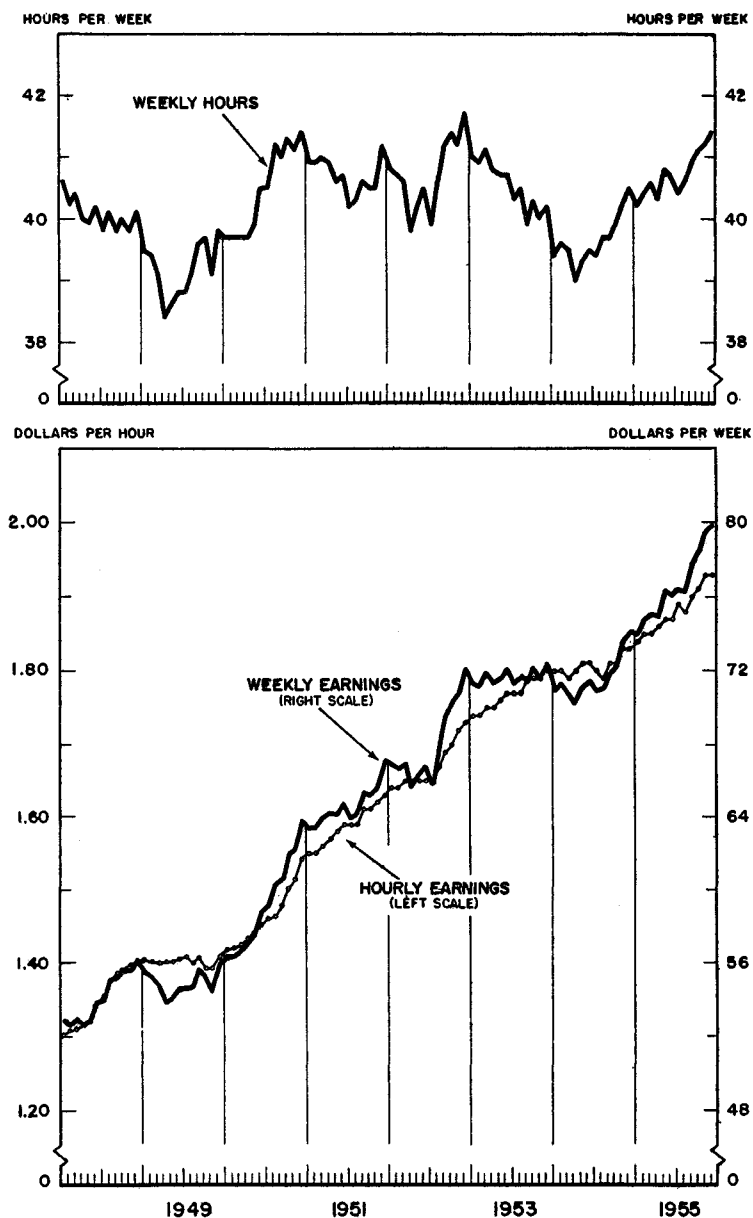
# Labor Force, Employment, and Unemployment



\* 14 YEARS OF AGE AND OVER.  
SOURCE: DEPARTMENT OF COMMERCE.

CHART 10

## Average Hours and Earnings All Manufacturing Industries



NOTE: DATA PERTAIN ONLY TO PRODUCTION WORKERS.  
SOURCE: DEPARTMENT OF LABOR.

CHART 11

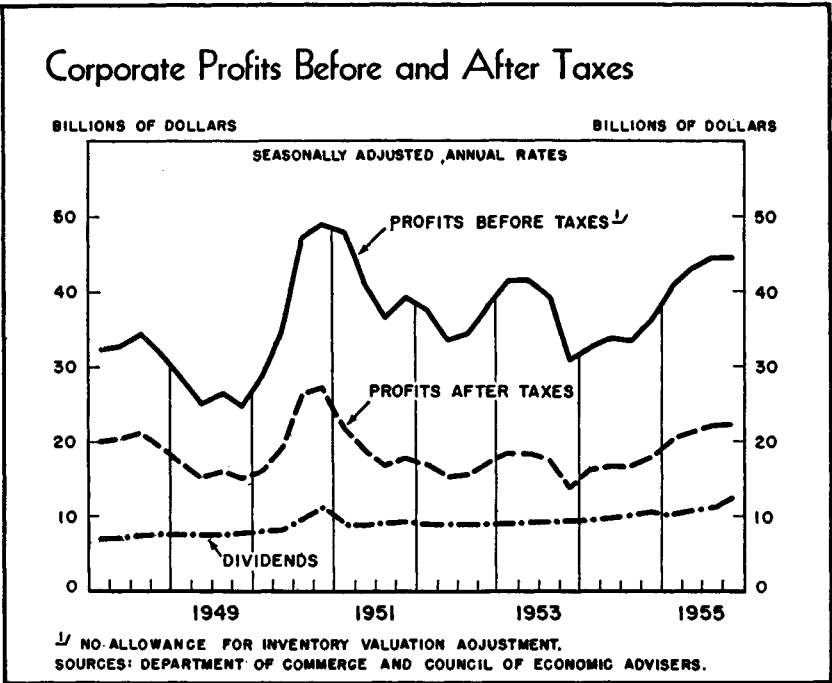


CHART 12

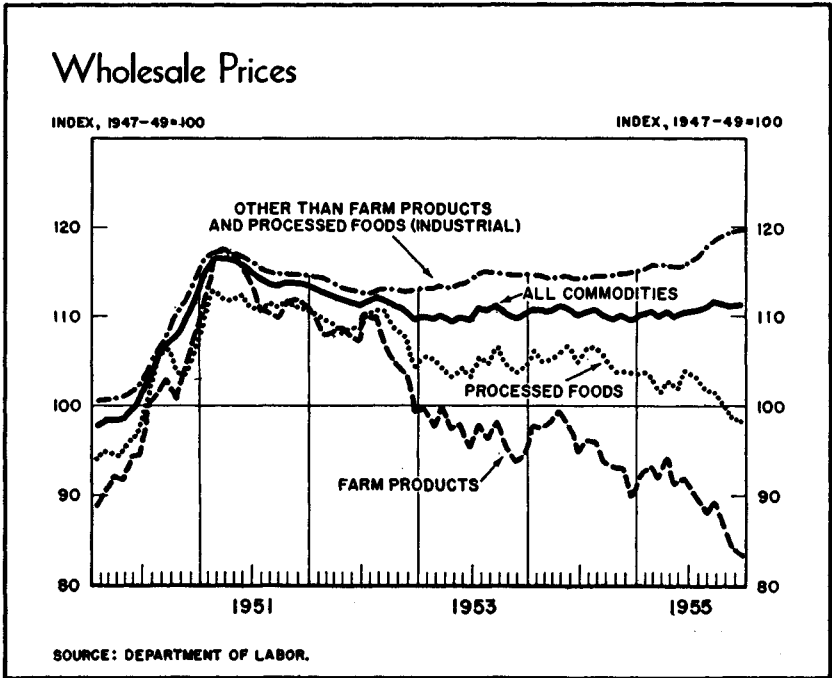
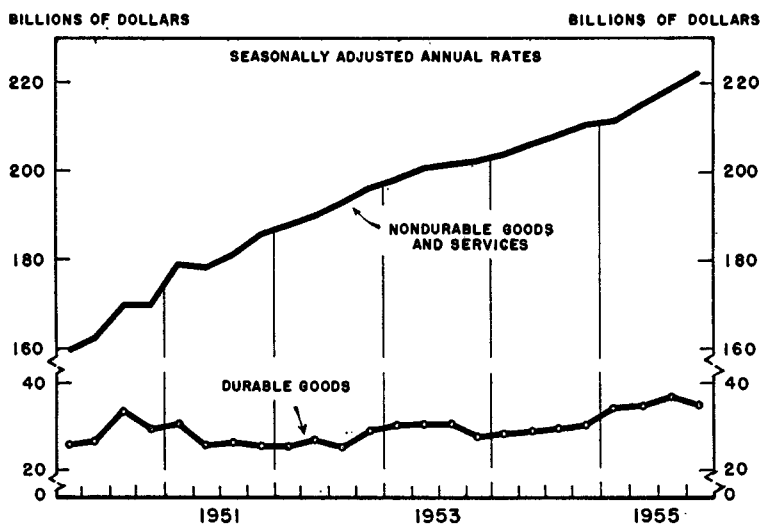




CHART 13

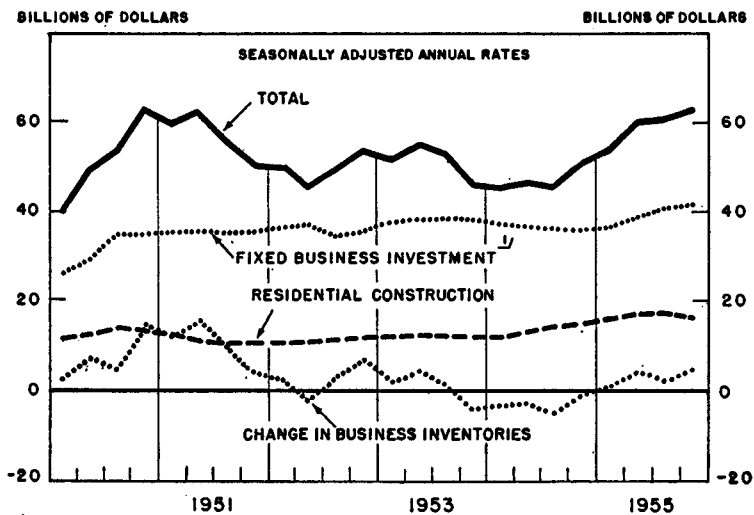
## Consumer Expenditures



SOURCES: DEPARTMENT OF COMMERCE AND COUNCIL OF ECONOMIC ADVISERS.

CHART 14

## Gross Private Domestic Investment



<sup>1</sup> PRODUCERS' DURABLE EQUIPMENT AND NONRESIDENTIAL CONSTRUCTION.

SOURCES: DEPARTMENT OF COMMERCE AND COUNCIL OF ECONOMIC ADVISERS.

In succeeding months, while activity in some parts of the economy remained dull, the scope of the expansion became progressively wider. The decline of business inventories stopped in October 1954, and a gradual process of rebuilding stocks to meet the larger requirements of manufacturers and distributors got under way. The increase of industrial production was gentle at the start. But it rapidly gained momentum once the newly designed automobiles, which were destined to capture the public's fancy and pocketbooks, began rolling off the assembly lines in the fall of 1954. A spectacular advance of automobile production and rapid expansion of homebuilding stimulated expansion in the steel, lumber, glass, and a host of other industries over the entire country. Allowing for seasonal factors, automobile production increased 59 percent and housing starts 17 percent between August 1954 and January 1955; total industrial production increased 7 percent.

Before long even industries which had been hard-pressed for years, such as the railroads, coal mining, and textiles, felt the impulse of increasing activity all around them. The output of consumer soft goods industries, which generally increased throughout 1954, rose more rapidly in the first half of 1955. The like was true of commercial construction, except that the acceleration was greater and continued longer. Outlays on industrial plant, machinery, and equipment, which kept declining until the early months of 1955, joined the expansion in the spring. Total business expenditures on plant and equipment increased sharply after the first quarter of 1955, rising 20 percent by the end of the year. The major impetus of expansion thus shifted increasingly from the automobile and homebuilding industries to business construction and the machinery and equipment trades. In the course of this process the expansion became more widely diffused and better balanced, and a groundwork was laid for continued growth of productivity in the future.

As industrial activity grew, part-time operations diminished and the resort to overtime increased. The average length of the workweek in manufacturing rose, crossed the 40-hour mark in November 1954, and still kept rising. Between June 1954 and June 1955 the average length of the workweek increased 1.6 hours in metal mining, 5.8 hours in bituminous coal mining, 0.9 hour on the railroads, 1.2 hours in durable manufactures, and 1.0 hour in nondurable manufactures. The numbers employed rose slowly in the initial stages of the expansion, since many businesses found that they could handle moderate increases in output with the employees on hand. However, after the turn of the year, as the advance of production continued and spread outward, jobs expanded swiftly. Between the last quarters of 1954 and 1955, employment increased by over 3 million. Meanwhile, unemployment declined despite the tremendous numbers, especially of women and young people, who were attracted into the labor market by high wages and widening opportunities. By mid-1955 unemployment at large was well below 4 percent of the labor force. The unemployment rate

among married men living with their families, who form the hard core of the labor force, fell below 2 percent.

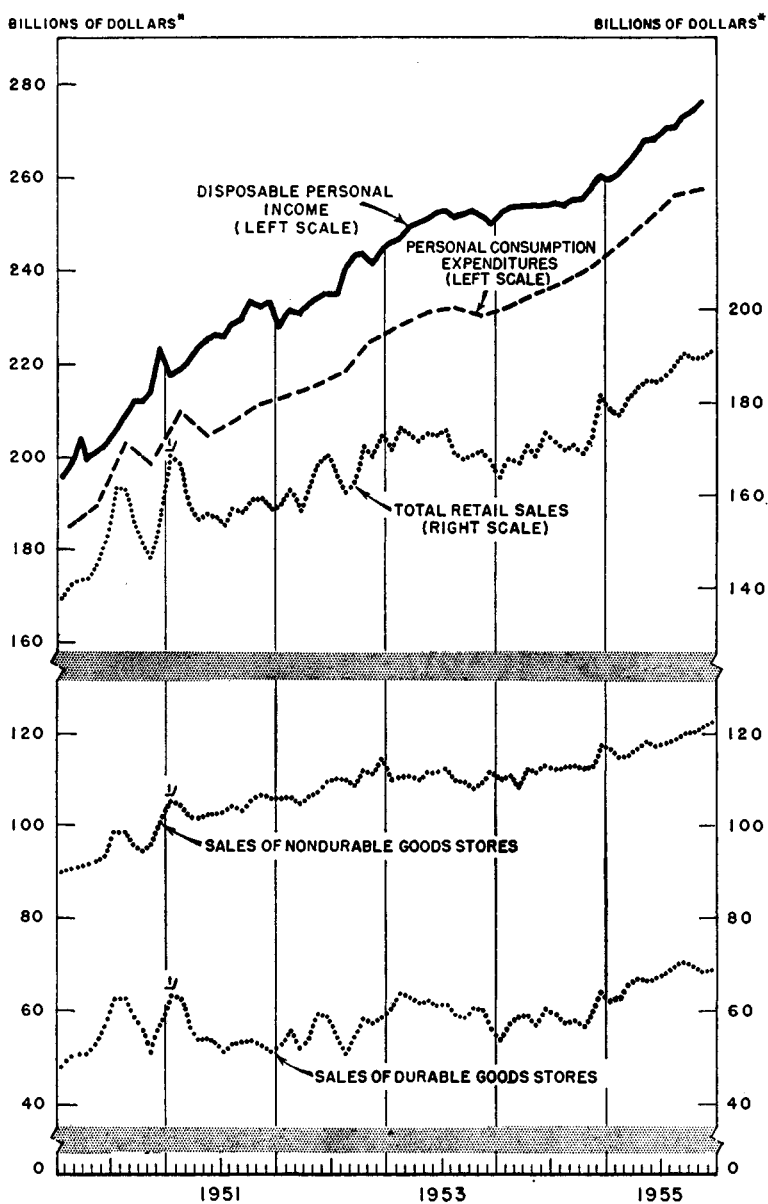
In the initial stages of the expansion both wage rates and prices, on the whole, moved little. Since increases in production ordinarily did not require proportionate increases in labor input, labor costs per unit of output declined on the average. With unit profit margins widening at the very time when the volume of sales was increasing, profits rose rapidly. But shortly after the turn of the year, unit labor costs stabilized, then began rising. The increase of overtime at premium rates of pay, higher wage rates and fringe benefits, greater resort by business firms to older and less efficient units of equipment in order to meet the pressing requirements of their customers, and the growing difficulties in finding suitable workers, all served to increase unit labor costs. Their advance became marked around the middle of 1955 and in turn exerted persistent and increasing pressure on both profit margins and prices. Favored by the state of demand, the average of industrial prices in wholesale markets, which had increased only about 1 percent between August 1954 and June 1955, rose  $3\frac{1}{2}$  percent in the next six months. The rise in aggregate profits tapered off after the first quarter of 1955, but profits generally continued to improve. With varying shifts of pace, both wages and profits therefore reflected the advance of prosperity and favored its continuance, but only if due restraint were exercised by both business and labor.

Not only did the flow of incomes to individuals from production rise, but the rate of rise increased. Corporations paid out larger dividends to their stockholders and at the same time increased still more rapidly the earnings retained for reinvestment. Interest payments increased. So also did the income of proprietors, except of farm operators whose record output during 1955 added to the excessive supply of agricultural commodities. Much the largest increase, both in dollars and relative to the whole, occurred in labor income. Taken altogether, the annual rate of disbursement to individuals from production increased by 6.8 billion dollars between the second quarter of 1954 and the first quarter of 1955. The disposable personal income—that is, income after taxes—increased a little more. In these months the restraints on the growth of disposable income, which are ordinarily exercised during an economic expansion through a rise in income tax payments and a decline of unemployment compensation, were more than offset by the effects of the tax and social security legislation of 1954. After the first quarter of 1955, the normal fiscal restraints on the growth of disposable income became operative again; but in the meanwhile, personal income from production increased rapidly and disposable income was able to grow at a much higher rate than before.

In these circumstances substantial increases of consumer spending could be expected and actually occurred. The rise in consumer spending was not, however, a passive accompaniment of rising incomes. On the contrary, it was a highly dynamic factor in the process of economic expansion. Con-

CHART 15

# 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.

sumers were of a mind to buy better things and increase their spending. This pervasive attitude, combined with the willingness of women and young people to take on jobs so that their families might better approximate the plane of living they wished to attain, has been an outstanding feature of recent experience. These factors were basic, and they were reinforced by aggressive selling efforts of businessmen, who sought out customers more energetically than had become customary in recent years, and offered liberal credit terms and often bargain prices as well. Consumer spending increased in all directions, but credit purchases of expensive items, notably of the 1955 automobile models, increased with special rapidity. Between the first and third quarters of 1954, the annual rate of disposable personal income rose by 1.4 billion dollars; the expansion in the rate of consumer spending was much larger, 5.7 billion. Over the next year disposable income increased 17.2 billion, and the increase of consumer spending was again larger—17.8 billion. Reflecting these developments, net personal savings out of current income diminished both in dollars and in relation to income. Personal savings, which constituted 8.3 percent of disposable personal income in the first quarter of 1954, fell to about 6 percent by the first quarter of 1955 and remained at that level through the third quarter.

Consumers made huge commitments for new homes, besides spending freely on current consumption. The confidence in the economic future so dramatically displayed by them was likewise felt and displayed by businessmen and investors. Favored by easy mortgage terms, homebuilding grew rapidly throughout 1954 and the early months of 1955. Expenditures on residential construction increased 26 percent between November 1953 and November 1954, then rose another 16 percent by mid-1955. When they declined somewhat later in the year, expenditures on business construction and producers' equipment kept on increasing. The reason was that soon after the turn of 1955 the expansion of business capital outlays had spread from the commercial sector to practically the entire range of industry. With sales rising, profits improving, depreciation reserves increasing, and more and more shortages of facilities emerging or impending, established firms were both willing and able to risk increasingly large sums on the expansion or modernization of plant and equipment. Meanwhile, the formation of new firms proceeded at a high rate and they added to the demands on the construction, machinery, and equipment industries. Between the first and final quarters of 1955, the annual rate of business expenditures on new plant and equipment rose from 25.6 billion dollars to 30.9 billion. Manufacturers of durable goods and of nondurables, commercial establishments, mining concerns, and public utility enterprises, all participated in the expansion of investment. Even railroads, whose low earnings had previously forced a sharp reduction of capital outlays, raised the annual rate of such outlays from 740 million dollars to 1,150 million.

The financial markets both reflected the growing exuberance of the economy and added to it. Prices of common stocks fluttered at times, but their trend continued upward and outstripped the rise in corporate profits. The rise in stock prices facilitated corporate financing by equity issues, which had seriously lagged in recent years. At the same time it kindled the financial imagination of some people, fostered favorable expectations, and stimulated the use of credit for speculative trading in securities. The revaluation of risks became general, and was reflected in shrinking differentials between yields of corporate securities and the yields of Federal issues. Plans for business and bank mergers multiplied, and an appreciable number were executed. Borrowing expanded rapidly, especially on the part of consumers. To finance the larger scale of their operations, corporations also borrowed more heavily during 1955 than in the previous year. However, a significant part of the increase in corporate obligations represented borrowing by sales finance companies to meet the growing demand for consumer loans.

Much of the newly created mortgage debt, especially in the case of veterans' new home purchases, was marked during 1954 and the early months of 1955 by a pronounced lengthening of maturities and reduction of downpayments. A similar tendency became prominent in automobile instalment loans early in 1955, and to some degree occurred also in other markets. The changes in credit terms helped to widen the dollar gap between new borrowings and repayments. Although repayments increased, newly extended credits increased more rapidly, so that the outstanding debt tended to grow at a high and increasing rate. Consumer instalment debt, which had remained steady during the greater part of 1954 and increased only slightly toward the close of the year, rose about 5½ billion dollars during 1955. The home mortgage debt, which increased by 9.7 billion dollars in 1954, rose by 13.4 billion in 1955. At the end of the year the total debt of individuals, including noncorporate businesses, stood 15 percent higher than at the beginning. However, monthly payments on the loans proceeded on schedule, and delinquencies were not only very low but even lower than in past years.

The huge demand for credit by consumers and business firms was augmented by governmental requirements despite the larger tax revenues that accompanied the expansion of the economy. The Federal budget moved toward a balance during 1955 but did not yet reach it. In the States and localities, considerable support developed both for raising taxes and for increasing debt to finance essential public improvements, such as roads, bridges, schools, water systems, and sewerage plants. The total governmental debt grew during 1955, although its rise was only a small fraction of the increase in private debt. The net borrowing by the Federal Treasury during the year was 2 billion dollars, while the States and localities added about 5 billion to their debt.

The surging demands for credit could be met from only two sources, first, an expansion of the money supply, second, current or past savings. Between mid-1954 and the end of May 1955 the money supply—that is, the sum of demand deposits and currency outside banks—increased by 5 billion dollars. This increase occurred while there was still considerable slack in the economy, and it facilitated the growth of production, employment, and real incomes. But by the late spring of 1955 the expanding demand for the products of industry, swollen by heavy borrowings, was already pressing hard against the Nation's industrial capacity. Shortages of steel, nickel, copper, paperboard, cement, plumbing fixtures, some types of lumber, and other materials developed. Unemployment was low, overtime extensive, and many types of skilled labor scarce. Wages and prices were beginning to stir. Accommodation of the pressing demands of borrowers by any substantial increase in the money supply would, in these circumstances, have served to raise prices rather than increase production.

Interest rates reflected the growing demand for credit in the face of a more slowly growing supply of loan capital. They began rising gradually in the principal money centers toward the end of 1954, then rose more rapidly as the excess reserves of commercial banks kept declining and their borrowings at Federal Reserve Banks increasing. Beyond meeting seasonal requirements, there was little increase in the money supply between May 1955 and the end of the year. Borrowing continued on an extensive scale, but it was largely confined to the loan funds available from the savings of individuals, businesses, and the various private and governmental trust funds. This process of confining credit to available savings, which is a protection against inflation in the future, was obscured by the continued and rapid increase of loans by commercial banks. These loans were made possible principally by the sale of government securities; in other words, the buyers of government securities indirectly provided the funds that financed borrowers from banks. The process of confining credit to available savings was much plainer in the case of mortgage-lending institutions, many of whom found that their supply of savings available for mortgage loans was smaller than the amounts they needed to accommodate customers. Interbank borrowings smoothed these and other necessary financial adjustments, and so too did higher interest rates, more selective screening of credit demands by lenders, and reduced credit commitments by financial institutions.

Despite elements of strain in the money and capital markets, the demand for commodities and services continued to grow as the year advanced. Their supply also kept growing, although many businesses encountered obstacles in increasing production—in certain cases because their available plant was already operating at or close to capacity, in others because some essential materials or skilled labor were in short supply, in still others because credit had become harder to obtain. Orders received by business firms generally multiplied faster than sales, backlogs grew, and delivery periods

lengthened. Despite the growing pressure of demand on the Nation's physical resources, production as a whole continued to increase, albeit at a reduced rate. And despite the boom atmosphere that to some degree accompanied these developments, the over-all level of prices in both consumer and wholesale markets did not change appreciably. The index of consumer prices, which stood at 115.2 in July 1954, moved to 114.3 in January 1955 and 114.7 in December 1955. The index of wholesale prices moved from 110.4 in July 1954 to 110.1 the following January and 111.3 in December 1955. When the year ended the scope of the expansion had narrowed and its pace had slackened. The Nation had practically reached full employment, and was accommodating itself to a necessarily slower rate of advance.

## II. GOVERNMENTAL POLICY IN A TIME OF EXPANSION

The preceding sketch of recent economic experience is amplified in Appendix B and documented by the charts and tables in this Report. But even this brief summary has sufficed to suggest how the unfolding of prosperity generated a degree of exuberance which, if left to itself, could have led to widespread increases in prices, speculative buying, new price increases, and eventual economic recession. The Federal Government, keenly aware of its responsibilities under the Employment Act, moved resolutely to prevent such developments.

That conditions in 1955 might require a different emphasis in economic policy was foreshadowed in last year's Economic Report. It noted that in the course of resolving old problems, expansion "often brings new ones in its train." It called attention to the danger of excesses in periods of expansion, particularly in activities which involve the discounting of a long future, as in the case of home purchases or the pricing of corporate shares. It warned that "continued economic recovery must not be jeopardized by overemphasis of speculative activity." And it urged concentration of governmental policy on facilitating long-term growth, rather than on measures for imparting an immediate upward thrust to the economy.

Thus, the Government was prepared for the problems that confronted our economy in the year just ended, and policies to restrain undue expansion were evolved to meet threats to stability as they emerged. It is well to recall that the expansion which got under way in the late summer of 1954 started from a high level of economic activity. Since the Nation's financial and commercial markets reflected that fact, as well as the promise of a still better future, the Government deemed it prudent to restrain incipient inflationary tendencies even at an early stage of the expansion. As a Nation, we are committed to the principle that our economy of free and competitive enterprise must continue to grow. But we do not wish to realize this objective at the price of inflation, which not only creates inequities, but is likely, sooner or later, to be followed by depression. On the other hand, it is necessary to exercise great care that a policy of avoiding



inflation does not interfere with attaining a satisfactory rate of economic growth. Premature measures and restraints which are too potent may bring on or hasten the very reactions that the restraining policies are intended to prevent, just as excessively delayed action would fail of its purpose.

Moreover, market forces themselves tend to correct many maladjustments, and governmental policy must take account of the direction and strength of these forces. The rise in interest rates during 1955, for example, was to a significant degree a result of market developments, tending to restore balance between the vigorous demand for investment funds and the limited supply of savings available for investment. In such a situation it is essential to appraise with care the speed and strength of market adjustments so that they, together with the governmental measures that are being contemplated, may exercise an effective yet not overpowering corrective influence. This type of appraisal is often difficult and it is always subject to the fallibility of human judgment. The following review of recent monetary and fiscal policies will show how the Government went about the delicate task of preventing inflation without impeding economic growth.

### III. ADJUSTMENT OF MONETARY AND FISCAL POLICIES TO THE NEEDS OF THE ECONOMY

The first departure from the vigorous expansionary policies pursued during much of 1953 and 1954 occurred toward the end of the latter year. As we have seen, economic expansion was well under way by the late summer of 1954. This development was accompanied by a brisk demand for credit, which the commercial banks and other financial institutions were able to meet as a result of the ample lending power that the policy of active credit ease, which then prevailed, had helped to create and maintain.

Although conditions in the latter part of 1954 did not call for a policy of restraint, a mild change in the degree of credit ease seemed desirable in the light of the unfolding economic situation. Accordingly, the Federal Reserve System restricted its purchases of government securities in December 1954. This action made it necessary for commercial banks to increase their borrowings to meet the unusually large increase in year-end currency and credit demands. It also placed the monetary authorities in a better position to move toward a policy of restraint if economic conditions should warrant it. The move exemplified one of the advantages of general monetary and credit policies: they can be adjusted gradually, and if need be promptly reversed, to meet changing economic conditions.

#### *Holding the Tax Line*

As the year 1955 opened, the economic expansion was proceeding vigorously on a widening front. In keeping with this fact, the Administration recommended in January a budget which brought expenditures and receipts of the Federal Government into balance, on a cash basis, over the coming year. This required a tight rein on expenditures and the avoidance

CHART 16

## Stock Prices and Credit

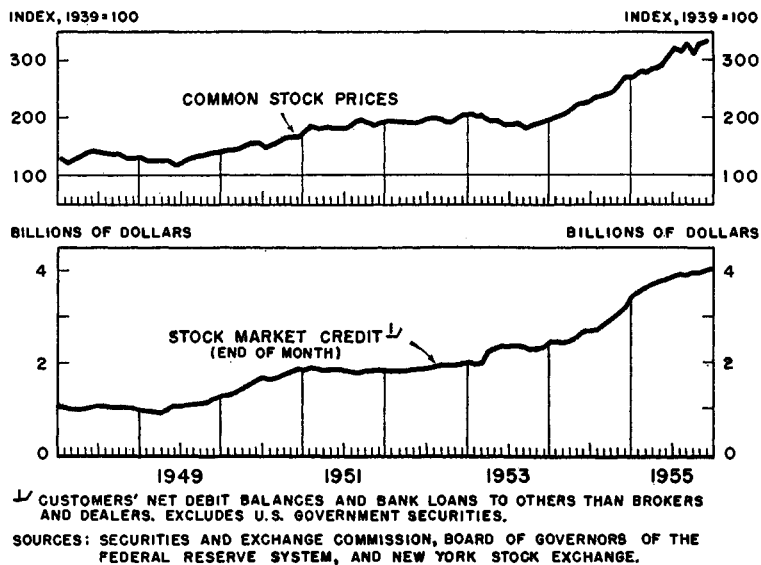
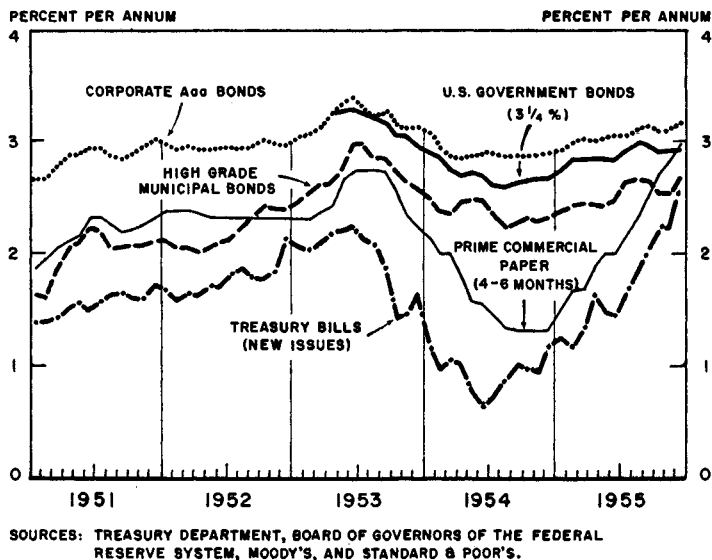


CHART 17

## Money Rates and Bond Yields



of drains on revenue through any reduction of tax rates. Consequently, the Congress was urged to postpone the tax reductions which were scheduled to take effect on April 1, 1955.

Without such affirmative action, Federal taxes would have decreased by approximately 3 billion dollars in a full year. The corporate tax rate would have declined 5 percentage points, involving a loss to the Treasury of about 2 billion dollars. The revenue from excise taxes would have been cut by approximately 1 billion dollars. These tax reductions did not seem appropriate at a time when aggregate economic activity was at a high level and expanding rapidly, while the budget was still unbalanced. However desirable tax adjustments may be to facilitate the long-run expansion of the economy, it is imprudent to initiate them when the budget shows a deficit and when they may interfere with the objective of maintaining balanced economic growth.

Although a bill to reduce individual income taxes was passed by the House, the Congress in the end accepted the President's tax program. The recommendation to defer the scheduled tax reductions was adopted on March 30, 1955.

#### *Containing the Rise in Stock Market Credit*

The proposal of early January to hold the tax line was preceded by a step that dealt with specific credit excesses. A few days earlier, the Federal Reserve authorities had acted to restrain the use of credit in the stock market, where speculative tendencies had become clearly evident.

The rise in stock prices, which began in September 1953 and continued almost without interruption through 1954, was accompanied by a significant increase in the amount of credit used for financing stock purchases. Customers' debit balances with member firms of the New York Stock Exchange rose over 700 million dollars in 1954 or almost 45 percent, and more than three-quarters of the rise was concentrated in the last six months of the year. Loans by banks to individuals for purchasing or carrying stocks also increased. The volume of security trading on margin had grown noticeably during 1954.

Experience provides ample evidence that excesses in the stock market can be transmitted quickly to other markets and eventually create economic trouble. It is important to prevent such developments. Hence, the Federal Reserve authorities moved in January to restrain the use of credit in security speculation, by increasing margin requirements on loans for the purchase of securities from 50 to 60 percent. Since the borrowing from brokers and banks, in connection with security transactions of individuals, continued to increase fairly rapidly in the next three months, margin requirements were again raised in April—this time to 70 percent. Stock prices, especially of the largest and best known industrials, continued upward through much of the rest of the year, but the rate of increase of stock market credit declined substantially soon after this second action was taken.

### *From Active Credit Ease to Moderate Restraints*

Besides taking steps to contain stock market excesses, the general credit policy of the Federal Reserve System was modified early in 1955 in the direction of restraint. In January and February, the Reserve Banks reduced their holdings of government securities by about 1.3 billion dollars. This reduction was designed to absorb funds that normally become available to commercial banks as a result of the seasonal return of currency and the seasonal decline in loans. But in view of the continuing strong demand for bank credit, the sales and redemptions by the Reserve Banks had the effect of tightening the reserves of their members. The commercial banks responded by selling securities to meet the growing demand for loans. Simultaneously, they increased their borrowings from the Reserve Banks.

The Treasury also adjusted its financing programs to the change in economic conditions. Treasury financing in 1954 was carried out with short- and intermediate-term securities, many of which were bought by commercial banks and served to increase the money supply. In early 1955 there was no longer much reason for avoiding competition with other borrowers in the long-term capital market. Nor was there any special need to stimulate the expansion of the money supply. Hence the Treasury issued almost 2 billion dollars of 3 percent, 40-year bonds in February. Besides absorbing funds from the long-term market, the new issue helped to meet the needs of long-term investors, such as pensions and trust funds, insurance companies, and endowment funds. An additional 800 million dollars of these long-term bonds were issued later.

The policy of restraint of early 1955 was extended as the expansion of credit continued. Loans to business firms, automobile purchasers, and homeowners—the three groups which provided the major impetus to economic expansion—rose sharply during the spring. Business loans of commercial banks, which normally decline in the first half of the year, increased by 2 billion dollars in the first six months of 1955. The outstanding installment debt of consumers expanded nearly 2 billion dollars in the second quarter, the largest increase on record over so brief a period. The value of home mortgage loans recorded during the first six months of 1955 exceeded recordings in the corresponding period of 1954 by a third, if not more. Although interest rates stiffened, other credit terms, such as the required downpayment and length of maturity, became more liberal, particularly for automobile and home purchases. In view of these credit and business developments, the Federal Reserve discount rate was raised in April from  $1\frac{1}{4}$  to  $1\frac{3}{4}$  percent. This action brought the discount rate in line with the market level of short-term rates and made borrowings from the Reserve Banks more costly.

During the summer, employment reached a new peak of about 65 million. Although pockets of unemployment persisted in some local areas, unemployment generally was close to a practical minimum. Total output broke all previous records. Upward pressures on wages and prices became more

CHART 18

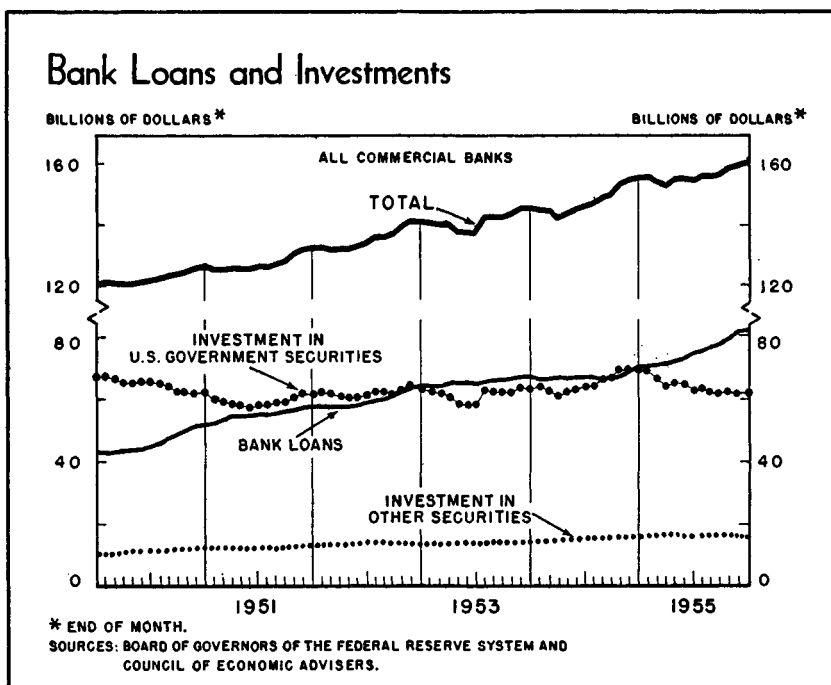
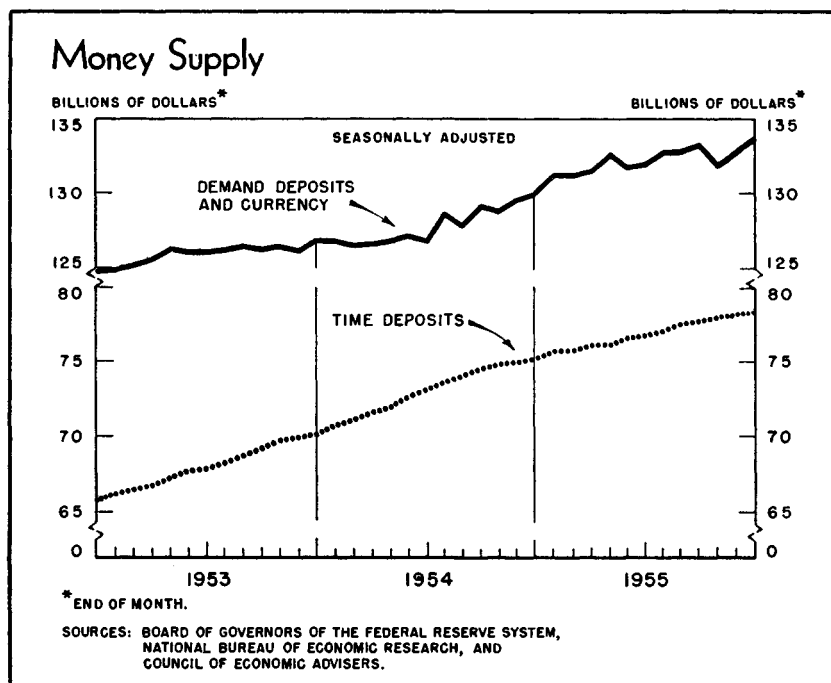
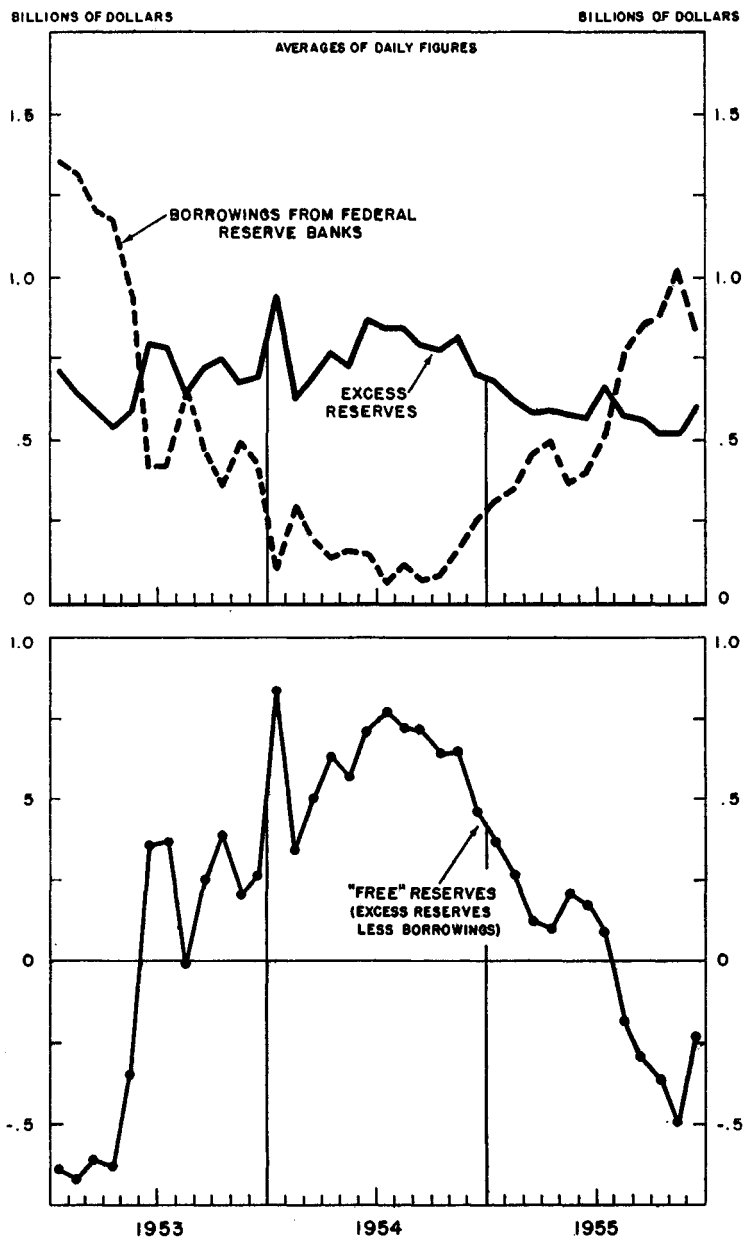


CHART 19



# Member Bank Excess Reserves and Borrowings



SOURCE: BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.

intense. New collective bargaining agreements in major industries called for substantial wage increases, which in some cases were followed by substantial price advances. Shortages of steel, copper, aluminum, and of a variety of building materials developed or became more acute. The credit expansion supporting the high level of demand in practically all sectors of the economy reached a pace which, if continued for long, would threaten the stability of the economy.

To help avert this threat the Federal Reserve Banks reduced their holdings of government securities on a considerable scale between late July and mid-September. The effect of this policy was to put added pressure on bank reserves at a time when the demand for loans was piling up. To bolster their reserve position and continue lending, the commercial banks further reduced their own holdings of government securities and also increased their borrowing at the Reserve Banks. But when they borrowed money, they had to pay a higher price for it. Early in August, the discount rate was increased by one Reserve Bank to  $2\frac{1}{4}$  percent and by the others to 2 percent. By mid-September, discount rates were raised to  $2\frac{1}{4}$  percent by all Reserve Banks.

The pace of economic expansion slowed down somewhat during the fall, but incomes continued to increase and demand remained at a high level. When stock prices declined in late September and early October, a note of uncertainty crept into the thinking of some people. Within a few weeks, however, the averages of stock prices returned to their prior peaks. It became evident that business firms were laying plans for further increases in investment outlays, and that business and consumer demands for credit showed few signs of slackening. In view of this situation, the monetary authorities maintained pressure on the reserves of commercial banks. Although the Reserve Banks purchased a sizable amount of government securities toward the end of September and the following weeks, the amount fell short of meeting the seasonal requirements of commercial banks before the Christmas season. In November, the discount rate was raised to  $2\frac{1}{2}$  percent—the fourth increase of the year. In December, the reserve position of the banks eased somewhat, but pressure in the credit markets continued.

As the pressure on bank reserves increased during the year, the commercial banks took care of their customers' requirements by huge sales of government securities and by borrowing at the Reserve Banks. However, increasing tightness in the credit markets in time led both the commercial banks and other financial institutions to screen their loans more carefully. Mortgage money, in particular, became less plentiful. Simultaneously, the increased cost of borrowing moderated the demand for long-term credit by some borrowers. This effect became noticeable during the summer, when a number of State and local governments and turnpike authorities deferred their scheduled financing. The restricted supply of loan funds made its influence felt also in the short-term credit market, though to a smaller degree. The net result was some restraint of private and public

expenditures, which was salutary in an environment in which excessive demand could well have resulted in sharply rising prices.

### *Consumer Credit Policies*

To supplement the general monetary policy of reducing the ease of borrowing, specific actions were taken during the spring and summer in two areas which, in addition to the stock market, caused some concern. One of these areas was consumer credit.

Most of the expansion of consumer credit occurred in connection with automobile loans, which in the early months of 1955 were being made on increasingly liberal terms. In the case of new car purchases, instalment contracts with maturities as long as 30 and 36 months became more prevalent. Downpayments of less than a third became fairly common, and they were sometimes nominal because of the tendency to overvalue trade-ins. The frequent combination of low downpayments and lengthy maturities meant that the outstanding debt on many instalment contracts exceeded the market value of the car for appreciable periods. In the case of used cars, downpayments also declined, though there was little change in maturities.

The authority of the Board of Governors of the Federal Reserve System to establish maximum terms on consumer credit had ceased in 1952. Consequently, apart from general monetary policies, the means of influencing consumer credit were limited to what could be accomplished by moral suasion and bank supervision. Government officials met repeatedly with representatives of financial institutions and noted the hazards that may attach to excessively liberal credit terms. In July the Federal bank supervisory authorities—that is, the Comptroller of the Currency, the Federal Reserve Board, and the Federal Deposit Insurance Corporation—added a section on consumer credit to their regular examination reports, with a view to providing a better basis for evaluating the quality of consumer loans extended by banks. Partly in response to these measures, but mainly in response to the general tightening of the money market, many lenders put a halt to further liberalization of terms and some began to stiffen terms. However, maturities and downpayments generally remained liberal by contrast with those of prior years.

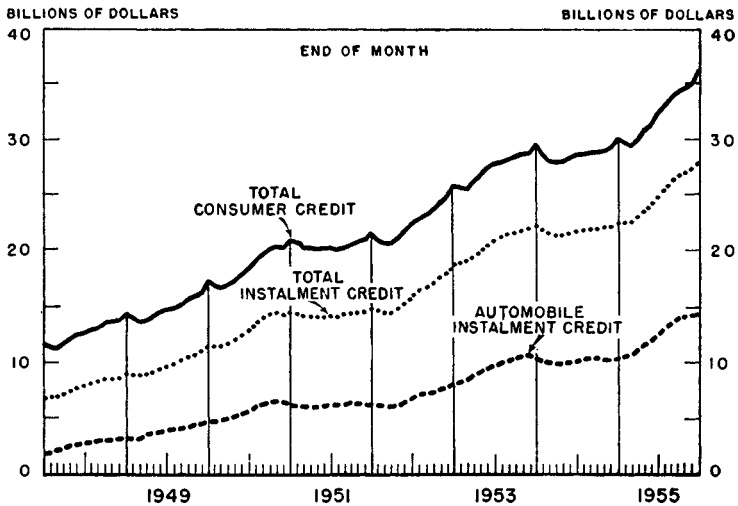
### *Housing Credit Policies*

Several steps were taken by the Government to help cope also with the threat of overexpansion of housing credit. We have already noted the great upsurge in residential construction between the fall of 1954 and the spring of 1955. This was stimulated by increasingly easy credit during 1954, and the eagerness of financial institutions to acquire, and make forward commitments for, mortgage loans at a time when rates of return on other investments were less attractive. The demand for new housing generally remained strong during this period. Nevertheless, by the spring of 1955 a surplus of housing became evident in some scattered localities.



CHART 21

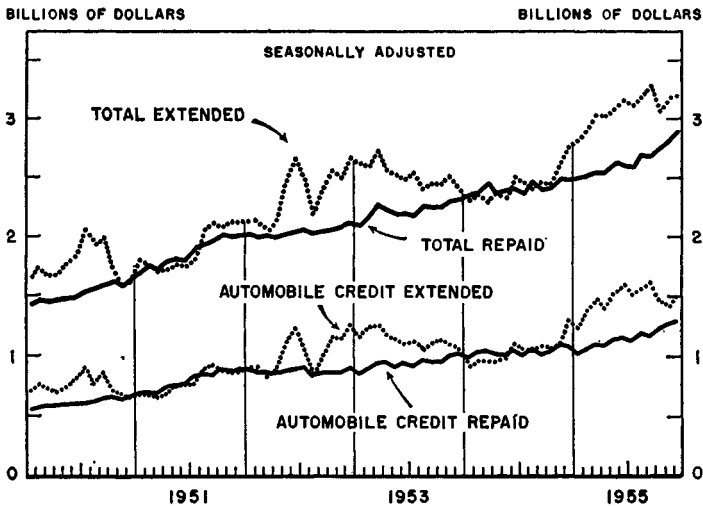
## Consumer Credit Outstanding



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

CHART 22

## Consumer Instalment Credit



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

Easy mortgage credit manifested itself most conspicuously in the terms offered on government-guaranteed loans for veterans, although it was by no means limited to this segment of the market. In the spring of 1955, mortgage loans with maturities of 26 to 30 years represented nearly two-thirds of the total number of veterans' loans on new homes, compared with about one-third a year earlier. The like was true of no-downpayment mortgages. The extensive and growing resort to mortgages requiring no downpayment raised the serious question whether such loans were in the best interest of many of the veterans attracted into home purchase, and whether the sale of homes on increasingly easy terms could be maintained without deterioration of credit standards and unsettling effects on home building activity in the future.

In addition, strains in the mortgage market began to be evident in the spring and summer of 1955. Finding it difficult to handle the record volume of mortgage loans and commitments, mortgage lenders resorted increasingly to short-term credit. Savings and loan associations stepped up sharply their borrowing from the Federal Home Loan Banks. Other mortgage lenders arranged for temporary financing by "warehousing" large amounts of mortgages with commercial banks—a development which led the Federal Reserve Bank of New York to advise caution in the extension of this type of credit. Advances by Home Loan Banks to savings and loan associations, together with mortgage "warehousing" loans by commercial banks in major cities, increased by 1.3 billion dollars between August 1954 and August 1955.

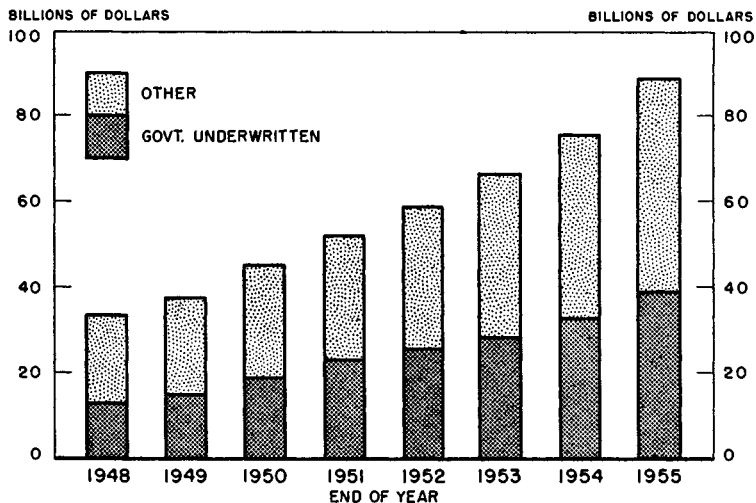
The strains on the financial system were paralleled by pressures on the resources available to the construction industry. Building materials, such as cement, steel, copper and brass products, gypsum board, hardwood flooring, even bricks and nails, were reported in short supply in more and more areas. Wages were rising generally. The price of land for residential developments was increasing rapidly, as were prices of building materials.

In view of these developments, the Federal Housing Administration and the Veterans Administration issued regulations in late April, which required the home purchaser who obtained a mortgage underwritten by the Government to pay legal, recording, and related fees in cash. The inclusion of such costs in mortgage loans was one of the unsound, though not widespread, practices that had developed under competitive pressures. At about the same time, the field offices of both agencies were instructed to intensify their surveys of local housing markets, and to take coordinated steps to restrain Federal underwriting of mortgages in localities where housing surpluses were found to exist. In July both agencies reduced from 30 to 25 years the maximum maturity of mortgages that could henceforth be insured or guaranteed by the Government. Simultaneously, the minimum downpayment on homes bought under the veterans' program was raised from zero to 2 percent of the purchase price, while minimum down-

CHART 23

## Mortgage Debt Outstanding

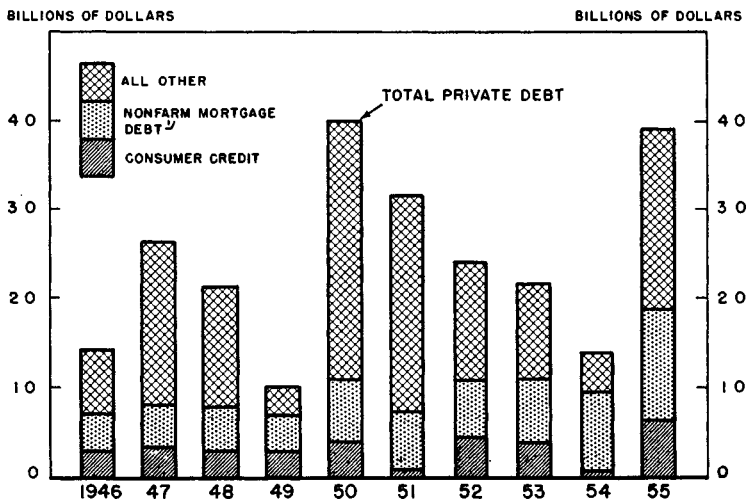
1- to 4-Family Nonfarm Properties



SOURCES: HOME LOAN BANK BOARD, FEDERAL HOUSING ADMINISTRATION, VETERANS ADMINISTRATION, AND BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.

CHART 24

## Increases in Private Debt



1/ 1- TO 4-FAMILY HOUSES.

SOURCES: VARIOUS GOVERNMENT AGENCIES.

payments on homes purchased under the program of the Federal Housing Administration were increased correspondingly. In line with these measures, the Federal Home Loan Bank Board took steps in the summer and fall to restrain the rapid growth of lending by the Home Loan Banks.

All these steps were parts of a general and concerted credit policy. Housing loans insured or guaranteed by the Federal Government now represent over two-fifths of the entire home mortgage debt. For this reason, if for no other, the Government has a direct responsibility in helping to maintain a sound housing and mortgage market. It has a corresponding duty to use its own programs wisely, so as to promote stable economic growth as well as progress toward better housing. The objective of stable growth is clearly in the national interest. It is also in the long-term interest of those who have so greatly benefited from the Federal housing programs—the millions of consumers with a stake in their homes, jobs, and debt obligations, the hundreds of thousands of workmen in the construction industry, and the thousands of enterprises engaged in home building and mortgage lending.

#### *Adjusting the Stockpiling Program*

After the basic decision of January to hold the tax line, monetary and credit policies were largely relied on to keep the excesses that tend to arise during prosperity from cumulating. However, the Government's housekeeping operations were also managed so as to relieve the pressures of an expanding economy. Among other things, the stockpiling program was adjusted during the past year, within the limits permitted by law, to avoid undue hardship to the civilian economy. Quantities of copper, aluminum, and nickel under contract for delivery to the Government were diverted to industrial use, and in the case of copper some holdings outside the stockpile were sold for essential industrial uses. It was possible to do this without injury to the defense program because of the substantial progress that had previously been made in stockpile accumulations. Also, the expansion of capacity in some major industries, notably of aluminum, is now contributing to domestic mobilization potentials and is decreasing correspondingly the need for stockpiles.

#### IV. EFFECTIVENESS OF MONETARY AND FISCAL POLICIES

Monetary and fiscal policies influence different activities in varying degree, and these effects have varying time dimensions. Thus, financial developments during 1955 reflected not only the restraints placed on borrowing in that year, but also the credit ease of the preceding year. In addition, they mirrored the strength of credit demands accompanying the rapid business expansion of 1955 as well as the efforts to moderate these demands. Final evidence of the effectiveness of recent governmental policies must therefore be sought in the economic annals that are yet to come

as well as those for 1955. Even now, however, it can be said with confidence that the early recognition of a need for monetary and fiscal caution, and the gradual but persistent application of a policy of restraint during the greater part of 1955, contributed in no small degree to the achievement and maintenance of prosperity without price inflation.

The vigorous expansion of economic activity during 1955 was accompanied by little change in the average level of wholesale or consumer prices. To be sure, the substantial stability of the price level reflected in some degree the opposite movements of industrial and farm prices in wholesale markets. However, the increase even in the average level of industrial prices was not large for a period of high prosperity. Because the over-all change in prices was small, speculative accumulation of business inventories, such as has often led to economic recession in the past, was largely avoided last year. And since consumer prices remained virtually stable, higher earnings due to increased basic rates of pay and longer or more regular hours of work were not dissipated, but resulted in rapidly rising real incomes for wage earners. The advances occurred in a general atmosphere of industrial peace.

Although we have not entirely escaped the financial excesses that commonly develop in a time of economic exuberance, the policies of restraint pursued by the Government helped to moderate the growth of debt and to protect its quality. A balanced Federal budget is now definitely within

CHART 25

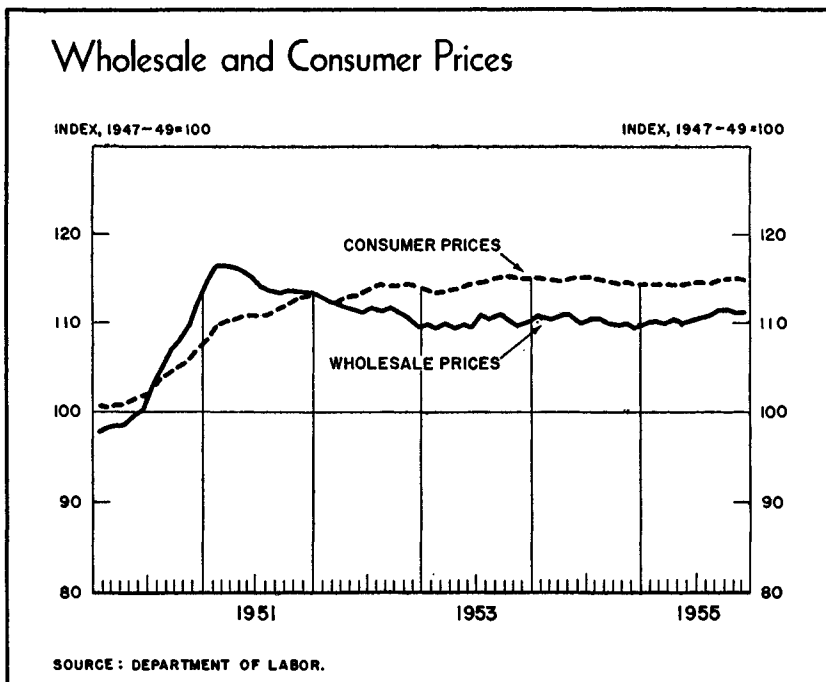


TABLE 4.—Changes in average gross and net spendable weekly earnings of production workers in manufacturing, constant prices, 1946-55<sup>1</sup>

Period	Gross average weekly earnings	Net spendable average weekly earnings <sup>2</sup>	
		Workers with no dependents	Workers with three dependents
Percentage change:			
1946 to 1947 -----	-0.4	-1.0	-2.5
1947 to 1948 -----	.7	3.1	2.4
1948 to 1949 -----	2.4	2.4	2.2
1949 to 1950 -----	7.0	5.2	5.2
1950 to 1951 -----	1.0	-2.1	-1.8
1951 to 1952 -----	2.7	.7	1.5
1952 to 1953 -----	4.6	4.3	3.8
1953 to 1954 -----	-1.1	1.4	-1.1
1954 to 1955 <sup>3</sup> -----	6.8	6.5	5.9

<sup>1</sup> Earnings in constant prices are obtained by dividing earnings in current prices by the consumer price index.

<sup>2</sup> Gross weekly earnings less Federal social security and income taxes.

<sup>3</sup> Based on preliminary data for 1955.

Source: Department of Labor.

TABLE 5.—Changes in average gross weekly earnings in selected industries, constant prices, 1946-55<sup>1</sup>

Period	Manufacturing		Build- ing con- struc- tion	Retail trade	Whole- sale trade	Class I rail- roads	Tele- phone	Laun- dries	Bitu- min- ous coal min- ing
	Dur- able goods	Non- durable goods							
Percentage change:									
1946 to 1947 -----	-1.5	-0.3	-1.7	-2.3	-4.9	-3.9	-11.7	-5.4	0.2
1947 to 1948 -----	1.1	.1	1.0	.2	-.7	1.5	1.5	-2.8	.6
1948 to 1949 -----	2.6	2.6	4.1	5.8	4.5	4.8	6.9	3.2	-11.4
1949 to 1950 -----	8.1	5.4	2.9	2.7	3.9	1.8	4.0	.4	10.1
1950 to 1951 -----	1.6	-1.0	2.3	-1.5	-1.3	2.4	-.8	-1.3	2.4
1951 to 1952 -----	3.4	2.0	5.6	1.7	3.1	2.4	2.8	-.1	-1.8
1952 to 1953 -----	4.3	3.5	3.4	3.4	4.9	1.9	5.4	1.9	8.4
1953 to 1954 -----	-.4	1.4	2.2	3.2	2.8	2.8	4.9	.7	-5.6
1954 to 1955 <sup>1</sup> -----	8.1	5.4	2.1	3.5	4.9	3.8	5.6	1.8	18.0

<sup>1</sup> For production workers or nonsupervisory employees. Earnings in constant prices are obtained by dividing earnings in current prices by the consumer price index.

<sup>2</sup> Based on preliminary data for 1955.

Source: Department of Labor.

reach. There has been little change in the amount of stock market credit outstanding since last June, and its quality has improved. The tendency toward increasingly liberal terms on consumer instalment loans has been arrested. Mortgage lending is proceeding on a more prudent basis. For some months now, the expansion of borrowing has in the aggregate been largely restricted to the loan funds made available from past or current savings. Because the creation of new money has been kept down, the recurring problem of preventing inflation should be less difficult in the future.

While the monetary and fiscal restraints of last year contributed significantly to economic stability, they did not interfere with the attainment of a very high rate of economic growth. Expansion continued throughout the year, and the rate of growth slowed down only when output began pressing against the ceiling of physical resources. On the whole, then, the performance of the economy in the year just ended indicates considerable success of the Government's stabilizing efforts, just as the annals of 1954 demonstrated that the Government helped to overcome the forces of economic contraction and facilitate recovery.

In some ways, the lesson of 1955 is perhaps the more significant one. Success in preventing depression depends in large part upon a willingness to avoid the excesses that can so easily develop during prosperity and upon skill in doing this. Governmental measures of monetary and fiscal restraint are not as readily accepted as are measures of economic stimulation. The manufacturer who sees an opportunity to expand his activities by borrowing cannot always understand why his bank is so short of funds that he must put up with a smaller loan than he requested. Nor can the homebuilder or merchant or consumer. Nor, for that matter, can the banker. To each participant in the economic process a shortage of credit may appear as a restriction on his own opportunities. But the basic shortage under conditions of high prosperity is on the side of physical resources, not on the side of money or credit. If credit on easy terms were available to everyone at a time when the economy is already working close to capacity, the consequence would be a scramble for limited resources and a cumulative bidding up of prices. If taxes were simultaneously reduced, this inflationary process would only be speeded up. A government that sought to prolong prosperity by such devices would be taking a road that all too often has ended in disaster.

Prompt and resolute governmental action to contain undue expansion requires courage and a willingness to focus on the less apparent and the longer-term interests of the economy. The fact that the Government during 1955 acted in this fashion, and the degree to which people accepted and approved the program of fiscal and monetary restraints as the better part of wisdom, testify to our increasing maturity as a Nation in dealing with the problem of economic instability. Another challenge to meeting the objectives of the Employment Act was met as the first decade of operations under this novel legislation came to a close.

## V. THE CURRENT ECONOMIC SITUATION

Once an economy operates close to full capacity, further expansion of economic activity is bound to proceed at a slower rate. At such a time, moreover, crosscurrents multiply and become more prominent. As was to

be expected, the scope of the economic expansion has narrowed in recent months and its pace has slackened. Declines have lately been under way in housing starts, automobile production, and other activities, but they are being amply offset by increases elsewhere. The flow of orders to business firms remains high and, in the aggregate, continues to exceed current production and sales. Many shortages, particularly of metals, persist. In short, the rapid expansion of six or twelve months back has given way to a tamer movement, but the underlying trend still appears to be upward.

The economy is starting the new year from a strong financial as well as a strong industrial position. Although stock prices are substantially higher than a year or two ago, credit is not a very large factor in today's stock market. Although consumers have recently added heavily to their debts, they also have added substantially to their liquid assets and earning power. The current liabilities of business firms have risen, but their current assets have risen still more. Agricultural inventories are very high, but they are largely held by the Government and their disposal will not be permitted to disrupt markets. The recent expansion of industrial production has been accompanied by an increase in business inventories, but a preponderant part of the increase has been in goods locked up in the productive process. Apart from the automobile industry, which is now bringing its production into better adjustment with market demand, there is little evidence in the business world of excess or speculative inventory holdings. Taking recent years as a standard, the current ratio of inventories to sales is generally low for both manufacturers and distributors. The increase of inventory investment in the fourth quarter of 1955, which stands out prominently in the most recent statistical summary of the gross national product, is largely attributable to automobiles and does not have a more general significance.

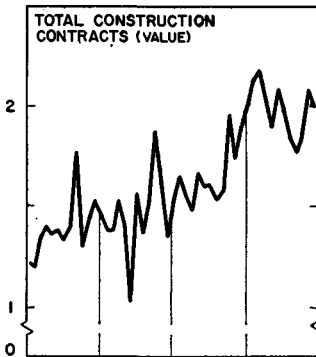
As just noted, housing starts have recently been declining. Such indicators as we have of proposed home construction are also pointing downward. These movements largely reflect the limited supply of mortgage money in the recent past, rather than a slackening demand for new homes. Basic conditions of the home-building industry are, on the whole, satisfactory. In good part because of the governmental steps taken during 1955 to avoid overbuilding, local housing surpluses are now fewer than last spring. In the Nation as a whole, the vacancies currently available are only about 2.3 percent of the total stock of dwellings. Although that figure is somewhat higher than in recent years, vacancies still fall short of the reserves that people need in order to shift their housing accommodations without excessive delays.

The demand for new dwellings remains strong, and there are some signs also of improvement in the conditions affecting their supply. Shortages of building materials have been reduced somewhat in recent weeks. More-

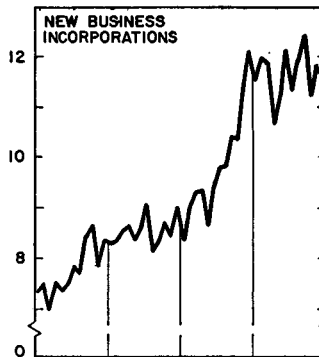


## Indicators of Investment Preparations

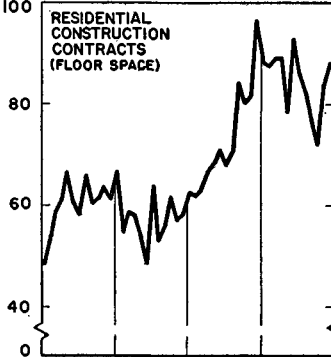
BILLIONS OF DOLLARS



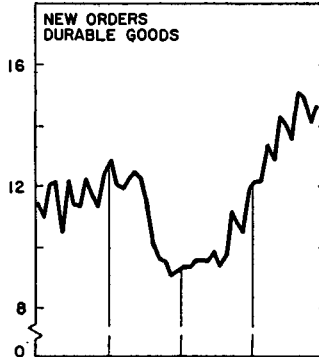
THOUSANDS



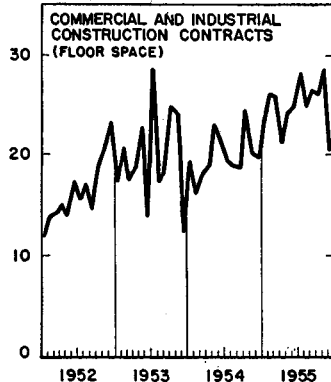
MILLIONS OF SQUARE FEET



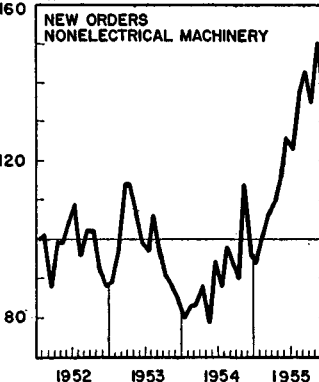
BILLIONS OF DOLLARS



MILLIONS OF SQUARE FEET

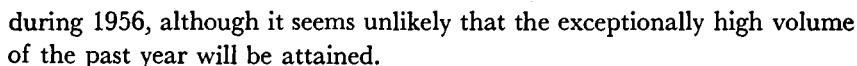


INDEX, 1950 = 100



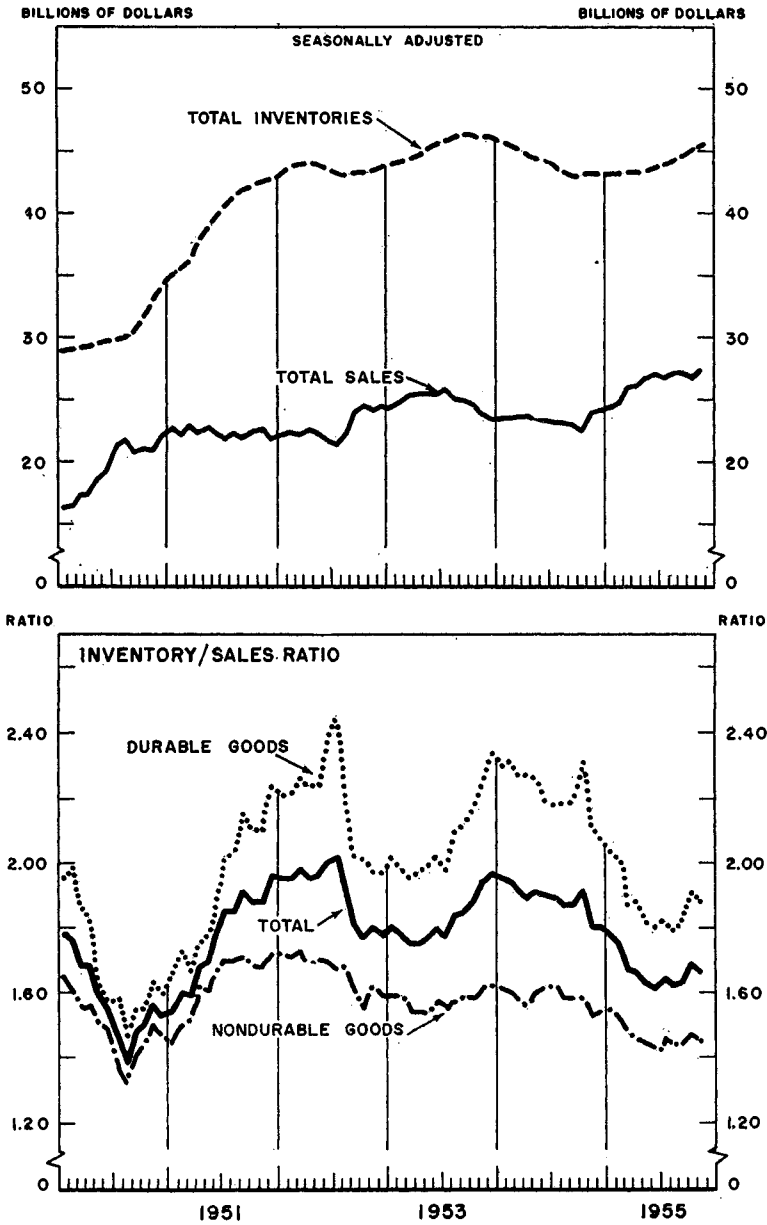
NOTE: ALL DATA ARE SEASONALLY ADJUSTED.

SOURCES: F.W.DODGE, DUN & BRADSTREET, DEPARTMENT OF COMMERCE, M<sup>C</sup> GRAW-HILL, AND NATIONAL BUREAU OF ECONOMIC RESEARCH.

**CHART 27**

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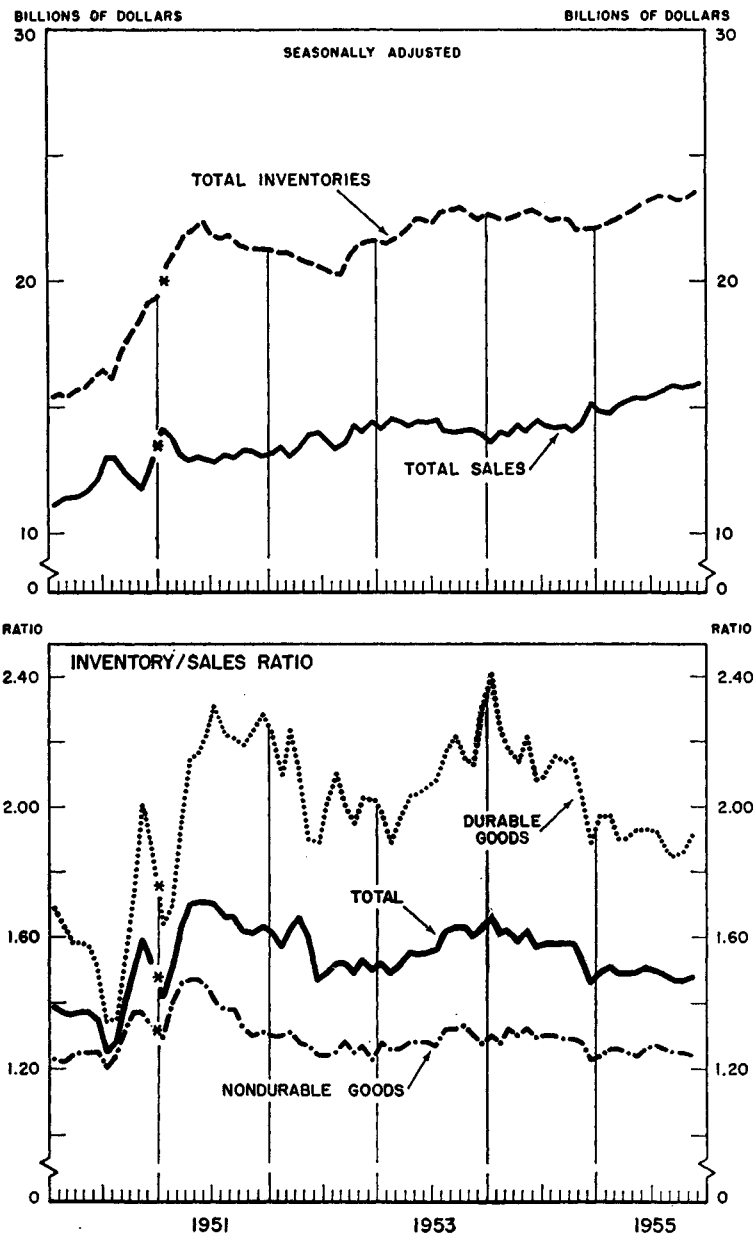
# Manufacturers' Inventories and Sales



SOURCE: DEPARTMENT OF COMMERCE.

CHART 29

# Retail Inventories and Sales



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

have been proceeding at a high rate. When allowance is made for the erratic movements intrinsic in monthly records, it is clear that construction contracts for commercial and industrial structures have been moving to higher levels. Surveys of business plans for capital spending, many of which represent firm commitments for 1956, likewise suggest a rising volume of business outlays on plant and equipment. In view of the investments that are projected or already under way, the outlook for business capital expenditures in coming months is good.

The prospective high volume of private investment in fixed capital—that is, business investment in plant and equipment together with residential construction—is likely to be supplemented over coming months by further expansion of State and local spending. The pressures for local improvements are continuing to mount over the country, and the scale on which construction contracts are proceeding strengthens the expectation of a higher rate of State and local outlays. Federal expenditure on goods and services may also move a little higher over coming months.

The basis for judging other parts of the economy is less clear at present. However, foreign trade probably will continue at a high level, at least over the months immediately ahead. How soon and in what degree the decline of farm incomes and farm spending is checked will largely depend on how promptly the Congress acts on the Administration's newly proposed farm program. The future course of consumer spending is always shrouded in uncertainty, but it is well to note that retail sales last quarter were at their highest level of the year, and that retail sales in December—quite apart from the normal seasonal bulge—were at the highest level of the quarter. Thus, the trend of aggregate consumer spending continues to be upward, despite the recent decline of expenditures on durables. If it is unlikely that consumers will buy automobiles in 1956 at last year's extraordinary rate, they may spend more freely on home improvements, home furnishings, and nondurables. The urge to maintain and improve living standards is so strong nowadays that continuation of a high level of consumer spending can be reasonably anticipated.

Under current conditions, the economic growth of our Nation is limited by industrial capacity and accretions to the labor force. When the economy has reached so high a level its near-term course is inevitably surrounded by a margin of uncertainty, and minor movements can occur without involving a change in general trend. Taking recent developments all together, it is reasonable to expect that high levels of production, employment, and income will be broadly sustained during the coming year, and that underlying conditions will remain favorable to further economic growth.

The clearest lesson of recent economic history is the need for alertness to economic change and for prompt adaptation of economic policies to

changing business conditions. It is important to avoid complacency and to bear in mind the uncertainties that always surround the future. But it is no less important to recognize that the opportunities which lie ahead for American businessmen, consumers, workers, farmers, and investors are much greater than the uncertainties. The basic objective of governmental policy in the economic sphere during the coming year should be to help in the realization of these opportunities. The following chapters present for the consideration of the Congress a program to help widen the scope of our current prosperity and to help extend it into the future.

## Chapter 3

### Broadening the Scope of Prosperity

THE PRECEDING CHAPTER has focused on the Nation's success in attaining general prosperity without price inflation during the year just ended. But the economic life of a dynamic people is full of cross-currents. No matter how rapidly the economy as a whole may be advancing, there are always some industries and areas that are standing still or even declining. Progress of technology is by its nature uneven; new products and new firms continually disrupt economic routine; shifts of demand keep occurring and recurring; foreign developments have widely divergent effects on domestic industry; and the weather itself is sometimes the arbiter over the lives and fortunes of people. These factors and many others like them diversify the economic life of a Nation. If our economy is to continue growing, it will have to remain fluid and resilient, and broadly responsive to market forces. The general welfare may, however, be greatly enhanced by fostering conditions under which adjustments can be accomplished with a minimum of hardship or difficulty.

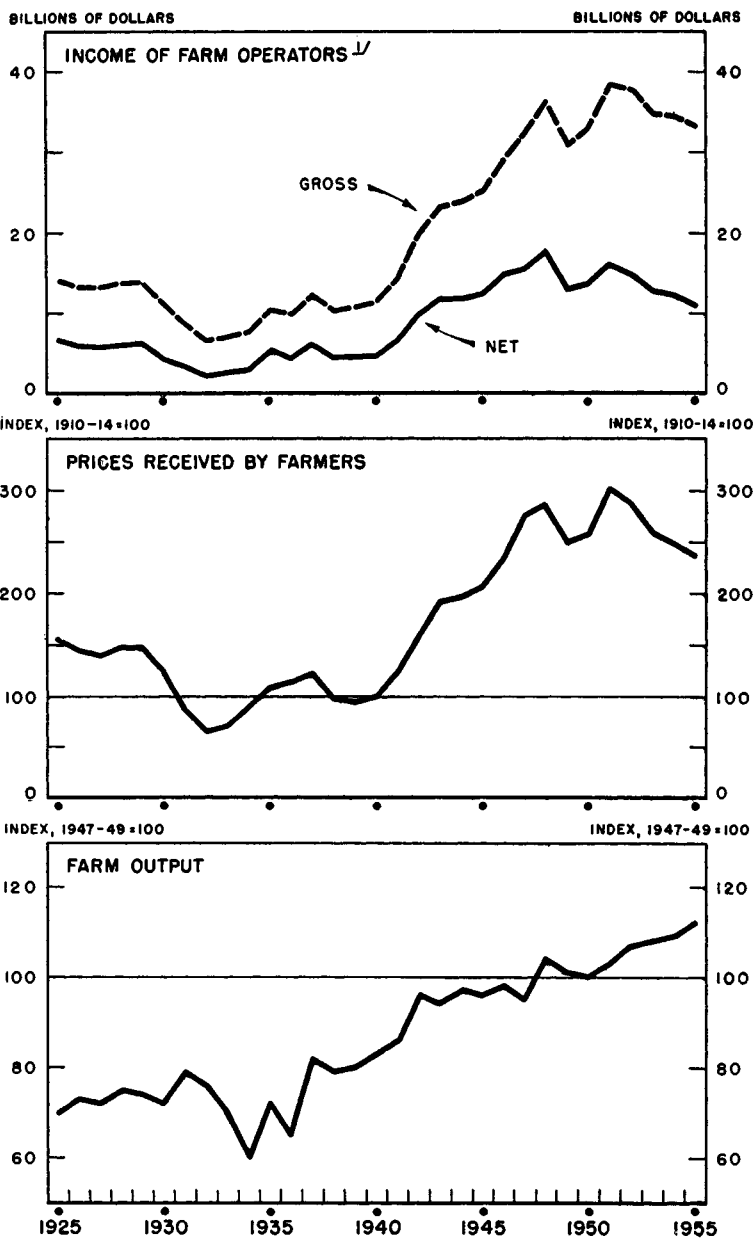
It is precisely because good times have spread so widely among the American people that we should give serious thought to ways and means of extending prosperity to the less flourishing sectors of our economy. Many branches of agriculture have failed to participate fully in the Nation's prosperity. Unemployment has persisted in some urban communities despite the attainment of full employment, in a practical sense, in the Nation at large. Even in these highly prosperous times a relatively small yet significant number of American families have, for one reason or another, incomes that are much too low. We must try to extend the magnificent performance of our economy. The first and most pressing problem requiring the attention of the Congress is the continued decline of agricultural incomes.

#### I. PROMOTING AGRICULTURAL READJUSTMENTS

American agriculture is a highly varied part of the national economy. The commercial farms—where the income of the operator's family depends primarily on the sale of farm products—vary greatly in size, in degree of specialization, in productive efficiency, and in financial return. In addition, there are many part-time and residential farms. The Nation has a stake in the welfare of all agriculture and all farm people. National programs must take account of the divergent problems of the different groups.

CHART 30

# Farm Income, Prices, and Output



✓ INCLUDES GOVERNMENT PAYMENTS AND NET CHANGE IN FARM INVENTORIES.  
SOURCE: DEPARTMENT OF AGRICULTURE.



The commercial farmers who produce the bulk of our farm output are ingenious, adaptive, and progressive. They take advantage of the rich flow of technical knowledge, materials, and machinery made available by research and industrial development. Their farms are better equipped and better managed than they have ever been. Operator-owned family farms continue to predominate, and the acreage and capital per farm are increasing. Farm wage rates have risen as the high level of industrial activity in the postwar decade has drawn into more remunerative nonfarm occupations many low-income farmers, sharecroppers, and hired hands. Farm people are taking advantage of opportunities for off-farm employment, full-time or part-time, which yields important supplements to their income; and their living has improved far above prewar levels. Since January 1955 farmers have participated in our national system of Old-Age and Survivors Insurance. Continuing large increases in population, coupled with high and rising levels of national income and employment, have maintained a strong domestic demand for farm products in recent years.

Nevertheless, the economic condition of agriculture is not satisfactory, and the position of farmers in our dynamic economy has aroused deep concern. Experience varies widely from year to year in different farming sections and enterprises, and from farm to farm. Yet gross and net incomes from farming have been declining since 1951, in sharp contrast to improving rewards in industry, commerce, and finance. Readjustment to peacetime conditions of demand and production has not been fully achieved. It is imperative that we strengthen farm programs on the basis of a realistic appraisal of the present situation.

Farmers responded magnificently to wartime and postwar challenges to produce abundantly, and generally enjoyed great prosperity in the 1940's. Farm incomes rose to new highs after World War II as a result of price inflation, high domestic demand, and extraordinary exports largely financed by grants and loans from the Government. Substantial declines in farm prices and incomes in 1948 and 1949 were due mainly to subsidence of this abnormal export demand, record crop production in 1948, and some contraction in the domestic economy. The outbreak of the Korean conflict and fears of a return of wartime shortages stimulated increases in both the domestic and foreign demand for agricultural products. This, coupled with renewed inflation, raised farm prices and gross incomes to new peaks in 1951. The containment of hostilities led to a fall in abnormal demands for stocks, and there was a sharp decline of agricultural exports in 1952-53. Enlarged supplies of meats and dairy products in 1953, as well as temporarily reduced consumer demand for the latter, also contributed to the decline in farm prices and incomes from their exceptional 1951 peaks. The further declines in 1954 and 1955 were associated with a general enlargement of production and stocks.

The decline in gross farm income since 1951 has been accompanied by an even sharper decline in net income. Farm production expenses in in-

creasing degree consist of machinery, fertilizer, and other items purchased from the nonfarm economy. Prices of these items have declined little in recent years, and in many cases have risen as nonfarm demands for steel, gasoline, and other products continued to increase. Thus, farmers have been subjected to a "cost-price squeeze." Although the market conditions that prevailed during and immediately after the war could not be expected to continue indefinitely, the protracted decline and current low levels of income, in a period of generally good times, are of increasing concern.

On certain points the evidence is clear. Commercial farmers have been producing and are geared to produce more than could be commercially disposed of at supported prices. Government restrictions on acreage of several crops, notably wheat and cotton, have insufficiently curtailed production of these crops and have led to expansion of others. Huge carry-overs have piled up, far beyond liberal estimates of desirable reserves. Government holdings acquired under price-support programs have kept rising, in spite of intensive and effective efforts to dispose of surpluses.

The persisting decline in farm prices and incomes reflects a continuing imbalance between farm output and its ultimate disposition. The imbalance is to be traced largely to the technological revolution in American agriculture, changing domestic demands for farm products, the expansion of agricultural production abroad, and the repeated extension of wartime price support levels long after the end of World War II.

The most recent upsurge in our agricultural technology began in the late 1930's. It has taken many forms, such as better varieties of seeds, improved breeds of livestock, more and better machinery, increasing use of fertilizer, improved feeding practices, extension of electrification, and more effective controls of weeds, insects, and plant and animal diseases. Favorable prices, higher incomes, and the steadily improving asset position of farmers during the war made it possible to adopt the new technology at a rapid pace between 1940 and 1945. After the war the broad uptrend in farm output continued, and there is no sign that the current phase of the technological revolution has run its course. The index of total farm output rose 20 percent during 1939-45, 4 percent in 1945-50, and 12 percent in 1950-55; new records were set in each of the past five years. The latest increases have far exceeded the expectations of competent specialists. In output per acre, per livestock unit, per farm worker, and per man-hour, remarkable advances have been registered.

Demand has not risen enough to absorb all of the enlarged farm output. Indeed, technological developments on and off farms have of themselves reduced the demand for several important farm products. Notable examples are the nearly complete replacement of horses and mules by automotive equipment in farm and nonfarm uses, and of horsefeed by motor fuel; inroads of synthetic fibers, paper, and other

products on the consumption of cotton and wool; and the adverse effect on the demand for fats and oils from increasing displacement of soap by detergents. Apart from such changes, as incomes rise the demand for farm products tends to increase at a rate below the rate of increase in disposable personal income. Per capita consumption of food in 1955 was only 3 percent higher than in 1947-49, whereas per capita disposable income in constant dollars was 15 percent higher. Retail food sales have risen with population and incomes, but much of the increase in consumer expenditure has gone for additional services associated with processing and distribution rather than to enlarge the per capita demand for raw foodstuffs. For some products, such as wheat and potatoes, rising personal incomes entail a decrease in demand as consumers shift to more highly preferred foods. And per capita consumption of meat, poultry, and most dairy products has of late been so high that further increases encounter greater competition from other desired goods and services.

Notable gains by the economies of Western Europe and many other parts of the world since 1948 might have been expected to enlarge normal export markets for American farm products. Several factors have severely limited the extent to which this has occurred. Agriculture abroad gradually recovered from wartime destruction and disorganization. Under the stimulus of national measures aimed at self-sufficiency, enlarged exports, and protection to farmers, the output of major crops—wheat, cotton, rice, sugar, and others—has sharply increased. Even several of the low-income countries have greatly expanded their production of foodstuffs and fibers. As increased supplies have brought world prices down, the levels of price supports in this country have tended to price our products out of world markets.

The tendency to surplus production in the United States was strongly reinforced by legislative and administrative actions in 1952. An Act of July 17, 1952 extended price supports on the six "basic" crops at 90 percent of parity through 1954-55, and postponed until 1956 the application of "modernized parity" formulas. By administrative decisions in 1952, acreage allotments and marketing quotas were not applied to wheat for harvest in the following year, price supports for dairy products were maintained, and the support prices of many nonbasic commodities were raised. These measures imposed heavy burdens on this Administration. Farm output rose to a new high in the very year when the abnormal demands arising from the Korean conflict disappeared. Large portions of the 1953 output of supported crops and dairy products, including one-third of the farm marketings of basic crops, had to be acquired by the Commodity Credit Corporation (CCC). The stimulus to overproduction of basic crops continued in 1954-55. From mid-1952 to mid-1955, when prices of all six basic crops were supported at 90 percent of old parities, CCC inventories and commitments for these commodities rose from 1.2 billion dollars to 6.0 billion.

As soon as previous regulations could be terminated, this Administration took steps to cope with the growing surpluses, under discretion permitted by the Agricultural Act of 1949. The price-support level for dairy products was reduced on April 1, 1954 to 75 percent of parity, with the aim of reducing surplus stocks, encouraging consumption, and thus improving the position of dairy farmers. Price supports were lowered for flaxseed, soybeans, and dry beans harvested in 1954 and for feed grains and cottonseed harvested in 1955, so that these products might compete more effectively in the markets for which they are produced. Acreage allotments and marketing quotas were authorized for 1954 crops of wheat, cotton, tobacco, and peanuts. To avoid extreme acreage reductions in one year, the Congress determined that the full reductions should not be applied to cotton and wheat until 1955.

The Congress incorporated major Administration proposals in the Agricultural Act of 1954, which was designed to strengthen the foundations of agriculture and to yield beneficial results over the years. This Act authorized the first departure from price supports on basic crops at 90 percent of parity, which had been inaugurated in 1942 to stimulate production to meet war needs. It provided for flexibility in these price supports, eventually within the range of 90 to 75 percent of modernized parities. Thus far, however, 90 percent supports have continued to apply on cotton, tobacco, and peanuts; and despite the adjustment in price supports on wheat and rice for harvest in 1955, these products have not moved freely into domestic use or export. The attainment of a balance between production and market demand has been severely handicapped by the huge stocks accumulated under provisions of earlier legislation, and also by the failure of acreage allotments to bring about corresponding reductions in farm output.

Cotton acreage allotments in 1954 and 1955 were set at the minimums permitted by law, with the object of reducing production to 10 million bales in 1955. Actually, because of remarkably increased yields, the 1954 crop exceeded the production goal by 15 percent, and the 1955 crop by nearly 50 percent. Wheat yields have not risen as rapidly, but the amounts produced on the minimum acreage allotment permitted by law (55 million acres) have continued to exceed domestic and export needs. Similar results have been experienced with other basic commodities. Hence carry-overs of these commodities and feed grains have risen in 1952-55. For most commodities, moreover, the proportion of total carry-overs held by the CCC has been increasing; on June 30, 1955 about 97 percent of the wheat carry-over was in its hands.

The production-control programs that have been operated for basic commodities, which account for about one-fourth of the total income from farm marketings, have indirectly contributed to lower incomes for the producers of other important commodities. Farmers with acreage diverted from basic crops have deemed it more profitable to produce feed grains or

other crops, even at lowered support prices, than to let this part of their land lie idle. Many have expanded their hog and beef cattle numbers to use the additional feed thus produced, adding further to the expansion induced by relatively favorable livestock prices in earlier years. Dairy feeding rates have also been increased. These factors have been largely responsible for lower prices of beef cattle and sharply lower prices of hogs in 1955, and a continued increase in production of dairy products.

Unrealistic supports have not merely overstimulated production of several basic farm products in this country and abroad; they have also impeded normal flow into feed use and export. Feed use of wheat is no larger than in former periods of scarcity, while food use has been virtually constant for many years, and seed use has dropped as acreage has been restricted. Practically all our wheat and flour exports now move only under direct subsidy or under special export programs. In fiscal year 1955 the average subsidy on wheat exported under the International Wheat Agreement was about 75 cents per bushel. In December 1955 American wheats were selling on domestic markets around 65 cents per bushel above equivalent export prices.

Our cotton is steadily losing ground in competition with synthetic fibers and paper, and is rapidly losing export markets to foreign producers who have stepped up their production at prices made remunerative by American price supports. In 1954-55 over 40 percent of our cotton exports were moved under special programs, including Export-Import Bank loans. In the current marketing year the disparity between prices of American and foreign cottons is much wider than hitherto, and commercial exports are running extremely low. In short, cotton growers now face the threat of a drastic, permanent shrinkage of their commercial markets. Tobacco exports are holding up well, despite expansion of foreign production, but increasing proportions are moved under special export programs. Since 1953 commercial exports of American rice have declined radically, and outlets for surplus rice in CCC hands are found with great difficulty either at home or abroad.

With additional authority granted by the Congress during the past two years, the Administration has made great efforts to dispose of surplus accumulations at home and abroad, as well as to enlarge the domestic use of livestock products that tend to be in surplus. The Agricultural Act of 1954 authorized the CCC to use 50 million dollars annually to increase the consumption of milk by school children, and to make available to the Armed Services dairy products acquired in price-support operations. The Agricultural Trade Development and Assistance Act of 1954 gave the CCC additional authority to use surplus agricultural commodities in barter transactions, and for famine relief or other emergencies in friendly countries. It also authorized in Title I the sale of these products to friendly nations for foreign currencies. In mid-1955 the authorization to reimburse the CCC for losses on sales under Title I was increased from the original 700 million dollars to 1,500 million dollars for the three fiscal years 1955-57.

In fiscal 1955, exports sold for foreign currencies totaled 345 million dollars; exports bartered for strategic and other materials amounted to 125 million dollars; and shipments under grant programs of the International Cooperation Administration totaled 381 million dollars. The moderate rise in our total agricultural exports from the low of 1952-53 is more than accounted for by subsidized sales, sales for foreign currencies, sacrifice sales, and donations.

Recent administrative actions have helped in other ways to alleviate temporary market surpluses and to reduce CCC stocks. Examples are (1) liberal donations for school-lunch programs, to charitable institutions, and—with the aid of private philanthropic organizations—to needy people overseas; (2) payment of export subsidies on certain citrus fruits; (3) in view of the large 1955 crops, payments to divert white potatoes to starch and feed use, and the purchase of sweet potatoes for use in school lunches; (4) inauguration in the fall of 1955 of a program of purchase of pork products and lard; and (5) gradual sale of CCC holdings of wool on competitive bids beginning in November 1955.

The Administration is intensifying its efforts in these directions. Yet experience shows that there are limits to expanding the noncommercial disposal of farm products. Beyond some point, commercial sales are merely displaced, without increasing total consumption. At home, the displacement may be of the same or competing commodities; abroad, our own commercial exports or those of friendly nations may be displaced. Moreover, domestic producers in an importing country, even if its people are ill-fed and ill-clothed, may feel adversely affected. The difficulties are greatest with our largest surpluses, those of cotton and wheat. Extreme care is necessary to avoid disrupting world markets and damaging the delicate fabric of our foreign relations.

Increasingly vigorous surplus disposals have achieved substantial reductions in CCC stocks of some commodities and retarded the increase of others. Surplus disposals of agricultural commodities by the CCC have risen from 520 million dollars in fiscal year 1953 to 1,424 million in fiscal 1954, and 2,115 million in fiscal 1955. The realized losses on such disposals account for much of the increase in total costs of "programs primarily for stabilization of farm prices and income" which were 330 million dollars in fiscal 1953, 963 million in fiscal 1954, and about 1,300 million in fiscal 1955. Meanwhile, total CCC inventories and commitments rose from 1.4 billion dollars in mid-1952 to over 7.0 billion in mid-1955. Chiefly because of huge feed grain supplies and extraordinarily high cotton yields, CCC stocks in 1956 will probably be still higher.

The Federal Government has thus assumed heavy financial burdens on behalf of agriculture during the past three years. Increasing proportions of gross and net farm income have come from the public Treasury. In spite of this, farm income has declined and many farmers have continued to be subject to tight restrictions. In considerable part, these are conse-

quences of price supports that are out of line with market conditions, and of production restraints that do not work well.

It is clear that price supports at 90 percent of parity for basic commodities, after thorough test, have failed in recent years to maintain farm prices and farm income. They have delayed realistic adjustment of farm output to altered domestic and export demands. They have indeed cushioned declines of prices for producers of supported commodities; but, contrary to intentions, they have prolonged the period and extended the scope of declines in farm prices and incomes. To go back to high, rigid price supports, as some have urged, would only make the situation worse.

The position we have reached clearly requires further revision in agricultural programs that will lead toward the goals of a stable and prosperous agriculture, with production in balance with market demand, at costs and prices that permit good farmers to earn remunerative returns with substantial freedom in managing their enterprises. In view of the size of stocks accumulated, and the persistent tendency to annual additions, these high goals cannot be reached at once, but we must move energetically toward them.

Present agricultural conditions call for an attack on several fronts. Surplus stocks must be reduced. Annual surpluses of important products must be cut at their source, and soil conservation must be extended on land now contributing to such surpluses. Additional voluntary reductions in crop acreage must be induced by payments to offset the consequent loss of income from farming. Various modifications in commodity programs and a relaxation of present restrictions on farmers, where feasible, are required. Stress should be laid on enlarging outlets for farm products, on means of reducing production costs, and on ways of helping farm people to earn more income.

The special Message on Agriculture of January 9, 1956 therefore recommended a number of measures to promote economic readjustments in agriculture. Chief among these is the two-part Soil Bank Program designed to reduce current output of farm products, particularly of those commodities in greatest surplus. Also included are proposals to speed surplus disposal, broaden outlets for farm products, reduce farm production costs, improve farm credit facilities, and expand agricultural research.

The Message recommended that the Congress consider a program for stimulating voluntary additional reductions in the acreage planted to wheat, cotton, corn, and rice. Under the proposed Acreage Reserve Program, growers of these crops will be asked to reduce plantings below their allotments in return for negotiable certificates entitling them to cash or to specified quantities of the commodity from CCC stocks. Thus, surplus stocks can be used to meet portions of current market demand without reducing the net farm income of the growers. Under existing conditions special problems arise in connection with corn. If, therefore, the Congress should choose not to authorize the Acreage Reserve Program for

corn, an alternative might be considered, namely, to eliminate acreage allotments and put corn price supports on a discretionary basis comparable with other feed grains. This course might also be considered with respect to rice, on which both acreage and marketing controls are in effect.

The proposed Conservation Reserve Program—the second part of the Soil Bank—is designed to alleviate the declines in income of producers of cultivated crops and livestock that have resulted from the increased supplies of feed grains and other crops grown on “diverted acres.” All farmers will be offered the opportunity to withdraw some cropland from current production. To achieve this reduction in acreage and to assure the conservation of this land for future use as needed, the Federal Government will provide financial assistance to farmers in establishing the appropriate protective cover, and will also make annual payments related to the length of time needed to establish the new use of the land. It is anticipated that this program will reduce the acreage planted to feed grains, thus restricting the expansion of livestock production.

To insure that the increased acreage in protective uses will not lead to expansion of forage-consuming livestock, it has been recommended that grazing be prohibited on the land put into the Acreage Reserve and, for a specified period, on land retired from crop production under the Conservation Reserve Program.

The Soil Bank Program will of course be operative in the Great Plains States. It should be supplemented there by a special Great Plains Program, which has been developed through intensive studies and cooperative efforts of Federal, State, and local interests. In portions of ten Western States between the Corn Belt and the Rocky Mountains, high prices during and after World War II drew into hazardous crop production, notably wheat, much land that should be in permanent grass. To speed the return to sounder land use and better-balanced farm practices in this area, additional legislation is being proposed.

The Rural Development Program was initiated in 1955 as a long-run cooperative undertaking to help farm families in a low-income range to improve their earning power. Most of these farmers do not contribute appreciably to farm marketings or benefit from price supports. Some are small-scale commercial farmers who come under price-support programs, especially for cotton and tobacco, but their incomes have been low even when farm prices have been highest. While the Rural Development Program cannot yield substantial results quickly, it is of high importance as a means of developing agriculture’s human resources, as explained further below.

Many parts of our agricultural policy are working well and require only moderate changes. These together with the new measures now put forward, as set forth in the recent Message on Agriculture and the Budget Message, constitute a many-sided attack on the ills that beset agriculture in spite of, and in part because of, its great productive strength. There



is no sure and easy cure for persisting surplus conditions. We must continue to be on guard lest measures designed to help do harm instead, and we must be ready to adjust our programs as experience may dictate. The programs now recommended, if framed wisely and adopted promptly, will promote the welfare of farmers and the Nation.

## II. HELPING LOCAL COMMUNITIES REDUCE UNEMPLOYMENT

Just as the recent decline of agricultural income requires the attention of the Federal Government, so too does the problem of substantial unemployment which has persisted in some urban communities despite the attainment of practically full employment in the Nation at large. Local unemployment often proves stubborn when it stems from special causes, such as a dwindling market for the products in which a community has specialized, the removal of one or more of its key firms to other places, a lag in the technology of its principal industry, or the depletion of a natural resource on which the local economy is based. As noted in last year's Economic Report, "such 'structural' or 'spot' unemployment may remain even when the Nation's economy practically reaches full employment." The expansion of general economic activity during the past year has indeed sharply reduced the number of areas suffering from chronic unemployment, but it has not eliminated the problem any more than have previous expansions in our history or in that of other industrialized nations.

The fate of distressed communities is a matter of national as well as local concern. At present, numerous private groups, as well as State and local agencies, are assisting communities troubled with serious unemployment in working out practical solutions. The Federal Government has also actively interested itself in the problem. As far as feasible, government contracts are being placed with firms in labor surplus areas. An inducement has been given to the location of defense production facilities in such areas by allowing tax amortization benefits beyond those granted elsewhere. Also, the Office of Area Development in the Department of Commerce has been enlarged, so that it could better serve local needs. Although these programs have proved helpful, experience demonstrates that bolder measures are needed. To this end, a new Area Assistance Program is recommended for aiding communities that have experienced persistent and substantial unemployment.

The program is designed around four major principles. First, Federal assistance should aim at helping communities to help themselves. Major responsibility in planning and financing the economic redevelopment of their communities must remain with local citizens. Second, the program should aim at lasting improvement of job opportunities by the establishment or expansion of productive industries. Projects that generate only temporary employment do not help a community solve its basic problems and may even worsen its predicament. Third, Federal assistance should

be contingent on the active participation of governmental authorities who are close to the troubled community; that is, the State or local government or a community-sponsored development or credit corporation must provide part of any financial assistance required for specific projects. Fourth, Federal aid must not be extended to a community if the proposed project will create unemployment in some other area.

In line with these principles, a new unit—Area Assistance Administration—is proposed in the Department of Commerce, to be headed by an Administrator and to be aided by an Advisory Board consisting of the Secretary of Commerce as Chairman, the Secretaries of Labor, Agriculture, Treasury, and Health, Education, and Welfare, and the Administrators of the Housing and Home Finance Agency and the Small Business Administration. The Area Assistance Administration will provide technical assistance to communities or larger areas, either directly or through grants, for studying their resources and preparing practical plans for industrial development. It will also extend capital improvement loans for projects that promise to improve a community's long-run economic outlook but for which financing cannot be obtained on reasonable terms from private sources. The loans should be made in participation with the State or local government, acting either directly or through a proper community agency. The Federal loan should not exceed, say, 25 percent of the cost of the project, while the State or local share must not fall short of, say, 15 percent. This loan program should be confined to communities that have had an unemployment rate of around 8 percent or more during the greater part of the preceding two years. But the loans should be available for a wide range of projects, such as the construction of industrial facilities, the purchase and alteration of existing facilities, or the consolidation and development of tracts for industrial sites.

Areas suffering from chronic unemployment could also be helped to develop their economic base by changes in certain programs currently administered by the Housing and Home Finance Agency. Congress should authorize the Housing and Home Finance Administrator to give priority to applications received from areas of substantial and persistent unemployment for Federal aid in financing needed public facilities under Title II of the Housing Amendments of 1955. Also, Title I of the Housing Act of 1949 should be amended to make benefits under the Urban Renewal Program available for industrial redevelopment of business sections in these areas.

Besides undertaking the functions of technical assistance and of lending for capital improvements, the Area Assistance Administration will need to concern itself with aiding communities in making effective use of the numerous Federal programs already available to local economies, such as the inter-area placement service of the United States Employment Service and its State affiliates, the lending program of the Small Business Administration, and the program of vocational education of the Department of Health,

Education, and Welfare. Only by properly coordinating its own functions with related activities of other agencies, including those of the States and localities, will the projected Area Assistance Administration be able to realize the great promise of reducing pockets of chronic unemployment without unduly heavy costs to the Federal Government or undue interference in local affairs.

To put the new program of community assistance into effect, it has been recommended that a revolving loan fund of 50 million dollars be established for the Area Assistance Administration, and that an adequate appropriation be made to cover its technical assistance program. The latter program should not be confined to areas of chronic unemployment. On the contrary, its scope should be wide and designed to aid both urban and rural communities in developing balanced and progressive economies. Attention should also be given to skill improvement programs. All these are activities in which State universities and other local institutions can be very helpful, and they deserve encouragement.

### III. LIFTING INCOMES BY RAISING PRODUCTIVITY

The wide diffusion of expanding incomes in the United States is the outstanding social achievement of our time. As tens of millions move steadily from one rung of the income ladder to the next and higher rung, disparities of income are lessened. The ownership of a good home and automobile by an American family is now the rule rather than the exception. Opportunities for cultural as well as material improvement have become larger. The past year has brought additional and widespread advances in general well-being. Nevertheless, too many families and individuals still have to get along on incomes that are inadequate by American standards. The situation keeps changing, and the dimensions of present-day poverty are not reliably measured. Yet there can be no better time than the present, when the Nation as a whole is enjoying unprecedented prosperity, to make a special effort to improve the economic status of the least fortunate among us.

The causes of low incomes are many. Special measures—both private and governmental—are needed to cope with some of them, such as protracted illness, and they are considered later. But the basic cause of low incomes has always been low productivity, irregular employment, or both. By pursuing policies that foster a high level of employment, extensive investment in new and more efficient tools of production, the improvement of general education, and the extension of research and development, the Government makes the largest contribution of which it is capable to the lifting of low incomes. When jobs are readily available and the productivity of labor is rising, as has been notably the case in recent years, the most powerful forces of all are already at work for lifting low incomes. The Government can, however, still do a great deal to help people who have

CHART 31

# Home Ownership

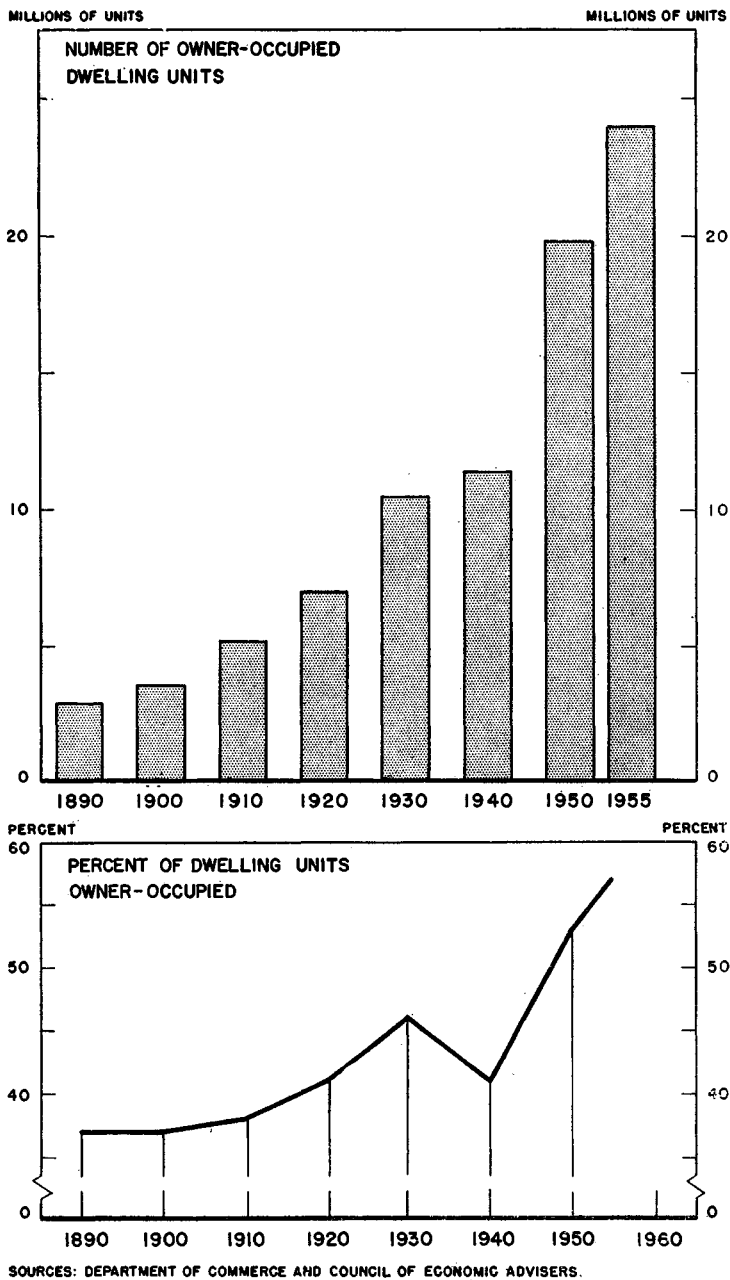
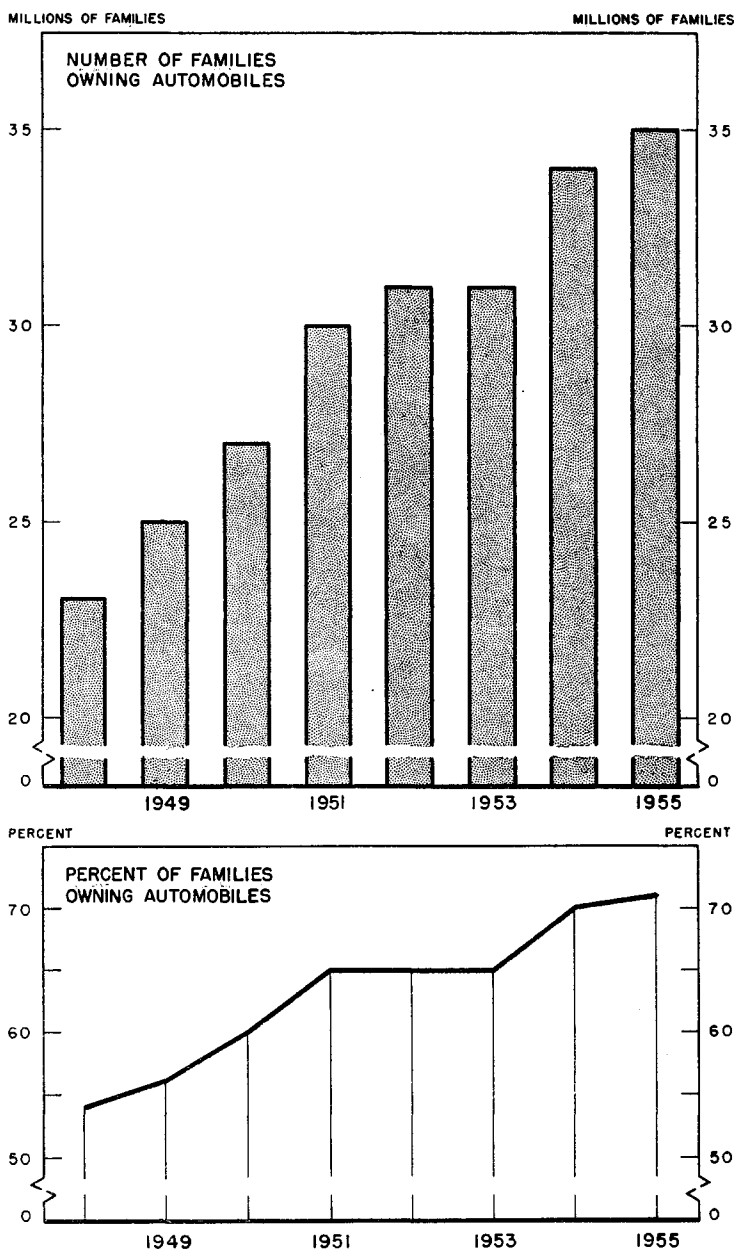


CHART 32

# Automobile Ownership



NOTE: DATA RELATE TO OWNERSHIP EARLY IN THE YEAR.  
 SOURCE: BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.

been left behind in the onrush of progress, by undertaking special programs for raising their productivity. It is highly important that efforts in this direction be extended.

One of the largest groups of low-income families is in rural areas, mostly on farms too small for efficient operation. It includes many part-time farmers. These low-income farm families are widely distributed, but a large proportion live in the South. The Department of Agriculture explored this problem in a detailed report, *Development of Agriculture's Human Resources*, presented in April 1955. Subsequently, a special Message to the Congress urged the prompt launching of a long-range rural development program aimed at helping these families improve their economic status, and requested a special appropriation for the purpose.

Under the leadership of the Department of Agriculture, the Rural Development Program was inaugurated in June 1955. The program rests on two basic principles. First, lasting improvement can be achieved only by increasing the productive capacities of individuals and by enlarging the economic base of rural communities. Second, cooperation of Federal and State agencies, as well as of local and private groups, is essential for success. By the end of 1955, pilot operations had been started under State and local leadership in 30 counties and local trade areas in 12 States. The selected areas vary widely in type of farming, economic resources and potentials, extent of industry, and other respects. Thus, the local programs being developed will vary over a wide range, and should yield invaluable experience as the whole program is expanded.

Numerous constructive activities are already under way. Improvements are being made in the facilities for general education and for vocational training. Improved health and nutrition are being promoted. Members of farm families are being helped to make fuller use of State employment counselling and placement services. Farm, business, and civic groups, working cooperatively with Federal and State officials, are attempting to bring more industry into low-income rural areas and to develop better-rounded rural economies. The Federal Government is assisting in still other ways. The Farmers Home Administration has allocated funds for loans to small farmers in pilot areas where additional capital, unavailable through private sources, is needed to make farm improvements that promise to raise productivity. The Soil Conservation Service and the Forest Service are assisting the pilot programs in their respective fields of competence. The Agricultural Research Service is attempting to determine how small farmers may most successfully conduct their farm operations. All Federal activities connected with the Rural Development Program are being coordinated by an interagency committee, and the Federal Extension staff is assisting the State Extension Services in guiding the pilot operations.

The Rural Development Program is a soundly conceived and basic approach toward solving a highly important social and economic problem.

This promising program requires greater Federal support. The Congress is urged to enact legislation which will permit the Federal Government's contribution to the program to be expanded, in line with recommendations previously made.

As a result of the White House Conference on Education, the need for improving our scheme of elementary and secondary education is better understood across the Nation. But we must also seek to improve the effectiveness of adult and vocational education in both urban and rural areas. Well-directed programs of vocational training can help people, those in the middle or advanced ages of life as well as young men and women, to become more skilled workers and earn larger incomes. The major part of the extensive facilities now available for this type of education is supplied by State and local governments. The Federal Government should continue its program of grants to aid and stimulate the States in this important work.

Vocational rehabilitation provides a means by which specialized treatment and education help disabled individuals to improve their incomes. Over 600,000 veterans, who became disabled during World War II and the Korean conflict, have received special training under a program of the Veterans Administration. Also, the Office of Vocational Rehabilitation of the Department of Health, Education, and Welfare administers a program of grants-in-aid to the States, designed to restore handicapped men and women to lives of usefulness and independence. Since 1950 about 60,000 persons have been rehabilitated annually. As a result of legislation in 1954, the States now have an opportunity to expand this vital activity. It is hoped that the States will enlarge their programs of vocational rehabilitation accordingly, so that the productivity of their disabled citizens may be increased. It is also hoped that the acceptance of these rehabilitated workers in useful employment will continue to grow through the activities of the President's Committee on Employment of the Physically Handicapped and associated efforts.

Despite all that may be done through education and other means to raise the productivity of individuals and thereby improve their economic status, some will continue to receive low incomes. Minimum wage laws do not deal with the fundamental causes of low incomes. Accordingly, this condition can be corrected only to a limited extent by such laws. However, as pointed out in the last Economic Report, minimum wage laws can assist the comparatively small number of workers who are at the fringes of competitive labor markets. Last year's Report therefore urged the Congress to increase the minimum wage from 75 cents to 90 cents an hour. It also pointed out that the lowest paid workers are currently excluded from the protection of the minimum wage, that its coverage is no less important than its amount, and that an effort should therefore be made by the Congress and the States to bring additional workers under cover of the law. Some advances were made by the States during 1955,

and it is hoped that this progress will continue. The Congress also raised the minimum, but did not act on coverage. By setting the minimum at one dollar per hour instead of 90 cents, it has become more difficult to widen the coverage without causing serious economic disturbance in certain areas and fields of activity. Yet the need for an extension of coverage remains, and the Congress is again requested to proceed as far as is practical in this direction.

#### IV. IMPROVING THE ECONOMIC STATUS OF OLDER PERSONS

Families headed by older individuals account for a large proportion of the families with low incomes. To a considerable extent, therefore, the task of lifting low incomes consists in raising the productivity of older persons, facilitating their access to employment, and strengthening the private and public programs that contribute to their economic security. This aspect of the low-income problem will become increasingly important as the number of older persons and their proportion in the adult population increase. For that reason an Interdepartmental Working Group on Aging is concerning itself now with policies favoring the employment of older persons, including those who have yet to reach retirement age, and with the consideration of their needs in programs for education, rehabilitation, housing, health, and recreation. A broad study of employment-hiring practices, of the productivity of older workers, of counselling methods, and other aspects of this important subject is under way in the Department of Labor.

The Federal Government has already taken significant steps to improve the economic status of older persons, both before and after retirement age. To enlarge their access to employment, the Federal-State Employment Services give special attention to older workers in job placement. In 1954 about 10 million additional workers were brought into the system of Old Age and Survivors Insurance (OASI). At the same time the benefits were raised, and the law was modified to encourage retired persons to engage in some remunerative work. At present about 9 out of every 10 workers are covered or are eligible for coverage under this insurance system, which helps sustain the independence and dignity of people in their declining years. About two-fifths of all persons 65 years or older are now receiving OASI benefits and this proportion will increase. As a result, fewer persons will be obliged to seek public assistance. Contributing to the same end are the pensions available to elderly veterans who have nonservice-connected disabilities and receive limited incomes.

Business firms have also made great strides in providing retirement benefits for their employees. Private employee pension plans now cover some 13 million persons. The number of retired workers drawing benefits under these plans has been estimated at about 800,000, about twice the number of beneficiaries four years ago.



Additional measures, both private and governmental, are needed to advance the status of the elderly. One is the further extension of the coverage of OASI to self-employed groups and other workers not yet included. Since the Federal Government employs many in the latter group, it should grant the basic protection of OASI to its personnel, and make suitable adjustments in present retirement programs. It would also be helpful if business firms reviewed their pension programs with a view to making the vesting privileges more liberal and to adjusting the conditions for retirement so that older persons who remain vigorous and highly productive can remain longer in useful work. As a safeguard for our rapidly increasing private pension funds, it would be desirable to require Federal registration of these plans and reports on their administration and finances. Private welfare funds should be handled in similar fashion, and the Congress is requested to enact legislation toward both purposes.

Another need of many elderly persons is greater protection against the economic hardships of illness. This need of retired workers should be borne in mind, as far as practicable, in employer-sponsored health insurance programs. Also, the extension of commercial prepaid health insurance plans to older people requires encouragement. Reinsurance through pooling of risks by private carriers, or if need be through a Federal program, would be a constructive step in this connection.

The problem of adequate housing for the elderly requires special consideration. It would be desirable to give preference to older persons and their immediate families in admission to Federally assisted public housing projects. States and municipalities should consider adopting a similar policy. The National Housing Act should be amended to authorize insurance under especially favorable mortgage terms for apartment projects built by non-profit organizations for occupancy by elderly persons. Favorable mortgage insurance terms should also be accorded other multiunit rental projects designed for at least partial occupancy by the elderly. Finally, provision should be made to permit third parties, which could be either organizations or individuals, to guarantee monthly interest and amortization payments in behalf of older persons buying a home under a Federally insured mortgage.

## V. COPING WITH PERSONAL HARDSHIPS

In considering the problems of agriculture, of chronic "spot" unemployment, of low-income families, and of elderly persons, we have seen that it is possible to design constructive programs to improve the economic status of people who have not participated fully in the advance of prosperity, and that it is not necessary to rely exclusively on the Federal Government in doing so. We now turn to other economic difficulties, those which sometimes bring financial ruin or a loss of security to individuals

and families. Sound ways of mitigating such hardships can be found, and we should go about this task with determination.

The severity of the floods that occurred last year in the Northeast and the Far West has emphasized again the need for protection against the human and economic losses resulting from such catastrophes. Many private groups and individuals, as well as the Federal, State, and local governments, offered prompt and generous assistance to the communities and citizens struck by disaster. Nevertheless, needs of this type should be reduced in the future, and when they arise should be met more systematically. Toward these ends it is recommended, first, that the Federal Government accelerate work on practical flood control projects, and second, that it provide reinsurance for private carriers offering flood insurance. We must not stop, however, with the second measure since private carriers, lacking a firm actuarial basis, may be unable to offer the desired protection on the scale that is needed. To provide against this contingency, a joint Federal-State program for indemnifying flood victims on losses to real property, business inventories, and household effects should be authorized. The necessary costs can be met partly by premiums paid by private citizens desiring flood protection, and partly by Federal and State contributions. As experience under the proposed program accumulates, private carriers may be able to offer policies at costs which will render unnecessary the continued operation of a government-supported indemnity plan.

Reduced economic circumstances of people are frequently associated with misfortunes which carry with them financial costs that exceed the resources of even provident folk. Prominent among the causes of such personal hardship is severe and protracted sickness, sometimes requiring long hospitalization. The cost of providing for catastrophic illness through regular insurance payments would be modest, but insufficient progress has as yet been made with this type of insurance despite the remarkable spread of voluntary health insurance plans. Very recently, some business firms have begun to provide broadened health insurance for their employees, and this development deserves every encouragement. Also, private insuring organizations should be encouraged to extend voluntary health prepayment plans in two directions, first, to cover catastrophic illness, second, to cover persons not now being reached through usual group enrollment methods. Permissive legislation for private pooling of risks or Federal reinsurance may be needed for this purpose.

Our oldest form of social insurance is workmen's compensation, now universally accepted as a fair means for relieving the financial burden on individuals of industrial injuries and occupationally connected diseases. With the encouragement of the Department of Labor, 42 State legislatures acted in 1955 to strengthen their legislation on workmen's compensation. In 35 States these legislative changes brought an improvement in benefit

provisions. The States are urged to extend this great advance by making further necessary improvements. At the same time, to meet more adequately the industrial hazards faced by workers under Federal jurisdiction, the Congress is urged to increase the benefits available under the Longshoremen's and Harbor Workers' Compensation Act, as recommended last year. But we must keep in mind that compensation and rehabilitation, despite their obvious importance, are poor substitutes for the prevention of occupational injuries and diseases. Much progress has been made in this field, but efforts to improve occupational safety and hygiene should be intensified; they deserve the fullest support of the Government, employers, employees, and labor unions.

Loss of income as a result of temporary disability that is not work-connected, no less than unemployment caused by economic factors or by work-connected disability, causes serious drains on family resources. Many private firms have voluntarily sought to protect their employees against this hazard, and four States now require that they do so. Legislation to provide nonoccupational temporary disability insurance for workers in the District of Columbia was recommended in the State of the Union Message. The Congress is requested to require District employers to provide the needed insurance either directly or through private carriers, on a basis that would divide the costs of the stipulated benefits between the employer and his employees. The States are also urged to consider the neglected problem of loss of income through nonoccupational temporary disability.

The personal and family hardships that arise from loss of employment have been considerably alleviated by the Federal-State system of unemployment insurance. Important improvements have been made in this system in the last two years but further progress is needed. We return to this problem later in the Report.

There is also a need for attending constructively to some human difficulties that arise in the process of carrying out urban renewal programs. The scope of this activity, which promises so much for the future of our cities, is increasing. Since renewal programs involve the demolition of large areas, many urban families inescapably lose their homes in the process. Large numbers of them find satisfactory housing elsewhere; but in view of the part that the Government plays in urban renewal, it should where necessary assist the displaced families. To meet this need largely through private enterprise, the Congress was requested in 1954 to establish a program of Federal loan insurance which would have made home mortgage credit on exceptionally favorable terms available to individuals displaced from their homes by urban renewal or other public projects. The program enacted by the Congress fell short of the Administration's proposal and has so far made little contribution to the solution of the problem. It is recommended that the Congress amend the present law, so that it will conform more closely to the recommendations previously made.

## Chapter 4

### Building for Future Prosperity

**I**T IS FITTING and proper, as the preceding Chapter has urged, that we make the extension of prosperity to lagging sectors our peculiar concern at this favorable juncture of the Nation's history. In the measure that we succeed in drawing into the stream of progress the less flourishing parts of the economy, to that extent shall we strengthen the base of future prosperity as well as enhance the general welfare. But as we go about the task of extending the scope of prosperity, it is essential that we never lose sight of the fundamental objective of extending prosperity itself into the future. We must always keep before us two great truths: First, lasting prosperity of the Nation depends far more on what individuals do for themselves than on what the Federal Government does or can do for them. Second, the rate of our economic advance in the years ahead will depend largely on our ability as a people to preserve an environment that rewards individual initiative and encourages enterprise, innovation, and investment.

A Government that earnestly seeks to build for the Nation's long-range prosperity has clear-cut responsibilities. It should administer the public finances with a keen sense of awareness of the impact that the Government's huge operations have on the economy. It should safeguard competition and firmly resist any outcroppings of monopoly. It should encourage home ownership, better homes, and sound neighborhoods. It should lead the States and localities in a mutual endeavor to fill the Nation's vast needs for public facilities on which the growth of the private economy so largely depends. It should foster education, science, technology, and creative research. It should constantly strive to strengthen our ties of trade, investment, and enterprise with other nations of the Free World. And it should improve the defenses of our economy against the threat of both inflation and recession. These objectives are worthy of our best efforts in the year that lies ahead.

#### I. PRESERVING SOUND FEDERAL FINANCES

Sound management of the Government's fiscal affairs requires the observance of certain fundamental principles. First, the budget should provide adequately for the Nation's security and other urgent needs. Second, all governmental operations should be conducted with prudence and economy.

Third, sufficient revenues should be raised to meet the Government's outlays, if not every individual year, then surely over a term of very few years. Fourth, the cost of government should be distributed fairly among taxpayers. Fifth, revenues should be raised in ways that interfere as little as possible with incentives to work, to venture, or to invest. Sixth, the public debt should be managed so as to contribute to stable economic growth. A brief review of how these principles have recently been applied will help to indicate the fiscal policy that in current circumstances will best serve the Nation's interests.

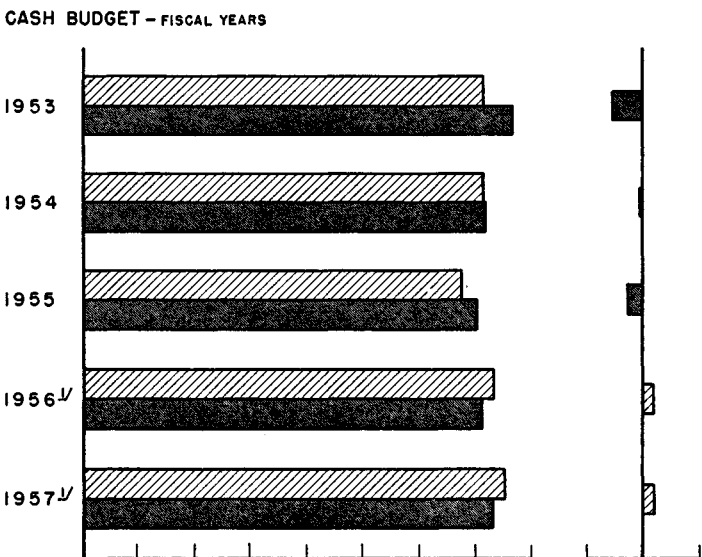
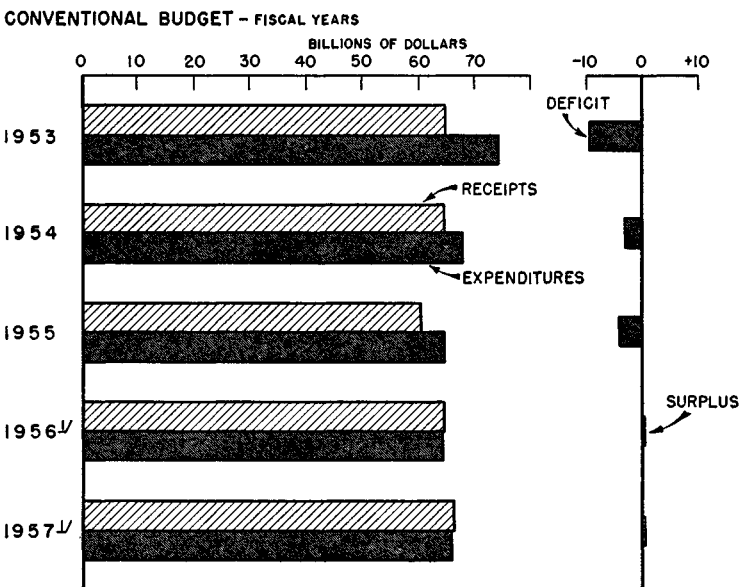
The past three years have been marked by substantial achievements in bringing Federal expenditures and revenues into balance. Budget expenditures were reduced from 74.3 billion dollars in fiscal year 1953 to 64.6 billion in 1955, a drop of 9.7 billion. A slight further reduction is estimated for fiscal year 1956. These economies and a rising national income have made it possible to reduce taxes and yet move decisively toward a balanced budget. In fiscal year 1955 the budgetary deficit amounted to 4.2 billion dollars, compared with a deficit of 9.4 billion in 1953. For the present fiscal year, a balanced administrative budget is in prospect. The showing of the consolidated cash budget, which includes transactions of the various trust funds, will be more favorable still. It may be reasonably expected that the cash budget will register a surplus of over 2 billion dollars for the current fiscal year.

In formulating its fiscal policies, the Administration has given careful consideration to the effects of taxation and governmental finances on the general economy. The record is clear and instructive. In the spring of 1953, when inflation was still a real danger, a Message to the Congress recommended that the excess profits tax, which was then in effect, be extended six months beyond its expiration date of June 30, 1953. The decision to extend this burdensome and unpopular tax was taken because it would have been imprudent to increase the deficit and the public debt under the conditions prevailing at the time. In September 1953, when it became clear that the inflationary threat had passed and that government expenditures were being reduced, the Administration announced that, besides relinquishing the excess profits tax, it would not recommend any postponement of the reduction of individual income taxes scheduled for January 1, 1954.

Early in 1954, when a mild economic contraction was under way, extensive changes in the tax structure were proposed to promote economic growth. The Congress responded by liberalizing depreciation allowances, by extending the period over which business losses could be carried back in computing the income tax, by permitting more liberal treatment of research and development as a current expense, by reducing the double taxation of dividend income, and by lowering excise taxes. In addition, several inequities in the personal income tax were corrected, in line with recommendations. Taken altogether the tax reductions that were carried

CHART 33

# Federal Receipts and Expenditures



<sup>1/</sup> ESTIMATED.

SOURCES: TREASURY DEPARTMENT AND BUREAU OF THE BUDGET.

through during 1954 amounted to 7.4 billion dollars on a full-year basis. Allowing for the increase in social security contributions which became effective January 1, 1954, there was still a saving to individuals and businesses of 6.1 billion dollars. This huge reduction in taxes was a powerful aid in bolstering consumer purchasing power and investment incentives at a time when output and employment were tending to decline.

By the end of 1954, the business hesitation that had prevailed at the beginning of the year largely disappeared. Output, employment, and incomes were again rising impressively, but the Federal budget remained out of balance. In these circumstances, as explained earlier in this Report, it was desirable to postpone the reduction in the corporate income tax and in certain excise taxes that was scheduled for April 1, 1955. Congress adopted the Administration's recommendations, and the timely application of this fiscal restraint contributed materially not only to the balanced budget that is now in prospect, but also to the attainment of prosperity without inflation during the year.

The Treasury's management of the public debt has also been carried out with an eye to the needs of the economy. By skillful planning and timing, its debt operations have been coordinated with monetary and fiscal policies and have helped to reinforce them. Despite variations in economic and financial conditions, the Treasury has made good progress in lengthening its outstanding maturities. Since January 1953, the Treasury's marketable debt running for more than five years has been increased by about 9 billion dollars. Simultaneously, the debt maturing or callable within one year has been reduced by 13 billion. As a result of this readjustment of maturities, the Treasury's operations are less exposed to the hazard of market fluctuations. Its needs in turn are less of a disturbing factor in the money market, thus giving the Federal Reserve System greater freedom in monetary operations.

The broad principles that have successfully guided our fiscal policy in recent years should continue to govern our actions. The demands on the Federal budget are very heavy and some of them—notably, the national security programs—are becoming even larger. In addition, new programs are needed to assist agriculture, to aid school construction, to promote development in scattered urban communities that have been experiencing chronic unemployment, to establish a flood indemnity program, and for other essential purposes. Only a higher level of tax revenues in fiscal year 1957, combined with rigid economies in managing governmental operations, will permit a modest enlargement of essential Federal expenditures within the framework of a balanced budget.

Present tax levels are very high and they impose a heavy burden on individuals and business concerns. But in view of existing economic conditions and present budget estimates, an early reduction of taxes cannot now be justified. To add further to our public debt in order to win for ourselves a reduction in taxes, which in the current state of high prosperity

might chiefly serve to raise prices, would be irresponsible. In times like these we should bend our thoughts to the desirability of debt reduction, and not concentrate exclusively on the desirability of tax reduction. Once a budgetary surplus comes definitely into sight and economic conditions continue to be favorable, we should begin reducing our huge public debt. Such an act of fiscal integrity would signify with unmistakable clarity that our democracy is capable of self-discipline. It would add to the confidence that people need to have in their Government, if they are to plan boldly for their own and their children's economic future.

Two measures are recommended for early action by the Congress. First, the reductions in excises and in the corporate income tax that are now scheduled for April 1, 1956 should be postponed again. Second, legislation allowing a temporary increase in the statutory debt limit should be continued. This legislation is needed because of the seasonal disparities between expenditures and income, the limited cash balances with which Treasury operations are now being conducted, and the small gap between the outstanding debt and the temporary statutory limit of 281 billion dollars.

## II. FOSTERING COMPETITIVE ENTERPRISE

One of the basic tenets of this Administration is that competitive markets are a more efficient instrument than governmental directives for organizing production and consumption. Another is that a free and competitive economy promotes industrial versatility, innovation, and investment to a greater degree and with more assurance of continuity than can be attained in an intricately regulated or cartelized economy. These fundamental beliefs are deeply rooted in our Nation's history, and they have been confirmed once again by the experience of the last three years. The relative ease and rapidity with which our economy adjusted to the reduction in military expenditures following the end of the Korean conflict, and the vigorous expansion that ensued in 1955, reflect the creative powers of an enterprise system subject to a minimum of restraints and operating in an atmosphere of confidence. The fostering of competitive enterprise, so heavily stressed in the Employment Act, is and must remain one of the leading objectives of policy.

In considering what government can do to maintain competitive markets, it is well to remember that an open economic system is more an expression of the character and will of a people than the result of any specific acts of government. Yet there are ways in which government can usefully contribute to the strengthening of competitive enterprise.

First, and most important, is the maintenance of monetary, fiscal, and housekeeping policies that promote high and rising levels of economic activity. The rate at which new businesses are established is highest when prospects for profit are favorable. Good times also stimulate business



growth, and this is particularly important for small and medium-sized concerns. The widening of economic opportunities which occurs during prosperity is, therefore, a powerful and pervasive encouragement to independent, competitive endeavor. This is illustrated by the experience of the first six months in 1955, when new business formations were 11 percent above the first six months of 1954, while business discontinuances were 7 percent below. The net increase in the business population was 45,000, compared with 11,000 in 1954 and 27,000 in 1953. When the economy is contracting, the shrinking of markets may temporarily intensify business rivalries, but their longer-range effect is to discourage enterprise. The will, no less than the capacity, to compete is weakened by declining business and its harvest of disappointments. Thus, good times do much to strengthen competition; in turn, strong competitive markets are a major force in generating prosperity and distributing its fruits widely.

Second, government can strengthen competitive markets by helping small and medium-sized businesses overcome impediments to their expansion. In our modern economy, with its heavy capital requirements, high taxes, and emphasis on national markets, small concerns are subject to serious handicaps in many lines of endeavor. Yet the continuance of small and medium-sized businesses, and their ability to prosper and grow, are vital to the Nation's welfare. As stated in last year's Economic Report, "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." When the Government helps smaller concerns to overcome some of the hindrances to their growth, it is acting in the interests of the whole economy.

The Government is now aiding small businesses in numerous ways. The Small Business Administration, which was established to assist them, makes loans—whenever possible in participation with private lenders—for periods that are usually longer than those commonly available from private lending agencies. It provides counsel on technical processes, managerial problems, and new product lines, and helps to channel government contracts to small enterprises. During 1955 significant improvements were made in procurement procedures, so that a larger portion of Federal contracts may go to these enterprises. The maximum size of loans by the Small Business Administration was also raised last year.

Other governmental programs are helpful to small business firms. The Office of Technical Services in the Department of Commerce disseminates information derived from government and government-sponsored research. It also publishes lists and abstracts of government-owned patents, currently exceeding 5,000 in number, which are available for license on a nonexclusive, royalty-free basis. Several other units in the Department of Commerce provide technical, managerial, marketing, and other aids. While these programs are helpful to the business community generally, they are of special

advantage to small firms, which cannot hire the services of technical, managerial, and financial experts as readily as the larger firms.

The maintenance of healthy, competitive markets requires that Federal policies for promoting economic expansion and for aiding small and medium-sized businesses be supplemented by vigorous measures for preventing monopolistic practices and combinations. One of the clearest lessons of business history is that tendencies toward monopoly are always present in some degree and that constant vigilance is needed to assure ascendancy of competitive conditions. Strict enforcement of the antitrust laws is our primary weapon for thwarting any impairment of competition. In the summer of 1953, the Attorney General appointed a National Committee to Study the Antitrust Laws, composed of leading experts on the subject. The Report of this Committee has served most usefully as a basis for study of needed legislative changes. Two of last year's enactments embody revisions paralleling those suggested by the Committee's Report. One raised maximum penalties under the Sherman Act from \$5,000 to \$50,000; the other gave the Federal Government the right to sue for damages sustained by it as a result of antitrust violations. Further improvements in the antitrust laws are likely to draw heavily on the results of the Committee's deliberations.

Meanwhile, the Department of Justice and the Federal Trade Commission are vigorously enforcing these laws. In 1955 the number of proceedings instituted against corporate mergers was larger than in all previous years since 1950, when the antimerger amendment to the Clayton Act was passed. During the year numerous legal actions against price-fixing and market-sharing practices were successfully carried out. Various orders were issued, prohibiting price discriminations that were unfairly injurious to small competitors. Orders against the practice of exclusive dealing served to open to smaller manufacturers distribution outlets previously closed by dominant competitors. Also, numerous suits dissolving group boycotts helped to keep the channels of trade open to independent entry and action.

Nevertheless, mergers have become more numerous of late and an eye, at once vigilant and discriminating, must be kept on such developments. Many mergers have a solid economic justification and serve the general interest by increasing competition; others have neutral effects; while still others place obstacles in the path of effective competition. Over the years Americans have wisely viewed excessive business concentration, or any other undue concentration of economic power, with uneasiness. To serve the basic American desire for an economy in which business opportunities are increasing and in which economic control is widely diffused, it is desirable to strengthen our antitrust laws and provide larger appropriations for their enforcement.

Toward this end, the following revisions of antitrust legislation are recommended. First, all firms of significant size that are engaging in interstate commerce and plan to merge should be required to give advance

notice of the proposed merger to the antitrust agencies, and to supply the information needed to assess its probable impact on competition. Second, Federal regulation should be extended to all mergers of banking institutions. Combined with the requirement for advance notice, this extension of the law would give the Government an opportunity to prevent mergers that are likely to result in undue restraint of banking competition. Third, Federal approval should be required for the acquisition of banks by holding companies. Fourth, the Clayton Act should be amended to make explicit the Federal Government's authority to take action in merger transactions in which either party is engaged in interstate commerce. Fifth, it should also be amended so as to make the cease-and-desist orders of the Federal Trade Commission final when issued, unless appealed to the Courts. Sixth, when civil rather than criminal proceedings are contemplated, the Attorney General should be empowered to issue a civil investigative demand, compelling the production of documents before the filing of a complaint, and without having to invoke grand jury proceedings.

Finally, the Congress should give serious study to the Report of the Presidential Advisory Committee on Transport Policy and Organization. A fundamental premise of that Report is that the railroad industry no longer has the monopoly power that it had toward the end of the nineteenth century, when the Interstate Commerce Act was passed, but instead largely operates under competitive conditions. The central proposals of the Report therefore seek to diminish the detailed administrative regulations that have grown up over the years, and to give common carriers greater freedom to compete. The time is surely ripe for a re-examination of the intricate regulations of the transportation industry, with a view to opening up the industry to more freely competitive effort. But in framing any legislation, it will be necessary to retain adequate safeguards of the interests of the shipping public and competing carriers.

### III. EXTENDING HOME OWNERSHIP AND IMPROVING NEIGHBORHOODS

Additions to the Nation's stock of housing are required by the growth of population, changes in its makeup, migration from rural to urban areas, and gradual deterioration of older homes and apartments. The main-spring of recent residential construction, however, has been the desire for home ownership and the demand for better homes and neighborhoods as essential elements in the higher levels of living that people seek to attain. Progress in these directions has been significantly aided by the Federal Government as well as the States and localities, but it has depended primarily—as it should—on decisions and actions by individual citizens, the building industry, and private financial institutions.

The main objectives of the Administration's housing policies have been to facilitate home ownership, to promote a high and reasonably stable rate of home building, and to improve the quality of existing homes and neighborhoods. These objectives have been carried out through many

instrumentalities, the most important being the program of mortgage loan insurance by the Federal Housing Administration (FHA), the program of mortgage loan guaranty by the Veterans Administration (VA), and programs for slum clearance and urban renewal. In developing these Federal activities the fullest cooperation has been sought of private interests and local governments.

More and better housing is essential to raising the levels of family living. Also, the manner in which home construction and improvement is achieved and the rate at which these activities proceed have a vital bearing on the prosperity and stability of the entire economy. The results of recent experience are gratifying. They appear in the high rate at which new homes have been built, in the spread of home ownership, in the improvement of urban neighborhoods, and in the general avoidance of housing surpluses which can only bring trouble to the building industry and the economy at large.

In the past three years more than 3½ million nonfarm housing units have been built. They embody high standards of comfort, commodiousness, and suitability for healthy, safe, and convenient living. About 50 percent of the new housing units were built under FHA and VA programs. Total expenditures on new home construction, even in terms of constant dollars, have far exceeded those of any earlier three-year period. This achievement of the home building and financing industries gives dramatic proof of what can be accomplished through private enterprise and with private capital.

The spread of home ownership has been likewise remarkable. Before World War II, the percentage of nonfarm dwelling units occupied by the owner reached 46 in 1930 and fell to 41 in 1940. After the war the percentage rose to 53 in 1950 and is now 57 or higher. This achievement is probably unique among highly urbanized, industrial nations. Widespread home ownership yields prized benefits to individual families. It also encourages active interest in civic affairs and pride in community development. A nation in which so many millions of families have growing investments in their homes and neighborhoods is likely to be governed by a high sense of responsibility.

Results are also beginning to be realized from the measures taken to encourage home improvements and to rehabilitate parts of our cities and towns that had been allowed to degenerate into slums or near-slums. The Housing Act of 1954, following a recommendation by the President's Advisory Committee on Housing, initiated an urban renewal program under which Federal grants are made to cities and towns for the conservation and rehabilitation of neighborhoods, as well as for slum clearance projects provided under earlier laws. The Federal Government also offers grants to small communities and to metropolitan areas and regions for urban planning. These moves are bearing fruit. Toward the end of 1955, more than 200 urban renewal projects in 165 locations had been approved for final plan-

ning or execution. They will ultimately provide new housing for 70,000 families. City blocks cleared of slums, and construction projects on previously blighted sites, are visible in an increasing number of places.

Also important for the future, as well as for the recent past, are the steps taken in 1954 to make Federal programs for the insurance of housing loans more effective. FHA terms for mortgage insurance on existing properties were liberalized to facilitate the movement of families to better accommodations. Insurance of mortgages on properties in urban renewal areas was permitted in order to hasten redevelopment. The maximum insurable mortgage amounts for owner-occupied, rental, and cooperative housing, which had remained unchanged for years, were finally brought into adjustment with postwar building costs. Funds for home improvement were made more readily available by permitting FHA to insure supplementary loans under an open-end mortgage. Consumer protection was improved by requiring builders who do their financing with Federally underwritten mortgages to deliver warranties to home purchasers. Malpractices under the FHA home repair and modernization program were brought under control by limiting the eligibility for loan insurance to improvements that add to the basic utility of homes, and by requiring lenders to assume 10 percent of any loss on insured loans.

Of late, considerable effort has also been devoted to encouraging the use of private capital where public funds would otherwise be required. A new charter was drawn for the Federal National Mortgage Association (FNMA), which provides for the eventual retirement of its government capital. Steps were taken to restrict the use of FNMA as a primary source of mortgage funds, although its authority to assist special housing programs was continued. A Voluntary Home Mortgage Credit Program was established under the auspices of the Housing and Home Finance Agency. Through this program the flow of private mortgage funds into remote areas and to minority groups is being augmented.

While further progress in promoting extension of home ownership and improvement of urban communities can be expected of existing governmental programs, their effectiveness would be enhanced by certain legislative changes. First, as proposed earlier in this Report, the mortgage insurance program should be amended in the interest of increasing the availability of adequate housing for older persons. Second, in order to serve more effectively the objectives of urban renewal, any community that seeks Federal assistance for public housing should be required to adopt a workable program for the prevention and elimination of slums. To further the same objectives, a public housing program of 35,000 dwelling units for each of the next two years should be authorized. Third, in order to facilitate home improvements, the permissible size of insured repair and modernization loans, which has remained unchanged on the statute books despite the great rise in building costs during the past fifteen years, should be increased. This insurance program has proved very useful in promoting home im-

provements; it is now safeguarded against abuse and should be given permanent status. Finally, the authorization of home mortgage insurance by FHA should be increased and put on a more permanent basis.

#### IV. ENLARGING PUBLIC ASSETS

All levels of government share a responsibility for providing the public improvements on which the general welfare and the growth of the private economy heavily depend. In projects which clearly involve the national interest and are beyond the economic competence of local bodies, the Federal Government must play a key role. But its part in these essential programs must be performed so as to encourage rather than displace the necessary efforts of State and local agencies.

Public construction has risen sharply since the end of World War II and has been proceeding at a brisk pace in the last few years. When military, atomic energy, and other industrial components of public construction are excluded and adjustments are made for price changes, it appears that the volume of public construction in 1953-55 surpassed any earlier three-year period. New public construction amounted to about 35 billion dollars in these years, with about two-thirds of this total accounted for by State and local governments.

But a great backlog of necessary public works remains. This is largely the consequence of heavy expenditures for our national security during and since World War II, coupled with unexpected population gains. Outlays for public construction during the next few years should be large enough to contribute decisively toward removing this backlog, replacing obsolete facilities, and providing for normal growth. The stock of public facilities must be increased, so that it will be commensurate with the growth of private wealth and the improvement in the level of living of a rapidly increasing population. Deficiencies in essential public works can seriously restrict economic progress. It would be shortsighted to subject our economy to such a hazard.

Among the deficiencies, none is more important for the Nation's future than the shortage of school classrooms, which accumulated partly during the years of depression and war, when school construction was severely curtailed, and partly in the early postwar period, when it failed to keep pace with the growth of the school-age population. In the last few years expenditures on school construction have risen encouragingly, and building is currently proceeding at the record rate of 67,000 schoolrooms per year. However, even at this rate of construction it would take many years to remove the backlog, which is estimated at over 200,000 rooms, since the greater part of the new construction must provide for growth and replacements.

The provision of school buildings has been traditionally a State and local function. It is highly desirable that it remain just that. At the

same time, it has become clear that in the absence of Federal aid, the existing shortage of schoolrooms will long continue in many communities, to the detriment of the entire Nation. If the critical shortage that now exists is to be largely corrected over the next few years, Federal assistance is essential. This conclusion has been reached by many students of school problems, and it has recently been endorsed by the White House Conference on Education, which reflected the results of serious deliberation in earlier meetings of citizens throughout the land. In view of existing needs and circumstances, the Congress is urged to authorize a program of Federal aid for school construction which, over a five-year period, could be expected to stimulate the States and localities to sufficiently greater efforts to remove the accumulated shortage. Specifically, the Congress is requested to authorize Federal matching grants to the States, to be used in districts that are themselves unable to provide urgently needed public school facilities. Loans should also be made available to facilitate school financing, in a manner and under conditions that are set out in the special Message of January 12, 1956. At the end of five years, when it may be expected that school facilities will again be adequate, Federal aid can and should terminate.

Other shortages of educational plant exist at the present time. In particular, there are grave inadequacies in our facilities for medical research and for training the large number of physicians, dentists, and health scientists required by our rapidly growing population. Since private benefactions cannot fully fill the gap, it is recommended that the Congress authorize a five-year program of Federal construction grants to assist medical and dental schools to improve their physical facilities for research and teaching. Also, the Federal loan program for college housing should be continued, but on a basis that will bring forth the large volume of private funds that is necessary to meet growing requirements.

The construction of hospital and related facilities has been substantially augmented in recent years, in part because it has been bolstered by 700 million dollars of Federal grants. These have been made under the Hospital and Medical Facilities Survey and Construction Program, which provides matching grants to the States for the construction of hospitals and related health facilities. This program is being administered with close attention to the needs of low-income groups and rural areas. The Congress is requested to extend the program for an additional two years. Federal insurance of mortgage loans for the construction or improvement of private health facilities is again recommended.

The importance of completely modernizing the Interstate Highway System, which links together the principal cities by 40,000 miles of road, is so clear and so widely recognized that it requires no elaboration in this Report. The country urgently needs an integrated network of safe, controlled-access highways to relieve existing congestion and to provide for the expected growth of motor vehicle traffic. A modernized interstate

system would also help to strengthen the Nation's defenses and to reduce the toll of human life exacted each year in highway accidents. The Congress is again urged to consider and to provide for the full modernization of the Interstate Highway System. It was suggested last year that this vast road program be financed by an independent authority created by the Congress, and that interest and amortization on the highway debt be paid out of the excess—which may be expected to increase—of Federal revenues from present gasoline and lubricating oil taxes over current Federal grants-in-aid for roads. If this financing plan is not satisfactory to the Congress, a sound alternative not involving budget deficits should be devised. Since the need for improved highway facilities is becoming more and more pressing, the whole interstate system should be authorized as one project, to be completed in about ten years.

By the nature of the projects involved, the Federal Government must play a key role in the conservation and development of water resources. In 1953–55, over 2 billion dollars of Federal funds were expended for the construction of facilities of this type. Recent legislative and administrative actions have strengthened both public and private activities in the sphere of water resource conservation and development. The St. Lawrence Seaway was authorized in 1954, after many years of discussion. In the same year, the conservation of soil and water resources was advanced by allowing outlays made by farmers on water projects to be treated as a current expense for tax purposes, by expanding the provision of governmental loans for such projects, and by establishing a cooperative program with State and local agencies for the construction of small dams and related works. The Report of the President's Advisory Committee on Water Resources Policy has recently been transmitted to the Congress. This report sets forth a comprehensive policy for the conservation and development of the Nation's water resources. It stresses the need for greater uniformity in the evaluation of projects, their authorization, and their cost-sharing provisions, as well as close and continuous collaboration with local groups. In due course, legislative proposals will be submitted to implement the recommendations of this Committee.

In the conservation and development of water resources, including power, the Federal Government should continue to advance the partnership principle, as exemplified by projects such as John Day, Markham Ferry, and Cougar. It should continue to encourage leadership from local sources, whether private or public, and assume an active role only where it has some particular competence—that is, where the projects are especially complex or large, where interstate conflicts are involved, or where there is a clear impact on the national interest. The Upper Colorado River project, which is vital to several States and which involves generation of power, irrigation, municipal water supply, flood control, and other functions, is an outstanding example of the type of project that the Federal Government



should undertake. Recommendations concerning this project and other needed developments of water resources are presented in the Budget Message.

The increasing scarcity of water makes it mandatory that its waste be prevented. Pollution of streams and lakes is a flagrant example of waste. Hence, the extension and strengthening of the Water Pollution Control Act are again urged.

Expenditures on atomic energy construction have in recent years accounted for a significant part of total Federal construction expenditures. In 1953-55 they amounted to 2.7 billion dollars. They are now tapering off with the completion of important projects. Private investment, while still modest, is being accelerated under the stimulus of the Atomic Energy Act of 1954. In the spirit of this law, the Atomic Energy Commission has given technical and financial assistance to development of private atomic power plants, has invited private participation in the supplying of atomic energy materials and services, has provided access to technical information, and has released its patents without royalty. This cooperation of government and industry is bringing the goal of competitively priced atomic electric power closer to realization.

The limitation of Federal efforts to their proper sphere in the construction of public assets will require the States and localities to continue assuming heavy responsibilities for public works. There can be little doubt that the great majority of them have both the economic and financial capability of doing so. In some cases, however, State constitutions or State and local statutes which currently restrict borrowing may need to be revised. Smaller communities seeking to raise capital for public improvements would also be aided by a revision of the Federal tax laws, such as was recommended last year, to 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 received on such securities.

## V. IMPROVING SKILLS AND TECHNOLOGY

The swift pace of scientific knowledge brings both new opportunities and new responsibilities. What we as a people do, or fail to do, to improve skills, to train specialists in the sciences and in engineering and other applied fields, and to add to scientific and technical knowledge will have a vital bearing on our national security and on the level of living of future generations.

The problem of improving skills and building new knowledge has several aspects. The provision of adequate physical facilities for training and research is one of them. Progress in this direction is being made by the present high rate of construction of facilities and will be hastened by the Federal programs that have been recommended above. Another basic aspect of the problem—adding to the supply of trained personnel to staff

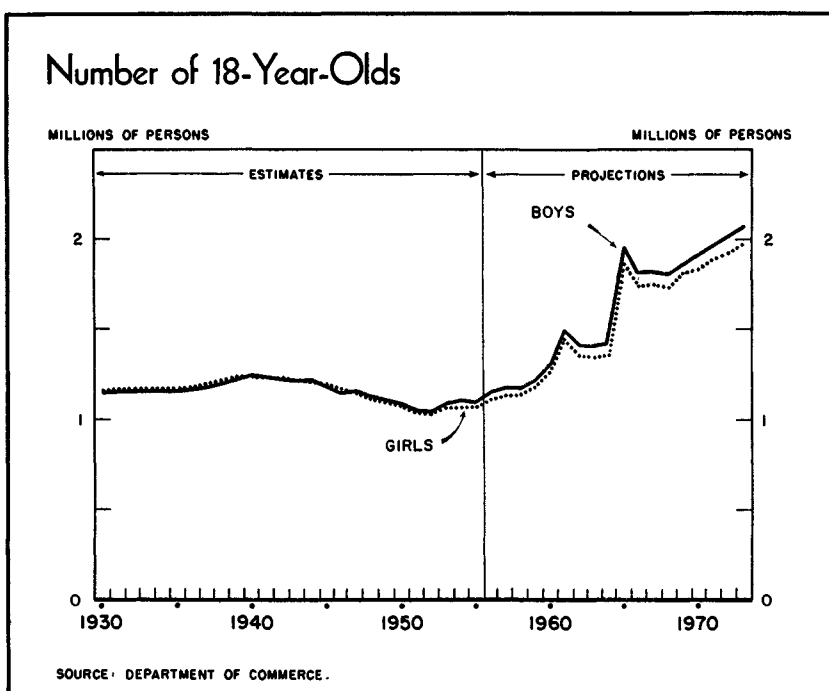
the physical facilities—presents greater difficulties. As pointed out in a special Message to the Congress in February 1955, the shortage of teachers, while less obvious than the shortage of classrooms, is the more serious. Shortages of personnel exist also in various branches of scientific research and development and in numerous technical specialties.

Primary responsibility for meeting the critical shortage of teachers rests with educational institutions, the States, and local communities. All practicable steps should be taken by them to attract suitably trained individuals to the teaching profession. In this connection, special attention should be given to the need for better high school instruction in science and mathematics. The supply of scientific and engineering manpower, so vital to our military security and future prosperity, depends to a large degree on the availability and quality of such instruction. Physics and chemistry are not taught at all in many high schools, and in many others the teaching of these subjects is seriously deficient. The experimental program of supplementary training for teachers in science, mathematics, and engineering, which the National Science Foundation has under way, should help to raise the quality of instruction in these subjects. An enlarged appropriation for this purpose is needed.

Private and public institutions of higher learning are the means through which we must overcome the shortages of personnel in engineering, medicine, scientific research, and other areas. The newly recommended program for adding to the physical facilities for research and training in medicine and dentistry, which has already been noted, will help to meet certain of these needs. Other activities of the Federal Government to encourage higher education should also be strengthened, notably the program of research grants and graduate fellowships administered by the National Science Foundation, the program of research and training supported by the Atomic Energy Commission, and the various programs of the Department of Health, Education, and Welfare for training nurses, for medical research, and for research on air and water pollution.

These programs, important as they are, should not obscure the need for balanced expansion of our liberal arts colleges, universities, and technical institutes. The increased need for advanced training and the prospective growth of student enrollments pose difficult and far-reaching problems, which should be thoroughly explored by the Office of Education together with private and public institutions of higher learning. A distinguished group of educators and citizens will soon be appointed to consider, through study and conferences, the immediate and long-range efforts which must be made to reach appropriate solutions to the problems facing our colleges and universities.

The future improvement of our level of living, no less than our military security, is heavily dependent on research in the basic sciences and technology. Our willingness to invest huge sums for this purpose is one of the outstanding reasons for the pre-eminence of American science and industry.



Total public and private expenditures for research and development are now estimated to be running at 5 billion dollars per year, if not higher. Federal outlays for research and development, most of which is conducted in industrial and university laboratories, have in recent years been above 2 billion dollars per year, and some increase in expenditures for these purposes has been projected for the next fiscal year.

Most of the Federal funds for research and development are devoted to projects of the Defense Department and the Atomic Energy Commission. But as the Economic Report of January 1954 emphasized, such projects may also be expected to enrich civilian technology. Indeed, many recent tendencies in private industrial technology are traceable to pioneering Federal projects with a military accent. Among these tendencies are the drive toward competitively priced atomic power, the application of radioisotopes, the automatic assembly of radio and television set components, the use of transistors and miniature vacuum tubes, the adaptation of electronic computers to office work, the experimental cold sterilization of food by radiation, the formulation and fabrication of titanium and magnesium alloys, and the design of turboprop and jet commercial airliners. Still more remarkable prospects for peacetime technology are being opened up by research.

Such marvels of science and technology sometimes cause concern, lest they lead to unemployment. However, our history teaches that new products and new techniques, instead of reducing the total number of jobs,

extend employment in new directions, increase its amount, and add abundantly to its fruits. Although adjustments for some individuals are made necessary by technological changes, they can usually be carried out with little difficulty when the oscillations of the business cycle are kept under reasonably good control. The need of a strong system of unemployment insurance to ease personal adjustments is stressed later in this Report.

## VI. PROMOTING THE INTERNATIONAL FLOW OF GOODS AND CAPITAL

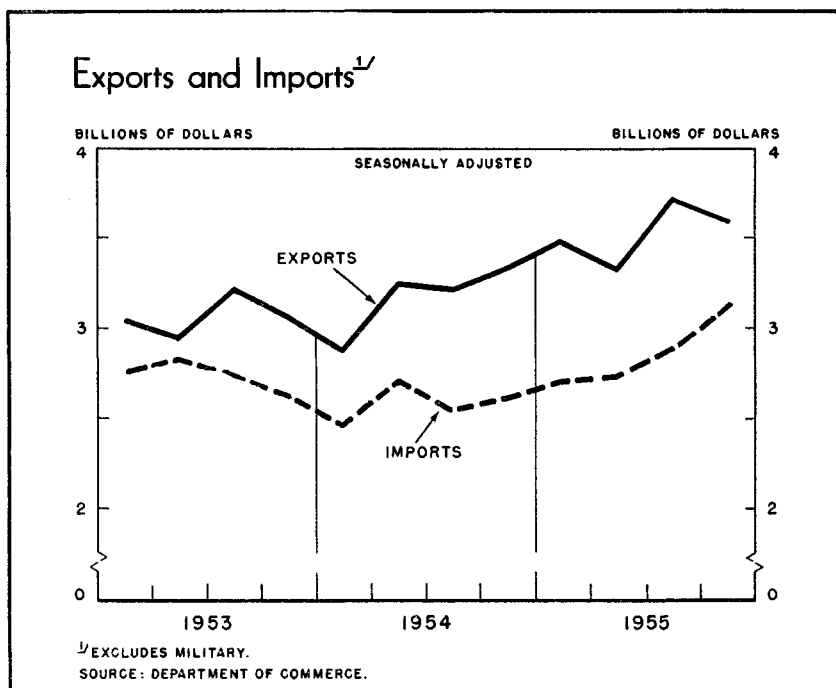
The orderly growth of our economy exerts a strongly favorable influence throughout the world. In turn, economic developments abroad are of profound importance to us. Recent experience illustrates this interdependence. By 1953 the nations of the Free World had achieved sufficient economic strength to be able to absorb the adverse reactions from the mild contraction that got under way in the United States that year. Not only that, but they continued buying from us on a scale that helped to check our economic decline and to speed renewed expansion. In turn, the resumed rise of our imports toward the end of 1954, reinforced by a heavy outflow of private capital, helped to sustain economic expansion in other parts of the Free World and thereby stimulated further expansion in our own exports during the past year.

It is clear that our long-term interests are well served by expansion of the international flow of goods, capital, enterprise, and technology. Sound policies to promote these ends will powerfully advance our national security and economic welfare, and help to build a stronger and more unified community of free nations.

Current restrictions on the flow of goods and capital hamper enterprise and limit the real income of consumers both here and abroad. Despite the progress in trade liberalization achieved in recent years, restrictions are still numerous and widespread. Reduction of these barriers requires both direct action on our part and cooperation with other nations. Our proper and necessary course was outlined in a special Message of March 1954, following the report of the Commission on Foreign Economic Policy. The Congress responded with important legislation in 1954 and 1955, but additional action is urgently needed.

The Trade Agreements Extension Act of 1955 has continued for another three years, with certain modifications, the authority initially granted in 1934 by the Reciprocal Trade Agreements Act. The 1955 Act grants new powers to the President to lower tariffs on a reciprocal and selective basis. Individual tariff rates may be reduced by 5 percent per year for three years, and rates that are in excess of 50 percent ad valorem may be reduced by annual stages to that level. Experience has shown that the "escape clause" and "peril point" provisions of the Act, which are designed to protect domestic industries against serious injury from duty reductions, are broadly

CHART 35



consistent with our basic policy of trade liberalization. Experience has also shown that efforts to expand world trade are most effective when tariff reductions are negotiated on a reciprocal, multilateral basis. Under the authority of the Trade Agreements Act, selective reductions in tariffs on thousands of items have been made during the past twenty years, and they have helped materially to enlarge our exports as well as imports. The 1955 Act has paved the way for a new series of tariff negotiations, which opened at Geneva on January 18, 1956.

The chief instrument through which the United States has for eight years cooperated with other countries of the Free World in reducing trade barriers is the General Agreement on Tariffs and Trade (GATT). Negotiations under the GATT are more effective than bilateral negotiations. They have won for us tariff concessions on items accounting for about 50 percent of the value of our exports. Moreover, through consultations with other GATT members, we have secured the abolition of discriminatory restrictions on our exports of such important items as coal, apples, cigarettes, lumber, potatoes, textiles, automobiles, tobacco, petroleum, wool, and motion pictures. Several European countries have removed all discriminatory restrictions against dollar trade.

To correct certain shortcomings in the working rules and administrative machinery of GATT, which have been recognized for some time, the 34

GATT members completed in March 1955 a revision of the basic Agreement and proposed an administrative agency—the Organization for Trade Cooperation (OTC). Membership in the OTC would enlarge the advantages the United States already enjoys under the GATT. It would also give assurance to the rest of the Free World of our continuing interest in expanding the international flow of goods and capital. Early passage of legislation authorizing our membership in the Organization for Trade Cooperation is of high importance.

Customs regulations are capable of creating barriers to international trade, no less serious than the customs duties themselves. Delays and inconvenience arising from customs regulations have been reduced in the past two years, and the Treasury Department is continuing to review its procedures with a view to simplifying them. Congressional action, however, is needed to facilitate further progress. The basic purpose of the Customs Simplification Bill of 1955, which the House passed in the first session of the 84th Congress, is to diminish uncertainties and delays by simplifying the present system of customs valuation. Modifications of this bill have been suggested to avoid unintended reductions in individual duties that would result from the proposed change in valuation procedures. Early enactment of such a suitably revised bill will constitute a significant advance in our foreign economic policy.

The need for simplifying our tariff rate structure, which the Commission on Foreign Economic Policy had emphasized, was recognized by the Congress in the Customs Simplification Acts of 1953 and 1954. As directed by the latter Act, the Tariff Commission is studying present commodity classifications and rate structures. Legislation will be needed in due course to authorize revisions of our tariff classification schedules. In the meantime, other restraints on international commerce, those arising under the Buy-American Act of 1933, were modified by an Executive Order of December 1954, which has resulted in the removal of a great deal of uncertainty for foreign bidders who seek government contracts.

The field of foreign investment also offers opportunities to encourage economic activity and trade on a world scale. A larger outflow of American capital would benefit both ourselves and other economies. By helping to develop the resources of friendly countries, it would enlarge and diversify the supply of materials on which we can draw. At the same time, it would enable less developed countries to achieve higher rates of economic growth and to become more active partners in the trade of the Free World. To the greatest extent possible, the funds for foreign investment should come from private sources. When private capital moves abroad, it is often accompanied by the export of technical, managerial, and financial skills. Such benefits cannot be realized as effectively through government loans.

It is highly desirable, as stressed in last year's Economic Report, that we "encourage investment in all countries whose desire to speed their economic development has led them to create a hospitable climate for business invest-

ment.” The recommendations made in that Report, with respect to the taxation of corporate income from foreign sources, have not yet been acted on by the Congress. Legislation on these proposals, which can have a significant influence on foreign investment, is again requested. Also, the lending authority of the Export-Import Bank should be extended beyond June 30, 1958. This would enable the Bank—which has actively encouraged the outflow of private capital by its loan participation, credit guarantees, and loan supplements to private venture capital—to finance projects that call for advances over a period longer than two years.

The United States has recently taken steps to participate in the International Finance Corporation (IFC), which is to be affiliated with the International Bank for Reconstruction and Development. The IFC will begin operations as soon as at least 30 countries, out of the 44 member countries of the Bank that have indicated an intention to join, have together subscribed 75 million dollars. The IFC will make loans to supplement venture capital going into productive private enterprises abroad, particularly in the less developed areas of the world, and it will also help to find experienced management where needed. The new institution is expected to expand investment abroad by its own lending and also by helping to create an investment climate in foreign countries that will be more attractive to their own citizens as well as those of other nations.

The rate of economic progress is bound to play a vital role in the struggle between the principles of freedom and those of regimentation in the poorer and less developed areas of the Free World. Our economic development and technical cooperation programs for raising living standards in these areas are proving helpful and should be moderately expanded, with special emphasis on activities that encourage local private enterprise and the inflow of private capital from abroad. The Mutual Security Program, of which these economic programs are a part, must be continued. High though our expenditures on national security are, they would be vastly higher if we did not have strong allies.

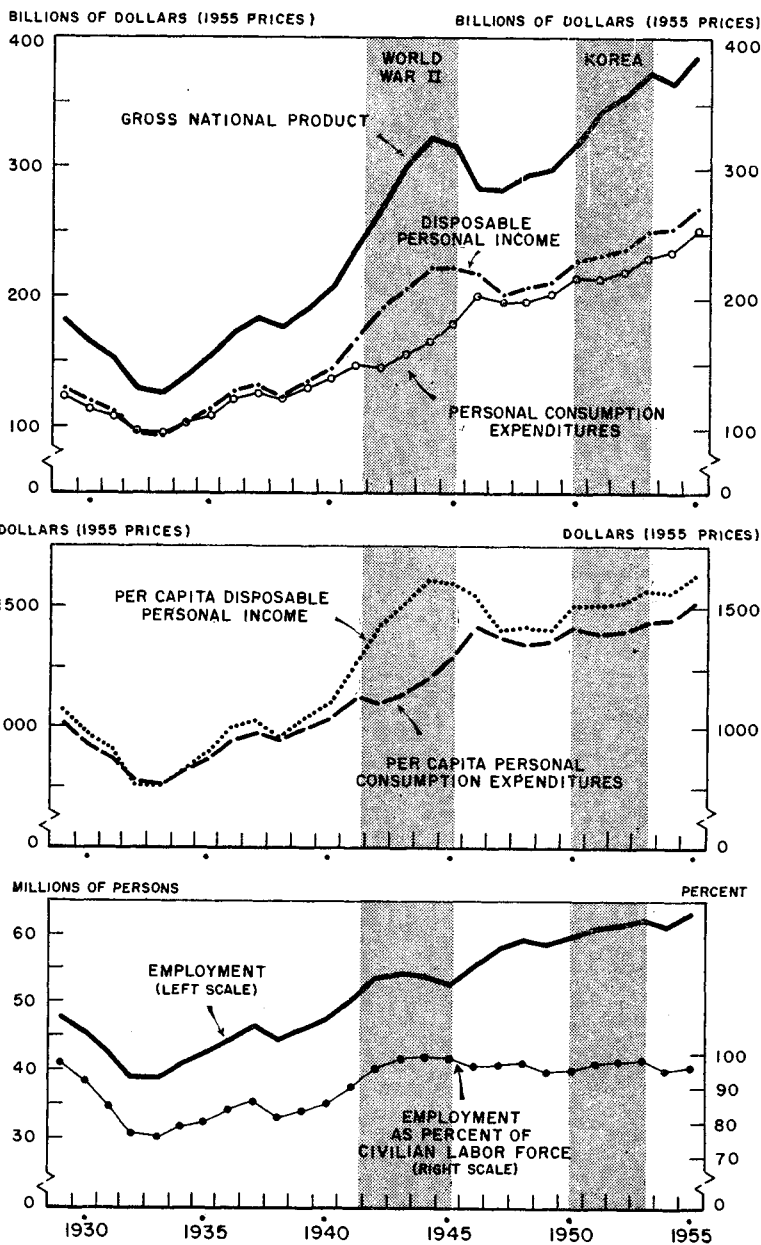
The United States can take pride in the progress that has been achieved in cooperation with other countries in enlarging the mutually advantageous flow of goods, capital, technology, and enterprise within the Free World community. Continuance of this trend will build an international environment that is increasingly favorable to the maintenance of peace and the extension of prosperity.

## VII. INCREASING THE STABILITY OF OUR EXPANDING ECONOMY

Economic improvement, whether by our own actions or in cooperation with other nations of the Free World, is always subject to the risk of interruption by business fluctuations. The mere fact that they have been kept under good control in recent years is not an adequate basis for concluding that the business cycle has been ironed out, or that we need be concerned no longer about the possibility of running into a sizable recession or inflation. The

CHART 36

# Indicators of Prosperity



SOURCES: DEPARTMENT OF COMMERCE AND COUNCIL OF ECONOMIC ADVISERS.



need for poise and foresight on the part of business, labor, and government is undiminished. As we build for the Nation's future prosperity, we must strive to promote not only a well-balanced growth of the economy, but also a relatively stable rate of growth. Although our defenses against recession and inflation are much stronger than a generation ago, we should try to make them still stronger.

By helping to maintain buying power at a time when payrolls diminish, our Federal-State Unemployment Insurance System constitutes a first line of defense against a possible recession. Remarkable advances in this insurance system have been achieved during the past two years. In 1954 its coverage was broadened by the Congress to include civilian employees of the Federal Government and the employees of many small firms. Uninterrupted payment of benefits by States whose reserve funds become low was practically assured by the establishment of a special Federal loan fund. Steps were taken to equalize the tax impact of the System on new and old firms, thereby removing a barrier to the establishment and early growth of new enterprises. These Federal actions have been supplemented by the States. In these two years, 33 States, besides the District of Columbia, raised the amounts that may be paid weekly to unemployed men and women covered by the insurance system. Eight States and the District of Columbia lengthened the duration of the period for which unemployment benefits may be paid, and four States extended coverage to firms with fewer employees than the minimum set by Federal law.

Taken together, these changes represent the greatest improvement in the Unemployment Insurance System since its inception. Nevertheless, there is need for further progress. The last two Economic Reports have suggested that the States increase benefits so that the great majority of covered workers will be eligible for payments that at least equal half their regular earnings; that the States which have not yet done so, lengthen the term of benefits to 26 weeks for every person who qualifies for any benefit and remains unemployed that long; that employees of State and local governments be given the protection of unemployment insurance; and that employees of very small firms, which are still excluded from the unemployment insurance system in many States, be accorded this protection. Although very encouraging strides have recently been made toward these goals, they have not yet been realized. The States are again urged to persevere in the task of improvement, so that the stabilizing influence of the Unemployment Insurance System on personal incomes may be enhanced.

To promote stable economic growth, it would also be desirable to increase the influence that the Federal Government can exercise on consumer credit. The development of consumer instalment financing has been, on the whole, highly beneficial to our economy. By its means the homes of many millions of American families have been enriched on a scale that would otherwise have proved impossible. The soundness of this type of credit has been repeatedly tested and found excellent. Nevertheless, instalment credit

sometimes accentuates swings in the buying of automobiles, furniture, television sets, and other consumer durables, thereby exposing the rest of the economy to the hazard of widened fluctuations. In view of the increasing importance of the durable consumer goods industries in our economy and their marked tendency to fluctuate, consideration should be given to restoring the Government's power to regulate the terms of consumer instalment credit.

The Board of Governors of the Federal Reserve System regulated the terms of consumer credit during 1941-47 and again in 1948-49 under an Executive Order of the President. The Defense Production Act provided temporary authority to reinstate these controls in 1950, but this power was withdrawn by the amendments to that Act approved June 30, 1952. Experience during the recent past suggests that the authority to set, if and as circumstances may require, minimum downpayments and maximum maturities on instalment credit for the purchase of consumer durables would be a useful adjunct to other stabilizing measures. Its availability as a stand-by measure, to be used only when the economic situation demands it and under proper administrative safeguards, would increase the Government's ability to fulfill its responsibilities under the Employment Act. Although present conditions do not call for the use of such authority to regulate the terms of instalment credit, this is a good time for the Congress and the Executive Branch to study the problem.

The authority of the Federal Government to influence the use of credit in the purchase or improvement of homes is already fairly broad, but it would be useful to extend it in two directions. First, greater flexibility should be introduced in the terms on which the secondary market facilities of the Federal National Mortgage Association (FNMA) can be used by the home building and home financing industries. At the present time, mortgages may be sold to FNMA under its secondary market program only on the condition that the seller acquire the Association's stock in an amount equal to at least 3 percent of the value of the mortgages sold. The Board of Directors of FNMA should be authorized to set this stock purchase requirement at or above 1 percent, on the basis of conditions in the housing market and in the economy generally. By reducing the permissible stock purchase requirement, the liquidity provided by FNMA to the home mortgage market could be more effectively increased, if the economic situation required it.

Second, the National Housing Act should be amended to allow the Federal Housing Administration to insure home repair and modernization loans with maturities as long as 5 years. The maximum maturity for insured loans of this type is now 3 years, having been at this level since the 1930's. An extension of the maximum limit to 5 years, with discretion granted to the Federal Housing Commissioner to vary the maximum maturity in the light of economic conditions, would permit a liberalization of terms if and when some stimulation of the construction industry becomes desirable.

The introduction in 1934 of insurance for bank deposits and for share accounts in savings and loan associations has greatly strengthened the capacity of our economy to resist possible cumulative effects of any recessionary development. The extension of insurance to the share accounts of credit unions would be a useful step in the same direction. These cooperative institutions have been growing rapidly. By mid-1955 over 7.5 million people had about 2.5 billion dollars invested in credit union shares. The loss of any appreciable part of these savings would work severe hardships on individuals of limited means. As suggested in last year's Economic Report, the Congress should consider the desirability of establishing a self-supporting Federal program of share-account insurance for credit unions. If such a system were established, it would be essential to maintain the proper safeguards, limitations, and supervision that go with an insurance system.

Finally, as has long been recognized, the adjustment of public works expenditure can be helpful in achieving a stable rate of economic growth. For this reason the Administration began concerning itself with the systematic planning of public works early in 1953. For a time this activity was centered in the Council of Economic Advisers. Later, to give the planning work added emphasis and to enlarge its scope, a unit was established in the White House Office under a Special Assistant to the President to coordinate public works planning. The inventory of the status of Federal plans for public works, which was initiated nearly three years ago, is now maintained on an annual basis. A survey of the status of State and local plans for public works has been completed, and it is expected that similar surveys will be made biennially. Recognizing the need for a reserve of "ready-to-go" projects, the Congress last year increased the provision for interest-free loans to States and municipalities for public works planning. Still another forward step would be taken if both the Executive agencies and the Congress became accustomed, in connection with every bill on public construction, to consider the possible need for flexibility in public works programming.

#### VIII. THE CREATIVE POWER OF A FREE ECONOMY

The broad purpose of the recommendations in the foregoing sections of this Report has been to develop, in the language of the Employment Act, "national economic policies to foster and promote free competitive enterprise, to avoid economic fluctuations or to diminish the effects thereof," and "to promote maximum employment, production, and purchasing power." These recommendations largely concern the activities and policies of the Federal Government. But important as these activities and policies are, we must never lose sight of the fundamental truth expressed at the beginning of this chapter, namely, that the lasting prosperity of our Nation depends far more on what individuals do for themselves than on what the Federal Government does or can do for them.

When many millions of men and women bring about general economic improvement largely through their own actions, they do more than create prosperity in their day. They also strengthen the moral roots of the industry, the enterprise, and the resourcefulness from which still greater prosperity and well-being will spring in the future. That is the basic reason why a Nation that enjoys a high degree of economic freedom typically generates its own growth, why it keeps creating new technologies, new products, new markets, new enterprises, new jobs, larger incomes, and better living. That is why we are still in the midst of a technological revolution in agriculture, communications, and power, of which there was only a glimmer a generation ago. That is why we may look forward with confidence to the continued growth of our economy.

Foresight has helped our Nation make great strides in recent years toward a balanced and sustained prosperity. We have succeeded in expanding the scope of free enterprise, and yet increased the sense of security that people need in a highly industrialized age. Great opportunities for economic progress lie ahead. The recommendations of this Report will prove helpful to the American people in pursuing them.

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**Appendix A**

**SUMMARY OF RECOMMENDATIONS IN**

**THE ECONOMIC REPORT OF**

**THE PRESIDENT**

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# Summary of Recommendations in the Economic Report of the President

Including Recommendations to the Congress and Suggestions  
to the States and Local Governments

## I. PROMOTING AGRICULTURAL READJUSTMENTS

- a) Inaugurate a two-part Soil Bank Program designed to improve farm income, reduce surpluses of farm products, and shift crop acreage to soil-conserving uses:
  - 1) An Acreage Reserve Program under which growers of wheat, cotton, corn, and rice will voluntarily reduce planted acreage below allotments in return for certificates convertible into cash or specified quantities of the commodities from Commodity Credit Corporation stocks; alternatively for corn and rice, end production controls and put price supports for these crops on a discretionary basis. [Pages 59-60.]
  - 2) A Conservation Reserve Program providing financial inducements to farmers to put cropland into soil-conserving uses. [Page 60.]
- b) Implement the Great Plains Program to promote sounder land use in portions of ten Western States between the Corn Belt and the Rocky Mountains. [Page 60.]
- c) Take other steps, such as to speed surplus disposal, broaden outlets for farm products, reduce farm production costs, improve farm credit facilities, and expand agricultural research. [Page 59.]

*See also Recommendation III (a).*

## II. HELPING LOCAL COMMUNITIES REDUCE UNEMPLOYMENT

- a) Establish an Area Assistance Program for aiding communities experiencing substantial and persistent unemployment, and make technical assistance more broadly available to aid urban and rural communities in developing balanced and progressive economies. [Pages 62-63.]
- b) Authorize the Housing and Home Finance Agency to give priority to applications for aid, in financing needed public facilities, from communities experiencing substantial and persistent unemployment. [Page 62.]
- c) Make benefits under the Urban Renewal Program available for industrial redevelopment of business sections in such communities. [Page 62.]

### III. LIFTING INCOMES BY RAISING PRODUCTIVITY

- a) Provide the requested Federal support for the Rural Development Program to help low-income farm families improve their earning power. [Pages 60, 66-67.]
- b) Expand State programs of vocational rehabilitation on the basis of available Federal financial assistance. (State responsibility) [Page 67.]
- c) Proceed, as far as is practical, to extend coverage of minimum wage. [Pages 67-68.]

### IV. IMPROVING THE ECONOMIC STATUS OF OLDER PERSONS

- a) Extend the coverage of Federal Old-Age and Survivors Insurance to self-employed groups and other workers not yet covered, including Federal personnel. [Page 69.]
- b) Require Federal registration and reports by private pension and welfare funds. [Page 69.]
- c) Give preference to older persons and their immediate families in admission to public housing projects. (Federal, State, and local responsibility) [Page 69.]
- d) Authorize mortgage insurance on favorable terms for apartments built for occupancy in whole or in part by older persons, and permit third parties to guarantee monthly payments in behalf of older persons buying a home under a Federally insured mortgage. [Pages 69, 81.]

*See also Recommendation V (c).*

### V. COPING WITH PERSONAL HARDSHIPS

- a) Accelerate work on practical flood control projects. [Page 70.]
- b) Provide reinsurance for private carriers offering flood insurance, and authorize a joint Federal-State flood indemnity program. [Page 70.]
- c) Encourage private insurance organizations to extend health plans to cover catastrophic illness and to cover persons not reached by usual group enrollment methods. Permissive legislation for private pooling of risks or Federal reinsurance may be needed. [Pages 69, 70.]
- d) Strengthen workmen's compensation laws. (State responsibility) [Page 71.]
- e) Increase benefits available under the Longshoremen's and Harbor Workers' Compensation Act. [Page 71.]
- f) Provide nonoccupational temporary disability insurance for workers in the District of Columbia. Consider developing similar programs in the States. (Federal and State responsibility) [Page 71.]
- g) Liberalize terms of Federally underwritten mortgages on housing for persons displaced by urban renewal or other public projects. [Page 71.]



## VI. PRESERVING SOUND FEDERAL FINANCES

- a) Postpone scheduled reductions in excise and corporate income tax rates. [Page 76.]
- b) Enact legislation continuing a temporary increase in the statutory debt limit. [Page 76.]

## VII. FOSTERING COMPETITIVE ENTERPRISE

- a) Require advance notice to the antitrust agencies of proposed mergers by all firms of significant size engaging in interstate commerce. [Pages 78, 79.]
- b) Extend Federal regulation to all mergers of banking institutions, and require Federal approval of acquisitions of banks by holding companies. [Page 79.]
- c) Make explicit the application of the Clayton Act to business mergers in which either party is engaged in interstate commerce. [Page 79.]
- d) Make Federal Trade Commission cease-and-desist orders under the Clayton Act final, unless appealed to the Courts. [Page 79.]
- e) Empower the Attorney General to issue a civil investigative demand, compelling the production of documents before filing of complaint, without having to invoke grand jury proceedings. [Page 79.]
- f) Increase appropriation for antitrust law enforcement. [Page 78.]
- g) Re-examine regulations of the transportation industry. [Page 79.]

## VIII. EXTENDING HOME OWNERSHIP AND IMPROVING NEIGHBORHOODS

- a) Make Federal assistance to a community for public housing contingent on its adoption of a workable program of slum prevention and elimination. [Page 81.]
- b) Authorize 35,000 units of public housing in each of the next two years. [Page 81.]
- c) Increase the permissible size of, and extend from three to five years the maximum permissible maturity on, home repair and modernization loans insurable under the Federal Housing Administration. [Pages 81, 94.]
- d) Increase the Federal Housing Administration mortgage insurance authorization and put this on a more permanent basis. [Page 82.]

*See also Recommendations IV (c)-(d), V (g), and XII (c).*

## IX. ENLARGING PUBLIC ASSETS

- a) Authorize Federal matching grants and loans for public school construction over a five-year period. [Page 83.]
- b) Authorize Federal construction grants to medical and dental schools for teaching and research facilities. [Pages 83, 86.]
- c) Continue the Federal loan program for college housing in such manner as to attract the investment of private funds. [Page 83.]

- d) Extend the Hospital and Medical Facilities Survey and Construction Program for an additional two years, and provide Federal insurance of mortgage loans for the construction or improvement of private health facilities. [Page 83.]
- e) Enact a comprehensive and soundly financed program for modernizing the Interstate Highway System. [Pages 83, 84.]
- f) Authorize the construction of the Upper Colorado River project and other needed water resource developments. [Pages 84, 85.]
- g) Extend and strengthen the Water Pollution Control Act. [Page 85.]
- h) Review State and local debt limits that currently restrict borrowing for necessary public works. (State and local responsibility) [Page 85.]
- i) Allow regulated investment companies which hold the bulk of their assets in State and local securities to pass through to their shareholders the tax-exempt status of income received on such securities. [Page 85.]

#### X. IMPROVING SKILLS AND TECHNOLOGY

- a) Take all practicable steps to attract suitably trained persons to the teaching profession. (State and local responsibility) [Page 86.]
- b) Enlarge the appropriation for the experimental program of the National Science Foundation for supplementary training of teachers of science, mathematics, and engineering. [Page 86.]
- c) Strengthen existing Federal programs to encourage higher education. [Page 86.]

*See also Recommendations III (a)–(b).*

#### XI. PROMOTING THE INTERNATIONAL FLOW OF GOODS AND CAPITAL

- a) Authorize membership of the United States in the Organization for Trade Cooperation. [Page 90.]
- b) Enact legislation to simplify the present system of customs valuation. [Page 90.]
- c) Enact legislation to stimulate foreign investment by modifications of the taxation of corporate income from foreign sources. [Pages 90, 91.]
- d) Extend the lending authority of the Export-Import Bank beyond June 30, 1958. [Page 91.]

#### XII. INCREASING THE STABILITY OF OUR EXPANDING ECONOMY

- a) Strengthen provisions for unemployment insurance. (State responsibility) [Page 93.]
- b) Study the problem of restoring the Government's power to regulate the terms of consumer instalment credit. [Pages 93, 94.]
- c) Authorize the Federal National Mortgage Association to vary within wider limits its stock purchase requirement. [Page 94.]
- d) Consider establishment of a Federal program of credit union share-account insurance. [Page 95.]

*See also Recommendation VIII (c).*

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**Appendix B**  
**SOME LEADING ECONOMIC DEVELOPMENTS**  
**DURING 1955**

- I. The Nation's Total Output and Income**
  - II. Employment and Earnings**
  - III. Prices and Inventories**
  - IV. Agricultural Developments**
  - V. Financial Developments**
  - VI. Government Finances**
  - VII. Economic Relations With Foreign Countries**
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## Some Leading Economic Developments During 1955

The primary purpose of this Appendix is to present the important facts on certain economic developments in 1955. These facts help to document the analytical account given in Chapter 2, and to provide a background for the discussions in the other chapters of the Report.

### I. The Nation's Total Output and Income

According to preliminary estimates, the gross national product in 1955 was more than 387 billion dollars, an increase of about 27 billion, or nearly 7½ percent, over 1954 and a new high figure (Chart B-1 and Table B-1). After allowance for the small average price increase, the total product was 6 percent larger than the year before. The volume of goods and services produced exceeded the previous 1953 peak by 6 percent in current prices and by 3½ percent after allowance for price change.

The rate of increase for private expenditures—about 10 percent between 1954 and 1955—was faster than the rate for total expenditures, which were affected by a decline in government purchases of goods and services. This decline was due to a reduction of 3.4 billion dollars in Federal outlays; State and local expenditures increased by 2.3 billion.

Within the private sector there was a vigorous expansion of business investment accompanying further rapid gains in consumer spending. Business investment, in a reversal of the 1954 decline, increased 27 percent, from 33.7 billion dollars to 42.8 billion; although the larger part of this increase was in inventory investment, the rise in business fixed investment was about 8 percent. Personal consumption expenditures and residential construction rose from 250 billion dollars to 269 billion, or about 7½ percent (Table B-1).

Shifts in the degree to which various sectors contributed to the increase in final purchases, that is, expenditures other than those for investment in business inventories, are shown in Table B-2. Increases in personal consumption expenditures between the first and final quarters of 1955 accounted for 63 percent of the gain in final purchases, against about 80 percent in the preceding phase of recovery. Residential construction, which had made substantial contributions to the gain in final purchases during 1954 and the first few months of 1955, ceased to do so by midsummer and declined in the latter part of the year. On the other hand, investment in nonresidential construction and producers' durable equipment taken together, which had added nothing to the increase in final purchases through the first quarter of 1955, accounted for an appreciable part of the gain in final purchases during the rest of the year.

CHART B-1

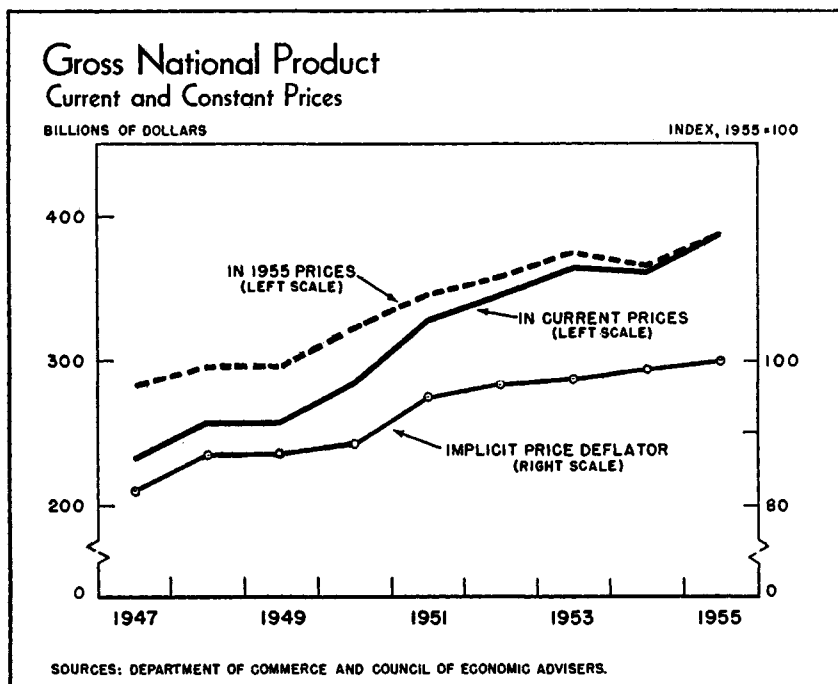


TABLE B-1.—Gross national product and its major components, 1954-55

[Billions of dollars]

Component	1954	1955 <sup>1</sup>	Change <sup>2</sup>				
			1954 to 1955 <sup>1</sup>	Second quarter 1954 to first quarter 1955	* First quarter 1955 to second quarter 1955	Second quarter 1955 to third quarter 1955	Third quarter 1955 to fourth quarter 1955 <sup>1</sup>
Gross national product: Total.....	360.5	387.4	26.9	17.7	9.5	7.2	5.3
Change in business inventories.....	-2.9	3.3	6.2	4.2	2.8	-1.9	2.6
Final purchases: Total.....	363.4	384.1	20.7	13.5	6.7	9.1	2.7
Personal consumption expenditures.....	236.5	252.4	15.9	10.7	4.7	5.2	1.8
Durable goods.....	29.3	35.3	6.0	5.4	7	1.8	-1.9
Nondurable goods.....	120.9	125.9	5.0	2.0	2.9	1.7	2.0
Services.....	86.4	91.1	4.7	3.3	1.2	1.6	1.7
Gross private fixed investment.....	50.1	56.2	6.1	3.0	3.1	2.3	-.3
New construction.....	27.8	32.4	4.6	3.9	1.4	.6	-.9
Residential nonfarm.....	13.5	16.6	3.1	3.1	.8	.3	-1.0
Other.....	14.3	15.8	1.5	.8	.6	.3	.2
Producers' durable equipment.....	22.3	23.8	1.5	-.9	1.7	1.7	.6
Net foreign investment.....	-.3	-.3	.0	-.1	-.3	.7	.0
Government purchases of goods and services.....	77.0	75.9	-1.1	-.1	-.9	.9	1.2
Federal <sup>3</sup> .....	49.2	45.8	-3.4	-2.2	-1.2	.3	.5
National security.....	43.2	40.8	-2.4	-2.4	-.8	.2	.2
Other <sup>3</sup> .....	6.3	5.3	-1.0	.1	-.3	.0	.3
State and local.....	27.8	30.1	2.3	2.1	.3	.5	.8

<sup>1</sup> Preliminary; fourth quarter estimates by Council of Economic Advisers.<sup>2</sup> Quarterly changes are at seasonally adjusted annual rates.<sup>3</sup> Less Government sales.

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

Source: Department of Commerce (except as noted).

TABLE B-2.—Contributions to growth in final purchases, 1954-55 <sup>1</sup>

Item	Second quarter 1954 to first quarter 1955	First quarter 1955 to fourth quarter 1955 <sup>2</sup>
	Billions of dollars <sup>3</sup>	
Total change in final purchases.....	13.5	18.5
Percent		
Percent of growth accounted for by:		
Consumer expenditures.....	79	63
Durable goods.....	40	3
Nondurable goods.....	15	36
Services.....	24	24
Residential construction.....	23	5
Fixed business investment <sup>4</sup> .....	-1	28

<sup>1</sup> Gross national product less change in business inventories.<sup>2</sup> Preliminary; fourth quarter estimates by Council of Economic Advisers.<sup>3</sup> Seasonally adjusted annual rates.<sup>4</sup> Producers' durable equipment and construction other than residential.

NOTE.—Percents will not necessarily add to 100 since the percent contributions of net foreign investment and government purchases of goods and services are not shown.

Source: Department of Commerce (except as noted).

## PERSONAL INCOME AND CONSUMPTION

Personal income in 1955 totaled 303 billion dollars, or 15.5 billion more than the year before. Disposable personal income rose nearly as much as personal income—by 14.4 billion, to 269.2 billion dollars (Table B-3),

TABLE B-3.—Distribution of disposable personal income,<sup>1</sup> 1929, 1940, and 1946-55

Year	Dis- pos- able per- sonal income (bil- lions of dollars) <sup>1</sup>	Percent of disposable personal income									
		Personal consumption expenditures <sup>2</sup>									Per- sonal saving
		Total	Durable goods			Nondurable goods			Services		
			Auto- mobiles and parts	Furni- ture and house- hold equip- ment	Other	Food (exclud- ing alco- holic bever- ages)	Cloth- ing and shoes	Other	Hous- ing	Other	
1929 .....	83.1	95.1	3.9	5.8	1.4	23.5	11.3	10.6	13.7	24.9	5.0
1940 .....	76.1	94.5	3.5	5.1	1.4	21.9	9.7	17.2	12.2	23.1	5.5
1946 .....	159.2	92.1	2.4	5.5	2.1	25.4	11.4	16.2	8.5	20.5	7.9
1947 .....	169.0	97.6	3.7	6.5	2.0	27.0	11.1	17.0	9.1	21.2	2.4
1948 .....	187.6	94.7	3.9	6.1	1.8	26.3	10.4	15.9	9.3	20.9	5.3
1949 .....	188.2	96.0	5.0	5.8	1.7	25.9	9.8	15.7	10.3	21.6	4.0
1950 .....	206.1	94.1	6.0	6.3	1.6	24.7	9.0	15.0	10.4	21.2	5.9
1951 .....	228.1	92.1	4.8	5.6	1.5	25.8	8.8	14.6	10.3	20.7	7.8
1952 .....	236.7	92.2	4.4	5.3	1.6	25.9	8.5	14.6	10.8	21.2	7.8
1953 .....	250.4	92.1	5.3	5.1	1.6	25.2	7.9	14.4	11.1	21.6	7.9
1954 .....	254.8	92.8	4.9	5.1	1.5	25.3	7.7	14.4	11.7	22.2	7.2
1955 <sup>3</sup> .....	269.2	93.8	6.3	5.3	1.6	24.9	7.7	14.2	11.6	22.2	6.2

<sup>1</sup> Total personal income less personal taxes. See Table D-12.<sup>2</sup> See Table D-6 for data in billions of dollars.<sup>3</sup> 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).

despite higher Federal tax payments associated with rising earnings and despite somewhat larger payments for State and local taxes. The income gains from 1954 to 1955 raised the per capita disposable income in constant prices by more than 4 percent (Table D-13).

By far the greatest dollar additions to personal income in 1955 were in labor income, which rose by 12.6 billion dollars, after a decline of 1.8 billion in 1954 (Table D-11). This increase reflected gains in employment, longer average hours of work in manufacturing and other activities, and substantially higher basic rates of pay in major industries and for government employees. Transfer payments, which in 1954 had helped to cushion the decline in total employee compensation, rose further, by 900 million dollars.

Investment income (rent, dividends, and interest) increased by 2.2 billion dollars during 1955. Proprietors' income gained 500 million, reflecting largely compensating changes in business and professional income, which rose 1.4 billion, and in farm income which declined 900 million.

The distribution of personal income disbursements, which exceed personal income by the amount of personal contributions to social insurance, shifted in 1955 toward a larger share of labor income and transfer payments (75.4 percent). The share of investment income, which had increased in 1954, was unchanged at 12.1 percent during the past year. The share of proprietors' income, however, continued to fall, as it had in earlier years. The decline from 13.0 percent in 1954 to 12.5 percent in 1955 was accounted for solely by the drop in farm income; the income share of nonfarm proprietors and professional persons remained unchanged (Table 3).

Personal consumption expenditures, which had increased 6 billion dollars in 1954, rose another 16 billion in 1955. As average consumer prices were fairly stable, consumption in real terms increased almost 6½ percent. This gain was larger than in any postwar year since 1946 (Table D-2).

In 1955, as in 1954, the increase in personal consumption expenditures was greater than the rise in disposable income; therefore, for two years in succession, the volume of personal saving has shown a decline, from 19.8 billion dollars in 1953 to 18.3 billion in 1954 and 16.8 billion in the year just ended. Personal saving as a percentage of disposable personal income dropped from 7.9 in 1953 to 7.2 in 1954 and 6.2 in 1955 (Table B-3).

The sharp rise of consumer expenditures and the reduction of personal saving during the past year were associated with large increases in purchases of automobiles and other durable goods. Expenditures on durable goods rose 20 percent, compared with gains of 4 and 5 percent in expenditures on nondurable goods and services, respectively. As a percentage of disposable income, purchases of durable goods increased from 11.5 percent to 13.1 percent, those of nondurable goods dropped from 47.4 percent to 46.8 percent, while the share of consumer services remained unchanged at almost 34 percent (Table B-3). The dollar increases in expenditures for nondurable goods and services, however, were quite substantial. Together,



these categories accounted for about 10 billion of the 16 billion dollar increase in total consumer spending.

The rise in expenditures relative to income was facilitated by a record expansion of consumer credit, enabling consumers to finance additional purchases of durable goods while at the same time increasing their outlays on other goods and services. Although consumer and home mortgage debt increased rapidly, individuals' holdings of liquid assets (currency and bank deposits, savings and loan shares, and securities) also rose substantially. In the year ended September 30, 1955, these asset holdings increased about as much as debt (Table D-14).

#### BUSINESS INCOME AND INVESTMENT

Fixed business investment in 1955 totaled 39.6 billion dollars, against 36.6 billion the year before; in the fourth quarter of 1955, it reached a new high annual rate of 41.7 billion. Investment in plant and equipment was stimulated by the rapid growth of business sales. As sales increased, capacity utilization in most industries improved rapidly. The introduction of new products or models, especially in highly competitive consumer markets, stimulated investment outlays for both expansion and modernization. In some of the durable goods industries, declining military purchases and rising civilian demand required investments for reconversion.

Investment was also encouraged by favorable earnings in both 1954 and 1955. While corporate profits before tax declined by 4.3 billion dollars between 1953 and 1954, the expiration of the excess profits tax in January 1954 and the automatic decline in corporate tax liabilities accompanying lower profits completely absorbed the impact of reduced earnings. As a result, corporate earnings after tax remained unchanged. In 1955, profits rose by about 9 billion dollars before and 4.5 billion dollars after taxes. (Table D-52). Gains for unincorporated business firms are reflected in the rise in business and professional income from 25.9 billion dollars to 27.3 billion.

The more liberal depreciation allowances provided in the 1954 Internal Revenue Code also stimulated investment in 1955. Corporate undistributed profits and depreciation allowances in 1955 totaled about 5 billion dollars more than in the previous year, despite an increase of 1 billion dollars in dividend payments.

Finally, there was a marked improvement in the financial position of business. In the 12 months ended September 30, 1955, cash, United States Government securities, and receivables held by nonfinancial corporations gained almost 13 billion dollars and inventories and other current assets 2 billion dollars, while net current liabilities rose only 8 billion. Thus, net corporate working capital increased almost 7 billion; for the first time, it surpassed 100 billion dollars (Table D-56). Because of rising profits and larger retained earnings, the increased requirements of business corporations

for investment capital could be met for the most part from internal funds (Table D-55).

In contrast to 1954, when industrial investment declined while commercial investment made modest gains, practically all major sectors participated in the expansion of capital outlays during 1955 (Table D-29). Plant and equipment expenditures of commercial, construction, and communication firms rose from 8.2 billion dollars to 9.1 billion and reached an annual rate of 9.7 billion toward the end of the year. By far the major portion of this rise was due to investment of commercial firms in warehouses, stores, office buildings, delivery trucks, and the like. The strength of investment in this sector is partly attributable to the backlog of undertakings deferred because of restrictions during the Korean conflict. But it reflects also the continuous demand for shopping and other commercial facilities in the rapidly growing suburbs of our cities. Moreover, the construction of large office buildings, until recently limited to New York and a few other cities, is spreading to an increasing number of localities where little or no new office space had been provided since the early thirties.

Industrial outlays on plant and equipment, which had dropped 17 percent between the third quarter of 1953 and the first quarter of 1955, recovered rapidly as the year progressed. Between the first and final quarters of 1955, manufacturing investment rose 24 percent, railroad investment 55 percent, and public utility outlays 17 percent. Total industrial investment between these periods gained 4 billion dollars, and by the end of the year it was slightly above the previous high point registered in the third quarter of 1953.

Capital outlays of durable goods industries in 1955 totaled 5.4 billion dollars, 6 percent above 1954; in the final quarter of the year, they reached a record annual rate of 6.2 billion. Primary metals industries spent large sums for further expansion and modernization. Investment by transportation equipment firms, particularly automobile producers, which had increased substantially in 1954, reached an even higher level by the end of 1955. In fact, capital outlays in every major durable goods industry increased markedly throughout the year.

#### THE RECORD OF PRODUCTION

The rise in investment and consumption during 1955 brought new production records in industry and related activities. Agricultural output also attained a new high level. Total industrial output in May surpassed the 1953 peak, and by the end of 1955 was 5 percent above it. The first groups to exceed their 1953 peaks were minerals and nondurable manufactures, in February and March 1955, respectively. Output of durable manufactures as a whole did not equal the 1953 high point before August 1955. Although sales of consumer durable goods had begun to increase early in 1954, purchases of producers' durable equipment recovered only in

the spring of 1955. Moreover, the major impact of the decline in military procurement after mid-1953 was on the durable goods industries.

Likewise, the rate of industrial expansion from 1954 to 1955 varied from group to group (Table B-4). Durable goods manufactures increased by 13 percent. In this group, the production of primary metals rose by 30 percent. Steel production was very high through most of the year and, with the exception of the usual slack during summer vacations, was close to theoretical capacity after March. The output of transportation equipment (mainly motor vehicles) increased 16 percent. Nondurable goods manufactures as a group, having declined less than durables during the contraction, also expanded at a slower rate, 9 percent. Within this group, the output of rubber and leather products, stimulated by automobile demand, rose 17 percent, but foods, beverages, and tobacco gained only 3 percent. The production of minerals increased 10 percent, with a sharp expansion in coal mining (19 percent) and metal mining (23 percent).

TABLE B-4.—*Changes in industrial production, 1954-55*

Industry group	Percentage change <sup>1</sup>			
	1954 to 1955 <sup>2</sup>	August 1954 to January 1955	January 1955 to June 1955	June 1955 to December 1955 <sup>2</sup>
Industrial production: Total.....	11	7	5	4
Manufactures: Total.....	10	6	6	3
Durable manufactures: Total.....	13	7	7	3
Primary metals.....	30	21	13	6
Metal fabricating: Total.....	10	5	5	4
Fabricated metal products.....	9	2	3	3
Electrical machinery.....	10	5	8	2
Nonelectrical machinery.....	8	-1	10	4
Transportation equipment.....	16	19	1	5
Instruments and related products.....	7	4	6	8
Clay, glass, and lumber products.....	12	16	8	-3
Furniture and miscellaneous manufactures.....	9	-1	11	1
Nondurable manufactures: Total.....	9	6	6	2
Textiles and apparel.....	10	6	4	4
Rubber and leather products.....	17	27	3	-2
Paper and printing.....	10	3	7	1
Chemicals and petroleum products.....	12	5	9	2
Foods, beverages, and tobacco.....	3	1	2	2
Minerals: Total.....	10	10	2	4
Coal.....	19	9	16	1
Crude oil and natural gas.....	6	9	-2	6
Metal mining.....	23	33	6	2
Stone and earth minerals.....	6	4	2	4

<sup>1</sup> Percentage changes for monthly data are based on seasonally adjusted indexes.

<sup>2</sup> Preliminary.

Source: Board of Governors of the Federal Reserve System.

The Federal Reserve index of consumer durable goods output advanced more than 25 percent, partly reflecting a spectacular increase in automobile production. In 1955, a record number of nearly 8 million passenger cars came off the assembly line, against 5½ million the year before. Large

gains were again scored by many of the consumer goods which had shown strong growth trends in recent years (Table B-5).

TABLE B-5.—*Output of some rapidly growing consumer commodities, 1940, 1948, and 1953-55*

Commodity	Unit	1940	1948	1953	1954	1955 <sup>1</sup>
Air-conditioning units, room.....	Thousands.....	( <sup>2</sup> )	74	1,045	1,230	1,290
Antibiotics.....	Thousand pounds.....	( <sup>2</sup> )	243	1,624	1,837	2,000
Blankets, electric.....	Thousands.....	( <sup>2</sup> )	675	948	1,050	1,350
Dryers, clothes.....	Thousands.....	58	92	737	941	1,451
Freezers, farm and home.....	Thousands.....	( <sup>2</sup> )	690	1,090	990	1,100
Frozen foods.....	Million pounds.....	431	1,163	3,635	3,938	4,275
Furnaces, warm air, oil, and gas.....	Thousands.....	123	379	925	1,110	1,300
Oil burners, residential.....	Thousands.....	264	420	852	800	900
Shavers, electric.....	Thousands.....	900	1,650	3,500	3,950	4,750
Synthetic detergents.....	Million pounds.....	30	550	2,134	2,225	2,450
Synthetic fibers, other than rayon.....	Million pounds.....	5	75	301	346	465
Television sets.....	Thousands.....	( <sup>2</sup> )	980	7,215	7,347	7,650
Waste food disposals.....	Thousands.....	( <sup>2</sup> )	175	325	400	520
Water heaters, electric and gas.....	Thousands.....	676	2,540	3,002	3,075	3,280

<sup>1</sup> Preliminary.

<sup>2</sup> Production was relatively small.

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

While the recovery in industrial output during the second half of 1954 was heavily concentrated in industries associated with automobile production and construction, particularly housing, the expansion of 1955 broadened to other industries, especially machinery. In the second half of 1954 almost three-fifths of the increase in total production was attributable to five major industry groups—primary metals, transportation equipment, stone, clay and glass products, lumber, and rubber products. Each of these was substantially affected by the strength of automobile and housing demand. The remaining nondurable goods industries taken together contributed about one-fifth of the increase, and the remaining durable goods industries 14 percent. In contrast, this last group, a large part of which supplies the wherewithal for new and modernized industrial equipment, contributed about one-fourth of the rise in total output during 1955. The five industries which had accounted for the major share of the production gains in late 1954 contributed 30 percent and nondurable goods 35 percent.

The rate of growth in production has slowed down in recent months. Total industrial output increased 7 percent from July-August 1954 to January 1955, 5 percent from January to June, and 4 percent from June to December. The deceleration was particularly marked in some of the industry groups which had shown the greatest rate of increase during the early phase of the expansion: metal mining, primary metals, transportation equipment, rubber and leather products, and industries associated with construction, such as clay, glass, and lumber products (Table B-4).

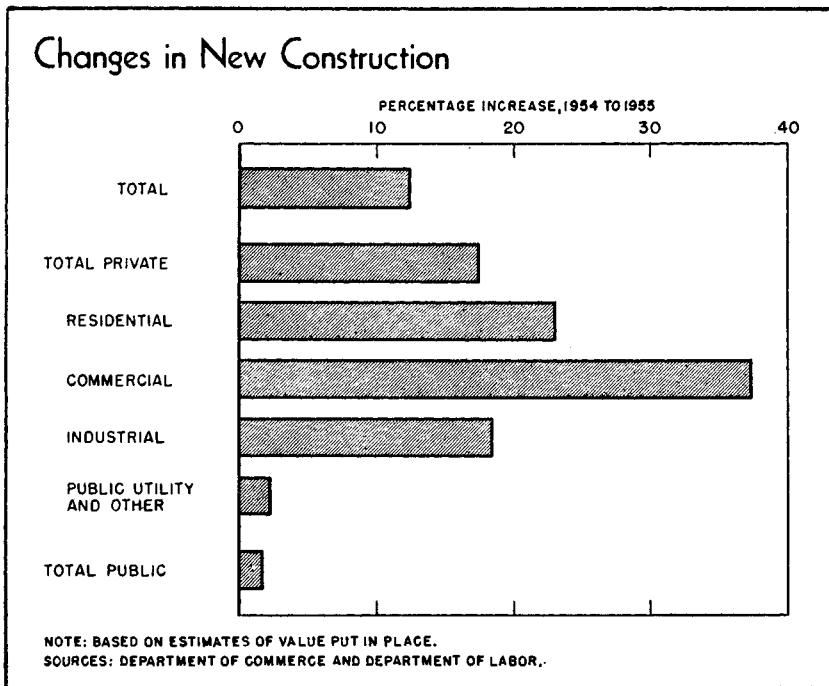
In other areas of activity, electric power production in 1955 continued the spectacular growth shown throughout the postwar period. Power production of electric utilities rose 15 percent. Its rate of increase since 1946 has been almost four times that of gross national product in constant dollars and three times that of industrial production. Ton miles of railway freight carried in 1955 increased more than 10 percent.

## NEW CONSTRUCTION ACTIVITY

Total construction expenditures in 1955 increased 4.7 billion to a new high of 42.2 billion dollars. Their share in the gross national product, almost 11 percent, established also a postwar record. Private outlays accounted for practically the entire gain over 1954. Public construction increased only 200 million dollars as substantial gains in educational building, highway construction, sewer and water installations, and military facilities were largely offset by continued declines in expenditures for conservation and development and in public industrial construction. The latter reflected primarily the completion of defense plants started or planned during the period of Korean hostilities, and of atomic energy installations.

In the private sector, commercial building exceeded the 1954 volume by about 830 million dollars and showed by far the highest rate of increase (37 percent). Industrial construction rose to a new high of 2.4 billion dollars, reversing the decline in the two preceding years. Among institutional construction types, the building of churches and similar edifices continued to show a substantial rise (Chart B-2 and Tables D-30 and D-31).

CHART B-2



Residential construction expenditures in 1955 reached a new high of 16.6 billion dollars, an increase of 3.1 billion or 23 percent from the preceding year. More than 1.3 million privately financed nonfarm housing units were started in 1955, a record exceeded only in 1950; this volume

of starts followed the absorption of 1.2 million units in 1954 and of about 1.1 million in each of the three preceding years (Table D-32).

The number of private housing units started last year totaled substantially more than in 1954 in spite of a decline in the seasonally adjusted rate of starts during most of the year. The rate of starts in 1954 hovered around 1.1 million units during the first five months but increased later to a rate of almost 1.5 million in December. In 1955, the annual rate averaged nearly 1.4 million during the first half of the year but declined gradually to about 1.2 million units at the year-end.

## II. Employment and Earnings

Total employment rose by over 3 million and unemployment declined by  $\frac{1}{2}$  million between the last three months of 1954 and the corresponding months of 1955, as the civilian labor force increased by over  $2\frac{1}{2}$  million. The average workweek also increased, and there was considerable overtime work, particularly during the latter part of 1955. The longer hours combined with a continued rise in average hourly earnings brought weekly earnings to record levels in most industries. Time lost in industrial disputes continued at the low levels of the two previous years. Some of the major collective bargaining agreements negotiated during the year included plans for private supplementation of State unemployment benefits. As the year ended, the country's two major labor federations merged after some 20 years of existence as separate organizations.

### NONAGRICULTURAL EMPLOYMENT

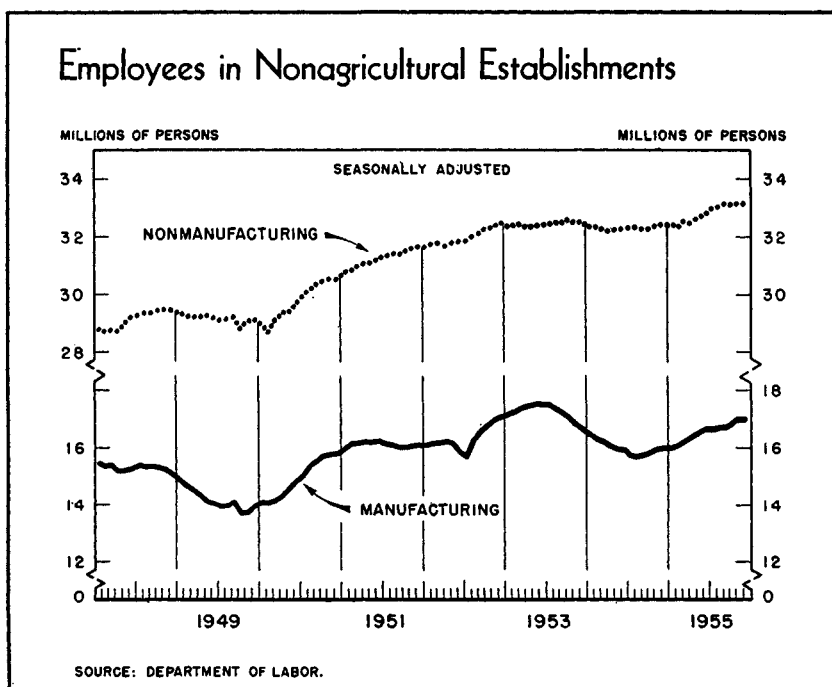
The number of people employed in nonagricultural industries rose during the current expansion to a level well above that in any previous period. The rate of increase was greatest during the spring and early summer months. Thereafter, the expansion continued at a more moderate pace, as production capacity became more fully utilized and as fewer people were seeking work. This broad pattern of expansion is evident in the estimates of nonagricultural employment made by the Bureau of Census, as well as in those made by the Bureau of Labor Statistics, except that the latter series did not rise so rapidly during the spring and early summer (Tables D-17 and D-22).

Census figures show that the over-the-year rise in nonagricultural employment was about equally divided among men and women and was reflected in almost all age groups. The percentage rise was substantially greater for women than for men, however, and an especially sharp gain of about 10 percent was recorded for women 45 years of age and older, as the gradual rise in labor force participation by this group was accelerated in 1955. Employment of men in the 45 and older age group changed only slightly, while for those in their sixties the rate of labor force participation continued to decline. For men 20-44 years of age, who had experienced the greatest

employment decline during the 1953-54 downturn, there were sharp gains during the spring and summer of 1955; for this age group, employment in December 1955 was almost 4 percent higher than a year earlier. Among youths of high-school age, employment, mostly in part-time jobs, rose by 20 to 25 percent.

The Bureau of Labor Statistics figures, seasonally adjusted, show that the rise in nonagricultural employment during the year occurred principally in manufacturing, where the increase came to about one million (Table B-6). Manufacturing employment rose rapidly in the first half of the year and, after a pause on a summer plateau, again moved upward in the fourth quarter, though without reaching its 1953 peak (Chart B-3). The level

CHART B-3



of production in manufacturing was well above that reached in 1953, however, reflecting substantial gains in output per man-hour over this two-year period. Estimates made by the Bureau of Labor Statistics suggest that between 1953 and 1955 the average annual rate of increase in manufacturing output per man-hour was considerably higher than in the postwar period as a whole. The steady growth of employment in trade, finance, service, and State and local government that has been characteristic of the entire period since World War II continued, with an increase of over  $\frac{1}{2}$  million during 1955. Employment in mining hardly changed during the year,

TABLE B-6.—*Changes in nonagricultural employment, by industry, 1955*

[Thousands of persons, seasonally adjusted data]

Industry	Changes during 1955 <sup>1</sup>		
	January to June	June to September	September to December <sup>2</sup>
Nonagricultural employment: Total.....	1,110	321	338
Manufacturing: Total.....	695	3	311
Durable goods industries: Total.....	503	7	255
Primary metal industries.....	118	25	20
Fabricated metal products (except ordnance, machinery, and transportation equipment).....	71	4	7
Machinery (except electrical).....	92	11	46
Electrical machinery.....	42	36	-3
Transportation equipment.....	61	-86	188
Instruments.....	8	2	5
Ordnance and accessories.....	-8	-1	-7
Stone, clay, and glass products.....	32	14	-5
Lumber and wood products (except furniture).....	41	-6	3
Furniture and fixtures.....	22	8	-1
Miscellaneous manufacturing.....	24	0	2
Nondurable goods industries: Total.....	192	-4	56
Textile-mill products.....	13	19	-14
Apparel and other finished textile products.....	51	-20	34
Rubber products.....	13	5	7
Leather and leather products.....	8	0	5
Paper and allied products.....	20	12	-5
Printing, publishing, and allied products.....	9	13	3
Chemicals and allied products.....	25	1	7
Products of petroleum and coal.....	3	-2	-1
Food and kindred products.....	48	-34	22
Tobacco manufactures.....	2	2	-2
Mining.....	15	-2	-4
Contract construction.....	23	23	-79
Transportation and public utilities.....	90	71	-5
Wholesale and retail trade: Total.....	137	113	49
Wholesale.....	38	24	20
Retail.....	99	89	29
Finance, insurance, and real estate.....	39	39	13
Service and miscellaneous.....	44	15	5
Government: Total.....	62	59	48
Federal.....	20	12	3
State and local.....	42	47	45

<sup>1</sup> See Table D-22 for monthly estimates incorporating preliminary revisions in the seasonal indexes for employment in contract construction and Federal Government.<sup>2</sup> Based on preliminary revisions for December.

Source: Department of Labor.

though the decline of previous years was halted and the average workweek in this industry increased sharply over 1954 levels.

The dominant development within manufacturing during the last quarter of 1954 and the first quarter of 1955 was the increase of employment in the automobile industry, with attendant effect on supplying industry groups as well as on transportation equipment directly. By the spring of the year, seasonally adjusted employment was rising in virtually every area of manufacturing. The employment gains in primary metals and in the metalworking groups were particularly noteworthy. The only substantial decline during the year occurred in ordnance, reflecting a drop in production of



military goods. Employment in textiles has remained about the same for the past two years, following a period of decline that dates back—with the exception of a period immediately after the outbreak of the Korean conflict—to 1948.

### UNEMPLOYMENT

The decline in unemployment over the past twelve months took place while the labor force was increasing sharply. At the end of 1954, with about 63½ million people in the civilian labor force, unemployment had fallen to a little under 3 million. During the spring and summer of 1955, the expansion of job opportunities drew many people into the labor market and the civilian labor force rose by about 4 million. Meanwhile, after a seasonal rise early in the year, unemployment declined to a little over 2 million by the end of the summer. At the year end, after declining somewhat less than seasonally since summer, the civilian labor force totaled about 66½ million people and there were about 2.4 million people unemployed (Table D-17 and Chart 9).

The Bureau of Employment Security statistics on unemployment, which are a by-product of State and other unemployment insurance programs, show a decline in insured unemployment of almost 630,000, or 34 percent, over the past twelve months (Table D-21). The rate of decline in insured unemployment has been more rapid than that for total unemployment, as reported by the Bureau of Census. The difference in movement between the two series may reflect the fact that many recent entrants to the labor force had not yet acquired eligibility for unemployment compensation.

The composition of unemployment changed substantially during 1955. On the average, roughly half of those unemployed in any given month were no longer in that status in the following month. About two-thirds of those no longer unemployed had found jobs and the remainder had left the labor force, in most instances to return to school or to full-time household duties. Unemployment declined the most among those unemployed the longest. The number unemployed for 4 weeks or under was not much different in the fourth quarter of 1955 than in the fourth quarter of 1954; the number in the 5 to 14 weeks group fell by about 20 percent; and the number unemployed for 15 weeks or more fell by about 40 percent (Table D-20). This decline in the number of long-term unemployed was paralleled by a drop in the number of people exhausting their benefit rights under State unemployment insurance programs, which toward the end of 1955 was averaging less than half the number in the corresponding months of 1954 (Table D-21). The rate of unemployment among married men living with their families declined sharply, from about 3 percent at the end of 1954 to about 2 percent at the end of 1955. The number unemployed remained about the same among women and teen-age youth, where substantial employment gains were matched by the entry of large numbers into

the labor force during the year. Among men 20 years of age and older, the number unemployed fell by about 25 percent (Table D-18).

The rise in employment which was experienced by most segments of the population and of industry also spread throughout virtually all sections of the country. According to statistics compiled by the Bureau of Employment Security, between 1954 and 1955 the ratio of State-insured unemployment to covered employment declined in 46 States and fell from 5.2 percent to 3.5 percent for the Nation as a whole (Table B-7). The national per-

TABLE B-7.—State-insured unemployment as a percent of covered employment, 1954-55

State	Unemployment rate (percent) <sup>1</sup>				Change in unemployment rate	
	1954	1955	Fourth quarter 1954	Fourth quarter 1955	1954 to 1955	Fourth quarter 1954 to fourth quarter 1955
United States: Total.....	5.2	3.5	4.3	2.6	-1.7	-1.7
Alabama.....	6.4	4.0	5.3	2.8	-2.4	-2.5
Arizona.....	3.8	2.8	3.0	2.3	-1.0	-.7
Arkansas.....	6.9	4.9	5.4	3.7	-2.0	-1.7
California.....	4.4	3.1	3.7	2.4	-1.3	-1.3
Colorado.....	2.3	1.4	1.5	1.0	-.9	-.6
Connecticut.....	4.1	3.0	3.6	2.0	-1.1	-1.6
Delaware.....	3.0	1.9	2.6	1.1	-1.1	-1.5
District of Columbia.....	2.5	1.9	2.1	1.3	-.6	-.8
Florida.....	3.4	3.0	3.2	2.6	-.4	-.6
Georgia.....	5.0	3.4	3.9	2.5	-1.6	-1.4
Idaho.....	5.6	4.7	4.4	3.9	-.9	-.5
Illinois.....	5.2	3.2	4.0	2.0	-2.0	-2.0
Indiana.....	5.0	2.4	3.4	1.8	-2.6	-1.6
Iowa.....	2.7	1.8	1.8	1.3	-.9	-.5
Kansas.....	3.2	2.8	2.7	2.2	-.4	-.5
Kentucky.....	10.3	7.4	8.4	4.8	-2.9	-3.6
Louisiana.....	4.1	3.2	3.4	1.8	-.9	-1.6
Maine.....	7.0	6.1	6.1	4.6	-.9	-1.6
Maryland.....	4.3	2.5	3.4	1.5	-1.8	-1.9
Massachusetts.....	4.6	3.2	4.1	2.3	-1.4	-1.8
Michigan.....	6.2	2.9	5.0	2.2	-3.3	-2.8
Minnesota.....	4.5	3.7	3.7	2.4	-.8	-1.3
Mississippi.....	8.0	5.5	6.1	3.7	-2.5	-2.4
Missouri.....	4.7	3.4	4.6	2.7	-1.3	-1.9
Montana.....	3.7	3.5	2.6	2.7	-.2	.1
Nebraska.....	2.4	2.2	1.7	1.9	-.2	.2
Nevada.....	4.4	3.3	4.0	3.8	-1.1	-.2
New Hampshire.....	7.6	4.7	6.5	3.8	-2.9	-2.7
New Jersey.....	5.7	4.7	5.1	3.9	-1.0	-1.2
New Mexico.....	3.7	2.6	2.6	1.9	-1.1	-.7
New York.....	5.3	4.1	4.5	3.1	-1.2	-1.4
North Carolina.....	6.4	4.2	4.4	2.7	-2.2	-1.7
North Dakota.....	4.4	5.2	3.7	3.7	.8	.0
Ohio.....	3.9	2.0	3.3	1.3	-1.9	-2.0
Oklahoma.....	4.5	3.4	3.8	2.6	-1.1	-1.2
Oregon.....	7.1	5.3	6.5	5.3	-1.8	-1.2
Pennsylvania.....	7.0	5.0	6.0	3.7	-2.0	-2.3
Rhode Island.....	9.3	5.6	5.7	3.6	-3.7	-2.1
South Carolina.....	5.1	3.2	4.1	2.5	-1.9	-1.6
South Dakota.....	2.5	2.6	1.9	2.2	.1	.3
Tennessee.....	8.7	6.2	7.2	4.7	-2.5	-2.5
Texas.....	2.3	1.6	1.8	1.2	-.7	-.6
Utah.....	4.1	2.8	2.6	1.9	-1.3	-.7
Vermont.....	5.4	4.8	5.5	2.6	-.6	-2.9
Virginia.....	3.6	2.2	2.3	1.3	-1.4	-1.0
Washington.....	6.6	5.4	6.6	5.8	-1.2	-.8
West Virginia.....	10.9	5.5	8.4	2.9	-5.4	-5.5
Wisconsin.....	4.0	2.4	3.5	2.0	-1.6	-1.5
Wyoming.....	3.2	2.8	2.0	1.6	-.4	-.5

<sup>1</sup> Average weekly State insured unemployment for 1954 (calendar year and fourth quarter) and for 1955 (calendar year and fourth quarter) as a percent of average monthly covered employment for the 12 months ended June 30, 1954 and June 30, 1955, respectively.

Source: Department of Labor.

centage was over 4 percent in the first four months of 1955 but averaged under 3 percent in the second half of the year. As unemployment declined, it became less uneven geographically. While in 1954 insured unemployment amounted to 7 percent or more of covered employment in nine States and was 3 percent or less in seven States, in 1955 only one State had a ratio over 7 percent and twenty States had ratios of 3 percent or less.

At the same time, the severity of unemployment diminished in virtually all of the country's major labor market areas, and many of them were reclassified by the Bureau of Employment Security during the year in reflection of their tightening labor supply. Among the 145 major labor market areas in the United States, the number with a "substantial labor surplus" fell from 45 at the end of 1954 to 16 at the end of 1955. In some of these communities, unemployment is a problem of long duration and has arisen because of the decline of a dominant industry, such as coal mining or textile manufacturing.

#### HOURS OF WORK AND EARNINGS

The increase in the average workweek of production workers in manufacturing, which began in April 1954, continued in 1955, bringing with it an expansion in the number of overtime hours worked. The average workweek rose more than seasonally in the spring of 1955, from 40.2 hours in January to 40.8 hours in May. Thereafter, its movement was chiefly seasonal, as it declined in the summer and rose again to 41.4 hours at the end of the year (Table B-8 and Chart 10). Among nonmanufacturing industries, the average workweek in metal mining and bituminous coal mining increased sharply during the expansion, following a marked decline in the preceding downturn. In most other segments of the economy, changes in the length of the average workweek were smaller (Table D-23).

TABLE B-8.—*Hours and earnings of production workers in manufacturing, 1953-55*

Month	Average workweek (hours)	Average hourly earnings	Average weekly earnings
1953: April.....	40.8	\$1.75	\$71.40
December.....	40.2	1.80	72.36
1954: April.....	39.0	1.80	70.20
December.....	40.5	1.83	74.12
1955: April.....	40.3	1.86	74.96
December <sup>1</sup> .....	41.4	1.93	79.90

<sup>1</sup> Preliminary.

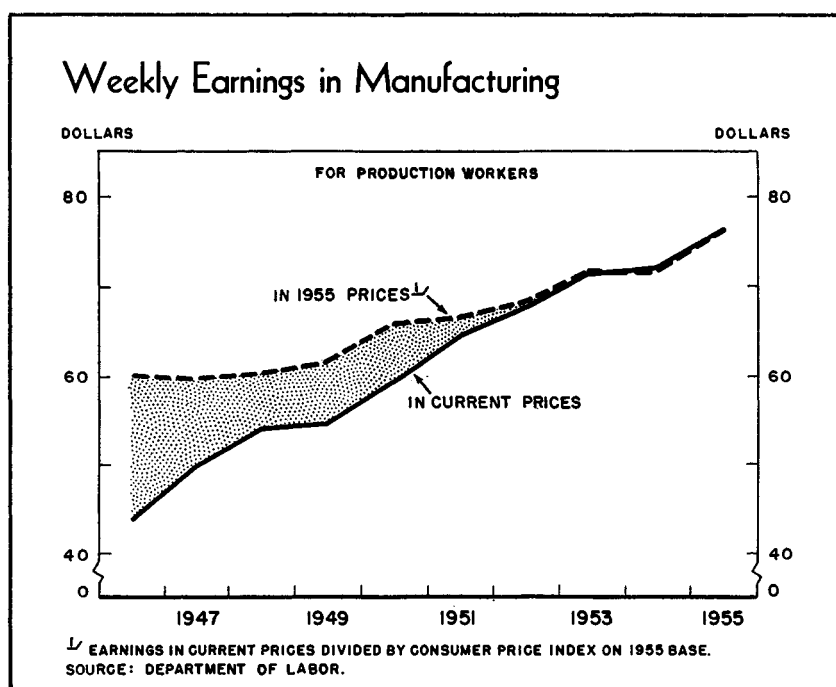
Source: Department of Labor.

As hours of work were increasing, so too were average hourly earnings (Table D-24). For production workers in manufacturing as a whole, average hourly earnings rose from \$1.83 at the end of 1954 to \$1.93 at the end of 1955; and in durable goods manufacturing, they moved above \$2.00 an hour in mid-1955 for the first time. These increases were attributable

partly to higher wage rates, partly to a rise in the number of premium hours worked and, during the early phase of the expansion, to a relatively great increase in employment in higher wage industries, such as automobiles and steel. Outside of manufacturing, hourly earnings also rose during the year.

With the rise in hours of work, including premium hours, and in rates of pay, weekly earnings improved sharply during 1955. Among production workers in manufacturing, the increase over 1954 was a larger dollar gain in real earnings than for any other year since World War II (Chart B-4). It amounted to about \$5.00 per week after allowance for the small price changes that occurred during the year. Among nonmanufacturing workers as well, earnings were generally at record levels at the end of the year. In mining, the large rise in hours of work contributed heavily to a sharp increase in weekly earnings (Table D-25).

CHART B-4



The Federal Government also raised the pay of its employees during the year. An increase of 7.5 percent was authorized for classified Federal civilian workers and an average of 8.3 percent for postal employees, affecting a total of about 1½ million people. These were the first increases since 1951 for the groups affected.

#### COLLECTIVE BARGAINING DEVELOPMENTS

In a period of expansion, with major labor contracts open for negotiation in most industries and with the demand for supplementary unemploy-

ment benefits bringing a relatively new element for major collective agreements to the bargaining table, the tide of industrial disputes might have been expected to run high. It did not do so. Although there were a few lengthy strikes and many shorter ones, the number of man days lost through industrial disputes averaged about one-fourth of 1 percent of estimated working time, a level only slightly greater than the postwar low point reached in 1954.

Measures to supplement the benefits paid under State unemployment insurance programs received relatively great emphasis in 1955 collective bargaining, particularly in the automobile, farm equipment, can, flat glass, and maritime industries. The resulting plans are generally designed to bring unemployment insurance benefits plus the supplement to a total of 60 to 65 percent of take-home pay. The plans vary in detail, however, particularly as to an individual's rights to money paid into the private funds. In most cases, the risks of unemployment are pooled by establishment of a general fund from which payments are made to workers covered by the plan when they become unemployed and are found eligible for State unemployment benefits. In others, a special account is established in the name of each worker, from which benefits are payable in the event of his unemployment because of illness or economic reasons; in addition, the worker receives any balance in his account if his employment is permanently terminated. In general, the plans are financed by employer payments of about 5 cents for each hour worked.

The wage changes made through collective bargaining in 1955 were higher than in 1954 and became larger during the year, as the expansion gained pace and as major agreements were made. There was wide dispersion in the amounts of settlements, though almost all of them amounted to at least 5 cents an hour and some to as much as 15 cents or more an hour. Unions and managements worked out agreements reflecting the widely varying situations to which their agreements would apply. In many cases, as was true in 1954 and some earlier years, skilled workers received larger than average increases, as unions and managements sought to maintain at least the existing differentials among skill groups. Long-term contracts were agreed to in important sectors of the economy, and deferred wage increases covering at least  $2\frac{3}{4}$  million workers were scheduled for various dates in 1956 and beyond. Attention was also given to the vesting of pension rights under established private pension plans, by providing permanent entitlement to benefits after a specified age and length of service.

In December 1955 the two major labor federations merged to form the American Federation of Labor and Congress of Industrial Organizations. The merger brings together in one group an estimated 15 million workers in the United States. Collective bargaining will be carried on by the constituent unions, as it has been in the past.

### III. Prices and Inventories

Industrial and agricultural prices showed diverse movements during 1955. The index of wholesale prices of industrial commodities was roughly stable until mid-year and rose thereafter; for the year as a whole, it averaged 2.2 percent higher than in 1954. Prices of farm products in central markets declined by 6.2 percent, and wholesale prices of processed foods dropped correspondingly, though by a smaller amount (Table B-9). Since these divergent movements were largely offsetting, the over-all index of wholesale prices changed very little, increasing only 0.4 percent from 1954 to 1955 (Chart 12 and Table B-9).

TABLE B-9.—*Changes in wholesale and consumer prices, 1953-55*

Component	Percentage change <sup>1</sup>			
	1953 to 1954	1954 to 1955 <sup>2</sup>	Second quarter 1954 to second quarter 1955	Second quarter 1955 to fourth quarter 1955 <sup>2</sup>
Wholesale prices, farm and industrial:				
All commodities.....	0.2	0.4	-0.4	1.1
Farm products.....	-1.4	-6.2	-5.1	-8.2
Processed foods.....	.7	-3.4	-2.9	-3.6
All commodities other than farm products and foods (industrial).....	.4	2.2	1.0	3.3
Wholesale prices, materials and goods:				
Crude materials.....	-1.9	-3.9	-4.1	-5.3
Intermediate materials.....	.6	1.9	.9	3.0
Finished goods.....	.3	.2	-2.2	.9
Consumer prices:				
All items.....	.3	-.3	-.5	.5
Commodities.....	-1.3	-1.4	-2.2	.3
Services excluding rent.....	2.6	2.3	2.7	1.1
Rent.....	3.5	1.4	1.5	.6

<sup>1</sup> Changes in wholesale prices and consumer prices for all items and for rent are based on averages of monthly indexes; consumer prices for commodities and for services excluding rent, on indexes for month ending the quarter. Base period for all indexes is 1947-49.

<sup>2</sup> Preliminary.

Source: Department of Labor.

The reduction in farm prices was a prolongation of the downward movement that began in 1951 and which has carried farm prices substantially below their 1951 levels; industrial prices have risen moderately during the same interval. When compared with the immediate prewar level, however, the increase in industrial prices has not been so great as that in farm prices (Chart B-5).

Price changes in 1955 were small for most major categories of finished goods. Average prices of finished producer goods showed the largest increase—3 percent from 1954. Wholesale prices of consumer durable goods advanced only 1 percent, while the rise in prices of consumer nondurable goods other than foods was even smaller, about 0.6 percent. Reductions in

food prices, however, outweighed these modest increases for industrial consumer goods, with the result that the index of wholesale prices of finished consumer goods declined 0.7 percent (Table B-10).

TABLE B-10.—*Changes in wholesale prices of crude and intermediate materials and finished goods, 1953-55*

Component	Percentage change <sup>1</sup>			
	1953 to 1954	1954 to 1955 <sup>2</sup>	Second quarter 1954 to second quarter 1955	Second quarter 1955 to fourth quarter 1955 <sup>3</sup>
Crude materials: Total.....	-0.9	-3.9	-4.2	-5.3
Fuel.....	-4.5	-1.3	-1.2	4.3
Nonfoods, excluding fuel.....	-1.9	5.7	3.1	5.2
Foodstuffs and feedstuffs.....	.1	-9.5	-8.5	-12.2
Intermediate materials, supplies, and components: Total <sup>2</sup> .....	.6	1.9	.9	3.0
Materials and components for manufacturing.....	.2	2.4	1.7	3.2
Materials for durable manufacturing.....	2.3	5.0	3.9	5.3
Materials for nondurable manufacturing, ex- cluding foods.....	-1.6	.5	.2	1.1
Materials for food manufacturing.....	-1.9	-3.2	-1.6	-4.2
Components for manufacturing.....	.5	4.5	2.6	6.7
Materials and components for construction.....	.6	3.9	3.3	4.0
Finished goods: Total.....	.3	.2	-.2	.9
Producer goods.....	1.3	3.0	1.8	4.3
Consumer goods.....	.0	-.7	-.7	-.1
Durable goods.....	.8	1.0	.4	2.3
Nondurable goods, excluding foods.....	.3	.6	.1	.8
Foods.....	-.8	-2.5	-2.0	-2.6

<sup>1</sup> Based on averages of monthly indexes (1947-49=100).

<sup>2</sup> Preliminary.

<sup>3</sup> Includes, in addition to subgroups shown, processed fuels and lubricants, containers, and supplies.

Source: Department of Labor.

Among retail prices, reductions covered a wide range of commodities, as average prices of food, apparel, and house furnishings all dropped 1 or 2 percent. Prices of services, however, increased, and therefore the decline in the over-all average of consumer prices was only 0.3 percent—smaller than the decrease for commodities alone.

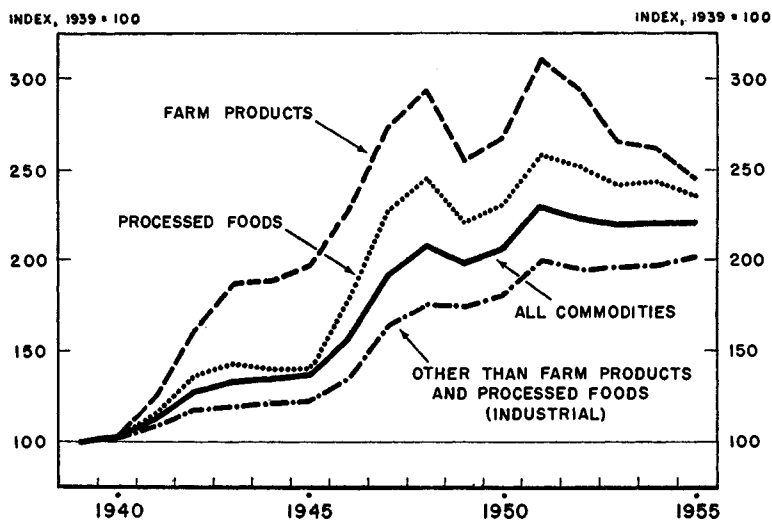
#### WHOLESALE PRICES

Price advances during 1955 were concentrated largely in the durable goods sector of the economy (Table B-10). Prices of building materials, steel, nonferrous metals, and natural rubber responded to the sharply increased demand that accompanied the expansion of construction activity and of durable goods production. In addition, high foreign demand strengthened world prices of many of these materials and, in some instances, production was temporarily interrupted by strikes at home or abroad. Prices of finished durable goods tended upward along with prices of materials, but the margin between the two narrowed, especially in consumer durable goods.

Average prices of materials used in nondurable goods manufacturing and of nondurable goods other than foods rose very little, while those of foods

CHART B-5

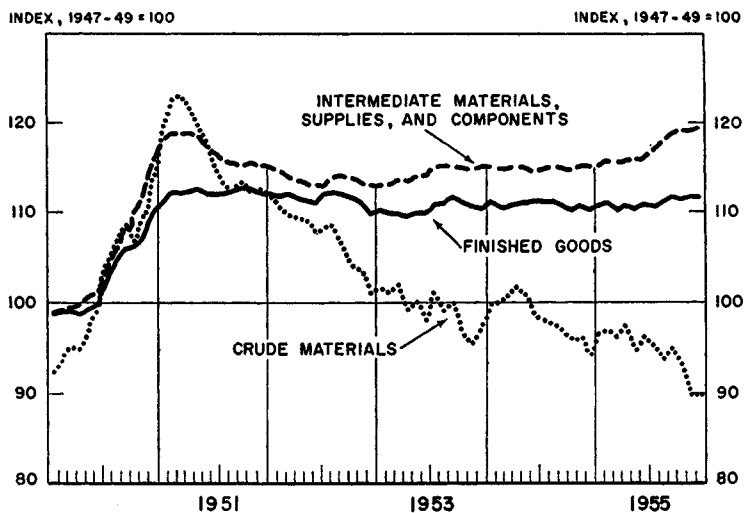
## Wholesale Prices on a Prewar Base



SOURCE: DEPARTMENT OF LABOR.

CHART B-6

## Wholesale Prices Economic Sectors



SOURCE: DEPARTMENT OF LABOR.



declined. Large agricultural supplies restrained or depressed prices of materials used in the manufacture of processed foods and a number of other nondurable commodities, and ample capacity was generally available to meet the increased demand for these products.

The movements of the over-all indexes for crude and intermediate materials and for finished goods were largely dominated by changes in prices of foods and durables, since prices of nondurables other than foods were comparatively stable. The index of prices of crude materials actually declined because of the fall in prices of crude feedstuffs and foodstuffs, which more than offset substantial increases for durable materials (Chart B-6). Similarly, the advances of the over-all indexes of intermediate materials and finished goods were retarded by reductions for foods and slow advances for other nondurables.

### CONSUMER PRICES

Retail prices of consumer commodities declined 1.4 percent between 1954 and 1955 (Chart B-7 and Table B-9). Retail food prices averaged 1.5 percent lower than in 1954, while apparel prices dropped 0.6 percent and prices of house furnishings fell 1.9 percent. Service prices increased, however, with rents up 1.4 percent and average prices of other services 2.3 percent. In general, prices of consumer commodities have drifted gradually and irregularly downward since the end of 1951, although small increases occurred during the second half of 1955. At the same time, rents and prices of other services (including public utility and transportation services) have increased steadily. These largely offsetting movements gave a slight upward tilt to the consumer price index during 1952 and most of 1953; the index then declined fractionally to a low in the spring of 1955 and rose slightly in the following months. In December, it was 114.7, compared with the high of 115.4 in October 1953.

The decline in retail food prices during 1954-55 was a reflection of the drop in farm prices, although a substantial part of the latter decline was offset by increased processing and marketing charges. For many household durable goods, however, retail prices declined relative to wholesale prices as department stores and other retailers moved to meet the competition of discount houses. Average retail prices of new automobiles rose during the last few months of 1954 when factory prices increased and dealers discontinued or reduced price concessions with the arrival of the new models; concessions increased during the winter and spring of 1955, however, and by September new car prices were lower than a year earlier. The experience of the preceding year was then repeated when the 1956 models were introduced late last year and new car prices again increased.

Prices of a wide variety of consumer services rose during 1954-55, with increases reported for rents, streetcar and bus fares, medical care, television and automobile repairs, and other items. In general, service prices have moved upward, gradually but steadily, since 1946. Compared with prewar levels, however, they have risen less than commodity prices (Chart B-8).

CHART B-7

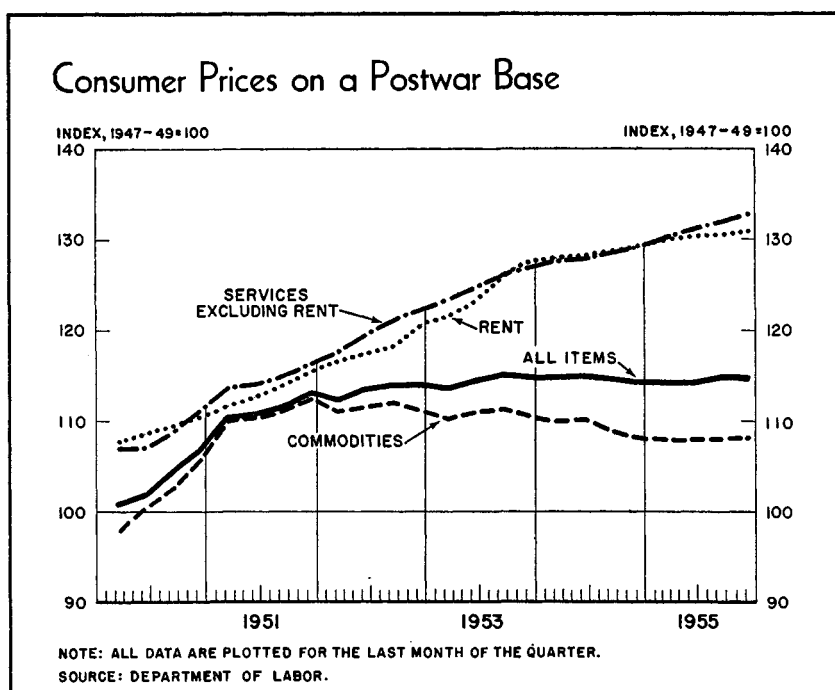
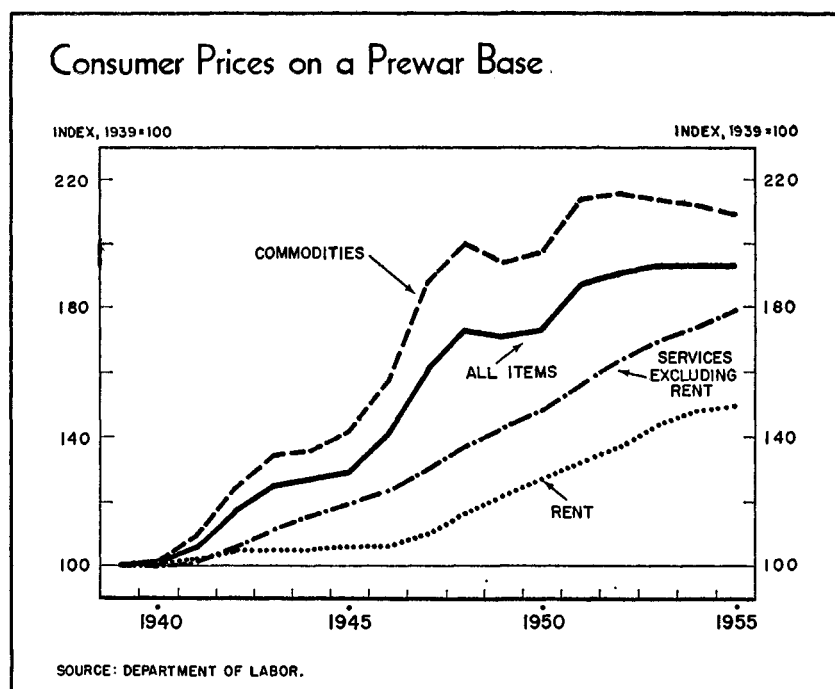


CHART B-8



## INVENTORIES

Although inventory change in the business sector has been substantial, accounting for about 20 percent of the rise in gross national product between the second quarter of 1954 and the fourth quarter of 1955, the increase in inventories has not been out of line with the growth of sales (Charts 28 and 29). After falling sharply as sales spurted late in 1954, the ratios of wholesale and retail inventories to sales held steady throughout 1955. Within manufacturing, the bulk of the inventory accumulation has taken the form of goods locked up in the productive process. There were also accumulations of purchased materials and finished goods, but these occurred in response to higher levels of economic activity and were small; indeed, these stocks fell relative to production and sales. Retail stocks of new cars rose late in 1955. Apart from the automobile industry, which is now bringing its production into better adjustment with market demand, there is little evidence in the business world of excess or speculative inventory holdings.

## IV. Agricultural Developments

### OUTPUT AND STOCKS

Total farm output set a new record in 1955—about 3 percent more than in 1954 and 12 percent more than in 1950. For most major categories of farm commodities, previous records were approached or exceeded (Chart B-9).

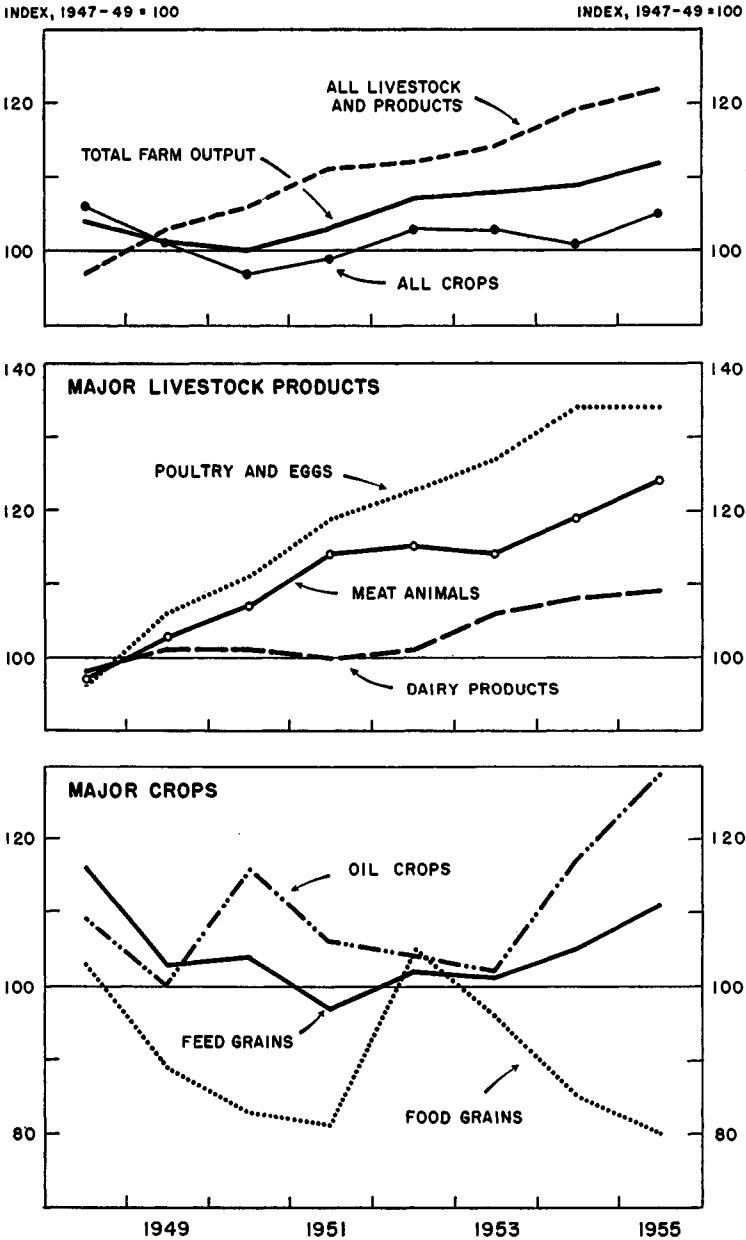
Output of all livestock and livestock products rose by nearly 3 percent during the year, largely as a result of the 4 percent increase over previous high figures for meat animals while production of poultry and dairy products continued at record levels. Sharply increased pork production and unprecedented beef production furnished meat supplies of 161 pounds per capita, the highest since 1908.

Output of all crops in 1955 closely approached the all-time high of 1948, despite instances of severe weather damage in several areas and acreage restrictions on the six "basic" crops. Feed grain output was nearly 6 percent higher than in 1954, and second only to 1948. Hay and forage production rose more than 5 percent and was close to the record set in 1942. Output of oil-bearing crops was 10 percent above the previous record level of 1954. Though planted acreage in cotton was 12 percent less than in the previous year, total output increased by 7 percent because of record-breaking yields. Production of food grains was reduced from that in the previous year by smaller acreage allotments on wheat and rice, but the acreage reduction was partially offset by higher yields.

The 1955 crops were produced on about the same total acreage of cropland used in 1954. The index of crop production per acre reached a new high, 5 percent above 1954 and 1 percent above 1948. The man-hours of labor used for farm work continued the more or less steady decline that

CHART B-9

# Farm Output



SOURCE: DEPARTMENT OF AGRICULTURE.

had begun in 1919. The 1955 figure was about the same as in 1954 and 39 percent below the 1918 peak. Output per man-hour continued the rise that has been so pronounced since the beginning of World War II; the index reached 130 percent of the 1947-49 average in 1955, an increase of 16 percent since 1950 and 88 percent since 1940.

These summary figures reflect the rapid changes in our commercial agriculture during the last two decades. Increased use of machinery to replace human labor and horses, increased use of fertilizer, widespread adoption of many new production techniques, and increasing farm size which facilitates adoption of these more efficient methods have all contributed to the rapid rise in output (Chart B-10).

At the beginning of the crop year stocks of most major farm commodities were unusually high, and the bulk of the carry-over of most price-supported commodities was held by the CCC (Chart B-11). Production in 1955 again exceeded market demand at current prices, and CCC inventories and commitments for loans outstanding reached the record level of 8.2 billion dollars on November 30, 1955. World supplies of many agricultural products are at all-time highs, and surpluses of cotton and wheat are particularly large.

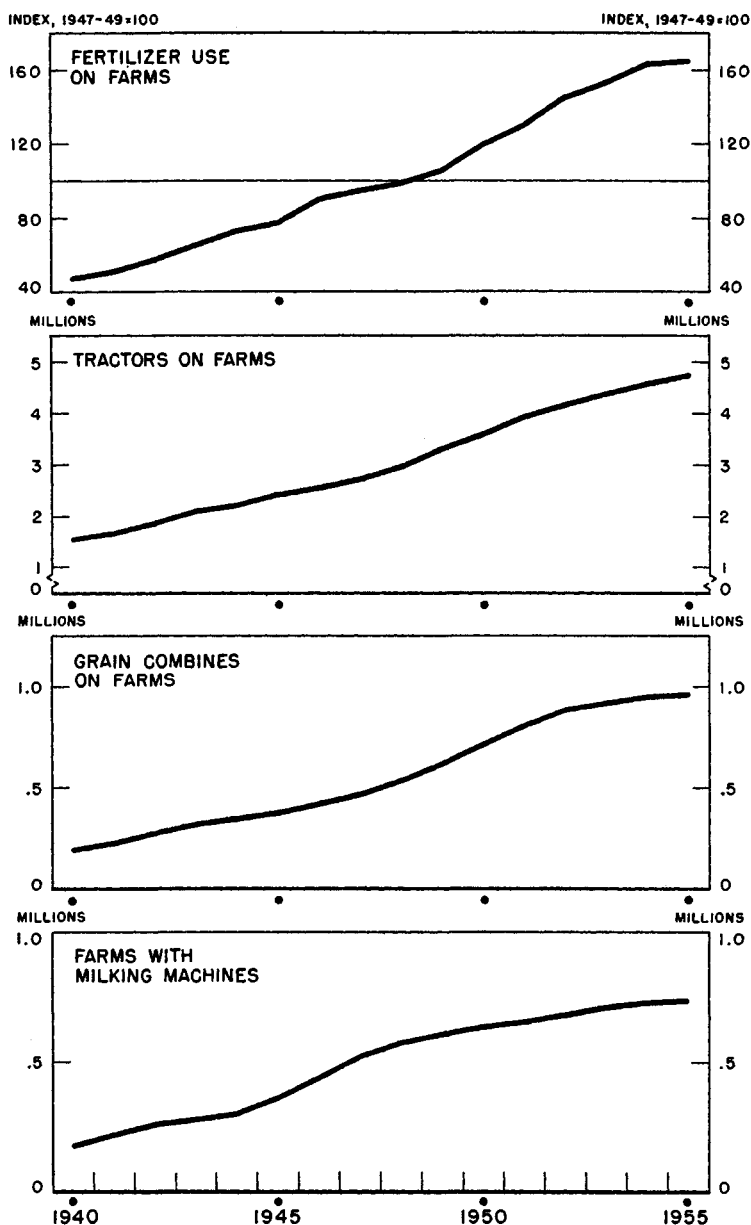
#### FARM PRICE MOVEMENTS

Average prices received by farmers for all products remained fairly stable in the first half of the year, slightly above the level of the last months of 1954. In mid-1955 the impact of the near-record harvest began to be felt, and the index of prices received by farmers declined in almost every month from June through December. On December 15, 1955, the index of prices received was 7 percent below that of a year earlier (Chart B-12).

The decline in the average conceals many divergent price movements. The December 1955 index of prices received for poultry and eggs was 32 percent higher than in December 1954, and prices received for dairy products, tobacco, and commercial vegetables were all slightly higher than a year earlier. The largest price declines were in products marked by high current output; and for some of these products, carry-over stocks were already abnormally heavy. The December 1955 index of feed grain prices was 16 percent lower than the index in December 1954. Because of the record output, prices of oil-bearing crops decreased by 17 percent between December 15, 1954 and December 15, 1955; and the larger crop of potatoes resulted in sharply lower prices to potato producers. The index of prices received for meat animals was 21 percent lower on December 15 than a year earlier, largely because the average price of hogs had dropped by 38 percent.

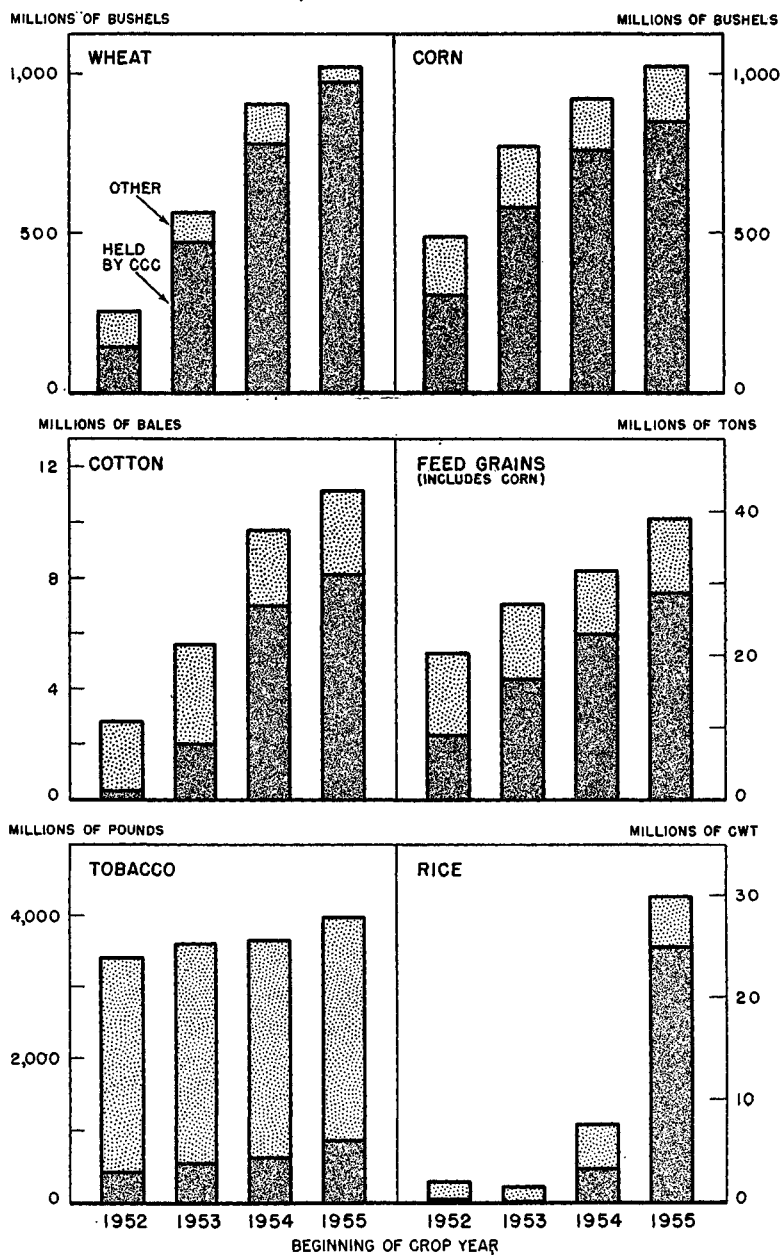
The prices paid by farmers for commodities used in family living remained relatively stable during the year. Prices paid for items used in production declined slightly, primarily as a result of lower feed prices. In the last few months these declines were partially offset by increases in the prices paid for motor vehicles and farm machinery. The expansion of nonfarm

# Fertilizer and Machines Used on Farms



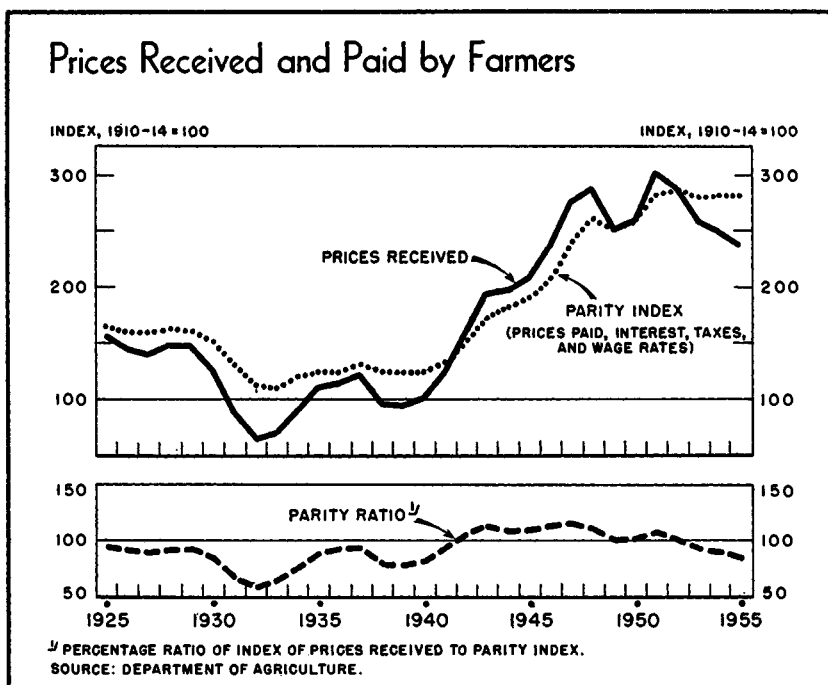
SOURCE: DEPARTMENT OF AGRICULTURE.

# Carry-over of Selected Crops Total and Amount Held by CCC



SOURCE: DEPARTMENT OF AGRICULTURE.

CHART B-12



employment opportunities contributed to a rise in farm wage rates, which at the end of the year were 3 percent higher than a year earlier and more than 5 times the average in the 1910-14 base period. The index of farm real-estate taxes rose by nearly 5 percent during 1955, and that for interest charges by 8 percent. The index of prices paid by farmers, interest rates, taxes, and wage rates are combined to form the "parity index," which was at the same level at the end of 1955 as a year earlier.

Since the parity index remained unchanged while the index of prices received decreased during 1955, the parity ratio declined (Chart B-12). The average for the year was 84, which was 6 percent below the 1954 average. On December 15, 1955 the parity ratio was 80, or 7 percent less than the figure for a year earlier.

### FARM INCOME

The increased sales of farm products during the year were not enough to offset the fall in farm prices, and net farm income declined. Realized net farm income of farm operators in 1955 is now estimated at 10.6 billion dollars, a decrease of 10 percent from 1954.

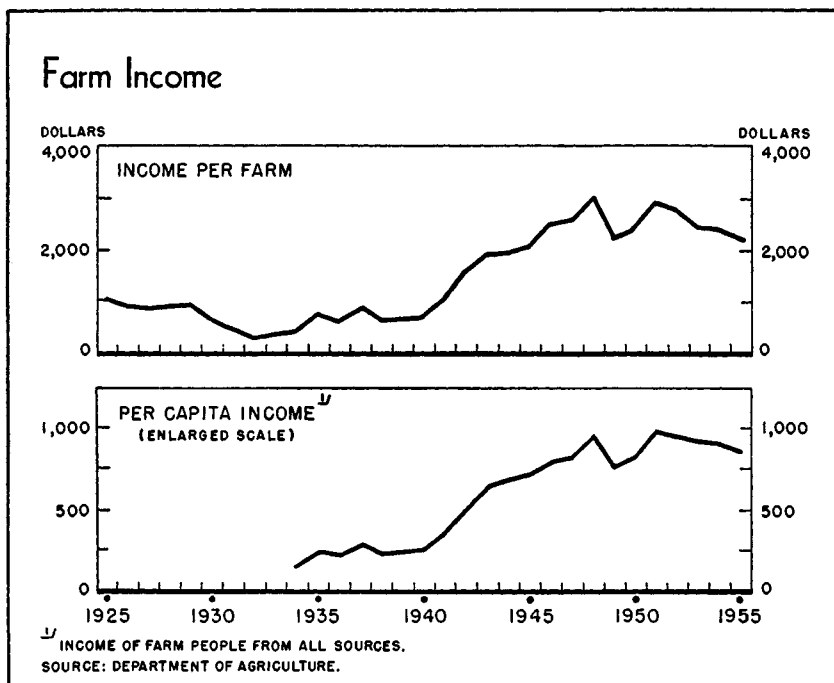
The number of farms continued to decline as existing farms were enlarged to improve efficiency, but net income per farm dropped by about 9 percent. As the economy expanded and nonfarm demands for labor increased, farm people earned more from nonfarm sources, but preliminary



indications point to a 6 percent decline in per capita income of farm people from all sources (Chart B-13).

Nevertheless, many farmers received higher incomes in 1955 than in 1954. Estimates of the Department of Agriculture made for four types of commercial farms indicate that for some farms 1955 was a much better year than 1954. Cotton farmers in the Southern Piedmont region, with unusually high yields for this price-supported crop, found their net incomes increased substantially. For dairy farms in the Central Northeast, the higher milk output when prices were stable and feed costs somewhat lower resulted in slightly higher incomes. After very low yields in 1954, wheat-small grain-livestock farms in the Northern Plains generally experienced improved yields in 1955, which raised their income. On the other hand, hog-dairy producers in the Corn Belt found their incomes sharply reduced by lower hog prices which were only partially offset by larger marketings. In the Western Corn Belt many producers suffered from a combination of severe drought and low hog prices.

CHART B-13



There were also important regional differences in the changes in farm income in 1955 (Table B-11). Realized net income in New England, the Middle Atlantic States, and the Pacific States averaged approximately the same as in 1954; in the South Atlantic and East South Central regions, it was higher in 1955 than in 1954; and in the West South Central

the East North Central, the West North Central, and the Mountain regions it declined—the decline in the last three regions amounting to 20 percent or more. Variations in weather, yields, and individual commodity prices account for most of these variations between regions. Such variations are not unusual in agriculture, and statistics showing total United States farm income often obscure important regional divergences.

TABLE B-11.—*Realized net income of farm operators, by regions, 1954-55*

Region	1954	1955 <sup>1</sup>	Percentage change, 1954 to 1955 <sup>1</sup>
	Millions of dollars		
United States: Total.....	11,814	10,576	-10
New England.....	200	197	-2
Middle Atlantic.....	497	497	0
East North Central.....	2,286	1,770	-22
West North Central.....	2,795	2,223	-20
South Atlantic.....	1,604	1,687	+5
East South Central.....	1,159	1,229	+6
West South Central.....	1,408	1,284	-10
Mountain.....	723	565	-22
Pacific.....	1,162	1,144	-2

<sup>1</sup> Preliminary.

Source: Department of Agriculture.

#### AGRICULTURAL FINANCES

Farm prices and incomes generally declined during the year, and both farm mortgage debt and nonmortgage debt rose. Yet total farm asset values and owners' equities in these assets increased, chiefly because the value of farm real estate continued to rise.

Average values of farm real estate on November 1, 1955 were 6 percent higher than a year earlier, and above the peak that had been reached in 1952. There were new record values in nearly half of the States. This strength of farm real estate prices is unusual in the light of the trend in farm prices and incomes and of past relationships. The demand for farm real estate arises in part from the desire of farm operators to enlarge existing farms in order to utilize labor and machines more efficiently. Sales to farm operators accounted for an increasing proportion of farm sales in 1955.

Farm real-estate debt increased by an estimated 10 percent during 1955. It was to be expected that, as land prices moved upward and increasing numbers of younger operators entered farming, farm mortgage debt would rise from its very low level at the end of World War II. However, in historical perspective the present ratio of mortgage debt to real-estate value is low (Table B-12). The rate of farm foreclosures increased slightly during the year ended March 1, 1955; but it was still below that in any year prior to 1944, only one-ninth of the average for 1925-29 and one-fourteenth of the 1930-34 average. Preliminary indications suggest little change in this rate in 1955.

TABLE B-12.—*Value of farm real estate and real estate debt, 1920-55*

End of year <sup>1</sup>	Value of farm real estate <sup>2</sup>	Real estate debt	Real estate debt as per- cent of value	Foreclosure rate per 1,000 farms
	Billions of dollars			
1920.....	61.5	10.2	16.6	3.2
1921.....	54.0	10.7	19.8	4.0
1922.....	52.7	10.8	20.5	6.6
1923.....	50.5	10.7	21.1	11.7
1924.....	49.5	9.9	20.0	14.6
1925.....	48.7	9.7	19.9	16.7
1926.....	47.7	9.7	20.2	17.4
1927.....	47.6	9.8	20.5	18.2
1928.....	48.0	9.8	20.3	17.6
1929.....	47.9	9.6	20.1	14.8
1930.....	43.6	9.4	21.6	15.7
1931.....	37.1	9.1	24.5	18.7
1932.....	30.6	8.5	27.7	28.4
1933.....	31.9	7.7	24.1	38.8
1934.....	33.1	7.6	22.9	28.0
1935.....	34.0	7.4	21.8	21.0
1936.....	35.1	7.2	20.4	20.3
1937.....	35.0	7.0	19.9	18.1
1938.....	34.0	6.8	19.9	14.3
1939.....	33.6	6.6	19.6	13.5
1940.....	34.6	6.5	18.8	12.6
1941.....	37.9	6.4	16.8	10.5
1942.....	42.1	6.0	14.1	6.2
1943.....	48.8	5.4	11.1	4.4
1944.....	54.8	4.9	9.0	3.1
1945.....	61.8	4.8	7.7	1.9
1946.....	69.6	4.9	7.0	1.5
1947.....	73.9	5.1	6.9	1.1
1948.....	76.8	5.3	6.9	1.0
1949.....	75.3	5.6	7.4	1.2
1950.....	85.8	6.1	7.1	1.4
1951.....	93.7	6.6	7.0	1.5
1952.....	92.7	7.2	7.7	1.5
1953.....	89.1	7.7	8.6	1.2
1954.....	91.4	8.2	8.9	1.7
1955 <sup>3</sup> .....	97.0	9.0	9.3	1.9

<sup>1</sup> Foreclosures are for year ended March 1.<sup>2</sup> Figures for 1950-55 will be revised upward in line with the 1954 Census of Agriculture.<sup>3</sup> Preliminary.

Source: Department of Agriculture.

Farmers' financial assets changed very little during the year. Non-real-estate debt rose about 8 percent, but the rise in real-estate values was more than enough to offset total debt increases. Owners' equities rose about 3 percent.

## V. Financial Developments

Credit demands were high in practically all sectors of the economy during 1955. The rise in borrowing by home owners and automobile purchasers, and in bank borrowing by businessmen, exceeded increases in any previous year. Commercial banks sold a large volume of United States Government securities and added record amounts to their loan portfolios. The value of security offerings by State and local governments declined, while those of corporations increased moderately. The rate of growth in the money supply slowed down. Interest rates rose.

## BANK CREDIT AND BANK RESERVES

Total loans and investments of commercial banks increased by 4.4 billion dollars in 1955 (Chart 18 and Table B-13). While loans increased by 11.3 billion dollars, holdings of United States Government securities fell by 7.1 billion. Investments in other securities increased by only 0.2 billion dollars.

The rise in commercial bank lending—the largest dollar increase in any single year since the end of World War II—was concentrated in business, consumer, and real estate loans. Business loans accounted for 5.6 billion of the expansion in total loans. Increased borrowing was widespread in industry and trade, particularly among public utilities and petroleum, chemical, trade, and textile companies, but the largest business borrowers were sales finance companies. Loans to consumers, which had declined by 0.2 billion dollars in 1954, increased in 1955 by 2.2 billion. Real estate loans rose by 2.4 billion dollars, 0.7 billion more than in 1954.

TABLE B-13.—*Changes in commercial bank holdings of loans and investments, 1950 and 1953–55*  
[Billions of dollars]

Loan or investment	Net change during			
	1950	1953	1954	1955 <sup>1</sup>
<b>Loans (excluding interbank) and investments: Total.....</b>	<b>6.5</b>	<b>4.1</b>	<b>10.2</b>	<b>4.4</b>
<b>Loans (excluding interbank): Total.....</b>	<b>9.3</b>	<b>3.4</b>	<b>2.9</b>	<b>11.3</b>
Business.....	4.9	— .7	— .3	5.6
Real estate.....	2.0	1.0	1.7	2.4
Consumer.....	1.6	1.5	— .2	2.2
Security.....	.2	.4	.9	.3
Agricultural.....	— .1	1.0	.2	— .6
All other.....	.9	.2	.7	1.6
<b>Investments: Total.....</b>	<b>— 2.8</b>	<b>.6</b>	<b>7.2</b>	<b>— 6.9</b>
U. S. Government securities.....	— 5.0	.1	5.6	— 7.1
Other securities.....	2.2	.5	1.6	.2

<sup>1</sup> Preliminary estimates by Council of Economic Advisers.

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

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

Excess reserves of member banks, which averaged slightly more than 800 million dollars during the summer of 1954, declined gradually and irregularly until they reached an average of about 500 million dollars in November 1955 (Chart 20 and Table D-44). Member bank borrowings at the Federal Reserve Banks, on the other hand, increased from an average of less than 100 million dollars to over 1 billion during the same period. Thus, “free” reserves of member banks (excess reserves less borrowings from the Reserve Banks) declined from over 700 million dollars in the summer of 1954 to minus 500 million in November 1955. In December 1955, “free” reserves gained about 250 million dollars, as member bank borrowings declined and excess reserves increased.

The change in the distribution of the publicly held Federal debt during 1955 is shown in Table B-14. The total debt held by the public decreased

by 0.1 billion dollars during 1955. Sales or redemptions of government securities by commercial banks and the Federal Reserve Banks amounted to 7.3 billion. The difference of 7.2 billion was absorbed mainly by non-financial corporations, State and local governments, individuals, pension funds, savings and loan associations, and foreign investors; Federal security holdings of insurance companies and mutual savings banks decreased slightly. About one-third of the funds required to purchase this large volume of securities came from individuals—either directly, or through State and local and private retirement funds. Nonfinancial corporations, which had sold 1.7 billion dollars of Federal securities during 1954, purchased 3 billion in 1955.

TABLE B-14.—*Changes in ownership of publicly held Federal debt, 1954-55*

[Par values, billions of dollars]

Investor group	Ownership distribution (end of year)			Net change during	
	1953	1954	1955 <sup>1</sup>	1954	1955 <sup>1</sup>
Debt held by the public: Total.....	226.9	229.2	229.1	2.3	-.1
Commercial banks.....	63.7	69.2	62.0	<sup>2</sup> 5.5	<sup>2</sup> -7.2
Federal Reserve Banks.....	25.9	24.9	24.8	-1.0	-.1
Insurance companies.....	15.8	15.0	14.7	-.8	-.3
Mutual savings banks.....	9.2	8.8	8.5	-.4	-.3
Other corporations.....	21.0	19.3	22.3	-1.7	3.0
State and local governments.....	12.7	13.8	15.4	1.1	1.6
Individuals.....	65.4	64.2	66.0	-1.2	1.8
Miscellaneous investors <sup>3</sup> .....	13.2	13.9	15.4	.7	1.5

<sup>1</sup> Preliminary estimates by Council of Economic Advisers.

<sup>2</sup> Differs slightly from estimate in table B-13 because figures in this table are based on par rather than book values and include holdings of banks in Territories and possessions.

<sup>3</sup> See table D-49, footnote 7.

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

Source: Treasury Department (except as noted).

### THE GROWTH OF PRIVATE DEBT

Net private debt rose by almost 39 billion dollars, an increase exceeded only in 1950, and almost three times the rise in 1954 (Chart 24 and Table D-47). Borrowings to finance purchases of homes and of consumer durable goods contributed about one-half of the total 1955 increase. At the end of the year, net private debt outstanding amounted to an estimated 381 billion dollars, about 170 percent higher than the total at the end of World War II. Private obligations accounted for almost three-fifths of the total outstanding at the end of 1955; a decade earlier they had represented only one-third of the total. Despite the rise during recent years, net private debt amounted to about 1½ of a year's expenditures by consumers and businessmen in 1955, compared with ratios of 1⅓ in 1929 and 1⅓ in 1939.

#### *Mortgage Debt*

Nonfarm mortgage debt, which had risen by 12 billion dollars in 1954, increased by another 16.3 billion in 1955, to an all-time high of 121.7 billion. More than four-fifths of this increase was due to a rise in mortgages on 1- to

4-family nonfarm houses. The increase in outstanding Federally underwritten mortgages amounted to 50 percent of the total rise in outstanding debt on 1- to 4-family dwellings, the largest proportion since 1951 (Table D-42).

### Consumer Credit

Consumer credit outstanding increased by 6.1 billion dollars in 1955, compared with 600 million in 1954 and an average of 3 billion in earlier postwar years. Instalment credit accounted for 5.3 billion dollars of the total 1955 increase (Chart 21 and Tables B-15 and D-40). In turn, 3.9 billion of the increase in instalment loans reflected net extensions of credit to purchase automobiles. Other consumer goods paper and personal loans each rose by a little more than 0.7 billion dollars, while outstanding repair and modernization loans remained practically unchanged for the second consecutive year.

TABLE B-15.—Changes in short- and intermediate-term consumer credit outstanding, 1953-55

Millions of dollars

Period	Total consumer credit outstand- ing (end of period)	Net changes in consumer credit outstanding						
		All types of con- sumer credit	Instalment credit					Non- instal- ment credit
			Total	Auto- mobile paper	Other con- sumer goods paper	Repair and mod- erniza- tion loans	Per- sonal loans	
1953: First quarter.....	26,050	223	763	699	-65	11	118	-540
Second quarter.....	27,606	1,556	1,298	890	157	83	168	258
Third quarter.....	28,344	738	836	572	72	88	104	-98
Fourth quarter.....	29,537	1,193	606	81	339	61	125	587
1954: First quarter.....	27,833	-1,704	-806	-422	-388	-35	39	-898
Second quarter.....	28,666	833	336	249	-76	21	142	497
Third quarter.....	28,856	190	218	197	-80	7	94	-28
Fourth quarter.....	30,125	1,269	532	31	381	-26	146	737
1955: First quarter.....	29,948	-177	507	657	-189	-86	125	-684
Second quarter.....	32,471	2,523	1,940	1,508	160	32	240	583
Third quarter.....	34,293	1,822	1,785	1,368	209	49	159	37
Fourth quarter <sup>1</sup> .....	36,200	1,907	1,101	371	552	-11	189	806

<sup>1</sup> Preliminary estimates by Council of Economic Advisers.

NOTE.—Data are not adjusted for seasonal variation.

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

The rapid growth in outstanding instalment credit was the result of a sharp rise in extensions of new credit while repayments increased moderately (Chart 22 and Table D-41). The tendency for repayments to rise more slowly than extensions was reinforced during 1955 by the lengthening of maturities on new contracts, which reduced average monthly payments relative to credit extensions. Extensions of all types of instalment credit increased from a seasonally adjusted monthly rate of 2.4 billion dollars in the summer of 1954 to a high of 3.2 billion in the third quarter of 1955. The rate declined to 3.1 billion per month in the last quarter, but at that rate it was still well above prior-year levels. Repayments increased from

a monthly rate of 2.4 billion dollars in mid-1954 to 2.8 billion in the last three months of 1955, so that by the end of 1955 the gap between extensions and repayments was narrowing.

The sharp increase in extensions of automobile credit began after the 1955 models were introduced late in 1954. From a seasonally adjusted monthly rate of 1.1 billion dollars in the third quarter of 1954, extensions of automobile credit rose to a record monthly rate of over 1.5 billion in May 1955; they continued at about that level through the third quarter of the year, and then declined slightly in the last quarter. Automobile credit extensions totaled 17.8 billion dollars in 1955, 5.3 billion or 42 percent more than in the previous year (Table D-41).

Instalment credit expansion also played an important role during 1955 in markets for consumer durable goods other than automobiles. Extensions of other consumer goods paper increased by about 1.4 billion dollars between 1954 and 1955, an increase which contributed to the growth in consumer purchases of furniture and major household appliances.

### CAPITAL MARKETS

The value of securities offered by State and local governments amounted to almost 6 billion dollars in 1955, 1 billion less than in the previous year (Table B-16). This decline was attributable mainly to a reduction in toll-road issues. Borrowing for most other purposes was at or near the 1954 levels. New issues for the construction of school buildings accounted for more than 25 percent of the capital raised in 1955 by State and local governments through long-term borrowing.

The total volume of corporate security offerings amounted to 10.2 billion dollars in 1955, 7 percent higher than a year earlier. The new capital obtained by corporations from these issues (net proceeds less amounts applied to retirement of securities) increased by 17 percent between 1954 and 1955—from 7.5 billion dollars to 8.8 billion. Most of this increase was accounted for by the larger offerings of sales and personal finance companies. Flotations by corporations to raise working capital rose by more than 50 percent. Offerings to finance plant and equipment expanded by only 5 percent.

While the total volume of new corporate security issues increased moderately, common stock flotations rose by more than 80 percent between 1954 and 1955 (Table B-16). Greater use was also made of bond issues which are convertible into stock. The increased attractiveness of equity financing was the result of the rise in stock prices, which had begun in September 1953 and continued through most of September 1955 with few minor interruptions. In late September and early October, there was a brief, but sharp, decline; the subsequent recovery brought stock prices back to about the previous peak reached in September. According to the Securities and Exchange Commission index, stock prices increased by 85 percent in the 2¼ years ended December 1955 (Chart 16 and Table D-58).

TABLE B-16.—*Security offerings, 1953-55*

[Millions of dollars]

Security	1953	1954	1955 <sup>1</sup>
State and municipal securities (principal amount).....	5,558	6,969	5,959
Corporate securities (gross proceeds): Total.....	8,898	9,516	10,160
Bonds.....	7,083	7,488	7,320
Preferred stock.....	489	816	640
Common stock.....	1,326	1,213	2,200
New capital from corporate security offerings: Total <sup>2</sup> .....	8,496	7,490	8,760
New money.....	7,960	6,780	7,920
Plant and equipment.....	5,647	5,110	5,360
Working capital.....	2,313	1,670	2,560
Other purposes.....	535	709	840

<sup>1</sup> Preliminary.<sup>2</sup> New capital is net proceeds less amounts applied to retirement of securities.

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

Sources: Securities and Exchange Commission and *The Bond Buyer*.

Credit extended for the purpose of carrying securities, including customers' debit balances and direct bank loans of weekly reporting member banks to persons other than brokers or dealers, rose by more than 40 percent in 1954. After margin requirements were raised in January and April 1955, the rate of increase in stock market credit dropped sharply. The rise—as measured by customers' debit balances and bank loans to persons other than brokers or dealers—amounted to about 300 million dollars in the last nine months of 1955, compared with 1.1 billion in the preceding nine-month period. Customers' debit balances represented less than 1½ percent of the value of shares traded on the New York Stock Exchange at the end of 1955, compared with about 9 percent in 1928 and 1929 (using brokers loans as the most nearly comparable series).

In the latter part of 1953 and throughout 1954, the Treasury refrained from issuing long-term securities. In 1955, on the other hand, the Treasury issued a new 3-percent, 40-year bond in exchange for maturing securities in February, and made an additional cash offering of the same bond in July. Together, these offerings moved 2¾ billion dollars of Federal debt into long-term securities. Apart from seasonal borrowing, other cash and refunding needs in 1955 were met by the issue of notes and certificates and, beginning in July, by an increase of 100 million dollars in each of the 13 regular weekly offerings of Treasury bills.

#### MONEY SUPPLY AND INTEREST RATES

The money supply—defined as the total of adjusted demand deposits and currency—rose rapidly during the second half of 1954, but its growth was sharply reduced in the following year. On a seasonally adjusted basis, the money supply increased at an average annual rate of 4.7 percent in the second half of 1954; during 1955, its growth averaged 2.6 percent (Chart 19



and Tables B-17 and D-45). Time deposits, which are not included in the conventional definition of the money supply, rose by 7 percent during 1954 and 4 percent during 1955.

TABLE B-17.—*Changes in deposits and currency, 1953-55*

Item	Net change during <sup>1</sup>					
	1953	1954	1955 <sup>2</sup>	1953	1954	1955 <sup>2</sup>
	Billions of dollars			Percent		
Demand deposits adjusted and currency: Total.....	1.5	3.9	3.5	1.2	3.0	2.6
Demand deposits adjusted <sup>3</sup> .....	.9	4.1	2.8	.9	4.0	2.6
Currency outside banks.....	.6	-.2	.7	2.2	-.9	2.7
Time deposits.....	4.6	4.9	3.0	7.0	7.0	4.0

<sup>1</sup> Based on data for the end of the year.

<sup>2</sup> Preliminary estimates by Council of Economic Advisers.

<sup>3</sup> See Table D-45, footnote 3.

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

The average annual rate of turnover of demand deposits (other than interbank and United States Government deposits) increased by almost 7 percent between 1954 and 1955 in 337 cities outside major financial centers.

Interest rates generally reached their low points in 1954 before the business recovery got under way (Chart 17 and Table D-46). Yields on Federal securities rose in the second half of 1954, while commercial paper rates and yields on private and municipal securities were largely unchanged. After the turn of the year, most interest rates exhibited a rising trend, but the most pronounced changes were in the rates on short-term funds. Offering rates on Treasury bills, which averaged 0.65 percent in June 1954, rose to an average of almost 2.6 percent in December 1955. Rates on prime commercial paper with 4-6 months maturity remained at about 1½ percent throughout the second half of 1954, but then advanced sharply; by the end of 1955, they were 3 percent. Commercial banks increased the rate charged on loans to prime customers from 3 percent to 3¼ percent in August 1955 and then to 3½ percent in October. Between July and November, rates on bank loans to security dealers and brokers were raised from 3 percent to 3½-3¾ percent. The increases during 1955 brought short-term rates to levels which exceeded the 1953 peaks.

For most long-term interest rates, the 1953-54 decline terminated in the spring of 1954, several months before the upturn in business activity began. Corporate bond yields changed little during the remainder of 1954, and those on Federal, State and local bonds increased slightly in the latter half of the year. Thereafter, yields on all types of long-term securities increased until the late summer of 1955; they declined slightly in the early fall, and then recovered to about the summer levels by the end of the year. In December 1955, most bond yields were at about the levels prevailing early in 1953, but were still below their mid-1953 highs.

## VI. Government Finances

### FEDERAL FINANCES

Federal expenditures have been reduced sharply since 1953. For fiscal year 1955, net budget expenditures were 64.6 billion dollars, 9.7 billion less than in 1953 and 3.2 billion less than in 1954. The estimated expenditures for fiscal years 1956 and 1957 are 64.3 billion and 65.9 billion dollars, respectively (Table B-18). The reduction in expenditures was primarily in the national security programs, the net budget expenditures for Department of Defense military functions and total Mutual Security programs declining from 49.8 billion dollars in fiscal year 1953 to 45.2 billion in fiscal year 1954 and 39.8 billion in fiscal year 1955. For fiscal years 1956 and 1957, the estimates are 38.8 billion and 39.8 billion dollars, respectively.

TABLE B-18.—*Federal receipts and expenditures: Conventional budget and consolidated cash statement, 1951-57*

(Fiscal years, billions of dollars)

Receipts or expenditures	1951	1952	1953	1954	1955	1956 (esti- mated)	1957 (esti- mated)
Conventional budget:							
Receipts.....	47.6	61.4	64.8	64.7	60.4	64.5	66.3
Expenditures.....	44.1	65.4	71.3	67.8	64.6	64.3	65.9
Surplus or deficit (—).....	3.5	—4.0	—9.4	—3.1	—4.2	.2	.4
Consolidated cash statement: <sup>1</sup>							
Receipts.....	53.4	68.0	71.5	71.6	67.8	73.5	75.4
Expenditures.....	45.8	68.0	70.8	71.9	70.5	71.0	72.9
Surplus or deficit (—).....	7.6	.1	—5.3	—2	—2.7	2.4	2.4

<sup>1</sup> Unlike the conventional budget, the consolidated cash statement excludes intragovernmental transactions and includes the transactions of the trust funds which are accumulating reserves at a substantial rate.

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

Sources: Treasury Department and Bureau of the Budget.

Federal receipts also were reduced, reflecting primarily a cut in taxes of about 7½ billion dollars since 1953. Such receipts for fiscal year 1955 were 60.4 billion dollars, 4.3 billion less than in 1954, and 4.4 billion less than in 1953. The estimated receipts for fiscal year 1956 are 64.5 billion; and for fiscal 1957, they are 66.3 billion dollars.

Despite the large tax reductions since 1953, the budget is being brought into balance. The deficit in the conventional budget has been greatly reduced. In fiscal year 1955 the deficit amounted to 4.2 billion dollars, compared with a deficit of 3.1 billion in 1954 and 9.4 billion in 1953. For fiscal year 1956, a surplus of 200 million dollars is estimated; and for fiscal 1957, a surplus of 400 million (Chart 33).

On a consolidated cash basis (Table B-18), payments to the public in fiscal year 1955 exceeded receipts from the public by 2.7 billion dollars. This compares with cash deficits of 200 million dollars for fiscal year 1954

and 5.3 billion dollars for fiscal 1953. For each of the fiscal years 1956 and 1957, the cash surplus is estimated at 2.4 billion dollars.

## STATE AND LOCAL GOVERNMENT FINANCES

The combined cash deficits of State and local governments in fiscal year 1955 amounted to 1.4 billion dollars, the highest in the past five fiscal years. Both receipts and payments were substantially greater than in fiscal 1954, but payments rose the more rapidly (Table B-19).

TABLE B-19.—*Consolidated cash statements of Federal and State and local governments, 1951-55*  
[Fiscal years, billions of dollars]

Receipts or payments	1951	1952	1953	1954	1955
<b>Total government:</b>					
Cash receipts.....	72.7	88.7	94.0	95.6	93.4
Cash payments.....	65.7	88.9	98.9	96.2	97.5
Total cash surplus or deficit (—).....	7.0	— .2	— 4.9	— .7	— 4.1
<b>Federal Government:</b>					
Cash receipts.....	53.4	68.0	71.5	71.6	67.8
Cash payments.....	45.8	68.0	76.8	71.9	70.5
Federal cash surplus or deficit (—).....	7.6	.1	— 5.3	— .2	— 2.7
<b>State and local governments: <sup>1</sup></b>					
Cash receipts.....	19.3	20.7	22.5	23.9	25.5
Cash payments.....	19.9	20.9	22.2	24.4	26.9
State and local cash surplus or deficit (—).....	— .6	— .2	.4	— .4	— 1.4

<sup>1</sup> Estimated by 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).

The increase in payments by State and local governments in 1955, which continued the upward trend evident since the end of the war, was due principally to outlays for capital improvements (for which needs had accumulated during the war), the rapid increase in population (especially in the metropolitan areas and in the school and retired age groups), and the public demand for more adequate governmental services to match the rise in the standard of living. Among the States' pressing needs are public roads and institutions for the mentally and physically handicapped. The States are also providing increased financial assistance to their local governments, either directly by participating in such programs as public education, or indirectly through grants to local governments. At the local level, public education continues to be a major problem. The postwar increase in the number of births is having its impact on the need for additional classrooms, instructional materials, and teachers. The local governments are also confronted with urgent needs for sanitary and recreational facilities, streets and roads, and enlarged provision for public welfare and protection of life and property.

The increase in receipts reflects the high level of economic activity and the consequent widespread increase in payments of State and local taxes of all types, particularly corporate and personal income taxes, automotive taxes, cigarette taxes, sales taxes, and property taxes. The States are making an effort to finance their expenditures from their own resources, and to help their political subdivisions. They are also renewing their assistance in improving local property tax procedures. Collections from the property tax have doubled since 1946. Local governments are also being granted increasing authority to use nonproperty taxes to supplement their revenues from the property tax.

The gross debt of State and local governments rose from 37.9 billion dollars on June 30, 1954 to 43.2 billion on June 30, 1955. Of the 5.3 billion dollar increase, 1.6 billion was in State debt and 3.7 billion in local debt. Highways and school construction account for about 45 percent of the increase in total State and local debt. The most rapid expansion was in debt repayable from the proceeds of revenue-producing projects, such as toll highways, water systems, and sewage plants, rather than in debt serviced from tax revenues. State and local debt as of June 30, 1955 amounted to 11.2 percent of the gross national product, compared with 10.5 percent a year earlier, and a little over 8 percent at the beginning of the decade (Table B-20). The percentage figures in prewar years were substantially higher.

TABLE B-20.—*Gross State and local government debt: Total and as percent of gross national product, 1929, 1939, and 1949-55*

Year <sup>1</sup>	Gross debt (billions of dollars, current prices)			Total gross debt 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.....	37.9	10.2	27.7	10.5
1955 <sup>2</sup> .....	43.2	11.8	31.4	11.2

<sup>1</sup> Fiscal year ending June 30 for debt; calendar year for gross national product.

<sup>2</sup> Preliminary.

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

Sources: Department of Commerce and Council of Economic Advisers.

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

On the basis of the national income accounts, it is estimated that the receipts of the Federal Government exceeded expenditures in calendar year 1955 for the first time since 1951 (Table B-21). The 1955 excess

TABLE B-21.—Government receipts and expenditures as shown in national income accounts, 1950-55<sup>1</sup>

[Calendar years, billions of dollars]

Receipt or expenditure	1950	1951	1952	1953			1954			1955 <sup>2</sup>		
				Total	First half <sup>3</sup>	Second half <sup>3</sup>	Total	First half <sup>3</sup>	Second half <sup>3</sup>	Total	First half <sup>3</sup>	Second half <sup>3</sup>
<b>Total government:</b>												
Receipts.....	69.4	85.6	90.9	95.9	97.3	94.5	89.8	89.1	90.3	98.5	96.1	100.9
Expenditures.....	61.2	79.4	94.3	102.0	101.9	102.1	97.0	98.6	95.5	97.3	96.9	97.7
Excess of receipts or of expenditures (—).....	8.1	6.2	-3.3	-6.0	-4.5	-7.6	-7.2	-9.4	-5.1	1.2	-.8	3.2
<b>Federal Government:</b>												
Receipts:												
Personal tax and non-tax receipts.....	18.2	26.3	31.2	32.4	32.2	32.5	29.1	29.1	29.2	30.0	29.2	30.8
Corporate profits tax accruals.....	17.1	21.6	19.0	20.5	22.1	18.8	16.4	16.0	16.7	20.8	20.2	21.4
Indirect business tax and nontax accruals.....	9.0	9.5	10.5	11.2	11.3	11.0	10.0	10.1	9.8	10.3	10.2	10.5
Contributions for social insurance.....	5.9	7.1	7.4	7.3	7.5	7.2	8.0	8.1	8.0	9.3	9.0	9.6
Total receipts.....	50.2	64.5	68.0	71.3	73.1	69.6	63.5	63.3	63.7	70.4	68.5	72.3
Expenditures:												
Purchases of goods and services.....	22.1	41.0	54.3	59.5	60.0	59.0	49.2	51.6	46.7	45.8	45.8	45.8
Transfer payments.....	10.9	8.7	8.9	9.7	9.6	9.8	11.7	11.4	11.9	12.5	12.6	12.4
Grants-in-aid to State and local governments.....	2.3	2.5	2.6	2.8	2.6	3.0	2.9	2.7	3.1	3.0	2.7	3.3
Net interest paid.....	4.4	4.6	4.6	4.7	4.6	4.7	4.8	4.8	4.8	4.6	4.7	4.5
Subsidies less current surplus of government enterprises.....	1.2	1.3	1.0	.8	1.0	.7	1.2	1.2	1.1	1.9	1.7	2.0
Total expenditures.....	40.9	58.0	71.4	77.5	77.8	77.3	69.7	71.7	67.7	67.7	67.5	68.0
Excess of receipts or of expenditures (—).....	9.2	6.5	-3.4	-6.2	-4.7	-7.7	-6.2	-8.4	-4.0	2.7	1.0	4.3
<b>State and local governments:</b>												
Receipts:												
Personal tax and non-tax receipts.....	2.7	3.0	3.2	3.4	3.4	3.5	3.7	3.6	3.7	3.9	3.8	4.0
Corporate profits tax accruals.....	.8	.9	.8	.8	.9	.7	.7	.7	.7	.9	.9	.9
Indirect business tax and nontax accruals.....	14.7	16.1	17.6	19.0	18.6	19.3	20.3	20.0	20.6	21.6	21.3	21.9
Contributions for social insurance.....	1.0	1.1	1.2	1.4	1.3	1.4	1.6	1.5	1.6	1.7	1.6	1.7
Federal grants-in-aid.....	2.3	2.5	2.6	2.8	2.6	3.0	2.9	2.7	3.1	3.0	2.7	3.3
Total receipts.....	21.5	23.5	25.5	27.4	26.9	27.9	29.1	28.5	29.7	31.1	30.3	31.8
Expenditures:												
Purchases of goods and services.....	19.9	21.8	23.2	25.0	24.5	25.6	27.8	27.2	28.4	30.1	29.6	30.6
Transfer payments.....	3.4	2.9	3.1	3.1	3.1	3.2	3.3	3.3	3.4	3.5	3.5	3.4
Net interest paid.....	.3	.3	.3	.3	.3	.3	.4	.4	.4	.4	.4	.4
Less: Current surplus of government enterprises.....	1.0	1.1	1.1	1.2	1.2	1.2	1.3	1.3	1.3	1.4	1.3	1.5
Total expenditures.....	22.6	23.9	25.5	27.3	26.7	27.8	30.2	29.5	30.9	32.6	32.1	33.0
Excess of receipts or of expenditures (—).....	-1.1	-.4	(4)	.2	.2	.1	-1.1	-1.0	-1.1	-1.5	-1.9	-1.1

<sup>1</sup> These accounts, like the cash budget, include the transactions of the trust accounts. Unlike both the conventional budget and the cash statement, they exclude certain capital and lending transactions. In general, they do not use the cash basis for transactions with business. Instead, corporate profits taxes are included in receipts on an accrual instead of a cash basis; expenditures are timed with the delivery instead of the payment for goods and services; and CCC guaranteed price-support crop loans financed by the banks are counted as expenditures when the loans are made, not when CCC redeems them.

<sup>2</sup> Seasonally adjusted annual rates.

<sup>3</sup> Preliminary; fourth quarter estimates by Council of Economic Advisers.

<sup>4</sup> Less than 50 million dollars.

NOTE.—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.

Source: Department of Commerce (except as noted).

amounted to 2.7 billion dollars; in each of the two preceding years there had been a deficit of 6.2 billion dollars, and in 1952 a deficit of 3.4 billion. Both the receipts and expenditures of State and local governments, in contrast, increased persistently throughout the period 1951-55. In 1954 and again in 1955, expenditures of State and local governments on goods and services increased relative to such expenditures of the Federal Government.

## VII. Economic Relations With Foreign Countries

### ECONOMIC AND FINANCIAL PROGRESS ABROAD

During 1955 economic expansion continued at an accelerated pace in the developed countries of the Free World. Industrial output rose to new peaks in most countries—that in Canada and Japan reaching new highs after mild recessions during 1954. The rapid rise in European output, which began early in 1953, has taken place without a substantial rise in consumer prices in most countries. Except in Italy, unemployment in most of Western Europe has been reduced to low levels and in some countries is virtually negligible. Moderate rates of growth have been achieved in many of the less developed countries in Latin America and Asia. Some, however, have failed to participate in the economic growth and prosperity of the industrial nations. This is particularly true of certain countries that are heavily dependent upon exports of agricultural commodities, the prices of which have declined over the past year.

The expansion of world production has been accompanied by a rise in the volume of international trade above the postwar record achieved in 1954 and by a strengthening of the financial positions of many countries. During 1955 gold and dollar holdings of foreign countries increased by an estimated 1.7 billion dollars, chiefly in Continental Western Europe (Table D-65). The gold and dollar holdings of international institutions, including the International Monetary Fund and the International Bank for Reconstruction and Development, increased by about 200 million dollars. The most adverse movement in the international financial picture was the decline in British gold and dollar reserves by about 640 million dollars. In the early part of the year, balance of payments difficulties arose in Scandinavia, and a number of the less developed countries also experienced difficulties during 1955. The international economic position of Western Europe as a whole remained strong; its exports in the first three quarters of 1955 were considerably above those in the corresponding period of 1954. There was also a striking improvement in the foreign trade balance of Japan, which still meets a part of its foreign expenditures with dollars obtained from the sale of goods and services to United States military forces.

There has been a general relaxation of trade and exchange restrictions during 1954 and 1955, which has benefited exports from the

United States. In January 1955, the members of the Organization for European Economic Cooperation raised from 75 percent to 90 percent their target for the liberalization of intra-European trade from quota restrictions. Eleven members have already achieved the new goal, and four others have achieved or exceeded the 75 percent goal. In addition, over half of the private dollar imports of the OEEC countries have been freed from quota and licensing restrictions, compared with less than one-third at the beginning of 1954. In the same vein, there has been a notable relaxation in the administration of the remaining quantitative restrictions against exports from the dollar area. Several European countries, including Belgium-Luxembourg, the Netherlands, Greece, and Switzerland, now have virtually no import restrictions discriminatory against United States commodities, and free international commodity markets for a number of commodities have been restored in Britain and the Netherlands. The improved financial position abroad has also promoted an expansion of long-term private international investment during the past two years.

#### WORLD COMMODITY DEVELOPMENTS

The industrial boom in Western Europe, together with our stockpile purchases, tended to offset the slackening of United States industrial demand for nonagricultural materials in the first three quarters of 1954. Since that time, the continued economic expansion in Europe and the resurgence of industrial activity in this country have led to sharp advances in world prices of industrial raw materials, particularly scrap metals, copper, zinc, and rubber. Europe's accelerated industrial growth has also raised the demand for coal and steel well beyond European production. Consequently, a strong element in the expansion of our exports between the third quarter of 1954 and the first quarter of 1955 was the rise in sales of coal, steel scrap, and steel, and these exports have continued to be large. High rates of industrial activity here and abroad have raised prices of industrial materials and semifinished goods. On the other hand, prices of coffee and cocoa dropped sharply in late 1954 and the first half of 1955, and world prices for agricultural commodities, partly because of the huge supplies in the United States, were generally weak during the past year. Moreover, increased freedom of trade and advances in productivity have helped to hold down prices of manufactured products.

World agricultural production outside the United States exceeded the high levels of 1954 in such important commodities as wheat, rice, cotton, tobacco, peanuts, and soybeans. Foreign wheat production in 1955 is estimated at some 400 million bushels higher than in 1954, and stocks of wheat are at record levels in the principal exporting countries. Foreign production of cotton increased by about 1.2 million bales in 1955, and foreign countries as a group are producing within 2 million bales of the quantity which they have been consuming. These developments partially

explain the shrinkage of our cotton exports from 5.5 million bales for the 1951 crop year to about half as much in the current crop year.

Favorable growing weather in many parts of the world contributed to expanded production during 1955. However, of particular significance has been the trend toward higher production arising from technological progress and numerous government-sponsored programs to increase farm output. In the years immediately following World War II, output remained low in many areas because the disruptions caused by the war could not be quickly overcome. By 1955 the results of intensive efforts to enlarge agricultural yields and output were clearly evident.

### TOTAL EXPORTS AND IMPORTS

In the twelve months ended September 30, 1955, our exports of goods and services, excluding military aid transfers, totaled 19.3 billion dollars—2 billion above such exports in the corresponding period ended September 30, 1954 and 2.3 billion above those in the calendar year 1953 (Table B-22). These exports constituted about 5 percent of our gross national product, compared with about 4 percent for nonfarm residential construction and 6 percent for the output of producer durable goods, two significant determinants of business activity. Military aid transfers declined from 4.3 billion dollars in 1953 and 3.1 billion in 1954 to 2.3 billion for the twelve months ended September 30, 1955.

TABLE B-22.—*Balance of payments, 1953-55*

[Billions of dollars]

Purchase, acquisition, or payment	1953 quarterly average	Fourth quarter 1953	1954				1955		
			First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter
Foreign purchases and acquisition of assets in United States:									
United States exports of goods and services, excluding military aid transfers.....	4.24	4.44	3.95	4.69	4.15	4.98	4.68	4.86	4.75
Merchandise exports, excluding military.....	(3.06)	(3.18)	(2.82)	(3.48)	(2.91)	(3.50)	(3.44)	(3.54)	(3.38)
Foreign gold and dollar assets acquired in transactions with United States.....	.57	.37	.50	.26	.60	.39	.19	.57	.48
Errors and omissions.....	.07	-.03	.03	.16	.08	-.23	.02	.20	.09
Total.....	4.88	4.78	4.48	5.11	4.83	5.14	4.89	5.63	5.32
Payments from United States:									
Nonmilitary imports of goods and services.....	3.49	3.27	3.13	3.54	3.37	3.24	3.44	3.69	3.83
Merchandise imports, excluding military.....	(2.74)	(2.60)	(2.52)	(2.75)	(2.46)	(2.58)	(2.76)	(2.80)	(2.81)
Military expenditures abroad.....	.63	.68	.62	.69	.64	.65	.65	.76	.68
U. S. Government grants and private remittances, excluding direct military aid, net.....	.61	.59	.54	.49	.52	.61	.73	.63	.51
Private capital investment and U. S. Government loans abroad, net.....	.15	.24	.19	.40	.30	.64	.07	.56	.29
Total.....	4.88	4.78	4.48	5.11	4.83	5.14	4.89	5.63	5.32

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

Source: Department of Commerce.

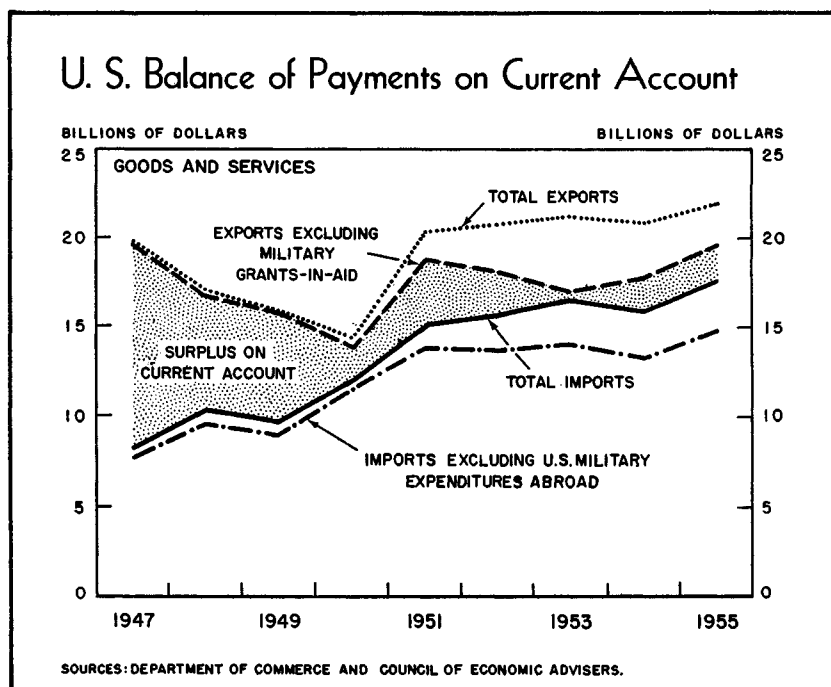


The relatively high level of exports in 1954 occurred in the face of a moderate decline in nonmilitary imports of goods and services. This was made possible in considerable measure by a heavy outflow of private capital and increased military expenditures abroad, which helped to provide the dollars to support the expanding foreign demand for our goods. In fact, total payments to foreigners arising from nonmilitary imports of goods and services, military expenditures abroad, foreign investments, and nonmilitary grants, were slightly higher in 1954 than in 1953, and were significantly higher in the first three quarters of 1955 than in the corresponding periods of 1953 and 1954 (Table B-22).

During the first three quarters of 1955, nonmilitary imports of goods and services rose to an average quarterly rate of 3.7 billion dollars, compared with 3.3 billion in the corresponding period in 1954 and 3.5 billion in the calendar year 1953. Nonmilitary commodity imports rose steadily after the third quarter of 1954, and in the third quarter of 1955 were 14 percent above such imports in the third quarter of 1954. The rise in foreign travel and the increase in transportation and other service expenditures helped to push total nonmilitary imports of goods and services during the year ended September 30, 1955 to the highest level in our history.

Total payments to foreign countries on account of imports of goods and services, foreign investments, and grants to foreign countries (exclu-

CHART B-14



sive of military aid shipments) reached 21 billion dollars during the year ended September 30, 1955 (Table B-22). This amount exceeded foreign purchases of United States goods and services during the same period. Foreigners therefore accumulated 1.6 billion dollars in gold and dollar assets in their transactions with the United States, only a little less than in the corresponding period ended September 30, 1954. This level of foreign accumulation was maintained in spite of an increase of over a billion dollars in the United States current account surplus (excluding military exports and imports), as our military expenditures abroad, nonmilitary grants, and foreign investments rose.

### *Merchandise Trade*

During the first three quarters of 1954, nonmilitary merchandise exports were maintained at approximately the same high levels as in 1953. In the fourth quarter of 1954, exports rose sharply in response to the accelerated expansion in world demand, especially in Western Europe and the sterling area. This rise in exports gave an additional stimulus to our business expansion in the fall and winter of 1954-55, and the high level of world demand during 1954 helped to sustain the prices of internationally traded commodities. Exports continued to rise during 1955. In the year ended September 30, 1955 exports reached 13.9 billion dollars, the largest total since the year 1951 (Table B-22).

During the first ten months of 1955, nonmilitary merchandise exports from this country were about 12 percent higher than in the corresponding months of 1954 and about 16 percent above the corresponding period of 1953. The rise in agricultural exports over 1954 was 8.8 percent: exports of wheat, coarse grains, tobacco, meats, and dairy products rose, while exports of cotton and rice fell (Table D-64). On a fiscal-year basis, agricultural exports increased from 2.9 billion dollars in 1953-54 to 3.1 billion in 1954-55. In 1954-55 agricultural exports under special programs including grants, loans, sales for foreign currencies, and barter represented nearly 30 percent of the total, and an additional 15 percent were subsidized (Table B-23).

The principal increases in nonagricultural exports were in steel products, motor vehicles and parts, chemicals, coal, and paper. The rise in exports of steel, steel scrap, and coal represented about 40 percent of the total increase in nonagricultural exports from the first ten months of 1954 to the first ten months of 1955. Total export sales to Canada, Western Europe, and the sterling area increased, while those to Latin America and Japan declined (Table B-24).

Commodity imports during the first ten months of 1955 were nearly 10 percent above the corresponding period of 1954, and 2.6 percent above the corresponding period in 1953 (Table D-64). Economic expansion in this country in 1955 led to increased imports of raw materials, including rubber, lumber, iron ore, and petroleum, but imports of some industrial raw materials were held down by supply shortages abroad. Imports of

TABLE B-23.—*Agricultural exports under specified governmental programs, 1953-55*

[Fiscal years, millions of dollars]

Program	1953	1954	1955
Exports: Total.....	2,819	2,936	3,143
Special programs: Total.....	546	711	920
Grants <sup>1</sup> .....	436	448	381
Loans <sup>2</sup> .....	96	113	69
Foreign currency sales.....		116	345
Barter <sup>3</sup> .....	14	34	125
Exports for "free" dollars: Total.....	2,273	2,225	2,223
Subsidized exports.....	(4)	(4)	486
Public Law 320, section 32.....	(4)	(4)	36
Other.....	(4)	(4)	450
Nonsubsidized exports.....	(4)	(4)	1,737

<sup>1</sup> FOA regular and special program, Army civilian supply program, Department of Agriculture donations under Agricultural Act of 1949, section 416, and program under Public Law 480, title II.

<sup>2</sup> Loans by the Export-Import Bank and Department of Agriculture to Pakistan, Afghanistan, Spain and India.

<sup>3</sup> Deliveries to contractors.

<sup>4</sup> Not available.

Source: Department of Agriculture.

TABLE B-24.—*Distribution of nonmilitary merchandise exports (including reexports) and general imports, by areas, January-October, 1954 and 1955*

[Millions of dollars]

Area	Exports		Imports	
	January-October 1954	January-October 1955	January-October 1954	January-October 1955
Total.....	10,455	11,682	8,429	9,306
Continental Western Europe.....	2,142	2,690	1,222	1,399
United Kingdom <sup>1</sup> .....	542	764	408	505
Canada.....	2,470	2,812	1,949	2,184
Latin America.....	2,764	2,683	2,740	2,722
Sterling area exclusive of the United Kingdom <sup>1</sup> .....	768	905	854	998
Japan <sup>1</sup> .....	580	518	227	346
Other.....	1,190	1,311	1,028	1,152

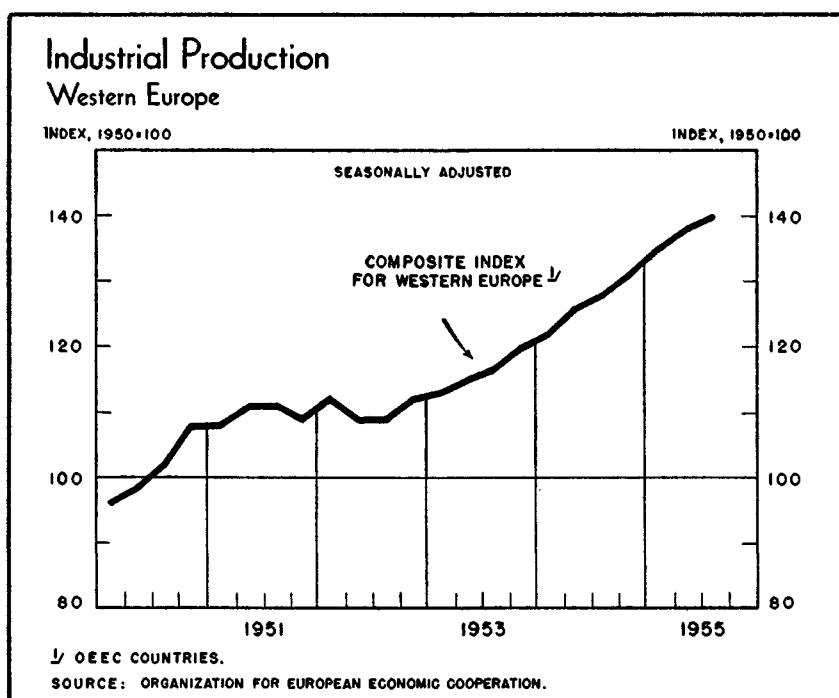
<sup>1</sup> Excludes special category exports.

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

Source: Department of Commerce.

agricultural commodities declined in value largely as a result of the fall in prices of coffee and cocoa, and lower demand induced by expectations of further price declines. A significant development was the increase in imports of finished manufactures—a 17 percent rise in the first ten months of 1955 over the corresponding period in 1954. The increased demand and rising prices for raw materials resulted in higher imports from Canada and South East Asia, while Western Europe and Japan shared in our growing markets for manufactures. Reduced values of imports of coffee and other agricultural commodities were responsible for the lower purchases from Latin America, especially from Brazil and Colombia.

CHART B-15



#### CAPITAL MOVEMENTS AND GOVERNMENT LOANS

The value of United States private investments abroad has risen steadily throughout the postwar period; at the end of 1954 it was 26.6 billion dollars, including long-term investments of 24.4 billion. The outflow of American private capital in 1954 was greater than in the previous year, mainly because of a sharp increase in short-term lending abroad. Direct investments slightly exceeded the 1953 level, and the net movement of portfolio capital changed from an inflow of 185 million dollars in 1953 to an outflow of 225 million in 1954. In 1955, large redemptions and repayments and a smaller volume of Canadian and International Bank borrowings reduced the net outflow of long-term portfolio capital to 51 million dollars in the first three quarters of the year; direct investments were somewhat higher than in the corresponding period of 1954 (Table D-60).

There has been a modest revival during the last two years of American private investment in foreign equity securities outside of Canada. During 1954 and the first three quarters of 1955, net purchases of outstanding equity securities of foreign corporations totaled 278 million dollars, about two-thirds of which represented British and Continental European securities. Medium- and long-term bank loans abroad totaled 282 million dollars during the same period; a large part of these were made to Latin America and some of them represented a conversion of short-term loans made in 1954.

Outstanding foreign loans of the United States Government declined by 100 million dollars, to 15.6 billion dollars, in 1954, reflecting repayments in excess of new credits. Repayments, which have been running at about a half billion dollars annually in recent years, are in large part to reduce government loans made during the early postwar years. Total net capital outflow on government account in the first three quarters of 1955 was 291 million dollars, of which 275 million was short-term (Table D-60).

Earnings on our foreign investments amounted to 2.4 billion dollars for the twelve-month period ended September 30, 1955 (excluding reinvested earnings of foreign subsidiaries). This is a major item in our receipts from foreign countries. Over 200 million dollars of these receipts represent interest payments on government loans abroad. The bulk of the earnings comes from direct private foreign investments.



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**Appendix C**  
**REPORT TO THE PRESIDENT ON THE**  
**ACTIVITIES OF THE COUNCIL**  
**OF ECONOMIC ADVISERS**  
**DURING 1955**

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## Letter of Transmittal

DECEMBER 30, 1955.

The PRESIDENT.

SIR: The Council of Economic Advisers submits this Annual Report for calendar year 1955 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.*

JOSEPH S. DAVIS,

RAYMOND J. SAULNIER.

## Report to the President on the Activities of the Council of Economic Advisers During 1955

The Employment Act of 1946 declares it to be the continuing policy and responsibility of the Federal Government to promote maximum employment, production, and purchasing power by all means consistent with its other obligations and in a manner calculated to foster free competitive enterprise and the general welfare. The Council of Economic Advisers was established under this Act.

On August 1, 1953 the Council was reconstituted under the President's Reorganization Plan No. 9 of 1953. This reorganization strengthened the internal administration of the Council and clarified its relationships with the President.

### *Changes in Council Membership*

Neil H. Jacoby, who served as a member of the Council from September 15, 1953 to February 9, 1955, while on leave from his university duties, returned on the latter date to the deanship of the School of Business Administration at the University of California, Los Angeles. Walter W. Stewart, Professor Emeritus at the Institute for Advanced Study, Princeton, New Jersey, who served as a member of the Council from December 2, 1953, resigned April 29, 1955, but he has continued to serve the Council in a consultant capacity.

Raymond J. Saulnier, Professor of Economics at Barnard College and Director of the Financial Research Program of the National Bureau of Economic Research, both of New York City, was nominated for membership on the Council on March 23, 1955. Joseph S. Davis, Director Emeritus of the Food Research Institute, Stanford University, was nominated at the same time. Both nominations were confirmed on April 1, 1955. Mr. Saulnier took office on April 4, 1955 and Mr. Davis on May 2, 1955.

### *Major Activities During the Year*

During the year, the Council kept economic developments under close and continuous scrutiny and reported regularly to the President, through its Chairman, on current economic conditions and prospects. In a year marked by rapid economic expansion not only in our own country but throughout the Free World, the central object of the Council was to advise the President on policies that would promote the extension of prosperity and at the same time restrain excesses that could eventually lead to economic recession. The Council gave special attention to monetary, finan-

cial, and agricultural problems, and to ways of extending prosperity to lagging areas.

As in previous years, the Council worked closely with the departments and agencies of the Government whose activities bear significantly on economic developments. The Chairman attended Cabinet meetings regularly, and presented the Council's views on economic conditions and on policies that would contribute to continuing prosperity. The Council kept in close touch with other policy-making and advisory groups in the Executive Branch, including the National Security Council, the Defense Mobilization Board, the National Advisory Council on International Financial and Monetary Problems, and the Council on Foreign Economic Policy.

The Council assisted in the preparation of the *Economic Report of the President*, transmitted to the Congress on January 20, 1955. This Report dealt with economic developments and policies during 1953-54. It also presented the President's recommendations to the Congress and his suggestions to State, local, and private groups for actions that would promote stable economic growth.

Hearings on the *Economic Report of the President* were held by the Joint Committee on the Economic Report in January and February 1955. The Chairman of the Council, accompanied by the other Council Members, was the first witness at these hearings, appearing in executive session on January 24. He discussed the findings and recommendations of the Report. Responding to requests from members of the Committee, the Council later submitted additional materials as part of its testimony.

The review of *Economic Indicators*, which the Council undertook last year with the Joint Committee on the Economic Report, was completed. A number of improvements suggested by the Council's study were incorporated in the publication in the course of the year, as the technical problems associated with these changes were solved.

#### *Advisory Board on Economic Growth and Stability*

During the year, the Department of Health, Education, and Welfare was added to the agencies represented on the Advisory Board on Economic Growth and Stability. This change brought the membership of the Board to ten. The expectation expressed by the President at the time of the Advisory Board's establishment, namely, that it would make the work of the Council more effective at the top policy level of the Executive Branch, has been fully realized. The Advisory Board, which meets weekly, has been immensely helpful in coordinating the economic policies and actions of the various departments and agencies of the Government. The Chairman of the Council serves also as the Chairman of the Advisory Board.

The present membership of the Board is as follows:

Department of State—Herbert V. Prochnow, Deputy Under Secretary for Economic Affairs

Department of the Treasury—W. Randolph Burgess, Under Secretary for Monetary Affairs

Department of Agriculture—True D. Morse, Under Secretary  
Department of Commerce—Walter Williams, Under Secretary  
Department of Labor—Arthur Larson, Under Secretary  
Department of Health, Education, and Welfare—Marion B. Folsom,  
Secretary  
Board of Governors of the Federal Reserve System—Abbot L. Mills,  
Member of the Board  
Bureau of the Budget—Percival F. Brundage, Deputy Director  
The White House Office—Gabriel Hauge, Administrative Assistant to  
the President  
Council of Economic Advisers—Arthur F. Burns, Chairman

### *Task Forces*

During the year, the Council kept five interagency task forces active, each under the chairmanship of a senior member of the Council's staff. They concerned themselves with the following subjects: private pension plans, the economic status of low-income families, "spot" unemployment, financial and credit developments, and problems in housing and home financing. The last named of these task forces was especially busy during the year, and its work assisted materially in improving information about trends in home building and home financing. The task force on "spot" unemployment made an important contribution to the development of a proposal that will be presented to the Congress early in the coming session.

### *Other Activities*

During the year, two Council members participated in meetings of the Organization for European Economic Cooperation and associated countries, held in Paris. Mr. Burns attended the May meeting, at which experts exchanged views on economic conditions and prospects. Mr. Saulnier attended the September meeting, to participate in OEEC's annual comprehensive review of economic conditions.

The Council handled a large volume of correspondence on economic questions. Some of the communications were received directly. A considerable number were referred to the Council by other agencies and by the White House.

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 organized by other agencies.

### *Cooperation Received*

The Council continued to receive cordial cooperation and willing assistance from other government and private agencies. Special analyses and studies were made for the Council, factual materials were compiled for its use, and experts from other government agencies participated in its conferences and task forces.

As provided for in Section 4 (e) of the Employment Act, the members of the Council met from time to time with representatives of business, labor, agriculture, finance, consumer interests, and universities.

### *Public Works Planning*

A small unit was established by the Council in 1954 to coordinate public works planning. This unit, in cooperation with the Bureau of the Budget, completed an inventory of Federal public works plans, which the Council had initiated early in 1953. The inventory showed the location of each project, its urgency, status of planning and financing, the time required for commencing and for completing, and so on. Arrangements were made in 1955 to maintain this inventory on an annual basis. In addition, a survey of the status of State and local public works plans was carried out in late 1954 and early 1955, in cooperation with the Housing and Home Finance Agency and the Bureau of the Census.

In view of the experience gained, the Council recommended that greater and more systematic attention be given to public works planning. To broaden the scope of this activity and to make it more effective, the function of public works planning was transferred from the Council to the White House Office on August 12, 1955, when a Special Assistant to the President was appointed to coordinate public works planning. Close cooperation with the Council is being maintained by the new unit on public works planning.

### *Staffing*

The Council has continued to make staff assignments so that developments in every major field embraced by its responsibilities—industrial production, agriculture, employment and unemployment, wages and prices, the national income and its distribution, public and private finance, international trade and finance, technology, business organization and practices, social security, etc.—are under the scrutiny of a senior staff member, who assumes responsibility for enlisting the cooperation of governmental and private agencies in compiling, analyzing, and evaluating information in his area of specialization.

The following are members of the senior staff, including those serving on a part-time basis: Leo Grebler, Dale E. Hathaway, Bert G. Hickman, Frances M. James, Alfred E. Kahn, David W. Lusher, Raymond F. Mike-sell, Joseph A. Pechman, Charles L. Schultze, Louis Shere, George P. Shultz, Irving H. Siegel, Walter W. Stewart, and Collis Stocking.

At the end of the year, the personnel of the Council numbered 30, counting all ranks.

### *Budget for Fiscal Years 1955 and 1956*

For fiscal year 1955, the Council had an appropriation from the Congress of \$285,000 plus the unexpended balance from the preceding year's appropriation. Since this balance amounted to \$65,500, the sum at the Council's

disposal was \$350,500. The amount obligated during the year came to \$321,590.

For fiscal year 1956, the Congress appropriated \$325,000 for the Council's activities. The reduced appropriation reflects, among other factors, the transfer of the function of coordinating public works planning from the Council to the White House Office.

## 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, 1929–55

[Billions of dollars]

Period	Total gross national product	Personal consumption expenditures <sup>1</sup>	Gross private domestic investment <sup>2</sup>						Net foreign investment	Government purchases of goods and services						
			Total	New construction			Producers' durable equipment	Net change in business inventories		Total	Federal				State and local	
				Total	Residential (nonfarm)	Other					Total	National security <sup>3</sup>	Other	Less: Government sales		
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)	(9)	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)	(9)	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)	(9)	7.7	
1932.....	58.5	49.3	.9	1.9	.6	1.2	1.6	—2.6	.2	8.1	1.5	(4)	(4)	(9)	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)	(9)	6.0	
1934.....	65.0	51.9	2.9	1.7	.6	1.1	2.3	—1.1	.4	9.8	3.0	(4)	(4)	(9)	6.8	
1935.....	72.5	56.3	6.3	2.3	1.0	1.3	3.1	.9	—1	10.0	2.9	(4)	(4)	(9)	7.1	
1936.....	82.7	62.6	8.4	3.3	1.6	1.7	4.2	1.0	—1	11.8	4.8	(4)	(4)	(9)	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)	(9)	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)	(9)	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	(9)	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	(9)	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	(9)	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.....	345.2	218.3	49.6	23.7	11.1	12.6	23.1	2.8	—	77.5	54.3	49.8	5.8	.4	23.2	
1953.....	364.5	230.6	51.4	25.8	11.9	13.8	24.4	1.2	—2.0	84.5	59.5	51.4	8.5	.4	25.0	
1954.....	360.5	236.5	47.2	27.8	13.5	14.3	22.3	—2.9	— .3	77.0	49.2	43.2	6.3	.4	27.8	
1955 <sup>4</sup> .....	387.4	252.4	59.4	32.4	16.6	15.8	23.8	3.3	— .3	75.9	45.8	40.8	5.3	.3	30.1	
Seasonally adjusted annual rates																
1953: First quarter....	361.9	228.5	51.7	25.2	11.7	13.5	24.3	2.2	—2.0	83.6	59.0	51.9	7.7	0.5	24.6	
Second quarter.....	369.3	231.4	55.0	28.2	12.2	14.0	24.4	4.5	—2.5	85.4	61.0	53.2	8.3	.4	24.3	
Third quarter.....	366.9	232.1	52.8	25.8	12.1	13.8	25.0	2.0	—2.2	84.2	59.3	51.3	8.4	.4	24.9	
Fourth quarter.....	359.9	230.3	46.0	25.9	11.7	14.1	24.1	—4.0	—1.2	84.8	58.7	49.4	9.6	.3	26.2	
1954: First quarter....	358.3	232.2	45.5	25.9	11.8	14.1	22.9	—3.2	—1.1	81.7	54.7	46.8	8.3	.4	27.0	
Second quarter.....	367.6	235.1	46.9	27.3	13.0	14.3	22.4	—2.7	— .3	75.9	48.6	43.6	5.4	.4	27.3	
Third quarter.....	358.8	237.9	45.9	28.5	14.2	14.3	22.2	—4.9	— .7	75.8	47.7	42.1	6.1	.4	28.1	
Fourth quarter.....	367.1	241.0	50.7	29.4	15.0	14.4	21.9	— .6	— .9	74.5	45.7	40.5	5.5	.3	28.7	
1955: First quarter....	375.3	245.8	54.1	31.2	16.1	15.1	21.5	1.5	— .4	75.8	46.4	41.2	5.5	.3	29.4	
Second quarter.....	384.8	250.5	60.1	32.6	16.9	15.7	23.2	4.3	— .7	74.9	45.2	40.4	5.2	.3	29.7	
Third quarter.....	392.0	255.7	60.5	33.2	17.2	16.0	24.9	2.4	(4)	75.8	45.5	40.6	5.2	.3	30.2	
Fourth quarter <sup>5</sup> .....	397.3	257.5	62.8	32.3	16.2	16.2	25.5	5.0	(4)	77.0	46.0	40.8	5.5	.3	31.0	

<sup>1</sup> See Table D-6 for major components.

<sup>2</sup> See Table D-7 for more detail and explanation of components.

<sup>3</sup> For 1947–55 "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, 46.4 billion; 1953, 49.4 billion; 1954, 41.4 billion; and 1955, 38.9 billion.

<sup>4</sup> Not available separately.

<sup>5</sup> Less than 50 million dollars.

<sup>6</sup> 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 1955 prices, 1929-55<sup>1</sup>

[Billions of dollars, 1955 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 .....	181.9	125.9	14.0	64.5	47.4	36.1	21.8	9.0	12.8	11.3	3.0
1930 .....	164.7	118.6	11.2	61.3	46.1	24.4	16.1	5.3	10.8	9.0	-.6
1931 .....	152.7	115.0	9.6	61.0	44.5	15.4	11.2	4.4	6.9	6.0	-1.8
1932 .....	129.8	104.6	7.2	56.2	41.2	4.3	6.2	2.2	4.1	3.8	-5.7
1933 .....	126.5	102.1	7.1	54.6	40.5	4.0	4.8	1.6	3.1	3.8	-4.6
1934 .....	139.5	107.7	8.1	58.4	41.3	7.7	5.3	2.0	3.4	5.1	-2.7
1935 .....	154.2	114.5	10.1	61.7	42.7	16.6	7.0	3.2	3.8	6.9	2.7
1936 .....	174.2	126.2	12.4	68.8	45.0	21.4	9.8	4.7	5.1	9.4	2.3
1937 .....	185.0	130.7	13.0	71.2	46.5	28.1	11.8	5.1	6.6	10.7	5.7
1938 .....	176.5	128.6	10.5	72.4	45.7	15.9	10.5	5.3	5.2	7.4	-1.9
1939 .....	190.4	135.9	12.5	76.2	47.2	22.1	12.6	7.0	5.6	8.6	.9
1940 .....	207.7	143.2	14.5	79.8	49.0	29.8	14.1	7.6	6.6	11.1	4.5
1941 .....	240.3	153.0	16.7	85.3	51.1	37.7	15.9	8.1	7.7	13.1	8.7
1942 .....	271.1	149.9	10.0	87.4	52.5	19.3	8.1	3.7	4.4	7.7	3.4
1943 .....	301.2	154.5	8.7	90.7	55.1	11.1	4.5	1.8	2.8	7.1	-.6
1944 .....	324.1	160.6	7.9	95.2	57.5	12.8	4.9	1.5	3.4	9.4	-1.6
1945 .....	317.5	171.8	9.1	102.7	60.1	17.6	6.8	1.9	4.9	13.1	-2.4
1946 .....	283.1	191.0	18.2	107.2	65.6	42.8	16.7	6.3	10.4	16.6	9.5
1947 .....	282.7	194.1	22.0	104.6	67.5	41.0	18.9	8.2	10.7	22.2	-.1
1948 .....	295.8	198.0	22.7	104.8	70.5	49.9	21.6	10.0	11.6	23.5	4.8
1949 .....	294.9	203.3	24.2	106.4	72.7	38.3	21.2	9.9	11.3	20.8	-3.7
1950 .....	321.8	215.6	29.5	109.3	76.7	58.5	26.7	14.4	12.3	24.1	7.7
1951 .....	345.4	216.9	26.1	111.5	79.3	59.9	25.6	11.8	13.8	24.5	9.9
1952 .....	357.5	223.4	25.6	115.2	82.6	52.3	25.3	11.6	13.8	24.3	2.6
1953 .....	374.3	233.4	29.0	118.7	85.8	53.3	26.7	12.2	14.5	25.3	1.2
1954 .....	365.4	237.3	29.0	120.0	88.3	48.4	28.5	13.9	14.7	22.9	-3.1
1955 <sup>2</sup> .....	387.4	252.4	35.3	125.9	91.1	59.4	32.4	16.6	15.8	23.8	3.3

See footnotes at end of table.

TABLE D-2.—Gross national product or expenditure in 1955 prices, 1929-55<sup>1</sup>—Continued

[Billions of dollars, 1955 prices]

Period	Net foreign investment	Government purchases of goods and services				
		Total	Federal			State and local
			Total <sup>2</sup>	National security <sup>3</sup>	Other	
1929.....	0.9	19.0	3.0	( <sup>4</sup> )	( <sup>4</sup> )	16.0
1930.....	.6	21.1	3.4	( <sup>4</sup> )	( <sup>4</sup> )	17.6
1931.....	.1	22.1	3.7	( <sup>4</sup> )	( <sup>4</sup> )	18.4
1932.....	-.1	21.1	3.9	( <sup>4</sup> )	( <sup>4</sup> )	17.2
1933.....	-.5	20.8	5.5	( <sup>4</sup> )	( <sup>4</sup> )	15.3
1934.....	-.1	24.1	7.4	( <sup>4</sup> )	( <sup>4</sup> )	16.7
1935.....	-1.3	24.4	7.1	( <sup>4</sup> )	( <sup>4</sup> )	17.3
1936.....	-1.5	28.1	10.9	( <sup>4</sup> )	( <sup>4</sup> )	17.2
1937.....	-1.1	27.3	10.3	( <sup>4</sup> )	( <sup>4</sup> )	17.0
1938.....	1.4	30.6	12.6	( <sup>4</sup> )	( <sup>4</sup> )	18.0
1939.....	1.0	31.5	11.8	2.9	9.0	19.6
1940.....	1.7	33.0	14.4	5.2	9.2	18.6
1941.....	.2	49.4	31.9	26.0	6.0	17.5
1942.....	-2.2	104.1	83.1	83.9	4.5	16.0
1943.....	-5.7	141.3	126.8	125.6	2.3	14.5
1944.....	-5.7	156.3	142.1	141.3	2.5	14.3
1945.....	-4.5	132.7	118.2	119.9	1.6	14.5
1946.....	4.5	44.8	28.3	28.7	3.3	16.4
1947.....	8.9	38.6	20.0	16.9	4.8	18.6
1948.....	1.3	46.6	26.4	20.1	7.0	20.3
1949.....	-.2	53.4	30.6	23.2	7.9	22.9
1950.....	-2.4	50.1	25.6	21.4	4.5	24.5
1951.....	1.2	67.4	42.4	38.6	4.3	25.0
1952.....	.3	81.4	56.0	50.4	6.0	25.4
1953.....	-1.9	89.6	63.1	54.5	9.0	26.5
1954.....	-.1	79.7	51.1	44.9	6.6	28.7
1955 <sup>5</sup> .....	-.3	75.9	45.8	40.8	5.3	30.1

<sup>1</sup> These estimates represent an approximate conversion of the Department of Commerce series in 1947 prices. (See Table D-3.) This was done by major components, using the implicit price indexes converted to a 1955 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.

<sup>2</sup> Net of Government sales, which are not shown separately in this table. See Table D-1 for Government sales in current prices.

<sup>3</sup> See Table D-1, footnote 3.

<sup>4</sup> Not available separately.

<sup>5</sup> 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, 1929-55<sup>1</sup>

[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 <sup>2</sup>
		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	58.1	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	-1.7	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	-1.9	.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	-1.5	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	-1.7	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	-2.2	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.....	283.1	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	17.6	259.9
1952.....	293.3	189.2	23.9	102.3	63.0	39.1	18.8	18.3	2.0	1.6	63.4	45.6	17.8	268.5
1953.....	306.5	197.4	26.7	105.3	65.4	39.6	19.8	19.1	.6	-3.3	69.8	51.2	18.6	281.9
1954.....	300.5	200.7	26.9	106.5	67.4	36.7	21.3	17.4	-1.9	1.3	61.7	41.5	20.2	276.4
1955 <sup>3</sup> .....	319.0	213.8	32.4	111.8	69.6	45.5	24.1	18.1	3.3	1.3	58.4	37.2	21.2	295.2

<sup>1</sup> See *National Income, 1954 Edition, A Supplement to the Survey of Current Business*, and *Survey of Current Business*, July 1955, for explanation of conversion of estimates in current prices to those in 1947 prices and for implicit deflators.

<sup>2</sup> Total gross national product less compensation of general government employees.

<sup>3</sup> 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 1955 prices, 1929-55*

[Billions of dollars]

Year	Current prices					1955 prices <sup>4</sup>				
	Total gross national product	Gross private product <sup>1</sup>			Gross government product <sup>2</sup>	Total gross national product	Gross private product <sup>1</sup>			Gross government product <sup>2</sup>
		Total	Farm <sup>3</sup>	Non-farm			Total	Farm <sup>3</sup>	Non-farm	
1929.....	104.4	100.1	9.8	90.3	4.3	181.9	171.1	15.2	155.9	10.8
1930.....	91.1	86.6	7.7	78.8	4.5	164.7	153.4	14.1	139.3	11.3
1931.....	76.3	71.6	6.2	65.4	4.7	152.7	141.2	16.5	124.7	11.5
1932.....	58.5	54.0	4.4	49.6	4.4	129.8	118.5	15.5	103.0	11.3
1933.....	56.0	51.8	4.6	46.7	4.7	126.5	114.2	14.9	99.3	12.2
1934.....	65.0	59.4	4.3	55.1	5.6	139.5	125.1	12.4	112.7	14.3
1935.....	72.5	66.6	6.9	59.6	5.9	154.2	138.8	15.5	123.3	15.4
1936.....	82.7	75.5	6.3	69.2	7.3	174.2	156.4	12.7	143.6	17.8
1937.....	90.8	83.9	8.1	75.8	6.9	185.0	168.3	16.2	152.1	16.7
1938.....	85.2	77.6	6.7	70.9	7.6	176.5	158.4	16.5	141.9	18.1
1939.....	91.1	83.5	6.5	77.0	7.6	190.4	172.2	16.3	155.8	18.3
1940.....	100.6	92.8	6.8	86.0	7.8	207.7	188.7	16.1	172.6	19.0
1941.....	125.8	116.4	9.4	107.0	9.4	240.3	217.1	17.2	199.9	23.2
1942.....	159.1	144.0	13.4	130.6	15.1	271.1	237.6	18.9	218.7	33.5
1943.....	192.5	167.0	15.3	151.7	25.6	301.2	249.5	17.3	232.1	51.7
1944.....	211.4	179.2	15.7	163.5	32.2	324.1	264.8	17.9	246.9	59.2
1945.....	213.6	178.4	16.2	162.2	35.2	317.5	259.7	16.8	242.9	57.8
1946.....	209.2	188.5	18.8	169.7	20.7	283.1	252.4	17.6	234.8	30.7
1947.....	232.2	215.6	20.6	195.0	16.7	282.7	259.0	16.2	242.8	23.7
1948.....	257.3	240.0	23.7	216.2	17.4	295.8	272.0	19.1	253.0	23.8
1949.....	257.3	238.0	20.1	217.8	19.3	294.9	270.0	17.9	252.1	24.9
1950.....	285.1	264.3	21.1	243.1	20.8	321.8	296.0	18.7	277.3	25.8
1951.....	328.2	301.0	24.6	276.4	27.2	345.4	313.5	17.5	296.0	31.9
1952.....	345.2	314.3	23.4	290.8	31.0	357.5	323.2	18.3	304.9	34.2
1953.....	364.5	332.9	21.7	311.2	31.6	374.3	340.3	18.8	321.5	34.0
1954.....	360.5	328.7	21.4	307.3	31.8	365.4	331.9	19.9	312.1	33.4
1955 <sup>4</sup> .....	387.4	354.1	20.5	333.6	33.3	387.4	354.1	20.5	333.6	33.3

<sup>1</sup>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.

<sup>2</sup>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 for 1929-51. Estimates for 1952-55 are based on unpublished data.

<sup>3</sup>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.

<sup>4</sup>See Table D-2, footnote 1.

<sup>5</sup>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, 1953-55*

[Billions of dollars]

Economic group	1953			1954			1955 <sup>1</sup>		
	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 (-)
<b>Consumers:</b>									
Disposable personal income.....	250.4			254.8			269.2		
Personal consumption expendi- tures.....		230.6			236.5			252.4	
Personal net saving (+).....			19.8			18.3			16.8
<b>Business:</b>									
Gross retained earnings.....	34.4			36.8			40.9		
Gross private domestic invest- ment.....		51.4			47.2			50.4	
Excess of investment (-).....			-17.0			-10.5			-18.5
<b>International:</b>									
Net foreign investment.....		-2.0			-3			-3	
Excess of receipts (+) or investment (-).....			2.0			.3			.3
<b>Government (Federal, State, and   local):</b>									
Tax and nontax receipts or ac- cruals.....	95.9			89.8			98.5		
Less: Transfers, interest, and subsidies (net).....	17.5			20.1			21.4		
Net receipts.....	78.5			69.7			77.0		
Total government expenditures.....		102.0			97.0			97.3	
Less: Transfers, interest, and subsidies (net).....		17.5			20.1			21.4	
Purchases of goods and serv- ices.....		84.5			77.0			75.9	
Surplus (+) or deficit (-) on income and product account.....			-6.0			-7.2			1.2
<b>Statistical discrepancy.....</b>	1.3		1.3	-8		-8	.3		.3
<b>Gross national product.....</b>	364.5	364.5		360.5	360.5		387.4	387.4	

<sup>1</sup> Preliminary; fourth quarter by Council of Economic Advisers.

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

Source: Based on the national income and product statistics of the Department of Commerce (except as noted).

TABLE D-6.—Personal consumption expenditures, 1929–55

[Billions of dollars]

Period	Total personal consumption expenditures	Durable goods				Nondurable goods				Services					
		Total	Automobiles and parts	Furniture and household equipment	Other	Total	Food excluding alcoholic beverages <sup>1</sup>	Clothing and shoes <sup>2</sup>	Gasoline and oil	Other	Total	Housing <sup>3</sup>	Household operation	Transportation	Other
1929.....	79.0	9.2	3.2	4.8	1.2	37.7	19.5	9.4	1.8	7.0	32.1	11.4	4.0	2.6	14.0
1930.....	71.0	7.2	2.2	3.9	1.1	34.0	18.0	8.0	1.7	6.3	29.8	11.0	3.9	2.2	12.7
1931.....	61.3	5.5	1.6	3.1	.9	28.9	14.7	6.9	1.5	5.7	26.9	10.3	3.5	1.9	11.2
1932.....	49.3	3.6	.9	2.1	.6	22.8	11.4	5.1	1.5	4.8	22.9	9.0	3.0	1.6	9.3
1933.....	46.4	3.5	1.1	1.9	.5	22.3	10.9	4.6	1.5	5.3	20.7	7.9	2.8	1.5	8.5
1934.....	51.9	4.2	1.4	2.2	.6	26.7	12.2	5.7	1.6	7.2	21.0	7.6	3.0	1.6	8.8
1935.....	56.3	5.1	1.9	2.6	.7	29.3	13.6	6.0	1.7	7.9	21.9	7.6	3.2	1.7	9.4
1936.....	62.6	6.3	2.3	3.2	.8	32.8	15.2	6.6	1.9	9.1	23.5	7.9	3.4	1.9	10.3
1937.....	67.3	6.9	2.4	3.6	1.0	35.2	16.4	6.8	2.1	9.8	25.1	8.4	3.7	2.0	11.1
1938.....	64.6	5.7	1.6	3.1	.9	34.0	15.6	6.8	2.1	9.5	25.0	8.8	3.6	1.9	10.7
1939.....	67.6	6.7	2.2	3.5	1.0	35.1	15.7	7.1	2.2	10.1	25.8	9.0	3.8	2.0	11.0
1940.....	71.9	7.8	2.7	3.9	1.1	37.2	16.7	7.4	2.3	10.8	26.9	9.3	4.0	2.1	11.4
1941.....	81.9	9.7	3.4	4.9	1.4	43.2	19.4	8.8	2.6	12.3	29.0	10.0	4.3	2.4	12.3
1942.....	88.7	7.0	.7	4.7	1.6	51.3	23.7	11.0	2.1	14.5	31.5	10.8	4.9	2.7	13.1
1943.....	100.5	6.6	.8	3.9	1.9	59.3	27.8	13.4	1.3	16.7	34.7	11.3	5.2	3.4	14.7
1944.....	109.8	6.8	.8	3.8	2.2	65.4	30.6	14.6	1.4	18.7	37.7	11.9	5.9	3.7	16.3
1945.....	121.7	8.1	1.0	4.6	2.5	73.2	34.1	16.5	1.8	20.8	40.4	12.4	6.4	4.0	17.5
1946.....	146.6	15.9	3.9	8.7	3.3	84.5	40.4	18.2	3.0	22.8	46.2	13.6	6.7	5.1	20.8
1947.....	165.0	20.6	6.3	11.0	3.4	93.1	45.6	18.8	3.6	25.1	51.3	15.4	7.4	5.5	23.0
1948.....	177.6	22.2	7.3	11.5	3.4	98.7	49.4	19.6	4.3	25.5	56.7	17.5	8.0	5.9	25.2
1949.....	180.6	23.6	9.5	10.9	3.2	96.9	48.8	18.5	4.7	24.9	60.1	19.4	8.5	5.8	26.4
1950.....	194.0	28.6	12.4	12.9	3.3	100.4	51.0	18.5	5.0	25.9	65.0	21.4	9.4	5.8	28.5
1951.....	208.3	27.1	10.9	12.7	3.5	111.1	58.3	19.8	5.5	27.4	70.1	23.4	10.3	6.4	30.0
1952.....	218.3	26.6	10.4	12.5	3.7	116.0	61.3	20.1	6.0	28.6	75.7	25.6	11.1	6.8	32.1
1953.....	230.6	29.8	13.2	12.8	3.9	118.9	63.0	19.8	6.6	29.5	81.8	27.9	12.1	7.3	34.6
1954.....	236.5	29.3	12.5	12.9	3.9	120.9	64.5	19.7	7.2	29.5	86.4	29.8	12.6	7.3	36.8
1955 <sup>4</sup> .....	252.4	35.3	16.9	14.3	4.2	125.9	67.1	20.6	7.7	30.6	91.1	31.2	13.6	7.4	38.9
Seasonally adjusted annual rates															
1953: First quarter.....	228.5	30.2	13.5	12.8	3.9	118.7	62.7	20.3	6.2	29.4	79.6	27.0	11.7	7.2	33.7
Second quarter.....	231.4	30.6	13.8	12.9	3.9	119.7	63.1	20.3	6.4	29.9	81.1	27.5	12.1	7.3	34.2
Third quarter.....	232.1	30.5	13.7	12.9	3.9	118.8	63.0	19.5	6.7	29.6	82.7	28.1	12.3	7.3	34.9
Fourth quarter.....	230.3	28.0	11.6	12.6	3.7	118.6	63.2	19.3	6.9	29.2	83.8	28.8	12.2	7.3	35.4
1954: First quarter.....	232.2	28.3	11.8	12.8	3.7	119.2	63.6	19.5	7.0	29.1	84.7	29.3	12.3	7.3	35.8
Second quarter.....	235.1	29.0	12.3	12.8	4.0	120.4	64.0	19.8	7.1	29.4	85.7	29.6	12.3	7.2	36.5
Third quarter.....	237.9	29.4	12.4	12.9	4.0	121.5	65.1	19.5	7.2	29.7	87.0	29.9	12.7	7.2	37.1
Fourth quarter.....	241.0	30.4	13.4	12.9	4.1	122.5	65.3	20.0	7.4	29.9	88.1	30.2	13.0	7.3	37.6
1955: First quarter.....	245.8	34.4	16.4	13.9	4.0	122.4	64.9	19.8	7.5	30.2	89.0	30.6	13.1	7.4	37.9
Second quarter.....	250.5	35.1	16.6	14.2	4.3	125.3	66.6	20.5	7.7	30.5	90.2	31.0	13.4	7.4	38.4
Third quarter.....	255.7	36.9	18.0	14.7	4.2	127.0	68.1	20.4	7.7	30.7	91.8	31.4	13.7	7.4	39.2
Fourth quarter <sup>4</sup> .....	257.5	35.0	16.4	14.4	4.2	129.0	68.7	21.5	7.9	30.9	93.5	31.8	14.1	7.5	40.1

<sup>1</sup> Quarterly data are estimates by Council of Economic Advisers.<sup>2</sup> Includes standard clothing issued to military personnel.<sup>3</sup> Includes imputed rental value of owner-occupied dwellings.<sup>4</sup> 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, 1929-55

(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	Net change in business inventories		
		Total <sup>1</sup>	Equipment <sup>2</sup>	Construction <sup>3</sup>	Total <sup>4</sup>	Equipment	Construction			Total	Non-farm <sup>5</sup>	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	.3	.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	1.5	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-----	49.6	29.7	20.6	9.1	4.4	2.5	1.9	11.1	1.6	2.8	2.1	.6
1953-----	51.4	32.3	21.9	10.3	4.2	2.5	1.7	11.9	1.8	1.2	1.9	-.7
1954-----	47.2	30.8	20.2	10.6	3.7	2.1	1.6	13.5	2.1	-2.9	-3.2	.4
1955 <sup>6</sup> -----	59.4	33.3	21.3	12.0	3.8	2.5	1.4	16.6	2.3	3.3	3.1	.2
Seasonally adjusted annual rates												
1953:												
First quarter...	51.7	31.6	21.6	10.1	4.5	2.7	1.8	11.7	1.6	2.2	2.8	-0.5
Second quarter...	55.0	32.3	21.9	10.4	4.3	2.5	1.8	12.2	1.8	4.5	5.4	-1.0
Third quarter...	52.8	33.0	22.7	10.3	4.0	2.3	1.7	12.1	1.8	2.0	2.8	-.8
Fourth quarter...	46.0	32.3	21.7	10.5	4.1	2.4	1.7	11.7	1.9	-4.0	-3.6	-.4
1954:												
First quarter...	45.5	31.4	20.8	10.6	3.7	2.1	1.6	11.8	1.9	-3.2	-3.4	.2
Second quarter...	46.9	30.8	20.3	10.6	3.7	2.1	1.6	13.0	2.1	-2.7	-3.2	.4
Third quarter...	45.9	30.8	20.2	10.6	3.5	2.0	1.5	14.2	2.2	-4.9	-5.4	.6
Fourth quarter...	50.7	30.4	19.7	10.7	3.6	2.2	1.5	15.0	2.2	-.6	-1.0	.4
1955:												
First quarter...	54.2	30.5	19.2	11.3	3.8	2.3	1.5	16.1	2.3	1.5	1.5	(7)
Second quarter...	60.1	32.7	20.8	11.9	3.8	2.4	1.4	16.9	2.4	4.3	4.2	.2
Third quarter...	60.5	34.6	22.2	12.3	4.0	2.7	1.4	17.2	2.3	2.4	2.0	.3
Fourth quarter <sup>8</sup> ...	62.8	35.5	23.1	12.5	3.8	2.4	1.3	16.2	2.4	5.0	4.8	.2

<sup>1</sup> Items for nonfarm producers' plant and equipment are not comparable with those shown in Table D-29, principally because the latter exclude equipment and construction outlays charged to current expense and also investment by nonprofit organizations and professional persons.

<sup>2</sup> Total producers' durable equipment less farm machinery and equipment, and farmers' purchases of tractors and business motor vehicles.

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

<sup>4</sup> Farm construction (residential and nonresidential) plus farm machinery and equipment, and farmers' purchases of tractors and business motor vehicles. (See footnote 2.)

<sup>5</sup> Includes religious, educational, social and recreational, hospital and institutional, miscellaneous non-residential, and all other private construction.

<sup>6</sup> After inventory valuation adjustment.

<sup>7</sup> Less than 50 million dollars.

<sup>8</sup> 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, 1929–55

[Billions of dollars]

Period	Total national income <sup>1</sup>	Compensation of employees <sup>2</sup>	Business and professional income and inventory valuation adjustment			Income of farm proprietors <sup>3</sup>	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 <sup>4</sup>	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	(9)	4.7
1938.....	87.6	45.0	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	19.7	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.....	289.5	195.3	25.7	25.5	.2	14.3	9.9	36.9	35.9	1.0	7.4
1953.....	303.6	209.2	25.9	26.1	-.2	12.3	10.3	37.2	38.3	-1.1	8.8
1954.....	298.7	207.9	25.9	26.0	-.1	12.0	10.5	33.8	34.0	-.2	9.5
1955 <sup>6</sup> .....	322.2	221.2	27.3	27.6	-.2	11.1	10.7	41.4	43.2	-1.8	10.5
Seasonally adjusted annual rates											
1953: First quarter.....	303.7	206.3	26.3	26.6	-0.3	12.6	10.2	40.2	41.4	-1.2	8.0
Second quarter.....	307.9	210.3	26.0	26.2	-.1	12.1	10.2	40.5	41.5	-1.0	8.7
Third quarter.....	305.1	211.5	25.7	26.3	-.6	11.7	10.3	36.8	39.4	-2.6	9.1
Fourth quarter.....	298.0	208.9	25.6	25.4	.2	12.5	10.3	31.4	30.9	.5	9.3
1954: First quarter.....	297.7	206.7	25.3	25.5	-.1	13.2	10.4	32.6	32.7	-.2	9.4
Second quarter.....	298.9	207.2	25.9	25.7	.1	11.9	10.5	34.0	33.7	.2	9.5
Third quarter.....	298.7	207.8	26.0	26.2	-.2	11.7	10.6	33.1	33.5	-.5	9.5
Fourth quarter.....	303.2	209.8	26.3	26.4	-.1	11.2	10.7	35.5	36.0	-.5	9.7
1955: First quarter.....	311.4	213.1	26.6	26.6	-.1	11.5	10.7	39.6	40.9	-1.3	9.9
Second quarter.....	320.7	219.5	27.1	27.4	-.3	11.0	10.7	42.2	43.0	-.8	10.3
Third quarter.....	325.7	224.3	27.6	27.9	-.3	10.6	10.7	41.9	44.5	-2.6	10.7
Fourth quarter <sup>6</sup> .....	330.8	228.0	28.0	28.3	-.3	11.2	10.7	41.8	44.5	-2.7	11.2

<sup>1</sup> National income is the total net income earned in production. It differs from gross national product mainly in that it excludes depreciation charges and other allowances for business and institutional consumption of durable capital goods, and indirect business taxes. See Table D-9.

<sup>2</sup> 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).

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

<sup>4</sup> See Table D-52 for corporate tax liability (Federal and State income and excess profits taxes) and corporate profits after taxes.

<sup>5</sup> Less than 50 million dollars.

<sup>6</sup> 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 gross national product and national income, 1929-55*

[Billions of dollars]

Period	Gross national product	Less: Capital con- sumption allowances			Equals: Net national product	Plus: Sub- sidies less current surplus of govern- ment enter- prises	Less:					Equals: Na- tional income
		Total	Depre- ciation charges	Other <sup>1</sup>			Indirect business tax			Busi- ness trans- fer pay- ments	Sta- tistical dis- crepancy	
							Total	Federal	State and local			
1929.....	104.4	8.6	7.7	0.9	95.8	-0.1	7.0	1.2	5.8	0.6	0.3	87.8
1930.....	91.1	8.5	7.7	.8	82.6	-.1	7.2	1.0	6.1	.5	-1.0	75.7
1931.....	76.3	8.2	7.6	.6	68.1	(?)	6.9	.9	6.0	.6	.8	59.7
1932.....	58.5	7.6	7.0	.6	50.9	(?)	6.8	.9	5.8	.7	.8	42.5
1933.....	56.0	7.2	6.7	.5	48.8	(?)	7.1	1.6	5.4	.7	.9	40.2
1934.....	65.0	7.1	6.6	.5	57.9	.3	7.8	2.2	5.6	.6	.7	49.0
1935.....	72.5	7.2	6.7	.6	65.3	.4	8.2	2.2	6.0	.6	-.2	57.1
1936.....	82.7	7.5	6.7	.8	75.2	(?)	8.7	2.3	6.4	.6	1.1	64.9
1937.....	90.8	7.7	6.9	.8	83.0	.1	9.2	2.4	6.8	.6	-.2	73.6
1938.....	85.2	7.8	6.9	.8	77.4	.2	9.2	2.2	6.9	.4	.5	67.6
1939.....	91.1	7.8	7.1	.7	83.3	.5	9.4	2.3	7.0	.5	1.2	72.8
1940.....	100.6	8.1	7.3	.8	92.5	.4	10.0	2.6	7.4	.4	.8	81.6
1941.....	125.8	9.0	8.1	1.0	116.8	.1	11.3	3.6	7.7	.5	.4	104.7
1942.....	159.1	10.2	9.2	1.0	149.0	.2	11.8	4.0	7.7	.5	-.8	137.7
1943.....	192.5	10.9	9.9	1.0	181.6	.2	12.7	4.9	7.8	.5	-1.7	170.3
1944.....	211.4	12.0	10.8	1.2	199.4	.7	14.1	6.2	8.0	.5	2.8	182.6
1945.....	213.6	12.5	11.2	1.3	201.0	.8	15.5	7.1	8.4	.5	4.5	181.2
1946.....	209.2	11.7	10.0	1.7	197.6	.8	17.3	7.9	9.5	.6	.9	179.6
1947.....	232.2	14.1	12.2	2.0	218.1	-.2	18.7	7.9	10.8	.7	1.4	197.2
1948.....	257.3	16.5	14.3	2.2	240.8	-.2	20.4	8.1	12.3	.7	-2.1	221.6
1949.....	257.3	18.4	16.4	2.1	238.9	-.2	21.6	8.2	13.5	.8	.1	216.2
1950.....	285.1	20.5	18.0	2.5	264.6	.2	23.7	9.0	14.7	.8	.2	240.0
1951.....	328.2	23.5	20.3	3.1	304.8	.2	25.6	9.5	16.1	1.0	1.3	277.0
1952.....	345.2	25.5	22.6	2.9	319.7	-.1	28.1	10.5	17.6	1.2	.7	289.5
1953.....	364.5	27.8	24.6	3.2	336.7	-.4	30.2	11.2	19.0	1.2	1.3	303.6
1954.....	360.5	30.0	26.6	3.4	330.4	-.1	30.3	10.0	20.3	1.2	-.8	299.7
1955 <sup>2</sup> .....	387.4	32.3	29.0	3.3	355.1	.5	31.9	10.3	21.6	1.2	.3	322.2
Seasonally adjusted annual rates												
1953:												
First quarter.....	361.9	27.0	-----	-----	334.9	-0.2	29.5	11.0	18.5	1.2	0.3	303.7
Second quarter.....	389.3	27.6	-----	-----	341.7	-.3	30.3	11.5	18.8	1.2	1.9	307.9
Third quarter.....	366.9	28.0	-----	-----	338.9	-.3	30.4	11.2	19.2	1.2	1.9	305.1
Fourth quarter.....	359.9	28.7	-----	-----	331.2	-.7	30.4	10.9	19.5	1.2	.9	298.0
1954:												
First quarter.....	358.3	29.2	-----	-----	329.1	-.4	29.9	10.1	19.8	1.2	-.1	297.7
Second quarter.....	357.6	29.6	-----	-----	328.0	.3	30.4	10.2	20.2	1.2	-2.3	298.9
Third quarter.....	358.8	30.4	-----	-----	328.4	(?)	30.0	9.5	20.4	1.2	-1.5	298.7
Fourth quarter.....	367.1	30.9	-----	-----	336.2	-.3	30.7	10.0	20.7	1.2	.7	303.2
1955:												
First quarter.....	375.3	31.2	-----	-----	344.1	.3	31.1	10.1	21.1	1.2	.7	311.4
Second quarter.....	384.8	31.9	-----	-----	352.9	.4	31.7	10.3	21.4	1.2	-.2	320.7
Third quarter.....	392.0	32.7	-----	-----	359.3	.6	32.2	10.5	21.8	1.2	-.8	325.7
Fourth quarter <sup>3</sup> .....	397.3	33.5	-----	-----	363.8	.5	32.5	10.5	22.0	1.2	-.2	330.8

<sup>1</sup> Accidental damage to fixed capital and capital outlays charged to current account.<sup>2</sup> Less than 50 million dollars.<sup>3</sup> 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.—*Relation of national income and personal income, 1929-55*

[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 transfer 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	4.6	.5	151.4
1944.....	182.6	23.0	5.2	- .2	3.1	2.8	4.7	.6	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.....	289.5	36.9	8.6	-----	12.0	4.9	9.0	1.2	271.1
1953.....	303.6	37.2	8.7	- .1	12.8	5.0	9.3	1.2	286.2
1954.....	299.7	33.8	9.6	-----	15.0	5.2	10.0	1.2	287.6
1955 <sup>1</sup> .....	322.2	41.4	11.0	-----	15.9	5.0	11.1	1.2	303.1
Seasonally adjusted annual rates									
1953: First quarter.....	303.7	40.2	8.8	-----	12.7	4.9	9.1	1.2	282.6
Second quarter.....	307.9	40.5	8.9	-0.1	12.7	5.0	9.2	1.2	286.7
Third quarter.....	305.1	36.8	8.6	- .1	12.7	5.0	9.4	1.2	288.1
Fourth quarter.....	298.0	31.4	8.6	- .1	13.3	5.1	9.5	1.2	287.4
1954: First quarter.....	297.7	32.6	9.7	-----	14.3	5.1	9.7	1.2	285.8
Second quarter.....	298.9	34.0	9.6	-----	15.1	5.2	9.8	1.2	286.6
Third quarter.....	298.7	33.1	9.6	-----	15.0	5.2	10.0	1.2	287.3
Fourth quarter.....	303.2	35.5	9.6	-----	15.7	5.2	10.6	1.2	290.8
1955: First quarter.....	311.4	39.6	10.5	.1	15.9	5.1	10.2	1.2	293.6
Second quarter.....	320.7	42.2	10.8	.4	16.2	5.0	10.7	1.2	300.5
Third quarter.....	325.7	41.9	11.2	- .6	15.7	5.0	11.0	1.2	306.1
Fourth quarter <sup>1</sup> .....	330.8	41.8	11.4	-----	15.9	5.0	12.6	1.2	312.2

<sup>1</sup> 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.—*Sources of personal income, 1929-55*

(Billions of dollars)

Period	Total personal income	Labor income (wage and salary disbursements and other labor income) <sup>1</sup>	Proprietors' income <sup>2</sup>		Rental income of persons	Dividends	Personal interest income	Transfer payments	Less: Personal contributions for social insurance	Non-agricultural personal income <sup>3</sup>
			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.....	76.9	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.....	227.0	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.....	271.1	190.5	14.3	25.7	9.9	9.0	12.3	13.2	3.8	253.1
1953.....	286.2	204.6	12.3	25.9	10.3	9.3	13.8	14.0	3.9	270.2
1954.....	287.6	202.8	12.0	25.9	10.5	10.0	14.7	16.2	4.5	271.9
1955 <sup>4</sup> .....	308.1	215.4	11.1	27.3	10.7	11.1	15.6	17.1	5.2	288.3
Seasonally adjusted annual rates										
1953: First quarter...	282.6	201.4	12.6	26.3	10.2	9.1	12.9	13.9	3.9	266.2
Second quarter...	286.7	205.5	12.1	26.0	10.2	9.2	13.7	13.9	3.9	270.7
Third quarter...	288.1	207.0	11.7	25.7	10.3	9.4	14.2	13.9	4.0	272.6
Fourth quarter...	287.4	204.4	12.5	25.6	10.3	9.5	14.4	14.6	3.9	271.1
1954: First quarter...	285.8	201.6	13.2	25.3	10.4	9.7	14.6	15.5	4.6	268.8
Second quarter...	286.6	202.1	11.9	25.9	10.5	9.8	14.7	16.3	4.5	270.8
Third quarter...	287.3	202.7	11.7	26.0	10.6	10.0	14.7	16.2	4.5	271.9
Fourth quarter...	290.8	204.8	11.2	26.3	10.7	10.6	14.9	16.9	4.5	275.9
1955: First quarter...	293.6	207.5	11.5	26.6	10.7	10.2	15.1	17.1	5.1	278.3
Second quarter...	300.5	213.4	11.0	27.1	10.7	10.7	15.4	17.4	5.1	285.7
Third quarter...	306.1	218.9	10.6	27.6	10.7	11.0	15.7	16.9	5.3	291.7
Fourth quarter <sup>4</sup> ...	312.2	221.9	11.2	28.0	10.7	12.6	16.1	17.1	5.3	297.3

<sup>1</sup> The total of wage and salary disbursements and other labor income differs from compensation of employees in Table D-8 in that it excludes employer contributions for social insurance and excludes the excess of wage accruals over wage disbursements.

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

<sup>3</sup> 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.

<sup>4</sup> 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.—Disposition of personal income, 1929-55

Period	Personal income	Less: Personal taxes <sup>1</sup>	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.....	271.1	34.4	236.7	218.3	18.4	7.8
1953.....	286.2	35.8	250.4	230.6	19.8	7.9
1954.....	287.6	32.8	254.8	236.5	18.3	7.2
1955 <sup>2</sup> .....	303.1	34.0	269.2	252.4	16.8	6.2
Seasonally adjusted annual rates						
1953: First quarter.....	282.6	35.4	247.3	228.5	18.7	7.6
Second quarter.....	286.7	35.8	250.9	231.4	19.6	7.8
Third quarter.....	288.1	36.1	251.9	232.1	19.9	7.9
Fourth quarter.....	287.4	35.9	251.4	230.3	21.1	8.4
1954: First quarter.....	285.8	32.7	253.1	232.2	21.0	8.3
Second quarter.....	286.6	32.7	253.9	235.1	18.8	7.4
Third quarter.....	287.3	32.8	254.5	237.9	16.6	6.5
Fourth quarter.....	290.8	33.1	257.8	241.0	16.8	6.5
1955: First quarter.....	293.6	32.6	261.0	245.8	15.3	5.9
Second quarter.....	300.5	33.4	267.1	250.5	16.6	6.2
Third quarter.....	306.1	34.4	271.7	255.7	16.0	5.9
Fourth quarter <sup>2</sup> .....	312.2	35.3	276.9	257.5	19.4	7.0

<sup>1</sup> Includes also such items as fines, penalties, and donations.<sup>2</sup> 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.—Total and per capita disposable personal income and personal consumption expenditures in current and 1955 prices, 1929–55

Period	Total disposable personal income (billions of dollars)		Per capita disposable personal income (dollars)		Total personal consumption expenditures (billions of dollars)		Per capita personal consumption expenditures (dollars)		Population (thousands) <sup>2</sup>
	Current prices	1955 prices <sup>1</sup>	Current prices	1955 prices <sup>1</sup>	Current prices	1955 prices <sup>1</sup>	Current prices	1955 prices <sup>1</sup>	
1929.....	83.1	129.8	682	1,066	79.0	123.4	648	1,012	121,875
1930.....	74.4	119.2	604	968	71.0	113.8	576	923	123,188
1931.....	63.8	112.3	514	905	61.3	107.9	494	870	124,149
1932.....	48.7	95.5	389	763	49.3	96.7	395	775	124,949
1933.....	45.7	94.6	364	754	46.4	96.1	369	764	125,690
1934.....	52.0	104.0	411	822	51.9	103.8	410	820	126,485
1935.....	58.3	113.6	458	893	56.3	109.7	442	862	127,362
1936.....	66.2	127.8	517	998	62.6	120.8	488	942	128,181
1937.....	71.0	132.5	551	1,028	67.3	125.6	522	974	128,961
1938.....	65.7	124.7	505	958	64.6	122.6	497	943	129,969
1939.....	70.4	135.6	538	1,037	67.6	130.3	516	994	131,028
1940.....	76.1	145.5	576	1,101	71.9	137.5	544	1,040	132,122
1941.....	93.0	169.4	697	1,270	81.9	149.2	614	1,118	133,402
1942.....	117.5	192.9	871	1,430	89.7	147.3	665	1,092	134,860
1943.....	133.5	206.7	977	1,512	100.5	155.6	735	1,138	136,739
1944.....	146.8	223.4	1,060	1,613	109.8	167.1	794	1,209	138,397
1945.....	150.4	223.8	1,075	1,600	121.7	181.1	870	1,295	139,928
1946.....	159.2	218.7	1,126	1,547	146.6	201.4	1,037	1,424	141,389
1947.....	169.0	202.6	1,173	1,406	165.0	197.8	1,145	1,373	144,126
1948.....	187.6	208.9	1,279	1,424	177.6	197.8	1,211	1,349	146,631
1949.....	188.2	211.7	1,261	1,418	180.6	203.1	1,211	1,362	149,188
1950.....	206.1	229.5	1,359	1,513	194.0	216.0	1,279	1,424	151,683
1951.....	226.1	233.3	1,465	1,512	208.3	215.0	1,350	1,393	154,360
1952.....	236.7	238.8	1,508	1,522	218.3	220.3	1,390	1,403	157,028
1953.....	250.4	250.7	1,568	1,570	230.6	230.8	1,444	1,445	159,643
1954.....	254.8	254.0	1,569	1,564	236.5	235.8	1,456	1,452	162,409
1955 <sup>3</sup> .....	269.2	269.2	1,629	1,629	252.4	252.4	1,527	1,527	165,248
Seasonally adjusted annual rates									
1953: First quarter.....	247.3	249.3	1,558	1,571	228.5	230.3	1,440	1,452	158,722
Second quarter.....	250.9	251.7	1,575	1,580	231.4	232.1	1,452	1,456	159,316
Third quarter.....	251.9	250.9	1,574	1,568	232.1	231.2	1,450	1,444	160,030
Fourth quarter.....	251.4	250.1	1,564	1,556	230.3	229.2	1,432	1,425	160,768
1954: First quarter.....	253.1	252.1	1,568	1,562	232.2	231.3	1,438	1,432	161,439
Second quarter.....	253.9	253.1	1,567	1,562	235.1	234.4	1,451	1,447	162,075
Third quarter.....	254.5	253.5	1,563	1,557	237.9	237.0	1,461	1,455	162,806
Fourth quarter.....	257.8	257.8	1,576	1,576	241.0	241.0	1,473	1,473	163,582
1955: First quarter.....	261.0	261.5	1,589	1,592	245.8	246.3	1,496	1,499	164,262
Second quarter.....	267.1	267.6	1,620	1,623	250.5	251.0	1,519	1,522	164,911
Third quarter.....	271.7	271.2	1,640	1,637	255.7	255.2	1,544	1,541	165,628
Fourth quarter <sup>3</sup> .....	276.9	276.1	1,664	1,659	257.5	256.7	1,548	1,543	166,396

<sup>1</sup> Dollar estimates in current prices divided by the consumer price index on a 1955 base. Personal consumption expenditures in this table therefore differ from the data in Table D-2.

<sup>2</sup> Population of the continental United States including armed forces overseas. Annual data are for July 1; quarterly data are for middle of period.

<sup>3</sup> Preliminary; fourth quarter by Council of Economic Advisers.

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

Sources: Department of Commerce, Department of Labor, and Council of Economic Advisers.

TABLE D-14.—*Financial saving by individuals, 1939-55*<sup>1</sup>

[Billions of dollars]

Period	Total	Cur- rency and bank de- posits <sup>2</sup>	Sav- ings and loan asso- ciations	Insurance and pension reserves			Securities				Liqui- dation of mort- gage debt <sup>5</sup>	Liqui- dation of debt not else- where classi- fied <sup>6</sup>
				Total	Private	Gov- ern- ment	Total <sup>3</sup>	U. S. sav- ings bonds	Other gov- ern- ment <sup>4</sup>	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	-.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.....	11.34	5.96	2.10	8.28	4.07	4.21	2.06	-.52	.01	2.57	-6.53	-.54
1952.....	12.98	6.84	3.07	9.22	4.92	4.29	3.96	.08	.82	3.06	-6.28	-3.85
1953.....	11.76	6.80	3.64	8.46	5.17	3.29	5.10	.33	2.29	2.48	-7.01	-3.24
1954.....	11.85	6.84	4.48	7.92	5.30	2.62	1.56	.76	-1.80	2.60	-8.58	-.37
1953: First quarter....	1.88	-1.36	.93	2.03	1.23	.80	2.19	.39	1.29	.51	-1.57	-.34
Second quarter....	2.93	.67	1.07	2.23	1.15	1.08	2.22	-.26	1.45	1.03	-2.00	-1.26
Third quarter....	2.59	1.76	.60	2.23	1.26	.97	.54	.07	-.20	.66	-1.87	-.66
Fourth quarter....	4.35	3.74	1.04	1.97	1.53	.45	.14	.12	-.26	.28	-1.57	-.97
1954: First quarter....	2.75	-2.23	1.12	1.97	1.31	.66	1.87	.23	.44	1.20	-1.38	1.40
Second quarter....	2.24	1.40	1.26	2.03	1.17	.85	.18	-.82	.82	.82	-2.03	-.59
Third quarter....	2.77	3.63	.73	1.96	1.26	.70	-1.02	.12	-1.77	.63	-2.39	-.14
Fourth quarter....	4.08	4.03	1.36	1.96	1.56	.40	.54	.23	.36	-.05	-2.78	-1.03
1955: First quarter....	1.20	-1.06	1.14	1.75	1.47	.28	2.00	.32	.90	.78	-2.64	.01
Second quarter....	-.45	.17	1.44	2.41	1.26	1.15	.96	.08	.19	.69	-3.28	-2.16
Third quarter....	3.33	2.75	.68	2.54	1.55	.99	2.40	-.01	1.22	1.19	-3.39	-1.64

<sup>1</sup> Individuals' saving in addition to personal holdings, covers saving of unincorporated business, trust and pension funds, and nonprofit institutions in the forms specified.

<sup>2</sup> Includes currency, demand deposits, and time and savings deposits.

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

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

<sup>5</sup> Mortgage debt to institutions on 1- to 4-family nonfarm dwellings.

<sup>6</sup> 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 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 saving: Housing net of depreciation, and farm and unincorporated business investment in inventories and plant and equipment, net of depreciation and net of increases in mortgage and other debt to corporations and financial institutions. Government insurance is excluded from the Commerce saving series. For a reconciliation of the two series, see *Survey of Current Business*, July 1955, table 6.

Detail will not necessarily add to totals because of rounding.

Source: Securities and Exchange Commission.

TABLE D-15.—*Sources and uses of gross saving, 1929-55*

[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	.6	.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.....	48.7	52.0	18.4	33.6	-3.3	-3.4	(1)	49.4	49.6	-.2	.7
1953.....	48.1	54.2	19.8	34.4	-6.0	-6.2	.2	49.4	51.4	-2.0	1.3
1954.....	47.8	55.0	18.3	36.8	-7.2	-6.2	-1.1	47.0	47.2	-.3	-.8
1955 <sup>1</sup> .....	58.9	57.7	16.8	40.9	1.2	2.7	-1.5	59.1	59.4	-.3	.3
Seasonally adjusted annual rates											
1953:											
First quarter....	49.4	53.8	18.7	35.1	-4.4	-3.7	-0.7	49.7	51.7	-2.0	0.3
Second quarter....	50.6	55.3	19.6	35.7	-4.7	-5.7	1.0	52.5	55.0	-2.5	1.9
Third quarter....	48.7	53.3	19.9	33.4	-4.6	-5.1	.6	50.6	52.8	-2.2	1.9
Fourth quarter....	43.8	54.5	21.1	33.3	-10.6	-10.3	-.3	44.8	46.0	-1.2	.9
1954:											
First quarter....	44.5	56.6	21.0	35.6	-12.1	-11.0	-1.0	44.4	45.5	-1.1	-.1
Second quarter....	48.8	55.6	18.8	36.8	-6.8	-5.8	-1.0	46.6	46.9	-.3	-2.3
Third quarter....	46.5	53.2	16.6	36.6	-6.7	-5.7	-1.0	45.2	45.9	-.7	-1.5
Fourth quarter....	50.9	54.5	16.8	37.7	-3.6	-2.3	-1.3	51.6	50.7	.9	.7
1955:											
First quarter....	53.1	55.5	15.3	40.2	-2.4	-.5	-1.9	53.7	54.1	-.4	.7
Second quarter....	59.6	58.8	16.6	42.2	.8	2.6	-1.8	59.4	60.1	-.7	-.2
Third quarter....	59.7	56.6	16.0	40.6	3.1	4.1	-1.0	60.5	60.5	(1)	.8
Fourth quarter <sup>2</sup> ..	63.0	59.8	19.4	40.4	3.2	4.5	-1.3	62.8	62.8	(1)	-.2

<sup>1</sup> Less than 50 million dollars.<sup>2</sup> 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-16.—Income of the farm population, 1929-55

Period	From agricultural sources					From non-agricultural sources	From all sources	Per capita income from all sources (dollars)	Income from non-agricultural sources as percent of income from all sources (percent)
	Income of farm operators from farming			Farm wages of farm resident workers	Total from agricultural sources <sup>1</sup>				
	Total gross income <sup>1</sup>	Production expenses	Net income <sup>1</sup>						
Millions of dollars									
1929.....	13, 773	7, 631	6, 142	882	7, 024	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
1930.....	11, 163	6, 909	4, 254	806	5, 060	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
1931.....	8, 845	5, 499	3, 346	635	3, 981	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
1932.....	6, 481	4, 443	2, 038	472	2, 510	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
1933.....	6, 887	4, 314	2, 573	439	3, 012	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
1934.....	7, 611	4, 670	2, 941	487	3, 428	1, 900	5, 328	165	35.7
1935.....	10, 364	5, 061	5, 303	555	5, 858	2, 000	7, 858	244	25.5
1936.....	9, 906	5, 574	4, 332	622	4, 954	2, 300	7, 254	228	31.7
1937.....	12, 145	6, 097	6, 048	706	6, 754	2, 500	9, 254	296	27.0
1938.....	10, 233	5, 828	4, 405	696	5, 101	2, 300	7, 401	239	31.1
1939.....	10, 651	6, 162	4, 489	700	5, 189	2, 500	7, 689	249	32.5
1940.....	11, 319	6, 749	4, 570	729	5, 299	2, 700	7, 999	262	33.8
1941.....	14, 248	7, 675	6, 573	882	7, 455	3, 100	10, 555	349	29.4
1942.....	19, 866	9, 942	9, 924	1, 150	11, 074	3, 800	14, 874	509	25.5
1943.....	23, 309	11, 487	11, 822	1, 426	13, 248	4, 200	17, 448	654	24.1
1944.....	24, 002	12, 195	11, 807	1, 545	13, 352	4, 400	17, 752	696	24.8
1945.....	25, 333	12, 922	12, 411	1, 610	14, 021	4, 200	18, 221	720	23.1
1946.....	29, 247	14, 324	14, 923	1, 798	16, 721	4, 300	21, 021	793	20.5
1947.....	32, 289	16, 831	15, 458	1, 925	17, 383	4, 900	22, 283	822	22.0
1948.....	36, 338	18, 643	17, 695	2, 009	19, 704	5, 100	24, 804	958	20.6
1949.....	30, 775	17, 909	12, 866	1, 785	14, 651	5, 200	19, 851	765	26.2
1950.....	32, 964	19, 248	13, 716	1, 743	15, 459	5, 300	20, 759	828	25.5
1951.....	38, 369	22, 258	16, 111	1, 892	18, 003	5, 600	23, 603	977	23.7
1952.....	37, 765	22, 877	14, 888	2, 067	16, 955	6, 100	23, 055	949	26.5
1953.....	34, 653	21, 840	12, 813	2, 020	14, 833	6, 000	20, 833	918	23.8
1954.....	34, 492	22, 185	12, 307	1, 989	14, 296	5, 700	19, 996	913	23.5
1955 <sup>3</sup> .....	33, 263	22, 341	10, 922	1, 943	12, 865	6, 100	18, 965	856	32.2

<sup>1</sup> Includes Government payments and the net change in farm inventories. Net income in this table differs from farm proprietors' income shown in Tables D-8 and D-11 because of revisions by the Department of Agriculture not yet incorporated into the national income accounts of the Department of Commerce.

<sup>2</sup> Not available.

<sup>3</sup> Preliminary estimates by Council of Economic Advisers.

Source: Department of Agriculture (except as noted).

# EMPLOYMENT AND WAGES

TABLE D-17.—Total population 14 years of age and over and the labor force, 1929-55

Period	Total population <sup>1</sup>	Total labor force (including armed forces) <sup>1</sup>	Armed forces <sup>1</sup>	Civilian labor force					Total labor force as percent of total population	Unemployment as percent of civilian labor force
				Total	Employment <sup>2</sup>			Unemployment		
					Total	Agricultural	Non-agricultural			
Thousands of persons 14 years of age and over									Percent	
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	44,220	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	65,983	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
1953 <sup>3</sup> .....	116,576	67,362	3,547	63,815	62,213	6,562	55,651	1,602	57.8	2.5
1954.....	117,664	67,818	3,350	64,468	61,238	6,504	54,734	3,230	57.6	5.0
1955.....	118,846	68,896	3,048	65,847	63,193	6,730	56,464	2,654	58.0	4.0
1953: <sup>4</sup> January.....	115,635	66,439	3,543	62,896	61,004	5,760	55,244	1,892	57.5	3.0
February.....	115,923	66,428	3,543	62,885	61,097	5,611	55,486	1,758	57.3	2.8
March.....	116,199	66,884	3,545	63,339	61,665	5,924	55,741	1,674	57.6	2.6
April.....	116,272	66,683	3,528	63,155	61,673	6,274	55,299	1,582	57.4	2.5
May.....	116,375	66,818	3,533	63,285	61,979	6,422	55,557	1,306	57.4	2.1
June.....	116,476	68,703	3,556	65,147	63,585	7,865	55,720	1,562	59.0	2.4
July.....	116,576	68,804	3,590	65,214	63,666	7,544	56,122	1,548	59.0	2.4
August.....	116,676	68,621	3,590	64,931	63,691	7,173	56,518	1,240	58.7	1.9
September.....	116,786	67,480	3,575	63,905	62,584	7,109	55,475	1,321	57.8	2.1
October.....	116,893	67,609	3,550	64,059	62,758	7,075	55,683	1,301	57.8	2.0
November.....	116,988	67,495	3,520	63,975	62,276	6,617	55,659	1,699	57.7	2.7
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.

TABLE D-17.—Total population 14 years of age and over and the labor force, 1929-55—Con.

Period	Total population <sup>1</sup>	Total labor force (including armed forces) <sup>1</sup>	Armed forces <sup>1</sup>	Civilian labor force					Total labor force as percent of total population	Unemployment as percent of civilian labor force		
				Total	Employment <sup>2</sup>			Unemployment				
					Total	Agricultural	Non-agricultural					
Thousands of persons 14 years of age and over											Percent	
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	68,856	3,334	65,522	62,277	6,928	55,349	3,245	58.5	5.0		
September.....	117,877	68,566	3,322	65,243	62,145	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		
1955: January.....	118,299	66,700	3,203	63,497	60,150	5,297	54,853	3,347	56.4	5.3		
February.....	118,388	66,550	3,229	63,321	59,938	5,084	54,854	3,353	56.2	5.3		
March.....	118,492	66,840	3,186	63,654	60,477	5,692	54,785	3,176	56.4	5.0		
April.....	118,582	67,784	3,137	64,647	61,685	6,215	55,470	2,962	57.2	4.6		
May.....	118,669	68,256	3,064	65,192	62,703	6,963	55,740	2,489	57.5	3.8		
June.....	118,755	69,692	2,996	66,696	64,016	7,681	56,335	2,679	58.7	4.0		
July.....	118,846	70,429	2,964	67,465	64,995	7,704	57,291	2,471	59.3	3.7		
August.....	118,961	70,695	2,969	67,726	65,489	7,536	57,952	2,237	59.4	3.3		
September.....	119,078	69,853	2,971	66,882	64,733	7,875	56,858	2,149	58.7	3.2		
October.....	119,196	70,250	2,958	67,292	65,161	7,905	57,256	2,131	58.9	3.2		
November.....	119,311	70,164	2,958	67,205	64,807	6,920	57,887	2,398	58.8	3.6		
December.....	119,424	69,538	2,946	66,592	64,165	5,884	58,282	2,427	58.2	3.6		

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

<sup>2</sup> Includes part-time workers and those with jobs but not at work for such reasons as vacation, illness, bad weather, temporary layoff, and industrial disputes.

<sup>3</sup> 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 Tables D-18, D-19, and D-20 are also on the revised basis.

NOTE.—Civilian labor force data beginning with 1954 are based on a 230-area sample. For 1946-53 they were based on a 68-area sample; for 1940-45 on a smaller sample; and for 1929-39 on sources other than direct enumeration.

Beginning July 1955, labor force data are for the calendar week containing the 12th of the month; previously, for week containing the 8th.

Annual population data are as of July 1; monthly data are as of the 1st of the month.

For the years 1940-52, estimating procedures made use of 1940 Census data; for subsequent years, 1950 Census data were used. For the effects of this change on the historical comparability of the data, see *Annual Report on the Labor Force, 1954*, Series P-50, No. 59, April 1955, p. 12.

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-18.—*Employment and unemployment, by age, and by sex for 20-64 year group, 1942-55*

[Thousands of persons 14 years of age and over]

Period	Total civil-lan labor force	Employed <sup>1</sup>					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	
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	3,305	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 <sup>2</sup> .....	63,815	62,213	4,514	37,948	16,575	3,176	1,602	312	823	407	61
1954.....	64,468	61,238	4,285	37,405	16,476	3,070	3,230	515	1,738	856	120
1955.....	65,847	63,193	4,446	38,216	17,336	3,196	2,654	471	1,366	710	109
1953: <sup>3</sup> January.....	62,896	61,004	3,972	37,327	16,515	3,191	1,892	282	1,088	430	92
February.....	62,885	61,097	4,100	37,445	16,384	3,165	1,788	298	982	428	80
March.....	63,339	61,665	4,123	37,749	16,614	3,176	1,674	252	866	464	92
April.....	63,155	61,573	4,172	37,759	16,551	3,092	1,582	242	902	364	74
May.....	63,285	61,979	4,165	38,057	16,568	3,189	1,306	246	714	310	36
June.....	65,147	63,585	5,422	38,276	16,650	3,236	1,562	512	680	330	40
July.....	65,214	63,666	5,841	38,242	16,279	3,304	1,548	410	720	370	48
August.....	64,931	63,691	5,731	38,453	16,176	3,330	1,240	280	602	322	36
September.....	63,905	62,584	4,476	38,206	16,702	3,198	1,321	234	637	403	45
October.....	64,059	62,758	4,159	38,126	17,204	3,267	1,301	284	601	371	47
November.....	63,975	62,276	4,148	38,107	16,948	3,074	1,699	291	845	506	57
December.....	62,993	60,680	3,866	37,627	16,301	2,888	2,313	410	1,240	576	85
1954: January.....	62,840	59,753	3,822	37,164	15,849	2,917	3,087	462	1,685	823	118
February.....	63,725	60,055	3,844	36,948	16,253	3,010	3,670	540	2,082	928	122
March.....	63,825	60,100	3,902	36,844	16,333	3,024	3,724	495	2,103	977	150
April.....	64,063	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	3,347	734	1,674	827	111
August.....	65,522	62,277	5,363	37,729	16,062	3,124	3,245	584	1,671	855	134
September.....	65,244	62,145	4,343	37,714	16,903	3,184	3,100	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	61,732	3,904	37,640	17,091	3,096	2,893	378	1,507	872	136
December.....	63,526	60,688	3,625	37,411	16,673	2,978	2,838	413	1,622	696	108
1955: January.....	63,497	60,150	3,494	37,195	16,494	2,968	3,347	435	1,938	808	167
February.....	63,321	59,938	3,369	37,098	16,520	2,952	3,383	421	2,031	794	135
March.....	63,654	60,477	3,524	37,341	16,553	3,058	3,176	400	1,904	732	139
April.....	64,647	61,685	3,853	37,610	17,019	3,203	2,962	367	1,782	714	102
May.....	65,192	62,703	4,056	38,180	17,253	3,216	2,489	428	1,306	666	89
June.....	66,696	64,016	5,145	38,482	17,238	3,152	2,679	751	1,209	639	80
July.....	67,465	64,995	5,786	38,769	17,259	3,180	2,471	638	1,138	628	66
August.....	67,726	65,489	5,808	38,896	17,560	3,227	2,237	515	1,009	636	78
September.....	66,882	64,733	4,630	38,876	17,909	3,319	2,149	396	892	769	93
October.....	67,292	65,161	4,630	38,832	18,254	3,444	2,131	373	938	716	108
November.....	67,205	64,807	4,581	38,736	18,088	3,405	2,398	468	1,069	749	112
December.....	66,592	64,165	4,468	38,586	17,889	3,220	2,427	461	1,161	662	144

<sup>1</sup> Includes part-time workers and those with jobs but not at work for such reasons as vacation, illness, bad weather, temporary layoff, and industrial disputes.<sup>2</sup> Revised series. See Table D-17, footnote 3.

NOTE.—Data are not available prior to 1942 for all the age and age/sex groups above. See note to Table D-17 for information on change in sample and reporting period. Detail will not necessarily add to totals because of rounding.

Source: Department of Commerce.

TABLE D-19.—*Employed persons with a job but not at work, by reason for not working, 1946-55*

[Thousands of persons 14 years of age and over]

Period	Total employed persons with a job but not at work	Temporary layoff <sup>1</sup>	New job or business <sup>2</sup>	Vacation	Illness	All other <sup>3</sup>
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	490
1950.....	2,648	92	116	1,137	718	585
1951.....	2,680	117	103	1,073	782	604
1952.....	2,814	142	117	1,130	775	650
1953 <sup>4</sup> .....	2,798	167	101	1,171	827	531
1954.....	3,036	221	127	1,361	776	551
1955.....	2,932	133	117	1,268	835	580
1953: <sup>4</sup> January.....	2,380	195	80	332	1,030	743
February.....	2,392	108	88	322	1,267	607
March.....	2,017	84	92	263	945	633
April.....	2,161	101	104	499	846	611
May.....	1,980	127	138	364	738	613
June.....	2,633	123	149	1,392	585	384
July.....	6,131	144	78	4,797	650	462
August.....	4,968	170	132	3,577	672	417
September.....	2,850	172	141	1,421	753	363
October.....	1,862	193	89	517	737	326
November.....	2,053	273	73	369	830	508
December.....	2,147	316	47	196	875	713
1954: January.....	2,636	427	80	259	1,004	867
February.....	2,287	216	108	347	996	618
March.....	1,943	236	92	286	780	549
April.....	2,286	216	188	395	930	556
May.....	2,138	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.....	1,694	137	64	230	658	606
1955: January.....	2,277	251	99	302	862	764
February.....	2,184	145	55	254	967	762
March.....	1,872	75	75	297	860	564
April.....	2,096	108	117	509	781	581
May.....	2,005	133	89	575	736	471
June.....	2,863	107	233	1,373	661	490
July.....	6,465	157	153	4,866	708	581
August.....	6,235	173	200	4,200	851	811
September.....	2,908	116	96	1,356	842	498
October.....	2,294	117	69	808	914	386
November.....	1,967	86	109	412	883	477
December.....	2,017	124	104	258	957	575

<sup>1</sup> 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.<sup>2</sup> Includes persons who had a new job or business to which they were scheduled to report within the following 30 days.<sup>3</sup> Includes persons who were not at work because of bad weather, industrial disputes, and all other reasons.<sup>4</sup> Revised series. See Table D-17, footnote 3.

NOTE.—See note on Table D-17 for information on change in sample and reporting period. Detail will not necessarily add to totals because of rounding.

Source: Department of Commerce.

TABLE D-20.—Unemployed persons, by duration of unemployment, 1946-55

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						
1946.....	2, 270	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	141	( <sup>2</sup> )
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 <sup>1</sup> .....	1, 602	910	482	132	79	8.1
1954.....	3, 230	1, 303	1, 115	495	317	11.7
1955.....	2, 654	1, 136	815	366	336	13.2
1953: <sup>3</sup> First quarter.....	1, 785	920	600	173	91	9.0
Second quarter.....	1, 483	839	424	147	74	8.3
Third quarter.....	1, 370	834	385	84	66	7.3
Fourth quarter.....	1, 771	1, 049	519	123	80	7.5
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, 231	1, 313	1, 071	473	374	12.2
Fourth quarter.....	2, 824	1, 189	890	372	373	12.9
1955: First quarter.....	3, 302	1, 144	1, 188	518	452	14.1
Second quarter.....	2, 710	1, 129	702	490	389	14.7
Third quarter.....	2, 286	1, 116	668	239	262	12.1
Fourth quarter.....	2, 319	1, 161	700	218	239	11.3

<sup>1</sup> 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).

<sup>2</sup> Not available.

<sup>3</sup> Revised series. See Table D-17, footnote 3.

NOTE.—See note to Table D-17 for information on change in sample and reporting period. Detail will not necessarily add to totals because of rounding.

Source: Department of Commerce.

TABLE D-21.—Unemployment insurance programs, selected data, 1939 and 1946-55

Period	Initial claims <sup>1</sup>		Insured unem- ployment <sup>2</sup>		Exhaus- tions, State pro- grams <sup>3</sup>	State insured unem- ployment as per cent of covered employment (percent)	Benefits paid under State pro- grams	
	State, veteran, and Federal employee pro- grams <sup>4</sup>	State pro- grams	All pro- grams <sup>4</sup>	State pro- grams <sup>5</sup>			Total (millions of dol- lars)	Average weekly check (dollars) <sup>7</sup>
	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	23.68
1954.....	314	303	2,039	1,857	34	5.2	2,029.0	24.91
1955 <sup>6</sup> .....	238	229	1,392	1,248	25	3.5	1,376.6	24.97
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	315	1,869	1,666	33	4.6	153.1	25.20
1955: January.....	372	356	2,201	1,962	38	5.5	170.6	25.12
February.....	268	257	2,109	1,880	36	5.2	163.1	25.06
March.....	226	216	1,875	1,657	37	4.7	175.0	24.96
April.....	246	238	1,651	1,471	32	4.1	132.4	24.79
May.....	213	205	1,392	1,263	25	3.6	114.2	24.33
June.....	238	202	1,226	1,121	25	3.2	105.8	24.29
July.....	239	229	1,202	1,092	24	3.1	89.4	24.39
August.....	199	189	1,068	961	19	2.7	90.4	25.00
September.....	170	163	951	858	17	2.4	81.1	25.75
October.....	194	187	864	784	15	2.2	68.3	25.97
November.....	219	211	956	863	14	2.4	72.7	25.78
December <sup>8</sup> .....	278	270	1,237	1,123	14	3.2	117.5	25.80

<sup>1</sup> Indicate, in general, instances of new unemployment.<sup>2</sup> Data on veterans relate to those under the following programs: Servicemen's Readjustment Act (which became effective in October 1944 and expired for most veterans in July 1949) and Veterans Readjustment Assistance Act of 1952, effective October 15, 1952.<sup>3</sup> Represents the number of unemployed workers covered by unemployment insurance programs who have completed at least one week of unemployment.<sup>4</sup> State, veteran, Railroad Retirement, and Federal employee programs.<sup>5</sup> 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.<sup>6</sup> Represents the number of individuals who received 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.<sup>7</sup> For total unemployment only.<sup>8</sup> Preliminary.

NOTE.—The program of Unemployment Compensation for Federal Employees became effective January 1, 1955.

Source: Department of Labor.

TABLE D-22.—Number of wage and salary workers in nonagricultural establishments, 1929–55<sup>1</sup>

[Thousands of employees]

Period	Total wage and salary workers	Manufacturing			Mining	Contract construction	Transportation and public utilities	Trade <sup>2</sup>	Finance	Service <sup>3</sup>	Government (Federal, State, and local)
		Total	Durable goods	Non-durable goods							
1929.....	31,041	10,534	(*)	(*)	1,078	1,497	3,907	6,401	1,431	3,127	3,066
1930.....	29,143	9,401	(*)	(*)	1,000	1,372	3,675	6,064	1,398	3,084	3,149
1931.....	26,383	8,021	(*)	(*)	864	1,214	3,243	5,531	1,333	2,913	3,264
1932.....	23,377	6,797	(*)	(*)	722	970	2,804	4,907	1,270	2,682	3,225
1933.....	23,466	7,258	(*)	(*)	735	899	2,659	4,999	1,225	2,614	3,167
1934.....	25,699	8,346	(*)	(*)	874	862	2,736	5,552	1,247	2,784	3,298
1935.....	26,792	8,907	(*)	(*)	888	912	2,771	5,692	1,262	2,883	3,477
1936.....	28,802	9,653	(*)	(*)	937	1,145	2,956	6,076	1,313	3,060	3,662
1937.....	30,718	10,606	(*)	(*)	1,006	1,112	3,114	6,543	1,355	3,233	3,749
1938.....	28,902	9,253	(*)	(*)	882	1,055	2,840	6,453	1,347	3,196	3,876
1939.....	30,311	10,078	4,683	5,394	845	1,150	2,912	6,612	1,399	3,321	3,995
1940.....	32,058	10,780	5,337	5,443	916	1,294	3,013	6,940	1,436	3,477	4,202
1941.....	36,220	12,974	6,945	6,028	947	1,790	3,248	7,416	1,480	3,705	4,660
1942.....	39,779	15,051	8,804	6,247	983	2,170	3,433	7,333	1,469	3,857	5,483
1943.....	42,106	17,381	11,077	6,304	917	1,567	3,619	7,189	1,435	3,919	6,080
1944.....	41,534	17,111	10,858	6,253	883	1,094	3,798	7,260	1,409	3,934	6,043
1945.....	40,037	15,302	9,079	6,222	826	1,132	3,872	7,522	1,428	4,011	5,944
1946.....	41,287	14,461	7,739	6,722	852	1,661	4,023	8,602	1,619	4,474	5,595
1947.....	43,462	15,290	8,372	6,918	943	1,982	4,122	9,196	1,672	4,783	5,474
1948.....	44,448	15,321	8,312	7,010	982	2,169	4,141	9,519	1,741	4,925	5,650
1949.....	43,315	14,178	7,473	6,705	918	2,165	3,949	9,513	1,765	4,972	5,856
1950.....	44,738	14,967	8,085	6,882	889	2,333	3,977	9,645	1,824	5,077	6,026
1951.....	47,347	16,104	9,080	7,024	916	2,603	4,166	10,012	1,892	5,284	6,389
1952.....	48,303	16,334	9,340	6,994	885	2,634	4,185	10,281	1,967	5,411	6,609
1953.....	49,681	17,238	10,105	7,133	852	2,622	4,221	10,527	2,038	5,538	6,645
1954.....	48,285	15,989	9,120	6,870	770	2,527	4,008	10,498	2,114	5,629	6,751
1955 <sup>4</sup> .....	49,395	16,557	9,543	7,014	748	2,504	4,055	10,721	2,192	5,693	6,924
Seasonally adjusted <sup>5</sup>											
1953: January.....	49,527	17,149	10,027	7,122	876	2,647	4,212	10,494	2,003	5,444	6,702
February.....	49,680	17,256	10,126	7,130	868	2,669	4,209	10,504	2,013	5,458	6,703
March.....	49,735	17,383	10,236	7,147	856	2,630	4,213	10,494	2,016	5,475	6,668
April.....	49,752	17,432	10,263	7,169	852	2,613	4,202	10,496	2,019	5,512	6,626
May.....	49,851	17,491	10,281	7,210	858	2,613	4,230	10,521	2,025	5,516	6,597
June.....	49,935	17,517	10,289	7,228	854	2,598	4,238	10,537	2,029	5,546	6,616
July.....	49,947	17,488	10,287	7,201	858	2,610	4,249	10,539	2,049	5,566	6,588
August.....	49,867	17,365	10,198	7,167	847	2,596	4,245	10,539	2,050	5,566	6,659
September.....	49,720	17,225	10,096	7,129	848	2,617	4,249	10,514	2,055	5,568	6,644
October.....	49,681	17,082	9,996	7,086	840	2,634	4,235	10,552	2,066	5,613	6,659
November.....	49,380	16,852	9,805	7,047	839	2,623	4,198	10,564	2,060	5,598	6,646
December.....	49,149	16,651	9,677	6,974	834	2,628	4,169	10,564	2,068	5,593	6,642
1954: January.....	48,791	16,445	9,544	6,901	821	2,533	4,104	10,562	2,072	5,586	6,668
February.....	48,650	16,296	9,410	6,886	814	2,583	4,063	10,527	2,084	5,588	6,695
March.....	48,445	16,199	9,298	6,901	794	2,577	3,986	10,535	2,087	5,591	6,676
April.....	48,268	16,072	9,191	6,881	776	2,557	3,998	10,502	2,096	5,611	6,656
May.....	48,211	15,985	9,115	6,870	769	2,555	3,996	10,470	2,103	5,616	6,717
June.....	48,179	15,942	9,070	6,872	767	2,528	4,001	10,455	2,107	5,631	6,748
July.....	48,046	15,733	8,912	6,821	768	2,532	4,000	10,480	2,118	5,670	6,745
August.....	48,012	15,688	8,856	6,832	755	2,509	3,989	10,475	2,119	5,665	6,812
September.....	47,998	15,739	8,881	6,858	740	2,491	4,007	10,447	2,141	5,634	6,799
October.....	48,097	15,835	8,975	6,860	743	2,481	3,995	10,443	2,147	5,660	6,793
November.....	48,351	15,972	9,082	6,890	745	2,510	3,976	10,496	2,145	5,650	6,857
December.....	48,432	15,992	9,105	6,887	743	2,491	3,986	10,575	2,147	5,644	6,854

See footnotes at end of table.



TABLE D-22.—*Number of wage and salary workers in nonagricultural establishments, 1929-55*<sup>1</sup>—  
Continued

[Thousands of employees]

Period	Total wage and salary workers	Manufacturing			Mining	Contract construction	Transportation and public utilities	Trade <sup>1</sup>	Finance	Service <sup>2</sup>	Government (Federal, State, and local)
		Total	Durable goods	Non-durable goods							
	Seasonally adjusted <sup>3</sup>										
1955: January ----	48, 404	15, 993	9, 124	6, 869	741	2, 486	3, 974	10, 574	2, 145	5, 646	6, 845
February ----	48, 470	16, 091	9, 211	6, 880	741	2, 451	3, 984	10, 541	2, 154	5, 649	6, 859
March ----	48, 780	16, 229	9, 300	6, 929	739	2, 483	3, 986	10, 633	2, 161	5, 656	6, 873
April ----	48, 882	16, 380	9, 405	6, 975	743	2, 502	3, 946	10, 600	2, 161	5, 674	6, 876
May ----	49, 242	16, 545	9, 523	7, 022	749	2, 539	4, 000	10, 655	2, 171	5, 676	6, 907
June ----	49, 514	16, 688	9, 627	7, 061	756	2, 514	4, 064	10, 711	2, 184	5, 690	6, 907
July ----	49, 638	16, 635	9, 618	7, 017	757	2, 546	4, 082	10, 765	2, 204	5, 730	6, 919
August ----	49, 725	16, 668	9, 615	7, 053	747	2, 519	4, 106	10, 797	2, 208	5, 732	6, 948
September ----	49, 835	16, 691	9, 634	7, 067	754	2, 537	4, 135	10, 824	2, 223	5, 705	6, 966
October ----	49, 950	16, 822	9, 736	7, 086	751	2, 512	4, 116	10, 801	2, 227	5, 730	6, 991
November <sup>4</sup> ----	50, 146	16, 987	9, 852	7, 135	750	2, 482	4, 134	10, 859	2, 227	5, 720	6, 987
December <sup>4</sup> ----	50, 173	17, 002	9, 888	7, 113	750	2, 458	4, 130	10, 873	2, 236	5, 710	7, 014

<sup>1</sup> 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 (Table D-17) 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.

<sup>2</sup> 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.

<sup>3</sup> Not available.

<sup>4</sup> Preliminary revisions.

<sup>5</sup> Estimates incorporate preliminary revisions in the seasonal indexes for employment in contract construction and Federal Government.

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

Source: Department of Labor.

TABLE D-23.—Average weekly hours of work in selected industries, 1929-55

Period	Manufacturing			Bitu- minous coal mining	Build- ing con- struc- tion	Class I rail- roads	Tele- phone	Whole- sale trade	Retail trade (except eating and drink- ing places)	Laun- dries
	Total	Du- rable goods	Non- du- rable goods							
1929.....	44.2	( <sup>1</sup> )	( <sup>2</sup> )	38.4	( <sup>3</sup> )	( <sup>4</sup> )	( <sup>5</sup> )	( <sup>6</sup> )	( <sup>7</sup> )	( <sup>8</sup> )
1930.....	42.1	( <sup>9</sup> )	( <sup>10</sup> )	33.5	( <sup>11</sup> )	( <sup>12</sup> )	( <sup>13</sup> )	( <sup>14</sup> )	( <sup>15</sup> )	( <sup>16</sup> )
1931.....	40.5	( <sup>17</sup> )	( <sup>18</sup> )	28.3	( <sup>19</sup> )	( <sup>20</sup> )	( <sup>21</sup> )	( <sup>22</sup> )	( <sup>23</sup> )	( <sup>24</sup> )
1932.....	38.3	32.6	41.9	27.2	( <sup>25</sup> )	( <sup>26</sup> )	( <sup>27</sup> )	( <sup>28</sup> )	( <sup>29</sup> )	( <sup>30</sup> )
1933.....	38.1	34.8	40.0	29.5	( <sup>31</sup> )	( <sup>32</sup> )	( <sup>33</sup> )	( <sup>34</sup> )	( <sup>35</sup> )	( <sup>36</sup> )
1934.....	34.6	33.9	35.1	27.0	28.9	( <sup>37</sup> )	( <sup>38</sup> )	( <sup>39</sup> )	( <sup>40</sup> )	39.4
1935.....	36.6	37.3	36.1	26.4	30.1	( <sup>41</sup> )	( <sup>42</sup> )	41.3	( <sup>43</sup> )	41.0
1936.....	39.2	41.0	37.7	28.8	32.8	( <sup>44</sup> )	( <sup>45</sup> )	42.6	( <sup>46</sup> )	42.7
1937.....	38.6	40.0	37.4	27.9	33.4	( <sup>47</sup> )	33.8	42.8	( <sup>48</sup> )	42.6
1938.....	35.6	35.0	36.1	23.5	32.1	( <sup>49</sup> )	33.9	42.2	( <sup>50</sup> )	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	39.2	40.5
1954.....	39.7	40.2	39.0	32.6	36.2	40.8	38.9	40.4	39.2	40.1
1955 <sup>6</sup> .....	40.7	41.4	39.8	37.4	36.1	41.8	39.6	40.6	39.0	40.3
1954: January.....	39.4	40.1	38.5	33.2	33.9	38.7	33.2	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	36.4	41.4	38.2	40.2	39.1	39.6
April.....	39.0	39.7	38.1	28.9	36.4	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.....	39.5	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	39.1	40.1
October.....	39.9	40.4	39.2	35.3	36.6	40.4	39.8	40.5	38.9	40.5
November.....	40.2	40.8	39.5	35.6	35.8	41.7	39.7	40.4	38.7	40.0
December.....	40.5	41.1	39.8	37.1	36.0	42.3	39.3	40.8	39.5	40.3
1955: January.....	40.2	40.9	39.3	37.1	35.1	40.4	38.9	40.4	38.9	40.0
February.....	40.4	41.1	39.5	37.8	34.7	42.1	39.0	40.3	38.9	39.8
March.....	40.6	41.4	39.7	36.9	35.9	42.0	39.0	40.3	38.8	40.2
April.....	40.3	41.2	39.0	37.2	35.4	41.2	39.4	40.3	38.6	40.3
May.....	40.8	41.6	39.6	37.4	36.7	41.3	39.8	40.6	38.8	40.8
June.....	40.7	41.2	39.9	39.0	36.7	42.7	39.4	40.6	39.1	40.4
July.....	40.4	40.9	39.7	38.2	37.2	41.4	40.0	40.9	39.7	40.6
August.....	40.6	41.1	39.9	37.5	36.7	43.1	40.2	40.6	39.6	40.0
September.....	40.9	41.4	40.1	36.5	37.4	42.6	40.1	40.7	39.1	40.3
October.....	41.1	41.7	40.3	37.4	36.3	41.2	39.9	40.7	38.7	40.6
November.....	41.2	41.9	40.3	36.3	34.7	( <sup>51</sup> )	40.3	40.9	38.6	40.2
December <sup>6</sup> .....	41.4	42.0	40.7	( <sup>52</sup> )	( <sup>53</sup> )	( <sup>54</sup> )	( <sup>55</sup> )	( <sup>56</sup> )	( <sup>57</sup> )	( <sup>58</sup> )

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> Not available.

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

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

<sup>6</sup> 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 1955 for industries other than manufacturing are simple arithmetic averages of the monthly figures shown 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, 1929-55

Period	Manufacturing			Bituminous coal mining	Building construction	Class I railroads <sup>1</sup>	Telephone <sup>2</sup>	Wholesale trade	Retail trade (except eating and drinking places)	Laundries	Agriculture <sup>3</sup>
	Total	Durable goods	Non-durable goods								
1929.....	\$0.566	( <sup>4</sup> )	( <sup>4</sup> )	\$0.681	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	\$0.241
1930.....	.552	( <sup>4</sup> )	( <sup>4</sup> )	.684	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	.226
1931.....	.515	( <sup>4</sup> )	( <sup>4</sup> )	.647	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	.172
1932.....	.446	\$0.497	\$0.420	.520	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	.129
1933.....	.442	.472	.427	.501	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	.115
1934.....	.532	.556	.515	.673	\$0.795	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	\$0.378	.129
1935.....	.550	.577	.530	.745	.815	( <sup>4</sup> )	( <sup>4</sup> )	\$0.648	( <sup>4</sup> )	.376	.142
1936.....	.556	.586	.529	.794	.824	( <sup>4</sup> )	( <sup>4</sup> )	.667	( <sup>4</sup> )	.378	.152
1937.....	.624	.674	.577	.856	.903	( <sup>4</sup> )	\$0.774	.698	( <sup>4</sup> )	.395	.172
1938.....	.627	.686	.584	.878	.908	( <sup>4</sup> )	.816	\$.700	( <sup>4</sup> )	.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	\$.962	1.029	.783	.648	.472
1946.....	1.086	1.156	1.015	1.401	1.478	1.087	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	1.325	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.....	1.81	1.92	1.66	2.48	2.60	1.93	1.76	1.83	1.45	1.00	.661
1955 <sup>7</sup> .....	1.88	2.01	1.71	2.55	2.66	1.95	1.82	1.91	1.50	1.01	.675
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	.680
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	1.46	1.00	-----
September.....	1.81	1.93	1.68	2.49	2.62	1.94	1.79	1.85	1.46	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	2.63	1.94	1.83	1.85	1.46	1.01	-----
December.....	1.83	1.95	1.67	2.48	2.66	1.93	1.80	1.86	1.44	1.01	-----
1955: January.....	1.84	1.96	1.68	2.48	2.65	1.95	1.79	1.86	1.48	1.01	.724
February.....	1.85	1.96	1.68	2.50	2.65	1.98	1.82	1.86	1.48	1.01	-----
March.....	1.85	1.97	1.68	2.49	2.63	1.92	1.80	1.88	1.48	1.01	-----
April.....	1.86	1.98	1.69	2.50	2.63	1.94	1.82	1.89	1.49	1.01	.590
May.....	1.87	1.99	1.70	2.51	2.63	1.94	1.83	1.90	1.50	1.02	-----
June.....	1.87	1.99	1.70	2.52	2.64	1.94	1.80	1.91	1.51	1.01	-----
July.....	1.89	2.02	1.71	2.50	2.66	1.96	1.80	1.92	1.52	1.01	1.669
August.....	1.88	2.01	1.70	2.52	2.67	1.94	1.81	1.92	1.52	1.01	-----
September.....	1.90	2.04	1.72	2.65	2.69	1.95	1.81	1.94	1.53	1.01	-----
October.....	1.91	2.04	1.72	2.67	2.70	1.98	1.84	1.95	1.52	1.01	.701
November <sup>7</sup> .....	1.93	2.06	1.74	2.67	2.69	( <sup>4</sup> )	1.88	1.93	1.52	1.01	-----
December <sup>7</sup> .....	1.93	2.06	1.75	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	-----

<sup>1</sup> 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.

<sup>2</sup> 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.

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

<sup>4</sup> Not available.

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

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

<sup>7</sup> 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 1955 for industries other than manufacturing are simple arithmetic averages of the monthly figures shown 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, 1929-55

Period	Manufacturing			Bitu- minous coal mining	Build- ing con- struction	Class I rail- roads <sup>1</sup>	Tele- phone <sup>2</sup>	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	24.02	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	51.09	40.66	32.71
1948.....	54.14	57.11	50.61	72.12	68.85	60.11	48.82	55.58	43.85	34.23
1949.....	64.92	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	70.33	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	71.09	54.88	39.69
1954.....	71.86	77.18	64.74	80.85	94.12	78.74	68.46	73.93	56.84	40.10
1955 <sup>4</sup> .....	76.52	83.21	68.06	95.19	95.89	81.51	72.07	77.32	58.65	40.73
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	93.91	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.....	71.50	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	57.96	39.40
September.....	71.86	77.39	65.24	81.17	94.32	80.32	71.60	74.74	57.09	40.50
October.....	72.22	77.97	65.07	87.54	96.26	78.38	72.04	74.93	57.18	40.50
November.....	73.57	79.15	65.97	88.29	94.15	80.90	72.65	74.74	56.50	40.40
December.....	74.12	80.15	66.47	92.01	95.40	81.64	70.74	75.89	56.88	40.70
1955: January.....	73.97	80.16	66.02	92.01	93.02	78.78	69.63	75.14	57.57	40.40
February.....	74.74	80.56	66.36	94.50	91.96	83.36	70.98	74.96	57.57	40.20
March.....	75.11	81.56	66.70	91.88	94.42	80.64	70.20	75.76	57.42	40.60
April.....	74.96	81.58	65.91	93.00	93.10	79.93	71.71	76.17	57.51	40.70
May.....	76.30	82.78	67.32	93.87	96.52	80.12	72.83	77.14	58.20	41.62
June.....	76.11	81.99	67.83	98.28	96.89	82.84	70.92	77.55	59.04	40.80
July.....	76.36	82.62	67.89	95.50	98.95	81.14	72.00	78.53	60.34	41.01
August.....	76.33	82.61	67.83	94.50	97.99	83.61	72.76	77.95	60.19	40.40
September.....	77.71	84.46	68.97	96.73	100.61	83.07	72.58	78.96	59.82	40.70
October.....	78.50	85.07	69.32	99.86	98.01	81.58	73.42	79.37	58.82	41.01
November <sup>5</sup> .....	79.52	86.31	70.12	96.92	93.34	(3)	75.76	78.94	58.67	40.60
December <sup>6</sup> .....	79.90	86.52	71.23	(3)	(3)	(3)	(3)	(3)	(3)	(3)

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> Not available.

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

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

<sup>6</sup> 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 1955 for industries other than manufacturing are simple arithmetic averages of the monthly figures shown and not strictly comparable with the averages for earlier years, which have been weighted by data on man-hours.

Source: Department of Labor.

TABLE D-26.—*Labor turnover rates in manufacturing industries, 1930-55*

[Rates per 100 employees]

Period	Separation rates				Accession rates
	Total	Quit <sup>1</sup>	Layoff	Discharge, military, and miscellaneous <sup>1</sup>	
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	2.1	.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	.7	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.....	3.5	1.1	1.9	.4	3.0
1955 <sup>2</sup> .....	3.3	1.6	1.2	.5	3.8
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	2.8
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.....	3.0	1.0	1.6	.3	3.3
December.....	3.0	.9	1.7	.4	2.5
1955: January.....	2.9	1.0	1.5	.5	3.3
February.....	2.5	1.0	1.1	.4	3.2
March.....	3.0	1.3	1.3	.4	3.6
April.....	3.1	1.5	1.2	.5	3.5
May.....	3.2	1.5	1.1	.5	3.8
June.....	3.2	1.5	1.2	.5	4.3
July.....	3.4	1.6	1.3	.5	3.4
August.....	4.0	2.2	1.3	.5	4.5
September.....	4.4	2.8	1.1	.5	4.4
October.....	3.5	1.8	1.2	.5	4.1
November <sup>3</sup> .....	3.0	1.5	1.1	.5	3.3

<sup>1</sup> Prior to 1940, military and miscellaneous separations are included with quits.<sup>2</sup> Based on data through November.<sup>3</sup> Preliminary.

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

Source: Department of Labor.

# PRODUCTION AND BUSINESS ACTIVITY

TABLE D-27.—Industrial production indexes, 1929-55

[1947-49=100]

Period	Industrial production										
	Total	Manufactures									
		Total	Durable								
			Total	Primary metals	Fabricated metal products	Non-electrical machinery	Electrical machinery	Transportation equipment	Instruments and related products	Clay, glass, and lumber products	Furniture and miscellaneous manufactures
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.....	125	127	137	108	123	125	177	175	140	123	121
1955 <sup>1</sup> .....	139	140	155	140	134	135	194	203	150	138	132
Seasonally adjusted											
1954: January.....	125	127	141	111	126	130	169	181	148	120	120
February.....	125	126	139	109	123	130	165	179	147	123	120
March.....	123	125	135	103	120	125	167	176	144	123	119
April.....	123	125	134	103	119	125	168	175	139	121	117
May.....	125	126	136	106	121	124	168	174	138	125	118
June.....	124	125	135	108	122	124	169	174	135	118	120
July.....	123	124	134	103	121	125	173	170	136	113	120
August.....	123	125	135	105	123	125	178	166	135	114	123
September.....	124	126	137	105	122	125	182	167	137	124	123
October.....	126	128	139	111	124	123	190	166	137	130	123
November.....	128	130	142	118	125	122	196	179	138	130	123
December.....	130	131	143	121	125	121	193	189	140	133	122
1955: January.....	132	133	145	127	125	124	187	197	140	132	122
February.....	133	134	147	131	126	125	189	199	142	132	124
March.....	135	136	148	136	129	126	190	200	143	135	126
April.....	136	138	151	138	130	131	191	202	143	136	127
May.....	138	140	153	140	134	134	189	202	142	138	132
June.....	139	141	155	143	135	136	192	198	149	143	136
July.....	139	141	155	134	135	138	197	202	151	138	134
August.....	140	142	158	139	137	140	196	203	153	140	137
September.....	142	144	160	146	141	141	199	205	155	141	137
October.....	143	145	161	148	142	143	205	208	156	141	136
November <sup>1</sup> .....	144	146	161	149	139	143	198	212	159	139	136
December <sup>1</sup> .....	144	145	160	151	139	142	196	207	161	139	137

See footnotes at end of table.

TABLE D-27.—Industrial production indexes, 1929-55—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	101	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	101
1954	116	100	104	125	142	106	111	116	131	122	95
1955 <sup>1</sup>	126	110	122	137	159	109	122	146	190	143	106
Seasonally adjusted											
1954: January	113	97	103	122	138	105	113	111	131	107	95
February	114	98	102	123	141	106	113	112	130	110	96
March	115	97	103	124	139	105	112	110	129	109	94
April	115	97	103	125	140	105	109	112	130	114	93
May	117	98	106	126	142	106	111	115	134	117	93
June	116	98	107	126	142	106	114	117	133	123	96
July	114	101	99	126	141	106	112	115	126	127	93
August	114	100	97	126	141	106	109	114	118	131	91
September	115	101	103	127	144	106	108	115	112	134	98
October	117	103	108	127	143	105	109	113	106	133	98
November	118	104	108	127	145	107	113	124	142	131	97
December	119	104	115	127	148	107	116	131	167	130	96
1955: January	121	106	123	130	148	107	120	139	188	133	98
February	121	104	120	131	151	106	123	141	191	134	99
March	124	107	122	134	154	107	121	142	192	136	100
April	126	109	123	135	156	109	119	144	192	140	100
May	127	110	125	138	159	108	121	145	190	141	103
June	128	110	127	139	161	109	122	144	173	151	106
July	126	109	120	139	160	108	120	150	188	155	106
August	125	109	119	138	160	107	121	152	193	155	107
September	128	111	121	140	163	107	123	154	195	156	111
October	129	112	125	141	162	111	123	152	194	148	114
November <sup>1</sup>	130	115	122	141	164	112	125	151	196	143	114
December <sup>1</sup>	130	114	124	141	165	111	127	147	187	141	114

<sup>1</sup> Preliminary.

NOTE.—Prior to 1947, detail not available.

Source: Board of Governors of the Federal Reserve System.

TABLE D-28.—*Farm production indexes, 1929-55*

[1947-49=100]

Year	Farm output <sup>1</sup>	All live-stock and products	Crops		Crop production per acre
			All crops <sup>2</sup>	Feed used by farm horses and mules <sup>3</sup>	
1929.....	74	77	79	227	79
1930.....	72	78	76	219	75
1931.....	79	80	84	212	83
1932.....	76	81	80	204	79
1933.....	70	82	71	198	71
1934.....	60	75	58	194	59
1935.....	72	72	76	191	76
1936.....	65	77	64	186	65
1937.....	82	76	88	182	88
1938.....	79	79	83	176	85
1939.....	80	85	82	171	85
1940.....	83	87	85	167	88
1941.....	86	92	86	162	90
1942.....	96	102	97	155	100
1943.....	94	111	91	148	91
1944.....	97	105	96	140	96
1945.....	96	104	93	131	95
1946.....	98	101	98	122	101
1947.....	95	100	93	110	95
1948.....	104	97	106	100	106
1949.....	101	103	101	90	99
1950.....	100	106	97	82	98
1951.....	103	111	99	74	99
1952.....	107	112	103	64	103
1953.....	108	114	103	57	102
1954.....	109	119	101	51	102
1955 <sup>4</sup> .....	112	122	105	46	107

<sup>1</sup> Farm output measures the annual volume of farm production available for eventual human use through sales from farms or consumption in farm households. Excludes production of feed for horses and mules.

<sup>2</sup> Includes production of feed for horses and mules.

<sup>3</sup> Not included in total farm output.

<sup>4</sup> Preliminary.

Source: Department of Agriculture.



TABLE D-29.—*Business expenditures for new plant and equipment, 1939 and 1945-56*

[Billions of dollars]

Period	Total <sup>1</sup>	Manufacturing			Mining	Transportation		Public utilities	Commercial and other <sup>2</sup>
		Total	Durable goods	Non-durable goods		Railroad	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.....	28.32	11.91	5.65	6.26	.99	1.31	1.56	4.55	8.00
1954.....	26.83	11.04	5.09	5.95	.98	.85	1.51	4.22	8.23
1955 <sup>3</sup> .....	28.27	11.32	5.42	5.90	.93	.93	1.60	4.38	9.11
Seasonally adjusted annual rates									
1953: First quarter.....	27.84	11.99	5.80	6.19	0.94	1.34	1.47	4.40	7.70
Second quarter.....	28.10	11.90	5.69	6.21	.91	1.34	1.51	4.52	7.92
Third quarter.....	28.82	11.94	5.60	6.33	1.03	1.30	1.65	4.81	8.08
Fourth quarter.....	28.53	11.83	5.53	6.30	1.05	1.26	1.62	4.48	8.28
1954: First quarter.....	27.46	11.62	5.40	6.22	.94	1.04	1.57	4.33	7.97
Second quarter.....	26.92	11.09	5.18	5.90	1.04	.91	1.44	4.37	8.07
Third quarter.....	26.84	10.98	5.06	5.93	1.00	.80	1.51	4.12	8.42
Fourth quarter.....	26.18	10.58	4.80	5.79	.91	.68	1.53	4.01	8.46
1955: First quarter.....	25.65	10.17	4.78	5.39	.80	.74	1.46	4.01	8.46
Second quarter.....	27.19	10.84	5.06	5.78	.94	.80	1.62	4.09	8.90
Third quarter.....	29.65	11.97	5.77	6.20	.99	.96	1.60	4.43	9.70
Fourth quarter <sup>4</sup> .....	30.86	12.64	6.23	6.41	.97	1.15	1.66	4.70	9.74
1956: First quarter <sup>4</sup> .....	31.60	13.44	6.80	6.64	.95	1.41	1.64	4.52	9.64

<sup>1</sup> Excludes agriculture.<sup>2</sup> Commercial and other includes trade, service, finance, communications, and construction.<sup>3</sup> Annual total is sum of seasonally unadjusted quarterly expenditures; it does not necessarily coincide with average of seasonally adjusted figures, which include adjustments, when necessary, for systematic tendencies in anticipatory data.<sup>4</sup> Estimates for fourth quarter 1955 and first quarter 1956 based on anticipated capital expenditures reported by business in late October and November 1955.

NOTE.—These figures do not agree precisely with the plant and equipment expenditures included in the gross national product estimates of the Department of Commerce. The main difference lies in the inclusion in the gross national product of investment by farmers, professionals, and institutions, and of certain outlays charged to current account.

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-30.—*New construction activity, 1929-55*

[Value put in place, millions of dollars]

Period	Total new construction	Private construction							Public construction
		Total <sup>1</sup>	Residential building (non-farm)	Nonresidential building and other construction					
				Total	Commercial	Industrial	Public utility	Other <sup>2</sup>	
1929-----	10,793	8,307	3,625	4,682	1,135	949	1,578	1,020	2,486
1930-----	8,741	5,883	2,075	3,808	893	532	1,527	856	2,858
1931-----	6,427	3,768	1,565	2,203	454	221	946	582	2,659
1932-----	3,538	1,676	630	1,046	223	74	467	282	1,862
1933-----	2,879	1,231	470	761	130	176	261	194	1,648
1934-----	3,720	1,509	625	884	173	191	326	194	2,211
1935-----	4,232	1,999	1,010	989	211	158	363	257	2,233
1936-----	6,497	2,981	1,565	1,416	290	266	518	342	3,516
1937-----	6,999	3,903	1,875	2,028	387	492	705	444	3,096
1938-----	6,980	3,560	1,990	1,570	285	232	605	448	3,420
1939-----	8,198	4,389	2,680	1,709	292	254	683	480	3,809
1940-----	8,682	5,054	2,985	2,069	348	442	771	508	3,628
1941-----	11,957	6,206	3,510	2,696	409	801	872	614	5,751
1942-----	14,075	3,415	1,715	1,700	155	346	786	413	10,660
1943-----	8,301	1,979	885	1,094	33	156	570	335	6,322
1944-----	5,259	2,186	815	1,371	56	208	725	382	3,073
1945-----	5,633	3,235	1,100	2,135	203	642	827	463	2,398
1946-----	12,000	9,638	4,015	5,623	1,132	1,689	1,374	1,428	2,362
1947-----	16,689	13,256	6,310	6,946	856	1,702	2,338	2,050	3,433
1948-----	21,678	16,853	8,580	8,273	1,253	1,397	3,043	2,580	4,825
1949-----	22,789	16,384	8,267	8,117	1,027	972	3,323	2,795	6,405
1950-----	28,454	21,454	12,600	8,854	1,288	1,062	3,330	3,174	7,000
1951-----	31,182	21,764	10,973	10,791	1,371	2,117	3,729	3,574	9,418
1952-----	33,008	22,107	11,100	11,007	1,137	2,320	4,003	3,547	10,901
1953-----	35,271	23,877	11,930	11,947	1,791	2,229	4,416	3,511	11,394
1954-----	37,577	25,768	13,496	12,272	2,212	2,030	4,341	3,689	11,890
1955 <sup>3</sup> -----	42,250	30,250	16,600	13,650	3,039	2,403	4,465	3,743	12,000
Seasonally adjusted annual rates									
1954: January-----	35,796	23,712	11,736	11,976	2,064	2,088	4,320	3,504	12,084
February-----	36,132	23,784	11,760	12,024	2,088	2,064	4,308	3,564	12,348
March-----	35,940	23,952	11,868	12,084	2,076	2,100	4,320	3,588	11,988
April-----	36,192	24,636	12,480	12,156	2,100	2,052	4,320	3,684	11,556
May-----	37,368	25,512	13,248	12,264	2,160	2,028	4,332	3,744	11,556
June-----	37,296	25,500	13,224	12,276	2,196	2,016	4,320	3,744	11,796
July-----	37,596	26,160	13,800	12,360	2,268	1,956	4,332	3,804	11,436
August-----	38,388	26,712	14,304	12,408	2,412	1,932	4,344	3,720	11,676
September-----	38,388	26,964	14,580	12,384	2,424	1,908	4,356	3,696	11,424
October-----	37,632	26,856	14,520	12,336	2,316	1,980	4,368	3,672	11,676
November-----	39,048	27,228	14,748	12,480	2,232	2,076	4,380	3,792	11,820
December-----	41,148	28,200	15,684	12,516	2,208	2,160	4,392	3,756	12,948
1955: January-----	41,064	28,800	16,056	12,744	2,400	2,172	4,416	3,756	12,284
February-----	41,436	29,256	16,176	13,080	2,664	2,196	4,452	3,768	12,160
March-----	41,568	29,568	16,188	13,380	2,820	2,256	4,488	3,816	12,000
April-----	42,300	30,300	16,692	13,608	2,976	2,256	4,512	3,864	12,000
May-----	42,972	30,672	17,028	13,644	3,000	2,304	4,488	3,852	12,300
June-----	42,780	30,540	17,040	13,500	2,940	2,376	4,488	3,696	12,240
July-----	42,792	30,936	17,220	13,716	3,036	2,460	4,476	3,744	11,856
August-----	42,816	31,092	17,196	13,896	3,264	2,484	4,476	3,672	11,724
September-----	42,876	31,188	17,064	14,124	3,480	2,508	4,464	3,672	11,688
October-----	42,312	30,612	16,488	14,124	3,492	2,544	4,452	3,636	11,700
November-----	42,216	30,204	16,140	14,064	3,264	2,616	4,440	3,744	12,012
December <sup>4</sup> -----	41,868	29,832	15,912	13,920	3,132	2,664	4,428	3,696	12,036

<sup>1</sup> 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, Table D-1.<sup>2</sup> Includes farm, institutional, and all other.<sup>3</sup> Preliminary.

Sources: Department of Commerce and Department of Labor.

TABLE D-31.—*New public construction activity, 1929-55*

[Value put in place, millions of dollars]

Year	Total new public construction <sup>1</sup>				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 misc. public service	Con-serva-tion and de-velop-ment	Mili-tary facilities	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	1,516	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	958	130	83	291	150	34	216
1933.....	1,648	516	286	846	847	52	49	160	359	36	145
1934.....	2,211	628	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	1,566	1,153	1,362	366	74	509	658	29	518
1937.....	3,098	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	128	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.....	11,394	4,151	700	6,543	3,160	1,714	365	1,083	830	1,307	2,935
1954.....	11,809	3,445	709	7,655	3,750	2,134	365	1,200	704	1,030	2,626
1955 <sup>2</sup> .....	12,000	2,766	757	8,477	4,100	2,442	329	1,364	595	1,300	1,870

<sup>1</sup> For expenditures classified by ownership, combine "Federal aid" and "State and local" columns to obtain State and local ownership. "Direct" column stands as it is for Federal ownership.

<sup>2</sup> Preliminary.

Sources: Department of Commerce and Department of Labor.

TABLE D-32.—*New nonfarm housing starts, by source of funds and by type of structure, 1929-55*<sup>1</sup>

[Thousands of units]

Period	Total nonfarm units	Source of funds		Type of structure			Private units, seasonally adjusted annual rates
		Private	Public	1-family	2-family <sup>2</sup>	Multi-family <sup>3</sup>	
1929 <sup>4</sup>	509.0	509.0		316.0	51.0	142.0	
1930	330.0	330.0		227.0	29.0	74.0	
1931	254.0	254.0		187.0	22.0	45.0	
1932	134.0	134.0		118.0	7.0	9.0	
1933	93.0	93.0		76.0	5.0	12.0	
1934	126.0	126.0		109.0	5.0	12.0	
1935	221.0	215.7	5.3	183.0	8.0	30.0	
1936	319.0	304.2	14.8	244.0	14.0	61.0	
1937	336.0	332.4	3.6	267.0	16.0	53.0	
1938	406.0	399.3	6.7	317.0	18.0	71.0	
1939	515.0	458.4	56.6	399.0	29.0	87.0	
1940	602.6	529.6	73.0	485.7	37.3	79.6	
1941	706.1	619.5	86.6	603.5	34.3	68.3	
1942	356.0	301.2	54.8	292.8	20.1	43.1	
1943	191.0	183.7	7.3	143.6	17.8	29.6	
1944	141.8	138.7	3.1	117.7	10.6	13.5	
1945	209.3	208.1	1.2	184.6	8.8	15.9	
1946	670.5	662.5	8.0	590.0	24.3	56.2	
1947	849.0	845.6	3.4	740.2	33.9	74.9	
1948	931.6	913.5	18.1	766.6	46.9	118.1	
1949	1,025.1	988.8	36.3	794.3	36.5	194.3	
1950	1,396.0	1,352.2	43.8	1,154.1	44.8	197.1	
1951	1,091.3	1,020.1	71.2	900.1	40.4	150.8	
1952	1,127.0	1,068.5	58.5	942.5	45.9	138.6	
1953	1,103.8	1,068.3	35.5	937.8	41.5	124.5	
1954	1,220.4	1,201.7	18.7	1,077.9	34.2	108.3	
1955 <sup>5</sup>	1,329.9	1,310.8	19.1	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	
1954: January	66.4	65.1	1.3	53.1	2.2	11.1	1,056
February	75.2	73.9	1.3	64.7	2.3	8.2	1,152
March	95.2	93.2	2.0	83.2	2.8	9.2	1,130
April	107.7	106.5	1.2	96.1	3.1	8.5	1,102
May	108.5	107.4	1.1	97.7	3.0	7.8	1,083
June	116.5	112.6	3.9	102.0	2.9	11.6	1,175
July	116.0	112.9	3.1	101.6	3.1	11.3	1,188
August	114.3	113.0	1.3	103.0	3.1	8.2	1,211
September	115.7	113.4	2.3	103.9	3.1	8.7	1,248
October	110.7	110.5	.2	100.3	2.7	7.7	1,287
November	103.6	103.3	.3	92.8	2.8	8.0	1,393
December	90.6	89.9	.7	79.5	3.1	8.0	1,478
1955: January	87.6	87.3	.3	78.3	2.2	7.1	1,416
February	89.9	87.9	2.0	78.9	2.6	8.4	1,370
March	113.8	112.8	1.0	100.1	3.7	10.0	1,367
April	132.0	130.5	1.5	119.9	3.1	9.0	1,350
May	137.6	135.1	2.5	122.2	3.3	12.1	1,362
June	134.8	131.4	3.4	121.5	3.0	10.3	1,371
July	122.6	121.9	.7	113.5	2.7	6.4	1,283
August	124.7	122.3	2.4	111.6	2.7	10.4	1,310
September	114.9	113.6	1.3	104.1	2.4	8.4	1,251
October <sup>5</sup>	107.0	106.6	.4				1,242
November <sup>5</sup>	90.0	89.2	.8				1,203
December <sup>5</sup>	75.0	72.2	2.8				1,187

<sup>1</sup> 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.

<sup>2</sup> Includes units in 1- and 2-family structures with stores.

<sup>3</sup> Includes units in multi-family structures with stores.

<sup>4</sup> The number of starts for the years 1929-28, respectively, was as follows: 247,000; 449,000; 716,000; 871,000; 893,000; 937,000; 849,000; 810,000 and 753,000.

<sup>5</sup> Preliminary.

<sup>6</sup> Not available.

Source: Department of Labor.

TABLE D-33.—*Private nonfarm housing starts and proposed home construction: Government underwritten, 1935-55*

[Thousands of units]

Period	Private nonfarm housing starts				Proposed home construction	
	Total	Government underwritten			FHA applications <sup>2</sup>	VA appraisal requests
		Total	FHA	VA <sup>1</sup>		
1935.....	215.7	14.0	14.0	-----	<sup>3</sup> 20.6	-----
1936.....	304.2	49.4	49.4	-----	47.8	-----
1937.....	332.4	60.0	60.0	-----	49.8	-----
1938.....	399.3	118.7	118.7	-----	131.1	-----
1939.....	458.4	158.1	158.1	-----	179.8	-----
1940.....	529.6	180.1	180.1	-----	231.2	-----
1941.....	619.5	220.4	220.4	-----	288.5	-----
1942.....	301.2	165.7	165.7	-----	238.5	-----
1943.....	183.7	146.2	146.2	-----	144.4	-----
1944.....	138.7	93.3	93.3	-----	62.9	-----
1945.....	208.1	( <sup>4</sup> )	41.2	( <sup>4</sup> )	56.6	( <sup>4</sup> )
1946.....	662.5	( <sup>4</sup> )	69.0	( <sup>4</sup> )	121.7	( <sup>4</sup> )
1947.....	845.6	( <sup>4</sup> )	229.0	( <sup>4</sup> )	286.4	( <sup>4</sup> )
1948.....	913.5	( <sup>4</sup> )	294.1	( <sup>4</sup> )	293.2	( <sup>4</sup> )
1949.....	988.8	( <sup>4</sup> )	363.8	( <sup>4</sup> )	327.0	( <sup>4</sup> )
1950.....	1,352.2	686.7	486.7	<sup>5</sup> 200.0	397.7	( <sup>4</sup> )
1951.....	1,020.1	412.2	263.5	148.7	192.8	164.4
1952.....	1,068.5	421.2	279.9	141.3	267.9	226.3
1953.....	1,068.3	408.6	252.0	156.6	253.7	251.4
1954.....	1,201.7	583.3	276.3	307.0	338.6	535.4
1955 <sup>6</sup> .....	1,310.8	<sup>6</sup> 668.5	276.7	391.8	306.2	620.8
1954: January.....	65.1	24.7	13.2	11.6	15.0	20.1
February.....	73.9	30.5	16.3	14.2	20.0	34.4
March.....	93.2	36.4	20.5	15.9	28.1	36.5
April.....	106.5	43.6	23.8	19.8	32.3	42.9
May.....	107.4	49.0	24.0	25.0	30.3	52.2
June.....	112.6	55.6	27.7	27.9	35.2	52.7
July.....	112.9	52.2	25.4	26.8	30.1	52.3
August.....	113.0	60.3	27.0	33.3	32.2	55.4
September.....	113.4	59.8	25.9	33.9	34.8	51.3
October.....	110.5	58.2	24.7	33.5	29.3	45.6
November.....	103.3	62.4	26.3	36.0	26.9	47.7
December.....	89.9	50.7	21.5	29.1	24.3	44.3
1955: January.....	87.3	46.1	20.0	26.1	25.6	46.2
February.....	87.9	45.3	17.2	28.0	28.3	64.2
March.....	112.8	53.6	23.8	29.9	35.6	71.9
April.....	130.5	60.3	25.8	34.5	33.1	65.9
May.....	135.1	65.9	28.0	37.8	30.1	69.3
June.....	131.4	71.6	32.1	39.5	30.8	52.4
July.....	121.9	63.3	26.0	37.4	24.3	51.4
August.....	122.3	67.6	26.9	40.8	26.4	56.0
September.....	113.6	58.0	24.7	33.3	23.1	45.1
October.....	<sup>6</sup> 106.6	53.4	18.6	34.8	19.2	43.1
November.....	<sup>6</sup> 89.2	45.6	17.5	28.1	16.3	30.4
December <sup>6</sup> .....	72.2	37.8	16.2	21.6	13.4	24.9

<sup>1</sup> 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.

<sup>2</sup> Units in mortgage applications for new-home construction.

<sup>3</sup> FHA program approved in June 1934; all 1934 activity included in 1935.

<sup>4</sup> Not available.

<sup>5</sup> Partly estimated.

<sup>6</sup> Preliminary.

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

TABLE D-34.—Sales and inventories in manufacturing and trade, 1939-55

[Amounts in billions of dollars]

Period	Total manufacturing and trade <sup>1</sup>			Manufacturing			Wholesale trade			Retail trade <sup>1</sup>		
	Sales <sup>2</sup>	Inventories <sup>3</sup>	Ratio <sup>4</sup>	Sales <sup>2</sup>	Inventories <sup>3</sup>	Ratio <sup>4</sup>	Sales <sup>2</sup>	Inventories <sup>3</sup>	Ratio <sup>4</sup>	Sales <sup>2</sup>	Inventories <sup>3</sup>	Ratio <sup>4</sup>
<i>Old series</i>												
1939.....	10.8	20.1	1.77	5.1	11.5	2.11	2.2	3.1	1.34	3.5	5.5	1.53
1940.....	12.1	22.2	1.72	5.9	12.8	2.06	2.4	3.2	1.30	3.9	6.1	1.49
1941.....	15.8	28.8	1.58	8.2	17.0	1.78	3.0	4.0	1.20	4.6	7.8	1.48
1942.....	18.6	31.1	1.66	10.4	19.3	1.77	3.4	3.8	1.19	4.8	8.0	1.76
1943.....	21.9	31.3	1.40	12.8	20.1	1.51	3.8	3.7	.97	5.3	7.6	1.43
1944.....	23.8	31.1	1.33	13.8	19.5	1.45	4.2	3.9	.94	5.9	7.6	1.31
1945.....	23.9	30.9	1.30	12.9	18.4	1.48	4.5	4.6	.91	6.5	7.9	1.21
1946.....	27.2	42.9	1.33	12.6	24.5	1.66	6.0	6.6	.90	8.5	11.9	1.13
1947.....	33.2	50.5	1.43	15.9	28.9	1.71	7.3	7.6	1.01	10.0	14.1	1.27
1948.....	36.4	55.6	1.47	17.6	31.7	1.72	7.9	8.1	.99	10.9	15.8	1.40
1949.....	34.7	52.1	1.56	16.4	28.9	1.86	7.4	7.9	1.08	10.9	15.3	1.43
1950.....	39.9	64.1	1.40	19.3	34.3	1.57	8.7	10.5	1.03	12.0	19.3	1.40
<i>New series</i>												
1951.....	44.9	75.2	1.61	22.3	42.8	1.77	9.4	11.1	1.20	13.2	21.2	1.63
1952.....	45.9	76.7	1.64	22.8	43.8	1.90	9.4	11.3	1.18	13.7	21.6	1.53
1953.....	48.4	80.3	1.64	24.9	45.9	1.82	9.3	11.7	1.25	14.2	22.7	1.57
1954.....	46.7	76.9	1.68	23.4	43.3	1.89	9.1	11.5	1.29	14.2	22.1	1.58
1955 <sup>5</sup> .....	51.6	81.4	1.53	26.3	45.6	1.67	9.8	12.3	1.21	15.5	23.5	1.48
<i>Seasonally adjusted</i>												
1954: January.....	46.0	79.9	1.74	23.5	45.6	1.95	8.9	11.8	1.31	13.6	22.5	1.66
February.....	46.6	79.6	1.71	23.5	45.3	1.94	9.1	11.9	1.30	14.0	22.4	1.61
March.....	46.7	79.3	1.70	23.6	45.0	1.91	9.1	11.8	1.29	13.9	22.6	1.62
April.....	46.9	78.8	1.69	23.7	44.5	1.89	9.0	11.6	1.30	14.2	22.7	1.59
May.....	46.1	78.9	1.71	23.2	44.3	1.91	8.9	11.8	1.32	14.0	22.8	1.62
June.....	46.9	78.6	1.68	23.3	44.2	1.90	9.1	11.9	1.30	14.4	22.6	1.57
July.....	46.6	77.6	1.68	23.2	43.4	1.89	9.1	11.8	1.30	14.3	22.4	1.58
August.....	46.3	77.3	1.67	23.1	43.1	1.87	9.1	11.8	1.30	14.2	22.5	1.58
September.....	46.4	77.0	1.66	23.0	42.9	1.87	9.2	11.7	1.28	14.2	22.4	1.58
October.....	45.6	76.9	1.69	22.5	43.2	1.91	9.0	11.7	1.30	14.1	22.0	1.58
November.....	47.6	77.1	1.62	24.0	43.3	1.80	9.3	11.7	1.26	14.4	22.1	1.53
December.....	48.7	76.9	1.58	24.1	43.3	1.80	9.5	11.5	1.22	15.1	22.1	1.46
1955: January.....	48.7	76.9	1.58	24.3	43.2	1.78	9.5	11.5	1.21	14.9	22.2	1.49
February.....	48.9	77.3	1.58	24.6	43.3	1.75	9.5	11.7	1.22	14.8	22.4	1.51
March.....	50.7	77.5	1.53	26.0	43.3	1.67	9.7	11.6	1.20	15.1	22.6	1.49
April.....	50.9	77.7	1.53	26.0	43.3	1.66	9.6	11.7	1.21	15.3	22.8	1.49
May.....	51.7	78.3	1.51	26.6	43.5	1.63	9.7	11.8	1.20	15.4	23.0	1.49
June.....	52.3	78.8	1.51	27.1	43.8	1.61	9.7	11.8	1.21	15.4	23.2	1.51
July.....	51.9	79.2	1.52	26.7	43.9	1.64	9.6	11.9	1.23	15.5	23.4	1.50
August.....	52.8	79.6	1.51	27.2	44.3	1.62	9.9	11.9	1.21	15.7	23.3	1.49
September.....	53.1	80.0	1.50	27.2	44.7	1.63	10.0	12.0	1.20	15.8	23.2	1.47
October.....	52.5	80.8	1.53	26.7	45.3	1.69	10.1	12.2	1.20	15.8	23.3	1.47
November <sup>6</sup> .....	53.3	81.4	1.52	27.3	45.6	1.66	10.2	12.3	1.20	15.8	23.5	1.48
December <sup>6</sup> .....										15.9		

<sup>1</sup> 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 1951-55 are on the new basis. For a description of the retail sales and inventories series, see *Survey of Current Business*, September and November 1952 and January 1954.

<sup>2</sup> Monthly average shown for year and total for month.

<sup>3</sup> Seasonally adjusted, end of period.

<sup>4</sup> Inventory/sales ratio. For annual 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.

<sup>5</sup> Where December data not available, data for year calculated on basis of no change from November.

<sup>6</sup> 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.

Source: Department of Commerce.

TABLE D-35.—Manufacturers' new orders, sales, and inventories, 1939-55

[Billions of dollars]

Period	New orders <sup>1</sup>			Sales <sup>1</sup>		Inventories <sup>2</sup>					
	Total	Durable-goods industries	Non-durable-goods industries	Durable-goods industries	Non-durable-goods industries	Durable-goods industries			Nondurable-goods industries		
						Purchased materials	Goods-in-process	Finished goods	Purchased materials	Goods-in-process	Finished goods
1939 .....	5.4	2.2	3.2	2.0	3.2	1.8	1.5	2.1	2.4	0.8	2.9
1940 .....	6.8	3.4	3.4	2.5	3.4	2.1	2.0	2.2	2.6	.9	3.0
1941 .....	9.8	5.3	4.5	3.8	4.4	3.1	3.2	2.3	4.0	1.2	3.2
1942 .....	13.3	8.0	5.3	5.2	5.3	3.7	4.6	2.2	4.3	1.2	3.3
1943 .....	12.7	6.8	5.9	6.9	6.0	3.9	5.2	2.1	4.5	1.4	3.0
1944 .....	11.9	5.5	6.4	7.3	6.4	3.3	5.0	2.1	4.7	1.4	3.0
1945 .....	10.5	3.9	6.6	6.3	6.6	3.2	3.5	2.1	4.9	1.5	3.2
1946 .....	13.7	5.9	7.8	5.0	7.6	4.5	4.6	2.9	6.5	1.8	4.2
1947 .....	15.6	6.4	9.3	6.7	9.2	5.1	5.2	4.0	7.2	2.2	5.2
1948 .....	17.4	7.5	9.9	7.6	10.0	5.6	5.4	4.7	7.3	2.2	6.5
1949 .....	15.9	6.6	9.3	7.1	9.3	4.6	4.7	4.7	6.5	2.1	6.3
1950 .....	21.0	10.3	10.7	8.8	10.5	6.1	6.0	4.7	8.4	2.5	6.6
1951 .....	24.5	12.7	11.8	10.4	11.9	7.4	8.6	6.8	9.1	2.7	8.2
1952 .....	23.6	11.7	11.9	10.9	11.9	7.3	10.2	6.9	8.6	2.7	8.1
1953 .....	23.4	11.1	12.3	12.5	12.4	7.4	10.6	8.3	8.2	2.8	8.6
1954 .....	22.4	10.1	12.3	11.1	12.3	6.3	9.8	7.9	7.8	2.8	8.6
1955 <sup>3</sup> .....	27.0	13.8	13.3	13.1	13.2	7.0	10.7	8.2	8.1	3.1	8.5
Seasonally adjusted											
1954:											
January .....	21.5	9.4	12.1	11.4	12.1	7.3	10.5	8.3	8.2	2.7	8.6
February .....	21.6	9.4	12.2	11.2	12.2	7.2	10.3	8.3	8.1	2.7	8.7
March .....	21.9	9.6	12.3	11.3	12.3	7.2	10.1	8.3	7.9	2.7	8.8
April .....	22.3	9.6	12.7	11.2	12.5	7.1	9.9	8.1	7.9	2.8	8.7
May .....	21.9	9.6	12.3	11.1	12.1	7.1	9.8	8.0	7.9	2.8	8.7
June .....	22.0	9.8	12.1	11.3	12.1	7.1	9.6	7.9	8.0	2.8	8.8
July .....	21.4	9.4	12.0	11.2	12.1	6.9	9.4	7.7	8.0	2.7	8.7
August .....	21.9	9.8	12.2	10.9	12.2	6.7	9.3	7.8	7.8	2.7	8.7
September .....	23.3	11.2	12.1	10.8	12.2	6.7	9.3	7.7	7.8	2.7	8.7
October .....	22.9	10.8	12.1	10.3	12.2	6.5	9.6	7.8	7.8	2.7	8.8
November .....	23.1	10.5	12.7	11.3	12.6	6.5	9.7	7.8	7.9	2.8	8.6
December .....	24.8	12.0	12.8	11.6	12.5	6.3	9.8	7.9	7.8	2.8	8.6
1955:											
January .....	24.6	12.1	12.5	11.8	12.4	6.4	9.7	7.9	7.8	2.8	8.6
February .....	24.8	12.2	12.7	12.0	12.6	6.3	9.8	7.9	7.7	2.8	8.7
March .....	26.5	13.4	13.1	12.9	13.1	6.3	9.9	7.9	7.7	2.8	8.7
April .....	26.1	12.9	13.2	12.8	13.2	6.4	9.9	7.9	7.7	2.8	8.6
May .....	27.7	14.3	13.4	13.3	13.3	6.5	9.9	7.9	7.8	2.9	8.5
June .....	27.8	14.0	13.8	13.5	13.6	6.6	10.0	7.9	7.8	2.9	8.6
July .....	27.0	13.6	13.5	13.5	13.2	6.6	10.1	7.8	7.8	2.9	8.6
August .....	28.7	15.1	13.6	13.7	13.5	6.7	10.1	8.0	7.9	3.0	8.6
September .....	28.3	14.9	13.4	13.7	13.5	6.9	10.2	8.0	7.9	3.0	8.6
October .....	27.5	14.1	13.4	13.3	13.4	6.9	10.4	8.2	8.0	3.0	8.7
November <sup>4</sup> .....	28.2	14.6	13.6	13.7	13.6	7.0	10.7	8.2	8.1	3.1	8.5

<sup>1</sup> Monthly average shown for year and total for month.<sup>2</sup> Book value, seasonally adjusted, end of period.<sup>3</sup> Based on data through November.<sup>4</sup> Preliminary.

NOTE.—See Table D-34 for total sales and inventories of manufacturers.

Source: Department of Commerce.

# PRICES

TABLE D-36.—*Wholesale price indexes, 1929-55*

[1947-49=100] <sup>1</sup>

Period	All commodities	Farm products	Processed foods	All commodities other than farm products and foods				
				Total	Textile products and apparel	Chemicals and allied products	Rubber and products	Lumber and wood products
1929.....	61.9	58.6	58.5	65.5	(*)	(*)	83.5	31.9
1930.....	56.1	49.3	53.3	60.9	(*)	(*)	73.0	29.4
1931.....	47.4	36.2	44.8	53.6	(*)	(*)	62.0	23.8
1932.....	42.1	26.9	36.5	50.2	(*)	(*)	53.8	20.3
1933.....	42.8	28.7	36.3	50.9	(*)	51.2	56.8	24.2
1934.....	48.7	36.5	42.6	56.0	(*)	53.7	68.3	28.5
1935.....	52.0	44.0	52.1	55.7	(*)	56.0	66.4	27.4
1936.....	52.5	45.2	50.1	56.9	(*)	56.4	71.7	28.7
1937.....	56.1	43.3	52.4	61.0	(*)	59.0	84.4	33.7
1938.....	51.1	38.3	45.6	58.4	(*)	55.9	82.7	30.8
1939.....	50.1	36.5	43.3	58.1	(*)	55.8	86.3	31.6
1940.....	51.1	37.8	43.6	59.4	(*)	56.6	80.2	35.2
1941.....	56.8	46.0	50.5	63.7	(*)	61.6	86.5	41.8
1942.....	64.2	59.2	59.1	68.3	(*)	69.3	100.6	45.4
1943.....	67.0	68.5	61.6	69.3	(*)	69.5	103.3	48.0
1944.....	67.6	68.9	60.4	70.4	(*)	70.2	102.0	51.9
1945.....	68.8	71.6	60.8	71.3	(*)	70.6	98.9	52.5
1946.....	78.7	83.2	77.6	78.3	(*)	76.3	99.4	60.3
1947.....	96.4	100.0	98.2	95.3	100.1	101.4	99.0	93.7
1948.....	104.4	107.3	106.1	103.4	104.4	103.8	102.1	107.2
1949.....	99.2	92.8	95.7	101.3	95.5	94.8	98.9	99.2
1950.....	103.1	97.5	99.8	105.0	99.2	96.3	120.5	113.9
1951.....	114.8	113.4	111.4	115.9	110.6	110.0	148.0	123.9
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	95.6	105.3	114.5	95.2	107.0	126.9	118.0
1955 <sup>1</sup> .....	110.7	89.7	101.7	117.0	95.3	106.6	143.8	123.6
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.....	109.5	89.9	103.5	114.9	95.2	107.0	132.0	120.0
1955: January.....	110.1	92.5	103.8	115.2	95.2	107.1	136.8	120.3
February.....	110.4	93.1	103.2	115.7	95.2	107.1	140.6	121.2
March.....	110.0	92.1	101.6	115.6	95.3	106.8	138.0	121.4
April.....	110.5	94.2	102.5	115.7	95.0	107.1	138.3	122.4
May.....	109.9	91.2	102.1	115.5	95.0	106.8	138.0	123.5
June.....	110.3	91.8	103.9	115.6	95.2	106.8	140.3	123.7
July.....	110.5	89.5	103.1	116.5	95.3	106.0	143.4	124.1
August.....	110.9	88.1	101.9	117.5	95.3	105.9	148.7	125.1
September.....	111.7	89.3	101.5	118.5	95.4	106.0	151.7	125.7
October.....	111.6	86.8	100.2	119.0	95.4	106.5	147.8	125.4
November.....	111.2	84.1	98.8	119.4	95.6	106.6	150.6	125.0
December <sup>1</sup> .....	111.3	83.4	98.2	119.7	95.6	106.7	151.0	125.1

<sup>1</sup> See footnotes at end of table.



TABLE D-36.—*Wholesale price indexes, 1929-55—Continued*[1947-49=100] <sup>1</sup>

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 <sup>2</sup>	
1929.....	59.3	70.2	( <sup>3</sup> )	67.0	( <sup>3</sup> )	69.3	72.6	86.6	( <sup>3</sup> )
1930.....	54.4	66.5	( <sup>3</sup> )	60.3	( <sup>3</sup> )	68.2	72.4	87.1	( <sup>3</sup> )
1931.....	46.8	57.2	( <sup>3</sup> )	54.1	( <sup>3</sup> )	62.8	67.6	84.6	( <sup>3</sup> )
1932.....	39.7	59.5	( <sup>3</sup> )	40.9	( <sup>3</sup> )	55.4	63.4	81.4	( <sup>3</sup> )
1933.....	44.0	56.1	( <sup>3</sup> )	50.9	( <sup>3</sup> )	55.5	66.9	72.8	( <sup>3</sup> )
1934.....	47.1	62.0	( <sup>3</sup> )	56.2	( <sup>3</sup> )	60.2	71.6	76.0	( <sup>3</sup> )
1935.....	48.7	62.2	( <sup>3</sup> )	56.2	( <sup>3</sup> )	59.8	71.6	75.9	( <sup>3</sup> )
1936.....	51.9	64.5	( <sup>3</sup> )	57.3	( <sup>3</sup> )	60.6	71.7	75.8	( <sup>3</sup> )
1937.....	56.9	65.7	( <sup>3</sup> )	65.6	( <sup>3</sup> )	67.2	73.4	76.5	( <sup>3</sup> )
1938.....	50.5	64.7	( <sup>3</sup> )	63.1	( <sup>3</sup> )	65.6	71.1	76.4	( <sup>3</sup> )
1939.....	52.0	61.8	( <sup>3</sup> )	62.6	65.3	65.4	69.5	76.4	( <sup>3</sup> )
1940.....	54.8	60.7	( <sup>3</sup> )	62.8	66.2	66.8	69.7	77.3	( <sup>3</sup> )
1941.....	53.9	64.5	( <sup>3</sup> )	64.0	68.6	71.2	71.3	78.1	( <sup>3</sup> )
1942.....	64.0	66.4	( <sup>3</sup> )	64.9	71.2	76.8	74.1	79.1	( <sup>3</sup> )
1943.....	63.9	68.4	( <sup>3</sup> )	64.8	71.0	76.4	74.5	83.0	( <sup>3</sup> )
1944.....	63.4	70.3	( <sup>3</sup> )	64.8	71.0	78.4	75.9	83.4	( <sup>3</sup> )
1945.....	64.2	71.1	( <sup>3</sup> )	65.9	71.6	78.6	79.1	85.8	( <sup>3</sup> )
1946.....	74.6	76.2	( <sup>3</sup> )	73.9	80.3	83.0	84.2	89.7	( <sup>3</sup> )
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	116.5	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.....	94.2	108.1	116.3	128.0	124.6	115.4	120.9	120.6	102.5
1955 <sup>4</sup> .....	93.8	107.8	119.3	136.6	128.4	115.9	124.2	121.6	91.9
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.....	91.8	107.5	115.9	129.8	125.7	115.7	121.8	121.4	98.0
1955: January.....	91.9	108.5	116.3	130.1	125.8	115.5	122.0	121.4	97.0
February.....	92.3	108.7	116.6	131.5	126.1	115.4	121.8	121.6	97.1
March.....	92.2	108.5	116.8	131.9	126.1	115.1	121.9	121.6	95.6
April.....	93.2	107.4	117.4	132.9	126.3	115.1	122.3	121.6	94.0
May.....	92.9	107.0	117.7	132.5	126.7	115.1	123.2	121.6	91.3
June.....	92.9	106.8	118.3	132.6	127.1	115.2	123.7	121.6	89.1
July.....	93.7	106.4	119.0	136.7	127.5	115.5	125.3	121.6	90.8
August.....	93.8	107.2	119.7	139.5	128.5	116.0	126.1	121.7	89.8
September.....	94.0	108.0	120.5	141.9	130.0	116.4	126.4	121.7	90.3
October.....	95.3	108.0	122.8	142.4	131.4	116.9	126.8	121.7	91.5
November.....	96.4	108.6	123.2	142.9	132.5	117.2	125.2	121.7	88.0
December <sup>4</sup> .....	96.7	108.9	123.6	143.9	132.8	117.4	125.4	121.7	88.7

<sup>1</sup> 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).

<sup>2</sup> 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.

<sup>3</sup> Not available.

<sup>4</sup> Preliminary.

Source: Department of Labor.

TABLE D-37.—Wholesale price indexes by economic sector, 1947-55

[1947-49=100]

Period	All com- modities	Crude materials				Intermediate materials, supplies, and components <sup>1</sup>						
		Total	Food- stuffs and feed- stuffs	Non- food ma- terials, except fuel	Fuel	Total	Materials and components for manufacturing					Ma- terials and com- po- nents for con- struction
							Total	Ma- terials for food manu- factur- ing	Ma- terials for non- dur- able manu- factur- ing	Ma- terials for du- rable manu- factur- ing	Com- po- nents for manu- factur- ing	
1947.....	96.4	98.6	100.7	96.0	89.4	96.2	96.4	102.8	99.2	91.2	94.4	93.3
1948.....	104.4	108.0	108.8	106.8	105.6	104.0	104.0	106.0	105.0	103.0	101.9	103.2
1949.....	99.2	93.4	90.5	97.2	105.0	99.9	99.6	91.2	95.8	105.8	103.8	103.5
1950.....	103.1	101.8	97.0	111.0	104.6	104.3	104.5	94.9	100.5	111.9	107.6	108.9
1951.....	114.8	116.9	112.3	128.1	106.5	116.9	118.4	105.7	116.5	124.3	122.2	119.1
1952.....	111.6	107.4	105.7	110.9	107.2	113.5	113.4	101.5	104.8	124.6	122.5	118.3
1953.....	110.1	99.2	94.6	106.2	111.0	114.1	115.2	101.8	104.0	130.1	124.7	120.2
1954.....	110.3	98.3	94.7	104.2	106.0	114.8	115.4	100.9	102.3	133.1	125.3	120.9
1955 <sup>2</sup> .....	110.7	94.5	85.7	110.1	105.7	117.0	118.2	97.7	102.8	139.7	131.0	125.6
1954:												
January.....	110.9	100.0	98.1	102.0	110.9	115.0	115.6	101.7	103.2	132.1	125.8	120.8
February.....	110.5	99.9	97.7	102.2	110.4	114.8	115.1	100.9	102.7	131.5	125.5	120.6
March.....	110.5	100.7	99.4	101.9	107.5	114.8	115.1	101.4	102.4	131.6	125.6	120.6
April.....	111.0	101.5	100.4	103.2	105.1	115.0	115.0	101.1	102.1	131.9	125.2	120.2
May.....	110.9	100.8	98.5	104.8	104.7	114.8	115.0	101.2	102.2	131.8	125.0	119.8
June.....	110.0	98.4	94.6	105.0	104.6	114.3	114.9	100.5	102.2	131.9	124.8	119.8
July.....	110.4	97.9	93.9	104.9	104.3	114.7	115.6	101.7	102.1	133.7	124.8	120.8
August.....	110.5	97.6	93.6	104.3	104.5	114.9	115.8	102.4	102.2	134.0	124.9	121.1
September.....	110.0	96.6	91.8	104.6	104.8	114.7	115.7	101.1	102.0	134.3	125.2	121.4
October.....	109.7	95.9	90.0	106.0	104.6	114.6	115.7	99.9	102.1	134.6	125.1	121.6
November.....	110.0	96.0	90.2	106.0	104.8	114.9	115.7	99.8	102.0	134.6	125.8	121.7
December.....	109.5	94.3	87.7	105.4	105.4	114.9	115.7	99.4	102.0	134.6	126.0	121.8
1955:												
January.....	110.1	96.7	90.8	106.9	106.4	115.1	115.8	99.1	102.2	134.5	126.4	121.9
February.....	110.4	96.6	89.7	108.2	107.7	115.6	116.4	99.7	102.2	135.7	127.3	122.4
March.....	110.0	96.1	89.2	107.6	107.7	115.4	116.3	98.4	102.2	135.9	127.4	122.7
April.....	110.5	97.3	91.2	108.0	104.6	115.7	116.9	98.9	102.5	137.0	128.0	123.4
May.....	109.9	94.7	87.7	106.8	102.9	115.7	117.0	99.0	102.4	137.0	128.3	124.0
June.....	110.3	96.2	89.7	107.7	102.9	115.7	117.1	100.0	102.4	137.2	128.2	124.2
July.....	110.5	95.1	86.5	110.6	102.8	116.8	118.2	99.2	102.8	140.1	129.1	125.9
August.....	110.9	93.8	83.4	112.8	102.5	117.6	119.0	97.1	102.8	141.9	131.3	127.7
September.....	111.7	94.9	84.9	112.9	106.6	118.6	120.1	95.5	103.1	143.7	135.0	128.7
October.....	111.6	93.2	82.7	111.8	107.4	119.1	120.5	95.6	103.3	144.2	135.9	128.9
November.....	111.2	89.9	77.2	112.5	108.2	119.1	120.7	94.9	103.6	144.2	137.1	128.7
December <sup>2</sup> .....	111.3	89.9	75.9	114.9	108.4	119.4	120.9	94.7	103.7	144.6	137.4	129.0

See footnotes at end of table.

TABLE D-37.—Wholesale price indexes by economic sector, 1947-55—Continued

[1947-49=100]

Period	Finished goods					
	Total	Consumer finished goods				Producer finished goods
		Total	Foods	Other non-durable goods	Durable goods	
1947.....	95.9	96.8	97.0	97.4	94.8	92.8
1948.....	103.5	104.1	105.8	103.5	101.3	101.1
1949.....	100.6	99.2	97.2	99.2	104.0	106.1
1950.....	102.4	100.9	99.2	100.8	105.0	108.7
1951.....	112.1	110.3	111.3	108.5	112.1	119.3
1952.....	111.5	109.0	110.4	105.9	113.0	121.3
1953.....	110.4	107.1	104.6	106.9	113.8	123.1
1954.....	110.7	107.1	103.8	107.2	114.7	124.7
1955 <sup>1</sup> .....	110.9	106.4	101.2	107.8	115.9	128.4
1954: January.....	111.1	107.7	104.8	107.7	114.6	124.5
February.....	110.5	106.9	103.2	107.5	114.6	124.6
March.....	110.4	106.8	103.2	107.1	114.5	124.6
April.....	110.8	107.4	104.2	107.5	114.6	124.5
May.....	111.0	107.6	105.0	107.3	114.6	124.5
June.....	110.2	106.6	102.8	107.2	114.5	124.5
July.....	111.1	107.8	106.0	106.8	114.4	124.5
August.....	111.1	107.7	105.6	107.0	114.5	124.5
September.....	110.6	107.0	103.9	107.1	114.5	124.6
October.....	110.2	106.6	102.7	107.1	114.5	124.7
November.....	110.6	106.9	103.0	107.3	115.3	125.3
December.....	110.2	106.2	101.2	107.4	115.7	125.7
1955: January.....	110.6	106.7	102.1	107.8	115.5	125.8
February.....	110.8	106.9	102.5	108.0	115.3	126.1
March.....	110.2	106.2	100.7	108.0	115.2	126.1
April.....	110.6	106.6	102.3	107.5	115.2	126.4
May.....	110.2	106.1	101.2	107.3	115.1	126.7
June.....	110.6	106.5	102.1	107.4	115.1	127.1
July.....	110.5	106.2	101.5	107.3	115.3	127.4
August.....	110.9	106.4	101.6	107.5	115.5	128.7
September.....	111.5	106.8	102.1	107.8	115.7	130.3
October.....	111.3	106.2	99.9	107.9	116.9	131.7
November.....	111.6	106.4	99.4	108.4	117.9	132.4
December <sup>2</sup> .....	111.5	106.3	98.7	108.6	118.2	132.6

<sup>1</sup> Includes, in addition to subgroups shown, processed fuels and lubricants, containers, and supplies.<sup>2</sup> Preliminary.NOTE.—For a listing of the commodities included in each sector and their relative importance, see *Monthly Labor Review*, December 1955.

Source: Department of Labor.

TABLE D-38.—Consumer price indexes, 1929–55

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						
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	46.4	(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)	83.8	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	101.3	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.....	114.8	112.6	119.1	128.5	104.3	128.0	125.2	113.4	107.0	120.1
1955.....	114.5	110.9	120.0	130.3	103.7	126.4	128.0	115.3	106.6	120.2
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	126.7	125.2	113.3	107.0	120.3
August.....	115.6	113.9	119.2	128.6	103.7	126.6	125.5	113.4	106.6	120.2
September.....	114.7	112.4	119.5	128.8	104.3	126.4	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
December.....	114.3	110.4	119.7	129.4	104.3	127.3	126.3	113.6	106.6	119.9
1955: January.....	114.3	110.6	119.6	129.5	103.3	127.6	126.5	113.7	106.9	119.9
February.....	114.3	110.8	119.6	129.7	103.4	127.4	126.8	113.5	106.4	119.8
March.....	114.3	110.8	119.6	130.0	103.2	127.3	127.0	113.5	106.6	119.8
April.....	114.2	111.2	119.5	129.9	103.1	125.3	127.3	113.7	106.6	119.8
May.....	114.2	111.1	119.4	130.3	103.3	125.5	127.5	113.9	106.5	119.9
June.....	114.4	111.3	119.7	130.4	103.2	125.8	127.6	114.7	106.2	119.9
July.....	114.7	112.1	119.9	130.4	103.2	125.4	127.9	115.5	106.3	120.3
August.....	114.5	111.2	120.0	130.5	103.4	125.4	128.0	115.8	106.3	120.4
September.....	114.9	111.6	120.4	130.5	104.6	125.3	128.2	116.6	106.7	120.6
October.....	114.9	110.8	120.8	130.8	104.6	126.6	128.7	117.0	106.7	120.6
November.....	115.0	109.8	120.9	130.9	104.7	128.5	129.8	117.5	106.8	120.6
December.....	114.7	109.5	120.8	131.1	104.7	127.3	130.2	117.9	106.8	120.6

<sup>1</sup> Not available.

Source: Department of Labor.

TABLE D-39.—*Indexes of prices received and prices paid by farmers, and parity ratio, 1929-55*

[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 <sup>1</sup>
	Family living	Production			
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	148	152	159	105
1943.....	166	164	171	<sup>2</sup> 193	113
1944.....	175	173	182	<sup>2</sup> 197	108
1945.....	182	176	190	<sup>2</sup> 207	109
1946.....	202	191	208	<sup>2</sup> 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	249	89
1955.....	273	250	281	237	84
1954: January.....	271	254	282	258	91
February.....	271	254	282	257	91
March.....	272	255	283	255	90
April.....	273	256	282	257	91
May.....	276	256	284	255	90
June.....	276	252	282	247	88
July.....	277	247	280	245	88
August.....	277	250	281	249	89
September.....	273	251	280	246	88
October.....	273	250	279	242	87
November.....	272	251	279	242	87
December.....	272	250	279	239	86
1955: January.....	273	254	283	243	86
February.....	271	256	283	244	86
March.....	273	256	284	243	86
April.....	274	254	284	247	87
May.....	274	251	282	244	87
June.....	274	250	282	243	86
July.....	274	248	281	237	84
August.....	273	247	279	233	84
September.....	272	246	279	235	84
October.....	274	246	280	230	82
November.....	273	244	279	225	81
December.....	274	243	279	223	80

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

Source: Department of Agriculture.

# CREDIT, MONEY SUPPLY, AND FEDERAL FINANCE

TABLE D-40.—Short- and intermediate-term consumer credit outstanding, 1929-55

[Millions of dollars]

End of period	Total	Instalment credit					Noninstalment credit		
		Total	Auto- mobile paper <sup>1</sup>	Other con- sumer goods paper <sup>1</sup>	Repair and modern- ization loans <sup>2</sup>	Per- sonal loans	Total	Charge ac- counts	Other <sup>3</sup>
1929.....	6,444	3,151	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	3,293	1,602	1,691
1930.....	5,767	2,687	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	3,080	1,476	1,604
1931.....	4,760	2,207	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	2,553	1,265	1,288
1932.....	3,567	1,621	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	2,046	1,020	1,026
1933.....	3,482	1,688	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	1,894	990	904
1934.....	3,904	1,871	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	2,033	1,102	931
1935.....	4,911	2,694	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	2,217	1,183	1,034
1936.....	6,135	3,623	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	2,512	1,300	1,212
1937.....	6,689	4,015	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	2,674	1,336	1,338
1938.....	6,338	3,691	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	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	11,616	4,699	3,486	887	2,444	5,588	2,680	2,908
1950.....	20,813	14,490	6,342	4,337	1,006	2,805	6,323	3,006	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.....	30,125	22,467	10,396	5,668	1,616	4,787	7,658	3,518	4,140
1955 <sup>5</sup> .....	36,200	27,800	14,300	6,400	1,600	5,500	8,400	3,900	4,500
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.....	30,125	22,467	10,396	5,668	1,616	4,787	7,658	3,518	4,140
1955: January.....	29,760	22,436	10,459	5,609	1,574	4,794	7,324	3,225	4,099
February.....	29,518	22,508	10,641	5,484	1,550	4,833	7,010	2,831	4,179
March.....	29,948	22,074	11,053	5,479	1,530	4,912	6,074	2,735	4,239
April.....	30,655	23,513	11,482	5,402	1,534	5,005	7,142	2,859	4,283
May.....	31,568	24,149	11,985	5,555	1,546	5,063	7,419	3,011	4,408
June.....	32,471	24,914	12,561	5,639	1,562	5,152	7,557	3,040	4,517
July.....	32,896	25,476	13,038	5,676	1,570	5,192	7,420	2,991	4,429
August.....	33,636	26,155	13,547	5,762	1,589	5,257	7,481	3,019	4,462
September.....	34,293	26,699	13,929	5,848	1,611	5,311	7,594	3,108	4,486
October.....	34,640	26,963	14,095	5,917	1,627	5,324	7,677	3,218	4,459
November.....	35,059	27,247	14,172	6,057	1,634	5,384	7,812	3,285	4,527
December <sup>6</sup> .....	36,200	27,800	14,300	6,400	1,600	5,500	8,400	3,900	4,500

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

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

<sup>3</sup> Single-payment loans and service credit.

<sup>4</sup> Not available.

<sup>5</sup> Preliminary estimates by Council of Economic Advisers.

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

TABLE D-41.—*Instalment credit extended and repaid, 1946-55*

[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
1946.....	8,495	6,785	1,069	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	15,454	7,182	5,537	5,533	4,889	721	677	4,566	4,351
1950.....	21,256	18,282	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	789	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.....	29,304	29,024	12,532	12,477	7,700	7,863	1,245	1,278	7,827	7,406
1955 <sup>1</sup> .....	37,200	31,900	17,800	13,900	9,100	8,400	1,300	1,300	9,000	8,300
Unadjusted										
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	554
March.....	2,380	2,581	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.....	2,554	2,492	1,040	1,084	716	642	108	114	690	652
December.....	3,046	2,593	1,184	1,084	936	666	95	110	831	733
1955: January.....	2,389	2,420	1,060	997	616	675	67	109	646	639
February.....	2,416	2,344	1,167	985	529	654	72	96	648	609
March.....	3,159	2,693	1,569	1,157	708	713	99	119	783	704
April.....	3,089	2,550	1,612	1,083	703	690	106	102	768	675
May.....	3,206	2,570	1,616	1,113	741	678	121	109	728	670
June.....	3,443	2,678	1,766	1,190	766	682	125	109	786	697
July.....	3,131	2,569	1,594	1,117	711	674	111	103	715	675
August.....	3,436	2,757	1,745	1,236	793	707	130	111	768	703
September.....	3,241	2,697	1,592	1,210	783	697	128	106	738	684
October.....	3,051	2,787	1,417	1,251	785	716	126	110	723	710
November.....	3,103	2,819	1,341	1,264	850	710	124	117	788	728
December <sup>1</sup> .....	3,550	3,000	1,400	1,300	1,100	750	100	100	950	850
Seasonally adjusted										
1954: January.....	2,306	2,368	907	985	689	681	97	84	613	618
February.....	2,357	2,377	959	1,041	636	644	119	102	643	590
March.....	2,294	2,456	957	1,053	601	688	115	110	621	605
April.....	2,358	2,358	964	1,025	644	620	108	109	642	595
May.....	2,321	2,392	984	1,010	604	658	115	115	618	609
June.....	2,495	2,413	1,114	1,056	649	658	95	108	637	591
July.....	2,455	2,364	1,060	1,006	666	667	98	100	631	591
August.....	2,409	2,480	1,035	1,067	613	678	100	105	661	630
September.....	2,474	2,404	1,077	1,014	609	634	106	118	682	638
October.....	2,461	2,424	1,068	1,039	633	652	92	106	688	627
November.....	2,612	2,500	1,109	1,098	677	631	101	113	725	658
December.....	2,762	2,488	1,298	1,083	679	643	99	108	686	654
1955: January.....	2,823	2,496	1,233	1,020	788	684	87	104	715	688
February.....	2,898	2,621	1,382	1,071	680	680	97	97	759	673
March.....	3,035	2,562	1,472	1,096	741	683	109	116	713	667
April.....	3,017	2,552	1,404	1,093	736	672	109	109	768	678
May.....	3,091	2,634	1,517	1,139	736	687	115	122	723	686
June.....	3,165	2,612	1,580	1,165	754	678	109	109	722	680
July.....	3,122	2,602	1,510	1,132	791	697	107	102	714	671
August.....	3,200	2,714	1,559	1,195	770	720	113	105	758	694
September.....	3,279	2,691	1,613	1,173	756	696	119	108	791	714
October.....	3,064	2,773	1,467	1,231	721	719	111	106	765	717
November.....	3,175	2,830	1,429	1,280	802	699	117	117	827	724
December <sup>1</sup> .....	3,200	2,900	1,500	1,300	800	750	100	100	800	750

<sup>1</sup> 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-42.—*Mortgage debt outstanding, by type of property and of financing, 1939-55*

[Billions of dollars]

End of period	All prop- erties	Nonfarm properties							Farm prop- erties
		Total	1- to 4-family houses					Multi- family and com- mercial prop- erties <sup>1</sup>	
			Total	Government underwritten			Conven- tional		
				Total	FHA in- sured	VA guar- anteed			
1939.....	35.5	28.9	16.3	1.8	1.8	-----	14.5	12.5	6.6
1940.....	36.5	30.0	17.4	2.3	2.3	-----	15.1	12.6	6.5
1941.....	37.6	31.2	18.4	3.0	3.0	-----	15.4	12.9	6.4
1942.....	36.7	30.8	18.2	3.7	3.7	-----	14.5	12.5	6.0
1943.....	35.3	29.9	17.8	4.1	4.1	-----	13.7	12.1	5.4
1944.....	34.7	29.7	17.9	4.2	4.2	-----	13.7	11.8	4.9
1945.....	35.5	30.8	18.6	4.3	4.1	0.2	14.3	12.2	4.8
1946.....	41.8	36.9	23.0	6.1	3.7	2.4	16.9	13.8	4.9
1947.....	48.9	43.9	28.2	9.3	3.8	5.5	18.9	15.7	5.1
1948.....	56.2	50.9	33.3	12.5	5.3	7.2	20.8	17.6	5.3
1949.....	62.7	57.1	37.6	15.0	6.9	8.1	22.6	19.5	5.6
1950.....	72.8	66.7	45.2	18.9	8.6	10.3	26.3	21.6	6.1
1951.....	82.2	75.6	51.7	22.9	9.7	13.2	28.8	23.9	6.6
1952.....	91.2	84.0	58.4	25.4	10.8	14.6	33.0	25.6	7.2
1953.....	101.0	93.4	66.0	28.1	12.0	16.1	37.9	27.4	7.7
1954.....	113.5	105.4	75.7	32.1	12.8	19.3	43.6	29.7	8.2
1955 <sup>2</sup> .....	130.7	121.7	89.1	38.8	14.3	24.5	50.3	32.6	9.0
1954: First quarter.....	103.1	95.3	67.6	28.8	12.2	16.6	38.8	27.7	7.8
Second quarter.....	106.2	98.2	69.9	29.7	12.4	17.3	40.2	28.3	8.0
Third quarter.....	109.7	101.6	72.7	30.5	12.6	17.9	42.2	29.0	8.1
Fourth quarter.....	113.5	105.4	75.7	32.1	12.8	19.3	43.6	29.7	8.2
1955: First quarter.....	117.2	108.7	78.5	33.5	13.2	20.3	45.0	30.3	8.4
Second quarter.....	121.9	113.1	82.1	35.3	13.5	21.8	46.8	31.0	8.8
Third quarter.....	126.3	117.4	85.6	37.0	13.9	23.1	48.6	31.8	9.0
Fourth quarter <sup>2</sup> .....	130.7	121.7	89.1	38.8	14.3	24.5	50.3	32.6	9.0

<sup>1</sup> Derived figures, which include negligible amount of farm loans held by savings and loan associations.<sup>2</sup> Preliminary estimates by Council of Economic Advisers.

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



TABLE D-43.—*Loans and investments of all commercial banks, 1929-55*

[Billions of dollars]

End of period <sup>1</sup>	Total loans and investments	Loans		Investments		
		Total <sup>2</sup>	Business loans <sup>3</sup>	Total	U. S. Government obligations <sup>4</sup>	Other securities
1929—June <sup>5</sup> .....	49.4	35.7	( <sup>6</sup> )	13.7	4.9	8.7
1930—June <sup>5</sup> .....	48.9	34.5	( <sup>6</sup> )	14.4	5.0	9.4
1931—June <sup>5</sup> .....	44.9	29.2	( <sup>6</sup> )	15.7	6.0	9.7
1932—June <sup>5</sup> .....	36.1	21.8	( <sup>6</sup> )	14.3	6.2	8.1
1933—June <sup>5</sup> .....	30.4	16.3	( <sup>6</sup> )	14.0	7.5	6.5
1934—June <sup>5</sup> .....	32.7	15.7	( <sup>6</sup> )	17.0	10.3	6.7
1935.....	36.1	15.2	( <sup>6</sup> )	20.9	13.8	7.1
1936.....	39.6	16.4	( <sup>6</sup> )	23.1	15.3	7.9
1937.....	38.4	17.2	( <sup>6</sup> )	21.2	14.2	7.0
1938.....	38.7	16.4	5.7	22.3	15.1	7.2
1939.....	40.7	17.2	6.4	23.4	16.3	7.1
1940.....	43.9	18.8	7.3	25.1	17.8	7.4
1941.....	50.7	21.7	9.3	29.0	21.8	7.2
1942.....	67.4	19.2	7.9	48.2	41.4	6.8
1943.....	85.1	19.1	7.9	66.0	59.8	6.1
1944.....	105.5	21.6	8.0	83.9	77.6	6.3
1945.....	124.0	26.1	9.6	97.9	90.6	7.3
1946.....	114.0	31.1	14.2	82.9	74.8	8.1
1947.....	116.3	38.1	18.2	78.2	69.2	9.0
1948.....	114.3	42.5	18.9	71.8	62.6	9.2
1949.....	120.2	43.0	17.1	77.2	67.0	10.2
1950.....	126.7	52.2	21.9	74.4	62.0	12.4
1951.....	132.6	57.7	25.9	74.9	61.5	13.3
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.....	155.9	70.6	26.9	85.3	69.0	16.3
1955 <sup>7</sup> .....	160.3	81.9	32.5	78.4	61.9	16.5
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.....	147.3	67.3	25.8	80.0	64.3	15.7
August.....	149.5	66.5	25.8	83.0	67.3	15.7
September.....	150.6	67.3	26.1	83.3	67.3	16.0
October.....	154.0	67.7	26.2	86.3	70.2	16.1
November.....	155.7	69.4	26.6	86.3	70.1	16.2
December.....	155.9	70.6	26.9	85.3	69.0	16.3
1955: January.....	156.3	70.6	26.7	85.7	69.0	16.7
February.....	154.8	71.2	26.8	83.6	66.8	16.8
March.....	153.5	72.3	27.4	81.2	64.2	17.0
April.....	155.5	72.9	27.6	82.6	65.6	17.0
May.....	155.6	73.9	28.0	81.7	65.0	16.7
June.....	155.3	75.2	28.9	80.1	63.3	16.8
July <sup>8</sup> .....	157.0	76.6	29.1	80.4	63.7	16.7
August <sup>8</sup> .....	156.7	77.3	29.9	79.3	62.5	16.9
September <sup>8</sup> .....	157.3	78.4	30.5	78.9	62.0	16.9
October <sup>8</sup> .....	158.9	79.2	<sup>9</sup> 31.0	79.7	62.9	16.8
November <sup>8</sup> .....	159.4	81.4	31.9	78.0	61.4	16.6
December <sup>7</sup> .....	160.3	81.9	32.5	78.4	61.9	16.5

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

<sup>2</sup> Data are shown net, i. e., after deduction of valuation reserves. Includes commercial and industrial loans, agricultural loans, loans on securities, real-estate loans, loans to banks, consumer credit, and other loans.

<sup>3</sup> Beginning with 1948, data are shown gross 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.

<sup>4</sup> Estimates in this table are based on book values and relate only to banks within the continental United States. Therefore, they do not agree with figures in Table D-49, which are on the basis of par values and include holdings of banks in United States Territories and possessions.

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

<sup>6</sup> Not available.

<sup>7</sup> Preliminary estimates by Council of Economic Advisers.

<sup>8</sup> Preliminary.

<sup>9</sup> For October 1955, certain loan items are available on two bases because of a reclassification resulting from reporting errors. The business loans figure shown above is after reclassification. The figure before reclassification is 30.7 billion.

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, 1929-55

(Averages of daily figures, millions of dollars)

Period	Reserve Bank credit outstanding				Member bank reserve balances			Member bank "free" reserves (excess reserves less borrowings)
	Total	U. S. Government securities	Member bank borrowings	All other, mainly float	Total	Required <sup>1</sup>	Excess <sup>2</sup>	
1929.....	1,459	208	943	308	2,358	2,315	43	-900
1930.....	1,087	564	271	252	2,379	2,324	55	-216
1931.....	1,274	669	323	282	2,323	2,234	89	-234
1932.....	2,077	1,461	518	98	2,114	1,858	256	-262
1933.....	2,429	2,052	234	143	2,343	<sup>3</sup> 1,815	<sup>3</sup> 528	294
1934.....	2,502	2,432	29	41	3,676	<sup>2</sup> 2,112	<sup>2</sup> 1,564	1,536
1935.....	2,475	2,431	7	37	5,001	2,532	2,469	2,462
1936.....	2,481	2,431	6	44	5,989	3,477	2,512	2,506
1937.....	2,554	2,504	14	36	6,830	5,610	1,220	1,206
1938.....	2,600	2,565	9	26	7,935	5,413	2,522	2,513
1939.....	2,628	2,584	4	40	10,352	5,960	4,392	4,388
1940.....	2,487	2,417	3	67	13,249	6,923	6,326	6,323
1941.....	2,293	2,187	5	101	13,404	8,080	5,324	5,319
1942.....	3,408	3,191	5	212	12,648	9,980	2,668	2,663
1943.....	8,182	7,724	24	434	12,626	11,116	1,510	1,496
1944.....	15,358	14,772	135	451	13,222	12,176	1,046	911
1945.....	22,211	21,363	366	482	15,055	13,934	1,121	755
1946.....	24,029	23,250	215	564	15,969	14,993	976	761
1947.....	22,989	22,330	156	503	16,461	15,608	853	697
1948.....	22,283	21,511	140	632	18,001	17,164	837	697
1949.....	20,161	19,560	115	486	17,774	16,952	822	707
1950.....	19,062	18,410	106	546	16,400	15,617	783	677
1951.....	24,070	22,756	289	1,025	19,293	18,536	757	468
1952.....	24,801	23,066	780	955	20,356	19,642	714	-66
1953.....	26,262	21,661	768	833	19,996	19,319	677	-91
1954.....	25,602	21,646	147	809	19,276	18,504	772	625
1955.....	25,472	23,891	607	974	18,843	<sup>3</sup> 18,256	<sup>3</sup> 586	<sup>3</sup> -21
1954: January.....	26,243	25,263	100	880	20,179	19,243	936	836
February.....	25,746	24,770	293	683	19,557	18,925	632	339
March.....	25,553	24,633	189	731	19,573	18,881	692	503
April.....	25,483	24,635	139	709	19,392	18,627	765	626
May.....	25,503	24,689	155	659	19,533	18,817	716	561
June.....	25,876	24,998	146	732	19,670	18,813	858	712
July.....	25,571	24,771	64	736	19,164	18,329	836	772
August.....	24,855	23,989	115	751	18,478	17,638	839	724
September.....	24,838	23,941	67	830	18,403	17,628	775	708
October.....	25,459	24,485	82	892	18,893	18,173	720	638
November.....	25,776	24,661	164	951	19,207	18,393	814	650
December.....	26,817	24,917	246	1,154	19,279	18,576	704	458
1955: January.....	25,449	24,200	313	936	19,114	18,432	682	369
February.....	25,021	23,838	354	829	18,819	18,195	625	271
March.....	24,989	23,619	404	906	18,635	18,050	585	121
April.....	25,070	23,632	495	943	18,800	18,210	590	95
May.....	24,924	23,666	368	890	18,746	18,166	580	212
June.....	24,958	23,598	401	959	18,715	18,146	569	168
July.....	25,497	23,967	527	1,003	18,824	18,205	619	92
August.....	25,450	23,886	765	799	18,723	18,152	576	-189
September.....	25,525	23,709	849	967	18,711	18,148	563	-286
October.....	25,792	23,951	884	957	18,870	18,345	525	-359
November.....	26,089	23,997	1,016	1,076	18,902	18,378	525	-491
December.....	26,853	24,602	839	1,412	19,240	<sup>3</sup> 18,646	<sup>3</sup> 594	<sup>3</sup> -245

<sup>1</sup> Estimates.<sup>2</sup> Data from March 1933 through April 1934 are for licensed banks only.<sup>3</sup> Preliminary.

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

Source: Board of Governors of the Federal Reserve System.

TABLE D-45.—*Deposits and currency, 1929-55*

[Millions of dollars]

End of period <sup>1</sup>	Total deposits and currency	Demand deposits adjusted and currency <sup>2</sup>			Time deposits adjusted <sup>2,4</sup>	U. S. Government deposits <sup>5</sup>
		Total	Currency outside banks	Demand deposits adjusted <sup>3</sup>		
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	21,882	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	26,315	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.....	214,757	134,402	27,852	106,550	75,282	5,073
1955 <sup>6</sup> .....	220,600	137,900	28,600	109,300	78,300	4,400
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.....	204,800	126,800	26,800	100,000	73,700	4,400
August.....	206,300	126,300	26,900	99,400	74,000	6,000
September.....	207,700	128,100	26,900	101,200	74,400	5,200
October.....	211,400	130,000	26,900	103,100	74,800	6,600
November.....	213,300	131,500	27,500	104,000	74,300	7,500
December.....	214,757	134,402	27,852	106,550	75,282	5,073
1955: January.....	213,400	133,800	26,800	107,000	75,400	4,200
February.....	212,100	131,300	26,800	104,500	75,700	5,100
March.....	210,600	129,100	26,700	102,400	76,200	5,300
April.....	213,000	131,200	26,700	104,500	76,200	5,600
May.....	212,600	130,100	26,800	103,300	76,500	5,900
June.....	213,536	130,609	27,375	103,234	77,129	5,798
July <sup>7</sup> .....	214,600	131,000	27,100	103,900	77,100	6,500
August <sup>7</sup> .....	214,200	131,200	27,300	103,900	77,400	5,600
September <sup>7</sup> .....	214,800	132,100	27,200	104,900	77,700	5,100
October <sup>7</sup> .....	216,700	133,400	27,300	106,100	77,900	5,300
November <sup>7</sup> .....	217,200	134,800	27,900	106,900	77,400	5,000
December <sup>8</sup> .....	220,600	137,900	28,600	109,300	78,300	4,400

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

<sup>2</sup> Includes holdings of State and local governments.

<sup>3</sup> Includes demand deposits, other than interbank and U. S. Government, less cash items in process of collection.

<sup>4</sup> Includes deposits in commercial banks, mutual savings banks, and Postal Savings System, but excludes interbank deposits.

<sup>5</sup> 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.

<sup>6</sup> Preliminary estimates by Council of Economic Advisers.

<sup>7</sup> 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-46.—Bond yields and interest rates, 1929-55

[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 <sup>1</sup>	9-12 month issues <sup>2</sup>	Taxable bonds <sup>3</sup>	Aaa	Baa				
1929.....	(4)	(5)	-----	4.73	5.90	4.27	(6)	5.85	5.16
1930.....	(4)	(5)	-----	4.55	5.90	4.07	(6)	3.59	3.04
1931.....	1.402	(5)	-----	4.58	7.62	4.01	(6)	2.64	2.11
1932.....	.879	(5)	-----	5.01	9.30	4.65	(6)	2.73	2.82
1933.....	.515	(5)	-----	4.49	7.76	4.71	(6)	1.73	2.56
1934.....	.256	(5)	-----	4.00	6.32	4.03	(6)	1.02	1.54
1935.....	.137	(5)	-----	3.60	5.75	3.40	(6)	.75	1.50
1936.....	.143	(5)	-----	3.24	4.77	3.07	(6)	.75	1.50
1937.....	.447	(5)	-----	3.26	5.03	3.10	(6)	.94	1.33
1938.....	.053	(5)	-----	3.19	5.80	2.91	(6)	.81	1.00
1939.....	.023	(5)	-----	3.01	4.96	2.76	2.1	.59	1.00
1940.....	.014	(5)	-----	2.84	4.75	2.50	2.1	.56	1.00
1941.....	.103	(5)	-----	2.77	4.33	2.10	2.0	.53	1.00
1942.....	.326	(5)	2.46	2.83	4.28	2.36	2.2	.66	<sup>7</sup> 1.00
1943.....	.373	.75	2.47	2.73	3.91	2.06	2.6	.69	<sup>7</sup> 1.00
1944.....	.375	.79	2.48	2.72	3.61	1.86	2.4	.73	<sup>7</sup> 1.00
1945.....	.375	.81	2.37	2.62	3.29	1.67	2.2	.75	<sup>7</sup> 1.00
1946.....	.375	.82	2.19	2.53	3.05	1.64	2.1	.81	<sup>7</sup> 1.00
1947.....	.594	.88	2.25	2.61	3.24	2.01	2.1	1.03	1.00
1948.....	1.040	1.14	2.44	2.82	3.47	2.40	2.5	1.44	1.34
1949.....	1.102	1.14	2.31	2.66	3.42	2.21	2.7	1.49	1.50
1950.....	1.218	1.26	2.32	2.62	3.24	1.98	2.7	1.45	1.59
1951.....	1.552	1.73	2.57	2.86	3.41	2.00	3.1	2.16	1.75
1952.....	1.766	1.81	2.68	2.96	3.52	2.19	3.5	2.33	1.75
1953.....	1.931	2.07	<sup>8</sup> 2.92 <sup>9</sup> 3.16	3.20	3.74	2.72	3.7	2.52	1.99
1954.....	.953	.92	2.52 2.71	2.90	3.51	2.37	3.6	1.58	1.60
1955.....	1.753	1.89	2.80 2.94	3.06	3.53	2.53	3.7	2.18	1.89
1954: January.....	1.214	1.33	2.67 2.90	3.06	3.71	2.50	-----	2.11	2.00
February.....	.884	1.01	2.58 2.85	2.95	3.61	2.39	-----	2.00	1.79
March.....	1.053	1.02	2.50 2.73	2.86	3.51	2.38	3.72	2.00	1.75
April.....	1.011	.90	2.45 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	-----	1.58	1.50
June.....	.650	.76	2.53 2.70	2.90	3.49	2.48	3.60	1.56	1.50
July.....	.710	.65	2.45 2.62	2.89	3.50	2.31	-----	1.45	1.50
August.....	.892	.64	2.46 2.60	2.87	3.49	2.23	-----	1.33	1.50
September.....	1.007	.80	2.50 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

See footnotes at end of table.

TABLE D-46.—*Bond yields and interest rates, 1929-55—Continued*

[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 <sup>1</sup>	9-12 month issues <sup>2</sup>	Taxable bonds <sup>3</sup>		Aaa	Baa				
			10-20 years	20 years and over						
1955: January.....	1.257	1.36	2.66	2.77	2.93	3.45	2.39	-----	1.47	1.50
February.....	1.177	1.41	2.72	2.92	2.99	3.47	2.42	-----	1.68	1.50
March.....	1.335	1.49	2.72	2.92	3.02	3.48	2.45	3.54	1.69	1.50
April.....	1.620	1.71	2.77	2.92	3.01	3.49	2.43	-----	1.90	1.63
May.....	1.491	1.72	2.76	2.91	3.04	3.50	2.41	-----	2.00	1.75
June.....	1.432	1.71	2.77	2.91	3.05	3.51	2.48	3.56	2.00	1.75
July.....	1.622	1.88	2.88	2.96	3.06	3.52	2.62	-----	2.11	1.75
August.....	1.876	2.12	2.91	3.02	3.11	3.56	2.67	-----	2.33	1.97
September.....	2.086	2.14	2.88	3.00	3.13	3.59	2.63	3.77	2.54	2.18
October.....	2.259	2.19	2.82	2.96	3.10	3.59	2.56	-----	2.70	2.25
November.....	2.225	2.28	2.85	2.96	3.10	3.58	2.55	-----	2.81	2.36
December.....	2.562	2.56	2.88	2.97	3.15	3.62	2.71	3.93	2.99	2.50

<sup>1</sup> 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.

<sup>2</sup> Includes certificates of indebtedness and selected note and bond issues (fully taxable).

<sup>3</sup> First issued in 1941. The single series on these bonds (which continued through March 1953) included: October 1941-March 1952, bonds due or callable after 15 years; April 1952-March 1953, bonds due or callable after 12 years.

<sup>4</sup> Treasury bills were first issued in December 1929 and were issued irregularly in 1930.

<sup>5</sup> Not available before August 1942.

<sup>6</sup> Not available on same basis as for 1939 and subsequent years.

<sup>7</sup> 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.

<sup>8</sup> January-March 1953, bonds due or callable 12 years and after; beginning April 1953, bonds due or callable from 10 to 20 years.

<sup>9</sup> Beginning April 15, 1953, bonds due or callable 20 years and after.

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

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

TABLE D-47.—*Net public and private debt, 1945-55*<sup>1</sup>

[Billions of dollars]

End of period <sup>2</sup>	Total	Federal Government	State and local government <sup>3</sup>	Private									
				Total	Corporate			Individual and noncorporate					
					Total	Long-term	Short-term	Total	Farm <sup>3</sup>	Nonfarm			
										Total	Mortgage	Commercial and financial <sup>4</sup>	Consumer
1945.....	406.3	252.7	13.7	139.9	85.3	38.3	47.0	54.6	7.2	47.4	27.0	14.8	5.7
1946.....	397.4	229.7	13.6	154.1	93.5	41.3	52.2	60.6	7.7	53.0	32.4	12.1	8.4
1947.....	417.9	223.3	14.4	180.2	108.9	46.1	62.8	71.3	8.6	62.7	38.7	12.4	11.6
1948.....	434.0	216.5	16.2	201.3	117.8	52.5	65.3	83.5	10.8	72.7	45.1	13.2	14.4
1949.....	448.1	218.6	18.1	211.4	118.0	56.5	61.5	93.4	12.0	81.4	50.6	13.7	17.1
1950.....	490.7	218.7	20.7	251.3	142.1	60.1	81.9	109.2	12.2	96.9	59.3	16.8	20.8
1951.....	524.6	218.5	23.3	282.8	162.5	66.6	95.9	120.3	13.6	106.8	67.4	17.9	21.5
1952.....	555.4	222.9	25.8	306.7	171.0	73.3	97.7	135.7	15.1	120.6	75.1	19.7	25.8
1953.....	584.7	228.1	28.6	328.0	177.9	78.8	99.1	150.1	16.8	133.3	83.6	20.1	29.5
1954.....	605.5	230.2	33.4	341.9	176.6	83.7	92.9	165.3	17.6	147.7	94.5	23.1	30.1
1955 <sup>5</sup> .....	650.4	231.2	38.4	350.8	190.4	89.5	101.0	190.4	18.4	172.0	108.8	26.9	36.2

<sup>1</sup> Net public and private debt outstanding is a comprehensive aggregate of the indebtedness of borrowers after elimination of certain types of duplicating governmental and corporate debt. For a further explanation of the concept, see *Survey of Current Business*, October 1950.

<sup>2</sup> Data for State and local government are for June 30 of each year.

<sup>3</sup> Farm mortgages and farm production loans. Farmers' financial and consumer debt is included in the nonfarm categories.

<sup>4</sup> Financial debt is debt owed to banks for purchasing or carrying securities, customers' debt to brokers, and debt owed to life insurance companies by policyholders.

<sup>5</sup> Preliminary estimates by Council of Economic Advisers.

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

Sources: Department of Agriculture, Department of Commerce, Treasury Department, Board of Governors of the Federal Reserve System, Federal Savings and Loan Insurance Corporation, and Interstate Commerce Commission (except as noted).

TABLE D-48.—U. S. Government debt—volume and kind of obligations, 1929-55

[Billions of dollars]

End of period	Gross public debt and guaranteed issues <sup>1</sup>	Interest-bearing public debt					Special issues <sup>4</sup>
		Marketable public issues		Nonmarketable public issues			
		Short-term issues <sup>2</sup>	Treasury bonds	United States savings bonds	Treasury tax and savings notes	Investment bonds <sup>3</sup>	
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
1955.....	280.8	81.3	81.9	57.9	( <sup>5</sup> )	12.3	43.9
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
1955: January.....	278.5	76.0	81.8	58.0	4.5	12.7	42.3
February.....	278.2	76.2	81.4	58.2	4.4	12.7	42.0
March.....	274.1	72.2	81.1	58.4	4.3	12.6	42.1
April.....	276.7	75.4	81.1	58.3	4.3	12.6	41.7
May.....	277.5	77.3	81.1	58.3	2.8	12.6	42.2
June.....	274.4	74.1	81.1	58.4	1.9	12.6	43.3
July.....	277.6	76.7	81.8	58.4	1.7	12.6	43.3
August.....	278.4	77.0	81.8	58.4	1.2	12.6	44.2
September.....	277.5	77.6	81.9	58.3	.4	12.5	43.9
October.....	279.9	80.6	81.9	58.3	.1	12.4	43.7
November.....	280.2	80.6	81.9	58.3	.1	12.3	44.0
December.....	280.8	81.3	81.9	57.9	( <sup>5</sup> )	12.3	43.9

<sup>1</sup> 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.

<sup>2</sup> Includes bills, certificates of indebtedness, and notes.

<sup>3</sup> Includes Series A bonds and, beginning in April 1951, Series B convertible bonds.

<sup>4</sup> Issued to U. S. Government investment accounts. These accounts also held 8 billion dollars of public marketable and nonmarketable issues on December 31, 1955.

<sup>5</sup> Less than 50 million dollars.

Source: Treasury Department.

TABLE D-49.—*Estimated ownership of Federal obligations, 1939-55*[Par values <sup>1</sup>, billions of dollars]

End of period	Gross public debt and guaranteed issues <sup>2</sup>									
	Total	Held by U. S. Government investment accounts	Held by others							
			Total	Federal Reserve Banks	Commercial banks <sup>3</sup>	Mutual savings banks and insurance companies	Other corporations <sup>4</sup>	State and local governments <sup>5</sup>	Individuals <sup>6</sup>	Miscellaneous investors <sup>7</sup>
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	22.2	6.5	64.1	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	19.9	11.1	65.1	11.7
1953.....	275.2	48.3	226.9	25.9	63.7	25.0	21.0	12.7	65.4	13.2
1954.....	278.8	49.6	229.2	24.9	69.2	23.8	19.3	13.8	64.2	13.9
1955 <sup>8</sup> .....	280.8	51.7	229.1	24.8	62.0	23.2	22.3	15.4	66.0	15.4
1954: January.....	274.9	48.3	226.7	24.6	64.1	25.0	21.0	13.0	65.3	13.6
February.....	274.9	48.3	226.6	24.5	63.1	25.0	21.6	13.0	65.5	13.9
March.....	270.3	48.2	222.1	24.6	60.9	24.8	19.2	13.3	65.6	13.8
April.....	271.1	48.2	222.9	24.6	62.5	24.7	18.7	13.5	65.1	13.7
May.....	273.6	48.5	225.0	24.8	63.4	24.6	19.1	13.7	65.5	13.8
June.....	271.3	49.3	222.0	25.0	63.6	24.3	16.4	13.9	65.0	13.7
July.....	271.0	49.2	221.7	24.3	64.8	24.1	16.4	13.8	64.7	13.7
August.....	275.0	49.5	225.5	24.0	67.1	24.1	18.1	13.9	64.7	13.6
September.....	274.8	49.4	225.4	24.3	67.1	24.0	18.1	13.8	64.4	13.7
October.....	278.8	49.3	229.5	24.4	70.1	24.0	18.7	13.9	64.5	14.0
November.....	278.9	49.4	229.5	24.9	69.7	23.8	19.3	13.8	64.2	13.8
December.....	278.8	49.6	229.2	24.9	69.2	23.8	19.3	13.8	64.2	13.9
1955: January.....	278.5	49.4	229.1	23.9	68.7	24.1	20.0	14.1	64.4	13.9
February.....	278.2	49.2	229.0	23.6	66.9	24.0	21.2	14.3	64.9	13.9
March.....	274.1	49.4	224.7	23.6	64.2	23.8	19.0	14.5	65.5	14.2
April.....	276.7	48.9	227.7	23.6	65.8	23.8	20.1	14.6	65.5	14.4
May.....	277.5	49.5	228.1	23.7	64.8	23.7	21.2	14.7	65.5	14.4
June.....	274.4	50.5	223.8	23.6	63.5	23.5	18.8	14.7	65.3	14.4
July.....	277.6	50.6	227.0	24.1	63.8	23.7	19.9	15.0	65.5	15.0
August.....	278.4	51.6	226.8	23.8	62.7	23.8	21.0	15.1	65.6	14.9
September.....	277.5	51.2	226.3	23.8	62.1	23.7	20.9	15.1	65.8	15.0
October.....	279.9	51.0	228.9	24.0	62.7	23.5	22.2	15.3	65.8	15.2
November <sup>8</sup> .....	280.2	51.6	228.6	24.3	61.5	23.4	22.8	15.4	65.9	15.3
December <sup>8</sup> .....	280.8	51.7	229.1	24.8	62.0	23.2	22.3	15.4	66.0	15.4

<sup>1</sup> United States savings bonds, series A-D, E, F, and J, are included at current redemption values.<sup>2</sup> Excludes guaranteed securities held by the Treasury. Not all of total shown is subject to statutory debt limitation.<sup>3</sup> 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. Since the estimates in this table are on the basis of par values and include holdings of banks in United States Territories and possessions, they do not agree with the estimates in table D-43, which are based on book values and relate only to banks within the continental United States.<sup>4</sup> Exclusive of banks and insurance companies.<sup>5</sup> Includes trust, sinking, and investment funds of State and local governments and their agencies, and of Territories and possessions.<sup>6</sup> Includes partnerships and personal trust accounts.<sup>7</sup> 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.<sup>8</sup> Preliminary estimates by Council of Economic Advisers.

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

Source: Treasury Department (except as noted).



TABLE D-50.—*The farm balance sheet, 1940-56*

[Billions of dollars]

Beginning of year	Assets				Claims			
	Total	Real estate <sup>1</sup>	Other physical	Financial	Total	Real estate debt	Other debt	Owners' equities
1940.....	53.8	33.6	15.3	4.9	53.8	6.6	3.4	43.8
1941.....	56.3	34.6	16.2	5.5	56.3	6.5	3.9	45.9
1942.....	64.5	37.9	20.0	6.6	64.5	6.4	4.1	54.0
1943.....	76.0	42.1	24.8	9.1	76.0	6.0	4.0	66.0
1944.....	86.9	48.8	26.2	11.9	86.9	5.4	3.5	78.0
1945.....	96.7	54.8	26.8	15.1	96.7	4.9	3.4	88.4
1946.....	107.2	61.8	27.1	18.3	107.2	4.8	3.2	99.2
1947.....	120.0	68.8	31.3	19.9	120.0	4.9	3.6	111.5
1948.....	132.0	73.9	37.7	20.4	132.0	5.1	4.2	122.7
1949.....	138.8	76.8	41.7	20.3	138.8	5.3	6.1	127.4
1950.....	137.6	75.3	42.3	20.0	137.6	5.6	6.9	125.1
1951.....	154.9	85.8	48.8	20.3	154.9	6.1	7.0	141.8
1952.....	170.0	93.7	55.2	21.1	170.0	6.6	7.9	155.5
1953.....	166.1	92.7	51.9	21.5	166.1	7.2	8.8	150.1
1954.....	160.9	89.1	49.9	21.9	160.9	7.7	9.4	143.8
1955.....	<sup>2</sup> 163.2	<sup>2</sup> 91.4	49.8	22.0	<sup>2</sup> 163.2	8.2	9.8	<sup>2</sup> 145.2
1956 <sup>3</sup> .....	167.6	97.0	48.6	22.0	167.6	9.0	9.8	148.8

<sup>1</sup> Data for 1951-56 are being revised to bring them into line with the 1954 Census of Agriculture.<sup>2</sup> Revised.<sup>3</sup> Preliminary.

Source: Department of Agriculture.

TABLE D-51.—*Government cash receipts from and payments to the public, calendar years, 1946-55*

[Billions of dollars]

Calendar year	Total			Federal			State and local <sup>1</sup>		
	Cash receipts	Cash payments	Excess of receipts (+) or payments (-)	Cash receipts	Cash payments	Excess of receipts (+) or payments (-)	Cash receipts <sup>2</sup>	Cash payments <sup>2</sup>	Excess of receipts (+) or payments (-)
1946.....	53.0	50.9	2.1	41.4	41.4	( <sup>3</sup> )	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	.1
1953.....	93.3	99.3	-6.0	70.0	76.2	-6.2	23.3	23.1	.2
1954.....	93.3	95.4	-2.1	68.6	69.6	-1.1	24.7	25.8	-1.0
1955 <sup>4</sup> .....	97.9	100.2	-2.3	71.5	72.2	-.7	26.4	28.0	-1.6

<sup>1</sup> Estimated by Council of Economic Advisers on the basis of incomplete data.<sup>2</sup> Federal grants-in-aid have been deducted from State and local government receipts and payments since they are included in Federal payments.<sup>3</sup> Less than 50 million dollars.<sup>4</sup> 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-52.—*Profits before and after taxes, all private corporations, 1929-55*

[Billions of dollars]

Period	Corporate profits before taxes	Corporate tax liability <sup>1</sup>	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.....	- .8	.5	-1.3	4.1	-5.4
1932.....	-3.0	.4	-3.4	2.6	-6.0
1933.....	.2	.5	-.4	2.1	-2.4
1934.....	1.7	.7	1.0	2.6	-1.6
1935.....	3.1	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	( <sup>2</sup> )
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.....	35.9	19.8	16.1	9.0	7.1
1953.....	38.3	21.3	17.0	9.3	7.7
1954.....	34.0	17.1	17.0	10.0	7.0
1955 <sup>3</sup> .....	43.2	21.7	21.5	11.1	10.4
Seasonally adjusted annual rates					
1953: First quarter.....	41.4	23.0	18.4	9.1	9.3
Second quarter.....	41.5	23.1	18.4	9.2	9.2
Third quarter.....	39.4	21.9	17.5	9.4	8.1
Fourth quarter.....	30.9	17.2	13.7	9.5	4.2
1954: First quarter.....	32.7	16.4	16.3	9.7	6.6
Second quarter.....	33.7	16.9	16.8	9.8	7.0
Third quarter.....	33.5	16.8	16.7	10.0	6.7
Fourth quarter.....	36.0	18.1	17.9	10.6	7.3
1955: First quarter.....	40.9	20.5	20.4	10.2	10.2
Second quarter.....	43.0	21.6	21.4	10.7	10.7
Third quarter.....	44.5	22.3	22.2	11.0	11.1
Fourth quarter <sup>3</sup> .....	44.5	22.3	22.2	12.6	9.6

<sup>1</sup> Federal and State corporate income and excess profits taxes.

<sup>2</sup> 48 million dollars.

<sup>3</sup> Preliminary; fourth quarter by Council of Economic Advisers.

NOTE.—No allowance has been made for inventory valuation adjustment. See 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-53.—*Relation of profits after taxes to stockholders' equity and to sales, private manufacturing corporations, by industry group, 1947-50 average and 1954-55*

Industry group	1947-50 average	1954					1955		
		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 (percent)							
All private manufacturing corporations.....	14.8	9.8	9.4	10.4	9.3	10.6	11.4	13.0	12.3
Food.....	13.6	8.0	6.4	8.6	9.2	8.1	7.3	9.2	10.7
Tobacco manufactures.....	12.1	10.0	9.0	10.0	11.4	10.2	8.9	11.8	13.1
Textile-mill products.....	14.5	1.8	2.1	1.0	1.9	2.4	5.7	5.2	5.3
Apparel and finished textiles.....	12.0	4.6	3.7	3.8	4.9	5.7	5.8	4.1	7.5
Lumber and wood products.....	17.1	6.3	2.3	6.7	6.9	9.2	10.3	13.0	13.3
Furniture and fixtures.....	14.3	5.9	3.2	5.2	6.4	9.0	5.2	7.5	11.7
Paper and allied products.....	16.2	9.7	9.7	10.3	9.5	10.2	10.3	11.9	11.6
Printing and publishing (except newspapers).....	13.4	9.2	10.5	10.0	7.9	8.4	10.8	10.7	10.6
Chemicals and allied products.....	15.9	11.4	11.2	11.8	11.0	12.5	13.3	14.8	15.0
Petroleum refining.....	15.1	12.2	12.8	12.0	11.4	14.5	12.6	12.1	12.5
Products of petroleum and coal (except petroleum refining).....	(2)	6.1	3.8	6.8	9.5	4.7	6.4	10.0	11.4
Rubber products.....	12.8	10.5	10.3	10.9	9.5	11.6	12.0	13.5	13.2
Leather and leather products.....	10.4	6.0	4.0	5.4	7.6	6.7	8.1	7.1	10.1
Stone, clay, and glass products.....	15.2	12.2	7.6	14.6	15.4	12.2	11.5	19.1	18.5
Primary nonferrous metal industries.....	12.5	10.2	9.2	11.0	9.5	11.9	14.5	16.1	13.5
Primary iron and steel industries.....	12.9	7.9	7.6	8.3	6.5	10.0	11.2	14.5	12.8
Fabricated metal products.....	15.3	7.5	6.6	9.0	8.6	6.2	8.4	9.8	11.5
Machinery (except electrical).....	14.5	8.6	9.5	10.2	7.8	7.0	8.7	11.3	10.0
Electrical machinery.....	17.8	12.2	12.9	11.8	10.5	14.5	12.0	12.3	11.9
Transportation equipment (except motor vehicles).....	6.6	15.8	15.5	18.4	15.6	16.5	15.4	16.6	14.2
Motor vehicles and parts.....	21.7	13.9	15.3	17.4	9.7	14.0	23.6	25.8	15.7
Instruments, photographic and optical goods, watches and clocks.....	14.6	12.1	10.7	11.4	12.9	14.1	10.1	13.0	11.8
Miscellaneous manufacturing (including ordnance).....	11.4	7.5	5.0	6.5	9.1	9.3	5.9	6.8	10.3

See footnotes at end of table.

TABLE D-53.—*Relation of profits after taxes to stockholders' equity and to sales, private manufacturing corporations, by industry group, 1947-50 average and 1954-55—Con.*

Industry group	1947-50 average	1954					1955		
		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 manufacturing corporations.....	6.7	4.5	4.3	4.7	4.4	4.7	5.1	5.5	5.4
Food.....	3.6	2.1	1.7	2.2	2.3	2.0	1.9	2.3	2.7
Tobacco manufactures.....	4.8	4.2	4.0	4.1	4.5	4.3	4.1	4.8	5.3
Textile-mill products.....	6.6	1.0	1.1	0.6	1.0	1.1	2.6	2.4	2.5
Apparel and finished textiles.....	3.1	1.1	0.9	0.9	1.1	1.2	1.3	0.9	1.6
Lumber and wood products.....	9.2	3.4	1.4	3.5	3.7	4.5	5.4	6.3	6.2
Furniture and fixtures.....	5.0	2.1	1.2	1.9	2.3	2.9	1.8	2.4	3.5
Paper and allied products.....	8.6	5.6	5.6	5.9	5.5	5.6	5.7	6.5	6.1
Printing and publishing (except newspapers).....	5.0	3.4	3.9	3.8	3.0	2.9	4.0	3.9	3.8
Chemicals and allied products.....	9.1	6.8	6.6	6.8	6.7	7.3	7.6	8.0	8.7
Petroleum refining.....	11.0	10.6	10.3	10.2	10.0	11.8	10.2	10.5	10.7
Products of petroleum and coal (except petroleum refining).....	(2)	3.3	2.4	3.4	4.5	2.6	3.8	4.7	4.9
Rubber products.....	4.8	4.0	4.0	4.1	3.7	4.3	4.1	4.4	4.5
Leather and leather products.....	3.4	1.9	1.4	1.8	2.4	2.1	2.4	2.1	2.8
Stone, clay, and glass products.....	8.9	7.4	5.1	8.5	8.7	7.0	7.1	10.1	9.7
Primary nonferrous metal industries.....	8.8	6.6	6.1	6.8	6.2	7.2	8.0	8.6	7.6
Primary iron and steel industries.....	7.2	5.3	4.7	5.2	4.6	6.7	6.6	7.3	6.9
Fabricated metal products.....	6.6	3.1	2.8	3.7	3.4	2.5	3.5	3.8	4.3
Machinery (except electrical).....	7.1	4.4	4.6	4.9	4.2	3.7	4.7	5.3	4.9
Electrical machinery.....	6.3	4.5	4.6	4.3	4.0	5.0	4.4	4.5	4.3
Transportation equipment (except motor vehicles).....	3.4	3.7	3.4	3.9	3.7	3.8	3.8	3.8	3.6
Motor vehicles and parts... Instruments, photographic and optical goods, watches and clocks.....	7.4	5.1	5.2	5.9	4.1	5.0	7.1	7.7	5.8
Miscellaneous manufacturing (including ordnance).....	7.9	5.5	4.8	5.1	6.1	6.0	4.9	6.4	5.8
	5.3	2.8	2.0	2.6	3.4	3.2	2.3	2.6	3.6

<sup>1</sup> Petroleum refining and products of petroleum and coal combined.

<sup>2</sup> 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-54.—*Relation of profits before and after taxes to stockholders' equity and to sales, private manufacturing corporations, by asset size class, 1947-50 average and 1954-55*

Asset size class (thousands of dollars)	1947-50 average	1954					1955		
		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 (percent)									
All asset sizes.....	24.6	18.2	18.5	19.8	17.5	18.3	22.2	25.0	23.3
Under 250.....	16.7	7.8	3.3	12.8	13.7	1.3	8.3	11.2	16.9
250-999.....	22.7	12.5	11.1	15.3	15.5	8.9	15.4	17.5	20.6
1,000-4,999.....	24.2	12.9	12.8	13.7	13.0	11.9	16.6	20.1	19.4
5,000-99,999.....	25.2	17.1	17.2	18.4	16.8	16.8	19.2	22.8	22.2
100,000 and over.....	24.9	20.7	21.7	22.4	19.1	21.9	26.0	28.1	25.0
Profits before Federal taxes in cents per dollar of sales									
All asset sizes.....	11.1	8.4	8.4	8.9	8.2	8.2	9.9	10.6	10.2
Under 250.....	4.4	1.8	0.9	2.9	3.0	0.3	1.9	2.4	3.5
250-999.....	7.4	3.7	3.4	4.6	4.6	2.5	4.5	4.8	5.6
1,000-4,999.....	9.0	4.7	4.7	5.0	4.8	4.2	5.7	6.6	6.6
5,000-99,999.....	11.3	8.0	7.9	8.3	7.9	7.7	8.8	9.8	9.7
100,000 and over.....	13.2	11.3	11.3	11.7	10.7	11.5	13.2	13.9	13.0
Ratio of profits after Federal taxes (annual rate) to stockholders' equity (percent)									
All asset sizes.....	14.8	9.8	9.4	10.4	9.3	10.6	11.4	13.0	12.3
Under 250.....	9.8	3.2	0.1	8.1	8.0	-3.5	3.6	5.3	10.4
250-999.....	13.1	6.2	4.6	8.1	8.1	4.6	7.6	9.4	11.3
1,000-4,999.....	14.1	5.6	5.3	6.1	5.6	5.4	7.9	9.7	9.4
5,000-99,999.....	14.9	8.4	8.1	8.8	8.1	8.8	9.3	11.3	11.0
100,000 and over.....	15.3	11.8	11.7	12.3	10.8	13.7	13.8	15.0	13.5
Profits after Federal taxes in cents per dollar of sales									
All asset sizes.....	6.7	4.5	4.3	4.7	4.4	4.7	5.1	5.5	5.4
Under 250.....	2.6	0.7	0.0	1.8	1.8	-0.7	0.8	1.1	2.2
250-999.....	4.3	1.9	1.4	2.4	2.4	1.3	2.2	2.6	3.1
1,000-4,999.....	5.2	2.0	1.9	2.2	2.1	1.9	2.7	3.2	3.2
5,000-99,999.....	6.7	3.9	3.7	4.0	3.8	4.0	4.2	4.9	4.8
100,000 and over.....	8.1	6.5	6.1	6.4	6.1	7.2	7.0	7.4	7.1

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-55.—*Sources and uses of corporate funds, 1946-55*<sup>1</sup>

[Billions of dollars]

Source or use of funds	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955 <sup>2</sup>
<b>Uses:</b>										
Plant and equipment outlays.....	12.5	17.0	18.8	16.3	16.9	21.6	22.4	23.9	22.4	24.5
Inventories (change in book value).....	11.2	7.1	4.2	-3.6	9.8	9.4	.9	2.6	-2.8	4.0
Change in customer net receivables <sup>3</sup> .....	1.1	3.1	2.8	.9	5.0	2.0	3.1	.7	1.9	6.5
Cash and U. S. Government securities.....	-4.7	1.0	1.0	3.2	4.5	2.8	.1	1.2	-1.0	3.5
Other assets.....	-1.6	(4)	.2	(4)	.3	.6	.8	-1.1	.6	1.0
<b>Total uses.....</b>	<b>19.5</b>	<b>28.2</b>	<b>27.0</b>	<b>16.8</b>	<b>36.5</b>	<b>36.4</b>	<b>27.4</b>	<b>28.2</b>	<b>21.2</b>	<b>39.5</b>
<b>Sources:</b>										
<b>Internal:</b>										
Retained profits and depletion allowances.....	7.2	11.4	12.4	7.6	12.4	9.1	6.4	6.8	6.2	<sup>4</sup> 9.5
Depreciation and amortization allowances.....	4.2	5.2	6.2	7.1	7.8	9.0	10.4	11.7	13.1	14.5
<b>Total internal sources.....</b>	<b>11.4</b>	<b>16.6</b>	<b>18.6</b>	<b>14.7</b>	<b>20.2</b>	<b>18.1</b>	<b>16.8</b>	<b>18.5</b>	<b>19.3</b>	<b>24.0</b>
<b>External:</b>										
Change in Federal income tax liability.....	-1.6	2.1	1.0	-2.2	7.2	4.4	-2.9	1.3	-4.1	3.5
Other liabilities.....	2.1	1.5	.4	.5	1.0	1.9	2.4	.8	.3	1.5
Change in bank loans and mortgage loans.....	3.9	3.3	1.8	-2.3	2.6	5.4	3.1	.5	-1.9	4.5
Net new issues.....	2.4	4.4	5.9	4.9	3.7	6.3	7.9	7.0	6.1	6.0
<b>Total external sources.....</b>	<b>6.8</b>	<b>11.3</b>	<b>9.1</b>	<b>.9</b>	<b>14.5</b>	<b>18.0</b>	<b>10.6</b>	<b>9.6</b>	<b>1.4</b>	<b>15.5</b>
<b>Total sources.....</b>	<b>18.2</b>	<b>27.9</b>	<b>27.7</b>	<b>15.6</b>	<b>34.7</b>	<b>36.1</b>	<b>27.4</b>	<b>28.1</b>	<b>20.8</b>	<b>39.5</b>
<b>Discrepancy (uses less sources).....</b>	<b>1.3</b>	<b>.2</b>	<b>-1.7</b>	<b>1.2</b>	<b>1.8</b>	<b>.3</b>	<b>(4)</b>	<b>.1</b>	<b>.4</b>	<b>(4)</b>

<sup>1</sup> Excludes banks and insurance companies.<sup>2</sup> Preliminary estimates.<sup>3</sup> Receivables are net of payables, which are therefore not shown separately.<sup>4</sup> Less than 50 million dollars.<sup>5</sup> Preliminary estimate by Council of Economic Advisers.

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-56.—*Current assets and liabilities of all corporations, 1951-55* <sup>1</sup>

[Billions of dollars, end of period]

Asset or liability	1951	1952	1953	1954				1955		
				March	June	September	December	March	June	September
<u>Current assets</u>										
Cash on hand and in banks . .	30.0	30.8	30.9	28.1	29.1	30.3	31.7	30.3	30.8	31.3
U. S. Government securities . .	20.7	19.9	21.0	19.2	16.4	18.1	19.3	19.0	18.8	20.6
Receivables from U. S. Government <sup>2</sup>	2.7	2.8	2.6	2.8	2.4	2.3	2.4	2.2	2.1	2.2
Other notes and accounts receivable . .	58.8	64.6	64.8	63.0	63.2	65.1	66.2	67.8	70.1	74.5
Inventories . . . . .	64.9	65.8	67.9	67.7	65.9	65.4	65.1	65.8	65.5	67.3
Other current assets <sup>3</sup> . . . . .	2.1	2.4	2.4	2.5	2.6	2.7	2.6	2.8	2.8	3.0
Total current assets . . . . .	179.1	186.2	189.6	183.3	179.6	183.9	187.3	187.9	190.1	198.9
<u>Current liabilities</u>										
Advances and prepayments, U. S. Government <sup>2</sup> . . . . .	1.3	2.3	2.2	2.5	2.4	2.6	2.4	2.5	2.3	2.2
Other notes and accounts payable . . . . .	53.6	57.0	56.3	52.9	51.8	52.3	54.0	54.2	54.9	58.0
Federal income tax liabilities . .	21.3	18.1	19.2	15.3	12.0	14.0	15.7	13.4	12.1	15.3
Other current liabilities . . . . .	16.5	18.7	19.3	19.5	18.9	19.5	19.4	19.7	20.1	21.0
Total current liabilities . . . . .	92.6	96.1	97.0	90.2	85.2	88.4	91.5	89.8	89.6	96.6
Net working capital . . . . .	86.5	90.1	92.6	93.1	94.4	95.5	95.8	98.1	100.6	102.3

<sup>1</sup> All corporations in the United States, excluding banks and insurance companies. Data for 1951-52 are based on *Statistics of Income*, covering virtually all corporations in the United States. Data for 1953-55 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.

<sup>2</sup> 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.

<sup>3</sup> 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-57.—State and municipal and corporate securities offered, 1934-55 <sup>1</sup>

[Millions of dollars]

Period	State and municipal securities offered (principal amounts)	Corporate securities offered									
		Gross proceeds <sup>1</sup>				Proposed uses of net proceeds <sup>2</sup>					
		Total	Common stock	Preferred stock	Bonds and notes	Total	New money			Retirement of securities	Other purposes
							Total	Plant and equipment	Working capital		
1934 .....	939	397	19	6	372	384	57	32	26	231	95
1935 .....	1,232	2,332	22	86	2,224	2,266	208	111	96	1,865	193
1936 .....	1,121	4,572	272	271	4,028	4,431	858	380	478	3,368	204
1937 .....	908	2,310	285	406	1,618	2,239	991	574	417	1,100	148
1938 .....	1,108	2,155	25	86	2,044	2,110	681	504	177	1,206	222
1939 .....	1,128	2,164	87	98	1,980	2,115	325	170	155	1,695	95
1940 .....	1,238	2,677	108	183	2,386	2,615	569	424	145	1,854	192
1941 .....	956	2,667	110	167	2,390	2,623	868	661	207	1,533	172
1942 .....	524	1,062	34	112	917	1,043	474	287	187	396	173
1943 .....	435	1,170	56	124	990	1,147	308	141	167	739	100
1944 .....	661	3,202	163	369	2,670	3,142	657	252	405	2,389	96
1945 .....	795	6,011	397	758	4,855	5,902	1,080	638	442	4,555	267
1946 .....	1,157	6,900	891	1,127	4,882	6,757	3,279	2,115	1,164	2,868	610
1947 .....	2,324	6,577	779	762	5,036	6,466	4,591	3,409	1,182	1,352	524
1948 .....	2,690	7,078	614	492	5,973	6,959	5,929	4,221	1,708	307	722
1949 .....	2,907	6,052	736	425	4,890	5,959	4,606	3,724	882	401	952
1950 .....	3,532	6,361	811	631	4,920	6,261	4,006	2,966	1,041	1,271	984
1951 .....	3,189	7,741	1,212	838	5,691	7,607	6,531	5,110	1,421	486	589
1952 .....	4,401	9,534	1,369	564	7,601	9,380	8,180	6,312	1,868	664	537
1953 .....	5,558	8,898	1,326	489	7,083	8,755	7,960	5,647	2,313	260	535
1954 .....	6,969	9,516	1,213	816	7,488	9,365	6,780	5,110	1,670	1,875	709
1955 <sup>4</sup> .....	5,959	10,160	2,200	640	7,320	9,980	7,920	5,360	2,560	1,220	840
1953: First quarter .....	1,188	2,039	356	159	1,523	2,006	1,798	1,272	526	93	113
Second quarter .....	1,442	2,695	445	150	2,101	2,646	2,373	1,585	787	69	206
Third quarter .....	1,258	1,624	195	82	1,346	1,597	1,420	948	472	36	141
Fourth quarter .....	1,671	2,540	330	98	2,113	2,505	2,369	1,842	528	60	76
1954: First quarter .....	1,383	1,729	297	115	1,317	1,699	1,461	1,240	221	91	147
Second quarter .....	2,373	2,531	302	369	1,860	2,489	1,868	1,451	415	494	127
Third quarter .....	1,232	2,685	181	181	2,323	2,648	1,837	1,429	408	658	154
Fourth quarter .....	1,980	2,571	432	151	1,988	2,529	1,615	990	625	632	281
1955: First quarter .....	1,409	2,593	760	115	1,719	2,548	2,017	1,261	756	305	226
Second quarter .....	1,430	2,469	561	206	1,702	2,414	1,870	1,267	603	320	224
Third quarter .....	1,136	2,373	394	151	1,829	2,328	1,699	902	796	411	219
Fourth quarter <sup>4</sup> .....	1,984	2,725	485	170	2,070	2,690	2,335	1,930	405	185	170

<sup>1</sup> These data cover substantially all new issues of State, municipal, and corporate securities offered for cash sale in the United States in amounts over \$100,000 and with terms to maturity of more than 1 year.

<sup>2</sup> Number of units multiplied by offering price.

<sup>3</sup> Net proceeds represents the amount received by the issuer after payment of compensation to distributors and other costs of flotation.

<sup>4</sup> Preliminary.

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

Sources: Securities and Exchange Commission, *The Commercial and Financial Chronicle*, and *The Bond Buyer*.

TABLE D-58.—Common stock prices and stock market credit, 1939-55

Period	Common stock prices index, 1939=100 (SEC)	Stock market credit			
		Customer credit (excluding U. S. Government securities)			Bank loans to brokers and dealers *
		Total	Net debit balances †	Bank loans to "others" ‡	
Millions of dollars					
1939 .....	100.0	(4)	(4)	(4)	715
1940 .....	94.2	(4)	(4)	(4)	584
1941 .....	85.7	(4)	(4)	(4)	535
1942 .....	74.9	(4)	(4)	(4)	850
1943 .....	99.2	(4)	(4)	(4)	1,328
1944 .....	108.1	(4)	(4)	353	2,137
1945 .....	131.2	1,374	942	432	2,782
1946 .....	149.4	976	473	503	1,471
1947 .....	130.9	1,032	517	515	784
1948 .....	132.7	968	499	469	1,331
1949 .....	127.7	1,249	821	428	1,608
1950 .....	154.1	1,798	1,237	561	1,742
1951 .....	184.9	1,826	1,253	573	1,419
1952 .....	195.0	1,980	1,332	648	2,002
1953 .....	193.3	2,445	1,665	780	2,248
1954 .....	229.8	3,436	2,388	1,048	2,688
1955 .....	304.6	4,025	2,786	1,239	2,852
1954: January .....	198.4	2,443	1,655	788	1,583
February .....	203.1	2,405	1,653	752	1,682
March .....	207.1	2,444	1,677	767	1,758
April .....	215.8	2,535	1,748	787	1,744
May .....	223.2	2,666	1,796	870	2,108
June .....	223.9	2,678	1,822	856	2,379
July .....	233.0	2,734	1,893	841	2,005
August .....	237.1	2,830	1,967	863	2,286
September .....	240.4	2,953	2,048	905	2,403
October .....	243.6	3,050	2,095	955	2,407
November .....	254.4	3,203	2,202	1,001	2,333
December .....	267.7	3,436	2,388	1,048	2,688
1955: January .....	270.6	3,537	2,517	1,020	2,449
February .....	281.0	3,643	2,590	1,053	2,326
March .....	279.6	3,732	2,652	1,080	2,483
April .....	286.8	3,785	2,704	1,081	2,660
May .....	289.0	3,787	2,684	1,103	2,686
June .....	302.9	3,870	2,711	1,159	2,678
July .....	318.8	3,911	2,734	1,177	2,808
August .....	315.3	3,865	2,710	1,155	2,467
September .....	326.6	3,966	2,805	1,161	2,406
October .....	310.2	3,944	2,749	1,195	2,587
November .....	328.4	3,980	2,759	1,221	2,605
December .....	333.6	4,025	2,786	1,239	2,852

† Ledger balances of member firms of the New York Stock Exchange carrying margin accounts. Excludes balances secured by U. S. Government obligations. Data are for end of period.

‡ Loans by weekly reporting member banks to others than brokers and dealers for purchasing or carrying securities except U. S. Government obligations. However, some U. S. Government securities may be included after 1952. Series revised beginning July 1946 and March 1953. Data are for last Wednesday of period.

\* Loans by weekly reporting member banks for purchasing or carrying securities, including U. S. Government obligations. Series revised beginning July 1946 and January 1952. Data are for last Wednesday of period.

Not available.

Sources: Securities and Exchange Commission, Board of Governors of the Federal Reserve System, and New York Stock Exchange.

TABLE D-59.—Business population and business failures, 1929-55

Period	Operating businesses and business turnover <sup>1</sup>				New business incor- porations <sup>2</sup>	Business failures, by size of liabilities <sup>4</sup>					
	Operating busi- nesses <sup>3</sup>	New busi- nesses <sup>3</sup>	Dis- con- tin- ued busi- nesses <sup>3</sup>	Busi- ness trans- fers <sup>3</sup>		Number of failures <sup>3</sup>			Amount of current liabilities <sup>3</sup>		
						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	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	22,909	22,165	744	483,252	261,458	221,794
1930 .....	2,993.7	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	26,355	25,408	947	668,282	303,464	364,818
1931 .....	2,916.4	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	28,285	27,230	1,055	736,310	354,159	382,151
1932 .....	2,828.1	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	31,822	30,197	1,625	928,313	432,625	495,688
1933 .....	2,782.1	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	<sup>6</sup> 19,859	<sup>6</sup> 18,880	<sup>6</sup> 979	<sup>6</sup> 457,520	<sup>6</sup> 215,510	<sup>6</sup> 242,010
1934 .....	2,884.0	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	12,091	11,421	670	333,959	138,509	195,450
1935 .....	2,991.9	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	12,244	11,691	553	310,580	135,489	175,091
1936 .....	3,069.8	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	9,607	9,285	322	203,173	102,803	100,370
1937 .....	3,136.3	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	9,490	9,203	287	183,253	101,856	81,397
1938 .....	3,073.7	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	12,836	12,553	283	246,505	140,120	106,385
1939 .....	3,222.2	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	<sup>7</sup> 14,768	<sup>7</sup> 14,541	<sup>7</sup> 227	<sup>7</sup> 182,520	<sup>7</sup> 132,863	<sup>7</sup> 49,657
1940 .....	3,290.8	275.2	318.1	( <sup>5</sup> )	( <sup>5</sup> )	13,619	13,400	219	166,684	119,904	46,780
1941 .....	3,269.6	290.0	270.7	( <sup>5</sup> )	( <sup>5</sup> )	11,848	11,685	163	136,104	100,660	35,444
1942 .....	3,185.8	121.2	386.5	( <sup>5</sup> )	( <sup>5</sup> )	9,405	9,282	123	100,763	80,286	20,477
1943 .....	2,905.1	146.0	337.0	( <sup>5</sup> )	( <sup>5</sup> )	3,221	3,155	66	45,339	31,184	14,155
1944 .....	2,916.5	330.9	174.6	359.4	( <sup>5</sup> )	1,222	1,176	46	31,660	14,548	17,112
1945 .....	3,113.9	422.7	175.6	473.2	( <sup>5</sup> )	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	356.2	102,545	8,862	8,075	787	394,153	167,530	226,623
1954 .....	4,189.8	334.2	339.3	319.7	117,164	11,086	10,226	860	462,628	211,392	251,236
1955 .....	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	139,639	10,969	10,113	856	449,380	206,364	243,016
1954: January .....	189.0	177.6	181.8		9,543	867	810	57	29,592	17,392	12,200
February .....					8,533	926	848	78	47,774	18,411	29,363
March .....					10,514	1,102	998	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 .....					9,748	965	884	81	41,613	18,800	22,813
July .....	145.2	161.7	137.9		9,409	856	788	68	32,230	16,030	16,200
August .....					9,041	912	842	70	32,582	16,818	15,764
September .....					9,256	819	752	67	36,381	15,930	20,451
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 .....					11,981	917	839	78	40,103	17,270	22,833
1955: January .....	210.2	165.4	176.3		13,181	939	873	66	37,872	18,490	19,382
February .....					11,369	877	803	74	42,056	16,852	25,204
March .....					13,417	1,038	952	86	41,209	19,248	21,961
April .....					11,756	903	844	59	35,968	16,688	19,280
May .....					12,029	955	900	55	34,714	18,169	16,605
June .....					12,605	914	831	83	36,667	17,020	19,647
July .....	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )		10,893	861	801	60	32,543	16,631	15,912
August .....					10,983	888	811	77	36,028	15,627	20,501
September .....					11,024	822	744	78	33,120	15,735	17,385
October .....					10,698	919	862	57	34,777	17,431	17,346
November .....					10,157	945	863	82	42,783	17,616	25,167
December .....					( <sup>5</sup> )		11,527	908	829	79	41,643

<sup>1</sup>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.

<sup>2</sup>Annual data are averages of end-of-quarter estimates centered at June 30; half-yearly data are for end of period.

<sup>3</sup>Total for period.

<sup>4</sup>Industrial and commercial only; excludes banks, railroads, insurance companies, etc.

<sup>5</sup>Not available.

<sup>6</sup>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.).

<sup>7</sup>Revised series has more complete coverage of small firms.

Sources: Department of Commerce and Dun & Bradstreet, Inc.

# INTERNATIONAL TRANSACTIONS

TABLE D-60.—United States balance of payments, 1953-55

Excluding transfers under military grant programs

[Millions of dollars]

Item	1953	1954	First 3 quarters	
			1954	1955
Exports of goods and services: Total.....	16,964	17,764	12,788	14,292
Merchandise, adjusted, excluding military.....	12,245	12,707	9,206	10,357
Transportation.....	1,231	1,222	908	965
Travel.....	527	538	418	467
Miscellaneous services.....	903	952	669	688
Military transactions.....	192	179	141	150
Income on investments:				
Direct investments.....	1,398	1,665	1,125	1,321
Other private.....	216	229	167	187
Government.....	252	272	154	157
Imports of goods and services: Total.....	16,467	15,872	11,978	13,052
Merchandise, adjusted, excluding military.....	10,954	10,304	7,729	8,374
Transportation.....	1,059	1,001	763	862
Travel.....	895	958	790	883
Miscellaneous services, excluding military.....	597	595	447	478
Military expenditures.....	2,512	2,595	1,944	2,089
Income on investments:				
Private.....	364	360	262	303
Government.....	86	59	43	63
Balance on goods and services, excluding military transfers.....	497	1,892	810	1,240
Unilateral transfers, excluding military: Total.....	-2,449	-2,158	-1,549	-1,864
Private remittances.....	-477	-452	-327	-326
Government.....	-1,972	-1,706	-1,222	-1,538
United States capital, net: Total.....	-587	-1,528	-888	-926
Private, net; Total.....	-369	-1,621	-989	-635
Direct investments, net.....	-721	-761	-536	-572
New issues.....	-270	-309	-277	-90
Redemptions.....	139	124	108	182
Other long-term, net.....	316	-40	64	-143
Short-term, net.....	167	-635	-348	-12
Government, net: Total.....	-218	93	101	-291
Long-term capital, outflow.....	-716	-306	-180	-271
Repayments.....	487	507	377	255
Short-term, net.....	11	-108	-96	-275
Foreign capital, net.....	1,105	1,459	1,135	1,184
Gold sales.....	1,161	298	228	48
Foreign capital and gold.....	2,266	1,757	1,363	1,232
Errors and omissions.....	273	37	264	318

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

Source: Department of Commerce.

TABLE D-61.—United States balance of payments with individual areas, 1947 and 1953-55

*Excluding transfers under military grant programs*

[Millions of dollars]

Area and type of transaction	1947	1953	1954	First 3 quarters	
				1954	1955
Continental Western Europe and dependencies:					
United States payments: Total.....	3,344	4,786	4,973	3,514	4,308
Nonmilitary imports of goods and services.....	1,126	2,935	2,802	2,075	2,330
Military expenditures abroad.....	159	1,031	1,183	851	1,061
Government grants and capital, excluding military aid transfers.....	1,667	736	728	462	622
Private investments, net.....	92	-134	55	-19	125
Other payments, net.....	300	218	205	145	170
Foreign payments to the United States: Total.....	5,571	3,462	3,964	2,806	3,485
Purchases of goods and services.....	5,769	3,399	3,883	2,746	3,319
Long-term investments in the United States.....	-198	63	81	60	166
Balance.....	2,227	-1,324	-1,009	-708	-823
Sterling area:					
United States payments: Total.....	4,491	3,253	3,155	2,330	2,652
Nonmilitary imports of goods and services.....	1,610	2,405	2,262	1,719	1,975
Military expenditures abroad.....	34	292	429	331	333
Government grants and capital, excluding military aid transfers.....	2,642	420	159	144	296
Private investments, net.....	80	39	202	62	-21
Other payments, net.....	125	97	103	74	69
Foreign payments to the United States: Total.....	3,728	2,621	2,950	1,962	2,383
Purchases of goods and services.....	3,702	2,565	2,810	1,863	2,296
Long-term investments in the United States.....	26	56	140	99	87
Balance.....	-763	-632	-205	-368	-269
Canada:					
United States payments: Total.....	1,338	3,539	3,464	2,617	2,695
Nonmilitary imports of goods and services.....	1,495	2,956	2,842	2,113	2,370
Military expenditures abroad.....	8	192	192	147	136
Government grants and capital, excluding military aid transfers.....	-12	5	-2	-3	-3
Private investments, net.....	-180	375	425	356	185
Other payments, net.....	27	11	7	4	7
Foreign payments to the United States: Total.....	2,688	4,128	3,790	2,831	3,178
Purchases of goods and services.....	2,688	4,062	3,830	2,854	3,199
Long-term investments in the United States.....	66	66	-40	-23	-21
Balance.....	1,350	589	326	214	483

Continued on following page.

TABLE D-61.—United States balance of payments with individual areas, 1947 and 1953-55—Continued

Excluding transfers under military grant programs

[Millions of dollars]

Area and type of transaction	1947	1953	1954	First 3 quarters	
				1954	1955
Latin America:					
United States payments: Total.....	3,582	4,527	4,704	3,522	3,380
Nonmilitary imports of goods and services.....	2,690	4,211	4,054	3,121	3,067
Military expenditures abroad.....	8	27	24	19	15
Government grants and capital, excluding military aid transfers.....	219	370	71	47	108
Private investments, net.....	627	-139	501	294	156
Other payments, net.....	38	58	54	41	34
Foreign payments to the United States: Total.....	4,761	4,331	4,680	3,407	3,483
Purchases of goods and services.....	4,765	4,317	4,648	3,390	3,467
Long-term investments in the United States.....	-4	14	32	17	16
Balance.....	1,179	-196	-24	-115	103
Other countries:					
United States payments: Total.....	2,020	3,203	2,998	2,201	2,706
Nonmilitary imports of goods and services.....	734	1,403	1,276	974	1,186
Military expenditures abroad.....	246	970	767	596	544
Government grants and capital, excluding military aid transfers.....	701	427	470	336	654
Private investments, net.....	125	169	274	138	172
Other payments, net.....	214	234	211	157	150
Foreign payments to the United States: Total.....	2,705	2,551	2,520	1,878	1,973
Purchases of goods and services.....	2,702	2,552	2,518	1,876	1,966
Long-term investments in the United States.....	3	-1	2	2	7
Balance.....	685	-652	-478	-323	-733
International institutions:					
United States payments: Total.....	3,950	195	264	231	101
Nonmilitary imports of goods and services.....	52	45	41	32	35
Military expenditures abroad.....					
Government grants and capital, excluding military aid transfers.....	3,649	91	59	41	48
Private investments, net.....	243	59	164	158	18
Other payments, net.....	6				
Foreign payments to the United States: Total.....	160	77	85	67	55
Purchases of goods and services.....	85	69	75	59	45
Long-term investments in the United States.....	75	8	10	8	10
Balance.....	-3,790	-118	-179	-164	-46

Source: Department of Commerce.

TABLE D-62.—United States grants of military supplies and services, by areas, total postwar period and fiscal years 1951-55

[Fiscal years, millions of dollars]

Area	Total postwar period <sup>1</sup>	1951	1952	1953	1954	1955
Gross military grants .....	14,827	1,148	1,854	4,378	3,530	2,552
Less: Reverse grants and returns .....	163	16	66	62	9	10
Equals: Net military grants <sup>2</sup> .....	14,663	1,132	1,789	4,317	3,521	2,543
Western Europe (excluding Greece and Turkey) <sup>3</sup> ..	9,029	745	1,131	3,176	2,362	1,570
Near East (including Greece, Turkey, and Africa) ..	1,885	167	218	314	382	286
Other Asia and Pacific .....	3,375	189	282	770	714	623
American Republics .....	224	( <sup>3</sup> )	115	21	45	43
Unspecified .....	151	31	42	35	20	20

<sup>1</sup> Postwar period covers July 1, 1945, through June 30, 1955.

<sup>2</sup> Includes supplies, services, and contributions to the multilateral-construction program of the North Atlantic Treaty Organization.

<sup>3</sup> Less than \$500,000.

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

Source: Department of Commerce.

TABLE D-63.—*United States grants and credits, excluding military supplies and services, by areas, total postwar period and fiscal years 1954-55*

[Millions of dollars]

Items	Total	North- western Europe <sup>1</sup>	Southern Europe <sup>2</sup>	European inter- national institutions <sup>3</sup>	Indo- china, Korea, and For- mosa <sup>4</sup>	Rest of world <sup>5</sup>
Gross grants:						
Total postwar period <sup>6</sup> .....	29,272	14,729	4,793	239	2,602	6,909
Fiscal year 1954 .....	1,671	684	288	1	268	430
Fiscal year 1955 .....	1,985	750	290	-----	501	444
Net new grants:						
Total postwar period <sup>6</sup> .....	27,942	13,807	4,601	239	2,585	6,710
Fiscal year 1954 .....	1,586	633	262	1	266	424
Fiscal year 1955 .....	1,944	732	268	-----	500	444
New credits, excluding prior grants converted into credits:						
Total postwar period <sup>6</sup> .....	12,116	7,807	889	100	204	3,136
Fiscal year 1954 .....	624	129	37	-----	-----	458
Fiscal year 1955 .....	443	-----	11	100	-----	332
Repayments:						
Total postwar period <sup>6</sup> .....	3,386	1,671	267	-----	123	1,325
Fiscal year 1954 .....	500	327	41	-----	1	131
Fiscal year 1955 .....	460	187	44	-----	1	228
Prior grants converted into credits:						
Total postwar period <sup>6</sup> .....	2,256	1,969	1	-----	50	236
Fiscal year 1954 .....	1,000	1,000	-----	-----	-----	-----
Fiscal year 1955 .....	-----	-----	-----	-----	-----	-----
Total net grants and credits:						
Total postwar period <sup>6</sup> .....	36,673	19,943	5,203	339	2,666	8,521
Fiscal year 1954 .....	1,711	435	258	1	265	752
Fiscal year 1955 .....	1,927	545	235	100	499	548

<sup>1</sup> Includes Austria, Belgium-Luxembourg, Denmark, Finland, France, Germany, Iceland, Ireland, Netherlands, Norway, Sweden, and the United Kingdom. Fiscal years 1954 and 1955 largely defense or military budget support.

<sup>2</sup> Includes Greece, Italy and Trieste, Portugal, Spain, Turkey, and Yugoslavia. For fiscal years 1954 and 1955, economic aid and defense support.

<sup>3</sup> Includes European Coal and Steel Community, European Payments Union, and European Productivity Agency.

<sup>4</sup> Defense and military budget support and relief and reconstruction and development assistance, including United States contribution to U. N. Korean Reconstruction and Relief Administration.

<sup>5</sup> Includes other international organizations outside Western Europe. Mainly economic development and technical assistance.

<sup>6</sup> Postwar period covers July 1, 1945, through June 30, 1955. Excludes United States subscription to International Bank for Reconstruction and Development and International Monetary Fund.

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

Source: Department of Commerce.



TABLE D-64.—United States merchandise exports and imports for consumption, by leading commodities, 1936-38 average and 1950-55

[Millions of dollars]

Commodity <sup>1</sup>	1936-38 aver- age	1950	1951	1952	1953	1954	January- October	
							1954	1955
<b>Exports of United States merchandise:</b>								
<u>Total</u> .....	2, 925	10, 142	14, 879	15, 049	15, 652	14, 966	12, 422	12, 674
Nonmilitary exports: Total <sup>2</sup> .....		9, 860	13, 814	13, 052	12, 141	12, 711	10, 350	11, 575
Agricultural commodities.....		2, 873	4, 040	3, 431	2, 847	3, 050	2, 377	2, 586
Nonagricultural commodities <sup>3</sup> .....		6, 987	9, 774	9, 620	9, 293	9, 662	7, 973	8, 989
<b>Exports, excluding "special category"</b>								
<u>commodities: Total <sup>4</sup></u> .....		9, 479	13, 310	12, 435	11, 525	12, 112	9, 852	11, 035
Agricultural commodities: Total.....	778	2, 873	4, 040	3, 431	2, 847	3, 050	2, 377	2, 586
Raw cotton, excluding linters.....	313	1, 017	1, 138	862	517	780	612	413
Vegetable oils, fats, and oilseeds <sup>5</sup> .....	5	158	253	158	173	305	207	226
Tobacco, unmanufactured.....	143	251	326	246	341	304	237	281
Wheat, including flour.....	62	489	997	942	589	425	335	414
Other grains and preparations.....	54	350	494	541	470	322	273	372
Other agricultural commodities.....	201	608	832	682	757	914	713	880
Nonagricultural commodities, exclud- ing "special category": Total <sup>6</sup> .....	2, 147	6, 606	9, 270	9, 004	8, 677	9, 062	7, 475	8, 449
Machinery <sup>6</sup> .....	440	1, 907	2, 451	2, 678	2, 747	2, 732	2, 143	2, 288
Automobiles, parts, and accessories <sup>6</sup> .....	292	717	1, 182	987	963	1, 036	855	1, 017
Chemicals and related products <sup>6</sup> .....	129	711	981	801	800	983	813	887
Textile manufactures.....	87	517	819	660	640	622	513	513
Iron and steel-mill products, including scrap..	199	393	514	621	495	515	416	656
Petroleum and products <sup>6</sup> .....	344	381	585	572	498	431	359	371
Coal.....	56	269	585	494	335	304	246	393
Nonferrous metals, including ferroalloys.....	114	124	161	219	176	305	255	263
Other nonagricultural commodities <sup>6</sup> .....	486	1, 587	1, 992	1, 972	2, 023	2, 134	1, 875	2, 061
<b>Imports for consumption: Total</b> .....								
	2, 461	8, 743	10, 817	10, 747	10, 779	10, 235	8, 471	9, 279
Agricultural commodities: Total.....	1, 260	3, 987	5, 179	4, 519	4, 185	3, 972	3, 323	3, 297
Coffee.....	141	1, 092	1, 362	1, 376	1, 469	1, 486	1, 205	1, 095
Cane sugar.....	152	381	387	416	425	410	387	367
Cocoa or cacao beans.....	35	167	197	178	167	252	203	158
Other foodstuffs.....	323	751	888	890	908	826	686	661
Crude rubber.....	179	458	808	619	332	262	214	356
Wool, unmanufactured.....	57	428	714	382	296	223	191	224
Other agricultural commodities.....	373	710	823	658	588	513	437	436
Nonagricultural commodities: Total.....	1, 201	4, 756	5, 638	6, 228	6, 594	6, 263	5, 149	5, 982
Nonferrous metals and ferroalloys.....	178	967	963	1, 563	1, 662	1, 389	1, 175	1, 234
Petroleum and products.....	42	592	601	692	762	828	666	825
Paper and paper-base stocks.....	221	747	960	928	937	926	761	806
Textile manufactures.....	174	451	539	513	464	440	352	478
Machinery and vehicles.....	21	158	243	354	353	359	302	361
Sawmill products.....	18	265	229	222	236	252	204	277
Chemicals and related products.....	87	170	301	244	293	249	211	212
Fish, including shellfish.....	31	157	157	181	194	210	178	174
Iron and steel-mill products, including scrap..	19	131	343	213	256	121	99	119
Other nonagricultural commodities.....	410	1, 118	1, 302	1, 318	1, 437	1, 489	1, 201	1, 496

<sup>1</sup> Commodity data for 1936-38 and 1950-54 have been adjusted to conform as nearly as possible to 1955 statistical classifications. The distribution of nonagricultural exports by principal commodities, however, is based on total exports for 1936-38 and on exports excluding "special category" items thereafter. (See note 3.)

<sup>2</sup> Data represent total exports minus shipments of military equipment and supplies by the Department of Defense under the Mutual Security Program. Commodity breakdowns of nonmilitary exports are not available.

<sup>3</sup> "Special category" commodities are those to which security restrictions apply as regards publication of detailed export statistics.

<sup>4</sup> Data exclude essential oils.

<sup>5</sup> Data for 1950 and later periods exclude "special category" exports.

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

Source: Department of Commerce.

TABLE D-65.—*Estimated gold reserves and dollar holdings of foreign countries, 1928, 1937, and 1947-55*

[End of year, billions of dollars]

Area	1928	1937	1947	1948	1949	1950	1951	1952	1953	1954	1955 <sup>1</sup>
All foreign countries.....	8.8	15.1	15.2	15.0	15.4	19.1	19.2	20.5	23.1	25.0	26.7
Sterling area: Total.....	1.4	4.9	3.7	2.9	2.7	4.5	3.8	3.3	4.1	4.2	3.7
United Kingdom.....	1.1	4.4	2.3	2.2	1.9	3.6	2.8	2.3	3.0	3.2	2.6
Continental OEEC countries and dependencies.....	4.3	6.8	5.3	5.6	6.0	6.6	6.9	8.1	9.8	11.4	13.0
Other Europe.....	.8	1.0	.8	.7	.6	.6	.5	.6	.5	.6	.7
Canada.....	.4	.4	.7	1.2	1.4	2.0	2.2	2.5	2.4	2.6	2.6
Latin American Republics.....	1.1	1.0	2.9	2.7	3.1	3.5	3.4	3.4	3.6	3.7	3.8
All other countries.....	.8	1.0	1.8	1.9	1.6	1.9	2.4	2.6	2.7	2.5	2.9

<sup>1</sup> 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.



